



Interview of Maggie DeSantis

President, Warren/Conner Development Corporation (Detroit, MI)

Interviewed by Steve Dubb, Senior Research Associate, The Democracy Collaborative
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Maggie DeSantis is a Founder and President of Warren/Conner Development Corporation, a Detroit-based community development corporation noted for its “comprehensive” approach to community development that combines commercial development, service delivery, and community organizing. Since it began operating in 1984, Warren/Conner has played an important role in redeveloping Detroit’s Eastside. Signs of revitalization include the development of the 60,000 square-foot Mack Alter Square Shopping Center, a revitalized Warren/Conner Shopping Center, hundreds of new homes and recently-announced plans by the Salvation Army to put a \$50 million new state-of-the art Community, Recreation and Performing Arts Center on Conner Avenue at Chandler Park Drive.

Warren/Conner owns its 30,000 square-foot, renovated headquarters building and also serves as landlord to a number of service agencies. Warren/Conner is the parent corporation to a number of subsidiary groups, including a youth development program, a workforce development group, a community organizing or capacity-building group, and three real estate subsidiaries.

What were the origins of the Warren/Conner Development Corporation? How has the organization’s relationship to the community from which it emerged evolved over time?

The organization started after a two-year process. In the early 1980s, I was working with the Southeastern Community Association (SECA) to develop a community plan. This organization is the result of that work. I lived in the neighborhood and I was working with another agency. That agency assigned me to work with SECA and help them develop a plan. The plan we created called for the development of a coalition of businesses, residents, and institutions in the area. We asked a hospital that was being built at the corner of Warren and Conner to support our effort and to our surprise they said yes. That led to a 2-year planning process. And then they loaned us the initial \$56,000 that was used to hire me. So the initial board was a coalition of businesses, residents, and institutions and it has always been a coalition of organizations and a coalition of those three segments of the community.

Your board with its designated business, institutional, and residential representatives has a somewhat unusual structure. What benefits has this multi-stakeholder model brought to your organization?

Well, it is hard to say what a normal CDC board structure is. A traditional CDC that does affordable housing might have a lawyer, an architect, a real estate broker, and a few community representatives.

We have always had more of a community leadership type of structure. You get a much broader agenda and a much broader way of thinking about things that way. It really came out of that initial planning process. If we were going to have far-reaching impact, we knew that you couldn't do that with a board that is insulated and is focused only on bricks and mortar, or that is only residents or only business or institutions. It is not necessarily easier, but people kind of know that the board is diverse and it has a lot of leaders on it. There is a fair amount of credibility that is attached to that.

Your organization has a number of affiliate groups or programs, including a youth development group, a workforce development group, a community organizing or capacity-building group, and three real estate subsidiaries. Could you explain briefly how each of these developed and how you coordinate their activities so that they support each other?

Warren/Conner is now set up as the parent corporation. The affiliates originally started as programs of ours. The programs developed out of that initial planning process in the early 1980s. The youth program was developed with local institutions and the local police and is now a separate subsidiary. The workforce development was created out of an economic development plan in the late 1980s and early 1990s. The community organizing and capacity building program was formed out of a community planning process through the Casey Foundation "rebuilding communities initiative" in the mid 1990s. The real estate pieces – the original decision was that our bricks and mortar were going to be commercial rather than housing.

We came to a point where we were a nonprofit that sponsored different programs – it became very cumbersome: to some we were economic development, to some we were organizing, to some we were youth. As we got to the point of thinking about leadership succession and survival beyond the current executive director, we decided that each of those programs should have its own board, its own identity, its own tax status, and its own executive director. Warren/Conner is the sole owner of the subsidiaries but each one has its own separate tax status and can raise its own money and the board is in charge of the mission. We've negotiated operating agreements between the parent and the subsidiaries over how decisions get made and who has authority over what.

The restructuring process – we made that the basis of our 2002-2007 strategic plan. We just finished our new strategic plan going forward for the next five years. It was developed by all the boards, and is going to be presented to the WCDC board in the next couple of weeks. It is really five separate plans with some integration on some issues we are working on in common.

What are your priorities going forward?

Our youth program and workforce development are going to go citywide. There is a big emphasis on collaboration to work with other organizations to be more effective. We've changed a little bit our philosophy about community organizing. Traditionally we've worked with helping Block Clubs – now there is a focus of uniting block clubs into associations so they can have more influence. There is not a lot of change in the basic way that we do the work in the community – just a lot more emphasis on collaboration and a larger geographic scope for two of them and then a big emphasis on entrepreneurship, on developing more earned income and

tapping more into individual contributions so we can reduce our dependence on foundation grants.

