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**ABSTRACT**

Urban and rural development requires an innovative problem-solving mechanism that would better use the leverage inherent in available resources. There is a model of such an institution now evolving in depressed areas which warrants a substantial investment of Ford Foundation funds: the Community Development Corporation (CDC)--an organization whose raison d'etre is the efficient allocation of resources to improve the conditions of life in minority communities. The CDC is a locally controlled, tax-exempt corporation that operates programs aimed at both immediate relief of severe social and economic disadvantaged and at eventual regeneration of its community. Its programs are usually funded by grants or investments from government and the private sector; and they seek primarily to increase jobs and income, to improve housing and to secure better services from local government, business, and utilities, and to foster a sense of hope in communities that have been stagnant or deteriorating. Although governed by boards representing coalitions of local interests, the most effective CDCs are run by strongly individualistic executives. The National Affairs Division of the Foundation has embarked on a series of experiments to develop and test this new kind of institution through support of a group of CDCs, which vary by race, region, organizational structure, and program emphasis. The primary goal of these experiments is to strengthen a promising development institution. A directly related purpose is to conduct operational research on the development process; i.e., especially minority community development; still another objective is to train leaders and managers. (Author/JM)

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# community development corporations

A STRATEGY FOR  
DEPRESSED  
URBAN AND RURAL AREAS

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EDUCATION & WELFARE  
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A Ford Foundation Policy Paper

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*This report deals with an expanded program of Ford Foundation support for community development corporations in the nation's depressed urban and rural areas. Over the next five years the Foundation plans to devote a substantial portion of the budget of its National Affairs Division to such models for the regeneration of these areas. Descriptions of eight of the major community corporations the Foundation is currently supporting are contained within the text.*

*The report is adapted from a paper presented to the Board of Trustees of the Foundation in September 1972, before President Nixon's fiscal 1974 budget had been sent to Congress. The emphasis of that budget on state and local revenue sharing for the support of many social and developmental programs will obviously require some changes in the source of financing for some activities of the community development corporations (CDCs) discussed below. In February 1973, these changes are already evident as local CDCs turn for funding increasingly to the state, county, and municipal authorities with which they already have strong relations. At these levels of government, organized, responsible representation for the poor and disadvantaged may be even more crucial than it is at the federal level; the effectiveness with which CDCs provide this representation in the next few years will be a test of the adaptability that is claimed for them.*

MITCHELL SVIRIDOFF  
Vice President, National Affairs

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The nation's most serious domestic problem continues to be the fact that large numbers of its minority group citizens live in poverty and isolation in depressed central city and rural areas. Over the last decade the federal government has initiated scores of programs in an effort to develop or redevelop such areas. The resources allocated through these efforts have had some productive results, but neither separately nor as a related series of actions have such programs had much long-range effect on the impacted problems of most minority communities.

The major lesson implicit in the experience of this decade is that changing social problems cannot be best solved by narrowly focused "crash" programs with large budgets. The marginal impact of such programming leads to a second lesson: that efforts to deal with depressed areas must be comprehensive and long-term; social, physical, environmental, and economic redevelopment efforts are all required. Finally, and most im-

portant, it seems that a principal cause of the lack of federal program impact is the mismatch between society's capacity to provide resources and the limited ability of local communities to absorb and use them effectively. The possibility of finding new techniques for effective resource use was the basis for a prime conclusion from a recent Brookings study on national priorities:

In many areas of social policy, no one really knows which techniques or approaches are successful and which are not. ...The major private foundations could...play a role in sponsoring social experiments. Foundations sometimes have greater freedom of action and are less likely to be wedded to existing programs than are federal bureaucracies.\*

What urban and rural development require is not just capital but an innovative problem-solving mechanism that would make better use of the leverage inherent in available resources. The development process is constantly changing and requires a capacity for flexible response and different strategies in different places at different times. There is as yet no satisfactory institutional model with responsibility for the resurrection of depressed areas and the internal capacity to evolve new programs in response to changing problems.

But there is a model of such an institution now evolving in depressed areas around the nation which warrants a substantial investment of Ford Foundation funds: the community development corporation (CDC)—an organization whose *raison d'être* is the efficient allocation of resources to improve the conditions of life in minority communities. The CDC is a locally controlled, tax-exempt corporation that operates programs aimed at both immediate relief of severe social and economic disadvantage and at eventual regeneration of its community. Its programs are usually funded by grants or investments from government and the private sector; and they seek primarily to increase jobs and income, to improve housing and to secure better services from local government, business, and utilities, and to foster a sense of hope in communities that have been stagnant or deteriorating. Although governed by boards representing coalitions of local interests, the most effective CDCs are run by strongly individualistic executives who have demonstrated ability to devise programs, attract funds, inspire co-workers, earn the respect of

\*Brookings Institution, *Setting National Priorities, The 1973 Budget*, pp. 463-64.

# The Emergence of Community Development Corporations

people in the community, and harmonize conflicting forces.

A few such CDCs have evolved to the point where they could reasonably become local delivery mechanisms in a national program with systematic funding from governmental sources. In fact, they are increasingly sought after by government at all levels to act as its instrumentality. For example, the Bedford-Stuyvesant Restoration Corporation, with program activities totaling over \$25 million annually, is the recipient of a contract from New York City's Criminal Justice Coordinating Council to implement its ex-offender program, is the prime mover for city and state financed day-care activities in the area, and has agreed to manage a substantial part of the government's inventory of abandoned buildings in Bedford-Stuyvesant. Reverend Leon Sullivan's Zion organization, which is based in Philadelphia, now has over 4,000 employees and a program budget in excess of \$50 million annually, primarily in governmental funding. The New York State Urban Development Corporation (UDC) is one of the nation's largest producers of publicly supported housing. It has designated major banks and one Foundation-supported CDC—Upper Park Avenue Community Association (UPACA)—as developers for the \$100 million redevelopment of a nine square block area in East Harlem.

At the rate at which many Foundation-supported CDCs are attracting resources to undertake public programs, it is not unreasonable to assume a range of programming from \$25-\$75 million annually within five years for each of the principal CDCs. Beyond this growing capacity to manage social and physical programs, they have begun to acquire the characteristics of development institutions in their own right—institutions for the planning, distribution, and management of development resources.

The National Affairs Division of the Foundation has embarked on a series of experiments to develop and test this new kind of institution through support of a group of CDCs, which vary by race, region, organizational structure, and program emphasis. The primary goal of these experiments is to strengthen a promising development institution. A directly related purpose is to conduct operational research on the development process, i.e., especially minority community development; still another objective is to train leaders and gers. ■

Throughout the 1960s the United States addressed itself through a range of programs, many of them innovative, to the problems of urban and rural poverty. Out of this variety of private and public programs has emerged a new and potentially useful social form: the locally controlled, publicly oriented development corporation. Although the Foundation's support has been focused on what it regards as the most promising type, many other types of such corporations now exist. These have originated from two major thrusts in recent domestic policy: the social service and community action activities of the poverty program and the "hard programming" that has grown out of the minority economic development movement and the nation's housing efforts.

The major experimental effort that led to these corporations began with this Foundation's Gray Areas program, started in 1961 and 1962 with grants to Oakland, New Haven, Boston, Philadelphia, Washington, and, state-wide, North Carolina; each of these projects was to undertake comprehensive social programming. The Foundation continued financial support totaling some \$12 million to the Gray Areas programs through the mid-decade. Some programs proved highly successful, most notably in New Haven and North Carolina; others had uneven records; still others languished. The best of the programs mobilized millions of dollars of government and private funds and initiated programs that are now accepted components of social policy (e.g., Head Start, legal services, and various types of job training).

These Gray Areas innovations broke the ground for the national training, education, and social service programs authorized by the Economic Opportunity Act of 1964. Significantly, these efforts were assigned to a local non-profit corporation—a "Community Action Agency" or "CAA"—that was modelled largely on the earlier local Gray Areas corporations. In 1964 and 1965 hundreds of CAAs were organized throughout the nation.

In the years since the early Gray Areas program, the degree and focus of the Ford Foundation's attention to minority programs have varied. Federal adoption of so much of the Foundation-supported model was an indication that a philanthropic program had accomplished its demonstration goals with the result that funding and staff attention were reduced. Following the outbreak of the urban disorders of the mid-decade, the Foundation began to consider new action-oriented programs directly aimed at achieving social and economic parity for racial

minorities. In 1966 an internal staff study resulted in a recommendation to establish a Division of National Affairs containing an Office of Social Development that would stand as an expression of "our greatest present concern...enlarging the opportunities for minorities—most conspicuously the Negro minority."

By 1970 this program was supporting a number of community-based efforts to deal with urban and rural poverty. The Foundation began identifying priority grantees of this type as "community development corporations" or "CDCs," a term which was then being broadly applied to local corporations ranging from Community Action Agencies with comprehensive programs to groups limited to aiding minority business enterprise. The Foundation's definition and use of this term expressed the programmatic objective of helping to build a type of local development institution that would avoid the shortcomings of some of the poverty programs. Groups were sought that gave priority to social and economic programs that could produce visible improvements in poverty areas. The local corporations selected had already built strong community organizations and were interested not only in the efficient delivery of social service programs but also in various kinds of economic development—especially measures that might slow the rate of physical decline in ghetto areas and increase the inflow of income and capital.

Similar considerations, based on experience, influenced the decisions of government leaders devising still more new programs to attack the problems of urban and rural depressed areas. The first of these was the Special Impact Program (Title 1-D) enacted in the 1966 amending legislation of the Economic Opportunity Act. Both the OEO administrators of Title 1-D and its senatorial authors sought to find and build local organizations that could implement effective programs. The Special Impact Program reflected and gave impetus to a growing concern with minority economic development. The other principal manifestations of this concern have been the minority-oriented programs of the Small Business Administration (SBA) and the Office of Minority Business Enterprise (OMBE).

Both the SBA and OMBE programs have concentrated on the individual or small corporate entrepreneur. However, these frequently marginal and dispersed enterprises cannot, as Geoffrey Faux points out,\* carry the den of redevelopment. Experience so far indicates

that programs aimed mainly or exclusively at small business development seem to have little institutional impact in disadvantaged communities. For these reasons, and because of the large federal involvement, the Foundation is de-emphasizing minority enterprise programs in favor of the entrepreneurial efforts of CDCs, especially projects of scale with potential for growth.

Two other programs that grew out of federal efforts in the field of housing have added to the CDC potential during the late 60s. These are the Department of Housing and Urban Development (HUD) Model Cities Program and the subsidies provided under the Omnibus Housing Act of 1968. The original draft legislation for the Model Cities Program was aimed at a limited number of narrowly defined urban minority neighborhoods in six cities, and included funds for support of minority enterprise. Unfortunately, by the time the final legislation was passed in 1967, available resources were diluted by increasing the number of cities to 75 and relaxing the concentration on inner city minority areas. Later in 1967 the program was extended potentially to another 75 cities. Nevertheless, there has been a significant flow of Model Cities funds in recent years to the kind of CDC the Ford Foundation is now supporting.

