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COMMUNITY DEVELOPMENT

Comprehensive Approaches Address Multiple Needs but Are Challenging to Implement





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Ranking Minority Member
Subcommittee on Human Resources
and Intergovernmental Relations
Committee on Government Reform
and Oversight
House of Representatives

This report responds to your request that we examine multifaceted—or comprehensive—approaches that community-based nonprofit organizations have taken to improve conditions in distressed urban neighborhoods. We reviewed four organizations—located in Boston, Massachusetts; Detroit, Michigan; Pasadena, California; and Washington, D.C.—whose approaches rely on residents' participation to address the housing, economic, and social service needs of the communities. This report is based on the experiences of a wide variety of experts in each location, as well as on the findings of government, foundation, and community development researchers.

We are sending copies of this report to the Secretary of Health and Human Services, the Secretary of Housing and Urban Development, and other interested parties. We will make copies available to others upon request.

Please contact us—Judy A. England-Joseph at (202) 512-7631 and Jane L. Ross at (202) 512-7215—if you or your staff have any questions. Major contributors to this report are listed in appendix VIII.

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Executive Summary

Purpose

The values and dreams of people in distressed neighborhoods are familiar—to have a home and a job, to live in a safe area, and to have hope for their children’s future. Isolated by poverty, residents of distressed neighborhoods may never realize their dreams. Some community-based nonprofit groups are using a multifaceted—or comprehensive—approach to community development that relies on residents’ participation to address housing, economic, and social service needs in distressed neighborhoods.

To advise the Congress on the use of multifaceted approaches to improving conditions in distressed neighborhoods, the Subcommittee on Human Resources and Intergovernmental Relations, House Committee on Government Reform and Oversight, asked GAO to examine (1) why community development experts and practitioners advocate this approach, (2) what challenges they see to its implementation, and (3) how the federal government might support comprehensive approaches. This study incorporates information obtained during GAO’s review of four organizations—located in Boston, Massachusetts; Detroit, Michigan; Pasadena, California; and Washington, D.C.—that are applying a comprehensive approach in their respective communities.

Background

Despite overall economic growth in the United States during the 1980s, the economic and social health of many cities declined. For example, the number of citizens living in poverty increased from 29 million in 1980 to 39 million in 1993. Over the same period, intergovernmental aid to cities declined by 19.4 percent in constant dollars. The out-migration of many middle-income residents and businesses has caused city tax bases to shrink while the demand for services has grown. To help meet the needs of residents, community organizations have initiated comprehensive efforts such as the four GAO examined. These efforts rely on technical support and funding from local and national nonprofit organizations and private groups as well as federal, state, and local governments. The federal funding generally flows through state and local governments in the form of block grants or goes directly to the organizations in the form of categorical, or program-specific, funding.

Results in Brief

Community development experts—researchers, government officials, and practitioners—advocate a comprehensive approach to address the problems of distressed neighborhoods because such complex, interrelated problems are better addressed in tandem than individually. Practitioners

in the four locations GAO examined and other experts GAO consulted said that the comprehensive approach has benefited the communities and holds promise for long-term results because it provides for multiple services and makes them more accessible to community residents. Researchers said that such an approach is feasible because community organizations and networks to support them have evolved over the last several decades. However, the experts cautioned that conditions in distressed neighborhoods cannot be quickly reversed and that the outcome of much of the work these groups do—community outreach, counseling, and referral services—is hard to quantify, making evaluation of the results difficult.

Many challenges confronted the four organizations GAO studied as they attempted to improve conditions in their neighborhoods. Because of community skepticism, a substantial challenge to each was ensuring residents' participation. In addition, the organizations had to piece together a complex web of funding from several private and public sources—often with conditions and/or restrictions on use—to cover both program and administrative costs. The organizations also faced the onerous task of managing a diverse set of concurrent housing, economic development, and social service programs. Leaders of these organizations said that to sustain their efforts they have concentrated on building residents' support, gaining access to multiple funding sources, and developing a cadre of experienced staff.

Traditionally, coordination has been limited among the many federal departments and agencies responsible for administering the programs that can be used to assist distressed communities. Agencies have tended not to coordinate their efforts with one another because they have separate missions and have been concerned about losing control over their own resources. However, several recent federal initiatives, if fully implemented, could help the federal government become more supportive of comprehensive efforts. Examples include (1) the measures being undertaken in response to the National Performance Review's recommendations for consolidating and streamlining programs and (2) the Department of Housing and Urban Development's (HUD) recently announced plans to consolidate 60 programs into 3.

Principal Findings

Complex Problems Call for Comprehensive Approaches

According to the experts GAO consulted, a comprehensive approach enhances the chances of improving conditions in distressed neighborhoods because the problems in these areas are complex and interrelated. Addressing these problems in tandem, the experts believe, makes long-term results possible. In addition, the experts said that comprehensive approaches are more viable now than they were in the past because community organizations have gained experience and an infrastructure has evolved to provide funding and technical assistance. The comprehensive approach was endorsed by HUD in March 1994. Several national foundations—frustrated with the results of programs they previously funded—have begun funding organizations taking a comprehensive approach.

The four community organizations GAO examined have taken a comprehensive approach. Although these organizations are diverse, they share certain characteristics. Each (1) is community-based, focusing on a specific geographic area and relying on residents' input, (2) addresses both physical and social needs, and (3) was initiated and is sustained by a combination of public and private resources. Each organization evolved as it matured to respond to the community's needs.

The organizations GAO reviewed believe that while the conditions in these neighborhoods cannot be quickly reversed, comprehensive approaches hold promise for long-term results because they provide multiple, accessible services for community residents. Other experts GAO consulted—both in and out of government—agreed. However, community development researchers cautioned that they have not yet fully evaluated these approaches because the diversity of the organizations' structures and services and the difficulty in quantifying some of the organizations' results have made evaluation difficult.

Comprehensive Approaches Are Difficult to Implement

Multiple challenges confronted the four organizations GAO studied. All experienced substantial difficulty organizing residents, gaining their trust, and maintaining their involvement. All four groups said that residents needed to see a tangible result—rehabilitated housing or a cleaner neighborhood—before they wanted to participate. Obtaining financial support and managing a diverse set of concurrent programs also presented

significant challenges. The four organizations relied on a myriad of public and private funding sources, such as federal block grant and program-specific funding, foundation grants, and corporate donations. Overall, the groups relied on public funding—often with conditions and/or restrictions on use—for 30 to 60 percent of their budgets. After obtaining funds, the groups faced the challenge of concurrently managing multiple programs, each with several separate funding sources, application requirements, and reporting expectations.

The four organizations GAO studied responded to the challenges confronting them in a variety of ways. They obtained residents' support by including residents in their planning and decision-making. They also established multiple funding sources and collaborations to leverage resources that could then be applied over a wide range of needs in the communities. In addition, each organization had access to some relatively flexible funding—either public block grants or private foundation funds—that enabled it to set priorities consistent with its community's needs. Finally, the organizations built a cadre of experienced staff to administer and manage the array of programs.

Federal Initiatives May Reduce Program Fragmentation

Historically, there has been little coordination among the many federal departments and agencies that have responsibility for administering the programs that can be used to assist distressed communities. Agencies have tended not to coordinate efforts with one another because they have been protective of their own resources and separate organizational missions. In addition, efforts that have been undertaken have generally been unsuccessful, leaving community organizations—such as the ones we reviewed—to try to piece together programs to serve their communities.

Recently, however, the federal government has initiated efforts that, if fully implemented, could support comprehensive efforts. For example, measures being undertaken within departments to consolidate and streamline programs in response to recommendations of the National Performance Review could decrease the number of separate federal programs and make application and reporting requirements less burdensome for community organizations. Indeed, HUD has announced plans, pending congressional approval, to consolidate 60 programs into 3.

Recommendations

This report does not contain recommendations; however, it does discuss the potential for ongoing federal efforts, if fully implemented, to make federal programs more accessible to community organizations.

Agency Comments

We discussed the findings in this report with the Director, Office of Affordable Housing, Community Planning and Development Division, Department of Housing and Urban Development, and the Director, Office of Community Services, Administration for Children and Families, Department of Health and Human Services. These officials generally agreed with the information presented in the report.

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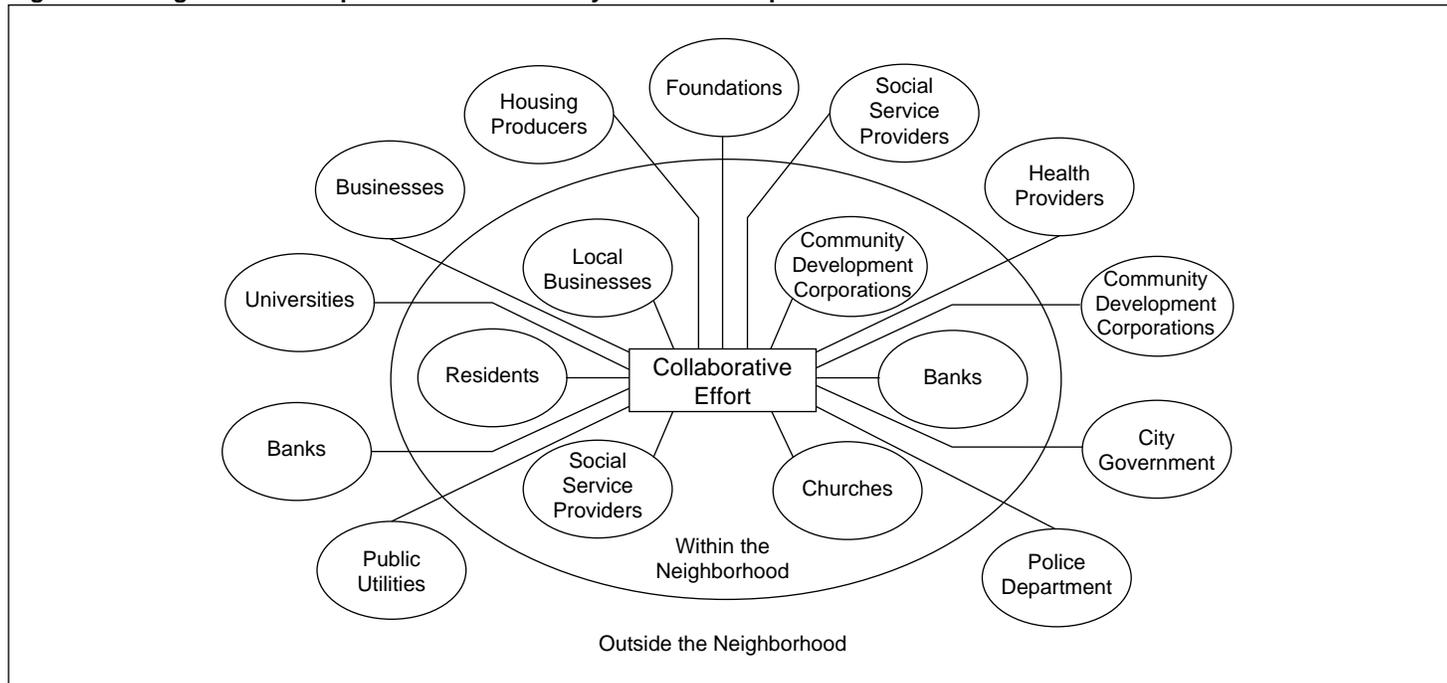
AFDC	Aid to Families with Dependent Children
CAA	Community Action Agency
CAP	Community Action Program
CCN	Core City Neighborhoods
CDBG	Community Development Block Grant
CDC	Community Development Corporation
CSBG	Community Services Block Grant
DSNI	Dudley Street Neighborhood Initiative
EZ/EC	Empowerment Zones and Enterprise Communities
HHS	Department of Health and Human Services
HOME	Home Investment Partnership
HOPE	Housing Opportunities for People Everywhere
HUD	Department of Housing and Urban Development
LISC	Local Initiatives Support Corporation
MHCDO	Marshall Heights Community Development Organization
NAPA	National Academy of Public Administration
NHS	Neighborhood Housing Services
NPR	National Performance Review
NRC	Neighborhood Reinvestment Corporation
OMB	Office of Management and Budget
PNHS	Pasadena Neighborhood Housing Services
SSBG	Social Services Block Grant

Introduction

Despite overall economic growth in the United States during the 1980s, the economic and social health of many cities declined. While crime, poverty, and the physical and social deterioration of urban neighborhoods increased, intergovernmental aid to cities declined between 1980 and 1993 by about 19.4 percent in constant dollars. Meanwhile, the out-migration of many middle-income residents and businesses has caused city tax bases to shrink, hampering the ability of local governments to assist economically and socially distressed areas suffering from a mix of interrelated problems.

