HOLISTIC DEVELOPMENT: 
SUPPORTING SMALL BUSINESSES IN THE 
DUDLEY STREET NEIGHBORHOOD

By

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ABSTRACT

Current models of inner city economic development overlook the social function of businesses. 
These models when applied to the neighborhood level are limited by the fact businesses do not 
serve a solely economic function. If economic development practitioners are concerned about 
alleviating poverty in inner cities, then practitioners should include an assessment of the social 
functions of business as well as the economic functions. As the literature and empirical findings 
show, businesses help to build social capital in the community through their relationships with 
customers and other organizations both inside and outside the neighborhood. Social capital 
generation of small businesses is a necessary but not sufficient condition for poverty alleviation. 
Social capital needs to be channeled towards a collective goal of community change or poverty 
alleviation. Community building organizations like the Dudley Street Neighborhood Initiative have 
created a resident led process and mechanism for building social capital towards the goal of 
enhanced quality of life in the neighborhood. Business development practitioners interested in 
poverty alleviation strategies can draw upon these community-building institutions to do what I refer 
to as "holistic development" in the neighborhood.

This is a case study of how a neighborhood planning organization view businesses in the context of 
the community building activities. This thesis attempts to understand the possibilities of small 
businesses as community-building institutions.

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CHAPTER ONE - INTRODUCTION

In 1992, the Los Angeles riots once again ignited a conversation about inner city poverty that had been sorely lacking since the 1960’s Watts riots. The fires of South Central L.A. set off a series of alarms that forced politicians, business leaders and community organizations to think creatively about how to revitalize the inner city. The renewed attention given to the problems of the inner city offered a plethora of recommendations about how to improve the conditions of material deprivation and social disintegration in American’s urban areas. One solution emphasized the need for private sector involvement in economic development, implying the limits of past public sector interventions in improving economic conditions of low-income areas.\(^1\) Another solution has been the resurgence of foundation-funded community building initiatives that focus on local organizing and community participation as a means to improve the social cohesion in blighted urban areas. The convergence of these two paradigms is the subject of my thesis.

The advent of Harvard Business Professor Michael Porter to the field of economic development has undoubtedly raised the concerns of the inner city to a different audience. Many corporations are now lauding the untapped potential of urban neighborhoods because of the research\(^2\) and information pursued by Porter’s affiliate organization the Initiative for the Competitive Inner City. In his work, Porter argues that the distress in the inner city is as much an economic problem as it is a social problem, the response to which requires business strategies that increases the number of jobs and possibilities for wealth creation among low-income residents. This economic development methodology is important for understanding the economics of a locality; however, it does not capture the social role that small businesses have played in the neighborhood context.

Traditional indictors of economic success based on annual sales, wages and number of jobs created have limited usefulness in assessing of the community building potential of neighborhood businesses for community economic development. Limiting the understanding of neighborhood businesses as purely serving an economic function in low-income neighborhoods ignores their social contribution to residents. Community development is more than just jobs and income; it is the development of people and places in a holistic way.\(^3\)

The definition of a neighborhood's wealth and assets needs to be extended to include the social contributions that businesses can make to the community. Neighborhood businesses: 1) help to improve the physical appearance of the neighborhood, 2) provide residents with a space to gather, and 3) help to broker outside resources. Focusing on traditional business strategies to support these businesses denies the possibilities of developing strategies that can capitalize on the social function of small business. For example, small businesses (e.g. ethnic entrepreneurs and locally owned businesses) defy the traditional idea of a rational actor motivated solely by profit maximization. The shared norms and social ties of ethnic entrepreneurs and their ethnic community emphasize that social consequences are as important as economic consequences. While these businesses maybe limited in their short-term economic contributions to the neighborhood economy, the relationship these businesses have with each other and the local community is the link that connects economic development and community development. This link, which I refer to as social capital, includes “all norms, shared understanding, trust and other factors that make relationships feasible and productive.” The challenge or task for community development practitioners lies in understanding how these linkages get developed. Without these linkages, the efforts at rebuilding local communities can be easily destroyed by focusing development efforts only on other aspects of financial and physical capital.

Applying economic theories to neighborhood revitalization leaves us with the same question of how to connect community development goals such as poverty alleviation with economic development theories. In some neighborhoods, these “connections” occur spontaneously and in others, they are a result of very deliberate organizing strategies. The aim of creating a web of relationship through a “community building” process is not to simply give money or services to poor people but to build the capacity of local residents through a process that values their role and contribution improving their local community.

Objective of Study

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This thesis explores the different functions that businesses have in a neighborhood context. The objective of this thesis is to evaluate: 1) the limitations of defining businesses solely as an economic entity and 2) the role that businesses play in community building. This will be accomplished by:

- Defining two different models of community and economic development that are in interplay in the Dudley Street neighborhood
- Examining the economic and social function of businesses in the Dudley Street neighborhood

In order to answer the following questions:

- How can businesses contribute and support the goals of community building?
- What role can community-based organizations play to incorporate businesses in their community building activities?

Statement of the Problem

The health of a strong local commercial sector contributes to an increased quality of life for neighborhood residents. Businesses improve the quality of life for local residents by providing them with necessary goods and services and by helping to access resources and organizations outside the community.

For years, ethnic entrepreneurs started businesses in their own neighborhoods because of their specific knowledge about local niche markets and the relatively low barriers to entry. While providing goods and services to the local community, these businesses serve a social function as well as an economic function. Positive relationships between business owners and their customers can contribute to building social capital in the neighborhood. The role of social capital in the financing of ethnic entrepreneurship is well documented. However, the role that businesses play in building “the stock of knowledge and other resources that enable members of a neighborhood (emphasis added) or social network to help one another, especially in relation to education, economic opportunity and social mobility” is less understood. Without an understanding of the social role of these businesses, community development practitioners may overlook their importance in the process of community building.

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Study Approach

The purpose of this thesis is to understand the possibilities of neighborhood businesses as community building institutions by first examining the financial and then the social contributions of these neighborhood businesses. I will further explore the relationship of four neighborhood businesses to the local community. First, I will define the neighborhood as a social entity and review the history of how Dudley Street Neighborhood Initiative has developed the idea of a “neighborhood.” This will help to illustrate how the set of shared norms and trust, needed to further businesses as a community building institution, is created in the neighborhood context. Next, I will explore the limitations of viewing businesses in purely economic terms through secondary analysis of the Dudley Street Business database. Finally, I will examine the organizational structure and mission of the Dudley Street Neighborhood Initiative to find out whether and how DSNI’s current goals of community building supports the linkage between economic development and community building.

Significance of Study

As community development practitioners subscribe to the principles used by the private sector to assess and evaluate businesses, these principles and methodologies do not capture the social capital formation of local businesses. The creation of jobs and wealth is not an ends but a means to improve the social and political conditions of residents living in poverty areas. However, the linkages between the two paradigms are unclear. In a review of inner city business development, Gittell and Thompson comment,

[O]ne can speculate on the potential benefits from increasing ties between inner city entrepreneurs and outside resources (and the loss of opportunities currently emanating from the lack of ties.) Thought has to be given to how to establish these networks, how to ensure they are beneficial to businesses and residents on the inner city, and how they can be sustained.  

This thesis is a case of how a neighborhood with a strong social infrastructure, reinforced by the community building principles and ideologies of the Dudley Street Neighborhood Initiative,

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helps to form a set of shared norms that can be the link between community building and economic development.

**Audience of Thesis**

Neighborhood revitalization is a process where community residents and institutions become involved in the development of neighborhood assets. This thesis describes and questions how community building is linked to holistic development in the Lower Roxbury area of Dudley Street. The audience for this thesis is practitioners interested in incorporating business development strategies into their community building activities and vice versa. There has been significant research on how to develop businesses in the city to forward the goals of community development, yet there is little research on how this is or can be done. This research is meant to fill that gap.

**Methodology**

I will use the case of the Dudley Street neighborhood as an opportunity to understand the role of businesses in the community building process. Most of my data were collected from October 1999 to April 2000 while working as an intern at Abt Associates. Abt Associates became involved with the Dudley Street Neighborhood Initiative through Boston Advisors\(^9\), to assist DSNI in completing a resident survey for their neighborhood design and charrette project. While the data from the resident survey were not available by the time I completed this thesis, my involvement with DSNI and Boston Advisors provided me with an opportunity to witness DSNI’s process of developing a comprehensive vision for the commercial revitalization of the neighborhood. The final product of the charrette will be to serve as the community’s master plan for the mixed-use built out of Dudley Street. In seeking to understand the role of neighborhood businesses, I use two different types of data sources:

1) Interviews with local merchants, residents and staff of agencies in the area, and professionals in the fields of community economic development and commercial revitalization.

2) Database of local Dudley Street merchants and businesses collected by DSNI staff and Boston Advisors.

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\(^9\) An affiliate of Michael Porter’s organization the Initiative for the Competitive Inner City. Boston Advisors provides technical assistance to local businesses and community organizations.
Organization of Thesis

Before describing the economic and community development possibilities in the Dudley Street neighborhood, I first review the theories of neighborhood economic development and community building in Chapter 2. In Chapter 3, I describe the case of the Dudley Street neighborhood and methodology of this thesis. In Chapter 4, I examine potential of these businesses to create financial wealth in the neighborhood. Finally, in Chapter 5, I review the other potential benefits of neighborhood businesses and suggest ways in which DSNI as a community-based planning organization can assist neighborhood businesses as community building institutions. In Chapter 6, I conclude with implications for community development practitioners.
Practitioners at many different levels define economic development broadly as processes that increase income and wealth in particular localities. However, a more specific definition is needed to understand and evaluate the impact of economic activity at the neighborhood level. In general, economic development is defined as processes that institutions use to increase or maintain business activity and/or employment. This often takes place through the creation of enabling legislation that helps practitioners implement initiatives at different levels. At the national level, the creation of empowerment zones and legislation such as the Community Reinvestment Act and the National Telecommunications Act are examples of policy initiatives that increase the access of low-income, inner city residents to crucial services such as banking, retail and telecommunications. At the local and regional level, more programmatic activities such as tax-incremental financing of business activities are used to increase the tax base and number of jobs in a particular region and/or locality. At the neighborhood level, development activities are focused on increasing the quality of life for local residents by providing residents with housing and quality goods and services. While not all economic development activity is targeted towards low-income residents and people, community development activities address the needs of low-income residents and their neighborhoods.

Years of disinvestment and economic isolation in low-income areas have contributed to the economic and social isolation of the ghetto. Academics and practitioners, alike, have proposed solutions that address the needs of inner city residents. As federal government continues to devolve the financing of programs to the local level, more agencies are asking residents to become involved in the planning and implementation of government sponsored projects. These projects seek to leverage financial capital with the social capital of local residents. Though inner city neighborhoods, especially immigrant areas, have high internal social capital and networks, these networks remain localized and isolated from the mainstream. Leveraging social capital to create change at the local level requires a mechanism that can bring various relationships together as a means of transforming the neighborhood. In low-income communities, as in other neighborhoods, these mechanisms are created in schools, churches, and recreation centers.

12 Gittell and Thompson, 1999.
Local businesses also can be the bridge that connects internal networks to a larger mainstream economy. Businesses relationships both inside and outside the neighborhood can be used to broker resources for the benefit of the community.