There are now well over 100 local agencies of diverse parentage, program, and potential claiming the nominal designation "CDC." A better estimate of the total number of CDCs, however, is 64: eight supported by this Foundation, 41 by the Special Impact Program of OEO, and 22 by the Model Cities Program, with seven such CDCs supported by two of these agencies. But the federal CDC label covers a multitude of institutional vehicles. More than a half dozen of the OEO-supported CDCs are controlled by local governments and some others exist only as the recipients of planning grants. A number of the Model Cities CDCs are not concentrated in disadvantaged areas and others are not "community based." Some of the CDCs supported by both agencies are concerned primarily or exclusively with aiding individual entrepreneurs; others conduct no social programs at all. Hence, only a few of the federal CDCs fit the Foundation's definition.

\*See pp. 38-44 of *CDCs: New Hope for the Inner City, Report of the Twentieth Century Fund Task Force on Community Development Corporations*, Background Paper by Geoffrey Faux, Fellow, Institute of Politics, John F. Kennedy School of Government, Harvard University, published by the Twentieth Century Fund, New York, 1971.

# The Foundation's Community Development Program

While there is no coherent theory of development or redevelopment for depressed rural and urban areas in an advanced economy, the national experience over the last decade and our own work over the last few years suggest two primary institutional characteristics:

—First, a greater impact on problems of distressed areas is likely to be made by a locally based, multi-purpose institution—a community development corporation—than would result from government acting directly.

—Second, the early growth of such CDCs should be supported by a “development support institution” able to provide grants for administration and project activities; equity and debt capital on subsidy terms, particularly for projects of scale; and technical and managerial assistance.

The Foundation does not hold out the CDC model of development as applicable to all urban and rural depressed areas, some of which appear to have deteriorated to a point beyond the reach of currently available resources. CDCs appear to have the best chance for success in those communities where there is some potential for viability, i.e., where there is a reasonable concentration of a stable working class population, a degree of home ownership, or some complex of significant and dependable generators of income. The purpose of this program is to assist competent local development institutions in such communities, to explore the process of development in depressed domestic areas, and to aid in the growth and exercise of minority leadership.

The Foundation's community development program consists of: (a) continuing operating and social program grant support for up to ten major CDCs; (b) selective recoverable grants as seed capital for concentrated economic development programs; (c) carefully designed technical assistance by professionals in such fields as commercial and housing development, management, and accounting; and (d) program-related investments (PRIs)\* in most of the projects of scale. These grants and PRIs, especially those for concentrated economic development projects, embody performance goals set by mutual agreement between the Foundation and the grantee. Since it takes a considera-

ble amount of time for both institutions and large-scale economic development projects to mature, the Foundation anticipates continuing this program for another five years.

## **CDCs: Nature and Characteristics**

The kind of CDC that the Foundation has chosen as a development model is distinguishable in several ways from other organizations using the same title. It displays strong and sophisticated leadership, balanced comprehensive programming, and a capacity to engage in concentrated economic development through large-scale projects.

First and most important of these distinguishing characteristics is the nature and quality of leadership. A CDC needs a leader who is a “public entrepreneur” of a high order. With a leader of this kind who can make things happen, a CDC has a chance to prosper; and reciprocally, CDCs are vehicles for the growth and exercise of such leadership.

Another basic characteristic is that a CDC engages in both social and economic projects and seeks to demonstrate how these two types of programming reinforce and depend upon each other. Economic projects such as commercial and housing development bring in jobs, income, and capital; they improve the physical environment and enlarge the sense of growth and opportunity within the community. By operating a variety of education, training, and other social programs, the CDC not only meets critical needs for social services but also builds power, credibility, and authority. Such power and credibility, in turn, are necessary to command respect from outside funding agencies; and the authority is critical in reaching community decisions on matters necessary to the success of economic development programs (such as zoning changes, family displacement, and property condemnation).

In programmatic terms redevelopment appears to require a coordinated and comprehensive strategy involving both economic and social approaches. Employers require trained, competent employees; and individuals benefiting from social and training programs require jobs. Finally, those with jobs or other sources of income demand decent housing, recreational and shopping facilities lest they remove their families and consumer spending from the area.

\*Program-related investments are Foundation funds invested in socially useful commercial and nonprofit enterprises at higher rates of return or for less return than is the case with the Foundation's other investments.

The major CDCs are emphasizing the development of commercial and residential property involving large-scale projects, ranging from individual shopping center and housing development projects, concentrated in limited geographic areas, to programs on the scale of new towns. Only large-scale physical redevelopment brings recognizable change, has some chance to transform the tone and texture of the environment enough to retain or attract middle-class residents, and can capture a larger share of local consumer expenditures. To build a broad and sound institutional base, CDCs must implement projects of scale to demonstrate their capacity and strength in their communities and to generate income.

This emphasis derives both from the difficulties of attracting established enterprises into depressed areas and from several other economic factors. First, both rural and urban depressed areas have a major economic resource in quantities of run down or poorly developed land. Second, the aggregate purchasing power of ghetto residents—although depressed on a per capita basis because of poverty—is nonetheless substantial; but it is frequently spent either outside the community or in inefficient and overpriced “mom and pop” stores. Finally, rural and urban depressed areas display a substantial demand for low- and moderate-income housing.

This is not meant to imply that minority entrepreneurs—be they individuals or community groups—will automatically be more successful than others in exploiting these opportunities; the difficulties of minority (and majority) owned supermarkets in low-income areas across the nation—and the failures of several subsidized housing projects sponsored by minority group organizations such as churches—are evidence to the contrary. At the same time, minority community development corporations have certain advantages that need to be tested. Geoffrey Faux has articulated the benefits of operating through a CDC:\*

Individual entrepreneurs are not equipped to cope with the political nature of ghetto programs... Developers have to deal with a multitude of city government agencies and officials as well as with neighborhood planning and advisory boards, which, if they cannot exercise veto power, can cause intolerable delays... (A) community organization with broad-based political ties is in a much better position to overcome the political obstacles to development... (Further,) in contrast to individuals, community organizations... are

in a position to get the subsidies necessary for initial economic projects.

Further, rural and urban depressed areas will probably be redeveloped only through the application of massive governmental funding. If those funds were available, however, there would be no institutional capacity to utilize them effectively in these areas. CDCs have the potential to fill that void by continuing to acquire experience with projects such as commercial centers and housing. They will be able to increase the skill and knowledge of their staffs in both development and property management and to upgrade their management and accounting systems to the level where they could responsibly and efficiently administer large public and private programs.

Two such land-based concentrated economic development projects are being undertaken by the Bedford-Stuyvesant Restoration Corporation in Brooklyn and the East Central Committee for Opportunity (ECCO) in rural Hancock County, Georgia. The Foundation has already committed both grant and PRI funds to the Restoration project, the construction of a \$5.8 million “Sheffield” commercial center. This project will provide a mix of community, retail, and commercial facilities for a population of approximately 75,000 people.

ECCO’s current project of scale is the construction of a federally financed 150-unit housing complex. A recent Foundation recoverable grant of \$268,000 has enabled ECCO to acquire the remainder of a 700-acre tract for

*Text continued on page 26*

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### CDC Profiles

*On pages 10 through 25 are brief descriptions of the eight major urban and rural community development corporations assisted by the Foundation.*

