

## CHAPTER 1

# Working in the Niche

## *The Community-Based Development Model*

There's an old story about a wise woman. . . . [who] went down to the beach and all the villagers were there and all the fish had washed up on shore. And they were all crying and bemoaning the fate of this community without their fish and the wise woman started taking the fish, the live fish, and throwing them back into the ocean, and one of the people in the community said to the wise woman, "Why are you wasting your time? You can't save these fish by throwing them back."

And, the wise woman picked up a fish and threw him back in the ocean and said, "I saved that one."

So, I just keep throwing fish back into the ocean, one at a time in the hope that something will come of that one particular fish. . . . I don't diminish the small gain. I think that a lot of times that's all we got.

—told by a developer while leading a tour  
in a de-industrialized neighborhood

You can't get paralyzed by the fact that you can't see how to get there. So if I've learned anything in the last seven years it is that you don't quit and you hang in there.

—an organic theorist

*Renewing Hope* describes how community-based development organizations—RCBDOs—toil against Sisyphean obstacles to develop homes, commercial sites, and industrial buildings in their efforts to rejuvenate neighborhoods from which the private sector has fled and that government woefully neglects.<sup>1</sup> By building homes and creating jobs within these locales of extreme deprivation, *developmental activists* work to help the poor gain an economic and material stake in society.

Community-based development organizations own, rent, sell, and develop housing and commercial property, run businesses, and, invest money within the nation's poorest communities. CBDOs establish profit-making subsidiaries, provide entrepreneurial training, teach people job skills, help set up micro-enterprises, and broker economic development deals. As members of advocacy coalitions, CBDOs help pressure banks to live up to the commitments mandated by the Community Reinvestment Act, the federal legislation that sanctions banks that disinvest from

communities of need. Collectively those in the community development movement push for the “community option in urban policy” (Clavel et al. 1997), in which those living and working in the poor neighborhoods initiate redevelopment efforts rather than simply carrying out ideas imposed from above.

In some locales, CBDOs work with government as officially designated agencies to implement public programs of housing and economic renewal. As such, CBDOs become part of a *contracting regime* (Smith and Lipsky 1993) in which the public sector “hires” nonprofits to provide a public service, though one determined by elected or bureaucratic officials. Within the contracting regime, CBDOs as

nonprofit agencies find that they must remain on good terms with government, even though they can sometimes mobilize political support to fight unfavorable decisions. The result is a complex relationship of unbalanced reciprocity. Government and nonprofit contractors may be interdependent, but government dominates the relationship; in contrast to nonprofits, its survival and stability do not depend upon contracts. (Smith and Lipsky 1992, p. 172)

CBDOs are dependent on public funding. Government provides money through community development block grants, or federal HOME programs, among other efforts to fund affordable housing, or in a handful of programs run out of the Office of Community Services set up to stimulate economic development in poor communities.

But most community-based development organizations are far more than part of a delivery system for government programs. Instead, CBDOs are *niche organizations* that shape redevelopment policy by combining the separate agendas of for-profit entities, government, social service agencies, and community activists. To carry out complicated housing, commercial, and industrial projects, developmental activists master the tools of capitalism—preparing business plans and pro formas, making equity investments, leveraging capital, supporting marketing studies, and ensuring that the organizations run in the black. Yet, at the same time, CBDOs go beyond market logic to integrate physical development efforts within broader programs to bring about social repair. Developmental activists argue that their purpose is to promote economic equality and social justice, not simply bring capitalist efficiency to poor neighborhoods.

Community-based development organizations intermediate between the empathetic world of social service providers and the dog-eat-dog, bottom-line mentality of for-profit developers. To bring about a housing project, for instance, might require the CBDO to piece together contributions from foundations and churches to lower interest charges, obtain government grants for a land purchase, locate tenants with Section 8 subsidies, negotiate mortgages from banks, and encourage private sector equity investments. Equity can be obtained from corporations that invest in these projects to obtain the tax write-offs allowed by the Low Income

Housing Investment Tax Credit (LIHTC), a federal tax subsidy available to encourage private-sector participation in affordable housing efforts.

CBDOs must respond to local need and the realities of community politics, accomplish projects, yet at the same time assure their own survival as ongoing organizations. Observers claim that they succeed. As Robert Halpern summarizes,

one is struck by the creativity and flexibility [CBDOs] have demonstrated . . . by [CBDO]’s balance: between activism and pragmatism, between profit and community reinvestment . . . they embody some key principles that create a middle ground between *laissez-faire* and radical reform. (Halpern 1995, p. 148)

A former social worker turned developmental activist notes that community developers “are having to deal with both worlds . . . and often being the mediator and communicator to get so that this side sees the issue and this side sees the issue.”

To help CBDOs bridge the gap between the world of social change and that of capitalism, an array of support organizations, especially funding intermediaries, have come into being. These large, nonprofit organizations—the Local Initiatives Support Corporation (LISC), Enterprise, among others—act as *intermediaries* that funnel subsidies, equity capital, and information from government, foundations, and for-profit investors to CBDOs, while, at the same time, assuring capitalist investors that it is safe to invest within poor communities. In addition, intermediaries help CBDOs gain the technical expertise for doing projects, both training staff and hiring consultants that aid the smaller organizations in their missions.

