



The Impact of Community Development Corporations on Urban Neighborhoods



The Urban Institute

The Impact of Community Development Corporations on Urban Neighborhoods

June 2005

Copyright © 2005

The Urban Institute
Metropolitan Housing and Communities Policy Center
2100 M Street, NW
Washington, DC 20037

The nonpartisan Urban Institute publishes studies, reports, and books on timely topics worthy of public consideration. The views expressed are those of the authors and should not be attributed to Living Cities or the Urban Institute, or to their trustees or funders.

Acknowledgments

The authors of this report, in alphabetical order, are George Galster, Diane Levy, Noah Sawyer, Kenneth Temkin, and Chris Walker. In terms of specific contributions, Galster, Sawyer, and Temkin conducted the quantitative analysis; Walker and Levy conducted the qualitative analysis; Walker took lead responsibility for drafting and editing the text.

The authors thank Living Cities: The National Community Development Initiative for their financial support for this research, and acknowledge the helpful comments of Reese Fayde of Living Cities. We also thank Carol Berde of the McKnight Foundation and John Bare of the Arthur M. Blank Foundation for their comments on earlier drafts.

Finally, the authors thank the CDC directors and staff for the time and expertise they contributed to this research and for their devotion to the hard work of community change.

Cover photographs are from U.S. Department of Housing and Urban Development.

TABLE OF CONTENTS

Executive Summary	1
Introduction	1
Research Methods	2
Research Results	3
Implications for Future Policy	4
Implications for Future Research	5
Section 1: How CDCs Influence Neighborhood Quality and Community Capacity	6
The Effect of CDC Programmatic Strategies on Neighborhoods	7
The Effect of CDC Engagement Strategies on Neighborhoods	9
The Structural Position of CDCs	13
Section 2: Research Methods	15
Study Sites and Intervention	15
Qualitative Research Methodology	17
Quantitative Data Collection and Analysis	18
Section 3: Case Studies of CDC Neighborhood Impacts	23
Belmont Neighborhood, Portland, OR	23
Fruitvale, Oakland, CA	29
Jamaica Plain, Boston, MA	34
Five Points Neighborhood, Denver, CO	39

Broadway Neighborhood, Cleveland, OH	46
Section 4: What Evidence of Impact Did We Find?	52
The Evidence of Impact on Neighborhood Quality	52
Effects of Program Strategies on Neighborhood Quality	57
The Role of Engagement in Improving Neighborhood Quality	58
The Changing Structural Position of CDCs in Neighborhoods	59
The Distribution of the Benefits From Neighborhood Change	62
Section 5: Lessons for Future Research	63
Lessons for Quantitative Method	63
Lessons for Qualitative Method	64
Endnotes	66
Appendix: Quantitative and Qualitative Analysis Methodologies	69
Qualitative Methodology	72
Appendix Endnotes	76

Executive Summary

Government and private supporters of urban revitalization have increasingly relied on community development corporations (CDCs) to carry a major share of the front-line burden of improving poor neighborhoods. This research presents new evidence that these community-controlled, market-responsive development organizations can indeed spark a chain reaction of investment that leads to dramatic improvements to neighborhoods. Advanced econometric analysis shows that CDC investments in affordable housing and commercial retail facilities have led to increases in property values—the single-best measure of neighborhood improvement—that are sometimes as great as 69 percent higher than they would have been in the absence of the investment.

To achieve these results, CDCs did more than just develop projects; they also brought business people, civic organizations, nonprofit organizations, and public agencies into the neighborhood improvement process. New community vitality led to cooperative investment agreements by local business, public pressure to steer public and for-profit development in community-friendly directions, and self-help efforts to improve neighborhood conditions and create new opportunities for families. CDC-led citizen involvement helped create a better neighborhood; it also created, sometimes serendipitously, a new cadre of energetic and skilled leaders, able to seize further opportunities to advance neighborhood interests.

Introduction

Since the 1960s, governments and foundations have invested heavily in nonprofit community development corporations (CDCs) out of a conviction that CDCs are uniquely positioned to build the economic and social strength of poor communities. Unlike government agencies, CDCs are agile and opportunistic in pursuing revitalization. And unlike private developers, CDCs maintain strong links to their communities by involving residents in their governance and development activities.

Have the substantial resources invested in CDCs paid off? Almost certainly, CDCs have raised living standards for those who occupy CDC-generated homes and apartments or who work in businesses supported by CDC economic development investments. But CDCs aim to do more: their goal is to catalyze a chain reaction of neighborhood-wide improvement. This creation of a public, neighborhood-wide benefit is the litmus test of CDC impact.

In theory, this virtuous cycle of new investment comes about in three ways. First, CDC housing and economic development projects remove the sources of blight that drag down the value of surrounding properties. These investments also create amenities—such as new retail establishments—that increase property values. Second, their leading investments demonstrate the profit potential of the neighborhood to the wider marketplace, leading others to consider the neighborhood a good economic bet. Third, CDCs

2 The Impact of Community Development Corporations on Urban Neighborhoods

help organize the multiple and simultaneous investments needed to overcome the reluctance of any single actor to go it alone.

These programmatic activities almost always work better if they have the active support of neighborhood stakeholders. By involving community residents in the planning and implementation of development projects (both their own and those carried out by others), CDCs can ensure that development projects respond to community needs. By demonstrating citizen involvement in their activities, CDCs can stake a valid claim on financial, technical, and political support from the broader system. And by investing directly in organizing strong neighborhood and business associations, and in other types of community action, CDCs help people cooperate to achieve neighborhood improvement goals.

Research Methods

As part of the overall program of research commissioned by the National Community Development Initiative (now Living Cities), the research team set out to determine whether CDCs had in fact produced the neighborhood-wide benefits we expect of them.¹ Had neighborhoods gotten better? And if so, how did CDCs accomplish this result?

To find out, the research team selected five neighborhoods for study that had strong national reputations for effective community development work on two counts. The CDC effort was of a scale and type likely to induce other market actors to invest in residential and commercial real estate. It undertook redevelopment in cooperation with resident and business leaders and the heads of other community organizations.

Because our research method is experimental, we aimed to test it in neighborhoods where it would be most likely to show results and teach lessons on how the method might be applied in less favorable circumstances. To select test neighborhoods, we solicited nominations from the national and local staff of the Local Initiatives Support Corporation (LISC) and the Enterprise Foundation, two national community development intermediaries that have invested millions of dollars to support CDC projects and capacity building.² The CDCs and neighborhoods chosen were:

- 1. Jamaica Plain Neighborhood Development Corporation, Jamaica Plain, MA**
- 2. Slavic Village Community Development Corporation, Broadway, Cleveland, OH**
- 3. HOPE Community Development Corporation, Five Points, Denver, CO**
- 4. Unity Council Community Development Corporation, Fruitvale, Oakland, CA**
- 5. REACH Community Development Corporation, Belmont, Portland, OR**

Hundreds of reputed CDC “success stories” have been catalogued by journalists, foundation funders, government agencies, university researchers, and others who track the movement.³ In recent years, a few academic researchers have analyzed the impact of CDCs on the quality of life for residents in CDC neighborhoods or residential properties.⁴ Our research continues in this tradition, but uses advanced social science methods to determine how much CDCs have changed neighborhoods.

The econometric trend method we used to assess neighborhood impacts applied advanced statistical techniques to information on the characteristics and prices of properties sold throughout low-income neighborhoods to detect whether and when an upswing in CDC neighborhood values had occurred. Sales prices are the generally recognized proxy measure for many other indicators of neighborhood quality, such as crime and poverty rates, because these other aspects of neighborhood are *capitalized* into the value of its properties. However, because property values can be influenced by many factors such as economic and demographic changes in a metropolitan area, we controlled for these other factors and used information collected through in-depth interviews to help interpret the statistical analysis. Interviews with those involved in CDC projects, both inside and outside the neighborhood, also helped us understand *how* CDC efforts led to neighborhood improvements, especially including the role of citizen involvement.

What the econometric trend method offers more convincingly compared to others is a basis for estimating the counterfactual: what prices in the area *would have been* in the absence of the CDC’s intervention. The method allows us to assess two kinds of impacts. It allows us to place a dollar value on the boost in home prices produced by CDC-led improvements. And it permits us to determine whether the rate of property value change accelerated *relative to other low-income neighborhoods*, and if so, by how much. One other advance of the method was its use of data on individual property transactions, which allowed us to account for any shifts in the characteristics of properties sold over time.

Research Results

In all five communities, CDCs played an important primary or supporting role in helping neighborhoods get better, according to the consensus view of those interviewed and based on an overall improvement in property values. Two of the five neighborhoods met the tough standard set by econometric trend analysis, which requires very strong evidence to merit a finding of CDC impact. The value increases in Denver and Portland dramatically outperformed (by 8 to 15 percentage points annually) those in other low-income neighborhoods. Significant public and private investments also were made in the neighborhoods following highly visible CDC investments, as well as those from public sector agencies and private sector developers.

Improvements in all five neighborhoods stemmed from the combined effect of CDC development programs on the one hand and engagement of neighborhood residents and organizations in community change efforts on the other. Residents involved in shaping CDC projects helped ensure that they met

4 The Impact of Community Development Corporations on Urban Neighborhoods

stated community priorities, while at the same time enabling the organization to stake a claim on resources available from the broader system. Citizen involvement in projects built by public or for-profit developers either blocked unwanted development that would have produced little development impact, or helped steer projects in directions that better matched community preferences. Under the aegis of CDC organizing efforts, business leaders and others collaborated to make simultaneous investments that no single actor would have made on their own.

Just as physical redevelopment produced lasting effects on neighborhood quality, so did efforts by CDCs to involve community residents in neighborhood change. Researchers found ample evidence that citizen engagement in one form of activism, such as participation in a demonstration against unwanted development, led to further, more sustained involvement in another form of participation (e.g., work on an advisory committee to a development project). And once recruited to participate in community improvement activities, residents often continued their activism later on, drawing on the participation skills they learned in earlier efforts or taking advantage of the advisory or other bodies that a CDC created or strengthened.

Throughout a decade or more of community development work, CDCs in our case study communities had come to occupy an intermediary position: between neighborhood actors with a stake in the shape and pace of revitalization and city-level providers of money, expertise, and political clout. This powerful position between neighborhood and city allows these CDCs to speak for the community and be heard in the marketplace and halls of government, and to act on behalf of public agencies and private philanthropy, but with neighborhood support. To effectively intermediate, CDCs sometimes played a preeminent role with respect to other community groups, but in any case, they needed to collaborate actively and effectively with others.

Implications for Future Policy

The combined effect of CDC projects and other clearly identifiable public and for-profit investments led to demonstrable improvements to neighborhood quality, indicating that public policies to promote similar improvements elsewhere could expect to yield similar results. The ability of CDCs to play a dual role of community organizer and project developer gives them a comparative advantage over public agencies on the one hand and for-profit developers on the other when it comes to framing and leading community improvement initiatives.

Experience of the five CDCs examined in this research yielded several lessons for their funders and other supporters:

1. The value of citizen engagement to CDC community revitalization efforts, and the resulting long-term contribution involvement makes to neighborhoods' capacity to further their own interests,

argues strongly for public and private support for, and even insistence on, CDC efforts to organize and promote community activism.

2. The success of geographically targeted investments in creating the conditions for neighborhood turnaround justifies city- and foundation-supported efforts to encourage, and even require, CDCs to adopt and carry out neighborhood strategic plans.
3. The prominence of efforts to improve commercial corridors and the relatively modest investments required to produce results argues for more widespread pursuit of retail and commercial development strategies as a core part of the neighborhood development package.

Implications for Future Research

Both of the communities that passed the rigorous test posed by the econometric trend method were those in which the scale, timing, and location of CDC projects best matched the circumstances in which the method is most robust: geographically concentrated investments with clear beginning and ending points and little local volatility in home prices. We also find that on-the-ground interviews were critical to helping researchers interpret quantitative analysis results and understand how neighborhood revitalization was carried out, particularly the role of community involvement. For those wishing to carry out a similar analysis in future:

4. Abrupt and anomalous price changes over short time periods make it difficult to specify precise pre- and post-intervention trend lines, meaning that analysts should acquire data for as many years as practicable prior to, and after, the period of CDC intervention.
5. Although in most cases we were able to construct a reasonably complete roster of participants in selected CDC projects going back over a ten-year period, the process would have been easier had we created a list of actors for several kinds of ideal/typical projects and used that list to prompt respondents for names of persons to interview.
6. In view of the importance of advocacy campaigns in nearly every case study community, group interviews with participants would have provided helpful information about the role of these campaigns in activist recruitment and its value to subsequent community change efforts.

How CDCs Influence Neighborhood Quality and Community Capacity

Many city neighborhoods began to deteriorate in the 1960s because of a complicated interplay of changing residential tastes favoring suburban-style homes, the desire by many Americans to live racially segregated lives, and government transportation and other policies supporting urban out-migration. These factors set in motion a spiral of inner city neighborhood decline that CDCs aimed to reverse. They strove to do so by single-handed attacks on some of the outward signs of decline, and by inducing others to commit their own resources to the hard work of revitalizing urban neighborhoods.

CDCs aim to improve the quality of neighborhood life by planning and carrying out affordable housing and commercial projects, creating or renovating parks and other community facilities, and running employment and other community development programs. These efforts are expected to improve neighborhoods by removing blight, thereby making surrounding property more valuable, making the leading investments that demonstrate a neighborhood's potential to other investors, and helping arrange multiple and simultaneous investments without which no single actor would be willing to commit financial resources.

Much of CDC activity is aimed at influencing the behavior of others. Where these are outside actors, CDC programs can attract their investment by creating and advertising opportunities to earn profits. Where these are local neighborhood stakeholders, such as businesspersons, church leaders, and property owners, CDCs can devote considerable energy and imagination to encouraging their commitment of both money and support. Coalition building, partnership formation, other activities to engage communities help make CDC projects successful and spur public and private activities favorable to improved neighborhoods.

In the research to follow, we distinguish between CDC *programmatic* strategies and *engagement* strategies, both necessary to successful community revitalization. Programmatic strategies consist of CDC efforts to redevelop housing, promote homeownership, create jobs, create and expand business, and other community improvement activities. Engagement strategies consist of efforts to encourage citizens to participate in programs and projects that further community development purposes. Although we distinguish these two strategies for analysis purposes, they go hand-in-hand: CDC programs nearly always work better if they have the active support of neighborhood stakeholders; CDC engagement strategies work better if they lead to concrete improvements to the neighborhood.

The Effect of CDC Programmatic Strategies on Neighborhoods

The stock-in-trade of urban CDCs are housing and economic development investments aimed at creating better neighborhoods. Nationwide, 90 percent of CDCs pursue some kind of affordable housing development activity, and about one-third take on commercial and industrial revitalization or business development programs.⁵ These programs typically require large amounts of financial investment, and in contrast to social services and other human capital development programs, are specifically designed to improve the quality of neighborhoods, not just help the individuals who participate in programs. For this reason, the impact assessments presented in this paper were tied to major housing or economic development projects and programs. This section provides the theoretical foundation that links these activities to improvements in neighborhood quality.

Housing Programs' Effect on Neighborhood Quality

Most CDCs develop, finance, manage, or otherwise promote affordable housing for renters or homeowners. These programs aim to help people obtain decent, safe, and sanitary housing at rents or prices they can afford. But housing programs also can help neighborhoods improve when they lead to more attractive physical environment, a wider array of local businesses, reductions in crime, improved schools, more open space, and other attributes of neighborhood quality.⁶ The path leading from housing investments to many of these improvements is indirect (e.g., increasing diversity and quality of

neighborhood retail may result if housing improvements lead to an influx of higher-income residents who demand a different mix of services than did long-time residents.) But the improvement process starts with new investments made by CDCs.

Investments in housing that add to and improve the affordable housing stock foster improved neighborhood quality in three general ways: by attacking blight, by providing information to potential investors, and by organizing multiple and simultaneous investments by individual property owners or businesspersons.

First, there is an obvious link between housing investments and neighborhood quality: CDC programs that rehabilitate dilapidated properties and vacant lots *create a more attractive physical environment* within a neighborhood. In some cases, CDC housing programs may have other immediate effects, as when rehabilitation of deteriorated properties remove havens for illegal activities. These efforts have spillover effects: the quality of one's own home is affected by the condition of surrounding properties.⁷ Therefore, any improvement to a dilapidated property will also improve the “quality” of nearby units, since they are no longer in close by a neighborhood eyesore. Economists refer to this phenomenon as an externality: the poor physical condition of one property creates a negative externality; it reduces the quality of surrounding homes. Conversely, an improved property creates a positive externality; it increases the quality of its neighbors' homes.

Second, CDC housing programs help promote investment in underserved neighborhoods by

communicating market information that helps prospective investors accurately gauge the profit potential of inner city neighborhoods. (These investors can be bankers, developers from outside the neighborhood, new homebuyers, or even those who already own homes in the neighborhood but would consider improving them.) For example, research literature shows that lenders find it difficult to assess loan applications for properties in neighborhoods with relatively few transactions.⁸ The reason is that appraisers do not have a large set of comparable sales to use in estimating a unit's market value, which a lender needs to know in order to ensure that his or her investment is profitable. This pattern creates a vicious cycle: it is difficult for homebuyers in neighborhoods with few transactions to receive mortgages, which reduces the number of potential sales that can take place.

CDCs can help remedy lack of information about the profit potential of inner-city neighborhoods in several ways. By rehabilitating housing or constructing new housing, CDCs create comparable sales that can be used by potential investors in establishing market values for new housing investments. By making successful investments in residential developments, CDCs "lead the market," allowing investors to accurately assess demand for housing in inner city neighborhoods. As a result, a CDC's housing program can help trigger future private investment in its neighborhood, which can lead to improvements to neighborhood quality.

Third, CDCs can organize the *multiple and simultaneous investments* needed to create a

dramatically new market environment, overcoming what economists refer to as a collective action problem. This problem occurs when no single investor can make money unless other investors agree to invest as well. For example, a single homeowner might want to remodel his or her home but realize that unless others fix up their properties also, the investment wouldn't be rewarded with a corresponding increase in property value. Each individual owner waits for their neighbors to invest before doing so themselves, and because everyone acts this way, no one invests at all.⁹ By making home rehabilitation money generally available throughout a neighborhood, or by rehabilitating a property and making clear its aim to renovate more of them, CDC housing programs can help assure skittish investors that they will not be the only ones seeking to make improvements.

Economic Development Programs' Effect on Neighborhood Quality

The quality and appearance of local retail facilities is one other aspect of neighborhood quality capitalized into the value of nearby properties. The reason is straightforward: residents want access to an attractive retail corridor that provides goods and services meeting their needs, and they are willing to pay for such an amenity.

The objective of many CDC economic development programs is to improve major retail corridors through investments in façade improvements. These corridors are frequently "gateway" streets into the neighborhood, and so influence how people view the neighborhood. Moreover, an attractive retail corridor is likely to

have more pedestrian traffic, and so provide a more viable environment for small businesses. These businesses can tailor their products to the tastes and preferences of local residents, and in doing so improve residents' quality of life.

How do CDC economic development programs improve retail corridors? For all the same reasons that housing programs do. First, by funding public and private property improvements, CDCs create a more attractive physical environment in the corridor, generating positive externalities thereby. Second, these investments also help send information to potential investors about the demand for and value of properties in low- and moderate-income neighborhoods. Third, CDC investments in retail corridors and efforts to organize multiple and simultaneous investments by local merchants (e.g., to carry out common marketing and property improvement activities) produce an overall improvement in the retail climate from which all merchants benefit. The CDC, by creating an effective planning process, brings business owners together in a manner that overcomes a collective action problem.

The Effect of CDC Engagement Strategies on Neighborhoods

No CDC can go it alone. The preceding discussion emphasizes that one goal of CDC efforts is to encourage others to invest in low-income neighborhoods. These others can include community residents and businesses with a stake in neighborhood improvement as well those from outside the neighborhood. And investors can include not only those with financial assets

but contributors of technical expertise and those with political clout as well.

One of the best ways to encourage others to commit financial, technical, and political resources to neighborhood improvement is to involve them in the process through which community plans, projects, and programs are formulated and implemented. This involvement smoothes each of the three general paths open to CDCs as they seek to improve the quality of neighborhoods: it helps increase the spillover benefits from direct investments; it helps disseminate the market information that comes from leading investments; and it is a constituent part of efforts to organize multiple and simultaneous investments from small businesspersons, homeowners, and other neighborhood actors. In other words, community involvement magnifies the developmental effect of CDC improvement efforts.

First, CDCs want neighborhood involvement in development projects because it helps increase the community value of CDC projects. For example, most private for-profit developers are interested in squeezing as much profit as possible out of a project location, even if the project is not the optimal one in terms of neighborhood benefit. This may happen if the project is quite large, or lacks ground floor retail space, or provides no open space, or lacks some other amenity that the community desires. In contrast, CDCs usually aim to design and build their projects in ways that magnify neighborhood benefits, and the involvement of community residents in planning projects is one way to ensure that this happens.

