

**COMMUNITY DEVELOPMENT CORPORATIONS**

**INFORMATION GUIDE**

**Prepared by**

**THE UNIVERSITY OF ALABAMA**

**CENTER FOR ECONOMIC DEVELOPMENT**

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## **What Are Community Development Corporations?**

Community Development Corporations (CDCs) are non-profit organizations that originate locally from the efforts of residents who are determined to revitalize their neighborhoods and/or towns. Revitalization activities include developing affordable housing to attract homeowners back into their neighborhoods, initiating economic development, and developing social services.

CDCs succeed because they embrace mainstream American values. Since these values transcend ideology, CDCs have been able to generate broad participation from entire communities. CDC values include:

### **Self Help**

CDCs are organizations that stakeholders (residents, churches, and businesses) create to take responsibility for improving their neighborhood and enforcing neighborly behavior.

### **Community Building**

CDCs bring people together, reinforce the social fabric and bolster community institutions from churches to little leagues. Their mission--to rebuild communities physically, economically, and socially--transcends housing or any other single issue.

### **Local Control**

CDCs bring decisions down to the neighborhood/town level where it is closest to the people. CDCs' goal is to end the isolation of poor neighborhoods by attracting investment, and building relationships between neighborhood leaders and the corporate and public sectors.

### **Partnership**

CDCs are practical and collaborative, not confrontational. They recognize that no single organization can revive a neighborhood alone. They seek to build consensus and take advantage of the common ground among neighbors, local governments and the private sector--lenders, investors, property owners, developers, businesses, and foundations.

A CDC or Community Development Corporation is a non-profit organization. It is tax exempt and can be funded by any combination of member dues, private or public grants, and other resources. The corporation can take on projects of both a regional or single community nature.

### **Benefits of CDCs**

Community Development Corporations are building blocks to improving a society.

Members of CDCs believe community is a basic building block of society, and that:

- Community is complex and each one is different
- Active participation by the residents of the community is the most critical aspect of community development

- Development of each community can be fostered through improvement of individual, organizational, and problem-solving knowledge and skills
- Adherence to the CDC's Principles of Good Practice is essential to sound community development

The community must be proactive and constructive, providing leadership to professionals and citizens across the spectrum of community development.

### **CDC Principles of Good Practice**

- Promote active and representative participation toward enabling all community members to meaningfully influence the decisions that affect their lives.
- Engage community members in learning about and understanding community issues and the economic, social, environmental, political, psychological, and other impacts associated with alternative courses of action.
- Incorporate the diverse interests and cultures of the community in the community development process; and not support any effort that is likely to adversely affect the disadvantaged members of a community.
- Work actively to enhance the leadership capacity of community members, leaders, and groups within the community.
- Be open to using the full range of action strategies to work toward the long term sustainability and well being of the community.

Across the United States, many communities are in trouble. In our cities, economies sputter, social ties weaken, and political power fades. But everywhere, creative local leaders are fighting back, rebuilding neighborhoods and communities. And they are succeeding by starting with what they have. In the face of diminished prospects for outside help, they are turning first to their neighbors and to the local citizens associations and institutions that lie at the heart of their community.

If the community development corporation is dedicated to providing the citizens of the community with responsive, compassionate, fair, and efficient service, then the diversity of its programs and the commitment of its residents will continue to find new and innovative ways to meet its objectives: revitalizing communities, encouraging homeownership, increasing the supply of affordable housing.

### **Types of CDCs**

Community development is asset building. It focuses on housing and community economic development but also includes developmental efforts, such as job training, and preparing residents for more productive lives. Each community must look at their assets and determine how they can accomplish their goal of improving the community as a whole.

There are many different types of community development corporations that a community can incorporate. Most community development corporations deal with public and low-income housing in urban and rural areas. With the proper funding, they build apartments and homes for low-income residents. Other CDCs give classes for first time home buyers on how to manage their finances and mortgage. However, there are also many CDCs that deal with financing small businesses in areas that would benefit the community by providing jobs and services to the residents of the community. Many times they renovate decrepit or

condemned buildings, so that businesses will use the building. This creates jobs and brings services. There are also faith based organizations that serve as CDCs. They enter into the same tasks as regular CDCs but with the conviction of spreading their faith with each project.