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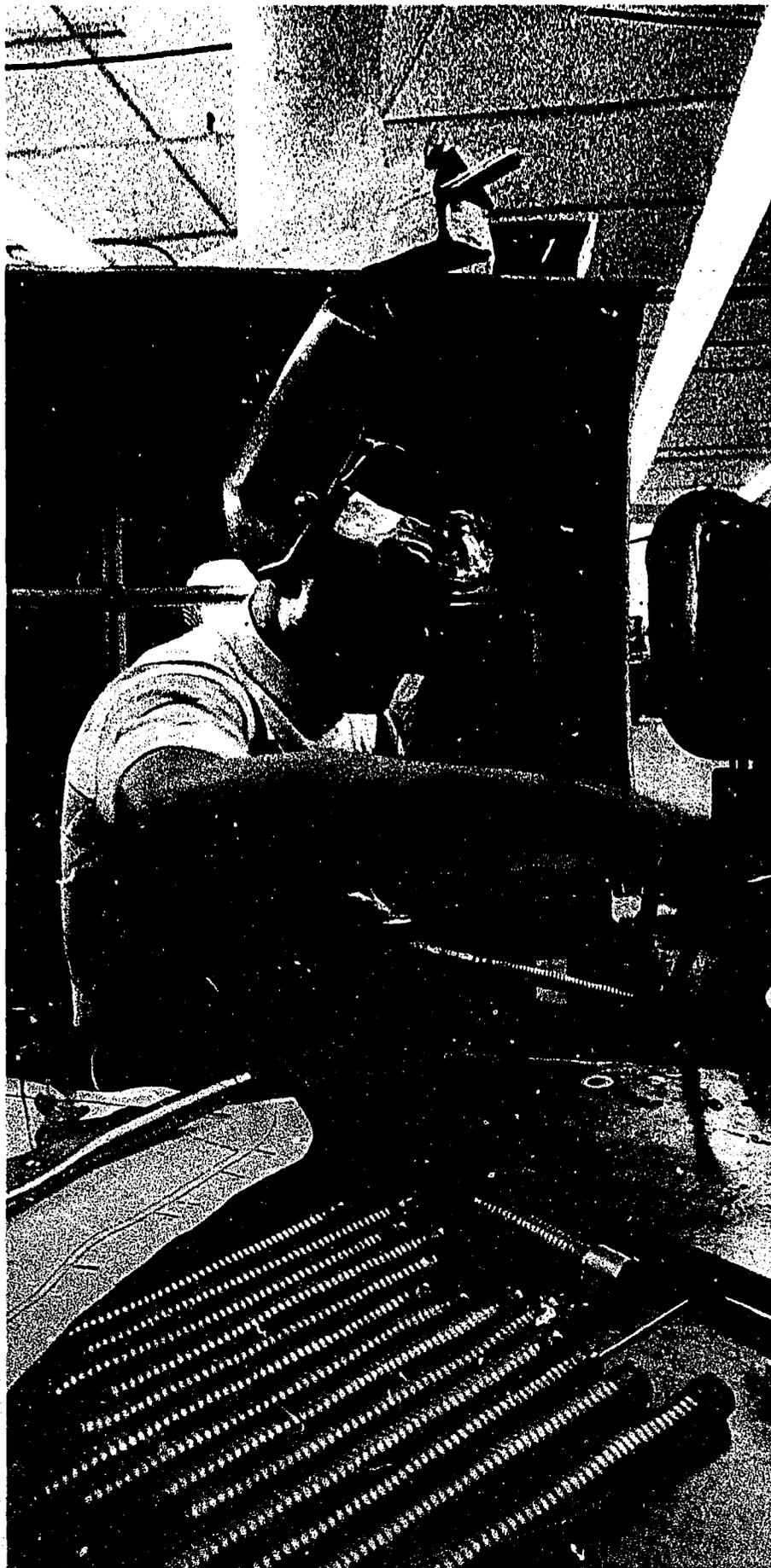
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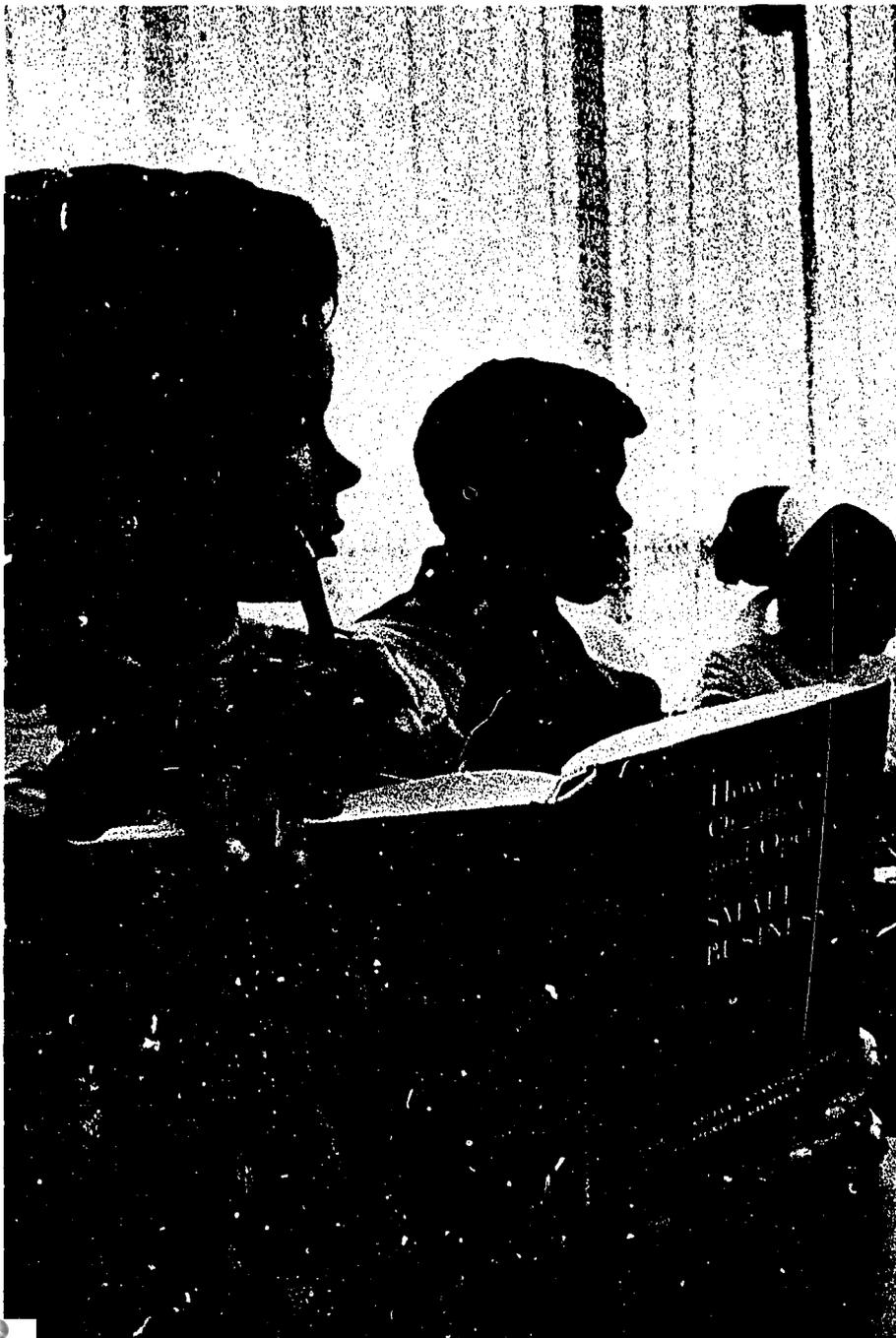
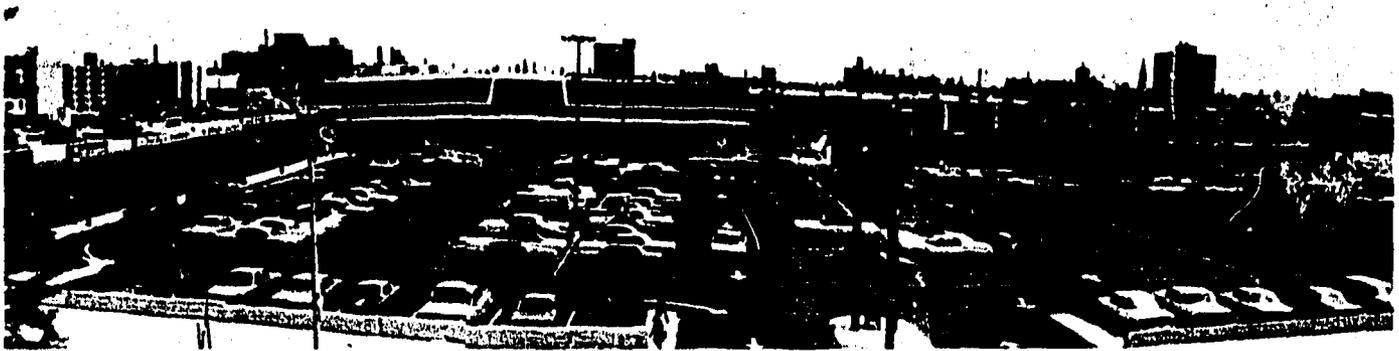
# Zion Non-Profit Charitable Trust

The Zion organization, under the leadership of Reverend Leon Sullivan, conducts a variety of social and economic programs in North Philadelphia. A founder of Zion Baptist Church of Philadelphia, Reverend Sullivan became active in the city's civil rights struggles during the early 1960s by organizing a selective buying campaign against large companies in the Philadelphia area that discriminated against blacks in their hiring practices; at the same time he began to lay plans to train blacks for new jobs. In January 1964, he opened the first Opportunities Industrialization Center (OIC) where black youths could learn industrial skills. Now a national program, OIC has trained over 40,000 unskilled people in ninety-five cities in the last six years, and the bulk of its \$40 million annual budget comes from federal grants. In June of 1962, Reverend Sullivan initiated the "10-36" plan, a program through which his parishioners would invest \$10 per month for thirty-six months in order to fund community educational and charitable activities and to create a capital base for local housing and economic development. The "10-36" plan now includes 6,000 investors and is the foundation of the Zion program.

Over the years, Zion has engaged in a number of economic development activities. A \$1 million, ninety-six-unit garden apartment complex was financed through the Industrial Valley Bank and the Federal National Mortgage Association (FNMA). The 76,000 square foot Progress Plaza Shopping Center was developed at a cost of \$4 million for land and construction, with the participation of Philadelphia's First Pennsylvania Bank and Trust Co., the Metropolitan Life Insurance Company, and the Ford Foundation.

Early in 1968 Rev. Sullivan persuaded General Electric to provide technical assistance to help Zion develop an electronics and mechanical parts plant. Based upon a \$91,813 labor-training contract from the U.S. Department of Labor and a loan of \$680,000 from the First Pennsylvania Bank and Trust Company, Zion headed Progress Aerospace Enter-





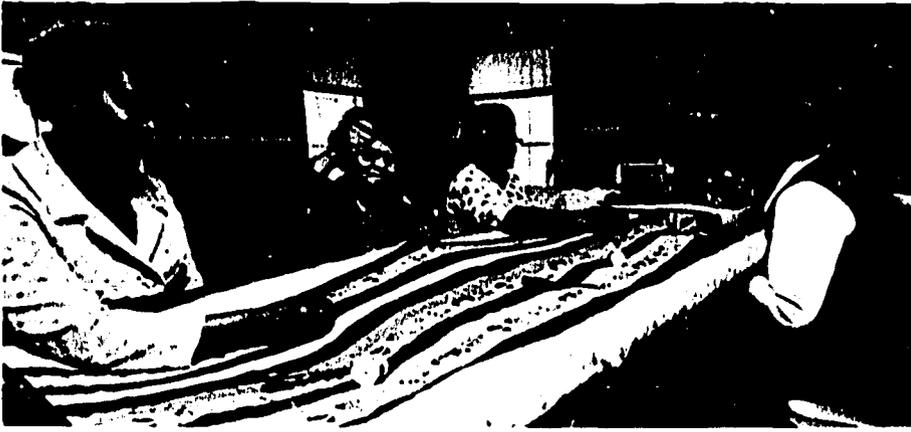
prises, Inc. At its inception the new company was managed by personnel from General Electric's aerospace plant at Valley Forge, Pennsylvania. Now after an intensive nationwide search for top-flight management, the firm has its own interracial team of managers, some recruited from the aerospace industries of California, who supervise a labor force of 200 people.

Progress Aerospace Enterprises, Inc. is located on a new three-acre industrial park purchased by Zion in northwest Philadelphia. The park site, which will eventually house several enterprises, is being renovated by Zion's Progress Construction Company. Progress Construction Company also holds a contract in a joint venture on a \$5 million office building. Zion is currently planning future large-scale programs that will comprise commercial construction, including new shopping centers in and around Philadelphia, and a number of low- and moderate-income housing projects. The combined Zion enterprises currently employ approximately 350 people and produce gross annual revenues over \$3 million.

Zion's wide-ranging social programs are conducted through the Zion Non-Profit Charitable Trust. The Trust, with a budget of \$3.5 million, is governed by a six-member board and has 144 employees. It operates a number of locally based programs including a tutoring and financial assistance program for high school students; a day care center accommodating 140 children; loan packaging, management assistance, and training for minority businessmen; and a general counseling service for residents interested in continuing or resuming their college education.

Grants from the Ford Foundation totaling \$3,025,360 are helping strengthen Zion's economic development activities in commercial and housing development.

*Progress Plaza Shopping Center (above), a mechanical parts plant (opposite page), and training for minority business developers (left) are among activities sponsored by Zion Non-Profit Charitable Trust.*



The South East Alabama Self-Help Association (SEASHA) grew out of a community education program sponsored by Tuskegee Institute in 1965. The small original staff was responsible for basic community organizing and providing various kinds of aid to the rural poverty population of its target counties in obtaining social services from unresponsive local agencies, assisting residents in retaining their land, and in securing adequate water systems. The association was conceived as a multi-purpose community development corporation to improve social and economic opportunities in twelve southeast Alabama counties.

Some of these counties, five of which are located in the Alabama black belt, are the most destitute in the nation. Their back roads are without gravel, sewer and water facilities are minimal, some 28.7 per cent of all black families in the area earn less than \$1,000 per year, and 40 per cent of the entire population, white as well as black, have less than an eighth-grade education.

Chartered in 1967 and directed by a board made up of residents from each county, SEASHA has attempted to act as an ombudsman on behalf of 8,000 black families, many of whom find their problems compounded by frequently hostile local agencies and institutions. By 1968, SEASHA's program objectives began to broaden beyond these functions, partly in response to local need and partly as a result of the availability of relatively large (\$480,000) funding from the Office of Economic Opportunity. SEASHA is today defined by its executive director John Brown as a "rural economic development corporation." Since 1969, the SEASHA staff, currently numbering twenty-eight, has assisted ninety local individually owned businesses in loan packaging, management controls, and accounting systems. SEASHA has also established a credit union with 1,300 members, total assets of almost \$100,000, and 270 loans outstanding, and a fifty-two-family feeder pig cooperative. A principal objective of the credit union and the cooperative has been to establish the credit-worthiness of black families and farmers with local banks. SEASHA, whose membership through its county affiliates has grown to 6,200 people, continues to provide assistance to its constituents in securing basic social services such as welfare, aid to dependent children, and social security.

