

# NEIGHBORHOOD CONDITIONS

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HEARING  
BEFORE THE  
JOINT ECONOMIC COMMITTEE  
CONGRESS OF THE UNITED STATES  
NINETY-SEVENTH CONGRESS  
FIRST SESSION

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MAY 20, 1981

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# NEIGHBORHOOD CONDITIONS

WEDNESDAY, MAY 20, 1981

CONGRESS OF THE UNITED STATES,  
JOINT ECONOMIC COMMITTEE,  
*Washington, D.C.*

The committee met, pursuant to notice, at 10 a.m., in room 6226, Dirksen Senate Office Building, Hon. Henry S. Reuss (chairman of the committee) presiding.

Present: Representatives Reuss and Richmond, and Senator Sarbanes.

Also present: James K. Galbraith, executive director; and Deborah Matz and William Keyes, professional staff members.

## OPENING STATEMENT OF REPRESENTATIVE REUSS, CHAIRMAN

Representative REUSS. Good morning. The Joint Economic Committee will be in order for an inquiry into the status and prospects of the American neighborhood. Support for the neighborhood has been on about as bipartisan a basis as is possible to imagine. Under the past 1977-81 Democratic administration, there were considerable strides forward made in neighborhoods: An Assistant Secretary for Neighborhoods was set up in HUD. The community development block grant and the section 8 rental assistance programs were beamed at neighborhoods. CETA public service jobs and HUD rehabilitation and neighborhood self-help development grants further backstopped the neighborhood movement.

Such semi-independent organizations as the National Consumer Bank and the Legal Services Corporation added further impetus to the neighborhood movement.

I have caused to be erected on high over the committee room this morning the pendant and banner which for many years graced Mr. Reagan's appearances around the country and which was adopted on the cover of the Republican National Convention's platform at Detroit last July.

You note the symbols, "Family, Neighborhood, Work, Peace and Freedom." Those symbols, of course, are not the exclusive property of the Republican Party but are shared goals for Democrats as well as Republicans. The Republican platform specifically declares, "The quality of American neighborhoods is the ultimate test of the success or failure of Government policies for the cities, for housing, and for law enforcement," and President Reagan, during the campaign stressed what he calls, "the importance of preserving strong urban neighborhoods."

In this world of divisiveness between Republicans and Democrats, it's a pleasure to be able to record that in principle at least the two parties are absolutely on all fours.

The purpose of this morning's hearing is to explore the practice as well as the principles and our inquiry is how, in late May 1981, the neighborhoods are doing. We have called as witnesses—in addition to requesting the presence here of the leadership of HUD—four private sector neighborhood experts: Milton Kotler, executive director of the National Association of Neighborhoods; Dick Simpson of the University of Illinois and the Illinois Association of Neighborhoods; and Carol Brill of the Eastside Housing Action Coalition of Milwaukee, and Mr. Jody Landers of Harbell, which is a Baltimore neighborhood organization.

Under the rule and without objection, the comprehensive statements of all of our witnesses are received into the record and we now would like each of you to proceed.

Mr. Simpson, would you start off, please.

**STATEMENT OF DICK SIMPSON, ASSOCIATE PROFESSOR, DEPARTMENT OF POLITICAL SCIENCE, UNIVERSITY OF ILLINOIS AT CHICAGO CIRCLE, CHICAGO, ILL., AND BOARD MEMBER, NATIONAL ASSOCIATION OF NEIGHBORHOODS**

Mr. SIMPSON. Thank you, Mr. Chairman. We are quite concerned in the neighborhood movement because it is our faith that the reaffirmation of American values and the revitalization of American institutions must begin at the neighborhood, local grass roots level and build upwards. It is impossible to do this simply working from either government or the private business sector down to the grass roots. Instead, we must build from the bottom up.

What is required is a genuine partnership between Government, the private sector, and the neighborhoods, and as Congressman Reuss has already stated, that is in fact the creed of both of the political parties at their last national convention as stated in their national platforms.

Our concern is whether or not in fact Government is indeed going to do the two steps that are most important to allow us to rebuild society from the grass roots. The first step is to empower existing neighborhood organizations which the neighborhood movement has always supported and which was reaffirmed in the National Neighborhood Platform of 1979, drawn up by some 100,000 neighborhood leaders across the country. We mean to empower the existing small groups, block clubs, PTA's, umbrella community organizations; the groups that deliver day care and health services across the country. Essentially these groups which serve our neighborhoods are not very powerful under the circumstances. If we want them to play their full role in American's revitalization we must empower them.

Second, we believe that we must move in the long run toward neighborhood government. That is to say that we are in fact capable at the local level of making many decisions for ourselves which we are currently simply being denied the power to do.

What I would like to do is to share with you a little bit of what the neighborhood movements have done, what the current government programs have been doing to support the neighborhood movement; of responsibilities we see ourselves able to assume in the future if we can get empowerment and sufficient funding.

First of all, there are more than 10,000 neighborhood organizations that now span the country. They occur in small towns, in small communities, and in suburbs, as well as in large cities; and they are basically of three types: neighborhood service delivery organizations which deliver direct services such as day care or senior citizen hot food programs; neighborhood advocacy programs in which community organizations do not so much deliver the service directly but serve as watchdogs and ombudsmen to make sure both the private sector and the public sector do indeed deliver the services which they have promised; and last of all, neighborhood government which over 100 cities in America are empowered to actually govern on their own behalf the neighborhood directly.

Appended to my prepared statement before the committee today are six papers called Neighborhood Revitalization which are in this packet and they do case studies of six different kinds of neighborhood institutions in Chicago which we believe are models for the Nation. There are, of course, more than six kinds of neighborhood groups that are needed for any healthy neighborhood, but this is simply to give the committee actual case studies of what is possible in the current situation by neighborhoods in America. A national priority must be the establishment and strengthening of just such neighborhood institutions in all American neighborhoods.

Now let me say also that neighborhood groups are the most cost effective and spend the least money to get the most done of almost any institution in America. A study by Professor Cunningham of the University of Pittsburgh of some 16 neighborhood organizations in America cited the Midtown Citizens Association of Wichita, which during the last 8 years saved the frame homes of their community, diverted industrial development and a proposed expressway, banned truck traffic from interior streets, selected a site for a public swimming pool, started a midtown construction company in the private sector, delivers 4,000 organization newsletters regularly to their community, brings meals to the elderly, sponsored neighborhood celebrations and a midget football league all for a budget of \$1,000 a year which they raised themselves.

This is not unusual. Neighborhood groups are able to take very limited funds and stretch them very far. However, I think, in honesty, we must report to this committee and to the Congress that neighborhood services do cost money and that the current Federal budget cuts are going to be a severe problem for the neighborhoods.

I have listed in my prepared statement 10 particular programs which when cut or eliminated will have a disastrous impact on America's neighborhoods and as the chairman mentioned will reverse the strides which have indeed been made in the last several years in this Congress and under the past administration.

The Legal Services Corporation, which has served over 1 million clients that are poor, that are not able in our neighborhoods to get

services any other way, is to be totally eliminated. If it is, the poor will not be able to get pro bono services from lawyers. They will not be able to get services from public interest groups. There will be 1 million clients next year if the Legal Services Corporation is eliminated who will simply have to turn to lawless methods because the methods of the law will no longer be available to them.

VISTA, the volunteer service to America—every VISTA volunteer has generated an average of \$35,000 to the neighborhoods where they work in new resources. In fact, in Chicago, some four VISTA volunteers on the northwest side of Chicago have found jobs for 1,200 unemployed people in their community. Those are the kinds of services that are being stripped with the decline in VISTA and the proposal that in fact VISTA be eliminated in a 2-year cutback. If those VISTA employees go, we will undermine volunteer programs and voluntary organizations. Neighborhood organizations will not be able to get unemployed people back to work. They will not be able to deliver direct services. These are the kind of harms that are not just done to VISTA employees but directly attack the fiber of our neighborhoods.

Of course, you're familiar with the Community Services Administration which, began as local programs, locally administered in communities that have the least opportunity to deliver services effectively by other means. It is to be cut entirely. All the programs of the Community Services Administration are to be jettisoned; with it the hopes and dreams of residents of poor and minority communities.

A small program of \$15 million of HUD, called neighborhood self-help development, had been totally eliminated in the new budget. This is the only program where the Federal Government gives direct grants to neighborhoods to actually do housing programs that are needed. It's an infinitesimal part of the budget yet it is to be totally scrapped and eliminated.

There are more than 500,000 CETA public employees. Of the people that are currently enrolled in CETA, 41 percent are minorities. In Chicago alone, 6,300 CETA jobs will be lost and they will be lost by an Executive order as of June 30. There are going to be disastrous problems for our neighborhoods to reabsorb these people who have been employed doing good works and, in addition, not only will we have to reemploy them, but pay the taxes for the jobs they are doing—picking up the garbage, answering police emergency phone numbers, and providing health and educational services. These kind of cuts are not just general budget cuts. In fact, one could say if one looked at the budget, that those who have proposed these cuts must have taken a lexicon and found every neighborhood program that exists in the Federal Government and eliminated them.

We don't think the neighborhoods alone have been particularly marked for punishment. There are other areas that are cut as well. But, these cuts as they impact neighborhoods are severe. And I have listed five other cuts in title 20: Community development block grants and the Small Business Administration, section 8 housing and the community health centers, all of which are being taken from our neighborhoods in one form or another. I won't burden you with that list now. I will only say that these cuts will harm neighborhoods and neighborhood organizations.

Let me just trace it a little further. The cuts are not only occurring here. They are also occurring locally. In the State of Illinois, Governor Thompson is proposing an additional \$200 million in cuts, all of which are to come from the social sector. These Thompson cuts will close mental health centers, out-patient health centers, take away medicaid from a large constituency in our communities, and close day-care centers. The very services that are the fiber of our neighborhoods are not only being cut at the Federal level, they are also being cut at the State level.

And last of all, the city administration in Chicago is taking the remaining Federal funds and propping up the patronage system. What they are going to do is to take the Federal funds that remain and fund the city administration. Mayor Byrne is going to take away the funds from the voluntary organizations that actually deliver the services. It will then become unworkable for the volunteer organizations in the neighborhood to continue to provide public services. Day-care centers will almost invariably become private day-care centers rendering day-care services to the middle class and not to the poor.

I think that's serious when we have such drastic changes beginning and almost no debate on the consequences. Nonetheless, we are not here this morning just to complain about the budget cuts, although I would be glad to detail the effects of that. I want to talk, in addition, about the growing consensus about what neighborhood organizations could do because we can do more than just deliver individual services.

As the chairman said, and I detail in my prepared statement, both Democrats and Republicans have agreed that neighborhoods are the place where we can deliver services humanely, allow for citizen participation, give citizens a voice in those decisions that concern them most. The neighborhoods are the only place where this can be done and we are behind the rest of the world.

In Europe, for instance, Italy already has neighborhood self-government in cities like Florence and Bologna. Just to give the example of Florence. There they allow their neighborhood organizations to spend up to \$300,000 of city funds directly on neighborhood projects. They control their own parks—not in downtown Florence, but the neighborhood parks in Florence are controlled by neighborhood organizations. They are rehabilitating villas not for the purpose of housing; they are rehabilitating them as community centers in the neighborhoods. I have been in Florence and I've looked at them personally. We're not doing those kinds of things. We should be.

In Norway, Oslo is allowing community organizations to begin to be heard regularly on all governmental matters. They have neighborhood councils with much more power than American neighborhoods have or than we are asking for now.

We think that American neighborhoods have a right to be empowered as they exist; that we have a right to a voice in how Federal and State funds are used; that we should have the authority to prepare our own neighborhood development plans; that we should be able to monitor programs. The Federal Government doesn't know what money is spent in a neighborhood. Nobody else does. We in the neighborhoods want to monitor all the programs ourselves and under existing laws and programs, we are not given that power.



We want to have sufficient public funds and grants to be able to perform our public duties better and we are willing to assume more public responsibility. We want the ability to define our own geographic boundaries. We want access to public documents. In the city of Chicago, it is not a right of the citizens to see public documents. This is true in many parts of the country.

I know you have freedom of information at the Federal level, but we don't have it in the States and cities, and it's hard for neighborhoods to operate effectively without information.

Last of all, we would like to have advance notice of neighborhood impact statements of all plans for Government programs and a right to testify as to whether or not we want those programs for our neighborhoods.

Specifically, I suggest two steps for empowerment to be taken by this Congress, if the Congress had the will, which it did not have in the previous Congress, and currently with all the budget cuts, it doesn't look like it has, it could empower our neighborhoods. I think it's essential that this step be taken.

First, I think we have to speak seriously about neighborhoods having a voice in Federal programs. In the community development block grants, the Senate has already in its committee hearings voted to take away all existing rights of citizen participation. Currently the impact by neighborhoods has been totally inadequate in block grant programs. Even with the current regulations, neighborhoods have not been able to impact community development block grants as they would like. Without at least our existing guarantees the prospects will be worse.

Giving the money to the cities without checks is essentially a mistake. We believe that the neighborhood organizations should be empowered—that is cities and States should not get revenue sharing or community development block grants unless they either empower their existing neighborhood organizations—to have a voice in spending those funds or unless they create genuine neighborhood governments. Either would be sufficient and is the kind of step that needs to be taken in community development block grants. This would say to the neighborhoods we really value your opinion in the spending of Federal funds.

Second, in terms of funding itself, the neighborhoods, if they are to assume more public duties, need a Federal tax checkoff plan very similar to the Presidential tax checkoff. Such a system would allow citizens in a particular ZIP code zone or census tract to simply check a box and say, yes, they are willing to support their community organization. Nationally, you need set up only a very small office such as the existing office of revenue sharing to allow all 501(c)(3) organizations to apply to receive these checkoff funds. If organizations are qualified, they would get the funds. Such a funding mechanism would have the least strings, the least restrictions, and the most impact on funding community organizations.

Let me just say one or two words about neighborhood government and then I'll quit. I know I've gone a lot longer than witnesses are normally allowed to and I won't try to wear your patience too thin.

I've never heard people in Congress speak of neighborhood government. There may be some Congressmen who believe in it, but I've

never heard it spoken of in these halls. Neighborhood government is important. This country began with a vision like Jefferson's that counties ought to be divided into wards and every ward ought to decide the local issues locally, the State should then decide the questions at its level and the National Government would decide the rest. There ought to be real federalism from the very bottom and at the local level there ought to be direct participation in government.

When you come from a city like Chicago with 3,000,000 people, there's no direct participation. There is participation at election time, but the voice of the people is stifled during the next 4 years. The same is true in communities throughout the country. Neighborhood government returns us to a scale in which citizens are citizens instead of being consumers of government. If citizens are to have a voice, they must have a place where they can have a voice. Neighborhood government is where we citizens have our place.

Neighborhood government would have essentially four components. It would, first of all, have a legislative branch which is often in our Chicago communities called a ward assembly, but in other parts of the country these units are often called neighborhood advisory councils. These would be places where citizens could assemble once a month and legislate local matters and advise officials at higher levels of government what they should be doing in our interest.

Second, there ought to be an administrative branch to neighborhood government. In Boston it's called "Little City Halls." There ought to be a place where in every local community and there ought to be one public official who is in charge of delivering public services. This official is what the suburbs call city managers. We want a neighborhood manager and we want to have a neighborhood advisory council to direct the activities of the neighborhood manager. This local neighborhood control, will allow services to be properly and humanely delivered in ways which they are not currently.

Third, we believe that there ought to be special units of neighborhood government for planning, such as community zoning boards and traffic review commissions. In my community we created a community zoning board. We downzoned our lake front land so no more high rises could be built. Previously, we had the density of Tokyo in part of my community. We stopped new high rises because it was not healthy for our community to continue to receive more and more people with no more facilities.

Traffic review commissions and crime commissions are also needed at the local level. These are special administrative branches of government.

Finally, there needs to be some way to tie all of these neighborhood governments together with something like a congress of neighborhoods in a city or county that allow all of the local neighborhoods to assemble directly, face-to-face, to advise mayors and county executives as to what ought to be done in the interest of the neighborhoods and all the people of the neighborhood.

This idea is so simple. Jefferson said it almost in these words literally 200 years ago, but we have grown so vast that we have taken the power away from the local citizens, away from the place where they can get it, and we have deposited it elsewhere. It's time to redivide the power so citizens can reclaim it. We want not only

neighborhood empowerment now but neighborhood government in the future. We would hope this would at least begin a dialog or discussion about the proper forms of neighborhood government and the proper forms of neighborhood empowerment. We would hope that this Congress could indeed be a part of shaping a new nation, a new America, that would be adequate to the challenges that we face.

We in the neighborhoods are willing to do our share. We are willing to take responsibility. We are willing to deliver services. We are willing to see that the citizens are treated fairly. We are willing to create mechanisms of participation. But we have to be empowered and we have to be funded. Thank you.

Representative REUSS. Thank you, Mr. Simpson.

[The prepared statement of Mr. Simpson, together with the attachments referred to, follows:]

PREPARED STATEMENT OF DICK SIMPSON

*Empowering America's Neighborhoods in the 1980's*

Neighborhood leaders are secure in their faith that the needed reaffirmation of American values and the revitalization of American institutions can only occur in our local communities which are the true building blocks of this nation. Neither interest groups, political parties nor our national government can, by themselves, save our country from decay. Every previous civilization, once it began to decline, once it lost its ideals and the vitality of its institutions, continued its downward course. In the past three decades, America has lost much of its idealism and the proudest institutions of our democracy have become dysfunctional. Neighborhood leaders from their direct experience know that we can reverse this downward course. We can still save our civilization if we turn to people living in communities across the land.

Only in our rural communities, suburbs, and inner city neighborhoods can we breed the hearty citizens essential to a democracy. Only in our communities can services be delivered humanely. Only neighborhoods can provide a public space where democratical government can thrive. Thus, American neighborhoods are the key to recapturing and implementing our original, American ideas.

Why is this so? Our credo can be summarized this way:

"Rediscovering democracy, we join with neighbors in communities across our land to create a neighborhood movement built upon the belief that people can and should govern themselves democratically and justly. The neighborhood is a political unit which makes this possible; since the smallness of the neighborhood enables all residents to deliberate, decide, and act together for the common good. . . . "People organized in neighborhoods, responding to their fellow residents as human beings and families, rather than as clients, are best able to provide needed services. People organized in neighborhoods are best able to pronounce and amplify in firm tones the voice of citizens so as to command the respect of government and private institutions. People organized in neighborhood assemblies are best able to create government under their control." Thus, we said in our National Neighborhood Platform adopted in 1979 and so we reaffirm today.