“Neighborhood” as an Social Entity

Being from Southern California, the neighborhood as a social and economic unit is a foreign concept. The spatial and social configuration of Los Angeles calls into question models that assume the existence of relationships defined by geographic boundaries. In the Los Angeles context, identity transcends geography and instead focuses on cultural identities defined by race, ethnicity and to a lesser extent class. However, my experiences working with the Dudley Street Neighborhood Initiative has encouraged me to revise my understandings of the possibilities of a neighborhood as a social and economic unit.

A neighborhood is one with defined geographic boundaries that residents accept. In the case of the Dudley Street neighborhood, the Dudley Street Neighborhood Initiative has defined their boundaries as Melnea Cass to the north, Massachusetts Ave. and Columbia Road to the east, Washington Street to the South and Warren Street to the West. Community groups negotiated the inclusion of certain areas based on the differing service needs of residents and potential agency allies within the district.

While this definition of the neighborhood was somewhat arbitrary and negotiated by various community service agencies involved in founding the organization\(^\text{14}\), community organizers at DSNI have reinforced resident identification with the boundaries through the various organizing campaigns that served to actively engage community residents in issues that affected their lives.

Figure 1: Dudley Street Neighborhood

Source: Boston Globe:

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\(^{14}\) For further discussion refer to Streets of Hope, Chap. 1 Creating the Dudley Street Neighborhood Initiative. p. 47
“Don’t Dump on Us” was an early organizing campaign in the Summer of 1986 to clean up the empty and vacant lots in the neighborhood. Long seen as the city’s dumping ground both literally and metaphorically, outsiders would dump their trash in empty lots on Dudley Street. During the “Don’t Dump on Us” campaign leaflets were dropped off at hundreds of homes with follow-up phone calls made to invite residents to a community-wide meeting that would be attended by Boston’s city officials. More than a hundred of the 24,068 residents in the Dudley Street neighborhood attended the meeting in the basement of St. Patrick’s church on Dudley Street increasing DSNI’s legitimacy with both city officials and community residents. Before the night was over, Mayor Ray Flynn arrived signaling the city’s support of the newly formed organization.

The common identity based on geographic boundaries and a history of disinvestment encourages personal relationships among residents. These relationships “form an invisible network that defines the neighborhood. These intangible networks are as vital to a city as its streets and sewer systems.” Residents and local businesses have attributed the improvement of the neighborhood to the Dudley Street Neighborhood Initiative and their ability to broker resources. Two of the business owners I interviewed did not particularly have any interest in participating in DSNI activities. However, they praised the organization’s work and improvement of the neighborhood. DSNI, operating in Dudley Street for the past 15 years has mobilized and facilitated the development of a neighborhood with high social capital that is connected to networks beyond their immediate neighborhood.

DSNI has defined their development mission as one that goes beyond the “bricks and mortar” and extends to the people of the neighborhood. DSNI’s work, has identified the “neighborhood” as an appropriate unit in which to pursue their human development mission. “Since DSNI began, economic development has lagged behind human development and, especially housing and other physical development.”

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15 The legacy of the neighborhood as an organizing unit is a residual of the early 1960 Community Action Programs, launched under the Economic Opportunity Act of 1964. This act required that community residents participate in the governance of a local community action agency. This agency served as a vehicle for the disbursement of federal funds at the local level. The assumption was that the citizen participation would ensure the accountability of federal agencies to local needs. As reviewed by Howard W. Hallman, these CAP agencies were more administrative units rather than agencies that sought true resident input


17 Downs, Anthony, 1981. p. 15

While well known for their organizing activities and powers of eminent domain, the Dudley Street Neighborhood Initiative has been less successful in implementing the economic development goals outlined in their various strategic planning processes. Since their founding in 1985, DSNI has gone through four strategic visioning processes with the fifth one scheduled for June 2000. The first economic development goals were outlined in the 1987 DSNI Revitalization Plan: A Comprehensive Community Controlled Strategy otherwise known as “the DAC” plan for short. The DAC plan called for development that had “greater accountability to the neighborhood residents.”

Some recommendations for development on Dudley Street included: 1) Urban Village Retail Center, 2) International Market/Bazaar Eateries, 3) Auto Park, 4) Industrial and Light Manufacturing, 5) Construction Business, 6) Assistance to Neighborhood Enterprises, 6) other Community Based Enterprises and 7) Additional Urban Village Opportunities. The plan called for the creation of a Neighborhood Business-Based Business Development and Training Unit that would provide training and support for local residents interested in starting or expanding their businesses.

The original vision of neighborhood economic development defined by the residents emphasized community control and greater accountability to the community. The emphasis on community control is a paradigm that is consistent across the multiple development strategies espoused by the organization. DSNI is most famous for winning the right of eminent domain from the Boston Redevelopment agency as a means to control and influence the physical development of their core area. However, they have not been able to create a similarly effective mechanism for business development in the neighborhood. An understanding of the context of the Dudley Street, helps to explain the difficulty of neighborhood-based business development as a means for increasing jobs and income of residents.

The Effects of Firm Migration and Economic Restructuring in Roxbury

In an effort to understand neighborhood economic development, sociologist Wim Weiwel reviews the current theories about regional and neighborhood development in an effort to understand the linkages between regional and neighborhood development. He reviews several models and theories that seek to explain the relationship between the neighborhood and the region.

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19 DAC, a Washington D.C. consulting firm, utilized an intensive community participation process to develop a strategic plan for DSNI.
In his article, he determines that there are four mechanisms that link economic development at the regional level and the neighborhood level. He concludes by emphasizing that neighborhoods are the place where people experience regional changes. Effectuating change at the neighborhood level is challenging because of the limited economic activity that occurs within its boundaries, a topic that I will discuss in further detail in Chapter Four.

Evidence of the effects of the regional economy and national economic restructuring is present in Dudley Street neighborhood. The historic lack of investment in the surrounding areas is a contributing factor to the high rate of unemployment and poverty in the Dudley Street neighborhood. In 1990, Roxbury had an unemployment rate of 14.9%, almost 2 times higher than Boston’s unemployment rate. Closure of the Digital Equipment Corporation and the Stride Rite factory in the early 1990s created a loss of 340 jobs for neighborhood residents. These two factories alone accounted for 17% of the manufacturing jobs in the Roxbury area. The neighborhood lost a significant number of high quality manufacturing jobs that reflects the overall losses that are taking place at the regional level. (See figure below.)

**Figure 1: Total Employment by Sector, Suffolk County (1980-1997)**

![Total Employment by Sector](source)

Source: Department of Commerce, Bureau of Economic Analysis

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22 Medoff, p. 189.
In an effort to revitalize this area, the city is proposing the development of the Crosstown/New Market area as a civic area while private developers see its potential as an entertainment hub. The Roxbury District Court, Boston Police Department District B-12 and a new Department of Public Health will be located in Dudley Square infusing the neighborhood with a number of public sector jobs. The idea of siting public facilities is a common economic development strategy for inner city areas.

These are just a few examples of the how changes in the regional economy affect the local neighborhood. In Teitz’s article on “Neighborhood Economics: Local Communities and Regional Markets”, he argues that neighborhoods “reflect most clearly the conditions of life of their residents. Thus, they are the logical focus of advocacy and political mobilization” and should not be looked upon as the target for economic development strategies. This supports the role of DSNI as a community-based planning institution rather than an organization that creates economic change at the neighborhood level.

**Business Development Approach**

Local economic development practitioners seek to identify and attract businesses from growing industries as a means for creating healthy economies at the regional and local level. In order to assess industry’s growth rates, practitioners have tried to develop various methodologies that capture the economic potential of these businesses or sectors. The number of job created and the level of annual sales are typical measures of performance that are used to evaluate the potential of new businesses wishing to locate in certain cities or regions. In his book Local Economic Development: Theory and Practice, urban planner, Edward J. Blakely, reviews several quantitative analytic techniques that help economic development practitioners make decisions on how to invest limited time and resources toward the goals of job creation and business attraction. For example in a technique called shift share analysis, the job growth at the regional level is compared to job growth at the national level. The goal of this analysis is to measure the local job growth in particular sectors and compare it with the national growth. Shift share techniques are used as a way to target employment or attract businesses to a particular locality. Recognizing that these techniques have limitations at the neighborhood level, particular strategies have been employed to assess the neighborhood dynamics and economic potential.

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Scalogram/hierarchy analysis attempts to assess the economic differentiation, solidarity and centrality of a sub-economic regional like a neighborhood. Economic differentiation attempts to capture the diversity of the local business district by counting the number and type of commercial establishments in the neighborhood. Solidarity attempts to measure social activism of a neighborhood by counting the number of volunteer and non-profit institutions as a proxy. Centrality measures the connectedness of a neighborhood by counting the number of state of government institutions in the neighborhood. Neighborhood planners can determine the presence or absence of key institutions by using the scalogram technique.

**Neighborhood Based Development**

The neighborhood development methodology created by Boston Advisors is another attempt to provide practitioners with a way to evaluate the wealth potential of neighborhood businesses. The evaluation of neighborhood businesses consists of demand and supply side analysis that is placed within a larger regional context to identify businesses with the highest growth potential. In their supply-side analysis, Boston Advisors conducts a baseline survey of each of the local businesses. After identifying the industry mix, these businesses are compared to the industry performance as a whole. Also, the neighborhood demand for retail good is matched with the current annual sales of neighborhood businesses. The difference is the potential unmet demand that goes underserved in the local area.

The methodology provides a means of identifying the strengths of the local area businesses based on benchmarks for particular growth industries. While this is a worthwhile strategy for evaluating business growth potentials, it does not capture non-financial indicators that contribute to the local development of the neighborhood. These non-financial indicators include accountability to the local community, local and minority ownership, and participation in local community activities. These contribute to the development of social capital in the neighborhood.

These methodologies like many other local economic development theories are derived from development economics. One of the dominant paradigms in inner city economic development today is outlined in Michael Porter's Competitive Advantage of the Inner City published in the June 1994 edition of the Harvard Business Review. While development theories provide important insights that are crucial to understanding inner city economics, I question the appropriateness of these theories and their applications to the inner city neighborhoods. Many of these questions stem from the limitations of these models to capture the relationship of businesses to the community.
Development Opportunities at the Neighborhood Level

If economic development strategies that seek to create jobs are best focused at the regional level, what activities are appropriate at the neighborhood level? If the one of the goals of economic development activities is to increase the quality of life for area residents, especially those in poverty, then initiatives that service the immediate needs of local residents such as housing and commercial revitalization of businesses are appropriate development activity at the local level.

Much has been done in the Dudley Street Neighborhood in this regard. Two major housing development programs have helped to stabilize the neighborhood. One has been DSNI's own development of Winthrop Estates, homes site on the originally devastated core area, and the other is the rehabilitation of the old Orchard Park housing development. Orchard Park, now Orchard Gardens was one of the first HOPE VI developments in nation. The HOPE VI program was enacted in 1992 as a demonstration project to improve the nation’s most "severely distressed" housing developments. It allows for the creation of a mixed-income public housing community. The goals of which are to create: 1) housing choice, 2) self-sufficiency and 3) mix-income housing. This comprehensive revitalization strategy has changed the physical and social environment of the Dudley Street neighborhood. A current resident commented that she would have never driven through Orchard Park ten years ago.