Over the past several decades, the public and private sectors have tried different strategies to assist people living in distressed communities. Some of these efforts have focused on improving the chances for individuals in these areas to obtain the education, social services, and other support they need to leave their neighborhoods. Others have focused on improving the neighborhood's physical environment through affordable housing or economic development. Still others have combined aspects of both approaches by addressing the needs of residents and their environment. These latter efforts are referred to as comprehensive by community development experts because they consider the housing, social service, and economic development needs of the community. They are considered community-based because they focus on a specific geographic area and involve the residents in planning and implementing the effort. Comprehensive community-based efforts have often begun within a community in response to neighborhood conditions—rather than in response to a federal program—and are operated by local nonprofit organizations. While the structures of these organizations and the programs they provide vary, figure 1.1 illustrates a likely design for a comprehensive community-based development effort.

Figure 1.1: Diagram of a Comprehensive Community-Based Development Effort



Major Community Development Initiatives

During the 1960s, as a part of its overall strategy to better serve the needs of the poor, the federal government supported broad comprehensive initiatives, such as the Community Action Program (CAP) and Model Cities. CAP established community action agencies (CAA) at the local level to combine and redirect a wide range of federal, state, local, and private resources to make a comprehensive attack on poverty. Participation by beneficiaries and decentralization of decision-making were also major elements of the program. As we reported in 1992,¹ the program lacked sufficient authority and political support at the federal and local levels to influence agencies' practices and improve service delivery.²

Model Cities³ sought to rebuild deteriorated neighborhoods in selected cities by coordinating the array of resources from assistance programs at

¹Integrating Human Services: Linking At-Risk Families With Services More Successful Than System Reform Efforts (GAO/HRD-92-108, Sept. 24, 1992).

²Although CAP and the Office of Economic Opportunity—the office that administered CAP—were eventually disbanded, local CAAs continue to operate and are eligible for Community Services Block Grant funding.

³Model Cities is the popular name for the Demonstration Cities and Metropolitan Development Act (42 U.S.C. 3301).

all levels of government, particularly in housing, education, health, and transportation. Like CAP, Model Cities attempted to unify these efforts into an interrelated system. The program was administered by city demonstration agencies that were an integral part of city administrations. In retrospect, according to our 1992 report, the results of the Model Cities program were mixed because the program lacked incentives to promote cooperation and consensus on priorities. The Model Cities program was terminated as of January 1975 by the Housing and Community Development Act of 1974. The act consolidated seven community development categorical grant programs into the Community Development Block Grant (CDBG) program. Federal support and sponsorship for comprehensive efforts slowed after this, and funding for many community development programs declined in the 1980s.

Meanwhile, the private sector, which had started its own comprehensive effort to revitalize distressed communities, continued to shape the comprehensive approach. The Ford Foundation, early in the 1960s, developed the Gray Areas Project in New Haven, Connecticut. Its purpose was to address the multiple needs of a distressed inner city neighborhood by rehabilitating existing housing, providing new affordable housing, and addressing residents' social and economic needs.

Experiences from the private and the federal efforts of the 1960s led to the concept of the Community Development Corporation (CDC). CDCs are private nonprofit organizations that focus their efforts on specific distressed geographic areas. As originally envisioned, these groups emphasized economic and physical development as well as social service delivery. Their boards of directors were composed of residents from the area and representatives of concerned businesses and institutions. CDCs typically entered into partnerships with local governments and corporate entities and relied on both public and private funding. Since the early 1970s, the number of Community-Based Development Organizations—also known as CDCs—has more than tripled, according to a Fannie Mae Foundation study. Studies by the National Congress for Community Economic Development indicate that there are currently at least 2,500 CDCs around the country. However, many of these CDCs do not offer comprehensive services but focus primarily on housing production or economic development.

As federal involvement in community development declined and private participation grew, entities known as intermediaries evolved to provide CDCs with financial and technical assistance. In 1979, the Ford Foundation

created the Local Initiatives Support Corporation (LISC), a national intermediary set up to provide grants, loans, and technical assistance to nonprofit community development organizations. Another prominent national intermediary—the Enterprise Foundation—has focused on strengthening nonprofit housing development groups, forging local housing partnerships, and helping local groups link needed services into housing, as well as on demonstrating creative approaches to community development.

The federal government also supported the use of national intermediaries. In 1978, the Congress chartered the Neighborhood Reinvestment Corporation (NRC) (42 U.S.C. 8101 *et. seq.*), a public nonprofit corporation. NRC's mission included the revitalization of declining lower-income neighborhoods and the provision of affordable housing. NRC works with local organizations that are known collectively as NeighborWorks. There are several different types of NeighborWorks organizations, including Neighborhood Housing Services (NHS). NHS are partnerships of local business leaders, local government officials, and neighborhood residents that function as NRC's main vehicle for revitalizing distressed neighborhoods.

A major new federal initiative to assist urban and rural communities in their revitalization efforts—the Empowerment Zones and Enterprise Communities (EZ/EC) program—was adopted in 1993 under the Omnibus Budget Reconciliation Act. This program promotes the comprehensive revitalization of distressed communities by funding broad, community-based strategic plans. The bulk of the benefits under the program go to nine areas—six urban and three rural—designated as empowerment zones. Considerably fewer benefits are available to the 95 areas—65 urban and 30 rural—designated as enterprise communities.

Although the Department of Housing and Urban Development (HUD) and the Department of Agriculture were responsible for designating the areas, the President also established the Community Enterprise Board—a federal, Cabinet-level entity—to assist in implementing the EZ/EC program. The Board is composed of the Vice President, who serves as its Chair; the President's assistants for domestic policy and economic policy, who each serve as vice chairs; the secretaries of 10 Cabinet departments; and the

heads of several other agencies.⁴ In addition, the Board is tasked with advising the President on how federal programs can be better coordinated across agencies to respond to the needs of distressed communities.

Sources of Funding and Technical Support for Community Development Efforts

Community development initiatives typically rely on a patchwork of different funding and technical support sources from both the public and the private sectors. Federal funds generally flow through state and local governments in the form of block grants or go directly to community organizations in the form of categorical, or program-specific, funding. Additional funding—often to support specific programs or projects—is available directly from state and local governments. Private funding and technical assistance come from a myriad of sources, including intermediaries and foundations.

Public Funding and Support

Several federal block grant funding sources are available to community development organizations through state and local governments. Under HUD's CDBG program, a wide range of neighborhood revitalization activities can be funded. For example, these grants may be used to rehabilitate housing, support economic revitalization projects, and provide public facilities. HUD also offers funding for housing development through the Home Investment Partnership (HOME) program⁵ to state and local governments, which may pass a portion of the funds on to eligible housing development organizations. The Department of Health and Human Services (HHS) makes funds available through the Community Services Block Grant (CSBG) and the Social Services Block Grant (SSBG).⁶ The CSBG funds can be used for a range of activities to provide social services, such as emergency assistance, employment assistance, and elderly care. The SSBG funds can also be used for a wide variety of social services, including preventing and treating drug and alcohol abuse and training and employing disadvantaged adults and youth in housing construction and rehabilitation.

⁴The Secretaries of the Departments of Agriculture, Commerce, Education, Health and Human Services, Housing and Urban Development, the Interior, Labor, Transportation, and the Treasury; the Attorney General; and the Directors of the Environmental Protection Agency, the Small Business Administration, and the Office of Management and Budget; and other presidential advisers are represented on the Board.

⁵The HOME program replaced several other housing programs, including the Section 312 Rehabilitation Loans, Nehemiah Grants, Rental Rehabilitation, and Urban Homesteading programs.

⁶HHS also administers programs that provide benefits directly to needy individuals, such as Aid to Families with Dependent Children and Medicaid.

The federal government also provides funding to community organizations through many separate programs operated across federal departments. This funding tends to be categorical—designated for specific activities—and must be applied for in accordance with specific program guidelines. For example, HUD offers funding for homeownership through the Housing Opportunities for People Everywhere (HOPE) program and for assistance to the homeless through the McKinney Act programs. HHS provides grants to local entities to develop and implement projects that create jobs for low-income people in distressed neighborhoods through its Community Initiatives Program. It also provides grants for substance abuse prevention and treatment demonstration projects, among other things. Other agencies—including the Departments of Commerce, Education, Justice, Labor, and Transportation; the Environmental Protection Agency; and the Small Business Administration—operate additional programs that are available to community organizations. In addition, various federal tax credit and loan guarantee programs are available to community organizations.

Some states and localities administer additional programs and provide grants or loans to community organizations for affordable housing, economic development, and social services. For example, a city government may have its own homeownership program that the community organizations can use. Sometimes, state or local governments provide other types of assistance by donating land or offering to work with lenders to negotiate lower interest rates. In addition, some states and localities provide financing—sometimes tax-exempt—for specific projects.

Private Funding and Support

National intermediaries provide grants and loans, technical assistance, and coordination with other organizations. These organizations possess advantages of scale that allow them to give local groups access to tax credits and corporate equity investments, secondary mortgage markets, and lenders' commitments. For example, the National Equity Fund—a subsidiary of LISC—and the Enterprise Foundation use the federal low-income housing tax credit to raise capital for community organizations. In addition to raising funds, NRC's Neighborhood Housing Service helps form local partnerships of residents, governments, and businesses. Local intermediaries also support community organizations by creating support systems, helping to arrange financing, and providing training and other technical assistance.

Foundations provide funding and assistance in a variety of ways. Several national and local foundations have formed direct partnerships with community development organizations. These foundations provide the organizations with funding and technical assistance for planning and executing projects. Other foundations provide grants for specific projects or as “seed” or “glue” money to be used in leveraging additional financing from other sources or to give a project already under way the resources necessary to continue.

Commercial banks, businesses, and insurance companies also provide assistance in varying forms to community-based development organizations. Some banks offer loan programs to promote housing, small business, and property development or make below-market-rate mortgage loans for low- and moderate-income housing. Some banks also invest in development projects and local businesses. Businesses and insurance companies have generally contributed to community-based organizations through donations to foundations and intermediaries. However, some businesses work directly with neighborhoods by providing technical support and by donating supplies or products for fund-raising or special events. Other businesses invest by locating their stores or plants in shopping centers or industrial parks within distressed communities.

Other organizations, such as universities, hospitals, and religious institutions, also support community-based organizations. In some cities, universities and medical centers have teamed up with community-based groups to sponsor neighborhood-based development activities, such as housing rehabilitation or child care. Many community-based development organizations began in church basements. Aside from providing financial support, some religious institutions provide technical assistance.

Objectives, Scope, and Methodology

The Subcommittee on Human Resources and Intergovernmental Relations, House Committee on Government Reform and Oversight, asked GAO to assess (1) the reasons why experts advocate a comprehensive approach to community revitalization, (2) the challenges to implementing these efforts, and (3) the ways the federal government might support comprehensive approaches.

To respond to this request, we conducted case studies of four comprehensive community revitalization efforts: (1) the Core City Neighborhoods in Detroit, Michigan, (2) the Dudley Street Neighborhood Initiative in Boston, Massachusetts, (3) the Marshall Heights Community

Development Organization in Washington, D.C., and (4) the Neighborhood Housing Services in Pasadena, California. We neither evaluated these efforts to determine whether they were successful nor compared the comprehensive approach to single-focused approaches. Instead, we examined the history of each organization to find out why it chose a comprehensive approach and studied the major factors that helped and hindered its efforts. We judgmentally selected our case study sites through consultations with community development experts according to the following criteria:

Each effort had to

- have at least 3 years' experience;
- plan housing, social, and economic development;
- include residents in planning and decision-making;
- focus on a specific geographic area, and
- be located in an urban area.

These sites varied in their geographic location, style of management, origin (how the effort began and who started it), and evolution (how the effort incorporated housing, social, and economic development). They also varied in their demographic and economic profiles, differing, for example, in their rates of unemployment and poverty. Table 1.1 summarizes this information.

Table 1.1: Selected Characteristics of Case Study Neighborhoods

	Core Cities	Dudley Street	Marshall Heights^a	Pasadena NHS
Population	8,759	23,361	40,333	47,425
Race				
White	6%	12%	1%	30%
Black	94%	63%	99%	37%
American Indian, Eskimo, or Aleut	0%	1%	0%	1%
Asian or Pacific Islander	0%	2%	0%	5%
Other ^b	0%	23%	0%	28%
Hispanic origin ^c	1%	23%	1%	44%
Unemployment rate	31%	15%	11%	11%
Poverty rate	50%	32%	26%	25%

Source: Bureau of the Census data, 1990.

^aFigures are for the Marshall Heights community development target area. Some Marshall Heights services are provided over a larger geographic area.

^bIncludes all persons not included in the above categories.

^cPersons of Hispanic origin may be of any race.

