

## Conclusion

Although the cases examined here involve only three CDCs; one national intermediary; and a particular type of community development activity—a rental housing development—the case studies, taken separately and together, point to the following conclusions about the way the community development system works.

*CDCs operate in neighborhoods with a range of demographic and economic characteristics.*

Although the stereotype of a neighborhood in need of community development programs is a declining African-American ghetto district, poor and needy people live in a variety of communities. Thus, CDCs serve neighborhoods in which the population may be growing or shrinking, may have many or few African Americans or immigrants, and may include middle-class and even upper-class residents. In some neighborhoods housing is plentiful but frequently substandard; in others it is scarce and too expensive for low-income families. The prices and availability of developable land vary from place to place. Similarly, stores may be plentiful in one neighborhood and uncommon in another.

Scholars, officers in funding agencies, and practitioners must understand that the purpose and possibilities of community development programs will vary according to the characteristics of specific places. To better assess the purpose of community development and the efficacy of CDCs, researchers should build on studies that analyze neighborhood contexts and develop a typology of the areas CDCs serve—using the complete range of social, economic, political, and physical characteristics.

*The particular history and condition of the surrounding neighborhood influence community development strategies.*

The conditions prevailing in a CDC's service area help determine that organization's choice of strategies and goals. In each of the case studies the CDC staff chose to build housing for low-income people, but the goals of the projects varied according to local circumstances. Liberty City in Miami comes closest to the conventional view of a low-income, inner-city neighborhood; it included an increasing number of poor residents, slums, and abandoned buildings. Therefore, the reasons TEDC developed Edison Gardens there were reasons commonly associated with community development: to provide low-income people with new high-quality homes at subsidized rates and at the same time improve physical conditions in the neighborhood.

In Columbia Heights, however, the DCCH developed low-income housing at 1200 Irving Street to eliminate a nuisance property where drug addicts congregated. The goal was to stabilize the block for homeowners and make it safe for the children who attended the school across the street. Because large numbers of subsidized housing units had been developed in Columbia Heights previously, the staff and board of DCCH were as interested

in improving the tenor of the neighborhood as they were in providing more housing for the poor.

The staff and board of the ABCDC in Boston, in contrast, developed low-income housing as part of their mission to defend the interests of the poor in a neighborhood with a significant number of politically active middle-class homeowners who did not share ABCDC's housing development goals. As a result the organization pursued noncontroversial improvement projects in part to help persuade the homeowners and other neighborhood civic groups to approve of its low-income housing projects such as the Brighton Allston Apartments.

In the short term the availability of sites within a given neighborhood determined what CDCs were able to do. The shortage of land and tight rental market in the Allston Brighton neighborhood, for example, forced the ABCDC staff to try to preserve existing low-income housing, rather than embark on large-scale, new construction projects. Liberty City had available land, but not of sufficient size to develop large-scale housing profitably. Hence, once it decided to work with for-profit partners, TEDC developed housing on large sites outside Liberty City. When a derelict property became available in Columbia Heights, DCCH seized the opportunity to rid its neighborhood of a source of crime and build affordable housing.

Organizations that financially assist CDCs need to take into account the different goals and types of CDCs—similar to the way that the Boston LISC office came to understand the particular needs of ABCDC—to ensure that they support organizations that do not fit the ideal or stereotype of a CDC. Furthermore, the institutions that support community development should develop programs or implement existing programs to take into account the diverse circumstances and goals of CDCs. Research should explore a range of community development strategies for communities with varying histories and with populations of diverse demographic character.

*The participation of local residents in setting or approving the goals of the CDC is important to the organization's success, but can also be problematic.*

It is a generally accepted principle within the community development field that neighborhood residents should have a voice in setting the direction of their local CDC. At both DCCH and ABCDC, the staff kept in touch with their local constituencies, organized tenants in their housing developments, and built support for CDC programs. Neighborhood residents could express their opinion through representatives on the CDC board of directors and by participating in annual community meetings to set the organization's agenda.

