Abstract: A recurrent narrative of the public-nonprofit relationship presumes that nonprofit organizations are weak compared to their government funders. Nonprofit enthusiasts fear that government contracts undermine the sector’s most treasured attributes, while the public management perspective raises concerns about accountability, transparency, and provider capacity. Although the interest in nonprofit advocacy is growing, scholars rarely consider the potential expansion of nonprofit power and influence. The motivation for this study stems from the contradiction of the perceived weakness of publicly funded nonprofits and their potential for political influence through advocacy. Instead of presuming the powerless of nonprofits, this study asks, how do nonprofits exert policy influence? Using a grounded theory approach, the research draws on the attitudes and experiences of professionals and elected officials involved in policymaking and policy implementation in the area of low-income housing. The findings identify theoretical mechanisms for nonprofit influence in government. Seven propositions summarize the results and offer opportunities for future theory-testing.

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