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Community-Based Housing: Potential for a New Strategy

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TROTTER INSTITUTE

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RESEARCH REPORT

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Community-Based Housing: Potential for a New Strategy

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INTRODUCTION

While the housing problem in the United States has changed since Franklin Delano Roosevelt proclaimed that "one-third of the nation is ill-housed," it has by no means disappeared.[1] For most low-income people, and to a lesser extent for moderate income people, housing still presents formidable problems. A sampling of newspaper headlines from the past few years highlights the types of housing issues facing millions of Americans:

"Elderly Couple Forced to Move as Building Goes Condo"

"Interest Rates Soar"

"The Search for Rental Housing"

"Fear of Displacement Widespread in South End"

"Rent Control is Hotly Debated in City Council"

"Defaults in Subsidized Housing Prompt HUD to Question Next Move"

"Drop in Housing Starts Concerns Building Industry"

"Family of Six Lives in Bus in Junkyard"

"Reagan Outs Assisted Housing"

Academics and housing analysts recognize four major aspects of the housing problem: affordability (ratio of housing costs to income), adequacy (including quality and overcrowding), neighborhood conditions, and availability. Over the past decade, the nature of the country's housing problem has undergone some important transformations.

Until ten years ago the phrase "housing problem" conjured up images of low quality housing and overcrowded conditions that were principally the concern of low-income and minority people. By the late 1970s, however, a new aspect of the housing problem–affordability–had become fixed in the American consciousness. Since that time there has been general agreement among housing analysts that the burden of housing costs relative to income has gotten worse, while overall quality has improved. Although blacks and other minorities have benefited from these improvements, their housing situations remain considerably worse than those of the general population. For example, black households have:

- Higher shelter-to-income ratios;
- Lower rates of home ownership;
- Higher incidence of occupancy in physically inadequate housing;
- Higher risks of being displaced from their homes due to various public (highways and urban redevelopment) as well as private (condo conversions) actions; and
- Reduced access to available units due to discrimination.

In recent years there has been considerable debate on one key aspect of the housing problem: the adequacy of the supply of low-cost housing. On one hand, a HUD report asserted that "[t]here is no current nationwide shortage in the rental housing market" (1981, p. ii). While admitting that "there are adverse conditions for rental housing existing in some local areas," the report concluded that "the rental housing market is not currently in a crisis state on a national level" (1981, p. 3). Several noted housing economists have come to similar conclusions. For example, Ira Lowry claimed that he was "unable to find persuasive evidence of a general shortage of rental housing. . . ." (1981, p. 35).

On the other hand, some housing analysts (Sternlieb and Hughes, 1981; Goetze, 1983) and even government agencies (GAO, 1979) have argued that there is a lack of affordable rental units, particularly for lower income and large families. The debate has become so confusing that a 1983 report by the Brookings Institution, seemingly all at the same time, predicted a shortfall of rental units, denied that the shortfall can actually persist, and admitted that it could take the market some time "before adjustments can take place" (Downs, 1983, p. 127).

Rhetoric aside, data generated in many locales–in addition to the observations and experiences of most renters–point in the direction of rental housing shortages. In Boston, New York, San Francisco, and many other large cities, the rental vacancy rate, particularly for low and moderately priced units, is well below 5%, the generally accepted minimum that is needed to support household mobility (Achtenberg, 1982; Hartman, 1983; Liebert,1983). Although alarming, vacancy rate data do not tell the whole story. Available units that are the right size must be located in the right places and must be affordable to those who need shelter. (Hartman, 1983). Further, even when vacant units and needy households are matched, the possibility that discrimination will limit access still poses very real problems (Feins and Bratt, 1983). The issue of homelessness, which has attracted considerable media attention in recent years, puts the controversy around whether or not there are shortages of housing in human terms.

What, if anything, should be done? Increasingly, the answer being given is "not much." Citing a "lack of evidence of housing market failure," Frank de Leeuw, chief statistician of the U.S. Department of Commerce, has stated: "the rental crisis, such as it is, does not warrant any special rental housing market remedies" (1981, p. 64). The President's Commission on Housing neatly summed up the conservative position on the role of government in the housing market in the following manner: "[T]he genius of the market economy, freed of the distortions forced by government housing policies, . . . can provide for housing far better than Federal programs" (1982, p. xvii). According to this position, all that is called for in terms of government intervention is a program that will increase effective demand. (Proponents of this position often arm themselves with criticisms of the long-standing subsidized production programs.[2])

Direct cash vouchers or housing allowances that enable lower income households to rent units on the private market have also been proposed and supported by many academics and policymakers as a solution to the housing shortage problem (Aaron,1972; Solomon, 1974; President's Commission on Housing, 1982; Downs, 1983). In recent years, this idea has been translated into public policy.[3] However, even the most ardent proponents of this approach admit that it would neither substantially improve the quality of the existing stock, nor stimulate the construction of much low-income housing (HUD, 1980a; President's Commission on Housing, 1982).

This paper takes the view that there have been no serious restrictions imposed on the private market that have thwarted its ability to provide housing for low-income people,[4] and that the unassisted private housing market is simply not the answer. Even the President's Commission on Housing bluntly stated that "the private market has been unwilling or unable to house many of these [low-income, single-parent, minority and large] families . . ." (1982, p. 31).

Since we cannot rely on the private market to respond to the housing needs of low-income people without public incentives, there is a clear need for the public sector to play a major role. What, then, are the options for increasing the supply (either through new construction or substantial rehabilitation) of low-rent housing? Thus far, two broad public policies have been pursued in this country: private housing production with public incentives and direct production ownership of housing by the public sector.

Private Housing Production with Public Incentives

Starting in 1959 the first in a series of programs that provided financial incentives to private builders of multifamily housing was enacted. Section 202 provided direct government loans at below-market interest rates to nonprofit builders of elderly housing. Section 221(d)(3), enacted in 1961, authorized the federal government, through the Federal National Mortgage Association, to purchase mortgages at a 3% interest rate. For-profit or nonprofit developers were eligible to receive these low-interest loans. Section 236, enacted in 1968, also authorized interest rate subsidies. Instead of the public financing arrangement of the Section 221(d)(3) program, the Section 236 subsidy lowered the interest rate on mortgages, which were provided by private financial institutions, to as low as 1%. The Section 8 New Construction Program, enacted in 1974, replaced the Section 236 program. Under Section 8, developers constructed new or substantially rehabilitated rental units for lower-income people. Tenants paid 25-30%[5] of their income for rent with the difference between this amount and HUD-established "fair market rents" supplied as a subsidy by the government. The Housing and Urban-Rural Recovery Act of 1983 included no new authorizations for this program. (Another component of the Section 8 program provided a similar subsidy for households renting existing units on the private market–the Section 8 Existing Housing Program. This program is still operational. Also see note 3). By late 1978, over 6,700 federally subsidized housing projects had been built through the Section 221(d)(3)and 236 programs, representing over 600,000 units of housing (HUD, 1980b). The Section 202 and Section 8 New Construction Program have contributed over 100,000 and over 700,000 units, respectively (HUD, 1978a; Maffin, 1983).

Direct Production and Ownership of Housing by the Public Sector

There has been only one major housing program in the United States that has involved direct production and ownership by the public sector. The Public Housing Program, created by the United States Housing Act of 1937, authorized local housing authorities to construct and manage low-cost housing. Capital was raised by floating tax-exempt bonds, which were purchased by private investors. The federal government contracted to pay the principal and interest on these notes over a 40-year period. Thus, the federal government covered the long-term debt financing while ownership and management were vested in local public agencies. In 1969, Congress enacted the first in a series of operating subsidies that protected tenants from rising maintenance and energy costs.

Launched as a post-depression recovery measure to stimulate the construction industry and to reduce unemployment, public housing has always had a host of vociferous opponents. From the outset, conservative critics labeled it a "socialist program" and denounced the reliance on the public sector for providing a good that could be produced by the private market (Friedman, 1968). Others have pointed to the poor design of public housing buildings and high operating costs as justifications for abandoning the program. Although there has been relatively little construction of public housing over the past 15 years, since the program's inception, over 1.2 million units have been built.

Program Observations

What have been the experiences of the subsidized multifamily production programs? Very briefly, based on previous review and comparative studies by this author (Bratt, 1985; Bratt, forthcoming), the following are some of the most relevant observations.

- Subsidized multifamily housing can be good housing, and there are generally high levels of satisfaction among tenants in subsidized developments.
- A comparison of the two main types of subsidized housing–privately owned housing produced with public incentives and public housing–reveals that the latter has proved more successful because of its ability to provide generally decent quality, financially viable housing with a historically clear public purpose. In addition, public housing is more available to minorities and families with very low incomes than are other subsidy programs.

- Both types of subsidized housing programs also have some serious problems. The Public Housing Program has been criticized because of poor design and management, a high incidence of racial segregation, and inadequate funding to meet operating and modernization costs.
- In the privately owned subsidized developments, problems also have resulted from poor construction and management and inadequate operating reserves. In addition, this approach has some serious built-in drawbacks. For instance, because length of use restrictions (the time during which the housing must be used exclusively by low-income tenants) are limited in such developments, privately owned subsidized housing can eventually be sold off and used for non-low-income use. In addition, numerous foreclosures in the publicly subsidized, privately owned developments (i.e., Sections 221 (d)(3) and 236) have forced HUD to assume ownership and dispose of many buildings. Unfortunately, HUD has sacrificed public purpose goals and allowed scores of projects to be bought by for-profit developers for market rate use.

The Role of Community-Based Groups

Although nonprofit and community-based groups have sponsored some housing under the Section 221(d)(3), 236, and 8 programs, these efforts were relatively minor compared to the strategies of production already discussed. As a result, the potential for a community-based housing strategy has not been fully explored. The main focus of this paper is on community-based initiatives that have rehabilitated and produced subsidized housing. However, in order to gain a fuller appreciation for the overall approach the first section provides an overview of three additional types of community-based housing initiatives: management and conversion of subsidized housing; rehabilitation and conversion of private rental housing; and home ownership and home ownership support programs. The second section of the paper presents an in-depth view of the historical and contemporary role of nonprofits and community-based groups in rehabilitating and producing subsidized housing. In the third section, I present a brief assessment of the overall community-based housing strategy, using the following criteria:

- Ability to provide direct housing assistance;
- Potential for producing social and community benefits;
- Potential for producing benefits to individuals;
- Ease of implementation;
- Likelihood of producing benefits that outweigh costs;
- Potential for replication; and
- Ability to affect the root causes of the problem being addressed.

The fourth section of this paper outlines a model support system for community-based housing initiatives. The fifth and sixth sections trace the growth of a set of state agencies in Massachusetts that have evolved into an impressive support system for community-based housing. The Massachusetts experience is instructive because it serves as an example of how the public sector can provide "top-down" supports to "bottom-up" community-based housing activities. Seventh, and finally, I offer a series of observations, drawn from the Massachusetts experience, about the potential for creating additional public support systems for community-based housing.

OVERVIEW OF COMMUNITY-BASED HOUSING INITIATIVES

By 1978, it appeared that the federal government was ready to embrace self-help and local initiative as a new ingredient in its housing and community development programs. While citizen participation had been a mandated component of federal programs for decades, President Carter's urban policy and the subsequent enactment of the Neighborhood Self-Help Development Act (NSHD) and the

Neighborhood Reinvestment Corporation Act, both in 1978, seemed to guarantee a role for grassroots, community-based efforts.[6]

In announcing the first round of funding under NSHD in the spring of 1980, Geno C. Baroni, assistant secretary of HUD's Office of Neighborhoods, Voluntary Associations and Consumer Protection (now disbanded), emphasized the rationale for supporting locally-based initiatives:

> We know these projects will have a major impact on their communities because they were conceived and initiated by the people in the neighborhoods they will serve. These groups are deeply rooted in their neighborhoods and they are uniquely capable of developing projects to meet the needs of their own areas. (HUD, 1980c)

Despite the appeal of Baroni's argument and the subsequent success of NSHD (Mayer, 1984), President Reagan removed this program from the federal agenda early in his first term. Furthermore, with the phase-out of the Section 8 New Construction and Substantial Rehabilitation programs in the early 1980s community-based housing efforts face an uncertain future. Nevertheless, these initiatives have, over the past 20 years, produced an array of diverse housing programs that are instructive for several reasons: they offer provocative solutions to complex housing problems; they provide further evidence of the desperate need for decent, affordable housing; and they underscore the potential of a wider scale community-based housing strategy.

Community-based housing programs can be defined as efforts in which members of a community group or tenants join together to produce, rehabilitate, and/or manage housing. The central feature of such programs is that control and often ownership of the housing is in the hands of the individuals who live in the housing or the community. These efforts can be distinguished from other forms of community action that have resulted in legislative or regulatory initiatives (e.g., Community Reinvestment Act,[7] local rent control, and condominium conversion ordinances). Community-based housing programs directly provide housing, or services or resources that are needed for housing; legislative initiatives depend on other actors to change their mode of operation to make housing more available or affordable.

