Successes like Argus, Capital Commitment, Job Corps and Comprehensive Competencies show how remedial education, life skills training, corporate etiquette training, job training and job placement need to be interrelated. When this is done, there are multiple good outcomes, based on measures like higher job placement, higher earnings, more education, less crime and less dependency.

Placement and retention in actual jobs is the crucial end result of the work of programs like Argus, Capital Commitment, and Job Corps. But are there enough jobs available for the truly disadvantaged, even if they are well trained? One of the main reasons that supply-side Job Training Partnership Act and enterprise zone programs failed was that they generated relatively few jobs. (See: What Doesn't Work?) In the public sector today, the federal government does not have a comprehensive policy to generate the jobs needed by the structurally underemployed. Nor do most state and local governments. Nor does the private, except for isolated success, like how Capital Commitment has worked with the telecommunications industry to generate jobs. In addition, practitioners in what is called "youth work" and "youth development" often do not link these concepts in practical ways to real jobs.

Given these inadequacies, what economic development institutions at the grassroots level are needed to generate jobs for the structurally unemployed? What financing mechanisms? Model examples that answer these questions include the Local Initiatives Support Corporation, the Enterprise Foundation, the New Community Corporation, the Telesis Corporation, and the South Shore Bank. Success for models in the economic development field is not measured by control group or comparison group evaluations. Rather, it is measured by economic activity, housing and physical construction, businesses opened and jobs created in targeted inner-city neighborhoods, all of which work to reduce inequality. See the Citations at the end of this section. For more information, visit the Center for Community Change, the Development Training Institute, the Ford Foundation, the Enterprise Foundation, the National Congress for Community Economic Development, the National Low Income and Housing Coalition, the National Neighborhood Coalition, the Local Initiatives Support Corporation, the South Shore Bank and YouthBuild, USA.

The Local Initiatives Support Corporation And The Enterprise Foundation

In the 1980s, federal urban disinvestment was a policy associated with supply side economics. (See: What Doesn't Work: Supply.) For example:

- From 1981 to 1992, over about the same time when the richest one percent of the populations received tax breaks that increased their income by 122 percent, federal aid to cities was cut by 60 percent, after adjusting for inflation.
- Appropriations for the subsidized housing programs operated by the U.S. Department of Housing and Urban Development (HUD) fell by more than 80 percent (inflation adjusted) between 1978 and 1991. Housing assistance for rural families provided by the Farmers' Home Administration also dropped sharply, down 72 percent.
- By 1989, there were over 4 million more poor households seeking apartments with low rents than there were units available in a price range they could afford.
By 1998, there were only enough publicly subsidized units to house 1 of every 4 families that qualified.

About 90 percent of the low-cost housing that now is built each year is financed by tax credits to for-profit corporations that invest money with which nonprofit community development corporations (CDCs) construct or rehabilitate housing for the poor.

Much of the nonprofit work is channeled to local nonprofit community development corporations by 2 national nonprofit intermediary organizations: the **Local Initiatives Support Corporation (LISC)**, created by the **Ford Foundation**, and the **Enterprise Foundation**, created by the late developer James Rouse. **LISC** and the **Enterprise Foundation** co-target federal financing with grants and loans from private foundations.

The community development corporation concept originated with Robert Kennedy after his famous walk through New York's Bedford-Stuyvesant neighborhoods. The ensuing bipartisan legislation was sponsored jointly by Senators Kennedy and Javits in 1966. These first-generation initiatives were funded by the Ford Foundation and the Office of Economic Opportunity. They included the Bedford-Stuyvesant Restoration Corporation in Brooklyn; the East Los Angeles Community Union in Los Angeles; the Woodlawn Organization in Chicago; and the Delta Foundation/Mississippi Action for Community Development.

Initially, 15 such community development corporations were formed in distressed urban and rural communities. Today, 2,000 community-development organizations exist, although some of these organizations are very small.

Since the early 1980s, **LISC** and **Enterprise Foundation** loans and grants have had a dramatic impact on specific devastated neighborhoods in urban America. For example, they helped restore the Liberty City section of Miami after the riots in the early 1980s. They replaced graffiti and rubble in five square miles of the South Bronx in New York with new homes and parks.

