

NEIGHBORHOOD POLICYMAKING: THE MASSACHUSETTS STRATEGY

by

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Submitted to the Department of Urban Studies and Planning
on 20 May 1980 in partial fulfillment of the requirements
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ABSTRACT

The Commonwealth of Massachusetts, having achieved national recognition for its Growth Policy--responsible for the revitalization of many of its older downtowns, is currently embarking on a neighborhood policy to address the needs of its older urban neighborhoods. Only a few states in the country have thus far given attention to "neighborhoods"--an "idea in good currency." Although the state's present initiative is worth praising, its efforts date back to 1973, when the Neighborhood Improvement Program was designed to achieve similar objectives the emerging neighborhood strategy is attempting to achieve.

Donald Schon's call for public learning (in his classic work Beyond the Stable State) is a call for planners and policymakers to learn from the successes and failures of public programs and policies. The Neighborhood Improvement Program was one program which many observers agree failed to meet its objectives. The state thus has an excellent opportunity to learn from the mistakes of the past.

This thesis investigates Massachusetts' past and present neighborhood efforts, and evaluates the state's role in neighborhood revitalization and stabilization. Chapter Two attempts to reconstruct the design, implementation, evaluation, and redesign of the Neighborhood Improvement Program. Chapter Three traces the formulation of the current neighborhood strategy. Both discussions are placed within an institutional and political context which in the final analysis is key to understanding the extent of learning which has been observed.

Chapter Four assesses the nature of "government as a learning system" with some observations and predictions about the implementation of the neighborhood policy. Final thoughts are given to the implications of the state's efforts for neighborhood revitalization and stabilization in Massachusetts, and in the nation's other states.

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PREFACE

The Massachusetts Executive Office of Communities and Development (EOCD) is the state's agency charged with dealing with the needs of the state's cities and towns. Over the past year its Office of Policy Development (OPD) has been responsible for formulating a neighborhood policy. Part of this thesis traces its formulation; as the policy is not yet official it is at times referred to as an "emerging" policy.

This thesis spans the "neighborhood" efforts of the agency over the last seven or so years. It has been undertaken in conjunction with an internship in OPD, so that access to key documents, files, meetings, and personnel within EOCD was greatly facilitated.

Chapter Two on the state's Neighborhood Improvement Program and the "first neighborhood era" has been reconstructed from Jennie Lew's M.C.P. thesis (Department of Urban Studies and Planning, M.I.T., May 1977), a Harvard University Community Development Policy Workshop working paper (Department of City and Regional Planning, May 1976), Massachusetts Department of Community Affairs (DCA) files, research into state legislative history, and interviews with present and former EOCD personnel.

Chapters Three and Four on the emerging neighborhood policy is based on the author's personal experience in its development, and on conversations with present EOCD personnel.

One final note needs to be made at the onset regarding the terminology of DCA, DCA/EOCD, and EOCD. These terms, often used interchangeably, all refer to the same state agency, reflecting its evolution over the past decade.

The author appreciates the time many individuals have contributed to this thesis. Special thanks is extended to Deborah Auger, Marilyn Chu, Katrinka Ebbe, Robert Hollister, Donald Schon, and Linda Whitlock. The deepest appreciation and gratitude is expressed to Langley Keyes, whose support and insights have made this accomplishment a real "learning" experience.

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ONE.
INTRODUCTION

The current dynamism characterizing the field of public policy is evidenced by the burgeoning literature on program design, evaluation, and implementation. A quick review of the many case studies of past public programs and policies will reveal a slew of successes and failures. Donald Schon's call for public learning, in which "government undertakes a continuing, directed inquiry into the nature, causes and resolutions of our problems"¹ is a call for planners and policymakers to learn from these successes and failures. Because of the seemingly prevailing attitude that failures should be buried and forgotten and that only successes should be amplified, "we have proved ourselves--particularly in the last decade--to be singularly inept at bringing almost any new policy into effect . . . /a/nd to be equally inept at learning from the mistakes of the past."²

Policies grow out of ideas--"ideas in good currency" emerge over time, first surfacing in the mainstream, diffusing, and then gaining power. Consider "neighborhoods," and neighborhood revitalization/stabilization/preservation,³ an idea whose power is now manifest as 1) it is broadly recognized and publicized, 2) it has become an issue for debate, 3) organizations have begun to grow around it, and 4) it is used to gain influence and money.⁴

- o An idea broadly recognized and publicized. The neighborhood movement of the late 1970's has brought to the attention of federal, state, and city policymakers the need to narrow their vision to the neighborhood level--to the residents who have been demanding greater input into decisions affecting their lives. In the 1950's and 1960's, urban renewal and highway programs proved grossly insensitive to the social fabric of our cities' neighborhoods--low-income, minority, and elderly residents were bulldozed from their homes. In the 1970's, the rediscovery of the cities by predominantly young middle-class professionals--the wave of "gentrification"--indicates that our neighborhood's traditional residents are still the victims of displacement.
- o An issue of debate. Many urban areas have over the past several years witnessed major new investments in their downtown commercial cores, to the extent that some believe that "the urban crisis has left town."⁵ Because of the substantial tax revenues that these developments generate they are high priorities on many cities' agendas. Reinvestment, gentrification, and swelling tax coffers are at odds with preserving traditional neighborhoods.
- o Organizations have begun to grow to gain influence and money. "Opposition to urban bureaucracies is a hallmark of the neighborhood movement."⁶ The

tremendous increase in the number of community organizations, and in their visibility and efficacy, has resulted in the U.S. Department of Housing and Urban Development (HUD) expanding its Office of Voluntary Associations and Consumer Protection to include Neighborhoods. The Neighborhood Housing Services program, the National Commission on Neighborhoods, and the Neighborhood Self-Help Development Act are all recent national initiatives which focus on the neighborhood, especially neighborhood groups, as an element in urban policymaking. President Jimmy Carter strongly advocated in his 1978 National Urban Policy a "New Partnership" among the public sector, the private sector, and the community. The recent increasing role of the private sector has led HUD to create an Office of Public/Private Partnerships.

While much attention is being focused on the national neighborhood movement and neighborhood revitalization, urban policymakers are being reminded of the large-scale Model Cities program of the 1960's. Proposed in 1966 by President Lyndon Johnson, the program was designed "to help transform entire blighted areas into attractive and useful neighborhoods." It would "concentrate available resources, join together all available talent and skills in a coordinated and comprehensive effort, and mobilize local leadership and private initiative."⁷ Widespread citizen, i.e. neighborhood

resident, participation in the planning and execution of the program was required. The concepts of neighborhoods, neighborhood revitalization, partnerships, coordination--all "ideas in good currency"--are surely not new; in the 1960's they were surfacing and diffusing.⁸ The past experiences from which policymakers are called upon to learn are merely part of the emergence of an idea. The idea of neighborhood revitalization is now powerful enough to warrant the formulation of policy.

The State Role

Model Cities was one of many programs enacted in a period which marked the beginning of massive federal involvement in local affairs and the development of strong federal-local relationships. Local law enforcement, manpower training, and mass transportation were some of the areas in which local governments received direct federal aid. The federal government has now assumed large responsibility for urban problems, as evidenced by the Community Development Block Grant (CDBG) and Urban Development Action Grant (UDAG) programs.

Meanwhile, state governments (lest we not forget there are 50) have "seemed stranded on the sidelines, watching, . . . as the creative impulse flowed back and forth between Washington and the communities."⁹ Growing federal-local ties allowed the states' potential capacity to contribute to remain undeveloped. On the other hand, local governments, even though they are "creatures of the state," often resent state interference in their affairs. A Rutgers University

study (1969) of the states' role in solving urban problems found, from questioning local chief executives, the appropriate state role as being more of a go-between, i.e. as an aid to local government in obtaining federal funds, as a coordinator of resources, as a supplier of technical assistance; there was less support for the state as a partner in administering programs or as a receiver/approver of local plans to participate in federal programs.¹⁰

The passive state role in addressing urban concerns is expressed in what Roscoe C. Martin calls the "state mind"--one which is conservative, provincial, rurally-oriented, individualistic, and distrustful of big government.¹¹ Although big states tend to differ from smaller states in degrees of leadership and innovativeness around urban problems, both share a similar handicap to innovation--that of being financially ill-equipped to fund new programs. As a result, cities, who at the same time found their state governments unresponsive to their needs and the federal government increasing its grant-in-aid programs, developed strong relationships with the federal government.

In the Model Cities experience, the states proved to be the weakest link in the coordinated effort. As HUD did not solicit state participation, the cities had the discretion to enlist it. Consequently, the experience varied from state to state, even in states which established offices or departments of community/urban affairs. States which were brought into the process were usually brought in too late (to affect

budget appropriations, to amend state plans); those states given an early opportunity to participate did make a significant contribution. Clearly, the states have unique abilities and legal powers which can be applied "creatively . . . /to/ enhance the effectiveness of the other partners in programs aimed at providing a decent environment for the residents of our communities."¹²

The Commonwealth of Massachusetts has shown itself to be a leader and an innovator in tackling urban problems. In 1968 it was one of the first few states to establish a Department of Community Affairs, which funds and administers a unique range of housing and related community development programs designed to address the needs of its 351 cities and towns. The 1977 Growth Policy which focuses on city and town centers has achieved national recognition, and has paved the way for successes in downtown revitalization.

Once again Massachusetts is taking the initiative and is embarking on a neighborhood strategy to address the problems of its older urban neighborhoods. Only a few state governments have thus far given attention to this "idea in good currency."¹³ Having shown its progressiveness in funding housing assistance programs, in establishing a housing finance agency and a community development finance agency, the state is planning to coordinate the use of its present resources to more effectively benefit its neighborhoods. Recent successes in the downtowns of the state's older communities have restored confidence in them, but often at the harm of their

neighborhoods. With the objectives of building local capacity to deal with neighborhood problems, expanding housing opportunities, and improving social, economic, and physical conditions, the state's new effort shows its commitment to the goal of stable and healthy neighborhoods.

While these efforts are indeed worth praising it should be noted that they are not the state's first. Massachusetts was ahead in addressing neighborhood revitalization as early as 1973, when the Neighborhood Improvement Program (NIP) was conceived to achieve similar objectives the emerging policy is attempting to achieve. Although observers agree that NIP failed to meet its objectives, the program offers an excellent opportunity for the state to learn from the mistakes of the past.

Massachusetts thus provides a rare example for evaluating the state role in neighborhood revitalization. This thesis investigates the past and present efforts, and will, in particular, address the following questions:

- o How is the emerging neighborhood policy different from efforts taken in the past? Do these differences reflect learning from past experiences?
- o What facilitates or hinders the learning process?
- o What can the state learn from its past experiences?
- o Does the state have a role in neighborhood revitalization? Upon what model of the state role is the neighborhood strategy being built? To what extent

will this model affect the implementation of the strategy?

Chapter Two attempts to reconstruct the design, implementation, evaluation, and redesign of the Neighborhood Improvement Program. Chapter Three traces the formulation of the current neighborhood strategy. Both discussions are placed within an institutional and political context which in the final analysis is key to understanding the extent of learning which has been observed.

Chapter Four assesses the nature of "government as a learning system," with some observations and predictions about the implementation of the neighborhood policy. Final thoughts will be given to the implications of the state's efforts for neighborhood revitalization and stabilization in Massachusetts, and in the nation's other states.

Notes

¹ The theoretical background for this thesis lies in Donald A. Schon's Beyond the Stable State (New York: W. W. Norton, 1971).

² Schon, p. 118.

³ All three terms are often interchanged; there are slight differences among them, reflecting neighborhoods in different conditions with varying problems. Revitalization refers to "turning around" a deteriorated or badly deteriorating neighborhood. Stabilization refers to mitigating or preventing changes which are leading to a neighborhood's decline. More recently stabilization addresses neighborhoods which are facing pressures from reinvestment. Preservation refers to maintaining, in general, a neighborhood's qualities.

⁴ Schon, p. 135.

⁵ T. D. Allman, "The Urban Crisis Leaves Town, and Moves to the Suburbs," Harper's, 257 (1978), pp. 41-56.

⁶ John M. Goering, "The National Neighborhood Movement: A Preliminary Analysis and Critique," APA Journal, Oct. 1979, p. 507.

⁷ Cited in Bernard J. Frieden and Marshall Kaplan, The Politics of Neglect (Cambridge, MA: MIT Press, 1975), pp. 43-44; and James L. Sundquist and David W. Davis, Making Federalism Work: A Study of Program Coordination at the Community Level (Washington: Brookings Institution, 1969), p. 81.

⁸ Actually, the idea of the "neighborhood" surfaced as early as 1923, with Robert A. Woods' The Neighborhood in Nation-Building (1923; reprint, New York: Arno Press, 1970). Other early literature focusing on the "neighborhood" includes: Clarence A. Perry, "The Neighborhood Unit Formula," Housing for the Machine Age (Russell Sage Foundation, 1939); Reginald R. Isaacs, "Attack on the Neighborhood Unit Formula," Land Economics, Feb. 1949; and Lewis Mumford, "In Defense of the Neighborhood," Town Planning Review, Jan. 1954.

Also see Fern M. Colborn, The Neighborhood and Urban Renewal (New York: National Federation of Settlements and Neighborhood Centers, 1963); Clarence J. Davies III, Neighborhood Groups and Urban Renewal (New York: Columbia Univ. Press, 1966); and John B. Turner, ed., Neighborhood Organization for Community Action (New York: National Association of Social Workers, 1968) for discussions on the role of neighborhood groups in urban renewal.

⁹ Sundquist and Davis, p. 261.

¹⁰ Rutgers University, Center for Urban Social Science Research, The Role of the States in Solving Urban Problems (New Brunswick: Rutgers Univ., 1969).

¹¹ Roscoe C. Martin, The Cities and the Federal System (Atherton, 1965) cited in Sundquist and Davis, p. 262.

¹² Urban Coalition, Task Force on Housing, Reconstruction and Investment, Agenda for Positive Action: State Programs in Housing and Community Development, Nov. 1968, cited in Sundquist and Davis, p. 267.

¹³ Other states which have, to my knowledge, developed "neighborhood" programs include California, Pennsylvania, New York, Texas, Minnesota, and New Jersey.

TWO.
THE "FIRST NEIGHBORHOOD ERA"

The Commonwealth of Massachusetts, having shown its progressiveness in funding a variety of housing assistance and community development programs, and housing, home mortgage and community development finance agencies, is once again displaying its leadership in developing a comprehensive neighborhood strategy. The state is planning to coordinate the use of its existing resources to more effectively benefit its neighborhoods. Only a few state governments have thus far given attention to this "idea in good currency."

While this present neighborhood effort is indeed worth praising, many familiar with state government are skeptical. Massachusetts' efforts at neighborhood stabilization preceded federal policy development. As early as 1973 the state's Department of Community Affairs (DCA) designed the Neighborhood Improvement Program (NIP), to achieve objectives remarkably similar to those the emerging strategy is attempting to achieve. But for all that innovativeness is worth, NIP proved to be a great disappointment. It was approved in eleven neighborhoods beginning in 1974; what remains of NIP now is a stack of files, many bad memories and broken promises, and some commitments which are only now being filled.

This chapter investigates the state's past efforts with neighborhood strategies. The history of NIP, or any

other public program or policy, is only complete when placed within an institutional and political context. The chapter thus begins with a description of the institutional environment in which NIP was first conceived. The chapter will then attempt to reconstruct the program design, implementation, evaluation, and redesign of NIP, through December 1978, when organizational and political changes brought the "first neighborhood era" to a close and led to the development of a "new" strategy.

Institutional Setting

The Department of Community Affairs was established in 1968 as Chapter 23B of the Massachusetts General Laws to:

be the principal agency to mobilize the human, physical and financial resources available to combat poverty and provide economic training and open housing opportunity, including, but not limited to, opportunities for residents of depressed and slum areas, . . . encourage and assist communities in the development, renewal and rehabilitation of their physical environment . . . 1

To meet these objectives, Chapter 23B empowered the Department to provide a voice for local government at the state level; to coordinate state and federal funds to promote increased housing stock and the revitalization of older areas; to provide technical assistance to strengthen communities and help them plan for future development and improve local government management; and to deal with the special problems of low-income people.

Chapter 23B also provided for a division of community development, a division of community services, and a division of social and economic opportunity. Each was to be under the charge of a deputy commissioner who was appointed by and thus under the direction of the commissioner, the executive and administrative head of the department.