Community-based housing programs usually rely on considerable funding and technical assistance from outside sources. In this sense, they are not strictly self-help. Self-help efforts that are dependent on individuals helping themselves or each other in an informal context–such as through home repairs or renovations–will not be considered here. Instead, only those activities that are carried out through a formal or semi-formal arrangement or organizational framework will be examined.

Management and Conversion of Subsidized Housing

Frustrations with public housing and other publicly subsidized housing programs have stimulated community groups to undertake management of developments. Perhaps the most well-known example of tenant-managed public housing developments is in St. Louis. In that city, tenant management corporations (TMCs) oversee the operation of more than 3,000 apartments in five family developments. Robert Kolodny has written the following about St. Louis' TMCs:

> An independent evaluation of the mature program has not been made, but there seems little question that the TMCs have mastered traditional real estate management . . . .They [the TMCs] have overseen substantial upgrading of the projects, which they inherited in an advanced state of under-occupancy and physical deterioration. (1981a, p. 137)

Based on the experiences in St. Louis, as well as TMC programs in at least five other cities, HUD launched a three-year demonstration of tenant management in 1976 (Struyk, 1980). The results of the national program appear to parallel those reported in St. Louis:

> The National Tenant Management demonstration has shown that management by tenants is a feasible alternative to conventional public housing management

> under certain conditions. In the majority of the demonstration sites, the tenant participants–all long-time residents of low-income public housing, most unemployed, and the majority black and female family heads–mastered in three years the skills necessary to assume management responsibility for the housing developments in which they lived....The evaluation of tenant management on a series of measured standard performance indicators such as rent collection and the quality and timeliness of maintenance, shows that the residents were able to manage their developments as well as prior management had and, in so doing, to provide employment for some tenants and increase the overall satisfaction of the general resident population. (Manpower Demonstration Research Corporation, 1981, p. 239)

Despite the positive results, the report also indicated that the additional costs of tenant management were not justified. Yet, for most of the localities involved, tenant management was continued even after HUD's supplemental funds were exhausted, operations have continued to improve, and, over the past few years, additional TMCs have been formed (Kolodny, 1985). Kolodny has concluded that:

> Tenant management is not an unalloyed success, but in surviving and to some extent prospering at most of the sites where it has been introduced, it shows more potential and usefulness than it is generally given credit for.... If the objectives... of low rent housing... include local empowerment, expanded employment opportunities for residents, leadership development, and some progress toward the revitalization of severely depressed residential districts, then tenant management would seem to have substantial if not fully realized possibilities. (1983, p. 68)

Another community-based housing program involving subsidized multifamily housing is the conversion of developments to tenant or community ownership. Although it is noteworthy that the Boston area is rich with examples of such conversion projects, innovation has been born from necessity. Out of a total of 14,000 multifamily subsidized housing units that have been built or rehabilitated in Boston over the past two decades, about half are currently confronting serious financial difficulties, with tenants facing substantial rent increases or displacement (Citizens Housing and Planning Association, 1980). In one such development, Warren Gardens, HUD became the owner following foreclosure and the tenants assumed control as a cooperative. The process was facilitated by the Citizens Housing and

Planning Association, a local nonprofit housing advocacy group, and was made possible by the availability of Section 8 rental assistance.

The way in which a tenant cooperative is structured has important implications. If it is a limited-equity cooperative, members are guaranteed security and all other rights of home ownership; shares, however, are prevented from inflating along with the general market. In this way, the housing units are maintained as a permanent resource for low-income households. Without this safeguard, subsidized housing could be lost for future generations of low-income households.

There are also some examples of HUD transferring the titles of foreclosed multifamily developments to community, as opposed to tenant, groups. Urban Edge, a community-based housing organization located in the Jamaica Plain section of Boston, has acquired several HUD-foreclosed buildings and currently operates them as rental housing.

Rehabilitation and Conversion of Private Rental Housing

In recent years, the threat of displacement due to gentrification and conversion of rental housing to high cost condominiums has stimulated tenant and community activism. For example, Jubilee Housing, a community group operating in a gentrifying neighborhood in Washington, D.C., has purchased and rehabilitated multifamily buildings without using federal subsidies. Depending primarily on donated time and money from private individuals and foundations, Jubilee owns and operates six buildings with a total of 213 units. In Boston, tenants of a 12-unit building formed a limited equity cooperative, First Fenway Cooperative, and bought their building from a private owner. Sympathetic to tenants' fears that purchase of the building by a private investor might force their displacement, the owner even agreed to accepting a lower price from the tenant group.

In other locales, community concerns over displacement have stimulated public actions that are also aimed at providing direct assistance and resources to tenants. For example, in Washington, D.C., the local Department of Housing and Community Development responded to tenants whose buildings were on the verge of being sold to new investors. Between 1979 and 1983, the D.C. government helped 46 tenant groups convert their buildings to cooperatives (about four-fifths of which are limited equity) by providing loans and technical assistance. Although a systematic assessment of the program has not been made, a recent report claimed that physical conditions have improved and that the buildings are safer and cleaner than they were under the management of the previous owners. (Black, 1984).

Despite an increase in organizing around displacement issues, tenants in private rental housing who have organized housing initiatives have usually done so only after the landlord has severely neglected the building and has abandoned most, if not all, management functions. Often, the city has either acquired the property for tax arrearages, or is in the process of doing so.

It is not surprising that New York City, with the highest number of abandoned buildings in the country, is the site of the most varied and comprehensive approaches for dealing with end-stage problems in the private rental housing stock. While some of New York's programs are now administered through the city, much of the impetus for their creation came from tenant and neighborhood organization (Hartman et al., 1982). Two types of programs dealing with end-stage problems can be distinguished, although conversion of rental housing to cooperatives is common to both: cooperative conversion with and without sweat equity; and cooperative conversion with management training.

Cooperative Conversion with and without Sweat Equity

New York's cooperative conversion and sweat equity rehabilitation programs emerged as a result of tenant frustration with buildings that had been abandoned by the private sector. Such rehabilitation programs developed, then, as part of the tenants' efforts to salvage their homes. According to Robert Kolodny, the coop conversion program emerged "primarily in response to the demands of tenants who had sustained their buildings for a period themselves but who needed the financing to upgrade the buildings and the leverage to gain permanent control of them at nominal cost" (Kolodny, 1981b, p. 56).

As of 1973, 37 projects with nearly 2,100 units were either completed or in the process of rehabilitation and cooperative conversion. Sumka and Blackburn (1982) estimated that ultimately fewer than 50 buildings were converted to low-income cooperatives in the entire city. While a formal evaluation of the program has not been done, Kolodny (1981b) has offered the following summation:

> Although many projects apparently failed, others prospered in very unlikely circumstances. [In the coops that are doing well,] all the basic indicators of effective management are there: low vacancy rates, limited turnover, long waiting lists, good building maintenance, and general resident satisfaction. (pp. 57-58)

The successes of many of these initiatives are particularly noteworthy in view of the lack of any organized system of support for tenants. While "it was not surprising that many could not hold on and sustain what they had started[,] . . . the potential for a large-scale mutual aid strategy represented by these efforts was impressive" (Kolodny, 1985).

In sweat equity-projects (also knows as urban homesteading), community people donate their own labor to rehabilitate abandoned, usually city-owned, buildings, which they eventually own as cooperatives. Here the goals of housing and tenant ownership are merged with the potential of job training and employment.

Despite the immediate appeal of this approach, sweat equity projects have been difficult to implement. As of 1981, between 500 and 1,000 units constituted the entire sweat equity effort in New York City (Sumka and Blackburn, 1982; Kolodny, 1985).

A nonprofit agency, the Urban Homesteading Assistance Board (UHAB), has been pivotal in sustaining the sweat equity and coop conversion programs in New York. Established in 1974, UHAB provides tenant and community groups with technical assistance and support, in addition to acting as an intermediary with the city.

Cooperative Conversion with Management Training

New York's "alternative management programs" have been described by Kolodny (1981b). One of the most innovative, the Tenant Interim Lease Program, involves direct management by tenants of city-owned buildings if three-fifths of the residents sign a petition requesting it. After an 11-month trial period, tenants are offered the opportunity to assume ownership as a cooperative. The results have been encouraging: rent collections have averaged 90% compared to 63% for other city-managed properties, and tenant satisfaction has increased. Further, it has been found that buildings in this program require a lower expenditure by the city than those managed centrally by city staff (Hurwitz, 1982). As of January 1, 1985, 130 buildings with 3,470 units had been sold to tenant cooperatives. An additional 293 buildings were being managed by residents,with the hope that they would be converted to coops (Kolodny, 1985).

Another innovative New York program aimed at trying to salvage city-owned, but formerly private, rental housing is the Community Management Program. In this approach, a community group enters into a contract with the city to manage several buildings in its area. Buildings in this program usually have fewer occupied units than buildings in the Tenant Interim Lease Program and are more deteriorated. But the objectives of the two programs are similar: to improve management through a tenant or community-based effort and to eventually enable tenants to obtain ownership as a cooperative. A total of 27 coops, with 485 units, have already been created, with another 149 properties still in the program (Kolodny, 1985).

Despite the successes, problems do exist. Increasing the capacity of tenant and community groups to carry out management functions is a slow, difficult process and it is not yet known whether long-term tenant or community ownership will be achieved. At the very least, however, such programs provide options for low-income people who are desperate for decent housing, while enabling community residents and tenants to gain valuable experience in housing management.

Undoubtedly one of the successes of New York City's cooperative conversion programs is that they stimulated a federal demonstration. The "Section 510 demo," which derived its legal authority from 1978 amendments to the 1970 Housing Act, authorized HUD to determine the feasibility of expanding home ownership opportunities in urban areas, giving special attention to the use of multifamily housing. Seven cities were chosen to carry out multifamily housing rehabilitation projects. Under the direct control of the city, private developers and community groups jointly rehabilitated buildings that were then transferred to cooperative or condominium ownership. Unlike the original model, pioneered in New York, the demonstration did not include sweat equity. Instead, it depended on Section 8 or other subsidies to lower the ultimate costs to tenants.

A recent evaluation of the "510 demo" concluded that none of the demonstration projects was an unqualified success. Even in the most successful project, low-income cooperative ownership could only be achieved with subsidies for nearly two-thirds of the development costs and long-term Section 8 subsidies for a majority of the tenants (Sumka, 1984). Yet, on balance, the report concluded:

> The 510 demonstrations showed that a developer-community group partnership could be made to work. . . . It also showed that low-income cooperatives can be created to the benefit of the residents of inner-city neighborhoods . . . but that such projects will not bear fruit without the considerable effort and dedication of the program staff. (Sumka, 1984)

In a second HUD demonstration, also based on New York's experiences, six cities were selected to undertake sweat equity rehabilitation programs. Sumka and Blackburn (1982) found that the results of the demonstration were mixed with only two cities establishing ongoing multifamily homesteading programs. Thus, while it is significant that HUD attempted to replicate locally initiated ideas, the multifamily sweat equity and coop conversion programs were not easily repeated in other areas.

Home Ownership and Home Ownership Support Programs

Two major types of community-based home ownership and home ownership support programs can be identified: small-scale home ownership and counseling programs; and reinvestment funds.

Small-Scale Home Ownership and Counseling Programs

Because the federal government offered no home ownership opportunities for lower income families until the late 1960s, many community groups prior to that period organized their own home ownership programs. As early as 1945, an Indianapolis settlement house initiated a sweat equity housing construction program known as Flanner House Homes, Inc. Through this program between 1950 and 1965, 366 families participated in the construction of their homes, with each family's work assessed at between 25%-30% of the total value of the house. Similarly, in 1964, Better Rochester Living, Inc., offered home ownership opportunities to lower income families, with rehabilitation work performed by the prospective owners in exchange for their down payment. While a total of about 500 families were helped to buy homes through this program, it took a huge amount of administrative and other support services (much of it unpaid) to make these efforts work (Frieden and Newman, 1970).

Partly based on the experiences of these early programs, the 1968 Housing Act authorized subsidies for first-time low-income home owners (Section 235). However, a host of problems plagued the program and thousands of people eventually lost their homes through foreclosure. One of the reasons for this tragic outcome was the lack of counseling services for participants in the Section 235 program. But long before problems emerged, drafters of the home ownership program were well aware of the need for counseling. For example, a 1968 report issued by the U.S. House Committee on Banking and Currency offered the following rationale:

> Since many of the families who would be assisted have had little experience in the proper care of a home and the budgeting of income to meet regular monthly payments on a mortgage, this section [235] would authorize appropriate counseling . . . to assist these families in meeting their new responsibilities. (p. 10)

Contrary to this recommendation, counseling never became an integral part of the 235 program and funding for counseling services was consistently omitted in HUD's budget requests (Bratt, 1976; U.S. Committee on Government Operations, 1976).

