

COMMUNITY DEVELOPMENT CORPORATIONS AS AN INSTRUMENT OF
ECONOMIC POWER AND CHANGE: THE CODMAN SQUARE EXPERIENCE

by

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Submitted to the Department of Urban Studies and Planning
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ABSTRACT

Can community control of economic development work? This thesis explores the issue by looking at the formation and early activities of a community development corporation (CDC) in a racially, ethnically, socially and economically diverse neighborhood in Boston.

It uses the experience of that neighborhood to answer specific questions which relate to an organization's ability to meet with success in its economic development ventures while remaining an instrument through which all members of the community can control and affect their neighborhood economy.

Community based economic development can work to bring about economic change and give power to those who, because of their race or native tongue, have been denied access to, and control over, those resources which determine the fate of an individual business or an entire commercial district. Whether or not the CDC, as an instrument of community based economic development, can facilitate community control and economic success, will depend on the people who live and work in the community.

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I
INTRODUCTION

I. INTRODUCTION

A commercial district has so many boarded-up storefronts and burnt-out buildings that it looks like a war zone. One large retailer moves out, and six months later, another leaves behind a large vacant store that no new business comes to fill. The small stores suffer because they lose the customer traffic that the big retailers could attract. One by one, they go out of business and leave vacant storefronts behind. The vacant stores are vandalized and burned; their gaping holes becoming an even uglier reminder of a dying shopping center. How will this ever stop?

As a planner, and someone who cares about cities and the viability of urban neighborhoods, I have asked that question many times. In an effort to answer it for myself, I worked with a community development corporation.

A community development corporation (CDC) is an instrument of community based economic development that many regions, neighborhoods, and towns use to fight commercial and housing disinvestment, and to support revitalization. It is the most common instrument through which broad based involvement in community economic development can operate. It provides a mechanism for all members of a community to become involved in rebuilding it.

This thesis reports and reflects on my experience as the Acting Director of the Codman Square Community Development Corporation. The CDC is concerned with the revitalization of the neighborhood's commercial district, and the provision of employment and job training opportunities

for low-income, under- and unemployed Codman Square residents. Proponents of Codman Square CDC's focus believe that commercial revitalization, providing employment and entrepreneurial opportunities for community residents, will eventually lead to better housing by providing low-income residents with incomes sufficient to support home maintenance.

I have worked with people in the Codman Square community since November of 1978, in organizing the CDC structure, developing outreach efforts, dealing with a crisis situation from which the CDC "rescued" the neighborhood, and planning for broad-based community participation in developing projects and programs in which the CDC can and should become involved.

My involvement has provided me with a unique wealth of information about how people, organizations, and communities function. I share this with you in a journal of my experiences and use it as a basis for analyzing the Codman Square CDC as a viable instrument for community based control of economic development.

I will use my experiences to answer questions that pertain to issues which are important to the success of a broad-based effort at developing a neighborhood economy:

I. Development of the CDC

1. What are the requisites for starting a CDC?
2. How do supporters or initiators of the CDC get other community groups to support it despite "turf" controversies?

II. Organizational Dynamics

1. How does the leader of the CDC (or CDC formation) work with

those who have different ideas about what the CDC can and should do?

2. How do people get organized around specific issues to which the CDC addresses itself?
3. What are some of the sources of difficulties or conflicts among groups or individuals involved with the CDC?

III. Sustaining Community Support

1. How can the CDC learn what projects are most likely to succeed and give it a reputation as a successful developer?
2. How can a CDC balance the needs of the members of the very diverse racial and economic groups who support the CDC or live in the community?
3. Can a CDC be both a broad-based community organization and a business operation?

While the journal acts as a "data" base from which I can retrieve information to answer these questions, it is also an opportunity for me to present my opinions and commentary along with a picture of how I saw a particular community form a CDC and hold to the basic principles of community economic development. In order to provide readers with a basis for understanding and evaluating the Codman Square experience portrayed in the journal, I have included background sections which describe:

- 1) the process of commercial disinvestment in inner-city neighborhoods,
- 2) what a CDC is and what community based economic development can do,
- and 3) the recent history of Codman Square.

After the journal, I have included a section which analyzes the CDC's

potential success in two specific development projects; one which is very unique in that it involves worker and community control and ownership of a business venture, and one which is similar to projects undertaken by other CDCs. This analysis considers the relationship between the CDC as a business and the CDC as a community organization.

In the conclusion, I attempt to answer the questions raised in this introduction and to analyze the Codman Square CDC as an instrument for directing economic development through community participation.

II

BUSINESS DISINVESTMENT IN THE INNER-CITY

As planners and political scientists, we are concerned about the dislocation of businesses from the center city because it moves jobs out of the reach of the urban poor and working class who need them. Because of insufficient incomes and racial discrimination, which prevents inner city residents from following these jobs by moving to the suburbs, poor minorities are most significantly affected by this urban disinvestment.

President Carter has called for the need for more jobs in our poor and minority city neighborhoods. Since industrial relocation and disinvestment from the center city is closely related to transportation access and adequate space for new manufacturing technologies and expansions, it is difficult for planners to affect the movement of industry. It is far easier to address our efforts to retailers.

Retailers locate where people are. Their location decisions, unlike those of manufacturers, are not tied to transportation networks, but are closely linked to "buying power" generated by the incomes of residents in a specific area. We can assist retailers in finding out about profit-making opportunities that exist in neighborhoods with which they are unfamiliar, or about which they have received only derogatory information.

Why does commercial and retail disinvestment take place in urban neighborhoods, especially those which have undergone racial and income transition of residents? One type of merchant who could possibly be induced to remain in, or locate in, inner city neighborhoods is the retailer or entrepreneur in the service sector. Small neighborhood retail centers provide mostly convenience goods and clothing to their customers. The owners of small businesses, to whose stores many customers travel by foot,

are a special group who can be seriously affected by transitions in residential neighborhoods that lead to changing market demand. These small merchants can be devastated by the disinvestment of a large chain store that previously served as an anchor and a major attraction for shoppers in the neighborhood business district.

The types of businesses in these neighborhood retail districts can be grouped into five categories:

- 1) Service: barber shops, dry cleaners, shoe repair, insurance agents, and banks;
- 2) Variety: drug stores, tobacco and magazine stores, card and gift shops, toy stores, discount stores, and hardware stores;
- 3) Alcohol: taverns, bars, and liquor stores;
- 4) Clothing;
- 5) Food: supermarkets, convenience food stores, small grocery stores, specialty food stores, and restaurants.

The commercial disinvestment that takes place in these neighborhood shopping areas affects both the residents of the neighborhoods and the businesses located in them. The disinvestment leads to further lack of confidence on the part of both residents and merchants, in the commercial viability of the area. This, in conjunction with the increasing number of vacant storefronts, perpetuates business disinvestment.

The effects on local businesses are deleterious as are the effects on local residents who need a neighborhood shopping area, but who are afraid to shop in the area because of high crime, muggings, purse snatchings, burglaries, and vandalism in vacant stores. Those residents who do shop in their neighborhood are forced, in many cases, to pay "ghetto prices." Merchants are forced to charge high prices because they have high security and overhead costs and because their low-income clientele cannot support a large enough sales volume to cover the everyday overhead costs.

The commercial disinvestment in these areas may be the result of changing market demand in neighborhoods due to any one or more of the following phenomena:

racial transition of neighborhood residents

income transition of neighborhood residents

construction of shopping centers easily accessible to neighborhood residents who have automobiles

increased crime in the area which results from an increase in the neighborhood population of males ages sixteen to twenty-four

major chain stores going out of business on a national or regional level and vacating their stores in these neighborhoods.

The racial and income group transitions that have taken place have resulted in a change in the markets of businesses which were located in these area before the changes. Many businesses are geared toward customers in a particular income bracket and have strong customer loyalty. If they are ill-suited to the new market, they will tend to move to the type of suburban community where their old customers moved. If the businesses cannot provide for the new market, two groups are harmed:

- 1) The merchants, who do not do well, and,
- 2) The residents, who are not well served.

This initial disinvestment occurs when old merchants move with their customers. Additional disinvestment occurs for at least two reasons:

- 1) Merchants and longtime residents lose confidence in the area when these initial moves take place because the movers leave vacant storefronts behind them. Residents can obtain fewer goods and services so they shop outside of the neighborhood. With less commerce to attract customers to the area, those merchants who remain suffer from a drop in sales. Both the residents and merchants suffer from additional crime that can more

easily occur in an area that is not filled with crowds of shoppers (burglaries, muggings, etc.).

"A large retail operation shuts down...and the foot traffic decreases. Stores close earlier in the evening and the area gathers a reputation for being unsafe. The small specialty shops and restaurants which depend on big stores to attract the crowds, see their business drop off to the point where they wonder whether they can keep it going."¹

2) New merchants that come in to serve a lower-income, minority market tend to be less experienced than those merchants who serve a higher-income market. Their failure rates tend to be higher so they are more transient. While many of these merchants may wish to invest in the area, quite a number will be forced to close down, once again leaving vacant storefronts. This process provides no incentive for other merchants who may consider investing in a business in the neighborhood.

Codman Square, after about ten years of residential transition, has reached a relatively stable state, in which the proportions of different races in the population are remaining constant. The neighborhood houses a mixture of black, white, hispanic, middle-income, low-income, middle class, and working class people. The predominantly low-income and minority part of the neighborhood is separated from the white middle-class section by the natural barrier of a commercial strip.

Because of the physical condition of the commercial area, with its burnt-out storefronts, grated doors and windows, and high rates of crime against shoppers, the middle income residents choose to shop in locations other than the retail strip right in their own neighborhood. The middle income residents, who are more mobile than the low-income or elderly residents, drive to nearby shopping centers which provide competitive prices and a wide variety of quality goods and services in a pleasant shopping environment.

The retail strips in the neighborhoods should be revitalized so that middle income people who live in the community will patronize the neighborhood stores and increase their market. This increased sales volume would enable store owners to more profitably run their businesses. Currently, they have to charge "ghetto prices." The low-income residents who presently shop in the neighborhood cannot support a sales volume that is high enough to permit merchants to offer competitive prices and still cover their overhead and operating expenses.

If these strips are not revitalized, the middle-income residents who want the convenience of shopping in their own neighborhood will continue to shop where they are well-served and where they can find quality merchandise at reasonable prices. The low-income residents, who are not mobile, will continue to pay "ghetto prices" because they do not have access to shopping centers or malls where better quality and lower-priced goods are available.

III

WHAT IS A COMMUNITY DEVELOPMENT CORPORATION

And how can it work

where the market and government programs have failed?

There is no one definition of what a CDC is, and no clear statement of what it, as an instrument of the community development movement, can do. The many ways in which planners, political scientists, economists, merchants, and neighborhood residents view CDCs, can be grouped into two basic categories:

- 1) as a means of revitalizing blighted areas in low-income neighborhoods;
- 2) as a vehicle for grassroots participation in, and control of, elements and decisions which affect the lives and livelihoods of members of a community.

Referring to the principles of community-based economic development, I would define a CDC as a combination of these two; as a means for facilitating economic development by stressing community-based, rather than institutional or individual, control of the resources with which a community's economy can be rebuilt.

"CDCs are...organizations created and controlled by people living in impoverished areas for the purpose of planning, stimulating, financing, and when necessary, owning and operating businesses that will provide employment, income, and a better life for the residents of the area."¹

At its inception, a CDC will often adopt an "opportunity strategy."² That is, it will seize upon whatever opportunities arise in the community for enterprise development to which residents can easily point as a product of the CDC. From these initial opportunities to "prove itself," the CDC can build an organization and resources to enable it to carry out activities in the community. These activities, which comprise a detailed development plan, will address specific objectives which can be attained through local community control over the means of development. The objectives of a CDC that is primarily concerned with commercial and

economic development can be grouped as follows:³

1) EMPLOYMENT - The creation of new or better jobs for area residents. The jobs should pay higher wages than the minimum wage and should provide minority residents with a "chance to step over racial discrimination in entry-level jobs and thus enter the larger economy at a higher skill level or with a skill already marketable."⁴

2) HUMAN CAPITAL DEVELOPMENT - provision of opportunities for residents to learn technical, managerial, and entrepreneurial skills through actual working experience in CDC administration, CDC-owned businesses, or through CDC-initiated programs with individual merchants.

3) PHYSICAL ASSET DEVELOPMENT - rehabilitation of real property that is currently blighted, vacant, or otherwise subject to vandalism, and is acting as an eyesore and a deterrent to shoppers in the area.

4) COMMUNITY CONTROL OVER DEVELOPMENT ACTIVITIES - support and enhancement of businesses owned by local residents, increased community participation in development, such as through a community design review board in a storefront rehabilitation program, and creation of new markets for neighborhood retailers to serve.

5) CONSUMER BENEFITS - provision of competitive prices and increased variety and quality of goods available to residents in their own neighborhood. This is especially important to low-income and elderly residents who are not mobile.

Thus, CDCs are created as community-based instruments of neighborhood revitalization; as organizations which will foster the attainment of development objectives that the free market fails to provide because of income and racial discrimination. Before the CDC can accomplish any of its objectives, it has to develop an economic infrastructure in the

neighborhood; to build the entrepreneurial and management capabilities of current and potential merchants, attract outside investment of public and private dollars, and build the capacity of residents to control the growing economic infrastructure by educating them in the strategies and capabilities of community-based economic development.

A CDC that is primarily concerned with economic development rather than housing or provision of social services directs almost all of its efforts to assisting the individual entrepreneur who is greatly affected by any changes in the racial, ethnic, or income composition of residents in the neighborhood.

"The lack of local economic infrastructure, managerial skills, capital resources, and market potential, as well as other equally bleak social and physical realities...together conspire against the success of the small entrepreneur... The need to eliminate these debilitating conditions in a comprehensive and coordinated manner...justify and require [a] mode of economic enterprise [other] than the individual entrepreneur. This new mode has come to be generally described as 'community-based economic development' - the CDC is the archetype."⁵

In relation to individual businesspeople, the CDC can perform a variety of roles:⁶

1) The CDC can purchase vacant buildings and parcels a) from owners who have abandoned them and can sell the structures for a nominal fee and take a tax write-off, or b) from the City which can take over abandoned buildings which are in arrears of property taxes, through tax title procedures. The CDC can then rehabilitate these structures and rent commercial space at low rates to individual entrepreneurs or small corporations. The CDC, often seeking no return on its investment, need only charge rents that are high enough to support maintenance of the structure. If profits are accrued from the rentals, the CDC can use them to reinvest

in the building or to invest in the rehabilitation of other blighted parcels.

2) The CDC can provide technical assistance to the individual entrepreneur and link him up with programs that can provide him with additional technical assistance as well as with financial assistance. It is difficult for the small businessperson to make any impact on the neighborhood economy. He cannot act as a developer to enhance the whole neighborhood commercial area because he has to keep his own business going.

He has neither the time nor the resources to plan for anyone but his own employees; he does not have the ability to design linkages' between business and housing, training, consumer and other programs; he cannot gather together the planning, organizing and technical skills necessary to identify new opportunities; and he does not have the time to search out the public and private financiers who can make large investments in the [neighborhood's] economic infrastructure as well as in its businesses.⁷

3) The CDC can own and operate a business that acts as a major attraction for shoppers. The CDC-owned business attracts shoppers to the area so that they will patronize other, smaller stores in the neighborhood commercial district. The CDC-owned establishment can trigger a "multiplier effect" in the retail strip.

A CDC is controlled by a Board of Directors. This Board can be in one of three forms:⁸

- 1) a self-selected board of community leaders,
- 2) a board elected through neighborhood assembly from a specifically designated geographic area, or
- 3) a board elected by CDC stockholders.

The CDC with a self-selected Board has no stockholders or membership. It therefore has no direct, formal means of participation by community

residents. This type of CDC tends to concentrate on assisting individual entrepreneurs rather than sponsoring comprehensive development or rehabilitation projects. This type of board can also be an "interim" board, as in the Codman Square CDC. A self-selected board serves to establish by-laws, publicize the purpose of the CDC, collect members, and prepare for nominations and election of a stockholder or neighborhood assembly elected board. The self-selected, interim board will end its term of service once the new elected board takes office.

The CDC with an assembly elected Board of Directors chooses its Board via a mechanism in which all neighborhood residents elect members of the development corporation. These elected members, in turn, select the Board of Directors.

In the CDC with a stockholder elected Board of Directors, stock sale is limited to residents in a specified geographic area. The resident can usually join the CDC for a nominal fee, such as \$1.00. His membership gives him one vote in the Board election and in special votes on critical issues in the community. Few CDCs start out like this. They cannot sell stock until they have legitimated themselves in the eyes of neighborhood residents by accomplishing something tangible. For example, the Codman Square CDC bought a supermarket closed by a large chain and rescued the neighborhood from the debilitating effects of the closing.

The CDC can have different classes of stock. Voting stock is reserved for members of the neighborhood, either residents or employees or owners of neighborhood stores. Non-voting, preferred stock is issued to attract outside funds into the community, and is issued at a higher price than the voting common stock.

How can the CDC approach help to produce a viable neighborhood retail district when both the free market and government programs have failed? How can this instrument of community-based economic development deal with the problems that initially led to commercial disinvestment in neighborhood shopping districts?

The theory behind community-based economic development is that with some help, the free market can work. That help needs to come from an organization whose primary motive is not profit, but rather the development of physical revitalization and employment opportunities in a specific geographic area.

Community economic development is "resource placement" in the community. Programatic development is based on the premise that laissez-faire, or traditional resource placement is wrong. In laissez-faire development, the traditional owners and controllers of capital, resources, and technical expertise continue to invest in ventures that will maximize their internal or monetary return. Large businesses are pulling out of blighted neighborhoods where they are most needed and new chain stores or large operations are not moving in. The traditional controllers of capital, such as the large chain store corporations, do not internalize the external costs of leaving a community or the external benefits of operating in a community.

These large establishments are important to neighborhood retail districts because they act like magnets in attracting shoppers into an area. The small merchants benefit from this foot traffic through a multiplier effect. The local business provides jobs for local residents.

The reasons why Codman Square's retail district has declined can be grouped into six basic forces:

1) With the racial and income transition in the neighborhood's residential population over the past ten to fifteen years, there is now less "buying power" in the community. Lower income residents cannot support the type and volume of sales that the once predominantly working and middle class population could. As supply responds to demand, retailers will move elsewhere, to a town or neighborhood where there is a demand for their services. This income transition starts the initial round of commercial disinvestment as described in Chapter II.

2) The influx or "resettlement" of young middle income professional people has brought potential "buying power" into the neighborhoods. This buying power has not been captured by the neighborhood retail market. The middle incomes of these new residents, or "gentry", could support a viable retail district, but the new residents do not shop in their own neighborhood. With their middle incomes they are mobile, and thus have more choice in where they will shop than do their lower-income neighbors. Thus, these "gentry" have a choice of shopping a) in their neighborhood retail district where variety is limited, physical blight is widespread, prices are not competitive, and personal crimes against shoppers are common, or b) in a mall or shopping center where they can park, everything they need is in one location, prices are competitive, and the atmosphere is pleasant. The choice seems obvious enough.

In Codman Square this situation, where middle income residents drive to nearby shopping centers or malls, is severe. Walking through the retail strip along Washington Street, one sees few white faces, even though the neighborhood's residential population is about 50% white. And, the situation will worsen when the First National Bank closes its Codman Square branch. Residents with accounts in the bank, who do not change to

the Unity Bank, will do their banking at the Fields Corner branch of the First and do their shopping at the Fields Corner shopping center as well.

3) Structural trends in retailing reduce the market of the neighborhood retail shopping district. Competitive pressures outside of the neighborhood, such as large shopping centers or malls which offer parking and varied goods and services all in one location, provide more convenience to the shopper who is mobile than does the neighborhood retail strip. The era of "Ma and Pa" grocery stores has been replaced by the supermarket age. The specialty shops--grocery stores, butcher shops, cheese shops, and butter and egg shops--which once thrived in the village-like pre-1965 Codman Square can no longer compete against the lower prices offered by large stores. And, discount department stores have drawn shoppers away from gift, hardware, and small variety stores owned by individual merchants.

4) The small merchant gets very settled in a neighborhood. He becomes friendly with his customers and builds up relationships with them over time. Often, his customers are very much like he is in terms of race, class, and income. The working and middle class merchants of the pre-1965 Codman Square interacted well with the neighborhood residents who were all very much like them. When the neighborhood's residential population underwent income and racial transitions in the late 1960s and early 1970s, this "community fiber" among merchants and shoppers broke down. If they could not change their merchandizing, the old merchants could not serve their new customers well. Their new customers did not have the incomes to support the sales volume to which the merchants were accustomed. With the old merchants doing less well in their businesses and the new residents being ill-served, racial and class frictions

between shopowners and shoppers were inevitable. The merchants who could not adjust to their new customers left.

5) Small merchants cannot survive an increase in crime as can larger stores. Their overhead budget cannot support sophisticated security devices, and one burglary can "wipe them out." Their large competitors can receive help from their corporate headquarters, but the individual merchant has to start all over, this time with higher insurance costs.

6) Potential entrepreneurs, especially large or mid-sized corporations which have some control over flows of capital, do not receive information about profit-making opportunities in low and moderate income neighborhoods. They hear only about crime and other problems that will cut profits. While the profit making opportunities are not taken by those who own capital and other resources, they can be taken by those who are "close to the action," such as a CDC or a local resident who is a potential entrepreneur. People who live in the community can see opportunities that those in the distant, large corporate headquarters cannot.

Two added dimensions to this issue are a) a low return to one investor may look like a high return to another, and b) a return may not be as great to an outside owner as to a small entrepreneur who lives in or near the community, or to a CDC which supports worker-input in decision-making.

For example, a small entrepreneur or CDC may be looking for less of a return on their investment than a large firm. Non-monetary returns, such as owning a business in the community where one lives, or providing jobs for community residents, may be more important.

Each of these six forces contributing to commercial disinvestment have come about because of economic "market failure."

A) Not all sellers are small and competitive. The large sellers

or groups of sellers who can form agglomeration economies by locating in shopping centers or malls can offer lower prices, more variety, and a more convenient shopping atmosphere for customers.

B) Merchants do not receive full and free information about the wants and needs of their potential customers. Some cannot comprehend the cultural differences of the new lower-income black or hispanic customers. Others do not know how to attract the middle income residents in the neighborhood.

C) Shoppers do not receive full and free information about the neighborhood shopping area. The middle income residents only hear about crime and ghetto prices. Many of them have not set foot in their neighborhood shopping district for five years, so they do not know what is there. The new merchants who have come to serve the lower-income, ethnically diverse residential population of Codman Square, for example, offer an expansive variety of goods and services that cannot be found elsewhere. Where else can one find watermelon in January, for instance?

D) Large firms do not receive full and free information about profit making opportunities in lower and mixed income neighborhoods so they fail to invest in them.

E) Small entrepreneurs, especially local residents, are aware of the profit-making opportunities, but are constrained from investing in them because their access to technical information and financial sources is limited.

F) Some investment fails to produce as great a social or monetary return as possible because their forms of ownership are inappropriate. Different rates of return depend on who owns a business. For example,

community or worker-owners may put in more hours, or work more conscientiously than workers for a large corporation or chain store.

How can instruments of community-based economic development, such as CDCs reverse the forces of market failure? The key is "community." A CDC can eliminate the lack of information on the part of both merchants and residents by joining these two groups together in an effort to better their place of residence or business. In addition, the CDC, with a working core of volunteers and paid staff, can perform a number of information gathering and disseminating tasks.

For example, the Codman Square CDC, in conjunction with the Boston Office of Program Development is conducting a shoppers survey via telephone. The results so far are astounding. Many long time white residents of Codman Square East could not answer questions about the retail strip because they have not been in it for years. It is important to remember here how small the neighborhood is; how these residents might only need to walk one-half to eight blocks from their homes in order to shop in, or at least go through, the neighborhood shopping area.

The CDC, in its efforts to bring the various strata of Codman Square society together, can aim to break down the barriers to communication and understanding that currently exist between the working and middle class residents and between residents and merchants. By working together on CDC activities, members of these various groups interact because they want to make their community better.

Middle income residents will learn that their neighborhood shopping district offers more than high prices and dangers of mugging. Through working with the CDC, or at the very least, being informed of its activities, they will learn that they have a stake in the future of their

neighborhood; that if they do not support the retail strip in the neighborhood, it will only get worse. Community-based economic development as the means toward commercial revitalization will only work if it is broad based; if it includes every different group of people in the community population.

How can small, individual businesses in a blighted, crime-ridden neighborhood retail strip compete against the large discount stores and supermarkets in convenient shopping centers and malls? They cannot do it alone. One purpose of the CDC is to join the merchants together and link them with financial sources and free technical assistance. In addition, the CDC can act just like the developer or owner of a mall or shopping center.

The owner of a mall is responsible for maintenance and security services for his tenants. He also can regulate the rents that he charges, depending on what types of stores he wants in his shopping center; stores that will complement one another. By complementing one another; with large stores attracting shopper traffic to patronize the small stores, and specialty shops or drug stores attracting customers with a specific purpose, each business becomes part of an agglomeration economy.

Without the CDC, the individual merchants are rather powerless in negotiating with the municipal government for street maintenance, public services, and police protection. The CDC can serve as the negotiator in these efforts, or even provide some of them through its own mechanism. For example, the CDC could hire a private security company to patrol the entire commercial strip.

The CDC can purchase and renovate vacated and abandoned parcels that the traditional owners of capital fail to see as possible profit making ventures. After renovating these structures, the CDC can offer merchants low rents because the CDC is not concerned with making a profit, but rather with making sure that the community is provided with the type of services that it needs. The CDC can offer low rents to induce merchants to locate in the community.

CDCs can act to induce large or chain stores to move into a neighborhood by providing them with "community support"; convincing them that profit-making opportunities exist, and acting as a "buffer" or advisory board in a liaison position between the community and the new establishment.

The CDC should help private businesses learn about profit making opportunities and only, as a last resort, should a CDC invest in a business venture on its own. There is no advantage in a CDC buying a closing business or an abandoned building if a private entrepreneur wants to. The CDC should however, always offer assistance to small potential entrepreneurs who are local residents and can see a profit-making opportunity, but lack technical expertise in running a business or obtaining financing to start one.

NOTES ON CHAPTER III

1. The Twentieth Century Fund, CDCs: New Hope for the Inner City, New York, NY, 1971, p.29.
2. National Center for Urban Ethnic Affairs, CDCs: A Review of Their Experience (Draft), Washington, D.C., May 1973, p. 35.
3. Ibid., p. 15.
4. The Twentieth Century Fund, p. 37.
5. National Center for Urban Ethnic Affairs, p.46.
6. The Twentieth Century Fund, p. 57.
7. National Center for Urban Ethnic Affairs, p. 46.
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Kieschnick, Michael, Organizational Choice in Community Economic Development (unpublished), 1978.

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IV
CODMAN SQUARE

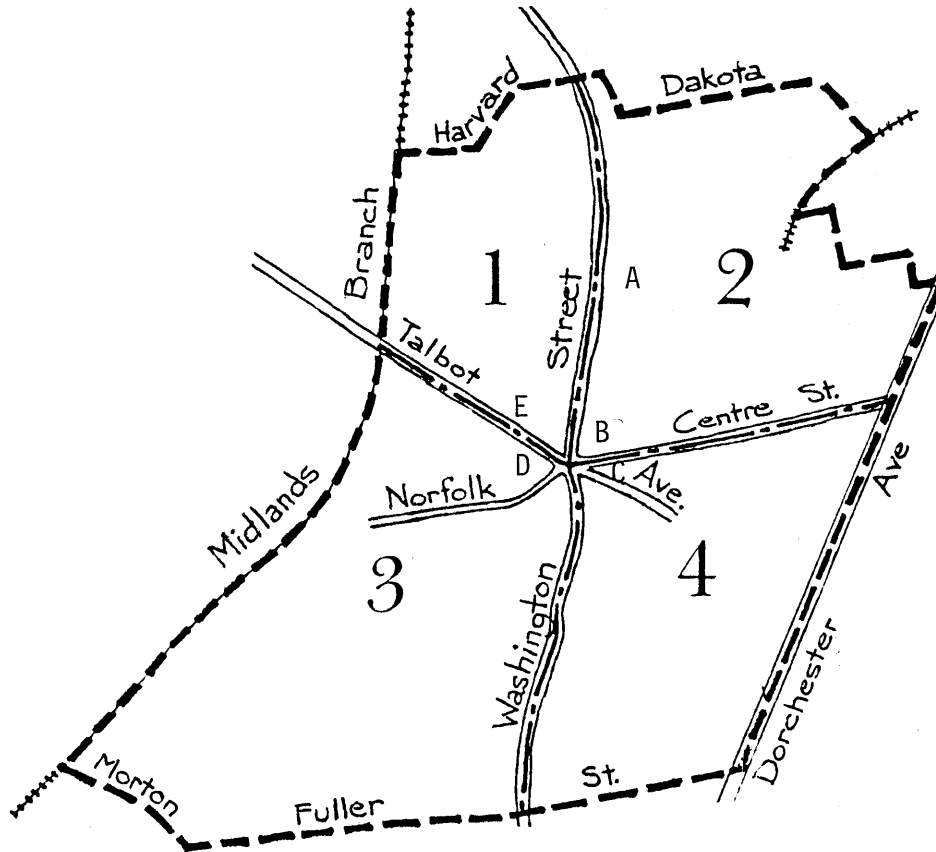
In 1965, Codman Square was divided into two distinct neighborhoods; Codman Square East and Codman Square West. Washington Street, the retail strip, was the dividing line. The residential population of the east side of Washington Street was comprised of white middle and upper-middle income families who lived in homes which had once housed wealthy families. Some of these homes included servants' quarters, and all were bedecked with large verandas, stained-glass windows, and magnificent Victorian decorative work.

The population of the west side was predominantly white Irish working class, with a very light sprinkling of blacks, Italians, and Jews who had moved from Mattapan and Roxbury. While the homes in this part of Codman Square were, for the most part, smaller than those on the east side, they were from the same period, with gables, porches, and stained-glass windows.

Despite the differences in the populations living on either side of the neighborhood, Codman Square was like an "urban village." All residents shopped in the retail strip which ran from Harvard Street (on the northern end) to Fuller Street (on the south) along Washington Street. It also ran down Talbot Avenue and Norfolk Street (see Figure A). The people living in this neighborhood rarely travelled to do their shopping, unless they went downtown to purchase clothing, because they could find everything they needed within walking distance of their homes. In fact, people used to come from other parts of Boston to shop in Codman Square. For example, the drug store on Washington Street, Aspinwall Pharmacy, carried prescription drugs that could not be found anywhere else.

Codman Square was a bustling, lively shopping area. In 1974, WNAC-TV presented a television program entitled Bostonia in which Codman Square residents talked about the past, present, and future of their

FIGURE A
CDC TARGET AREA

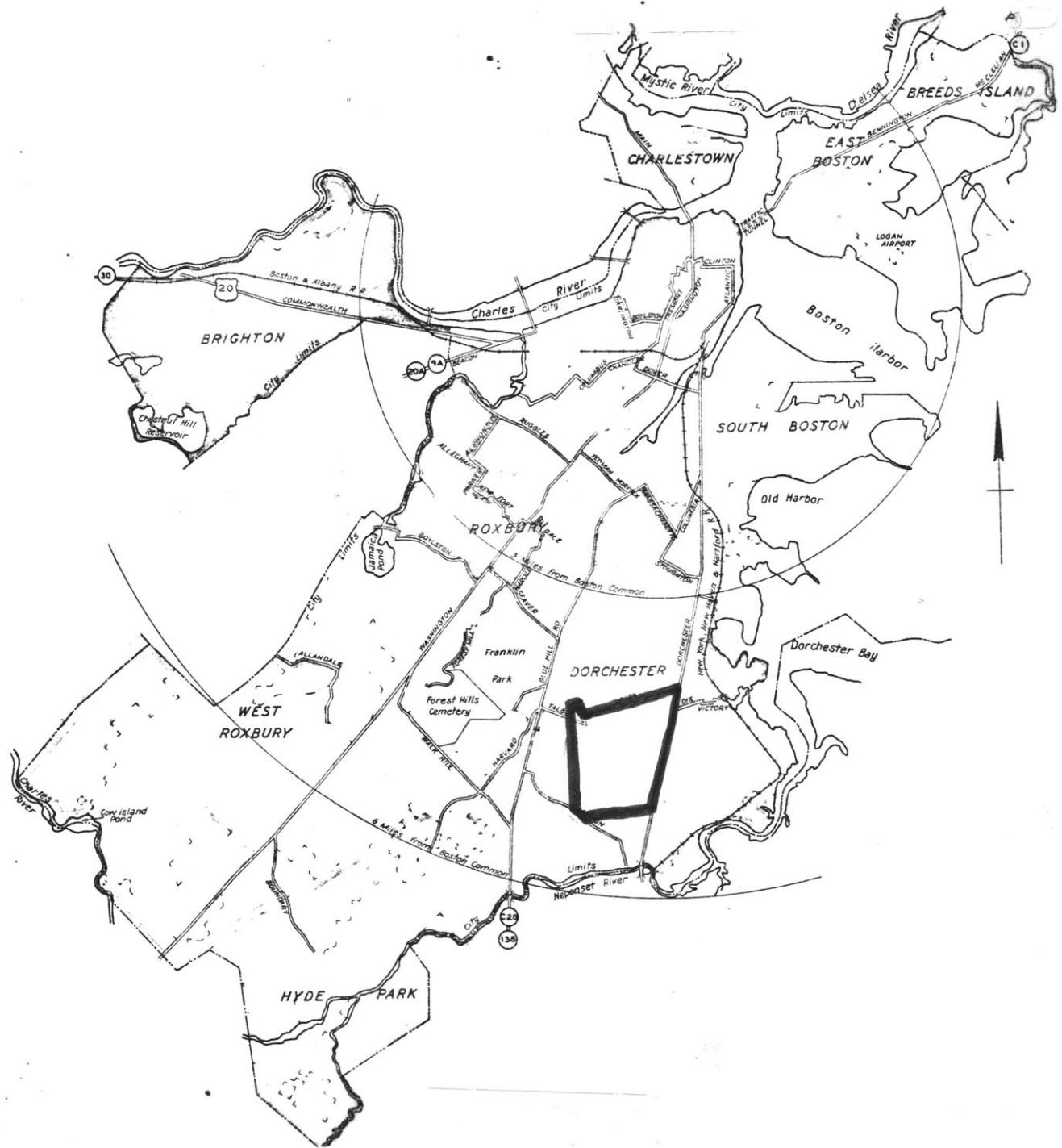


LEGEND

- A Our Market, Inc.
- B Old Public Library
- C Donut Chef
- D Second Church
- E Lithgow Building

FIGURE B

CODMAN SQUARE IN RELATION TO BOSTON PROPER



neighborhood.¹ Those who talked about Codman Square's past remembered the vitality of its shopping area. One woman recalled going up to the Square almost every day, pushing a baby carriage. Many women in Codman Square used the shopping area for socializing and this particular woman claimed that she often thought they needed a traffic officer just for the baby carriages. Others on the show reported that they could walk through any part of the Square, at any hour of the day or night, without worry.

Then, this all changed and the almost "charming" urban villager existence of the Codman Square residents was disrupted. The major visible changes of the past fifteen years have been the racial transition in the composition of Codman Square residents and the physical deterioration of housing and commercial structures.

Block-busting, aided by the Boston Banks Urban Renewal Group (BBURG) became rampant in the late 1960s. Through block-busting, when one black family moved into a neighborhood, a real estate speculator would start calling white residents to tell them that the area was going to turn completely black and the values of their homes would plummet; that they should sell now while they could still get some return on their investment in their home. The agents would purchase the homes at deflated prices from whites who became desperate to "escape" from a neighborhood that was "turning bad." The speculators would then turn around and sell the homes to blacks at inflated prices.

Block-busting was aided by BBURG which provided mortgages for low-income blacks. In the fall of 1969, 22 banks in Boston, known as the Boston Banks Urban Renewal Group, announced a program in which a mortgage pool of \$20 million, with U.S. Federal Housing Administration (FHA) guarantees, would be available to low and moderate income black home buyers

in a specific geographic area: Roxbury, the South End, and parts of Dorchester, Mattapan, and Jamaica Plain. The net result of confining BBURG loans to homes within these areas, rather than allowing blacks to buy homes wherever they wanted, was to confine black families to only these areas. This is because, once BBURG was instituted, blacks could not secure low down payment mortgages from any other sources.

FHA furthered the block-busting process of exploitation. FHA appraisers gave highly inflated appraisals to benefit the speculators. The appraisers were also responsible for determining that the houses to be purchased under the BBURG-FHA mortgages were in good condition. Yet, many BBURG home buyers found extensive repairs were necessary once they moved in.

In the neighborhoods where BBURG operated through 1970, block-busting, fears of complete racial change, and declining property values, "churned" the population and housing stock. The community fiber and institutions collapsed in the advent of "white flight." The housing stock suffered as well. Black families paid excessively high prices for homes and did not know about the associated costs of maintenance, repairs, and insurance. Paying back their mortgages with their low and moderate incomes, these new homebuyers who had not been given information about the costs of owning a home, could not support needed repairs and maintenance work.

As blacks moved into the neighborhood, the City provided less and less public services. Police protection was not as good as it had been when the neighborhood was all-white. The police just did not respond as readily to cries for help from the racially mixed neighborhood.

While the results of white flight, block-busting, and BBURG have taken their toll on Codman Square West, in Codman Square East, 1979 holds many of the remains of the vitality and community of the "Victorian urban-suburb."

Codman Square East has remained much as it did fifteen years ago except for some racial transition, and an influx of young, middle-income professionals who have chosen to live in Dorchester rather than in a suburban community. The residents of this area still have above average incomes and the homes are, for the most part, well-maintained. This half of Codman Square underwent a gradual transition in its population, unlike the rapid upheaval in the western half. Certain small neighborhoods within Codman Square East such as Wellesely Park and Edison Green, have experienced a large amount of private investment, leading to physical improvements in housing, strong neighborhood confidence, and increasing real estate values.

While the latest available census data for Codman Square is from 1970, not much has changed in one-half of the neighborhood relative to the other. The 1970 U.S. Census reports:

| 1970 | Codman Square West | Codman Square East |
|---|--------------------|--------------------|
| owner-occupied housing | 80% | 84% |
| housing in need of repairs that would cost more than \$1000 | 46% | 23% |
| % of families with an annual income below \$5000 | 25% | 16% |
| median family income | \$7500-9000 | \$10,000-10,500 |
| CHANGES IN POPULATION | | |
| total population in 1970 | 8100 | 11,000 |
| total black population in 1960 | 110 | 5 |
| % population black in 1960 | 0% | 0% |
| total black population in 1970 | 4300 | 40 |
| % population black in 1970 | 53% | 1% |
| % population Spanish-speaking in 1970 | 4% | 1% |
| % families living in same house for more than five years (1970) | 40% | 57% |

The commercial district in Codman Square has also experienced a great deal of change, the reasons for which have been outlined in Chapter II. In 1977, there was an 18% vacancy rate in the retail center of Codman Square. After the February 1978 blizzard, ten merchants were forced to close down because of the tremendous amount of looting and vandalism that took place during the storm. Fifty-one arrests, one third of the total looting arrests made in Boston during the storm, were in Codman Square.

Crime in Codman Square is a special problem. The commercial district was the victim of careless police districting. The Square is at the tail end of the areas under the jurisdiction of Stations 3 and 11. Neither station accepted full responsibility for policing the area because the jurisdictional boundaries split the Square in half. Currently the two stations are assuming more responsibility for Codman Square. Station 11 has CDBG funding to hire a special foot patrolman for the entire commercial center.

The area faced an additional problem in the spring of 1978. The only commercial bank in Codman Square, the First National Bank of Boston, announced that it was closing its branch office in the Square. While there is another branch in nearby Fields Corner, Codman Square merchants who want to use the Fields Corner branch will have to worry about driving or walking to that area, and parking if they drive. Al Waterman, President of the Codman Square Merchants Association, claims that every time a merchant would make the trip all the way to Fields Corner to deposit cash, he would increase his chance of being robbed by 100%. A commercial bank is necessary right in Codman Square. Waterman stated:

"If the bank leaves, businesses here will go out one at a time...people are going to cash their paychecks in Fields Corner now. And they are not going to cash their checks

in one place and shop in another. That's really going to hurt around here."²

The First National Bank offered to give its office and equipment to the Unity Bank and Trust Company. However, it will not give Unity its accounts. These will be transferred to the Fields Corner office of the First National.

Businesspersons in Codman Square were not happy that the Unity would be taking over, but no major commercial banks are willing to move into Codman Square. Unity Bank and Trust Co. is a state-owned, minority operated bank that was established in the late 1960s. In 1972, it went bankrupt, and was "bailed out" by the state and some big Boston banks, including the First National. The bank is now in receivership. Waterman says that he doesn't want to put his money in a bank that has gone bankrupt. "The Unity can't take care of itself now," he stated.

"Waterman expressed strong doubts that Unity Bank would be able to convince businessmen and shoppers that commercial banking services would have a secure banking future in Codman Square."³

State Banking Commissioner under former Governor Dukakis, Carol Greenwald, succeeded in convincing the First National to stay until Unity can receive FDIC approval and move into the Square. She used a number of bargaining methods with First National and took the First's President for a tour of the neighborhood. Whatever she did, it must have worked, because the First will keep its office in Codman Square until the Unity Bank can move in during August.

The closing of First National Bank is an example of how the free market operates. When large corporations do not receive the profits they expect from a branch operation, they close down that particular outlet. That is how private profit-making business needs to operate and that is how it will

continue to operate. First National Stores, Inc. recently closed its FINAST supermarket in Codman Square, and rumor has it that Woolworth's, the very last retail establishment of substantial size in the Square, will be closing its doors in May. These two decisions are major indicators of what happens when the free market is left to operate in traditional ways.

Community-based economic development is an alternative to these traditional mechanisms of the free market. It puts economic development resources in the hands of the community. A not-for-profit community development corporation, given the resources of technical and managerial expertise, and access to capital, will make investment decisions very different from those made by a large for-profit firm.

So, witnessing the continuing disinvestment in the Codman Square commercial district, merchants and residents joined together and looked towards instruments of community-based economic development in order to arrest disinvestment and foster economic and commercial development. The instrument they chose was a community development corporation.

NOTES ON CHAPTER IV

1. Bostonia, WNAC-TV, shown at 8:30 p.m., December 30, 1974.
2. Lovett, Chris, "Exit the First: A Blow to Codman Square Lifestyle?"
Dorchester Argus-Citizen. January 27, 1978, page 1.
3. Ibid.

V
JOURNAL

INTRODUCTION

This is a journal about my involvement in the formation of a community development corporation (CDC) in Codman Square. My interest in CDCs comes from my interest in the livability of urban neighborhoods.

In my travels around the northeast part of the country, I have noticed similarities in neighborhoods in different cities. For example, I'll be driving down a residential street in Boston, Providence, Baltimore, or Washington, D.C., where the houses are not in great condition, but neither are they in particularly bad condition. In fact, the neighborhoods look pretty inviting. Maybe that's because the architecture of the houses is interesting; victorians, brownstones, triple-deckers, rowhouses. Or, maybe it's because urban neighborhoods have something intangible that the suburbs just don't have: the density, the tiny gardens, the kids playing in the streets, the stained glass windows in houses in need of a good paint job. There is something special about an urban neighborhood. You could call it "charm", but that isn't really it. It's just kind of "comfortable" or "interesting."

Anyway, when I get to the end of this nice street, in front of me stands a burnt-out and boarded-up storefront. A lot of other places on the street look just like it. The stores that are still in operation have grates on their doors and windows. What's this awful place doing in the middle of this nice neighborhood?

Low-income people live in those nice houses and they just cannot support the number and type of commercial or retail businesses that thrived when the neighborhood was filled with working, and middle-class families.

From what I've seen, the worst blight in an urban neighborhood is

its commercial strip. What could be done to make these strips as nice as the houses along the side streets? In Boston, which I know better than any other city, the answer seems most obvious. A lot of Boston's neighborhoods look pretty much the same, with three basic parts: 1) a blighted commercial strip that runs through the neighborhood, 2) low-income, minority people who live on one side of the strip, and 3) middle income, white people who live on the other side.

The solution to the problem of commercial area blight is to get the people with money, the middle income residents, to shop in the retail strip and support a neighborhood economy similar to the one that existed before the occurrence of "white flight." But, why should they shop in a place that looks like a war zone when they can get into their cars and drive to a shopping center or mall that has all the variety they could want, and competitive prices too?

Since the City of Boston hasn't come up with any magnificent plans for revitalizing small neighborhoods like Codman Square, community-based economic development organizations have been popping up everywhere. Their motto is "If nobody else will do anything for us, we'd better stop complaining and do it ourselves." The middle income residents want the convenience and the "community feeling" of shopping in the neighborhood; the poor and elderly want to have variety, good quality, and competitive prices; the merchants want to stay in business and grow.

Commercial revitalization should lead to other forms of revitalization in a neighborhood. More stores will mean more jobs for neighborhood teenagers and adults. More jobs for teenagers will mean less street crime. More jobs for adults will mean more income in the neighborhood. More income in the neighborhood will mean better housing and better maintenance by

owner-occupants.

It sounds like it should work, but I wanted to find out first-hand by working in a neighborhood which is trying to form a CDC of its own. When I learned that Codman Square was starting a CDC, I jumped at the chance to learn a lot, and "help a neighborhood help itself." It's too bad that the CDC will just have elected a Board by the time this thesis has to be prepared for final presentation. I won't be able to tell you much about what happens after the election in the beginning of April, but I'm sure that you will find the neighborhood's activities up to that point both interesting and edifying.

I start the journal by giving some background on what happened before I got involved. After that initial orientation though, as you read the journal, you'll be living the day-to-day experiences of putting together an organization for community-based economic development.

ORGANIZATION

Thursday, October 12, 1978

Unfortunately, I did not attend this meeting. It was out of the events that occurred at this meeting of the Codman Square Civic Association (CSCA) that the CDC was conceived. After this meeting, Jim Keefe, who lives in Codman Square, and who works for the Massachusetts Employment and Training Council, first contacted me through a mutual colleague.

On October 12, seventy-five people attended the meeting held in the Second Congregational Church (Big White Church) in the Square. The CSCA was, at that time, almost totally white. While the formal membership of CSCA has not grown to include many minority Codman Square residents, as CSCA has expanded its activities into the realm of business development by being one of the organizations out of which the CDC was born, more and more blacks have attended community meetings held in the church.

The events that occurred during the two years before the time of this meeting are important for understanding the origin of the CDC. Tim Clegg, who works at the Economic Development Industrial Corporation (EDIC), moved from the Fenway area of Boston to Moultrie Street in the Square at the end of 1976. After observing conditions on Washington Street, he raised the issue of community-based economic development to several individual members of CSCA. These people told him that the commercial area on Washington Street was an eyesore but that it was less of a problem than housing, property taxes, and insurance costs on homes in the neighborhood.

Tim believed that commercial development, leading to less unemployment of Codman Square residents, would bring about improvements in the housing stock by providing low-income homeowners with sufficient money to

support home maintenance. Reduced unemployment would also cut down on crime in the neighborhood and help to lower insurance costs. For about a year, he argued with these people that, because of the interdependence of commercial and residential health, business development should be made a priority.

Also during that time he went from one community organization to another in the neighborhood to explain what community-based economic development is and what a CDC can do. No existing organizations were addressing the problem of economic development and all but two were initially unresponsive to Clegg's ideas.

The CSCA and the Codman Square Merchants Association (CSMA), which formed at the urging of Clegg and Liz McNeil, President of CSCA, were both interested in commercial development in the Square. Al Waterman, owner of a typewriter repair, sales and printing shop, and various parcels of commercial and residential property in the Square, wanted to see Washington Street revitalized, and started the Merchants Association. The partnership of the CSCA and CSMA could be very productive by publicizing how important it is for east-side residents to shop in the Square.

In the spring of 1978, CSCA and CSMA agreed to try to create a CDC. However, they did not take action on it until July, when they found out that Roger Dewey, a resident of West Codman Square, and President of the community organization Christians for Urban Justice, had written a proposal for foundation grants to support commercial development efforts in Codman Square. Dewey's approach was to have his organization work alone without the aid or cooperation of already existing organizations which appeared to have no interest in commercial development. Dewey's work acted as a catalyst to Clegg, CSCA and CSMA.

Over the summer, Clegg, Dewey, and Ron Naylor, a resident of Codman

Square and the Boston Redevelopment Authority (BRA) planner for the neighborhood, discussed what should or could happen with commercial development. Clegg disagreed with Dewey's approach and convinced him that the best way to approach commercial development was to form a coalition of existing community organizations.

In September, they called a meeting of all the people with whom Clegg had discussed community based economic development during the previous two years, in order to draw up a development plan for the Square.

Naylor, Clegg, Dewey, Al Waterman, Steven Swanger of We Can Neighborhood Improvement Corporation (WECAN), Jim Wesler of Dorchester Fair Share, and Jim English of the Dorchester Little City Hall agreed on a coalition approach because they feared the dangers of strong "turf" controversies among existing community organizations, and the questions of legitimacy of a new organization working alone. The Ad Hoc Codman Square Development Committee held four meetings during September after they decided to bring together as many Codman Square community organizations as possible.

Clegg formally presented the idea of a CDC to the neighborhood at the October 12 community meeting. Three workshops of volunteers were set up at the meeting to begin to look at instruments for achieving community-based economic development. These workshops were:

Public Safety
Business Development
Organization

The fate of the first two workshops is foggy. No one with whom I have spoken seems to know if they still exist, or what they have done. The Organization Workshop, of which I became a part, was the actual incubator of people and ideas that was to go on to spearhead the creation of the CDC.

Tuesday, November 7, 1978

This was the first meeting of the Organization Workshop. At the October 12 meeting, volunteers had been given the task of investigating other CDCs in Boston and preparing a brief report on them to present at this meeting.

I came to this meeting ignorant of any prior events. To get to the meeting, held at Jim Keefe's home, I walked through one of the most magnificent urban neighborhoods I had ever seen. The tree-lined streets were filled with large Victorian houses, complete with widow walks and cupolas. This wasn't at all what I had expected to find in the other half of the neighborhood where I had done previous work. These streets did not fit into my idea of a neighborhood with burnt-out storefronts and grated store windows and doors; a neighborhood which had been in the local newspapers and on television news during the February 1978 blizzard because it experienced more store looting than any other neighborhood in Boston. My perceptions of Codman Square in Dorchester simply did not hold room for the area through which I walked the night of my reintroduction to the neighborhood. Attending this meeting, the differences between the neighborhoods east and west of Washington Street became more evident to me.

Needless to say, at this point, every person at this meeting was white. It shocked me at the time. Most people were residents of the east side, and a few were merchants. At the meeting, people reported on CDCs in East Boston, Chinatown, Jamaica Plain, and Roxbury. Learning how large and powerful some of these had grown, especially the CDC in East Boston, I wondered how this group of mostly middle income white professionals could make community-based economic development work in a neighborhood where half the population was black and unrepresented at meetings held thus far.

The workshop decided that it would be necessary to form four committees to get the CDC started:

- a Resources Committee
- a By-laws Committee
- a "Projects" or Business Development Committee
- a Membership Committee

We were to bring this suggestion to a community meeting to be held on November 21. This meeting was being well publicized in the Dorchester Argus Citizen and by word of mouth so that residents from the west side would come.

Although this meeting was held at Jim Keefe's home, and he chaired it, it was obvious that Tim Clegg could have taken over. His knowledge of commercial development and CDCs proved invaluable even at this early meeting.

Tuesday, November 21, 1978

Apparently the publicity was fairly successful because quite a few black merchants and residents from the west side attended the meeting. I, however, due to a big snow storm, did not. By speaking to Jim Keefe after the meeting, though, I learned about who attended and what they decided to do with the Organization Workshop's suggestions about necessary committees. Those present decided that seven committees were necessary and volunteers signed up for each of these:

- Membership
- By-laws
- Public Safety
- Housing
- Business Development
- Youth and Elderly
- Resources

At that time, I thought that I would be interested in working on the Resources and Business Development committees. However, the Resources Committee has done nothing and the people on the Business Development

Committee have taken over that job as well as the work of the Youth and Elderly and Membership committees. The Housing Committee has been dissolved because other organizations in Codman Square are concerned with housing issues. The By-laws Committee, headed by Jim Keefe, has been very active, and the Public Safety Committee has been somewhat active.

I telephoned one of the heads of the Resources Committee, Ada Focer, and through our conversation, learned about the strong personality conflicts that were already arising among those individuals who were spearheading the CDC formation. All of these people wanted to make Codman Square a better place to shop, but had different ideas about how to accomplish this. Tim is head of the Business Development Committee, and since he knows more about community economic development than any of the others, his ideas seem to be those for which we are making plans. But Tim is not the only one who knows about community development. For example, Ada Focer works for WECAN, a housing development organization in Codman Square. There are many social service and poverty organizations in Codman Square and strong "turf" questions exist. However, none of the existing organizations address commercial development or revitalization. The CDC will address only this issue, and so, will not "step on anybody's toes."

Tuesday, November 28, 1978

I spoke with Jim Keefe about my conversation with Ada Focer because I was worried that all the personality conflicts that seemed to be in the community might damage the CDC's efforts. My conversation with Jim broadened my perception of the conflicts among the various community organizations and between various persons.

First we talked about individual personalities and the availability of

talented, technically trained, and committed people to spearhead a CDC formation effort. We decided that major questions that any community would have to face on these issues were:

How do you identify talented, trained and committed people?

If you do not have any such people in your neighborhood, are you out of luck?

Can you import talent?

How well do the talented and committed people you do find work together?

We also discussed the need for the CDC to act as a developer for Codman Square. Neighborhood retail and commercial strips are competing against malls and shopping centers. In a mall or shopping center there is one developer who takes care of all of the infrastructure. If the developer does not remove snow from the parking lot, replace burnt out lights, or maintain common areas, the tenants can withhold their rent. However, in a neighborhood shopping area, the merchants have no recourse when the area is not maintained. They pay rent to the individual building owners, but it is the City's responsibility to remove snow, replace lights, or provide security.

Friday, December 1, 1978

It was at this meeting with Tim Cleqq that he told me of his involvement with the CDC and how it all got started in Codman Square. We also discussed the Community Development Block Grant (CDBG) funding application that we would have to get in by January 12, 1979. The application would request funding for three specific purposes:

1. to support merchants who are currently in the Square with technical and other types of assistance,
2. to support two foot patrolmen for Washington Street in order to deter crime,

3. to support new economic development in two forms:
 - a. rehabilitating the Lithgow Building in the center of of the Square;
 - b. revitalizing the entire Washington St. retail strip with new storefront facade design.

We talked extensively about rehabbing the Lithgow building and as we did, I began to realize how much sneaking around we would have to do in order to accomplish our goal--or what we thought was "good."

Ownership of the Lithgow Building is a mystery. It has been boarded up for six years and we don't know the amount and kind of damage it has sustained. We will have to find out who owns the building, and how much it will cost to rehabilitate it to a condition that is rentable to commercial tenants.

Since we don't know who owns it and whether they will sell it to the CDC, whether or not the City will give it to us if it is in their possession, or if they will make us pay tax arrearage, we have to do our searching surreptitiously. Everything seems to be on such a delicate balance in Codman Square because of city politics and the "turf" conflicts among community organizations.

About 99% of the voters in Codman Square voted against Mayor White in the last mayoral elections, so you can imagine on what "list" he has Codman Square! I am afraid that the importance of this anti-White vote in Codman Square might place a lot of barriers in the way of the CDC. It might help the CDC though, as White tries to gain votes in the neighborhood.

Because of this political subterfuge, I am becoming more and more convinced that community-based economic development, initiated by someone who actually lives in a community is the only way to revitalize a commercial area. Community-based development will enable a small neighborhood (which can't deliver a lot of votes to the Mayor) to separate itself from politics

and get on with the business of bettering itself as a community.

Tuesday, December 12, 1978

As I walked from Shawmut Station at about 6:45 a.m. on this very gray morning, I wondered how many people would show up for the 7:00 a.m. meeting being held at the Donut Chef in the Square. It seems the burden of CDC development is being carried by a very small number of people. The same persons attend every meeting.

Out of ten or twelve people who said that they would come, only five actually did. The meeting, however, turned up some interesting information. The meeting was attended by Tim Clegg and myself, as well as by a Haitian Codman Square merchant named Pierre St. Louis, Dotty Bond from the Dorchester Area Planning Action Council (APAC) and Don Hubbard, a real estate broker who is interested in CDC development and who makes his living by aiding stores in site selection decisions in primarily black neighborhoods such as Dudley Station. He is contacting Codman Square commercial building owners to find out what it will take to get them to participate in facade rehabilitation.

Clegg brought up the idea of rehabbing the Lithgow Building and, to our surprise, Dotty Bond told us that the building had been given to the APAC six or seven year ago, but she did not know by whom. The APAC office is at the opposite end of the Square from the Lithgow Building, located on the corner of Park and Washington Streets. The City does not want them to move away because there is nothing else down there, and if they leave, there will be a dark empty stretch at that end of the Square. Thus, the APAC doesn't plan to use the Lithgow Building for its current activities.

I guess that Tim decided to lay everything on the table and take the chance that APAC might feel that we were moving in on their territory.