Second, this demonstration of community value through community involvement helps communicate a kind of “market” information, in this case to providers of public and private philanthropic support. These actors are disinclined to invest where strong claims of public value cannot be made. As CDCs cannot simply assert that their projects serve neighborhood interests, demonstrated community support is often critical to securing resources from outside the neighborhood. As an example, demonstrations of neighborhood support often help ensure that CDC redevelopment projects secure city zoning approvals, the award of redevelopment subsidy, acceptance of bids for city-owned properties, and so on.

In addition, CDCs are a single voice advocating for neighborhood change, which alone is usually insufficient to induce changes in city policies, private sector investment behaviors, or foundation policies. Broader advocacy often is needed to make a compelling case for improved or sustained levels of private and public investment and public services. Resident mobilization also is needed to thwart un-wanted development, demand increased levels of police protection, advocate for changes in bank lending policies, and other actions by external parties that are not linked specifically to CDC projects.

Third and finally, participation is essential to overcoming the unwillingness of isolated investors to commit funding for projects absent a guarantee that others will do likewise—the collective action problem. CDCs can arrange cooperation among investors to secure these guarantees, as the many Main Street–model

commercial revitalization programs show. This model requires the cooperation of business owners to set standards for façade appearance and signage, establish common opening and closing times, prepare area-wide promotion and advertising materials and distribution, agree on investments in infrastructure, streetscape, and security. Another example is community policing through resident patrols, in which no single resident would patrol the neighborhood without the assurance that he or she would be joined by others.

Moreover, CDCs cannot develop all of the organizational assets and capabilities needed to attack community problems across a broad front: they often must coordinate their own investments with those of other neighborhood actors. Partnerships between CDCs and other community-based organizations to plan for a neighborhood’s future, operate youth leadership programs, revitalize local parks, train residents to take jobs, and carry out other activities combine the strengths of multiple organizations. For example, engaging social service agencies in partnerships to serve low-income multi-family project residents, for example, is a common form of partnership intended to serve a neighborhood improvement purpose. Other examples include CDC partnerships or other cooperative arrangements with business and neighborhood associations.

Just as CDC projects and programs aim to create lasting changes in neighborhood quality, CDC efforts to engage community residents help build the participation skills, relationships, and consultative and planning mechanisms that can be deployed in a range of community

improvement initiatives. These do not disappear at projects' end. Rather, they become available for other community development tasks, which improve neighborhood quality in their turn.

Three CDC Engagement Strategies

Just as economists have thought through the various ways that community development investments can enhance neighborhood quality, other social scientists have explored the various ways people become engaged as participants in community life. By the best empirically tested theory done to date, participation rests on the *willingness, ability, and opportunity* for people to become involved.¹⁰ Not all residents are *willing* to join efforts to promote change, choosing instead to leave civic affairs to the "activists." Not everyone brings skills that can be leveraged in advocacy campaigns, planning committees, and other community strengthening activities. Particularly in poor communities, people often lack confidence in their own ability to make change. Finally, however inclined and skillful residents may be, they need avenues through which to become involved. This triad applies to all forms of participation and participants: it covers business people, organization directors, civic leaders, and others, and pertains to individual projects as well as to longer-term efforts to improve communities.

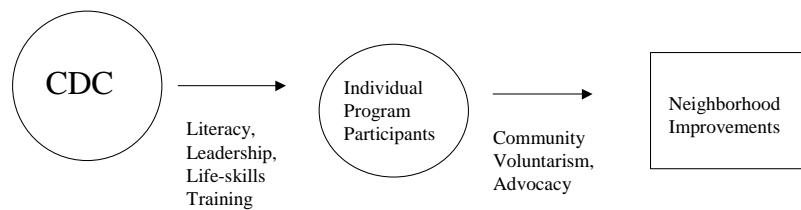
Anticipating the discussion of individual cases, the CDCs in our case study sites adopted three basic strategies to engage community residents

in community development. The first of these is *individual empowerment* in which programs to develop human potential lead to increased participation in community life. The second is a classic *project and neighborhood planning* strategy, in which CDCs create consultative and decisionmaking bodies that afford residents an opportunity to participate. The third is a *community capacity-building* strategy, in which CDCs invest in, and help create relationships among, other community organizations that in turn help organize participation by individuals. Each of these strategies promote increased community participation by motivating or training people to participate in civic life and organizing opportunities for them to do so.

Individual Empowerment Strategies

Individual empowerment strategies rely on CDC investments in human development that help people acquire participation skills. CDC programs to build literacy and life skills, educational attainment, job readiness, leadership, and financial savings help people participate more actively in economic, social, and political life. For example, people involved in community leadership training in one of our case study sites went on to help organize an affordable housing advocacy campaign. This campaign led to the preservation of an assisted housing development in the neighborhood. The figure below depicts how individual empowerment leads to community improvement.

Figure 1
Empowerment Strategy

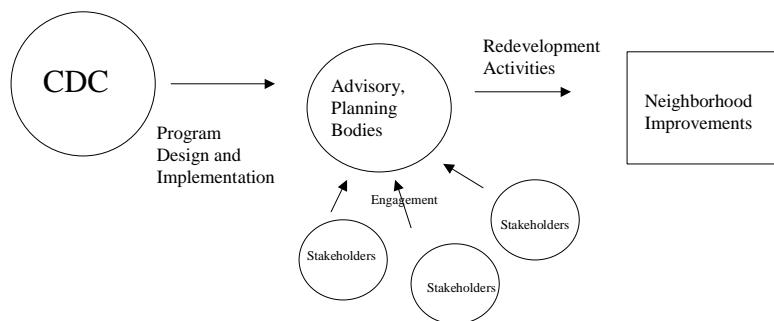


Project and Neighborhood Planning Strategies

Project and neighborhood planning typically creates opportunities for participation in community life by bringing together groups of people to advise and decide on the shape of projects or plans. These include creation of advisory and other bodies linked directly to revitalization projects, but also community-wide planning efforts that engage resident leaders in discussion, debate, and subsequent activism.

Compared to individual empowerment programs, this strategy for community involvement more obviously leads to community-wide benefits. For example, a neighborhood plan usually increases the likelihood that CDC projects will receive community and external support, as when a plan that gives priority to open space redevelopment can be used to lobby for new city funding to create a community park. The figure below shows how planning activities can lead to community improvement.

Figure 2
Project and Neighborhood Planning Strategy



Community Capacity Building

Community capacity-building involves the strengthening of community organizations that in turn help organize participation by individuals. CDCs sometimes invest directly in building the leadership and staff skills of other community-based organizations or create opportunities for other community-based organizations to participate in community change efforts. In our case study sites, CDC aid to organize or strengthen resident and business associations is the best example of how this engagement strategy is pursued. Business associations, for example, may arrange the participation of individual business owners for the purpose of coordinating marketing and promotion activities. The figure below graphically displays how community capacity building contributes to community development.

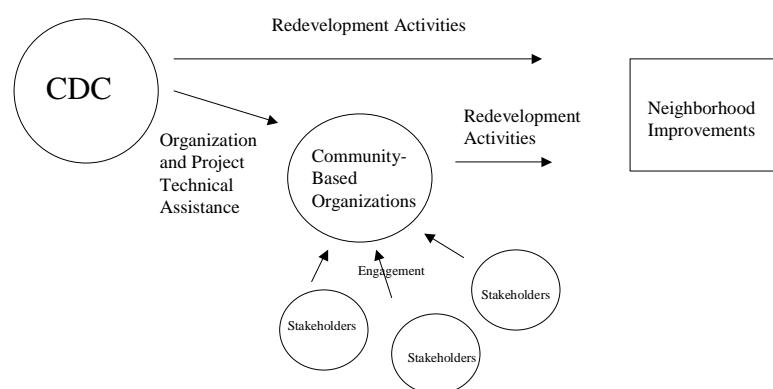
The Structural Position of CDCs

Every neighborhood contains multiple organizations, businesses, government agency offices, associations, and individuals with a

stake in how the neighborhood changes over time. Every city contains multiple corporations, financial institutions, government agencies, civic bodies, private foundations, and other philanthropic organizations and individual leaders who command financial, political, and technical resources. Because CDCs carry out development activities that require support from outside the neighborhood, they develop “vertical” relationships with citywide sources of money, expertise, and clout. Because CDCs rely on the support of other actors within the neighborhood, they form “horizontal” ties with them.

The placement of the CDC at the intersection of these horizontal and vertical ties constitutes its structural position as intermediary between neighborhood and the broader citywide system. This role accounts for much of the value CDCs have as neighborhood change agents. Because they can take advantage of their ties throughout the neighborhood to shape development and otherwise advocate for investments there, CDCs can claim support from the broader system. And because they are successful in drawing down

Figure 3
Community Capacity-Building Strategy



money, expertise, and political commitments from citywide actors, they can ask for and receive neighborhood support for their activities.

But not all CDCs occupy the same position. As will be shown in the following discussion, variation can be described primarily in terms of the centrality of the CDC's role in the neighborhood. Some CDCs appear to have established themselves as the primary organizer of community change initiatives; others to be one player among several. As we shall show, neither role is inherently superior to the other—what matters is the degree to which principal neighborhood actors are tied to one another and willing to exercise these ties in support of community improvement.

**section
2**

Research Methods

Our research methodology combines a variety of qualitative and quantitative methods to draw conclusions about CDC impacts in neighborhoods and how they were achieved. As have other researchers, we interviewed dozens of businesspersons, community leaders, politicians, community organization staff, and others to elicit views on whether neighborhoods improved. We were especially interested in the ways CDCs engaged others in their redevelopment work and the ways this engagement may have contributed to the ability of CDCs and others to improve neighborhoods. We also examined changes in neighborhood property values as a measure of changing neighborhood quality. In addition to straightforward, conventional analysis of home price changes, we conducted an experimental *econometric trend analysis*, which sets the most exacting standard of evidence for a finding of impact. Our analysis involved five research tasks:

1. We identified five CDCs with strong reputations for effective work, based on discussions with national community development industry representatives.
2. We identified the interventions carried out by these CDCs, including redevelopment projects, social programs, community organizing activities, and other neighborhood initiatives.
3. We conducted extensive interviews with stakeholders inside and outside the study neighborhoods.
4. We assembled and analyzed quantitative data on changes in neighborhood property values.
5. We synthesized our quantitative and qualitative information to produce a summary assessment of CDC impacts in each of our target neighborhoods.

Study Sites and Intervention

Because we used a new research method to assess the impacts of CDCs on neighborhood quality, we wanted to field test it under favorable conditions. Therefore, we sought out five groups with strong reputations for accomplishment, without concern that we might be stacking the deck in our favor. Based on extensive interviews in 23 cities between 1994 and 1999, and consultation with local and national staff of two national community

development intermediaries in 1999, we settled on the five CDCs and neighborhoods arrayed in table 1 below.

We carried out our field investigations in 2001, near the end of our seven-year research project. To help ensure that we could reach a large number of those involved in the design and implementation of CDC projects, we selected CDCs that had carried out major projects at some time in the 1990s.

Table 1
Summary of Study Neighborhoods, Strategy and Program Interventions

City/ Neighborhood	Demography	Pre-Intervention Condition	General CDC Strategy	CDC Programmatic Interventions	City/Private Investments
Boston: Jamaica Plain JPNDC	8,000 residents, Latino, African-American, with whites in-migrating	Improving, with gentrification. Significant blight in Hyde-Jackson Square	Comprehensive housing, commercial, social services, community organizing	1992–1996, made major investments in multi-family rehabilitation and new shopping center development in Hyde- Jackson Square	New light rail stop in early 1990s. Scattered private investment in mid- 1990s.
Cleveland Broadway SVDC	8,000 residents, mostly white ethnic owners, with in- migrating blacks	Slow decline, with eroding residential and commercial property	Mixed-income redevelopment through home purchase, new construction, open space development, community organizing, development planning	Large number of scattered site, single- family home-purchase and rehabilitation	CDC-supported bank headquarters retention
Oakland Fruitvale Unity Council	8,000 residents, predominately Latino, with in- migrating Asian and older African Americans	Stable low-income Deteriorated commercial district.	Housing, commercial revitalization, open- space, family services, youth programs, community organizing	Extensive Main Street program in centrally located commercial strip	Planning for CDC- sponsored Transit Village at BART rail stop in interim and post period
Denver Five Points Hope Communities	8,000 residents, with older blacks and in- migrating Latinos and whites	Stable low-income Declining commercial district, some upgrading	Housing, community organizing, individual empowerment programs	Major multi-family building renovation in neighborhood gateway location	New light rail stop during interim period Demolition of troubled public housing in pre- period
Portland Belmont REACH	8,000 residents, predominately white	Improving, with gentrification Deteriorated commercial district	Housing, commercial redevelopment, community planning, social services, community organizing. Tailored strategy to each redevelopment area	Extensive Main Street program in centrally- located commercial strip	Industrial plant conversion to large mixed-use development during interim period.

We investigated two types of CDC interventions. Most important to our quantitative analysis of property value change, we identified major redevelopment activities aimed at improving neighborhood quality of life, and thought to be of sufficient size and character to produce observable economic impacts on neighborhood quality. Most important to our analysis of CDC engagement strategies, we identified other important activities—often not involving physical developments—that may have contributed to neighborhood quality, although perhaps not in ways easily capitalized into property values.

In choosing major redevelopment interventions to study, we selected projects and activities most likely to have been noticed by potential investors and large enough to have a measurable effect on these investors' decisions. We expected that these developments would enhance the quality of neighborhood life directly and trigger a change in perceptions about the neighborhood. We then carefully specified the periods before, during, and after these major investments took place.

In choosing other important interventions, we asked CDC staff to tell us which among their activities they deemed to be the most important projects or programs undertaken throughout the 1990s. Typically, these projects commanded larger, rather than smaller, budgets among the funded activities the CDC carried out, and were most likely to involve larger, rather than smaller, numbers of residents in their conduct. We did not confine ourselves to the projects that we expected would have direct effects on neighborhood property values (e.g., the bricks-

and-mortar redevelopment projects they undertook). Instead, we identified all projects undertaken by the CDC during the 1990s, including affordable housing, commercial redevelopment, social services, and community organizing.

Our goal was to interview participants in both kinds of projects to solicit the broadest possible range of *informed* opinion about improvements to neighborhood quality and how those improvements came about. (One fear was that if we interviewed only those linked to bricks-and-mortar projects, it would bias our groups of respondents toward those most likely to credit redevelopment activity with neighborhood quality improvements.) Further, by taking CDC activities as our starting point, then developing a roster of persons to interview based on their participation in these activities, we hoped to anchor peoples' observations of community change in specific activities and their likely effects, and avoid general speculation about CDC activities in the abstract.

Qualitative Research Methodology

To find out about the effect of these various interventions on neighborhood quality, as well as on the way in which CDCs engaged stakeholders in their work, we solicited names from CDC staff of those who played meaningful roles in these interventions. Respondents included residents, business representatives, CDC staff, staff of other organizations, funders, and government staff. Through numerous in-person interviews and document reviews, we explored the following areas of potential CDC influence on neighborhood quality:

1. In the eyes of residents and other stakeholders, how had the neighborhood changed in terms of safety, physical appearance, appropriate land use, quality and diversity of retail, and other factors, and what role did the CDC play in these changes?
2. How had the costs and benefits of neighborhood change been distributed across different segments of the community, and how did CDC activities influence this distribution?
3. Why, how, and to what effect did CDCs engage community residents in their work, and how did this involvement contribute to the community's ability to carry out community improvement efforts more effectively than before?

Quantitative Data Collection and Analysis

Our quantitative assessment of CDC impacts relies on an analysis of changes in single-family property sales prices in areas targeted by the CDCs for redevelopment, using a statistical method that accounts for abrupt and statistically significant changes in price trends over time that plausibly could be connected to CDC interventions. Careful specification of redevelopment timelines and likely impact areas, consideration of differences in the types of properties sold over time, and analysis of price trends in other low-income neighborhoods distinguish our method from those employed in the past.¹¹

We examined property values because they are the single best indicator of the overall quality of life in an area. Extensive empirical evidence—based on systematic analysis of the relationship between neighborhood amenities and house prices—indicates that improvements to physical, social, and economic characteristics lead to increases in property values.¹²

What is the connection between neighborhood quality and home values? It is useful to think of an individual house as a collection of structural and neighborhood attributes. A homebuyer simultaneously purchases all of a home's attributes. Because people are usually willing to pay for certain kinds of structural features (an additional bedroom, for example) three-bedroom homes in a given neighborhood usually are more expensive than two-bedroom homes.

The logic is identical for neighborhood characteristics. A house in a neighborhood with good quality parks, schools, recreational and retail facilities, and physical appearance will fetch a higher price than an identical home in a neighborhood without such amenities. As CDCs rehabilitate dilapidated properties, upgrade neighborhood parks, or make other investments that improve neighborhood quality, they create positive externalities that are capitalized into higher home prices for nearby units. Therefore, we should observe higher home prices for properties located in relatively close proximity to areas in which CDCs concentrate their efforts.

We acquired data on individual single-family property transactions between 1989 and 1999 in each of our five cities. For each transaction, the database contains sale price, unit structural

characteristics, address, and sale date. Because we had data on *each transaction*, not just aggregated data from the Bureau of the Census or administrative records, we could define areas of impact and specify time periods that exactly matched our best estimate of when and where the effects of CDC projects would be likely to occur. Based on discussions with key local informants, we then coded each property transaction, indicating whether or not it took place before, during, or after a CDC's intervention, and whether it was located within one-quarter mile of the intervention's location or outside this area, but in a low- and moderate-income census tract. We worked closely with the executive directors of the five CDCs to identify impact area boundaries and the appropriate dates when projects started and were substantially completed—what we term "interim" and "post" time periods.

Once home price patterns for different areas and periods are known, how should they be analyzed to arrive at convincing evidence of CDC impact? To find out, we asked whether *the pattern of home sales prices followed a different trajectory between pre- and post-CDC intervention periods, controlling for changes occurring in all low-income neighborhoods in the post-intervention period.*

Three options for answering were available: what we call the Single Trend Method, the Comparative Trend Method, and the Econometric Trend Method. Each has strengths and vulnerabilities. (See table 2.)

The Single Trend Method examines the home price trend only in the target neighborhood to

discern if there was any difference after the CDC intervention. This method is easy to use but not very powerful, and therefore we do not use it in this study. To illustrate its defects, take a hypothetical case where we the price trajectory in a target neighborhood clearly turned around in 1990 from decline to increasing trend, corresponding to completion of a CDC's intervention. This is not, in itself, credible evidence of CDC impact, because all low-income neighborhoods may have evinced similar trajectories, perhaps because of the changing regional economy.

The Comparative Trend Method, in contrast, would compare the trajectories of the target area's prices with those of other low-income neighborhoods in the city. If prices grew faster in the target area than in other low-income neighborhoods, this would offer a somewhat more convincing case for CDC impact. However, three shortcomings remain. First, this method does not control for differences in the types of homes that sell over time in the target and the other low-income neighborhoods, which may be producing spurious patterns. Second, it does not test statistically whether the trajectory of the target areas is significantly different from that in other low-income areas during the post-intervention period. Third, it does not control for differences in trajectories of the target neighborhood and low-income neighborhoods during the pre-intervention period; the target area may have previously been declining faster and thus would take more effort to turn around.

Table 2
Strengths and Vulnerabilities of Three Forms of Neighborhood Price Change Analysis

Method of Price Change Analysis		
	Strengths	Vulnerabilities
Single Trend Method Inspection of price trend for impact neighborhood only; typically pre- and post-CDC intervention.	Easy to conduct. Only needs price data from impact neighborhoods. Intuitively understandable.	No statistical controls at all; unable to ascertain whether post-intervention price changes due to differences in homes sold or in macroeconomic conditions affecting all neighborhoods, as opposed to CDC. Results sensitive to specification of impact area, period over which prices are measured, and pre- and post-intervention periods. Assumes no major “confounding” events occur in either impact or other low-income neighborhoods after time of CDC intervention.
Comparative Trend Method Compares price levels and changes in impact neighborhood to other low neighborhoods, both pre- and post-CDC intervention.	Easy to conduct. Need price data from impact and other low-income neighborhoods. Controls for macro-economic effects on all low-income neighborhoods. Intuitively understandable.	Results sensitive to specification of impact area, period over which prices are measured, and pre- and post-intervention periods. No control for differences in quality of homes sold across time and neighborhoods. Can't test for statistical differences in price trends pre- and post-intervention or between impact and other low-income neighborhoods Can't quantify difference in impact neighborhood prices compared to other neighborhoods. Assumes no major “confounding” events occur in either impact or other low-income neighborhoods after time of CDC intervention.
Econometric Trend Method Uses multiple regression analysis to compare price levels and trends in impact neighborhood pre- and post-CDC intervention, controlling for differences in quality of homes sold and macroeconomic factors.	Extensive controls for housing quality and macroeconomic trends. Allows precise estimate of how much impact on prices was achieved and whether impact was likely due to chance or not.	Difficult to do; relies on high-level statistical analysis. Results sensitive to specification of impact area, period over which prices are measured, and pre- and post-intervention periods. Reliability of results highly dependent on linear statistical “behavior” of pre-period price data. Assumes no major “confounding” events occur in either impact or other low-income neighborhoods after time of CDC intervention.

