

Community Development Corporations and their Changing Support Systems *(Research Report)*

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This report shows that community-controlled development corporations have sharply increased their ability to carry out physical and human development programs in poor urban neighborhoods. These gains have come about through revolution in local institutional practice during the 1990s, involving unprecedented collaborations among government, private foundations, and corporations. These entities have invested in real estate projects, organizational development, and community leadership in ways that create many and enduring links between community-based organizations and sources of money, expertise, and political influence. These new systems rely heavily on community development "intermediaries" that connect cities and their neighborhoods to national sources of support.

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Summary of Findings and Methods

In recent years, community development corporations (CDCs) have received major attention from government and private funders as a promising way to improve urban neighborhoods and the lives of those who live in them. These groups are nonprofit, community-controlled real estate development organizations dedicated to the revitalization of poor neighborhoods. They undertake physical revitalization as well as economic development, social services, and organizing and advocacy activities. Because public services for poor communities are fragmented across multiple agencies and levels of government, CDCs often are the only institution with a comprehensive and coordinated program agenda.

This paper assesses changes over the 1990s in community development corporations and the growing support systems that have been constructed to further their work. The analysis relies on

10 years of research in the 23 cities funded by the National Community Development Initiative (NCDI), a consortium of national corporations, foundations, and the U.S. Department of Housing and Urban Development. In 2001, NCDI funders committed to an additional ten years of investment. Since that time, the organization has expanded its activities and incorporated as a nonprofit with a new name: *Living Cities: The National Community Development Initiative*.

This paper's central conclusion is that CDCs as an industry made strong gains in their number, size, outputs, and contributions to neighborhood revitalization over the 1990s. They increased their ability to influence neighborhood markets and to respond to neighborhood problems. They expanded their physical revitalization activities and began to pursue more comprehensive approaches to community improvement. These advances were largely the result of an institutional revolution within most major U.S. cities. Support for CDC initiatives had been largely ad hoc and poorly coordinated before 1990. By decade's end, support for CDCs had become more rational, entrenched, and effective.

Community development support "systems" had emerged in many cities. These systems are comprised of the interrelated people and institutions that mobilize money, expertise, and political support for community development. As prominent aspects of these systems, governments, financial institutions, and philanthropic organizations came together to create new collaborative bodies to support CDCs. These bodies linked CDCs to money, expertise, and political power. They attracted resources from local and national sources and channeled them to CDCs as project capital, operating subsidies, and technical assistance grants. They also engaged civic and political leaders in a neighborhood improvement agenda.

Two national intermediary organizations—the Local Initiatives Support Corporation (LISC) and The Enterprise Foundation (Enterprise)—can take major credit for the creation and growth of these new local collaboratives. Through their network of field offices in nearly 60 U.S. cities, LISC and Enterprise aggressively promote nonprofit community development and invest directly in CDC projects.

During the 1990s, the LISC and Enterprise networks served as the delivery mechanism for the infusion of approximately \$250 million into community development from the National Community Development Initiative (NCDI). Launched in 1991 by a collaboration of national foundations, corporations, and the U.S. Department of Housing and Urban Development, and managed by a small Secretariat of part-time consultants, NCDI supported CDC projects and invested heavily in CDC organizational capacity in 23 cities.¹ NCDI played a key role in catalyzing CDC gains over the 1990s.