

The Demonstration Disposition Program in Boston, Massachusetts: Lessons for Resident Empowerment and Neighborhood Revitalization

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Introduction

This essay discusses the policy implications of the Demonstration Disposition Program in Boston, Massachusetts, for neighborhood revitalization in low-income areas. This housing rehabilitation program is among the largest in the history of Boston and, based on information collected and analyzed for the period 1994 to 2002, can be described as a successful initiative involving resident participation and generating economic development.¹ Financed by HUD and administered by Massachusetts' state housing agency, the program was aimed at rehabilitating more than 1,800 housing units for low-income residents living in HUD-owned housing in Boston. It is one of the largest HUD-supported rehabilitation programs in the nation, and represented the biggest initiative to improve the stock of affordable housing in this city. In addition to the rehabilitation of housing, the program's goals included resident empowerment and home ownership, and local economic development. The program was successful in several ways: it facilitated resident participation between pre-construction and disposition of housing; it provided a mechanism for the expenditure of more than \$330 million in ways that spurred local economic development; and, it transferred ownership of housing to tenant associations. This paper provides a brief history of the program and its characteristics, and information about how the goal of resident empowerment and local economic development were achieved under this initiative. It concludes with a discussion of implications of this program for neighborhood revitalization strategies in low-income and predominantly black and Latino urban areas.

The authors propose that this program holds important lessons for neighborhood revitalization in low-income urban areas. Places described as such remain numerous in many

U.S. cities. In 1998, for example, the U.S. General Accounting Office reported that there were 14,000 census tracts in a national total of approximately 58,000 census tracts that could be described as distressed based on a poverty rate of 20.0 percent or higher (GAO 1998). Many of these census tracts are located in predominantly black and Latino neighborhoods. These places have higher levels of poverty and unemployment, lower labor force participation, lower homeownership rates, and generally a greater level of inferior housing stock than is found in their respective cities.

This scenario has given rise to public policy questions regarding appropriate responses to spatial and racial inequality. Some of these questions include: Is neighborhood revitalization worthwhile? What is the role of government regarding neighborhood revitalization? Should poor people be encouraged to leave their neighborhoods in order to revitalize these areas? How can local economic development be triggered and sustained in poor and working-class neighborhoods? How can small and local businesses be strengthened? How can civic capacity and partnerships be increased and supported on behalf of neighborhood-based actions aimed at improving living conditions? The Demonstration Disposition Program provides information that is germane to some of these questions; but most importantly, it shows that the idea of neighborhood revitalization—and for the benefit of low-income and working-class residents—is workable. While the idea of revitalization of low-income and dilapidated neighborhoods has been disparaged by some writers (Lemann 1994; Halpern 1995), the Demonstration Disposition Program represents an opportunity to revisit ideas for urban investment strategies and citizen participation.

The original mission of the Demonstration Disposition Program, started in 1995, was to rehabilitate 2,197 housing units owned by the Department of Housing and Urban Development (HUD) in Boston, Massachusetts, in ways that reflect a resident-centered plan and generate economic development activities in the targeted neighborhoods. The program was established and developed with five goals: (1) rehabilitation and disposition of 1900 HUD-owned housing units; (2) design and implementation of initiatives to prepare residents to become homeowners of these units; (3) long-term preservation and affordability of the units; (4) creating economic opportunities in the target communities for businesses and residents; and, (5) remedying discrimination against minority-owned and women-owned businesses. By 2002, eight of the original eleven sites were complete in terms of construction rehabilitation, and these sites were in the process of ownership transference from HUD to resident organizations at the housing sites.

This massive program is funded by HUD at a cost of more than \$330 million, and managed by the Massachusetts state housing agency, MassHousing, formerly named the Massachusetts Housing Finance Agency until 2000. After several changes from the initial financial plan for this initiative, HUD and MassHousing agreed on a funding framework to help ensure that the renovated housing units would remain affordable for low-income residents. The financial arrangements included \$226.7 million from the Federal Housing Administration Insurance Fund for renovations; utilization of project-based expenditure of \$101 million in Section 8 subsidies over a fifteen-year period; utilization of Low Income Housing Tax Credits by some of the sites; \$17 million in syndication bridge loans to some of the sites in order to meet construction costs not covered by funding from the FHA Insurance Fund. The financial arrangements also included funding for a range of resident and housing site assistance for capacity building activities.

