

COMMUNITY DEVELOPMENT CORPORATIONS: Critical Factors That Influence Success

ROSS GITTELL
University of New Hampshire

MARGARET WILDER*
University of Delaware

ABSTRACT: *With federal devolution and the ascendancy of community-based development strategies to center stage, the role of community development corporations (CDCs) has gained significance. This analysis focuses on programmatic and organizational attributes of CDCs that affect community development success. Success is defined as a CDC's contribution to the improvement of residents' access to financial resources, physical resources, human resources, economic opportunities, and political influence. Based on previous studies and our own analysis of three case studies, we posit four key factors in CDC success: mission, organizational competency, political capital, and funding. Analysis of the experiences of the case study organizations reveal the specific ways in which these factors operate and the influence of varied contextual factors.*

The revitalization of distressed communities has served as a focal point for national and local initiatives for more than four decades. Each policy and program effort has generated a host of experiences and commentary. What is unique about recent discourse is the tacit acceptance of federal devolution and the ascendancy of local community-based strategies to center stage. In this new policy context, community-based organizations in general, and community development corporations (CDCs) specifically, are expected to play more active and central roles in planning and implementing community revitalization efforts. Some commentators suggest that CDCs can serve as the foundation for community-based decision making and policy implementation (Clavel, Pitt, & Yin, 1997; Goetz, 1993).

The recent strategic planning activities carried out under President Clinton's Empowerment Zone and Enterprise Community Program (EZ/EC) relied heavily on CDCs to represent and articulate community needs and priorities. Now that the funds for EZ/EC projects have been released to local governments, CDCs are playing a key role in carrying out this national initiative. There is little doubt that these organizations will garner a large share of the praise and criticism that arise from EZ/EC efforts. Nevertheless, it is critical that we develop a better understanding of how CDCs can foster community revitalization. This article seeks to further our understanding of the potential of CDCs to engage in effective community-based initiatives by identifying some of the critical factors that influence successful CDC efforts.

*Direct all correspondence to: Margaret Wilder, School of Urban Affairs and Public Policy, University of Delaware, Graham Hall, Newark, DE 19716.

CDCs: HISTORY, PRACTICE AND UNRESOLVED ISSUES

The Evolution of CDCs

Today, more than 2,000 CDCs operate across all 50 states, serving a wide range of small and large communities in urban and rural areas. The current constellation of CDCs evolved over the past three decades. First-generation CDCs grew out of the political advocacy, civil rights, and religious movements of the 1960s. A few organizations were funded directly through the Ford Foundation's Gray Areas Program. Other CDCs found support during the War on Poverty from the Special Impact Program (Keating, 1989). The 1960s' cohort of CDCs launched an ambitious array of housing and commercial projects, and human service programs. Despite the flurry of activity, CDCs numbered fewer than 100 nationally by 1970 (Fisher, 1994).

The 1970s brought significant growth in the number of CDCs. Community-based efforts to fight bank redlining, urban renewal, and other physical displacement projects produced hundreds of new organizations. Some CDCs sprang forth to take advantage of increased federal funding for low-income housing development. Others grew out of the previous decade's community action agencies (Keating, 1989). By the end of the 1970s, more than 1,000 CDCs were in operation (Pierce & Steinbach, 1987). The 1980s ushered in a challenging period for CDCs. Reagan's presidency sharply reduced federal support for community development. Ironically, federal cutbacks coincided with a period of extensive growth in community development activity. Between 1981 and 1986, the number of CDCs doubled. This new cohort of CDCs was encouraged by funders to adopt entrepreneurial, corporate-style practices. The CDCs pursued new and varied funding sources (e.g., corporations and foundations) and developed partnerships with local and state governments (Vidal, 1992).

In the 1990s, federal funding through the Community Development Block Grant (CDBG), HOME, and tax credit programs encouraged an increased scale of development activity among CDCs. The most recent national survey of CDC activities revealed that 77% of respondents (1,046 CDCs) had received more than \$50,000 each in federal funds between 1991 and 1993. During this same period, 150 CDCs obtained at least \$1 million each in equity for housing developments subsidized through the Federal Low-Income Housing Tax Credit Program (National Congress for Community Economic Development, 1995).

Federal support has been complemented by significant philanthropic and corporate funding. Between 1970 and 1990, foundations, corporations and individuals contributed almost \$2 billion to support community development efforts (Pierce & Steinbach, 1990a). National intermediaries such as the Neighborhood Reinvestment Corporation, the Local Initiatives Support Corporation (LISC), and the Enterprise Foundation have provided funding support, technical assistance, and professional training to CDCs. According to recent annual reports, altogether they have given more than \$5 billion in support since their inceptions. In 1991, LISC and Enterprise began to administer the National Community Development Initiative (NCDI), a \$62.5-million fund created by seven foundations and the Prudential Insurance Company (Walker, 1993). CDCs have also benefitted from funding agreements made with banks under the Community Reinvestment Act. A recent study by the National Community Reinvestment Coalition reported that over \$353 billion in CRA agreements have been made in the last 20 years (Shelterforce, 1998).

The CDC Track Record

CDCs engage in a broad range of community development activities that run the gamut from physical development to social service delivery. According to the National Congress for Community Economic Development, the professional organization for CDCs, approximately 90% of the organizations are actively involved in housing production, rehabilitation, and/or management (NCCED, 1995). Business development activities are part of the portfolio for about 23% of CDCs. Commercial and industrial development are less common; only 18% of CDCs are involved in these activities. Typically, CDCs "blend physical development activities with an array of community-building activities" such as political advocacy, job training, and youth programs (NCCED, 1995).

The most commonly cited achievements of CDCs are their housing outputs. Data compiled by the Urban Institute document that CDCs and other nonprofit developers produced about 736,000 units of federally assisted housing between 1960 and 1990. This output accounted for 14% of all federal housing production during this period (Walker, 1993). Since 1990, CDCs have produced an average of 30,000 to 40,000 additional units of affordable housing each year (NCCED, 1995). The housing and economic development activities of CDCs have generated over 90,000 jobs and 23 million square feet of commercial and industrial space within low-income neighborhoods (NCCED, 1995). The scale and scope of CDC activities are such that some researchers regard them as the key components in an emerging community development industry (Vidal, 1997; Yin, 1998). Most observers agree that CDCs are now the primary vehicles for development efforts within distressed communities.

The Role of CDCs in Community Revitalization—The Debate

As the CDC movement has gained momentum, the activities and impacts of CDCs have been subject to closer review and evaluation. The most consistent finding in investigations of CDCs is their variability. CDCs vary in size, activities, financial resources, outputs, staff expertise, and other attributes (Mayer, 1984; NCCED, 1989, 1991, 1995; Rohe, Leaman, Stewart, & Braddy, 1991; Vidal, 1992). These studies show that some CDCs have greater resources and outputs (e.g., housing units) than others. This variability makes it difficult to generalize about CDCs and their effectiveness in helping communities. Despite this limitation, certain issues have been raised concerning CDC activities and impacts.

Some researchers have pointed to the inherent contradictions of CDC to act as developers, landlords, and business owners, while articulating ideologies of empowerment and community control. CDCs have great difficulty balancing the often competing demands of economic and social goals (Blakely & Aparicio, 1990; Bratt, 1989; Cummings & Glaser, 1985; Lenz, 1988; Marquez, 1993; Rubin, 1995). A related concern is the dependency of CDCs on external resources—an arrangement that allows influence and control to lie beyond the reach of neighborhood residents (Stoecker, 1997).

