

The Community Development Innovation Forum

To: Community Development Innovation Forum
Fr: Joe Kriesberg on behalf of the Field Definition Working Group
Dt: April 15, 2009
Re: Report from the Field Definition Working Group

Background

The Field Definition Working Group was charged with developing a strategy for defining the community development field in a way that better reflects how the field has evolved over the past 30 years and to help strengthen the field for the future. This “charge” included looking at Chapter 40F, the state law passed in 1977 that defines a CDC under Massachusetts law and has served as the basic legal framework for the field for the past 30 years. With the statute scheduled to sunset on June 30, 2010, this group was asked to develop a recommendation about whether and how to extend the law. The group needed to consider this in the context of how such a law could help or hinder attempts to better define the field and make the field stronger. We were also asked to think about a new communications strategy so that we can talk about the field in a more effective and current manner – in short how we can update the “story” of the field in a way that reflects the field’s diversity and relevance to today’s challenges and opportunities.

The Working Group was chaired by Joe Kriesberg and included Elizabeth Bridgewater (Community Development Partnership on Cape Cod,) Amy Shapiro (Franklin County CDC,) Rachel Bratt (Tufts University,) Marc Dohan (Twin Cities CDC,) Alison Moronta (JPNDC,) and Krissy Ruzzo (Falmouth Housing Trust.) The committee conducted its work in close consultation with Bob Van Meter of LISC, Andrew Baker (Hilltown CDC,) the MACDC Board of Directors, and the MACDC Policy Committee.

The working group conducted most of its work through a series of conference calls and detailed e-mail discussion beginning in June 2008 and concluding in January 2009 when the Chapter 40F legislation was completed and filed at the State House.

Determining a Chapter 40F Strategy

At its first meeting on June 11, the group decided to focus its work on whether Chapter 40F was still a useful tool – or could become one – for defining the field. It was agreed that we needed to resolve this question first both because of the time line for filing legislation and because it would drive our communications strategy going forward. The group evaluated the current importance of 40F and found that many “CDCs” no longer comply with the definition, that MACDC and LISC no longer adhere to it, that there are no state funding programs reserved for CDCs, and that CDFC is partnering with very few CDCs at this point. However, a small number of CDCs (maybe just one) does heavily rely on the law so that it can operate as a “quasi public” entity and that the brownfields law does provide useful liability protections to CDCs. Overall, the law has lost most of its relevance.

The committee discussed three options:

1. **Allow Chapter 40F to sunset.** Under this scenario, CDCs would no longer be defined by state law as a distinct subset of nonprofits with special resources and privileges (albeit very few of them at the moment.) This would allow the field to evolve without constraint from the state and would allow MACDC and its partners to define the field – not state legislators. It would likely lead to further erosion of the notion of CDCs as distinct groups and could allow us to define the field as a field of practice based on shared values, activities and goals that includes a full range of non profits, government agencies, companies, individuals, etc. The group considered whether such an approach would allow us to build a larger and more powerful movement.
2. **Extend Chapter 40F without any changes.** Under this scenario we would be able to retain the few benefits that Chapter 40F still provides (in particular the quasi public status which is very important to a small number of groups) without significant political effort and without having to struggle through the notion of what constitutes a CDC.
3. **Modernize Chapter 40F.** The goal under this scenario is to update the definition to better reflect current practice, create new benefits for CDCs, and use the law to strengthen and bolster the field.

The group quickly eliminated option 1 since it would hurt a few groups, help none, and send a signal that the CDC field was less important than it used to be. After some discussion over a period of weeks, it was agreed that we should pursue option 3. The group concluded that this legislation could provide a vehicle to reaffirm the state's commitment to community based development by creating a new legal framework for CDCs that strengthens the field and better positions us to address the new challenges and opportunities of the 21st Century. The legislation would be an excellent way to accelerate, support and drive the changes already well underway at the local level and the new thinking that is emerging from the Community Development Innovation Forum. Ideally, the bill could also give CDCs access to new tools and resources both in the short term and even more so in the long run.