The program provides lessons for understanding how to develop effective partnerships between neighborhoods and government, and investing resources in ways that increase the level of economic development activities and provide affordable housing. Under this program, and due to resident requests for additional community space and

larger units, 1,862 housing units (rather than the original 2,197) were rehabilitated as affordable and cooperatively owned housing. Furthermore, hundreds of millions of dollars were expended through contracts with small and local businesses, many representing black, Latino, and women-owned businesses. Related program accomplishments include:

- increase in the stock of low-income housing;
- provision of considerable resources for the development of small and local businesses, including businesses owned by blacks and women;
- increase in employment opportunities for local residents on construction-related labor;
- minimal displacement or relocation of residents during the construction of the housing units;
- design of long-term fiscal framework for the continual affordability of the units; and
- encouragement of civic participation and partnerships between local businesses, community-based organizations, and residents.

These accomplishments are consistent with federal goals established in earlier housing legislation, including the Housing and Community Development Amendments of 1978 (Section 203) and other guidelines for the rehabilitation of publicly subsidized housing.²

The Demonstration Disposition Sites

The Demonstration Disposition sites are located in the city's predominantly black and working-class neighborhoods of Roxbury, Dorchester, and the South End. These neighborhoods are part of eleven Demonstration Disposition housing development "packages" or sites incorporating all the housing units. Some of the sites include scattered housing units that are not connected to each other, but are clustered in proximity. Approximately 39 percent, or 855 of the original 2,197 HUD units were vacant and uninhabitable and 1,330 (or 61 percent) were occupied. Figure 1 shows the location of the sites in Boston.

The buffer area overlaps with the neighborhood of Roxbury and with parts of Dorchester and the South End neighborhoods, and one site, Fieldstone, in the Mattapan neighborhood of Boston. Based on the U.S. Bureau of the Census 2000 there are approximately 62,565 persons living within a half-mile buffer of all Demonstration Disposition properties. The 2000 census indicates that about two-thirds (67.0 percent) persons are black and 23.0 percent are Latino, the remaining composed of Whites, Asians, and others. Approximately 29.3 percent of all families, including 7,200 children under the age of 18 years within this buffer area were reported as impoverished in 2000. Based on 1999 figures, the per capita income for black residents was \$13,487 and for Latino residents it was \$9,726. The unemployment rate for males 16 years and over and living in this buffered area was 11.0 percent in 2000, and for women it was 9.0 percent. Compared to other parts of Boston, the homeownership rate is very low. There are 26,203 housing units, of which 8.0 percent were counted as vacant and where only 4,830 of these total units are owner-occupied.

Building Resident Empowerment

A key feature of this program is its resident-centered program orientation. Other housing initiatives certainly have called for resident participation and community partnerships. Under this program, however, residents are the fulcrum (rather than an add-on) for

Figure 1
Location of Demonstration Disposition Sites in Boston



collaboration between small businesses, MassHousing, tenant advocacy groups, and community-based organizations. The partnerships evident under this effort are glued by the fact that residents at the eleven sites have the power to decide the nature and substance of alliances with other sectors, including local businesses, community development corporations, and other participants. Due to resident influence over fiscal and policy matters these sectors had to respond to the agendas of residents rather than accommodate residents into their own organizational agendas and interests.

Resident associations served as important arenas in allowing residents to voice concerns about the progress of the renovation work, but also were key for sharing of information. The resident organizations were able to communicate common concerns through numerous and regular meetings held with MassHousing and other organizations. They helped to design the architectural vision for their housing sites and participated in details that were part of determining time frames and the scope of work for these vision plans. The role of these organizations represented a critical component in ensuring a resident-centered program.

Residents participated in planning and decision-making that involved:

- determining the type of cooperative ownership and management of the new units;
- selecting architects and approving design plans;
- providing input about relocation issues and strategies;
- monitoring of construction-related activities and scopes for repairs;
- selection of property and development and architectural teams for sites;
- involvement in determining responses to public safety issues;

- planning the type of fiscal strategies that would help keep the new rehabilitated units affordable.

Under the initial leadership of Marvin Siflinger and Eleanor White, executive director and deputy director of the housing agency during the early stages and initiation of the Demonstration Disposition Program, agency forums such as the Inner City Task Force and the MBE Linkage Committee were started and supported in order to allow residents to discuss a wide range of issues, including changes in HUD, financing and budget changes, and changes at the agency, as well as providing updates on progress at various sites. These venues were supported by two subsequent agency executive directors, Steven Pierce and Thomas Gleason. The forums represented a participatory tool for residents, especially for those living in sites that needed time to develop strong resident associations. These arenas were important for sharing information and insights about the issues faced by resident associations as they became involved with the implementation of the program. Once viable resident associations were established at the sites, the Inner City Task Force was eventually folded into the MBE Linkage Committee.