The National Neighborhood Platform is a unique document developed at 47 local conventions in cities and towns across America. These local conventions were attended by 10,000 neighborhood leaders who drafted more than 1,000 resolutions on the problems facing their diverse communities. These local conventions then elected, according to their attendance, delegates to represent them at the National Association of Neighborhoods Convention in Louisville, Kentucky from November 9-11, 1979. At the Louisville national convention these local resolutions were refined and adopted by elected delegates into the final ninety planks of the finished platform.

Thus, we are justified in pronouncing the National Neighborhood Platform as the legitimate voice of America's neighborhoods. It harkens back to the principles of the founding of our republic and forward to the time when democratic institu-

tions will be our hallmark once more. And it specifically addresses our problem of institutions which have grown too large and too remote, which produce apathy and a sense of impotence in individual citizens. Faced with these problems our platform declares:

"In response, we now turn to our neighborhoods and communities to fulfill our human capacities as citizens by participating in making those decisions which directly affect our lives. Rediscovering citizenship in our neighborhoods, we reaffirm the principles of freedom, justice, and equality upon which our nation was founded. We believe that those who are affected by the decisions of government must be consulted by those who govern; that it is the right of citizens to have access to the instruments of power; and that it is their duty to learn to use them effectively and wisely."

Thus, in addition to solutions to particular problems such as housing displacement, unemployment and crime, we sought in our National Neighborhood Platform two principal goals of neighborhood empowerment and neighborhood government. We seek immediately to empower existing neighborhood organizations including block clubs, church groups, Parent Teacher Associations, school councils, homeowner associations, tenant associations, youth groups, community development corporations, cooperatives, and umbrella community organizations. We seek in the long run to move toward neighborhood government by which citizens will be able to control those local governmental decisions which deeply and directly affect their lives.

#### *Accomplishments of America's Neighborhood Organizations*

There are more than 10,000 neighborhood or community organizations in this country from Boston to San Francisco, from Houston to Honolulu. They range in size from a dozen adults in a local block club to umbrella community organizations with literally thousands of members. There are basically of three types of neighborhood organizations: (a) neighborhood service delivery groups, (b) community pressure groups, and (c) neighborhood governments. But, there is also a rich array of necessary neighborhood institutions which include financial institutions, businesses, and religious groups among others which are needed in every neighborhood.

In Pittsburgh, Professors Roger Ahlbrandt and James Cunningham of the School of Social Work at the University of Pittsburgh, inventoried the city's 95 neighborhood organizations and discovered that 27 were service delivery organizations, 20 were community pressure groups, and 48 were a hybrid of the two approaches. If the study had been made in Washington, D.C. or many other cities the Neighborhood Advisory Councils would have provided an equally large number of neighborhood governments.

Generally speaking the number of neighborhood and community organizations across the nation are growing, becoming larger in both their membership and their power, and are becoming the principal organizations to connect individual citizens with their society and government.

I am attaching to my testimony today six case studies of Chicago neighborhood organizations and institutions which provide services from food for the hungry; credit for community residents, health care, neighborhood shopping, and housing, to neighborhood government institutions which provide governmental control of zoning, traffic regulations, and city ordinances. These case studies represent the diversity of neighborhood institutions and their contributions to community life. Sixteen case studies by the National Association of Neighborhoods in twelve cities across America demonstrate that these Chicago model neighborhood institutions are not unique. Nor is neighborhood government unique. It now exists in some form in 100 American cities.

Often neighborhood organizations working in partnership with government and business can provide major services and community improvement without expending any funds. For instance, Professor James Cunningham reports that the Midtown Citizens Association of Wichita during the past eight years has saved the modest frame homes of its community, diverted industrial development and a proposed expressway, banned truck traffic from interior streets, selected a site for a public swimming pool, launched a Midtown Construction Company, delivered 4,000 organization newsletters, brought meals to ill elderly, sponsored neighborhood celebrations and a midjet football league on a budget of \$1,000 a year raised in its own neighborhood.

*The Effect of Federal Budget Cuts on Neighborhoods*

But many neighborhood services do cost money and federal budget cuts will hurt the neighborhood movement. Sandy Solomon and Ken Kirchner of the National Urban Coalition have compiled the following analysis of the cuts as they affect neighborhoods. Eliminating necessary programs will obviously have a drastic impact on the lives of millions of Americans and thousands of Chicagoans who live in urban neighborhoods. I am especially concerned about total elimination of the following programs:

(1) The Legal Services Corporation, which in 1980 served over one million poor people 18 percent whom had housing related cases and 13 percent of whom had income maintenance problems. If Legal Services are eliminated there is no comparable alternative in the private sector by which poor people can secure their legal rights. Neither "pro bono" lawyers nor public interest laws firms could fill the gap.

(2) VISTA. In 1977, ACTION found that each VISTA volunteer generated an average of \$35,000 in resources for his or her community. In one year, four VISTA volunteers on the West side of Chicago generated jobs for 1,200 unemployed people. Clearly the VISTA program is cost-effective and should not be eliminated.

(3) The Community Services Administration, which provides funds at the local level to administer local programs, mobilize resources, coordinate service delivery, and provide for the needs of low income people. If these programs are put into a block grant program, it is expected that most of the community action agencies and their current activities will be eliminated.

(4) The Neighborhood Self-Help Development Program, which provides financial assistance to neighborhood organizations to undertake specific projects to revitalize their communities. Projects, planned and run by neighborhood residents, have involved housing rehabilitation, construction, and commercial development. Every dollar of the \$14 million spent to date by this program has leveraged \$14 of investment from other sources.

(5) CETA. The administration's proposal to end all Public Service Employment (PSE) will mean lost employment opportunities for approximately 500,000 people, 41 percent of whom are minorities, and it will also mean a loss of services to neighborhood groups and local governments. In Chicago alone it is estimated that 6,300 CETA jobs will be lost. To provide the services which they have been giving Chicagoans will require a massive increase in local property tax.

I am also concerned about these programs which will be deeply cut even if they are not eliminated:

(1) Title XX Social Service Programs, which provide matching grants to states for social services for the poor, including day care, child abuse and child neglect programs, and services to the elderly.

(2) The Community Development Block Grant Program, which allocates funds to local governments to finance a wide range of housing community development and economic development activities. A portion of these funds are allocated to neighborhood-based organizations for economic development and neighborhood revitalization projects and some of these funds are spent in ways that do promote community development.

(3) Section 502 Loan Development Company Program of the Small Business Administration, which offers guaranteed and direct loans to qualifying local development corporations either profit or non-profit corporations authorized to promote and assist small business growth and development in the community where they operate. Currently about 500 loans are made yearly with major urban neighborhoods receiving a larger number of the loans in recent years. Small businesses are a major source of new jobs in urban neighborhoods.

(4) The Subsidized Housing Program, which provides rent subsidies to low income tenants living in Section 8 housing, public housing and other HUD subsidized housing units. The administration proposed raising the amount of rent contribution from 25 to 30 percent of tenants' adjusted income. Ten thousand units are to be cut in the Section 8 Moderate Rehabilitation Program and Government National Mortgage Tandem Financing is eliminated. In 1979, those in the poorest fifth of our population spent an average of 47 percent of their cash income on rent. For people who work in our neighborhoods, there is a great, unmet need for more—not less—affordable housing. Section 8 housing should be increased, not cut back.

(5) Community Health Centers. The Administration proposed integrating this program into the health services block grant in fiscal year 1982 while reducing its fiscal year 1981 funding of \$325 million by 25 percent. States would be free

to use their discretion to fund community health centers; 932 health center projects in 862 cities would face elimination or reduced support. The impact would be felt by those neighborhood residents who depend upon these health centers for medical and health care services.

The total impact of these and other cuts in social services will cause needless suffering to poor and working class people in urban neighborhoods. Elimination of Legal Assistance, Community Service, Neighborhood Self-Help along with cuts in Title XX, CDBG, and Section 8 housing cut essential direct services for them. Moreover, elimination of VISTA and public service CETA employees take staff from the voluntary community and neighborhood organizations which serve both the poor and the middle class. The cut of funds to local government will mean increased local taxes which the middle class will pay. Middle class college students will lose their federal grants and student loans. And cutting aid to the poor will increase crime and social unrest in ways that will harm the middle class as well as the poor.

In short, American neighborhoods will be greatly harmed by the proposed budget cuts. The consequences will be worsened by state and local government actions. In Illinois, for example, Governor Thompson has proposed an additional \$200 million in state budget measures which will cut Medicaid, mental health, day care, and education so as to close out-patient clinics, mental health facilities, day care centers, and to eliminate medical services for the working poor, special education for the handicapped, and bilingual education. At the same time, Mayor Byrne in Chicago is cutting funds for administering social programs by private agencies in order to preserve city patronage positions which will continue to be paid for by the limited remaining state and federal funds.

While the bulk of my testimony today will concern ways in which the neighborhoods might be empowered to play an even greater role in the 1980's, I would be remiss if I did not point out how severely the federal budget cuts with their state and local equivalents will deter neighborhood organizations from reaching their full capacity. I would urge the Congress to consider restoring at least some of the most fundamental of the neighborhood related cuts, among which would be the ten which I have outlined.

#### *Empowering Neighborhood Organizations*

Despite the budget cuts, the 1980's are a time politically when a consensus seems to be emerging that neighborhood organizations should be empowered. Both major political parties have adopted such statements in their 1980 party platforms.

The Democrats, following the Carter Urban Policy, have emphasized a partnership with neighborhoods and have recognized the importance of achieving community development without housing and resident displacement. They said in their 1980 platform plank on neighborhoods:

During the 1980s we must continue our efforts to strengthen neighborhoods by: Making neighborhood organizations partners with government and private sectors in neighborhood revitalization projects. Continuing to make neighborhood concerns a major element of our urban policy. Developing urban revitalization programs that can be achieved without displacing neighborhood residents. Continuing to reduce discriminatory redlining practices in the mortgage and insurance industries. (1980 Democratic Platform Committee, 1980, pp. 46-47).

This is much less sweeping than the general principles enunciated in the National Neighborhood Platform but it demonstrates a recognition of the importance of neighborhoods to revitalizing the cities which is a first step toward granting neighborhood empowerment.

The Republicans also recognized neighborhoods in their 1980 platform and articulate a much broader, if conservative, view of the role of American neighborhoods:

The quality of American neighborhoods is the ultimate test of the success or failure of government policies for the cities, for housing, and for law enforcement. . . . We are . . . committed to nurturing the spirit of self-help and cooperation through which so many neighborhoods have revitalized themselves and served their residents.

The American ethic of neighbor helping neighbor has been an essential factor in building our nation. . . . To help nongovernmental community programs aid in serving the needs of poor, disabled, or other disadvantaged, we support permitting taxpayers to deduct charitable contributions from their federal income tax whether they itemize or not. . . .

The city is the focus for the lives of millions of Americans. Its neighborhoods are places of familiarity, of belonging, of tradition and continuity. They are arenas for civic action and creative self-help. The human scale of the neighborhood encourages citizens to exercise leadership, to invest their talents, energies, and resources, and to work together to create a better life for their families. . . .

A Republican Administration will focus its efforts to revitalize neighborhoods in five areas. We will:

- Cut taxes . . . and stimulate capital investment to create jobs;
- Create and apply new tax incentives . . . to stimulate economic growth . . . ;
- Encourage our citizens to undertake neighborhood revitalization and preservation programs in cooperation with three essential local interests: local government, neighborhood property owners and residents, and local financial institutions;
- Replace the categorical aid programs with block grant or revenue sharing programs. . . .
- Remain fully committed to the fair enforcement of all federal civil rights statutes. . . .

The revitalization of American cities will proceed from the revitalization of the neighborhoods. Cities and neighborhoods are no more nor less than the people who inhabit them. Their strengths and weaknesses provide their character. If they are to grow, it is the people who must seize the initiative and lead. (1980 Republican National Convention Platform, 1980, pp. 13-14).

Thus, the Republicans rather than stressing a partnership between the neighborhoods and the federal government with the federal government taking the lead as the Democrats propose, rely much more upon self-help efforts to be generated by local voluntary neighborhood groups which are aided by overall governmental tax policies which return funds to the individual taxpayer and local business for reinvestment in their communities if they choose to do so. Republicans hope that more will be done by the neighborhoods and by local governments and less by the federal government.

There has also been official governmental recognition of the importance of neighborhood empowerment. The National Commission on Neighborhoods appointed by the President and including Members of Congress went even further in their analysis of the role of neighborhoods currently and in the power which they recommend giving neighborhoods in the future. The commission put the chief issue of empowerment most succinctly:

The neighborhood movement represents a demand for self-government in the daily lives of people as well as in the dry abstraction of law. It represents a demand for returning to the residents of neighborhoods the capacity for effective influence and policy-making. It represents a demand for de-bureaucratizing America. (National Commission on Neighborhoods, 1979, p. 10).

The National Commission on Neighborhoods was also very clear on the importance of the neighborhood in the delivery of humane services. In its final report the Commission said:

Today, the neighborhood is still the place where people develop those face-to-face relationships that give them support and assistance in times of need. The commission believes that neighborhood service systems can and should be built upon these informal support networks and upon the complex of human scale organizations that operate at the neighborhood level—the churches, small businesses, ethnic organizations, and civic groups that contribute so much to the richness and diversity of contemporary urban life. The Commission believes, moreover, that public-private partnerships at the neighborhood level can overcome the bureaucratization of services that tend to sap self-reliance, weaken voluntarism, and inspire alienation.

The basic assumption underlying the work of the Commission is that neighborhoods must be empowered to develop their own service systems, using self-help mechanisms that already exist in the community . . . .

By using the mediating structure of the neighborhood and its local institutions as channels for human services, they can be organized and delivered in ways that more adequately meet the needs of individuals. (National Commission on Neighborhoods, 1979, pp. 217, 234, and 235).

Thus, at least governmental commissions have begun to recognize that all services can not be properly delivered by a remote national government. To be delivered well they have to be delivered in the neighborhood and at least partially delivered by neighborhood institutions.

The Commission went on to argue that neighborhoods are not only the locus for service delivery but also are proper units for citizen participation.

Neighborhoods are human in scale and they are immediate in people's experience. Since their scale is manageable, they nurture confidence and sense of control over the environment. Neighborhoods have built-in "coping mechanisms" in the form of churches, voluntary associations, formal and informal networks. The neighborhood is a place where one's physical surroundings become a focus for community and a sense of belonging.

Neighborhoods provide a focus for motivation and concern. People care about others they know on a face-to-face basis. Even the most devastated neighborhoods have some networks and support systems, with some human resources and capacities upon which to build. Neighborhoods provide the building blocks for cities and a unit for meaningful participation. (National Commission on Neighborhoods, 1979, p. 276).

The Commission links citizen participation explicitly with voluntary activities and with community organizations:

A consistent theme of the case studies conducted by the Commission was the importance of voluntary activities, which included the numerous hours contributed by community leaders and residents, fund raising efforts such as dues and donations, and contributions of staff or facilities by local church groups or private welfare agencies. These voluntary activities are the essence of citizen participation. (National Commission on Neighborhoods, 1979, p. 295).

Thus, the Commission recognized the importance of returning policymaking power to the neighborhoods, debureaucratizing America, using neighborhood institutions to deliver more of the human services, and generally empowering neighborhoods by improving their capacity for citizen participation in policymaking and for delivery of social services. They also recognize that both community action groups and neighborhood governments in the form of advisory neighborhood councils are part of the empowering effort. Thus the commission went further in this governmental report than the political parties were willing to affirm in their party platforms.

Decentralization of government and neighborhood empowerment is supported not only in the United States but in most industrialized nations of the world.

Of the European nations Italy is probably most advanced. Bologna first adopted a policy of decentralization in 1963 which by 1974 delegated the following powers to its neighborhoods: (1) formation and approval of neighborhood budgets; (2) release of building permits; (3) planning of neighborhood public facilities; (4) planning of the neighborhood commercial network; (5) implementation of the process of social management of all neighborhood public services; (6) neighborhood traffic planning; and (7) planning for the use of municipally owned land in the neighborhood. Then in 1976 Italy adopted national law 278 which established a framework for neighborhood government in all Italian cities with more than 40,000 people. As this law has been implemented in cities such as Florence it has meant dividing the city into neighborhoods, electing neighborhood councils at official city elections, giving them authority over local services such as the parks, rehabilitating villas as historic landmarks not for housing but as community centers run by the neighborhood councils, allocating \$300,000 to each neighborhood to spend as it chooses within general city guidelines.

Norway is perhaps the second most advanced European nation in decentralization experiments. The first official Neighborhood Council system was established in Oslo in 1973 despite attempts throughout the 1960s to achieve them. The creation of Neighborhood Councils has not required any change in laws because there was already provision for "municipal committees." There has been pressure to adopt new laws to change electoral and municipal jurisdictions to encourage further development of Neighborhood Councils but this has not yet occurred. Nonetheless 19 municipalities have officially established Neighborhood Councils and 22 others have some type of special semi-public relationship with community organizations. All members of the Neighborhood Councils are appointed but the municipal government is in many cases officially and legally required to consult Neighborhood Councils in their policy-making. Neighborhood Councils in Oslo have developed official neighborhood area plans to include "estimates of the present and future needs of the neighborhood . . . to become premises for the over-all city planning." Three of the ten urban municipalities with councils provide funds to their neighborhood councils which in Oslo amounts to between \$15,000-\$20,000 a year.



Nor are Italy and Norway alone. A movement for greater decentralization began in England with metropolitan reorganization and The London Government Act of 1963 which created the two-tier government of Greater London. The thirty-two autonomous boroughs are, of course, much larger than neighborhoods with most of them having between 200,000-250,000 inhabitants but this decentralization has sparked discussions of neighborhood government not only in London but in the smaller cities and towns. Several government committees and commissions have called for neighborhood government and the Labor Party appears now committed to instituting neighborhood government when they regain their power in Parliament. Most importantly, a national Association for Neighborhood Councils was founded in 1970 for the explicit purpose of creating just such a national system of elected neighborhood councils.

There is not time today to cover completely the experiments in Poland, Yugoslavia, the Netherlands, Germany, and in other European nations with both voluntary neighborhood associations playing a greater role in cities and with moves toward formal government decentralization. Each country has some unique experience to contribute. The dominant fact, however, is the spontaneous growth of a neighborhood movement in all the industrialized nations which has sparked an effort to empower neighborhood organizations and to provide neighborhood governments with some powers, duties and authorities which have previously been held only by the centralized government. This suggests that industrialization itself and the achievement of a mass, urban society demands reaction and counterdevelopments towards decentralization to overcome the inevitable problems of impersonal governance, alienation, and in order to mobilize the voluntary capacities of people living in communities to tackle their own problems more successfully than a remote, bureaucratic government alone can manage.

