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The Dynamics of Change Among Community Development Corporations
in Inner North/Northeast Portland, 1987-2006

by

Louisa Jenkins Brown

A dissertation submitted in partial fulfillment of the
requirements for the degree of

Doctor of Philosophy
in
Urban Studies

Dissertation Committee:
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Abstract

This project is a comparative case study of five Community Development Corporations (CDCs) that emerged in the seven central neighborhoods of Inner North/Northeast Portland, Oregon in the late 1980s. Of the five organizations that began at that time, only two exist currently. Analyzing how and why these organizations rose and fell, merged and failed, struggled and survived in a compressed time frame and geographic area will elucidate the different paths that each organization chose in a neighborhood that changed from derelict to gentrified. Drawing on the overlapping bodies of literature that cover low-income and affordable housing development, CDC structure and evolution, and neighborhood revitalization, this study will highlight issues of local government participation in the expansion of CDCs and a changing community context. The choices that organizations made, or were compelled to make, in response to these particularly local conditions contribute either to their fortitude or their demise. This case study is intended to fill in gaps in the existing CDC and gentrification literature and to contribute an understanding of survival strategies for CDCs in an intensely competitive environment.

DEDICATION

This project is dedicated to my partner Brannon Lamp who toiled right alongside me, and to my grandparents, J. Crossan Cooper, Jr., Eleanor C. Cooper, and Bertha P. Brown, whose support and encouragement at the many different the phases of my education keeps propelling me further.

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CHAPTER 1.

INTRODUCTION AND BACKGROUND

Since the 1960s, Community Development Corporations (CDCs) have endeavored to challenge neighborhood blight, advocate for local residents, and since 1972, when President Nixon declared a moratorium on the construction of new public housing units, compensate for the federal government's diminishing role in the production and management of low-income and affordable housing. Often grass roots, CDCs are non-profit organizations that sponsor community organizing, housing and economic development programs as vehicles for neighborhood improvement. Low-income rental and for-sale housing development, economic development, community organizing, job training, home buying and education programs are some of the activities that CDCs engage in. However, of the programs, only housing development is a geographically fixed activity, so that it has the most lasting effect on a neighborhood. CDCs are generally supported by grants from local governments and philanthropic foundations, with their most visible assets in the community being units of low-income housing.

During the 1990s, the role of CDCs in urban redevelopment projects reached its pinnacle. Well-funded and thriving on the energy of renewed interest in urban life, CDCs nationwide were able to develop successful affordable housing and economic revitalization strategies in blighted urban neighborhoods (and more rarely in suburban and rural areas). The combination of federal legislation, specifically the National Affordable Housing Act of 1990 (NAHA) that mandated CDC participation in the

expenditure of Community Development Block Grant (CDBG), and Home Investment Partnerships (HOME) funding (the main source of federal dollars for economic and housing development projects at that time), as well as the rise of philanthropic foundations (the Enterprise Foundation created by The Rouse Company and the Local Incentives Support Corporation [LISC] created by the Ford Foundation were the largest partners) bolstered CDC development savvy and participation in revitalizing urban neighborhoods. With the federal government providing funding and philanthropic foundations providing technical assistance and leveraging additional funds, CDCs around the US embarked on ambitious development projects that focused on the creation of affordable housing units, job creation, and neighborhood stabilization. However, by the middle and end of the 1990's, many organizations, especially newer ones, faced economic, organizational, and political challenges that forced them to rethink how they operated. The economic challenges included decreased federal and foundation funding, greater competition from the private sector for development projects due to an easing of credit restrictions, and booming housing markets (Walker, 2002: 24). The organizational challenges included staffing, leadership, and asset management, and political challenges included waning support and changing neighborhoods, especially those that were affected by gentrification (Walker, 2002: 4; Hoereth, 1998: 9).

The City of Portland, Oregon has a strong group of CDCs that emerged in the late 1980s and early 1990s; these operations work in different neighborhoods throughout the city and the surrounding suburbs. In 1990, the seven central

neighborhoods of Inner North/Northeast Portland (see map, Appendix I) were poor, home to Portland's largest concentration of African Americans, and blighted. These neighborhoods have seen a particularly dramatic ebb and flow of CDCs, neighborhood gentrification, and changes in racial composition since that time. The five organizations noted in this study have made significant contributions to neighborhood organizing, housing and economic development programs that in turn helped to lay the groundwork for private investment that ultimately changed the physical, social, and economic composition of that area. Of the original five, though, only two organizations currently exist. Analyzing how and why these organizations rose and fell, merged and failed, struggled and survived in an environment of increased financial accountability and competition between organizations, decreased federal funding, and gentrifying and racially changing neighborhoods is the purpose of this dissertation. Both qualitative and quantitative data will be utilized to understand the Portland-specificity of the phenomena and how the experiences of these CDCs can augment the current models of growth, change, and decline, both at the organizational and strategic levels. Specific questions that arise from this broad inquiry include: How did local policy makers and project funders guide the growth and development of the organizations? What was the role of the changing neighborhood, especially with regard to racial composition? In order to answer these questions, it is important to understand how these organizations evolved along with their relationships to local government, local and national funders, and the neighborhoods in which they operated, or have failed.

CDCs were first recognized as a viable means for community redevelopment in the 1960s, when urban decline and blight were accelerating. Through the 1970s and 1980s, CDCs became embedded within their communities and were on the forefront of revitalization efforts, especially as larger government-funded efforts declined in the 1980s (Walker, 2002:6). However, most early efforts had little substantive impacts on neighborhood vitality (Rusk, 1999; Walker, 2002). As these organizations were incorporated into the mainstream funding and redevelopment efforts in the 1990s, many urban areas had were concurrently undergoing vast changes. Urban economies, including Portland's, had shifted from an industrial base to an information base. Urban neighborhoods were becoming popular places to live, and gentrification of previously derelict areas was happening in cities across the US.

CDC Roles

The multiple layers of explanations for the evolution of CDCs in Inner North/Northeast Portland are derived from the intertwining of CDC purpose and structure, federal policy changes that have supported the expansion of the roles of CDCs, the rise of philanthropic foundation participation in the support of CDCs, the specific neighborhood histories where these organizations operated, and the local policy initiatives and responses to the situation in Inner North/Northeast Portland. These factors define the particular role of each organization, a role that has changed significantly over time.

CDCs perform a variety of community organizing and community development activities. From low-income housing development (both new construction and rehabilitation) to job training programs, neighborhood watches to storefront improvements, CDC activities can involve the empowerment of neighborhood residents and the attraction of outside investors (Capraro, 2004). Housing development is an inherent part of CDC community development activities because “it is the sphere of activity in which it seemed most likely that they could demonstrate clear successes and thereby gain credibility and access to additional resources, both financial and intangible” (Vidal, 1996: 162). Because housing blight is a common occurrence in low-income neighborhoods and re/development can be an empowering process, it is a good fit for organizations that are trying to make a difference in their neighborhoods. It is a potential win-win situation for the organizations (as providers of housing), the neighborhoods (as safer and more desirable places to live), and the local government (as stewards of federal funding, protectors of public safety, and collectors of local taxes). Because of their status as advocates, organizers, and landlords, CDCs must balance the needs and demands of tenants, neighbors and funders. It is this balancing act that often determines CDC success.

Another potential dilemma that arises with a CDC focus on revitalization is the spurring of private investment in their neighborhoods. While Rusk’s (1999) study of CDC housing production in the 1980s showed no visible positive impact on neighborhood housing values, but the role of CDCs and their housing production in

the 1990s had yet to be fully clarified. In many cases, CDC involvement encouraged private investment in neighborhoods that had been previously redlined (Newman and Ashton, 2004; Walker, 2002). With this outside investment, issues of blight were no longer paramount for CDCs; those of gentrification and displacement were. The emergent dilemma for CDCs involves new neighborhood priorities that may no longer be the same as they had been. New neighbors may not welcome the existence and expansion of low-income rental housing. With improved neighborhoods, CDCs were also now in competition with private investors for developable land and vacant and abandoned housing units, if there were any left. This competition introduced a new challenge for CDCs, one that often put them out of business (Rohe, Bratt, & Biswas, 2003).

Evolution of Federal Funding and Policies and CDCs

CDCs primarily take advantage of supply-side, project development funding through a public intermediary. As most CDCs take on housing development projects, their relationship with local government becomes critical to their survival. Local governments are the primary conduit for federal housing dollars which can, in turn, affect access to bank loans and grants from philanthropic foundations. Each of these relationships has evolved with federal policy changes. The most significant of these changes include the changing of the federal tax code in 1986 and bolstered CDC use of Community Development Block Grant Funds and HOME funds in the 1990s (O'Regan & Quigley, 2000). Since the Nixon Administration's moratorium on the

construction of new public housing projects in 1972, the federal government has played a lesser role in the development and management of low-income and affordable housing (Peirce and Steinbach, 1987: 57-58; Walker, 2002:6). The large federal programs since 1972 have encouraged public-private development partnerships, where public entities partner with non-profit or private developers. In this scenario, the private or non-profit sector developers take on more direct ownership, while the federal government, via the Department of Housing and Urban Development (HUD), assumes a regulatory and funding position. Examples of these funding policies that encouraged public-private partnerships include the Community Development Block Grant (CDBG) from the Nixon Administration, the Urban Development Action Grant (UDAG), the cornerstone of the Carter Administration's Urban Policy, and HOPE VI, the Clinton Administration's policy for the redevelopment of public housing projects into more mixed income communities that create more positive contributions to neighborhoods and cities (Leamann, 1994; Schwartz, 2006). CDBG was a broad, flexible funding program that supplanted in part the federal spending on public housing projects. CDBG funding, while fewer overall dollars, gave local jurisdictions greater latitude in the types of development options, rather than exclusively housing development. Although still allocated, CDBG funds have diminished over time as more specific funding like the HOME program has increased. UDAG (1978-1989) offered private and non-profit firms public resources to invest heavily in a specific economic development program or geographic area. These resources include eminent domain for site assembly, as well as funding for the

rebuilding of the public realm of development and gap financing for the buildings themselves (Schwartz, 2006). HOPE VI (1992-present) offers local housing authorities, in partnership with private and non-profit developers, flexible funding that can be used to leverage additional funds to replace blighted public housing projects with mixed income communities (Dreier & Atlas, 1996).

Concurrent with the earlier federal funding program shifts was the legislation that sought to ameliorate decades of “redlining” and disinvestment in African American and other low-income neighborhoods. The Home Mortgage Disclosure Act (HMDA – 1975) and the Community Reinvestment Act (CRA-1977) were requirements for banks to make loans in neighborhoods where they held deposits and to provide documentation of such actions to the public. If banks did not comply with these regulations, the government would not allow them to open new branches (Frater interview: 2). These laws spurred bank lending, albeit begrudgingly in the beginning, in areas previously disinvested. Banks, though, did welcome CDCs and their public sector partners to facilitate risk sharing and to reduce exposure in the development of projects “in marginal neighborhoods where property values and resident incomes cannot support debt” (Vidal, 1996: 157). However, enforcement of these lending laws was somewhat lax; it was not until 1989 that the “federal government initiated any action on the basis of a CRA evaluation” (Squires, 1992).

The hallmark of the Reagan Administration’s efforts to engage the private sector in the development of low-income housing was the Low-Income Housing Tax Credit (LIHTC), created by the Tax Reform Act of 1986. The purpose of the LIHTC

was to spur the private sector to participate in low-income housing production by creating incentive (tax credits on federal liabilities for ten years) for capital investment (Oregon Department of Housing and Community Services: 1). The Internal Revenue Service (IRS) allots each state a certain dollar value of tax credits based on the per capita income of the state (McNamara interview: 15; Oregon Department of Housing and Community Services: 1). The state governments distribute the credits to projects, often on a competitive basis (Oregon Department of Housing and Community Services: 3). Housing developers apply for and are awarded the credits based on certain project criteria. The credits are in turn syndicated by entities like Enterprise Social Investment Corporation (ESIC), a subsidiary of The Enterprise Foundation, and sold to investors who use the credits to offset personal income taxes; the proceeds of these sales provide the basis for project equity. This equity is used to fill the gap between loan amounts and actual project costs. As this is a free market based program, the value of the credits can fluctuate. When the economy is growing, and private investors need tax credits to offset income, the value of the credits increases to a ratio greater than 1:1. When the economy slows down and recedes, the value of the credits declines to less than 1:1, because fewer people need them to offset income. The overhauling of the tax system in 1986 caused a temporary hiccup in the production of low-income housing as developers scrambled to realign development projects with the new criteria and funding requirements. The use of the LIHTC also opened the door for more non-profit participation for use in mid-size developments.

The National Affordable Housing Act (NAHA), or Cranston Gonzales Act was passed in 1990. This act included a new type of affordable housing development funding, the HOME program, and represented a significant policy shift that would ensure the role of CDCs in local community development efforts by designating that 15% of all CDBG and/or HOME funds would be set aside for “experienced Community Housing Development Organizations (CHDOs)” (HUD, 1997). For the purposes of its funding, HUD clearly defined that a CHDO was to be a community based organization for the purposes of its funding. The criteria for defining community based include: one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations as evidenced by the organization’s by-laws, charter, or Articles of Incorporation (HUD, 1997). The inclusion of CDCs in the allocation of such funds institutionalized their participation in neighborhood revitalization efforts.

During the 1990s, new federal public housing policy included the initiation of the HOPE VI program that would dominate HUD’s housing efforts for the next several years. With a number of public housing projects having deteriorated to a point where they were considered hazards to the residents and neighbors, HUD sought to tear down a number of high-rise projects and replace those units with smaller scale developments. HOPE VI is the program designed to repurpose dangerous and outmoded public housing projects into well-designed, mixed income neighborhoods and developments and to divest Housing Authorities of the sole responsibility for

housing the poorest of the poor (Schwartz, 2006). Housing Authorities accomplished this by working in partnership with local non-profits to take advantage of multiple sources of project funding. Some of the most notorious projects included the Robert Taylor Homes and Cabrini Green in Chicago and the former Pruitt-Igoe site in St Louis. In Portland, the redevelopment of Columbia Villa into New Columbia and Iris Court into Humboldt Gardens are examples of such endeavors.

In an effort to preserve existing affordable housing units, HUD created the Low Income Housing Preservation Resident and Homeownership Act (LIHPRHA) in 1992 to preserve apartment complexes that had been developed in the 1970s with 20 year subsidized mortgages. As the subsidies were about to expire, many owners were looking to sell the apartment complexes; HUD created “steps an owner of a property must take in order to sell it or end HUD's affordability restrictions, provided incentives to owners to stay in HUD's programs, and gave advantages to tenants and nonprofits in purchasing buildings should the owner choose to sell” (*Shelterforce Online*, 1997). Each apartment complex or Single Asset Entity (SAE) was an independent corporation with its own governing board, and the sponsoring CDC was merely a fiscal agent that did not even realize a fee from their role in management of the units. Had the sponsoring CDC been able to incorporate the income from these complexes into their portfolios, much of it from stable HUD sources, their balance sheets would have had very different numbers.²⁵

²⁵ Unit based Section 8 vouchers ensured that the housing units would have a stable cash flow, albeit with additional paperwork and inspections. This fact made the complexes very attractive investments with stable populations. Most of the LIHPRHA apartments had Section 8 vouchers attached to the units, rather than the tenants. The income from these vouchers was based on HUD's determination of a Fair

Philanthropic Foundations and CDCs

As CDCs grew in number and sophistication in the late 1980s and early 1990s, so, too, did the funding and foundation support systems that sponsored them. Prior to the late 1980s, CDC funding was inconsistent; however, with the Ford Foundation's expansion of the Local Incentives Support Corporation (LISC) to the West coast in 1984 and the advent of the Enterprise Foundation in 1982, a nationwide "community development infrastructure" was established to disseminate both funding and technical assistance to community organizations (Hoereth, 1998: 15; www.LISC.org). The LISC and Enterprise networks were responsible for the allocation of money from the National Community Development Initiative (NCDI), a consortium of public and private funders that "played a key role in catalyzing CDC gains over the 1990s" (Walker, 2002:1). This infrastructure grew in size and complexity with the introduction of local intermediaries who would offer additional opportunities to leverage the NCDI funds (Walker, 2002: 60).

In the late 1980s, the Oregon Community Foundation (OCF), a clearinghouse for small local philanthropic foundations, had been involved in "building neighborhood associates, neighborhood spirit, and community economic development" through a grant from the Mott Foundation, but the political pressure to deal with (mostly) crime issues in Inner North/Northeast Portland called for a more focused, albeit community based, solution (Sohl interview: 3). While CDCs had

Market Rent (FMR). Under the Section 8 program, tenants pay no more than 30% of their income for rent and utilities, and HUD pays the difference between that amount and the FMR.

“flowered” on the East Coast, Portland was slow to nurture the model, in part due to the fact that urban disinvestment levels and fiscal crises were not as dire in Portland as they were in other, often older cities (Hoereth, 1998: 1). In the late 1980s, though, the Ford Foundation had begun to establish local partnerships (via LISC) and to “partner with community foundations” (McNamara interview: 4). In 1989, the OCF won a planning grant from the Ford Foundation to complete “an assessment of community development needs in Portland.” The results of this assessment included the recommendation that OCF “create a local intermediary that would support CDCs at all maturity levels” (Hoereth, 1998:21). As a result of local political pressure (brought to a head by Dee Lane’s “Blueprint for a Slum” expose in *The Oregonian*) and the \$500,000 commitment from the Ford Foundation, OCF created the Neighborhood Partnership Fund (NPF) in 1990 “to develop a support infrastructure for CDCs by channeling resources from foundations, corporations and government to local CDCs” (Hoereth, 1998: 1).

This funding was part of a broader national effort by philanthropic foundations to revitalize blighted urban areas. In conjunction with the federal focus on funding CDCs for housing development, increased support from philanthropic foundations catalyzed CDC growth and maturation (Glickman & Servon, 1998; Silver, 2004). Several large corporate foundations banded together to form the National Community Development Initiative (NCDI), a \$62.5 million fund created in 1991 by a consortium of seven foundations and the Prudential Insurance Company that contributed significantly to the growth and direction of the national CDC industry (Gittell and

Wilder, 1999; Andrews interview: 2).²⁶ With its funds disseminated through LISC and the Enterprise Foundation, NCDI filled part of the void created when federal support for any kind of housing production had been severely curtailed by the Reagan administration and shifted the focus to smaller, community based efforts. With the limitations in federal funding, state and local entities had to be more creative in their approaches to the development of subsidized housing. In this era of “strategic initiatives” rather than blanket programs, cities were encouraged to “leverage private investment,” such as foundation grants (Wollner, Provo, and Schablisky, 2003: 21). While reflective of differing perspectives, both the Ford and Enterprise Foundations sought to empower CDCs and increase their housing production through technical assistance, direct funding, and the syndication of tax credits (from the 1986 Tax Reform Act) to provide project equity (Peirce and Steinbach, 1987).²⁷

Born out of James Rouse’s commitment to low-income housing and supply side economics, The Enterprise Foundation (Enterprise), now Enterprise Community Partners, focused on housing production activities and sought to bridge the gap between public investment and private enterprise. Since its creation in 1982, Enterprise has given organizations core-operating support and assisted with the production of units of low and moderate income housing through technical assistance, tax credit syndication, lobbying efforts, and direct funding throughout the country.

²⁶ These funders included the Annie E. Casey Foundation, the Robert Wood Johnson Foundation, the John D. and Catherine T. MacArthur Foundation, and the Ford Foundation (Allen & Lockett Interview: 13).

²⁷ LISC was born out of the Ford Foundation’s Gray Areas Project in 1979 and acts as a “bank” for local CDCs that worked to leverage additional funds and demand accountability from groups. Enterprise reflected a more nuts and bolts, hands-on approach (and dollars) to development with its Rehab Work Group that offered tips to groups on ways to get the most housing units for dollars invested (Peirce and Steinbach, 1987: 75-81).

With its counterpart, LISC, Enterprise has a presence in many major cities in the US, as well as rural areas. One of the main goals of this organization is to strengthen the potential of public private partnerships, an idea that has been encouraged by federal policies and led to the growth of CDCs as housing developers.

When NPF began in 1990, Ed McNamara, who had been the Executive Director of REACH CDC, was hired to run the entity and to build a local CDC industry, in many ways based on his successes at REACH.²⁸ It was the goal of NPF's "programs to ensure that all of Portland's low-income neighborhoods are served by effective CDCs" (NPF, 1994: 1). As part of industry creation, McNamara set out to empower not only individual organizations, but also to create a technical assistance and policy advisory group (McNamara interview: 5).²⁹ In order to coalesce the organizational part of the industry, McNamara established a hierarchy for groups from emerging to mature CDCs, and set up a series of training sessions for the board and staff of the emerging ones. At the time, there were many fledgling organizations that were interested in expanding their influence in their neighborhoods. The organizations included not only neighborhood associations, but also cultural and church based groups as well. These organizations applied through a competitive funding process and, if accepted, would commit to 6 months of weekend training sessions that would culminate with the organizations having a mission statement, by-laws, a business plan with which to operate more effectively, and a better understanding of housing development and finance (Hoereth, 1998: 21; McNamara interview: 7). Once the

²⁸ In 1990, REACH was considered one of the two viable CDCs in Portland. It continues to play a significant role in Portland's CDC community.

²⁹ See p. 18 for a discussion of the timing of the creation of NPF.

groups completed the training sessions, they were given a small grant for operating expenses to move forward (McNamara interview: 7). The mature organizations were required to complete a “pretty extensive self-assessment” that included an examination of processes and systems by both board and staff to ensure that each group was seeing the organization in the same way (Hoereth, 1998: 23; McNamara interview: 8).

There was some controversy surrounding the choice of groups, and the apparent “heavy-handedness” with which these opportunities were created and administered. Especially controversial was the necessity for a geographic target for the organizations. Housing Our Families did not make it into the first round of trainings because McNamara did not consider it a community organization. Kay Sohl argued that it was a “community of women,” but McNamara adhered to his geographically oriented definition of a CDC (Sohl interview: 4). As a result of their initial exclusion, the women of HOF chose the Boise and Eliot but continued to insist on establishing their own kind of identity within these parameters (Schleiger interview: 3).

The result of the NPF training sessions was a group of seventeen organizations (16 were eventually funded), including the five that are the subject of this dissertation, that were evolving concurrently (Hoereth, 1998: 8).³⁰ Each organization realized operating support from NPF, with additional support from other local foundations like the Meyer Memorial Trust, the Collins Foundation, the Herbert Templeton Foundation, and the Ralph Smith Foundation (Hoereth, 1998: 17). By 1994, though,

³⁰ The 16 organizations were: Franciscan Enterprise, Hacienda CDC, Inner Westside CDC, Housing Our Families, REACH, Portland Habitat for Humanity, Sabin CDC, ROSE CDC, Portsmouth CRC (later Peninsula CDC), Northeast CDC (NECDC), Network Behavioral Healthcare, Central City Concern, Northwest Housing Alternatives, Human Solutions, Low Income Housing for Native Americans of Portland, Oregon, and Portland Community Reinvestment Initiatives (PCRI).

NPF was working with 10 CDCs and sought to focus on these groups, as opposed to encouraging even more new groups, and create funding alliances, so that it was not the sole source of support (NPF, 1994: 5). NPF staff expected that the higher levels of funding to “emerging” organizations would decrease over time, as organizations built additional funding sources (NPF, 1994: 9, 12). This expectation would prove to be the basis for a series of misunderstandings between NPF and the CDCs that led to dramatic changes in the industry.

Another key institution that was created in conjunction with the growth of Portland’s CDC industry is the Housing Development Center (HDC). Originally created by NPF to offer the fledgling organizations technical assistance for project development and construction management services, HDC is a non-profit technical assistance consultant group that played a key role in expanding “the internal capacity (of the CDCS) to manage single and multi-family housing development” and the role of neighborhood construction contractors in the development process (White and Swanson, 1993; Hoereth, 1998: 20). As the industry has evolved and development projects are scarcer, HDC shifted its focus to asset management strategies by supporting the efforts of CDCs to share information and develop effective property management policies. This group formalized into the Property and Asset Management Working Group (PAMWG), as CDCs shifted into a more mature stage of development. Its purpose is to address “the multiple and often conflicting expectations for affordable housing” in order to stabilize and sustain CDC housing portfolios (PAMWG, 2007).

As the CDC industry began to grow, the Enterprise Foundation established a Portland office in 1995, a part of its larger effort to enhance local partnerships around the country. When Enterprise opened its Portland office under the auspices of Rey Ramsey, who was later President of the Enterprise Foundation, its responsibilities included the management of the NPF development fund and the management of the NPF Development Capital Revolving Loan Fund, as well as being the local conduit for significant funding through NCDI (Hoereth, 1998: 19). However, this funding source diminished towards the close of the decade, just as Portland's CDC industry had begun to mature, and Enterprise's development role had shifted from "revitalization strategies to an affordable housing strategy" (Hoereth, 1998: 20). The "CDC industry was changing (quickly), and these issues on the ground were different than when CDCs started" (Andrews interview: 3). Keeping pace with changing organizational needs was one of the greatest challenges for philanthropic foundations.

Local Policy and Funding

Portland, Oregon is a relatively young city whose economy relies on a combination of hi tech, transportation and distribution of goods, metal fabrication and equipment manufacturing, medical and service industries. Surrounded by a regional Urban Growth Boundary, Portland has a compact downtown area surrounded by distinctive neighborhoods. It is a fairly homogeneous city whose minority populations in 2000 combined to equal less than 22% of the overall population (http://factfinder.census.gov/home/saff/main.html?_lang=en). Portland is also the

largest city in the US that retains the commission form of city government. In many ways, it is the form of city government that facilitates city council's ability to focus on particular issues. In the commission form of government, adopted by voters in 1913 as part of a wave of structural change in response to corruption that was endemic in the ward systems of older cities, the mayor and commissioners have both legislative and executive powers (City Club of Portland, 2007). In addition to legislating policy and setting the city's budget, the mayor and commissioners are each responsible for the oversight of particular aspects of Portland's essential services: transportation, planning, housing, water, fire and police, parks and recreation, to name a few.

The Albina neighborhoods had been in the focus of intermittent local and federal revitalization efforts since relatively small-scale riots of the 1960s. The outcomes of each of these efforts were lackluster, due to uneven levels of participation and plan implementation, so that when conditions in the neighborhoods deteriorated because of the advent of crack cocaine and incursion of gangs in the late 1980s and the Albina Community Plan was initiated, the planning process glibly stressed "revitalization through a plan that is based on the shared objectives of those concerned with this part of Portland" (Bureau of Planning, 1989: 1). The document spelled out new zoning overlays, design standards, transportation connections, and a vision for a renewed Albina (Bureau of Planning, 1992). The community meetings included hundreds of residents and business owners, and the outcomes promoted revitalization but failed to address root issues that surrounded race and poverty (McLennan interview: 13; Long interview: 15). While some community groups feared that

gentrification was very possible in the Albina neighborhoods, many residents could not fathom that this was even possible (McLennan interview: 12; Rudman interview: 11; Schleiger interview: 7). Given this disparity of views and competing interests, though, the plans focus on revitalization tried to accommodate a broad range of views and was as much a community-organizing tool as planning document (McLennan interview: 12). This effort was complicated by “the hope of many in the community, as well as the Planning Bureau, that the plan may be completed in a shorter period of time (than the 3 years allotted) ” (Bureau of Planning, 1989: 2). Critical to plan implementation was the role of neighborhood CDCs, because of their local roots and perceived effectiveness for addressing neighborhood problems.

At this point, though, BHCD had a working relationship with a limited number of CDCs, although several were in nascent stages, and had been unable to spend their federal development funding allocation within its three-year time limitation (Hoereth, 1998: 4; McLennan interview: 1). With the clock running out, BHCD worked with NPF to foster as many organizations as possible in order to spend the federal funding (McLennan interview: 2). The combination of political will to address the issues, readily involved neighbors, and fledgling organizations was critical to the development of organizations that had the exuberance to take on the dilemmas of poverty and disinvestment in such a short period of time.

Just after the passage of the Albina Community Plan and as NPF’s training sessions were getting off the ground in 1992, Gretchen Kafoury was elected City Commissioner on a housing platform. A former County Commissioner, Kafoury

became a tireless advocate of affordable housing during her time in office. With Portland's government structure that allowed "politicians to forge allegiances to issues rather than neighborhoods," Kafoury was able to capitalize on her passion and to channel funds into the Bureau of Housing and Community Development and focus on Inner North/Northeast Portland (Hoereth, 1998: 15). This resulted in the political will necessary to jump start revitalization efforts outlined in the Albina Community Plan and set them in motion (Baker, 1992). Kafoury's two most significant accomplishments while in office were housing related: the creation of Portland Community Reinvestment Initiatives (PCRI) to acquire the housing portfolio from the bankrupt Dominion Capital and the establishment of the Housing Investment Fund created from general fund moneys to develop affordable housing (Kafoury, 1995).³¹ City Council adopted the ordinance that created The Housing Investment Fund in 1994; the purpose of the Fund was to "assure the development of 50,000 new housing units by 2015", and it was administered by the newly formed Livable Cities Housing Council whose members included public, private, and non-profit developers (Hunter, 1995; Livable Cities Housing Council, 1995). It was a one time \$30 million set aside to offset a loss of federal funding at a critical time in the City's growth spurt of the 1990s and encouraged the growth of several of the small, recently established CDCs (Hoereth, 1998:16; Kafoury, 1994).

The Portland Development Commission (PDC) was also a key player in the evolution of CDCs. While BHCD administered the funds for the operating support of the organizations, PDC administered the funds for project development that included

³¹ The creation of PCRI is detailed in Ch. 8.

low interest loans, federal CDBG and HOME funds, and the Housing Investment Fund. PDC's main purpose was the administration of Portland's Urban Renewal Areas. Two critical points are associated with this situation: 1.) PDC was charged with improving the City's neighborhoods and tax base, so that the role of affordable housing was somewhat tangential to its purpose, and 2.) the scale of the programs that most of the CDCs undertook was much smaller than the scale of other PDC projects and did not fit easily within the agency (Krause interview: 12; Lokan interview: 1).

The Merger of Public and Philanthropic Policies

Towards the middle of the 1990s, some CDCs relied on NPF and BHCD for more than 80% of their total operating costs (Hoereth, 1998: 21). This reliance developed into the appearance of entitlement by CDCs; organizations felt that because NPF had been instrumental in their creation, it should be instrumental in their operating support (Andrews interview: 5). However, both NPF and BHCD were experiencing a decline in funding from their respective primary sources and had the expectation that the CDCs formed in the early 1990s would be more self-sufficient by this point, and that it was time to "fish or cut bait" (Walker, 2002: 52; McLennan interview: 3). NPF revised its goals to fund no more than 10 CDCs at once (NPF, 1994). It was time to streamline funding and to encourage greater efficiency from the organizations. In addition, The Enterprise Foundation's main source of funding, NCDI, was becoming uncertain (and in some cases requiring local matches – an additional way to leverage additional dollars), and "it became clear... that the

organizations were the means to an end, not the end” and it was necessary to shrink the number of organizations involved (Andrews interview: 8).

The creation of the Portland Neighborhood Development Support Collaborative (PNDSC) in 1997 was a first step in streamlining the industry.³² NPF and BHCD formalized what had been an unofficial partnership with the creation of PNDSC. This “rationalization” of procedures was a reflection of national trends, as larger philanthropic foundations sought to “strategically allocate funds ... to increase the quality and effectiveness of asset and property management and to encourage an economy of scale by increasing the number of units that each CDC managed through the merger of CDCs” (Farnum, 2003: 8; Walker, 2002:41). PNDSC’s stated purpose was “the reconciliation of individual Collaborative member’s (sic) funding priorities and policies” (NPF, BHCD, and Enterprise, 1996: 2). PNDSC encompassed both BHCD’s nonprofit operating support and NPF’s core operating support (Hoereth: 16; NPF, BHCD, and Enterprise, 1996: 4). In doing so, CDCs had one source of funding, one set of associated reporting requirements, albeit a more political and more constrained source of funding (NPF, BHCD, and Enterprise, 1996: 4). With reduced funding and more direct competition between organizations, it was inevitable that there would be attrition within the CDC industry.

At this time, too, BHCD began to steer its funding towards housing (and often larger multi-family housing projects) for very low income and formerly homeless individuals; this both preceded and evolved from the City of Portland’s 10 Year Plan to End Homelessness in 2004 (Kafoury, 1997, 1998). The implications of this funding

³² See Chapter 9 for details on further industry rationalization.

priority shift were two-fold for CDCs. The fact that rental income from the units would be less as incomes were lower or non-existent changed how project financing was done: it became more complicated and relied on more sources. As CDCs were housing people of lesser means in neighborhoods of greater means, there was a greater economic gap between the tenants of CDC owned housing and their neighbors – and greater potential for cries of NIMBY (Stewart interview: 17).

The close relationship between BHCD, NPF, and the Enterprise Foundation created a very tight circle in which Portland’s CDCs operated. It was this closeness that focused CDC activities on housing and focused them geographically. Several CDC Executive Directors were surprised with the calls for accountability, as the federal and philanthropic funding began to dry up (Dursch interview: 13). In many cases, the organizations had not matured enough to be self sufficient, and, while PNDSC staff may have expected industry attrition, the Executive Directors were expecting more time to establish themselves (Farnum, 2003: 9).

Neighborhood History

The geographic context for this study is the seven neighborhoods of Inner North/Northeast Portland that compose the bulk of the Albina District (see Appendix I).³³ Originally a small city across the river from the City of Portland, Albina was consolidated with the City of Portland in 1891 but retained its thriving commercial district at the intersections of N. Vancouver and N. Williams Avenues and N. Knott St (Comprehensive Planning Workshop, 1990).

³³ The individual neighborhoods are Boise, Eliot, Humboldt, King, Sabin, Vernon, and Piedmont.

Portland's black population has always been relatively small. Early black residents tended to live near Union Station, as it was the main source of employment (McElderry, 2001). As industrial jobs, often associated with the development of Swan Island, became more attainable, the black population shifted into the Lower Eliot neighborhood at the southern end of the City of Albina. The black population expanded northward, into the Boise and King Neighborhoods, so that much of Albina became the heart of Portland's small African American community. Until the 1940s, the state of Oregon had a primarily resource based economy. With the advent of World War II, entrepreneur Henry Kaiser located one of his major shipyards on Swan Island and created a company town, Vanport, just outside the city limits of Portland. Because he feared that workers would not stay without adequate housing, he "circumvented the Housing Authority of Portland" and constructed housing in Vanport using federal funds, (McElderry, 2001). Kaiser deliberately recruited workers from places as far away as Texas and Arkansas to work in his shipyards - he needed a large workforce and took advantage of the "depression-scarred unskilled workers" of the South, the majority of whom were black (Soskin, 2000). As a result of this influx, Portland's black population increased substantially, much of it located across the river in Vancouver, Washington or in the Albina neighborhoods just south of Vanport (McElderry, 2001). As a result of the influx of black families into Portland's neighborhoods, they were "redlined" according to the federal standards by major lending institutions (Abbott, 2001; Lane, 1990a). When the Columbia River flooded and destroyed the city of Vanport in 1948, a significant number of black families were

displaced and forced, for the most part, to relocate into the Albina neighborhoods, due to steering by real estate agents (Abbott, 2001; Gibson, 2007).

Portland had historically been a highly segregated city by both design and default. In the 1920s, Oregon was home to an active Ku Klux Klan membership that fueled racial tensions, especially as Portland's black population grew with the advent of Kaiser's shipyards and integrated work force (Bevan, 2004). Subsequently, discrimination and small size forced Portland's black community to have a "self-contained system of social and business life" (Gibson, 2007; Comprehensive Planning Workshop, 1990).

While Portland's African American population has never been more than 8% of the overall population, and racial tensions were prevalent. Real estate steering facilitated the segregation process; at one point, almost 80% of the population was concentrated in the Albina neighborhoods of Inner North/Northeast Portland as a result of these practices (McElderry, 2001). Because "housing is at the heart of racial tensions," this concentration of black families in a relatively small area was Portland's solution to maintaining a segregated city (Abbott, 2001). These segregated neighborhoods had, in turn, suffered the greatest amount of disinvestment, as evidenced by the fact that the greatest number of vacant and abandoned buildings was located there (Vacant and Abandoned Building Task Force, 1988).

In the 1950s and 1960s, the Albina neighborhoods saw a series of Federal Highway, large institutional development, and Urban Renewal projects that both created walls around them and tore them apart from the inside. In the 1950s, the

construction of Interstate 5 cut off the mostly black Boise and Eliot neighborhoods from the mostly white and more affluent Overlook neighborhood. In the 1960s, the land at the south end of Albina was cleared for the construction of the Memorial Coliseum, and a significant number of homes were lost. In the late 1960s, under the federal Urban Renewal Program, Emmanuel Hospital, in anticipation of the construction of a Veteran's Hospital, cleared 76 acres that had been the commercial core of Albina. However, the hospital project never came to fruition, and the land lay fallow for decades, a slap in the face to those whose homes were lost and businesses displaced. It has only been partially occupied to date (Abbott, 2001; Gibson, 2007). These dissections of the Albina neighborhoods further reinforced and compressed the "mentally established boundaries" that had clearly demarcated the African American community (McElderry, 2001).

The Community Action and Model Cities programs of the 1960s sought to mitigate some of the ill will and mistrust of government created by the large clearance activities of the federal government, but their most visible benefit to the neighborhoods was the fostering of Black leadership within the communities (Gibson, 2007). The Albina Youth Opportunity School, where the Boise Neighborhood meetings are held to this day, was created at that time and remains a pillar of the community. With a grant from the City "to invest in housing and neighborhood improvements," the Albina Neighborhood Improvement Plan was responsible for the rehabilitation of 300 homes and the creation of Unthank Park, now home to the non-profit, Self-Enhancement Inc. Black leaders, brought together by the negative impacts

of Urban Renewal, were also able to resist the Central Albina Plan that would have cleared the triangle South of Fremont Street between Interstate and Martin Luther King Blvd (Gibson, 2007).

In the 1980s, a statewide recession magnified the problems of crime and poverty that had been brewing in Albina. Gang violence and the advent of crack cocaine negated any previous efforts to stabilize the neighborhoods, with the growing number of vacant and abandoned buildings fueling the decline. Homeowners in Albina had long been denied conventional financing because of bank redlining, and the growing number of absentee landlords, coupled with continued decline in home values, led to an overall decline in population (Gibson, 2007).

The “redlining” of Albina continued well into the 1990s. Discriminatory lending practices by local banks were exposed by the Portland Organizing Project’s efforts to ensure compliance with the Community Reinvestment Act (CRA). Banks were making loans in the Albina neighborhoods at “one-sixth the rate of loans made to residents of other parts of the city” (Lane, 1990a). The dearth of lending in racially mixed neighborhoods, while by no means unique to Portland, contributed to declining property values, and lenders were subsequently unwilling to assume the sole risk and make small loans (less than \$30,000) (Brown and Bennington, 1993; Lane and Mayes, 1990; Squires, 2002).

Despite the bleak outlook, the Albina neighborhoods were an area still small enough, and with poverty issues manageable enough, that a community based redevelopment effort would work. Since the large-scale efforts of the Urban Renewal

projects had served to reinforce racial boundaries and government mistrust and to create more strife within the neighborhoods, local officials saw the need for smaller revitalization efforts that would encourage neighborhood input, and, hopefully, neighborhood ownership (Abbott, 2001). CDCs were an “enchanted and intoxicating model” for community development (Emmons interview: 4). Because of the scale of the issues and geography to be addressed, CDCs were considered a viable means of attaining multiple ends: economic development, affordable housing, and, ultimately, revitalized neighborhoods, (Abbott, 2001).

In 1988, then-City Commissioner Richard Bogle led an effort through the Vacant and Abandoned Housing Task Force to tackle the housing problems with a three-pronged approach: increased City inspections for code compliance, funding for rehabilitation, and the use of non-profits to revitalize the structures (Vacant and Abandoned Buildings Task Force, 1988). Given that the largest number of vacant and abandoned houses were located in the King neighborhood, and the surrounding neighborhoods had abandonment rates greater than 10%, the resultant interventions were targeted on the neighborhoods of Inner North/Northeast Portland (Sweet interview: 5).³⁴ The Bureau of Buildings monitored these neighborhoods closely and worked actively with Multnomah County to force landlords to bring their buildings up to code or to have liens placed on the properties (Sweet interview: 2). These precise interventions relied on community participation and awareness and were an integral part of the efforts of Hope and Hard Work – a group that met weekly to share

³⁴ 28.6% of all abandoned single-family houses in the City of Portland were located in the Boise, Eliot, King, Humboldt, Sabin, Vernon and Woodlawn neighborhoods (Vacant and Abandoned Buildings Task Force, 1988).

information and to establish lines of communication between neighbors, the police, and the City bureaus (Morgan interview: 2; Pequeño interview: 3; Sweet interview: 7).

In September 1990, though, investigative reporters Dee Lane and Steve Mayes from *The Oregonian* broke a story about lending fraud in North and Northeast Portland.³⁵ Entitled “Blueprint for a Slum,” this series of articles outlined the fraudulent practices of Dominion Capital, a private real estate investment firm that offered mortgages to those who could not qualify for them in areas in which very few loans were extended. The fraudulent activities included appraisals that were inflated, fake deeds and title reports, and questionable land contracts with hidden payments (Lane and Mayes, 1990). The result of the investigation was an indictment of the company’s owners, Cyril T. Worm and Geoffrey Edmonds, and more than 400 homeowners and renters left not knowing who owned their homes, ones that were often in substandard condition. This story shed light on the need for immediate action in the neighborhoods that had suffered from disinvestment, and whose residents were particularly susceptible to fraudulent real estate practices because conventional means were not available. As a result of this article, the community rallied and demanded action. One of City Commissioner Gretchen Kafoury’s first tasks when she was elected in 1992 was to address housing issues in Inner North/Northeast Portland (Kafoury interview: 4).

In the 1990’s, the Portland area began to see substantial economic growth. With that growth, housing prices citywide began to rise. As the prices in Inner

³⁵ See Chapter 8, Case 5: Portland Community Reinvestment Initiatives, for a more detailed explanation of this article.

North/Northeast Portland had been the most lowest in the region in the early 1990s, they had the steepest increases, as much as 50% between 1990 and 1995, and signaled a new challenge for community groups: gentrification (Kafoury, 1995; Appendix H-RMLS Data). It is the gentrification of the Albina neighborhoods that proved one of the most challenging issues for CDCs, as it influenced organizational goals and growth, opportunities and management.

CHAPTER 2. LITERATURE REVIEW AND RESEARCH QUESTIONS

It is the intent of this research to broaden the scholarship that addresses the growth and development of CDCs, as much of the focus of the research to date has been on mature or larger organizations, especially those struggling neighborhoods.

The key issues addressed are:

- CDC Role as Neighborhood Revitalizer, Developer and Organizer
- Organizational Capacity Building
- Organizational Measures of Success with a focus on local policy and neighborhood contexts

Drawing on both academic and practitioner- oriented literature, this study seeks to deepen our understanding of the evolution of organizations as many of the support systems and contexts have changed in the past 20 years.

CDC Role as Neighborhood Revitalizer, Developer and Organizer. What defines a Community Development Corporation (CDC)? A CDC is a locally based organization, usually geographically defined, that “maintains close ties to one or more low-income neighborhoods and works to improve the physical, social and economic conditions in their service areas” (Cowan,et al,1999: 325). Lubove (1996: 117) describes CDCs as an “all-purpose neighborhood advocate with development capacity” that are answerable neither to voters nor to shareholders, so that they have the “capacity to innovate, experiment, subsidize or penalize”. CDCs are formed and controlled by community stakeholders and their mission is to revitalize “poor or at-

risk communities, including many communities of color” (Vidal, 1996: 149; Peirce and Steinbach, 1987). Smock (2004) has cited CDCs’ “asset-based” approach to rebuild their communities. The risk with this approach is that the organization often separates itself from its initial mission and a dependence on government funding to sustain itself (Smock, 2004).

CDCs are broad enterprises, but “housing was a favored CDC area of work. It was visible and faster to produce and less complex than commercial or industrial development. But it was also a form of “strategic intervention with desirable ripple effects” (Lubove, 1996:172). Boards of directors that can either be appointed or elected by a membership generally lead CDCs; often, the organizations have small staffs that perform multiple tasks. During the 1980s, many neighborhoods banded together to form CDCs to address specific problems, such as a drug house in the neighborhood or poor school performance, and to reverse the decline of urban neighborhoods, a result of decreased federal funding for urban areas (Keating, et al, 1996: 60). These organizations have taken on an entrepreneurial character, and, with continued reductions in federal funding during the latter 1990s, nearly 2,000 organizations served and continue to serve both urban and rural communities throughout the country by century’s end (Gittell and Wilder, 1999: 342). With the idea of entrepreneurship came the idea of community control, smaller scale intervention, and a more incremental approach to the persistent problems of neighborhood blight. CDCs, though, have evolved into sophisticated operations that develop and manage housing, provide tenant services, and organize local communities so that they walk a

thin line between advocate and political organizer, and preservationist and neighborhood developer. Bratt (1997) has noted that organizing and development can be complementary activities that have been shown to be successful through the mid-1990s. She acknowledges the potential conflict but argues that the potentially contradictory position of CDC as landlord/organizer is one that does not have to be adversarial, if proper safeguards are put into place. One of the drawbacks to separating the community planning/organizing aspects of an organization from the development aspects is that participants do not see planning ideas through to fruition and fully realize the social, political, and economic implications of their initial ideas.

Within these characterizations of CDCs and their approaches to community development, though, lies a great deal of latitude (Bratt, 1997). The approach that organizations take towards building partnerships with public and private funding sources and defining themselves as advocates, developers, or both depends on whether the organization takes a grass roots approach and draws much of its strength from its neighborhood base or takes a more business-like approach and draws its strength from its expertise in obtaining funding dollars and producing housing. Balancing these approaches and appropriate timing is critical to CDC survival.

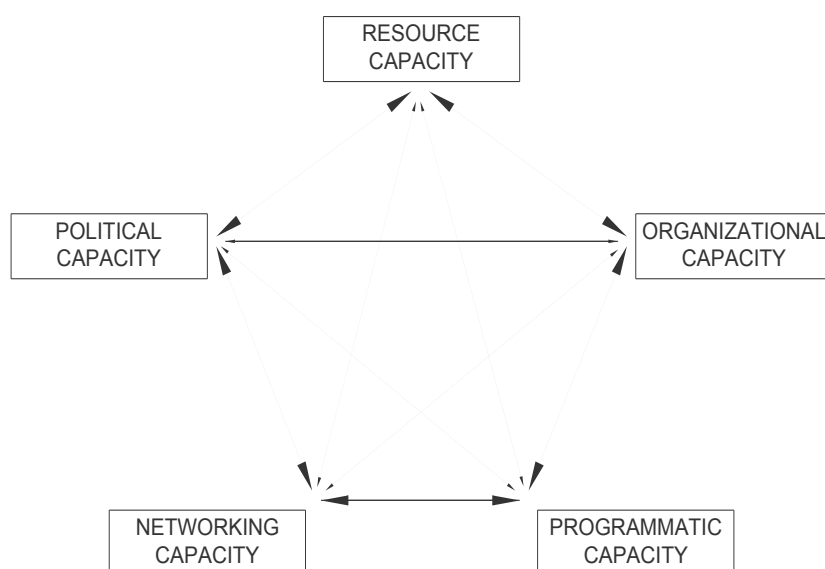
Organizational Capacity Building. As key players in the “neighborhood-movement alternative,” CDCs fill a growing gap in the local and national leadership response to problems of urban blight and disinvestment (Keating, et al, 1996: 60). “With the demise of deep-subsidy federal production programs, developing affordable housing in poor inner-city communities has become financially unattractive to most for-profit

developers” (Vidal, 1996:153). In the 1990s, policy makers and funders displayed a “tacit acceptance of federal devolution and ascendancy” of CDCs as the main providers of low income and affordable housing (Gittell and Wilder, 1999). CDCs, depending on local needs, develop, preserve, and endeavor to “bring back to life” neighborhoods where private investment can and will not (Peirce and Steinbach, 1987). With the support of federal and local policy makers and funders, CDCs “have the ability to operate in complex environments where others cannot and a willingness to do projects that others will not because the projects are too small or too risky” (Vidal, 1996: 153). Their impacts occurred (and continue to occur) in the realm of housing and a number of other project based activities – this focus had its detractors who feared a more “technocratic approach” that would undermine true community development and empowerment (Peirce and Steinbach, 1987:32).

In assuming these multi-faceted roles, organizations grew in both size and complexity, and scholars and funders sought to clarify what constituted a sustainable path. From organizations that succeeded and failed, they developed a series of best practices that served as a model for organizational development. The cornerstone of this inquiry was to define organizational capacity - “what do CDCs ‘do’ and how do they do it?” (Glickman and Servon, 1998: 497). “Capacity extends beyond housing production;” it is “built from within and without ... and involves the development of physical and financial assets of community organizations and the neighborhoods they serve” (Glickman and Servon, 1998: 502). Because of the great variety of CDCs and their individual endeavors, Glickman and Servon do not specifically define capacity

building, but they identify five components (resource, organizational, programmatic, networking and political capacities) that they feel are essential for organizations to thrive.

Figure 2-1
Diagram of Interaction of Components of CDC Capacity



Source: Glickman and Servon, 1998: 505

Glickman and Servon's diagram (Figure 2-1) that shows interdependencies between the components and the major and minor relationships that demonstrate the multiple allegiances that CDCs must concurrently nurture. Organizational flexibility is key to maintaining equilibrium between social, political, and economic capital. For example, dependence on a sole source of funding can disproportionately enlarge programmatic and organizational capacities at the cost of networking and political capacities.

Resource capacity is defined as the ability to acquire resources from grants, loans and other mechanisms. This includes not only the ability of an organization to attract the funds, but also to manage and maintain them. Organizational capacity refers to the day-to-day operations of the organization, its effectiveness at raising and maintaining funding, its staff skills and tasks accomplished. Programmatic capacity addresses the number and type of services that an organization offers, whether it is affordable rental housing, after school childcare, youth programs, or educational programs. Network capacity refers to the organization's ability to work with institutions both inside and outside of its service area, from neighborhood businesses to other CDCs to philanthropic foundations. Political capacity is an organization's ability "to credibly represent its residents and to advocate effectively on their behalf in a larger political arena" (Glickman and Servon, 1998: 504).

These core competencies, and the balance thereof, establish a framework for organizational growth and expansion, or success. It is essential to maintain a balance among these components of capacity, as an imbalance can undermine an organization's intentions and overall stability and to maintain the connections between clients, neighborhood, funders, and policy makers – the very definition of social capital³⁶. In addition, each of these components is subject to external influences, and, when this occurs, the impact "reverberates to other components" (Glickman and Servon, 1998: 532; Gittell and Wilder, 1999: 343).

³⁶ Definition of social capital: The stock of active connections among people: the trust, mutual understanding, and shared values and behaviors that bind members of human networks and communities and make cooperative action possible (Cohen and Prusack, 2001: 4).

Programmatic capacity is the ability for organizations to prioritize and complete activities efficiently which leads to credibility with both funders and their respective neighborhoods (Twelvetrees, 1996: 114). Having tangible outcomes to which neighbors, politicians, and bankers can point allows CDCs access to greater funding opportunities as they establish a track record. While these successes are generally in the development realm, at least initially, they give hope that larger social problems can be solved (Vidal, 1996). The flip side of this idea of success and efficiency is that if an organization either fails to complete a project in a timely manner or fails to manage an apartment complex well once it has been completed, the CDC is vulnerable to criticism as well.

For CDCs that engaged in organizing and advocacy efforts, the creation of political capital “ensured legitimacy and accountability in the eyes of community residents and local policy makers and funders” (Gittell and Wilder, 1999: 344). This political capital, closely related to networking ability and the garnering of resources, is particularly important in the case of Portland, because of the strength of the neighborhood associations’ voices in city government (Chaskin, 2003: 171). The political capital that CDCs create is a constantly evolving attribute – and can either support or impede development efforts. While Stoecker (1997) has called for the separation of organizing and development activities (and to redefine CDCs as we generally understand them) to make more effective, and perhaps confrontational, advocacy organizations, these activities can reinforce the effectiveness of each other. Bratt argues that dividing CDCs into separate advocacy and development entities

would undermine many of the efforts that the organizations have made, and that the contradictions between capital and community are outweighed by the organizational contributions to the communities in which they operate (Bratt, 1997).

CDCs have multiple levels of constituency – those for whom they advocate and those on whom they rely for political and economic support. Tenants and neighborhood residents are a primary source of networking or social capital, while funders and policy makers are a source of financial capital that is closely associated with political capital. CDCs also rely on local governments and philanthropic organizations for “financial, technical, and political resources” (Vidal, 1992: 129). In fact, CDCs rely on local funders for “more than one half of their unearned income” (Vidal, 1992: 126). With this degree of reliance on local intermediaries, it is not surprising that there is tension between the intermediaries and the CDCs. “CDCs believe they are autonomous organizations that serve locally identified needs and as such should not be dictated to by intermediaries and funders. Yet intermediaries and funders have their own interests to consider, and it is reasonable for them to set conditions for receipt of their funding” (Rohe, Bratt, & Biswas, 2003a: 35). When the organizations were dependent on government sources of funding, they tended to be more conciliatory, rather than advocacy oriented (Kirkland, 2008). CDC reliance on a limited number of funders can upset the balance of components of capacity, as the organizations yield to pressure to make changes to their modes of operation (Rohe, Bratt, & Biswas, 2003a: 34).

Consistently, authors point to the need for board and staff to have a level of technical expertise needed to carry out complex development deals, while maintaining an advocacy position. Bratt (1989) describes an ethical dilemma that can occur when CDC staff become immersed in the complexities of project development and neglect the neighborhood - this can lead to a loss of political capital, especially when the demographics of the neighborhood are changing. The other side to this dilemma is that staff need to have a basic skill set to manage projects, complete program reports required by lenders and funders, to be able to interact with “the folks downtown,” and to manage other employees when necessary (Twelvetrees, 1996: 128). The balancing of advocacy and project development work is key to maintaining community connections (Bratt, 1996). How can an organization that is intentionally a grass roots effort take on development projects that require a substantial level of expertise? Each organization has had to adapt its principles, its target area and market, and its relationship to the surrounding neighborhood to ensure its survival. In doing so, CDC activities have the potential to “induce other market actors to invest in residential and commercial real estate” (Galster, Levy, Sawyer, Temkin, and Walker 2005: 8). At the same time, the organizations risk “becoming out of touch with community residents” (Bratt, 1996: 182). With accumulated development success, organizations can reach an appropriate scale “to be a landlord.” This status can both distance a CDC from its constituents as the board and staff become more skill-based and distance the organization from its constituents by creating a power relationship (landlord-tenant) that is not necessarily about community building (Bratt, 1996). The realities of

property management require a different set of skills than those required for property development. This potentially adversarial landlord-tenant relationship is one that is created by the fact that CDCs need to meet the “double bottom line” (Bratt, 1996: 182).

Coupled with the creation of political capital are the networking skills of the individual organizations. Rohe, Bratt, and Biswas (2003b) point to the need for support groups (policy makers, funders, technical assistance providers) to assign a value to these skills. However, the benefits of networking can be undermined by the competition for scarce funding resources when there is a saturation of small geographic areas by a number of CDCs with similar missions, capacities, and outlooks. Rohe, Bratt, and Biswas’ research cites neighborhood saturation of CDCs as one of the main reasons for mergers; the case study they use is that of the merger of Housing Our Families and Franciscan Enterprises to form Albina CDC. The need for mergers is stimulated by the duplication of activities and overhead. Prompted by funders and local policy makers, mergers of CDC organizations and assets are long and painful processes.³⁷

Organizational Measures of Success with a focus on local policy and neighborhood contexts. The factors that influence the likelihood of success can be divided into two broad categories: contextual factors and organizational factors (Rohe, Bratt, & Biswas, 2003). In the 1990s, capacity and success were terms that often overlapped. The

³⁷ In the case of Albina CDC, the merger did not solve the original structural and operational problems, and ultimately led to the demise of the merged organization in 2006; the failed process changed City policy with respect to organizational funding and regulation.

components of capacity that Glickman and Servon use roughly correlate to Gittell and Wilder's (1999) Critical Factors that Influence Success (See Appendix F: Literature Points for Comparison). These factors include funding (Resource Capacity), organizational size (Programmatic Capacity), mission, organizational competency (Organizational Capacity), and political capital (Political Capacity). This transition from an understanding of capacity to defining success has engendered much debate. Models of CDC success and failure, and growth, change, and decline have been the subjects of much research. Defining success for CDCs is tricky because the original intent of the organization is often muddled by its ongoing activities, and the conditions under which it operates. The organizational factors that outline success include board and staff capacity, leadership stability, and the ability to prioritize and complete activities efficiently. Funding is included as an organizational factor because, in this case, the authors refer to an organization's ability to garner and sustain both core operating support and project financing, attributes that could also be described as organizational competency (Rohe, Bratt, and Biswas, 2003a; Gittell and Wilder, 1999: 344). Authors place different emphases on the characteristics and roles of a CDC: as a neighborhood benefactor or as an individual development organization, or both. Within this context, organizational failure and neighborhood success can go hand in hand (Rohe, Bratt, and Biswas, 2003a).

Twelvetrees (1996: 9) characterizes a successful CDC as an organization that can not only survive, but also meet its own goals, with three main points:

1. The undercapitalization of projects is widespread and is one of the greatest challenges for CDCs.

2. Economic self-sufficiency is unrealistic.
3. Small scale impacts are important, as they often lead to larger impacts

These points de-emphasize the role of local policy and funding apparatuses, but do probe the issues that are important to smaller CDCs, especially in their early years.

Most of the research concerning success and/or failure, though, is devoted to “mature” CDCs. Mature CDCs have more measurable benchmarks (housing production, organizational size, grant funded dollars, etc) than emerging ones (Gittell and Wilder, 1999; Vidal, 1992; Frisch and Servon, 2006). “Mature” is often conflated with “larger,” as organizations that have attained “scale” are considered mature. Attaining scale refers to the growth process that an organization has undergone over a period of time. It includes the development of a substantial housing portfolio, programmatic and administrative efficiencies, and financial self-sufficiency (Walsh and Zdenek, 2007).

The issue of organizational scale, meaning the balance of the size of the organization, breadth of activities, and number of housing units produced, emerges as a key consideration in current research. Vidal (1996: 155) has noted that the idea of attaining “scale,” where enough units, generally between 800 and 1,000, have been produced, and tenant and outreach programs pay for themselves, can be a measure of success. However, because of the changes in funding sources, amounts, and allocations, organizational success is not assured (McLennan interview: 20-21). Vidal’s concern (1996) with the rates of expansion of CDCs underscores the perpetuation of living “from grant to grant” that creates tenuous working conditions for staff and uncertainty for neighborhoods. Walsh and Zdenek (2007), citing the

collapse of several very large organizations, allow that “large and small community development groups can both play essential roles in the production of affordable housing by playing to their strengths.” For nascent and emerging CDCs, starting with housing reduces the difficulty of raising needed financing and increases the likelihood that early activities will be successful (Vidal, 1996: 155). Once the CDC’s ability to succeed with housing development is established, attention shifts to getting CDC production to scale. However, whether an organization can effectively manage the units that it already has developed or concurrently relies too much on the developer fees to create more units has always been a stumbling point in attaining scale (Rohe, Bratt, and Biswas, 2003b). In “an era of shrinking resources,” the question of organizational size is now under scrutiny, as the role of both large and small CDCs in the production of affordable housing is essential. Larger organizations have the technical expertise, while smaller organizations have a more intimate knowledge of the neighborhoods where they operate, and the transition between the two organizational scales requires careful planning, resource allocation, and time (Walsh and Zdenek, 2007).

Vidal (1996) notes that success for mature CDCs is a product of organizational size, prioritization of activities, programmatic and project experience, leadership stability, and clarity of strategies. Gittell and Wilder (1999), on the other hand, prioritize mission, organizational competency, political capital, and funding as a means for success that are measured by (mature) CDC contributions to residents’

access to financial resources, physical resources, human resources, economic opportunities, and political power and influence.

A number of local intermediaries have mounted capacity-building programs that seek to make CDCs better managed and technically stronger (Vidal, 1996:155). This push to increase capacity implies a predetermined goal of revitalization, whereby CDC investment will be augmented by private investment.³⁸ It increases the role of housing development within organizations and puts pressure on the organizations to comply with funder priorities in order to maintain these financial relationships. This leads to an emphasis on professionalism and efficiency, generally quantified by bricks and mortar programs, as a measurement of success (Leavitt, 2003). Cowan, Rohe, and Baku (2000) base their entire assessment of factors that influence the performance of CDCs on effectiveness and efficiency, with the caveat that CDCs do not have adequate resources in many cases to halt neighborhood decline. This notion reinforces Rusk's (1999) metaphor that most foundation support helps poor people run up a down escalator; some programs function so well that they succeed in getting people to the top, but most will fall short and return to the bottom of the escalator. CDC redevelopment, especially housing focused redevelopment, does not address the root issues of poverty.

Gittell and Wilder (1999: 345) define overall CDC success as the improvement of community residents' access to financial resources, physical resources, human resources, economic opportunities, and political power; they see more "successful

³⁸ This strategy of leveraging private investment with public funds has become more commonplace as both federal and philanthropic funding opportunities have decreased.

organizations (as those that) tend to limit their activities that are of high priority for community residents and are most likely to produce tangible results in a relatively short time frame.” This definition of success implies that community success and organizational success can be different, as the community vision changes. When inner city housing markets heated up in the 1990s, creating and maintaining such a vision became much more challenging. Rohe, Bratt, & Biswas (2003a) also note that some CDCs cease to exist because they put themselves out of business by attracting private investment into their neighborhoods, thereby making themselves obsolete. The greater community has been revitalized, but not without risk, as the future of CDC produced rental apartments may be left in limbo with the sponsoring organization’s demise.

Organizations often have little, if any, control over the contextual factors that influence their growth and success. These factors include the external political, policy, and community forces that affect the livelihood of CDCs. The overlap in the different authors’ perceptions of contextual factors points to the importance of resources and funding, political capital, and networking between CDCs as external forces that CDCs must address in order to maintain equilibrium.

The role of resources and funding as contributors to CDC success or failure is not as straightforward as it initially sounds. Because resources always fall short of community needs, there is an inherent need for both project-based and ongoing operating funding (Vidal, 1996; Twelvetrees, 1996). In addition, a variety of organizational funding sources, rather than specific project based sources, ensure a more stable cash flow. In some cases, organizations are pressured to take on certain

development projects that are either a particular eyesore in the neighborhood or to take advantage of a particular type of funding (Rohe and Bratt, 2003). This political pressure can compromise an organization's ability to sustain itself by causing it to grow too quickly with an emphasis on one particular aspect of the organization or to neglect other issues and programs. When coupled with the potentially differing agendas of funders, the likelihood of flexibility in financial allocations (one that could potentially benefit both organizations and neighborhoods) is minimized (Rohe, Bratt, & Biswas, 2003).

“Evaluations must not only study CDCs, they must also study the communities in which CDCs work” (Frisch and Servon, 2006: 101). The symbiotic relationship between organization and community is defined by the organizations need for social capital in its capacity building. Central to this relationship, too, is the evolution of the organizations themselves – how do they change with the transformation of the surrounding neighborhoods?

An elucidation of the role of CDCs in the life cycle of the neighborhoods is necessary to understand how the neighborhoods changed socially and economically – how did these organizations contribute to the changes that surrounded them? Hoover and Vernon's (1959) Neighborhood Lifecycle Theory describes the economic stages from inception, to decline, to redevelopment and ascendancy. Based on his multi-city research, Rusk dismissed the ability of CDCs to have any direct impact on stemming neighborhood decline, and very much doubted organizations' ability to affect neighborhood-scale positive change in a redevelopment stage (Rusk, 1999).

Zielenbach (2000) has noted, subsequently, that community organizations cannot single handedly revitalize neighborhoods because they do not have access to the money required, but that, in a neighborhood with strong stability, they can contribute to a more positive outcome.

The mechanics of how a CDC and its neighborhood interact depend on a number of unique factors. Vidal (1996) noted that clearly defined neighborhoods develop more CDCs because of the underlying political support for those neighborhood structures. In addition, Chaskin (2003: 169) states that the relationship between the neighborhood organization and the local CDC needs to be mutually beneficial; CDCs are dependent, at least initially, on their neighborhood organizations for political support, especially if a neighborhood association is involved in a larger political arena (Johnson, 2004). These relationships between CDC and neighborhood organization can be complicated ones, as organizations that are borne out of a local advocacy effort can have goals that are not sustainable as neighborhoods change.

The emphasis on geographic boundaries constitutes an orderly approach to community development, one that emphasizes the physical development of a neighborhood, rather than advocacy – a central debate in CDC scholarship. This conflict between the development and advocacy sides of an organization is further complicated if neighborhoods experience revitalization or gentrification (Leavitt, 2003). In their role as housing developers, CDCs fill part of the development vacuum in neighborhoods suffering from disinvestment, as CDC activities include the renovation and development of housing and an encouragement of local economic

development. Smith (1996), in his explication of gentrification on a local level, describes a disinvested neighborhood as one where the private sector does not perceive enough of a rent-gap to make an investment.³⁹ When conditions are ripe, owners and developers invest to create either owner occupied, rental or for sale properties. Of these types of gentrifiers, CDCs were a hybrid of the owner-occupier and landlord developers: ones who intended to stay in the neighborhood but had more access to capital, at least while other private developers did not. Brown-Saracino's (2010) description of the "social preservationist" gentrifier could be applied to CDCs. The organizations contribute to the stock of affordable housing, celebrate long time residents, and assist with investment in local businesses. However, since these groups are often composed of outsiders, especially as the organizations grow and become more sophisticated, local residents can get suspicious.