Because the economic trend methodology is superior to analysis techniques previously used to detect community impacts, it can lead to more powerful substantive conclusions about the effects of CDC activities. Specifically, the method allows researchers and practitioners to determine whether CDC community development efforts have led to changes in neighborhood price *levels*, appreciation *rates*, or both. The economic trend method does this because it correctly accounts for differences between impact area price levels and appreciation rates compared to other low-income neighborhoods prior to an intervention.

Unlike less-well-specified multiple regression techniques, the models that we specify with the econometric trend analysis include variables that measure initial differences in impact area price levels and rates of change compared to other low-income neighborhoods.¹³ These “going-in” price and appreciation rate differences reflect the unique characteristics of the impact area that affect property values and their change, such as location near to downtown or to a park or major recreational facilities, or a well-performing elementary school. (Because these features are captured in property values, they need not be measured directly through an exhaustive survey of community characteristics.) These features are assumed not to change throughout the period under study, which means they will have the same relative effect on prices before and after CDC activities. As a result, any changes observed in levels or prices can be attributed to the CDC intervention and any other substantial investment activities we observe.

Our econometric trend methodology also improves on other techniques because it recognizes that urban housing markets are comprised of separate income-based submarkets. This means that the behavior of property values in low-income neighborhoods—say, in response to a downturn in the metropolitan-area economy—would be different from the response in higher-income neighborhoods. Therefore, the method used here compares impact area prices and price appreciation rates only to those in other low-income neighborhoods.

Our statistical analysis assumes that the changes observed after the interim period are mostly attributable to the CDCs’ activities. However, other factors may influence property values too, including changes in local government policies or other types of investments influencing neighborhood quality. As a result, it is important to corroborate our statistical findings with the perceptions of key informants who understand how the neighborhood has changed. That way, we can more accurately assess the extent to which the statistical findings of neighborhood housing price change were actually caused by CDC activities.

To summarize, the econometric trend method provides for an assessment of the effects of CDCs on both (1) the level of house prices, which is a one-time, invariant change to the value of homes relative to other low-income neighborhoods, and (2) the rate at which house prices change in the impact area over time relative to other low-income neighborhoods. The second effect is critically important, for these differences in the rate of change (assuming

they reflect an acceleration) may indicate CDC effects that continue over time and so have a “compound” effect on relative property values. Under some circumstances, this acceleration may even signify a dramatic “takeoff” in neighborhood property values, indicating that a neighborhood quality threshold had been crossed.

Case Studies of CDC Neighborhood Impacts

The five case study communities upon which we relied for this analysis displayed a variety of community development contexts and CDC responses. The first two case studies in this section come from Portland, Oregon and Oakland, California. CDCs in both pursued revitalization strategies that placed considerable emphasis on improvements to commercial and retail corridors. In Portland, these efforts came after the surrounding residential neighborhood showed signs of sustained improvement; in Oakland, efforts came in advance of widely anticipated change. The remaining three case studies concern CDC efforts focused primarily on housing investments, but in each of Boston, Denver, and Cleveland, they were accompanied by commercial revitalization initiatives. In all five case study communities, the CDCs had, over time, acquired a diverse portfolio of projects and programs, illustrating an industry-wide move toward more comprehensive approaches to neighborhood change.¹⁴

Belmont Neighborhood, Portland, OR

REACH Community Development, Inc.

In Portland's Belmont Neighborhood, REACH Community Development Inc. partnered with a neighborhood and a business association to coordinate a series of activities aimed to improve a retail corridor. In addition to investing in the capacity of both organizations to plan and carry out neighborhood improvements, REACH helped involve citizens in discussions aimed at steering for-profit redevelopment of a blighted dairy property in a more community-friendly direction. Our conversations with key informants and our analysis of property values in Belmont show that these strategies were successful. By organizing the business community, REACH help solve a collective action problem that had discouraged efforts to improve the commercial corridor. REACH's example shows that under the right circumstances, CDCs can help make dramatic improvements in neighborhood quality by acting

as community organizer, and without making major financial investments.

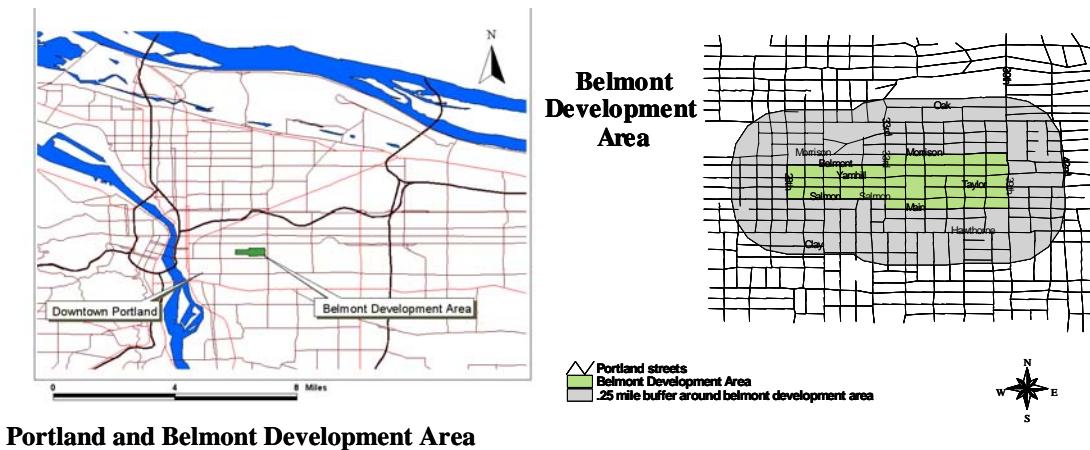
The Redevelopment Problem

Once a bustling area around a trolley line terminal, by the late 1980s the Belmont commercial corridor in Southeast Portland had degenerated into a mix of empty buildings, industrial establishments, and a few bars and shops. A large, vacant, and deteriorated dairy building was a significant source of blight that had become a haven for drug dealing, further discouraging active patronage of neighborhood business. But in the early 1990s, spurred by sharply increased demand for architecturally interesting, even if run down, Victorian homes near downtown, housing prices in the neighborhood began to rise at an annual pace equal to or exceeding that of Portland as a whole. But the resurgence of residential markets bypassed the commercial corridor, which continued to suffer vacancy rates of 20 to 25 percent. The redevelopment problem: how to

turn around a blighted retail strip in the midst of

an improving residential neighborhood?

Figure 4: Portland and Belmont Development Area



Programmatic Strategies

Incorporated by a group of housing advocates in 1982, REACH Community Development, Inc began as an affordable housing developer active in seven Southeast Portland neighborhoods. The organization soon grew to take on a range of other activities, including economic development, community organizing and leadership building, and social services, including tutoring and summer programs and service referrals for special needs populations living in REACH housing.

In the early 1990s, REACH initiated a new approach to community revitalization, which involved creation of targeted redevelopment strategies for specific sub-areas within Southeast Portland. These strategies would be designed and carried out by neighborhood organizations

and community leaders, with supporting investments made by REACH. As its second such program, REACH selected a five-by-twelve block area centering on the Belmont Street business district. Three years after choosing Belmont, REACH was ready to go to work on residential properties in the area, but by then, housing had become unaffordable, and REACH switched to the commercial corridor as its redevelopment priority.

In partnership with the Belmont Business Association, REACH developed a commercial revitalization plan that called for multiple and simultaneous investments by neighborhood businesses. Under the plan, REACH and its community partners made improvements to commercial façades, upgraded signage, coordinated business marketing (including a business directory), improved safety through

better lighting and heightened security, held workshops on business development on such issues as marketing.¹⁵ To help prevent the loss of longtime businesses as improvements pushed rents to unaffordable levels, REACH initiated a program to encourage business owners to take long-term leases and even purchase property.

Engagement Strategy

REACH took an explicitly participatory approach to neighborhood planning and project design and implementation. Strong community participation through the Belmont Action Plan and the Belmont Business District Plan became the cornerstone of its neighborhood efforts. These activities directly engaged people in community planning and encouraged the business and neighborhood associations to cooperate. As a result, REACH was able to leave behind the community capacity needed to carry out improvement programs without further help.

REACH relied on existing but relatively disconnected neighborhood groups already active in the community. It worked to improve relations between the two most organized groups—the Southeast Neighborhood Association and the Belmont Street Neighborhood Association—which had sometimes been at odds over nuisance bars and disorderly behavior. To develop and implement plans, REACH worked with both groups to get residents and businesses to participate in goal-setting and strategy development. Building on these existing reservoirs of activism, REACH created new ways for people to participate in

community life and helped them acquire the skills they needed to participate effectively.

Under the Belmont Action Plan (BAP) the neighborhood increased its clean-up activities, planted trees, organized to patrol the neighborhood, and held a street fair to build community pride and promote the neighborhood throughout the city. Previously, some residents may have engaged in isolated activist episodes, through neighborhood clean-ups, for example, but these did not add up to a force for community-wide change. Through BAP, REACH helped people to develop participation skills by insisting that community members assume responsibility for each task specified in various action plans. To learn how to do this, some residents followed the example set by REACH staff as they helped to manage the community process.

REACH helped to inject new vitality into the Belmont Area Business Association and the Sunnyside Neighborhood Association, allowing it to hand off the lead role in subsequent neighborhood efforts. That is not to say REACH is inactive: it continued to focus its energies on programs identified in the action plans, including organizing for curb cuts to slow traffic, keeping yearly flower basket displays, purchasing public trash cans, and staging the annual street fair.

Many of the neighborhood people we interviewed pointed to community engagement as the most important result of REACH's work in Belmont. Interestingly, REACH staff viewed their community participation as a means to enable better design and implementation of

improvement projects. Many residents and business owners, by contrast, viewed the *projects* as a way to increase involvement of, and build relations among, community members. REACH's work demonstrates the value of small, inter-related efforts, scaled and timed to enlist community participation, followed by providing the right support needed to help people and groups cooperate effectively with one another.

Structural Position

REACH played a strong intermediary role in Belmont among residents and community organizations and between these and powerful external actors. Having built its own capacity during the 1990s—with support from the Portland Neighborhood Development Corporation and the Enterprise Foundation—REACH commanded citywide visibility and influence. But while REACH worked with major funding partners to help redevelop Belmont, its closest project partners were neighborhood associations, residents and businesses. REACH served as the primary intermediary linking neighborhood leaders and the dairy developers, acting as a conduit of information and as an organizer of dialogue between developers and community.

REACH's success produced two more general systemic effects in Portland. First, the Bureau of Housing and Community Development modeled its Targeted Area Development program on REACH's approach, embracing the idea that residents should take responsibility for design and implementation of neighborhood change activities. The agency had previously shied

away from multifaceted, multiyear programs focused on one target area. After determining that scattered housing developments did not have a neighborhood-level impact—and after witnessing REACH's methods and success in its first target area—the city decided to emulate its approach. Second, the Belmont initiative helped to establish business development as a worthwhile CDC activity. REACH enlisted the Neighborhood Partnership Fund (NPF), a local community development intermediary, to provide support even though it had not previously funded a business-focused project.

Neighborhood Impacts

Our interviews and data analyses suggest that REACH's programmatic and engagement strategies played a significant role in the revitalization of the Belmont neighborhood. REACH played a critical role in getting the Business Association and its community supporters to cooperate to solve a common problem: an under-performing commercial corridor. By providing information on community preferences, REACH helped ensure that the dairy redevelopment would meet the needs and interests of people who live and work in Belmont. Most persons interviewed agreed that the changes on Belmont Street were due in large part to REACH.

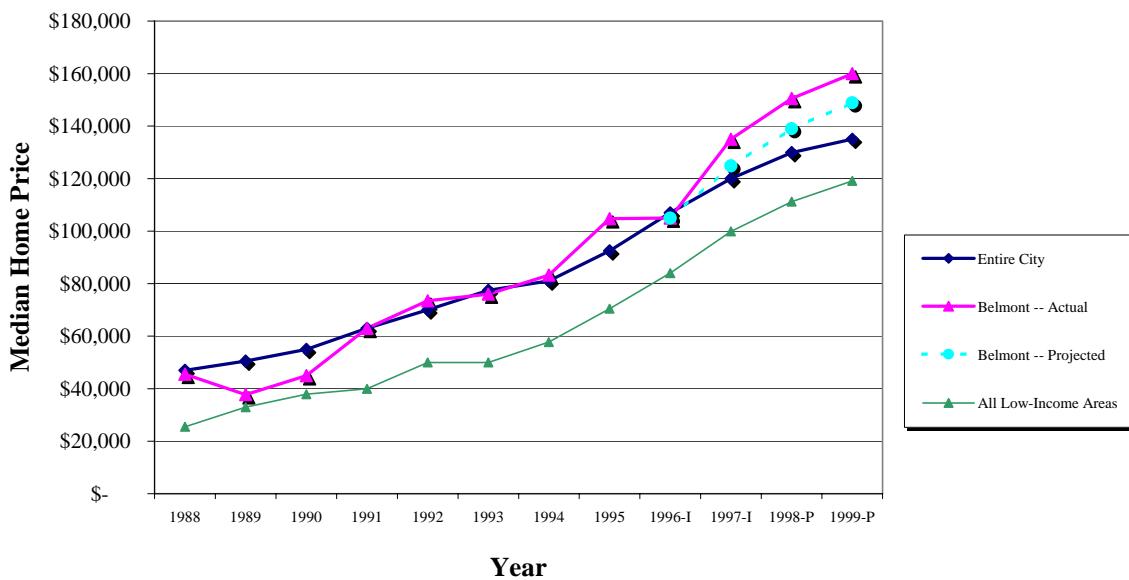
The dairy plant renovation by a private developer may have been the clearest outward sign of improvement in the Belmont neighborhood. The dairy became mixed-income housing and space for small businesses oriented to the mid- to high-end of the neighborhood market. The project and complementary

improvements by REACH and its partners induced new businesses to locate on Belmont Street, creating a vibrant, pedestrian-friendly corridor with a number of cafes, restaurants, theaters, and other businesses.

Comparative trend analysis corroborates these perceptions. Median home prices in REACH's impact area in Belmont increased sharply after 1996, which coincides with completion of a

major portion of its commercial redevelopment effort. These price increases outpaced other low- and moderate-income Portland neighborhoods as well as other, higher-income neighborhoods in the city. (See figure 5). As the figure also shows, actual house prices in Belmont exceeded the levels that our econometric trend analysis predicts they would have reached had there been no CDC efforts.

Figure 5:
Property Value Changes in the Belmont Impact Area, Portland Low-Income Neighborhoods, and the City of Portland

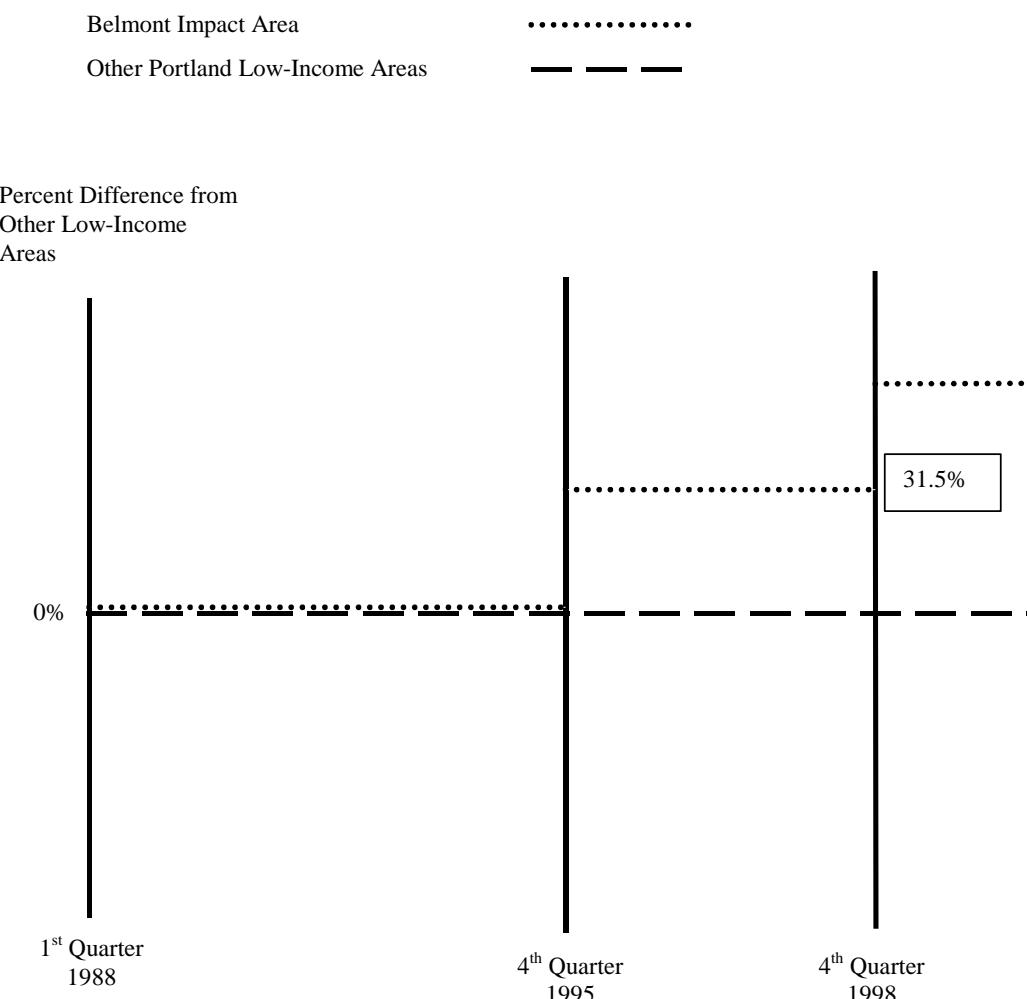


Note: An "I" appended to any year denotes Interim Intervention Period; a "P" denotes Post-Intervention Period

Econometric trend analysis of changes in neighborhood property values relative to other Portland low-income neighborhoods presents convincing evidence of REACH's favorable impact on neighborhood quality. As shown in Figure 6 summarizing the results, single-family

home prices in the quarter-mile impact area around Belmont Street were statistically identical to those in other low-income Portland neighborhoods prior to the REACH program and the dairy renovation. By the start of the interim period, when REACH established its planning

Figure 6
**Econometric Trend Analysis of Property Value Change
 in Belmont Impact Area Compared to All Other Portland Low-Income Areas**



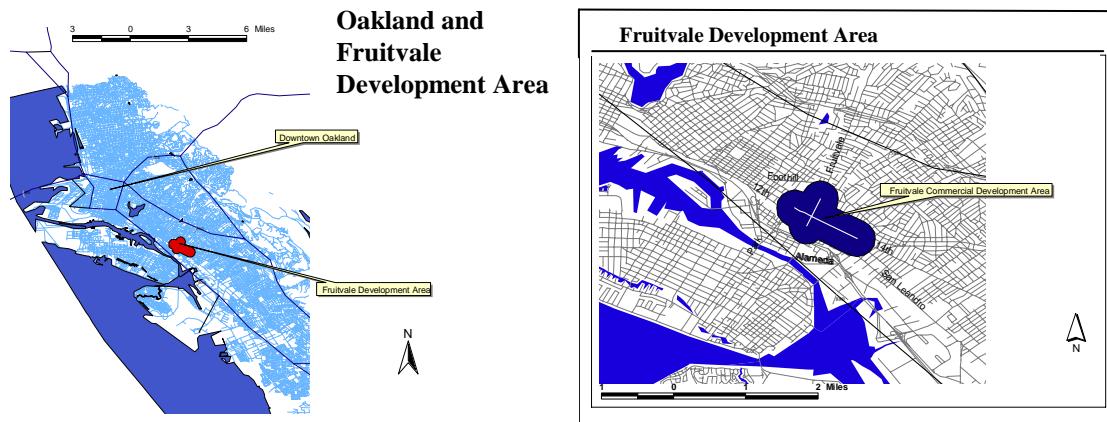
Lines indicate property value changes relative to other low-income neighborhoods in Portland after controlling for attributes of properties sold and general economic effects.

process and implemented concrete improvements on the commercial strip, homebuyers began to pay a premium for homes. This is shown in the figure by the jump in average sales prices during the interim period.

This premium increased yet again during the post-intervention period, capturing the after-effects of REACH's revitalization efforts and the completed dairy renovation.

How did this improvement in prices likely occur? Three inter-related factors offer the most convincing explanation. First, the housing market upswing provided strong *potential* demand for commercial and retail services, but this demand would have taken years to affect the business decisions of isolated, independent entrepreneurs. REACH's business improvement plan—and the collaborative way in which it was developed—enabled Belmont Street storeowners to cooperate to create an attractive business climate for all. Second, the private dairy developer assumed the investment risk needed to create a node of economic activity that produced spin-off neighborhood-wide benefits. REACH did not make these investments, but it organized community meetings to inform the developer about community interests, helping ensure that revitalization plans reflected neighborhood wishes. Third, commercial area improvements reinforced demand for housing in a neighborhood with newly improved retail and commercial services.

