

**BUILDING
COMMUNITY
DEVELOPMENT
CAPACITY
IN
CLEVELAND**

A Report to the Ford Foundation

BY

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I

EXECUTIVE SUMMARY

Neighborhood Progress Inc. (NPI) of Cleveland, Ohio, was established in 1989 by local private, public, and philanthropic interests, and the Ford Foundation. A community development partnership (CDP), NPI provides community development corporations (CDCs) with operating support, organizational and human capital training, real estate development assistance, project gap financing, and technical assistance. The mission of NPI is to stimulate revitalization of Cleveland’s neighborhoods by strategically investing in CDCs and their development agendas to:

- increase economic opportunity;
- build local capacity;
- create private investment opportunities; and
- advance stakeholder objectives.

Since its inception, NPI has assisted more than 25 CDCs and other community development support organizations, raising in excess of \$30 million and leveraging \$180 million toward community revitalization efforts. Currently, NPI provides multiyear operational support to 14 CDCs. The six most productive CDCs in Cleveland receive substantial multiyear operating assistance and priority access to other resources. NPI also maintains partnerships with four CDCs involved in large-scale market-rate development projects.

This report provides an overview of capacity-building activities undertaken by NPI and offers insight into the role of CDPs in community development, utilizing the model of CDC capacity developed by Glickman and Servon (1998). The five complementary components of CDC capacity that provide the framework for the study are resource, organizational, networking, programmatic, and political.

ABBREVIATIONS

BAHC	Broadway Area Housing Coalition
BBCDC	Burten Bell Carr Development Corp.
CDBG	Community Development Block Grant
CDC	Community Development Corp.
CDP	Community Development Partnership
CHN	Cleveland Housing Network
CIRI	Cleveland Industrial Retention Initiative
CND	Center for Neighborhood Development
CNPP	Cleveland Neighborhood Partnership Program
CRA	Community Reinvestment Act
DCD	Cleveland Department of Community Development
DSCDO	Detroit Shoreway Community Development Organization
EF	Enterprise Foundation
EZ	Enterprise Zone
FRDC	Fairfax Renaissance Development Corp.
GDC	Glenville Development Corp.
HADC	Hough Area Development Corp.
HOME	Home Ownership Made Easy
HTF	Housing Trust Fund
HUD	Housing and Urban Development
LISC	Local Initiatives Support Corp.
LIHTC	Low Income Housing Tax Credit
MPNDC	Mt. Pleasant Now Development Corp.
NCDI	National Community Development Initiative
NDA	Neighborhood Development Activities
NDIF	Neighborhood Development Investment Fund
NEF	National Equity Fund
NNDC	Northeastern Neighborhood Development Corp.
NPA	National People’s Action
NPI	Neighborhood Progress, Inc.
NVC	New Village Corp.
OCNWDC	Ohio City Near West Development Corp.
PMSA	Primary Metropolitan Statistical Area
SADA	Stockyard Area Development Association
SHAD	Shaker Square Area Development Corp.
Sohio	Standard Oil of Ohio
SVBDC	Slavic Village Broadway Development Corp.
UMDC	Union Miles Development Corp.
VCC	Village Capital Corp.
WIRE-Net	West Side Industrial Retention & Expansion Network
YWCA	Young Women’s Christian Association

THE CONTEXT FOR COMMUNITY DEVELOPMENT IN CLEVELAND

Community development in Cleveland dates back to the late 1960s when some of the nation's earliest CDCs began operation. At that time, CDCs took a comprehensive approach to neighborhood revitalization, engaging in housing development, advocacy, and community organizing. By the early 1980s, Cleveland CDCs began focusing primarily on housing development.

This transition to physical development was stimulated by community development block grant (CDBG) awards to CDCs for housing rehabilitation. Most of Cleveland's housing stock, built in the mid-1920s, was in need of repair, and many Cleveland residents, either because of job loss or the migration of higher-income families to the suburbs, could not afford housing maintenance. In 1981, six CDCs significantly involved in affordable housing development created the Cleveland Housing Network (CHN), an umbrella organization with a mandate to identify additional CDC funders and low-income housing tax credit (LIHTC) sponsors. National intermediaries, the Local Initiatives Support Corporation (LISC) and the Enterprise Foundation (EF), arrived in Cleveland in 1982 and 1988, respectively, providing grants, loans, and LIHTC syndication. In 1986, the philanthropic community established the Cleveland Neighborhood Partnership Program (CNPP). CNPP, housed at the Cleveland Foundation, aggregated financial contributions for operating support, facilitating the physical development of neighborhoods. In 1989, the administration of CNPP became a major component of NPI's initial responsibilities.

Still heavily dependent on government funding, CDCs currently receive the bulk of public funding from councilperson ward allocations rather than an independent CDBG competitive process. Together with the Housing Trust Fund (HTF) awards, these resources often support real estate development activities promoted by the city administration to foster the economic integration of neighborhoods by attracting middle-class residents.

CDCs previously requested and received funding directly from corporate and philanthropic entities. Now, most nongovernmental funding passes through NPI. A few CDCs obtain substantial resources from NPI, facilitating market-rate projects of considerable scale.

THE ROLE OF NEIGHBORHOOD PROGRESS, INC., IN CAPACITY BUILDING

NPI plays a central role in Cleveland's strategy for community development. Initially serving only as a financial intermediary, aggregating foundation and private-sector funds to provide operating support for physical production activities, the organization has taken on additional roles. NPI acts through the following subsidiaries and programs:

- ❑ Brownfield Redevelopment Initiative (Brownfield Initiative) provides technical and financial assistance to Cleveland CDCs and local businesses for projects requiring environmental assessment and remediation
- ❑ Cleveland Neighborhood Partnership Program (CNPP) contributes multiyear core operating support to designated CDCs and community development support organizations
- ❑ New Village Corporation (NVC) furnishes real estate development services as a facilitating partner with CDCs and private developers
- ❑ Quantum Leap offers training and technical assistance around human capital and organizational development issues to the entire CDC industry
- ❑ Village Capital Corporation (VCC), a wholly NPI-controlled subsidiary, provides project gap financing for targeted physical investment

NPI continues to fund those CDCs most actively involved in physical development in the city with operating support through CNPP. However, VCC project financing is available to any CDC with an economically viable and targeted project. Development partnerships occur between NVC and CDCs serving areas that warrant real estate activity. The Brownfield Redevelopment Initiative and Quantum Leap provide services available to all Cleveland CDCs.

NPI's organizational structure has been developed to sustain a high degree of corporate participation in community development. The organization's board of directors, also known as the stakeholder board, represents the major sectors of the city. Membership categories are: corporate, city administration, foundation, neighborhood, national intermediary, and at-large. Corporate representatives chair or cochair stakeholder board subcommittees, and each program or subsidiary, except for the Brownfield Redevelopment Initiative, maintains an advisory committee or board where at least one member serves on the stakeholder board.

The focus and structure of NPI directly influences its relationship with assisted CDCs. Initially, NPI's relationship with CDCs was tense and directive. Relations began to improve when Eric Hoddersen became the executive director of NPI in 1994. CDCs believe NPI now maintains more realistic expectations as well as

improved communication and nurturing skills. Most CDCs point to Quantum Leap and targeted development with input from CDC strategic planning as evidence of NPI's more realistic approach. However, questions of NPI control and CDC autonomy continue to arise. Some CDC officials believe NPI, which channels virtually all local nonpublic funding for community development, controls the community development agenda without being held accountable to the communities for its activities.

NPI concentrates on assisting CDCs in carrying out physical development. Since NPI's inception, CDCs have developed approximately 2,300 units of housing and 884,000 square feet of commercial space. Approximately 45 percent of NPI-assisted CDC production has been market rate. Support from NPI, primarily through CNPP, NVC, and VCC, helps to advance the successful completion of most development projects sponsored by Cleveland CDCs. NPI invests primarily in the most productive CDCs that engage in market-rate construction activities.

More recently, NPI began Quantum Leap with an eye toward encouraging organizational development in order to sustain physical production efforts. Quantum Leap consists of three main components: metropolitan workshops, within-culture training, and coaching. Each component builds upon the efforts of the others. Metropolitan workshops bring together all segments of the CDC industry to discuss and expose current trends within the field. Within-culture training tailors a curriculum specific to the organizational and human resource needs of the CDC. Coaching provides CDCs with expert consultation during implementation.

NPI encourages and supports CDC efforts to maximize their physical development potential, although no specified performance standards exist that would result in a loss of funding. Both CNPP and Quantum Leap require evaluation and reporting of all participating CDCs. CNPP requires work plans that guide CDC targeted investment activities and associated organizational development. Quantum Leap conducts pre- and posttraining CDC self-assessments to determine progress toward enhanced organizational sustainability.

Overall, NPI has successfully expanded the resource and programmatic capacities of assisted CDCs. Recent NPI efforts to build the organizational capacity of the CDC industry in Cleveland, via Quantum Leap, have also been effective and should be considered as a model for other CDPs. Contributions to networking and political capacities, however, have been limited. A snapshot of NPI's contribution toward CDC capacity building indicates the following:

- **Resource Capacity:** NPI has aggregated most local philanthropic funding to support CDCs with established records and promising potential for physical production. CDCs not assisted by NPI have experienced much difficulty in securing local philanthropic funding because cor-

porate and foundation entities have committed their community development contributions to NPI.

- **Organizational Capacity:** The recent establishment of Quantum Leap, a training program for CDC staff and boards, is an attempt by NPI to strengthen a historically organizationally weak CDC industry. Quantum Leap training covers fund-raising, governance, and asset management. It receives highly favorable ratings from Cleveland CDCs.
- **Networking Capacity:** NPI has not contributed directly to furthering the networking capacity of CDCs, although Quantum Leap may foster increased CDC networking in the future. Many CDCs utilize the Cleveland Neighborhood Development Corporation (CNDC) and the Cleveland Housing Network (CHN) to further networking capacity.
- **Programmatic Capacity:** NPI has contributed greatly to the relative level of strength exhibited by the Cleveland CDC industry in housing production. Primarily through CNPP, NVC, and VCC, it provides support for operating, technical assistance, and financing that further targeted investment. Strategic planning, required by the CNPP process, has helped CDCs better target development goals. Also, NPI has heightened the level of professionalism among CDCs in terms of their response to issues of physical neighborhood revitalization.
- **Political Capacity:** Political capacity among Cleveland CDCs is extremely weak and thoroughly underdeveloped. NPI has not made a significant contribution toward expansion of political capacity among Cleveland CDCs.

CONCLUSIONS AND RECOMMENDATIONS

NPI has been highly effective in raising, coordinating, and centralizing local foundation and corporate support for community development. Its efforts in aggregating local foundation and corporate funding and promoting community development as a civic responsibility have furthered the role of CDCs as sponsors of physical development. NPI, however, so far has not facilitated expansion of CDCs' capacity in the political arena. In terms of community organization and networking, much work continues to be needed. Concentration on physical development inhibits the exploration of other programmatic activities that would sustain community development.

Cleveland CDCs' capacity is limited by their high level of dependence on local government and the restrictions placed on their autonomy by NPI. A system of governance whereby CDCs are financially reliant on councilpersons who maintain control of neighborhood development efforts, such as the ward-based system in Cleveland, makes targeted investment and performance-based funding difficult to implement. At the same time, CDP central con-

trol reduces accountability to neighborhoods and imposes a top-down strategy for revitalization. Despite issues of autonomy, however, relations between NPI and assisted CDCs have improved substantially, particularly since Eric Hoddersen took over as president in 1994. This evolving relationship posits several lessons that may prove beneficial to further understanding of CDP capacity-building approaches.

- *The role CDCs play in the process leading to the formation of a CDP influences the level of trust exhibited among CDCs and the ultimate working relationship between CDCs and CDPs.* Discussions regarding the formation of NPI included the major funders of community development and at least one invitee – Cleveland Tomorrow, an umbrella organization made up of corporations with revenues of \$300 million or more per year. However, conversations excluded CDCs, creating an atmosphere of distrust that continues to exist.
- *The strength of key actors engaged in CDP governance will influence and limit the nature and direction of community development.* The corporate sector maintains a long history of providing strong leadership in Cleveland. As a result, although the public and foundation sectors participated in the establishment of NPI, the corporate sector dominated. NPI's focus on targeted market-rate investment (concentrating development activities within a defined area of a neighborhood that would attract higher-income households) and increasing professionalization reflected the views of corporate leaders but not necessarily of the CDCs' neighborhood constituencies. The result diminished the CDCs' capacity to organize residents for participation in a comprehensive neighborhood revitalization process.
- *CDC organizational capacity-building efforts are hindered by CDP overemphasis on production.* NPI mandates pushed CDCs into making housing production their primary goal, jeopardizing organizational sustainability. Support for activities that would enhance CDCs organizationally, such as financial and management systems training, until rather recently has been virtually nonexistent. CDC ability to renew, sustain, attract, and retain scarce organizational and human resources greatly diminished as NPI continued to focus on physical development.
- *The local political structure must be considered when choosing viable CDP strategies.* The ward system of governance poses a significant challenge to operationalizing NPI investment strategies. The responsibility for what takes place in each ward falls on the councilperson. As a result, the successful implementation of NPI targeted investment strategies for neighborhood development will vary based on the specific agenda of each councilperson.

Most respondents credited NPI with developing the strategy of encouraging projects where housing would be sold at market rates in order to achieve neighborhood economic integration. High-ranking public officials on the NPI board are exposed to NPI's community development agenda for the city. Perhaps as a result of the influence of the corporate board members, the city administration's policies parallel NPI's through processes created

to encourage professionalization and real estate development activities among CDCs.

The vast majority of interviewees seemed cautiously optimistic about the future of NPI involvement in community development in Cleveland. The following suggestions grow out of this research and may guide NPI's future endeavors.