Other commentators have focused on the limited capital resources of CDCs (Clay, 1990; Giloth, Orlebeke, Tickell & Wright, 1992; Mayer & Blake, 1984; Vidal, 1992). Most of the organizations operate on small and unpredictable budgets. CDC projects are frequently undercapitalized, which makes their survival particularly tenuous. In addition, the organizations often lack the expertise and experience to engage in the range of activities needed by distressed neighborhoods (Pierce & Steinbach, 1990; Vidal, 1992).

Despite their presumed and acknowledged shortcomings, CDCs are generally regarded as important and necessary agents of community change. What is unclear is the extent to which these organizations can be expected to overcome their limitations and engage in successful community initiatives. The cases reviewed here show that some CDCs are able to surmount considerable difficulties in spite of the odds against their success. In doing so, they give us the opportunity to learn more about the factors that determine the effectiveness of such community-based organizations.

Identifying Success Factors in CDC Practice

It is difficult to systematically analyze CDC activities because of the diversity of their experiences. This limitation is exacerbated by the growing involvement of CDCs in “comprehensive community development initiatives” that increase the range of activities undertaken by the organizations. Assessments are equally confounded by the fact that many of the efforts and impacts of CDCs cannot be easily quantified. In the face of such methodological constraints, our understanding of CDCs has been dependent in large part on aggregate surveys and individual case studies (Berger & Kasper, 1993). Some of these studies have identified specific organizational and program design attributes that appear to directly influence CDC outcomes and impacts.

Vidal (1992, 1997) found that the success of “mature” CDCs is a function of five organizational characteristics: (1) organizational size (budget and staff), (2) prioritization of activities, (3) programmatic and project experience, (4) leadership stability, and (5) clarity of community development strat-

egies. She observed that the overall neighborhood impact of a CDC's activities is proportional to the scale of its operations and projects. Clay (1995) identified similar factors. He argued that mature community-based organizations are those that have "a defined mission, experienced staff, adequate operating and capital resources, a professional and active board, and community support." In addition, he found that strong leadership, particularly by executive directors, and active planning are critical to successful community-based efforts.

More recent studies of CDCs have documented comparable success factors. In their assessment of LISC's "community capacity building" initiative, Gittel and Vidal (1998) identified factors affecting successful CDC program implementation. One of the most critical factors noted was organizational competency. Similarly, a recent report issued by the Ford Foundation (1998) suggests that CDCs with successful track records in economic development have achieved their goals by engaging in extensive partnerships with public, private, and nonprofit funders, and employing professional staffs with increasingly more sophisticated technical skills and experience.

Based on these previous assessments of CDC success factors and our analysis of case study findings, we posit the four key determinants of CDC success as: *mission, organizational competency, political capital, and funding.*

Mission

The basic goals of a CDC, typically codified in its mission statement, reflect an assessment of community needs and priorities. The organizational mission of a CDC must be specific and tangible enough to inspire commitment, yet broad enough to capture the attention and energy of the relevant target and support communities. For CDCs, program mission determines which individuals, groups, and institutions will identify with revitalization efforts. It also determines the character of specific programmatic efforts.

Organizational Competency

The staffs and boards of CDCs play key roles in operationalizing the organizations' missions. Their professional competency and perspectives in large part determine the character and effectiveness of program efforts. Successful CDCs tend to develop strong internal staff and board capabilities to engage in activities such as planning, community organizing, fund-raising, and program/project implementation.

Political Capital

As community-based organizations, CDCs have the potential to engage residents in political action both directly and indirectly. Successful CDCs have organized community members to advocate their own interests and have represented community interests in the local context. These CDCs provide residents the opportunities to develop leadership skills, access other institutional resources, and gain the attention of decision makers. These CDCs have also leveraged their roles as neighborhood representatives and advocates to garner attention and resources from outside their respective neighborhoods.

Funding

Successful CDCs obtain funding from multiple sources. Diverse funding allows for flexibility in organizational and program efforts. Simultaneously, it reduces program vulnerability to cutbacks and the potentially negative effects of political changes. In addition, the risk and cost of support are spread across the various funders. Access to adequate funding is directly related to a CDC's organizational competency (particularly in fund-raising and grant writing), program/project track record, and political capital (i.e., ability to influence decision makers).

Research Design

Past studies of CDCs measure their success by tangible outputs and services (e.g., units of housing; persons trained, served, and employed; dollars of profit). These quantitative indices are useful to

gauge the effects of CDC efforts. However, many of the benefits of CDC activities are not quantifiable. For example, an increase in political clout with local officials has no simple numerical value, but it can translate into invaluable decisions that protect or enhance a neighborhood's well-being. Similarly, the development of neighborhood leadership through involvement in CDC activities defies quantification. In addition to these measurement limitations, there is the challenge of generalizing across a decidedly varied population of organizations and neighborhood contexts.

In order to address these methodological issues, we have adopted a qualitative research design. Qualitative analysis focuses on processes, activities, and relationships that help to identify key factors that shape outcomes (Sayer, 1992). Its primary purpose is to identify significant tendencies that provide a causal explanation for observed outcomes. While traditional research methods seek to uncover characteristics and patterns that can be extrapolated or generalized to explain a whole population of phenomena, qualitative research is concerned with exploring causal relationships in a specific case or group of cases (Sayer, 1992). Purposive sampling is utilized to approximate some of the variability observed in the phenomena under study, in contrast to traditional statistical sampling, which seeks to "discover" variation through random selection and large samples. The traditional research goals of representativeness and generalizability are secondary to the search for "patterns of meaning" embedded within case studies. (Maykut & Morehouse, 1994). In the words of one research scholar, "Qualitative work does not survey the terrain, it mines it" (McCracken, 1988, p. 17).

The nature of CDC experiences makes them highly appropriate for qualitative study. The organizations, their activities, and their neighborhood contexts vary significantly. The interactions of CDCs, residents, local institutions, funders, and other entities are complex and dynamic. Outcomes can be quantifiable or nonquantifiable. Relationships between inputs and outcomes can be linear or nonlinear. In an effort to capture some of this variability and complexity, we assess the experiences of three different CDCs. Our case studies were developed from a combination of open-ended interviews with CDC staff members, discussions with community development experts, and a review of organizational documents (e.g., annual reports and web site information) and relevant evaluation studies. The sample of cases explored is purposive, specifically selected to provide insight into different CDC approaches and contexts. In each case study, we seek out patterns that indicate causal links between our hypothesized success factors and CDC achievements.

Defining CDC Success

As previously suggested, studies of CDCs frequently rely on quantifiable measures of success. The drawback in purely quantitative measurement is that such assessments do not necessarily differentiate the success of CDCs as organizations from the "success" of their neighborhood residents. Twelvetrees (1989) argues that a CDC can be successful in its own right as an organization, but that success does not necessarily translate into direct benefits to the resident community. Our research strategy calls for a different method for identifying success. In an effort to capture the range of CDC experiences and outcomes, we utilize a broad operational definition that relates success more directly to *how* CDCs contribute to the well-being of their constituents (target population). In our analysis, success is measured by a CDC's contribution to the improvement of residents' (i.e., target population's) access to the following: (1) financial resources (grant money, public and private capital and loans); (2) physical resources (housing, recreational facilities); (3) human resources (social services, public safety, job training, work and business skills, educational services); (4) economic opportunities (employment and business ownership); (5) and political power and influence. We view true CDC success as inextricably tied to the enhancement of the well-being of neighborhood residents.