- o The Division of Community Development (DCD), the largest unit within DCA, is responsible for the state's housing efforts, administering all the state's public housing programs as well as the state rental assistance program and a portion of the federal rental assistance program. It also regulates and provides technical assistance to local housing authorities.
- o The Division of Community Services (DCS) is the most direct link between the Commonwealth and its 351 communities, serving as an advocate of local government interests. It provides technical assistance to help localities strengthen their governing capacities, including services such as development planning, management improvement, and state and federal grant information. It also administers development programs, e.g. federal and state urban renewal, and oversees relocation activities.
- o The Division of Social and Economic Opportunity (SEO) acts as the advocate for the state's low-

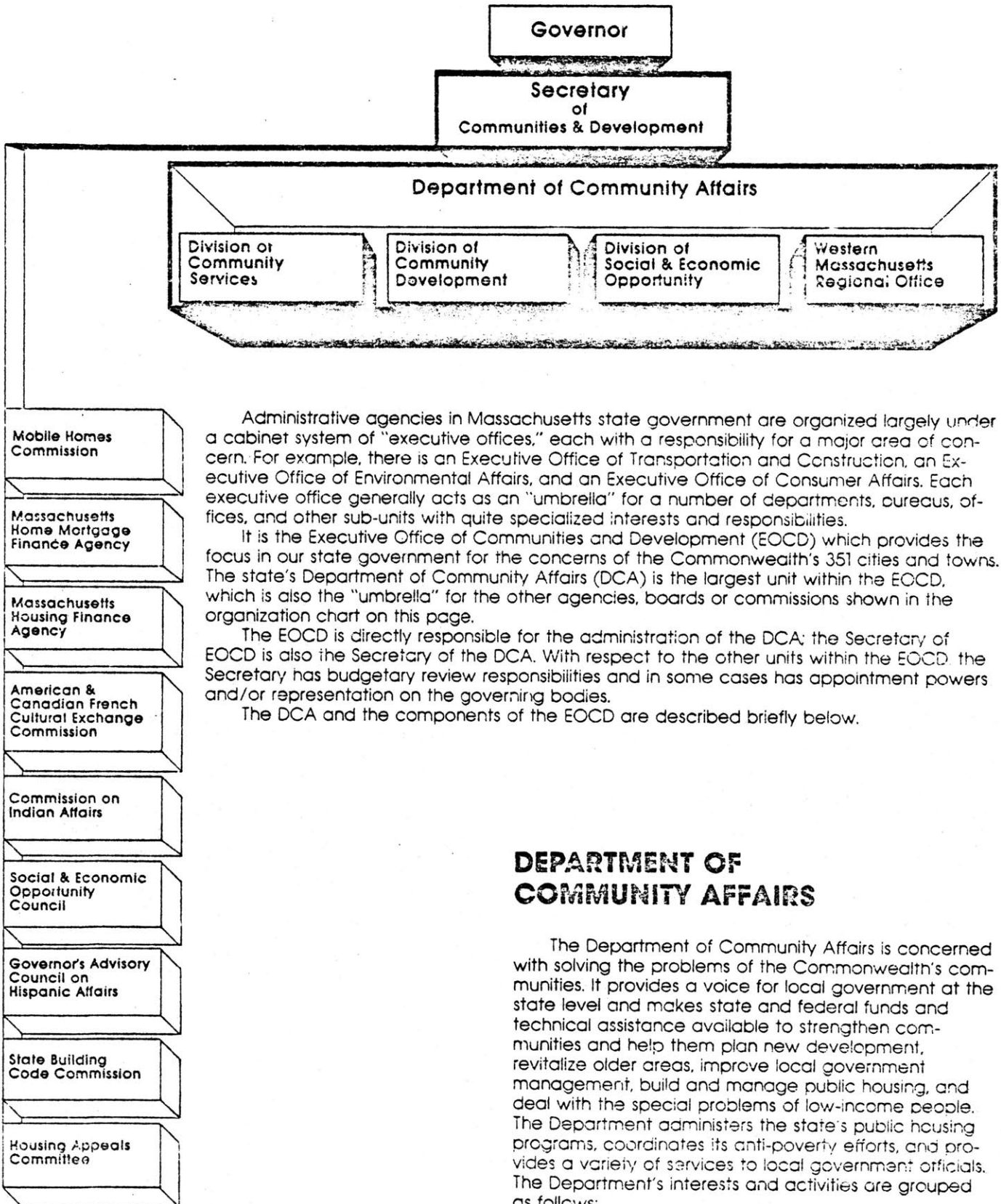
income people, through funds, research and technical assistance for projects which emphasize self-sufficiency and support anti-poverty efforts. It is the designated State Economic Opportunity Office, and works closely with the state's 24 Community Action Agencies (originally formed during President Johnson's Great Society Days).

DCA's responsibilities, ever since the Department was established, have always been carried out through these three divisions. In addition, the commissioner is authorized to establish other bureaus "for the efficient and economic administration of the work of the department."²

- o The Western Massachusetts Regional Office in Springfield was created in 1974 by Commissioner Lewis Crampton to serve the needs of the 107 cities and towns in the western part of the state. It is a "mini-DCA" where staff represent each of the agency's divisions and provide assistance on all of its programs.
- o The Office of Planning, Policy and Program Development (OPPPD) was created in 1975 by Secretary William Flynn to be responsible for planning and coordinating the state's housing programs, and preparing statewide housing plans which are legislatively mandated.

DCA is the largest component of the Executive Office of Communities and Development (EOCD). In 1971 Governor

EOCD / DCA ORGANIZATION, 197



Administrative agencies in Massachusetts state government are organized largely under a cabinet system of "executive offices," each with a responsibility for a major area of concern. For example, there is an Executive Office of Transportation and Construction, an Executive Office of Environmental Affairs, and an Executive Office of Consumer Affairs. Each executive office generally acts as an "umbrella" for a number of departments, bureaus, offices, and other sub-units with quite specialized interests and responsibilities.

It is the Executive Office of Communities and Development (EOCD) which provides the focus in our state government for the concerns of the Commonwealth's 351 cities and towns. The state's Department of Community Affairs (DCA) is the largest unit within the EOCD, which is also the "umbrella" for the other agencies, boards or commissions shown in the organization chart on this page.

The EOCD is directly responsible for the administration of the DCA; the Secretary of EOCD is also the Secretary of the DCA. With respect to the other units within the EOCD, the Secretary has budgetary review responsibilities and in some cases has appointment powers and/or representation on the governing bodies.

The DCA and the components of the EOCD are described briefly below.

DEPARTMENT OF COMMUNITY AFFAIRS

The Department of Community Affairs is concerned with solving the problems of the Commonwealth's communities. It provides a voice for local government at the state level and makes state and federal funds and technical assistance available to strengthen communities and help them plan new development, revitalize older areas, improve local government management, build and manage public housing, and deal with the special problems of low-income people. The Department administers the state's public housing programs, coordinates its anti-poverty efforts, and provides a variety of services to local government officials. The Department's interests and activities are grouped as follows:

CHART 2.2.

DCA EXECUTIVE OFFICE, 1978.

"... focus on community problems and potentials ..."

The creation of the Department of Community Affairs in 1968 provided a new focus for the efforts of Massachusetts state government to help deal with community concerns. Ten years later, as the principal component of the Executive Office of Communities and Development, the DCA is involved in a broad range of activities to assist communities in solving problems and realize their potential - in modernizing city and town government, revitalizing neighborhoods and downtowns, developing and managing public housing, and helping low-income people become self-sufficient.

With 351 cities and towns to help, DCA's task is a complex one. Taking into account the magnitude and variety of needs and the fact that the state capital is not centered geographically, DCA policy, department organization and programs emphasize effective service delivery and local "capacity building" (i.e., enabling communities to solve their own problems).

The Department is administered by the Secretary of Communities and Development, who is the head of both the Department and the "umbrella" Executive Office of Communities and Development. The four major units of the Department include a regional office or

"mini DCA" in Springfield and three functional divisions which have a field staff but are located in Boston:

- Division of Community Services
- Division of Community Development
- Division of Social and Economic Opportunity
- Western Massachusetts Regional Office

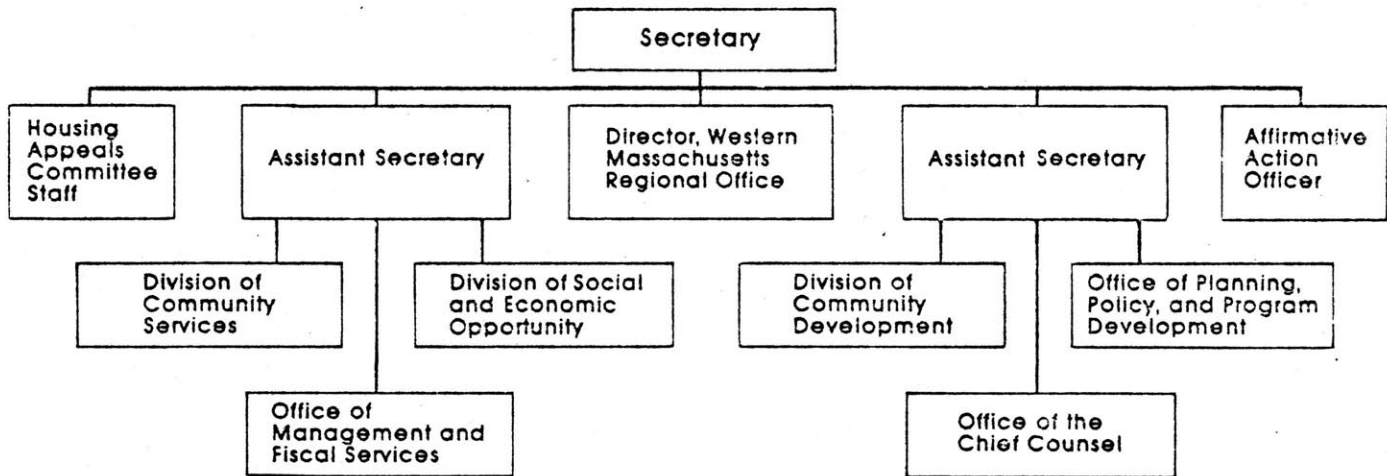
The Secretary coordinates policy with the Governor and the rest of the Administration; policy also reflects the inputs of the four major DCA units and their subunits. The concerns of many other agencies and organizations which deal with community affairs are taken into account, especially those of DCA's official advisory body, the Department of Community Affairs Advisory Committee and the Local Government Advisory Committee which meets monthly with the Governor.

The Secretary may be reached at:

Office of the Secretary (617) 727-7765
Executive Office of Communities and Development
100 Cambridge Street-14th floor
Boston, Massachusetts 02202

DEPARTMENTAL STRUCTURE

The working relationship between the Secretary and the Department's sub-units is shown below:



Responsible to the Secretary are: two Assistant Secretaries, who in turn are in charge of the three line divisions and three staff offices; the director of the Western Massachusetts (Springfield) Regional Office of the DCA; and the staff of the Affirmative Action Office and Housing Appeals Committee. The two Assistant Secretaries work closely with the Secretary on departmental administrative and policy matters, in addition to carrying out their other responsibilities.

The three divisions and the Western Massachusetts Regional Office are described elsewhere.

Francis Sargent restructured state government, establishing "executive offices," each responsible for a major area of concern and to be headed by a Secretary appointed by the Governor.³ All existing line agencies, departments, boards, and commissions were put under the "umbrellas" of executive offices--DCA was put under EOCD. Within EOCD the same individual held the dual position of DCA Commissioner and EOCD Secretary; during Secretary William Flynn's administration beginning in 1975 the title of Commissioner was eventually phased out.⁴

Other components of EOCD include: Massachusetts Housing Finance Agency (MHFA); Massachusetts Home Mortgage Finance Agency (MHMFA); State Building Code Commission; and Mobile Homes Commission, among others. The Secretary has budgetary review responsibilities for these other components as well, and in some cases appointment powers and/or representation on their governing bodies. Both MHFA and MHMFA play a large role in the state's housing efforts.

- o MHFA is an independent lending institution which provides financing for new construction or rehabilitation of mixed-income housing developments.
- o MHMFA is also an independent lending institution which provides low-interest mortgage loans to low- and moderate-income households to purchase or rehabilitate their homes.

Over the years DCA has been identified, as had been mandated, as "the public housing agency" of the state. The

Division of Community Development has been responsible for over \$1 billion and over 46,000 units of existing and new assisted housing. Working with local housing authorities, this division supervises the development, modernization, and management of subsidized housing projects and provides rental assistance to low-income people. The Neighborhood Improvement Program (NIP) was developed within this division in response to the unpopularity associated with the Chapter 705 Scattered Site Family Housing Program. As NIP evolved the Division of Community Services played an increasing role in the operation and redesign of the program, and in articulating the state's neighborhood initiatives.

The Neighborhood Improvement Program: Origins and Concepts

The Neighborhood Improvement Program was originally conceived in the state's Department of Community Affairs in the summer of 1973. It was at first an effort by the administration of Governor Francis Sargent to use \$82.5 million in unexpended Chapter 705 Scattered Site Family Housing funds, a program with a stormy history behind it. A more comprehensive neighborhood stabilization program evolved, which included the distribution of Chapter 707 Rental Assistance funds as well.

Chapter 705 was enacted in December 1966 to provide alternative housing opportunities to the traditional concentrated high-density low-income public housing developments. Built between 1940 and 1955 as veterans' family housing

(Chapter 200) these projects have suffered from gross abuse and inadequate maintenance. They have stigmatized neighborhoods, and have been associated with a range of social problems including crime and vandalism. The new 705 program allowed for a variety of housing options on a scattered site basis.

Although 705 funds could be used for new construction, rehabilitation or acquisition, it was in its early years used primarily for new construction. Political unpopularity with the program developed in local communities because of general resistance to low-income housing, especially new family units which required expanded service provision. The program remained fairly inactive until 1971 when DCA "attached" 705 housing to Chapter 667 elderly housing projects, which were more popular than family housing. This was, however, a token success to expend more 705 monies, for it was increasingly clear that communities still resisted new family housing. Furthermore, construction costs were rising dramatically, and the management of scattered site housing units across the state was posing problems.

The large amount of unexpended 705 funds was a major concern of Lewis Crampton, newly appointed Commissioner of DCA in 1973. Acknowledging the factors which resulted in the program's virtual standstill, Crampton decided to shift from new construction, and focus more on existing under-utilized housing stock to meet the state's low-income housing needs. Much of the state's older housing was either vacant or dete-

riorating from disrepair and poor maintenance. A focus on rehabilitating sub-standard units at the same time pointed to the need to deal with general neighborhood disinvestment and decline, not just on the physical dwelling unit. In attacking housing problems, a wider strategy would have to be considered, one which addressed the variety of elements contributing to neighborhood dynamics as well.

The Neighborhood Improvement Program thus evolved from a realization of the need for a strategy for neighborhood stabilization, seen as an attractive way that 705 housing funds could be "repackaged" to sell to the state's communities. It was in large part the "brainchild" of Gary Jefferson, Crampton's Executive Assistant who had been appointed coordinator of the 705 program. It soon became clear to him that the 705 program alone was insufficient to fuel a neighborhood-wide program; rental assistance funds--Chapter 707--would be incorporated to supplement the rehabilitation efforts made possible by 705 funds. Jefferson sought the input and assistance of Joel Kirshner, the 707 coordinator who had also been appointed by Crampton.

Chapter 707 had also been enacted in 1966 to meet the housing needs of low-income households, by giving them the opportunity to live in moderate rental units. Local housing authorities would provide to the landlord a rental subsidy equal to the difference between 25% of a tenant's income--the expected contribution toward housing costs--and the approved rent level of a particular unit. Like the 705

program, 707 was an effort to deconcentrate low-income families. The 707 program was popular at both the local and state levels as it brought vacant units back into use, as well as encouraged owners to maintain their units or bring them up to code given the subsidized lease commitments.

Both Jefferson and Kirshner were highly enthusiastic about developing a comprehensive and innovative housing program and supported the Commissioner's desire to restructure the ailing 705 program. DCA was ready to "repackage" the 705 funds as a neighborhood preservation program and to get the funds moving. Jefferson and Kirshner needed to maintain momentum and initiative to avoid likely stalling of the program. The end of another administration was approaching-- they were working in the third year of the Sargent administration.

Although there was a sense of urgency to get NIP started Jefferson and Kirshner still made efforts to discuss and determine the critical components of an overall neighborhood stabilization program. Elements such as neighborhood amenities, code enforcement practices, tax title procedures, property tax assessment practices, and financial lending practices all contributed to housing market dynamics. On a larger level, these elements greatly influenced the development and strength of neighborhood associations, neighborhood confidence, and neighborhood stability.⁵

While all these components were seen as essential to a neighborhood preservation program, their specific roles

were never fully developed or their implementation thought through; the necessary time and manpower were not available. 705 and 707 funds were available and would be the main inputs whose investment would be enhanced by "piggybacking" other local, state and federal resources.

- o 705 monies would be used to acquire and/or rehabilitate badly deteriorated absentee-owned structures. (Federal Section 8 New Construction/Substantial Rehabilitation funds, which DCA administered in part, might also pay for the operation subsidy and debt service of acquired 705 buildings.) Ten percent of 705 monies could be used for neighborhood facilities. In addition, legislation was proposed which would permit 705 housing to be sold to tenants to encourage homeownership.
- o 707 monies would be used to encourage homeowners to make repairs and improvements on their properties.

DCA believed that the 705 and 707 monies would encourage other "pieces" of the strategy to fall in place and be coordinated with other resources. Local governments would be expected to 1) commit Community Development Block Grants (CDBGs) to match state monies to improve neighborhood facilities and municipal services, 2) revise tax assessment practices, 3) encourage code enforcement, and 4) provide technical assistance to homeowners. Private lending institutions would be expected to invest in NIP communities. MHMFA, at the time authorized but still pending, was seen as key to the

overall strategy, as it would provide backup financing if the private banking community did not come through. In addition, tenant management and maintenance systems were proposed. Cooperatives and limited partnerships might also be initiated as a result of the 705 enabling legislation. Foremost, strong neighborhood associations were seen as the critical input of any neighborhood strategy--residents would be actively involved in the rehabilitation of their homes and would eventually be expected to continue to secure appropriate public and private housing and other resources.

NIP guidelines were as a result devised to include these program components, but broadly written to allow for flexibility. The original objectives of NIP, in addition to the traditional objective of providing safe, sanitary and decent housing to low-income persons at a reasonable cost, were to: 1) upgrade the physical condition of older neighborhoods; 2) improve the availability and quality of neighborhood facilities and services; 3) use DCA's commitment of housing and facility funds to secure funding commitments from other sources; 4) strengthen indigenous ownership patterns; 5) strengthen neighborhood organization; and 6) increase user involvement.⁶

Selection of NIP Neighborhoods

With objectives and funds in place, NIP was ready to be "launched." The process by which localities were invited to participate was "unbureaucratic and personal."⁷ Rather

than send out Requests for Proposals on a statewide basis, Jefferson and Kirshner had had in mind particular communities they wanted to receive NIP funding. They consciously sought communities with individuals they knew had extensive knowledge and special sensitivity in the housing field and the "creativity, innovation, perserverance and integrity to make NIP work."⁸ Instead of an elaborate process, the desired criteria for selecting program recipients were the support and cooperation of local officials, the presence of a cohesive neighborhood organization, and the availability of CDBGs, all elements usually present in "transitional" neighborhoods.

DCA solicited participation from twelve communities which then proceeded to develop NIP plans.⁹ One of Jefferson's original intentions in proposing NIP was to capitalize on the planning mandate contained in the statute defining "low-rent housing project:"

. . . any work or undertaking to provide decent, safe, and sanitary dwellings, apartments, or other living accommodations for families of low-income, . . . such a project may include the planning of the buildings and improvements . . . ¹⁰

The idea was to allow compensation to local housing authorities (LHAs) or housing development corporations (HDCs, to which LHAs could sub-contract) for 705 planning and development work in deteriorating or deteriorated neighborhoods which they designated. The LHAs or HDCs would be encouraged to prepare a comprehensive neighborhood preservation plan in which 705 funds would be the starting point, and other

state, local and federal resources would be built into the plan. Any local agencies whose resources were necessary to implement the plan would sign off before the LHA approved the NIP plan, after which Contracts for Financial Assistance (CFAs) would be awarded by DCA.¹¹

Jefferson and Kirshner maintained their informal and personal styles securing NIP proposals. Workshops were held in each community to discuss NIP guidelines and procedures. The NIP plan was to include: 1) the selection processes for the chosen NIP target area; 2) physical descriptions of the neighborhood; 3) social and demographic descriptions; 4) contemplated use of 705 and other housing resources; 5) proposed processes for neighborhood participation; 6) proposed individuals or organizations responsible for NIP's planning and implementation; and 7) proposed budget and time table.¹² For those pieces of information which the NIP plans did not provide but were needed for final selection Jefferson and Kirshner relied on personal interactions with the relevant parties on the local level.

When it came time to review the NIP applicants the vagueness of the NIP guidelines became apparent. Because rules and regulations had never been formulated, evaluation of the NIP plans became a rather arbitrary process. (There had been attempts to devise an elaborate evaluation process but funds and staff could not be secured.) The desired elements could in no way be measured or weighted against one another to determine the strength of the NIP proposal. For

instance, strong neighborhood groups, local bank participation, and local government commitment were all desired, but the flexibility of the program allowed one or another to be discounted. Besides, Jefferson and Kirshner themselves felt that the specific elements needed to "turn around" neighborhoods could not be "scientifically" analyzed, so they relied on their own "professional judgments."¹³

In the final selection, the foremost criterion was the presence of "a strong, committed, and capable personality" at the local level who would make NIP work.¹⁴ The first two NIP plans were approved for Boston's Roxbury and Lowell's Lower Highland neighborhoods. Roxbury had George Morrison, the Executive Director of the Roxbury Action Program; Lowell had Frank Keefe, the Planning Director, as well as Jefferson's personal acquaintances with the president of the neighborhood association from where the NIP site was to be located. Jefferson and Kirshner had placed their confidence in these leaders. Moreover, both communities already had CFAs, meaning that relationships had already been established between the local housing authorities and DCA, and future approval processes would likely be facilitated.

The exact submission and approval dates of the NIP plans were greatly complicated by the fact that a new administration in January 1975 resulted in undue confusion at DCA. William Flynn was appointed Secretary of EOCD by Governor Michael Dukakis; Jefferson and Kirshner subsequently left DCA. Flynn pared the funding of the program so that only

seven communities were selected in the end. Planning contracts were eventually approved for Brockton, Fitchburg, Pittsfield, Cambridge, Waltham, and Dorchester during 1975. (Brockton and Fitchburg also had existing CFAs, as did Pittsfield whose CFA was eventually cut.) As NIP was being implemented problems increasingly mounted which foretold the eventual failure of the program.

The Neighborhood Improvement Program: Implementation

Since Jefferson and Kirshner were responsible for the design of NIP they were able to take their personal nonbureaucratic styles in inviting certain communities to participate in NIP. However, their departure upon a new administration was to confuse the new DCA bureaucracy and affect the evaluation stage of the NIP plans. New DCA personnel were unable to evaluate or administer NIP plans in any consistent fashion; Jefferson and Kirshner had never devised detailed guidelines and standard submission requirements. Administrative problems surfaced early during this stage of the program, and were just some of the many other problems which continually confronted the program.

o Administrative/Organizational Issues. Massive staff turnovers occurred on both the state and local levels, resulting in staff unfamiliar with the mechanics of NIP, and thus delays in paper processing. Localities felt there was inadequate DCA assistance and involvement in preparing NIP plans, and cited the insufficient time given to organize

neighborhood residents. Local housing authorities in most cases had no experience with planning for neighborhood revitalization.

Administration was also weakened on the state level because there was no staff assigned specific responsibility for the program. Norman Dion was eventually hired as NIP Coordinator in the summer of 1976 after working a year as an intern helping with NIP. His position was placed in the Division of Community Services as this division is responsible for assisting communities in developing plans and securing other funding sources. Since 705 and 707, the main components of NIP, were administered in the Division of Community Development, located in a separate building from Community Services, the task of coordinating NIP was made more difficult.¹⁵

Furthermore, strong personalities, originally felt to be a major strength in carrying out a successful NIP, proved to be a major weakness. Several of the "great men" were to leave their positions, thus affecting the momentum and viability of the program in their communities.

o Political Issues. Political support for NIP was never adequate to mount the full-scale program it was intended to be. Local housing authorities saw NIP as more red tape to get more public housing. They also had limited working relationships with other public agencies and private institutions in the communities, and especially poor relationships with neighborhood residents whose input they

strongly opposed.¹⁶ Elected city officials were wary of the program and not entirely supportive; since NIP was controlled by the housing authorities elected officials were able to avoid deep involvement and avoid taking responsibility for its likely failure. Other public agencies, e.g. community development departments, felt that the state was intervening in their affairs; without commitment from elected officials their cooperation wasn't ensured. Support from private lending institutions was also weak; they were not too confident about investing in neighborhoods which displayed a high degree of risk. On the state level, many in DCA had never believed in the feasibility of a comprehensive neighborhood program, resulting in insufficient resources devoted to the program.

- o Financial Issues. Because of skepticism towards NIP, coupled with uncertainty in the bond market, DCA cut back the level of funding commitment of NIP to \$6 million. As a result, each of the six operating NIPs were awarded more or less equal CFAs. This further increased skepticism on both the state and local levels. NIP was thus a self-fulfilling prophecy--it would not receive adequate funding since DCA felt it couldn't prove itself to be a viable program, and it would not be able to prove itself since it was insufficiently funded.

- o Legislative/Legal Issues. Two program components, seen as key to the success of NIP, were never realized: 705 legislation to encourage homeownership; and MHMFA to provide

backup financing in the event that private lenders fell through. NIP was further limited by the regulations relating to code enforcement, tax title, and public bidding procedures.

o Chapter 705 Program. Despite the many shortcomings of the Neighborhood Improvement Program, the 705 program--NIP's main component--was mired in its own red tape. The public bidding process, one of the most strict and complex in the country, produced astronomically high bids for acquisition and rehabilitation which DCA would not approve.¹⁷ As the bidding process was dragging on over the end of 1977 and in 1978, and as other "pieces" of the NIP strategy were not falling into place, it became clear that NIP would soon be "closed down."¹⁸

In sum, the Neighborhood Improvement Program was from the beginning difficult to implement. Administratively, NIP faced problems resulting from staff turnovers, staff with inadequate experience, and paper processing delays, both at the state and local levels. Politically, support for NIP was weak from local housing authorities, elected city officials, other public agencies, and private lending institutions. Many of these actors had never dealt with neighborhood residents before, residents whose role was paramount in any neighborhood stabilization effort. In addition, DCA had its own share of skeptics about a comprehensive neighborhood preservation program. Financially, NIP's original funding was eventually cut, creating further skepticism at the state and local levels. NIP was also limited by legislative regu-

lations, particularly those related to code enforcement, tax title, and public bidding procedures, which made the 705 program difficult to administer.

By 1977 DCA's experience with NIP had proved sufficiently disappointing that the Department did not solicit any new proposals after it finally approved the initial seven. NIP was dying a slow death, and remained in name as the Neighborhood Improvement Program for those existing seven for which DCA had to fulfill its commitments. The Department's reference to a neighborhood improvement program through the rest of the Flynn administration was therefore also a more generic label for the broader neighborhood efforts it undertook, of which the Neighborhood Improvement Program was just one part. DCA was continuously learning about ways to increase the effectiveness of its resources and to redesign, or propose alternatives for, a program that might better achieve neighborhood stabilization.

Learning from NIP

Although state governments were passive in the 1960's but became increasingly active in administering federal dollars for urban problems in the 1970's (facilitated by revenue sharing), the Commonwealth of Massachusetts has continually been in the forefront of devoting resources to housing and community development programs. With a new State administration in 1975 recognizing this, the Department of Community Affairs in 1976 decided to undertake a major evaluation

of its programs, including the Neighborhood Improvement Program.

DCA had continually grappled with the conceptual issues underlying NIP. The foremost concern was the lack of selection and evaluation criteria for the NIP neighborhoods-- why had these been selected over other neighborhoods? What types should be selected? Additional issues were: 1) the effectiveness of a neighborhood stabilization program based on two housing programs; 2) the efficiency of selling 705 and 707 housing funds as a neighborhood program, in which a neighborhood plan was needed for approval; and 3) the potential for conflicting objectives and programs. The absence of answers to these perplexing questions had affected the day-to-day operations of NIP during the first year of Secretary Flynn's tenure, and would in the end be responsible for the host of problems related to its implementation.

o First, selection and evaluation criteria had never been developed for the program. There had been no effort to determine the type, size or scale of the neighborhoods appropriate for NIP funding, nor the problems causing neighborhood decline. Anthony Downs' description of "the neighborhood change process," in which a neighborhood's life was traced through five stages,¹⁹ was suggested to determine what types of neighborhoods were appropriate for state assistance, and the problems relating to neighborhood decline (which were related to the roles different actors played in the dynamics of the neighborhood). With some kind of classification the

impact of 705 and 707 funds (and other available resources) could be evaluated.

- o Second, it was unrealistic to believe that housing funds alone could "turn around" a neighborhood. After all, neighborhood decline resulted from more than just poor housing but from social, economic, physical, and public service problems as well.

- o Third, it was questioned whether NIP, comprised of 705 and 707 housing funds, could encourage localities to re-invest in their neighborhoods. Localities were expected to view NIP as an opportunity to do neighborhood planning with 705 funds; yet at the same time 705 and 707 funds by themselves were not attractive enough to generate the support, e.g. local commitment of CDBGs, needed to develop and implement a comprehensive neighborhood plan.

- o Lastly, a housing rehabilitation program designed to keep traditional low- and moderate-income residents in a neighborhood was potentially conflicting with the long term goal of neighborhood revitalization, which may depend on attracting outsiders into it and displacing traditional residents.

The evaluation of NIP was undertaken in the spring of 1976, part of a Harvard University Community Development Policy Workshop which reviewed five DCA-administered programs.²⁰ Main emphasis was placed on the conceptual issues surrounding NIP and neighborhood stabilization in general. The workshop devised a neighborhood selection and evaluation

process which would begin to deal with these overriding issues.

The basic criterion of the process was that "the tools available must be adequate to solve the problems identified."²¹ The process would involve four steps: 1) identify the problems inhibiting revitalization of the neighborhood; 2) specify the impact of the NIP on the specific problems in the neighborhood; 3) assess the capacity to achieve that impact on the specific problems with the available tools; and 4) define evaluation criteria in terms of these expected impacts.²² These steps were, however, by themselves not an adequate basis for selecting a neighborhood. Because of the unique dynamics of individual neighborhoods, they would have to be achieved through "an extensive dialogue with local planners, elected officials, housing authorities, private institutions, and citizen groups."²³

This proposed process guided DCA's efforts to develop formal guidelines and selection criteria for NIP. Guidelines and criteria were constantly refined, since problems with implementing the program were continuously surfacing and administrative and program alternatives were considered in redesigning it.

As part of this learning to enhance NIP and about neighborhood programs in general, DCA continually looked at efforts taken in other parts of the country to address neighborhood revitalization. Some of these included New York City's proposed Rehabilitation Mortgage Insurance Corpora-

tion, Syracuse (New York)'s Community Development Rehabilitation Program, and Pennsylvania's Neighborhood Preservation Support System. Special attention was paid to the federal Neighborhood Housing Services program which was already operating successfully in several Massachusetts neighborhoods. In many ways this program served as the prototype for designing a future neighborhood stabilization program, focusing on the role of owner-occupants and homeownership in neighborhood stability.

Discussions on neighborhood revitalization also broadened within the state. A Neighborhood Revitalization Committee--a partnership between the National Association of Housing and Redevelopment Officials and DCA--was established in the spring of 1977 to help refine NIP guidelines and to begin to develop policy to address the needs of the state's older urban communities. On the more academic level, the state of the art on "neighborhoods" was advancing. In particular, much emphasis was placed on Rolf Goetze's work on neighborhood confidence and the role of the private sector in neighborhood revitalization.²⁴

By the spring of 1977 DCA had made over a dozen legislative proposals to strengthen its existing NIP, which was then basically the 705 and 707 programs. Many of these were new program initiatives (modelled after other neighborhood programs), thus expanding the components of the NIP neighborhood strategy. Several of the proposals were for changes in existing regulations and in Chapters 705 and 707 which would

increase their effectiveness towards achieving neighborhood stabilization.

- o Grants to cities and towns to create a low-interest revolving loan program for housing rehabilitation.
- o Authorization for local housing authorities to sell 705 housing to owner-occupants (initially proposed by Jefferson in 1974).
- o Extension of 707 leases from five to 15 years.
- o Code enforcement program, in which the community would receive matching funds.
- o Seed money to community-based organizations which would buy structures, rehabilitate and then resell them, and would also provide employment and job training for low-income and minorities, as well as be exempt from minimum wage laws and public bidding requirements.
- o Force account changes, to allow local housing authorities to hire neighborhood residents at 80% of union wages for job training and other housing rehabilitation programs.
- o 705 turn key--local housing authorities would be able to sell developments to either a community development corporation, a community rehabilitation corporation, or a special limited housing rehabilitation corporation.
- o Mortgage monitoring program--those banks not investing substantially in NIP areas would be re-

quired to invest one-half of their leeway limit in the NIP area in loans and venture capital for rehabilitation corporations.

- o Private housing rehabilitation corporations--limited dividend corporations could be created under Chapter 121A (tax incentive) to rehabilitate housing for rent or resale to a public agency under turn key.
- o Grants to neighborhood businesses for storefront rehabilitation, to be matched by the locality (60-80%) in commitments for street, sidewalk, and other public improvements.
- o Technical assistance program for DCA staff involved in neighborhood improvement, training them in such areas as housing rehabilitation, loan programs, and code enforcement.
- o Building code changes to ease rehabilitation standards, to achieve more reasonable work costs.²⁵

The first three proposals, especially the revolving loan program (S.1493), were seen as crucial to the future success of NIP. S.1493 intended to encourage greater resident owner-occupant involvement and more private commitments in their neighborhoods. Under this bill DCA was also proposing to contract directly with the local chief executive or other community agency (rather than the LHA) to manage the program, thus hoping to increase local accountability and encourage strong local support. These changes addressed the

one critical weakness of NIP already experienced--the strong lack of support from local officials, housing authorities, and private lenders needed to spark rehabilitation and reinvestment in deteriorating and deteriorated neighborhoods. Furthermore, it was hoped that such clearer commitments from the state and communities would attract more federal resources. DCA had high hopes for the passage of S.1493, but after several amendments it was never passed (in 1977 or in 1978).

The revolving loan fund was also to be one of the financing schemes of a newly proposed "Comprehensive Neighborhood Preservation Program." At the end of 1976 Secretary Flynn set aside a special \$10-12 million of uncommitted NIP funds to be used to assist low- and moderate-income homeowners. Localities would be awarded grants which could be used to 1) provide grants to homeowners for a percentage of their rehabilitation costs or for reducing interest costs on loans secured from banks, 2) establish a revolving low-interest loan fund, and 3) provide technical assistance to homeowners. This program was a first effort to establish a partnership between DCA and MHMFA, which itself was undergoing legislative amendments. These monies, as well as the "loan-to-lender" provision of MHMFA, could be earmarked to DCA-designated NIP areas.²⁶

Although the Neighborhood Improvement Program was a costly experience it nonetheless provided the state an oppor-

tunity to evaluate its role in neighborhood revitalization and stabilization. The various efforts DCA undertook--NIP and the broader initiatives--were part of a "neighborhood era" during which "neighborhoods" was an idea emerging. Increasing attention from the academic, local, state, federal, and private sectors was being paid to neighborhoods, so that the idea was becoming powerful enough to warrant the formulation of policy. With more than three years of experience ironing out the problems of its neighborhood program, the state was in an excellent position to begin articulating a broader statewide neighborhood policy.

The Office of Planning, Policy and Program Development (OPPPD) had given some thought to the kinds of initiatives that DCA might have taken to establish visibility on neighborhood issues. The Division of Community Services (DCS) elaborated upon these ideas and initiated a Neighborhood Policy Group in the summer of 1978 to begin formulating a state neighborhood policy. The group included staff from OPPPD, and the DCA Divisions of Community Services, Community Development (DCD), and Social and Economic Opportunity (SEO). Recognizing the many interrelated elements that comprise a neighborhood revitalization strategy this group was the first effort within DCA to discuss neighborhood issues across the agency. For instance, SEO had all along been working with neighborhood organizations (Community Action Agencies) and was in charge of administering newly-enacted community economic development programs.