Profiles of Case Study Neighborhoods

The Core City neighborhood in southwest Detroit was once home to many of the city’s auto workers and was one of the city’s more elaborate business and shopping districts. The neighborhood declined rapidly after the 1967 riots as people and businesses moved out of the area and crime and drug trafficking increased. Now, it is largely vacant, in terms of both people and businesses. Burned-out, abandoned, and boarded-up buildings and vacant lots are scattered throughout the neighborhood. In 1984, a local Catholic parish began community outreach efforts that resulted in the establishment of a nonprofit organization—Core City Neighborhoods (CCN)—that collaborates with other local organizations to provide comprehensive services to the neighborhood (see app. II).

The Dudley Street neighborhood—located about 2 miles south of Boston’s major financial and cultural districts—was once a thriving business and residential district. Over a period of nearly 30 years, the neighborhood was effectively isolated from the rest of the city and experienced financial disinvestment, arson, influxes of poor residents, and illegal garbage dumping. Twenty-seven percent of the households in the neighborhood

receive public assistance, compared with 12 percent in Boston as a whole. The Dudley Street Neighborhood Initiative (DSNI) began in 1984 as a nonprofit community organizing and planning entity. It collaborates with neighborhood residents, nonprofit organizations, foundations, and city agencies to meet its planned housing, economic, and social service objectives (see app. III).

Located in the northeast/southeast area of Washington, D.C., the Marshall Heights neighborhood was once a thriving African-American middle-class residential and business area. However, since the 1970s the community has suffered as its middle-class residents and businesses have moved out of the area. The community is cut off from the rest of the city by the Anacostia River and Interstate 295. It is home to one-third of the city's public housing units, yet 38 percent of its residents are homeowners. The Marshall Heights Community Development Organization (MHCDO) is a nonprofit CDC begun in 1978 to concentrate on economic development projects that would lead to self-sufficiency for the area's residents. The organization has since expanded into housing development and social services (see app. IV).

Northwest Pasadena is a residential community that consists of older single-family and multifamily units in need of rehabilitation. The majority of the community's small businesses are unstable, marginally profitable, and undercapitalized. The area has the city's highest living density and lowest household income. Until recently, the Pasadena city government played a limited role in the community, which, for the last 50 years has been socially isolated from the rest of the city. Adding to the sense of isolation, a highway was constructed in the early 1970s, displacing many residents and creating a shortage of affordable housing. The Pasadena Neighborhood Housing Services (PNHS) was formed in 1979 as a nonprofit organization after the city asked for help from the federally chartered NRC. PNHS' initial efforts centered around organizing the community and rehabilitating its housing. However, the organization has since expanded its efforts into economic development and social services (see app. V).

Methodology

To determine why community development experts advocate a comprehensive approach to community revitalization, we convened three expert panels (see app. VII) to obtain the views of researchers; national intermediaries; government officials; and public interest groups representing community development organizations, social services organizations, and state and local governments. We also reviewed

pertinent literature and interviewed leading researchers, foundation representatives, and federal agency officials. In conducting our case studies, we gathered data and interviewed community officials about their choice of a comprehensive approach. We developed information on the structure of the revitalization efforts, the nature of the collaborations the organizations had developed with public and private groups, and the range of funding sources used by the organizations. In addition, we collected demographic and economic data from the Bureau of the Census for our case study cities and for the census tracts that make up the case study neighborhoods.

To determine the challenges involved in a comprehensive approach to improving the conditions in the four neighborhoods, we relied primarily on our case studies. We interviewed individuals involved in or having knowledge of the revitalization effort about the primary factors that had promoted or impeded these organizations' success. Persons interviewed included the executive director and primary staff of the organizations, members of each board of directors, neighborhood residents, state and local government officials, and representatives of major funding organizations and local nonprofit organizations. To the extent possible, we corroborated this evidence by reviewing studies and publications.

To identify ways for the federal government to support comprehensive approaches, we discussed the federal role with neighborhood organizations, members of our expert panels, and federal and local government officials. We also reviewed previous GAO reports on community development issues and on social service integration. In addition, we reviewed relevant studies, including the National Performance Review's reports on reinventing government and the National Academy of Public Administration's report on HUD.

We conducted our work between October 1993 and January 1995 in accordance with generally accepted government auditing standards. We discussed the findings in this report with HUD officials, including the Director of the Office of Affordable Housing within the Community Planning and Development Division, who generally agreed with the information presented in the report. We also discussed our findings with the Director of the Office of Community Services within HHS' Administration for Children and Families, who stated that local communities should be the focus of program decision-making to improve housing, economic, and social conditions in distressed urban neighborhoods. He noted that the experience and participation of the

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Introduction

people most directly involved in the neighborhood improvement process—members of the community—are of paramount importance in the effort.

Comprehensive Approaches Address the Multiple Needs of Distressed Communities

The problems in distressed urban neighborhoods are severe and growing worse. Nonetheless, community-based organizations that use a comprehensive approach hold promise for significant, long-term neighborhood improvement, according to experts from government agencies, foundations, and community development programs. Researchers said that such an approach is feasible because community organizations and an infrastructure to support them have evolved over the last several decades. Although comprehensive efforts—including those we reviewed—are diverse, they often share certain characteristics. Typically, they are community-based—focusing on a specific geographic area and actively involving residents—address physical and social needs, and are initiated and sustained through collaborations with both the public and the private sectors. The organizations we studied evolved their comprehensive approach as they matured to respond to neighborhood needs. However, the variety of programs offered by these groups and the inability to quantify some of their results make it difficult to measure their impact. In addition, community development experts emphasize that many of these neighborhoods have suffered decades of disinvestment that cannot be quickly reversed. They cautioned that significant improvements in conditions in these neighborhoods may take a generation or longer to achieve.

Problems in Distressed Communities Are Severe and Growing Worse

Across the country, distressed communities face an array of escalating physical, social, and economic problems. The number of people in poverty¹ has climbed from 29 million in 1980 to 39 million in 1993. Many of these poor are concentrated in distressed urban communities where poverty and neighborhood distress—as indicated by the rates of poverty and joblessness and the numbers of female-headed households, welfare recipients, and teenage school dropouts—worsened between 1980 and 1990, according to a 1993 study.²

Studies suggest that these problems are complex and interrelated. For example, a 1989 study reported that 81 percent of the families in poverty face two or more obstacles to achieving self-sufficiency. Such obstacles include joblessness, poor education, reliance on welfare, or poor health.³

¹The federal government measures poverty according to annual income. For example, a household of two with an income at or below \$9,411 (the 1993 poverty threshold) would be considered poor.

²John D. Kasarda, "Inner-City Concentrated Poverty and Neighborhood Distress: 1970 to 1990," *Housing Policy Debate*, Fannie Mae, Vol. 4, Issue 3 (Washington, D.C.: 1993).

³Sar Levitan and others, *A Proper Inheritance: Investing in the Self-Sufficiency of Poor Families*, Center for Social Policy Studies, George Washington University (Washington, D.C.: July 1989).

Furthermore, over half of the families face three or more obstacles. According to an Annie E. Casey Foundation study, the vast assortment of interconnected problems, unmet needs, and disinvestment combine to produce dysfunctional and socially isolated neighborhoods.⁴ Another study by the Local Initiatives Support Corporation states that problems in low-income communities such as escalating crime, drug trafficking, joblessness, teen pregnancy and school dropout rates are both the causes and the effects of social disorganization.⁵

We found that despite the progress made by the organizations we studied, these same problems exist in our case study neighborhoods. Each of these neighborhoods has significantly higher rates of poverty and unemployment and higher proportions of welfare recipients and school dropouts than the city as a whole (see app. I). In addition, the physical condition of these neighborhoods has deteriorated and crime rates are high. For example, the Core City neighborhood has a high percentage of vacant land on which burned-out or dilapidated homes stand. A study by the city of Pasadena found a high concentration of violent crimes, neighborhood disturbances, and trafficking in narcotics. In the Marshall Heights neighborhood, most units are vacant in two public housing complexes that are awaiting demolition or renovation. Figure 2.1 shows the conditions that exist in these neighborhoods.

⁴Rebuilding Communities: A Neighborhood Reinvestment Strategy of the Annie E. Casey Foundation (Aug. 1993).

⁵Mindy Leiterman and others, Building Community: A Report on Social Community Development Initiatives, Local Initiatives Support Corporation (Washington, D.C.: June 1993).

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Figure 2.1: Conditions in the Case Study Neighborhoods



Vacant burned-out home in the CCN area.



Abandoned home formerly used by drug dealers in the PNHS area.



Fort DuPont Dwellings (public housing property) in the MHCDO area.



Illegal dumping in the MHCDO area.

Source: MHCDO.

Experts Advocate a Comprehensive Approach to Community Revitalization

Given the conditions in these neighborhoods, community development experts cautioned us that significant improvements may take a generation or longer to achieve. Nonetheless, experts from government agencies, foundations, public interest groups, and community development programs believe that community-based organizations that use a comprehensive approach enhance the chances of significant, long-term neighborhood improvements because they address multiple neighborhood needs. They told us that the conditions in the neighborhoods are interrelated and need to be addressed in tandem if long-lasting results are to be achieved.

An expert on comprehensive approaches does not believe that the comprehensive initiatives were begun in response to research or theory but were rather inspired by the logical appeal of the approach. She said that there has been an increasing recognition of the limits of narrowly defined, categorical strategies. For example, new housing has been built in many distressed communities without much attention having been given to the social problems facing its occupants. Social services have been carried out as if in a vacuum, separate from the conditions in the neighborhood. The expert said that each intervention was governed by a separate bureaucracy without any sense of coordination. In contrast, she said, a comprehensive approach recognizes that the problems in distressed communities are interrelated, and it tries to begin change in a number of areas. For example, she said, rather than addressing just one of a family's needs, such as housing, a comprehensive organization would also attempt to meet the family's needs for employment, education, child care, training in parenting skills, or treatment for substance abuse.

The need to address the interrelated problems in distressed areas through a multifaceted approach is also recognized by researchers, HUD, and HHS. The appeal of the comprehensive approach is that it ensures attention to the interrelationships among the needs of the community by linking human services, physical revitalization, and economic development in a concerted effort, according to a University of Chicago study.⁶ A study by the New School for Social Research reported that the problems in distressed communities are "complex and multidimensional and require long-term integrative approaches to their solution."⁷ In addition, HUD

⁶Prudence Brown, *Comprehensive Neighborhood-Based Initiatives: Implications for Urban Policy*, Chapin Hall Center for Children, University of Chicago (Chicago: Dec. 10, 1993).

⁷Ronald Shiffman with Susan Motley, *Comprehensive and Integrative Planning for Community Development*, Community Development Research Center, New School for Social Research (New York: Mar. 1990).

endorsed the comprehensive approach in its March 1994 publication entitled *Strategies for Community Change* in which the Secretary wrote, “We believe the best strategy to community empowerment is a community-driven comprehensive approach which coordinates economic, physical, environmental, community, and human needs.” July 1994 initiatives by HHS’ Administration for Children and Families are also intended to make it easier for community organizations to use HHS programs to meet community needs.

Dissatisfied with the results of previous single-focused approaches to community revitalization, national organizations and foundations are also emphasizing a comprehensive approach. While they recognize that the comprehensive approach is not new, they said that such approaches are more feasible now than in the past because community organizations have gained experience and an infrastructure for providing funding and technical assistance has evolved. According to the Director of Field Services for the Neighborhood Reinvestment Corporation (NRC), many programs supported by NRC in the past were developed with a housing rehabilitation focus. Over the years, however, the organization has learned that community needs extend beyond housing. As a result, NRC is encouraging its community organizations to make their programs more comprehensive. The Ford Foundation’s Neighborhood and Family Initiative—a multiyear program—uses the comprehensive approach because the foundation believes single-focused approaches to neighborhood problems are not effective in providing for the range of interrelated needs in poor neighborhoods. Additionally, the Annie E. Casey Foundation found that efforts to assist low-income children at risk were insufficient and needed to be augmented with social and economic initiatives that target the whole community. To encourage comprehensive revitalization, the foundation has provided \$160,000 in planning grants and is willing to commit up to \$3 million to each of five comprehensive organizations that attempt to improve conditions in their neighborhoods, including two of our case study organizations. Finally, the Enterprise Foundation—an intermediary that formerly focused primarily on housing—has begun a Transforming Neighborhoods demonstration in the Sandtown-Winchester neighborhood of Baltimore that brings community residents together with public and private agencies to plan and undertake comprehensive strategies.

Comprehensive Efforts Share Common Characteristics

Although comprehensive efforts are diverse, researchers have found that many—including the four we reviewed—share certain characteristics. Typically, they are community-based, focusing on a specific geographic area, and actively involving residents. Although they may evolve differently, they consider the needs of the community holistically so that their efforts confront the range of problems facing the community. Finally, they are frequently initiated and sustained through collaborations with many other organizations.

