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Community Development Organizations

Michael McQuarrie

Department of Sociology

University of California, Davis

Introduction

Community development organizations (CDOs) operate worldwide to leverage local assets and resources for the general benefit of local residents. In doing this work, CDOs have benefitted from significant philanthropic support, have become models for the use of civil society organizations to facilitate economic development, and are innovators in imagining new ways of organizing and supporting local socio-economic relations. Because of their prominence and oft-cited success, CDOs are the subject of significant debate that goes to the heart of the meaning of community, development, and civil society. A key issue that arises with CDOs is whether local organizations using local resources can materially improve the lives of community residents in the face of state and market restructuring. Addressing this question is complicated by the lack of a general consensus on what these organizations are or the meaning of their activity. Indeed, the very words that make up the term “CDO” are highly contested and frequently debated. Nonetheless, these issues do not operate equally everywhere at all times. CDOs have a historical trajectory and some consensus on defining them has developed in some places. For example, in the United States, CDO mostly refers to organizations that engage in the

physical redevelopment of neighborhoods. However, that definition is historically- and geographically-specific and, in addition, continues to be debated even in the U.S

Definition

Community development organizations are organizations that leverage local knowledge and resources, sometimes in combination with external resources, in order to materially improve the lives of community members. According to an industry survey conducted in 1998, there are 3,600 community development corporations in the United States and there is probably a comparable number worldwide. The population of CDOs has exploded since the 1970s when nation-states began withdrawing from direct development activity and as localities began to resist large-scale, technocratic, and unaccountable development activity. In addition, economic restructuring around the world has created plenty of material deprivation that needs to be addressed. Generalizing much beyond this point is difficult. However, the point of engaging in specifically *community* development activity is to recognize and utilize locally-available resources to leverage other improvements. These resources vary from one community to another which necessarily results in organizational diversity within the CDO population. Nonetheless, there has been a rationalizing trend in the field of community development, which has made it possible to generalize about CDOs in particular times and places. Prying apart the terms “community” and “development” provides a window onto the diversity of organizations that exists under the umbrella term “community development.”

“Community” is an oft-invoked category that has variously been used to define an identity, underpin critique, and describe social relations. It is rarely clear which use of the term is being referenced in community development. By extension, CDOs have claimed to serve populations that share a given identity (e.g. recent Vietnamese immigrants to the Bay Area), they have situated themselves in a critical position relative to states and markets (e.g. when they claim that community-controlled development is superior to market forces or state activity), and they operate in communities that are built upon specific network ties and geographic propinquity. Even when CDOs are specific about what community they intend to serve, the very notion of community often masks the diverse identities and interests that actually prevail in the group in question. However, if we are looking for a usable definition of community, a useful place to start is to define it as a group of people connected by identity, geography, or networks of interpersonal social relations. This connection often leads to group-specific norms, practices, resource endowments, and resource deficits. Because community development has defined itself against state-led development, the most common meaning of community for CDOs is geographic and local, though the other understandings noted above are also prevalent.

Like “community,” “development” is a term that has multiple and contested meanings that confuse the issue of defining CDOs. For example, in the western humanist tradition, development has often referred to efforts to close the gap between our existence and our potential. While this can be understood in material terms, it can also be understood in terms of cognition, creativity, self-realization, and authenticity. Indeed, historically-speaking, CDOs have often tried to “develop” these softer attributes. For example, the

effort of settlement houses to culturally integrate recent immigrants in the early twentieth century United States was based on a “soft” understanding of development. Immigrants needed social skills more than economic resources to successfully integrate. Often, development understood in these terms can underpin critique and efforts to transform society in ways that would be impossible through addressing material needs alone. For example, in the 1960s and 1970s community developers informed by the “Black Power” movement in the United States argued that personal development for African-Americans required, not integration, but the development of autonomous African-American cultural and economic institutions, even at the cost of material deprivation. Nonetheless, today development most commonly refers to either the material improvement of the lives of members of a community or to the physical development of the a given geographic community. Despite increasing consensus around material understandings of development, there are still differences that are contentious both among CDOs and between CDOs and related organizational fields. Finally, recent spikes in commodity prices and concerns about the wasteful nature of modern consumer society has resulted in an increasing emphasis on development that is *sustainable*, that is, development that does not result in unnecessary burdens on the carrying capacity and resources of the planet.