A fairly comprehensive list of ideas had been generated, including short-term and longer-term items. Short-term ideas were distinguished because the end of another administration was drawing to a close and with it the expected changes in the mood of the administration. This list of neighborhood initiatives included:

- 1) General constituency and image building
 - o building support for neighborhood legislation
 - o sponsoring a neighborhood conference
 - o scheduling the Presidential statement on the Timilty National Commission on Neighborhoods findings in a Boston neighborhood (Joseph Timilty, a State Senator from Boston, was the Director of the National Commission on Neighborhoods)
 - o publicizing current DCA neighborhood-oriented activities, e.g. Lieutenant Governor's Arson Task Force, State Building Code revisions, MHMFA inauguration
 - o linking the classification amendment to neighborhood stability;
- 2) Participation in national neighborhood forums
 - o administering Neighborhood Strategy Areas through state agencies
 - o recording the state's positions on federal activities impinging on neighborhoods, e.g. CDBG allocation formula

- o HUD Task Force on Housing;
- 3) Interagency Coordination
- o set-asides of state capital improvement funds
 - o work with MHMFA to initiate secondary market operations
 - o coordinate social services with housing investment activities;
- 4) Other administrative initiatives
- o linked deposit program
 - o Task Force on Uniform Underwriting Standards, with the State Banking Commission
 - o prepare catalog of local neighborhood programs in Massachusetts, as well as a handbook of municipal ordinances that authorize neighborhood programs
 - o seek funding for innovative demonstrations, e.g. combine DCA subsidies with CETA funds for housing rehabilitation, housing counseling, or local code enforcement activities, link a neighborhood-based law enforcement/vandalism prevention effort with traditional housing reinvestment-type activities
 - o develop a position paper on rent control and neighborhood stability
 - o legislative agenda, including pieces which had been sponsored over the past two years, perhaps packaged as a "Better Communities Act."

Longer-term initiatives which DCA might discuss further, once

again, revolved around conceptual issues underlying neighborhood stabilization; the specific roles of various actors (i.e. local governments, housing authorities, neighborhood groups, property owners, and financial institutions), over whom the state had some influence, needed to be clarified. Other issues included property acquisition and tax reform, lending and insurance practices, planning and programming of neighborhood investments, and monitoring neighborhood change (based on New York State's Early Warning System, a computerized data bank of vital housing statistics).²⁷

The Neighborhood Policy Group met fairly regularly over the fall of 1978 to discuss these ideas. It concentrated on developing some of the suggested initiatives, including:

- o various legislative initiatives, among them 1) the revolving loan fund (re-introduced in 1978) and 2) a statewide Neighborhood Housing Services program (modelled after a Connecticut proposal) in which MHMFA would receive a set-aside of 707 funds;
- o strategies for coordinating available resources, especially MHMFA, Chapter 705, and the federal Urban Action Development Grant (UDAG) program, on a neighborhood basis;
- o DCA's continuing role in Neighborhood Strategy Areas (NSAs). When the federal Department of Housing and Urban Development initiated the NSA program in the spring of 1978, DCA, specifically

the Division of Community Services, participated with MHFA in the review of neighborhoods for NSA designation and also provided technical assistance to NSA applicants in preparing neighborhood plans.²⁸

- o a neighborhood program catalogue, which began to compile information on local neighborhood efforts throughout the state, including such topics as housing and physical improvements, community-based economic development, human services, arts and humanities, and neighborhood governance and planning. Clearly, neighborhood programs were no longer limited to housing programs.

These accomplishments were a small, but important, beginning towards the development of a more coherent neighborhood strategy.

With the election of a new governor at the end of 1978 and the routine transition papers to prepare, DCA reviewed its past and ongoing neighborhood experiences and proposed future directions. The Department, specifically the Division of Community Services, hoped to complete existing NIPs and to continue and expand its technical assistance capability, already developed through the NIP and NSA program (both involved the preparation of comprehensive neighborhood plans). In addition, it intended to continue coordinating agency-wide discussions on neighborhood policy and articulate a comprehensive neighborhood policy in the future, as well as establish effective coordination among the various agency

components dealing with neighborhood programs.

The Significance of the Institutional Setting

The "first neighborhood era" needs to be considered within the context of the institutional and political environment which shaped its history and outcome. It began with the Neighborhood Improvement Program, originally conceived within DCA's Division of Community Development, the division responsible for the state's housing programs. Primarily comprised of Chapters 705 and 707 housing funds NIP evolved into a broader neighborhood stabilization strategy, largely designed by Gary Jefferson and Joel Kirshner, who were both close to DCA Commissioner Crampton. As the first stage of the program was the preparation of a neighborhood plan by the community, to outline various resources (more than 705 and 707) to be used to revitalize the designated impact area, NIP was eventually administered in the Division of Community Services (DCS), the division responsible for assisting localities with development planning and seeking funding sources. The one state staff person responsible for coordinating NIP worked out of this division.

The chaos surrounding NIP's early years was evident during the first year of Secretary Flynn's administration. Flynn ordered a major evaluation of DCA programs--NIP's evaluation was done by a Harvard University workshop, and one of its members, John Sawyer, was afterwards hired by DCA to continue working on NIP. Sawyer played a major role in

developing and revising guidelines for NIP and in the Department's wider neighborhood initiatives. With both a planning degree and a law degree, Sawyer's expertise and administrative experience was valued by the Department, especially Flynn who promoted him to be Administrator of DCS in the matter of over a year and a half. In addition to taking charge of NIP, Sawyer was also given responsibility for the Chapter 121A tax incentive for development (whose guidelines he also revised),²⁹ urban renewal, and relocation programs.

DCA's neighborhood efforts during the Flynn years were concentrated mainly in DCS. As the Department was heading towards formulating a state neighborhood policy, OPPPD--the policy office--had offered some input. But because the director of this office did not have the direct access to the Secretary that Sawyer had, and because the office had a staff of only three, OPPPD was not able to gain much visibility within DCA.³⁰ Besides, all the state's neighborhood efforts already resided in DCS, and it is generally difficult to draw the distinction between program and policy. The Neighborhood Policy Group, although it involved all divisions of DCA, was more a DCS effort.

Although the Neighborhood Policy Group was unable to even touch upon many of the suggested "neighborhood" ideas it at least provided a comprehensive set of ideas for neighborhood efforts DCA might take in the future. The Department, through its experience with the Neighborhood Improvement Program and dealing with the many problems the program en-

countered, showed a commitment to neighborhood revitalization and developing a statewide position on neighborhoods. Throughout the Flynn administration, at the same time that NIP was chaotically operating in seven neighborhoods, DCA was "learning" about neighborhoods and assessing its experience with neighborhood programs. Although it certainly did not develop a right "answer" or "formula" for neighborhood revitalization, it continually sought to develop the right ingredients thought to be key to a neighborhood strategy.

More important, the Neighborhood Policy Group involved an agency-wide effort which recognized the many different components comprising any neighborhood strategy. Neighborhood revitalization was no longer dependent on just housing and physical improvements, but also included, for one, community-based economic development and self-help programs; thus the Division of Social and Economic Opportunity was brought into the effort. The concept of coordination among EOCD components (as well as other state agencies) was also receiving greater attention. Joint efforts at neighborhood revitalization had been initiated between DCA and MHFA (in the federal NSA program) and between DCA and MHMFA.

The state was clarifying its own role in neighborhood revitalization and stabilization. It was recognizing that it had available a wealth of resources that impacted neighborhoods. Thus it would take a role in packaging and coordinating resources, and continue and seek further partnerships with the federal government, whose own policies were beginning to

emphasize neighborhoods, as in the NSA program. These concepts of coordination and partnerships would be basic to any future neighborhood efforts, which the state would hopefully continue.

The next chapter continues in January 1979 and brings the state's neighborhood efforts up to date. The "first neighborhood era" was brought to a close by a new administration which declared the Neighborhood Improvement Program defunct (as it more or less was already). Nonetheless DCA still had to meet its remaining 705 commitments; Norman Dion, the NIP Coordinator, stayed at DCA until April 1979. John Sawyer had been asked to stay on but only remained through January 1979. With \$38 million of 705 funds still uncommitted the new administration revised the 705 program, hired a coordinator to administer the "new" program, and "re-activated" it in June 1979.

As the current administration's "new" comprehensive neighborhood strategy is unfolding, it is bringing back the skepticism which characterized the life of NIP. Saddled with trouble the Neighborhood Improvement Program barely "avoided turning into a scandal," mainly because of a dedicated effort to save it.³¹ The program itself, although it failed to meet its objectives, provided the state an opportunity to do an extensive amount of learning about neighborhood programs. Any future state efforts would hopefully build upon this learning. Although the present administration is insisting that NIP was an entirely different animal from the current

effort, DCA/EOCD staff familiar with the program have yet to be convinced, and wonder if the state will learn from and avoid the mistakes of the past.

Notes

¹ Massachusetts General Laws, Chapter 761, An Act Establishing a Department of Community Affairs (Chapter 23B), 25 July 1968, Section 3.

² Ibid, Section 4.

³ There are ten Executive Offices besides EOCD: Administration and Finance; Consumer Affairs; Economic Affairs; Educational Affairs; Elder Affairs; Environmental Affairs; Human Services; Manpower Affairs; Public Safety; and Transportation and Construction.

⁴ Chapter 163 approved 30 April 1975 eliminated the position of commissioner, and supplanted the position of deputy commissioner with administrator.

⁵ Rolf Goetze, a noted author and practitioner in the field of neighborhood stabilization, has been the pioneer in focusing on these interrelated elements which contribute to a stable neighborhood. See his book Building Neighborhood Confidence: A Humanistic Strategy for Urban Housing (Cambridge, MA: Ballinger Publishing, 1976).

⁶ Massachusetts Department of Community Affairs, Neighborhood Improvement Program (NIP) Guidelines and Procedures, 1974, 1975.

⁷ Jennie F. Lew, Massachusetts Neighborhood Improvement Program, M.C.P. thesis, Dept. of Urban Studies and Planning, M.I.T., May 1977, p. 22.

⁸ Ibid, pp. 23-24.

⁹ The twelve communities which Jefferson and Kirshner invited to participate in NIP were: Boston--Roxbury; Boston--Dorchester; Brockton; Cambridge--Cambridgeport; Fitchburg; Greenfield; Lawrence; Lowell; Pittsfield; Springfield; Waltham; and Worcester.

¹⁰ The Neighborhood Improvement Program derived its authority from Massachusetts General Laws Chapter 121B which provides for the development of low-income housing projects.

11 Massachusetts Department of Community Affairs, Gary Jefferson, "A Proposal for a Neighborhood Preservation Program," 1973.

12 Massachusetts Department of Community Affairs, Neighborhood Improvement Program (NIP) Guidelines and Procedures, 1974, 1975.

13 Lew, p. 26.

14 Lew, P. 36.

15 There had been a 705 Coordinator who was to leave DCA later on; no replacement for her was made until January 1979. Also, DCS, formerly in the state McCormack Building, moved to, as recently as two months ago, the state Saltonstall Building where DCA/EOCD is headquartered.

16 See Langley Carleton Keyes, Jr., The Rehabilitation Planning Game: A Study in the Diversity of Neighborhood (Cambridge, MA: MIT Press, 1969) for a study of the urban renewal program in three Boston neighborhoods. Neighborhood rehabilitation is viewed as a game which pits residents and community institutions against the local public agency.

17 Chapter 149 states that any construction work costing a minimum of \$2,000 must go through public bidding (the federal HUD minimum is \$50,000). General contractors choose their sub-contractors--there are 17 sub-trades, e.g. aluminum siders, bricklayers, who bid first for any work costing at least \$1,000; sub-contractors must be paid prevailing union wages. Consequently the state faces conflicting program goals: it aims to provide public housing for low-income persons, but it must pay high wages--aimed to provide a decent standard of living for its workers--to produce that housing. N.b. The Lowell NIP was eventually completed through a force account, in which the local housing authority is approved by DCA and the state's Department of Labors and Industries to do the work.

18 Conversation with John Sawyer, 5 April 1980.

19 Anthony Downs, The Dynamics of Neighborhood Change, prepared for the U.S. Dept. of Housing and Urban Development, December 1975.

20 Harvard University Community Development Policy Workshop, Working Paper: Evaluation of the Neighborhood Improvement Program, Dept. of City and Regional Planning, 5 May 1976.

21 Ibid, p. 40.

22 Ibid, p. 40.

23 Ibid, p. 40.

24 Remember, Rolf Goetze had already been consulted by Jefferson and Kirshner back in the design of NIP (page 26; Note 5). Other works on neighborhood confidence include Rolf Goetze, Kent W. Colton, and Vincent F. O'Donnell, Stabilizing Neighborhoods: A Fresh Approach to Housing Dynamics and Perceptions, Boston Redevelopment Authority, prepared for the U.S. Dept. of Housing and Urban Development, 1977; and Rolf Goetze, Analyzing Neighborhood Change: The Role of Confidence in Urban Revitalization (Cambridge, MA: Ballinger Publishing, 1979).

25 Massachusetts Department of Community Affairs, Memorandum to Paul Collis from John P. Sawyer, Jr., re Legislation Proposals, 27 June 1977.

26 Massachusetts Department of Community Affairs, Memorandum to Michael S. Dukakis from William G. Flynn, re MHMFA/DCA Approach to Neighborhood Housing Stabilization, 13 December 1976; and Memorandum to Wayne Sherwood from Howard Sitzer, re Proposal for Funding Comprehensive Neighborhood Preservation Program, 5 January 1977.

MHMFA was originally to be a part of MHFA, but its separation into its own independent agency was eventually approved. DCA had submitted H.31 An Act to Create an Interest Subsidy Program in the Department of Community Affairs, which if approved was suggested to be partially administered by MHMFA.

27 Massachusetts Department of Community Affairs, Memorandum to EOCD Administrators and Coordinators from Peter Epstein, Director of OLD (Office of Local Development, Division of Community Services), re DCA Neighborhood Policy, the Short and Longer Term Agendas, 31 July 1978.

28 Coincidentally, the idea behind NSA is similar to the one originally behind NIP: housing resources--in NSA's case Section 8 Substantial Rehabilitation--are intended to be the prime catalyst in a coordinated strategy to encourage investment in a declining neighborhood.

29 See Massachusetts Executive Office of Communities and Development, Chapter 121A: A Handbook for Local Officials, November 1979.

30 On the organization chart of DCA/EOCD (page 21), OPPPD was on the same level as DCS, each directly under an Assistant Secretary.

31 Conversation with John Sawyer, 5 April 1980.

THREE.
THE "SECOND NEIGHBORHOOD ERA"

As the state agency charged with addressing the needs of Massachusetts' 351 cities and towns, the Executive Office of Communities and Development (EOCD), is currently developing a neighborhood strategy aimed at responding to the problems of the state's older urban neighborhoods. Although Massachusetts has attracted national recognition for its recent successes in urban revitalization, these renewed investments have often been at the harm of its neighborhoods. Thus, the neighborhood strategy hopes to "tie together and coordinate" the state's many "neighborhood" resources, as well as other local and federal resources, so that they will better respond to the needs of neighborhood residents.

With a long history of neighborhood efforts, the state can indeed begin to take a more visible and positive posture towards its neighborhoods. This chapter traces the formulation of the "new" neighborhood strategy. It begins in January 1979, the point in time when the organizational and political setting of EOCD shifted as a result of a new administration. Again this environment is described because it is significant to the shape of the neighborhood policy. As the neighborhood strategy is emerging experiences of the past are surfacing. The investigation of past experiences in the previous chapter is an effort to relate them to the present experience, and to determine whether the "new" strategy is

a repeat of the past.

Institutional Setting

The election of a new governor in November 1978 certainly did not boost the morale of most state agencies. Although Edward King was a Democrat he had campaigned around the issues of fiscal conservatism, economic development, and big business. After upsetting incumbent Governor Michael Dukakis in the primary election he went on to win the general election. The more liberal programs and policies promoted by Dukakis felt their existence was threatened.

As is usual with the onset of any new administration, organizational and administrative changes were made, EOCD notwithstanding. King appointed to the Secretariat of EOCD Byron Matthews, who was then the Executive Director of the North Shore Economic Council and before that Mayor of Newburyport. Matthews has been recognized throughout the state for bringing about Newburyport's successful downtown revitalization. Coming in with a local perspective and a commitment to community revitalization, Matthews has attempted to bring Communities and Development to the forefront of the administration.

Matthews restructured EOCD and effected several changes in agency operations. The Department of Community Affairs, the main component of EOCD, and still known to many familiar with state government as "DCA," no longer refers to itself as such, but as "Communities and Development." DCA

under Secretary Flynn had been viewed by many in state government as an ineffective disorganized agency whose divisions were off doing their own things. This name change, therefore--although seemingly minor, is symbolic, meant to alter perceptions; the business of addressing the needs of the state's communities is now performed by an executive office rather than a department.¹

Matthews expanded his office, and appointed three Assistant Secretaries and one Special Assistant. Two of the Assistant Secretaries, Jack Bradshaw and James Carey, had both worked with Matthews in Newburyport. The third, John Judge, had also worked with Matthews, at the North Shore Economic Council. Linda Whitlock was brought in from the Office of State Planning (OSP) to become Matthews' Special Assistant.² Before joining OSP she had done consulting work in Lawrence where she had known Bradshaw, who went to work in Lawrence after leaving Newburyport. Carey had gone to Haverhill after Newburyport, then to OSP.

Many former OSP staff, faced without jobs after OSP was disbanded by Governor King, currently work in EOCD. Matthews wanted "the best and the brightest" from OSP for his office.³ Joseph Flatley, Project Coordinator of the Growth Policy Report prepared by OSP, was brought in to direct the Office of Policy Development (OPD)--formerly the Office of Planning, Policy and Program Development. This office was "elevated" by Matthews--it was not just to be another division for it was to have a larger role in EOCD policy matters.