An early problem with the operationalization of resident involvement was that some of the housing sites did not have viable resident organizations during the first years of planning for the program. This was a serious issue because calls for resident involvement in decision-making would be meaningless if residents lacked organization and access to technical assistance regarding decisions about complicated construction and fiscal matters. For this reason residents participated in training sessions and workshops funded by MassHousing. The technical assistance offered by the agency, and at times in partnership with other organizations such as the Massachusetts Boston Housing Partnership, the Boston Housing Tenants Alliance, the Community Economic Development Assistance Corporation, and others, sought to make tenants aware of legal and management issues regarding the implementation of the program.

This kind of technical assistance was vital in ensuring that resident associations would become organizationally competent in decision-making involving millions of dollars in the letting of contracts and the future of the housing sites. Training was conducted primarily at each of the housing sites, but there were also workshops and activities at central locations where residents from the eleven housing sites would meet to discuss issues about the progress of the program. The state agency also paid for resident coordinators at each of the sites to ensure that the burden of organizing residents, and assessing concerns and interests, would not be solely dependent on a spirit of volunteerism.

The areas covered under technical assistance included information about incorporating organizations; training for more effective boards of directors; workshops and training related to developing effective relationships with vendors and business consultants, and property managers; exercises in strategic planning; information about the development of information management and record-keeping; and, workshops on fund raising and development of resources. The rationale underlying these kinds of services is that residents would have to be trained and supported in order to become effective decision-makers regarding issues that touched very technical matters, such as blueprints and construction plans, legal and fiscal matters.

Generating Local Economic Development

Another key goal of this initiative is the utilization of housing construction funds to expand economic development in the targeted neighborhoods. The Demonstration Disposition Program includes several features that are similar to other efforts seeking to

integrate housing with social services and economic activities. For example, HOPE VI, an initiative to rehabilitate housing and educate, train, and help the residents become self-sufficient, calls for a dual focus on addressing capital and human needs. However, the integration of both kinds of components as well as a focus on economic development is not as prioritized as it is with the Demonstration Disposition Program.³ This program places greater attention on economic development than the HOPE VI program. The Demonstration Disposition Program was designed as a resident-centered housing rehabilitation program with concomitant focus on economic and community development. In other words, while focusing on a strategy to improve housing and increase tenant-ownership, the agency sought to spur economic development in the targeted neighborhoods by working with local businesses and others, but also assisting residents with education and human services.

Economic development was approached as a framework that included the following components:

- expenditure of construction funds through contracts and sub-contracts with minority-owned and local businesses;
- expenditure of contracts and funds with minority-owned businesses in sectors such as architectural and legal companies, as well as property managers, security and service establishments;
- continual support to local and minority-owned businesses in order to expand the capacity of this sector through technical assistance, strengthening of information management systems, information and access to business opportunities, and generating opportunities for joint venturing with larger firms;
- strengthening linkages between residents and local businesses in the areas of community planning and housing development;
- employment of local and community residents on construction related projects; and
- aggressive anti-discrimination monitoring (site visits; requirement of periodic reports; meetings with representatives of companies regarding noncompliance) of banks and insurance companies, and larger construction companies working with businesses owned by Blacks, Latinos, and women.

Initially, the agency agreed to expend 80 percent of all controllable expenditures under the program with minority-owned firms. Expenditures for construction activities would thus mean infusion of funds into the neighborhood resulting in an expansion of business activities; expanding long-range growth opportunities for management companies and service vendors; and the hiring of local workers.

In the pursuit of this 80 percent goal, MassHousing confronted a legal issue that could have derailed the Demonstration Disposition Program. Federal officials at HUD became concerned about potential lawsuits in light of several U.S. Supreme Court decisions declaring facets of affirmative action programs as unconstitutional. The major concern was that any white contractor might sue MassHousing and HUD over the goal of expending 80 percent of the controllable expenditures of the Demonstration Disposition Program on minority businesses. Presumably, the Supreme Court's Croson decision in 1984, and the Adarand decision in 1992, would represent the framework of this suit.⁴ Interestingly, the 80 percent goal negotiated with HUD was established a year after the Adarand decision, and almost ten years after the Croson decision. Although this goal was never defined or associated with "affirmative action" as such, nor as a minority set-aside, some individuals in MassHousing believed that the Agency could be vulnerable to a lawsuit based on these earlier judicial decisions.