The resident ownership model you use for one of your real estate subsidiaries is rather unusual. Could you discuss the resident share-ownership structure of Detroit East CDC? Specifically, how does this work and what financial return, if any, do resident owners receive?

Basically, it's a for-profit shareholder cooperative, which means that regardless of the number of shares you own you still only have one vote. We've got institutional owners with a lot of stock and resident owners with a little and they all have one vote. The real gist of it is that. It's like a closed corporation in many ways – if we want to sell more stock, it has to be tied to a specific project. Some have donated the stock to Warren/Conner. Mostly they hold on to it.

At one point, it owned 8 acres of property, but it also had a huge debt load. So it formed a partnership with Eastside LAND, Inc., another of our subsidiaries to make that package of land attractive for brownfield redevelopment and investment by a developer-partner. Now there's a shopping center there that wouldn't be possible without that initial investment by our shareholders in the late 1980's.

Detroit East CDC still owns one building. We are doing a rehab of that building. The corporation has spawned a great deal of development. The shopping center is a 60,000-square-foot very attractive shopping center. The equity raised through Detroit East CDC allowed us to buy the land and hold out for it to be developed in a way that would benefit the community. The members haven't gotten much of an economic return, but what they've spawned is pretty incredible. And they probably will end up making an economic return on the one building that the corporation still holds.

We are not looking to sell the entire building, but rather we are looking for a partner who buys an ownership share. We have to continue to reduce the debt. In the weak Michigan market, the hardest part is finding a tenant.

What is the membership and size of Detroit East CDC?

It has about 200 resident members and 5 institutional members, and it has roughly \$200,000 in initial investment equity.

If you had to choose three accomplishments of Warren/Conner's work that you are most proud of, what would be?

There is no one specific thing. Anyone who knows the Eastside is always amazed at the level of development, even though we haven't done everything ourselves. Between our organizing, advocacy, and bricks & mortar work, we have spawned organizations that are bringing block grants in and building homes, we built the shopping center, and we've created programs that are 20 years old and still serving kids. It's the sum total that causes people to recognize that the

Eastside is a strong part of the city and everyone recognizes that. It relates to our influence and existing as an advocate than anything else.

For example: The Kroc family – owners of McDonald’s — they bequeathed several billion dollars to the Salvation Army to develop 10 state-of-the art recreational facilities in disinvested neighborhoods. The Detroit Salvation Army convinced them to put \$50 million in for a facility in Detroit and we convinced them to put the Detroit facility at Warren and Conner. That initial \$50 million is bringing another \$40 million.

This is what I mean by influence. We helped them gain site control and helped them fundraise. It is that kind of stuff that I mean when I say we have helped reshape the Eastside.

Shifting gears and thinking nationally, obviously there has been tremendous growth in CDCs and CDFIs and the community wealth building movement more generally since Warren/Conner was founded in 1984. What do you see as most important changes brought about by the growth of CDCs and CDFIs?

There’s been growth, but there is also stagnation. If you start where the industry or movement started in the 1960s – clearly there is now a community development industry or movement. If you compare with the mid-1990s to where we are now there is definitely stagnation. A lot of traditional funders are starting to question whether the movement is at an impasse. There has always been a debate within the movement between bricks-and-mortar and comprehensive work. There is a huge crop of people like me — of founding visionary executive directors – that in many ways defines community development. You have to be a little bit obsessive to want to do this. You fight really big odds. So you have the personalities that don’t always think about succession. So there is a question of what will happen when this generation starts to die or burn out. The 1990s –there aren’t as many people who have the same kind of emotional make-up as the sixties generation did – too few to really sustain the community development industry without a lot of intervention. And then you have cities that are older and older and older and funders who are less and less willing to make that investment. You have a federal government that is backing away – that started in the early 1980s but they are backing away more. The national organizations that used to exist – like the National Congress of Community Economic Development and the National Community Builders Network—they disappeared. So the Center for Community Builders [and the National Alliance of Community Economic Development Associations-sd] is trying to resurrect that national voice. But it’s really a much more localized voice and it varies from state to state.

For Warren/Conner, what impact has declining federal support had for your work?

Our strategic plan talks about more entrepreneurship. We were never that reliant on federal funding. The 80s spawned a generation of CDCs that were more entrepreneurial. The real issue is whether your revenue portfolio is balanced so you’re not relying on any one source. Our response is to make a strategic plan to balance earned revenue with government contracts and foundation funding.