Specifically, we focus on how CDCs' *mission, organizational competency, political capital, and funding* affect these success measures and on how contextual factors influence CDC efforts. The experiences of our case study organizations reveal some of the specific ways in which these factors operate. In the final part of our discussion, we summarize our findings and suggest their implications for future community development practice.

CASE STUDIES OF CDCs

We review the experiences of three CDCs with significant track records: the New Community Corporation (NCC) in Newark, New Jersey; Mission Housing in San Francisco, California; and the Coalition for a Better Acre (CBA) in Lowell, Massachusetts. In keeping with our research design, the organizations were selected on the basis of two basic criteria: (1) some form of publicly acknowledged success, and (2) significant differences in their history, strategies, and neighborhood/local contexts. Table 1 provides basic descriptive information about each of the CDCs.

Although all of these CDCs serve low-income areas, they differ in other respects. The CDCs serve different types of neighborhood populations in distinct local contexts. The NCC and Mission Housing are located in inner-city neighborhoods in large cities. The NCC serves a mostly African-American community, whereas Mission Housing's target area is populated mostly by Latinos, but also includes Asians and white middle-class residents. Its neighborhood composition is indicative of the diversity found within most large West Coast cities. In contrast, the CBA operates within a medium-sized city and serves a diverse neighborhood heavily populated by recent Asian and Latino immigrants.

The CDCs also reflect different community development histories and contexts. The NCC was part of the first cohort of CDCs founded during the 1960s era of social activism. Most important, it is the only significant community development organization in its area. Mission Housing's primary focus on housing development is characteristic of organizations established during the CDC growth boom of the 1970s. Its approach to community development also reflects the realities of San Francisco, a city with a serious affordable housing problem. The city also presents a unique context in that it has a long history of community activism. The CBA represents an interesting contrast to the two other CDCs. The organization was formed during the fiscally strapped Reagan era. But unlike many other CDCs of that era, the CBA adopted a decidedly political advocacy approach to community development. Although the CBA exists among a constellation of well-established community organizations in the greater Boston area, it operates in a community that has been historically underserved in Lowell.

Individually and collectively, the CDCs illustrate important elements of community revitalization practice. Their experiences suggest how such organizations can serve as effective vehicles for community-based efforts. For each CDC, we describe the organization, its main accomplishments, and the local context, and we suggest how each hypothesized success factor has contributed to positive outcomes. Table 2 provides a summary of the major accomplishments of the CDCs and specific key factors in their success.

Case 1: The New Community Corporation of Newark, NJ

The New Community Corporation (NCC) is the largest CDC in the country, employing over 1,500 people and holding net assets of over \$250 million (Briggs, Mueller, & Sullivan, 1996). The organization is the largest nonprofit housing corporation in New Jersey and one of the largest in the nation. The NCC provides services and programs that affect the lives of 30,000 people daily (NCC, 1998). Located in one of the nation's most depressed urban areas, Newark, New Jersey, the NCC serves the city's Central Ward—an area populated largely by African-Americans and plagued by high levels of poverty and joblessness.

TABLE 1

Profiles of Case Study CDCs

CDC	Year Started	Location	Race/Ethnicity of Target Population	Focus/Priority
New Community	1967	Newark, NJ	African-American	Comprehensive community development
Mission Housing	1971	San Francisco, CA	Latino, Asian, White	Affordable housing
Coalition for a Better Acre	1982	Lowell, MA	Latino, Asian	Political empowerment

TABLE 2

Major Accomplishments and Success Factors for Case Study CDCs

CDC	Major Accomplishments	Contributing Factors
New Community	Largest CDC in the nation Serves 30,000 persons/day Owns/manages 2,600 apts. Owns/operates seven day care centers Manages shopping center Operates youth training center, business incubator and credit union	Mission that addresses broad needs Stable and effective leadership Extensive organizational capacity Political leverage via active board and mobilized tenants Support of corporate partners and suburban allies
Mission Housing	Award-winning affordable housing projects Developed 1,300 housing units Owns over 450 housing units Manages over 1,800 housing units Renovated 89-unit SRO hotel	Mission addresses pressing need Tenant organizing Ability to leverage funding for projects Integration of quality housing designs and affordability Development of management subsidiary
Coalition for a Better Acre	Led first community take-over of HUD 221(d)3 development Developed 360 housing units Provides job training in day care Operates youth center	Mission that advocates political empowerment of residents Community organizing across diverse neighborhood groups Links to state/federal policy makers Funding via political leverage

In 1993, HUD presented the NCC with the prestigious Rudy Bruner Award for excellence in the urban environment. The organization was recognized for “filling voids left by Newark’s legal government” and “filling a gap in a part of the city where government was ineffective or even dysfunctional.” The NCC’s accomplishments have been acknowledged by the US Congress, and its executive director, Monsignor William Linder, received a 1990 MacArthur Foundation Fellowship for his contributions and leadership. Recently, the NCC began receiving additional support from major foundations (including the Annie E. Casey Foundation and the Pew Charitable Trusts) as a national site for comprehensive community development.

Mission

The NCC was founded in the wake of the 1967 riots, which exposed the pressing needs and indignities of life in Newark and the Central Ward. The area suffered from a serious lack of basic resources and services. Large sums of federal money had been siphoned off by Newark’s often corrupt city bureaucracy/or funneled to politically connected community organizations that were largely ineffective. Furthermore, the city’s massive urban renewal efforts included plans that would displace 25,000 residents of the Central Ward.

A group of concerned citizens led by a Roman Catholic prelate, Monsignor Linder, formed the NCC. Initially, the organization focused on community organizing and advocacy, particularly around issues of housing and redevelopment. Out of its early experiences came a set of goals that have guided its activities to this day. Founded with a religious philosophy, the organization operates on the belief that all human beings are capable of self-determination. According to the organization’s recent self-profile:

NCC seeks to improve the quality of life of the people of the inner city to reflect individual dignity and personal achievement. [The organization] fulfills its mission by providing affordable housing; a safe, secure neighborhood; creative education programs; quality health and day care; social services; community arts; and neighborhood economic opportunities. (NCC, 1998)

Although the organization’s mission incorporates a broad array of initiatives, housing development has formed the core of the NCC’s activities. The organization owns and manages 10 housing de-

velopments with over 2,600 apartments and 6,000 residents. The NCC's success in housing, however, has been skillfully leveraged into a broad range of related complementary activities in economic development, job training, education, and day care. All of these activities are designed to promote the well-being of community residents. The broad mission of the NCC has been to create a viable new community in an area once devastated by riots and neglected by city government. The organization's accomplishments suggest that this mission has been maintained and serves as a core operating principle.

Organizational Competency

The NCC has taken on many of the characteristics of a local government running a "mini city" in Newark's Central Ward. Using housing development as a primary vehicle, the organization has given priority to creating a sufficiently large economic base within the community that supports self-reliance of residents through independent enterprises. As its activities and funding have grown, the NCC has developed internally into a large, multifaceted organization.

The NCC acts as an umbrella corporation delivering a broad range of community and economic development services. The organization consists of separate operating units with their own management teams. The units have areas of responsibility that include: (1) housing management, (2) day care (including seven day care centers with over 700 children), (3) management of a neighborhood shopping center (with an average of 50,000 shoppers per week), (4) a credit union, (5) economic development (including a youth training center, business incubator, and modular factory), and (6) primary (K-8) education for 275 minority youths. All of the NCC's operating units are expected to support the organization's broader mission.

