

## **Comment on William M. Rohe and Rachel G. Bratt's "Failures, Downsizings, and Mergers among Community Development Corporations": Defending Community Development Corporations or Defending Communities?**

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### *Abstract*

An overemphasis on preserving community development corporations (CDCs) may confuse the ends with the means. The end is empowered, self-sustaining communities of place and identity. CDCs are one means of trying to get there, and there are many communities in which CDCs are helpful, and, indeed, empowering. However, the trends we are seeing—failures, downsizings, and mergers—may tell us that it is time to look for alternatives to CDCs.

If we truly care about poor communities, those of us with the resources to find the best community development models should be searching for them. We do not have good data to show whether community organizing is a better strategy than CDCs for achieving community development, but it is a strategy that merits exploration.

**Keywords:** Community development corporations; Nonprofit organizations; Urban policy

What happens when the focus of our attention with regard to community development shifts from the goal to the strategy? Should we be concerning ourselves with reviving and maintaining community development corporations (CDCs) as the quintessential organization for community development, or should our attention remain firmly on empowering the communities in which those CDCs work?

### **The argument for defending CDCs**

Rohe and Bratt argue that we should defend CDCs because they produce housing in markets no private developer would touch. In other cases, CDCs are needed to advocate for affordable housing in markets where speculation is driving housing costs beyond the reach of those with inadequate incomes. In addition, what happens to the housing and businesses being supported by a CDC if it goes under? In many cases, a bankrupt CDC may be required to liquidate its assets to the private market, driving up rents, forcing out long-time residents and businesses, and leading to top-down urban development that can eliminate

entire communities. Then there are the CDCs whose activities extend beyond housing and economic development to providing community services. What happens to a community when one of its integral institutions disappears?

These fears are real and have been borne out in a number of cases. In the Cedar-Riverside neighborhood in Minneapolis, for example, the local CDC was in danger of collapsing in the middle 1990s, jeopardizing more than 250 units of affordable housing. Neighborhood leadership organized to save the ailing organization. This leadership was able to refinance the housing at a much lower interest rate, bringing money in to support the CDC and protect the housing (Stoecker 2003).

It is important to understand, however, that the benefits attributed to CDCs and the bleak community futures predicted after their demise may be based on a misunderstanding of the core factors affecting community development success and failure. When analysts attribute community development outcomes to CDCs as organizations, they neglect to note that those outcomes are the result of a set of strategies, not just a particular kind of organization. Furthermore, as we will see, it is possible that some of the roles CDCs play might be better filled by other kinds of organizations.

### **Shifting focus: From CDCs to community development**

Let us look at the activities that CDCs engage in: housing, economic development, social service delivery, and advocacy.

Housing development is clearly the area in which they have excelled (National Congress for Community Economic Development 1999; Peirce and Steinbach 1990; Vidal 1992). Many CDCs have so emphasized housing development that the difference between them and community development housing organizations is little more than semantics.

What we do not know, however, is whether different housing development strategies can garner greater community support to produce more affordable housing. CDCs have taken heat from both ends—producing affordable housing in communities that thought they already had too much affordable housing and producing homeowner housing out of the reach of the poor (Goetz and Sidney 1994). And our imaginations have been hindered by the fact that the only promoted alternatives are unregulated private developments producing large quantities of unaffordable housing and government programs that created the monstrosities most cities are now tearing down.

There are, however, a few examples of community housing development that use a different model. In Boston, the Dudley Street Neighborhood Initiative began as a community organizing program and ended up developing housing when it could not find anyone to partner with (Medoff and Sklar 1994). ACORN, the Association of Community Organizations for Reform Now, has also been building its housing development arm, the ACORN Housing Corporation, partly on the success of its squatting campaigns. When the Cedar-Riverside community came into conflict with its CDC in the 1980s, the local resident planning organization partnered with a private developer to construct a town-home development in the neighborhood (Stoecker 1994). Similarly, the Route 2 cooperative housing development struggle in Los Angeles is the result of residents reclaiming urban space through a community organizing campaign (Heskin 1991).

In each of these cases, housing was produced through a community-led organizing process. Unlike a CDC-led technical process that concentrates on creating housing that is affordable, legal, and fundable, the community-led process concentrates on what people want. To cite another example from Cedar-Riverside, its community planning process led to the idea of placing housing in the center of the large blocks that make up the neighborhood. The plan was vetoed out of hand by the Minneapolis Fire Marshall as nonconforming, but the community power organized through the planning process prevailed, and today there are townhomes in the interior sections of neighborhood blocks (Stoecker 1994).