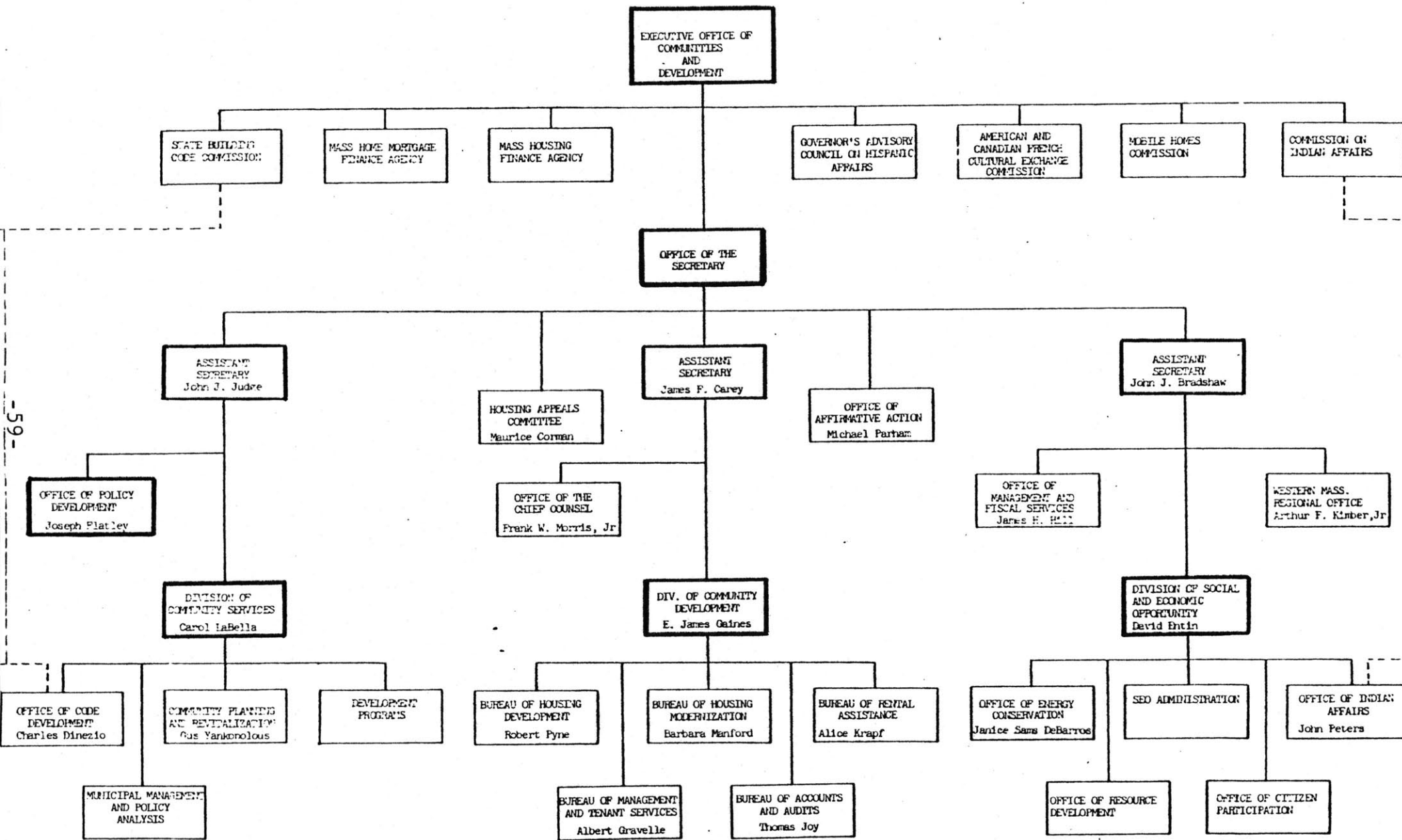


CHART 3.1. E OCD ORGANIZATION, 1979.

Other OSP staff include Joseph Henefield, Deputy Administrator of OPD;⁴ Rosalyn Jordan, Counsel; and Kathryn Kasch, 705 Family Housing Coordinator, whose placement in that revived position was strategic for the agency's future activities.

As the Secretary responsible for establishing departmental policy, Matthews' main interest for EOCD has been the development of a comprehensive neighborhood strategy. Matthews would like to see the successes in downtown revitalization which have occurred throughout the state translated to the neighborhood level. Thus, his "team" of former OSP staff has been given the responsibility of developing a state neighborhood policy, with Flatley and his Office of Policy Development taking the major role.

The "New" Neighborhood Strategy: Concepts and Development

The Executive Office of Communities and Development (including the Department of Community Affairs) has traditionally been the state agency with the responsibility for addressing the state's housing needs. Recognizing the housing shortage existing in the Commonwealth, EOCD's housing policy has continued to focus on preserving existing housing stock to expand housing opportunities within the state. As was recognized in the past, a response to housing problems would need to consider interrelated neighborhood-wide problems, such as crime and declining municipal services, which affect the quality of life and residents' confidence in their neighborhoods.

In reviewing past experiences aimed at revitalizing neighborhoods--beginning with urban renewal in the 1950's and 1960's which bulldozed residents from their homes, through the 1970's with housing rehabilitation which resulted in the displacement of traditional residents, the state has recognized that it has unintentionally been a part of these past experiences. It feels, therefore, that it needs to take a "new" comprehensive approach to address neighborhood problems, particularly one which is sensitive to and will benefit neighborhood residents. Solutions would no longer be limited to housing and physical improvements, but would also consider other programs which impact on neighborhoods, such as parks, commercial revitalization, and community economic development.

Hence one of EOCD's major tasks has been the development of a comprehensive neighborhood strategy. The strategy is not a set of new program initiatives but is an effort to "tie together and focus" existing programs which are presently being "thrown" at neighborhoods in "too loose a fashion."⁵ The state administers and funds a variety of housing, economic development, and other related community development programs; "coordinating and targeting these resources in a more flexible and innovative manner" will result in larger benefits for neighborhood residents.

The neighborhood strategy will be demonstrated across the state in ten neighborhoods in varying conditions with varying needs and problems. The emphasis will be placed on

responding to the needs, concerns, and priorities which those in the neighborhood--residents, local officials, bank and business leaders--have identified. EOCD's overriding modus operandi is the participation of those at the local level; the agency is clear that it does not want to define the agendas of the state's communities but wants to forge the partnerships which enable those agendas to be defined. EOCD will then examine and coordinate its resources, as well as leverage other state, federal, and local resources to respond to these agendas.

EOCD proceeded in the spring of 1979 to develop the administrative capability which would be necessary to implement a neighborhood strategy. Plans were made to create an Office of Neighborhood Development within the Division of Community Services. This office would be the one bureau which would call upon other neighborhood-oriented components within EOCD and other state agencies, as well as seek and coordinate other resources from the federal and local governments and private institutions. The staffing of this office was to be made possible by a HUD Innovative Grant for which the agency had applied.

This HUD proposal was for a Displacement Project in which four neighborhoods were chosen to receive special state attention.⁶ This project, to be part of the larger neighborhood effort, would deal with neighborhoods presently undergoing revitalization. The proposed Office of Neighborhood Development would work with "Local Task Forces" in each

neighborhood to develop a comprehensive neighborhood development plan which would identify resources to address displacement issues. EOCD's resources would include funds for acquiring and rehabilitating public and private properties, housing counseling, and rehabilitation seed money for community development corporations.

Although its proposal was not approved, EOCD continued to develop its neighborhood strategy. Near the end of the summer of 1979 MHFA approached EOCD with a possible program which would explore the extent to which housing investments--MHFA and federal Section 8 Substantial Rehabilitation funds (which EOCD administers)--are able to revitalize NSAs. MHFA and DCA/EOCD had already worked together when they assisted in the designation of NSAs in the spring of 1978.

In collaboration with a private consulting firm this pilot program was at last approved in December 1979 for four NSAs: Fall River--Corky Row; Somerville--East Somerville; Springfield--Memorial Square; and Worcester--Piedmont. The program focuses on helping neighborhoods understand their own dynamics; city officials, neighborhood groups, bankers and private institutions will be brought together to discuss each other's concerns and priorities around neighborhood revitalization. A series of neighborhood-wide workshops designed to respond to those expressed concerns will be conducted to educate residents about the different forces contributing to revitalization, and to create the local support and mutual cooperation necessary to solve identified problems. In the

end, agendas to which local, state, federal, and private resources can respond, will be defined. This "learning" about neighborhoods, in which the state acts as a catalyst to forge partnerships and assist in formulating neighborhood agendas, is one of the basic pieces of the overall neighborhood strategy, and again reflects EOCD's "bottom-up" orientation.

Selection of Target Neighborhoods

With the MHFA/EOCD technical assistance program approved, the development of the neighborhood strategy began to build momentum. EOCD, specifically the Office of Policy Development (OPD), formally began the process of coordinating the various units within the agency with neighborhood-related programs in December 1979. Staff from all three divisions were brought together "for the first time" to be introduced to the "new" policy initiative. Program administrators reported on their programs and their experiences in those neighborhoods where these programs were operating. The concepts of the strategy were conveyed, especially the "internal sharing"--coordination--among appropriate EOCD resources.

The concept of target neighborhoods, as critical as well to the neighborhood strategy, provided the basis of discussions during the series of "neighborhood meetings" which continued through March 1980. OPD premised that the state, given its limited human and financial resources, needed to

concentrate its resources in order to produce a visible (positive) impact. Thus, 12-15 neighborhoods would be selected to receive increased state attention. Target neighborhoods would be ones where 1) there are existing state resources (programs, staff), 2) there exists a strong identifiable neighborhood group(s), and 3) most important, there is a strong local commitment.

- o Existing state resources would be "fine-tuned" to better fit the needs of specific neighborhoods. State staff working in each neighborhood would be looked to to possess the knowledge necessary to leverage additional support and programs which respond to the neighborhood's defined needs.
- o With an emphasis on local participation in developing neighborhood plans, neighborhood residents would have a critical role in defining their concerns and priorities--the neighborhood strategy addresses this "constituency."
- o Strong local commitment is perhaps the most crucial, for the city or town must be willing to devote resources to the neighborhood. In addition to not wanting to displace local resources, the state does not want the locality to feel the state is intervening in local affairs.

Beginning with a list of 13 neighborhoods, then expanding to 40, then narrowing down to 12-15, and finally ten, the selection of target neighborhoods involved various EOCD

staff "sitting around and just talking about" the neighborhoods with which they were familiar. Over four meetings (in which attendance was varied and inconsistent) those who made a case for or against a neighborhood often enlightened others about it: what the apparent issues were, e.g. reinvestment, abandonment, displacement, arson; which resources--local, state and federal--were present; what the extent of neighborhood organization was; and what kind of local support existed. Further information about a neighborhood could be obtained by contacting EOCD Neighborhood Liaisons.⁷ If general consensus around a neighborhood was reached among those present, it was included for consideration as a potential target neighborhood.

Apparently this was not an elaborate detailed selection process which involved an objective measurement of the desired criteria and how each criterion fared with the others. Besides, the criteria themselves were far from being objective ones. After witnessing the selection process, this observer raises the following questions:

- o What kinds and how many existing state resources are sufficient? housing projects? planning grants? rehabilitation programs? community economic development grants?
- o What constitutes an identifiable neighborhood organization? What happens in neighborhoods where there are two or more groups competing, or likely to be, with each other? What happens in those neighborhoods where no identifiable groups exist,

or the groups are weak--neighborhoods which in most cases are the ones in need of the greatest assistance?

- o What does local "commitment" entail? past local monies in the neighborhood? the mayor signing a cooperative agreement? a handshake?

As a result, the selection process was quite arbitrary. Although the desired criteria exists to some extent in each of the ten neighborhoods finally chosen (including the four neighborhoods of the MHFA/EOCD pilot program), this was more coincidence than a conscious effort to apply criteria. In the end, a strong local commitment would be the deciding factor, as well as the "personal commitment" of EOCD staff to a particular neighborhood. As "democratic" as the selection process appeared, involving EOCD staff from across the agency, the commitment of Secretary Matthews would nonetheless predominate. He, and/or his assistants, and OPD staff have visited communities across the state to test and enlist their support for increased state assistance for their neighborhoods.

The "New" Neighborhood Strategy: Early Implementation

With the target neighborhoods more or less determined OPD has continued to develop the neighborhood strategy and prepare for its announcement. "Neighborhood Profiles" are being written for each neighborhood, including information on the neighborhood's social, economic, and physical charac-

teristics, its groups, the investments it has received, and opportunities for greater state involvement. These profiles, first prepared for the four neighborhoods involved in the MHFA/EOCD program, are an effort to define problems and priorities; they will be "checked" with the individual neighborhoods.

Several legislative proposals have been made, including:

- o enabling the state to contract with agencies other than local housing authorities, e.g. neighborhood development groups, to develop Chapter 705 family housing (H.25);
- o allowing local housing authorities to purchase condominium units under the Chapter 667 elderly housing program (H.23);
- o granting the state increased powers to ensure better management of public housing (H.27);
- o Neighborhood Assistance Program, which would grant tax credits to businesses contributing to community programs (H.4239);
- o changing present local tax collection procedures to expedite the transfer of ownership title on tax-delinquent properties (H.2915); and
- o "life tenancy" for elderly residents in buildings being converted to condominiums (H.2934).

These initiatives include amendments to existing statutes and programs to increase their effectiveness, as well as a new program initiative (H.4239).⁸ The state recognizes it has

many resources available to address neighborhood problems but that they need to be strengthened to have a greater positive impact on neighborhoods.

The MHFA/EOCD pilot program is progressing in the four NSAs and is presently the focus of EOCD's neighborhood efforts. Meetings with residents, local officials, and bank and business representatives are taking place in each neighborhood, and have been harder to arrange than originally scheduled. The program remains an important piece of the overall neighborhood strategy, for its experience will be used to evaluate the state's role in neighborhood revitalization and to revise its approach if necessary.

The housing policy of the state's present administration has just been announced, and includes the most recent EOCD approach to neighborhood revitalization and stabilization. The following actions should be taken:

- o (9) develop and implement a comprehensive state neighborhood strategy which responds to locally defined agendas;
- o (10) implement the new strategy in a limited number of pilot neighborhoods and evaluate its effectiveness;
- o (11) revise existing housing programs to make them more flexible and sensitive to neighborhood needs;
- o (12) support legislation which will reinforce private-public partnerships in neighborhoods by providing tax credits to businesses which contrib-

ute to neighborhood revitalization;

- o (13) strengthen efforts to combat arson in our neighborhoods, particularly arson committed for profit, and develop specific strategies for arson-prone neighborhoods;
- o (14) support legislation to encourage the transfer of tax-delinquent properties to new productive use;
- o (15) continue to support and expand self-help economic development efforts to increase the involvement of residents in the revitalization of their community;
- o (16) develop new initiatives to provide improved security in our neighborhoods; and
- o (17) develop and support anti-displacement measures which would enable elderly and low-income residents to remain in their neighborhoods.⁹

These proposed actions embody EOCD's neighborhood efforts up to date, including reference to the joint MHFA/EOCD pilot technical assistance program (action 10) and to the pieces of legislation which have been submitted. These actions, upon careful reading, reflect subtle changes in EOCD's intentions as they were when it first embarked on formulating a neighborhood strategy. Specifically, the original objective to coordinate resources is not as prominent: "In a more informal context, the state must increase efforts to coordinate its broad range of resources and programs. . . . (under action 9)" In addition, the number of

target neighborhoods, or the neighborhoods themselves, has not yet been announced, as originally expected this spring. The original number had been 12-15; as the selection process was winding down the final number was ten; more recently, the number is eight. Since EOCD operates on a "learn as you go" basis, these changes, related to the implementation of the policy, have not resulted in any losses, except perhaps precious time.

The Significance of the Institutional Setting

It is not a small fact that present EOCD decisionmakers were once associated with the former Office of State Planning (OSP). The apparent influence of OSP in EOCD operations has without a doubt shaped the formulation of the "new" neighborhood strategy and the approach the strategy is taking.

o The Office of State Planning.

The Office of State Planning was created by Governor Michael Dukakis in 1975, to be responsible for all state planning related to economic and physical growth and development. Within the organizational chart of state government OSP was on equal footing with the other Executive Offices-- the Director of OSP reported directly to the Governor as did the Secretaries of the Executive Offices. The Governor's General Cabinet, composed of the ten Secretaries and the Director of OSP, was a forum for general discussion and information exchange. The Governor's special Development

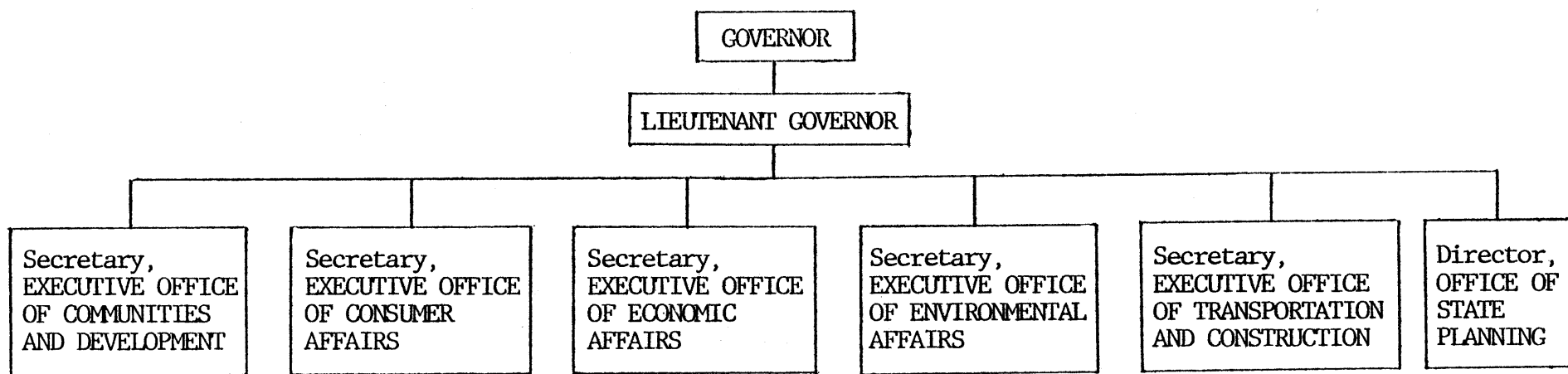


CHART 3.2. THE DEVELOPMENT CABINET, 1975-1978.

Cabinet was formed to serve as a mechanism to formulate, coordinate, and implement all programs and policies relating to economic and physical development. This Development Cabinet, which met weekly, included the Lieutenant Governor; the Secretaries of Communities and Development, Consumer Affairs, Economic Affairs, Environmental Affairs, and Transportation and Construction; and the Director of OSP who served as chairman.

The major task of OSP was to develop the state's Growth Policy which focuses on revitalizing the downtown areas of the state's communities. This policy, City and Town Centers: A Program for Growth, was issued in September 1977 and marked the end of a 20-month planning process. Local and Regional Growth Policy Committees had been established in 330 communities and 13 regions throughout the state. Each of the committees held public hearings to draft and review Growth Policy Statements which outlined their concerns and priorities. These statements were then reviewed by volunteer "readers" across the state, and then by OSP which incorporated them into a statewide growth policy.

With an investment strategy in place, OSP served as the agency responsible for coordinating and directing programs and projects to be responsive to revitalizing urban centers. OSP had available the following mechanisms for coordination.

- o Its role with the General Cabinet and with the Development Cabinet afforded an opportunity for it

to hear Secretaries air out individual agency policies and review agency programs.

- o It had the authority to review the capital budget allocations of each state agency prior to their approval by the Governor to assure their consistency with the Growth Policy.
- o It had the responsibility for A-95 Clearinghouse. This review process of federal grant applications from localities, mandated by the federal Office of Management and Budget, was used to ensure compliance with the Growth Policy and other state development policies.

In the most celebrated case of implementing this urban strategy, OSP challenged a major shopping center developer who was planning a project in suburban Lenox, and channeled the project to the declining downtown of Pittsfield.

The mandates and duties of OSP clearly overlapped with those of DCA. Chapter 23B had empowered DCA to:

. . . . encourage and assist communities in the development, renewal and rehabilitation of their physical environment, . . . coordinate through advice and counsel, and provide information which will assist in such coordination for those programs of other state agencies designed to assist in the solution of local problems, . . . advise and inform the governor on the affairs and problems of local government.¹⁰

Upon the establishment of OSP in 1975, DCA was clearly threatened and "wars" and "turf problems" characterized the relationship between the two.¹¹ Secretary Flynn had created his own planning office within DCA--the Office of Planning,

Policy and Program Development, but it never gained the visibility that OSP received or that the Office of Policy Development in the current Matthews administration is receiving. In fact, OSP sponsored two Governor's Conferences on Community Revitalization, and also included policy recommendations for neighborhoods in the Growth Policy.¹²

OSP wielded enormous power in the Dukakis administration because it was the Governor's creation and remained close to him. The Governor had campaigned on the issues of governmental reform and urban revitalization, and OSP had the prime role in carrying out those campaign promises. Because of its parity with the Executive Offices and of the aggressive style of its director, OSP was able to garner the input, and monitor the activities, of other state agencies. It seems highly unlikely that this would have been accomplished had state planning been intensified within DCA/EOCD.

Governor Edward King abolished OSP in January 1979, one reason being that OSP was too closely identified with Dukakis. The functions of state planning, as well as the A-95 State Clearinghouse review, were placed within EOCD's renamed Office of Policy Development (OPD). OPD's role within EOCD has been expanded, and it has been primarily responsible for developing the current state neighborhood strategy.

The similarities between OSP and its Growth Policy, and OPD and its neighborhood strategy, should be clear.

Both emphasize a "bottom-up" process, in which communities take the lead in defining their development plans. Both emphasize the coordination of resources to implement these local plans. OPD's neighborhood strategy has been modelled after the OSP approach, as can be seen in the Displacement Project proposal and the joint MHFA/EOCD technical assistance program.

As the current neighborhood strategy has been unfolding EOCD staff familiar with past state neighborhood efforts, notably the Neighborhood Improvement Program (NIP), have displayed attitudes of "oh God, not again." Hoping to avoid the mistakes of the past which have seriously destroyed the state's credibility in some of its communities, they are wary of the "new" initiative. Although Flatley, Administrator of OPD, has insisted that the "new" strategy is different from NIP, EOCD staff remain skeptical.

A "New" Neighborhood Strategy?

The Neighborhood Improvement Program failed to meet its objectives for a myriad of reasons. After having examined the history of NIP it does not appear that the current neighborhood strategy is a "new" comprehensive approach to solve neighborhood problems. It is moot whether or not the new strategy is different from NIP. Different individuals offer different perspectives on why it failed, and thus what the similarities and differences are. There are indeed many similarities and differences.¹³

o Conceptual Issues.

The first step of a NIP was the development of a comprehensive neighborhood preservation plan. Chapter 705 housing resources were to be the starting point and other state, federal, and local resources were to be built into the plan; 705 funds would be coordinated with Chapter 707 monies, Community Development Block Grants, Section 8 New Construction/Substantial Rehabilitation funds, and local bank commitments.

The original concept of a coordinated comprehensive has been underplayed. Gary Jefferson had envisioned an overall comprehensive strategy which included strengthening neighborhood groups, improved city services, street lighting, park development, and human services, in addition to housing rehabilitation. The shortcomings of NIP were that the specific roles of these pieces or the means to secure them were never fully thought through and thus never realized. Since the 705 and 707 programs were the only resources directly controlled by DCA it became simple to fault these housing pieces for the failure of the entire program.

o The "new" neighborhood strategy also calls for a comprehensive neighborhood plan (agenda), and the coordination of federal, state, local, and private resources. The state will play a lead role in coordinating resources, whereas in NIP it was unclear who, if anyone, was to oversee coordination.

Another criticism of NIP was directed at the rather arbitrary process by which NIP neighborhoods were selected. There had been no objective detailed selection criteria based on identified problems. Jefferson and Kirshner had felt that an elaborate selection process "would ultimately be a charade,"¹⁴ which their informal process was anyway.

- o The selection of target neighborhoods where the "new" strategy is to be implemented was also done arbitrarily. Although criteria were ostensibly laid out, they were nonetheless subjective ones, and the selection process also seemed like a charade to the EOCD staff involved. Admittedly they were "not very objective criteria, but more likely to have an impact."¹⁵ Once again, strong and supportive personalities in the neighborhood and personal commitments from EOCD staff seemed to be the foremost criteria.

- o Administrative/Organizational Issues.

The implementation of NIP was severely impeded by limited resources, particularly insufficient staff and staff turnovers, at both the state and local levels. In addition, the reliance on personalities and personal commitments proved vulnerable in ensuring the program's success, as many of the "great men" left their positions.

- o The present administrative capacity of OPD numbers over a dozen, but it does not appear to be adequate to fuel a large-scale neighborhood effort; staff have other responsibilities and duties to perform in addition to devoting time

to the neighborhood strategy. Although the strategy is based on a coordinated agency-wide effort OPD still needs to call the shots. EOCD had hoped for the approval of its HUD proposal to enable it to set up an Office of Neighborhood Development; without this the agency has remained limited in what it can do.

The development of the neighborhood plan for NIP was done primarily by local housing authorities, many of whom had no experience in planning for neighborhoods. Local officials complained there was insufficient time to organize resident involvement, which the housing authorities resisted anyway.

- o The current strategy is based on involving all appropriate actors within a neighborhood to define their own revitalization agendas. The state will be the catalyst in forging these partnerships.

- o Political Issues.

Both DCA and the local NIP communities questioned the reality of a comprehensive neighborhood improvement program, and thus never fully supported it. Local housing authorities resisted the state's efforts to add public housing, as well neighborhood residents working with them. Other public agencies felt the state was intervening in their affairs. Private lending institutions were not confident about investing in risky neighborhoods. Elected officials were wary and thus could not convince other actors to cooperate. Most important, Secretary Flynn was not committed to NIP, and had

cut back the funds devoted to the program.

- o The current neighborhood effort has the full support and commitment from the top level of EOCD, especially Secretary Matthews, who is personally committed to seeing that the neighborhood strategy generates some successes. On the local level, support has been for the most part tested with and mustered from local elected officials, before the state has decided it would designate a particular community a target neighborhood.

- o Financial Issues.

Uncertainty about NIP resulted in the reduction of the program's funding commitment, leading to further skepticism in the NIP communities and within DCA.

- o The "new" neighborhood strategy is not a program with a pot of money to be distributed to communities, but rather is an effort to package a comprehensive set of programs for individual neighborhoods.

- o Legislative/Legal Issues.

Legislative processes held up the realization of two main pieces of NIP--705 legislation and MHMFA. In addition, legal regulations further hindered the effective implementation of other pieces, such as tax title, code enforcement, and public bidding procedures.

- o An important focus of the current neighborhood effort is to increase the effectiveness of the state's existing regulations and resources to achieve neighborhood

revitalization and stabilization. Several pieces of the legislation have been proposed to increase the flexibility of the 705 program, expedite tax title procedures, and increase the state's housing management capability.

- o Chapter 705 Program.

NIP was in fact an effort to sell 705 funds in the guise of a neighborhood program. Even though NIP was plagued with a host of problems, the 705 program, its main component, was weakened by its own traditional difficulties. In concept, scattered site family housing had never been popular; programatically, 705's implementation involved a lengthy series of procedures and approvals, many of which were part of the public bidding process. Legislation, dating back to 1974, had been proposed to enhance the 705 program, to allow community development groups to purchase 705 units.

- o The "new" neighborhood strategy emphasizes the coordination of state resources, so naturally it includes the 705 program. Once again, efforts have been made to move the pot of troublesome 705 monies. The 705 program has been revised and was "re-activated" in June 1979. A "good person" was placed as 705 Coordinator to ensure successful performance of the program, as it was seen to be an important part of the forthcoming neighborhood strategy. In addition, legislation (again) has been submitted to enable EOCD to contract with community development organizations to develop 705 units.

In light of the foregoing analysis of the similarities and differences between the Neighborhood Improvement Program and the present neighborhood strategy one can understand why those familiar with NIP are dubious about the "new" neighborhood initiative. Many of the issues related to the new strategy do resemble those related to NIP: the need for a comprehensive coordinated approach; an informal neighborhood selection process; the reliance on personalities and personal commitments; insufficient human and financial resources; legislative initiatives; and the moving of 705 monies.

On the other hand, the new strategy is different from NIP in several respects, notably the state role in coordinating resources and forging partnerships, and the visibility of the state's commitment. Since the issue of public learning is concerned with government's ability to solve problems, the question arises whether these similarities and differences reflect learning from past experiences, and whether they will in the end make a difference in solving neighborhood problems. The final chapter will show there is much to learn from the "first neighborhood era."

Notes

- 1 Conversations with Linda Whitlock.
- 2 Linda Whitlock resigned in February 1980.
- 3 Conversations with Linda Whitlock.
- 4 Joseph Henefield resigned in February 1980.
- 5 Joseph Flatley, Administrator, Office of Policy Development.

⁶ Massachusetts Executive Office of Communities and Development, Innovative Grant Program Displacement Project Proposal, submitted to the U.S. Dept. of Housing and Urban Development, 7 May 1979.

⁷ "Neighborhood Liaisons" within EOCD were first established by John Sawyer, DCS Administrator during the latter part of the Flynn administration, as part of DCA/EOCD's technical assistance efforts. Liaisons are individual staff persons who are responsible for keeping up to date with events in their assigned localities--they receive local newspapers, are familiar with local officials, etc.

⁸ The proposal for a Neighborhood Assistance Program is taken from Pennsylvania's program of the same name. Massachusetts has taken many of its neighborhood ideas from the Pennsylvania Neighborhood Preservation Support System (NPSS), the most advanced state neighborhood program in the country. NPSS recognizes the critical concerns of the neighborhood preservation process: the need for a comprehensive approach; increasing the level of neighborhood initiative and responsibility; creating partnerships; and mobilizing the resources of other state and federal agencies targeted towards neighborhood preservation. See Pennsylvania Department of Community Affairs, Toward a State Support System for Neighborhood Preservation, 1976; Reports, July 1979; and Rick Cohen, Partnerships for Neighborhood Preservation: A Citizens' Handbook, prepared for the Commonwealth of Pennsylvania, Dept. of Community Affairs, December 1978.

⁹ Massachusetts Executive Office of Communities and Development, Housing Massachusetts: Meeting the Needs of the 1980's; The Governor's Housing Program, Chapter Two, Neighborhood Revitalization and Stabilization, 31 March 1980, pp. 10-16.

¹⁰ Massachusetts General Laws, Chapter 761, An Act Establishing a Department of Community Affairs (Chapter 23B), 25 July 1968, Section 3.

¹¹ Many of OSP's original staff were brought in from DCA, including Gary Jefferson, former 705 Coordinator and "mastermind" of NIP.

¹² Governor's Conferences on Community Revitalization were held in May 1977 and May 1978, sponsored by OSP and the Executive Office of Economic Affairs. Action recommendations for neighborhoods are included in Massachusetts Office of State Planning, City and Town Centers: A Program for Growth; The Massachusetts Growth Policy Report, September 1977, pp. 66-69.

13 The conflict of different and incompatible perspectives arises when a story is told from the point of view of several participants, and is known as the Rashomon effect. See Donald A. Schon, Beyond the Stable State (New York: W. W. Norton, 1971), pp. 210-13.

14 Jennie F. Lew, Massachusetts Neighborhood Improvement Program, M.C.P. thesis, Dept. of Urban Studies and Planning, M.I.T., May 1977, p. 23.

15 Joseph Flatley, Administrator, Office of Policy Development, 10 January 1980.

FOUR.
LEARNING FROM THE "FIRST NEIGHBORHOOD ERA"

"Ideas are often slow to come into good currency; and, once in good currency and institutionalized, they are slow to fade away."¹ The idea of neighborhood revitalization/stabilization, having come into good currency, is not about to fade away as evidenced by the attention it is receiving from city, state and federal policymakers. The Commonwealth of Massachusetts has contributed to the emergence of the idea with its Neighborhood Improvement Program (NIP), originally conceived in 1973. Now that the idea is powerful enough to warrant the formulation of policy the state is developing a "new" neighborhood strategy to address the needs of its older urban neighborhoods.

Donald Schon's call for public learning, in which "government undertakes a continuing, directed inquiry into the nature, causes and resolutions of our problems"² is a call for planners and policymakers to learn from past successes and failures. This observer's study of the formulation of the state's current neighborhood strategy has involved an inquiry into past experiences in an effort to assess the extent of learning which has occurred. The previous chapter began to question whether the state's strategy is a "new" one, by analyzing the similarities and differences between the past and present efforts.

This final chapter is an effort to determine whether

the similarities and differences reflect learning from past experiences, and to analyze the factors which facilitate or hinder the learning process. A "dynamically conservative" system can be alerted to overcome the obstacles which hinder learning and enable it to bring new policies into effect.³ Some suggestions are offered for the continuing future, with the hope that the state can continue its leadership in urban and neighborhood revitalization, and become an effective learning system.

The Learning Process

The state neighborhood policy currently being formulated by the Office of Policy Development (OPD) of the state's Executive Office of Communities and Development (EOCD) is being promoted as a new comprehensive strategy to revitalize and stabilize neighborhoods. It will involve the coordination and targeting of existing state resources which respond to locally-defined agendas, as well as the re-examination of programs to make them more effective towards addressing neighborhood needs. To begin effecting this coordination, OPD has called upon the various components of EOCD with neighborhood-related programs.

Although this may be a "new" strategy to OPD, others within EOCD who are more familiar with the state's past efforts at neighborhood revitalization and stabilization beg to differ. Although the Neighborhood Improvement Program (NIP) was an innovative attempt to design a neighborhood

stabilization program it proved to be a great disappointment. They wonder if the "new" initiative is "NIP all over again" and if the state will avoid, or at least learn from, the mistakes of the past.

Faced with a group of skeptics OPD has had to defend the "new" strategy as one which is different from NIP. Giving his reasons for why NIP failed--1) the lack of state coordination and 2) the lack of commitment from the top administration, Joseph Flatley, Administrator of OPD, cites that the current strategy addresses these shortcomings. The "new" strategy is different as it 1) will involve the state as a coordinator of resources, and 2) has a strong commitment from the top, i.e. Secretary Matthews and his Assistant Secretaries.

In exploring the extent of public learning the key to whether these differences reflect learning from past experiences lies in the institutional and political settings which have shaped the state's past and present neighborhood efforts. Public policies are after all made by individuals who operate in agency bureaucracies, and face constraints including "the actions of politicians, the legacy of the past, the nature of government organization, and economic considerations."⁴ The need for public learning is great precisely because of the nature of these public settings from which "ideas in good currency" emerge. Public settings are notably characterized by the political turnovers which often occur every four years with new administrations. These changes in turn

affect the ability of government agencies to develop, carry out, and evaluate their programs and policies.

How does the legacy of the past bear upon the approach the current neighborhood strategy is taking? Two scenarios can be painted.

o Scenario One. E OCD has a colorful history of neighborhood experiences. A new administration enters in January 1979 and is committed to neighborhood revitalization and developing a neighborhood policy. Those responsible for agency policy analyze the agency's past efforts, including the Neighborhood Improvement Program and the broader neighborhood initiatives which had been undertaken. The Flynn administration had learned a great deal, including the need for DCA/E OCD to "seek coordination among state and federal agencies supplying funds for neighborhood conservation and housing rehabilitation,"⁵ and to "show a visible commitment to NIP."⁶ Hence, the present neighborhood policy builds upon this learning by addressing two of NIP's weaknesses.

o Scenario Two. E OCD has a colorful history of neighborhood experiences. A new administration enters in January 1979 and is committed to neighborhood revitalization and developing a neighborhood policy. Those responsible for agency policy ignore the agency's past efforts because they are confident their way of doing things makes better sense than that of the previous administration.

Scenario Two is what has occurred. With the new administration in January 1979 came changes in much of DCA/E OCD

SCENARIO ONE.

SCENARIO TWO.