In light of these political and governmental changes in the United States and throughout the world and, particularly, in light of the budget cuts to existing governmental programs whose services are now expected to be performed by neighborhood and community organizations, we in the neighborhood movement, urge this Congress to pass neighborhood empowerment legislation to encourage the creation of new neighborhood groups and to strengthen existing neighborhood organizations. Specifically, we need passage of legislation which will provide neighborhood organizations:

- (1) A stronger voice regarding how federal and state funds are spent in their neighborhoods;
- (2) Authority to prepare and present a neighborhood development plan to guide future federal Revenue-sharing and Community Development Block Grant expenditures;
- (3) The ability and authority to monitor all government programs in their neighborhoods;
- (4) Public funds or grants to allow them to be staffed sufficiently to carry out these enlarged public duties;
- (5) The ability to define their own geographic boundaries;
- (6) The right to public access to city and state government documents which are withheld from citizens now in many jurisdictions;
- (7) Notice of all plans for city programs in their neighborhoods in advance, with the right to local public hearings on matters of special concern, and the requirement of a neighborhood impact statement on all public works or programs funded by government funds.

We are, of course, attempting to pass "neighborhood empowerment" ordinances and laws at the state and local government level in various sections of the country. However, the only sure guarantee that our rights will be granted uniformly is to grant them by federal legislation. Either a single neighborhood empowerment law or a series of companion pieces of legislation would serve our purpose.

Particularly, before this Joint Economic Committee, I wish to stress the need for amendments to existing federal legislation which I believe would significantly empower neighborhood organizations. I speak of giving neighborhoods a legitimate voice in governmental decision-making and providing a solid financial base for their newly assumed public duties. The first requires amending the Community Development Block Grant and Federal Revenue Sharing legislation and the second requires initiating a neighborhood organization income tax check-off similar to the presidential campaign income tax check-off.

In the first case, citizen participation standards in CDBG and Federal Revenue sharing need to be expanded. No county, city, or community should receive these general federal funds if they do not provide for formal recognition of existing

neighborhood organizations or establish new units of neighborhood government which design their own neighborhood development plans and which are granted the opportunity to influence effectively city plans for expending these federal funds. All city programs and projects which rely on these funds should be required to file a neighborhood impact statement similar to the currently required environmental impact statements. Neighborhood organizations or new units of neighborhood government should be allowed to file challenges to these neighborhood impact statements which would be considered by federal agencies before those funds for the specific neighborhood programs and projects were released. In the case of objections by neighborhood governments, a partial veto power of federally financed projects in their community might be granted.

All too often over the last decade federal block grant funds have been spent by the local government without real involvement by the neighborhoods. Token public hearings have not provided a real opportunity for effective participation. In the City of Chicago 14 administrative complaints have been filed by various community and civic organizations against CDBG programs but HUD has failed to use sanctions against the city. If neighborhoods are to provide the locus for citizen participation in government then neighborhood organizations will have to be granted real powers that effect actual expenditures.

Second, if we want neighborhood organizations to assume more of the burden in providing necessary services humanely in their own community they must have a regular financial base in addition to the small voluntary contributions on which they now subsist. The best way to provide this financial base, is through an income tax checkoff. It involves the least bureaucracy and the least restrictions on funds. As of 1978, the presidential campaign checkoff of \$1 per taxpayer provided \$35.6 million a year.

The mechanics of such a neighborhood income tax checkoff system have yet to be worked into actual legislation. But, in essence, any community organization with a 501c3 tax status would be eligible to receive tax funds. A small office similar to the office of Revenue Sharing would certify an organization's eligibility to receive funds checked off by taxpayers in specific postal zip code zone or census community areas. Taxpayers could then earmark a small portion of their tax funds to support neighborhood organizations within their own community. Neighborhood organizations would be motivated to provide the services necessary to gain the support of taxpayers in their community. The final result would be better services for taxpayers at modest cost and the opportunity to have an effective voice in the affairs of their own neighborhood through active community organizations.

I am aware that there are those who oppose empowering existing neighborhood organizations. Some opponents are uncertain about what is a neighborhood and what standards a neighborhood organization should meet if it is to be granted official, quasi-governmental powers.

A neighborhood can be defined simply as a community of people living in a contiguous geographical area which the residents themselves recognize as a neighborhood. Like a nation, it usually has some common features such as common language, ethnicity, race or history but no one of these characteristics is required.

However, for the purpose of granting formal powers, such as a right to develop neighborhood plans, a right to dispute neighborhood impact statements, a neighborhood income tax checkoff or a federal neighborhood grant program, Congress might define these duties so that only neighborhood with more than some number, say between 10,000 and 50,000 residents, could qualify. Similarly neighborhood organizations eligible to exercise these powers might elect to be open to all residents in the neighborhood to become members, to elect their own officers and determine their organization's policies by democratic procedures.

Other opponents oppose "neighborhood empowerment" for fear that neighborhoods will use these powers parochially and will discriminate against minority groups. While neighborhood leaders reject this fear as unfounded, we also believe that discrimination is unlawful no matter which level of government might practice it. Thus, we would be glad to have any federal neighborhood empowerment legislation specifically prevent its use to aid discrimination and would support any reasonable restrictions and safeguards.

#### *Neighborhood Government in the 1980's*

In order for us to deal effectively with housing displacement, unemployment, crime and all of the serious problems which beset our neighborhoods and which can not be solved solely by other levels of government or by the private sector

without partnership with neighborhood businesses, organizations, and residents we favor neighborhood empowerment now. But we also favor neighborhood government as the long term solution to our problems.

Neighborhood government is in many respects as old as the practice of democratic government. It is similar to Athenian democracy 2,500 years ago as well as our own New England town hall meetings 200 years ago. It was vigorously recommended by Thomas Jefferson as the means of achieving the revolutionary ideal of Republican government. As he said:

[Republic] means a government by its citizens in mass acting directly and personally according to rules established by the majority; and that every other government is more or less republican in proportion as it has in its composition more or less of this ingredient of the action of the citizen.

Edward Dumbauld explains the practical aspects of Jefferson's theory of government as follows:

With regard to the machinery of government, Jefferson also favored the principle that all questions should be decided by those whom they concern. This meant the application of a system of federalism or "government gradation." Local concerns would be dealt with at the local level. Jefferson favored the division of counties into "wards," for the administration of affairs affecting only groups of that size. County, state, national and international concerns would be handled by progressively wider units in the political hierarchy.

Today neighborhood government experiments, similar to those Jefferson envisioned and ranging from neighborhood advisory councils to "Little City Halls", are occurring in more than 100 American cities. The National Neighborhood Platform recommended that in the future neighborhood governments be granted the following powers:

- A. The ability to revise tax revenues.
- B. The ability to incur bond indebtedness.
- C. The ability to enter into interjurisdictional agreements.
- D. The ability to settle neighborhood disputes.
- E. The ability to contract with the City or with private providers of services.
- F. The ability to conduct elections.
- G. The ability to sue and be sued.
- H. The ability to determine planning, zoning and land use.
- I. The ability to exercise limited eminent domain.
- J. The ability to undertake public investment.
- K. The ability to provide public and social services.
- L. The ability to operate proprietary enterprises.

Based upon experiments around the country and particularly from my own 44th Ward in Chicago, I think we can further specify the type of government which neighborhood leaders would prefer. In large American cities like Chicago there would be four components to neighborhood government:

(1) Ward Assemblies or Neighborhood Advisory Councils in each neighborhood of the city or least in all neighborhoods in which residents indicate their willingness to participate more fully in government by collecting petition signatures.

(2) Administration decentralization in the form of "Little City Halls" with Ward or Neighborhood Managers and Neighborhood Service Cabinets to coordinate the delivery of city services in each neighborhood.

(3) Specialized units of neighborhood government for planning, such as Community Zoning Boards and Traffic Review Commissions.

(4) A city-wide, preferably metropolitan, Congress of Neighborhoods with representatives from every ward, neighborhood, and suburb to guide general city or metropolitan policy-making.

The central unit of neighborhood government is the legislative, participatory branch. These Neighborhood Advisory Councils or Ward Assemblies should have a minimum of at least fifty voting members. Some will be larger and a few will be smaller according to the population in the neighborhood they serve and represent. These voting members may be chosen by several different methods: (1) members appointed by the Mayor and the City Council from among both community residents and neighborhood businessmen, (2) community organization members selected by each group with more than 25 or 50 members, and (3) at-large, elected delegates chosen either at mass public meetings for the entire neighborhood, or preferably elected at meetings of small geographical areas or precincts within the neighborhood. As we have seen from the European experiments, it would also be possible to elect them directly as we elect City Council members in the United States.

In addition to these voting members of the Neighborhood Advisory Councils, elected officials such as City Councilmen and State Legislators should be ex-officio members—perhaps even serving as chairpersons of the NAC's. All residents of the community also should be automatically non-voting members with the right to attend and to address the NAC.

The responsibilities and duties of the Neighborhood Advisory Councils or Ward Assemblies should include:

A. To consider the needs of the neighborhood it serves, and shall cooperate, consult, assist and advise any public official, agency, local administrator or local legislative body with respect to any matter relating to the welfare of the neighborhood and its residents;

B. To meet regular with its City Councilmen to advise them on the specific needs of the neighborhood and on pending city or metropolitan legislation;

C. To consult with city and other governmental agencies on the capital needs of the neighborhood, participate in capital and operating budget consultations, and shall hold public hearings on the capital project and service needs of the community;

D. To prepare comprehensive and special purpose plans for the growth, improvement, and development of the neighborhood. If a separate Community Zoning Board and Community Planning Board are not established it should have the power to review and decide at least as the agency of first hearing upon applications for zoning variations and zoning map amendments and amendments to development plans.

To fulfill these duties the NAC's must meet regularly at least once a month and must be provided with a small full time staff to prepare for these meetings.

The second, more administrative unit of neighborhood government is what some cities such as Boston call "Little City Halls" and what the suburbs have called for years "City Managers". Obviously, inherent in the concept of neighborhood government is the idea that cities will be divided into Wards or Neighborhoods. These local units under the guidance of their own NAC's would hire their own Ward or Neighborhood Manager to coordinate the delivery of city services to the community. He or she would be charged not only with coordinating service delivery but with handling all service complaints, presiding over meetings of the Neighborhood Service Cabinet, and carrying out those special programs and projects assigned to him or her by the NAC's.

In addition to the Neighborhood Manager, a Neighborhood Service Cabinet composed of various city agency officials and representatives from the NAC would be responsible for coordinating and planning service delivery in the ward. Thus, the Cabinet should include representatives of the city agencies and other local units of government (such as special districts) which provide services on a regular basis in the neighborhood, the Neighborhood Manager, City Councilman, and representatives of the Neighborhood Advisory Council. Special agencies of government involved in neighborhood programs from time to time may also be invited to join in special meetings of the Cabinet. The Neighborhood Service Cabinet should meet regularly, perhaps as often as once a week in the morning.

Many cities have experimented with administrative decentralization. Douglas Yates concluded his research on the experiments of New York and New Haven as follows:

Assessing the decentralization experiments in terms of these hopes, we find that the administrative justification (decentralization will produce greater responsiveness) is most clearly supported by the evidence. . . . Assessing the impact of decentralization on different kinds of urban problems, we have found that "responsiveness" problems are most susceptible to treatment through decentralization.

The much longer suburban experience with City Manager has likewise demonstrated the value of decentralization in terms of responsiveness and more effective service. Thus, the idea of a Neighborhood Manager and Neighborhood Service Cabinet may be the easiest component of neighborhood government to implement and have accepted. It is much more difficult to gain the right for citizens to participate in policy-making than to achieve administrative decentralization.

If the NAC's do not themselves handle all planning functions, there will be a need for specialized units of Neighborhood Government to undertake them. These units provide a public forum in the community in which proposed zoning changes and neighborhood plans from traffic patterns to public works projects

can be discussed and decided. It is critical to take these decisions on the physical future of our neighborhoods out of the private boardrooms of developers and smoke-filled rooms of politicians. Citizens who will have to live with the consequences of these physical plans for decades must have a voice in making these decisions. Hearings before local boards provide for local input and something approaching community control.

The final unit of neighborhood government, which has been proposed but not implemented by Mayor Byrne of Chicago, would be a citywide or metropolitan Congress of Neighborhoods. It would be composed of neighborhood delegates or representatives including at least one elected representative from each NAC, all NAC Chairpersons, all Neighborhood Managers. In addition the Mayor, city councilmen, and department heads would serve as ex-officio members. The Congress of Neighborhoods would:

A. Improve communication and coordination among the NAC's city departments, and the Mayor;

B. Suggest and help to implement citywide programs, plans, and projects of assistance to the neighborhoods;

C. Provide feedback to the Mayor and city departments on proposed community programs;

D. Review comprehensive plans that affect more than one neighborhood, mediate any disputes between NAC's and provide NAC's with information on plans which affect local neighborhoods.

The Congress of Neighborhoods should elect its own steering committee and adopt its own resolutions on public policies by a 2/3's vote of those neighborhood delegates who are present and voting.

Many neighborhood leaders and political analysts believe that we should move toward Metropolitan Government at the same time that we move toward Neighborhood Government. The metropolitan region is a better area than the inner city in which to plan for and to deliver government services. It also contains more financial resources and provides a wealthier tax base from which to fund government services.

The existing suburban size and governmental structures are in many ways parallel to the proposed neighborhoods and neighborhood governments and thus merger between neighborhoods and suburbs may be easier to achieve than the monolithic city. But whether or not we move toward Metropolitan Government, it is important that we move to Neighborhood Government.

Neighborhood government is not just abstract political theory. Since 1972 in Chicago's 44th Ward there have been experiments in neighborhood government, including a 44th Ward Assembly with elected delegates from each precinct and community organization in the neighborhood. These delegates from 1972-1980 by their deliberations mandated their Alderman's vote in the Chicago City Council. Ward Assembly delegates have proposed new legislation which their Alderman has introduced and projects which have been undertaken in the community without requiring official city approval. Currently, under an Alderman elected by the Chicago Democratic Machine, the Ward Assembly is being continued as a body to advise the Alderman on needed services and legislation.

The accomplishments of the Ward Assembly are numerous. Perhaps most important has been the existence of the assembly itself as a model of the type of neighborhood government which is possible. The 44th Ward Assembly provided the critical manpower to deliver a 44th Ward Almanac with reports on the state of the neighborhood and a guide to city services to 30,000 families. It conducted a 44th Ward Fair every year with displays of community art, photographs ethnic foods, community organization exhibits, and children's games for the 3,000 people who attended. The Ward Assembly has also undertaken special drives such as fund drives for local private food pantries which feed the hungry of our community. In the area of services, the 44th Ward Assembly has identified sites for playlots and parks which have been built. It has planned truck load limits which keep trucks over 5 tons of weight off sidestreets. It has coordinated special service efforts on trash baskets, garbage pickup and street sweeping. Moreover, Chicago's anti-relining law which has since become the model for cities throughout the nation was developed by the Assembly. It has offered amendments to a variety of city legislation on issues such as unit pricing and and condominium conversions that have become law.

A Community Zoning Board, Traffic Review Commission, and Spanish-Speaking Assembly, *Asamble Abierta*, have also established in the 44th Ward

since 1974. The Community Zoning Board has heard over 40 zoning cases including the controversial legislation to down-zone the Lakefront of our community to prevent further high-rise construction. It has been upheld in all of its decisions except one in which the community itself was divided. The Traffic Review Commission has modified one-way streets and approved stop signs and traffic lights. *Asamblea Abierta* has undertaken a number of ambitious projects including suing the City of Chicago for discriminating in the hiring of Latinos.

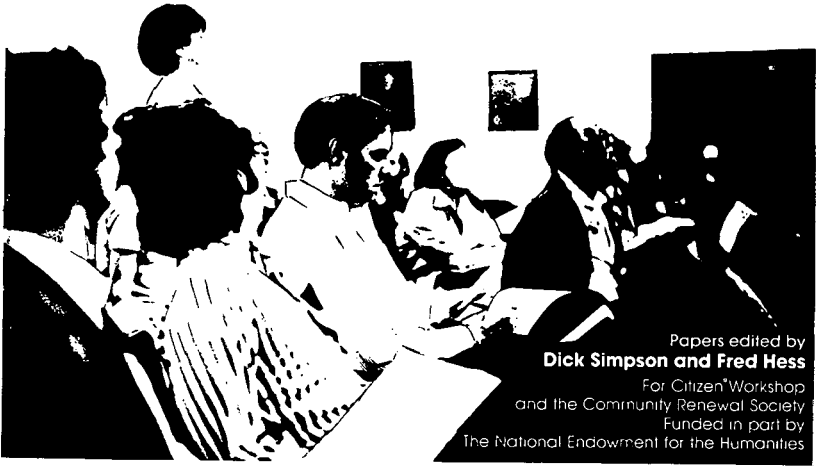
In my testimony today I will not seek to detail the successes and failures of neighborhood government in the other one hundred American cities where it has been tried. Given the successes which have been achieved, it is sufficient to point out that neighborhood government is the only system which can allow for democratic participation; it is one of the few means by which higher levels of government can be held accountable by our communities; and it is the only system which can provide humane and responsive government services. It is for these reasons that neighborhood leaders are dedicated not only to empowering existing neighborhood organizations but to full neighborhood government in the future.

### *Conclusion*

Neighborhoods have not fared well in the previous Congresses. Little neighborhood legislation has been introduced, few hearings such as this one have been held, and almost no significant neighborhood legislation has passed. However, neighborhood leaders still have expectations of this Congress. We expect Congress to adopt legislation to provide more funds and to grant legal status to existing neighborhood organizations. We also expect Congress to stipulate that future federal funds in programs such as Revenue-Sharing and Community Development Block Grants, will be given only to those states and cities which legally sanction and create neighborhood government or, at least, empower existing neighborhood organizations. We believe that only in our local communities can the values and institutions necessary to save our country be born. We ask only the opportunity to perform this mission. Given legal authority and limited funds, we are confident of our ability to govern ourselves.

NOTE.—Attached to testimony are six papers on model neighborhood institutions entitled "Neighborhood Revitalization" and a copy of the "National Neighborhood Platform."

# NEIGHBORHOOD REVITALIZATION



Papers edited by  
**Dick Simpson and Fred Hess**

For Citizen Workshop  
and the Community Renewal Society

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## INTRODUCTION

The revitalization of urban neighborhoods is becoming a national priority. Housing abandonment, industrial flight and the consequent loss of jobs, declining levels of urban services, and environmental deterioration all bespeak a reduction in the quality of urban neighborhood life. At the same time, restricted areas of the cities are being "regentrified," rehabilitated, reconstructed, and repopulated, with wealthier residents displacing poorer ones. To redress this imbalance in neighborhood development, institutional revitalization is a prerequisite.