Pursuing economic development is a more difficult task for many CDCs. The really large ones, such as the New Community Corporation in Newark, NJ (Lemann 1994), the Woodlawn Organization/Woodlawn CDC in Chicago (CDC Oral History Project 2001), and the Community Development Corporation of Kansas City, MO, have played a significant role in developing their local economies. In many other cases, however, CDCs are simply pass-through organizations for government programs, connecting small businesses with loans, grants, and technical assistance.

Here, too, there is an alternative model that has not been fully explored. In the Lagrange neighborhood of Toledo, OH, the Lagrange Development Corporation (LDC) has conducted most of its successful economic development through a community organizing model. It has used confrontational community organizing tactics to get a post office moved from a dangerous and abandoned isolated strip mall and to get the city to provide infrastructure improvements such as street lighting (Stoecker 2002). Also, it used a community planning process to get Toledo's first inner-city full-service grocery store.

An even more profound example comes from Communities Organized for Public Service, or COPS, in San Antonio, which used a community organizing model to direct more than half of the city's Community Development Block Grant budget between 1974 and 1981 to COPS development projects (Reitzes and Reitzes 1987), ultimately bringing nearly \$1 billion to COPS neighborhoods (Warren 2001). In both of these examples, the development was implemented by outside organizations, but it was defined, advocated for, and held accountable by organized communities.

Providing social services has probably the lowest priority for CDCs, partly because of the danger of duplicating services. But a number of CDCs, particularly the largest ones, offer services ranging from English as a Second Language training to General Equivalency Diploma (GED) classes, to homeownership education, to food pantries. In providing such services, CDCs become no different than other social service agencies and probably do no worse. It may even be that given CDCs' structural and funding similarities to social service agencies, social service programming provides a natural opportunity for expansion.

Of course, one of the important criticisms of social services through the ages has been the imposition of conditions on their poverty-ridden beneficiaries for receiving services. When CDCs adopt such a posture, they put into place the same disempowering conditions. How different this is from the 1960s–1970s National Welfare Rights Organization efforts to put poor people in charge of social welfare—a trend that is being revisited as organizations such as the Kensington Welfare Rights Union organize the poor around the disaster of welfare reform and related issues such as the living wage.

The last area that CDCs attempt to work in is advocacy or community organizing. What this frequently means, however, is that CDC staff lobby government for housing or economic development policies on the one hand or organize community picnics and participation events on the other. CDCs rarely engage in the form of community organizing practiced by the major networks such as ACORN, the Industrial Areas Foundation, National People's Action, the Pacific Institute for Community Organization, the Direct Action and Research Training Center, Gamaliel, and other more local community organizing efforts. This form of community organizing seeks to build strong, sustainable, independent, resident-led organizations with enough clout to effect positive change in their neighborhoods and beyond. This distinction is poorly understood, because many of the analysts who assert that CDCs do community organizing (Gittell and Vidal 1998; Gittell and Wilder 1999; Silverman 2002) fail to distinguish picnics and participation events

such as staff-run planning meetings and single-issue advocacy from the kind of community organizing and resident leadership that has built the alternative models of housing, economic development, and social services described earlier.

It is possible, then, that an overemphasis on preserving CDCs may confuse the ends with the means. The end is empowered, self-sustaining communities of place and identity. CDCs are but one means of trying to get there. So if we see CDCs on the decline, we should not immediately jump to the conclusion that we must put all our efforts into preventing their demise. We must also consider whether other models might better accomplish the goals of community development.

### **The community organizing model of community development**

I am not going to assert that I have a better model, though I believe it is a theoretically more consistent one (Stoecker 1997), as I will show. But we do not have good data on whether community organizing is a better strategy for achieving community development. One reason for this lack is that community organizing has been relegated to the margins of academic analysis by those promoting the CDC model or confusing the concept to the point of meaninglessness by limiting it to the picnics and participation approach.

The model of community organizing more commonly understood by those in the trenches is much more than picnics and participation. Understanding it usually requires invoking the name of Saul Alinsky (1969, 1971) and the legacy of the Civil Rights Movement, which, even though it had national impact, was structured from the beginning as local community organizing efforts (Morris 1984).

Community organizing does not start with building a centralized organization and hiring staff with technical expertise. Instead, it involves bringing residents together to talk about their community—often in terms of what is wrong but also about what people can do to right those wrongs. To be clear, community organizing is distinct from the asset-based community development model (Kretzmann and McKnight 1993), whose various adaptations portray communities only as sums of individuals by counting individual-level assets rather than treating the community as a collective, ignore community needs and instead settle for a rosy portrait of community “assets,” neglect to note that assets as defined by the corporate-controlled market can be very different from assets as defined by the community, or gloss over the fact

that assets are worthless without the infrastructure and money to put them into play. By contrast, community organizing focuses on what is wrong—not to portray people in the community as needy, but to understand how the community as a collective entity has been exploited, discriminated against, disinvested, colonized, and otherwise underdeveloped by external actors.

As residents come together, a good community organizer will help them focus on a winnable campaign—a community-defined need with a good chance of being achieved relatively quickly. The symbolic starter campaign used to be getting a stop sign on an unregulated intersection, but that recently has been replaced by speed bumps. A community that gets the first stop sign or speed bump gains confidence, sees participation increase, and feels able to take on the next larger, more difficult issue. The ultimate goal is to build a large, strong, resident-led organization to get the community what it deserves.

Community organizing has a reputation for being confrontational, and it can be. But protests are not the central tactic. The importance of the protest is in its ability to get attention when no other means works and to show the strength of the community. In too many cases, public and private officials will sit down with community members only after they have concluded that it takes more effort to avoid them. But the really hard work of organizing is making sure that community members, not the community organizer, are leading and that they can successfully negotiate to get their demands met.

The alternative models of housing development, economic development, and social service provision all build on this community organizing model. If the community is well organized, it does not matter who does the housing development because the community is strong enough to hold any developer accountable. Likewise, a well-organized community can plan its own economic redevelopment and search out businesses that can make it happen at the same time that it prevents unwanted development. In fact, the greatest danger may be that the success of community organizing will transform the group into a CDC, which has happened in many cases (Vidal 1992) and can actually disempower the community (Stoecker 1995).

The advantages of such a model are many. First, community organizing is a lot less expensive than a CDC is. Communities that cannot afford their own CDC are often much more able to afford their own community organizer. Second, it is difficult to imagine CDCs sponsoring this kind of community organizing. They regularly engage in the picnics and participation form of community organizing—what is beginning to

be called community building (Hess 1999; Smock 1997)—but it is difficult to imagine a CDC organizing residents to hold their development activities accountable or organizing tenants to negotiate rent levels (which is not the same as inviting tenants to a meeting to have input into rent levels). Indeed, CDCs are not even necessary in this model. As COPS has shown, with a strong enough community you can successfully demand that “someone” come into your neighborhood to do development.

Of course, that does not mean that we should get rid of CDCs. They are one of the many good alternatives for creating affordable housing, doing economic redevelopment, and providing social services. And there are cases of CDCs that are doing successful old-style community organizing. One of the most interesting is the LDC in Toledo (OH), which pays a community organizer to build an independent community organizing group—the Lagrange Village Council (LVC). It has been responsible for getting problem bars shut down, police monitoring of local carry-outs, and \$500,000 in neighborhood infrastructure improvements from the city of Toledo. The LVC can easily turn out hundreds of people for its annual meeting. It is important to note, however, that the LDC owns few housing units and businesses, so it does not have to worry about the contradiction of paying a community organizer to build a tenants’ union to oppose it. An even larger program is promoted by the Massachusetts Association of CDCs (2002), which sponsors the Ricanne Hadrian Initiative for Community Organizing; this initiative supports numerous CDCs to develop a wide variety of community organizing practices from community building to traditional organizing.

## **Back to the future**

So if we care about community development as a goal instead of being distracted by focusing on community development corporations as a strategy, perhaps it is time to explore alternatives to CDCs. Maybe the trends we are seeing—failures, downsizings, and mergers—are a harbinger of change. After all, Robert Fisher’s (1997) important work on the history of community organizing and community development over the course of U.S. history has shown a number of shifts. His historical perspective also shows us that CDCs are in fact a relatively conservative response to community-level manifestations of racial, class, and gender oppression. Instead of holding tenaciously to a model that may not have been great to begin with, we should be preparing to help guide the next historical transition in community development.

If we truly care about poor communities, those of us with the resources to find the best models should be searching for them—not reactively

defending models that may be past their prime. This does not mean that we should get rid of all CDCs. There are many communities whose CDCs are helpful and even empowering. Rather, my focus is on whether an emphasis on CDCs as the central organization in building and empowering poor communities may be out of date and out of place. Poverty, exploitation, discrimination, and oppression are multifaceted and more entrenched than ever before. Helping communities rise up and out of such conditions will require multidimensional, not single-dimensional, knowledge and strategy.

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