

COMMUNITY ECONOMIC DEVELOPMENT IN BOSTON:  
THE CHALLENGE OF THE EIGHTIES

by

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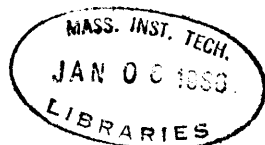
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ABSTRACT

The 1980s have been a time of transition for community development corporations (CDCs) in Massachusetts. Economic, social and political conditions which gave rise to the first CDCs, have changed dramatically. Boston's booming real estate market and cuts in federal spending create a hostile environment for CDCs working in low and moderate income communities. At the same time that conditions worsen, the number of CDCs in the state has increased from 10 in 1978 to 60 in 1985. Little has been written about this new generation of CDCs which is struggling to survive in the 1980s.

This thesis presents cases studies of three Boston-based CDCs-- Dorchester Bay Economic Development Corporation, Fields Corner Development Corporation and Nuestra Comunidad Development Corporation. The thesis addresses two questions: 1) How do changes in Boston's housing market impact CDC's growth and ability to achieve development goals? and 2) What factors are critical to new CDCs' organizational development and ability to complete development projects?

The research shows that recent changes in Boston's real estate market are constraining community development activity even in Boston's poorest neighborhoods. Rising prices and competition from private developers for abandoned building and vacant lots constrain CDC development activities.

This research indicates that three factors play a critical role in the organizational development of CDCs and in their ability to complete development projects: the presence of an initial sponsor which is usually linked to the existence of established community organizations; the complexity of a CDC's first project; and the presence of state and local development programs.

Thesis Supervisor: Dr. Phillip L. Clay

Title: Community Economic Development in Boston:  
The Challenge of the Eighties

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## TABLE OF CONTENTS

INTRODUCTION.....	5
CHAPTER 1: THE CONTEXT FOR COMMUNITY DEVELOPMENT IN THE EIGHTIES.....	13
Boston's Booming Housing Market.....	13
The Decline in Federal Subsidies for Housing and Economic Development.....	28
The Impact on Community Development.....	30
A Brief Overview of the Massachusetts Community Development Support System.....	33
PREFACE TO CASE STUDIES.....	42
CHAPTER 2: DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION Case Study.....	43
Analysis and Comments.....	56
CHAPTER 3: FIELDS CORNER COMMUNITY DEVELOPMENT CORPORATION Case Study.....	61
Analysis and Comments.....	77
CHAPTER 4: NUESTRA COMUNIDAD DEVELOPMENT CORPORATION Case Study.....	83
Analysis and Comments.....	97
CHAPTER 5: CONCLUSIONS AND POLICY IMPLICATIONS.....	102
Recommendations.....	118
BIBLIOGRAPHY .....	123
INTERVIEWS.....	126

## INTRODUCTION

The 1980s have been a time of transition for community development corporations (CDCs) in Massachusetts. In the past fifteen years, the economic, social and political conditions which gave rise to the first CDCs, have changed dramatically. Boston's booming real estate market and cuts in federal spending create a hostile environment for CDCs working in low and moderate income neighborhoods. At the same time however, Massachusetts state policies have increased the number of CDCs operating throughout the Commonwealth. There is little information about the new generation of CDCs which are struggling to survive in the 1980s.

The withdrawal of federal funds from housing and economic development is perhaps the most serious constraint on CDCs in the 1980s. The federal government has discontinued or severely cut funding for virtually all the programs which supplied operating expenses and investment capital to the pioneer CDCs of the 1960s and 1970s. Programs such as Section 236 mortgage interest subsidies, Title VII, Economic Development Assistance, Comprehensive Employment and Training Assistance, Section 8 rental assistance, Urban Development Block Grants (UDAG) and Community Development Block Grants (CDBG) either no longer exist or are being phased out of existence.

Changes in the Boston real estate market are also constraining community development activities. Boston's real estate market rebounded from the depression of the 1960s to become the hottest

investment opportunity in the 1980s. Economic, demographic and lifestyle changes combine to create a housing market characterized by high demand, limited supply and rising prices.

Boston is experiencing a serious shortage of affordable housing. The cost of housing soars each year as urban revitalization increases demand while high construction costs inhibit the private sector's ability to produce new units. Less affluent Boston residents including the elderly, low and moderate income families, minorities and single parent-headed households cannot compete for housing in this demand-driven market.

By 1985, even Boston's most neglected neighborhoods are experiencing private market investment, revitalization and speculation. The cost of a single family home in Roxbury quadrupled between 1981 and 1985. (1) The impact on Boston's outer neighborhoods such as Dorchester, Roxbury and Allston-Brighton are largely unrecognized.

The increase in real estate market activity has made it much more difficult for CDCs to acquire property for development. At the same time, it has created an affordability crisis for low and moderate income families that increases the need for community sponsored housing development.

As federal subsidies diminish, the Massachusetts state government is playing a larger role in sponsoring community based development. Its policies and programs are the mainstay of many Massachusetts CDCs. In the past ten years, the Massachusetts legislature has allocated over \$13 million to finance a comprehensive system of support for community development.

Paradoxically, state programs have encouraged a dramatic increase in the number of CDCs at a time that total resources for development are diminishing. In 1978, there were ten CDCs in Massachusetts. In 1985, there are over sixty. Boston alone has twenty six CDCs operating in almost every neighborhoods.

The sudden increase in the formation of CDCs is a direct result of aggressive public initiatives by the state's Community Enterprise Economic Development Program (CEED). CEED grants money to CDCs to support basic staff, operating and training expenses. CEED's budget grew from \$150,000 in 1978 to over \$900,000 in 1985. CEED presently funds 33 CDCs across the state.

There is no way that state and local governments can replace the enormous subsidies provided by the federal government. In 1973, the federal Office of Economic Opportunity's Title VII Program provided CDCs with operating budgets alone of over \$100,000. In 1985, the Massachusetts Community Enterprise Economic Development Program (CEED) provides CDCs with a maximum grant of \$35,000.

Still, state and local government programs are shaping the direction of community development activity in Massachusetts. The state has increased funds directed at housing and economic development. Public agencies are working closely with CDCs to try to maximize the impact of state and local development funds on low income and distressed communities.

While local governments are playing a larger role in community development activities, they are also under increasing pressure to limit spending. Public agencies must evaluate current programs and prioritize the use of public funds. In order to assist community development corporations, policy makers need to know how CDCs grow

as organizations. What factors enhance their ability to successfully complete development projects? How are CDCs dealing with the new economic and political environment of the 1980s?

## THE LITERATURE

There is little information on the new generation of community development corporations that have formed in the 1980s. In 1982, Rachael Bratt and Ken Geiser authored an unpublished paper entitled "Community-Based Economic Development: The Massachusetts Experience". Bratt and Geiser propose a typology of CDCs which is useful in distinguishing differences between organizations. They identify four primary types of CDCs in Massachusetts:

1. Grassroots-based CDCs coalesced around specific protest movements and later became involved in development activities. These CDCs were most numerous in the 1960s and 1970s and were often part of the origins of the community economic development movement itself.
2. Public investment strategy CDCs formed largely in response to the availability of funds from new state community development programs. These CDCs generally lack broad based community support.
3. Neighborhood movement CDCs grew out of established neighborhood organizations interested in resisting disinvestment and deterioration in their community. Bratt and Geiser note that these CDCs "reflect the strong values attached to stability, the human scale, self help and neighborliness. They are less part of a movement of change and more concerned with preservation of the area...."
4. Business oriented CDCs use the state development system "simply as a business incentive program. They are less concerned with the broader community development objectives, job training, etc. and are more concerned with trying to help business and thereby help depressed areas." (2)

These categories do not necessarily correspond with a specific period in time and CDCs often have characteristics of more than just



one of the types. However, the majority of CDCs born in the 1980s are characteristic of the neighborhood preservation and public investment type CDCs.

Policy makers need to know more about how CDCs develop as organizations. Bratt and Geiser's paper is primarily an evaluation of the Massachusetts support system for community development activities. It does not explore CDCs' organizational development in any detail.

There is also very little published literature which examines the organizational development of CDCs. In late 1984, Neil Mayer of the Urban Institute published what seems to be the only detailed organizational analysis of neighborhood based development organizations. Mayer's book, Neighborhood Organizations and Community Development: Making Revitalization Work reports the results of a study of 99 CDCs which participated in the Neighborhood Self Help Development Program (NSHD). NSHD was the last of the federal programs target to CDCs. Mayer's study provides a rich source of material for people working with CDCs and will be referred to in this study.

## THESIS STATEMENT

This thesis seeks to increase our knowledge about the organizational development of CDCs formed in the 1980s.

Specifically, this study addresses the following questions:

- 1) What impact does Boston's rising real estate market have on CDC's growth and ability to achieve development goals?
- 2) What factors are critical to CDCs' organizational growth and ability to pursue development projects?

Many of the CDCs formed in the 1980s begin with minimal operating resources: CEED grants underwrite the cost of one or two staff and a local agency donates office space. However, in the course of early development, CDCs experience different levels of success in the development process. The research attempts to explain these differences-- to identify what factors appear critical to CDCs' organizational growth and success with development projects.

## METHODOLOGY

This research examines the history of three Boston-based CDCs-- Dorchester Bay Economic Development Corporation, Fields Corner Community Development Corporation, and Nuestra Comunidad Development Corporation. I have chosen these three CDCs because they are representative of a cross-section of what Bratt and Geiser term the "public investment" and "neighborhood preservation" type CDCs which are the most prevalent type of CDCs forming in the 1980s.

All three CDCs incorporated since 1979. By their own account, their survival has depended heavily on state CEED funding. They are located in neighborhoods which suffered comparable disinvestment in the 1960s and 1970s and confront the same cuts in federal funds and

changes in the local housing market. But the CDCs have experienced different levels of success in development activity. Each CDC grew out of unique circumstances and has taken a different path towards community development.

Information for the three cases which follow come from annual CEED grant proposals submitted by each CDC, and from interviews with CDC staff and board members and key people in the Massachusetts community economic development system.

Each case study examines the CDC's origins and background, development activities, and organizational development including staff, board and funding history.

Chapter One describes how the real estate market and funding environment have changed in the 1980s and the impact these changes have on CDCs. It also includes a brief overview of the Massachusetts state community development support system. Chapters Two, Three and Four present the CDC cases studies and analyse which factors have been critical to their development. Chapter Five compares the three cases and presents conclusions and recommendations drawn from the experience of these organizations and the different paths they followed in the process of community development.

Notes: Introduction

1. Jonathan Kauffman, "Roxbury Boom Troubling to Some", Boston Globe, (April 12, 1985).
2. Rachael Bratt and Kenneth Geiser, "Community-Based Economic Development: The Massachusetts Experience", (Revised Draft, Boston: Unpublished Manuscript, August, 1982), pp. 30+.

## Chapter One

### THE CONTEXT FOR COMMUNITY DEVELOPMENT IN THE EIGHTIES

#### I. BOSTON'S BOOMING REAL ESTATE MARKET

There is a serious and probably long term shortage of affordable housing in Boston today. While abandonment and decay plagued Boston's neighborhoods in the 1960s and 1970s, the housing issue of the 1980s is affordability. The cost of housing has soared as a result of low production and high demand. The housing shortage and cost increases fall most heavily on groups whose ability to compete in the market place is weak--elderly on limited incomes, low income families, minorities and single parent-headed households. The extent of the present crisis is evident in the fact that even many middle income families can no longer afford the American dream of buying their own home.

The following pages summarize changes in Boston's housing market from 1970-1985. Information on housing and income comes from the 1970 and 1980 reports of the U.S. Census. However, in 1985, much of this information is seriously out of date. Demand for housing has soared since 1980 in response to declining interest rates and strong demand from the baby boom generation. (1)

It is difficult to find data on local housing market trends from 1980 to 1985. HUD has discontinued funding many sources of information used in previous research such as the Annual Housing Survey and the Polk's Surveys. This constrains efforts to understand recent market activity. Where possible, I use local sources to

include information for the 1980-1985 period.

#### HOUSING SUPPLY

Boston is experiencing a serious shortage of affordable housing. While the total number of housing units actually increased slightly over the decade (+9,800 or 4 percent), the composition of housing has changed significantly. Demolition, little new construction and condominium conversion have decreased the number of moderately priced rental units.

Table 1 on the next page illustrates changes in Boston's housing stock between 1970 and 1980. Boston lost 18,536 units of private rental housing from 1970 to 1980. Demolition removed 11,000 units from the market while 3,721 more rental units converted to owner occupancy.

According to Table 1, condominium conversion removed an additional 3,702 private rental units from the market but this does not adequately reflect the impact of condominiums since the number of conversions increased significantly after the 1980. Between 1968 and 1983, 13,490 condominiums were created in Boston, however 66 percent (8,963) of the units were built between 1981 and 1983. A BRA report estimates that condominium conversions removed 9,800 units of rental housing from the market by 1983. (3)

Condominiums are no longer limited to the desirable, heavily gentrified neighborhoods such as Back Bay, Beacon Hill and the Downtown area. Since 1980, 50 percent of all units have been located in Boston's poorer neighborhoods; Allston-Brighton and the Fenway account for 31 percent while Dorchester, West Roxbury, Jamaica Plain lead the other areas which account for the remaining

TABLE 1

CHANGES IN BOSTON'S HOUSING STOCK, 1970-1980

Type of housing	Change in no. of units	Reason
Private rental	(1970) +150,604	
	-8,700	Demolitions (1-4 unit structures)
	-2,100	Demolitions (apartments)
	-2,700	Rental to Section 8
	-713	Rentals merged into condominiums (loss)
	-3,702	Condominium conversion
	-3,721	Increase in owner-occupancy
	+3,100	New construction
(1980) +132,068	(net decrease of 18,536 units)	
Subsidized rental	(1970) +22,000	
	+2,700	Rental to Section 8
	+17,300	New construction of subsidized units
(1980) +42,000	(net increase of 20,000 units)	
Owner-occupied	(1970) +59,584	
	+3,702	Condominium conversion
	+877	New construction and adaptive re-use
	+3,721	Increase in owner-occupancy
(1980) +67,884	(net increase of 8,300 units)	

Source: Summary of official reports in Boston Housing Policy Workshop, "Displacement in Boston's Appreciating Neighborhoods: The Interaction of Government Policies and Market Forces," Harvard University, JFK School of Government, 1981, p. 35.

Source: Phillip Clay, "Housing and Neighborhoods", in Fred C. Doolittle, et al, Future Boston: Patterns and Perspectives, (Cambridge, Joint Center for Urban Studies, 1982), Table 17, p.64.

19 percent. (4) Condominiums are very popular with the smaller, professional households attracted by revitalization and conversions are expected to continue as long as tax policies favor investment in housing and escalating rents encourage owner occupancy. (5)

As the number of rental units supplied by the private sector decreased, the number of subsidized units grew by 17,300 but this increase has not replaced the loss of private rental stock. Many of Boston's "working poor" families which previously lived in private rental housing are not eligible for subsidized units. (6) The shortage of moderately priced rental units creates a very tight market and escalating prices.

Lower income tenants in subsidized units have also entered a period of crisis. The increase in subsidized units between 1970 and 1980 has been moderated by a growing crisis of vacancies in public housing, severe cut backs in federal subsidies, and financial failure of thousands of HUD subsidized rental projects. Between 1970 and 1980 the number of vacancies in public housing doubled from 14 percent to 28 percent. (7) The U.S. Department of Housing and Urban Development has had to foreclose on mortgages for thousands of subsidized, private sector rental units. HUD is planning to sell thousands of family units to the highest bidder. There is serious danger that these units will lose their subsidies and be turned into market rate housing with rent increases beyond the means of current tenants. (8)

Another major force behind the present housing crisis is a low rate of new production. The private market is unable to meet present demands for housing. High construction costs and high interest rates constrain new production. In 1980, the BRA predicted that Boston



needed 38,000 housing units over the decade-- 3,800 per year to meet increasing demand and to replenish older housing stock. (9) However, the BRA predicts that less than 5,000 new housing units (one seventh of the BRA's estimated demand) will be produced between 1980 and 1986; 1356 new units were produced between 1980 and 1982 while another 3022 units are scheduled for completion from 83-86. (10) The majority of newly constructed units are luxury housing and do little to relieve the shortage for lower income families. (11) Low and moderate income families in Boston neighborhoods are at a severely disadvantage in a market with little new construction and prices driven by demand.

#### HOUSING DEMAND

Changes in Boston's housing market occur as part of larger changes in Boston's economic base. During the 1970s, Boston was transformed from a declining manufacturing city into a regional center for high technology development and financial services. The Boston Redevelopment Authority estimates that between 1980 and 1985, private developers have invested five billion dollars in office, hospital, hotel and luxury housing developments in Boston. The transformation of Boston from a manufacturing economy to a service economy is changing the social fabric of the city. (12)

The BRA predicts that downtown development will create 55,000 new jobs between 1985 and 1990. This will increase the influx of higher income, professional and technical workers. (13) At the same time, the demand for lower wage service and retail workers such as orderlies, hotel cleaners, and clerical workers is increasing. Many of Boston's ethnic, blue collar families, who used to depend on

middle wage manufacturing jobs, confront unemployment: the new economy has little use for outdated skills. Many service sector jobs offer poverty level wages for a large number of minority families and displaced factory workers. (14)

As part of Boston's revitalization, demand for the limited supply of housing is strong from two very different groups. The number of younger, higher income and professional households is increasing at the same time as the number of lower income families, elderly, minorities and single headed households is increasing. The higher income households are able to afford rising rents and purchase prices while the lower income households struggle to find housing since they suffer an economic disadvantage in the market.