Revitalizing the urban neighborhoods of America is really the task of revitalizing our American civilization. We need to rediscover our original American values of self-sufficiency, independence, democratic participation, and human development. To do so in our mass, technological, materialistic society requires the rediscovery of communities and our neighbors. It requires building new institutions to put our old values into practice in the "brave new world" in which we now live.

This series of papers examines case histories of six key neighborhood institutions, whose regeneration have had a significant impact on their neighborhoods. Other institutions could be added to this list. It is our contention that if several dozen key institutions of this sort were functioning vitally in a neighborhood, it would be a healthy, vibrant community. The institutions included in this collection of papers deal with the polity of the neighborhood, its economic development, and the provision of supportive services in neighborhoods in Chicago.

Each of the papers identifies the specific needs which were present in

urban neighborhoods and the new institutions or institutional reformulations which address these needs. Each discusses their structure and staffing, examining the balance between paid and volunteer staff. Each presents the special problems and resistances encountered in the renewal process. Each contains a general description of how such institutions are built and how they cope with the problems of their neighborhoods.

The first paper, "Neighborhood Government" by Judy Stevens, reports on the experiment in Chicago's 44th Ward, in which the Alderman covenanted with his constituents to share his power by means of a legislative Ward Assembly, a Traffic Review Commission, and a Community Zoning Board. The paper reviews other instances of emerging neighborhood governance as well, and the means, both formal and informal, of instituting them.

The next three papers are concerned with the development of the neighborhood economy. Squire Lance reports on the unique efforts of the Southtown Planning Association, using quasi-governmental power through the creation of a special taxing district for the regeneration of commercial development in the Englewood community. Joanna Brown describes the employment training and placement efforts of the Spanish Coalition for Jobs, headquartered in Pilsen, Chicago's largest Latino community. Judith Wittner examines the rise of neighborhood credit unions and their relationship to the cooperative movement, focusing upon the North Side Community Federal Credit Union in the heavily Appalachian community of Uptown.

The last two papers in this series deal with the mutual support urban

residents require of one another. Bill Mahin's article contrasts an established neighborhood service agency, the Jane Addams Center of the Hull House Association in the Lakeview community, with the development of a chain of free health clinics by the Medical Committee for Human Rights, which grew out of the Civil Rights Movement. In "Neighborhood Religious Organizations" Fred Hess recounts the Ecumenical Institute's efforts to redefine the relationship of religious organizations to their neighborhood as attempted in the Fifth City Community Reformulation Project in Chicago's Westside ghetto.

Many other institutions could have been included in this series, each of which have been significantly experimented with in Chicago neighborhoods: independent political organizations, protest movements, community organizations, community controlled education projects, community news media, housing rehabilitation organizations, and national neighborhood pressure groups. Vibrant neighborhoods are complexes of interrelated critical institutions. Those interested in regenerating our nation's urban neighborhoods will necessarily be engaged in revitalizing these neighborhood institutions.

This collection of papers is thus a call to experimentation and to spread the word about experiments which have already met with local success. These papers are not meant to end a discussion but to begin a dialogue, not to end experiments but to encourage them. For we are new pioneers trying to make a home in America's neighborhoods, to civilize them, to develop them, and to cherish them. In this task, we hope we will be joined by many who follow.

The Editors



# NEIGHBORHOOD GOVERNMENT

by Judy Stevens

Civics books have always given us the "Tuesday" theory of democracy: citizens are essentially only voters. On an election-day Tuesday, every so often, they decide who will represent them in the day-to-day workings of government. The person they elect is to use good judgement and know what government should do for them. If their legislator uses terrible judgement or fails dismally to represent their interests, on another Tuesday, somewhere down the road, they can elect someone else if someone else they like better happens to be running.

The Tuesday theory of democracy ignores a lot of days of the year, days when that legislator is deciding on programs and priorities, most of which receive no publicity, and about which no one writes letters, makes phone calls, or otherwise provides public input. Is it any wonder that, as decisions become more complex and government affects the average person more, people feel increasingly alienated from the decisions which affect their lives? In fact, they are alienated—364 days a year. Is it any wonder that legislators represent special interests and lobbyists and their own often limited views? They are accountable on only one day every couple of years. The "Tuesday" form of representation has given us expressways we don't want, social programs which are misdirected, and, too often, inaction when we need action on serious problems.

For every neighborhood that is left out of government decisions and policy-making, there is a legislator who doesn't know enough about what his/her constituents want and need. To open up the governing process by encouraging the participation of active and able citizens is to give that government both the impetus and the information it needs to be relevant. That is the pragmatic value of neighborhood government. The morality of neighborhood government is that it affirms the dignity and the

value of the individual and places in proper perspective the role of government as servant of the citizenry. There are some reasons why we "ought" to have neighborhood government. But, additionally, the fact is, we need it.

The 1979 National Neighborhood Platform of the National Association of Neighborhoods proclaims:

People organized in neighborhoods, responding to their fellow residents as human beings and families, rather than as clients, are best able to provide needed services. People organized in neighborhoods are best able to pronounce and amplify in firm tones the voice of citizens so as to command the response of government and private institutions. People organized in neighborhood assemblies are best able to create government under their control. . . . The neighborhood is a political unit which makes this possible, since the smallness of the neighborhood enables all residents to deliberate, decide, and act together for the common good.

Our government jurisdictions have become so large, distant, and unresponsive to peoples' lives and concerns that our communities are now, to a serious degree, ungoverned. Administrative neglect and private actions have endangered the safety and justice of our communities. We believe it is the responsibility of citizens in our democratic republic to govern the affairs of their own neighborhood communities in common deliberation, with binding jurisdictional power, and in constitutional relationship to other communities.

The Platform proposed the following power for neighborhood governments: the ability to raise tax revenues, incur bonded indebtedness, to enter into interjurisdictional agreements, to settle disputes within their boundaries, to contract with the city or with private providers of services, to conduct elections, to sue and be sued, to determine planning, zoning, and land use, to undertake public investment, to legislate within its

boundaries, to provide public and social services, and to operate proprietary enterprise.

However, neighborhood governance, as it has actually existed in recent years, has been less formal. It has allowed people from a given city legislative district (or community area, in the case of at-large city council members) to meet regularly with their representative and influence the decisions he/she makes. Some cities have established community assemblies, with members elected by residents of precincts or other designated areas of several blocks. These "delegates", meeting together with their legislator, may have a determining vote on what he does. In other cases, their action is solely advisory. In some cities, communities focused only on the implementation of municipal programs, while in others their concerns include all the concerns of the city.

## CHICAGO'S 44th WARD ASSEMBLY

One neighborhood's eight year continuing experiment with neighborhood government provides an excellent model for those interested in reclaiming an active role in the governing process and instituting neighborhood governance. Since 1972, in the Lakeview community on Chicago's northside, citizens have been meeting once a month with their Alderman in what is called the 44th Ward Assembly.

The Assembly began in 1971 as a proposal made by Political Scientist and 44th Ward Aldermanic candidate Dick Simpson. It received wide circulation as one of his major campaign promises. After he was elected Simpson put together a document spelling out the Assembly's purpose, structure, and process of creation. This draft was shown to friends, community leaders, and a variety of organizations; all had an opportunity to discuss it in small meetings.

The forms of neighborhood government in the 44th Ward have been

tinkered with continually, but the broad outlines of purpose, structure and process remain unchanged. The Assembly's purpose is to advise the Alderman on votes in the City Council, on his own legislative proposals, and on local programs that don't require city approval. The Assembly can, by a two-thirds vote, bind the Alderman's vote in City Council (except, theoretically, on Bill of Rights issues). The Assembly has also drafted legislation which the Alderman introduces.

Delegates to the Ward Assembly are both *selected* and *elected*. Local community groups with at least 25 members can designate, in any manner they choose, one delegate and one alternate. Two delegates are elected from each of the ward's 61 election precincts. Elections are held at precinct meetings to which each household is invited (by leaflet) and which the alderman attends. In the 44th Ward, delegates are elected for one year.

The Assembly meets with the Alderman on the second Sunday of each month. During the first hour, committees meet in four different topic areas; afterwards, the entire group meets together to discuss and vote on issues which have been previously considered by a committee.

The Assembly agenda is set by a Steering Committee consisting of the Chairs of the standing committees, ten other delegates (elected by the Assembly), and the Alderman. The Steering Committee meets three weeks before each Assembly to decide on the agenda, make any needed arrangements for speakers, and do necessary research on issues. The Steering Committee insures that a specific resolution for adoption or rejection is composed by the appropriate substantive committee and mailed, along with background information on the resolution, to Assembly delegates in advance of the meeting.

During its eight years of existence, the Ward Assembly has involved itself in a wide range of issues. It has drafted legislation or amendments to legislation in such areas as prostitution, residential security, sidewalk repair and condominium conversions. It has drawn up priority lists for new park sites. It has prepared a lengthy evaluation of a police-citizen volunteer liaison program and successfully proposed changes in it. It has distributed flyers explaining animal control laws, tax assessment procedures and housing rehabilitation grants. It has distributed a ward almanac and telephone list with information on useful services.

A Ward Assembly is not without cost. A staff person, part or full-time,

is needed, as well as at least \$3,000 per year for direct expenses such as telephone, printing, paper, postage, and so forth. When salary and office overhead costs are fully considered, it becomes clear that the Ward Assembly could not exist without financial support from the Alderman, the government, or some existing community organization. Best of all would be regular city appropriations to pay the costs of neighborhood government. In the 44th Ward, the costs were paid by the Alderman's office and by fund-raising efforts in the neighborhood by the Assembly, itself.

#### SPECIALIZED UNITS OF NEIGHBORHOOD GOVERNMENT

The Ward Assembly has "spun off" two more specialized mechanisms for local decision-making: the Community Zoning Board and the Traffic Review Commission. One of the most basic decisions affecting any neighborhood is how its land will be used. Instead of making land use decisions "downtown" by those not immediately affected, it makes sense to decentralize these decisions and give the neighbors who live with the results a direct voice in them.

The Community Zoning Board in the 44th Ward consists of seven members, from different geographic areas of the ward, selected by the alderman and approved by the Ward Assembly. It holds an open community hearing whenever there is an application for a zoning change (for example, a store to be built where only housing was allowed before, or a bank where homes now are). As an example, one key decision in the 44th Ward involved the CZB, along with community groups, successfully obtaining the "down-zoning" of a large section of the community to reduce future residential density.

After the hearing is held, the Community Zoning Board decides in each case what action should be taken. Many of its decisions are introduced as ordinances at the city council by the alderman, or, sometimes, property owners may introduce their own zoning ordinances directly, but in the hearing cite the support of the alderman and the Community Zoning Board. Virtually all such ordinances introduced or supported by Chicago aldermen are assured of council approval. Other zoning ordinances are presented to hearings of the city Zoning Board of Appeals for its approval. All of the 44th Ward Community Zoning Board decisions were upheld by the council or the Board of Appeals.

Community zoning boards can be established and staffed by city ordi-

nance. Such boards might either be mandated, or more likely, permissively established upon request by petition from the residents of the ward. Thus far, the Chicago City Council has refused to pass such enabling legislation. However, because a Chicago alderman has virtual authority over zoning decisions in his ward, he can delegate this authority to a CZB with almost the same effect as if the body were created by law.

A Traffic Review Commission in the 44th Ward, also with seven members and patterned after the CZB, meets to decide on such local decisions as conversions to one way streets, the placement of stop signs, and the establishment of no parking restrictions.

Another extension of the concept of neighborhood government, and an ideal companion to a neighborhood deliberative body or assembly, would be a local "Little City Hall" to administer and deliver decentralized city services. Currently, the closest that Chicago comes to this are the Ward Superintendents who supervise garbage removal and other street and sanitation services in each ward. These services, unlike those handled entirely from downtown, are better and more responsively delivered.

#### CREATING NEIGHBORHOOD GOVERNMENT

While the City of Chicago has refused to pass citywide legislation permitting Ward Assemblies, Community Zoning Boards, Traffic Review Commissions, or Little City Halls, similar forms of neighborhood government have been officially sanctioned and exist in other cities such as Kansas City and Washington D.C.

Creation of neighborhood governments in other cities in the future can be brought about 1) by referendum to alter a city charter where one exists, 2) by city ordinance, 3) by a state enabling act, or 4) as in the 44th Ward case, by an informal agreement or covenant between an individual legislator and his constituents.

It is important to remember that such structures can be created without the passage of laws simply by a legislator agreeing to share power and to invest some of his decision-making powers in neighborhood structures. Although in many cities neighborhood groups serving governmental functions are often informal and possess only advisory power, most 44th Ward Assembly members feel that the extra work involved in electing delegates to a body with real power is well worth it.

The Ward Assembly and other Lakeview community organizations work cooperatively for the good of the entire community. Community groups can better create effective pressure on the city to provide necessary services, make structural changes, or pass legislation. They can mobilize popular support for particular issues. On the other hand, the Ward Assembly studies pending or possible city legislation in greater detail than other community groups have the time or interest to do. And, through the Alderman, it provides direct access to the city government. Thus, the two types of organization can complement each other, supply each other with useful information, and be mutually supportive on issues.

The Ward Assembly in Chicago has opened up the process of city government to several thousand Ward residents who have served as Ward Assembly members in its eight years of existence. It has given its members a sense of their own ability to understand government and to get things done. They have learned to draft legislation, take surveys, testify at hearings and debate controversial ideas. And they have been effective at changing at least some of the laws of the city that affect their neighborhood and others the most.

When city government becomes too remote, it loses its direct link with citizens. The creation of local institutions, formal and informal, can begin to restore that direct relationship between citizens and their elected representatives. It can teach people new forms of citizenship and it can force government to be more accountable. In this case, the practical answer isn't just expedient; it's idealistic. Neighborhood government isn't only what we ought to have—it's what we need.

## Resources

Kotler, Milton. *Neighborhood Government: The Local Foundations of Political Life*. Indianapolis: Bobbs Merrill, 1969. This book is the principle theoretical work on neighborhood government now available. It provides a philosophical basis for all forms of neighborhood governance.

Hallman, Howard. *The Organization and Operation of Neighborhood Councils*. New York: Praeger, 1977.

A survey of neighborhood government experience across the country, this book is a rich resource of practical efforts which have been undertaken to empower neighborhoods. It provides a guide to the actual operations of various types of neighborhood government as well as case studies and an explanation of how they have historically been created.

Simpson, Dick, Judy Stevens, and Rick Kohnen, eds. *Neighborhood Government in Chicago's 44th Ward*. Champaign, Illinois: Stipes, 1979. The editors present detailed accounts of how informal neighborhood government was made to work through a covenant between community residents and their alderman. The book contains essays, speeches, newspaper articles, practical manuals, and constituting documents that present the philosophy, vision, and step-by-step mechanics of neighborhood government.

*Neighborhood Government in Chicago's 44th Ward*. A 35 minute, 1/4-color Videocassette. Office of Instructional Resources Development, University of Illinois at Chicago Circle: 1978. A video documentary record of how neighborhood government in the 44th Ward came to be, and how participatory democracy actually functioned there. This Videocassette is an excellent teaching tool or a guide for discussion and planning by community groups who want to better control their own neighborhoods. Available from: University of Illinois at Chicago Circle, Office of Instructional Resources Development, B 465 Library, Box 4348, Chicago, Illinois 60680

*National Neighborhood Platform*. Na-

tional Association of Neighborhoods, Washington, D.C.: 1980.

This document is the result of 47 local conventions across the nation, each of which articulated resolutions aimed at strengthening neighborhoods. The platform was consensed upon by a national convention of delegates from the local conventions and grassroots neighborhood organizations, in Louisville, Kentucky in November, 1979. Copies are available upon request to N.A.N.

*National Association of Neighborhoods*, 1651 Fuller Street, Northwest, Washington, D.C. 20009.

This organization is a national coalition of neighborhood organizations struggling to empower and revitalize their communities. A small, dedicated staff, directed by Milton Kotler, coordinates the activities of member organizations on issues of common interest, such as the Neighborhood Platform, keeps member organizations abreast of issues of significance to the neighborhood movement, and provides managerial and technical expertise upon request. A new lobbying arm, the Neighborhood Action Coalition, has been formed to present the platform to government officials and the political parties. Organizations and individuals are invited to become members of N.A.N. and/or N.A.C.

### Thirty Localities with Neighborhood Councils, by Major Clusters

Locality (population) <sup>a</sup>	Local Name for Neighborhood Unit	Number of neighborhoods <sup>b</sup> identified <sup>c</sup>
<b>Group A: Charter-Created Boards</b>		
Newton, Mass. (91)	Neighborhood service area council	n.a. <sup>c</sup> 1
Honolulu (491)	Neighborhood board	12 11
Pittsburgh (479)	Community advisory board	4 n.d.
District of Columbia (734)	Advisory neighborhood commissions	16 30
New York (7,447)	Community board	62 62 <sup>d</sup>
<b>Group B: Citywide Network, Organized Simultaneously</b>		
Milwaukee, Ore. (19)	Neighborhood council	5 5
Simi Valley, Calif. (70)	Neighborhood council	5 5
Dayton (214)	Neighborhood priority board	6 6
Waukegan (263)	Neighborhood council	15 15
Birmingham (296)	Neighborhood citizens committee <sup>f</sup>	84 84
Minneapolis (382)	Planning district citizens advisory committee <sup>g</sup>	10 10
<b>Group C: Phased Organizing, Expanding Coverage</b>		
Salem, Ore. (76)	Neighborhood planning organization	15 14
Eugene (90)	Neighborhood association	16 16
Anchorage (149)	Community council	16 15
St. Paul (287)	District planning council	17 9
Fort Worth (360)	Sector planning council	11 11
Atlanta (451)	Neighborhood planning committee	24 24
Jacksonville (522)	Neighborhood organization	153 9
San Diego (757)	Community planning group	32 32
Washington Co., Ore. (807)	Community planning organization	14 10
Chattanooga, Ore. (201)	Community planning organization	33 11
Gaillard Co., N.C. (299)	Community council	22 14
San Mateo Co., Calif. (572)	Municipal advisory council	n.a. <sup>c</sup> 1
San Diego Co., Calif. (1,218)	Community planning group	25 13
<b>Group D: Associations with De Facto Recognition</b>		
Lincoln (163)	Neighborhood association	31 20
Fort Wayne (185)	Neighborhood association	n.a. <sup>c</sup> 64
Portland (378)	Neighborhood association	63 53
Kansas City (488)	Neighborhood association, community council	n.a. <sup>c</sup> 120
<b>Group D: Independent Councils</b>		
Muskegon, Mich. (45)	Neighborhood improvement association	10 4
Independence (114)	Neighborhood council	19 19

a. Population in thousands for 1973 (for cities and 1974 for counties; U.S. Census data.

b. Refers to subareas used as organizational base as of September 1976.

c. Not available.

d. To be set up in 1977.

e. Scheduled for reduction to 51 in January 1977.

f. These come together into 19 community citizen committees.

g. Based upon town meeting elections from 84 neighborhoods.

From *The Organization and Operation of Neighborhood Councils: A Practical Guide* by Howard Hallman (New York: Praeger, 1977), p. 14. Reprinted by permission of the author.

# NEIGHBORHOOD ECONOMIC DEVELOPMENT

by Squire Lance

Two years before the war on poverty began and some ten years prior to the Comprehensive Employment and Training Act passed into law, The Woodlawn Organization, a mass-based community organization on Chicago's south side, convinced the University of Chicago and the U.S. Department of Labor that it could make the difference in getting blacks trained under the Manpower Training and Development Act to stay in training and on their jobs. The program was a moderate success. T.W.O. did indeed have a greater retention rate than the national average. The success was an outstanding achievement. But, what was more significant about the T.W.O., Labor Department, and U of C project is that it was the very first time the Department of Labor signed an agreement with a community based organization to participate in the training process.

While this is not the place to tell the story of T.W.O., it is important to note that the organization then moved steadily from protest to service programs (On The Job Training, nursery schools) to economic development (ownership of a supermarket, gas station, movie theatre and housing complexes).

This progression itself is significant because it reflects an important basis for the creation and continuing success of community economic development.

My premise is that community economic development is a meaningful bunch of words in the absence of neighborhood organization. At some point a community has to realize that its own local people, when organized, do have the intelligence and ingenuity to plan, establish and run their own factories and stores and that the community, as much as anyone else, has a right to entrepreneurship. To hell with charity—the only thing a community gets is what it is strong enough to get—and it has no strength without organization. Without organization it gets nothing! Some individ-

uals may benefit on their own, but that's about it.

When you look at a successful community, what you are seeing is a positive mixture of economic influences—a convergence of the impacts of industry, manufacturing, commercial services, construction, marketing, retailing, transportation, human services, and employment in a given community. What you also are seeing, perhaps not so clearly but you know it's there, is the interdependence of these economic factors. And, if you're a realist, you immediately understand two things. One, such a community doesn't come about by accident. People create industry, services, marketing, etc. They must be organized. And two, nothing happens without the ability to amass and use capital. It is a way of saying that there are two sources of power, people and money; both have to be organized to create a successful neighborhood economy.

What we at Southtown Planning Association have done is to remove community economic development from the marshmallow chairs of academic discussion and put it onto the hard pavement of the streets. No pet theories about developing countries, capital leveraging, or racism are going to move a neighborhood any closer to a successful economy—organization will. Underdeveloped and underdeveloped neighborhoods still have to rescue themselves from the sociologists and economists who have a way of describing the problems of communities according to their theoretical solutions.

## BEGINNING TO ORGANIZE

To embark on a program leading to community economic development, the first step is to get the people organized into some kind of broadly based group representing as completely as possible all the interests in the neighborhood. Let me say right out front—I don't think it makes much difference whether the group is a coalition,

an alliance or a federation. It is, however, important for it to be representative of the neighborhood.

I've discovered that, as a general rule, you can only organize at the level of the people's experience. If your approach or structure gets too complex or involved, they won't participate because it's too hard to understand. If it's too simple, people won't participate because they'll say, "We've done that already." The answer lies somewhere in between. This is a good testament to the fact that organizing is a profession and an art, not some amateur sport done in your spare time.

The good organizer, knowing where his community is and where it has to go to be successful, will put together a structure that can ultimately coordinate planning, human service delivery, capital development and employment training. He already knows that organizing for power is an overriding objective, for how else will a community succeed except that it maintain considerable political control over its own economic destiny?

The 1979 National Neighborhood Platform of the National Association of Neighborhoods is quite clear on this point:

"People organized in neighborhoods are best able to pronounce and amplify in firm tones the voice of citizens so as to command the response of government and private institutions."

It is critical that the spin-off effect of the organizing effort is an institution, or several, which has the capability of coordinating the economic activity of the neighborhood.

## THREE STAGES OF ORGANIZATION

The very first stage of the organizing effort should establish a *set of issues* around which the group selects its leadership and sets policy. The group's priorities, however, should not be confused with the issues themselves.

In this first stage the priorities are:—one, to organize around all issues of concern to the residents of the neighborhood;

—two, to win on most of the issues where there is a conflict or difference between the neighborhood and outside interests or interests perceived to be from the outside; and

—three, to pay attention to survival needs such as finances and management.

Some economic development issues at the first stage might be breaking down discriminatory barriers to equal employment, agitating for more jobs in government and in the private sector, equal treatment by lending institutions, improvement of housing, and better garbage collection. It is important in this early stage to set policy and choose leadership around all issues with which the neighborhood is concerned. Winning and survival, in this first organizational stage, are not nearly so important. Concern with all neighborhood issues gives the group its identity as a mass-based organization and sets its style.

As the issues become clearer and the leadership becomes sharper, the organization will move into a second stage of development where there is a shift in priorities.

At this stage *winning* becomes the organization's number one priority. Organizing is now second and survival third. This shift is understandable in light of the fact that the organization's credibility in the neighborhood is at stake. They have elected their leaders and they have set their policies. "Can the organization win?" is a legitimate and crucial question.

It is at this point that the organization must sift through the issues and select those on which it can win. This requires a good assessment of the organization's power, its will, and its ability to last in a fight. An organization with experienced leadership will not make the mistake of selecting an issue based on the intensity of the neighborhood's mood but will ask the very practical question, "Can we win?"

Issues at this stage need not be controversial or confrontational. In fact, confrontation and conflict most often occur in the first stage when the organization is drawing maximum attention to itself, saying to neighborhood residents, "We're concerned about you," and to its adversaries, "We'll battle for what we want."

This second stage provides the opportunity to begin building policy and direction toward economic development through work on related issues. A housing issue now leads from "getting the City to tear it down" to "building our own" on the

vacant land; a fight over jobs becomes a CETA contract to clean the vacant lots; high health cost leads to establishing a Health Maintenance Organization.

But it is in the third stage of organizational development that the neighborhood organization becomes the neighborhood institution, now with the power to establish an infrastructure capable of producing a viable neighborhood economy.

If a neighborhood group has made it to this stage, its priorities have taken on the characteristics of most institutions in the society. *Survival* is first and foremost, which means that money and management are its chief concerns. In the second place it is concerned about its track record—winning—getting things done—doing favors for its constituency. Finally, it is still concerned to organize. But, bringing in new blood and new membership can at times be more of a threat than a priority.

It is precisely the institution's concern for the bottom line (money and management) that provides its greatest potential to establish and carry through on a community economic development program.

#### ORGANIZING FOR ECONOMIC DEVELOPMENT

What is needed are three key elements: One, an overall strategy, including a set of specific goals which generally emerge from the second stage; two, a working relationship with private and public sector institutions; and three, technical assistance resources (i.e., lawyers, accountants, researchers, etc.).

There is a coordinated set of organizations on the southside of Chicago which, though different in style, have arrived together at the implementation stage of an overall neighborhood economic development strategy.

The Southtown Planning Association, during the sixties, established a track record on housing, zoning and transportation issues.

As part of its housing program, it established the Southtown Land and Building Corporation, a for-profit organization which built 100 single family homes in Englewood. In addition, it formed two not-for-profit groups which sponsored the construction of two high-rise apartment buildings in the neighborhood.

In the commercial area, Southtown Planning Association negotiated the creation of a five-member commission with taxing authority which manages the 63rd & Halsted Englewood Shopping Concourse.

#### STRUCTURE AND ORGANIZATION

Southtown Planning Association is diverse in membership, with a tradi-

tional management structure and a strong business support base.

The organization's Board of Directors includes membership from neighborhood churches, resident organizations, businesses, and local government agencies.

Its management structure has an Executive Director as the Chief Operating Officer, a Planning Coordinator as Chief Strategist, and a Development Analyst as an Assembler of Financial Resources. In addition, the agency employs a Project Administrator to oversee the internal, fiscal, and administrative affairs of the present organization and its spin-offs.

The diversity of Southtown Planning Association's membership is a key element in its ability to function well on economic issues in the neighborhood. This diversity existed long before the organization's economic development thrust crystallized in the mid-sixties.

Residents, business people, and government representatives are able to use the organization as a forum for the discussion of new ideas, plans, and strategies for future economic direction.

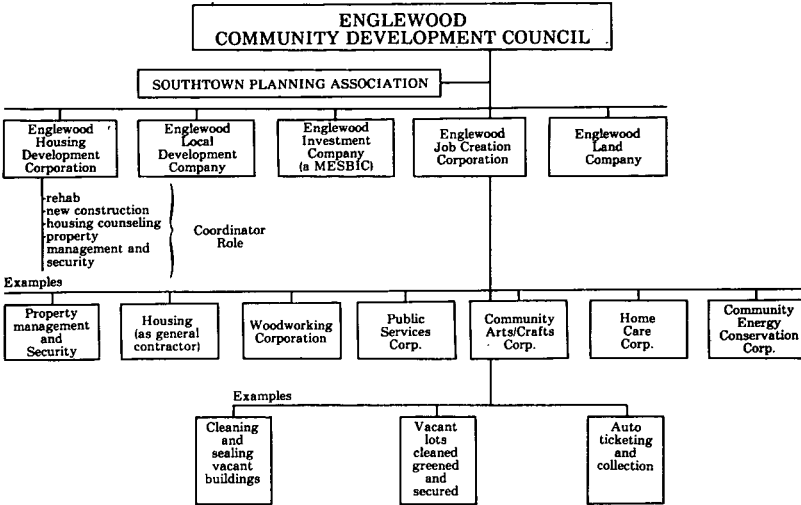
#### COMMERCIAL REVITALIZATION

It was out of this setting that Southtown Planning Association created the Englewood Concourse Commission which is at the center of its economic development thrust. The Englewood Shopping Mall is, without doubt, one of the most significant economic development achievements by a neighborhood group in a hundred years.

Since 1960, the Englewood business district had been on the decline. Most businesses at 63rd and Halsted were following their customers to the suburbs, leaving behind the least successful enterprises and a community becoming increasingly black and poor.

A decision was made: Attempt what no other neighborhood had ever succeeded in doing. Save the business district! Southtown Planning Association took the lead. It recommended to the City that it declare 63rd and Halsted an Urban Renewal area, thus qualifying it for a large infusion of federal funds, approximately \$17 million. With this infusion of dollars, the City was able to redesign the area to be more in conformity with the needs of the time. Improvements include off street parking, landscaping, benches, limited through traffic, and canopies over the sidewalks.

The infusion of these funds was a tremendous incentive to local businesses which, in turn, pumped \$54 million back into the neighborhood in



capital improvements. Such were the physical improvements and fiscal investments.

Meanwhile, the real excitement was going on in the meetings on how to manage and maintain these improvements. This was a natural concern for the men and women who not only kept their businesses in Englewood, but also made substantial reinvestment in their own future and that of the neighborhood.

Under the leadership of Southtown Planning Association, a series of ultimately crucial decisions were made:

1. The tab for the creation of the Englewood Shopping Mall at 63rd and Halsted (not paid for by Urban Renewal funds) would be paid for by the property owners in the mall over a 20 year period through an annual assessment;
2. The management of the mall would be placed under the authority of the Englewood Commercial Center District Commission made up of five businessmen appointed by the Circuit Court on the recommendation of the Englewood Businessmen's Association and the Southtown Planning Association; and
3. The Commission in turn would have the power to levy taxes in the mall to cover the cost of extraordinary maintenance, lighting, security, and administration.

Several actions followed these decisions:

1. Legislation was passed at the State level, granting the City of Chicago the power to create the necessary ordinances under Home Rule laws, and by the Chicago City Council to accept that power; and
2. The enactment of the ordinances by the City Council creating the Englewood Commercial Center District.

The impact of the mall's creation is far ranging. In spite of some ups and downs which are always the case with man-made institutions, the mall has been successful in maintaining a strong commercial base. Ground has been broken for 13 new stores and an Arthur Treachers on the northeast corner of 63rd and Halsted at a cost of \$1.2 million, creating 100 new jobs. Aldi's food chain has just opened a new store in the area, at a cost of \$500,000, creating 15 new jobs; and Walgreen's drug store has spent \$500,000 on improvements.

Of equal impact is the shift of authority to the neighborhood and its representatives, giving them the power not only to make key business decisions, but also to levy taxes. While it is not our purpose here to explore the broader significance of the powers granted to the Englewood Commission, I think one can readily see the relationship these powers

have to the reestablishment of neighborhood government.

**THE FUTURE**

Southtown Planning Association is now moving to establish a more comprehensive economic development strategy based on neighborhood revitalization.

Its primary goals are new construction, rehabilitation, commercial revitalization, and the establishment of a light manufacturing district.

As spin offs, the Association plans to form the Englewood Development Council which would raise funds for, and coordinate the activities of, some 12 other neighborhood corporations.

While the evolution to this stage of implementation has been a long and tedious one, it has been successful because of the tireless attention neighborhood residents have given to their organizations.

**Resources**

Alinsky, Saul D., *Reveille For Radicals*, Vintage Books, 1969.

Originally published in 1946, and updated to take into account the changed circumstances of the Civil Rights Movement, this book summarizes Alinsky's confrontational organizing philosophy and method. Alinsky's approach dominated community organization thinking for more than two decades, even when it was being rejected.

Fish, John H., *Black Power/White Con-*

*trol*, Princeton University Press, 1973. This account of The Woodlawn Organization's first decade traces its development from protest to political struggle to economic investment and management. The interconnection of neighborhood self-determination and self-reliance are placed in the context of national and municipal politics.

*Toward Responsible Freedom*, Community Renewal Society, Chicago, no date (mimeographed).

This evaluation of a joint project between the Community Renewal Society and the Kenwood Oakland Community Organization contains extensive insights into the

dangers of starting small minority businesses with inadequate capital. It is in sharp contrast to the direction taken by the Southtown Planning Association.

Hess, G. Alfred, Jr., "Community Organization in Chicago," The Wieboldt Foundation, Chicago, 1979 (mimeographed).

This paper contains a survey of the published studies of major community organizations in Chicago from 1945 to 1973. It contrasts the resistive efforts of organizations on the edge of the ghetto with the more constructive development efforts of those within the ghetto. It compares the effectiveness of money used for reconstruction which generates economic re-

vitalization with that which only provides ameliorative services and income maintenance.

Southtown Planning Association, 811 West 63rd Street, Room 213, Chicago, Illinois 60621, 312/873-7474.

This neighborhood development organization is led by its executive director, Squire Lance. It represents a unique approach to economic development and commercial revitalization, combining traditional community organizing techniques with quasi-governmental functions. Its novel approach is exemplary of the experimentation necessary to *Neighborhood Revitalization*.

# NEIGHBORHOOD JOB TRAINING

by Joanna Brown

Unemployment is a plague of modern urban life, sapping self-respect, disturbing family life, and creating poverty and despair. It is a disease which strikes hardest at certain groups in the society, in particular minorities, youth, and women—groups which are both discriminated against by employers and which tend to be less trained by society in the skills necessary for secure, full-time employment.

Unemployment attacks not only individuals, but neighborhoods as well. Minority neighborhoods have high unemployment rates, and the cumulative effect of large numbers of unemployed, and therefore impoverished, workers is crime, poor education, deteriorating housing, lack of political clout, and local business failures.

In order for a community to be healthy, functioning, and able to support its own institutions, its members must have jobs. But workers faced with job discrimination, lack of skills, and lack of available jobs have little recourse as individuals.

Just as unemployment affects neighborhoods, so some solutions to the problem can be found at the neighborhood level. The very effect of fighting the disease can help rebuild neighborhood institutions. By turning individual problems into a collective problem, a community can focus its combined resources on mitigating the unemployment dilemma.

This paper describes an attempt to attack unemployment at the neighborhood level, using collective strength to demand financial resources from the state and jobs from private employers, and using local resources of talent, knowledge, and concern to help local residents help themselves.

The Spanish Coalition for Jobs is an organization created expressly for the purpose of using collective strength and knowledge of "the system" to 1) force employers to hire

minorities, in this case Latinos; 2) demand a fair share of government anti-poverty funding for Latino communities; 3) train workers for the kind of jobs which are available in their communities; and 4) help provide staffing for community service organizations. The Coalition, in other words, attempts to bridge the gap which separates vast numbers of unskilled or semi-skilled, unemployed or underemployed workers of the inner city from the decent jobs which are the underpinning of a secure and adequate community life.

## HISTORY

The Hispanic community in Chicago in 1980 is just beginning to feel its political strength, but there have long been numerous neighborhood organizations and social service agencies within the largely Latino neighborhoods of Pilsen, South Chicago, Little Village, Westtown, and Lakeview.

In 1972, a number of these organizations, feeling the need for a unified front in the area of employment, formed the Spanish Coalition for Jobs. The original purposes of SCJ were twofold—to procure government funding for job training and placement efforts of community service organizations, and to act as a central spokesman for community efforts to force affirmative action hiring of Latinos.

The Coalition still serves these functions. In addition, through government contracts under the Comprehensive Employment and Training Act, (CETA) the Coalition runs its own training programs and places about 30 CETA employees with community organizations where they do the work of those organizations in providing community services. Unlike most CETA programs which aim merely at providing work for the individual long-term unemployed, SCJ's CETA programs are aimed at providing much-needed services for the neighborhoods. SCJ's own job place-

ment center is also staffed by CETA workers.

About 15 agencies were represented in the formation of the Coalition. The charter members were Ada McKinley, Association House, Casa Central, Cuidar, Gads Hill Center, Ser-Jobs for Progress, and Una Puerta Abierta. With one exception (Una Puerta Abierta is a job service) these were multiple-service, largely Latino, organizations with employment as only one facet of their programs.

Each of these organizations had their own sources of public and private funding. Public funding was being channeled through the Chicago Federation of Settlement Houses, to which many of these organizations belonged. At the time, the government was increasing its funding to employment services in the inner-city, but in Chicago, little of this was going to Latino organizations.

With the formation of the Coalition, many of these agencies broke away from the Federation and negotiated contracts directly with Model Cities. In this, the Coalition acted as a broker.

In 1975, with the implementation of the Comprehensive Employment and Training Act, SCJ began to focus on CETA money, writing and submitting proposals for all its members. Today, virtually all SCJ money comes from CETA.

At the time the Coalition was formed, a number of Latino organizations had become involved in affirmative action efforts. In 1970, eleven neighborhood agencies began affirmative action negotiations with several employers, among them Illinois Bell Telephone Company. According to the Coalition, this was the first time this sort of direct action had been brought to the doorstep of a public utility, and it was something new for all concerned. The agencies found they needed a legal representative to sign the affirmative action agreement, and the Coalition stepped in to fill this role.



## PURPOSES

As expressed in its by-laws, the purpose of the corporation is to "further the participation of the Spanish-speaking residents of Illinois in the life and activities of that community; and to seek the development of the social, educational, cultural, and economic interests of the Spanish-speaking community."

The Coalition's primary goal is "to place unemployed, underemployed, and economically disadvantaged persons in meaningful employment that will raise their income and provide opportunities for upward mobility. Of principal, but not exclusive, concern are the Latino residents of the above-mentioned communities."

SCJ has deep roots in the Latino community, particularly in Pilsen where its offices are located. This relationship benefits both the community and the individuals whom SCJ serves. On the one hand, SCJ provides economic benefits to the community. Says Mary Koenig, part-time executive director of SCJ and of Gads Hill Center, a Pilsen multi-service agency, "SCJ employs neighborhood people, who tend to shop at home. This feeds minority business. It makes a difference in alcoholism, child abuse, and family breakdown."

On the other hand, says Koenig, SCJ's closeness to the community means that its training staff can relate to the experience of their students, and help them with their personal, as well as their academic, problems.

SCJ tries to affect both the individual and the community, using CETA funds to train community residents in skills while providing needed workers in community organizations.

The Coalition's four main activities are affirmative action, job training, procurement of government funds, and provision of community services.

## AFFIRMATIVE ACTION

The Coalition has undertaken affirmative action efforts together with other community groups, participating in negotiations with Illinois Bell Telephone; A & P grocery stores; Chicago Transit Authority; Regional Bureau of the Census; Chicago radio and television stations; Blue Cross/Blue Shield; two Pilsen Savings and Loans Associations, and the Mayor's Office of Manpower and Training.

In some cases SCJ initiated the actions; in others, SCJ joined in to give support to other groups.

For example, according to SCJ Program Director Tom Langdon, the campaign against the Savings and Loans was spearheaded by Pilsen Neighbors. The 18th Street Development Corporation and SCJ joined in,

using CETA workers to help organize around the issue.

These S & Ls were sustained by community savings, says Langdon. Yet the community organizations found an unacceptable proportion of loans given out by these associations were going to the suburbs. The S & Ls were pushed to reinvest in the community, to seek out people in the neighborhood who wanted to remodel or buy houses and lend to them.

Another issue centered around the hiring policies of Chicago radio and television stations. In this case SCJ was the initiator but was joined by over 20 other Latino and media reform organizations.

A man whom Landon describes as "a talented, qualified Latino journalist," applied for a job at WBBM-TV. "WBBM played around," says Langdon. "First they said they would hire him. Then they offered him a different job from the one they had first talked about. He felt that WBBM was playing with him. He walked into SCJ one day. We took up his case, and began an investigation into hiring statistics of Chicago-area radio and television."

SCJ found that a number of local stations had virtually no Latino employees. This is contrary to Federal Communications Commission affirmative action rules. Together with other groups, SCJ filed a petition with the FCC asking them to deny the renewal of the licenses of these stations. The case is still pending before the FCC.

Another affirmative action project is a lawsuit which SCJ recently filed against the Regional Bureau of the Census, charging the Bureau with discriminatory hiring. "We are going on the hypothesis that the census will not count Latino workers," says Langdon, "and we are trying to force a proper counting." SCJ has collected numerous affidavits from Pilsen residents who say they were denied jobs by the Census Bureau and were not allowed to take the employment test in Spanish.

In addition to the lawsuit, SCJ is taking its own private census, both in Westtown and Pilsen, which it will compare with the results of the government's census in those areas. All these activities, says Langdon, depend on a good network of communication between SCJ and community residents, built up through years of experience in the neighborhoods.

## PROGRAMS

Except for a minute amount of private contributions, all Coalition money comes from CETA in one form or another. SCJ has contracts under CETA Title IV and CETA Title VI,

funded through the City of Chicago Department of Personnel, and two training programs, one funded through the city's Department of Human Services, and one funded directly from Washington.

In addition, the Coalition runs an employment service in conjunction with Gads Hill, a local social service agency. The employment service is staffed by CETA workers under contracts obtained by SCJ.

In previous years, the Coalition participated in two additional programs funded by the city. The Coalition placed 838 persons in private employment under a three-year contract with Placement and Retention (PAR) and placed 1,809 persons in private employment under the Community Action Referral and Employment (CARE) program. Both these contracts were obtained by the Coalition and farmed out to its member agencies. PAR has been dropped because under it community groups ended up doing a lot of work without getting paid for it; CARE has been picked up by individual member agencies.

The Coalition began its fifth clerk-typist training program in March, 1980. Each has trained about 20 persons, and 97 percent of the last three classes were graduated and placed in private jobs using their new skills.

CETA VI: The Coalition has a contract with the Department of Personnel providing funding for 40 CETA VI slots. SCJ obtains the contract, which runs for 18 months, and then hires people to fill the slots. CETA workers can stay on the job for a maximum of 18 months, during which they are expected to learn skills and work habits, in order to become employable in private industry. The success of a CETA program is judged on the percentage of CETA workers who become employed after they leave their subsidized jobs.

To qualify for a CETA position, a worker must be ineligible for unemployment benefits, and have a below-poverty family income. The Coalition writes job descriptions and submits them to the city, which sends prospective workers to be interviewed. The Coalition can reject applicants, but they have no control over who comes in to be interviewed. "The city does not send enough applicants," says Langdon.

Six CETA VI workers make up the bulk of SCJ's central staff, working as secretaries, receptionists, affirmative action officers, and job placement counselors. The other workers are farmed out to community organizations, both members and non-members of the Coalition. They provide day-care, drive buses for senior citizens, run after-school programs, and

do secretarial work.

"For a CETA program to be successful," asserts Langdon, "it's important to make sure people are working, doing *real* work." Some CETA workers develop an interest in community issues from working in SCJ, especially toward the end of their terms, he says.

The Coalition also fills 30 slots for CETA IV workers, young people in high school or junior college who work a maximum of 12 hours a week, (25 hours in the summer). They fill the same kinds of jobs as CETA VI workers.

In 1979, 21 of SCJ's Title VI workers were funded under a contract called Hispanic Community Assistance. This program:

- served 250 persons through four paralegal workers;
- served 40 families through day care and citizenship classes;
- served 125 unemployed persons through two job counselors.

Of these Title VI workers, 14 (67 percent) entered unsubsidized employment after their CETA jobs ended and four others entered university.

The Coalition's other Title VI contract, called Health Education and Family Fitness, put on two community health fairs. 82.4 percent of these workers ultimately entered unsubsidized employment, the government's criterion of success for CETA programs. Depending on the particular contract, 75 to 88 percent of SCJ CETA workers have had what the government calls a "positive termination."

One successful example is the Pilsen Legal Assistance Foundation (LAF) office, a government-funded, poverty law office where SCJ places CETA workers as paralegals. After their 18 month contract expired, SCJ brought pressure to bear on LAF to hire the paralegals, whose services LAF had been using for free. In 1979, LAF hired four CETA workers. "That's how CETA is supposed to work," says Langdon. Unfortunately, many of the organizations which take SCJ's CETA workers cannot afford to hire more staff, and are in fact dependent on CETA for providing much of their staff.

Coalition CETA workers are currently conducting a block-to-block survey of Pilsen—what kind of businesses are located there, how long they've been there, who the owners and managers are. Says Langdon, "We would like to take the results of the survey and work with the local Chamber of Commerce to help foster business development. We will also feed the information to other groups, such as the 18th Street Development Corporation."

CETA workers are monitoring and implementing an affirmative action agreement which SCJ signed with A & P Stores. They are also doing comparative retail pricing. "As a spin-off from this we will hold block meetings to make people aware of prices," says Langdon. "We can use this to talk to them about cooperatives."

SCJ's current CETA VI contract runs through September, 1981. Funding for the 18 months is \$640,382, of which 93 percent goes directly to CETA workers in salaries and fringe benefits. Less than five percent goes to SCJ for administration. (By the time neighborhood organizations get the money, however, perhaps an additional 50 percent has already been appropriated for federal and city grant administration.)

Although \$600,000 sounds like a lot of money, the Coalition's program is small compared with organizations such as the YMCA or Catholic Charities which might have 250-300 slots, Langdon observed.

Running a good training program doesn't necessarily require years of experience, but it does require administrative know-how. A new program should be hooked in with an existing agency.

Often CETA programs fail for administrative reasons, Landon says. Youth are hired to sweep streets, but no brooms are provided. Langdon suggests that SCJ's success is due, in large part, to its executive director, Mary Koenig, who "runs the ship very tightly," knows who to call in the city hall, and has years of experience working administratively in community organizations.

#### TRAINING PROGRAMS

SCJ runs two training programs, one a three-month bookkeeping program, and one a clerk-typist program. Both are funded with Illinois state CETA funds.

The clerk-typist program, running March through September, 1980, was the Coalition's fifth. Employing two teachers and one program director, the course trains 20 students, all of whom are paid weekly stipends. The program is strict. Classes meet 9-5, five days a week. Trainees sign a contract; after three unexplained absences they are dropped from the program. There is one typing teacher, and one teacher of academics, which includes reading, math, English, GED preparation, grooming, make-up and interviewing. The students visit corporations to become familiar with work situations.

SCJ helps trainees find jobs, and counsels students. "Everyone in the last graduating class," says Mary Koenig proudly, "passed the civil service test." Koenig continues,

"Without the program these people would have been on welfare or in menial factory jobs where they were last-hired, first-fired." Of the last 61 graduates, 59 went on to regular employment at more than the minimum wage. One went on to college.

SCJ recruits the trainees through its member agencies, through local newspapers, and by word of mouth. Often trainees come into SCJ looking for employment, and are steered into training programs by the counselors. "We look first at the students' desire, and then at whether they are eligible for CETA," says Koenig.

"The only programs with results are the grassroots programs," she says. "They work on more than academic needs. The most important thing is to have bright, sensitive teachers, who can relate to the experience of their students and take a personal interest in their problems."

Most of the trainees have been high school dropouts, many were on public aid, and most were female, single heads of household. Many have attitudes that are difficult to work with, Koenig says. "Sometimes you want to pull your hair out, but the teachers must be able to love these kids."

There is a vast difference between community-based training programs and programs such as the city colleges provide, which she describes as "impersonal, bureaucratic." "If we send (trainees) on a job and it doesn't work out for some reason, they can level with us. We follow up. We are still seeing kids who graduated from our first training program." She adds, "A good program is geared to specific jobs."

The total training cost for the 1979 clerk-typist training program, including instructors, texts, manuals, operating overhead, and fiscal and administrative management, was only \$1,280 per trainee.

#### PROBLEMS

CETA has been a boon for community organizations, most of whom are perennially starving for money and staff. Yet public funding has its problems, and the Coalition has felt many of them.

The federal CETA money is channeled through a "prime sponsor," in Chicago that is the Mayor's Office of Manpower and Training, which sub-contracts it out to various agencies. In SCJ's case, the money comes through the city's Department of Personnel.

The money is not a grant, but a contract. This means that projects are given a small amount of start-up money, and then are reimbursed for expenses after they pay the bills and

submit vouchers to the sponsor.

In June, 1980, the city was four to five months behind on repayment, and had been so for some time, according to Langdon, who says there are flagrant breakdowns in the city's administration of CETA money. "There is unbelievable chaos," he says. "They're getting interest on this money. It borders on the criminal."

As an example, Langdon cites the Coalition's clerk-typist training program of March 1-September 30, 1980. SCJ began interviewing applicants on March 1, when the contract went into effect, and on April 7 began training. It was five weeks later, May 16, before the first check came from the city, amounting to \$159 for administrative costs and \$3000 for start-up funds, barely enough to cover two weeks' stipends for the trainees. It was early June before the stipends were brought up to date. In the meantime, SCJ scraped together what money it could to keep its students, many of them single mothers without savings, housed and fed. The Coalition wrote letters to landlords and utility companies, explaining why its trainees' bills were not being paid. "When we complained to the city," says Langdon, "their answer was that we shouldn't have started until we got the money."

"When you use public funding you're asking for bad trouble," he adds. "We are trying to get private grants and use them to borrow from while we wait for our vouchers to get paid." Some community organizations have also talked about setting up their own prime sponsors.

SCJ is also looking for private grants, but this has proved difficult. Both Koenig and Langdon blame their earlier fund-raising failures on lack of a clear organizational structure. "We had a board of the four staff members," says Koenig. "The private organizations saw us as an organization with a weak structure." Last year the Coalition restructured its Board of Directors. There are now 22 members, with expertise in law, education, local government, unions, and business.

The fact that SCJ, using public funding, trains people so cheaply, with teachers doubling as administrators, also makes its organization look suspiciously loose to people coming from the corporate world.

"We have got to get out from under public funding," says Langdon. "The writing's on the wall. Public funding is going to be shaky." In addition, SCJ wants to do things that can't be done with public money—like buying more typewriters, and paying administrators.

"It's a Catch-22," says Langdon.

"Foundations tell us they don't give grants to agencies working entirely off public funds." In addition, they tend to see job training as a government area, preferring to fund research.

To raise money, SCJ has begun sending out letters, asking private funding sources to "adopt a trainee." The Coalition also has begun to plan self-sustaining projects, such as a building maintenance corporation, which could employ local workers while helping to fund the Coalition.

Private funding would allow the Coalition to set its own eligibility guidelines. Koenig says Title VI guidelines are getting tighter all the time. "It looks," she says, "like the available CETA money will be geared to welfare." The Coalition may soon be in the position of having to suggest to clients that they get on welfare in order to become eligible for the programs. "Yet," says Koenig, "we want to instill pride."

"The employment picture is scary," she adds. "The recession will hit us terribly. Many of our walk-ins speak only Spanish, have no cars, have low education, and are the victims of lay-offs or runaway plants."

Unemployment is always a personal tragedy, damaging both the economic stability of a family and the self-respect of the worker. But it is also a societal calamity, undercutting a community's sustenance and spreading apathy and despair. Neighborhood job training institutions, such as the Spanish Coalition for Jobs, are an effective way to bring to bear the corporate resources of a community on one of its most pressing problems. They are one crucial element in Neighborhood Revitalization.

## Resources

Bernstein, Scott and James Pitts, *Making CETA Work: for Workers and for Neighborhoods*, Community Renewal Society, Chicago, 1980, \$4.00.

This book is a guide to using the titles and new regulations of the Comprehensive Employment and Training Act (CETA) in continuing programs of neighborhood development.

Flanagan, Joan, *The Grass-Roots Fund-Raising Book*, Swallow Press, Chicago, 1977.

This little book has become the basic text for local organizations setting up a solicited support base.

White, Virginia P., *Grants, How To Find Out About Them and What To Do Next*, Plenum Press, New York, 1975.

Another practical guide to securing funding through contributions from charitable foundations, corporations, and public sources.

## Reference Libraries

Donor's Forum, 208 S. LaSalle, Suite 600, Chicago, IL 60604, 726-4877.

This non-profit association of grant-mak-

ing foundations and corporations contains the regional library of the New York based Foundation Center. It has information about state directories, funding guides, and funding institutions.

Department of Labor, Employment and Training Administration Resource Center, 230 S. Dearborne, Chicago, IL 60604, 353-5061.

The Resource Center has over 1100 publications, dealing with employment and training, available to the public.

Municipal Reference Library, City Hall, Room 1004, 121 N. LaSalle, Chicago, IL 60602, 744-4992.

In addition to books and pamphlets on employment and training, this library has an extensive newspaper clipping file with listings for Affirmative Action, Hiring, and Job Training.

Mayor's Office of Employment and Training, 180 N. LaSalle, Chicago, IL 60602, 744-5896.

While the resources of this office are not a library, per se, it may be the best reference for finding specific sources of CETA programs and the specifications on the various titles of the act.

Spanish Coalition for Jobs, Inc., 1377 W. 18th Street, Chicago, IL 60608.

This organization, highlighted in this essay as an exemplary neighborhood organization, is one of the most effective groups assisting Latino neighborhoods to secure an adequate economic foundation for vibrant community life.

# NEIGHBORHOOD CREDIT UNIONS

by Judith Wittner

This paper concerns a form of community financial organization based on neighborhood credit unions. It describes the structure and operation of credit unions and examines their potential as organizations devoted to local development and popular democratic control. It includes an outline of procedures for organizing a neighborhood credit union. A resource guide and bibliography is appended for those who would like more detailed information or practical suggestions.

As cooperatives, credit unions are experiments in local financial democracy. In contrast with privately owned, profit-making banks and other commercial credit institutions, credit unions are owned by their members for the purposes of "promoting thrift," making loans that are "prudent and productive" and "assisting (the) community." In Europe, credit unions were used by members to offer substantial economic support to producer and consumer cooperatives. For example, in Sweden the cooperative movement as a whole is 85% internally financed by sales to members and credit union capitalization. Only 15% of its financing comes from government sources, private sector grants, or sales to non-members. In America, credit unions were not an integral part of a wider cooperative movement. For much of the present century, their main purpose has been to promote the personal security or success of individual members and their families. In the past decade, changes in governmental regulation of credit unions, the emergence of new sources of capital and funding, and the resurgence of cooperative activity at the local level have enhanced their potential to function as the financial arm of an organized community or neighborhood.

## WHAT IS A CREDIT UNION?

The Federal Credit Union Act defines a credit union as "a cooperative association organized in accor-

dance with the provisions of (the Act) for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes." Credit unions are depository financial institutions designed to provide inexpensive savings and loan services to shareholders. Unlike banks, they cannot do business with the general public. Instead, their charters restrict them to serving groups with a common bond such as occupation, association, or residence.

The bulk of credit union assets are in the form of loans to members. Most of these are consumer loans for automobile purchase, home repair, education, and debt consolidation. Federal credit unions also make loans for real estate and business purposes. Interest rates on loans are limited by credit union law. The ceiling on loans has been 12%, or 1% per month. Recently, that ceiling has been raised to 15%. But credit unions may pay an interest refund to members. In 1975 the refunds from the federal credit unions ranged from 5% to 20%, with an average of 10%. Like all savings institutions, credit unions also pay interest on deposits. In Chicago, the Northside Federal Credit Union, a neighborhood credit union located in the Uptown Center Hull House, offers 5% interest on savings.

