



CDC Leaders Assess State of the Movement

Steve Dubb, Democracy Collaborative, University of Maryland
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Representatives from state community economic development associations from across the country gathered to participate in the fourth annual NACEDA Policy Summit, held May 24th and 25th in Washington, DC. NACEDA, the National Alliance of Community Economic Development Associations, brings together statewide and citywide associations representing the overwhelming majority of the nation's community development corporations (CDCs).

Highlights of this year's summit included a roundtable of the state of the CDC movement as a whole and a review of the status of community wealth building policy at the state and federal levels. Also discussed at the conference was the changing role of philanthropy and innovations in environmentally based or "green" community economic development.

Joe McNeely, Executive Director of the Central Baltimore Partnership, moderated the conference's first plenary panel, which featured a roundtable on the state of the CDC movement. As McNeely put the question to panelists, "Since the mid-1960s, there has been an evolving practice and theory. In the last 20 years, there has been impressive growth in the infrastructure, including local and national intermediaries, funders, and state association. How are we evolving in what we think we are doing, both in terms of theory and principles?"

Abdul Rasheed, President of the North Carolina Community Development Institute, sounded a recurring theme of a need to shift from project-based work to comprehensive community building. "This work started as a justice proposition ... Trying to help people answer access questions in terms of access to affordable housing, access to capital to help support job creation, entrepreneurship, ownership, and job creation in under-served communities." Rasheed added that CDCs "should be very pleased and proud for the work that we have done over the last 40 to 50 years ... But having said that, it appears we have gotten really engaged with developing widgets, building things, and we have forgotten that we try to help people and communities."

Gordon Chin, Executive Director of the Chinatown Community Development Center of San Francisco, noted that in the early days of the CDC movement, advocates spoke more in terms of "race" rather than "place." Chin added, "We still have not had a substantive dialogue about race or place. This is an important time in not only the history of the movement but the country. Place is being looked at increasingly throughout the administration and the intermediary community. But what do we really mean by that? Are we just talking about regionalism and TOD? Where do the inner cities fit within that paradigm?"

Chris Walker, Director of Research and Assessment at the national CDC intermediary Local Initiatives Support Corporation (LISC) noted that, CDCs have always had the ambition to do

comprehensive change, but have never had the support to do so” Walker said he would like to see more CDC interaction with schools systems, workforce investment boards and the asset building community. “Looking forward,” Walker added, “it is that next layer of the struggle to try to organize systemic support, which I don’t think we’ve ever taken on very systemically in the past.”

Discussion also touched on the effect of the economic crisis on the CDC industry. Chin acknowledged that CDC development has slowed, but argued that the impact of the slowdown was not entirely negative, provided CDCs took advantage of the downtime to plan ahead. “Being stalled in the development pipeline, should give us some space and time to do some serious thinking about what the new roles should be over the next decade,” Chin said. Rasheed suggested that a greater emphasis on planning could help the CDC movement. “If a CDC takes the lead to ensure there is a really good master plan that is place-based and then figure out what our role is in this, I believe we can have greater impact,” Rasheed said. From the standpoint of funding intermediaries, Walker noted, that it was important to be respectful of local variation. “If someone provides funding for comprehensive initiatives,” Walker said, “that doesn’t work. But if the community brings an initiative to funders, that works pretty well ... The comprehensiveness isn’t by design, the comprehensiveness is doing really good community organizing – generate the political support that gives you a way better chance of getting it done.”

In the policy arena, there was a stark contrast between the state level – where funding cuts have left community development corporations on the defensive — and the federal level, where stimulus spending and new Obama administration initiatives have provided new opportunities for CDCs. On the state policy panel, Jon Shure, Deputy Director of the State Fiscal Project at the Center on Budget Policies & Priorities, argued that statewide CDC associations should focus on preserving state budgets by participating in broad coalitions that meet state deficits through a combination of tax increases and budget cuts. Not all budget cuts can be avoided, but a “balanced approach” of program cuts and tax increases, Shure said, has the best chance of preserving at least a modest level of state community development funding. Pamela M. Prah, Senior State Writer of the Pew Center on the States, and Julia Seward, State Policy Director at LISC, also highlighted the significance of the states’ “fiscal crisis.” Seward suggested that beyond defending current programs, statewide CDC associations could also be effective by working to “change programs and rule making so the money we get is better utilized.”