The rehabilitation and new construction of Orchard Gardens and Winthrop Estates is beneficially to businesses located in the area. The new construction and income mix has increased the potential demand for retail goods. The current Orchard Gardens has 407 units, 15% of which are market rate. The aggregate income in Orchard Garden is $15 million a year. The creation of mixed-income units increased the aggregate income by almost $8 million. Some of the business owners along Harrison Avenue in Dudley Square experienced reduced revenue during the construction phase of Orchard Park and feared gentrification of the neighborhood, but most are happy with the new development.

The Community Building Approach

In addition to services and programs, a new approach to neighborhood revitalization is emerging that seeks to bridge the people vs. place paradigms by improving people in place. The

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25 100%, 80%, 50% and 30% of Area Median Income for a family of four times by the number of units.
National Community Building Network has defined seven themes that illustrate the new community building:

1) Focused around specific improvement initiatives in a manner that reinforces values and builds social and human capital.
2) Community-drive with broad resident involvement.
3) Comprehensive, strategic and entrepreneurial
4) Asset-based
5) Tailored to neighborhood scale and conditions
6) Collaboratively linked to the broader society to strengthen community institutions and enhance outside opportunities for residents.
7) Consciously changing institutional barriers and racism.

The Dudley Street Neighborhood Initiative takes a comprehensive community building approach to neighborhood revitalization through their various organizing campaigns. Community building’s central theme is to help local residents build capacity in advocating for their own needs. This is different from previous attempts at poverty alleviation whose “aim is ... simply giving more money, services, or material benefits to the poor.”26 This does not preclude community organizations from leveraging outside resources to assist the community in implementing their own vision. For example, DSNI has been able to actively engage planning professions and practitioners with community residents in developing a vision for their community that is truly resident driven and built upon the assets in their community.

As front-line organizations in the community, small businesses are indigenous assets that provide an “eye to the street”. Many of these principles for community building can be incorporated into a business strategy whose benefits are meant to be part of a larger, holistic approach for development at the neighborhood level. DSNI’s current revitalization plan incorporates the principles of the National Community Building Network in their plan for the commercial development of their neighborhoods. Through previous visioning sessions DSNI has identified businesses which endorse community values and build social capital in the neighborhood.

26 Kingsley, G. Thomas, Joseph B. McKneely, James Gibsons. Community Building Coming of Age National Community Building Institute, Development Training Institute and The Urban Institute, Washington, D.C., 1999
Residents have “eschewed” the idea of a local anchor store because of their desire to create an urban village that builds on the local business community. Again, a business attraction strategy based on extra-economic indicators such as these community-building principles help to sustain development over time.

Conclusions

There are some doubts about the viability of a locally based economic development strategy as discussed earlier. Both Teitz and Weiwel argue that neighborhoods are not the appropriate target for economic development activities because of their inability generate the levels of economic activity and employment necessary to alleviate poverty. Taking a somewhat more pessimistic view of inner city than Porter’s “competitive advantage”, Teitz argues that neighborhoods “reflect most clearly the conditions of life of their residents”. Thus, economic development strategies should be focused at a more regional level.

While the methodology outlined by the Boston Advisor is useful in identifying the growth potential of local businesses, the social importance of local and minority ownership may be overlooked. I will examine the limitation of current local and minority owned businesses as wealth generators for the local community and will suggest that a more expansive perspective about how these local neighborhood businesses can contribute to community building in the neighborhood.
CHAPTER THREE – CREATING THE URBAN VILLAGE

The Dudley Street Neighborhood Initiative is currently embarking on a comprehensive planning process for the revitalization of Dudley Street from Dudley Square to Upham’s Corner. DSNI, in partnership with outside consultants, has been surveying residents, businesses, and the physical conditions within the Triangle, DSNI’s core development area, in preparation for a community charrette that will take place in June 2000. The purpose of this chapter is to provide a context for the case study, specifically DSNI’s process of building a set of shared norms in the neighborhood. The chapter is divided into four sections. The first section briefly describes the history of the Dudley Street Neighborhood. The second section discusses the community charrette process. The third section defines the Dudley Street business district—the focus of the Neighborhood Business Survey and the community charrette. The fourth section describes the data from the Dudley Street Business database and the interviews with four neighborhood businesses. I conclude by identifying some of the research biases and limitations of my research.

History of the Dudley Street Neighborhood

Dudley Street, located at the end of the frequently traveled Number One bus line, is worlds away from Harvard’s Johnson Gate socially and economically. Previously the home of the Commonwealth’s early governors, the neighborhood, which lies between Roxbury and Dorchester, is now home more recently to a largely immigrant community from Cape Verde, Puerto Rico, and the Dominican Republic. Blacks displaced from the South End urban renewal program moved into the area in the 1950’s signaling a demographic shift that would soon after change the fate of this historic neighborhood. The push of black residents out of the South End into Roxbury and Dorchester began the social and economic isolation of blacks in Boston. As Mel King observes in his book on black community development, “Chain of Change”, the systematic racial segregation of blacks during the 1950s denied them access to education, jobs and political power creating an image of a “ghetto” that politicians and others in power felt no level of accountability towards. Lending discrimination by local banks began in the early 1960 and created a cycle of disinvestment that contributed to the devaluation of property values in the neighborhood. Because homeowners were

27 History of the neighborhood compiled from Streets of Hope, Mel king Chain of Chains, Blue Hill Ave. Taskforce Community Timeline, DSNI website and resident interviews.
unable to make improvements to their homes, many were left vacant or burnt out. The new housing that stands today were constructed on lots that had been left vacant for more than 20 years.

The black migration to the Roxbury neighborhood, gave way to an influx of Latinos and Cape Verdeans during the late 1960s and early 1970s. In 1990, an estimated 25% of the DSNI’s core area residents were immigrants from Cape Verde, making them the next largest ethnic group in the neighborhood after African Americans. Emigration from Cape Verde began in the mid-1970s when Cape Verde won its independence from Portugal. St. Patrick’s church on Dudley Street became a beacon for arriving Cape Verdeans.

Because of the massive disinvestments in this racially segregated area of Boston, most of the residents of Dudley Street remain economically isolated from the economic boom that is occurring in the greater Boston area. While the census figure for 1990 show a 14.9% unemployment rate for Roxbury, a recent report published by the South End Neighborhood Action Program cites a much higher figure of 45% for the Lower Roxbury area. The median household income of families in the Dudley Street area is $28,171 in comparison to the $62,700 for the greater Boston area. 33.56% of the households live below the poverty line. On my many trips to the Dudley Street area during the course of my research, many of the bus riders told stories back and forth about their difficulties in finding a decent place to live or a well-paying job. Thus, the benefits of a good economy are not trickling down to those most in need. Despite the efforts of the community organizations in the area, the neighborhood is still plagued with high rates of unemployment. Property manager at the new Orchard Gardens development saw the need for employment services for residents as one of the most critical property management issues. It is not unusual to find a group of 15-20 older black men in the middle of the afternoon at the entrance of the Orchard Gardens development on Dearborne Ave. and Dudley Street.

However, just as public policies subsidized the creation of segregated suburbs and increased the disinvestments of inner city communities, a series of new policies are being implemented to reduce the isolation of the neighborhood. In addition to the efforts of the Dudley Street Neighborhood Initiative, several other programs are touting the benefits and need for the development of social capital. If implemented with foresight and concern for the local residents, these new developments could be beneficial to the businesses along Dudley Street and to the residents they serve. One of the new developments is the previously mentioned Orchard Gardens.

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28 http://www.ffiec.gov/cgi-bin/PBISA60.DLL/WebCensus/uo_census/of_process_quick_report Zip code 02119
29 HUD’s 1999 estimated household median income for Suffolk county.
The $96 million rehabilitation of the old Orchard Park housing development was funded through HUD’s HOPE VI program. The HOPE VI program was passed in 1996 to restore some of America’s most distressed public housing developments.

**New Developments in the Dudley Street Area**

One of the goals of the Orchard Park redevelopment and the HOPE VI program is to reduce the economic, social and physical isolation of public housing residents by decreasing the density and creating a mixed-income housing development. Though the residents of Orchard Park represented only a fraction of the overall neighborhood, it was the poorest part of the Dudley area. Prior to the rehabilitation, crime and violence characterized the neighborhood largely due to the criminal activity at Orchard Park. Many of the perpetrators did not live at the housing development. Rather, Orchard Park’s obsolete 1940’s design provided drug dealers with safe haven from the police. At the time of the HOPE VI application in Orchard Park had a crime rate 490% above the Boston.

A current resident of the new Orchard Gardens commented that she would not drive through the development 10 years ago let alone live there. Today, the bright colored townhouses dot the landscape of a once blighted neighborhood. While Orchard Gardens has been successful in creating the desired mixed of residents tier by income, they have not been able to achieve the same in terms of racial make-up. The same resident indicated some concern that there were no white families who have moved into the development. She feared that black and Latino families would remain segregated without access to city services.

The Orchard Park redevelopment represents new hope for the neighborhood. Long considered an island of despair to the city, the neighborhood and to businesses, its redevelopment is a boost to the surrounding area. In the city’s 1996 application to HUD for HOPE VI funding, the BHA characterized the success of the redevelopment as a necessary catalyst for economic development in the neighborhood. A new movie theatre entertainment complex is being located at the edge of the Orchard Gardens site across Melanea Cass. This new movie complex will feature a 12 screen stadium seating theatre. In planning the development, developer Kurt Sykes met with community organizations, including DSNI to seek their support of the development, as part of the concession package, the

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30 Interview with Property Manager, Orchard Gardens, March 8, 2000.
31 Interview with Orchard Gardens tenant, March 2000.
developers committed to the development of a job training program and neighborhood business program. Kurt Sykes one of the major partners in this deal had a prior history developing housing in the Dudley Street neighborhood. Familiarity with the community and their needs made the development of the Crosstown Center possible.\textsuperscript{31} The untapped consumer buying power of the Roxbury neighborhood, in addition to regional transportation access makes this area the ideal location to tap both the inner city and urban customer.

Though a small amount of public subsidies were used to develop the $90 million project\textsuperscript{34}, the benefits to the community are yet to be determined. The mixed-used complex is expected to create 740 permanent jobs in the retail and service sectors. Entry-level jobs would provide workers with an average wage of $8.30 per hour.\textsuperscript{35} At 30% of their monthly income two wage earners making $8.30 per hour can afford month rent of $796. While the physical improvement of the community is important the quality of jobs created will continue to be a change for community development practitioners.

In considering the history and new developments of the Dudley Street neighborhood, I now turn to the commercial revitalization of the Dudley Street Corridor.

Creating an Urban Village - Community Planning Charrette

The motivation for this thesis was a result of my work with Boston Advisors\textsuperscript{36} and the Dudley Street Neighborhood Initiative as an intern for Abt Associates. Abt Associates, a national research and consulting firm, has been working with DSNI through Boston Advisors to develop a survey of Dudley Street residents. The purpose of the survey is to assess the residents' retail needs and habits. This information will be used to identify potential retail gaps that might be filled by local area businesses. While the data for the resident survey was not available for the writing of this thesis, the community charrette process and its tools offered an opportunity to examine the role of business in the community building process.

With support from the City of Boston and the Annie E. Casey Foundation's Rebuilding Communities Program, actual implementation of the community charrette began in Spring 1998. The goal of the community charrette is to provide area residents with an opportunity “to develop

\begin{footnotes}
\item City of Boston. Hope VI Grant Application for Orchard Gardens, September 1996.
\item Presentation on Crosstown Center to Harvard KSG, Real Estate Finance Class, November 1999.
\item $5 million from Empowerment Zone funding. Presentation by Kirk Sykes, November 1999.
\item Calculations based on the Employment Profile. An estimated 351 jobs will be created at an annual payroll projections of approximately $6 million per year.
\end{footnotes}
community standards that will guide future development and improvements along Dudley Street and throughout the Triangle. In this effort, DSNI has partnered with two organizations to develop the tools that will inform this resident process. The focus of the first organization, Neighborhood Partners, is the assessment of the physical environment and conditions of the neighborhood. The original project called the Village Information Project began with the goal of using new forms of information technology to guide the development and enhance resident participation in the process. The second organization, Boston Advisors, will assess the economic environment and conditions. “The final product of the charrette project will be to serve as the community’s ‘Master Plan’ for the mixed-use build out of Dudley Street,” complete with a physical and economic analysis of the neighborhood.

The first organization, Neighborhood Partners, had a previous connection with DSNI. Founder, William Traynor, helped the DSNI build staff capacity in the early 1990s. Two Ph.D. students, in City Design and Development Program group at MIT were hired by Neighborhood Partners to build a physical model of the neighborhood. Beginning in the summer of 1999, students from MIT and local youth from the neighborhood have been surveying the parcels in the Dudley Street’s core area. The physical model built in partnership with the youth, is near completion and will be presented during the community charrette this summer.

The second organization, Boston Advisors was founded by one of the business owners in the neighborhood. Boston Advisors, an affiliate of Michael Porter’s Initiative for the Competitive Inner City, assists local businesses by providing them with one-on-one technical assistance. In addition to one-on-one technical assistance to local businesses, Boston Advisors has developed a methodology for evaluating and assessing the potential of neighborhood businesses. The “Neighborhood Development Methodology consist of four parts that “will produce analytical tools that allow for informed economic policy making based in the neighborhood’s competitive strengths.” The four analysis tools “build on one another to create the economic analysis of the community:

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36 An affiliate of the Initiative for a Competitive Inner City. The Initiative for a Competitive Inner City is a national, not-for-profit organization founded in June 1994 by Harvard Business School Professor Michael E. Porter.
38 Dudley Street Neighborhood. Request for Proposals for Master Planner/Facilitator, March 2000
- **Baseline Analysis** – Listing of all businesses and their characteristics in order to assess neighborhood economic opportunity
- **Portfolio Analysis** – Identifies businesses with the greatest potential for wealth creation in the neighborhood.\
- **Commercial Density Analysis** – Estimates the amount of commercial spending captured by the neighborhood
- **Retail Density Analysis** – Estimates the amount of consumer retail spending captured by the neighborhood.

While a very effective means for identifying wealth creating businesses in the neighborhood, the indicators for the business analysis does not account for some of the unquantifiable indicators of community health. Some of these indicators developed by the residents cannot be captured in this model:\n- Build on community diversity
- Local/community ownership and control
- Circulate dollars locally
- Community cooperation
- More good jobs / livable wage
- Community education
- Personal development
- Political clout
- Organizational infrastructure
- Harnessing outside resources
- Diverse economic activities
- Sustainability

In fact, some of these elements may be in conflict with one another, as we shall see in next chapter analysis of businesses in the area. However, the combination of the two differing values within each organization provides the necessary tension that ensures that development is both economically feasible and a benefit to the community, illustrating that these values are not mutually exclusive.

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40 Created by an index composite of the percentage of totals of four economic indicators: 1) full-time employment, wages payable, annual sales and size.
These two perspectives are important as they value different community assets—financial and non-financial, both equally important in community development process.

Defining the Dudley Street Commercial Strip

The focus of the community charrette and economic analysis of neighborhood businesses is limited to retail establishments located on Dudley Street from the railroad tracks on Vine Street to Dudley Square. Two major retailing nodes, Upham’s Corner and Dudley Square, anchor the Dudley Street Commercial Area, however, the businesses located in these two commercial areas were not part of this study as they are not considered part of the neighborhood as defined by their service area. DSNI’s vision for creating an urban village is focused on the area within DSNI’s core area. Hence, only businesses within the service area were analyzed for this study. Omitting these two retail nodes from the business study, again introduces questions not only of how neighborhood is defined but who defines the neighborhood and for what purpose.

Clearly, retail competition for local businesses, extends beyond the neighborhood. Preliminary data from the resident survey indicate that residents shop outside of the neighborhood in places as far away as Dedham and New York. However, these businesses serve an additional role at the neighborhood level. Many of the businesses in the neighborhood have been in the area for more than 10 years and are “connected” the area.

DSNI decided to focus their resources on this particular part of the Dudley Street neighborhood largely due to its designation as a priority area. Since 1989, DSNI has built 300 new housing units in their core area. The construction of new housing has helped to stabilize and improve the physical character of the neighborhood. The next phase of the Dudley Street development is to enhance the existing commercial strip in the core area. The current condition of the Dudley Street commercial area is similar to those experience by the major retail nodes to the north and south of the Dudley Street.

The two major shopping districts in the area, Upham’s Corner and Dudley Square have experienced significant decline. Several contributing factors have been identified. Prior to building the Back Bay, the areas of Dorchester and Roxbury were contiguous with the rest of Boston. The Fort Hill area of Roxbury was a residential area that was served by citywide transportation linkages. In addition, federal home mortgage programs for war veterans, contributed to the movement of families from the city into the suburbs. The changing demographics of the Dudley Street area from
95% white in 1950 to 14.2% white in 1990 were both a result and a cause for the continued disinvestments in the neighborhood.\textsuperscript{42}

A strong economy, renewed commitment to this area by city officials and strong local organizations are helping this neighborhood make a comeback. In 1950, businesses were at an all-time high with 339 businesses located in the Dudley Street neighborhood. In 1993, this was at an all-time low of 60 businesses, mostly concentrated in the convenience and auto-related enterprises. The commercial strip is inching its way up with 83 businesses currently located mostly along Dudley Street and Blue Hill Ave. Aggregate figures indicate that these businesses, located in the 2.5 square mile area are making a substantial impact in the neighborhood. In total, these businesses account for:

- 161 jobs
- 53 employees from the Dudley Street area
- $4.2 million in annual wages
- $50 million in annual sales

\textbf{Dataset of Dudley Street Businesses}

These data were collected from DSNI's database of the 151 businesses located in their service area. Each of the business was interviewed face to face about their businesses' operating measures. In addition, to the operating measures, questions about owner's ethnicity and residence were added to the survey. These questions were important to DSNI as it related to their own goals of building the assets of the local community. In total, DSNI and Boston Advisors attempted to survey 151 businesses. 149 were for-profit organizations and only 90 businesses were located on the Dudley Strip. In order to have a better understanding of different neighborhood businesses, I selected four businesses to interview in greater length. (See appendix.)

I wanted to explore further the businesses' relationship with the community and local community organizations. I interviewed several owners to understand if minority or locally owned businesses had different relationship with neighborhood. I expected that the minority owned businesses would have the highest community involvement while, the non-minority owner would have a low community involvement.

\textsuperscript{42} Medoff, 1994.
Level of Community Involvement

<table>
<thead>
<tr>
<th></th>
<th>Minority-Owned</th>
<th>Non-Minority Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local</strong></td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td><strong>Non-local</strong></td>
<td>Medium</td>
<td>Low</td>
</tr>
</tbody>
</table>

Research Bias

There are several sources of possible research bias. Because of the difficulty in collecting accurate data at the neighborhood level. Rather, these stories are meant to illustrate the other roles that neighborhood businesses play at the local level. In addition, though not all businesses had a formal relationship with the Dudley Street Neighborhood Initiative, all of the four businesses knew of them and had spoken to them on several occasions. DSNI, has built relationships in the community that may not exist in other neighborhood that do not have an organization like DSNI. Thus, the relationships that I have observed maybe unique to the Dudley Street Neighborhood. Nonetheless, these relationships offer possibilities for understanding the social role that businesses play in neighborhoods that might be applied to other communities.

Conclusions

Because of DSNI’s ability to build and strengthen relationships within a community, I am interested in learning how businesses are integrated into the local community. Following a model developed in John Kretzmann and John McKnight’s book, Building Communities from the Inside Out, DSNI has pursued an alternative path to community development that is asset-based and relationship driven. This alternative path is different from other economic development models that seek to improve the physical place of neighborhoods without regards to the people.
Small businesses historically have played an important role in sustaining the retail activity in neighborhoods albeit a limited one. Residents know these businesses by different names—"bodegas, green grocers, corners stores". If you walk down the main street of any urban neighborhood you can find a smattering of businesses providing the community with a place to buy plantains, pick up milk and get their hair done. Because of the low start up cost and low barriers to entry in the retail and personal service sectors, minority entrepreneurs with localized knowledge and a good understanding of residents' needs fill a niche that would otherwise go unserved. These businesses are part of the social fabric of the neighborhood, providing residents not only with a place to shop but a place to gather and learn about what others are doing in the neighborhood. Thus, they provide an important business service as well as social service to local residents. Locally-owned and operated businesses are part of the local character of the neighborhood.

Dudley Street Neighborhood Business Inventory

This chapter provides a description of the businesses located in the Dudley Street area. The data used for this chapter was derived from the Dudley Street database of small businesses in their neighborhood. There are currently 151 businesses and organizations in the Dudley Street Neighborhood Initiative service area. Data collection was focused on the 90 businesses located along the Dudley Street business district that will be part of the upcoming community charrette. Staff from Boston Advisors conducted individual face-to-face interviews at the owners place of business. DSNI staff retrieved additional missing information over the phone or by visiting the businesses directly. The data from those interviews were compiled into a business inventory of the neighborhood. Of the total 151 businesses, 111 completed the survey achieving a 73% response rate. I will be conducting secondary analysis of the data collected for 83 businesses located along the Dudley commercial strip.

Current Business Activities in Dudley Street

Like most commercial areas in inner city neighborhoods, 46% of the businesses located along Dudley Street are concentrated in the retail and services sectors primarily restaurants, bodegas and barbers shops. According to Bendick and Egan, "One symptom of economically distressed
inner-cities is a dearth of retail and service businesses.” Residents of minority neighborhoods, like Dudley, are isolated from major retail establishments enabling minority entrepreneurs to fill a local need. Most of the businesses are focused on serving a local clientele, however, there are a few businesses in the manufacturing and services sector, which are able to draw demand for their products and services from outside of area.

In addition, to filling a specific retailing niche, retail and personal service businesses have low barriers to entry for minority entrepreneurs. Of the 72 businesses that responded to the question of minority ownership, 76% of the businesses stated that they are minority-owned. 85% of the minority-owned businesses are in retail trade or service sector. Many of the owners are Cape Verdean or Hispanic. Start-up funds, for these types of businesses typically range from $3,000-$15,000.44

The traditional indicators of business growth and success are annual sales revenue, number of employees, and wages payable. By these standards, area businesses fall short of in terms of total jobs generated for the community. Since most of the businesses are mom and pop stores they do not have the capacity to generate the number of jobs needed to alleviate poverty in the neighborhood. Of the 151 businesses, 94 of them reported figures for full time employment. There are a total of 968 jobs in the businesses located in the Dudley Street neighborhood, this is an average of 10 employees per store. This number is skewed by 4 large manufacturing firms located in the New Market area that employees more than 40 employees per firm. Many times these locally-owned shops are family owned and operated, limiting most of the job opportunities to relatives or friends. As job generators these mom and pop businesses offer limited jobs prospects for the 24,06845 residents in the Dudley Street service area.

Many times small business entrepreneurship is touted as a means to self-sufficiency for the owners. Of the 46 businesses, who responded to the revenue inquiry, 96% are making annual revenues of less than $500,000. With annual revenues less than $500,000, the likelihood that these businesses are wealth generators seems to be low. Most of the revenue is used to cover business expenses, which also includes salaries and wages paid to other employees. Again, in terms of annual sales revenue, four businesses generate 71% of the total annual sales for the area. After dropping these four businesses, the average revenue per business drops down from $1,089,000 to $351,000.

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43 Of the 83 businesses located on Dudley Street and Blue Hill Ave.
45 Claritas figure for 1999.
Characteristics of Ethnic Entrepreneurship in Dudley Street

A closer look at businesses by ethnicity reveals some stark differences among the four ethnic groupings. 40% of the businesses are Latino-owned, mostly from Puerto Rico and the Dominican Republic. The majority of these Latino-owned business are clustered around retail and services such as food preparation and auto repair services. The growth of these businesses evolved around the need to service the retail and shopping needs of the growing Latino population in the Dudley Street neighborhood. 29% of the residents in the Dudley Street neighborhood are Latino. Because the Dudley Street neighborhood is relatively isolated, these businesses provide convenience shopping for residents that are unable to go to Super Stop ‘n Shop in the South Bay Center or America’s Food Basket in Upham’s Corner.

Table 1 - Ethnic Entrepreneurship in Dudley Street Neighborhood

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Latino</th>
<th>Cape Verdean</th>
<th>Black</th>
<th>Non-Minority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Number of Businesses</td>
<td>28</td>
<td>18</td>
<td>7</td>
<td>17</td>
</tr>
<tr>
<td>Percent of Businesses in the areaa</td>
<td>40%</td>
<td>26%</td>
<td>10%</td>
<td>24%</td>
</tr>
<tr>
<td>Average Salesb</td>
<td>$254,000</td>
<td>$317,772</td>
<td>$39,750</td>
<td>$484,000</td>
</tr>
<tr>
<td>Average Number of Employees who live in the area</td>
<td>2</td>
<td>2.5</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Average Number of Employees</td>
<td>2.5</td>
<td>3</td>
<td>1.5</td>
<td>2.5</td>
</tr>
</tbody>
</table>

Source: Dudley Street Business Inventory
a) Out of 70 who responded to the Minority Ownership question
b) 4 outliers were omitted from the average sales calculations and average number of employees

Latinos, in particular, have established a niche in the auto repair service industries. Five of the six auto-repair shops in the Dudley Street neighborhood are Latino owned. Again, the auto-repair service industry is one with very low barriers to entry. Many of the businesses owners developed skills out of necessity, working on cars from their homes with most customers recruited by word of mouth. Some of the most entrepreneurial residents have translated these skills into developing their
own local business. Another reason for the siting of auto-repair services in Dudley Street is the lax regulation and zoning for industrial uses in the neighborhood. This demonstrates some of the challenges that are evident in structuring an economic development strategy that benefits both local neighborhood merchants and local residents. While these business generally have strong ties with the community, provide a necessary service to local residents and bring outside business into the neighborhood, the tradeoff lies in supporting businesses that are potential pollutants to the neighborhood.

Cape Verdean businesses have higher annual sales average that may be explained by their length of tenure in the area and the diversity of sectors represented amongst the businesses. The average Cape Verdean business has been here for 14 years versus 8 years for the Latino-owned businesses. The business with the highest sales revenue is a locally-owned construction firm. The construction firm enjoys the locational advantage of its proximity to regional transit lines and large construction firms in the adjacent Crosstown area. However, as a resident of the community, it is more likely that decision to locate in the area was due to the existing network of Cape Verdean entrepreneurs in the neighborhood. In the following case, the owner of Fidalgo travel moved his business from Dorchester to Roxbury because of a family connection.

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Interview with Trish Settles, April 5, 2000.
Jose Fidalgo, owner of Fidalgo Travel-- a very successful travel agency, opened his business on Dudley Street because of family connections to the neighborhood. After a failed attempt to open a children’s clothing store on Dorchester Ave. in Dorchester, he opened his existing travel agency in 1991. His first business in Dorchester was burglarized two times in his first two months of operation. After the second robbery, he moved his current location in a building on Dudley Street owned by his sister. After opening another children’s clothing store in his present location, he converted his store to a travel agency after realizing that there was an unmet need to provide travel services to Cape Verdean residents wishing to return to Cape Verde. Originally, started as a niche business, Mr. Fidalgo now has customers from as far away as Seattle and San Francisco. Advertising his business on-line has helped him to reach customers outside the neighborhood increasing his revenue. In discussing, the negative perceptions of Roxbury, he notes that now that his business is available on-line, people do not have to come to Roxbury for his services.

When Mr. Fidalgo first opened up his business in the early 1990’s Roxbury, much like the rest of the nation, was at the height of the drug war. “Their used to be drug dealers dealing in the front of our travel agency… But I learned to call the cops. I wrote down so many license plates.”

Turning around the neighborhood was slow. During the early days of the business, Fidalgo became actively involved in improving the neighborhood as a resident, a business owner and a board member of DSNI. “We used to have meetings and meetings about how to improve the neighborhood.” Slowly, his work and the work of other residents has paid off. Though not currently part of the DSNI, he credits much of the turn around as the result of the work of the community organization.

Of the 82 businesses in the Dudley Strip, 7 black-owned businesses were interviewed. There are a number of black-owned businesses in the Dudley Square which was not part of the survey area. The black businesses in Dudley Square include Nubian Notions and the CK African Art Market.
After the riots in the 1960s, white business owners in the Dudley Square area turned over most of the businesses to local black owners. “In an unsolicited letter, the all-white Dudley Terminal Merchant’s Association, issued letter that stated that they were willing to work toward the transfer of businesses in the Dudley Street area to Black Management and ownership. By May 1, 1969, a Small Business Development Center opened with its first order of business being the transfer of Roxbury businesses from white to black control.”47 A more cynical view would assume that most of the original owners recognized continuous disinvestment in the area. This program offered them with a way to get out. Most of the black businesses surveyed for this study are located on Blue Hill Ave. closer to Grove Hall. The black-owned businesses along Blue Hill Ave. are concentrated in the retail and services sector and have reported very low annual sales figures.

The average annual sale of $39,750 is considerably lower than the average sales of black businesses serving minority clientele ($52,308).48 In light of the historic discrimination that blacks faced in regards to lending, more attention needs to be paid to assisting in the development and encouragement of black entrepreneurship. However, given the industry sectors and revenue of the current businesses, it is unlikely that these businesses will be able to secure traditional financing. Traditional lending institutions require a 25% equity commitment and a strong pro forma. These very small “mom and pop” businesses are better served by local CDC lenders such as the Dorchester Bay Business Loan Fund.49

There are currently 17 non-minority-owned businesses in the Dudley area. Businesses in this category have the highest average sales revenue per year. Of the 17, non-minority owned firms, 12 live out of the area and 4 declined to state. The majority of these businesses are concentrated in the manufacturing, service and wholesale trade industries. The highest grossing business is in the fish processing industry and is actually located in the New Market area adjacent to the Dudley Street neighborhood. As a whole these businesses, adhere to the model that has been developed by Michael Porter. Most of the non-minority owned business are clustered in industries that are dependent on the competitive advantage of an inner-city location. The competitive advantages of the Dudley Street neighborhood are its location at the intersection of Boston’s regional transit system and the availability of low-cost labor.

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47 King, p. 195
49 Karmachaya, Himal, Reshma Shamasunder and April Veneracion. Market Assessment of the Upham’s Corner and Bowdoin/Geneva Mainstreets Program, Unpublished Paper, Fall 2000
Case Two is an illustration of one of the non-minority owned businesses in the neighborhood:

<table>
<thead>
<tr>
<th>Case Two:</th>
<th>Party and Supply Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership:</td>
<td>Non - Minority Owned</td>
</tr>
<tr>
<td>Owner Place of Residence:</td>
<td>Out of the area</td>
</tr>
<tr>
<td>Number of Years in Business:</td>
<td>15 years</td>
</tr>
<tr>
<td>Number of Local Employees Hired:</td>
<td>15 employees</td>
</tr>
<tr>
<td>Industry:</td>
<td>Services</td>
</tr>
</tbody>
</table>

Be Our Guest, one of the non-minority owned businesses located on Blue Hill Ave opened in 1984. The location's proximity to the Mass Pike and the Southeast expressway was an important factor for the party equipment and rental services business despite the area's reputation for crime and disinvestments in the early 1980s. “The building was of high quality and had enough space [16,000 square feet] to grow into. A suburban location did not make sense for us because of our services were regional in nature. We needed a location were we could get to downtown and the suburbs easily.” His business has grown with the Dudley Street Neighborhood Initiative, currently a member of their board, he has been active in the community since his business first located there. His relationship with the community and DSNI began in 1988, when two organizers from DSNI, Ros Everdale and Gertrudes Fidalgo, asked to borrow a coffee maker for a community meeting. Since that first encounter, he has donated his time and equipment to the organization.

Before starting Be Our Guest, Al was an investment banker in mergers and acquisitions. His training in banking has helped him to grow his organization into one of the highest grossing businesses in the area. Frequently, feature by Michael Porter and the Initiative for a Competitive Inner City (ICIC) for being a successful firm operating in the inner city, he has formed a close relationship with Porter’s organization over the years. In the 1998, he helped to form Boston Advisors, the technical assistance and consulting arm of ICIC. As their first director and as a board member of DSNI, he has helped to facilitate the existing relationship between the two organizations. He is personally committed to helping to improve the Dudley Street area and believe that stable and successful businesses are good for the neighborhood. While Al has been in the area for more than 15 years, his firms is so successful that it is currently out growing the currently space. His move out of the area will be a tremendous loss for DSNI and the neighborhood. This illustrates the tension between resident needs and business needs which I will come back to again later.

Characteristics of Locally Owned vs. Non. Locally Owned Businesses
More than half of the business owners, live in the neighborhood. 83% these locally owned businesses service the retail and service needs of local residents. Businesses with owners who live outside the neighborhood have average annual sales revenue eight times greater than those who live in the area. While these businesses have a high representation in the retail and service sector (56%), there are some large firms in the manufacturing and wholesale trade sector. Five of the six businesses with annual sales over $2 million dollars have owners that live outside of the neighborhood. These labor-intensive industries require a large number of workers, many of whom are neighborhood residents.

Table 2 - Characteristics of Locally Owned vs. Non-Locally Owned Firms

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Owner Lives in the Dudley Street Neighborhood</th>
<th>Owner Lives Outside of the Neighborhood</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Number Of Businesses</td>
<td>29</td>
<td>23</td>
</tr>
<tr>
<td>Average Annual Sales Per Business</td>
<td>$275,869</td>
<td>$504,815</td>
</tr>
<tr>
<td>Average Number of Employees who live in the area</td>
<td>2</td>
<td>4.5</td>
</tr>
<tr>
<td>Average Employment</td>
<td>2.5</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Dudley Street Business Inventory

The following is a case of a locally-owned dry cleaner that has a very strong connection to the neighborhood.
As a long time resident of the neighborhood, Al Passaretti, is not only a business owner he is a concerned citizen of the neighborhood. As a citizen of the neighborhood, this locally owned business is different from businesses that are directed and controlled by forces outside the area. Owners that live in the area can respond quickly to the needs of local residents. While large non-locally owned businesses may have the resources to respond to community request for financial support, locally owned businesses are more flexible and can quickly respond to the community’s immediate requests. As small entrepreneurs, it is not unusual to find business owners in their store on most of the days.

I interviewed another neighborhood business, that was owned by a Greek family that did not live in the neighborhood. As business that had been in the neighborhood for over eight years, the owner also witnesses a transformation of the local environment. His business, broken into and vandalized several times in the past, has current undergone facade improvements sponsored by the city. The following is a description of a non-minority, non-locally owned business:

| Case Three: | Dry Cleaners |
| Ownership: | Non - Minority Owned |
| Owner Place of Residence: | In the area |
| Number of Years in Business: | 50 years |
| Number of Local Employees Hired: | 4 employees |
| Industry: | Personal Services |

One of the locally owned businesses, Cottage Cleaners, has been in the neighborhood for the past 50 years. The owner Al Passaretti, a resident of the neighborhood for 68 years, has seen the neighborhood go from good to bad back to good again. An engineer and general contractor, he has tended to the cleaners since his wife passed away seven years ago. Featured as a hero of the Dudley Street in a Newsweek article, he is well-known and liked by neighborhood residents. He considers himself an “accepted minority.” On the walls of his tiny businesses were pictures of local residents he and his wife had met throughout the years. “My wife always saw to it that the kids in the neighborhood had something to do.” Kids from the neighborhood would often call his wife “mother”. While I interviewed, Mr. Passaretti, he would greet residents by name and chat with them while they picked-up their dry-cleaning. His business is one that maintains very close ties to the neighborhood residents, however, he maintains no affiliation with the Dudley Street Neighborhood Initiative.
Conclusions

The Dudley Street Neighborhood is typical of the many urban neighborhood. In Dudley Street, there is a large concentration of minority entrepreneurs whose business has been part of the neighborhood for more than 10 years. Ethnic entrepreneurs are more likely to locate in the Dudley Street area because of familial or ethnic ties, whereas non-minority business have either been here for more than 50 years or have businesses in the neighborhood because of its strategic location to the adjacent New Market area.51

Business owners who have lived in the area for more than 50 years or who have ethnic ties to the neighborhood, can be considered community-based business who are concerned about the neighborhood and its residents. They seemed less concerned about profit and than they were about making a decent living and improving the quality of life for the neighborhood. These are the stories that can not be measured by economic development methodologies. Thus, while profit is important for their businesses to survive, the business owners are not looking solely to make money.

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50 Harmon, Lawrence. "Urban lessons are often hard", The Boston Globe, February 20, 1994
51 Interview, Alvaro Lima, Boston Advisors, April 11, 2000.
Be Our Guest, an “outsider” to the neighborhood, actively participates in DSNI and neighborhood activities. The owner’s involvement in the community is driven by his own interest in community development. He also recognized that it is good to get involved in the neighborhood so residents do not think that business owners, especially ones that live outside of the neighborhood, are not just making a profit out of residents, but give back to the community as well.52

52 Interview with Al Lovato, April 6, 2000
CHAPTER FIVE - BUSINESSES AS A COMMUNITY ASSET

After reviewing the levels of sales, number of local employees hired and wages payable\(^3\) for the businesses located in Dudley Street it seems as if the cards are stacked against locally and minority-owned business. Thus, the purpose in reviewing traditional indicators by ownership types is not to accentuate the negative, rather to illustrate the limitations of a methodology that focuses solely on utilizing traditional indicators for supporting or attracting businesses. When employing a long-term economic development strategy, access to jobs and income is an important first step in alleviating the poverty at the neighborhood level, and thus, an important and worthwhile goal to pursue. However, a mixed strategy is needed that incorporates a broader understanding of the function of businesses at the neighborhood level.

**Businesses as a Community Building Institution**

In Ferguson and Stoutland’s assessment of the community development field, they identify five different levels in which organizations become involved in community development and community building. These organizations, though operating in different community development arenas, frequently interact with one another based on mutual trust and understanding. This mutual trust and understanding strengthens the relationships between and among actors and institutions at the different levels. In Stoutland and Ferguson’s assessment, businesses are

\(^3\) Boston Advisors, Neighborhood Economic Development Model
frontline organizations that maintain close interaction with the neighborhood and the people. As defined earlier in this thesis, community development is “asset building that improves the quality of life among residents of low- to moderate income communities.” Businesses contribute to the financial asset in the neighborhood, however, their activities and role at the local level extend beyond their financial contributions. In this chapter I will explore, the businesses’ relationship with residents and the organizations in the Dudley Street neighborhood and conclude by discussing how DSNI can help to support local businesses as a way to improve quality of life in the neighborhood.

Business as Physical Capital

Local neighborhood business districts serve as focal point for the community. While the Dudley Street neighborhood business district largely serves local residents, the buildings along the street help to create an image of the community. Vacant, trash strewn lots are still present along some parts of Dudley Street, Nuestra Comunidad, the local CDC have helped to rehabilitate and revitalize the neighborhood through the commercial development of several local properties.

Business owners contribute to the physical capital of the neighborhood by occupying buildings that might otherwise be left vacant. After his first business in Dorchester was robbed, Jose Fidalgo, a neighborhood business owner, moved his business from Dorchester to a building owned by one of his family members on Dudley Street. When he first moved his business, the building was in disarray and needed heavy repairs. Overtime, he has made considerable improvements, which enhanced the appearance and increased the property value of the building and improved the image of the neighborhood.

Physical improvements help to create a positive public image. In addition, several murals are painted on the sides of local businesses. These murals help to create a sense of local identity and neighborhood history. The façade improvements and physical revitalization of Blue Hill Ave. is also an integral part of changing the perception of the neighborhood and is seen as an important community-building activity. The change in perception of the neighborhood is not just important for local residents, but it also signals confidence in the revitalization of the neighborhood that is important for outside investors and others interested in doing business in the neighborhood.

Once boarded up shops on the corner of Blue Hill Ave. and Dudley Street, these businesses now have inviting exteriors that draws in customers and provide them with a space to gather together.

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54 Ferguson and Dickens, 1999.
Business as Social Capital

Social capital is defined as stock of “social trust, norms, and networks that people can draw upon in order to solve common problems.”\(^{55}\) Ethnic entrepreneurs draw heavily upon the social capital derived from relationships with their coethnics to start their businesses.\(^{56}\) Ethnic entrepreneurs use pooled resources derived from family and ethnic groups members to access the financial capital necessary to start their businesses. The shared norms and trust built by these ethnic relationships help to start and sustain their businesses over time. Social capital clearly is an important part of minority business formation and development. While businesses, use social capital to “get ahead”, these businesses also play a role in helping people to “get by”

As a level one organization, businesses are on the frontline in urban neighborhoods. Local barbershops, restaurants and grocery stores offer residents opportunity to meet with other people in the neighborhood. Many of the businesses along Dudley Street are more than 12 hours a day. In Dudley, there are 75 store-front businesses mostly along Dudley Street and Blue Hill Ave. Most of these stores are concentrated in the retail and personal services industries. (Figure 4).

Because of their current and existing relationship with neighborhood residents, businesses in the retail and personal service industry are likely institutions that help local residents build ties with one another. At Ideal’s Sub Shop next door to DSNI offices, several fliers were displayed in Creole Portuguese announcing Easter day celebration at St. Patrick’s Church. In surveying businesses in the local neighborhood, there were many announcements of local events and activities posted in storefront windows. At Cottage Cleaners, the walls lined are lined with pictures of local residents dressed in Halloween costumes and Easter Bunny suits. Every holiday, the owner decorates the small dry cleaning shop with streamers and big signs. Cottage Cleaners is more than a dry cleaning service, it is a local institution. Residents of the neighborhood using the pay phone stop and talk to Al on their way out. One young child came into the store, after Al asked another young child to call him. The child arrived to the store promptly with his bike in tow. Upon arrival Al had asked the boy to run a letter to Upham’s Corner. The boy quickly followed suit by taking the letter to Upham’s Corner.


In serving local residents of immigrant communities and enclaves, neighborhood businesses can serve to create a neighborhood of mutual support. While there are critics who doubt whether business activities should include a social mission, there is a significant amount of evidence that businesses “do well by doing good”. This principle also applies to neighborhood business. Al Passaretti, owner of Cottage Cleaners, adheres to this idea of maintaining a close relationship with neighborhood residents through local employment and social interaction with customers. Even owners who spend most of their time at work have a stake in the viability of the neighborhood. Neighborhood commercial districts have long served a social as well as economic function for local communities.

Figure 3: Retail and Personal Services Along Dudley Street and Blue Hill Avenue

![Retail and Personal Services along Dudley Street and Blue Hill Avenue](image)

Source: Dudley Street Business Inventory

Business as Human Capital

Neighborhood businesses build human capital in the neighborhood by hiring local residents. While not the high paying jobs, these jobs provide residents with opportunities to enter into the
labor market. Al Passaretti, owner of Cottage Cleaners makes a strong effort to hire local resident from the community. The 94 businesses in the service area (which includes some of the businesses in the New Market industrial area) reveal that there are 968 jobs in the area. 67 businesses reported 263 jobs for local residents.

**Table 3: Local Business Employment**

<table>
<thead>
<tr>
<th>Employment for Local Residents</th>
<th>263</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of DSNI Population:</td>
<td>1%</td>
</tr>
<tr>
<td>Total Employment for the 94 Businesses</td>
<td>968</td>
</tr>
<tr>
<td>Percent of DSNI Population:</td>
<td>2%</td>
</tr>
<tr>
<td>Total Number of Residents in Dudley Street Area</td>
<td>24,068</td>
</tr>
</tbody>
</table>

Source: DSNI Business Inventory

While the number indicate that local neighborhood businesses are not employing significant number of residents, these businesses do provide local residents with some opportunity to work close to where they live. Thus, for a community that has experienced tremendous job loss in the past ten years, the limited number of jobs that are in the neighborhood are still very important for local residents with little access to transportation.

The idea of supporting locally owned businesses stems from desire to develop local capacity and build upon the current and existing assets in the neighborhood. One of the principles of community building as discussed earlier is asset based as opposed to a “deficiency” model that characterized many of the past government initiatives at the neighborhood level.²⁷ In the figure below, I attempt to identify ways in which businesses are involved in the local DSNI community.

