

PHILANTHROPIC SUPPORT FOR COMMUNITY ECONOMIC
DEVELOPMENT:
EMERGING STRATEGIES FOR BOSTON

by
Virginia G. Bullock

B.A. Economics, University of Massachusetts

(1985)

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

MASTER IN CITY PLANNING


Massachusetts Institute of Technology

June 1992


1992 Virginia G. Bullock
All rights reserved

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

Signature of
Author _____


Department of Urban Studies and Planning
May 8, 1992

Certified
by _____


Richard Schramm, Senior Lecturer,
Department of Urban Studies and Planning
Thesis Supervisor

Accepted
by _____


Ralph Gakenheimer,
Chairman, M.C.P. Committee

Rotch
MASSACHUSETTS INSTITUTE
OF TECHNOLOGY

MAY 27 1992

LIBRARIES

Acknowledgements

I have been blessed with the support of many people throughout the writing of this thesis and during my two years at M.I.T.

My mother, Elizabeth, has always been there when I needed her, while providing numerous novels to distract me when becoming overly serious.

My companion, John Demeter, provided me with constant love, encouragement, clean laundry, rental movies, and appropriate news updates, when the stimulation of study has driven me far from day to day reality.

My advisor, Richard Schramm, not only sparked my enthusiasm and taught me much about the field of community economic development, but patiently encouraged me as I learned to trust my own understanding of the field.

My thesis reader, Leticia Rivera-Torres, whose door was always open, provided a conviction and passion for this work which sparked my energies, often in times when I felt too drained to continue.

My friend and neighbor, Ros Everdell, helped me brainstorm the topic for this thesis on a sunny Sunday afternoon last summer, and has helped me to remember that there will be more sunny Sundays to enjoy very soon.

Lizbeth Heyer has not only been a great buddy throughout these last two years, but her amazing energy and ability to have fun has sustained me throughout much.

Janice Fine has trail-blazed this academic experience and provided me early on with insights to a process which has been both invigorating and sometimes inhibiting to us both.

Susan Gittleman has helped me to understand the realities of working in this field, while our friendship has grown even closer over the past two years.

My thesis group, Nanette Robicheau, Claudia Green, Steve Hulett, Grace Vasquez, and Lizbeth Heyer provided much needed support as well as many good meals during the early part of this semester.

My co-workers, Ruth McCambridge, Lissette Rodriguez, Rhonda Elliot, and Nancy Roob not only provided one of the most supportive work environments I ever experienced, but continually helped me to remember that this thesis too shall pass.

Finally, I'd like to thank all of the people I interviewed for taking time out of very busy schedules to give me their insights on this subject.

Philanthropic Support for Community Economic Development:
Current Strategies for Boston

by

Virginia G. Bullock

ABSTRACT

Community economic development (CED) is an important approach for addressing the problems of unemployment and underemployment in low-income communities. Recently, many Boston CDCs have been pursuing or planning CED projects in order to increase the economic vitality of the neighborhoods in which they work. Current community economic development strategies now being pursued in Boston can be grouped into five major categories: commercial revitalization, business incubators, starting manufacturing businesses, starting small businesses which grow out of housing development work, and increasing the capital supply to neighborhood businesses. Other strategies being pursued by local CDCs and community based organizations include: running skills training programs for local residents, promoting self-employment opportunities for low-income women, networking with and supporting local businesses, and creating support systems for family daycare providers.

As Boston CDCs become more active in the area of community economic development, local foundations can respond in several key ways to make their work more effective and strengthen the network for CED. Beyond funding specific CED projects, foundations can provide resources for strategic planning to CDCs considering economic development projects; crucial for effective CED work. Foundations can provide resources to strengthen the support network for CDCs involved in CED projects. This would include the provision of resources for networking between organizations, training staff on the technical aspects of CED strategies, research and information sharing on effective CED strategies, as well as organizing efforts aimed at leveraging more resources for CED from public and other private sector sources. Foundations can help CDCs strategize to solve the issue of on-going operating support, the lack of which constrains them from moving onto new projects which meet emerging community needs, like CED. Lastly, foundations can contribute to and help leverage other funds for equity, critically needed by CDCs pursuing CED projects.

Thesis Supervisor: Richard Schramm
Title: Senior Lecturer

Table of Contents

<u>Chapter 1. Introduction and Background</u>	6
Scope of the Problem	6
Purpose and Methodology	7
A Community Economic Development Approach for Addressing the Problems of Unemployment and Underemployment in Low Income Communities	9
Accomplishments in Community Based Development	13
Resources for Community Based Development Organizations	15
<u>Chapter 2. Boston CDCs and Community Economic Development</u>	20
Background on Boston CDC Network and Community Economic Development	22
Community Economic Development Strategies of Boston CDCs	26
Real Estate Based Strategies, Focusing on Commercial Revitalization: A Profile of Dorchester Bay EDC	28
Running Small Business Incubators: A Profile of the Jamaica Plain Neighborhood Development Corporation	33
Starting and Running Local Manufacturing Businesses: A Profile of Nuestra Comunidad Development Corporation	37
Building Small Businesses Which Emerge Out of Housing Development Work: A Profile of Urban Edge Housing Corporation	40
Developing and Running Revolving Loan Funds to Assist Small Neighborhood Businesses with Capital Needs: A Profile of East Boston CDC	44
Other Community Economic Development Strategies being pursued by Boston CDCs and CBOs	47
The Support Network for Boston CDCs Pursuing CED Activities	50
Strengths, Weaknesses, Opportunities and Impediments of Boston CDCs in Doing CED Work	55

<u>Chapter 3. Philanthropic Support of Community Based Development and The Role of the Boston Foundation</u>	62
Background on Philanthropic Support for Community Based Development Projects	62
The Boston Foundation's Support of CED Projects	68
History of tBF Support for Economic Development Projects	68
Advantages and Disadvantages of Increased tBF Support for Community Economic Development	75
<u>Chapter 4. Conclusions and Recommendations</u>	79
Conclusions	79
Recommendations	80
Future Research	84
Appendices	
Appendix I. Proposed Budget for Community and Economic Development Related Programs, FY 1993.	85
Appendix II. Fifty Most Active Funders of Community Development	86
Appendix III. Community Foundations Most Active in Supporting Community Based Development Projects, 1989	87
Appendix IV. Summaries of Current CED Strategies of Philanthropic Foundations	88
Appendix V. Massachusetts Funders Most Active in Supporting	94
Appendix VI. tBF Community Development Grants, 1989-1992	95
Appendix VII. List of Interviews	99
Bibliography	101

Chapter I. Introduction and Background

Scope of the Problem

Current changes in the United States economy have led to increasing unemployment, underemployment and poverty for residents of many urban neighborhoods, small cities and rural areas. These changes have exacerbated economic hardship for many families and individuals, creating what has been labeled "persistent poverty".

In Boston, these changes come at the end of an economic growth period of the 1980's, a decade in which unemployment rates were lower than the previous several decades. In fact, in 1989 71% of all adult Bostonians were paid employees. (Osterman, 1989)

But the economic prosperity of the 1980's did not affect all Boston residents equally. Many inner-city neighborhoods had consistently high poverty rates throughout this time period and are facing even more hardship under the current recession. This is particularly true for the black and hispanic communities of Boston. The Boston Foundation Report, In the midst of Plenty; A Profile of Boston and Its Poor(Osterman, 1989), notes:

The Hispanic populations has been significantly left out of this decade's prosperity. The Black poverty rate is still unacceptably high--three times that of whites--but the rate for Hispanics is even greater: six times that of whites. The rising tide that is supposed to lift all boats has left this part of the community stranded on the shores of poverty. In short, whites are doing well in Boston, Blacks are doing well compared to the U.S. as a whole, and Hispanics are doing worse than Hispanics in other cities.

Of course, while it is enlightening to study different populations, the very real finding of this study is that too many of Boston's citizens are living in poverty; too many have not prospered along with the rest of Boston.

Economic development strategies to address these problems range from federal monetary and fiscal policies intended to increase total jobs and employment, to state and local policies designed to make regions more

competitive in an increasingly globalized economy, to community-based approaches designed to increase the economic vitality and self sufficiency of low-income communities.

Community based economic development strategies should be pursued in tandem with federal, state and local government policies aimed at revitalizing national, regional and local economies. While policies aimed at increasing the vitality of regional and city-wide economies are extremely important, and often provide vital jobs for residents of low-income neighborhoods, the impact of these policies is "trickle-down" at best and often inadequate for creating economic vitality of low-income communities. Consequently, community economic development groups need to participate in the planning and implementation of these programs to ensure that the benefits reach their communities, while simultaneously carrying out their own community-based strategies and projects.

Boston's community development corporations (CDCs) have a solid history of community based development activities, particularly in the area of affordable housing development. Many local funders have played an important role in providing resources for community based development projects and increasing the organizational capacity of local groups. As Boston CDCs begin to pursue more community economic development (CED) projects, it is important for local funders to think strategically about how they can most effectively support those efforts.

Purpose and Methodology

The purpose of this paper is to investigate and suggest key, practical ways that Boston area foundations, and the Boston Foundation in particular, can best support and strengthen the CED activities of local community development organizations. By identifying the strengths, weaknesses, opportunities and impediments of area CDCs in pursuing CED projects, and juxtaposing them with advantages and disadvantages for the Boston

Foundation in supporting such projects, I conclude with a list of five strategies that the Boston Foundation (tBF), as well as other area funders, should consider to strengthen community based economic development work in Boston.

Chapter I provides a definition of community economic development and why it is an important approach for increasing the economic vitality of low-income communities. It also provides an overview of the accomplishments of community based development organizations and where they receive needed resources for these development projects.

Chapter II is an overview of recent CDC activities in the area of CED. Through interviews with local CDC directors, staff, local intermediary staff, and consultants involved in CED, I examine what types of CED strategies Boston CDCs are currently utilizing and why they believe CED is an important approach to adopt. I then analyze the network of financial and technical support available to CDCs doing CED projects, to understand the environment in which they pursue these projects and identify the external constraints they face.

Chapter III examines the role of philanthropic support for community based development projects, with an emphasis on Boston's largest funder in the area of community development-- the Boston Foundation (tBF). Through interviews with tBF staff and by reviewing the policy guidelines and recent giving patterns of the foundation, I develop an understanding of what types of community development projects the foundation has historically supported, the specific ways in which the foundation has supported economic development projects through current initiatives, and conclude with the advantages and disadvantages of increased support for CED projects.

Chapter IV lists recommended strategies for tBF, and other local funders, to consider to strengthen local community based economic development work. It is based on identification of the ways in which philanthropic support can most practically and effectively assist CDCs with

resources which will help them overcome impediments to more successful work.

A Community Economic Development Approach for Addressing the Problems of Unemployment and Underemployment in Low-Income Communities

As macro-economic forces continue to erode the position of low-income people, federal deficits make it less and less likely that nation-wide remedies for poverty will be implemented. Local solutions have become increasingly important for addressing the needs of low-income communities.

David Osborne, in his book, Laboratories of Democracy: A New Breed of Governor Creates Models for National Growth, points out that,

Creating economic growth and bringing the poor into that process are fundamentally different tasks. Even the best economic development system will not do a great deal for the poor. It will help some... The underlying problem in poor communities is not poor housing, it is an absence of economic activity.. Hence the primary goal of community development should not be to redistribute income or to improve housing, but to redistribute economic activity: ownership, investment, and employment.(Osborne,1988)

While community economic development is an important approach to address the needs of low income communities, it can be an elusive concept to define. The Council of Community Based Development defines community based development as:

a range of activities carried on by community-controlled nonprofit organizations, designed to improve the social and economic conditions of low-income communities in both urban and rural areas.(Council for Community Based Development, 1989)

The goals of community control and building local capacity distinguish community-based development from other policies and programs designed to alleviate urban poverty, such as direct social services, transfer payments, and education, which can have an empowerment orientation, but are generally focused on service delivery rather than developing local capacity to meet local

needs. The Council on Community Based Development further elaborates on why local control is important:

The self-help approach, which is the essence of community-based development, has become widely recognized by both conservatives and liberals as the one most likely to produce appropriate and enduring solutions to social and economic problems. (Council on Community Based Development, 1991)

Community-based development activities include several important program areas, including housing, community economic development as well as leadership development. For the purposes of this paper, I focus on the specific area of community economic development, which emphasizes employment, income, capital and consumption strategies to increase the economic well-being of low income communities. Increasing the economic vitality of communities can be sought in three broad areas:

1. improving employment opportunities and incomes of local residents;
2. increasing community access to capital, borrowing and investment opportunities;
3. increasing commercial services and/or reducing the costs of consumption.

Specific strategies to achieve these goals include such policies as: bringing in new businesses or expanding the employment capacity of existing businesses; developing the entrepreneurial skills of community residents; employment training and placement programs; making more capital available for local businesses, through access to government programs, better community banking practices, or the creation of alternative lending institutions and programs; providing equity and venture capital for local businesses; non-profit ownership of commercial space; subsidizing rental costs of local businesses through business incubators.

Table I lists the general strategies pursued in community economic development, illustrating the wide variety of CED strategies which can be utilized by community based development organizations, either alone or in

concert with other economic development organizations, to increase neighborhood economic vitality.

Table I

Matrix of Community Economic Development Strategies

Type of Approach:	Specific Strategy:
Structural Strategies:	Export Stimulation Import Substitution Diversification Increasing Value-Added Reducing Leakages Increasing Multipliers Integration Self-Reliance
Business-Based Strategies:	Business Attraction Business Development Retention/Support Business Expansion Self-Employment Microenterprises Small Business Programs
Labor-Based Strategies:	Job Training Employment Services Linked/Targeted Hiring Transportation Labor-Management Committees Worker-Ownership Daycare
Consumer-Based Strategies:	Consumer Buying Clubs Consumer Cooperatives Energy Conservation Recycling Housing Cooperatives Health Cooperatives Farmers Markets
Land and Facility-Based Strategies:	Industrial Parks Incubators Enterprise Zones Land Trusts Industrial Condos Physical Revitalization

Infrastructure:	Water Sewer Roads Security Physical Revitalization
Finance and Other Support Strategies:	Community Banks EDA Loan Funds Community Development Loan Funds Community Development Credit Unions Self-Employment Loan Funds Quasi-Publics Tax Exempt Financing Technical Assistance Public Financing Tax Subsidies Eminent Domain
Ownership Strategies:	Local (vs. Absentee) Cooperative (worker or consumer owned) Community or Non-profit Ownership

(Source: Richard Schramm, Department of Urban Studies and Planning, M.I.T., unpublished class materials.)

This matrix clarifies the wide range of strategies which can be utilized by community based development organizations and/or local governments to increase the economic vitality of low income neighborhoods. Strategies which are most successful will utilize specific resources available to the target community in the design of projects.

Some definitions of CED stress outputs or results, such as numbers of jobs created for local residents, numbers of residents trained for employment, or numbers of loans made to existing local businesses. These definitions, while necessary for evaluating impacts of CED programs, however miss the central theme of process in achieving those goals. How those outputs are achieved is inextricably bound up to the process in which they are generated. As Roger

Vaughan and June Sekera point out,

Community based development is concerned with the process of development. A community economic development strategy is concerned with harnessing the community's human, physical, and financial resources to improve the environment, the quality of services, and the economic prospects of low-income residents. It is a strategy that enhances the capacity of a community to address its own social and economic problems.(Vaughan and Sekera)

For the purposes of this paper, I do not include projects whose major objectives are to organize communities for broader social and structural economic change. However, organizing activities are extremely important in pressuring government and financial institutions to provide additional resources for more community based development projects. The relationship between organizing and development in low income communities is very close, when the overall goal is a redistribution of resources and economic opportunities.

Accomplishments in Community-Based Development

Over the past 25 years an increasingly sophisticated network of community-based development institutions has grown across the United States. These institutions range from community development corporations and community-based organizations to city-wide, state-wide and national intermediaries designed to channel financial resources and technical assistance to more locally-based groups. The activities of these community development organizations include affordable housing production, leadership development, community organizing, job creation, job training, and the revitalization of distressed commercial properties.

These community-based development organizations have accomplished an impressive set of goals, and grown from fewer than 100 scattered organizations less than 20 years ago to more than 2,000 organizations working in both urban and rural areas across the United States.(National Congress for

Community Economic Development, 1992) The growth of these organizations is particularly impressive as it continues in spite of limited funding, a national economic recession and a worsening of physical and economic conditions of many inner-city neighborhoods in which they operate. Community development corporations have become an integral part of the development landscape, and primary catalysts for change in many communities which have suffered disinvestment.

Most CDCs have been active in affordable housing development, which continues to be the primary development activity for these organizations. Over the past three years, CDCs nationwide have produced nearly 87,000 units of affordable housing, bringing total CDC production to 320,000 units since these organizations were formed.(National Congress for Community Economic Development, 1992) Over the past five years there has been a 60% increase in the level of housing produced by CDCs.

Through economic development activities, CDCs have created or retained nearly 90,000 permanent jobs over the past five years. They have continued their involvement in commercial and industrial development projects, with growing emphasis on the support of micro-businesses. These businesses traditionally have more difficulty in getting capital and loans from mainstream lending institutions, but provide needed jobs for local residents.(National Congress for Community Economic Development, 1992)

According to a recent survey conducted by the National Congress on Community Economic Development (NCCED), approximately 25% of CDCs are involved in commercial activities as lenders, equity investors, and owner/operators. The number of loans they have made has increased from 2,048 in 1988 to 3,512 in 1991, the majority for under \$100,000. In addition CDCs completed rehabilitation or construction of nearly 17.4 million square feet of commercial or industrial space.(National Congress for Community Economic Development, 1992)

CDCs can and will undertake economic activities that private

entrepreneurs or developers have not. CDCs have a different mission as opposed to private entrepreneurs, who are driven by an exclusively financial return. That commitment to the community and creativity is extremely important, particularly in the early phases of difficult development projects. Susan Gittleman, Project Manager for the Jamaica Plain Neighborhood Development Corporation, commented in a recent interview,

If it was easy to do, then private developers would do it. It takes the creativity of these kinds of organizations to put the pieces of the puzzle together, and I think there's the willingness to do it...

In fact, a recent national study of urban development corporations conducted by Professor Avis Vidal of the Community Development Research Center, found that over half of CDC commercial and industrial real estate and business enterprise development projects would not have been undertaken without CDC involvement. The percentage for CDC affordable housing projects was over 25%. (Vidal, 1989)

Resources for Community-Based Development Organizations

Originally these groups were funded by federal government programs, but as federal cutbacks have increased, state and local governments, and increasingly private foundations and corporations, have begun to provide the needed resources for sustaining and developing locally based development activities.

It is estimated that in 1981, approximately \$2.6 billion was flowing from the federal government to community development projects. By 1985 the amount had dropped to \$1.6 billion under the Reagan administration. (Pierce and Steinbach, 1987) In 1981 the Community Services Administration (CSA) was dismantled. Previously, it had provided CDCs with between \$30 and \$40 million annually, in direct federal support for operating budgets, technical assistance and administrative costs.

Now, nearly all federal monies are channelled through project-specific

programs, which are fiercely competitive. Currently the main sources of federal government support to CDCs for CED projects include project funds from the Economic Development Administration, the Community Services Block Grants program from the Discretionary Fund in the Department of Health and Human Services' Office of Community Services, and support through the Housing and Urban Development's (HUD) Community Development Block Grants program. According to the National Council for Urban Economic Development, the Bush Administration has targeted for termination both the Economic Development Administration and HUD's Community Services Block Grants program, and is proposing a nearly 15% decrease in the CDBG appropriation for fiscal 1993.

Additionally there are pockets of federal resources for specific projects such as HUD funding for housing development, Job Training Partnership Act funds for Job Training, and Small Business Administration Funds. (See Appendix I for Proposed Budget for Community and Economic Development and Related Programs, FY 1993.)

With the shrinking of federal dollars, CDCs have had to shift into a more entrepreneurial mode, forming partnerships with other key players, to achieve development goals. Currently CDCs receive funding from a variety of public and private sources. Table II, based on NCCED's recent survey of CDCs, reports the number of CDCs who received financial support from various sources,

Table II
 Current Sources of Support for CDCs--1991
 (Total of 1,160 CDCs Surveyed)

Source:	Number of CDCs:	Percentage:
Community Development Block Grants	628	54%
State Government Programs	614	53%
Private Foundations	479	41%
Banks	422	36%
Local Government Programs	413	35%
Intermediaries	247	21%
Corporations	241	21%

(Source: Changing the Odds, NCCED, December 1991, page 8)

Many state governments are providing needed resources to community based development organizations, but resource levels are still far below the level of earlier federal programs. Massachusetts has been hailed as a leader in innovative programs which support community based development, including the Community Development Finance Corporation, the Community Economic Development Assistance Corporation and the Community Enterprise Economic Development (CEED) Program. Recent state budget deficits and consequent budget cutbacks, however, have threatened the vitality of these programs, as well as programs which subsidize construction and operating costs of affordable housing development. In fact, the only Massachusetts program providing operating support for local CDCs, the CEED program, was cut by over half in FY91, from over \$1.5 million to less than \$750,000 for FY92. This trend is not limited to Massachusetts but shared with many other states

currently facing budget deficits.

Many cities have also initiated programs to provide resources for community based development. City-sponsored activities include providing technical assistance on development issues, using Community Development Block Grant funds to assist groups with core operating support, providing subsidies to acquire properties and land for development projects, instituting linkage programs which raise monies for operating job training programs and housing development projects from for-profit development projects, and providing project financing at below market-rates. Although the resource levels from city governments are generally quite low, they can often provide assistance which is tailored to the needs of local projects.

In addition to federal, state and local government support, community-based development organizations also secure funding resources from local banks, religious institutions, hospitals, universities, and private philanthropy. These sources of funds vary greatly by locality, but many new partnerships have been formed between community-based development organizations and local institutions. (Pierce and Steinbach, 1991)

Despite the dramatic cutback in Federal government support for community-based development organizations, the number of these organizations has grown and their diversity has flourished. CDCs have become more technically sophisticated through their development work and many new local partnerships, which respond better to specific local problems, have emerged.

But community-based development organizations face obstacles as well. Most development project financing is complex and time consuming, taking organizational energy away from important community organizing work and service provision. Most funding is project specific and organizational operating support is much more difficult to obtain. Most importantly, the aggregate level of public funding to address community problems has dropped dramatically, and is nowhere near what it will take to solve the problems most

CDCs confront.

In Chapter II I examine the history of CDC development activities in Boston. I then describe the various CED strategies that local community-based development organizations are pursuing and why they believe CED is an important approach for CDCs to pursue. I also examine the support network for CDC involvement in CED projects. I conclude by developing an understanding of the strengths, weaknesses, opportunities and impediments to increased CDC effectiveness in the area of CED.

Chapter 2. Boston CDCs and Economic Development

Historically, Boston's community development corporations (CDCs) have had much more experience in developing affordable housing projects than in pursuing neighborhood based economic development projects. The cycle of disinvestment and redlining, followed by the repopulation and even gentrification of many inner city neighborhoods made the lack of affordable housing one of the most visibly pressing needs for Boston neighborhoods. Besides the growing need for housing, the increased availability of resources for housing development led many community based development groups to focus more on that area.

Currently, many area CDCs are starting or pursuing community economic development projects to increase the economic vitality of their neighborhoods. In the past, most economic development strategies have been limited to commercial or mixed use projects; a primarily real estate based strategy. Often these projects were part of an overall housing strategy, combining housing with a first floor of retail space for service-oriented businesses. But now, several CDCs are utilizing or exploring new strategies to support small business and job creation in their neighborhoods as well.

The network of support for CDCs pursuing community economic development (CED) is still limited. Very few intermediaries work directly with CDCs on economic development projects, and even fewer provide direct operating support to organizations rather than project specific financing. Several intermediaries are exploring new ways in which to support CDC work on CED, including increased research, networking, and resources for new economic development projects.

Despite Boston CDC enthusiasm, technical ability, and sophistication for pursuing CED strategies, they still face significant hurdles. The first obstacle is usually the limited availability of resources for operating support and strategic planning. Currently sources of operating support from both the state and

federal governments are limited and becoming even more scarce, and many sources of funding are project specific, with little or no support to maintain day to day CDC operations. Because CED projects require accurate needs assessments, strategic planning is essential, and yet the funds for this labor intensive part of the project remain very limited.

The second obstacle is the lack of specific business development skills and information on effective CED models. While many CDCs have transferable general technical skills, they will need specific training on business development skills as well as continued research and networking on innovative models utilized in other localities.

Finally, since some CED strategies require activities and have impacts beyond immediate neighborhood boundaries, developing networks and strategizing between CDCs is essential. Currently many CDCs are pursuing strategies individually, but would greatly benefit from more coordinated efforts and sharing of information about effective CED strategies.

This chapter examines the various CED strategies that Boston area CDCs are presently undertaking and why they believe that economic development is important to pursue at a neighborhood level. I then examine the support network for CDCs as they pursue these projects. Finally, I discuss the strengths, weaknesses, opportunities and impediments of CDCs in pursuing CED projects, identifying both internal and external conditions.

The information in this section is primarily based on twelve personal interviews and over twenty telephone interviews of Boston area CDC staff and local economic development practitioners. (See Appendix VII for a list of interviews.)

Background on Boston CDC Network and Community Economic Development

In 1964 the Office of Economic Opportunity created and funded 38 Title 7 Community Development Corporations across the country. The goals for Title 7 CDCs were local economic development and job creation. In Boston there were three Title 7 CDCs: the East Boston CDC, Greater Roxbury CDC, and the Chinese Economic Development Council. These three CDCs still exist today, and all have a strong history in commercial real estate development.

During the late sixties and seventies a number of new CDCs were formed in the Boston area which concentrated on housing development. These include Urban Edge Housing Corporation, Inquilinos Boricuas en Accion (IBA), Lena Park Community Development Corporation, Fields Corner Community Development Corporation, the Jamaica Plain Neighborhood Development Corporation, the Community Development Corporation of Boston, Dorchester Bay Economic Development Corporation, the Allston-Brighton CDC, Back of the Hill CDC, the Charlestown CDC, and the Hyde Park CDC. These CDCs evolved out of the housing movement and local community organizing struggles, and many of them emphasized affordable housing development. They had a different set of funding agencies and a different support network than the original Title 7 CDCs.

The seventies also gave rise to several state agencies and programs designed to support CDCs in their development work including the Community Development Finance Agency (CDFC), the Community Development Assistance Corporation (CEDAC) and the Community Economic Enterprise Development program (CEED).

During the 1980's the Boston economy experienced substantial economic growth and an increase in demand for its limited housing supply. This resulted in a real problem of housing affordability for many of Boston's low and moderate income residents. In fact, Boston experienced one of the biggest gaps between housing costs and resident incomes of any city in the country during the 1980's. But while unemployment was relatively low in the city as a

whole, unemployment levels in many of Boston's low-income neighborhoods were two to three times higher. Consequently many low-income residents did not benefit from a growth in income and jobs, as they experienced gentrification in their neighborhoods.

During the 1980's a third group of CDCs was formed, including South Boston Community Housing, Nuestra Comunidad Development Corporation, Quincy-Geneva Development Corporation, and the Asian Community Development Corporation. These agencies began to work during the affordable housing crisis of the 1980's and almost exclusively focused on housing problems.

The problem of housing affordability was also echoed by policy makers. In a recent interview, Jerry Rubin, Deputy Director of Boston's Economic Development Industrial Corporation (EDIC), commented:

I think the way it worked was [many people said] 'Housing is a crisis.' The perception among people who "make a difference"; the foundations, the banks, the state government, the city, the policy professionals was that the economy was not a problem and that was growing by itself. The major problem was trying to steer it, controlling development [through linkage, etc.]. As a result, program development, funding resources, technical assistance-- the whole sort of culture of development activity was geared towards housing. No one talked about this stuff [economic development] except in those parts of Massachusetts where the boom never took place, like central or western Mass. where there continued to be deindustrialization.

This emphasis on housing was also mirrored by the growth of a strong network of non-profit intermediary organizations focused on affordable housing development. These include the Metro Boston Housing Partnership, the Local Initiatives Support Corporation, the Community Builders, and the Neighborhood Development Support Collaborative all of which work directly with local CDCs to build their development capacity by providing technical assistance and financial resources. The presence and growth of these

intermediaries and the success of CDC development work, helped to legitimize CDCs as important players in the housing development field.

Since 1989, as economic growth in Massachusetts has slowed substantially, the housing market has cooled. Rents and housing prices have actually dropped in some neighborhoods. Vacancy rates have increased and the supply of inhabitable units has also increased. Although the housing crisis is still a real problem for many low-income residents, there is a perception that the problem has eased somewhat and that economic development is more important. As Jerry Rubin, from EDIC, stated,

Is the housing crisis over? Definitely not. Nor do I think people are going to completely switch over to economic development, and therefore leave aside housing. The fact that there is very high unemployment in particular neighborhoods, means that people are starting to focus on it [CED].

The current economic crisis has moved policy makers at all levels of government to think in terms of creating economic development, whereas during much of the 1980's the concern was how to direct it.

Under the current recession, the level of unemployment in inner-city neighborhoods has escalated even further, and most CDCs are feeling the need to respond to that crisis. This is the main reason why CDCs are currently considering community economic development strategies.

Some CDC activists believe that the interest in CED grew out of their experiences with being housing developers and consequently landlords. CDCs have long been involved in doing housing development work, and many own large numbers of housing units. CDCs have now begun to feel responsible for meeting other needs and increasing community participation of their tenants. The needs are extensive in many areas where CDCs operate and include jobs, better commercial services and better social services. Many CDC leaders desire to become more than just landlords and take a more holistic approach to community needs.

Another reason that some CDCs are moving into CED projects is that they may be able to get cash flows from these projects, which can then subsidize their operating costs. Evelyn Vargas, Director of Nuestra Comunidad Development Corporation, commented,

Some CDCs see it [CED] as a potential option to become independent. Its very difficult for CDCs to make money outside of doing development, but on-going money is very difficult to get from housing, whereas the restrictions on business development are much less. Some people see this as an option.

Even though housing development did generate some resources for CDC organizations through developers' fees, with the cooling of the housing market and the decrease of state and federal construction subsidies, this source of income has slowed. Even when housing development was more active, developers' fees were modest, often funding only immediate CDC needs, and were often the first to be cut if project revenues failed to cover costs. Although over time housing can recover development costs, by using mixed-income strategies for internal subsidization or through using housing vouchers, often the rents collected just barely cover operating expenses. Some CDCs are moving into economic development as a way to increase revenues to continue CDC operations while meeting community needs, particularly through the development and control of commercial real estate projects.

Apparently this is not the first time that this has happened. In 1972 President Nixon sought to eliminate the Community Action Agencies. Many "CAPs" wanted to set up businesses in order to fund social service programs, but without the skills to run small businesses, many consequently failed. According to Bob Brandwein, President of Policy and Management Associates and an economic development consultant for CDCs in many parts of the country, this new interest in economic development has a better chance of success for several reasons:

This time they're smarter. One of the reasons was that because there had been housing developments, instead of social service delivery, they

[CDCs] were used to at least assembling land, getting construction underway, marketing a product, and dealing with banks and financing. Generally, there was a process, not for setting up a for-profit business, but for doing commercial development. So they started getting much more into retail and office brokering, and it made some sense for some areas that we are in, like Boston.

Brandwein thinks that commercial real estate development makes sense for CDCs who have established themselves as housing developers, and that they move more easily into developing mixed use and retail facilities. Often CDCs can still make revenues for operating support while developing the physical aspects of the neighborhood.

Currently the Boston area has thirty CDCs. For many CDCs economic development has always been a part of their original mission. While some have worked on specific CED projects, most were focused on affordable housing projects. In the next section I explore what types of strategies CDCs are currently pursuing and why they think CED is an important approach for addressing the needs of the communities in which they work.

Community Economic Development Strategies of Boston CDCs

Current CED strategies being pursued by local CDCs can be grouped into five major categories. These include:

1. Real estate based strategies which focus on developing and rehabilitating commercial retail space and mixed-use facilities for new and existing businesses which can provide services as well as jobs for local residents.
2. Business incubators, which provide inexpensive space, with a host of other services for small wholesale and manufacturing businesses.
3. Starting manufacturing businesses, which are owned and run by a CDC subsidiary.
4. Starting small businesses which emerge directly out of previous housing development work of the CDC, such as property management companies and construction companies.

5. Developing and running revolving loan funds to assist local small neighborhood businesses with capital needs.

In addition to these, there are other community economic development strategies which individual area CDCs are actively pursuing. These include: networking with the local business sector and providing marketing assistance; providing support for immigrant and ethnic businesses; self-employment projects to develop skills of local residents and form new small businesses; providing support for local family daycare providers to better their facilities and improve their businesses; and running skills training programs for community residents to upgrade skills. I discuss those projects at the end of this section as well as CED strategies which are being pursued by local non-CDC, community-based organizations (CBOs).

Strategies adopted by individual CDCs generally reflect the specific conditions in the neighborhood where they operate. CED is a strategy which is most effective when building upon the assets already present in the neighborhood and when designed to meet the specific needs of that neighborhood. Good strategic planning is essential for success.

To illustrate each strategy, I discuss the experiences of a specific CDC pursuing that strategy. These profiles are based on written materials and personal interviews with CDC directors and project managers. Besides outlining their projects, I include information on how they perceive that these types of development projects benefit the communities in which they work. As well, I mention other CDCs who are pursuing or planning to pursue that particular strategy.

Real Estate Based Strategies Focusing on Commercial Revitalization: A Profile of Dorchester Bay Economic Development Corporation

Commercial real estate development is not a new strategy for many of Boston's CDCs, although few have taken as comprehensive approach as Dorchester Bay Economic Development Corporation (DBEDC), whose goal is to utilize this strategy primarily as a way of revitalizing the neighborhood economy. Many area CDCs have done commercial real estate and mixed use development projects in the past, with varying rates of success. These CDCs include: the Fields Corner CDC, Tent City Development Corporation, the Chinese EDC, Codman Square HDC, East Boston CDC, IBA, Urban Edge Housing Corporation, UDC/Lower Roxbury, and the CDC of Boston. Currently, the NDC of Grove Hall is in the initial planning phases for a small commercial center on the corner of Blue Hill and Geneva Avenues, and Quincy-Geneva and the Dudley Street Neighborhood Initiative (DSNI) have expressed some interest in pursuing commercial revitalization projects for their neighborhoods.

DBEDC has served as Uphams Corner's neighborhood-based developmental organization since its inception in 1979. Formed by the combined efforts of neighborhood civic organizations, local businesses, and the Neighborhood Housing Services, DBEDC seeks to address a variety of problems caused by decades of neighborhood disinvestment, including deterioration of the housing stock, decline in the major commercial center, increasingly high unemployment and a lack of public services.

Since its formation DBEDC has developed over 225 units of affordable housing, with an additional 100 units of affordable housing in the pipeline. DBEDC has also developed two key commercial properties in the area and is currently working on a comprehensive strategy to restructure the neighborhood commercial space.

When asked what types of CED strategies were most successful for local CDCs, David Knowles, Director of the DBEDC, commented,

I think the most successful strategy is to own real estate... where the businesses operate. Once that occurs, then most businesses, other than CDCs, pay out shares to investors. Our investors are usually public institutions, who do not require a return on investments, and so we get to keep it and roll it back in to expand our economic development work. Really successful models are able to own real estate and roll the profit back into the community.

This perspective of non-profit control of neighborhood commercial buildings and the building up of capital owned collectively by community residents is at the core of DBEDC economic development activities.