Figure 7: Oakland and Fruitvale Development Area



Fruitvale, Oakland, CA

The Unity Council

The Unity Council has been a major contributor to the growth and development of the Fruitvale neighborhood, including its once-blighted commercial corridor. It helped local businesses carry out a series of marketing and investment activities by arranging financing, providing business development assistance and helping strengthen the business association. The Council also used its considerable clout as the leading community-based organization in Fruitvale to organize the community to fight for new public and private investment in the neighborhood, and to help steer that investment in community-appropriate directions.

The Redevelopment Problem

According to the Unity Council's Executive Director, until the mid-1990s, the main business intersection in the Fruitvale neighborhood

"looked like a jail [because there were] so many bars on the windows." Vacancy rates along the strip ran as high as 50 percent; street crime and a poor retail mix deterred residents from actively patronizing local establishments. But by the late 1990s, the city's improving image, Fruitvale's location on the Bay Area Rapid Transit (BART) line, and rising housing costs in other Bay Area cities and Oakland neighborhoods had made the neighborhood's relatively affordable housing attractive to an increasingly diverse residential population. To the Latino majority and a sizeable African-American population were added a number of Asian in-migrants. The redevelopment problem: to increase the vitality of the neighborhood's commercial areas without fueling displacement of longtime businesses.

Programmatic Strategies

The Unity Council formed in 1964 as part of the Latino civil rights movement; until 1998, it was known as the Spanish-Speaking Unity Council, changing its name to honor Fruitvale's increasing diversity. True to its organizing roots, Unity Council has proven adept at mobilizing the community to fight unwanted development, create new open space, promote new public investment, and accomplish other revitalization goals. Its responsiveness to community concerns has, over time, driven it to take on a wide range of programs, which are housed under three umbrellas: real estate, child development, and community and family assets. (The latter includes literacy, open space, crime prevention, and connection of parents to schools.)

Where others saw blight in the failed commercial strip, the Unity Council saw an under-valued asset. What followed was an effective response to the classic collective action problem. Unity Council organized a Main Street Program to promote cooperative, simultaneous action on the part of business owners to attack the problems of crime and decay that made it difficult for all businesses to market their goods and services.¹⁶ With city support, at least half of all businesses improved their façades, and the merchants enjoined the city to improve the delivery of urban services. The Council organized an annual Dia de los Muertos festival to promote the neighborhood to outsiders, instill community pride, and to jump start demand for local businesses, at least during festival time.

Unity Council worked hard to ensure that local residents and businesses benefit from revitalization. The Council carried out business development programs along the commercial corridors to help business profit from improving markets. The Fruitvale Transit Village, a costly, complex, mixed-use development, is planned for completion in 2004. The group convinced BART to scrap plans for a commuter parking garage at the Fruitvale stop and, instead, to enter into a long community planning process to produce a development plan that complements, not competes with, the traditional main street.

Because commercial revitalization in Fruitvale preceded, rather than followed, an upswing in the housing market, the Unity Council's activities may become a model for how to improve neighborhood retail without causing displacement of small and resident- and minority-owned businesses. Unity Council also

has taken on other projects to improve the neighborhood, including the Union Point park project with the Port of Oakland, and renovation of Sanborn Park in the heart of the neighborhood with the Trust for Public Lands.

Engagement Strategies

Unity Council has placed community involvement at the heart of its revitalization agenda, actively organizing community support for or opposition to redevelopment plans and creating advisory bodies to design and oversee implementation of Unity Council's own projects and programs. The Main Street program entailed active participation by neighborhood residents and businesses on several committees formed to direct revitalization efforts.

Two major victories in negotiations with powerful parties illustrate the role of community residents as advocates, and the value of the kind of "task-based" organizing that the Unity Council does. In the mid-1990s, the Unity Council led efforts to prevent construction of a commuter parking garage at the Fruitvale BART station, successfully lobbying instead for new retail space, affordable housing, and offices for nonprofit groups. One reason BART agreed to a more neighborhood-appropriate use was because Unity Council convinced neighborhood residents and leaders to move immediately from oppositional tactics to subsequent, supportive involvement of committees charged with project planning and oversight of implementation. In the late 1990s, Unity Council organized residents to argue for, and win, access to the waterfront and creation of a park on land owned by the Port of Oakland and slated for an

institutional use. Here too, community residents were involved in planning the Union Point park development.

The dictum that people learn through doing is well validated by Unity Council's experience in Fruitvale. As a direct result of participation in Unity Council's work, both residents and local businesses acquired the skills needed to participate in the community in new ways, sometimes through new neighborhood institutions. Unity Council's track record of success has been important in boosting the community's confidence to take on these additional tasks. For example, people who participated in the Transit Village design have remained involved in other ways, such as in neighborhood crime patrols. After Unity Council's Main Street project organized its Dia de los Muertos festival, the community went on to organize a Cinco de Mayo celebration. As one respondent put it, the earlier effort "taught the community how to do events."

The most dramatic example of increased community engagement and the benefits this brings to the neighborhood was formation of a business improvement district, through which merchants and property owners taxed themselves to support street cleaning, maintenance, safety patrols, and storefront improvements. The district obliged merchants and property owners to participate in governing the district, and this participation, in turn, empowered the merchant community to demand their fair share of city services.

Structural Position

Like most CDCs, Unity Council's ability to effectively create change in its neighborhood was partly a function of how well it performed as an intermediary between government agencies and neighborhood stakeholders. Unity Council is an especially comprehensive intermediary. By virtue of the scope of its programs and the degree of influence it exerted over government decisions affecting the neighborhood, some business leaders regarded Unity Council as almost an "extension of government."

The Unity Council's primary job was to mobilize financial, political, and philanthropic resources from outside the neighborhood and to invest them in locally appropriate ways. The CDC delivered a wide range of programs on behalf of city and county government, and played a leading role in shaping them to match Fruitvale circumstances. And it effectively organized public debate and support for, or opposition to, government plans.

As it performed its community role, Unity Council created a wide network of relationships with providers of resources and expertise, both within and outside the neighborhood. Unity Council's structural position with respect to other neighborhood organizations is best described as hub-and-spoke. Many of the connections among neighborhood leaders and organizations appeared to run through Unity Council in the form of programmatic ties, board membership, committee participation, and other links. This structure may have been the natural result of the development of a strong

organization under the leadership of a director and board inclined to comprehensiveness. To maintain its position, Unity Council episodically shifted board composition to ensure ties to particular constituencies, including representatives from corporations and foundations, as well as people from the neighborhood. Staff had strong links to lenders, political leaders, and local and national foundation staff.

But Unity Council had critics, too. One argued that the CDC pre-empted the field, leaving no room for other centers of community strength to incubate and grow. One interviewee told us that Unity Council had strengthened the capacity of individual organizations, but the task remained to network them with each other and not just through the Council. To be fair, Unity Council did not completely overlook coalition formation. For example, Unity Council offered a number of educational and social service programs in partnership with the East Bay Asian Local Development Corporation. It has also mentored two smaller Southeast Asian CDCs.

By virtue of its position as neighborhood intermediary and its aggressive pursuit of community engagement, the Unity Council proved to have value to the broader system of which it was a part. The CDC clearly incubated leadership: Several people from Unity Council's staff or community leadership positions had gone on to serve in executive or legislative positions in the city or county. Unity Council also demonstrated good practice, designing and refining approaches to neighborhood change that were adapted for use elsewhere in the city. Because Unity Council

followed up its community opposition to the BART station with constructive response, BART went on to develop plans for other transit stops with community input. Unity Council brought the city together with the Trust for Public Lands through the Union Point project. The city developed its ideas for community policing and façade improvement programs from Unity Council's work. The CDC also pressured the city into hiring Spanish and Cantonese speakers to broaden its reach into the community.

Neighborhood Impact

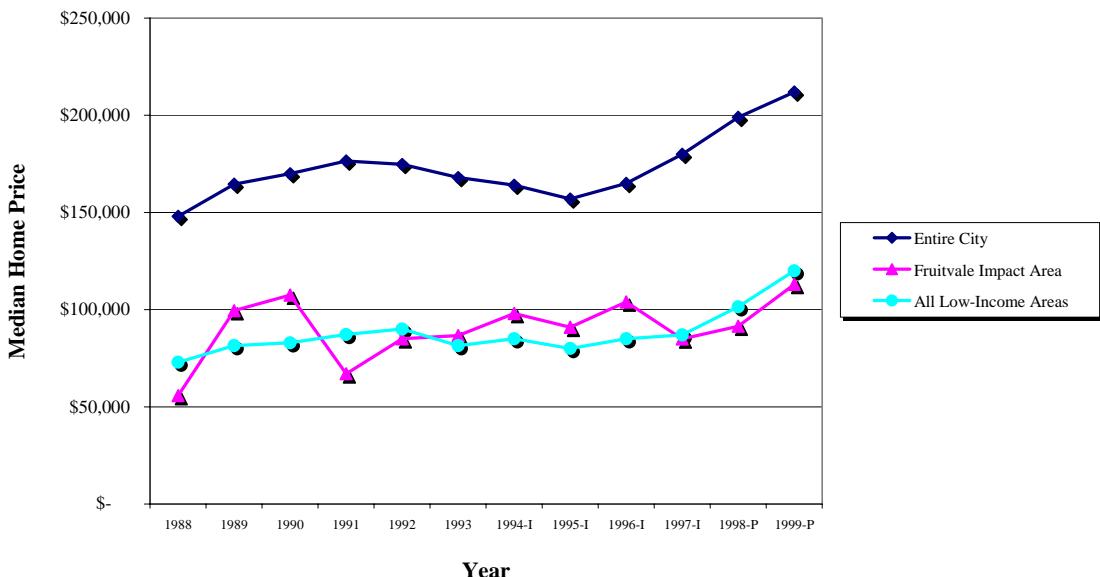
Local observers reported signs of new outside investment in the commercial strip, as well as investment by local business owners, who purchased their spaces to ensure that they could stay in the neighborhood in the face of rising rents. Respondents also pointed to new flows of funding from the Local Initiatives Support Corporation and other social-purpose investors, as well as city investments in area infrastructure. One observer speculated that the more attractive commercial strip may have dramatically slowed the flow of cash for retail purchases out of Fruitvale and led to creation of considerable numbers of neighborhood jobs.

We found a general consensus that Unity Council's activities have been a large part of the reason why Fruitvale's commercial areas have improved, with supporting contributions from the planned Transit Village, city investments, and the economic upswing. Although displacement had not yet happened, people appeared anxious over its possible occurrence.

Describing International Boulevard and Fruitvale Avenue, one respondent said: "Reality has changed moderately, image has changed dramatically." Our analysis of property value changes corroborates local impressions that rents had not risen even as the commercial area improved. Neighborhoods within one-quarter mile of the intersection of International Boulevard and Fruitvale Avenue showed no increases in *residential* property value levels or trends compared to other Oakland low- and moderate-income neighborhoods.¹⁷ (Similarly, our econometric trend analysis indicated no statistically significant CDC effect, and so we do not report the results in a graph.)

But other signs pointed to an improving commercial district. The streets were active and attractive to casual observers. About one-half of the businesses along International Boulevard had undergone facelifts, and new businesses had moved in, improving the services available to residents. Streets were cleaner and there was less graffiti than before, and the police presence was more casual and accepted. Crossing into Fruitvale, the visual attractiveness of the strip and the mix of stores and restaurants increased dramatically, then decreased just beyond. City officials noted that no other local commercial corridor in Oakland had witnessed similar revitalization.

Figure 8
Property Value Changes in the Fruitvale Impact Area, Oakland Low-Income Neighborhoods, and the City of Oakland



Note: An "I" appended to any year denotes Interim Intervention Period; a "P" denotes Post-Intervention Period

Jamaica Plain, Boston, MA

Jamaica Plain Neighborhood Development Corporation

The Jamaica Plain Neighborhood Development Corporation (JPNDC) worked collaboratively with residents and other neighborhood organizations to develop properties in the worst areas of Jamaica Plain. In this role, JPNDc helped remove blight that deterred private investment and acted as the lead investor in a program of residential and commercial real estate improvements. These physical development activities were matched by an aggressive organizing drive to press for preservation of affordable housing and defend the neighborhood against unwanted development. The CDC has emphasized

creation of a broad, multicentered network of community organizations able to take on community challenges successfully.

The Redevelopment Problem

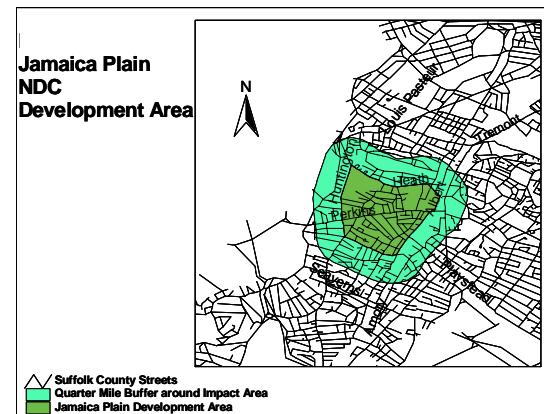
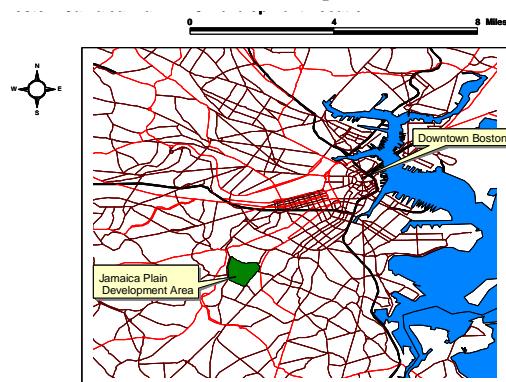
During the late 1980s and early 1990s, parts of Jamaica Plain—most notably Hyde-Jackson Square—served as a haven for drug dealing and violent crime, and a large concentration of vacant lots attracted undesirable activity. Despite this deterioration, the neighborhood remained attractive to a diverse group of residents. It was home to the largest Latino population in New England, as well as a substantial African-American population, many living in the Bromley Heath public housing project. Jamaica Plain had a significant white

ethnic and a growing gay and lesbian population. Some interviewees pointed to neighborhood divisions, symbolized by the Centre Street boundary between the “white side” and a “minority side” of Jamaica Plain. The

redevelopment problem: how to promote affordable housing while simultaneously encouraging improvement to neighborhood physical and economic vitality?

Figure 9: Boston and Jamaica Plain Development Area

Boston-Jamaica Plain NDC Development Area



Programmatic Strategy

Formed in 1977, JPNDC grew out of protest around urban renewal and accelerating disinvestment in Boston’s southwest corridor. In the early years, JPNDC focused on housing rehabilitation, broadening out in the mid-1980s to include a range of economic development activities. In the early 1990s JPNDC conducted a strategic planning process that led it to a focus on Hyde-Jackson Square, the target of our impact study.

From 1992 to 1996, JPNDC completed an investment program consisting of three major

projects. First, redevelopment of abandoned housing and vacant lots on Walden Street, a well-known drug market, to create the Hyde Square Co-op, completed in 1994 and owned by 43 low-income families. Second, redevelopment of ten smaller buildings, supported by the Local Initiatives Support Corporation (LISC). And third, development of the Jamaica Plain Center (JP Center), in partnership with Boston Community Ventures, a private development company, and the Bromley Heath Tenants Association. Completed in 1996, the five-acre, \$14 million JP Center features a major supermarket, comprehensive health care center operated by Children’s Hospital, and other

businesses. By the end of the decade, Jamaica Plain also offered small business assistance and a childcare program, and developed urban gardens.

Engagement Strategy

In addition to these physical redevelopment projects, JPNDC worked hard to encourage resident and local business involvement in political advocacy and project redevelopment, actively promoting connections between and among community organizations active in the neighborhood. According to one interviewee, JPNDC had brought neighborhood involvement to “an art form,” building on, and extending, the community’s history of activism.

Several JPNDC efforts were aimed at helping residents capture the benefits of development. The CDC initiated the Campaign for Conscience to enlist individual citizens and organized groups in efforts to lobby the city for increased support for housing. They also have pressed for voluntary rent agreements by private landlords, working with City Life/ Vida Urbana, a community-based tenants’ rights group with strong organizing skills. JPNDC and its allies also won a major victory over K-Mart Corporation, which had planned to develop a retail store in the neighborhood that was opposed by the community.

Other efforts were directed toward creating community capacity by engaging residents in specific projects as well as by investing in the strength of other organizations. As one example, the CDC formed a community steering committee that helped ensure that design of the

Hyde Square Co-op balanced two potentially conflicting neighborhood priorities identified earlier through door-to-door canvassing: affordable housing and green space development. In another example, JPNDC encouraged the growth of the nearly dormant Hyde-Jackson Merchants’ Association, partly by encouraging Latino business owners to join. As the association grew, JPNDC helped it secure funding from outside the neighborhood.

These organizing efforts and other JPNDC activities made a lasting contribution to the ability of neighborhood residents and groups to work together to solve neighborhood problems. At the Hyde Park Co-op, residents continued to exercise decisionmaking skills through property management. The Hyde-Jackson merchants learned how to develop winning applications for the Main Street Program for façade improvements and support for a program manager. And JPNDC worked with Latino bodega owners who feared that the JP Center would threaten their livelihoods to specialize their inventories and take advantage of increased retail traffic. Not one of the bodegas had gone out of business at the time of our interviews in 2001.

Structural Position

JPNDC played an important but not dominant role in Jamaica Plan; other community organizations were strong advocates for the neighborhood and are effective service providers. JPNDC was a willing and frequent partner, as reflected by the JP Center, developed jointly by JPNDC, the Bromley-Heath Tenant Council, City Life/Vida Urbana, and a private

developer. By contributing their respective assets to project management and financing, and political and community organizing, the partners carried out a project that could not have been attempted by any one of them, acting alone.

The impetus for collaboration came partly from the city. In 1992, Boston stipulated that only designated Partnership Districts would receive housing resources, and that to gain designation, local organizations would have to enlist the community to help define a neighborhood strategy. JPNDC worked with City Life/Vida Urbana and other neighborhood groups to put together a neighborhood contract focused on public safety, youth, economic development, and housing. Jamaica Plain's presentation got the city's attention and secured funds for neighborhood revitalization, especially in the Hyde Square area.

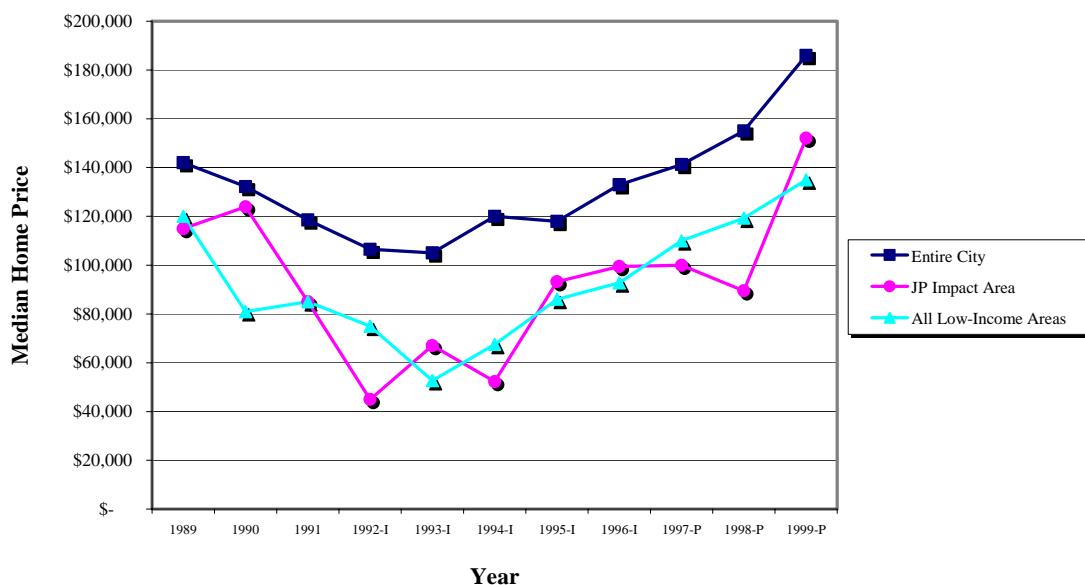
In its turn, some aspects of the JPNDC experience have contributed to better community development practice citywide. Effective citizen involvement throughout the JP Center project helped persuade the city that the community should have a say in the award of development contracts. Since then, the city has used this approach for all of its requests for development proposals. And outside the neighborhood, JPNDC is one of three lead groups in a citywide collaborative of ten CDCs operating small business programs. Through the Community Business Network (CBN), the CDCs provide technical assistance, financial resources, fundraising, and other resources.

Neighborhood Impact

JPNDC was widely viewed as sparking investment in Jamaica Plain through carefully planned projects developed with strong business and resident involvement. Local observers reported significant changes in the neighborhood in the mid-1990s, as investors, including JPNDC, began to renovate derelict Hyde-Jackson Square buildings, leading to sharply improved property values at the end of the decade.