MassHousing officials and others were concerned that a legal suit along these lines would damage the progress of the Demonstration Disposition Program and therefore should be avoided as much as possible by clarifying and revising this goal. Therefore, the agency adopted a goal of expending 30 percent of its contract dollars on minority-owned businesses, in addition to a goal of 80 percent for small businesses located in the target communities under the Demonstration Disposition Program. The goal of 30 percent was based on a review of racial disparity studies that were conducted for Boston and Massachusetts in the area of transportation and construction, and housing construction, and which concluded that some degree of racial discrimination did occur in previous periods in rewarding of contracts to black business owners in Massachusetts. By taking a geographic focus on economically revitalizing the neighborhood, rather than black or Latino businesses specifically, an issue that could have derailed this massive initiative was transformed into a mechanism that guaranteed significant participation on the part of minority, and women-owned businesses in the program.

After a goal of using 80 percent of all controllable expenditures for minority-owned business contracts was changed to one of 80 percent of all controllable expenditures for local businesses, it became easier to direct a large proportion of construction funds to established minority- and women-owned businesses, as well as to other small businesses located in those neighborhoods. Businesses owned by people of color, as Table 1 shows, also received millions of dollars for providing architectural, legal, and property management services. Table 1 shows the overall expenditure of construction funds over several years since the program's inception. Almost \$244 million was spent on construction for the eleven housing sites between 1995 and 2001. Almost half of this amount, or \$122 million contained in construction contracts was awarded to minority-owned businesses, and \$17 million dollars was awarded to women-owned firms.

In addition to receiving significant funding through contracts, or sub-contracts, the capacity of local and small businesses was expanded in two basic ways. First, due to limited bonding many of the sub-contractors who received contracts through the prime contractors may not have been eligible to bid on the construction projects; but under the Demonstration Disposition Program they were able to participate through joint ventures with larger ones. This improved their capacity by allowing the building of business experiences related to working on larger projects, and strengthening the potential bonding capacity of smaller and local businesses. Second, opportunities to provide services and products as sub-contractors enhanced the reputations and networking contacts that proved advantageous for future projects in both the city and region.

Residents voiced early concerns about ensuring that the program would provide employment opportunities for local residents. MassHousing worked with resident associations in encouraging vendors and service providers to hire local residents. There was also emphasis on the hiring of residents for work related to the construction activities. This was facilitated through the participation of residents in the selection of construction firms. It was also encouraged by the rewarding of bid points to contract and business proposals of local firms committed to hiring workers who were residents at the housing site or the community. Table 2 shows that a total of 1.37 million hours of work were generated as a result of the construction contracts issued between the initiation of Demonstration Disposition through 2001. Approximately 99,000 or 7 percent of these hours, were earned by Demonstration Disposition residents, and another approximately 460,000 hours, or 34 percent of the hours, were used by residents of the targeted communities. Thus, 41 percent of all work hours generated by construction activities during and up to that period, were used by residents of the neighborhoods in which the Demonstration

Table 1
Overall Expenditure of Construction Funds—1995-2001

<u>CONTRACT CATEGORIES</u>	<u>TOTAL \$</u> <u>Awarded</u>	<u>MBE \$</u> <u>Awarded</u>	<u>% Achieved</u>	<u>WBE &</u> <u>M/WBE \$</u> <u>Awarded</u>	<u>%</u> <u>Achieved</u>	<u>Local Business</u> <u>\$ Awarded</u>	<u>%</u> <u>Achieved</u>
GENERAL CONSTRUCTION	\$243,293,490	\$121,716,402	50%	\$16,801,151	7%	\$128,354,878	53%
	73%						
ARCHITECTS	\$25,187,021	\$20,646,026	82%	\$1,211,944	5%	\$2,721,546	11%
	8%						
PROPERTY MANAGEMENT	\$17,584,905	\$8,635,885	49%	\$1,198,628	7%	\$8,095,641	46%
	5%						
SECURITY	\$17,358,334	\$17,304,364	100%	\$2,669,158	15%	\$14,831,374	85%
	5%						
RESIDENT RELATED SERVICES	\$20,143,311	\$16,311,518	81%	\$3,308,425	16%	\$12,909,652	64%
	6%						
PROFESSIONAL SERVICES	\$9,259,760	\$1,670,927	18%	\$289,475	3%	\$610,316	7%
	3%						
TOTAL	\$332,826,821	\$186,285,122	56%	\$25,478,781	8%	\$167,523,407	50%

Source: Figures are based on HUD PMS data system up to June 2001. In addition, general contractors, architects and property management companies have provided information on consultant subcontractors and vendors, where appropriate.