But support from both government and intermediaries comes with a cost, since agendas do differ and a cultural gap occurs in how different participants understand what renewal is about. A developmental activist described the dealings with a government funder,

the housing authority[, which] doesn’t understand how to talk to nonprofits. And we’ve got to somehow find a link between these nonprofits . . . the people who have the passion are the people who are going to make it happen. . . . The production of affordable housing rests with those people. . . . It’s the people who say, “You know, I’m not going to put up with this crap in my neighborhood anymore. We’re going to do something about this. We’re going to reclaim this territory.” It’s those people who are going to make it happen, but you’ve got to get the bureaucrats to be able to speak the language.

Similarly, intermediaries are seen by the developmental activists as rewarding those CBDOs who produce the most rather than for the broader efforts at community change. Developmental activists complain that intermediaries

like LISC . . . really don't understand the politics of communities. They only base the end of production. They're not interested in capacity buildings, or . . . helping a group make a strong administration to run the program. They're basing it on production.

But the contest over setting agendas involves more than responding to or rejecting pressures from government agencies or intermediaries. Developmental activists are themselves caught up in the multiple roles their organizations play within the neighborhoods. CBDOs have been criticized for being so focused on physical redevelopment work and so fearful of alienating their funders that they ignore efforts to encourage community participation, social empowerment, and community advocacy (Stoecker 1997). Further, CBDOs must decide how much attention to pay to social service efforts. To ignore social service needs in poor communities is to doom physical development projects to rapid destruction; housing people who have no jobs destroys any chance of tenants paying sufficient rent to maintain the apartments. But doing social services, such as job-training programs, can take both time and money away from physical development work.

Community-based development organizations are organizations in the middle, intermediating between the public and private sector, community needs and capitalist demands, balancing out their agendas with those of their funders, all the while trying to remain fiscally afloat. Their work as niche organizations involves piecing together adequate funding for a project, while at the same time reconciling their own agendas for social change with the goals of their funders. This book examines the extent to which these niche organizations are able to determine their own agendas, while responding to pressures from a complicated, evolving, interorganizational environment.

### THE VARIETY OF THE SPECIES

The National Congress for Community Economic Development (NCCED), the trade association for the community development movement, estimates that there are over two thousand formally organized community-based development organizations (NCCED 1995, p. 7). More are found in the East and in the Midwest than elsewhere. Most are located in inner-city neighborhoods, but some have been set up in Native American reservations, as well as in more isolated rural areas. Most concentrate their efforts within small, bounded neighborhoods, though with exceptions. As an example, Chicanos Por la Causa works throughout the entire state of Arizona.

Overall, CBDOs are small; a 1992 study of the nation's most successful and larger CBDOs still found their median staff size only seven, and a mean of nineteen (Vidal 1992).<sup>2</sup> Further, the budget size and bottom-line worth of these larger

community-based development organizations is small, with the average ones operating on a budget of but \$700,000 (Vidal 1992, p. 43). The nation's largest CBDO—New Communities Corporation (NCC) in Newark, New Jersey—employs hundreds, owns property worth hundreds of millions, and undertakes a wide array of programs that vary from building apartments to starting community enterprises, providing medical services to helping with job training, but NCC is clearly an exception. Emerging community-based development organizations are often staffed by but a single individual who ends up doing everything from answering the telephone to bargaining with the funders. In many groups, a single part-timer, on loan from a church or social service agency, runs the entire effort. Several CBDOs I studied operated on less than \$100,000 a year, had no material assets, and were desperately trying to package the funds to refurbish a single, small building.

Community-based development organizations take on a wide variety of legal forms. Many begin as volunteer organizations with no corporate charter or affiliation, while others are spun off of churches, as the religious institutions attempt housing programs, only to discover that development requires full-time work. Most CBDOs incorporate as 501c3 nonprofit organizations. A few are actually community action agencies, usually considered as social service agencies, but often acting as housing developers. About about 20 percent of the development organizations that are members of NCCED are community action agencies.

Most CBDOs are incorporated as community development corporations (CDCs), a hybrid legal form encompassing features of a competitive business and those of a nonprofit. As nonprofits, CDCs can receive grants from foundations and government, are eligible recipients of property that government might want to give away, and are explicitly mentioned in federal law as designated recipients of fixed percentages of money intended for affordable housing or other redevelopment programs. The supervisory boards of CDCs are composed of community members, frequently those from the poorer sectors of the society, though many professionals also volunteer. However, to be eligible for federal grants for affordable housing the boards must be primarily composed of poorer community members.