Right now, we've got a ventures committee that is working to create ventures. There are several options we are looking at. We decided to take the two buildings we own and convert them into profit centers – we're working to attract tenants that pay market-rate rent. We are looking to buy a convenience center in the community that we helped build. We are looking to start a wholesale product distribution business. We have a campaign slogan "I'm an Eastsider" and market products with that slogan to various retailers. So there are a number of ways that we are trying to get serious about entrepreneurialism. We are furthest along on the building piece since we already own the buildings and know how to do real estate.

Another area, which involves not declining federal support, but rather federal financial deregulation, has led to the rise of a predatory lending industry that strips away the assets and wealth that community development groups try to build. How has the Detroit Eastside and the community Warren/Conner served been affected by the foreclosure crisis? At the level of policy, what do you think can be accomplished in this area?

Because we really don't do housing, we really have not gotten directly involved in the foreclosure side. We are trying to partner with organizations that are involved in it. The impact in our neighborhood has been horrible, terrible. Every day we see the impact of it. In the neighborhoods we try to work in, it's bad.

We know there are a lot of people working on it. The only thing I think that is going to make a difference – this is me speaking, independently of my role at Warren/Conner – is that we have to have a moratorium on foreclosures. The houses are emptying out and they are being bought en masse by absentee investors. They are not going to have a mechanism to pay attention to the neighborhoods. It's just bad what's happening.

Are there specific areas where Detroit CDCs and community organizations need to focus their efforts to better develop capacity?

The only strategy that has kept the city from dying completely in these last 15 years are the CDCs, but folks don't understand that. We don't market ourselves. Detroit has never had a progressive community development atmosphere.

The industry is dying in the city. Michigan is probably the state with the worst economy in the country. When Michigan gets sick, Detroit is on its deathbed. The local Detroit funders are reacting and many are not supporting community development. There is a lot of withdrawal of funding. Instead, there is a strategy of targeting. The city picked six neighborhoods—almost none of them have viable CDCs. They were picked for other reasons. The older CDCs like us will make it, but there are CDCs that are dying off.

Some funders get it. Others do not. They've gone to other cities—they are trying to import what they see as other city's solutions, but the problems of Detroit are more severe and different. Detroit used to be inhabited by two million people sparsely. Now it has 900,000. So the level of vacancy is stunning, much worse than other cities – that's going to require more radical strategies, and there are too few leaders in Detroit willing to go there.

Your organization does a considerable amount of commercial development, but also does a considerable amount of community organizing. As you know, there has been a long-standing debate regarding how to balance development and organizing and these goals are often seen as contradictory. How does Warren/Conner achieve this balance?

We've never seen them as contradictory, although obviously it does create a dynamic tension. We are straight up about it – we say to funders this is what our members and constituents' priorities and this is what we are funding. With our Rebuilding Communities subsidiary, our community organizing program, Casey gave us 8 years. When that dried up, we were faced with the harsh reality of how hard it is to raise money for organizing. It is a challenge.

It's what we're supposed to be doing, so the real question is how we find the resources for it. The balance is more of a funding challenge than anything else. I frankly think that the CDCs that say they feel that they don't need to organize are copping out – they just don't want to do it.

Presumably, the argument that CDCs make who don't organize is that it is hard to organize against a target who is also a development partner.

Well, that's true. The bottom line is you can't organize around everything. You have to be more strategic and creative about where you get resources. You can't ask for money for people you organize against.

It also boils down to your philosophy of organizing. Some follow a consensus model. Others follow the [more confrontational] Alinsky model. We define our organizing as relationship-based. Some would say that is not real organizing. But it is certainly better than no organizing. Also, the model of organizing that is appropriate depends on the community.

One area of considerable discussion in the CDC community has been the issue of scale. Scale is seen as necessary for accessing greater amounts of capital, but can also mean larger organizations that may (or may not) become disconnected from the communities they serve. You mentioned that in its strategic plan two of Warren/Conner's affiliate organizations plan to expand their scale to extend citywide. How has Warren/Conner sought to build scale while retaining community responsiveness?

Some of it has to do with the decisions you make. The one affiliate that really retains a strong relationship with the community is not one of the ones that are going citywide. I think part of the reason this is so is that we recognize that.

Another part of it is whether you are going to remain philosophically committed to the people you serve. That's not just a geographical question. For workforce development, we are now citywide but we've never lost the commitment to serving the hardest to employ. In the youth program, we have the ability to go citywide but we generally choose to go into schools that have the most at-risk kids. Sometimes the most philosophical of problems are invented by academics, who would rather study than do.