CDC activities also get caught up in class issues within a neighborhood, especially as it is gentrifying. By providing and maintaining housing whose affordability is mandated by its funding sources, and creating jobs and educational opportunities for low-income individuals where few had existed prior to their intervention, CDCs have played a critical role in lessening the displacement of residents associated with gentrification, so that it is a positive experience for low-income residents of those neighborhoods (Lees, Slater, and Wyly, 2009). However, in neighborhoods where most of the housing was previously affordable to low-income

³⁹ The rent-gap occurs when property values have been devalued to a point where they will be eligible for redevelopment with a satisfactory return for private developers (Smith, 1996). As CDCs have a more complex "bottom line" to meet, they see lower property values in relationship to lower rents, rather than greater profits.

residents, the emergence of designated affordable housing, as opposed to de facto affordable housing, created a new set of class divisions. This can lead to a severing of critical community ties, “marginalization, isolation, (and) alienation” (Kirkland, 2008: 20; Freeman and Branconi, 2004). Zukin has noted that gentrification is typified by shifts in taste and amenities that are embodied in local restaurants and retail offerings – cultural shifts that represent the new, rather than the old neighborhood. When taken in conjunction with the cultural shifts produced by gentrification noted by Zukin, the divisions can produce a stark disregard for “those that came before” (Brown-Saracino, 2009:5; Zukin, 1987).

A CDCs role in a gentrifying or gentrified neighborhood is one of an even more delicate balancing act. In many gentrifying areas, neighborhood associations are often composed of wealthier homeowners, while CDCs represent their more impoverished rental populations. The political distance between these two groups can be huge – and further magnifies the need for CDCs to emphasize their broader organizing activities to minimize the “us v. them” mentality (Van Meter, 2004). The role of a CDC in this scenario must change from developer to community builder in order to alleviate some of the conflicts associated with the gentrification process. There are four key internal and external factors that affect this ability: 1.) community cohesiveness, 2.) community collaborations, 3.) community building and organizing and 4.) an articulated response to gentrification (Hill and Pozzo, 2005). However, addressing all four successfully on a scale that actually has an impact is the true test of a CDCs leadership within its neighborhood.

This role as gentrification mediator will demand that CDCs search for more than just development dollars to sustain themselves and branch out with new advocacy, education, and training programs that will not only benefit the community at large, but also serve to mitigate a combative mentality. This argument reinforces Bratt's (1997) case that the housing and organizing activities need to be maintained under one umbrella, in spite of the fact that "public support for community development corporations as community developers as opposed to affordable-housing developers seems harder and harder to come by" (Van Meter, 2004).

Relevance of the Literature to this Research

CDCs have been well analyzed in the literature; however, a case study of the CDCs in the Albina neighborhoods is an opportunity to study the evolution of CDCs in a small geographic area that also changed dramatically in 20 years, two conditions that represent an amalgamation of the organizational development and neighborhood change literatures. The CDC literature that parses out organizational development establishes an overlap between factors that contribute to success and to capacity building. For the purposes of this study, do these factors apply here? If so, how? If not, why not? What are the CDC contributions to neighborhood change? Are there additional factors that have not yet been addressed that need to be taken into account? These questions form the theoretical basis for the inquiry and guide the case study research to seek out why this is a unique case.

CDC relationships to neighborhood change could be described as symbiotic. While organizations lay the groundwork for potential change, whether that change actually occurs is beyond the control of the organization. However, if a neighborhood does change, it will most certainly affect how a CDC operates. This pivotal notion leads to the theoretical question: how do organizations adjust to the changes that surround them, and what does it mean to the character of the organizations – their missions, their board and staff compositions, and their organizational priorities? Understanding how the CDCs of Inner North/Northeast Portland either adapted to or resisted both the neighborhood changes (intensive competition from private developers, new neighbors, increased development costs) and funding changes (a contraction of both public and philanthropic dollars, a shift in federal policies) lends a new dimension to the understanding of organizational development. Each organization has followed a specific path, or trajectory, in its evolution. These trajectories are the compilation of both internal and external factors and conditions that are described in the literature. Accordingly, some of these paths have allowed for greater resiliency in the face of increased competition, higher development and operational costs, shifts in funding and financing, and a different kind of neighborhood leadership role. The factors that this research considers key to understanding this changing role are the social, economic, and physical resources that the organizations begin with, the speed at which the organizations developed properties and were able to manage them, the

role of local public and philanthropic funders, and how the organization reacted to or enhanced the relationships between their new and old neighbors.⁴⁰

As gentrification set into the Albina neighborhoods, its CDCs that had been nurtured in an environment of neighborhood decline encountered unknown territory. There were no models for CDCs to continue their work in improved neighborhoods. Studying CDCs through the lens of gentrification is a relatively recent trend, as the literature on gentrification has expanded significantly in the last few years. This body of the literature, though, does not currently include significant analysis of the role of CDCs in gentrifying and gentrified neighborhoods, and this research endeavors to fill some of this gap. The gentrification literature in its current state describes phases of the phenomenon, structural and agent related causes, and the outcomes that reinforce the perpetuation of the trend.

Lastly, the timing of the evolution of the CDCs of Inner North/Northeast Portland is compressed. As Vidal (1996) stated, too, the CDCs in West Coast cities are a relatively recent occurrence when compared to older East Coast and Midwestern cities. Because of this, Portland's CDCs experienced accelerated growth as funding and development opportunities and institutional support converged in the early 1990s. This context of accelerated organizational growth that was geographically constrained forms the framework that has guided the research. Analyzing the evolution of the Albina CDCs, in their compressed temporal and geographic landscape, will illuminate the rapidly changing role of CDCs in a gentrifying neighborhood. Where, how and for

⁴⁰ These factors are a synthesis of Rohe, Bratt, and Biswas' internal and external factors, Gittell and Wilder's factors that influence success, and Glickman and Servon's components of capacity. See Appendix F for a matrix that details these corollaries.

whom the organizations can be most effective are questions posited in a way that considers what happens when you get the revitalization that you have been aspiring to and how do you respond to it.

Research Questions

Understanding the evolutionary process that leads to the final research questions is critical to understanding the questions themselves. Initially, the evolution of five CDCs in a small geographic area and the role of race in that evolution were the central tenets of the investigation; however, after completion of several interviews in August and September 2007, it became apparent that these questions were embedded in the larger questions about the impact of neighborhood gentrification on the evolution of the organizations.⁴¹ Gentrification was the one topic that all interviewees brought up independently, and without prompting. Because gentrification is a phenomenon that encompasses both race and class, I chose to address this larger issue directly. How neighborhood change contributed to organizational evolution (and vice versa) became a central theme in subsequent discussions at neighborhood, organizational, and policy levels. The “how” and “why” questions of these interactions are contained within the individual case study sections. The fact that the neighborhood context shift played this role reinforces not only the choice of the case study format,

⁴¹ The interviews completed at that point included public officials, philanthropic organization staff, long-time neighborhood residents, and CDC board and staff.

but also the use of both qualitative and quantitative data to reinforce these relationships.

Therefore, this study utilizes both the gentrification and organizational development literatures and seeks to elucidate the localized relationship between the two. Understanding the changing roles of CDCs as their neighborhoods changed around them is a key point for the organizations as they develop strategic plans for addressing future neighborhood changes. Specifically, this study involves two overarching questions and their respective sub questions:

1. *How did the Albina CDCs evolve?*
 - A. *What were the roots of these organizations?*
 - B. *Do/did the organizations have distinctive organizational development trajectories?*
2. *What was the Albina CDCs' individual and collective contribution to social and economic changes within their neighborhoods? As neighborhood revitalization became apparent, how did the organizations respond to it?*

1. How did the Albina CDCs evolve?

This question considers the organizational development factors that defined each CDC, the internal and external factors that contributed to the organization's growth and change over time. Implicit in this question is, "why did the organizations evolve in the way that they did?" Establishing a number of critical factors that are consistent across each organization allows for a comparison that will establish a trajectory for each organization. Based on the literature that describes capacity and success, the resulting overlapping factors of organizational competency, development capacity, neighborhood relationships, and funding capacity are most relevant to this

study. Parsing out the different factors and comparing them across organizations will determine whether they have distinctive or similar trajectories (Appendix E).

A. What were the roots of these organizations?

The genesis of an organization influences its mission and focus. Whether an organization springs from a geographic or cultural basis, it is rooted in a purpose that may or may not evolve over time. As CDCs encompass both social and physical geographies, grassroots CDCs emerge organically from their environs, while other development organizations target a specific problem within a community. As discussed in the Literature Review, the term “community development corporation” encompasses organizations that act as umbrellas for a variety of community development efforts, from housing development to job training and economic development activities. However, the term begs the question of whether an organization’s roots were a factor in its longevity. This question, that emerged from the history of the organizations, asks whether it mattered to the organization’s survival if it was a grassroots, community based organization – was this a positive attribute or detrimental to the organization over the long term? In addition, did organizations distance themselves from their origins, in some cases their grassroots origins, as they evolved and became more of a business that had to meet a bottom line, rather than a community group whose purpose was to advance the interests of the community?

B. Do/did the organizations have distinctive organizational development trajectories?

Assessing the growth patterns of the organizations, as defined by the factors of capacity and success, will lend itself to an understanding of the organizations’

expansion and contraction – their trajectories over time. While each organization has a unique history, there are many accomplishments that were similar. How each organization leveraged these accomplishments into additional opportunities may have been the key to its ability to adapt to changing funding and development opportunities, as well as neighborhood pressures.

2. *What was the Albina CDCs' individual and collective contribution to social and economic changes within their neighborhoods? As neighborhood revitalization became apparent, how did the organizations respond to it?*

Yin (2003) points to the necessity of understanding the context for a case study as part of the analysis of the case itself. Understanding the contributions that the organizations made to revitalization, and the subsequent impact that this revitalization had on each organization could be answered by first assessing the number of housing units developed. This redevelopment had the potential to attract subsequent public and private investment and to alter the internal and external perceptions of the neighborhoods themselves. This change in perception potentially had the power to alter the development landscape by attracting outside investment. Understanding the point at which neighborhood revitalization became gentrification, the point at which the private sector and market forces catalyzed the pace of incremental improvement that had begun with small housing and economic development projects, is critical to future organizational planning efforts. The accompanying demographic shift is not simply a perception: it defines who “belongs” in the neighborhoods.

These two questions have both policy and theoretical bases. These questions open up a series of topics related to the first main question and consider organizational

roots, the timing of the growth of the CDC industry in Portland and its relationship to the booming housing market of the late 1990s and early 2000s, and what the evolution of these organizations says about Portland in general, given Portland's particular institutions. The policy aspects of the question have philanthropic, local and federal implications, while the theoretical aspects include the broader social and economic implications of neighborhood revitalization, its intent and outcomes.

Establishing a relationship between the CDC trajectory and the neighborhood trajectory by overlaying the two concepts on a graph will illuminate the CDC role in the neighborhood, and whether, at any one point in time, it is one of leadership or support.

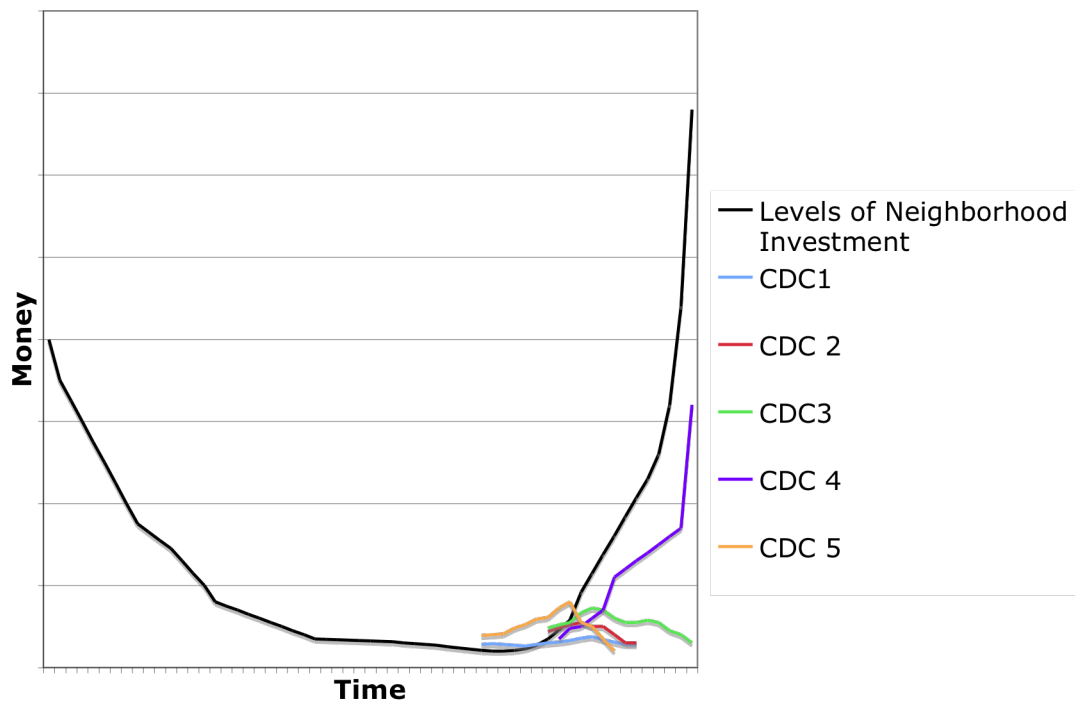
Propositions

The evolution of the CDCs of Inner North/Northeast Portland was a highly structured and tightly controlled phenomenon (Rohe, Bratt, and Biswas, 2003). Given the compressed timeframe of the emergence of these organizations, there was little opportunity for organic evolution. Taken in its context, the neighborhoods had spent 40 years in a state of decline, while their revitalization occurred in a timeframe of less than 15 years. The hasty organizational development of CDCs ensured that the missions of the organizations would not permanently coincide with the goals of the neighborhoods within which they worked, while the catalyzing of the neighborhood revitalization process, be it intentional or a product of larger economic forces, would prove to be divisive on several different levels.

With neighborhood revitalization, it is necessary to separate out the social and physical aspects because while neighborhoods are fixed assets, their populations are not. The physical changes (derelict housing reclamation, street improvements, commercial redevelopment, infill housing) that have occurred in the neighborhoods of Inner North/Northeast Portland are striking. The social changes are equally striking: the racial and economic profiles of the populations between 1990 and 2000 are dramatically different, and while, as McElderry (2001: 137) noted, the mental boundaries of Portland's black neighborhoods have not changed since the 1930s. The fact that the populations of these neighborhoods are whiter, wealthier, and more educated has transformed the social geography of the neighborhoods. From the neighborhood lifecycle literature, the concept of neighborhood decline and revitalization can be conceptualized as a trough (Figure 2-2). At the same time, CDC organizational growth and change can be viewed along a somewhat more linear trajectory; if one were to overlay these two models, it is inevitable that these lines cross. That point would occur, theoretically, when the organization has exceeded its useful life both for the neighborhood in terms of the organizations' relevance to the vitality of the neighborhood. This point will vary by organization and by neighborhood: in some cases it occurs where revitalization becomes gentrification and where neighborhood priorities are no longer aligned with organizational priorities, and in other cases it occurs when the organization has exhausted its funding opportunities and its internal social capital and can no longer contribute positively to neighborhood vitality. Whether the organizations began inside or outside of the neighborhood milieu,

they ended up outside of the lines that defined neighborhood improvement, thus changing the nature and relevance of the relationship of the organization with the neighborhood. Per the model (Figure 2-2), each organization has a particular trajectory relative to the neighborhood changes based on when and where it began relative to the condition of the neighborhood. This trajectory is based on the initial resources, and organizational development that is both the result of the organization's approach to success and to obstacles. These obstacles can be viewed as either dramatic or cumulative events, and sometimes a combination of the two; a dramatic obstacle being

Figure 2-2
Conceptual Model of Relationships between Neighborhood Lifecycle and CDC Change



a singular internal or external event that has a substantial, and often stinging, effect of the organization, while cumulative obstacles include trends resulting from externalities over which the organization has no apparent control, and trends that result from organizational culture (Guajardo, 2009c). By matching up different patterns between the organizations, explanations for different project and funding choices, leadership changes, and neighborhood relationships could be developed. This, in turn, could lead to explanations of the changing relationships between organizations.

Two additional theoretical propositions grew out of the development of this model:

1. Neighborhood conditions and politics and funding sources are the critical factors affecting CDC trajectory. If the neighborhood conditions dominate the organization's work, then it is a community-based organization that shares the goals of new and long-term neighborhood residents. If the politics and funding dominate the organizations' work, then it is not necessarily a community-based organization and its goals and priorities are more allied with the agendas of its funding sources.
2. Per Rusk's (1999) assertion, CDCs did little to stem the downward trajectory of their neighborhoods, and, while the organizations' work may have initially bolstered gentrification, the organizations were helpless to mitigate the effects of gentrification once it took hold of their neighborhoods

Each of these propositions addresses the multiple contexts in which CDCs operate. It is the fact that these organizations are beholden to disparate entities that they cannot focus and expedite their redevelopment and organizing efforts.

The analytical structure of the neighborhood lifecycle and gentrification literatures provides us with a framework for the analysis of the Albina CDCs. Hoover and Vernon (1959) describe four essential stages of neighborhood inception, maturation, decline and revitalization that are commensurate with the socio-economic

phases of development. Downs (1981) echoes this sentiment and describes a “continuum” along which neighborhoods can change. From these perspectives, the neighborhood lifecycle can be conceptualized as a harmonic wave, with a single period of that wave representing the full cycle of inception, decline, and revitalization.

Similarly, Clay’s (1979) four stages of gentrification describe the different periods of gentrification, their contributing social and economic factors, as well as their key agents. Each of these stages represented a unique timeframe in which certain agents acted in certain ways, due to their understanding of risk and opportunity. With this approach in mind, I set up a timeline, one that will allow the parsing out of particular events unique to each organization. By placing the organizational and contextual highlights side by side, one can begin to understand the relationships between organizations and their funding and neighborhood contexts that evolved.

CHAPTER 3. RESEARCH METHODS

This dissertation is a comparative case study of the five North/Northeast Portland, Oregon community development corporations to understand how the organizations evolved, and in some cases collapsed, in the context of a gentrifying neighborhood. Yin (2003:13) notes that a case study investigates a contemporary phenomenon within its real life context, and the boundaries between phenomena and context are not clearly evident. The case study approach lends itself naturally to the investigation of community based organizations within a changing community because it allows the researcher to parse out the unit of analysis from its context and then to reintegrate into the context to explain not only the “what” question, but also the “why” questions. In this case, my purpose is to explain the evolution of the individual organizations and their roles in and reactions to the changes in the surrounding neighborhoods – each of which is “highly pertinent” to the other (Yin, 2003: 13).

Research Design⁴²

Yin (2003:21) has noted that case study research design has five key components: 1.) a study’s questions; 2.) its propositions; 3.) its units of analysis; 4.) the logic linking the data to the propositions; and 5.) the criteria for interpreting the findings. With this framework, I will define the structure and approach of the study,

⁴² I would like to thank Ellen Bassett for guidance with this section.

address specific data collection elements and issues, and lay out the logic that links the findings to questions addressed in the literature.

It should also be noted that for the multiple case study design, Yin (2003: 48) has acknowledged that there is no methodological difference between a single and multiple-case studies but care should be taken to collect consistent data, and both the phenomena and its context should be addressed. The challenges with this are discussed below.

Units of analysis. Case study research presents a particular set of definitional challenges. The first challenge is to define what the case is, the second is to define it in its social, political and economic context. In doing so, one creates boundaries for the study, and a framework that enables the author to draw reliable conclusions and relate them to a particular theory. In this research, the primary unit of analysis is the individual CDC. The units of analysis were conceived of at two levels: the micro level of the individual organizations and the macro level of the emerging CDC industry because the organizations individually were quite small, but collectively their influence on their surrounding neighborhoods was significant, at least for a period of time. I chose to examine 5 organizations whose target areas were within the core of the Albina Neighborhoods for several reasons. The central census tracts of the King neighborhood had suffered extreme disinvestment; in fact, the King neighborhood had the highest rate of vacant and abandoned housing in the City of Portland (Vacant and Abandoned Buildings Task Force, 1988). The five organizations, Northeast CDC (NECDC), Franciscan Enterprise, Housing Our Families (HOF), Sabin CDC and

Portland Community Reinvestment Initiatives (PCRI) each represented a unique contribution to neighborhood revitalization in terms of mission, background, and resources (See Appendix E). Each organization had participated in the Neighborhood Partnership Fund's CDC training sessions (part of the political and social context), had a lifespan of at least five years and was responsible for the development of at least 60 units of housing. There were three other organizations whose work was focused in the neighborhoods of Inner North/Northeast Portland that were not considered for analysis; these three organizations were Genesis, Peninsula CDC, and Habitat for Humanity's Portland office. Genesis only existed for three years and developed a very small number of housing units. Peninsula CDC formed after the initial group of CDCs had begun to establish themselves and was focused more in the N. Portland neighborhoods of Portsmouth and St Johns, on the periphery of the area of interest for this study. Habitat for Humanity is a unique organization. While the Portland chapter was initiated in the early 1990s, its board members attended the early NPF training sessions, and it completed a number of projects in the Albina neighborhoods, its funding and development structure is radically different from the organizations analyzed in this study. Prior to 2008, Habitat for Humanity relied on funding solely from private donations, its revolving loan fund, and the largesse of its parent organization, Habitat for Humanity International based in Americus, Georgia. As a result, it did not have to rely on public funds and was not subject to the increasing competition for those funds after the mid 1990s (Schleiger, 2010). In addition, Habitat relies primarily on volunteer labor to construct its houses – so that its development

costs do not reflect the market costs of building a unit of housing. In addition, the Habitat model is focused on building homes for low-income families and not the broader community development model that the five organizations ascribed to.

Linking the data collected to the propositions is potentially an overwhelming task. Yin notes that “investigators start case studies without the foggiest notion about how the data is to be analyzed” and search for “tools ... hoping that familiarity with these devices will produce the needed analytic result” (Yin, 2003: 109-110). The first step in overcoming the inherent inertia created by wallowing in one’s data is to take command of the data and to develop a specific strategy for analyzing the case studies. This could be viewed as conflicting with the approach of allowing the questions and analytical procedures to emerge from the data collected, an approach consistent with “Issue Evolution” (Stake, 2005: 448). In order to resolve this apparent contradiction, and to keep the dissertation process moving forward, I returned to and expanded on the original research questions in an effort to employ Yin’s recommended strategies of pattern matching, explanation building, and cross-case analysis (Yin, 2003: 109). These strategies served to reinforce the triangulation of data to ensure validity and vertical and horizontal consistency within the individual case studies and the larger case study.

Per the conceptual model shown in Figure 2-2, each organization has a particular trajectory relative to the neighborhood changes based on when and where it began relative to the condition of the neighborhood. This trajectory is based on the initial resources, and organizational development that is both the result of the

organization's approach to success and to obstacles. These obstacles can be viewed as either dramatic or cumulative events, and sometimes a combination of the two; a dramatic obstacle being a singular internal or external event that has a substantial, and often stinging, effect of the organization, while cumulative obstacles include trends resulting from externalities over which the organization has no apparent control, and those that result from organizational culture. By matching up different patterns between the organizations, explanations for different project and funding choices, leadership changes, and neighborhood relationships could be developed. This, in turn, could lead to explanations of the changing relationships between organizations.

Yin states that "to explain a phenomenon is to stipulate a presumed set of causal links about it... These links may be complex and difficult to measure in any precise manner" (Yin, 2003: 120). On the other hand, Stake asserts that the goal with the comparative case study is not necessarily a causal explanation of events, but rather to perceive these events as "multiply sequenced, multiply contextual and coincidental, more than causal" (Stake, 2005: 449). What each is saying, though, is that determining causality is not always possible, but an understanding of the relationships and trends is.

Methods of Data Collection and Analysis. This study used a combination of quantitative and qualitative data that will help to define the organizational trajectories. (See Table 3-1).⁴³ Case study research often incorporates multiple types of data whose strengths and weaknesses are intended to limit the inherent bias of the author

⁴³ I would like to thank Andree Tremoulet for suggesting the use of a chart to clarify this part of my research design.

(Yin, 2003:86). The types of quantitative data collected and analyzed include demographic information from the 1990 and 2000 Censuses, real estate value information from 1992-2006, and organizational financial data from 1994-2006. Since the time frame for the study encompasses 2 census data cycles, that part of the quantitative data examines the neighborhood demographic trends, while the RMLS data articulates the real estate trends noted in the neighborhoods and compares them to the Metro area.

Table 3-1 Summary of Research Units of Analysis, Data Sources, and Analytic Approaches			
Organization	Principal Data Sources - Quantitative	Principal Data Sources– Qualitative	Analytic Approaches
NECDC	IRS 990 Forms, CDC Non-Profit Housing Atlas, portlandmaps.com	Interviews: Former Board Members. Newspaper Articles, Kafoury Papers, Oregonian Articles	Graphing of financial and development information, Interview Summaries, Explanation Building.
Franciscan Enterprise	IRS 990 Forms, CDC Non-Profit Housing Atlas, portlanmaps.com	Interviews: Former Board Member, Executive Director and Staff. Oregonian Articles	Graphing of financial and development information, Interview Summaries, Explanation Building.
Housing Our Families	IRS 990 Forms, CDC Non-Profit Housing Atlas, portlandmaps.com	Interviews: Former Board Members, Executive Directors and Staff, Annual Reports and Audits, 1993-1997, Author's personal papers, Oregonian Articles	Graphing of financial and development information, Interview Summaries, Explanation Building.
Sabin CDC	IRS 990 Forms, CDC Non-Profit Housing Atlas, portlanmaps.com	Interviews: Former Executive Directors and Staff. Annual Reports 1992-1998, Meisenhelter Papers, Oregonian Articles	Graphing of financial and development information, Interview Summaries, Explanation Building.
PCRI	IRS 990 Forms, CDC Non-Profit Housing Atlas, portlanmaps.com	Interviews: Former Board Member, Current Executive Director and former Staff, Annual Reports 1999-2006, Oregonian Articles	Graphing of financial and development information, Interview Summaries, Explanation Building.
Context			
Each Neighborhood	Census Data, RMLS Data	Interviews: Long Time and More Recent Residents, Abbot & Gibson, Personal	Interview Summaries, Charts for census data, graphs of RMLS data

		observations	
Local Public Policy and Funding		Interviews: BHCD and PDC Staff, Public Official Interviews, HCDC Members Interviews, City Council Member Kafoury's Papers, City of Portland Audit of City Housing Programs	Interview Summaries, triangulation with Kafoury papers and other interviews, City Housing Audit
Federal Public Policy and Funding		HUD Policy Papers, Schwartz, Abt & Associates Report on Nehemiah Grant Success	
Philanthropic Foundations		Interviews with past and current staff of the Enterprise Foundation and the Oregon Community Foundation, and Annual Reports, Ford Foundation Report on CDC Growth,	Interview summaries, triangulation with annual reports, Summary of CDC growth report

The Census Data encompassed eight census tracts at the heart of the Albina neighborhoods. These tracts, 22.01, 24.01, 33.01, 33.02, 34.01, 34.02, 36.01, and 37.02, were chosen because of their rough alignment with the Boise, Eliot, King, Sabin, and Woodlawn neighborhoods, the main geographic target areas of the CDCs studied (Appendix I: 345). These tracts were some of the poorest and racially diverse tracts in the City of Portland in 1990 and had changed significantly by 2000. The categories of census data initially included Race, Household Income, Housing Tenure, Median Property Values, and Educational Attainment in order to gain a snapshot of both the population and the housing in the area. Later, I added the category of Age, after many of my interviews yielded information regarding the displacement of older homeowners whose relocation either by chance or by choice was a notable turning point in the gentrification of the neighborhoods.

The collection of real estate data occurred in two distinct stages and served two purposes: to develop a database of the number and type of housing units developed by CDCs and to track the change in neighborhood home prices over time. The first stage was to verify the data from *The Community Development Corporations/Non-Profit Housing Atlas*.⁴⁴ This data was divided into the respective CDCs that developed the units to get a tally of units for each organization and to chart when these units were developed, an indicator of organizational growth and increasing complexity. Each address was verified to ensure the quality of the data, and organizational Annual Reports augmented the list, as its ending date was 1996. This list was cross-referenced with the list of properties that Multnomah County transferred to non-profit organizations from 1991-2006, and the State of Oregon's list of Affordable Housing development projects that received tax credit funding between 1994 and 2006. Efforts to cross-reference this data with information from Portland Development Commission, which administered much of the federally funded housing work, proved futile.⁴⁵

Once the data were determined to be complete, an investigation into the sales of homes both to low-income and market rate buyers began. Sales of CDC-owned homes on the open market were an indication of precarious organizational fiscal health, as the increased value of the homes could provide cash flow for the CDC for a year or two. When this stage was complete, the data was mapped: the final product was a map that showed the location and number of CDC developed housing units with

⁴⁴ I am indebted to Meg Merrick for sharing a copy of this original report with me and for putting together the maps for me when she should have been working on her own dissertation.

⁴⁵ In its City Housing Program audit, the Office of the City Auditor noted that PDC's housing data was very difficult to obtain; even when it was obtained, the data was unclear and unorganized (Office of the City Auditor, 2002).

the overall neighborhood home prices to determine whether the CDC housing development had a lasting effect on the neighborhood housing prices (Appendix I: 347-348).

The organizational financial data was available via three primary avenues: annual reports, organizational audits and federal 990 Forms, available online from www.Guidestar.org. Annual reports, when available, were accurate accountings of housing units developed, grants won and allocated, organizational cash flow, and organizational debt. The audits were a more detailed accounting of development activities and asset valuations. The 990 Forms provided a wealth of information that not only verified information from the Annual Reports and audits, but also listed staff numbers and salaries, as well as the addresses of properties bought and sold. Not all data was available through Guidestar, and additional requests to the IRS for the missing 990 Forms turned up empty, as they do not retain records for more than 7 years. Hence, the information available from the 990 Forms overlapped for a limited number of years, and since each organization filled them out slightly differently, a true “apples to apples” comparison is not possible; this is a common hazard of using secondary data (data that is collected by someone else for a purpose other than the author’s). With this in mind, though, the Form 990s and the available Annual Reports were each excellent validations of the other and contributed to the robustness of the financial information.

The qualitative data collected can be divided into 2 parts: 1.) Public documents, newspaper articles, and reports, and 2.) Information gleaned from

interviews with key stakeholders. These two types of sources were often used to verify one another and provided an opportunity for more detailed probing in the interview process.

The public documents include former City Commissioner Gretchen Kafoury's public papers from the City Archives. These documents were collected during the summer of 2007. Documents include memoranda regarding housing policy, notes from meetings, and most interestingly, the exchange of letters between Bureau of Buildings Director Margaret Mahoney and NECDC Executive Director Jaki Walker that outline the uncomfortable confrontations that Walker initiated with City Officials.

The newspaper articles were the result of keyword searches within the Lexus Nexus search engine at the Portland State University Library. Several searches were conducted for each organization. Keywords included the name of the organization in different formats, the names of the key Albina neighborhoods, and the names of key stakeholders. The bulk of the articles were from the Oregonian newspaper; however, the Skanner, Willamette Week, and Portland Business Journal also contributed several key articles. This was probably the most straightforward part of the data collection phase. For each organization, summaries were created, so that a timeline of key events could be developed (see Appendix J). This timeline served as a basis for much of the cross-case analysis.

Reports include government generated material and reports to philanthropic groups. For example, the Abt Associates report on the effectiveness of the Nehemiah Grant was key in explaining NECDC's performance on a national scale in producing

the number of houses that it committed to, while Joseph Hoereth's report to the Ford Foundation on the building of community development capacity in Portland gave tremendous insight into the role of the philanthropic organizations and their expectations in the growth of Portland's CDC industry. Local reports include the City of Portland's Vacant and Abandoned Housing Task Forces' draft report on the number and neighborhood location of these units, as well as proposed solutions to the problems, a report by the City Auditor's Office of City Housing Program Accomplishments 1996-2000, and, most importantly, Marlene Farnum's report to the Neighborhood Partnership Fund on the Lessons learned from the merger process that created Albina CDC.

The bulk of the information for this study, though, was gleaned from the 49 interviews with key stakeholders that took place between August 2007 and July 2010.⁴⁶ These stakeholders included CDC board and staff, public officials, funders, neighborhood residents, both recent and long time. Initially, my intent was to interview a current or former staff member, a current or former executive director, and a current or former board member of each CDC. This was not possible for all of the organizations. Given the length of time since the demise of NECDC, I was only able to contact two former board members and one former temporary staff member. Public officials were very forthcoming, and I was able to interview several former BHCD and PDC staff and directors, former City Commissioners Erik Sten and Gretchen Kafoury, as well as a number of consultants who had played instrumental roles in the evolution of N/NE Portland's CDCs. Interviewing neighborhood residents proved a little more

⁴⁶ The full list of interviewees and the outline of questions can be found in Appendix B.

difficult; however, I was able to attend several neighborhood association meetings and gentrification reconciliation sessions in 2008 to understand what the issues people were facing as both new and old neighborhood residents in a tense and changing environment.

For each interview, a list of questions was developed to serve as a framework for the interview. Certain baseline information (length of involvement with a certain organization, length of neighborhood residency) was requested to provide some consistency. Each interviewee was asked, if they felt that there was someone in particular that I should talk to; this process of “snowballing” led to some people that I was not originally aware of and broadened the information about each organization.

The interview questions varied, depending on whether the interviewee was a current or former staff member, board member, funder, public official, neighborhood resident, or consultant; examples of these questions can be found in Appendix C. The purpose of this variation was to glean a broad base of information about the organizations and their relationships to each other and the neighborhoods in which they operated. The intent of these open-ended interviews was to allow respondents to explain their roles in and their attitudes towards the evolution of the organizations because the interview process is “inextricably and unavoidably historically, politically, and contextually bound” (Fontana and Frey: 2005, 695). It is an active process that is intended to shed light on personal involvement. Two strategies for interviewing include “empathetic” and “structured” interviewing (Fontana and Frey: 2005, 701). The strategy in this research was a hybrid of the two: while a specific list of questions

was adhered to during the process, I relied on my knowledge of the organizations and the stakeholders to delve further into their stories. In doing so, I ascribed to an approach that has been attributed more to women: that women tend to try to remove as many barriers between themselves and their interviewees, to think about both what the interview accomplishes, and how it is accomplished, a strategy that ultimately allowed me to go back and easily ask follow-up questions (Fontana and Frey, 2005: 697).

After completing each interview and reviewing the transcript, I created a summary of points. Each summary was then included in a summary of points associated with a particular organization. From these summaries emerged the salient issues that would become the basis for the analysis of each organization. The focus on organizational housing production was both evident and reinforced by the people interviewed. This focus could be viewed as a flaw in my logic, but the overwhelming amount of money that each organization spent on housing development, relative to their other programs, and its broader neighborhood impacts also reinforces this choice of housing development as a point of entry into describing organizations as a whole.

Personal observation was also a key part of the data collected for this research. I have had the opportunity to consult professionally in my role as a housing designer with each of the organizations investigated and sat on the board of directors of Housing Our Families for three years. During the 1990s, I was an architectural and construction consultant to both PCRI and Sabin CDC.⁴⁷ Jaki Walker and I had discussed my designing a number of homes for NECDC, but its demise occurred

⁴⁷ I was offered a full time position as Construction Manager at Sabin CDC in 1998, but turned it down because I did not feel that there was enough housing development work on the horizon to maintain the position for more than a year or so.

before our contract could be signed. Because of my work with these organizations, I saw first-hand the steep learning curves that the staff of these organizations encountered as they learned about project finance and subsequent property management.

When Franciscan Enterprise embarked on the design and construction of a multi-family housing project on N. Mississippi, a colleague and I volunteered to complete the initial architectural drawings. I had the most intimate relationship with Housing Our Families; besides sitting on the Board of Directors for three years, I was a volunteer for certain projects throughout the 1990s and consulted on the renovation of its offices when the organization became Albina CDC in 2001. My role in the organization was that of technical expert in both design and project development. This role continued as I maintained a role on the Board of Directors of several Single Asset Entities (SAEs). As HOF, and then Albina CDC, increasingly neglected these Boards, I felt particularly awkward as I spoke up and called for accountability. When Albina CDC began to negotiate with PCRI for the transfer of property, the rest of the Board looked to me and to one other Board member for explanations of complex financial dealings when it came to audits and HUD requirements, and I felt that much of the weight of decision-making rested on my shoulders. As a result, my view of the efficacy of a organization's Board of Directors whose members represented a broad spectrum of the community was critical.

Because of my involvement with several different organizations, my personal files contained a wealth of information that included board meeting minutes,

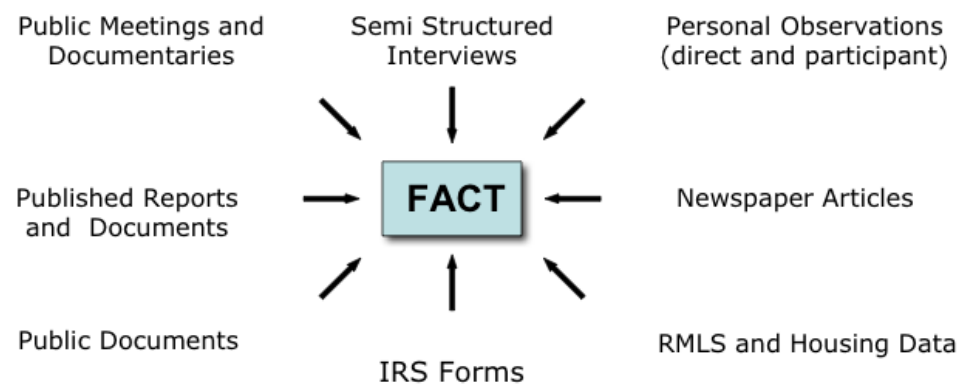
neighborhood meeting minutes, audits, balance sheets, news letters, annual reports, correspondence and a number of photographs of the Boise and Eliot neighborhoods from those years. This information was instrumental in describing HOF and other defunct organizations. As a result of knowing many of the Board and Staff of other organizations, too, I was the recipient of their personal files as well.

My relationships with each organization both facilitated and complicated this research. My research was facilitated by the fact that many doors were open to me; people were willing to speak with me in part because they knew me from my time working with the different organizations. Because of this, I was able to interview 49 people relatively easily. However, I did encounter dilemmas associated with an insider's role: when I heard information that I had understood differently, I tended to discount much of the rest of what a respondent said. I was particularly conscious of body language that was incongruous with the answers that respondents were giving. When the respondents' information was consistent with what I had understood to be true, I relied on these responses more than I should have, at least initially, and needed to take particular care in triangulating the information to develop a more balanced view of the organization as a whole.

As Yin (2003: 98) impresses upon us the importance of using multiple sources to develop converging lines of inquiry, the validation and verification of information in this research project utilized a variety of sources. Triangulation from multiple sources, both qualitative and quantitative, was an important part of the interview summation process in order to ensure the quality and validity of the interviews. The

choice of organizational board members, executive directors, and staff was intentional in order to accomplish a mini-triangulation within each organization that could then be verified from outside sources as well. This convergence of data from different sources is diagrammed in Figure 3-1:

Figure 3-1
Diagram of Data Convergence



(Adapted from Yin, 2003: 100)

In some cases, interviewees made statements that represented a particular viewpoint and were found to contradict other interviewees' statements and information gleaned from newspapers and other sources. Statements of this nature needed to be verified by at least one other source; if the statements could not be corroborated, they were discarded.

Limitations of Research Design and Methodology

The limitations of this project became more apparent once the data collection phase of the research began; they are noted as researcher bias, the length of time between this investigation and the occurrence of the events in question, the inconsistency of some of the quantitative data, and the availability of interviewees. Researcher bias is an inherent issue in qualitative research. Because of my relationships with key stakeholders, I was granted access to both people and information that I would not have had otherwise; the converse is that I have preconceived notions of the evolution of the organizations and neighborhood changes that no doubt influenced my choice of topic, choice of interviewees, questions used in interviews. I tried to overcome some of these biases by triangulating information from different sources.

The time between the commencement of this investigation and the inception of the CDCs of Inner North/Northeast Portland was almost 20 years. This time lapse placed the onus on interviewees to remember specific interactions and events; hence, information was spotty at times, especially for the organizations that no longer exist and whose records were not readily accessible. The time lapse also affected access to public documents: very few of the philanthropic groups had maintained their records, the IRS had destroyed their information after 7 years, and many individuals had

discarded their personal files.⁴⁸ This time lapse, most importantly, led to a truncated view of organizational finances.

Archival material, too, had been culled over time. The information from the City's Archives was poorly organized (at least for my research purposes), most likely due the source material's original filing system; hence, there were incomplete memos and letters, and certain reports were only available in draft form. In addition, access to the documents at the Portland City Archives was limited: city staff retrieved records from the archives specific to the topic of research, so that the documents that I could actually view were previously culled. This led to both a streamlining of the research process, but also a potential limitation of access to appropriate information.

During the interview phase of this research, I discovered a great number of people who were very forthcoming; however, my attempts to interview a significant number of neighborhood residents were met with non-responsiveness. In order to compensate, somewhat for this dearth of residents, I utilized the information gleaned in the *Boise Voices Oral History Project* (Yanke, 2009) and the gentrification reconciliation meetings sponsored by the Office of Neighborhood Involvement's Restorative Listening Project that took place in North Portland in 2006 and 2007. One group that I did not contact was previous neighborhood residents who had been displaced. This population, I surmised, has been dispersed further east and further north. I attempted to contact the Albina Ministerial Alliance (AMA) in order to talk to

⁴⁸ With the exception of Diane Meisenhelter's files for Sabin CDC from 1993-1997 and PNDSC from 1996-2001, PCRI's annual reports from 2001-2006 courtesy of Maxine Fitzpatrick, and my personal files for HOF and Albina CDC from 1994-2005, no other organizational files were directly available.

pastors who could put me in touch with parishioners who had been displaced. The AMA was in a state of transition, and this effort was not fruitful.

While these limitations were significant, they were not insurmountable. Information from the interviews, for the most part, was consistent and verifiable with other interview sources, so that it became the backbone of this study. In a sense, the study became more community based, rather than a quantitative and archival data study.

CHAPTER 4.
CASE STUDY 1: NORTHEAST COMMUNITY DEVELOPMENT
CORPORATION

Northeast Community Development Corporation (NECDC) was founded in 1984 by a group of black community leaders to promote economic development and job opportunities by sponsoring pre-apprenticeship carpentry training programs for teens. The houses that it renovated and then rented or sold to low-income families were a byproduct of the original intent (McLennan interview: 3; Talton interview: 2). Local activists Ron Herndon, Carl Talton, and Edna Robertson each brought unique experiences to addressing the social and economic needs of Portland's black community. Herndon was the vocal chairman of Portland's Black United Front, a key member of the N/NE Economic Development Alliance, the Executive Director of Albina Head Start, and president of the National Head Start Association (Spicer, 1994b). Talton was more of a well-connected businessman. A former lobbyist for local utility Pacific Power and Light, Talton also served on the Portland Development Commission and the City's Economic Development Advisory Committee (Talton interview: 2). Robertson brought a level of community connectivity to the organization as the head of the Northeast Coalition of Neighborhoods and her involvement with Bethel AME Church, the Black United Front, the NAACP, the Urban League Senior Center, the Regional Drug Initiative, the Community Coalition for School Integration, and the Multnomah School Advisory Committee (Spicer,

1994a). With such broad based and well-connected leadership, NECDC's high visibility and rise to power were virtually assured.

NECDC's seed money was a \$50,000 grant from Nike, after the corporation had agreed to support community efforts in NE Portland as they were searching for a location for an outlet store. "Before its (outlet) store had sold its first pair of sneakers," executives from Nike had met with Herndon and other community leaders to forge an agreement to address "economic issues in Portland's African American community" (Herndon, 2004). Coupled with the fact that there was no other organized group in NE Portland that was able to take action at that time, NECDC began to mobilize resources and volunteers to assist with its youth training programs.

While still a volunteer driven organization, NECDC won a \$250,000 federal grant in 1987 to implement its youth employment training. The result of this endeavor was the training of 6 students in a carpentry pre-apprentice program and two renovated houses: the students then entered an apprenticeship program run by Associated General Contractors, and one house was sold, the other rented (Mayer, 1987). With the success of this first step, NECDC saw an opportunity to expand its programs with the redevelopment of an entire city block that had been destroyed by an explosion and fire in 1986 (Mayer, 1987).⁴⁹ In 1988, NECDC partnered with the Housing Authority of Portland to construct five houses on the site; the houses would then be rented to low-income tenants, and NECDC would be responsible for their management and possible sales (Blackmun, 1988).

⁴⁹ On New Year's Day 1986, 5 houses on NE Beech St between NE 10th and NE 11th Avenues were destroyed when a resident of one of the houses committed suicide by removing a gas meter in his basement, letting the gas seep into his house, and lighting it on fire. (Blackmun, 1988).

Also in 1988, NECDC hired its first Executive Director, Don Neureuther, a former priest from Omaha, Nebraska. Neureuther's strengths in grant writing and planning were a great asset for the organization, but the fact that Neureuther was white always caused some friction on the board – because of the apparent conflict that a white face was publicly representing a black community organization (Talton interview: 3). Talton notes that in 1988, the organization did not have much experience with housing development, and Neureuther “head and shoulders above the other candidates in community development experience” (Talton, 2009). Some of NECDC's board leadership, though, had focused on the social and economic empowerment of the Portland's black community and felt that having a Director who was white undermined the purpose of the organization (Rudman interview: 12). While Talton feels strongly that this was not the case: he believes that Neureuther gave a high priority to the “black community agenda” and was a good fit for the organization at the time. City staff and neighborhood activists saw this in a different way: when Neureuther left the organization in 1991, they felt that he had been pushed out because he was white, in spite of his denial of that fact and board members' public comments (Lane, 1991; Rudman interview, p 12; Stewart interview: 4; Talton interview: 3; Kafoury interview: 7).⁵⁰ In any case, Neureuther's relationship with the NECDC board was symptomatic of race relations in general in Portland: an uneasy subcurrent that no one wanted to discuss for fear of being called racist (Frater interview: 24; Stewart interview: 2).

⁵⁰ Neureuther became the Director of the Neighborhood Partnership Fund after Ed McNamara left in 1994.

On the other hand, Neureuther was able to advocate for NECDC within the “patriarchal” hierarchy of City Hall and bridge some of the divides that had arisen from the different approaches to solving the social and economic problems of Inner North/Northeast Portland (Holden interview: 5). In the late 1980s, the problems of Inner North/Northeast Portland had begun to emerge on the downtown political radar. Both Commissioner Dick Bogle and Mayor Bud Clark had formed Task Forces to address the issue of vacant and abandoned housing; the Portland Development Commission established the redevelopment of Inner North/Northeast among its “priority goals” for 1989, and the City Council created an Economic Development Advisory Committee (Durbin, 1988). In addition, Clark had formed the Neighborhood Revitalization Management Panel to oversee the work of neighborhood groups that were identifying the key problems and their potential solutions; this effort stalled in its efforts to offer solutions and was dissolved in 1990, its responsibilities assumed, unofficially at first, by the North/NE Economic Development Task Force, a grass roots effort formed by Herndon and others in 1989 to “advocate a neighborhood-based approach to renovating the area’s most troubled neighborhoods” (Carlin, 1990a). Clark’s approach to neighborhood revitalization, though, was cautious, slow, and bureaucratic, much to the chagrin of the black community leaders. With the stalling of progress on the Homestead Task Force, the disbanding of the Neighborhood Revitalization Management Panel, and increased friction between black leaders and Clark, the North/NE Economic Development Task Force “spearheaded neighborhood involvement” in revitalization efforts and emerged as a strong coalition of neighbors,

business people, and activists that would, along with NECDC, guide much of the planning and redevelopment in NE Portland for the next several years (Oliver, 1990).

A more insidious development, though, was the emergence of strained relations between Mayor Bud Clark and Portland's black community. In October 1989, Clark had fired his liaison to the black community, Ollie Smith. As a result of Smith's dismissal, black community leaders, with Herndon as their chief spokesperson, met with Clark to discuss the dismissal. In that meeting Clark said that "he would be his own liaison to the community and that he was trying to get a suntan to make his skin darker" in order to better communicate with black leaders (Ames, 1989). Subsequently, Clark, upon calls from Herndon and other black community leaders, apologized, albeit half-heartedly, for what "many feel was (a) racially offensive" remark (Oliver, 1989). From the black community's perspective, though, the incident was indicative of race relations in Portland, where the black community felt, and continues to feel, that whites, and especially those in positions of power, are not aware of the offense – that they "just don't get it" (Talton interview: 8).

In spite of the local racial discord, and perhaps due to Clark's "go slow approach" to revitalizing NE Portland, NECDC sought the assistance of Congressman Les AuCoin and Senator Mark Hatfield to assist them in applying for a HUD Nehemiah Homeownership Opportunity Program (Nehemiah) grant. Named for the Biblical prophet who rebuilt Jerusalem in 62 days, Nehemiah was a federal program that lasted from 1987-1995 and consisted of three rounds of funding with a total of 54 grantees whose urban and rural areas ranged in size from 30 to over 300 units of

housing. The model for Nehemiah was based on a project in the Brownsville neighborhood of Brooklyn, NY that brought together several different grass roots organizations to form the East Brooklyn Churches (EBC), the group that spearheaded the development of 1,250 single family homes that were sold at \$53,500 each to families below the median income for the area. The extraordinary thing about the program was that it achieved costs savings in several different ways: innovative construction techniques, free land, interest free construction loans, and very low overhead costs. Savings for the homebuyers included tax abatement, below market interest rate (BMIR) loans, and interest free capital loans from the City of NY that were re-payable when the unit was sold (Phipps et al: A-2-A-3).

HUD used the EBC model to create a broader development program based on the successes in East Brooklyn. The federal Nehemiah program challenged grass roots organizations to develop housing on a large scale in blighted urban neighborhoods. This model offered federal funding of up to \$15,000 per unit in the form of a second mortgage for single family and attached housing. The expectation was that local governments and agencies would step up and provide the land, assist in the procurement of below market interest on construction loans, rescind building permit fees for the developers, and provide property tax abatement and interest rate assistance on loans for homebuyers. The application process was competitive, with local sponsors drawing together a host of public and private partners to provide local support. Ed McNamara remembers when Don Neureuther told him that NECDC was going to apply for the Nehemiah grant in 1989; McNamara laughed because he could

not believe that such a small, inexperienced group would apply for a grant that was intended for complex, large scale redevelopment projects for high density blighted and economically depressed urban neighborhoods (McNamara interview: 9).⁵¹ The intent of the Nehemiah Grant was to assist in large scale “contiguous”, primarily new construction development. NECDC’s proposal was to do scattered site single family house development in the King, Vernon, Boise, and Humboldt neighborhoods of Inner North/Northeast Portland and a mix of new construction and renovation projects. As a part of their application process, the organization worked with Congressman AuCoin’s office to augment the definition of “contiguous”, so that their application would be considered (Glanville, 1989; McNamara interview: 9).

NECDC was one of 15 grantees in the first round of the federal Nehemiah grants in May of 1990, and the only western city to receive one (Talton interview: 3).⁵² Because of the structure of the Nehemiah grant, NECDC took on a huge challenge before they would realize any financial benefit as a result of the sale of the houses. Predevelopment and construction costs needed to be covered. In 1990, NECDC received a \$450,000 3 year grant from the Meyer Memorial Trust to build its capacity to implement its ambitious redevelopment effort and \$250,000 each year for 3 years in operating support from the City of Portland (City Recorder, 1990). NECDC struggled for the next few years to put together the project basics: land, building designs, and

⁵¹ When NECDC applied for the grant, they had only completed 4 units of housing, all of them single family house renovation projects.

⁵² The other cities were Baltimore, MD, Shelbyville, KY, Clairton, PA, Gary, IN, Chicago, IL, Tifton, GA, Woonsocket, RI, Tuskegee, AL, Pittsburgh, PA, Washington, DC, Des Moines, IA, Aguadilla, PR, Camden, NJ, and Highland Park, MI. Not all of the projects were urban, and few were of a scale that could take advantage of cost savings in construction (Phipps, et al: ES-4).

project financing. The original application stated that the group had hoped to be finished with 260 units by 1993, when in fact they had barely begun construction at that point. To complicate matters, Don Neureuther, who had had an uneasy relationship with several board members, resigned 18 months after the group won the grant. According to Carl Talton, it was never Neureuther's intention to be part of the Nehemiah's implementation (Talton interview: 3); however, his resignation in January 1991 signaled a new chapter in NECDC's history (Lane, 1991b).

At that point, NECDC's board launched a national search for a new executive director, and in April 1991, they hired Jaki Walker as their new executive director. She came to Portland from Seattle, where she had run one of the city's housing programs (Lane, 1991b). Her enthusiasm for the project and the organization's "can-do" attitude made her a good fit for NECDC. By all accounts, Jaki Walker had a confrontational style that lent itself to accomplishing the potentially unattainable goal of completing the Nehemiah project. Carl Talton notes that Walker had good connections to the community and good connections with federal officials, but lacked solid connections with the mid-level bureaucrats and local politicians who were a critical part of the organization's success (Talton interview: 11). This ultimately contributed to her and NECDC's downfall.

Walker's first task as Executive Director was to organize the land acquisition for the project. As a part of the local government and agency contribution, Multnomah County had agreed to provide 130 vacant houses or lots to NECDC (Tupper interview:

2).⁵³ This relinquishment of tax foreclosed properties was the precursor to the County's Affordable Housing Development Program the intent of which was to transfer County owned properties to CDCs for affordable housing development (Rubenstein, 1991). The problem for NECDC was that this program, like the broader Nehemiah program, was not tested – and working through legal issues like clearing titles and property liens took much more time than originally anticipated (Moore, 1991). Ultimately, construction did not begin until December of 1991, more than 2 years after NECDC received the grant, and in large part due to the property transfer issues.

Putting together the financing for a project of this magnitude, and with many public and private partners, was by far the most difficult and layered part of the development process and also delayed the project, in part because of a tripling of project administrative and construction costs from the original grant proposal. The administrative costs increased because of the unanticipated amount of staff time spent to procure project financing, and construction costs increased in part due to the time lag between grant application and the initiation of construction (3 years), the use of smaller, inexperienced contractors, and the increased level of finish demanded by Walker to help with the marketing of the new homes.⁵⁴ As a result, NECDC required a additional funds from the City of Portland (Mahoney, 1992c). Because the \$3.75 million federal contribution to the project was allocated during the buyer's financing

⁵³ Since Multnomah County is responsible for the collection of property taxes, it is the trustee of delinquent properties.

⁵⁴ The cost of wood products (lumber, plywood, and finish materials) increased almost 20% in the early 1990s due to the diversion of material from local markets to areas where natural disasters, such as South Florida after Hurricane Andrew, were occurring and the 1st Iraq war.

of their homes, a complex set of predevelopment funding and construction loans were required to develop the project and build the houses; NECDC procured \$8 million in loans from the Oregon Housing Agency and \$2 million from a consortium of 4 local banks for this purpose (Vondersmith, 1991). In addition, the Federal Home Loan Bank of Seattle provided a “subsidy of \$195,000 to help buyers with down payments and closing costs” for 65 of the homes (*The Oregonian*, 1992).

In addition to the loans from the OHA and local lenders, the City of Portland assisted NECDC, albeit reluctantly, with a “float loan” of \$2 million in 1993 (Mahoney, 1992a; Kafoury, 1993). The float loan provided below market interest on a loan from City CDBG funds; a consortium of banks administered the loan, and should the City require access to the funds for another project, the banks would repay the City and provide funds to NECDC under a Master Loan agreement (City Recorder, 1994).⁵⁵

Because the predevelopment phase of the Nehemiah project dragged on with nothing in the way of housing units to show for the hundreds of thousands of dollars spent, City Commissioner Kafoury and her staff remember Walker and the NECDC board balking when they were asked for an accounting of their expenditures (Lane, 1991b). The uneasiness stemmed from the fact that NECDC was the most well funded CDC in Portland but was unable to produce any housing units.⁵⁶ Critics pointed to Ron Herndon’s high profile position as NECDC board chair and outspoken leader in

⁵⁵ The consortium of banks included Bank of America Oregon, Bank of California, First Interstate Bank of Oregon, Key Bank of Oregon, US Bank of Oregon, and West One Bank (City Ordinance 168410).

⁵⁶ NECDC’s application estimated that “85 homes would be completed in 1990, 95 in 1991, and 75 in 1992 (NECDC, 1990: 24).

the black community as a reason for the lack of accountability; one city staff member lamented, “If this was anybody else, it wouldn’t have been allowed to go on this long” (Lane, 1991b).

The contentious relationship between NECDC and City Commissioner Gretchen Kafoury and Bureau of Buildings Director Margaret Mahoney was detailed in a series of letters as NECDC was negotiating the terms of the float loan; a draft letter from Mahoney points out that NECDC had failed to provide “cash flow information and an audit” to the City, so that they could allocate additional funding to the agency (Mahoney, 1992b). A subsequent memorandum of understanding between NECDC, Commissioner Kafoury, and Director Mahoney explicitly outlines the City’s expectations of NECDC and admonishes them not to automatically expect that the resources are due them nor to send letters “questioning the motives” of anyone (Mahoney, 1992a).

NECDC’s combative relationship with the City of Portland was magnified by several factors: their own inexperience, the novelty of the federal program, and the fact that new development in Inner North/Northeast Portland, especially that sponsored by a black community organization, was a new phenomenon. The institutions were not in place to facilitate this re-development, and each side of the debate (local and federal governments, community organization, banks) did not have a roadmap or precedent to follow. NECDC already had the grant in hand when they went to negotiate for construction loans with local lenders. The lenders were still in the process of re-educating themselves about the requirements of the Community

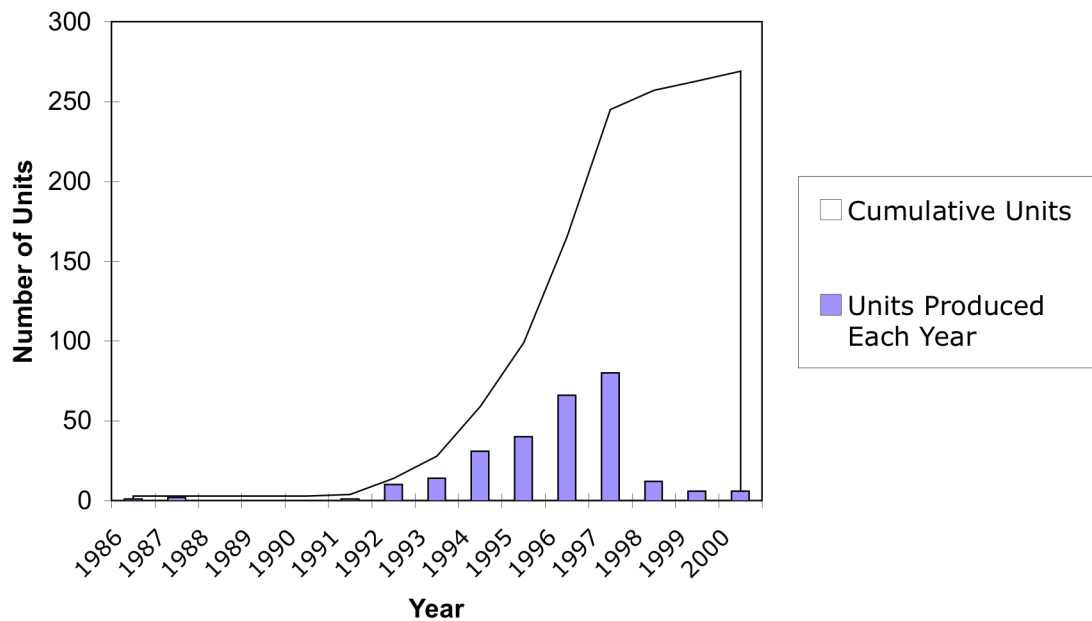
Reinvestment Act (CRA) and the Home Mortgage Disclosure Act (HMDA) – and were definitely lagging in Portland because the recent localized recession had further reduced lending. There was an expectation on NECDC’s part that they would be granted the loans because of the nature and scope of the project, but the lenders did not have guidelines or parameters for lending construction funding without clear permanent financing set in place or for the requirements of an untested Federal program (Frater interview: 24-25).⁵⁷ What emerged from this initial consortium of banks lending to CDCs for larger scale development projects was the formation of the Network of Affordable Housing (NOAH). This permanent consortium of lenders reduced the overall risk to the individual banks, streamlined the banks’ education process, and assisted with meeting CRA requirements (Frater interview: 14). The creation of an institution like NOAH certainly facilitated the financing for later projects, but increased the time required to put together NECDC’s project financing.

When the organization did start to produce units, neither the pace nor the number of units produced met the initial expectations of either HUD or the organization (Figure 4-1; Rollins, 1991b, 1992b). NECDC had chosen to phase the project for a number of reasons: land availability, lending issues, and organizational capacity. NECDC’s constructing smaller of scale urban infill projects that were phased over a number of years was consistent with other Nehemiah project proposals; it is perhaps a critique of HUD’s attempt to replicate the EBC model in less dense urban areas (Phipps, Heintz, and Franke: 4-17). When NECDC ended its Nehemiah project

⁵⁷ As part of construction financing, permanent loans such as homebuyer mortgages need to be in place before the terms of construction financing can be agreed to; hence, the phasing of a project reduces the risk for the lender and creates a revolving pool of money that a developer can access as needed.

in 1997, after 2 extensions from HUD, it fell 90 units short of its initial projections of 250 units (Kafoury, 1996; NECDC, 1990).⁵⁸

Figure 4-1
NECDC Housing Production 1986-2000



Sources: Merrick and Abel-Hamid, 1998; NECDC, 1997-2000

The organization's learning curve, lack of continued availability of developable property, and financing issues were to blame for this shortfall – factors that could have been mitigated had the organization, Multnomah County, and Portland's lending community had the capacity to complete the project more quickly. The costs for NECDC's Nehemiah were scrutinized at both local and national levels. While

⁵⁸ This chart includes the Nehemiah units, as well as other rental and for-sale units developed. 1997's unit production includes the construction of the 55 unit Gladys McCoy Apartments.

NECDC was spending \$57,000 - \$81,000 per unit on the houses, the average price for a Nehemiah house (nationwide) was \$53,000 (Kiyomura, 1994).⁵⁹

NECDC's early homes, while significantly more costly than their original proposal, were viewed as "Cadillacs" by some funders because they contained relatively higher end finishes, appliances and light fixtures when compared with other concurrent affordable housing projects (McNamara interview: 13); however, the quality of the exterior materials was substantially less and has not fared well over time. The decision not to skimp on the appliances and finishes was a conscious one. In order to make the units more attractive to buyers, Walker felt that the inclusion of better quality items would not only market the units better, but would also save the homeowners money in the long run with lower maintenance and replacement costs (Holden interview: 7). In addition, as this was NECDC's signature project, it was important to them to include the best quality fittings possible. While buyers liked the appliance and finish upgrades, one of the issues that they were disappointed with was the size and layout of the units (Phipps et al: 4-13). In contrast to some of the older houses in the area, NECDC's new construction houses were smaller (and located on smaller lots in several cases) and had open floor plans to make them feel more spacious. This contrast has plagued developers of infill housing, especially affordable

⁵⁹ There was no mention in the article whether the size of NECDC's homes was comparable to national averages – this would have a huge bearing on the overall construction costs; however, federal guidelines stipulate that the houses should be approximately 1200 SF. NECDC's 4 new construction models averaged 1250 SF each, with an option for a finished attic on 1 model for an additional 216 SF (portlandmaps.com). In their Nehemiah Grant application, Neureuther specified that the average development cost/home would be \$62, 555 (NECDC, 1990).

infill, and since NECDC's project was a very high profile and novel endeavor, it drew a lot of attention to its assets and its flaws (NECDC, 1994).

One of Jaki Walker's personal goals with the Nehemiah project was the inclusion of neighborhood and minority contractors on the project (Phipps et al: 4-16). Because many of these contractors were small and inexperienced, the cost of their inclusion was higher for both the organization and the actual building process. Much time was required to assist them with the required paperwork and scheduling coordination that was required on a publicly funded project, and, as small contractors, these participants were not able to take advantage of the competitive pricing afforded to larger and more experienced firms. While this may have been more costly for the units, the value in neighborhood economic development was unprecedented (Talton interview: 4).

Concurrent with NECDC's predevelopment work on the Nehemiah project, Portland's local architects were busy working on a competition for affordable housing designs. The American Institute of Architects (AIA) Portland chapter sponsored the Essential Housing Competition, a competition that stressed respecting neighborhood context for infill housing design. NECDC was drawn to the idea of design compatibility, and the group selected 3 different designs from the competition's entries as the basis for its new single family and attached housing (Perlman, 1991a, 1991b). Each of the architects donated their services to NECDC, thereby eliminating all of the design fees associated with the project. By selecting a total 4 models (3 from the Essential Housing Competition and 1 from a Competition participant) for 130 units

of new construction, NECDC was also able to realize significant efficiencies in construction through the repetition of floor plans and the bulk purchasing of items like windows, cabinetry, and flooring (Perlman, 1991).