Credit unions may also provide group services to their members. These include group insurance for loan protection, auto and homeowners insurance, group purchasing plans, and group legal services. They are eligible to participate in government loan guarantee programs for students and small businesses. Additional services include check cashing, money order purchases, counseling services, crime insurance, and share-draft programs (similar to checking accounts).

## CREDIT UNIONS AS SERVICE ORGANIZATIONS

Credit unions were developed

around the turn of the century for the purpose of extending banking and financial services to working class communities where they had not yet penetrated, and to bring the working man and his family into the mainstream of American economic life. The intent of these early societies was to promote regular savings habits among workers and to advance capital for small business ventures. Leaders of the early credit union movement hoped that this would move the working class toward greater economic self-sufficiency and thereby eliminate the threat of its political mobilization for major social change. After 1920, the mass production of consumer goods stimulated the need for mechanisms of credit to increase the purchasing power of workers. Credit unions in this period began to identify themselves as organizations designed to serve the credit needs of the growing class of consumers.

As in the early stages of their development, credit unions in the middle decades of this century promoted the individual goals of their members. Though they stressed cooperative activity as the means to these goals, their primary purpose was not to strengthen collective forms of production and consumption. Although members had access to the credit union through their common workplaces and associations, they cooperatively managed their combined capital in order to extend personal financial services to their membership. In these years, credit unions assisted communities mainly by assisting the individuals who comprised them. Only much later did the community emphasis come into focus.

Today, credit unions provide their members a range of services which grow out of this early history. Their original purposes remain: to offer members credit at low interest rates and with flexible forms of repayment, and to stimulate savings. But the low-cost loan is not the sum and substance of services they offer. Equally

important, credit unions make loans available to people who cannot meet commercial standards of "credit-worthiness." When banks refuse loans for reasons related to the prospective borrower's status—his or her work and credit history, employment prospects, residential stability, and the like—they are in effect discriminating against classes of potential borrowers whose sex, race, age, or occupation makes them "bad" investment risks. This in turn has a serious impact on the communities in which these high credit risk individuals live and do business. In these ways, ordinary and "responsible" business practices contribute to the maintenance of inequities in investment and consumption opportunities, and to the continuing deterioration of urban neighborhoods. By providing low cost loans to high risk individuals, credit unions serve a need that cannot be met by private financial institutions. In so doing, however, they assume the risks and the liabilities that the banking business tries to avoid: high rates of delinquency; small, administratively costly loans; and low levels of savings income for investment.

Credit unions attempt to address these problems by providing yet another set of services: "credit counseling." These services emphasize consumer education and an introduction to the uses of credit for the novice in banking and financial practices. At a very basic level, the service is geared to those who might be unfamiliar with and intimidated by the commercial world of finance. One worker at the Northside Federal Credit Union described this service from the point of view of the newcomer:

You can come in here and get two to three hundred dollars right away. You're not looked down on. You don't have to be dressed in a suit and tie, or have a brand name suit on.

Loan officers advise and assist prospective borrowers, informing them about credit, banking, saving, and borrowing, and providing individualized personal services as well. One loan officer described her work as follows:

We try to figure out if there is a different way to go if they can't afford what they want. For example, we could extend the length of the loan. We show them in actual dollars how much it would cost. Or they could use their shares and reduce the interest. Most people reduce the interest. We try to work it out the best way. Most people who come

here never borrowed before. They don't understand interest. We show them the actual amount on the tables.

Loan officers and other credit union volunteers take an interest in the uses to which their loans will be put, but they do not employ the same standards as bankers interested in maximizing profit:

A woman wanted to borrow from us to buy a big Buick. It wasn't a sound investment. In fact, the blue book value of the car was lower than the asking price. She listened to us and bought a much smaller car.

Clearly, such services are important and valuable to the credit union members. In small ways they help to restore to individuals some of what they have lost in the normal functioning of the present economic system. Nevertheless, at the level of individual service, credit unions are caught in a contradictory set of circumstances. First, if they are to fill the void left by banks and provide services to those who are most in need of them, they run the risk of depleting their reserves and limiting their effective range. Thus, they are likely to find themselves under pressure from members and from federal regulatory agencies alike to tighten their loan policies and to raise their interest rates to borrowers, undermining the very purposes for which they were organized. Second, if they remain fixed at the level of service to individuals, financial "hand-aids" and "crutches" are the only treatments they can offer. Preventive medicine—restoring power and resources to the people—requires a greater emphasis on collective goals. By themselves, of course, credit unions, even those organized as cooperative societies dedicated to collective goals, cannot effect major change in the economic environment. However, the neighborhood or community development credit union may be one factor ultimately contributing to this end. The next section describes these organizations.

#### CREDIT UNIONS AS NEIGHBORHOOD INSTITUTIONS

In politics, the theory of countervailing powers holds that the development of powerful interest groups stimulates the growth of counter-organizations on the same scale. For example, big business brings forth its counterpart, "big labor." Credit union history demonstrates both the insights and the limits of this theory. Credit unions are organizations which concentrate small individual savings as potential capital, bringing

their combined owners greater equality of resources—"money power"—in the competitive market-place. However, the history of credit unions shows that while cooperation has its advantages for producers and consumers, it has not enabled them to match the resources and power of private finance. Nor has the desire to compete with capitalist enterprise on equal terms dominated credit union philosophy until recently. For much of this century, leaders of the credit union movement promoted the expansion of credit unions among industrial, transportation, and communications workers and among state employees by stressing the advantages to management of employee financial stability and economic well-being. Credit unions from this point of view were not agencies of social change. Quite the opposite. They were designed to prevent mobilization for change by correcting some of the most blatant abuses of the money system such as usury, and by providing more security to working class families.

In the post-war decades, however, a number of forces converged to change the focus of credit union activity, to stimulate anew its potential to support alternative forms of economic organization, and to enhance people's control over the conditions of their lives. Briefly, urban decay and political crisis stimulated attempts by national credit union leaders and federal officials to adopt credit unions as part of a package of urban reform and development. As a result, the Office of Economic Opportunity's Community Action Programs in the sixties often included funding and technical assistance to targeted communities for the development of credit unions. Two such credit unions, the Pilsen Neighbors Federal Credit Union, serving mainly Hispanics, and the Prairie Halsted Federated Churches, an all-black group, were organized in Chicago during this period. These experiments met with limited success. Nevertheless, the legacy of the OEO program was a new definition of the legitimate "field of membership" from which credit unions might be built. The early successes of the credit union movement in this country had been among industrial workers, and later among white collar, salaried government and private employees. As the movement developed its own state and national organizations, and as state and federal legislation surrounding credit unions grew, these successes were institutionalized in the law. In 1972, the Federal Credit Union Administration, the federal regulatory agency, formally added the urban residential common bond to the field of member-

ship definition for federally chartered credit unions.

This new definition made it possible for residents of urban neighborhoods to enjoy the benefits of credit unions and to receive federal support and protection. Moreover, it provided urban communities with new tools to help organize resistance to forces promoting urban decay; redlining, disinvestment, gentrification, large-scale development, local unemployment, and declining neighborhood business. Presently, limited federal money is available for the capitalization of Community Development Credit Unions (CDCU's), whose purpose is to stimulate and coordinate economic development in their own communities. Urban residential credit unions, particularly CDCU's, seek to reduce disinvestment and other neighborhood ills by mobilizing neighborhood capital to end the domination of bankers, developers, and other "outside forces." Thus they draw on the familiar notion of self-reliance which has played a major role in credit union philosophy, turning that notion into one of collective, community-based resistance to destructive private investment practices and to the outflow of funds from urban communities. The individualistic ideology of the earlier years, however, has been abandoned by the new community-oriented credit union activists. In place of the focus on thrift and consumption, there is new attention to the usefulness of credit unions as financial institutions which will enable the community to retain control over its economic resources and to begin to transfer control over neighborhoods to the residents themselves.

The North Side Federal Credit Union is a neighborhood credit union with three branches on the northside of Chicago. The members of the North Side Credit Union hope to use their organization as a community resource in housing development and commercial revitalization. The credit union was organized in 1974 to combat redlining in the Uptown community, and today seeks to play a role in mobilizing resistance to gentrification and renewal pressures which threaten to transform many northside communities solely for the benefit of developers, bankers, and politicians. The credit union hopes to be able to provide financial backing to people threatened by this process, to stabilize the neighborhood, and to help the neighborhood retain its class and ethnic balance. While they cannot hope to match the power and resources of commercial lending institutions, they hope to contribute to change on the community level by helping the community to break away

from its almost complete dependence on financial institutions which it cannot control.

Credit unions, especially neighborhood credit unions, have the potential to become links in the developing network of democratically organized groups which aim to establish forms of popular control over the workplace, the marketplace, and the neighborhood. While credit unions and other cooperative enterprises embody many shortcomings related to their relative powerlessness and their dependence on private interest, they are nonetheless important experiments aimed at developing more egalitarian modes of production and consumption. Their success will depend on whether they can overcome their fragmentation and localism without at the same time undermining their intention to build, in their daily practice, workable forms of democratic participation which will mark the transition from exploitative systems of production and exchange to a newer world which we will all shape together.

#### HOW ARE CREDIT UNIONS STRUCTURED?

The organizational structure of credit unions is dictated by law in the United States. The Federal Credit Union Act provides that any seven or more persons may apply for a federal credit union charter. The field of membership is limited to "groups having a common bond of occupation or association, or to groups within a well-defined neighborhood, community or rural district." In addition to individuals, organizations such as other credit unions and community associations, whose members meet the requirements of the field of membership of the credit union may join it. Potential organizational members include churches, neighborhood associations, food and housing cooperatives, recreational associations, and the like.

Before a federal credit union is chartered, the National Credit Union Association must determine its economic advisability. To receive a charter, organizers of residential credit unions must demonstrate that there is a minimum potential membership of at least 300, must give evidence of group interest and leadership, and must show the willingness of volunteers to assume responsibility for running the credit union. All members of the credit union must be within the field of membership set forth in the charter. Members of residential credit unions must live or work within the boundaries of their designated geographic area. In addition, each member must purchase at least one \$5 share in the credit union.

Credit unions are cooperatives

trading in money and credit. Generally their financial basis is the pooled savings of the members who in turn may borrow from their credit union at lower rates of interest than those offered by banks and other commercial lenders. Banks also accumulate revenue as savings and redistribute it as loans, but there is a critical difference between these private, for-profit operations and credit unions. Banks, unlike credit unions, restrict investment and loan decisions to a small inner circle. Patrons of a bank are the bank's clients and customers, without the right or the power to participate in decisions concerning the uses of their combined capital. Patrons of credit unions, however, own and control the institutions which serve them.

Credit unions are organized as democratic associations. Each member has an equal say in the selection of officers and may participate in the construction of credit union policy. Members of the credit union elect the *Board of Directors* and the members of the Credit Committee. They may also vote on proposals to merge with other credit unions and to convert the credit union from holding a state to a federal charter, or vice versa. The Board of Directors is responsible for the direction of credit union affairs, including 1) bonding employees or officers who handle funds; 2) controlling investments; 3) setting the amounts, terms, and rates of loans; 4) declaring dividends and interest; 5) setting the wages of all employees of the credit union; and 6) determining the number of shares each member may hold. The Board generally consists of between 5 and 10 members who are elected at the annual membership meeting. Federal regulations and most state laws prohibit paying members of the Board. The Board elects a president, vice-president, secretary and treasurer from among its members. Usually, among the officers, only the treasurer receives compensation.

The *Credit Committee* reviews all applications for loans. It is required by law and is elected by the general membership of the credit union. Usually it has at least three members. Statutes permit (but do not require) it to delegate its functions to loan officers, who are appointed by, and responsible to, the Credit Committee.

The *Supervisory Committee* makes annual audits and checks credit union operations against the federal guidelines. It is appointed by the Board of Directors or elected by the members.

Credit unions may also appoint or elect a *Membership Committee* which functions to certify the eligibility of prospective members, a *Delinquency Committee*, an *Investment Commit-*

tee to explore potential investment opportunities, an office manager, and other employees. The organizational structure of credit unions is shown in the following chart. This chart, as well as a more complete description of credit union structure and organization, can be found in Melvin, Davis and Fischer, *Credit Unions and the Credit Union Industry* (New York Institute of Finance, 1977).

**ORGANIZING A CREDIT UNION**

The steps necessary to organize a neighborhood credit union are outlined here. More detailed descriptions of the process may be found in the booklet, "Community Development Credit Union," available for \$1 from the National Center for Urban Ethnic Affairs. Additional sources of information and assistance can be found in the "Resources" list.

1. The first step in organizing a neighborhood credit union is to form a Sponsoring Committee consisting of the core people interested in the project.

2. Look for support from an established community organization such as a church, business, or social service agency. The sponsor is a key to a community credit union's ultimate success. Sponsors may provide assistance in the form of office space, access to potential members and volunteers, and other services. Additionally, a sponsoring agency may become a critical link between the credit union and the community it hopes to serve. The North Side Federal Credit Union is sponsored by the Uptown Center Hull House, a relationship which has helped the group to project a community service orientation to the surrounding neighborhood and to establish its eligibility for federal funds as a community development credit union.

3. Begin to organize people in the designated neighborhood. Organizers should hold meetings with neighborhood residents and organizations, and with others whose knowledge and experience with credit unions will be helpful. At this point appropriate organizations and agencies should be

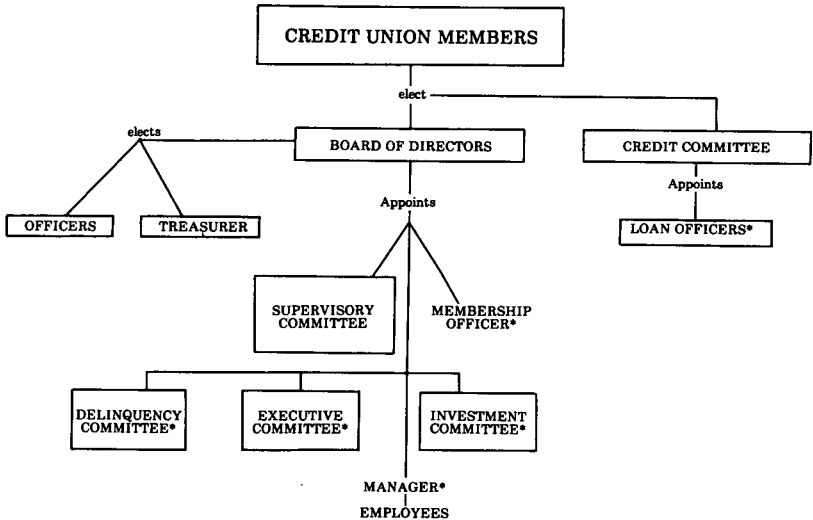
contacted to provide technical assistance. The resources of the National Credit Union Administration, the Illinois Credit Union League, and the Illinois Department of Financial Institutions are available without charge to groups attempting to establish credit unions.

4. Survey the community for interest and invite residents to a public meeting where credit unions will be explained and volunteers identified. This is an especially important step, since finding an adequate number of volunteers is critical in the early stages of organizing the credit union.

5. Prepare for a review by the federal regulatory agency which oversees federal credit unions, the National Credit Union Administration (NCUA). The NCUA considers three factors before granting a charter to neighborhood credit unions: the common bond and field of membership chosen, the economic advisability of the credit union, and the character and fitness of subscribers.

6. Once a charter is granted, the next task of credit union organizers is

**Credit Union Structure and Organization**



\*Optional

to search out possible subsidies in the form of office space, CETA job slots, volunteers, training and technical assistance, operating money, office supplies, and chartering expenses. Regular savings derived from payroll deductions can be important subsidies for the credit union. Toward this end, community institutions (civic groups, foundations, churches, and schools) should be contacted, and press releases distributed to city and neighborhood papers. Perhaps some of these local groups will be willing to invest in the credit union without collecting interest for the initial period of its operation. The North Side Federal Credit Union has developed a "Pay Yourself First" program to encourage members who do not have access to payroll deduction plans to save regularly.

7. At this stage, members can prepare to open an office. This involves developing short and long range goals for growth, training credit union officers, and ordering supplies. Thus, the credit union is established and can begin its service to the neighborhood.

#### SOME PROBLEMS OF CREDIT UNION ORGANIZATION

Within guidelines set by state and federal regulations, and within the constraints of good loan and investment policy, members of a credit union and their elected representatives control its operations and the disposition of their combined savings. In practice, these regulations and the constraints imposed by the business and financial environment within which credit unions exist create formidable obstacles to the realization of internal democracy and to members' control over investments.

The democratic decision-making apparatus of the credit union depends to a large extent on the dual role of the volunteer who is both provider and client of credit union services. Credit unions are built on the labor of volunteers, and the voluntary commitment of members to the work of the credit union has been a central principle of this movement. Indeed, there would have been no movement at all without members' contribution of their time and effort. Volunteers have been the foundation of the cooperative and democratic impulse which has guided much credit union activity. Nevertheless, the attempt to operate these organizations with volunteer labor has met with mixed success. The work required of volunteers is time consuming and technically demanding. It is not easy to enlist sufficient numbers of people who are will-

ing and able to donate their time to the necessary tasks. As a result, credit unions often are plagued with too much work and too few workers, exacerbating the "burn-out" and high turnover endemic to organizations dependent on volunteer labor. Moreover, as federal regulation and support grow, credit unions are increasingly held to standards of management and accounting that require training and technical assistance from experts and which place a premium on long term experience in the work of the credit union. But seasoned volunteer workers are scarce. Problems such as these generate pressures on credit unions to rely more and more on paid and professional staff, though a lack of funds has held this tendency somewhat in check.

The lack of capital is one major reason for the relatively weak and uneven growth of a cooperative sector in this country, and the appearance of new sources of funding and assistance will help to promote the greater strength and stability of cooperative alternatives to "business as usual." Nevertheless, some credit union activists are wary of the trend toward professionalization which increased funding promotes, seeing in the reliance on paid staff and on standard concepts of business efficiency a threat to members' control over their institutions and to the concept of credit unions as democratic community organizations. In their view, the growing role of the federal government in the support of community credit unions for the purposes of local development and control is simultaneously threatening and promising. On the other hand, capitalization funds are badly needed by community credit unions so that they may begin to operate as agencies of community development. But these funds increase the push toward a more conventional organizational structure, in which hired staff and paid experts serve a passive client population. This is incompatible with the ideal of cooperation and internal democracy.

Credit unions have always embodied these opposing and competing possibilities. Whether they develop as junior partners of the private commercial sector, extending small scale services unavailable from the major profit-making institutions, or evolve as an integral component of an alternative democratic and cooperative sector of production and consumption, depends in a way on the fate of the volunteer impulse. In this sense, a determination to maintain the essence of volunteer labor, if not its form, is crucial. Clearly, the active and committed participation of the

members of the organization must be an integral part of any program which seeks to develop credit unions as agents of social and economic change.