The scale and complexity of the organization have been effectively managed by a well-respected director, a talented administrative staff, and an experienced and committed board. Monsignor Linder has directed the organization's efforts since its inception, and NCC board members have generally fulfilled the organization's unique 20-year service commitment. More than half of the original board members remain with the organization. The majority of NCC board members are minorities and/or women, most of whom are residents of the Central Ward. The NCC does not have any outside corporate or business representatives on its board. Over 93% of the NCC staff are minorities and over 60% live in Newark. The fact that a large number of employees are residents has helped the organization remain responsive and accountable to Central Ward citizens.

The consistency of board and administrative leadership has given the organization stability, continuity in its strategies, and a strong sense of identity. Under this guidance, the NCC has expanded its organizational competency from a purely advocacy role, to housing, service delivery, and economic development. Each area of activity has generated jobs, an outcome that has provided critical benefits to residents and solidified community support.

Political Capital

The NCC model of development entails the creation of economic and political capital to provide housing, jobs, and services to residents. The NCC functions as a major community institution, representing the interests of the resident population. As such, it plays a major role in the politics of local development. Consistent with its roots, the NCC has taken an aggressive advocacy posture toward city government, continually pressuring local decision makers to consider the needs and interests of Central Ward residents.

The NCC also serves as an incubator for the development of resident leadership. In addition to the board, community residents participate in planning and management of NCC projects through tenant associations and advisory committees. These activities provide residents the opportunity to gain insight into housing and service delivery processes, and they keep a measure of decision making grounded in the community.

The NCC has drawn on the political clout of African-American, senior-citizen voters who comprise over half of its housing tenants. This base of support has contributed to the organization's success in securing funding from federal, state, and local governments. The organization has gained

additional political capital through some top staff members who previously held high positions in state government.

Additional political support has come from an unlikely source: Newark's suburbs. The NCC has given priority to forming an understanding with and gaining support from residents and businesses in the surrounding suburban area. These efforts began right after the riots of 1967 with "Operation Understanding," which sent out teams of two Newark residents—one white, one black—to talk about race relations in the suburbs. One significant outcome of this effort was the early formation of the New Community Foundation, the NCC's fund-raising agency. The Foundation channels support from corporations and private individuals to the NCC's various programs. The linkage to suburban allies has provided both financial and political support for a number of the organization's programs.

The NCC's use of political capital is illustrated by the early experiences of its Babyland Inc. subsidiary. When the NCC first provided day care services in 1973, its finances were very tight, and state government officials were unresponsive to the organization's request for aid to offset the cost of caring for low-income kids. The New Jersey Bureau of Children Services declared that Babyland lacked the proper license for child care and, therefore, was ineligible for state aid.

After a year and one-half of meetings with lawyers and others, Babyland's directors discovered that the federal government required a state to have regulations and standards for infant day care in order to qualify for federal aid. New Jersey had none, nor would it supply the 25% state match of funds that the federal program required. According to Mary Smith, Babyland's executive director, "To write standards we had to go to the politicians, and that's where the suburbanites came in." Babyland's suburban allies enlisted then Assembly Speaker (later Governor) Tom Kean and other legislators in their cause. Subsequent hearings in the state legislature and continuing political pressure on the state regulators to compromise led to regulatory changes that opened the door to funding for Babyland.

Funding

NCC viability also has been derived from its large and diverse funding base. The organization receives support from public, private, and philanthropic sources. Significant resources have been acquired through political leverage, and effective partnering with private corporations and the state government. In addition to local and state support, the NCC has used a wide range of federal housing resources (e.g., Section 8 certificates and low-income housing tax credits).

The organization has formed partnerships with private corporations based in the metropolitan area. The NCC joined with Hartz Mountain Industries to build transitional housing for over 100 homeless families. Together with Supermarkets General, the NCC built a Pathmark grocery store as part of the New Community Shopping Center. The NCC retains a two-thirds share in the store—an arrangement that generates significant resources for its programs. A joint venture with Colgate-Palmolive created affordable housing opportunities for the less advantaged in nearby Jersey City. In addition, the NCC is partnering with the state government in the management of low-income housing in other parts of New Jersey. Fees collected from housing management and service-delivery activities in Newark and other communities are a steady source of NCC revenue.

Typical of NCC operations is Babyland Nursery. Babyland was the first nonprofit infant care provider in New Jersey. It receives funding from the federal government (HHS), the State of New Jersey (Division of Youth and Family Services and Department of Education), private foundations (including the Ford, Kellogg and Prudential foundations), the United Way of Essex/West Hudson, and user fees.

In addition to direct funding, each year the NCC receives a significant level of volunteer support. In 1996, volunteers contributed the hourly equivalent of 172 full-time employees—for a cost savings of approximately \$2.8 million.

The overall success of the NCC is a testament to its community residents and organizational leadership. However, while there are clear benefits from the NCC's efforts, as some of the area's accumulated problems have been addressed, some strains have resulted. These strains emanate largely from the NCC's large scale of operations. Like many government bureaucracies, as NCC has grown, it has become more difficult for staff to stay in touch with members of the community, particularly

when compared to the contact that was common in the early days of the organization. In addition, as the NCC tackles new issues and engages in new activities, it risks not meeting rising expectations. Ironically, the organization's growth and achievements may set the stage for its greatest challenges in the future.

Case 2: Mission Housing Development Corporation

Mission Housing Development Corporation in San Francisco was part of the large cohort of CDCs that emerged during the early 1970s. It is now one of a significant number of community organizations serving a diverse area of San Francisco—a city with a rich history of community activism (Briggs, Mueller, & Sullivan, 1996). Mission Housing serves the “inner Mission” area, part of the Mission District in San Francisco. The area has been a port of entry for many immigrant groups. Primarily Irish and Italian before World War II, the neighborhood received many Mexican immigrants in the period from 1950 to 1980. Since the 1980s, many of the new arrivals have been Central American. The mix of residents has become more diverse as white middle-class homebuyers have moved into the neighborhood's many Victorian houses. Predictably, the neighborhood has undergone extensive gentrification in recent years, a process that has made life more difficult for poorer residents. To address the affordable housing problem in the neighborhood, the Mission Housing organization has developed over 1,300 units, has preserved another 500, and has over 1,800 units under management, all for low-income households.

Along with the NCC, Mission Housing is widely recognized as one of the country's most competent and successful CDC housing managers. Its housing developments have been cited for being clean, safe, fiscally sound, and aesthetically pleasing. In 1995, Mission Housing received two of the nine awards given by the American Institute of Architects in its “Best of the Bay and Beyond” competition. Mission was cited for work on two different projects: a residential “compound” consisting of 25 low-income rental apartments, and a 14,500-square-foot social services center linked to 20 housing units. The organization was most recently honored by Fannie Mae's annual Maxwell Awards of Excellence Program for its renovation of the 80-unit Altamont, an old single-room occupancy hotel. The multiuse community facility now provides housing for homeless single adults.

Mission

In the late 1960s, the Mission District of San Francisco was home to a multiethnic mix of residents—Latinos, Filipinos, Asians, Native Americans, blacks, and whites—many of whom were struggling under the twin burdens of unemployment and poverty. When the city proposed a major urban renewal project for the District, social activists in the area coalesced into an aggressive “Alinsky-style” advocacy group known as the Mission Coalition. The group successfully blocked some of the early urban renewal plans for Mission Street. In an effort to gain control over neighborhood development, the Coalition sought and received designation as a Model Cities agency. Under this program, the group launched employment, social service, and housing initiatives that met with only modest success. With the demise of Model Cities funding, the organization split into several factions. The major survivor was a new entity—Mission Housing. By the mid-1970s, Mission Housing was fully engaged in low-income housing development, its activities fueled by new federal funding opportunities (Briggs et al., 1996)

The organization's focus on housing reflects both its early heritage and the harsh realities of life in the Mission District. San Francisco is the least affordable city for homebuying in the nation—with only 19% of average earners being able to afford the median home price. The problem is even more pronounced in the Mission District where the median income is only 54% of the citywide average.