One of the highest profile phases of the Nehemiah development was the Walnut Park development. 18 units of housing were located on 2 blocks of NE Roselawn St, formerly known as “Crack Alley” and built just after the completion of the PDC funded Walnut Park shopping center, new NE police precinct, and the Portland Trailblazers Boys and Girls Club. Completed in 1996, this phase of the Nehemiah development was a particular showcase for NECDC because of the award winning designs and its proximity to other city sponsored development.

Figure 4-2
Walnut Park Nehemiah Housing



NE Roselawn St., Photo by Author

Figure 4-3
Nehemiah Houses over Time



1995 (Bruner Award Application)



2009, Photo by Author

The most compelling reason for delays in the Nehemiah projects stems from appraisal issues with new construction. HUD's appraisers valued the houses significantly below the loan amounts and were inconsistent with other projects and sales occurring in the area at that time (Kafoury, 1992). Executive Director Jaki Walker referred to these exceptionally low appraisals as an extension of racism, and buyers were not able to complete their purchases. HUD manager Richard Brinck

defended his agency's appraisal methods as purely reliant on local comparable sales (Kafoury had disagreed with this assessment), but Walker accused the agency of perpetuating its practices of redlining, as HUD's appraisers were basing their numbers on existing homes, rather than new construction homes (Lane, 1992b). These tensions played out in the media and resulted in Walker and her board writing letters to Senator Mark Hatfield, and Representatives AuCoin and Wyden. City Commissioner Gretchen Kafoury admonished Brink:

I would simply comment that redlining was not solely the work of the banks. Your department, as well as the government that I represent, was part of the problem. If we did not proactively engage in relining activities, we certainly had access to the market data and other information that showed that they were happening (Kafoury, 1992).

Ultimately HUD revised their appraisal numbers to match the construction costs of the new homes (Lane, 1992b). While the appearance of redlining based on economics (low neighborhood housing prices that had been a result of historical racist practices) rather than race struck a nerve with the organization, the fact that they were able to mobilize the political capital to compel HUD to change their original numbers to conform to the new situation was a victory for the both NECDC and the previously redlined neighborhoods of Inner North/Northeast Portland (Lane, 1992b).

When NECDC completed their last house in 1997, home prices in the Boise, King, Vernon, and Humboldt neighborhoods had climbed significantly, a sign of neighborhood improvement that was both beneficial and problematic for the organization: beneficial in the sense that they had accomplished their task of creating

wealth – people who had bought Nehemiah houses were gaining equity in their homes, and problematic in that new development opportunities were becoming scarcer.⁶⁰

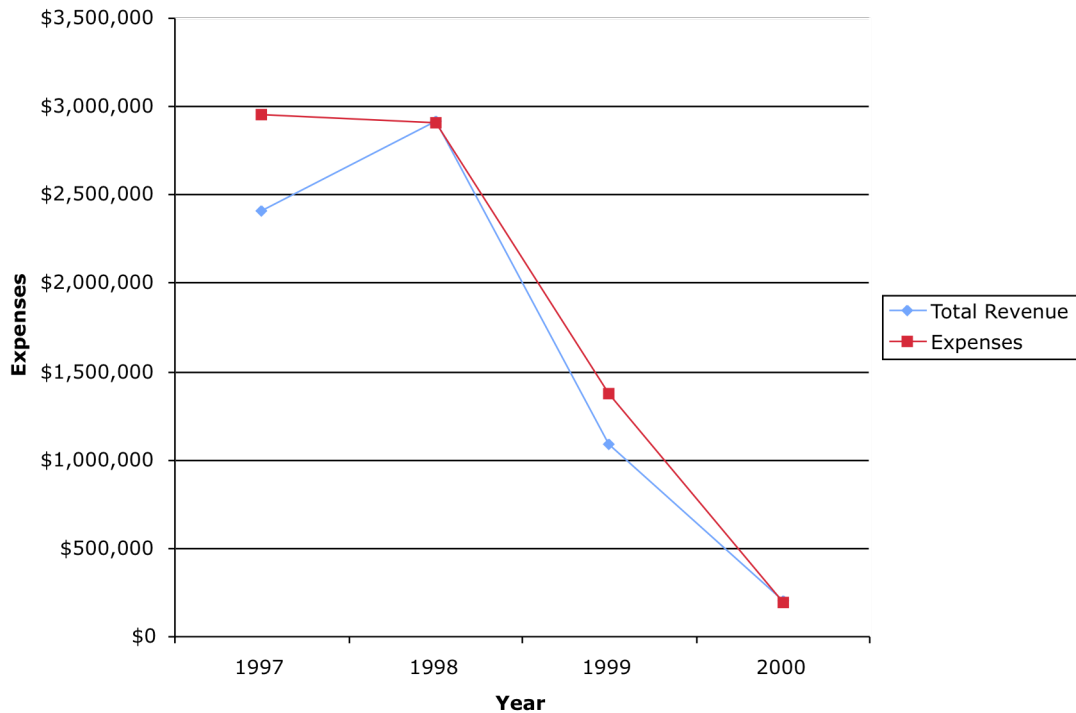
One of Jaki Walker's goals with the Nehemiah program was to qualify as many families from the immediate neighborhoods as homebuyers, with a special emphasis on African American families (Malloy interview: 3). NECDC's outreach programs attempted to contact 5,000 interested parties in order to find 250 qualified buyers (Rollins, 1991a). Their first buyers were a counselor at Woodlawn Elementary and a young family from the neighborhood, who were sidetracked by the HUD appraisal difficulties; however, by 1994, another 25 families had moved into their houses, and another 30 had been qualified (Leeson, 1994; Rollins, 1992b). NECDC also partnered with Emanuel Hospital's Neighborhood Home Ownership Program, whereby Emanuel employees are eligible for subsidized loans to purchase houses in the immediate neighborhoods (Rashad, 1995). NECDC also worked with the Portland Housing Center and sponsored many homebuyer fairs and open houses in order to attract potential buyers; however, this was a monumental task from the beginning – to attract potential buyers, especially first-time homebuyers, in a neighborhood whose residents were low-income and often had poor credit histories (Malloy interview: 3). The outreach required to find and qualify potential buyers consumed much of NECDC's resources at that time (NECDC, 1990; NECDC, 1997).

In 1997, NECDC had a relatively large staff (12 people) and high overhead expenses (Figure 4-4) that exceeded their revenue. The Nehemiah grant was completed, and other opportunities for a similar type of development were not

⁶⁰ Median home prices in Portland rose 22% between January and October (Lalley, 1995).

forthcoming. In addition, NECDC had lost its operating support funding from the City of Portland and the Meyer Memorial Trust, so that when Channa Grace, a housing

Figure 4-4
NECDC Organizational Revenue and Expenses 1997-2000



Sources: NECDC, 1997-2000

developer with The One Company in Los Angeles, was looking for a non-profit to partner with on a large rental housing development that she was proposing on NE Martin Luther King Blvd between NE Skidmore and NE Going Streets, Jaki Walker welcomed the new venture (Kafoury, 1996). She saw the opportunity for a large developer fee that could sustain the organization and the cash flow that would be realized by entering into the rental housing business. What she did not foresee was the complexity of the development and the resulting conflict that it would cause with her board. The result of this partnership was the Gladys McCoy Apartments, a 55 unit

apartment complex with many larger family units whose target population was families with 30-50% of MFI, per the City of Portland's shift in policy to target more of its funding towards housing for lower income families (Office of the City Auditor: 6). The development consisted of eight buildings along NE Martin Luther King Jr Blvd, with small commercial spaces at the north and south corners of NE Prescott Street. The corner spaces housed a shared space for tenants, an often-closed computer center, a coffee shop, and the complex's management offices. The buildings on the south side of Prescott had ground floor residential units that faced MLK. These units had small windows on the MLK side to maintain privacy for the residents that created a blank wall along the street side.

Figure 4-5
Gladys McCoy Apartments



www.Googlemaps.com

One of the reasons for the minimal inclusion of commercial spaces was the project financing. HUD would not include the costs of the commercial spaces in its

financing package, so that the commercial development had to be a completely separate deal with its own financing package, even though it was part of the apartment building. As HOF staff had discovered when developing the Alberta Simmons Plaza, adding this level of complexity to the development caused many headaches for staff, contractors, and other funders (Cross interview: 3; Hortsch, 1999a). The result was that the mixed-use development took longer than anticipated to complete, its apartments were difficult to rent, and neighbors were not necessarily pleased with its outcome. In addition, the inclusion of a minimal number of commercial spaces encouraged more purely residential construction along MLK, an outcome that PDC did not necessarily support (Rubenstein, 1999).

NECDC's development of the Gladys McCoy Village rankled board member Carl Talton; Talton was also on the board of PDC and had worked hard to focus commercial uses along MLK. That particular section of NE MLK Blvd had been included in the extension of the Convention Center Urban Renewal Area so that the area would be eligible for improvements funded by Tax Increment Financing (TIF).⁶¹ In addition to sitting on NECDC's board, Talton also sat on the board of PDC and had played a key role in extending the Urban Renewal Area (URA) to include NE MLK, NE Alberta, and NE Killingsworth. Talton also was a board member of the N/NE Economic Development Alliance (The Alliance). While PDC was charged with administering the Urban Renewal Improvements, The Alliance had played a significant role in the re-zoning of MLK Blvd to an "EX" designation in order to take

⁶¹ For an in-depth discussion of Urban Renewal and Tax Increment Financing, see Wollner et al (2003).

advantage of Urban Renewal development (Holden interview: 3).⁶² Talton felt that NECDC's development of the Gladys McCoy apartments undermined the efforts of both the Alliance and PDC to create a mixed-use district that focused on employment opportunities (Talton interview: 10).

With the completion of the Gladys McCoy and few opportunities for low-income housing development in Inner North/Northeast Portland left, Walker and her staff set out on a more entrepreneurial path. Geo Development was created to develop market rate housing in the target neighborhoods to take advantage of the gentrification that was beginning to happen there. The intention was for the profits from the market rate housing to be plowed back into NECDC; these profits did not materialize as Geo Development attempted to develop a piece of property in NE Portland adjacent to the Columbia River. The development became mired down in environmental issues, and city approvals were delayed for more than two years. Subsequently, Geo Development became a financial burden for the organization, rather than a contributor (Rubenstein, 1999).

In part due to the work of State Senator Avel Gordly, NECDC got into the lumber business in the late 1990s. Senator Gordly's work with Senator Ted Ferrioli in 1998 garnered NECDC a donation of lumber from OCHO Lumber, a constituent of Ferrioli's for the construction of a duplex in NE Portland (Hortsch, 1999b). At the same time, Walker had met David Kaunda, the son of Zambia's deputy minister for

⁶² The zoning designation Ex allows for a number of different uses, although the intent is for more commercial and industrial uses. Residential uses are allowed, but are not intended to predominate or set development standards for other uses in the area. For more information, see: <http://www.portlandonline.com/auditor/index.cfm?c=28197&a=53298>

minerals and mining at a World Affairs Council Meeting. As a result of this meeting, Walker proposed a joint venture with Kaunda's lumber company in Zambia and led two month-long trade delegations, whose participants included Senator Gordly, to Zambia to explore the potential of acquiring lumber and saw mills in exchange for technology development (Rubenstein, 1999). BHCD staff back in Portland were "incredulous" about the idea of investing in sawmills in Africa and at the amount of money spent on the trade delegations (Rudman interview: 8; Sten interview: 10). Walker admitted that the idea was farfetched but continued to defend the venture; however, NECDC's board eventually "got cold feet" and pulled out of the negotiations, but not before the group had spent most of its nest egg from the sales of the Nehemiah houses (Rubenstein, 1999).

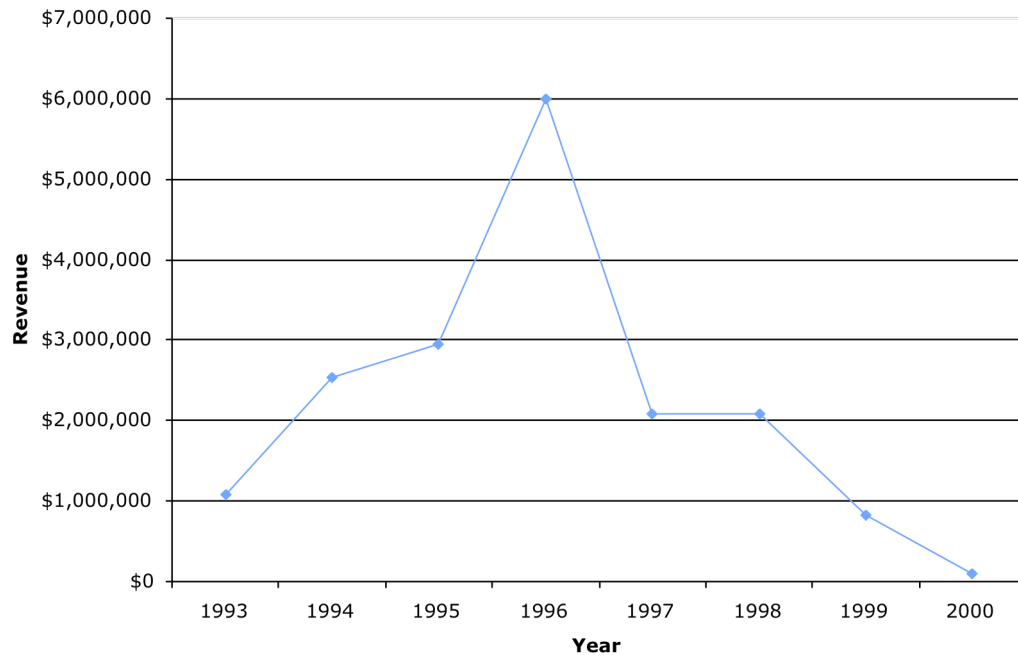
Further upheaval, and poor press, occurred when both Walker and deputy director Sondra Price moved into NECDC houses constructed for low-income families, even though their salaries were far above the Income Requirements. Walker defended the moves in a letter to Steve Rudman:

The employees at Nike are encouraged to purchase Nike footwear and apparel. The employees of Ford won a Ford vehicle, and the employees of Nordstrom wear Nordstrom's apparel... In our case, offering NECDC-built homes for sale to NECDC employees makes the same statement (Rubenstein, 1999).

Walker resigned soon thereafter, and NECDC never recovered from its loss of capital in either the Geo Development endeavor in NE Portland or the Zambia saw mill debacle, as both its revenue and development opportunities were drying up quickly (Figure 4-6; Figure 4-7), and its reputation as a neighborhood based

development organization was eroded to a point where it could no longer count on foundation and philanthropic support.

Figure 4-6
NECDC Revenue from Developer Fees and Home Sales 1993-2000



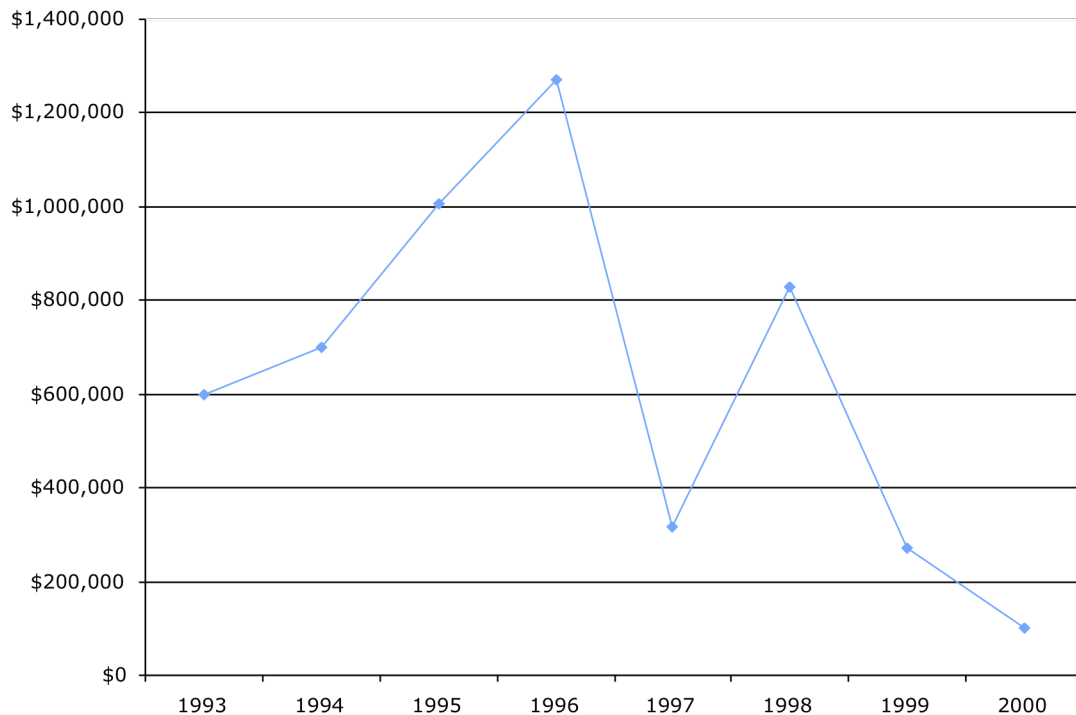
Sources: NECDC, 1997-2000

In 1999, the Enterprise Foundation’s Management and Organizational Development Division conducted a series of audits on the CDCs that it funded. The results of this audit showed that, because of its declining cash flow (see Figure 4-4; Figure 4-6), NECDC “appear(ed) to be in serious financial difficulty” (The Enterprise Foundation’s Management Organizational Development Unit, 1999).

Soon thereafter, the merger discussions between the 5 CDCs based in the central neighborhoods of Inner North/NE Portland began, and NECDC quickly

dropped out of the talks, because of its debts (Rudman interview: 7). It had reduced its staff from 12 to 1 over a period of 2 years; its revenues and grant income were less than 1/6 of what they had been 4 years prior; and the group was saddled with the accrued debt of carrying costs for the last of its for sale homes (Oliver, 2000a; NECDC, 1999). While its board chair Jess McKinley was still somewhat optimistic, then-Housing Commissioner Erik Sten and BHCD Director Steve Rudman “pulled the plug” (Oliver, 2000b; Rudman interview: 8).

Figure 4-7
NECDC Revenue from Grants 1993-2000



Sources: NECDC, 1997-2000

On August 31, 2000 NECDC closed its doors. It had 11 remaining unsold houses with a debt of \$1.2 million that were turned back over to the mortgage holders,

its City of Portland and Enterprise Foundation funding had ceased completely earlier that year, and the rudderless agency was “out of gas” (Oliver, 2000b; NECDC, 2000).

CHAPTER 5.

CASE STUDY 2: FRANCISCAN ENTERPRISE OF OREGON

The mission of St Francis is one of service to all; Franciscans espouse charity and humility and honor these values with good works, “to live life in solidarity with those in need” (Schraw quoting Fr. Matt Tumulty, 1992). In 1987, Franciscan Enterprise of Oregon was born out of an effort, based on these principles, to bring together parishioners from mainly white, upper middle class southwest Portland Catholic parishes. Inspired by a priest from Inner Northeast Portland’s St Andrew’s Church, a group of volunteers came together to acquire and renovate existing houses to rent to very low-income families in the poor neighborhoods of Inner North and Northeast Portland. These volunteers brought a host of specific skills with them that were connected to construction, development, and finance (Purcell interview: 3).

The original intent of the organization was to attract and mobilize a small and consistent group of volunteers who would partner with churches in Inner North/Northeast Portland to form a broader network of volunteers, much like the Habitat for Humanity model. This network would undertake housing renovation projects as a means of good works – it was about “the transformative nature of this kind of work ... it was a way to open their eyes” (DelSavio interview: 2). Early endeavors to partner with North/Northeast Portland churches on work parties worked well. Primarily black congregations from neighborhood churches would turn out in force to work on Saturdays to work with the suburban parishes, but cultural differences, and the fact that the white suburbanites were bankrolling the organization,

precluded these partnerships from becoming a mainstay of the organization (Purcell interview: 2). These differences, and the inability to overcome them, were some of the inherent obstacles that Franciscan would face in attempting to integrate themselves into the neighborhoods in which they worked.

Franciscan Enterprise was the only truly church-based volunteer organization among the CDCs that were active in the neighborhoods of Inner North/Northeast Portland. Its first director, Father Matt Tumulty, was the parish priest whose inspiration initiated the group and was well known and liked in the community (Simmons interview: 9). Father Matt 's "focus was on the transformative nature of (volunteer) work" (DeSavio interview: 2). The organizational mission statement emphasized Franciscan's "commitment to people, not programs buildings or projects" (Franciscan Enterprise, 1994). Like NECDC, the housing production was a bonus, but not the primary reason for the organization's existence.

The work party model, while the mainstay of Franciscan's existence, was not the most effective means of engaging neighborhood residents and working towards being a community based organization. The work parties, or "volunteer blitzes, " swooped in on Saturdays and then left for 6 days; as a result, some neighbors became resentful of this technique and questioned the real purpose of the organization – to provide affordable housing or to assuage the guilt of wealthy parishioners (Kowalczyk interview: 11). In addition, the stop and start nature of the work-party renovations was neither an effective nor an efficient way to complete the projects – and subsequently Franciscan's board realized "that it could not justify its existence (and public funding)

if we were doing maybe 2 houses a year” (DelSavio interview: 16, Kowalczyk interview: 4). As Franciscan took on larger and more complex projects, work parties began to have a smaller role in the organization’s mission and practice, although volunteers continued to be utilized for landscaping and demolition (Warner interview: 8).

The parishioners who participated in the work parties were not necessarily without judgment. Class differences were readily apparent, as parishioners often felt that they were “on safari in the ghetto” (Warner interview: 12). At one such work party, parishioners were overheard complaining that the tenants were lazy and had no sense of pride in their houses and wondering aloud why the tenants were not doing the yard work themselves, while the tenants were within earshot. In addition, staff were required to attend the work parties, without comp time, a fact that some resented (Warner interview: 13).

Franciscan’s first project was a house near St Andrew’s on NE 8th between Wygant and Alberta. While the renovation process was protracted, the project was completed and rented to a low-income family in about a year (Purcell interview: 1). Franciscan’s first tenant, a single mother with 5 children, was subsequently evicted after a year for nonpayment of rent; at that point, the house was in such a state of disrepair that it required many more Saturdays of volunteer work to make it habitable again. It was at this point that the group decided to form a CDC to separate themselves and their charitable mission of community service from the more complex and demanding job of managing rental housing for very low-income tenants (Purcell

interview: 1). Franciscan Enterprise gained its nonprofit status in 1987 and proceeded to expand slowly in three stages: the early volunteer-oriented years (1987-1993) that were led by the board and Fr. Matt Tumulty, the middle growth-oriented years (1993-1996) that were led by Jerry Lindsay and Tom DelSavio where the group professionalized and took on larger projects, and the later, internally chaotic years (1997-2000) that were led by Karen Voiss.

Soon after its incorporation, the group procured, renovated, and rented a second house around the corner from St Andrew's. During the renovation work parties for this house, radio talk show host Lars Larson took notice of the group, because he owned a rental house around the corner on NE Wygant; soon after the completion of the second house in 1988, Franciscan Enterprise bought that house from Larson for \$22,000 (www.portlandmaps.com). With three houses in their portfolio and newly acquired 501(c)(3) status, Fr. Matt attended the NPF training sessions for emerging CDCs, in spite of the fact that he was conflicted about the apparent cross purposes of establishing a housing development corporation with the volunteer driven model that he had begun (Sohl interview: 8). While Fr. Matt completed the trainings and wrote the group's business plan with its board, he was not fully engaged with the process of growing an organization and increasing its capacity to undertake new and larger development projects, as was expected of the groups who participated in the training sessions (McNamara interview: 5). Even as the group obtained 14 more houses that had been slated for demolition in conjunction with the renovation of the Roseway Fred Meyer grocery store into a Safeway, Fr. Matt began to distance himself from the

organization and left much of the work on these projects up to the board (Purcell interview: 2).

These 14 structures, acquired in 1992, were relocated to vacant lots in the King neighborhood that had been procured from Multnomah County's Tax Foreclosure program (Franciscan Enterprise, 1994). This was a complex project that required multiple levels of financing, planning, and construction expertise that delayed the project for well over a year (Rudman, 1993). There had been very little neighborhood outreach, and neighbors were surprised when one Saturday morning "14 houses get plopped on the neighborhood"; the empty structures were surrounded by chain link fencing and became a magnet for criminal activity, the most infamous incident being the dumping of a murdered woman's body under one of the structures as it sat up on blocks (DelSavio interview: 7). Seven of the fourteen houses sat vacant and seemingly forgotten for several months while the Franciscan board worked on a financing package before any construction activity began, and were the source of much neighborhood frustration (but little action) with group; however, at that time, the neighbors were not organized enough to force Franciscan into quicker action, even though the organization operated often at cross purposes with neighbors (DelSavio interview: 27).⁶³ What did force Franciscan to speed up their development timetables, though, were the demands of public agencies and banks. The 14 houses were a larger scale development than Franciscan had previously completed and highlighted the need for the organization needed to update its development model. As a result, Franciscan

⁶³ Franciscan volunteers completed the renovation of 4 houses during 1992-1993, and 3 more by May of 1994 (Franciscan Enterprise Annual Report, 1993-1994).

adopted a more professional model by hiring new leadership (Kowalczyk interview: 6).

In 1994, the organization hired Jerry Lindsay and Tom DelSavio as co-executive directors and Bill Kowalczyk as construction manager. DelSavio and Kowalczyk were instrumental in moving Franciscan Enterprise from a volunteer organization to a professional housing development corporation. On the finance side of development, DelSavio was able to access “nun money,” funds from the Sisters of Charity, Sisters of Loreto, and Sisters of St Francis orders that were used as Franciscan’s equity contribution to development projects (Franciscan Enterprise, 1994; Franciscan Enterprise of Oregon, 1997). As DelSavio explains, “ these were groups of nuns ... who traditionally loaned money to community development credit unions... these loans were 3-5 years, with the understanding that if you were good users of their money, and the program was still consistent with their values, they would renew your loan.” The loans were typically 2-3% interest rates for loans of \$25,000 – 50, 000 (DelSavio interview: 30). DelSavio prized this relationship that he had established in his previous work in Eastern Kentucky as a cornerstone of the Franciscan’s mission and worked diligently to maintain it (DelSavio interview: 29). In terms of organizational capacity, access to these funds allowed Franciscan to begin to develop its first new construction project, a multi-family housing complex (8 units at Killingsworth Court seen below) and to serve a broader population by partnering with a local mental health care provider.

Figure 5-1
Killingsworth Court



Photo by Author

On the construction side of development, Franciscan's board initially encouraged Bill Kowalczyk, the construction manager, to manage the volunteer work party system; however, the coordination of the volunteer labor consumed a significant amount of Kowalczyk's time and caused him to question the efficacy of that model when the group was faced with the responsibilities that surrounded the ownership of houses in need of renovation (Kowalczyk interview: 4). The intent was that "by using volunteers, you could keep the cost down, and you could keep your costs down by doing the minimum work required..." - this model ended up costing more money and more time than using professional contractors (Kowalczyk interview: 3). Kowalczyk remembers "trying to move the board to its mission to being more involved in what was needed in the neighborhood, than making the volunteers feel like they had a good volunteer experience; I felt like that was too weighted in the interest of servicing the

interests of the volunteers, not the interests of the neighborhood” (Kowalczyk interview: 4).

This situation was both the cause and the result of one of the organization’s biggest conundrums: the use of volunteer labor created a long and drawn out development process, and drained resources that could otherwise be spent on creating better quality housing; however, the volunteer model is what made this organization unique. This uniqueness diminished as projects got larger and demanded a more professional approach, a task that Kowalczyk achieved, but not without cost to the organization’s mission.

Franciscan Enterprise also struggled with its image as a neighborhood outsider throughout its existence. The disparities between the skill sets of the board members who were from outside of the neighborhood and those who lived in the neighborhood were quite stark. The board members who did live in the neighborhood “didn’t have backgrounds in housing, and ... were figureheads from the neighborhood, not true participants with real power and the sort of skills to make the organization based there” (Kowalczyk interview: 5). The neighborhood resident women board members tended to be low-income and black, while the other board members were mostly wealthy and white. For a number of years, too, the two neighborhood based board members were also women. Alberta Simmons, one of the neighborhood board members, characterized most of the members Franciscan’s board as “good old boys,” white men who translated many of the top-down, paternalistic qualities of the Catholic Church into their work in Inner North/Northeast Portland (Simmons interview: 9). The

role of race and gender differences contributed to a power imbalance that assured that Franciscan Enterprise would fully integrate itself into the communities in which it operated.

The fact that Franciscan was not considered a CHDO (Community Housing Development Organization as defined by HUD) and therefore was not eligible for HOME funds for housing development, limited the organization's housing development opportunities. Franciscan had missed out on a considerable number of funding opportunities without the CHDO funds, but more importantly had not built up the political capital in its neighborhoods, so that it was not considered an indispensable part of the community.⁶⁴ While Franciscan had provided tenant services and focused on building the skills of its residents, it had failed to truly incorporate itself into the community; in fact, Franciscan's budgets did not have a specific line item for neighborhood outreach (Franciscan Enterprise of Oregon, 1997-2000). HOF, through its neighborhood liaison staff members, Sabin, by virtue of its membership, and PCRI by the sheer volume of housing that it owned, all had huge stakes in their neighborhoods. This was not apparent for Franciscan, especially in the later 1990s when the work parties, their greatest potential for community building, became fewer and further between. As the work party emphasis of the organization decreased, so did any specific outreach to neighborhood churches (Purcell interview: 9).

⁶⁴ The main criterion for a CHDO that Franciscan did not meet was that 1/3 of its board membership was not low income and did not necessarily represent the community in which it worked. For more information, please see: <http://www.hud.gov/offices/cpd/affordablehousing/training/materials/factsheets/CHDO.pdf>

The board members from outside the North/Northeast neighborhoods saw their community participation differently: they strongly identified themselves as “working” board members, and their participation in construction work parties, real estate acquisition, development and finance was evidence of their skill sets (Purcell interview: 6). The “working board” members wrote grant proposals, organized neighborhood activities, and were the backbone of the Saturday work parties (Purcell interview: 4; Franciscan Enterprise, 1994). This approach changed, though, as the organization professionalized and the board became less hands-on, as staff took on responsibility for project finance and development and assumed the role of liaisons to PDC and BHCD (Warner interview p. 12).

Franciscan’s challenges with property management were evident as the organization took on larger and more sophisticated development projects. Franciscan’s early guiding principles included providing “housing for (very low-income) people until they got up on their feet” (DelSavio interview: 18; Franciscan Enterprise, 1994). Even as the organization matured, the group did not have systems in place to govern rental rates and procedures, and “no one had a plan to say you’re in for a year, then we’re going to review your income, then we’re going to kick you out” (DelSavio interview: 18). This lack of systems development was a reflection of the disparate and idealistic views of the board (that tenants would have the opportunity to increase their incomes and want to move on) and the realities of poverty and lack of opportunity for residents of Inner North/Northeast Portland. Franciscan’s mission was set up to serve very low-income families, those whose incomes were below 50% of area median; they

were to pay 30% of their income in rent, with Franciscan absorbing the remaining debt through different grants and donations (Schraw, 1992, Franciscan Enterprise, 1994).

Rental income was inconsistent at best: former Executive Director Tom DelSavio remembers that the organization's rental income was inconsequential to the livelihood of the organization, in part because the "financing of these things allowed people to go months on end without paying their rent, there was little if any debt on any these ... 2 or 3 houses (in the early days)" (DelSavio interview: 2). With such lax self-regulation and unpredictable rental income, Franciscan was only able to continue to function in the early years because its rental properties had very little debt service and the fact that development projects were fairly easy to come by. DelSavio and Lindsay succeeded in putting some systems in place to ensure that the organization would be able to collect rents, pay its bills, and develop new properties, but they continued to struggle with the day to day issues of property management. The realities of the complexity of the management of a small, scattered site, single-family house portfolio were apparent in simple chores like mowing lawns.

It was the cost and the logistics of who is going to cut the grass; we can't afford a professional landscaper, so we have some neighborhood guy who does it, and there's issues of worker's comp, and if you had a particularly concerned board member who is worried about being sued, you have these long conversations about Jim could cut the grass, but he's a disabled person, and so do we want him cutting the grass, and are we paying him under the table, he's not an employee, a little thing like cutting a patch of grass, 3 feet by 20 feet in front of the house became this long drawn out conversation, and they got multiplied because you ended up making the decisions based on the particular tenant in that particular house. Property management was huge, and again because the rents were so low you couldn't afford a property management company, when in fact that's probably what you wanted.

DelSavio interview: 25.

The staff time spent on property management exceeded the rental income realized – a model that was only sustainable at a certain level of organizational development and at a time when neighborhood property values were very low.

Property management demands a unique, and sometimes adversarial, relationship between tenants and landlords. Franciscan, like the other organizations in the neighborhood, encountered several problems, both internal and external, with the management of the properties it developed. Franciscan Enterprise had a particularly difficult time being property managers because of its charitable mission to create shelter and its naïveté about the responsibilities of owning rental property. Franciscan was “wanting to do all this other grandiose sort of community building, but I think we were really bad (at being) landlords, none of us wanted to play the bad guy...” (DelSavio interview: 6).

While the property management was an ongoing struggle, the construction side of the organization was catalyzed by with the hiring of a professional contractor. Bill Kowalczyk had been seeking “more meaningful construction employment” and endeavored to produce high quality housing for Franciscan Enterprise. He oversaw the completion of the rehabilitation of the remaining 8 of the 14 Fred Meyer houses in under two years and began work on the Killingsworth Court project (8 units of special needs housing developed in partnership with Cascade Behavioral Health services), one of Franciscan’s two new construction projects (Kowalczyk interview: 2). Just prior to DelSavio and Lindsay’s departure, Kowalczyk and DelSavio initiated the acquisition

and re-development of the Texas Lounge on Alberta St into the Maggie Gibson Apartments.

This move towards a professionalization was undermined when Lindsey and DelSavio decided leave Franciscan, and the board hired Karen Voiss, a former volunteer with the organization who had no formal training in either property or organizational management or property development (Warner interview: 2).⁶⁵ Voiss had come to the organization as a volunteer, “started working with the board, and within a very short period of time, the board only talked with Karen ... they relied on Karen for all the information flow back and forth between the board and staff.” The staff was very upset with this situation, so that after DelSavio and Lindsey had left and the board went through a hiring process, the staff protested their lack of input. In spite of these protests, the Board hired Voiss as Executive Director, and the remaining staff, including Kowalczyk, all quit.⁶⁶ As a result, Voiss’s first order of business was to hire an entirely new staff. Staff upheaval was an ongoing issue during Voiss’s tenure as Executive Director – the staff that she hired all quit within 18 months of being hired (Warner interview: 2-3). This conflict and resulting lack of continuity or overlap of staff members contributed to a certain level of disorganization at Franciscan that made it a necessary participant in the merger process (DelSavio interview: 4).

⁶⁵ DelSavio left because he needed to earn more money. He remembers that his children were entering school, and he wanted a full time job, so that he could afford to buy a house (DelSavio interview: 15). Lindsey was not interviewed.

⁶⁶ Voiss declined to be interviewed, and Purcell declined to discuss this issue, as he considered it a confidential personnel matter.

**Figure 5-2
Purcell Building**



Photo by author

If the “Fred Meyer” houses were the turning point for Franciscan Enterprise, then the Maggie Gibson Plaza was its downfall. The former Texas Lounge building was located at NE 17th and NE Alberta; it was a large two-story building with a rich and jaded history. Bill Kowalczyk remembers the Royal Esquire Club – a social club that catered to mostly older black neighbors – as a welcoming place; the Royal Esquire was supplanted by the Texas Two, or Texas Lounge, a seedy bar considered a “neighborhood danger zone, often sprayed with gunfire and a central spot for criminal activity” (Kowalczyk interview: 8-9; Levine, 1997). The building’s renovation into the Maggie Gibson Plaza mixed-use project entailed significant design, construction, and building code challenges and, more importantly, a complex financing package.

The development includes two commercial buildings with offices and nine apartments upstairs and a duplex that has seen both commercial and residential uses. Acquired in 1996, the building's renovations were not completed until 2000 (Leeson, 2000).

Figure 5-3a
Maggie Gibson Plaza



NE Alberta St between NE 16th and NE 17th, (www.portlandmaps.com)

Figure 5-3b
Maggie Gibson Plaza



Photo by the Author

This project was the last development that Franciscan Enterprise completed, was stalled by Voiss's inexperience with development, as the rest of the organization was in "melt down" (Sohl interview: 10). This project was particularly complex because it required two different financing packages, one for the ground floor commercial spaces, and one for the rental apartments because it was receiving subsidies for the apartments (Warner interview: 15).

Because Franciscan had no experience in commercial or mixed use development, Warner had commissioned local developer Eric Wentland to complete a market study and business plan for the building to include retail and restaurant uses on the ground floor. Since Franciscan had been struggling to put together a finance package that included realistic costs for the mixed use project, Wentland specified the construction requirements and their associated costs, but the plan "never saw the light of day ... Karen glommed on to all the copies, and it disappeared" (Warner interview: 5). Voiss apparently insisted on sticking with unrealistic numbers and layouts for the buildings, but was determined to show some kind of progress on the building. Without building permits, Voiss authorized the demolition of the 2nd floor apartments (including the accidental removal of structural walls) by volunteer work parties prior to the closing on construction loans (Warner interview: 15). The completion of a financing package for the building was delayed for 2 years, due to Voiss's inability to reconcile real costs for construction and development, oversee realistic redesign work, and put together a financing package; hence, the timeline for the completion of the buildings dragged out over a four year period of time, just as the Alberta St Corridor

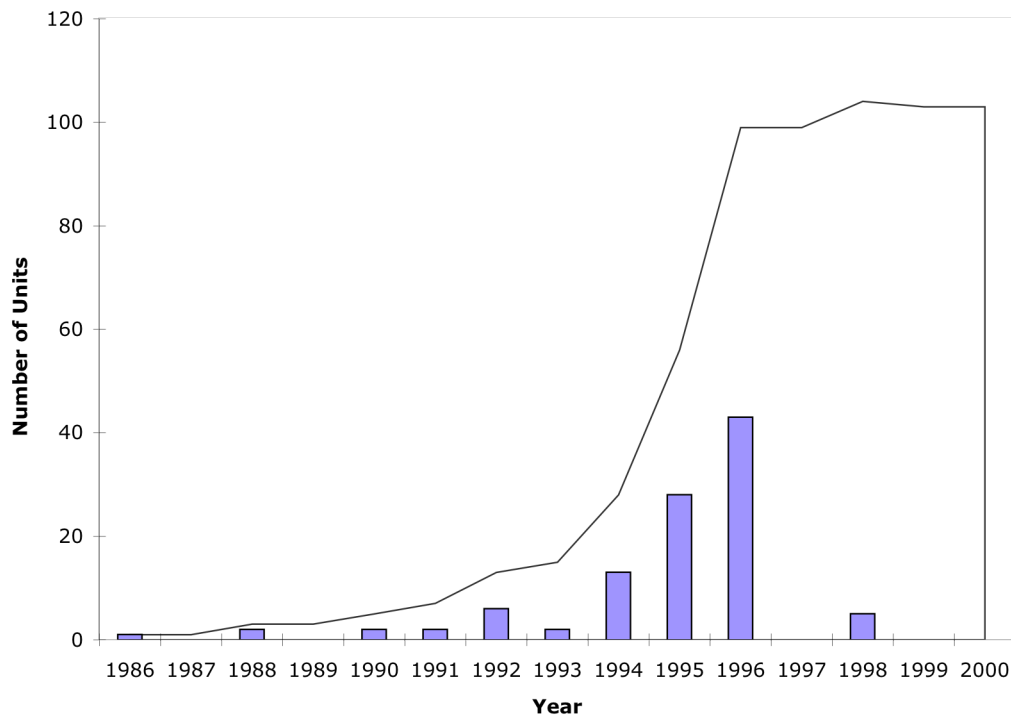
Plan was being enacted, and developers like Roslyn Hill were positioning themselves to take advantage of city led improvements, ones that Franciscan was not able to access due to the delayed development schedule (Levine, 1997; Sohl interview: 9; Warner interview: 5). As a result of the time consuming missteps, Franciscan was weakened as an organization.

Because of its small size, the organization needed the developer fees associated with small and medium sized housing development projects to maintain cash flow and thrive as an organization. The fact that the surrounding neighborhood was beginning to gentrify made these development opportunities both more elusive and more expensive, and Franciscan Enterprise had missed their chance for a more stable organizational cash flow from the rents associated with the Maggie Gibson.

In addition, this lack of either consistent or larger scale development activity hampered the organization because of the need for PDC's recognition that the organization was meeting benchmarks for growth and merited continued funding (the Enterprise Foundation's Management Organizational Development Unit, 1999; Warner interview: 9). As seen in Figure 5-4, Franciscan's early housing production was very slow, because it was based on the volunteer work party renovation model. With the renovation of the 14 "Fred Meyer" houses, its production significantly increased between 1993 and 1995. However, it was the acquisition of the LIHPRHA properties beginning in 1996 that significantly increased Franciscan's portfolio, but also put them in the position where their management responsibilities surpassed both their organizational capacity and their cash flow. Franciscan Enterprises acquired two

LIHPRHA projects, the 14-unit King/Dishman apartment complex and the 22-unit Avenue Plaza Affordable Housing. The management of Avenue Plaza was another instance of turmoil in the organization's existence. Each LIHPRHA project, or Single Asset Entity (SAE), was a quasi-autonomous housing corporation, at least on paper; however, each CDC counted their SAE units as part of their portfolios - which both inflated their unit counts and helped them meet PDC's benchmarks.

Figure 5-4
Franciscan Enterprise Housing Production 1986-2000



Sources: Merrick and Abel-Hamid, 1998; Franciscan Enterprise of Oregon, 1997-2000.

Franciscan's unit counts left it in a precarious position: like it had experienced under DelSavio's watch, the organization did not have enough units to manage effectively internally, but it had too many (with not a lot of margin for error) for a small

organization to manage by themselves. Franciscan was at a crossroads: it would either have to develop a considerable number of units to achieve a scale at which it could afford to manage the units effectively, or forgo the management fees altogether. Neither option was realistic for the organization and contributed heavily to the board's decision to enter into merger discussions (Purcell interview: 4).

Like several other CDCs, Franciscan had utilized other programmatic funding to supplement its housing development activities. Funding for in-home childcare was a locally popular HUD program that provided money for renovation and operating subsidies for low-income child care providers. It was potentially a win-win situation for both landlords and child-care providers, as there was guaranteed grant money for renovations, subsidies and income for tenants, and guaranteed income for landlords. Franciscan partnered with ROSE CDC, an organization based in outer Southeast Portland, to establish a low-cost loan fund for in-home childcare providers to renovate houses to accommodate these facilities and act as a clearinghouse to match parents and providers (Dursch and Frater, 1995). However, Franciscan's efforts to add childcare services were limited in scope and funding and gradually dissolved (Purcell interview: 10). The program was never allocated more than \$36,000, whereas both ROSE and PCRI allocated significantly more resources and not only provided technical assistance and loans, they renovated houses specifically for childcare providers, set up networks of providers with their tenants, established scholarship funds for families in need, and provided support to both parents and providers, so that the program became a mainstay of the organization (ROSE CDC, 2000).

Another program that Franciscan participated in was the Neighborhood Network Center development, a program that met with limited success for several organizations. This program was instituted in conjunction with the LIHPRHA program and was intended to provide computer facilities, education and job training for low-income residents of the apartment complexes and surrounding neighborhoods. Franciscan partnered with Sabin CDC and Housing Our Families on some of these projects, to avoid overlapping services too much (Meisenhelter, undated-b), given that each group had at least 1 medium sized apartment complex within ½ mile of others (the Maggie Gibson [FE], The Alberta St Apartments [Sabin CDC], King Dishman Apartments [FE], Lydia Roy Gardens [HOF], the Margaret Carter Apartments [HOF], Gladys McCoy Apartments [NECDC]).

In the case of HOF and Franciscan Enterprise's properties, the failure of the Neighborhood Network Centers occurred with its operation. In each apartment complex, the owners set aside and renovated units for use as computer centers, ensured the ongoing funding to staff the centers, provided initial training for residents to use the computers and access internet resources, and committed to providing upgrades to both hardware and software on a regular basis. After a few years, several of these Neighborhood Network Centers became glorified storage rooms for out of date technology, as poor management and lack of staff led to underutilization of the centers.⁶⁷

⁶⁷ I was a Board Member of three SAE's and on a site visit to the Margaret Carter Apartments in 2004 was very disappointed to find that the Neighborhood Network Center was no longer functioning due to lack of staffing.

Franciscan Enterprise also relied on a variety of grants throughout its tenure to enhance neighborhood safety initiatives. Because of their joint venture with Cascade Behavioral Healthcare on the Killingsworth Court project, Franciscan Enterprise became involved with the New Approaches Anti-Drug grant and received ongoing funding for this endeavor through the City of Portland (City Recorder, 2000). The intent of this program was for community groups to find creative solutions that worked for them in their specific locales to avert drug and crime problems. Solutions included partnerships with local police and rehab facilities, as well as neighborhood involvement in activities such as foot patrols, new street lighting, and youth education.

One of Franciscan's final large grant projects was a community policing project for which they received \$250,000 from HUD. The moneys from this grant were to be used to "pay for two officers for one year, and one officer the second year"; the rest of the money, \$70,000 would be used for "capital improvements" for low-income housing units in the area (Bernstein, 1998). At this point in time, direct operating support from the Collaborative (the Enterprise Foundation, BHCD, and NPF) was dwindling (Franciscan's had declined from \$250,000 in 1997 to \$135,000 in 2000), and Franciscan's staff was pursuing different types of grant money that could be incorporated into existing projects (Franciscan Enterprise of Oregon, 1997-2000).

Franciscan Enterprise benefited from the prodigious funding for operating expenses that flowed into Portland's CDCs in the early 1990s. Core operating support came from BHCD, the Neighborhood Partnership fund, and smaller foundations like the Meyer Memorial Trust and the Collins Foundation. PDC project based finance was

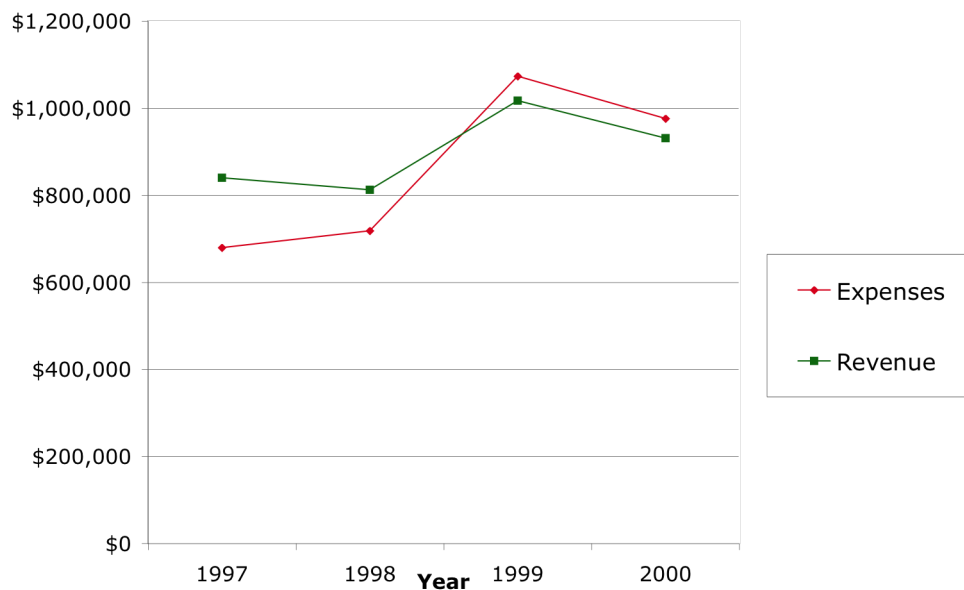
augmented by Tom DelSavio's access to "nun money," so that the organization had ready access to project equity at a very low interest rate for small development projects. In addition, Dorene Warner remembers the "\$200,000 week", where she and three colleagues had won large grants for different programs from tenant services to childcare programs to housing development (Warner interview: 7). While the core operating support from the Collaborative was being reduced in the late 1990s, Franciscan was expanding its fundraising capacity, realizing the income from new rental properties, and selling off single-family houses to offset the loss of income and maintain cash flow (See Figure 5-5). Given that Franciscan's housing portfolio was acquired through a combination of donations, Multnomah County foreclosures, and LIHPRHA, several units had a very low cost basis, and the asset to debt ratio was fairly positive. The increased property values in the neighborhood added to Franciscan's stability on paper (and their potential revenue should they sell off additional properties) but did not reflect the larger challenges of finding properties to develop within the target area. For example, a lot that Franciscan acquired in 1996 for \$10,000 was valued at \$35,000 in 1998, so that the organization was unable to have a continuous pipeline of developable property in reserve (Siegel, 1998).

As a result, the organization had a staff of 15, income from apartment rentals that did not cover its costs, funding for programs other than housing to support most of the staff, but no development opportunities in sight. In its financial analysis of Franciscan Enterprise in 1999, PNDSC staff found that the organization had not broken even for three years and was not in control of its revenue stream (The

Enterprise Foundation's Management Organizational Development Unit, 1999). It was at this time, too, that the Collaborative began to strong-arm several CDCs into merger discussions and strongly encouraged Franciscan to participate, given its modest (and low cost-basis) asset base and organizational and fiscal instability.

As the merger discussions were plodding on, and Franciscan needed more immediate cash, they sold three single family house properties for a total gain of \$56,000 and reduced their debt, without reducing their income substantially (See Figure 5-6). These sales, and their gains, would not have been possible 10 years prior and is a reflection of the changing role of the organization in its gentrifying locale (Siegel, 1998). In addition, it magnified the necessity of a CDC that could compete with the private interests that were gentrifying the neighborhood.

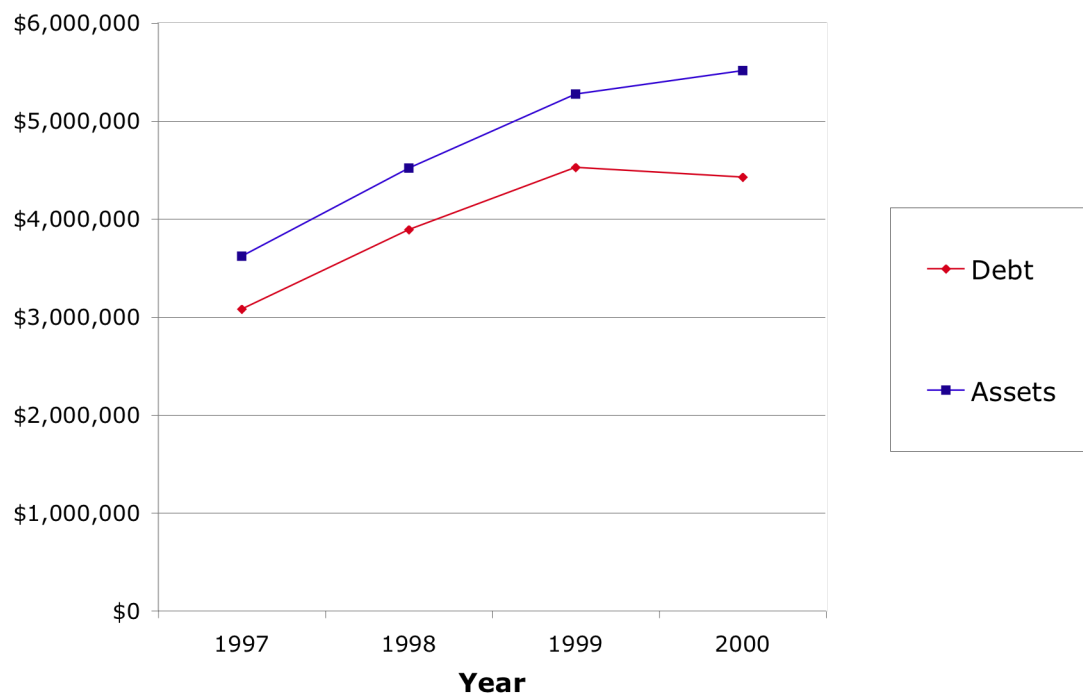
Figure 5-5
Franciscan Enterprise Revenue and Expenses 1997-2000



Sources: Franciscan Enterprise of Oregon, 1997-2000

What these graphs do not show is that by 1999 Franciscan was immersed in the development of the Maggie Gibson, whose units were already counted as a part of the housing portfolio even though they were not producing income, and had no other

Figure 5-6
Franciscan Enterprise Assets and Debt



Sources: Franciscan Enterprise of Oregon, 1997-2000

development opportunities “in the pipeline” (Warner interview: 16). It had reduced its staff size from 15 to 6, and the board’s focus was on the merger discussions with Sabin CDC and Housing Our Families (Franciscan Enterprise of Oregon, 1997-2000). In August 2000, too, Karen Voiss resigned as Executive Director after a tumultuous tenure, so that the organization’s stability was shaken up further. Fran Ayaribil assumed the position of interim Executive Director as the board weighed its options to

continue with the merger process (Farnum, 2003: 11; Oliver, 2000). Because of the combination of the reduced operating support, lack of development activity and ongoing opportunities, and the staff instability, Franciscan Enterprise had “run out of steam” and no choice but to merge with another organization or organizations, or to liquidate its assets (Sten interview: 12).

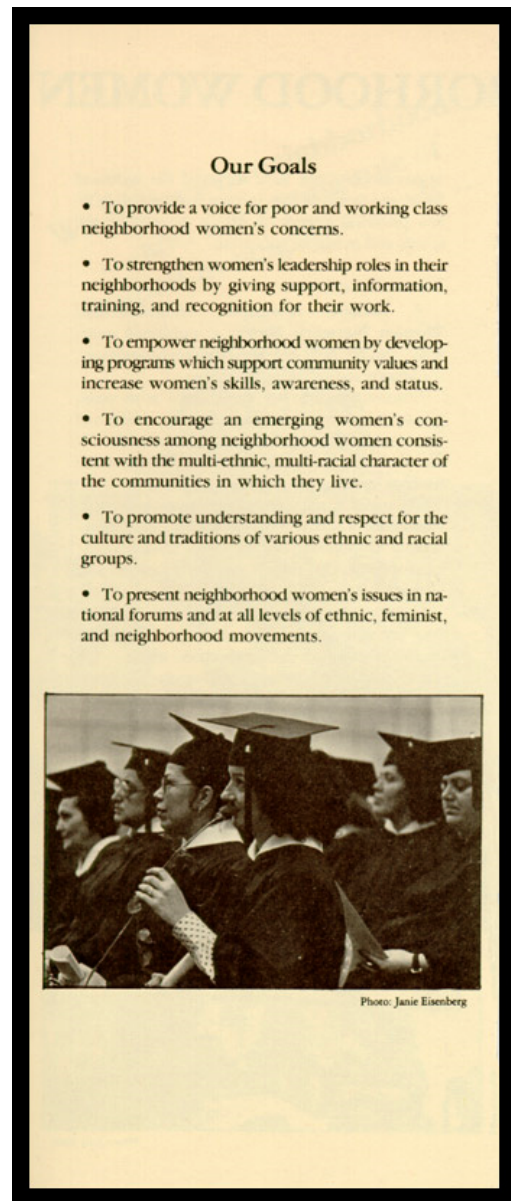
CHAPTER 6.

CASE STUDY 3: HOUSING OUR FAMILIES

Housing Our Families (HOF) was formed in 1991 and obtained its 501(c)(3) status in 1992. Originally a loosely affiliated group of women from many different walks of life, HOF sought to bring together professional women and low-income women and to utilize their collective skills “develop affordable rental housing and improve neighborhood livability” (Smock, 1999:3). Using the National Congress of Neighborhood Women (NCNW)’s model and goals for developing “principled partnerships”, the group sought to honor each woman’s skills and contribution and to encourage women’s leadership development using the NCNW goals (Willer interview: 7).

The idea for Housing Our Families coalesced at a 1989 conference of local activists and neighborhood residents at

Figure 6-1
NCNW Goals



NCNW Brochure, Undated

Portland Community College's Cascade Campus in North Portland; this conference provided a forum for people to "speak out" about their experiences with housing. Linda Grear, a single mother and long time North Portland resident, spoke about the tremendous difficulties that she had encountered trying to find decent affordable housing in the surrounding neighborhood for herself and her two daughters (Sohl interview: 4). As a result of this meeting, a core group of women continued to meet to discuss how to form an organization that would address the issues surrounding women in poverty, including housing and women's leadership development. This core group took the name of the initial conference, Housing Our Families, as its organization's name. Founding members Barbara Willer and Alberta Simmons went to New York to participate in an NCNW training that was designed to help solidify the organization by defining goals and a framework for growing the organization and returned to share those ideas at a second conference in 1990 (NCNW Brochure: 1).

The NCNW organizational model (Figure 6-1) espouses inclusion, respect for others, and principled partnerships as a means of empowering low-income and minority women. This model that HOF adopted included "a real commitment to partnership, to operating on equal playing fields, to the developing of strong relationships with one another and to developing a strong mutual understanding ... it was very non-bureaucratic" (Smock interview: 3). Since NCNW had been the cornerstone of the inspiration that created HOF, several founding board members felt strongly that their model of decision-making process and ideas about equality should form the basis of HOF's ethos (Schleiger interview: 2).

Using the NCNW goals, HOF created a set of ground rules that were read at the beginning of each meeting and served as the structure for the ensuing “principled partnerships”:

- Speak from your own experience: All participants are considered experts.
- No putdowns, blaming, judgments, or unsolicited advice.
- Go-rounds: In discussions, each participant is given an opportunity to speak in turn.
- Equal time for all: Time limits are often used during go-rounds; interruptions, cross talk and speaking out of turn are not allowed.
- Decisions by consensus. A series of go-rounds allows for the sharing of information, establishment of a position on an issue, and the reaching of a decision that includes all participants’ perspectives.

Smock, 1999: 4.

Because HOF did not originate in a specific neighborhood and therefore did not fit NPF’s definition of a community development corporation, NPF did not include HOF in their first round of capacity building training sponsored by the Ford Foundation (Schleiger interview, p 3). The women of HOF were ruffled by this exclusion and followed up with NPF to see what it would take to include HOF in the trainings. The answer was simple: pick a geography (Willer interview: 4, Sohl interview: 5). As a result, the group chose to focus on the Boise, Eliot and Humboldt neighborhoods, the very neighborhoods that Linda Gear had spoken about at the first meeting. With assistance from TACS, HOF acquired a four-unit apartment building from Multnomah County in the Boise neighborhood and renovated it; as would be the case with all of HOF’s properties, it was named for a living woman who had inspired the group, in this case local activist Vesia DeWeese Loving. Run initially by a volunteer board, HOF acquired its 501(c)(3) status in 1992; the group was still in its nascent stages as it continued to apply for grants from local foundations to hire its first

staff person; Gretchen Dursch was hired as Executive Director in November 1992, and her first task was to raise the money for the rest of her salary, as the organization did not yet have adequate funding (Simmons interview: 4). By 1993, HOF Board Members had successfully participated in the NPF trainings and drew up a business plan that qualified them for NPF's start-up funding, a sign of both stability and legitimation from the funding community. In order to accommodate the new staff, HOF rented office space in a building with PCRI. In addition, the group completed its second housing development project, the rehab of a duplex on NE 7th Avenue (HOF, 1993).

HOF's housing development curve soon steepened. After the completion of the 7th Avenue duplex in May of 1993, the owners of the 48 unit Colonial Park Apartments put the word out that they were interested in selling the problem-plagued complex approached Gretchen Dursch. Colonial Park was located in the heart of the Boise neighborhood adjacent to Unthank Park; it was the site of ongoing police calls and numerous building code violations (Fitzgibbon, 1993; Dursch interview: 5). Then-Kafoury aide Erik Sten remembers that "they used to have a vat of acid so you could throw your drugs in there when the place got raided or chased, and the guy who managed the place came into my office with a gun" (Sten interview: 3).

Dursch presented the project to HOF's Property Development Committee and Board; in general, Dursch presented every development opportunity to the group because she felt strongly that by allowing Board to choose, she and they would "honor the group's consensus process" (Dursch interview: 5). To Dursch's surprise,

the Board was interested in the Colonial Park – because it was a huge leap in scale for the group (Dursch interview: 7). She had worked closely with Gretchen Kafoury’s office on this property acquisition and noted that both Kafoury’s office and HOF’s Board eagerly took credit for the initiation of the redevelopment (Dursch interview: 5).

Since HOF’s goal was to provide housing for women and their families, the group set about creating a family friendly apartment complex. In their plans, they reduced the number of units from 48 to 42 to include a Head Start Center and ruffled some feathers in the process (Christ, 1995; White and Swanson, 1993). Ron Herndon, the local leader of Head Start and founding board member of NECDC, was irked because he was not consulted about this part of the project and felt that the new Center would compete with existing ones. As a key leader in the African American community, Herndon’s opinion carried much weight in the neighborhood (McLennan interview: 17).

Each courtyard of the complex was designated for active play, quiet play, or gardening (Christ, 1995). Much care was given to the inclusion of benches, play structures, and raised beds for gardening; however, much like Potemkin’s village, the Maya Angelou apartments began to disintegrate soon after the tenants moved in. What drove the project was the “strong political pressure from city council and elsewhere to maximize unit production” ... and for funders to “look at a proposal and say what is the least amount of money we can put in so that we can have some money left to do yet another project,” (White interview: 2). PDC, the main funder of development projects sought to “leverage their inputted dollars to the maximum” (Lokan interview:

1); in other words, “to do it (housing development) as cheap as you can” (Kelley interview: 9).

Figure 6-2
Maya Angelou Apartments



Photo by Author

The undercapitalization of the renovations required a piecemeal approach to the construction. Not all plumbing was replaced: decrepit fixtures were left in place, aging hot water heaters were repaired rather than replaced, and the cheapest possible materials were used. The general contractor on the project called this approach “basically putting lipstick on a pig” (Purcell interview: 6). In spite of this lack of investment and looming maintenance problems, HOF persevered, but this lack of attention to basic systems would cost the organization much more in terms of property

maintenance in the ensuing years, and also require that the every unit in complex would have to be entirely re-renovated only 8 years later (Learn, 2001).

Colonial Park, later renamed the Maya Angelou Apartments, “flipped (HOF) to a larger scale” (Dursch interview: 7; Fitzgibbon, 1993). Because of the money from the developer fees for the project, HOF initiated an effort to organize the neighborhood surrounding the Maya Angelou and hired Kris Smock as a community outreach coordinator to “get people engaged in developing action plans for the neighborhood” (Smock interview: 1). Smock was hired under the AmeriCorps/VISTA Volunteer program, a federal program that subsidizes the efforts of community organizers like Smock to link up to public and private non-profit organizations to work in low-income neighborhoods.⁶⁸ Smock’s work was recognized by the Enterprise Foundation and its Rudy Bruner Award for creating a community organizing endeavor and was, by all accounts, one of HOF’s most successful endeavors (Kafoury, undated).⁶⁹ The result of Smock’s efforts was a “comprehensive initiative that was intended to build leadership skills of residents” (NCNW: 3). This initiative was divided into four action plans: Youth, Crime, Physical Revitalization, and Community Building (Smock interview: 1). Known throughout the neighborhood as “the girl on the bicycle,” Smock succeeded in bringing neighbors together to form a neighborhood watch, participate in neighborhood clean-ups, and to operate youth programs (Morgan interview: 11). Smock describes her time at HOF as the “magical years” when she was

⁶⁸ AmeriCorps VISTA is the national service program designed specifically to fight poverty. Founded as Volunteers in Service to America in 1965 and incorporated into the AmeriCorps network of programs in 1993, VISTA has been on the front lines in the fight against poverty in America for more than 40 years (www.Americorps.gov).

⁶⁹ HOF beat out NECDC’s Walnut Park development for these honors in 1995.

able to “gain the trust of the black community, especially amongst the elders” (Smock interview: 3, Morgan interview, 11). This trust, though, depended on Smock’s efforts, and, after two renewals of her VISTA contract, Smock left for Chicago to attend graduate school. Those organizers who followed her were not as successful in bringing the neighborhood and organization together, in part because property management and internal staffing issues had begun to hamper the success of the organization and in part because of the change in the demographics of the neighborhood (Pequeño interview: 1; Smock interview: 5).

HOF’s efforts with tenant organization were much less successful, in part due to the efficacy of the individuals and in part due to tenants’ realization that “they did not want to be organized by their landlord” (Pequeño interview: 4). In addition, these efforts were undermined by high tenant turnover rates, something that affected both the finances and the mission of the organization. The mission of the organization was linked to empowerment. After Smock’s successes, organizing efforts became the step-child to housing development (Pequeño interview: 4). Barbara Willer noted that by the time that she returned to the organization as Interim Executive Director in 1998, HOF’s organizing efforts “had served their purpose, which was to improve the neighborhood, (and) there was less need for them” (Willer interview: 3).

As HOF, like the other groups in the surrounding neighborhoods, began to amass a significant housing portfolio, there was an underlying current of discontent between neighborhood groups, especially the Boise Neighborhood Association (BNA) and HOF. For several years, HOF identified itself as a women’s development

organization, and one of the underlying points of discomfort between the neighbors and HOF was that the organization was perceived as an outside white women's organization, even though 60-70% of the Board of Directors were African American and/or neighborhood residents (HOF, 1994 and 1996). The other point of discomfort for the neighborhood organization, and sometimes within the organization, was that approximately 30% of the board members were Lesbians. While the board (and most of the staff) remained exclusively female, and while this distinguishing characteristic was a source of pride for the organization and its board, it was the source of distrust in the neighborhood (Willer interview: 5). The fact that the organization was perceived as a lesbian organization was also source of discomfort for HOF's first Executive Director who was often the public face of the agency (Dursch interview: 3).