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### Figure 4: Types of Community Involvement

<table>
<thead>
<tr>
<th>Owner Place of Residence</th>
<th>Owner Ethnicity</th>
<th>Minority-Owned</th>
<th>Non-Minority Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>Owner Ethnicity</td>
<td>Fidalgo Travel</td>
<td>Cottage Cleaners</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Former DSNI Board Member</td>
<td>- Member New Market Business Association</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Caters to the Cape Verdean Community</td>
<td>- Place for residents to gather *Picture on the Wall, Knew Everyone by name</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Neighborhood Watch</td>
<td>- Family Recognized by the City, Theresa Passaretti Square</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Fixed Up Vacant Building</td>
<td></td>
</tr>
<tr>
<td>Non-local</td>
<td></td>
<td>Ideal Sub Shop</td>
<td>Be Our Guest</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Current DSNI Board Member</td>
<td>- Current DSNI Board Member</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Announcements for Cape Verdean Events</td>
<td>- Board member of Enterprise Community</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Founder of Boston Advisors</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Donate party supplies to the neighborhood</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Tim’s Pizza</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- No affiliation with local community</td>
</tr>
</tbody>
</table>

In exploring the different types of community involvement, most of the businesses had some level of community involvement. Thus, while I expected that businesses with ties to the neighborhood based on ethnicity and local residence of the owner, would be more involved with the community, I realized that the businesses in Dudley Street share a set of shared norms that transcends the particular identities of the business owners. This community involvement is fostered by DSNI’s creation of community events and activities that engage local businesses as part of the neighborhood. The false dichotomies based on race and local ownership were not useful categories in predicting the level of community involvement amongst business owners. Through DSNI’s work they have actively engage businesses as “residents” of their community.

Of the 161 businesses in the neighborhood 15-20 regularly get involved in DSNI activities for events such as the neighborhood clean-up and the multicultural festivals. DSNI is currently organizing a merchant association to improve the communication between businesses and DSNI organization. Two of the 29 DSNI board member seats are reserved for local business owners. In my sample, of businesses I attempt to explore the possibilities of businesses as a community

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58 Interview with Trish Settles, May 12, 2000.
building institution, however, there are some instances in which the goals of DSNI come in conflict with local businesses.

Just as in any urban neighborhood, not all business have uses that are acceptable or favorable to the local community. Some of the adverse uses in the Dudley Street Neighborhood are liquor stores, trash transfer stations and auto shops. While not all businesses are going to contribute to the neighborhood’s vision of urban village, this does not mean that these businesses do not and should not have a role in the community. A healthy tension exists between DSNI and local business institutions that do not have uses that are considered beneficial to the community. DSNI continues to outreach and dialogue with these businesses. In the past, DSNI has helped local auto repair shops to properly store and dispose of their environmental wastes. This tension is also part of the community-building process that recognizes the need to develop relationships with all members of the community.

DSNI’s perception of local businesses is that businesses are an important local asset to the neighborhood. Businesses donate their time and money to local events and have built strong relationships with local residents in the neighborhood. While not all businesses uses are beneficial to the community, the process of communication and dialogue none the less is considered community-building

**DSNI’S Vision for Local Economic Development**

The Dudley Street Neighborhood Initiative has established very specific criteria for the type of economic development and business development they would like to see in their neighborhood. In 1996, DSNI embarked on an Urban Village Visioning Process, where local residents were asked to develop a vision of what their community would look like in the next twenty years. Over a period of eight months, over 200 local residents throughout the neighborhood met in small groups to develop a shared vision. The ideas were clustered together around themes of 1) Encouraging Lifelong Learning, 2) Build and Sustain Unity Through Neighborhood Activities, 3) Community Economic Power, 4) Physical and Visual Quality of Life, 5) Harmony with Nature, 6) Community Security, 7) Community Friendly Transportation, 8) Self and Group Expression, 9) Political Power, 10) Mutually Supportive Relationships. For each theme, standards were listed that capture “values and principles that will ensure the maximum community benefit.” In describing their vision for Community Economic Power, residents wrote:
We don’t just want jobs and businesses, we want ones that build the economic power of community residents. Our future village is a place where we can shop, eat, play, bank—all right here. Our unique multicultural richness also attracts visitors.\textsuperscript{59}

In developing these goals, DSNI and its residents hope to create and maintain the cultural fabric of the neighborhood. DSNI “eschews the notion of trying to attract one or more “anchor” companies in favor of a strategy that encourages the creation of a diverse economic development landscape dominated by locally, independently and cooperatively owned businesses.”\textsuperscript{60} However, these strategies involve financial trade-offs. While DSNI may have a wish list of types of businesses they would like to locate in the neighborhood, the projects still need to be financially feasible. For example, if residents want a quality restaurant that serves low-cost food, the trade-off may be that the owner does not pay its workers high wages. In developing these goals, many times the reality fall short of the vision.

A Boston Globe interview with Evelyn Friedmann-Vargas of Nuestra Communidad, a CDC in the neighborhood, offers a different view of economic development in the neighborhood:

“.. in the South End, they have more businesses like Starbucks and they’re struggling to maintain the unique character of the South End and not become like Main Street USA. We’re not there yet. We’d like to be a little more Main Street. We want to maintain the unique character of Dudley, but we also recognize we need to have economic credibility. By some bigger organization making the commitment, it helps us get economic credibility.”\textsuperscript{61}

The differing view points of DSNI and Nuestra Communidad illustrate the healthy tension existing between two community groups that serve differing interests and needs in the neighborhood. These trade-offs between the economic feasibility and the social benefit of businesses allude to the role of DSNI in the community development process in the neighborhood.

\textsuperscript{59} DSNI. Urban Village Vision Process, Towards a Wholesome Community, Summer 1996.
\textsuperscript{60} From the Bottom Up, DSNI’s Economic Power Strategy, November 1997.
\textsuperscript{61} Q&A WITH DIRECTOR OF NUESTRA COMUNIDAD, The Boston Globe, January 20, 2000.
DSNI - A Community-Based Planning Organization

DSNI was created in 1985 as a community-based planning organization. The notion was to turn traditional planning on its head by creating a bottom-ups approach that was inclusive of community residents.

The traditional approach to urban planning calls for the “experts” at City Hall to run the show with strong input from bankers and private developers and lesser input, if any, from community residents. Even a liberal administration which invites neighborhood participation does not want to give up control to low-income residents and community organizations. DSNI won that control.62

Their earliest victory as a community-planning organization as mentioned earlier was the power of eminent domain. The Boston Redevelopment Agency granted the organization the authority “to acquire property... for the purpose of developing low and moderate income housing.”63 This power not only granted the organization the ability to influence development but the authority to control it as well.64 The power of eminent domain and the organization’s original focus on land and housing development in their core service area, has helped to establish their presence in the neighborhood, both inside and outside of the community. While physical development is still major part of their community building strategy, they also seek to address the human service, environmental and economic development in the neighborhood.

Though DSNI is mistakenly referred to as a Community Development Corporation, the mission of the organization is to organize residents to create a vision and understanding of their neighborhood. The organizational structure of DSNI, shows the relationship of the staff to the residents and the resident driven board.65 There are 29 board members and 10 resident committees. Neighborhood residents’ elect the board members for a one-year term. In an attempt to reflect the diverse stakeholders in the community, the board composition consists of 3 members from the black, Cape Verdean, Latino, and white communities; 2 youth members, 2 other residents, 2 Community Development Corporations, 2 religious institutions, 2 businesses and 7 community agencies. In addition to the resident board, there are ten resident committees organized around

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62 Medoff, p. 90.
63 Medoff, p. 118
64 Ibid., p. 142
issues of physical, environmental, human and youth development.\textsuperscript{66} The committees consist of 10 residents and a DSNI staff liaison, to strategize on upcoming projects and events. Thus, the organization is not involved in the directly implementation of projects, rather they serve as advocates for the neighborhood and its residents.

Though one of the business owners (not on the DSNI board) I interviewed recognized the role that DSNI plays in advocating for the needs of residents, he expressed his dismay with the informalities exhibited during one of the meetings he attended. Neighborhood maps line the walls and staff members and residents are frequently gathered at the table in the middle of their offices. One person observed that it is a “cross between a community center and a planning office.” DSNI plays a dual role in brokering relationships with residents and public officials. While the lax atmosphere is seen as a negative by some businesses, this in fact lends itself to being a community-based organization.

The resident’s role in providing the neighborhood with a long-term, strategic vision places DSNI in a position that is unique and different from the traditional role of a community development corporation (CDC). Traditionally, the CDCs mission is to improve the quality of life in low-income neighborhoods through the creation of housing, commercial real estate development, business development, workforce development and to a lesser degree, social development. CDCs have been focused on housing development, however, in attempt to address the varying needs of low-income communities, they have entered other areas such as commercial real estate development and workforce development. While the desire to be comprehensive is needed, “Vidal implies that some organizations do not, and probably cannot, have the capacity to engage in an array of activities.”\textsuperscript{67} DSNI, not interested in providing direct service, it is more in the business of providing process and not necessarily product.

Theoretically, the vision of the community provided by residents would be implemented by the two CDCs on the Board. However, the community participation process developed by DSNI sometimes does not coincide with the timeline of the community developers. A former employee of a CDC in the area commented that the community process is at times cumbersome and inefficient. However, the purpose of a community plan and process is not just to guide future proposals for development but to increase residents’ capacity to improve the conditions of their neighborhood.

\textsuperscript{66} Resident committee descriptions are included in the appendix.
\textsuperscript{67} Stoutland. Community Development Corporations, p. 215
Community development corporations play a different role in supporting and assisting local businesses. They help to maintain the viability of local businesses so that they can be community-building institutions for the local community. CDCs provide financing and technical assistance to entrepreneurs that face considerable barriers accessing resources from traditional lenders. Small, minority owned businesses, are especially disadvantaged because many times they do not meet or do not know the bank’s minimum requirements. Lack of access to capital is one factor that prevents these “mom and pop” stores from growing and becoming possible job generators. While neighborhood businesses are not major job generators, they provide many benefits that help to improve the quality of life of residents. A summary of these benefits are that they:

- Provide residents with crucial goods and services that are conveniently located in their neighborhoods;
- Provide residents with a gathering place to socialize with neighbors;
- Increase public safety by “putting eyes on street’’;
- Offers jobs to local residents as a way to build human capital;
- Serve as role models for local residents;
- Increase linkages between the community and outside leaders; and
- Improve the self-image of the community.

Thus, the possibilities of small business at the neighborhood level goes beyond traditional indicators of jobs and wealth. While the small businesses make modest gains in the development of jobs and wealth for community, these businesses also provide several different functions at the neighborhood level. However, income and poverty alleviation are not the only goals of community development, rather community development is a comprehensive strategy that seeks to improve the 1) physical, 2) intellectual and human, 3) social, 4) financial and 5) political capital of the neighborhood and its residents.68

In addition to the number of jobs and profit generated by local businesses, these businesses also provide additional social capital benefits to the community. Both the formal and informal relationships these businesses have with each other and the local community is the link between

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68 “Assets in community development, as in any other context, take five basic forms: physical capital in the form of buildings, tools and so forth; intellectual and human capital in the forms of skills, knowledge, and confidence; social capital—norms and shared understandings, trust, and other factors that make relationships feasible and productive; financial capital (in standard forms); and political capital, which provides the capacity to exert political influence.” Ferguson and Dickens, p. 5.
economic development—job and wealth creation, and community development—social justice and political efficacy.

Though very difficult to measure in quantitative terms, the businesses that I spoke with felt accountable to the local Dudley Street community. When asked about the Dudley Street Neighborhood Initiative, many knew of the organization and their role in the organizing the community. All responded favorably to their work in improving the neighborhood. In summary, the businesses in the Dudley Street neighborhood have various functions that increase the financial and non-financial assets of the neighborhood.