- *Coordinate program cycles and reporting requirements with the city.* Several CDC staff commented on the positive outcome of the CNPP change from a two-year program cycle to a three-year program cycle. This extension allowed additional time for CDCs to focus on production activity. If NPI encouraged the city's Department of Community Development to introduce a three-year program cycle, in addition to the two organizations adopting similar timelines and requirements for reporting, CDC programmatic capacity could be further enhanced.
- *Continue Quantum Leap.* The community development industry exhibits much enthusiasm and high hopes for Quantum Leap. Some interviewees indicated that Quantum Leap provides the organizational and human resource training CDCs had looked to NPI for. The following specific aspects of Quantum Leap are recommended for additional emphasis and expansion:
 - *Provide greater resources for community organizing.* Community organizing should be an essential activity of CDCs, creating a sense of empowerment among constituents that would further sustain community revitalization efforts in a more comprehensive fashion.
 - *Foster institutionalized school-based community development training.* NPI human capital capacity-building strategies should be supplemented with a longer-term, institutionalized, school-based training integrating neighborhood youth into the community development industry. One possible option would be for NPI to develop a closer relationship with Cleveland State University, Case Western Reserve University, or the public school system to establish an academy in community development.
 - *Amplify opportunities for CDCs to network.* Quantum Leap currently provides metropolitan workshops where CDC staff and board members interact. Additional opportunities should be provided for staff and board members of CDCs and NPI, along with other players in the community development arena, to collectively engage in dialogue that could determine goals, actions, and direction pursued by the local CDC industry.
- *Begin discourse with other interested parties on the city versus suburb debate.* As NPI pursues regional strategies to increase and diversify its funding base, it should consider participation in a regionally based antisprawl or growth-management coalition that would support community development activities in the city. Participation in an antisprawl coalition may require that NPI become politically active. Moreover, CDC involvement in an antisprawl coalition might provide an opportunity for movement away from separate ward-based agendas toward true partnership and collaboration for the revitalization of Cleveland neighborhoods.

II

INTRODUCTION

Neighborhood Progress Inc. (NPI) was established in 1989 by Cleveland's corporate, foundation, and public sectors along with the Ford Foundation to foster greater investment in local community development corporations (CDCs) and to increase the scale and pace of physical neighborhood development. NPI is among the first generation of some 18 locally based organizations in the United States commonly known as community development partnerships (CDPs) that the Ford Foundation helped establish. The primary intention of all CDPs is to stimulate indigenous support systems for CDCs (Nye and Glickman 1995).

This report highlights the lessons learned from the Cleveland experience of CDP engagement in neighborhood revitalization and provides an overview of CDC capacity-building activities. Its framework of analysis deconstructs CDC capacity into the following five components identified by Glickman and Servon (1998):

1. **Resource Capacity:** origination and acquisition of resources to meet required objectives.
2. **Organizational Capacity:** development of human resources through ongoing training and other mechanisms.
3. **Networking Capacity:** ability to work with other institutions internal and external to the community.
4. **Programmatic Capacity:** engagement in comprehensive activities—to construct and manage housing, provide human resources, undertake economic development, offer technical assistance (TA) to small businesses, and take on other roles in leadership development and cultural and educational activities.
5. **Political Capacity:** mobilization of support and demonstration of community concern about issues and policies, as well as the ability to negotiate for the benefit of the neighborhood.

The findings of this report are presented in four sections. The report begins by providing a historical overview of community development in Cleveland. The next section discusses the for-

mation of NPI and its role in local community development. The third section highlights the impact of NPI assistance on three CDCs' neighborhood development efforts. The report concludes with a consideration of NPI's overall contribution to CDC capacity and community development.

III

THE CONTEXT FOR COMMUNITY DEVELOPMENT IN CLEVELAND

There is a rich history of community development activity in Cleveland, beginning with the rise of CDCs in the late 1960s. Although many of the early groups were active in housing development, most were also involved in advocacy and community organizing around such issues as reinvestment, arson, and enforcement of housing code violations. In fact, many Cleveland CDCs began as subsidiaries and/or the programmatic arms of neighborhood-based advocacy organizations.

The transition of CDCs from advocacy and community organizing activities to a focus on housing development became evident in the mid-1980s. In 1986, the philanthropic community, previously a strong supporter of community organizing, announced the establishment of the Cleveland Neighborhood Partnership Program (CNPP) as the vehicle that would assume the role of aggregating financial contributions for the physical development of neighborhoods. In 1987, CNPP began functioning as a stand-alone program housed at the Cleveland Foundation. Two national community development intermediaries, the Enterprise Foundation (EF) and the Local Initiatives Support Corporation (LISC), arrived in Cleveland during the mid-1980s to facilitate increased physical production by CDCs through Low Income Housing Tax Credit (LIHTC) syndication. Also in the mid-1980s, the city administration began supporting more CDCs engaged in physical development activities by providing operating support from Community Development Block Grant (CDBG) allocations. NPI was formed in 1989, at which time CNPP was absorbed by NPI and became a major component of its operations.

Although many of the early groups were active in housing development, most were also involved in advocacy and community organizing around such issues as reinvestment, arson, and enforcement of housing code violations

Currently, there are 42 CDCs in Cleveland; their service areas include the majority of city neighborhoods. Of these, more than 25 benefited from NPI assistance, as did some Cleveland-based community development support organizations that either provide assistance to CDCs or are associations of CDCs formed to enhance member CDC efforts (see Table 1).

TABLE 1
CDCs AND DEVELOPMENT ORGANIZATIONS ASSISTED BY NPI

	NPI Programs and Activities					
	The Brownfield Redevelopment Initiative	CNPP large grantee (95-98)	CNPP small grantee (95-98)	NVC	Quantum Leap	VCC
Bellaire-Puritas Development Corporation			√		√	
Broadway Area Housing Coalition	√	√			√	√
Buckeye Area Development Corporation			√		√	
Burten Bell Carr Development Corporation	√			√	√	
Clark-Metro Development Corporation	√				√	
Cleveland Housing Network					√	√
Cleveland Neighborhood Development Corporation					√	
Cudell Improvement, Inc.					√	
Detroit Shoreway Community Development Organization		√			√	√
East Shore Industrial Development Corporation	√					
Fairfax Renaissance Development Corporation				√		√
Famicos Foundation, Inc.			√		√	
Glenville Development Corporation				√	√	√
Greater Cleveland Habitat for Humanity				√		
Hough Area Partners in Progress						√
Kamm's Corner Development Corporation					√	
Maingate Business Development Corporation	√					
Midtown Corridor, Inc.	√				√	
Mt. Pleasant Now Development Corporation		√			√	√
Nolasco Housing Corporation						√
Northeastern Neighborhood Development Corporation			√		√	
Northeast Shores Development Corporation			√		√	
Ohio City Near West Side Development Corporation		√		√	√	√
Shaker Square Area Development Corporation		√			√	
Slavic Village Broadway Development Corporation	√		√		√	
Stockyard Area Development Corporation						√
St. Clair Superior Coalition					√	
Tremont West Development Corporation			√		√	
Union Miles Development Corporation	√	√			√	√
Westown Community Development Corporation					√	
Westside Industrial Retention & Expansion Network	√		√		√	

Source: NPI

Note: "√" indicates type of assistance received from NPI.

TABLE 2
DEMOGRAPHIC CHARACTERISTICS OF AREAS SERVED BY CDCs RECEIVING SUBSTANTIAL NPI ASSISTANCE, 1990

	Service Area Population	Median Family Income (\$)	Racial/Ethnic Composition**	Poverty Levels (%)	Unemployment Rate (%)	Units Vacant (%)
BAHC	29,810	23,367	White	19.8	11.8	11.9
DSCDO	14,704	17,144	White, Hispanic, African American	36.5	16.4	12.3
MPNDC*	52,849	21,306	African American	27.9	18.6	9.5
OCNWDC	8,133	15,390	White, African American, Hispanic	51.6	20.7	28.8
SHAD	10,902	33,287	African American, White	10.3	7.0	8.3
UNDC*	44,241	19,997	African American	28.0	18.0	9.1
BBCDC	13,788	4,863	African American	76.7	54.0	29.2
FRDC	8,228	11,484	African American	43.1	25.1	15.5
GDC	60,089	17,530	African American	32.6	20.8	12.8
Cleveland	505,616	22,448	White, African American, Hispanic	25.2	14.0	12.3

Source: 1990 US Census

* Overlap of CDC service area exists.

** Groups representing more than 5 percent of the population are listed, with the largest groups listed first.

Table 2 displays the demographic characteristics of the service areas of CDCs receiving substantial NPI resources facilitating projects of scale.[†] These demographic characteristics typify most Cleveland neighborhoods. Shaker Square Area Development Corporation (SHAD) is the exception, containing the highest concentration of high-quality multifamily housing in the city.

Under the administration of Mayor Michael R. White (since 1990), CDCs have become institutionalized as significant service delivery organizations for government-sponsored programs such as the Federal Home Weatherization Assistance Program (HWAP) and the city's Paint Rebate Program. CDCs have also become developers of commercial property and of market-rate housing facilitating economic integration. In Cleveland, economic integration involves the movement of middle-class households into low-income neighborhoods through opportunities for homeownership. Continuation of this process ensures that neighborhoods become transformed into more economically viable areas. As a consequence, consensus exists among city hall and corporate and foundation interests that the CDC industry's current involvement in economic integration is the appropriate strategy for community development in Cleveland.

[†]NPI maintains a nebulous description of projects of scale. Cleveland's DCD (1996) provides a more concrete definition, which it uses in determining Community Development Block Grant (CDBG) awards. A project of scale must, at a minimum, meet one of these five criteria: 1) rehabilitation of 20 units of occupied housing in a concentrated target area; 2) redevelopment of 30 units of vacant and substandard housing for resale or lease to low- or moderate-income households; 3) construction of 10 housing units or conversion of non-residential space into 10 housing units; rehabilitation, including exterior restoration, of eight occupied commercial properties; 4) development or redevelopment of 35,000 square feet commercial real estate (or \$275,000 in total development costs); and 5) business development resulting in the retention of 60 full-time jobs, or the addition of 30 permanent, full-time jobs.

CDCs have also become developers of commercial property and of market-rate housing facilitating economic integration

CLEVELAND NEIGHBORHOODS: THE CONSEQUENCES OF ECONOMIC AND SOCIAL RESTRUCTURING

The economy of the four-county Cleveland Primary Metropolitan Statistical Area (PMSA) is largely a reflection of the national economy's decline in manufacturing employment. Manufacturing, which accounted for 30.3 percent of the PMSA's total employment in 1979, plummeted to 19.9 percent in 1993 (Hill 1995). The city of Cleveland, particularly hard hit, experienced a 30 percent decline in total employment (Ibid). Over the same period, Cleveland lost 16 white and four black residents per day (Miggins 1995). Overall, between 1950 and 1990, the city's population declined by 45 percent, from 914,808 to 505,616.

By the 1960s, city council-controlled and corporate sector-supported urban renewal activities were implemented in an attempt to reverse population and economic decline through redevelopment of several predominantly African American neighborhoods on Cleveland's east side for institutional and commercial uses (Keating, Krumholz, and Metzger 1995). The approach used involved large-scale displacement of residents, resulting in overcrowding and the summer of 1966 Hough civil disorders (Bartimole 1995). The Hough Area Development Corporation (HADDC), established in 1968 as a response to neighborhood distress and urban rebellion, was the first CDC in Cleveland, and one of the first in the nation. The Famicos Foundation, currently a multilocal or citywide CDC, was established one year later, in 1969, also in Hough. Several Cleveland CDCs now serve other eastside neighborhoods, as well as the city's predominantly white west side. While westside CDCs did not originate in challenges stemming directly from urban renewal, their emergence, like most Cleveland eastside CDCs, reflected community organizing for social justice and neighborhood reinvestment over downtown redevelopment.

Urban renewal and downtown redevelopment failed to curtail job loss and the out-migration of the middle class to the suburbs, as increases in poverty and the number of poverty-concentrated neighborhoods continued. In 1974, the Cleveland Planning Commission attempted to address socioeconomic woes by enacting equity planning to expand the level of public resources allocated to the city's poor and working-class residents (Krumholz 1995). However, through the 1980s, Cleveland continued giving priority to downtown redevelopment over neighborhood revitalization. A primary source of redevelopment funding was federal subsidies through Urban Redevelopment Action Grants (UDAGs). Of the 40 UDAGs Cleveland received between 1981 and 1987, 16 went to downtown redevelopment projects, amounting to approximately 70 percent of total funding, while neighborhoods received only four UDAGs for housing development (Keating, Krumholz,

and Metzger 1995). Of these four, two subsidized Lexington Village, a low- and moderate-income housing development located in Hough, sponsored by the Famicos Foundation.

In 1991, city council declared all of Cleveland except its downtown a Community Reinvestment Area, thus qualifying it for full tax abatements for a maximum of 15 years on residential construction and conversion. Also in 1991, the city published the Citywide Plan. This comprehensive plan included land use, zoning, capital budgeting, and CDBG utilization, but failed to address issues such as linkage (requiring downtown developers to subsidize neighborhood development), affordable housing, and poverty (Keating, Krumholz, and Metzger 1995).

CLEVELAND'S COMMUNITY DEVELOPMENT INFRASTRUCTURE

The overwhelming majority of Cleveland CDCs are primarily engaged in housing rehabilitation for low- and moderate-income households. The median age of the city's housing stock, according to the Cleveland Department of Community Development (DCD), is 75 years, and a significant portion of the predominantly wood-frame one- and two-unit structures need rehabilitation. DCD (1997) estimates that 43 percent of rental units and 13 percent of owner-occupied units are substandard. However, public, private, and non-profit support for Cleveland's CDCs encourages production of market-rate housing targeting higher-income households.

Table 3 highlights the scope and scale of the community development infrastructure that supports Cleveland CDCs. Corporate and foundation resources now flow through NPI. A formal collaboration also exists between the Enterprise Foundation (EF), the Local Initiatives Support Corporation (LISC), and NPI; its goal is to increase funding for CDCs and foster better program coordination. EF and LISC continue to compete very openly for Low Income Housing Tax Credit (LIHTC) syndication and provide technical assistance (TA) and predevelopment and project capital to CDCs. However, both intermediaries now accept and follow NPI's policy of targeted investment, concentrating development activities within a defined (generally 10-block) area of a neighborhood in order to generate greater impact within a shorter period of time. NPI provides funding to a limited number of CDCs, primarily through the Cleveland Neighborhood Partnership Program (CNPP) and Village Capital Corporation (VCC).

The National Community Development Initiative (NCDI), a consortium of national intermediaries, corporations, and HUD, provides financial support to Cleveland CDCs engaged in physical and economic revitalization efforts. EF administers NCDI in Cleveland and serves as a pass-through of NCDI support to NPI.