SEASHA's future plans for development include a 300-acre housing and industrial development in Bullock County, Alabama; it has already acquired 100 acres of prime land for this and related rural housing development.

Ford Foundation support to SEASHA has totaled \$575,000.

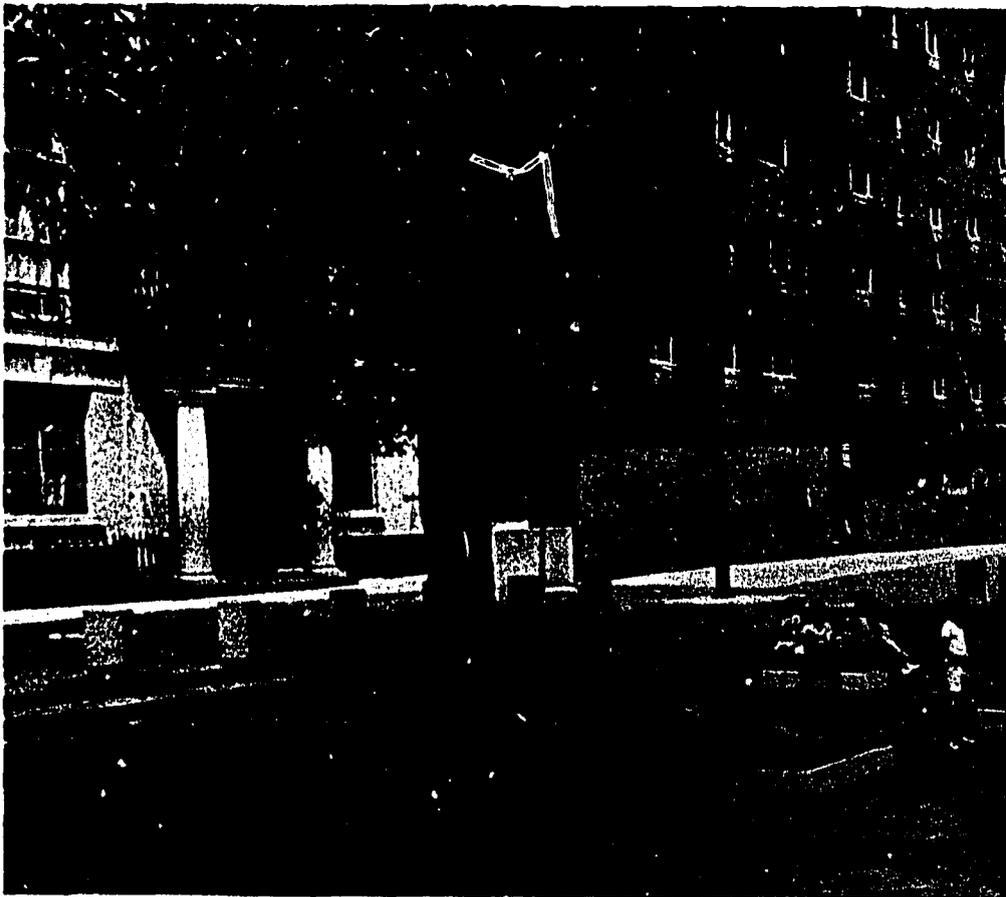
# Bedford-Stuyvesant Restoration and Development and Service Corporations

Brooklyn's Bedford-Stuyvesant section, the nation's second largest black community—population 450,000—is the site of one of the nation's most advanced community development corporations. As early as the mid-1950s large numbers of poor blacks from the South had begun to migrate into Bedford-Stuyvesant. The poverty and educational deprivation that drove them from the South persisted in the new urban setting. A few statistics define the area's chronic problem: median annual income \$4,700; an infant mortality rate of 39 per 1,000; one-half of all youths unemployed or school drop-outs, and narcotics violations eight times the rate for New York City as a whole.

As a community-based effort to combat these problems, the Bedford-Stuyvesant Restoration Corporation, along with its sister organization, the Development and Services Corporation, was founded in the Spring of 1967 with help from the late Senator Robert F. Kennedy and the cooperation of Mayor John Lindsay and Senator Jacob Javits. Its purpose was to mobilize the resources of government, business, and local residents for a program of physical, social, and economic development.

Restoration is the operational arm of the twin corporations, initiating and directing most projects. Its board is composed of local residents and its president is Franklin A. Thomas, former deputy police commissioner of New York. The Development and Services Corporation (D&S), headed by John Doar, former assistant U.S. attorney general, encourages business investments in the area and provides business knowledge and assistance.

With an annual rate of expenditures of more than \$25 million from foundations and government agencies and a staff of more than 300 employees, Restoration operates a variety of social and economic development projects. Since 1968 it has provided seventy local businesses with managerial advice and financial resources of nearly \$6 million, has trained and placed over 4,000 local residents in jobs, and has built or renovated 151 housing units with an additional 814



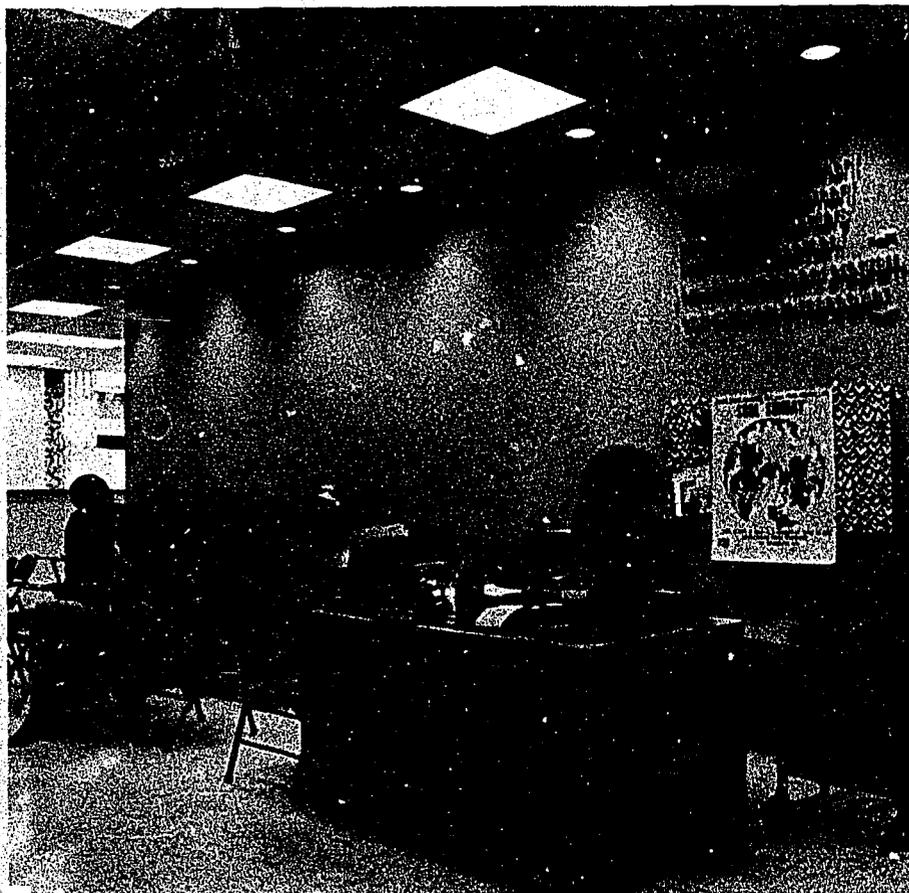


units under construction. Restoration also administers a \$65 million housing mortgage pool, is developing a comprehensive day care center system, has built the first super-block (a new concept for neighborhood community development), and given complete exterior renovation to over 1,800 homes (a program employing over 2,500 residents). In addition, through the corporation's efforts, IBM established a manufacturing plant in Bedford-Stuyvesant providing approximately 400 jobs for local residents.

Restoration is now engaged in the construction of a \$5.8 million commercial center as the first phase of a civic, commercial, and housing redevelopment effort. The center will be built around Restoration's recently completed headquarters in the renovated Sheffield Farms building, a 100,000 square foot structure that also houses a theater, community facilities, branch offices of a bank, an insurance company, a utility, and several local organizations. The center, which is designed to meet the daily needs of approximately 75,000 people living in the immediate area, will include a supermarket, a drugstore, a skating rink, various shops, medical and business offices, restaurants, and mini-theaters.

Ford Foundation support to Restoration totals \$3.5 million in grants and a \$3.4 million loan guarantee.

*Brooklyn's Bedford-Stuyvesant Restoration Corporation has rehabilitated three rundown city blocks into a landscaped recreational area (above). Also shown are a performance at the Billie Holiday Theater (middle left), partners in a moving firm that has received financial help (bottom left), and the manpower section of Restoration's new headquarters (opposite).*



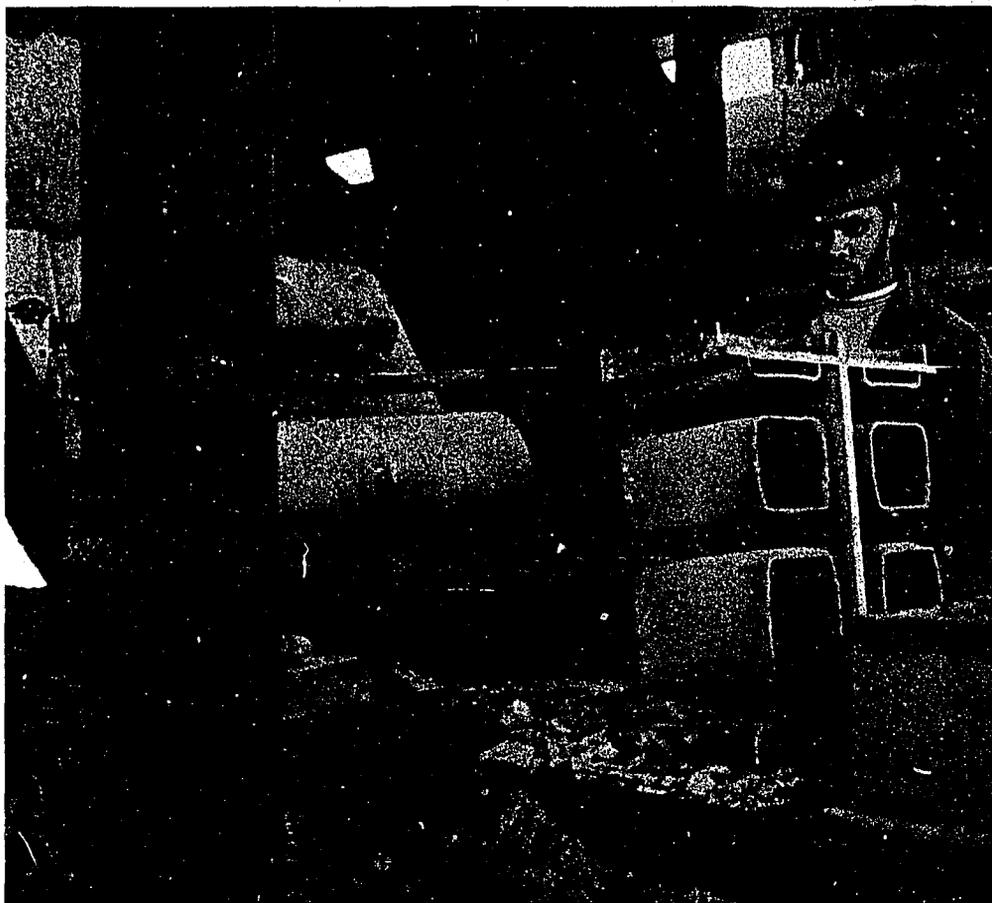
# East Central Committee for Opportunity