It should be clear that community development has numerous meanings and analytically emphasizing any one of them in order to describe an organizational population can be problematic. Nonetheless, organizational actors do use more precise understandings and, today, the most common usage refers to the use of local resources and knowledge to materially improve communities and develop assets that can be further leveraged to build

wealth. This orientation to community development often places particular emphasis on self-help activities, leveraging social capital, and community participation in defining development goals and implementing programs. However, it must be recognized that each proposed definition includes some and excludes others who claim to be developing communities. While these distinctions are frequently practical, they are also, at times, political and intentionally exclusionary.

CDOs are organizations that work to develop communities using community input and locally available resources. Community development corporations (CDCs), which focus on housing and physical development, are the most prominent type of CDO in the United States. Neighboring organizational fields that are sometimes considered CDOs would include: cooperative businesses, community development financial institutions, community-based service providers, for-profit developers, and community organizing groups. These organizations are all understood to provide key building blocks of a healthy civil society. They engage in development activity that is not best undertaken by markets or states and they actively build the capacity of communities to materially improve their circumstances.

Historical Background

Community development has historical roots in the intellectual traditions of cooperative socialism, anarchism, utopian Christian communities, and technocratic interventions designed to improve community life. These early roots were manifested in utopian

socialist and Christian communities that attempted to isolate themselves from market society and cooperatives that were more integrated with modern society. All of these traditions were responding to the problems of systemic forces, such as the state and market, and attempting to organize communities around locally-organized social relations. Current CDOs have their roots in a more specific reaction to state-led development efforts and the inability of market mechanisms to meet the needs of many. These criticisms came to a head in the 1960s and 1970s when the limits of both state-led development and market mechanisms became apparent around the world in the form of worldwide recession and a general crisis of technocratic and bureaucratic management. Moreover, in the Global South the very concept “development” was subjected to extensive criticism because as a concept and model it did not recognize the specificity of local culture and seemed to measure all societies against a standard set by the United States. In the Global North state-led development was accused of bureaucratic mismanagement, cultural insensitivity, and a lack of accountability to affected populations. Organizations that self-identified as CDOs in this period were usually development engines for local corporate leaders and real estate developers.

It was in this context that a form of community development emerged that emphasized local participation, leveraging local resources, and a critique of state-led development. This criticism did not always emerge from civil society or communities. Indeed, the first community development corporations (CDCs) in the United States were established by the Title VII amendment to the Economic Opportunity Act of 1964. Furthermore, various War on Poverty programs initiated during the Johnson administration began to emphasize

the importance of local organizations that would be more responsive to community needs than top-down bureaucracies. This process was extended with the “New Federalism” of Richard Nixon, an approach to government which resulted in shrinking federal bureaucracies and an increasing reliance on nonprofit organizations for the provision of social services. These two developments led to the first significant growth of CDOs and the development of community development corporations with a particular focus on physical development. The devolution of service provision onto community-based organizations and philanthropies was given another large boost during the presidencies of Ronald Reagan and George H. W. Bush (1980-92). This was the product of two related developments: first, large cuts in federal urban and social service programs and, second, a valorization of civil society organizations and voluntary activity in the provision of these functions and services.

By the 1990s, the idea that civil society organizations were better suited to development activity was not just entrenched in the United States, but throughout much of the world. In the United States CDOs were the recipients of significant government funding as well as philanthropic dollars for the provision of these functions and, consequently, the population of CDOs has exploded since the 1980s. A similar explosion in non-governmental organizations (NGOs) engaged in development activity has occurred around the world. Ironically, the withdrawal of state support has caused CDOs to increasingly rely on market mechanisms for the achievement of their goals. This is most evident in the United States where CDCs have become increasingly rationalized around physical development that is designed to attract new investment rather than directly serve

existing populations. The dynamic occurs more broadly with an increasing programmatic emphasis on entrepreneurship and competitiveness in an increasingly global economy.

Key Issues

The main issues that arise with CDOs fall along two axes. The first is the relationship between CDOs and other organizations and systems that are organized at scales beyond the community, such as: the market, the state, and other civil society organizations. The second set of issues revolves around the issue of CDO relations with the communities in which they operate. The central question here is whether CDOs are expressive of community needs and desires or whether they are organizations whose primary goal is organizational survival, a goal that warrants drawing on resources from outside the community.