He told Bond that the Lithgow parcel was a key issue in the success of the CDC. He softened his statement that the CDC wanted to prove itself by rehabbing the building into something useful, by stressing the fact that he wanted the CDC to be a partner in a loose coalition of civic groups interested in making the Square a better place to live and shop. We need to let other community groups know that we want to work with them so that they won't think that we are trying to usurp their power.

Dotty talked about new stores that had moved into the Square. She felt confident about development in the Square. However, it seemed evident that Don, Tim, and I did not feel that way. We talked about how a market survey of shoppers in the area was the best way to find out what types of stores and commercial development would be successful in Codman Square. I volunteered to organize a shoppers survey of 2% of the residents in voting precincts contiguous to the shopping area. (Manny Berk at the Boston Office of Program Development (OPD) was doing similar surveys in other neighborhoods so we could survey Codman Square with extensive help from his office.)

Don volunteered to talk to existing merchants and block owners to find out how much they would be willing to get involved in the CDC's rehab efforts for the Lithgow Building and storefront facades.

Tim wrapped up the meeting by explaining that this was the first meeting of an infant "business development committee." He explained what the other committees were. The meeting ended with Tim reminding everybody that the CDBG application was due January 12, 1979.

A CRISIS SITUATION

Tuesday, January 9, 1979

I returned to Boston from the holidays to find that Codman Square had been in the news for the past few days. On Sunday, January 7, an article in The Boston Globe reported that First National Stores, Inc. was closing the FINAST supermarkets in Codman Square and four other Boston and Brookline locations: Lower Mills in Dorchester, Blue Hill Avenue in Mattapan, Washington Street in the South End, and Washington Street in Brookline. The Globe reported on how the closing could destroy commercial revitalization efforts in these neighborhoods; how the closing of a major store would mean that customers would no longer be drawn to shop in the areas, and that the low income residents without cars would be left with no place to buy their groceries.

An article in the Globe today, entitled "Market owner says he'll buy two Dorchester First Nationals" reports:

"The decision to close the Codman Square store was seen as particularly critical to the city because that neighborhood has been struggling toward a revitalization, and the supermarket represented the only major business in the retail district. Local merchants and residents said its closing would steer business away from the area, leaving smaller stores with little hope for attracting new business, and would also put the nearest supermarket out of walking distance for area residents."

Clegg organized a group of Codman Square merchants and residents to travel by bus to Windsor Locks, Connecticut (the location of FINAST headquarters) today in an attempt to convince First National officials to keep the store open beyond their projected closing date of January 13. However, this morning the trip was cancelled because Leo Flanagan, the owner of a small chain of supermarkets agreed to take over the Codman Square and Lower Mills stores.

Flanagan owns stores in Jamaica Plain and South Boston and said that he could reopen the stores within four weeks of First National's departure. The City, especially Manny Berk of OPD, played a key role in arranging meetings with the parties involved, and pushing for a quick sale and takeover. The City was forced to take an active role, not only because the move would badly hurt the neighborhoods, but because Mayor White needs votes in Codman Square. While the closing of the only major business and food store in Codman Square would have been a catastrophe, FINAST's move has brought about some good. It has put Codman Square in the city's political spotlight. Joseph Timilty, Mayor White's strongest opponent in the 1975 mayoral elections and a Democratic state senator from Mattapan, worked closely with Governor King and residents of neighborhoods affected by the FINAST moves. His active involvement with the issue forced White to notice Codman Square. Codman Square seems to have been paying the price for voting against White in the last election by being left out of city neighborhood revitalization plans. But with the publicity over the FINAST moves, and Timilty's active involvement, White can't afford to ignore Codman Square any more. The CDC plans to make the most out of this and hopes that the publicity will have an effect upon the City's decision concerning our CDBG application.

Thursday, January 11, 1979

It's the day before the deadline for the CDBG application and Tim will probably be up half the night preparing it.

Most of the meeting was about what was going into the CDBG application. Tim began by telling the eight people in his living room that when the City allocates CDBG funding to any organization, they look to see if they can get any political benefit out of it for the Mayor. This is, after all, an election year.

We are requesting CDBG funding to meet a list of objectives that came out of the January 3 community meeting held in the church:

Program Objectives

1. increase public safety in Codman Square;
2. provide technical assistance and promotional assistance to existing Codman Square merchants;
3. develop vacant commercial property;
4. develop a facade improvement program to increase overall attractiveness in the Square;
5. employ underemployed teenagers;
6. develop long-range training for all under- and unemployed Codman Square residents.

Organization Objectives

1. represent all residents in Codman Square;
2. improve the coordination of existing community and social service organizations.

The CDC's CDBG application is divided into three basic sections dealing with 1) public safety, 2) attracting new merchants and encouraging current business, and 3) physical rehabilitation of the commercial area. In order to cut down the amount of the CDGB funding request, CSCA will make a request, separate from the CDC's application, for a foot patrolman. One full-time (and that means from 9-5, Monday through Friday, not around-the-clock) foot patrolman costs \$30,000 per year. So, in the CDC's application we are going to mention the importance of security, but, under the Public Safety section, will only request funding to constructively employ teenagers in the Square so they won't have the time or the need to pickpocket and mug shoppers, or rob merchants.

The money for employing these kids is already in the hands of the YMCA through the City Employment and Economic Policy Administration's Youth Entitlement System (YES) Program. However, the CDC needs funding to support staff to pull the YMCA program, called Project Headway, together with the merchants in the Square. Ideally, we'd like to see each

business in the Square have one teenager working. The merchant would not pay the salary; YES would pay it, but the merchant would have to treat the teenager like an apprentice. He would have to take responsibility for teaching the youth about running a business. Official work would be sweeping, stocking shelves, or cashiering, but the merchant would also teach them about business taxes, maintenance, keeping books, ordering, etc. The "apprenticeship" program is called Project Headway.

In order to offer technical and promotional assistance to businessmen, we want to get a Business Information Coordinator (BIC) into Codman Square. Under the BIC program, the Massachusetts Department of Commerce and Development (DCD) trains people to assist small businesses with planning, packaging loan applications, and linking businessmen to technical and financial, private and public forms of assistance available to them. Their salaries are paid for under the Comprehensive Employment and Training Act (CETA) through DCD. The CDC would have to provide office space for the BICs (see Appendix A).

The CDC doesn't need direct funding for the teenagers' salaries, nor for those of the BICs; however, we do need funding for developing and managing programs. We are requesting funding to pay for the salary of a CDC Director, a secretary for the Director, some work-study students, office space, materials, telephones, and furniture. However, it is difficult to get CDBG funding for requests such as these. It's hard to get started with CDBG funding because it is usually given to already existing organizations to implement programs or design projects that voters can see.

We are also requesting funding for specific projects: facade improvement, and rehabilitation of the Lithgow Building. The CDC would use this money to leverage \$19 for every one of CDBG dollars by using the

Small Business Administration's (SBA) 502 loans. In order to use SBA funding, the CDC will have to create a Local Development Corporation (LDC) as a subsidiary of the CDC. An LDC is a simple, legal vehicle for obtaining and using SBA 502 loans and loan guarantees (see Appendix B).

We are requesting \$20,000 for this project fund. We estimate that the cost of facade improvements will be \$100,000 but by using the SBA 502 Program the LDC will only have to put up \$5,000 (see Appendix C). We estimate that rehabbing the Lithgow Building will cost \$200,000. The LDC will only have to contribute \$10,000 if we use SBA loans or loan guarantees (see Appendix C).

After discussing what will go into the CDBG application, we talked about what questions we wanted to add to the shopper's survey to make it specific to Codman Square, and what precincts should be included in the sample. Jim Keefe, who is head of the By-laws Committee, told us that he had spoken with a consortium of lawyers who are interested in the CDC and who will work with the By-laws Committee in submitting articles of incorporation. He expects to have the CDC incorporated by the first week of April. Until then we are working from an interim set of by-laws. We will elect an interim board at the community meeting to be held at the church on January 17.

Monday, January 22, 1979

I met with Tim in his office today during lunch time. Apparently, he's been getting hassled by the people in his office for spending so much time on the CDC. Anyway, things are happening very fast. We need to do a lot of organizational work on the CDC. People who volunteered to be heads of committees, and people who accepted leadership positions on the

interim board do not realize the urgency of their responsibilities.

Leo Flanagan won't be able to take over the FINAST store in Codman Square. The First American Bank (FAB) in Codman Square was willing to stretch banking laws as far as possible to give him an 80% loan for the purchase of the market. However, his financial backers want him to obtain a 120% mortgage; 100% to cover the cost, and 20% for "funny money."

Right now we are trying to work out a deal for the CDC to purchase the FINAST in a joint venture with Muhammad Farrakhan who worked for FINAST for six years, ran the Brothers Supermarket in Roxbury, and is willing to become a partner in the Codman Square market. Since I don't really understand how this deal will work, I'll leave its explanation for another day.

We have the BICs! Codman Square is going to be used as a model for the Business Information Center Program in Boston. They are being trained now, and if we can find them office space in the Square, we'll get them in about two weeks. The two BICs are black, so they should be really helpful in dealing with minority businessmen. On Wednesday, Tim and I have a meeting with Don Reilly of the Massachusetts Department of Commerce and Development, out of which the state BIC program is being run. We'll meet him and the two BICs in the Donut Shop in the Square and find out exactly what the CDC has to provide for them.

Project Headway, the teenager business apprenticeship program, is definitely funded. I guess there is always some question about the certainty of getting funding from the City until you actually have it in your hands. We need to go from business to business in the Square to find out which merchants are interested in Headway. We'd like to get a minimum of five very interested merchants to meet with the staff of

Headway to set up a program plan for Codman Square. However, this is going to have to wait about a week because we have to concentrate on 1) getting someone into the FINAST, which has moved its closing date up to February 10, and 2) finding space for the BICs.

Wednesday, January 24, 1979

Tim and I met with Don Reilly, the training director of the BIC program, and the two BICs, Keith Tillet and Everett Corbett, at the Donut Chef in the Square this morning. The three places Tim had thought could be possible office spaces for the BICs were:

1. the backroom at the Donut Chef,
2. the old Codman Square Branch Public Library,
3. the Second Church

Each of these is on a corner of the major intersection of the Square, where Talbot Ave. and Washington St. cross (see Figure A).

Before Tillet and Corbett arrived, we showed Reilly the backroom of Donut Chef. After walking through the kitchen, past twelve-foot high racks of raw donuts, and up some dark stairs, Reilly decided that the Donut Chef, even as a temporary office, was a bad idea.

We couldn't get into the church or the library at the time of our meeting. The library building is our first choice. It has real offices, is open from 9-5, and would be a "professional" looking place for the BICs to work and meet with merchants. However, that is prime space and we have competition for it. A health center in the basement wants to expand to include a dental clinic and WECAN and the Dorchester APAC both want to move into the building.

It's going to be my job to find a place for the BICs fast. Luckily, Don Reilly informed us that CETA will pay the BICs' salaries, for all

their materials, and provide for their clerical staff support. We just have to provide enough space for the two of them to work and keep a "library" for merchant use, plus a telephone. Dan Butry, minister of the Codman Square Baptist Church, and his wife Sharon, found us free desks and filing cabinets, so our only expense will be a telephone for the the BICs.

Ideally, we'd like to get enough space for the BICs, myself, and other student interns or people in the community who are willing to put in time for the CDC.

I spent the better part of today on the telephone asking everyone I could think of if we could use space in their building. Two places with which we might meet with success are the Second Church and the Urban Court Program Office (about half a block away from the Talbot Ave. Washington St. intersection)(see Figure A). I'm meeting with Reverend Jensen of the Second Church and the Chairman of the Church Board on Monday. Dennis Sullivan and Dick Dwyer are the people with whom I'm dealing at the Dorchester District Courthouse about space in the offices of the Urban Court Program. They seem helpful, but have to get approval from the judge, who is currently sick.

People in all of the places I called, even those who couldn't offer us space, were very helpful and interested in what we were doing with business development in Codman Square.

I couldn't reach Jim Carras at OPD who is coordinating the use of the old library, so I talked to Manny Berk and asked him to try to influence OPD's decision on who would get space there; stressing the importance of business development in the neighborhood. I don't know what good that will do. I have the strong feeling that the City already knows who

they'll allow to move into the library; those people or agencies that will be politically beneficial to Kevin White. But, maybe the CDC has a chance.

I also talked to Marie Kennedy at U Mass Boston. She is heading up a program of community assistance in which students get academic credit for working in community action positions. We are getting together on Friday, January 26, to talk more about how the CDC can help, and make use of, the students in her program.

Friday, January 26, 1979

This morning I met with Marie Kennedy and learned more about what she is doing at U Mass. She coordinates student internships and field work experiences for the College of Public and Community Service (CPCS) at the Boston Campus of U Mass. CPCS is a B.A. program designed for adults who are currently employed and want to earn a degree and learn specific skills to better perform their current jobs, or to move to more interesting and better paying employment. The average student age in the program is 32 and most students are employed full or part time. I told Ms. Kennedy about the CDC and what kinds of people we needed to help it along. We tried to figure out positions that would benefit both the CDC and the student. We came up with five specific areas or skills:

1. financial skills; dealing primarily with the ins and outs of the SBA 502 loan program,
2. community organizer; heading a membership drive, reaching residents, and learning about their needs and ideas via a survey,
3. business skills; working with the special problems of minority businesses and low-income shoppers,
4. community-based economic development skills; setting up CDC by-laws, structure, power, purpose,
5. grantsmanship

This afternoon Clegg, Jim Keefe, Bob West from Melville Park, and I met at OPD with Manny Berk, Steve Strahs of OPD, and Pat McGuiggan of the Community Development Finance Corporation (CDFC) to talk about an operator who is interested in taking over the FINAST store in the Square. The potential operator, Gilbert Young, a personal friend of Al Waterman (President of CSMA), currently owns the old SS Pierce store at 144 Tremont Street near the Boston Common. This store carries a full selection of liquor, specialty foods such as meats and cheese, and regular groceries. Berk told us that Young is willing to move into the store on February 12th. FINAST is moving out on the 10th. Young currently owns the liquor department in the Capital Market in Cambridge and a 7000 square foot liquor store in the Fresh Pond Shopping Area. He recently sold his liquor department in the Brookline Star Market.

In Codman Square, he wants to devote 1000-1500 square feet to a full selection of liquor. The total selling area in the store is 11,000 square feet. If he also sells specialty foods, which are likely to attract the middle-income professionals, that does not leave much room for competitively priced groceries which the low-income Codman Square residents can afford.

At the OPD meeting, we all asked what Young's interest in the food business was, and agreed that he's primarily interested in the liquor business. We don't know if he would go into Codman Square if he couldn't get a liquor license to operate there. And, there is already a liquor store across the street from FINAST. We think that at a public hearing for the license, residents and local churches would fight any additional liquor sales in the Square.

OPD is going to go ahead and work with Young and his partner Sam

Oxman who would manage the Codman Square store. If they are refused a liquor license and thus do not move to the Square, as a last resort, if no other operators are interested in the store, the CDC, in a joint venture with Muhammad Farrakhan, will purchase the market. Farrakhan works at the Metropolitan Area Planning Council (MAPC) and has a good background in the supermarket business. He has done a great deal of work with establishing and operating supermarkets in low-income areas when supermarket chains have closed down their stores. The CDC is going to go ahead and prepare a solid financial and management proposal with Farrakhan and CDFC, assuming that we will have to make FINAST a real offer.

There are both strong benefits and strong costs associated with CDC purchase of the market. If we purchased it in a joint venture with Farrakhan, we could have control over who the market employs and the pricing and profit margin. Farrakhan is interested in instituting some type of profit sharing system with his employees. Initially the CDC and Farrakhan would jointly purchase the market with private financing and assistance from CDFC. As Farrakhan began to receive income from the market, he and his employees would have the option to buy back the CDC's shares in the market.

On the other hand, the food business is a difficult one and if the joint venture were to fail, the CDC's reputation in the neighborhood might be lost.

We'd also be interested in buying the store, and then leasing it to a private operator such as Young and Oxman, so that the CDC can have some control over operations by including covenants in the lease. In the lease, we could limit the number of square feet devoted to liquor sales.

And, if the market was not serving the needs of the community, we could refuse to renew the lease.

Monday, January 29, 1979

I met with Reverend Jensen of the Second Church in Codman Square this morning to discuss using an office in the church for the BICs. He was very helpful and gave me a tour of potential spaces after I explained to him and the Chairman of the Board as much as I knew about the BICs. The church has a room that would be good for the BICs' office, but there are a few drawbacks to being in the church. The church is always locked and the BICs would have to answer a doorbell to let merchants in to speak with them. In addition, smoking is prohibited in the church and I'm sure that even if the BICs don't smoke, some of their clients will. For temporary space the office in the church would be acceptable if we can't find anything else.

After I left the church, I walked over to the courthouse to talk with Dick Dwyer. He told me that he would get back to me within a few days after he talks to the judge. I would be much happier if we could get space in the Urban Court Program offices rather than moving into the church. It seems more professional and convenient and would do away with the difficulties of operating out of the church.

Tuesday, January 30, 1979

Tonight the interim board and about twenty other people met at the church. Don Reilly told the meeting about the BIC program, introduced one of the BICs (Keith Tillet), and passed out some information about the program. Reilly told us that the BICs are already working with one restaurant in the Square to put together a business plan, and that two

other merchants have contacted them. However, they do not want to get involved with anymore businesspeople until they have an office in Codman Square. They want to move in right away, so it's becoming urgent to find a definite place. Before the meeting started I showed Reilly the potential office space in the church. He wasn't completely happy with it because of the inconveniences that I mentioned yesterday.

Reilly was asked about the methods of outreach that the BICs will use and he told us that they will have a "news blitz" when they move into the Square, but that the most effective outreach is word-of-mouth. He stressed how overwhelming the response has been in other towns and how the "word" spreads fast.

The need for a shoppers' survey to find out if businesses are providing necessary commodities was brought up, and I told the group about the survey that I'm organizing with OPD. I asked for volunteers to help administer it, and the response was pretty good.

Tim then brought up the supermarket situation and reported the following:

- 1) FINAST is moving out Saturday, February 10.
- 2) As of Monday (yesterday), Gilbert Young was willing to move in if he could get a liquor license.
- 3) Leo Flanagan lost his financial backing. We weren't told about this until a week after it happened.
- 4) It was CDFC that informed us of this, and also told us that they had found Muhammad Farrakhan, the operator willing to purchase the supermarket in a joint venture with us.
- 5) Clegg and West, with help from CDFC, have been working with Farrakhan to "rough out" a business plan. Clegg and West asked the

president of a leading supermarket chain to help us evaluate the business plan. From their consultation, it appears the joint venture would be viable and could open on February 12.

6) Friday, January 26, Clegg and West met with Terry Kittleston, FINAST's real estate manager who is responsible for selling off the Codman Square property. They presented their plan to him and told him that the CDC doesn't know about any other offers and doesn't want to threaten any that may exist. Kittleston told them about Gilbert Young and about an operator whose name he would not divulge. We'll call him "Operator X." Clegg and West made a deal with Kittleston that if the other proposals fall through, the CDC and Farrakhan would jointly purchase the market with a few concessions from FINAST, such as FINAST providing us with management help during the transition period, and selling us the current inventory (except for FINAST brand-name products). Kittleston agreed.

We then talked about the pros and cons of the two possible options about which we knew:

Option I. Gilbert Young purchases the store and waits to get a liquor license. If he gets it, he devotes about 1/10th of the limited sales area in the store to liquor. If he does not get it, we don't know if he will stay. The Alcoholic Beverage Commission has to hold a public hearing in Codman Square on the issue of licensing the store. (We went around the room and took a poll of what people thought the community's reaction to another liquor store would be. For the most part, we thought that they would accept it as a "necessary evil" to get a profitable, viable, food market into the Square. However, the people at the meeting do not necessarily represent the entire community.)

Option II. The CDC and Muhammad Farrakhan go into a joint venture to

purchase the market. We are not sure if we can make the market profitable without liquor sales. Farrakhan will not sell pork products.

The interim board will have to decide and vote on this joint venture if the other proposals fall through. There are four major issues:

If the store sells liquor, it can most probably stay in business. If it doesn't, it may not, or may not be able to offer competitive food prices.

Should the CDC get involved in a venture now, before we are incorporated and before we have any funding on which to fall back upon if the market fails?

Will the sale of liquor be carried on at the expense of the sale of food, or can Gilbert Young use the space more efficiently than FINAST has?

Can we somehow limit the sale of liquor to 1000-1500 square feet by adding a covenant to the liquor license or to an in-lieu-of tax agreement between Young and the City?

We should find out tomorrow whether or not Young will give up the idea of purchasing the market and whether or not we will have to rapidly put together a plan to take over the market.

Steven Blum and Sharon Soho, two attorneys who have been working with Jim Keefe and the By-laws Committee, told us that they were very excited about what we are doing in Codman Square. Blum warned us about a joint venture, saying that a partnership agreement holds a lot of legal consequences. He said that we need to incorporate right away if we do have to purchase the market. Incorporation prevents any one individual member of an association from being sued for the actions of the group.

There was some argument about the attorneys' rate of pay and we couldn't decide whether or not to sign the retainer agreement with Blum and Soho, or to go out and look for attorneys who would offer their services pro bono, or at less cost. Soho stressed that they were not in a position to offer us free services and that in legal work, "you get what you pay for."

Next, we discussed resources available to the CDC. I informed the group about my efforts to 1) get space for the BICs, 2) get student interns from U Mass, and 3) get an architect for the Lithgow Building and the facade improvement program. This last one really started a "rumble". Apparently, Tim had given a number of people the "assignment" to find an architect because Ada Focer and Priscilla Dillon both said that they thought that they were supposed to find one. A discussion ensued on poor communication in the organization, and the need to go through John Marlier, head of the Resources Committee, whenever we need people or materials.

Tim reported brief "minutes" of the January 17 meeting. At that meeting, people present were nominated and elected to positions on the interim board. The self-selected interim board is:

| | |
|------------------------------|---|
| Chairman | Timothy Clegg |
| Vice Chairman | Lloyd Kinnit (also Merchant Rep) |
| Treasurer | James Keefe (also Ashmont Hill Rep) |
| Corresponding Secretary | Patrick Cooke (also Codman Hill Area Rep) |
| Public Safety Representative | Sharon Butry |
| Membership Representative | Roger Dewey |
| Parliamentarian | Liz McNeil (also Melville Park Area Rep) |
| WECAN Area Representative | Sephus Osborn |
| By-laws Representative | Jack Melvin |
| Resources Representative | John Marlier |

Pat Cooke told us tonight that he could no longer do the duties of Corresponding Secretary. He resigned that position, but remained as Codman Hill Rep. We nominated Ed Tyler to the position. He will also be the Northwest Area Rep.

Interim board meetings are going to be held at least every other week, on the second and fourth Tuesday night of every month.

Roger Dewey talked about ways of increasing membership in the CDC. He told us that we needed to get out some kind of pamphlet and Jim Keefe showed us the Jamaica Plain Neighborhood Development Corporation (NDC) pamphlet and told us his idea for a Codman Square CDC flyer; one side

would have a copy of the news article that he has written for the Dorchester Argus explaining the goals and purpose of the CDC (see Appendix E). The other side would have a membership application similar to the one on the NDC pamphlet.

Clegg then told us that we should not put off designing a membership strategy because we need to outline it in order to get CDBG funding. Four more issues in which the City is interested as it reviews our CDBG application are:

- Who will be on the permanent board?
 - a. how many seats for residents,
 - b. how many seats for merchants,
 - c. how many seats for community organizations,
 - d. how many seats for city POLITICOS?!?!?!?

(Apparently the City is really pushing to have permanent influence on the CDC by having City people on the board. Last year CDBG funded a CDC in Hyde Park that turned itself into a Joseph Timilty Election Committee!)

What regulations of funding sources do we need to satisfy?

What will be our membership target area?

What will the eligibility requirements for members be?

We will discuss these four issues at the next regularly scheduled meeting to be held on February 15.

Thursday, February 1, 1979

I met with Dick Dwyer at the Dorchester Courthouse to discuss our need for office space for the BICs. Jim Marchetti showed me the available space in the Urban Court Program office and introduced me to some of the staff. They seem very supportive of what the CDC and the BIC program are trying to do. I think that it will be a good place for the BICs to work and it looks as if our chances for being able to move in are very good. The office

itself is nice, the Court program is open from 8:30 a.m. to 4:30 p.m., and the people there should be very helpful to Tillet and Corbett.

The BICs should be able to move in next Tuesday or Wednesday. Marchetti asked me to arrange for Don Reilly and Tillet and Corbett to attend a staff meeting the day they move in so that they can meet the staff and tell them who they are and what they will be doing. I reported all of this to Reilly and he is delighted. Marchetti will get back to me next Monday about the exact space and equipment the Court program can provide for us and the time for the staff meeting. Reilly and the BICs are willing to come any time and answer any questions.

I called the Telephone Company to find out about getting a special deal for a telephone, but they wouldn't budge from their exorbitant security deposit requirement. Luckily, the BICs can use the phones in the Urban Court Program office and we won't have to pay a cent.

I called Ron Naylor (the BRA Dorchester Planner) to tell him about our space requirements in the old library building. He is on the committee that is deciding how to allocate the space, I told him that the most we needed was enough space for four desks; two for the BICs, one for a CDC Executive Director, and one for a CDC secretary. However, I also told him that we would take space large enough to accomodate just two desks if it meant the difference between getting into the library and not getting in at all.

An architect, Don Contois, from Boston Architectural Center (BAC), called me today to tell me that he and another student, John Boyce, are interested in working with the CDC. Don Brown of the Community Design Center at BAC referred them to me. They are ready to go as soon as we are, which may be a while since we're so busy with the supermarket issue and dealing with issues of membership and CDC Board structure.

Friday, February 2, 1979

I met with Tim Clegg to find out what, if anything, is happening with Gilbert Young's proposal to buy the supermarket in the Square. Tim told me that the deal with Young is very likely to fall through; that he is not really interested in Codman Square, but is being pressured by the City. Apparently, he is getting offers of lower taxes on his Tremont Street store if he goes into Codman Square. He is currently paying \$50,000 annually in property taxes on the Tremont Street store. (It is interesting to note that the FINAST was paying \$30,000 annually in property taxes on its Codman Square store. Codman Square is very overassessed.)

Terry Kittleston at FINAST told Tim that "Operator X" was ready to close on the deal this morning, but that X's attorney's wife had to have induced labor and the meeting had to be cancelled. This sounds pretty fishy to me. In fact, all of the dealings with Operator X have seemed unduly secretive, since FINAST would never tell us who he was.

Things are looking grim and the CDC-Farrakhan joint venture may not just be the deal of last resort. It may be the only possible deal. If "Operator X" falls through, as we suspect he might, we are going to proceed as a definite buyer and meet with FINAST on Monday. As of now, we are all hanging on, to learn what happens with Gilbert Young and "Operator X".

CDC TO THE RESCUE

Sunday, February 4, 1979

This morning I got a phone call from Tim. He told me that the deal with "Operator X" fell through, Gilbert Young isn't interested in the store, and that we have to get incorporated within the next few days in order to purchase the market. Last night, the interim board met to decide

if we should rush ahead with the incorporation so that we could, in fact, purchase the market as a corporation, with no individual liability.

Today we met in Joanne Blaisdell's law office in Fields Corner to go over the by-laws and make sure that they fulfilled criteria for CDFC funding. Pat McGuiggan from CDFC was at this meeting and he told us the minimum and suggested criteria the by-laws should meet in order for us to get CDFC money. Under minimum criteria, we need to:

1. define the geographic area that the CDC is representing. This area has to be co-existent with already existing political boundaries such as wards, precincts, census tracts, etc.,

2. make eligible for membership any resident of the area who is eighteen years of age or older,

3. describe what non-residents can become members and how,

4. have a majority (at least 51%) of the Board of Directors elected by the general membership at large,

5. hold elections annually,

6. elect a certain percentage of the Board each year. Directors will have staggered terms. For example, a third of the positions on the Board will come up for election each year.

Under suggested criteria we need to:

1. decide who will make what decisions. Will the Board make all decisions, or will some go to full membership?

2. decide what crucial decisions the Board should be empowered to make in an emergency,

3. decide who can sign documents for the CDC and commit CDC dollars,

4. describe the rights and responsibilities of members. Will they get together only to vote once a year, or will they be active on committees

and at Board meetings?

5. define who can amend the by-laws,
6. describe how the Board of Directors will get nominated and elected,
7. describe the positions of which the Board will be comprised, and who will vote for what positions,
8. describe the duties and responsibilities of the various committees,
9. describe the responsibilities of each of the officers of the Board of Directors.

Pat told us that CDFC is looking for CDCs that are accountable to their members and representative of a whole community. They will fund only open, democratic groups. He told us that CDFC does not usually give funds to groups without an elected board. However, they will probably fund our supermarket venture even though we have not yet held elections and are operating under an interim board because 1) the supermarket purchase is an emergency, 2) we have been working for months and did not just create ourselves to purchase the market, and 3) we have already shown some good outreach efforts to get people to join committees and help form the CDC.

The meeting broke up into two parts; one to go over the by-laws and one to write up the statement of purpose for the articles of incorporation. I worked on the second committee. After we finished, I went back to the by-laws committee and worked on deciding who should be on the Board of Directors.

We went through all the by-laws to clarify them and clear out loopholes. The most important part of our efforts was to determine the positions that will be on the permanent Board. The section which addresses composition of the Board says the following:

"The Board of Directors shall be composed of three representatives from each of the four geographic quadrants as divided by Washington street and Talbot Ave/Centre Street and outlined in Appendix A; three representatives of the Codman Square merchants; three representatives of the organizations active within the boundaries of the corporation; the Boston Redevelopment Authority Neighborhood Planner; and the Office of Program Development Neighborhood Planner." (see Figure A)

We had to include these last two positions because of political pressure from the City. They wanted us to designate part of our Board to be City appointees. We settled on the BRA Planner and the OPD Planner because we felt that we could use their expertise, and at the same time appease Kevin White and the cronies who are deciding on our CDBG application.

Muhammad Farrakhan came to the meeting and told us about himself and that he thought the market would be viable, even without pork sales because he could cut down on a lot of losses by having a profit-sharing system with his employees. He told us that as much money comes into a supermarket "under the table" as through the checkout line. Receiving department employees pocket that money and the store owners never see it. He called these dealings "sweetheart operations." Since nobody in the room knew what he was talking about, he gave us an example:

The soft drink delivery person comes to store A to fill an order for ten cases. The receiving manager signs for the ten cases, but the deliverer only gives him five cases. The receiving manager marks up the price of the soft drink so the store will have enough sales revenue to cover the wholesale cost of ten cases, and the store owners never know that they only got five cases instead of ten. The deliverer then goes down the street and sells the five cases that he kept. He splits the proceeds from this sale with the receiving manager back at store A.

Well, we were certainly all shocked by this story, and to hear that it

goes on in almost every department in every supermarket. I'm certainly glad that I don't have to deal with the management of that supermarket; what a tough job! Farrakhan is going to be under management contract to run the store, which will be a wholly-owned subsidiary of the CDC, at least for the time being.

Tuesday, February 6, 1979

We held an emergency Board meeting to ratify the by-laws put together on Sunday the 4th, and to inform the Board members of the latest happenings in the supermarket situation. Tim opened the meeting by telling us that as of 5:00 p.m. today, FINAST had no offers, other than ours, for purchase of the Codman Square store. As of tomorrow, we will have an attorney named Jack Walkey, from Choate, Hall, and Stewart working for us pro bono.

The CDFC Board meets next Thursday, so we have to get a business plan and community impact evaluation into Pat McGuiggan fast. By next Monday, February 12, we need to have these two documents ready, plus the by-laws ratified. So tonight we had to go through the by-laws and clear up any problems or questions.

We dealt with issues in the by-laws that could possibly preclude us from obtaining CDFC funding, such as membership, elections, and Board powers and composition.

After going over the by-laws for too many hours, Tim filled us in, in as much detail as possible, on the supermarket situation. Walkey has designed two options to bring to FINAST when he and Tim meet with Terry Kittleston, FINAST's real estate manager, on Friday:

Option I. We propose to FINAST that they finance \$145,000 for our purchase of the store by taking out a second mortgage on the real estate

and leaving the inventory. We will pay back the \$85,000 for the real estate to FINAST over twenty years. We will pay back \$65,000 for the inventory over one year. First American Bank will take out an 80% first mortgage on the real estate. We'll use this \$68,000 for working capital.

Option II. We propose to FINAST that they not burden themselves with a second mortgage, but write off the store as a tax loss and sell it to us for \$20,000 or \$30,000. (These were serious proposals!)

Even if we can get one of these deals, we are still not certain if we should go ahead with the purchase. We have a commitment from First American Bank for the mortgage and a quasi-commitment from First National Bank for working capital. However, Muhammad is looking over FINAST's operating statements and will decide by Friday if we should go ahead. If we decide to go ahead, either FINAST has to make a deal with us on Friday, or Dorchester Fair Share will hold a demonstration in front of every FINAST store in Greater Boston until they cooperate.

Since everyone was pretty exhausted from going over the by-laws, Tim just raised two more important issues:

1) In FINAST's operating statements from the past three years in Codman Square, we found some very interesting things. They had been jacking prices "through the roof" in the last quarter of 1978. The average gross profit in the supermarket industry runs about 22% and this is what the Codman Square FINAST usually got. However, in the last quarter, the store was making a gross profit of 28%!

2) The labor issue in the store is unclear. FINAST recently signed a new contract with the Meatcutters Union which covers all employees. Although there is no successor clause, national union laws say that the

contract still applies even with a change of ownership. We might be able to get around the whole issue with an employee profit-sharing system.

Thursday, February 8, 1979

We are going to sign a purchase and sale agreement with FINAST tomorrow morning if the Board approves the move tonight. Over the past couple of days we have been trying to get FINAST to lower the sale price. The price that we finally agreed upon, and Tim will explain how at the meeting tonight, is \$50,000 for real estate and all fixtures (cash registers, shelves, etc.) FINAST will move its inventory out. We have to hand Terry Kittleston a \$10,000 down payment tomorrow morning, so Tim, Muhammad, and I sat frantically trying to think of a way to raise \$10,000 in eighteen hours.

Ada Focer spent her past two days going over the by-laws with Pat McGuiggan, and the Board will have to ratify them tonight.

John Wells from Police District 3 came to the Board meeting and told us that we have a mounted policeman in the Square until 1:00 a.m. every day, but that we need to ask the Mayor for police protection for the supermarket from 1:00 a.m. until daylight. Well, tomorrow we will have an opportunity to ask the Mayor because we are going to hold a press conference in front of FINAST to announce the outcome of the morning meeting with Terry Kittleston. At that press conference, we will either praise FINAST for their cooperation or announce that they refused to cooperate with us. If, by the time of the press conference, the Mayor has not agreed to get us the additional police protection, we will ask him for it in front of the TV cameras. He won't be able to refuse then!

Tim told us that Jack Walkey presented the two options outlined on

Tuesday night to Terry Kittleston. He offered us a deal in which FINAST would sell the store for \$25,000 if they could keep the option to sell to anyone else at a higher price if they got an offer between the time we paid the down payment and the time we gave them the rest (about 3 weeks). Muhammad refused to accept this agreement because he will have to give up his current job to manage the supermarket and if FINAST finds another buyer, he will be out of a job. And he has seven kids!

FINAST decided to rescind this offer anyway and split the difference between the original selling price of \$85,000 and the \$25,000. We agreed on a price of \$50,000 with a down payment of \$10,000.

We are getting a good price. The First American Bank appraised the real estate and fixtures at \$110,000 and agreed to give us a loan for 80% of that amount or \$88,000 for twenty years at 10% interest. FINAST will also make a lot of concessions over the next three weeks if they can make a straight \$50,000 sale with us. They will:

- Maintain security in the store until we get the additional \$40,000 from First American and pay it to FINAST,

- Keep the utilities working until we reopen the store,

- Board up all windows on Saturday, February 10,

- Replace all the broken windows.

Where will we get the money for inventory? We have to put together a proposal for CDFC funding this weekend. Luckily, CDFC has been receiving a lot a pressure from Governor King and Lieutenant Governor O'Neill to help the neighborhoods that were affected by FINAST closings. We need working capital and we plan to ask CDFC for \$150,000 straight equity. Since they will almost definitely refuse this, we will ask for a combination of equity, loans, and loan guarantees.

We are also going to seek direct funding from the First National Bank, for \$150,000, either under conventional financing or with an SBA or CDFC loan guarantee. If we can get an SBA loan guarantee on the mortgage from the First American Bank, we can probably knock a point off the interest rate of that loan and get five more years to pay it back.

In order to go ahead with the deal, we had to find \$10,000 for the down payment. People at the meeting, Board members and interested persons from the community, pledged money for the store's down payment. It was really amazing. These people will all get their money back in about three weeks when the financing from the First American Bank loan comes through. People pledged anywhere from \$50 to \$2000. The enthusiasm in the room was great and we collected the \$10,000 in about a half hour from residents, merchants, Dorchester Kiwanis Club, the U.S. Congressman who is from Dorchester, and the Dorchester Massachusetts State Representative.

The Board had to take three actions with regard to the deal:

- 1) resolve to purchase the market;
- 2) resolve to sign promisory notes to those persons contributing to the \$10,000 down payment;
- 3) resolve to authorize Jim Keefe as Treasurer of the CDC to sign the promisory notes and the purchase and sale agreement with FINAST.

All three resolutions passed unanimously.

The last thing we had to do was ratify the by-laws. Ada, who has been working non-stop to get them into final shape, went over the changes as quickly as possible. The by-laws, too, were unanimously ratified.

Friday, February 9, 1979

We had a press conference in the Square today. Kevin White did not, however, show up. Vice Mayor John Sullivan did come and he announced

the sale to a lot of television cameras, reporters, and excited community residents and merchants. The CDC purchased a supermarket today for \$50,000!

In front of the TV cameras, Tim asked Sullivan for police protection of the store from 1:00 a.m. to 7:00 a.m., from the time the CDC takes possession of the store until the time we reopen it and have our own security people. The trade-off for Sullivan to get his face on television is to get us that security for a few weeks.

Saturday, February 10, 1979

We held a celebration in the Square today. Workers were boarding up the windows on FINAST, people were trying to do their "last chance" shopping, and people from the CDC and about ten neighborhood kids were running in and out of the store painting messages on the plywood:

"OPENING SOON
UNDER COMMUNITY
OWNERSHIP"

"OPENING SOON UNDER
CDC MANAGEMENT
WON'T YOU JOIN CDC?"

We passed out membership applications to everyone in sight (see Appendix F). All of this was done with a thermometer reading of about 5 degrees. Not even the extreme cold could quell all the excitement in the Square today. We need all the publicity from the celebration to let people know that the store will reopen in a few weeks. We don't want people to get out of the habit of shopping in the Square. To aid in this endeavor, Al Waterman, President of CSMA, passed out pamphlets that told people where they could purchase food in Codman Square until the supermarket reopened.

Tim and I left this freezing frenzy to meet Muhammad at his MAPC office and work on the CDFC application. We decided to ask CDFC for half of the required working capital (\$75,000) and to ask First National Bank for the other half. I cut and pasted, and added to Muhammad's business plan that he had written for the VIVA Supermarket that the Grater Roxbury CDC had

planned to take over from Stop and Shop. That deal never went through. Muhammad worked away at his calculator, putting together income statements and projections, and by 5:00 p.m. we were all too exhausted to do anymore work.

Sunday, February 11, 1979

We met again at Tim's office (this time with Don Reilly) and finished the Business Plan and the Community Impact Evaluation for the CDFC application. These are due at Pat McGuigan's office tomorrow at 12:00 noon so he can prepare a recommendation for the CDFC Board meeting to be held on Thursday.

The Business Plan for the application had to include the following:

Statement of Purpose

The Business:

- description of business and product
- market and competition
- general industry data
- location of business
- management
- personnel
- plant and equipment
- application and expected effect of equity and/or loan from CDFC

Financial Data:

- sources and applications of funding
- capital equipment list
- balance sheet
- breakeven analysis
- income projections (profit and loss statements) and balance sheets
- pro-forma cash flow
- historical financial reports for existing business

Supporting Documents:

- Muhammad's personal resume
- job description
- credit reports
- letters of support from other community organizations
- CDC By-laws, etc.

The Community Impact Evaluation had to include:

Proposed Relationship Between the CDC and the Business:

- descriptive history
- role of business within the community
- stock ownership
- membership on Board of Directors
- involvement in management decisions

Employment:

- number of persons and pay levels
- number who will be employed from within CDC area and mechanism for this objective
- job advancement and management opportunities

Taxes and Public Revenues:

- real estate taxes
- corporate excise taxes
- unemployment benefits avoided
- provision of social services avoided

Economic Linkages

This is all outlined in the CDFC Handbook.

Monday, February 12, 1979

Muhammad, Tim and I brought the CDFC application, on which we had worked through late last night, to Pat McGuiggan. He and the other CDFC staff will prepare a recommendation for the Board meeting on Thursday based upon our Business Plan and Community Impact Evaluation for the supermarket venture.

The CDFC staff could have told us that the plan wasn't "tight" enough. (After all, it was obvious that it had been a "cut and paste job" from the amount of time that we had to put it together, and that the last few pages were handwritten.) However, they agreed to present a recommendation of support to the CDFC Board. It looks like we have a 50-50 chance of getting CDFC financing for the inventory.

Usually, CDFC wants to support industrial jobs rather than retail establishments. They claim that jobs in retail establishments are unskilled

or semi-skilled and offer no future. We disagree. We want the supermarket employees to participate in management decisions.

If CDFC rejects the application, we will have to ask First National Bank for the entire \$150,000 needed for working capital. We also submitted the Business Plan to First National Bank today to ask for \$75,000 to finance the supermarket inventory. The bank has some problems with lending to the CDC. If the supermarket did not make its loan payments, the bank would feel that it could not "foreclose on the community."

The bank did not make a commitment, but they offered to take the initiative to get a 90% SBA loan guarantee. Usually, the loan applicant is responsible for getting the SBA guarantee.

A very spirit-lifting thing happened today, something which we all need because we are exhausted from preparing the Business Plan. Lloyd Kinnit wrote up a letter of support for us to attach to the CDFC Community Impact Evaluation. The letter explained the debilitating effects that a supermarket closing would have had on Codman Square merchants, and gave support for the CDC. Eighty-eight out of the ninety merchants in the Square signed the letter in a matter of a few hours this morning.

Tuesday, February 13, 1979

The Board met tonight at the church. Tim reviewed the supermarket situation for everyone by informing them of the:

1. purchase of the supermarket and the press conference on Friday, February 9th,
2. the celebration and FINAST's closing on Saturday, February 10th,
3. the completed CDFC application,
4. submission of the Business Plan to CDFC and the First National Bank for \$75,000 each for working capital and inventory for the supermarket.

He passed out an "organization plan" for the way in which the CDC would manage its responsibilities for the supermarket (see Appendix G). The plan includes a Consumer Community Advisory Board made up of merchants and residents, and a Business or Market Advisory Board made up of an attorney, an accountant, First American Bank, First National Bank (if they make the loan), CDFC, and a supermarket management consultant.

The supermarket will be a wholly-owned subsidiary of the CDC until such time as the employees and Muhammad Farrakhan begin to buy back shares in the venture.

Next we talked about the membership drive and outreach efforts. Roger Dewey is going to put together a revised membership application with an explanation of the by-laws that deal with membership, nominations, and election. We want to use the Urban Court Program Office as our return address. The office staff can give all CDC mail to the BICs. This new application will go out in the next Merchants Association mailing.

We stressed the importance of reaching the black community through the media. Lloyd Kinnit agreed to contact WILD (a local black radio station) about getting onto their talk show and answering questions about the CDC. We are also going to try to get a news report on Black News and to have the Bay State Banner report on CDC happenings. Robin Pearson, who works in Bisi Jackson's boutique in the Square and has experience with the media, is going to coordinate this.

A while ago we had set up a quasi- real estate committee headed by a Codman Square resident named Norman Janis. Janis is supposed to be coordinating the research on title searches for commercial property in the Square and putting together an inventory of property taxes currently being paid on these properties and a list of property owners. Janis

hasn't advanced very far on this. He obviously doesn't feel the urgency that most of us do. He wasn't caught up in the momentum of the entire supermarket venture. Don Hubbard is still diligently doing title searches on his own, and looking for the owner of the Lithgow Building. We may take the committee out of Janis' hands and give his responsibilities to Robert West, who is away in California and can't be here to refuse.

We returned to discussing the status of the supermarket. We will hear the results of the CDFC proposal on Thursday. Muhammad Farrakhan is the key issue between us and CDFC. The only security that a lender has in a venture which is as risky as ours, the only guarantee of viability, is the quality of management. Muhammad will be working for the CDC under a management contract to the supermarket which will be incorporated as a for-profit subsidiary of the non-profit CDC.

We will pass papers on the real estate for the supermarket on Friday, February 23. As of that date, the CDC will be responsible for insurance, security, and setting up an operation. After we take title on the supermarket, we need to decide the appropriate time to reopen. The issue has two sides:

1) We are anxious to open as fast as we can. Other merchants in the Square are losing customers when people purchase food in other locations. We also don't want people to get too settled into the habit of grocery shopping in areas other than Codman Square.

2) However, the store must be completely ready. People won't give it a chance if it is insufficiently stocked and poorly run when it first opens. Many neighborhood groups from East Codman Square have pledged their support for the market. If the members of these groups who did not shop in the FINAST but drove to markets in shopping centers such as Morrisey

Boulevard, find a store that has half-empty shelves and cashiers who don't yet know what they're doing, they won't come back a second time. We have to be a good supermarket to hold onto current Codman Square shoppers and attract new ones. We have to give Muhammad enough time to make the store a good one.

The accounting firm of Alexander Grant, Inc. is providing us with pro bono services in this venture. They worked with Muhammad all day today, nailing him down on every assumption he made in preparing income statements and projections for the store. They will examine Muhammad's financial statements and put them into shape to make sure that the venture will be working on solid ground. They will also set up an accounting system for payroll and inventory checking. These accountants will be on the Business Advisory Board.

Our immediate legal needs for the supermarket are to 1) negotiate a management contract with Muhammad Farrakhan, 2) incorporate a for-profit subsidiary of the non-profit CDC, 3) negotiate with CDFC, and 4) have legal help on the Business Advisory Board. Jack Walkey, from Choate, Hall, and Stewart, our attorney in the purchase and sale, can no longer represent us because his firm represents CDFC. So we are again searching for high quality pro bono legal assistance.

Wednesday, February 14, 1979

Tomorrow is the CDFC Board meeting at which they will decide on our proposal for \$75,000. I was in contact with Pat McGuiggan for most of the day. He was telling me about holes in our application and the specific things that we needed to clear up, such as the exact geographic area to be covered by the CDC. He told me that, at first, he didn't foresee any problems with getting Board approval, but that Board members were beginning

to question our credibility as representatives of the community. He suggested that we get letters or other documents of support from community organizations in Codman Square. We did some quick overnight calling and got letters of support from Dorchester Fair Share, WECAN, and the Codman Square Civic Association. We also found a statement of support by the Shawmut United Neighbors in an article in the Dorchester Argus Citizen.

Tonight I did telephone surveys for the shoppers survey in voting precincts contiguous to the Codman Square retail strip. About ten people had committed themselves to show up at City Hall, but only four actually came. We only completed about thirty surveys. We are going to try again in a few weeks. The volunteers were Northeastern University students (from John Marlier's classes) and they have mid-term exams this week. When their exams are over, we will try to reschedule a time for these people to recommit themselves to a few painful hours of surveying. It's bad enough when people hang up on you or yell at you at the beginning of the survey, but it's even more frustrating when, in the middle of the call, they decide that they won't answer any more questions.

Thursday, February 15, 1979

Tim, Jim, Ada, Muhammad, and I spent the day at CDFC and after that we all went out to celebrate! The CDFC Board, after a great deal of discussion, during which we were all getting very nervous, voted unanimously to delegate to their staff the responsibility to put together a deal to provide \$75,000 to the CDC as working capital for the supermarket. In the beginning, things did not look good, but by the end of the meeting, the CDFC Board had so much confidence in Muhammad that they approved the investment and will offer us some combination of equity and loan.

Muhammad was great under fire. He really increased our confidence in him. Needless to say, we were all overjoyed at CDFC's decision, and we felt our hours of turmoil on the application and the by-laws preparation had paid off.

Friday, February 16, 1979

I met with Stephen Strahs, the planner at OPD who is reviewing our CDBG application, and talked with Ron Naylor, the BRA Dorchester Planner, on the telephone. We have many loose ends that need to be tied up. CDFC will ratify the staff's investment package proposal if the City of Boston agrees to support Codman Square in its revitalization efforts in a manner that is "satisfactory" to CDFC.

I told Strahs that we wanted to put an addendum request for \$10,000 onto our CDBG application. After the real life experience with the supermarket venture, we realized that we may well need to pay accountants, lawyers, etc., for future development projects. I told Strahs that we may need the extra \$10,000 for professional and consultant fees for such purposes. We also need to have a foot patrolman in the Square from 1:00 a.m. to 7:00 a.m. and want to add a request for that to the CDBG proposal. I don't know what will happen with our request. I have the feeling that we are going to get less money than we asked for in the original application. We will definitely get some funding, even though Strahs keeps insisting the CDBG "pot" is not very large.

I told Ron Naylor about the conditions for CDFC Board ratification of the deal and asked him about various ways in which the City could assist Codman Square. I suggested the following, and he was very amenable to helping us get them:

- 1) physical improvements: trees, trash receptacles, better street cleaning and road maintenance,
- 2) a tax abatement for the supermarket,
- 3) better traffic control in the Square, perhaps providing for a parcel pick-up lane in front of the supermarket,
- 4) the 1:00 a.m. to 7:00 a.m. patrolman from February 23 (the day we become responsible for the store) until we can move in with our own security,
- 5) assistance in putting together an Economic Development Administration (EDA) application for loans for storefront improvement.

Tuesday, February 20, 1979

I met with Kate Day and Babette Racca, two Harvard City Planning students, and we went over possible funding sources in a book written by the Massachusetts Division of Social and Economic Opportunity, Department of Community Affairs, entitled Funding and Assistance Sources for Massachusetts Community Economic Development Organizations. I am going to call approximately six private foundations that have given to community development groups in the past. We are also going to look into grants from the New England Regional Commission, United States EDA, SBA, and Community Services Administration (CSA).

Don Hubbard found the owner of the Lithgow Building; an eccentric millionaire who lives in Newton. He asked Tim and me to meet him at 4:00 this afternoon in the bar at the Ritz. When we asked him where that was, there was dead silence at the other end of the phone. He knew who he was dealing with then.

Our meeting was "interesting" to say the least. The owner's name is Cecil Rose and he enjoyed talking about everything but the subject of the

meeting. Finally we got around to the purpose. We offered him \$10,000 for the Lithgow Building and he almost choked on the white wine he was drinking out of the spotless stem glass embossed with the Ritz Carlton emblem. He told us that he could sell the building for \$65,000. (Why doesn't he then?)

Anyway, we tentatively decided on an arrangement whereby he would sell us the building for \$1.00 and take a tax loss on it. We would then pay him \$7,000 a year for five years for "construction consultant services." I don't think we should give him a penny! He has let that building sit there and rot for six years. He told us what a wonderful location the Square is and how much money we could make on the building. If he really believes that, why doesn't he develop it? He is substantially in tax arrearage on the building. Perhaps the City can take it under tax title and give it to the CDC. That, however, could take years.

Robert West is back from California. All he had to do was volunteer to help, and Tim made him head of the Real Estate Committee, replacing Norman Janis. Bob is going to work with Don Hubbard to put together a development package for the Lithgow Building and try to get Rose to sell us the parcel at a more reasonable price.

I think that many people came out of tonight's Board meeting with bad feelings. Maybe we are all just exhausted. We talked about the membership drive, nominations, having open meetings, the current status of the supermarket, and today's meeting with Cecil Rose. We have an immense amount of work to do with the Board nomination deadline on March 27 and the Board elections on April 10th. People were not jumping up and volunteering for everything like they were a few weeks ago. We all need a vacation from CDC business for a while and this is certainly no time to take it.

I feel an urgency to get the word out about the CDC and to have the broad-based community support that we desperately need in order to have any credibility. It's not just broad-based support, it's broad-based involvement in decision-making and work that is most important. If we weren't up to our necks in getting ready for the supermarket, financial matters, tax abatement agreements with the City, negotiations with CDCFC, putting together a contract with Muhammad, and promoting the store opening, we would have the time that we need to concentrate on :

1) expanding the group which really seems to be becoming a clique of some sort,

2) applying for funding so that we can do some of the development projects we plan, plus pay a staff,

3) preparing for nominations and elections. They are so close and people in Codman Square just don't know who we are. Sure, we have fifty members, and everyone knows that something called CDC now owns the supermarket, but they don't know what CDC, as an instrument of community-based economic development, wants to do and is capable of doing.

I think that people outside of this little clique (comprised of the interim Board, Ada, and myself) do not really know what is going on when they come to a meeting. We use too much legal jargon about "wholly-owned subsidiaries" or "management contracts," so that people are getting lost and, as a result, losing interest in what we are trying to do. It's very difficult for us to realize that we're doing this because most of the people in the center of CDC understand these things, but people who haven't been following what we're doing all along don't know what the hell we're talking about.

We have to slow down and make sure that we have solid community support

behind us, and up front with us. But, we don't have any time to slow down, and haven't had any, in which to think about how to organize broad-based community support and involvement.

We definitely have to put off any more development project work until we get a bigger and better membership. Certainly a CDC is in the development "business" (after all, we are a corporation,) but it shouldn't be primarily a business. Even though all of the physical blight in Codman Square makes us want to go ahead and start rehabilitation right away, we need to look behind us and make sure that the community is back there. That blight has been there a long time, And, even though it's distasteful to people like me with our solid middle class values, it can stay there a little longer. It can wait until the CDC, which has "community" as its first name, has the support and involvement of a broad and large spectrum of people in that community.

At the Board meeting, we discussed various strategies for the membership drive and the nominations for the April 10th elections. We targeted a membership of 200 to 250 people by that date. This is about 10% of the population in the geographic area specified in the by-laws. Roger Dewey reported that his committee will continue to send speakers to local neighborhood organizations and street associations to talk about the CDC and explain membership, nominations, and election procedures.

We decided to hold and publicize open community Board meetings every other week so that we can inform a greater number of residents about CDC activities. Roger and Jack Melvin will organize publicity for these meetings. Sephus Osborn and Liz MacNeil will head up a nominations/elections committee that was established tonight. The new membership flyers that Roger will soon be sending out will include an explanation of nominations and election procedures.

CDFC is going to provide us with the following financial package: \$25,00 in equity, \$50,00 in loans at 3% interest for the first year and at 12% interest for subsequent years. We will have a total of seven years to repay the loan.

We established a Board of Directors to govern the supermarket (see Appendix E). The Board will be comprised of Ada Focer, Sephus Osborn, Tim Clegg, Jim Keefe, Ed Tyler, a CDFC representative, Joey Katz who owns the hardware store in the Square, and Carl Robinson who owns the Donut Chef. This Board will pull together a consumer advisory council for the supermarket and Jim Keefe will chair that council.

Friday, February 23, 1979

I've been trying all week to get in contact with Bruce Havermacky at Project Headway in the YMCA. Dan Butry and John Marlier found some people who are interested in going from store to store in the Square to explain the CDC to every merchant, and to ask for their support. While these people are going to the merchants, we might as well have them explain Project Headway since the program needs merchant participation in order to operate. I finally reached Havermacky and set up a 9:00 a.m. meeting with him on Monday, February 26. At that time, he and I will meet with Amy Edwards and Richard Wright, two seminary students referred to us by Dan Butry. Havermacky will explain the program to them and arm them with pamphlets explaining Headway to the merchants.

Roger Dewey is going away for a month! Even though he warned us about this a long time ago, it's a hard time to transfer all of the responsibility for the Membership Committee to someone else. Jack Melvin volunteered to take over the duties of the committee and incorporate preparation for nominations into the duties of the Membership Committee. Since the new

membership application that Roger is preparing outlines nomination and election procedures, we can get all of the CDC information out with one flyer distribution.

Saturday, February 24, 1979

I spoke with Tim this afternoon (he sounded exhausted) about the passage of papers on the supermarket property which occurred yesterday. There is a problem with the tax abatement that we are trying to obtain on the property. FINAST has been paying \$31,000 per year in taxes. Each year they have applied for a tax abatement and the City has ignored their request. Manny Berk said that we can use their application to get a tax break for the CDC-owned market. Anyway, we needed a lawyer to handle our dealings with the City on the tax abatement. When we found that Jack Walkey could no longer be our attorney because of the conflict of interest with Choate, Hall and Stewart representing CDFC, we couldn't go ahead with working out a tax agreement with the City. We decided to let it wait until we did have an attorney.

FINAST insisted that, if we got a tax abatement, we would have to share our savings with them since they had already paid a portion of the property taxes for this year at their current tax rate, and had prepared the application for abatement. We never paid much attention to this. When we found a new attorney to work pro bono, Nan Dufly of Warner and Stackpole, we had her busy immediately preparing a management contract with Muhammad Farrakhan and the CDC, and incorporating the for-profit subsidiary. She is now away on vacation for about a week.

Well, yesterday it caught up with us. First American Bank has the responsibility to make sure that we can pay the taxes on the property. They have to see our tax agreement with the City in writing to give us the

mortgage. The City has agreed to give us an abatement, reducing the taxes on the property from \$31,000 to \$10,000 annually. FINAST has to assign the rights of this abatement to us because they initially applied for the abatement.