The committee and MACDC staff met with CDFC, DHCD, and other stakeholders to begin developing a proposal. In the end, the Working Group recommended and the MACDC Board agreed to file a bill that would:

- I. **Update the definition of a Community Development Corporation** to reflect current practice as MACDC recently did with its by-laws. This would enable a larger subset of non profits to qualify, but not all non profits. CDCs would need to demonstrate accountability to their constituency, but the board would not have to be elected by the membership.
- II. **Create a formal certification program for CDCs** that is similar to that used for CHDOs and CDFIs. This would create a defined subset of non profits who meet the threshold criteria. DHCD would determine that a particular organization “is” a CDC. While DHCD certification would not be a statement about the capacity of the organization, groups would need to demonstrate some level of current activity, professionalism (e.g. current state and federal filings, regular board meetings, etc.) CDCs would need to recertify every 2 or 3 years. The group believes that being a “state certified CDC” would enhance the credibility of local organization and would provide a platform for creating various benefits as described below.

III. **Require EOHEd to annually report on its efforts to support the field.** The Executive Office of Housing and Economic Development would be required to annually report to the Legislature how it was helping CDCs, what types of investments it had made in CDCs and other ways it was supporting the sector. This would not automatically require the state to do anything different than it does now (other than create a report) but it would likely create an incentive to expand that support and would represent a message from the legislature that it wants to see CDCs supported.

The Working Group believes that such a system would lay the foundation for giving CDCs enhanced access to state (and maybe private) resources, although funding would still be allocated on a competitive basis. Toward that end, MACDC has filed a community development tax credit bill that would provide tax credits to CDCs through a competitive process.

This legislation was filed in January 2009 by Rep. Steven Walsh and ___ other cosponsors and will be considered during the 2009/2010 legislative session. MACDC has made its passage of the bill one of its top priorities.

Communications Strategy

The Working Group discussed whether it is better to define the field as a set of organizations called CDCs (somehow defined) or whether it is better to define it as a broader array of organizations and individuals with a shared set of values, activities and goals. This distinction is sometimes framed as whether we are an industry or a movement. The working group recognizes that both definitions are valid and useful in different ways and different times. However, there was a strong sense that it was important to continue to identify CDCs as a distinct type of nonprofit organization that plays an essential role in advancing a community development agenda. Hence, our recommendation is to pursue the 40F legislation. At the same time, the group does believe the field/movement is certainly broader than just CDCs given the number of partners and stakeholders in the field. How do we talk about this larger set of players?

Clearly, there is a significant need to update and refresh how we talk about the field and how we tell our story. Too often the field is defined by the conditions and efforts that created the field in the 1960s and 1970s, rather than by the challenges and opportunities that exist today. Our 30-40 year history is sometimes perceived as evidence that the field is past its prime and no longer on the cutting edge, rather than as evidence that the field has capacity and a proven track record on which to build. We need to develop a disciplined strategy for talking about who we are, what we do, and why it matters.

While the Working Group agreed on the need to do something in this regard, we did not have sufficient time to develop such a strategy. The Working Group did learn about the work that several other CDC associations around the country have been doing with Action Media, a nonprofit communications consulting and training organizations. Action Media has been working with these associations to conduct research on how to best talk about the community development and housing fields in ways that will attract more support. They also provide training to CDC associations and CDCs about how to use these messages and techniques and how to develop and implement effective communication strategies. The Working Group believes this approach has significant merit.

Recommendations for Phase II of the Community Development Innovation Forum

1. MACDC is the appropriate group to take the lead on passing the Chapter 40F legislation now pending in the State House. We do not think the Innovation Forum needs to take any formal action beyond supporting MACDC's efforts as needed. If/when the legislation is passed, MACDC, DHCD and other stakeholders may want to form an ad hoc group to help DHCD implement the new law, but that decision can be made at a later date.
2. The Working Group believes that we could greatly benefit from hiring Action Media to conduct research, planning and training here in Massachusetts. We believe that such a project would likely cost between \$35,000 and \$45,000 and take about 6 to 9 months (Action Media's fee would likely be \$20,000 to \$25,000, plus there would be costs for travel, trainings, and project management.) We would need to create a working group to further define the scope of this project but we expect it to include the following elements:
 - a. Initial workshop by Action media that explains the general techniques they use and the results of prior research regarding our field.
 - b. Creation of an ad hoc committee to work with Action Media to develop the specific communications strategy, including defining the goals, the specific message, and the action plan.
 - c. Training CDC staff and CDC board members so they can participate in the statewide communications strategy and use the same techniques locally.
 - d. Evaluation of the campaign and refinement of the strategy over time