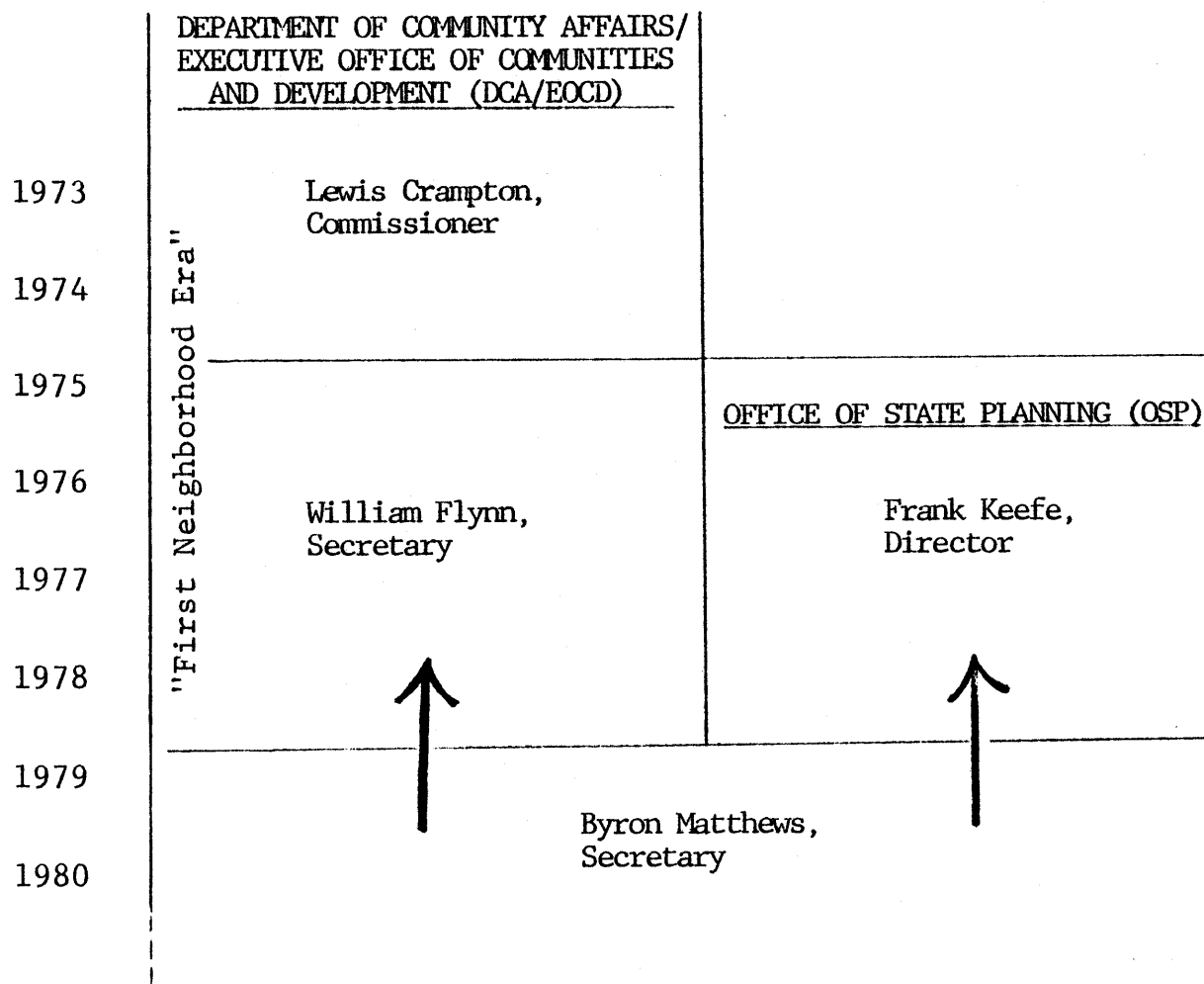


CHART 4.1. LEARNING FROM PAST EXPERIENCES--TWO SCENARIOS.

staff, namely former personnel and affiliates from the Office of State Planning (OSP) which Governor Edward King disbanded. It is not a small fact that present EOCB decisionmakers were once associated with OSP. Created in 1975 by Governor Michael Dukakis OSP was responsible for all state economic and physical development activities. One of its major tasks was the state's Growth Policy, a city and town centers strategy, which has proven responsible for the revitalization of many of the state's downtown commercial cores.

Because of the "almost universal tendency to repress failures and amplify successes,"⁷ EOCB has drawn upon the successes of OSP, hoping it too can generate some of its own. The neighborhood strategy being developed by OPD is based upon the urban strategy, in concept and in (espoused) implementation. Both emphasize a "bottom-up" process in which communities have the responsibility to define their own needs, and both emphasize the coordination of resources made possible by a strong commitment from the top. OPD has learned from a successful urban revitalization strategy and has imposed the OSP model of doing business on the development and implementation of a neighborhood strategy.

OSP had been a rather professional organization with much pride in itself and its work. It had not cared about what DCA thought of it; rather it was DCA which was threatened by OSP. Flynn was seen as an ineffective unaggressive secretary heading an organization which merely talked a lot but did not do much. Consequently, OPD--OSP folded into

DCA/EOCD--has ignored the agency's past neighborhood efforts, and believes it is taking a "new" approach.⁸ While the current neighborhood strategy may differ from NIP because it addresses its shortcomings, the differences are not a result of learning from past neighborhood efforts (Scenario One).

If Scenario One had occurred--the ideal learning situation--OPD would realize that NIP failed for more than missing coordination, comprehensiveness, and commitment. Learning from the "first neighborhood era" would show the following.

- o Revised NIP guidelines called for an "ongoing interchange among local planners, elected officials, housing authorities, private institutions, and citizen groups."⁹
- o The state needed to continuously monitor any neighborhood program, while allowing the locality to bear main responsibility for and maximum input in plan formulation.
- o It takes at least six months to organize neighborhood residents and develop a neighborhood plan which truly involves all local actors.
- o Strong local commitment, although critical, did not necessarily result in a workable NIP; local housing authorities were for the most part, and are still, the major obstacles to neighborhood groups. Legislation had been proposed to loosen housing authorities' control over public housing.
- o A revolving loan fund was seen as a key piece of a

- neighborhood strategy as it intended to strengthen neighborhood resident involvement and encourage local official support and private commitments.
- o The reliance on personal commitments and strong personalities proved vulnerable to the viability of NIP.
 - o Human and financial resources had always limited the extent of any state neighborhood effort.
 - o The 705 program has from its beginnings been a troubled program; NIP had been an effort to re-activate it. In addition, the goal of housing rehabilitation and keeping traditional residents in a neighborhood was recognized as potentially conflicting with the longer term goal of a revitalized neighborhood which may depend on attracting outsiders into in and displacing traditional residents.
 - o A Neighborhood Policy Group was initiated in the summer of 1978 to begin developing a comprehensive neighborhood policy, and it involved an agency-wide effort discussion of neighborhood issues.

Since Scenario One did not occur, it is understandable why many question whether the current neighborhood strategy is a "new" one. EOCD could have avoided "re-inventing the wheel" and could have spent the past year implementing a neighborhood policy.

Government as a Learning System

/A/ theory of the stable state . . . accepts as mysteriously given the issues around which policy and program must be shaped. It treats government as center, the rest of society as periphery. Central has responsibility for the formation of new policy and for its imposition on localities at the periphery. Central attempts to "train" agencies at the periphery. . . . government-initiated learning tends to be confined to efforts to induce localities to behave in conformity with central policy.

The social systems of the agencies mirror the theory underlying the implementation of policies. Agencies are the social embodiment of policies. . . . For government to become a learning system, both the social system of agencies and the theory of policy implementation must change.¹⁰

Ways must be sought to change the social system of agencies to facilitate continuity between administrations and prevent the perpetuation of new life cycles which impedes the implementation of new policies. Because of government's inherent flaw of political turnovers opportunities for "re-inventing the wheel" are appealing. When new administrations begin they initiate their own life cycle of four years: in the first year, bureaucrats gear up, analyze the problems (either "new" ones or inherited ones) facing them, and begin to formulate policies; in the second year policies are proposed and implementation begun; during the third year the mistakes from implementation are corrected mid-stream, and new programs and policies may be proposed and dashed off to compensate for these mistakes; during the last year the pressure is on to "make something happen" before it comes time to close shop. This is, granted, a simplistic delinea-

tion, but applies well to DCA/EOCD during Lewis Crampton's administration, Flynn's administration, as well as Secretary Matthews' administration thus far.

Despite administrative changes government can become a learning system.

The opportunity for learning is primarily in discovered systems at the periphery, not in the nexus of official policies at the center. Central's role is to detect significant shifts at the periphery.

. . . .¹¹

There are such things as transition papers, but they are usually prepared by "central" and read by "central" who is "selectively inattentive to the data that would upset . . . current ways of looking at things."¹² What learning from the periphery implies in this case is that OPD, as "central," should learn from those program administrators deeper in the EOCD bureaucracy. If OPD had sought to learn from DCS or SEO sixteen months ago, this thesis would be an entirely different story.

OPD has in fact learned from the periphery, as has been reflected in the "neighborhood meetings" which began in December 1979. EOCD staff have shown to know more than OPD about neighborhoods in the state and about the agency's past neighborhood efforts. This learning has had implications for the development and later implementation of the neighborhood policy, because the actual implementors of the policy are the EOCD program administrators in the periphery.

"Rarely are policies self-executing, that is, implemented by their mere statement."¹³ The implementation of

EOCD's neighborhood strategy involves the coordination of EOCD staff through securing the "personal commitment" of an individual in a target neighborhood. That individual, familiar with the local officials and resident groups, would be relied upon to create partnerships and later on seek other agency resources which respond to the neighborhood's identified needs. The state's role in each neighborhood will be "hand-crafted" to fit these unique needs.

These individuals, however, must "desire" to carry out the policy before they commit themselves. "The way in which implementors exercise their discretion depends upon how they see the policy in question and how they project its effect on the general interest, and their personal and organizational interests."¹⁴ Competition among organizational units, "a conflict of rival baronies, each jealously guarding its own territory"¹⁵ has been one constraint in obtaining the commitments of EOCD staff.

The rivalry between DCA/EOCD and OSP has already been noted many times. More pertinent to the formulation of the neighborhood strategy is a unit in the periphery, the Division of Social and Economic Opportunity (SEO). When OPD first made the initiative to coordinate an agency-wide neighborhood effort SEO was one of many which sensed the "déjà vu;" SEO had been involved in the Neighborhood Policy Group in the Flynn administration and was well aware of "past baggage." There has been some resentment that OPD is intruding onto SEO's turf, since SEO has all along been the

division dealing with "neighborhoods;" consequently it has the most to lose. SEO holds the most important elements to neighborhood revitalization and stabilization--resources for neighborhood self-help and capacity-building, so that a comprehensive neighborhood strategy cannot be done without it. At the same time, the minimal cooperation SEO has given to the current neighborhood effort had at first given OPD an incentive not to include SEO. OPD has tried hard to "bring (SEO) on board" because of the desire for a strong coordinated state effort.¹⁶

Some EOCD staff do see the "new" strategy as a positive thing, in theory, and that it makes sense to "share" neighborhoods among other EOCD program administrators. Nevertheless, because of personal and organizational interests, questions have continually arisen as to what the state is actually trying to achieve with the strategy, and what it is delivering to its communities. Before these individuals commit themselves they would like a definite sense of what they are getting themselves into. Are they going to be required to expend their energies in the target neighborhoods? What about other neighborhoods in the state? Although a designation of "target" does not preclude state involvement in other neighborhoods, and staff are not expected to jettison their time to only target neighborhoods, staff remain skeptical. Furthermore, how much of their energies will be part of a final product? Program administrators are mostly concerned with a product, e.g. a housing

development, a rental subsidy payment, a program brochure. The current neighborhood strategy focuses on a process, something too "amorphous" for them to fathom.

Of greater concern is the issue of raising expectations. "The frequent failure of implementation to meet expectations concerns us not only because it belies the promise of abstract policies but also because it functions as a constraint on the decisions made in the first place."¹⁷ The failure of NIP, or any other state program which has promised to deliver something to the state's communities, has been another constraint on the receptivity of EOCD staff to the neighborhood policy. EOCD staff have been the ones in direct contact with communities through administering programs; those individuals still involved or who approach neighborhoods in which NIP was operating face communities who harbor a great amount of distrust and feel the state is "going to mess things up again."¹⁸ As a result none of these NIP neighborhoods are on the list of target neighborhoods; to retain its credibility EOCD (the state) only considered those communities which are receptive to state involvement.

OPD is one of a class of agencies which "make comprehensive proposals which ignore the interests and likely behavior of other affected bureaus," a bureaucratic approach which Downs calls the "superman syndrome."¹⁹ OPD has tried to "bring everyone on board," in other words, "central (has) attempt(ed) to train periphery, . . . to induce (it) to behave in conformity with central policy."²⁰ Since periphery

is not convinced of the "new" neighborhood strategy, personal commitments are falling to the wayside. With personalities also leaving the agency, the number of target neighborhoods is presently hovering around eight, rather than the original 12-15.

OPD has perhaps raised its own expectations about what it can do. "There is a tendency to treat the project as though it could be generalized to a large family of situations, without identifying the critical differences among potential situations."²¹ OPD is gradually becoming aware of the differences between urban strategies and neighborhood strategies, and between itself and OSP. OPD is not a "nerve center" with the powers and clout of an Office of State Planning.²² OPD may be accountable to Secretary Matthews, but it does not have budgetary powers or control of line programs to coordinate other EOCD programs, let alone other state agencies, e.g. Department of Environmental Management, further down the line. Although EOCD "controls" many resources, e.g. 705, Section 8, Community Economic Enterprise Development, this control involves securing the commitments of the program administrators. In addition, programs still have to go through normal application procedures; monies are not earmarked for target neighborhoods; and local housing authorities cannot be controlled. OPD has emphasized the state's role as a coordinator of resources, but it remains unclear whether coordination will materialize.

OPD has chosen to progress at a pace at which it can shape and reshape its intentions to fit the situations at hand. Accordingly the official announcement of the neighborhood policy is still in the process of preparation.

Implementation is evolution. . . . As we learn from experience what is feasible and preferable, we correct errors. To the degree that these corrections make a difference at all, they change our policy ideas as well as the policy outcomes, because the idea is embodied in the action.²³

The idea, embodied in the action, is also embodied in the social system of agencies. Changing the social system of agencies--learning from the periphery--relates to changing the theory of policy implementation. EOCD has chosen a central-periphery model of administration, not actively seeking to learn from and involve the periphery in policy formulation. Now, five months after dipping into the periphery, OPD is realizing policy implementation will likely be difficult. Nonetheless Flatley believes OPD, close to the Secretary, needs to take the lead within the agency, because success will only result from "vesting authority over decision-making in the higher ranks of bureaucracy."²⁴

Conclusion

EOCD recognizes it may be successful in some neighborhoods, and less successful in others. (The original creators of NIP, Jefferson and Kirshner, also recognized that NIP was "a demonstration project as well as an experimental program," and "had to take some chances."²⁵) At this point, it is un-

clear what success implies. If EOCD intends to revitalize and stabilize ten or so neighborhoods, this observer seriously believes it does not have the administrative capacity, notably human resources (which are made possible by financial resources), to "pull it off." If the neighborhood strategy is more a public relations effort on the part of the State administration, as many familiar with past and present neighborhood strategies and comprehensive programs believe, then EOCD's intentions are more likely to be fulfilled.

Coordination, comprehensiveness, and commitment have been perennial objectives of program and policy designers, welcome in theory yet hardly realized in practice. EOCD's neighborhood strategy focuses on commitment, which ostensibly results in coordination and comprehensiveness. As the neighborhood policy has been developing these objectives remain "slippery."²⁶ If EOCD is really "committed" to neighborhood revitalization and stabilization it could veer from coordination and commitment and concentrate more on building the essential ingredients which will make the difference in achieving neighborhood revitalization and stabilization.

The desire to be successful is inherent in human nature. EOCD and the state (which after all are human) at this moment have an opportunity to achieve some successes with the MHFA/EOCD program it is conducting. This program is bringing together the various actors in a neighborhood to jointly identify their needs and priorities. This mutual effort is key to beginning the process of neighborhood re-

vitalization. The program, although progressing slowly and expending a large amount of limited OPD staff time, is likely to have a more lasting effect on the long-term revitalization of the four participating neighborhoods than, for example, dropping a housing rehabilitation program onto a neighborhood. If these four neighborhoods can develop revitalization agendas in an atmosphere of mutual understanding and confidence the state will be successful. If the state can later on respond to these agendas with the appropriate resources it will receive a gold star; the concepts of coordination and partnerships will be reinforced--the federal, state, and local governments working together, and working with the various neighborhood actors.

This program is important because it focuses on the involvement of neighborhood residents and organizations, the key to any neighborhood preservation effort (and recognized as such as far back as the beginnings of NIP).²⁷ A neighborhood is, after all, the people who live and work in it; they stay. Politicians on the other hand come and go, so that local commitment, although critical, is secondary in the long run. Hence, a neighborhood policy must look at the social fabric and human institutions which are unique in individual neighborhoods. Neighborhood pride and confidence, reflected in strong organizations, sustain healthy neighborhoods. Neighborhood organizations need to be formed, assisted and strengthened to seek the resources needed to address neighborhood problems. Citizens must be responsible for articu-

lating their needs, in collaboration with local officials, and bank and business leaders. Government has shown it can play a role in forging these partnerships.

Government must also provide the resources which will enable capacity-building and self-sufficiency. Massachusetts clearly has a role in neighborhood revitalization and stabilization with the many housing and community development resources it has available. The state should also concentrate on developing legislative proposals which enhance the role of neighborhood groups. For example, the pending 705 legislation would allow neighborhood groups to develop housing.

Although the neighborhood strategy may be a public relations effort, that in itself may generate some benefits in the long run. The currency of the idea will be enhanced, with more people in state and local government attuned to neighborhood issues and to the need for local input and participation in the revitalization process. This is actually one of OPD's more implicit objectives--it has admitted the state will likely not be responsible for turning around ten neighborhoods, but at least EOCD will be a more coherent agency with a greater sensitivity to neighborhoods.

There has been much learning about neighborhoods over the past twenty or so years. As the idea has surfaced, diffused, and gained power, city, state, and federal policymakers have paid it increasing attention. The Commonwealth of Massachusetts has contributed to the emergence of the

idea, and EOCD is now in the forefront with the development of a neighborhood policy.²⁸ There is still time to learn from past experiences; it is hoped that this learning will enable the state to recognize which ingredients are essential to implement its policy. The state can become an effective learning system, and perhaps other states in the country will learn from it.