A formal collaboration also exists between the Enterprise Foundation (EF), the Local Initiatives Support Corporation (LISC), and NPI; its goal is to increase funding for CDCs and foster better program coordination

**TABLE 3
KEY PLAYERS IN THE CLEVELAND COMMUNITY DEVELOPMENT INFRASTRUCTURE**

Technical Assistance Providers	
Center for Neighborhood Development (CND)	Provides TA to CDCs located in the EZ through the Cleveland Community Outreach Partnership Center (CCOPC).
Brownfield Redevelopment Initiative	Part of NPI. Provides CDCs with information, contacts, and technical and financial assistance to eliminate barriers posed by environmental contamination.
Cleveland Enterprise Foundation (EF)	Provides development TA to CDCs undertaking affordable housing and neighborhood planning assistance in target areas identified as priorities.
Cleveland Local Initiative Support Corporation (LISC)	Provides technical and financial assistance to CDCs undertaking homeownership and residential new construction and lease-purchase projects.
Sources of Operating Support	
Cleveland Neighborhood Partnership Program (CNPP)	Administered by NPI in collaboration with EF and LISC. Provides TA, training, and three-year core operating support to 14 Cleveland CDCs (6 large grantee and 8 special-purpose grantees) with an emphasis on strategic planning, targeted investment, and organizational development to fuel CDC production.
National Community Development Initiative (NCDI)	Administered by EF. Provides financial and technical support to Cleveland CDCs engaged in physical and economic activities.
Cleveland Department of Community Development (DCD)	Provides general operating or project-specific support through the CDBG Competitive Grant Program to CDCs engaged in CDBG-eligible real estate activities.
Cleveland City Council	Provides discretionary CDBG operating or project-specific support to CDCs, within councilperson jurisdiction, engaged in CDBG-eligible real estate activities through Neighborhood Development Activities Program (NDA).
Short-term Funding Sources	
EF and LISC	Provide predevelopment resources in the form of low-interest loans and specified grants for CDC-sponsored real estate projects.
Cleveland Area Banks	Provide lines of credit, organizational financing, take-out financing, and link deposits.
VCC	Part of NPI. Provides gap financing, bridge loans, grants, and short-term construction loans.
Sources of Equity Investment	
EF and LISC	Provide equity investment through Low-Income Housing Tax Credit (LIHTC) syndication for CDC-sponsored housing projects.
National City Corporation	Provides equity investment through the National City Community Development Corporation.
Sources of Project Subsidies and Long-term Mortgage Loans	
DCD	Provides capital through the Housing Trust Fund (HTF) to stimulate neighborhood physical development that results in new construction or substantial rehabilitation. Also capitalizes projects that maintain and enhance job growth or increase residential opportunities through the Neighborhood Development Investment Fund (NDIF).
Cleveland Banks	Provide special lending products to CDCs for neighborhood development and investment.
HUD	Supplemental Empowerment Zone (EZ) and Homeownership Zone.
Other Types of Support	
CHN	Provides direct capital investment to member CDCs for housing rehabilitation and new construction, weatherization and energy conservation.
CNDC	Trade association for Cleveland CDCs. Provides support for local economic and community development initiatives through TA, training, and resource development in five primary areas: Education and Training; Urban Design and Planning; Resource and Policy Development; Marketing and Communications; and Industrial Retention.

CHN is a coalition of 16 CDCs that garners and shares resources for primarily low- and moderate-income housing rehabilitation and management. CHN manages the Lease-Purchase Program and the Homeward Program. The Lease-Purchase Program offers homeownership opportunities to low-income households after the 15-year LIHTC on the property expires. The Homeward Program fosters conventional sales of rehabilitated units to any eligible buyer for immediate homeownership. CHN receives sustaining support from EF, LISC, local foundations, NPI's CNPP, and the city. Some NPI-assisted CDCs also belong to CHN.

The Cleveland Department of Community Development (DCD) is the lead government agency concerned with community development efforts in the city. DCD supports CDCs directly through the Community Development Block Grant (CDBG) competitive process, and indirectly through the Neighborhood Development Activities (NDA) program. Approximately \$1.6 million out of \$32.5 million in CDBG funds allocated in 1996 were for the CDBG competitive process. On average, 30 CDCs receive grants of between \$50,000 and \$60,000 for operating support only. CDBG competitive grants require CDC involvement in real estate development projects of scale.

DCD also administers the Cleveland Housing Trust Fund (HTF) and the Neighborhood Development Investment Fund (NDIF) as project support for CDC projects. HTF, made up of CDBG and Home Ownership Made Easy (HOME) allocations, provides funds for both new construction and substantial rehabilitation as well as low-income rental and lease-purchase projects. NDIF funds physical development projects intended to maintain and enhance job growth or increase residential opportunities. Many CDCs engaged in physical development also receive substantial CDBG funding from the city council under the NDA program. Approximately \$300,000 of CDBG funding is allocated to the 21 councilpersons (\$6.3 million annually) for NDA, utilized and disbursed at their discretion, in accordance with federal regulations, in their respective wards.

While CDBG historically has been the primary source of federal funds supporting community development activity, the federal government, in December 1994, awarded \$90 million and designated the city as a Supplemental Empowerment Zone (EZ). The EZ includes the Fairfax, Glenville, Hough, and Midtown Corridor neighborhoods. There are four participating CDCs located in the EZ: Fairfax Renaissance Development Corporation; Glenville Development Corporation; Hough Area Partners in Progress; and Midtown Corridor. EZ funds are to be used only for business and labor force development and community-building initiatives designed to connect unemployed and underemployed residents to needed services. Also, Cleveland was one of six cities to receive Homeownership Zone designation from HUD. Homeownership Zone designation ensures \$18 million in grants and loans to seed

construction of 400 homes in the Central neighborhood, adjacent to Central Commons, a market-rate housing development codeveloped by NPI's New Village Corporation (NVC) and Burten Bell Carr Development, Inc.

As resources have become more restricted to physical development requiring quantitative measurement and monitoring of activities, CDCs have adjusted accordingly in order to secure funding. Changes in funding requirements have also facilitated CDC professionalization. Subsequently, private lenders have shown greater willingness to participate in community development.

Most Cleveland-based financial institutions' initial community development investments came after signing Community Reinvestment Act (CRA) agreements with the White administration. The first CRA agreement resulted from a threat of protest by the White administration to the Society and Ameritrust bank merger (now Key Bank) in 1992. Most financial institutions, however, willingly negotiated CRA agreements without the threat of a challenge. Current neighborhood lending and investment commitments total more than \$1 billion over the next five years.

Cleveland's community development infrastructure furthers CDC transformation into more efficient and professional providers of targeted market-rate projects of scale for economic integration of neighborhoods. Prior to the emergence of NPI, no comprehensive strategy encouraging market-rate physical development or economic integration existed. Thus, NPI's role is central to Cleveland's strategy for neighborhood revitalization.

IV

THE ROLE OF NEIGHBORHOOD PROGRESS, INC., IN CAPACITY BUILDING

The formation of NPI can be directly linked to CDC grassroots efforts in the late 1970s and early 1980s against neighborhood blight and disinvestment such as mortgage and home insurance redlining. Some respondents have suggested that the CDCs violated a major rule, "Biting the hand that feeds you," since their efforts often targeted funders. These activities provoked a crisis in the spring of 1982 when CDCs, supported by National People's Action (NPA), mounted a major protest at the Hunting Valley

Hunt Club against a primary corporate funder—Standard Oil of Ohio (Sohio), now BP America. CDCs were protesting the high energy costs levied against the poor, basing their grievances on the record profits Sohio earned the previous year.

Local funding for community organizing was greatly reduced because of this demonstration, while resources for the physical development of neighborhoods continued to be available. Seeking a way to achieve greater impact on physical development, conversations began in the mid-1980s that would eventually lead to the birth of NPI. Representatives from the city of Cleveland, the Gund and Cleveland Foundations, and Sohio participated in these discussions concerning how to sustain development activity at the neighborhood level. These discussions initially resulted in the creation of CNPP in 1987.

Talks continued among city, foundation, and Sohio representatives; what evolved was the possibility of Cleveland being chosen as the location for one of the Ford Foundation's second generation of CDPs. These discussions also helped draw the business community, via Cleveland Tomorrow, into the dialogue regarding sustainable development at the neighborhood level. Cleveland Tomorrow, a coalition of the top 50 corporations in Cleveland, became an active participant in the conversations. Moreover, Cleveland Tomorrow recommended the formation of an organization that would conduct research and analysis as well as continue to offer operating and administrative support through CNPP. The recommendation was accepted, and NPI was created in 1989. Cleveland Tomorrow was a founding partner, along with the Gund and Cleveland Foundations, Sohio, the city of Cleveland, and the Ford Foundation.

NPI has evolved into a service delivery organization as well as a financial intermediary. In addition to aggregating foundation and private-sector funds, NPI provides the following subsidiaries and programs:

- Brownfield Redevelopment Initiative (Brownfield Initiative) provides technical and financial assistance to Cleveland CDCs and local businesses for projects requiring environmental assessment and remediation
- Cleveland Neighborhood Partnership Program (CNPP) contributes multiyear core operating support to designated CDCs
- New Village Corporation (NVC) furnishes real estate development services as a facilitating partner with CDCs and private developers
- Quantum Leap offers training and technical assistance in the human capital and organizational development areas to the entire CDC industry
- Village Capital Corporation (VCC), a wholly NPI-controlled subsidiary, provides project gap financing for targeted physical investment

Cleveland Tomorrow recommended the formation of an organization that would conduct research and analysis as well as continue to offer operating and administrative support through CNPP. The recommendation was accepted, and NPI was created in 1989

Initially focusing solely on housing production, NPI is gradually moving toward a more synthesized approach that will support targeted market-rate investments for physical neighborhood improvement.

NPI's organizational structure and mode of operation encourage a relatively high level of local involvement and attempt to make neighborhood revitalization a civic priority. NPI is a self-administered organization that maintains an independent board of directors representative of the major sectors of the city – corporate, city administration, foundation, national intermediary, and neighborhood. It provides operating support to CDCs that are most actively involved in physical development in the city. Project financing is available to any CDC with an economically viable, targeted, and comprehensive project. Development partnerships – joint ventures established with CDCs – occur solely in neighborhoods prime for real property development. Other NPI services, such as organizational development and human resource training, are available to all Cleveland CDCs.

NPI currently maintains a relatively good reputation among substantially assisted CDCs, as relationships have become less tense and more participatory. NPI's decisions regarding which CDCs to assist have caused some controversy, however, as CDCs denied support contend that NPI makes arbitrary political judgments. Critics view NPI as a premiere player in community development, second only to the city.

In the past, NPI encouraged CDC mergers, believing there were too many to build the economies of scale necessary for neighborhood revitalization efforts. This strategy achieved little success because of the politicization of Cleveland. Councilperson influence plays a major role in determining CDC mergers.

There are mixed opinions regarding what the future direction of NPI should be. While some believe NPI should maintain its current direction, others believe it should not be involved in development services and decision making and should only provide unrestricted funding to a larger number of CDCs. Given the scarcity of resources, virtually all agree that NPI cannot substantially assist all CDCs. NPI plans to continue playing its current role in local community development while becoming more specialized in its service delivery.

After discussing NPI's impact on CDC production, the remainder of this section covers NPI governance, CDC selection, and performance measures. There is also an overview of NPI training and TA services, as well as a discussion of NPI's continuing relationship with Cleveland CDCs. A concluding section assesses the extent to which NPI has affected CDC capacity.

PRODUCTION OF NPI-ASSISTED CDCs

Cleveland CDCs exhibit substantial strength in physical production, and NPI assistance in some form (CNPP, NVC, VCC, etc.) has played a key role in facilitating most of this development. Prior to NPI, Cleveland experienced very low levels of production activity. The Cleveland Division of Building and Housing issued 68 building permits for single-family housing in 1988, compared to 329 in 1996. As Table 4 depicts, since 1989, when NPI was formed, NPI-assisted CDCs have developed approximately 2,300 housing units and 884,000 square feet of commercial property. NPI also assists CHN by providing operating support for housing programs targeting low- and moderate-income families. Although it has assisted several CDCs and CHN since its inception, NPI concentrates investments in the most productive CDCs encouraging market-rate activities. CDC engagement in market-rate activities is rare. The majority of the nation's CDCs only pursue opportunities for affordable housing construction or rehabilitation (National Congress for Community Economic Development 1995). According to NPI's executive director, approximately 45 percent of NPI-supported production activity has been market rate.

TABLE 4
HOUSING PRODUCTION BY NPI-ASSISTED CDCs AND CHN

Type	First Program Cycle (7/89-6/91)	Second Program Cycle (7/91-6/93)	Third Program Cycle (7/93-6/95)	Fourth Program Cycle (7/95-6/98)
Rental	*	149	458	496
Sales	*	184	332	505
CDC Total	237	333	790	1,001
CHN	*	610	645	506
Total				
Housing Units	237	943	1,435	1,507
Total				
Commercial Sq. Ft.	*	166,500	518,202	199,784

Source: NPI 1998.

* No data available

NPI's NVC has played a key role in facilitating the development activities of several CDCs, investing more than \$26 million in a number of strategic projects. In 1991, NVC first partnered with Glenville Development Corporation (GDC) to produce North Park Place, a development consisting of 42 single-family affordable homes. Since then NVC has partnered with three other CDCs to develop market-rate housing. In 1993, NVC partnered with Burten Bell Carr Development, Inc., of the Central neighborhood to develop 81 new homes known as Central Commons with selling prices from \$80,000-\$120,000. NVC formed a partnership with Ohio City Near West Development Corporation (OCNWDC) in 1994, resulting in the new 34,000-square-foot Dave's Supermarket. In 1995, NVC entered into partnership with Fairfax Renaissance Develop-

Corporate representatives chair or cochair stakeholder board subcommittees to ensure that subcommittee efforts maintain a high level of visibility and importance

ment Corporation to develop Bicentennial Village, 49 new single-family homes ranging in price from \$96,000 to \$128,000. Bicentennial Village won the 1997 Award of Achievement from *Northern Ohio Live* magazine for encouraging institutional re-investment, commercial development, and neighborhood involvement.