In one Boise Neighborhood meeting, Charles Durham, a local builder whose sister Kahlia was HOF's bookkeeper in the late 1990s, expressed concern and mistrust for HOF because of their "exclusion" of men from the Board at a Boise Neighborhood meeting; later, Durham referred to HOF as "poverty pimps" (Lydgate, 1999). This distrust grew as "people were sort of offended by the image that a bunch of women were running this organization and were exclusive, and would not allow men, and this was primarily amongst some of the business owners... only a few people that knew of the tremendous successes they had had and could say that HOF had great moments and could point to it" (Bauer interview: 6). Neighborhood trust of the organization was also tempered by the perception that the group was composed of outsiders, and mainly white women, who had access to City money (Smock interview: 11).

Janet Bauer was the Manager of the Mississippi Target Area project, a City led organizing effort that was intended to organize the businesses along Mississippi and promote local economic development. Bauer's office was initially located in HOF's offices, so that she had a multi-faceted view of the work of the organization and its criticism. Bauer remembers that because the organization identified itself with the empowerment of local women, its board and staff did not "anticipate the need to do bridge building beyond the women that it was empowering;" they were not as sensitive to the needs and perceptions of the neighbors and did not realize that they were as accountable to them as to their tenants, a fact that encouraged the initial flourishing of the organization but then contributed to its eventual downfall (Bauer interview: 10-11). Early on, the BNA had been very leery of HOF – they were skeptical of change that was led by perceived outsiders, as witnessed by their history with the Model Cities programs and later Urban Renewal; the early doubts led to a distrust of the organization that became more magnified as it encountered its own internal management difficulties. Smock described the relationship with the neighborhood residents and the Boise Neighborhood Association (BNA) as a "house of cards" - Smock's efforts to organize neighbors were often met with both resistance and inertia because the neighbors well understood that HOF did have a relationship with the City of Portland and was able to access funding that they were not (Smock interview: 11).

The BNA in 1994 represented the old guard of the neighborhood: older African American homeowners who were not particularly organized or proactive. The

group was not able to put together groups of volunteers for neighborhood foot patrols or paint-a-thons or come to an agreement on a common planning agenda (Smock interview: 5). By 1996, this group had changed, as younger white residents had begun to settle in the neighborhood. These newcomers felt attacked with the use of the word “gentrification” – because they could not believe that they were part of that trend; however, in time, this group of newcomers “took over the neighborhood association” because they were frustrated with the level of participation and actions of the old guard in response to what was going on in the neighborhood (Gear Long interview: 15). This new generation was more active and more vocal in its criticism of HOF (Smock interview: 4-5). In the end, the BNA became HOF’s greatest critic (NPF, et al, 1999: 15; Swart and Wolf, 2002). The neighborhood association and neighborhood CDC never truly saw eye to eye; the BNA’s initial skepticism of the early organization was never overcome, and there was no established history of a solid working relationship, especially after Kris Smock’s departure.

In 1996, HOF acquired the vacant lot at the corner of N. Mississippi and N. Shaver to begin its most controversial development: the Betty Campbell Building. The Betty Campbell was developed just as most of the original board members were being “termed out” and new Board leadership was engaging with both the machinations of the organization and the gentrifying neighborhood, whose leadership was also in the process of turning over. Begun in 1995 and completed in 1997, this building was one of two new buildings on an otherwise run-down N. Mississippi Ave. The lot at the corner of Mississippi and Shaver was at the center of an old commercial district - and

Figure 6-3
Corner of N. Mississippi Avenue and N. Shaver Street, 1995



Photo by Author

held great meaning to the neighborhood residents. HOF's building (see Figures 6-4, 6-5) was intended to be a mixed use structure with 5 units of housing upstairs and HOF's office space on the ground floor; this structure's design was intended to fit with the historical character of the neighborhood. Initially, the upstairs housing units were 3-4 bedrooms with a provision for play space for children on a roof terrace. Because of the demands of PDC and the inability to make the building "pencil", the number of housing units was increased to 8 (with a third story added to the building), and the exterior play space was eliminated. These major changes to the density and scale of the building added to its poor reception in the neighborhood. In hindsight, the provision for family housing without places for families was a poor decision for the organization, one that contributed to its ultimate downfall.

Figure 6-4
Original Concept Sketch of the Betty Campbell Building



Files of the author

Figure 6-5
The Betty Campbell Building



Photo by Author

During the initial stages of construction of the Betty Campbell, a significant amount of site contamination was discovered. Apparently, the demolition of the previous structure had not been inspected by the City of Portland, and the contractor

had imploded the structure on top of some potentially toxic chemicals, including old oil tanks that had not been properly decommissioned. The malodorous sludge was termed “black goo” by the contractor and necessitated an additional \$300,000 cleanup of the soil before construction could even begin (Purcell interview: 4). No one had anticipated the extent of this problem, so that the building had to be re-designed with much of its interior play space and architectural details lost to value engineering.

The apartments in the Betty Campbell were difficult to rent; few families wanted to live in a poorly constructed apartment building with no play space for children. As a result, the tenant population was particularly hard to manage. Others have referred to the building as a “war zone;” former construction manager Chris Cross noted that the proximity of a bus stop, a pay phone, and a perpetually unlocked front door exacerbated the drug dealing that already existed in the area (Cross interview: 16-17). The resulting building has been the target of ongoing neighborhood criticism, too; in 2007, a neighbor appealed a design review decision for a new construction just up the street and cited the Betty Campbell as “a social and architectural failure” that neighbors considered to be an eyesore from day one (Lydgate, 1999; Elizabeth, 2007).

Ironically, Franciscan Enterprise developed a residential structure of similar, if not lesser, quality 3 blocks to the north a few years earlier (Purcell interview: 7; Warner Interview: 6). This building remained under the radar, in spite of the fact that it housed a similar density of low-income tenants, while the Betty Campbell, probably because it was located at the very heart of the Mississippi Historic District and

developed by HOF when its shaky reputation was already declining further, was an easy target for the neighborhood to rally around.

HOF's property management staff had their work cut out for them with properties like the Betty Campbell and the Maya Angelou Apartments. HOF originally hired two property managers from its board; these managers proved ineffective and were let go – causing a rift amongst staff and the board (Alexander, et al, 1996). Subsequent efforts to hire professional property managers proved futile, as the salaries that the organization could offer were below what other professional management companies were offering. As a result, the property management side of HOF never fully matured into a rigorous and professional part of the organization; however, the property development side grew under “the constant pressure to be developing new rental properties” (Pequeño interview: 1).

Property management problems were most evident at the Maya Angelou Apartments and the Betty Campbell. These apartments were the sites of regular drug sales; it appeared that tenants were directly involved with the activity and facilitated the sales (Cross interview: 16). While neighbors were concerned for their own safety because of the drug problems, HOF suffered ongoing economic losses because of the increased maintenance and high tenant turnover. Apartment units regularly required costly repairs, and the jerry-rigged construction of the projects, especially at the Maya Angelou, compounded the organization's inability to meet the needs of its tenants and satisfy the safety concerns of the surrounding neighbors (Morgan interview: 12). This

loss of neighborhood support and social capital created a feedback loop that HOF could not escape.

In spite of this situation, HOF continued to acquire and develop new properties at a fast pace. Just before the completion of the Betty Campbell, the organization embarked on its first large-scale new construction project, the 64-unit Alberta Simmons Plaza.⁷⁰ In 1996, the group signed a development agreement with Union Manor Management to develop a low-income senior housing apartment building with commercial spaces on the ground floor. This development signaled a new life for that part of Martin Luther King Jr. Blvd and a new challenge for HOF. The project's financing included not only multiple sources of funding for both the residential and the housing parts, it also drew on the Low Income Housing Tax Credit for project capital

Figure 6-6
The Alberta Simmons Plaza



Photo by Author

⁷⁰ The Betty Campbell had 10 housing units and a ground floor commercial space and was considered a small project. Projects over 30 units were generally considered larger scale.

and signaled HOF's foray into a realm of larger scale project development. Because of the financial structure of the deal, this apartment complex was a separate entity from HOF; it had its own governing board and separate property management, so that HOF was not able to realize any ongoing income from the project after the completion of development.

In addition to the aforementioned developments, HOF acquired three properties through HUD's Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA) Program that mandated that private developers, who had taken advantage of federal tax credits to construct apartments beginning in the early 1970s and subsequently utilized the Section 8 Voucher Program (mostly unit-based, as opposed to tenant-based vouchers) to subsidize the rents for their projects, could not simply sell these apartment complexes on the open market when the tax credits expired 20 years later. A new HUD mandate required these property owners to offer the complexes to non-profit groups, in an effort to preserve affordable housing. Several apartment complexes in the Portland area were eligible for this program, and HOF acquired 4 complexes with a total of 100 units of housing in 1996.

Each apartment complex became its own Single Asset Entity (SAE), so that the sponsoring non-profit would become the fiscal agent for each property. This meant that HOF acted as a bridge between the property management company and HUD, was responsible for convening board meetings, and was a repository for all required paperwork; sponsoring non-profits were not allowed to receive any compensation for these services per HUD regulations. One of those apartment complexes, the Martha

Figure 6-7
The Martha Wells Court



Photo by the author

Wells Apartments, is located one block off of N. Mississippi Avenue. Always incongruous with the single-family homes on the street, it was not inviting to begin with, and drug dealers would regularly cut through the courtyard to the alley. The apartments eventually became an eyesore and an ongoing source of neighborhood ire; the fact that it was connected to Housing Our Families added to the organization's poor reputation both with neighbors and with HUD.

By 1996, HOF was undergoing some dramatic internal organizational upheaval. A division between staff and the Executive Director became more pronounced as HOF was in the process of determining how it wanted to grow with its five-year strategic plan; the organization had grown very quickly between 1993 and 1996 – there were 2 staff in 1993 and 7 in 1996, but no clear personnel system in

place. Executive Director Gretchen Dursch conceded that human resource issues were not her strength, but also pointed out that the many development deals were consuming the bulk of her time (Alexander, et al, 1996; Dursch interview: 9). As a result, she was being pulled in several different directions as the organization grew. At this point, HOF included management systems and procedures and how to grapple with the property management issues that had plagued the organization in its new strategic plan (HOF, 1995).

One of HOF's missteps that contributed significantly to their property management difficulties had occurred early on. HOF's Board made a critical property management decision to forgo police background checks and discount credit histories in their tenant screening process (HOF, 1994; Dursch interview: 11; Fitzpatrick, 1999). This was at a time when the African American community had a particularly contentious relationship with the Portland Police Bureau, and many Board members, naïvely in retrospect, felt that these requirements would preclude those who deserved a chance for housing (HOF, 1994; Willer interview: 5). The discounting of credit histories was consistent with the group's effort to house a marginalized population.⁷¹ What HOF did not realize was the number and depth of problems that their tenants would have and the excessive wear and tear on the units (Schleiger interview: 9). The result of these two policies combined with a poorly renovated or constructed building was a high turnover of tenants, increased maintenance costs, and property destruction. In the case of the Maya Angelou Apartments, it was necessary to re-renovate it fully in

⁷¹ As was often discussed at meetings, but never formally documented, the organization sought to create housing for those who could not afford market rate rents, but either did not qualify for or could not obtain a Section 8 voucher.

2002, and again before the transfer of the property to PCRI in 2006 (Learn, 2001; Fitzpatrick Interview: 9).

Coupled with the property management issues was a neighborhood perception that the staff was “incompetent” (Morgan interview: 11). Part of HOF’s mission of empowerment included the development of skills for women in the neighborhood. As part of the implementation of these goals, HOF hired several women from the neighborhood as organizers and/or administrators. Executive Director Gretchen Dursch remembers the ineffectiveness of a particular staff member because of a lack of experience: “she was able to build relationships with people and people liked her ... but she was not able to make things happen” (Dursch interview: 24). While neighbors noted the organization’s good intentions, it was also clear to them that several of the staff hired from the neighborhood were not able to up to the challenges of their positions (Morgan interview: 11). The Board, on the other hand, was committed to the idea of developing women’s skills to gain the experience necessary to gain real power in their neighborhoods – this was what made the organization unique and drew this initial group of women together (Schleiger interview: 5; Willer interview: 12). However, this basic tenet did not always serve the best interests of the organization, especially as the organization had taken on the responsibilities of being a landlord.

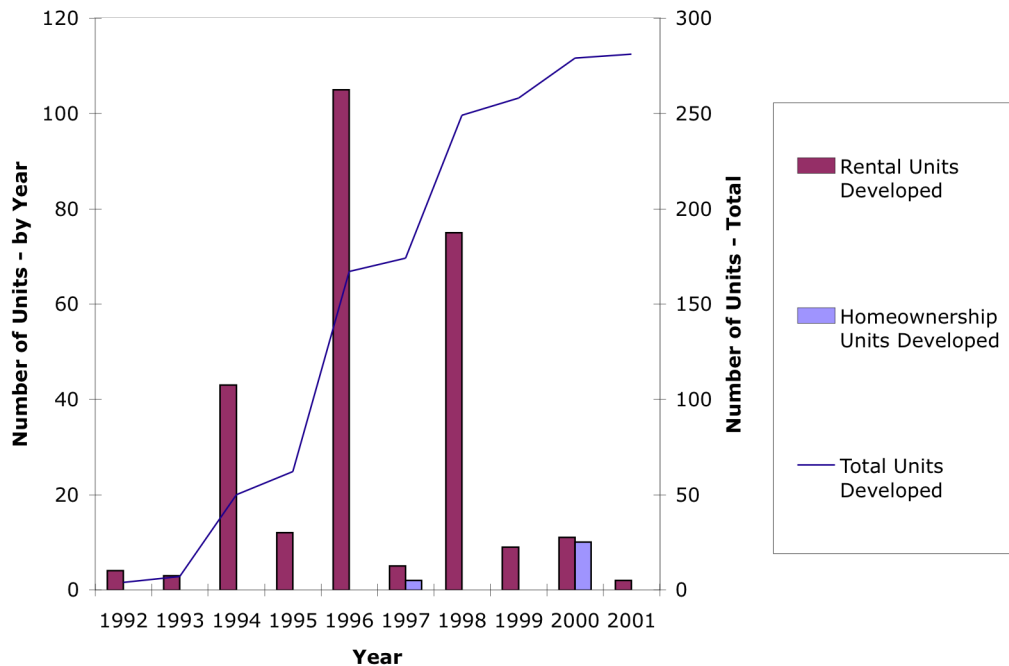
The need for a professional staff to run the more technical property development and management side of the organization conflicted with the reality of an inexperienced staff and came to a head in 1996 (Willer interview: 12). A neighborhood resident who had been acting as property manager was let go, and the

staff had several contentious retreats to work through a series of internal conflicts; these conflicts also divided the Board of Directors, with several of the original members leaving when their terms expired (Willer interview: 12). In 1997, the board composition had changed – it reflected a larger neighborhood presence, and HOF experienced the first of its organizational crises (HOF, 1997-1998).

Executive Director Gretchen Dursch had taken maternity leave and returned in 1998 to find a different organization. A few months later, the Board asked her to leave permanently, with much bad blood between Dursch and several board members (Dursch interview: 27). Dursch's abrupt departure, too, left many questions in limbo – and no way to answer them. Dursch's forte had been housing development, and with her departure, HOF's development activities, and their associated revenue from developer fees, dropped off significantly (see Figure 6-8, below, and Figure 6-9). The housing development opportunities were becoming scarcer and more complex at this time; without an experienced property developer at the helm, HOF forewent a number of opportunities, and the volume of production was permanently curtailed.

One of the great sticking points for HOF as the organization took on more responsibility and grew in complexity was its commitment to its consensus model. HOF's organizational model ostensibly focused on broad-based community inclusion, a model that is slow and deliberate and not necessarily commensurate with the decisions that were required as the organization had grown and professionalized. While the process “provided an ideal framework during HOF's early years for fostering a respectful, inclusive atmosphere for discussion and decision-making about

Figure 6-8
Housing Our Families Housing Production 1992-2001



Sources: Merrick and Abel-Hamid, 1998; McGee, 2005

the organization’s vision, mission, and policies”, it was not a sustainable model because of the increasing complexities of decisions, especially concerning housing development finance, and HOF shifted toward a more traditional style of leadership and management (Smock, 1999: 6). This shift alienated several long-time members because it undermined the very essence of the organization: creating a safe space where a woman’s voice could be heard and valued.

One of the wonderful pieces of that process was, very simplistically, getting the women who talked a lot to shut up and the women who didn’t talk a lot to start feeling safe enough to voice their wisdom and talk about what they knew; it was a phenomenal process because it really

worked... to engage women in all different kinds of levels. So while we were trying to empower women and build leadership in women who had identified themselves as leaders, we were creating our vision of ourselves, ... and we made a decision that we were a women-only run organization, (be)cause there wasn't anything like that, and because the model that we were using really supported women coming into their own...

Schleiger interview: 2

This schism played out along racial lines in the structure of the Board of Directors: those with more technical expertise were generally white, and those with local social capital were generally black. Deferring decisions to those with expertise steered the organization towards a more conventional model, rather than its original consensus based model. This process was especially evident during board meetings – board decisions were theoretically reached by consensus. However, key board members' opinions and when they were expressed in the dialogue played a role in decisions. At each meeting, the group would sit in a circle, and each member would speak. The person who spoke last had the often had greatest effect on the direction of the subsequent vote. One board member reminisced that she would specifically choose where she sat in a meeting, because the seating arrangement would most likely determine how resulting votes would turn out; the words of the final person to speak would have the most lasting impact on the group decision (Pequeño interview, p 11-12).

By the late 1990s, HOF experienced declining neighborhood support and an increased sense of outsider-ship, two circumstances that further undermined any sense of solidarity that the organization had. In 1997, HOF had moved their offices into their newly constructed Betty Campbell Building, an action that was intended to give them

neighborhood presence and alleviate concerns about the organization and their tenants. However, their choice to locate here, and subsequently close the shades and lock the doors at all hours, was perceived as an affront to the neighborhood and a denial of their responsibility for the drug deals on Mississippi (Bauer interview: 8). Staff members of HOF remember feeling out of place in the neighborhood. As businesses that catered to new residents moved in to N. Mississippi Ave, HOF's African American staff felt increasingly ill at ease in what they perceived as their neighborhood (Schleiger Interview: 11). For example, when the Fresh Pot coffee shop opened across the street from the HOF offices, white staff members rejoiced in being able to get a cup of coffee near their office; while black staff members would avoid going there, as it was a "white people's hang out" where they did not feel welcome (Long interview: 17). The flip side of this was that white staff members had not previously felt comfortable going to the NuRite Way Market, where black staff often purchased food and beverages (Schleiger interview: 11). The fact that at all times at least some staff members did not feel comfortable in the neighborhood where the organization was based can be seen as an allegory for the lack of synchronicity between the neighborhood and HOF.

In 2002, Cornelius Swart and Spencer Wolf released a documentary of the neighborhood strife with HOF, *Northeast Passage*. Ostensibly conveying the stories of individuals in the Boise neighborhood who were caught between the irresponsible CDC and the forces of gentrification in the late 1990s, this movie fueled support for the BNA and vilified HOF to a point where it was no longer able to develop properties

in the Boise neighborhood (Swart and Wolf, 2002). A key factor in HOF's downward trajectory, the BNA and its membership represented an increasingly changing hostile towards low-income housing developers in Inner North/Northeast Portland (Schleiger Interview: 11).

When HOF began its work in the early 1990s, the BNA was composed of primarily older African American homeowners. While this group was leery of HOF's work because it was composed of a "white women that lived outside the neighborhood... They were used to dealing with NECDC, a group of black people who were promoting homeownership. NECDC was reaching something that was an ingrained goal in an older black generation's mind: our thing is to help our younger people buy a home" (Long interview: 18). Through HOF's organizing efforts, the neighborhood residents eventually became more comfortable working with HOF for several years; however, this changed as they residents who were involved in the neighborhood association changed (Long interview: 19; Morgan interview: 4; Smock interview: 7). By the early 2000s, neighborhood organizations' membership rosters had changed dramatically and reflected the newer demographic composition of the area; there was no institutional memory for supporting HOF, and, with the new, and more active and vocal membership, the BNA used HOF as an example of what was wrong with the neighborhood (Bauer interview: 6; Long interview: 19; Smock interview: 11).

One of the reasons that HOF's perceived outsider-ship was an issue for the BNA in the early 1990s was the fact that a significant number of Board members were

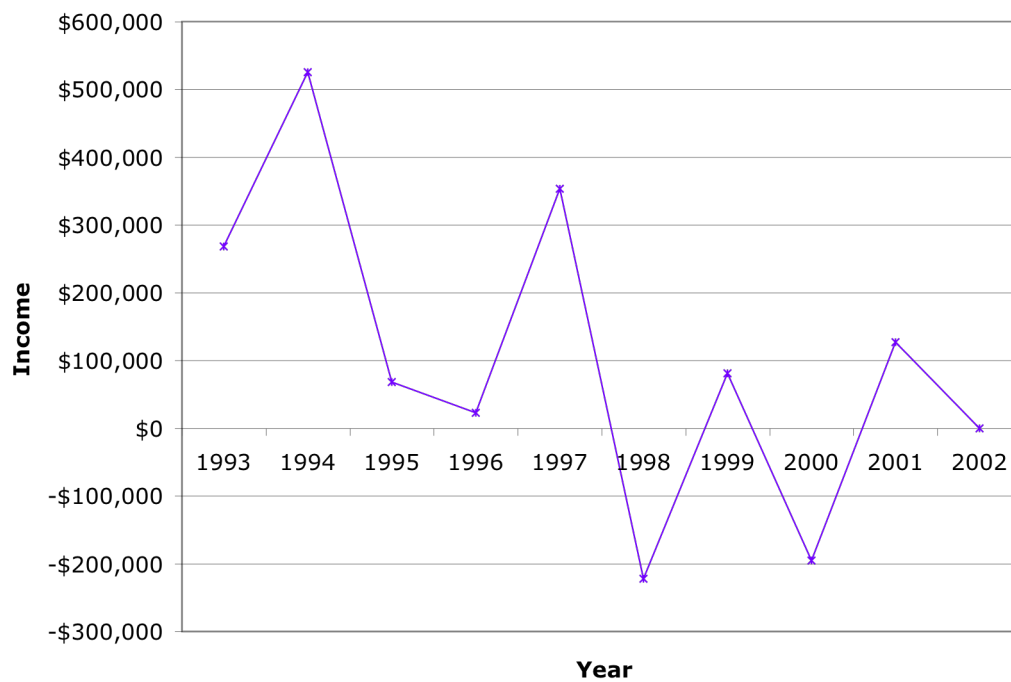
lesbians. The early BNA members, albeit unorganized and less effective than later members, were elderly black homeowners who were not comfortable with HOF's leadership. This early difference between the board and the neighborhood contributed to the BNA's ongoing skepticism of the organization. As a result of ongoing strife between the BNA and HOF, the two groups worked out a Good Neighbor Agreement (Housing Our Families, 1999a). This agreement was the result of mediation efforts between the BNA and HOF and a response to the BNA's Housing Preservation and Development Policy that was intended to preclude HOF from developing any more rental housing in the neighborhood - a direct blow for the organization as they were in the pre-development phase of Fargo Row, a townhouse development just off the Kerby St off-ramp at the south end of the neighborhood (Housing Our Families, 1999a). As a result of these interactions, HOF changed its policy of a women-only board, and invited several active members of the BNA to join the board. Carl Edwards, a Boise neighborhood resident, joined the board in May, 1999 (Housing Our Families, 1999b).

HOF's leadership also suffered in the late 1990s. After Gretchen Dursch was asked to leave the organization in 1997, HOF suffered a significant blow. In 1998, Interim Executive Director Barbara Willer discovered that the bookkeeper Kahlia Durham had embezzled \$20,000 while Dursch had been on maternity leave in 1997; as a result of the impropriety, HUD became very concerned that their portion of HOF's funding had been "tainted", and other funders were reticent to consider any new projects of HOF's, so that the organization's cash flow from development

opportunities was severely restricted (Dursch interview: 23; Willer interview: 15). Willer had only agreed to an interim position, and the Board eventually hired Joan Miggins, a former board member, after a yearlong fruitless search (The Enterprise Foundation's Management Organizational Development Unit, 1999: 16). However, Miggins "did not have the capacity or the skills to run the organization", and HOF was in a weakened position with scarce leadership and little cash flow (Cross interview: 13; Bauer interview: 6).

At this point, HOF was in a weak position financially: a PNDSC Financial Analysis Report noted that HOF was heavily reliant on government funding for operating support and had a bleak long term outlook (The Enterprise Foundation's

Figure 6-9
Housing Our Families Net Income 1993-2002



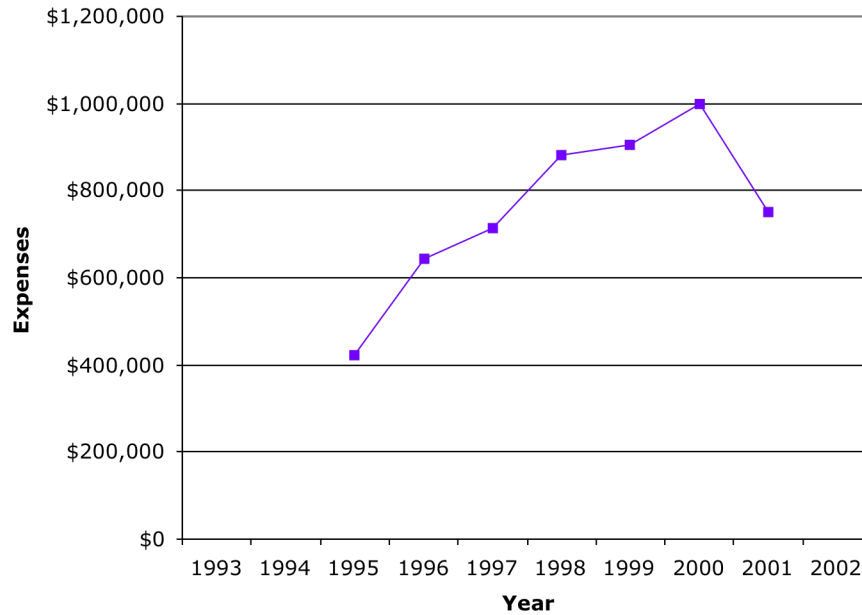
Sources: Housing Our Families, 1997-2002.

Management Organizational Development Unit, 1999).⁷² As a result of this financial analysis, the City-initiated discussions for a merger of Inner North/Northeast CDCs, referred to as the “Northeast Collaborative Approach Action Plan” began in earnest (PNDSC Staff, 1999). HOF, Sabin, NECDC, and Franciscan Enterprise boards and staff began to discuss the principles and procedures for such an undertaking, and HOF’s development activities were further curtailed. Both their rental income and grant revenues dropped, as a result of the chronic leadership turmoil, focus on merger talks, and changing local development opportunities. As a result, HOF was in the red for the first time.

In spite of the drop in revenue, HOF did not reduce staff or expenses in part because of the pending merger (Figure 6-9, Figure 6-10). Staff turnover, entwined with the leadership problems, added to the organizational disarray. The increase in expenses in the late 1990s reflected an increase in consultant fees to make order from the confusion that was necessary to satisfy the other merger participants. Because its revenues could not cover its expenses, HOF’s asset to debt ratio (Figure 6-11) also declined steeply, in spite of the increasing property values in the neighborhood and the fact that it had completed a new eight-unit project in 1999. This decline further weakened its position in the merger negotiations.

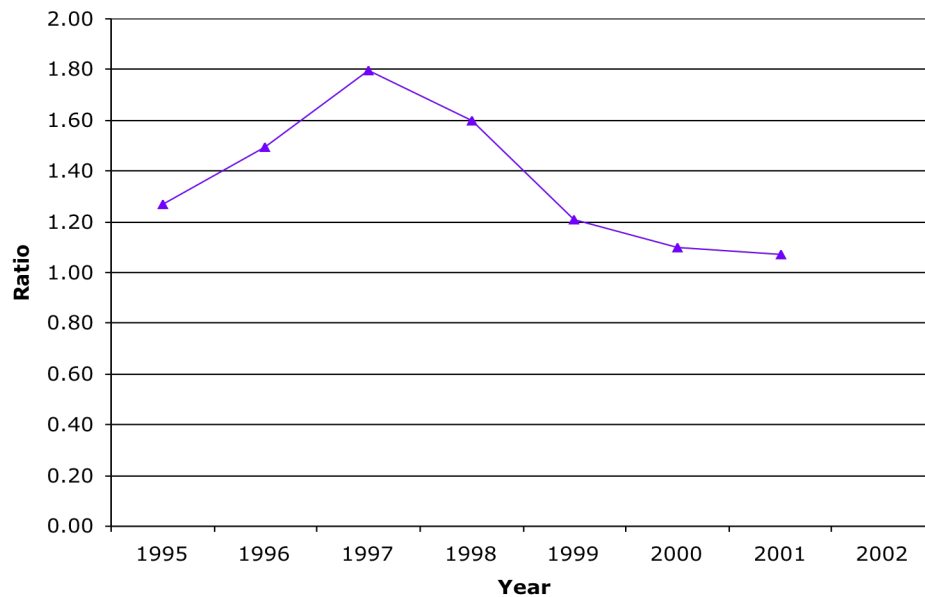
⁷² HOF, along with Sabin CDC, NECDC, and Franciscan Enterprise, received an “Enhanced Level of Funding” from PNDSC (PNDSC Allocation Chart, 1998-1999).

Figure 6-10
Housing Our Families Organizational Expenses 1994-2002



Sources: Housing Our Families, 1996, Housing Our Families, 1997-2002

Figure 6-11
Housing Our Families Asset to Debt Ratio 1995-2002



Sources: Housing Our Families, 1996, Housing Our Families, 1997-2002

At this point, too, HOF's Board of Directors, led by Janice Flowers, an African American teacher who had grown up in the neighborhood, was floundering. The dwindling financial position, and no clear remedy for it, pushed Flowers and the Board to forge on with the merger talks and eventually dissolve the existing organization, as it had alienated its surrounding neighborhood, was an anonymous landlord to much of its tenantry, was failing to manage its existing properties adequately, had no development opportunities on the horizon, and its leadership had "run out of gas" (Sten interview: 11).

CHAPTER 7.

CASE STUDY 4: SABIN COMMUNITY DEVELOPMENT CORPORATION

Sabin Community Development Corporation (Sabin CDC), formed in 1991 by a group of concerned neighbors, was an “outgrowth of the Sabin Community Association” and their work on the Albina Community Plan (Meisenhelter, undated-d). This group acquired its 501(c)(3) (non-profit) status in 1992 and endeavored to address a host of issues including rising housing costs, diminishing neighborhood diversity, high crime rates, and a lack of local job training. The main purpose of the organization was to “keep resources and money in the hands of the community” through developing low-income housing, job training and youth employment programs, economic development, and commercial revitalization pieces (Meisenhelter interview: 3). Probably the most programmatically diverse of the Inner N/NE Portland’s CDCs, Sabin CDC “did everything from those arts, cultural things, to the affordable housing, tenant support, resident organizing, tenant counsels, jobs and social service support for our tenants, the rent to own piece, the commercial revitalization, the computer labs, job search, special needs housing” and was the closest thing to the form of a grassroots, geographically based CDC model of the five organizations in Inner North/Northeast Portland (Meisenhelter interview: 3; Kelley interview: 10; Sten interview: 9)

Diversity within its mission has continued to be a cornerstone of the organization as both the surrounding neighborhood and the organization leadership changed. In 2006:

Sabin's primary purpose was to make sure there was a stock of affordable housing for all people within this neighborhood of change, because we knew the change was coming. Secondly, we know that our goal is to provide more than just a roof over your head. We know there has to be accompanying services in order to get you from a renter with us to homeownership, and to placing your children to send them off to college or whatever works,

Fondren interview: 4

Sabin CDC's service area includes "the Vernon neighborhood, the low-income portions of Sabin Neighborhood and small adjacent portions of the King and Concordia Neighborhoods" (Hoereth, 1998; Sabin CDC, 1996). The organization participated in the Neighborhood Partnership's early training sessions that enabled this group of residents to form a CDC with a business plan and seed money to hire staff. Because of the fear of losing the cultural and racially diverse neighborhood to gentrification, affordable housing development became the cornerstone of Sabin's mission:

The Mission of Sabin CDC is to stabilize and improve the livability of culturally diverse Portland neighborhoods by assuring the availability of long-term affordable housing for its low and moderate income residents, and by encouraging community partnerships for local economic development, self-help projects, and youth and senior programs.

www.SabinCDC.org

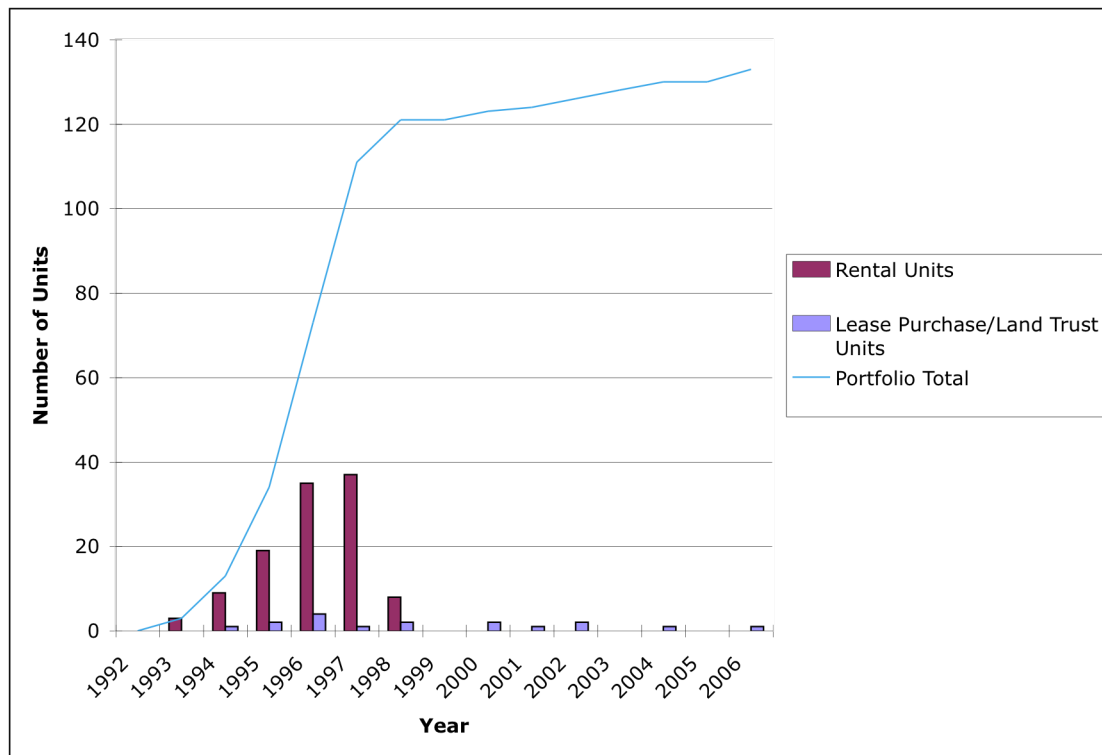
As a result, Sabin CDC, like other organizations in the adjacent neighborhoods, began its broad based community efforts by redeveloping derelict housing into affordable units. "We were very much wanting to secure a pool of long term affordable housing, and that was affordable for families at 50% of median family income, or below" (Meisenhelter interview: 1). Their foray into housing

development began modestly, with the renovation of single-family houses that had been acquired from another defunct non-profit developer (Meisenhelter, 1993; Sabin CDC, 1995).

Because the neighborhood changes that occurred in Inner North/Northeast Portland were rooted in both race and class, CDCs, especially those who were viewed as the projects of white outsiders, were targets of resistance from black residents within the community (Frater interview: 30). Sabin CDC staff members often encountered animosity from black neighbors, especially in the early days (Meisenhelter interview: 2). This status as an outsider and its accompanying resentment was a common issue for the other CDCs as well – the downside of having access to public dollars and publicized housing development.

Soon after procuring office space, Board chair Diane Meisenhelter assumed the position of Executive Director and hired Jane Ediger, who had previously worked at PCRI and was also a neighborhood housing activist, to run their housing development programs (Ediger interview: 8; Sabin CDC, 1995). Under Ediger's direction, Sabin's housing development capacity grew, and incorporated a land trust model and a limited equity lease program, in addition to rental housing (Meisenhelter, undated-a; Sabin CDC, 1996). This focus on development was reflected in both an increased portfolio and new challenges for the organization. By 1996, Sabin CDC had completed "54 units of housing ... and had 46 units in various stage of development" (Sabin CDC, 1996; Figure 7-1). At that time, Sabin staff recognized that they were "facing the challenge of moving from primarily developing single family, scattered-

Figure 7-1
Sabin CDC Housing Production 1993-2006



Sources: Sohl, 1995; Sabin CDC 1995-1997; Sabin Community Development Corporation, 1997-2006.

site homes to beginning work on larger (apartment) complexes as well” (Sabin CDC, 1996). Sabin CDC, like their counterparts, initially re-developed existing single-family houses. As these opportunities soon proved both scarce and too costly, the organization looked to the redevelopment of duplexes and small apartment complexes. Sabin CDC’s largest construction projects were relatively modest: Otesha Place, a new mixed use building at the corner of NE 15th and NE Alberta, that houses the organization’s offices and 11 affordable apartments, and a seven-unit townhouse development at the corner of NE 27th and NE Killingsworth.

Figure 7-2
Otesha Place and Sabin CDC Offices



Photo by Author

Figure 7-3
Sabin CDC Housing NE Killingsworth St and NE 27th Ave



Photo by Author

Through the federal Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA) program, Sabin acquired three apartment complexes with a total of 49 units of affordable housing and continues to be the fiscal agent for them today, thereby preserving a significant number of units in N/NE Portland. These apartment complexes represent the largest holdings in Sabin's housing portfolio, and, in 1996, when BHCD first asked groups in North/Northeast Portland to work together to mitigate an overlap of services, and Sabin, Housing Our Families, and Franciscan Enterprises worked together to establish a series of Neighborhood Network Centers (NNCs) in their recently acquired LIHPRHA properties. These Centers were developed in conjunction with the LIHPRHA program and were intended to provide residents of those apartment complexes, and other low-income neighborhood residents, access to computer training and the Internet. In 1997, these same organizations initiated discussions on a joint workforce development program. This program was intended to utilize the technology of the NNCs and to "provide pre-employment training and related support service workshops" so that their collective tenantry could "get good services from workforce agencies that would lead to living wage jobs" (Dursch, 1997).

In addition to its low-income rental housing programs, and as a part of its holistic approach to community development, Sabin CDC initiated a number of other types of housing programs: Limited Equity Lease and Land Trust programs for homeownership, as well as transitional housing for women emerging from drug rehabilitation programs. The Limited Equity Lease Program requires that prospective

buyers lease homes for two years, so that they have an opportunity to “work on their credit history, prepare for the responsibilities of homeownership, and to save their portion of their down payment and closing costs,” and targets very low-income buyers, those at or below 60% of the area’s Median Family Income (Meisenhelter, undated-c).

Sabin CDC’s Limited Equity Lease Program was developed in conjunction with the Vernon Neighborhood Action Group (VNAG). In 1993, VNAG approached Sabin CDC to explore a partnership to address community concerns about problem properties in their area. The two groups decide to utilize a lease purchase strategy to promote neighborhood stabilization by redeveloping several vacant and abandoned properties that VNAG had previously identified (Sabin CDC/VNAG Lease Purchase Pilot Project, undated). This partnership was unique among CDCs - none of the other groups responded as directly to a Neighborhood Association’s specific need as Sabin did for Vernon. The concept of “limited equity” was especially important to Sabin’s leadership because the neighborhood had begun to gentrify in the mid 1990s, as the intent of this program was to prevent “speculation by homebuyers and assure continued affordability” (Sohl, 1995).

Sabin CDC’s Land Trust program, the first of its kind in Portland, took advantage of vacant lots in their target neighborhoods and built new infill houses, as well as renovating existing housing stock (Ediger interview: 9). The land trust model legally separates the land (and its value) from the value of the structure. The land is placed in a community trust, and the buyer pays for the structure and any subsequent

improvements that they make. When an owner chooses to sell his or her house, they have a limited gain on the sale, so that the house will remain affordable in perpetuity (Sabin CDC Land Trust Program Pamphlet, undated). This solution enabled several families to enter into homeownership at a time in Portland when wages were not keeping up with increased home values. Portland's other Land Trust Program, the Portland Community Land Trust, operates independently and works with several CDCs in the area, but Sabin CDC's Land Trust is the only specifically community based one. A total of 16 housing units were developed under the Limited Equity Lease and Land Trust programs (Figure 7-1).

The Ujima Project was a relatively short-lived effort to develop supportive housing for women and their families, as they transitioned out of drug treatment programs. This highly structured program sought to provide housing and services such as drug counseling, parenting, and anger management classes, as well as job training classes, for African American women (Perlman, 1994). While near and dear to Diane Meisenhelter's heart, this program encountered a number of difficulties from NIMBYism; in spite of the fact that over 25 community organizations had initially signed letters of support for the program and its location in the Sabin neighborhood, property management difficulties and complaints from neighbors eventually shut down (Meisenhelter, undated-e; Meisenhelter interview: 6). Sabin CDC sold the property that housed the Ujima project in 2003 (Sabin CDC, 2004).

Sabin developed all of its rental housing units prior to 1998, when Jane Ediger left the organization; at that point, the emphasis shifted from housing production to

economic development and youth opportunity activities for several reasons: the local and federal funding for housing had begun to dwindle, there were few vacant or abandoned houses left in the neighborhood, vacant lots had become too expensive for non-profits to develop into affordable housing, purchasing existing houses and apartments on the open market was prohibitive, and, most importantly, the new executive director, Felicia Allender-Brant, had a different focus from the earlier leadership.

Sabin CDC's housing production totals 108 units of rental housing, 16 land trust houses, and four limited equity lease houses (see Figure 7-1). While other CDCs managed their own rental units and continued to expand their housing development expertise, Sabin contracted out both its property management and housing development activities after 2000 (Fondren interview: 16). This shift in part reflected the focus of the organization and the funding sources accessed. PDC provides project-based funding, while the Collaborative of BHCD, Enterprise, and the Neighborhood Partnership Fund provided operational support. Given that Sabin CDC was forced to forgo funding from the Collaborative when it declined to proceed with the merger process in 2001, it is no surprise that its focus, while already shifting towards economic development and youth education programs, continued in that direction because Allender-Brant had been successful in acquiring grants from sources outside of the region (Fondren interview: 8; McLennan interview: 14; Sohl interview: 10 White interview: 9).

Instead of seeking out new and larger housing development opportunities on its own and in partnership with private developers, as several other CDCs have done, Sabin has focused on youth education and training programs in part because of leadership and staff enthusiasm and in part because of stiffer competition for diminished housing development prospects in its service area. The limited production levels ensured a small staff size (never more than twelve) that shrank to four persons or less after the withdrawal from the merger process (Sabin Community Development Corporation, 2003-2006). This has had mixed results: the organization is less visible to the broader community, in part because they are focusing on the construction of skills rather than the construction of housing, but they are less vulnerable to housing market shifts and local housing funding priority shifts.

Sabin's work outside of housing development began in 1995, when Sabin staff worked with the merchants of Alberta Street in its most visible project, the Alberta Corridor Plan. Sabin CDC initiated this strategy with the City of Portland as a way of knitting together the concerns of neighborhood newcomers and long time residents (Sharpe interview: 2). Begun as the Alberta Corridor Plan to revitalize the street into a "prosperous, neighborhood-serving business district", this endeavor initially focused on youth, residential and commercial revitalization (Bureau of Planning, undated-a). Eventually, Sabin CDC and other stakeholders split off into different approaches: the Alberta Streetscape Improvement Plan and Sabin's ongoing Youth Employment Programs. The original steering committee of the Corridor Plan struggled for membership in its first year, but in 1996, its workshops overflowed with

participants (Bureau of Planning, undated-b). At the first street fair in 1997, though, over 1500 people came to view the art galleries on a rainy Thursday evening (Bureau of Planning, undated-b).

The Alberta Corridor Plan represented a new and different level of engagement and production for Sabin CDC. The organization engaged a host of diverse stakeholders: a number of bureaucracies (Portland Department of Transportation, Oregon Department of Transportation, TriMet), neighborhood business and property owners, old and new neighborhood residents. As the Plan was a project of the City of Portland, a broader group of stakeholders was involved, and the focus was on the “newcomers into the neighborhood” (Sharpe interview: 8). As a result, Sabin saw their role in the long-term plan and interim projects diminish, and a new non-profit organization, Art on Alberta, formed to coordinate the monthly art walk and the publication of a map and directory of local businesses.

Roslyn Hill was one of the business owners who played an active role in both the Alberta Corridor Plan and the Alberta Streetscape Improvement Plan. A long time neighborhood resident, Hill had by 1995 redeveloped two buildings near the corner of NE 15th and NE Alberta and had opened a coffee shop and art gallery in one of those buildings (AARP, 2008; Barnett, 2007b). The Alberta Streetscape Plan committee met at Hill’s coffee shop because “that was the only place that there was” on Alberta (Sharpe interview: 9). Hill’s development expanded as she bought and sold property (including a house from Sabin CDC [Fondren interview: 11; Sabin Community Development Corporation, 2004]). Her development aesthetic, funky architecture

with corrugated metal, siding set a tone for the rest of the street (Fondren interview: 6). Roslyn Hill has been recognized nationally for her contributions to the revitalization of Alberta Street and continues to be one of the largest landholders on the street (Barnett, 2007b; Herzog, 2000).

Sabin's marginalization from the Alberta Corridor plan was indicative of the shifting political power in the neighborhood, as Alberta Street was revitalized, and new business owners and residents sought a greater role in their neighborhood. Diane Meisenhelter laments Sabin CDC's role in encouraging gentrification, where "outside forces got PDC money to do their buildings, and then it was like a little bit, it doesn't take very much before the ball really, really starts rolling fast" (Meisenhelter interview: 17).

Sabin CDC was unable to capitalize on their role as the initiator of the Corridor Plan in part because their ability to develop commercial projects that would secure an ongoing grass roots presence was limited:

We should have secured those properties before we did, (because) we weren't into commercial revitalization and commercial development, we were into housing development. There were city policies that affected the housing (development) that they didn't use in the commercial realm, for instance. We tried to buy some commercial property or at least explore the possibilities, and sometimes people who had these vacant properties. They wouldn't do anything about, or they wouldn't talk to you about, but they were just sitting there all boarded up and stuff, and (the owners) were just sitting on them waiting until they could make a killing on them. The City (missed the opportunity) to level the playing field a little bit more in that area with some sort of public good in mind down the road...

Meisenhelter interview: 19.

The result of Sabin's initial endeavor is the revitalization of a commercial strip that caters to a different clientele: once-empty storefronts now house trendy shops and restaurants that cater to the neighborhood newcomers. While only some of the redevelopment has remained in long time residents' hands, the overall improvement is striking, and the age and race of those walking down the street has changed just as significantly (Simmons interview: 1). *Last Thursdays on Alberta*, the organized gallery walk, is one of the most visible results of the planning efforts: a gallery open house and street fair that has become so popular that additional traffic control measures are instituted on those days (Bales, 2008). "Alberta Street represents the new population not the old population, but on the other hand, there wasn't a lot there before, there was things there but there wasn't a lot there, and by and large it catered to a select number of people, obviously more the black community, there was remnants of the old black community, and a lot of boarded up old buildings, a lot of unused space" (Sharpe interview: 4, Barnett, 2007a).

These days, long-time residents complain that they are not welcomed, either by design or default, in many of the newer establishments and still must go out of the neighborhood for restaurants and entertainment:

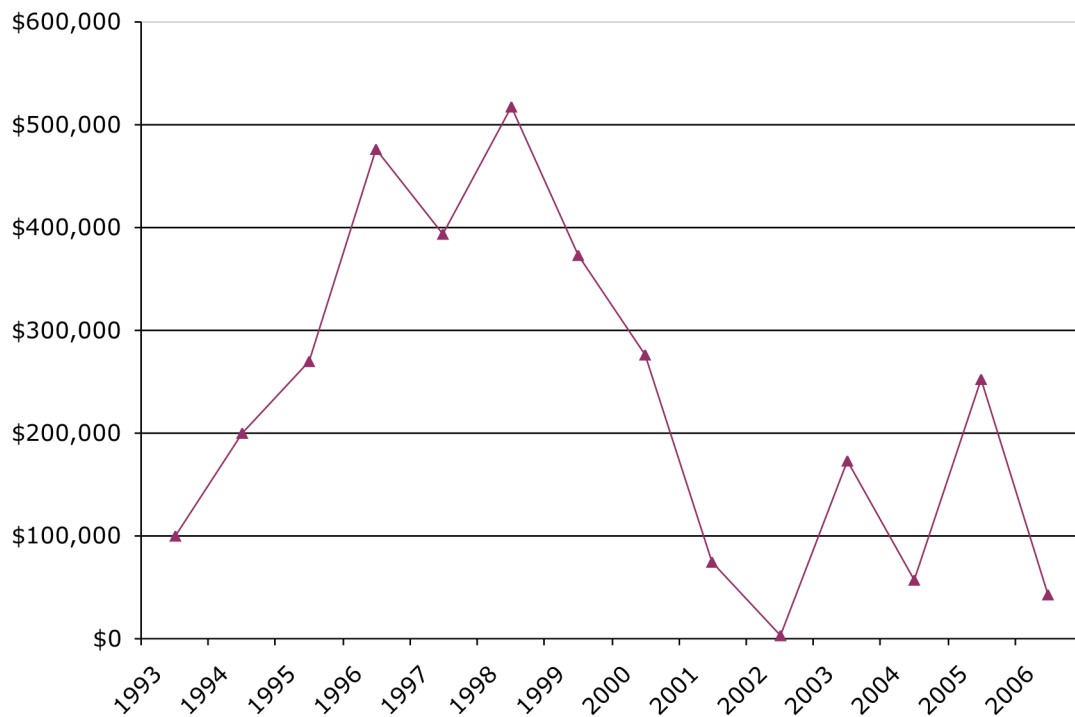
But I have trouble with some of the changes because (of the way) it used to be... As a woman of color it hasn't changed for me; Alberta Street is really weird, and it's nice, it's beautiful. I go there to get my hair done, believe it or not, but it's like if you're a woman of color, anybody of anybody of color, I don't feel comfortable, I really don't. I feel out of place. They're ... looking at you like you're the second class citizen, and I want to say, Honey, I was here before you was even born, I've seen the ups and downs... (But now), we're welcome I'm sure, but I don't feel the closeness of the welcome, I feel left out. (It's) good that my kids, my grandkids will be welcome, but I feel like (the new

residents are) just taking over and want to change a lot of things; a lot of things are good changes, change is always good if it's done right... It's like we're going so far, and what amazes me, I don't drink but I did (laughs), oh I did, but this wine stuff and all of that, to me that's just like putting something that's not supposed to be in our neighborhood, the wine tasting, I guess the wine is so high tail, we as the colored can't go in there and buy it.

Simmons interview: 2.

While the neighborhoods surrounding Sabin were changing, the organization itself was undergoing a number of changes, both in terms of structure and finances. As local funding diminished towards the end of the 1990s, and Sabin shifted gears to take advantage of other programs and revenues, its overall financial picture shifted as well. Figures 7-2 – 7-5 depict the financial history of Sabin CDC. Figure 7-2 shows

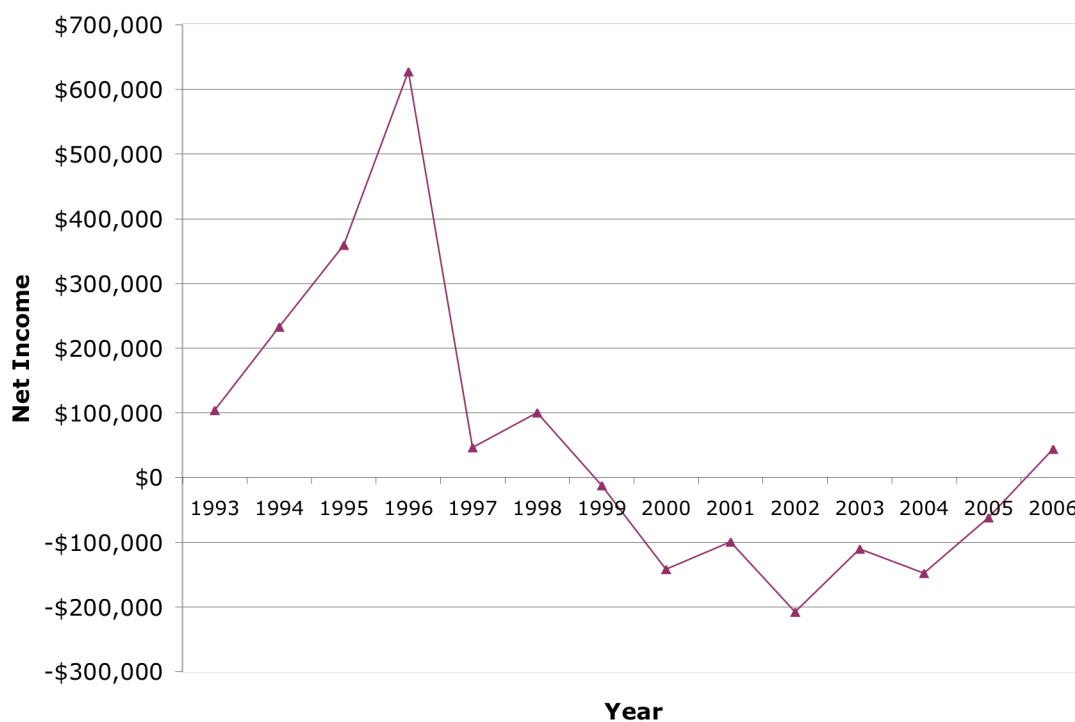
Figure 7-4
Sabin CDC Organizational Support 1993-2006



Sources: Sabin Community Development Corporation, 1996-2006; Sabin CDC, 1993-1997.

the levels of organizational support and reflects an early reliance on BHCD and NPF funding, as well as the waning levels of federal support. Sabin's decline in support from 1998 onward was noted by PNDSC staff as a key indicator of its financial instability, a key reason for its inclusion in merger discussions (The Enterprise Foundation's Management Organizational Development Unit, 1999). The most dramatic drop in Organizational Support, though, occurred when Sabin CDC withdrew from the Merger process. In 2002, the local funding of the organization all but ceased. This withdrawal of local support had a broad effect on the organization as reflected in Figure 7-5.

Figure 7-5
Sabin CDC Net Income 1993-2006



Sources: Sabin Community Development Corporation, 1997-2006, Sabin CDC, 1993-1996.

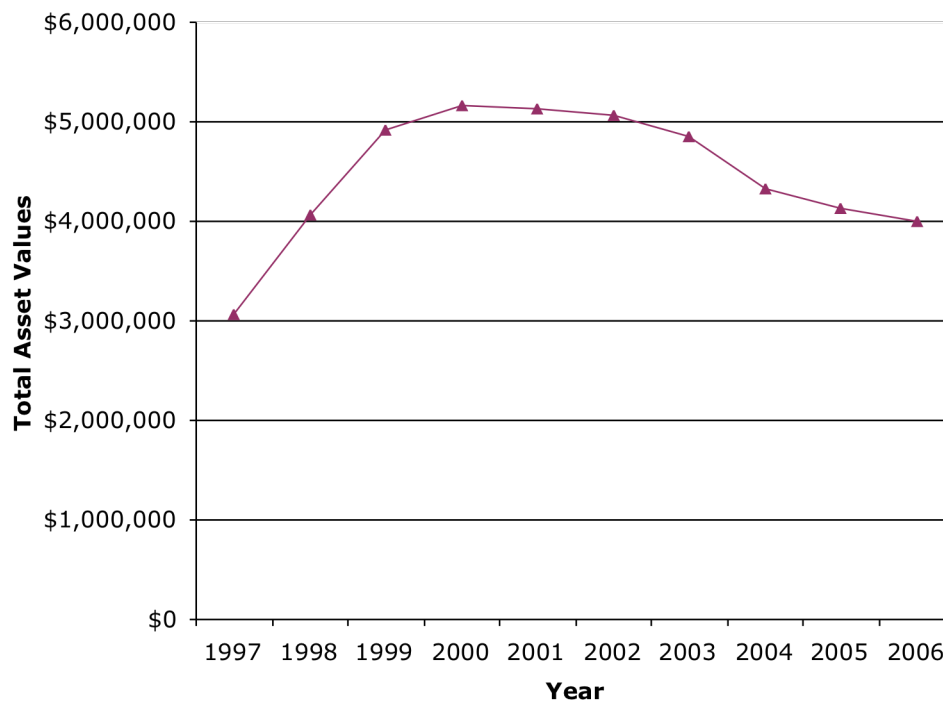
In order to sustain the organization, Sabin CDC sold a total of six properties between 2001 and 2006 (Sabin Community Development Corporation, 2001-2006). Because of the increase in neighborhood property values, the property sales in 2006 enabled the organization to have a positive cash flow for the first time since 1999. The trend of selling former rental properties does not bode well for the future of the organization (its rental income has declined by \$35,000 since 2003; while it is contradictory to its mission and decreases its revenue in the long run, the sale of a housing unit is a stop gap measure – and a way that this organization was able to take advantage of the rising neighborhood housing prices to keep itself afloat. However, this trend of selling a property or two every few years has persisted as the organization continues to struggle internally and with its outsider status.

As a result of the home sales, too, the overall asset valuations for the organization declined (Figure 7-6), in spite of the fact that real estate prices have continued to rise in the area. The asset valuations are also indicative of the rise in property values in the neighborhood and the shift in development activity from affordable housing development, seen in the rapid increase in units and their value in the early and mid 1990s, to the leveling off of Sabin's participation in the housing development market in the late 1990s.

Sabin CDC's revenue came from a variety of sources. Early on, most of the revenue was operating support via BHCD, NPF, and the Enterprise Foundation, developer fees, and small grants from foundations like the Meyer Memorial Trust and the McCauley Foundation (Sabin CDC, 1997). These revenues increased as the

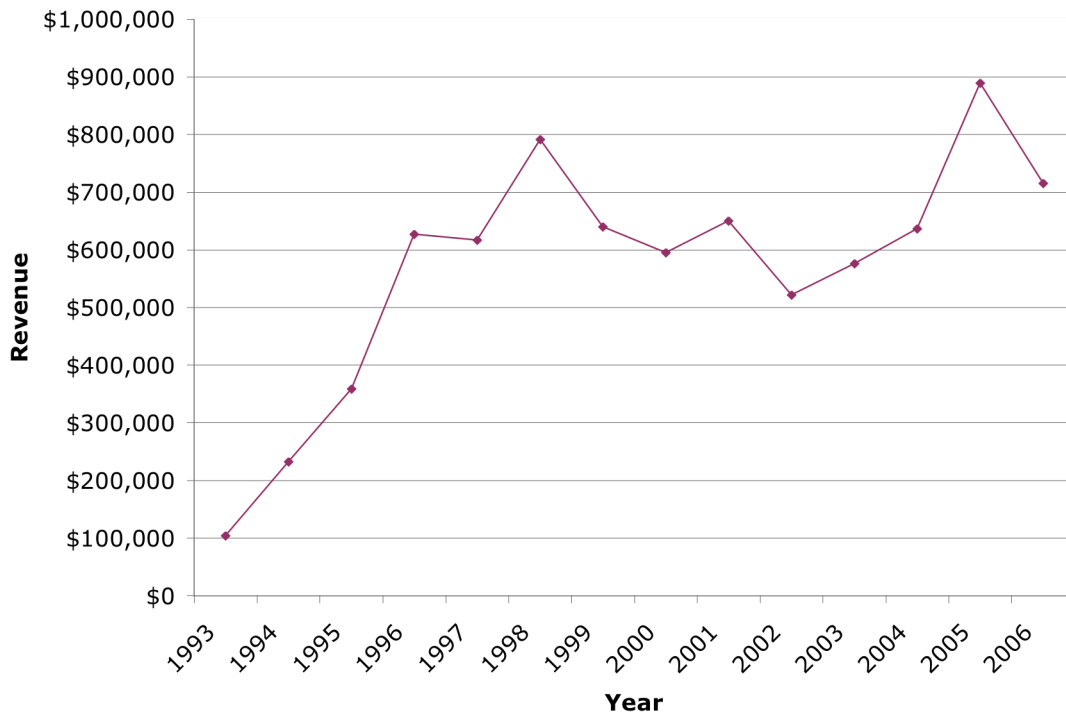
organization grew, developed more housing, and took on projects like the Alberta Street Corridor. In 1999, Felicia Allender-Brant and Craig Fondren shifted the focus to more youth opportunity and education programs and stabilized the rental income, so that they were able to weather the loss of support from the Collaborative (Fondren interview: 8; Sohl interview: 10).

Figure 7-6
Sabin CDC Asset Valuations 1997-2006



Source: Sabin Community Development Corporation, 1997-2006.

Figure 7-7
Sabin CDC Gross Revenue 1993-2006



Source: Sabin Community Development Corporation, 1997-2006, Sabin CDC, 1993-1996.

While Sabin's finances have been somewhat inconsistent, its leadership has been fairly consistent and a clear reflection of the organization's level of involvement in the neighborhoods. The Board of Directors, Executive Director, and Staff have been primarily neighborhood residents. Sabin's first executive director, Diane Meisenhelter, held that position for almost 7 years. During that time she shared executive director duties with Jane Ediger, whose focus had been housing development. Meisenhelter left in early 1998, and Topaz Faulkner was hired as an Interim Executive Director (Ediger remained through late 1998) while the organization searched for a permanent replacement (Meisenhelter interview: 2). The

Board hired Felicia Allender-Brant in 1998, a relative outsider; she remained with the organization through 2006. Allender-Brant was originally from Portland, but had been working on the East Coast in the early 1990s, where she had developed strong ties to several social service organizations including the United Way, Big Brothers and Big Sisters, and the YWCA (University of the District of Columbia, 2007). She capitalized on these ties when Sabin CDC withdrew from the merger process and sought funding elsewhere.

Sabin's board roster has continually reflected the changing neighborhood (Sabin Community Development Corporation, 1997-2005; Sabin CDC, 1994-1996). The founding board represented a "broad cross section of the community. Over two-thirds of the Board are low income, and over half the Board is African American" (Meisenhelter, undated-d). While primarily neighborhood homeowners, the board has been and continues to be both diverse and primarily neighborhood based. Sabin has had a fair amount of Board continuity, both a benefit and a detriment for the organization (Sabin Community Development Corporation, 1997-2005). A benefit because Board Members were familiar with the organization and did not require training and time to acquaint themselves with the policies and projects of the organization. A detriment because often the Board represented the neighborhood from a moment in time, and in the late 1990s and early 2000s, those moments were fleeting, as the neighborhood experienced gentrification and rampant housing speculation, so that there was what felt like a continuous demographic shift (Fondren interview: 12).

As the neighborhood changed to a wealthier, whiter demographic, the board evolved and began to draw on experts, both black and white, moving into neighborhood, as well as long time residents, and reflected the changing racial composition of the neighborhood. The ensuing board expertise and corporate connections helped to refocus Sabin's priorities through a number of tumultuous years following their withdrawal from a City mandated merger process (Fondren interview: 8). For example, one Board Member worked for Microsoft, and through her efforts, Sabin CDC acquired computers and software that enabled both the Neighborhood Network Centers and the Education Video Project to provide opportunities for low-income neighborhood residents. These projects also represent some of the different partnerships that Sabin CDC capitalized on as it moved away from housing development (Fondren interview: 8).

In addition to its Executive Directors, there were key staff members who had an impact on the direction of the organization. Craig Fondren, whose latest title is Director of Economic Development, was a driver behind Sabin CDC's youth outreach and education programs; his arrival in 1995 signaled the beginnings of the shift in the focus of the organization:

I came in to do programs and services to kind of expand what we were doing with our affordable rental housing and affordable other units to design some homeownership programming, educational programming, which I think were both very successful, but then also expand on our partnerships as well as grant writing and foundation research.

Fondren interview: 1.

Because of Sabin's ongoing work with Franciscan Enterprise and Housing Our Families and the Collaborative's desire to eliminate the competition for funding

in Inner North/Northeast Portland, these three CDCs were set to merge to form Albina CDC in 2000;⁷³ however, at the 11th hour, Sabin called a meeting of its membership and withdrew from the merger process that the Board had previously agreed to (Rohe, Bratt, & Biswas, 2003). Fondren was a pivotal player in organizing Sabin's membership vote that ultimately led to their withdrawal from the merger process because he felt strongly about Sabin's status as a membership organization. He saw "the merger of Northeast CDCs (as) orchestrated from downtown not from the community..." and reiterated that the "membership told us we don't want you to be a part of that, we went through the whole thing of all the meetings, and the studies, we went through all that, but our membership said that this is a good idea" (Fondren interview: 7). Others, both inside and outside of the Collaborative, feel that Fondren "orchestrated that outcome" (White interview: 9). Given the fact that the organization formed from the merger (Albina CDC) ultimately failed, Sabin CDC's withdrawal from the merger process ultimately saved them from the same fate.

With this withdrawal, though, Sabin entered into a new realm. The political fallout from this bold move was significant and is remembered ten years later. Local funding for operating expenses all but ceased and has not been actively sought since then, but Sabin was fortunate enough to have an Executive Director, Felicia Allender-Brant, whose priorities reached beyond housing development. In addition to selling houses, Allender-Brant garnered key grants from national organizations such as the United Way, so that while Sabin's rental and development income decreased, their program service revenue actually increased substantially between 2001 and 2006

⁷³ A more in depth discussion of the merger process can be found in Chapter 9.