Notes: Awarded dollars and goal achievement for Minority Women Businesses are counted in both *Women and Minority Business* categories. All dollars and percentages are rounded to the nearest whole number. "Uncontrollable Expenditures" are not included in program-wide totals, i.e., property taxes, water and sewer fees, utilities, payrolls/ workmen's compensation, Section 8 certificates/vouchers, and rents paid to individual landlords.

Table 2
Distribution of Work Hours—1995-2001

Combined Local Workers	Hours Worked	Goal	% Achieved
Overall	1,376,724.60		
Minority Workers	754,750.40	0.30	0.55
Women Workers	56,317.80	0.15	0.04
Local Demo Workers*	98,668.70	N/A	0.07
Other Local Workers	459,725.83	N/A	0.33
Combined Local Workers	558,394.53	47% (Avg.)	0.41

Note: The 7% hours attributed to local demo workers represent 351 individual workers who reside at Demonstration Disposition properties. This information pertains only to the period up to 2001.

Disposition sites are located. Black workers, along with some Latino workers, earned approximately 750,000 hours of contract work, while women worked about 56,000 hours of contract work during this period. Women of color, however, did not fare as well. Although there was a hiring goal of 15 percent for women, in fact, only 4 percent was achieved by 2001.

The Role of the MassHousing Agency

MassHousing provided the management services and funding for the overall program. In this regard, it was responsible for many things including asset management of properties, fiscal and legal oversight, monitoring the progress of the program, and working with external stakeholders including community-based organizations, local and state elected officials, and HUD. Residents expressed both praise and concerns about the oversight provided by MassHousing. In summary, concerns were expressed regarding turnover of agency personnel and consultants retained by MHFA. In the early phases of the program, residents at some housing sites found that they had to continually develop relationships with new agency staff or architects that tended to delay the building of effective communication and trust between various interests. Related to this criticism, is the concern that MassHousing provided little or timely information that would serve to keep residents informed of the progress and potential problems in the implementation of the program. Residents expressed some consternation about the construction delays or lack of progress with proposed timetables. Residents proffered complaints about the design and quality of construction in some places. There were a number of complaints about the lack of quality in the materials, insecure fixtures, and inadequate responses to pest control. Related to this, some residents believed that MassHousing was lax, at times, in monitoring the contractors and the materials they used.

An early fear of some residents was that the physical improvements in their housing sites would not last. This seemed to be a carryover of skepticism borne from earlier frustrations dealing with other public agencies and commitments for improving housing and neighborhood conditions. The process for relocation was an area of some concern in its initial stages. Many residents felt that it could have been a smoother process if MHFA had (a) provided information about decisions affecting relocation more rapidly than was the case; and (b) anticipated potential problems that some residents raised early in the planning process. Some residents expressed that the relocation process was too rapid and abrupt and tended to be disruptive.

In spite of these concerns, both residents and business owners were generally satisfied with the way this project was managed by the state agency. There were several components of the agency's management approach that helped in the development of this project. These components emerged from many meetings with residents and community representatives over several years. Key components included (1) providing "places" for resolving disputes between various parties involved with this effort; (2) maintaining processes and actions to involve a wide range of stakeholders; (3) continually focusing on using precise language and definitions related to the program; (4) encouraging input from resident participants and community representatives; (5) keeping a continual focus on matters pertaining to economic development including the participation of local and minority/women-owned businesses; (6) showing strong visibility and commitment on the part of agency leadership; and (7) planning and adopting performance benchmarks for various facets of the program.

Lessons for Resident Empowerment and Neighborhood Revitalization

The accomplishments of the Demonstration Disposition Program suggest several important lessons germane for neighborhood revitalization that benefit long-time residents. One lesson is that quality resident participation and decision-making is a key tool for designing effective local initiatives. This is an observation that is frequently paid only lip service (Faber, Loh, and Jennings 2002). Many in the field of planning and urban affairs presume that

poor and working-class people in economically distressed neighborhoods do not have capacity for organizing on behalf of positive change. They would advocate de-concentration of poor people or call for initiatives that are based on gentrifying the neighborhood and attracting different kinds of residents (usually upwardly mobile and young professionals) to neighborhood areas facing economic distress.