Our comparative trend analysis of property value changes during the 1990s corroborates the local consensus: as indicated in figure 10, the median home price in the JPNDC impact area increased between 1989 and 1999, from about \$120,000 to slightly less than \$140,000, outpacing growth in other low- and moderate-income Boston neighborhoods by more than \$10,000 by 1999. The behavior of prices throughout the period suggests that JPNDC activities may have produced a change in property values. In the pre-intervention period (covering 1989 and 1991), property values increased relative to other low-income neighborhoods. During the interim period, which runs from the time of initial planning for the Hyde Square Co-op (first quarter in 1992) to completion of JP Center and 10-building redevelopment four years later, property values declined relative to other low-income neighborhoods. Prices lagged at the start of the post-intervention time period, but by 1998 began rising considerably faster than in other low-income Boston neighborhoods.

Figure 10
Property Value Changes in the Jamaica Plain Impact Area, Boston Low-Income Neighborhoods, and the City of Boston



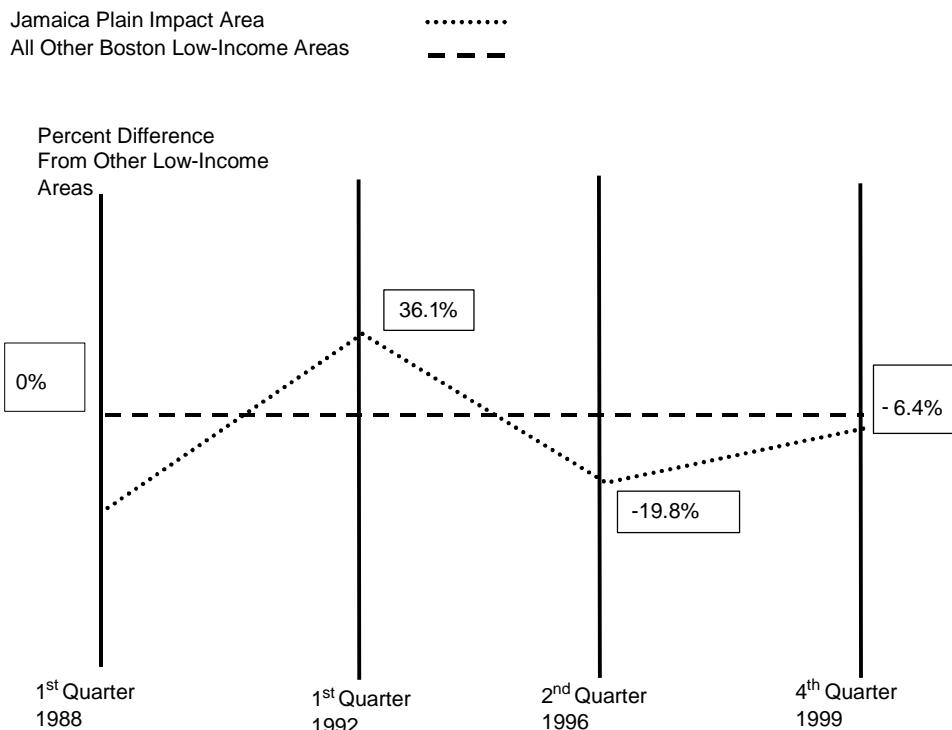
Note: An "I" appended to any year denotes Interim Intervention Period; a "P" denotes Post-Intervention Period

Econometric trend analysis is less conclusive, a result we believe is due to the anomalous behavior of the Jamaica Plain housing market during the pre-intervention period.¹⁸ The neighborhood housing market improved throughout 1989 and 1990 even as Boston's housing market experienced overall declines. Jamaica Plain housing prices subsequently declined, lagging the overall Boston market and producing an odd pattern of price changes throughout the pre-intervention period. Without more information on the behavior of prices in the pre-intervention period, the model could not accommodate this anomalous price behavior.¹⁹ Furthermore, additional data beyond 1999 might have shown whether prices continued their sharp uptick, as detected for the end of the post-

intervention period by the comparative trend method.

Interviewees attributed much of the increase in property values in the late 1990s to the JP Center. This development helped the neighborhood improve in two ways: it removed a major source of blight, and it demonstrated the neighborhood's latent retail demand. Interview respondents pointed to supporting factors that contributed to Jamaica Plain's rise, including an overall economic upswing and the end of rent control in other parts of the city, which brought an influx of higher income residents and college students to the neighborhood. Opening of a new rapid transit stop in the early 1990s also helped improve the attractiveness of the neighborhood.

Figure 11
Econometric Trend Analysis of Property Value
In Jamaica Plain Impact Area Compared to All Other Boston Low-Income Areas

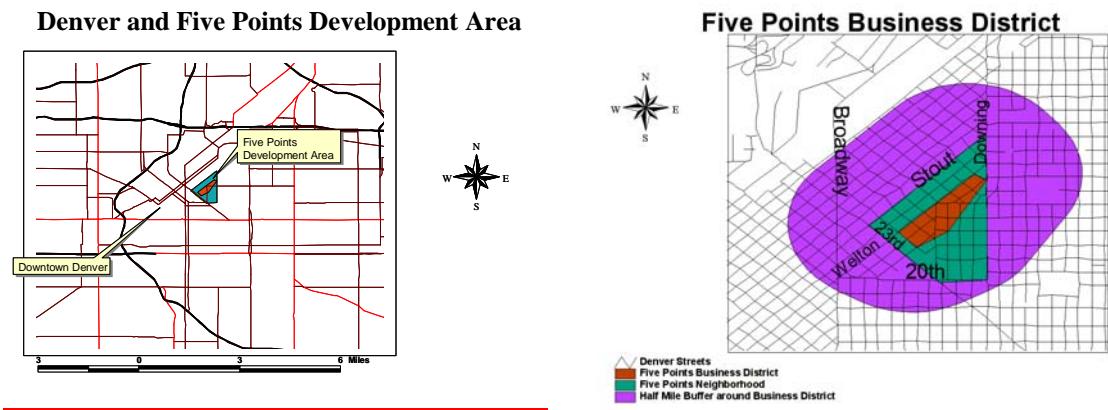


Lines indicate property value changes relative to other low-income areas in Boston after controlling for attributes of properties sold and general economic conditions.

While most respondents welcomed improvements to the neighborhood, increases in property values and rents stoked fears of displacement among longtime and lower-income residents. Through affordable housing and advocacy, one of JPNDC's core goals is to shield residents from the adverse effects of rising rents.

Five Points Neighborhood, Denver, CO *HOPE Communities, Inc.*

HOPE Communities played an important role in neighborhood revitalization by investing in several affordable housing projects that removed sources of blight, which together with public investments by the city and a for-profit renovation project, demonstrated the neighborhood's improvement prospects to other investors. The CDC also focused on developing the community's human capital through a range of empowerment programs, which have increased residents' willingness and ability to advance neighborhood interests.

Figure 12: Denver and Five Points Development Area

The Redevelopment Problem

Five Points is a loose collection of smaller neighborhoods, each with its own population characteristics and type of housing stock. During the 1950s, Five Points was a populous and busy African-American neighborhood. But throughout the 1960s and '70s, businesses and residents left the neighborhood for the newly integrated suburbs, leaving behind a neighborhood marred by abandoned buildings, vacant land, active open-air drug markets, and a large distressed housing project in nearby Curtis Park.

Despite deterioration, Five Points had development assets on which to build. Proximity to downtown; attractive, if run-down, older housing stock; and a new light rail line created circumstances for an upswing in

residential markets. The business district, however, remained run-down, as did many neighborhood residential properties. Even so, rising housing values and an influx of higher income whites and moderate income Latinos aggravated racial tension, and business owners on Welton Street, thought to be (in the words of one informant) the “only black-owned [commercial] strip in the nation,” feared displacement by white-owned businesses.

The redevelopment problem: how to create affordable housing for those at the lower end of the income ladder in ways that remove sources of blight, demonstrate the neighborhood’s potential for improvement, and contribute to the revitalization of the community’s commercial-retail area.

Programmatic Strategies

HOPE Communities, a faith-based CDC incorporated in 1980, developed 11 residential properties with 425 units, housing very low income, mostly African-American families. Working through other organizations, HOPE offers building and neighborhood residents educational and employment programs that have helped hundreds of people find jobs.

Through its redevelopment programs, HOPE aimed to attain the twin goal of improving neighborhood quality without displacing low-income households. HOPE Communities acquired its first low-income property in 1980 and implemented several other rental and homeowner assistance projects over the decade. In the late 1980s, HOPE purchased two large, deteriorated garden apartment properties at highly visible neighborhood locations. Selective demolition followed by rehabilitation and infill construction began on Sunnyside Apartments in 1988 and on Carlton Arms in 1990. Several complementary investments came online about the same time as these developments were finished, including a new light rail transit stop right off the commercial strip and several city-funded commercial property improvements.

At the beginning of the next decade, HOPE partnered with the Five Points Business Association to redevelop Fern Hall into a mixed-use, primarily commercial project. The first rehabilitation project to be successfully completed on Welton Street, Fern Hall was widely perceived to be a catalyst for other neighborhood investments. At the time of our research in 2001, Fern Hall's developers were

planning a larger mixed-use, mixed-income project—The Point—along the Welton corridor, to be the first new construction on the street in many years. The project was expected to encourage additional development, boost the neighborhood image, and restore confidence in the city and in the CDC to turn around a blighted area.

Engagement Strategies

HOPE pursued what this paper refers to as an “empowerment” strategy, in which programs to develop human potential lead to increased participation in community life. HOPE advanced a concept of “Shalom community”—a place where every individual makes a contribution to community, and in return, has what they need. Vital to the Shalom concept is creation of incentives and opportunities for people to participate and building their capacity to do so.

Since 1987, HOPE held resident meetings in its housing properties as one component to increase resident involvement. But growing out of the resident councils, HOPE’s Community Housing and Improvement Program (CHIP) program, began in 1999, enabled HOPE property residents to earn credits that reduced their rent by up to \$75 a month in exchange for five hours of community volunteer work or enrollment in education or training classes (such as computer labs or GED classes). Approximately 119 residents—one-third of all those eligible—had participated; 72 were consistent participants.

Further, HOPE offered community members access to a number of programs run by other

community organizations, including leadership training sponsored by the Piton Foundation. Participants learned to analyze neighborhood resources, prepare meeting agendas, and speak publicly. HOPE provided literacy classes in the greater Five Points area, working with teens and adults on basic reading skills. Those interested in and ready to pursue a GED were referred to the Curtis Park Community Center's program. The literacy program offered a safe space for community members to get to know each other, thereby helping to build relationships within the neighborhood.

HOPE's strategy to empower individuals was based on the belief that residents should assume responsibility for the health of their own neighborhood, and that participation is one way of doing that. We found that this participation contributed to neighborhood health in two ways.

First, it created new ties among individuals and between individuals and local institutions that were not there before. As one HOPE staff person put it: "The more connections that occur in the neighborhood, the stronger the neighborhood becomes." It's recent community organizing had reflected the importance to HOPE of building relationships to residents of HOPE properties. The CHIP community organizer has developed a range of volunteer opportunities in the neighborhood, involving neighborhood schools, a food bank, community centers, and other places, and which connected residents to community organizations and institutions.

Second, it built participation skills. Directly or indirectly, HOPE-sponsored activities

encouraged participants to acquire the skills needed to participate effectively in community life. Some of this skill-building was an explicit goal of HOPE's programs, some a by-product of other forms of participation. For example, the CHIP program was overseen by a resident committee. HOPE got the manager of an expiring-use Section 8 building to provide stipends for residents to attend the Piton leadership course. Three residents went on to form "Save Our Section 8," a group that organized marches on city hall, met with city council representatives, and succeeded in keeping their building in the program.

HOPE staff had seen people who had participated in its education programs begin to speak out more frequently during community meetings, as English as a Second Language (ESL) students became better able and more willing to voice neighborhood concerns. As another example, former literacy students were part of a group that approached the management of a local grocery store to complain about the poor quality produce.

HOPE also pursued other ways of promoting community engagement, including community capacity-building strategies. Most notable were efforts to work with the Five Points Business Association, which prior to its partnership with HOPE on Fern Hall, had maintained an openly suspicious posture toward new development. The business association had never done a project of the scale of Fern Hall; indeed, it had no previous development or financial experience. But in the words of the association's director, the partnership with HOPE "forced us to become a business." The

association brought two banks onto its board. It played an intermediary role between the city and local merchants on the façade program, and took on a new security program. The association was willing to participate actively on further projects, including a planned African-American Historical Museum as one anchor to the Welton business district.

Structural Position

Lack of trust between segments of the community made community organizing and capacity building difficult. The neighborhood is geographically divided in the sub-neighborhoods of Curtis Park, San Rafael, Clemons, and Five Points, which are different from one another racially and economically. Partly for this reason, it lacked some of the interconnections among individuals and groups more typical of others in Denver.²⁰ Some neighborhood associations didn't cooperate readily with HOPE, and whites sometimes actively opposed the organization's work. The Five Points Business Association was deeply suspicious of any redevelopment activities, anxious that black ownership of the business district could slip away rapidly. In other words, HOPE faced opposition from both the historic preservation advocates on the one hand and the black business leaders on the other.

For these reasons, HOPE did not seem to have been embraced by all segments of the neighborhood the same way other CDCs in the study had been, and it faced the continuing task of establishing trust with some segments of the community. Yet the executive director remained committed to fostering connections among

residents and organizations in the neighborhood, even though past efforts have not been sustained. For example, the Village of Five Points coalition in the 1990s, consisting of 10 to 12 organizations that met monthly, fizzled out. HOPE's executive director hoped to quietly reconstitute the coalition into something less formal. As another example, HOPE helped to organize SNAP, a project that linked together property managers in the community to discuss tenant and management issues and alert them to social services and other resources available to their tenants.

HOPE was by no means the only Five Points neighborhood organization with ties to city officials and other citywide stakeholders. The Five Points Business Association had strong political connections of its own. But HOPE was noteworthy for the duration and strength of its ties with city- and state-wide actors, including the Enterprise Foundation, the Colorado Housing Partnership, area lenders, city housing and redevelopment staff, and others. Interviewees told us of several examples where HOPE's connections to outside organizations had provided an initial entrée for those organizations, helping thereby to strengthen neighborhood connections to citywide actors. This was an indirect after-effect of HOPE's work with the business association, which helped the association form relationships with contractors, funders, and higher levels of the city government. In fact, private developers began to approach the association to discuss other projects. HOPE also maintains a close working relationship with both neighborhood churches

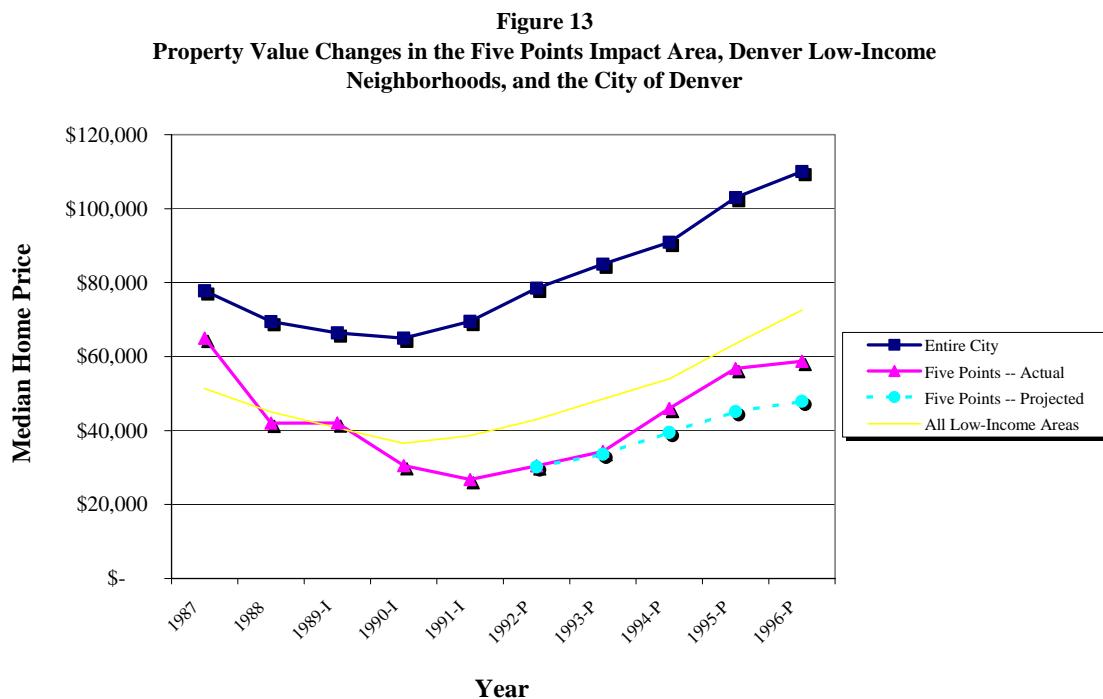
and some in the suburbs, an important source of support for HOPE.

The city expressed interest in seeing HOPE take on a more central intermediary role in the Five Points neighborhood, involving more active collaboration with other organizations to develop a comprehensive approach to neighborhood change. This may be increasingly important as the tightening real estate market increases pressure on both residential and commercial rents and threatens the traditional clientele of HOPE, the business association, and other neighborhood organizations.

Neighborhood Impact

Historically, HOPE emphasized its mission to

help the neighborhood's poorer residents, not to spur area-wide revitalization. That said, investments in affordable housing have, at the same time, produced broader neighborhood benefits. Local observers characterized the Five Points neighborhood as one well on its way to revitalization. Interviewees expected that completion of The Point would further burnish the neighborhood's image and boost investor confidence. A sign of increasing market demand was the nearby, privately developed St. Luke's luxury housing development. Further impetus should come from redevelopment of the large, blighted public housing project in Curtis Park, supported by HUD's HOPE VI program.

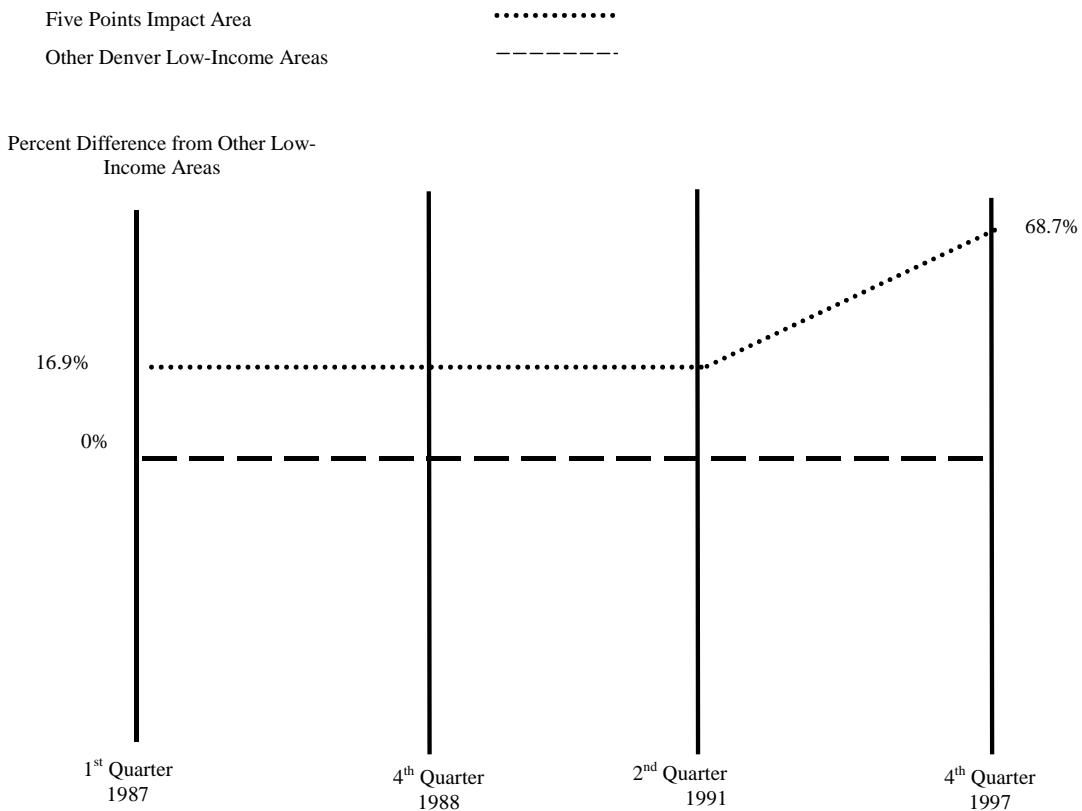


Our analysis of property value changes corroborates local perceptions of neighborhood improvement. We defined an impact area to include the one-quarter mile buffer around the portion of the commercial strip where HOPE's two major residential projects—Sunnyside Apartments and Carlton Arms—are located.

We defined the pre-CDC activity period to run

from the first quarter of 1987 to the third quarter of 1988. We defined the interim period of HOPE housing project development to run from the fourth quarter of 1988 through the second quarter of 1991. The post-activity period runs from the third quarter of 1992 through the end of 1996.

