CDCs and the Changing Context for Urban Community Development:
A Review of the Field and the Environment

Michael Frisch and Lisa J. Servon

This review takes Rebuilding Communities as a starting point to survey the community development literature, the community development field, and external environmental factors, in order to examine what has happened over the past fifteen years to shape the context in which urban community development corporations (CDCs) now operate. This paper is both a bounded literature review and an environmental scan. We identify categories of changes and influences on the community development field. We find that in the last fifteen years, the community development field has grown increasingly professionalized. Policy initiatives have also shaped the field. New evaluations of community development have been conducted and published. We now know much more about the potential and limits of CDCs than we did when the Rebuilding Communities (RC) study was launched in the late 1980s. At the same time, significant gaps in our knowledge of the community development field remain. In particular, there has been insufficient study of how the changes in this context have affected the work that CDCs do.

Keywords: community development, community development corporations (CDCs), urban redevelopment, Individual Development Accounts (IDAs), community development financial institutions (CDFIs), Comprehensive Community Initiatives (CCIs), Empowerment Zone/Enterprise Community (EZ/EC)

Fifteen years ago, the Community Development Research Center (CDRC) at the New School (New York, New York) published the landmark study, Rebuilding Communities (Vidal, 1992). Rebuilding Communities (RC) helped to establish community development corporations (CDCs) as models for urban neighborhood revitalization. Based upon an in-depth analysis of 130 CDCs in 30 cities across the United States conducted in 1988-1990, Rebuilding Communities documented the accomplishments of community development corporations and identified the potential of spreading the CDC model to other low-income communities. Rebuilding Communities was the first major study to focus squarely on the urban community development field and remains a key source of information in the field today.

This review of the field takes Rebuilding Communities as a starting point to survey the community development literature, the community development field, and external environmental factors, in order to examine what has happened over the past fifteen years

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to shape the context in which CDCs now operate. *Rebuilding Communities* defined a
community development corporation as “a non-profit organization with a community base,
engaged in developing housing, commercial real estate or business enterprises” (Vidal,
1992, p. 26). Using the RC findings as a benchmark, the purpose of this paper is to lay
out the changes that have occurred since 1992 and that affect the environment in which
CDCs work. We argue that these changes raise important questions that should shape a new
agenda for research on urban community development.

This paper is both a bounded literature review and an environmental scan. We identify
categories of changes and influences on the community development field. Having
examined recent analytic work on community development, we can then specify some key
priorities for the next phase of community development research. How has the practice of
community development changed in the fifteen years since *Rebuilding Communities* was
published? What, specifically, are the gaps in our knowledge, and how should they best be
filled? The goal of this review is to begin to answer these questions.

We start by revisiting the context for urban community development at the time when
RC was published. We then examine the ways in which the community development
field has matured in the intervening years. Next, we lay out the shifts in the community
development field that have arisen from both within and outside the field. Some of these
shifts are products of the maturation of the CDC field, while others result from changes
in policy emphasis. We then review the body of research and evaluative work that
have been conducted since the late 1980s. In this section, we point to some substantial
gaps in the literature. Our study concludes by laying out a new agenda for community
development research. The dimensions of this research agenda include following up on
the specific findings of existing studies, as well as addressing questions of leadership,
gaining a better understanding of CDC project failures, the rise of “fourth generation”
CDCs, and the level of participation of CDCs in new urban programs impacting human
capital as well as capital in place.

The 1992 Context for Urban Community Development

When Avis Vidal wrote *Rebuilding Communities* in 1992, the first CDCs were about
25 years old. At that time, the community development field was just coming off of a period
characterized by federal funding cuts and “ongoing deterioration of conditions in poor urban
neighborhoods” (p. 18). In response to this context, local governments and neighborhood-
based organizations such as CDCs responded by shouldering more of the load. At this time,
many of the elements and components of the community development field either had not
been developed or were very new and thus had little time to make their mark. A relatively
small number of CDCs had made great progress in some very difficult neighborhoods,
raising hope that the community-based strategies these organizations pioneered could
be replicated to alleviate urban poverty on a much larger scale. *Rebuilding Communities*
aimed to lift up the best practices of these CDCs and to gain a better understanding of the
characteristics of leading edge urban CDCs across the country.

Maturation of the Urban Community Development Field

In the fifteen years since RC was published, community development has matured
from a grassroots movement to a “system.” When the CDC movement was initiated in
the sixties, community development efforts consisted primarily of local residents pressing
for changes to improve their neighborhoods. Although many overarching goals remain
the same, the system now consists of a range of new actors, strategies, policy tools, and
best practices. The process of maturation raises issues for the field regarding the current
functions of CDCs and human resources questions within CDCs.
Rebuilding Communities recognized that community development does not happen in a vacuum. Effective community development happens in places applying “financial, technical, and political resources” to low-income neighborhoods (Vidal, 1992, p. 15). Yet, as of the time of the original data collection for Rebuilding Communities in the late 1980s, “few cities had achieved a community development system in which CDCs play a well-developed role” (Vidal, 1992). The researchers reached this conclusion even though the goal of the report was to survey places with accomplished CDCs. In 1992, Vidal and others were already talking about a model of community development that included systems of support.