The City will not grant an abatement for a portion of the fiscal year, but only for an entire year. FINAST has already paid \$15,000 in taxes, \$5,000 over the new rate. So we have to pay FINAST back \$5,000.

In accordance with the amount under the old tax agreement, which still applies until First American Bank sees the written agreement for the new amount, we had to put \$10,000 (the amount due on the \$31,000 rate for the last third of the fiscal year) in an escrow account at the Bank. Now we can't pay back the promissory notes to the people who put up the \$10,000 for the down payment until we get the written agreement from the City for the new tax rate.

Monday, February 26, 1979

I met with Bruce Havermacky at the YMCA this morning. Richard Wright and Amy Edwards, who said they would come, did not. A snow storm surprised us all this morning and since Amy and Richard had to drive in, I'm sure that poor road conditions was the reason they didn't make it. Actually, it's a good thing that they didn't come because Bruce Havermacky didn't have anything ready for them. He was supposed to have given them explanations of Project Headway for distribution to merchants, but he hadn't made any copies of it. I'm going to give his number to Amy and Richard and they can meet with Bruce at their own convenience.

Tuesday, February 27, 1979

Fourteen people attended tonight's Board meeting. Roger Dewey reported on what the Membership Committee has been doing. They've made presentations

at about fifteen community group meetings throughout the neighborhood and will continue to do these. Roger prepared, and is having printed, a new membership form which is the same as the previous one on one side, but on the other side, explains nominations and election procedures. It also includes a map of the CDC target area, divided into the four quadrants which will have three Directors each on the Board (see Appendix H).

Jack Melvin, taking over Roger Dewey's duties on the Membership Committee, is going to organize a flyer distribution on Saturday, March 3, during which he will have people pass out a flyer which announces the two open meetings on March 6 and 20th.

Next, we started talking about some of the issues about which I was concerned last week. How can we build our community base and keep members who aren't on the Board connected with what is going on? Bisi Jackson talked about the need for better administration so that we know what everyone else is doing. She complained that she often didn't understand what we were talking about, and others agreed with her.

Robin Pearson, whom Muhammad is going to hire as assistant manager for the supermarket, volunteered to head up a Public Relations Committee. She will go to radio stations and newspapers to inform them of what we are doing, and everyone will be responsible for reporting what they, or their committee has done. They can report these things to Robin by telephone or by writing something up and leaving it for her in the supermarket or Lloyd Kinnit's store. Through this required reporting mechanism, Bisi, who will be the CDC staff administrator, and I will keep track of what is happening in the many different directions that Board members and others have gone.

Lloyd spoke with Sylvester Jackson at WILD. He should be going

on WILD's talk show soon to answer questions about the CDC. He also sent Jackson a copy of the newest membership application and the Argus article that Jim Keefe and Chris Lovett wrote. Robin told me that a lot of blacks don't listen to WILD as much as they used to, and that we need to get information about the CDC on WBOS. People want to hear music and WILD has mostly talk shows, so blacks have changed their listening allegiance to WBOS.

Tim then reported on the supermarket situation as of today and told about our problem with the tax abatement. People who had put up the \$10,000 for the down payment did not complain at all when he told them that it would be a while before we could repay on their promissory notes.

It looks like it's going to be at least two more weeks before we can get our working capital loan from First National Bank with an SBA guarantee. Since we need to pay Ferrara, the wholesaler, \$100,000 cash up front before he will deliver anything to the store, this delay in the bank loan will delay the opening of the store. So Tim and Muhammad went to Unity Bank and Trust with the same request as that which we had made of First National Bank. We told them that we need to open the store up sooner than the delay in the First National Bank loan will permit.

Unity official Ted Wilkin told Tim and Muhammad that Unity was "hurt" that we hadn't come to them before. They wanted to know why we were going to give all the publicity to First National Bank when they were pulling out of Codman Square. Unity will review our Business Plan and get back to us soon about whether or not they can make the loan. Maybe they will be able to move faster than First National Bank.

The Board agreed unanimously that even if Unity couldn't get us the money faster, but could only get it at the same time and under the same

terms as First National Bank, we would borrow it from Unity. This would familiarize residents and merchants with The Unity and make them accept the new bank more readily when it moves in to replace the Codman Square branch of the First National Bank. We could announce that the supermarket was made possible with the help of Unity.

Ron Contois and John Boyce, the two architects from the Community Design Center at BAC, and Tim, and Don Hubbard went through the Lithgow Building today. They found both fire and water damage. Cecil Rose has lowered his price and Bob West and Don are negotiating with him to further lower the price. Now he wants a total of \$25,000 over five years for "construction consulting services." He wants \$5,000 of this up front.

Judy Willet, who is a Codman Square resident, a social work graduate student at Boston University, and Director of the Youth-Senior Task Force out of the Boston Housing Authority (BHA) elderly housing complex in Codman Square, spoke at the meeting. The Task Force is comprised of three elders, four other community members, Judy Willet, and one other social worker. They hope to deal with crime, muggings, and vandalism committed by youths against the elderly. The BHA elderly housing complex is located right next door to the YMCA.

With Judy, we discussed possibilities for an "elders Food Van" to deliver food to the housing complex or to transport elders to the supermarket. The "YESCORT" service, in which YES kids, through the YMCA, help elders do their shopping hasn't worked for these people because they are afraid of the kids. The Cambridge Food Cooperative is selling its old "Elders Van" for \$500, so we're going to look into buying it.

Wednesday, February 28, 1979

I got together with Bisi Jackson to talk about how we can work together as administrators to make the CDC business go more smoothly and make sure that everyone knows what's going on in each committee. We decided that from now on, at every Board meeting, and starting at the open meeting next Tuesday, each Board member, plus Robin, Bisi, and myself, would report on what we have been doing and what we plan to do in the next week. This system may make people take more responsibility, but at least, everyone who attends a meeting will be more fully informed. We will also find out, a little in advance, what type of help people will need so that we can use our "Resources Committee" network, run by John Marlier.

Saturday, March 3, 1979

We had a rush job of printing the flyers to advertise the two open meetings on March 6 and 20, and rounding up people to distribute them in the Square. John Marlier's Resources Committee is working well as a mechanism for people to report their "people needs" and get those needs met. We now have a short list of "warm bodies" who we can call on to do small tasks at short notice. So, today we had about six people handing out announcements in the Square from 11:00 a.m. to 7:00 p.m.

We are also using another source of "people power" very creatively. The Dorchester District Courthouse, which is located right in Codman Square, has a work crew. The people on this crew do work in the community rather than serving short sentences or paying fines for minor criminal acts. So sometimes they are available to do work for the CDC. They painted the BIC sign which sits in the window of the Urban Court Program offices, and, over the past few days have been walking up and down the residential streets in the neighborhood to stuff membership forms in mailboxes.

Monday, March 5, 1979

The supermarket Board of Directors elected Ed Tyler to be the Board President and approved Robin Pearson as the supermarket's assistant manager. The Board defined its role by discussing the issue with Muhammad and Robin. They decided that they should act as an aid to Muhammad, to be a buffer between the store and the community. Consumers can direct broad policy questions to the Board, but Muhammad will answer the day-to-day needs, and make the day-to-day decisions in the operation of the supermarket.

The Board will have final approval over the hiring of key personnel. We want the staff to comply with affirmative action and reflect the ethnic makeup of the community as much as possible. Muhammad has placed advertisements in the newspapers. He and Robin will screen all applicants and present the qualified ones to the Board for a final decision.

Muhammad submitted his proposed management contract and gave a copy to each supermarket Board member. Our new attorney, Nan Dufly, has returned from vacation, and we will give her a copy of this proposal to tighten up for final Board approval.

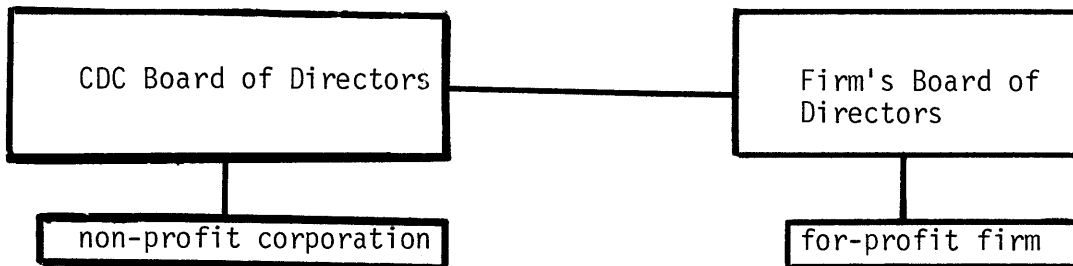
Ron Contois and John Boyce presented design proposals for facade and interior renovations of the supermarket. The Board selected one of these. It will cost about \$2,200 plus some additional cost for electrical work. Ada Focer will be in charge of contacting building contractors and working with the architects.

Jim Keefe talked about the On The Job Training (OJT) Program in which the federal government pays half of a worker's salary with CETA dollars if the business involved will agree to hire the worker after their CETA grant runs out. Robin will be the first supermarket employee hired under OJT

The Board also briefly discussed special services that the market could

provide such as a delivery service to cars parked far from the supermarket, and a van for delivering food to elderly people's homes throughout the Square.

The set-up of the supermarket Board in relation to the CDC Board falls into a model that is commonly used by CDCs for controlling their for-profit subsidiaries:



Often, about 60% of the members on the Board of the for-profit subsidiary are also on the Board of the not-for-profit parent CDC.

Tuesday, March 6, 1979

About thirty people attended the first of the widely-publicized open meetings. I don't know if this number is good or bad. Each Board member, plus Robin, Bisi, Muhammad, and myself, reported on what we have been doing. Emmet Schmarsow presented a slide show on Codman Square, which included pictures of the celebration outside of the supermarket on February 10, the day of FINAST's closing.

More membership applications were distributed throughout the Square today by the work crew from the courthouse. Angel Dias, a Codman Square resident, volunteered to have the applications translated into Spanish, Creole, and French so that we can make sure that we are reaching every Codman Square resident. Residents in the "audience" of this meeting were very interested and helpful. One is a member of the Boston Community Media Council so Robin will get together with him to make connections with

the media for publicizing the CDC and its activities.

One resident questioned the need for having two City appointees on the CDC Board of Directors. We answered his question by reiterating the answers to our own questions of a month ago when we were designing the Board composition as we wrote the By-laws.

Muhammad talked about the store. It should be about three more weeks before we can open. He has been receiving bids from security companies-- three that would provide guard services and two that would provide electronic alarms. He stressed the importance of security and employee and community support and cooperation for the store; that pilferage could put a store out of business in two weeks. He told us that he would never have become involved in the venture except that he realized how committed the CDC was to making it work.

One resident asked him what we are doing about promotion and Tim answered that in May we can get the Fenway Frankmobile and Jim Rice from the Boston Red Sox into the Square! Otherwise, promotion is not going very well. We need help!

Tuesday, March 13, 1979

A great deal has happened in the last week. Tim has spent most of his time working on the supermarket venture. The lines of division of labor in the CDC are becoming well formed. As administrative staff, Bisi and I are performing management tasks, and members of the various committees and Boards are carrying out their responsibilities. The most active of these Boards, right now, are the supermarket Board of Directors and the Membership/Nominations Committee.

Bisi is working on communications within the CDC, finding out what each Board member is doing and keeping track of their completion of specific

tasks that need to be done. Robin Pearson is setting up a communications network with the "outside world" by contacting various newspapers, television stations, and radio stations in an attempt to get them to do a story on the CDC. Jack Melvin is carrying on with the membership drive, informing community residents about the CDC and nomination procedures.

We will be receiving approximately \$28,000 in CDBG funding from the City of Boston, and I have to write grant proposals in order to obtain additional funds.

Today, I met with Steve Dawson of the Industrial Cooperative Association, Inc. (ICA). The CDC and ICA are going to submit a joint grant proposal to various private foundations in Greater Boston. The proposal will request \$12,000: \$4,000 to finance legal fees for the supermarket, \$4,000 for accounting fees, and \$4,000 for ICA to design a community/worker ownership system for the supermarket. We will need a great deal of legal and accounting help with this system because of its unique structure (see Appendix Appendix I).

The competition for private foundation funding is fierce. Greater Boston foundations receive about 200 applications each year from community groups that want to renovate blighted or abandoned structures and administer community services to revitalize neighborhood commercial strips. Not very much differentiates these groups, and foundations cannot distinguish one from the other unless there is some personal contact person--it's who you know.

However, how many of these organizations own a supermarket? Only one, and that is how we plan to make the foundations notice us. If we can get their initial support by being unique in our development of a community and worker-owned supermarket, then we can probably receive funding in coming

years for programs which are not quite as unique. If anything is going to open the "foundation doors" for us, it's that supermarket.

I spent yesterday afternoon in the library of the Associated Foundations of Greater Boston (AFGB). AFGB is located in downtown Boston on the fifth floor of 294 Washington Street. AFGB offers an orientation of how to use their library. You must attend one of these sessions before using it. AFGB provides staff support to grant-making foundations and assists grant seekers in understanding the process of applying for, and obtaining, private foundation grants. The AFGB Annual Report explains the organization's purpose and gives detailed information about its member foundations.

The first step in applying for foundation grants, as outlined in the AFGB orientation, is to find out if anyone on your Board, or in your community, knows anyone who is a member of, or is at all connected with, the Boards of those foundations to which you plan to apply for funding. So, at tonight's Board meeting, we passed around a list of all the names I could find associated with various foundations. The foundations I included on the list were those to which ICA has applied for funding in the past and those which were described in the AFGB Annual Report as being concerned with community development.

This will be the last journal entry for quite a while because it is time for me to sit back and analyze all that has happened. I need to spend time on the grant proposals. I will add one more entry in order to report on the success of the elections in terms of getting Board members from the whole spectrum of residents and merchants in Codman Square. Today's entry will report briefly on tonight's Board meeting and then I will "think out loud" (or on paper in this case) about possible problems with the CDC and the uncomfortable feelings about which people in the community have spoken.

At tonight's meeting, which about thirty people attended, we discussed four main issues: 1) the current supermarket situation, 2) the status of the Lithgow Building Project, 3) the progress of the membership drive, and 4) the current standing of nominations.

The supermarket's name will be Our Market, Inc. Other suggested names such as "Codman Square Market," "Black and White Market," and "Community Market" were vetoed by the supermarket Board because the number of letters in these names was too great. The sign for the store would have been too expensive if the name was so long!

We hope to get our financing from First National Bank in about two weeks. It is still being held up by the SBA loan guarantee approval. If it doesn't come through in the next two weeks, we are going to make a few telephone calls to Senator Kennedy and Congressman Donnelly to get them to push SBA. We are no longer dealing with Unity Bank and Trust to get the \$75,000 for working capital. Unity asked First National Bank if they wanted to make the loan. If they didn't, Unity would have. However, First National told Unity that "they had too much at stake to give it up now " (whatever that means).

Unity will move into Codman Square into the branch office of the vacating First National Bank in August. At that time, Our Market will transfer its account from First National Bank to Unity. Perhaps First National will also transfer our loan to Unity at that time.

Ed Tyler reported on the activities of the supermarket Board. The status of the tax abatement is still uncertain. The Board discussed 1) hiring an accountant to service the market, and 2) renewing the insurance policy on the store.

Jim Keefe reported that, as a member of the supermarket Board and the

Consumer Advisory Council, he is going to head up a committee to take care of supermarket publicity. He also explained the purpose of the Consumer Advisory Council. It will provide for two-way communication between the supermarket and the store. It will get people in Codman Square to feel good about the store and shop there; to know that they can have some influence on how they are served. They will receive responses to their questions and explanations of store policy. The Advisory Council will also provide consumer feedback to the store management. Many urban supermarkets are instituting some form of consumer feedback so that they can compete with mall, or suburban supermarkets by knowing and meeting the needs of their current and potential customers.

Cecil Rose, the owner of the Lithgow Building, owes the City of Boston about \$35,000 in back taxes. The Real Estate Committee has had a series of meetings with him to work out the terms for transferring property ownership to the CDC. He gave us a deed to the building for \$1.00 and wants us to sign a construction consulting contract for his services. Kate Day and Babette Racca will no longer work on grant proposals. They need to do something more concrete for their class assignment so they are going to pull together a development plan for the Lithgow project. The development plan will include:

- 1) a description of the property, including ownership of the Lithgow Building and adjoining parcels that we want to include in the renovations,

- 2) a site acquisition/assembly strategy to find all of the real owners of the various parcels and obtain those parcels. Much of the property surrounding the Lithgow Building is HUD-owned vacant land,

- 3) a determination of rehabilitation costs (we now think that renovations will cost between \$400,000 and \$500,000,)

4) a preliminary marketing strategy to find out who would be interested in renting space in the building, and how much they would be willing to pay.

We need this development plan before we can decide whether to "buy" the Lithgow Building by signing the construction consulting contract with Cecil Rose.

Ada Focer stressed that development of the Lithgow Building should be a model of what the CDC can do. She made one of the most important points that I think has ever been made at a CDC Board meeting. The Lithgow Building presents us with an opportunity for people in Codman Square to learn by doing. The supermarket project was a crisis situation and we had to rush through it. As a result, we found experts; supermarket consultants, accountants, lawyers, etc. to help us. And people in the community who were working with the CDC got lost. This time, in doing the Lithgow Building, we should have the experts teach the community residents how to plan and carry out a development project while they are doing it. In the future, the community will be able to do these projects with its own "human resources" rather than depending on experts or professionals. We do not want future CDC projects to be under the "crisis pressure" of the supermarket project. We want to provide an opportunity for any resident to be able to learn and become involved, rather than passively step aside as the CDC hires professionals.

The Board resolved to support the development of leadership and talent in the community, rather than continuing to use and wear out, the leadership that currently exists in, and outside of, Codman Square.

We now have 178 CDC members and should easily pass our target goal of 200 by the time of elections. We have had problems reaching residents in the Northwest quadrant of Codman Square. Amy Edwards and Richard

Wright, the two ministry students referred to us by Dan Butry, will leave membership forms in every household's mailbox in this quadrant. Ideally of course, we would like to have the time to talk to each household, but stuffing mailboxes is the best we can do now.

According to the by-laws, March 27th is the deadline for accepting nominations. However, the Board voted to extend that deadline to April 9, the day before the elections so that we can have more of a chance to get nominees from each quadrant.

Tim brought up the subject of hiring an Executive Director and a discussion ensued about the form of staff support in the CDC--should we have one full-time professional director, or a few part time individuals from the community? Hiring a director would certainly take much of the burden off of Tim's shoulders, but he did not mention that. He really should have. Perhaps people would have thought more seriously about hiring a director, but most people felt that we could postpone concern over it until we get the CDBG funding, which probably will not happen until August. People in the community are very spoiled by Tim's constant devotion to the CDC.

If we got a private foundation grant, we could hire someone much sooner than August. We should present the new Board with some recommendations on the issue, so we need to develop a personnel policy for the CDC. As far as I'm concerned, we need one full-time director to hold everything together and be a contact person for community people, merchants, government officials, and funding sources. I'm going to write up a memo on personnel policy and present it at the next Board meeting, so that people who are interested in working on this issue can have a starting point (see Appendix J).

I don't believe that we can put off hiring an Executive Director until

August. If the CDC continues to run on volunteer power, it can easily start to come apart as everyone goes away for vacations in June and July.

Now, for thinking out loud ...

My discussions with various people, especially Bisi Jackson and Robin Pearson, both of whom are black, have worried me. They've told me that they, and others, believe that they often get left out of many decisions; that there is a core clique who decides on issues without their input. I told them that the current Board is "self-selected," and that these problems should clear up after the new twenty-one member Board is elected. They don't think so. They think that the problem goes deeper.

Bisi told me that many of the current Board members, even those who have not put much time into the CDC, think that they will get re-elected. Bisi and Robin shared their concerns with me that the "power" will stay in the hands of this "clique" and that even if a number of minority people get elected to the new Board, they won't be able to follow what's going on because they won't know what has happened in the past. They will get left behind, serving only as tokens of broad-based support. Whether these possibilities exist or not, I do not know. However, Bisi and Robin are very concerned about them, and their fears are very real. It is difficult to foresee what will happen in this direction. Perhaps the results of the April 10 elections will be an indicator. I don't see how we can know until then.

Another concern of theirs, which is very frightening, is that some people involved in the CDC have a "hidden agenda"; that they are not committed to a racially and income-integrated community, but spend their efforts on CDC activities and organization so that the neighborhood can more quickly "gentrify," their property values increase, and poor people be pushed out.

I'll be able to talk about these issues more after the Board elections to be held on April 10.

Tuesday, April 10.

The CDC now has four hundred members! The cross section of people who have become members, and who attended tonight's annual meeting/elections is very representative of the community; black, white, hispanic, and haitian. It looks like our outreach efforts really worked.

Tim opened the meeting at 7:00 P.M. He briefly described the CDC and its importance as a community organization which brings together all of the different kinds of people in Codman Square through a community effort to attract more businesses and jobs to the neighborhood.

The candidates introduced themselves from 7:30-8:30. From 8:30-9:00, various members of the interim board reported on:

Our Market, Inc.

Consumer Advisory Council

Business Information Center

Public Safety Committee

Business Apprentice Program

Balloting closed at 9:00 and election workers counted ballots while the general membership discussed, amended, and ratified the bylaws. Discussion and a motion came from the floor to delete paragraphs (d) and (e) of Section 4.04 which provide for 1) a member of the banking community, 2) the BRA Dorchester Planner, and 3) the OPD Dorchester Planner, to be voting members of the CDC board of directors. The motion was made because members of the community felt that city workers get paid to provide

communities with their expertise and there is thus no need to have them as voting directors of the CDC.

The move was seconded and approved by a majority of the membership. The vote was four against, and approximately 80 in favor.

I counted that three of the four dissenting votes came from three people whom I believe are precinct captains in the Codman Square area. These three people also ran for seats on the CDC board. They all were elected, and watching the entire process from my position as an "election worker," I can report how the cronies of Kevin White were able to get themselves elected. I cannot prove anything, but only report to you what I saw.

In order to vote in tonight's election, members of the community had to join the CDC by midnight last night. At tonight's annual meeting, three election workers (Ada Focer, Robin Pearson, and myself) registered members whose names appeared on a list compiled over the weekend. An additional election worker (Pat Cooke), sitting at a different table, registered members who had joined in the last few days and thus were not included on the list. I would estimate that Pat had about forty membership applications of people who just joined.

Included in these people were some very interesting personalities. One person almost let it slip out to Ada that she had joined last night when she received a phone call telling her to do so. She got out the caller's first name, but clamped her mouth shut as she began to say his last name. The caller's first name was the same as one of the precinct captains who got elected tonight. Certainly, this is circumstantial

evidence, but all of the election workers knew that something a little fishy, though perfectly legal, was going on. We expected at least some of this kind of activity, since one of the precinct captains had attended quite a few of the recent interim board meetings.

But, the thing that upset me the most was an instance regarding a group of elderly black men. They were not on my list because they had just joined the CDC. After they checked with Pat and received ballots from him, they came back and stood near my "post." I watched them look through the ballot to try to match the names with three names that were written on slips of paper that each of them had. I don't think that these men could read, because when they seemed to have no luck finding the names for which they were looking, one of them handed me his ballot and asked me to check those names off. He told me that these were the people for whom he wanted to vote. Well, lo and behold, the three names on that slip of paper belonged to the three precinct captains running for CDC directorships. I politely informed the men that I could not check off the names because I was an election worker. Then my blood began to boil.

I was outraged, but when I told Ada, she wasn't at all surprised. Later when we counted votes, we must have come across thirty-five or forty ballots that only had these three names checked off. Some people had come to the meeting precisely to vote for these three. They left right after they voted, and many did not bother to vote for merchant or organization representatives (Appendix K).

While this dampened my enthusiasm over the first annual meeting, I

knew that Kevin White's people only had three votes on a board of eighteen. The city had lost two votes when the board had been reduced from twenty-one to eighteen by the deletion of Section 4.04 (which provided for the BRA and OPD planners to be board members). The other fifteen people elected represent a broad community base--blacks, hispanics, haitians, and whites. Those elected included Lloyd Kinnit, Sephus Osborn, Edward Tyler, Tim Clegg, and Jim Keefe; all from the interim board. Also, Bisi Jackson, who helped to draft the bylaws, and actively participated in board meetings and as CDC administrative staff, was elected. I trust her to keep the mayor's cronies in order. The new board, aside from the "city" people, is very representative of the community. I have a lot of faith in their ability to make the CDC both a broad-based community organization, and a successful instrument for community control over economic development.

VI

CAN THE CODMAN SQUARE CDC, AS A
COMMUNITY-BASED ORGANIZATION, BE A SUCCESSFUL BUSINESS DEVELOPER?

VI. CAN THE CODMAN SQUARE CDC, AS A COMMUNITY-BASED ORGANIZATION, BE A SUCCESSFUL BUSINESS DEVELOPER?

This section addresses two specific projects in which the Codman Square CDC is involved, and discusses the probability of their success, given the problems of business venture development in the inner-city.

OUR MARKET, INC.

Codman Square CDC owns a supermarket that a major chain store decided to close down because it was unprofitable. How successful the CDC-owned market will be, and what spin-offs will occur from its operation, are difficult to determine. Certainly, CDC purchase of the market will provide food for Codman Square residents, and, if the market is profitable, the profits paid out to the CDC will enable it to finance programs and projects to benefit the community.

But, how successful will Our Market, Inc. be? The store has two elements which will contribute to its success: 1) Its unique worker/community cooperative ownership system will encourage residents to shop in their supermarket, encourage workers to be productive, and discourage workers from pilfering. 2) The supermarket's operator, Muhammad Farrakhan, is a competent businessman. The supermarket business is just that; a business. The store needs management expertise and technical support services. Farrakhan's experience in managing inner-city supermarkets and his commitment to community/worker ownership, will enhance productivity in the store, and sensitivity to consumer and worker needs.

On the other hand, the supermarket has many obstacles to overcome.

The CDC is taking over an operation that was abandoned by a large, experienced supermarket chain. A description of the problems faced by inner-city supermarkets will provide a good picture of the problems which Our Market, Inc. will face:

Since about 1965, a gradual, but persistent flight of supermarkets from the inner city has occurred. A few statistics prove this point dramatically. In a two by five mile area of inner city Boston, the number of supermarkets declined from sixteen to nine between 1970 and 1975.¹ Newark, NJ lost 50% of its supermarkets (a decline of from twenty-five to twelve) between 1967 and 1977.² Between 1968 and 1974, Washington D.C. lost 33% of its supermarkets.³ In Chicago, a two and one half by three and one half mile area of inner city lost four out of its six supermarkets.⁴ These supermarkets, almost all owned by large chains, pulled out of inner-city neighborhoods because corporate officials believed that "the inner-city, with its urban ravages of crime, unemployment, and welfare, is not conducive to productivity or profits."⁵

In the summer of 1977, Donald Marion of the Agriculture and Food Economics Department at the University of Massachusetts presented a paper in Washington D.C. at the Conference on Problems of Inner City Food Distribution. His report gave credence to the beliefs of supermarket officials. Marion studied eight U.S. cities; Birmingham, AL, Boston, MA, Chicago, IL, Detroit, MI, Los Angeles, CA, St. Louis, MO, and San Antonio, TX. His findings were astounding. On the average:

- 1) sales are 13% lower
- 2) inventory shrinkage is 33% higher

- 3) labor costs are 7% higher
- 4) insurance costs are 70% greater
- 5) security costs are 70% greater

in inner-city stores than in other supermarkets.⁶ These increased costs of doing business added a 50% net difference in profitability between inner city and suburban supermarkets.⁷ Since most supermarkets operate on as little as a 1% mark-up, this 50% difference can wipe out inner-city stores.

In addition to increased costs, most inner-city supermarkets are small and crowded, but cannot expand because of inner-city density or the exorbitant costs of inner-city land. The low incomes of inner-city residents cannot provide a high sales volume. Low-income people make small and frequent transactions at a supermarket. Usually paid for by a check or food stamps, their purchases take more time at the checkout stand. Consequently, inner-city supermarkets have higher per sales labor costs. In addition, food shopping in low-income areas peaks around the first and fifteenth of the month, when shoppers receive social security checks, welfare checks, and food stamps. During the low time, produce spoils and during peak times, the store becomes crowded and more susceptible to breakage, accidents and pilferage.

Crime is also a major deterrent to operating in the inner city. The stock is on open display on the shelf so pilferage is easy. Also, a supermarket needs to have large amounts of cash at the checkouts.

The reasons that supermarket chains either have to charge higher prices in their inner-city stores, or close those stores down, seem to be

based on sound economics of doing business.

The Berkely Economic Law Project reported that experts in the food marketing field believe that an independent or locally owned supermarket chain can be more successful than a large chain in a low-income inner-city neighborhood.⁸ Smaller operators can be more flexible to their customers' needs and can raise their prices to reflect the high costs of operation. Since large chains do not want to charge higher prices in their inner-city stores than in their suburban stores because they do not want to be accused of discrimination, their inner-city food stores fail and they close them down.

Small operators cannot operate at lower prices than the large chains because they face the same problems that account for high costs of doing business in the inner city. They probably will, in fact, have to charge higher prices than the chains who can remain alive by having profitable suburban stores and closing down their inner-city stores which are not profitable. The ability to charge prices which reflect costs may be the crux of the survival of the small supermarket operator, "but it implies that it is inevitable that the poor pay more."⁹

If Our Market can lower its operating costs by attracting middle-income Codman Square residents and reducing employee pilferage, both through the community/worker cooperative system, then perhaps it will be able to provide good quality foods at reasonable prices. In order for Our Market, Inc. to be successful, community residents must not view it as the immobile poor and elderly often view the inner-city supermarket:

"...As both an economic and emotional rip-off. ...overpriced, dirty, poorly managed... small crowded place... where you stood in long, slow-moving lines to buy spoiled meat, stale bread, or bruised produce... If we are what we eat, supermarkets in the inner-city have long confirmed what society thinks poor people are."¹⁰

While Our Market's chances for success are uncertain, it is clear that the CDC did the right thing in purchasing it. The purchase was the CDC's first step toward community control over the provision of needed services and employment opportunities. The problem with supermarkets leaving inner-city neighborhoods is simple: they leave behind people who have to eat. Supermarkets are still the most efficient and economical way to distribute food. Because of their size, the small grocery stores that would have remained in Codman Square after FINAST pulled out, could not provide food at competitive prices. In addition, elderly and low-income residents, many of whom do not own cars, or cannot travel, would have been left with no place to shop after FINAST closed.

THE LITHGOW BUILDING PROJECT

The success or failure of the development of the Lithgow Building as a commercial or retail shopping mall, will affect the reputation of the CDC within the community, and with outside funding sources and government agencies. Harvey Garn, in his evaluation of CDCs, cites three objectives of CDC development of shopping centers.¹¹

- 1) to fill community needs for improved retail outlets,
- 2) to develop a means of providing opportunities for local entrepreneurs and potential entrepreneurs,

3) to provide a major opportunity for CDC members, staff, and directors, to gain experience in the phases of commercial development.

The primary function of a neighborhood shopping center should be to provide for the convenience of neighborhood residents and consumers. The anchor store or primary foot traffic generator in a retail center like the planned Lithgow renovation project, should be a supermarket or drug store. Agreement among people who attend CDC meetings, and indicators from the ongoing telephone market survey, suggest that a drug store is a) exactly what Codman Square needs, and b) a perfect tenant for the Lithgow Building.

The Lithgow project's success will depend upon how well the CDC handles each of six factors which Garn cites as being those whose interaction can determine the success or failure of a CDC developed shopping center:

1. Site selection - determining the characteristics of the trade area; demography, potential competition, and accessibility
2. Financing as well as lease terms and rent structure
3. Tenant mix - collecting information on the needs of consumers and residents to determine the types of stores that should be sought after
4. Layout - design the center to facilitate foot traffic throughout
5. Marketing strategies - develop strategy for encouraging businesses to locate in the shopping center
6. Management - coordinating activities and amenities to attract customers, and responding to the needs and problems of merchants.

Codman Square CDC has only gone through steps one and three. The

Lithgow Building is located in the center of the square. It is highly accessible. The tenants will not have much competition, as Codman Square is currently in need of many types of retail services. The middle income residents will be attracted into the retail district by a good shopping center, such as one in the Lithgow Building. And, the lower income and elderly residents, who are not mobile, will finally be able to obtain needed goods and services in their own neighborhood. The market survey in process will help to determine consumer needs and preferences for such goods and services.

NOTES ON CHAPTER VI

1. "Let Them Eat Stale Cake," Black Enterprise, July 1977, pp. 39-43.
2. Ibid.
3. Ibid., p. 40.
4. Ibid.
5. Ibid., p. 39.
6. Ibid., p. 40.
7. Ibid.
8. Steven Haberfeld, "The Problem of High Food Costs in the Inner Cities," Berkeley Economic Development Law Project, Vol. 7, Issue 5, September/October 1977.
9. Ibid., p. 31.
10. "Let Them Eat Stale Cake," Black Enterprise, July 1977, p. 40.
11. Garn, Harvey A. et al., Evaluating Community Development Corporations - A Summary Report, Urban Institute, March 1976, p. 112.

VII
CONCLUSION

VII. CONCLUSION

The purpose of this conclusion is to use my experience with the Codman Square Community Development Corporation to analyze its ability to adhere to the principles of the community economic development movement; to be both a successful commercial developer and an organization which is broad-based, and representative of all of the diverse interests in the Codman Square community. In her study of CDCs funded by the U.S. Office of Economic Opportunity (OEO), Rita Mae Kelly reports that a tension exists between citizen participation and the means to successful economic development.

The tension stems from the need for technical competence and expertise and the lack of it in common men. The community economic development movement has received some of its sharpest criticism from persons who argue that citizen participation, community control, and economic success are incompatible.¹

From what I have seen in Codman Square, its CDC has high potential for being successful in each of these three areas. By answering the questions raised in the Introduction - Chapter I, I argue that the Codman Square CDC should be able to incorporate citizen participation, community control, and economic development into its efforts to make Codman Square a more viable community.

I. Development of the CDC

1. What are the requisites for starting a CDC?

In a community, issues, people, resources, and potential are essential ingredients of an instrument which facilitates community control of

economic development. In Codman Square, blight, and crime against merchants and shoppers had been familiar for almost ten years. When the First National Bank of Boston announced that it was going to shut down its Codman Square branch, residents and merchants saw that the banking community, controlling the one resource necessary to keep a commercial district alive, was writing off Codman Square.

The bank's decision to abandon Codman Square, and the realization that a commercial district without a commercial bank could not survive, spurred residents and merchants to look for alternatives; not just an alternative bank, but also alternative means for dealing with the problems of crime and disinvestment in the shopping area. These people realized that the potential market of Codman Square was a viable one; that if all of the middle income people shopped in their neighborhood, the buying power of the community could support a healthy commercial district.

It took many months for this initial group of people to grow into a working organization. Community based control of economic development is, after all, a radical idea to many old time Dorchester residents. Then, one single action, a crisis even greater than the bank's decision to leave, occurred in Codman Square. First National Stores, Inc. decided to close down its FINAST Supermarket, leaving neighborhood residents with no supermarket within walking distance. The harsh visual impact of a vacant, boarded-up store, where people had once been able to meet their basic food needs, could have been immeasurably harmful to residents' confidence in the viability of their neighborhood. Merchants knew that the loss of the major anchor in the commercial district could devastate their businesses. The

potential effects of the FINAST closing, on both residents and merchants, brought the whole community together.

While the closing of the market was a catalyst to join together many diverse interests, because bread and milk are common necessities, the CDC would not have been able to act if it had not had effective leadership.

The supermarket crisis gave the CDC a real set of issues around which it could organize people. It put Codman Square and the CDC in the news and gave them city-wide attention so that Kevin White and private groups could not ignore them. The CDC leadership was able to use the publicity to garner: 1) support from community residents and groups, and 2) financial and technical assistance from government agencies such as the Community Development Finance Corporation, institutions such as the First American and First National banks, and individuals such as lawyers and accountants who offered their services pro bono.

2. How do supporters or initiators of the CDC get other community groups to support it despite "turf" controversies?

It is difficult to convince people, especially people from so many diverse economic and social groups, that they can control the economy of their community. In addition, groups and organizations need to compete with one another for both public and private resources so that they can carry on their work. Their differing constituencies give them differing objectives. For example, while WE CAN Neighborhood Improvement Corporation is concerned with the health and viability of Codman Square, its emphasis is on housing. The Dorchester Area Planning Action Council (APAC) focuses on poverty programs and income maintenance. Members of the

Ashmont Hill Association, living in one of the most prestigious sections of Codman Square, may well be very concerned with the entire neighborhood, but their immediate concerns are in Ashmont Hill.

However, issues like the only commercial bank pulling out, and the only nearby supermarket closing its doors, bring all of these groups together regardless of their individual interests. Issues such as these, which affect the livelihoods of residents and merchants, and the livability of the neighborhood, can convince people of the need for, and efficacy of, community control of economic development.

Issues of such magnitude provided Codman Square with a catalyst to form a coalition. Tim Clegg and others communicated to each of the diverse social and economic interests, the need to facilitate community development through a broad-based community organization, by contacting individual residents and merchants; approaching other community organizations for assistance and cooperation; leafletting shoppers and households; obtaining media coverage in local newspapers, the major dailies, television, and radio; carrying on an extensive outreach program to encourage membership; and holding frequent and open CDC interim board meetings.

II. Organizational Dynamics

1. How does the leader of the CDC (or CDC formation) work with those who have differing ideas about what a CDC can and should do?

An effective leader needs to listen to other people and provide mechanisms for their ideas to be fully heard and understood. The initial coalition provided for an informal exchange of ideas. When we labored over the by-laws and the CDC structure, we realized the need for a formal

mechanism that would continue to provide a vehicle for the exchange of ideas, interests, and concerns.

We brought together people from all different parts of the community to decide how this mechanism should be structured. Tim Clegg was instrumental in convincing people of the common pay-off to be had via the CDC; that every group's interests had to be aired so that the CDC could work toward common interests without hindering the work of any organization or group of individuals.

The structure of the board of directors and the elections procedures provide such a mechanism. The board is structured to represent a broad spectrum of social, ethnic, and economic groups and concerns. Merchants have three representatives on the board. Community organizations have three. And, residents of each quadrant have three representatives, to comprise a broad-based board of 18 members.

2. How do people get organized around specific issues to which the CDC addresses itself?

This question is difficult to answer at this early stage in the life of the Codman Square CDC. While the supermarket closing was a crisis situation and it seemed obvious that the CDC needed to step in, in order to provide for food distribution in Codman Square, other issues are not as clear cut. For example, some people believe that at this time, the CDC should be expending its efforts to help already existing businesses, and demolish vacant and burnt-out buildings, rather than to develop the Lithgow Building.

Again, the structure of the CDC board of directors should provide a mechanism for people to organize around, and become involved in, CDC issues.

3. What are some of the sources of difficulties or conflicts among groups or individuals involved with the CDC?

Groups in any neighborhood have conflicts with one another because of reasons mentioned earlier--basically, they have to compete for resources. Old, established groups may doubt the legitimacy of new groups and envy publicity that they may receive. However, conflicts among groups and individuals can also arise because of their different social and economic interests. Middle-class and working-class residents may have very different ideas about what their neighborhood should be. For example, do middle-class residents want more "gentrification," or are they committed to living in a racially and economically integrated community?

Is teenage unemployment more pressing than physical blight? Is a day care center more necessary than a pharmacy? Different people will have different answers to questions like these. And, a truly broad-based board of directors should be able to represent and balance the needs and concerns of each of these different groups of people.

III. Sustaining Community Support

1. How can the CDC learn what projects are most likely to succeed and give it a reputation as a successful developer?

A CDC needs professional and technical support and expertise. It needs to perform the same type of marketing and feasibility studies as a for-profit business. Right now, for example, the Codman Square CDC does not know how successful the renovated Lithgow Building will be. The CDC needs to expend a great deal of time and effort in planning, researching,

and deciding what, if anything, the CDC should do with the building.

Important to keeping to the objectives of community control, residents and merchants should work with professionals to carry out development plans so that the community can develop and use its own natural resources-- trained and competent residents and store-owners.

2. How can a CDC balance the needs of the members of the diverse racial and economic groups who support the CDC or live in the community?

A CDC board of directors has to be representative of each of these groups. The bylaws must provide for this representation. However, a CDC needs members to which a board of directors can be accountable. A time-consuming, difficult, and broad outreach effort is the only means for convincing members of the community to join and support the CDC. If the community is not well informed about CDC activities and capabilities, the organization will have no ties to the very people who should have control over economic development.

In addition, the CDC can provide for the specific needs of different groups through mechanisms such as hiring practices in CDC owned businesses. For example, in hiring for the supermarket, the board of Our Market, Inc. and the CDC board agreed that the racial and ethnic composition of the supermarket employees should reflect the composition of the neighborhood population.

3. Can a CDC be both a broad-based community organization and a business operation?

The structure of a CDC, its outreach efforts, the way it chooses among projects, and the effectiveness of its leadership and staff all

have implications in its success at fulfilling the objectives of community control and economic success.

The purchase of the supermarket is an example of how a CDC can maintain its objectives of community control and participation, and at the same time successfully develop business enterprises. A CDC does not need to obtain all of its technical and financial assistance from the community itself. One ingredient of any successful business is its ability to obtain professional and high quality expertise from the outside. A CDC has an additional problem, however: it often cannot pay for the services of these experts and professionals.

In Codman Square, the CDC was able to obtain pro bono high quality technical assistance without taking decision-making power out of the hands of the community. People living in Codman Square had friends and business associates who were able to supply them with contacts in law and accounting firms. In addition, members of the community who had specific skills in areas of finance and business development offered their services. These community people were from a diverse range of ethnic and socio-economic groups. They each volunteered their time and skills to make community ownership of the supermarket a reality.

By setting up a supermarket board, largely comprised of CDC members and Codman Square merchants, the CDC, as an entity representing a broad community base, could control decisions made in regard to Our Market, Inc.

The CDC will own part of the supermarket, an independent public agency (CDFC) will own part through its initial investment of \$75,000, and all workers in the store will own a part. No one individual will own any

part of Our Market, and no owner can sell his stock. Like any business, a CDC needs a definite, formal structure. But, unlike for-profit, privately owned businesses, a CDC enterprise will answer to the needs of the community first because the community, through membership in the CDC, is its owner.

Finally, a CDC needs to have leadership, staff, directors, and members who are committed to community control of commercial development as a means for making their community a better place to live and work. "The particular role a CDC plays, its legal structure, the problems it faces, and its likelihood of success depend essentially upon people within the community in which it operates."²

These answers reflect what is possible to conclude at the present stage of the Codman Square CDC. Some of the issues discussed will develop more fully, and some will significantly change as the CDC matures. The CDC has already undergone a significant evolution, in which it made a transition from a small though somewhat broad-based core, to a large, very broad membership which well represents the diversity of the community.

The CDC's ability to mesh economic success with citizen participation and control may either increase or lessen as it becomes more and more successful and involved in business development ventures. As the organization grows and meets with success in its economic development efforts, perceived problems in the commercial district may begin to fade.

A crisis situation was the catalyst to rapid movement, community involvement, and broad-based support. The first few ventures will be

exciting issues which can have a significant impact on Codman Square. The CDC is new. Its potential is great. And, members of the Codman Square community can look to it as a new and different instrument for bringing about economic development through community control. But, when the CDC has matured, three or five years from now, will it still be able to attract the broad community support and active participation that it can today? Only time will tell, but the CDC has a diverse supply of talented, hard-working people committed to fostering a socially and economically integrated neighborhood, and facilitating community control of the resources which can bring change and power for Codman Square residents.

NOTES FOR CHAPTER VII

1. Kelly, Rita Mae, Community Participation in Directing Economic Development, Center for Community Economic Development, Cambridge, MA: 1976, p. 152.
2. Ibid., p. 143.

VIII
APPENDICES

- A. Business Information Centers
- B. U.S. Small Business Administration 502 Loan Program
- C. Project Financing
- D. Community Development Finance Corporation
- E. News Article
- F. CDC Membership Application (Side 1)
- G. Supermarket Control Structure
- H. CDC Membership Application (Side 2)
- I. Community/Worker Control of the Supermarket
- J. Memo on Personnel Policy
- K. First Annual Meeting: Agenda and Ballot
- L. Assorted Articles
- M. By-Laws of the Codman Square Community Development Corporation

APPENDIX A

BUSINESS INFORMATION CENTERS - BUSINESS INFORMATION COORDINATORS (BICs)

The Business Information Center idea was developed by Dr. William Osgood, manager of the Urban Affairs Division of the Federal Reserve Bank of Boston. Business Information Centers provide a low cost, practical way to use local public and private resources to help small businesses start, survive, and grow.

They are so low cost because the Business Information Coordinator (BIC) is attached to an existing organization responsible for providing him with office space. The existing organization can be a regional planning commission, a chamber of commerce, or, as in Codman Square, a community development corporation. Usually, the BIC moves into this organization's office, making use of excess capacity, so he has no overhead costs of his own. In fact the only costs associated with the BIC are his salary - \$10,000 per year, provided by CETA, charges for a telephone for his use, materials, and clerical support. All costs other than his salary are usually provided by the excess capacity of the office space into which the BIC moves.

The BIC provides two important functions:

1. He acts as a direct link between small businesses in a local area, either a neighborhood or a small city or town, and a wide variety of free or low-cost technical and financial assistance.
2. He helps a small business identify specific problems inhibiting

its growth or survival.

The theory behind the need for, and use of BICs is well described in an article entitled "Pilot Program Counsels Shaky Small New England Businesses" and written by Emille T. Livenzey which appeared in the Christian Science Monitor on January 12, 1978:

The main reason small enterprises fail appears to be lack of business planning. A prospective entrepreneur may have an excellent idea for a product, but may lack the managerial skills to make and sell it. Small-businessmen who get into hot water are often so busy coping with day-to-day problems they don't have a long range vision of where their business should be going or how to get there.

But small businesses by nature are not sophisticated. And their problems can often be cured by simple means - not necessarily by injecting capital but by developing a better understanding of how to make a business go.

This is where the BIC coordinator comes in. He helps business owners define their problems and puts them in touch with the many types of private and public sector assistance available to them without charge.

APPENDIX B

U.S. SMALL BUSINESS ADMINISTRATION 502 LOAN PROGRAM

Section 502 of the Small Business Investment Act of 1958, as amended, provides for loans to be made to local development companies (LDC) to buy land, build new factories, acquire machinery and equipment, expand or convert an existing plant, or construct or rehabilitate a shopping center, provided that the project assists a specific, or several, small business(es).

The program works exclusively through an LDC, which is made up of people who live or work in a community, and want to improve their local economy. 75% of the ownership or control of the LDC must be held by these people. The LDC can be a for-profit or not-for-profit corporation under state laws, and it must have a minimum of twenty-five stockholders or members.

Through SBA, the LDC is authorized to assist in the growth and development of small businesses in the community. However, SBA will not lend to an LDC if the LDC can obtain financing from a bank or other conventional financing source. In the event that the LDC cannot obtain such private financing, SBA will provide funding through three sources:

1. 90% SBA guarantee of a bank loan,
2. SBA secured first mortgage by a bank, or
3. SBA direct loan.

A community development corporation can act as an LDC by incorporating

an LDC as a subsidiary. More information on this program is available in Loans to Local Development Companies, U.S. Small Business Administration.

APPENDIX C
PROJECT FINANCING

Store Front Facade

| | | |
|---|------------------|------------|
| L.D.C. injection | \$ 5,000 | 5% |
| Sum of storeowners' investment (each storeowner contributes an amount proportional to his store's share of total project cost) | \$ 5,000 | 5% |
| Bank Loans | \$ 60,000 | 60% |
| SBA Direct Loan | <u>\$ 30,000</u> | <u>30%</u> |
| TOTAL | \$100,000 | 100% |

An alternative financing situation would obtain \$90,000 (90%) in a loan from a commercial lender with an SBA guarantee.

Lithgow Project

| | | |
|---|------------------|------------|
| L.D.C. injection | \$ 10,000 | 5% |
| Bank loan with an SBA guarantee (or direct SBA loan) | <u>\$190,000</u> | <u>95%</u> |
| TOTAL | \$200,000 | 100% |

APPENDIX D

COMMUNITY DEVELOPMENT FINANCE CORPORATION (CDFC)

The Community Development Finance Corporation (CDFC) was created as an independent state agency by the Massachusetts State Legislature and began its operations in 1978. It is a public corporation which acts like a development bank by investing in business enterprises in low income areas through a local community development corporation (CDC). CDFC was capitalized with \$10 million in general obligation bonds from the Massachusetts State Treasurer in payment for all of CDFC's stock. Thus, it is truly a "public" corporation, and in effect, all citizens of the Commonwealth of Massachusetts are CDFC stockholders. The interest earned on this \$10 million pays for CDFC operations and overhead costs. CDFC invests in business enterprises via equity, loans, and loan guarantees.

In any venture in which it invests, CDFC requires a CDC to sponsor the business and maintain an ongoing relationship with the business. The CDC must hold sufficient control over the business to ensure public benefit from its operation. This control can take any of the following forms outlined on page six of the CDFC Handbook:

1. The business is a wholly owned subsidiary of the CDC
2. The CDC owns a majority of the capital or voting stock of the business
3. Investment agreements between CDFC, the CDC and the business are sufficient to assure that public benefit and public purposes are maintained

4. The CDC, via a contractual agreement, must approve all major transactions of the business (sale, merger, dissolution, issuance of stock, or reorganization).

The CDC, through which CDFC invests in a business, must be a quasi-public non-profit corporation organized under the Massachusetts General Laws to carry out certain public purposes. In order to be eligible for CDFC assistance, a business must be sponsored by a CDC which has bylaws that provide that:

1. The CDC is organized to operate in a specific geographic area that is coincidental with political boundaries such as wards, precincts, or state representative districts.

2. Membership in the CDC is open to all residents of this area who are eighteen years of age or older.

3. A majority of the CDC Board of Directors is elected by the full membership.

4. Any board member who is not elected must be appointed by an elected state or local official or by another non-profit organization in the area.

5. Annual elections are held for at least 1/3 of the directors on the board.

The CDC must operate within a geographic area with a population of less than 115,000. The business enterprise for which funding is requested must be in an area that is substantially blighted, or has a population whose median income is below 85% of the median income in the Boston SMSA.

APPENDIX E

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APPENDIX F
FIRST MEMBERSHIP APPLICATION

HOW TO JOIN THE CODMAN SQUARE COMMUNITY DEVELOPMENT CORPORATION

Temporary Office: Urban Court Building, 560A Washington St., Dorchester 02124
Acting Director: Gail Kendall 253-1393 or 1394

The Codman Square Community Development Corporation is a non-profit corporation of residents and merchants committed to the revitalization of Codman Square and its neighborhoods. We believe that the people who live in Codman Square should have the opportunity to control development activities in the community, and thus benefit in the area's economic revival. Some of the group's activities to date:

- * Codman Square Supermarket - The CDC bought the FINAST market in order to guarantee that a supermarket would remain in the Codman Square area. Owned by the community, it will be a clean attractive, and well run store offering competitive and low prices.
- * Business Information Center (BIC) - The CDC brought a BIC to Codman Square to provide technical assistance in business planning and loan packaging for the area's small businesses.
- * Ongoing Programs - The CDC is presently coordinating research and planning activities in public safety, business retention and development, and youth and elderly programs.

Received \$ _____
Date _____
by _____

The Codman Square Community Development Corporation needs your help: with your knowledge of the community's strengths as well as weaknesses, you could make an important contribution to one of the Corporation's work groups. If you become a member, you will be joining a growing number of your neighbors who really care about Dorchester, and who want to make it an even better place to live.

Won't you join us?

MEMBERSHIP APPLICATION

Membership in the Codman Square Development Corporation (CDC) is open to all residents 18 years or older, and entitles the holder to participate in the affairs of the Corporation, vote for the Board of Directors at the annual meeting on April 10, run for open seats on the Board, and receive the Corporation's news-letter and other publications. Members dues are one dollar (\$1.00) per year. Mail with \$1.00 to the Codman Square C.D.C., 560A Washington St., Dorchester, MA, 02124.

Signature _____ Date _____

Name _____

Address _____

Telephone _____ Occupation _____

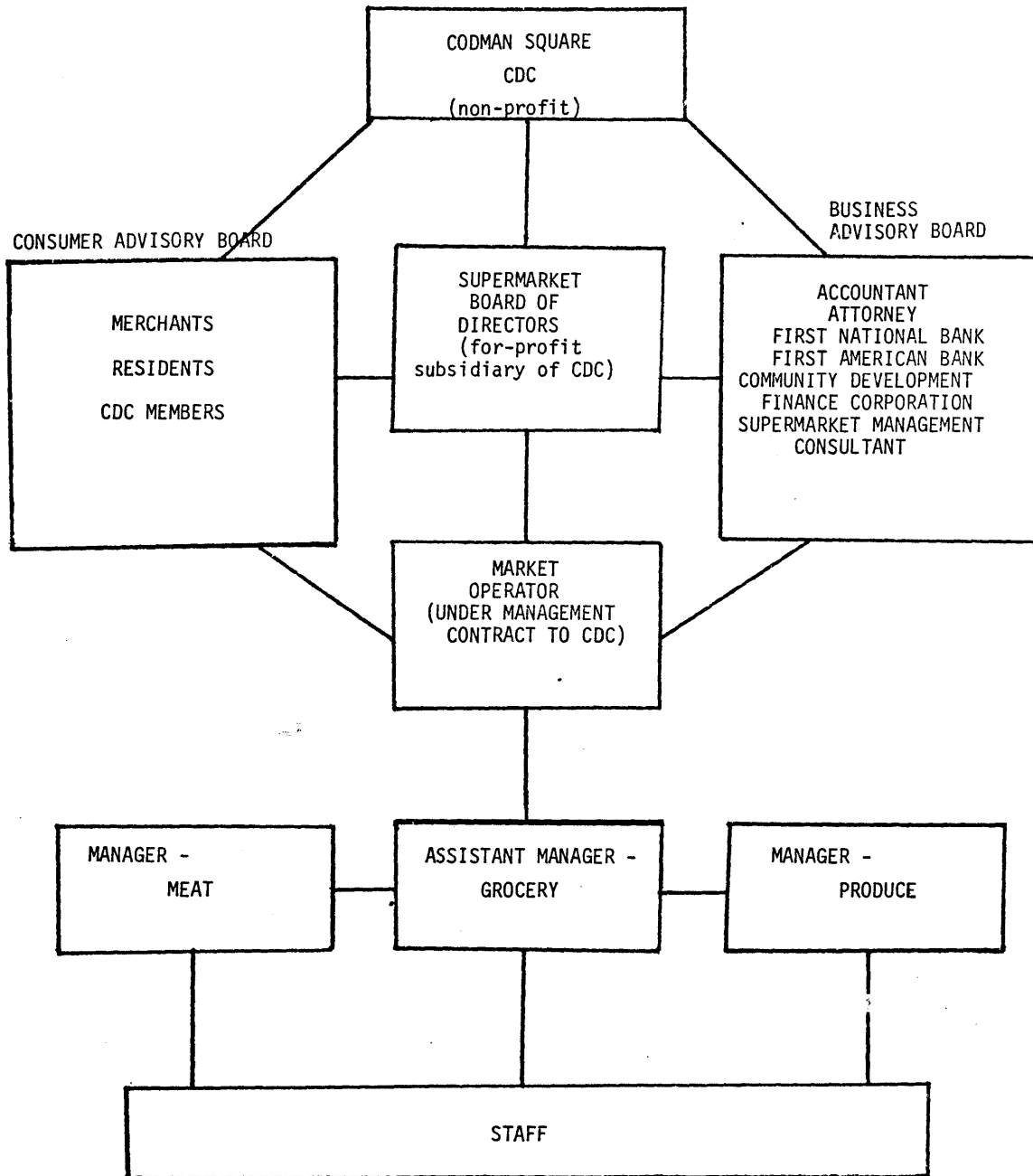
I am a: home owner; Tenant; business owner; registered voter.

I am interested in: housing; business development; public safety;

youth & elderly. Other interests _____

Received \$ _____
Date _____
by _____

APPENDIX G
SUPERMARKET CONTROL STRUCTURE



APPENDIX H
CDC MEMBERSHIP APPLICATION (SIDE 2)

CDC BOARD OF DIRECTORS
To be Elected at First Annual Meeting April 10

All nominations for the Board must be received by March 20. Send nominations in a sealed envelope to:

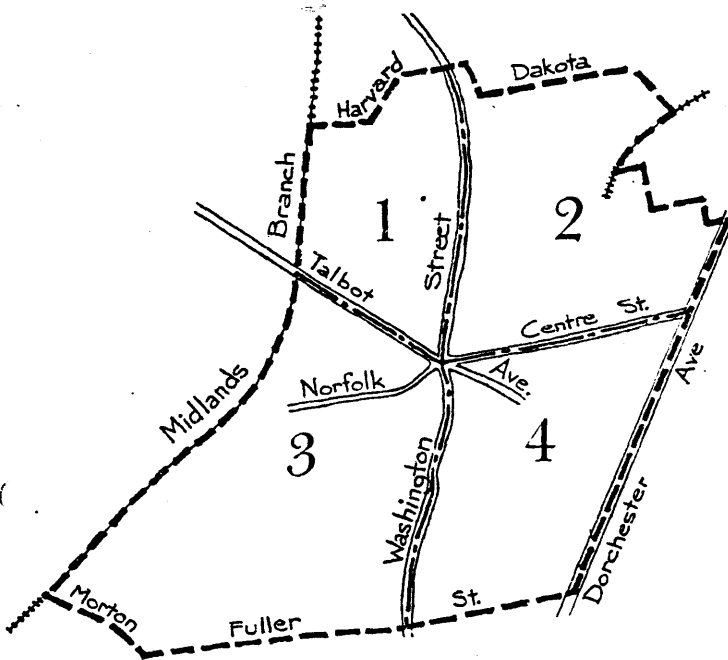
CDC Nomination Committee
Urban Court Building
560A Washington Street
Dorchester, MA 02124

Include the name, address and phone number of each person you nominate.