As a result of such success, combined with the withdrawal of federal investment in low-income housing in the 1990s, community development corporations now are the biggest developers of low-income housing in the United States.

**The New Community Corporation**

An example of a pre-eminent community development corporation is the New Community Corporation (NCC) in Newark. Founded by Monsignor William Linder after the 1967 Newark riots, NCC today is an $80-million-per-year enterprise, housing more than 6,000 people in 10 well-maintained properties, caring for 600 children in 6 day-care centers and providing 2,800 meals daily. NCC has generated jobs for 1,200 people from the neighborhood. NCC has become New Jersey's largest nonprofit housing operation and one of the largest in the country. Monsignor Linder describes NCC as a "network of care," a safe haven for those residents who have never shared in the downtown area's economic boom. Many NCC staffers began there as high school dropouts but now have master's degrees.

The secret to NCC's funding operations was based on street savvy, financial management skill, tenacity, flexibility and independence. A $7M loan from the Prudential Foundation helped NCC to build a Pathmark supermarket, one of only two full-sized supermarkets in all of Newark. The loan also established a credit union with $1.6M in assets, a donut shop, a restaurant, medical offices, a spa, and St. Joseph's Plaza -- a $2.5M project.
to renovate the shell of a 120-year old Gothic-style church, which houses the corporation's headquarters. Most of the funds were obtained through long-term loans from government organizations such as New Jersey's Housing and Mortgage Finance Agency. HUD funds -- for example, Community Development Block Grants -- also were used.

**The Telesis Corporation**

NCC illustrates how nonprofit organizations can create and partner with for-profit businesses. There also are good examples of how for-profit organizations can create non-profit subsidiaries that generate housing and jobs. One is the Telesis Corporation in Washington, DC. Telesis has renovated Paradise at Parkside, a northeast Washington, D.C. apartment complex with 600 apartments. One of the most attractive features of the $20M Paradise at Parkside rehabilitation effort is the creative way in which Telesis has brought financing partners together. One funding source, the AFL-CIO Housing Investment Trust, invested $10M in return for a guarantee that all construction workers would be union members. Other financing includes $6M from Consumers United, $3M from the Washington, D.C., Department of Housing and Community Development, $4.5M from HUD, and $500,000 from the federal Department of Health and Human Services (HHS).

Renovation costs at Paradise at Parkside average approximately $30,500 per apartment, an amount in sharp contrast with the $130,000 per-unit cost to the federal government and the District of Columbia government to renovate the nearby Kenilworth-Parkside public housing complex, which was mistakenly held up by HUD from 1988 to 1992 as perhaps the best federal example of tenant management and ownership. Some of the renovation and construction jobs were generated for Paradise at Parkside residents.

As the nonprofit NCC, the for-profit Telesis Corporation has been able to integrate social development with physical development. Employment training and classes on life skills, such as budgeting and home ownership, are conducted by the greater Washington Mutual Housing Association. A day-care center and after-school tutoring for children are available to residents. Some Paradise residents work at construction and property-management jobs at the development. A youth organization founded by Paradise teenagers provides tutoring for kids.

Telesis presently is replicating Paradise-type development in other locations nationally.

**The South Shore Bank**

In turn, job-generating community economic development has been assisted by the success of community-based banking. Here the model is the South Shore Bank in Chicago. During the past 20 years, South Shore has proven that a determined lender can reverse the process of urban decay and simultaneously make a profit. The process began with the purchase of a local bank. The founders of South Shore created a for-profit real estate development company and a nonprofit community development corporation to work closely with the bank. The bank provided an opportunity for people to support social goals without risk by investing in federally insured deposits. The real estate company offered the possibility of profits, with some risks. The community development corporation sought government and private grants.

The South Shore neighborhood of Chicago consists of 250 square blocks in which approximately 78,000 people live not far from Lake Michigan. South Shore has provided financing for approximately one-third of the area's
housing stock.

Additional Examples:

1. Preschool
2. Public School Reform
3. Youth Investment and Development
4. Job Training, Placement and Retention
5. Community Development Corporation and Training
6. Problem-Oriented and Community Equity Policing
7. Comprehensive Interdependence
8. Contacts

Citations: This section is based on:


