INSTITUTIONALIZING ADVOCACY:

CITIZEN ACTION AND COMMUNITY ECONOMIC DEVELOPMENT

by

JEROME EDWARD RUBIN

B.A., Clark University (1979)

Submitted to the Department of Urban Studies and Planning in Partial Fulfillment of the Requirements of the Degree of

MASTER IN CITY PLANNING

at the

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

June 1982

© Jerome Edward Rubin

The author hereby grants to M.I.T. permission to reproduce and to distribute copies of this thesis document in whole or in part.

Signature of Author: ________________________________

Department of Urban Studies and Planning

Certified by: ________________________________

Langley C. Keyes
Thesis Supervisor

Accepted by: ________________________________

Langley C. Keyes
Chairman, Departmental Graduate Committee

Rotch AUG 3 1982
ABSTRACT

During the 1970s and early 1980s, the United States witnessed an unprecedented level of citizen involvement in neighborhood politics. This new citizen activism, which reached into many poor and blue collar communities untouched by the activism of the 1960s, was manifested in two primary movements: community organizing and community economic development.

Though community organizing and community economic development often serve the same constituencies, the activities, philosophies, and organizational structures of the two activities are often quite different. Yet for a variety of reasons including the need to meet the economic needs of members, and the need to sustain active participation, most community organizing projects turn to some type of community controlled economic development activities during their active life.

The combination of community organizing and community economic development creates several natural tensions which, at times, have made the two activities incompatible. Community organizing calls for short-term, predictable activities which often involve direct confrontations with political and business officials. Community economic development requires patience, dependence upon the time-tables of other actors, and a willingness to compromise and reach consensus rather than confrontation. Yet, the need for community organizations to sustain themselves over time has led them to undertake economic development activities while maintaining an organizing strategy. This effort has required creative organization and has not always been successful.

This thesis will address the tensions that arise when community organizers attempt to undertake economic development activities without giving up their organizing activities. The thesis is divided into three major sections. The first section examines the history of community housing development, community economic development, and community organizing. Rather than provide complete histories, these chapters explore the tensions that have existed between organizing and development over the past two decades in order to offer some lessons for current practice. The second section consists of three case studies of community organizations that have undertaken development while maintaining their organizing work. The final section includes a summary of the major tensions between organizing and development and a series of suggestions to community organizations seeking to undertake economic development activities.

Thesis supervisor: Langley Keyes

INSTITUTIONALIZING ADVOCACY: CITIZEN ACTION AND COMMUNITY ECONOMIC DEVELOPMENT by JEROME EDWARD RUBIN
ACKNOWLEDGEMENTS

I would like to offer many thanks to Langley Keyes for having the patience and calm to ease my panic to the greatest extent possible when it appeared that this study was heading to disaster. I would also like to thank Thomas Campbell, a friend and comrade who understood my angst and provided much badly needed support.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>Chapter 1: Community Housing Development</td>
<td>13</td>
</tr>
<tr>
<td>3</td>
<td>Chapter 2: Community Economic Development</td>
<td>30</td>
</tr>
<tr>
<td>4</td>
<td>Chapter 3: Service Delivery and Organizing</td>
<td>59</td>
</tr>
<tr>
<td>5</td>
<td>Chapter 4: Community Organizing</td>
<td>67</td>
</tr>
<tr>
<td>6</td>
<td>Summing Up</td>
<td>88</td>
</tr>
<tr>
<td>7</td>
<td>Case I: SUN-CDC</td>
<td>91</td>
</tr>
<tr>
<td>8</td>
<td>Case II: PACE/SWAP</td>
<td>104</td>
</tr>
<tr>
<td>9</td>
<td>Case III: WISE</td>
<td>118</td>
</tr>
<tr>
<td>10</td>
<td>Conclusion</td>
<td>129</td>
</tr>
<tr>
<td>11</td>
<td>Typical Problems and Suggestions</td>
<td>132</td>
</tr>
<tr>
<td></td>
<td>From the Field</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Appendix: CCC cases</td>
<td>153</td>
</tr>
</tbody>
</table>
**TABLES**

<table>
<thead>
<tr>
<th>Table Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Characteristics of Title VII CDC Board members</td>
<td>44</td>
</tr>
<tr>
<td>2. Political and Economic Roles of CDCs</td>
<td>51</td>
</tr>
<tr>
<td>3. Massachusetts CDC employment generation</td>
<td>53</td>
</tr>
<tr>
<td>4. Title VII CDC employment generation</td>
<td>54</td>
</tr>
<tr>
<td>5. Typology of Development Organizational Forms</td>
<td>138</td>
</tr>
</tbody>
</table>
Each decade leaves its popular legacy in the minds of our academics and citizens; the thirties were the turbulent years, the fifties spawned the silent generation and the sixties saw the youth rebellion and urban uprisings. History and sociology, as they are popularly conceived, have a tendency to ignore undercurrents and contradictions in favor of neat categories of analysis which project an unchanging future propelled by the trends of the moment. In 1958, Daniel Bell declared the "end of ideology" and for him the future was to be free of the youthful radicalism of the past. Less than a year later, the first stirrings of the civil rights movement began which were to become a nationwide explosion of social protest.

The 1970s were also a contradictory decade. Characterized by record low voter turnouts and youth inaction which plummeted from the vortex of the late 1960s, the 1970s have been called another silent decade, and by some a welcome respite from the preceding decade. Like all decades, the 1970s had a lesser known side, which is only now being recognized as more than a mere smattering of unrelated events. If the 1970s was a time of quiescence on the campuses and in the ghettos, it was also a time of unprecedented citizen involvement in nearly every extra-electoral aspect of political and economic power. It was a time when power politics entered many of the blue collar neighborhoods which were often by-passed by the anti-war and youth movements of the 1960s. This popular activity, which the Christian Science Monitor called a groundswell movement of citizens calling for
a return of political and economic power to the local level" left its mark on the 1980s in the form of hundreds of rural and urban citizens' organizations, numerous experiments in economic alternatives, and a plethora of locally based, grassroots institutions.¹

Two of the most substantial expressions of the growth of community activism described above are the community organizing movement and the community economic development movement. Each of these movements has a wide range of organizational expressions and often competing philosophies.

The community organizing movement described in this study is distinct from what is commonly called community organizing in the field of social work. Its roots are in the work of the late Saul Alinsky, a former professor of social work who organized neighborhood based organizations to empower disenfranchized citizens from the late 1940s until the early 1970s. The basic components of community organizing are building indigenous neighborhood leadership for independent local organizations, organizing around issues which have an immediate bearing upon the social and economic life of a community, and confronting the existing power structure with direct action to gain political and economic power for poor and working people. Building upon this model, the "citizen action" movement of the 1970s added the consumerism of Ralph Nader's organizations and a more anti-corporate ideology and now dominate the community organizing movement.

The late 1960s and early 1970s also saw an unprecedented increase in the number of experiments in cooperative consumer ventures,
community sponsored housing projects, and community controlled businesses. The sum of these activities, which might be called the community economic development movement, has its primary organizational manifestation in Community Development Corporations (CDCs). Though community economic development is a somewhat amorphous term, and CDCs are as varied as community organizing projects, there is some consistency in the movement among the type of projects, the methods of development, and the level of community involvement that organizations encourage. According to the Center for Community Economic Development, a research and resource center,

...community economic development is the creation or strengthening of economic organizations (or more technically economic institutions) that are controlled or owned by the residents of the area in which they are located or in which they will exert primary influence. The institutions that are owned or controlled can include such forms as business firms, industrial development parks, housing and CDCs themselves as the most broadly generalized guiding institutions. They might also include organizations that upgrade the human and social environment in such a way as to increase the economic value and energy of the community. 2

To the extent that a clear deliniation can be made between community organizing and community economic development, it is that the former concentrates on gaining political power for citizens through which they might gain economic power while the latter seeks economic power for citizens on the local level and pays far less attention to political power. However, it is inaccurate to clearly separate community organizing and community economic development in any historical or analytical sense. Though both movements developed parallel to each other, they both seek to gain power for community residents, who, in many fundamental ways lack political or economic control in their communities, so, community organizations and CDCs often reach the same
constituencies. Both community organizations and CDCs often are staffed by individuals with a broadly left ideology and both tend to attract and develop leaders who might be called popularly radical. Perhaps even more importantly, community organizations and CDCs sometimes directly overlap either through spin off organizations or a variety of work from a single neighborhood organization.

However, there are some very clear and distinct differences in philosophy, organizational style, and the ultimate goals of community organizers and community economic developers. These differences are to a large extent the reflection of two different activities. Community organizing is confrontational and has little use for existing institutions such as banks and private developers or even for establishing long term programs. Community economic developers, on the other hand must work with established institutions and focus almost exclusively on programs and products rather than political mobilization. Yet, for a variety of reasons which will be explored in this study, neighborhood activists have tried numerous times to combine community organizing and community economic development and overcome the tensions which exist when carrying out the two activities together. This study is concerned with the reasons why neighborhood activists try to combine development and organizing and how they have tried to ease the tensions between the activities; sometimes successfully and sometimes not so successfully.

This study is divided into three major sections followed by three case studies and a conclusion which identifies the tensions between organizing and development and offers some lessons and
suggestions drawn from the data. Each section analyzes an important theme concerning the combination of development and organizing, using both historical and case information. The case studies are provided to illustrate the themes explored in the first four chapters and draw out the central tensions between development and organizing. The conclusion and suggestions draw both from the historical information and the case studies and provide some practical advice for community organizations seeking to undertake development activities.

The first section of the study offers a history of the community economic development movement and explores the theme, "product vs. participation". This section is divided into two chapters. The first explores the community housing movement and the second explores the genesis of CDCs. This section is divided because the lessons learned from housing development and the CDC movement are different enough to warrant separate analyses.

The second section is a brief analysis of community based service delivery, which while part of the community economic development movement, contains its own analytical theme. That theme is actual service delivery vs. the delivery process as political empowerment.

The third section is a short history of the contemporary community organizing movement and the difficulties it faces when attempting to combine organizing and development. The theme of this section is "political mobilization vs. institutionalization".

None of the chapters in this study are intended to be complete histories of the movements they describe. Rather, they attempt to explore the tensions between development and organizing, using
history and case materials to illuminate certain contradictions and explore possible solutions.
Notes: Introduction


Chapter 1: COMMUNITY HOUSING DEVELOPMENT

Though community economic development has taken on a broad definition, covering job creation, venture capital investments, housing development, and sometimes even service delivery, this multi-faceted approach is a relatively recent state of affairs. In its earlier days, community economic development referred primarily to the creation or support of employment generating business ventures. Community based housing development, on the other hand, has a history distinct from the CDC sponsored economic development movement, having its roots in local housing organizations and Housing Development Corporations (HDCs). While there is no longer a major distinction between community housing development and community economic development, for the purposes of this study, community housing development and community economic development are examined separately because they have different histories and raise different questions about the feasibility of combining organizing and development.

Throughout its history, the community housing development movement has had to grapple with the conflict between product and participation. As a community based effort, distinct from traditional private development strategies, the participation or control by community residents is central to the community housing development process. However, as shall be demonstrated, the issue of community control has never been clearly resolved, either by community activists or policy makers. The melding of community participation with the technical and complicated production of housing creates certain tensions. The purpose of this chapter is to explore some of those
tensions by examining the history of the community housing development movement.

Unfortunately, it is often the practice of political observers to describe the history of organizations and social policy through the lens of administrative bureaucracies. Hence, one might understand that the community housing development movement began with the Office of Economic Opportunity's (OED) Housing Development Corporations in 1967, or Model Cities grants in 1965, while in fact, OED's programs responded to a growing number of locally sponsored housing development organizations which began in the early 1960s.¹

The community housing development movement had its heyday between the years 1959 and 1974. Nonprofit housing organizations, not always known as Housing Development Corporations, were born in 1959 in response to the Section 202 elderly housing program sponsored by the Eisenhower administration. Responding to the pressing need for elderly and low income housing, churches, labor unions, minority organizations, and local governments utilized federal grants and technical assistance and created a plethora of locally based housing development organizations throughout the 1960s and into the 1970s.²

During the 1960s, a series of federal housing programs provided the economic catalyst for community sponsors of housing development. In 1961, the Section 221(d)(3) program bolstered the nonprofit housing sponsors with market interest rate and below market interest rate programs. In 1966, the Section 221(h) program helped nonprofit community sponsors create homeownerhip programs and in 1968, the Section 236 program provided further assistance for community nonprofits to
sponsor elderly housing. In the early 1960s, many "one shot" and "repeater" nonprofits took advantage of the federal housing programs to provide housing for their constituents on a one-time basis. However, it wasn't until 1966, under the rubric of Urban America's Nonprofit Housing Center that the concept of a more permanent and comprehensive Housing Development Corporation came to fruition. Unlike the "one shot" private nonprofit sponsors, HDCs grew from an effort, either private or public to institutionalize the technical and financial resources necessary to develop nonprofit housing with long-term community support and participation. According to the Nonprofit Housing Center, HDCs were to organize revolving loan funds, provide technical services in development and management, and educate and involve community residents in the use of federal housing programs.

In 1966, the decision by the Office of Economic Opportunity(OEO) to enter the nonprofit community housing development field aided the HDCs immensely. Until 1966, OEO was occupied largely by the Community Action Program which proposed to empower poor people through Community Action Agencies(CAA). A few individuals within OEO believed that assistance to HDCs would both further the goals of community control of HDCs and provide technical assistance and seed funds for housing development in areas neglected by for-profit developers. Thus, OEO, which could not provide brick and mortar support, was able to assist the growing community housing development movement.

The St. Louis Bicentennial Civic Improvement Corporation (BCIC) is a good example of a grass roots housing organization of the early 1960s which attracted OEO's support. BCIC began in 1963 when a
Black family about to be evicted from the infamous Pruitt-Igoe public housing development approached a neighborhood priest about help in finding a house. An informal housing search and rehabilitation program began which by 1964 became BCIC when it was clear that a systematic effort to acquire and rehabilitate properties was in demand. Until 1967, BCIC acquired houses one at a time for about $1,500, and rehabilitated them for between $6,500 and $7,000. All of the projects were financed by a local savings and loan association which with a locally raised downpayment pool allowed for 100% financing at approximately 6% over 15 years. Using this process, over 60 homes were turned over to new owners. In 1966, a local Congresswoman helped BCIC by modeling what became FHA Section 221(h), which made below market interest rate mortgages available to community housing organizations for rehabilitation. In 1967, after Michael Mazer, the deputy director of housing for OEO and others took an interest in the project, BCIC received a $101,830 demonstration grant for staff expenses from OEO and thus became an official Housing Development Corporation. 7

From the start, OEO was conflicted over the goals and purpose of its support for community housing development. Paralleling its internal conflict concerning the CAAs as organizing institutions or service providers, HDCs were described in very different ways within OEO. As OEO understood the HDC it was to provide a variety of housing services and be governed by a board elected from an open membership in the community. Relations between an OEO sponsored HDC and local CAAs were to be collaborative and complementary. According to OEO,
The primary aim of the Community Action Program in housing is the same as that of Community Action in other areas. It seeks to organize and mobilize people and resources to create new programs that are responsive to poor people's problems and to shift the focus of ongoing programs so that they too are more responsive to poor people.  

Those at OEO who spearheaded the effort to support housing development believed that housing development itself was a tool for organizing low income people, not just a tool for providing shelter.

Housing programs can also help the process of community development. Anyone who has tried to develop comprehensive programs for poor people's problems and to get them to participate in such programs knows how difficult it can be. People are suspicious or apathetic, hostile or tired, partly because they don't see what's in it for them. With a well understood and deeply felt problem like housing, a problem that's always there, motivating poor people to participate in a community development program is less difficult.

However, in the very same document that expressed OEO's desire to use housing development as a tool to "organize and mobilize" poor people, the agency wrote that the "...principle purpose (of OEO sponsored housing programs) is to develop administrative and technical capability to take better advantage for poor people of existing programs in housing". Thus OEO's policy makers expressed a central contradiction which was to haunt community based housing developers for years to come. Was housing development a tool to motivate and assist community mobilization or was it a better way to provide shelter for poor people?

Not long after OEO began supporting the work of the HDCs, the Model Cities program began to encourage its participating cities to support or sponsor HDCs. Often overlapping and even competing with the efforts of OEO, the Model Cities program to assist HDCs never blossomed as planned. By 1970, only 22 of 85 planned HDCs in the 147
participating cities were operating. Conflicts over the role of nonprofit housing and the importance of community participation in or control of housing development remained with the Model Cities program until its death in 1972.

The link between the HDCs and the organizations which were later to become the community development corporations (CDCs) was quite close. In 1967, on the initiative of Robert Kennedy, the Bedford Stuyvesant Restoration Corporation was founded in Brooklyn, New York to rebuild the local economy through a unique community based development corporation. While the Bedford Stuyvesant Restoration Corporation was not primarily housing focused, the housing development initiated by the organization was justified primarily on the grounds that such development could create jobs for minority residents.

Thus the link between the housing movement and the CDC movement which got its start through OEO in 1967 was the concept that housing was a means to generate jobs in poor communities.

In the late 1960s, the community housing development movement grew rapidly in response to the exigencies of "urban renewal" programs sponsored by the Johnson and Nixon administrations and local governments. In Boston, for example, organizations like the Lower Roxbury Community Corporation (LRCC), Inquilinos Boricuas en Acción (IBA) and the Tenants Development Council (TDC) were established in response to specific threats to low income housing generated by the taking of land parcels by the Boston Redevelopment Authority and private developers.

Unlike the HDCs sponsored by OEO, organizations like LRCC, IBA, and TDC grew out of specific community organizing efforts rather than
a policy oriented comprehensive program to solve housing problems. As such, the contradictions between organizing and housing development were exacerbated. In the early community based housing organizations and HDCs, community participation was viewed as part of a new approach to housing development, but not the central focus. Creating housing generally took priority over mobilizing residents. In organizations like IBA, housing development was the culmination of organizing efforts. Thus the community housing developers had to grapple with the problem of maintaining community activism and control while producing major housing developments. Many community organizers and community housing developers parted ways over the problem of maintaining community involvement during and after the development process. Community housing developers argued that the confrontational needs of organizing were an encumbrance during the development process and the organizers argued that the development process stymied organizing efforts.

In the early 1970s, the HDCs had a sufficient track record to allow for a careful analysis of their effectiveness and success. Proponents of community housing development argued that the approach offered advocacy of consumer interests, a vehicle for community participation, the mobilization of resources, local identity and muscle, and the sponsorship of experimental and often neglected housing programs. Its opponents in government and the private sector argued that the approach was inefficient, lacked any permanence, required substantial technical assistance and seed money, and allowed often naive community members to dominate the development process.15

From the community housing developers' view, the contradictions between housing development as a political tool and the need to
negotiate through a complex technical process remained an issue throughout the history of the HDCs and other community housing development organizations. Some community housing developers stressed the value of organizing political action with development.

Citizen experience with housing development ties the project to local political action. In the suburban situation, the participation of political leaders is important and this is as a rule only possible where a proposed housing development is perceived as a community effort. A central city housing organization can identify with its surrounding neighborhood and achieve significant political strength. There are a number of development groups in Boston that are perceived by city hall as representing the collective interests of the neighborhood...This perception can be immensely useful to housing development. 16

Other community housing developers warned against the assumption that citizen involvement was the essence of nonprofit housing. While maintaining the belief that such involvement was central to community housing development, some veterans of the community housing development movement stressed highly skilled, and highly paid assistance for HDCs in order to "translate community interests into bricks, mortar, and management". 17

Two of the strongest supporters of community housing development, James Morey and Mel Epstein stressed the economic power and independence residents could hope to gain from community housing. In addition to encouraging widespread community participation in the development process, community housing development was said to increase personal incomes and savings through equity appreciation, improve the physical structures in neighborhoods, increase the tax base, strengthen local businesses and increase local employment opportunities; and help upgrade basic community services. Central to the comprehensive benefits offered by community housing development was the concept of
the "local multiplier" and the notion of "seed capital". Housing development, it was alleged, had a multiplier effect on local economies by boosting family incomes and in turn increasing local expenditures. In addition to the low rent or equity contributions to income, local employment opportunities were said to be created through housing construction.

Using the tools of housing syndication and tax shelters, community housing developers believed that income generated from housing development, could, if controlled by the community be used as seed capital for other economic development projects such as service delivery or business venture development. In fact, this is precisely what the more successful housing organizations like IBA were able to do.

Those community developers who believed in HDCs as a tool to gain economic power for communities had little to say about political power in the way that organizers understood it. In some cases, proponents of community housing development stressed community participation, in other cases they warned of its sometimes detrimental effect upon project feasibility.19

While some organizers criticized the community developers, others argued that development was their logical next step. One organizer for the South End Tenants Council, an organizing group argued,

Perhaps if Mindick(a landlord) had lived up to his agreement and maybe if Larner had not lost two buildings to us, we might never come to the realization that to really have an impact on the housing situation we had to start acquiring houses...This seemed the only feasible solution to the slumlord problem; otherwise we'd be arguing and striking forever and still not get the slumlords to bring their housing up to existing code standards.20

Among the strongest critics of the community housing developers
was Urban Planning Aid, a Boston based advocacy planning organization. In 1973, UPA offered a strong reply both to community organizers and developers. Their criticisms touched on both the political and economic arguments for community housing development. In their critique, UPA describes the genesis of an organizing project into a development organization and the gradual deterioration of their organizing efforts. Their story bears repeating.

In Boston's South End in 1968, tenants living in deteriorated buildings organized themselves into the South End Tenants Council (SETC) primarily to force two slum landlords, Joseph Mindick and Saul Larner to correct code violations in their buildings. Following a series of demonstrations, and court ordered negotiations, SETC extracted an agreement from Mindick for the code corrections. Targetting Larner, the smaller landlord, SETC utilized a rent strike and ultimately forced him out of the South End and purchased two of his foreclosed buildings with a loan from the Black United Front.