Community Development Corporations bring the community together to better their homes and provide many services that other programs can't provide. By being a nonprofit, CDCs are welcome to many kinds of government funding and state funding. In addition, they are able to get loans with very low interest rates.

## **How to Start a CDC**

After composing a group of citizens who want to make a difference in the community and who will exert their time and efforts to seeing their community thrive, these citizens must write out a charter. The charter should be very broad, but should include all of the activities and services that the CDC will perform. The charter should also reflect CDC's mission statement.

## **Mission Statements**

Here is a great example of what a mission statement should declare. This is provided by the Knoxville, TN Community Development Corporation.

Mission Statement: To improve neighborhoods and communities by:

- Providing quality affordable housing
- Advancing development initiatives
- Fostering self-sufficiency

The goal of the department is to help fulfill the CDC's mission by addressing the agency's commitment "...to establish and preserve a suitable living environment for persons of low income in the city of Knoxville and other areas into which it may be invited to operate by providing and assisting in the provision of a variety of safe, decent, and affordable housing opportunities...."

Another example of a mission statement is by Mount Washington Community Development Corporation.

Mission Statement: Mount Washington Community Development Corporation's mission is to focus on issues vital to the community well being while involving residents, homeowners, property owners, businesses, and institutions within the community.

The organizational goals are to:

- Preserve and enhance the neighborhood and its institutions
- Promote environmental, visual, and physical improvements
- Conduct master planning for neighborhood improvements
- Provide forums for community involvement in neighborhood improvements and development

As these two mission statements affirm, the CDCs are started for the purpose of improving lives in the community. CDCs benefit the community by providing low-income housing, jobs, or services. It also brings the community together by involving all sorts of people and businesses.

Another example of a CDC and their mission is the Greater Lafayette Community Development Corp. (GLCDC).

### **Shared Community Benefits**

The GLCDC benefits the entire community. The primary purpose of the project it undertakes is to create employment opportunities and raise the quality of life for everyone. GLCDC meets community needs by working in concert with government, business, and community organizations to enhance their work and to leverage available benefits.

The objectives for moving forth that mission, which are further defined in the certified Articles of Incorporation, include:

- (1) To bring people together to share community values, history, and institutions
- (2) To improve the quality of life for disadvantaged citizens in Raeford, Hoke County
- (3) To preserve and improve neighborhoods through the facilitation of physical, spiritual, and economic development
- (4) To spur and manage dynamic neighborhood development through proactive planning and implementation of housing renovation and construction, micro-enterprise development, and projects and programs which provide academic and cultural enrichment
- (5) A commitment to grassroots leadership development as an effective means for sustaining a healthy community and its neighborhoods
- (6) The Corporation is irrevocably dedicated to, and operated exclusively for, nonprofit purposes: no part of the income or assets of the Corporation shall be distributed to nor inure to the benefit of any individual

After writing the charter and stating the mission, the devoted citizens that are starting the CDC, also known as the incorporators, must reach out to businesses, especially banks. There are many organizations that exist for the sole reason of financing low-income housing, and fixing and repairing businesses for future employers to use. A great way of starting the CDC funding is to talk to your local elected officials and pillars of the community.

The website <http://www.sba.gov/category/navigation-structure/loans-grants/small-business-loans/sba-loan-programs/real-estate-and-eq> gives a great example of what kind of financing a CDC is expected to be granted and what they need to qualify. This website has lots of information on the terms of the loans and the kinds of loans that CDCs can get.

### **Resources**

A list of websites that are beneficial to browse and see what other CDCs are doing include:

[www.alacom.com](http://www.alacom.com)

[www.kcdc.org](http://www.kcdc.org)

[www.cdcli.org](http://www.cdcli.org)

[www.slcdc.org](http://www.slcdc.org)

[www.mtcde.org](http://www.mtcde.org)

[www.hilltowncdc.org](http://www.hilltowncdc.org)

[www.harlemcdc.org](http://www.harlemcdc.org)

[www.mwcdc.org](http://www.mwcdc.org)

[www.fenwaycdc.org](http://www.fenwaycdc.org)

[www.austincdc.org](http://www.austincdc.org)

[www.cfredc.org](http://www.cfredc.org)