Demand from upper income professionals and small households is increasing as a result of demographic and lifestyle changes. Between 1970 and 1980, Boston's population decreased by 12 percent from 641,041 to 562,994 but the number of households remained fairly constant. This reflects the fact that Boston's average household size declined from 2.8 in 1970 to 2.5 in 1980. (15) The number of 1-2 person households is increasing as many young adults delay marriage and parenting and as the number of single persons and young professionals without children increases. In addition, many of Boston's neighborhoods have experienced an influx of newcomers who have a smaller than average household size, a higher degree of education, higher incomes and younger heads of household than the overall population. (16) These groups have higher disposable incomes and are bidding up the price of the limited supply of housing.

Strong demand for housing also exists from groups less able to

compete in the market including elderly, single parent-headed households, low income households, large families and minorities. It is increasingly difficult for these vulnerable populations to find housing in Boston. Some turn to the government for support and others find they are paying more than they can afford for shelter.

Many of Boston's lower income residents are heavily dependent on subsidies to pay for housing costs. One in five persons in rental housing presently receives public subsidies. (17) Thousands of families are on active waiting lists for public housing. Families needing three or more rooms can expect to wait from 6 to 9 years. (18)

The problem for low and moderate income families is further exacerbated by a new trend where older, previously lower priced housing in Boston's neighborhood is renovated and used by higher income, usually white and childless, professional households. This process is often referred to as gentrification. Earlier housing theories assumed older housing "filtered down" as families with growing incomes and children graduated to newer, better housing (presumably in the suburbs). However, in the gentrification process, older housing "filters up" to higher income households. These smaller, higher income households occupy housing which formerly sheltered Boston's poor and working class families.

The effective demand for housing from high income groups and the vast, unmet need from lower income groups is expected to increase throughout the decade. Boston's revitalization may be reversing the steady decline in central city population. Boston's population remained stable for the first time in twenty years in 1984 and is expected to grow by 2 percent by the end of the decade.

The number of households is expected to increase from 218,457 to 241,000. (19) This development and growth will increase competition for the limited supply of existing housing.

#### COSTS AND AFFORDABILITY

Boston...is in the midst of a price boom in housing in epic proportions, even steeper than the great California house rush of the late 1970s.

Boston Globe, May 7, 1985

The constraints on new construction and the rising demand for inner city housing is resulting in rising rents and rising prices for new homes. The tight housing market is creating an affordability crisis for moderate as well as low income households.

The cost of homeownership has risen precipitously in Boston over the decade. The decline in interest rates (beginning in 1981), and increased cost of rental housing spurred new housing activities in the mid 1980s. In just two years, from 1983 to 1985, the median price of a single family home in Boston rose from \$77,300 to \$104,800 compared to a national increase from \$67,500 to \$72,000. (20)

The cost of housing is rising much faster than inflation. The Boston Globe cited one study which indicates the price of single family homes in Massachusetts rose 23 percent in 1984 compared to an inflation rate of only 5 percent. (21) Fewer and fewer of Boston's moderate income families can afford to purchase their own home at these inflated prices.

The high cost of housing is a particular problem for Boston

because there remains a large concentration (55%) of lower income families. (See Table 2.) The concentration of lower income people is reflected in the fact that Boston's median household income in 1980 was only \$16,062 compared to \$22,000 for the greater metropolitan area. From 1970 to 1980, while Boston's revitalization drew millions of dollars of office, hotel and retail development to the downtown, the city's median family income adjusted for inflation decreased 8.9 percent. (23)

#### RENTAL HOUSING

Seventy three percent (73%) of Boston residents are tenants and they are generally poorer than the average Boston household. Median renter income in 1980 was \$9,500 compared to median household income of \$12,530. (See Table 3.)

Housing in Boston is in short supply and this creates pressure for rents to rise. Vacancy rates are statistical measures of how difficult it is to find a rental unit in any given locale. A 5 percent vacancy rate is traditionally cited as "normal"-- the equilibrium between supply and demand which permits a reasonable turnover of units and mobility of residents. Low vacancy rates create a "sellers market" where rents increase as apartments become difficult to find.

Boston's overall vacancy rate was estimated at 3.6 percent in 1980, significantly lower than the 5 housing experts traditionally expect. (23) Low and moderate income households in multi unit rental property confront even lower vacancy rates. According to the Housing Vacancy Survey data maintained by the Federal Home Loan Bank, vacancy rates in multi family housing (2+ units) decreased from 2.8

TABLE 2

BOSTON'S FAMILIES, BY INCOME LEVEL

INCOME LEVEL	1969	1979
Less than 80% of Metro Area Median (Lower Inome)	50%	55%
80% - 200% of Metro Area Median (Moderate Income)	44%	39%
More than 200% of Metro Area Median (Upper Income)	6%	6%

Boston 1980 Median Family Income = \$16,061

Metro 1980 Area Median (SMSA) = \$22,000

Source: Boston Redevelopment Authority, (BRA), Dimensions of Income and Poverty 1970 to 1980, October, 1982.

TABLE 3

RENTS AND INCOME  
BOSTON AND THE METROPOLITAN AREA  
1970-1980

INCOME:	1970			1980
	1970	Adjusted to 1980 \$\$	1980	
Median Household Income (All households)	n.a.		\$12,530	
Median Family Income (2+ persons)	\$ 9,133	(\$18,775)	\$16,062	
Median Renter Income	\$ 6,100	(\$12,505)	\$ 9,500	

1. U.S. Bureau of the Census, 1980 Census of the Population, General Housing Characteristics, Mass.

2. U.S. Bureau of the Census, 1970 Census of Housing, Metropolitan Housing Characteristics, Boston SMSA

3. U.S. Bureau of the Census, 1970 Census of Housing, General Housing Characteristics, Mass.

4. Converted to 1980 dollars using the Boston CPIW (Consumer Price Index for Urban Wage Earners and Clerical Workers) U.S. Bureau of Labor Statistics.

Source: Achtenberg, Emily. "The Need for Rent, Eviction, and Condominium Control in a Revitalized Boston." 1982.

percent in 1981 to 2.38 percent in 1984. (24)

Moderate and low income families are being forced to cut back on spending for basic needs as they spend a greater portion of their income for shelter. Some experts refer to this as a "shelter burden" for low income households. (26) Market rate rents in North Dorchester and Roxbury for a 2-3 bedroom apartment range from \$350 to \$650 -- which is out of the range of many moderate, let alone, low income households. (25) If you apply the standard that a family can afford 25% of its income for housing, a family would have to earn from \$16,800 to \$31,200 to "afford" these rents: this is well above the city's median family income of \$16,020.

Rent control has been an important force moderating inflation of rents in Boston since 1973. Controlled units rent for 25% less on average than unit without control. Vacancy decontrol, enacted in 1976, has decreased the number of protected units to only 35,000 in 1982. (27) Decontrol has contributed to making a significant amount of private rental stock unaffordable for average low and moderate income households.

#### THE CRISIS OF AFFORDABILITY

Demand for housing exceeds present supply. Boston's recent economic boom has put enormous additional pressure on the existing housing stock since high interest rates constrain the private sector's ability to respond with new production. Low supply and high demand produce rising prices.

Everyone is paying more for housing these days but the supply crisis hits two groups most seriously: 1) lower income tenants and 2)



TABLE 3a

RENTS/INCOME RATIOS

ALL RENTERS (Families and Primary Individuals)	1980	1970
25 %	43%	51%
25-34%	21%	16%
35-50%	36%	33%
RENTER FAMILIES AND PRIMARY INDIVIDUALS WITH INCOME <\$10,000:		
25%	32%	36%
25-34%	15%	21%
35-50%	53%	43%

1. Estimate based on data for the BRA Household Survey, 1980, recalculated to conform to U. S. Census definition of renter income.

Source: Achtenberg, Emily. "The Need for Rent, Eviction, and Condominium Control in a Revitalized Boston." 1982.

moderate income households seeking to own their own home.

Moderate, low income and poor families are paying more and more of their income just for shelter. As Table 3a shows, the proportion of all households paying 35 percent or more of their income for rent has increased from 33 percent in 1970 to 36 percent in 1980. Low income tenants, with less disposable income, carry a greater burden. The proportion of households which earn less than \$10,000 but pay more than 35 percent of their income for housing increased from 43 percent to 53 percent over the decade.

This "shelter burden" cuts deeply into the pockets of low income, renter households, especially families. Boston's median renter income is only 60 percent of the average household income and only 43 percent of Metro area income. (See Table 3.) Thirty five percent of median renter income (\$9,200 ) leaves far less for basic needs than 35 percent of a moderate family income (\$31,000). (See: "moderate income" family as defined by the BRA in Table. 2.)

Boston's moderate income families now join the traditionally needy, low income families and look to government and local CDCs to help find affordable housing. At the same time, federal programs to assist housing development have been cut which seriously limits local governments' abilities to address the housing crisis.

## II. THE DECLINE IN GOVERNMENT SUBSIDIES AND ITS IMPACT ON COMMUNITY DEVELOPMENT

In the 1960s and 1970s, community development corporations depended heavily on federal subsidies to underwrite costs of community economic and housing development. The severe reduction in federal subsidies and skyrocketing inflation in the cost of housing and repairs threaten to curtail many community development activities.

The experience of the pioneer CDC, Inquilinos Boricuas en Accion (Puerto Rican Tenants in Action - known as "IBA") is a useful example to illustrate how conditions have changed with the loss of federal funding.

In 1968, community residents in Boston's South End organized to resist Urban Renewal plans to redevelop their neighborhood through widespread demolition. (28) The predominantly Puerto Rican community held meetings, protests and finally formed the non-profit corporation "IBA". After a series of political confrontations with city powers, IBA won the right to develop Parcel 19, a 30 acre site very close to the central business district.

By 1979, IBA succeeded in creating over 700 units of housing owned and controlled by the CDC. It had an annual operating budget of over \$2 million. The Urban Renewal program had the power to assemble a large tract of land for the project. Urban Renewal also provided demolition and site preparation.

IBA financed this budget and development with huge grants

from federal programs including Section 236 mortgage interest subsidy program, BHA leased housing, and Section 8 rent subsidies. The Community Service Administration, CETA and other federal programs supported staff and social service programs. IBA relied very little on local resources.

This development plan would not be possible today. CDCs can no longer use Urban Renewal agencies to help package large tracks of land for development. Section 8 housing certificates have been cut 84% under the Reagan administration from \$8.9 million in FY81 to \$1.4 million in FY84. (29)

More recently, CDCs received sizeable grants from local governments from the federal Community Development Block Grants (CDBG). The federal government is trying to phase out this program over the next three years. (30) Boston received only \$22 million dollars in 1984 from CDBG down from 26\$ million the year before. (31)

The loss of federal funds has made it much more complex and time-consuming to package development projects. The larger federal programs of the 70s provided one source of funds for aquisition, construction, equity and administrative expenses. CDCs in the 1980s spend enormous amounts of time piecing together commitments from the state, the city, the private sector, and foundations. Developments can often involve six or ten separate lenders and sources of equity in addition to limited partners. If one funder pulls out, the whole project is thrown into jeopardy.

### III. THE IMPACT ON COMMUNITY DEVELOPMENT

The crisis created by the low supply of affordable housing in Boston and the withdrawal of federal funds has multiple effects on community development corporations. It increases demand for CDC's services, inhibits their ability to respond to this demand, and is changing the focus of CDC activity.

Low and moderate income households in Boston look to community development corporations, and state and local governments to help solve the crisis in housing. CDCs are trying to respond to the need for more housing affordable to low and moderate income families by emphasizing housing development.

CDCs in the 1980s are almost exclusively involved in housing and real estate development. Community development corporations have traditionally tried to improve local conditions through development plans which include economic and industrial development. While the CDCs examined in this study all include industrial development and job creation in their stated goals and objectives, none are actively involved in industrial development projects of significant size.

There are few, if any, major community-based industrial developments currently underway in Boston. Many factors influence this change- one of the most important has been that many CDC have failed in past attempts at community development and job creation through industry development and new ventures. (32) The decrease in federal funding for economic development and the pressures of the housing market also encourage the emphasis on housing development for all CDCs, both old and new, in the 1980s.

The active real estate market is also changing the community

base for some community development corporations. More and more professionals and upper income people are moving into formerly low income neighborhoods. The class and racial mix of resident population in many CDC target areas is changing daily. While many CDCs in Boston encourage the influx of higher income residents to encourage the formation of "mixed income, mixed race communities", changes in resident composition can be a cause of serious internal conflict for CDCs. Some new residents become involved in the CDC itself. Others have a different image of what the neighborhood should be and oppose their activities. Middle class values can often conflict with the needs of tenants and low income residents. (33) In addition, no one seems to be able to adequately account for what is happening to the lower income households displaced by new arrivals to the neighborhoods. (33.5)

The decrease in government subsidies for development and rising cost of housing are limiting CDCs' ability to address the needs of lower income residents-- especially those who earn less than \$10,000 a year. Given present constraints, many development projects target moderate income households. Few of these lower income families are able to find relief in CDC housing developments.

Community development corporations are losing the competitive edge they once had in development for the inner city. CDCs used to work on the margins of the private market. They rehabilitated abandoned property that no one wanted. Government subsidies and favored status in the disposition of tax foreclosed property lowered development costs. These conditions have



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Page 31

changed.

Private market demand and speculation in Boston real estate are making it difficult for CDCs to acquire property and to develop comprehensive plans for development. Increased private demand for abandoned buildings, vacant lots and for tax foreclosed property is limiting CDC's options in development activity.

The housing crisis that is fueling the real estate market poses two other problems-- it is difficult to confront and difficult to control. Urban Renewal's demolition and displacement of low income and minority residents could be linked to government agencies. Public officials could be identified and targeted for protests, appeal and negotiation. The market is much more elusive and difficult to confront.

Community based organizations have little control over market forces. Goetze, Clay and Downs have suggested policies aimed at controlling displacement and the impact of rising markets, but the policies they cite must be implemented on a citywide level. Few citywide initiatives to confront the housing supply and affordability crisis have been successful.

In the 1980s, CDCs struggle to find new ways to confront the housing market and the prohibitive costs of producing housing for low and moderate income families. At the same time, the housing crisis worsens and demand for their services grows.



#### IV. THE MASSACHUSETTS COMMUNITY DEVELOPMENT SUPPORT SYSTEM: A BRIEF OVERVIEW

The Massachusetts government has decided that community development corporations are a useful vehicle to assist low income and distressed communities in development. As federal resource disappear, Massachusetts government agencies have increased their involvement and support for community development corporations.

Massachusetts reportedly has one of the most comprehensive state systems of support for community-based development organizations. (34) Since 1976, the legislature has appropriated over \$13 million dollars to fund three key institutions of support: the Community Development Finance Corporation (CDFC), the Community Economic Development Assistance Corporation (CEDAC) and the Community Enterprise Economic Development Program (CEED).

CDFC was created in 1976 to provide investment capital to community based development activities. CDFC invests in the business not the community organization which sponsors it. To be eligible, ventures must and be sponsored by a local CDC, be located in an economically depressed area, have the potential to contribute to economic development of the area, provide primary sector jobs defined as one and a half times the minimum wage and the jobs must offer fringe benefits.

In the early years, CDCs were not well integrated into CDFC's program and few CDCs became involved in CDFC projects. (35) In 1976, in response to low CDC utilization of CDFC, the state initiated a pilot project to encourage more CDC involvement. In 1978, this project was expanded into the CEED program.

The state CEED program provides seed grants, technical support and training for CDCs throughout Massachusetts. The grants to CDCs guarantee the salary of at least one core staff person. CEED's budget has grown from \$150,000 in 1978 to \$900,000 in 1985. (36) CEED estimated that at least 19 of the CDCs formed between 1978 and 1982 were a direct results of the work of CEED staff. (37) Charts 1 and 2 at the end of this chapter illustrate the growth in expenditure and in the number of CDCs statewide.

CEDAC provides short term technical support and venture development consultation to CDCs but also to any non-profit community based organizations pursuing development. CEDAC provides funds for community organizations to hire outside consultants on projects. It also provides seed capital and front money usually in return for a developer's fee.