Practitioners and students of community development usually interpret democratic participation in CDCs to mean that low-income or even the lowest-income residents who are traditionally underrepresented in community affairs and politics will be heard. Yet neighborhoods with mixed populations—whether by economic group, rental or ownership tenure, or ethnicity—raise the question of whether other constituencies, working- and middle-class residents, for instance, also should have a say in community development.

Despite the rhetoric of community participation, CDC leaders can find that too much openness creates problems in carrying out their community development programs. Fearing that community development projects will diminish local property values and the quality of life, residents or business owners have opposed projects from within the CDC. This was the case with ABCDC in Boston, as it was in Steven's Square neighborhood in Minneapolis (Goetz and Sidney 1994). In other cases—such as TEDC in Miami—residents have tried to channel benefits of economic development to themselves or members of a particular racial group to the detriment of the project.

Those findings suggest that scholars and officers of funding organizations should think through the implications of community representation in CDCs and realize that CDCs need flexible and sophisticated methods for taking local opinion into account that will not undermine their goals or jeopardize their projects.

*Financial intermediaries play an essential role in the community development system.*

These case studies support the assertions of many who have studied community development: Financial intermediaries perform crucial functions within the community development system. In these cases, LISC and its staff not only gave loans and grants to community development organizations and projects, but also trained community development workers; encouraged executives of foundations, banks, and corporations to fund community development; and helped broker deals with third parties. In the case of Miami, we saw that the LISC operative, Sandra Rosenblith, actually helped organize the town's first CDCs and build a support system for community development in south Florida. Rosenblith also helped the leaders of TEDC make contact with an out-of-town developer to help their Edison Towers project and worked with them to obtain tax credits from LISC's National Equity Fund. Even though they now decline to participate in LISC real estate programs, TEDC's leaders freely admit that LISC was vital to the organization during its early years and say that the assistance of an intermediary is valuable, especially to young CDCs whose staffs are inexperienced.

LISC did not necessarily put the largest amounts of money into the community development real estate deals examined here, but it made loans and grants at critical points, which allowed projects to go forward. In the case of ABCDC, Boston LISC gave small grants for planning new housing projects and a large loan to cover the predevelopment costs; had these costs not been paid the project would have been canceled. In Washington, DC, the LISC office gave DCCH a grant to pay for predevelopment activities, provided a large construction loan that gave the deal credibility for a commercial lender, and helped keep the project alive while the city government processed DCCH's application for HOME funds.

In addition, LISC's local officers in all three cities enlisted wealthy supporters in the community development cause and garnered money from businesses and foundations for CDCs and their projects.

Although these case studies focused on the relationship between an intermediary's local program officers and CDC staff members, they provide enough information to warrant a

full-scale research effort on the subject of intermediaries—their purpose and functions at both the local and national levels. In a similar vein, foundations and government agencies concerned with community development would also be a fruitful subject for further study. Such research could be helpful in understanding and improving the ways in which local intermediary offices help CDCs, national offices of intermediaries support their local offices, and community development strategies are adopted and disseminated throughout the nation.

*The officers of community development organizations and financial intermediaries usually have the same goals.*

The case studies suggest that charges that intermediaries divert or lure CDCs from a true “community development agenda” do not reflect an understanding of the relationship between CDCs and intermediaries. That relationship is or can be symbiotic: CDC staff members and intermediary officers have a mutual interest in carrying out projects. CDCs need programs to justify their existence as organizations that help a community and to bring in funds to keep the organization alive. For similar reasons—to justify their role in community development and demonstrate their competency to others in the organization—program officers at intermediaries such as LISC need to support local nonprofit organizations.

Perhaps more important, both CDC and intermediary officers feel a sense of moral mission in their work (Stoutland 1999). The people on either side of the funding application believe fervently that nonprofit organizations and community development strategies are best suited for reviving neighborhoods and assisting their low-income residents. Some intermediary officers—as we saw in each of the case studies—have worked in nonprofit organizations and carried out community development projects, even those who have not felt pride in the work they do. The case studies indicate that the career paths in the community development field that sometimes deprive CDCs of staff members strengthen the ties between funders and practitioners.