Comprehensive Efforts Are Community-Based

Community-based efforts focus on a specific neighborhood and involve those affected by the problems in shaping strategies to improve conditions in the neighborhood. Several studies have concluded that what distinguishes these efforts from their predecessors—Community Action Programs, Model Cities, and many single-focused efforts—is the extent of residential support for the community organization and its agenda. For instance, a study by the University of Chicago suggests that many of the earlier community efforts did not achieve their goals because they were initiated by outside organizations and did not involve the residents.⁸ A study conducted by Rainbow Research stated that significant community development takes place only when residents are committed to investing themselves and their resources in the effort.⁹ When residents identify their own needs and take advantage of skills already available in the community to foster their goals, a sense of ownership and community pride develops that allows a change in community conditions, according to community development experts. The experts also said that without residents' involvement, results were often short-lived.

The four organizations we reviewed cited several benefits of residents' participation in their community-based efforts. First, residents' participation ensures that an organization's activities support the real needs of the community. In addition, they said residents' support and participation gives the organization social and political legitimacy as a voice of the community. Residents' participation also gives the organization a source of support in the form of volunteers to sit on the board of directors, to fill staff positions in the organization, or to assist with specific events or activities. Community leaders said they have also

⁸Prudence Brown, *Comprehensive Neighborhood-Based Initiatives: Implications for Urban Policy*, Chapin Hall Center for Children, University of Chicago (Chicago: Dec. 10, 1993).

⁹Tom Dewar, *Hunting for Hope: Themes, Dilemmas and Opportunities in Community Development*, Rainbow Research (June 30, 1993).

noticed that participation instills a greater sense of pride and hope in the residents.

Comprehensive Efforts Often Evolve to Address Multiple Needs

Another common characteristic of these efforts is that they attempt to consider the multiple needs of the residents. According to a study prepared for the Ford Foundation, most comprehensive approaches fit one of three patterns.¹⁰ First, some focus on better coordinating the delivery of existing services toward a more comprehensive approach. Second, some efforts begin with a single focus—such as housing development—but evolve over time to encompass a variety of services and projects. Finally, according to the study, a few efforts begin with a comprehensive agenda. These efforts typically take on the most pressing issue first. They add to their activities in accordance with their overall plan as their organizational capacity grows.

Although the four organizations we studied were unique in terms of structure and services, two of the four organizations began with a single focus and evolved a more comprehensive approach as needs were identified. For example, in Pasadena, housing services officials began with a housing rehabilitation program and later expanded into community development activities, child care, and economic development. The Marshall Heights community group initially focused on economic development. Although its first project was the renovation of a shopping center, the group soon recognized that this effort alone would not make residents self-sufficient. Over the next decade, the group expanded into housing rehabilitation, drug abuse prevention and treatment, emergency services, and job training.

Core City Neighborhoods in Detroit began, in contrast, with a community organizing effort to identify residents' needs. The organization established a comprehensive approach to address the identified needs, which included improved housing conditions, crime prevention, business development and improved job opportunities, and enhancement of the neighborhood's physical appearance. Also, the fourth organization—Dudley Street—identified the development of a comprehensive plan as one of its first objectives. Concurrently, the organization began a campaign to stop the illegal dumping of trash as a mechanism for showing results and gaining community support. As the organization acquired more political power, funding, and staff support, it began addressing the other

¹⁰The Ford Foundation's Neighborhood and Family Initiative: *Toward a Model of Comprehensive Neighborhood-Based Development*, Chapin Hall Center for Children, University of Chicago (Chicago: Apr. 1992).

issues—housing, social services, and economic development—identified in its comprehensive plan.

Comprehensive Efforts Involve Collaborations With Other Organizations

Finally, comprehensive community organizations often collaborate with other local public and private organizations to help use resources more efficiently and to meet residents' needs. These collaborations may include foundations, schools, social service agencies, and other nonprofit organizations. According to a Ford Foundation study, collaborations can range from a few to several participants and can have either formal agreements of cooperation or informal agreements that include the occasional sharing of information, personnel, supplies, or materials. In addition, these arrangements can be structured through a local institution or government, a consortium of existing institutions, or a specially created independent organization.

The four organizations we studied collaborated with other groups to expand their resources and address areas that they would not otherwise have been able to take on. For example, Core City Neighborhoods collaborated with other groups extensively. They networked with six other groups to provide social services, such as a parenting skills program and an after-school and summer program for youth. They also collaborated with a local foundation that provides publicity and funding for the organization and with a bank that funds other efforts and provides volunteers.

Organizations Cited Multiple Benefits Derived From a Comprehensive Approach

In all four locations we visited, key stakeholders agreed that the comprehensive approach has benefited the community and holds promise for long-term results because the approach has enabled them to provide multiple services and to make these services accessible to community residents. In addition, residents and community leaders from all four locations cited an improvement in the physical appearance of the neighborhood and the attitudes of some of the residents. For example, the Marshall Heights community organization believes that it has improved the quality of life for many residents by bringing services to the community. Residents no longer have to take several buses to obtain emergency services or housing assistance outside the community. From one organization, they can obtain emergency food, temporary housing, homeownership assistance, employment referrals, drug abuse prevention and treatment services, advice on starting a small business, and assistance in cleaning up and organizing the neighborhood. Some of these services

were not previously available in the community but were developed by the organization over the last decade as it evolved and recognized the many needs of the community. For example, a lack of services for treating drug-addicted residents prompted the organization to create its own treatment center. The center takes a holistic approach and provides a framework for a wide range of prevention, intervention, treatment, and follow-up services and programs (see app. IV).

The Dudley Street organization emphasized the value of being able to help people improve themselves from whatever level they begin. For example, one person may need access to elderly care only, while another may need assistance in finding affordable housing and child care. Dudley Street's goal is to help residents organize to gain access to services the community needs, according to the organization's executive director (see app. III). In Pasadena, the director of a program for potential small business owners described a number of outcomes from the program that go beyond the acquisition of business skills. Some participants reassess and replace their initial business ideas, others succeed in getting jobs, while some return to school. The director believes that for many of the participants, the motivational benefits gained from learning to organize efforts in pursuit of a goal are often more important than the economic benefits (see app. V).

However, each organization stressed that its efforts would require a sustained commitment over a long period of time because of the magnitude of the problems being addressed. The Core City organization in Detroit has developed a 50-year strategic plan, anticipating that the neighborhood's revitalization will take a considerable amount of time (see app. II). The executive director of the Pasadena organization pointed out that because the housing stock is older and the population transient, the need for housing rehabilitation and social services will be ongoing.

Figure 2.2 depicts conditions before and after cleanup and/or renovation in our four case study neighborhoods. The photographs on the first page of the figure, taken during the mid-1980s, illustrate the effects of illegal dumping on vacant lots in the Dudley Street neighborhood. The photographs on the facing page show the results of the Dudley Street organization's efforts—housing, offices, a restored park, and a mural. On the third page, contrasting pairs of photographs depict a shopping center in the Marshall Heights neighborhood before and after rehabilitation, as well as a vacant building that the neighborhood organization converted into a community resource center. The photographs on the final page

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illustrate improvements in housing and commercial areas achieved through the efforts of three neighborhood organizations.

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Figure 2.2: Conditions Before and After Renovation in Case Study Neighborhoods



Illegal dumping on vacant lots in the DSNI area during the mid-1980s.

Source: DSNI.



Source: DSNI.



Source: DSNI.

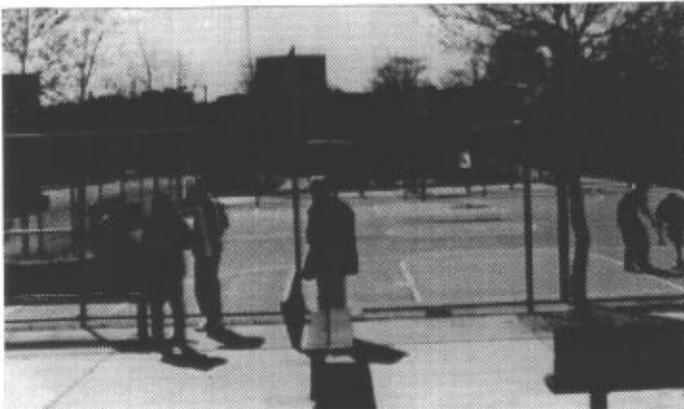


Source: DSNI.

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Low- and moderate-income housing developed on previously vacant lots by a DSNI partner.



Park reclaimed from drug dealers through DSNI efforts.



DSNI offices.



Neighborhood mural created by DSNI Youth Committee.

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Shopping center in MHCDO area before rehabilitation.

Source: MHCDO.



Shopping center in MHCDO area after rehabilitation.



Vacant building before rehabilitation.

Source: MHCDO.



Rehabilitated building housing the MHCDO Community Resource Center.

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A rehabilitated senior citizens' complex in the PNHS area.



Mural at the renovated shopping center in the Marshall Heights area.



A renovated single-family home in the PNHS area.



MHCDO'S small business incubator facility.



Renovated low- and moderate-income apartments in the CCN area.

Evaluations Supporting the Long-Term Impact of Comprehensive Efforts Are Limited

Few empirical studies have been completed that are able to capture the long-term impact of groups carrying out a comprehensive approach. According to community development researchers, there are several reasons for the lack of empirical research. First, because these organizations have evolved to respond to the specific needs of their community, each organization is different from its counterparts. Such diversity makes generalization difficult. Second, the results of much of the work these groups do—community outreach, counseling, and referral—are difficult to measure or quantify. According to a University of Chicago study, traditional evaluations are rarely designed to measure the depth and complexity of factors occurring at the neighborhood level or to relate the cause and effect of changes over time. As a result, existing evaluations of these efforts generally focus on tangible benefits, such as the number of goods and services produced, rather than intangible benefits, such as building self-esteem, pride, and hope within the community.

The few formal evaluations that have been completed for the four organizations we reviewed were requested and funded by outside organizations. For example, as a prerequisite for participating in an operating support initiative, LISC required and funded an evaluation of the Marshall Heights organization by a consulting firm in 1992. The evaluation pointed out success factors (holistic vision, strong leadership) and weaknesses (inability to integrate programs) and made several recommendations to the organization. The Pasadena organization is evaluated quarterly by its parent organization, the Neighborhood Reinvestment Corporation. These evaluations focus on financial and program performance. The Annie E. Casey Foundation is developing an evaluation framework for its Rebuilding Communities Initiative. This framework will be applied to the Dudley Street and Marshall Heights organizations to meet a requirement for participation in the foundation's community revitalization effort.

Officials from all four organizations we studied said that they do not formally evaluate their own programs. These officials told us that self-evaluations have not been done because of resource constraints. However, all four community organizations have assessed their activities informally. Some have reviewed their accomplishments each year to ensure that they are meeting the objectives laid out in a strategic planning document. Others have compared their current program offerings with the results of ongoing community needs assessments. The organizations also maintained records of results, such as the number of housing units

produced, clients served, or participants involved. They told us that this information is often required by funders.

Conclusions

In response to the interrelated problems in distressed communities and out of dissatisfaction with the results of community development efforts over the past several decades, community development experts, foundations, government agencies, and community development organizations are turning to the comprehensive approach. While they recognize that this approach is not new, they believe that it is more feasible now than it was in the past because community organizations are more experienced and an infrastructure to support them has developed. They emphasize that the conditions in these neighborhoods cannot be quickly reversed. In addition, the diversity of these efforts and the difficulty in quantifying some of their results make it difficult to measure outcomes. Nonetheless, experts and organizations believe that community-based efforts that involve the residents and consider their needs holistically are promising because these efforts recognize the intertwined nature of the problems confronting these communities and the people who live there.

Comprehensive Approaches Are Difficult to Implement

Many challenges confronted the four organizations we studied as they attempted to improve conditions in their neighborhoods. Because many residents were skeptical, a substantial challenge to each organization was gaining the trust of residents and ensuring their involvement in the revitalization effort. In addition, the organizations had to piece together a complex web of funding from several private and public sources—often with restrictions on use—to cover both their program and their administrative costs. They also faced the daunting task of concurrently managing a diverse set of programs to address housing, economic development, and social service needs. These challenges required persistent efforts over many years to build sufficient technical and management skills to operate effectively. Leaders of these organizations said that, to sustain their organization, they have concentrated on building support among diverse groups of residents, gaining access to multiple funding sources, collaborating with other organizations, and developing a cadre of experienced staff.

Community-Based Organizations Face the Challenge of Ensuring Residents' Participation in the Effort

According to officials representing the organizations we studied, involving residents was a challenge because some of them were skeptical, fearful, or apathetic. For example, in one community, the executive director remembered shouting to residents through their front doors and trying to communicate with them through peep holes. He said that residents who opened their doors talked about how nothing they could do would make a difference in the neighborhood. A resident in one of the communities we studied said that people were afraid to speak up in community meetings about problems such as drug dealing in their neighborhoods because they were afraid of retaliation.