Figure 14
Econometric Trend Analysis of Residential Property Value Change
in Five Points Impact Area Compared to All Other Denver Low-Income Areas



Lines indicate property value changes relative to other low-income areas in Denver after controlling for attributes of properties sold and general economic conditions.

Econometric trend analysis shows that property value levels and trends in the impact area exceeded those of other Denver low-and-moderate income neighborhoods in the period after the residential complexes were put into service. Figure 13 indicates that actual median home prices in the impact area increased from \$40,000 in 1989 to nearly \$60,000 by 1996, but in 1997 they remained below other low- and moderate-income neighborhoods in other parts of Denver. The econometric trend results, presented in figure 14, however, show that after accounting for factors that may have influenced price trends in all Denver low-income neighborhoods, and fixing the relative value of the neighborhood's location and amenities relative to other neighborhoods, Five Points property values accelerated in relative terms. This strongly supports claims of a positive impact. By way of illustration, the figure 13 also shows where a projection based on econometric trend analysis suggests impact area values would have wound up had they *not* changed relative to other low-income neighborhoods.

HOPE redevelopment projects removed blight caused by large, highly visible, and deteriorated neighborhood buildings. The effects on neighborhood quality as indicated by the upswing in property values can't be attributed to these developments alone. We emphasize that these increases took place after completion of HOPE's large projects *and* the opening of the new light rail station and additional, privately funded commercial-retail rehabilitation in the Welton Street corridor. Further, the neighborhood became more attractive to homebuyers during Denver's commercial boom

in the mid-1990s, based on its proximity to downtown. Even so, HOPE investments in residential properties and work with the business association on further efforts to revitalize the dormant commercial strip show that together with supporting public investments, community improvements that benefit the poor are possible.

Broadway Neighborhood, Cleveland, OH

Slavic Village Development, Inc.

Through housing and business initiatives, Slavic Village Development helped improve the Broadway neighborhood in many ways. Although the geographic dispersion of these improvements makes them hard to detect using econometric methods, the CDC established itself squarely in the midst of nearly every improvement effort likely to yield demonstrable changes in the future. Indeed, Slavic Village acted as a quasi-governmental agency, delivering a range of city-funded programs and helping take full advantage of public sector services and investments.

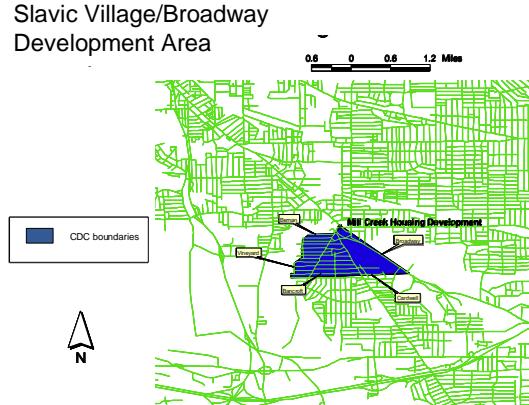
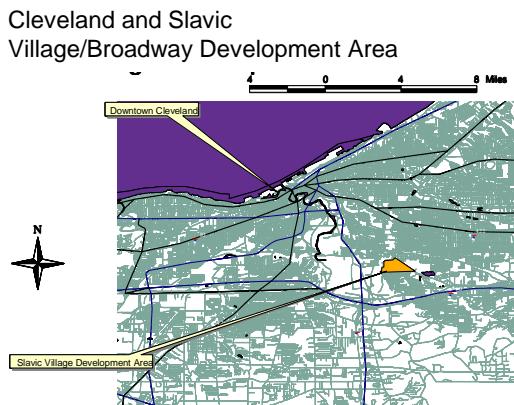
The Redevelopment Problem

The once thriving Broadway neighborhood lost jobs and population with the steel industry's decline in the 1970s, and many members of the Czech and Polish households who worked in the mills remain in the area still. But economic stagnation has done serious damage to the retail corridor, and Broadway still has a worn aspect, described by one person as gritty and mill-town-like. Nevertheless, the neighborhood did not collapse; it retained assets on which to build a better neighborhood. Located near downtown,

Broadway is surrounded by major highways and roads that provide quick access to other parts of the city. Affordable retail locations and housing give the neighborhood some potential to attract growing numbers of new residents and businesses; it is already becoming increasingly

diverse as younger African-American households move in. The redevelopment problem: how to maintain the quality of the existing housing stock as the resident population ages and to promote investment in new housing and retail opportunities.

Figure 15: Cleveland and Slavic Village/Broadway Development Area



Programmatic Strategies

At the time of our interviews, Slavic Village had built or restored more houses than any other CDC in Cleveland. Without these efforts, Broadway would have had 400 more vacant lots, an estimated \$24 million to \$30 million would not have been spent on housing, and private developers would not have been working in the neighborhood. Slavic Village also worked to retain businesses and industries in the neighborhood. The CDC played a pivotal role in keeping Third Federal Bank's headquarters in Broadway. By acquiring land and organizing

neighborhood support, Slavic Village helped the bank expand, thereby increasing jobs and ensuring that the community would be served by a financial institution. In the Bessemer extension project, Slavic Village worked with residents to conduct a traffic analysis, prepare a presentation package, and attend a critical State DOT public meeting. Out of hundreds of project requests, the Bessemer extension ranked first and was awarded \$8 million in funds, even though this type of project represented a major departure from established policy.

During 1990s, Slavic Village broadened the scope of their work from affordable housing for low-income households to include middle-income homeowners, with a view toward increasing Broadway's economic diversity and thereby increasing the demand for retail services. Slavic Village also provided homeownership counseling, house weatherization, storefront revitalization, stabilization and development for the neighborhood's retail and commercial market, and green space development.

Slavic Village traditionally worked throughout the Broadway neighborhood, but at the end of the decade, it developed a more targeted approach, focused on anchor projects within each of six development areas. It also began to support new forms of community organizing, developing block clubs throughout Broadway.

Partnerships have been integral to Slavic Village's real estate development approach. It is one of twenty member organizations of Cleveland Housing Network (CHN), a non-profit that operates citywide lease/purchase and homeownership programs. At the time of our research, the network added 300 units a year to the city's affordable stock. CHN owned the properties, obtained financing, and paid development fees to the CDCs; the CDCs acquired property, helped market the program, monitored the rehab work, and provided a neighborhood presence for CHN. Slavic Village also partnered with for-profit developers to construct new housing, assisting with land acquisition and financing.

Engagement Strategies

Broadway's numerous ethnic organizations, primarily Czech and Polish, were both a great strength and a difficult challenge. They were important reservoirs of community activism that could be drawn down when needed to solve neighborhood-wide problems. But as the African-American population in Broadway increased, and distrust mounted between mostly white neighborhood homeowners and increasing numbers of black renters, the old-line neighborhood groups sometimes resisted attempts to forge cooperative solutions to common problems.

Always a force for neighborhood advocacy, in the late 1990s Slavic Village placed renewed emphasis on community action, broadening their approach from traditional issue-oriented advocacy to block-focused organizing. Partnering with the Center for Neighborhood Development at Cleveland State University, Americorps, and the Jesuit Volunteer Corps, Slavic Village trained over 25 neighborhood residents to become leaders of block clubs. These clubs, organized by resident leaders and the CDC, help create a cadre of activists available to be mobilized to take on community-wide concerns and also help to bridge Broadway's racial divides. Slavic Village also holds an annual Neighborhood Summit with residents and local businesses to recognize leaders in the community and discuss goals for the next year.

Under Slavic Village's leadership, residents and business owners have taken on transportation, public health, and other neighborhood problems

effectively. As an example, Slavic Village and the community conducted studies to support an extension of Bessemer Avenue to the Interstate, thereby taking large trucks off of residential streets. Slavic Village worked with a wide variety of community organizations, city agencies, State Department of Transportation (DOT) representatives, and others to get this path-breaking project approved. Slavic Village was also instrumental in helping the community organize successful opposition to the closing of a local community hospital, and by so doing, helped to engineer a change in health service delivery that benefited the community and the new hospital alike.

But in addition to building organizing capabilities, Slavic Village also pursued a classic planning model of community engagement, drawing other neighborhood organizations into its development efforts. Mill Creek was a case in point. This for-sale housing project, marketed to middle- and higher-income homebuyers, was designed and developed in cooperation with neighborhood associations, private developers, politicians, and city staff.

Structural Position

Slavic Village played a strong, perhaps even dominant, neighborhood intermediary role, and their experience shows that success in forging horizontal relationships makes it easier to create vertical ones, and vice versa. As an intermediary, it helped to create and broker horizontal relationships among community organizations within the neighborhood, and forge vertical ties with government agencies and other providers of financial resources. Slavic

Village's citywide clout stemmed in part from its ability to speak for a "well-organized" neighborhood, and its demonstrated ability to bring new resources to the community helps it claim the time and attention of other community organizations.

In some respects, Slavic Village's role in the Broadway neighborhood can be described as quasi-governmental: city staff and political representatives strongly suggest that Slavic Village was important to the effective delivery of city services. Slavic Village's mobilizing efforts helped the city gain the community support it needed, and agencies such as the Planning Commission counted on Slavic Village and other city CDCs to use their local knowledge and neighborhood convening capacity to shape projects. According to a city councilman, neither the Third Federal Bank project, nor the Bessemer Extension, could have been pulled off by a staff-short city government, struggling to get the day-to-day work done. In other ways, the CDC has also increased the city's effectiveness, once providing staffing assistance to a councilman to carry out code enforcement for more than 3,000 housing units.

The close relationship between Slavic Village and the city stems from the stability of the CDC's staff and a long history of contacts with council representatives and the mayor. As in other cities in this study, former staff and board members of Slavic Village now occupy positions in city government and other citywide institutions.

The community capacity-building strategy pursued by Slavic Village was relatively recent

at the time of our research, and community activism in Broadway still depended very much on continuing support from the CDC. One person said that Broadway would lose much of their community capacity to advocate for neighborhood interests within a year if Slavic Village were to somehow disappear. But both community organizing and project-related involvement have brought ordinary citizens in contact with important, system-wide stakeholders; relationships that may well be exercised in future as these efforts continue.

Neighborhood Impact

Throughout the 1990s, Slavic Village carried out numerous housing and business development projects throughout Broadway that residents and city agencies believe have improved the community. But the dispersed character of Slavic Village's activities throughout the 1990s made it a less-than-ideal case for use of the econometric trend analysis to detect neighborhood quality improvements. The CDC's efforts covered the whole Broadway neighborhood, requiring us to define an equally large study area for our econometric trend analysis. Further, unlike other case studies for this research, we could not identify a period that marked the beginning and end of a Slavic Village "intervention." Therefore, we defined a pre-period that corresponded to the beginning of the scattered site rehabilitation period in 1994, and a post-period that begins immediately thereafter.

As shown in Figure 16, our comparative trend analysis did not reveal any striking departure of prices in the Broadway target area after the CDC

intervention. Similarly, our econometric trend analysis uncovered no statistically significant effect of Slavic Village's improvements on neighborhood property values (and so we do not report the results in a diagram). After controlling for pre-intervention price levels and trends in the neighborhood, the characteristics of the properties being transferred, and the effects of citywide influences on all low-income neighborhoods, we found that single-family homes in Broadway sold for virtually the same amount as those in other low- and moderate-income Cleveland neighborhoods.

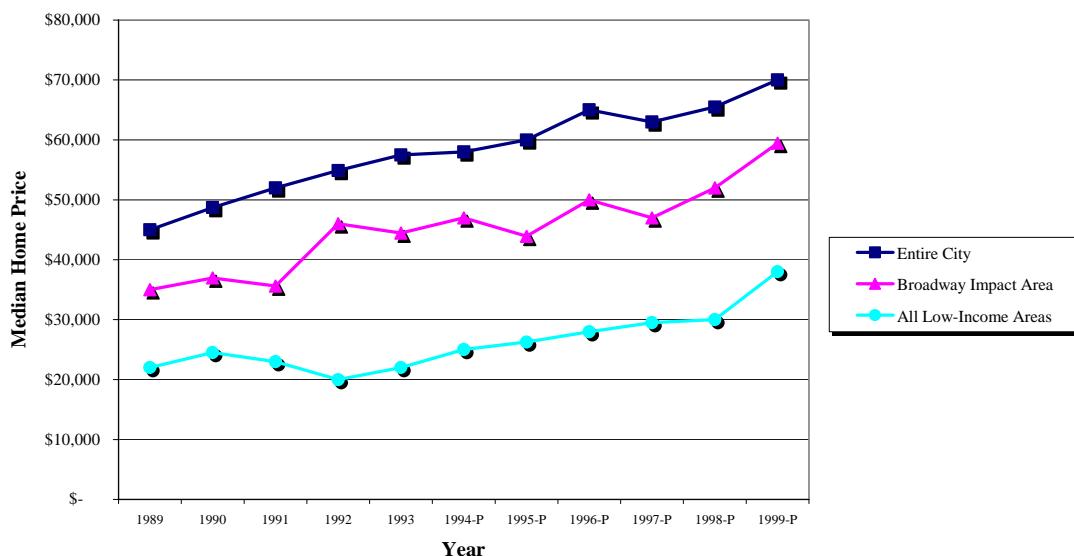
Because the Slavic Village projects are dispersed and not concentrated, they apparently did not make the visual impact needed to trigger private investment of a scale that influences the neighborhood housing market.²¹ Local informants agree that a neighborhood takeoff of the kind that our analysis is intended to pick up has not yet happened. But with its new targeting strategy, developed at the end of the 1990s, Slavic Village aimed to build market momentum by investing in anchor projects, like Mill Creek, to increase economic diversity in specific development areas. As shown by other projects discussed in this report, this strategy can pay off under the right circumstances.

Indeed, property values have started to increase more rapidly after a moderate but steady growth over the 1990s. The median house price, as indicated in figure 16, rose from about \$35,000 in 1989 to nearly \$60,000 in 1999. As importantly, the number of sales rose from 25 to almost 90, reflecting a more active residential property market that is sometimes a prelude to increased property values. At the least,

increasing numbers of sales generate market information to prospective investors, which reduces some of the uncertainty that otherwise

dampens market prices. There were signs of new business investment in the neighborhood too.

Figure 16
Property Value Changes in the Broadway Impact Area, Cleveland Low-Income Neighborhoods, and the City of Cleveland



Note: An "I" appended to any year denotes Interim Intervention Period; a "P" denotes Post-Intervention Period

section
4

What Evidence of Impact Did We Find?

Interview information from knowledgeable locals suggests that CDC efforts helped improve neighborhoods in all five locations. This claim is buttressed by comparative trend analysis of single-family home prices in three neighborhoods and by econometric trend analysis in two neighborhoods. These improvements were arguably due to the combined effect of CDC development programs on the one hand and the strategies they used to engage neighborhood residents and organizations in community change on the other. Development programs helped remove blight, demonstrate market potential, and induce multiple and simultaneous investments by others. Community engagement helped improve projects, strengthen CDC claims on external support, and enlist allies in neighborhood improvement efforts. To carry out these two activities simultaneously, CDCs necessarily positioned themselves between neighborhood and the broader system; between local businesses, organizations and citizen activists on the one hand, and city government, banks, foundations, and corporations on the other. As intermediaries, CDCs used their development activities to strengthen citizen support, and citizen support to help trigger new investments from outside. This case study evidence suggests that the combination of programs, engagement activities, and CDC structural position offers cities a good chance to improve neighborhoods *and* ensure that low-income residents benefit from that improvement.

The Evidence of Impact on Neighborhood Quality

In all five cities we found evidence to support the theory that CDCs, through housing and economic development programs, can improve neighborhood quality by (1) removing dilapidated properties and the negative externalities they create, (2) making the leading investments that demonstrate the potential market for housing and retail services in the community, and (3) helping organize multiple and simultaneous investments in situations where individual actors have no incentive to act alone. Local informants in each city credited CDCs with helping to improve neighborhoods

through their housing and economic development programs.

In all neighborhoods, CDCs had been successful in assuring at least some investors that their neighborhoods carried an acceptable level of investment risk relative to returns. In Oakland, the CDC successfully organized business people to make coordinated, simultaneous improvements to their properties, retail practices, and marketing activities. In Boston, Cleveland, and Portland, CDCs—or private developers assisted by CDCs—made large neighborhood investments in mixed use projects that demonstrated market potential to other investors. In Denver, large CDC investments

encouraged other neighborhood organizations to make investments in the neighborhood.

Empirical analysis of property value changes in the five study sites mostly corroborates interview evidence. In all five sites, property values increased. In two sites we found especially strong statistical support for CDC impacts on property values. In Portland and Denver, our econometric trend analysis produced solid evidence that property values increased substantially compared to those in other low-income neighborhoods and projections from the target areas before CDC intervention. This is an especially convincing result: econometric trend methodology sets a very high evidentiary bar; property values must display an accelerated rate of change in CDC impact areas compared with other low-income areas to produce a finding of impact. In addition, the somewhat less rigorous comparative trend method suggested positive price impacts from CDC intervention in Boston's Jamaica Plain neighborhood.

In Cleveland, Boston, and Oakland, econometric trend analysis failed to detect a statistically significant difference between price changes in our target neighborhoods and other low-income neighborhoods post-CDC intervention. In Cleveland, this is most likely because the Slavic Village's strategy, until recently, did not emphasize activities targeted sufficiently at small spatial scale to achieve local investment thresholds. In Boston, this is most likely the result of data limitations and an idiosyncratic pattern of pre-intervention price volatility in the target area. In Oakland, the focus on commercial strip redevelopment apparently did

not produce measurable housing price effects during the period under study.

A Synopsis of the Impact Findings for Denver and Portland

For Denver and Portland, where our evidence of property value impact is most convincing, we present figures that portray, over the study period, the annual average home sales prices in the city as a whole, all other low-income neighborhoods, and the target area of our specified CDC intervention. Years are also identified with the code "I", indicating the interim period during which the intervention was in process, and the code "P", indicating the post-completion period for the intervention. For Denver and Portland, we also present figures that show the results of our econometric price analysis.

By 1990 in Denver's Five Points target neighborhood, prices had bottomed out at the same time that the HOPE Communities' intervention was partially completed. After completion, the target area evinced a noticeable upsurge in prices that was stronger than inflation in other Denver low-income neighborhoods. (See figure 17.) (The figure shows target area prices as they would have wound up had they performed as well as, but no better than, other low-income areas.) Our Econometric Trend Method confirmed this result from the comparative trend method, as portrayed in Figure 17. The horizontal axis provides a baseline of prices in other low-income neighborhoods, against which prices in the Five Points target area are compared. All prices are statistically adjusted to account for differences

in structural characteristics of properties sold. Figure 17 shows our estimate that sales prices in the target area grew by more than 50 percent during the 1991 to 1997 post-intervention period than would have been predicted (i.e., the difference between 68.7 percent at the end of the period and 16.9 percent at the beginning of the period). This represents roughly an 8 percent annual boost in prices during the period. In addition, the increasing slope of the line in the post-intervention period indicates that the increases in property values were no one-time boost—the rate of change of property values in Five Points increased as well, relative to other low-income neighborhoods.

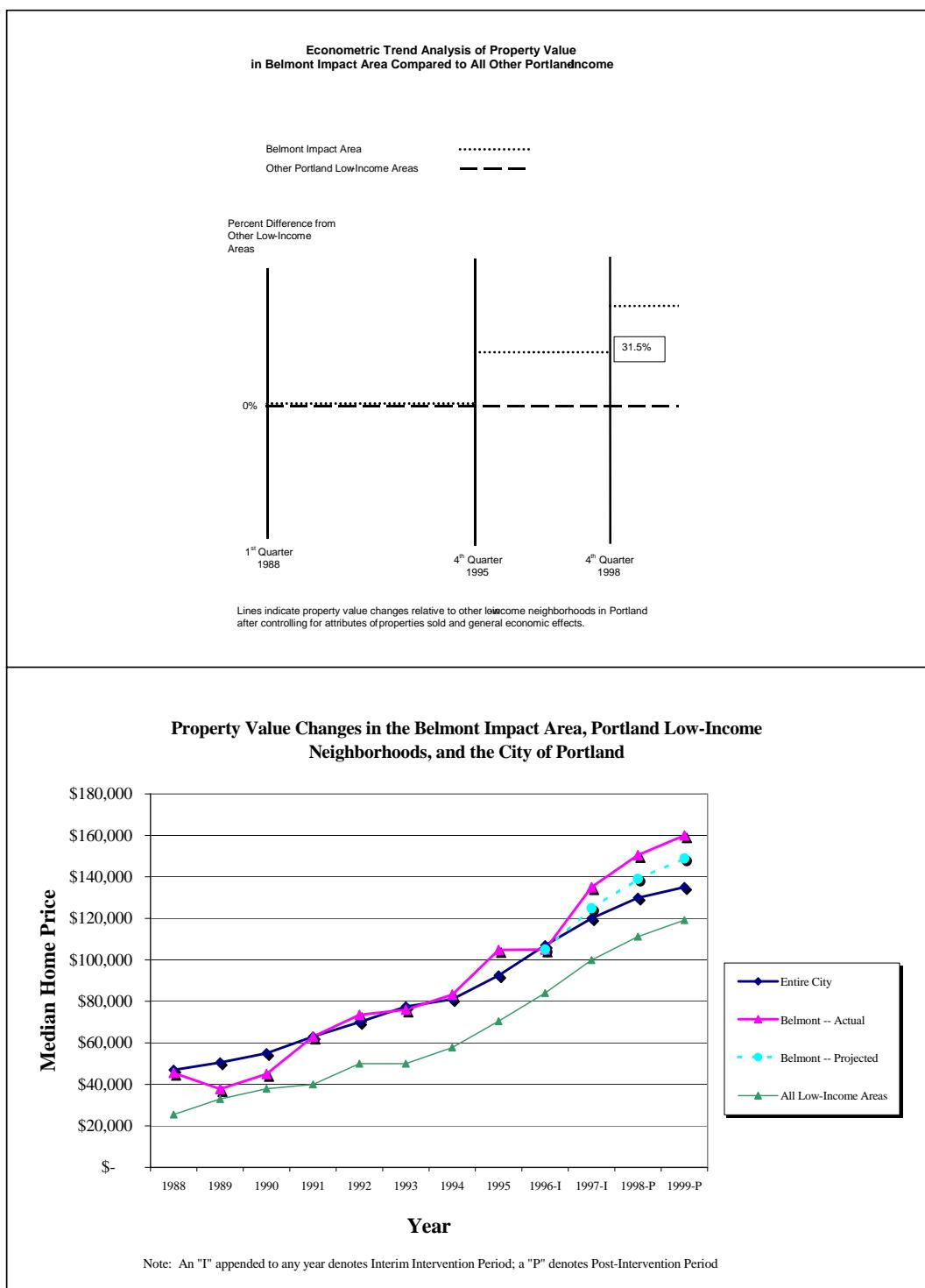
In Portland, REACH worked with the neighborhood and business associations to develop an action plan for neighborhood and

business district improvement. As shown in figure 18, the Belmont target area's price trajectory appears visually to outperform other low-income neighborhoods' growth as the revitalization activity drew to a close. Our Econometric Trend analysis statistically confirmed this perception. As shown in figure 18, as compared to identical homes in other low-income neighborhoods in Portland, those in the target area were valued 31.5 percent higher than in other neighborhoods during the interim period, and 61 percent higher after the project was completed. The flat lines indicating Belmont property value behavior, however, indicate that this boost in property values is a one-time jump: prices throughout the neighborhood increased, but the property value appreciation rate remained the same.

Figure 17: Comparison of Price Changes and Econometric Analysis Results for Five Points Impact Area



Figure 18: Comparison of Price Changes and Econometric Analysis Results for Belmont Impact Area



Effects of Program Strategies on Neighborhood Quality

The record of the five CDCs in this study reaffirms common wisdom: that strategic projects and programs, supported by complementary investments, pursued across multiple types of projects have the best chance of making lasting improvements to neighborhoods.

CDCs have the best chance to improve neighborhoods if they can remove major sources of blight or target properties visible enough to be taken as bellwethers of neighborhood vitality.

In Portland, REACH focused almost exclusively on small-scale but coordinated and concentrated commercial area improvements in the midst of a residential neighborhood already experiencing signs of renewal. Their Main Street initiative represented the “last piece of the puzzle” that, when finally in place, triggered a flood of new investment. In Denver, HOPE renovated a large, blighted multifamily structure at a gateway neighborhood location. Other significant private investments in commercial structures and public infrastructure investments soon followed.

In Cleveland, Slavic Village encouraged renovation of single-family residential properties throughout a large neighborhood. However important to preserving the housing stock neighborhood wide, these efforts were not aimed to creating the critical mass needed to produce measurable neighborhood-wide effects. Oakland’s Unity Council did pursue a spatially concentrated strategy. But unlike Portland’s

Belmont neighborhood, Fruitvale’s commercial district improvements preceded those of residential areas, which may help explain why housing property values did not register statistically significant gains right away. In Boston, JPNDI implemented major improvements in a target area within a larger neighborhood. This should have produced gains in home sales prices nearby, but anomalous movements in house prices early in the decade may have undermined the method we used to find out.²²

Complementary large-scale investments by public agencies and for-profit private developers helped trigger actual or anticipated market resurgence in neighborhoods.

Our case examples show that combinations of public and private investment, including leading investments by CDCs, can trigger a process of community-wide change. In three of our neighborhoods, public transportation improvements may have favorably influenced the upswing in property values we observed (Denver) or contributed to community observers’ perceptions of an improving neighborhood (Oakland and Boston). We also found evidence of private developers who invested in highly visible properties in advance of the market, sometimes in collaboration with the CDCs, or in projects that signaled a neighborhood’s economic improvement (Portland and Denver).

CDC reliance on multiple strategies, prominently including investments in the health of neighborhood commercial districts, validate community-based approaches to change as well

as recent federal tax incentives for investment in commercial projects serving low-income areas.

CDCs accomplished their neighborhood improvement goals using a variety of strategies, validating a community-centered approach responsive to the unique circumstances of individual neighborhoods. Programs for Jamaica Plain NDC in Boston, Hope Communities in Denver, and Slavic Village in Cleveland focused on housing redevelopment, while the Unity Council in Oakland and REACH in Portland concentrated their programs on economic development.

In Portland, commercial improvements were vital to the subsequent upswing in property values. In Denver, the commercial strip became a redevelopment focus after neighborhood values began improving. In Oakland and Boston, CDCs pursued overall commercial district improvements and specific retail projects, and in Cleveland, commercial business retention and planned industrial area improvements were important CDC successes.

Throughout the study period, these activities received the bulk of their support from the Main Street Program operated by the National Trust for Historic Preservation, local allocations of Community Development Block Grant funds, or both. In March of 2003, however, the U.S. Treasury Department announced the first awards from the New Markets Tax Credit Program, which encourages investment in commercial projects in low-income areas. This program should offer important new support for an activity that is arguably as important to

neighborhood health as sound and affordable housing, a long-time CDC focus.

The Role of Engagement in Improving Neighborhood Quality

How CDCs carry out projects may be as important to lasting improvements to neighborhood quality as the projects themselves. Through efforts that increase community engagement in the projects and programs CDCs implement and increase the ties among and between community organizations and their supporters, CDCs are able to create new reservoirs of community capacity that can be tapped for future neighborhood improvement efforts. Our five cases provide many examples of citizens, who, once drawn into to projects or activities involving CDCs, go on to continue their activism in other ways.

The role of CDC-led citizen involvement to shape neighborhood change led by others was an extremely important contribution to neighborhood improvement in all of our case-study sites—a contribution unlikely to have been made by public agencies or private for-profit developers.

Through project-based planning, direct advocacy, and building the capacity of community and business associations, CDCs helped steer public and for-profit development projects in community-friendly directions. In Portland, this involved a large mixed-use development; in Boston, a big-box retailer; in Oakland, a transit station development; and in Cleveland, a major transportation project. In all of these instances, the community wound up

with development that improved the neighborhood in ways superior to alternative projects but without substantial expenditures of public funds.

Once engaged by CDCs, residents often continued their participation in community activities, helping to extend and accelerate community change efforts and more than repaying the public investment in organizing efforts.

Whether or not CDCs remained involved the specific projects or community action programs they initiated, people often stayed active in them. In effect, initial efforts to involve residents in programs creates a kind of public good, by which citizen activism, once created, becomes available for other community change efforts.

Rewarded by earlier, CDC-led efforts, and having learned the skills to participate effectively, people continued to contribute their time and energy through advisory boards or citizen committees, nonprofit organizations or public agencies, or individual activism around neighborhood issues. In Oakland, one resident noted that the Unity Council had “trained us how to do festivals,” important to sustaining community pride and raising the neighborhood’s visibility in the city at large. In Denver, HOPE Communities invested directly in individual empowerment, sponsoring leadership training that encouraged people to organize to save affordable housing. In Cleveland, people who had served as staff or volunteers in several Slavic Village-led projects wound up holding positions of leadership elsewhere in the city.

Some CDCs have found it valuable to move people along a pathway of participation, in which episodic forms of involvement lead naturally to other, more enduring ones.

In Oakland, the Unity Council frequently organized residents to support or oppose various local projects. Once the Unity Council had successful negotiated with parties to the projects, it created advisory bodies to engage residents as participants in project design and implementation. Our study also suggests that once residents are brought into in one type of community initiative, they can shift into other forms of engagement. In Denver, for example, some residents of buildings developed by HOPE Communities went from participating in CDC programs to involvement in wider community-building activities. Similar examples appeared in other communities.

The CDCs in our study helped to enhance the capabilities of other community-based organizations, which, in turn, fostered more participation opportunities for neighborhood residents. We found this best reflected in commercial redevelopment. CDCs in Portland, Oakland, Denver, and Boston each worked with local business associations to strengthen their ability to take on new programmatic and organizing tasks.

The Changing Structural Position of CDCs in Neighborhoods

By carrying out programs to improve neighborhoods, and efforts to encourage people and organizations to participate in these efforts, CDCs came naturally to occupy a position

between neighborhood actors on the one hand and citywide sources of financial, technical, and political support on the other. CDC projects needed external support from city government, foundations, banks, and other holders of assets, requiring CDCs to forge relationships with these citywide interests if they were to carry out projects successfully. At the same time, CDCs needed citizen support for their project developments and other activities, requiring them to maintain ties with organizations, community leaders, elected officials, and other neighborhood stakeholders. All of the CDCs in our study came to occupy strong intermediary positions within their neighborhoods and between their neighborhoods and the broader citywide system.

All CDCs occupied strong intermediary positions, but they did so in diverse ways, any of which could lead to effective CDC neighborhood improvement activities.

Effective program and engagement strategies trigger investment from outside the neighborhood and also increased government, foundation, and corporate support for CDC operations. In turn, this support enables CDCs to build financial strength and acquire the technical expertise and leadership ability needed to carry out more projects. But CDC's ability to make change depends on more than development of internal capacity to design and implement projects; it also depends on extensive relationships with other neighborhood actors. In each of the five neighborhoods, we show how the CDC's past programs and engagement strategies helped define its structural position—its

intermediary role in relation to other parties within the neighborhood and external parties.

Our research uncovered three types of CDC structural position. The first is *brokerage*, typified by REACH in Portland and JPNDC in Boston, in which CDCs actively seek to promote strong lateral and vertical ties among community organizations and external stakeholders whether or not these involve the CDC. By this view, a neighborhood with an extensive lattice of ties among groups has the best chance of mobilizing assets from within the neighborhood as well as from multiple sources of external support.

The second is *quasi-governmental*, illustrated by Slavic Village in Cleveland and Unity Council in Oakland, in which CDCs take on a central role in the delivery of government programs in the neighborhood, and ties between neighborhood groups and external actors tend to run more often through the CDC than otherwise. This might be thought of as a hub-and-spoke pattern, with CDCs at the center. By this model, the CDC, as the strongest community-based organization in the neighborhood, becomes the logical place where external and internal ties come together, because these relationships convey scarce resources to the organization best able to carry out new programs.

The third are *project-based* relationships, typified by HOPE Communities in Denver, which entered into mostly short-term alliances based on specific projects or programs. Although the CDC maintains continuing ties to other neighborhood organizations, HOPE has neither occupied the center of an increasingly dense web of relationships, as in quasi-

governmental patterns, nor made creating relationships among multiple internal and external actors an explicit community-building strategy. This research finds that there is no inherent superiority in one or another kind of position. Denver's project-based relationships did not prevent Hope Communities from helping achieve demonstrable neighborhood impacts by our most stringent evidentiary test.

The ties CDCs forge among neighborhood organizations and government agencies create the foundation for effective neighborhood-wide action in the future, a public good that should be credited to the CDC account.

Whichever structural position a CDC occupies, its relationships allow it to enlist the help of other neighborhood stakeholders, as well as external holders of resources, in the pursuit of individual projects or programs. These relationships also represent a latent asset, in which CDC power—the ability to get people to take actions that they would not otherwise—rests in part on others' *perceptions* of how easily and to what end CDCs can invoke support from others. This means that a CDC's claim on government resources—funding for a development project, for example, may be more easily made because a CDC has, in the past, demonstrated its ability to call on the support of influential actors from within and without the neighborhood.

The relationships CDCs forge constitute increased community capacity to act. To draw an analogy from the internet, consider the well-known dictum that a network increases power exponentially with the arithmetic addition of

members to it. Each member's contribution becomes available, in theory, to all other members within the system whether they are known to one another or not. To use social science language of participation used in the first section, network relationships increase the capacity, as well as the opportunity of each member within the network to participate in community life. These increases in individual capacity add up to an increase in overall community capacity as well.

In addition to providing the basic resources CDCs need to do their job—project funding, operating support, and efficient regulation and administration—city governments can encourage CDCs to adopt more effective practices.

The strategies and programs pursued by the CDCs in this study were, for the most part, of their own choosing and not imposed by city agencies, foundations, or other funders. That said, several important CDC initiatives were the result of city policy. Boston, for example, initiated a “partner neighborhood” program that led JPNDC to adopt new ways to solicit community participation. In Cleveland, a local intermediary, Neighborhood Progress, Inc. strongly encouraged CDCs to adopt target area programs to maximize the impact of public and private support, which led to a more targeted approach by Slavic Village to its community improvement efforts.

Successful CDC programs and citizen engagement strategies had considerable value within cities as demonstrations of best practice that subsequently became citywide policies.

But in assuming the dual role of community and public agent, CDCs in our study performed a valuable service to the broader systems of which they are a part. In several neighborhoods, CDCs demonstrated how a program could be designed and implemented in ways that both work operationally and respond to community interest. CDC neighborhood commercial programs in Oakland and Portland, for example, were subsequently taken citywide. In Oakland and in Boston, CDC-designed procedures for soliciting community participation were adopted for routine use on public projects. As repositories of community capacity, CDC in the study also incubated talent that went on to occupy leadership positions, including in Oakland and Cleveland.

The Distribution of the Benefits From Neighborhood Change

Increasing property values and rising rents stemming from neighborhood improvements often cause serious problems for CDCs' traditional low-income clientele. We expected that even though CDCs would take steps to shield constituents from these effects, CDC

redevelopments might be criticized for helping drive up prices and rents.

In fact, despite widespread concern over the effect of rising property values and rents, the people we interviewed did not indict CDC activities, but instead recognized CDC efforts to prevent displacement. In Boston and Denver, through advocacy and production efforts, CDCs worked hard to forestall loss of affordable housing in improving neighborhoods, and in Oakland the Unity Council began to invest in affordable housing, even though this had not been a historic focus for the CDC. CDCs also helped businesses to take advantage of rising markets and to avoid displacement by the higher rents that accompany commercial improvements and increasing neighborhood wealth. Unless businesses that traditionally serve a low-income market adapt to the demands of a higher income clientele, they may easily fail to generate profits sufficient to remain in their current locations. REACH, Unity Council, and JPNC gave direct assistance to business owners to help them upgrade facilities, change product lines, adapt promotional material, and otherwise respond to the needs of an improving retail market.

Lessons for Future Research

A key goal of this research was to test the methods we used to conduct it. Most important was our use of a special kind of statistical analysis to uncover and quantify the influence of CDC investments on property value changes. Although we found our analysis to have limitations, we nevertheless believe that it offers significant advances in quantifying the impacts of CDC investments. In this section we share insights we gained from employing of research methods.

Lessons for Quantitative Method

We believe that our analysis shows the value of employing home sales prices as an indicator of revitalization activity in a neighborhood, but only if changes in prices are interpreted correctly. The Simple Trend method, if it were to have been applied here, would have erroneously concluded that all five CDC interventions made sizable impacts, because prices in all target areas rose dramatically after they were completed. The Comparative Trend Method solved this problem by showing that price inflation in two target areas was not greater than that in other low-income neighborhoods.

The new analysis approach we developed for this project, the Econometric Trend Method, offers a further improvement. Instead of simply assuming that the composition of the stock of housing sold in any year remains the same over time and between target and other low-income neighborhoods, we used data on individual transactions and the characteristics of properties sold to account for any changes in the mix.²³ The signal value of this method is its ability to allow researchers to specify a hypothetical counterfactual—what would have happened in the target neighborhood had trends evinced

before the CDC intervention persisted, adjusting for post-intervention changes in other low-income neighborhoods? This technique represents the best available approach short of a controlled experiment, rarely available outside the laboratory. Another major value of our method is its flexibility. Because we used actual property transactions to measure price trends, not data aggregated by block group or census tract and only at 10-year intervals, we could specify impact periods and areas as precisely as our knowledge of on-the-ground events allows.

But the need to specify impact periods and areas with precision places a burden on researchers to consult with local informants. This obligation also represents an opportunity because qualitative, on-site data collection significantly aided interpretation of the results of quantitative analyses. Such interviews might be done over the phone in future, less expensive studies, but they should be done nonetheless to ensure that we understand how CDC investments may have led to the results we observe, to uncover other events that also may have produced these effects, and to ensure that property values alone do not become the test of CDC accomplishment. That said, we also point out that local

informants, because they lack information about change in other, similar neighborhoods, sometimes appear to be mistaken about whether changes that have occurred in their own are exceptional and might have been attributable to CDC activities. For example, people in Oakland credited the Unity Council for upswings in property values that, by our method, appear to be no different from those in other Oakland low-income neighborhoods.

Although the Econometric Trend methodology conveys clear advantages, it is not always easy to use and interpret. A significant amount of computer code must be written and then adapted for each city, and as with other methods, it is not always possible to know what caused specific impacts. For example, important non-CDC investments in Denver and in Portland confounded our ability to attribute the impact we saw to the CDCs alone.²⁴

The method may not be well-suited for use for certain types of interventions and neighborhoods, although it can be tailored to fit several of these circumstances. Most importantly, the method assumes that CDC intervention is relatively discrete to allow specification of pre- and post-intervention periods. This does not mean that multiple interventions can't be accommodated—the Boston case consisted of a series of major investments—but that some period of concentrated activity must be identified. Further, the method benefits from more rather than less housing price data on the pre- and post-intervention periods. Again in Boston, the relatively short period, paucity of single-family home sales, and peculiar price behavior in the

pre-intervention period rendered the model's performance suspect; a more extended pre-intervention period might have allowed us to correct for this. Finally, the model relies on information on single-family residential transactions, which may display trends that would be different from those in multi-family residential or commercial markets, especially where the impact area is dominated by these kinds of properties.

Lessons for Qualitative Method

Our project-centered approach produced convincing evidence of neighborhood impact, but as with the quantitative methods we used, improvement is possible. Before turning to these recommendations, however, it's worth discussing the tradeoffs involved in the method we did select compared to the other obvious alternative.

Data collection and analysis on CDCs' role in community engagement required us to make a choice between a project-centered versus a community-centered approach. A project-centered approach takes individual CDC projects and seeks to understand how those projects may have contributed to community capacity. The method allows straightforward construction of a roster of those who participated in the implementation of CDC projects. It ensures that respondents have some familiarity with the CDC's work and some stature in the neighborhood or broader system. Assuming that the CDC projects were not the only role these participants played, we could expect to learn about other important neighborhood events, persons, or organizations that may have had

considerable value but were not connected to the CDC's work.

A community-centered approach, by contrast, would begin with the neighborhood and seek to uncover all of the important centers of leadership and organizational capacity, whether connected to the CDC or not. It would downplay respondent familiarity with the CDC's work and maximize diversity of perspectives on neighborhood change and the factors responsible for it. The method would ensure that researchers are not steered by the CDC only to those who would render favorable judgments about its work. However, the method would be expensive to implement, requiring major effort to identify the right respondents and to conduct large number of interviews.

For this research, we adopted a project-based approach, largely because we wanted to explore a relatively inexpensive method that could be adapted for use by others interested in taking on similar, comparative research. Despite our reliance on CDC staff to identify respondents, we did obtain a range of views on the CDCs work, not all of them favorable. In part, this is because the CDCs in our group pursued a wide variety of projects in housing, commercial redevelopment, social services, workforce development, and other areas. This diversity proved to be especially important in Denver, where interviewees' perspectives on the CDC were quite different, depending on the part of the organization they had worked with. We also found that because our interview list was built

from concrete projects, we could identify most of the relevant players relatively easily; follow-up contacts with those on the initial list typically produced few additional names. Finally, because many of the people we spoke with were involved in multiple ways, we did obtain perspectives grounded in experiences other than those with the CDC.

Nevertheless, we did identify areas where the method could be improved. In several cities, we did not obtain as much information about other community events or associations as we would have liked. Although we asked the CDC director to help us construct a list of other important projects in the neighborhood so we could expand our interview list beyond those involved in CDC projects, we did not obtain complete lists in all cases. Future researchers may do well to construct their own generic list of typical neighborhood organizations and projects and specifically prompt CDC staff for nominees in each category. Further, analysis that relies on relatively few respondents in cases where many respondents may have been involved is risky. In view of the importance of community advocacy campaigns and other mobilization efforts, conducting small group interviews with those involved would be useful.