After renaging on his agreement, the SETC targetted Mindick in a series of demonstrations and rent strikes. During that time, six of Mindick's buildings were put under SETC management by court order. In April, 1969, after a three month rent strike, Mindick was forced to sell 34 of his buildings to the Boston Redevelopment Authority (BRA) which then contracted with SETC's newly formed South End Tenants Management Corporation to manage the buildings. In July, 1969, a third organization, the Tenants Development Corporation (TDC) was formed to rehabilitate 100 additional units which the BRA was forced to help them buy and finance.

SETM fell apart in 1970, largely because of pressure by tenants
who would not or could not pay and the BRA which demanded their rent and then cancelled SETM's management contract. TDC went on to carry out a number of rehabilitation projects. SETC on the other hand, the original organizing group, remained active organizing squatters' campaigns and tenants unions. However, over time, as the tenants living in TDC and SETM buildings faced problems with living conditions and rents, SETC found themselves putting more of their time into performing social service functions than organizing tenants who still needed better housing. The UPA analysis argued that housing conditions in the South End remained poor and displacement was still a serious problem, but what once was a powerful organizing force no longer existed. To UPA, the servicing of housing drained energy from confrontational poltics and failed to solve the major problems of the community.

UPA and other critics of community housing development with "organizing" perspectives stressed several key problems in combining development and organizing. Critics argued that community housing development requires tremendous technical expertise to carry a project through to completion. Development, they argued, requires architects, financial planners, lawyers, accountants, and bankers. Rarely do such people live in working class or poor communities so that such professionals generally must be brought in from the outside at a relatively high cost. Such requirements create a number of practical problems. First, many housing professionals do not understand the culture of their clients and vice-versa, which can lead to distrust and suspicion, regardless of the intentions of the parties involved. Secondly, it is often difficult for a
community to maintain control over their technicians, particularly when both organizing and development is on the agenda.

A second problem for community housing development is timing. Participation and organizing may require quick "hits" and predictable timetables. Often, development is slow, unpredictable and offers numerous unexpected pitfalls. For example, a community group must gain site control of a property, find subsidies, locate financing, secure a contractor and monitor the work. The key, if organizing and development are to be combined is to identify those points where participation is appropriate and use them carefully to maintain interest in addition to maintaining open communication with community residents.

Finally, the question of tenure becomes critical for community organizations that are concerned with maximizing participation or mobilization. Becoming a landlord or owner, as UPA noted, is particularly problematic for community organizations, for it brings with it the problems of maintenance and rent collection in difficult housing markets. Even when management goes smoothly, as it often does, a landlord-tenant consciousness may develop which entirely changes the relationship of the community organization to the community.

Urban Planning Aid leveled a strong attack on the economic advantages of community housing development as well as the problems of participation. Their claim was that community housing was often of poor quality because of cost cutting, often had high rents relative to prevailing area rents, and often had a lack of amenities due to constricted budgets. To be fair, much of the nonprofit housing
constructed in the 1960s and 1970s did not have these problems. However, today, financing costs and a lack of subsidies make these problems more extreme.

Other criticisms of community housing development are that actual returns for community investment are small, with the lion's share going to outside investors. Critics also question the multiplier concept, alleging that the structure of the internal economies require the export of local capital, regardless of housing tenure. Finally, critics charge that the overall effect of community housing development, in terms of units produced, spin-off jobs created, and skills left in the community is small.

UPA concluded that organizing and housing development were at best incompatible and at worst destructive for organizing efforts.

This leads us to the conclusion that it is not possible to do housing development and organizing at the same time. In fact we don't know any place where they have gone on side by side. Further, dropping the community organizing aspect of the work is not a conscious decision of the group involved...However it is one of the consequences of attempting community housing development with the currently available means. 22

As an alternative to development, UPA proposed such activities as rent control campaigns, controlling outside developers, collective bargaining for rehabilitation and maintenance, and defaulting on subsidized mortgages when necessary.

Massachusetts state representative, Mel King offers an analysis of the community housing development movement of the 1960s and early 1970s which is quite distinct from the Morey and Epstein and UPA analyses. King views the community housing development movement as part of a long and natural evolution of the minority and poor communities
from a "dependent service stage" to a "confrontational organizing stage" to an "institution building stage" which includes Housing Development Corporations and CDCs. This evolution, he argues, is by no means over, but a much more sophisticated type of neighborhood organizing, utilizing electoral strategies, direct action and community development must solidify the victories of the past twenty years.

In the area of housing, we moved from the era of simply trying to obtain more assistance for Black families being moved out of desirable downtown neighborhoods to organizing our communities ...we have learned to design, package, and finance our own development process based on human need and a concept of community missing from strictly commercial development. 23

In the mid 1970s, the heyday of the Housing Development Corporations came to a close. In 1974, with Nixon's dissolution of the 106(A) and 106(B) programs which supported the HDCs, federal support all but disappeared. In that same year, the National Center for Nonprofit Housing closed its doors for lack of sufficient support. However, while Housing Development Corporations died out, the community housing development movement did not. Many of the early community housing development organizations like IBA took on the title of Community Development Corporations and expanded their operations to include job creation, and service delivery. In many communities throughout the country, CDCs which had previously concentrated on business development and job creation initiated housing projects while many of the newer CDCs carried out both housing and business development. In the mid 1970s, the division between community housing development and community economic development became increasingly blurred.

Community housing development was also expanded in the 1970s by
numerous private nonprofit organizations like Urban Edge in Boston, Inner City Rehabilitation in Springfield, Massachusetts, and SWAP in Providence, Rhode Island which specialize in taking abandoned properties, rehabilitating them (often with sweat equity) and selling them to new owners at low prices. In several cases these efforts have direct links to organizing projects (see SWAP case). Though Housing Development Corporations no longer exist in any official sense, community housing development expanded, diversified, and built significant numbers of housing units throughout the 1970s and 1980s.

The debate over whether community housing development is a good way to mobilize a community, a better way of producing housing, or both remained with the community housing development movement from the earliest HDCs to the new CDCs. For some community housing developers, there isn't any debate at all since their primary concern is moving from political action to housing development as an end in itself. Others find community housing development to be an "empty promise" or a trap for organizers whose ultimate goal is political change. Still others like Mel King find merit in housing development and organizing and seek to combine them whenever possible. As the following chapters and the case studies illustrate, organizing and development have been combined often; sometimes successfully, sometimes unsuccessfully; but, never without confronting many natural tensions.
Notes: Chapter 1

1 Earl K. Larson, Housing: Patterns for Action (Washington, Nonprofit Housing Center, 1969)


3 Ibid. p. 161

4 Ibid. p. 163

5 Larson


8 Office of Economic Opportunity, p. 15.

9 Ibid. p. 16.

10 Ibid. p. 52.

11 Keyes, p. 167.

12 Edward Palmer, "Housing: Realities and Fantasies" (Speech to Model Cities Directors Convention, 1971) p. 4.

13 Larson, p. 21.

14 Mel King, Chain of Change (Boston, South End Press, 1981) p. 205.


16 Ibid. p. 10.

17 Keyes, p. 168.


19 Clancy et.al. p. 10.

21 Ibid. p. 10.
22 Ibid. p. 39.
23 King, p. 208.
Chapter 2: COMMUNITY ECONOMIC DEVELOPMENT

Community economic development has a rich political history which sheds much light on the perpetual tension between the politics of empowerment or participation and a focus on building alternative economic institutions and providing direct economic benefits. As in community housing development, the political actors and coalitions which composed the field of community economic development in the late 1960s maintained very disparate views about community mobilization, the role of private enterprise in development, and the appropriate level of politicization for community economic development organizations. This chapter is primarily a political history of the community economic development movement with a focus on the tension between the production of economic benefits and the political mobilization of community residents. The first section traces the evolution of CDCs from their birth in 1967 to the Nixon years in the early 1970s. This history is followed by an analysis of the success of the CDCs, both from a political and economic perspective. The third section of the chapter reviews the recent history of CDCs and focuses on activities at the state level. Like the first section, this history is followed by an analysis of the success of CDCs in the past several years. In each of the four sections, the historical experiences of CDCs is used to analyze the tension between political organizing and economic development.

For clarity it is worth repeating the definition of community economic development quoted in the introduction.

...community economic development is the creation or strengthening of economic organizations that are controlled or owned by the residents of the area in which they are located or in which they
will exert primary influence. The institutions that are owned or controlled locally can include such forms as business firms, industrial development parks, housing development corporations, banks, credit unions, cooperatives, and CDCs themselves as the most broadly generalized guiding institutions. They might also include organizations that upgrade the human and social environment in such a way as to increase the economic value and energy of the community. 1

This broad definition of community economic development is relatively new. At its birth in the late 1960s, community economic development referred primarily to activities which increased employment opportunities in minority communities through the efforts of community based or owned enterprises. Housing development was not a major focus of the early CDCs.

In late 1965 and 1966, several Black economists and political activists determined that the Black community had no economic or political sovereignty and thus would never break free from its lower class status. Some argued that political power was key to achieving Black economic self-reliance and chose a strategy which laid the base for successful Mayoral elections in Cleveland, Gary, and Newark. Others argued that there were inherent limits to the electoral strategy and that Black communities had to begin owning and developing their local economies. This argument led to the establishment of Operation Breadbasket in Chicago, Reverend Leon Sullivan's Progress Enterprises in Philadelphia, and FIGHT in Rochester, among other early experiments in Black owned and controlled community economic enterprises.

Arguments for the self sufficient development of Black and other minority economies were not without a theoretical basis. Roy Innis, director of the Congress of Racial Equality and other "cultural nationalists" argued that the Black ghetto was like a
colonial outpost and its economic infrastructure and businesses needed to be owned and controlled internally to guarantee economic progress for Blacks. However, critics of the colonial model and the "nationalists" argued that the American system of capitalism is an integrated whole which has structural interdependencies between communities that further the flows of surplus from both Black and White labor. This position, espoused by some Black Marxists, held that the interconnections between the structural elements of capitalism precluded autonomous economic development in minority communities. Robert Allen, a Black economist argued in 1968,

In summary, CORE and the cultural nationalists draped themselves in the mantle of nationalism, but upon examination it is seen that their programs weld the black community more firmly into the structure of American corporate capitalism.

Innis and others like him may have been supporting economic development in a capitalist economic context, but their concern for community control and interest in cooperative or social forms of ownership disturbed Black businessment, who constituted a third force in the early politics of community economic development. To the Black business community, represented by organizations like the National Business League, Black ghettos required investment from the business community and increased Black or interracial ownership of inner-city enterprises. The partnership between the business and Black communities was supposed to give Blacks enough of the benefits of the system to pull themselves up into the affluent society. This "bootstrap" philosophy eventually gained prominence under the Nixon administration.

Against a backdrop of theoretical debate and experimentation in Black community economic development lay the activities of the federal
anti-poverty programs and agencies. Until the Economic Opportunity Act of 1964 which created the Office of Economic Opportunity, no local, state, or federal agencies were designed to deal comprehensively with the problems of the poor and minorities. OEO's creation led to the establishment of the Community Action Program (CAP) and over 1,000 Community Action Agencies throughout the country. The CAP, a centerpiece of the "war on poverty", was created to establish institutions and programs which provided "maximum feasible participation" in the development of services and programs for the poor. From its inception in 1964 until the passage of the Green amendment in 1967, which squelched CAA's independent control, the CAP was a source of bitter debate concerning the control of local governments over poverty programs and the value of government sponsored, community organizing.

The CDC program at OEO was created in 1967 under Title ID of the Economic Opportunity Act of 1964 and was known as the Special Impact Program. Prior to 1967, OEO sponsored single purpose services like VISTA, Headstart, Legal Services, Job Corps, Upward Bound, and the CAP which attempted to mobilize services for the poor under one roof and to organize the poor to get more of the services they needed. To some, OEO's Special Impact Program represented a dramatic shift in emphasis away from the CAP model. A CDC strategy implied that poverty was a community, rather than an individual problem and that its cycle would not be broken with service provision alone. Secondly, the strategy suggested that a comprehensive solution to poverty had to include economic development such as job creation and business assistance.
As the story is told, the Special Impact Program received its primary support from Robert Kennedy, who, when touring the Bedford Stuyvesant section of Brooklyn was confronted by an angry crowd demanding jobs and services. In response, Kennedy sent his aide, Adam Walinsky to New York to create an economic development program supported by both public and private funds. In fact, two programs were established; the Restoration Corporation, governed by 26 local leaders, and the Development and Services Corporation, controlled by 12 White men with important business and political connections. To help finance the Bedford Stuyvesant Program with public funds, Kennedy and Senator Jacob Javits succeeded in passing Title ID which gave $7 million to Bedford Stuyvesant in its first year and established the first official CDC.6

According to the Self Determination Act of 1968, which was an attempt to concretize what began with the Title ID program,

The term "community development corporation" means a corporation established by the people of an urban or rural community to expand their economic and educational opportunities, increase their ownership of productive capital and property, improve their living conditions, enhance their personal dignity and independence, expand their opportunities for meaningful decision making, and secure the economic, social well-being and stability of their community. 7

Like Housing Development Corporations, CDCs existed prior to their programatic establishment by OEO and many continued carrying out community economic development projects without OEO's assistance. It is historically inaccurate to conclude that OEO created the CDCs. Organizations like Progress Enterprises and FIGHT existed as CDCs in form if not in name well before 1967. OEO's involvement brought stability and long term funding to the CDCs it supported, but OEO
also brought the bureaucratic constraints and compromises necessitated by federal involvement.

Passage of the Special Impact Program in 1967 had major implications for the poverty program and the development of CDCs. There are two very different views of the changes brought about by the legislation and why they came about. Many of the Black nationalists and liberals who supported early CDC legislation argued that a community economic development strategy, unlike the CAP was a comprehensive approach to the problem of poverty which would give economic and thus political power to the poor. Others argued that the establishment of CDCs was part of the overall effort to de-politicize the "war on poverty" and move from organizing to more controllable forms of citizen involvement like economic development. There is much evidence to support this analysis. 8

In the mid 1960s, many community organizers working in CAP agencies were taking their charge seriously and organizing poor people against local governments which threatened poor communities with urban renewal and cuts in services. By 1967, mayors in many cities began complaining that the CAAs were threatening the power of city governments and should be terminated or brought under control. Faced with unsubstantiated claims by Congressmen that CAAs in Newark were supporting the riots of 1967 and heavy lobbying by Chicago mayor Richard Daley and other mayors, Congress barely passed the Economic Opportunity Act of December, 1967 which funded OEO and CAP. However, key to its passage was an amendment by Representative Edith Green which allowed local governments the option of bringing their CAP under official control. Under the Green amendment, the federal government
could withdraw funding from neighborhood organizations which city
governments found threatening.  

Milton Kotler, Director of the National Association of Neighborhoods has observed that when federal anti-poverty policy shifted in 1968 away from locally autonomous community organizing, community economic development seemed a possible solution to the problem of funding neighborhood political organizations. Some federal officials in OEO preferred business enterprises to political action because it would "move people out of the meeting hall and put them behind cash registers". According to Kotler, 

One political view (in OEO) was that there would have to be some absorption of members of the lower class into the established order to decrease the number of poor and to create a group from this membership which would control those who remained. Given this understanding it seemed most feasible to shift the funds of the OEO programs from those who formerly organized the poor to confront city government to those among the poor who had the greatest ambition to enter the system. 11

Though some members of OEO, particularly following the election of Richard Nixon, believed that community economic development was an answer to the overly politicized CAPs, others who designed the strategy saw it as a new challenge to the existing economic structure within poor neighborhoods. Geoffrey Faux, a left-liberal economist working within OEO stated clearly that CDCs were to operate not for profit but to enhance the economic power of poor communities through popular control and/or ownership of community enterprises. 12 For many community organizers who had worked in CAP agencies and lost their funding because they confronted local governments, the relationship between economic power and political power was clear. Profits generated from community based enterprises and housing projects could be used to
support both economic and political projects.

Faced with the new economic policy of OEO, the community organizers agreed to write grant proposals promoting entrepreneurial development based on private enterprise or community ownership. But they also understood that tactically as much money as possible would be applied to the political objective of organizing; that is they would continue political organizing in a community development framework. The result would be that the political organization could continue while attention was being paid to developing a local economy. Further, the priority of economic enterprise would accord with the requirements of advancing political organization. Housing projects and supermarkets were high on the list...13

In retrospect, it is not clear that many CAPs were able to make the transition from political organizing to community economic development while maintaining their organizing component. Some of the reasons for this failure lie in the nature of the development process and its occasional incompatibility with political organizing. However, even if the development process lent itself naturally to community organizing, the same political forces which opposed political organizing within the CAAs also opposed it in the CDCs. In many ways, organizing in a community economic development context was not more difficult than organizing in a service delivery context such as the CAP. In both cases, organizers seeking to utilize the "free space" provided by federally funded social programs developed creative mechanisms to build organizing efforts. The history of the CDC movement is marked by struggles of organizers and their supporters to gain some financial support and an organizational base from which to do their political work and opposition from conservatives within OEO to close off those opportunities.

Efforts to institutionalize a federally funded support system for CDCs illustrate the struggle between those who sought to use CDCs as a basis for political power and those who sought to use them
as a way to quell efforts at ghetto organizing through economic opportunity. In July, 1968, an unusual coalition of conservatives, liberals, Blacks, and Whites came together to write the Community Self Determination Act. The Act was intended to codify what had previously been an extremely amorphous definition of community economic development and guarantee federal support beyond the Special Impact Program. When written, the Act had the support of 33 senators, 36 representatives (all Republicans), John McLaughy, a conservative Nixon Republican and Gar Alperowitz, a socialist economist who did most of the drafting. Other key supporters of the bill included the Congress of Racial Equality (CORE) and other Black "nationalist" organizations. Not surprisingly, each of these parties had very different reasons for supporting the bill and the CDC movement.

McLaughy, who represented the Nixon administration, believed the bill offered support for small scale free market capitalism and would gain badly needed Black support for the Republicans. Alperowitz believed that the bill would maintain the gains of the "war on poverty" and eventually be a tool to begin restructuring the economy. Roy Innis, CORE's President, supported the bill as a means to achieve separatist economic development in Black communities. With such disparate motivations for its support, an astute observer might have predicted the bill's still birth. In fact, this unlikely coalition was able to develop a sophisticated piece of legislation but the bill was killed by an equally unlikely coalition. Labor liberals from the AFL-CIO, who saw organized industrial labor as the road to economic development felt threatened by the bill's emphasis on small scale enterprises for poor communities. Their political strength was
thrown behind job training programs. Joing the AFL-CIO were Black businessment in such organizations as the National Business League, who saw the program as an effort to muscle in on Black capitalism. Given that many of Nixon's strongest supporters followed the position of Black capitalism, the administration's support was never very strong and in the end the bill was easily defeated. Thus, federal support for the community economic development movement was restricted to the OEO and the thirty CDCs supported by the Special Impact Program.  

By 1969, a significant number of CDCs were perceived as threats by local businessmen and city officials who lobbied OEO administrators and Congress to place controls on both CDC political and economic activities. The first OEO funded CDCs quickly became victims of both the Nixon controlled OEO bureaucracy and the vague nature of the Special Impact Program, itself the legacy of many contradictory influences. CDC staff and leadership in these early CDCs found themselves facing a federal bureaucracy which strongly opposed mixing community organizing and economic development as well as local officials who were not about to repeat the CAP experience. Complaints and pressure from Southern businessmen and politicians led both to the harassment of the most politicized CDCs and a shift in federal emphasis away from community economic development to tax incentives for firms (primarily White owned) investing in minority ghettos. 

Three highly politicized CDCs, Crawford ville Enterprises in Georgia, the Southwest Alabama Farmers Cooperative Association, and the Harlem Commonwealth Council all were subject to political pressures, threats to their funding and long delays when funding was
allowed. These and other CDCs faced demands by OEO that they become self-sustaining in unreasonable amounts of time, were constantly visited by Washington consultants with contradictory directives, and were generally burdened by a hostile environment within OEO.¹⁷

By the end of 1969 it became clear that the Nixon administration preferred Black capitalism to the more problematic model of community economic development. Last minute lobbying by the CDC community and pressure in the Democratic Congress prevented the Nixon administration from shifting OEO's funds out of the CDC program entirely into a new program of tax incentives for outside investors in Black communities. In October of 1969, the Commerce Department established the Minority Enterprise Business Investment Company program (MESBIC), signaling its new emphasis on Black capitalism. Ultimately, the MESBIC program was a near total failure, as were many of the other Black capitalism schemes.

In 1971, Donald Rumsfeld, the Republican director of OEO demanded in a report that CDCs be more closely controlled from Washington. In that report he wrote, "What happens if ten years from now Black Panthers are chosen by stockholders to run one of these CDCs? How are you going to prevent that?"¹⁸ While many of the more well established CDCs were untouched, pressure from Washington greatly restricted the extent to which CDCs could develop organizing strategies or even be truly representative of the communities they served. Only the persistence of sympathetic administrators in OEO and the support of some members of Congress kept the CDC program alive.

In its earlier years (1967-68), OEO's emphasis was on building the local institutional role of the CDCs. Early OEO funding of CDCs
was influenced by a focus on community representation, strong community leadership, board decision making, and political clout at the local level. According to a recent study of Title VII CDCs, the Special Impact Program (later Title VII of the Community Services Act of 1974) underwent significant changes in the eight years of Republican administration from 1969 through 1976. Three general developments characterized the era: 1) periodic attempts to substantially alter, dismantle, reduce, appropriations for, or defund altogether the anti-poverty initiatives undertaken during the 1960s. 2) The emergence of small business enterprise as the premier federal policy vehicle for assisting disadvantaged groups; and 3) a rationalization of operations and a narrowing of focus within the agency itself that reflected the above trends.

Community control of CDCs in the early years

Pressures from OEO and local governments placed upon the CDCs raised some very serious questions about their level of community representativeness and their ability to organize citizens on any level. Some in OEO remained faithful to the notion that community economic development was a method to further organizing at the neighborhood level and increase the political as well as economic power of low income and minority communities. In 1973, Stewart Perry, formerly of OEO wrote,

Local control by residents enhances the power and the influence of the low income community to obtain what it needs to end the poverty area cycle. The central and immediate goal of community economic development is to increase that power and influence by providing economic muscle for a representative community organization...A CDC will not work without community organizing, without community support, without constant back and forth between the people of the community and CDC staff, board, employees, and the director.

Unfortunately, the good intentions of government officials and policy makers do not guarantee the success of institutions like CDCs.

An assessment of CDCs must take place at two levels; political
and economic. A political assessment should include questions of representation, organizational structure, and community activism and control over CDC activities. An economic assessment should include the form and nature of economic projects and the quantity and quality of economic output (number of jobs created, housing units build, etc.).

Though the compatibility of community organizing and development was not addressed directly, an OEO sponsored study of Special Impact CDCs was performed by Apt Associated in 1973 and explored economic and organizational issues in detail. Combining measures of actual business or housing venture success with organizational criteria such as board composition, an additional, independent OEO study concluded that two thirds of the Special Impact CDCs were "successful". Excluding organizational issues, the study found that fifty percent of the 250 CDC business ventures examined, at least broke even by their fourth year, a success level much higher than among small businesses in general. However, it should be noted that CDC ventures have the advantage of federal support and access to equity that most small businesses do not have.

To put some more substance behind these generalized definitions of success, it is necessary to examine the more detailed analysis done by the Apt study and a supplementary study performed by Rita Mae Kelly for the Center for Community Economic Development.

The organizational structure of CDCs studied by Apt and Kelly followed no formal pattern beyond the vague concept that they were to be community based organizations. Some CDCs had written requirements that members must meet a certain number of times each year and that membership was open to anyone in the CDC target area. Other CDCs
utilized a stockholder format in which neighborhood residents bought one share of low priced stock in the CDC if they wanted to become members. CDC boards, which in addition to the paid staff have ultimate control over the direction of the organization, were chosen by a variety of methods including self-selection with closed membership, self-selection with open membership, selection from community organizations like churches or civic clubs, direct selection from open membership, or a combination of the above forms. Clearly, the form of organization had a major impact upon the representativeness of a CDC and its ability to mobilize community members.

According to the APT study, one half of the board chairmen and members of the Title VII CDCs were elected directly from an open membership while the other half gained their positions through appointment. The Kelly study found that even in those cases where board members were elected, low levels of community participation were common. Many of the CDCs she observed had lower voter turnouts than the CAAs and Model Cities organizations which rarely achieved a 5 percent voter turnout in poor neighborhoods. This observation does not suggest that the CDCs were necessarily incompetent at generating participation, but may also be the result of generally low participation levels in poor neighborhoods. However, that the CDCs were unable to better the record of the CAAs and Model Cities organizations does not speak well of their ability to combine political mobilization and development.

Various demographic data for Special Impact CDC board members indicate that as is common among many community organizations, the
participants were not the average neighborhood residents.

Characteristics of Special Impact CDC board members (1972)

Sex: 21% of all board members were women. 4% of all board chairs were women.

Race: 28% of all board members were white. Two thirds were non-white. 42% of all board chairs were white.

Employment: 66% of all board members worked in business or economic development organizations. 47% were managers or proprietors. 15% were professionals "working with people". 18% were in sales, clerical, skilled or semi-skilled work. 18% were farm workers.

Salary: 21% earned less than $6,000 a month. 20% earned between $6,000 and $10,800. 17% earned between $10,800 and $15,600, 11% earned $15,600 and up.

Kelly's evaluation of the Special Impact CDCs was mixed.

Observing data on board members she wrote,

CDC board members do tend to be generally representative of their communities. In other words they are not experts on economic development selected to set policy as experts. Rather they are primarily active, concerned citizens who have chosen to stay within their area and try to make it a better place. The CDC boards contain a higher proportion of poor and less well educated people than one would find on most city-wide governing boards and certainly on the boards of most traditional business and economic institutions.

However, Kelly did conclude that the CDCs had not successfully activated the residents of their target areas.

This study (Abt) has produced no evidence that the masses of the citizens within the CDC’s designated community areas are actively participating in the community economic development movement. Compared to most other economic development activities and government assisted endeavors, however, the CDCs and the movement giving rise to them do represent a type of grassroots democracy.

In conclusion, Kelly noted that the Abt study tested and proved that community mobilization was central to the success of the CDCs. The
study showed that: 1) the greater the participation of CDC board members in board activities, the greater the success of the CDC, and 2) The greater the accountability to the target area community, the greater the likelihood of CDC success. In this case accountability meant reporting to and speaking for community based organizations and individuals.

**CDCs after the Nixon years**

Lacking full support from the Executive or Congress, the Title VII CDCs continued to exist through the 1970s and into the 1980s at a low level of growth. On January 4, 1975, President Ford signed the Community Services Act of 1974 which insured continued federal support for both the CAP and the CDCs (under Title VII) until June 30, 1977 when the Act came up for renewal. The bill created the Community Services Administration to succeed OEO as an independent agency within the Executive, but its passage was not achieved without a fight. Efforts to tie the CDCs to the Office of Minority Business Enterprise, the agency of "Black capitalism" were halted by CDC supporters in Congress and compromise was arranged which allowed level funding for the CDCs. In the summer of 1975, the Office of Economic Development (within CSA) approved twelve month planning grants of $50,000 each for eight new CDCs. This new federal support, the first since 1971, brought the total number of Title VII CDCs to 42.

The period 1970 to 1976 brought changes to the community economic development movement which substantially affected the grassroots quality of many CDCs. The period was characterized by a growing emphasis (in OEO/CSA) on the immediate profitability of CDC ventures and business
capacity for staff and boards. This emphasis can be contrasted to the early years when "softer" outputs such as employment creation, community leadership development or community cohesiveness were stressed.

Four years of Democratic control from 1977 to 1980 increased support for CSA and the CDCs. Promotion of CDCs was recommended by the National Commission on Neighborhoods and the President's Economic Opportunity Commission. Support for community based organizations such as CDCs was written into reauthorization legislation for CETA and the Community Development Block Grant program, and was strengthened in the Department of Housing and Urban Development (HUD) through the Neighborhood Self-Help program and the establishment of the Office of Neighborhood Development.

Additional federal support and increasing state support of CDCs produced a spurt of growth in the community economic development movement. During this period, Title VII support continued, but diminished in importance as other federal agencies, state governments, and private organizations like the Ford foundation and the Catholic church increased their support for CDCs.

Federal support for CDCs continued until 1981 when CSA and other federal anti-poverty agencies were partially dismantled. As of this writing, the fate of the Title VII program is unclear, though support of CDCs through the CDBG program and HUD has been severely cut back.

In 1976, Massachusetts began to develop a state system of support for its CDCs which was to change the nature of the movement in the state, both quantitatively and qualitatively as well as provide a model for other states which would follow suit. Led by State Representative Mel King, progressive academics and planners in the
Boston area set out to institutionalize support for community control of housing and business development on a state level. What began as an effort to support community economic development in the South-West Corridor of Boston became a series of legislative efforts to support CDCs throughout the state.

The Massachusetts Community Development Finance Corporation, a CDC development finance institution, was established in 1976 with $10 million from the sale of state general obligation bonds after three years of intensive campaigning by community development activists and supportive legislators. CDFC was created to invest the state's $10 million in various government and corporate securities to derive its operating revenues and purchase a broad range of debt and equity instruments from eligible CDC ventures in the state. Thus for the first time, CDCs were to have their own source of equity capital, which was believed to be a major barrier to their successful establishment of job creating business ventures.28

Massachusetts CDFC both provided economic support for CDCs and statutorily defined their structure and powers. In order to qualify for CDFC investments, CDCs must be quasi-public, nonprofit corporations whose membership is open to all residents of its target area, which must be a low income, blighted neighborhood or district.

Following just a year after the establishment of CDFC, the Massachusetts legislature funded the Community Economic Development Assistance Corporation(CEDAC) to provide technical assistance to the state's CDCs and in the year following funded the Community Enterprise Economic Development Program(CEED) which provided start-up and administrative funding for new CDCs. Since 1977, a number of states,
including Illinois, Minnesota, and Florida have followed Massachusetts and established support institutions for their CDCs. 29

Community control of CDCs in the recent past

The creation of a state-wide support system for CDCs in Massachusetts had serious ramifications for the community basis of CDCs. Since the founding of CDPC, the number of CDCs in Massachusetts has more than tripled. In 1978, the CEED program funded only six CDCs. By 1980, this number rose to twenty four. However, the state CDC support system has been a mixed blessing for Massachusetts' CDCs. On the one hand there are now over fifty CDCs in Massachusetts, carrying out some type of community economic development in a great variety of cities and rural areas. On the other hand, the nature of the CDC movement has been seriously altered.

Prior to 1977, most CDCs in Massachusetts, and in other states, emerged from political struggles over community investment issues such as housing displacement, housing deterioration, arson, plant closings, retail "strip" closings, or local economic crises. In the last several years, a number of CDCs have been established in Massachusetts primarily in response to the availability of CDPC financing and core support.

Rather than emerging from a neighborhood crisis and grassroots activism, some newer CDCs have been established exclusively to use CDPC, CEED, and CEDAC funds. The contrast is clearest through example. The Riverside Cambridgeport Community Corporation (RCCC) emerged from a neighborhood struggle over MIT expansion into poor residential areas. RCCC, which has built hundreds of units of housing, still, after ten
years has a strongly representative Board of neighborhood residents and works closely with neighborhood organizing groups. In contrast, the Franklin County CDC in Western Massachusetts, which is only three years old, has initiated several successful CDFC investments but is seen by many local residents as an organization of outsiders, staffed by professionals who have no solid basis in the community. 30

When asked whether CDCs have been successful in mobilizing community residents to participate in economic development, a CEED staffperson responded,

"There's a range of course. In some CDCs, the staff try and convince "the community" to participate in their activities and the "community" asks "what's in it for us". Some of the newer CDCs were organized by a small group of people who are more often than not from outside the community and have a planning or business background. They carry out neighborhood assessments and then try to bring in the people. In cases where the CDC grew out of a common struggle or dramatic problem in the community, there tends to be much more success in establishing and maintaining a community base. 31"

The recent study of Title VII CDCs done for CSA by the National Center for Economic Alternatives also indicates that CDCs are moving away from their activist community orientation. According to the study, CDCs nationwide have moved away from an activist organizing model to a focus on "efficient" business and housing development.

Several of the older Title VII grantees also started out with activist organizing and advocacy strategies...In general, all the CDCs have moved away from explicit activism over the years, instead developing other roles...32

The NCEA study suggests that Title VII CDCs exhibited a wide range of community representativeness over the past several years. While one of the 15 CDCs they studied is organized as a coalition of community organizations, several have self-perpetuating boards. Several of the
Title VII CDCs have even had their representativeness challenged by community organizations and residents.

In general, the organizations with the most visible "activist" images have all tended to move away from those models to embrace more conventional, economic development strategies. 33

While a number of Title VII and non-Title VII CDCs have produced substantial level of economic output, including businesses, services, and jobs, the available evidence suggests that CDCs do not compare favorably with conventional economic development strategies when judged by conventional business criteria. The NCEA study, for example, concluded that "the use of commercial profitability as the guideline for selection of (CDC) development projects can lead to unacceptable returns for public investment". Attempts to judge Massachusetts CDFC investments by conventional business methods have produced a "rate of return" of less than 1% on the total CDFC portfolio.

During the 1970s and 1980s, there was a growing tendency to judge CDCs by conventional business criteria such as profitability, return on equity, and return on investment. Even the latest analysis of Title VII CDCs produced by an unconventional economic policy organization, NCEA, relied primarily upon purely economic returns for their criteria and paid scant attention to political and social returns.

When measured by traditional economic criteria, CDCs are not the most successful means of generating employment or creating profitable businesses. Lack of capital access, disadvantages of scale, lack of technical expertise, and varying levels of community control are all "encumbrances" on economic development measured by traditional business criteria. However, CDCs were never intended to
be traditional business institutions and if they are analyzed as such they pale in the face of standard business performance. CDCs were originally intended to expand local community input into and control over economic decision making to ensure that economically disenfranchised areas and residents receive some level of economic benefits. Adequate measures of CDC performance and success must therefore measure both the political and economic returns.

At times, the political and economic roles of CDCs may be incompatible. For instance, some development projects like job training do not lend themselves to community organizing while others like homesteading may fit neatly with organizing goals. It is important for CDC boards to use both political and economic criteria when carrying out project selection.

**POLITICAL AND ECONOMIC ROLES OF CDCs**

**Political roles**

1) The ability of the CDC to mobilize residents around economic issues to gain resources for the community.

2) The ability of the CDC to involve community residents or their representatives in the community economic decision making.

3) The ability of the CDC to educate community residents about the economic decisions which will affect them.

4) The ability of the CDC to maintain grassroots participation in CDC activity over time.
Economic roles

1) Creation and or support of businesses, including manufacturing, wholesale and retail, and natural resources.

2) Physical development for businesses.

3) Housing development.

4) Labor training.

5) Service provision (day care, health care, etc.)

It is not clear that CDCs have been successful when judged on purely economic terms. Data provided on Title VII CDCs and Massachusetts (non Title VII) CDCs suggest that overall CDC economic output has been substantial. However, it is impossible to judge the economic success of CDCs in the abstract since their economic output must be compared to the economic output which would have been produced by the private sector without the CDCs.

In Massachusetts, the failure rate for CDC sponsored businesses has been higher than the failure rate for conventional small businesses and rates of return on public investment in CDC enterprises are lower than for private investment in small businesses. Many Massachusetts CDCs have concentrated on housing development rather than job creation or business development and the creation of new housing units has been substantial (see charts on following page).

When judged by political criteria, CDCs do not fare well. Both studies of Title VII CDCs and informal surveys of Massachusetts CDCs suggest that CDCs have at best a mixed record by political criteria. A minority of CDCs maintain an active grassroots base,
## CEED LEVERAGED EMPLOYMENT BY INDUSTRY
### FY'80-81 AND FY'81-82
(Massachusetts)

### Employment

<table>
<thead>
<tr>
<th>Industry</th>
<th>FY'80-81 No.</th>
<th>Job Retention</th>
<th>FY'81-82 (Projected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction (residential)</td>
<td>73</td>
<td>59</td>
<td>104</td>
</tr>
<tr>
<td>Home Insulation/Retrofit</td>
<td>17</td>
<td>17</td>
<td>3</td>
</tr>
<tr>
<td>Machine Parts Manufacturing</td>
<td>--</td>
<td>--</td>
<td>210</td>
</tr>
<tr>
<td>Computer</td>
<td>25</td>
<td>25</td>
<td>400</td>
</tr>
<tr>
<td>Waste Recycling/Disposal</td>
<td>63</td>
<td>16</td>
<td>1</td>
</tr>
<tr>
<td>Textile</td>
<td>--</td>
<td>1,000*</td>
<td></td>
</tr>
<tr>
<td>Food Processing</td>
<td>40</td>
<td>40</td>
<td>1</td>
</tr>
<tr>
<td>Food Retailing</td>
<td>18</td>
<td>--</td>
<td>20</td>
</tr>
<tr>
<td>Metal Fabrication</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Professional Services</td>
<td>43</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Finance (Revolving Loan Funds)</td>
<td>--</td>
<td>--</td>
<td>10</td>
</tr>
<tr>
<td>Furniture</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Printing</td>
<td>--</td>
<td>--</td>
<td>22</td>
</tr>
<tr>
<td>Other</td>
<td>12</td>
<td>12</td>
<td>285</td>
</tr>
<tr>
<td>TOTAL</td>
<td>320</td>
<td>1,182</td>
<td>1,057</td>
</tr>
</tbody>
</table>

*1,000 jobs retained as a result of plant closing negotiations by Adams CDC. These jobs are not included.
## SUMMARY OF GROSS EMPLOYMENT OUTCOMES FOR 15 TITLE VII CDCs (national)

<table>
<thead>
<tr>
<th>TYPES OF OUTCOMES</th>
<th>Total</th>
<th>Urban</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Current jobs&lt;sup&gt;a&lt;/sup&gt;</td>
<td>3,743</td>
<td>2,357</td>
<td>1,386</td>
</tr>
<tr>
<td>II. Person Years of Direct Employment overall 15 years for active and inactive undertakings: &lt;sup&gt;b&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsubsidized work in ventures and undertakings of the grantees</td>
<td>12,445</td>
<td>5,715</td>
<td>6,730</td>
</tr>
<tr>
<td>Estimated construction employ.</td>
<td>4,500</td>
<td>4,305</td>
<td>195</td>
</tr>
<tr>
<td>CDC admin. staff</td>
<td>3,170</td>
<td>2,480</td>
<td>690</td>
</tr>
<tr>
<td>Subsidized employment</td>
<td>2,875</td>
<td>2,240</td>
<td>635</td>
</tr>
<tr>
<td>Total person years direct employment</td>
<td>22,290</td>
<td>14,740</td>
<td>8,250</td>
</tr>
<tr>
<td>III. Estimated indirect employment effects, in person years. &lt;sup&gt;c&lt;/sup&gt;</td>
<td>9,285</td>
<td>6,670</td>
<td>2,615</td>
</tr>
<tr>
<td>IV. Total estimated person years employment, direct and indirect.</td>
<td>32,275</td>
<td>21,410</td>
<td>10,865</td>
</tr>
</tbody>
</table>

<sup>a</sup> Includes a count of employees in business, physical, and subsidized and nonsubsidized community development projects of CDCs, plus CDC employees.

<sup>b</sup> Includes all past employment in active and inactive undertakings.

<sup>c</sup> Includes employment reported by CDCs that is created or sustained by loan guarantees or other forms of technical assistance, jobs in the SIA created through construction of such projects as industrial parks etc.

* Source: National Center for Economic Alternatives
carry out extensive community education, and actively organize citizens around the economic issues which affect them. Most CDCs have settled for boards elected in low turnout elections or appointed by community organizations. If CDCs cannot compete with traditional business development on its own terms, there is a compelling argument that they should improve their political capacity.

There are at least four justifications for the better utilization of political organizing by CDCs. 34 1) Lacking personal wealth and the contacts generally taken for granted by businesses, residents need an organized political and economic base to counter the economic control imposed upon them by outside developers and businesses which may have little concern for community needs. CDCs, not generally perceived as part of the business community by local political and economic powers need a community base to pressure businesses and capital sources to meet community needs. A good example is the use of the Community Reinvestment Act to command neighborhood lending. 2) A CDC seeking to utilize public funds will have to compete with other parties, including private developers and local government agencies. Private developers and government agencies have influence and power which most CDCs do not. CDCs often have only the political strength of the residents they represent or organize. 3) CDCs need a systematic method to involve residents in all phases of the economic development process. Too often CDCs neglect this component, choosing instead to mimic traditional development institutions in order to gain influence. There are very few cases where a CDC will be treated as an equal by the business community.
Without active community participation, often impossible without organizing, a CDC will lose its credibility in the community and with it its power. 4) CDCs need to influence the attitudes of behavior of neighborhood residents before the local economy can change. A community development philosophy or ideology must be conveyed and popularized which denounces disinvestment and corporate irresponsibility and emphasizes locally controlled economic development. For example, public housing is extremely difficult to develop without public support or at least acceptance. Community owned businesses, often seen as unconventional cannot survive without community support, nor can worker owned enterprises and savings institutions. 

In a period like the current one, when public investment is threatened, public institutions like CDCs are even more dependent upon local citizens' political power. In housing development, for example, a CDC needs political clout to convince cities to offer abatements for newly rehabilitated abandoned housing, float mortgage revenue bonds, or convey abandoned housing to community groups, some of the necessary components for affordable housing in the current period. To maintain or increase funding from local, state, or federal sources, CDCs need a political base which can pressure or even elect supportive legislators. In order for the community development movement to gain the kind of support it needs, there is no alternative to some form of political community organizing.
Notes: Chapter 2


2 Donald Harris, "The Black Ghetto as Internal Colony", in *Review of Black Political Economy*, (Summer, 1972).


6 Blaustein, Faux, p. 44.


9 Moynihan, p. 158.

10 Kotler, p. 286.

11 Ibid.

12 Geoffrey Faux, *CDCs: New Hope for the Inner City*, (New York, Twentieth Century Fund, 1971)

13 Kotler, p. 286.

14 Blaustein, Faux, pp. 282-300.

15 Ibid.

16 Ibid.

18 Ibid. p. 308.


20 Perry, p. 36.

21 Kelly, p. 32.

22 Ibid. p. 33.

23 Ibid. p. 30.

24 Ibid. p. 52.

25 Ibid. p. 84.


30 Interview with CEED Staff

31 Interview with CEED Director

32 National Center, p. 141.

33 Ibid. p. 142.

Community economic development is often distinguished from other neighborhood improvement strategies such as organizing or service delivery because it involves "hard" activities like the creation or renewal of structures or the development of business enterprises.

Service delivery is often thought of as direct assistance to needy families and individuals including income maintenance, counseling activities, and day care, among others. However, in the real world of neighborhood activity, the lines between service delivery and community economic development are often blurred. Many development organizations carry out job training and placement, day care, and weatherization programs which are often thought of as service activities. According to the National Center for Economic Alternatives, almost every one of the Title VII CDCs has undertaken some form of service delivery, including job training, health services, day care, and weatherization. On the other hand, some service agencies, particularly in the CAP have undertaken economic development activities, either through CDC spinoffs or through their own internal programs.

Community based organizations often undertake economic development projects and service delivery without creating an artificial division. However, the dynamics of combining organizing and service delivery differ substantially from the dynamics of combining organizing and community economic development. The central issue when combining service delivery and organizing is whether and how to use the service delivery process as a method of empowering citizens or to
provide services to individuals in order to solve their immediate problems.

Providing direct services to community residents offers more benefits and problems for community organizers than does community economic development. On the one hand, unlike many community economic development projects, service delivery is most often short term and immediate, providing organizers with tangible benefits that can be distributed among potential members of an organization. On the other hand, service delivery tends to reinforce individualism rather than collective problems solving and requires tremendous personal attention from organizers.