Notes

¹ Donald A. Schon, Beyond the Stable State (New York: W. W. Norton, 1971), p. 127.

² Ibid, p. 116.

³ Ibid, p. 32. "Dynamic conservatism" is exhibited by social systems which strive to remain in something like equilibrium--to fight to remain the same.

⁴ George C. Edwards and Ira Sharkansky, The Policy Predicament (San Francisco: W. H. Freeman, 1978), p. 10.

⁵ Massachusetts Executive Office of Communities and Development, Housing and Neighborhood Strategies for Massachusetts 1977-1978, Discussion Draft, March 1977.

⁶ Harvard University Community Development Policy Workshop, Working Paper: Evaluation of the Neighborhood Improvement Program, Dept. of City and Regional Planning, May 1976, p. 48-49.

⁷ Schon, p. 221.

⁸ Flatley has at one point stated that "a lot of learning has gone on" and it (EOCD) is "not offering any new solutions or proposing something radically different." (10 January 1980) The questions are: learning from what? different from what? Certainly, learning from the OSP experience, but also learning from NIP and the "first neighborhood era?"

⁹ Harvard University Community Development Policy Workshop, p. 52.

¹⁰ Schon, p. 176-77.

- 11 Schon, p. 177.
- 12 Schon, p. 14.
- 13 Edwards and Sharkansky, p. 293.
- 14 Edwards and Sharkansky, p. 308. Also see Michael Lipsky, "Standing the Study of Policy Implementation on Its Head," American Politics and Public Policy, eds. W. Dean Burnham and Martha Wagner Weinberg (Cambridge, MA: MIT Press, 1968), ch. 16:

There are many contexts in which the latitude of those charged with carrying out policy is so substantial that studies of implementation should be turned on their heads. In these cases, policy is effectively "made" by the people who implement it.

- 15 Schon, p. 167.
- 16 Mandated to be the advocate of the state's low-income population and the supporter of anti-poverty efforts, SEO has historically been viewed as the more "radical and left-wing" part of the agency, and thus has never been given the equal status of a division. Because SEO is "left to do its own stuff" its Administrator has managed to hold the same position spanning three State administrations. Furthermore, SEO has always been located in separate buildings away from the main state Saltonstall and McCormack Buildings. It is ironic that SEO is being brought into the agency's picture again, for when DCA was first created in 1968 it had made sense that SEO was dealing with "community affairs" and deserved to be within DCA.
- 17 Edwards and Sharkansky, p. 294.
- 18 Experiences in Brockton and Fitchburg are two cases in point. In Brockton, the "neighborhood" staff person within DCS faced a hostile government when he approached it about a new statewide technical assistance program. In Fitchburg, EOCD staff "want to get out as fast as we can."
- 19 Anthony Downs, Inside Bureaucracy (Boston: Little, Brown, 1967), pp. 217-20.
- 20 Schon, p. 177.
- 21 Schon, p. 221.
- 22 To maximize the state's performance in attaining the twin goals of "jobs" and "cities," project development and implementation cannot be left either to a single Cabinet agency or to the

collection of agencies acting loosely in concert. A nerve center, accountable to the Governor and Lieutenant Governor and empowered by them to coordinate the development activities of all relevant state agencies, is essential.

Massachusetts Office of State Planning, Major Economic Development and Urban Revitalization Projects, prepared for the Development Cabinet, December 1978, p. 2.

23 Jeffrey L. Pressman and Aaron Wildavsky, Implementation: How Great Expectations in Washington are Dashed in Oakland, 2nd ed. (Berkeley: Univ. of California Press, 1979), p. 190-91.

24 Francis E. Rourke, Bureaucracy, Politics, and Public Policy (Boston: Little, Brown, 1969), p. 105.

The classic models of coordination are the "central coordination" and "mutual adjustment" models first set forth by Charles E. Lindblom, The Intelligence of Democracy (New York: Free Press, 1965). Central coordination describes an OPD or an OSP. Mutual adjustment describes a situation in which coordination occurs without a central regulating authority which is usually in the higher ranks of the bureaucracy. For example, the "neighborhood" staff person within DCS developing a technical assistance program, on his own, keeps in touch with the 705 Coordinator within DCD and with staff at SEO. Another example is the Neighborhood Policy Group of the Flynn administration in which coordination occurred in the lower ranks of the DCA/EOCD bureaucracy.

25 Jennie F. Lew, Massachusetts Neighborhood Improvement Program, M.C.P. thesis, Dept. of Urban Studies and Planning, M.I.T., May 1977, p. 37.

26 Eugene Bardach, The Implementation Game: What Happens After a Bill Becomes a Law (Cambridge, MA: MIT Press, 1977), p. 133.

27 A sociological perspective of neighborhoods is actually at least 20 years old. See Herbert J. Gans, The Urban Villagers (New York: Free Press, 1962); and Jane Jacobs, The Death and Life of Great American Cities (New York: Vintage Press, 1961).

28 By the time ideas have come into good currency, they no longer accurately reflect the state of affairs. One of the principal criteria for effective learning systems is precisely the ability of a social system to reduce this lag so that ideas in good currency reflect present problems. (Schon, p. 127)

If Massachusetts were an effective learning system, its ideas in good currency would be "adequate to the situation actually confronting it." (Schon, p. 123) Neighborhood revitalization is still a problem being addressed, as it was seven years ago. Neighborhood stabilization of areas undergoing revitalization is, however, a new problem, and the state is also attempting to address "displacement" and "reinvestment" neighborhoods.

APPENDIX A.
A Brief Guide to the "Alphabet Soup"

Bureaucrats love to use acronyms; and so, any listing of state and federal programs ends up full of this "alphabet soup." It can become almost a code language--with the apparent intention of confusing the uninitiated. To help you "decode" these acronyms, . . . the following . . . listing of the program and agency abbreviations . . . used¹

in this thesis is provided.

- CARD - Commercial Area Revitalization District
- CDBG - Community Development Block Grant
- CDFC - Community Development Finance Corporation
- CEDAC - Community Economic Development Assistance Corporation
- CEED - Community Economic Enterprise Development
- CETA - Comprehensive Employment and Training Act
- CFA - Contract for Financial Assistance
- DCA - Department of Community Affairs
- DCD - Division of Community Development (EOCD)
- DCS - Division of Community Services (EOCD)
- EOCD - Executive Office of Communities and Development
- HDC - Housing Development Corporation
- HUD - U.S. Department of Housing and Urban Development
- LHA - Local Housing Authority
- MHFA - Massachusetts Housing Finance Agency
- MHMFA - Massachusetts Home Mortgage Finance Agency
- NIP - Neighborhood Improvement Program
- NHS - Neighborhood Housing Services
- NPA - Neighborhood Preservation Area
- NSA - Neighborhood Strategy Area
- OPD - Office of Policy Development (EOCD)
- OPPPD - Office of Planning, Policy and Program Development
- OSP - Office of State Planning
- SEO - Division of Social and Economic Opportunity (EOCD)
- UDAG - Urban Development Action Grant

¹ Massachusetts Executive Office of Communities and Development, Urban Investment: A Guide to State and Federal Resources, February 1980, p. 37.

APPENDIX B.
State and Federal "Neighborhood" Resources

The Commonwealth of Massachusetts is unique in the number and types of housing, economic development, and other community development programs it funds and administers. This compendium lists existing state and federal resources available for neighborhood revitalization and stabilization. (In many cases these programs are administered on the local level.) This is by no means an exhaustive list, but merely gives an idea of the coordination entailed in any comprehensive neighborhood strategy.

o Federal.

Community Development Block Grants (CDBG)
Urban Development Action Grants (UDAG)
Section 8 Rental Assistance/Existing Housing
Section 8 New Construction/Substantial Rehabilitation
Section 8 Moderate Rehabilitation
Neighborhood Strategy Areas (NSA)
Neighborhood Housing Services (NHS)
Neighborhood Self-Help Development
701 Comprehensive Planning Assistance Grants

o State.

Chapter 667 Elderly Housing
Chapter 689 Handicapped Housing
Chapter 694 Modernization
Chapter 705 Family Housing
Chapter 707 Rental Assistance
Massachusetts Housing Finance Agency (MHFA)
Massachusetts Home Mortgage Finance Agency (MHMFA)
MHMFA Neighborhood Preservation Areas (NPA)
Community Economic Enterprise Development (CEED)
Community Economic Development Assistance Corporation (CEDAC)
Community Development Finance Agency (CDFC)
Commercial Area Revitalization Districts (CARD)
Chapter 121B Urban Renewal
Heritage State Parks

(Unless otherwise noted, these state programs are administered by EOCD.)

o Federal.

Community Development Block Grants (CDBG)

CDBGs are used by cities to fund a range of activities, including construction of public facilities, housing rehabilitation programs, and supporting social services, aimed at benefitting low- and moderate-income residents. CDBG entitlements, which replaced previous categorical grant programs (e.g. urban renewal, Model Cities), are made annually to large cities based on a needs formula.

Urban Development Action Grants (UDAG)

This program, initiated as part of President Jimmy Carter's National Urban Policy, emphasizes public and private partnerships. It encourages private sector involvement in distressed urban areas through the leveraging of private commitments--one dollar of UDAG attracts about six dollars in private monies. Funds can be used toward any component of a development program, from direct loan assistance to financing public construction.

Section 8 Rental Assistance/Existing Housing

HUD allocates Section 8 certificates to EOCD and local housing authorities throughout the state. The administering agency assigns certificates to eligible low-income families to secure dwelling units, and then contracts with landlords for rental subsidies for approved units. Subsidies make up the difference between 25% of a tenant's income and the market rental for the unit.

Section 8 New Construction/Substantial Rehabilitation

HUD allocates Section 8 units to both the state (EOCD and MHFA) and directly to developers engaged in developing subsidized housing. Guaranteed subsidies for a maximum term of 40 years are provided for new construction or substantial rehabilitation. Housing is occupied by low-income households eligible for Section 8 rental subsidies.

Section 8 Moderate Rehabilitation

This program, administered by EOCD, is designed to upgrade existing marginally deteriorated housing in an effort to assist low- and moderate-income families to remain in revitalizing neighborhoods and to supplement local neighborhood revitalization efforts. EOCD awards funds to local housing authorities which then contract with landlords to perform needed rehabilitation of his units. Landlords are guaranteed Section 8 rental subsidies--120% of fair market rents--for 15 years; the additional 20% is intended to facilitate rehabilitation work.

Neighborhood Strategy Areas (NSA)

To stimulate neighborhood revitalization, HUD in 1978 invited local governments to designate neighborhoods as NSAs where special set-asides of Section 8 Substantial Rehabilitation funds would be concentrated. Within NSAs, local governments must commit CDBGs and other resources to meet needed housing and other physical improvements in a coordinated strategy, as well as "coordinate the efforts of public and

private agencies and neighborhood organizations." In Massachusetts, localities (except Boston) can choose to have MHFA participate, thus supplement financing of rehabilitation efforts. There are 21 NSAs in 15 Massachusetts communities.

Neighborhood Housing Services (NHS)

NHS programs are designed to stimulate reinvestment in neighborhoods with deteriorating housing stock by assisting homeowners to rehabilitate their homes and improve their neighborhoods. NHS Corporations are private, locally-controlled nonprofit corporations, consisting of community residents and representatives from local lending institutions and local government who work together in the preservation effort. Housing rehabilitation counseling, construction monitoring and financial services, as well as revolving loan funds, are available to neighborhood residents. The national Neighborhood Reinvestment Corporation (formerly the Urban Reinvestment Task Force), a multi-agency group including, among others, the Federal Home Loan Bank Board and HUD, assists in developing NHS programs. There are currently five NHS programs in Massachusetts: Boston--Columbia-Savin Hill; Boston--Mission Hill; Chelsea; Springfield--Upper Hill; and Lawrence.

Neighborhood Self-Help Development

This new program (which is about to begin its second round of funding) aims to enhance the capacity of neighborhood organizations to attract and use public and private resources for their development activities. Grants and other

forms of assistance are made to qualified nonprofit neighborhood groups for housing rehabilitation, neighborhood business revitalization, creative re-use of existing buildings, and energy conservation projects, particularly to benefit low-income residents.

701 Comprehensive Planning Assistance Grants

This program is aimed towards assisting the planning, management, and implementation activities of local governments. In Massachusetts EOCD administers these funds; local governments are required to meet HUD requirements of preparing housing and comprehensive land use plans in order to receive assistance.

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Chapter 667 Elderly Housing

Chapter 667 provides grants to local housing authorities for the development of housing units for the elderly. Priority is given to innovative development and management approaches, e.g. congregate facilities, and to re-use of existing buildings.

Chapter 689 Handicapped Housing

Chapter 689 is designed to expand housing opportunities for low-income non-elderly handicapped households. EOCD, together with the Executive Office of Human Services, makes awards to local housing authorities who develop and

own the property and lease it to a contracted human service sponsor. Development funds can be used for acquisition and rehabilitation of existing housing, adaptive re-use of existing non-residential buildings, or for new construction. The sponsor delivers specialized services as well as operate and maintain the facility.

Chapter 694 Modernization

Chapter 694 provides grants to local housing authorities for the modernization and renovation of the state's existing veterans' family housing (Chapter 200) and elderly housing (Chapter 667) developments. There are three pieces of the program: 1) Conventional Modernization aims to correct seriously sub-standard physical conditions; 2) Pilot Modernization assists five of the state's most physically distressed developments; in addition to correcting sub-standard conditions it aims at redesigning units for contemporary living and improving management practices; and 3) Energy Conservation is for special projects to improve energy conservation and efficiency.

Chapter 705 Family Housing

Chapter 705 is designed to provide scattered site housing for low-income families, as well as reinforce ongoing neighborhood revitalization efforts. Local housing authorities are awarded funds to construct, purchase, and/or rehabilitate single-family homes or small (8-24 unit) buildings; condominium purchase and adaptive re-use projects are also

eligible for funding. This program, after remaining inactive for several years, was redesigned and re-activated in June 1979.

Chapter 707 Rental Assistance

Chapter 707, similar to the federal Section 8 rental assistance program, provides funds to local housing authorities or nonprofit housing corporations to construct or rehabilitate private market dwelling units which would be suitable for low-income families. The LHAs and non-profits assist eligible households locate housing, and contract with landlords for rental subsidies.

Massachusetts Housing Finance Agency (MHFA)

MHFA is an independent lending institution which provides financing for new construction, rehabilitation, or reuse of mixed-income housing developments. Proceeds from tax-exempt bonds and notes enable the agency to offer low-interest construction and permanent mortgage loans to limited profit or nonprofit developers. Developers are required to set aside a minimum 25% of units for low-income tenants, who are able to take advantage of rental subsidies such as the federal Section 8 and the state's Chapter 707 programs.

Massachusetts Home Mortgage Finance Agency (MHMFA)

MHMFA is an independent lending institution which provides low-interest mortgage loans to low- and moderate-income households to purchase or rehabilitate their homes. Proceeds

from tax-exempt bonds and notes enable the agency to purchase participation in mortgages from qualified local banks which then issue reduced interest mortgages to eligible households. In its first year of operation MHMFA has made 900 mortgages throughout almost 100 municipalities across the state.

MHMFA Neighborhood Preservation Areas (NPA)

To increase the impact of MHMFA's loan participation in neighborhoods with special needs, MHMFA's NPA program aims at neighborhood stabilization through the cooperation of local lending institutions, municipalities, and residents. Financial counseling and technical assistance are provided to loan applicants to facilitate purchase or rehabilitation of their homes. Six neighborhoods in the state are currently designated NPAs: Boston--Columbia-Savin Hill; Boston--Mission Hill; Cambridge--Cogswell Avenue; Lowell--Lower Belvidere; Springfield--Upper Hill; and Worcester--Main South-Columbus Park.

Community Economic Enterprise Development (CEED)

The CEED program provides funds to community development corporations and other community-based organizations to:

- 1) develop in-house capacity for economic planning and venture development strategies and activities (Planning and Development Grants; 2) undertake specific economic development projects (Challenge Grants); and 3) begin or supplement existing ventures (Demonstration Venture Grants).

Community Economic Development Assistance Corporation (CEDAC)

CEDAC, established in 1978, is a quasi-independent agency which provides technical assistance to community development corporations and other nonprofit community-based organizations to undertake employment and economic development activities. CEDAC's assistance includes organizational development, financial planning and packaging, market research, management training, legal services, and grantsmanship advice.

Community Development Finance Corporation (CDFC)

CDFC, created in 1978, is a public corporation which invests in new and existing business enterprises sponsored by community development corporations in economically depressed areas in the state. Venture capital in the form of debt and/or equity financing is generally offered at rates more liberal than private market rates.

Commercial Area Revitalization Districts (CARD)

The state currently offers financial incentives, e.g. tax credits, mortgage insurance, and revenue bond financing, to encourage economic development. Commercial firms are eligible for these programs if they are located in approved CARDS, usually older downtown commercial areas experiencing physical decay. CARD plans are developed by the community and submitted to EOCD for review and approval; 46 CARDS have been approved over the past year.

Chapter 121B Urban Renewal

Funds for state-aided redevelopment projects have already been completely committed. EOCD provides technical assistance to local redevelopment authorities and other local officials in planning and executing current projects, and reviews all renewal plans for both federal- and state-funded projects.

Heritage State Parks

The development of an urban heritage park in Lowell (begun in 1974) has complemented that city's revitalization programs and has attracted private investment to the city. This successful redevelopment effort has resulted in the funding of seven additional state heritage parks, in Boston, Lawrence, Lynn, Gardner, Holyoke, Springfield, and North Adams, with construction to begin by 1982. Communities are able to participate in all phases of park development, from master plan formulation to some management responsibility for the completed park. This program is administered by the Department of Environmental Management of the Executive Office of Environmental Affairs.

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