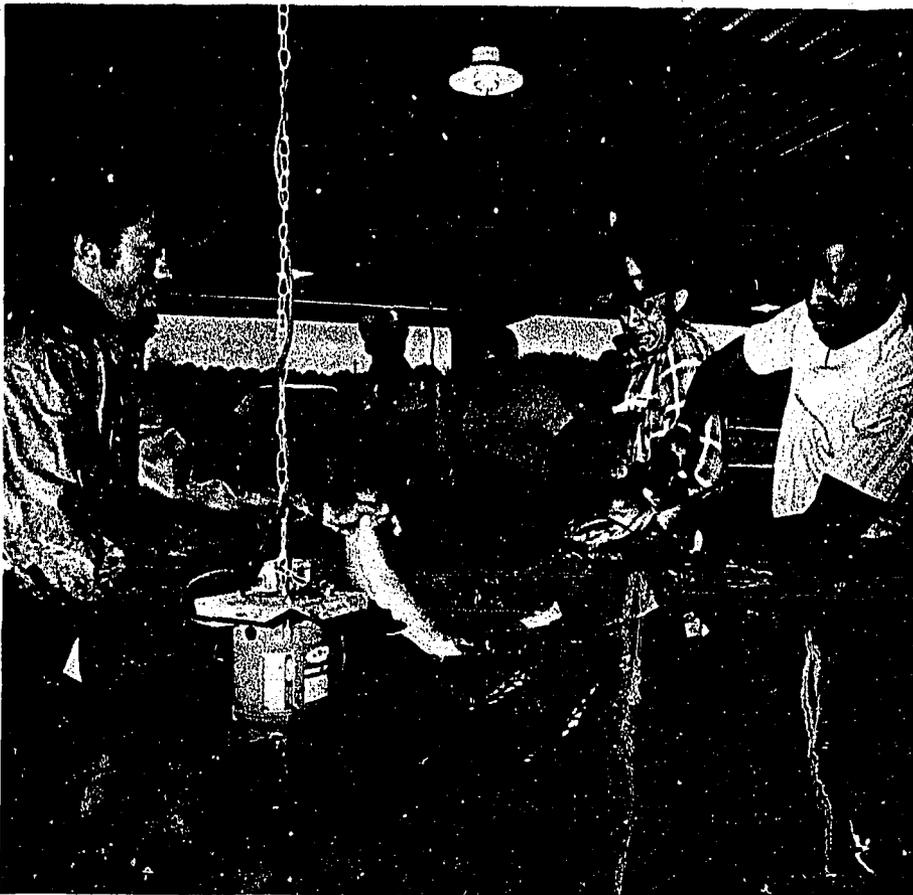
The East Central Committee for Opportunity (ECCO) was organized in 1969 by the Georgia Council on Human Relations. Now independent of the council, ECCO seeks to stimulate and develop economic opportunities in rural, predominantly black Hancock County, Georgia. This county, about 100 miles southeast of Atlanta, has poor agricultural land, little industry, and a decreasing number of jobs. Most of the county's resources are in the form of farm and timber land concentrated in the hands of a few absentee corporate landowners. Originally, ECCO's mission was to conduct a business development program to create management and employment opportunities that would complement the social and community organizing programs already being run by the Georgia council. It was funded through the council and run by John McCown, the council's executive director. Its early activities included efforts in voter registration and education and assessing job needs, and the creation of employment opportunities. Under McCown's direction, ECCO has grown into an organization with a current membership of 4,000 and annual gross receipts from grants and business operations of approximately \$1.2 million.

ECCO's initial economic development work was aimed at creating job opportunities for semi- and unskilled workers. The projects included the acquisition of a concrete block manufacturing plant, a theater, a grocery store, and a service station. These businesses currently provide jobs to more than seventy-five local residents. To promote the continued development of local business enterprise, ECCO has established a Minority Enterprise Small Business Investment Company (MESBIC) which can provide necessary local equity capital.

ECCO's principal project to date has been the development of a 358-acre catfish farm, the largest such enterprise in the United States; it represents a \$2.5 million investment provided largely by the Office of Economic Opportunity and the Foundation.

has also instituted two training





programs; one, in cooperation with the Atlanta University School of Business, which trains MBA candidates for management positions, and the other which trains local residents for lower skill opportunities.

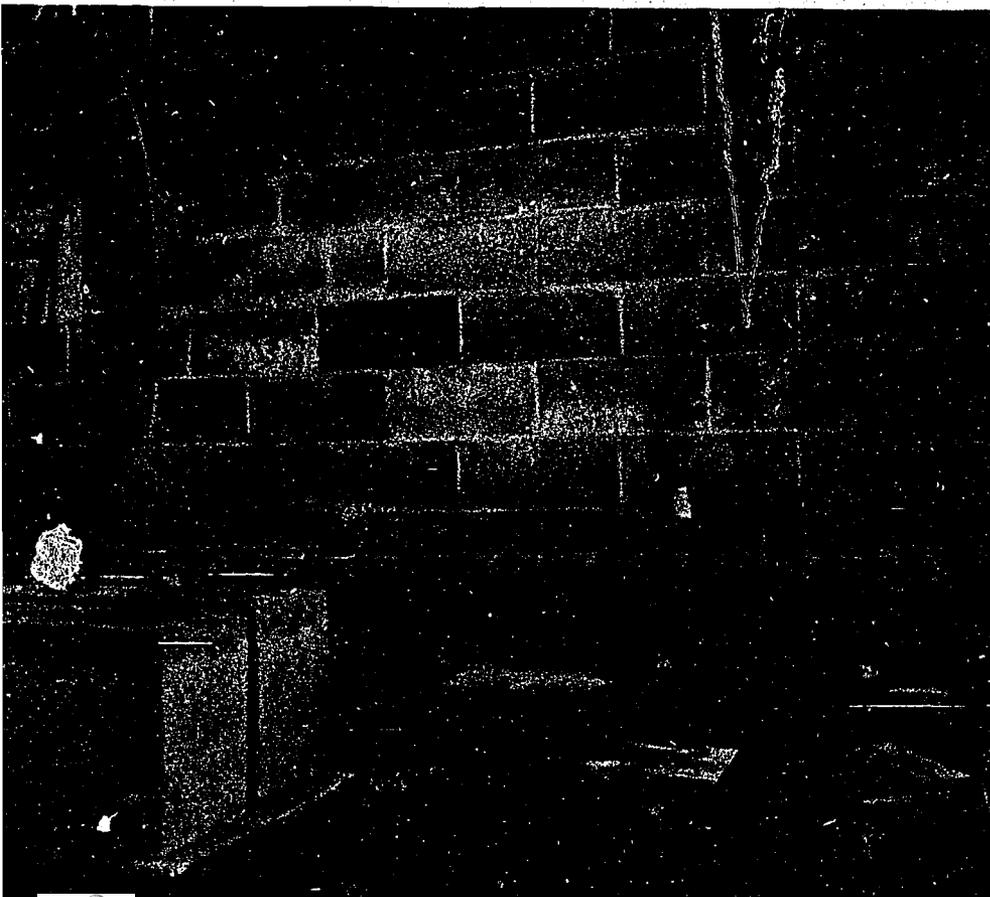
ECCO is now in the process of developing a 700-acre tract adjacent to the catfish farm for industrial, housing, and recreational facilities. The initial phase involves the construction of a \$2.3 million, 150-unit housing project on eighty acres to be financed through the Federal Housing Administration, the federal Economic Development Administration, and the Ford Foundation.

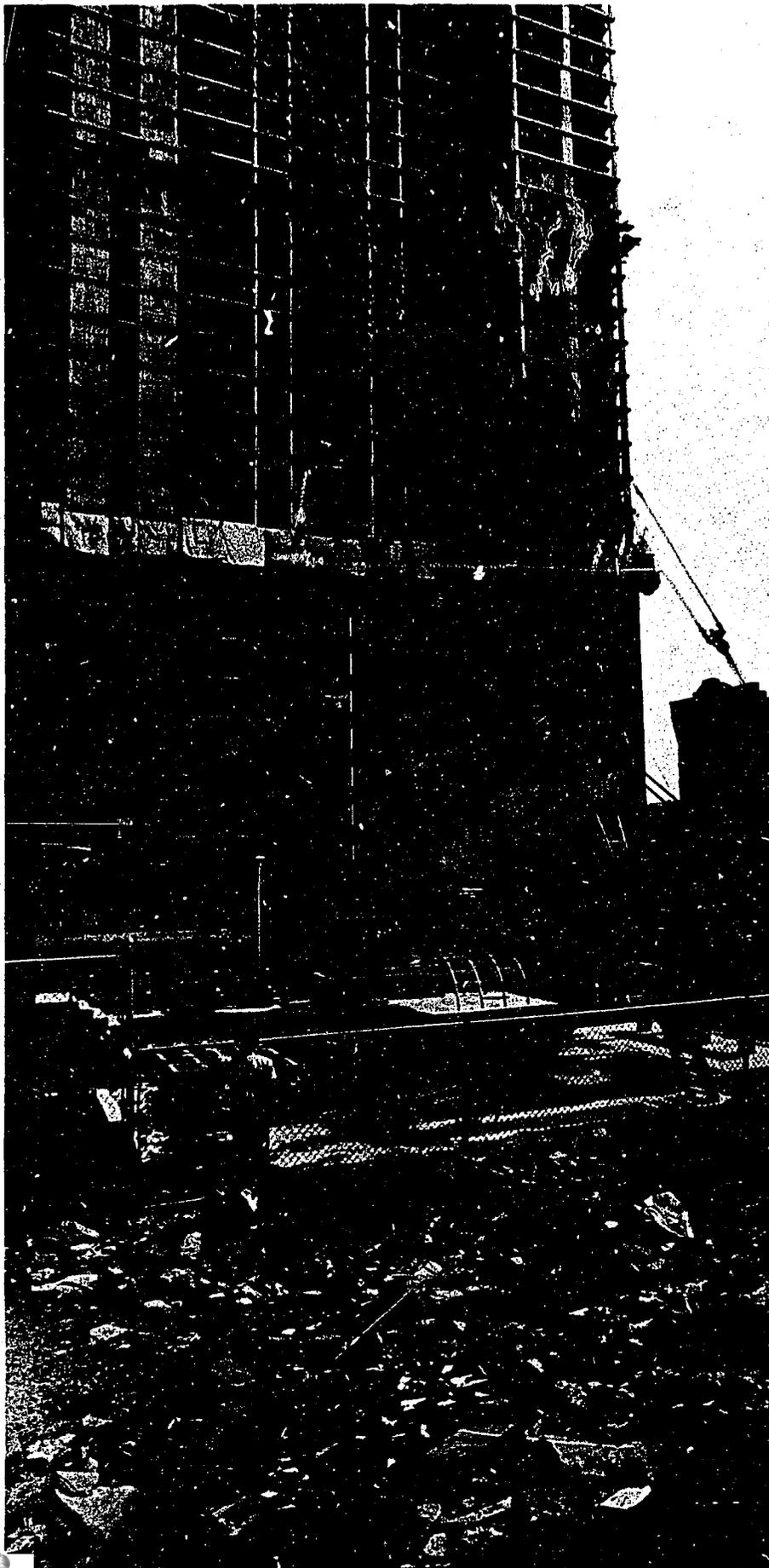
In addition to these major prospects, ECCO is trying to induce expanding firms to locate plants on the 700-acre tract. In the planning and evaluation stages are potential investments or acquisitions that would attract a poultry processing operation, a garment manufacturing plant, and a furniture business.