Recent changes in the Mission District have exacerbated the affordability problem. At one time an industrial area, the neighborhood has experienced some noticeable gentrification. The redevelopment activity has brought with it revitalized businesses—including artists' studios, restaurants, and shops—and higher property values. These changes stand in stark contrast to the living conditions experienced by many recent immigrants who are poor and relegated to crowded and increasingly expensive apart-

ments in the area. Homebase, an organization that tracks homelessness in the Bay Area, has estimated that over 2,000 homeless people were based in the Mission District on a yearly basis (Mission Housing, 1997). Mission Housing's efforts are designed to address the affordable housing crisis in the area and to assist low-income residents in gaining access to needed services.

As described in a recent self-profile, Mission Housing has a strong commitment to "using quality design and top-notch property management to foster stable communities and to making sure that architects and developers work closely with management, service providers, and residents to address the broader needs and interests of Mission Housing and the community at large" (Mission Housing, 1997) An organizational mission that incorporates both design sensibilities and affordability might sound idealistic, but the commitment to these dual objectives is quite real. Deputy Director Ann Ostrander summed up this philosophy as follows:

Why would we build anything that didn't make the neighborhood, as a whole, better and stronger? You can't tell me that you can make a neighborhood better and stronger by adding something to it that is unattractive and won't last. (Buki, 1995)

Mission Housing demonstrates its commitment to this philosophy in each development. Its Del Carlo Court apartment project is illustrative of this point. The Mission Housing developers faced an early challenge due to potential traffic congestion around the site. To enhance the privacy of residents and allow for their parking needs, the design of the project was altered from what most developers would have supported. Instead of placing the housing units back from the street to allow for perimeter parking, Mission chose to build a walled courtyard complex with interior parking spaces. The costs of this approach were higher. To compensate for the higher than budgeted expenses (and keep the units affordable), the staff sought out used (but high-quality) materials for the interiors, in some cases repairing or repainting the items themselves. As this example shows, the commitment to addressing community needs is wedded to an uncompromising concern for quality in its developments.

Mission's focus on housing can be explained in part by the existence of other competent community-based organizations that work on other aspects of community development. However, the organization does engage in a range of activities that includes child care, community/tenant organizing, elderly and educational services, and local planning and advocacy efforts. Most of Mission's non-housing services are delivered to residents of its housing developments.

The organization's singular focus on housing has allowed it to concentrate its resources and energy on a pressing community issue, thus gaining substantial resident support and simultaneously developing a solid reputation as a competent housing provider and manager.

Organizational Competency

Mission Housing has evolved into a competent and effective entity, but not without its share of challenges. During much of the 1970s and early 1980s, the organization grew, taking on ever-increasing responsibilities for housing development, renovation, and management. However, in 1984, Mission Housing was faced with an organizational crisis. The staff and board of the organization realized that they had exceeded their own capacity to manage the growing number of housing units. While acknowledging their limitations, they were concerned about relinquishing management responsibility, a move that might compromise community access and control over a precious stock of affordable units. There was also concern that the strong relationships forged between its multicultural, bilingual staff and community residents would be lost. To support its mission, Mission Housing created an independent, wholly owned, for-profit subsidiary called Caritas Management Corporation.

Initially, Caritas experienced serious financial hardship and a leadership crisis. Residents felt that the new management was not responsive to their social needs. Setting its rents well below the norm, the organization failed to adjust to the drying-up of federal (HUD) money in the early to mid-1980s. Over time, adjustments were made and by the early 1990s, Caritas was flourishing under new leadership and with new sources of funding. Today, Caritas manages over 1,800 housing units, including all of the 450 units wholly owned by Mission Housing.

As the Caritas episode suggests, Mission Housing has weathered organizational storms. The leadership and staff of the organization have played a key role in making the necessary transitions and in keeping Mission Housing grounded in the community. Its nine-member board consists of long-time Mission District residents and professionals with related interests. Reflecting Mission Housing's community character, 90% of the board are minorities and or women, and 70% currently are or have been Mission District residents. The 22-member central staff includes an executive director, rehabilitation specialist, loan officer, housing department director, project manager, construction specialist, community development director, and other support personnel. Eighty-five percent of the staff are minorities and/or women, and two-thirds of the staff live in the Mission District.

Over time, Mission Housing has leveraged its success in housing management to expand its operations. In 1987, it formed a community development division that provides technical assistance to local merchants. The new division was funded with a grant from the Hewlett Foundation. In addition, Mission Housing now manages properties and provides technical assistance to other nonprofit and for-profit organizations.

Since the early 1980s, Mission Housing has been expanding its activities in other ways. In response to the growing homeless and special needs populations, the organization has partnered with social service agencies. By providing technical assistance and property management services, Mission Housing has helped to establish what it terms "supportive housing communities." Specifically, the organization has participated in the development and management of nearly 500 units of quality housing for homeless and disabled people. A variety of other development projects have provided housing for mentally disabled homeless persons, alcohol-dependent mothers and their children, individuals with HIV-related illnesses, homeless persons with AIDS, and low-income women.

Political Capital

Mission Housing's track record has earned the organization the respect and confidence of residents, other nonprofits, local businesses, and government officials. However, its organizational competence is not the only reason for its reputation and high level of local support. The organization has remained grounded in the community by hiring staff from the district, maintaining significant resident representation on the Board, promoting tenant-organizing efforts, and engaging in advocacy work on citywide issues. Mission Housing has worked consistently as an advocate of community interests and needs and has incorporated resident input and participation in its development activities.

Community involvement is a hallmark of Mission Housing's development projects. Its Altamont SRO renovation project, winner of a Fannie Mae award, is illustrative of the organization's development approach. Mission Housing required the project's general contractor to give priority to hiring residents of the SRO. Four formerly homeless and unemployed residents participated in the construction work. Mission Housing also engaged in community organizing among the Altamont's tenants. As a result, tenants became directly involved in the design planning for the building, and some participated in the screening of new occupants. The organizing activity also led to the formation of a tenant board that meets regularly to plan special programs of use to residents (e.g., drug therapy and alcohol recovery).

Consistent with its activist heritage, Mission Housing continues to encourage community activism. It promotes the participation of tenants in tenant associations. This is accomplished through the efforts of tenant coordinators and outreach organizers employed by the organization in Mission Housing's various developments. Leadership development training is also a common feature of the organization's initiatives.

A recent development issue reveals the organization's political clout and credibility. Like several other large cities, San Francisco has received HUD funding under the HOPE VI program for the renovation of older public housing projects. This HUD initiative has angered many housing advocates across the nation who are concerned about the reduction of low-income housing stocks resulting from the redeveloped projects. Not surprising, local activists in San Francisco have been quite vocal in their opposition to the Housing Authority's renovation plans. In the Mission District, the plans call for the renovation of Valencia Gardens. Built in 1942, the development houses more than 600 residents in 246 three-story units. Although residents welcome renovation, they express skepti-

cism at the Housing Authority's ability to carry its plans out without displacement and hardship to current residents.

In an effort to minimize community opposition, the Housing Authority awarded the development contract to Mission Housing. The organization's motives are clear as stated by Executive Director Daniel Hernandez:

We responded to the request because they are our neighbors, and we wanted to participate in reaching some of the goals of revitalization of the neighborhood. We also wanted to try to mitigate some of the previous problems that the housing authority has had during the development process at other HOPE VI sites. (Siegal, 1997)

Mission Housing's redevelopment strategy has been different from the beginning of the process. There will be no demolition of units, and tenants will be allowed to stay on site during the renovation. The organization is working with the tenant council of Valencia Gardens and a local architectural firm to develop the renovation plan. Mission Housing has held open house nights to solicit input from other residents and neighborhood business owners. In the words of the executive director, "As a housing activist group and an affordable housing developer we couldn't do it any other way."

Funding

As a by-product of its housing focus and the era of its inception (the 1970s), Mission Housing, like many other CDCs at the time, became overly dependent on a single funder—the federal government. When the Reagan administration began to cut back on funding for community groups, Mission Housing suffered. It took several difficult years for the organization to recover from its over-reliance on HUD and diversify its funding base.

Today, Mission Housing's funding comes from a variety of public and private sources. The organization receives financial support from the city (Office of Housing and Community Development and Redevelopment Agency), county (Department of Social Services), state (Department of Housing and Community Development), and federal government (HUD); eight private foundations (including the Hewlett Foundation, SF Foundation, the United Way, and Northern California Grantmakers); and seven corporations (including Pacific Bell, Pacific Gas and Electric, Levi Strauss, and Viacom).

The organization's track record gives it a decided advantage in attracting funding support. For example, in 1995, Mission received \$5.4 million in HUD funding to renovate the Altamont to provide permanent housing for the homeless. What is most significant about the award is that it represented about 25% of the city's federal funding for homelessness. In a city with numerous nonprofit developers, this award is indicative of Mission Housing's credibility and political clout. And like most other nonprofit developers, Mission Housing blends funding sources on major projects. The Altamont renovation combined federal homelessness funding with development financing from Wells Fargo and Citibank, low-income housing tax credits through a private capital firm, and building mortgages through the City's Seismic Bond Fund and the CDBG program.

Similar to the NCC, Mission Housing earns revenue from housing management fees and has gained access to resources through strategic partnerships. In one collaborative effort, the organization worked with other local development corporations to establish Centro del Pueblo. This development provides office space for nonprofits, 59 units of housing, and a parking lot that generates income for Mission Housing and the other development groups. The city supported this cooperative effort with a \$1.8-million recoverable loan.

Mission Housing has attained both public recognition and community trust. Its success appears to be linked to a unique mission that focuses on providing housing with an added benefit—enhancement of resident power and pride in community. An enduring focus on housing and community building has allowed the organization to develop competency in housing development and management, increase funding sources, and expand community support. Mission has benefited from two tactics: (1) the creation of a separate housing management division to take advantage of program expertise and

simplify administrative structure, and (2) staying grounded in the community with tenant organizing efforts and continued advocacy work.

Case 3: The Coalition for A Better Acre

The Coalition for a Better Acre (CBA) is the strongest community-based development organization in Lowell, Massachusetts (Gittell, 1992). The city of Lowell has a population of just over 110,000 and is located 28 miles northwest of Boston and right outside of the Route 128 high-tech corridor. The CBA is regarded as one of the most successful and unique development groups in the state and region. Founded in 1982, the organization primarily serves “the Acre”—a neighborhood bordering the central business district and the Lowell National Historical Park. The Acre community has a rich history. It has been home to waves of immigrants starting with French Canadians and Irish in the late 19th century and continuing today with Latin American and Asian immigrants. Historically, this working-class neighborhood has struggled to survive economically and physically. The CBA has played a major role in keeping the community intact and promoting empowerment among its residents through community organizing, political action, and housing development.

The organization has developed more than 360 units of permanently affordable housing units. They include the nationally acclaimed redevelopment of a 267-unit complex (the North Canal Apartments), the first community takeover of a HUD-controlled 221 (d)3 development. The CBA has been widely recognized by public officials throughout the state and region for its organizing and political advocacy efforts (Gittell, 1992).

Mission

The CBA began in the midst of Lowell’s economic recovery. After several decades of stagnation and decline, the Lowell area emerged as a center for high-technology employment in the early 1980s. Between 1972 and 1988, the city’s employment nearly doubled and the labor market experienced impressive growth in virtually all major categories. “The Lowell story” was viewed as a model of re-industrialization for older cities throughout the world.

However, while the downtown and the local economy improved, the benefits of Lowell’s well-publicized revitalization were unevenly distributed. The Acre neighborhood was unaffected by the economic turnaround. The community, once an industrial area, had been home to successive waves of immigrants (similar to the Mission neighborhood). Throughout the 1970s, newer immigrants arrived from Latin America and Southeast Asia. By the early 1980s, it was clear that Lowell’s recovery had bypassed the Acre neighborhood. The area suffered from deteriorating housing, high crime rates, and low levels of community services. A clear pattern of neighborhood neglect had developed on the part of Lowell’s public and private sector leaders. When city officials finally decided that the Acre needed attention, their planned approach was demolition and redevelopment. The mostly low-income, predominantly Puerto Rican neighborhood was to be razed to make room for higher priced housing. The plan ignited a neighborhood movement (see detailed discussion in political capital section) and led to the birth of the CBA. The organization’s initial mission was literally to save the neighborhood. Once the immediate threat was overcome, the organization recognized that saving the neighborhood in a larger sense would entail a longer term process.

From its beginning, the CBA strategy has revolved around community organizing and political advocacy. The organization has worked tirelessly to raise the awareness of local business and political leaders regarding the problems of the working class and poor in general, and the residents of the Acre in particular. The mission statement of the organization makes clear its objectives and philosophy:

The Coalition for a Better Acre is committed to ensuring that the voice of Acre residents is organized, heard, respected and decisive in shaping the future of the neighborhood. Through the CBA, Acre residents join with neighborhood institutions . . . which share this commitment to resident-control, to shape a new vision and future for the neighborhood. This vision is rooted to the qualities of community, diversity, entrepreneurship, mutual respect and struggle which have been the hallmarks of Acre life for generations of immigrants. (*Idealist*, 1997)

The CBA mission has been pursued through traditional community organizing methods: door-to-door campaigns, neighborhood meetings, and networking with other organizations such as churches. The organization conducts leadership training for residents and supports the formation of tenant councils and neighborhood associations. The CBA sponsors open forums at which residents address public officials directly on neighborhood issues. These activities are consistent with the organization's basic priorities, which were recently summarized in its annual report:

Our priority is on leadership development and building strong democratically-led neighborhood associations and city-wide alliances . . . we encourage local campaigns for economic justice and the improvement of neighborhood life. (CBA, 1997)

CBA-sponsored activities have given residents multiple avenues for developing their own leadership skills and for expressing their concerns and priorities. The organization has helped to create a formidable community voice that is now heard and respected by local officials.

Organizational Competency

The CBA's community organizing and political advocacy efforts have relied on the expertise and commitment of its staff and governing board. The organization has a 13-member board of directors with strong representation from the Acre's diverse ethnic groups. The CBA senior staff includes an executive director and four community organizers. The organizers have had significant experience working with resident or tenant groups. Their expertise and experience have been critical to mobilizing a very diverse community. To serve the community adequately, CBA organizers are assigned to different ethnic groups (e.g., Puerto Rican, Central American, and Cambodian) that reside in the Acre. In a difficult political environment (particularly with negative attitudes toward new Southeast Asian and Latino immigrants), the CBA has helped low-income, minority, and immigrant residents to organize and promote their interests. With the help of CBA organizers, community groups have made presentations to the city council, taken control of vacant land for play areas and community gardens, and engaged in their own leadership development.

In an effort to encourage the next generation of community leaders, the CBA has promoted leadership development among neighborhood youths. Through its Neighborhood Youth Center, the CBA has supported the activities of a new community youth organization. The youth group, whose board members are neighborhood teenagers, has developed programs aimed at preventing substance abuse and gang violence.

Beyond organizing and political advocacy, the CBA has engaged in a variety of activities designed to rebuild and strengthen the Acre community. The organization has successfully developed hundreds of permanently affordable housing units. Developments such as the North Canal Apartments and the Triangle Rental Project have demonstrated the technical capability of the CBA, as well as the leadership ability of board members and executive staff. With the North Canal project, for example, the CBA succeeded in renewing a HUD housing complex once considered beyond hope.

In addition to housing development, the CBA has initiated a number of economic development programs. The Enterprise Development Center supports existing neighborhood businesses and works to stimulate new enterprises that have a clear benefit for Acre residents. The Community Ventures Fund provides various forms of working capital for neighborhood businesses. In the area of employment training, the Acre Family Day Care Corporation prepares local women for careers in day care and human services. The program targets women who have previously depended upon welfare. The CBA also supports a companion private development corporation, the Acre Triangle Community Development Corporation. Through these various programs and entities, the CBA has expanded opportunities and resources available to Acre residents.

Political Capital

As previously suggested, the CBA grew out of a neighborhood crisis. Two significant events led to the organization's success in organizing residents and addressing neighborhood needs. From its be-

ginning in 1982, the CBA attempted to draw public attention to the plight of the Acre neighborhood. One initial strategy was to get publicity in the news media. This approach resulted in articles in *The Phoenix*, a Boston weekly newspaper, and *Newsweek*. In each article, CBA leaders stressed the “other side of the Lowell miracle.” Subsequently, the CBA scored a major publicity triumph when one of its board members, Charles Gargiulo, was invited to appear with city officials on ABC’s “Good Morning America” television show. Gargiulo’s comments (in his own words), “drove the city politicians nuts.”

Prior to the televised conflict, the CBA had encountered some difficulty in arousing neighborhood residents’ interest in development issues. The city’s plan to raze the neighborhood had not been made public. But as the conflict spilled over into the media spotlight, the tensions escalated. City Manager Joe Tully attacked Gargiulo for the CBA’s negative publicity and attempts to stop the city’s development plan before it had a chance to be introduced. The CBA made a public issue out of Tully’s verbal attack on its efforts. According to Gargiulo, in a fit of anger, Tully inadvertently revealed that the city planned to raze the neighborhood. The “leak” added the needed spark to what had been a fledgling effort at community organizing. In Gargiulo’s words:

The Acre needed to be changed, we knew the resources were there, but their (the City’s) plan wasn’t something we could go along with . . . We went out with that headline about the City’s plans . . . went to everybody’s house and we organized people with Tully’s admission . . . we were able to get 100 people out to meetings to discuss it. (Gittell, 1992)

Through a series of public challenges, the CBA was successful in stopping the city’s redevelopment plan.

A second key event followed. CBA leaders quickly recognized that the victory would be merely symbolic unless the community found a way to engage in an alternative revitalization process. To do this, CBA would have to become a nonprofit development corporation; most important, it would have to obtain start-up funding. The CBA turned to the Aetna Insurance Company for financial assistance. Aetna had established the National Association of Community Organizations (NACO) to meet investment requirements by the Community Reinvestment Act. Ironically, Aetna had been slated to be the financial supporter of the city’s plans for the Acre. City Manager Tully wanted NACO to invest in another local organization—the Acre Model Neighborhood Organization (AMNO). However, the CBA opposed AMNO because, in Gargiulo’s words, AMNO was “a puppet organization” controlled by City Hall. According to another CBA board member, Jerry Rubin, “AMNO’s plans for the neighborhood were to build middle income condos, not affordable housing for low income families.”

Gargiulo went to Washington to a National People’s Action Conference where he spoke with Gail Cincotta, who was on the board of NACO. Cincotta put Gargiulo in touch with Jerry Altman, a consultant to NACO, whom Gargiulo invited to Lowell to hear the CBA’s story and redevelopment plans. When Altman visited Lowell, he was impressed by the CBA, suggested that it incorporate, and requested a proposal for a development project in the Acre that Aetna could fund. Within four weeks, the CBA had incorporated, acquired 501(c)(3) nonprofit corporation status, and issued its first proposal for the Acre. Aetna made a commitment to support the CBA by providing both technical assistance and funding for staff and housing projects. As Jerry Altman describes the commitment, “Aetna was willing to stand behind CBA. We knew they were controversial, we chose them on purpose, we thought they were truly representative of the neighborhood’s interest and that they had a lot of potential.”

As its early experiences demonstrate, the CBA has used direct action and community organizing to draw attention to the needs of the Acre neighborhood and to gain political leverage in development battles. The CBA’s support of tenant groups has given it a solid base of supporters who are not shy about directly confronting local officials. Two years ago, City Hall attempted to stall a CBA-sponsored development—the Triangle Rental Project—by withholding the necessary funding and permits. The reaction of Acre residents and tenant groups was swift and effective. Groups of angry

residents crowded into city council meetings and carried out public protests in front of City Hall. Local officials relented, releasing the funds and approving the permits.

Ironically, CBA leaders do not maintain an adversarial relationship with city officials. Despite its public battles, the organization practices reconciliation and cooperation whenever possible. For example, once the Triangle Project was back on track, the CBA initiated a planning process that included residents, city officials, and local lenders.

An interesting form of *détente* has evolved between the organization and local officials. One obvious factor in this relationship is the power of the CBA to mobilize residents around election time. Although the Acre residents do not outnumber other local voters, they are unified in their voting habits. As such, they have been able to provide crucial swing votes in local elections. One tangible outcome of this dynamic has been a change in the composition of the city council to the advantage of Acre residents. Recent city council decisions have provided funding for CBA projects and a new affordable housing finance program. The city council's increased responsiveness to neighborhood groups (in part a product of CBA efforts) also is reflected in recent city manager and planning appointments. The individuals selected have had extensive experience working with community groups. City leaders may not always agree with the CBA's agenda or methods, but they have come to respect the organization's political muscle.

In addition to local support, the CBA has earned the respect of key state government officials and Massachusetts's two US Senators. These linkages have given the organization access to state and federal resources (Gittell, 1992). The level of support enjoyed by the CBA is a clear testament to the effectiveness of its community organizing efforts.

Funding

The CBA's victory in obtaining support from Aetna provided the organization's first substantial source of funding. The Aetna commitment was significant in that it addressed several organizational needs. First, Aetna made a pledge of mortgage financing for group-sponsored housing projects, giving the CBA more leverage in dealing with foundations and banks to arrange additional financing. Second, Aetna supplied technical assistance for developing and promoting projects. Third, Aetna provided \$30,000 per year for two years to hire staff, with the hope that the CBA would retain staffers for future projects when Aetna was no longer involved. The commitment from Aetna was crucial in a number of respects. It sanctioned the CBA, placing the organization in a leadership position over development efforts in the Acre. Equally important, the support enabled the CBA to go to other private companies, as well as the state and federal government, for additional funding.

Aetna's support helped the CBA undertake its first affordable housing development project in 1985. The project developed a vacant lot and abandoned buildings and provided 36 homeownership opportunities for residents of the Acre. The total project cost was \$1.5 million. Financing for the project came from a combination of sources, including Aetna, a UDAG grant, the city, the Lowell Development Finance Corporation, and the Massachusetts Land Bank.