There are three categories of Directors on the Board:

- 1) Residents: three people will be elected from each of the four areas on the map below. Residents can be nominated by neighborhood organizations or by individual CDC members. They will be elected by the membership at large.
- 2) Merchants: three merchants will be elected as Directors. Merchants can be nominated by the Merchants Association or by individual merchants. They will be elected by the membership at large.
- 3) Representatives of Organizations: three people will be elected to the Board representing organizations active within Codman Square. These representatives will be nominated by their organizations. They will be elected by the membership at large.

The Board will also include one representative of the Banking Community, appointed by the Board, and representatives from both the Boston Redevelopment Authority and the Office of Program Development.



As a CDC member, you will have more control over what happens in your community. You can nominate and help elect the CDC Board of Directors from among your neighbors and the merchants who serve you in Codman Square.

As a CDC member you can bring up issues and problems, and work with others on a CDC committee who share your concerns. This is your opportunity to do something for yourself and for your neighborhood. Join now and have a say in what goes on in Codman Square.

Send this form with \$1 to address on other side. Top half will be returned as your receipt.

APPENDIX I
COMMUNITY/WORKER CONTROL OF THE SUPERMARKET

In order to allow for local residents and supermarket employees to participate in store management, Industrial Cooperatives Association, Inc. (ICA), will design an organization called a community/worker cooperative. All employees of the supermarket, both full and part-time, who work for over three months, can become members and co-owners of Our Market, Inc., with the Codman Square CDC. No private individuals who do not work in the store can become co-owners.

After a three month probationary period, in order to become a co-owner, the worker must invest a sum equal to two weeks pay. This membership investment, or membership fee, could be made over a period of time, through payroll deductions. Any worker who does not complete the probationary period or will not carry part of the market's financial burden by paying his membership fee, will be terminated.

ICA will use the structure of a worker cooperative, but will include the CDC, as a representative of the community, as a voter in supermarket decisions. The CDC will hold a certain, agreed upon, percentage of the cooperative membership. For example, if the supermarket had a total of thirty employees and the agreed upon proportion was that workers counted for 2/3 of the membership, then thirty membership shares would be allocated to the workers (one worker/one vote) and fifteen membership shares would be allocated to the CDC. The formula, as outlined in David

Ellerman's notes, is simple:¹

w/f = total number of voted or membership shares

fw/f = number of votes or membership shares assigned to the workers

$(1-f)w/f$ = number of votes or membership shares assigned to the CDC

WHERE

w = number of workers

f = fraction or proportion of membership allocated to the workers.

In a community/worker cooperative, the net worth of the supermarket's assets would be allocated to a system of internal accounts. Three types of accounts would exist; the accounts of each individual worker, a collective account, and a CDC account. The individual worker's account would represent capital to be eventually paid out to him; for example, after retirement. This capital would be comprised of his investment or membership fee, and store profits credited to his account.

The capital credited to the collective account would never be paid out. The capital credited to the CDC's account would be paid out to the CDC. At the end of each fiscal year, a certain portion of the supermarket's retained earnings would be allocated to the permanent capital base in the collective account, and the remaining portion would be allocated to the CDC's account and the workers' accounts, depending upon the basic proportion of membership shares assigned to the workers and to the CDC. The amount allocated to the individual worker's accounts, would be equally allocated according to number of hours worked, or dollars of pay earned.

If the supermarket incurs losses rather than profits, the losses will first come out of the collective account. If losses are large, or continue for an extended period of time, they will come out of the balances of the workers' and the CDC's accounts. In the worst situation, the worker will lose his initial investment or "membership fee." However, that is all he can lose. He will not be liable for the supermarket's debts and thus cannot lose any personal assets.

Depending upon profitability, the supermarket may be able to pay cash dividends to its worker/owners. The profit margin in a supermarket is very low and theft can make the difference between profit and loss. Muhammad Farrakhan stated that 80% of all pilferage is from employee theft in most supermarkets. If Our Market, Inc. employees steal from their worker/community cooperative, they would be stealing from themselves. The supermarket's savings from reduced pilferage (below the industry average) will be given to workers in quarterly cash dividends.

The supermarket provides the CDC with a chance to fulfill one of its primary purposes; the provision of employment and training opportunities for the under or unemployed. Usually jobs in supermarkets offer low pay and no chance for advancement or skill development. However, Our Market will provide opportunities for advancement and management training for all of its workers by giving them input in the operation and management of the supermarket. Those workers who are elected to the board of directors by their fellow workers, will especially acquire a thorough knowledge of supermarket management.

Job training and rotation will provide opportunities for advancement, and will increase the workers' skills. Because workers will acquire varied skills, when management positions in the store open up, the supermarket will give priority to hiring a trained cooperative worker rather than an outsider.

NOTES ON APPENDIX I

1. Ellerman, David, Notes on Community/Worker Cooperatives, Cambridge, Mass.: Industrial Cooperatives Association, March, 1979.

APPENDIX J

MEMO ON PERSONNEL POLICY

MEMO

TO: People interested in developing CDC personnel policy

FROM: Gail Kendall

RE: A stab at a job description for Executive Director

DATE: March 27, 1979

The CDC director will act as the principle contact person in the CDC; the person to whom community people can speak when they have questions, want to get involved in a particular project or activity, or want to bring an issue up for CDC consideration without waiting for a board meeting. The director will also be the person whom government or foundation officials can use as an information source and contact person at the CDC.

The director will also be responsible for preparing grant proposals and applications, and keeping on top of new sources of funding and assistance for community development organizations, as well as overseeing the resource people provided by these sources such as VISTA volunteers, work-study students, and BICs.

The director will coordinate specific CDC activities which require participation by a large number of people, and coordinate work programs for specific projects. The director will not perform all technical or expert work, but rather will work with, teach, and assist members of the community who can, or want to learn to, do development and program planning. The director will, however, be responsible for investigating the feasibility of new development and program areas in which the CDC can and should become involved.

The CDC needs one full time executive director rather than a number of part-time staff people, because we need to have one person who is responsible for the various different areas in which the CDC is involved, and who can hold together and coordinate CDC activities.

APPENDIX K

FIRST ANNUAL MEETING: AGENDA AND BALLOT

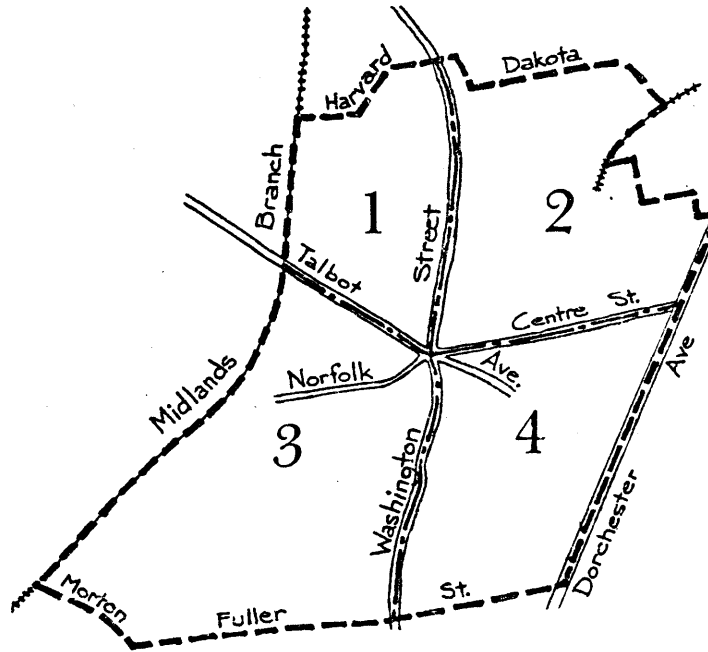
1ST ANNUAL MEETING
CODMAN SQUARE
COMMUNITY DEVELOPMENT CORPORATION

APRIL 10, 1979 7 P.M. WHITE CHURCH IN CODMAN SQUARE

AGENDA

- 7:00 Sign in and Verification of Membership
- 7:30 Introduction of Candidates
- 8:30 Report of the Interim Board
1. Our Market Inc.
 2. Consumer Advisory Board
 3. Lithgow Building
 4. Business Information Center Project
 5. Public Safety Committee
 6. Business Apprentice Program
- 9:00 Balloting
- 9:15 Discussion and Ratification of By-Laws
- 9:45 Announcement of Election Results
- 10:00 Adjournment

BALLOT
 BOARD OF DIRECTORS ELECTION
 CODMAN SQUARE COMMUNITY DEVELOPMENT CORPORATION



MERCHANTS REPRESENTATIVES

VOTE FOR 3

-
- Bisi Jackson (Boutique)
 - Lloyd Kinnitt (Brother Lord's Music and Sound Studio)
 - Will Lawson (Willard Lawson Barber Shop)
 - Al Waterman (ABC Printing)

ORGANIZATION REPRESENTATIVES

VOTE FOR 3

-
- John Melvin (Christians for Urban Justice)
 - Anne McCready Brown (Codman Square Health Center)
 - Ed Piper (Dorchester Fair Share)
 - Sephus Osborne (We Can Neighborhood Improvement Corporation)

B A L L O T

VOTE FOR A TOTAL OF 3 AREA REPRESENTATIVES

Please check the box beside the name of each candidate you wish to vote for.

AREA I

- Geraldine Churchwell
- Edward Tyler
- Cynthia Younger

AREA III

- Conchita L Flynn
- Cheryl Harding
- Herbert Johnson
- Neville Patterson
- William Shabazz

AREA II

- Tim Clegg
- Thomas Commors
- Elizabeth Corry
- Joe Courtney

- Joe Harper
- Paul Kelly
- Narinjin Khalsa
- Catherine Kinnitt
- Linda Pierce
- Robert West
- Lyndel Woodruff
- Paul Wychules
- Alan Weisberg

AREA IV

- Roy Bishop
- Daniel Buttry
- Jim Keefe
- John Marlier
- Emmett Schmersow
- Marina Smith
- John MacNeil

APPENDIX L
ASSORTED NEWS ARTICLES

Codman Square fights to keep store open

By Timothy Dwyer
Globe Staff

Residents and merchants of Codman Square, Dorchester, are planning to travel to Windsor Locks, Conn., tomorrow to try to convince officials at the headquarters of First National Stores, Inc., to keep their Codman Square store open.

First National announced last week that five Boston-area stores would be closed by Jan. 13. Codman Square residents, who would be left without a supermarket, want the chain to keep the store open — if not permanently, then at least until another store decided to move in.

Timothy Clegg, a member of the Codman Square Redevelopment Assn., said yesterday in a telephone interview that the group would travel to Windsor Locks by bus.

"We had a strategy session yesterday (Saturday) afternoon and decided that we would meet at 10:30 a.m. Tuesday and take a bus to Windsor Locks and present them with some demands to avoid the catastrophe," Clegg said.

Meanwhile, Sen. Joseph F. Timilty (D-Mattapan) said yesterday in a telephone interview that he talked

about the effects of the closing with Gov. Edward J. King yesterday and that he would meet with the governor today to see what can be done to prevent the shutdown.

When First National announced the closing, it said it was because the stores were all losing money.

Timilty, who is also chairman of the National Committee on Neighborhoods, questioned First National's statements about profits.

"I'm not so sure the owners of the store are being candid about the profits of the store. The area is coming back — maybe it doesn't make as much profit as the other stores in the chain, but that doesn't mean that they should forget about the store."

A spokesman for First National could not be reached yesterday.

Timilty, like many residents of the area, is afraid the store's closing will put a crimp in the neighborhood's revitalization.

Timilty also said that he would attend a meeting of residents of Dorchester Lower Mills tonight who are concerned about the closing of a First National store there.

Clegg said the elderly of Codman Square would be most hurt by the supermarket's shutdown.

Boston Globe, January 8, 1979, p. 32.

Market owner says he'll buy 2 Dorchester First Nationals

By Al Larkin
and Nick King
Globe Staff

The owner of a small chain of supermarkets has agreed to purchase two markets owned by First National Stores in Dorchester's Codman Square and Lower Mills neighborhoods that are slated to be closed.

In a press conference at Boston City Hall late yesterday, Mayor Kevin H. White said the negotiations between First National and Leo Flanagan of Somerville should be completed within 72 hours.

Flanagan, who already owns stores in Jamaica Plain and South Boston, said that, if the agreement is made final, he could restock and reopen the stores as Flanagan's Markets within four weeks of First National's departure.

Earlier yesterday, at the State House three senators asked Gov. Edward J. King to help prevent the closing of five Boston area First National Stores. King picked up the telephone, dialed Finast headquarters in Connecticut and asked to speak to the president.

The president was out, but King reached senior vice president Raymond Korfant and asked him to reconsider the

continued on page 165

Boston Globe, January 9, 1979, p. 3.

closings or at least to postpone them. Korfant said President Richard Bogomolny would call back this morning.

Finast officials said Friday that the chain plans to close five stores in Boston and Brookline because they are losing money. In addition to the Dorchester stores, officials said operations will be ended on Blue Hill avenue in Mattapan, Washington street in the South End, and Washington street in Brookline.

The decision to close the Codman Square store was seen as particularly critical to the city because that neighborhood has been struggling toward a revitalization, and the supermarket represented the only major business in the retail district.

Local merchants and residents said its closing would steer business away from the area, leaving smaller stores with little hope for attracting new business, and would also put the nearest supermarket out of walking distance for area residents.

King's quick personal involvement in the issue helped advance his self-styled reputation as an activist governor in the eyes of the three state senators, who are concerned about the impact on the neighborhood of the announced store closings in low- and middle-income sections of Boston and Brookline.

"That's what you call 'can-do,'" remarked Sen. Joseph Timilty (D-Mattapan) after the brief session in the executive office with King and Sens. Bill Owens (D-Mattapan) and Joseph B. Walsh (D-Dorchester).

"We haven't seen this type of direct involvement in a long time," Owens said.

Even Paul Guzzi, King's personal secretary, was slightly nonplussed. "He dialed it himself," Guzzi said.

Whether King's move will prevent or delay the closings remains unclear. Korfant said later that it is "an issue between the governor and our president." But he indicated the gubernatorial telephone call at least had an impact on him. "I don't talk to governors every day," he said.

Timilty said yesterday that he believes the company's argument about the stores' unprofitability is untrue. "I doubt their figures very much. The reasons they are giving for leaving are just not true," he said.

In his conversation with First National's vice president, King said the state could help the firm to remain in the areas and pleaded for a three-month grace period if the stores must close.

As for the mayor's involvement, White

did not offer details, although he promised to provide "superb police protection" during the transition to prevent any vandalism of the stores before they are reopened.

Flanagan's attorney, Lawrence Sperber, said, however, that the city played a key role in arranging meetings with the parties involved and in pushing for a quick approval of the sale with First National executives in what is usually a slow process.

Flanagan opened his first store in South Boston a year and a half ago, purchasing the market from A&P, and bought another A&P store in Jamaica Plain recently and began operations there a month ago.

Community residents on hand for the City Hall press conference praised the plans to reopen the stores, but one, Al Waterman of the Codman Square Merchants Assn., said: "It's only a Band-Aid right now. It's pacifying us for now, but we'll have to see if it works."

He said plans for a trip to First National's corporate office in Windsor Locks, Conn., to protest the closings have been canceled because of the Flanagan agreement.

Dorchester Community News
January 1979, p. 1

by Mike Prokosch

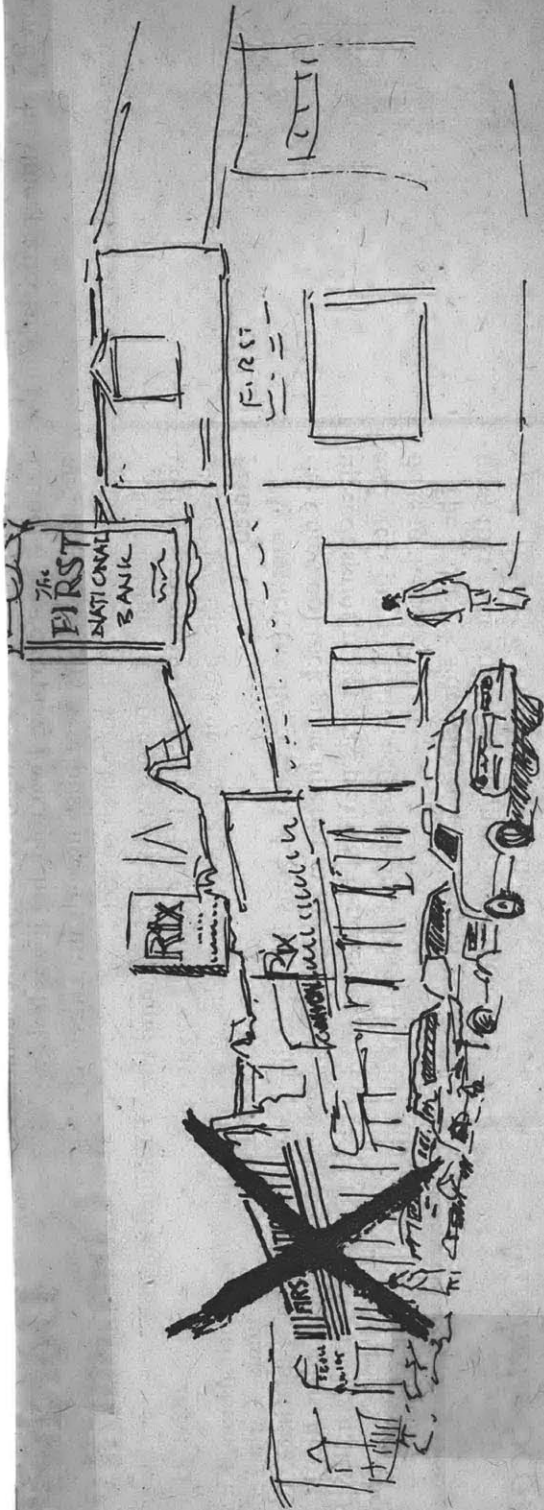
The First National market in Codman Square is closing January 13. Markets in Lower Mills and Mattapan will close the following Saturday, Jan. 20, a regional spokesperson for the Finast chain confirmed. First National Stores will also close its South End branch at 1423 Washington St. on January 13, but the Morrissey Boulevard and Washington Park markets will stay open.

The Mattapan closing will probably hurt only the few businesses located right next to the Finast on Blue Hill Ave. Mattapan Square has other large food markets and chain stores which will continue to draw thousands of customers weekly to the shopping district.

In the other Dorchester locations, "it's going to hurt," thinks Ed Forry, who lives 12 houses down from the Lower Mills market. "The Finast is a draw bigger than any other store in Lower Mills...if they close the parking lot too, it'll be a disaster."

Codman Square is where Finast's closing will hit the hardest. "It's going to kill business," said the manager of Woolworth's five and ten across Washington Street from the food market. "It's the only thing we've got pulling people into the area."

"We do need a large food market," agreed president Al Waterman of the Codman Square Merchants' Association. "Now we're on the upswing, we need it more than ever. It'd be a wicked blow to the Codman Square area, leaving us without a big market."



Finast Closing Threatens Shops in Codman Square, Lower Mills

continued on page 167

Making Good Money

For Codman Square the Finast closing will cut short one of the best retail seasons in recent falls. First National has led the profit-taking, according to a source who asked to remain nameless. Since last May, he said, weekly gross sales in the Codman Square branch have increased from about \$32,000 to about \$42,000, and shoplifting has been reduced over the same months.

A Finast spokesperson in the regional headquarters in Windsor Locks Connecticut disputed this statement. Though she declined to go into specific figures, "from our standpoint these stores have not been profitable," she told the *Community News*.

The nameless source gave a different reason for the closing. By his account, Pic'n'Pay—the Ohio based chain that bought a controlling interest in First National Stores last May—can cut its taxes by writing off several local markets as a business loss.

They Could Have Let Us Know...

Especially damaging in the Jan. 13 closing is the lack of warning. With some months' advance notice, other supermarkets might have been

If you want to help find a replacement for the Codman Square Finast—

- **come to a meeting Wednesday, Jan. 3 at the Second Parish Church (large white church) in Codman Sq. at 7:30 p.m.**
- **call Tim Clegg at 725-3542 (work) or 288-5526 (home).**

persuaded to move in when Finast closed. The Uphams Corner Market in this fashion replaced the old Elm Farm with hardly a break in service to customers.

More recently, the A&P on Centre Street in Jamaica Plain was taken over by an independent named Flanagan, already operator of a South Boston supermarket. The Jamaica Plain store was vacant less than a month.

A task force of Codman Square residents and business people is now trying to find another such independent, a chain, or possibly even the New England Food Cooperative Organization to take over the Codman Square Finast. If they can't get a supermarket, said task force member Tim Clegg, they may try to rent the storefront immediately to some other type of business just to keep it occupied. The search for a food market would continue, assisted by Manning Burke of the city's Neighborhood Business Program.

What the task force lacks is time. Finast's regional office is reluctant to delay its Jan. 13 closing. "Our worry is the loss we'd sustain for the extra days we'd stay open," said the Finast spokesperson.

If delaying the closing will be difficult, preventing it may be harder. Dorchester Fair Share waged a long campaign last spring that kept the First National Bank from leaving Codman Square. But there was time to prepare that campaign and, even more important, a regulatory agency sympathetic to community needs. There is no equivalent of the state Banking Commission which can twist the arm of a national supermarket chain.

Codman Square Market to Re-Open

by Mike Prokosch

On February 9, one day before it closed, the First National Supermarket in Codman Square was sold to a group of local residents. Board members of Codman Square's recently incorporated Community Development Corporation (CDC), other residents and merchants put up \$10,000 of their own money as a deposit on the building and the equipment inside.

Buying the store "didn't make sense for any individual," commented the store's future manager, Muhammed Farrakhan. "The only reason the deal financially makes sense is the CDC and people like Jim Keefe, Tim Clegg, Gail Kendall, and the others." When these community people came up with the deposit, he added, it was "enough to inspire anybody."

Inspired or not, the locally controlled venture will have all the problems it can handle. Will the business survive? To find out we interviewed Farrakhan and acting CDC president Tim Clegg.

Opening. When will the market reopen? A major worry when its closing was announced was that customers would drift away the longer the store stayed closed.

Now its new owners are thinking that *when* it re-opens is less important than *how*. With the attention the market's gotten, it has to look better than a normal supermarket to satisfy the imaginations of area residents. "When we do open, if we promote it right, there'll be a mob of people there," hopes Clegg. "The store can't be a disaster."

Clegg thinks the March 5 opening originally planned may be postponed till mid-March to allow two or three weeks for repainting, renovation, equipment repairs, and possibly a full-scale remodeling. This work cannot begin before February 23, when the CDC gives First National Stores the rest of the purchase price and formally takes title to the store. And *that* can't happen until the supermarket is incorporated separately from the CDC because the First National Bank of Boston, which is partly funding the venture, is making separate incorporation a condition before lending the money.

Dorchester Community News
March, 1979, p. 7.

continued on page 169

Building. Neither the store nor the equipment inside is in good condition. Source in Finast say the roof leaks, the air conditioning and heating systems break down frequently, some cold-cases upstairs and refrigeration units downstairs conk out—and Finast refused to sell the new owners its functioning cash registers.

Partly balancing the poor equipment is the low price the CDC paid for the store. Finast came down “substantially” from its original asking price of \$100,000, says Farrakhan. This should leave enough ment. The latest in computerized cash registers, for example, might be purchased to make sure the check-out lines move fast.

Stock. What will the new store sell? That, and prices, will make the difference between a crowded, profitable market and a deserted, failing business.

The new management may be starting off right by not buying any of Finast’s old goods. Instead, the store will feature very high quality meat and produce that is sold loose, so that customers can pick the vegetables and fruit they want, instead of packaged. A health food section will be featured, thinks Farrakhan, and a deli case is possible. “Everything will be sold,” Farrakhan promises. “It will be a full-service store in every sense of the word.”

Management To get high-quality meat and produce at affordable prices, and to run a clean store efficiently, you need experienced supervisors. Nowhere is this more important than in the supermarket business. Competition is intense and profits are low—one to two percent at best. Mistakes can wipe out the inexperienced and incompetent.

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Muhammed Farrakhan has been "in and out of the supermarket business for about ten years," he says. For three years he managed the Brothers Supermarket on Blue Hill Avenue. "We managed it by the seat of our pants," he remembers, and when the store folded he decided he should learn to run a store the right way. Recruited for Finast's manager-training program, he worked in various stores, including a stint as a manager of the South End store that recently closed on Tremont Street. He quit, he says, when Greater Roxbury Development Corporation came to him with "an offer I couldn't refuse"—to put together a package for community-run markets like Codman Square's. He has since been working on this project and serving as a technical advisor at the Metropolitan Area Planning Council, helping local groups prepare funding proposals.

Farrakhan lacks experience buying for markets, say Finast sources. However, where he is lacking he's planning to hire old hands. Meat and produce buyers, grocery managers, and staff are being recruited part or full time from the Codman Square store's old employees and from other long-time jobs. Finast is supposed to provide some of its staff including the store's ex-manager, Bob Cotter, who will be available for about a month to work in the store supervising the new setup. A senior supermarket executive may be on call as problems come up. Together, the new staff should have over 100 years' experience in running profitable supermarkets.

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Theft. Under Finast, the Codman Square store lost 2.3 percent of its gross sales to stealing—four-fifths of that by store employees, say Finast officials. “Pilferage is the whole ball game,” agrees Farrakhan.

“The only way we can conceivably address the problem is by profit-sharing with the employees,” he says. The corporation that runs the store will be an employee-owned cooperative owning a majority of the stock, in partnership with the CDC.

Each quarter, Farrakhan plans to set goals for each department of the sales it should do. Growth, and profits to be shared, will depend on meeting those goals. This way, the employees should watch both shoplifters and store operations, making the store as profitable as possible.

This plan is not fully worked out yet, but should be finished by the first month or two of operations. The profit-sharing will be in addition to a regular salary for the 18 or 19 part-time and 9 full-time employees of the future market.

Overall, this will be the ownership of the market: The parent corporation will be the non-profit CDC. Its subsidiary, a for-profit separately incorporated supermarket, will be governed by a CDC-appointed board in partnership with the employee-owned cooperative. Farrakhan as manager will work on a contract with the supermarket corporation. He has no financial investment in the venture.

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Community Relations. Besides this structure, the CDC plans two other official bodies. One, the business advisory council, will give technical advice and assistance as the supermarket management needs it. It probably will include a certified public accountant with supermarket experience, an attorney, and someone from each of the three lenders—CDFC, First National Bank, and First American Bank.

The second body will be a consumer advisory council of merchants and shoppers who will give local people a way to complain and offer suggestions for improving the market. This council will also be in charge of publicity and promotions for the store. Ideas include a contest in local schools to name the new market, a grand opening, other festive events to draw as many people as possible, door-to-door bargain day flyers, and contacts with civic organizations.

Promotion and publicity are keys to survival in today's business. In leaving these crucial tasks to an amateur local board, the new market's owners are admitting their weakness and their hope. They have gotten into a venture which can only survive through massive community support and patronage.

CODMAN SQUARE

Codman Sq. Market Opening Awaits Federal Loan

Mid-April is the earliest the former Finast food market will reopen in Codman Square, and the Community Development Corporation (CDC) which has bought the business says that the opening date is up to a federal agency.

Ed Tyler, president of the supermarket's board of directors, said in an open meeting March 20 that the First National Bank is waiting to award a \$75,000 loan to the CDC till the federal Small Business Administration guarantees 90 percent of it. Once the bank loan comes through, the state Community Development Finance Corporation will kick in another \$75,000. Of the total, \$100-\$125,000 will buy food to stock the shelves and the rest will be wages and working capital for the store.

For now, the market's new owners—the Codman Square Community Development Corporation—are concentrating on signing up members before its first election of board members on April 10. If you want to join, fill out the form below.