According to these officials, neighborhood conditions and the failures of past community development efforts to address the needs of residents were largely to blame for residents' feelings. At each case study location, conditions had declined as many middle-class residents and the businesses that served them moved out. Subsequently, poverty increased and related problems grew in these areas (see app. I). Physical isolation from the rest of the city and reductions in both private and public services also affected several locations. Disinvestment, from cuts in police protection to insurance and home mortgage redlining, had been taking place for years. One of the locations contained 2,995 public housing units—one-third of the city's total units—784 of which were vacant as of January 1994. In addition, many residents remembered previous promises that were broken

when budgets were cut or displacements occurred instead of neighborhood improvements.

The organizations used a variety of methods to gain the trust of community residents and involve them in the organization. Each organization cited visible accomplishments—rehabilitated housing and economic development projects—as a factor in gaining the trust of residents and reducing their skepticism about the revitalization effort. For example, in one case, residents did not begin to trust the organization until they noticed the development of apartment complexes and the establishment of youth activities. In another case, residents said that the redevelopment of the local shopping center was a visible sign that the organization was serious about improving neighborhood conditions. In addition, the organizations we studied conducted extensive neighborhood outreach and organizing campaigns, involved the residents in developing plans to address neighborhood concerns, formed boards of directors with seats designated for residents, hired residents for staff and management positions in the organization, and revisited their plans periodically to obtain residents' input and to make sure that the plans still met the community's needs.

One of the organizations said that it has yet to involve sufficient numbers of the neighborhood's public housing residents in the effort. The executive director said that under an Annie E. Casey grant, the organization had begun to plan ways to involve more public housing residents. However, he said that without reducing the concentration of public housing units by creating mixed-income developments, it would be hard to end the feelings of isolation experienced by public housing residents. Community development experts we interviewed agreed. They said that public policy contributes to the isolation of public housing residents by concentrating low-income families in one place and by creating a bureaucratic structure—the public housing authority—that is typically not involved in community development activities.

The Need to Fund and Manage Multiple, Diverse Programs Poses a Challenge to Comprehensive Approaches

Each of the four efforts we studied was faced with the challenge of funding and managing multiple social service, housing, and economic development programs to address community needs. The four organizations relied on multiple public and private sources, such as federal block grants and program-specific grants, foundation grants, and corporate donations. Identifying and soliciting additional funding sources and establishing collaborations to provide services posed a major challenge for each group. Once the funds were obtained and the collaborations were established, the groups were faced with the challenge of concurrently managing multiple programs, each with separate funding sources, application requirements, and reporting expectations.

Organizations Relied on a Complex Web of Funding Sources

The four organizations found that obtaining funding to meet the diverse needs of the community was difficult and time-consuming. In general, they said that their primary problem with public funding sources could be traced to the proliferation of categorical programs and the programs' many different application and reporting requirements. For example, one organization said that applying for a \$725,000 HUD McKinney Act grant and tracking the program's reporting requirements demanded one staff member's full-time attention. Representatives from this organization also said that the reporting requirements for the program tend to focus more on processes and expenditures than on results. Another organization was reluctant to apply for a HUD neighborhood development program because the cost of hiring someone to write a proposal was too high compared with the likelihood of being funded.

Representatives from three of the organizations said that they have turned down funding from certain federal programs or have chosen not to apply for some federal grants because the programs were not flexible enough to be used to address community needs. For example, one organization decided not to apply for a community development initiative loan from HUD because it did not believe that the repayment term was realistic for the planned project. Another organization does not use federal funding for some of its programs because beneficiaries would be required to meet stricter eligibility standards than the organization deems reasonable. A third organization intended to use funds from HUD's Nehemiah Grants program to support its development of new homes in the community.¹ However, since mortgages supported by a program grant could not be assumed by future homebuyers, the organization could not ensure that the

¹The Nehemiah Grants program was replaced by the HOME program.

housing would be kept affordable for future homebuyers. Because of this restriction, the organization decided not to accept the funding.

In response to these problems, each of the four organizations we reviewed developed diverse funding sources to support its programs. All four organizations used funding from federal, state, and local programs and received support from foundations and corporations. Overall, the organizations relied on public funding for about 30 to 60 percent of their budgets. Much of this funding was obtained through CDBG or CSBG—two relatively flexible federal grant programs. The organizations credited these programs with providing a long-term stream of funding for a wide range of services. Total organizational budgets for 1993 ranged from about \$500,000 to about \$2,600,000. Table 3.1 lists the major funding sources used by the four organizations.

Table 3.1: Major Funding Sources Used by the Four Organizations and Their Collaborators (1993)

Funding source	Core Cities	Dudley Street	Marshall Heights	Pasadena NHS
CDBG	X	X	X	X
CSBG		X	X	
NRC				X
McKinney Act			X	
HOPE	X			
HOME		X	X	
State/local housing programs	X	X		
Other state/local programs	X	X	X	
Corporations	X	X	X	X
National foundations		X	X	
Local foundations	X	X	X	X
Intermediaries	X		X	
Other fund-raising	X	X	X	X

The four organizations said that they were able to develop multiple funding sources more easily after they had accumulated a record of accomplishments and small amounts of funding—seed money—that they could use to leverage more resources. For example, a city official in one case study location informed us that the city continues to provide funds because of the effort’s established history and effective use of funding for viable projects. Similarly, two foundations involved with another case study organization described the effort as a good investment because of the organization’s proven track record and strong leadership. The Marshall

Heights organization cited its use of \$25,000 in CDBG funding to leverage \$3.2 million in private funds to rehabilitate its shopping center.

Each of the organizations we reviewed also increased its capacity to address community needs by collaborating with other organizations, such as housing developers, churches, local governments, private corporations, and other nonprofit organizations. Representatives from the organizations said that collaborating—while difficult and time-consuming—allowed them to use the skills and expertise of other organizations without necessarily developing the same capacity themselves. Two of the organizations relied on collaborations with other organizations to expand their network of services. The other two organizations provided most of the services themselves but relied on collaborations to supplement their programs. In both instances, the collaborations increased the resources available to the organization. For example, one organization established a collaboration with an existing nonprofit housing developer who agreed to complete the housing development portion of the organization’s comprehensive plan. The other organization worked with a local fund-raising organization that helped raise over \$133,000 over a 4-year period and provided an attorney to untangle building titles, architects to handle redesigns, and many volunteer hours and consultations with other professionals.

The Need to Manage and
Integrate Multiple
Programs Challenges
Comprehensive Efforts

Each of the groups we studied also faced the challenge of managing an organization that operates—or facilitates the delivery of services through—multiple, concurrent, and diverse programs. All of the organizations said that the number of programs they operated had increased over the last 10 years in response to community needs. In each case, increases in the number of programs created a strain on the organization’s managerial and administrative capacity. For example, during a 4-year period, the staff of one of the organizations we studied doubled in size and the operating budget nearly tripled with the addition of major programs to produce affordable housing and provide social services. According to an organizational assessment prepared for the group, the expansion in programs put a strain on the existing management systems, staff, and finances. The different funding sources needed to support the organization’s many programs created a strain on the financial system because each program had a different set of expenditure definitions and reporting requirements and, therefore, had to be tracked separately.

In addition, the collaborations developed by these organizations sometimes caused management strains because they were time-consuming and occasionally created competition. One organization said that a great deal of time had to be spent on building consensus before collaboration could occur because the groups were used to competing for funding. Another organization said that collaboration can be costly and difficult because it requires bringing together many different groups that have to cooperate and share power. In another neighborhood, an organization official cautioned that the executive director can be perceived as a political threat to city officials who believe that, as a recognized leader in the community, the executive director may run for office one day.

Each organization said that these management challenges required persistent efforts over many years to build sufficient capacity to operate effectively. They said that one way they build such capacity was to develop a cadre of experienced staff members—both from within the community and from outside it. For example, one organization has received assistance in maintaining its staff levels by obtaining administrative funding from foundations. Another responded by hiring long-time board members—who were also neighborhood residents—as staff. Two organizations also developed leadership below the executive director position by creating deputy director positions. In addition, the charisma and enthusiasm of staff and leaders were cited by each organization as key ingredients that helped them through difficult times.

Conclusions

Organizations using a comprehensive approach face multiple challenges. Community skepticism caused by declining neighborhood conditions and the failures of some previous programs makes involving residents difficult. The need to fund multiple programs and to manage them once funding is secured also poses challenges. The number and diversity of funding sources these organizations use create demands on staff time because the organizations must concurrently manage multiple programs, each of which has separate application requirements and reporting expectations. Despite such challenges, the organizations we studied have managed to sustain their comprehensive approach by employing several strategies, including ensuring residents' participation in the revitalization effort, developing consistent and diverse funding sources and collaborations with other organizations, and making organizational changes where necessary to respond to an increasing number of programs.

Recent Federal Initiatives May Aid Communities Taking a Comprehensive Approach

Historically, coordination has been limited across and within the federal departments and agencies that have responsibility for programs intended to assist distressed communities. Agencies have tended not to collaborate with each other for a variety of reasons, including concerns about losing control over program resources. Recently, the federal government has taken steps to improve interagency coordination and reduce fragmentation by consolidating and streamlining some of the federal programs intended to assist distressed communities. If fully implemented, these efforts could help the federal government become more supportive of comprehensive revitalization efforts.

Fragmented Programs Limit Interagency Coordination

The federal government assists distressed urban communities and their residents through a complex system involving at least 12 federal departments and agencies.¹ Together, these agencies administer hundreds of programs in the areas of housing, economic development, and social services. For example, in previous work we reported that there are at least 154 employment and training assistance programs, 59 programs that could be used for substance abuse prevention, and over 90 early childhood development programs.² A guidebook to federal programs available for the Empowerment Zones and Enterprise Communities program identified over 50 programs as a “sample” of the universe of federal programs that agencies could consider in developing their revitalization plans. Considered individually, many of these categorical programs make sense. But together, they often work against the purposes for which they were established, according to a National Performance Review (NPR) report.

According to Office of Management and Budget (OMB) officials we interviewed, one reason for limited coordination among the many federal programs with similar goals and objectives is that federal agencies have become more protective of their programs as resources have grown scarcer. These officials and a community development expert also believe that agencies are concerned that collaboration and coordination could lead to a loss of control over program resources. Moreover, the OMB officials believe that federal efforts to maintain program structures and

¹The Departments of Agriculture, Commerce, Education, Health and Human Services, Housing and Urban Development, the Interior, Justice, Labor, Transportation, and the Treasury; the Environmental Protection Agency; and the Small Business Administration operate programs available to distressed communities. Other agencies, such as the Department of Defense, also operate programs that may be regarded as assisting distressed urban communities under certain circumstances.

²See *Multiple Employment Training Programs: Major Overhaul Is Needed* (GAO/T-HEHS-94-109, Mar. 3, 1994), *Drug Use Among Youth: No Simple Answers to Guide Prevention* (GAO/HRD-94-24, Dec. 29, 1993), and *Early Childhood Programs: Multiple Programs and Overlapping Target Groups* (GAO/HEHS-95-4FS, Oct. 31, 1994).

funding levels have constrained opportunities to identify and resolve instances of programmatic overlap, regulatory burden, and limited access to funds.

In addition, previous efforts at coordination have generally been unsuccessful. In earlier work, for example, we found that the federal government had set up a patchwork of parallel administrative structures to deliver an estimated \$25 billion annually in employment and training services.³ Many of these programs target the same population, yet despite decades of attempts to improve coordination, conflicting program requirements continue to hamper administrators' efforts to coordinate activities and share resources. In the area of social service delivery, evaluations of previous coordination efforts have found that such initiatives were unable to coordinate different categorical programs at the federal level and have had only limited success at the local level.⁴

Even within federal agencies, programs are sometimes fragmented and uncoordinated. For example, in fiscal year 1993 HUD's Office of Community Planning and Development administered several programs that provided about \$5.4 billion to states, local governments, and public and private nonprofit groups for (1) affordable housing, (2) community and economic development, (3) assistance to the homeless, (4) infrastructure, and (5) social services. Until HUD recently began efforts to consolidate four of these programs, applicants had to complete four different applications and prepare two plans. In addition, each program operated on its own schedule and required lengthy progress reports that included little information on the program's accomplishments. HUD reported that these requirements were pushing communities away from comprehensive planning and toward compartmentalized thinking.

The proliferation of federal programs imposes a burden on local organizations that attempt to piece together programs to serve their communities. As we mentioned in chapter 3, the neighborhood organizations we studied found it burdensome to manage multiple programs with individual funding streams, application requirements, and reporting expectations. In addition, one organization reported that it had strained its managerial and financial systems to meet federal record-keeping and accounting standards for several funding sources.