In 1980 Telesis, Inc., a development planning consulting firm, conducted a study on the Uphams Corner business district. One of the key recommendations of this study was for DBEDC to secure an anchor tenant, such as a grocery store, which could attract new businesses into the neighborhood center. The full service market idea was strongly supported by neighborhood residents and in 1982 DBEDC purchased the vacated Kresge Building at 778-784 Dudley Street for the purposes of developing it into a general store. Working with Boston's Neighborhood Development and Employment Agency and the Shawmut Bank, DBEDC was able to secure financing and complete needed renovations by the summer of 1983. Although the original store was closed and the building sold twice since that time, the property is still in use as a neighborhood supermarket.

DBEDC's second project was the renovation of the Pierce Building, which was begun in 1983 and in which the CDC's offices are now located. The four story commercial property is located in the heart of the neighborhood commercial area, and at that time was vacant and boarded up. In early 1983 DBEDC was able to gain tentative designation for development from the city, contingent on financing and tenant commitments. By 1985 construction was completed and the building is now fully occupied. The top floors serve as affordable artist lofts and DBEDC office space, while the bottom floor is retail commercial space, currently renting to Payless Shoe Stores.

For the past several years, DBEDC has been working closely with the Uphams Corner Board of Trade (UCBT) to develop an approach to revitalize the business district. In 1988, DBEDC began a project to plan commercial revitalization for the entire business area. The overall goal was to gather data to assess the state of the business community and increase the participation of local merchants in addressing major issues. By providing staff assistance to the UCBT, DBEDC sought to provide technical assistance to individual businesses, eliminate illicit activity in the business district and attract public sector funding for improvements. During this Phase I project, merchants expressed major concerns over inadequate police protection and drug trafficking in the business district. Consequent community action led to a decrease in crime in the business district.

Although somewhat successful in reducing neighborhood crime, community efforts were less focused on other key issues affecting the health of local businesses. It became apparent to DBEDC that a much larger effort would need to be mounted if the problems of Uphams Corner were to be solved. Economic decline had pushed many small businesses into individual survival mode. These businesses are extremely vulnerable due to the decrease in real incomes of their clients and shortages in merchandise. The current recession and banking industry crisis has dramatically impacted the Uphams Corner Neighborhood. More retail businesses have closed and the area's main banking institution, which provided important foot-traffic for local businesses, was taken over by the Federal Deposit Insurance Corporation. In response, the CDC has designed a Second-Phase Uphams Corner Community Revitalization Project focused on three major strategies:

- 1) long-term planning for the business district;
- 2) targeted reuse of vacant and underutilized buildings; and
- 3) the continued reduction of drug traffic and crime. (Dorchester Bay EDC, 1991)

DBEDC's first priority is to develop a master plan for the redevelopment of the business center. Uphams Corner was originally a regional business center attracting many consumers from outside the immediate area. It is now estimated that there is more than 250,000 square feet of vacant commercial space, and the possibility that another 600,000 square feet could become vacant within the next two years. It is crucial for the neighborhood to determine what options are viable to recycle this large amount of vacant commercial and industrial space. Currently considerations include: the attraction of new businesses; creating a more regional retail market to expand demand for local business goods, particularly among Hispanic consumers; attracting institutional uses; and conversion of some space into residential uses. Currently the CDC is working with the city's Public Facilities Department and Mt. Auburn Associates, a local economic development consulting firm, to establish the master plan.

DBEDC also hopes to acquire and redevelop other commercial properties. They have identified 3-5 key sites, and with the current decline in the real estate market believe that acquisition could take place at a reasonable cost. Besides actually acquiring sites themselves, DBEDC is also in the process of trying to interest private sector companies in acquiring vacant commercial properties, while assisting them by brokering public funding sources. DBEDC is also one of the six CDCs working with Boston's Economic Development and Industrial Corporation to implement a micro-enterprise revolving loan fund, to assist local businesses with capital needs.

When asked why it is important to pursue economic development strategies at a community level, David Knowles, DBEDC Director, explained,

Because of the politics... There is no one who cares that this [the neighborhood] is built up if the local community doesn't care... What has to happen is that local communities have to build up their own political and other capital and spend it to build up the community.

The physical revitalization and community control of commercial and industrial space is an important CED strategy being utilized by DBEDC. For Uphams Corner, like many other neighborhoods in Boston, the revitalization of local industrial space can increase foot traffic and business for local commercial areas, providing a mutually beneficial relationship which creates both jobs and better commercial services for the community. In addition, if the CDC owns the real estate which houses local businesses, they can provide reasonably priced space and other services, while creating revenues to subsidize CDC operating costs.

Developing appropriate and feasible master plans for such large projects requires substantial staff time and organizing of local businesses and community residents. Funding for this type of intensive planning is limited. CDCs will need support from private funders to ensure that CED projects are financially viable and involve community residents.

Running Small Business Incubators: A Profile of the Jamaica Plain Neighborhood Development Corporation

Business incubators are a strategy being considered or pursued by few Boston CDCs. This incubator strategy is to attract and retain startup and small businesses through subsidized rents and other services provided within a specific commercial building or buildings. The strategy is to "incubate" businesses, and when they grow larger to find other local space for them to relocate.

These small businesses can not only create jobs and entrepreneurial opportunities for local residents, but can bring life back to underutilized institutional and industrial buildings, thereby reducing physical blight within neighborhoods. Besides the Jamaica Plain Neighborhood Development Corporation (JPNDC), Fields Corner CDC is considering this strategy as a possible future project and La Alianza Hispana in Roxbury has a business incubator plan for small Hispanic businesses, for which they are seeking funding.

The JPNDC was formed in 1977 with a mission to revitalize Jamaica Plain as a racially, ethnically and economically diverse community. Originally focusing on economic development, JPNDC currently pursues housing development as well. In 1983, the JPNDC purchased the old Haffenreffer Brewery, and established three goals for the project:

1. to create jobs for neighborhood residents;
2. to rehabilitate the brewery into a small business center;
3. to remove the blight of the nearly-abandoned property from the community.

Today, the Brewery business incubator houses 25 small businesses which employ over 130 people. One third of these businesses are owned by women or minorities. Over two-thirds of the employees are from inner-city Boston neighborhoods, and one-third are from Jamaica Plain.(Jamaica Plain NDC) JPNDC hopes that the project will eventually grow enough to restore

the original total of three hundred jobs provided by the brewery before its closing in 1965.

Susan Gittleman, Project Manager for the Brewery Incubator, commented on the success of the project,

People (in the community) really feel that this is an asset. It's not an incredibly blighted area, but an interesting place where they can get goods and services...I can think of two particular examples where you have companies that came here not only for locational reasons, but because they thought this place had heart and services and it had support for them.

In addition to providing inexpensive space, the brewery incubator provides services which can save tenants additional monies and allow them to invest more in their businesses. These services include: photocopying, facsimile services, use of a shared conference room, paper recycling and composting programs, bulk purchases of office supplies, a shared labor program, and some shared secretarial and accounting services. Because of the synergy produced by the brewery project, several businesses have begun to work together to further reduce costs by sharing shipping costs of products to clients outside the immediate area. Businesses also benefit when CDC staff make them aware of government resources available to small businesses. JPNDC was one of the leading CDCs in helping to develop the micro-enterprise loan fund recently initiated by EDIC.

Recently, the JPNDC has begun to follow a sectoral strategy of assisting food businesses in the brewery. This strategy came about for several reasons. First, businesses were attracted to the brewery because of its inexpensive space. However, with recent changes in the economy, much more space is available in surrounding areas and costs of space are dropping. Consequently the brewery cannot continue to compete on rental rates alone, particularly with buildings that are perceived as being in safer areas. Second, there are a number of food businesses in the brewery, and JPNDC staff have noticed that these businesses tend to provide the most job opportunities for low-income

neighborhood residents. Third, the facility itself offers both a closeness to retail food markets and spaces well configured for food businesses. Susan Gittleman commented,

The food industry was a very interesting business to us because they tended to be the best employers...they were the ones who brought people in who may not have had the best skills or skills that were as transferrable within the market place and some of those [businesses] helped to train people in a business environment.

Based on their findings, in April of 1991 JPNDC staff initiated a meeting among several of the food businesses located at the Brewery. Many common needs were discussed, including the need to keep operating costs down, expand markets, increase advertising needs, increase access to financing, and secure assistance with product technology and regulation information.

The JPNDC hopes to form an Association of Specialty Food Producers which would continue to meet and share information, assist with business planning and bringing in additional financial resources, help businesses further reduce costs and expand to increase the overall number of new jobs in food specialty businesses. By providing this type of sectoral support, JPNDC hopes to create a niche which maintains the brewery as a competitive option for small food businesses. They hope that this type of strategy will induce new businesses and therefore jobs into the neighborhood.

When asked why it is important to pursue economic development at a community level, Sue Gittleman commented,

There are a lot of reasons but one of the main reasons is community empowerment. You know that the investment is not speculative..that the things coming into the neighborhood are things that a community wants and that the individuals are business owners or people who truly have a long term investment and want to live in the neighborhood; that it is enhancing their quality of life. There is that direct linkage, that accountability, and the investment of people in what is going to be produced in that area.

While a strategy which attracts and retains locally owned businesses provides many positive benefits to the community, she also commented that it is important to be cognizant that for-profit businesses often have goals which are different from those of CDCs. Identifying and working with those businesses who provide good jobs is an important CED goal,

I think there has to be some real sober thinking about what it means to get into economic development. Particularly of projects where non-profits are matched with for-profit businesses. Often these two sets of actors are in business for different reasons, and have different objectives and agendas. CDCs have to be cognizant of that. You tend to rely on businesses that you bring in to create the jobs, but they may not be the best jobs, because it may be more cost efficient for those businesses not to pay workers decently or not to give them workman's compensation or health benefits. The challenge is to find the right partners, so that there's a common frame of reference, and they're out there. You've got to be comfortable with who you're working with and you want to know they're going to be accountable.

While realizing that there are a variety of public programs to assist small businesses in meeting their needs, the sources of funding to provide for CDC staff coordination are limited. JPNDC is trying to raise funds to begin its sectoral intervention project, which they believe will be self-sustaining after several years. Private funders can provide resources to support CDC staff as they move into new program areas and experiment with innovative CED models.

Starting and Running Local Manufacturing Businesses: A Profile of Nuestra Comunidad Development Corporation.

Nuestra Comunidad Development Corporation (Nuestra) is the only local CDC considering starting and owning a manufacturing business at this time, although a nearby Dorchester community based organization, Project Hope, is currently conducting a feasibility study for a manufacturing project. Manufacturing businesses can provide important job opportunities for residents who lack high level skills or for whom English is not their native language. Project Hope is considering purchasing an abandoned building across the street from the Dudley Street Neighborhood Initiative (DSNI) office, and converting it into a wood-working shop to employ local residents.

Nuestra has been serving the Dudley Street neighborhood since its inception in 1981. Its mission is to provide affordable housing, to reuse vacant land, to create jobs, and to involve community residents in the process of development. During that time Nuestra has built or rehabilitated a total of 207 units of affordable housing, and is currently in the process of developing an additional 51 units of limited cooperative housing, a 19 unit lodging house, and five new homeownership units. In addition, the organization runs two youth after-school programs, and engages in community and resident organizing projects. Nuestra was instrumental in helping to create EDIC's small business loan fund program.

Currently Nuestra is exploring the opportunity to develop a recycling enterprise, which could create employment opportunities for local, low-income residents, particularly focusing on those with less skills or those who face language barriers. They have received a \$350,000 commitment from the Federal Office of Community Services to pursue the project, and a recent \$20,000 grant from the Boston Foundation to develop a comprehensive business plan for the project.

The enterprise will be a buy-back center and processing facility for a variety of recyclable materials and is based on the successful Bronx 2000's

R2B2 recycling company. The facility will pay cash to the public for recyclable materials delivered to the center, then process those materials into materials which meet new purchasers' specifications. Beyond the immediate positive benefits that this project will have for the community, it is hoped that this and other community-based recycling projects will serve as models which will move the recycling industry away from centralized, capital intensive industries that currently produce few employment opportunities for neighborhood residents.

When asked why they had decided to start a local manufacturing business, Evelyn Vargas, Nuestra's Director, commented,

One of the big problems we have in our neighborhood is that we have a lot of people for whom English is not their first language, yet in most of the programs for which they train people for ESL, the first thing they train them for, after they teach them English is secretarial or wordprocessing work. Well, that doesn't make a lot of sense, because its not your first language and things like punctuation or idiomatic expressions take a while to learn. It makes more sense to channel people into jobs where language is not the most important skill. Then we have a lot of people in the neighborhood who are relatively unskilled. So we wanted to have something that was more mechanical in nature. Something that people could learn relatively easily and then move up. The reason that manufacturing jobs are so good for immigrant communities is that English is not needed and that you can earn a decent wage.

Nuestra is currently undertaking a feasibility study for the project, including an assessment of public and commercial waste streams, identifying community based collection strategies, identifying resale market needs, developing marketing and sales strategies, reviewing operations and financial plans, outlining management requirements, and doing a risk assessment.

The ICA Group, formerly the Industrial Cooperative Association, which has served as a consultant for several other replications of the R2B2 project, is completing a business plan for operations. It is hoped that the center will eventually become worker owned, through an employee stock ownership plan.

They also hope that the facility will eventually be able to gain a competitive advantage to bid on state and city waste management projects, gaining revenues from processing fees paid for recycling materials from the public waste stream. If successful, the project would create approximately 85 jobs for neighborhood residents.

Evelyn Vargas commented that pursuing economic development strategies at a local level was important to ensure that the impacts of city-wide or regional economic growth reached inner-city communities,

The city [government] is interested in getting businesses into the city. I would say that they are less concerned about the exact neighborhood location of the business, so that you could clump all the businesses into one neighborhood and the city would say that we X amount of businesses in the city, but it might not really impact certain neighborhoods... Typically what happens is that people are not employed here and they also spend their money elsewhere. Its been a big problem for small businesses... it doesn't support people locating their businesses here.

As CDCs consider starting locally owned manufacturing businesses, foundations can assist them by providing needed resources for project feasibility studies and business planning of specific ventures, as was the case of the Boston Foundations support for both Nuestra's and Project Hope's projects.

Building Small Businesses Which Emerge Out of Housing Development Work: A Profile of Urban Edge Housing Corporation

Several CDCs have started businesses which come directly out of their previous housing development experience. These smaller enterprises can provide jobs for community residents, while increasing community involvement in CDC related work. These projects have primarily been property management and construction enterprises, aimed not only at job creation, but at increasing local control of the housing development process, by employing community residents in both phases of the project. Urban Edge Housing Corporation (Urban Edge) has developed both a construction management company aimed at job creation and training for local residents and a property management company to manage their many units. Two other CDCs, Fields Corner and IBA spun off property management companies, which manage CDC-owned buildings, and currently Nuestra is developing their own property management company. In addition, a local community organization, the YouthBuild Program, a construction skills training and education program for high school drop outs, works to rehabilitate abandoned properties. While not a CDC, the impetus for this project comes directly out of the community based housing development movement.

Urban Edge is one of the city's most important housing development corporations. Since its inception in 1974, Urban Edge has developed over 500 units of housing, both rental and homeownership. Urban Edge now owns 425 units of low-income rental housing, and is currently developing a 50-unit limited equity cooperative. Last year, they rehabilitated a large commercial property in which the YMCA located a branch office. This not only provides a needed service to community youth, but a source of income for the CDC. Currently the organization has a property management company, a construction management company and both youth and community organizing initiatives.

Between 1980 and 1985, Urban Edge acquired approximately 200 units of housing in scattered sites across the community, many of which had been foreclosed upon by HUD and MHFA after years of neglect from prior owners. During this time Urban Edge established a property management company to manage the operations of the rental units. In 1986, due to financial stress, Urban Edge contracted with the Greater Boston Community Development Corporation to take over all property management responsibilities, restructure their operations, and eventually return them to Urban Edge management. In January of 1991 the property management was taken over by Urban Edge, which currently employs 30 people in that division of the CDC. Over the period of 1986-1991, Urban Edge continued to do housing development.

There are many positive benefits to both the CDC and the community of Urban Edge's property management company. There is a focus on hiring locally and building local skills, and on hiring tenants in its housing. Overall, the project increases local control of a very large asset base in the community and currently the property management company is a \$3-\$4 million dollar a year business. As Urban Edge's portfolio increases, local control of these properties will grow as well.

Evelyn Vargas, of Nuestra Comunidad, also echoed these sentiments as good reasons for a CDC to operate its own property management companies, We saw it as both a way to control the property as well as create jobs. As well, we perceive our motivation for operating property management as different from other companies. They are not as interested in bettering the lives of our tenants [as the CDC is].

Urban Edge also developed a construction company to work on their development projects in the early eighties. Before, tenants had contributed sweat equity on some smaller rehabilitation projects. By starting this project, Urban Edge sought to better utilize local workers, provide training and skills upgrading, as well as attempt to save between \$5,000-10,000 per unit. Unfortunately the construction company, with its many ambitious goals, ran

into problems in the mid-eighties and closed down operations. Construction costs were higher than originally hoped and cost overruns added to costs of selling the buildings, due to cost overruns.

Currently they plan to run a small construction management firm which utilizes local labor to do rehabilitation on their own portfolio. By incorporating the maintenance division of their property management company and the construction management capacity of their development department, they can channel local labor into a construction operation which makes capital improvements in Urban Edge buildings.

Urban Edge is now proposing to start an office pool of tenants and community residents to provide temporary office services. This pool could then provide labor for temporary clerical and office jobs needed by community businesses and institutions. One of the reasons they are considering this project is due to the shortage of entry level jobs for local residents even after training. Mossik Hacobian, Director of Urban edge, commented,

Every time we post a position we get lots of local applicants. Its a good entry level position for people who are looking for their first job. There are several local training programs that are training people, who then can't get jobs.

Urban Edge hopes that this type of clearinghouse will help local residents sharpen marketable entry level skills for permanent office positions.

Lastly, Urban Edge is awaiting designation as the developer of an 18,000 square foot parcel which is central to the Egleston Square commercial center. At this site they are proposing to develop a small commercial building, which will house a bank, pharmacy, two other retail stores and their own offices. The redevelopment of this site is key for turning around the atmosphere of disinvestment along the central commercial strip.