The Demonstration Disposition Program shows that residents of poor and working-class neighborhoods can play a positive and sustaining role in helping to design and implement effective local programs. But this participation and potential contribution has to be based on power-sharing with residents in planning and implementing holistic and effective visions for the neighborhood. More than a quarter of a century ago one economist noted that the mere rhetorical call for resident empowerment in inner cities is meaningless without the sharing of power and resources: "From the perspective of the entire community...prior control of the infrastructure is essential to control of the process of subsequent development" (Harrison 1974, 6). This is also proposed by political scientist Gregory D. Squires: "Government at all levels has a responsibility to take an active role—in partnership with private industry and community organizations—in planning economic development and shaping public as well as private investment..." (Squires 1983, 5) He argues, furthermore, that safeguards must be "established to ensure that the intended public benefit will be realized..." (p. 5). This kind of call for resident empowerment is not contradictory to comprehensive local economic development. In fact, the long-time residents involved with the Demonstration Disposition Program reflected a repository of practical ideas that would be beneficial to many people. There are examples across the country that show that residents in poor and working-class communities not only want to get involved in civic matters, but when they do, can bring innovative and creative planning ideas about how to improve the neighborhood. (Jennings 2004)

A related point is that community participation has to be supported with significant resources. The mere call for community participation can remain meaningless absent concrete support in the form of funding, outreach, and technical assistance. The experiences of the Demonstration Disposition Program, for example, contrasts with other public housing strategies aimed at increasing homeownership among tenants. In reviewing programs aimed at encouraging public housing tenants to become homeowners, William M. Rohe and Michael A. Stegman pointed to three problems with some efforts: First, there was a "lack of sustained commitment" by the sponsoring housing agency; second, there was "difficulty in finding tenants who had both the means and the desire to buy their units..." and, third, there were "problems with relocating tenants who did not want to participate..." These authors identify the following factors as crucial in helping to enhance the effectiveness of strategies to convert public housing into cooperative homeownership: the quality of resident involvement; the desirability of the neighborhood; the extent and quality of repairs; and the degree of cooperative board and member training. (Rohe and Stegman 1993, 140) The Demonstration Disposition Program incor-

porated these qualities by providing residents and their associations financial support, board training, and organizational and technical skills, such as reading and critiquing blueprints and physical designs, and other skills necessary for realistic involvement in decision-making about the future of the housing site.

A study by Daniel J. Monti supports the importance of these kinds of services as a critical element in tenant empowerment. He writes that it requires much effort to establish the capacity of residents to make highly technical decisions and to organize themselves effectively as an interest group. He reminds the reader that, "Learning to run a public housing site successfully is not easy. It is the second skill resident leaders must master. The first is organizing their community..." The author adds that with many efforts, "...this ability was taken for granted, or the presence of a few strong leaders was thought to be sufficient..." (Monti 1993, 187)

The Demonstration Disposition Program shows that resident participation and empowerment are lofty goals, but also take much preparation and a commitment to sharing information about the progress, or lack thereof, of various facets of the program with residents. Basic ingredients necessary for quality resident participation is reiterated in a study by Nelson F. Kofie: "The process of 'cooperative homeownership' among low-income residents requires visionary leadership, mobilization of apathetic residents, and the garnering of public and private resources in order to acquire the property. Also, the process can be slow, complex, and time consuming in instances where many of the residents involved lack adequate education, organizational skills, and technical know-how" (Kofie 1999, 148). These issues were faced by residents throughout the program's history. Tenants were trained and supported in ways, however, that allowed them to understand the technicalities, and legalities, of the program's decisions in various stages.

Another lesson is that efforts for increasing the availability and capacity of small businesses are a key component of effective local revitalization strategies. In other words, "community development" is not possible without focus on building a healthy small and local business sector. The generation and expansion of businesses owned by members of communities of color and that are community-based is a key element for effective economic development of inner cities. The kinds of small businesses utilized under Demonstration Disposition tend to have a positive effect on the employment of residents and in developing processes for holding capital within the community. In that residents were hired by community-located businesses utilized by Demonstration Disposition, it means that the disposable income of the areas where residents lived was increased, and thus the wealth generated was "turned over" in the target areas. This dynamic contributes to the economic vitality of local areas.