(Fondren interview: 8; Sabin Community Development Corporation, 2001-2006).

This subsequent shift in funding sources ensured that it would remain a smaller organization. When combined with Sabin's affordable housing, the emphasis on educational programs both enabled and encouraged low-income families, albeit a limited number, to remain in the neighborhoods. In the middle part of the decade, Sabin seemed to have overcome some critical hurdles in establishing and maintaining neighborhood ties and weaning itself from local development-oriented funding. At Sabin CDC's 15th Anniversary Party in 2006, various funders and politicians attended – at least giving the appearance that some of the animosity had subsided.

Sabin CDC's current presence in the neighborhood, though, is muted. Its previously higher profile role in the Alberta Street Fair and Last Thursday events has been overshadowed as the events, created for and by the creative community that initiated the gentrification process, have taken on a life of their own (Mitchell, 2006). The results of the youth education programs and economic development activities have manifested themselves in very different ways. The youth education programs have sponsored summer internships, filmmaking classes, and business community partnerships for teens to gain work experience and focus to either go on to college or find gainful employment (Fondren interview: 16; Stimson, 2009). These programs, while empowering to its participants, no longer focus on bringing neighbors together, as the Alberta Corridor Project had. Combined with Sabin's minimal new housing development, often an organization's most visible neighborhood activity, their visibility in the neighborhood has lulled (Andrews interview: 7). Former Executive

Director Diane Meisenhelter lives 5 blocks from the Sabin CDC office and was not aware of Sabin's current projects and programs (Meisenhelter interview: 3).

"Today's neighborhood does not know who the heck we are," surmises Craig Fondren (Fondren interview: 17). Sabin, in its "streamlined" position as tenant service provider and advocate, is not a visible presence in the broader neighborhood; its limited presence at neighborhood-wide events and the organization's limited resources in recent years does not bode well for the organization's future.

CHAPTER 8

CASE STUDY 5: PORTLAND COMMUNITY REINVESTMENT INITIATIVES

Portland Community Reinvestment Initiatives (PCRI) was the brainchild of future City Commissioner Erik Sten, then aide to Commissioner Gretchen Kafoury. The result of neighbors clamoring for the City to resolve the issues that resulted from the bankruptcy and indictment of the owners of the Dominion Capital, PCRI was specifically created by the City of Portland in 1992 to renovate and manage the 354 housing units of the tainted Dominion Capital portfolio. Dominion Capital's owners, Geoffrey Edmonds and Cyril T. Worm, had amassed their portfolio by inflating appraisal values and offering financing that included a complex series of secondary transactions associated with each loan; as a result, they were arrested and subsequently sued for damages by the State of Oregon. Worm and Edmonds filed for bankruptcy in response to the lawsuit, and their creditors were left with a legal mess of entangled ownership and housing that was worth less than what they had invested in it (Lane and Mayes, 1990; Lane, 1990a; Lane, 1990b). In addition, many of the houses had blatant building code violations that rendered them uninhabitable (Lane and Mayes, 1990; Kraus interview: 11).

The Dominion Capital scandal was first reported by Dee Lane in *The Oregonian* in 1990 in her expose, "Blueprint for a Slum". This three part series of articles detailed the debacle, the endemic neighborhood redlining and lack of regulatory oversight, and spurred the City of Portland to take action. Dominion

Capital, funded by mostly out of state investors, had acquired significant numbers of single family houses to sell on contract to homebuyers, many of whom were unable to qualify for conventional financing, either due to the location of the property or their own credit limitations, or both (Lane, 1990b). If an individual wanted to buy a home in any of the Albina neighborhoods at that time, they had very few choices because of the combination of bank lending reluctance and low home values. Banks were unwilling to loan on properties worth less than \$30,000, because they would not make a profit on the loan. The average property value in Inner North/Northeast Portland at that point in time was approximately \$25,000. Dominion Capital swept in to this vacuum and provided loans, albeit under false pretenses; the company offered to finance their properties for buyers, but their financing packages included fraudulent appraisals, estoppel deeds, and balloon payment requirements that were not clearly noted (Lane and Mayes, 1990).⁷⁴ Even after Dominion Capital declared bankruptcy, the holders of the 1st mortgages sought to foreclose on the homebuyers – and offered loans at 17% interest rates as a way of avoiding foreclosure (Lane and Mayes, 1990). The City of Portland stepped in and sought to buy out the investors (Edmonds and Worm had rescinded their interest in the properties). A local consortium of real estate investors led by Michael Debnam had tried as well to bid on the properties but were rebuffed by the City (Axley, 1992; Messinger, 1991; Stewart interview: 14). The negotiations between the City of Portland and the non-Dominion Capital investors

⁷⁴ An estoppel deed contains more than one property on a single deed. With multiple properties on a single deed, clear title to a single property was nearly impossible (Stewart interview: 15).

went on for about a year with the investors reluctantly relinquishing their interest in the portfolio of houses to PCRI (Pickett, 1991; Mayes, 1991; Lane, 1992a, 1992b).

Given that PCRI's original housing portfolio was primarily single family houses that were spread out over a fairly large geographic area (27 different neighborhoods), their undertaking would require a tremendous amount of financial and property management finesse. The fact that this was a City backed effort was a tremendous political risk for its proponents, Gretchen Kafoury and her chief assistant, Erik Sten (Fitzpatrick interview: 10; Stewart interview: 14). During the negotiations for the property acquisition, parties interested in buying the properties warned Sten that PCRI would "find itself hopelessly in trouble as it tries to digest this large (sic) an operation" (Messinger, 1991). Because the City's approach had never been tried, there was plenty of skepticism and expectation that the effort would ultimately fail.

The financing for this endeavor was a heretofore-untested combination of public and private money, an approach that neither the City of Portland nor any of the lenders had significant experience with. The bulk of the money was a \$12.43 million line of credit, at below market interest rates, from a consortium of lenders led by US Bank. This loan was secured by the State of Oregon's entire allocation of Affordable Housing Tax Credits for 1992 and a Section 108 Loan from the City of Portland (Kiyomura, 1992; PCRI, 1993; Kelley interview: 2).⁷⁵ Yielding to the political pressure to issue such a large loan to an untested organization was evidence of the banking community's commitment to improving their Community Reinvestment Act (CRA) and Home Mortgage Disclosure Act (HMDA) ratings and the political will of

⁷⁵ A Section 108 Loan is guaranteed by future local Community Development Block Grant Funding.

City Commissioner Gretchen Kafoury and her aide Erik Sten and their commitment to championing affordable housing (Frater interview: 20).

The line of credit was divided into property acquisition (\$10 million) and property renovation (\$2.43 million) (City Recorder, 1992). The extent of the property renovations was somewhat unknown at the time of the securing of the properties (Fitzpatrick interview: 5). As the portfolio was being acquired, assessments were being made of the individual properties to determine the extent of the renovations required, but Craig Kelley, PCRI's first construction manager, remembers "nobody had any idea what they were getting into ... they were literally driving by homes, and before they acquired the portfolio saying that house needs this much work" (Kelley interview: 5). Kevin Kraus, former construction manager for REACH CDC who volunteered to help out with the assessments, recalls his inspections of a number of the houses and that "there were some pretty abysmal dwellings that needed a lot of work" (Kraus interview: 11). It became clear that very few if any of the rental houses were in good condition, and the bulk of the portfolio required at least a moderate amount of rehabilitation work.

The first order of business for PCRI, though, was to stabilize 70+ fraudulent land sale contracts (Kafoury, 1993a; Ediger interview: 3; Fitzpatrick interview: 1). Guy Alverson and Jane Ediger were hired to clarify and clean up these contracts in order to relieve the investors of any lasting legal and financial interests they may have had in the properties (Ediger interview: 2). Many of the residents who held these contracts were not "bankable", so US Bank representatives went out into the community and

wrote up new mortgages for those who were “bankable” and extended new land sale contracts to those who weren’t (Ediger interview: 3). While PCRI’s staff was involved with this aspect of the portfolio, the rental houses remained in a state of limbo; many were uninhabited and boarded up, while others had residents who were living in often substandard conditions (Kelley interview: 2). Because Dominion Capital was originally set up to sell properties and not necessarily to manage them, they had become unintentional landlords when they foreclosed on a property; often, units were not re-saleable without a “significant investment”, so they remained rental units (Fitzpatrick interview: 4).

During this initial flurry of activity, PCRI’s Board of Directors was conducting a national search for a permanent Executive Director. In 1994, Maxine Fitzpatrick was hired and has been with the organization ever since. Fitzpatrick came to Portland from Milwaukee, Wisconsin where she had been responsible for several housing programs (Fitzpatrick interview: 6). She has steered the organization through the uncertainty of its early years and is well respected by both her peers and funders for her persistence in stabilizing and managing the original portfolio (Benjamin interview, p 9; White interview: 9). The fact that PCRI has had only one director in its existence is both a strength and a weakness: a strength because Ms. Fitzpatrick has established strong relationships with funders, neighborhood leaders, and other CDC staff, a weakness because there will come a time when she will be moving on, and that transition for the organization will be difficult, even with the most astute planning, because of the duration of her tenure (Guajardo, 2009b).

When Fitzpatrick arrived, she had a two-pronged approach to running PCRI: stabilize the rental portfolio and build the capacity of the organization. She hired staff specifically to take on the task of renovating properties and establishing property management standards and policies. PCRI's staff has morphed with the transition of the state of the portfolio and in response to available funding. There were three construction managers from 1994-1997: Craig Kelley, then fresh out of college, and Michael Gardner who had similar experience ran the major rehab projects, while former contractor Michael Quinn ran the moderate rehab projects (Kelley interview: 2).

PCRI was initially hampered by the rental homes' numerous building code violations and its limited initial housing rehab budget (Lane, 1992b; Kraus interview: 12). The renovation process proceeded modestly (50 rehabs in 4 years) as the staff grappled with the condition of the properties and their own learning curves. In addition, one of the goals for the organization was to utilize neighborhood based contractors as a part of an overall economic development scheme; however, this goal became an impediment because staff were unable to find experienced contractors to complete the work within their limited budgets (Kelley interview: 4). Most of the CDCs were similarly making a concerted effort to hire smaller, neighborhood contractors to complete the rehab work; in many cases it was the contractors' introduction to paperwork that was more than the "back of the envelope" level of sophistication, so that they were "building capacity" along with the PCRI staff about the requirements of working on a project that had some public oversight (Loving,

2001; Kelley interview: 4). Because of the dearth of experienced contractors, PCRI's need for internal capacity building, and the backlog of houses in need of repair, some units remained boarded up for several years. This lack of progress irritated some neighbors who realized that their opportunities for buying houses in their neighborhood were limited as surrounding property values began to rise (Stewart interview: 21).

PCRI moved forward with initial renovation projects until the US Bank Line of Credit, after one extension, reached its limit in 1997-98 (Kelley interview: 3). At that time, PCRI shifted its focus from portfolio stabilization to the establishment of management practices that would ensure the longevity of the portfolio and the organization. In order to streamline and maintain its remaining portfolio, PCRI divested itself of several houses that were too expensive to renovate or too far flung to manage effectively; one of the early core tasks of the organization was to develop a business plan and to establish criteria "by which PCRI should consider selling versus trying to maintain as affordable rentals" (Fitzpatrick interview: 4). By 2000, though, the selling of houses did add to the problem of gentrification, as 6 of the 15 units sold between 1997 and 2000 were resold within 6 months at a substantial profit (Jaquiss, 2000).

During this time period, the other CDCs in Inner North/NE Portland began to see a drying up of development opportunities and began to focus on more sophisticated multi-unit developments, the acquisition of LIHPRHA properties, and the development of more tenant service based programs. In 2000, PCRI reinvigorated its

housing development programs with the hiring of Valerie Garrett who was both a licensed architect and experienced project manager. Garrett expanded PCRI's portfolio to include PCRI's only new-construction projects, oversaw the renovation of Park Terrace, and facilitated the development of homes for child care providers. When Garrett left in 2004, PCRI's housing portfolio consisted of 366 units of housing, 205 single family houses, and 161 multi-family units (McGee, 2004). During its existence, PCRI had only divested itself of a total of 30 units: 6 homes sold on the open market and 24 sold to low-income tenants (Jaquiss, 2000).

Figure 8-1
Park Terrace Apartments



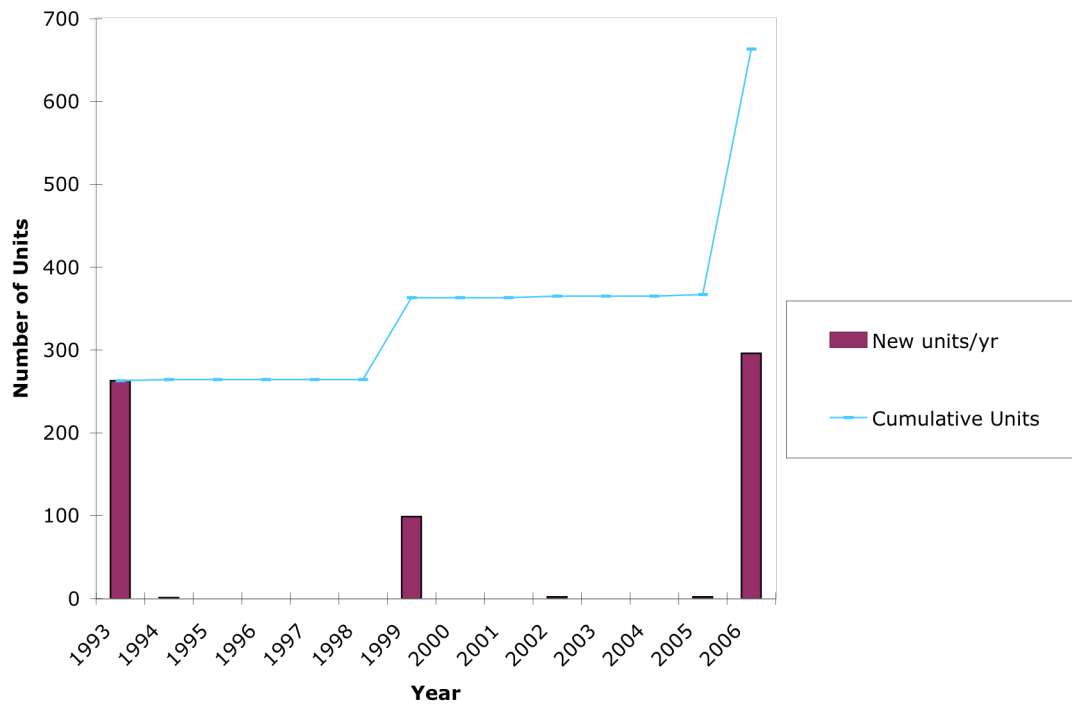
Photo by Author

Initiated in 1999, the acquisition of the Park Terrace apartments was one of the high points of PCRI's Executive Director Maxine Fitzpatrick's tenure (Fitzpatrick interview: 2). Park Terrace is an 88 unit apartment complex located in the Humboldt neighborhood. Its previous owner had taken advantage of tenants with HUD's Section 8 voucher program to populate the complex; these tenants had started to organize in 1992 to combat "harassment effort of management" (Portland Community Reinvestment Initiatives, 2002a).

Park Terrace was a unique project in that it was one of the first “preservation projects” completed in the City of Portland. The City Council had passed an “Affordable Housing Preservation Ordinance” in 1998 that stated “ owners of Federal Preservation Projects who have decided to “opt out” of their contracts” must notify the City of their intent and first negotiate with the City, or its designee, to sell the property in order to maintain a supply of affordable housing (City Recorder, 1998; City of Portland, 1998). The subsequent time frame for maintaining affordability (where tenants pay no more than 30% of their income for rent and utilities) is 60 years (City of Portland, 1998). In PCRI’s case, Park Terrace not only required substantial rehab, but also was a foray into a new level of property management – a multi-family apartment complex with a mix of unit-based Section 8 vouchers and market rate units (McGee, 2004).

PCRI’s instant housing portfolio catalyzed its organizational capacity building. While it had an initial staff of 8, three of those people were construction managers in charge of the moderate and whole house rehab programs (Kelley interview: 4). As time went on, PCRI’s original US Bank line of credit began to dwindle, and its focus expanded beyond the physical stabilization. As a result, PCRI’s staffing became more diversified and involved with property management, tenant services, and child care development programs. Marni Vlahos was hired in 1994 to initiate PCRI’s childcare programs. Under Vlahos’s leadership, PCRI’s childcare program flourished into three parts: the Parents Child Care Network, the development of homes for small family childcare businesses, and an emergency scholarship fund (Meyer, et al, 2003).

Figure 8-2
PCRI Rental Housing Unit Acquisition 1993-2006



Sources: Merrick and Abel-Hamid, 1998; Portland Community Reinvestment Initiatives, 2002a and 2006a.

Working in conjunction with the Peninsula Children’s Center, PCRI staff have expanded these programs as a part of their tenant service package and have worked to incorporate these programs a model into its holistic tenant services. Access to childcare programs became a cornerstone of PCRI’s tenant services, and served as the basis for moving PCRI from a low-income housing development and management agency into a model other CDCs strive to follow (Warner interview: 26).

By 1999, as other CDCs in the area were struggling to find new development projects (and their associated fees to help keep the organizations afloat), PCRI was

enjoying a fairly consistent revenue stream from its properties, in addition to the developer fees from the Park Terrace development. The time that Fitzpatrick had

Figure 8-3
PCRI Childcare House

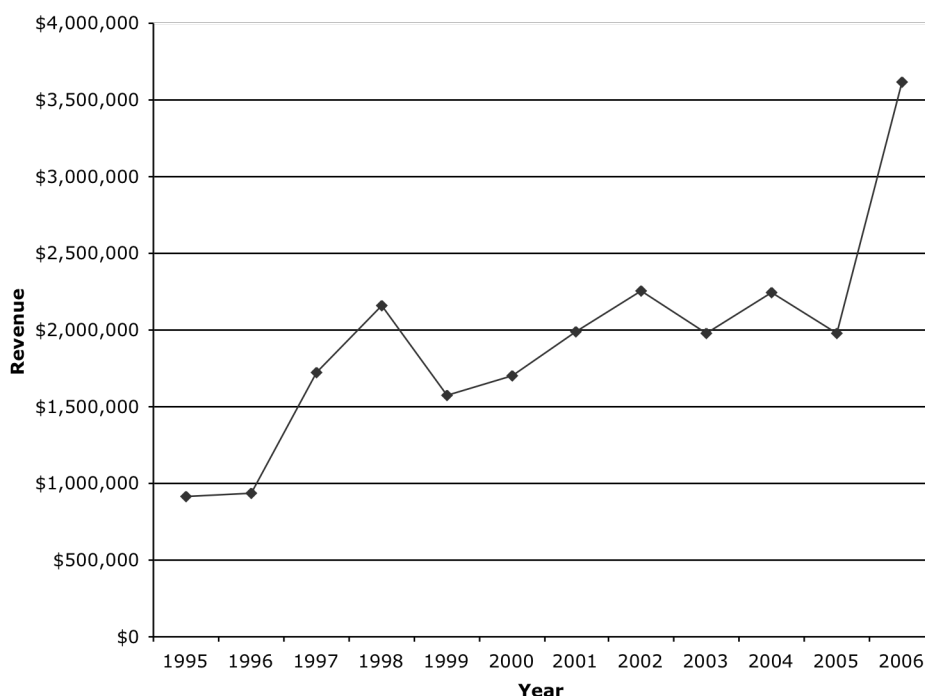


Photo by Author

spent initially to solidify the organization was beginning to pay off – but perhaps even more beneficial was the low cost basis on the portfolio. PCRI had acquired the bulk of its portfolio when the real estate market was at its nadir (approximately \$30,000/house); hence, the debt cost was very low, so that rents could remain low, and even intermittent higher vacancy rates or unit repair would not adversely impact the organization's cash flow to the extent that they would be forced to sell properties or

explore other avenues to maintain the staff and services (Sten interview: 9).⁷⁶ Hence, PCRI's solid financial position has allowed the organization some latitude when choosing new projects.

Figure 8-4
PCRI Revenues from Rental Income
and Development Fees 1995-2006



Sources: Portland Community Reinvestment Initiatives, 1999, 2000, 2001, 2002b, 2003a, 2004c, 2005b, 2006c.

One of the avenues that PCRI chose to pursue was development that addressed green building practices. In addition to Park Terrace, PCRI completed 10 additional

⁷⁶ PCRI's housing revenues are based on a combination of rental income and developer fees for major renovation and new construction projects (which have been somewhat limited in recent years). They reflect both the availability of public money and property for development and the economy as a whole. Development activity had its ebbs and flows, while rental income, once the units were stabilized, remained somewhat consistent, although not a reflection of the increased market rents, due to the income and rent restrictions necessary to be.

construction projects in 2003, under Construction Manager Valerie Garrett's auspices. The Russet Morris Green Plexes and the Fab Four Green Building Rehabs were constructed with particular attention given to green building principles (Portland Community Reinvestment Initiatives, 2003b).⁷⁷ These developments represented a new direction for affordable housing: a greater investment in up-front building costs with higher quality and more efficient and less toxic systems and materials. This investment would pay off in the long run for both management and tenants; for management in lower replacement costs and greater longevity and for tenants in lower utility bills and a healthier environment. Greener building principles had been encouraged by PDC, the main funder of development projects; however, PDC did not increase its funding commensurate with the increased costs of green building, so groups like PCRI were pushed to seek more creative financing of these projects, especially the smaller ones with fewer economies of scale⁷⁸.

In 1999, the Collaborative asked the CDCs of Inner North/NE Portland to enter into discussions of ways to consolidate their organizations. The Collaborative's rationale was that they could no longer continue to fund a total of 6 organizations that were overlapping each other in terms of service delivery and were competing for a limited number of development opportunities (PNDSC Staff, 1998; Farnum, 2003; Oliver, 2000). PCRI's board decided to not participate because Fitzpatrick was very

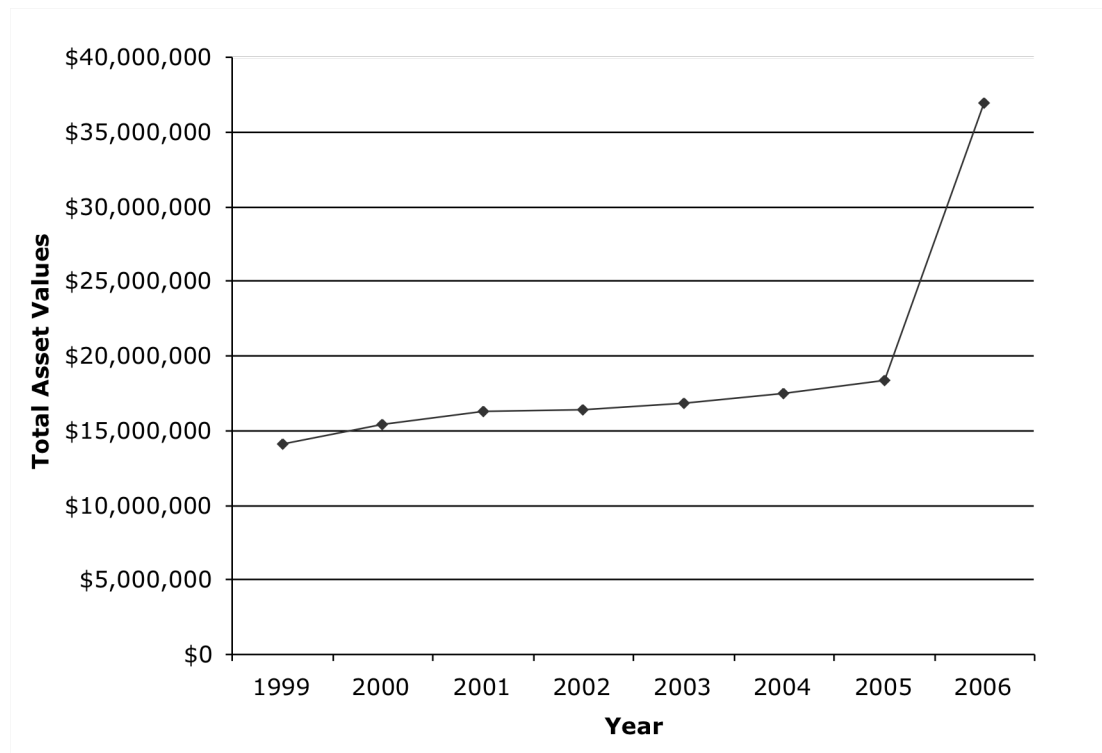
⁷⁷ The Morris Green Plexes were constructed on sites that PCRI had already owned, so their addition to the portfolio offset the loss of the previous unit that was torn down. They also represented an increase in density for the sites from 2 units to 5. The green building practices utilized included the mitigation of lead based paint, the use of low energy light fixtures and appliances, low VOC paints, natural flooring materials, and higher efficiency furnaces and water heaters (Portland Community Reinvestment Initiatives, 2003b).

⁷⁸ Green Building practices are now standard for publicly funded affordable housing development.

leery of the mandate and “it wouldn’t cripple the organization” to forgo that funding (Fitzpatrick interview: 7). By staying out of the fray of the organizational merger process, PCRI was able to stay focused on its property management, restructure the financing on many of its units, to explore homeownership opportunity programs, and, unknowingly, to place themselves in a position to acquire Albina CDC’s units when it founded in 2004 (Rudman interview: 9; White interview: 9).

PCRI’s housing portfolio was both its greatest challenge and its greatest asset. Acquired when property values were very low, PCRI’s portfolio has only increased in value (Figure 8-5); one of the organization’s great conundrums, though, is how to take advantage of the equity that PCRI has in its portfolio (Rudman interview: 9).

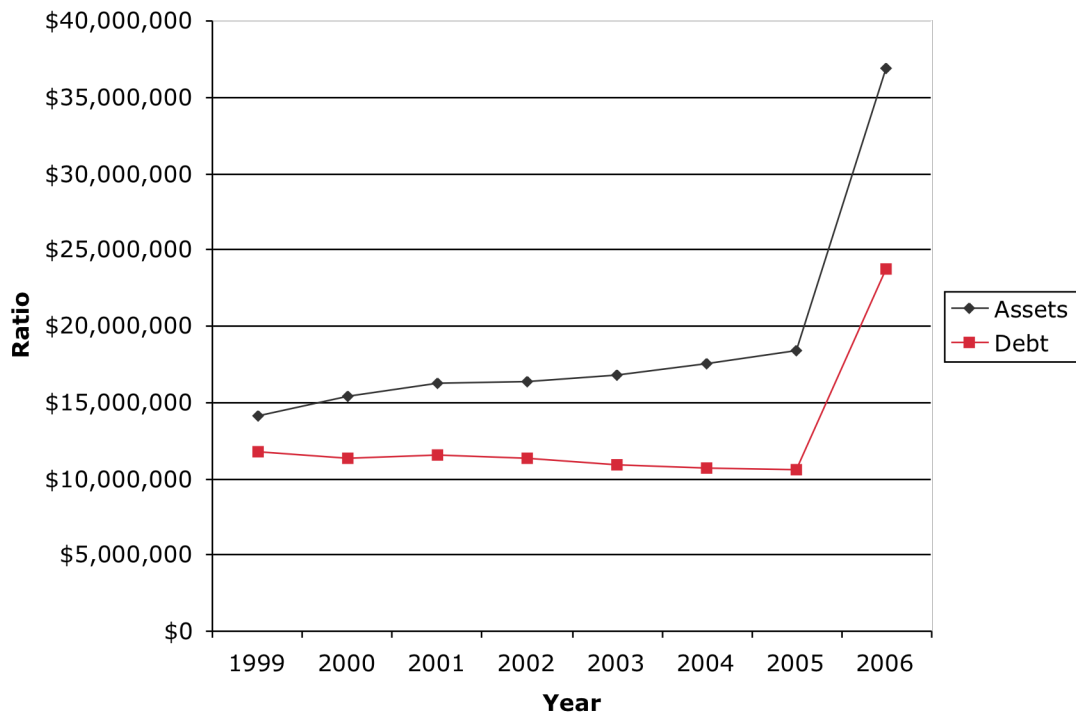
Figure 8-5
PCRI Asset Valuations 1999-2006



Sources: McGee, 2004; Portland Community Reinvestment Initiatives, 1999, 2000, 2001, 2002b, 2003a, 2004b, 2005b, 2006b, 2006b.

Leveraging the equity allowed PCRI to acquire properties like Park Terrace, but Fitzpatrick is keenly aware of the danger of encumbering the properties with debt because the margins between adequate cash flow and indebtedness are very slim (Fitzpatrick interview: 1). It should be noted that the Asset to Debt Ratio grew at a uniform pace until the acquisition of the Albina CDC Portfolio in 2006 (Figure 8-6).

Figure 8-6
PCRI Asset to Debt Ratio 1999-2006



Sources: Portland Community Reinvestment Initiatives, 1999, 2000, 2001, 2002b, 2003a, 2004c, 2005b, 2006b; Portland Community Reinvestment Initiatives, 2004a and 2006c.

With PCRI's portfolio in good shape, Fitzpatrick turned her attention to a problem that had become more magnified as the surrounding neighborhood had gentrified:

minority homeownership (Fitzpatrick interview: 11; Housing and Community

Development Commission, 2004; Malloy interview: 13). Earlier, she had been part of

an advisory committee that had recommended funding for such a program – and she expanded PCRI’s expertise to include homeownership opportunities as one of her tenant service goals. The minority homeownership program was established in response to the gap in homeownership rates - 38% of African American households are homeowners versus 59% of white households (Guerrero, 2004; Housing and Community Development Commission, 2004). Begun in 2004, shelved in 2007, and reinvigorated in 2010, PCRI’s homeownership program was not been nearly as successful as either its rental housing or its childcare initiatives, in part because of it was established at the height of the real estate market. PCRI established an Individual Development Account (IDA) program to assist participants (mainly from its own tenantry) in saving for a down payment, as well as financial counseling and education about the home buying process (Portland Community Reinvestment Initiatives, 2004a; Malloy, 2010; www.pcrihome.org, 2010). The Portland City Council allocated substantial funding to this endeavor and prioritized minority homeownership in the face of one of the hottest real estate markets in the country. In its first year, only one family was able to navigate the system to buy a home; however, in its second year, 11 tenants became first time homebuyers, while “more than 80 residents were counseled” (Portland Community Reinvestment Initiatives, 2005a).⁷⁹

⁷⁹ By contrast, the Portland Housing Center, a local nonprofit that assists first time homebuyer education programs, foreclosure prevention, and financial counseling, has assisted more than 5,500 individuals since 1991 with homeownership process (www.portlandhousingcenter.org) . This program, and its public support, has since foundered, due to the reorganization of the Housing Department of the Portland Development Commission (the program administrator) with the Bureau of Housing and Community Development, but more importantly due to its establishment at the height of the housing market.

Success was not a given with PCRI. They had weathered a number of controversies with both the neighbors and the local press, in part because of its position as a publicly created and partially publicly funded agency. Because of its initial high profile, PCRI could have been a magnet for criticism, but it managed to go about its business, in part because it did not complete any large flashy new construction projects that inevitably drew the attention of the neighbors and the press. Mike Andrews, formerly of the Enterprise Foundation, gives credit to the efforts to stabilize the portfolio, rather than expand it with new construction projects, as the reason for PCRI's low-key endurance (Andrews interview: 9).

However, the organization did not escape all scrutiny. In 2000, an article in *Willamette Week* criticized PCRI's personnel costs and other policies; this article stated that PCRI's personnel costs had increased 140% since 1993 – a reflection of not only the increased numbers of staff, but also its professionalization (Jaquiss, 2000). This professionalization of staff was required as both the organization and projects became more diverse and complex and the fact that all property management was handled in-house (Fitzpatrick interview: 4). Childcare programs, resident services, property development, management and maintenance were amended to include homeownership services in 2004. More importantly, though, the creation of the positions of Deputy Director and Human Resources/Office Manager reflect a change in the structure of the organization to a broader management configuration, one that shifts some of the day-to-day responsibilities of the organization from the Executive Director and could ensure the longevity of the organization.

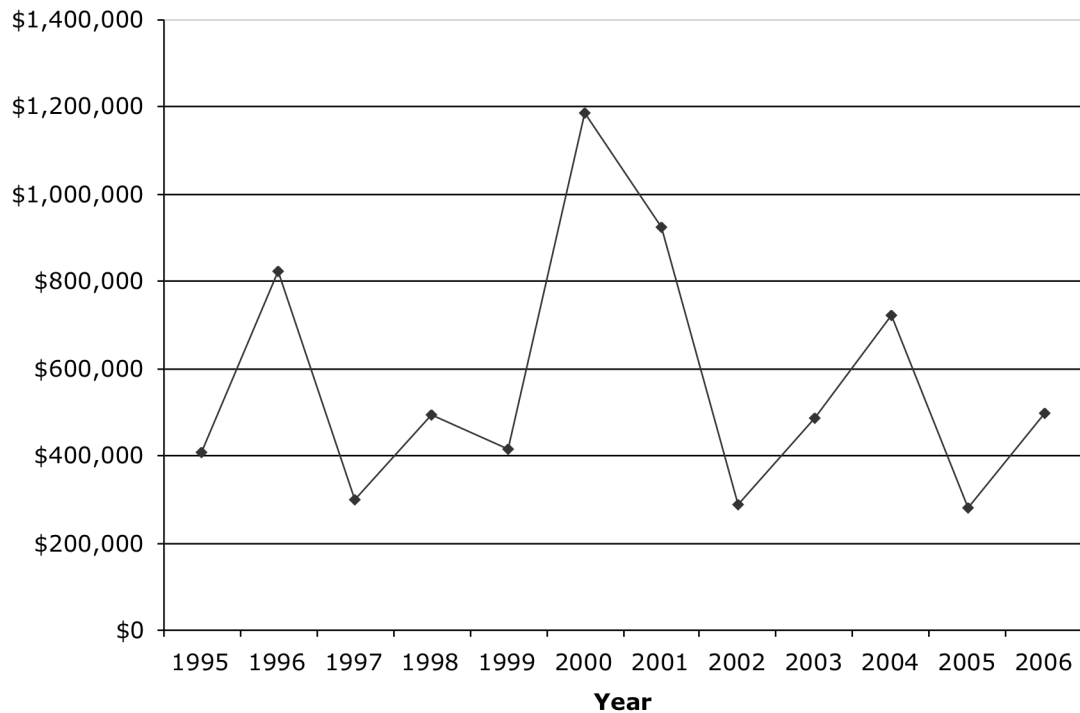
Another critic of the organization is Fred Stewart, long time neighborhood resident, former president of the King Neighborhood Association, and local realtor. Stewart has often wondered if PCRI should “go away” (Stewart interview: 14). Neighbors, led by a vocal Stewart, perceived that PCRI was trying to muscle them out of opportunity (Jaquiss, 2000). Since the inception of the organization, Stewart had been conflicted about PCRI’s role in the neighborhood; boarded up houses were not only an eyesore, but a foregone opportunity for neighborhood residents who wanted to buy homes in the area (Stewart interview: 16; Jacquiss, 2000).⁸⁰ When competition for cheap houses was heating up between non-profit and for-profit developers, “investors who would call up on houses if they found out a nonprofit owned it, or the city, and start making complaints. I’m a neighbor that lives at 4566, that address doesn’t even exist, I’m tired of this, they’ve got gang members, they’re hoping the city or somebody will force the nonprofit to sell that out” (Stewart interview: 17; Morgan interview: 4). This created tensions between non-profits like PCRI and neighbors, because they would have to decipher which calls were red herrings, and which were legitimate, especially when it came to tenants. Stewart’s personal lack of trust with the organization has decreased since they now have been good neighbors for 15 years – he appreciates the fact that some affordable housing has been preserved in Northeast Portland, especially since the “window of opportunity” for affordable housing development, now viewed in hindsight, closed so quickly (Stewart interview, p 26).

⁸⁰ Houses would remain boarded up for several years, as the organization gained capacity and worked through its backlog of renovations in its early years.

On the other hand, each time PCRI staff began to work on a house in the early days, neighbors would come up and ask, “Hey, what’s going on?” They were “happy to see the houses get fixed up” (Kelley interview: 3). These renovations proceeded steadily in the early years and tapered off as the neighborhood began to gentrify, so that the flurry of activity associated with renovation projects quickly became associated with gentrifiers, rather than a low-income housing provider. This was a function of both the timing of PCRI’s finite funds from its line of credit for housing renovation, and the tremendous influx of private development in the neighborhoods of Inner North/Northeast Portland beginning in the late 1990s.

As private investment in the neighborhood created a wider gap between the haves and have-nots, PCRI shifted its priorities from major renovation of its units to maintaining low rents for its tenants and provided additional services for those tenants. This shift to include more tenant services was reflected in the organization’s income sources and staffing. Because most staff positions are in part funded by individual grants (in PCRI’s case, it is roughly 20% of the organization’s income, but varies as seen in Figure 8-7), the number of staff and their job descriptions fluctuate. The size of the organization has varied from eight to twenty four staff at any one point in time (Portland Community Reinvestment Initiatives, 1999, 2000, 2001, 2002b, 2003a, 2004c, 2005b, 2006b; Personal observation). Early staff focused on the renovation and management of housing units to stabilize the portfolio, while later staff focused on the maintenance of units and accessing programs that would

Figure 8-7
PCRI Organizational Support and Program Support from Grants
1995-2006



Sources: Portland Community Reinvestment Initiatives, 1999, 2000, 2001, 2002b, 2003a, 2004c, 2005b, 2006b.

expand PCRI's tenant service delivery (child care programs, financial literacy and IDA accounts, thriving family programs).

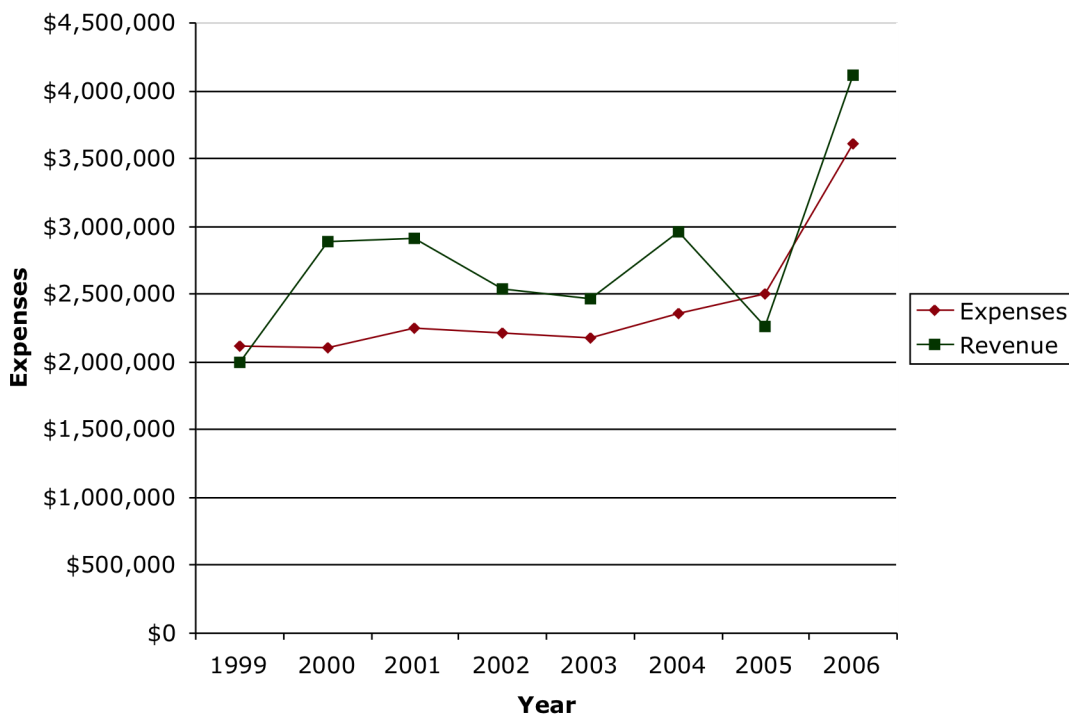
One of the greatest impacts on PCRI was the shift in the types and levels of housing development funding. As housing development became more expensive, the Collaborative encouraged more multi-family housing development, and virtually eliminated its funding of single family housing redevelopment, in part because development costs were very expensive for only 1-2 units of housing, and in part

because of the funding priority for very low-income families.⁸¹ Because PCRI's portfolio was composed of mainly single family houses, it was nearly impossible for it to redevelop any that had not yet been renovated; most funding from the Collaborative or PDC was earmarked for housing for families in the 0-30% MFI range (and limited the rents that could be charged), and the costs of construction and development far outweighed the rents that could be realized. This was also counter to PCRI's renovation approach under Construction Manager Valerie Garrett – to spend more money on each unit up front in order to ensure a smoother long-term unit management.

As a result of the shift in housing development priorities and a contraction of tenant service funding in the early 2000s, PCRI became, once again, a lean organization. Its revenues continued to exceed its expenses, and it successfully retired almost half of its original US Bank Line of Credit (Portland Community Reinvestment Initiatives, 2006a, 2006b). Because of its fiscal soundness, PCRI was one of the few candidates for the acquisition of ACDC's portfolio in 2004 (Albina CDC Board SAE Boards, 2004a). Its solvency, too, made it unique among its counterparts in Inner N/NE Portland, where the other organizations did not have the benefit of a substantial portfolio with a low cost basis, one of the key factors that allowed PCRI to weather the gentrification of the neighborhoods. The fact that the cost basis for PCRI's portfolio did not demand a relatively high level of cash flow to keep it in the black,

⁸¹ In 2004, the City of Portland created the 10 Year Plan to End Homelessness and having already focused its housing funding on those in the 0-30% MFI range (Walsh interview: 9).

**Figure 8-8
PCRI Revenue v. Expenses 1999-2006**



Sources: Portland Community Reinvestment Initiatives, 1999, 2000, 2001, 2002b, 2003a, 2004c, 2005b, 2006b.

and that the organization maintained a 97% occupancy rate over a several year period, are evidence of a business operation that was in a position to expand without risking the equity that it had built up.

In April 2004, the board of PCRI entered into negotiations with the remnants of the board of Albina CDC to acquire their portfolio. The board of Albina CDC had decided to cease operations and divest itself of its properties, after trying to re-invigorate the organization and bring on some new board members (Albina CDC SAE Boards, 2004c). They considered NW Housing Alternatives, REACH CDC, and PCRI

and ultimately chose PCRI for its success in managing a large portfolio and its strong and stable leadership and its commitment to the neighborhoods of Inner North/NE Portland (Albina CDC SAE Boards, 2004b; Purcell interview: 4).

At that point, PCRI was on sound financial footing, and had set its sights more towards homeownership programs when this opportunity arose. Maxine Fitzpatrick took the opportunity to “negotiate with PDC, renegotiate loans, and reduce monthly payments”, as well as renovating a significant number of the properties to ensure that they would be more manageable (Purcell interview: 4). While the Albina CDC Board originally intended to transfer the properties by August 2004, the negotiations with PCRI lasted for two years, during which time the properties were renovated, and the staff of PCRI prepared to take on the management of a significantly larger portfolio (Albina CDC SAE Boards, 2004b). By acquiring 360 housing units in 2006 from Albina CDC, PCRI brought its total number of housing units to just over 700 –a dramatic increase since the portfolio had remained relatively stable since its inception (Jaquiss, 2000; Fitzpatrick interview: 2).

When assuming the Albina CDC portfolio, PCRI was in a unique position to stipulate that these units arrived in a freshly renovated condition and with financing that provided for reasonable loan repayment, adequate reserves, and affordable rents; more importantly, the acquired units would be of benefit to the organization as a whole – they would not be a drain on PCRI’s finances, as was witnessed in the creation of Albina CDC (White interview: 9). However, after Albina CDC had entered into negotiations, the debt on much of its portfolio was restructured by PDC,

and properties that had not been previously encumbered with debt were saddled with debt and lender restrictions (McIllhattan, 2003; McGee, 2005; Fitzpatrick, 2010). This refinancing, along with the initial increase in expenses to accommodate such an increase in unit management, proved to be a drain on PCRI's cash flow in the long run. PCRI's decreased asset to debt ratio from 1.5:1 to 1.375:1 and compromised the overall stability of the organization (Portland Community Reinvestment Initiatives, 2006b; Fitzpatrick, 2009).

With the increased unit counts (and greater concentration of multi-family apartment complexes), though, PCRI can now enjoy some economies of scale and certainty with its asset management, a status long heralded by funders. Because they have attained this "scale", PCRI, once the organization has worked through the newly acquired debt issues, will be in a position to leverage new programs and expand development opportunities, an approach that will secure them a long-term role in the neighborhoods they serve (Portland Community Reinvestment Initiatives, 2006a).⁸²

One of the property management issues that is magnified with the large portfolio is the changing racial and ethnic composition of the tenantry. When PCRI was founded the majority of its tenants were Black or Caucasian, the demographics have shifted, and their tenant population is increasingly Hispanic. Accordingly, PCRI staff composition reflects the neighborhood racial and ethnic changes that have occurred in the past 16 years. In 2004, PCRI's staff could communicate in 10 languages other than English, and their diversity mirrored the diverse tenant population (Portland Community

⁸² Generally the term "scale" refers to organizations that operate several hundred units of housing (McLennan interview: 20; Walsh and Zdenek, 2007).

Reinvestment Initiatives, 2004a). Former City Commissioner Erik Sten has remarked that PCRI is “the only CDC, and I don’t mean any offense to anyone else, where, when you walk into their office, the maintenance staff is Russian, and the property manager is African American, and in this very, very white town, they serve a very diverse constituency extraordinarily well ...” (Sten interview, pp. 8-9).

Another property management issue that has become magnified as the neighborhood has gentrified is PCRI’s role as a landlord. Being a responsible landlord has two sides: to the tenants and to the surrounding neighborhood. Each group has a different kind of reciprocal relationship: tenants are more likely to pay their rent and remain as tenants when landlords respond to their requests for repairs and upkeep, while neighbors are more likely to support another project by the CDC when their track record of having good tenants and property maintenance is evident (Lydgate, 1999). Conversely, if a CDC is not a good landlord, neighbors respond not only by withdrawing their support for new projects, but by applying increased political pressure on organizations to rein in their development activities and clean up their existing properties. The dilemma is that the diminished organizational income (from developer fees) due to a lack of new development opportunities can cripple an organization, especially one highly focused on housing development, and, as a result, impede the remedying of existing management problems by cutting off the flow of money.

One of the lasting questions about PCRI is whether it is a CDC by definition. Maxine Fitzpatrick maintains that the organization was created because the

community clamored for a resolution to the Dominion Capital debacle (Fitzpatrick interview: 1). Its board has consistently had a nominal, yet consistent tenant representation: Ayanna Curry, PCRI tenant, is one of the longest serving board members (Portland Community Reinvestment Initiatives, 2002a, 2003b, 2004b, 2005a).⁸³ The remainder of PCRI's Board of Directors has been a list of who's who in Portland and has always been primarily "downtown" oriented. Drawn from Portland's development, finance, and political communities, the Board has not been a grass roots effort. Initially, Erik Sten, the aide to City Commissioner Gretchen Kafoury who initiated the idea of forming PCRI to acquire the Dominion Capital houses, served on the board for several years before he ran for City Commissioner. The faces on this board were initially very different from the faces in the neighborhoods in which they worked; this is no longer the case, as the neighborhood demographics have changed. The Board has also boasted bankers, lawyers, politicians, and key players in city development agencies: "it was not grass roots up, it was City-backed and opportunity driven" (Sten interview: 8).⁸⁴

What has made PCRI successful, though, is its consistency as a property developer and manager, its relatively low-key presence in the neighborhoods in which it worked, and its consistent and strong leadership. These three strategies facilitated PCRI's ability to manage its portfolio and gradually expand its tenant services. When

⁸³ This dearth of resident control has prevented PCRI from being designated as a CHDO, so that it would be eligible for HOME funds, something that other CDCs strive for, while PCRI, with its ready-made portfolio, may not feel is a necessary funding addition.

⁸⁴ Other board members have included Fred Hansen, Director of Tri-Met, and Judith Pitre, former program director of the Housing Authority of Portland, Amy Miller-Dowell, project manager for PDC, and Dave Castricano, Vice President for US Bank (Portland Community Reinvestment Initiatives, 2002a, 2003b, 2004b, 2005a).

coupled with its ready-made, low cost-basis portfolio, PCRI's more business-like approach to its mission of housing and service delivery allowed it to weather changes in funding priorities and development opportunities that other organizations were unable to achieve.

CHAPTER 9.

CASE STUDY 6: MERGER TO CREATE ALBINA CDC

The Merger Process

Every BHCD staff member still cringes when they hear the word “merger”. With hindsight, BHCD staff, Enterprise staff, and CDC boards and staff agree that while it may have been a fiscally necessary process, the implementation was so poorly executed that it left the resulting organization weaker and more dysfunctional than its predecessors (Farnum, 2003: 24; McLennan interview: 11).

The merger process took root in 1996, soon after the Enterprise Foundation established an office in Portland, and the Portland Neighborhood Development Support Collaborative (PNDSC) was created. PNDSC was an agreement between the Enterprise Foundation, the Neighborhood Partnership Fund, and the Bureau of Housing and Community Development to pool their resources and streamline CDC funding and reporting requirements (Neighborhood Partnership Fund, et al, 1996). Enterprise had brought a new level of accountability to Portland, as it was been in charge of the disbursement of funds from a consortium of nation-wide corporations and private philanthropic organizations called the National Community Development Initiative (NCDI); NCDI monies, while plentiful at that point, were restricted in their use (Luckett & Allen interview: 13). The initial infusion of support was for a two year time period, with the potential for a two-year extension (Andrews interview: 2). Until this point, the Neighborhood Partnership Fund (NPF) had been funding organizations on an ongoing basis – they had been in the business of “flowering many small CDCs”

and were less concerned with performance or accomplishment (Luckett and Allen interview: 7); an organization would receive funding because it was in year three of a five-year cycle, and not for a particular project or because they had attained a particular benchmark (Andrews interview: 3). Towards the mid-1990s, NCDI relied increasingly on local partnerships to encourage CDCs to diversify their funding sources, so that it would be “easier to weather the departure of any single funder” (Walker, 2002: 55). By 1996, too, BHCD’s main sources of federal funding were diminishing, and the Housing Investment Fund that Gretchen Kafoury had established in 1994, and Erik Sten later championed, from the City of Portland General Fund had limited and finite resources (McLennan interview: 8).⁸⁵ The idea for the creation of a Real Estate Transfer Tax as a permanent and stable source of funding was in its very nascent stages and was to face a long uphill, and so far unsuccessful, battle in the State Legislature.⁸⁶

Across the river, the by-products of neighborhood improvement, increased property values and new residents with higher incomes, were already visible in the neighborhoods of Inner North/Northeast Portland (Farnum, 2002:5; Hunsberger, 1998). With the increase in property values, development became more expensive, and as the Albina neighborhoods became more desirable places to live, non-profits began to compete with for-profit ventures for development opportunities. The saturation of

⁸⁵ CDBG funding was waning, and HOME had a particular set of requirements that prevented CDCs from using its monies for operating support. The Housing Investment Fund was a one-time designation of \$30 million for affordable housing production over a number of years – this fund’s greatest expenditures occurred in its first three years, 1994-1996 (www.pdc.us/hsg-brc).

⁸⁶ Previously defeated several times in the State Legislature, the current Real Estate Transfer Tax bill seeks to increase the real estate document recording fee by \$15. Its projected revenue that will be dedicated to affordable housing production is \$15 million in the current biennium (<http://oregonon.org/newsletters/newsletter-october-28/#Public%20Hearing%20for%20Housing>).

CDCs in such a small geographic area forced the organizations to compete against each other for the limited development opportunities. One factor that magnified this competition was the decline in the number of properties that Multnomah County made available through its foreclosure program: between 1992 and 1998, the county transferred 170 properties to CDCs in Inner North/Northeast Portland for re-development, and between 1998 and 2003, it transferred 22 (Tupper, 2007).⁸⁷ The North/Northeast Portland CDCs had relied on these properties for essentially free development opportunities, and the decline in available county properties required that CDCs search for lots, apartment complexes, and houses on the open market – an increasingly unviable approach for them.

Given the finite streams of funding, the neighborhood improvement that was readily becoming more visible, and the increased level of competition for scarcer new development opportunities, “the city and funders wanted to rationalize the various funding streams” so that they could improve CDC “productivity and efficiency”(Rohe, Bratt, and Biswas, 2003a: 25). Because PNDSC staff felt that this rationalization was an abrupt transition, “we did the Portland thing – we asked them to get it together” (Bratt, and Biswas, 2003a: 35). PNDSC initially requested that the CDCs of Inner North/Northeast Portland discuss opportunities where they could share resources and take advantage of skills that they had developed in order to increase their efficiency (Farnum, 2002: 2).

⁸⁷ This number includes properties donated to non-profits who were located in the vicinity but whose work was included in this study: Habitat for Humanity, NW Housing Alternatives, Jubilee Communities, and Network Behavioral Healthcare.

The CDCs of Inner North/Northeast Portland had a history of cooperation. For example, Gretchen Dursch of Housing Our Families and Diane Meisenhelter of Sabin CDC met several times to discuss different economic development projects that they could work on together (Dursch interview: 13). Karen Voiss of Franciscan Enterprise and Maxine Fitzpatrick discussed a shared vision for their in-home childcare programs (Dursch and Frater, 1995). In the case of HOF and Sabin, these discussions did not yield any substantive results because of a change in leadership at both organizations and shifts in focus.⁸⁸ Also, HOF, Sabin, and Franciscan, along with the Housing Authority of Portland, shared the \$250,000 federal grant for neighborhood policing and community safety in 1998 (Bernstein, 1998). While these efforts to work together were laudable, they were, for the most part, tangential to the real issues of inefficiency, overlapping service areas, and redundancy that the organizations faced. Gretchen Dursch remembers the conundrum that the organizations were trapped in: trying to “create a reason why we (were) different”, but at the same time work together (Dursch interview: 13). This need for the organizations to distinguish themselves occurred as each group was becoming more similar – HOF, Sabin, and Franciscan had all graduated to developing similar multi-unit rental projects. These three organizations, at certain times, even shared board members and staff.⁸⁹ In

⁸⁸ The lack of continuity in leadership not only affected the ability of the organizations to work together, it also undermined the organizational stability in some cases. HOF, Franciscan, and Sabin CDC each transitioned between their first and second Executive Directors during this time. Please see the next chapter for further discussion.

⁸⁹ Jane Ediger, co-Executive Director of Sabin CDC, sat on HOF’s board. Alberta Simmons sat on both Franciscan’s and HOF’s boards. Linda Grear was a founding member of HOF and worked for Sabin CDC. Teri Duffy worked for NECDC and sat on HOF’s board. Sheila Simmons worked for HOF, and later Albina CDC, and sat on Franciscan’s board. Mike Dolan sat on Franciscan’s board and later on Sabin CDC’s board.

addition, the organizations were overlapping geographically. HOF, NECDC, and Franciscan had projects in the Sabin Neighborhood, and Franciscan and Sabin CDC had developments in the Boise Neighborhood where HOF was based (see Appendix I). However, being that each organization sprang from different roots, each had an independent identity that was the basis for many of the difficulties encountered in the merger process (Dursch interview: 13, McLennan interview: 10).

Concurrent with the City's request that organizations streamline their operations was the creation of the Portland Neighborhood Development Support Collaborative, or PNDSC. Ostensibly creating a more efficient funding process, the Collaborative was the result of negotiations between BHCD, NPF, and Enterprise to pool their funding and subsequent reporting requirements for CDCs, to rationalize the funding stream (NPF et al, 1996; Sten interview, pp.6-7). Instead of three funding applications and three sets of reporting requirements, there would be one application and one set of reporting documents. This shift in thinking met with mixed reviews. On one hand, both the applications and reporting requirements would be simpler and more streamlined, and there would be less duplication of efforts (NPF, et al, 1996). On the other hand, a CDC would only get one chance for operating support – and if it did not get it, there would be serious financial implications (NPF, et al, 1996).⁹⁰ This shift in how organizations were funded was also an opportunity for the City and NPF to cull the number of organizations that they had played a key role in creating; this rationalization of the CDC industry, so soon after it had been created, left several

⁹⁰ BHCD and NPF had supplied operating support for the five organizations at varying levels, from \$50,000/year for PCRI to \$250,000/year for NECDC (PNDSC, 1999; Fitzpatrick interview: 7; Kafoury interview, p, 7)

Executive Directors shaking their heads (Dursch interview: 23). With Inner North/Northeast Portland's neighborhoods showing signs of gentrification rather than blight, the City had turned its attention to the revitalization of "other struggling city and suburban neighborhoods" (Oliver, 2000b).

One of the largest issues for the organizations was that they had become "housing-centric" – they had relied, for the most part, heavily on the City's operating support combined with developer fees from their housing efforts to stay afloat – and had not diversified their activities enough to be able to adapt to the dramatic changes that were occurring in the real estate market (NPF, 1994; McLennan interview: 9). In some cases, other programs were compromised by the focus on housing and development (Dursch interview: 8; Pequeño interview: 11). This focus on housing was in part due to Portland's funding structures that emphasized housing development and did not encourage broader economic development activities (NPF, 1994; McLennan interview: 9; McNamara interview: 9). As a result of this focus, CDCs increased their capacity on the development side to meet these opportunities; however, as the opportunities and funding began to recede, what CDCs experienced was a feeling of desperation (Neil Mayer & Associates, 1998). Jaki Walker responded by taking on development opportunities that were ultimately not very successful and "entrepreneurial" endeavors that proved farfetched (Rudman interview: 8; Rubenstein, 1999). HOF, Sabin CDC, and Franciscan chose to cooperate with the Collaborative's suggestions, as the Collaborative required each organization to submit a work plan that

detailed how they would achieve a series of fiscal and organizational benchmarks that were required for renewed funding (NPF et al, 1999).

The Collaborative Approach Action Plan was initiated in October 1999 (Neureuther, 1999).⁹¹ The intended outcome of this plan would be that PNDSC would fund no more than 2-3 of these CDCs, so that the rest would have to merge (Neureuther, 1999). The Collaborative's initial "suggestion" that organizations consider sharing resources evolved into a "suggestion" that organizations merge – financial incentives were offered to those groups that were interested. This was the result of PNDSC audits and analyses of organizations that sought to establish a series of performance benchmarks in an effort to establish and maintain quantitative performance criteria (NPF, et al, 1999). In December 1999, CDC representatives gathered to discuss "mergers and other service changes" with consultant Joan Brown-Kline (Neureuther, 1999; Loving, 2001b); however, no CDCs "responded to the invitation to explore merging" (Farnum, 2003:10). The chairs of each board began to meet regularly to examine how best to streamline their operations so that they would not be in competition with each other and their services would not overlap. These chairs chose a 2nd member of their respective boards to join the discussions for a total of 6 representatives at the table (Farnum, 2003:12). This group spent six months developing a "shared services agreement", per the recommendation of a consultant who had been hired by the Collaborative to facilitate the discussions (Sohl interview: 11). The organizations proposed a "Housing Federation", a "concept that did not meet our (PNDSC's) stated objectives": nothing less than a merged organization

⁹¹ The original five participants were NECDC, Franciscan Enterprise, HOF, Sabin CDC, and PCRI.

(Neureuther, et al, 2000; Farnum, 2003: 11). As a result, the Collaborative staff then “insisted” that four CDCs in Inner North/Northeast Portland enter into merger discussions (Farnum, 2003:11). At this point, CDC leaders felt that they had been misled about the expectations of the Collaborative, especially since their consultant had encouraged them to proceed with the shared services agreement (The Scanner, 2001; Sohl interview: 11). This miscommunication was the first of many missteps in the merger process and indicative of the power struggles that were ongoing, not only between the organizations, but also between the organizations and the funders. It left all parties exasperated, and the process stalled after 12 months of negotiations (Farnum, 2003:12).

The evolution from the Collaborative’s suggestion to merge to its requirement that the organizations merge coincided with the end of the second round of NCDI funding and the realization that it “wasn’t going to go on forever” (Andrews interview: 8). Further constraints on funding meant that the honeymoon phase was over for CDCs in Inner N/NE Portland: the Collaborative was requiring a new level of accountability for funding, and the CDCs as a group were not strong enough to overcome these measures (Rohe, Bratt, and Biswas, 2003a: 44).

PCRI was the only CDC that was in a sound enough fiscal and managerial position to decline the Collaborative’s requirement, and they quickly dropped out of the discussions; Maxine Fitzpatrick realized that her organization had a very different asset base, and “we weren’t reliant as much on public subsidy” because of the fact that PCRI’s housing stock had been acquired for a relatively low cost and all at once (The

Enterprise Foundation's Management Organizational Development Unit, 1999; Fitzpatrick interview: 7). They had made excellent progress on their loan repayment to USBank and had enough units of housing to pay for the staffing required to ensure its proper management. Also, PNDSC's funding of PCRI was \$70,000 – a drop in the bucket for its overall budget of \$1.2 million (PNDSC Staff, 1998). PCRI's board approved withdrawing from the discussions, but the City "came back and said ...why don't you just do it anyway?" Fitzpatrick sat in on the conversations for a few months but withdrew as soon as possible, as she saw no positive outcome for her organization (Oliver, 2000b; Fitzpatrick interview: 7).

The first round of merger talks resulted in the following steps taken: NECDC, HOF, and Sabin CDC proposed to establish a joint venture "Community Housing Partnership", Sabin and NECDC would discuss merging their organizations, and all three organizations would share office space and divide up tasks that would benefit all three, as Franciscan Enterprise had withdrawn from the merger process at this time (Neureuther, 2000b). Karen Voiss, Franciscan's Executive Director, had written a letter to her board that criticized Housing Our Families because of a conflict over the community policing grant that HOF, Franciscan, and Sabin shared. This letter became public, and both HOF and Sabin refused to meet further with Voiss and Franciscan (Sohl interview: 11). Franciscan Enterprise withdrew from the merger discussions, As a result of her actions, Voiss was forced to resign, and Franciscan, risking the loss of its PNDSC support, withdrew from the merger talks, publicly citing financial struggles and a redefinition of its mission (Oliver, 2000a, Neureuther, 2000a; PNDSC, 2000).

The PNDSC Board approved the establishment of the Community Housing Partnership; the organizations had until January 1, 2001 to complete this endeavor (Neureuther, 2000b). The boards of the three organizations worked through their individual issues and returned to the negotiations (Farnum, 2003: 13).

In April 2000, “new information regarding the financial situation of NECDC caused both the Collaborative and Sabin and HOF to reconsider whether a structural arrangement or merger with NECDC was viable” (McLennan, 2000). This information included the discovery of “substantial unsecured short-term and long-term debt” (Neureuther, 2000a). This debt was the result of Executive Director Jaki Walker’s leading the organization down a very unconventional path. The negotiations for the sawmill in Zambia had cost the organization dearly both financially and politically. When Walker entered into the merger discussions on behalf of NECDC, the other groups had little confidence in their ability to negotiate with her, given her headstrong and defiant personality and NECDC’s insolvency (Fitzpatrick interview: 7; PNDSC, 2000; Sohl interview: 11). After Walker’s departure from the organization, NECDC foundered, as an ambitious, for-profit homeownership project (Historic Riverpointe) encountered insurmountable difficulties. While the Collaborative released the “remainder of NECDC’s FY 1999-2000 funding early”, they refused to fund NECDC for FY 2001-2003, citing its lack of a clear business plan (Neureuther, 2000a; Oliver, 2000; PNDSC, 2000). NECDC had been so reliant on the City’s support that this was the final stranglehold – NECDC closed its doors 2 months later, amid neighborhood gossip that the City had been looking for an excuse to shut it down (Sohl interview: 2).

In spite of the fact that it had “been a line item on the City’s budget” and had received more operating support than any other organization in Portland, NECDC had liabilities of \$1.7 million, including an unsecured loan from Fannie Mae for \$250,000. Its total liabilities outweighed its remaining assets: 11 unsold houses for low-income families that were returned to the lenders (Oliver, 2000b). Steve Rudman remembers his exasperation: he “pulled the plug” in May of 2000 when the negotiations for the saw mill deal fell through, and Walker, ever defiant, insisted on continuing (Rudman interview: 8).

NECDC’s withdrawal from the merger discussions, and subsequent demise, left HOF and Sabin CDC to forge an agreement between themselves. These CDCs, along with Franciscan Enterprise, “were performing at a lower level financially and managerially than the other CDCs in Portland”(Farnum, 2003:11). Recognizing that they needed to cooperate, HOF and Sabin CDC had hired a personnel consultant to “explore ways that the staff of their organizations could collaborate around the shared services concept” for the two organizations (Farnum, 2003:16). In the meantime, Collaborative staff coaxed Sabin and HOF into allowing Franciscan back into the merger talks after Voiss’ resignation in August 2000, with the proviso that a new consultant would be hired to facilitate the process from this point forward (Oliver, 2000b; Sohl interview: 11). However, this consultant continued to work with HOF and Sabin staff after the decision for the three way merger was resumed; when this fact came to light, it created a conflict with the staff of Franciscan, as they “felt actively misinformed about the decisions their respective boards had made” (Farnum,

2003:16). The conflict also created more friction with the development of the new organization's overall staffing plan as each board "had a strong commitment to its staff", and the staff of the individual organizations were already concerned about the future of their jobs (Farnum, 2003:14 &19). The level of communication, or lack thereof, between the three boards reflected an underlying desire of each organization to maintain some semblance of autonomy, in spite of the fact that some members of the Collaborative were under the impression that the organizations would value their missions first and foremost, rather than the livelihoods of their respective organizations (McLennan interview: 10; Warner interview: 17).