Despite the claim to be community-based organizations, CDOs are an organizational population that is heavily dependent upon outside investment, whether that investment comes from private sources, government, or philanthropies. Most importantly, deindustrialization in the Global North and structural adjustment programs in the Global South can have a huge impact on affected communities, an impact that CDOs can only hope to mitigate rather than reverse. For example, after two decades of trying to rebuild real estate markets in poor neighborhoods via the production of newer, more desirable housing, the recent credit crisis has resulted in renewed neighborhood crisis even in areas with a healthy CDO population. The issue here is the viability of development using

community resources alone. If such development is viable, then the cost of organizations that are more rationalized around externally-determined priorities can seem high, especially if it comes at the price of the ability of communities to determine their own priorities and needs or if it stifles the creativity of civil society organizations like CDOs. On the other hand, if external resources are necessary for community development, the relationship of CDOs to external institutions and organizations is essential and the rationalization of programmatic goals more desirable.

In the case of state investment, as states retrench or reallocate resources the result can be local economic crises or booms. However, states also have a more immediate impact on CDOs themselves, which are often heavily dependent on government funding which is variable over time. While states have generally come to acknowledge the role of civil society organizations in community development activities, they do not always provide resources that correspond with need. There is an additional problem. To the degree that CDOs come to be dependent upon government funding there is a danger that the voice and interests of community members can be marginalized. If the latter is the case, then the overall effect of devolving development activity onto CDOs has been to replace large, centralized bureaucracies with small, localized ones without altering the instrumentality and hierarchy of the policy-implementation structure.

The other relevant extra-local institutions for CDOs are philanthropies and, over the last 20 years, intermediary organizations. Since states have been retrenching even while they have come rely on CDOs, an increasing burden has been placed on philanthropies for

funding CDO activity. While foundations have made a large commitment to CDOs, a commitment that has been essential for the growth of the CDO population, this commitment has not been unproblematic. For example, foundations are often interested in quantifiable results and observable material improvement. This has probably aided a general rationalization of CDO activity around the production of housing and commercial development that might not have otherwise occurred. Increasingly, foundations are limiting the grants available while increasing their willingness to invest in development deals. This general shift in funding availability limits the scope of activity for CDOs even as it makes some activity more viable and easier to undertake at scale. A related issue is that as community development activity has been rationalized it has prompted foundations to spin off *intermediary organizations*. Intermediaries use their control over retail funding to actively intervene in CDO activity in order to increase CDO capacity and increase the ability of CDOs to achieve programmatic goals. The Local Initiatives Support Corporation and the Enterprise Foundation are prototypical community development intermediaries in the United States and have provided a model for the growth of intermediary organizations in a number of programmatic fields around the world.

There are also a number of issues surrounding CDOs themselves and their relationship with the communities in which they operate. The most basic of these questions is whether CDOs are organizations that are strategically acting to ensure their survival and growth or are they expressions of a community's needs and desires? If the former we should expect CDOs to gravitate to more stable sources of funding and resources and to rationalize

themselves around the tasks that enable them to secure those resources. If the latter, then we should expect the organizational population to be diverse and transient—reflecting variation in the communities themselves and the relative lack of secure resources. There is a larger civil society question here. If CDOs are civil society organizations, then they are useful because they generally accomplish tasks and facilitate social relationships that would not be available with market and state forms of organization. If not, if they are really just nonprofit extensions of the state and market. In this case the question is functional: what do CDOs actually add to the organizational mix that makes them worthwhile? Naturally, there is a third possibility; CDOs are interstitial. That is, they are neither pure expressions of community nor fully-rationalized organizations and their effectiveness comes from their ability to connect systemic needs and resources with community needs and desires.

These issues are related to another question that has dominated scholarly discussion of CDOs. If civil society is valuable in part because of the possibility that is inherent to its plurality and diversity, the issue of rationalization is a central concern. Indeed, if plurality and diversity are essential then the goal would be to have CDOs that can help people create new social relations in their communities even if that entails disrupting existing social relations. On one side of this issue are those who are concerned about whether CDOs promote or limit community civic engagement. On the other are those who argue that CDOs are social movement organizations that challenge social relations that are harmful or destructive to communities. There is nothing about CDOs that suggests they are inherently one or the other. What is in question is the role that specific CDOs play in

specific communities and the historical trajectory of the organizational population over time. In general, it seems fair to say that, in comparison with the 1960s, CDOs in the United States have experienced significant rationalization around the goal of physical redevelopment. There is nothing inherent or necessary about this and it seems reasonable to imagine that this might change in the wake of a massive credit crunch and decline in housing values. Regardless, these questions organize a series of related concerns in the scholarly literature on CDOs. Are CDOs instruments to manage and co-opt political radicalism? Or do they facilitate the expression of community desires at the systemic level? Are they flexible, creative and adaptive? Or are they increasingly rationalized and technocratic? Are they expressions of community control and self help that make up for the absence of functioning markets? Or are they instruments that facilitate the introduction of market mechanisms? These are key questions for which there is no single answer.