In recent years, much has been written about the community development system, partly because the system has evolved a great deal in the last fifteen years. Table 1 lays out the major surveys and case studies of the community development system by component. Although some cities had the beginnings of these systems in 1988, they were very new. For example, two key intermediaries were still in their first decade of existence. Local Initiatives Support Corporation or LISC was founded in 1980 and the Enterprise Foundation was founded in 1982. Furthermore, the Low Income Housing Tax Credit rules were only two years old. The community development industry system is now broader and more established; it has a history that enables it to be studied. In a rich case study, Yin (1998) showed how the “community development industry system” developed in Cleveland. CDCs progressed from largely independent, grassroots organizations, to a model of development built upon key relationships with government, philanthropy and churches. By building these relationships, CDCs create and insert themselves into networks that are critical to their ability to build capacity (Glickman & Servon, 1998). The development of the community development system has led to an emphasis on capacity building within CDCs, often facilitated by other system actors such as intermediaries (Glickman & Servon, 1998; Glickman & Nye, 2000).

Table 1. Surveys and Case Studies by Component of Community Development System

<table>
<thead>
<tr>
<th>Component</th>
<th>Study References</th>
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<tbody>
<tr>
<td>Banks</td>
<td>Shlay 1999</td>
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<tr>
<td>Brownfields and Environmental Justice</td>
<td>Solitare and Greenberg 2002; Walzer, Hamm and Sutton 2006</td>
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<tr>
<td>Business Associations</td>
<td>Frisch 2002</td>
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<td>Business Development</td>
<td>Turner 1999; Cashin 2000; Bates 2001; Smith 2003</td>
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<tr>
<td>CBDOs</td>
<td>Stoecker 1997, 2003; Warren 1998; Stoecker and Vakil 2000; Clavel, Pitt and Yin 1997; Rubin 2000</td>
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<tr>
<td>Commercial Development</td>
<td>Nunn 2001; Smith 2003</td>
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<tr>
<td>Community Development Financial Institutions</td>
<td>Bates 2000; Benjamin, Rubin and Zielenbach 2004</td>
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<tr>
<td>Foundations</td>
<td>Dreier 1997; Carman 2001; Lowe 2004</td>
</tr>
<tr>
<td>Housing Development</td>
<td>Keyes et al. 1996; Fredericksen and London 2000, Galster et al. 2004</td>
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</table>
Urban CDCs are now judged within the contexts of their local “community development system” including relations between established institutions (such as banks and government agencies), community development intermediaries, and CDCs (Yin, 1998; Walker & Wienhiemer, 1998; Walker et al., 2002). In addition, the “system,” per se, is a much more viable entity now than it was fifteen years ago, existing in more places and consisting of more established actors. Still, there is a substantial gap between places under regular study with well-developed community development systems and those less studied areas that have less developed community development systems. Perhaps more importantly, community development research has focused much more on places with more mature community development systems. How prevalent is this system? How different are outcomes in places with different degrees of community development system infrastructure (Glickman & Servon, 2003)?

One effect of the development of the community development industry system is the transition to increased professionalization of the field. Several colleges and universities now offer a range of programs and advanced degrees in community development. Organizations (such as NeighborWorks and PolicyLink for example) provide a wealth of training available to current and potential community developers. Some argue that this transition has brought with it the abandonment of some original objectives of earlier community organizing efforts (Yin, 1998; Stoecker, 2003), a trade-off that, if actual, raises questions about CDCs’ ability to maintain their legitimacy with and accountability to their constituent communities. To what extent do we have evidence that these trade-offs are being made? Does this “industry” translate into greater productivity and efficiency? Do the benefits of being larger outweigh the costs? A result, then, is that CDCs now confront trade-offs that were not nearly as central in the late 1980s as they are today.

Table 1 cont’d.