Several other NPI-assisted CDCs have also engaged in substantial market-rate production. Broadway Area Housing Coalition (BAHC) spurred the development of Mill Creek, 218 new single-family homes selling for \$80,000 to \$140,000. BAHC also began commercial revitalization efforts at East 71st and Harvard Streets estimated to cost more than \$3.3 million. In 1993, Mt. Pleasant NOW Community Development Corporation (MPNCDC) developed Herron Row at Kingsbury, 42 units of newly constructed housing with market values up to \$228,000. MPNCDC's current activities include Reservoir Place, a 40-acre planned-unit development consisting of new retail, senior assisted living, and 28 upscale single-family homes with prices starting at \$130,000. OCNWDC's redevelopment efforts include the conversion of the historic Merrell Building from a business and entertainment venue constructed in 1895 into 21 apartments and commercial space. While primarily engaging in commercial redevelopment, Ohio City also completed development of the 17-unit Franklin Green Townhouses, which sold for \$105,000 per unit. Detroit Shoreway facilitated the \$6 million renovation of the Gordon Square Arcade for mixed use and developed Franklin Boulevard Homes, which consists of six newly constructed single-family units selling for \$150,000. Construction is currently under way on Tillman Park town houses, a market-rate development with views of Lake Erie and downtown Cleveland. Finally, Shaker Square Area Development Corporation (SHAD) established a wholly controlled development subsidiary, Uptown Cleveland Development Corporation, and completed the \$1.8 million renovation of the Uptown Professional Building, providing more than 48,000 square feet of B+ office space, in addition to its other retail and commercial revitalization efforts.

GOVERNANCE AND GOALS

The 19-member board of directors of NPI, better known as the stakeholder board, consists of six neighborhood, four corporate, three foundation, two city, one national intermediary, and three at-large representatives (see Appendix A). The stakeholder board meets six times each year and determines the policy and direction for the entire organization. The executive committee of the stakeholder board also meets six times each year. Corporate representatives chair or cochair stakeholder board subcommittees

to ensure that subcommittee efforts maintain a high level of visibility and importance.

Each component of NPI, with the exception of the Brownfield Redevelopment Initiative, has a committee or board structure with at least one representative on the stakeholder board (see Appendix A). A 13-member board of trustees serves VCC. As a wholly controlled subsidiary, the VCC board is independent of the stakeholder board; however, one VCC board member is also a member of the stakeholder board. The VCC board is recruited by the NPI president and consists of NPI and VCC funders, real estate specialists, national intermediaries, and community and public-sector representatives. The VCC board functions primarily as a loan review and approval committee, with heavy emphasis on deal analysis and structuring, although recent evidence of greater understanding of strategic directions for investment suggests that the board is slowly evolving from loan review to policy formation.

The executive committee of the stakeholder board oversees NVC. The executive committee: 1) ensures the program remains true to agreed-upon policy direction; and 2) advises the NVC staff. The executive committee functions as a working group that convenes on the behalf of NVC on an as-needed basis.

The CNPP advisory committee consists of eight members representing the program's funders. Quantum Leap maintains a senior advisory committee and a multidisciplinary committee. The senior advisory committee reviews the overall results of the Quantum Leap Initiative and sets the scope and direction of the program. This senior advisory committee consists of the same members as the CNPP advisory committee. The multidisciplinary committee is a working group that reviews the results of each participating CDC in Quantum Leap.

The Brownfield Redevelopment Initiative advisory committee was chosen by the director of the initiative. The seven-member advisory committee is made up of representatives from financial institutions, environmental businesses, law, and county government. None of the initiative's advisory committee members serve on the other committees or boards of NPI.

Corporate representation on the stakeholder board, a key element of NPI's governing structure, remains at the CEO or senior-management level without the possibility of delegation. Initial tensions arose between CDCs and NPI over decisions by the board that exclude some neighborhoods and reduce funding to others. NPI's budget, however, has increased significantly from \$2 million over a two-year programming cycle to approximately \$8 million over the three-year period, 1995 to 1998, as a result of substantial increases in resources for ongoing and new programmatic activities (see Table 5). Local foundations, along with LISC and NCDI, continue to be core funders.

**TABLE 5
NPI FUNDING SOURCES (1995-1998)**

SOURCES	7/1/95- 6/30/96 PY95	7/1/96- 6/30/97 PY96	7/1/97- 6/30/98 PY97	TOTAL
Unrestricted Sources				
BP America	333,334	100,000	100,000	533,334
George Gund Foundation	1,500,000	500,000	*0	2,000,000
Mandel Associated Foundations	112,500	112,500	112,500	337,500
Cleveland Tomorrow	50,000	**50,000	**50,000	150,000
Interest Income	20,000	25,000	20,000	65,000
93-95 Carryforward	494,017	NA	NA	494,017
Interyear Carryforward	0	1,408,276	1,035,023	NA
Total Unrestricted Sources	2,509,851	2,195,776	1,317,523	3,579,851
Restricted Sources				
Cleveland Foundation (VCC & CNPP)	600,000	600,000	550,000	1,750,000
Bicentennial Commission (NPI & NVC)	64,000	36,000	0	100,000
NCDI II (CNPP)	480,000	620,000	0	1,100,000
LISC (CNPP & OD)	58,667	303,667	637,666	1,000,000
Local Banks (OD-Financial Mgt. Program)	TBD	TBD	TBD	0
Mandel Associated Foundations (OD-Search)	30,000	0	0	30,000
BP & Gund Carryforward (NPI Evaluation)	40,000	0	0	40,000
Ford Foundation (Carryforward)	239,169	0	0	239,169
NCDI I Carryforward (VCC)	37,500	0	0	37,500
93-94 Carryforward-Committed (NPI, CNPP, NVC)	327,082	0	0	327,082
Total Restricted Sources	1,876,418	1,559,667	1,187,666	4,623,751
Total Sources	4,386,269	3,755,443	2,505,189	8,203,602

Source: NPI

* Funds from the Gund Foundation committed in total by PY96.

** Cleveland Tomorrow funds committed except PY96 and PY97 amounts totaling \$100 million.

PY=Program Year

**TABLE 6
NPI SENIOR-LEVEL STAFF**

NAME	POSITION	RESPONSIBILITY
Eric Hodderson	President	Total Operations
Daryl Rush, Esq.	Vice President	CNPP
Kim Kimlin	Vice President	VCC Finance
Russell A. Berusch	Vice President	NVC Real Estate
Daryl Maurice Burrows	Vice President	Quantum Leap Organization and Leadership
Paul Christensen	Director	Brownfield Redevelopment Initiative

BP America, an NPI founding partner, no longer contributes substantial resources to NPI. Also, NPI no longer receives core operating support from the Ford Foundation. Current Ford Foundation funding is restricted to Quantum Leap.

While the stakeholder board establishes policies and direction, NPI staff control the organization’s daily operations. Present NPI staffing reflects a considerable expansion of its organizational capacity. NPI employed a staff of two at the end of its first year of operation. Currently, it employs 13 people, including six senior-level staff members (see Table 6).

According to NPI (1994), its mission as a local partnership aggregating financial resources from local corporate and foundation sectors has been to “stimulate revitalization of Cleveland’s neighborhoods by investing strategically in community organizations and their development agenda” by:

- increasing economic opportunity;
- building local capacity;
- creating private investment opportunities; and
- advancing stakeholder objectives.

NPI believes that its actions, conducted primarily through CNPP, NVC, and VCC, have resulted in the transformation of several

**TABLE 7
NPI GOALS AND OBJECTIVES**

GOALS	OBJECTIVES			
Turn around a minimum of six neighborhoods through a comprehensive and sustainable development and preservation strategy.	Build on work-to-date. Expand CDC bricks-and-mortar agenda and intensify proper targeting.	Develop strategic alliances, including those with CDC partner as organizer, catalyst, and implementer.	Provide support for outreach workers and planners.	Develop appropriate measures to evaluate change and program impact.
Significantly increase the scale of physical renewal efforts citywide.	Advance the formation of new development capacity, sources of capital, and partnerships.	Increase housing production by 30 percent over five years. Redevelop 125 acres of brownfields for industrial use.	Upgrade four neighborhood retail districts. Develop 200,000 square feet of retrofitted anchor retail space.	Pursue support for targeting land assembly and infrastructure financing.
Continue efforts to build a network of high-performing CDCs.	Build superior community staff and leadership.	Help CDCs adapt to the changing environment.	Encourage partnerships and collaboration.	
Based on need and opportunity, add at least one new program initiative.	Connect neighborhoods to regional economy and resources. Begin a neighborhood jobs and economy initiative.	Link neighborhood schools to CDC community-building strategies.	Budget resources to support R&D phase.	
Tap new resources for community development.	Significantly increase private-sector investment in neighborhoods.	Develop a comprehensive real estate finance system.	Develop a sustainable operating support program for CDCs.	

Source: NPI

assisted CDC target areas to a condition where there has been a return of market activity.

NPI now proposes five goals to be reached by 2003 that represent a move toward comprehensive neighborhood revitalization in support of targeted market-rate physical production. These five goals, shown in Table 7, embody NPI’s primary objective to catalyze neighborhood development in Cleveland to the point where direct competition with the suburbs exists. The goals also manifest the desire of NPI to: 1) target support to superior community-based organizations; 2) encourage greater collaboration among community stakeholders; 3) significantly increase the scale of housing and retail development; and 4) support new approaches for connecting with regional/citywide resources.

CDC SELECTION, ASSISTANCE IN PLANNING, AND PERFORMANCE MEASURES

Each NPI program and subsidiary determines which CDCs to assist in keeping with NPI’s overall strategy of targeted investment for market-rate physical development. Decisions are based on information regarding the capacity and agenda of the CDC. Moreover, the activities of some subsidiaries and programs complement the efforts of others.

For example, VCC's activities directly correlate with NPI's strategy of catalyzing private-market development. Providing below-market-rate gap financing with flexible terms, VCC capital enables CDCs to continue projects during periods of the development life cycle that are void of bank financing. VCC investments in CDC-sponsored real estate projects total more than \$11.7 million and find bases in a neighborhood targeted-area strategy. In other words, VCC works only with CDCs involved in targeted and comprehensive economically viable projects.

NVC partners with CDCs located in neighborhoods prime for real property development. Because NVC takes the lead in these projects, the strategy for joint ventures does not require high capacity from the CDC partner. Instead, the goal is to provide hands-on development experience to CDCs while fulfilling NPI's development objective.

The Brownfield Initiative complements the efforts of NVC and VCC by providing additional tools to carry out complex physical neighborhood development, including enhancing the CDC staff's ability to redevelop contaminated sites by providing an integrated set of redevelopment services that include technical assistance, environmental site investigations, loans and grants, real estate training, and project management. Once a CDC acquires enough expertise, a contaminated clean-up component becomes a regular part of its redevelopment proposals and activities. Brownfield staff would then assist CDC staff solely on an as-needed basis.

CNPP offers two types of three-year support to CDCs: large grants and small, special-purpose grants. Table 8 shows that CNPP has disbursed more than \$8 million in grants, including approximately \$1.8 million to CHN, since 1989. Current NPI funding in support of CHN's programs requires a plan for locating tax credit units within a larger neighborhood housing strategy.

TABLE 8
CNPP OPERATING SUPPORT, 1989-1998

Large Grants	Number of CDC Grants	Total Amount of Grants Awarded (\$)	Typical Grant Amount to CDCs	Grants to CHN
1989-1991	14	1,560,000		0
1991-1993	8	1,419,500	130,000	560,000
1993-1995	9	1,119,500	125,000	854,000
1995-1998	6	1,605,000	300,000	450,000
Subtotal	37	5,704,000		1,864,000
Small Grants				
1991-1993	8	200,000	20,000	
1993-1995	10	185,000	60,000	
1995-1998	8	417,835		
Subtotal	26	802,835		
Subtotal CDC	63	6,506,835		
Subtotal CHN	3	1,864,000		
Total Grants	66	8,370,835		

Source: NPI

Only CDCs previously supported by NPI receive large grant awards that fund more comprehensive efforts (organizational assessments, training, neighborhood planning, project feasibility studies, and predevelopment grants). A CDC must have a proven track record as a CNPP special-purpose grantee before receiving a CNPP large grant. The selection process for CDC large grantees emphasizes: 1) competency in planning and implementing physical development projects in a timely, efficient, and effective manner; 2) organizational growth and development of internal systems; and 3) neighborhood investment planning based on the CDC's ability to identify a target area and derive an investment plan for projects with catalytic spin-off potential, generating visible positive neighborhood change and governing CDC programming over the funding cycle. CDCs receiving large grant awards also maintain proven track records as high-performance physical developers with optimal organizational capacity. Current multiyear funding ranges between \$50,000 and \$107,000 for six CNPP large grantees. Since 1989, approximately 90 percent of all CNPP CDC allocations have been disbursed to large grantees. CNPP special-purpose grants currently fund eight CDCs performing strategic real estate development initiatives viewed as catalytic to neighborhood revitalization.

Special-purpose grant funding provides an opportunity for CDCs to demonstrate their particular abilities in fostering neighborhood revitalization. All CNPP CDC grantees receive priority access to VCC financing.

Quantum Leap complements CNPP activities by providing intensified organizational development training not only for CNPP CDCs, which are required participants, but for all Cleveland CDCs. Quantum Leap's goal is to institutionalize CDC sustainability and productivity by engaging participants in organizational training and coaching specific to the environment of each CDC, referred to as "within-culture."

NPI voiced concern regarding realistic standards for determining CDC progress toward achieving maximum development potential. While NPI implements no performance standards that provide for funding suspension, both Quantum Leap and CNPP carry out CDC oversight, which consists of evaluation and reporting of all CDCs participating in their programs. Before the start of initial training, Quantum Leap participants complete CDC self-assessments that translate into benchmarks within the following nine areas of functional characteristics:

1. legal issues
2. financial management
3. human resources
4. facilities
5. governance
6. planning
7. information technology
8. fund-raising, community relations
9. program management

While NPI implements no performance standards that provide for funding suspension, both Quantum Leap and CNPP carry out CDC oversight

CDCs believe NPI now understands the value and impact of organizational development and point to Quantum Leap as evidence

An additional benchmark provides self-assessment capabilities for CDCs offering property management services. Benchmarks provide a local CDC industry aggregate “health score” that is a weighted measurement of all 10 characteristics. Quantum Leap encourages CDCs to conduct routine assessments using benchmark criteria and to compare themselves against industry norms (see Appendix B).