³Multiple Employment Training Programs: Major Overhaul Is Needed (GAO/T-HEHS-94-109, Mar. 3, 1994).

⁴Integrating Human Services: Linking At-Risk Families With Services More Successful Than System Reform Efforts (GAO/HRD-92-108, Sept. 24, 1992).

While the organization implemented the necessary procedures to comply with the standards, officials said that the administrative burdens nearly forced the organization to reduce the scope of its services.

Some Recent Federal Initiatives May Help Communities Implement a Comprehensive Approach to Revitalization

Recently, in response to recommendations by NPR to reduce the administrative burden of federal programs and make federal programs more responsive, a number of initiatives have been undertaken. Some of these initiatives may eventually aid communities currently taking or planning to take a comprehensive revitalization approach. These initiatives include (1) governmentwide programmatic and managerial changes intended to “reinvent” federal departments and agencies, (2) program consolidation and streamlining measures designed to reduce fragmentation among some federal programs and reduce administrative burdens on recipients of federal funding, and (3) the establishment of the Community Enterprise Board.

Created in 1993, NPR undertook a broad review of the federal government’s management and operations in an attempt to “reinvent” the way departments and agencies do their work. Among its emphases were recommendations on how major government programs could improve their operations by enhancing their responsiveness to customers’ needs. To implement these recommendations, Executive Order 12862 was issued, requiring executive branch departments and agencies to establish and implement customer service standards. As an initial step in this process, for example, HHS identified its partners, direct and indirect customers, and stakeholders. HHS plans to set standards for its partners—most often state and local governments—and then establish standards for its “ultimate customers,” such as substance abuse clients, Head Start families, and children in foster care. To achieve its customer service goals, HHS intends to consult with state and local governments and service providers when it formulates new policies and regulations that affect its partners and the individuals and families who receive services.

To reduce the level of fragmentation among federal programs used to assist distressed communities and their residents, the federal government has also taken steps to streamline application processes and consolidate some programs. For example, HUD recently issued a proposed rule to consolidate into a single submission the planning and application requirements for several formula grant programs administered by its Office of Community Planning and Development. These include CDBG, Emergency Shelter Grants, HOME Investment Partnerships, and Housing

Opportunities for People With AIDS. The proposed rule would also consolidate the reporting requirements for these programs, requiring one performance report instead of several program-specific reports. Other agencies that have taken steps to consolidate programs include HHS, Education, and Labor. However, according to OMB officials and public policy researchers, a significant reduction in the level of program fragmentation has historically been difficult to achieve because of the congressional subcommittee structure, the protectiveness of agencies toward their programs, and the strong support of constituent groups for particular programs. Nonetheless, HUD has announced plans, pending congressional approval, to consolidate 60 of its major programs into 3 flexible performance-based funds. The funds would be designed to give state and local governments the flexibility to develop local plans for community and housing needs that, by their nature, would vary from jurisdiction to jurisdiction and change from year to year.

The Community Enterprise Board was established by executive order in September 1993 to assist with the implementation of the Empowerment Zones and Enterprise Communities program and to advise the President on how the federal programs available to assist distressed communities can be better coordinated across agencies. To improve such coordination, the Board has been tasked with (1) developing an inventory of all programs providing physical, social, and economic assistance to distressed communities and their residents, (2) identifying programs or policies that overlap and/or conflict, and (3) developing innovative strategies to collaborate on ways to accomplish common program objectives. While the experts we interviewed agreed that an entity such as the Board is needed to coordinate the federal programs available to assist distressed communities, they also said that in the past such efforts have not been very successful. If the Board is to fulfill this mission, it will require high-level departmental commitment and open dialogue, according to the experts.

According to a recent study on HUD by the National Academy of Public Administration (NAPA),⁵ flexibility should be a primary criterion in any decision on consolidation reached by the Congress and the administration or in any of the programmatic changes undertaken in the interim. Among the ways to ensure this flexibility are (1) to build in appropriate waiver provisions (statutory or regulatory) for new or demonstration programs so that communities can quickly get them under way or make community-specific changes, (2) to provide sufficient flexibility in funding

⁵Renewing HUD: A Long-Term Agenda for Effective Performance, NAPA (July 1994).

major program areas so that the Secretary of HUD has a range of options for addressing the varied and changing needs of communities, and (3) to limit the number of competitive awards by providing more funds through block grants.

Conclusions and Observations

The federal government's approach to assisting economically and socially distressed communities has led to the creation of numerous individual programs intended to address specific needs faced by these communities. Considered individually, many of these categorical programs make sense. But together, as the NPR report noted, they often work against the purposes for which they were established. Because previous federal efforts to consolidate or streamline programs have had only limited success, local organizations must still piece together programs to serve their communities. Although past efforts to coordinate and consolidate programs across agencies have had limited success, we believe that consolidation measures such as those HUD has proposed, if fully implemented, could make it easier for communities to plan and undertake a comprehensive approach to neighborhood improvement.

Selected Demographic and Economic Data for the Four Case Study Locations (Calendar Year 1990)

	Detroit, Mich.	Core City Neighborhoods area
Population of target area	1,028,000	8,759 ^b
Race		
Asian or Pacific Islander	0.8%	0.2%
Black	75.7%	93.9%
American Indian, Eskimo, Aleut	0.3%	0.1%
White	21.6%	5.5%
Other ^c	1.5%	0.2%
Hispanic origin ^d	2.6%	0.7%
Unemployed	19.7%	30.8%
Over 25 without a high school diploma	37.9%	53.2%
Income below the federal poverty level	32.4%	49.6%
Household receiving public assistance	26.1%	39.3%
Female head-of-household with children	19.4%	16.6%
Median family income	\$22,566	\$12,493
Households	373,857	5,629
Housing units occupied by renters	47.1%	66.3%
Vacant housing units	8.8%	16.4%

**Appendix I
Selected Demographic and Economic Data
for the Four Case Study Locations (Calendar
Year 1990)**

Boston, Mass.	Dudley Street Neighborhood Initiative area	Washington, D.C.	Marshall Heights Community Development Organization area^a	Pasadena, Cal.	Pasadena Neighborhood Housing Services area
574,000	23,361	607,000	40,333	132,000	47,425 ^b
5.3%	1.7%	1.9%	0.3%	8.2%	4.7%
25.5%	62.8%	65.9%	98.5%	19.0%	36.8%
0.3%	0.7%	0.3%	0.2%	0.6%	0.6%
63.0%	11.6%	29.6%	0.7%	57.1%	29.6%
5.9%	23.2%	2.4%	0.3%	15.1%	28.3%
10.4%	23.4%	5.2%	0.7%	26.9%	44.4%
8.3%	14.5%	7.0%	10.6%	6.3%	10.9%
24.3%	39.2%	26.9%	40.9%	22.5%	41.5%
18.7%	31.9%	16.9%	25.8%	14.9%	24.9%
11.9%	26.8%	8.9%	15.2%	9.2%	19.0%
9.2%	24.3%	9.6%	19.4%	6.8%	14.1%
\$34,377	\$23,359	\$36,256	\$25,597	\$40,435	\$24,388
227,958	7,332	249,034	14,819	50,409	15,188
69.1%	74.1%	61.1%	65.8%	53.7%	67.6%
8.9%	12.3%	10.4%	9.4%	5.3%	4.6%

^aFigures for the Marshall Heights community development target area. Some Marshall Heights services are provided over a larger geographic area.

^bWeighted population totals used to reflect census tracts that were not fully contained within the identified neighborhood.

^cIncludes all persons not included in the above categories.

^dPersons of Hispanic origin may be of any race.

Source: Bureau of the Census data, 1990.

Core City Neighborhoods

Origins and Evolution

Core City Neighborhoods (CCN) began with the dreams of a Roman Catholic Bishop. Raised in Detroit, the bishop had pleasant memories of a vibrant community, now distressed and largely abandoned. He hoped to rekindle the area through community outreach. The bishop was aware of the success of a nearby community-based organization in sustaining businesses and residents within its boundaries and hoped to do the same within the boundaries of his parish. In 1984, the bishop enlisted the help of a Sister of Mercy. With the sister's background in community organizing and redevelopment, financial assistance from the Sisters of Mercy, and a 3-year grant from the Campaign for Human Development, CCN began.

During the first 4 months of organizing, the sister and several volunteers, including residents from the neighborhood, went door to door to talk with other residents. Through these encounters, the group became acquainted with the residents and their needs, strengths, and visions. The group gained the residents' support and involvement before moving ahead with a revitalization plan.

Organizational Structure

CCN is a community-based nonprofit organization as defined under section 501(c)(3) of the Internal Revenue Code. The 18-member board of directors consists of 9 residents, 3 representatives of institutions, 3 representatives of businesses, and 3 representatives of community-based organizations. All board members are elected, and residents must hold at least 50 percent of the positions. The elected officials must (1) live or work in the CCN area, (2) belong to a community group such as a block club, tenant association, or church, and/or (3) be associated with an institution such as a hospital, school, or library in or near the CCN area. Much of CCN's board of directors' ongoing work is carried out through committees formed to address business development, crime prevention, employment and training, finance and resource development, housing and land use, leadership development, membership, community newsletter publication, and youth development.

CCN has 11 full-time and five part-time paid employees. It also employs five seasonal employees who primarily mow vacant lots during the summer months. These workers are paid through a contract that CCN arranged with the city of Detroit. In addition, one full-time volunteer is involved in general operations, and a number of volunteers help with different events, activities, and projects. On average, CCN has 20 volunteers involved in its youth program and 40 to 60 volunteers involved in its Paint-up/Fix-up Program. CCN also operates six subsidiary housing corporations

established to take advantage of tax credits and to provide liability protection for the parent corporation.

Goals and Strategies

CCN's mission, developed during the early days of organizing and talking to residents, is twofold: (1) to strengthen the social and human development needs of the community and its residents and (2) to rebuild or develop the physical and economic base of the area. The residents expressly wanted to improve housing conditions, prevent crime, develop businesses, provide job opportunities, and enhance the physical appearance of their neighborhood. CCN's planning team and staff developed a 50-year revitalization plan, which included surveying neighborhood residents, holding planning workshops, and consulting with many individuals and organizations that have an impact on the neighborhood.

To achieve its goals, CCN collaborates extensively with community-based organizations, businesses, public and financial institutions, and any other group that offers the types of services that CCN's residents need. According to CCN's directors, one organization cannot do everything. Some of CCN's more successful programs are collaborations with other organizations. For example, the youth program started as a collaboration with a local church that was already offering a youth program to its members. The church had the facilities and could provide some transportation, but CCN was able to enhance the existing program with staff and grant funding to offer a more extensive program to all of the children in its neighborhoods. CCN also collaborated with a local school to gain its support for the youth program.

Residents' involvement is also a key factor in CCN's strategy. Gaining residents' support for the effort was not easy. However, according to several representatives of institutions and businesses, the sister's charisma and the integrity of the church, as well as visible evidence of changes in the neighborhoods, helped gain residents' trust. Residents of the neighborhoods say that they do not want an outside group coming into their area and making changes. They know their area and the needs of the people in their area best. According to residents, changes should be made with their consensus and involvement.

To this end, CCN staff and board members take their orders from the residents. Programs are designed around the residents' needs, not around what available funding allows. CCN staff use their collaborations to identify funds that are not restrictive and directive. Programs are designed; then funding is fashioned around the program. For example, a local community

foundation official noted that CCN—in collaboration with a local mental health facility, elementary school, and other community organizations—designed a training program for parenting skills for which it needed funding. At the time the program was designed, the foundation did not have a funding mechanism that would accommodate the program. Rather than change the program to satisfy the funding source, CCN officials put the program on hold until an appropriate grant program was available.

Accomplishments

CCN has many accomplishments. The most visible activities are in the areas of multifamily housing rehabilitation and youth programming. The following are some of CCN's accomplishments:

Housing Development

- Rehabilitated 45 apartments within six multifamily housing facilities.
- Developed a seven-unit transitional housing facility, which was completed in collaboration with the Coalition on Temporary Shelter.
- Rehabilitated the interior and exterior of 40 private residences and painted and performed minor home repairs on an additional 275 private residences.
- Conducted over 50 workshops for homeowners and prospective homeowners on credit and budgeting through CCN's Housing Counseling Services.

Social Services

- Sponsors after-school and summer programs for about 40 children, aged 6 to 12, each year providing tutoring, cognitive skills building, arts and crafts, recreation, and mentoring.
- Conducts an annual Junior Olympics program in collaboration with Wayne County, local businesses, residents, and other community organizations for youth development. The 1-day competition emphasizes both physical and academic development and is designed as a way to build self-esteem and enable parents to spend quality time with their children.
- In collaboration with the Detroit Police and the State of Michigan, provides vehicle identification labeling to deter theft and the transfer of stolen vehicles.
- Carries out crime prevention through a citizen band radio patrol.