<table>
<thead>
<tr>
<th>Development Sector</th>
<th>Sources</th>
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<tbody>
<tr>
<td>Housing, Planning, and Development</td>
<td>Leachman 1997</td>
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<tr>
<td>Agencies</td>
<td></td>
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<tr>
<td>Intermediaries</td>
<td>Jegen 1998; Nye and Glickman 2000; Liou and Stroh 1998; Chaskin 2001;</td>
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<tr>
<td></td>
<td>Metzger 1998, Rubin 2000, McDermott 2004</td>
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<tr>
<td>Microenterprise and Entrepreneurship</td>
<td>Jegen 1998; Servon 1998; Turner 1999; Friedman 2001; Bates 2002; Bhatt</td>
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<tr>
<td></td>
<td>and Tang 2001; Lichenstein and Lyons 2001; Weber and Smith 2003</td>
</tr>
<tr>
<td>Neighborhood Residents</td>
<td>Briggs, Mueller, and Sullivan 1997; Greenberg and Lewis 2000; Johnson</td>
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<tr>
<td></td>
<td>2004; Galster et al. 2004; Silverman 2005</td>
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<tr>
<td>Politicians and Governments</td>
<td>Goetz 1992, Goetz and Sidney 1997; Rich, Giles and Stern 2001</td>
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<tr>
<td>System</td>
<td>Vidal 1992; Yin 1998; Bockmeyer 2000; Stoutland 1999; Lichenstein and</td>
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<td></td>
<td>Lyons 2001; Chaskin 2001a; Walker 2002</td>
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<tr>
<td>Technology</td>
<td>Sanyal and Schon 1999; Haque 1998; Servon 2002</td>
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<tr>
<td>Universities</td>
<td>Smith and Vetica 2000; Reardon 2000; Lucas 1999; Dickinson 1999</td>
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<tr>
<td>Welfare Reform and Workforce Training</td>
<td>Bratt and Keyes 1998; Harrison and Weiss 1998; Wright, Ellen and Schill</td>
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<td>2001; Jencks 2002</td>
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Frisch and Servon
Some analysis has been done on various components of the community development system. Figure 1 diagrams a generalized pattern of the relationships laid out in these analyses. This work may be summarized as follows. First, at the most local level is the CDC itself. The CDC works on the ground to develop housing, commercial establishments or other business operations (Vidal, 1992; 1996). The CDC strives to maintain good relationships with the people it considers its own constituency (Briggs, Mueller & Sullivan, 1997; Stoutland, 1999a; Silverman, 2005). The next level of the system is the intermediary organization, usually a branch of LISC or the Enterprise Foundation (von Hoffman, 2001). Intermediary organizations provide both technical and financial support to CDCs (Liou & Stroh, 1998). They bundle and market tax credits, raise capital, and provide assessments of risk for individual projects (Jegan, 1998; Nye & Glickman, 2000; Liou & Stroh, 1998). They also provide training to CDC staff. Intermediaries may also link CDCs to existing regional developmental actors including government planning and
development agencies (Leachman, 1997), bank officers (Shlay, 1999), philanthropists (Lowe, 2004) and corporate community relations staff (Frisch, 2002). Finally, at the broadest level, the system extends to existing developmental actors in a place. These actors are people whose work creates the conditions necessary for development to occur. Such developmental actors include politicians, government agencies, real estate developers, business associations, lending institutions, universities, and community foundations (von Hoffman, 2001; Lowe 2004; Chaskin 2001a; Reardon 2000). The attitude of the regime in power therefore determines the local resources put forward for community development (Clavel, Pitt & Yin, 1997). Figure 1 reveals the complexity of the work in which urban CDCs are embedded, and the array of relationships with public, private for profit and private nonprofit actors that CDCs must maintain. It is important to recognize that this system is not universal. The system is most developed in those places that have the most capacity; many developmental actors in smaller cities and regions remain unaware of the community development paradigm (Frisch, 2002).

There is some evidence that the extent and stability of the system affects the ability of the CDC to produce development (Stoutland, 1999b). A CDC in a place without a strong intermediary should not be expected to have the same productivity as a CDC in a place with a strong intermediary (Glickman & Servon, 2002). Effective intermediaries, then, can be a critical ingredient of CDC success (Nye & Glickman, 2000). Yet, many CDCs produce development without the direct assistance of a local intermediary. Unanswered questions also remain concerning the conditions under which intermediaries do or do not work in the community’s best interest (Ferguson & Stoutland, 1999). The various NCDI/Living Cities reviews (Walker & Weinheimer, 1998; Walker et al., 2002; Walker, 2002b) show how the community development system has improved in the limited scope of 23 places studied over the last decade. Another sign of the success of the community development system is that management of the existing base of nonprofit housing stock became an increasing concern in the last decade (Rosen & Dienstfrey, 1999; Bratt et al., 1998). In other words, national intermediaries and their local offices have the capacity and mandate to take on larger issues that CDCs, working more on their own, may be incapable of handling.

**Human resources and organizational issues**

The development and evolution of the community development field have raised a number of issues related to human resources and organizational development. These include: a perceived crisis of leadership, lack of clear career ladders, and insufficient management training and expertise. One issue related to this professionalization concerns what some in the field have termed a “crisis of leadership.” A quick review of executive staff from the *Rebuilding Communities* database shows that, of the CDCs we can verify as still in existence, almost one third of executive directors are still with the CDC fifteen years later. On one hand, these CDCs benefit from experienced leaders who have ties with other key actors in their communities. On the other hand, this situation raises serious questions about the viability of a CDC beyond the capabilities of a single leader. As the community development system professionalizes, how do CDCs replace charismatic leaders who either leave to advance their own careers or retire? Many current executive directors were also the founders of their organizations, a fact that adds another level of complexity to this issue.