Conclusions

An alternative model of local economic development is one that incorporates the principles of community building and economic development as means for building the assets of local residents. In revitalizing the urban neighborhood, it is unlikely that one can occur without the other. DSNI’s work in improving the conditions of the neighborhood helped businesses by decreasing crime and the overall negative perception of the neighborhood. Businesses also serve to forward the community development vision of the DSNI by functioning to increase the social, physical, financial, human and civic capital of the neighborhood.
Economic development strategies that exclude the social function of businesses unnecessarily limit the possibilities of understanding businesses as community building institutions. The focus of traditional business development strategies on job creation and business attraction necessarily needs a means to identify industries and businesses with growth potential. Thus, economic development theories are an appropriate methodology for assessing the competitive advantage of inner cities at the regional level. However, when these same principles are applied at the neighborhood level, this analysis falls short because indicators of industry growth do not take into account multiple roles that businesses can take on at the local level. While the focus of business development at the regional level is the creation of jobs, at the neighborhood level, it is unclear that these same indicators are appropriate. In the analysis of Dudley Street businesses, we see that neighborhood businesses are modest job generators and wealth creators, however, the benefit that these businesses can provide extends beyond the financial indicators. Businesses, because of their close connections and proximity to neighborhood residents and community organizations, they also serve a social function in the neighborhood context.

Through their formal leadership in local organizations and informal relationship with residents, these businesses serve as role models for residents and other businesses. In this thesis, I have reviewed the different types of relationships that businesses have with the community. Some businesses have relationships with residents because they are of the same ethnic background. These relationships are formed because of a common culture and heritage that people of the same ethnic background share. Other businesses have been in the community for many years and have formed a relationship through constant and consistent interaction with residents. Other businesses are involved in the local community because their personal interest and commitment to improving the neighborhoods where they do business. Thus, in reviewing the types of relationships businesses have with residents and in attempting to understand how these relationships occur, we see that the formation of these relationships are varied.

These relationships, while they do not take on a monetary value, serve as a means for building trust and support at the neighborhood level, otherwise known as “social capital.” The social capital that is built between businesses and residents goes beyond the delivery of goods and services. In the Dudley Street, businesses help to support the social interaction amongst residents by providing residents with a place to interact and gather with one another. Cottage Cleaners through
their friendly environment is one example of a business that helps to create the type of relationship that helps people in low-income neighborhoods “get by”. Be Our Guest is a good example of how local businesses create relationships with other organization that transcends the boundaries of the neighborhood. These businesses help to facilitate the delivery of resources into the neighborhood signify relationships that help residents “get ahead.” Be Our Guest’s association with Boston Advisors and DSNI separately, brought the two organizations together for their upcoming community charrette. The relationship of Boston Advisors and DSNI is an opportunity to understand the possibilities of a mixed strategy of community development that merges an economic lens with a social lens.

In conducting my interviews with local businesses owners, I attempt to predict which businesses were most likely to be ones that contribute to the social capital to the neighborhood based on their ethnicity and place of residence. However, through my research I have found that the strength of community involvement in terms of time, interaction with customers, and local accountability to the neighborhood is less a function of the owners ethnicity or place of residence but rather the owner’s own identification with a place. This identification with a place is an important element that ties the businesses together. DSNI, in its organizing capacity, has helped to create a sense of place for residents and business owners.

Local businesses have a strong role to play in helping to develop and create a sense of place. Thus, a methodology that attempts to capture existing future or potential community building should be included a neighborhood assessment of small businesses. The beginning of this methodology have already been developed by DSNI and will be used to screen potential new businesses that will be locating to the neighborhood. There are several other indicators that need to be included to measure the potential success of businesses in contributing to the community development goals in low-income neighborhoods. These factors include 1) accountability to the local neighborhood, 2) willingness to participate in community events, 3) donation of time and services and 4) sponsorship of local events and activities.

**Implications for Community Development Practitioners**

The role that Dudley Street Neighborhood Initiative plays in organizing local residents around quality of life issues is a model of community building at the local level. Their unique structure as a community-based planning organization provides them with the ability to look at the
neighborhood holistically, evaluating the human, economic and environmental needs of residents. While Community Development Corporations and practitioners within this field are concerned with building local businesses, community planning organizations can help businesses to build the local community. All businesses big or small, whether or not they are locally or minority owned, can play a role in the creation of community building. Based on my research of the Dudley Street Neighborhood Initiative, I have outlined the following implications for community planning and development practitioners.

**Rediscover businesses as a community-building institutions and local assets**—Largely seen as economic engines, businesses also play a social role at the local level. Recognizing businesses as a community asset helps to create a sense of accountability amongst local businesses. Businesses, in their current activities, provide many benefits for practitioners interested in building local capacity and increase communications amongst residents. Because of their existing relationships with neighborhood residents, they help to create the social ties that can increase the development and capacity of community residents. While not all businesses will participate in community activities, businesses have many resources to offer residents and the neighborhood.

**Create a business inventory**—After recognizing the social role that businesses can play in the local neighborhood, organizations should survey and inventory the number and types of small business in the neighborhood. Understanding the number and types of businesses that are located in the neighborhood is an important assessment tool. Knowing what businesses offer and what types of services they provide helps to target local expertise in a community building campaign.

**Identify potential business partners**—Asset building is about building relationships. Staff from local community organizations should take the time to meet new business and welcome them to the neighborhood. Business partners are important local assets that also have connections to outside resources that can be tapped into for the benefit of the neighborhood.

The following suggestions about ways in which community development practitioners can integrate businesses in their community building activities:
1. **Community Outreach Mechanism** – Community building requires that residents are involved in the process of improving their communities. In order to engage residents in a collaborative process, targeted outreach is needed to encourage their involvement. Small businesses in their role as front-line organizations are an ideal outreach mechanism for the neighborhood. Posters and material that announce community events can be displayed in windows of local stores.

2. **Informal Security and Patrolling of the Neighborhood** – Businesses already serves “eyes to the streets”. Local owners who live in the neighborhood frequently know who belongs in the neighborhood and who does not. Businesses deter illegal activity near or around the store because of their own existing ties in the neighborhood and because of the store owners desire to improve the physical appearance of their stores. Developed in conjunction with neighborhood residents, this activity reinforces existing ties in the neighborhood and with other businesses.

3. **Neighborhood Beautification** – Commercial buildings can be community spaces as they help to create and reinforce the idea of a neighborhood identity. Business owners that make improvements to the neighborhood encourage other business owners to make their own improvements that increase the quality of life for neighborhood residents. A vibrant community and neighborhood commercial district helps in attracting additional outside resources to the neighborhood.

**Challenges in Supporting Businesses as Community Building Institutions**

While businesses can play a role in community building, their involvement is constrained by their own need to run a business. Business participation is scant in activities that are formalized and conducted on a regular basis. Community builders need to development one-to-one outreach to capitalize on areas that businesses already do such as maintain relationships with residents, increase neighborhood safety and improve the physical environment in the neighborhood. Thus, in addition to providing businesses with financial resources, community-building institutions can improve the ways in which businesses already support the community. Start-up businesses are served by local community development corporations and are focused on growing their businesses. However, older businesses and others that are no longer interested in expansion have rooted themselves in
community because of their own sense of obligation to and knowledge of the neighborhood. These businesses should be targeted for community building activities.

In revitalizing the urban neighborhood, it is unlikely that economic development and community building can occur without the other. The consequences of economic development without community building are seen in gentrifying neighborhoods where the old residents are unable to sustain the new levels of economic activity and are driven out by high rents and home prices.

The case of the Dudley Street neighborhood provided us with an opportunity to understand the possibilities of how to integrate business development with the goals of community development to benefit residents in inner city areas. The creation of strategies that build upon the role of businesses as community assets helps to ensure that the benefits of business development strategies are linked to the residents they are intended to serve.
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Community Development


Economic Development


**Ethnic/minority/immigrant Entrepreneurs**


**Social Capital**


Levitt, Peggy, The Social Role of Latino Businesses.


LIST OF INTERVIEWS

DSNI
Trish Settles, Director of Sustainable Development, On-going
Dwaign Tyndal, Organizer for Sustainable Development, On-going
John Barros, Interim Executive Director, April 22, 2000

DSNI Businesses
Al Passaretti, Cottage Cleaners, April 28, 2000
Jose Fidalgo, Fidalgo Travel, April 28, 2000
Tim’s Pizza, April 28, 2000
Al Lovato, Be Our Guest, April 28, 2000

DSNI Neighborhood Resident
Vanessa Fernandz, March 2000

Boston Advisors/ICIC
Alvaro Lima, On-going

South End Neighborhood Action Program
Eswaran Salvarahjah, Neighborhood Planner, March 25, 2000

LISC Retail Initiative
Dwaign Brown, March 18, 2000
APPENDIX A: INTERVIEW QUESTIONS

1. Why did you decide to locate on Dudley Street?

2. Why do you continue to do business on Dudley Street?

3. Do you participate in any community activities? In what ways are you involved in the local community?

4. How, if at all does this benefit your business?

5. What role do you see for DSNI in helping your business?
### DSNI Resident Committees

<table>
<thead>
<tr>
<th>Committee</th>
<th>Description</th>
<th>DSNI Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beautification Committee</td>
<td>Responsible for developing strategies for keeping the overall neighborhood environment clean.</td>
<td>Trish Settles</td>
</tr>
<tr>
<td>Board Development</td>
<td>Addresses issues relevant to the development of the board as an entity that takes responsibility for itself and its members.</td>
<td>May Louie</td>
</tr>
<tr>
<td>Community Centers</td>
<td>Responsible for ensuring resident input during planning, program development, construction and operational phases of Vine Street &amp; Dudley/Upham's Community Centers projects</td>
<td>Pat Riddick</td>
</tr>
<tr>
<td>Economic Power Working Group</td>
<td>Responsible for creating the process leading to the strategies for defining what &quot;Economic Power&quot; means in the Dudley neighborhood.</td>
<td>Trish Settles</td>
</tr>
<tr>
<td>Education Committee</td>
<td>Responsible for organizing and developing strategies for improving local schools and educational outcomes for neighborhood children.</td>
<td>Ros Everdell</td>
</tr>
<tr>
<td>Human Development/Resources</td>
<td>Responsible for exploring strategies for enhancing the neighborhood's human and social capital including Welfare-To-Work and Neighborhood Technology.</td>
<td>Pat Riddick</td>
</tr>
<tr>
<td>Leadership Development</td>
<td>Responsible for developing and enhancing resident leadership skills. Currently working on &quot;Community Building Blocks&quot; program that focuses on 1) How the City of Boston Works, and 2) Advocacy within the educational system</td>
<td>Ros Everdell</td>
</tr>
<tr>
<td>Multicultural Festival</td>
<td>Responsible for planning and organizing DSNI's annual celebration of our cultural diversity and community life</td>
<td>Liza Veras</td>
</tr>
<tr>
<td>Committee</td>
<td>Description</td>
<td>DSNI Staff</td>
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<tr>
<td>Nubian Roots</td>
<td>DSNI's Youth Committee. Responsible for planning and organizing job advocacy and youth entrepreneurial activities.</td>
<td>Liza Veras</td>
</tr>
<tr>
<td>Sustainable Development</td>
<td>Responsible for reviewing housing, open space, economic development and environmental projects proposed for the area. Subcommittees include: Urban Agriculture and Economic Development</td>
<td>Trish Settles</td>
</tr>
</tbody>
</table>