By charter, CDCs are set up to undertake capital-intensive physical development projects that require large infusions of equity funds and as such act very much like for-profit businesses. CDCs can make investments and own property, become stockholders or partners in commercial ventures, and accumulate equity capital for later investment in income-producing projects. For-profit investors will partner with CDCs to help fund affordable housing projects, since by doing so the for-profit receives significant tax advantages from the Low Income Housing Tax Credit—LIHTC.

CDCs require adequate income to employ staff with expertise in housing, commercial, and industrial development, as well as to hire individuals who are

knowledgeable in handling investment funds. While many CDCs receive direct subsidies, especially from the federal community development block grant, most of their revenue comes from the rental income from their projects and the receipt of fees for the physical development work. The continued viability of a CDC depends upon their housing or business development projects producing a profit, causing some to question whether concern with organizational survival ends up being more important than accomplishing a social mission.

### WORKING MIRACLES WITHIN NEIGHBORHOODS OF DEPRIVATION

Collectively, community-based development organizations have achieved much. By 1991, at the beginning of my project, CBDOs had completed over 320,000 units of affordable housing, brought on line over 17.4 million square feet of commercial or industrial space, and created or saved 90,000 permanent jobs (NCCED 1991a, p. 2). The accomplishments continued, so, for instance, by 1995, at the end of my data collection, CBDOs had constructed or repaired an additional 80,000 units of affordable housing, 6.6 million more square feet of commercial or industrial space, as well as lending \$200,000,000 to businesses within poor communities (NCCED 1995). Overall, nonprofits have produced 15.7 percent of all federally assisted affordable housing in the last thirty years (Center for Public Finance and Housing 1994, p. 21).

As a business with a social conscience, a CBDO will work to bring about a tangible product as a response to social injustices. A supermarket in Newark started by a CBDO provides community employment, is a source of a cross subsidy for housing projects, and helps pay for community transportation. In Boston, poor people pitched tents on land from which they were being displaced to make room for an upscale shopping-hotel-entertainment center and stayed until promises were received to develop subsidized housing. Then, rather than rely on the word of politicians, they formed a community-based development organization to construct and manage the project.

Some CBDOs employ neighborhood organizers that set up community associations, and at times, lead Alinsky-style protests; CBDOs help fund or provide offices for community councils, and, on occasion, join in efforts to rid communities of the affliction of drug traffic. Others work to improve neighborhoods through political actions, for example, by lobbying against rezonings that permit tawdry sex shops to open or by joining protests against industrial abandonment. On occasion, CBDOs function like advocacy organizations and organize direct action campaigns to force government to deed housing to those in need. Other CBDOs seem more akin to neighborhood chambers of commerce, working to promote community businesses and keep alive a neighborhood shopping strip, run-

ning shopping fairs, and soliciting a modicum of help from local government to maintain the business infrastructure.

The Urban Institute reports that two-thirds of CBDOs do community organizing, about half provide homeowners' or tenants' counseling, and a third do advocacy to support the Community Reinvestment Act, the law that pressures banks to reinvest in communities of the poor (Center for Public Finance and Housing 1994). A recent survey of CBDOs done by the National Congress for Community Economic Development, shows many are involved in community service activities. Two-thirds support advocacy and community building and about a quarter work in job training, while 15-20 percent work to carry out youth programs, child care, or anticrime or antidrug activities (NCCED 1995, p. 13). Most recently, CBDOs have become active in helping people move from welfare to work, providing both job training and linkages to actual jobs (Harrison and Weiss 1998).

Developmental activists take pride in much more than the physical results of their work. They are triumphant when they "save the fish by throwing them back." At meetings and in their publications, developmental activists share with each other the victories that occur by helping one woman leave welfare and form a day-care business, or the success when they finesse a grant for a minority community with the help of a conservative senator not known for his multi-cultural concerns. They talk with satisfaction about efforts to help people bypass the social chasms that prevent many from economically succeeding. For instance, CBDOs help immigrants overcome the language barriers that disempower. A development group in Milwaukee that owns a car repair/auto body shop, helped immigrant mechanics from Spanish-speaking countries to hone their job skills while they mastered English. Developmental activists describe the exultation that occurs when they effectively pressure banks to reinvest in poor neighborhoods, using threats made possible by the Community Reinvestment Act to do so. In general, as one developmental activists described, CBDOs "incorporate not only the physical progress and improvement, [but] try to stay conscientious about the psychological, moral and spiritual aspects of a person participation in this."

But doing so is far from easy because of both the social and physical conditions within the neighborhoods in which CBDOs work. These neighborhoods have run-down properties, high crime rates, and deteriorated infrastructure, and they are inhabited by people who are quite poor. Vidal and her team found that CDCs work in census tracts whose income is but 73 percent of that for all the census tracts in the older inner cities whose income figures, in turn, are far lower than that of the suburbs (Vidal et al. 1992, p. 81). A not atypical neighborhood was described by an individual who stated after his neighborhood rapidly declined

The commercial strip was terrible, I mean it was a very, very blighted two-block neighborhood that had been blighted for thirty-four years

that really now hosted a major portion of the city's illegal drug activity, prostitution crime in general, illegal liquor sale.