The three groups agreed on the formation of the new organization's board of directors, and the Collaborative gave them a six-month time frame (until May 2001) in which to complete the merger process (Farnum, 2003:14-15). Well-respected local consultant Kay Sohl of Technical Assistance for Community Service (TACS), came on board as the lead facilitator at this point to officiate the "shotgun wedding" that would lead to the creation of the new organization in time to participate in the Collaborative's funding cycle – and if the organizations failed to merge, then no one would be eligible for funding (Sohl interview: 12; Farnum, 2003:14). Two board members from each of the three organizations sat down to "create a program plan, develop a comprehensive budget, and initiate a funding strategy" in only six months – nowhere near enough time to complete the necessary comprehensive due diligence activities (Sohl interview: 11; Farnum, 2003:14).

At last, and in spite of the compressed timeline, the new board had clear steps: establish a new identity for the merged organization, establish the common values and mission that would guide the organization, and bring the assets of the two organizations under one umbrella. As a first step in establishing the new organization's identity, the new board chose a name for the new organization. Board members well understood the meaning of the new name, both to themselves and the surrounding communities. Given the fact that each of the organizations, especially HOF, had encountered difficulties with its neighbors, finding a name that symbolized a unification of the organizations and a fresh approach to community development was important. One board member described the new organization as a "reflection of the community, not a corporate arm of the city" (Farnum, 2003: 17). Ideas included an amalgamation of the different names, when Mike Purcell, from Franciscan Enterprise, suggested the name "Albina Community Development Corporation" as a way to integrate both the ideas and the missions of the different groups (Purcell interview: 12; Farnum, 2003: 17).

The establishment of common values and a common mission were more difficult, and, in many ways, never occurred. Different perceptions abounded – what had been officially recorded as the mission statement was so broad that it included the diverse goals of the organizations, but "created conflict", as some board members wanted to focus on community relations, while others were focused on the process of merging three sets of finances that were in various states of disarray (Purcell interview: 3). In hindsight, Sohl regrets the decision to lead the process because of the

various states of the finances: Sabin was well documented and on firm ground, but HOF had not had an audit in 2 years “they had no records – it was garbage,” and while Franciscan “had had at one time very good accounting,” that was no longer the case (Sohl interview: 12). This complicated the next task of communicating with lenders about the capacity and viability of the new organization, so that the work necessary to create the new organization was not truly completed by the date of merge and ultimately caused a number of headaches for the new organization (Farnum, 2003: 17; Sohl interview: 12)

While the original three-step merger process had been sidetracked months earlier, it was cast aside completely when lawyers for Albina CDC came to the conclusion that it would be far less costly for the groups to reach a “resolution to merge” and “have one corporation (act as a shell to) begin handling all the operations” (Sohl interview: 12). Because of the fact that Sabin was still fairly sound, and both HOF and Franciscan were in more precarious financial situations, the choice between using HOF and Franciscan was a difficult one because of the symbolism associated with being the first organization to lose its identity. One board member noted, “we must know now that this is the end of our organization. ...The merged organization will not be this organization. ...it can’t be and it shouldn’t be. ... we must do this and we must accept that the end of what we began has come” (Farnum, 2003:13). The Albina board chose to use Franciscan Enterprise as the shell and to fold HOF’s and Sabin’s assets into it. This meant that Franciscan would essentially dissolve first, and HOF and Sabin, both membership organizations, would have their respective

memberships vote on the resolution to merge. With that vote, the decision-making power of the membership would be rescinded, and a board of directors would govern the new organization exclusively (Farnum, 2003: 22, Purcell interview: 2).

The boards diligently worked together to create this resolution, along with the creation of a new mission, funding and staffing plans. Because of the sensitive nature of these discussions, the six board members signed, at the behest of the Collaborative, a “confidentiality agreement” that limited the information that they could share with their individual organizations and the community (Loving, 2001b). There had already been ineffective levels of communication between the Albina Board and the boards of the HOF, Sabin CDC, and Franciscan, and this document magnified and reinforced the levels of miscommunication throughout the community (Farnum, 2003:13).

Given the already difficult situation that the groups had encountered with their previous conflicts concerning personnel strategies, the creation of a staffing plan for Albina CDC presented the most problematic part of this aspect of the merger. The Albina board made the decision to hire an Executive Director prior to the completion of the merger, but did not have the time to allow their candidates to have input on the hiring of staff. Neither Joan Miggins Executive Director of HOF nor Felicia Allender-Brant of Sabin was considered a strong candidate to lead the new organization. Miggins had floundered as HOF’s Executive Director, and Allender-Brant’s interests and strengths lay outside of housing and finance (Purcell interview: 13; Sohl interview: 10). The Albina board formed a screening committee to interview additional candidates and chose to introduce their two finalist candidates (both from

out of town) to the community at an “informal breakfast meeting” (Farnum, 2003:21; The Scanner, 2001). Breakfast attendees were able to complete comment cards and share their thoughts with the screening committee who ultimately decided to hire an outsider, Shelley Earley a mental health professional originally from Texas, much to the chagrin of some local housing advocates who felt that she was neither qualified for the position, and that hiring someone not from Portland was detrimental for the new organization (Benjamin interview: 8). The hiring of an out-of-towner for the position did introduce a new set of complications to the process: on one hand a fresh set of eyes had the potential to invigorate the organization, but, on the other, there was a significant learning curve for the new Director to accomplish in a very short period of time.

The hiring of staff for the new organization was made more problematic because of the sequence of the hiring of the Executive Director prior to the hiring of staff. No then-current staff from each organization was guaranteed a position in Albina CDC, although they were encouraged to apply; each Executive Director was asked to write letters of recommendation for their respective employees. As the Executive Directors were no longer candidates for the new leadership position, this was a particularly awkward situation for all involved. According to the hiring committee, these letters did not paint a truthful picture of staff skills, and, as a result, Albina CDC’s initial staff did not have a suitable set of skills for the positions for which they were hired (Farnum, 2003:23). This may have been in part due to the confidentiality

agreement – whereby the communication between the Albina board and the existing organization staff was so minimal that misunderstandings were bound to happen.

The timing of the staffing of the Albina CDC came at a critical point in the merger process. Both Sabin CDC and HOF staffs were bitter about the uncertainty of their positions (Farnum, 2003: 21; Loving, 2001b). Because both HOF and Sabin were membership organizations, their by-laws required a vote of their membership to approve a resolution that would extinguish individual membership rights (Farnum, 2003: 22; Fondren interview: 6). The HOF membership passed the resolution with no fanfare, but staff at Sabin CDC, who were angry about the lack of communication with the Albina board and the inevitability that many of them would lose their jobs, saw this as an opportunity to break away from the discussions because they were “orchestrated from downtown and not from the community” (Fondren interview: 7; Loving, 2001b).

Because Sabin’s membership rolls were not in good order, a new membership list was created in order to establish who could vote on the resolution (Farnum, 2003: 23). Sabin called a meeting of this revised membership 3 weeks before the merger was supposed to be approved. Twenty percent of the total membership turned out for an evening meeting on June 22, 2001 (Loving, 2001b). The membership unanimously “rejected the merger that its board of directors had endorsed” (Oliver, 2001; Fondren interview: 7).⁹² Alberta St developer and Sabin member Roslyn Hill cited her reasons

⁹² There was much unsubstantiated speculation in the CDC community that Sabin staff had “stacked” the meeting because of the uneasiness with the merger, and their realization that they were on much firmer financial ground than the other organizations and would have nothing to gain from the merged organization (Andrews interview: 11).

for rejecting the resolution as Albina CDCs lack of clear mission and lack of neighborhood presence (Loving, 2001b). Sabin's rejection of the merger had profound implications for both Sabin CDC and Albina CDC. In addition to the emotional blow to the board members who had spent two years working on the merger process, Sabin's withdrawal created a logistical nightmare for Albina CDC in order to meet the July 1 deadline for funding from the Collaborative. Sabin, too, was subsequently "penalized by the Collaborative – no more funding", (Fondren interview: 7; Loving, 2001b; Oliver, 2001; White interview: 9).

In a flurry of activity, all of the necessary steps were completed for HOF and Franciscan to merge, although with much less diligence because of the extreme time crunch, and Albina CDC was formed using Franciscan Enterprise as the shell. With Sabin's withdrawal, though, members of Franciscan's board questioned the wisdom of the merger and voted to delay the merger (Loving, 2001b). Mike Purcell was Franciscan's board chair and played a pivotal role in the creation of Albina CDC. His leadership helped to break the deadlock on June 29th and the merger proceeded on schedule (Farnum, 2003:24).

Albina Community Development Corporation

Albina CDC officially opened its doors on July 2, 2001 with Shelley Earley at its helm (The Scanner, 2001).⁹³ The decision had been made to occupy the former HOF offices in the Betty Campbell building and to remodel them to accommodate the

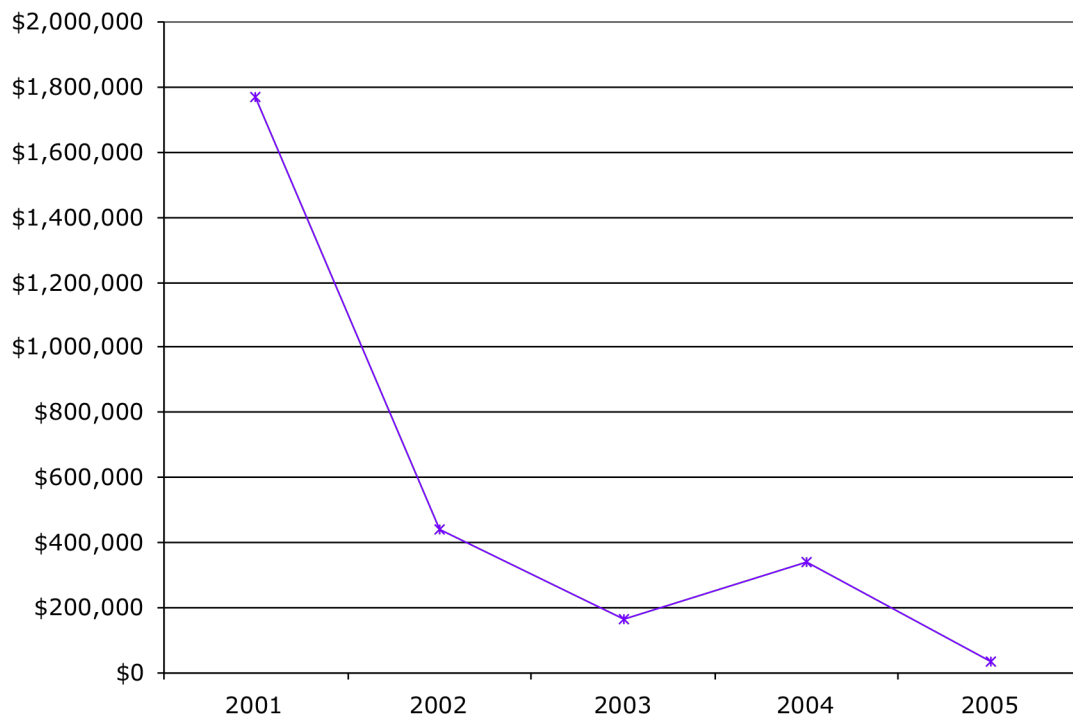
⁹³ The previous deadline of May 1, 2001 had been revised to July 1, the day that PNDSC contracts commence, as the organizations encountered several difficulties in garnering the necessary documentation to complete the process (Albina CDC Board, 2001).

new staff. Earley faced a difficult task with the oversight of a staff that she had no input on hiring, the looming transfer of properties, and the salvaging of HOF's financial reports and updating its compliance status on several properties (Albina Community Development Corporation, 2001; Purcell interview: 2). Mike Andrews, formerly of the Enterprise Foundation and a key participant on the funder side of the discussions, likened the early operations of Albina CDC to those of driving your car down the street while you are trying to fix it, a situation that generally ends badly (Andrews interview: 12).

In short order, much of the staff at Albina CDC were found to be unqualified for their positions. By the end of the first year of operations, "more than half of the remaining staff were not part of the initial group transition from the merger partners" (Farnum, 2003:27; Albina Community Development Corporation, 2001 & 2002). The staff turnover was a blow to the organization, as it consumed much of the Executive Director's time and energy and detracted from her attention to finances and fundraising (Farnum, 2003: 24). The initial staff total was 15, with duties divided between operations, property management, and asset management (Austin, undated). Earley hired a Fiscal Manager, because her strength did not lie in finances, to oversee the completion of the transfer of the books from Franciscan and HOF to Albina CDC, the completion of audits, and the set-up of a financial system for the new organization (Farnum, 2003:25). This process did not go smoothly, as the fiscal manager "turned out to be incompetent", further compromising the organization's stability (Purcell interview: 3).

In spite of the fact that several of HOF's small development projects were to be continued under Albina CDC, there was no mention of these development activities – “it was totally about trying to figure out the finances and trying to establish our survival in where we were going” (Purcell interview: 3; Albina Community Development Corporation, 2001). Without any development income, Albina CDC was completely dependent on the Collaborative, in particular a grant from the SURDNA Foundation that NPF had won to facilitate the process (Farnum, 2003: 25). The lack of additional outside grant support (see Figure 9-1) was a result of the weakness of the organization and the lack of focus on the future of the organization –

Figure 9-1
Albina CDC Organizational Support 2001-2005



Sources: Albina Community Development Corporation, 2002-2006.

as Earley, the board and staff were focusing on the immediate needs of the organization, they lost sight of the need for ongoing support (Albina Community Development Corporation, 2001-2003).

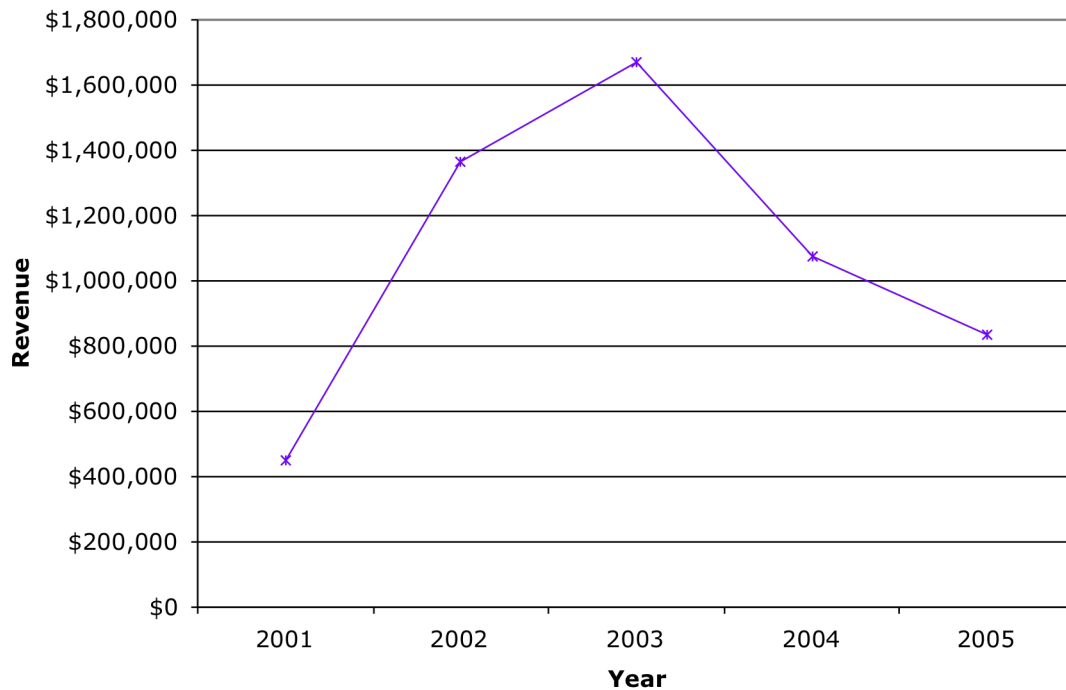
Most of HOF's assets were finally folded into the new organization by 2002. Albina CDC's rental revenues increased, due to the inclusion of the revenue from all of HOF's properties, while its grant support declined (compare Figure 9-1 and 9-2), but its overall income was still negative, in part due to the excessive and ongoing consultant expenses that were needed to clean up HOF's finances (Albina Community Development Corporation, 2002-2003). At this point, most of the property management responsibilities had been contracted out (and reduced the organization's rental income), a decision that the board had made during the merger process, in order to focus, ironically, on the financial health of the organization (Farnum, 2003: 30; Purcell interview: 4).

The final transfer of properties from HOF to Albina CDC, though, proved to be especially problematic and was not completed until 2003.⁹⁴ Because of the number and type of properties, recent management problems, and a lack of attention to Single Asset Entity (SAE) operations, lenders "used the merger as an opportunity to take the organization to task on all of the ways they had not met their agreements" (Brown,

⁹⁴ Because Albina CDC had been created from Franciscan's EIN, their properties transferred with little problem. HOF's properties, in general, were larger and more numerous. The financing of these properties had relied on multiple lenders, some public and some private. Each lender had to sign off on each property in order for the property to transfer from HOF to Albina CDC (Farnum, 2003: 24; Albina Community Development Corporation, 2001).

Garrison, and Glass, 2004; Farnum, 2003: 24).⁹⁵ The time required to secure lender approval for the transfer and to sort through the associated property insurance was

Figure 9-2
Albina CDC Gross Revenue 2001-2005



Sources: Albina Community Development Corporation, 2001-2006.

damaging to the organization both in terms of finances and morale, as the lenders and insurance companies used the opportunity to reassess the health and terms of each deal (Farnum, 2003: 24).

One of the Franciscan SAE properties, Avenue Plaza Apartments, was the source of additional drama during the early days of Albina CDC. Mike Dolan, a

⁹⁵ The SAE properties included the LIHPRHA properties, 20-100 unit apartment complexes acquired from private owners whose tax credits were expiring. See the HOF Case Study and the Franciscan Case Study for details in the acquisition of the properties.

former Franciscan board member, had assumed control of the SAE and succeeded in severing its relationship with Albina CDC because of his adamant disagreement with the merger process. He also launched an email campaign against the City to criticize the merger process (Loving, 2001b; Farnum, 2003:26). Avenue Plaza is a 22 unit apartment complex and was Franciscan's largest apartment complex, so that the loss of these units, while mostly symbolic in terms of finances, was very time consuming for the board and executive director. Dolan oversaw the management of the apartments personally for a number of years before transferring the fiscal agent responsibility, ironically, to Sabin CDC (Rudman interview: 8; Sabin CDC, 2009).

HOF's properties, especially its SAE's, were no less fraught with difficulties. Former staff member Janet Bauer remembers that Earley was "terrorized by HUD on a regular basis it seemed" regarding these properties (Bauer interview: 15). Because of the previous lax oversight of the SAE's and the again-deplorable condition of the Maya Angelou, HUD had stepped in and put the organization on notice that it would have to meet certain deadlines or risk cessation of funding (Albina CDC SAE Boards, May 2004). In one case, the Martha Wells Apartments' finances had been so neglected that HUD denied Albina CDC a rent increase that was necessary in order to make repairs on the buildings (HUD Staff, 2004; Albina CDC SAE Boards, 2004c).⁹⁶ In spite of the chaos surrounding property management, Earley did succeed in overseeing

⁹⁶ While the income had been steady, neither the capital reserves nor the operating reserves had been fully capitalized, so that the funds were basically frozen until HUD could determine their proper allocation, a process that took approximately 3 months. Rental increases can only be requested every 2 years.

a renovation of the Maya Angelou Apartments and brought the property back up to a reasonable condition (Bauer interview: 10).

Earley left Albina CDC in March 2003 (Farnum, 2003:30). Her tenure had been laden with difficulty: she took on huge internal and external issues without the resources that she needed to accomplish them (Andrews interview: 12). Staff remember that “the problems of the organization sort of overtook the good stuff what she was able to start” (Bauer interview: 10). In spite of Earley’s best efforts, though, the Albina CDC board felt let down after her departure and questioned whether hiring her was a good idea in the first place (Purcell interview: 13). Earley’s departure forced the board to make some tough decisions about the future of the organization. Albina CDC had not coalesced as an organization; the time and energy of its professional staff had been consumed by meeting immediate regulatory and fiscal demands, while its tenant and community organizing staff floundered with the lack of direction and disconnect from the neighborhoods in which it operated.

In June 2003, the board laid off the remaining staff and hired Nanita McIlhattan as temporary Executive Director (Albina Community Development Corporation, 2004). McIlhattan was a financial person; her forté lay in sorting out finances and figuring out a way for the organization to operate in the black once again (Purcell interview: 3). At this point, neighborhood and tenant outreach activities ceased, and all remaining property management was contracted out; the complete focus of the new Director was to sort out the finances and establish effective asset management (Farnum; 2003: 32). The chaos from the merger had only grown worse:

finances were more entangled, neighborhood relationships were adversarial at best, and revenue had declined so that the organization was operating in the red (Albina Community Development Corporation, 2004; Figure 9-4). It was a do or die situation: either Albina CDC would get its house in order, or the Board of Directors would have to consider a different course of action. Issues that they had to grapple with included a housing stock that had suffered from deferred maintenance, either from a lack of attention, tenant abuse, or lack of earlier effective rehab or construction (White interview: 2).

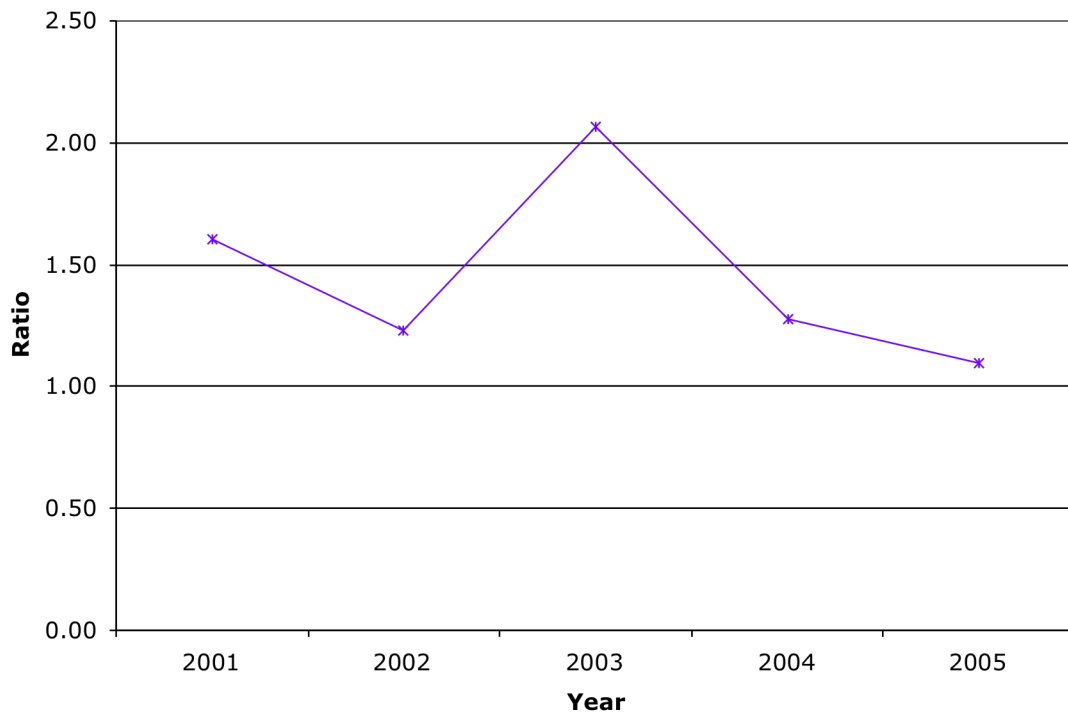
In October and November 2003, Albina CDC divested itself of eight properties to raise operating capital and cover debt service for the organization (Albina Community Development Corporation, 2004). These eight properties had a total of 15 units of housing and came primarily from Franciscan Enterprise's portfolio.⁹⁷ These 15 units were sold at the height of the real estate market, as primarily rental units: by removing these 15 units from affordable status, Albina CDC, like Sabin CDC, inadvertently contributed to the increasing dearth of affordable housing in North/Northeast Portland.

It was the sale of these properties that signaled the beginning of the closure of Albina CDC. At this point, too, Albina CDC's leadership was exhausted. Albina CDC's Board was composed, for the most part, of the individuals who had seen Franciscan and HOF through the merger and had served on their respective boards for several years prior. Mike Purcell remembers that "there was about a five year period

⁹⁷ One of these units at 833 NE Wygant was flipped by its new owner for a profit of \$100,000 less than six months later (www.portlandmaps.com).

of time when I would say that all I did was talk about mergers, philosophy, and finances; it had nothing to do with our mission, we did nothing, and it was the most grueling, unrewarding experience I could ever be involved with. We had attorneys

Figure 9-3
Albina CDC Asset to Debt Ratio 2001-2005



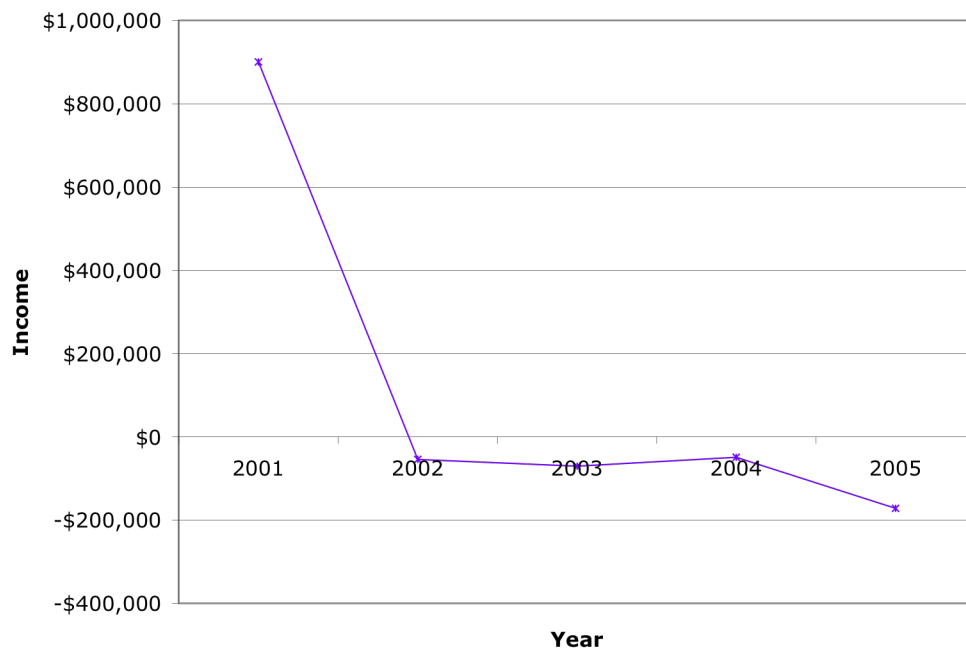
Sources: Albina Community Development Corporation, 2001-2006

and accountants, and that's all it was about"; given this experience, it is no surprise that the group was not able to attract any new board members to reinvigorate the organization (Purcell interview: 12, 3).

In early 2004, it became clear that the organization was not going to be able to continue. It had been limping along and surviving on operating support from the Collaborative and had no development or programmatic opportunities. All of the properties had finally been transferred to Albina CDC from HOF, and their audits

completed. The group finally had a picture of where the organization stood financially. It had been operating in the red since the SURDNA grant money had been exhausted. When the finances were clarified, the outlook was not positive (Figure 9-4). Because of this bleak outlook, the Board made the decision to transfer Albina CDC's assets to another CDC. It considered REACH and NW Housing Alternatives, but chose PCRI because it was an organization that was familiar with the history of N/NE neighborhoods, was committed to providing decent housing to low income families and had a history of effective scattered site property management, and was a familiar name to many of Albina CDC's tenants (McIlhattan, 2005; Purcell interview: 4). Albina CDC and PCRI entered into negotiations for the terms of the transfer – a process that would take more than two years to complete.

Figure 9-4
Albina CDC Net Income 2001-2005



Sources: Albina Community Development Corporation, 2001-2006

As a part of this transfer, many of Albina CDC's properties were renovated and their debt restructured, so that when PCRI took possession of the properties on March 31, 2006, they were in good physical condition and had a positive cash flow, but had some unanticipated debt and lender restrictions (McIlhattan, 2003; McGee, 2005; Fitzpatrick, 2010; McIlhattan, 2005). While Albina CDC officially dissolved on April 28, 2005, the transfer of 360 properties took an additional 11 months, but there was no fanfare. There were no newspaper articles, just a blip on the radar of the assessor's office (See Chapter 8 for more details of the property transfer).

The differing views about the purpose and needs of the CDCs of Inner North/Northeast Portland came to light during and after the merger process. The Enterprise Foundation saw the organizations as a "means to an end (neighborhood revitalization), and not the end" (Andrews interview: 8). Given that Portland's CDCs, for the most part, "did not grow from strong community activism and protest", their direction was very much governed by the goals and directives of their funders (Rohe, Bratt, and Biswas, 2003a: 25). In its providing the groundwork for organizational development, NPF sought to "create an industry" thinking that it would be self-sufficient within five years (NPF, 1994; McNamara interview: 5). BHCD encouraged the development of as many organizations as possible because of what staff members felt was an unending problem of vacant properties, crime, and blight in Inner North/NE Portland (McLennan interview: 1). Subsequently, after its formation, PNDSC focused its funding on fewer organizations, in an effort to make the best use

of its funding that had diminished by the late 1990s (NPF, 1994; Neil Mayer and Associates, 1998). The inevitable contraction of CDCs was a very painful, time consuming, and costly process – the depth of which stakeholders did not anticipate (McLennan interview: 10).

The lessons learned from the merger process were many, and depended on which organization you consider. Neither Maxine Fitzpatrick of PCRI nor Craig Fondren of Sabin CDC has any qualms about their withdrawing from the process – the fact that both organizations still exist and Albina CDC does not is testimony in and of itself that the merger process was a failure (Fitzpatrick interview: 11; Fondren interview: 11). Mike Purcell, Franciscan board member who was involved in the merger and demise of Albina CDC, felt that Franciscan had been railroaded into participating and regrets that they ever participated. He wishes it had just downsized in 1999, so that the organization could have continued its original mission of charitable works (Purcell interview: 13).

One of the critical failures in the merger process is related to the sequence of events and the uneven timing. Initially, groups spent almost 2 years discussing options and creating shared development plans. When those outcomes did not meet the expectations of the funders who were driving the merger process, the time frame for completing a merger was compressed unrealistically to six months for three independent groups, who had been consciously differentiating themselves from one another, to create an organization that merged all of their missions, values, assets and staff. Had the organizations been on equal footing with clear financial statements and

audits and each board member seen the merger with positive outcomes, the process would have gone more smoothly. The Collaborative's "hurry up and get organized" approach erased any trust that some board members had in them. One board member's statement, "the Collaborative was more on the business side than the heartfelt side" describes of the divide between the funders and the organizations, as the funders sought to rationalize the CDC industry that it had aggressively initiated 10 years prior (Farnum, 2003:10; Neil Mayer and Associates, 1998).

CHAPTER 10.

ANALYSIS AND CONCLUSIONS

The intent of this chapter is to tie the individual cases together and to relate them to broader contextual and organizational issues by answering the questions posited in Chapter 2. Much has been written about CDC growth and neighborhood change, but prior to the late 1990s and early 2000s, we have not had the opportunity to examine CDC growth and change in the context of a gentrifying neighborhood. Because of the geographic and temporal concentration of revitalization efforts in the neighborhoods of Inner North/Northeast Portland, the development of five organizations in a small area allowed such a longitudinal study. The previously symbiotic relationship between the organizations and their context morphed into a more disparate one, as organizational and neighborhood priorities diverged. Emerging at the tail end of a period of disinvestment, the five CDCs began as agents of revitalization; they matured into more professional development institutions that were often at odds with market forces; and, finally, they have settled into a role of low-income housing stewardship.

The emergence, growth, and attrition of CDCs in Inner North/Northeast Portland gives a unique perspective on how Portland, both its residents and institutions, have dealt with and continue to deal with issues of race and racism and demonstrates the ability of a city government to mobilize and focus resources on a particular issue, in this case, housing problems. In the early 1990s, Portland was a medium sized city. It was one of the more affordable cities on the West Coast whose

economy was transitioning from resource based to hi-tech. Between 1990 and 1996, the city's housing prices increased by 50%, while its wages did not keep pace with those increases. Hence, Portland went from being one of the most affordable places to live on the West Coast, to one of the least (Bole, 1996). This sling shot effect was felt most deeply in the neighborhoods of Inner North/Northeast Portland, where property values had been depressed and rose more steeply than the rest of the city (Appendix H). This phenomenon is attributable to both localized gentrification, as well as the larger housing market forces that drove the economy until the end of 2008.

Through the framework established by the research questions, listed below, I have developed a critical comparison of organizations to each other and an understanding of their maturation process in a particular social, political, and economic context.

3. *How did the Albina CDCs evolve?*
 - A. *What were the roots of these organizations?*
 - B. *Do/did the organizations have distinctive organizational development trajectories?*
4. *What was the Albina CDCs' individual and collective contribution to social and economic changes within their neighborhoods? As neighborhood revitalization became apparent, how did the organizations respond to it?*

With Hoover and Vernon (1959) and Clay's (1979) periodization of neighborhood development/decline/redevelopment in mind, I created a chart that listed the key events for each organization to better understand the relationships between the organizations (See Appendix J: Timelines). From the organizational and context-related events, four distinct phases of organizational development became clear: the Early Years – Industry Formation, the Middle Years – Industry Growth and

Complexity, the Merger Years – Industry Accountability, and the Mature Years – Industry Contraction. The different periods were typified by similar development activities and organizational changes, funding and resource opportunities that occurred or were available for limited intervals. These periods correspond to the increasing complexity of the organizations, their responsibilities to their funders, and their relationships to their constituents and to the neighborhoods themselves.

The factors key to understanding these changing relationships are the social, economic, and physical resources that the organizations began with, the speed at which the organizations developed properties and their ability to manage them, and how the organizations reacted to interactions between themselves and their new and old neighbors. Each group's initial resources varied greatly, from a workforce of 300 church volunteers to boards composed of neighborhood leaders, to a housing portfolio of 350 units acquired with assistance from City Commissioners at rock-bottom prices. The speed at which the organizations developed housing was an indicator of organizational growth, in both size and breadth of responsibility – and a potential contributor to organizational downfall, as housing development is not a fully sustainable endeavor. The potential danger in this haste is twofold: organizations may not have the capacity to manage the properties that they have developed and the responsibilities of property management separate an organization from its initial mission and intent. CDCs establish relationships with their neighborhoods early on; however, neither organizations nor neighborhoods are static entities, so that they are in a constant state of negotiation, a dance of leadership and accommodation.

Discussion of Research Questions

Organizational evolution can be viewed on a number of different levels. In the case of the CDCs of Inner North/Northeast Portland, aspects of organizational expansion, property development success and/or failure, and relevance to the neighborhoods in which they operate are three aspects that address the social, economic, and political sides of each organization.

The Early Years – Industry Formation (1991-1995). In the Early Years, organizations were relatively well funded, had ample development opportunities, enjoyed fairly positive relationships with their neighbors, and experienced rapid growth in terms of their annual budgets and staff sizes. Most of the operating funding came from limited number of sources: the Neighborhood Partnership Fund and the City of Portland's Bureau of Housing and Community Development. NECDC was the exception to this rule, though, because the organization had already won a Nehemiah Grant from HUD and intended to produce over 200 units of housing.

It was "the goal of NPF's programs to ensure that all of Portland's low-income neighborhoods are served by effective CDCs" (NPF, 1994: 1). The process that NPF established to legitimize Portland's CDCs steered the organizations into the field of housing development and initiated the professionalization of the organizations, a step that NECDC, Franciscan Enterprise, and HOF reluctantly followed for different reasons (McNamara interview: 5; Schleiger interview: 3; Sohl interview: 5). Sabin CDC readily participated, as Diane Meisenhelter had been actively recruited by NPF to establish and lead the organization (Meisenhelter interview: 1). The carrot of

operational funding for the organizations was very tempting, though, and ultimately, all of the boards of the Albina area CDCs participated in the NPF trainings and received their funding. This initial steering of the groups into housing development and the catalyzing of their growth by infusing them with operating support, that in some cases went against the grain of the organizational objectives, represented a certain level of intervention and control that altered the organizations' evolution and strongly encouraged a housing-centric CDC industry.

One of the great challenges for the community-based organizations was melding the local knowledge and connections of community members with the complex financial responsibilities of the development and management of affordable housing. It was often incumbent on the Executive Director to bridge these divides, and organizations that had strong consistent leadership and a commitment to broad based participation proved more successful at this endeavor than those that were swayed by the promise of development money. In the case of HOF, a group that prided itself on its full participation, some members noted that a board meeting vote could be determined by where one sat (Pequeño interview: 11; Smock interview: 3). NECDC's Board was composed exclusively of professionals, so it was a non-issue (Northeast Community Development Corporation, 1997-2000; State of Oregon, 1998-2001). Sabin CDC's Board members all resided in the neighborhood, at least in the early days, and represented diverse groups within the community. Board members generally served for several years, but after Sabin's withdrawal from the merger process, the board shrank to 5 members, many of whom resided outside of the Sabin neighborhood

(Sabin Community Development Corporation, 2002-2003). This shift accompanied Sabin's "go-it-alone" approach to organizational priorities and contradicted the public view that the organization was a neighborhood membership based organization.

One of the most divisive issues associated with the revitalization of the neighborhoods of Inner North/Northeast Portland is that of race. For a city that prides itself on transparent and inclusive public processes, Portland has struggled with racial relations. Driven by what some interviewees referred to as the "Portland Nice", where public officials' actions in minority neighborhoods were driven by a sense of guilt and a fear of confrontation, City policy was punctuated by gaffs by public officials that fueled tensions between black and white (Rudman interview: 10; Mayer, 1989; Oliver, 1989; Stewart interview: 2). Portland's race relations have historically been downplayed because of the small size of the black population, and politicians, organizations, and funders approached the issues of racial strife, poverty and disinvestment as if they were housing problems, in part because much of the available money was targeted for housing, when in fact, it was more of an income problem.

The evolution of CDCs was entwined with race relations, as NECDC was born out of a group of black community leaders' efforts to provide job training to underserved youth. Ron Herndon was by far the most outspoken of these leaders and had a profound influence on the direction of decisions. Herndon, in speaking as a member of the North/North East Development Task Force about the inclusion level of Portland's black community in the Albina Community Planning process, noted, "neighborhood associations have never been used by blacks as a primary vehicle to

bring about change” and fought for structural changes (Ames, 1989; Carlin, 1990).

While the Albina neighborhoods had been the targets of policies of real estate steering and subsequent disinvestment and redlining that were associated with racial discrimination and segregation, they also represented the heart of Portland’s small, but tightly knit black community. Census data (Appendix D) shows that in 1980, the census tracts analyzed were between 32% Black and 70% Black. As a result of revitalization, and a subsequent demographic shift, Portland’s black community is no longer centralized in Inner North/Northeast Portland; institutions like the Urban League no longer focus their efforts in a specific geographic area. However, key indicators like household income, and homeownership rates that signify economic stability show that Portland’s black community has not benefited to the extent that whites have in the past 10 years (Guerrero, 2004; [www. census.gov](http://www.census.gov)).⁹⁸ According to these indicators, CDCs contributed to the physical revitalization of their neighborhoods, but did little to change the more insidious part of the problem: education, empowerment, and economic development.

In addition to race relations, the role of gender relations stood out as an important factor in the evolution of the CDCs of Inner North/Northeast Portland. The most obvious relationship was between organizations and funders: men primarily were in the positions of financial power, while women were the local leaders of organizations and neighborhood efforts. These relationships reinforced traditional models and behaviors and placed the organizations into different camps: those who

⁹⁸ The American Community Survey Data Sets differ from those of the Census, but was the only data available since 2000. The closest comparisons occur in the Income Data Sets and the Housing Tenure Data Set.

worked with the system and those who did not (Malloy interview: 15; Sohl interview: 11). Gretchen Dursch, HOF's Executive Director, was a model for establishing relationships and figuring out how to accomplish her tasks without perceptibly going against the system. Jaki Walker, NECDC's Executive Director, on the other hand, "was a force of nature" (Talton interview: 4). Her willingness to ruffle feathers was legendary, as she alienated those who were supporting her organization, but, at the same time she felt, were hindering its true potential (Mahoney, 1992; Sohl interview: 3; Lane, 1992). Ultimately, though, Walker instituted greater neighborhood change by forcing the established system of funders to work with her, but at tremendous personal costs.

CDC board composition played a significant role in the early years of each organization. NECDC's board was composed of elites from the black community, men and women whose financial acumen and political skills drew attention to the conditions of the neighborhood. Franciscan Enterprise's early board was composed of volunteers from the churches that formed the group. They were committed to maintaining the volunteer model with little neighborhood representation, an example of a top-down approach to community development. HOF's board equally represented community women and professional women. While this model worked well initially, the board composition did not serve the fiscal management side of the organization well in the long run, as the balance of skills was not even. Sabin CDC's board was initially composed of neighborhood residents who were not necessarily low-income. The broad geographic base ensured that board members were committed to the health

of the entire neighborhood, and part of the organization's longevity can be attributed to the fact that Board members were recruited continuously from within the neighborhood as it gentrified (Fondren interview). PCRI's board, on the other hand, was composed of bankers, lawyers, and professional developers. While the idea for the organization may have come from the community, the structure and intent of the organization, at least initially, in no way reflected the composition of the community. The early board compositions reflected the early scale of development that each organization was able to attain, based on not only mission and intent, but also resources.

By 1994, the smaller CDCs, Franciscan, HOF, and Sabin CDC, were on similar trajectories: they were (re)developing single family houses and small apartment complexes. HOF and Sabin CDC, though, were actively organizing their neighbors, while Franciscan was struggling with what to do with fourteen donated houses – an example a development opportunity exceeding the organizational capacity and overwhelming the health of the organization in the long run. Franciscan had an additional struggle as it professionalized its housing production: its volunteer model was no longer the centerpiece of the organization, so that, as a result, the organization drifted from its original mission.

The issue of trust between organization and neighborhoods was a key challenge, especially for the smaller CDCs in the Early Years. Sabin CDC, Franciscan, and HOF struggled with this issue more so than NECDC or PCRI because it was more important to organizations with more incremental development approaches than to

those with politically supported ones. HOF worked diligently to build neighborhood trust as it embarked on the renovation of the Maya Angelou, but lost it over time, as both HOF and the neighborhood residents changed. Sabin CDC, on the other hand, was involved with residents on many different levels, from economic development along Alberta to tenant services, to youth programs, to board development that included new residents. It was the resultant level of trust that allowed the organization to operate transitional housing programs with minimal cries of “NIMBY!” (Meisenhelter interview: 6). The issue of neighborhood trust was more critical to the smaller, less well-funded organizations, as they relied on developing relationships at all levels in order to establish themselves as key leaders in their neighborhoods.

NECDC and PCRI were operating at different levels from the smaller CDCs. NECDC, having won the Nehemiah grant in 1989, suffered politically from the expectations that it would actually produce housing units in a relatively short period of time. The reality was that there was a lag time of almost three years between the winning of the grant and the completion of the first house (NECDC, 1990; Rollins, 1992a). This did not bode well for the organization’s continued success and continued to be a problem for NECDC⁹⁹. PCRI had begun the process of renovating its housing stock, but was hindered by its lack of capacity and the scale of the renovations needed. As a result, it suffered political consequences on the neighborhood level, but still had strong support from downtown. Reflecting back on Glickman and Servon’s model of

⁹⁹ The lag time between project initiation and completion became more significant for all of the organizations as projects grew in both size and funding complexity.

integrated capacities, this lack of consistency across organizations assured an uneven distribution of social capital.

All of the organizations stabilized properties and revitalized whole city blocks through their housing development efforts and created an atmosphere of tremendous change in the early and mid- 1990s. Most of the activities of each organization were associated with housing, although groups were still able to distinguish themselves because of their particular approach to development, the populations they served, and the broader impacts their developments had. NECDC's Nehemiah development, in spite of its mortgage lending issues, created entire new blocks of housing that became a national model. Franciscan Enterprise housed very low income families; HOF's women-centered model was admired for its inclusiveness; and Sabin CDC incorporated many facets of community development, not just housing, under its umbrella.

CDC investment in the Albina neighborhoods was significant in the early 1990s – the five organizations built or acquired more than 700 units of housing before 1996 in an area with roughly 11,600 households total (Office of Neighborhood Involvement, 1991). While important physical indicators of gentrification include a neighborhood with a historic housing stock and good metro access, the process occurs when the area has had a modicum of investment, along the lines of these CDC housing development efforts (Turner and Snow, 2000). According to anecdotal evidence, neighbors did improve their structures as CDCs renovated and built houses and apartment complexes (Kelley interview: 3; Purcell interview: 2). With the Nehemiah

houses, Jaki Walker and NECDC effectively transformed lending policies in Inner North/Northeast Portland, neighborhoods where homeowners had been denied mortgages for decades, so that there was access to credit (Kafoury, 1992; Lane, 1992c; Frater interview: 4).

The Middle Years (1996-1998). This time period was the most complex part of the evolution of the CDCs of Inner North/Northeast Portland. A time of tumult and a greater definition of political and financial boundaries, these years were characterized by a demand for greater accountability from funders, limited but more complex development opportunities, early stages of neighborhood gentrification, and new property management realities. The greatest impact on organizations, though, at this time was the decision by the City of Portland, the Neighborhood Partnership Fund, and the Enterprise Foundation to streamline their funding and reporting processes into one source, the Portland Neighborhood Development Support Collaborative (PNDSC), in an effort to rationalize CDC funding. In doing so, these three separate entities exerted greater control over their grantees and created a political bottleneck: organizations were in an all-or-nothing position now for access to operating funding. This new roadmap would certainly cause some organizations to die out – the fact that both federal and philanthropic money were diminishing at that time caused many entities to rethink their position on the funding of community organizations.¹⁰⁰ This change in policy was seen by the organizations as a rather abrupt change of priorities,

¹⁰⁰ NCDI and Living Cities funding was diminishing as the large foundations (Ford, MacArthur, Hewlett, Casey) were shifting their priorities and interests (Allen & Lockett interview: 13; Hoereth, 2002:22).

one that changed the power dynamics and generated mistrust between CDCs and their funders (Farnum, 2003: 16).

A twist in project development funding, too, occurred at this time, as the Low Income Housing Tax Credit became a greater source of project capital, and as HOME funds were targeted for lower income project development. In order to make projects “pencil” with Tax Credits, developers would have to access multiple sources of funding and develop larger projects (generally 8 units or more). Because of their size, these projects tended to have higher profiles and greater impacts on their surroundings – and pushed CDCs into a different position. They were no longer renovating a couple of houses; they were sophisticated developers (and landlords) with burgeoning portfolios of rental housing.

In addition to the shift in funding opportunities, development opportunities were diminishing. The neighborhoods of Inner North/Northeast Portland had begun to improve, and house prices were rising. There were fewer delinquencies and tax foreclosed properties, and the CDCs were competing with each other and private developers for a limited number of properties. As a result, NECDC developed a mid-size apartment complex on an ill-chosen site; Franciscan Enterprise accessed new funding by working on special needs housing; HOF partnered with an experienced developer on a larger senior housing project; Sabin CDC began to shift towards economic development and youth education work; and PCRI accessed HUD’s program to integrate in-home childcare with affordable housing development. Each organization, leery of competition, sought to establish a particular niche for itself.

As the organizations developed their niches and became more established, the neighborhoods of Inner North/Northeast Portland began to change. While one of the issues associated with neighborhood revitalization is who benefits from the development, one should also consider who defines the neighborhood, old or new residents. In the case of the Albina neighborhoods, long time residents and new residents did not always have the same priorities (Lane, 1990b). Long time residents remembered the long history of broken promises, while newer (and often younger) residents saw many opportunities within the neighborhoods. Long time storeowners refused PDC money for storefront redevelopment and watched as new businesses came on to their streets to cater to the area's new residents (Fondren interview: 18; Long interview: 9; Pequeño interview: 16). Many of the Albina CDCs had uneasy relationships with the neighborhoods, as there was a perception that these organizations had access to money that some neighborhood association members thought should have been allocated to them (Smock interview: 11; Stewart interview: 35). The CDCs were in a state of limbo – they did not have the history in the neighborhoods needed to call themselves old-timers, and because of their missions to house low-income people, newer residents did not often see the neighborhood benefit of the organizations. HOF and Sabin established trust with their neighborhoods early on and for a short period of time, but these efforts were quickly erased by organizational shortcomings and the arrival of new neighbors who did not know about the good work that these organizations had done. As a result, HOF became an outsider, and Sabin CDC fell into obscurity.

Also at this time, the Low Income Housing Preservation and Residential Homeownership Act (LIHPRHA) was introduced in Portland to preserve a large number of apartment complexes that had been developed in the 1970s as affordable housing units whose tax credits were expiring for their owners. The three smaller organizations (Franciscan Enterprise, HOF, and Sabin CDC) participated in the LIHPRHA program and added significant numbers of units to their portfolios as a result.

While much of an organization's success was based on the number of units that it developed because it is a quantifiable and tangible asset that serves as both a financial and political bellwether, there are two problems with this emphasis. The first problem stems from the fact that, at least in the case of the CDCs that acquired LIHPRHA properties, the unit counts were hollow and contributed to an expectation that the organizations were more stable financially than they really were. For HOF, Franciscan, and Sabin, the LIHPRHA properties were of a different scale than they had previously developed and caused a slanted view of the overall portfolio. The second problem stems from the overemphasis on unit counts as a measure of success. This is in many ways more detrimental to an organization because it does not address, especially for younger and financially vulnerable organizations, their ability to manage the units in the longer term, and the broader implications for solid financing. The PDC, from whom most organizations sought project financing, often focused on the number of units, rather than the quality of renovation or the need for substantial reserve accounts to be built in to the financing, because of the nature of its institutional

practices: loan repayment superseded the ongoing needs of the project and the organization that sponsored it. (Krause interview: 9; McLennan interview: 11). In doing so, PDC pressured organizations to develop as many units as possible for as little money as possible. This model would eventually backfire, as properties required substantial maintenance capital, and, in some cases, substantial renovation sooner than either the CDC or PDC had planned on (McLennan interview: 10, Kelley interview: 9).

One of the positive outcomes of PDC's demands was the formation of a consortium of CDC construction managers and directors, who came together to share information, commiserate, and to collectively try to influence PDC's policies. As the CDCs began to amass small housing portfolios in the mid 1990s, Executive Directors and Construction Managers began to meet to discuss some of the common obstacles that each was encountering. The Rehab Work Group was a collective organization that groups used to object to policy and funding issues without fear of reprisal (Krause interview: 14). This advocacy group expanded its scope and in 1995 became the Community Development Network, and has taken on the role of statewide advocate for housing policy and funding. The most visible actions of the CDN are now associated with asset management and lobbying at the state level for a real estate transfer tax to create a stable funding source for affordable housing development (Sten interview: 14).

The Middle Years were also a time of transitions for both the organizations and politicians. Levels of organizational competency were changing, as new staff were

required to have skill sets that previous staff did not. Several former staff members recall that their level of experience was far short of what was required for their positions, and that “while I was not qualified to do my job when I started, I was when it came time for me to leave” (Kelley interview: 2). Part of the reason for hiring under-qualified staff was financial (salaries were very low, and often VISTA volunteers were utilized for organizing and outreach positions). The other reason was organizations’ efforts to hire from within the neighborhood: the skill sets of many early neighborhood residents did not often match those required for the job, but it was more important for the organizations to incorporate neighborhood residents into the organization than to have a highly skilled workforce (Dursch interview: 24).

Between 1996 and 1998, each Albina CDC experienced growing pains associated with their relatively intense expansions. These pains, or adversity, can be defined as a number of occurrences: a development project that went awry, the departure of key staff, board indecision or neighborhood resistance. It is not whether an organization will encounter adversity, but when it will and how it recovers from the adversity (Guajardo, 2009a, 2009c; McLennan interview: 10). Franciscan, Sabin, and HOF experienced a change in leadership. On the development side, NECDC completed its Nehemiah grant, PCRI maxed out its line of credit with Bank of America that it had used to gradually renovate its housing stock, and HOF developed the Betty Campbell Building, an unsuccessful project that riled its neighbors and funders. For Franciscan, Sabin, and HOF, the change in leadership meant a shift in focus for the organization. Access to resources changed, and, in the case of HOF,

embezzlement of funds was discovered which compromised the organization's credibility with local funders and HUD, who imposed additional restrictions on existing projects.

For HOF, recovering from the change in leadership and embezzlement was further complicated by the fact that the poor quality construction of its early development efforts was coming to light. The Maya Angelou Apartment complex, first renovated in 1993, was in need of a full renovation by 1997, due to the limited scope and the cosmetic nature of the first renovation, both magnified by HOF's ineffective property management and eviction policies. The cosmetic nature of the renovation can be traced back to PDC's refusal to pay for the full replacement of systems and the lack of replacement reserves set aside to deal with ongoing maintenance issues (Purcell interview: 6; White interview: 9). As Sabin CDC and Franciscan had initially worked on smaller projects and did not complete projects of more than 10-14 units, the scale of their renovation quality issues did not come close to HOF's.

While Sabin, HOF, and Franciscan were coping with internal and property management issues, NECDC and PCRI were faced with finding new sources of funding for project development. NECDC's completion of its Nehemiah grant meant that it would have to explore other development opportunities – at a time when competition for projects was fierce, and homeownership programs had taken a back seat to rental projects because of the cost of and funding for developing individual units. As a result, Jaki Walker had to shift the focus of the organization to pursue different kinds of projects. The 55-unit Gladys McCoy Terrace was family housing

located on a major thoroughfare. From the start, the project was problematic; cost over-runs, high vacancy rates, and poor quality construction plagued the complex and further soured NECDC's relationships with city leaders and, in hindsight, assured the organization's demise. Historic Riverpointe, the up-market single family house development in NE Portland that was supposed to make money for the organization, lost money due to an extended development timeline; this was the first of NECDC's increasingly far fetched ideas to sustain the organization.

PCRI's line of credit with Bank of America had been its mainstay of funding to renovate many of the nearly uninhabitable houses that it inherited from Dominion Capital. By 1997, the credit line had been "maxed out", and 80 housing units had undergone either moderate or major renovations so that building code violations were remedied and the organization was not in a "triage" mode where every week tenants would report new problems with plumbing, electrical, heating, etc (Kelley interview: 4). Shifting from triage mode to longer-term management mode forced Maxine Fitzpatrick to pursue new types of funds to renovate the remaining housing stock. PCRI would now be competing directly with the other organizations for dwindling HOME and CDBG funds – an added pressure for both PCRI and other CDCs because of PCRI's size and political support.

At this point, too, the composition of Portland's City Council began to shift. City Commissioner Gretchen Kafoury, champion of affordable housing and CDCs, resigned after 6 years in office. Her former aide Erik Sten, who had been a driving force in the creation of PCRI and had been elected to the Council in 1996, took over

the leadership of BHCD. His efforts to continue Kafoury's focus on affordable housing development were sidetracked by debacles with other bureaus that he headed.¹⁰¹ As a result, CDCs lost their affordable housing champion on City Council and some of the clout that they had previously enjoyed.

While organizations were undergoing their individual growing pains, the neighborhoods of Inner North/Northeast Portland were experiencing some dramatic changes as well. Property values had increased on average 25% since 1994, and the area was undergoing the social and economic changes that accompany gentrification (Barnett and Suo, 1996). A small artistic community had established itself on Alberta Street and Mississippi Avenue to take advantage of cheap rents. Soon, consistent with artistic gentrification models, a couple of small galleries established themselves: TidBit and RIGGA Studio on Mississippi and the Onda and Guardino Galleries on Alberta (Fondren interview: 21). In addition, gallery owners on Alberta Street established a Last Thursday Art Walk to showcase their wares and assumed part of the responsibility for organizing the yearly street fair.¹⁰² These actions left Sabin CDC, the group originally responsible for the events, with a much less significant role, as the celebrations, like much of the development that surrounded them, took on lives of their own. This is consistent with Zielenbach's assertion that while community

¹⁰¹ Sten's distractions included a billing debacle with the Water Bureau, where a new computer system failed to bill customers for 6-8 months and caused a strain on cash flow for the agency, his efforts to block Enron's purchase of local utility Portland General Electric, and his effort "to force AT&T to open its local broadband cable networks to competing ISPs" (Gubbins, 2003).

¹⁰² Last Thursday is a play on the more established First Thursday art exhibits in Portland's Pearl District located near downtown.

organizations cannot single-handedly revitalize their neighborhood, they can influence the outcome.

The Merger Years (1999-2001). This time period was characterized by organizational internal focus, as each group struggled with its role in the PNDSC-initiated merger discussions. At this stage, organization priorities and those of the neighborhoods in which they operated truly diverged, as the organizations had become synonymous with affordable housing and little else. It had been ten years since the Vacant and Abandoned Housing Task Force (1988) noted the concentration of derelict buildings in the neighborhoods of Inner North/Northeast Portland, and Portland's housing market was heating up, like many others in the country. With the internal focus, many of the tenuous relationships with neighbors were neglected, and the necessary balance of organizational priorities was skewed.

The most dramatic example of this divergence, and subsequent imbalance, occurred in the Boise Neighborhood, as HOF contributed to activation of the political voice of neighborhood residents. When drug dealing and violence associated with HOF's properties became the focus of a neighborhood organization that was coming together, HOF became the lightning rod around which the neighborhood organized. A stronger neighborhood association resulted. The Boise Neighborhood Association (BNA) had ongoing disputes with HOF regarding drug deals at its properties. HOF did not acknowledge the BNA's grievances; while the BNA did not understand the constraints that HOF was under as managers of low-income housing developed with public dollars (Bauer interview: 12; Cross interview: 18). This mutual mistrust was

rooted in the absence of institutional memory on the neighborhood's side and the feeling of helplessness on HOF's side that paralyzed the staff, and prohibited the organization from overcoming their differences with BNA. Organizing against a perceived threat is a particularly effective way of galvanizing a group that would not otherwise come together. In this case, neighbors have continued to participate in the Boise Neighborhood Association since being brought together by HOF's troubles, and they continue to cite this relationship many years later (BNA, 2007).

The timing of PNDSC's initiation of discussions for organizational streamlining in 1998 could not have been worse in terms of CDC/neighborhood relationships. CDCs' priorities were diverging from goals of (newer) neighborhood residents, and by forcing the organizations to focus on themselves and the merger discussions, PNDSC effectively marginalized them from fully participating in the revitalized neighborhoods. Each organization responded differently to this pressure to work together: HOF and Franciscan, both financially vulnerable organizations, entered the discussions as a result of PNDSC's pressure, while PCRI, NECDC, and Sabin withdrew from the merger discussions at different stages. PCRI withdrew early on because it was not reliant on PNDSC for operating funds, and had a stable housing portfolio and cash flow. NECDC had begun to pursue the development of a sawmill in Africa and had exhausted all of the proceeds from the sales of the Nehemiah houses, so that it was forced to withdraw from the merger to close down their operations. Sabin's withdrawal, though, was controversial. According to some residents and staff, it reflected the organization's connection to its membership and its

desire to continue its organizing work (Fondren interview; Loving, 2001b). On the other hand, PNDSC members felt that it was a direct challenge to their authority, one that was countered with a cessation of all operating money (Fondren interview: 7; McLennan interview: 10; White interview: 9). Regardless of whether the organizations joined the streamlining process that evolved into the merger process, their individual relationships with their surrounding neighborhoods were altered by the rationalization demanded by the funders. The divergence with neighborhood goals included larger scale development and the emphasis on housing for very low-income individuals and families, two types of development that assured cries of NIMBY in areas where property values were skyrocketing.

The other point about the merger is that it exhausted both time and money resources when support for public investment in affordable housing and programs that benefited low-income individuals and families in the neighborhood was waning. It had been eclipsed by support for and concern with private investment in upscale housing and retail opportunities that were occurring. As a result, the organization that emerged from the other end of the merger process (Albina Community Development Corporation) was doomed to fail. All of the interviewees who had been connected to the merger process noted, in hindsight, that it was both ill conceived and poorly executed.

Mature Years/Attrition (2002-2006). In 2001, with the completion of the merger of Franciscan Enterprise and Housing Our Families and the closure of NECDC, the three organizations operating in Inner North/Northeast Portland, PCRI, Sabin CDC, and

Albina CDC were faced not only with the effects of gentrification, but also a depletion of funds from the various sources they had enjoyed. Labeled Mature Years/Attrition, this time period was characterized by little new development, smaller organizational staffs, and a focus on tenant services and efficient property management (PAMWG, 2007).¹⁰³ With smaller staffs and with fewer office hours and open doors, the organizations' visibility in their neighborhoods was reduced; the socio-economic distance between the organizations and their thriving neighborhoods grew.

The depletion of public and philanthropic financial resources that contributed to the need for a merger was both the result of timing and a shift in focus away from neighborhood revitalization (Andrews interview: 8). The unfortunate timing piece was associated with federal policy shifts. As a result of the events of 9/11, housing funding was shifted to military efforts in Afghanistan and then Iraq, and, by 2002, HUD's budget authority had decreased by 40% relative to where it had been in 1976 (Powell, 2004). This depletion of federal resources was concurrent with the decline of philanthropic funding. Living Cities, a collaborative of 20 foundations whose allocations were managed by Enterprise and LISC, was diminishing its funding of CDCs and housing development (Hecht, 2008; Andrews interview: 1). What had been an allotment of \$800,000/ year for several years dropped by half as the individual contributors to the fund developed their own specific interests and projects (Allen and Luckett interview: 13, Walker, 2002: 32).

¹⁰³ The Housing Development Center's Property and Asset Management Working Group (PAMWG) was created in 2001. It was an effort to share information among CDCs regarding property management challenges, reporting requirements, and ongoing relationships with funders.

At this time, too, local public policy changed with the implementation of the 10 Year Plan to End Homelessness in 2004. While public funding had been increasingly more competitive since the mid 1990s, it was the City Council's prioritization of the 10 Year Plan that ensured that new housing development would serve formerly homeless, and very low-income individuals and families, in areas other than the neighborhoods of Inner North/Northeast Portland. This shift in focus away from North/Northeast Portland further increased the competition among CDCs and required that they adapt their development models to acquire that funding (Walsh interview: 5).

Concurrently, property values rose dramatically in the Albina neighborhoods, and the main sources of project finance were the Low Income Housing Tax Credit (LIHTC) and commercial loans, as credit became easier to access (Walker, 2002: 25). When using the LIHTC, a minimum of eight units was necessary in order to make a project feasible. Sites that large simply were no longer available in Inner North/Northeast, and development shifted further east where populations were now poorer, property values were lower and more land was available. As a result, the combined housing production numbers for the Albina CDCs dropped from 187 units in 1998 to 23 units in 1999 (Appendix G).

The result of the contraction of funding and development opportunities was a contraction of the visibility of the organizations within their neighborhoods. Construction and development projects created organizational visibility within their neighborhoods and contributed to their networking capacity both positively and

negatively. In earlier years, the organizations had been able to parlay the good publicity into additional opportunities. Negative publicity surrounded the organizations in the middle and later years. As the construction projects waned, though, the CDCs have tended to fade into the background of their neighborhoods.

Whether or not a CDC was a grassroots community organization and had positive connections to its neighborhood had little bearing on whether it was able to survive, because the neighborhoods in which they operated changed so dramatically in the period studied. Of the two surviving organizations, PCRI and Sabin CDC, one was created for the expressed purpose of managing a troubled housing portfolio and one was community based. Hence, the attrition rate of the more community based organizations was higher in the neighborhoods of Inner North/Northeast Portland (two “community based” organizations no longer exist, and one “outsider” organization no longer exists), and the role of community roots in the longevity of an organization diminished over time as a factor in defining the success and/or longevity of an organization as the surrounding neighborhood demographics changed. Because “new residents were not necessarily supportive of a community development agenda aimed at lower income households”, a different kind of networking would be necessary in order to garner the kind of support previously enjoyed (Rohe, Bratt, & Biswas, 2003b). This new approach was not part of the agenda of NECDC or Franciscan Enterprise, and, in the case of HOF, contributed directly to its weakness (Swart & Wolf, 2002). On the other hand, Sabin CDC prides itself on its ongoing community

relations, while PCRI's well-tended properties are its most visible effort to maintain positive broader community ties.