In the years that have followed, the CBA has been successful in fund-raising and developing partnerships with nonprofit, public, and private sector entities. The organization receives funding from over 30 sources, including foundations (Ben and Jerry's Foundation, Charles S. Mott Foundation, Sun Microsystems Inc., Campaign for Human Development, The MS. Foundation, and Theodore Edison Parker Foundation), religious organizations (Episcopal Bishops' Fund, Evangelical Lutheran Fund, Jewish Fund for Justice, and Marianist Sharing Fund), public sector supporters (city of Lowell, state of Massachusetts, HUD, and Federal Resolution Trust Corporation), and the private sector (Aetna's Neighborhood Development Initiative Program, Fleet Bank, Raytheon Corporation, and Enterprise Bank and Trust).

The success of the CBA demonstrates the efficacy of community organizing and political advocacy in confronting established development leaders and institutions in a city. Its experiences also show the value and strength derived from the organization's enduring commitment to community residents and to its original mission. The CBA has effectively leveraged the political capital of community residents to garner resources and build relations with support organizations, thereby ensuring that the needs and interests of Acre residents are no longer ignored.

LESSONS FROM CDC CASE STUDIES

The case studies reveal that CDCs are often born out of a crisis (or near crisis) situation that motivates individuals and groups to focus their efforts and work together. After an initial success, often against great odds, confidence develops, leadership emerges, and momentum is created. Community leaders and organizations are then able to leverage their initial activity into a more comprehensive and substantive effort.

Our review of CDC experiences shows the complex and dynamic nature of community development efforts and suggests policy and practical guidelines for maximizing outcomes. Overall, we found that each CDC succeeded in enhancing the well-being of residents by:

1. establishing an organizational mission that creates a sense of shared interest and commitment;
2. creating political capital through the mobilization of residents, resident participation in decision making, and networking with other institutions (private, public, and nonprofit);
3. developing and expanding organizational competency; and,
4. establishing a diverse and stable funding base.

Although these generalizations are useful for thinking about maximizing the effectiveness of community development corporations, it is important to understand how each dimension influences outcomes.

The Importance of Mission

Our case studies provide particularly instructive examples of effective long-term missions. Each of the CDCs has developed missions that engender solid local support and attract the necessary resources. In Newark, the mission of the NCC has been to create a viable new community in an area devastated by riots and neglected by city government. That mission has led to a comprehensive strategy of revitalization. Mission Housing illustrates the advantage of having a very focused mission. In the San Francisco context, Mission has carved a niche for itself as an affordable housing advocate and provider. In Lowell, the CBA's initial purpose was to protect a neighborhood from being taken over by city government and private developers. The CBA's longer term mission is to provide a political voice and development opportunities for the residents of the Acre.

Given the wide array of needs and problems confronting distressed communities, CDCs could conceivably engage in many different initiatives. However, studies of CDCs that we reviewed indicate that the more successful organizations tend to limit their activities to those that are of high priority for community residents and are most likely to produce tangible results in a relatively short time frame. As suggested by the experience of the NCC, as CDCs expand their range of activities, it is important that efforts remain consistent with a larger mission and stay grounded in the community.

Political Capital

In each of the case studies, CDCs engaged in advocacy and community organizing efforts. These efforts galvanized residents and created new political voices within their respective localities. The mobilization process did not end with the creation of the CDCs. The organizations retained community interest and input by incorporating community members into planning, decision making, and implementation activities. This approach ensures organizational legitimacy and accountability and allows residents to gain leadership and decision-making experience. The experiences of Mission and the CBA suggest that CDCs will often need to engage in community organizing so that residents can effectively articulate their interests and influence CDC decision making.

In addition to providing a vehicle for resident participation, the CDCs used their position as community institutions to leverage political support for neighborhood initiatives. Over time, each of the CDCs reviewed here has established itself as a major community institution, representing the interests of vocal and organized residents. As such, they play significant roles in the politics of local development.

Organizational Competency

In the CDC context, managerial and leadership skills can be more important than the analytical and technical capability of staff and board members. Each of the CDCs we reviewed had endured and survived challenges through effective leadership and management of its operations. The NCC fought and won battles with the local and state officials, Mission survived early funding problems, and the CBA triumphed over local government opposition.

The organizations also succeeded by doing what they do best. Our best examples of this are the experiences of the NCC and Mission Housing in developing and managing affordable housing. Both organizations have effectively leveraged their demonstrated competency to garner additional resources and expand their housing efforts into complementary areas. In addition, both CDCs have expanded their housing activities beyond their original target areas. The NCC is working with the state of New Jersey in other cities, and Mission manages housing properties for other organizations, including private companies.

To address relevant issues outside their core activities, CDCs can draw upon the resources and skills of other organizations and individuals. For example, CDCs can develop capabilities in affordable housing and partner with other organizations in economic development. Each of the CDCs reviewed here has been effective at building partnerships with private, public, and nonprofit organizations. These partnering relationships have allowed the organizations to broaden their range of community development activities and bases of support. All three CDCs utilize some form of subsidiary operation to carry out specialized functions (e.g., Babyland, Caritas, Acre Triangle Community Development Corporation), a strategy that allows for flexibility in the management of projects. As these examples suggest, the particular approach used by a CDC depends on the organization's purpose and internal management capacities.

Funding

The early funding problem encountered by Mission Housing is a pointed example of what can happen when an organization is overly dependent on a single funder. It took several years for the organization to recover from its overreliance on HUD. The experience of the CBA is illustrative of a wiser strategy—developing a broad array of funding support. The organization's base of support has grown during a period of shrinking public funding. A key to the CBA's funding success has been its ability to maintain good community relations and a clear focus on serving the needs of the target population. Overall, the experiences of the CDCs reviewed here exemplify a clear dynamic: As a CDC establishes a track record of completed projects and well-functioning programs, it also builds credibility with funders.

CONCLUSION

The preceding discussion has suggested some of the key factors that influence the effectiveness of CDCs. It is important to note, however, that these factors are directly influenced by conditions that exist within the local context. In each of our case studies, the local economic, social, and political climate had a direct impact on the form and effectiveness of CDC initiatives. What are the implications of these findings for CDCs? Simply put, local conditions must be considered in program strategy. In some areas with a long history of decline, extreme poverty, and minimal development opportunities, modest objectives are necessary, at least initially. In these contexts, a viable strategy is to work toward "intermediate outcomes" (e.g., partnership building). In other areas with greater economic growth potential, more aggressive and ambitious program efforts are appropriate. This was the case for CBA efforts in Lowell. Overall, the timing and sequencing of development efforts should reflect a realistic assessment of existing conditions.

A final local contextual factor is the political environment for community development. The cases reviewed here, as well as previous studies, document the impact of local political attitudes toward development organizations. In contexts where public sector support is high, community development

efforts are more likely to thrive. A good example of this kind of situation is found in San Francisco in the experience of Mission Housing. In contrast, in contexts where public sector support is not readily forthcoming, programs may need to generate support by increasing awareness and broadening the agenda of local decision makers. The experience of the CBA shows that a support base can be created through community organizing and political activities.

The CDCs reviewed here have attained a measure of success through community organizing, the implementation of projects, the creation of partnerships, the building of community leadership, and the acquisition of resources. By becoming catalysts for activity within their respective target areas, they have engaged a larger set of persons and agencies in the well-being of those communities. Although there is no single best CDC approach, the organizational attributes and strategies we have outlined can serve as a guide for crafting more effective community development efforts.

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