A developmental activist whose group was setting up an incubator, inexpensive space to house new businesses, described the problems brought about by the location "sandwiched in between . . . a moderate low-income community and one of the largest [public] housing projects in the city."

Within neighborhoods of deprivation, crime, especially gang crime, is visible, while death and murder are never far away. On the day before I visited one neighborhood a gang shoot-out left six people dead; several CBDOs described deaths of teenagers who had been working in their programs. A CBDO persuaded a bank to fix up a building for the CBDO's headquarters but when "this building was wide open they found three people dead in here."

Work is made more difficult by the ever present threat of arson, often done for profit by absentee landlords (Brady 1982). One activist lamented:

We had just finished a housing project a few months ago. . . . We bought seven buildings in this neighborhood, did a very substantial rehabilitation spent about \$45,000 a unit. . . . [I]t was designed exclusively for low-income people. . . .

And anyway they're done, fully occupied and last week we had an arson in one of our units. Young lady who is twenty years old has a boyfriend who has beat her up numerous times and the police have been at that site. She was gone; somebody entered with a key and started a fire in her bedroom with kerosene.

In another city, a CBDO had convinced Woolworths to refurbish a store rather than shut it down but then "on a Sunday morning . . . the Woolworths store burned to the ground . . . fire of undetermined origin." While elsewhere, a CBDO was assembling a site for a community shopping center, and as the housewife turned CBDO director described:

Before the site was cleared, one Saturday night some winos were in the basement of one building. Torched it, burnt it, they pulled out a body Monday morning. So that, there were so many things that went wrong. During construction people stole wood, they stole brick, they harassed people. I was down there every night. Finally, got the damn thing built.

Working in communities with social problems increases development costs. CBDOs that promote ownership of homes to the poor or help sponsor community members for business loans must expend incredible energy to teach people how to improve their credit ratings and job histories to be eligible for a subsidized bank loan. Or, in neighborhoods with drugs around, the possibility of violence is



always present, requiring extra costs to preserve the housing units. An executive director of a CBDO that had overspent its maintenance budget lamented that

security is at the point where you need metal doors. You need doors that men mostly can't just kick down when they want to go and see their girlfriend and don't have a key to the front door. That's what happening or the drug people want to get into the hallways and take care of vice activity so they'll kick in these wood doors.

Such problems with security are common and reported in cross-sectional studies (Bratt et al. 1994, p. 139).

In poor communities, physical redevelopment can entail costs not found elsewhere. Refurbishing old homes to match current housing codes can be prohibitively expensive, while working in old buildings that CBDOs are trying to save provides "construction stories that would just curl your tooth." In the inner city, land titles are in doubt (cf. Medoff and Sklar 1994 ). In one of the neighborhoods I studied, a program to build new homes was delayed since the title to a central piece of property had been totally clouded, as it had been passed through several generations of family members who did not bother filling out legal forms.

It is within such neighborhoods that community-based development organizations work and accomplish a wide variety of projects, building affordable homes, putting together economic development deals, and in many ways symbolizing through successful work that neighborhoods can be renewed. To provide an overall flavor of the types of work done, let me present some stories on affordable housing projects, economic development efforts, and a few undertakings done as much to show the possibility for renewal, as to accomplish the project itself.

### *Providing Affordable Homes*

Building affordable homes is the major activity of the community-based development movement, with efforts varying from a single home built by volunteers to those of the New Communities Corporation, which owns, rents, and manages several thousand units of housing. In Chicago, energy-efficient bungalow homes are built adjacent to lots still scarred by the demonstrations that occurred after Dr. Martin Luther King's death; in one of the poorest neighborhoods in Cleveland, new, two-story, suburban-style homes cluster together in a cul de sac in a subdivision that sold out immediately to middle-class African-Americans who wanted to move back to communities they had abandoned because of the lack of quality housing.

In the simplest form of rental housing projects, the community-based development organization becomes a benevolent landlord who refurbishes a building, chooses tenants, and provides them with clean, well-maintained, and affordable

housing. The equity for such projects, in large part, comes from the Low-Income Housing Tax Credit—LIHTC—supplemented with grants that lower mortgage interest rates sufficient to make the rents affordable. Many of these developments depend for their income streams on their tenants having Section 8 certificates.

With the more complicated, lease-purchase home ownership programs, the CBDO obtains title to single-family homes, either through subsidized purchases or outright gifts; the homes are then repaired and “sold” on a contract to community members. The purchasers pay monthly charges, part of which counts toward the downpayment of the house. When the tenant/owners have contributed a predetermined sum, they take full title to the property. The way the initial leases are often constructed, lessees also receive tax advantages during the buy in period. Lease-purchase programs are often leveraged through sweat equity efforts in which community members contribute their time and labor to refurbishing the homes, with the dollar value of their labor being counted toward a downpayment.