Mossik Hacobian strongly believes that CED is an important approach for increasing community control and economic vitality of local neighborhoods.

He sees CDCs as the most appropriate vehicle for economic development at the neighborhood level.

The ultimate quality for me of CDCs doing economic development is neighborhood control and a building up of hope. I really mean it and believe it. If every time we do something and we don't make it clear that community residents have more power than they did before, then we haven't done much.... The CDC is a way to get resources into the community. The church is not that, the neighborhood association is not that, the school is not that. We are an economic tool, a tool for promoting economic development. We are well versed in the vocabulary, the discipline and all the elements that make for economic development. We bring that for all the other neighborhood groups to deal with.

As CDCs develop small businesses which support their housing development work and employ local residents, private funders can assist them with resources to train staff in effective management of those enterprises. Funding for outreach to community residents and skills training will also ensure that these endeavors will be successful.

Developing and Running Revolving Loan Funds to Assist Local Small Neighborhood Businesses with Capital Needs: A Profile of East Boston Community Development Corporation

Providing capital for small neighborhood businesses is another way that CDCs have been involved in community economic development activities. Many neighborhood businesses need small loans to cover shortages in working capital or for small capital purchases or improvements. Many of these loans are smaller than what banks or other programs usually provide, because transaction costs are often a higher percentage for these smaller loans. Yet without these loans, many neighborhood retail and manufacturing businesses would have to close. Even established businesses are facing problems due to the restricted credit practices of many local banks. In addition to lending to established businesses, micro-lending programs have become a popular way to provide small amounts of capital for new start up businesses, particularly through peer lending and self-employment strategies.

Currently, several types of loan programs are being utilized by Boston CDCs and community based organizations (CBOs). Recently Boston's Economic Development Industrial Corporation began a micro-enterprise loan fund, administered through six CDCs, which will provide small loans to neighborhood businesses. I discuss this program in greater detail under the section on support networks for CED. The Neighborhood of Affordable Housing (NOAH), another CDC in East Boston, in conjunction with Working Capital, is starting a peer lending program. This program will target neighborhood home-based businesses, primarily run by the local immigrant residents. Women for Economic Justice, a city-wide women's economic organization, has started a self-employment project for low-income women, and is considering a micro-enterprise loan fund as a component of its program.

The East Boston Community Development Corporation (EBCDC) has run a micro-enterprise loan fund for neighborhood businesses for the past 15 years, and is probably the local CDC most experienced with this type of

strategy. EBCDC is one of the original Title 7 CDCs, and has extensive experience in housing and commercial real estate development. In 1976, the EBCDC received a \$400,000 grant from the Office of Economic Development to institute a revolving loan fund. Working with local banks, the Loan Fund has served a total of 53 businesses to date.

Upon starting the loan fund, EBCDC staff faced several problems. At that time, the federal government was hesitant to let local organizations have autonomy over decisions about loan fund design, loan amounts, interest rates, and potential borrowers. Once the program began, EBCDC staff had to go through an education process with local bank loan officers, in order to set up the program. The outcome was a structure in which the local CDC works in partnership with local banks, to meet the credit gaps of local businesses.

The EBCDC approves loan applications, and guarantees the loan for up to \$25,000 or 50% of the total amount. The bank makes the loan, and the EBCDC deposits the amount of the loan guarantee in the form of Certificates of Deposit into the lending bank, affording the bank some compensation for their participation in the program. Several local banks are used through the program. Traditional bank loan documents are supplemented by a third party agreement, which spells out the specifics of the loan amount, security, types of deposit made by the EBCDC and what process in the case of default. Once the loan is paid off by the local business, the money is then recirculated for new loans.

Micro-lending can actually keep many small neighborhood businesses from closing, by providing small amounts of capital to enterprises which generally have few financial reserves. Evelyn Vargas, from Nuestra, discussed how she discovered that micro-lending programs could help keep small businesses in Nuestra's community from closing,

When Hurricane Hugo hit, about two months later, a lot of small businesses in the neighborhood were having financial trouble. At first I didn't make the connection, but when I started talking to those businesses who were having trouble, they would talk about how they

had sent all of their money to Puerto Rico because of the hurricane. They were cutting it so close, that \$400 to \$500 was their margin of error. They couldn't buy shirts to sell that month because they didn't have \$1,000 extra. So I said, this is ridiculous, for \$1,000 we have to end up shutting down the business, its crazy.

Micro-lending programs have become quite popular among funders, who support programs which provide capital for small businesses and self-employed entrepreneurs in low income communities. Funders can contribute directly to micro-loan funds through grants or loan money to these programs through utilizing project related investments (PRIs). Funders can also provide grants to assist local groups with the operating costs of providing these services to local businesses.

Other Community Economic Development Strategies Being Pursued by Boston CDCs and Community Based Organizations

Local CDCs are pursuing other strategies besides the five previously mentioned. For most CDCs, economic revitalization of the community is part of the organization's mission, even if specific CED projects have not been implemented to date. Almost all CDCs I spoke with are either actively pursuing specific CED projects or are in the planning stages of developing a CED strategy for their community. In this section I will briefly mention other CED strategies being utilized by CDCs and CBOs in Boston.

Several CDC run skills training programs for neighborhood residents. Because Boston has a well developed network of local community based organizations providing training for local residents, it is unlikely that few CDCs will move beyond a brokering role into running programs themselves. The Chinese Economic Development Council runs ESL classes for community members and is currently writing a proposal to Bunker Hill Community College to set up ESL classes for new immigrants. The Hyde Park CDC runs a well-developed adult education program, which emphasizes skills upgrading for community residents. This program is run on a fee for service basis.

Two local women's organizations, the Women's Institute for Housing and Economic Development and Women for Economic Justice (WEJ), are working on projects which promote self-employment opportunities for low income women. The Women's Institute created the Women's Cooperative Business Initiative, which provides technical assistance to staff and residents of supported housing programs to develop cooperative venture programs. Through a participatory process, the Institute works directly with the groups through four phases of business development; education, business planning, business start up and training, and business growth and self-sufficiency. They are currently working with women from the Elizabeth Stone House, a local shelter for battered women.

Women for Economic Justice works with existing community based organizations and CDCs to tailor economic development projects to fit the needs of low-income women in their particular community. The goal of the program is to promote micro-enterprise and cooperative business development with 4-6 groups of low-income women in the Boston area. WEJ provides technical and planning assistance and is considering a micro-loan fund to capitalize new businesses as they emerge. Currently WEJ is working with Quincy-Geneva Development Corporation as part of this project. An important issue which both projects address is the protection of public assistance benefits for women who are moving towards self employment.

The Madison Park CDC is currently developing a program to improve the services and expand capacity of family daycare providers in the community. Driven by the awareness that a high percentage of resident families are single women with children, they plan to create a comprehensive system for marketing services and expanding the client base for these small businesses. The CDC will provide information on licensing, technical assistance on regulations, networking between providers, organized group activities, and assist with funds for equipment purchases and capital improvements. Their hope is not only to meet the daycare needs of the development, but expand the client base into other parts of the community.

Many CDCs work with the business associations and individual businesses in their neighborhoods to strengthen the vitality of the local business sector. NOAH in East Boston started an Economic Development Council in conjunction with the East Boston Chamber of Commerce and is active in supporting new immigrant businesses in the neighborhood. The Fields Corner CDC has a long history of supporting local businesses, through its Main Streets commercial revitalization program, the sponsoring of annual marketing fairs, assisting businesses with revitalization projects and working with the local Vietnamese and Minority Business Associations. The Madison Park CDC has worked closely with the Grove Hall Board of Trade throughout

their negotiations with the BRA and the MBTA on the redevelopment of Dudley Square. Most area CDCs have relationships with local businesses, and provide a variety of informal and formal services to enhance their activities.

Lastly, many other CDCs are in the planning stages of developing economic development strategies for their neighborhoods. DSNI has begun a series of community meetings to discuss ideas for economic development with community residents, and has an active board sub-committee on this issue. The Fenway CDC, the Asian CDC, the Allston Brighton CDC, and the Greater Roxbury Development Corporation all indicated that CED is an area in which they will become more active in the near future.

The Support Network for Boston CDCs Pursuing CED Projects

Currently, the support network for CDC work on community economic development projects is limited. I am including in this support network organizations which provide local community-based organizations with technical assistance and/or financial resources for development projects. I limit my analysis to those organizations which provide support on economic development projects, and which work directly with CDCs as part of their mission. The organizations described below include non-profit organizations as well as public and quasi-public agencies. Before I provide a summary of each, I discuss briefly how each of those organizations assist CDCs in working on CED projects.

Two quasi-public agencies, Boston's Economic Development Industrial Corporation (EDIC) and the Massachusetts Community Development Finance Corporation (CDFC) provide both technical assistance and project support to CDCs doing CED work. The Massachusetts Association of CDCs (MACDC) and the Industrial Cooperative Association Group (ICA Group) are resources to CDCs for technical support, research, networking and advocacy around CED activities.

Several other organizations provide project-specific support to CDCs for both housing and commercial real estate projects. These organizations have historically been more focused on affordable housing development, but have a mandate and some history of supporting economic development projects. They are the Local Initiatives Support Corporation (LISC), the Massachusetts Government Land Bank (the Land Bank), and the Massachusetts Community Economic Development Assistance Corporation (CEDAC). Currently, the Public Facilities Department of the city of Boston (PFD) is running a program to revitalize business districts in four key neighborhoods. Although PFD has a strong history of working with area CDCs, this particular effort is targeting commercial areas and local merchants associations. CDCs are part of a

neighborhood coalition, organized to promote vitality of neighborhood commercial centers.

All of these organizations are committed to working with area CDCs, and provide varying levels and types of financial support and technical assistance for CED projects. This network needs to be strengthened to make local CED work more effective.

The Economic Development and Industrial Corporation recently launched an initiative, in conjunction with six Boston CDCs and the Massachusetts Association of CDCs, to provide a micro-enterprise loan fund for neighborhood small businesses. This program, called the Boston Small Business Fund, was developed through discussions with local CDCs, in response to the credit crunch experienced by many local neighborhood businesses. This program is one of the few initiatives which provides on-going project support to CDCs as they move into more active economic development work.

The microenterprise loan fund will provide \$1,000-\$15,000 loans to neighborhood businesses, as well as operating support of \$25,000 to each CDC administering the loans. Participating CDCs include: Nuestra Comunidad, the Neighborhood of Affordable Housing (East Boston), the South Boston Community Housing Corporation, the Dorchester Bay EDC, the Greater Roxbury CDC, and the Jamaica Plain Neighborhood Development Corporation. The program will target small businesses whose capital needs are much less than traditional loans administered by the Boston Local Development Corporation. (Economic Development and Industrial Corporation)

The Community Development and Finance Corporation, created in 1975, is a quasi-public agency whose goal is to increase jobs and affordable housing in low-income areas. CDFC invests in local businesses as either debt (loans) or equity (stock purchases) or a combination of the two. In addition, they run a loan guarantee program which will guarantee up to 50% or \$25,000 of a bank loan to a company. One of the major criteria of these loans is that the business

investment increase or retain full-time jobs for local residents. CDFC targets investments which will leverage other sources of private and public funds. Loans are sponsored by local CDCs, and CDCs receive a fee of 1/2 of a point (.5%) for originating an investment, and as much as 10% of the interest income which CDFC receives on a loan. If equity is invested, then a CDC may receive up to 10% on any capital gain CDFC receives on this investment. The goal of this process is to make economic development a self-supporting activity for the CDC, and provide needed operating support.

In addition, CDFC is now in the process of increasing their educational work on small business financing and community economic development for CDCs. The agency has run several workshops over the past year on economic development strategies and a workshop on commercial real estate development, focusing on project feasibility. The increase in educational work is a direct result of increased interest on the part of CDCs in community economic development, and the real need for training on the technical aspects of small business financing. Margaret Small, Director of External Affairs for CDFC, commented,

That was to help CDCs who had been immersed in real estate development begin to understand the business side and understand the stages of business and appropriate financing for those different phases.

The Massachusetts Association of CDCs has been an important resource for CDCs since its inception in 1980. As the Massachusetts trade association for CDCs, MACDC provides opportunities for information sharing, technical assistance, and peer interaction among CDCs on all aspects of community-based development. MACDC works with banks and public agencies to increase the resources needed for local community development projects. In two projects specific to CED, MACDC is working with EDIC on the Boston Small Business Fund and with CDFC on their economic development training seminars.

Currently MACDC is also working in collaboration with the ICA Group on a capacity building project to support the work of Massachusetts CDCs in pursuing economic development projects. The capacity building project is still in its initial stages, and currently the organizations are involved in preliminary needs assessments, focusing primarily on commercial and industrial development projects. MACDC hopes to model the program on a similar program developed by the California Association of CDCs, in which twenty CDCs currently receive training in commercial real estate development.

The Massachusetts Government Land Bank provides loans for affordable housing projects as well as commercial and real estate projects. Although the Land Bank works with both for-profit and non-profit developers, they have a strong commitment to working with CDCs and in areas with a strong history of disinvestment. In addition to providing loans, the Land Bank will sometimes cover the costs of a development consultant to assist with the initial phases of a specific development project or provide monies for project feasibility. The Land Bank does not provide operating support for CDCs. All resources provided are project specific.

The Local Initiatives Support Corporation has a long history of working, through its Boston Program, with local CDCs on both housing and commercial real estate projects, although commercial real estate loans make up a smaller part of their loan portfolio. LISC provides low-interest loans for both types of projects. LISC also operates the Neighborhood Development Support Collaborative (NDSC), a program begun in 1987 in conjunction with several area foundations and the United Way. Through the NDSC, LISC provides operating support for ten local CDCs, with a goal of strengthening their capacity for affordable housing development.

The Community Economic Development Assistance Corporation provides technical assistance and pre-development funding to non-profits for specific development projects. The majority of their assistance has been for affordable housing projects, although they have worked on several commercial

real estate projects. Currently CEDAC operates two loan funds and a Child Care Capital Investment Fund to help meet the capital and equipment needs of non-profit child care providers servicing low-income communities.

Last year the Public Facilities Department began a program to assist small businesses in four target neighborhoods, through its Neighborhood Enterprise Division. Although PFD has a history of working with CDCs on affordable housing projects, this new program is focused on working directly with merchants in Uphams Corner, Codman Square, Grove Hall, and Cleary Square. The purpose of this program is to strengthen the business districts of the target neighborhoods for several reasons: to bring new investment into the neighborhood, provide needed commercial services to local residents, service nearby industrial businesses, and create neighborhood jobs. The program provides design and marketing assistance, a small business loan fund, coordination of city services, and tries to integrate the contributions of other neighborhood institutions in projects to promote the economic vitality of the neighborhood. Currently funds for this programs come from the Community Development Block Grant Program and are subject to many restrictions on their use. Although this program does not target neighborhood CDCs or provide operating support, it does work with them as part of a neighborhood coalition focused on commercial revitalization.

Strengths, Weaknesses, Opportunities and Impediments of Boston CDCs in Doing CED Work

Boston CDCs have strengths, weaknesses, opportunities and impediments to more actively pursuing CED projects. The following Matrix summarizes some of the key internal and external elements affecting CDC ability to develop successful CED projects.

Boston CDC Strengths and Impediments in Pursuing CED:

Internal Issues:		
	Strengths:	Weaknesses:
Technical Ability of CDC Staff:	<ul style="list-style-type: none"> - Experience in Technical Aspects of Housing and some Commercial Real Estate Development or Mixed-Use RE for Most CDCs. - Experience in utilizing Complex Financing; Packaging Public and Private Sources of Funds 	<ul style="list-style-type: none"> - Need for specific skills training on CED projects; both commercial real estate as well as business, running loan funds, and other CED strategies.
Pursuing Effective Strategies:	<ul style="list-style-type: none"> - Some CDCs have identified strategies to meet community needs and have implemented successful projects. 	<ul style="list-style-type: none"> - CED is new for many area CDCs; CDCs need information which evaluates existing CED strategies and in determining which types of strategies best suit their areas. - Boston CDC historical experience with CED is limited, and there is a lack of successful local project examples; perception that CED doesn't work.
External Issues:		
	Opportunities:	Impediments:
Collaboration Between CDCs:	<ul style="list-style-type: none"> -Large Number of CDCs for good service delivery to individual neighborhoods -Informal networking between local CDCs 	<ul style="list-style-type: none"> -Fragmentation between CDCs; CED takes more collaboration and impacts a larger service area than housing.

Financial Resources for CDCs:	Availability of project-specific resources for some CED activities, through public, quasi-public agencies, non-profit intermediaries and banking initiatives; primarily: Commercial Real Estate, Real Estate Based Projects and Small Business Lending; mostly: debt and pre-development tech. assistance without support for CDC staff time	<ul style="list-style-type: none"> - Sources of CDC Operating Support very limited and shrinking. - Limited resources for strategic planning and community organizing around CED - Limited resources for project feasibility studies - Limited resources for venture capital
Support Network for CDCs doing CED Work:	<ul style="list-style-type: none"> -Several quasi-public and non-profit intermediaries committed to the capacity building of local CDCs and providing assistance on community based development, particularly housing & commercial real estate projects. - State-wide Trade Association, which provides networking among CDCs and an organized political voice for the industry. 	<ul style="list-style-type: none"> -Limited support from quasi-publics and non-profit intermediaries in providing technical assistance or financing around CED projects. -Limited local networking and research on effective strategies and replicable projects -Need for expansion of lobbying and education to increase public resources for CED projects

Internal Issues:

Boston area CDCs are technically sophisticated. Most have worked to put together affordable housing deals, in an increasingly complicated funding environment. Collectively, Massachusetts CDCs have built or rehabilitated nearly 10,000 units of housing units for low-income persons over the past twenty years, in one of the most flourishing real estate climates in the country.(Massachusetts Association of CDCs, 1992) In addition, many CDCs have experience in developing commercial real estate projects as well.

Based on his experience with area CDCs, Jerry Rubin, of EDIC, said that many Boston CDCs do have the technical ability to move into economic development work, because of their experiences in assembling complicated housing development projects:

Their feeling is that its not technical ability, and I think they're probably right. If you can develop and sell 100 units of housing in Roxbury and structure it with fourteen different financing sources and syndicate it, then you could probably figure out how to do business financing and

real estate (projects). I think they'd have to do some learning, but its not like a huge leap. They could build on their experiences.

But many CDC staff lack expertise in specific technical aspects of CED projects. There is a need to increase CED skills training of current CDC staff and boards. On the other hand, the resources for this type of training are strong in Boston, including the various planning schools, the Tufts Institute for Community Development, and current CDFC and MACDC initiatives to better prepare CDC staff for business development projects.

CED is a relatively new program area for many local CDCs. CDCs often lack a clear sense of appropriate strategies in the area of economic development and need information which evaluates which types of strategies will be most effective in their communities. Pat Libby, Executive Director of the Mass. Association of CDCs commented,

We are finding that, in terms of what type of economic development strategy we [MACDC] will put together, CDCs are all over the map. There are people who really want to develop strategic plans for their communities. There are CDCs that are saying 'I have a vacant strip of building, what do I do? Do I start a storefront revitalization program? Do I start my own business? What else can I do? And this is only a small piece of my neighborhood. What's the whole plan? Should I do a market analysis?'

Due to limited historical experience with CED projects, there is also a lack of successful local project examples to draw upon and there is often a perception that CED doesn't work. Evelyn Vargas of Nuestra commented,

Because there's been less experience, when somebody fails, its an enormous failure. If you try to talk about grocery stores for example, they immediately bring up the Codman Sq. experience. That's the only experience they've had and its limited. There are very few positive examples because there hasn't been that much done, whereas if you go to other places, like Miami, where there's been more CED, if one fails you have a number of success stories to talk about. How many failures of near-failures or limping along projects in housing are there? Lots. But there's also an overwhelming number of positive things happening in housing, even though there's been failures. In the balance there's been many more success stories.

External Issues:

The scale of development projects in Boston, and the ability to make impacts in Boston neighborhoods, is a positive external advantage for area CDCs to pursue CED projects. In many larger cities the impacts of development projects are lost in large scale neighborhoods. Bob Brandwein, who works with many CDCs in other large cities commented,

You've got problems, you can see solutions, as opposed to say, New York. If the kind of work we do in Harlem was done in Boston it would be front page news, very dramatic. But there it's just lost. 3,000 units of housing and commercial space and its lost in one neighborhood. So the scale in Boston is very good.

Conversely, as opposed to other cities like LA or New York, many Boston neighborhoods do not have the aggregate numbers to support a large inner-city retail base.

Some area CDCs have identified CED strategies to meet community needs and have implemented effective strategies in their neighborhoods. At the same time, CED projects generally have impacts that go beyond the immediate neighborhood, unlike housing development projects, and good coordination between CDCs can make for more effective projects. Brandwein suggests that one of the weaknesses of Boston CDCs in pursuing CED strategies is fragmentation between groups,

If you look at Roxbury, you've got Grove Hall, Nuestra, DSNI, Quincy Geneva, Fields Corner. They're serving individual neighborhoods, but they also overlap. Each of them has an executive director and a staff. You could do a lot better deals in economic development if you had good quality staff look over an area at lots of deals so that they could select the best, rather than having five of them working in a smaller area to get a deal together and in some cases competing against each other.

He is currently consulting on a LISC funded initiative in Pennsylvania's Mon Valley, where seventeen CDCs are working together to develop a regional economic development strategy. This type of collaboration between CDCs allows groups to pool resources and expertise over a larger impact area.

Because the field is new to area CDC staff, consensus on effective CED strategies is not as developed as it is for housing development. Housing development strategies came from both the CDCs, and their funding sources, and ranged from rental housing, to homeownership opportunities, to cooperative housing strategies. Over time there developed a set of actors and institutions which gave rise to the ideas and resources needed to pursue specific projects. As of yet, this system does not exist for CED projects. There isn't a systematic way for CDCs to think about and develop a set of programs on what is a very challenging set of problems. Jerry Rubin, of EDIC, echoed that sentiment:

There are very few sources of technical assistance for economic development in Boston, and very few consultants. The biggest thing that's missing is that there isn't a systematic way for the CDCs to think about and develop what is a very challenging thing to do. Think of the difficulty that many community based development organizations go through in deciding where to channel their limited resources and trying to serve some very damaged neighborhood with far fewer resources and tools than an organization like EDIC. There's us and themselves and that's basically what CDCs have been doing; talking to themselves.

Rubin believes strongly that a network which supports CDCs pursuing CED projects is needed to strengthen the success of these projects.

Financial support for CED work is limited, especially for strategic planning and project pre-development costs and for other operating support. This problem constrains CDCs from taking on new development projects and utilizing upcoming opportunities in their neighborhoods. Often the technical assistance and funding from outside sources is project specific.

When monies are made available for staff support through current programs, often they are insufficient to cover the total operating costs associated with the particular project. In one example, Margaret Small, Director of External

Affairs for CDFC, notes, that while CDFC is one of the few sources of operating support still left for CDCs, and sometimes the equity payoffs can be large, that this problem can still occur. In a recent interview she said,

If they bring us a business deal, then they really need to get enough income from that to justify all the time that they had a staff person out on the streets, talking to business people. If they go out and talk to ten businesses, and they find one person that they bring to us and we give them 10%, and maybe that's \$500, and maybe the staff person spent two weeks trying to get this one person a business loan.

Often the way that current programs are structured make CDC compensation insufficient to cover the costs of participation by CDC staff.

Another aspect of insufficient resources has to do with covering the pre-development costs of larger economic development deals; projects which could eventually bring in quite large returns to CDCs and provide substantial community benefits. This is a problem that several Boston CDCs are facing. Susan Gittleman, of the JPNDC explained, while discussing a major new industrial development initiative in their area:

We've been talking about why it is that often CDCs are unable to negotiate a major role within major anchor economic initiatives. It definitely comes down to resources, but also on the fact that so much in those projects rely on anchor tenancies, on bringing players in the market to the table to sit down and do a project. Most CDCs cannot spend the time to do that, they don't have the money to do that...It comes down to the fact that not because CDC staff don't have the credibility of the capacity, they don't have the support...They weren't able to be at the table, because of insufficient operating support to pursue these types of projects.

Beyond the issue of internal staff support issue, lies the issue of access to venture capital to serve as a catalyst to develop specific CED projects. Many sources of funds for CED projects are debt. Even with below market interest rates of loan programs, CDCs still need equity to capitalize new development projects. This is particularly the case for large commercial and industrial revitalization projects as well as starting local businesses.

In Chapter 3, I examine the role of philanthropic foundations in supporting community based development projects and networks. I examine on how Boston's largest foundation, the Boston Foundation, has supported community and economic development projects through its current initiatives. I then identify the advantages and disadvantages to increased foundation support for local CED work.

Chapter 3. Philanthropic Support of Community Based Development and the Role of the Boston Foundation

In the face of public sector cutbacks, the role of philanthropic foundations has not been limited to the replacement of government funding. In fact, with between \$10 and \$20 million dollars committed to CED annually, (Council for Community Based Development, 1991) foundation resources alone can only have limited impact on the problems of joblessness and underemployment for disadvantaged workers; government must still provide the bulk of funding for these types of projects. But philanthropy has been able to provide funds to experiment, take risks, disseminate information, advocate for new and innovative approaches to these large problems, and leverage other resources for CED projects.

In this chapter I explore the role of philanthropic support for community development projects across the country. I examine aggregate levels of support, how different types of foundations address the issue, and some specific economic development initiatives of key foundations. In the second section I look more closely at the Boston Foundation's (tBF) support for community and economic development projects and conclude with the advantages and disadvantages of tBF pursuing a more active role in supporting local CED work.

Background on Philanthropic Support for Community Based Development Projects

Over the past decade, philanthropic support for community-based development has been growing as the private sector has begun to view community-based development as an important strategy for revitalizing low-income neighborhoods. In 1989 the 307 foundations and corporate giving programs most supportive of these activities gave a total of \$90.1 million to support community based development.(Council for Community Based

Development, 1992) This figure was up from \$64 million in 1987, an increase due to the addition of new funders in the field, as well as a median increase of 15% in grantmaking dollars, over the two year period, for those already active in the field. Still, support for community based development constituted only 2.4% of all foundation giving in 1987. (Council for Community Based Development, 1989)

These figures include both grants made directly to community organizations as well as to intermediary organizations which provide capital, technical assistance, training, research and advocacy for these community organizations. In fact, the percentage of funding for intermediaries is approximately 64%, compared to 36% for community based organizations.(Council for Community Based Development, 1991) The main reasons for this are that private foundations and corporations are less knowledgeable about the technical aspects of development projects and in some cases, the local conditions, leading to a dependence on intermediaries that possess this knowledge. Some foundations and corporations may also support intermediaries which can leverage additional monies from local private sector sources, that they cannot reach.

Grants for community-based development activities include the following categories: the creation and preservation of affordable housing, general "community development", organizing and advocacy, community economic development, and training, technical assistance and community based social services. Table III provides a breakdown of grants across different community-based development activities.

Table III:

Types of Community Based Development Grants from Foundations, Year: 1989

Purpose of Grant:	Percentage of Total Grant Dollars:	Amount Totals: (in millions)
Community Based Development(Total)	100%	\$90.1
Housing Development	33%	\$29.7
Economic Development	10%	\$9.0
Organizing and Advocacy	17%	\$15.32
Technical Assistance, etc.	7%	\$6.3
General Community Development	33%	\$29.7

(source: Expanding Horizons II, Council for Community Based Development, 1991)

As we can see from Table III, only a small percentage (approximately 10%) of all grants in 1989 went to community economic development projects, including job creation, job retention, employment training, and commercial and industrial development. These figures do not reflect support for projects intended to improve city-wide or regional economies without a community-based component. Neither do these numbers include the support of CED projects through Project Related Investments (PRIs) and other non-grant forms of support.

Over the last two years private sector support for community development activities has both expanded and become more diverse to include not only major private foundations but an increasing number of corporations and corporate giving programs. Independent foundations have traditionally been the most active supporters of community based development activities, followed by corporations and community foundations. Table IV shows that while aggregate giving has increased for all three types of foundations, the

share of dollars given by community foundations has remained relatively constant at 11%.

Table IV
Grant Dollars by Type of Funder: 1987 & 1989
(in Millions)

Foundation Type:	1987:	1989:
Independent Foundations:	\$49.3 (77%)	\$65 (72%)
Corporations:	\$ 7.8 (12%)	\$15.8 (17%)
Community Foundations:	\$ 6.9 (11%)	\$ 9.3 (11%)

(source: Expanding Horizons II, National Council on Community Based Development, 1991)

A closer look at the top 50 funders in the field of community-based development shows that 29 were independent foundations, 12 were corporate funders and only 9 were community foundations. (see Appendix II for a list of the 50 most active funders in 1987 & 1989). Generally, the ways in which these three different types of foundations approach funding of community based development efforts vary widely.

Community foundations, the fastest growing segment of philanthropy, are also usually much smaller than private foundations. Many of the newer community foundations are currently focused on building up their asset base and defining programmatic strategies. Their donor base is diverse, and often funds, raised from local sources, are given for specific and restricted purposes. This practice may limit the amount of discretionary funding available for new initiatives. As well, many of these organizations tend to focus on direct services, filling the gaps left by state and federal government cutbacks.

Community foundations fund CED usually through more direct service programs such as educational and job training programs. Of all community

foundations, the Boston Foundation is the largest supporter of community development activities in the country. (see Appendix III, for a list of most active community foundations supporting community development activities and grant levels) Other key community foundations in this category include the New York Community Trust, the Chicago Community Trust, Marin Community Foundation, the Cleveland Foundation, and the San Francisco Foundation.

Corporate foundation giving for CED has increased more rapidly than from any other philanthropic sector over the past several years. While this is true, many corporate funds tie giving levels to profits, which have tended to make spending levels erratic in the recent past. Often companies limit grant giving to the geographic areas within which they operate and focus on programs which will help enhance the image of the corporation. Like community foundations, corporate funder's CED spending tends to be focused on educational, vocational and job training programs and less on initiating new programs.(Chesser) Some of the largest corporate funders in this area include: Amoco Foundation, BP America, First National Bank of Chicago, Aetna Life & Casualty, Chase Manhattan Corporation and The Levi Strauss Foundation.

Private foundations, with the largest asset base of all types of foundations, have tended to invest the most money into community based development activities, accounting for 43% of total grantmaking in this area in 1989. Private foundations have generally been able to initiate new programs and be supportive of more risky innovative efforts in this area. The obvious leader has been the Ford Foundation, whose grants still comprise nearly 15% of all giving to community based development efforts. Other key private foundations are the John D. and Catherine T. McArthur Foundation, the W.K. Kellogg Foundation, the Charles Stewart Mott Foundation, Lilly Endowment, the James Irvine Foundation, the Pew Charitable Trusts, and the Howard

Heinz Endowment. Each of these foundations gave over \$2 million to community based development activities in 1989.

Overall, ten philanthropic foundations accounted for more than half of all community development grant dollars. They were, the Ford Foundation, the Northwestern Area Foundation, the Lilly Endowment, the MacArthur Foundation, the Pew Charitable Trusts, Charles Stewart Mott Foundation, the Boston Foundation, the Heinz Endowment, Amoco Foundation and the Cleveland Foundation.(Pierce and Steinbach, 1991)

An examination of strategies pursued by foundations most active in supporting CED may provide some insights as to the range of possible strategies that foundations can use in supporting these projects. A variety of programs and financing techniques are being utilized. Foundation programs vary widely and include support for such projects as self-employment and micro-enterprise strategies, democratically-owned businesses, manufacturing networks to provide peer support and pooled resources, and micro-loan funds. The financing of these projects also varies and includes direct financing of projects, funding of intermediaries providing financial and technical assistance, and the use of project related investments, as well as parallel investment strategies.

In a recent informal survey of foundation trustees, Tom Chesser, a student at the Kennedy School of Government, uncovered several internal debates that foundations are facing in funding CED projects. These included balancing the demands of short-term commitments, such as building successful CED models, with more long-term demands, like capacity building of local programs. Another key issue for foundations was deciding on appropriate levels of risk to assume. (See Appendix IV for Summaries of CED Strategies of Leading Foundations)

The Boston Foundation's Support of CED Projects

In looking at possible foundation strategies for support of community economic development in the Boston area, I have chosen to examine the experiences of the Boston Foundation (tBF) for several reasons. tBF has a clear history of supporting projects which focus on poverty alleviation and the capacity building of institutions within low-income communities. Several specific foundation initiatives in this area include the Poverty Impact Program, the Community Organizing Initiative and the Persistent Poverty Project. tBF has been a leader in philanthropic support for community development activities. tBF not only gives the largest number of aggregate dollars to community development programs of any foundation in Massachusetts, but it is also the largest community foundation supporter of community development projects in the country. (See Appendix V for a listing of Massachusetts Grantmakers most active in supporting community development projects.) Although not articulated as a specific initiative, many tBF programs have included support for programs and projects which address economic inequality of Boston's low-income residents.

History of tBF Support for Economic Development Projects

Historically, tBF has been involved in supporting economic development activities in five ways. Under the Poverty Impact Program, the foundation articulated employment and training as one of four key areas to be targeted. Out of the Community Organizing Initiative, has come support for projects designed to organize for structural economic changes. The Persistent Poverty Project has labeled economic development as a central issue to be addressed, and has provided research as well as provided strategic planning on the issue. Through tBF's support of the Local Initiatives Support Corporation (LISC), several area CDCs received support and technical assistance to participate in commercial revitalization projects. Lastly, tBF has supported a limited number

of individual CED projects in the past several years, under its Housing and Community category.

The Poverty Impact Program (PIP) was established in 1985. PIP was a bold step for the Boston Foundation, as it represented tBF's first attempt to think more strategically about its funding direction and role in the city, with a focus on the conditions of poverty and its affect on large segments of Boston's population. PIP's mission was "to mobilize new resources, to build new alliances, and to spur new activity on behalf of the poor."(tBF Policy Guidelines) Primarily aimed at strengthening key community institutions and leadership, the PIP provided one to five year grants for institutions, community agencies and grassroots groups in four target issue areas; maternal and infant health care, teenage pregnancy, employment and training, and urban parks and public spaces.

In 1990, tBf conducted an evaluation of the PIP and found that approximately 18% of the funding for PIP projects went to support employment and training projects, for a total of \$1,325,000. Out of that total, approximately 65% went to institutions, 30% to agencies, and 5% to grassroots projects. \$595,000 went to direct services, \$500,000 went to service coordination and referrals, and \$230,000 went to research and development. No funding went to support agency coordination or advocacy for employment and training issues.(tBF, 1992)

The Boston Foundation's support for the Private Industry Council (PIC) was a substantial part of funding in this area of the PIP. The PIC runs a variety of programs aimed at increasing the job skills and job readiness of low-income Boston residents, including support for the Boston Compact, the Boston Works Program, and the Commonwealth Fund Career Beginnings Program. These programs are strategies which primarily address the problem of educating Boston's current workforce, and do not necessarily promote community-based or job creation programs. In addition, other employment training projects which received support under the PIP included the Boston

Adult Literacy Fund, the Community Jobs Collaborative, the Jewish Vocational Service, and Oficina Hispana de la Comunidad.

In the late 1980's tBF consolidated its support for grassroots groups concentrating on issues of poverty and community empowerment, by launching the Community Organizing Initiative (COI). COI supports small grassroots organizations in which the active membership is at least 50% low-income, and stresses leadership development, constituency empowerment and systemic institutional change. The programmatic focus of the COI is diverse and responsive to projects which have significant impact on the lives of low-income individuals. COI is particularly responsive to projects which affect institutional change, defined as follows: "a)the modification of existing attitudes, policies and practices; b) establishment of more democratic alternative structures and/or c) increased participation of poor and low-income people in the decision-making process."(tBF Policy Guidelines)

Under the COI, tBF has supported several important projects which directly affect institutional changes in the economic system for low income people. These projects focus on worker's rights and income maintenance for low-income residents and include support for the Chinese Progressive Association's Worker's Center, the Immigration Rights Advocacy Training and Education Project (IRATE), the Union Neighborhood Assistance Corporation, and the Coalition for Basic Human Needs. Institutional changes achieved by these successful projects range from more flexible private banking and public institution lending criteria to the creation of the first Chinese bilingual retraining program in the country.

The Boston Persistent Poverty Project began in 1987, through a grant from the Rockefeller Foundation's initiative entitled "Equal Opportunity for the Urban Poor". The Project is "a long-term, collaborative campaign to eliminate chronic, intergenerational poverty in Boston."(Persistent Poverty Project, 1992) The Persistent Poverty Project has launched a number of initiatives aimed at research of poverty in Boston, conveying information and constituent building,

and convening key community leaders to strategize around a long term approach to eradicating persistent poverty in Boston. The project's initiatives have and will continue to have a significant impact on tBF's grantmaking strategies and programs.

A significant aspect of the Persistent Poverty Project has been the convening of a 43 member Strategy Development Group (SDG), comprising a group of leaders representing a range of institutions, community organizations, public agencies and private sector businesses. One of the projects of the SDG is the development of a Strategy Matrix, which is a framework for policies and actions in the following areas: Economic Development, Schools/Education, Housing and Physical Infrastructure, Health Care, Public Safety and Criminal Justice, Community Fabric and Organizing, and Public Perception and Media. This matrix outlines, for each area, key strategic initiatives and policies at the community, city, state and national level. While still in the development process, this project has been important for convening key leaders, and clarifying and gaining consensus on how to view the complicated issue of economic development.

To some extent, tBF has supported community economic development projects through its substantial support for LISC. tBF has provided over \$1.5 million dollars to Boston LISC and LISC related projects since 1980. Although locally LISC has been primarily involved in low-income housing development, they have provided technical assistance and financing to several commercial revitalization projects, developed by local CDCs.

Lastly, tBF has supported economic development through grant giving to specific projects, more focused on job creation and community based development strategies. Although limited in number, these projects more closely satisfy the definition of CED as outlined in Chapter 1.

The Boston Foundation's support of community development projects currently falls into six grant categories; Housing, Tenant Issues, Multi-Issue, Safety/Criminal Justice, Income Maintenance, and Workplace Issues. The

largest amount of tBF support for community development over the past several years has been for projects and programs directly related to affordable housing. This stems from the fact that decent, affordable housing physically revitalizes low-income communities in a visible, tangible way. Furthermore, decent affordable housing has been a major articulated need of community development practitioners over the past decade and the strong network of CDCs, community organizations and intermediaries in Boston has kept the focus on this problem.

Current tBF policy guidelines for Housing and Community Development activities stress the need to build affordable housing in ways which maximize community participation in the process. A very important aspect of this support includes a commitment to foster the growth of the CDC industry in Boston, primarily through the support of local intermediaries which work to provide technical assistance and resources to these community-based organizations, while leveraging additional resources from other sources. These intermediaries include the Metro Boston Housing Partnership, the Local Initiatives Support Corporation, the Neighborhood Development Support Collaborative, the Resident Resource Initiative, the Community Builders, and the Massachusetts Association of CDCs. Foundation support is focused not only on housing production, but property management and tenant participation as well.

In addition, tBF supports community based planning projects, community organizing and advocacy projects, tenant organizing, initiatives on supported housing, and programs which involve public housing tenants in the revitalization of their own communities. Most of the support in these areas is on a project by project basis, and stresses the development of communities and community based institutions. tBF rarely gives grants for capital improvements.

Table V shows a breakdown of community development grants for 1989, 1990, 1991, and 1992. Again, the majority of grant giving dollars in this

category have been in the area of housing and tenant related issues in each of the past several years. These figures reflect grant information available through tBF computerized data files, which cover the period from 1989 to the present.

Table V

Total Community Development Grants in Percentages
by Category
The Boston Foundation 1989-1992

(Please note: figures for 1989 represent only the last two out of four grant cycles and figures for 1992 only reflect the first of four grant cycles for this year.)

Issue Area:	1989:	1990:	1991:	1992:
Housing:	51.5%	57.8%	40.5%	27.2%
Tenant Issues:	10.1%	4.3%	8.4%	11.1%
Multi-Issue:	32%	29.2%	23%	28.4%
Safety/Criminal Justice:	0%	4.7%	15.8%	17.3%
Income Maintenance:	4%	0%	0%	9.9%
Workplace Issues:	2.3%	2.7%	6.2%	0%
Economic Development:	0%	1.2%	6.1%	6.2%
TOTAL:	100%	100%	100%	100%

(Source: tBF database files, March 1992)

Support for projects which involve issues of income maintenance, workplace issues, and economic development has been relatively limited, compared to support for projects directed at increasing affordable housing. (See Appendix VI for a breakdown of community development grants by category given and total amounts for 1989, 1990, 1991, & 1992.) In an interview with Bob Wadsworth, Program Officer at the Boston Foundation, he commented as to why he believed this was true,

I think that the main reason is that there were a lot of possibilities in housing and there were relatively fewer possibilities in these other fields. When the federal government withdrew its support of housing, the state government began a lot of programs. At the same time the Boston Housing Partnership was formed. That created a lot of momentum and a lot of possibilities for housing development...Many community based organizations responded to these opportunities and most CDCs saw this as the major activity for the decade...For the foundation, especially in something as complicated as economic development or housing, it is very difficult for us to create possibilities, because there is so much money involved. So, to some extent, what we do is driven by the opportunities that are there as a result of government funding. We can help community agencies respond to the opportunities that come from government programs, or that at least government programs have a place for non-profit community based agencies as part of the overall strategy. In new housing programs we tried to foster a public policy that did try to involve CDCs. Secondly we tried to strengthen the capacity of community based development organizations to respond to those opportunities.

Another reason has to do with the relatively fewer requests to the foundation for CED projects, compared to other areas. Evelyn Vargas, of Nuestra Comunidad, commented that because CED is an emerging issue in Boston, many foundations are still somewhat unfamiliar with this area of community based development work,

My impression is that CDCs in Boston have not done that much economic development work, and as a result the foundation world is not as familiar with CED as it relates to CDCs or maybe at all. It's not a failing of the foundations, its just that there's a dearth of information both on the CDC end and on the foundation end. That issue can be solved pretty easily.

Certainly the number of specific grant requests is still far below that for housing and other community development projects, but the level of CDC interest and activity in CED suggests that this may change in the future.

The number of grants tBF has made for community-based economic development projects has been quite limited and includes grants to two sheltered workshops, providing employment for people with disabilities; support for Liberty Scallop Fishing Cooperative; a grant to Project Hope to conduct a feasibility study for a wood working shop in the Dudley area; a grant to Nuestra Comunidad for project feasibility of its recycling initiative; a grant to Women for Economic Justice for its self-employment initiative for low-income women; and a grant to Project Place, for its HOTELS project.

Several specific CED projects were turned down over the last year, including JPNDC's request for support of its Food Project, Dorchester Bay EDC's request for a planning grant to augment their work around commercial revitalization, and EDIC's request for support of its Boston Small Business Loan Fund Program.

Advantages and Disadvantages of Increased tBF Support for Community Economic Development

The following matrix explains some of the advantages and disadvantages of tBF in considering a more active role in supporting local community economic development projects.

Advantages and Disadvantages of Increased tBF
Support of CED:

Issue:	Advantages:	Disadvantages:
Track Record of Supporting Community Development:	<ul style="list-style-type: none"> -tBF has a strong commitment to community-based development activities and community control - tBF has a strong history of support for CD projects, organizations and local intermediaries which work with CDCs directly on CD projects -tBF has been willing to support innovative models and programs in the CD area 	<ul style="list-style-type: none"> -tBF has primarily focused on housing and tenant related issues in funding CD activities
Track Record of Support for Economic Development and CED:	<ul style="list-style-type: none"> -tBF has history of support for job-training programs, through Poverty Impact Program -tBF supports organizing efforts aimed at structural change and economic equality, through the Community Organizing Initiative -tBF supports research, convening of key leaders and policy strategizing around the issues of poverty and economic development through the Persistent Poverty Project. -tBF has supported some specific CED proposals over the last few years, which indicates an openness to CED projects 	<ul style="list-style-type: none"> -tBF grantmaking guidelines do not address the issue of CED projects -tBF staff has limited expertise in the area of CED
Ties to Local Community Development Organizations:	<ul style="list-style-type: none"> -tBF has strong commitment to capacity building of local CDCs and the local intermediary network -tBF staff has good knowledge of community-based development organizations in Boston 	<ul style="list-style-type: none"> -Emphasis on intermediaries may limit connections to grass roots groups

Levels of Resources:	<ul style="list-style-type: none"> -tBF is the largest private funder in Massachusetts, and has an ability to influence other area funders to support specific program areas -tBF is the leading Mass. funder of CD and the leading Community Foundation funder in the nation for CD activities 	<ul style="list-style-type: none"> -tBF resources are limited and many competing demands on those resources; tBF must be very strategic with its resources -tBF has not utilized PRIs to date, which could increase resource levels
Types of Support from tBF:	<ul style="list-style-type: none"> -provides funding for specific projects -provides funding for planning, project feasibility studies and community organizing -provides support for local intermediaries which support CD work and capacity building of local CDCs 	<ul style="list-style-type: none"> -tBF rarely provides direct operating support to CDCs, preferring to channel resources through local intermediaries which work with CDCs. Intermediary support for CED is limited. -does not provide support for capital improvements -has not utilized PRIs to date

The Boston Foundation has a number of advantages and disadvantages to considering in pursuing a more active CED strategy. In terms of advantages, tBF is a leader in the area of community development, has good ties to a majority of community organizations and a history of working with local CDCs both through direct support and support of LISC and the NDSC. tBF is supportive of building the institutional capacity of local CDCs and intermediaries which support community-based development. tBF has been responsive to new needs and model programs initiated by community development groups.

In terms of disadvantages, tBF has a limited resource base, and many demands on this limited funding. Currently, State and Federal government resources for community development and CED are limited, and tBF must be strategic in the allocation of its resources. tBF staff has little expertise in the area of CED, to judge program viability. In the past, tBF has channelled much of its support for specific program areas through local intermediaries that possess particular skills, technical knowledge and ability to monitor projects in

a particular area. These intermediaries are limited in their experience and activities around CED.

In Chapter IV I will explore how the advantages and disadvantages of increased tBF support of CED projects intersects with the strengths and impediments of Boston CDCs in executing those projects. I suggest five key ways that tBF, and other area funders, can support and strengthen community economic development work in Boston.

Chapter 4. Conclusion and Recommendations

Conclusions:

Local community development corporations (CDCs) have a number of strengths, weaknesses, opportunities and threats to bolstering their community economic development (CED) work. Many of those impediments can be overcome with adequate resources, some of which The Boston Foundation (tBF) and other local funders can provide. At the same time, the Boston Foundation has many advantages to playing a more active role in this important program area. In this chapter I will lay out how CDC impediments correspond to tBF advantages in increasing funding for this program area. I come up with a list of five specific strategies that tBF, and other local funders, should consider. I also consider future research that tBF may want to undertake while refining an appropriate role for foundation support of CED projects.

Many local CDCs are pursuing or considering CED projects in their communities. Most see CED as an important way to address issues of poverty and disinvestment for their neighborhoods. Current strategies range from commercial revitalization and business incubators to micro-enterprise lending and small business development. While many of these projects have been successful, CED is still a new area for many organizations in Boston. Several key impediments will need to be addressed in order to strengthen local CED work. These include the need for specific skills training for CDC staff on CED projects, the need for more information on and evaluation of CED strategies and projects, the need for more collaboration between CDCs in pursuing larger CED projects, the need for strategic planning and community organizing, and the need to undertake project feasibility studies for specific endeavors. Additionally, the local CDC support network needs strengthening to assist local groups with increased resources, information and networking around CED.

The Boston Foundation can provide resources which will help CDCs overcome these impediments to strengthen local CED work. tBF has been supportive of projects which address the root causes of poverty and seek systemic change to address those problems. The Boston Foundation is committed to building organizations and institutions within low-income communities which promote both leadership and community control, and has funded innovative projects in the area of community development. Through its Persistent Poverty Project, the foundation has played an important role in convening local leaders around economic development strategies for the city. tBF strategies should continue to build upon the strengths already established through existing programmatic initiatives.

At the same time, tBF could play a more active role in supporting community based economic development projects. tBF could also provide leadership for other funders on the issue of CED, as the largest funder in Boston and the biggest supporter of community development projects in the state. The following are five specific suggestions, which tBF could consider in pursuing a more active role in supporting CED projects and making existing efforts more effective.

Recommendations:

As Boston CDCs pursue CED projects, the Boston Foundation, and other area funders, could assist these organizations in several key ways to support their work in this area and make it more effective. First, the foundation could fund specific CED projects, for which they currently receive grant requests and refine tBF policy guidelines for CED. Second, tBF could provide resources for strategic planning to CDCs who are pursuing CED work. Third, tBF could provide resources for expanding the support network for locally based groups working on CED. Fourth, foundations could help CDCs strategize to solve the problem of shrinking resources for operating support, the lack of which constrains CDCs from moving into new projects which meet emerging

community needs, like CED. Fifth, foundations could contribute to and help leverage funds for a venture capital pool, critically needed by CDCs pursuing CED strategies, like commercial real estate development and starting new businesses.

1. Support More CED Project Requests and Refine Policy Guidelines for CED Funding.

As local CDCs begin to pursue more community based economic development projects, the number of requests that foundations receive for these types of projects will continue to increase. Because CED is a new program area for many Boston area community based development organizations, it is important to support new models and innovative projects, so that area CDCs can build a base of successful, and possibly replicable, CED models and develop local expertise in the field.

At the same time, foundation resources are limited, and it is crucial for tBF to refine its policy guidelines to clarify how it will support local CED projects. tBF may want to consider convening CDC directors, intermediary staff, and experts in the field of CED to help develop those guidelines.

2. Support Strategic Planning Grants for CED Projects.

This type of funding is limited and is an important component of effective CED work. Foundations are often one of the few sources of funds which are not tied to specific development projects and therefore an important resource for CDCs wishing to involve community residents in a participatory planning process around CED.

tBF has made several grants over the last year to organizations considering specific CED projects. While these feasibility studies are extremely important to ensure that projects are realistic and therefore successful, there are some sources of technical assistance for specific development projects outside the philanthropic sector. tBF has historically supported community

planning initiatives, like the Dudley Street Neighborhood Initiative and Kenmore Audubon Fenway Neighborhood Initiative, and should consider these types of grants for CED related work.

3. Provide Resources for Strengthening the Support Network for CDCs working on CED Projects.

As mentioned earlier, the current network of support for CDCs pursuing CED projects in Boston is limited. While some practitioners argue for creating a new intermediary organization specifically devoted to CED, others contend that the number of intermediaries which currently provide technical and financial assistance on community based development projects is sufficient, and that existing intermediaries should receive funding to assist groups with this new program area. It is clear that whichever route is chosen, there is a need a stronger support network for CDCs in the specific area of CED.

Support in this area would include the provision of resources for networking between organizations, training staff on technical aspects of CED strategies, research and information sharing on effective CED strategies, as well as organizing efforts aimed at leveraging more resources for CED from public and other private sector sources.

4. Assist CDCs with Solving the Problem of On-Going Operating Support.

Sources of funding for unrestricted operating support for CDCs are limited and becoming even more so. Yet operating support is important because it allows organizations to experiment and move into new program areas, such as CED. It is also important for allowing staff time for collaboration with other organizations on larger CED projects, which have impacts beyond the immediate community. Lastly, it allows CDCs to take advantage of existing resources for economic development which are project specific, but provide no compensation for staff time. An example of this

would be educating local businesses about public sector programs which provide low interest loans or assisting them in applying for those loans.

While tBF supports the Neighborhood Development Support Collaborative (NDSC), which does provide operating support for approximately ten local CDCs working on affordable housing development projects, the foundation does not generally give this type of support directly to grass roots organizations. The issue of granting operating support versus specific project support is highly contested within philanthropic circles, particularly as government funding of programs has been cut back drastically. tBF has taken the position that it does not generally fund direct operating support for organizations, due to limited resource levels and a desire to leverage other funds, although some local foundations provide this type of funding.

tBF could work with other funding sources to assist CDCs in solving this problem in several ways. First, they could fund efforts aimed at organizing for more public sector resources for CED. Second, they could fund CED projects which help CDCs become more financially independent, such as owning commercial real estate or starting local businesses. Lastly they could convene key leaders from the private sector to establish a collaborative fund which provides operating support for CDCs involved in CED projects, similar to the NDSC.

5. Contribute to and Help Leverage Monies for Equity for CED Projects.

Resources for equity for CED projects are much more limited than resources for debt. Most non-profit and quasi-public intermediaries provide some debt-financing for specific CED projects. Often these are in the form of below market interest rate loans or loan guarantees. But foundations are one of the few sources of funds for equity for CDC CED projects. With adequate equity, CDCs can attract additional investment into local projects. When CDCs

have equity they can take advantage of important CED opportunities more swiftly.

While tBF does not generally provide monies for capital improvements, the foundation should consider providing grants for equity for certain CED projects or enterprises which provide outstanding benefits to a particular community or organization. Additionally, tBF should consider working with other funders to leverage more funds for this important aspect of CED project financing.

Future Research

The Boston Foundation may want to undertake future research in order to refine its strategy for foundation support of CED projects. The following are several key areas which go beyond the scope of this paper,

1. Evaluate Boston area CED projects to determine project impacts on local communities, project success or failure and possible replicability, and assess the role of philanthropic support in each.
2. Research specific CED strategies and networks developed in other localities, to determine which strategies are most successful and what types of projects might be best replicated in Boston.
3. Evaluate other foundation initiatives on CED to determine lessons learned by other funders and what types of strategies might be replicated by Boston funders.

Appendix I

Proposed Budget For Community/ Economic Development And Related Programs, FY 1993 (in millions of dollars)

Programs:	<u>FY91:</u>	<u>FY92:</u>	<u>FY93:</u>	<u>%change:</u>
Economic/Community Development:				
HUD CD Block Grants	3,213.3	3,400.1	2,900.0	-14.7%
Sec. 108 Loan Auth.	140.0	140.0	0.0	-100.0%
Econ. Dev. Admin.	208.9	226.8	0.0	-100.0%
USDA Reural Dev. Admin				
Insurance Fund	753.0	866.0	900.0	3.9%
Loan Fund	32.0	32.0	35.0	9.4%
Grant Program	334.0	388.0	335.0	-13.7%
Small Business Administration:				
SBA's Share of Direct Loan Levels				
Section 8(a)	2.5	4.9	5.0	2.0%
Other direct loans	55.1	79.8	0.0	-100.0%
SBA's Share of Guaranteed Loan Levels				
General Business	3,320.2	3,475.8	3,088.0	-11.2%
Development Co.(502)	17.4	34.7	36.4	4.9%
Development Co.(504)	453.0	486.4	505.3	3.9%
SBIC(private markets)	64.7	185.5	100.0	-46.1%
Minority SBICs	15.6	58.5	60.0	2.6%
SBDC Program Support	49.0	61.0	0.0	-100.0%
Employment and Training:				
JTPA State Block Grant	1,778.4	1,773.4	1,771.5	-0.1%
JTPA Summer Youth	689.7	682.8	682.9	0.0%
JTPA Dislocated Worker:	526.5	540.2	571.1	5.7%
Job Corps (Labor)	805.2	880.8	932.8	5.9%
JOBS (HHS)	1,000.0	1,000.0	1,000.0	0.0%
Transportation Infastructure:				
Mass Transit				
Formula Grants	1,604.9	1,520.0	1,600.0	5.3%
Discretionary Grants	900.0	1,500.0	1,000.0	-33.3%
Federal-aid Highways	16,269.4	16,986.0	19,198.0	13.0%
Grants to Airports	1,600.0	1,900.0	1,900.0	0.0%
Airport Modernzation	2,095.0	2,394.0	2,700.0	12.8%
Research and Development:				
National Science Fdn.	1,771.0	1,967.0	2,375.0	20.7%
NASA	6,500.9	7,706.0	8,673.0	12.5%

(source: "Fiscal 1993 Budget Overview", National Council for Urban Economic Development)

Appendix II

Fifty Most Active Funders of Community Development Projects

<u>Funder:</u>	<u>Funding Levels:</u>	
	1989:	1987:
The Ford Foundation	\$14,651,200	\$17,353,697*
The John D. & Catherine T. MacArthur	4,895,500	2,228,524
W.K. Kellogg Foundation	3,595,300	97,800
Charles Stewart Mott Foundation	2,884,500	2,074,214
Lilly Endowment Inc.	2,677,900	2,325,000
The James Irvine Foundation	2,369,900	1,136,900
The Pew Charitable Trusts	2,287,000	2,265,100
Howard Heinz Endowment	2,085,000	1,601,375
Z. Smith Reynolds Foundation	1,707,500	852,500
Northwest Area Foundation	1,655,238	2,442,724
Amoco Foundation	1,161,900	1,423,500
The Boston Foundation	1,477,733	1,676,434
BP America	1,264,400	1,195,100
The Winthrop Rockefeller Foundation	1,109,900	102,510
The George Gund Foundation	1,095,500	825,669
Public Welfare Foundation	1,086,100	668,500
The William and Flora Hewlett Fdn.	1,083,000	1,075,000
The Rockefeller Foundation	1,075,700	160,200
The Joyce Foundation	1,065,230	568,889
The William Penn Foundation	1,005,600	1,141,786
The New York Community Trust	951,500	1,151,750
The Chicago Community Trust	933,800	299,000
Marin Community Foundation	909,000	100,000
The Cleveland Foundation	850,100	1,164,534
First National Bank of Chicago	767,450	434,338
The San Francisco Foundation	759,000	510,500
New York Foundation	706,200	592,223
Pittsburgh Foundation	689,000	471,400
Aetna Life & Casualty	655,000	357,000
Woods Charitable Fund	646,500	507,000
Meadows Foundation, Inc.	631,000	381,380
Minneapolis Foundation	624,543	n.a.**
Dayton Hudson	583,300	301,500
W. Alton Jones Foundation	563,700	302,710
Gannett Foundation	561,400	304,500
The St. Paul Companies	556,000	n.a.
The Edna McConnell Clark Foundation	552,800	255,000
Revson Foundation	550,000	666,000
First Bank System Foundation	546,200	n.a.
Lyndhurst Foundation	508,000	475,000
The Hyams Foundation	506,100	499,000
ARCO Foundation	487,000	244,900
Chase Manhattan Corporation	483,500	145,000
Vira I. Heinz Endowment	482,500	265,000
Citibank	478,300	n.a.
The McKnight Foundation	453,900	n.a.
Chemical Bank	445,000	n.a.
Levi Strauss Foundation	439,500	694,542
The New World Foundation	427,500	310,000
The Philadelphia Foundation	427,300	322,151
TOTAL	\$68,864,194	\$51,969,850

(* Includes Project Related Investments (PRIs) for 1987

** information not available. Source: Expanding Horizons II)

Appendix III

Community Foundations Most Active in Supporting Community Development Projects, 1989

<u>Foundation:</u>	<u>Total Support:</u>	<u>Number Grants:</u>
The Boston Foundation	\$1,477,733	34
The New York Community Trust	951,500	48
The Chicago Community Trust	933,800	21
Marin Community Foundation	909,000	5
The Cleveland Foundation	850,100	10
The San Francisco Foundation	759,000	14
Pittsburgh Foundation	689,000	9
Minneapolis Foundation	624,543	43
The Philadelphia Foundation	427,300	33
The New Haven Foundation	313,300	9
Saint Paul Foundation	165,000	8
Foundation for the Carolinas	152,700	4
Atlanta Community Foundation	149,900	10
Hartford Foundation for Public Giving	132,800	4
The Columbus Foundation	110,000	2
The Indianapolis Foundation	95,700	2
Milwaukee Foundation	82,000	5
The Greater Cincinnati Foundation	79,700	5
California Community Foundation	60,000	3
The Winston-Salem Foundation	50,000	1
Peninsula Community Foundation	47,000	3
Community Foundation of New Jersey	21,300	3
Dayton Foundation	20,500	3
The Bridgeport Area Foundation	16,200	2
Oregon Community Foundation	15,800	3
Dade Community Foundation	15,000	3
The Denver Foundation	15,000	2
Arizona Community Foundation	13,000	2
Santa Clara County Community Foundation	12,000	1
Greater Worcester Community Foundation	11,500	2
The Maine Community Foundation	10,000	1
St. Louis Community Foundation	10,000	1
Spartanburg County Foundation	8,500	1
New Hampshire Charitable Fund	7,500	1
Community Foundation of Greater Washington	7,500	1
Northern New York Community Foundation	6,500	1
Pasadena Foundation	6,000	1
San Diego Community Foundation	6,000	1
Buffalo Foundation	5,000	1
Grand Rapids Foundation	5,000	1
Santa Cruz County Community Foundation	5,000	1
TOTAL	\$9,277,376	305

(Source: Expanding Horizons II)

Appendix IV

Current CED Strategies of Philanthropic Foundations

The following are examples of how several foundations currently address the issue of community economic development through specific program initiatives. The foundations selected have articulated programs in the area of economic development, but the list is by no means exhaustive. Future research should be undertaken to both gather more comprehensive information as well as to evaluate the effectiveness of these philanthropic initiatives.

The Ford Foundation

The Ford Foundation is the largest and most experienced private funder of community economic development projects in the country. Ford has pursued a number of strategies to support community development and spent over a total \$200 million in this area over the last two decades.(Chesser,1992) Ford has been a leader among foundations in supporting community institutions which build local capacity for community based development, including early support for emerging Community Development Corporations in the 1960's and the creation and support of important financial intermediaries, such as the Local Initiatives Support Corporation (LISC), the Enterprise Foundation and Seedco. In addition, Ford was the first foundation to make Project Related Investments (PRIs), which invest foundation assets as loans for non-profit development enterprises. Currently Ford invests approximately \$14 million per year as PRIs above their current grant-giving level of \$14.5 million.(Council on Community Based Development, 1991)

Ford has focused on a wide variety of strategies for supporting CED, including small business development, support of co-operative enterprises, self-employment credit programs, business incubators, and commercial real estate development. Although this support has been extensive and impressive, some grantmakers feel that Ford's level of intensity in funding CED is less dramatic than its earlier commitments to affordable housing and community institutions

building.(Chesser, 1992)

Recently the foundation has developed a grant-making strategy to increase urban economic development. As part of the Urban Poverty program area, the foundation supports projects which help residents of low-income communities with planning, management and organizational skills for business leadership and has supported several projects to increase capacity of community organizations to plan economic development as well. The foundation also supports projects which reduce the institutional barriers to adequate employment and planning and research projects to ensure that economic growth benefits poor communities.

The Charles Stewart Mott Foundation

The Mott Foundation has been active in supporting CED since 1976. From 1976-1986, most of Mott's support in this area revolved around two central themes. The first was providing support to CDCs, whose strategies were primarily focused on physical rehabilitation of inner city neighborhoods, such as commercial real estate. The second was support for more regional approaches to economic development, focusing on the Midwest and particularly Michigan. Support in this instance took the form of research by area academic institutions and funding of regional efforts to attract and retain industry.

In 1985, Mott revised its program for several reasons. Mott felt that it was unclear what impacts these larger macro strategies were having on the regional economy, and they were particularly unclear about the benefits for low-income communities. Because of these factors Mott adopted a new Economic Opportunity Program focused on micro-level economic development programs in low-income communities.

Mott's Economic Opportunity Program focuses on building on the entrepreneurship of individuals within low income communities, through three basic programmatic approaches; financing worker cooperatives; creating revolving loan funds to make loans to low-income individuals starting new businesses; and support of community economic development institutions like community banks

and credit unions. In support of these efforts Mott utilizes a combination of grants and project related investments-PRIs were used to strengthen the community based loan funds.(Schramm)

Levi Strauss Foundation

Levi Strauss began supporting economic development projects in 1982 as part of its Special Emphasis Program. In 1985, in response to a series of plant closings, the foundation decided to focus on enhancing economic opportunities for dislocated workers, unemployed persons and low-income individuals within the affected communities. Special Emphasis Grants were focused in the following broad areas: Job Creation, Job Development and Training, Leadership Development, Public Education and Advocacy, and Asset Improvement. In an evaluation of the Job Creation and Job Development projects, the Strauss foundation found that they were able to create new jobs and provide job placement at costs substantially below per person costs for similar publicly funded projects.(Schramm)

Northwest Area Foundation

The Northwest Area Foundation currently spends a larger amount of total grantmaking dollars in the area of community and economic development than any other general foundation. Focusing on the northwestern states of Washington, Oregon, Montana, Idaho, North Dakota, South Dakota, Iowa and Minnesota, the foundation pursues a number of strategies in the area of economic revitalization.

It is one of the few foundations which has developed a regional economic development approach, stressing a need to coordinate economic planning at a regional level. At the University of Washington, the foundation has funded an economic research clearinghouse and has created the Northwest Policy Institute to disseminate research on community economic development. In an effort to ensure that policy makers are well informed, the Foundation requires all grantees

to have a public official on their board and informs policy makers of grants made within their districts

The foundation has also supported alternative development strategies which are somewhat outside the customary types of programs supported by most foundations. In one project, the foundation established a secondary market for small business and economic development loan funds, entitled the Community Reinvestment Fund. The Fund purchases, bundles, and then resells existing loans. In a second project, the foundation supported a regional manufacturing network which performs a number of functions for its members while reducing operating costs and increasing peer and technical support. The foundation is now exploring ways to increase the equity supply for CED projects, which they see as currently overdependent on debt. (Chesser, 1992)

Ms. Foundation for Women

In 1990, the Ms. Foundation launched its Collaborative Fund for Women's Economic Development, with the financial support from other national and regional foundations, including BP, the Ford Foundation, Hitachi, The George Gund Fund, Levi Strauss, the James Irvine Foundation, Leo Model, the Mott Foundation, the New York Trust, and Rockefeller Brothers. Previously the foundation had a strong track record of funding small, self-employment initiatives through its Economic Development Program and has continued to play an important role in educating and convening leaders on women's economic issues, by sponsoring the annual forum "Institute on Women's Economic Development".

The purpose of the initiative is two-fold; to support the growth of innovative job creation projects which promote women's self-sufficiency and to advance learning in the field for both practitioners and funders. The Fund supports organizations utilizing enterprise development strategies to assist low-income women and women of color, including microenterprise development, self-employment strategies, and the creation of cooperative and community based businesses.

The Fund has a particular interest in strategies which upgrade the quality of jobs within female-dominated, low-wage occupations or create jobs for women in higher-wage, stable or growing sectors of the economy. This effort is the first attempt to organize donors to support a financial intermediary, specifically devoted to CED projects.

James Irvine Foundation

In 1988, the James Irvine Foundation launched its Women's Economic Development Initiative (WEDI). A four-year, \$2.5 million initiative, WEDI is designed to invest in programs which test job creation models as a means for low-income women to improve their economic status, by supporting and documenting innovative and/or experimental job creation programs which could be replicated for women's economic development. WEDI aims to improve the economic conditions of low-income women, while expanding the number and variety of successful models in the field and the base of resources available to women's economic development.

In another effort the foundation recently began making program related investments in order to encourage more equity investments in CED projects, while broadening its lending strategies. PRIs are in the form of loans, loan guarantees and recoverable grants. (Chesser, 1992) The foundation limits its focus to the state of California.

MacArthur Foundation

As part of its Community Initiatives Program, the MacArthur Foundation has a specific Community Economic Development Project (CEDP), with an annual grantmaking budget of nearly \$1 million. (Chesser, 1992) The CEDP supports the development and testing of innovative strategies to increase economic opportunities for the low-income population of Chicago. The project has three major goals: 1. to support the development of CED institutions that are locally controlled, 2. to build the capacity of low-income communities to take advantage

of economic opportunities and become more self-sufficient, and 3. to promote the study and evaluation of economic development strategies. The program provides planning, project and technical assistance grants and emphasizes support for projects involved in job creation, human capital development, and property development, including community-based industrial parks, small business incubators, and neighborhood commercial retail strips. The Project also funds applied research in the area of CED.

Appendix V

Massachusetts Funders Most Active in Supporting Community Development Projects--1989

<u>Funder:</u>	<u>Total Grants Amount:</u>	<u>Number of Grants:</u>
The Boston Foundation	\$1,477,733	34
The Hyams Foundation	506,100	27
Riley Foundation	305,000	10
State Street Foundation	275,000	20
The Discount Foundation	240,000	24
Boston Globe Foundation	182,500	15
Bank of Boston Charitable Fdn.	175,800	17
Jessie B. Cox Charitable Trust	65,000	1
Theodore E. Parker Foundation	45,000	1
Lotus Development Corporation	20,000	4
The Polaroid Foundation	15,000	1
Greater Worcester Community Fdn.	11,500	2
George I. Alden Trust	8,000	1

TOTAL	\$3,326,633	157

(Source: Expanding Horizons II)

Appendix VI

Breakdown of Community Development Grants by Category 1989-1992 The Boston Foundation

(note: 1989 and 1992 are partial listings. Source: tBF
computer database files)

Total Community Development Grant Dollars, by Category:

	1989:	1990:	1991:	1992:
Housing:	\$445,000	\$1,491,284	\$435,000	\$110,000
Tenant Issues:	\$87,500	\$112,000	\$90,000	\$45,000
Multi-Issue:	\$277,000	\$753,950	\$247,000	\$115,000
Safety/Criminal Justice:	\$0	\$122,000	\$170,000	\$70,000
Income Maintenance:	\$35,000	\$0	\$0	\$40,000
Workplace Issues:	\$20,000	\$70,000	\$67,000	\$0
Economic Development:	\$0	\$30,000	\$65,000	\$25,000
TOTAL:	\$864,500	\$2,579,234	\$1,074,000	\$405,000

Community Development Grants 1989-By Category (note: Only reflects last two grant cycles)

Housing:	
BHP/Boston Coop. Initiative:	\$250,000
Coop Housing Task Force:	\$15,000
Essex County Community Org.:	\$15,000
BHP/Tenant Resource Initiative:	\$75,000
CHAPA/SRO Preservation Project:	\$40,000
Mass. Senior Action Council:	\$25,000
OLTC/Operating Support:	\$25,000
TOTAL:	\$445,000

Tenant Issues:	
Mission Hill Ext. Tenants:	\$12,500
Tenants United for Public Housing:	\$25,000
Cambridge EO/Hatian Tenants Organize	\$20,000
Mass. Tenants Resource Center:	\$15,000
West Broadway Task Force:	\$15,000
TOTAL:	\$87,500

Multi-Issue:	
Church of United Community:	\$10,000
DSNI/Planning & Coord.:	\$100,000
Fund for the Homeless:	\$100,000
Mass Assoc. of CDCs:	\$25,000
Puerto Rican Org. Resource Center:	\$12,000

Urban League/Planning:	\$30,000
TOTAL:	\$277,000

Safety/Criminal Justice:TOTAL: \$0

Income Maintenance:	
Coalition for Basic Human Needs:	\$35,000
TOTAL:	\$35,000

Workplace Issues:	
Chinese Prog. Assoc./Worker's Center	\$20,000
TOTAL:	\$20,000

Economic Development:TOTAL: \$0

Community Development Grants-1990 by Category:

Housing:	
Boston Community Loan Fund:	\$200,000
CHAPA/Special Needs Housing:	\$15,000
ESAC/Housing Management Specialist:	\$25,000
LISC/Operating:	\$100,000
Caritas Communities, Inc./Staff:	\$40,000
Community Builders/Working Capital:	\$250,000
LISC/Operating:	\$90,000
Project HOPE/Coop Housing:	\$50,000
Watch, Inc.(housing):	\$20,000
Committee/ Boston Public Housing:	\$526,000
Coop Housing Task Force:	\$25,000
Essex County Community Organization:	\$20,000
Planning Office for Urban Affairs:	\$25,000
Boston City Wide Land Trust:	\$25,000
Boston Housing Partnership:	\$60,000
OLTC/MAHA:	\$20,000
TOTAL:	\$1,491,284