CNPP provides TA, consultants, or training to assist large-grant CDCs in formulating work plans. Work plans guide CDC organizational development and neighborhood investment while providing a mechanism for NPI to track CDC progress toward goal attainment. Work plans include operating practices, financial and asset management, project delivery, board structure and relations, staff hiring, retention and training, community relations, and measurable benchmarks for specific organizational shortcomings. Work plans also provide the framework for further financial and TA support from NPI. Progress toward work plan goals is reviewed annually as part of the CNPP reporting process.

CDCs experiencing severe challenges accomplishing work plan goals design and implement solutions with NPI assistance. Workout plans provide a set of detailed recommendations regarding the organizational elements, structures, and systems needing improvement. To date, a workout plan has been designed and implemented for one CNPP large grantee.

RELATIONSHIP WITH ASSISTED CDCs

The relationship between NPI and assisted CDCs has improved tremendously since Eric Hoddersen, a Cleveland CDC director before joining NPI in 1988, was promoted from vice president of Real Estate and Training to president in 1994. Under its previous president, NPI was perceived as authoritarian and uncommunicative. Moreover, CDCs felt that NPI held unrealistic expectations. The emphasis was entirely on housing production, and some CDC staff stated that funding was withheld until agreement with NPI-dictated goals was reached.

CDCs characterize their current relationship with NPI as more realistic, communicative, and nurturing. CDCs believe NPI now understands the value and impact of organizational development and point to Quantum Leap as evidence. Prior to Quantum Leap, NPI was not willing to dedicate resources to assist groups experiencing hardship. CDCs believe NPI currently does a good job of capitalizing CDC projects. Both NPI and assisted CDCs suggest that targeted development with input from CDC strategic planning encourages better relations.

In spite of the better relations enjoyed between NPI and assisted CDCs, some friction still exists. NPI autonomy seems to be the root cause of this friction. CDC directors believe NPI sets the community development agenda without any accountability. Moreover, NPI receives the vast majority of local philanthropic funding dedicated to community development, and CDCs experience great difficulty independently soliciting funds for activities outside of NPI. CDCs are highly suspicious of NVC and perceive the NPI subsidiary, endowed with substantial resources and capacity, as capable of taking over the development role currently played by CDCs.

TRAINING AND TECHNICAL ASSISTANCE TO CDCs

NPI renders training and TA to CDCs in the following areas: financial health; technological capabilities; and staff and leadership development. After providing real estate development instruction in November 1989, NPI has offered technical assistance in accordance with the goal of increasing CDC ability to become sustainable developers of targeted market-rate investment.

NPI established the Development Action Planning Initiative after successful strategic planning by NVC. Administered by NVC, the Development Action Planning Initiative assists CDCs in determining adaptive reuses of former industrial sites. Currently, NVC is working with Slavic Village Broadway Development Corporation (SVBDC) to plan and develop an abandoned woolen mill site into retail shopping.

Complementing the Development Action Planning Initiative, NPI began the Brownfield Redevelopment Initiative to spur the redevelopment of environmentally contaminated properties. The Brownfield Redevelopment Initiative assists CDCs in retaining environmental consultation for site investigations; negotiating cost-effective services, purchasing options, and sale agreements; and applying for federal, state, and local brownfield financing sources. More than a half-dozen Cleveland CDCs have received assistance from the Brownfield Redevelopment Initiative.

NPI created the Neighborhood Economy Initiative to expand economic opportunities that were not CDC-based to neighborhood residents. The initiative culminated in the establishment of the Cleveland Development Bancorporation (now Shorebank Cleveland Corporation) in 1994. Shorebank Cleveland Corporation is a subsidiary of Chicago-based Shorebank Corporation. Shorebank Cleveland Corporation serves Cleveland's upper east side, investing more than \$11 million since inception, and consists of three affiliated entities: ShoreBank, Cleveland, a regulated commercial bank; Shoreplace Development Corporation, a for-profit real estate development corporation; and the Cleveland Enterprise Group, a nonprofit enterprise development company.

CDC directors believe NPI sets the community development agenda without any accountability

The preponderance of local corporate and foundation giving for community development, now aggregated by NPI, supports CDCs with the most established records and promising potential for physical production

BOX 1**BEST PRACTICE:
NPI'S QUANTUM LEAP**

Most interviewees characterized Cleveland CDCs as maintaining considerable capacity to perform physical development but organizationally weak, with less-than-adequate financial management systems in place. Recognizing the potential impact of organizational instability on long-term obligations and targeted investments, NPI formed Quantum Leap in January 1997 to increase CDC organizational and human resource capacity. Quantum Leap provides training and TA through metropolitan workshops, within-culture training, and coaching intended to result in a more organizationally stable and strengthened local CDC industry with the capacity to sustain high levels of production.

Metropolitan workshops attempt to spark excitement among CDC participants, highlight new trends, and set the tone for enriched learning within culture. The curriculum covers the following topics introduced to all participants by national and regional experts: accounting, financial management, fund-raising, governance, asset management, staff management, computer technology, planning, human resources, and marketing/community relations. The workshops consist of two- to three-day sessions, and all interested CDCs (board and staff) along with other organizations that are Quantum Leap members (board and staff) can attend for a nominal fee. The workshops take place in seminar space provided by corporate partners on an in-kind basis.

Within-culture training builds upon metropolitan workshops by identifying the particular issues facing a given CDC and developing a curriculum that will make those issues the subject of learning. Additionally, within-culture training provides personalized in-depth training by Quantum Leap certified adult educators utilizing traditional as well as dialogue and self-discovery methods. CDC and Quantum Leap personnel negotiate training subject matter, deciding upon topics of common interest to CDCs or designing instruction specifically addressing CDC staff needs. Past topics included: assessing your own leadership style; surviving organizational change and growth, demystifying program evaluation—the whys and wherefores; and using on-line technology. Within-culture training tasks and assignments are designed to stimulate staff toward ongoing self-improvement and to introduce them to additional resources.

Organizational and Human Resource Initiatives

CNPP conducts skill development training emphasizing diversity training, grant writing, nonprofit accounting, and property management. CNPP also provides budgeted allocations for purchasing computer software, system installation or upgrading, and staff training. Quantum Leap provides organizational and human capital training and TA through metropolitan workshops, within-culture training, and coaching (see Box 1). Metropolitan Workshops occur in a studio/seminar setting with a curriculum covering 10 areas: accounting; financial management; fund-raising; governance; asset management; staff management; computer technology; planning; human resources; and marketing/community relations. Within-culture training identifies CDC-specific challenges; develops a curriculum where CDC-specific challenges are the subject of learning; and conducts sessions, as needed, utilizing dialogue and self-discovery methods. Finally, coaching employs practitioners who specialize in the specific area applicable to CDC activity.

FIVE TYPES OF CAPACITY

Cleveland community development policymakers and practitioners define capacity as an ability to get things done over a period of time and provide meaningful change at the community level. Glickman and Servon (1998) suggest that capacity may be divided into five components—resource, organizational, networking, programmatic, and political—capturing the breadth and depth of the impact community development partnerships have on CDCs. This section describes NPI and CDC capacity-building activities according to these components.

Resource Capacity

NPI's focus on targeted physical development means that CDCs' resources are largely restricted in their possible uses. The preponderance of local corporate and foundation giving for community development, now aggregated by NPI, supports CDCs with the most established records and promising potential for physical production. Heavy reliance on CDBG allocations, the primary funding source for Cleveland CDCs engaged in physical development, has made CDCs vulnerable to the political decision-making process. While federal CDBG disbursements to Cleveland are comparable to early 1980 totals, the number of CDCs receiving CDBG funding has increased substantially, meaning the grants awarded are smaller. The shrinkage in the size of CDBG awards has increased the dependence of CDCs on NPI.

NPI-assisted CDCs experience enhanced resource capacity in a number of ways. CNPP core operating support significantly expands operating resources beyond CDBG funding by supplying 20 to 30 percent of the annual operating budget of CDCs. Further, CDC affiliation with NPI facilitates a greater willingness on the part of banks to provide substantial project capital to CDCs. When there is insufficient bank capital available, VCC provides gap financing in the form of grants, loans, and long-term subordinated debt, leveraging \$10 for every \$1 invested for the continuation of CDC projects.

CDC resource capacity is also constrained by the strong role of NPI. CDCs experience great difficulty securing local nonpublic funding, because most corporations and philanthropic organizations restrict their giving for community development to NPI. Even NPI-assisted CDCs experience critical financial problems, maintaining minuscule amounts of budgetary assets from fund-raising activities. Most CDCs sponsor only one annual fund-raising event, if any, and very few CDC boards carry out continuous fund-raising activities. Moreover, most CDCs are not membership based, and thus do not receive financial support from their communities in the form of dues.

NPI recognizes that while its success in aggregating nonpublic funding for targeted investment has provided some Cleveland CDCs greater freedom to concentrate on physical development, it has also diminished their ability to do fund-raising and, subsequently, contributed to organizational instability. Confronted by the potential loss of investment returns due to possible CDC disintegration, NPI established Quantum Leap. A major component of Quantum Leap's curriculum is fund-raising.

Organizational Capacity

Ineffective fiscal management presents the greatest challenge to Cleveland CDC organizational capacity. Since the mid-1980s, a concentration on physical development has left numerous CDCs lacking the skills and expertise necessary for raising and managing resources. Many CDC boards assume no responsibility for fund-raising. CDC staff experience great difficulty in finding time and developing expertise to prepare grant proposals that would foster a diversified funding mix. Most local funding is directly tied to physical development projects, which prevents CDCs from dealing effectively with broad, multifunctional neighborhood needs. Moreover, the funding restrictions have limited the CDCs' ability to build unrestricted reserves. The average reserve for the Cleveland CDC is less than 1 percent.

Leadership has been weak in the development of management systems. The CDCs recognize that the funding environment has become more complex, requiring a heightened level of profession-

BOX 1 (continued)

The monthlong training consists of eight to 12 sessions, held once or twice a week for two to four hours.

Within-culture training graduates receive TA, if needed, in applying course principles to CDC operation. TA takes the form of coaching on a one-on-one basis. Corporate volunteers, paid consultants, and retired executives with significant experience in financial management serve as coaches. The Business Volunteerism Council and the Greater Cleveland Roundtable provide Quantum Leap with a pool of volunteer coaches. Coaching provided by paid consultants takes place on an as-needed basis.

In addition to workshops, training, and coaching, Quantum Leap recruits graduate student interns to work with CDCs. Several interns expect to remain within the industry upon graduation, expanding the human capacity of CDCs. As a result of what has been implemented so far, many respondents exhibit hopeful optimism that Quantum Leap will continue to further CDC organizational growth and development in order to carry out effective neighborhood revitalization.

CDCs experience great difficulty securing local nonpublic funding, because most corporations and philanthropic organizations restrict their giving for community development to NPI

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While NPI has provided programmatic support to CHN and CNDC, it has made no direct attempts to build the networking capacity of CDCs

alism. This new level calls for financial management qualifications beyond the basic bookkeeping skills typically maintained by CDCs. The inability to upgrade staff skills has restricted the capability of many CDCs to remain fiscally sound, thus threatening their survival.

In the past, NPI did not engage in organizational development focusing on CDC sustainability. Funding restrictions related to CNPP mandates, however, have been credited with attracting, retaining, and training staff capable of expanding CDC organizational capacity for physical development. Those CDCs considered the strongest organizationally — exhibiting visionary leadership, competent staff, and active board participation — also tend to be CNPP grantees.

In January 1997, Quantum Leap began to meet the clear need for further organizational development, and the CDC industry believes the program to be the answer to many daunting challenges. Over half of the city's CDCs are Quantum Leap members, and CNPP grantees must participate in the program. Additionally, staff from DCD, other community development support organizations, and members of the corporate sector that assist CDCs have participated in Quantum Leap.

Networking Capacity

Many Cleveland CDCs participate in networks involving other nonprofits as well as maintaining links with public- and private-sector entities located within and outside their communities. Some CDCs utilize these networks to provide a more comprehensive community development approach. For example, the Westside Industrial Retention & Expansion Network (WIRE-Net), a nationally recognized nonprofit focusing on industrial retention, was founded in 1986 by three CDCs serving Cleveland's west side: DSCDO; Cudell Improvement, Inc.; and Stockyard Area Development Corporation (see Box 2). Fairfax Renaissance Development Corporation, Hough Area Partners In Progress, Inc., Glenville Development Corporation, and Midtown Corridor have joined together to serve as the primary mediums advancing job training and business opportunities in the city's federally mandated Empowerment Zone.

Both CNDC and CHN have played key roles in cultivating CDC networks. CNDC administers the Cleveland Industrial Retention Initiative (CIRI), which operates out of the CDCs. Modeled after WIRE-Net, CIRI has used field representatives to meet with more than one-third of Cleveland's manufacturing businesses about industry concerns and possible solutions. Several CHN members have joined in collaborative activities. For instance, OCNWDC, Tremont West Development Corporation, and Clark-Metro Development Corporation have consolidated prop-

erty management operations. MPNDC received construction services from the Famicos Foundation, a citywide CDC and comember in CHN, on its first single-room-occupancy (SRO) development. Upon completion, tenant referrals and screening will be obtained from Cornerstone Connections, a local social service provider, and the social service staff of the Famicos Foundation.

While NPI has provided programmatic support to CHN and CNDC, it has made no direct attempts to build the networking capacity of CDCs. It is common knowledge within the community development industry that NPI assists the most active CDCs engaged in physical development in Cleveland. Consequently, banks are likely to offer additional funding to those CDCs. Also, two of the four quarterly NPI board meetings are held at the office of an assisted CDC, allowing board members to view firsthand the impact of targeted investment and facilitating interaction with CDC staffs and boards. In the future, Quantum Leap may serve as a networking vehicle for CDCs participating in its workshops and training programs.