Small businesses represent an important bridge between economic and community development, as a matter of fact. A review of studies of small Latino businesses in New York City, Camden, Boston, and Lawrence in Massachusetts, for example, indicated that these enterprises perform a broad range of social and economic services for their communities. They tend to provide employment, small amounts of credit, sponsor social and recreational events, and generally tend to be stabilizing institutional forces in their neighborhoods (Athey 1991). Resident decision-making in the area of contracts and sub-contracts helped to increase this kind of role for local businesses. Citizen participation, in other words, helped businesses become more conscientious neighborhood stakeholders concerned about many things beyond merely, the bottom-line. This reminds one of Henderson's admonition concerning a strong business sector in black urban communities:

"quality services, physical infrastructure development, environmental consciousness, youth development, historic preservation, and institutional development must also animate business as communities become empowered through the efforts of urban entrepreneurs" (Henderson 1994, 10). The qualitative involvement of citizens can ensure that support for a strong business sector results in the kinds of benefits alluded to by Henderson. (Bendick and Egan 1993). Under the Demonstration Disposition Program small businesses in the targeted neighborhoods were similarly encouraged to participate in non-business and community development activities.

In a conference sponsored by the Federal National Mortgage Association (Fannie Mae) in June 1993, "Addressing the Challenges of America's Inner Cities," it was reported that "participants stressed that it is time to view urban housing policies in the larger context of reversing the current downward spiral of urban America. No longer can the nation afford to overlook the interrelationships among housing, poverty, self-sufficiency, education, job training, and crime" (Carr 1993). While a role for the private sector and small businesses was critical for the success of this program, the participation of this sector was pursued and molded within a context that included (a) partnerships with non-profit sectors; and (b) relatively extensive decision-making authority on the part of residents about which small businesses would, or would not be able to engage in the construction and business activities. It is unlikely that by itself, and without the civic capacity of residents, that the private sector would have been able to realize the accomplishments noted here. Residents and neighborhood organizations, including community development corporations, and working with businesses represented the ingredients that propelled and supported this initiative.

The third lesson is that neighborhood revitalization strategies relying on small and local businesses must ensure that community partnership and entrepreneurship are not inhibited by policies or practices that impact negatively on racial equality. A plethora of national reports and studies indicate that racial discrimination in the areas of housing, banking, and insurance represent significant obstacles to the expansion of businesses in inner cities. One government report concluded that the "isolation and devastation of poor minority neighborhoods...is compounded when discriminatory institutional practices of lenders, investors, and insurers cut off the flow of capital needed for community and economic development." The report claims that these practices lead to "deteriorated housing, inferior schools, inadequate access to services, crumbling infrastructure, frayed social institutions, and a lack of local employment opportunities" (HUD 1994; Rockefeller Foundation 1994, 2).

While some progress has been realized in reducing overt racial bigotry, discrimination, and racism, these problems remain serious impediments to the economic development of poorer neighborhoods that are predominantly black or Latino. Absent a strong monitoring presence on the part of a state agency, the potential problem of discrimination against businesses owned by people of color could have become quite derailing of the initiative. Many representatives of minority-owned businesses continually raised the history and continuing specter of discrimination by these sectors and MassHousing provided considerable resources in responding to these concerns.

Conclusion

None of these lessons are new. For example, in a report for the Ford Foundation, *Neighborhood and Family Initiative* (1992), Richman et al. explain that a neighborhood-focused and comprehensive development "involves the formation and implementation of strategies that harness the interrelationships among social, physical, and

economic development, which have historically been treated as separate spheres of action" (p.1). A similar tone is heard in a paper circulated by The Rockefeller Foundation (1994): "Communities are key to an individual's work effort since they can reduce social isolation and provide networks of mutual obligation, enterprise, and cooperation. There is substantial evidence to show that relationships, networks, and connections facilitate individual work effort. Any effort to increase employment will be far more powerful when enacted in a community.... Moreover, efforts to expand economic opportunities will require building on community assets, and on increased citizen participation in public life" (p.4). Yet another observer notes that: "Turning these neighborhoods around requires policies that are place-specific. This includes several elements...providing jobs for neighborhood residents; creating a vital neighborhood business district with adequate retail services; creating decent affordable housing, especially homeownership, for residents; promoting public safety so that residents, entrepreneurs, and others feel free from crime and disorder; and fostering strong community institutions through which residents participate in improving their own neighborhoods" (Dreier 1993, 1394).