Several characteristics of the community development field have made it difficult for CDCs to sustain themselves organizationally. Rebuilding Communities showed relatively low salaries for CDC staff (Vidal, 1992). Glickman and Servon (2003) found that the salaries of CDC employees compared unfavorably with their main competitors—governments. Benefits within the community development field are also relatively low. Despite the aforementioned professionalization of the community development field,
there remains a lack of clear career ladders to attract and retain talented employees. Many talented young people, including those who come from the neighborhoods CDCs serve and hope to hire from, are interested in community development careers, but they rightly have difficulty perceiving the “way in,” and they are not always willing to accept the organizational instability that comes with the jobs. Finally, CDCs suffer from a lack of standardization with respect to their organizational structure. Organizational charts and titles differ from one CDC to the next, making it difficult to diagnose and remedy any problems. The community development field could benefit from expertise from the human resources and organizational change disciplines, particularly because the field has clearly entered a new phase of maturity.

Recent Trends in Community Development Work

In the past fifteen years, conceptions of community development have placed emphasis on asset-based community development, marketing low-income neighborhoods, the creation and development of social capital, and faith-based community development. All four of these trends, to different degrees, speak to lifting up and creatively exploiting aspects of disadvantaged communities that have always been present but were previously unacknowledged.

Asset-Based Development

Rather than viewing disadvantaged neighborhoods in terms of what they lack, recent work on asset-based development and emerging markets views these same places in terms of their undervalued assets and opportunities (Green & Haines, 2002). Asset-based development begins by identifying those assets that can be found in existing institutions and social networks (Kretzmann & McKnight, 1993). This asset-based orientation differs from earlier assessment models that adopted a needs-based approach. This shift was operationalized by encouraging CDCs to build upon existing assets rather than fill a seemingly endless list of needs. The asset-based technique of understanding communities is closely connected to the market-oriented framework discussed below. Recognition of the underserved market in these communities led to new entrepreneurial efforts in community development, in the form of both programs to create small businesses among the inner-city poor (Bates, 2001; Servon, 1999) and initiatives to attract larger businesses back to these areas (Porter, 1995). The U.S. microenterprise movement, which began at about the same time that the RC research was being conducted, involved community based organizations bridging economic development and social welfare work. These programs acknowledged previously invisible entrepreneurial activities (Servon, 1999). A recent evaluation shows that there may be ways to increase neighborhood returns from asset-based programs (Weber & Smith, 2001).

Asset-based development has focused both on community assets as well as individual assets. Researchers who focus on individual assets have documented the existence of an asset gap between African Americans and European Americans even when incomes are similar (Oliver & Shapiro, 1998). Sherraden (1991) pioneered the idea that asset creation is a necessary component of poverty alleviation. This work has led to a movement involving the creation of asset development tools, most notably Individual Development Accounts (IDAs) (CFED, 2001). Microenterprise programs also have the potential to build individual assets (Servon, 1999).

Market-Oriented Development

Increasingly, urban community development practitioners apply market-based approaches to their work. Applying competitiveness theory to the inner city requires
identification of assets that can be marketed (Porter, 1995; Carr, 1999). The next step is to compare local needs (for example—the available market for goods and services) to available assets (Kretzmann & McKnight, 1993). This information can then be used in business development, neighborhood marketing and planning.

Porter (1995) views the location of transition areas as assets. Inner-city neighborhoods are a source of low cost land in and near the central business district. Furthermore, although typically low skill in occupation, the population of these areas comprises an available source of labor. People rightly took issue with Porter’s negative assessment of the work of local governments and many community development organizations. Poor inner-city communities suffered through decades of business disinvestments and red-lining. Some argue that community development arose to address the problems business helped to create in the first place (Blakely & Small, 1996). Although Porter’s work lacked recognition of important history, it led developers to re-examine opportunities in the inner city (Harrison & Glasmeier, 1997).

More recently, a new group of researchers have begun to revisit the idea of the market value of inner-city communities, with greater sensitivity to existing community development work. Recent emphasis on marketing the neighborhoods within which CDCs work is now shaping the field (Carr, 1999). This focus grows out of Porter’s work and is clearly linked to the asset-based model of community development cited above (Porter, 1995).

Lack of access to capital also led to increased support for community development financial institutions (CDFIs). These institutions include microenterprise development organizations, community development loan funds, community development credit unions, and community development venture capital funds. CDFIs emerged in part because of the Community Development and Regulatory Improvement Act of 1994 (Benjamin et al., 2004). Continued pressure on banks created by activists and supported by the Community Reinvestment Act led to increased levels of support for these asset-based programs (Jegen, 1998). This investment-oriented approach has highlighted the dearth of financial services and institutions in the neighborhoods CDCs serve. CDFIs and other new alternative financial institutions have begun to offer an alternative to the check cashing shops, pawnbrokers, rent-to-own businesses, and predatory lenders that proliferate in disadvantaged neighborhoods (Carr & Kolluri, 2001). Some urban CDCs now provide these services and many CDCs work with such institutions.

Social Capital

The increasing popularity of social capital theories led to a new focus in community development in the last decade. This new interest was spurred largely by the work of Robert Putnam (1995) and James Coleman (1988). Social capital has become an organizing concept in the social sciences, but it has not been embraced uniformly across all disciplines. Economists, in particular, have been reticent about formalizing the concept of social capital in their work, largely because it remains very difficult to operationalize social capital for the purposes of quantitative analysis (Servon, 2002). The concept of social capital has been used to foster greater understanding of the way less tangible aspects of society work (Portes, 1998). Community development is one field that has begun to connect social capital explicitly with its work (Perkins, Hughey & Speer, 2002; Flora & Allen 2006; Bridger & Alter, 2006; Agnitsch, Flora & Ryan, 2006). Community development researchers and practitioners now argue for the development of social capital along with the more traditional work, such as building housing, that community development organizations do (Kingsley, McNeely, & Gibson, 1997; Vidal, 1997; Rohe, 2004).
Researchers and theorists maintain that social capital interacts in important ways with physical and human capital. Warren et al. (2001, p. 3), for example, argue that “more affluent communities do have greater financial and human capital resources, and their public institutions, like schools, are stronger. Their social capital can be more effective because it is reinforced by these other resources.” Social capital produces and provides information, which increases the efficiency of the market. It “may facilitate greater cooperation in the provision of services outside of governmental channels, which benefit all, or select, members of the community” (Narayan & Pritchett, 1999, p. 283). Social capital may be even more important in low-income communities—where physical capital has been under-invested in and where poorly performing schools make it difficult to build human capital (Anyon, 1997)—than it is in higher-income areas. According to Putnam, “precisely because poor people (by definition) have little economic capital and face formidable obstacles in acquiring human capital … social capital is disproportionately important to their welfare” (Putnam, 2000, p. 318).

Recognizing the links between the need for both physical assets and social services in inner city communities, several foundations set up Comprehensive Community Initiatives (CCIs) in the early 1990s (Kubisch et al., 2002). The national community development initiative known as Living Cities is one example (Warren et al., 2002). Because of their emphasis on comprehensiveness, CCIs create incentives for CDCs to form partnerships with other organizations that do complementary work thus deepening the community development system in a locality. Rather than directing funding to these communities based upon their own priorities, foundations (an external force) required the community to do the planning necessary to decide how resources should be spent. Such an initiative then requires community participation and should develop local leadership as well. Ideally, such participation, leadership development and planning would make use of local knowledge about community needs and assets (Pitcoff, 1997). CCIs result in both bottom-up organizing and the linking of people to organizations. The planning required for a CCI increases networking among organizations doing community development and providing social services in the same community (Pitcoff, 1998).

Faith-based Community Development

Often, the strongest institution remaining in the most disinvested community is a church. Churches may be the most important asset these communities have (Thomas & Blake, 1996). Many churches retain links with former community residents who have succeeded in getting out of the community (Vidal et al., 1999). Faith-based community development may focus on both individual transformation and on community redemption (Thomas & Blake, 1996). Following an Executive Order issued in the first weeks of George W. Bush’s administration in 2001, several federal agencies have set up faith-based initiative offices to deepen federal support for these efforts. Although churches and other faith-based institutions have been involved in community development since the beginning of the field’s development, the intersection between faith-based institutions and community development has recently generated much greater attention, from both researchers and policy makers (Reese, 2004).

Relevant Policy Changes

In addition—and sometimes linked to—these trends in the field are policy changes that significantly impact the context in which community development is done. Policy areas in which change has occurred include housing policy, economic development policy, social welfare policy, and workforce development policy. These policy changes are important because they impact the neighborhoods within which and people that CDCs serve and have therefore motivated shifts in the activities undertaken by CDCs.
Housing Policy

When the research for RC was originally conducted, the enabling act for the Low Income Housing Tax Credit (LIHTC) was just a few years old. Although for-profit developers are the prime users of low income housing tax credits, set-asides for nonprofit housing developers have been built into federal policy. The National Affordable Housing Act of 1990 initiated the HOME block grant program that also included set-asides for non-profit housing development. O’Regan and Quigley (2000) show that non-profits have gained over the last decade from these two programs. CDCs are the nonprofit producers of low-income housing; it follows that CDCs should have prospered over the last decade. Intermediaries have facilitated these developments by providing the support for the creation of a secondary market for these tax credits allowing for greater access in financing (von Hoffman, 2001).