Economic Development

- Created jobs through CCN's landscaping company. Through a contract with the city of Detroit, CCN annually employs nine residents to mow 2,000 vacant properties.

-
- Provided business counseling and guidance to 185 small business owners, including one-on-one advising on marketing and accounting skills, advertising strategies, and management practices.
 - Is currently identifying consumer buying patterns and the types of businesses the area could sustain. This is part of an asset survey CCN is conducting in preparation for constructing a shopping center and residential complex.

Dudley Street Neighborhood Initiative

Origins and Evolution

The Dudley Street Neighborhood Initiative (DSNI) was begun in 1984 with the help of the Riley Foundation—a Boston-area community foundation—and the Community Training and Assistance Corporation. The area encompassed by DSNI contained wide expanses of vacant land and abandoned buildings. The foundation, which had been called upon by a multiservice agency to provide funding, believed that the neighborhood required a broad-based approach to improve local conditions. Rather than spreading its grant-making to community groups throughout Boston, the foundation dedicated itself to providing long-term support solely to Boston's Roxbury and North Dorchester communities, the poorest areas of the city—which include the Dudley Street neighborhood.

With the foundation's encouragement, local community organizations formed an advisory group to identify the neighborhood's problems, set priorities, and develop the structure for an organization to carry out local plans. However, the advisory group initially proposed a structure that was an "organization of organizations." When the proposal was presented at a community meeting, residents challenged the organizational structure. A consensus of the residents at the meeting was that the majority of the board of directors should be residents. The residents also sought equal representation on the board for the neighborhood's four ethnic cultures. Thus, early in its development the hallmarks of DSNI's operations and structure were set: resident control, cultural sensitivity, and collaboration with existing neighborhood organizations.

Organizational Structure

As designed by local residents, DSNI's 31-member board of directors must have a majority of residents; the balance of the members must be representatives of community nonprofit organizations, development corporations, business and religious groups, and government agencies. In addition, the resident members must represent equally the neighborhood's major cultural populations—African-American, Latino, Cape Verdean, and White.

Currently, over 1,800 residents are voting members of DSNI. The governing body is the board of directors, first elected in April 1985 and elected every 2 years thereafter. The executive director and staff are charged with carrying out the board's mandates. As of January 1995, DSNI employed 16 full-time staff members. Staff resources are supplemented, when needed, by the voluntary contributions of residents and other individuals, local law firms, downtown Boston organizations, and several interns from local universities.

DSNI was organized in Massachusetts as a not-for-profit corporation in March 1985. Its financial statements are independently audited annually, and its management is informally reviewed by the Riley Foundation. In addition, DSNI conducts self-assessments using board member and staff input and other sources of information. Such assessments are recorded in quarterly reports for public review.

Goals and Strategies

DSNI members and staff view their organization as a community planning and organizing entity rather than as a traditional Community Development Corporation (CDC) or service provider. DSNI has combined a variety of techniques to complement its organizing activities and increase residents' involvement, including conducting short-term campaigns, developing a long-term strategy, developing goals through consensus-building, developing local leadership, leveraging community support to gain political support, and developing a comprehensive community development plan.

DSNI's purposes in organizing were to provide information to residents, including information about where to call for assistance, and to expand the circle of people involved through membership-building, coalition-building, problem-solving, and morale-building. Consensus-building was an integral feature to fostering residents' ownership of both the problems and the proposed solutions. Lastly, DSNI continually sought to develop community leadership by, for example, selecting a resident to serve as DSNI's second president.

Because DSNI's resident-driven, consensus-based approach achieved early successes, the organization has been able to obtain broad-based, ethnically diverse community support for its activities. This type of support gained recognition from the mayor and city agencies. As a result, the Boston city government has provided extensive political, financial, and technical assistance for DSNI's projects.

In 1987, DSNI developed a comprehensive plan of action that included, among other goals, developing community pride, strengthening cultural diversity, improving residents' job skills, providing housing counseling, promoting human service programming and resource allocation, and developing new housing opportunities. According to neighborhood residents and officials from DSNI and other organizations, this plan achieved multiple purposes. Because it was developed through a consensus of the participating residents and the board, it had widespread

support. It provided the board, staff, and residents with a long-term vision for the neighborhood's revitalization, thereby enabling those involved to remain focused on the agreed-upon goals. Thirdly, it demonstrated residents' commitment to city officials, foundations, banks, and other institutions. The city adopted DSNI's comprehensive plan as its official plan for improving the neighborhood.

Accomplishments

From the beginning, DSNI sought to blend short-term campaigns with the longer-term goals described in the comprehensive plan. To this end, DSNI's first accomplishment was stopping the illegal dumping of garbage, old appliances and vehicles, and animal carcasses on the neighborhood's 1,300 vacant lots. Annual neighborhood cleanups have helped build community morale and prepare the sites for development or community use. Over 10 years, DSNI has accomplished many other things, some of which are listed below:

Housing Development

- Obtained a low-interest loan from the Ford Foundation to buy land under eminent domain and developed a community land trust.
- Constructed 77 single-family and cooperative homes that will be affordable to low- and moderate-income families.
- Took control of 30 acres of vacant land in the Dudley Street neighborhood, half of the acreage through eminent domain, and developed a long-term community land trust in an effort to maintain the neighborhood's stability and affordability.
- Provided homeownership classes covering topics such as home financing and housing rehabilitation. DSNI also maintains a data base on homeownership and the housing needs of over 500 residents in the Dudley Street neighborhood.

Social Services

- Developed multicultural festivals to celebrate the traditions of each ethnic group represented in the neighborhood. These and other activities supported DSNI's goal of recognizing and being sensitive to the many cultures that make up the Dudley Street area and fostered ethnically diverse community support for its activities.
- Organized a youth committee to address issues important to the youth in the community, such as recreational activities and education. The committee, in a unifying effort, designed and completed a large neighborhood mural depicting the growth and development of the individuals and ethnic groups that are an integral part of the community.

- Organized an agency collaborative to help local social service providers form an integrated network that is responsive and accountable to the residents. Currently, several participating organizations have identified program goals and resources they could integrate with other participating agencies. However, the collaborative has encountered some difficulties in obtaining commitments from agencies to participate fully. As of December 1994, eight agencies had signed the agency collaborative agreement.
- Was awarded a 3-year grant by the W.K. Kellogg Foundation to provide training and leadership development for residents and agency personnel. The purpose of the grant is to create a consumer-driven social service delivery model.

Economic Development

- Provided training or employment in the summer of 1994 for 34 local youths, covering asset-mapping, landscaping, environmental cleanup, and mentoring. Provided job placement and advocacy for 250 youths.
- Arranged to purchase and began planning the rehabilitation of an abandoned furniture factory for potential lease or sale for commercial use.
- Matched residents with employment opportunities in local retail establishments.

Marshall Heights Community Development Organization

Origin and Evolution

In 1976, a group of concerned citizens in the Marshall Heights neighborhood of northeast Washington, D.C., organized themselves around issues such as substandard streets and sidewalks, poor storm drainage, and housing in need of rehabilitation. Marshall Heights is one of 26 individual neighborhoods located in a section of Washington known as Ward 7. Geographically, Ward 7 is the District's easternmost ward, and it is physically separated from the central and western sections of the city by the Anacostia River. Although it was never among the wealthiest of the District's communities, Ward 7 once had a solid base of middle-class families, as well as a substantial number of small businesses and retail establishments. However, the out-migration of many middle-income families and businesses, which began in the 1970s, has helped to destabilize the ward.

In 1978, the citizens of Marshall Heights incorporated as a nonprofit organization to provide a formal avenue to express their needs to the District of Columbia's Department of Housing and Community Development. At the same time, the organization expanded to include other neighborhoods within the ward. The organization's current executive director, hired in 1980, is largely credited with focusing the organization's efforts on economic development and self-sufficiency. The executive director and the chairman of the board of directors also encouraged linking the organization's efforts to housing and social service issues. Residents who attended the organization's first community development conference in 1981 agreed with and supported the comprehensive approach.

Organizational Structure

The Marshall Heights Community Development Organization (MHCDO) is a nonprofit corporation as defined by section 501(c)(3) of the Internal Revenue Code. MHCDO's by-laws provide for a 69-member board of directors, with membership categories designed to provide representation for a broad cross-section of the community. Board members represent citizens at large, churches, Advisory Neighborhood Commissions (a community-participation vehicle organized by the District government), civic associations, commercial interests, and public housing tenants. The board sets overall policy for MHCDO's three program areas: economic development, human development, and housing. MHCDO started with two full-time staff and evolved to its current staff of 56. It also uses volunteers extensively to carry out its diverse activities. Aside from its main nonprofit corporation, MHCDO also operates three for-profit subsidiaries—East River Park, Inc.; Citizens' Housing Development Corporation; and Burroughs

Development Corporation—each of which was established to insulate MHCDO from financial risk and protect its tax exempt status.

Goals and Strategies

MHCDO's strategy for revitalizing Ward 7 is to involve residents in the process of improving conditions in the community by creating new and diverse economic activities, increasing the availability of affordable housing, and assisting residents to overcome barriers to self-sufficiency. Central to MHCDO's strategy is the use of economic development to reduce reliance on outside funding and to increase economic opportunities within the community. In fact, one of MHCDO's most visible accomplishments is the revitalization of the East River Park Shopping Center, a 155,000-square-foot facility that currently has 11 tenants, including a large Safeway supermarket, a CVS drug store, and a Citibank branch office. One of MHCDO's subsidiaries, East River Park, Inc., owns 40 percent of the shopping center and receives income through rents and management fees. Income from the shopping center is used to leverage funding to operate other programs and to cover program shortfalls and funding gaps.

Affordable housing is provided through another of the organization's for-profit subsidiaries. The Citizens' Housing Development Corporation acquires, rehabilitates, and sells single-family housing to low- and moderate-income families. The organization also provides counseling to help residents qualify as homebuyers, manage their finances, or gain information on arranging a mortgage.

MHCDO also emphasizes social services. In most cases, MHCDO provides services directly, such as drug and alcohol counseling, HIV testing and counseling, and crisis intervention. In other cases, the organization refers clients to other community-based or District government agencies that provide social services.

Residents become involved in MHCDO primarily by serving on the organization's board of directors. However, residents also participate as volunteers in many of MHCDO's activities, such as neighborhood cleanups and community appreciation days. According to MHCDO officials, the size and diversity of the board of directors, which is one of the largest of any community development corporation, helps to ensure a cross section of community representation and a broad base of support for the organization's projects and activities.

MHCDO is expanding into community outreach, particularly for residents living in public housing in Ward 7. According to MHCDO's executive director, although seats are set aside for public housing residents on the MHCDO board of directors, the seats generally have not been filled. To increase participation by public housing residents, MHCDO established a youth advisory council and, in January 1994, received a planning grant from the Annie E. Casey Foundation to, among other things, develop its base of support within the community, including residents of public housing.

Accomplishments

MHCDO's most visible accomplishment in economic development is the East Park Shopping Center. However, MHCDO also has accomplishments in housing rehabilitation and social services. Some of MHCDO's many accomplishments are listed below:

Housing Development

- Rehabilitated 33 single-family homes and 14 condominiums.
- Constructed 10 new single-family homes and 12 new condominiums.
- Constructed seven transitional housing units.
- Manages two rental properties containing a total of 21 apartment units.

Social Services

- Provided counseling, referral, and other services to relieve residents during immediate crises brought on by sudden disruptions of their daily lives, such as the loss or impending loss of housing or jobs, domestic violence, and other emergency situations, including lack of food, heat, or electricity. In 1993, the crisis unit provided needs assessments and counseling services for 3,700 residents, emergency food for 2,500, and emergency clothing for 3,100.
- Established the "Fighting Back" program to combat drug and alcohol abuse by increasing public awareness of the extent and consequences of substance abuse, increasing and accelerating efforts to prevent substance abuse and to intervene as early as possible when problems arise, stimulating the development of new treatment services, and providing the necessary support for people who have been treated for substance abuse problems. Fighting Back is housed in a 5,000-square-foot commercial facility that was purchased and rehabilitated by MHCDO's subsidiary, East River Park, Inc.
- Manages a socialization program for the mentally ill elderly. This program offers a wide range of social and recreational activities, including group discussions, exercise sessions conducted by the University of the District

of Columbia's Institute of Gerontology Department, arts and crafts, and field trips. It also offers programs to improve literacy and math skills.

- Provides employment and training services, including a job bank, job development services, counseling, job readiness workshops, job retention counseling, vocational training, and referrals. In 1993, a total of 8,214 clients received employment and training services.
- Took over the city's Automated Labor Exchange system after the District government closed its Ward 7 Employment Services Office because of insufficient funding. The system lists employment opportunities from coast to coast, including government and private sector jobs. Since its installation in May 1993, 5,260 queries have been made. According to the District's Department of Employment Services, Ward 7's system is one of the most active in the city.