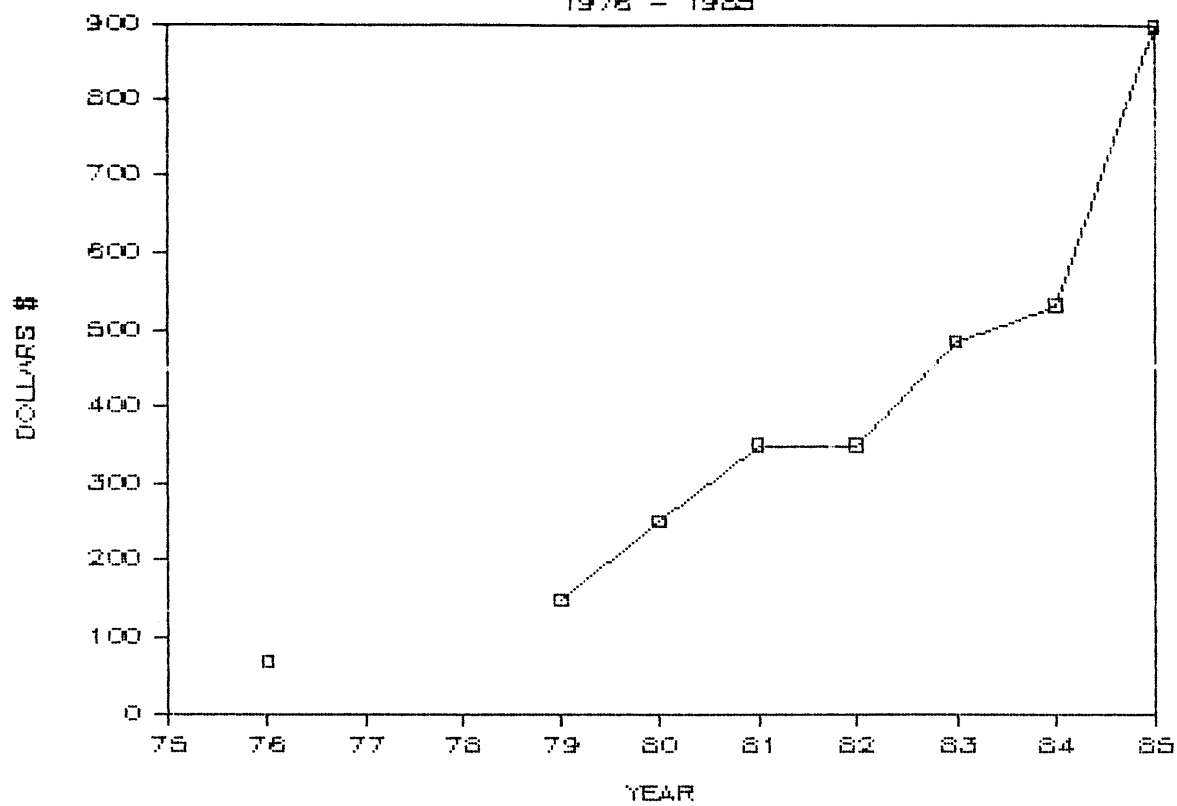
In recent years, CEDAC is spending more time working with CDCs to develop development proposals and to work with federal and local authorities to arrange financing for housing development. CEDAC has played a significant role in negotiations over the disposition of HUD tax foreclosed property in Boston. (38)

CEDAC and local CDCs work closely with Greater Boston Community Development Corporation (GBCD), a non-profit development consulting firm with access to a wide range of skilled professionals who routinely work with community based organizations.

The three organizations have different funding bases. CEED is a line item in the budget for the Executive Office of Communities and Development. CEDAC is less stable since it is not a line item and must fight each year to sustain its funding. CDFC was financed through the sales of \$10 million general obligation bonds by the

# CEED STATE ALLOCATIONS

1978 - 1985



Source: CEED: A Survey of CEED Funded CDC Activities 1979-1983, Executive Office of Communities and Development, August, 1984.

state of Massachusetts. It acts like a venture capital organization in that it expects a return on its investments and savings to cover operating expenses.

These three institutions presently come under the policy oversight of the Executive Office of Communities and Development. This has allowed the state to better coordinate services provided by the three inter-related programs.

#### Future State Support:

While state funding for community development has increased over the years, state officials note that there is a limit to the amount the state can spend on community development corporations. The state government is being pressured to limit spending. Cuts in federal aid in all categories, including revenue sharing to local governments, mean municipalities are looking to the state for relief. The present state surplus is in great demand.

Difficult decisions need to be made about how to prioritize public spending for community development. CEED officials predict that they will not be able to provide level funding for CDCs in Fiscal Year 1986. (39) CEDAC has had to battle the legislature for continued support in recent years.

The following three chapters examine the development of three young CDCs in order to determine which factors have been important to organizational development and successful development activity. Hopefully, the observations presented in the three cases can provide information useful to state policy analysts and program managers who must decide how state resources are best allocated in what is clearly not "the best of all possible worlds".



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Page ~~37~~ 37

HISTORY OF GRANT AWARDS  
OFFICE OF COMMUNITY ECONOMIC DEVELOPMENT  
1979 - 1984

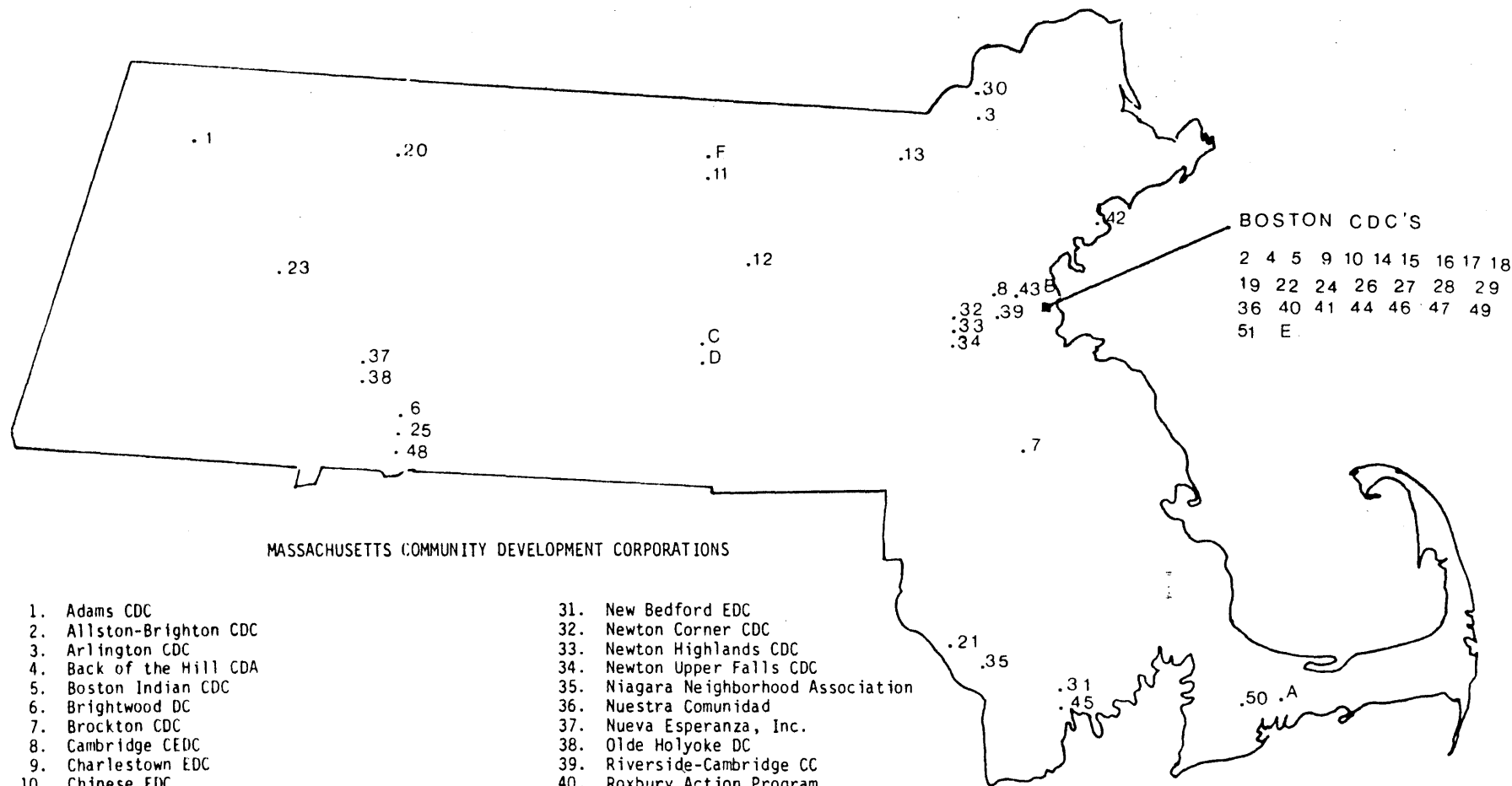
	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Adams CDC, Adams			\$ 15,000	\$ 16,500	\$ 20,000	\$ 20,000
Allston-Brighton CDC, Brighton			15,000	20,000	20,000	20,000
Arlington CDC, Lawrence		\$ 15,500	13,000	7,500	20,000	20,000 -2
Back of the Hill CDA, Mission Hill			11,722		20,000	10,000
Brightwood DC, Springfield	\$ 19,830		15,000	9,000	25,000	20,000
Brockton CDC, Brockton		15,000	19,000	20,000		10,000
Cambridge CEED, Cambridge			7,000			10,000
Cleghorn NDC, Fitchburg		15,000	19,000	20,000	20,000	22,500
Clinton CDC, Clinton	30,100	7,500				
Coalition for a Better Acre, Lowell					20,000	22,500
Codman Square CDC, Dorchester		15,000	19,000			
Dorchester Bay EDC, Dorchester		15,000	15,000	7,500	20,000	20,000
Fenway CDC, Boston					20,000	20,000
Fields Corner CDC, Dorchester			19,000	20,000	20,000	22,500
Franklin County CDC, Franklin County	15,957	15,310	19,000	20,000	20,000	22,500
Friends of the Bluffs, Inc., Swansea						15,000
Greater Roxbury DC, Boston						20,000
Hilltown CDC, Hilltowns of Hampshire			19,000	20,000	20,000	22,500
Hyde Park DC, Hyde Park				16,500	15,000	20,000
Inner City Rehab., Springfield		10,000				
Inquilinos Boricuas en Accion, Boston		20,000		9,000	20,000	20,000
Jamaica Plain NDC, Jamaica Plain	15,000	15,000	10,000	7,500	20,000	20,000
Niagara Neighborhood Association, Fall River				14,400 -1	20,000	
North Adams CDC, North Adams		13,307				
Nuestra Comunidad DC, Boston			15,000	20,000	20,000	22,500
Nueva Esperanza, Inc., Holyoke					15,000	22,500
Pittsfield NDC, Pittsfield			DEFUNDED			
Riverside-Cambridgeport CC, Cambridge	24,000	15,000	9,334	14,380	10,000	20,000-3
Roxbury/North Dorchester APAC/UEM, Boston		20,000				
Roxbury-North Dorchester NRC, Boston			19,000	20,000	10,000	20,000
Salem Harbor CDC, Salem		15,500	19,000	20,000	20,000	20,000
Somerville Corporation, Somerville					15,000	20,000
South Boston CDC, South Boston				10,000	10,000	
South Central CDC, New Bedford		15,500	15,000	20,000	20,000	10,000
SUN-CDC, Somerville		15,000	15,000	7,500		
Tent City, Boston						20,000
United South End/LRDC, Boston			9,334	20,000	15,000	20,000
Upper State Street CDC, Springfield	20,098					
Urban Edge, Boston					20,000	20,000
Wampanoag CDC, Mashpee			19,000			
We-Can/Building Materials Cooperative, Boston			12,610			
Worcester Labor Coop, Worcester		11,500				
<hr/>						
YEARLY TOTALS	\$124,985	\$249,117	\$349,000	\$339,780	\$475,000	\$552,500

-1 \$14,400 was recycled from 1981 Grantee which was defunded

-2 Includes rollover of \$6,000 from FY'83

-3 Includes rollover of \$5,000 from FY'83

Source: CEED: A Survey of CEED Funded CDC Activities  
1979-1983, Executive Office of Communities and  
Development, August 1984.



1. Adams CDC
2. Allston-Brighton CDC
3. Arlington CDC
4. Back of the Hill CDA
5. Boston Indian CDC
6. Brightwood DC
7. Brockton CDC
8. Cambridge CEDC
9. Charlestown EDC
10. Chinese EDC
11. Cleghorn NDC
12. Clinton CDC
13. Coalition for a Better Acre, Inc.
14. Codman Square CDC
15. Community Development Corp. of Boston
16. Dorchester Bay EDC
17. East Boston CDC
18. Fenway CDC
19. Fields Corner CDC
20. Franklin County CDC
21. Friends of the Bluffs, Inc.
22. Greater Roxbury DC
23. Hilltown CDC
24. Hyde Park DC
25. Inner City Rehab., Inc.
26. Inquilinos Boricuas en Accion
27. Jamaica Plain NDC
28. Lena Park CDC
29. Lower Roxbury DC
30. Methuen Arlington NDC

31. New Bedford EDC
32. Newton Corner CDC
33. Newton Highlands CDC
34. Newton Upper Falls CDC
35. Niagara Neighborhood Association
36. Nuestra Comunidad
37. Nueva Esperanza, Inc.
38. Olde Holyoke DC
39. Riverside-Cambridge CC
40. Roxbury Action Program
41. Roxbury-North Dorchester NRC
42. Salem Harbor CDC
43. Somerville Corporation
44. South Boston CDC
45. South Central CDC
46. Tent City Corporation
47. United South End/Lower Roxbury DC
48. Upper State Street CDC
49. Urban Edge
50. Wampanoag CDC
51. Washington Hill Community Association

IN FORMATION

- A. Barnstable CDC
- B. Chelsea Corp. for Economic Progress
- C. Oak Hill Housing Council, Inc.
- D. Prospect House, Inc.
- E. Southwest Triangle Neighborhood Develop.
- F. Tri-Ward CDC

Source: CEED: A Survey of CEED  
Funded CDC Activities 1979-1983,  
Executive Office of Communities  
and Development, August, 1984.

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8. Achtenberg, op.cit., pp. 2-3.
9. BRA, op.cit., p. 7.
10. Ibid, p. 5.
11. Clay, op.cit., p. 13.
12. BRA, op.cit.
13. Ibid, p. 2.
14. Achtenberg, op.cit.
15. U.S. Bureau of Census, 1980 Census of the Population, General Housing Characteristic, Mass.
16. Clay, op.cit. pp. 63+.
17. Ibid, p. 64.
18. Achtenberg, op.cit. p. 3.
19. BRA, op.cit., p. 7.
20. David Warsh I., "When Houses are as Good as Gold" (Boston Globe, May 7, 1975).
21. Ibid.



22. BRA, op.cit. p. 5.
23. Clay, op.cit., p. 63.
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25. Estimate base on interviews with three local community development corporation directors (Weremiuk, Hutchenson and Colon) and reviews of Boston Globe Sunday classified section, April, 1984.
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33. See: Deborah Auger, "Politics of Revitalization in Gentryfying Neighborhoods: The Case of Boston's South End" (Journal of the American Planning Association, Vol. 45, No. 4, 1979).
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35. Ibid, p. 103.
36. CEED, A Survey of CEED Funded CDC Activities 1979-1983, Boston, August, 1984.
37. Barbe and Sekere, op.cit. p. 103.
38. Carl Sussman, CEDAC, Personal interview.
39. Annette R. Casas, CEED, Personal Interview.

## PREFACE TO CASES

The following chapters discuss the history of three community development corporations, Dorchester Bay Economic Development Corporation, Nuestra Comunidad Development Corporation and Fields Corner Community Development Corporation. These discussions are by no means comprehensive. The case studies focus on organizational issues which have enhanced or been obstacles to CDC's ability to achieve its development goals. The case studies do not describe many community activities pursued by CDCs such as neighborhood clean ups, urban gardening, community relations and working with local business to obtain loans. These activities are an important part of CDC work but this research concentrates on major efforts involving housing, industrial and commercial development.

Each chapter presents background on the origins of the organization, a review of its activities and staff and funds, and an analysis of the organization's development. The final chapter analyses and compares the three cases and presents policy recommendations.

## Chapter Two

### DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION

Dorchester Bay Economic Development Corporation serves a large section of North Dorchester in Boston ranging from Dorchester Avenue to Edward Everett Square and Uphams Corner. In the 1950s and 60s, residents of the area were predominantly white, middle income families of Irish background. The more affluent traditionally lived on Dorchester's hilltops overlooking commercial centers more modest homes in the valleys.

Between 1970 and 1980 however, North Dorchester experienced significant demographic change and disinvestment. Middle class residents and storeowners left the area and lower income minority families moved first into the valleys then slowly progressed up the hills. The proportion of the population which was black changed from from 12 percent to 26 percent, hispanics increased from 4 percent to 13 percent while white residency declined from 84 percent to 58 percent. (1)

The result of disinvestment and abandonment during the 1960s and 70s were many vacant and deteriorated dwellings and commercial store fronts and a much poorer population. In 1979, the area's median income was \$12,500 compared to Boston's median of \$16,061. Thirty eight percent of all families had an income of \$10,000 or less. In the spring of 1980, the area ranked fourth highest in unemployment among Boston's sixteen neighborhoods. (2)

Waves of immigration have created a very diverse population

and several distinct neighborhoods. The target area houses people from Bermuda, Barbados, Haiti, Puerto Rico, Latin America, Poland, Italy, and a sizeable number of Cambodian, Laotian and Vietnamese refugees who arrived after the 1980 Census. (3)

## ORIGINS

Dorchester Bay Economic Development Corporation (EDC) is one of many CDCs which was organized at the same time that Massachusetts promoted public investment programs such as CEED, CDFC and CEDAC. Dorchester Bay EDC also grew out of over a decade of organized community efforts for neighborhood improvement and preservation. The EDC's founding organizations were well established civic associations which had strong ties to the city administration of former Mayor Kevin White. The EDC derives much of its strength in development from these well-connected roots.