Despite the lack of federal support, scores of voluntary community-based counseling agencies attempted to provide the needed services. A few, such as Housing Now in Hartford, Connecticut, provided cash grants to assist with down payment and closing costs. More often, however, counseling agencies offered no direct financial assistance, concentrating only on providing information (HUD, 1975a). Some counseling programs also grew out of the growing default rate in the Section 235 program and focused on default counseling (HUD, 1975a). Nevertheless, without any significant support from the federal government, and with the weight of other serious problems in the program, the voluntary counseling programs were generally insufficient. As mentioned above, thousands of homes were eventually foreclosed and, since the mortgages were insured by the Federal Housing Authority (FHA–an agency within HUD), HUD was faced with the problem of how to dispose of the units. It took HUD months, if not years, to dispose of foreclosed properties that piled up in its inventory at an alarming rate.

In response to a landscape of boarded up, HUD-owned properties, many community organizations again attempted to develop home ownership opportunities for lower income residents. For example, Homeowners Rehab, Inc., in Cambridge, Massachusetts, and the Worcester Cooperation Councils Home Improvement Program in Worcester, Massachusetts, initiated variations on the earlier sweat equity programs. Similar to their predecessors, these programs operate on extremely small scales: less than a dozen families per year are assisted through each agency (Siegenthaler, 1980). In Philadelphia, community activists launched the Walk-In Urban Homesteading Program in 1977, the goal of which was to provide people with homes by reusing some of the 40,000 abandoned buildings, many of them belonging to HUD. HUD's opposition to the program slowly gave way to cooperation and by February 1979–less than two years after a squatting campaign had begun– half of the 200 walk-in homesteaders had obtained legal ownership of their new houses when HUD deeded the properties to them.

Reinvestment Funds

Redlining–the unwillingness of banks to grant home mortgages or loans in certain areas of a city–has prompted some of the most widely publicized community-based housing programs. Neighborhood Housing Services (NHS),which started in a deteriorated, redlined section of Pittsburgh in 1968, was a resident-sponsored reinvestment program. Through the neighborhood's own assessment of its problems, a four-way partnership was forged between the residents, mortgage lenders, the city (which committed to undertake a code-enforcement program and promised much needed public services), and a foundation that provided a high risk pool of money for potential borrowers who were considered ineligible by the banks. By most accounts, NHS has enjoyed considerable success. Not only has it been credited with stabilizing the original Pittsburgh NHS Neighborhood, (Ahlbrandt and Brophy, 1975), but it has also served as a model for scores of additional NHS programs. As of 1983 there were NHS organizations operating in 182 neighborhoods in 132 cities (Whiteside, 1983) (also see note 6).[8]

In addition to NHS, several other locally-based mortgage funds have been organized to combat disinvestment. One important example is the Bedford-Stuyvesant Restoration Corporation's mortgage pool, created in 1968. Responding to a lack of mortgage money, the corporation managed to get commitments from 80 financial institutions in New York City to lend $65 million for FHA-insured and VA-guaranteed mortgages for residents of the Bedford-Stuyvesant area of Brooklyn (Bedford-Stuyvesant Restoration Corporation, 1968).

One of the newest and largest reinvestment funds was launched in Chicago in 1984. Using the Community Reinvestment Act as a lever, a coalition of community groups, with the assistance of a nonprofit research and technical assistance agency, the Woodstock Institute, negotiated a $120,000,000 loan commitment from the First Chicago Corporation (Swift and Pogge, 1984).

Another noteworthy reinvestment program was created in Philadelphia in 1975. There, neighborhood residents joined together and protested the unavailability of conventional mortgage financing throughout many sections of the city. In response, 13 of the city's leading financial institutions agreed, in accordance with the objectives of the Philadelphia Mortgage Plan (PMP), to evaluate and analyze properties on a case-by-case basis (Long, 1977). As of early 1979, PMP lenders had made 4,167 loans with a default and foreclosure rate comparable to that of their suburban portfolios (National Commission on Neighborhoods, 1979). Unlike the NHS and the other reinvestment programs discussed here, PMP is controlled by the banks–although community residents helped launch the program and do participate through a review committee.

The preceding overview of community-based housing programs reveals the diversity of approaches adopted by local groups, highlights some of the complexity and difficulty of pursuing a community-based housing strategy, and underscores a common theme running throughout the examples: citizens who become involved with community-based housing initiatives do so because they lack other viable options for attaining decent, affordable shelter. The following section broadens the overview of community-based housing by examining the past and present activities of community-based housing developers.

ROOTS OF COMMUNITY-BASED HOUSING DEVELOPMENT

The current generation of community-based housing development groups has several types of ancestors: the early housing philanthropists; the nonprofits of the 1960s; and the community-based sponsors in the 1970s who formed limited partnerships. Although some groups in the latter two categories overlapped (i.e., nonprofits also operated in the 1970s) various types of community-based housing groups have been dominant at different times over the last two decades.

The Early Philanthropists

Long before the formal entry of nonprofits on the housing scene in 1959, some nineteenth century reformers saw the need to limit the amount of profit in low-income housing. By the turn of the century, a small-scale movement had formed to provide model tenement houses–"philanthropy plus 5%."[9] The goals of the movement were straightforward: to provide decent housing for the poor while yielding a modest profit for investors.

The legacy of the model tenement movement was mixed. On one hand, such efforts pioneered design techniques that provided light and air to interior rooms, an "advance that was in sharp contrast to the tenements being built by speculators" (Meyerson, Terrett, and Wheaton, 1962, p. 293). On the other hand, some "model" tenements turned into slums that were as bad as any produced by the private market. Further, according to Lawrence Veiller, a prominent housing reformer of the period, speculative builders had been able to produce many more buildings, most of which were highly objectionable: "for every 13 people who have been provided with model tenements, 1,000 others have been condemned to live in insanitary ones" (quoted in Friedman, 1968, p. 86). Catherine Bauer, another key reformer, pointed out that the economics of the model tenement plan were ultimately unworkable. The model builders wanted "to provide good dwellings on an 'economic' basis at a price which everyone could pay. . . without disturbing or even questioning any part of the current social-economic system" (quoted in Friedman, 1968, p. 87). Thus, even at the turn of the century, it was acknowledged that decent, low-cost housing was a goal that ran counter to the economic realities of housing production. Housing has always been expensive to build and, by definition, low-income households often have inadequate resources with which to pay the real cost of shelter.

The First Nonprofit Developers: 1960s

From the federal government's entry into subsidized housing in 1937 until 1959, housing for low-income households was produced and managed through local public housing authorities. However, as described earlier, in 1959 subsidies were made available to private sponsors of publicly supported housing through Section 202 and later Section 221 (d)(3) and 236. Although only nonprofits were eligible to sponsor Section 202 housing, the subsequent programs also permitted and encouraged participation by private for-profit developers.

Based primarily on the experiences with these programs during the 1960s, nonprofit sponsorship of multifamily subsidized housing acquired a generally negative reputation. Many well-meaning but inexperienced church, civic, and union groups with little prior experience in housing were often unable to maintain developments once they built them. In addition, many nonprofit groups were lured into the projects by for-profit builders, contractors, and consultants who often bailed out after they pocketed their fees (Keyes, 1971; HUD, 1972). In view of these circumstances, it is not surprising that nonprofit projects failed at two to four times the rate of for-profit developments (GAO, 1978; Friedland and MacRae, 1979).

In addition to the unique problems confronting nonprofits, some structural defects in the Section 221 (d)(3) and 236 programs also proved troublesome. Probably the most significant flaws were the incentive for developers to underestimate operating costs (in order to enable projects to appear feasible under the terms of the subsidy programs), the lack of any requirement for funds to be set aside to deal with unforeseen expenses, and a subsidy formula that could not increase if additional resources were needed (BRA and BUO, 1973; HUD, 1973; HUD, 1978b; GAO, 1978).

When utility costs skyrocketed in the early 1970s due to the oil crisis, owners of subsidized housing were faced with several difficult options for trying to meet increased operating expenses: raise rents, decrease maintenance and management services, cut into profits, or default on mortgage payments. Different strategies were chosen to try to keep the projects afloat but, overall, the results were grim: by 1978 less than one third of the subsidized developments were financially sound (HUD, 1978b).

Although all owners of subsidized housing found themselves "between a rock and a hard place," the dilemma for nonprofit sponsors was even more problematic. With limited assets, nonprofits didn't even have the option of using some of their own resources to make ends meet. Further, the options of either reducing maintenance or increasing rents was antithetical to the goals of the nonprofit groups. As one community sponsor of subsidized housing who was 15 months behind in mortgage payments put it, "We had to make a decision, do you let people stay cold or do you pay the mortgage? Who[m] are we to serve, the government or the tenants?" (quoted in Urban Planning Aid, 1973, p. 41). Thus, when faced with the decision of whether to provide housing services to tenants or to pay debt service to financial institutions, some nonprofits chose to manage the developments for as long as they could and to allow the projects to default. This suggests that an important reason behind the higher financial failure rate for the nonprofits was their desire to operate the buildings in accordance with their original goals, despite their limited resources.

Although it appears that the social commitment of the nonprofits may have created a situation that left them vulnerable to criticism, this commitment also produced a record that had many unequivocal benefits. In terms of volume of units produced, ability to reach low-income people, rentals charged, average number of bedrooms/unit, willingness to undertake projects in urban renewal areas, and quality of management, the early nonprofit housing movement can boast some real successes. Consider the following:

- By June 1970 nonprofits had sponsored about 28% of all units built under the Section 221(d)(3) BMIR and 236 programs (Keyes, 1971).[10]
- Nonprofit sponsors used the rent supplement and the leased housing programs proportionally more frequently than for-profit developers, thereby making units more affordable and available to lower income people (Disario,1969; Keyes, 1971).[11]

- A comparison of nonprofit and for-profit developments in Boston revealed that tenants in the latter paid lower average rentals (Disario, 1969).
- The above study also found that nonprofit developments had more three, four, and five bedroom apartments (Disario, 1969).
- Research conducted by HUD disclosed that projects built by nonprofit sponsors served needier families than those built by limited-dividend sponsors (HUD, 1975b).[12]
- Based on an evaluation in 24 cities, nonprofit sponsors of 221 (d)(3) housing were more likely to undertake projects in urban renewal areas than for-profit developers (Keyes, 1971).
- Many community-based sponsors openly confronted the toughest housing issues: central city rehabilitation, utilization of minority contractors and developers, and involvement of tenants in management decisions (Keyes, 1971).
- The Urban Institute found that cooperatively owned and nonprofit housing was, in general, more effectively managed than for-profit developments (cited in GAO, 1978).

It must also be kept in mind that the early nonprofit housing groups operated in an institutional setting, which makes these successes even more impressive. Although the Housing and Urban Development Act of 1968 included two sections explicitly aimed at assisting nonprofit groups, HUD did not aggressively administer the programs and neither was fully utilized. Section 106 (a) authorized funding to agencies to provide information, advice, and technical assistance to nonprofit groups involved with housing construction or rehabilitation for low- or moderate-income families; Section 106 (b) provided "seed money" loans to nonprofit housing sponsors. It was not until 1972 that HUD set aside $1 million to fund the Section 106 (a) program. Interestingly enough, this money came from the $6.7 million of so-called "excess" funds in the Section 106 (b) revolving loan fund (HUD, 1975b). HUD's unsupportive attitude toward these programs was also revealed when they questioned whether Section 106 (b) seed money was necessary "in addition to . . . private sources of funds. . . [and whether the reasons for Section 106 (b) were] sufficient to justify a $150,000 a year program" (HUD, 1975b, 21).[13]

Although HUD's unwillingness to actively support Section 106 only adds another page in the long history of the agency's nonconsumer orientation, it is noteworthy that lawmakers foresaw the need for funding and technical assistance for nonprofit housing sponsors. If Section 106 had been funded and used extensively, two key ingredients of a community-based housing system would have been put in place. However, as it turned out, technical assistance and funding to cover start-up costs had to be aggressively pursued by nonprofits because they could not be obtained through federal appropriations. The lack of funding for these programs contributed to the overall impression of a fragmented, nonsystem in which nonprofit community-based housing activities were forced to operate. With skimpy financial resources and few outside supports, many nonprofit groups got "burned out" after finishing one development. The knowledge that the group acquired was rarely used again and new groups wanting to produce housing would start at the beginning again, in essence "reinventing the wheel" each time.