International Perspectives

Many of the key issues that arise in the literature on American and European CDOs also arise internationally. The biggest difference is the cultural meaning of these organizations and their activity in the Global South. For example, the meaning of the terms “community” and “development” is different in many parts of the world. Integration with a global economy centered on the Global North and its history of imperialism and resource exploitation has altered the meaning of terms that might seem relatively innocuous. “Development”, for example, is unobjectionable as a value in Christian

theology. However, when it is used as a justification for transforming property relations and disrupting communities the meaning of the term necessarily changes. In many parts of the world, development has come to be associated with disruptive economic transformations.

These issues are compounded when the advocates of community development are international aid agencies that have ideas about community and development that are oriented to the needs of funding agencies or the sentiments of a donating public in the Global North. For example, a CDO might be engaged in a project to protect local wildlife in order to create an attraction for tourists and create jobs for the local community. In the Global North where people are dependent upon wage income for survival this is a reasonable approach. In the Global South such a project might be understood as an appropriation of community resources to serve the goals of an organization that is responding to the needs of people who are unconcerned with local residents. Moreover, such projects may end up serving the needs of local elites or the state—the very opposite of common positive understandings of “community.” In scenarios such as this one, community development can be understood as serving the needs of a very distant “community” rather than helping local communities develop their own resources for their own improvement.

On a more positive note, CDOs in the Global South are far less dependent on legal sanctioning and monetary resources than such organizations in the Global North.

Organizations are less regulated and less rationalized which, ironically, means that they

are potentially more able to realize civil society's promise to deliver innovations that make use of community social capital. The Grameen Bank, famous for its microlending to the poor of Bangladesh is an instructive example. Both the developmental leverage that small cash loans can have and the ease with which the bank can provide them cannot be matched in much of the Global North. This is not a management issue. Microlenders in the United States, for example, usually have to borrow the funds at market rates which results in usurious interest to those they intend to serve. At the same time, the amounts necessary to have an economic development impact are much larger due to the marginal utility of non-cash resources in the Global North.

Future Directions

Many of the research questions discussed above have not produced definitive answers, nor should we expect one. However, it is worth asking the question of whether researchers are producing designs that are likely to yield good answers to these questions and, unfortunately, too often the answer is "no". Research on CDOs is heavily dominated by case studies of either exemplary organizations or organizations that reveal a dynamic in a particularly good way. Another prominent mode of research is to pool data from a variety of CDOs and then make generalizations based on that data. For example, there are studies that interpret community development entirely through the understandings of the community developers themselves. There are others that make interpretations entirely on the basis of structural relationships such as funding sources. In generalizing, studies often analytically obliterate the real diversity of CDOs. A key question for future research is

not simply to pick one of these methods of analysis or restate an old line of argument. At this point, the goal should be to integrate the insights to be gained from these various approaches. In meso-level studies it is possible to study subjective meanings alongside structural relationships and good organizations alongside bad ones. On a related point, much current research starts from the assumption that CDOs either represent the communities they operate in or are determined by systemic and organizational imperatives. Only infrequently has research on CDOs attempted to objectify this question and answer it systematically.

Another key question is whether community development really is effective at achieving the goal of development. As civil society has become a prominent issue of academic concern, questions about CDOs have revolved around things such as civic engagement, social capital, and political pluralism. Community development has been a key tool for policymakers for several decades now, yet the question of whether such work actually accomplishes development goals is rarely tackled head on. Certainly a number of CDCs operate in communities that are impoverished. On one hand, this is certainly good; they operate where they are needed. On the other hand, if they are in the poorest areas why are those areas not becoming less poor? One answer is that these communities would be much worse off without CDCs. This might be true, but there are not any notable studies that attempt to analyze this question objectively. Nor are there studies that attempt to compare the effectiveness of community development to, say, direct subsidies to individuals or state-led industrial or development policies.

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See Also

Ford Foundation, Civil Society—Business Relations, Community-based Organizations, Community Development, Cooperatives, Credit Unions, Foundations, Government Nonprofit Sector Relationships, Intermediary Organizations and Field, NGOs and Socio-economic Development

BIOGRAPHICAL & ORGANIZATIONAL ENTRY SUGGESTIONS:

Biographical

Arthur Morgan (communitarian; former head of the TVA)

Saul Alinsky