As noted in the beginning of this paper, some might argue that the kind of neighborhood revitalization strategy described here is misdirected, or wasteful. Low-income residents in economically distressed areas lack the skills, or motivation, or capacity to organize on behalf of a better neighborhood. One writer observes that there is "...a growing consensus among urban analysts that inner-city neighborhoods suffer from a lack of social capital. Social capital is said to crucially determine the conditions of inner-city neighborhoods" (Fraser et al. 2003, 421). The experiences and accomplishments of the Demonstration Disposition Program illustrate clearly that it is the very involvement of low-income and long-term residents that can save our neighborhoods. The program shows that the participation, input, and struggles of hundreds of residents—and their resident organizations—is a key factor in making this initiative a success. Certainly, MassHousing has to receive some degree of credit for the accomplishments described in this paper. But this would not have been possible without the enormous and rich social capital, community consciousness, and long history of neighborhood struggles led by residents, that already existed in these places. The Demonstration Disposition Program would not have been possible without the strong commitment and civic spirit exhibited by residents and local businesses, and others, including elected officials in the neighborhoods of Roxbury, Dorchester, and the South End.

While it is unlikely that HUD will have the future funding to sponsor another Demonstration Disposition initiative the size of Boston's program, there are useful points for thinking about linking policies that touch upon housing, social capital and resident participation, economic development, and human services. The program represents a model for showing how government can be a partner and effective in responding to the housing, social, and economic needs of inner-city neighborhoods. It also is a model for thinking and planning neighborhood revitalization that can result in stronger neighborhoods for residents even in areas characterized by relatively high rates of poverty and economic distress. In particular, strong resident and civic participation coupled with the programmatic integration of housing programs with efforts to enhance economic development are necessary elements for effective revitalization strategies. But as we have suggested here, and noted in our evaluation of this program, it is the ability and capacity of residents to engage in fundamental decisions about their housing and neighborhoods that represented the most important element for success. This is because no matter the social and economic problems facing poor and working-class neighborhoods, they nevertheless represent a trough of good will, collective caring, civic energy, and keen in-

sight relevant to improving the effectiveness of public policy related to local living conditions.

Notes

1. The article is based on a more extensive evaluation initiated and completed between 1994 and 2000. The evaluation report, *The Demonstration Disposition Program in Boston, Massachusetts, 1994-2000: A Program Evaluation* (March 2002), was designed and directed by James Jennings and a team of researchers, including Juan Evereteze (project director), Melvyn Colon, Dr. Russell Williams, Sue Kim, and Dr. Richard O'Bryant and under the auspices of the William Monroe Trotter Institute, University of Massachusetts Boston. Other individuals provided research assistance during various stages of the evaluation, including Dr. Paula Elliot and Marlene Bryant. The authors wish to acknowledge the assistance of Professor Rachel Bratt of Tufts University and Juan Evereteze for reviewing an earlier version of this article.
2. The criteria include the preservation and increase in housing units that would remain affordable; the provision of resources aimed at revitalizing neighborhoods; improving the housing units in terms of enhancing the units as decent and safe; and pursuing rehabilitation in ways that minimize the involuntary displacement of tenants and avoids demolishing projects. Title V of Housing and Development Act of 1970, 12 U.S.C. § 1701 addressed the acquisition and development of lands, beautification, open space studies, and demonstration programs. Title VI, which pertained to research and technology, entitled the Secretary of the Department of Housing and Urban Development to venture and pursue research programs and demonstrations that were within the goals and interests of HUD. The actual disposition of HUD properties was conducted under Title VI of the "Low Income Housing Preservation and Resident Ownership Act of 1990" (see also Property Disposition Amendment in 1978; The Housing and Community Development Amendments of 1978, 12 U.S.C. § 1701, Section 203; Housing and Community Development Act of 1987, Section 184 and Section 181, Subtitle C).
3. See "Public Housing: Status of the HOPE VI Demonstration Program" U.S. GAO, Report to the Subcommittee on VA, HUD, and Independent Agencies, Committee on Appropriations, House of Representatives, February 1997, p.11; and *Current Initiatives*, Part II, Sheet #92-93, published by the Boston Housing Authority.
4. See *Adarand Constrs., Inc. v. Slater*, 528 U.S. 216 (2000); and *Richmond v. J.A. Croson Co.*, 488 U.S. 469 (1989).

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