The mutual need for deals and a shared sense of mission encouraged feelings of trust, which Ferguson feels are essential to the successful relationship between funders and practitioners (Ferguson 1999; Ferguson and Stoutland 1999). Such trust enabled the Boston LISC office to fund ABCDC in the belief that this assistance would help make a small and struggling CDC more productive. Trust in DCCH’s director Robert Moore, engendered by his leadership and development experience, led Michele Jenkins of Washington LISC to fund the 1200 Irving Street project. Similarly, the CDC directors and staff trusted the local LISC officers to understand and support them.

The Miami case shows the reverse process: first, the loss of trust over negotiations to solve a project’s financial problems; second, the divergence of community development goals; and finally, the disintegration of the alliance between intermediary and CDC. The conflict in this case is the opposite of what critics of community development have charged: The CDC concentrated on real estate development outside its service area, and the intermediary urged it to pursue neighborhood projects.

Clearly, community development program officers—their attitudes, functions, policies, and careers—are a subject worthy of further research.

*The efficiency of community development projects can be improved by simplifying the process of acquiring funding and by changing local government's policies and administrative methods.*

This report supports the long-standing complaint of those in the community development field that the process of funding community development projects is too lengthy and complicated. The high number of financing sources—which can easily reach a dozen—is a well-known problem. DCCH's 1200 Irving Street project and TEDC's Edison Gardens had more financing sources than most comparable commercial real estate deals, if relatively few by community development standards, and the Brighton Allston Apartments involved eight loans and grants from seven sources in addition to the crucial commitment by HUD to provide Section 8 rent supplements. Further research should investigate the reasons for the complexity of community development financing—the extent of overlapping philanthropic funding sources, for example—and propose practical means of reducing it.

These cases point to another problem: the sluggishness or capricious administration of government funding programs. In Boston the state housing agency decided to allocate most of its low-income housing tax credit funds to another state agency and raised the application requirements to ensure that a smaller than usual number of CDCs would qualify—excluding CDCs that would otherwise have been awarded funds. In Miami the criteria for tax credit application discriminated against CDCs and favored wealthy developers of large-scale projects. In Washington upheavals in the city's government caused delays in funding the 1200 Irving Street project, jeopardizing the other sources of financing. The study suggests that local governments should be encouraged to adopt criteria for funding and methods of implementing their programs that assist the largest possible number of viable nonprofit CDCs.

*The political environment of the city or region greatly influences the success of CDCs and local community development support institutions.*

The political environment of a city helps determine the success of CDCs, community development projects and, to a certain extent, the relationship between neighborhood nonprofit organizations and local offices of the national intermediary. The institutions in the local community development system—including intermediaries, philanthropic corporations, and foundations—operate within the same political environment and are aided or constrained by the prevailing attitudes toward community development and nonprofit organizations. As we have seen, the political climate of Boston, where support for community development permeates all levels of government and the private sector, strongly encourages community and housing development organizations and programs. At the other extreme, in Miami enthusiasm for private business ventures and a history of relative indifference to nonprofit community development are large obstacles for CDCs and supporting institutions.

The supporters of community development at all levels would do well to redouble their efforts to strengthen community development systems. Intermediaries such as LISC and The Enterprise Foundation already pursue that goal, as does the National Community Development Initiative. Nonetheless, strengthening community development systems remains a challenge—particularly in regions where support for nonprofit community development is weak. Even in areas such as Boston where the community development system is strong, government policies could be improved. It would behoove national intermediaries and foundations to lead campaigns to educate government officials, business leaders, and neighborhood activists—through institutes and other forums—about the benefits of nonprofit community development, and to make sustained local political lobbying or advocacy a high priority.

In some cities it may never be possible to build a strong network of support for nonprofit community development. If that is the case, perhaps practitioners and theoreticians should explore alternative approaches to community development. These approaches might include, for example, building low-income housing directly (as The Enterprise Foundation has done in some cities), forming productive collaborations with for-profit companies, or even possibly invigorating the local public housing authority. Whatever strategy is adopted, it should be based on an understanding of the way the community development system should work and a realistic assessment of whether it can work in a particular political and social environment.

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