Welfare Reform

Perhaps the largest change in social service programs in recent years has been the Welfare Reform Act of 1996, which replaced Aid for Families with Dependent Children (AFDC) with Temporary Assistance for Needy Families (TANF). The imposition of work requirements, time limits, and state flexibility in implementation has dramatically changed the structure of local welfare systems (Jencks, 2002). Furthermore, the act expanded the role of faith-based service providers through charitable choice. In response to the implementation of TANF, many CDCs expanded their work in order to help prepare their constituents for the workforce (Wright, Ellen, & Schill, 2001).

The Workforce Investment Act

The Workforce Investment Act (WIA) in turn created a similar devolution of federal requirements. Increased state flexibility in social service programs created more opportunities for community development corporations to get involved in the provision of these key services. Harrison raised the dilemma presented by CDC operation of these services: “Under what circumstances does the delegation of program management reinforce the de-legitimation of government and the cheapening of labor without really empowering anyone?” (Ferguson & Stoutland, 1999, p. 70).

New Markets Tax Credit

Finally, following the success of the Low Income Housing Tax Credit, new tax credit programs have been initiated both for economic development projects (New Markets Tax Credit) and for workforce development. Intermediary organizations may create secondary markets for these programs benefiting CDC social service operations. Preliminary evaluations of these early efforts have just started appearing (Rubin & Stankiewicz, 2005).

Empowerment Zone/Enterprise Community

The Empowerment Zone/Enterprise Community (EZ/EC) program was also implemented during this period. With a similar philosophy to that undergirding CCI initiatives, the EZ/EC program required that cities applying for this funding put together a plan demonstrating involvement from a wide variety of public, private for-profit, and private non-profit actors. The community involvement component of the EZ/EC program set it apart from traditional enterprise zones, making this tool align more with community development goals. However, given the limited funding for ten years (recently extended to fifteen), many consider it to be a symbolic “drop in the bucket” (Vidal & Keating, 2004). Furthermore, political necessity requires spreading the programs around making sure that every state has one even if the resources are not there to support the program completely.
Environmental Justice and Brownfields

Apart from enterprise zones, the largest new place-based initiative has been the Environmental Protection Agency (EPA) brownfields redevelopment program (Solitare & Greenberg, 2002). Cleaning up and redeveloping old, industrial sites in low-income communities can jump-start community development initiatives in the surrounding areas. However, the emphasis on development in order to pay for the cleanup means that community input into the redevelopment process may get overlooked. A new industrial activity on a former industrial site may just repeat the pattern of environmental injustice. The extent of community development corporation involvement with brownfields redevelopment is just now being explored (Walzer, Hamm, & Sutton, 2006).

The issue of environmental justice beyond brownfields redevelopment continues to resonate with community development organizations. Low-income neighborhoods are too often the site of last resort for dirty projects. New rules following a 1994 Executive Order require analysis of the environmental justice impacts of new projects funded with federal monies. Organized low-income communities such as West Harlem have successfully won environmental compensation programs through environmental justice lawsuits (West Harlem Environmental Action, 2006). Furthermore, U.S. EPA now funds community-based environmental justice projects. Community development corporations may partner with a local university to win funding to address the issues in their neighborhood. Yet, a contradiction remains between development—often at any cost—and environmental activism aiming to restrict and control the type of development (Campbell, 1996).

Evaluations since Rebuilding Communities (RC)

The two previous sections document the changes coming from within the community development field and from outside the field. We now turn to a review of studies of the field that have been conducted since RC in order to accomplish two goals: (1) to understand to what extent this work helps us to gauge the impact of these changes in the field; and (2) to identify key gaps in our knowledge. Rebuilding Communities was descriptive and evaluative in nature. It aimed to describe what urban CDCs were doing, how they went about doing it, and how effective they were in doing it. RC focused on mature CDCs; the goal of that study was to grasp the potential of CDCs’ capability. It did not study young, weak, or failed CDCs. The researchers who did the case study work for RC studied both the CDC and the community in which the CDC worked. This combination of detailed work with separate protocols for each CDC and each community allowed the researchers to make evaluative statements about the status of urban community development. This type of research is incredibly resource intensive but worth the investment at least once a decade.

The National Congress for Community Economic Development (the trade association for CDCs) has sponsored five censuses of community development corporations (NCCED, 1989, 1992, 1995, 1999, & 2006). These surveys document how the community development industry views itself and its accomplishments. Although these surveys provide useful descriptive data, they should be taken only as a starting point (Rossi, 1999). The data are generated using a broad definition of a CDC and are extrapolated to the whole population of CDCs (including both rural and urban CDCs) from the smaller number of organizations that respond to the survey (Lampkin & Pollak, 2002). More in-depth study is necessary to better understand the complex workings of these organizations.