The organizational dynamics which encourage organizers to undertake service delivery are essentially the same as those which suggest community economic development as an organizing strategy. In the Logic of Collective Action, Mancur Olson writes,

An organization that did nothing except lobby to obtain a collective good for some large group would not have a source of rewards or positive selection incentives it could offer potential members. Only an organization that also sold private or non-collective products, or provided social or recreational benefits to individual members would have a source of these positive inducements. 2

Individual versus collective needs is only one of several pressures on organizers to seek benefit oriented programs. Another is the need to provide short term as well as long term rewards. Whether an organization is pressing for code improvements or developing housing, it must provide some benefits until the long-run housing improvement is gained.

While Olson is correct that collective benefits alone will not provide a sufficient catalyst for an organization, the provision of
individual goods or services can easily lead to the sacrifice of collective goals. Analyzing the Mobilization for Youth program which was a precursor of the federal Community Action Program, Harold Weisman observed that service provision tended to lead to individualism rather than collective social action.

Ultimately, if organizations of low income people design their own programs, the organizations will devolve into neighborhood social groups with a heavy emphasis on the provision of individual services... the provision of individual services to members of an organization by the staff is extremely time consuming and will not necessarily end in social action. The only way to avoid such a service orientation is to provide leadership training... and structures such as broader coalitions of organizations to provide broad social action programs.

The central problem for organizers attempting to supplement their advocacy work with service delivery is not simply the decision to provide a product rather than an organizing strategy, though this is certainly one component. More important is the very act of the service delivery itself. Whether or not the delivery of a service is seen as an end unto itself or as an action or process which can raise consciousness is central to the interests of the organizer.

There are three approaches to solving the dilemma of using service delivery as a means to empowerment. The first approach used by organizers is to reject the direct delivery of services and take a purely advocacy role in which the organization seeks to improve service delivery for its constituents but does not provide services. The second is to undertake the direct delivery of services as a function separate from advocacy organizing through an affiliated organization or spin off. The third approach is to utilize service delivery as an organizing tool.

Conventional service provision begins with an analysis that
places the client in a world of individuals with individual problems. Thus service provision is viewed either as containing a solution to an individual problem or providing clients with the necessary resources to successfully and individually solve their own social problems. A "radical" approach to service provision, which combines organizing and service delivery, views the problems of individuals as ultimately rooted in the larger structure of the social order. Therefore, traditional individualized service provision is not sufficient. The job of the "radical" service provider is both to provide an individual service and to help the individual see his/her relationship to the larger social order and thereby to seek a collective solution through organized political pressure.

There are several general characteristics of "radical" service delivery which can serve as criteria for organizers (see the WISE case for specifics).

The first proposition concerns the selection of clients. A primary function of radical service delivery is to bring clients together in a collective learning and empowering experience. In conventional service delivery, the criteria for selecting clients may include the likelihood of success, opportunities for funding, or opportunities for research. From a radical service perspective, a primary criterion is the potential for political mobilization among the client population. For example, servicing skid row alcoholics might be seen as a priority for a traditional service agency. While there is certainly a great need for assistance for this group, the potential for transcending a narrow service delivery role among the group is probably slight.
A second proposition is to involve clients in the very process of the service in which they are engaged. In many cases, traditional services separate the client from the service process itself, viewing the client as an individual patient and leaving the intricacies of the system to the staff. Alternatively, radical services can involve clients in the service process itself so that they can understand and organize around the very system in which they must act. Such an approach begins to break down the server/served relationship and teaches clients the skills of serving themselves. To the extent that clients are treated as if their problems are the result of individual pathologies or deviance, political organizing strategies will seem inappropriate. Though there are many cases where clients' problems are individual, there are many situations in service delivery where clients can be brought together to solve their problems collectively with the staff serving as teachers and facilitators.

A third proposition is that the provision of services can give organizers a forum through which to present larger political issues and organize the clients around those issues. To this end, the process of delivering services might be understood as only one step in a long process of politicization.

One organization which has attempted to combine service delivery and organizing with remarkable success is the North Shore Community Action Program (NSCAP), a CAA which serves six towns in the North Shore outside of Boston. In 1979, NSCAP, which has a reputation in Massachusetts for "radicalism", was asked to administer the state's fuel assistance program in the North Shore. Though funded largely by
the federal government, the fuel assistance program was administered through the state office of communities and development and was subject to the ultimate control of the governor. Fuel assistance is a traditional "service delivery" program which utilizes individual means tests, questionnaires and one-on-one interviews to determine income eligibility. Rather than accepting the status quo, NSCAP organized group application sessions in each of the six towns they served, some of which were very well attended.

Instead of using these meetings to merely process applications, the NSCAP staff both administered the fuel assistance and offered collective political education for the applicants. According to Edite Pedrosa, a NSCAP organizer,

We began each session with a very political rap about energy, fuel costs, and corporate control. We'd make them realize that they were sitting in a room with a hundred other people who all had the same problem: no one had enough money to pay the exorbitant prices that oil companies were demanding for fuel. Other agencies get people in the door and out again as fast as possible. But that process, where people have to wait in line to fill out applications, just makes them feel isolated and helpless. Our group sessions were designed to overcome those feelings.

Combining application processing with political education had a pay-off for NSCAP. Many of the applicant groups went directly from these meetings to Boston protests against utility rate increases or for more benefits from the state. On one occasion, residents of a housing project who were refused fuel assistance from their local housing authority were organized by NSCAP to confront state housing officials in Boston who eventually ceded to their demands. From these protests and the delivery of fuel assistance, hundreds of low income families were involved in political mobilization and many
were integrated into NSCAP's other activities. Many of the fuel assistance applicants became active in welfare rights committees, food co-ops organized by NSCAP, and tenant's unions.

Like their activist predecessors, NSCAP was stifled by the state government. Demonstrations against state agencies became intolerable after 100 demonstrators descended upon Governor King's office one afternoon to demand further fuel assistance funding. Though no direct public statement was ever offered by state officials, NSCAP's fuel assistance program was suspended by the state after two years and transferred to two more conventional CAPs in the area.

The NSCAP case provides at least one clear lesson. Service delivery which is dependent upon government funding is more likely to provide problems for organizers. However, there are numerous situations (see WISE case) when creative organizing can skirt the limitations of government programs or when service delivery can be supported privately. Service delivery provides both valuable direct benefits and numerous organizing opportunities despite the dangers of funding controls, individualization, and administrative complications.
Notes: Chapter 3

1 National Center, p. 122.


5 Ibid.


7 Ibid.
Chapter 4: Community Organizing

Community organizing is used to describe so many types of activities that the term has been rendered almost analytically useless. There is an entire social work literature on community organizing which is concerned with community based social service delivery and has little in common with Alinsky style organizing. Another school of community organizing is associated with government anti-poverty programs which seek to encourage community participation in local decision making. A third type of organizing, which might be called one-time oppositional organizing involves mobilization against a specific incursion into community life and rarely goes any further to build permanent organizations.

This chapter is concerned with the school of community organizing that has taken much of its philosophy and techniques from the work of Saul Alinsky, a professor of social work who began organizing in neighborhoods just prior to the Second World War. Some of the organizations mentioned in this chapter, like Massachusetts Fair Share cannot be called Alinsky organizations since they added both consumerism and anti-corporatism to Alinsky organizing in the early 1970s. However, there are several fundamental principles which tie together all of the organizations covered in this chapter, making an analysis of their history and their potential for carrying out community economic development useful.

The community organizing movement faces almost the exact opposite problem faced by the community economic development movement; that is how to generate economic products and encourage popular
participation. Building community power through direct confrontation against the "powers that be" is central to Alinsky style organizing. At the same time Alinsky organizing works to institutionalize community struggle to avoid "burning out" leaders or losing momentum after an issue is won or lost. These two priorities—immediate direct action and institutionalization—create a tension within community organizing. Institution building often gives rise to problems of bureaucratization and stagnation. Simply organizing, without giving permanence to victories through institutions like CDCs or products like housing developments can lead to discouragement and attrition by activists.

Some community organizing projects have had much greater success than others in institutionalizing victories by producing direct benefits such as services, jobs, and housing. Many early Alinsky organizations turned to community economic development while very few of the new "citizen action" organizations have taken that route. The reasons why some community organizations have moved to development while others have not help explain what makes a successful effort at combining political organizing and economic development.

The purpose of this chapter is to briefly explore some of the history of the Alinsky style community organizing movement and the tensions between mobilization and institutionalization through economic development. The chapter is not intended to be a complete history of the community organizing movement, but, rather, an historical analysis of the contradictions between organizing and development.

Though Alinsky's methods underwent many transformations during his long career, there are at least five basic principles which can be identified as central to his method of organizing: 1) What
69

differentiates Alinsky organizing from one-time oppositional organizing is its commitment to building lasting community organizations which become community institutions rather than just movements.

2) Alinsky sought to organize people for power over those issues which directly affected their lives rather than for ideological reasons.

3) Alinsky was committed to building indigenous leadership in communities so that organizers could essentially organize themselves out of their jobs. 4) Alinsky organizing places a priority on winning victories in order to give people a sense of empowerment. 5) Alinsky organizing uses direct confrontation in order to express the power of citizens.

The ideology of Alinskyism is hard to identify beyond its general commitment to empowerment for those citizens lacking power.

In recent years, Alinsky's philosophy has come under some criticism from organizers for lacking any political vision or sense of a larger, long-term strategy.

...despite his wider concerns, his(Alinsky's) organizing method aimed to mobilize fairly small groups. He wanted to see the powerless achieve power, but he did not articulate a strategy for attaining broader political goals. Over the years the narrowness of focus proved a shortcoming, for it was often easiest for one oppressed group to achieve its objective at the expense of another. Indeed Alinsky's approach could finally fit into a traditional interest group form of American politics, in which different powerless groups accept the "givens" of income distribution and corporate structure and compete for scarce but expanding resources...

Many of Alinsky's critics point to his unrelenting antagonism towards governmental bodies and his efforts to "fan the flames of discontent" as evidence of his extreme radicalism. In actuality, Alinsky and his followers, while espousing the achievement of community power, followed a relatively pluralist model of politics.
The goal of most Alinsky organizations' leaders was to make the system work for them; or include them as full participants. Holding the belief that the American social system had flaws in terms of access but was fundamentally a good system, the Alinsky organizations were emminently reform oriented. As one organizer for the Chelsea Community Council, an Alinsky organization founded in 1950 explained, "We thought about organizing citizens to get what they wanted if possible through the system. We rarely raised questions of how to transform the whole... I think he(Alinsky) basically thought the system, properly greased and oiled worked".

Alinsky's organizing work began in Chicago in 1939 with the Back of the Yards Council and continued to his death in 1972, taking him to over 40 organizations. Many other organizations can be considered spin-offs of his work; some of them the products of his trainees, and others the products of those who adapted his methods to their own needs.

For the purpose of this study, there is no need to survey each and every organization which Alinsky began or assisted. However, it is worthwhile to examine some of the more prominent organizations to give a flavor of the methods, styles, and organizational structures involved.

The Woodlawn Organization(TWO)

The Woodlawn Organization began in 1960 when a group of pastors in a largely Black neighborhood in Chicago facing expansion and "slum clearance" by the University of Chicago approached Alinsky for assistance. In addition to protesting this expansion and devising a counter-plan for the area, the organization campaigned against school
segregation and the sale of poor quality merchandise in the neighborhood. This activity culminated in 1962 when more than 1,200 people representing ninety-seven community groups formed a permanent Woodlawn Organization.

During the mid-1960s TWO turned its attention to the problems of unemployment and struggles with the local anti-poverty agency. The organization received several large job-training grants from the Department of Labor between 1964 and 1969, and worked closely with local youth gangs to provide jobs and services. In the late 1960s, TWO spun off a number of projects including a mental health care facility, a local security patrol, and the Woodlawn Community Development Corporation.

FIGHT

Immediately following the 1964 riots in Rochester, New York, Saul Alinsky was invited by Rochester's Ministers' Conference to help organize the Black community to gain economic concessions from the city and business community. In 1965, FIGHT (Freedom, Integration, God, Honor Today) was formed and opposed an urban renewal project as its first organizing drive. In 1966, after examining Kodak's minority hiring record, FIGHT began a long struggle to gain jobs for minorities in the city. After agreeing to train and hire 600 minorities in 1966, Kodak changed its mind until intense pressure by FIGHT led to Kodak's cooperation in training and hiring two years later. In 1968, with assistance from Kodak, Xerox, and the Department of Labor, FIGHT formed FIGHTON, a CDC which spun off a number of Black owned and operated businesses. In the late 1960s, FIGHT became a nonprofit developer of low income housing totalling over 400 units. During the early 1970s, FIGHT concentrated on school desegregation and organizing
tenants unions. In the mid 1970s, the organization expanded to undertake electoral activities and was successful in electing a Black county legislator and city councilman. FIGHT was a coalition of organizations and by 1977 was no longer the sole representative of the Black community. In the late 1970s, FIGHT began to focus more on electoral and economic development activities and less on traditional, direct action organizing.

BUILD

In 1965, with contributions from the United Presbyterian Church, Alinsky organizers were invited to Buffalo, New York to build a city-wide Black community organization. BUILD, a coalition representing thirty seven community organizations began its efforts around education, housing, and health care issues. In June of 1967, after Buffalo experienced serious riots, BUILD began to organize around employment issues. Stonewalled by the city's largest employees, the organization initiated a selective buying campaign which shortly produced an agreement on minority training and hiring from city businessmen.

In 1968, BUILD gained a concession from the Board of Education to build a demonstration "ghetto academy" for ghetto youth. In the same year the organization became a sponsor of a 400 unit low income housing development which was part of the city's urban renewal effort. Throughout the 1970s, BUILD procured job training funds from the Department of Labor and tied the training programs to direct action campaigns on local firms for affirmative action hiring. The economic decline of the late 1970s encouraged BUILD to maintain its focus on job training and minority hiring, while maintaining a commitment
to advocacy and direct action organizing.

Many critics of Alinsky organizations both from within and outside the organization believe that the provision of services and the creation of alternative economic institutions functioned as goal displacement and moved Alinsky organizations away from direct action organizing. This charge is largely unfounded, particularly in regards to the early Alinsky efforts. Protest and direct action was seen by most of the Alinsky organizations as only one tactic in a wide array of methods for achieving social justice. Many of the organizers believed that different community leaders preferred different activities so that community economic development did not have to drain resources from organizing efforts. Organizations like TWO and FIGHT believed that community economic development projects sustained their organizations by providing immediate benefits in a way that direct action could not.

Many early Alinsky organizations were successful at combining their organizing and development strategies. BUILD for instance reached out to its constituency through job training programs and then turned around and used direct action on potential employees. FIGHT was able to use direct action to gain support for a long term CDC project. Both these and other Alinsky organizations found that many of their service provision programs and development institutions served as recruitment vehicles.

In her detailed analysis of Alinsky organizations, Joan Lancourt observed that while the causes are difficult to identify, the three Alinsky organizations she studied (out of twelve) which did not develop any programmatic thrust such as community development and relied only on protest, failed. Almost all of the organizations which
did create economic development and service programs survived into the late 1970s, though sometimes by sacrificing some of their organizing activities.

In their later years, some Alinsky organizations faced problems of continuing to combine organizing and development. According to Lancourt,

With the advent of the 1970s, a new strategic emphasis on campaign and cooperative strategies became evident in all the surviving organizations. All interviewees agreed that there was significantly less direct action. According to an organizational report, the 1970s would demand a new strategy with greater emphasis on politics and strengthening of programs rather than on mass protest. Two also began to eschew protest in favor of coexistence. This change in strategy choice reflected the fact that by the 1970s the organizations had achieved a recognized degree of legitimacy in relation to many of the target systems. In FIGHT and BUILD, interviewees commented that "A lot of things that we had to do by calling together the masses of people... We can get done with a phone call now." One organizer noted that "Demonstrations are out of the question because pending deals with the Establishment may be jeopardized if the organization takes to the streets". 8

Some critics cite the movement of Alinsky organizations away from direct action organizing as proof of the danger of undertaking service delivery or economic development activities. There is evidence, though that leaders in Alinsky organizations supported economic development and service activities as a conscious evolution from organizing. The direct benefits of service delivery and economic development were the fruits of many direct action struggles. It may be that in some cases, organizing activities simply ran their course or died because they failed to creatively expand to broader political programs which could maintain rank-and-file activism. Organizations like FIGHT, which created spin off development organizations, moved into electoral politics, and maintained some direct action organizing because they expanded their
program without sacrificing their original principles.

There are at least two reasons Alinsky organizations tended to turn to institutionalization through service delivery or economic development. The first is organizational and the second ideological. In nearly every case, the Alinsky method calls for an organizational form which relies on coalitions of pre-existing or newly established community organizations such as churches, block clubs, and ethnic clubs. Following this form, the service delivery or economic development activities of the organizations like TWO or FIGHT were done through spin-off organizations which were part of the larger coalition. For example, the Northwest Community Organization in Chicago created the Biderdike Housing Development Corporation as a spin-off which remained a member of NCO. This allowed NCO the freedom to continue using direct action organizing without jeopardizing the programs and still use the development organizations for recruitment. This type of arrangement is not always possible, as will become clear in the case studies, but for many of the Alinsky organizations, it allowed them to combine mobilization and program implementation.

The second feature of Alinsky organizations which led them naturally to service delivery and economic development was their commitment to pluralist access to the economy rather than long-term structural economic change. Because many of these organizations saw economic access as a goal unto itself, organizing could be a means to an end and its programmatic victory need not be seen as a compromise. This "non-ideological" feature of Alinsky organizing changed in the mid-1970s and eventually was substantially altered by the new "citizen action" organizations like Massachusetts Fair Share.
During the 1960s, an expanding economy and a substantial social welfare system provided enough room for Alinsky organizations to win concessions from government and the private sector. However, the 1970s brought slower growth, local tax revolts, shrinking expenditures for social services and increased corporate opposition to reform. In the early part of the decade, the Alinsky strategy began to change from developing localized interest groups which sought a larger piece of the pie to building broad coalitions which espoused anti-corporate populism. Both in his second book, Rules For Radicals, and his last organizing project, the Citizens Action Program in Chicago, Alinsky argued that organizers had to work with the "bottom 80%" which included white working class communities as well as minorities and the poor.

Chicago's Citizen's Action Program began in 1969 as the Campaign Against Pollution shortly after an air inversion caused columnist Mike Royko to write a scathing article which instigated hundreds of supportive letters. Alinsky, who by 1969 had decided that coalition building in white working class communities was an important new direction took the letters and built an organization of white collar and blue collar workers, ecologists, and a few young radicals who had been active in the "new left" Students for a Democratic Society (SDS).

Demanding that their corporate nemesis, Commonwealth Edison use low sulphur fuel and reduce their rate increase, 1,000 CAP members descended upon a stockholders meeting and eventually won both demands. In the early 1970s, CAP campaigned for property tax reform, opposed an expressway expansion, and exposed bank redlining in Chicago neighborhoods.
By 1973, CAP had 30 active neighborhood chapters and 50 senior clubs. According to several former CAP organizers, CAP sputtered and died in the mid 1970s primarily because it failed to creatively expand its program beyond very localized issues.

Alinsky organizations continued to exist throughout the 1970s, often supported or organized by the Industrial Areas Foundation, Alinsky’s training center. Another network of community organizing groups which took much of its strategy and tactics from the IAF is the New England Training Center for Community Organizers (NETCCO) which is affiliated with a national coalition of community organizations known as National People’s Action. NETCCO affiliates are primarily city-wide organizations consisting of neighborhood block clubs, church groups, senior clubs and others organized into city-wide coalitions. Many of the NETCCO organizations, like the original Alinsky groups have attempted, sometimes successfully, to combine organizing and economic development. Their methods will be examined more closely in two of the case studies.

Citizen Action

From 1973 to 1975 a confluence of several organizing efforts produced a new type of community organizing known as "citizen action", which now includes more than ten state wide organizations. Citizen action’s primary influences were the anti-corporatism of the Nader consumer movement, the direct action community organizing and the organizational structures of Alinskyism, and the energies and ideology of the "new left".

Much of the expansion of the community organizing movement in the last ten years is directly attributable to the work of new left
veterans. Many of the leading organizers of citizen action gained their experience in the early organizing efforts of the Students for a Democratic Society, the civil rights work of the Student Non-violent Coordinating Committee (SNCC), and the National Welfare Rights Organization.  

In 1972 and 1973, SDS organizers in several cities moved from university centers into working class neighborhoods to transfer the radicalism of the student movement into grass roots politics. Michael Ansara, one of the founders of Massachusetts Fair Share wrote in 1975,

The central question of course, is how stable mass membership organizations can be put together. To be sure, the answer varies from community to community. In Dorchester, for example, a popular left group must include three elements: young people who are energetic, who have the time to do the work, and who respond most positively to socialist ideology; tenants, who ensure that the interests of the poor are represented; and some substantial percentage of blue and white-collar homeowners, who provide stability, continuity and the political clout denied to young people and tenants precisely because they are economically, marginal.  

The model Ansara projected, in many respects the alliance of workers and students which the SDS sought in vain, was developed using a populist, anti-corporate ideology grafted on to the direct action, local orientation of the Alinsky model. In fact, in 1974 and 1975, some of the SDS leadership became staff people in Alinsky organizations like CAP to learn the rudiments of new populist organizing. With experience, their new organizations dropped much of the early hopes for socialist politics, but unlike the Alinsky organizations they remained strongly anti-corporate and sometimes vaguely anti-capitalist. According to citizen action theariticians, their ideology could be called "economic democracy" or "a homegrown non-ideological American radicalism that aims to redress imbalances
perceived in wealth and power by creating vocal low and middle income constituencies and grass-roots leaders". 13

Massachusetts Fair Share is perhaps the largest and in some ways the most successful of the citizen action organizations. With over 80,000 family members and active chapters in more than ten cities, Fair Share has, in just seven years developed a powerful grass-roots, anti-corporate organization. What makes Fair Share unique is five characteristics common among community organizing projects, but rarely combined in one organization. Fair Share has its active base in local neighborhood chapters and city-wide organizations and committees. In addition, the organization has an active state-wide presence, primarily in the arena of consumer issues like tax reform, hazardous wastes, and utility rates. In theory and often in practice, neighborhood leaders are trained and recruited around very local issues such as streetlights, housing code violations, and even stray dogs; and eventually are encouraged to participate in state-wide political issues. In addition to its chapter membership, Fair Share also has a large at-large membership which is recruited by paid canvassers who go to nearly every door in the state, offering political education and raising funds, primarily on Fair Share's reputation as a consumer protection organization. The funds raised door-to-door as well as those raised from chapter activities go to support an organizing and research staff of over sixty people who work out of central and regional offices.

In many ways, Fair Share and other citizen action organizations have retained the basics of Alinsky organizing, but they've added a new dimension; a broad political vision.
Organizers are urged to create campaigns and build chapters around winnable, nondivisive issues, to use existing social institutions—such as churches for support. The ideal Fair Share issue is one that unites blue collar residents of varying racial and ethnic backgrounds around a common economic problem, perhaps a bank’s failure to invest in its own neighborhood. Ideally, the issues will lead members to question the political and economic structure in ways similar to those of the Fair Share staff, although that goal is never explicit. 15

In 1979, six state-wide community organizations like Massachusetts Fair Share came together to form Citizen Action, a national coalition which shares resources, training, recruitment, and strategic planning. By 1981, Citizen Action included state-wide groups from eleven states which, though quite variant in specific structure, shared similar goals and objectives. Citizen Action includes organizations like the Ohio Public Interest Campaign which functions as a coalition of labor, church and community groups, Oregon Fair Share, and the Connecticut Citizen’s Action Group which are strictly membership based organizations. While the organization is still relatively unstructured, Citizen Action represents one of the first efforts to put what had been a loosely defined movement into some organizational form.

In the past two years, Citizen Action organizations have begun to expand their focus beyond direct action community organizing. Altering what was once an unalterable maxim among the new leftists in Citizen Action, several organizations are now exploring state-wide electoral strategies.

Community economic development and service delivery is a very recent addition to Citizen Action strategy. In the past year a few Citizen Action affiliates have begun to explore community economic
development strategies. The Ohio Public Interest Campaign (OPIC), which has been organizing against plant shutdowns, is currently developing a worker/community buy-out program. Massachusetts Fair Share is building a housing development program and has had extensive experience with community weatherization programs (See case 3).

Because community economic development is such a new undertaking for Citizen Action organizations, it is worth quoting at length from Fair Share's rationale for a development program.

There are three reasons for expanding upon Fair Share's organizational capacity to advocate effectively and win progressive reforms by pressuring decision-makers.

-Positive solutions: Fair Share communities can benefit from the local organization's ability to provide positive solutions to local problems. Pushing others to take certain actions, presently our only modus operandi, can be supplemented by actually bringing positive alternatives to existence.

-Broader community support: The ability to effect positive solutions makes the organization's advocacy more effective. Criticism on public issues can come from an organization that understands the realities of actually running something rather than one that is seen only as an outside critic. Another benefit is the increased loyalty that Fair Share and local community groups will receive from playing a larger role in the economic and social lives of its members through participation in a variety of business and service programs.

-Self-sufficiency: In the long run, economic development enterprises can provide Fair Share with a stable, independent base of financial support to fund our continued citizen action organizing efforts. Our first business venture, in energy conservation, has made clear both the potential for net income at some point and the difficulty of developing a venture that can throw off significant cash in the short run.

Establishing the proper balance between advocacy and economic development is difficult. If the proper balance is struck, however, there is much that each strategy can contribute to the further growth and significance of the other. This is particularly true in a citizen action organization once a strong membership base has been built. The advocacy/action part of the organization can insure a truly democratic basis for the development arm. It can also provide additional clout in gaining political support where that is key. Most importantly, it can keep the development arm from becoming isolated from the very community it is supposed to represent.
Examining the community organizing movement without mentioning the Association of Community Organizations for Reform Now (ACORN) would be incomplete since ACORN is large, national, and takes a different approach to organizing that that taken by the Alinsky groups or by Citizen Action.

Acorn, which began in 1970, now has over 25,000 active member families in 19 states and is expanding into almost four states a year. Like other community organizations, ACORN works on local issues and is based in neighborhoods, but has also attempted to build a national presence on its own. ACORN's founders come out of the National Welfare Rights Organization rather than SDS and their organizing strategy reflects that heritage. Claiming that Fair Share and other Citizen Action organizations have steadily experience an upward drift in the incomes of those they organize, ACORN maintains that it is committed to an authentically low income constituency. Like Citizen Action, ACORN has expanded its activities beyond neighborhood level organizing. A sister organization, the United Labor Organizations, is attempting to build a union among low wage workers in such industries as fast foods and health care. While ACORN has not undertaken a formal community economic development strategy, the organization has sponsored a number of food cooperatives for its members and is currently leading a national squatting campaign to gain sweat equity housing for low income city residents.

Debating the move from Organizing to Development

The debate over organizing versus development has raged on for at least ten years but has added little systematic analysis to
solving the tensions between the two activities. However, much of
the debate alerts us to the potential problem areas and sets a
framework for melding the two activities.

The debate consists of three central arguments. The first,
expressed most recently by Mel King (see chapter 1) is that community
economic development is a natural progression or stage in the development
of community power and struggle. The second position, argued most
cogently by Stan Holt, a long-time veteran of community organizing is
that community organizing and community economic development are
incompatible. The third position, argued by Pablo Eisenberg of
the Center for Community Change is that organizing and development
are, in certain circumstances, complementary activities.

The Case Against Development

In her study of community organizations, Janice Perlman found
that in many cases there is a significant ideological difference
between the organizers of direct action groups and the directors of
CDCs. She observed that the direct action organizations tend to
have more radical leadership than the CDCs which while initiated by
community leaders, often attract entrepreneurs and professionals.
Many organizers believe that this schism arises from the natural
"compromising" or "co-opting" characteristics of CDCs. Perlman
observed that in many cases,

...the move from protest to program often leads to new forms of
dependency and to the demise of the original participatory
structure and mass base of the organization. As the energies,
resources, and leadership skills of the organization are focused
on "hard" programs, the role of the "soft" community side tends
to diminish and may eventually whither away altogether.

Stan Holt cites four primary reasons why community economic
development ultimately co-opts direct action organizing. 1) CDCs are often brought in from outside the community and fund raising, proposal writing, and program development which take time away from organizing follow the needs of outside funding sources. 2) Over time organizers may find that development gets short term results and they may begin believing that development can do what organizing can't. This is a false hope. 3) Development tends to encourage a new type of organizational leadership with more education, higher class structure, fewer roots in the community, and less commitment to building the organization. 4) A successful CDC depends upon a partnership with cities, private businessmen, lending institutions, and the community. Therefore, consensus planning and cooperation are key, making confrontations detrimental to the development process. Eventually, this type of consensus organizing, which does not encourage participation, may alienate the membership which will drift away.

As an alternative to combining community economic development and organizing, Holt proposes several options. The first is for community organizers to directly control CDCs and use them sparingly for the purposes of direct action organizing. A second option is to create spin-off development organizations which function completely independently of the organizers. A third option is for community organizers to force city agencies and private businesses to carry out the activities of a CDC. Unfortunately, in many cities, this is politically and economically infeasible.

The Case for Development

Pablo Eisenberg of the Center for Community Change and others
have responded to Holt by arguing that:

1) CDCs vary substantially from city to city and that some are the results of indigenous struggles and maintain a commitment to local priorities and politics. 2) The art of organizing is based on flexibility and adding development can be successful if organizers are creative in the application of development strategies. 3) There are few organizations which can sustain themselves for long without delivering services or direct economic benefits to their constituents. 4) Community economic development can provide a valuable, though limited source of income for community organizing activities. 5) Many community economic development projects such as cooperatives, credit unions, and worker owned businesses pose compelling alternatives to capitalist economies. 6) At some point, simple direct action opposition has inherent limitations which can only be circumscribed by posing alternative programs and institutions.

In the past several years, the debate over combining organizing and development has softened, though some community organizers still maintain serious scepticism about the combination. According to the Center for Community Change,

Enough experience has now accumulated to belie the most dire predictions of the community organizers and activists who felt that development would inevitably divert citizen organizations from their main function in advocating the interests of the neighborhood, compromising their goals and causing them to avoid important fights. But there is also evidence to show that moving from organizing into development is neither without pitfalls and dangers, nor a simple process. It can require significant changes in organizational structure, staff composition, decision-making processes, and the institutions and groups who must be considered as partners. And development is inherently a difficult process, whatever the auspices.
NOTES: Chapter 4


2 Joan E. Lancourt, Confront or Concede, The Alinsky Citizen Action Organizations, (Lexington, Lexington Books, 19-9) pp. 6-8

3 Boyte, p.52.

4 Lancourt, p. 32.

5 Ibid., p.21.

6 Ibid., Chapter 1

7 Ibid., p.40.

8 Ibid., p.52.

9 Boyte, p.18.


11 Boyte, p.63.


14 "What is Fair Share?" Internal literature.

15 Husock, p.35.

16 Massachusetts Fair Share; Grant proposal, (Fall, 1981)


20 Perlman, p.19.

21 Ibid., p.10.

Summing up

The four activities covered in this study have not followed a neat linear pattern over time. Housing development did not evolve into community economic development. Nor did community organizing evolve into community economic development. Rather, the four activities—community housing development, community economic development, community service delivery, and community organizing—developed in a parallel fashion. Community housing development continues in a myriad of institutional forms even though Housing Development Corporations no longer exist. Community Development Corporations, which began several years after the first Housing Development Corporations were founded, continue to carry out a broad variety of economic development projects, and CDCs exist in many communities as strongly rooted institutions. Community service delivery continues, largely in the Community Action Agencies. Community organizing is a growing field and manifests itself in a variety of organizational forms, including Alinskyism, low income organizing, and Citizen Action.

Though the growth and maturation of these four activities—housing development, economic development, service delivery, and organizing—took place in a parallel fashion over the past twenty years, there have been many overlaps and combinations of the activities. Each activity has a life, history, and institutional context all its own, yet each of them has borrowed from the other activities over time. Community Development Corporations borrowed much of the experiences, structures, and methods of the housing development movement. Many Community Development Corporations evolved from community organizing projects and utilized the methods
of community organizing in their work. Likewise, many community organizations have incorporated community economic development into their strategy and some have even established development institutions.

While there is no chronological linear progression from one community activity to another, history suggests that community organizations and community organizing projects either institutionalize their organizations through activities like community economic development or they fade away over time. Compared to one-time oppositional movements, community organizations like Alinsky groups, ACORN, or Citizen Action have institutionalized their activities through elaborate chapter structures, leadership training, and full-time staff. However, in the history of the community organizing movement we find that several factors operate to make more complex institutions like community development organizations necessary for community organizing projects to survive. It should be noted that community economic development is only one of several more complex institutionalizing activities undertaken by community organizations; including electoral campaigns, service delivery, and legislative/lobbying efforts.

One dynamic which propels community organizations into development activities is the immediate and unmet needs of their constituents. Particularly in minority and low income neighborhoods, there is an acute need for physical and economic development which private developers simply will not undertake. If a community organization does not undertake development in these situations, no one else will and the community organization will eventually lose the allegiance and respect of community residents. It is no coincidence that nearly every
Alinsky organization operating in Black and Hispanic neighborhoods eventually turned to some type of community economic development activity.

Another dynamic which propels community organizations into development activities is the need to maintain what Mancur Olson calls the "economy of organization". Collective benefits, no matter how impressive and newsworthy cannot maintain an organization over time. At some point in their organizational lives, most community organizations find it necessary to provide some immediate individual benefits to their members and other community members. The problem is providing individual benefits while maintaining a collective approach to collective or community problem solving.

While some community organizations never expand beyond confrontational mobilization to institutionalization like community economic development, there are few examples of such organizations which have survived over a long period of time. Most community organizations find that at some point in their evolution, the need to solve neighborhood problems themselves and the need to provide individual benefits compel them to undertake activities such as community economic development. Development and organizing are not contradictory activities; rather, their combination is a necessity. However, combining community organizing and community economic development creates several natural tensions. The purpose of the following case studies is to explore those tensions in order to begin creating adequate structures and programs to contain, if not alleviate them.
Case I

This case study describes Somerville United Neighborhoods and the community development corporation it created, SUN-CDC. SUN is a community organizing project, modeled closely after Alinsky organizations. The case describes SUN and SUN-CDC and analyses the successes and failures of SUN's efforts to combine community organizing and community economic development.

The Setting

Somerville is an old, working class city located just north of Boston and adjoining Cambridge. It was at one time a major industrial city but has lost much of its employment base and faces major unemployment and problems of poverty.

Somerville's population declined steadily from the 1940's until the late 1960's when it had a temporary increase until declining again by the 1980 census to 71,000 residents. The population is a changing one which is becoming increasingly skewed by age. Census figures show a consistent loss of middle aged residents and an increase of elderly and young children. More importantly though is the major increase in the percentage of young people aged 18 to 24 which reflects a growing population of students and young professionals. This phenomenon has had a major effect upon the availability and price of housing in the city.

Another important change in Somerville's population characteristics has been the growth of the minority communities. Still over 90 percent white, and largely Catholic, the city has gained sizeable Portuguese, Haitian and Vietnamese immigrant communities over the past 15 years. The influx of these new immigrants, particularly the Haitians and Vietnam-
mese in the past 5 years adds a new language and employment problem to the city.

Somerville's median income is substantially less than the Boston SMSA and the gap between the city and the SMSA widened between 1960 and 1980. Nearly 17 percent of the population received some form of dependency grant in 1980.¹

In its first two years of existence, the SUN-CDC addressed itself almost exclusively to problems of employment and housing. They are without a doubt two of the most problematic areas of life in the city. Somerville residents work primarily in unskilled or semi-skilled marginal occupations. Most of the population can appropriately be called blue collar and work as clericals, service workers and operatives. Between 1970 and 1980, Somerville lost approximately 11 percent of its population but also lost 16 percent of its total employment. It is estimated by the Metropolitan Area Planning Commission that Somerville exports nearly three quarters of its work force to surrounding communities.

In the 1970's and 1980's Somerville's unemployment averaged over 1 percentage point higher than the rate of the SMSA.²

The great majority of Somerville's residents live in wooden two and three decker houses, which are primarily owner occupied. The housing stock is old - 90% were built before 1939 - and much of it is in serious need of repair. A 1979 study done by the city planning department illustrates that in East Somerville, a relatively poor section of the city, 74 percent of the houses are in need of repairs less than 25% of value and 7% are in need of repairs more than 25% of value. Somerville is currently facing a severe housing crisis. The latest occupancy rates, though highly debated indicate that the city has a rate substantially less than 5 per-
cent. Almost all new construction has been of high rent, multi family apartments. Recent increases in condominium conversions and upward pressures on rents have squeezed blue collar households in favor of the newer and younger population. Concern over the housing crisis is growing as evidenced by recent victories for pro-rent control Aldermen.³

Somerville United Neighborhoods

Somerville United Neighborhoods began in December of 1974 when a group of low income residents and concerned clergy decided to undertake community organizing in the city. In 1976, with a grant from the National Center for Urban Ethnic Affairs, SUN was able to hire a staff and begin the process of building a solid neighborhood organization.

SUN is structured along the lines of a traditional Alinsky organization and has organizational ties to the NETCO network of community organizations. Rather than having city wide membership, the organization is essentially a coalition of small neighborhood block clubs, churches, tenant associations, senior citizen clubs, and localized issue committees. Though many of its sixty coalition affiliates were organized directly by SUN, some were not and retain a certain level of independence. Until 1982, delegates to SUN's annual Congress did not have to be SUN members so than non members were encouraged to become involved in the organization.

SUN is governed by its member organizations and individual members at its annual Congress. Each year delegates elect officers and SUN's board members and also vote for priority issues for the coming year. SUN's board meets monthly to set policies, review the organization's work, control the budget and work with the staff. A SUN senate consisting of one representative from each organization represented at the Congress
meets quarterly and oversees the Board, thus guaranteeing a relatively
democratic organization.4

In its six years of existence, SUN has worked on a broad array of
issues, reflecting the extensive number of different organizations and
interests represented in the coalition. Though the list of SUN's accom-
plishments is long, a review of some of its victories offers a sense of
the organization. Over the first six years, SUN:

- Secured funding for a full-time after school and evening recreation
  and education program for teens and adults to operate out of four
  community schools.

- Organized the United Seniors to work successfully for funding for
  a mini-bus program of 6 vans to transport seniors.

- Organized the Winter Hill Neighborhood Association which has gotten
  bridges repaired, gotten zoning changes to prevent high rise con-
  struction, better police protection, buildings repaired.

- Organized over 20 block associations which have gotten traffic
  safety signs, clean up of vacant lots, repaving of streets, traffic
  islands, new street lights, etc.

- Successfully lobbied and passed a strong condominium control ordi-
nance.

At its 1981 Congress, SUN picked as its organizational priorities the pas-
sage of rent control, the funding of youth programs, continued pressure
against condominium conversions, and tax reform.5

SUN has operated in an adversary relationship with most members of
the city government for most of its history. Somerville is a small, poli-
tically insular city and the few "ruling circles" in the city government
opposed SUN from its inception. This conflict between entrenched powerful
families and a direct action grassroots organization was central to the
problems faced by SUN when it decided to move into community economic
development.
SUN's Transition to Development

To some extent, SUN's turn to community economic development was a natural progression from organizing around housing issues. Faced with a severe housing crisis in the city, consisting of shortages, high rents, and deteriorating housing stock and limited by the purely oppositional nature of organizing some SUN members believed that community economic and housing development offered an alternative. In February of 1977, a SUN Community Development Task Force was established to discuss establishing a SUN related CDC which could focus on housing and energy issues. These meetings produced a proposal to establish an insulation factory which was pursued with the help of a planning grant until September 1978 when the project was abandoned because of vastly inflated costs, a lack of equity and changed market conditions. In the fall of 1979, SUN applied to the Massachusetts CEED program for staff support and received a grant sufficient to hire a full time staff person.\(^6\)

SUN-CDC was formally incorporated in February of 1980 with a 17 person board and over 200 voting members. Most of the organization's energies were devoted to housing. The CDC acquired twelve units of housing to rehabilitate and operate as subsidized rental housing. Working with local banks, SUN-CDC had $600,000 in low interest mortgage money set aside by the Mass Home Mortgage Finance Agency for SUN-CDC referred applicants. In 1981, the organization received a HUD "self-help" grant to purchase, rehabilitate and sell 21 homes to low and moderate income families.

Though its first priority was housing development, SUN-CDC also was involved in a number of business development projects. The CDC provided technical assistance to several businesses and helped four firms approach the Massachusetts Community Development Finance Corporation for assistance.
Finally, the CDC helped establish a women's weatherization cooperative which carried out much of the work of the state's low income weatherization program in Somerville.

Though the SUN-CDC was successful in attracting grant monies and initiating programs, it has had little actual success in completing projects in its two years of existence. In the Winter of 1982, the CDC faced major financial problems as many of their grants ran out and expected funding was not forthcoming. Accused of mismanagement, the Executive Director resigned and was replaced by an interim director who is in the progress of negotiating some type of merger with the Somerville Corporation, an organization also active in community economic development but not a CDC.  

Lessons from Somerville: Problems and Successes

According to both staff and Board members, SUN-CDC's financial problems had little to do with the efforts to combine SUN's organizing with economic development but rather was the result of some bad luck and poor administration. However, SUN-CDC did have many difficulties combining community economic development and organizing and a review of these problems is quite instructive. Just prior to the resignation of SUN-CDC's Executive Director, a major debate developed on the Board of Directors about the CDC's role, vis a vis organizing and the methods to combine organizing and community economic development. The problems which faced the CDC can be divided into two types: organizational and project specific. Within each of these categories there are a number of specific issues which deserve elaboration.

Organizational Issues

According to a recently performed organization assessment, many of
SUN-CDC's problems stemmed from a lack of philosophical clarity from its earliest days.

The original vision (of the CDC) was that economic development projects could build the membership of SUN and enable an essentially political organization to participate directly in the economic life of the community. Thus development was seen as a vital resource for the grass roots organization. During the past few years, this vision has faltered to the point where each organization (SUN and SUN-CDC) views the other as a barrier to the achievement of its goals rather than a facilitator. In the eyes of the development corporation (staff and some board members) citizen action has impeded its ability to form the working relationship with actors in the development process necessary for their success. The organizers and organizing oriented board members perceive that the development corporation drifted from its original purpose and has generated community resentment, rather than participation.

Though the by-laws of the CDC make it clear that the connection between the organizing efforts of SUN and the development efforts of the CDC were to be close, in many of its projects this simply was not the case. This lack of philosophical clarity had primary causes; the composition of the board of directors, the speed with which the CDC committee actually took up development efforts, and the attitudes and philosophy of the first director.

The original Board of Directors of the CDC was dominated by SUN members with higher than average incomes, education and technical knowledge. To some extent, community leaders more comfortable with development than confrontational organizing gravitated to the CDC. Thus even though the CDC was committed to organizing in theory, many of its board members were committed to community economic development without coordinating it with organizing. A second problem is that the original SUN community development committee had very little time to explore the problems and potential of community economic development before they incorporated and began their first venture, According to the second CDC Director,
SUN's Board didn't really know what Community Development was all about. Before they could turn around there was all this grant money floating around and all these people carrying out activities in the name of SUN. All of this happened too fast with too little education. Maybe SUN wasn't even ready to take on a development agenda.

In interviews, a number of CDC Board members noted that the CDC Board had uneven levels of experience and knowledge of development and organizing. Because there was little Board training, new members with little development experience had trouble keeping up with CDC activities and felt that they were not in control. Conversely, some Board members who had development experience in their professional capacity were not trained in the methods or philosophy of organizing.

Finally, SUN and CDC's first director had no organizing experience and turned out to have little sensitivity to organizer's needs and idiosyncrasies. By the time the Executive Director resigned he clearly stated that SUN's organizing agenda interfered with the development efforts of the CDC.

A second organizational problem for the CDC was the structural relationship with SUN. At the time of the CDC's founding, the director of SUN was leaving and was not replaced for some number of months, which left a leadership gap. Rather than clearly establishing the CDC's relationship to SUN the CDC committee took the easiest path. SUN-CDC became neither a spin off organization nor a sub organization of SUN. It became a hybrid which bore SUN's name but had legal organizational autonomy. This organizational ambivalence led to continued confusion and debate over the exact relationship and eventually played a major part in splitting SUN from the CDC. According to the CDC's second Director, much of the organization's internal difficulties could have been avoided if the CDC had been a sub
According to the organizational assessment,

In the past there has been no formal and consistent communication between the staffs, boards, and leadership of SUN and the CDC. In fact, interaction between the two organizations creates obstacles to each other's progress instead of offering shared resources.

Another source of structural tension was the financial relationship between SUN and the CDC. It is clear from the earliest CDC documents that SUN believed monies raised from CDC grants and projects could be used to supplement SUN's own budget and support its organizing activities. Particularly in its first year, the CDC relied on SUN's reputation and accomplishments to raise funds from outside supporters. Though the CDC did reimburse SUN, the exact financial relationship between the two organizations was never spelled out clearly and caused a great deal of tension between SUN and CDC leaders.

A seemingly unimportant question which became a major source of organizational friction was the discrepancy between SUN organizer's salaries and the salaries of SUN-CDC staff. This issue was complex because professional planners who operated CDCs command much greater salaries than organizers, but the issue was never adequately addressed.

One particular project is a good illustration of both the organizational and project specific problems face by the CDC. One of SUN-CDC's first projects was the purchase of two six unit buildings for the purpose of rehabilitation under the HUD Section 8 Moderate and Substantial rehabilitation rent subsidy program. The project, known as "Walnut Street" was intended to be rental properties owned and managed by the CDC.

After purchasing the Walnut Street buildings with a city grant and securing financing with the knowledge of future grants and subsidies, the
CDC began to confront political opposition from former SUN "targets". For many years SUN had opposed the activities of one of Somerville's major developers who was also closely tied to the city's building supervisor and a substantial number of aldermen. For nearly a year, the Somerville Building Department held up permits, denied zoning changes and generally stalled the Walnut Street project. It is common knowledge in Somerville that the Building Department's actions were encouraged by the developer in order to "get even" with SUN. Eventually, the project was stalled so long that increased rates and lost subsidies made the project infeasible.

When faced with political opposition, SUN-CDC staff and some Board members chose a traditional development of cooperation and private negotiation rather than relying on the political muscle of SUN. At the height of the controversy, the CDC Director publicly stated at a hearing that the CDC and SUN were entirely separate organizations. For the staff and leadership of SUN, this was a terrible mistake and relations between SUN and the CDC worsened quickly. Unfortunately, the CDC used none of the advantages and maintained all of the disadvantages of its relationship with SUN. The project was never completed and the morale and relationships between the two organizations were permanently damaged. According to the second Director,

If we had gone in unified as SUN and the SUN-CDC then at least we could have had strong political unity and some power. I'm not sure we would have won, because Somerville is a hard nut to crack. But, at least we would have been unified and that would have allowed us to pursue other projects with some sense of unity and strength.

SUN's treasurer, a major leader in the organization and a CDC Board member recalls with some regret that the CDC made the mistake of not choosing and sticking to one model; either traditional or confrontational. He believes that if the CDC played the usual CDC role it should have played carefully by all the rules. Instead, he claims, sometimes the CDC didn't play by the
rules and sometimes it did, separating itself from SUN. Thus it had the worst of both worlds.\textsuperscript{14}

The Walnut Street experience also sheds some light on what type of projects might not be desirable for a community organizing group. The Walnut Street properties were chosen after a local block club brought them to the attention of SUN and the CDC. By the time of the last hearing on the project, only one local resident came out to testify and she opposed the project. What had transpired? First, once the development began, the CDC made no effort to maintain communication with organizers or local residents so that relations became strained. The biggest problem however, was that once the CDC purchased the buildings, it became a landlord. When the project was stalled, the code and health violations in the buildings became the responsibility of the CDC. In this way a community organization became the target of tenant anger which at one point led to the tragic irony of a rent strike against the CDC organized with the help of SUN members.

Another project specific problem faced by the CDC was its tendency to become over ambitious and over committed to projects. According to the organizational assessment,

\ldots interviews and CDC documents indicate that the CDC generated too many projects too quickly, and was not able to properly manage all of them. For example, the business counseling project waned as staff focused on the troubled Walnut Street project. We recognize the pressures on a CDC to develop a track record quickly, but the number and scope of projects have not been well matched with the CDC's capabilities.

In addition to "taking on too much too quickly" the CDC did not spend enough time trying to coordinate projects with the needs of SUN. To some extent, the priority projects quickly became those which garnered the most grant support.

In retrospect, most CDC board members believe that they would have
been better off if SUN-CDC had maintained much closer relations with SUN or become a completely independent organization from the beginning. There is unanimous opinion that a merger with the Somerville Corporation another local development organization is the desired alternative given the options but there is regret among SUN leaders that a different approach which combined the CDC's activities with SUN's organizing program and direct political confrontation was not given more of a chance.
Notes: Case 1

1 Jerome Rubin et.al., Labor Survey of Somerville, (Somerville, SUN-CDC, October, 1981)

2 Ibid.

3 SUN-CDC Annual Report to Community Enterprise Economic Development Program, 1980

4 SUN Report to Congress: 1981

5 Ibid.

6 SUN-CDC Annual Report to CEED, 1981.

7 Jerome Rubin, et.al., An Organization Assessment of SUN-CDC, (Boston, CEDAC, DEC., 1981)

8 Ibid.

9 Ibid.

10 Interview, April, 1982.

11 Ibid.

12 Ibid.

13 Ibid.

14 Interview, April, 1982, Treasurer
People Acting Through Community Effort, PACE, was founded in 1969 by several Alinsky trained organizers who came to Providence at the behest of several Church and community leaders in primarily black neighborhoods.

The Setting

Providence, Rhode Island, located at the head of Narragansett Bay on the Providence River is both Rhode Island's largest city and its center of government. As the industrial and commercial center of the state, it is also a densely populated city with a largely working class population. In 1970, 13.3 percent of the families in Providence had incomes below the poverty level. According to the city's Community Development Program, in 1979, 34.9 percent of Providence households could be classified as "very low income" under Federal Community Services Administration guidelines. Although there has not been any thorough survey of the minority population since 1970, and 1980 census data is still unavailable, a collection of data sources indicate that by 1980, Providence's Black population was over 10 percent of the city. In the four neighborhoods organized by PACE, nearly 50 percent of the population is Black or Hispanic.

According to the 1970 census, Providence's population was 179,213. In 1980 this figure had dropped to less than 165,000. The loss of population during the 1960s and 1970s can largely be attributed to a movement to the suburbs surrounding Providence. The city's declining population has not included its minority community which has less access to suburban communities since 1960. (see study) Recent studies indicate that the flow of minorities, both Black and Hispanic into the city is much larger than the
outflow. The combined Black and Hispanic populations make up nearly 20 percent of the city's population.²

PACE

PACE is part of the NETCCO, New England Training Center for Community Organizers, network of community organizations which were begun in the late 1960s by trainees of Saul Alinsky. Because of its Alinsky style, PACE's basic organizing unit is the block club. Each of the organizations four neighborhoods (Washington Park was added in 1978) had between 4 and 8 block clubs which were organized separately by PACE organizers until they reached "maturity" at which time a neighborhood organizing committee consisting of all the block clubs would come together to work on neighborhood issues. As a former organizer explained, "PACE is an organization of organizations."

We'd bring in almost anyone. We brought in the Girl Scouts, the CAP agencies, and any other group which wanted to affiliate with us. Though we organized our own block clubs, we were really a coalition and any organization could become part of our annual Congress and help choose action priorities, as long as they signed up five delegates.³ This structure gave us a lot of freedom to spin off organizations.

In organizational terms, PACE was devoted to institutionalizing their organization into solid community groups. To this end they quickly brought in a majority of Church pastors as PACE leaders and helped the churches learn to activate their membership. Where there weren't institutions, PACE would start them. In one neighborhood they began a Black business association which still exists as an organization. In another neighborhood they began a food cooperative and a neighborhood youth program which is now self sufficient.

PACE chose its issues in a classic Alinsky fashion. As one organizer explained,

Our philosophy is that organizing is good in itself. People will
organize, but only when it is in their self interest. Ultimately, organizing in direct action will give people a sense of their own power. That's our ultimate goal; to give people some real power.

Like other Alinsky style organizations, PACE worked on a wide variety of issues. Many of the block clubs worked on street level issues like crime prevention, street lights, and sidewalk and street repair. Other block clubs worked on larger city wide or even state wide issues such as discrimination in the school system and welfare reform. Though the organization never became directly involved in providing services, it did play a major part in establishing service institutions like food cooperatives and juvenile programs as well as community economic development organizations.

At its 1979 Congress, PACE turned out 750 delegates who represented well over 2,000 members. To this day the organization maintains an incredible reputation for being a truly grass roots and powerful organization. With a large pool of extremely talented leaders and organizers PACE gained city wide respect and at times even national press attention. Though certain neighborhood leaders, particularly in the more affluent neighborhoods never fully accepted PACE's militant direct action style, they commanded great respect in lower income neighborhoods and were accepted as part of the political scene by others.

In recent years, PACE has begun to disintegrate and lose much of it membership. The reasons for this are complicated but have little to do with the establishment of development institutions described below. In fact, according to one long time PACE leader, the organization's inability to generate creative solutions to neighborhood problems was one cause of its loss of leadership. 5 PACE's staff hesitancy to maintain closer ties to the development organizations it developed and spun off may be one of the reasons it was unable to maintain the interest of neighborhood leaders.
Not to be discounted is internal staff and leadership problems. One block club leader grew to dominate the organization and alienated many other leaders as they vied for power.

At the same time the leadership began fighting, the organization suffered the loss of some key staff people. The combination of staff and leadership burnout and a general lack of direction has left a much weakened organization. Today PACE is struggling to redefine its goals and rebuild itself.

**PACE's Move to Development**

When PACE began organizing in 1969, its target neighborhoods, South Providence, the West End and Elmwood had the highest concentrations of Providence's minority communities and socio-economic problems. For the South Providence and Elmwood neighborhoods particularly, housing was by far the most serious neighborhood problem. According to a 1975 census of housing conditions, 42 percent of the housing units in South Providence were in need of serious repair. 31.6 percent fell into this category in the West End and 26 percent in Elmwood. Touring through these neighborhoods today provides an illustration of neighborhoods which have gone through serious disinvestment and deterioration.

Two of the primary causes of housing deterioration in the PACE neighborhoods were arson and abandonment. Slum landlords in Providence would purchase old houses at low prices and maintain them with the minimum level of repair while charging astronomical rents. When rising costs began to squeeze landlords' profits they simply abandoned their properties or burned them to collect insurance premiums. Until 1975, PACE's response to the housing crisis was to force the city to demolish buildings to prevent further damage from arson. It did not take the organization long to realize
that demolition, while a relatively easy solution was leaving the neighborhoods with ugly vacant lots. An alternative was desperately needed.

**SWAP: Stop Wasting Abandoned Property**

SWAP began in the Spring of 1975 when a PACE block club in the Elmwood neighborhood organized to save a vandalized and burned three decker. Prior to this time, PACE used pressure on the city to demolish properties which were abandoned or burned but the overabundance of vacant lots presented a major health and safety problem for the neighborhood. In an attempt to move beyond the simple solution of demolition, a housing committee was established within PACE to explore methods of securing buildings and finding new owners who would buy and rehabilitate them. In June 1976 Providence's Mayor announced that the city would raze 100 buildings in various neighborhoods to prevent arson over the July 4th weekend. Block club leaders from PACE, the early homesteaders and community leaders intervened and demanded an end to widespread demolition and its replacement with the securing of buildings and a homesteading program. In that year, Community Development funds were set aside and a homesteading program was established with SWAP as the administrator.

During the Summer of 1976, SWAP was "spun off" from PACE and became a separate organization with its own bylaws and corporate status. However, SWAP took much of PACE's style and its membership. The first executive director and community liason were former PACE organizers who wanted to try their hands at development. Many of the first SWAP board members were also PACE leaders and their connections to the two organizations were close.

It is difficult to be certain how closely PACE's organizing was related to the development tasks of SWAP. According to the current Director of SWAP, some PACE staff were dead set against being too close to develop-
ment work and essentially forced the leaders who went to SWAP to act alone. However, it is clear that this was not a leadership drain for PACE since many of the early SWAP leaders had become tired of the limitations of direct action organizations and wanted to attempt development.

At least until 1980 when PACE began to disintegrate, SWAP was an actively grass roots organization with working relationships with PACE and other community organizations. According to a SWAP staff person:

SWAP is very leadership intensive. Our leaders were used to confrontational politics from their work with PACE so in the early days at least we (staff) relied on the leadership to do much of the work. But, after we beat up the banks and the city to get our programs we became much more staff intensive and bureaucratic. You don't need direct action once you get the programs set up; in fact it is more of a hindrance. But in a lot of ways we still have a very active grass roots membership and board.

A former PACE organizer recalled having a good working relationship with SWAP and other community development organizations like the Neighborhood Housing Service.

We weren't in touch every day but our organizers did keep in touch with them when we were doing housing work. When we did an action on a landlord we tried to coordinate it with SWAP. They also came in as a member of the PACE Congress and brought their membership. When we did our turn out right for actions and the Congress, we'd call SWAP and the NHS and they'd turn out their people.

SWAP is one of the most successful neighborhood sweat equity programs in the country. In their six years of existence they have helped nearly 100 individuals and families find abandoned homes, buy the properties, and secure financing for rehabilitation. Their Board of Directors consists of 50 percent homesteaders, 25 percent community leaders and 25 percent representatives of the private and public sectors. This board is SWAP's direct link to the community and their "eyes and ears" which are so necessary to identify disinvested property before it is destroyed. In addition to this board, SWAP maintains a staff of six which includes a Director, a rehabili-
SWAP picked homesteading as a conscious housing strategy over other development programs such as rental housing or cooperatives. SWAP leaders and staff believe that in order to turn their neighborhoods around they have to encourage home ownership and sweat equity does this in the most dedicated way. SWAP was very clear early on in its history that it would keep housing prices low not through subsidized rental programs which would make them the landlords but through sweat equity. Acknowledging that not everyone can perform sweat equity, SWAP supports a variety of homesteading projects which range in their level of sweat participation from approximately 20 percent to 95 percent of the total work. Some former homesteaders have even gone on to become small contractors and now help other homesteaders reclaim abandoned houses.

High interest rates and higher materials costs have hurt SWAP's program in recent years. In response, the organization has taken two new directions. Two years ago they applied for and received a UDAG grant which covers one-third of the rehabilitation costs for their sweat equity projects. Their second change was to expand their political work to tackle the problems of arson which destroys many of the buildings they would like to homestead.

In one sense SWAP has come full circle from the days when it was closely tied to the work of PACE. After a number of years of advocacy oriented development when the organization "beat up" banks and landlords to set up their program, SWAP shifted into a less activist, more development oriented mode. Now, when their style of development is restricted by economic conditions, they have shifted once again to a combination of political organizing and development. SWAP has been able to make this shift
both because of its grass roots structure and its recent choice of pri-
marily legislative political activity against arson and for tax abatements
which does not impinge upon its development work.

In addition to their neighborhood board, SWAP has maintained a "home-
steaders co-op" which is made up of former and current homesteaders who
came through the SWAP program. The homesteaders' co-op exists as a semi-
autonomous organization within SWAP. Over the last six years it has
engaged in a number of activities including a tool and materials coopera-
tive, homesteading workshops, and technical assistance. In addition the
coop has functioned as a political force when the occasion arose. In
SWAP's early days, tax arrears on abandoned properties made many home-
steading projects infeasible. The coop, working as a lobbying group worked
to develop and finally institute a city ordinance which allowed for a tax
abatement program for abandoned property. When PACE held its Congresses
or needed support for their campaigns, it was the co-op which provided
the troops. What is unique about the homesteaders' co-op is that it pro-
vided a support and action network for those who benefited from SWAP's ser-
vices, thus guaranteeing that they would not just slip in to anonymity
while enjoying the service.

Members of SWAP's co-op are active in the organization's current
efforts to win arson prevention legislation in the Rhode Island State House.
Rather than carrying out door to door organizing which SWAP staff cannot do
for lack of time and resources, it has organized a coalition of co-op mem-
ers, block club leaders, Community Development groups and other community
organization leaders to lobby at the state house. SWAP's choice of methods,
lobbying rather than direct action, does not hurt their development efforts,
and their reliance on a coalition rather than direct membership mobiliza-
tion allows the organization to spend time building a political constituency. 11

While SWAP has been able to put together a coalition for their lobbying efforts, the group is small and relatively quiet while the bills they are advocating are controversial and may require substantially more muscle in order to win. SWAP's staff person responsible for the arson work laments that PACE is not still strong because she believes that SWAP "can't really organize" and these issues lend themselves to direct action groups like PACE. Legislative work, believe SWAP staff, provides a perfect opportunity for a direct action organization to complement the work of a development organization without antagonizing their development partners. Unfortunately, PACE is not in a position to take advantage of this opportunity. 12

Elmwood Neighborhood Housing Services and the PRC

PACE's membership, while primarily low income, did include a substantial number of moderate income homeowners. For this constituency, SWAP's homesteading has little appeal since they already had their homes which in many cases were in serious need of repair. To meet the needs of moderate income members in marginal neighborhoods, PACE initiated a neighborhood housing service, NHS, in 1979.

Unlike SWAP, the NHS consisted entirely of homeowners, local bankers and businessment, and "community leaders". Funded by a HUD grant (which was proposed by PACE staff) the NHS operates programs to secure low interest loans for home improvement, counsel homeowners on rehabilitation, and develop neighborhood revitalization strategies. The NHS, which is still a vital organization in the Elmwood neighborhood, has a large membership and has had a major effect on the image of the neighborhood.
A PACE vice president who is also a leader in the NHS reflected on the relationship between PACE, SWAP and the NHS.

We needed all three organizations. SWAP is important but it wasn't for people like me who own their own homes. PACE was like an umbrella. It started all of these development groups which were spinoffs but a lot of us were on all of the boards and we'd work with SWAP whenever we could. I don't think the NHS ro SWAP drained leadership from PACE. PACE worked on all the neighborhood issues and drew in leaders that were interested in those issues. The NHS and SWAP provided housing and it attracted people who needed housing and so were more interested in "development". We needed all the organizations.

Another PACE spinoff is the People's Redevelopment Corporation (PRC) which no longer operates. PRC existed primarily to supervise and plan the construction of federally subsidized elderly housing. PRC was established as a community development corporation, completely separate from PACE, though one of PACE's strongest leaders eventually became a staff person for PRC. Unfortunately, PRC did not build the kind of organizational base built by SWAP and when it finished its elderly housing project did not move on to other housing programs.

Lessons from Providence: Problems and Successes

In many ways, PACE's development experience is a success story in how a direct action community organization can successfully institutionalize victories and carry out development activities. Although PACE's recent organizing history has been rife with problems, there are a number of lessons to be learned from the PACE development experience. Many of the staff and leadership problems faced by PACE have little or nothing to do with the establishment of SWAP and NHS. However, several PACE leaders and SWAP staff believe that PACE lost leadership and membership because the organizers were unable to move beyond their traditional Alinsky direct action style to develop a more comprehensive program suited to the current needs of neighborhood residents. Ironically, the development organizations
established by PACE are sophisticated examples of how an organizing group might expand its program and base of support. Unfortunately, PACE was so careful to spin off its development organizations that it did little to build close working relations with its spinoffs. In part this was due to the need for autonomy on the part of SWAP and the NHS but it was also due to PACE staff suspicion of the compatibility of organizing and development. This is particularly unfortunate because now that SWAP needs political clout for its legislation, PACE has no real strength. If PACE staff had been more careful to build working relationships with SWAP, their work with absentee landlords could have continued to complement SWAP's homesteading, and they might have been able to effectively lobby around arson issues. These were missed opportunities.

There are a variety of reasons why SWAP and NHS were successful examples of development organizations with ties to direct action organizations. These are both organizational and project specific issues. Though SWAP's distance from PACE eventually grew large, its autonomy, guaranteed by its spin off form was crucial to its success. All of the SWAP staff and PACE organizers agree that while there were many places where the pressure of PACE was instrumental to SWAP victories, SWAP had to be independent to work with the banks and developers. In many cases, PACE could act as the "club" on a bank or landlord and then SWAP could come in claiming organizational independence and negotiate a way out for the "target". As the current director of SWAP explained, "not being PACE helped us. We could play a middle role between the banks and the neighborhood."

A second organizational lesson is SWAP's successful efforts to establish an organization for the people they served. By continuing the homesteader's involvement through the co-op, SWAP guaranteed that they would
not become an individualized service organization. Additionally, they were able to build a political base which they could draw on when necessary. If PACE still remained a force, a coalition between PACE activists and the homesteaders' cooperative would have been a strong political force.

SWAP's ability to move to a new sphere of activity—legislative lobbying—provided the organization a creative way to maintain an activist base without jeopardizing the allies which were crucial to their development work. This ability to adapt to changing circumstances is what makes SWAP a vital organization while PACE struggles to maintain its old style.

A central project specific lesson provided by the work of SWAP, the Elmwood NHS, and the PRC is that tenure can be critical political issues when doing community based housing development. SWAP very consciously chose homesteading to encourage home ownership and avoid the organizational problems of rental property. This was also true for NHS which could maintain an active base of grass roots support because homeowners saw the NHS as their organization, rather than as a landlord or a developer from the outside.

PACE's failure to maintain itself as a viable community organization in the 1980s had little to do with its community economic development efforts. To a large extent, PACE's problems can be attributed to internal crises; high staff turnover and individual leadership domination. Some observers argue that PACE may have outlived its purpose and the development organizations it spawned are the fruits of PACE's efforts, and the final evidence of its success. Others argue that many of the problems PACE once confronted still remain in Providence and require direct political action to gain remedies. PACE's failure to adapt to changing times and neighborhood needs may have been responsible for some membership and leadership
losses. It may be that PACE's success was also its failure. So successful was PACE at spinning off development organizations that it was unable to reap the organizational benefits of being tied to development organizations because the separation was so great.

However, though PACE is faltering, it has created two viable development organizations with grass roots participation. PACE's experience indicate that direct action community organizing can exist side by side with community economic development and that both activities can be mutually supporting.
Notes: Case 2

1 Providence Human Relations Commission, General City Profile, (1979)
2 Ibid.
3 Interview, April, 1982.
4 Ibid.
5 Ibid.
6 City Profile
7 SWAP history: manuscript.
8 Interview, April, 1982.
9 Interview, March, 1982.
10 Ibid.
11 Interview, April, 1982.
12 Ibid.
13 Ibid.
Case III

This case study concerns Worcester Is Saving Energy (WISE), a weatherization project funded under the Massachusetts low income weatherization program and administered by Worcester Fair Share, the Worcester Labor Co-op and the Worcester County Extension Service. WISE is an interesting example of a community organizing group which directly applied its techniques to the delivery of services. WISE was both a successful weatherization program and a valuable organizing tool.

The Setting

With over 170,000 residents, Worcester is the second largest city in New England. Once the steel-making center of the country, Worcester is still a manufacturing city but has suffered many of the symptoms of Northeast urban decay. Worcester's housing stock is old and in many sections of the city is badly deteriorated. Hundreds of housing units are abandoned and secured even though the vacancy rate is substantially less than five percent.

In Worcester, over 8,500 families receive federally subsidized fuel assistance. Yet, until 1980, less than twenty percent of Worcester homes were insulated. Subsidized heat was literally seeping through the city's walls.

Worcester Fair Share

Worcester Fair Share was established in 1977-1978 as part of Massachusetts Fair Share, a state wide citizens' action organization with over 80,000 members and 60 chapters in 12 cities. Massachusetts Fair Share which was founded in 1974, has its roots in the new Citizen Action movement (see Chapter 2) and combines traditional community organizing with
an Alinsky style and an anti-corporate, consumerist approach. Massachusetts Fair Share's campaigns have ranged from abandoned property improvement and street repairs on the local level to tax reform, hazardous wastes and utility rate reform on the state wide level. In the last two years, Fair Share has sought to expand both its program and its funding sources through the development of service oriented and "development" programs. These experiments have ranged from a state wide weatherization business to a housing development program. In the Winter of 1980-1981, Worcester Fair Share, along with two other local organizations began administering a unique version of Massachusetts' federally funded weatherization program.

Worcester Fair Share consists of five chapters with over 1,000 members. Like other Fair Share chapters, the Worcester organization works on both block issues like sidewalk repair and on a city wide level such as their recent campaign to overturn Proposition 2½. For the past several years, Worcester Fair Share's primary concern in almost all of its neighborhoods has been housing. Housing campaigns have taken a variety of forms. In 1979, Worcester had one of the highest arson rates in the state and Fair Share organized to identify potential arsoned buildings, pressure banks and insurance companies which were financing "arson prone" landlords, and to force the city to have an improved arson watch program.

Other housing campaigns included pressure on a number of landlords to pay their delinquent property taxes, repair their code violations, and install smoke alarms. In the past year, Worcester Fair Share initiated a campaign to save Worcester's housing stock, particularly its ever shrinking supply of rental housing. This campaign includes pressure for rent control. Another is an attempt to save housing stock through non-profit
Throughout the 1970s, Worcester Fair Share was exclusively a direct action advocacy organization. Because of its style and power in the community, the organization was viewed as a threat by many of the traditional social service agencies and relations between Fair Share and many of the neighborhood centers was poor at best. Likewise, many Fair Shar leaders viewed the social service agencies with suspicion and criticized them for their unwillingness to confront the city administration.

**Fair Share's Move to Service Delivery**

In 1979 and 1980, the state office of Community Development (EOCD) was administering its federally funded weatherization program almost exclusively through Community Action Agencies. In Worcester, the program was administered through the Community Action Coalition, the city's CAA. Like many of the CAAs, the Community Action Coalition had high overhead costs and was not terribly successful in reaching low income residents with information and weatherization "kits". In December of 1980, EOCD determined that CAC was no longer responsibly delivering weatherization services to Worcester residents and decided to solicit competing proposals.

Because of a close contact in EOCD, Massachusetts Fair Share was approached and asked to submit a proposal to administer the weatherization program and deliver weatherization kits to low income households. Eventually, three Fair Share chapters became involved in the weatherization program – Worcester, Lynn and Springfield – but the Worcester program was the most successful.

Although Worcester Fair Share has a strong membership base in the community, its alienation from the social service community and its lack of experience in delivering services meant that Fair Share could not admin-
ister the weatherization program alone. In order to qualify as administra-
tors, Fair Share assembled a coalition of organizations including the Wor-
chester County Extension Service and the Worcester Labor Co-op, two service
oriented groups that had better relations with Fair Share than the CAAs
and neighborhood centers. Their agreement was that WCES would train people
to run and supervise the workshops and deliver the weatherization kits to
eligible households. The Labor Co-op was given the responsibility of
administering the the program, a role which was unfortunately hastily and
unclearly defined. Worcester Fair Share assumed the task of going door to
doors and organizing neighborhood institutions to get low income residents
to the workshops.

Two important components made Worcester's weatherization program
unique and appropriate for Fair Share's style of community organization.
First, rather than waiting for families to approach them for assistance,
Fair Share staff went door to door to speak to thousands of people about
the program. Staff used their contacts with church, civic groups and
senior clubs to turn out residents to workshops held in their own church
or hall. Fair Share insisted that if they were to administer the program,
their organizers could use the door to door contact and the workshops as
an opportunity to solicit involvement and membership in Worcester Fair
Share.

Combining Fair Share's organizing techniques with service delivery
proved to be remarkably successful, from a service delivery point of view.
During the first year of the program WISE staff spoke to nearly 2,500
Worcester residents about conservation measures and distributed 1,500 wea-
therization kits in income eligible households. By the end of the year,
WISE had spoken to more people and delivered more kits than any weatheri-
zation program in the state.

Due to bureaucratic delays, the WISE program wasn't able to start until the end of January, 1981. Even with a late start, outreach workers and workshop leaders had no trouble reaching residents.

Preparation continued at a feverish pitch. W.I.S.E. outreach workers doorknocked the entire neighborhood with W.I.S.E. flyers, announcing the meeting. Interested people were given a reminder call. The workshop was rehearsed and the kits were readied. When the 27th finally arrived, all the fears about the late start-up and the lack of preparation time were put to rest... Over 60 of the residents of the neighborhood around the Green Island Neighborhood showed up to learn how to weatherize their homes.²

The first workshop was followed by almost 90 others (often four a day).

Using existing community networks, the workshops were held at neighborhood centers, churches, senior centers, community schools, Elk lodges, and in Hispanic centers where they were carried on in Spanish. Though the weatherization kits were exclusively for low income residents, people of all income levels attended the workshops to get information about weatherization techniques.

In March, when the end of winter made it more difficult to elicit interest in the workshops, W.I.S.E. turned to community agencies for assistance. W.I.S.E. trained social service agencies to lead workshops and the kits were distributed through this new network.

The W.I.S.E. program proved to be not only quality service delivery but a good organizing program as well. At each of the four or five meetings, nearly 25 people received the Fair Share membership pitch. According to one Fair Share organizer, they were able to solicit three or four new memberships at each meeting which means that the program increased the membership by about 300 people.³

Though memberships solicited through W.I.S.E. were not consciously
integrated into Fair Share's organizing program until the second year of WISE, all of the organizers made use of the additional contact with neighborhood residents. Both at the doors and in workshops, Fair Share staff described state wide utility reform campaigns and their "stop big oil" campaign. According to all of the organizers, involved with Fair Share at the time, members recruited through WISE were often integrated into Fair Share action projects. When organizers had neighborhood chapter meetings, at which high turnout was expected, they would coordinate their work with WISE outreach workers to get Fair Share materials to all the doors.

WISE I helped Fair Share's organizing in a number of important ways. Fair Share membership received special mailings from the organization announcing the program and explaining how members could qualify to receive weatherization kits. Many Fair Share members attended workshops and according to several organizers, Fair Share's reputation among the membership was strengthened by distributing tangible material benefits to the membership.

In addition to building the membership and potential membership base, WISE I was instrumental in building up staff morale, expertise and resources. At the time the program began, other Fair Share staffs were embroiled in internal conflict which was sapping the organization's strength and stifling program development. WISE offered the Worcester staff a concrete program that gave a clear focus to their work. While lacking focus is no reason to undertake a service program, it indicates the positive effect that such a successful city wide effort can have on staff as well as members. In addition to providing a concrete program, WISE also offered the Worcester Fair Share staff monetary resources which they would otherwise not have had since WISE covered Fair Share's office costs and paid for additional door to door outreach.
A third important aspect of WISE was that it provided training for future Fair Share organizers. At the present time, three WISE outreach workers are full time organizers on the Worcester Fair Share staff.

WISE I was followed in 1980/81 and in 1981/82 by WISE II and WISE III. Each of these programs varied slightly from the previous one and added to the growing understanding of service delivery on the part of Fair Share. WISE II faced the problem of expanding the program to reach households that were not responding to leaflets, publicity and doorknocking. Rather than just relying on the existing service networks, WISE workers trained neighborhood residents to run workshops in their own homes to which they could invite their neighbors. This tactic closely mirrored Fair Share's house meetings in which neighborhood residents would invite their friends and neighbors to their homes to hear about the work of Fair Share. WISE III added even a further level of neighborhood penetration by enlisting organizations like the Boy Scouts who made special appointments with residents who could not leave their homes to go to workshops.

By the time WISE II and III were underway, Fair Share staff had learned to use the program consciously in their organizing strategy. One WISE outreach worker who later became a Fair Share organizer used the WISE meeting lists to contact people for her chapter meeting. Last winter, dozens or residents who were involved in WISE workshops were integrated into Worcester Fair Share's energy committee to work on utility rate reform and other related issues. This year that same committee is pressuring Commonwealth Gas through direct action and negotiations to fund a weatherization program which will be available to all residents, regardless of their incomes.5

Problems with the WISE Program
Though WISE is a remarkable example of the benefits of combining organizing and service delivery, the program was not without its problems. The snags encountered by the WISE staff and their solutions are instructive for others attempting to reproduce the model or something like it.

Perhaps the most important quality of the WISE program from an organizer's perspective is that the service delivery was relatively simple and fast. Workshops were one time affairs and most people left with a self contained package that required no follow up on the part of the staff. Unlike many programs like fuel assistance or income maintenance, staff were not tied to clients on a long term basis. WISE and Fair Share staff believed that if the program were much more complicated, it would have been less appropriate to Fair Share's style of organizing.

A danger that any service organization faces is that government agencies often encounter delays and force local agencies to wait until problems are ironed out. Unfortunately, when there are delays on the state or federal level, local service organizations generally take the blame for something which is out of their control. At least at the beginning of the program, delays hurt its credibility and there is some concern that such delays could happen again. One solution offered by organizers is to mobilize potential recipients of weatherization assistance to demand faster action on the part of state officials.

Another problem faced by service delivery organizations is the necessity to follow state or federal income guidelines which can be cumbersome and hinder organizing. Fortunately, Worcester Fair Share was able to insist upon and receive a relatively lenient income certification process. Rather than having to prove their income levels through forms and paperwork, potential recipients merely had to state their income on a sheet of
paper and WISE workers assumed that information was correct. In Lynn, where another Fair Share weatherization program was sponsored, the income guidelines were much higher and recipients had to prove through documentation that they were entitled to receive a weatherization kit. Not surprisingly the Lynn program was far less successful than WISE and was not received as well by organizers.

An additional problem often faced by organizations like Fair Share, which are new to the service delivery world is the resistance put up by the existing and traditional service organizations. In Worcester, careful coalition building and close attention to organization turf prevented major resentments which can destroy a program. However, even with all of their attention, one of the three primary participants in the program, the Worcester Labor Co-op, strongly protested Fair Share's recruitment efforts through the WISE workshops to the state, even though this arrangement was agreed upon by all parties. In retrospect some WISE staff feel that roles in the coalition of sponsors should have been more carefully spelled out before the program began.

A warning given by a number of former WISE staff is that this type of program tends to divert staff time from other issues and the day to day rudiments of chapter building. When WISE I began this wasn't a problem since that staff badly needed a program which offered direction and concrete activities. However, at times during WISE I and II, say former staff, the program diverted staff time from other organizing projects. One simple solution to this problem is to ensure that there are sufficient staff with clearly delineated roles who can operate the service project. In some cases it may be useful to spin off the service project just as an organization might spin off a CDC. The problem is coordinating organizing
and service delivery while preventing the service delivery, which can be overwhelming, from totally dominating the organization's work.

WISE staff members agree almost unanimously that the program's benefits outweighed its problems. At the current time, Fair Share is exploring ways to establish a permanent energy service component which can relate to Fair Share chapter work but function as a separate organization.
Notes: Case 3


2 Worcester Fair Share: manuscript

3 WISE Staff, A Report to the Community: WISE is Saving Energy, 1980.

4 Ibid. p. 5.

5 Interview, April, 1982, with WISE staff.

6 Ibid.
CONCLUSION

Though community economic development is a necessary undertaking in order for some community organizations to survive over a long period of time, there is no guarantee that the combination of the two activities will be easy or smooth. From available history and the case studies included in this study, certain tensions between organizing and development can be identified. These tensions will manifest themselves differently in different contexts, depending upon the nature of the community, the experience of the organization, and the personalities of staff and leadership.

1) **Conflicting demands upon limited resources:** Both development and organizing require leadership and staff time as well as fiduciary resources. Development can be complicated work and often requires substantial staff attention which might otherwise be applied to organizing projects. Likewise, leadership time is limited since leaders will be "burned out" if they are overextended. Development activities require extended and intense attention from community leaders unless the work is carried out entirely by staff. Many organizations fear that development activities will drain their leadership resources and tie them up in complicated and drawn out activities.

Particularly in the early stages of development, at least some core financial support is necessary for success. Though some economic development projects can, over the long run, be self-sufficient or even generate cash, none can avoid start up financial requirements. In periods when community organizations are struggling to find economic support for their organizing activities, development activities may compete with organizing...
for limited foundation grants, government funds, and private donations.

2) **Providing different signals to outside institutions:** Most organizing efforts utilize a confrontational strategy in which elected leadership and traditional community institutions such as banks and corporations are established as "targets" for community demands. Development on the other hand requires cooperation and mediation with community institutions in order to guarantee the success of development projects. Thus a community organization which carries out development gives different and often conflicting signals to "outside" institutions. This dynamic may cause the development leaders or staff to try to temper the confrontational activities of the organizers or it may cause the organizers to confront community institutions rather than negotiate a solution when there are problems in the development process.

3) **Teaching different lessons:** One of the fundamental principles of community organizing is that confrontational mobilization teaches community members that their collective action gives them power to win economic and political power. This is a lesson that organizers constantly strive to teach and it may take precedence over the specific issue at hand. Development, on the other hand, teaches community leaders that cooperation, negotiation, and technical expertise win economic benefits for communities and thus solve neighborhood problems. Whereas most community organizers see community problems as systematic and work to teach leaders the same lesson, community development tends to reinforce the idea that short term economic gains is sufficient change.

4) **Changing class relations:** Community economic development often brings with it the responsibilities of ownership and management and thus may fundamentally alter the class relations between the community organi-
zation and community residents. Rental property is perhaps the best example. Many community organizations are encouraged to purchase and then rent property to take buildings from absentee control. However, once a community organization becomes a landlord, it must collect the rent, maintain the buildings (often a difficult task), and even evict tenants if necessary. No matter how well intentioned a community organization may be, it is nearly impossible to be both a landlord and to organize tenants.

5) **Timing the development process:** Community organizers depend on a relatively short time horizon and having control over the timing of events in order to best mobilize community residents. Development is often a long process in which many of its components are beyond the control of the community developer. Since timing is so important for the work of the organizer, the need for patience during the development process may create tensions in an organization trying to combine both activities.

These central tensions arise in the work of nearly every community organization attempting to undertake development activities. The next section draws on the experiences of several community organizations and offers some lessons for organizations to ease or eliminate these tensions.
Typical Problems and Suggestions from the Field

One of the most trenchant conclusions which can be drawn from the history and cases presented in the preceding chapters is that there are no simple formulas for the complicated process of combining community economic development and community organizing. While there is no scientific basis for establishing which approaches will work and which won't, there is a wealth of field experience and history from which we can draw a number of conclusions about typical problems and successful responses. Much of the history of CDCs and community organizing is written and I have drawn heavily from available sources for the earlier chapters. Recent field experiences are also recorded both in the original cases in this study and in a recently released study by the Center for Community Change. The Center's study, performed by four experienced organizers and developers examined over thirty community organizations to draw some conclusions about what works and fails when community organizations undertake development activities. Several short case studies from the CCC report are included in the appendix. I have drawn heavily from the materials presented in the CCC study in developing the conclusions reached in this final chapter. By in large, the conclusions reached in the CCC study substantiate the conclusions drawn from my own cases and the historical materials.

One of the problems of generalizing principles from case studies is that many of the difficulties faced by community organizations undertaking development are a function of personality, timing, or other non-quantifiable factors. What works for an organization in Baltimore or Providence may not work for an organization in Somerville or Cleveland. Nevertheless,
there is enough recorded corroborative information that presenting some
general principles is a useful exercise. Clearly, each organization which
undertakes development activities will have to carefully examine its own
needs before it decides how to proceed.

This chapter is organized into a typology of problems which have
faced typical community organizations undertaking economic development
activities and organizing strategies. Following a description of each typi-
cal problem is one or more suggestions drawn from the historical and case
materials as to how to deal with the problem. Though many of these sug-
gestions have been developed or utilized by successful organizations,
there is no obviously precise correlation between the use of the strate-
gies espoused below and the ultimate success of an organization. There
is however evidence which suggests many of the typical problems presented
here may be avoided by paying some heed to the suggestions provided from
experience.

Start-up Problems

1) Prerequisites for the start-up

Almost all community organizations undertaking development point to
timing as a key to long term success. According to the CCC study, four
prerequisites should exist before undertaking development: capacity,
resources, credibility with the outside world and credibility inside the
community. Community organizations should carefully examine the reasons
they are moving to development. The availability of grant money is not
sufficient reason nor is the desire to achieve self-sufficiency. The move
to development should be a logical process growing out of the need to
expand the organization's strategy and activities. Before making such a
decision it is important that the organization have the internal resources
to undertake what can be a complicated activity.

Capacity is difficult to measure because it involves many non-quantifiable human factors. Leadership development is key and means that an organization's leaders are experienced, well rooted in the organization, committed to the organizing goals of the organization and willing and able to learn the complicated tasks involved in carrying out development. Capacity also means that an organization has a solid sense of its goals and knows why it seeks a development strategy.

**Resources**: It is absolutely critical that the community organization be able to lend core support to the development effort in the first stages. Though development work may generate its own revenues over the long run, in at least the first year the parent organization should be willing to provide office space, staff and leadership time assistance in fundraising, and perhaps even direct financial assistance. All of this means that an organization facing financial crises should think carefully before undertaking a development project.

**Outside credibility**: What is often called a "track record" or proven experience can be an elusive thing for a community organization. Because many community organizations are founded on principles of direct action and political mobilization, a traditional "business like" track record is probably out of the question. However, it is critical that community organizations have clearly established their political power, must be perceived as representing the "community" and must have the staff, time and skills to carry out complex programs. While it is unlikely that banks will line up at the door, an organization must have enough power to garner response and respect. The SUN case is particularly illustrative of the problems which occur when an organization does not have enough perceived
power or technical capabilities. SUN was unable to force Somerville officials to allow them their building permits and was unable to gain badly needed time from local banks. Unfortunately, there is no easy solution to this dilemma except experience and the ability to honestly assess an organization's stage in development.

Credibility inside the community: Lacking the traditional sources of economic power, one of the most important resources brought to the development process by a community organization is broad support by community residents. At many stages of the development process in any specific project, local popular power must be brought to bear to move along a community project. This requires a community organization to pay careful attention to structuring their development project in a manner which will tie in local neighborhood leadership, offer representation for residents and remain open to democratic input.

2) Planning the move to development

There is consensus among community developers that careful planning is one key to long term success but that most community organizations do far too little of it. A first step in planning should be the education and training of staff, leaders and active members about the various components of community economic development. In many areas, planning organizations exist which can offer training assistance and continuing advice. At the least, leaders, members and staff should go through a series of meetings and workshops to begin understanding how a neighborhood can plan and develop their local economy.

Early planning efforts should include assessing the organizational abilities and timing described above, carefully constructing an organizational structure vis a vis organizing efforts, specific staff and leader-
ship roles, and clarifying goals and objectives. It is also important to carry out a careful assessment of community needs and development priorities. In the ideal world, a long planning study might ensue, but given most organizations' constraints, at least some type of careful project selection and prioritization should take place.

The Southeast Community Organization (SECO) in Baltimore, an organization studied by the CCC, undertook an 18 month community wide planning study before it established its development subsidiary and picked its first projects. In contrast, SUN-CDC spent very little time developing an organizational structure and choosing project priorities. SUN-CDC's structure and an overload of projects were major problems for the organization.

It should be understood from the outset that time horizons for organizing and development vary substantially. Whereas an organizing campaign may be a few weeks long, many development projects last for several years. The planning stage should reflect the difference in scale of complexity. Many community organizations have planned their move to development for over a year before actually undertaking specific projects. While this may be impossible for some community organizations, serious planning before the implementation of projects cannot be stressed enough.

3) Clarifying objectives

When little time is given to planning, organizational objectives remain undefined. Particularly for advocacy organizations which are undertaking development, a major shift in emphasis, short and long-term objectives must be clarified and clearly spelled out. It is clear from a number of cases that a failure to clarify organizational objectives will haunt the organization throughout its life and encourage internal divi-
sions and disorganization. SUN-CDC failed to clearly establish its goals early on and its Board fought against goals during its entire three years of existence.

The careful establishment of objectives should begin by establishing how deeply an organization wants to plunge into actual development. For some organizations, participating as a watchdog is appropriate and requires education and training but not actual project implementation. If an organization decides to undertake development projects there are certain objectives which should be clarified early on and reviewed regularly.

First, the community organization should establish the relationship between organizing and development efforts. This involves structural decisions as well as clarifying philosophies and strategy, all of which should be recorded in the by-laws or other organizational documents.

Secondly, some realistic expectations should be established for the type and number of projects which can be undertaken. These goals should be examined regularly but must be set out clearly and in writing if possible. Additional components of the objectives setting process will be elaborated upon below.

4) Choosing a structure

Choosing an appropriate structure for the development arm of a community organization is perhaps the most hotly debated topic among neighborhood activists undertaking development. Judging from the cases and historical evidence, the issues deserve this status in the debate since the structure chosen to do development is a key variable in the success or failure of community organizations turning to development. There are a myriad of forms used by community development organizations. For clarify, the following typology of forms is offered.
TYPOLOGY OF DEVELOPMENT ORGANIZATIONAL FORMS

- The creation of an entirely separate development corporation, fully independent of the community organization with only historical ties.

- The development of two parallel organizations which are formally autonomous but which have one degree or another of interlocking board membership to maintain the link.

- A parent-child arrangement, in which the development arm is a subsidiary of, and fully answerable to, the community organization.

- A single community organization which does not create a separate entity, but expands its activities to take in development.

- The utilization of joint development ventures in which a community organization relies primarily upon other non-profit organizations to carry out the actual development while it remains an advocacy and direct action organization.

- A community based organization which evolves into a development organization and leaves community organizing behind.

Structural decisions should be very carefully considered and clearly expressed in writing. A problem faced by SUN-CDC was that the relationship between SUN and the CDC was never clearly established and shifted from crisis to crisis, creating distrust and an incapacity to act with strength. In contrast, the Union Myles Community Coalition (see appendix) created a strict relationship between its organizing and development arms and even specified a clear division of labor.

If a community organization decides that it should combine its organizing efforts with a development strategy to create synergistic benefits, there are certain conclusions which can be drawn from historical and case
materials. Once a completely separate development organization is created, there is a tendency for that organization to disassociate itself from the more "radical" parent community organization because the development process encourages working through "proper channels" and exercising traditional forms of power. While a completely separate spin off may initially appear to benefit the implementation of development projects, the community organization is likely to sacrifice organizing strategy which includes development. These patterns can be seen both in the history of the Alinsky development organizations like FIGHTON and in the evolution of SWAP from PACE in Providence where development spin offs drifted away from the community organizing group when conscious links were not maintained.

Taking the opposite approach, a community organization may merely expand its activities to include development without creating a new organization of any kind. For an organization which chooses to develop one small project like a single abandoned house, this model is appropriate. However, if a community organization decides to undertake more complicated projects or actually plan neighborhood development, the development process becomes much more complicated and requires some type of new structure. The disadvantage of keeping the development activities entirely within the community organization is that constraints on the organization may develop such as requests to limit the militancy of direct action, over-extension of leadership and staff, and more resistance to specific projects on the part of local officials and the private sector. If a community organization seeks to combine the best of organizing and development and undertake substantial projects, it will probably have the most success with a spin off organization that retains ties through overlapping boards, shared staff meetings and shared information and strategizing. For example, The Union
Miles Community Coalition in Cleveland has the majority of seats on its development corporation Board and its By-laws force the development corporation to contract with Coalition organizers for outreach efforts.

**Staffing Problems**

1) **Professional Culture**

   It can be seen both from both the case materials and the CCC study that there are specific differences in the training, philosophy, skills and motivation of professional organizers and professional community developers. It is clear from cases like SUN-CDC that these differences can cause substantial tension in community organizations moving to development. To quote the CCC study,

   "The potential for conflict between these two cultures is clear, and there is substantial evidence of such difficulties in the careers of many neighborhood organizations which have moved into development. An organizer's definition of development is frequently very different from a developer's. Organizers bring people together to reach a consensus, while a developer tends to look for people to come together to support a project. What are sometimes described as personality conflicts between staff members may well have their roots in these basic outlooks."

2) **Receiving and sharing technical assistance**

   Whatever the type of staff a community organization chooses to carry out development, there is substantial evidence that the staff will need some technical assistance in their planning and implementation of projects. In some cases, distrust of professionals leads community organizations to reject such technical assistance. In other, more common cases, technical assistance is provided but it often goes only to staff rather than being shared with Board members.

   A solution to the technical assistance problem is to utilize the growing network of community consulting organizations. There are a number of national organizations like the CCC or Community Economics which offer
training, funding and technical assistance. In Massachusetts, the Community Economic Development Assistance Corporation offers both training and technical assistance for staff and Board members.

3) **Staffing criteria**

According to Jerry Altman, a consultant to Aetna Life and Casualty and six community organizations now carrying out development, it is often better to sacrifice technical expertise and traditional entrepreneurial characteristics for a staff trusted by local leaders, trained in the techniques of community organizing and sensitive to the democratic decision making process. In Altman's experience, the most successful organizations moving from organizing to include development used staff from the community or former community organizers trained in development skills.

Solving the staffing problem is not easy but there are certain lessons which can be drawn from previous efforts. First a community organization considering development is more likely to be successful if it does not hire a staff because of their technical expertise. There is a very limited pool of people who have both development expertise and experience in community organizing, and evidence suggests that managerial, not technical skills are most important for a development director. However, there is no disputing that technical skills and a solid knowledge of the "rules" of the development world are indispensable for a young community organization. One solution to this dilemma is to hire a generalist as director and bring on technical people as consultants. Another solution is to develop an advisory committee of local professionals who are willing to share their expertise with the Board and the staff.

For young organizations, the hiring of organizers or developers trained as organizers to staff development projects seems to alleviate
tensions between organizing and development staffs. For older organizations such as SWAP in Providence, the problem becomes more complicated as the development organization takes on its own identity and priorities. One possible solution is to regularly train development staff and leaders about the goals and tactics of organizing and the specific history and operations of the parent community organization. A second approach, suggested by SUN leaders, is to establish permanent communication structures between the development staff and Board and the staff and leaders of the parent community organization.

Though it may be downplayed at the outset of a development project, staff differentials between organizers and developers can be the cause of tremendous tensions. This of course is not a problem when development activities are just an extension of the community organization. When a somewhat autonomous development organization is created, salary differentials, another component of professional culture, can cause great strains. SUN and SUN-CDC experienced precisely this problem. Community developers tend to garner higher salaries than organizers because of their professional training and the accepted professional norm. One solution is to create a salary structure which reflects training and experience, regardless of professional background. Another alternative is to hire organizers as development staff and pay them as such.

**Leadership Problems**

1) **Building a leadership body**

It is fairly typical for community organizations undertaking development to assemble a Board consisting of some residents who have development expertise. In numerous cases, splits have developed between those leaders with development experience and those without it. Inexperienced Board mem-
bers may be left out of planning and implementation and ultimately this can exacerbate tensions between the "professional" developers and the community organizers and their leadership. This is precisely what happened to SUN-CDC whose first president was a planning professional with little organizing experience. As tensions developed over organizing vs. development the board split and hastened the organization's crisis. New Boards can benefit greatly from experienced professional (non-staff) leadership but some steps might be taken to prevent such splits from occurring. First, the development organization might take measures to guarantee seats for neighborhood organizing leaders and representatives from low income households. Secondly, Boards should go through training in which development expertise and organizing skills are shared or taught with outside assistance.

2) "Losing" leadership to development

Some staff and leaders of community organizations have expressed fears that development activities will drain leadership away from organizing activities. There is no evidence that I have seen to substantiate this concern. More often than not, some leaders in the community are more interested in development activities than direct action organizing and are attracted to such projects. This was PACE's experience when they spun off SWAP and the Neighborhood Housing Service. More of a problem is linking organizing leadership and development leadership once the development organization is operating. One solution is to guarantee seats on the Development Board to community organizing leaders. This type of structure helps to prevent the reliance of the development organization on higher income and professional community leaders who may have less experience with organizing.
Another solution to the problem of connecting organizing and development leadership is to activate the development leadership around their own issues. SWAP for example, created a homesteaders cooperative which consisted of homesteaders who assisted each other and organized around community issues such as arson, which did not conflict with their development agenda. Most community development organizations experience at least some staff domination of the Board or leadership. This is much more likely to happen in a development organization where the success of a project is more crucial than the development of leadership. In the case of SUN-CDC, a lack of clear communication between the Director and the Board led to staff decision making without Board input and was one of the major causes of that organization's demise.

There are at least two approaches which might help to solve the problem of staff domination. First, Board training cannot be stressed enough. Outside assistance can be brought in to help educate Board members to the point that they can at least make informed decisions about development projects. A second approach is to create specific mechanisms through which staff must communicate and work with Board members. In many development organizations, this seems to work most successfully through project working committees rather than just at Board meetings. However successful these two approaches, it is important to understand that because of the technical complexity of development, there will be occasions when staff decisions will have to be made without the full participation of them membership or Board. However, these situations should be kept to a minimum.

Project Related Problems

1) The number of projects
A common problem faced by community development organizations is the taking on of more projects than is feasible. This is particularly dangerous for organizations which intend to continue their organizing efforts since development projects have a tendency to grow in complexity and demand a tremendous investment of time. SUN-CDC found itself involved in several housing projects, a business development program and a weatherization project, all within two years. In the end, none of these projects were given the attention they needed and there were far more failures than necessary. In contrast, SWAP started with one abandoned building and only added new buildings to their homesteading program as they gained the capacity to handle them.

There is a tendency among young organizations to try and solve all the neighborhood's problems in a short amount of time. When dealing both with the private sector and public funding sources, a successful track record is critical. Therefore it is generally wise for a new development organization to start with a limited project and expand only after it is confident that development makes sense and is feasible.

Project Selection Criteria

It is difficult to set out ground rules for project selection in the abstract since every community will have very different needs. However, certain lessons about project selection in housing, business development, and service delivery can be gleaned from the available case materials and historical information.

Housing: The first observation is that community development organizations which seek to continue organizing efforts should carefully consider the implicit dangers of developing rental housing. During the development process, particularly in rehabilitation projects, community orga-
tions are responsible to tenants, if there are any, and the surrounding community. Code violations, building delays, and accidents, all common occurrences, are all the responsibility of the community developer. In the SUN-CDC case, the community organization was the landlord while codes were violated, lead paint remained on the walls and the project dragged on endlessly.

Once a project is completed and rented up, a community organization is then the landlord and must be held ultimately responsible, even if management services are contracted out. Once a landlord tenant relationship exists, the community organization is less likely to be seen as an advocate and more likely to be seen as the self-serving owner, regardless of good intentions.

In some communities, home ownership may be an option. Rehabilitation and sale to moderate income families or homesteading are two models used by community organizations which manage to remain largely free from the houses once they are sold to new owners. In neighborhoods where multi-family units exist, owner occupied rental housing or cooperative housing might be considered. The community development organization can play the role of identifying properties to be rehabilitated, matching properties to owners or cooperators, and "packaging" appropriate subsidies and financing. Pressuring absentee landlords to sell their property at a low price is an ideal role for the organizing arm of a community economic development group.

Though this is not the appropriate place for an analysis of the feasibility of community housing development, a broad range of cases indicate that community organizations are still developing housing with the current high interest rates and lack of subsidies. At this time the most success-
ful programs appear to be those which are rehabilitating abandoned or
about to be abandoned properties and transferring them to moderate income
owners or owner-occupant landlords. In many states, including Massachu-
setts, state financed interest subsidies allow for moderate income housing
development. To the extent that rental subsidies such as Section 8 exist,
low income housing development is feasible. Without subsidies, such
development is nearly impossible, even for non-profit community organiza-
tions.

**Business Development:** Some community development organizations, par-
icularly in states like Massachusetts which sponsor development finance
institutions, have undertaken business development. Often this consists
of providing technical assistance like business planning, favorable finan-
cing, and expansion space. While job creation in principle is beneficial
for communities, certain investments may be more appropriate for develop-
ment organizations with ties to community organizations. The objective of
a community organization might be to encourage community participation in
and control over business development. One example of this strategy is to
seat members of the community organization on the Board of Directors of
the assisted companies and tie assistance to certain stipulations about
job quality, pay and local hiring. A number of CDCs in Massachusetts such
as the Cleghorn CDC in Fitchburg have taken this approach. Another stra-
tegy is to encourage the development of worker owned firms through Emplo-
eyee Stock Ownership Plans or cooperatives. There are two types of situa-
tions which offer opportunities to create worker owned firms and encourage
community wide participation in the process. The first is the example of
a plant shut-down, when both workers and community residents raise capital
to purchase the closed plant. The Ohio Public Interest Campaign is
exploring this strategy after their experience with an attempted worker/community buy-out in the Mahoning Valley. The second situation occurs when an owner cannot operate a business any longer and seeks to sell out to someone but lacks family members who can assume ownership. If the firm is well established in the community there may be a perfect opportunity to organize community and worker ownership. What a community development organization wants to avoid is creating business investments which are isolated giveaways to business with no community control.

**Service delivery:** Many community based development organizations have undertaken activities which may be categorized as service delivery such as weatherization or job training. There are several issues a community development organization might consider before initiating a service project (these issues are illustrated in the WISE case). Complicated programs which involve a tremendous amount of administration and paperwork should be avoided. Programs like fuel assistance require tremendous individual attention because of complicated income guidelines and may discourage collective organizing.

It is best to sponsor programs which suggest collective activities and are appropriate to organizing strategies. The WISE case offers a good example of how weatherization can be used both to bring community residents together and activate them through organizing against utility rate increases.

**Ongoing Organizational Problems**

1) **Controlling development while maintaining autonomy**

The single most frequently cited reason for community organizations not to undertake development activities is that such a move will either compromise or overwhelm the community organization. While there is some
evidence which suggests that development can compromise community organizers, many staff members and leaders interviewed in the cases and the CCC study believed the problem has been overstated.

There are two basic approaches for dealing with the problem of development compromising organizing in the long run. One is to spin off a development organization and maintain close leadership ties as suggested above. A number of organizations taking this approach like the Union Myles Community Coalition claim that they are able to maintain organizational autonomy from the development arm even when "everyone knows better". In the SUN-CDC case however, city officials identified the development group with the organizers even when they formally disassociated themselves.

Many community organizations like PACE have developed a "confrontational development strategy". The key to such a strategy is to carefully determine when in the development process it is useful to use the "club" and when it is wiser to use a "professional" approach. In housing development the "club" can be used against absentee landlords while the "professional" approach can be used with banks and city officials.

2) Diversion of energy from organizing

A number of critics of community economic development claim that community organizations which move to development then to neglect their organizing efforts and eventually fall apart. This may be true in some cases but most of the available evidence suggests that more often than not, community organizations which are failing between their third and fifth years (a common occurrence) are failing for reasons other than their move to development activities. Often, community organizations at this crisis age face a lack of core funding, and face difficulties in setting goals and expanding programs to maintain leadership participation. In
some cases the move to development is based on the erroneous hope that such activities will replace start-up grants and grass roots fundraising. There is very little evidence in the cases of the CCC study to suggest a relationship between development strategies and the disintegration of organizing efforts. Massachusetts Fair Share, for example, has managed to carry out development and organizing activities because its organizing arm is well funded, has seasoned leadership, and is careful to limit the number of development projects it undertakes.

3) **Fundraising: development for self-sufficiency**

In few cases can development activities generate enough revenue to support organizing efforts, particularly in the early years. In fact, in many cases, such as Massachusetts Fair Share's efforts in housing, community organizations have had to generate funding for development efforts using their track records as organizers. It is critical that some policy be developed early on to clearly delineate fundraising responsibilities. Some organizations have developed creative approaches to development fundraising. The Cleveland organization cited early on wrote into its By-Laws that the development organization it spun off had to contract with it for organizational development activities. SUN and SUN-CDC attempted to do this as well but the financial relationship was never clearly spelled out and became a fatal error.

In some cases, development projects can provide income for organizing efforts after an initial start-up period. Fair Share is hopeful to generate development fees from its housing development work which will eventually become income.

4) **The timing of development: maintaining grass roots activism**

Nearly every organization studied by the CCC and the three organiza-
tions presented in detail in this thesis faced problems with adjusting the timing of development work with the needs of organizing. Organizers and their membership are used to quick victories and controllable situations. Most community organizations thrive on creating victories whenever possible, even if they are piecemeal. Development on the other hand can be an excruciatingly slow process and often leads to situations where the ball is other people’s hands.

There are a number of possible solutions to this problem. One of course is training and experience which can teach both leaders and organizers the complications and timing of development. Another is to carefully plan development work with organizers and leaders so that confrontational or direct actions can be utilized when appropriate. There are times in the development process when visits by community leaders or even demonstrations can move along an otherwise slow process. PACE, for example, demonstrated in front of landlord’s homes to have properties sold to SWAP. However, leaders and organizers must accept that direct action is not always appropriate in development and that sometimes compromise is necessary. For the most part this is true for organizing as well. A final technique is to celebrate each step in the development process as a victory: site control, securing a building, loan approval, etc.

Both historical information and case studies indicate that while combining organizing and development can be dangerous, it can also provide significant opportunities for organizational growth, institutionalization, and solving day-to-day community problems. It cannot be said that all community organizations should undertake development. Many community organizations are simply not ready and others may never have the opportunity because of their structure, local politics or even leadership person-
alities. However, a body of experience exists to instruct community organizations considering development what pitfalls to avoid and what opportunities to seize. A significant number of community organizations have successfully combined organizing and development by using a broad array of structures, methods and projects. It remains for specific community organizations to decide whether development is an appropriate strategy and, if it is, what approach to take. Where there is danger, there is opportunity.
APPENDIX

Center for Community Change Cases

The Union-Miles Community Coalition has a carefully thought out plan which calls for a separate development organization with permanent structural links to the community organization. Of the Union-Miles Development Corporation's 15 board members, 12 will come from the Coalition. Six of these will be current board members of the Coalition and six will be resident members elected at the Coalition's annual senate. The remaining three members of the Development Corporation will be made up of representatives, one each, from three commercial banks in Cleveland. (As a result of neighborhood challenges under the Community Reinvestment Act, the banks have agreed to finance the non-profit rehabilitation development corporation.) The new corporation's bylaws provide for some other links. Certain bylaws can be amended only by the Coalition and not by the Development Corporation membership. One of them is the rule that the Development Corporation cannot do any organizing or knock on any doors. It must contract with the Coalition for organizers' time to set up Governing Task Forces for each project. The bylaws require that all projects must be approved by a Governing Task Force created to oversee it. A Task Force for a housing rehabilitation venture, for example, might be composed of street clubs in the area where the renovation is planned. While Union-Miles is beginning with housing rehabilitation, it has plans for commercial revitalization, including some new development. The Union-Miles design is an attempt to satisfy the desire to promote development yet separate development activities
sufficiently from the community organization so that it can hold
development activity accountable and avoid blame should it go off
track.

The Buckeye-Woodland Community Congress is the oldest of the major
community organizations in Cleveland and served as a model for the
newer organizations. Buckeye-Woodland is approximately seven years
old and has just this year established a development corporation.
Its approach to development is in some ways the most complex and
ingenious to be found across the country. Bank on Buckeye (BOB) is
a for-profit development corporation capitalized by a consortium of
four commercial banks. (It is described as one of the first development
corporations in the United States to involve more than one bank, and
required the resolution of some very complex regulatory tangles.)
While BOB is essentially a creature of the banks, it has a board with
balanced membership. Of its thirteen directors, six must be Buckeye-
Woodland residents and six are to be nominated by the banks.
The swing member is to be a city government representative who
works or lives in the area. Currently, it is the ward councilman.

Parallel to BOB, and part of the agreement with the banks, is
a second organization, the Buckeye Evaluation and Technical Institute
(BETI). BETI is a non-profit organization which will do the
research and spade work necessary to develop projects for BOB to
execute. Its staff will in effect be the core development staff
since BOB will be relying entirely on bank staff working part time.
Of BETI's 11-member board, 10 will be elected from the general
membership of the Buckeye-Woodland CRA Committee. The eleventh
member will be the BETI executive director. While the initial
focus will be on housing, the development corporation is planning to expand to other development work.

This very elaborate organization structure is partly explained by the community's concern to protect the Congress. Nominal responsibility for the development arm lies with the banks so that Buckeye-Woodland will not have to take the blame for any shortcomings and will be free, as are the other groups in Cleveland, to criticize the development arm if it decides to. The Congress will not participate in any of the profits the corporation may generate. Thus it will not be "tainted". BETI is obligated, however, to contract with the Congress to do the community organizing around specific development projects. The staff and leadership regard this as a clean solution. They were concerned with the confusion that would arise if BETI were to organize regarding a project in an area where the Congress had already organized. On result of this arrangement, of course, will be some budget support for organizers already on the Congress staff.

Buckeye-Woodland has gone to some lengths to build a firewall between itself and the development activity. Yet it feels it has managed to retain the amount of influence and control it needs to have. Its CRA committee, the most informed part of its membership on this subject, constitutes the board of BETI. BETI is the key link, because Bob cannot really move without it, and BETI is clearly tied in to the Community Congress. In any case, in the Congress' view, the development corporation's ability to do work will be heavily dependent on Buckeye-Woodland's well established power and legitimacy.
BIBLIOGRAPHY