As a means of enlarging and improving its capabilities, ECCO in 1972 became affiliated with the Atlanta University School of Business, which has taken direct responsibility for the overall administration of ECCO projects. Under this arrangement, McCown, who has left the Georgia council to become executive director of ECCO, reports directly to the dean of the School of Business and has complete access on behalf of ECCO to the university staff and technical facilities.

Total Ford Foundation support to ECCO has been \$875,000 in grants, and a program-related investment of \$850,000.

*Catfish farm run by East Central Committee for Opportunity in Georgia (top left and right) is largest such enterprise in the United States. Also shown is ECCO's cement block processing plant.*





The Upper Park Avenue Community Association (UPACA) was founded by a group of Blacks and Puerto Ricans in 1965 as a neighborhood organization to deal with the problems of housing, drug addiction, and unemployment in New York City's East Harlem. Its target area was between Park and Lexington Avenues from 116th to 125th Streets. Under the leadership of Mary Emma and Margaret Jenkins and utilizing small amounts of money from the Office of Economic Opportunity, UPACA operated a variety of local social service programs.

In 1967 UPACA joined with the New York Federation of Reform Synagogues to establish the UPACA Non-Profit Housing Corporation. To date 200 new and 220 rehabilitated units have been completed, representing \$25 million in FIIA-insured financing from the New York Bank for Savings, the Bowery Savings Bank, and New York Life Insurance Company. These units are managed by UPACA's own management component which has gained national recognition. In conjunction with the New York Medical College, UPACA has developed a program of comprehensive social services for tenants, and conducts a tenant information and training program in cooperation with Cornell University. Federal funding is anticipated for UPACA's tenant training program. This will allow Cornell to expand its services to other housing development corporations throughout the metropolitan area.

UPACA is designated a sponsor by the City of New York for the redevelopment of its nine square block area. Working in cooperation with the New York State Urban Development Corporation, UPACA is now utilizing the limited dividend approach to housing construction and will share in the proceeds from syndication of the tax shelters. When construction is completed by 1974, there will be over 2,000 new units, a day care center, community facilities, and small scale commercial development. Revenues to UPACA management will increase as units are completed. Aware of the physical deterioration and vandalism that has plagued many government-sponsored housing developments, UPACA has taken a number of steps to manage and maintain its properties. One related program, financed by a \$235,000 Ford Foundation grant, provides a three-month training course for building superintendents who receive instruction in preventive maintenance, repair of mechanical systems, and human relations skills. Another program, run in conjunction with Cornell University, provides a course in household management and consumer practices for tenants.

# Watts Labor Community Action Committee

The Watts Labor Community Action Committee (WLCAC) was organized in the Spring of 1965, with the aid and encouragement of ten international unions and staff of the University of California's Institute of Labor Relations. Its goal was to organize the community, to create jobs, and to acquire capital in order to stem the economic and social blight subsequently brought to national attention in the Watts Los Angeles riot of August 1965 and sharply delineated in the McCone Commission report. WLCAC started as a one-man operation, headed by Ted Watkins, a former United Auto Workers leader; he has remained its executive director and developed an organization that today employs 350 people and has an annual operating budget of \$3.5 million.

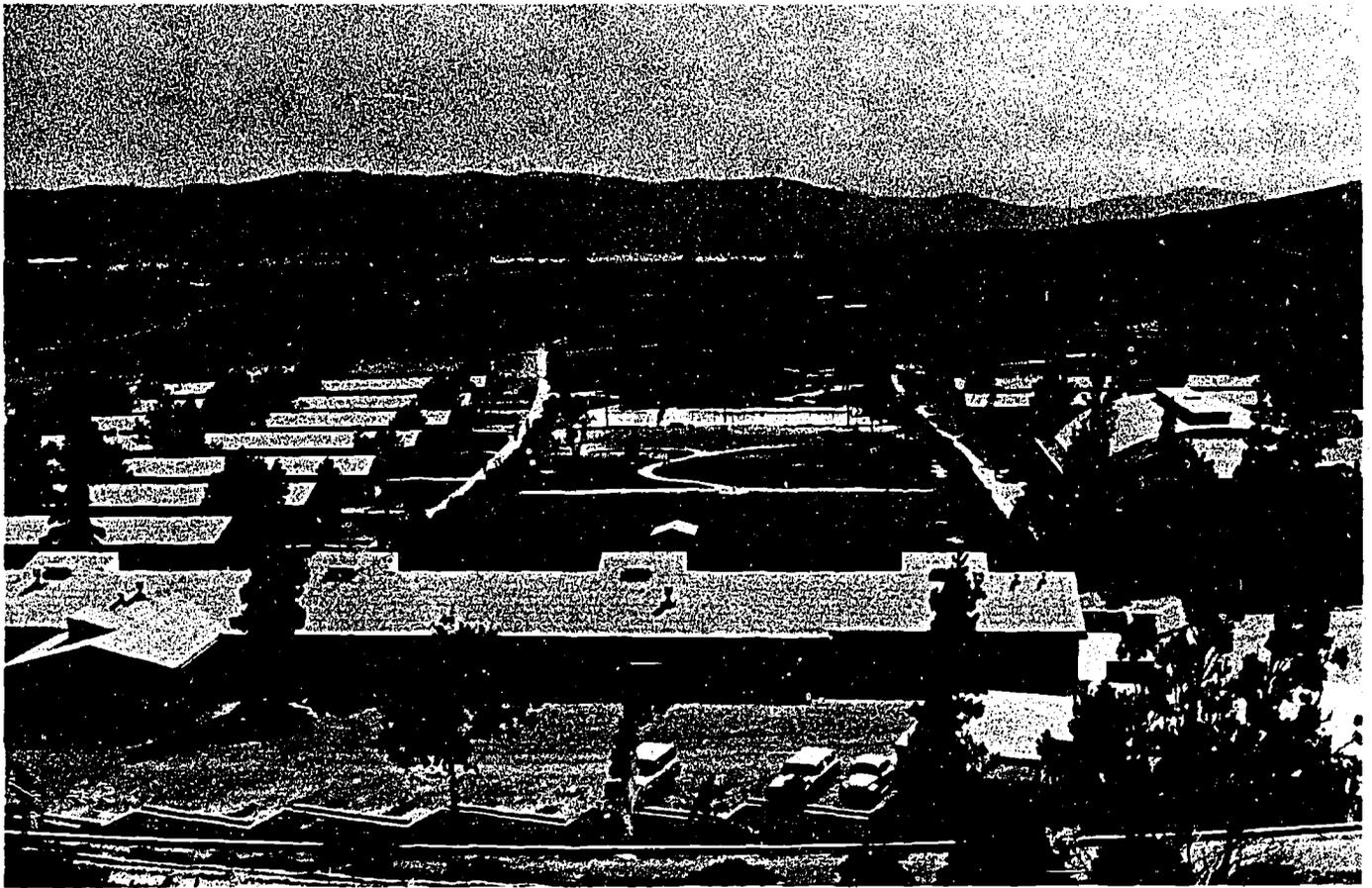
The organization's early programs emphasized manpower training. Beginning with a three-month summer youth training program, WLCAC now operates a Neighborhood Youth Corps project, a Concentrated Employment Project, a Community Elite Corps, and a \$2.5 million Residential Training Center at Saugus, California. Together, these facilities provide 750 year-round training positions plus 2,000 summer positions for local youth. In addition, WLCAC has acquired, or created, several small businesses that serve as training centers: two service stations, a farming operation, a credit union, a restaurant, and a grocery store.

One of the major community services undertaken by WLCAC was a campaign for the construction of the Martin Luther King, Jr. General Hospital, a 470-bed facility, which opened in April 1972. As the McCone Commission points out, over 250,000 residents of the Watts south central Los Angeles area were without nearby medical service, the closest hospital being twelve miles distant.

Housing activities include a state-financed project to move existing homes from a freeway right-of-way into the Watts area. To date, forty houses have been relocated. Necessary rehabilitation and landscaping

ed in this project are performed





by WLCAC's subsidiary general contracting company, which last year handled \$500,000 in contracts. WLCAC's first low-income housing construction project (forty units) has received FHA approval and ground-breaking is imminent. To facilitate further housing development, the Chrysler Fund has provided WLCAC with a \$2 million loan fund for land acquisition.

The organization is currently planning a 140-acre development contiguous to the new Martin Luther King Hospital. This project, to be undertaken in partnership with the county, will include low-income housing, a regional shopping center, and community recreational facilities.

To date Ford Foundation support to WLCAC for its administration and development efforts has totaled \$2,150,000.

*Free bus rides for the elderly are provided by the Watts Labor Community Action Committee (opposite). WLCAC also operates a residential training center at Saugus, California, (above) and a training program for licensed vocational nurses (left).*



Black leaders in the Mississippi Delta counties in 1965 merged several self-help groups into a rurally based community development corporation, Mississippi Action for Community Education (MACE). MACE has since started bringing thousands of poor black families into the social and economic mainstream from which they have long been barred. Its programs include training for community organizers in affiliate organizations, the development of basic adult education programs and efforts to make local government agencies more responsive in the delivery of social services.

While MACE's primary objective is to provide training and assistance to its affiliates (which represent a constituency of 20,000 people), it has recently placed increasing emphasis on projects involving economic and business development. MACE is affiliated with the Delta Foundation, a technical assistance/venture capital operation aimed at creating employment opportunities through the establishment of black-owned enterprises: these ventures include a blue jeans factory, a metal stamping plant, and a chain of community-owned superettes grossing approximately \$1,500,000 annually (and representing 1,000 stockholders). Altogether these ventures employ 175 people.

MACE's addition of economic development to its portfolio of programs reflects the appointment of a new executive director, Charles Bannerman, who also functions as president of the Delta Foundation. Bannerman's future plans include the development of MACE's first housing project on forty acres in Flora, Mississippi, and a housing-industrial complex on a 370-acre tract in black-governed Mound Bayou, Mississippi.