At the federal level, by contrast, the picture for community developers is considerably brighter. Tammye Treviño of USDA’s Rural Development Housing and Community Facilities Program noted that USDA funding of rural housing had increased under the stimulus bill from \$3 billion in FY 2006 to \$13 billion in FY 2010. The difficulty, Treviño noted, is that staffing has not kept pace. “Volume has more than tripled, Treviño said, “but have no more staff than in 2006.” Douglas Rice, Senior Policy Analyst, Center on Budget and Policy Priorities, promoted federal legislation that aims to preserve public housing — the Preservation Enhancement and Transformational Rental Assistance (PETRA) bill; the bill, Rice said, aims to preserve 1.2 million units of existing public housing. Adrienne Quinn, VP for Public Policy and Government Relations at the national funding intermediary Enterprise Community Partners highlighted the Obama administration’s Choice Neighborhoods program, a new (FY 2010) \$65-million program that provides grant funds to promote the transformation of public housing through the linking of

housing to efforts in related areas, such as schools, job creation, community facilities, and public safety. Buzz Roberts, Senior Vice President for Policy at LISC, focused on three items: 1) preserving the ability for states to exchange low-income housing tax credits for cash grants while the tax-credit market remains depressed, 2) extension of the new markets tax credit program (which supports commercial development in low-income communities), and 3) start-up funding for the National Housing Trust fund, established in federal housing legislation in 2008.

The following day continued on the theme of new opportunities in federal community development policy with a panel on the Sustainable Communities Initiative at HUD (U.S. Department of Housing and Urban Development). Shelley Poticha, Director of the new Office of Sustainable Housing and Community Development at HUD addressed the conference, where she highlighted the intersection of transportation and housing. “Many folks are spending more than half their income on housing and transportation,” noted Poticha. “For low-income households, this can go up to 70 percent. We need to understand how that is shaping foreclosure rates.” Beth Cooper, a staff member of the U.S. Senate Committee on Banking, Housing and Urban Affairs identified key provisions of the Livable Communities Act (S. 1619), which would provide for a permanent HUD office of Sustainable Housing and Community Development, dedicate \$400 million in four years for comprehensive planning grants and provide \$3.75 billion over three years for “challenge grants” in such areas as affordable housing, transit oriented development, public transportation, pedestrian and bike paths, brownfields, and economic development. Mariia Zimmerman, the Policy Director of Reconnecting America, spoke in favor of the Livable Communities Act, but noted that due to state and local budget cuts, 86 percent of transit agencies are looking to increase fares, cut service, lay off workers, or a combination of all three.

A second panel highlighted efforts to transfer sustainability policy from Europe to the United States. Ellen Pope, Director of Comparative Domestic Policy at the German Marshall Fund of the United States, talked about an initiative of the Fund to support delegations from the United States to learn about approaches to transit-oriented development in Europe. Susan Perry Cole, President of the North Carolina Association of Community Development Corporations, vouched for the tours’ effectiveness. “Seeing is believing,” said Cole. “If Germany can rebuild East Germany, why can’t we take that model and rebuild our communities? It made it real to me.”

At a lunch plenary, Ron Sims, Deputy Secretary at HUD, and Victor Vasquez, Deputy Under Secretary for *USDA* Rural Development, both addressed the conference. Sims emphasized, his effort to move “decision making down to our field and regional offices” and the Obama administration’s proposal for a \$150 million “catalytic fund” to spur community development innovation. Vasquez identified a number of rural development priority areas, including expansion of broadband, promotion of renewable energy, Increasing agricultural exports, and connecting small farmers and farmer cooperatives to markets.

A final plenary included a roundtable of foundation leaders providing their impressions of the state of the CDC movement. The central theme: although many foundations have cut support to CDCs due to declining foundation endowments, philosophic support by philanthropy of CDCs is actually on the rise. For example, Timothy Black of the Home Depot Foundation noted that, “[A]lthough a number of CDCs have failed, this current climate has showed that they have more relevance than ever.” Angie Garcia Lathrop Executive for Global Corporate Responsibility at

Bank of America, made a similar point. “For the first time in my career in the field of community development within financial institutions, folks outside my world now talk about nonprofits and the role and importance of strong nonprofit partners in the community,” Lathrop said. “That is a sea change that I think has to be maximized externally as much as I work to maximize it internally. It’s a huge benefit to all of your collective work.” Melissa Johnson, Executive Director, Neighborhood Funders Group highlighted what she saw as three positive developments: 1) increased openness to providing CDCs operating support, 2) an increase in multiple-funder collaborative initiatives, and 3) increased foundation support for advocacy.

For more information on the National Alliance of Community Economic Development Associations, see: <http://www.naceda.org>