Many evaluations have focused on what industry insiders call “bricks and sticks,” or the production of affordable housing. Evaluations of the HOME program and the use of LIHTCs show that the programs assist in the production of thousands of units of low-income housing (O’Regan & Quigley, 2000). One study showed that non-profits using
tax credits produce these units at a higher cost than for-profits and that cities used the tax credits to build better housing in poor communities while suburbs used the credits to provide low-income housing alternatives in higher income neighborhoods (Cummings & DiPasquale, 1999; Stegman, 1999). Another evaluation examined a sample of LIHTC projects in Missouri (McClure, 2000). However, this study did not directly address the subset of CDC developed projects using LIHTCs.

Nevertheless, evaluations of individual urban CDCs based solely upon units built or space leased fail to take into account the different degrees of system development from place-to-place (Glickman & Servon, 1998; von Hoffman, 2001). *Rebuilding Communities* tried to count “bricks and sticks” as well as to account for qualitative factors leading to CDC success (Vidal, 1992). More recent evaluations have looked at efficiency measures as defined by output of development per unit of input (Cowan, Rohe, & Baku, 1999). This study examined the amount of money going into investment per dollar of staff salaries. This measure of efficiency labels CDCs with community organizing and training efforts as well as physical development as more inefficient by definition. Perhaps a more effective approach has been taken by Living Cities. Living Cities developed a multifaceted approach to CDC evaluation. This study examines budget, neighborhood ties, and the organization’s reputation within the community. Living Cities has combined analysis of IRS datasets on non-profit organizations with data gleaned directly from the organization. However, they examine only what they call “capable” CDCs (Walker & Weinheimer, 1998; Walker et al., 2002). Capable CDCs are CDCs that produce ten or more units of housing per year (Walker, 2002a). This methodology allows quick identification of successes, while overlooking possible examples of CDC or intermediary failures. A recent study issued by the Fannie Mae Foundation begins to fill this gap by examining merged and failed CDCs (Bratt & Rohe, 2002).

Given the emphasis on capacity-building in CDCs, which became a prominent theme in the field over the past fifteen years, some researchers have attempted to understand how CDCs can best build capacity and whether particular methods for doing so are effective. In this vein, Glickman and Servon first conceptualized capacity (1999) and then attempted to measure it by studying CDCs that operated with and without the benefit of intermediaries (2003).

One of the goals of community development is to reconnect the community to the market. The true test of this kind of impact may be the revival of market conditions in the local neighborhood. To some degree, analysis of this issue is being done using the Home Mortgage Disclosure Act datasets (Squires & O’Conner, 2001). However, some community development systems may produce development results under non-market conditions. A recent paper by Newman and Ashton (2004) illustrates how Newark’s community development system operates in an atmosphere of patronage ties limiting the extent of other players in local land development. Recent studies show the rise of gentrification and accompanying displacement pressures in many of the neighborhoods with successful CDC projects. What should happen to CDCs when the community redevelops? Answering this question depends somewhat on the perspective taken when examining CDCs. Bratt and Rohe’s (2004) work shows that CDC organizational failures and mergers must be assessed within the conditions of the failed CDC’s community development system. CDC failure may lead to a loss in confidence in the community development system as a whole. Building organizational capacity and increased communication both within and between actors in the community development system may address CDC shortcomings (Bratt & Rohe, 2004).

**Remaining Gaps in Our Knowledge**

*Rebuilding Communities* and Living Cities have both self-selected the areas where the community development system is well established. These studies focus on
an overlapping group of mostly the largest cities in the United States. Yet poor and
disempowered communities exist in most cities in the United States (Goetz, 1992). What
is happening in these other areas often with only one or two CDCs—an insufficient
number to support a local intermediary? Evaluations of the LIHTC suggest that non-
profit set asides in these programs led to the expansion of the non-profit development
sector (and hence CDCs) to parts of the country not as well served by CDCs fifteen years
ago (O'Regan & Quigley, 2000). Has the identification of the community development
system in well-established locations allowed for the quick development of new systems
in these other places? Going into places not studied will probably require site visits as
well as other study methods.

Most work on CDCs either studies a few cases deeply or a broad group superficially.
Furthermore, new CDCs may have arisen in areas studied by both Living Cities and RC.
These new organizations should be reaping the benefits of past analysis. Combining
evidence on new CDCs in studied regions with information on new CDCs in locations
not previously studied would allow some analysis of “next generation” CDCs. These
CDCs, such as Community Builders of Kansas City, are ones that have grown “capable”
very quickly in the last decade. Community Builders grew out of an existing non-profit
in 1991 and hired a local official with expertise on newly available low-income tax
credits. These CDCs are entrepreneurial and creative in structuring development deals.
Questions often arise about whether and how their experience may be repeated. Are
these next generation organizations mostly faith-based and organized around a particular
charismatic leader? Which are the next generation organizations? Alternatively, do
these organizations do better because they have internalized the lessons of a generation
of experience and analysis of the community development system? Acquiring this
information would necessitate detailed site visits and conversations with participants in
the local community development system.