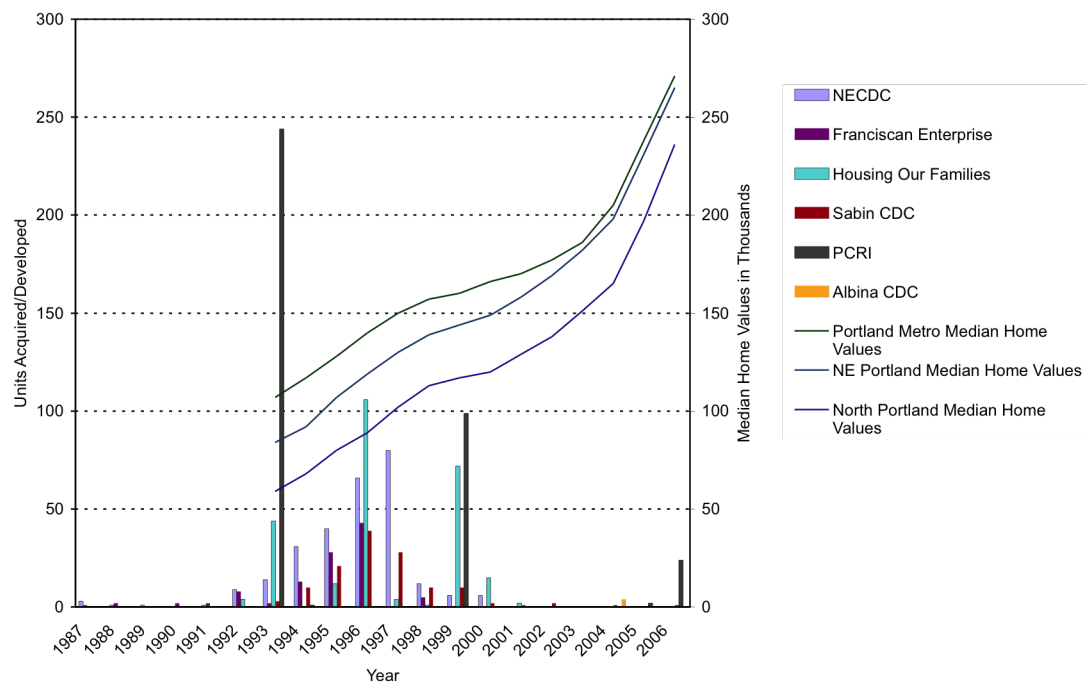
In part because of the contraction of funding for construction activities, the organizations were effectively marginalized from participating in their neighborhoods' physical revitalization dialogues as private sector investment overtook public and non-profit investment. While all of the groups developed housing and renovated existing houses and apartments, they generally directly served a lower income population so that their contribution to neighborhood revitalization was limited to low and moderate income housing development.¹⁰⁴ This lack of breadth was often due to constraints on funding (that it was focused on housing that served lower-income residents), something that assured that these organizations would not be embedded in a wealthier neighborhood as conditions changed. Nevertheless, as the organizations matured, they were not perceived as holistic neighborhood development organizations (Fondren interview: 4; Morgan interview: 12; Walsh interview: 5).

The amount of time that CDCs have intervened in the neighborhoods of Inner North/Northeast Portland and the amount of impact that they have had is very small compared to the duration of decline and the amount of private capital that has been invested (and lost). A study completed by The Oregonian stated, "In five years, a booming real estate market has done for Albina what 50 years of government and social programs alone could not" (Barnett and Suo, 1996). The maps in Appendix I show the locations of CDC developed affordable housing units

¹⁰⁴ Sabin CDC was an exception to this rule, given their organizing and economic development efforts associated with the Alberta Street Corridor Plan.

against a background of neighborhood property value increases. The increased property values can be seen with the transition of the background from brown to yellow with an encroachment of blue that represents even higher property

Figure 10-1
CDC Housing Development and Portland Metro Median Home Prices 1987-2006



Sources: RMLS, 1993-2006; Franciscan Enterprise of Oregon, 1994, 1995, 1997-2000; McGee, 2005; Merrick and Al-Hamid; 1998, Portland Community Reinvestment Initiatives, 2002a and 2006a; Sohl, 1995; Sabin CDC 1995-1997; Sabin Community Development Corporation, 1997-2006; Tupper, 2007

valuations. What is clear from these maps and Figure 10-1 is that property values increased in the neighborhoods as CDC housing production declined, so that the overall impact of CDC housing did not mitigate the property value increases dramatically. In many cases, the efforts of CDCs have failed to preserve housing for long time residents: the CDCs of Inner North/Northeast Portland produced a

total of 1,139 units of housing that is designated “affordable” and constitutes less than 10% of the total housing units in the Albina Neighborhood (Office of Neighborhood Involvement, 1991).

While housing development is only one part of a CDCs mission to “reshape distressed communities”, it is also its most visible component (Glickman & Servon, 1998; Vidal, 1996). As organizations grow and develop capacity, they strike a balance between resources and the components of capacity. The bulk of the resources available were for housing development: “it was a place based impetus, it was about physical revitalization” (Andrews interview: 5); hence, these CDCs were susceptible to the market conditions of their locale. As a result, as the market conditions became more competitive and housing prices increased, the organizations that were dependent on the development of new properties to support their operations on an ongoing basis were priced out of the market in their immediate neighborhoods. In the late 1990s, Construction Managers for PCRI who had worked with neighborhood contractors to help them build capacity and business skills now found that they were competing with private developers and homeowners for the services of those contractors (Kelley interview: 4; Loving, 2001a).

Each organization had lost what made them distinctive (DeSavio interview: 4; McLennan interview: 9). In the case of Portland’s CDCs, there was little flexibility that would allow “CDCs to change focus and direction in response to shifts in the environment in which they work” (Glickman and Servon, 1998); hence,

as their options grew more limited, the organizations lost both their uniqueness and their ability to adapt to a changing neighborhood. The organizations responded to the funding limitations by focusing their resources on their particular tenantry, and not as much on the neighborhood as a whole. In doing so, the organizations either alienated the neighborhood as HOF did, or became relatively invisible to the broader neighborhood as Sabin and PCRI did. This was a key point in the evolution of the Albina CDCs. Because they could not control the neighborhood change, how and where they posited themselves in response to it would be crucial to their longevity and ongoing contributions to neighborhood vitality. There are two possible approaches to self-preservation in these circumstances: they needed either to develop new ideas and new programs to fund themselves that addressed micro rather than macro issues, as Sabin CDC and PCRI did, or to broaden their geographic boundaries – an impossibility as their service areas were already overlapping to a great extent.

By 1998, the Boise Neighborhood Association and the group Art on Alberta enjoyed powerful voices and thriving commercial areas. It is ironic that the revitalization of both the Mississippi Avenue and the Alberta Street commercial strips were helped by CDCs that were eventually pushed aside: Housing Our Families (Mississippi Target Area project) and Sabin CDC (Alberta St Corridor) respectively. While Sabin maintained a small presence in the creation of the Alberta St Corridor Plan and in subsequent groups, Art on Alberta and the Alberta Street Fair, by 1997, the organization ceded its role in the Alberta Street Fair. On the other

hand, HOF, and later Albina CDC, had little if any role in the Mississippi Target Area Plan and the Boise Neighborhood events after 1997 (Bauer interview: 5). Each street developed into a thriving center for creative retail endeavors, art galleries, and restaurants, the “boutiquefication” or commercial gentrification that often accompanies the residential gentrification (Lees, Wyly, Slater, 2008: 131).

While many CDC staff and neighborhood activists had voiced their fears about gentrification as far back as the early 1990s, their cries fell on deaf ears until it was clear that the neighborhoods of Inner North/Northeast Portland were no longer affordable and were experiencing a transition from poorer, mostly black, neighborhoods to wealthier, whiter neighborhoods (Dursch interview: 18; Fondren interview: 2; Lane, 1990b; Morgan interview: 10; Schleiger interview: 7). In Inner North/Northeast Portland early transformations (that included larger new construction projects) were associated with non-profits that focused on services for lower income neighborhood residents: the construction of the Boys and Girls Club in 1994 adjacent to the new NE Police Precinct and NECDC’s Nehemiah housing on NE Roselawn and the construction of a new building for Self Enhancement Inc, a local non-profit aimed at “helping at-risk African American urban youth” on the western half of Unthank Park in 1997 (www.selfenhancement.org). Later developments were private and catered to higher income groups: the renovation of the abandoned Kennedy School on NE 33rd in 1997 into a brew pub and hotel, the relocation of the Rebuilding Center to N. Mississippi Avenue in 2000, and the opening of a high end grocery store in the

abandoned Sentry Market location on NE 33rd in 2001.¹⁰⁵ Each of these developments served a new population and both signified neighborhood transformation and contributed to its further gentrifying by attracting people who would not otherwise have moved to the neighborhoods.

In the early 1990s, the CDCs of Inner North/Northeast Portland took on the role of keepers of institutional memory, as the displacement of older residents and neighborhood based African American institutions was occurring. Several churches relocated further east to follow their congregations, jazz clubs that had once lined Williams Avenue were shuttered, and small shops and restaurants that had weathered the neighborhood's decline were not able to compete during its ascendance (Long interview: 21; Sharpe interview: 5; Simmons interview: 1). PCRI completed its new offices in 2005, the renovation of a large historic home on Martin Luther King Jr. Boulevard, in its effort to preserve both its mission and a part of neighborhood history (Portland Community Reinvestment Initiatives, 2005a). Sabin CDC staff has preserved many of the photographs and documentation of the events that made the neighborhood what it is today. This role as keeper of institutional memories, though, has transitioned, too. The Boise Neighborhood Association has undertaken projects like the Boise Voices Oral History project. Neighborhood children conducted interviews with older residents and compiled their stories on a CD in order to "connect

¹⁰⁵ There was one full service grocery store, a Safeway, in between I-5 and NE 33rd and NE Knott and NE Columbia Boulevard since the Sentry Market had closed in 1990. The Rebuilding Center of Our United Villages is a nonprofit that specializes in re-using cast off building materials from cabinetry to windows, doors and trim, plumbing fixtures and tile. It supports the gentle deconstruction and re-use of older homes and is a tremendous resource for those remodeling older homes (www.rebuildingcenter.org) .

young people with their history in a way that is both vivid and memorable” (Yanke, 2009). In doing so, the history of the CDCs did not appear in the transcript.

Neighborhood demographics had shifted. In 1990, neighborhood incomes hovered around the poverty line, while the proportion of those with higher education degrees was between 10% and 20% in the census tracts noted (Appendix D). In 2000, incomes in those same census tracts were between 50% to 80% higher and much closer to the City of Portland median. Educational attainment generally more than doubled as well. Poverty rates that had increased between 1980 and 1990 significantly declined. The racial transition of the neighborhood was also obvious: census tracts that had been between 30% and 75% black in 1980 had become increasingly white. While initially the gentrification of the Albina neighborhoods was signified by the displacement of the poor and primarily black populations, its subsequent stages have more closely reflected the displacement associated with class, as many of the earlier gentrifiers have become concerned with their own displacement (Morgan interview: 12). This is consistent with Clay’s stages of gentrification.

In 2004, it became clear to the Board of Directors of Albina CDC that the organization was no longer viable and had little opportunity to contribute to the revitalized neighborhoods. Albina CDC was not solvent, it did not have a positive relationship with the neighborhoods in which it operated, and it had one staff person. At this point, the Board of Directors entered into negotiations with Maxine Fitzpatrick and the Board Members of PCRI for the transfer of Albina’s assets to PCRI. When this transaction was completed on March 31, 2006, Fitzpatrick and her

staff were consumed by the fiscal and structural challenges of incorporating Albina's portfolio into PCRI's.

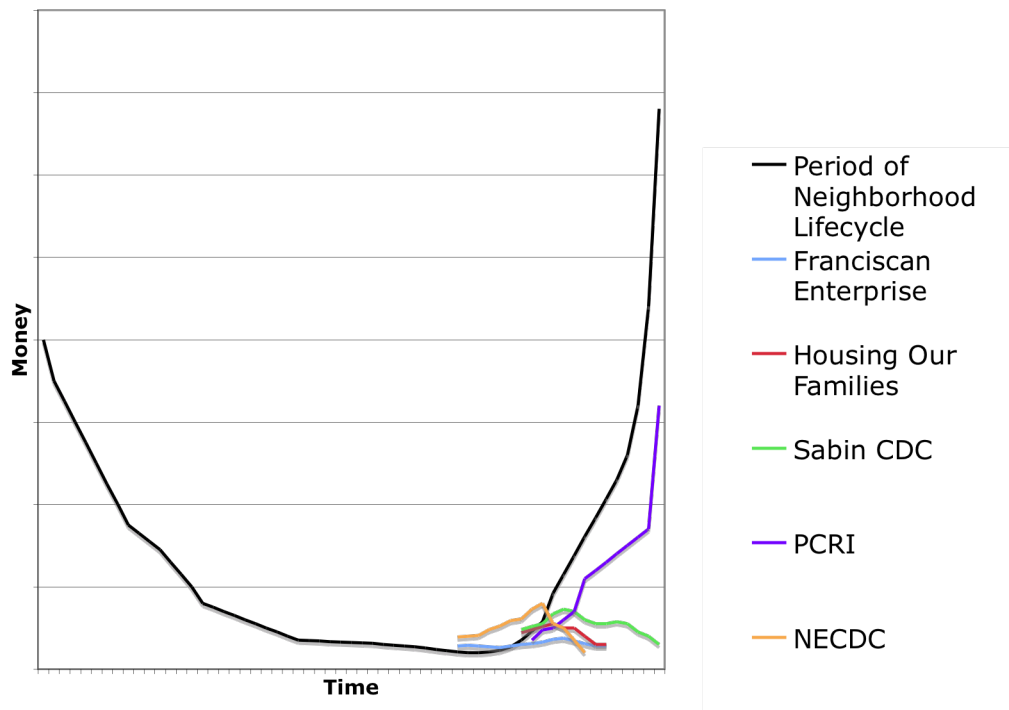
Within the context of neighborhood gentrification and depleted resources, the surviving CDCs of Inner North/Northeast Portland struggled to preserve their role as advocates for the remaining low-income residents. By 2005, both Sabin CDC and PCRI had cut their staff sizes: PCRI went from 18 in 2000 to 10 in 2006, and Sabin went from 8 in 2000 to 3 in 2006 (Portland Community Reinvestment Initiatives, 2000; Portland Community Reinvestment Initiatives, 2006 Sabin Community Development Corporation, 2000; Personal Observation, 2006). With smaller staffs, narrower community participation, and, for PCRI, large logistical problems, the visibility of the CDCs in their neighborhoods was almost nil.

Explication of the Theoretical Model

According to the model set out in Chapter 2, each organization had a certain initial level of "embeddedness", or relevance, with the neighborhoods in which they operated. This model, whose resolution is a potential topic for future research, seeks to establish a clearer understanding of the relationship between CDC and surrounding neighborhoods. The neighborhood lifecycle literature tells us that neighborhoods are not static entities and can change dramatically over time, in this case from decline to revitalization. This transformation takes on both social and economic characteristics and shifts the relationship the neighborhood has with local CDCs, whose priorities are often rooted in an era of neighborhood decline. A neighborhood's lifecycle can be

graphed according to the levels of investment that are associated with each stage of development. From the words that describe the stages of development, one can infer its graph looks like a trough plotted along the axes of time and money (Figure 10-2). To determine the level of CDC “embeddedness”, it is necessary to overlay the activity level of the CDC and its connectivity to the surrounding neighborhood, based on its housing production, levels of income, levels of service, etc, on the neighborhood lifecycle. The Albina area CDCs first established relationships with their surrounding neighborhoods when they were at or near their nadir (depressed property values, high rates of crime and derelict buildings). Hence, their organizational models, when there

Figure 10-2
Model of Neighborhood Lifecycle and CDC Changes in the Albina Neighborhoods



was very little if any private investment, addressed issues of blight to meet the needs of the low-income residents. Organizational priorities and neighborhood priorities were in sync, as residents were eager for investment that would stabilize their neighborhoods.

In the early 1990s, poverty levels in the Albina neighborhoods exceeded 30% (see Appendix D). The work of the Albina area CDCs was relevant to the neighborhood residents, many of whom benefited directly from these activities in the form of jobs and housing, so that there was a symbiotic relationship between organization and neighborhood. The factors most closely associated with the idea of embeddedness, in addition to economic capital, included the number of board and staff drawn from the immediate community, efforts made to utilize local businesses, and levels of outreach that included organizing activities and efforts to foster self-improvement in the neighborhoods and the relationships that resulted from these endeavors; in short, the amount of social capital organizations had inherently or built up within their communities. Organizational transformation takes on both social and economic characteristics and shifts the relationship of the organization, and its fixed assets and development processes, with its surroundings. Each organization had a different trajectory of development, and that trajectory dictated the relationship, and relevance, of the organization to the neighborhood at a particular point in time, whether it was converging, parallel, or diverging.

The Albina area CDCs built up very little social capital because of the speed at which the organizations grew, and the subsequent speed at which the neighborhood

changed around them. NECDC had the most social capital initially, but that diminished as the neighborhood changed, and the organization branched out beyond its Nehemiah development model, where it developed very low-income rental apartments and market rate single-family houses in a neighborhood located further north from its initial service area. Its volunteer model and its ties to churches outside of the neighborhood limited Franciscan Enterprise's social capital. HOF was plagued by the neighborhood perception that it was an organization of white women initially, and then by its failure to listen to neighborhood concerns. Sabin CDC initially represented a segment of the neighborhood, but lost its relevance when its activity level diminished due to reduced funding after the merger withdrawal. PCRI never had a significant amount of neighborhood involvement, or social capital, because the nature and size of its portfolio did not require it to.

Some of the organizational trajectories indicate greater resiliency in the face of increased competition, higher development and operational costs, shifts in funding and financing, while others show downward trends. Because of the gentrifying neighborhoods, any organizational setback was more costly, especially when associated with housing development. Because of the housing-centric nature of the organizations, new development was the only readily available solution to any problems incurred. The organizations that experienced setbacks due to housing development projects that went awry and cost the organization money were not able to recover from these setbacks for different reasons. HOF, Franciscan, and NECDC all experienced development projects that drained the organization of energy, social

capital and working capital. Because there was not an opportunity to recapture some of that capital with an impending development project, the organizations' reputations inside and outside of the neighborhoods were tarnished, and they were not able to recover.

The trajectory lines of the organizations crossed the neighborhood lifecycle trajectory when the goals of the neighborhood residents no longer complemented the missions and actions of the individual organizations. Concurrent with Guajardo's (2009) model of CDC organizational development, it is not whether the organization will no longer be in sync with its neighborhood priorities, but when it will be and how it reacts to this event. In the case of the CDCs of Inner North/Northeast Portland, some organizations floundered (NECDC and Albina CDC), while others contracted (Sabin CDC) or became more introverted (PCRI). In the early 2000s, when gentrification was taking hold, and the voices of neighborhood residents had grown stronger, the Albina area CDCs did not have enough housing units to have attained "scale" and relied on neighborhood political support for their efforts. Once an organization experienced a setback in these circumstances, it was not able to recover. NECDC, Franciscan, and HOF all experienced these setbacks. Albina CDC never had the chance to reverse the cumulative downward trajectory of HOF and Franciscan – it had inherited too many internal and external obstacles to surmount. Sabin CDC has contracted their services to such an extent that the organization is barely visible. PCRI's trajectory, on the other hand, was bolstered by the acquisition of a large apartment complex and Albina CDCs

portfolio, so that it has attained the scale necessary to operate independently of neighborhood residents' goals and priorities.

Conclusions

Existing models of CDC growth, change, and decline have considered a host of organizational factors including board and staff participation, organizational mission, community involvement, network, and funding issues; contextual issues of federal policy, the role of national intermediaries and local support systems, and the impact of local market conditions have also been a critical part of the analysis of CDCs (Rohe, Bratt, and Biswas, 2003a). CDC evolution in the context of gentrification is a more recent and less thoroughly documented avenue of the literature (Newman and Wyly, 2010: 566). In the case of the Albina CDCs, the critical points of the existing literature that this study contributes to are the Role of CDC as Neighborhood Revitalizer, Developer and Organizer, Organization Capacity Building, and Measures of Success.

In their role as neighborhood revitalizers, developers, and organizers, the Albina CDCs were closely tied to housing development efforts. Their main role was as developers of affordable housing, it waned as neighborhoods improved, and development opportunities dropped off. Zielenbach (2000) doubts the ability of CDCs to single handedly revitalize neighborhoods, but, in this case, the saturation of CDCs at the very least laid the groundwork for gentrification. The focus on housing development, too, limited other potential interventions that may have had a more lasting impact on issues of poverty. The role of organizing for the Albina CDCs was

rarely at the forefront of the organizations; there was little money for the endeavor, and when it was available, it was in conjunction with a housing development effort.

The Components of Organizational Capacity as defined by Glickman and Servon look beyond housing production to analyze the concurrent relationships that CDCs build. According to this model, few of the Albina CDCs were or are balanced and sustainable organizations. The housing-centric nature of most organizations has separated them from their neighborhoods and made them too reliant on their relationships with policy makers and funders.

The Measures of Success is the aspect of the literature where this study contributed most. Gittell and Wilder define success as improvement in the lives of neighborhood residents, while Twelvetreets defines organizational success as survival and the ability to meet its own goals. Under strong market conditions with constrained funding sources, success is defined somewhat differently. What defines success for the Albina area CDCs and in the Albina neighborhoods is very different and represents the distinction between people-based development and place-based development. The Albina area CDCs had been led to believe, according to NPF's initial goals, that their role in the neighborhoods was more or less permanent (NPF, 1994); however, the implementation of the NPF goals introduced a set of measures that was not consistent with these initial goals. The politics surrounding the initial goals emphasized neighborhood improvement (and the stimulation of outside investment) rather than organizational longevity, so that the balance sheets of the organizations were tantamount to the work that they were doing. This difference in perspectives and

values was one reason why the merger process failed so miserably. In addition, city policies at this time shifted to serve lower income populations, a niche that was not possible for smaller CDCs to achieve readily. Because of this shift, funding for projects that were of a familiar type and scale (single family house and small apartment complex renovation and/or development), if they still existed in the neighborhoods, was basically eliminated. Hence, the organizations that survived (and could be considered successful) were the ones that did not depend on new development projects for revenue.

The City of Portland as a political entity was the biggest winner in the revitalization of the Albina neighborhoods with a realization of increased property values, new businesses, and private development activity. For its relatively modest investment in the organizations, their community activities, and property development, the City of Portland's return was unexpectedly prompt and prodigious. The revitalization efforts became a national model as we began to understand the positive and negative effects of gentrification.

Were the neighborhoods successful? While the lives of neighborhood residents may have been improved with stable, affordable housing, only those who were lucky enough to be living in a CDC-owned dwelling were directly affected. Other low-income residents, though, can no longer afford to live in the Albina neighborhoods and have relocated. The version of success defined by improvement in residents' lives in a gentrified neighborhood is a limited one. This polarization reflects the national trend of the growing gap between rich and poor

Most of the organizations that contributed to the revitalization of the Albina neighborhoods have failed, but they did develop housing, organize neighbors, and open doors to more equitable lending practices. The assets of the failed organizations have been protected, so that their most visible community development contributions continue. The victory of organizations in a gentrified neighborhood can be seen as pyrrhic.

The roles of local government and foundation funders both catalyzed and constrained the organizational growth of the Albina CDCs. The speed at which the Albina CDCs developed housing was an indicator of organizational growth in both size and breadth of responsibility. The Albina CDCs acquired and developed almost 70% of their housing units prior to 1997, when most of the organizations were not more than five years old (Appendix G). This catalyzed growth had mixed results. The benefit to the low-income community was clear: more than 1100 units of affordable housing have been retained, while much of the rest of the housing stock was improved and the neighborhood gentrified. In hindsight, policy makers longed for greater housing production, as low-income residents bore the costs of gentrification and were displaced. Two pitfalls associated with this haste were that organizations, in some cases, did not have the capacity to manage the properties that they developed, and that the sophistication required to develop and manage multiple properties separated organizations from their original missions and intent.

The goals of funders limited the autonomy of the organizations – and limited needed flexibility, given the changing goals of neighborhood residents. Given the fact

that CDC supporters had the express goal of neighborhood revitalization and strong housing development agendas that precluded organizational flexibility in achieving that goal, the fact that the organizations that failed lasted as long as they did is testament to their fortitude. From inception to merger to closure, each phase of organizational development was defined by associated housing development. This lack of diversification ensured that not all organizations would survive, a finding consistent with Rohe, Bratt, and Biswas' (2003a) recommendations that resulted from their research. This lack of diversification concurs, too, with Rusk's (1999) description of CDC efforts to help poor families run up the down escalator. CDC efforts did little to resolve overarching issues of poverty in Inner North/Northeast Portland.

While revitalization has been a welcome phenomenon in the Albina neighborhoods, it has come at a cost to low-income residents who were forced to relocate. In response to Rohe, Bratt, and Biswas' (2003a: 69) question about the impact of strong market conditions on CDCs, the answer in the case of Inner North/Northeast Portland is that strong market conditions prevented CDCs from continuing their housing development activities and reduced their visibility within the neighborhood. By 2006, physical blight had been remediated. Remediation of poverty, though, was much less clear, as long-standing arguments of people-based v. place-based development recalls the Bratt-Stoecker (1997) debate about the purpose of CDCs. While the original intent of some of the organizations was to alleviate poverty and promote empowerment, this intent changed as the organizations matured and were held to a level of accountability by both neighbors and funders that did not allow them

to address these issues. The mistakes and setbacks that organizations encountered in housing development cost them both financial and political capital, and set them on a downward, or at least divergent, trajectory. Consequently, the organizations chose to focus on sustaining themselves; at this point, CDCs began acting more like small businesses than community organizations, as balance sheets and revenue superceded engagement activities (Galster, et al, 2005). This lack of balance, necessary to maintain equilibrium between the components of organizational capacity, resulted in the isolation of the organizations from neighborhood activities (Glickman and Servon, 1998). While they were preservers of affordable housing, tenant services and empowerment, they had become disconnected from the rest of the neighborhood.

Key stakeholders, with the benefit of hindsight, have called for planning efforts to address gentrification proactively. In order to do so, it is necessary for community organizations to manage conflict between existing and emerging neighborhood institutions (Van Meter, 2007). Therefore, organizations need access to flexible funding to provide a balance of services, especially those that stress inclusion of residents old and new.

Future Research

There are several opportunities to further delineate and expand upon this research. The opportunities for delineation include the incorporation of 2010 census data information to determine what stage of gentrification the neighborhood is currently in, and how CDCs can best operate, whether to effect change or empower

their tenantry. This research would entail an examination of demographic data and housing data, within the context of current housing policies and opportunities.

A second opportunity for additional research addresses the role of CDCs in the neighborhood gentrification process. Because CDCs act as both catalysts for neighborhood revitalization, yet buffers against wholesale gentrification and the displacement of poor residents, they have a dual political role as advocates for low-income residents and mediators between the gentrifiers and lower-income, often long term, residents. Their dilemma calls into play the debate of whether these organizations are intended to serve people in a certain geography, or those of a certain socio-economic condition, the debate of investment in people or in place. This dilemma could be more precisely explicated by an elaboration of the conceptual model of the relationship between neighborhood change and CDC evolution. Solidifying the model would entail the creation of measures of neighborhood evolution based on investment and real and perceived viability (based on Clay's descriptions). Then, organizational growth and change based on capacity, development success, and measures of neighborhood integration would be overlaid to help identify the relevance of the organization to the surrounding geographic area, and where its current and future emphasis should lay. This study would be most effective as a comparative case study of organizations in different cities because of the potentially different policies, public priorities, and specific economic conditions.

Postscript

Long after gentrification had changed the faces in the Albina neighborhoods, the City of Portland sponsored a series of public meetings beginning in 2007 to discuss neighborhood gentrification. These meetings evolved into the Restorative Listening Project, now under the auspices of the City's Office of Neighborhood Involvement. The first session at the AME Baptist Church was led by former City Gang Enforcement Staff Member John Canda and facilitated by Judith Mowry. The vast majority of the attendees appeared to be white, middle class people, while several small groups of black people sat on the periphery – a metaphor for what had happened in the neighborhoods. As the meeting progressed, it appeared to be a way for new residents to assuage their guilt, until an African American woman stood up and spoke about “the gentrification” – and how white people were the problem. Her disgust was unmistakable, as her voice, growing more robust with each word, silenced all of those in attendance. Perhaps it was the first time that new residents were called out as being “the problem”, rather than contributing to the solution. No one said a word for several minutes after she finished talking. Whether this woman's words had a lasting effect on those in attendance is unknown; the project continues, but the only tangible policies currently in effect to mediate the tide of gentrification are associated with minority homeownership opportunities (Housing and Community Development Commission, 2004).

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Appendix A

List of Acronyms

Initials	Full Term
ACDC	Albina Community Development Corporation
AOCDO	Association of Oregon Community Development Organizations
BHCD	Bureau of Housing and Community Development
BNA	Boise Neighborhood Association
BSRC	Bedford Stuyvesant Restoration Corporation
CDBG	Community Development Block Grant
CDC	Community Development Corporation
CDN	Community Development Network
CHDO	Community Housing Development Organization
CRA	Community Reinvestment Act of 1977
ESIC	Enterprise Social Investment Corporation
FE	Franciscan Enterprise
HAP	Housing Authority of Portland
HDC	Housing Development Center
HMDA	Home Mortgage Disclosure Act of 1975
HOPE	Home Ownership and Opportunity for People Everywhere
HOF	Housing Our Families
HOME	Home Investment Partnerships. Funding category from the Department of Housing and Urban Development.
HUD	US Department of Housing and Urban Development
LIHTC	Low-Income Housing Tax Credit
LISC	Local Incentives Support Corporation
NAHA	National Affordable Housing Act of 1992, otherwise known for the names of its sponsors, Cranston Gonzalez Act

NCDI	National Community Development Initiative
NCNW	National Congress of Neighborhood Women
NECDC	Northeast Community Development Corporation
NIMBY	Not in My Back Yard
NNC	Neighborhood Network Center
NOAH	Network of Affordable Housing
NPF	Neighborhood Partnership Fund
OCF	Oregon Community Foundation
PAMWG	Property and Asset Management Working Group
PCRI	Portland Community Reinvestment Initiatives
PDC	Portland Development Commission
PNDSC	Portland Neighborhood Development Support Collaborative
REACH CDC	Recreation, Education, Access, Commerce and Housing
ROSE CDC	Rebuilding Outer South East
SAE	Single Asset Entity
TACS	Technical Assistance for Community Service
UDAG	Urban Development Action Grant
VISTA	Volunteers in Service to America

Appendix B

List of Interviewees

Name	Position	Organization	Date of Interview
Kate Allen	Director	Enterprise Community Partners	August 10, 2007
Mike Andrews	Director	The Enterprise Foundation, Housing Authority of Portland	August 4, 2008
Janet Bauer	Project Manager	Housing Our Families, Mississippi Target Area Project	September 19, 2007
Tom Benjamin	Board Member	PCRI	September 7, 2007
Sam Chase	Director	The Community Development Network	October 7, 2007
Chris Cross	Construction Manager	Housing Our Families	March 2, 2009
Tom Del Savio	Executive Director	Franciscan Enterprise	March 12, and March 17, 2009
Gretchen Dursch	Executive Director	Housing Our Families	October 16, 2007
Jane Ediger	Project Manager, Board Member, Executive Director	PCRI, Housing Our Families, Sabin CDC	October 16, 2007
Susan Emmons	Chair	Housing and Community Development Commission	July 20, 2010
Maxine Fitzpatrick	Executive Director	PCRI	September 28, 2007
Craig Fondren	Program Manager	Sabin CDC	September 21, 2007
Janice Frater	Community Reinvestment Officer, Member	First Interstate Bank, Wells Fargo Bank, Housing and Community Development Commission	October 9, 2007
Sheila Holden	President	N/NE Economic Development Alliance	September 22, 2009

Appendix B

List of Interviewees (continued)

Name	Position	Organization	Date of Interview
Gretchen Kafoury	City Commissioner	City of Portland	September 20, 2007
Craig Kelley	Construction Manager, Program Manager	PCRI, Housing Development Center	October 5, 2007
Bill Kowalczyk	Construction Manager	Franciscan Enterprise, Portland Youth Builders	September 6, 2007
Kevin Kraus	Construction Manager	REACH CDC	September 25, 2007
Keith Lokan	Housing Construction Review Staff	Portland Development Commission	August 13, 2007
Linda Gear Long	Founder, Staff Member, Neighborhood Resident	Housing Our Families, Sabin CDC, Boise Neighborhood	August 21, 2007
Cynthia Luckett	Staff Member	NECDC, Enterprise Community Partners	August 10, 2007
Peg Malloy	Executive Director, Member	Portland Housing Center, Housing and Community Development Commission	September 12, 2007
Martha McLennan	Program Manager, Executive Director	Bureau of Housing and Community Development, NW Housing Alternatives	September 11, 2007
Ed McNamara	Executive Director	REACH CDC, The Neighborhood Partnership Fund	September 14, 2007
Diane Meisenhelter	Executive Director, Neighborhood Resident	Sabin CDC, Sabin Neighborhood	January 21, 2008
Gloria Lupin Morgan	Neighborhood Activist	Boise Neighborhood	December 16, 2007

Appendix B

List of Interviewees (continued)

Name	Position	Organization	Date of Interview
Kathleen Pequeño	Community Organizer, Neighborhood Resident	Housing Our Families, Eliot Neighborhood	August 23, 2007
Mike Purcell	Founding Board Member	Franciscan Enterprise, Albina CDC	September 11, 2007
Betsy Radigan	Neighborhood Activist	Piedmont Neighborhood Association	August 16, 2007
Steve Rudman	Director	Bureau of Housing and Community Development	September 10, 2007
Nick Sauvie	Executive Director	ROSE CDC	September 4, 2007
Carmen Schleiger	Founding Board Member, Construction Manager	Housing Our Families	September 11, 2007
Sumner Sharpe	Neighborhood Resident, Planner	Alberta Street Corridor Project	November 26, 2008
Alberta Simmons	Neighborhood Resident, Board Member	Franciscan Enterprise, Housing Our Families	September 7, 2007
Kristina Smock	Community Organizer	Housing Our Families	August 16, 2007
Kay Sohl	CDC Consultant	Technical Assistance for Community Services (TACS)	November 29, 2007
Erik Sten	City Commissioner	City of Portland	August 8, 2007
Fred Stewart	Neighborhood Activist	King Neighborhood Association	October 25, 2007
David Sweet	Derelict Building Inspection Supervisor	Bureau of Buildings, City of Portland	September 13, 2007
Carl Talton	Founding Board Member	NECDC	September 9, 2009

Appendix B

List of Interviewees (continued)

Name	Position	Organization	Date of Interview
HC Tupper	Program Manager	Affordable Housing Development Program, Multnomah County	October 11, 2007
Dee Walsh	Executive Director	REACH CDC	September 7, 2007
Dorene Warner	Program Manager	Franciscan Enterprise	July 10, 2009
Will White	Executive Director	Housing Development Center	September 11, 2007
Andy Wilch	Director	Housing Department, Portland Development Commission	September 20, 2007
Peter Wilcox	Executive Director	Portland Community Design	August 15, 2007
Barbara Willer	Founding Board Member, Interim Executive Director	Housing Our Families	August 28, 2007

Appendix C - Sample Interview Questions

For CDC staff/board members:

1. What is your affiliation with (your CDC)?
2. How long were you/have you been in that position?
3. How many staff did the organization have when you arrived? When you left (if applicable)? Currently (if applicable)?
4. What is the primary purpose of this organization?
5. How does the organization fulfill that purpose?
6. Do you feel that your CDC has adhered to its original purpose? Or has it branched out to fulfill a larger variety of needs?
7. How many and what kind of housing units were produced during your tenure at your CDC? For PCRI, when did you start to augment the Dominion Capital housing stock with other construction projects?
8. Do you consider your CDC to be primarily a housing provider or a community development corporation? What do you consider to be the differences between these two monikers?
9. What are the different programs that your CDC sponsors (ed)?
10. Do you feel that the City of Portland has supported your CDC? In what ways? To what do you owe this particular support/lack of support?
11. What sources of funding did your CDC use for the different programs?
12. How has this changed over time? Are you relying on greater or fewer sources? More government or philanthropic sources?
13. What are your thoughts on the appropriate development scale for your organization, given the sources of funding and the constraints of the target area?
14. How has your CDC adapted to the market changes over the last 10 years?
15. What were/are the inherent strengths of your CDC?

Appendix C - Sample Interview Questions

For CDC staff/board members (continued)

16. Has your organization faced any of the following “ethical dilemmas” in your tenure? If so, how?
 - a. Becoming out of touch with community residents, as development has become more complex.
 - b. Conflict between the original objectives of the agency as expressed by the first board, and the goals of newcomers.
 - c. Maintaining a community and tenant orientation while functioning as a developer and landlord. Meeting the “double bottom line”.
 - d. Developing housing with inadequate budgets, so that it is doomed to failure.
17. Have there been specific organizational challenges in your tenure with your CDC?
18. Have there been specific staffing challenges during your tenure with your CDC?
19. How has the changing neighborhood affected your CDC?
20. What role did your CDC play previously?
21. What role does your CDC play now?
22. What is the neighborhood perception of your CDC?
23. What are the primary programs that you currently administer for your CDC?
24. Has this emphasis changed over time? How and why?
25. What populations does your CDC serve?
26. How has this changed over time?
27. Since 1990, the neighborhoods that you serve have changed racially. Describe the racial tensions both then and now.

Appendix C - Sample Interview Questions

For funding and philanthropic institution representatives:

1. What is your affiliation with (your institution)?
2. How long were you/have you been in that position?
3. What is the history of your institution's funding of low-income housing or community development corporations?
4. What were your criteria for grant approval?
5. In your opinion, how has the CDC community in Inner North/Northeast Portland changed over time? Have they become more sophisticated? Has the attrition of CDCs been helpful to the neighborhoods as a whole? What are some of the drawbacks?
6. For lending institutions: How many loans had you made 1980-1990? 1990-1995? 1995-2000? 2000-2005?
7. For lending institutions: How many of these loans were commercial? Residential? For existing structures? New construction? To minority applicants?
8. For philanthropic institutions: What was your role with the funding of CDCs in Inner North/Northeast Portland?
9. For philanthropic institutions: did you offer start-up and/or operating grants?
10. For lending and philanthropic institutions: What are your thoughts on the gentrification and racial of the neighborhoods?
11. For lending and philanthropic institutions: Did the work of the CDCs in the early 1990s help to change your institution's perspective of the neighborhoods of Inner North/Northeast Portland?

Appendix C - Sample Interview Questions

For public officials:

1. What is your affiliation with (your government organization)?
2. How long were you/have you been in that position?
3. What was your role in the initial development of CDCs in Inner North/Northeast Portland?
4. How would you characterize their evolution?
5. What was your role in the initial funding of CDCs? Ongoing funding?
6. What was your role in the creation of the Portland Neighborhood Development Collaborative? Do you think that this was a reasonable response to the issue of overlap and competition between CDCs?
7. What was your role in encouraging the merger of several CDCs?
8. Do you think that the merger process had the best outcome?
9. How did Sabin CDC survive without Collaborative funding?
10. What has been the reason for PCRI's stability?
11. What are your thoughts on the gentrification of the neighborhood? Was it inevitable?
12. What role do you think that race has played in the gentrification of the neighborhoods of Inner North/Northeast Portland?
13. Do you think that neighborhood support/disdain for CDCs has changed?

Appendix D – Selected Census Data
Population and Housing Characteristics of the Central Census Tracts of the Albina Neighborhoods 1980

1980 Census Data						
Census Tracts	33.01	33.02	34.01	34.02	36.01	37.02
Population Characteristics						
Median Income	\$10,900	\$8,962	\$8,800	\$8,355	\$12,346	\$17,437
PDX Median: \$14,782						
Poverty Rates	25.10%	33.50%	32.70%	42.20%	17.30%	11.30%
Education						
HS Grad or Higher	57.00%	55.00%	56.90%	52.60%	59.60%	77.70%
Bachelor's +	8.60%	6.60%	10.90%	5.90%	10.10%	20.80%
Race						
White	810	814	849	374	1814	1644
Black	1802	1883	2300	2167	2063	842
Asian	68	30	28	29	96	72
Total Populations	2872	2939	3334	2957	4246	2643
Percentages						
White	28.20%	27.70%	25.46%	12.65%	42.72%	62.20%
Black	62.74%	64.07%	68.99%	73.28%	48.59%	31.86%
Asian	2.37%	1.02%	0.84%	0.98%	2.26%	2.72%
Age						
0-19 years	1145	1148	1190	1254	1554	898
20-24 years	280	255	342	249	343	178
25-44 years	732	760	822	703	1191	837
45-64 years	454	456	595	460	678	419
65+ years	261	320	385	291	480	311
Age Brackets as a Percentage of Total Population of Census Tracts 33.01, 33.02, 34.01, 34.02, 36.01, 37.02 Aggregated						
0-19 years	37.8%					
20-24 years	8.6%					
25-44 years	26.5%					
45-64 years	16.1%					
65+ years	10.7%					

Appendix D – Selected Census Data

Population and Housing Characteristics of the Central Census Tracts of the Albina Neighborhoods 1980 (continued)

1980 Census Data						
Housing Characteristics						
Census Tracts	33.01	33.02	34.01	34.02	36.01	37.02
Homeownership Rates						
Owner-Occupied Units	495	523	568	400	961	572
% of total units	50.10%	52.60%	45.00%	40.90%	63.10%	63.98%
Ownership of units by Race						
White Homeowners	199	187	169	73	540	482
Black Homeowners	279	321	389	319	386	163
Asian Homeowners	5	6	1	3	12	11
Percentage of Homeownership by Race						
White Homeowners	40.20%	35.80%	29.80%	18.30%	56.20%	72.70%
Black Homeowners	56.40%	61.40%	68.50%	79.80%	40.20%	24.60%
Asian Homeowners	1.00%	1.10%	0.20%	0.80%	1.20%	1.70%
Property Values						
PDX Median: \$56,200	\$34,400	\$32,800	\$38,000	\$31,600	\$36,900	\$48,500
Median Rents						
PDX Median: \$358	\$182	\$175	\$158	\$167	\$197	\$156

Appendix D – Selected Census Data
Population and Housing Characteristics of the Central Census Tracts of the Albina Neighborhoods 1990

1990 Census Data						
Census Tracts	33.01	33.02	34.01	34.02	36.01	37.02
Population Characteristics						
Median Income	\$16,766	\$18,464	\$15,054	\$14,625	\$20,771	\$30,273
PDX Median: \$25,592						
Poverty Rates	40.10%	34.90%	43.10%	43.90%	33.90%	16.40%
Education						
HS Grad or Higher	69.70%	67.30%	66.40%	62.10%	72.10%	75.10%
Bachelor's +	6.90%	10.40%	9.40%	7.30%	10.10%	18.80%
Race						
White	786	939	719	561	1357	1297
Black	1601	1472	1952	1693	2556	999
Asian	45	27	47	38	107	23
Total Populations	2538	2545	2832	2411	4148	2443
Percentages of Total Population						
White	30.97%	36.90%	25.39%	23.27%	32.71%	53.09%
Black	63.08%	57.84%	68.93%	70.22%	61.62%	40.89%
Asian	1.77%	1.06%	1.66%	1.58%	2.58%	0.94%
Age						
0-17 years	879	839	861	816	1349	664
18-24 years	263	295	328	282	436	265
25-39 years	615	677	688	573	1017	582
40-64 years	541	491	603	440	901	653
65+ years	240	243	352	300	445	279
Age Brackets as a Percentage of Total Population of Census Tracts 33.01, 33.02, 34.01, 34.02, 36.01, 37.02 Aggregated						
0-17 years	32.0%					
18-24 years	11.0%					
25-39 years	24.5%					
40-64 years	21.5%					
65+ years	11.0%					

Appendix D – Selected Census Data

Population and Housing Characteristics of the Central Census Tracts of the Albina Neighborhoods 1990 (continued)

1990 Census Data						
Housing Characteristics						
Census Tracts	33.01	33.02	34.01	34.02	36.01	37.02
Homeownership Rates						
Owner-Occ Units	354	419	418	327	752	572
% of total units	42.50%	47.67%	38.70%	39.45%	49.15%	63.98%
Ownership of units by Race						
White Homeowners	109	152	84	186	531	399
Black Homeowners	242	245	309	225	417	189
Asian Homeowners	22	0	5	6	6	11
Percentage of Homeownership by Race						
White Homeowners	28.90%	38.20%	41.30%	42.20%	51.90%	63.10%
Black Homeowners	64.30%	61.70%	47.10%	51.00%	40.70%	29.90%
Asian Homeowners	5.80%	0.00%	3.10%	1.40%	0.60%	1.70%
Property Values						
PDX Median: \$72,300	\$33,300	\$32,400	\$37,100	\$33,200	\$37,100	\$48,900
Median Rents						
PDX Median: \$375	\$275	\$287	\$242	\$258	\$325	\$368

Appendix D – Selected Census Data
Population and Housing Characteristics of the Central Census Tracts of the Albina Neighborhoods 2000

2000 Census Data						
Census Tracts	33.01	33.02	34.01	34.02	36.01	37.02
Population Characteristics						
Median Income	\$24,915	\$29,191	\$35,774	\$25,598	\$38,313	\$47,772
PDX Median: \$40,146						
Poverty Rates	32.79%	20.18%	23.73%	31.09%	22.14%	16.68%
Education						
HS Grad or Higher	70.20%	82.80%	72.60%	72.20%	76.20%	85.50%
Bachelor's +	18.60%	30.60%	16.90%	25.20%	19.20%	33.70%
Race						
White	986	1142	1154	950	1757	1292
Black	1586	937	1592	1282	2298	740
Asian	41	37	48	51	107	60
Total Populations	3233	2494	3309	2770	4537	2285
Percentages						
White	30.50%	45.79%	34.87%	34.30%	38.73%	56.54%
Black	49.06%	37.57%	48.11%	46.28%	50.65%	32.39%
Asian	1.27%	1.48%	1.45%	1.84%	2.36%	2.63%
Age						
0-17 years	998	630	926	758	1346	504
18-24 years	336	265	324	339	415	173
25-39 years	952	832	940	820	1269	599
40-64 years	741	597	817	608	1154	821
65+ years	196	170	302	245	353	188
Age Brackets as a Percentage of Total Population of Census Tracts 33.01, 33.02, 34.01, 34.02, 36.01, 37.02 Aggregated						
0-17 years	27.7%					
18-24 years	9.9%					
25-39 years	29.1%					
40-64 years	25.4%					
65+ years	7.8%					

Appendix D – Selected Census Data

Population and Housing Characteristics of the Central Census Tracts of the Albina Neighborhoods 2000 (continued)

2000 Census Data						
Housing Characteristics						
Census Tracts	33.01	33.02	34.01	34.02	36.01	37.02
Homeownership Rates						
Owner-Occ Units	526	575	578	441	1024	632
% of total units	46.38%	57.85%	47.07%	42.86%	61.35%	69.60%
Ownership of units by Race						
White Homeowners	213	366	239	186	531	399
Black Homeowners	246	184	272	225	417	189
Asian Homeowners	17	8	18	6	6	11
Percentage of Homeownership by Race						
White Homeowners	40.50%	63.70%	41.30%	42.20%	51.90%	63.10%
Black Homeowners	46.80%	32.00%	47.10%	51.00%	40.70%	29.90%
Asian Homeowners	3.20%	1.40%	3.10%	1.40%	0.60%	1.70%
Property Values						
PDX Median: \$166,000	\$121,800	\$130,700	\$127,800	\$112,800	\$114,900	\$151,300
Median Rents						
PDX Median: \$562	\$579	\$657	\$494	\$540	\$613	\$552

Source: United States Census, calculations by author

Appendix E
Matrix of Organizations (Summary of Points of Comparison)

Name of Organization	NECDC 1986-2000	Franciscan Enterprises (Later Albina CDC) 1987-2001	Housing Our Families (Later Albina CDC) 1993-2001	Sabin CDC 1992- present	PCRI 1993-present
Board Structure	Founding Board: skill based, neighborhood based.	Founding Board: skill based.	Founding Board: All women. Some neighborhood representation.	Founding Board: neighborhood based, and organization was membership based.	Founding Board: Skill based, some tenant representation later.
Board Membership	Founding Board: Black professionals Later Boards: Black professionals	Founding Board: Professional, no neighborhood representation Later Boards: Some neighborhood representation, few tenants	Founding Board: All women 50% neighborhood based Later Boards: Mostly women Of color	Founding Board: All neighborhood representation Later Boards: fewer neighborhood representatives, more professionals	Founding Board: Professional, no neighborhood representation Later Boards: Professionals, 1 tenant max
Executive Director Tenure	Don Neureuther: 1988-1991 Jaki Walker: 1991-1999 Sondra Price: 1999-2000	Fr. Matt Tumulty: 1987-1993 Jerry Lindsay & Tom DelSavio: 1993-1996 Karen Voiss: 1997-2000 Fran Ayaribil, 2000-2001 Shelley Earley 2001-2003 Nanita McIlhatten-2003-2006	Gretchen Dursch: 1993-1997 Barbara Willer: 1997-1998 Joan Miggins: 1998-2001 Shelley Earley 2001-2003 Nanita McIlhatten-2003-2006	Diane Meisenhelter, 1992- 1997 Jane Ediger: 1993-1998 Topaz Faulkner: 1997-1998 Felicia Allender-Brant: 1998-2006 Pasquale Jenkins: 2007- present	Maxine Fitzpatrick, 1994- present

Appendix E
Matrix of Organizations (Summary of Points of Comparison)

	Northeast CDC	Franciscan Enterprise	HOF, Albina CDC	Sabin CDC	PCRI
Mission Statement	NECDC's mission is to improve the quality of life for the culturally diverse population of Inner North/Northeast Portland through community development activities.	Franciscan Enterprise of Oregon, Inc. is committed to building community in the spirit of St. Francis. To this purpose, Franciscan enterprise: Engages volunteers to assist in renovating vacant and abandoned properties in inner North/Northeast Portland. Works to ensure availability of quality affordable housing for inner North/Northeast Portland households. Manages Franciscan Enterprise properties to assist tenants and their neighbors in maintaining vital, stable, and secure communities. Fosters partnerships with individuals, churches, and other community groups in order to support resident initiatives and economic development activities in North/Northeast Portland.	Empowering women. Developing partnerships. Providing housing.	To stabilize and improve the livability of culturally diverse Portland neighborhoods by assuring the availability of long-term affordable housing for its low and moderate income residents, and by encouraging community partnerships for local economic development, self-help projects, and youth and senior programs	Preserve, expand and manage affordable housing in the City of Portland and provide access to and advocacy for services for our residents. PCRI will preserve and manage affordable, high quality, scattered site, single family homes; expand and manage our portfolio of small multiplexes; and acquire/develop multi-family housing to preserve affordable housing choices in our community.

Appendix E
Matrix of Organizations (Summary of Points of Comparison)

	NECDC	Franciscan Enterprise	HOF, Albina CDC	Sabin CDC	PCRI
Assets	Initial: 200 properties from City of Portland, Federal Nehemiah Grant 1989	Initial: Donated Houses Renovated by Weekend Volunteer Work Parties Later: 14 Vacant houses donated by Fred Meyer,	Initial: 0 units Later: 360 housing units, assets transferred to PCRI	Initial: 0 housing units At present: 128 rental units and land trust houses	Initial: 354 houses from City of Portland and Dominion Capital At present: + 350 housing units from Albina CDC
Type of Organization	Board Run	Church Based	Membership	Membership	Politically created
Target Market	50-80% of median inc. homebuyers, especially those living in neighborhood already	Very low income renters	Low & very low income renters, focus on single women with families	Low and moderate income renters, for sale housing through a Land Trust	Low and Moderate-Income Homebuyers, Low-Income Renters
Housing Units Developed per CDN	Rental: 55 For Sale: 206 units	Rental: 120 For Sale: 0	Rental: 268 For Sale: 20	Rental: 128 For Sale: 25	Rental: 282 For Sale: 70 initially
Funding Sources	Operating Support: City of Portland, Meyer Memorial Trust Development Support: Nehemiah Grant	Operating Support: City and Grant funded Development Support: PDC, grants, loans, Nun money	Operating Support: City and Grant funded Development Support: PDC, grants, loans	Operating Support: City and Grant funded Development Support: PDC, grants, loans	Operating Support: Grant funded Development Support: US Bank Line of Credit
Timetables for housing production/ acquisition	See Appendix G				
Relationship to Neighborhood Organizations	Positives: Cleared blight Negatives: Not communicative	Positives: Affiliation with St Andrews Church Negatives: Slow development processes hampered image	Positives: 50% of board was neighborhood based Negatives: Trust never solidified; poor management soured relationships	Positives: initially neighborhood based Negatives: invisibility to neighbors as organization shrank in size	Positives: Improvement of Housing Stock Negatives: Perception of being City Agency

Appendix E
Matrix of Organizations (Summary of Points of Comparison)

	NECDC	Franciscan Enterprise	HOF, Albina CDC	Sabin CDC	PCRI
Relationship to other CDCs	Positives: Negatives: other orgs. thought NECDC got preferential treatment	Positives: worked with HOF and Sabin on joint programs Negatives: ED bad-mouthed HOF in public	Positives: worked with Sabin and Franciscan on joint programs Negatives: poor unit management made org a lightening rod for NA	Positives: worked well with HOF and Franciscan on joint programs Negatives: withdrew from merger at 11 th hour	Positives: worked well with larger CDCs Negatives: was so much bigger than other CDCs that there was not much interaction
Relationship to Enterprise Foundation	Not a major funding concern	Not a major funding concern	Good initial relationship; property management concerns pushed merger talks	Withdrawal from merger soured relationship	Proponent of childcare programs, green construction
Relationship to BHCD	Walker at odds with Bureau. Kafoury mediated solution. Very reluctant relationship.	Good relationship until Maggie Gibson project stalled.	Very good relationship until merger talks initiated.	Good relationship until shift away from housing development and withdrawal from merger	Respect for ED's ability to manage scattered site portfolio.
Rental Policies	Section 8 at Gladys McCoy	Very lax – caused problems with unit turnover	Forewent police and background checks – led to tenant problems	Outsourced most property management	All property management in house. Very stringent.

Appendix F Literature Matrix (Summary of Current Literature Regarding CDC success and failure)

Matrix of Contextual and Organizational Factors that contribute to CDC success or failure

Author	<i>Gittell & Wilder</i>	<i>Glickman & Servon</i>	<i>Rohe, Bratt, & Biswas</i>	<i>Rohe, Cowan, & Baku</i>	<i>Twelvetreets</i>	<i>Vidal (1996)</i>
Research Topics	Programmatic and Organizational Attributes & Factors that Influence Success	Components of Capacity	Challenging factors - Contextual and Organizational	Factors influencing performance - measures of efficiency (total resources divided by staff compensation)	3 levels of success	Factors for success for Mature CDCs
Organizational Factors		Resources		Staff compensation	Stay in business	Size (budget & staff), expansion rate
				Average cost of activities	Attain objectives efficiently	Prioritization of activities, scale of housing development
		Programmatic Capacity				Programmatic and project experience
	Organizational Competency	Organizational strengths- Staff & Board	Lack of board or staff capacity Internal management problems	Tenure of ED & staff, Age of Organization, Trainings offered	Stable leadership	Leadership stability - Board and ED

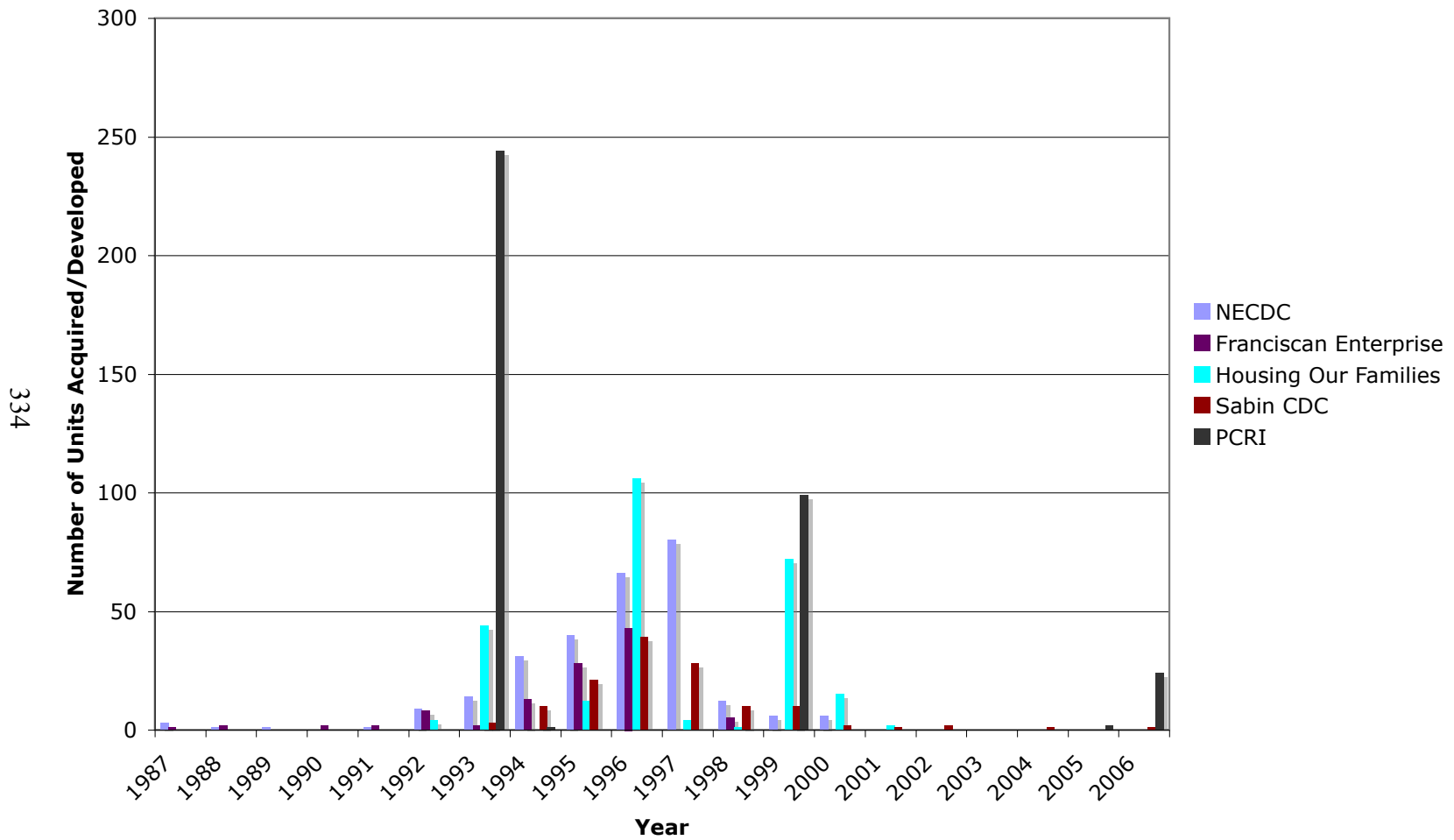
Appendix F Literature Matrix (Summary of Current Literature Regarding CDC success and failure)

	<i>Gittell & Wilder</i>	<i>Glickman & Servon</i>	<i>Rohe, Bratt, & Biswas</i>	<i>Rohe, Cowan, & Baku</i>	<i>Twelvetrees</i>	<i>Vidal (1996)</i>
Organizational Factors	Mission		Breadth of mission			
			Over-reliance on single source of funding			
			Communication problems			
Contextual Factors			Lack of community support			
			Changes in local housing market/neigh.			
			Growth in the # of CDCs			
	Political Capital, Funding	Political Strengths	Intermediaries and funders have pressured CDCs to make certain choices, federal policies & programs			
		Networking abilities	Lack of local support groups & systems			
			Level of trust among actors			

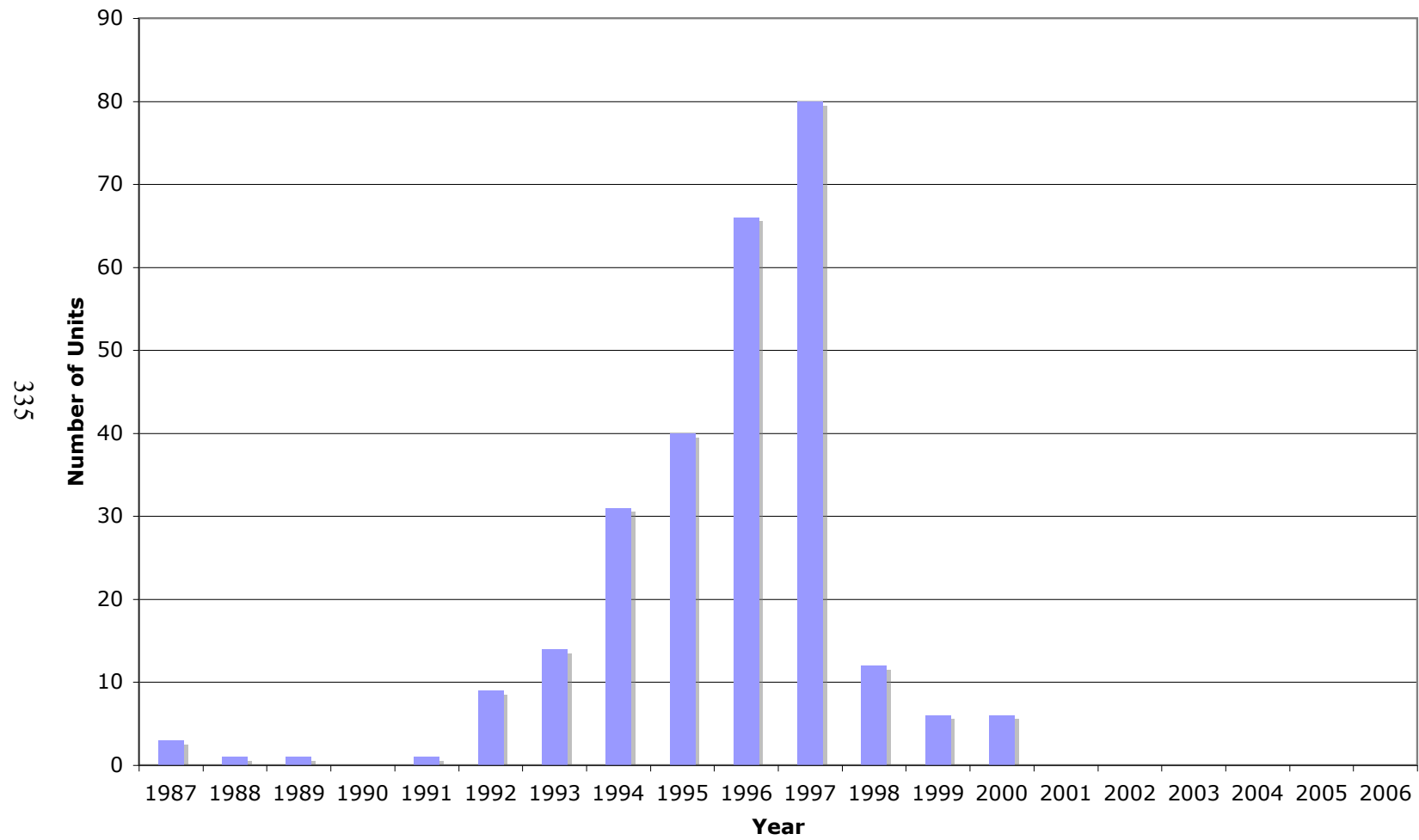
Appendix G
CDC Housing Development Data

Total Housing Unit Development																					
Name of CDC	Emerging Years (497 units)									Middle Years (394 units)			Merger Years (213 units)			Mature Years (54 units)					Total Units
	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
NECDC	3	1	1	0	1	9	14	31	40	66	80	12	6	6							270
Franciscan Enterprise	1	2	0	2	2	8	2	13	28	43	0	5	0	0							106
Housing Our Families						4	44	0	12	106	4	14	72	15	2						273
Sabin CDC							3	10	21	39	28	10	10	2	1	2	0	1	0	1	128
PCRI							244	1	0	0	0	0	99	0	0	0	0	0	2	24	370
Albina CDC																		4			4
																					1151