Endnotes

¹ Launched in 1991 through a collaboration of national foundations, corporations, and the U.S. Department of Housing and Urban Development, *Living Cities: The National Community Development Initiative*, has in the 13 years since committed more than \$370 million to CDCs and the local institutions that support them. Living Cities has relied on two national community development intermediaries—the Local Initiatives Support Corporation and the Enterprise Foundation—to carry out the national program. For a comprehensive report on the first ten years of the initiative, see Christopher Walker, Jeremy Gustafson, and Chris Snow *National Support for Local System Change: The Effect of the National Community Development Initiative on Community Development Systems* (Washington D.C.: The Urban Institute, 2002).

² Since 1991, these efforts have received substantial support from Living Cities: The National Community Development Initiative, which also funded this monograph.

³ For a recent example, see: Paul S. Grogan and Tony Proscio. 2001. *Comeback Cities: A Blueprint for Urban Neighborhood Revival* Boulder, Colo.: Westview Press.

⁴ The latest and best example is Briggs, Xavier de Souza, and Elizabeth Mueller, *From Neighborhood to Community: Evidence on the Social Effects of Community Development* Community Development Research Center, New School for Social Research, 1997.

⁵ Coming of Age: Trends and Achievements of Community-Based Development Organizations (National Congress for Community Economic Development, Washington, D.C., 199.)

⁶ Here and throughout the remainder of this monograph, we use “neighborhood quality” to refer to a bundle of attributes generally recognized as desirable in a residential community, including the features just noted. Of course, “high-quality” neighborhoods need not contain all of these attributes, and the mix varies from neighborhood to neighborhood. Research shows, however, that these features are statistically linked to increases in property values. See, for example, Walker et al. *The Impact of CDBG Spending on Urban Neighborhoods* (Washington D.C.: U.S. Department of Housing and Urban Development, 2002).

⁷ For a more discussion, see Rothenberg, Jerome, George C. Galster, Richard V. Butler, and John R. Pitkin. 1991. *The Maze of Urban Housing Markets: Theory, Evidence, and Policy*. Chicago: The University of Chicago Press.

⁸ See, for example, Lang, William W., and Leonard I. Nakamura. 1993. "A Model of Redlining." *Journal of Urban Economics* 33:223-234.

⁹ This phenomenon is often referred to as the prisoner's dilemma. For more detail, see Mueller, Dennis C. 1989. *Public Choice II: A Revised Edition of Public Choice*. New York: Cambridge University Press.

¹⁰ Verba, Sidney, Kay Schlozman, and Henry Brady, *Voice and Equality: Civic Voluntarism in American Politics*, (Cambridge, Mass.: Harvard University Press, 1995).

¹¹ An extended discussion of the quantitative analysis methodology is contained in the appendix.

¹² Rothenberg, Jerome, George Galster, Richard Butler, and John Pitkin. Op cit.

¹³ More technically, a typical model specification would merely include variables that indicated whether a property transaction occurred in the impact area before the CDC intervention or after it. This model would implicitly assume that price levels or trends are the same in the impact area as elsewhere. Our model specifies pre- and post-intervention period regression line intercepts and slopes, allowing us to detect whether price levels (the intercept) or rates of change (the slope) are different *relative to other low-income areas* before and after the CDC intervention. For a technical discussion of these points, please refer to George Galster, “Review of the Literature on Impacts of Affordable Multi-Family Housing on Market Values of Nearby Single-Family Homes” prepared for the Symposium: Relationships Between Affordable Housing and Growth Management, the Brookings Institution, Washington D.C., May 29, 2003. Paper available from the author.

¹⁴ See NCCED, op cit., Walker, Gustafson, and Snow, op cit. and Vidal and Keyes, *Beyond Housing: Growing Community Development Systems* (Washington D.C.: The Urban Institute, 2005).

¹⁵ These activities resemble those of the National Trust for Historic Preservation’s highly-regarded Main Street Program, operating since 1980.

¹⁶ The Main Street Program is supported nationally by the National Trust for Historic Preservation. The Main Street Center provides technical support to local groups in principals of public design, effective organization, area promotion, and economic restructuring.

¹⁷ We fixed the pre-CDC activity period as beginning in 1988 and running through the last quarter of 1993. The interim period, when the Unity Council planned and implemented its Main Street activities, started in the first quarter of 1994 and ended in the fourth quarter of 1997. Our post-CDC activity period began in the first quarter of 1998 and ran through the last quarter of 1999.

¹⁸ We conducted an econometric trend analysis with smaller impact area that was a quarter-mile radius around the location of the Hyde-Jackson Square Co-op. There were no meaningful differences.

¹⁹ First, the pre-development period in the target area was characterized by an unusual, curvilinear pattern of home prices, which rendered our Econometric Trend approach’s projection of prices into the interim and post periods quite imprecise. Second, the target area evinced the lowest rate of single-family home sales of any of our study sites, probably due to the preponderance of multifamily housing in the vicinity. This small sample may not be robust enough as a basis for estimating quality of life changes.

²⁰ Stranske, Ray. 2001. "Elements of a Healthy Neighborhood." Available from the author.

²¹ This is consistent with the finding of an "investment threshold," whereby homeowners in a distressed area need to see more than a minimum number of homes undergoing rehabilitation before they too will do so. See Richard Taub, Garth Taylor, and Jan Dunham (1984) *Paths of Neighborhood Change*. Chicago: University of Chicago Press.

²² First, the pre-development period in the target area was characterized by an unusual, curvilinear pattern of home prices, which rendered our Econometric Trend approach's projection of prices into the interim and post periods quite imprecise. Second, the target area evinced the lowest rate of single-family home sales of any of our study sites, probably due to the preponderance of multifamily housing in the vicinity. This small sample may not be robust enough as a basis for estimating quality of life changes.

²³ Other analyses use only median sales price or some other summary measure to indicate changes in neighborhood quality, a method that appears reasonable over large numbers of neighborhoods, but not for the few neighborhoods analyzed in this study. See Walker et al. op cit. for an example of this approach.

²⁴ Although, as pointed out in the text, we *can* say with confidence that the increases we observe are due to these known investments, meaning that public policy that furthers such investments can produce demonstrable returns.

Appendix: Quantitative and Qualitative Analysis Methodologies

Our empirical assessment of CDC on their neighborhood is based on a sophisticated analysis of single-family property value changes in areas targeted for redevelopment by CDCs.¹ Simply put, our statistical analysis allows us to estimate the answer to the following question: "What would a particular house have sold for in a given neighborhood if a CDC did not initiate a particular revitalization strategy?" We chose this measure because property values generally reflect the overall quality of life in a particular area, which most, if not all, CDCs aim to accomplish through their attempts to improve a neighborhood's physical, social, and economic characteristics. There is extensive empirical evidence to indicate that such improvements increase property values.² In technical language, a house price "capitalizes" the surrounding neighborhood's quality. This means that a unit's price will increase as the area's schools, physical appearance, and parks improve and crime rates fall; conversely, property values generally decline as these factors worsen.

House prices, then, provide a summary measure of many factors that analysts use to measure neighborhood quality. We recognize, as Zielenbach points out: "there is no single measurement tool that adequately captures the complex, multifaceted nature of neighborhood revitalization."³ We believe, however, that property values provide two desirable features in analyzing CDC effects. First, we can define tailored impact areas that reflect the actual

geographic scope of a particular CDC's interventions. In previous analyses of CDC effects, analysts rely on census and administrative data collected for pre-defined geographic units, such as census tracts and police precincts in areas that overlap a CDC's overall coverage area. The problem with this approach is that CDCs may not target their interventions equally across a particular neighborhood; rather, they are likely to choose intervention areas that are not coterminous with census tract and administrative boundaries. Any assessment of a CDC's effect using neighborhood indicators that measure an area inconsistent with the targeted intervention area will be misleading.

The second advantage of using property values as a measure of neighborhood change is that the information is collected and coded by date. This is usually not the case for administrative data, which may be reported monthly or annually, and is certainly not true for decennial census data. Thus, property sales provide timely information about neighborhoods and allow for an analysis in which we can identify specific periods that correspond to times before, during, and after an individual CDC initiated its activities in a particular neighborhood area.

Property value changes, then, represent one of the more flexible measures of neighborhood quality. Unlike census and administrative data, the information can be coded into specific

geographies and time periods; this allows us to tailor our analysis to assess specific CDC interventions. Thus, using property values provides flexibility, in terms of geography and time, that is not available using other measures of neighborhood quality. There is one key challenge, though, in using property value changes in assessing the effects of CDC on their neighborhoods. Single family prices in any area are affected by factors besides a particular CDC intervention, such as changes to a metropolitan area's economy. Moreover, different types of units may sell in different time periods; assessing CDC impacts using such sales would be akin to comparing apples to oranges.

We must use proper controls to generate an accurate estimate of the effect of a CDC on its surrounding neighborhood. Our analysis uses multiple regression to provide such controls. The concept of this technique is relatively straightforward. In thinking about a particular housing unit's price, it is useful to assume that it is affected by (1) its structural characteristics, including its size, number of bedrooms and bathrooms, and so on and (2) the quality of amenities located nearby, including the school, presence of retail, and recreational and cultural facilities, as well as the area's level of crime. As anyone who's heard the axiom "location, location, location" knows, homebuyers purchase a neighborhood along with their house. The observed house price (H) is actually the sum of the contribution of individual structural amenities (S) as well as the surrounding neighborhood's characteristics (N). There are a number of structural and neighborhood characteristics which contribute to the observed

house price. Therefore, the relationship between house prices and individual characteristics can be represented as:

$$(1) H = \sum_{i=1}^n S_i + \sum_{j=1}^k N_j.$$

Equation 1 means that an individual housing unit's price consists of the contribution of a certain number (n) of structural characteristics and (j) neighborhood amenities. When comparing house price changes, we use regression techniques to estimate the contribution of a unit's characteristics and neighborhood amenities to the observed house price.

The purpose of this analysis is to assess the effect of a CDC on observed house prices. Therefore, we conducted our regression with measures that indicate whether or not (1) a given sale took place before, during, or after a CDC's intervention and (2) the home was located in an area within, or near to, a CDC's targeted intervention. These variables, then, tell us if property values, holding other factors constant, changed in areas targeted for CDC-led revitalization efforts after they were completed. In other words, the results from our regression tell us, to the best extent possible, what a particular house would have sold for in a given location if the CDC had not intervened in the neighborhood.

In order to conduct this analysis, we used a database that had information on all property sales transactions between 1989 (the earliest year available) and 1999. The database has, for each transaction, the sales price, unit structural characteristics, address, and sale date.

Using this database, we created variables that identify whether or not sales took place within two impact areas: one (called Impact Area 1) within one-quarter mile of the area targeted for renewal by CDC and another (Impact Area 2) that lies one-quarter mile beyond the first impact area. These two impact areas allow us to assess if the CDC revitalization efforts had an effect within an area that is very close to the intervention and another that provides a measure of any impact just beyond the initial impact area. (In the body of the text, we present results only for Impact Area 1.)

We divided our data into three time periods.⁴ Transactions before the CDC began its intervention were coded in a "pre" time period, and transactions that took place after the intervention was completed were coded into a "post" period. In addition, we coded transactions that occurred between the date CDC started the intervention and the date it was completed into an "interim" period. Table 1 summarizes the coding scheme we used in order to code transactions in a manner that allowed us to measure the effect of a CDC on neighborhood quality.

Table 1. Coding Scheme for Transactions

	Pre time period	Interim time period	Post time period
Impact Area 1		►	►
Impact Area 2		►	►
No impact Area			

The table shows that transactions fall into one of nine categories, based on the time period and location of the property. Transactions coded into the checked categories provide evidence of any CDC effect, since they represent sales that occurred within or very near areas targeted by CDCs for revitalization and after the activities started.

In our statistical analysis, we created two types of variables to measure price changes within the impact areas and time periods. One identifies whether homebuyers pay a fixed premium or discount for purchases in the impact areas

throughout in each time series. In addition, we measured whether prices in the impact areas during the interim and post time periods increased or decreased at a rate different from other parts of the city. By creating two types of effects, *level* and *trend*, our analysis provides for as much flexibility in identifying a CDC's effect on property values.

However, our quantitative analysis is also subject to error in generating accurate estimates of CDC effects. First, we must have property transaction data that represents a true baseline or pre-intervention period, as well as clear interim

and post-intervention time periods. In fact, CDCs plan and implement revitalization projects over considerable time, and the precise moment market transactions begin to register their potential benefits is almost never clear. Moreover, interventions rarely have easily identifiable starting and stopping points. Most CDCs undertake revitalization activities before any particular intervention begins and continue with related activities after a specific initiative is completed. Second, we must accurately identify the appropriate impact areas, but this too is problematic. There are no rules concerning the correct distances to use to measure the effects of redevelopment activities. Third, we must have full statistical controls for our analysis to generate accurate estimates of changes to neighborhood quality. We used statistical methods to control for as many structural characteristics as the data allow, and we created variables to control for factors that affect sales throughout the city and in low- and moderate-income neighborhoods. While these variables provide a relatively extensive set of controls, they may not be complete, especially where other interventions besides CDC-initiated activities, coinciding with our time series data, have affected the target areas.

Qualitative Methodology

The qualitative component of this study can be divided into three segments: selecting CDC projects and key stakeholders for study; conducting interviews; and analyzing the interviews. Each segment is described in detail below.

Selecting Projects and Identifying Interviewees

Our goal in selecting projects and key participants was to consider the diversity of ways in which the CDCs were involved in their neighborhoods during the 1990s. We wanted to include, yet not be limited by, brick-and-mortar projects so that we could capture evidence of other types of community impact. Because we took CDC projects as our field of inquiry for the qualitative study, we set out to identify as many CDC projects and activities as we could before selecting specific initiatives for consideration.

We contacted the Executive Director or her designated staff person at each CDC to help us develop lists of CDC projects and activities that occurred during the 1990s. We sent two forms to assist the CDC with gathering the requested information. The first form was for initiatives of the CDC; the second form was for the listing of other significant community development activities that occurred in the neighborhood since 1990, led by a group *other than* the CDC, but with which the CDC had some interaction. We asked staff to rate each project in terms of its impact in meeting the organization's goals or mission in order to assist our staff in selecting initiatives for study. A "1" rating meant that the project(s) was (were) considered better than most other investments and of importance in making an impact on the neighborhood. A "2" rating meant that the project(s) generally achieved its (their) purpose and has been recognized by other people as effective. A rating of "3" was for projects that did not have their intended impact on the neighborhood and for which the funds could have been better spent

elsewhere. We provided space on the forms for the CDCs to identify key persons involved with each initiative. We encouraged the CDCs to think broadly about people who could speak to the implementation and results of the various initiatives.

We made an initial visit to each site to review the project and contact lists and to conduct short interviews with CDC staff on their organization and activities. After completing this reconnaissance visit, we selected the projects for this study. In some sites, we were able to include all activities identified by the CDC, while in other sites, the CDCs were involved with more projects and activities than would be possible to cover during the course of a week. We selected projects from among those the CDCs rated with a 1 or 2. We then chose those projects that occurred within the time period of our study (1990s). We also ensured that the final group of projects reflected the breadth of CDC activity in the neighborhood.

Once selections were made, the field teams contacted key project participants to explain the study and schedule an interview. We used this contact to solicit additional names of people with whom we should meet. By doing so, we were able to interview at least some people in most sites beyond those identified by the CDC itself.

Conducting the Interviews

During week-long site visits, two-person field teams conducted interviews with a range of identified stakeholders. Researchers took detailed notes during the interviews, which addressed the issues of changes in neighborhood quality, changes in neighborhood and organizational capacity, and beneficiaries of CDC initiatives. Questions on neighborhood quality changes supported the property value analysis, helping to interpret and expand upon the quantitative analysis of neighborhood improvements. Through questions on neighborhood capacity and impact on community development systems, we sought to explore areas of possible CDC impact that extend beyond the traditional realm of property development.

The number and type of interviews are presented in the table below. Certain interviews involved more than one person; some people were interviewed twice. Where the number of people interviewed differs from the number interviews, that information is included in parentheses. There was considerable overlap in categories. For example, project partners in Portland were, for the most part, neighborhood residents and business owners. City agencies might also be project partners; city staff might live in the neighborhood.

Number of Interviews by Type (Number of People Interviewed)

	Boston	Cleveland	Denver	Oakland	Portland
CDC†	6 (7)	9 (6)	8	8 (11)	4
Neighborhood Stakeholders‡	3 (5)	5 (6)	1		12 (+ 2 neighborhood meetings)
Project Partners§	4 (5)	5 (6)	12	9	
City Agencies / Funders	3 (9)	8 (3)	2	5	3 (4)

† Includes current and former employees and board members unless included in other category.

‡ Includes neighborhood residents and local business owners, and other neighborhood organizations that were not project partners with the CDC.

§ Includes private, public, and nonprofit agencies and organizations that partnered with the CDC on one or more projects or activities.

|| Includes staff of city agencies, and public, private, and non-profit funding entities that supported CDC initiatives.

Following the site visit, we asked each field team to identify individuals or categories of people they would like to have met in order to gain a better understanding of the neighborhood. The team that went to *Denver* indicated that no person or category of person was missing from their interviews. In each of the other four sites, the teams did identify people who would have added to the information collected. In *Boston*, the field team would like to have met with someone from the mayor's office to learn more about the process for purchasing abandoned

properties. Researchers also would have liked to have interviewed more community residents to gain a wider perspective on JPNDC and the neighborhood itself. In *Cleveland*, the director of NPI was unavailable. He would have been able to provide information on the history of community development in the city, adding perspective to the development activities in Broadway. The team did interview neighborhood leaders but would like to have met with the CDC's community organizers. None were suggested by the CDC and there was not

time on site to add interviews. In *Oakland*, researchers identified the Citizens Council, another organization in Fruitvale that serves the Spanish-speaking community, and the Hispanic Chamber of Commerce. Also identified were La Clinica de la Raza and representatives from the Merchants Association. In *Portland*, researchers would have liked to have interviewed the developers of the dairy project. The team made repeated attempts to reach the developers but were unable to do so.

Analyzing the Data

After completing the interviews, each team prepared a brief memo highlighting the major findings within the themes of interest. The lead researcher on the qualitative component of the study then read through the typed interview notes from each site and divided them into the categories of respondents. Reading across the interviews, she was able to compare respondents' discussions of the neighborhood and CDC initiatives in order to build as complete a picture as possible of neighborhood activities and change. After carefully reviewing all interviews, she prepared a more detailed overview of each site. The two site memos provided the basis for drafting the site reports. Throughout the writing process, the authors returned to the interviews and field teams for details and verification.

We anticipated finding differences among interviews by category of respondent. In actuality, we found little difference by category. The interviews by and large lent credence to each other and strengthened overall findings. The notable differences did occur in Denver and

Portland interviews. In Denver there were differences among interviewees' perceptions of the CDC based upon the nature of the respondents' interactions with the organization. Those who interacted around larger projects viewed the CDC as an experienced and successful developer; those involved with social service-oriented activities tended to see the CDC as a junior player in the field. In Portland, the CDC staff viewed their work as oriented toward improving the neighborhood—the community organizing approach to the work was the means toward that end. For most of the neighborhood partners, the projects were understood as the means toward building community connections.

We collected more information during the site visits than we have been able to use in this report. From the CDCs we gathered organizational information, including staff positions and board membership, and budget summaries for the 1990s. During interviews with all respondents, we asked people to think about any impact their involvement with CDC projects might have had on their own work, organizations, and lives. Not everyone thought they were affected in a discernable way through their work with the CDCs, but we do have records of a number of interesting discussions around this topic. Where appropriate, we included this information in the body of the report. The limitations of space and the focus of the report prevent us from including more of this information.

Limitations to the Research

There were limitations to our approach. By scheduling the bulk of interviews with

participants identified by the CDCs, we likely missed key people or organizations that would have added other perspectives on the neighborhood in general and the place of the CDC in the community. In a couple of sites, we learned of such people or groups while on site; however, with numerous interviews already scheduled, it was not possible to make last-minute additions easily. We were concerned

that our method of developing contact names would stack the deck of interviews with people favorable to the CDC, leaving out critical voices. While there are individual interviews from each site for which this is true, reading across interviews did provide a range of comments about projects and CDCs. Overall, the interviewees seemed forthright in their discussions of the CDCs and their activities.

Appendix Endnotes

¹ A more technical version of the methodology used to conduct this impact analysis is available in Galster, George, Kenneth Temkin, Chris Walker and Noah Sawyer, "Measuring the Impact of Community Development Initiatives" in *Evaluation Review*, 28:6, December 2004 (Sage: Thousand Oaks, Calif.)

² Rothenberg, Jerome, George Galster, Richard Butler, and John Pitkin. 1991. *The Maze of Urban Housing Markets: Theory, Evidence and Policy*. Chicago: The University of Chicago Press.

³ Zielanbach, Sean. 2000. *The Art of Revitalization*. New York: Garland Publishing, Inc.:32.

⁴ In Cleveland we could not identify an appropriate interim period. In that city we only coded data into pre and post time periods.