Finally, evaluations of community development often focus on the success of projects.
The Bratt and Rohe (2004) study is an important exception. Fewer analyses of failures make
it into the literature. When they appear, they are often minor asides about organizational
activities within a detailed case study of a particular community development system. The
Living Cities (Walker & Weinheimer, 1998; Walker et al., 2002; Walker, 2002b) studies
in particular point almost exclusively at successes. Part of this pattern may be because of
the market for the evaluative work. The Living Cities evaluations aim to verify that the
millions of dollars the largest foundations spend on community development are having
an impact. Existing work in the field relies on close ties to lead actors in community
development. More independent analysis of community development may assist these
actors in identifying aspects of the field such as failed projects that often go unreported.

However, much of the best learning comes from studying failure. Although projects
may be failures, the organizing around a project still leads to some positive outcome at
least in terms of social capital generated. Even today, conditions of disorder in some poor
communities make it hard to critique any effort to organize—the very fact of organizing
can be an amazing feat. Independent academic researchers should be able to overcome
these obstacles to the study of failure (Bratt & Rohe, 2004; Reingold & Johnson, 2003).
Although academic studies rely on some of the same foundations for support, the academy
provides an additional layer of independence. Studies of failures would produce information
for CDCs and intermediaries on the pitfalls of community development that should be
avoided. Interestingly, Rebuilding Communities provides a starting point for longitudinal
research of the CDCs it studied in-depth (Vidal, 1992). Furthermore, now that the success
of inner-city revitalization and community development has been shown (Vidal, 1992,
Green & Haines, 2002; Walker et al., 2002), we can return to a more balanced critique
without having to justify the spending of resources on community development.
Evaluations must not only study CDCs, they must also study the communities in which CDCs work. Our discussion of external policy changes in the last fourteen years shows a continuing process of devolution of responsibility of urban policy to state and local governments. Proactive state and local policy and a local political regime favoring community development may produce a system that produces more results. Similarly, regions with a proactive community foundation with ample resources may be able to strengthen ties between the various institutions shown previously in Figure 1. In our evaluative work, we must go back to the RC method of studying the comparative context within which community development happens.

CONCLUSION: COMMUNITY DEVELOPMENT IN THE NEW MILLENNIUM

Since the 1992 publication of the Rebuilding Communities study, community development has expanded and matured. Although we have clear indicators that the community development field has changed, should our definition of a community development organization change as well? The results of changes in the 1990s have led to the blurring of lines as some neighborhoods in which CDCs developed, have created strong housing markets. Neo-liberal strategies emphasizing deconcentration of the poor also have led to the displacement and scattering of the targeted community to be developed through community development. The place-based lens probably best describes successful community development efforts where local organizing along with the full community development industry system integrates policy to reestablish land markets.

As urban CDCs define themselves within these perspectives, different outcomes may be expected. A CDC that sees itself as a non-profit developer (first) will have a different outlook than a CDC that has a more holistic mission. In Kansas City, efforts to measure CDC success through indices of new units produced, create disincentives to work with the community itself. A strategy that works in a place of extreme housing shortage such as New York may not work in a place with abundant abandoned housing such as Kansas City. If a CDC is a developer, then another party should be advocating for the neighborhood or doing the planning. In the environment of devolution, CDCs compete for scarce capital even within highly evolved community development systems (Bochmeyer, 2003). Evaluative criteria for one CDC in one place may not be adequate for all CDCs in all places.

If we solely connect CDCs to place we risk leaving out subcultures. For example, more recognition of local culture as a central organizing force behind community development would lead to recognition of the lesbian and gay community’s response to the HIV crisis as community development. This organizing led to the development of community-based health centers, community service centers, and with the passage of HOPWA, community based housing services—all things done by community development corporations. As HIV has moved beyond the gay community to other disempowered communities, we need to increase the ties between existing lesbian and gay led organizations and other community development organizations. Community development seen as supporting just an identity group within the community raises the question of legitimacy; why should one group speak for a neighborhood more than another group? The blurring of the lines we describe has increased these concerns. How do CDCs remain responsive to the community? Do they move when their communities move or not? Do CDCs serve some parts of the community better than others (Leavitt, 2003)?

To some degree, urban community development remains local because of the lack of any explicit federal urban policy. Vidal and Keating’s view (2004) of community development as place-based then puts this missing policy into perspective. Rusk (1999) and others talk about how the problem of low-income communities in the inner city and the hollowing out
that occurs are connected to the problems of sprawl. Community development needs to be seen as an essential piece of urban redevelopment policy and urban planning connected to domestic issues of housing, education, transportation, and environment in the national policy debate. Knowing what we do now about community development, imagine what could be done with a new federal urban policy initiative, putting the problems of the inner city back on the national agenda.

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