The formation of the EDC represented the third phase of community based revitalization activity. (4) Phase one began in the 1960's when concerned residents organized civic associations to combat disinvestment and fight for better city services from a highly politicized local government. Civic associations negotiated with city hall for public improvements, and organized neighborhood clean ups and beautification projects. In spite of these efforts, disinvestment continued into the 1970s.

The second phase of community development began in 1978 when one of the oldest and most powerful community association, Columbia-Savin Hill, decided that more than just civic improvements were needed to impact the disinvestment crisis. This association formed a Neighborhood Housing Service organization

(NHS). NHS works to provide local capital resources and counseling to help area homeowners invest in maintaining and repairing their homes.

While the Columbia-Savin Hill NHS addressed many of the same issues that a community development corporation might have addressed, it was limited in many ways. The NHS had a limited target area which excluded nearby neighborhoods. NHS programs focused primarily on owner occupants and was not involved in commercial development. Residents in nearby neighborhoods were interested in expanding the activities of the NHS but also wanted to include commercial and industrial revitalization. (5)

In 1979, the third phase of development began when three civic associations and the NHS joined to do the initial planning and organizing work in order to form a community development corporation.

There were three founding civic associations: Columbia-Savin Hill, Jones Hill and Virginian-Monadnock. The Columbia-Savin Hill and Jones Hill civic associations are both over ten years old. In 1979, their membership was almost exclusively white middle and working class families of Irish background who were long time residents from the hilltops neighborhoods. The Virginia-Monadnock civic association represents a residential area close to the Uphams Corner commercial district. In 1979, its membership was also predominantly white but many of its leaders were homeowners new to the area.

There was no significant minority participation in EDC's early years even though the area had many Black and Latin

residents. In 1979, leaders of the civic association had not yet adjusted to the transformation of the area. Their first proposal for CEED funds used 1970 statistics to describe the target area but failed to update the 1970 figures with personal observations of significant racial and ethnic change which had occurred in the valleys of the western side of the target area. (6)

Dorchester Bay EDC incorporated in 1980. During the first year, the board of the EDC wrote a proposal to obtain money from the state CEED program. EDC received its first CEED operating grant in 1980 and hired a full time executive director who remains in this position today. This individual has a professional background. He holds a bachelors degree in economics, a masters degree in public administration and he had worked for the BRA for five years on capital improvement and as a project manager in the South End.

#### ACTIVITIES:

EDC's ties to the Columbia-Savin Hill NHS provided critical support and money in the early years of EDC. The EDC's first activities involved rehabilitating abandoned 1-3 family homes. In the first two years of its existence, the EDC rehabilitated two buildings and sold them to owner occupants. The NHS helped EDC purchase and finance both projects privately. (7) This created five units of housing, 2 owner units and 3 rental units but EDC and NHS suffered losses in the process.

The successful completion of the rehabilitation projects seems to have offset the fact the EDC failed to break even. In 1981, the EDC was designated as a sponsor agency for Boston's

Homesteading program. This Homesteading program became a source of stable funding for the EDC and this has continued to this day. EDC member organizations with established relations with the highly politicized city government helped position the EDC to obtain sponsorship of this program.

The city's homesteading program uses federal Community Development Block Grant money to subsidize rehabilitation of deteriorated abandoned property. Homesteading requires that EDC locate properties and request transference of title. The city has a work crew which does all major systems and repair work. The Homesteading Program involves only minimal "sweat equity". Purchasers do some domestic repair work such as wall papering and painting to lower purchase costs. The executive director, the sole staff person, ran this program.

The Homesteading Program continues to be the foundation of community development activity for EDC. By December 1984, the EDC had rehabilitated 36 units--14 owner occupied and 22 rental units. EDC's Homesteading program has sold homes for very moderate, albeit increasing, prices. Triple deckers have sold for \$43,000-\$55,000, while two story single family homes have sold for \$19,000 to \$28,000. New owners are reportedly area residents and include Blacks, Asians and Latins. Rehabilitations have depended on federal and state rental subsidies to write down costs. (8)

Dorchester Bay's CEED proposals do not articulate how Homesteading was to fit into a comprehensive plan for development in the area. The rehabilitations were approached as a way to increase housing opportunities for neighborhood residents. The

EDC did not try to make the program address multiple CDC goals such as to provide training for area residents. The impact of rehabilitation on revitalization in the area is difused since the buildings are distributed in many neighborhoods: Jones Hill, the Hancock Valley, Edward Everett Square and the area near Boston Street. All were low income, integrated communities.

#### Commercial Development:

EDC's By-laws state that the organization's primary goals are "First, the restoration of abandoned and deteriorated housing units; Second, a comprehensive effort toward revitalizing the commercial sector; and third, the expansion of local employment opportunities." In accordance with these goals, the EDC pursued commercial development in its early years.

In 1982, the EDC began the first of two unsuccessful attempts to sponsor a supermarket in a vacant building in Uphams Corner. The EDC acted as a broker for the property. It is not clear why the city chose not to designate the EDC as the developer. Another community based development corporation had recently failed in a similiar attempt to sponsor an inner city supermarket. This may have caused the CDC to proceed with caution. The director noted that this broker status largely buffered the organization from experiencing a serious loss of status within the funding and housing community when the project failed twice. (9)

The failure of the supermarket ventures has proven not to be a problem unique to EDC or the area. Inner city supermarkets,



both private and publicly sponsored, have a history of failure in Boston. Independently owned inner city markets are frequently undercapitalized which makes it hard for them to compete with larger chains. Many low income residents use small merchants who are willing to extend credit when cash is low.

The Uphams Corner Supermarket storefront has been rehabilitated and is presently vacant. The property is presently under control of the Small Business Administration.

#### The Pierce Building:

In 1982, EDC's again pursued commercial development. It drafted plans to renovate the partially vacant Pierce Building into a mix use office-retail-loft complex. The building is centrally located and considered key to revitalizing the vacant commercial storefronts in Uphams Corner.

The Pierce Building experienced a serious delay when federal prosecutors indicted a city worker involved in the bidding process for bribery and extortion. This incident received wide publicity. While not implicated in the scandal, the CDCs was delayed in its attempt to win developer status. (We haven't seen the day that a CDC can afford to bribe city officials to win designation as a developer.)

In May 1984, EDC finally purchased the Pierce Building from the city of Boston. They have completed renovations creating 10 artists lofts at moderate market rents (approximately \$4.50/sf) in addition to retail and office space. Rix Drugs, the major existing tenant, became a partner and investor in the building and expanded its store on the ground floor. The EDC is also

marketing "group office space" where independent business people or professionals can share receptionist and meeting space but have private offices. EDC staff estimate that the Pierce Project will create up to 15 new jobs in the drug store and offices. Total project costs were approximately \$700,000. (10)

The Pierce Building development is consistent with EDC's goals to revitalize the commercial sector and to increase employment opportunities for area residents. The fact that the CDC could even consider moderate market rate artists lofts in what was once a seriously depressed ghetto area indicates the existence of changes in the real estate market discussed in Chapter One. Interestingly, many of the tenants are artists who have been priced out of more traditional artist space in Fort Point Channel, the South End and the Fenway. Urban revitalization in these areas is sending people to Dorchester looking for less expensive housing and artist workspace. (11)

The skill and experience of EDC board members was a major factor in the success of the Pierce Building. EDC still had only one or sometimes two staff persons. EDC staff had no previous experience either in commercial development or with a project this size. The executive director credits much of the Pierce Building's success to the contribution of one board member who as a project manager. The board member, a professional architect and planner, had the assistance of an MIT graduate student intern. These two people worked closely with Greater Boston Community Development consultants to formulate a development plan and pro formas and to obtain financing.

This case indicates that board members can make significant contributions to CDC activities even in the complicated era of the 1980s. The Mayer study indicated that the most successful CDCs (in terms of percent of project accomplished) were those that had someone other than the executive director responsible for project management. (12) The board member contribution on the Pierce project helps to explain how the EDC has achieved as much as it has with a very small staff.

#### Boston Housing Partnership:

In 1983, while the Pierce Building was still in planning stages, EDC applied and was accepted as part of the Boston Housing Partnership (BHP). The BHP is a public-private partnership which is presently assisting 10 CDCs rehabilitate over 700 units of rental housing in Boston. The Partnership has tried to consolidate the process of financing by syndicating the project as a package and by pooling subsidies in an effort to save time and administrative costs.

The idea for the BHP came out of seasoned community development experts in Boston. Funds available for the rehabilitation of rental housing were disappearing and the formation of the BHP was an attempt to provide financing to allow CDCs to produce much needed rental housing. At the time, many CDCs desperate to finance development activity were drawing up plans to develop vacant school buildings into condominiums scheduled to sell for rather high moderate income prices. (13) EDC joined in the BHP project at the same time that it failed to obtain control of a vacant school site. (14)

Board members eyed the BHP program cautiously. BHP's focus

on rental housing was a radical departure from EDC's previous homesteading activities. Rental housing would require ownership and management where the homesteading only required EDC to be responsible for rehabilitation. The board was wary of taking on ownership responsibilities. (15)

Ultimately, EDC decided to proceed with BHP. Many parties indicated that staff from CEDAC and GBCD played an important role in this decision. In 1983, the executive director hired a consultant part time to help with project development and in 1984, hired a full time project manager on the Partnership budget.

When rehabilitation is completed, EDC will have little direct involvement with BHP housing since the Partnership presently mandates the tenant selection process and management by a private firm. This arrangement came as a relief to many board members who were concerned about the responsibilities involved in ownership and management. They never formally discussed possibility of tenant management or tenant participation in the management process. (14) EDC plans to begin rehabilitation of 58 rental units in the summer of 1985.

#### THE MARKET

Boston's active real estate market has increased private competition for property and attracted new and more affluent residents who are looking for relatively inexpensive housing and good investment opportunities. (17)

EDC staff began to encounter evidence of the rising local housing market in 1983. The director feels there is solid demand for housing

from moderate and upper income professionals for housing. Private developers aggressively compete to acquire multi-family housing from the City of Boston which the EDC has targeted for low and moderate income reahbilitation. As properties turn over to new owners with high mortgage costs, rents rise and threaten the tenancy of vulnerable households including the edlerly, low income families and many minorities. (18)

The director notes that since subsidies are so low and competition so intense from the private sector, the future of CDC sponsored homesteading depends heavily on the city's policies for deposition of tax foreclosed property. Private owners are raising their prices even for serious abandoned properties and vacant lots. Other owners show up to pay back taxes at the last possible moment in the foreclosure process-- sending the CDC back out into the street looking for another building.

#### BOARD AND ORGANIZATIONAL STRUCTURE

The EDC has received CEED funding since 1980. CEED regulations require all CDCs to have open membership and elect at least 51 percent of the Board of Directors. The EDC is governed by a 15 member Board of Directors. Six members of the board are representatives of special groups--three civic associations; the Columbia Savin Hill NHS; one lender or business representative; and one person from the city of Boston. The remaining nine board members are elected at large by membership at the annual meeting.

The Civic associations and NHS provided a rich base of professional support for the EDC. There has been a proponderence of professionals on the board from EDCs inception. Of the twelve

board members listed in the FY85 CEED Proposal, nine are professionals including lawyers, engineers, architects, housing and employment planners.

EDC can be characterized as a staff driven organization. The director keeps the board well informed of activities and major decisions but meetings were characterized by one board member as "very technical" and heavy on reporting. (19) Board members reportedly spend little time in discussion or policy formulation. Some board members expressed dissatisfaction with this, and are presently trying to increase board participation in policy formation.

#### REPRESENTATION AND COMMUNITY PARTICIPATION

The EDC has maintained a low average annual membership (approximately 110) since its inception. The director defended this by acknowledging that membership is largely ceremonial and arguing that member organizations are representative of the area's residents and provide a strong base for support. Very little staff or board time is spend on outreach to build membership. (20)

Disagreements with CEED over what constitutes appropriate representation did result in a loss of funds and some internal organizational changes. In 1981, state CEED administration criticized the CDC claiming that the civic associations represented largely white, older residents. There was only one minority member of the board in 1980. There are no criteria in the Bylaws madating minority representation. In 1982, the state withheld half the CEED grant (\$7,500) because the EDC had failed

to respond to the need for greater minority representation. (21)

In 1983, EDC responded CEEDs concerns expanding participation by adding a fourth civic association as a member organization with rights to appoint a representative to the board. The Hancock Valley Association represents a largely black and latin area at the base of Jones Hill. The director noted that there are presently four minority board members out of a total of fifteen members.

Minority participation is still low relative to the population of the target area for EDC's activities. Twenty six percent of the board are minority members (4 of 15) while over forty percent of the area's residents are non-white.

#### STAFF

In the newer CDCs, staff size is so small that it is always a concern. EDC has operated with a small (1-2) and moderately skilled staff since its inception. EDC has been able to accomplished a great deal in its five year history with so small a staff.

The EDC hired the executive director during the first year in operation. Since then he has served as director and the main staff person. The executive director is a long time resident of the area as well as a skilled professional with experience in development work. This experience, combined with a technical and professionally skilled board, has contributed to the CDCs ability to plan and successfully complete projects.

In 1984, EDC hired a full time housing specialist to work on the BHP project. The EDC has recently hired a support staff

person and another full time staff person -- an engineer who was also one of the founding members of the EDC. It has also moved into spacious new office in the rehabilitated building.

#### FUNDING

City of Boston Homesteading funds and CEED operating funds have been the mainstay of the EDC since its inception in 1980. The EDC's appointment as a sponsor agency guaranteed a source of money for rehabilitation. The Homestead program is not a secure source of funds for the future. THE CDBG program which provides the funds is presently being marked for budget cuts by the administration in Washington.

The EDC has not raised a significant amount of funds from private sources: the director reports that he has not actively pursued private funding. The most significant private donation was raised through the Ford Foundation's Local Initiative Support Corporation program (LISC) for the \$700,000 Pierce Building renovation. The other funds for this project were primarily from government-sponsored sources and included the Massachusetts Government Land Bank, CDFC, CEDAC, two local banks and the commercial tenant/investor.

#### ANALYSIS AND COMMENTS

EDC has been very productive in its four and one half years of existence. As of the end of 1984, EDC has rehabilitated 14 1-3 unit houses for sale to owner occupants. This involves 36 total units--14 owner occupied units and 22 rental units (privately maintained). The success of the Pierce Building should contribute



to the creation of an impressive and diverse "track record" a factor considered important to future funding. By the end of 1985, 58 units of BHP housing should also be completed.

Dorchester Bay's success in development seems closely linked to the strong support it received from both the Neighborhood Housing Services and the city Homesteading Program. These projects allowed the CDC to develop a track record and staff experience and to build community confidence. The organization has been able to progress from the rehabilitation of 1-3 family buildings to more sophisticated multi-family housing and commercial projects.

EDC was able to make up for its limited staff size by involving board members in project activity. The fact that ED has maintained the same director and added a long time board member to the staff means that it has retained skills and organizational capacity developed over time. The professional and technical background of both staff and board members and the project oriented approach have contributed to EDC's successful record of development.

In spite of its history of less than satisfactory representation, EDC activities have serviced minority and low income residents and primarily minority neighborhoods. EDC has created housing for low and moderate income persons and has reportedly sold these homes to black, latin, asian, and white families.

EDC's low level of minority and tenant participation may become a liability as the BHP rental units are occupied. It is

likely that the units will be rented primarily to low income minority families. Even though the project will be managed by a private firm, the CDC remains the owner and may be held accountable if problems arise. If tenants do not identify strongly with the CDC as a community organization, EDC may be perceived as just another landlord.

EDC is heavily dependent on government funds especially CDGB money funneled through NDEA. The corporation's narrow funding base may become a liability in the future. The staff needs to diversify their funding sources. EDC's strong track record should certainly help.

Rising prices in the local real estate market threaten to seriously constrain EDC's future housing activity. Dorchester Bay's future housing rehabilitations will have to rely increasingly on the City of Boston's disposition of tax foreclosed property. Private realtors are actively competing with the EDC for both city property and other lower cost buildings and lots. This competition could limit the EDC's options for future development.

#### THE FUTURE

EDC is presently considering three future paths-- participating in phase two of the BHP (which involved gaining control of and rehabilitating as many as one hundred HUD foreclosed rental properties that are in a severe state of disrepair); developing manufactured housing on vacant lots, or continuing to pursue the city's abandoned and homesteading 1-3 unit properties.

The staff expressed a strong opinion that only one of these

options is feasible given current staff levels. The board has yet to decide on a direction.