Other CBDOs projects house those with special needs, for instance by providing more bedrooms for the larger, poor families that other housing owners shun or creating special facilities for the disabled, projects done together with social service agencies. The most complicated housing project that I studied was the Harmony House built for the homeless by New Community Corporation. This substantial and well-maintained building housed the homeless and helped them maintain contact with social service providers. A report describes it:

Harmony House [is] a 102-unit transitional facility for homeless families that combines NCC housing expertise with several of its service ventures. . . . NCC is able to transition residents into employment. As a day care provider, it can work with families to obtain quality child care services. And as a housing developer and manager, it can provide permanent housing placements. Harmony House’s holistic package is accomplished at a cost 30 percent less than what the county was paying just to warehouse homeless families in rundown welfare hotels—and has created over 80 new jobs. (NCCED 1992, p. 74)

But to bring about this project it took NCC six years to assemble the land and three more to bring it to fruition. In an internal report, NCC documents the recalcitrance of local government to provide needed help and lambasted the government for slowing the permit and inspection process:

Is it any wonder that so many would-be community developments do not persevere? Official forms and bureaucratic procedures/technicalities are the number one enemies of any group which needs help from governmental structures and lending institutions. [unpublished internal document NCC]

*Doing the Economic Development Deal*

Though housing is dominant in total dollar values, many community-based development organizations also engage in economic development projects. These, too, vary dramatically in scale, from small microloan funds to help local entrepreneurs get a leg up, to dramatic “sizzle projects.”

An economic development project might involve the CBDO’s orchestrating efforts to stop stores from leaving the neighborhood. In one community, the CBDO learned that “Sears was going to close,” so to preserve the shopping area the CBDO had to

put together a strategy on how we are going to revitalize the street. . . . If we can make Sears make money, we can win this, you see. . . . Can we get something else in as another anchor that will spill off to Sears. . . . We had to tear buildings down. We had to do all kinds of stuff. This is a story. How to put the Jewel there could last three hours if we went through the whole thing, including exposing the deputy commissioner of the Department of——in the [newspaper] because he was trying to shake us down.

That project is the subject of a UDAG [a federal grant program] a 1.1 million dollar second mortgage over twenty years. Health and Human Services [offered a] grant of \$407,000 which brought equity into the project for us. . . . [The investments caused] Sears to stay [and] to put a million dollar addition on the building.

The strategy worked and

And it caused about \$50,000,000 worth of additional revitalization up and down——Avenue. All of a sudden we had Walgreens across the street in a vacant furniture store. We had McDonald’s across the street in a vacant Jack in the Box. Taco Bell and Wendy’s, where there was a burned-out auto dealership. The cable company came in and took over a vacant automobile dealership.

The work though had far more than economic impact, as it helped slow down the racial divisions in the neighborhood:

If you went into Sears, you would see black, white, and Spanish people both shopping there and working there together. And with working there comes other benefits like people playing on the softball team together and going to each other’s birthday parties for their kids.

By bootstrapping one project on top of the other, the commercial area was preserved, the CBDO ended up as partial owner of several income-producing buildings and created 250 new jobs for the community.

Economic development projects complement broader community-development efforts. A CBDO might open a laundromat to serve people in rental apartments it has refurbished, while reintroducing a business presence to a partially deserted street front. Some CBDOs own small stores—a card shop, for instance, or a food cooperative—that employ community members. In an African-American community, a CBDO built a small office building, housed itself there, rented space to two small community businesses, and then convinced the city library to open a branch in the remaining space. The project improved the local economy, but also served as a message to the city that we are still here and we do count.

Economic development is about helping individuals. For instance, CBDOs run revolving loan funds (Parzen and Kieschnick 1992) that lend up to a few thousand dollars to start up a community business, or they act to package Small Business Administration loans for small companies. When asked about his favorite project, the head of a larger, successful CBDO preferred to talk about a micro-enterprise loan fund rather than any of the major commercial or housing developments his organization had put together.

[The project] was interesting . . . for social issues, not because it was a complicated deal. We had a low-income woman, with a couple of kids . . . she's got this excellent word-processing capacity. . . . [We used] . . . [the] city's micro-loan program and a bank to put together \$10,000 so she could buy state-of-the-art computer equipment. . . . She's operating her business now. . . . It is a very successful business. . . . I liked it because here we took a low-income woman with kids who people really didn't think of as being an entrepreneur . . . and she is a very successful entrepreneur. . . . She is about to move into a bigger space. . . . It's just neat. I like deals like that.

CBDOs have set up job networks to introduce workers from communities of deprivation to local manufacturers and studies indicate these programs, though small scale, have been successful (Harrison 1995). One successful program in Chicago used Job Training Partnership Act (JTPA) money to teach the literacy and numeracy needed for the specific jobs that local businesses required. Bethel New Life in Chicago has linked an employment training program for community residents to a day-care service it set up to provide social and medical services to the frail elderly in the community. Another CBDO helped community members acquire the social assets, training and certification, as well as the material assets, to establish their own home-based day-care businesses to serve other poor families within the community. But to bring this project to completion the CBDO had to master a complicated array of funding sources as this national known innovator of development projects explained:

The day care project ended up with sixteen different funding sources. . . . Sometimes people come in here and say, "Well, it seems to me that you

just chase money.” And that is really fucking stupid. If it takes sixteen different sources to put together a project, it is not exactly chasing money, unless you are a masochist.