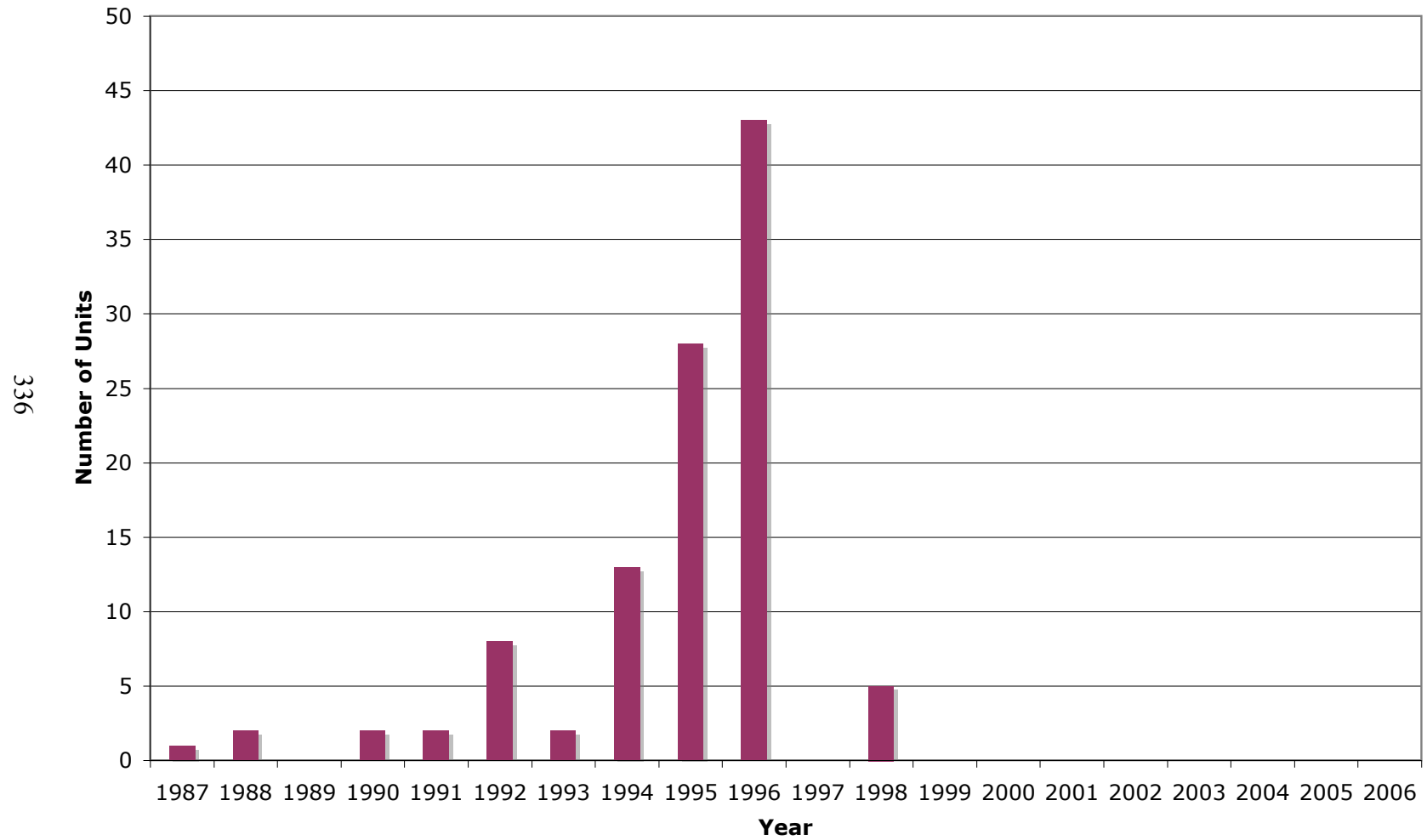
Housing Development Totals



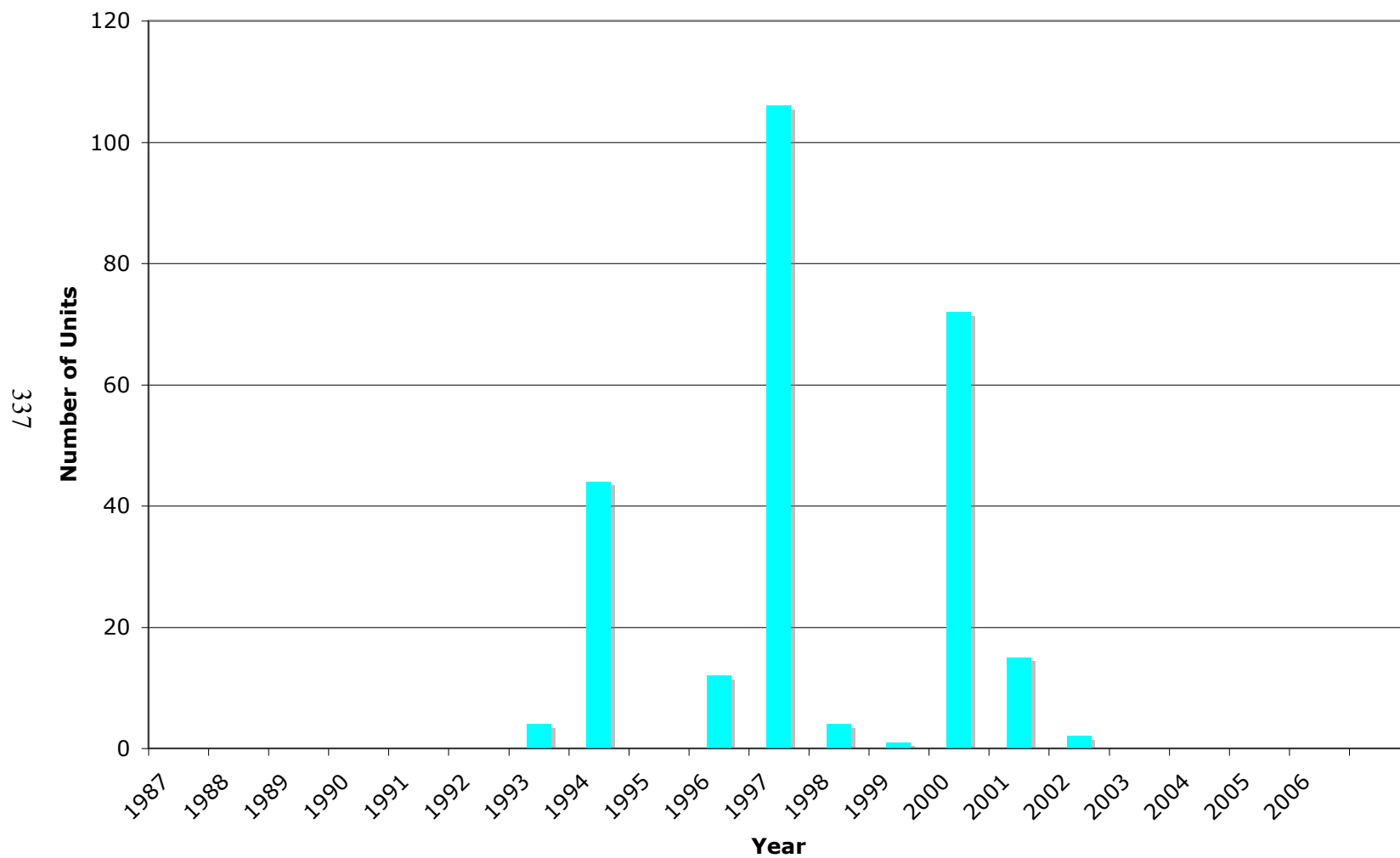
NECDC Housing Unit Acquisition/Development



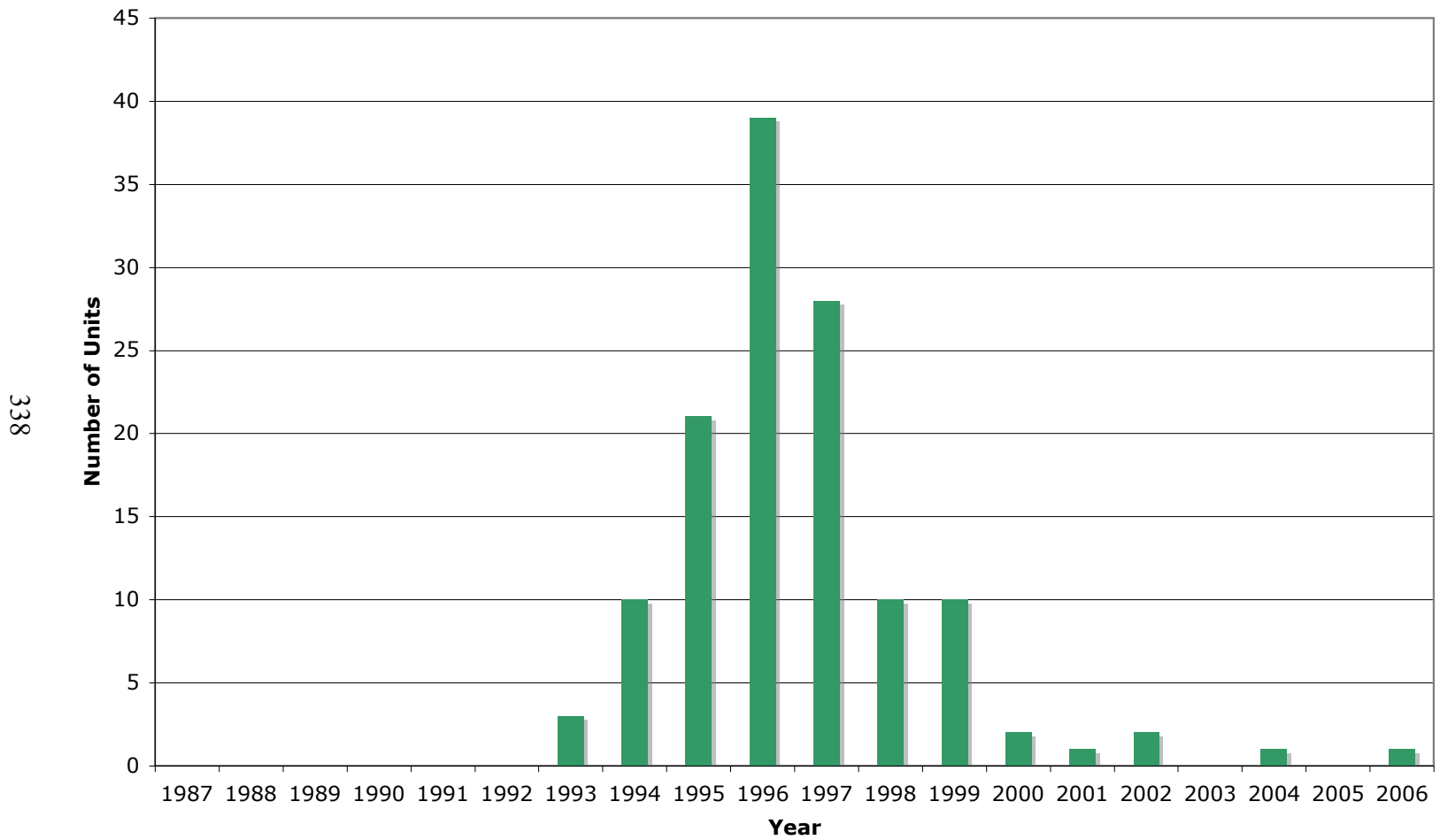
Franciscan Enterprise Housing Unit Acquisition/Development



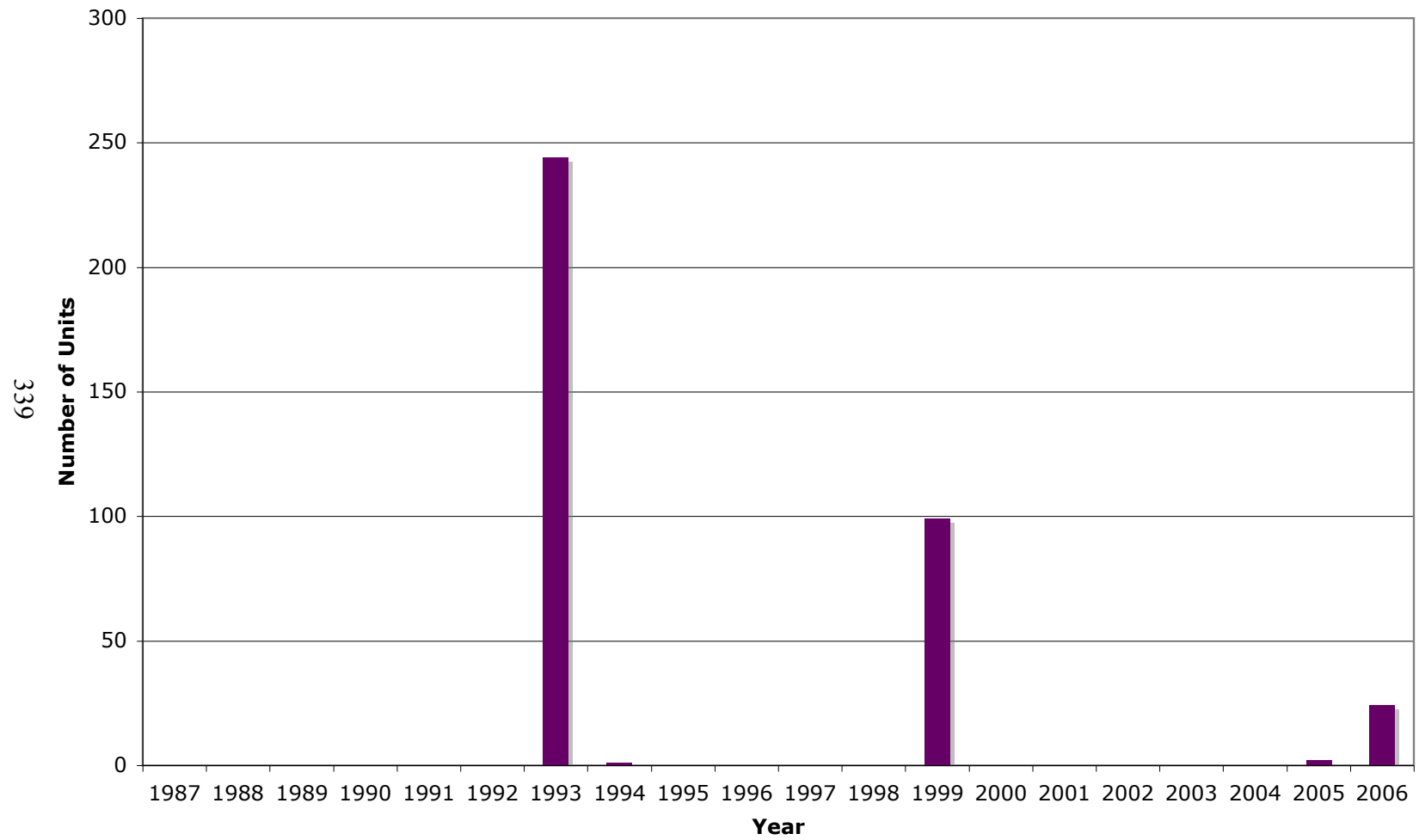
Housing Our Families Housing Unit Acquisition/Development



Sabin CDC Housing Unit Acquisition/Development



PCRI Housing Unit Acquisition/Development

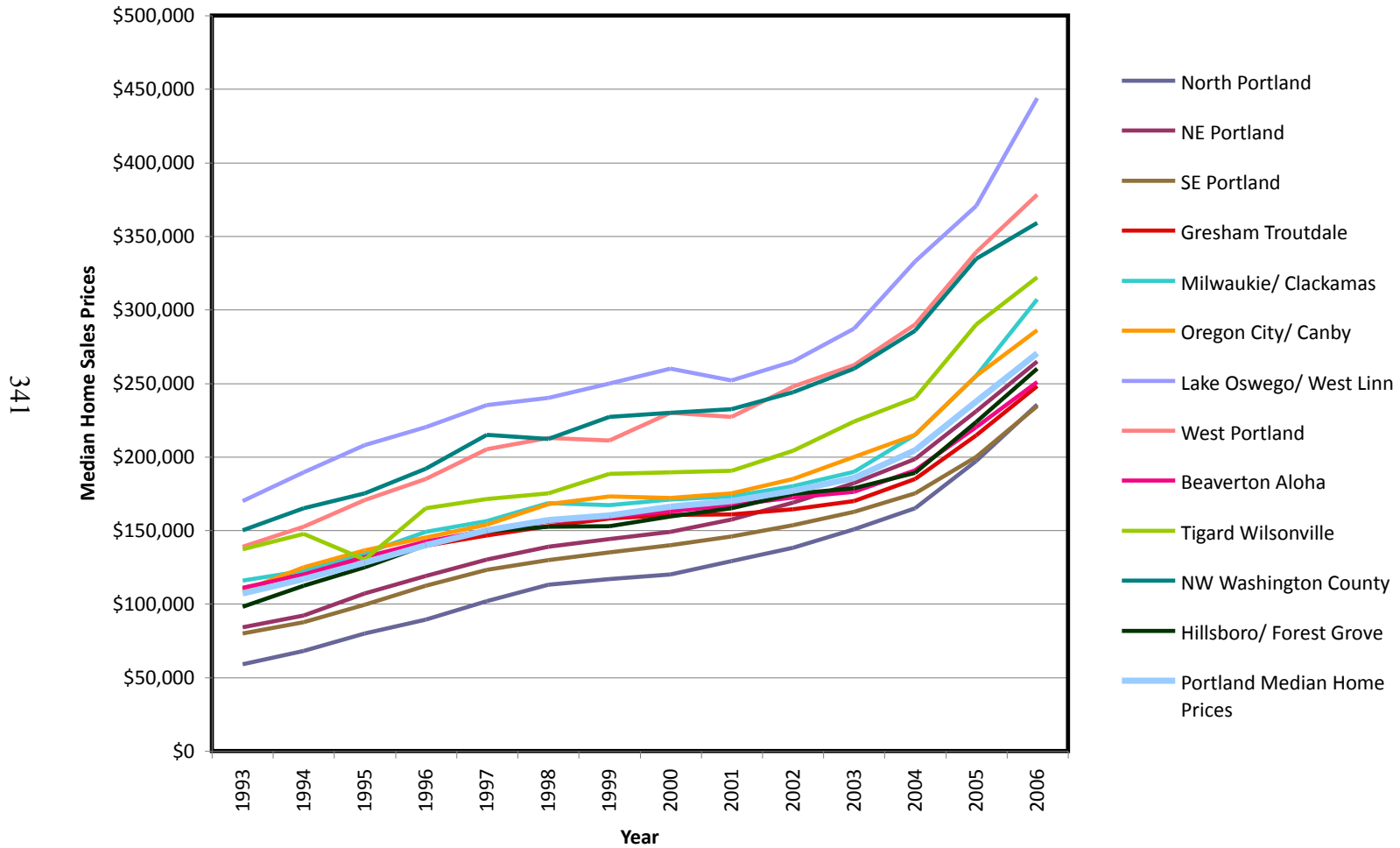


Appendix H RMLS Data

Area Home Prices (in dollars), 1993-2006

	North PDX	NE PDX	SE PDX	Hillsb'ro Forest Grove	Gresh'm Trout	Milwauk Clack.	Oregon City/ Canby	Lake Oswego/ West Linn	West Portland	Beavert'n Aloha	Tigard/ Wilsnv'lle	NW Wash County	Portland Median
'93	59,000	84,000	79,900	97,900	110,000	116,000	109,000	170,000	138,900	111,000	137,000	150,000	107,000
'94	68,000	92,000	87,500	112,500	121,500	122,500	125,000	189,500	152,500	120,000	147,500	165,000	117,000
'95	80,000	107,000	99,500	125,000	128,500	134,500	136,500	208,100	170,500	132,000	130,000	175,000	128,000
'96	89,200	119,000	112,500	139,900	139,500	149,100	145,000	220,000	185,000	142,500	165,000	192,000	139,900
'97	102,000	130,000	123,000	149,500	146,500	156,300	153,900	235,000	205,000	150,000	171,300	215,000	150,000
'98	113,000	139,000	129,900	152,500	153,000	168,500	167,900	240,000	212,800	156,000	175,000	212,100	156,900
'99	117,000	144,000	135,000	153,000	158,000	167,300	173,000	249,900	211,200	159,000	188,300	227,300	160,200
'00	119,900	149,000	140,000	159,400	160,500	170,900	171,900	260,000	229,900	163,000	189,600	230,000	166,000
'01	129,200	157,500	146,000	165,000	161,000	173,100	175,200	252,000	227,000	167,000	190,500	232,500	169,900
'02	138,000	168,800	153,400	174,900	164,500	180,200	185,000	265,000	247,800	172,500	204,000	244,000	176,900
'03	150,600	182,000	162,500	178,800	170,000	189,900	199,900	287,300	262,500	176,300	224,000	259,900	185,500
'04	165,000	198,400	175,000	189,000	185,000	214,900	215,000	333,000	289,900	191,000	240,000	285,900	204,500
'05	197,000	231,000	200,000	223,500	214,500	255,000	255,000	370,700	339,000	220,000	290,000	334,600	237,500
'06	235,500	265,000	234,500	260,000	248,000	307,200	286,000	443,800	378,100	251,000	322,000	359,000	270,500

Comparison of Portland Metro Area Median Home Sale Prices

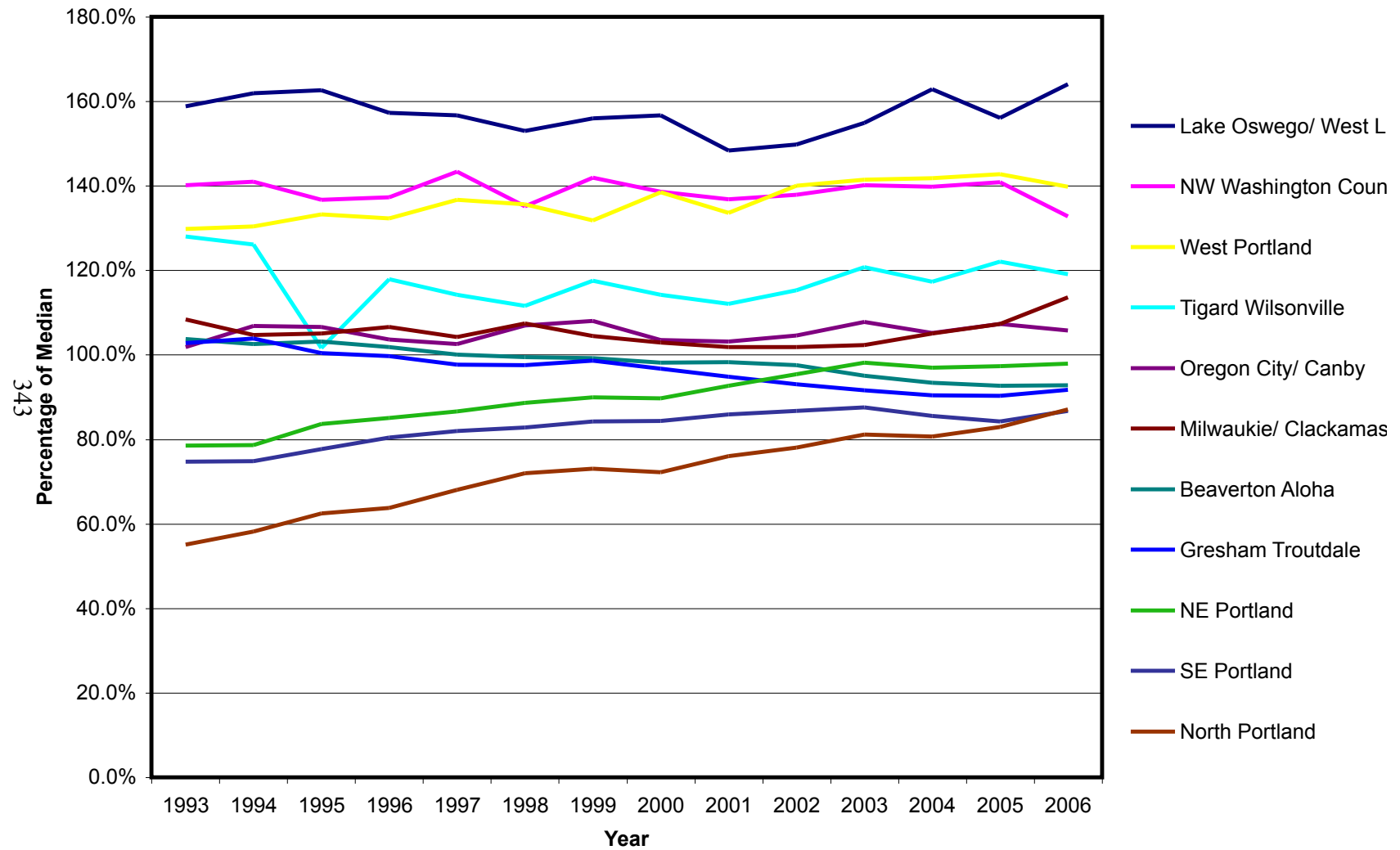


Appendix H RMLS Data

Home Prices as a Percentage of Median, 1993-2006

Year	North Portland	SE Portland	NE Portland	Hillsboro/ Forest Grove	Gresham Troutdale	Beavert'n Aloha	Oregon City/ Canby	Milwaukie Clackamas	Tigard Wilsonville	West Portland	NW Wash County	Lake Oswego/ West Linn
'93	55.1%	74.7%	78.5%	91.5%	102.8%	103.7%	101.9%	108.4%	128.0%	129.8%	140.2%	158.9%
'94	58.1%	74.8%	78.6%	96.2%	103.8%	102.6%	106.8%	104.7%	126.1%	130.3%	141.0%	162.0%
'95	62.5%	77.7%	83.6%	97.7%	100.4%	103.1%	106.6%	105.1%	101.6%	133.2%	136.7%	162.6%
'96	63.8%	80.4%	85.1%	100.0%	99.7%	101.9%	103.6%	106.6%	117.9%	132.2%	137.2%	157.3%
'97	68.0%	82.0%	86.7%	99.7%	97.7%	100.0%	102.6%	104.2%	114.2%	136.7%	143.3%	156.7%
'98	72.0%	82.8%	88.6%	97.2%	97.5%	99.4%	107.0%	107.4%	111.5%	135.6%	135.2%	153.0%
'99	73.0%	84.3%	89.9%	95.5%	98.6%	99.3%	108.0%	104.4%	117.5%	131.8%	141.9%	156.0%
'00	72.2%	84.3%	89.8%	96.0%	96.7%	98.2%	103.6%	103.0%	114.2%	138.5%	138.6%	156.6%
'01	76.0%	85.9%	92.7%	97.1%	94.8%	98.3%	103.1%	101.9%	112.1%	133.6%	136.8%	148.3%
'02	78.0%	86.7%	95.4%	98.9%	93.0%	97.5%	104.6%	101.9%	115.3%	140.1%	137.9%	149.8%
'03	81.2%	87.6%	98.1%	96.4%	91.6%	95.0%	107.8%	102.4%	120.8%	141.5%	140.1%	154.9%
'04	80.7%	85.6%	97.0%	92.4%	90.5%	93.4%	105.1%	105.1%	117.4%	141.8%	139.8%	162.8%
'05	82.9%	84.2%	97.3%	94.1%	90.3%	92.6%	107.4%	107.4%	122.1%	142.7%	140.9%	156.1%
'06	87.1%	86.7%	98.0%	96.1%	91.7%	92.8%	105.7%	113.6%	119.0%	139.8%	132.7%	164.1%

Portland Area Home Sales as a Percentage of Median



Neighborhood Map with Census Tracts and CDC Office Locations

Map Key

F- Franciscan Enterprise Office

H1- Housing Our Families 1st Office

H2- Housing Our Families 2nd Office

H3- Housing Our Families 3rd Office

N- Northeast CDC Office

P1- PCRI 1st Office

P2- PCRI 2nd Office

P3- PCRI 3rd Office



Census Tract Boundary



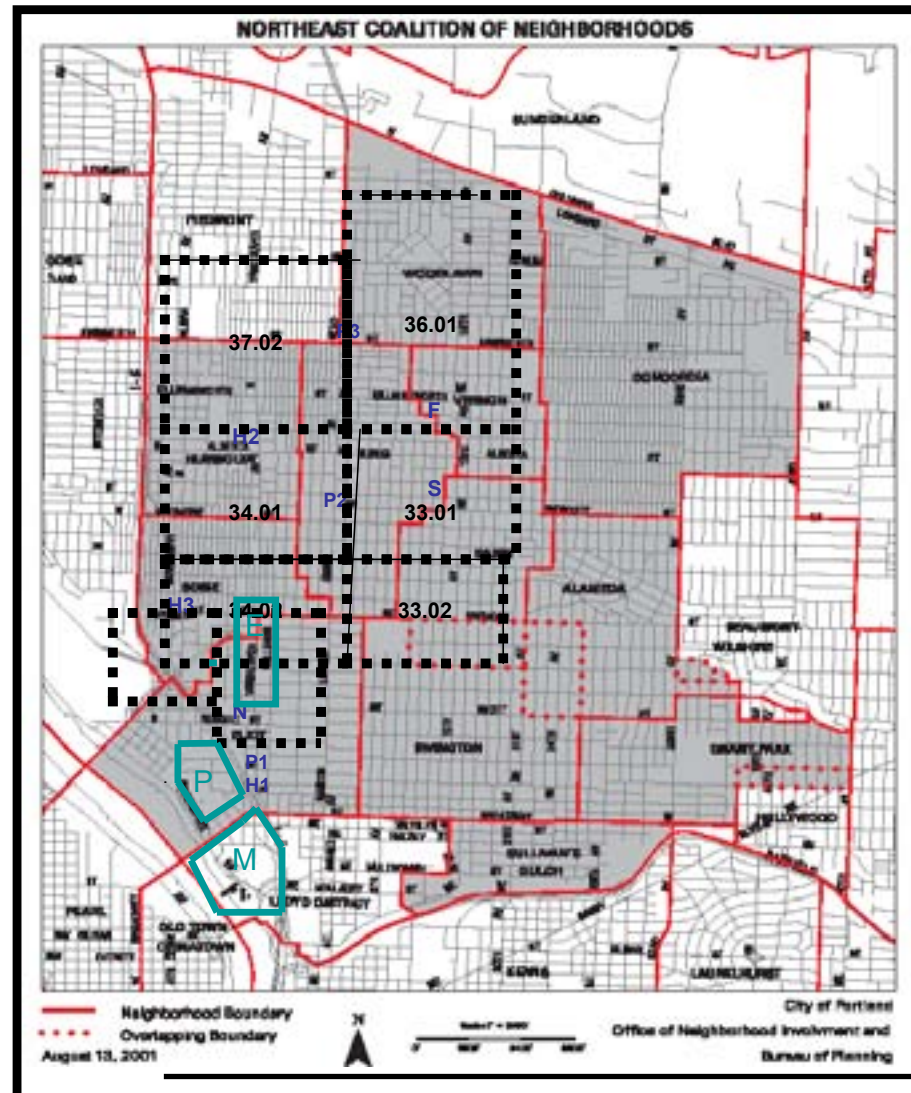
Large Institutional
Development Areas

E - Emmanuel Hospital URA

P - Portland Public Schools

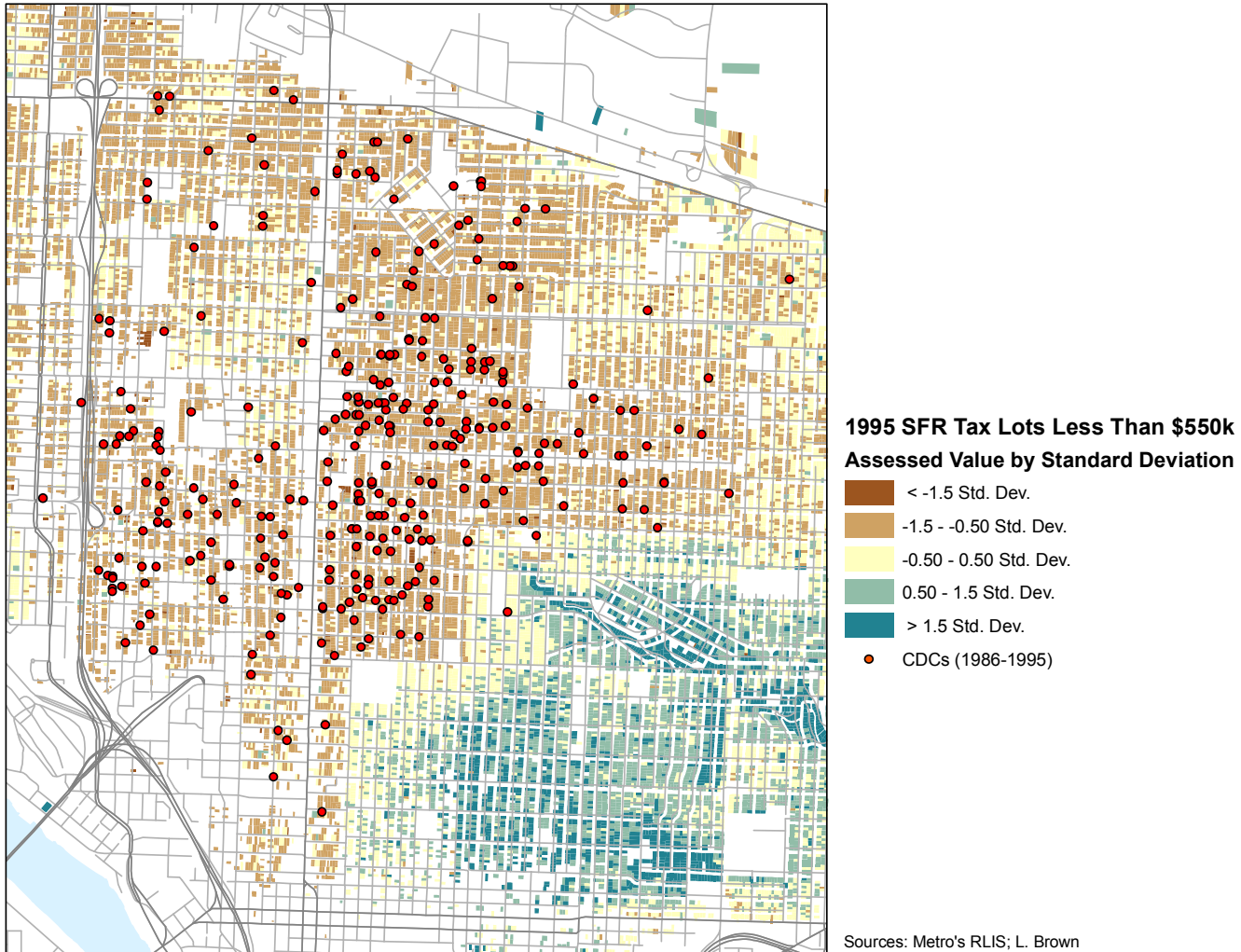
M - Memorial Coliseum

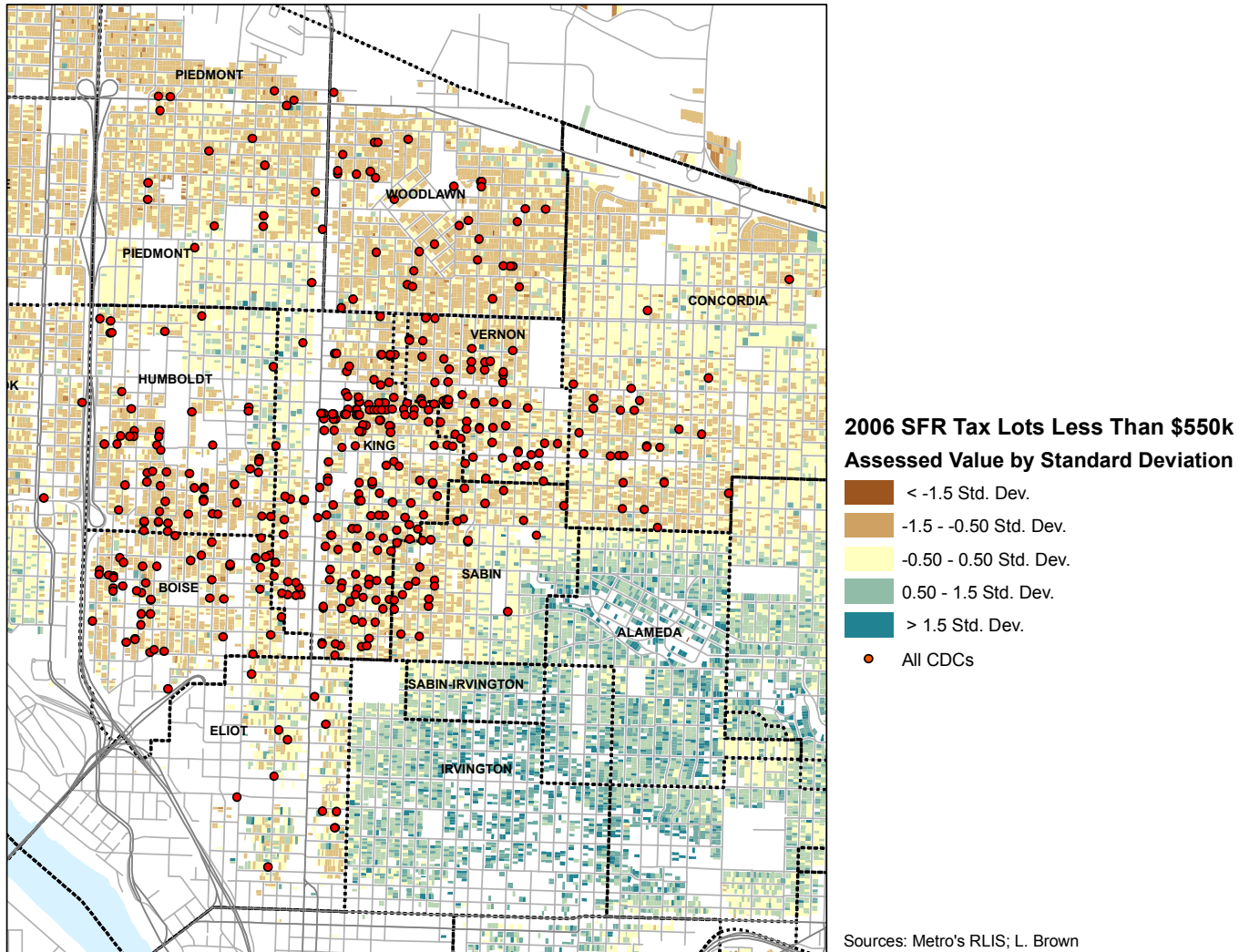
Source: City of Portland, Office of
Neighborhood Involvement, US Census
Bureau

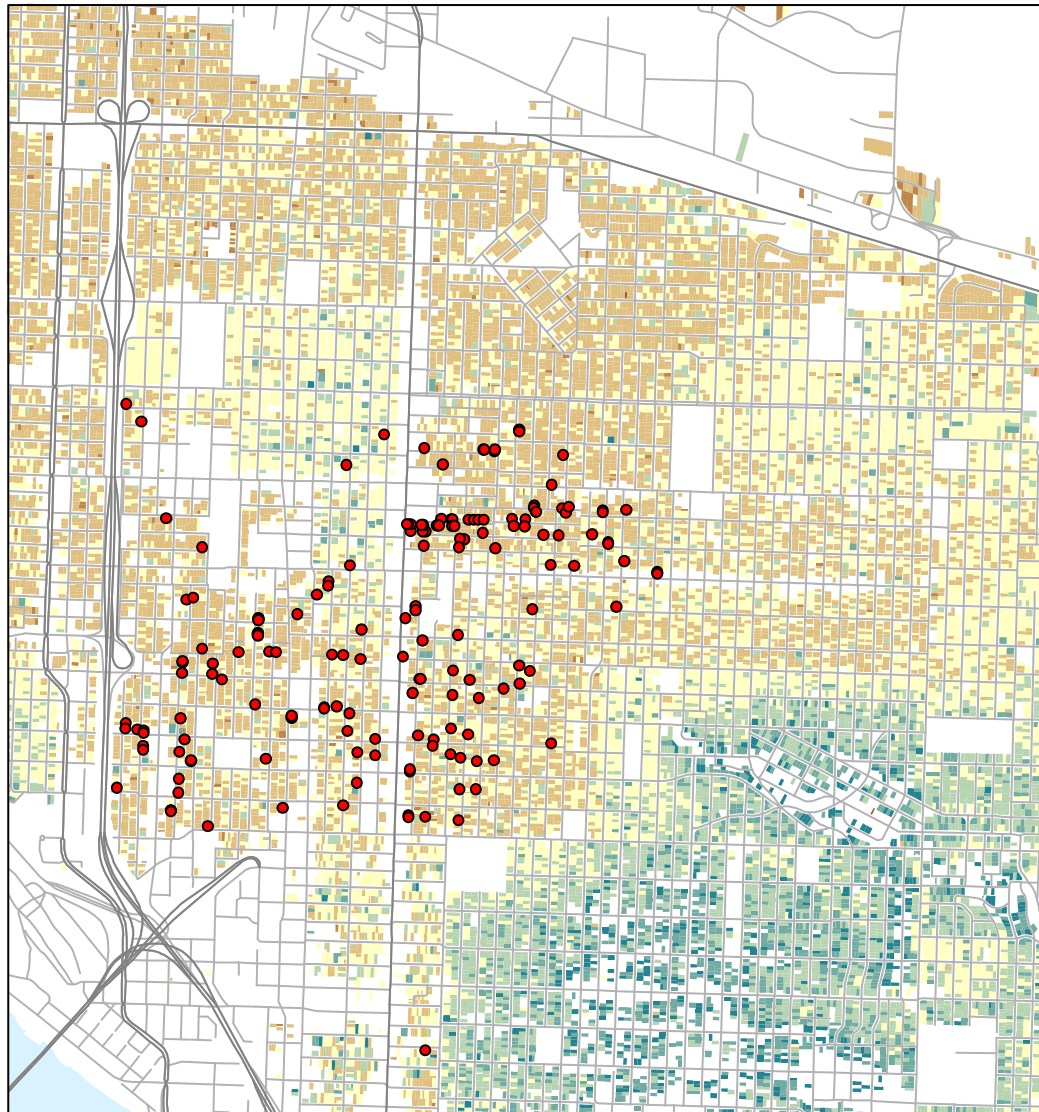


Appendix I Maps

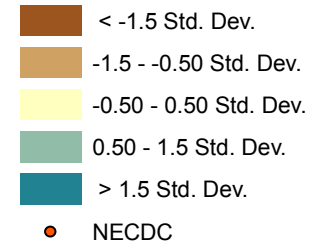
Housing Development Allocated by Neighborhood						
	NECDC	Franciscan Enterprise	Housing Our Families	Sabin CDC	PCRI	Totals
Boise	36	7	90	2	10	145
Eliot	2	14	79	0	31	126
Humboldt	32	7	13	0	119	171
King	162	63	14	19	52	310
Vernon	29	3	3	50	25	110
Sabin	1	0	0	16	17	34
Piedmont	0	0	74	0	24	98

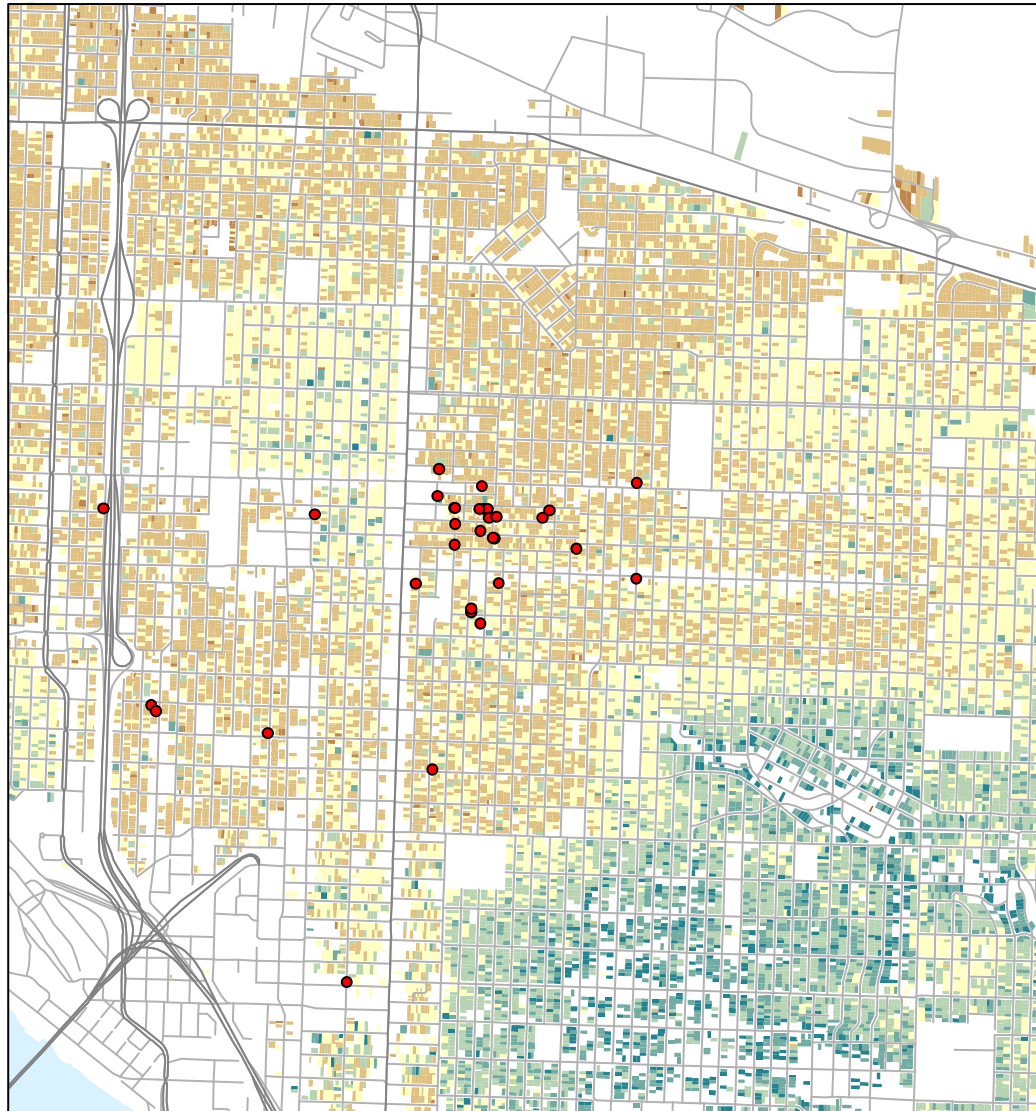




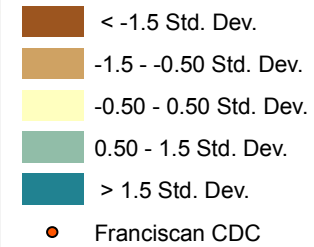


2006 SFR Tax Lots Less Than \$550k
Assessed Value by Standard Deviation

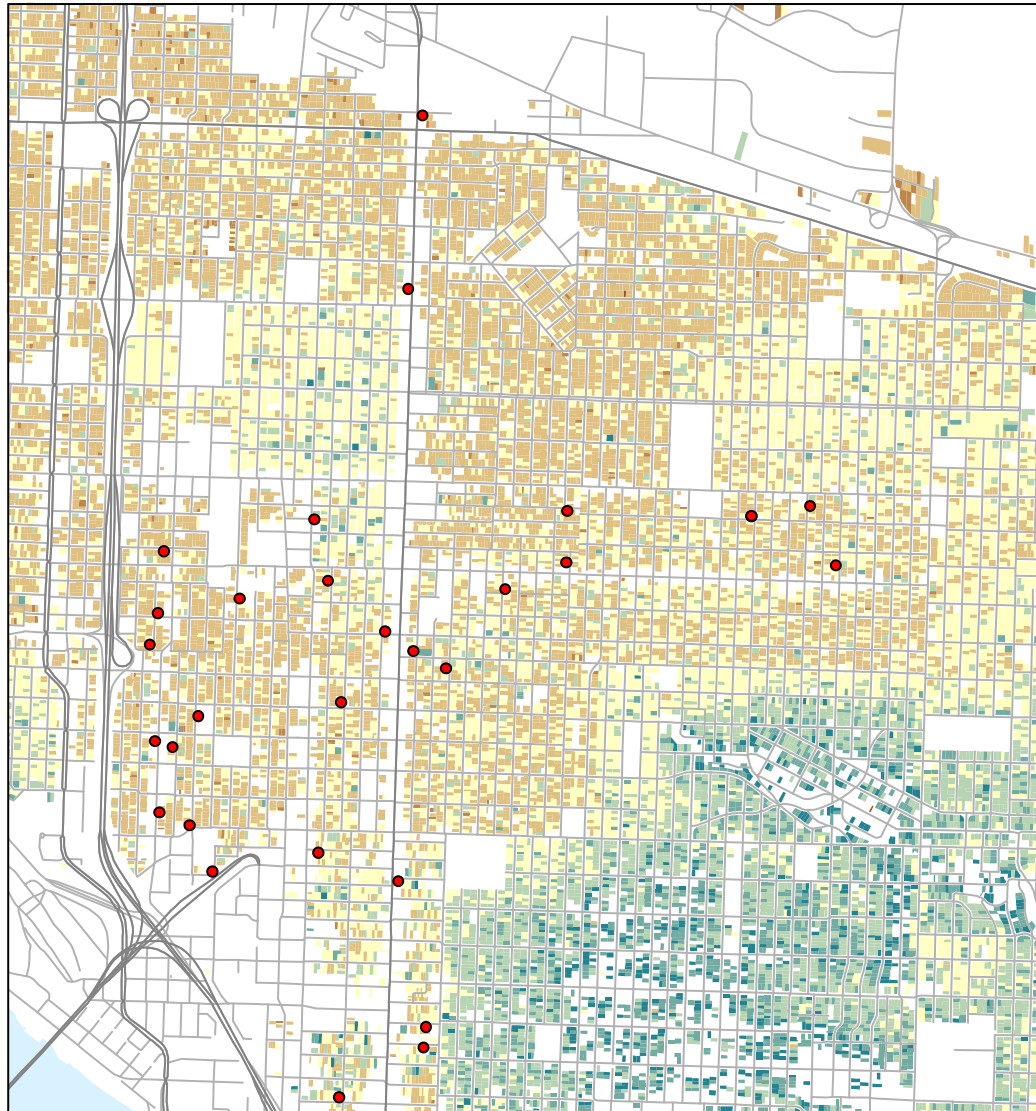




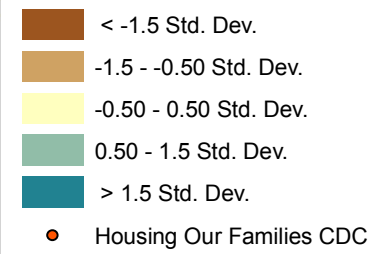
2006 SFR Tax Lots Less Than \$550k
Assessed Value by Standard Deviation

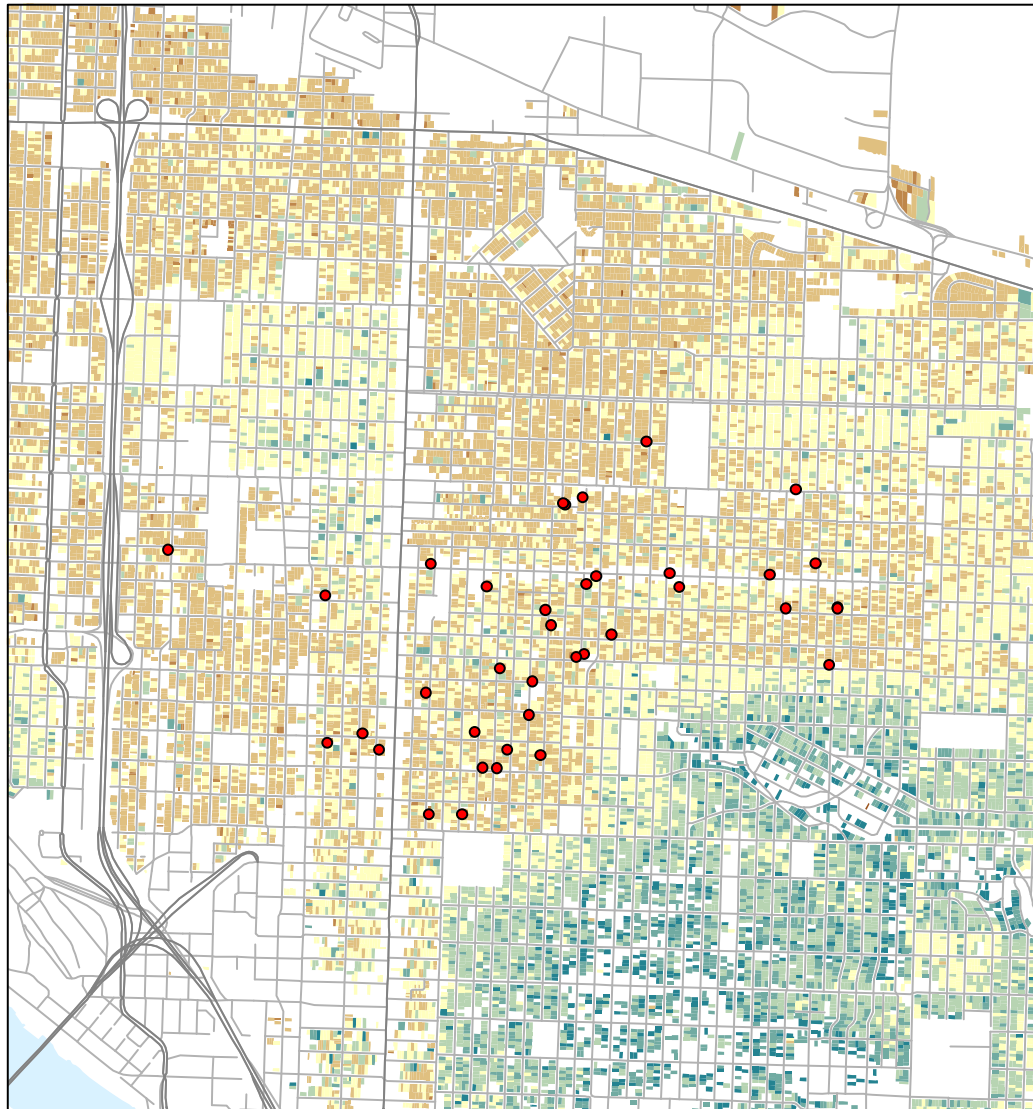


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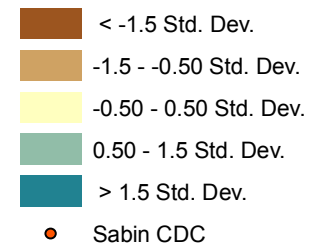


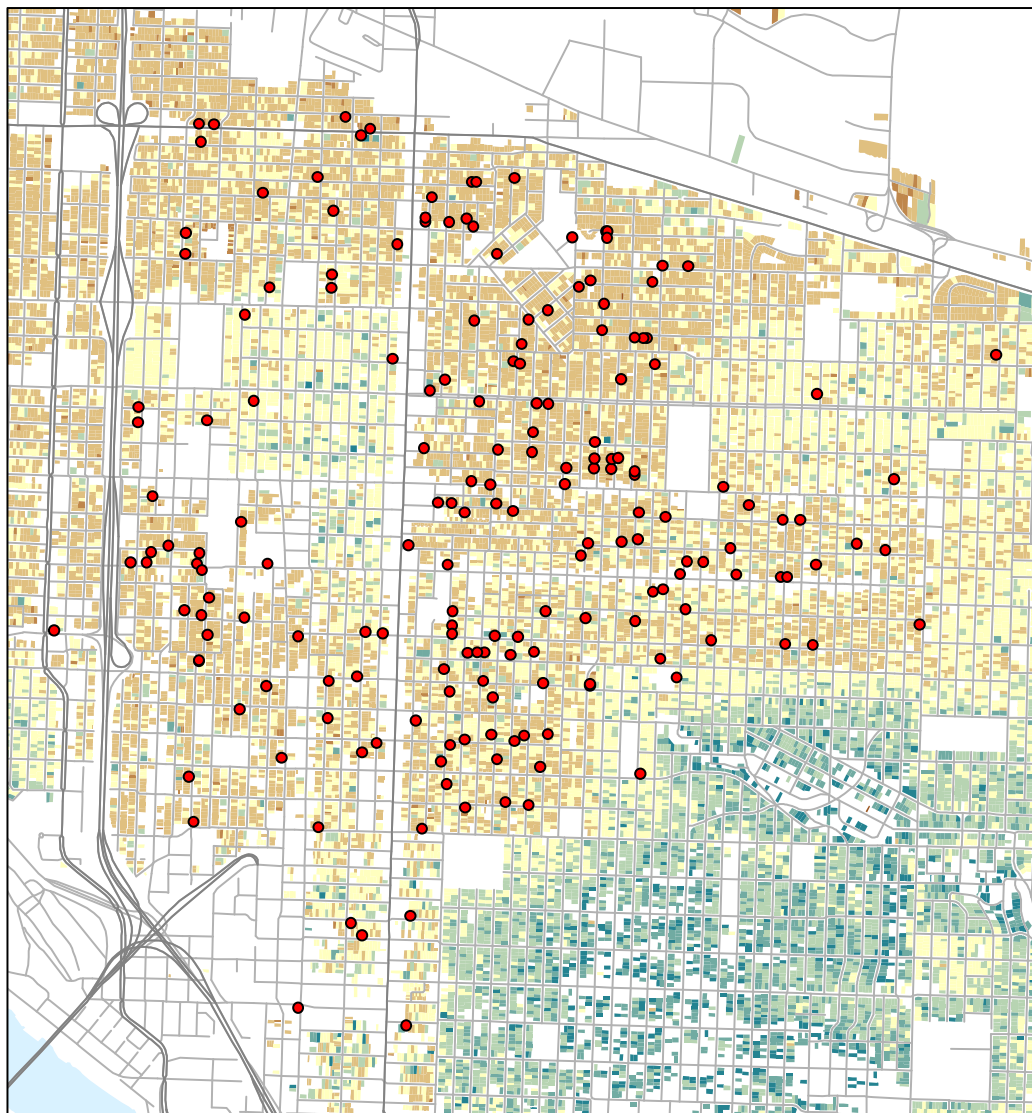
**2006 SFR Tax Lots Less Than \$550k
Assessed Value by Standard Deviation**



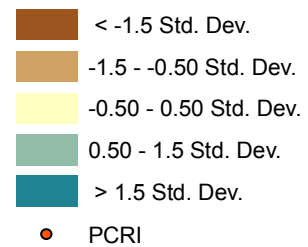


2006 SFR Tax Lots Less Than \$550k
Assessed Value by Standard Deviation





2006 SFR Tax Lots Less Than \$550k
Assessed Value by Standard Deviation



Appendix J – Timeline of Events

	Emerging Years – Industry Formation				
	Well funded, Ample Development Opportunities, Neighborhoods still blighted, accepting of CDCs, Growth Phase for Organizations				
	1991	1992	1993	1994	1995
Federal Leadership		Clinton elected President, Cisneros Secretary of HUD		Shift in Congress to Republican majority: Gingrich's Class of '94	
Federal Policy			HOPE VI approved by Congress		Welfare Reform: TANF Introduced w/ 5 year limits on benefits. Parts of CRA curbed. CDBG diminishes. Section 8 zeroed out for next 5 years.
Local Public Policy	Albina Community Plan Adopted	Kafoury Aide Sten comes up with idea to buy Dominion Capital properties and form CDC		Kafoury introduces idea of creating Housing Trust Fund with \$30 million from General Fund moneys	
Local Public Leadership		Katz elected mayor, Kafoury, defeating Bogle, is elected to City Council, leads BHCD, Hales elected to City Council			Portland Rehab Network becomes Community Development Network of Multnomah County and is granted non-profit status
Philanthropic Policy		1st round of NPF-led training sessions for CDCs	2nd round of NPF-led training sessions for CDCs	McNamara leaves, Neureuther hired as Director, Meyer Trust funds CDC operating support	Enterprise Foundation establishes an office in Portland, Mike Andrews hired to lead
Neighborhood Issues	Neil Kelly Showroom opens at N. Alberta and N. Albina	Neil Kelly donates building to N/NE Community Mental Health	Body found under FE Fred Meyer house	1st Boise Neighborhood Cleanup, Boys and Girls Club opens at NE Police Precinct	Housing prices in Portland rise by 25%
Northeast Community Development Corporation (NECDC)	Jaki Walker hired to implement Nehemiah Grant, 1st extension granted	Multnomah County balks at 130 property donations, redlining issues stall financing packages	NECDC completes 1st Nehemiah house		2nd extension on Nehemiah Grant granted
Franciscan Enterprise (FE)		FE participates in NPF trainings	FE acquires 14 houses from Fred Meyer	DelSavio and Lindsey hired as co-directors, Kowalczyk hired as const. manager	
Sabin CDC	Sabin CDC formed from Sabin Community Assoc	Sabin completes 1st rehab	Sabin gains 501C3 status, participates in NPF trainings, Meisenhelter hired as ED	Ediger hired as co-ED to develop housing, Beene hired to run Alberta St organizing effort	Fondren hired as Economic Development Director, Sabin initiates Alberta St Corridor Project
Housing our Families (HOF)	HOF acquires 501C3 status	HOF completes first rehab	HOF completes NPF training, hires Dursch as ED, Smock as Community Organizer	HOF acquires Colonial Park, starts Maya Angelou rehab	HOF wins Rudy Bruner Award, beats out NECDC
Portland Community Reinvestment Initiatives (PCRI)		PCRI created to assume 354 Dominion Capital Properties, entire year's worth of tax credits set aside to facilitate	Interim Director Alverson, assisted by Ediger, seek to straighten out 70+ land sale contracts	Fitzpatrick hired as ED, land sale contracts cleared, renovation of properties begins, Kelley hired for construction	

Appendix J – Timeline of Events

	Middle Years – Industry Growth and Complexity		
	Greater Accountability from Funders, Limited and More Complex Development Opportunities, Gentrification Happening, CDCs become Stewards of Multiple Housing Units and Advocates for Poorer Residents		
	1996	1997	1998
Federal Leadership	Bill Clinton re-elected President, Andrew Cuomo Secretary of HUD		
Federal Policy	Welfare Reform Act		
Local Public Policy	PNDSC formed - single source of funding for CDCs from City and Local Foundations		
Local Public Leadership	Vera Katz re-elected mayor, Mike Lindberg and Earl Blumenauer resign, Erik Sten elected City Commissioner		Kafoury resigns as City Commissioner, Sten takes over leadership of BHCD, Jim Francesconi elected Commissioner
Philanthropic Policy	BHCD, NPF, & Enterprise form PNDSC	Tax Credits becoming main source of project equity for low-income housing	NCDI money runs out
Neighborhood Issues		1st Alberta Street Fair, McMenamin Brothers renovate Kennedy School into Brew Pub and Hotel, Self Enhancement Inc moves to Unthank Park	Art on Alberta takes over street fair, Last Thursday art walk created
NECDC		NECDC completes final Nehemiah house, 167 units completed	NECDC enters into agreement with The One Company to develop the Gladys McCoy apartments
Franciscan Enterprise	FE acquires 3 LIHPRHA properties, Lindsey and DelSavio leave, Karen Voiss hired as Director, Maggie Gibson development begins		Entire FE staff quits, citing Voiss' lack of leadership
Sabin CDC	Sabin acquires 3 LIHPRHA properties	Sabin completes Otesha Place	Diane Meisenhelter and Jane Ediger leave, Felicia Allender-Brant hired as Director
Housing our Families	Alberta Simmons Plaza developed, HOF acquires 4 LIHPRHA properties, Smock leaves	Betty Campbell Building built on N. Mississippi	Dursch, after returning from maternity leave, asked to leave for good, Willer finds embezzlement, Bauer hired to work on MTA
PCRI		Line of Credit max'd out, Construction Manager Kelley leaves, childcare programs initiated	

Appendix J – Timeline of Events

	Merger Years – Industry Accountability		
	Little or No New Development, Gentrification Process fully in Place, CDCs become Synonymous with Low Income Housing, Sabin gets out of the Housing Business, Franciscan and HOF Merge, NECDC closes its doors		
	1999	2000	2001
Federal Leadership		George W Bush elected President, Mel Martinez Secretary of HUD	
Federal Policy	Dow Jones tops 10,000		9/11 Attacks. Invasion of Afghanistan. Housing Funds cut more.
Local Public Policy			
Local Public Leadership	Dan Saltzman elected City Commissioner		
Philanthropic Policy	PNDSC suggests that N/NE groups discuss overlapping services/service areas	PNDSC demands that groups (NECDC, PCRI, HOF, FE, and Sabin) merge - or lose funding	
Neighborhood Issues	BNA torpedoed HOF rental project with Tom Walsh, Battle of Boise in Willamette Week	NE Passage documents BNA strife with HOF, Rebuilding Center opens on N. Mississippi Ave	Mississippi Ave St Fair begins, New Seasons Market opens on NE 33rd Ave
NECDC	NECDC forms Geo Development, a for-profit venture, explores idea of saw mills in Zambia, Jaki Walker resigns	NECDC withdraws from merger talks, closes its doors, and turns 12 unsold houses back to bank	
Franciscan Enterprise		Maggie Gibson completed, Karen Voiss resigns in August after sending letter regarding HOF. Fran Ayaribil hired as interim Director. FE withdraws from merger talks for 3 months.	FE merges with HOF to become ACDC July 1. New Board led by FE members
Sabin CDC		8 Land Trust houses completed and sold	Sabin withdraws from merger in June and forgoes funding
Housing our Families	HUD scrutinizes finances, Miggins hired as Director, BNA torpedoed rental housing development with Tom Walsh	HUD scrutiny continues, no audit completed. HOF in talks with FE and Sabin.	HOF merges with FE to become ACDC, Shelley Earley hired as Director, new staff found to be under qualified, finances
PCRI	Park Terrace (88 units) acquired	PCRI declines entry into merger talks, forgoes funding	

Appendix J – Timeline of Events

	Mature Years/Attrition – Industry Contraction				
	Little or no New Development, N/NE Portland becomes so expensive, even the Original Gentrifiers can no longer afford it, Alberta and Mississippi become the new Commercial Districts, Sabin goes Dormant, ACDC decides to close its doors, PCRI attempts Minority Homeownership Programs				
	2002	2003	2004	2005	2006
Federal Leadership			George W Bush re-elected President, Alphonso Jackson Secretary of HUD		
Federal Policy	HUD budget authority decreased by 40% since 1976 (Powell, 2004).		Interest Rates drop to new lows. Homeownership rates increase.		
Local Public Policy			10 Year Plan to End Homelessness enacted - priority for housing for 0-30% of MFI		HIF budget \$12 million.
Local Public Leadership	Randy Leonard elected City Commissioner		Tom Potter, defeating Jim Francesconi, elected mayor, Sam Adams elected City Commissioner		
Philanthropic Policy			Enterprise Foundation revamps into Enterprise Community Partners		
Neighborhood Issues	Renovation of PCC Cascade Campus			No Alberta St Fair	BNA torpedoes MAL due to design issues, cites BC building as poor example
NECDC					
Franciscan Enterprise					
Sabin CDC	Sabin completes a land trust house		Sabin completes a land trust house		Sabin's 15th Anniversary Party, Allender-Brant goes on indefinite leave.
Housing our Families/ Albina Community Development	ACDC completes new const. project on NE 10th, CFO fired for incompetence	Earley leaves after 20 months, McIlhatten hired as turn-around director	ACDC enters into discussions with PCRI for dissolution	ACDC refinances all properties	ACDC properties transferred to PCRI March 31
PCRI			PCRI enters into discussions with ACDC	Minority Homeownership Programs initiated, OC Trotter Office Building completed	ACDC properties transferred to PCRI March 31