NOTES: CHAPTER TWO

1. Dorchester Bay EDC CEED Grant Proposal, Fiscal Year 1985, hereafter referred to as Proposal, FY85.
2. Ibid.
3. Ibid.
4. Ibid.
5. Hutchenson, Personal interview, April, 1985.
6. Compare EDC CEED Grant Proposals FY80 with FY85.
7. Hutchenson, op.cit.
8. Proposal FY85.
9. Hutchenson, op.cit.
10. Ibid.
11. Bob Keough, "Bringing them Back to Life: How Artists' Lofts Office Sharing, and Other Innovations are Breathing New Life into Dorchester Commercial Buildings". Dorchester Community News, Vol. 12, No.8, April 16, 1985.
12. Neil Mayer, Neighborhood Organizations: Making Revitalization Work, (Washington D.C.: The Urban Institute Press, 1984) p. 17.
13. Sussman, Personal interview, April, 1985.
14. Hutchenson, op.cit.
15. Ibid.
16. \_\_\_\_\_, Telephone interview, April, 1985.
17. Hutchenson, op.cit.
18. Casas, Personal interview, April, 1985.
19. Pollex, Telephone interview, May, 1985.
20. Hutchenson, op.cit.
21. Casas, op.cit.

## Chapter Three

### THE FIELDS CORNER COMMUNITY DEVELOPMENT CORPORATION

It is difficult to characterize the Fields Corner area as one community in 1985. Fields Corner is the name of a large neighborhood in the center of Dorchester. Prior to 1960, residents were almost exclusively white, middle and working class families from Irish decent. But Fields Corner experienced dramatic demographic change between 1960 and 1970. What was once a homogeneous area with a ethnic sense of community is now a hybrid containing many different neighborhoods. Some neighborhoods are integrated and some have distinct racial and class compositions.

Between 1970 and 1980, a significant number of black and Latin families migrated to the area while many of the older, white, middle class families moved to the suburbs. Some Census tracts changed from 99 percent white residents to 80 percent black and Latin residents. (1)

According to the 1980 Census, Fields Corner was 60 percent white and 30 percent black. Ten percent of the population decribed itself as Hispanic. In addition, a significant number of South East Asians have moved to the area after 1980.

Median family income in Fields Corner was \$12,500 compared to \$16,061 for Boston as a whole. Thirty five percent of all families reportedly had incomes below \$10,000 and 25 percent had incomes over \$22,500. Unemployment is a serious problem for youth and minorities. (2)

While abandonment and substandard housing conditions were widespread as little as six or seven years ago, public and private investment has stimulated significant revitalization in some areas. Some areas near parks, on hilltops or valleys with large Victorian houses are experiencing gentrification as young professionals move to the area seeking relatively inexpensive housing in an era of escalating prices. (3)

Fields Corner did however experience widespread disinvestment in commercial and residential properties during the past two decades. Serious problems with substandard housing and vacant commercial spaces still remain. According to the City of Boston, the area ranks high in abandoned properties and many neighborhoods, primarily those with large minority populations, along Geneva and Bowdoin Avenues, possess seriously deteriorated housing.

## ORIGINS

The Fields Corner Community Development Corporation (FCCDC) developed in response to Massachusetts' public investment strategy and to the concerns of several neighborhood preservation associations that disinvestment and a decline in city services was creating a crisis in the area.

In 1979, residents active in several neighborhood associations simultaneously began to explore the idea of starting a CDC. Fields Corner CDC's founding members came from many different neighborhoods but a core group shared association in the Federated Dorchester Neighborhood Houses (FDNH). FDNH is a

non-profit group which coordinates service between seven community service agencies including the Dorchester Multi-Service Center, Little House Health Center and Community Center, and Neponset Health Center. (FNDH has provided Fields Corner CDC with free office space over the years.) (4)

Fields Corner's president, one of the founding members, recalled how the CDC began. Residents of her neighborhood, the Freeport Adams area, felt that Fields Corner was not receiving a fair share of Boston's neighborhood improvement monies and programs. Leaders felt that Fields Corner did not have any strong neighborhood associations which could compete with the "sophisticated and politically connected" groups located in other areas of Dorchester such as Columbia-Savin Hill and Neponset.

When a fast foods store was located on the main avenue, neighbors felt they had no way to influence development or to voice opposition. Dorchester Avenue already hosts an abundance of auto repair and tire shops, vacant lots and minimarts. Freeport Adams residents discussed forming a CDC so they could have more say in how vacant lots were put to use and to put pressure on city government to invest in public improvements for the area.

In 1979, Freeport-Adams residents contacted the state CEED and CEDAC support agencies to inquire about the possibility of forming a CDC. State officials noted that they had heard from a number of other Fields Corner area groups who expressed interest in forming a CDC and suggested they work together. (5)

Later that year, a meeting took place which included three neighborhood associations, Meetinghouse Hill, Clampoint, and Freeport-Adams; a priest from one of the local Catholic Churches;

Dorchester Gardenlands Preserve, a local urban gardening group; and Dorchester Neighbors Organizing Neighbors (DNON), a group which organized block clubs from an area with a large number of black residents. There was strong agreement that Fields Corner needed a community development organization and the formal process to incorporate as a CDC soon followed.

The founding organizations each elected a representative to the board. DNON was the only member organization which had strong black participation. Representation ranged from upper income professionals to middle income black and white homeowners. There was only one minority member on the board in 1980. There were no tenant groups involved in initial organization. (6)

The state agencies' suggestion that many neighborhoods work together to form a CDC marks a departure from the traditional origins of pioneer CDCs. Most of the older CDCs were formed by groups which already had a sense of community. Often this sense of community was stimulated when residents joined together to rebuff physical threats to the area by outside institutions such as Urban Renewal demolition in the South End, hospital expansion into Chinatown, Logan airport expansion in East Boston. (7)

Combining many disparate communities into the CDC organizing process was more than a mere formality. The existence of neighborhoods of long term residents which have organized associations, and minority and integrated neighborhoods many of which did not have organizations, is an imbalance that the Fields Corner CDC struggles with to this day.



## ACTIVITIES

The Fields Corner Community Development Corporation incorporated in April of 1980. The first year activities focused on building local support, clarifying goals and writing a proposal for staff funding from the state's Community Enterprise Economic Development Program (CEED).

In December 1981, Fields Corner CDC received approval of the CEED grant and hired its first full time executive director who remains in this position today. The individual is a lawyer with experience in a Legal Service office, advocacy law and campaign organizing.

### First Project

The CDC's first project involved construction of manufactured single family housing. Fields Corner CDC applied for funding under the Department of Housing and Urban Developments (HUD) Section 235 program. The manufactured housing program had the added benefit of putting "unsightly" vacant lots to use. (8)

The decision to build manufactured single family homes seems more a result of opportunity than part of a comprehensive revitalization plan. Housing development was not emphasized in the CDCs Bylaws and one has to question the necessity of more owner occupied units in an area with 78 percent owner occupancy--over twice the city's rate. (9)

It is understandable that the CDC turned towards this project. In 1981, the Reagan administration had made it clear that it intended to cut housing programs substantially. Section 235 money still existed and Fields Corner CDC maneuvered to

obtain funds before it, too, disappeared.

Early on in this project, HUD began to cut funding for the 235 program. The CDC was able to capture a portion of remaining funds however, and by September 1983, four additional manufactured houses were constructed in two locations.

The pre-fab housing project targeted moderate income families and were distributed to a variety of the neighborhoods which make up Fields Corner. Four of the manufactured homes (in duplex design) are located in the predominantly white, working class Freeport-Adams area. One is located in the predominantly black Mt. Bowdoin neighborhood. The other is located off of Geneva Avenue in an integrated neighborhood. The homes were targeted at moderate income families and sold for between \$45,000 and \$55,000 dollars. (10)

As a first project, Section 235 funded manufactured housing enabled Fields Corner CDC to build organizational capabilities without undue strain. The federal Section 235 program offered a relatively simple means to finance the units. The funding scheme meant the board was able to participate in planning without being overburdened by the kind of financing schemes common today.

The director gained development experience in identifying abandoned lots and negotiating with the city and owners for possession. The CDC was able to show the community early results of community development by the end of the second year.

Fields Corner CDC's first project could have been very different. A group of tenants who had succeeded in having a multi-family building put into receivership approached the CDC for help as early as 1981. (11) The building was in severe

disrepair and had accumulated back taxes but had not gone through the city's tax foreclosure process. (See description of Nuestra Comunidad's first project in Chapter Four for comparison.)

While the CDC provided some advocacy support for these tenants it did not become involved. (12) Staff noted that Fields Corner CDC had no resources at that time with which to help the tenants. (13) Fields Corner CDC later became interested in acquiring the property when it joined the Boston Housing Partnership in 1983. The property is presently owned by the CDC and managed by Abrams Management Company.

#### Commercial Development

In 1982, Fields Corner CDC began to explore rehabilitation of the long-deserted Municipal Building. The Municipal Building is located a block up from the Adams Street commercial district. The area contained many vacant commercial properties and has suffered widespread arson. In 1983, the City of Boston designated Fields Corner CDC as the developer of the site. Thus began two years of a very difficult development project.

The Fields Corner CDC planned to create ten units of artist loft housing, office spaces and a 100-seat restaurant. The building received designation as a historic site early in the planning process. Total project costs were initially estimated at \$500,000. (14)

The CDC encountered many obstacles in the process of renovating the Municipal Building. In 1984, two major arson fires gutted the building. This increased the cost of rehabilitation. The CDC is also having a difficult time finding property on which

they can build a parking lot which was necessary for retail users. (15)

It became difficult to finance the renovation. Private lenders were wary of backing such an expensive project in what was still a depressed commercial area. Most of the state financed investment corporations have caps on the amount they can commit to a project. Lenders wanted prelease agreements for the retail space before they would commit funds. CDC staff found the owner of an established restaurant in the Boston area and began negotiations for prelease agreements. (16)

Conflict arose as some board members expressed concern about the prospective restaurant tenant's desire to expand the bar section of the plans. They felt the prospective restaurant tenant was planning a full bar and were adamantly opposed to another tavern since the area already has six within a two block radius. (17)

The board finally took a vote and the prospective restaurant tenant won approval. Three members of the board continued to protest independent of the CDC and ultimately succeeded in blocking the plans of this tenant at a zoning hearing and the CDC was left with no prelease arrangement. (18)

In April, the CDC convinced lenders to go ahead without prelease arrangements and without an anchor tenant. The project is now largely "speculative"-- involving risk similar to many private commercial development projects. The costs of renovation increased to \$1.8 million dollars and there are nine separate lenders involved in the financial package. (19)

The Municipal Building project was a source of serious internal conflict for the corporation. The Municipal Building is an example of how conflicts can arise over community goals and the organization's development goals. Throughout the community development world people stress the need to succeed in your first big project--its called building a "track record". This track record is thought to be the basis of being able to find subsequent funding.

Fields Corner CDC staff seemed pressured to have the project succeed and moved forward eventhough some members of the board had strong reservations about the motives of the prospective tenant. Rancor developed between some board members and between board and staff. Ultimately, some members became inactive. (20) These conflicts, together with the stress of constant crises and timeconsuming negotiations over finances, were the beginning of a decline in board participation. (21)

#### The Boston Housing Partnership

In 1983, Fields Corner CDC heard about the the Boston Housing Partnership rental housing development program. The board's reaction to the BHP project was similar to EDC's reaction. They expressed serious concerns about the prospect of owning and managing property. Many board members were concerned about the CDC becoming a landlord, being responsible for maintenance and about taking on such large number of rental units with no prior experience. (22) After many discussions with state community development support agencies, Fields Corner CDC decided to participate in the Partnership.

The decision to join BHP seems less part of a planned development strategy and more a response to changes in the housing market and to encouragement from state officials and consultants. Fields Corner CDC Bylaws do not emphasize housing production and do not mention rental housing. But the crisis of affordability was making housing a top priority for low and moderate income residents. In 1983, the BHP was one of the only sources of subsidy for moderately-priced housing in Boston. Fields Corner CDC submitted a proposal to rehabilitate 78 units of rental housing in both vacant and occupied buildings.

The BHP planning process was very draining on both staff and board. BHP involved hours of negotiations, syndications, applications, waivers, and other administrative tasks. The staff had to locate buildings, obtain options to purchase, find front money and hope the BHP would come through with purchase money before the options ran out or before the buildings burned down. Financing for the Partnership almost fell through numerous times. The director frequently had to call emergency board meetings. Few members of the board could keep up with the demand and the pressure.

#### ORGANIZATIONAL DEVELOPMENT

Goals articulated in the Bylaws are very broad and reflect the broad coalition origins of the group. Bylaws emphasize commercial development and a general revitalization of the area. They do not specifically target low and moderate income residents. (23)

Fields Corner CDC began to narrow its objectives when

preparing funding proposals. Fields Corner CDC's CEED grant applications define the organization's primary goals as increasing and improving housing and employment opportunities for the low and moderate income area residents and stimulating commercial activities in the local business district.

### Structure

Fields Corner CDC is governed by a 19 member board of directors; 12 are elected at large and 7 are appointed by member organizations. The founding organizations include Freeport Adams Development Corporation; Dorchester Gardenlands Preserve and Development Corporation, Dorchester Neighbors Organizing Neighbors, Meetinghouse Hill Improvement Association; Mount Bowdoin Betterment Association; and the Fields Corner Businessmens's (sic) Association. The only special conditions established regarding eligibility for board members is that no more than three of the at large members can come from businesses in the area.

The Mount Bowdoin Betterment Association which represents an area that is 80 percent Black became a member organization in 1983. Mt Bowdoin was a member organization of DNON and joined the CDC independently after DNON lost funding and became relatively inactive. (24)

All interviewees agreed: Fields Corner CDC has a strong and determined executive director. Board members have been very involved in developing broad strategies and decisions, but the director provides powerful leadership.

Complex, stressful development projects may have combined

with a strong executive leadership to moderate board participation over the years. Bratt and Geiser noted that the newer CDCs tend to have strong, independent staff. They suggest that this often leads to lower board participation. (25) This relationship seems somewhat circular since lower board participation places more responsibilities on the staff.

Board participation was high in the first three years, but participation dropped significantly after the Municipal Building conflicts and the stress of the complex financial planning for the Boston Housing Partnership. In fact, in 1984 the CDC had to amend the Bylaws to create an executive committee in order to more easily achieve quorum for important decision. While executive committees are a normal part of board structures, Fields Corner CDC moved to institute one in response to stress on the organization. (26)

The Fields Corner CDC's board experienced stress and resignation in connection to the Partnership which EDC did not experience. Interviews suggest that the two CDC boards had very different degrees of involvement in the BHP decision making process.

One Dorchester Bay EDC board member characterized meetings concerning the BHP as "very technical" with only brief discussion and fairly routine approval of staff recommendations. (See Chapter One). In contrast, Fields Corner CDC board members became involved in many details of the BHP project. It seems that a number of Fields Corner CDC board members who were disturbed by conflict with staff over the Municipal Building's retail tenant felt the need to closely oversee the decision making process.



Even recommendations from the housing subcommittee would receive a detailed review. Both housing committee members and staff expressed frustration with the process. (26)

The two CDC boards have different levels of professional training. It is possible that EDC's board, which has architects, lawyers, and engineers, may have been more comfortable with the complex, technical nature of the process. It may also have been less concerned with policy issues. (See Chapter One.) Fields Corner CDC's board consists largely of human service professionals and seems to have expressed more active interest in formulating policies.

#### Community Representation

Fields Corner CDC has had a difficult time maintaining minority participation on the board. Mt. Bowdoin and Dorchester Neighbors Organizing Neighborhoods have been the major representatives of minority residents-- primarily of minority homeowners. Mt. Bowdoin's decision to establish a Neighborhood Housing Service Program is an example of how difficult it has been for Fields Corner CDC to try to meet the needs of such a large and diverse target area.

Some minority members have not been satisfied with serving in community organization that is predominantly white and middle class. The president of the NHS who has been on Fields Corner CDC's board since the beginning expressed general dissatisfaction with the CDCs processes:

I have always been in it (Fields Corner CDC) but never felt part of it. You get tired of always advocating for minority interests ....The CDC is a business ...and it does a good job as a business ....but its sometimes hard to find the

community. (28)

While one Latin tenant has recently become a board member, minority participation may decrease in the near future. Three out of five of the present minority members of the board may leave because of their commitments to work with the Mount Bowdoin Neighborhood Housing Service program. (29)

The Fields Corner CDC's participation in the Boston Housing Partnership means that a CDC of predominantly white homeowners will now be servicing a large minority tenant population. The BHP project challenges the organization to define itself more broadly or face the possibility of serious future problems.

One Latin tenant noted at a recent quarterly meeting that many tenants in his building do not identify with the present leadership of the corporation. Recently, tenants in two of the occupied BHP buildings have begun to participate in meetings. The tone of this participation to date has been quite adversarial.

The increased involvement of tenants in CDC property could be the source of internal conflict or it could be a path to broadening participation in the community development process. The CDC is being challenged to incorporate new members of different cultural and class backgrounds. The board has not decided how the CDC wants to relate to its tenants. It has not discussed alternative forms of management or the possibility of tenant involvement in property management.

#### STAFF

Fields Corner CDC has the largest staff of the three cases

examined. The number of staff has grown steadily and been stable from the CDC's inception.

Fields Corner CDC's sole staff person in 1981 was the executive director. In 1982, she was able to hire a part time administrative assistant. In 1983, there were three full time and one part time staff: a housing planner joined the staff, the administrative assistant became full time, and a senior citizen provided support services part time (paid by Boston's senior program). In 1985, they had funds to support four full time and one part time staff. Two staff work full time as project managers for the Municipal Building and the Boston Housing Partnership Projects.