According to an outside evaluation, the project was succeeding economically as well as bringing about social changes. The evaluation showed that the participants

felt good about themselves and . . . they seemed to be closer as family members. And there was a paradigm that was beginning to emerge and the paradigm was “I am less in my children’s face, but I am more in my children’s face.” And, what that meant was that we yell at each other less but we are in each other’s face more. . . . And, then the third area was community. That the members of the co-op felt a stronger sense of their place with other peers in this community and linkage to their contributions as leaders in this community.

In addition, the project helped empower participants:

[T]hose who had been part of this endeavor now see opportunities to move on the next step of the ladder. And what I mean by that is that some of them want to someday operate their own center. I mean not a day-care home but a day-care center. So they want to own a business more than a day-care home. . . . So more and more I think the business, the economic development side, is really taking hold. And there is real pride in the value of what they contribute to this community.

Economic development efforts can be as much about creating empowerment as they are about jobs and income. For instance, at a cost of little over a million dollars, a CBDO refurbished a 20,000 square foot building that had housed a defunct supermarket into a Mercado that would provide stall space for around three dozen local entrepreneurs. Getting funding was difficult. In part, the CBDO provided equity from money set aside from depreciation from the housing it owned. And, then, “we got capital . . . from HHS. . . . We are losing serious money here every month. . . . [The money,] it comes from [the core CBDO’s] development fund which we committed to this project.”

The CBDO was putting its bucks where its beliefs were, in part because the project was consistent with the ideological mission of the organization, not simply to create jobs but to encourage community participation in its own economic renewal:

Community people have been involved . . . people talking in a progressive sense of how to create real jobs, livable wage jobs, and stuff like that. And out of that grew the idea that we were going to do this project. . . . We now have a group that includes both businesses, representatives from other groups and churches, some of our tenants, some of

our poor people. . . . We have tenants on our board to help make sure that board doesn't take control away from that steering committee. . . .

On this Mercado, . . . every decision including which site to pick . . . this Mercado committee . . . [from the community] . . . [they] are going to select the contractor. . . . That is a form of empowerment. . . . We are going to select venders in Mercado by the same principle.

When it opened, the Mercado contained fifteen booths, primarily owned by local Hispanic and black entrepreneurs. The CBDO working with the community decided who should benefit from the new facility:

We . . . worked with our committee and we reached consensus . . . that we shouldn't be about providing business opportunities for assholes that oppose our housing over here in [gentrifying the neighborhood] and give them an opportunity to have a flower shop over here. I'm sorry. Some low-income, Puerto Rican woman, black person who wants to get off aid, she can open a flower shop.

Balancing off its role as a community organization and its ownership of the Mercado, however, became quite tricky for the CBDO. For instance, the executive director feared that stall prices could inflate. In Baltimore, the development activist noted, it cost \$100,000 for a new merchant to enter a similar project, a fee prohibitive to low-income people. To prevent this from happening, rules about the net worth of tenants were set up, yet these rules immediately created friction with potential stall owners who did not want to share their financial data. Or the CBDO itself felt that it would be inappropriate to act both as landlord and as entrepreneurial funder, so instead of loaning money itself to the merchants it linked them to both a community loan fund and the Women's Self Employment Project as potential funders.

Other CBDOs set up industrial or commercial incubators to provide affordable space for startup industrial and commercial enterprises. Some incubators simply make space available, others set aside a common area, with a shared photocopy or fax machine, still others help startup firms obtain funding and mentoring, others promote sharing of skills and resources between the firms. For instance, to be licensed, food preparation businesses must have kitchens that are often too expensive for new firms to afford, but that can be shared if built within the incubator.

In the Roxbury section of Boston, an old brewery was converted into an incubator that now included the offices of the Sam Adams beer company and a Hispanic food distributor. In the south side of Chicago, an incubator housed both new pizza firms and a clean assembly room for high-tech communication equipment. Two blocks away, an artists' incubator provided space for a noted African-American texture painter, as well as numerous less-known artists. In northwest

Milwaukee, an CBDO took out a master lease on large empty warehouses, subletting over a 149,000 square feet of space and in so doing helped over sixty businesses. One incubator housed firms that together set up flexible manufacturing schemes, a system that helps smaller entrepreneurs share equipment and join together in projects too large or complicated for any one of them to pursue. For instance, work was done to manufacture products to aid wheelchair-bound people to be able work in their own kitchens.

Other CBDOs themselves become owners or investors in community businesses. One of the best-known examples is the Pathmark Supermarket build in the devastated central ward of Newark. Together the CBDO and the private grocery company built a 43,000 square foot \$12 million shopping center including a supermarket, a restaurant emporium, and a donut shop in an area of the city that had been totally devoid of food shopping, except for expensive mini-marts. The initial work on the project began in 1979, though the supermarket did not open until 1990; once completed it immediately turned a profit with the donut shop drawing in over a million a year, while the supermarket was doing over four million. The profit was impressive given the several hundred thousand dollars of extra security expenses required by the location, though the presence of the donut shop and the promise of free coffee to police officers reduced some of the security costs.