MACE also is working to improve health services in the Delta region. Local medical societies prohibit out-of-state doctors from practicing in Mississippi. Hospitals and clinics are expensive and usually far from rural population areas. One consequence of these conditions has been Mississippi's infant mortality rate (47.7 per 1,000), which is the highest in the nation. Responding to these conditions MACE has organized mobile health units, trained paramedical staff, and recruited doctors who are accredited in Mississippi or can qualify.

Ford Foundation grants to MACE have totaled \$950,031 since 1970.



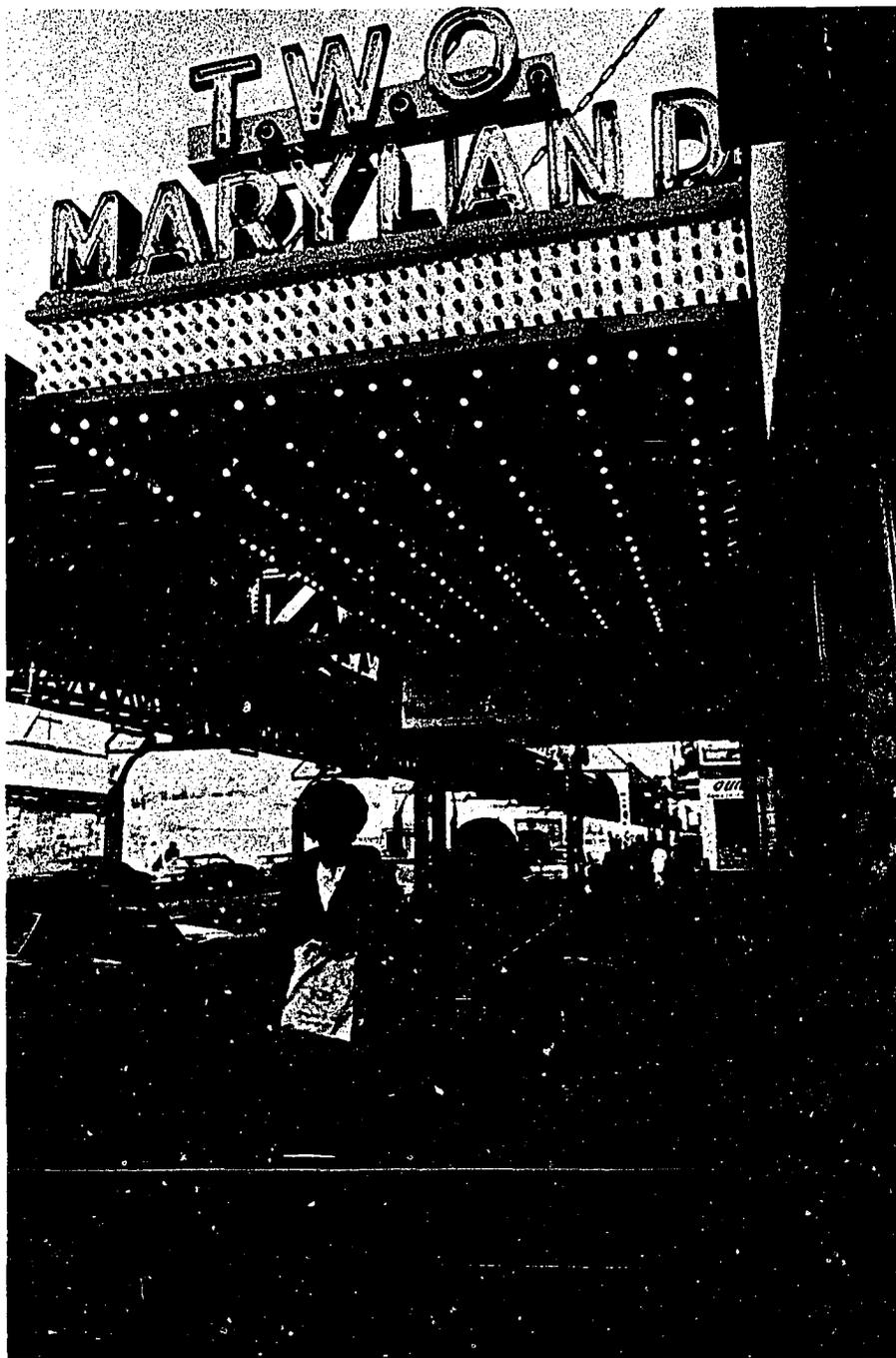
*Employment opportunities are created by Mississippi Action for Community Education through a blue jeans factory (opposite page) and a metal stamping plant (above). MACE also operates a cooperative store for farmers (below).*

# The Woodlawn Organization

The Woodlawn Organization (TWO) was one of the nation's first community development corporations. It was formed in 1959 as a federation of over 100 black community groups. At that time members of a variety of block clubs and civic organizations began to meet to discuss mutual concern over the general state of decline afflicting the Hyde Park-Woodlawn neighborhood of Chicago. In the early years the program emphasized protest and advocacy on such issues as inadequate social service delivery by local agencies and landlord-tenant struggles. Since then TWO has moved into the areas of housing and economic development with increasing intensity. During this period it has been led by the Reverend Arthur Brazier as president (now vice president of the Center for Community Change and monitor of the Ford Foundation's support to TWO), his successor E. Duke McNeil, and executive director Leon Finney. Since 1968 TWO has rehabilitated ninety-six housing units in the community and has developed the \$9.3 million, 502-unit Woodlawn Gardens low-income apartment complex. This complex includes a 54,000 square foot shopping plaza with a TWO-Hillman supermarket that is currently grossing \$60,000 per week. In addition, the organization owns and operates several smaller enterprises, including a guard service, a newspaper, and a theater.

In addition to housing, employment has been an important area of TWO activity. It launched its first manpower program in 1964 with a \$77,000 contract from the Department of Labor to conduct a demonstration-recruitment and training project. Since that time, TWO has received manpower contracts from the federal government totaling approximately \$7 million. Under a state contract, TWO currently is engaged in developing a comprehensive plan for a community health care and delivery system; it is also in the process of expanding its day care program.

Recently, TWO has been preparing to undertake a three-phase land acquisition, housing, and commercial



development program. Phase one, already well into the planning stages, involves a \$6 million, 320-unit residential and commercial complex, and includes loan and grant support from the University of Chicago and the Illinois Housing Development Authority.

Ford Foundation support to TWO for its administration and for the expansion of its programs has amounted to \$708,352.

*One of the first community development corporations, Chicago's The Woodlawn Organization operates a movie theater (above) and a supermarket (top right) and is rehabilitating rundown housing (right).*

*Text continued from page 9*

multi-purpose development across the road from its 358-acre fish farm and to start housing construction on 80 of these acres.

Certain conditions are necessary to undertake successfully such projects of scale. First, there should be a local institution that has credibility and authority within its community as well as with government agencies and financial institutions. Second, there should be land appropriate for the project at feasible prices and obtainable by the CDC. Third, professional technical assistance should be introduced of essentially the same kind as is available to conventional developer-entrepreneurs. Fourth, a broad spectrum of financing is needed, including grants and highly subordinated as well as conventional financing. Finally, at least at this stage of CDC development, there must be an "anchor" or node of development—a strength on which to build. This can be a substantial middle-class population, an income producing facility such as a plant or a job-intensive public institution, and/or a spontaneously growing commercial center. For example, the Bedford-Stuyvesant project has as its base a middle-class, home-owning segment of population and an independently growing commercial area; in ECCO the fish farm and housing complex will be soon reinforced by construction of a major Georgia Power Company plant in which it is expected that members of the ECCO community will share in both construction and operating employment. Another promising possibility—certainly the largest scale project conceived to date by a CDC—is the proposed 140-acre commercial, community service, and residential redevelopment planned by the Watts Labor Community Action Committee (WLCAC) around the new \$35 million Martin Luther King Hospital which was located in south central Los Angeles through the efforts of WLCAC.

#### **The Foundation's Role: A Development Support Institution**

There is no single domestic "development support institution"—nor a coordinated group of institutions—that provides financial and technical assistance of the quality, quantity, and timeliness required by local development corporations. Through grants the Foundation can provide the resources needed to support staff and administration, social service programs, and economic

projects in the planning stage; the PRI tool enables us to provide equity and debt financing. Perhaps more important, the Foundation's position as a major private sector institution involved in investment and real estate activities on its own account enables it to contract for and require performance of the same kind of professional talent available to commercial and industrial firms.

Supplying and managing a technical support effort of these dimensions is a long, complex, and expensive process. In addition, two caveats must be kept in mind: the need to match the usefulness of substantive expertise with due regard for the special conditions of minority communities; and the importance of maintaining the distinction between advice and dependence. The Foundation believes the chances are good for this support to be productive, not only in aiding the development of sound projects but also in developing strong staff capability within the CDCs through what amounts to a one-on-one, on-the-job training operation.

The Foundation has gathered a roster of specialists falling within two general categories: one group is composed of professionals in limited fields such as accounting, property management, and federal housing programs. The other consists of entrepreneurs in construction and in commercial, industrial, and housing development; their analyses of the feasibility of projects and recommendations on project structuring are essential; they relate to CDC projects in part through fee contracts and, more importantly, through carefully structured arrangements of pecuniary interest in a specific project (i.e., joint venture, incentive, or bonus arrangements).

To recapitulate, the Foundation's community development effort consists of a support program of grant, PRI, and technical assistance to a group of CDCs that are undertaking projects of scale. These projects seek to increase the CDCs' operating capacity as they generate social and economic benefits, trained leaders and managers, and domestic development experience. The objective is to help create an institution that is able to grow and adapt to fill the gap between prospective private and governmental resources and continuing local need. In addition, the Foundation will support a number of CDCs or CDC-like groups that appear to be evolving toward this capacity and that represent principally the needs of various non-black minority communities.

# Rationale

For over a decade governmental and private agencies have been operating in rural and urban depressed areas with seemingly little impact. Many federal programs have tried to promote growth by funding CDC-type groups that now exist in many depressed areas. But there is no other agency with equivalent resources and established commercial relationships that is conducting a clearly defined attempt to build the type of local development institution that might bridge the gap between available resources and the realities of local need. To put it another way and to restate the thesis of this paper:

*By playing out the role of a development support institution for local CDCs, this Foundation may be able to demonstrate the institutional arrangements under which a domestic development process might best operate.*

In essence the program is an experiment in the tradition of operational research. If this experiment is successful, it will constitute a demonstration of a model that should commend itself to federal and other governmental adoption. If not, we shall at least have generated leadership opportunities, useful individual projects, and experiences that will contribute to knowledge of the development process.

The need for such a model is evidenced by public policy initiatives in recent years which suggest that the notion of some sort of development agency based on local corporations is on the minds of policy-makers. In 1968 a "Community Self-Determination Act" was unsuccessfully introduced in the Congress to charter CDCs that would draw on a nationwide community development bank. A revision of that bill, the "Community Corporation Act of 1970" was introduced but failed to pass. In 1971 Representative Wright Patman introduced a bill to establish a National Development Bank to "...make and guarantee long-term loans at reasonable interest rates... (in) depressed urban and rural areas... to individuals and corporations." It defines depressed areas in terms that fit the settings of CDCs, ties its loans to requirements that borrowers employ and train the under- or unemployed, and sets up a system by which the bank will provide technical assistance to borrowers. Further, the successful bill instituting the land settlement accruing to Alaskan Eskimos, Aleuts, and Indians provides for a development fund and mandates its ad-

ministration by a network of native-controlled community corporations.

