

Sustainable Renewal Model of Community Development Corporations in the U.S.

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Abstract

The restoration of decaying communities has always been a huge challenge because of the involvement of various stakeholders and social issues. At the beginning of 1940s, the U.S. neighborhoods and communities entered the stage of revitalization, getting through the implementation of Urban Renewal Program led by the market and Community Action Program led by the government. The former which was market-efficiency-oriented gave rise to the urban unbalanced development by the way of quick demolition and rebuilding. The latter turned into the way of social-equity-oriented development but got into the predicament of economic stagnation of communities. In order to solve the dilemma of the priority of efficiency or equity, the Community Development Corporations were formed in 1970s. They combined the private company and government systems and developed mixed strategies taking both efficiency and equity into account in four aspects of the corporation, namely subject structures, financial resources, conducting mode and monitor systems.

“The program for the development of Bedford–Stuyvesant will combine the best of community action with the best of the private enterprise system. Neither by itself is enough, but in their combination lies our hope for the future.”
—Robert F. Kennedy
<https://restorationplaza.org/history>

After the accumulation of urban development to a certain stage, the renewal of old communities will become a very urgent task. The restoration

of decaying communities has always been a huge challenge because of the involvement of various social problems including public welfare, community development, community culture, urban images and economy. The U.S. got through 3 stages of run-down communities revitalization, after Urban Renewal Program and Community Action Program, finally found out a relatively stable mode- CDCs:Community Development Corporation, and it became the main revitalization mode of low-income and moderate-income community in the U.S..[1] Because of this, the paper explores the internal development rules and driving engines of run-down communities revitalization in the U.S. and reveals the revitalization mode of CDCs, which will benefit clarify the inherent conflicts in community revitalization.

1 Market Failure of Urban Renewal Program (1940~1960s)

The U.S. entered the stage of revitalizing run-down communities after World War II. In 1941, governments authorized private companies to exploit communities in inner cities by demolition and rebuilding plans.[2] But it had inherent problems ranging from negative impacts of market on outsiders, information asymmetry to the Matthew Effect and indifference to public services. These problems contributed to increasingly severe damages to original residents, consumers and public services in community and widen the gap between the rich and the poor communities. [3][4]

It finally resulted in the uneven distribution of social resources, unbalanced social development and polarized urban community development. Thus, the market-led revitalization mode inevitably caused market

failure. [5] According to traditional social economy theories, the government have to interfere free market in order to guarantee social equity, trying to reallocate social resources reasonably, quickly resolving social problems caused by market failure in an opposite way of free market.

2 Government Failure of Community Action Program (1960~1970s)

In order to ease the social problems caused by market failure, the U.S. government decided to reallocate social resources in 1960s and initiated Community Action Program.[6] By founding Community Action Agency in each community, the CAPS led by the government, attempted to use federal dollars and implement federal policies on house, education and working locally to endow the local community residents to improve their living conditions. [7]

Nonetheless, government also had inherent limitations, namely the limitation of government resources, the limitation of government size, the postponement and incompleteness of information, a sole legal supervision subject, the effectiveness of powerful agents, etc. These limitations gave rise to many negative effects on government agency itself including financial gaps of agencies, inefficiency of officials, blindness and postponement of policies and the shortage of technical staffs in agencies. They also created many problems on community revitalization including the shortage of financial resources on construction, the blindness of community planning, house shortage, unsatisfied quality of house and environment, the shortage of community services, the slow construction process and corruption of community construction. [8][9]

Finally, the program end up with government failure. This meant by the way of government led community revitalization was unable to fulfill the prospective social aims. And the efficiency problems presented in each process of the project almost stop the development of those communities, which pushed the government to rethink the rules with the combination of incentives to increasing efficiency.

3 Contradiction and Reconciliation of Efficiency and Equity

After getting through market failure and government failure, the U.S. communities had to

face the efficiency and equity dualism. Those failures meant the priority of efficiency sacrificing equity would separate the city into pieces, whereas the priority of equity sacrificing efficiency would stop the development of cities.

According to Foucault's "knowledge type", all walks of life are dominated by an ideological framework hidden behind social activities. In fact, in the field of social economics, there is also a theoretical exploration on the "dual model" of efficiency and fairness.

In 1975, Arthur Okun published *Equality and Efficiency: The big tradeoff* illustrates The changing relationship between fairness and efficiency, and claims The harmonic model. The simplification pursuit of efficiency and fairness, can lead to the opposite direction when they become extreme. The market mechanism in The individual pursuit of their own efficiency, can make the development of social polarization, lead to social injustice, and eventually will affect the efficiency of the whole society, on the other hand, the government's single pursuit of social justice, will lead to low efficiency, social stagnation, ultimately affect The fair of The whole society.[10]

So neither efficiency first, also can't fair priority, and must be the organic combination of efficiency and fairness, who also does not have absolute priority, when the conflict, should be specific to determine whether a sacrifice efficiency some fair is beneficial to the efficiency of the whole society to promote, sacrifice some fairly in favor of the whole society fair to promote efficiency.

The idea of going beyond the "dual mode" has a great influence on the economic activity of the United States, and then directly affects the urban renewal policy of the United States. In 1961, Arthur Okun was invited to serve as a member of President Kennedy's council of economic advisers and was appointed chairman of the council in 1964. In this super binary mode, under the economic thought of Robert Kennedy in 1967 set up the first community development company--*Bedford Stuyvesant Restoration Corporation*, referred to as preliminaries references, it advocates combining the power of the government and the private system, release efficiency, ensure the fair, urban community updates after the first two stages, trying to get

out of the economic theory trend of dual mode, to the community of organic combination of efficiency and fairness in the old third way.

4 Combination Mode of CDCs (1970s~present)

CDCs successfully combine the power of government and market, making sure the fulfillment of market efficiency and social equity in the following four aspects.

4.1. Multiple-subject Structure

CDCs were run according to modern company management systems. The board which were voted by residents consisted of local residents, private companies and social organizations which participated in the projects. The law required at least 1/3 members of the board should be local residents. [11] CDCs also involved the collaboration of technicians from relevant companies, building a bridge between different partners and increasing the efficiency of collaboration between each subject.[12] In the committee member of Chinatown Community Corporation in Philadelphia, Yuan Huang is a government employee from the mayor's office in Philadelphia (Figure.1) .

PCDC Board of Directors 2017-2018	
OFFICERS	DIRECTORS
Margaret M. Chin, Chair	Martin H. Chan
Harry Leong, Vice Chair	Martin H. Chan PC
Chinese Christian Church and Center Philadelphia SUNS	Michael Chow
Philip Wan, Treasurer	Sang Kee Restaurant
Ernst & Young, LLP	Yuan Huang
Katherine Ngee, Secretary	City of Philadelphia, Mayor's Office
Worlco Computer Resources, Inc.	Wai Man Ip
	Chinese Culture & Arts
	Ms. L. Lew
	George P. Moy
	PCDC President Emeritus
	Gary Ng
	Neff Surgical Pharmacy
	Philip A. Sheau
	Joyce Sun
	Anthony J. Wong
	Philadelphia Police Chief Inspector Emeritus
	Carol Wong, M.E.D
	Chinatown Learning Center
	Cecilia Moy Yep
	PCDC Founder
	PCDC Executive Director Emeritus

Figure 1. Board of directors of Philadelphia Chinatown development corporation

4.2. Multiple Engines in Fund

With subsidies from governments, attracting market investment, funds provided by specialized intermediaries and incomes from CDCs' business projects, CDCs gradually got rid of depending on federal dollars and even could survive without the donation from foundations or charities. Most CDCs ran well financially by the mixed management system facilitating the balance between spontaneous increase of efficiency from free market and government adjustment to market. In Operating Budget of Germantown Community Corporation in Philadelphia, the average annual use of funds from multiple sources continues at \$316,000 (Figure.2)

TABLE 1- OPERATING BUDGET (IN DOLLARS) FY 2015 THROUGH 2017			
INCOME	3-YEAR TOTAL	AVERAGE	% OF REVENUE
Direct Public Grants			
Corporate and Business Grants	56,000	18,667	
Foundation and Trust Grants	396,700	132,233	
Sub-Total	452,700	150,900	48%
Government Grants			
Local Government Grants	300,250	100,083	
Sub-Total	300,250	100,083	32%
Direct Public Support			
Individual & Business Contributions	154,274	51,425	
Sub-Total	154,274	51,425	16%
Other			
Board Donations	18,955	6,318	
Revenue from Event Sale	16,500	5,500	
Special Events Sales	4,940	1,647	
Special Events Income - Other	1,300	433	
Sub-Total	41,695	13,898	4%
TOTAL INCOME	948,919	316,306	100%
EXPENSES	3-YEAR TOTAL	AVERAGE	% OF REVENUE
Payroll Expenses			
Salaries & Wages	385,958	128,653	41%
Sub-Total			
Cash Awards and Grants	172,040	57,347	18%
Sub-Total			
Contract Services			
Accounting Fees			
Audit Fees			
Outside Contract Services			
Contract Services - Other			
Sub-Total	215,560	71,887	23%
Facilities and Equipment			
Event Equipment Rental			
Janitorial Services			
Mortgage Debt (Balance Sheet)			
Mortgage Interest			
Real Estate, Personal Prop Tax			
Rent, Parking, Utilities			
Sub-Total	18,600	6,200	2%
Operations			
Books, Subscriptions, Reference			
Postage, Mailing Service			
Printing and Copying			
Supplies			
Event Meals			
Event Supplies & Materials			
Telephones, Telecommunications			
Sub-Total	98,764	32,921	11%
Other			
Advertising Expenses			
Insurance - Liability, D and O			
Memberships and Dues			
City Event Permits			
Other Costs			
Staff Development			
Sub-Total	43,157	14,386	5%
Utilities	3,600		
TOTAL EXPENSES	937,779	312,593	100%
Net Income	11,140	3,713	

Figure 2. Germantown Operating Budget FY 2015 Through 2017

4.3. Comprehensive construction and service system

CDCs provide a complete community construction and service system, In terms of space construction, on the one hand, CDCs provided low-income and moderate-income houses, making sure the progress of exploration and avoiding the market risk. On the other hand, they initialed commercial estate, creating local community capitals effectively. [13] In terms of service system, CDCs provided the basic community services, while the remaining specialized community services were provided by specialized private companies. This increased the efficiency and quality of community services. (Figure.3)

TABLE 4: CORE PROGRAMS				
PROGRAM ACTIVITIES	GOALS/OUTCOMES	LEAD ROLL	SUPPORT ROLL	TIMELINE
Refine Work Plans	Set measurable service/production objectives	Executive Director	Corridor Manager I	2 nd Quarter 2018
Broaden Volunteer Base and Networks	Recruit graduate student interns in: <ul style="list-style-type: none"> Architecture/design Planning Business school 	Corridor Manager I	Corridor Manager II	Ongoing
Corridor Management	Retain core businesses <ul style="list-style-type: none"> on Germantown on Chelton in general Attract new businesses based on market study findings <ul style="list-style-type: none"> on Germantown on Chelton in general Conduct business survey <ul style="list-style-type: none"> % sample size % response rate 	Corridor Manager I	Corridor Manager II	Ongoing
Corridor Beautification	Promote cleaning, greening/tree planting <ul style="list-style-type: none"> Blocks Trees Locations Maintain security camera program	Corridor Manager II	Corridor Manager I	Ongoing
Business Directory	Connect residents, shoppers, visitors to goods and services	Corridor Manager II	Corridor Manager I	Ongoing
Business Engagement	Connect merchants to one another/customers <ul style="list-style-type: none"> Identify needs/potential resources Promote corridor <ul style="list-style-type: none"> Connect merchants and commercial property owners to resources Survey entrepreneurs 	Corridor Manager I	Corridor Manager II	Ongoing
Storefront Improvements	Improve window displays, lighting, signage <ul style="list-style-type: none"> on Germantown on Chelton in general Develop/promote: <ul style="list-style-type: none"> Design guidelines Revolving Loan fund 	Corridor Manager I	Corridor Manager II	Ongoing

Figure 3. Germantown Core Programs

4.4. Multicenter Monitoring System

The up-bottom legal supervision system transferred to multicenter mutual supervision system, greatly increasing the efficiency of supervision on decision-making, financial management, project management and community services. In the Streetscape Plan 2015 of Chestnut Hill in Philadelphia, the steering committee included various members from different background representing various stakeholders. (Figure.4)

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Jean Hemphill Chestnut Hill Community Fund	Grenald Waldron Associates Lighting Designer
John Ingersoll Chestnut Hill Parking Foundation	Delve Associates LLC Signage & Wayfinding Designer
Natalie Jackson Philadelphia Department of Commerce	

Figure 4. Steering Committee of Chestnut Hill Streetscape Plan 2015

5 Conclusion

Looking forward to the old community reform in the United States, after abandoning the two old models of government and market, the community development company model has been operating continuously for 52 years, but it is still adjusting the community development strategy by constantly reconciling the power of the market and the government in accordance with the current social environment and specific community reform affairs. Whether community development company smoothly in 2008 to alleviate the financial crisis on the impact of the community, or respond to appear new contradictions and conflicts, and in the community updates, its constant organic harmonic force constant, the principle of government and market both guarantee fair, and release efficiency, through community interest groups of self-organization, gradual development of the local community.

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Figure

Fig.1 <https://chinatown-pcdc.org/about/directors/>

Fig.2 American Planning Association. West Cheltenham Concept Plan[R]. Philadelphia: Germantown Community Planning Assistance Team.2016.

Fig.3 V. Lamar Wilson Associates, Inc.. Looking Ahead To 2023:Organizational Strategic Plan [R]. Philadelphia: Germantown United Community Development Corporation.2018.

Fig.4 Cope Linder Architects. Chestnut Hill streetscape plan 2015[R]. Philadelphia: Chestnut Hill District.2015.

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