Elsewhere, a small CBDO became a virtual mini-conglomerate starting with an auto repair and training center that, at the time of this study, employed 40 people and had in the past provided 150 other individuals, mostly Hispanic, with sufficient skills to gain employment in conventional auto repair work. The initial project came about in response to the disinvestment of the larger metal-bending factories in the neighborhood. At that time, the founder of the CBDO was working as an employee advocate and

we started getting people . . . who had given us hundred bucks at Christmas time, successful people from the Hispanic community who were at . . . some of the foundries. These are guys who had worked twenty years and now they were dislocated; it was right in that period of de-industrialization. And they were coming in the office and saying that they are losing their cars and their houses and "what do I do?"

We said, "this is the successful part of the Hispanic community and if we can't help them what the hell use are we as an organization?" . . . So we just figured we gotta do something and to create jobs for those people and to create a vehicle for them to get jobs.

These individuals decided to form a car repair business, looked for an appropriate facility, and found an unoccupied building that had been a car dealership:

Well, we just came over here and sort of moved in the back and the lawyer from the owner came down and said "what are doing here?"

Well, we are going to help fix up the building and he said, "great" and it never had been vandalized and nobody was in it. They gave us the first year free . . . we ended up buying it from him over a period of four years. . . . And, then we started reclaiming it piece by piece.

To fund the project, the CBDO relied on federal job-training money to set up apprenticeships in auto repair for youngsters in the community who would be taught by more experienced workers. An additional goal was to expand employment for those left behind because of racial or ethnic prejudice.

We like mine the community. We find people who nobody wants who have incredible talents. . . . Our tow truck driver Bill, he's an elderly black gentleman. . . . He came in here three years ago under the welfare. . . . He was in our mechanic shop and all of a sudden we found out that he had been working in a junk yard for twenty years. He drove a tow truck, he could memorize, he knows every car we got in our lot down there. He knows which fender is good shape, which isn't. . . . So after three weeks in our training we just hired him and put him in our tow truck and he is in charge of our reclamation project back there now. . . . He is a diamond. And, yet, the system had him as useless and no one wanted him because his yard is closed down and he was getting to be sixty, there is racism, too.

And the other thing here now that we are lucky, especially people who come from Mexico or Puerto Rico they gravitate here. If a good mechanic comes into the community, they come over here. Everybody speaks Spanish, community atmosphere, helping someone. You know, in that sense, . . . if the person only speaks Spanish they can't get a job out there.

Some of our mechanics have been people who didn't speak English but were crack mechanics, real good foreign car specialists and stuff from Puerto Rico. They were on welfare, here, no one would hire them, they couldn't speak English. We put them to work for \$12 an hour and made them an instructor right away.

That is the benefit, the beauty of having this kind of program, [it is] that somebody like that the system considers useless until they learn English, they can not only be productive but they can be instructors and be teaching in the same language, at the same time, and, gradually learning English.

As the auto-repair business succeeded, other enterprises were added altogether including

Seven different projects. The first was the rehab project to develop this [shop] area. . . . We didn't contract anything out. Everything was done



in there was run by people from the community. The heating, electric, the air conditioning, everything was done by community people. It took longer, but money that went in there, stayed, changed hands a few times in the community before it went out. . . . We have a welding shop where we make waste barrel containers in the back.

The expansion of the CBDO's effort followed a bootstrapping model:

We started with a JTPA grant, three of us, and moved into an abandoned auto dealership with the idea that we're going to train in auto repair but the first day we opened up our shop we charged 29 bucks for the tuneup and that money starting coming in and we've gradually generated more and more to revenue and programs. . . .

You get twice the value for your training dollar if you show somebody how to weld but they're also building a lugger box that Waste Management is going to buy for \$1,200. Then you've accomplished two things—you've covered your overhead by fixing that box and you've trained a person and you've given them a skill.

Other spinoff businesses came about in response to the evolving interests of the workers. For instance, after the car repair business appeared to be working, several skilled employees decided that they wanted to learn home rehabilitation skills and began a housing rehab project. While working to repair these buildings, asbestos was found and had to be removed. Rather than hire others to do it, the CBDO got a grant to train its employees and later spun off a specialized asbestos-removal business. And here the CBDO enabled those in the community to take those risks needed to become self-supporting entrepreneurs:

Our manager went out and underbid his first job by . . . \$1,000. So alright we have a little meeting we get some of the guys from the housing rehab who are certified as removal people they go over, they bail him out, he gets out of the contract. If we'd set him up as a for-profit company he would have been dead; that would have been the end of his company so he won't make that same mistake again. . . .