Programmatic Capacity

Cleveland CDCs exhibit more success in building programmatic capacity than in any other capacity component. The transformation of CDCs from advocacy to production organizations and their expansion from housing rehabilitation into market-rate housing and commercial development in distressed environments is notable. Substantial resources dedicated to staff training and retention are reasons for CDC success in physical production. A few CDCs continue to do community organizing, primarily around physical development and safety issues. However, many respondents expressed the need for more CDCs to become reengaged in community organizing in order to maintain community roots, while also acknowledging increased levels of CDC production and efficiency.

NPI has played a substantial role in building CDC programmatic capacity to carry out physical production by providing support for staff training, TA, and financing for targeted investment. Strategic planning, required by the CNPP process, has helped CDCs pursue development goals in a more comprehensive and targeted way. Also, NPI has fostered heightened levels of professionalism and business acumen in responding to revitalization efforts; this change is a result of expanded programmatic capacity for physical development. In the past, NPI stayed away from community organizing, perceiving it to hinder market-rate development. Although it still does not fund community organizing, NPI now acknowledges the connection between community organizing and community building.

BOX 2

BEST PRACTICE: WESTSIDE INDUSTRIAL RETENTION AND EXPANSION NETWORK

Hard hit by the exodus of many westside manufacturers, three CDCs, Detroit Shoreway Community Development Corporations Organization (DSCDO), Cudell Improvement, Inc., and Stockyard Area Development Association (SADA), came together to form the Westside Industrial Retention & Expansion Network (WIRE-Net) in 1986. WIRE-Net's purpose is to retain and nurture industrial business development, enhancing employment opportunities for residents of Cleveland's midwest neighborhoods. Approximately 60 percent of employed westside residents work for the 350 manufacturers also located on Cleveland's west side. With a current membership base consisting of more than 116 businesses, WIRE-Net represents more than one-third of the westside manufacturing base.

WIRE-Net works to enhance the well-being of business members by facilitating a number of activities, including technological and environmental services, access to elected officials, zoning, and low-interest loan information and packaging. WIRE-Net provided a six-week supervisory/management training course and continues to offer forums on finance, sales, marketing, and Internet and manufacturing technology to management. The organization's Manufacturing Assistance Program (MAP) also offers technology, sales, and marketing assistance. Business members encouraged WIRE-Net to institute the CEO/plant manager roundtable series to facilitate mutual learning about modernization and improvement strategies as a result of MAP.

While WIRE-Net works to improve upon area businesses, it also initiates a number of efforts to foster the continued employment of community residents through a number of programs. Employability skills workshops facilitate interaction between westside residents and WIRE-Net member businesses who recruit attendees and provide information about manufacturing careers. The Computerized Employment Service program recruits, interviews, and matches residents with employment opportunities, providing referrals and follow-up assessments. The Hire Locally program provides preemployment services such as job search and retention training, workplace literacy testing, and one-to-one job assessment interviews with WIRE-Net staff. Hire Locally

BOX 2 (continued)

has placed more than 1,100 persons in full-time positions since 1989, with wages averaging \$7.00 per hour and generating more than \$3.7 million in income for Cleveland's midwest neighborhoods, which are among the poorest in the city.

WIRE-Net staff, after conducting more than 200 visits per year to westside manufacturers, expect employment demand to increase as the majority of the workforce becomes eligible for retirement. In 1995, WIRE-Net partnered with Max Hayes Vocational School to begin a youth job training program—Developing Education Specifically Targeting Industry and Neighborhood Youth (DESTINY) Academy. DESTINY Academy students gain part-time employment at a member business and must maintain a 2.5 grade point average and a 90 percent attendance rate. Many students receive full-time employment offers prior to graduation.

WIRE-Net staff believe positive impacts have resulted from the various programs implemented. Since 1990, westside manufacturing has declined at a slower rate than in other areas of the city. In 1994, the city, at the urging of CNDC, began the City Industrial Retention Initiative (CIRI), modeled after WIRE-Net. CIRI field representatives work out of one of six CDCs that serve as managing partners for the other CDCs within a given CIRI region. CIRI field representatives conduct site visitations with one-third of Cleveland's approximate 2,000 manufacturers yearly.

NPI has fostered heightened levels of professionalism and business acumen in responding to revitalization efforts; this change is a result of expanded programmatic capacity for physical development

Political Capacity

Cleveland CDCs once maintained strong political capacity with high levels of community participation, advocating for antiredlining practices, improved municipal services, and other neighborhood concerns. As CDCs moved from community organizing to physical development, political capacity declined to where current levels may accurately be described as weak and underdeveloped. The dearth of CDC involvement in political issues can be attributed to lack of funding for community organizing. Those CDCs engaged in community organizing rely primarily on funding from limited fund-raising and development or property management fees. The Cleveland and Gund Foundations have allocated some funding for community organizing but have restricted this support to crime and safety issues. NPI provides no assistance for community organizing, viewing it as too political and having the potential to drive away funders. Without community organizing, most CDCs have become nonmembership based, and the majority maintain a strong dependence on the specific councilperson(s) representing their service areas, to the point of sometimes functioning as ward clubs.

The political climate affects the efforts of NPI. Successful NPI-targeted investment varies based on the relative level of concurrence with the specific agenda of the councilperson. Each councilperson has total control over what happens in his or her ward in terms of zoning, plan approvals, and the facilitation of projects. As a result, NPI's efforts have not made a significant contribution toward building political capacity among Cleveland CDCs.

V

NPI'S IMPACT ON CDC CAPACITY: THREE CASE STUDIES

The following case studies highlight three diverse CDCs assisted by NPI: Broadway Area Housing Coalition, Detroit Shoreway Community Development Organization, and Northeastern Neighborhood Development Corporation. Broadway Area Housing Coalition is one of Cleveland's most entrepreneurial and productive CDCs. Detroit Shoreway Community Development

Organization is among the city's oldest CDCs, primarily engaged in commercial revitalization but moving now toward housing development. Northeast Neighborhood Development Corporation is one of the youngest and most charismatic CDCs in Cleveland. Although different, each CDC experiences challenges common to all Cleveland CDCs, as well as the impact of NPI support on their capacity-building efforts.

BROADWAY AREA HOUSING COALITION (BAHC)

History

BAHC was established in 1980, the result of a merger between Broadway Housing and Broadway Housing for Neighbors. Broadway Housing was engaged in purchase, rehabilitation, and resale, whereas Broadway Housing for Neighbors was involved in lease housing. Both Broadway Housing and Broadway Housing for Neighbors also engaged in community organizing around housing issues. The voluntary merger was undertaken to enhance economies of scale by combining resources and service areas as an organizing and advocacy entity against mortgage and insurance redlining.

No Cleveland CDC demonstrates more dynamism than BAHC. BAHC combines financial and human resources, community participation, and entrepreneurial savvy to enhance the housing stock and quality of life in the North and South Broadway neighborhoods. Since inception, and with total investments of \$14 million, BAHC physical development efforts have run the gamut from paint, weatherization, and rehabilitation to market-rate development.

Resource Capacity

BAHC has developed a diversified funding mix. It receives operating resources approximating 30 percent each from NPI, the city (via the CDBG competitive grant and NDA awards from three councilpersons whose constituents reside in the BAHC service area), and fee-for-service activities. Fund-raising provides the remaining 10 percent. BAHC hosts a one-day golf tournament each year as its fund-raising campaign. Recently, BAHC received funding from Greater Cleveland Community Shares, a United Way alternative, for community organizing. Key, National, and First Merit Banks and HTF provide project support, while CHN projects utilize LIHTC. BAHC has recently received write-down financing from VCC that allows it to purchase and demolish vacant neighborhood structures in order to build new housing units. BAHC's executive director believes this funding mix permits a higher level of sustainability.

As CDCs moved from community organizing to physical development, political capacity declined to where current levels may accurately be described as weak and underdeveloped

Without community organizing, most CDCs have become nonmembership based, and the majority maintain a strong dependence on the specific councilperson(s) representing their service areas, to the point of sometimes functioning as ward clubs

No Cleveland CDC demonstrates more dynamism than BAHC. BAHC combines financial and human resources, community participation, and entrepreneurial savvy to enhance the housing stock and quality of life in the North and South Broadway neighborhoods.

Organizational Capacity

BAHC exhibits relatively strong organizational capacity in leadership and staff stability. The executive director, a lifelong resident of Broadway and the former board president of Broadway Housing for Neighbors, and some board members have served in the same positions since the organization's inception. The bylaws require the board to be composed mostly of residents, even though BAHC is nonmembership based. The 17-member, two-year rotating board recruits primarily from block clubs in the service area, bringing a variety of professional skills and expertise to the organization. There are no term limits. BAHC maintains a seasoned and mature staff of 16 in-house employees, including two property managers, one code enforcer, four organizers, two development officers and an assistant, a chief financial officer and a controller, and one administrative assistant. BAHC also maintains a weatherization crew.

BAHC encourages leadership and employee training at all levels of the organization. BAHC staff participated in the initial project development training offered by NPI in 1990. In the past four years, the board has held two planning retreats and has engaged in several planning sessions.

Networking Capacity

BAHC maintains more networking capacity than most Cleveland CDCs. A founding member of CHN, BAHC provides weatherization and property management services to other member CDCs. BAHC works with block clubs, organizing around neighborhood issues. A healthy relationship also exists with Slavic Village Broadway Development Corporation (SVBDC), a CNPP small grantee involved in business and commercial development in Broadway. There has, however, been difficulty establishing ties to neighborhood civic organizations (the Polish National Alliance, Kiwanis, etc.) because the perception exists that BAHC fosters racial integration. Even when development is market rate, according to BAHC leadership and staff, many community residents express concern that physical development efforts will be Section 8 or for outsiders, euphemisms for African Americans.

Programmatic Capacity

BAHC is widely reputed to be the most productive CDC in Cleveland. It has codeveloped more than 200 newly constructed market-rate single-family homes, rehabilitated more than 470 housing units for sale, lease, or rent, weatherized 2,283 dwellings, and made 261 home repair loans. In a change from its historical orientation, the current level of market-rate units produced by BAHC almost equals the present level of affordable-housing production.

BAHC's premiere project is Mill Creek, a 217-unit, new construction, market-rate housing development initiated in 1990. NPI via CNPP provided staff funding, and LISC provided predevelopment recoverable grant funds for Mill Creek. The project required not only financial resources but also substantial facility in urban planning and community organizing in order to tackle "quality of life" issues such as safety, recreation, education, and racial diversity. Despite local opposition, BAHC has succeeded in its integrationist aims. A potential legacy of the Mill Creek project could be the bringing together of Miles-Park and Warner-Turney, two communities that surround the new development and historically have been sharply divided by race. The words of folk singer and former Miles-Park resident Tracy Chapman's song "Across the Lines" tell the story of segregation:

Across the lines
who would dare to go
under the bridge and over the tracks
that separates whites and blacks.

Broadway reacquainted itself, in 1993, with community organizing activities in the Warner-Turney and St. Hyacinth neighborhoods through Vista AmeriCorp workers. There has been recent support in the form of volunteers and funding from the Greater Cleveland Community Shares. The city administration, NPI, and the private funding community regard BAHC physical revitalization efforts in a highly favorable light, particularly the Mill Creek market-rate housing development project.

Political Capacity

The political capacity demonstrated by BAHC results from a sustained level of community participation that supports the physical development efforts of the organization. BAHC leadership and staff profess the need for further community organizing to maintain and enhance community support. BAHC publishes newsletters for St. Hyacinth and Warner-Turney residents in an effort to continue community support. Community support in the form of councilperson endorsement, along with the subsequent backing of the local representative to the state congress, provide leverage critical to the success of Mill Creek.

Impact

BAHC has never systematically assessed the impact of its development efforts, although it believes it has stemmed neighborhood decline. A substantial increase in property values has occurred in the vicinity of Mill Creek. According to the executive director, another impact has been the evolution of BAHC toward the role of broker, especially in the field of new construction. BAHC credits NPI with fostering a more businesslike, strategic, and targeted way of thinking about physical development.

A potential legacy of the Mill Creek project could be the bringing together of Miles-Park and Warner-Turney, two communities that surround the new development and historically have been sharply divided by race

DETROIT SHOREWAY COMMUNITY DEVELOPMENT ORGANIZATION (DSCDO)

History

DSCDO was formed in 1973, bringing together the residential, commercial, and industrial sectors of the Detroit Shoreway neighborhood. Successful in industrial and commercial revitalization, the organization's efforts have attracted considerable attention. DSCDO's alliance with other westside CDCs resulted in the creation of the nationally recognized Westside Industrial Retention and Expansion Network (WIRE-Net) to facilitate the growth and retention of Cleveland's westside industrial base. The Gordon Square Arcade, a \$6 million reinvestment and the centerpiece of the Detroit Shoreway neighborhood listed on the National Register of Historic Places, has been DSCDO's premiere and most successful commercial revitalization effort. DSCDO takes its role as a developer of last resort very seriously and intends to integrate the neighborhood economically, bringing in those with incomes sufficient to provide a market for the neighborhood's commercial area. More recently, DSCDO physical development efforts have shifted incrementally, as the organization has become more involved in the rehabilitation and new construction of single- and two-family housing.

Resource Capacity

DSCDO depends primarily on the CDBG competitive grant and the councilperson NDA award for operating support. Development and property management fees also serve as important sources of operating support. Funding from NPI amounts to approximately 20 percent of total operating support. The city and the councilperson also provide funding for organizing around neighborhood beautification and safety issues. A number of sources contribute project funding to DSCDO. CHN provides funding for purchase, rehabilitation, and leasing of housing units to very low income families. Bank One, Cleveland, Key Bank, National City CDC, HTF, EF, LISC, and VCC provide project financing and equity investment. EF syndicated both LIHTC and historic preservation tax credits for the Gordan Square Arcade, while the first project in Cleveland of LISC's National Equity Fund (NEF), in 1993, was conversion to mixed use of the Kennedy building, a turn-of-the-century commercial facility. DSCDO raises funds solely through membership dues.

Organizational Capacity

Regarded within the Cleveland community development industry as one of the better-managed CDCs, DSCDO has 14 full-

time staff members involved in housing and commercial real estate development, energy conservation, block club organizing, and administration. The current executive director has been with the organization since 1990 and has extensive experience in community development, having held positions with DCD, the Center for Neighborhood Development at Cleveland State University, and the Ohio Division of Community Development. Residential, commercial, and industrial/institutional entities remain active within the organization, with five representatives from each sector making up the board of directors. The 15-member, three-year rotating board selects two additional board members who are not geographically affiliated with the neighborhood. DSCDO's executive director believes board engagement in strategic planning has contributed to the strength of the organization. As a result of strategic planning, DSCDO decided to focus primarily on housing for existing low-income residents through CHN while continuing efforts to attract middle-class families to the neighborhood. Secondary efforts aim to promote the Detroit Shoreway commercial area as a second-tier arts and entertainment destination within the region.

Continued staff training remains a high priority for DSCDO. Supported by NPI, several DSCDO staff members attended nationally and locally held training sessions for real estate, construction, and financial management. NPI, in conjunction with EF and LISC, also developed a new property management system and provided training to DSCDO staff that serves as a model to be implemented at other Cleveland CDCs.

Networking Capacity

DSCDO plays a central role in a cohesive network of organizations located on the west side of Cleveland. DSCDO partnered with Cudell Improvement, Inc., and Stockyard Area Development Association (SADA) to form WIRE-Net in 1986. DSCDO continues to work with WIRE-Net to ensure that the neighborhood remains a viable location for manufacturing. DSCDO also works with 16 block clubs to include resident input in neighborhood improvement activities and physical development projects. DSCDO joined CHN in 1994. CHN has facilitated DSCDO's increased sophistication in housing development. DSCDO currently manages CHN properties for SADA.

Programmatic Capacity

DSCDO has been successful in both housing and commercial development efforts. The Gordon Square Arcade exemplifies the programmatic capacity of DSCDO to do mixed-use development. The Arcade maintains apartments on upper levels and retail and office space on the ground floor. Prior to moving to the Glenville Enterprise Center, NPI itself was a major anchor in the Arcade. DSCDO, EF, and WIRE-Net are among the current tenants of the

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A membership-based organization, DSCDO attains an average attendance of 500 persons at annual meetings

Arcade. Within a period of four years DSCDO completed three large projects, providing 28 low-income housing units, three storefront renovations, and conversion of major retail space into middle-income work space for artists. NPI provided long-term recoverable grants for these projects.

In the last four years, since joining CHN, DSCDO has completed approximately 50 units of rehabilitated and new housing through CHN's Lease-Purchase and Homeward programs for low- and moderate-income residents. DSCDO also manages 120 low-income housing units that it helped to renovate. Currently, DSCDO is developing approximately 40 units (an aggregate of three developments) of market-rate housing.

Meeting with neighborhood block clubs monthly to discuss issues including code enforcement, crime and safety, and various beautification projects continues to be an important DSCDO activity. DSCDO sponsors neighborhood cleanups and volunteer citizens band radio patrols intended to reduce crime. CourtWatch, another safety and crime prevention program, encourages residents to attend the trials of neighborhood crime perpetrators. The presence of neighborhood residents in the courtroom seems to result in tougher sentences.

Political Capacity

DSCDO demonstrates a high degree of political capacity relative to other Cleveland CDCs. A membership-based organization, DSCDO attains an average attendance of 500 persons at annual meetings. DSCDO also publishes a quarterly newsletter with distribution to every member. The previous executive director of DSCDO moved on to become the councilperson representing the ward and currently serves as a housing court judge. DSCDO maintains good relations with the current councilperson representative, receiving approximately 88 percent of the councilperson's discretionary funds available through NDA.

Impact

DSCDO has played a primary role in enhancing the stability of the Detroit Shoreway neighborhood, as well as the entire west side of Cleveland. Police reports suggest a declining crime rate, and expansion has occurred in the number of block clubs. DSCDO believes the market is reentering the neighborhood as a result of its development efforts, pointing to increased property values and community resident employment through WIRE-Net as evidence of this. DSCDO's executive director believes NPI operating support has helped maintain staff stability, enabling the organization to further engage in real estate dealings. However, the organization has never undertaken an impact assessment to validate these assumptions.

NORTHEASTERN NEIGHBORHOOD DEVELOPMENT CORPORATION (NNDC)

History

NNDC, one of Cleveland's younger CDCs, was established in June 1994. NNDC engages in commercial revitalization, housing development, and stakeholder empowerment to enhance the economic viability of the neighborhoods of Forest Hills, South Collinwood, and a portion of Glenville. Prior to NNDC, the Glenville Development Corporation (GDC) served the entire area.

Many respondents characterize NNDC as one of the most impressive emerging CDCs in Cleveland. The organization exhibits solid leadership and vision with carefully managed growth. NNDC also actively participates in the reclamation of neighborhood green space, encourages homeownership, and provides small business training.

Resource Capacity

Like most Cleveland CDCs, NNDC depends primarily on the CDBG competitive grant and the NDA award, which combine to provide 55 percent of its operating support. Development fees make up another 28 percent. NNDC also receives a CNPP special assistance grant from NPI approximating 10 percent of total operating support. NNDC utilizes the grant to pay the salary of the real estate director. While board members pay dues, the annual meeting serves as NNDC's major fund-raising activity. NNDC receives project support and equity investment from Fifth Third Bank, First Merit Bank, Key Bank, National City CDC, Ohio Savings Bank, Shore Bank and Trust, Star Bank, and LISC.

Organizational Capacity

NNDC's staff is both young and small, consisting of five individuals with responsibilities that include community and real estate development, property management, and administrative assistance. Too small to afford an in-house accountant, NNDC uses the services of the same accounting firm that designed the model CDC accounting system for Quantum Leap. The executive director of NNDC has been with the organization since its inception, having previously served as the executive director of GDC. The 12-person board of directors determines the policy and direction of the organization. Approximately 80 percent of the board members live or maintain businesses in the neighborhood. Other board members worked or

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Partnering with more than 35 public, private, nonprofit, and social organizations, NNDC has implemented Project Impact, a neighborhood-specific project providing social services that augment existing place-based programs within a 10-street target area

lived there previously or have relatives who currently live in the neighborhood.

Training and strategic planning are important components of the philosophy of NNDC. Real estate and property management staff have received training and certification. More recently hired staff expect to begin training in the near future. NNDC began strategic planning prior to becoming a CNPP special-purpose grantee. It has performed strategic planning since its inception, and has established benchmarks to meet expectations.

Networking Capacity

NNDC possesses significant networking capacity, particularly for an emerging CDC. Partnering with more than 35 public, private, nonprofit, and social organizations, NNDC has implemented Project Impact, a neighborhood-specific project providing social services that augment existing place-based programs within a 10-street target area. NNDC also works with block groups around safety issues. In past years, the organization's executive director hosted *Neighbor-to-Neighbor*, a local radio talk show, interviewing community activists and highlighting community concerns and interests.

Programmatic Capacity

NNDC has experienced rapid expansion of programmatic capacity. The organization has developed more than 150 units of housing for ownership through LIHTC, rehab for-sale, market-rate, and new construction in partnership with other nonprofit and private real estate developers. At present, NNDC is the sole developer of a 30-unit LIHTC housing development for owner occupancy under construction.

NNDC engages in community organizing around safety and green space. The organization assisted in the formation of five new block clubs that began crime patrol and court watch programs. NNDC facilitated block club participation in the Neighborhood Green Space movement through the reclamation of Walter Burks Park. NNDC, in collaboration with Clean-Land Ohio, Ohio Canal Corridor, and the Trust for Public Land, sponsored a design charrette for the park involving the block clubs. Some of the recommendations resulting from the charrette have been implemented by NNDC.

NNDC also provides entrepreneurial skills training for small and developing businesses. The six-week, two-session-per-week course, which costs \$50, takes place at NNDC offices. Enrollment averages 12 to 20 persons. The curriculum covers business plan creation, marketing, and human resources. When possible, NNDC uses minority professionals as instructors.

Political Capacity

NNDC's political capacity typifies that of most Cleveland CDCs in that the organization is not membership based and it maintains a good relationship with the two councilpersons representing its service area. However, unlike most other CDCs, NNDC's ability to tap in to political representatives successfully extends beyond the city and the state. NNDC received a special-purpose grant for comprehensive neighborhood improvements to the Lake View Corridor in Forest Hills, delivered by its congressperson, the ranking minority member of the House Appropriations Subcommittee for Housing and Urban Development.

Impact

No data have been collected to determine neighborhood change as a result of NNDC's community development activities. The executive director suggests neighborhood impact will be more easily measured after the organization passes the five-year mark. Nevertheless, NNDC believes it is on target as a CDC primarily engaged in physical development, often collaborating with organizations that possess a greater ability to foster economic development in the service area. According to the NNDC executive director, advice from NPI staff has improved the organization's efforts to remain on target. Board and staff members have also been active participants in Quantum Leap, giving them the opportunity to get to know their counterparts at other CDCs, facilitating dialogue about common challenges as well as increasing organizational skills.

VI

CONCLUSIONS AND RECOMMENDATIONS

Cleveland maintains a rich history of involvement in community development. Over the course of decades of intense effort, Cleveland CDCs have continued to carry out their role as facilitators of neighborhood revitalization. NPI's contribution of aggregating funding and promoting community development as a civic responsibility (the organization's greatest achievement) serves to catalyze deeper penetration of CDCs into market-rate physical development of neighborhoods. NPI's market-rate development approach complements the city administration's focus on promot-

NPI has experienced significant success expanding the resource and programmatic capacities of CDCs. Indeed, NPI should be commended for “staying the course,” since these components directly coincide with the organization’s mission of strategic physical investment

ing economic integration by increasing the number of middle-class residents in Cleveland.

NPI AND CDC CAPACITY

The extent to which NPI has built CDC capacity within the five interacting components, as outlined in this report, has been uneven. NPI has experienced significant success expanding the resource and programmatic capacities of CDCs. Indeed, NPI should be commended for “staying the course,” since these components directly coincide with the organization’s mission of strategic physical investment. NPI, primarily through CNPP operating grants, VCC project financing, and NVC development partnerships, has substantially aggregated and leveraged the relative level of diversified resources available to assisted CDCs for targeted neighborhood development. NPI’s approach to development has also been furthered by the community development policy of the city administration, which encouraged more middle- and upper-income housing opportunities. At the same time, while there has been recent progress toward building sustainable organizational capacity among CDCs through Quantum Leap, NPI efforts to enhance its networking and political capacities remain few with no significant impact. This remains NPI’s greatest challenge.

NPI’S RELATIONS WITH CDCs

Relations between NPI and assisted CDCs improved tremendously during the mid-1990s. Previously depicting NPI as autocratic and dictatorial, CDCs now describe it as more nurturing, communicative, and realistic than in the past. Tensions exist, however, regarding the autonomy of NPI. More specifically, while NPI holds CDCs accountable, NPI maintains no accountability to the CDCs and the neighborhoods. The evolving relationship between NPI and Cleveland CDCs presents the following lessons, which may prove beneficial to further understanding CDP capacity-building approaches.

- *The role CDCs play in the process leading to the formation of a CDP influences the level of trust exhibited among CDCs and the ultimate working relationship between CDCs and CDPs. Discussions regarding the formation of NPI involved the major funders of community development and at least one invitee—Cleveland Tomorrow—with hopes of becoming involved; however, conversations excluded CDCs, creating a mistrustful atmosphere that continues to exist. CDCs often fail to identify their own weaknesses, fearing diminished funding opportunities. CDC strategic planning, a recent CNPP requirement, has yielded recommendations incorporated in work plans, helping to build trust.*

- *The strength of key actors engaged in CDP governance will influence and limit the nature and direction of community development.* The corporate sector maintains a long history of providing civic leadership – often in an undemocratic fashion – in Cleveland. As a result, although the public and foundation sectors participated in the establishment of NPI, corporate-sector involvement was considered critical to the organization’s success. NPI’s focus on targeted market-rate development is the product of the corporate top-down approach rather than a bottom-up community-based process. Also, the influence of corporate-sector involvement initiated and advanced professionalization among Cleveland CDCs. Both of these activities diminished CDCs’ autonomy and ability to organize residents for participation in a comprehensive neighborhood revitalization process.
- *CDC organizational capacity-building efforts are hindered by CDP overemphasis on production.* NPI mandates pushed CDCs into making housing production their primary goal, jeopardizing organizational sustainability. Support for activities that would enhance CDCs organizationally, such as financial and management systems training, has been virtually nonexistent until rather recently. CDC ability to renew, sustain, attract, and retain scarce organizational and human resources greatly diminished as NPI continued to focus on physical development.
- *The local political structure must be considered when choosing viable CDP strategies.* The ward system of governance poses a significant challenge to operationalizing NPI investment strategies. The responsibility for what takes place in each ward falls on the councilperson. As a result, the successful implementation of NPI targeted investment strategies for neighborhood development will vary based on the specific agenda of each councilperson.

While there has been recent progress toward building sustainable organizational capacity among CDCs through Quantum Leap, NPI efforts to enhance its networking and political capacities remain few with no significant impact

THE ROLE OF NPI IN INFLUENCING CLEVELAND’S COMMUNITY DEVELOPMENT AGENDA

Most interviewees credit NPI with providing the impetus for the market-rate physical development that underlies Cleveland’s approach to maintaining diverse income groups in its neighborhoods. NPI continues to play a key role in the city’s neighborhood revitalization strategy by serving as a catalyst for market intervention. Moreover, the role undertaken by NPI provides a major lesson regarding its influence on the city administration’s community development agenda – *the importance of having high-ranking public servants, along with other stakeholders, involved in the process.*

The director of DCD and the councilperson who chairs the Community and Economic Development Committee for the city are members of NPI’s stakeholder board. No evidence suggests NPI directly influences the community development agenda of the city administration, but board participation by city officials allows NPI’s other stakeholders to exert indirect influence. At the very least, the

city administration's policies parallel NPI's through processes created to encourage professionalization and real estate development activities. The White administration continues to keep housing for middle- and upper-income households as a major community development priority. HTF and competitive CDBG awards support CDC engagement in real estate development activities that help the city to compete with its suburbs for middle-class residents.

SUGGESTED FUTURE DIRECTIONS

The vast majority of respondents seem cautiously optimistic about the future of NPI involvement in community development in Cleveland. NPI received accolades for catalyzing market-rate development as well as shifting the debate for resources from downtown versus neighborhoods to city versus suburbs. Yet, many interviewees also levied intense and constructive criticism against NPI for not pursuing a more holistic approach to community development. The following suggestions offer new and expanded directions for NPI future endeavors.