Tenant Issues:	
The Welcome Project:	\$12,000
Boston Affordable Housing Coalition:	\$30,000
Commonwealth Tenants Assoc.:	\$15,000
Orchard Park United Tenants Assoc.:	\$35,000
Urban Edge/Youth Tenant Programming:	\$20,000
TOTAL:	\$112,000

Multi-Issue:	
Coalition for Comm. Control of Dev.:	\$25,000
GBLS/Homelessness Unit:	\$75,000
Greater Boston Regional Youth Coun:	\$8,450
Institute for Black Family:	\$50,000
Lena Park/Family Impact Program:	\$50,000
Lena Park/Summer Youth Program:	\$3,000
Mass. Coalition for Homeless:	\$25,000
Nuestra/Hispanic Youth Worker:	\$20,000
Centro Presente/Comm. Organizing:	\$15,000
Codman Sq. Neighborhood Council:	\$30,000
La Comision de Asuntos Hispanos:	\$25,000
EB Ecumen. Council/Immigrants Projec	\$20,000
Gay & Lesb. Advocates & Defenders:	\$20,000
DSNI Monitering Project:	\$2,500
DSNI/expansion of operations:	\$100,000
Egleston Sq. Neigh. Assoc.:	\$25,000
Fenway CDC/KAFNI Project:	\$30,000

Union Neighborhood Assistance Corp.:	\$35,000
Fund for the Homeless:	\$150,000
Mass. Assoc. of CDCs:	\$20,000
Puerto Rican Org. Resource Center:	\$25,000
TOTAL:	\$753,950

Safety/Criminal Justice:	
Citizens for Safety:	\$17,000
Citizens for Safety:	\$65,000
Neighborhood Justice Network:	\$20,000
Gang Peace:	\$20,000
TOTAL:	\$122,000

Income Maintenance/TOTAL:	\$0
---------------------------	-----

Workplace Issues:	
IRATE Education Project:	\$30,000
Union Democracy Project:	\$30,000
Women's Inst. for Leadership Dev.:	\$10,000
TOTAL:	\$70,000

Economic Development:	
ICA/Liberty Scallop Fishing Coop.:	\$30,000
TOTAL:	\$30,000

Community Development Grants-1991 by Category:

Housing:	
Chelsea Neighborhood Housing Service	\$11,000
CHAPA/SRO & Special Needs Housing:	\$50,000
The Welcome Project:	\$15,000
BHP/eval. Resident Resource Initiati	\$7,000
IBA, Inc./Community Organizer:	\$35,000
LISC/Operating:	\$60,000
DSNI/Collaborative:	\$2,000
City Life/Latino Housing Network:	\$20,000
Codman Sq. Housing Dev. Corp.:	\$20,000
Coop Housing Task Force:	\$20,000
DSNI/operating:	\$100,000
ESAC/Housing Assistance Program:	\$15,000
Chelsea Human Service Collaborative:	\$20,000
Fenway CDC/ KAFNI Project:	\$20,000
Homeowner Options for Mass.:	\$20,000
Mass. Assoc. of CDCs:	\$20,000
TOTAL:	\$435,000

Tenant Issues:	
Boston Affordable Housing Coalition:	\$25,000
Jefferson Park/Bread & Roses Org. Pr	\$20,000
WATCH, Inc.:	\$20,000
Mass. Tenants Resource Center:	\$25,000
TOTAL:	\$90,000

Multi-Issue:	
AFSC/Free My People:	\$25,000
Project on Women & Disability:	\$30,000
Rockefeller Poverty Project:	\$102,000
La Comision de Asuntos Hispanos:	\$20,000
Essex County Community Org.:	\$15,000
Boston Comm. Schools/Youth Outreach:	\$20,000
Boston Jobs w/Peace/Homeless Civil:	\$10,000

Comm. Organizing Initiative/Dialogue	\$25,500
TOTAL:	\$247,500

Safety/Criminal Justice:	
City Mission Society/Project Aurora:	\$40,000
Citizen's for Safety:	\$110,000
Center for Public Representation:	\$20,000
TOTAL:	\$170,000

Income Maintenance/TOTAL:	\$0
---------------------------	-----

Workplace Issues:	
Union Democracy Project:	\$27,000
IRATE:	\$40,000
TOTAL:	\$67,000

Economic Development:	
WEJ/Women's Economic Dev. Project:	\$30,000
Nuestra/Business Plan for Recycling	\$20,000
Project HOPE/feasibility for ED proj	\$15,000
TOTAL:	\$65,000

Community Development Grants-1992 by Category

(note: these numbers reflect only first out of four grant cycles)

Housing:	
MBHP/ Resident Resource Initiative:	\$50,000
GBLS/Homelessness Unit:	\$50,000
Veterans Benefits Clearinghouse:	\$10,000
TOTAL:	\$110,000

Tenant Issues:	
The Welcome Project:	\$20,000
Orchard Park United Tenants:	\$25,000
TOTAL:	\$45,000

Multi-Issue:	
Boston Coalition:	\$50,000
M-Power:	\$20,000
Union Neighborhood Assistance Corp.:	\$45,000
TOTAL:	\$115,000

Safety/Criminal Justice:	
Neighborhood Justice Network:	\$20,000
Mass. Coalition for Battered Women:	\$50,000
TOTAL:	\$70,000

Income Maintenance:	
Coalition for Basic Human Needs:	\$40,000
TOTAL:	\$40,000

Workplace Issues/TOTAL:	\$0
-------------------------	-----

Economic Development:	
Project Place, HOTELS Program:	\$25,000
TOTAL:	\$25,000

Appendix VII

List of Interviews

Personal Interviews:

Bob Brandwine, President, Policy Management Associates
Magaret Small, Director of External Affairs, CDFC
David Knowles, Director, Dorchester Bay EDC
Susan Gittelman, Project Manager, Jamaica Plain NDC
Laura Henze, Program Officer, Grant Management Associates
Matthew Thall, Director, Boston LISC
Robert Wadsworth, Program Officer, The Boston Foundation
Melinda Marble, Staff Director, The Boston Foundation
Bob Whittelsey, President, Metro-Boston Housing Partnership
Jerry Rubin, Deputy Director, EDIC
Pat Libby, Director, Mass Association of CDCs
Evelyn Vargas, Director, Nuestra Comunidad CDC
Luis Prado, Director, La Alianza
Jean Entine, Program Officer, tBF
Bob Wadsworth, Program Officer, tBF
Charlotte Kahn, Director, Persistent Poverty Project, tBF
Mossik Hacobian, Director, Urban Edge Housing Corporation

Telephone Interviews:

Stacy Chacker, Project Manager, NOAH
Bonnie Wolfe, Director, Asian CDC
Lanice Brown, Resident Resource Specialist, Quincy Geneva DC Barbara
Burnham, Director, Fenway CDC
Dave Barry, Associate Director, Fields Corner CDC
Bob Jacobson, Director, Tent City CDC
Frank Chang, Director, Chinese EDC
Alan Fineberg, Project Manager, Lena Park CDC
David Burnes, Development Director, Hyde Park CDC
Kelly Browne, Development Director, DSNI
Kate Casa, Project Manager, Allston-Brighton CDC
Robert Fuller, Volunteer, Roxbury-North Dorchester NRC
Rebecca Johnson, Project Manager, Women for Economic Justice
Aaron Gornstein, Executive Director, Citizen's Housing and Planning
Association
Dan Violi, Project Manager, CEDAC
Jeanne Kluver, Director, Women's Institute for Housing & ED

David Soloman, Project Manager, South Boston Community Housing
Franklin Walker, Director, Greater Roxbury DC
Robin Roman, Project Manager, Codman Square HDC
Patricia Canavan, Loan Officer, LISC
Michael Kane, Project Manager, Mass. Government Land Bank
Barbara Selwyn, Director of Communications & Public Relations, Mass.
Government Land Bank
Sal Colombo, Project Manager, East Boston CDC

Bibliography

Bendick, Jr., Marc and Mary Lou Egan. Business Development in the Inner City: Enterprise with Community Links. Washington, D.C.: Bendick and Egan Economic Consultants, Inc., October 1990

Boston Works for Business, Directory of Business and Financial Assistance. Boston: Economic and Industrial Corporation of Boston, Winter/Spring, 1992.

"The Boston Foundation; Program Policy Statements." unpublished, Boston:the Boston Foundation.

the Boston Foundation Organizational Files, Dorchester Bay Economic Development Corporation, Grant Proposal. Boston: the Boston Foundation, September, 1991.

the Boston Foundation Organizational Files, Neighborhood Development Corporation of Jamaica Plain, Grant Proposal. Boston: the Boston Foundation, December 1991.

the Boston Foundation Organizational Files, Nuestra Comunidad Development Corporation, Grant Proposal. Boston: the Boston Foundation, December 1991.

the Boston Foundation Organizational Files, Urban Edge Housing Corporation, Grant Proposal. Boston: the Boston Foundation, December 1990.

the Boston Foundation Organizational Files, Women for Economic Justice, Grant Proposal. Boston: the Boston Foundation, June, 1991.

the Boston Foundation Organizational Files, Detailed Description of the Youthbuild Program. Youthbuild, U.S.A., November, 1991.

"The Boston Persistent Poverty Project, Quarterly Report to the Rockefeller Foundation." Boston: Persistent Poverty Project, January, 1992.

"The Boston Small Business Fund." unpublished. Boston: Economic and Industrial Corporation of Boston.

The Brewery; A Small Business Community Creating Jobs for Jamaica Plain. Jamaica Plain, MA: Neighborhood Development Corporation of Jamaica Plain.

Brown, Phillip M. "CDCs and Business Development: The Massachusetts Experience." Thesis, Tufts University, 1989.

Changing the Odds; The Achievements of Community-Based Development Corporations. Washington, D.C.: National Congress for Community Economic Development, December 1991.

Chesser, Thomas M. "Foundation Involvement in Community Economic Development." unpublished paper. Cambridge, MA: John F. Kennedy School of Government, Harvard University. February, 1992.

CDFC News. Boston: Massachusetts Community Development Finance Corporation, Autumn, 1991

Community Organizing; Strengthening Community Capacity for Self-Help. Boston: The Boston Foundation.

Current Interests of the Ford Foundation, 1990 and 1991. New York: Ford Foundation, February, 1990.

The Dorchester Bay Economic Development Corporation, Annual Report, 1991. Dorchester, MA: Dorchester Bay Economic Development Corporation, 1991

Dudley Street Neighborhood Initiative, Economic Development Files, "Plans for February 12 Meeting and Beyond." unpublished memo. Roxbury, MA: Dudley Street Neighborhood Initiative, February 6, 1992.

Expanding Horizons; Foundation Grant Support of Community-Based Development. Washington, D.C.: Council for Community Based Development, April, 1989.

Expanding Horizons II; A Research Report on Corporate and Foundation Grant Support of Community Based Development. Washington, D.C.: Council for Community Based Development, Fall 1991.

Facts On Grants; Neighborhoods and Economic Development. Flint, MI: Charles Stewart Mott Foundation, 1990.

Financing, Boston: Massachusetts Office of International Trade and Investment, 1992

Fiscal 1993 Budget Overview, Special Supplement. Washington, D.C.: National Council for Urban Economic Development, February 1992

Growing the Poverty Impact Program, 1986-1991. Boston: the Boston Foundation, 1992.

The Growing Impact of Massachusetts Community Development Corporations, 1991 Report. Boston: Massachusetts Association of CDCs, 1992.

Goldsmith, William and Edward J. Blakely. Generations of Poverty: American Underclass as an Economic and Political Dilema. University of California at Berkeley, Institute of Urban and Regional Development, February, 1991.

Guidelines for CEDAC Development Assistance Programs. Boston: Community Economic Assistance Corporation, January, 1988.

Head, James W. and Moria Shek So. "A Review of Grantmaking in Economic Development 1982-1987, by the Levi Strauss Foundation." San Francisco: The Levi Strauss Foundation, September, 1988.

Henze, Laura, Nancy Nye and Richard Schramm. Roundtable Workshop for Business Development and Self-Employment Loan Funds Serving Low-Income People: Summary Report. Medford, MA: Urban and Environmental Policy and the Center for Management and Community Development, Tufts University, October 1988.

How to Apply for A Grant; Policies, Principles and Guidelines. Boston: The Boston Foundation.

Investing in Human Development; Promoting Economic Self-Sufficiency; Status Report and Funding Strategy. Boston: Economic Development and Industrial Corporation, November, 1991.

"The James Irvine Foundation; Women's Economic Development Initiative Proposal Evaluation Criteria." James Irvine Foundation.

The John D. and Catherine T. MacArthur Foundation, Report on Activities. Chicago: John D. and Catherine T. MacArthur Foundation, 1990.

The Joyce Foundation Program and Grant Proposal Guidelines. Chicago: The Joyce Foundation.

"La Alianza Hispana Business Development Program." unpublished proposal. Roxbury, MA: La Alianza Hispana, May 1991.

Massachusetts Association of Community Development Corporations, Annual Report, July 1990- June 1991. Boston: MACDC, 1991

Massachusetts Association of Community Development Corporations, Program Plan, July 1991- June 30, 1992. Boston: MACDC.

McKnight, John. "Services are Bad for People: Either You're a Citizen or a Client. Organizing. Spring/Summer 1991.

Ms. Foundation for Women, The Collaborative Fund for Women's Economic Development, Calls for Letters of Intent. New York: Ms. Foundation for Women, 1990.

The Ms. Foundation for Women, Grants, 1991. New York: Ms. Foundation for Women, 1992.

O'Connell, Mary and Scott Bernstein, Stan Hallett, Stephen Perkin, Kathryn Tholin. Working Neighborhoods: Taking Charge of Your Local Economy. Chicago: Center for Neighborhood Technology, 1986.

"Organizational History of Dorchester Bay Economic Development Corporation." unpublished. Dorchester, MA: Dorchester Bay Economic Development Corporation.

Osborne, David. Laboratories of Democracy; A New Breed of Governor Creates Models for National Growth. Boston: Harvard Business School, 1988.

Osterman, Paul. In the Midst of Plenty; A Profile of Boston and Its Poor. Boston: The Boston Foundation, December, 1989.

Perry, Stewart E. Communities on the Way; Rebuilding Local Economies in the United States and Canada. Albany: State University of New York Press, 1987.

Pierce, Neal and Carol F. Steinbach. Corrective Capitalism; The Rise of America's Community Development Corporations. New York: The Ford Foundation, July 1987.

Pierce, Neal and Carol F. Steinbach. Enterprising Communities; Community-Based Development in America, 1990. Washington, D.C.: Council for Community-Based Development, 1991.

Porter, Michael E. The Competitive Advantage of Massachusetts. Boston, MA: Harvard Business School and The Monitor Company, 1991.

The Public Welfare Foundation Annual Report, 1990-1991. Washington, D.C.: Public Welfare Foundation, 1992.

Questions and Answers About the Child Care Capital Investment Fund. Boston: Child Care Capital Investment Fund, c/o Technical Development Corporation.

Renz, Loren. Foundations Today; Current Facts and Figures on Private and Community Foundations. 7th Edition. New York: The Foundation Center, 1990.

Schramm, Richard, Editor. Financing Community Economic Development: A Resource Guide for Community Planners, Organizers, Activists. Ithaca, New York: Department of City and Reional Planning, Cornell University, 1981.

Schramm, Richard. "Philanthropic Support for Comunity Economic Development; Lessons on Success and Failure." unpublished paper. Cambridge, MA: Massachusetts Institute of Technology, Department of Urban Studies and Planning.

Setting the Record Straight: Doing Business in Boston. Boston: Economic Development and Industrial Corporation, November 1991.

Shiffman, Ronald and Susan Motley. Comprehensive and Integrative Planning for Community Development. New York: Community Development Research Center, Graduate School of Management and Urban Policy. New School for Social Research, 1990.

Small Steps Towards Big Dreams; Enterprise-Development Programs for the Disadvantaged. Flint, MI: Charles Stewart Mott Foundation, 1990.

Somer Small, Margaret. "Targetting Job Generating Businesses for Community Investment in Massachusetts; A CDFC/CDC Project." unpublished paper. Medford, MA: Department of Urban and Environmental Policy, 1990.

Urban Edge; 15 Year Update. Roxbury, MA: Urban Edge Housing Corporation, 1989.

Urban Edge Update. Roxbury, MA: Urban Edge Housing Corporation, January, 1991.

Vaughn, Roger J. and June A. Sekera. "Development for Whom: A Critique of Federal Development Policy." Public Policies for Distressed Communities. Edited by F. Stevens Redburn and Terry F. Buss. Lexington, MA: Lexington Books, 1982.

Vidal, Avis C. Principal Investigator. "Community Economic Development Assessment; A National Study of Urban Community Development Corporations, Preliminary Findings." New York: Community Development Research Center, Graduate School of Management and Urban Professions, New School for Social REsearch, July, 1989.

The Winthrop Rockefeller Foundation; 1990 and Beyond. Little Rock, AK: The Winthrop Rockefeller Foundation, 1989.

W.K. Kellog Foundation Program Information and Guidelines, Battle Creek, MI: W.K. Kellog Foundation.

"Women's Institute for Housing and Economic Development, Inc, Women's Cooperative Business Initiative Abstract." unpublished. Boston: Women's Institute for Housing and Economic Development, Spring, 1992.

Younger, Laura. Letter to Virginia Bullock. April 1, 1992

Zdenek, Robert. "Community Development Corporations." New Community-Oriented Enterprises. Edited by Severyn T. Bruyn and James Meehan. Philadelphia: Temple University Press, 1987.

Z. Smith Reynolds Foundation, 1990 Annual Report. Winston- Salem, N.C.: Z. Smith Reynolds Foundation, Inc., 1992.