Economic Development

- Rehabilitated a 155,000-square-foot commercial shopping center, which now employs over 300 members of the community.
- Established an industrial park to attract light industry to the community. MHCDO owns 6.5 acres of land zoned for industrial use with a 13,000-square-foot building that houses MHCDO's business incubator.

Pasadena Neighborhood Housing Services

Origin and Evolution

Pasadena Neighborhood Housing Services, Inc. (PNHS) was established by the city of Pasadena in the late 1970s to provide much-needed affordable housing. According to officials, highway development in the early 1970s had displaced many residents of northwest Pasadena and created a serious housing shortage for the city's low-income residents. Although the city promised, after constructing the highway, to alleviate the housing shortage, its subsequent inaction caused residents to distrust its commitment to the matter.

In 1979, city officials approached the congressionally chartered Neighborhood Reinvestment Corporation (NRC) to assist the city in establishing a housing rehabilitation program in Pasadena's northwest area. Together, they formed PNHS. To help finance the program, the city named PNHS as a Community Development Block Grant (CDBG) subrecipient.

Although PNHS began when the community organized around housing development, the range of programs it offers has grown steadily since its inception. Two factors that contributed to the community group's expansion to other activities were (1) the community's unmet need for economic opportunity and social equalization and (2) the increasing capacity of community-based organizations to take on other issues once their primary areas of focus have become self-sufficient.

Organizational Structure

PNHS is a private, community-based nonprofit organization. Its 15-member board of directors is composed of two municipal representatives, five business sector representatives, seven residents, and one member-at-large. Former board members with backgrounds in housing and economic development remain active as advisers to PNHS.

In addition, PNHS has one subsidiary organization, the Neighborhood Enterprise Center. The center has a nine-member board of directors, including the PNHS executive director, bank representatives, and graduates of the center's program. The center's board reports to PNHS' board of directors.

Six full-time employees and 5 consultants make up the PNHS staff, according to the PNHS executive director. The center employs one full-time director and a part-time instructor. In addition, NRC assigned a representative field service officer to serve as an adviser. This role includes evaluating and monitoring, assisting with the board's

development, and providing technical assistance, such as training in loan origination and proposal writing. NRC maintains quarterly reports on PNHS' financial and program performance.

Goals and Strategies

PNHS believes community organizations should try to be catalysts for needed actions and then find niches from which to contribute. Collaboration is an important factor in this strategy because, according to the executive director, the organization cannot pursue all strategies with the same intensity. PNHS' goals are to assist residents in upgrading and maintaining the area's existing housing stock, empower residents through leadership training and development, increase homeownership opportunities for low-income residents, and improve the quality of life for the residents of northwest Pasadena. Through the Neighborhood Enterprise Center, the organization strives to stabilize the neighborhood's economy, increase employment opportunities and family incomes, and provide a service system for small businesses as they advance.

To achieve its goals, PNHS encourages the formation of block clubs, neighborhood watches, and community forums. In addition, it aims to build trust while advertising to homeowners, landlords, and renters the housing resources it makes available. According to an NRC official, PNHS' general strategy has been first to build community trust through the core business of rehabilitating housing. As it has achieved progress in this area, PNHS has taken on other issues and has further gained community trust through commitment and tenacity. For example, the executive director stressed that community revitalization is not a nine-to-five job. Commitment demonstrated through availability and follow-up is the most important ingredient. At the same time, numerous incremental improvements are the currency for building and retaining community support.

PNHS' housing revitalization efforts have been largely supported by NRC, the city of Pasadena, and collaborations with community foundations and local banks. NRC assists community-based neighborhood revitalization organizations in low- to moderate-income areas. PNHS is part of NRC's network of 240 community-based nonprofit neighborhood works organizations. The city of Pasadena has an important and effective relationship with PNHS. The city's Housing Development Department administers CDBG funds to PNHS to carry out the city's housing rehabilitation program. In fact, the city is involved in several redevelopment and revitalization efforts in northwest Pasadena that

require the coordination of services between the city government and PNHS.

PNHS' strategy for expansion into areas other than housing has been driven to a large extent by residents' identified needs. In some instances, programs were tailored to residents' needs through the use of private funding sources. For example, the community's needs for child care and economic opportunities led PNHS to expand into day care and a micro-entrepreneur program. While the latter program was initially sponsored by NRC, PNHS chose not to seek public funds because of funding requirements. According to the director, participation in a government-subsidized program may disqualify some applicants from public benefits. The program is supported through private funding sources.

Accomplishments

PNHS' accomplishments center around the organization's business of housing development. However, PNHS also has accomplishments in the areas of social services. Some of PNHS' accomplishments to date are as follows:

Housing Development

- Provides rehabilitation loans to low- and moderate-income residents. Also, provides home pre- and post-purchase counseling, code inspections, energy audits, weatherization, house painting, and counseling for home security/insurance.
- Purchased and rehabilitated 15 homes and a 12-unit senior citizen apartment complex and built 5 single-family homes in collaboration with Pasadena City College.
- Owns and manages 32 units of affordable housing, including 4 multifamily housing facilities and a single-family rental property.
- Processed loans and supervised construction for housing rehabilitation projects whose costs exceeded \$2.4 million.
- Provides other related housing services, such as handyman referral, assistance with relocating, disposition of foreclosed property, senior citizen housing, lead poisoning prevention, a tool lending library, free paint supplies, and a homebuyers' club.

Social Services

- Provides resources, support, and leadership training to 20 neighborhood block clubs pursuing self-initiated activities and goals.

-
- Sponsors a child development center that provides day care services to children from low- and moderate-income families.

Economic Development

- Maintains a Neighborhood Enterprise Center program that provides local entrepreneurs with training in business and entrepreneurship basics, including developing marketing plans and bookkeeping. Financial assistance is available through a peer lending model of support groups and individual counseling. Through the center, PNHS provided a 4-week intensive training program to 120 entrepreneurs and set up 13 peer groups that approved 20 loans.
- Sponsors a monthly African marketplace for small business entrepreneurs.
- Works with the Greater Pasadena Business Partners, a collaboration of businesses and interested parties, to promote economic development. The collaboration provides mentoring, training, and credit services through three community-based business development programs. It also provides loan guarantees or direct grants to cover the costs of management, operations, and mentoring. Its goal is to establish a \$1 million loan pool for businesses that are starting up or growing.

Selected Programs and Activities of Case Study Organizations

Program	Activity	CCN	DSNI	MHCDO	PNHS
Housing development	Home rehabilitation loans or grants	X			X
	New construction		X	X	X
	Rehabilitation	X		X	X
	Management	X	X	X	X
	Homeowner counseling	X	X	X	X
	Home repair and weatherization	X			X
Economic development	Job creation	X	X	X	
	Small business technical assistance and counseling	X	X	X	X
	Retail development	X		X	X
	Business ownership			X	
	Loans and loan guarantees	X		X	X
	Facilities management		X	X	
Social services	Social services coordination		X		
	Youth programs	X	X	X	X
	Senior programs			X	X
	Day care		X		X
	Parenting skills	X			
	Substance abuse counseling			X	
	Crime prevention	X	X	X	X
Other	Advocacy	X	X	X	
	Neighborhood cleanup	X	X	X	X
	Cultural events		X	X	X

Community Development Experts and Organizations Contacted During Case Study Fieldwork

This appendix contains the names of the community development experts we consulted on comprehensive community revitalization and the public and private organizations we later contacted during our case study fieldwork. The information provided by each individual and organization helped us refine our methodology and analyze key issues affecting distressed urban communities.

Community Development Experts

During our review of comprehensive community revitalization efforts, we convened three panels of experts in the field of community development and other related areas to discuss methodological approaches and emerging issues facing many inner-city neighborhoods. Table VII.1 lists each panelist who participated in these discussions, as well as his or her position and organizational affiliation at the time of the panel sessions.

**Appendix VII
Community Development Experts and
Organizations Contacted During Case Study
Fieldwork**

Table VII.1: Community Development Experts Consulted on Analytical and Methodological Issues

Name	Position	Organizational affiliation
John Adams	Director of Education	National Association of Community Action Agencies
Esmail Baku	Associate Director	Research and Information Services, Neighborhood Reinvestment Corporation
Julio Barreto	Senior Legislative Counsel	National League of Cities
Haron Battle	Associate Legislative Director	National Association of Counties
Teri von Adelung Bond	Community Revitalization Planner	Maryland-National Capital Park and Planning Commission
Fred Cooper	Deputy Director, Housing Services	The Enterprise Foundation
David Garrison	Senior Advisor, Intergovernmental Relations	U.S. Department of Health and Human Services
Steve Glaude	President and Chief Executive Officer	National Congress for Community Economic Development
Mindy Leiterman	Program Officer	Local Initiatives Support Corporation
Gene Lowe	Assistant Executive Director	U.S. Conference of Mayors
Carol Norris	Senior Project Officer	Development Training Institute
Ken Poole	Director of Research and Technical Assistance	National Council on Urban Economic Development
Becky Scherblom	Community Development Programs Officer	National Association of Housing and Redevelopment Officials
John Sidor	Executive Director	Council of State Community Development Agencies
Dianne Taylor	Acting Administrator	National Community Development Association
Steve Tuminaro	Policy Analysis Director	Neighborhood Reinvestment Corporation
Marjorie Witherspoon	Executive Director	National Association for State Community Services Programs

Other Organizational Contacts

In addition to convening panels of experts on community development and related areas, we obtained information from numerous public and private organizations during our case study fieldwork. Among the organizations we contacted were the following:

**Appendix VII
Community Development Experts and
Organizations Contacted During Case Study
Fieldwork**

Federal Government

Department of Health and Human Services
Department of Housing and Urban Development
Environmental Protection Agency
Office of Management and Budget
Office of the Vice President

**State and Local
Government**

Boston Department of Environmental Protection
Boston Public Facilities Department
Boston Redevelopment Authority
California Housing Finance Agency
City of Pasadena, Housing and Development Department
City of Pasadena, Northwest Programs
City of Pasadena, Neighborhood Connections
City of Detroit, Department of Community and Economic Development
D.C. Department of Housing and Community Development
D.C. Office of Planning
Massachusetts Department of Public Welfare
Michigan State Housing Development Authority

Foundations

Annie E. Casey Foundation
Agnes E. Meyer Foundation
Boston Foundation
Community Foundation of Southeastern Michigan
Enterprise Foundation
Fannie Mae Foundation
Jacobs Family Foundation
Los Angeles Women's Foundation
Riley Foundation
Think Twice Foundation, Inc., Southfield, Michigan

National Organizations

Center for Community Change
Local Initiatives Support Corporation
Neighborhood Housing Services of America, Inc.
Neighborhood Reinvestment Corporation

Universities/Researchers

The Chapin Hall Center for Children,
University of Chicago
Community Development Research Center,

**Appendix VII
Community Development Experts and
Organizations Contacted During Case Study
Fieldwork**

New School For Social Research
Harvard University
Rainbow Research, Inc.
The Urban Institute
University of the District of Columbia, Cooperative
Extension Service
Wayne State University, Center for Urban Studies

Additional Organizations

Bank of America, Los Angeles, California
CenFed Bank, Pasadena, California
Children's Trust Neighborhood Initiative, Washington, D.C.
Columbian Primary School, Detroit, Michigan
Community Training and Assistance Center, Boston, Massachusetts
Day One, Pasadena, California
Dorchester Bay Economic Development Corporation, Boston,
Massachusetts
El Centro De Accion Social, Inc., Pasadena, California
Health Alliance Plan, Detroit, Michigan
Jenco, Inc., Arlington, Virginia
La Alianza Hispana, Boston, Massachusetts
Los Angeles Urban League, Los Angeles, California
Michigan Health Care Center, Detroit, Michigan
Minnesota-Benning Association for Commercial Enterprise,
Washington, D.C.
Montana West-Central Banner Block, Pasadena, California
NationsBank Community Development Corporation, Washington, D.C.
Navarro Avenue-Tremont-Howard Association, Pasadena, California
Neighborhood Partners, Cambridge, Massachusetts
Orchard Park Tenants Association, Boston, Massachusetts
Our Lady of Peace Church, Washington, D.C.
Project Hope, Boston, Massachusetts
Richardson Elementary School, Washington, D.C.
Safeway, Inc., Lanham, Maryland
Shawmut Bank, Boston, Massachusetts
Southwest Detroit Community Mental Health Services, Inc., Detroit,
Michigan
St. Patrick's Church, Boston, Massachusetts
United Planning Organization, Washington, D.C.
WAITT House, Boston, Massachusetts

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