But if it was the son of a person with a lot of money he could do those things, daddy would bail him out or the family would bail him out. . . . We don't have that resource. What we do now his truck breaks down we run it in our shop. It's a \$500–\$1,000 bill, we give it back to him, and he charges it to the business, but he didn't have to go borrow that money he didn't have to stop working because of it.

After that business got underway, the women in the community complained that all the jobs were for the men, so "we did start the day care because we wanted to address jobs for women in the community." The day-care center was

expanded to become a home day-care service with certified, Spanish-speaking providers. The women running the service then

said they wanted a cooperative that they would run. . . . Now before they were just individual women out there powerless in their houses locked in on welfare. And now their starting what amounts to a business. They're going to have a loan fund and they're going to have a fund that will take care of insurance health insurance, which was a big issue for them, and will be able to get it at real reduced rate because it will come through the co-op.

### *Symbolizing Hope*

Community-based development organizations build homes and supermarkets, projects that satisfy obvious material needs. In addition, developmental activist want their projects to symbolize to community members and outsiders that hope remains. Clean apartments built by the CBDOs provide visible contrasts to the decaying buildings owned by slumlords or the neglected properties of public housing authorities, while successful businesses demonstrate that profits can still be found in neighborhoods of the poor. Part of what a CBDO is about is improving the image of the neighborhood.

One purpose in building homes like this is to allow the poor to avoid the stigmatization of living in institutionalized housing. An executive director described it thus:

We spent, no doubt, quite a bit of extra money to make these [homes] blend in the community. . . . we could have elected to build a simple sort of ranch on a slab . . . [but] you know our commitment to the dignity to the individual. . . . I wouldn't want to live in a small single-story slab. . . . Why would the Smith family that makes \$12,000 a year, are they any different than me? No, fundamentally . . . they don't want to be stigmatized as poor. You drive past these houses you don't see the word poverty. But there are people living here whose incomes aren't \$6,000 a year.

Building or refurbishing homes provides a visible sign that the neighborhood is coming back. A developmental activist explained what happened after the CBDO built unattached single-family homes:

Now the people begin to move back because of the housing conditions changing and they began to have better jobs. Better connection with the government, better voice at city hall. With those things [we] begin to sell a neighborhood.

Renewing an old abandoned building is an important symbolic action, as explained by one developmental activist:

Over here is our first building. . . . We have 17, 18 companies in there. . . . We believe you work in the worst buildings, not the best. That is the worst building that God has created in this neighborhood. It is 100 years old.

A CBDO ran a small loan program to upgrade store-front facades on a business strip and by doing so “[business people] see that the city is committed to reinvestment in the neighborhood. That will almost subliminally affect their strategic planning on things that we can have some control over.”

To expand the catalytic effect of their work, the CBDO tries to “focus on a lot on things that are as visible as possible.” Visible successes become a direct, dramatic challenge to the image of community decay, though such projects can be risky. A minority community developer explained the reasoning for building a mall in the worst section of a mid-sized city:

I had to put down a big enough footprint to influence the community. And I just refused to do little bitty things because I know you are just pissing money down a rat hole that way. And, [you see] the psychological implications of putting a lot of glass back in the neighborhood [the mall being described was built with large glass windows] would have on people’s appreciation of what you did.

He continued with pride:

If you brought your people to town, your relatives and your friends, and say, “Come on let me go show you something. This is something we got in [city name]. Man do you know this is all controlled by African-Americans?” That’s something African-Americans feel proud about. And there’s nothing like this around anymore, and you come to town, and it’s like, “What’s happening?”

So from my point of view, I think that we have to hold on for the historical value of what we’ve done and for the inspirational value to people, so that people have something that they can say, “This is ours.”

Projects to save old buildings take on broader symbolic value by providing a center for the neighborhood. In one city, an old school was converted to be both a community center and a home to nonprofits, many with a focus on community arts. In another locale, the center of the neighborhood was marred by a large, unused and deteriorating former middle school. The building was deeded to a CBDO by the school district, and the CBDO obtained a large federal grant. Working with help from others in the community development movement, this CBDO converted the old school to a room and board project for the Medicaid

elderly. The project tapped a community need and constructively recycled the largest, dominant but unused building in the neighborhood.

### THINKING ABOUT BEING IN THE NICHE

In this chapter and in the preface, I have tried to give an overall impression of the fervor and potentials of the community development movement. I have intentionally presented stories of the projects that succeeded to indicate that the possibilities for community renewal are not pipe dreams. Still, developmental activists recognize that what they do is but a drop in the bucket. Julia Koschinsky has calculated that at their best “community development corporations were able . . . to meet 0.7% of worst-case housing needs in 1993” (Koschinsky 1998, p. 127).

Further, success is far from easy, as projects must take into account both physical needs as well as social concerns. To do both, developmental activists recognize that someone has to pick up the financial losses endemic to accomplishing economic and social redress. To gain these resources requires the CBDO to learn to work within a complicated web of funders, technical assistance providers, government and other community agencies, each with agendas of their own. In the next chapter, I’ll elaborate on the difficulties that are faced in bringing about community-based renewal projects.