Membership in the Codman Square Development Corporation (CDC) is open to all residents 18 years or older, and entitles the holder to participate in the affairs of the Corporation, vote for the Board of Directors at the annual meeting on April 10 (in basement of 2nd Parish Church, Codman Square [the big white church] at 8 p.m.), run for open seats on the Board, and receive the Corporation's newsletter and other publications. Members dues are one dollar (\$1.00) per year. Mail with \$1.00 to the Codman Square C.D.C., 560A Washington St., Dorchester, MA 02124.

Boston Sunday Globe

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Our Market

In a city of 640,000 people, few meetings of about 100 folks, none of them very prominent, could have the significance and potential of a gathering held the other night at the Second Parish Church in Dorchester's Codman Square. The size of the group and the diversity of its members was a clear signal that this area, virtually under seige by economic and social forces in recent years, could well be turning around.

The session was the first annual meeting of the newly formed Codman Square Community Development Corp. (CDC), established by local residents and businessmen to launch a counteroffensive. If the racial and economic diversity of the group and the commitment to the CDC's objectives voiced at the meeting were any indication, the effort should succeed.

Codman Square, once a thriving commercial center, has fallen on hard times. Demographic changes gave it a push. As incomes declined, so did business. Racial tensions exacerbated the decline. Then the First National Bank announced it was going to pull out its branch, a signal that the financial pros were writing the neighborhood off.

The ensuing battle—resolved when the First National delayed its retreat and arrangements were made for the Unity Bank eventually to take its place—had hardly ended when the blizzard of 1978 struck. There was looting in Codman Square and soon afterwards one of the principal targets, a First National Store, announced that it too was closing. Fortuitously, the bank pullout had already galvanized community concern and planning for creation of

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the CDC had already begun. With up-front money from merchants, aid from the city and a loan from the First American Bank, the infant CDC was able to acquire the store, the square's principal commercial magnet.

A manager has been hired along with heads of the meat and vegetable departments. Official word is expected soon from the First National Bank and the federal Community Development Finance Corp. on the loans necessary to begin operations. And the store, to be called appropriately "Our Market," could open for business this month. Clearly, based on the turnout the other night, the whole community is prepared to support it, to participate in its consumers' advisory board, to work on subsidiary efforts aimed at improving safety in the square and establishing some sort of transportation system to serve the market.

Eventually, the CDC hopes to aid other businesses in the neighborhood and, at the same time, provide job training and jobs in the square for neighborhood residents. Some in the diverse crowd at the meeting see the movement at Codman Square as the beginning of a substantial effort at community control, at neighborhood political power. Some see it as a traditional neighborhood improvement project to be effected by nontraditional means. Some just want a decent and convenient place to buy bread and other staples.

But whatever the motivation, this grass roots effort has already spurred a new sense of neighborhood cohesion and purpose. It is a model that other troubled neighborhoods can not only envy, but emulate.

APPENDIX M
BYLAWS OF THE CODMAN SQUARE
COMMUNITY DEVELOPMENT CORPORATION

BYLAWS

OF THE

Codman Square Community Development Corporation

Article I
(Name and Office)

- Section 1.01. Name of the Corporation. The name of the corporation shall be the Codman Square Community Development Corporation.
- Section 1.02. Principal Office. The principal office of the corporation shall be at the home address of the chairperson of the Board of Directors until such time as a more permanent address can be secured.

Article II
(Members)

- Section 2.01. Classes of Membership. There shall be two classes of Membership of this Corporation. The first class of Members shall be known as Voting Members, and the second class of Members shall be known as Associate Members and shall have no vote. Any reference in these Bylaws to Members shall be construed to include both Voting and Associate Members, unless otherwise limited.
- Section 2.02. Eligibility for Voting Membership. Any person shall be eligible for Voting Membership in the Corporation if he or she:
- a) is a resident of, or his or her place of business or employment is within the Codman Square Community as outlined in Appendix A;
 - b) is 18 years of age or older, of good character, whose admission to Membership will contribute to the corporation's ability to carry out its purposes; and
 - c) indicates an interest and desire to become a member by signing and returning to the Secretary of the Corporation a membership application form.
- Provided, however, that any individual who meets the eligibility requirements of paragraphs (b) and (c) regardless of residence or place of business or employment shall be eligible if he or she:
- d) is eligible for membership on the Board of Directors and is elected or appointed thereto according to the provisions of Section 4.03.
- Section 2.03. Rights of Voting Members. Every Voting Member shall have the right to attend and participate in business and social meetings of the Corporation. Every Voting Member shall receive the publications and correspondence of the Corporation upon terms established by

the Board of Directors. Every Voting Member shall have the right to any and all privileges established from time to time by the Membership and/or the Board of Directors. Any Voting Member shall have the right to petition for special meetings of the Membership as delineated in Article 3, Section 4 and to remove Directors according to Section 4.05.

Section 2.04. Eligibility for Associate Membership. Any person is eligible for Associate Membership in the Corporation if he or she meets the eligibility criteria outlined in Section 2.02, paragraphs (b) and (c), and:

- a) has demonstrated expertise in one of the Corporation's areas of program priority; or
- b) has a history of active involvement in the Codman Square Community in a manner consistent with the Corporation's purposes; or
- c) has demonstrated a clear commitment to the purposes and/or activities of the Corporation.

Section 2.05. Rights of Associate Membership. Every Associate Member shall have the right to attend and participate in business and social meetings of the Corporation. Every Associate Member shall receive the publications and correspondence of the Corporation upon terms established by the Board of Directors. Every Associate Member shall have the right to any and all privileges established from time to time by the Membership and/or the Board of Directors, except as specifically prohibited under these Bylaws.

Section 2.06. Application for Membership. Applications for Membership shall be submitted to the Secretary of the Corporation on a written form prescribed and approved by the Board of Directors. The Secretary shall transmit such applications for consideration to the Members Committee. The Members Committee shall initially screen and evaluate applications for Membership, and may interview applicants, in order to determine the applicant's eligibility according to the guidelines outlined in Section 2.02 and 2.04.

Section 2.07. Admission of New Members. The Members Committee shall present a list of all applicants for Membership, accompanied by recommendations concerning eligibility and for action, to the Board of Directors; Membership shall be conferred upon the applicant by a simple majority of the votes cast at a regular or special meeting of the Board of Directors. An applicant may not be denied membership if he or she is eligible according to the criteria outlined in Sections 2.02 and 2.04.

Section 2.08. Suspension or Termination of Membership. Any Member may terminate membership in the Corporation at any time by giving written notice to the Secretary of the Corporation. Such termination shall become effective as of the date of the receipt by the Secretary. The Board of Directors may, by affirmative vote of two-thirds of the entire Board, suspend or terminate the membership of any member for good cause.

- Section 2.09. Political Activity of the Members. The Codman Square Community Development Corporation is a non-partisan corporation. No Member shall imply through thought, word, or deed that the Member is acting on behalf of the Corporation if and when they take part in any political activity. Violation of this section will constitute grounds for termination of membership under Section 2.08.
- Section 2.10. Dues for Voting and Associate Members. The Board of Directors may provide for dues and special assessments against both Voting and Associate Members, all subject to approval of a majority vote of the Voting Membership at a meeting of the Members of the Corporation.

Article III
(Meetings and Members)

- Section 3.01. Conduct of Meetings. The conduct of meetings shall be held in accordance with Robert's Rules of Order, newly revised, unless otherwise dictated by these Bylaws.
- Section 3.02. The Initial Meeting of Members. The initial meeting of the Members of the Corporation for the election of the permanent Board of Directors, the establishment of permanent bylaws and such other business as may properly come before this meeting shall be held on the second Tuesday in April in the year of 1979. On that date, the Codman Square Community Development Corporation will officially cease its interim status and, upon the submission and approval of its articles and bylaws, become a fixed and permanent institution in the Codman Square Community.
- Section 3.03. The Annual Meeting of Members. The annual meeting of the Members of the Corporation for the election of the Board Members, the amendment of the permanent Bylaws, and such other business as may properly come before such meeting shall be held on the second Tuesday in April in the year 1980 and all subsequent years or, if that day be a legal holiday, then on the next succeeding, that is not a legal holiday.
- Section 3.04. Special Meetings of the Members. Special meetings of the Members of the Corporation may be called at any time by order of the Board of Directors, of the Chairman of the Board, or by a petition signed by not less than 20 percent of the Members of the Corporation, setting forth the date on which such special meeting shall be held and the general nature of the business to be transacted at such meeting. The petition must be received at the principal offices of the Corporation not less than 7 days before the date specified in such petition for the calling of such special meeting.
- Section 3.05. Notice of Meetings of the Members. Written notice of each meeting of the Members of the Corporation shall be given not less than 14 nor more than 21 days before the day on which such meeting is to be held, by posting a copy of the notice in a conspicuous place at the principal office of the Corporation and by mail, handbill, newsletter, newspaper, or such additional means as the Board shall deem effective. The notice shall state the place, day and hour

of the meeting, and in the case of a special meeting, it shall also state the general nature of the business to be transacted and by whose request the meeting was called.

- Section 3.06. Quorum. The presence at any meeting of the Members of the Corporation constituting not less than 20 percent of the Members of the Corporation or 100 Members of the Corporation (whichever is less) shall be necessary and sufficient to constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the Members present may by resolution adjourn the meeting from time to time for a period not exceeding 7 days in any one case. At any duly adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.
- Section 3.07. Organization. At each meeting of the Members of the Corporation, the Chairman of the Board or, in the case of his or her absence, the Vice-Chairman shall act as chairman thereof. The Clerk or, in the case of his or her absence, the person whom the chairman of the meeting shall appoint as clerk of the meeting, shall act as such.
- Section 3.08. Voting. Each Voting Member present at a meeting shall be entitled to cast one (1) vote on all matters which shall come before any meeting of the Membership. Associate Members shall have no right to vote on any matter at any meeting. At any meeting of the Members all matters shall be decided by an affirmative vote of the majority of the Voting Members of the Corporation present at such meeting except those matters otherwise expressly regulated by another specific section of these Bylaws. Voting by proxy shall not be allowed.
- Section 3.09. This section and Section 3.02 through 3.06 and Section 3.08 may be amended or repealed only by a vote of the majority of all Voting Members of the Corporation, provided that a proposed amendment or repeal must be undertaken at a meeting of the Corporation held in accordance with these Bylaws.

Article IV (Board of Directors)

- Section 4.01. Powers. The activities, affairs and property of the Corporation shall be managed, directed and controlled, and its powers exercised by, and vested in, the Board of Directors.
- Section 4.02. Composition of the Board of Directors. The Board of Directors shall consist of a minimum of 19 and a maximum of 21 Directors. There shall be three Directors representative of each of the four geographic quadrants as outlined in Appendix A; three Directors representative of the Codman Square merchants; three Directors representative of the organizations active within the boundaries of the Corporation; one Director from the Boston banking community; one Director who is the Boston Redevelopment Authority Dorchester Neighborhood Planner; and one Director who is the Office of Program Development Dorchester Neighborhood Planner.

Section 4.04. Selection of Directors. The Directorships in each of the Director categories outlined in Section 4.03 shall be filled in the following manner:

- a) Directors Representative of Geographic Quadrants. Each quadrant shall have three Directors on the Board of Directors.
 - 1) Nominations. Neighborhood organizations and Members of the Corporation within each geographical quadrant may make nominations of individuals for quadrant Directorships by submitting the nomination in writing to the Members Committee not less than 21 days prior to the Annual Meeting.
 - 2) Ballot and Voting. Nominated individuals shall appear on the ballot under the quadrant where they reside, without endorsement of the nominating group or individual. All Voting Members present at the Annual Meeting shall be entitled to vote for one (1) quadrant Director; with the exception that at the Initial Meeting, each Voting Member shall be entitled to vote for three (3) quadrant Directors.
 - 3) The term of each quadrant Director shall be three years and one-third of the Directors shall be elected each year at the annual meeting; with the exception that at the Initial Meeting of the Membership, the nominees from each of the quadrants receiving the largest, second largest, and third largest number of votes cast for nominees from that quadrant shall be appointed to three, two, and one year terms respectively.
- b) Directorships Representative of the Merchant Community. The Codman Square merchant community shall have three Directorships on the Board of Directors.
 - 1) Nominations. The Codman Square Merchant's Association and individual merchants in the Codman Square area shall have the right to nominate individual merchants to the Board of Directors. Such nominations must be submitted in writing not less than 21 days prior to the Annual Meeting to the Members Committee.
 - 2) Ballot and Voting. Nominations to merchant Directorships shall be listed on the ballot without endorsement by the nominating group or individual. Each Voting Member in attendance at the Annual Meeting shall have the same number of votes as there are Directors whose terms are expiring.
 - 3) At the Initial Meeting of the Membership, the nominees with the largest, second largest, and third largest number of votes shall be named to three, two and one year terms respectively. At each Annual Meeting following the Initial Meeting of the Members, the number of merchant Directors to be elected shall equal the number of Directors from this category whose terms are expiring and the terms of such Directors elected at an annual meeting following the Initial Meeting shall be three years.

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- c) Directorships Representative of Codman Square Organizations. The Board of Directors shall have three Directors representative of the organizations active within the boundaries of the Corporation.
- 1) Nominations. Each organization active within the Codman Square Community Development Corporation boundaries may nominate one individual to the Board of Directors. Such nominations must be made in writing not less than 21 days prior to the Annual Meeting to the Members Committee.
 - 2) Ballot and Voting. Nominations to organizational Directorships shall be listed on the ballot with the name of the organization that they represent. Each Voting Member in attendance at the Annual Meeting shall have the same number of votes in this category as there are vacancies on the Board from this category.
 - 3) At the Initial Meeting of the Membership, the nominees with the largest, second largest, and third largest number of votes shall be named to three, two and one year terms respectively. At each Annual Meeting following the Initial Meeting of the Members, the number of organizational Directors to be elected shall equal the number of Directors from this category whose terms are expiring and the terms of Directors elected at such meetings following the Initial Meeting shall be three years.
- d) Directorship Representative of the Banking Community. Not more than 21 days after the Initial Meeting of the Membership, the Board of Directors by a majority vote shall appoint one member of the Boston banking community to serve a term of three years as a Director of the Corporation. Upon expiration of this term, the Board of Directors shall in subsequent years fill this Directorship in the same manner.
- e) Directorships Representative of the Boston Redevelopment Authority and the Office of Program Development. The Dorchester Neighborhood Planners from the Boston Redevelopment Authority and the Office of Program Development shall each serve as Directors of the Corporation. These seats cannot be filled by any other person except by majority vote of the Membership cast at a regular Annual Meeting of the Corporation.

Section 4.05. Resignation. Any Director may resign at any time by delivering a written resignation to the Chairman of the Board or the Secretary of the Corporation. The acceptance of any such resignation, unless required by the terms thereof, shall not be necessary to make the same effective.

Section 4.06. Removal. Any Director may be removed at any time by the affirmative vote of a majority of the Voting Members of the Corporation present at a meeting of the Members or by a two-thirds vote of the Board of Directors present at a meeting, the notice of which shall have specified the proposed removal. Violation of Section 2.09 shall constitute grounds for removal from the Board of Directors.

Section 4.07. Vacancies. If and when a geographical Directorship becomes vacant, a special meeting will be called according to the provisions in Section 3.04 of these Bylaws for the purpose of electing one Director from the quadrant without full representation. Neighborhood organizations and individuals within this quadrant may make nominations to the Members Committee not less than 21 days prior to the special election. All Voting Members shall have one (1) vote. The individual receiving the largest number of votes shall be appointed to serve for the remainder of the term of the vacant Directorship.

With the exception of the Directorships held by the BRA and OPD Neighborhood Planners, whenever the number of Directors shall for any reason be less than the authorized number, the vacancy may be filled by a majority of the remaining Directors; with the exception that if the remaining Directors should number less than ten, then those remaining Directors shall direct the Members Committee to conduct, within a period of thirty (30) days, a special election for the purpose of filling the vacant seats on the Board of Directors, said special election to be conducted in manner consistent with the provisions of Section 4.04 of these Bylaws.

Section 4.08. Annual Meeting. The annual meeting of the Board of Directors for the election of officers and for the transaction of such other business as may properly come before it, shall be held no more than 14 days following the date of adjournment of the annual meeting of the Membership; no notice of the annual meeting of the Board of Directors need be given to the Members of the Corporation. The annual meeting of the Board of Directors shall, like all meetings of the Board of Directors except when in executive session, be open to the attendance of Members of the Corporation.

Section 4.09. Other Meetings. Regular meetings of the Board of Directors shall be held bi-weekly on the second and fourth Tuesday of the month unless an alternate time and date be selected by a majority of the Board. Special meetings shall be held at any time when called by order of the Chairman of the Board or any five Directors. Should the regular time be changed an announcement shall be made to the Membership specifying the new place, time and day of the regular meeting of the Board of Directors.

Section 4.10. Notice. Notice of each special or annual meeting of the Board of Directors shall be mailed to each Director's residence or usual place of business as soon as possible prior to the day on which the meeting is to be held. Each such notice shall state the general nature of the business to be transacted, the day, time and place of such meeting, and by whose request it was called. No notice need be given of regular meetings or of any adjourned meeting of the Board.

- Section 4.11. Quorum. The presence at any meeting of the Board of Directors in person of no less than 50 percent of the authorized number of Directors thereof shall be necessary and sufficient to constitute a quorum; a majority of those Directors present may by resolution adjourn the meeting from time to time for a period not exceeding 7 days in any one case. At any duly adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.
- Section 4.12. Organization. At each meeting of the Board of Directors the Chairman of the Board shall act as chairman thereof, or in case of his or her absence, the Vice-Chairman shall so act. The Clerk shall act as secretary thereof, or, in case of his or her absence, the person whom the chairman of the meeting shall appoint as secretary pro-tem of the meeting.
- Section 4.13. Voting. At all meetings of the Board of Directors, except as otherwise expressly required by these Bylaws, all matters shall be decided by the vote of a majority of the Directors present at the meeting. A tie vote shall constitute a negative vote. (Voting by proxy shall not be allowed.
- Section 4.14. Annual Reports. The Board of Directors shall present at each annual meeting of the Members of the Corporation an annual report of the Corporation's activities during the preceding fiscal year.
- Section 4.15. Attendance. Any Director who misses three consecutive, properly noticed meetings of the Board of Directors without a written explanation satisfactory to the Board may be removed by the affirmative vote of a majority of the Directors present at a meeting of the Board of Directors, the notice of which shall have specified the proposed removal.

Article V (Committees)

- Section 5.01 The Board of Directors may appoint an Executive Committee comprised of not less than five Directors, at least one of whom must be drawn from each of the three categories of Directors provided for in Section 4.04.a, b, and c. The Executive Committee shall include the Chairman of the Board as well as all members of the Board of Directors who are officers of the Corporation, to hold office until the next annual meeting of the Board of Directors. During the intervals between meetings of the Board of Directors, the Executive Committee shall possess and may exercise all powers of the Board of Directors (excepting the power to add to, amend, or repeal these Bylaws) in all cases in which specific directions shall not have been given by the Board of Directors. Within 14 days after the first meeting of the Board of Directors, the Board shall provide the Executive Committee with guidelines specifying the dollar amount of those contracts and other financial commitments which shall require approval of the Board of Directors. The Executive

Committee may fix its own rules of procedure, but in every case the presence of not less than three members of the Executive Committee shall be necessary and sufficient to constitute a quorum for the transaction of business. The Chairman shall have the power to fill any vacancy in the Executive Committee, but any Director so chosen shall serve as a member of the Executive Committee only until the next meeting of the Board of Directors. Within 7 days after each meeting of the Executive Committee, the Clerk shall forward to each member of the Board of Directors a brief report on the business conducted at said meeting.

The duties and responsibilities of the Executive Committee shall be as follows:

- 1) The executive Committee shall have the responsibility for the investigation of project needs and feasibility, the packaging and marketing of proposed projects, the establishment of approved projects, the operational supervision of such projects, and the evaluation of projects.
- 2) The Executive Committee shall establish procedures for approving proposed projects, setting up budgets, naming fiscal agents developing and implementing personnel procedures, hiring the Executive Director, and negotiating salary agreements.
- 3) The Executive Committee will hold regular meetings open to the Members of the Corporation as well as staff members of subsidiary projects.
- 4) The Executive Committee shall report briefly on its activities at each Board of Directors' meeting and shall submit at each annual meeting of the Members of the Corporation a written report on projects.

Section 5.02. Members Committee. The Board of Directors shall establish a Members Committee which shall consist of not less than five Members (or Directors, or both) of the Corporation appointed by the Chairman of the Board with the approval of the Board of Directors, to hold office until the next annual meeting of the Board of Directors. The duties and responsibilities of the Members Committee, in addition to the powers and duties delegated to the Committee from time to time by the Board of Directors, shall include the responsibility for (1) taking nominations for the Board of Directors; (2) the execution of elections according to these Bylaws; (3) the taking of Membership applications and the recommendation to admission of new Members to the Corporation.

Section 5.03. Investment Committee. There shall be an Investment Committee consisting of the Treasurer, the Clerk and the Chairman of the Board of Directors, as well as the Executive Director, if any. The Investment Committee shall have full power to authorize the Corporation to borrow money and to invest, lend money to, and purchase securities of businesses located in the Codman Square Area, and to sell such securities to others, to further the Corporation's purposes; provided that such investments, loans

and purchases of securities are made in connection with or pursuant to a program conducted by a public or governmental agency or instrumentality.

- Section 5.04. Other Committees. The Board of Directors from time to time may establish other committees, boards, and councils, including a Finance and Business Committee, which shall have such duties, and the members of which shall hold office for such periods, as the Board of Directors from time to time may determine. If the Board of Directors shall establish a Finance and Business Committee, at least one member of said Committee shall be drawn from each of the three groups provided for in Section 4.04.a, and 4.04.b. The rules of procedure of such committees, boards, and councils shall be determined from time to time by the Board of Directors, or, if authorized by the Board of Directors, by the respective committees, boards, and councils. Any such committee, board, or council may be abolished, or any member thereof removed, with or without cause, at any time by the Board of Directors.
- Section 5.05. Term of Office. Each member of any committee established pursuant to the Bylaws shall serve until the next annual meeting of the Board of Directors and until a successor is appointed, unless the committee shall be abolished, or unless such member shall be removed, or unless such member shall cease to qualify as a member thereof.
- Section 5.06. Vacancies. Vacancies on committees shall be filled by the appointment of the Chairman of the Board of Directors, subject to the approval of the Board of Directors.
- Section 5.07. Quorum. The presence, in person, of a majority of the members of a committee shall be necessary and sufficient to constitute a quorum for the transaction of business by that committee.
- Section 5.08. Minutes. Each committee shall keep regular minutes of its proceedings and shall report briefly on its activities at each Board of Directors' meeting.

Article VI (Officers)

- Section 6.01. Election. The Officers of the Corporation shall consist of a Chairman of the Board, a Treasurer, a Clerk, and a Corresponding Secretary who shall be elected by the Board of Directors from among its members by plurality vote of the Directors present at the first meeting of the Board of Directors after the annual Meeting of the Members. The Board of Directors may also appoint such additional Officers as the Board of Directors deems appropriate. No person shall hold more than one office at the same time.
- Section 6.02. Term. Except as otherwise provided by law, by the Articles of Organization or by these Bylaws, the Chairman of the Board, the Treasurer, the Clerk and the Corresponding Secretary shall hold office until the first meeting of the Board of Directors following

the next Annual Meeting of the Members and until their respective successors are chosen and qualified. All other officers shall hold office until the first meeting of the Board of Directors following the next Annual Meeting of the Members, unless a shorter time is specified in the vote choosing or appointing such officer or officers.

- Section 6.03. Resignations. Any officer may resign by delivering his written resignation to the Corporation at its principal officer or to the President or Clerk. Such resignation shall be effective at the time or upon the happening of the condition, if any, specified therein or, if no such time or condition is specified, upon its receipt.
- Section 6.04. Removal. Any officer may be removed from office with or without cause by vote of a majority of the Directors then in office. An officer may be removed for cause only after a reasonable notice and opportunity to be heard before the Board of Directors.
- Section 6.05. Vacancies. Vacancies in any office may be filled by the Board of Directors.
- Section 6.06. Duties and Powers. The officers designated below, subject at all times to these Bylaws and to the direction and control of the Board of Directors, shall have and may exercise the respective duties and powers set forth below:
- a) Chairman of the Board. The Chairman of the Board shall be the Chief Executive Officer of the Corporation and, subject to the control of the Board of Directors, shall have general supervision, direction and control of the business and Officers of the Corporation. He or she shall also preside at all meetings of the Board of Directors of the Corporation, and shall have such other powers and duties not inconsistent with these Bylaws as may be assigned to him or her from time to time by the Board of Directors.
 - b) Treasurer. The Treasurer shall be the chief financial officer of the Corporation and shall have charge and custody of and be responsible for all funds and securities of the Corporation and shall cause accurate books of account to be kept.
 - c) Clerk. The Clerk shall keep a record of all proceedings of the Members and shall also keep a record of all proceedings of the Board of Directors. In the absence of the Clerk from any meeting of the Members or from any meeting of the Board of Directors, an Assistant Clerk, if there be one, otherwise a Clerk Pro Tempore designated by the person presiding at the meeting, shall perform the duties of the Clerk at such time.
 - d) Corresponding Secretary. The Corresponding Secretary shall be responsible for all correspondence of the Corporation including all written communication with the Membership.

Section 6.07. Other Duties and Powers. Each officer, subject at all times to these Bylaws and to the direction and control of the Board of Directors, shall have and may exercise, in addition to the duties and powers specifically set forth in these Bylaws, such duties and powers as are prescribed by law, such duties and powers as are commonly incident to his office and such duties and powers as the Board of Directors may from time to time prescribe.

Article VI
(Conflict of Interest)

Section 7.01. No member of the Board of Directors or Executive or other committee and no officer shall directly or indirectly receive any compensation or payment from the Corporation, except for reimbursement of actual authorized expenses, or enter into any contract with the Corporation under which such person or any parent, spouse, child, partner, employer or similarly related business entity would receive any such compensation or payment, except that a business enterprise of which such person is a member, owner or employee may receive such compensation, payment or contract if such compensation, payment or contract is specifically approved by the Board of Directors and does not constitute or permit payment on account of services rendered to the Corporation by such person individually. The Corporation may enter into contracts which may directly or indirectly enhance the value of a business or property, but no member of the Board of Directors or Executive or other committee and no officer shall vote or act in connection therewith if such person or any parent, spouse, child, partner, employer or similarly related business entity has a direct and substantial interest in any business or property that would be specifically, directly and substantially affected by such contract. Within 30 days after election (or after the acquisition of such interest if later), each Director shall file with the Clerk of the Corporation a statement indicating the identity of each business and each parcel of property within the Codman Square Community Development Corporation boundaries, in which such Director has a direct and substantial interest. Such statements shall be preserved among the records of the Corporation and shall be open to inspection by any Member of the Corporation.

Article VIII
(Amendment of Bylaws)

Section 8.01. These Bylaws may be amended by the majority of Voting Members of the Corporation, or by the affirmative vote of two thirds of the Directors at a regular, annual, or special meeting, the notice of which shall have specified the proposed amendment; with the exception that Section 3.02 through 3.06, and Section 3.08 and 3.09 may only be amended as provided in Section 3.09. An amendment to these Bylaws cannot be proposed and voted on by the Board of Directors at the same meeting.

Article IX
(Indemnification of Directors and Officers)

Section 9.01. Indemnification. Any person (and the heirs, executors and administrators of such person) made or threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was a Director or officer of the Corporation shall be indemnified by the Corporation against any and all liability and the reasonable expenses, including attorneys' fees and disbursements incurred by him or her (or by his or her heirs, executors, or administrators) in connection with any appearance therein, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such Director or officer is liable for negligence or misconduct in the performance of his or her duties. Such right of indemnification shall not be deemed exclusive of any other rights to which such Director or officer (or such heirs, executors or administrators) may be entitled apart from this Article.

Article X
(Miscellaneous Provisions)

Section 9.01. Corporation Records. The original, or attested copies of the Articles of Organization, Bylaws and records of all meetings of the Incorporators, the Board of Directors and the Members, and the membership list, which shall contain the names and addresses of all Members, shall be kept in the Commonwealth of Massachusetts. They shall be available at all reasonable times to inspection by any Member for any proper purpose but not if the purpose for which such inspection is sought is to secure a list of Members or other information or copies thereof or of using the same for a purpose other than the interest of the applicant, as a Member, relative to the affairs of the Corporation.

Section 9.02. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January and shall end on the last day of December in each year.

Certificate of Clerk

I, the undersigned, do hereby certify that I am the duly elected and acting Clerk of the Codman Square Community Development Corporation, a Massachusetts nonprofit corporation, and that the foregoing Bylaws constitute the Bylaws of said Corporation as duly adopted in a meeting of the Board of Directors thereof held on February 8, 1979.

IN WITNESS WHEREOF, I have hereunto subscribed my name this eighth day of February, 1979.

Clerk of the Corporation

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