The staff of the Fields Corner CDC have varying levels of skill and training but no one has formal training in housing or development. The executive director, as mentioned earlier is a lawyer with experience in advocacy and campaign work. One project manager has a bachelor's degree and has experience as a union steward and in organizing work. He has actively been increasing his skills in planning and real estate through evening courses. The other planner, who was the only minority staff member, had a masters in public administration but no direct housing experience. This person resigned in the spring of 1985 and his position has not been filled.

The CDC has been quite successful in moving projects to completion which is in accord with Neil Mayer's findings that the most successful CDCs had a broadly skilled executive director.

(30) The director is "broadly skilled" in the sense that her training enables her to deal effectively with complex legal

documents, write grant proposals, negotiate contracts rather than offering a specific technical skill in housing development or architecture. These broad skills may help explain Fields Corner CDC's ability to launch into complex projects like the Municipal Building and BHP with very limited development experience and contributed to its success in raising money from foundations.

Fields Corner CDC's recent development activity may also be linked to the presense of two project managers. Mayer's study indicated that the most successful CDCs had staff other than the executive director acting as project managers. (31) This frees the director to pursue funding and overall program development. Fields Corner CDC's project staff are not experienced in development work but both were skilled individuals able to provide management over project activities.

## FUNDING

Fields Corner CDC's budget has grown from a CEED based grant of \$20,000 in 1981 to approximately \$142,000 in 1984. This budget is larger and the funding sources more diverse than either of the other two cases.

The director has been quite successful in raising donations from private foundations. Grants from private foundations increased from \$25,000 in 1982 to \$51,000 in 1984. Development and staff money comes from over ten private foundations including the Local Initiative Support Corporation (LISC). While private contributions fell to \$38,000 in 1985, the director feels the decrease was primarily due to excessive demands on her time from closing the two large projects. (32)

## THE REAL ESTATE MARKET

Rising real estate prices in Boston have reached Fields Corner gradually over the past seven years. Areas near hilltops and parks were the first to experience gentrification and revitalization. Since 1983 however, Fields Corner CDC has seen increased turnover of property in all neighborhoods.

Increased market activity is making it difficult for the CDC to acquire property and package land for development projects. Recently, the CDC is even having trouble buying vacant lots in the still depressed Geneva Avenue area which it intends to use for state's scatter site low income housing program.

Real estate turnovers and speculation threaten to displace low income elderly and minority tenants in larger numbers since the area has little rent control and has become desirable for young professionals working in the city. The crisis in rental housing was illustrated when the CDC advertised the first 10 units of BHP rental housing. Over 1400 people and families submitted applications. Staff estimate that 80-85 percent of the applicants are Black and Latin. (33)

## ANALYSIS AND COMMENTS

Between December 1981 and June 1985, Fields Corner CDC has been able to complete significant development projects. Early success with the manufactured housing program was possible largely due to the presence of the Section 235 financial subsidy. The persistence of the executive director, backed by established community organizations, enabled Fields Corner CDC to obtain the last of these funds and garner support from local government to

assist the construction of six prefabricated units.

Fields Corner CDC's development activity has proceeded on a project by project basis without a clearly developed comprehensive plan of revitalization for the area. The homeownership project seemed largely a response to a hostile funding environment, while the Municipal Building reponds more directly to the original goals articulated in the Bylaws. The BHP rehabilitation seems to respond to both the difficult funding environment and the changing needs of neighborhood residents in the face of rising real estate market.

Fields Corner CDC experienced a period of inactivity after the initial project funding disappeared. Cuts in federal programs seriously hampered development activity. With no other programs around to finance development, Fields Corner CDC began to work more closely with the city administration to win developer status of the Municipal Building. Development activity picked up in 1984, after state and local agencies forged the Boston Housing Partnership and helped finance the Municipal Building renovation.

State and local development programs have been an important influence shaping Fields Corner CDC's development activity. Fields Corner began to narrow its objectives when preparing funding proposals. CEED proposal more clearly define CDC primary goals as increasing and improving housing and employment opportunityies for low and moderate income area residents. While intially reluctant to become involved in the BHP's rental housing program, Fields Corner CDC now has one of the largest BHP rental rehabilitation housing projects in the city.

Fields Corner CDC's large staff and broadly skilled director compensated for an overall lack of development experience. Fields Corner had a large staff, relative to the other two cases examined in this study but they were generally less skilled than staff at both Nuestra Comunidad and Dorchester Bay EDC. Fields Corner Board of directors contributed in spirit but was not able to provide significant technical skills or assistance in development work as was the case in the EDC.

Fields Corner CDC faces a difficult task to create a single community of interests in a target area which includes several distinct neighborhoods. While overall membership level is higher than the other two CDCs in this study, minority participation is low and may fall further if board members leave to serve with the new NHS. Tenants and low income families have never been integrated into the organization.

Fields Corner CDC's involvement in the BHP rental housing program is a departure from past activities and challenges the organization to define itself more broadly or face the possibility of serious future problems. Fields Corner CDC, a predominantly white organization of homeowners, now owns 76 units of rental housing which will house predominantly low income, minority tenants. While the BHP property is presently managed by an private firm, the CDC may be held responsible if problems occur.

The rising real estate market is limiting Fields Corner CDC's options for community development. Increased investment activity is making it difficult for the CDC to acquire property and to package land for development projects like the Municipal Building. Like Dorchester Bay EDC, Fields Corner CDC will

probably become more dependent on the City of Boston for property acquisition.

## THE FUTURE

Fields Corner CDC has just finished a stressful year of finalizing plans for both the Municipal Building and the BHP project. Staff and board alike feel the need to regroup and contemplate the next direction. There are a number of projects that the CDC is considering.

The Executive Office of Communities and Development designated Fields Corner CDC as a non-profit sponsor of \$550,000 in Chapter 705 Family Housing program. The CDC plans to construct eight units of low income housing on vacant lots in the Geneva Avenue area.

Fields Corner CDC is also considering participation in what has become Phase II of the BHP--the Granite Properties. The Granite Properties are HUD foreclosed multi-family housing which are backed by Section 8 long term rental housing commitments--a rare and extremely coveted subsidy. The Granite Properties would be similar to the present BHP rehabilitations.

Fields Corner has not made a decision on the Granite properties at this time. They may have an option to participate in the city's Homesteading Program under the new administration. Fields Corner CDC board and members seem on the verge of having to clarify organizational goals and objectives in order to decide future projects.



Notes: Chapter Three

1. Compare for example, Census Tracts 916 and 917, in Boston, Massachusetts. U.S. Bureau of the Census, Census of the Population, Massachusetts.
2. Fields Corner CDC (FCCDC), CEED Grant Proposal, Fiscal Year 1985, hereafter Proposal FY85.
3. Ibid.
4. Egan, Personal Interview, April, 1985.
5. Ibid.
6. Ibid.
7. See Geoffrey Faux, CDCs: New Hope for the Inner City, (New York: Twentieth Century Fund, 1971) and Helene Urich, Community Development Corporations in Urban Settings: Twenty Case Studies. (Cambridge: Center for Community Economic Development, 1970).
8. Grant, FY 1985.
9. Ibid., see Bylaws and area description.
10. Ibid.
11. Weremiuk, Personal interview, April, 1985.
12. Helen Horner, Telephone interview, May 1985.
13. Weremiuk, op.cit.
14. Ibid.
15. Ibid.
16. Ibid.
17. Egan, op.cit.
18. \_\_\_\_\_, Telephone interview, April 1985.
19. Bob Keough, "Bringing Them Back to Life: How Artists' Lofts, Office Sharing, and Other Innovations are Breathing New Life into Dorchester Commercial Buildings", Dorchester Community News, (April 16, 1985).
20. Weremiuk, op.cit.
21. Sketchley, Telephone interview, April, 1985.

22. Ibid.
23. Grant FY 85, see: Bylaws.
24. Horner, op.cit.
25. Rachael Bratt and Kenneth Gerser, "Community-Based Economic Development: The Massachusetts Experience", (Revised draft, August, 1982).
26. Egan, op.cit.
27. Sketchely op.cit and Weremiuk, op.cit.
28. Horner, op.cit.
29. Weremiuk, op.cit.
30. Neil Mayer, Neighborhood Organization and Community Development: Making Rentalization Work, (Washington, D.C.: Urban Institute Press, 1984) p. 17.
31. Ibid., p. 17.
32. Grants, FY 81-85.
33. Weremiuk, op.cit.

## Chapter Four

### NUESTRA COMUNIDAD DEVELOPMENT CORPORATION

Nuestra Comunidad Development Corporation (Nuestra Comunidad) is located on the border of Boston's North Dorchester and Roxbury neighborhoods. There is no name for this area because it does not represent a particular, previously defined community. Nuestra Comunidad lies on the intersection of two major thoroughfares, Dudley Street and Blue Hill Avenue, which is midway between the Dudley Station and Uphams Corner commercial areas.

Interestingly, planners and bureaucrats may be creating a new community identity. The area is beginning to be referred to as "the Dudley area" or the "Dudley neighborhood". This seems largely due to the influence of the La Alianza Hispana and the new Nuestra Comunidad Development Corporation. No doubt, the agencies began to define the area as they defended the needs for their services to prospective funders. For convenience sake, I will call Nuestra Comunidad's target area the Dudley area.

Neighborhood residents are predominantly minority and largely low income. According to the 1980 Census, there were approximately 17,000 residents of which at least 42 percent were Black and 27 percent were White. Twenty six percent of area residents classified themselves as Hispanic. There was also a large number of Cape Verdians in the area many of whom reportedly classified themselves racially as "Other" in the 1980 Census. (1)

Residents of Nuestra Comunidad's target area were some of the poorest in the city. 20 percent of families earned less than \$5,000 while 47 percent earned less than \$10,000. Median income varied widely between census tracts ranging from \$6,786 to \$14,375 compared to \$16,061 for Boston as a whole. Unemployment runs very high for youth and for black and hispanic males in the area. Forty three percent of all families in the area were reportedly headed by women. (2)

The Dudley area suffered perhaps the most serious disinvestment of any Boston neighborhood since the mid-1960s. The 1980 Census reported 14 percent of all housing units as vacant. Over 2,200 housing units have been demolished since 1947 (42 percent of the 1947 stock). Driving down Dudley Street you are struck by the number of vacant tracts of land which stretch over whole city blocks. There are serious problems from dumping and storage on vacant lands in defiance of land use regulation. (3)

A large portion of housing in the area remains in substandard condition. There is a high proportion of owner occupancy 42 percent compared with 30 percent in the city as a whole. This enhances the areas stability and provides a potential base for participation from residents invested in the areas future.

#### ORIGINS

Nuestra Comunidad Development Corporation is a spin off of two major Latin service and advocacy organizations, the Hispanic Office of Planning and Evaluation (HOPE), and La Alianza Hispana

(The Hispanic Alliance). Nuestra Comunidad grew out of what Bratt and Geiser term "a public investment strategy". Its founders were predominantly planning and human service professionals who worked in a neighborhood in great need of public investment, jobs and organizing. The initial ties to these professional service agencies has been an important factor influencing the CDC's growth and direction.

Professionals from two human service organizations provided the organizing energy to form the CDC. La Alianza Hispana provides a full array of social services including English as a second language, job training programs, GED courses, counseling and advocacy. The Hispanic Office of Planning and Evaluation provides planning and advocacy services to Latin communities and organizations throughout the state. It has always worked closely with La Alianza which is the largest social service agency serving the Dudley area.

Staff of La Alianza had long been aware of the need for economic development in the area but in an era when funds for human services have decreased, development was secondary to the agency's own survival. Board members and staff of La Alianza and the Hispanic Office of Planning and Evaluation began formal discussions to create a community development corporation in the 1980. They were encouraged by the availability of seed money for community development from the state's CEED program.

The Hispanic Office of Planning and Evaluation's professional staff supervised two MIT graduate student interns in preparing needs assessments and preliminary planning (one former

intern is the current executive director). The agency applied for a grant from the Community Enterprise Economic Development Program (CEED) and received funding for 1981.

The CEED grant enabled the organizing committee to hire one staff person. The first executive director was a Latin woman with a masters degree in social work and years of human service experience but no development experience. This director organized a Task Force which included lawyers, architects, and an engineer as well as human service professionals from the area. Nuestra Comunidad incorporated in November of 1981.

## ACTIVITIES

Nuestra Comunidad's Bylaw reflect a clear sense of the organizations objectives and mission. The Bylaws articulate the organizations primary goals and concerns as

- (1) the development and rehabilitation of low and moderate income housing;
- (2) the optimal use of vacant land;
- (3) the development of industrial and commercial enterprizes that create jobs for the community.(4)

Nuestra Comunidad first four years in development have been slow and arduous. While Nuestra Comunidad has devoted considerable time working on development projects, it has yet to complete its first development project.

### First Project:

The CDC's first development projects involved occupied, rental property which had been abandoned by its owner. While still in the formative stages, the CDC was approached by tenants from a neighboring building whose owner abandoned the multi-

family property and left it in serious need of repair. The Dudley-Hamden building contained 20 occupied, 6 vacant residential and 5 commercial units. The building had been placed in receivership while the City of Boston proceeded at their own pace with the tax foreclosure process. That same year, the CDC began to try to acquire this property.

Less than two years later, the CDC was approached by tenants in another building located closeby at 375 Dudley Street, which was also occupied and abandoned by its owner. The building contained 9 residential and 5 commercial units. The CDC also became involved in assisting these tenants. But both projects proceeded very slowly. Rehabilitation finally began in the spring of 1985.

The biggest factor delaying the rehabilitation of these buildings was the uncooperative attitude of the former city administration. City agencies dragged their feet on everything from adequate code enforcement to property acquisition. (6) In fact, Nuestra Comunidad was not able to formally acquire the buildings until the new administration took office in 1985-- four years after the intial involvement.

Another reason rehabilitation proceeded slowly was that the buildings contained commercial as well as residential units. Nuestra Comunidad had to finance the commercial units separately from the residential units because agencies such as the Massachusetts Home Finance Agency (MHFA) only finance housing development. Ultimately, Nuestra Comunidad financed the residential rehabilitation with MHFA loans, and Section 707 and

BHA rental subsidies. Commercial development financing includes loans from CDFC and LISC. The projects have also been syndicated.

The decision to become involved with occupied, rental housing as a first project presented serious problems for the CDC. Dealing with occupied, abandoned rental property put tremendous demands on the one existing staff person. Crises with bursting pipes, leaking sewage and security tenants required immediate and time consuming attention. CDC staff became involved in responding to emergency conditions. One board member with community organizing experience became very involved in helping these tenants and relieved some of the pressure on CDC staff.

Each crisis had to be addressed individually since Nuestra Comunidad had no financial resources, no ties to city or state housing agencies. Staff and board members spent time negotiating with city agencies to find ways to help provide maintenance and basic services under receivership. (5)

Another difficult aspect of taking on occupied, rental housing is that the rehabilitation and maintenance of existing occupied buildings creates little visible action. Visibility is vital to any young organization which needs to attract community participation, and build a reputation with city powers and potential funders. In Nuestra Comunidad's first four years, no new buildings have gone up nor have boarded buildings been miraculously revitalized. The hard work is largely hidden within the existing building.

There were also a beneficial aspects of taking on rental property and tenant issues early in Nuestra Comunidad's career. First, Nuestra Comunidad's actions demonstrated a true commitment



to area residents. Staff feel they gained credibility and improved Nuestra Comunidad's image in the community. This is important since Nuestra Comunidad does not have grassroots base and many residents assumed it was merely another service delivery or professional organization.

Second, the two rehabilitation projects brought community people into the CDC membership. Nuestra Comunidad was able to begin to develop a base in the community. Membership rose to 80 persons. Tenants became involved in CDC meetings now that the CDC was involved in their property.

The rental project made a third contribution to the CDC's development process. Nuestra Comunidad had to confront and process very controversial issues early in its organizational life. Nuestra Comunidad choose a project which forced the organization to make difficult policy decisions. Did Nuestra Comunidad wanted to be a landlord? What role, if any, would tenants play in management and ownership? How do you deal with tenants who are drug dealers or rent defaulters?

The CDC decided to hire a management firm but negotiated to ensure tenant involvement. Ultimately, the firm hired a tenant to work with this and other buildings. Three of the seven members of the for profit corporation which presently owns the syndicated building are tenants. Tenants decided to evict other tenants who were known drug dealers. (7)

The decision to involve tenants in the decision making process and to take on the responsibility to acquire and manage property meant that the development process proceeded slowly.

Addressing these issues however, forced the organization to clarify its goals, political and moral commitments which contributes to organization maturity and, hopefully, to its capacity to carry on development work.

Another factor which delayed the rehabilitation process was the CDC's commitment to use minority and women contractors and to attempt to include job training in the construction process. The CDC decided to use minority and women contractors and to incorporate training or apprenticeships for area residents whenever possible. (This policy is not formally in the Bylaws.) Nuestra Comunidad put the project out for bid and took the lowest bid that fit their demands. The present contractor is a small firm, own and managed by a woman and a minority. (8)

These commitments have slowed the process of rehabilitation. The CDC had to obtain a waiver to proceed with construction from lenders because the small contractor was not bonded. Unskilled trainees work slowly and require supervision. There is also a construction boom in Boston and it is difficult for small firms to pick up extra skilled workers. (9)

Nuestra Comunidad plans to complete rehabilitation of the 35 units by mid-summer. Construction is almost complete in one building. Six vacant units in that building will be available to relocate tenants from the other building for the duration of rehabilitation.

#### The Boston Housing Partnership

In 1983, Nuestra Comunidad hired a housing planner to develop a proposal to participate in the Boston Housing

Partnership (BHP) housing rehabilitation program. The BHP is a public private partnership which is presently assisting 10 CDCs rehabilitate over 700 units of rental housing in the city. The partnership has tried to consolidate financing by syndicating the project as a package and pooling subsidies in effort to save time and money. The BHP originally targeted abandoned vacant properties for rehabilitation however later changed its focus. BHP officials presently estimate that only 20 percent of the units which are being rehabilitated were vacant, abandoned units.

In late 1983, Nuestra Comunidad was one of the few CDCs in Boston which chose to drop out of the Boston Housing Partnership which at the time was the "biggest housing program in town". Nuestra Comunidad originally proposed to rehabilitate 60 units half of which were totally vacant and boarded. The BHP rejected plans to include the vacant buildings because costs would be too high (or subsidies too shallow). The Nuestra Comunidad felt that rehabilitation of vacant buildings was a critical part of their plan and since the funding scheme for the partnership itself seemed very unsecure at the time the CDC decided to withdraw.

(10)

Ultimately, Nuestra Comunidad did benefit from relations with the BHP. Staff negotiated to receive nine state rental subsidies which were put aside for the partnership, to help write down costs of Nuestra Comunidad's rehabilitation projects.

#### Manufactured Housing

At the same time that Nuestra Comunidad was involved in resolving the day to day problems of tenants next door and

writing proposals to the BHP, it was developing long range plans to address the lack of affordable housing and the problem of an abundance of vacant lots in the target area. Since the end of 1983, the CDC explored the possibility of developing manufactured housing on vacant lots. This seemed an excellent program to address housing needs, address land use problems and generally improve the area's physical environment.

In 1984, the City of Boston committed funds for "panel" manufactured housing. The Massachusetts Housing Finance Agency has committed low interest loans for permanent financing. The City's NDEA is subsidizing each unit for between \$10,000 to \$13,000. Nuestra Comunidad plans to use private lenders to finance construction.

Construction on the the first of ten units is scheduled to begin in July. They plan to sell the townhouses to first time home buyers at a projected sales price of \$45,000. They are also investigating the possibility of using the same panel design to construct multifamily rental housing in the future. (14)

Nuestra Comunidad staff are also in the process of developing comprehensive plans to land bank vacant and abandoned property in order to try to insulate some property from market speculation. While Nuestra Comunidad encourages owner occupancy and rehabilitation, they want to discourage speculative investment, characterized by rapid turnover for a profit pushes prices out of the range affordable to low and moderate income residents.

Staff hope the city will cooperate in land bank program. Low

acquisition prices are critical to the CDCs ability to produce affordable housing.

#### THE REAL ESTATE MARKET

Nuestra Comunidad developed in response to a neighborhoods severe problem with deterioration and abandonment. It took longer for changes in the local housing market to affect the Dudley area. Staff first experienced these changes in 1984. The cost of housing in the area began to rise and the number of transaction seemed to increase. Abandonment suddenly stopped being an active problem. Absentee owners have expressed a sudden desire to pay off back taxes even on vacant lots. (11 )

The pace of inflation and speculation quickened in 1985 when the Boston Redevelopment Agency announced a \$750 million dollar redevelopment plan for Roxbury's Dudley Station. Dudley Station is located only about a mile down the main avenue from Nuestra Comunidad, The Station historically has been one of Boston's poorest commercial areas. The BRA's sudden announcement of such a large scale investment has fueled speculation in the area. (Boston's well known Copley Place development project downtown involved only a \$500 million dollar investment.)

One incident exemplifying the changes in the housing market involved the CDCs decision not to buy a row of rental units located on Dudley Street. In 1983, Nuestra Comunidad began negotiating with a small landlord for these properties. The owner had brought the property for very little from the city of Boston and rehabilitated most of the units himself. Partway into the negotiations the CDC reconsidered the purchase. They reasoned the

property was in good condition and questioned why the CDC should encourage the private owner to sell. He was an example of the market working-- a small entrepreneur making an investment that benefit low income people.

In 1985, the Boston Globe reported the owner sold the property for four times the price offered to the CDC barely a year earlier. (12) CDC staff realize they lost an opportunity to take rental property in good condition off the market and protect it from inflation and speculative buying thought CDC ownership. (13)

#### ORGANIZATIONAL DEVELOPMENT

Nuestra Comunidad's board of directors presently has 15 members. La Alianza wanted to retain some control of this spin off organization so they drafted Bylaws which permit La Alianza to appoint six members (40 percent) of the board while membership elect the remaining 9 at large members. This arrangement creates a close connection between the two organizations but it also means that leadership is stretched between two needy organizations.

Nuestra Comunidad's board has always included a large number of human service professionals but it also has had lawyers, architects and engineers. Two religious leaders have also been active in the CDC. One woman from a community group called We Are All In This Together (WAAITT) played a major role working with tenants in the rental property.

Board membership is predominantly Black and Hispanic. The Bylaws mandate that 4 of the 9 at large members must be representative of ethnic communities in the major area which ensures community leverage for adequate representation.

Membership in the CDC has actually decreased over the years from a height of 80 in 1983 to 50 today. While the board had an active organizing committee in the early years, project development has taken priority. The former director noted that Nuestra Comunidad "had to become project oriented....they needed to focus energy on development after years of neglect from city officials." (15)

Nuestra Comunidad's low membership does not surprize officials at the state. State CEED staff noted that other CDCs also experience difficulties involving residents in low income and poor neighborhoods where there are very few organized groups. (16)

Nevertheless, Nuestra Comunidad staff are acutely aware of the need to broaden the community base of the organization. They are very aware that a "service" model still exists and that they hope to create a CDC with wide resident participation.

Staff characterize the CDC as a "staff driven" organization. Committees do exist to help formulate policy and work on projects but staff provide the main source of direction and labor power. They feel that the CDC needs to increase community and board participation in policy and project planning.

Staff feel the low level of board participation is a structural problem rather than an attitudinal problem or personal

issue. First, as mentioned above, board leadership is shared with leaders from two other struggling organizations. Second, it is difficult to involve residents in poor neighborhoods that lack tenant organizations or civic associations. Development is a slow process that offers few short term rewards and is a difficult forum for community organizing (17)

The CDC is also in the process of reviewing organizational structure to better encourage board and member participation. Recently, two members of the board were asked to resign because they did not seem to have enough time to commit to CDC activities. (18) This enabled the Board to recruit more active members. Long term plans articulated in the CEED FY85 Proposal indicate Nuestra Comunidad intends to hire a community organizer who is to work with the board committee on increasing community participation.

#### STAFF

Nuestra Comunidad has survived largely on one or two full time staff since its initial formation. The original executive director and sole staff person was a Latin social worker with no direct development experience. The CDC hired a professional planner to do housing work in the second year of operation. This planner, who is also Latin, took over the job of executive director two years ago and continues to this day. In 1985, Nuestra Comunidad has an executive director, a full time professional planner, a part time student intern and uses consultants on projects.



## FUNDING

Nuestra Comunidad has two main sources of funding. The CEED base grants (which have increased over time) and one private foundation has consistently donated \$ 10,000 for staff and projects. Its budget has grown from \$25,000 in 1982 to an estimated \$58,000 in 1985. (19)

In 1984, Nuestra Comunidad began negotiating with the Enterprize Foundation about possible future funding but no decision on this is expected for at least a year. (20) The CDC is going to be in grave danger if CEED grants decreased and if the federal CDBG monies run out. There is a real need to diversify the organization's funding base.

## ANALYSIS AND COMMENTS

Nuestra Comunidad Development Corporation has had to overcome many obstacles in order to pursue development activities in the Dudley area. While Nuestra Comunidad incorporated in 1981, it has yet to complete its first project. Nuestra Comunidad has had a difficult time moving project towards completion largely because it lacked an initial project sponsor and did not have support from city administration.

There were no Section 235 or Homesteading Program to underwrite Nuestra Comunidad's development activity. The previous city administration failed to support Nuestra Comunidad's efforts to acquire and rehabilitate the rental units in its first project. This seriously hindered the CDC's ability to move forward

with rehabilitation.

Another factor related to those listed above, also helps explain Nuestra Comunidad's difficulty with development. Nuestra Comunidad did not have established community organizations to lobby for support of its programs. The Dudley area is largely low income, minority residents who are minor powers in the spheres of city and state politics. Nuestra had to rely solely on the resources provided by an already overburdened social service agency, La Alianza Hispana. It is not surprising that the CDC that had the most difficulty getting started is located in the area with the highest concentration of minority and low income residents.

Halfway into the fourth year of operation, Nuestra Comunidad is on the verge of completing rehabilitation of two buildings involving 35 units of rental housing. In addition, the CDC is ready to begin construction of the first of ten manufactured "panel" townhouses in July of 1985. This is part of a comprehensive plan the CDC has developed to put the large number of vacant lots to positive use.

Nuestra Comunidad has spent considerable time developing needs assessments and plans for development in the area. In fact, Nuestra Comunidad is the only CDC of the three in this study who have truly attempted to develop strategic, long term plans. Nuestra Comunidad has comprehensive plans to develop manufactured housing on vacant lots. This includes plans to establish a land bank which will enable them to reserve property until they raise funds for development. This is critical given the rising nature of the housing market that is leading to speculative buying and

selling.

Nuestra Comunidad predisposition to planning certainly reflects the fact that both staff and many board members are professional planners (many educated at MIT). Student interns from MIT worked with Nuestra Comunidad to produce a plan called "From the Ground Up." The CDC joined La Alianza in sponsoring a Search Conference in 1984 which drew 30 community leaders together to develop long term goals for the community.

Nuestra Comunidad's initial development activity may have been further troubled by the complexity involved in dealing with occupied rental housing. These projects were very complicated and demanded time and expertise which few young CDCs have. In fact, many CDC staff and boards told me they consciously avoided rental properties precisely because of their difficulties. Both EDC and FCCDC started with small scale homeownership projects. Rehabilitating 1-3 family housing for sale to a homeowner does not involve a CDC in a long term relationship with property and tenants.

Nuestra Comunidad has grown organizationally in spite of the slow progress with development projects. Nuestra Comunidad has formally processed controversial issues which other CDCs have yet to address. The organization has gained considerable experience working with tenants and property ownership. It has had an opportunity to clarify goals and commitments. Nuestra Comunidad's commitments have cost them time, but staff feel strongly that it has helped strengthen the organization and maintain a sense of integrity.

The years Nuestra Comunidad has spend planning and on its

first two buildings have yet to produce significant base of community support. In fact, Nuestra Comunidad's membership has declined from 80 in 1983 to only 50 members today. It is significant that a group philosophically committed to broad participation, which has taken the time to work with tenants and deal with issues even if it slows development, has not been able to create a stronger base of community support.

Nuestra's difficulty in broadening its base is not surprising. The CDC has had to be very project oriented in recent years simply to get its first project underway. Community organizing and outreach require serious time and energy for any organization. When staff and board focus primarily on projects, community outreach often suffers. Nuestra's plans to reactivate the board committee on outreach and organizing and to hire an organizer should help improve community participation and support.

Like Dorchester Bay EDC, Nuestra Comunidad has a narrow funding base. NDEA's new construction program depends on federal CDBG money which may cease to exist in just a few years. While the Enterprize Foundation may provide significant future backing, it focuses on housing for very low income people which is very difficult to develop in the present economic context.

Nuestra Comunidad has not had success in past attempts to raise private funds. Hopefully, the fact that Nuestra Comunidad will finally complete its first projects this summer will improve its ability to raise private funds.

Notes: Chapter Four

1. Nuestra Comunidad Development Corporation (Nuestra Comunidad), CEED Grant Proposals, Fiscal year: 81-85, hereafter referred to as Grant FY\_\_.
2. Grant, FY 85.
3. Ibid.
4. Ibid.
5. Colon, personal interview, April, 1985.
6. Ibid.
7. Ibid.
8. Ibid.
9. Ibid.
10. Ibid.
11. Ruben, personal interview, April and Colon, op.cit.
12. Jonathan Kauffman, "Roxbury Boom Troubling to Some," Boston Globe, (April 12, 1985).
13. Colon, op.cit.
14. Abramson, personal interview, May, 1985.
15. Perez, personal interview, May 1985.
16. Ibid.

## Chapter Five

### CONCLUSIONS AND POLICY IMPLICATIONS

This section analyzes the development histories presented in the individual case studies. Part I analyses which factors have been critical to the CDCs' organizational growth and ability to achieve development objectives and discusses the policy implications of these findings. Part II presents recommendations for policy alternatives.

#### PART I.

##### FACTORS CRITICAL TO CDC ORGANIZATIONAL GROWTH AND DEVELOPMENT

The three CDCs examined in this study have pursued different kinds of development activities and have demonstrated different levels of success with development projects. The cases reviewed here indicate that three factors play a critical role in CDC organizational growth and in determining the success of development activity:

- 1) the presence of an initial development sponsor program which seems closely associated with the presence of established community organizations;
- 2) the complexity of a CDC's first project; and
- 3) the influence of state and local, government sponsored development programs.

The case studies raise two other important issues. First, the research indicates that recent CDC development activity is still largely dependent on funds from federal programs: programs which are being phased out by the present federal administration. Many community development organizations have not diversified their

sources of funding even where it would have been quite feasible to do so.

Second, the CDCs examined in this study have all had difficulty involving broad-based, community participation. This indicates that it is still vital to raise fundamental questions about what constitutes "community" participation and what defines a community-based organization.

#### 1. The Presence of an Initial Development Sponsor:

All three CDCs examined in this study report that CEED operating grants provided critical stability during their early years. However CEED funds only supply operating expenses; they do not provide capital necessary for successful development projects. As the chart on the next page illustrates, only Fields Corner CDC and Dorchester Bay EDC have been able to complete development projects since their inception. Nuestra Comunidad encountered serious difficulties in progressing with developments projects. Several factors seem to account for different levels of development activity.

The single most important factor in Dorchester Bay EDC and Fields Corner CDC's early successes was the fact that both had access to a strong source of political and financial support for their initial projects. Dorchester Bay received strong backing from Boston's city administration and from the Columbia-Savin Hill Neighborhood Housing Services program. Designation as one of the city's Homesteading Program sponsors provided Dorchester Bay EDC with a relatively steady source of program support which continues to this day.

Fields Corner was able to move towards its first successful

DEVELOPMENT ACTIVITY

Dorchester Bay EDC

Incorporated 1980

Completed: 36 Homestead Program Units (rehabilitation)  
14 Owner Occupied  
22 Rental Units

Pierce Building Renovation  
10 Artist Lofts  
Office Space  
Retail tenant (Drug Store)

Pending: 56 Rental Units (BHP rehabilitation)

Fields Corner CDC

Incorporated 1981

Completed: 6 Manufactured Single Family Homes  
(new construction)

10 Rental Units (BHP rehabilitation)

Pending: 68 Rental Units (BHP rehabilitation)

Municipal Building Rehabilitation  
(financed)  
10 Artist Lofts  
Office Space  
Retail Tenant (Restaurant proposed)

Nuestra Comunidad

Incorporated 1981

Pending: 35 Rental Units (rehabilitation)

10 Manufactured Single family Townhouse  
Units (new construction)  
8 Commercial units, (rehabilitation)



projects because of its participation in the federal, Section 235 mortgage interest subsidy program. This was not as comprehensive a program as the Homesteading Program, but it provided the financial backing necessary to launch successful initial projects. Fields Corner's founding organizations did not have support from the city administration, but the area does have a strong political presence in the city and the state. Staff and board were able to harness support from influential local leaders to finance and complete the initial projects.

Initial program sponsors allowed both Dorchester Bay EDC and Fields Corner CDC to complete successful projects within their first two years. This helped build local confidence in the organizations and the beginning of a track record which is considered vital in helping CDCs obtain grants to support more development activities.

As Table 1 indicates, Nuestra Comunidad has had a very different history of development. Nuestra Comunidad's difficulty in moving projects towards completion is linked to the fact that it did not have an initial project sponsor or local political support. There was no one source of funding to finance initial development projects such as Section 235 or the Homesteading Program. The recent surge in Nuestra's development activity is closely linked to the entrance of a new mayor and city administration. Boston's Neighborhood Development and Employment Agency is providing financial backing and local support necessary to make the present projects feasible.

Support from the public sector is especially critical to minority development organizations. Neil Mayer's study found that CDCs located in Black, Latin and Asian communities depended heavily

on public funds for survival. "Some 85 percent of predominantly Hispanic and nearly 60 percent of predominantly black [CDCs] used virtually all public monies, compared with just over 20 percent of predominantly white [CDCs]." (1) Mayer continues:

While this outcome could be of the [CDCs'] own choosing or result from other factors, it is likely that at least some of the contrast results from a mixture of lender reluctance to loan in minority areas, relative lack of private-sector contacts by minority groups (with both lenders and other private sources), and relatively unattractive economic circumstances in the neighborhoods of minority [CDCs], even relative to other communities. In any of these cases, private loans will be especially difficult for minority [CDCs] to pursue even should national conditions improve. (2)

Biases on the part of local governments and private lenders seem more likely to effect communities which most need development activities, such as lower income and minority neighborhoods.

In light of this research, it is not surprising that Nuestra Comunidad experienced the most difficulty obtaining support and funding for development. Nuestra Comunidad's target area has the highest proportion of low income and minority residents and has few powerful community organizations. While Dorchester Bay EDC and Fields Corner CDC boards included a variety of established neighborhood preservation groups from older, predominantly white neighborhoods, Nuestra had to rely almost solely on the strength of one, minority-run, human service agency for support. Boston has a highly political municipal process and the absence of a politically powerful, established community constituency hindered Nuestra Comunidad's ability to compete in the political arena.

#### Policy Implications:

The state CEED program has four criteria to evaluate a CDC's

eligibility for its operating grants:

- 1) a low income target population,
- 2) strong organizational and community bases,
- 3) successful and progressively sophisticated program and project development and implementation, and
- 4) a well defined overall strategic plan. (3)

CEED's continued support for Nuestra Comunidad in spite of the fact that it had not completed even one development project, indicates that CEED interprets the third criteria broadly. This research supports the present state policies that are used to determine which CDCs receive continued fundings. CDCs such as Nuestra Comunidad, who are structurally shut off from support due to political conditions, need to be given special consideration. With the change in local administration, Nuestra Comunidad is on the verge of completing the rehabilitation projects and the construction of ten manufactured housing units. If all proceeds well this summer, CEED's early investment will result in significant housing development for lower income residents.

The state should consider creating special access to development funds for CDC's initial development projects. A state program could function in a similar manner as the former federal programs of the 1960s-- as a source of funds outside the control of local politics and lender biases. CDCs which are able to build a track record from initial projects will be better able to leverage private support. Meyer's research indicates that this kind of support can be critical to the survival of minority organizations which are structurally or political shut off from other means of support.

## 2. The Complexity of First Projects

The level of complexity of the initial development project influenced early organizational growth of the three CDCs. Fields Corner CDC and Dorchester Bay EDC's experiences indicate that a CDC will find an easier path to growth if it can arrange a first project which is small in scale and has a relatively simple financial and management structure.

Fields Corner and Dorchester Bay started out with projects targeting homeowners. The CDCs were responsible for planning, construction and sales. Once the homes were sold, the CDC could move onto other projects. Fields Corner CDC and Dorchester Bay EDC's small-scale projects allowed the CDCs to build organizational capacity and to enlist board participation in an atmosphere of success and relatively little conflict.

Both Dorchester Bay EDC and Fields Corner CDC showed early results and were able to move onto more complex commercial projects and the much involved Boston Housing Partnership. Both CDCs were strong enough to weather stormy problems such as pressure from CEED for Dorchester Bay EDC to expand minority participation, the complications of the Municipal Building and the Pierce Building's bribery scandal.

Nuestra Comunidad's development experience suggests that CDCs can expect a difficult journey and slow progress if they take on complex developments as their first projects. Nuestra Comunidad's first projects involved rehabilitating both occupied, abandoned rental housing and vacant commercial storefronts. Day to day crises over the maintenance of occupied buildings demanded a great deal of attention when the organization was struggling to build support and

find development sponsors. The presence of both commercial and residential units which required independent financing further complicated the project. Both the CDC board and the community developed expectations which the CDC could not fulfill for over four years.

This does not mean that CDCs must avoid rental housing development as a first project. CDCs with adequate financial resources or local support could develop occupied, rental housing project with fewer complications and liabilities. Many of Nuestra Comunidad difficulties were exacerbated by the absence of support from the local government. In addition, the development of rental housing had beneficial impacts on the CDC's organizational development. The rental housing project allowed Nuestra Comunidad to develop important experience in rental housing management and tenant relations. Nuestra Comunidad had an opportunity to clarify its objectives and policy with regards to tenants and rental property.

#### Policy Implications:

CDC boards of directors and influential state development agencies should encourage CDCs to be realistic about matching project complexity with organizational capacity. Neil Mayer's study found a high correlation between organizations which encountered serious problems or failed and higher levels of project complexity relative to organizational experience. CDCs ran into trouble when they took on development projects which were too complicated and sophisticated for their organizations. (4)

It is even more important to be realistic about organizational capacity in the 1980s. First, financing and planning community

development projects has become increasingly more complex and timeconsuming as resources diminish. Second, CDCs are feeling pressured to respond to the housing supply and affordability crisis and to increase development activity. These forces can pressure CDCs to reach beyond their capacity which can seriously strain these young, undercapitalized organizations.

Since the level of complexity of the first project appears important to CDC organizational growth, any program targeted to young, less experienced CDCs should have as simple a financial and administrative structure as possible. For an organization still in its formative stages, a program as complicated as the Boston Housing Partnership might be a brutal path on which to learn the basics of development. Fields Corner's experience with this program was very stressful and has contributed to lower levels of board participation. The Boston Housing Partnership does, in fact, include some CDCs with no previous development experience. It will be interesting to see how the BHP's complex process has affected their organizational growth.

### 3. Impact of State and Local Development Programs:

The direction of both Dorchester Bay EDC and Fields Corner CDC's development activity seems to have been influenced more by the presence of local or state programs such as the Boston Housing Partnership and state development programs than by comprehensive or strategic development planning. The state Executive Office of Communities and Development (EOCD), CEDAC and even development consultants such as Greater Boston Community Development (GBCD)

played a major role in encouraging Dorchester Bay EDC and Fields Corner CDC to become involved in the Housing Partnership's rental housing development and to consider Phase II involving the Granite properties. It is not evident that these CDCs would have become involved in rental housing development on such a large scale from reviews of their Bylaws or past development activity.

Strategic and long term planning did not guide development activity in two of the three cases presented here. The CEED request for proposal notes that CDC's eligibility for funding will be judged partly on the basis of "a well defined overall strategic plan". While both Fields Corner CDC and Dorchester Bay EDC's grant proposals contained sections under the title "long term strategic planning", these sections did not reflect a comprehensive approach to planning in their areas. Interviews with staff directors support this impression.

Nuestra Comunidad has prepared the most comprehensive plan for revitalization of their area. This is not surprising since their staff is largely composed of professionally trained planners and they have strong support from the Hispanic Office for Planning and Evaluation. Nuestra Comunidad also has been able to spend more time planning since progress with development projects has been delayed.

#### Policy Implications:

The absence of true strategic plans in two of the three CDCs indicates that CDCs need more training and support in this area of community development. State agencies may need to devote more energy to training board members as well as staff in the skills of strategic and comprehensive planning.

Strategic, long term approaches to planning community development are even more critical in the 1980s. Market forces are increasing the competition for land and seem to be limiting options for community development. Comprehensive planning can help maximize the impact of local development projects.

#### 4. Funding For Community Development Corporations:

The three CDCs examined in this study operate on extremely limited budgets. In their early years, all three CDCs depended almost exclusively on CEED funding. As time progressed, the CDCs have shown different abilities to confront the limited resources available to support development activity.

Fields Corner CDC is the only CDC which has a diverse funding base. It has obtained funds from over ten private sources and has been able to support the largest staff. This staff and budget have been important factors in Fields Corner CDC's ability to plan and complete development projects.

Nuestra Comunidad has tried to raise outside funds but has found success with only one foundation. Nuestra Comunidad should have more success raising outside funds once it establishes a "track record" and completes its first projects.

Dorchester Bay's director indicated that the EDC has not made concerted efforts to raise funds the private sector. This is surprizing since Dorchester Bay EDC has a strong track record that is commonly thought to strengthened a CDC's ability to raise private funds. The EDC has relied on the CEED program, the city's Homesteading Program and the BHP to underwrite operating and staff expenses. The funds provided by these programs may have relieved



pressure for Dorchester Bay EDC to seek private support. It is possible that city and state programs have been providing full support for an organization which could have raise significant private funds given its past development experience.

This research also indicates that CDCs have been heavily dependent on money that comes from federal programs. It is sobering to contemplate the fact that most of the projects which the three CDCs have completed or have underway depend heavily on federal funds that have either already been cut (Section 235) or are presently being phased out (UDAG, CDBG, EDA). The Mayer study of CDC's involved in in NSHD program reported that many projects stopped in midstream because of cuts in other federal programs. CDCs which relied more on state, local and private funding had better chances of surviving. (4)

State and local agencies should encourage CDCs to diversify their funding base. Diversifying CDCs funding base would help insulate the programs from annual variations in public spending. Increased private contributions would also enable the state to appropriate public money more creatively and to help less experienced CDCs get projects underway.

5. Participation and Representation:  
The "Community" in Community Development

The CDCs examined in this study represent only certain sectors of the communities in which they work. Dorchester Bay EDC has had low levels of minority participation. Fields Corner CDC has had difficulty maintaining minority participation. Neither Fields Corner nor Dorchester Bay have involved low income residents, especially

tenants, in the organization. In addition, Nuestra Comunidad and Dorchester Bay have had low overall memberships (50 and 110 respectively).

Is community participation significant? Some observers note that in spite of problems with participation, all three CDCs are producing housing primarily for low income, minority residents. While this is true, the case studies suggest that state and local housing programs strongly influenced the CDCs to target lower income residents and to consider developing rental housing.

State policy makers have decided that minority representation and community participation are an important part of community economic development. CEED's Request for Proposals note that the grant process gives priority to CDCs with "strong organizational and community bases". CEED emphasizes a strong community base to guarantee open access for all community residents in order to ensure community control over the development process. CEED measures the presence of an organizational base and community support by the number of members and by the requirement that at least 51 percent of the board of directors must be elected at large by membership. (5)

This research indicates that the definition of community participation may need to be more broadly defined. The CDCs reviewed in this research primarily represent moderate income homeowners and only one included strong minority participation. There was little participation from tenants and low income families in CDC activities in general and virtually no organized representation of tenants.

If the CDCs continue to develop rental housing (and the shortage of affordable rental housing makes this a high priority) without improving representation, they will be operating much like

neighborhood-based, public housing authorities: CDC boards represent established, predominantly white community organizations and have little representation from the people they serve-- low income tenants and minority residents. CDCs will be producing housing more as a service rather than as a way of developing the ability of community as a whole to participate in and assert control over the conditions of their neighborhoods.

Community development has traditionally meant more than mere housing production and commercial development. Self determination and representative community control were fundamental principles of the early community economic development movement. Representative control of the development process is fundamental to protecting the needs of low income and minority residents. It is even more essential in the 1980s since Boston's booming real estate market threatens to displace less affluent groups such as the elderly, minority and low income households.

The participation of minorities and of low income residents in community development corporations is important for more than just matters of principle and tradition: low levels of tenant and minority participation within the CDCs could prove to be a liability. Dorchester Bay EDC and Fields Corner CDC, organizations of predominantly white homeowners, will soon own and manage rental property that will house primarily Black, Latin and Asian, low income tenants. Even though the properties are managed by a private firm, the CDCs will still be owners and may be held accountable if problems arise. If tenants do not indentify strongly with the community organizations, these CDCs may be perceived as just another

landlord. This situation has potential to create internal conflict. Fields Corner is already experiencing some rumblings of discontent. Other CDCs have experienced organizational crises out of similar class and racial divisions. (6)

But CDCs have found it difficult to involve these groups in the community development process even when they try hard to increase participation. There are several reasons why it is difficult to increase participation of low income and minority residents and tenants.

First, the heterogeneous nature of Fields Corner and Dorchester Bay's target areas seems to be one source of the problem with participation. These CDCs target many different neighborhoods spread over a large area. It is difficult to create a sense of one community. The formation of the Mt. Bowdoin Neighborhood Housing Service within the Fields Corner target area shows how CDCs serving a large, diverse area have difficulties addressing the needs of individual neighborhoods.

Second, it is difficult for CDCs to involve low income persons and tenants if these groups lack established community organizations-- a social "infrastructure". Established organizations are less likely to exist among the underrepresented--poorer, minority and newly arrived residents.

One way to address these problems is to actively organize underrepresented community residents. Many authors point out that it is difficult for CDCs to combine organizing and development. Jerome Rubin's thesis notes that organizing and development agendas often conflict. Organizing strategies are usually based on confrontational politics which emphasize picking issues that can be won quickly in

order to build confidence in the community organization and to increase its influence in public affairs. Development, in contrast, is a slow process dependent on cooperation and negotiation. It is difficult to interest lower income persons in projects that will take years to resolve. Development also requires working closely with city officials. Ruben concluded that CDCs often shy away from organizing because confrontational strategies can disrupt the development process. (7)

An alternative way to involve low income tenants and minority residents in the development process is to include tenants of CDC-sponsored housing in the planning and management process. CDCs which own and operate rental housing have a direct link to community residents. They are providing services which tenants have a direct interest in maintaining.

The CDCs' new found involvement in rental housing production is an opportunity to broaden participation in the community development process. The CDCs have an established constituency from which to draw leadership and new members. Tenant participation in the management of CDC sponsored rental housing could be a means to restore a full sense of community to the community development process and a means to avoid internal conflict.

## Part II

The Massachusetts' community development support system and local initiatives such as the Boston Housing Partnership play a central role in shaping community development activity. (See Chapters Two and Five.) But state and local governments are under pressure to decrease government spending. While state allocations to community development have increased steadily over the past seven years, state CEED officials predict that they will not be able to level fund CDCs in fiscal year 1986.

Given decreasing resources, state and local officials have to decide how to best use public funds for community development. This section presents specific suggestions on how public officials can prioritize assistance to community development corporations based on the findings of this study.

### RECOMMENDATIONS

I. The state CEED program should continue to use "successful and progressively sophisticated program development" as criteria for funding decisions, however it must account for the local political climate which may constrain the activity of CDCs-- especially new and minority CDCs.

In the cases presented here, the main determinant of the CDC's ability to be productive was the amount of local political support it had to obtain program funds. Nuestra Comunidad Development Corporation is on the threshold of productivity in 1985 largely because there is a new city administration which is providing support for the first time since the CDCs inception.

CEED funds were critical to Nuestra Comunidad's ability to survive to this point. Nuestra Comunidad spent the past four years

productively and seems well prepared to take advantage of its new found support. Assuming Nuestra Comunidad projects proceed successfully, the states support over the past four years seem well worth the investment.

II. State development agencies should consider creating special access to capital to support the initial development of new CDCs.

If Nuestra Comunidad's initial lack of support is not unique, it might be worthwhile for state agencies to create a seed capital fund to assist new CDCs which do not have access to local resources. This money should be a non-renewal grant to help the CDC complete an initial project.

If the state can provide more assistance to CDCs to accomplish their first project, the CDC would be in a better position to find other means of ongoing support. First projects proved very influential in the development of CDCs as an organization. Completion of a first project produces a track record and builds local confidence in the CDC. The track record then strengthens the CDC's ability to obtain private funds. Increased community support can be utilized to leverage more support from local officials.

III. The state CEED program should reconsider the present policy of distributing funds on an equal basis to all CDCs.

IV. CEED should consider using matching fund scheme for CDCs who have completed initial development projects.

The importance of CEED funding for young organizations should not be underestimated. CDCs which can count on CEED base level grants are saved from having to scurry about to ensure basic survival each year and can spend time more productively planning and investigating development options. But how long should state

sponsorship continue given limited resources?

Once CDCs are established in a community and have successfully completed initial development projects, the state should encourage CDCs to become less dependent on state funds. These CDCs should be encouraged, perhaps more strongly, to capitalize on their successes and find alternative support.

A matching fund system would encourage CDCs who have gotten over the hurdle of the first few projects to diversify their funding base without penalizing them for their achievements. Dorchester Bay EDC has not aggressively solicited private funds for operating expenses eventhough its significant track record of success would lead us to believe it could have competed well for foundation assistance. Dorchester Bay EDC's ability to rely on the city Homesteading Program and CEED grants may have contributed to the lack of initiative in pursuing private funds.

V. Sponsors of the Boston Housing Partnership, the Granite Properties and other rental housing development projects should encourage participating CDCs to actively involve tenants in planning and management of rental housing.

The present affordability crisis hits two groups of city residents most seriously: lower income tenants and moderate income households. The CDCs reviewed in this research are almost solely representative of moderate income households. There was little participation from tenants and low income families in two of the CDCs and virtually no organized representation of tenants.

Community development has traditionally meant more than mere housing production and commercial development. Self determination and representative community control were fundamental to the original community economic development movement. CDCs' involvement



in rental housing production can be a source of internal conflict or it can be an opportunity to broaden participation in the community development process. State agencies have played a major role in creating many of the newer CDCs and it has a responsibility to encourage increased participation from underrepresented groups.

Notes: Chapter Five

1. Neil Mayer, Neighborhood Organizations and Community Development: Making Revitalization Work, (Washington, D.C.: The Urban Institute Press, 1984), p.140.
2. Ibid., p.140
3. CEED, Request for Proposal Fiscal Year 1985, p. 1.
4. Ibid., p.148.
5. CEED, op.cit., p.1.
6. See for example: Deborah Auger, "Politics of Revitalization in Gentrifying Neighborhoods: The Case of Boston's South End." Journal of the American Planning Association, Vol. 45, No.4, 1979).
7. Jerome Ruben, Institutionalizing Advocacy: Citizen Action and Community Economic Development. (Master's Thesis, Massachusetts Institute of Technology, June, 1982).

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