- *Coordinate program cycles and reporting requirements with the city.* Several CDC staff commented favorably on the results of the CNPP change from a two-year program cycle to a three-year program cycle. This extension allowed additional time for CDCs to focus on production activity. Encouraging DCD to introduce a three-year program cycle, as well as having the two organizations adopt similar timelines and requirements for reporting, could further enhance CDC programmatic capacity.
- *Continue Quantum Leap.* The community development industry exhibits much enthusiasm and high hopes for Quantum Leap. Some interviewees responded that Quantum Leap provides the organizational and human resource training CDCs had looked for in NPI. The following specific aspects of Quantum Leap are targeted for additional emphasis and expansion.
 - *Provide greater resources for community organizing.* Community organizing should be an essential activity of CDCs, creating a sense of empowerment among constituents that would further sustain community revitalization efforts in a more comprehensive fashion.
 - *Foster institutionalized school-based community development training.* NPI human capital capacity-building strategies should be supplemented with a longer-term, institutionalized, school-based training integrating neighborhood youth into the community development industry. One possible option would be for NPI to develop a more intense relationship with Cleveland State University, Case Western Reserve University, or the public school system to establish an academy in community development.

- *Amplify opportunities for CDCs to network.* Currently Quantum Leap provides metropolitan workshops where CDC staff and board members interact. Additional opportunities should be provided where staff and board members of CDCs and NPI, along with other players in the community development arena, may collectively engage in dialogue that could determine goals, actions, and direction pursued by the local CDC industry.
- *Begin discourse with other interested parties on the city versus suburb debate.* As NPI pursues regional strategies to increase and diversify its funding base, it should consider participation in a regionally based antisprawl or growth-management coalition that would support community development activities in the city. Participation in an antisprawl coalition may require that NPI become politically active. Moreover, CDC involvement in an antisprawl coalition might provide an opportunity for movement away from separate ward-based agendas toward true partnership and collaboration for the revitalization of Cleveland neighborhoods.

In conclusion, NPI has managed to develop local support to replace Ford Foundation resources. It is no small accomplishment that NPI works in partnership with national intermediary affiliates and has aggregated local foundation and corporate giving totaling more than \$30 million and leveraging \$180 million for community development efforts since its inception in 1989. However, if CDPs also intend to provide CDCs with a centralized organization through which they can build capacity to sustain themselves, nurture relationships, and advocate on behalf of neighborhood needs and desires, much work continues to exist for NPI.

NPI's experience suggests that CDPs must define capacity building beyond the ability to perform market-rate physical development. A concentration on physical development curtails efforts to explore other programmatic activities, such as community organizing and employment training, that would move Cleveland's CDC industry forward in a sustained way. Also, CDCs have difficulty in building political capacity because of the local structure of governance and because of the central control maintained by the CDP. Nevertheless, efforts must be pursued to reduce CDC dependence on local governance and CDPs. A system of governance where CDCs are financially dependent on councilpersons who control efforts undertaken in neighborhoods, such as is the case with the ward-based system in Cleveland, makes targeted investment and performance-based funding more difficult to implement. CDP central control heightens the potential for reducing its accountability to neighborhoods and diminishing CDC autonomy as a result of top-down strategy implementation for community revitalization.

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Alan Bellis, Executive Director, Northeast Shores Development Corporation

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Robert Jaquay, Associate Director, George Gund Foundation

Kim Kimlin, Vice President, Finance, Neighborhood Progress, Inc.

Karen Kollias, Senior Vice President, Director of Real Estate Lending, Shorebank, Cleveland

Norman Krumholz, Professor, Maxine Goodman Levin College of Urban Affairs, Cleveland State University

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Mark McDermott, Director, Cleveland Housing Network

Andy Nikiforovs, Executive Director, Lutheran Housing Corporation

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Kelly Robinson, Assistant Director, Mt. Pleasant Now Development Corporation

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Jean Shatten, Board Chairperson, Shaker Square Area Development Corporation

Richard Shatten, NPI Board Member, Mandel Associated Foundations

Shelley Shockley, Administrative Assistant for News, Call and Post

Phil Star, Director, Center for Neighborhood Development, Cleveland State University

Stephen Strnisha, VCC Board Member, Cleveland Tomorrow

Jay Talbot, VCC Board Member, Cleveland Foundation

Clifton Turner, Board Member, Mt. Pleasant Now Development Corporation

Chris Warren, Director, Cleveland Department of Economic Development

Marlane Weslian, Executive Director, Slavic Village Broadway Development Corporation

Bill Whitney, Executive Director, Detroit Shoreway Community Development Organization

John Wilbur, Executive Director, Ohio City Near West Development Corporation

James Williams, Executive Director, Famicos Foundation, Inc.

Bill Woods, Assistant Vice President, Business Banking, First National Bank of Ohio

Jordan Yin, Doctoral Candidate, Cornell University

**APPENDIX A:
GOVERNING STRUCTURES OF NPI
AND NPI SUBSIDIARIES AND PROGRAMS**

Class	Board Member	Class	Board Member
Neighborhood	Christopher Johnson* Executive Director Midtown Corridor	Foundations	Jerry Jarrett The Cleveland Foundation
	Tanya Allmond† Executive Director NNDC		Paul Feinberg* Partner Baker & Hostetler, LLP Counsel The Gund Foundation
	Rev. Sterling Glover Pastor Emmanuel Baptist Church		Richard Shatten Mandel Associated Foundations
	Adrian Maldonado Contract Compliance Officer State of Ohio	City	Councilman Frank Jackson Chairman Community/Economy Development Committee Cleveland City Council
	Rev. Charles Matthews Pastor Mt. Sinai Baptist Church		
	Mikelann Rensel Executive Director CNDC		Terri Hamilton* Director DCD
Corporate	Steve Percy* Chairman & CEO BP America, Inc.	At-large	Robert Kaye† Chairman Metropolitan Savings Bank of Cleveland
	David Daberko Chairman & CEO National City Corporation		John Shields* Chairman of the Board & CEO Delray Farms Markets
	Tom D. Newland President & CEO East Ohio Gas		Melvin Pye*† Chief Executive Officer Fairfax Place
	Bud Koch Chairman & CEO Charter One Bank	LISC	Robert Broadbent LISC

*NPI Executive Committee

†NVC Executive Committee

**VCC Board of Trustees
(as of January 1998)**

Bud Koch*
Chairman & CEO
Charter One Bank

Mark Masca
Principal
JDI Realty, Inc.

Byron Mason
Project Director
The Cleveland Urban League

Cynthia Williams
AGM Financial Services, Inc.

John Batt
Partner
Calfee, Halter & Griswold

William Bishop
President
Halle Homes, Inc.

Mark McDermott
Executive Director
CHN

*NPI Trustee

Paul Feinberg*
Partner
Baker & Hostetler, LLP
Counsel, The Gund Foundation

Terri Hamilton*
Director
DCD
City of Cleveland

Ruben Holloway
District President
Key Bank

Steven Strnisha
Deputy Director
Cleveland Tomorrow

Jay Talbot
Senior Program Officer
The Cleveland Foundation

Loyal Wilson
Managing Director
Primus Venture Partners

**CNPP Advisory Committee and Quantum
Leap Senior Advisory Committee
(as of June 1997)**

Bill Christensen
BP America, Inc.

Terri Hamilton**
Director
DCD
City of Cleveland

Ben Hecht
EF

Marc Jahr
LISC

*VCC Trustee

**NPI and VCC Trustee

Robert Jacquay
Associate Director
The Gund Foundation

Richard Shatten**
Mandel Associated Foundations

Steven Strnisha*
Deputy Director
Cleveland Tomorrow

Jay Talbot*
Senior Program Officer
The Cleveland Foundation

**Quantum Leap Multidisciplinary Review Team
(as of December 1997)**

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Mittie Olion Chandler, Ph.D. Associate Professor Urban Studies Cleveland State University	Ann Kent Vice President of Finance NPI
W.F. Christensen Manager Organizational Development & Training BP Oil	Richard L. Kovach Corporate Finance Ernst & Young
Robert F. Curry Director LISC	Dana M. Lovelace CRA Officer Huntington Banks
Katie Dixon Contract Compliance DCD	Cathryn J. Peterson President Executive Focus
Karen Heller Senior Associate Cleveland Tomorrow	Terrance Ross Commissioner City of Cleveland
Robert Hudecek Senior Vice President/Manager Community Development Lending Greater Cleveland Region Key Bank	Daryl Rush Vice President, Programs NPI
Robert Jaquay Associate Director The Gund Foundation	Richard Shatten* Mandel Associated Foundations
	Diane Swander Quantum Leap Within-Culture Educator Coordinator of Resource Development The Cleveland Enterprise Group

*NPI and VCC trustee and CNPP Advisory Committee member.

**Brownfield Redevelopment Initiative
Advisory Committee
(as of July 1997)**

Virginia Aveni Manager of Environmental Programs Cuyahoga County Planning Commission	Matthew Knecht Vice President HZW Environmental Consultants
Jack Freeman Senior Vice President Bank One, Cleveland, NA	Kevin Margolis Vice President Hemisphere Corporation Partner, Friedlander Coplan & Aronoff
Alan Gressel President Research Oil Company	Bradley Whitehead Partner McKinsey & Company
Christopher Johnson* Executive Director MidTown Corridor	

*NPI Trustee (Neighborhood representative)

APPENDIX B: QUANTUM LEAP BENCHMARKS

Benchmarks	Attributes
Legal Issues	Organization has access to legal counsel who assists in assuring that it is constituted and operating legally.
Financial Management	Organization has financial systems, personnel, and computerization appropriate for effective operations to include the following areas: reporting, staffing, planning and budgeting, internal controls, and fiscal stability.
Human Resources	<p>Management understands organizational mission, internal and external environments, and their role as organizational leaders and stewards.</p> <p>Appropriate staff retains a working knowledge and adheres to current applicable laws, regulations, and practices.</p> <p>Organization provides personnel policies accessible to staff.</p> <p>Employees understand their rights and responsibilities within the organization, and the organization realizes its responsibility to provide a work environment that enables employees to do their work.</p> <p>The board recognizes its duty to review, approve, and implement personnel policies.</p> <p>Recruitment selects staff who understand and embrace the organization's mission and values, and who have the necessary experience and skills.</p> <p>Organization provides employees with opportunities for job-related learning.</p> <p>Regular staff meetings take place to inform, educate, and encourage discussions about the organization.</p> <p>Competitive salaries and benefits, where possible, are developed with the needs of the staff in mind.</p>
Facilities	<p>Organization's mission, program needs, and managerial and financial capacity guide facility decisions.</p> <p>Senior management understand facility importance and have the ability and/or access to information necessary to make effective facilities-related decisions.</p> <p>Organization allocates adequate staff resources to developing and managing the facility and has a designated facilities-management contact person who handles facilities issues.</p> <p>The board shares the executive director's vision about the facility and works in partnership with the executive director to make major facilities decisions, but does not get involved with day-to-day facility issues.</p> <p>Organization integrates long-term facilities planning and decision making in long-term strategic planning.</p> <p>Organization retains an operating and maintenance plan for its facility and hires and trains competent people to maintain the facility.</p>
Governance	<p>The board understands, accepts, and fulfills its roles and responsibilities.</p> <p>The board articulates the vision of the organization and supports its programs, reflects the community served by the organization, and represents the range of skills needed.</p> <p>The board recognizes the importance of the organization's bylaws and reviews them periodically to ensure they accurately reflect the decision-making process.</p> <p>The board recognizes its importance in fund-raising, has a plan in place, and assigned responsibilities.</p> <p>The board regularly schedules meetings at which a quorum is present for the distribution and approval of minutes.</p>
Planning	<p>Organization views planning as a technique integral to management, develops skills to accomplish it, and accepts that planning is the best way to determine identity, goals, and strategies to accomplish desired ends.</p> <p>Organization views its existence as long-term and uses planning to maintain its viability.</p> <p>Board and staff accept planning as important and needed on a regular basis.</p> <p>Organization utilizes planning to identify actions and resources that will allow long-term plans to be implemented.</p>

APPENDIX B (continued)

Benchmarks	Attributes
Information Technology	<p>Organization understands information technology can be integral to many management areas, including planning, human resources, financial management, fund development, and facilities, and that information technology is best used only after good procedures and manual systems are in place.</p> <p>Organization has a technology and information infrastructure that supports operations and planning.</p> <p>Organization has a capacity to include information technology in planning and decision making with respect to long-term goals and programs.</p> <p>Organization possesses human resources and technological capacity to maintain, administer, procure, and provide user support for systems.</p>
Fund-Raising	<p>Organization maintains a fund-development plan that reflects its mission and goals and, upon implementation, provides resources for effective operations.</p> <p>Organization retains a staff person responsible for implementing the fund-development plan and for monitoring all funding contracts.</p> <p>The board recognizes the importance of its role in fund development.</p> <p>Organization obtains diverse forms of funding that meet the specific needs of its programs.</p>
Community Relations	<p>The organization:</p> <p>Maintains a high level of community involvement in the organization through volunteer work, etc.</p> <p>Communicates with the community about its programs and solicits its advice on future program needs.</p> <p>Regularly conducts market studies of the community in which it operates.</p> <p>Adequately markets its programs and services to all important constituents: clients, funders, current and potential partners, donors, prospective donors, staff, as well as other CDCs.</p> <p>Stays informed about national, state, and local policy issues that affect the community and the CDC.</p> <p>Communicates effectively and persuasively with policymakers.</p>
Program Management	<p>Organization periodically examines programs to make sure that they are in keeping with its mission and goals.</p> <p>CDC maintains a system for monitoring the status of ongoing programs (financial health, progress toward targets, etc.)</p> <p>CDC maintains a process for developing and implementing new projects.</p> <p>CDC maintains a reporting system to keep the executive director and board abreast of the status of programs.</p> <p>CDC maintains a process to compare budgeted items with actual cost of items.</p> <p>CDC dedicates resources for training and development of program management skills.</p>
Property Management*	<p>CDC retains high rates of tenant satisfaction, occupancy, and collects a high proportion of monthly rents.</p> <p>CDC complies with tax credit stipulations and monthly reporting standards.</p> <p>CDC maintains competent and responsive property management staff.</p>

*For CDCs that provide property management services