Thus, Congress appears interested in some sort of local delivery and representational mechanism not dissimilar from that of the evolving CDC and the Foundation can play a key role in developing such an institution. It has gathered a permanent staff and a corps of consultants who have experience in and are committed to this kind of effort. And, as noted earlier, the Foundation stands between the public and private sectors and has available the variety of resources required for this program. Other foundations either do not have the resources or the program priorities to support an effort of this scale. The large-scale economic development and housing projects crucial to CDC development in particular require support in staff, PRI investments, and management assistance that can be provided only through the resources and corporate influence of this Foundation.

Several major arguments can be made against the program, and not all of them can be conclusively countered. On the next few pages are listed some of the major clusters of reservations that can be—and have been—raised against a decision to allocate substantial resources to a CDC program, together with a rationale responsive to each of these points.

## *1. A concentration of Foundation resources on CDCs deprives other important minority-oriented programs of support.*

This view is based on the premise that the Foundation, because of its size and prominence, is bound to attract a wide variety of good proposals, should be involved in many or most approaches to aiding minorities, and has the staff capability and relative autonomy to make the required judgments between competing proposals. Yet our experience to date has shown that the volume of the flow of proposals to the Foundation exceeds our actual or potential staff capacity. More important, to follow such a "response" procedure fragments our resources and precludes or dilutes a strategy of concentration and impact. In addition, the Foundation is continuing to set aside a substantial (25 per cent) portion of its social development budget to long-standing commitments and new possibilities in the field of civil rights and racial equality.

*2. Support of CDCs is merely "gilding the ghetto" when major efforts should be directed at dispersing it; support of CDCs thus promotes separatism and segregation.*

This criticism is based on assumptions that need to be reexamined. The first of these is that even voluntary concentrations of minority groups reflect the failure of society to integrate. But we are learning that integration is not as clear and easily understood a term as we once thought; it is no longer interpreted to mean that all groups must be like the dominant group and that racial and ethnic minority groups must be homogeneously mixed. It is now recognized as counter-productive to induce groups to disperse when they seek to remain together because of ethnic and cultural ties. In a pluralistic society where many ethnic and racial groups need to co-exist, integration is now seen more as an option available to the individual to move within the society without prejudice. The range of such options is not full if a social strategy is adopted that would undermine the home bases of a large segment of the population. Moreover, dispersal cannot be accomplished by fiat and is more likely to occur as a slow, complex response to social and economic forces.

A second assumption is that "gilding" or attempting to transform depressed areas is inconsistent with other efforts and forces working towards dispersion. But development and dispersal can and should be complementary efforts. Given demographic trends, depressed areas will continue to have substantial populations. Unfortunately, the evidence indicates that a dispersal strategy by itself, even if successful, would result in the migration of the most stable segment of the population, leaving pockets of extreme poverty without any sizeable working class population. The experience to date suggests that concentrating the most severely disadvantaged in such "communities" reinforces social pathology exponentially and makes dispersal of the remaining residents socially and politically infeasible.

*3. The Foundation CDC "strategy" is deficient because it is not based on a rigorous and coherent theory; it is opportunistic and ad hoc in nature and it reinforces existing trends rather than breaking new ground.*

Unfortunately, there is no rigorous theory of the goals and methods of community development, especially in relation to depressed minority communities in ad-

vanced economies. However, the present need for an institutionalized delivery mechanism is so acute that efforts cannot await the articulation of a theory. We are experimenting with the development process and testing the entrepreneurial capacity of maturing CDC institutions by exploiting specific developmental opportunities. This is an attempt to build an institution in order to have experience from which theory can be developed and refined.

Since no such theory now exists, it is difficult to establish precise goals and a time frame for these efforts; there is no standard answer partly because there is no standard situation. We have, however, established a five-year term as a target for CDCs to become viable organizations with established middle managements able to undertake large property development and management projects without outside technical assistance being provided by the Foundation. Further, as described below, we are attempting to design an evaluation procedure for each individual CDC; the most difficult task of this evaluation design is to decide upon certain measures as credible indicators of CDC effectiveness over specified time horizons. It should be reiterated at this point that institution-building in depressed minority communities is a long-term, complex, and hard-to-predict endeavor.

*4. Support of CDCs is inconclusive because it is nothing more than an extended subsidy.*

Even on grounds of economic realism, the subsidy objection is not compelling. We have traditionally subsidized "infant" industries in this country and currently subsidize economic development activities overseas. Indeed, much of American private industry currently receives government support and/or contracts which contain some elements of subsidy. This is especially true in areas of high political priority such as agriculture, defense, and space. From the vantage point of the ghetto, the subsidies to Lockheed and Penn Central and the priorities implied by them seem discriminatory. Further, CDC efforts over time may show the utility of certain types of continuing or temporary subsidies, and this itself is not without demonstration value. Finally, it is our judgment that in the long run the most effective CDCs will become self-sustaining; even today Bedford-Stuyvesant Restoration and the Upper Park Avenue

# Plans and Implications for the Future

Community Association would survive and possibly prosper without Foundation support as contract agencies for federal, state, and local governments.

*5. The actual accomplishments and potential value of CDCs have been "overstated." In reality most are fragile institutions with thin staffs and inexperienced management. Further, the concentrated economic development activities are really quite modest in comparison to the problems of the ghetto at large.*

The premises underlying this objection have some validity; a pessimistic view of successful CDCs is that they really are feeble social palliatives. It is hard at present to see CDCs as significant influences on the depressed communities in which they operate. Bedford-Stuyvesant Restoration—a CDC nominally serving a population of nearly a half million people—is still operating on a scale many orders of magnitude below the level of need; its accomplishments are measured in terms of a few score blocks and businesses and a few thousand jobs. Furthermore, some of the CDCs at present are fragile organizations whose staff competence is characterized better by energy and aspiration than by confidence and experience; and while most projects of scale are substantial undertakings, they are uniquely large only in comparison to existing economic entities in the ghetto.

But much of this is understandable. As noted earlier, institution-building in this country's depressed areas will take several years. Most CDCs are only five years old and all we can say now is that they have demonstrated the capacity for growth under the most adverse conditions. At least another five years are needed before they can become institutions with the capacity to survive their founders. Similarly, the concentrated economic development projects of scale are not designed to redevelop the ghetto as a whole. Instead, specific neighborhoods—pockets of strength within larger depressed areas—are being selected so that CDCs can attempt to test the validity of a model that builds where there is at least some organizational capacity and reasonable potential for economic growth.

Present levels and patterns of Ford Foundation CDC support have evolved pragmatically out of staff and grantee experience and within the limits of budgets that represent several other program interests as well. The program of institution-building, operational research, and training described in this paper calls for a specific commitment of Foundation funds over the next few years. The current tentative budget plans for an outlay of some \$75 million over the next five years, which would include some \$50 million in outright grants plus some \$25 million in PRI funds.

To make these future funding decisions as objective as possible, and to add to the store of useful knowledge about CDCs and the development process, the Foundation is undertaking a formal evaluation of its CDC program. Conducted by the Urban Institute under grants totaling \$250,000, the evaluation aims at gathering and interpreting quantitative information to measure how well the Ford-supported CDCs are accomplishing their objectives.

Leaders and managers of the grantee CDCs are working with Ford Foundation and Urban Institute staffs to design and conduct the evaluation, which will extend initially over a two-year period. The first six months will be a demonstration phase, during which specific quantitative measures for evaluation—"milestones"—will be devised for three selected CDCs. These milestones should make it possible to infer whether certain changes in key determinants of local living conditions can be attributed to CDC operations. Most important among such determinants are personal income, housing, jobs, real estate values, health care, education, retail goods and services, commercial services, flows of capital, public utilities, municipal and social welfare services, and public safety and security. When the milestones are agreed on, all parties to the evaluation will at the same time stipulate the evaluative conclusions that will follow from different values that may be found for these quantitative measures. The results of these systematic evaluations of the performance of CDCs will be important factors in the decisions that must be made by CDC leaders and the Foundation with respect to program content and to continuing, expanding, changing, or phasing out the CDC program.

In undertaking this evaluation the Foundation hopes to offset the risks inherent in supporting a major social experiment, but it realizes that such risks can be only

mitigated, not avoided. This is especially true of a program that is as highly visible as this one and that emphasizes concentrated economic development through large-scale projects. By helping CDCs move in a particular direction (concentrated economic development), the Foundation is focusing on them the attention of the government and the society at large. If under these circumstances some CDCs experience decisive commercial failures, the Foundation—and the CDCs—risk a destruction of confidence in the potential of the CDC as an institution irrespective of general economic conditions or other critical factors.

On the other hand, where there are risks, there is also the potential of high return on investment. The CDC program will be worthwhile if it shows that CDCs can become more securely established as viable institutions through successful development programs, can provide agencies interested in the problem of development with new knowledge, and can increase the number of trained leaders and managers devoted to community development. Beyond this level of achievement, the kind of CDC the Foundation is working with could become an instrument for the eventual redirection of additional national resources to the problems of urban and rural depressed areas.

The ultimate test of the demonstration will be its role in helping communities to bridge the gap between relatively large amounts of available resources and limited local capacity and to reverse the spiral of deterioration and despair. This kind of community development aims to create a base from which, at their own option and on better terms, minority people can be upwardly or laterally mobile in this society. To the extent that it does this, it will play its part in developing a single though pluralistic national community.

*Photographs on the following pages were obtained from the organizations mentioned in the captions: 11 (top), 12-15, p), 20-21. All other photography is by Tyrone Duke Ford Foundation.*

### **Directors of Foundation-Supported Community Development Corporations**

*Following is a list of the directors of the community development corporations that are supported by the Ford Foundation, with the names and addresses of their organizations.*

The Reverend Leon Sullivan  
Zion Non-Profit Charitable Trust  
1501 North Broad Street  
Philadelphia, Pennsylvania 19121

Franklin Thomas  
Bedford-Stuyvesant Restoration Corporation  
John Doar  
Bedford-Stuyvesant Development and Services Corporation  
1368 Fulton Street  
Brooklyn, New York 11216

Leon Finney  
The Woodlawn Organization  
1135 East 63rd Street  
Chicago, Illinois 60621

John McCown  
East Central Committee for Opportunity  
Post Office  
Mayfield, Georgia 31059

Ted Watkins  
Watts Labor Community Action Committee  
11401 South Central Avenue  
Los Angeles, California 90059

Charles Bannerman  
Mississippi Action for Community Education  
140 South Eighth Street  
Greenville, Mississippi 38701

John Brown, Jr.  
South East Alabama Self-Help Association, Inc.  
P.O. Drawer 1080  
Tuskegee Institute, Alabama 36088

Mary Iemma and Margaret Jenkins  
Upper Park Avenue Community Association  
114-34 East 122nd Street  
New York, New York 10035