A few community groups, however, did depart from this general pattern. For instance, Community Development Corporations (CDCs), which were well funded through the Special Impact Amendment to the Economic Opportunity Act of 1966, and later through Title VII of the Community Services Act of 1974, have had more resources available to them and have been considerably more permanent. Another group of community-based organizations that were supported by the old Office of Economic Opportunity as well as the Model Cities program were the Housing Development Corporations (HDCs). As forerunners to many of the community-based housing groups that exist today, the early HDCs represented significant initial efforts to institutionalize the technical and financial resources needed to make nonprofit housing development possible (Keyes, 1971). Nevertheless, they probably revealed as much about what was wrong with the way in which community-based housing development was operating as what was right. A major evaluation of HDCs summed up the situation: "They are saddled with goals and objectives that are far beyond their resources to achieve" (quoted in Keyes, 1971, p. 169).

Nonprofits Form Limited Partnerships: 1970s

Starting in the early 1970s community-based housing sponsors, which up to that time had been nonprofit groups, began to form limited partnerships with for-profit developers. The push for this new form of ownership grew out of the two key problems faced by the early nonprofits: inadequate financial reserves and a lack of technical expertise.

The concept of limited partnership was uniquely suited to address these issues. First, by entering into such an arrangement, the community sponsor could attract the participation of a for-profit developer as a co-general partner. The experience of for-profit developers who had proven "track records" was enormously helpful in negotiating the complexities of the development process. The second advantage of limited partnerships was that they could enjoy substantial financial benefits, thereby creating reserves for construction overruns or for future management expenses.

A limited partnership works this way: through a process known as syndication, owners of a housing development can sell shares to wealthy investors (limited partners) who, in turn, enjoy significant tax savings. All rental property "depreciates" for tax purposes and these paper losses shelter portions of an owner's other income. By definition, nonprofits have no taxable income that needs sheltering, therefore the depreciation losses that flow from a project are essentially wasted as long as it is owned solely by a nonprofit group. If, however, the nonprofit forms a limited partnership, the limited partners "buy into" the project and then, as partial owners, are entitled to a percentage of the depreciation generated by the project. The buy-in funds are shared by the general partners–the nonprofit group and the for-profit partner. The latter sees the money as a key source of profit and motivation for participating in the project; while the nonprofit uses the money as a cushion against increased costs, as a way to provide the project with more amenities, or as seed money with which new projects can be launched. The decision to develop housing as a nonprofit or through a limited partnership depends on the goals and particular situation facing a community-based housing group.[14]

One of the most successful community-based housing groups that has used the limited partnership approach is IBA, Inquilinus Borriculas en Action (Puerto Rican Tenants in Action), located in Boston. IBA has its roots in a protest organization that came together in the late 1960s demanding a community-oriented use for a parcel of Urban Renewal land. Eventually, IBA won the right to develop the land and constructed almost 400 units of subsidized housing and rehabilitated another 200 units.

During the late 1970s and early 1980s most community-based housing groups benefited enormously from the availability of Section 8 New Construction and Substantial Rehabilitation subsidies. A significant improvement over the Section 221 (d)(3) and 236 programs, Section 8's funding formula took into account increases in operating expenses. With HUD committing to pay the difference between a "fair market rental" and 30% of a tenant's income (also see note 5) financial difficulties and operating shortfalls were virtually guaranteed not to occur. However, as part of President Reagan's cutbacks in domestic spending, the Section 8 New Construction and Substantial Rehabilitation programs are not receiving new funding. This phase-out of federal subsidies for housing production will have serious consequences, both because of the loss of needed units and because of the inability of fledging community-based housing groups to sustain themselves during this dry period.

Precise figures on the accomplishments of the present generation of community groups involved with housing rehabilitation and construction are not available at this time. One study found that 46 groups had produced 5,290 units of rehabilitated housing and 872 units of new housing (Marshall, 1981). A 1983 survey of neighborhood development organizations found that 54 groups had rehabilitated 7,742 units and constructed 1,388 units of new housing (Cohen and Kohler, 1983). If there was no overlap between the samples (which is unlikely) and if the two studies did not omit too many groups (which is also unlikely) we could estimate that approximately 100 community groups have been responsible for building or rehabilitating some 15,000 units of housing. Whether this figure represents an underestimate or an exaggeration is less important than providing a rough idea of how much–or how little–housing has been produced or rehabilitated by community-based organizations.

Although we do not have complete data on the level of community-based housing activity, it is safe to conclude that these efforts address only a small fraction of the overall low-income housing need. Nevertheless, the current generation of community-based housing developers appears to hold real potential for making more significant contributions. It should also be underscored that modern community-based housing groups are very different from earlier nonprofit housing sponsors. For instance, more modern groups are generally financially sounder and more knowledgeable about housing development, in large part because of their association with private developers in limited partnership arrangements. They are also less likely to quit after one development, often launching additional housing and social service projects, and are becoming more professionalized with staffs competent in housing finance, development, and management. Finally, another important difference between community-based housing groups in the 1970s and 80s and their predecessors is that the former have been the beneficiaries of resources provided by a handful of organizations operating at the national, state, and local levels. At the national level, private nonprofit groups such as the Enterprise Foundation, the Local Initiatives Support Corporation, the Center for Community Change, and the National Housing Law Project have been providing significant technical and financial resources to community-based housing initiatives. Several cities, notably Boston, New York, Chicago and Minneapolis, also have at least one public or nonprofit agency that assists community-based housing groups. Finally, at the state level, Massachusetts has pioneered a series of programs that has begun to emerge as a support system for community-based housing activities. These programs will be discussed after the following assessment of the community-based housing strategy.

ASSESSMENT OF COMMUNITY-BASED HOUSING STRATEGY

Returning to the criteria listed at the beginning of this paper, some important strengths and weaknesses of the community-based housing strategy emerge.

Ability to Provide Direct Housing Assistance

One key advantage of community-based housing programs has been their ability to directly address specific housing problems. For example, residents who were confronted with a lack of mortgage or rehabilitation money in their neighborhoods initiated reinvestment programs that specifically addressed their problem. Similarly, tenants who were dissatisfied with conditions in their subsidized buildings formed their own management corporations that also tackled the problems head-on. In these ways people have dealt directly with the housing problems facing them, and their achievements have been tangible.

The most recent generation of community-based housing developments have not yet been assessed in terms of the quality of housing produced. Yet the anecdotal evidence is extremely provocative and suggests the potential inherent in this strategy. For example columnist Neil Peirce has enthusiastically described the design of IBA's housing:

> Ascend to the roof of the high rise building for the elderly in Villa Victoria . . . and an astounding view awaits you. Immediately below are the Hispanic Plaza and distinctive pitched roofs, the bright yellow, orange and brown colors of the townhouses of Villa Victoria–proof that a housing project doesn't need to look like one. The sense of territoriality is overwhelming when one walks across the central plaza, with its bright Puerto Rican mural, and strolls through the new looped streets . . . (1983).

Despite this glowing vignette and the directness of its approach, the limited scope and small scale of community-based housing programs raise the question of whether the strategy could substantially alleviate our overall housing problems. Thus far in this paper outcomes of various programs have been described quantitatively, whenever possible, in order to underscore how much (or how little) housing has been affected. For example, although New York City touts the most successful programs for dealing with abandoned multifamily housing, the number of buildings that have actually been fixed up and/or are under tenant management or control is small. Similarly, while IBA has been praised for its magnificent housing developments in the South End, the number of units built or rehabilitated is minuscule, particularly when one considers the demand. In 1981, when IBA announced that 190 new rental units were available, thousands of people applied.

To sum up, although community-based housing programs have been successful in directly addressing and alleviating housing problems, their ability to perform on anything but a small scale has not been proven. Of course, if substantial financial and technical supports were provided it is possible that more sweeping achievements could be realized.

Potential for Producing Social and Community Benefits

One of the most important strengths of community-based housing programs is their ability to yield positive impacts not only directly related to housing, but also in terms of improving overall living conditions. For example in addition to providing good housing, IBA runs programs for the elderly, provides day care services, and manages a closed circuit television station for residents of the development. As Mario Clavel, an IBA staff member noted, "It's not just a matter of placing bricks on top of one another to build a house. It's dealing with those who are going to live there–from all aspects. We are not dealing with buildings but people" (Soulos, 1981).

Similarly, the community relations director of the West Harlem Community Organization observed that "Aside from community management, we provide lots of other services to tenants. . . . [W]e're putting together a manual of services that are so scattered all over the city that some people just don't know they're there–dental and health care at places other than a hospital, for instance. We're now trying to get the merchants to clean up the streets, the sidewalks, the storefronts, and to put up blood pressure mobile and polio vaccination notices, for example" (HUD, 1979, p. 46).

Commenting on the expansion of tenant-management corporations into other types of socially oriented services, Robert Kolodny has written:

> The problems of housing a population overwhelmingly made up of welfare-dependent, female-headed households confronted the TMC's with the need to rethink their roles as managers. To a far greater extent than most other public housing in the country, the St. Louis projects have developed programs in education; recreation; health; . . . special care for children and the elderly; job training; and direct employment. (1981a, p. 137)

Based upon observations such as these, Kolodny has concluded that "Housing improvement may not, in itself, be the most significant result of expanded consumer roles in housing production, operation, and ownership" (1981a, p. 142).

Community-based housing programs also have a potential for serving as an anchor in neighborhoods that are going through gentrification. As many urban neighborhoods become increasingly attractive to middle and upper income people, thousands of longtime residents are losing their homes and businesses. As demand increases for residential and commercial space, landlords often raise rents dramatically, sell their buildings to speculators or, in some cases, convert to condominiums. Regardless of the tactic used, the net result for lower income people is the same: their neighborhoods out-price them and they are forced to move. However, in those neighborhoods where there is community-based housing activity, residents may face a decreased risk of displacement. For example, IBA, which operates in an area of Boston that has become a prime "gentrifying" neighborhood, serves an an important stabilizing force by providing decent low-cost housing to community people. Once a community-based housing group has gained recognition for competence in housing development or management, it is unlikely that any major program or plan could be initiated in that area without the knowledge of the community group. In this way the housing initiative can serve as a "concrete" reminder that the group must be bargained with, considered, and consulted whenever the city or any other entity begins to have designs on or for that area. Thus, one can see how a strong "bottom up" group can nurture additional community-based projects and at the same time ensure that any "top-down" planning or development efforts that do not take their interests into account will face considerable obstacles.

Potential for Producing Benefits to Individuals

Another important benefit of community-based housing programs is their ability to produce significant psychological benefits for the individuals involved. Although very little systematic evidence is available on this effect, community-based housing programs should provide participants with increased enjoyment, security, and a sense of empowerment. One resident in one of Jubilee Housing's buildings described her perceptions this way: "How has the building changed since Jubilee took over? Well, I would say it is much better because we work together; we work with Jubilee to get the building in better shape. Now everybody takes their share of the work and we are getting along O.K." (Jubilee Housing, p. 13).

Similarly, an elated Philadelphia squatter who obtained legal ownership of her home stated: "Words can't explain how I feel. We have plenty of room. We're happy. If people were allowed to get a home to fix up, something that's theirs, there wouldn't be so much vandalism .... Housing is the main issue for everyone and I won't forget how it was before" (quoted in Hartman et al., 1982, p. 69). And, according to Barbara Ward, an expert on human settlements:

> [T]he policy of encouraging home ownership can be used effectively to help poorer citizens. It does more than simply provide them with secure shelter. Even deeper needs are at issue here. It has been said of the poorest citizens, sadly but with too much truth, that they are "the people whose plans never work out".... [They] feel utterly powerless in the face of a system which, private or public, seems simply to push them around.... Perhaps the fundamental point in tenants organizing themselves for action is not simply to get themselves their own homes. It is the very act of organization... self-organization can be the creative answer. It turns the flow of authority back to the citizen, however impoverished. It can be the beginning of a plan that actually works out... (1976, p. 116).

Community-based housing programs can also heighten the political awareness of people as they "fight the system" to institute change and create new programs. According to Gale Cincotta, chair of National Peoples Action, "The political leaders in this country are bankrupt. The answers, the leadership and the guts to win will come from us. [N]o one who is out there organizing throughout this land expects to be rescued.... We know that the only way we survive is by helping ourselves" (1981).

Ease of Implementation

Community-based housing programs are clearly major undertakings and are difficult to carry out. Much of the difficulty stems from the fact that community groups facing serious housing problems often find themselves "reinventing the wheel" and negotiating their way, unassisted, through the complexities of the housing system. Financial and technical assistance are especially necessary, but are usually scarce. Where technical assistance has been more readily available, such as in New York and Boston, it has been crucial to the success of housing initiatives.

Thus, it must be underscored that the words "community-based" do not mean that funding from other sources is unnecessary. By definition, lower income people require public assistance if they are to attain a decent home and suitable living environment. Any high-level proclamation in support of local initiatives is absurd as long as the phrase is equated with self-funding. Robert Schur (1980) warned how easy it would be for city government officials to lull themselves into believing that simply allowing people to own and manage tax foreclosed structures is sufficient. He also noted that if technical support as well as financial resources are withheld, sweat equity programs could turn into a form of "lemon socialism." Similarly, Homefront, New York's Citywide Action Group Against Neighborhood Destruction and for Low-Rent Housing, has charged that the most serious problem with the sweat equity cooperative conversion programs is that "they place most of the responsibility for housing improvement on individuals and local communities, which have the least resources, and get the government (which has the resources) off the hook" (quoted in Hartman et al., 1982, p. 67).

Benefits versus Costs

There is insufficient information on community-based housing programs to perform a systematic analysis of costs versus benefits. Moreover, even with more quantitative data, a full assessment would be difficult because so many of the benefits of community-based housing are qualitative in nature. Specifically, the array of nonhousing benefits that are enjoyed by residents and tenants, as well as the positive impacts on the community, are key strengths of the community-based housing strategy, but are not quantifiable.

Potential for Replication

Community-based housing programs have served as a model to the federal government for national demonstrations. The most significant example of this is the Neighborhood Reinvestment Corporation which was designed to assist locales in setting up their own Neighborhood Housing Services Programs, thereby replicating the original Pittsburgh initiative. Similarly, although on much smaller scales and with somewhat less success, HUD has launched both tenant management demonstrations modeled after the St. Louis TMC and demonstrations based on New York City's multifamily homesteading experiences. This indicates that locally-based housing programs are not only able to address the problems of one community, but are also likely to provide solutions for similar housing problems in other parts of the country.

Although community-based programs can be replicated, the "state of the art" in duplicating successful programs is in its infancy. A great deal more needs to be understood about the types of programs that are the best models, how these models can be adapted to other locales whether the replicated programs initiated in a "top-down" manner can truly be labeled "community-based," and what type of agency or level or government is best suited to assist in the replication of community-based housing initiatives.

Ability to Address Root Causes of the Problem

Although community-based housing programs may heighten aspects of political awareness discussed earlier they probably do not do very much toward addressing fundamental causes of housing problems. They generally do not, for instance, attempt to alter institutional relationships or change traditional business patterns within the private housing industry. While it may be a significant step for a financial institution to participate in a special mortgage loan program that has been launched by a community group, that involvement does not guarantee that it will assist other groups or change its overall lending practices.

Some of the most pointed criticisms of the community-based housing strategy are, in fact, based on this shortcoming. For example, Homefront has been critical of the sweat equity cooperative conversion programs because of their implicit acceptance of the market system. According to that organization, "By working through these programs, communities implicitly accept the proposition that tenants must solve their own housing problems . . . .To the extent that they believe they must learn to survive in the market, they do not demand the replacement of an exploitative market by government-provided housing" (quoted in Hartman et al., 1982, p. 67).

This is a legitimate position that must be taken seriously. Yet at the same time it is not easy for individuals facing serious shelter problems to sit back and do nothing to meet their immediate needs. One can "demand the replacement of an exploitative market" all one likes but there is no guarantee (let alone even a good chance) that this will result in a roof over one's head. Most community-based housing programs emerge from deep frustration and desperation. People usually embark on the difficult course of trying to solve their own housing problems as a last resort.

In conclusion, despite the obstacles and limited resources, community-based housing programs have shown the capacity to grapple with and solve some difficult housing problems. Overall, there does appear to be significant potential in the community-based housing strategy. One can visualize a comprehensive support system for this approach that would provide the needed technical and financial resources, thereby making explicit the government's role in providing housing, while enabling residents to create their own community-based programs.

BUILDING A MODEL SUPPORT SYSTEM FOR COMMUNITY-BASED HOUSING[15]

A model support system would provide funding and technical assistance and create an evaluation and information sharing network.

Funding

The need for adequate funding is obviously a crucial ingredient for the success of community-based housing activities. In general, three distinct types of financial resources are necessary. The first, seed money, is needed to cover organizational expenses. In order for a community group to initiate a housing program, early funding to cover start-up costs is essential. Grants for initial operating expenses enable groups to formally establish an organization, develop specific strategies, and line up other resources appropriate to the specific development to be undertaken. Seed money, often obtained through grants, covers such expenses as office rental, secretarial assistance, and a director's salary. Since these grants carry time limitations and dollar ceilings, they encourage groups to move on to development projects as quickly as possible.

A second type of funding necessary for successful community-based housing activities is construction and debt financing for project implementation. Although the cheapest and most direct way of subsidizing housing is probably through outright grants, the high short-term costs of this approach make it an unlikely option for political reasons. Thus, financial resources for construction loans and long-term debt financing are needed. There are at least three ways in which such funds can be obtained: through a publicly capitalized bank specifically set up for this purpose; through a private financial institution with or without some type of federal mortgage guarantee; and through a special "GNMA-FNMA" program. The third option works in the following manner. The Government National Mortgage Association (GNMA) makes a commitment to purchase a certain amount of below-market, interest rate mortgages originated by community-based housing groups. These loans are then sold to the Federal National Mortgage Association (FNMA) at prevailing market rates, with GNMA providing a subsidy equal to the difference between the yields on the market rate and the below-market rate transactions.

The final component of the funding package for successful community-based housing activities is direct subsidies to individual units and households that would lower final rental costs. Such subsidies are similar to those available through the Section 8 program.

In short what is needed in terms of funding is a two-pronged subsidy program: one that encourages the production or supply of housing and the other that provides individuals with extra buying power to make units more affordable.

Technical Assistance

Technical assistance is the second major ingredient needed for a comprehensive community-oriented housing system. Those in need of such services can be broken down into three groups of actors.

Community organizations are, logically, the first group needing technical assistance in the community-based housing system. Over the past few years a great deal has been learned about the types of technical assistance needed by local organizations that are attempting to launch neighborhood development projects. Several types of "hands on" assistance are valuable to neighborhood development organizations including: proposal writing and assisting with outsiders, especially funding sources; legal assistance; accounting; defining board and staff roles and training board members; and organizational structuring (Mayer and Blake, 1981). In addition, information specifically related to housing must be available, such as: how the housing development process works; what subsidy programs are available and how they work; and how to negotiate with key actors including financial institutions, architects, lawyers, city officials, syndication firms, contractors, and co-general partners.

A community-based housing group that has successfully built or taken over the management of a housing development may need assistance running the project, especially in such areas as tenant selection, lease enforcement and ongoing management, and maintenance. As the group matures, it may also need help in areas like assessing whether or not it should undertake additional developments and learning how it can provide nonhousing services to better meet the needs of the local community.

In order to institutionalize a high quality of technical assistance, a national technical assistance organization could be established. One of the functions of such an organization would be to help locales set up city-wide or regional technical assistance agencies modeled after Greater Boston Community Development and the Urban Homesteading Assistance Board that would, in turn, provide information, advice, and technical support to neighborhood housing organizations. These independent local organizations would serve as intermediaries between the community group and other public and private actors.

In addition to providing technical assistance to the community-based housing agencies, training and educational programs would have to be launched for other important participants in the community-based housing process. Two of the most important actors are city government and the local business community, notably financial institutions.

Many aspects of community-based housing activities require a high level of commitment and support by local government. For example, buildings and land that are in tax arrears can either become enormous resources to community groups or significant blights on a neighborhood. Unless the city understands how it can quickly identify such properties and sees the benefits of allowing community-based groups to take title of them, usable units can quickly become extremely costly or uneconomical to repair. Cities need to be taught how early warning systems operate and must learn from other locales how the necessary supports can be provided to community-based housing efforts.

Financial institutions and other private entities also need assistance in understanding how community-based housing groups operate and how their cooperation can both assist the local activity and create new markets for their goods or services. In this sense, the private sector needs to appreciate how their own self-interest may be enhanced by supporting community-based housing activities.

Evaluation and Information Sharing Network

The third major component of the support system for community-based housing involves the creation of a communication and information dissemination network. It is crucial that community-based groups, as well as all other actors involved in such projects, have opportunities to share information and experiences. In addition, research on community-based housing activities and evaluations of ongoing programs are critical ingredients to a successful community-based housing system.

Clearly the support system for community-based housing programs outlined above would not be evaluated favorably in the current political climate. Quite simply, this proposal is diametrically opposed to the views articulated by President

Reagan, his recent Commission on Housing, and HUD for the following reasons: it looks to community groups, rather than to the for-profit private sector, to play a key role in housing; it assumes that everyone has a right to decent, affordable shelter; and it calls for a new federal commitment to meet this goal. Given these circumstances, the logic and proven record of the community-based approach to housing can only be viewed at this point as a potential national strategy. At the very most, we can look forward to a time when these ideas will receive public support. At the very least, we must continue to keep the vision alive.

EVOLUTION OF THE MASSACHUSETTS SUPPORT SYSTEM FOR COMMUNITY-BASED HOUSING

The Community Economic Development Movement

During the late 1960s, the needs of inner-city, low-income neighborhoods began to receive increased attention. Although the federal community development programs left a mixed legacy for urban neighborhoods and their residents, they did serve to focus attention on problems of the cities. Urban renewal was an easy target for criticism, as thousands of low-income units were lost and whole "urban villages" were demolished. In their place, luxury apartments, offices, and civic centers became the concrete symbols of the inequities of the "urban/Negro removal" program.

The federal community development programs that followed, "War on Poverty" and "Model Cities," although more focused on trying to assist low-income neighborhoods, were often viewed as only token improvements.Whether due to inefficiency or over-ambitiousness, program goals rarely lived up to expectations. In addition, although "community control" and "maximum feasible participation" became the buzz words of the mid-1960s, lawmakers gave ambiguous messages about whether neighborhood residents or the local chief executive would actually hold the reins of power. As inevitable controversies arose, the neighborhood emerged as a significant locus of activity, if not control. Whether community groups coalesced to protest urban renewal plans or to vie for power with city hall, one of the clear outcomes was a new awareness of the problems facing the inner city.

Consciousness about poor urban dwellers in general, and blacks in particular, was raised by a second key factor: the civil rights movement. Although there were no geographical boundaries to inequality, the plight of blacks was almost synonymous with inner-city problems. This link became fixed when, in the summers of 1966 and 1967, frustrations in black communities gave way to full-scale urban riots.

At about the same time, a third set of events was unfolding that also contributed to an increased awareness of the problems facing urban neighborhoods, particularly in older industrialized states, such as Massachusetts. Traditional manufacturing firms began to close down and relocate to Sun Belt locations, in large part as a way to attract cheaper nonunion labor. The result for cities that were losing such firms was often disastrous, as tax bases declined and fiscal crises became a major topic of concern.

By the early 1970s community activists, some political leaders, and a handful of academics began to see potential in a completely new urban agenda. Two positive approaches emerged: black capitalism and community economic development. The former emphasized helping black entrepreneurs enter the economic mainstream, while the latter focused on a collective, community-based response to poverty that viewed local control as the critical ingredient.

The Massachusetts Community Economic Development Program: 1978-1983

In Massachusetts, the community economic development movement received significant support from a group of local politicians, activists, and academics. This coalition was crucial to the creation of the state program, which consisted of three components. The first was the Community Development Finance Corporation

(CDFC). Following more than a year of negotiation and debate, a state bill was signed in 1975 that created the corporation. In exchange for giving CDFC the proceeds from the sale of $10 million worth of state general obligation bonds, the state received all of the agency's common stock, thereby becoming its sole owner. CDFC's mandate was to function as a development bank that would make equity investments, which are relatively risky and difficult to obtain, as well as loans that would be retired by debt financing. CDFC's funds were to be targeted to Community Development Corporations (CDCs) operating in blighted areas.

Very briefly, a CDC is a nonprofit organization controlled by local residents to help guide the improvement of an economically distressed area. Membership in a CDC is open to all adults living in the specific geographic area and the majority of its board members must be elected by its membership. Other board members may be appointed, but they must be public officials or represent other nonprofit groups operating in the area. Although all CDCs share the broad objective of enabling residents to exercise greater control over the local economy and improving the quality of goods and services in their communities, the specific goals and activities launched by a CDC can be quite variable.

The requirement that CDFC channel its funds through CDCs gave clear support to the view that projects should be controlled by and operated for the benefit of community residents. In summary, CDFC's operation was unique because of its willingness to take equity positions in risky ventures, its explicit focus on economically distressed areas, and its restriction to working with only one type of client, the CDC.

Due to a legal delay in the sale of CDFC bonds, the first investments were not made until 1978. Even then, by the end of 1981 only 21 investments with a value of $3.6 million had been made. There were several reasons for the CDFC's early difficulties. First, despite the original assumption that lack of capital was a major detriment to development in depressed areas, there was relatively little demand for funds. In part this was because there were only a handful of CDCs in the state at the start of CDFC's operation. Further, the CDCs that were functional had a great deal of difficulty attracting experienced staff and locating skilled entrepreneurs who could put together sound business ventures.

Another key problem during CDFC's early years was that many of the original investments ended in failure. Out of the first 25 ventures financed, 14 were closed and liquidated and two had to be reorganized; the remaining nine loans had either been repaid or were current as of early 1984. According to Nancy Nye, vice president of CDFC, "This compares reasonably well to the SBA's [Small Business Administration] documented 55% failure rate of small business, particularly considering that all the CDFC ventures are located in distressed areas and by the very nature of the investment are higher risk than a general sample" (Nye, 1984).

Along with the slowness in making investments and the high rate of failure of the early loans, CDFC also had a disappointing record in stimulating job creation. As of the end of 1983 the agency could claim that only 474 jobs had been created or retained through CDFC investments (CDFC, 1984).

The second component of the Massachusetts Community Economic Development Program was the Community Economic Development Assistance Corporation (CEDAC). The need for a new agency that could provide technical assistance to CDCs was acknowledged by Massachusetts lawmakers even before CDFC realized that demand for its capital was weak and that there were only a relatively small number of CDCs who were eligible to receive investments. CEDAC was created in 1978 to provide technical assistance to CDCs. Specifically, CEDAC's main functions were to assist groups in becoming CDCs, and then to assist them in the initial stages of economic development planning and in the final preparation of business plans for CDFC financing.

CEDAC has always been much less financially secure than the well-capitalized CDFC. Technical assistance is a "softer" type of activity than financing and it is difficult to measure direct outcomes of those efforts. Although technical assistance may be an essential ingredient to a given project, the fact that it occurs early in the process can blur its contribution to producing new jobs or housing.

CEDAC also faced major hurdles because of a shift in the state's political administration. Supported by the liberal Governor Dukakis, CEDAC did not start its operation until early in the King administration's term in 1979. While Governor King's view of CEDAC processed from direct opposition to tolerance, without his active support CEDAC was forced to seek funding from the legislature on its own. Governor King further compromised a sound working relationship between CDFC and CEDAC by requiring the former to contract for services from CEDAC, in lieu of direct state funding. According to CEDAC personnel, this damaged their credibility and compromised their effectiveness (CEDAC, 1983).

All of these factors contributed to CEDAC's shaky funding history. Whereas CDFC was capitalized with $10 million of state secured funds, during CEDAC's first four years of operation (1978-82) it only received $250,000 from state appropriations. During that period, CEDAC did receive another $700,000 from two federal programs, the Concentrated Employment Training Act and the Economic Development Administration, but neither of these programs provided guaranteed sources of income.

Despite the impediments, CEDAC managed to "hold on" during the lean King years, providing technical assistance to community organizations and, perhaps even more importantly, learning from their experiences and mistakes. By the end of its first four years CEDAC concluded that:

- For CDCs to be in a position to undertake development, they must have a clear organizational agenda, an indigenous reason for existing, and strong leadership. CEDAC's technical assistance could not replace or create these attributes.

- The agency needed to be more aggressive in assisting CDCs to initiate developments by identifying viable projects that could be undertaken by eligible organizations.
- Nationally, CDCs that were involved with real estate development were more successful than those involved with business ventures. Housing and land use seemed more important to community groups than jobs, which were viewed as less of a local issue (CEDAC, 1983).

The third and final component of the Massachusetts economic development system was the Community Enterprise Economic Development Program (CEED). A forerunner of this program became operational in 1976 (two years before CDFC's first loan was made). In response to a request for proposals issued by the Massachusetts Executive Office of Communities and Development (EOCD) for "production-oriented as opposed to social service- or advocacy-oriented" community development projects, 44 applications totaling almost $1 million were filed. However, with $69,000 available, only four grants could be made (EOCD, 1984). Three of these awards went to community groups involved with business ventures and one was used for a land use study. None were used for housing.

Despite the small size of the pilot program (or, perhaps, because of it) there was a great deal of enthusiasm for the creation, by the state, of an ongoing capital fund to help nonprofit groups finance planning and start-up activities. In 1978, the Massachusetts legislature created the CEED program, with an appropriation for FY 1979 of $142,450. Between 1978 and 1983, 39 organizations received over $1.5 million in CEED grants. During the early years of the CEED program, staff assisted numerous groups with the initial stages of organizational development including incorporation, formulation of community development plans, and board training.

Yet, it was not until 1982-83 that the "organizational efforts [began to] bear fruit, as the material outputs of CDCs began to blossom" (EOCD, 1984).

Unlike CDFC and CEDAC, CEED was able to have a significant impact on housing during its early years. In 1982 CEED-funded CDCs rehabilitated or created over 350 units of housing, and in 1983 the number increased by more than 50%, to 530 units.

Overall, by 1983, the state-funded economic development program could boast several important achievements:

- The number of CDCs in the state increased from a total of eight in 1976 to over 50;
- The total state investment in CDCs leveraged $127.9 million in other public and private investments for industrial, commercial, and housing development; and
- Across the state, CDC projects created or retained 4,000 jobs (EOCD, 1984).

Conceptually, the state's economic development program included many of the key pieces of a support system for CDCs. First, the CEED program helped in the earliest stages of a group's development and provided a unique source of funding to hire staff and pay overhead costs. Next, CEDAC provided the young organization with technical assistance, such as marketing analyses, economic feasibility studies and financial packaging, as it moved toward project development. And, finally CDFC provided financing to help launch sound business ventures. Although there was at times overlap in providing technical assistance, particularly between CEDAC and CEED, the functions of the three agencies were, for the most part, distinct and complemented one another.

From Economic Development to Housing Development: 1984

As discussed in the previous section, Massachusetts' economic development system was primarily oriented toward providing technical assistance and financing to CDCs involved with business and job creation activities. Only the CEED program included an explicit housing and real estate development focus. A 1983 CEDAC progress report noted three main reasons for its early job-creation focus:

> [B]ased on the earlier successes of established CDCs, it appeared that community-based groups could successfully develop housing without assistance from a support institution like CEDAC. Furthermore, CDFC, which was the primary financing target for CEDAC assisted projects, would not finance real estate. Lastly, there was a sense among board members that job creation was a primary objective for CEDAC and an overriding and inadequately addressed problem in locales that qualify as CEDAC target areas (CEDAC, 1983).

Several factors contributed to CDFC's and CEDAC's decision to move into housing. Some of these factors had to do with the experience with economic development, while others related to the positive attributes of housing as a vehicle for community development. First, there was enormous frustration about the difficulty of finding the right kinds of business deals to finance. An analysis of the early community economic development program in Massachusetts observed that:

> [T]echnical assistance, useful in turning good venture concepts into sound business plans, could not generate good venture concepts. . . . In order to stimulate demand at CDFC, CEDAC's effort turned to finding local entrepreneurs who wanted to start businesses. Yet, it soon became apparent that it is primarily the quality of the entrepreneur, not the business plan, that makes for a good investment. CEDAC staff discovered the lessons bankers learned years ago: management experience and expertise is indispensable and very hard to find. Community zeal can achieve great things but the delicate navigation of and single-minded attention to a business' health, like the expertise acquired by surgeons or highly trained workers, cannot be found or developed easily in most communities. (Bratt and Geiser, 1982)

The second factor that contributed to CDFC's and CEDAC's decision to move into housing was that the record of CDFC's investments was, overall, disappointing. Although this record may not have been significantly worse than the failure rate for all small businesses, given the level of support being provided through the state system, one would have hoped that a much higher percentage of investments would have brought success. In order to justify state funding, CDFC's investments, while high risk, would have to be better put together than the average small business deals. Housing, it was hoped,would provide more opportunities for successful investments.

A third reason why the economic development approach was abandoned was because of the constraints imposed by the low-income neighborhood. Firms that leave an area usually do so because of an inability to make a profit, and by definition residents in low-income areas have little extra money with which to purchase goods and services. Thus, CDC's often were sponsoring ventures with inexperienced entrepreneurs in areas already abandoned by more savvy business persons.

Finally, the low-income nature of the neighborhood notwithstanding, almost any business venture is faced with an uncertain market once it is operational. In contrast, a decent unit of affordable housing is virtually guaranteed to find an eager tenant.

In addition to the desire to pursue something different in view of these negative experiences with economic development, there were some positive pressures for the state agencies to move into housing. First, according to Nancy Nye, "Housing was what the CDCs were doing or wanted to do and, to be responsive, CDFC needed to move in that direction."[16] Similarly, Carl Sussman, executive director of CEDAC, stated: "We finally became convinced that the resources to do housing development were not really available to most of the CDCs in the state. GBCD was not set up to give technical assistance to community groups doing projects that were too small or too marginal."[17] The interest in housing on the part of community groups was also simulated by the dramatic need felt in many low-income communities. Private market forces, combined with the withdrawal of the federal government from subsidized housing production, severely affected an already limited supply of affordable units.

A second positive pressure urging state agencies toward housing was the fact that, as a community development initiative, housing is infinitely more satisfying than the relatively invisible "economic development." While a storefront or an old warehouse may be newly occupied by a CDC-supported venture, this type of activity does not have the same visual impact as watching a formerly vacant lot become the site of newly constructed housing or an abandoned building undergo renovation. Housing is clearly a "concrete" and visible neighborhood-oriented activity.

Finally, during the early 1980s, HUD began to pursue a policy of allowing foreclosed multifamily Section 221 (d)(3) and 236 developments to be sold to the highest bidder, to be used for market-rate housing. The threat of this happening in Boston mobilized an effective campaign that persuaded the local HUD office to give priority to new buyers who were committed to maintaining the low- and moderate-income nature of the developments. Faced with this situation and committed to preventing the possible loss of thousands of low-income units, state officials responded to the need to salvage the HUD-foreclosed housing.

The shift into housing was rapid. At the end of 1984 CDFC's portfolio was almost complete for the first time, with $9.2 million invested or committed. Of this amount, some $1.4 million, or 15%, was allocated to housing development projects (CDFC, 1984). As for CEDAC, virtually all their activity is now in housing. Within the past few years they have been directly responsible for helping CDCs rehabilitate about 700 units of housing, with another 1,300 units underway. With this sense of accomplishment, most observers agree that the shift from economic development to housing development was the right decision.

THE EMERGENCE OF THE MASSACHUSETTS SYSTEM OF SUPPORT FOR COMMUNITY-BASED HOUSING

Filling in Some Missing Pieces

Although the key pieces of the Massachusetts support system for community-based housing were rooted in the community economic development movement, several additional agencies and programs have also played important roles. These are briefly discussed below.

Massachusetts Housing Finance Agency (MHFA)

Created in 1966 through an act of the Massachusetts legislature, the Massachusetts Housing Finance Agency (MHFA) was one of the first state housing finance agencies in the country. Since 1970, when construction on the first MHFA-financed housing began, the agency has made loans totaling $1.2 billion, which translates into 38,516 rental units (MHFA, 1983). MHFA (as well as other state housing finance agencies) operates by issuing tax-exempt securities. The proceeds are used to make below-market interest rate loans to private nonprofit or for-profit developers who agree to set aside 25% of the units for low-income tenants, defined according to public housing limits. Although CDFC provides a much needed source of capital that has often made the difference between a project being launched or not, MHFA is set up to provide construction or permanent financing for large-scale housing developments. This source of financing, with its clear public purpose, is a critical component of the state's overall support system for housing, including community-based initiatives.

Massachusetts Government Land Bank

The Massachusetts Government Land Bank, or the "Land Bank," as it is called, was created in 1975 in response to a Defense Department announcement that it would be closing five military installations in the state. The Land Bank's mandate was to "aid private enterprise or public agencies in the speedy and orderly conversion and redevelopment of certain lands formerly used for military activities to non-military uses" (quoted in Massachusetts Government Land Bank, 1985). With capital provided through $40 million in General Obligation Bonds, the Land Bank was given a financing capacity to cover any expenses it incurred in the course of its redevelopment work. With the agency's authorization due to expire on June 30, 1980, and with several of the conversions nearing completion, a handful of state legislators sponsored legislation that prevented the Land Bank's demise and broadened its powers. According to Rep. Richard Demers, chair of the House Commerce and Labor Committee, there was a clear rationale for the Land Bank's continuance: "The Land Bank had served its original function of conduit to the communities in which bases had been shutdown. However, in the process, it had acquired the skills that could be applied to other areas of development" (quoted in Massachusetts Government Land Bank, 1985, p. 7).

With the new state legislation, the Land Bank was empowered to acquire, develop, and sell surplus state property (as well as surplus federal property located in Massachusetts) and blighted open or substandard properties. Since its mandate was broadened the Land Bank has financed 27 projects, including 17 with a housing component, thereby facilitating the rehabilitation of 714 units of low- and moderate-income housing. Several of these projects were developed by nonprofit community-based groups.

Additional EOCD-Operated Programs

In addition to the CEED program, EOCD also administers an array of programs that are targeted to or can be used by community-based housing groups.

Special Project of the Community Services Block Grant. Five percent of the Massachusetts Community Services Block Grant for FY 1985, or about $300,000, was targeted to community-based nonprofit groups. One of its main focuses was to provide funding for "projects which demonstrate innovative ways to expand availability and affordability of existing housing for low-income families and individuals" (EOCD, 1985, p. 1).

Small Cities Community Development Block Grants. A portion of the federally funded Small Cities Community Development Block Grant is targeted for organizational support for community-based nonprofit development organizations operating at a regional or multicommunity level in rural sections of the state.

Commonwealth Service Corps. During FY 1985 about 700 individuals were paid from funds provided through the Commonwealth Service Corps program to serve in community-based neighborhood development and service delivery projects. Not only do these paid "volunteers" gain valuable work experience, but they also provide much needed person-power to nonprofit groups, many of which operate on skeleton budgets.

Neighborhood Development Front Money Loan Fund. Using $300,000 in Federal Community Services Block Grant monies, a revolving loan fund was established to provide seed financing for real estate development projects sponsored by nonprofit community-based organizations. Aimed at filling a "critical financing gap," the specific purpose of this fund is to provide the "front end capital required to bring residential and commercial real estate projects, designed to benefit lower income residents and to support local neighborhood revitalization objectives to the point where development financing is committed by other public and private sources, at which time the seed loans will revolve for reuse in other neighborhood real estate projects" (Tierney, 1984).

Neighborhood Housing Services. EOCD has created a special program to support the ten Neighborhood Housing Services Corporations in Massachusetts. For FY 1985, $760,000 was appropriated to supplement other public and private funds to assist individual homeowners to rehabilitate their properties as well as to support other neighborhood rehabilitation projects.

Housing Abandonment Program. Initiated by EOCD in FY 1985, the Housing Abandonment Program reimburses community-based and tenants' organizations for expenses associated with financing the rehabilitation of tax delinquent, abandoned, or deteriorated residential properties. Funded at a level of $500,000, the program is aimed at helping economically depressed neighborhoods recapture a stock of much needed housing.

Organizational Development Fund. Another new EOCD program, the organizational development fund, was created to supply a source of money (up to $1,500 per grant) to help young CDCs cover some of the out-of-pocket costs associated with forming a new organization, such as lawyers' fees.

Greater Boston Community Development, Inc. (GBCD). Although not part of the state system, GBCD has played a significant role in supporting and advancing the state's community-based housing agenda. Incorporated as a nonprofit organization, GBCD provides technical assistance to community-based sponsors of housing for low- and moderate-income residents. Its primary goal is to "enable community organizations to control the development and management of housing which will best serve the needs of lower income families, elderly and handicapped people" (GBCD, 1980, p. 5). Although it operates in many respects similarly to a private developer, GBCD's first priority is to help community-based groups achieve their own housing and community development goals. Since 1964, GBCD has helped 17 different nonprofit housing sponsors develop 2,750 units of housing in 25 developments.[18] In addition, GBCD manages about 1,180 units of housing, some of which the agency also played a role in developing.

One of GBCD's most important contributions has been the way in which it has used the limited partnership to benefit community-based housing sponsors. GBCD claims that it has "structured limited partnerships so as to maximize the financial benefits to the sponsor and the development while protecting the sponsor's tax exempt status and control over the development" (GBCD, 1984, p. 12). With a staff of almost 60 (including about 38 people involved in property management and maintenance), GBCD was instrumental in launching the Boston Housing Partnership (BHP). The BHP is a partnership of various public and private actors with the goal of providing affordable housing. Its first project involves some 700 units of housing that are being rehabilitated by 10 community-based groups. GBCD has played an active role in virtually every aspect of the demonstration program and is in charge of putting together a unique financing package that involves the blanket syndication of all 10 projects.

An Outline for an Evaluation of the System

A thorough assessment of the Massachusetts system for supporting community-based housing activities is not possible at this time. First, since CDFC and CEDAC only entered into housing within the past two years, the system is still in its infancy. Second, very little data presently exists for most of the relevant measures, including:

Housing impacts:

- Number, physical quality, and cost of units produced and rehabilitated; and
- Maintenance of the units over time.

Neighborhood/market impacts:

- Evidence of other public and private investment in housing, retail, or commercial areas, and public facilities;
- Evidence of gentrification or forced displacement (e.g., changes in socio-economia groups); and
- Evidence of neighborhood stability (home ownership rates; community perceptions).

Social impacts:

- Provision of social services and their effects;
- Individual tenants' feelings of well-being and security; and
- Evidence of empowerment among leaders or participants in the housing development process.

Organizational impacts:

- Ability to manage the development;
- Track record in producing/rehabilitating additional units; and
- Ability to act as a voice for residents in other public or private controversies or development schemes.

In order to broaden our understanding of the capabilities and limitations of community-based housing, the state or some other independent group should launch a longitudinal research project that will systematically gather this type of information. But since the above list of measures is, at the present, still a "wish list," we are faced with the immediate problem of assessing how the Massachusetts system of supports for community-based housing is working. In the absence of "hard facts" the following is presented less as an evaluation than as a way of understanding what the Massachusetts experience already reveals about how government can support community-based housing. Pointing out some of the areas that are likely to present future problems is also important both for those involved in the state system as well as for others with hopes of building similar programs.

OBSERVATIONS FROM THE MASSACHUSETTS EXPERIENCE

The Massachusetts system encompasses many of the key components of the theoretical model outlined in section IV, including several funding and subsidy vehicles and provisions for technical assistance. However, it does not focus on technical assistance for groups other than the community organizations and it does not have sufficient subsidy money. Although the state operates several subsidy programs, it must depend on federal resources that are, at best, uncertain at the present time. Another drawback to the Massachusetts system is that it does not yet include a comprehensive evaluation system. A thorough assessment of the impacts of the Massachusetts system should be undertaken, along the lines outlined on page 59.

The state appears to be a good level of government through which to channel community-based housing programs. There has been very little work on the idea of institutionalizing a system of support for community-based housing initiatives. However, three distinct proposals can be identified. The first, suggested by Keyes (1971), outlined the development of metropolitan or state-level community housing corporations that would act as conduits for Section 106 funds and provide technical assistance and financial packaging services to local housing groups, similar to

GBCD's present operation. The second, outlined by Mott (1984) and sponsored by the National Low-Income Housing Coalition, called for the creation of a new community housing supply program that would target federal funds for housing production and rehabilitation to projects controlled by neighborhood residents and/or tenants. Federal, state, and local governments would share in disbursing the subsidy money but, unlike Keyes' proposal, no new agency would be created. A third suggestion, to create a community-based housing supply program, was outlined in the section entitled "Building a Model Support System," on page 40. Similar to Keyes, in this proposal GBCD would also be seen as an important model for new local technical assistance organizations. Interestingly enough, none visualized the type of complex system created in Massachusetts. Indeed, even the top political figures and administrators in the state didn't appear to foresee the emergence of the present-day community-based housing system. Perhaps even more remarkable is that despite its presence and activity, it is only beginning to be viewed as a "system" per se, in contrast to a series of separate programs. But whether planned or not, something that can be called a "system" has certainly emerged on the Massachusetts landscape.

Although it is possible that the other theoretical models would offer clear advantages, it does appear that the state is a good level through which to channel community-based housing programs. Some observations on the reason for this include:

- The state is in a position to pass legislation, create new programs, and put significant resources into them;
- The power and prestige of the governor and his/her executive departments can facilitate program development and coordination;

- The state has an opportunity to be in touch with the needs in local communities;
- State housing finance agencies have proven to be effective entities for channeling housing resources and providing housing services (Betnun, 1976); and
- The state "feels" like a manageable size through which to operate community-based housing systems.

However, contrasting a state system with a federal support system, the former does reveal some weaknesses, including:

- Some states would never adopt a community-based housing system, thereby leaving many people and localities without the needed resources. Only a federal support system would have the ability to reach the entire country.
- The amount of money needed to launch and sustain a community-based housing system is so large that no state (with the possible exception of Texas) would have the resources necessary to do the job thoroughly.
- Not only does a state-based system have inadequate resources, it is also vulnerable to shifts in policies at the federal level that can significantly undermine its operation.

A progressive/liberal Democratic administration is more likely than a conservative Republican administration to support a community-based housing system. The Massachusetts experience, for instance, has shown that a liberal Democrat, such as Michael Dukakis, has done much more to support the community-based housing agenda than the conservative Edward King (who recently switched from the Democratic to the Republican party). Under Governor King (1979-1982) CEDAC was almost eliminated, there was very little program development, and there were few efforts toward coordination. In contrast, it was during Dukakis' first term (1974-1978) that the three major community economic development initiatives were launched: CDFC, CEDAC and CEED. Further, during Dukakis' second term (1983-present) EOCD staff who have extensive prior experience in community-based housing and have a genuine commitment to the approach have, with the governor, begun to think through "A State Strategy for Neighborhood Development" (Tierney, 1984) and have developed a host of new programs where important gaps were identified. For example, since 1983 EOCD has launched the Housing Abandonment Program and the Organizational Development Fund. In addition, EOCD has been directing several of the other programs it administers–such as Small Cities Community Development Block Grants, Community Services Block Grants, and the state Section 705 public housing program–explicitly to CDCs involved in housing development. Another important aspect of the emerging state system is a willingness to allocate increased funds into the various programs. Most striking is that CEED is now operating on a $1.25 million yearly budget; this is almost as much as the total CEED expenditures between 1978 and 1983–which was $1.5 million.

Finally, Dukakis' EOCD is aware that coordination is a critical component of a community-based housing system. Alert to potential overlaps in the system, particularly between EOCD and CEDAC, EOCD staff spent much of the first six months of 1983 working out the institutional links between CDFC, CEDAC, and EOCD. A key result was that CEDAC's board was reconstituted to make the agency less independent and to define its operation more explicitly as an arm of EOCD; EOCD's deputy assistant secretary for Neighborhoods and Economic Opportunity now chairs the CEDAC board.

At the federal level, we have had ample evidence that liberal Democrats are much more likely to support housing subsidy programs than are conservative Republicans, such as Ronald Reagan, who virtually dismantled the nation's housing programs. Further, over the past 20 years it has been the Democrats who have created programs that were, at least at the level of rhetoric, oriented toward empowering poor people. The War on Poverty and Model Cities, despite their significant weaknesses, did at least give "lip service" to some of the values that underlie a community-based approach to housing. More recently Jimmy Carter's Neighborhood Self-Help Development program, which provided a modest supply of funds directly to community groups, and which was quickly removed from the federal agenda by President Reagan, is another example of the sympathy that liberal Democrats tend to have for exploring neighborhood-based solutions to housing and community development problems. However, while the Democrats look awfully good when compared to their Republican counterparts, no federal administration has yet sponsored a comprehensive system of supports for community-based housing.

Potential for replication may be questionable: It is quite possible that if the original focus of the state system had been housing, instead of community economic development, the system never would have been created. Although the state's community economic development program was not going to compete with private entrepreneurs–since it was to provide employment business opportunities in areas that had been abandoned by the private market–the creation of CDFC and its capitalization were, nevertheless, the subjects of intense legislative debates. While the community economic development program ultimately prevailed, it did so only by a slim margin.

The question is: Could a support system for community-based housing that to many may appear to be taking business away from private for-profit developers get needed support? Even though the unassisted private sector is not interested in producing low-income housing, for-profit developers are certain to be against any program that provides subsidies to build low-income housing that does not include them. The home builders and real estate trade associations have always been vehemently opposed to the conventional public housing program, which does not rely on private developers and owners. Conversely, these groups have been strong advocates of the subsidized housing programs in which a role for them was explicit.

It is likely that it would be difficult to replicate the Massachusetts system because of private sector opposition. Even in Massachusetts, it is unclear whether the system ever could have been launched from scratch. Indeed, the state's support system for community-based housing may only be a lucky accident. Community economic development was proving difficult to carry out and there was strong support for the state to become more involved with low-income housing, notwithstanding any opposition by the private sector. Although it may only be a coincidence, at about the time that the state began to support community-based housing, Governor Dukakis spearheaded an initiative designed specifically to assist private developers in undertaking rental developments. The SHARP program provides a significant financial incentive for all private developers–both for-profit and nonprofit–of predominantly market-rate rental housing. While it is easy, and possibly erroneous, to ascribe causality, SHARP may have helped deflect opposition to the emerging community-based housing agenda. Thus, in considering how a state supported community-based housing program could be replicated, it is important to consider who the likely opponents would be and how their objections could be handled. Aside from these political considerations, the Massachusetts state program could, conceptually at least, be replicated.

Targeting of Resources Appears to Be Important.

The young and growing Massachusetts support system has pursued a strategy of deciding what programs are important and has then sought funding to implement them. This approach speaks to the debate about whether it is better to fund broad goals through block grants or to specify more explicit program guidelines and to fund them through categorical grants. Massachusetts has enjoyed the flexibility provided through several federal block grant programs, but as for developing its own strategy, it has chosen to initiate new categorical programs when it felt a particular need. The new Housing Abandonment program is a good example of the way in which the state has defined a problem and then created a program in response.

A Public Support System for Community-Based Housing Initiatives Cannot Guarantee That the Actual Programs Will Be Truly Community-Based

The experience with the state's early community economic development program revealed the difficulty inherent in a level of government trying to stimulate local responses to problems. If an effort is to be community-based, what role, if any, is appropriate for a public body? According to Annette Rubin-Casas, director of EOCD's Office of Community Economic Development for Community Non-Profits, before CDFC became involved with housing, many CDCs were created that were not truly community-based. It was not uncommon, for example, for a local entrepreneur needing assistance to launch a business to go through the steps of creating a CDC that could then serve as a conduit for state funds.[19] However, in pursuing a housing agenda CDCs may be developing as more explicit community-based organizations. Mike Tierney has stated: "In venture development the CDC is dependent on entrepreneurial skills; in housing development the CDC is the entrepreneur."[20] The CDC that coalesces around housing goals and develops a project is almost certain to be responding to the needs of the community. It is unlikely that there could be ulterior motives. Nevertheless, it remains to be seen whether the state's community-based housing system will be successful in providing "top down" supports to truly "bottom up" activities.

Individual Commitment and Expertise Is Essential

The Massachusetts community economic development program emerged from the social commitment and vision of a handful of community activists, academics, and legislators. As the program adopted a housing agenda, the conviction of many first-class professionals that community-based housing was "the way to go," coupled with their willingness to put in extra hours, was essential. As one astute observer recently put it: "Hernandez, Edgerly, Whittlesey, and Clancy are the best in the country at making community development happen."[21] Nevertheless, a system such as the one operating in Massachusetts is not the work of just one or even a few people. Although there have been some impressive leaders, the system could not work without the scores of committed and competent staff people at the public and quasi-public agencies and at the CDCs themselves.

Quasi-Public Agencies Are Important Components

Quasi-public agencies such as CEDAC, CDFC, and MHFA play critical roles in the state system. Although it is theoretically possible that many if not all of the functions performed by CEDAC could be carried out by EOCD, it would not be possible for a state line agency to perform the banking functions of CDFC and MHFA. Also, the ability of these agencies to pay more than the state's maximum salaries has allowed them to be more competitive with the private sector and to attract high quality personnel and hire costly consultants when necessary. Finally, quasi-public agencies are more able to move quickly and to avoid some of the "red tape" that is an unavoidable part of a state bureaucracy.

The System Needs to Be Flexible

Even in the short period during which the Massachusetts system has been operating, the need for flexibility has become apparent. The shift from community economic development to housing development was a radical one and it is a credit to the people involved that there was a willingness to change. The ability to acknowledge.problems in the system and to make necessary adjustments was also apparent when CEDAC became more closely controlled by EOCD.

New pressures for change are inevitable and the system still has some important challenges facing it. For example, there is still some overlap in the system, particularly in the area of technical assistance. Second, a handful of CDCs in the state have matured and are being confronted with new responsibilities, such as how to manage their services and investments. The state will have to begin to develop assistance programs to address the needs of the more seasoned CDCs. Third, and finally, the state system is going to have to be extremely clever and adaptable to get through the lean years at the federal level. The last two observations point to what could become the "Achilles heel" of the Massachusetts system for community-based housing. As good as the overall program may be, the system is dependent on federal policies. The inability of the state to function completely on its own suggests that a comprehensive community-based housing system would have to be supported by, if not necessarily implemented by, the federal government.

The System Does Not Include "Deep" Subsidies

The kind of subsidies available through the federal Section 8 New Construction/Substantial Rehabilitation program, which guaranteed tenants low rents while providing owners with adequate operating funds, is not provided by the state. Although Massachusetts has several subsidy programs, none provides deep subsidies to community-based housing sponsors (or, for that matter, private developers). Massachusetts' Section 705 is the state's public housing program and usually operates through local housing authorities;[22] Section 707 provides rental assistance similar to the Section 8 existing program; and the SHARP program provides loans (which effectively lowers the interest rate on the mortgage to as low as 5%) to private for-profit or nonprofit developers who agree to set aside no less than 25% of the units to low-income tenants. Without a public supply of money that can be used to substantially lower rents, the Massachusetts system, however comprehensive and exemplary, may face serious problems. The economics of housing production/substantial rehabilitation for low-income people simply do not work without substantial public subsidies.

The System Depends on Existing Internal Revenue Code Regulations, Which Are Subject to Change

Although one can visualize a subsidy system that would include generous front-end or rental subsidies that would make development financially feasible, almost all privately owned/publicly subsidized housing produced over the past 15 years has been done through limited partnerships. The ability of community groups to attract limited partners, as well as experienced for-profit developers to serve as co-general partners, is dependent on the continuation of tax laws that include generous depreciation provisions. Any changes in the IRS code, such as those presently being proposed, could dramatically reduce the attractiveness of real estate investment in general, and subsidized housing in particular. Without the existing tax advantages, and without other deep subsidies, community-based housing, as it is presently produced in Massachusetts and elsewhere, would almost certainly be infeasible.

FINAL THOUGHTS

This study of community-based housing and the evolving Massachusetts support system has argued the following:

- The current generation of community-based housing sponsors operate in a different way from the preceding nonprofits;

- There are many positive attributes of community-based housing, and although many of the benefits are only theoretical, over the past 25 years nonprofits have been credited with many concrete successes;
- Housing may be the most suitable vehicle for launching a community-based development project;
- Massachusetts is the only governmental body to have created what has grown into a fairly comprehensive system of supports for community-based housing;
- The Massachusetts system presents an exciting model which, theoretically, could be emulated by other states;
- Despite the many strengths of a state-based system, the federal government must play a role by providing deep housing subsidies and/or tax incentives. In addition the possibility of the federal government playing a role in implementing a nationally-based support system for community-based housing should also be considered; and
- A more thorough evaluation of the impact of the Massachusetts system should be undertaken.

In conclusion, the Massachusetts system of support for community-based housing may continue to operate only at the margin of our present housing system. If that is the case, it will constantly be facing an uphill fight to sustain its programs. More optimistically, the Massachusetts model could become a centerpiece of a revived federal housing policy and a tangible symbol of a new commitment to the universal right to decent shelter.

NOTES

1. Some of the material in this section is revised from Bratt, 1985.

2. A key criticism of the subsidized production programs that warrants explanation here is that they have been inequitable. The largest housing subsidy by far goes to relatively affluent households, those earning over $30,000 per year. The "home owner's deduction"–the ability of homeowners to deduct mortgage interest and property tax payments from their incomes in calculating their tax liability–represents a substantial loss in revenue to the U.S. government. Over $36 billion in taxes were lost in 1982 and it was estimated that at least $50 billion was lost in 1984 (Dolbeare, 1983). It is absurd for critics of public housing and the other production programs to argue that these programs are inequitable because large benefits are enjoyed by a few low-income households when even larger benefits are received by all upper income homeowners. Further, while the President's Commission on Housing was quick to point out that past housing programs were not equitable "because they provide a few fortunate tenants very high quality housing at a price less than their neighbors pay for lower-quality housing" (1982, p. 3), its proposed Housing Payments Program (HPP) was equally open to criticism: the commission did not recommend that the HPP be an entitlement program. Thus, one of the key criticisms of the housing production programs–that they are unfair because they exclude so many eligible households–is very weak. The problem is inherent in any housing program that is not an entitlement, and is a function of budgetary priorities.

3. The first housing allowance program was the Section 23 Leased Public Housing Program. The Section 8 Existing Housing Program, created in 1974, provides certificates to low-income households, thereby enabling them to afford an apartment in the private rental market. In addition, the Urban-Rural Housing Recovery Act of 1983 authorized a new housing voucher demonstration program. At least some of the enthusiasm for housing vouchers comes from the results of the Experimental Housing Allowance Program (EHAP). Authorized by Congress in 1970, EHAP tested how a housing allowance program could be administered and how it would impact both housing consumers and the local rental housing market.

4. Although the President's Commission on Housing called rent control "the most evident interference in the ability of the private market to supply rental housing" (1982, p. 91), Appelbaum and Gilderbloom (1983) have shown that there is no difference in the rate of multifamily housing construction between rent-controlled and non-rent-controlled communities. Therefore, simply eliminating rent control would not stimulate multifamily construction activity.

5. Under present HUD regulations, rentals are based on 30% of income for new tenants, an increase from 25% of income. Rentals for existing tenants will rise 1% per year for 5 years until 30% of income is paid. This new income limit was set in the Omnibus Budget Reconciliation Act of 1981. In July 1983 the House passed a bill that would have reinstated the 25% of income formula for all public housing programs. The final legislation enacted by Congress, the Housing and Urban-Rural Recovery Act of 1983, did not, however, reinstate the 25% of income formula. However, it did modify deductions on which income is based, thereby reducing rents for many households.

6. The Neighborhood Self-Help Development program provided $15 million in direct federal grants to neighborhood development organizations during 1979 and

1980. The Neighborhood Reinvestment Corporation Act of 1978 set up a permanent structure for supporting and funding Neighborhood Housing Services (NHS) home rehabilitation programs. This legislation, as well as the earlier efforts of the HUD-Federal Home Loan Bank Board Urban Reinvestment Task Force, was largely responsible for the growth of NHS programs across the country.

7. Enacted in 1977, the Community Reinvestment Act authorized federal regulatory agencies to reject applications for bank mergers and branch openings if the bank has not met the credit needs of its local community.

8. While the NHS concept has wide appeal, it has also been the target of criticism. For example, critics have charged that some of the selected NHS neighborhoods were not severely deteriorated and that, most likely, they would have been rehabilitated without public assistance. Furthermore, opponents have pointed out that when a bank becomes involved with an NHS, it may feel justified in neglecting other inner-city areas because it has, essentially, "paid its dues" to the community.

9. Model tenements produced for nonprofit, rather than for limited profit, were extremely rare. Edith Wood, writing in 1919, knew of only two (Friedman, 1968, p. 76).

10. Keyes (1971) provides the following data from which the 28% figure was derived:

		Units	
221 BMIR		Nonprofit	Total
Insurance in force		45,669	160,594
Commitments outstanding		2,458	8,834
236			
Insurance in force		9,799	32,830
Commitments outstanding		7,364	27,428
	Total	65,290	229,686

11. Clancy, et al. (1973) pointed out that "a high level of rent supplement or leased housing units in a Section 236 project create a more difficult management situation requiring much greater input of management staff time . . ." (p. 49).

12. However, the same report also noted that limited-dividend sponsored units serve minorities more than nonprofit sponsored units do. It also added: "No plausible explanation can be suggested for this situation" (HUD, 1975b, p. 7).

13. $150,000 represents foregone interest.

14. For a thorough evaluation of the various forms of ownership available to a community-based housing sponsor see, The National Housing Law Project, 1982.

15. A briefer version of this proposal originally appeared in Bratt, 1985.

16. Author's interview, April 17, 1985.

17. GBCD is the Greater Boston Community Development, Inc., a nonprofit agency that provides technical assistance to community groups doing housing development and rehabilitation. It is discussed in greater detail on pages 57-58. Author's interview May 2, 1985.

18. These data include the accomplishments of GBCD's predecessor, South End Community Development. GBCD was formed in 1970.

19. Author's interview, April 17, 1984.

20. Author's interview, April 24, 1984.

21. Jorge Hernandez is the executive director of IBA, a CDC; William Edgerly is the chair of the board of the State Street Bank and Trust Company and one of the initiators of the Boston Housing Partnership; Bob Whittlesey was the founder of GBCD and is currently the executive director of the Boston Housing Partnership; Pat Clancy is the executive director of GBCD. The statement was made by Mitchell Sviridoff, president of the Local Initiatives Support Corporation, an organization that channels private foundation and corporate funds to community-based programs. It was quoted from "Rehabbing the American Dream," by Christina Robb, *The Boston Globe Magazine*, March 31, 1985, p. 65.

22. In FY 1984, for the first time, EOCD provided Section 705 funds to community-based nonprofit housing sponsors located in areas where local housing authorities were unable to initiate family housing development (Tierney, 1984).

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