#### Resources

Moody, J. Carroll and Gilbert Fite, *The Credit Union Movement: Origins and Development, 1850-1970*, University of Nebraska Press, 1971.

This book provides a detailed and useful history of the credit union movement, its successes and failures, from the point of view of the national credit union leadership. It is published under the auspices of the World Council of Credit Unions.

Giles, Richard, *Credit for the Millions*, Harper, 1951.

An interesting anecdotal history of the movement from the point of view of ordinary members of credit unions is presented in this book.

Freundlich, Paul (ed.), *A Guide to Cooperative Alternatives*, Community Publications Cooperative, 1979.

This book, in praise of the cooperative movement, describes the wide-range experiments in cooperative business and community organizations today. It is especially useful, not only for its extensive coverage of cooperatives, but also because it contains a full listing of contacts, resources, and publications, including those useful to organizers of credit unions.

Case, John and Rosemary Taylor (eds.), *Co-ops, Communes, and Collectives: Experiments in Social Change in the 1960s and 1970s*, Pantheon, 1979.

This is an assessment, from a radical perspective, of some of the communal and cooperative activities of the last two decades. See especially the article by Paul Starr, "The Phantom Community," where the distinction between adversary and exemplary institutions is developed. Starr is pessimistic about the ability of the cooperative movement to provide real alternatives, based on its past record of collapse and convergence with private enterprise.

Marx, Karl, *Capital III*, Foreign Languages Publishing House, Moscow. An interesting alternative view, much more optimistic, is found in this book, especially in Chapter 27, "The Role of Credit in Capitalist Production."

Melvin, Donald, Raymond Davis and Gerald Fischer, *Credit Unions and the Credit Union Industry: A Study of the Powers, Organization, Regulation, and Competition*, New York Institute of Finance, 1977.

A comprehensive general source of information on credit union organization and the credit union industry.

Lundberg, W.T., *Consumer Owned: Sweden's Cooperative Democracy*, Consumer's Cooperative Publishing Association, 4294 Wilkie Way, Palo Alto, California 94306, 1978.

A description of the successful Swedish consumer cooperative movement and of the role credit unions have played in its success.



*An Analysis of Community Development Credit Unions, 1971-1976*, National Federation of Community Development Credit Unions.

This book is available for \$5.00 from NFCDU, 16 Court Street, Brooklyn, New York 11201 (212/522-5904), an organization which was established to protect and promote the interests of CDCU's. The organization meets annually and publishes proceedings, reports, and memos about CDCU's.

"Community Development Credit Unions: Economics for Neighborhoods," Alternative Economics.

This pamphlet is available for \$3.00 from Alternative Economics, P.O. Box 29146, Washington, D.C. 20017 (202/832-5200). Alternative Economics also provides training for CDCU staffs.

### **Other Contacts for Establishing Credit Unions**

National Credit Union Administration

(NCUA), Region IV (includes Illinois), Federal Office Building, 234 North Summit Street, Room 704, Toledo, Ohio 43604 (419/259-7511).

Credit unions must be chartered by either state or federal agencies, but Community Development Credit Unions must be federally chartered. All federally chartered credit unions are supervised by NCUA.

Illinois Department of Financial Institutions.

This is the state agency that supervises state chartered credit unions in Illinois. Savings held in credit unions are bonded, as required by law. Federal share insurance, covering savings up to \$40,000 is mandatory for federal credit unions, but optional for those with state charters.

Illinois Credit Union League, 1035 South York Road, Bensenville, Illinois 60106 (312/766-6650).

The voluntary association of Illinois credit unions, the league helps to form

new credit unions and offers technical assistance in bookkeeping, insurance, management, and other services.

The Institute of the National Center for Urban Ethnic Affairs, 1521 16th St., Washington, D.C. 20036 (202/232-3600). The Institute provides training and technical assistance to neighborhood credit unions and to groups interested in forming a credit union. A valuable step-by-step guide to organizing a community credit union, "Community Development Credit Unions," may be obtained from the Institute for \$1.00.

National Economic Development Law Project, 2150 Shattuck Avenue, Berkeley, California 94704.

This group has recently published a manual for groups interested in starting a CDCU, called "Community Development Credit Unions." It is available from Alison Bronstein at the above address.

# NEIGHBORHOOD SERVICES

by William Mahin

Neighborhood service delivery means the provision of assistance considered vital by community residents. The various services may come out of the community itself or may be provided by outside agencies. Such services may involve food, day care, and medical programs, or sports and cultural activities. The number and type and means of delivery of such services is so varied as to make any general comment difficult; this is not to suggest, however, that such an attempt is without value.

The following discussion on the delivery of services to neighborhoods is based on two case histories: a major change in direction by the Jane Addams Center of the Hull House Association; and the creation of free health clinics in Chicago. The experience and insight of the following persons provided the basis for the article:

Bruce Young, director of the Jane Adams Center from 1969 until 1979, presently Chicago 44th Ward alderman.

Ben Schenker, former Jane Addams Center board member, and former president of the board.

Dr. Quentin Young, a member of the Medical Committee for Human Rights, and director of the Department of Medicine at Cook County Hospital, Chicago.

Each case involved major change and considerable effort. Both met with political or community resistance. The Jane Addams Center is still an on-going service organization; the free clinics in Chicago lasted less than 5 years. These two dissimilar agencies may, hopefully, lead to a model for agencies providing services to neighborhoods.

## EXPERIENCE, ORGANIZATIONAL HISTORY

It is most important that an organization have an existing base, that is, some experience or history. Dr. Quentin Young's experience, and

that of his colleagues on the Medical Committee for Human Rights during the Civil Rights movement, was crucial to the success of the subsequent free clinic movement. The support they provided Civil Rights activists was twofold: they marched as doctors with the other marchers to provide medical assistance in case of violence and, by the very "authority" of their presence, acted to "diminish and contain violence." It was a relatively short-lived process. But what came out of their experience with the Civil Rights movement was a cadre of committed medical people who were toughened by their experience and energized by their success.

The Jane Addams Center, on the other hand, was part of a long-established institution, the 90-year old Hull House Association, which is a federation of social service centers located throughout the city. The Association oversees the activities of the various centers and provides them with administrative and logistical support. Having such a parent organization provides innumerable advantages—knowledge, connections, logistical and psychological support. Former Jane Addams Center board member Ben Schenker noted, "with the Hull House Association behind us, we were not a separate entity. The Association could absorb our budget deficits for awhile. We had room to make some errors."

## DIFFERENT SERVICES, DIFFERENT ORGANIZATIONS

Any volunteer organization—be it political or charitable—needs a cause to define itself and to attract, motivate and maintain volunteers. An institution like the Jane Addams Center functioned best with a central long-range direction such as service to the community. Mostly volunteer, ad-hoc groups such as the Medical Committee, usually need to focus on immediate, ringing causes, and be prepared to move on to other

issues with a certain amount of flexibility.

The Jane Addams Center experienced one major change in clientele and direction. Before the change-over, they supported music, art, ballet, and theatre programs. According to Ben Schenker, "the community that the Center was serving was a middle and upper-middle class near-the-lake constituency. When Bruce Young became the director, the emphasis was placed on pantries, legal services, community organizing, and senior citizen groups. The emphasis shifted to a different constituency." That major shift in organizational direction was to last for more than 10 years.

The Medical Committee for Human Rights, on the other hand, found its Civil Rights project at an end. "The evolution of the Civil Rights movement," according to Quentin Young, "was such that a predominantly white, professional group, no matter how well-intentioned, became sort of anachronistic. In a friendly way the Black movement suggested, and we acquiesced, that the medical presence scheme was no longer desired or desirable."

The Committee then was faced with the question of whether it should "disband and meet every 10 years in the beer cellars of Munich and talk about the good old days in Selma, or continue as a human rights organization seeking repair or redress or reform of all the numerous inequities and hurts that the health system was responsible for," Young said. "That meant coming to grips with the shameful two-class system of care which relegated to the most terrible fate many people who were not by social class or race in the mainstream. These were unacceptable, remediable conditions, and it was just unconscionable, almost barbaric for a society not to do so." Urban health care, then, was clearly an area of dire need. It was a ringing cause, or, in Dr. Young's words, "an

important source of energy."

#### COMMITMENT

At some point an organization or institution commits itself to a program or course of action. Prior to the final decision to go ahead it is crucial to understand the ramifications and the future commitment required by specific projects or programs when dealing with neighborhoods and communities. Ben Schenker commented, "You have to know how you're going to provide your services. You can't start out and do it half-assed. You can't start out and then have to shut down. That's no good, particularly if you throw out hope or promise to someone and then have to pull your horns in." Schenker's statement coincides with one of the precepts of organization theory which states that, to raise expectations and then, after the excitement of the change dies down, to let the organization revert back to its former state, produces a depression and a cynicism so deep as to metaphorically cut people off at the knees. To pull out once committed, then, can be extremely harmful and is ethically wrong.

#### POTENTIAL RESISTANCE

Organizers or planners also have to assess the possibility of resistance to the new program. Established agencies or individuals may react, or perhaps over-react. The planned service may fill an obvious need and be non-threatening, but, according to Dr. Young, "a very strong, orderly establishment with a large variety of controls and reprisals and punishments available doesn't demand that you be a threat to them. They will cast out, ostracize, eliminate or destroy any variation from the norm."

Resistance to the free clinics was "just shameful," according to Dr. Young. The city "introduced and passed a law which allowed the Board of Health to inspect and license free clinics. It was clearly a discriminatory law. The city didn't and wouldn't dare extend that law to all doctors' offices, which very much needed some observing, not to mention licensing."

In fact, it turned out that the city did more than pass an inspection ordinance. "Subsequent revelations on the basis of suits against the FBI and the Chicago Red Squad have demonstrated," Dr. Young stated, "that these clinics, particularly the clinic run by the Black Panthers, were the object of very intense police scrutiny, and I might say, subversion."

An organization needs resources and power sufficient to fight off such

resistance. The Medical Committee for Human Rights, for example, was able to get a wide spectrum of professional and community people to testify regarding the licensing ordinance before then-Alderman Claude Holman's Health Committee. Professors from various medical schools who also had served in the clinics testified; licensed doctors who still were training gave testimony; community group representatives spoke; and, finally, patients testified that they had received "better care than ever before" at the clinics.

The hearing, according to Dr. Young, successfully showed that licensing of the free clinics was "not a question of public health or hygiene" but, rather, was a method of "harassing" medical facilities whose only offense was to provide medical services for free. It demonstrated, Dr. Young stated, the "double standard" which operated in favor of private clinics against their free counterparts.

The Medical Committee in effect was able to muster enough power to make this an economic rather than a medical issue. "The very monolithic Chicago City Council under then-Mayor Richard Daley de-fanged the law," according to Dr. Young. "They limited the punitive elements of the law and, to the best of my knowledge, it was never enforced."

The change in direction by the Jane Addams Center also met with considerable resistance from the community. There was resentment at the loss or cutbacks of cultural activities. "The Center was under severe attack," according to Ben Schenker, "from neighborhood people and businesses because of the type of person who was coming into the building" after the change in direction. "One of the early programs instituted was a drug abuse program. For a while you could buy any drugs you wanted on the steps of the Center. It was one of the largest dealing areas on the North side of the city. So the program had to cycle through all that sort of stuff. The costs involved," Schenker added, "were very great. For a while there was a tremendous erosion of financial support."

A somewhat different perspective is provided by former Center Director, Bruce Young, who seemed to accept some resistance as a necessary by-product of this radical change in agency direction. "Our philosophy," Young stated, "was to go as far as possible in terms of accommodating everybody and anybody and making rules only when the situation required it. We would go as far as we could to accommodate the diversity of the groups until we ran into prob-

lems. Then rules had to be set up or groups had to be asked to leave." Despite some resistance, "there was generally an unusual kind of tolerance from the kind of people that lived in our community." Young concluded.

Some organizations are better equipped than others to handle resistance. Resistance and opposition certainly were not foreign to Hull House. "In a desire to foster a higher political morality and not to lower our standards," Jane Addams herself wrote at the turn of the century, "we constantly clashed with the existing political code. We also unwittingly stumbled upon a powerful combination of which our alderman was the political head, with its banking, its ecclesiastical, and its journalistic representatives which resulted in an opposition which has manifested itself in many forms; the most stirring expression of it was an attack upon Hull-House lasting through weeks and months by a Chicago daily newspaper." (Jane Addams. *Twenty Years at Hull-House*, pp. 223-224.)

#### NEEDED SERVICES, NOT IMPOSED

Selling the contemplated service to the community is important. For the Jane Addams Center, Ben Schenker noted, "I don't think we did as good a public relations job as we should have. I would think that a concerted public relations program to sell the new concept to the community at large would be a very worthwhile first step: 'This is why we're changing. This is what we're doing. This is what we hope to accomplish. This is how we're going to do it.' And then bring as many community leaders as possible into the process and try to get their stamp of approval to go along with it."

Bruce Young offered a general observation: "I think there are numerous illustrations of a director coming into an agency and saying, 'This is what I'm going to do,' and then going ahead and doing it without any interaction with those who are to be served. Somewhere down the pike he or she is going to run into major roadblocks. Many directors of agencies have come and gone quickly because they thought their bright idea was going to be automatically accepted."

#### BOARDS OF DIRECTORS

In the face of opposition, a powerful, supportive board of directors becomes essential. In the case of the free clinics, it can be assumed that the city never would have permitted the doors to open without the prestigious Medical Committee behind the effort. Conversely, Bruce Young

wanted a board of directors for the Jane Addams Center "that was predominantly made up of community people. So we began a diligent effort to make sure we board members from the community were on it, people who were on welfare, people from the Latino community, and so forth." Even in the case of the Center, however, that was not always so easy to accomplish. Ben Schenker agreed "It's important to have a solid community base. Everybody says, 'We have to have the disadvantaged and the minorities on all these boards.' But the problem is that many of them either don't have the skills to actively participate in something like this, or they plain just don't have the time. People who are disadvantaged are working too hard keeping things together to start going to meetings," he said. Quentin Young observed that community boards "really are a mixed bag. The very communities you're dealing with are so down-trodden and so co-opted in general that it's frequently easy for local political types, the local Democratic machine, or local officials to assert and maintain hegemony. In a word, the people tend to be manipulable. But not invariably."

"What you need," Schenker added, "is a core of community people—not necessarily your targeted group in the community—who will support your organization, who will bring whatever administrative or financial expertise they've gained in their occupation to it, and who will bring the support of that element of the community."

Essentially the Medical Committee served that very function. The Committee, Dr. Young stated, brought in "a very hardy band of medical students—you can measure them by the hundreds—who were eager to do something like this. We also knew the answer to the technical equipment and supply questions: what's the best kind of examining table for the dollar? What kind of equipment should be in each examining room? We brought record-keeping systems. And we were not above holding benefits and fund-raising."

#### STAFFING

The staff of any volunteer agency is of paramount importance: there usually are too few salaried staff because of financial constraints; they're on the front lines dealing with all sorts of demanding publics; they have to be unusually sensitive; the hours are long and bad, and so on. Because of the nature of its cause, the Medical Committee apparently didn't have too great a problem providing medical staff on a project

basis; the Jane Addams Center, which was providing a long-range and more general level of service, had a more difficult time enlisting staff.

First of all, according to Schenker, they had to replace the existing staff: "You get rid of your ballet teacher. You get rid of your music teacher. You get rid of all the people doing those kinds of things. You replace them with people who are community organizers." In the type of multi-service, urban agency such as the Center in its new configuration, Schenker noted, "you have to have a staff that's willing to come and open up in the morning and stay there until the legal clinic closes at 10 P.M., and pretty much work a 7-day week. If possible, they should live in the community. That makes the job harder for the staff, because they can't ever get away from their jobs. But on the other hand, particularly when you're starting something, it makes it better for the community and for the organization because you then don't close up shop and go away."

In many ways the overall staffing of the Jane Addams Center resembled a typical small corporate structure, one which may well be appropriate for a similar neighborhood service delivery organization. In addition to the Board of Directors, Director Bruce Young and an Assistant Director, the Jane Addams Center typically had paid staff members directing the following departments:

- 1 for each of the 3 day-care centers
- 1 for the youth program
- 1 for the swimming program
- 1 for the art/photo program
- 1 for the theatre
- 1 for the senior citizen program
- 1 community organizer

Clerical and maintenance support were provided for the administration and the various departments. The number of staff and programs varied throughout Director Young's administration. However the largest staff during this period numbered 125 persons (many of whom were CETA subsidized). The overall annual budget for the Center had reached just less than \$1,000,000 by 1979.

Perhaps atypically the Center had no volunteer program as such. Volunteers instead were recruited from the various programs. Volunteers pose special problems. They are not salaried and cannot be treated as such. They work for other than monetary rewards, which may be social or involve self-esteem or a sense of providing service and help. In other words, volunteers must be satisfied or they will leave the organization.

Quentin Young put it more pragmatically: "Volunteers are volun-

teers. They may be very good and very dedicated. But more typically they tire, they fatigue, and other demands for their time—which are probably more rewarding, lucrative demands—begin to take precedence. I think all the clinics experienced some attrition, although it must be said in tribute that more than a few doctors and others were with these centers from the day they opened 'till the day they closed." In any case, it seems obvious that, without the wage motive, volunteers need more organizational attention paid to their own personal needs than do salaried employees in the private or public sector. That places a demand on all members of the organization to keep the agency workable on an interpersonal level.

It is difficult to be authoritarian in a volunteer organization. As may be inferred from several of the preceding examples, the Medical Committee tried to maintain a serving, supportive profile. "We conducted ourselves," Dr. Young stated, as if the clinics were "our sponsors or our employers, not the other way around."

Bruce Young believed that "there needed to be a maximum amount of participation in decision-making. We spend considerable hours doing that." On a practical, day-to-day basis, "I gave people freedom within the confines of the goals of the program. I found that there was much more camaraderie among staff with this approach than with their feeling that 'this was the boss telling them what they had to do.' I felt more comfortable in a team operation than in laying down rules from on high." This managerial style is in line with contemporary organizational theory, which suggests that, in an organization facing a multiplicity of non-routine tasks in a situation of high uncertainty, the sharing of responsibility and authority in a supportive, participative environment is appropriate.

#### BROADENING THE BASE

The Center found it valuable to broaden its community base. According to Bruce Young, "we very deliberately set out to locate particular agencies who were serving some of the same priority population that we had and urging them to utilize our space, thus forming joint efforts."

By providing free space and electricity to the Lakeview Food Pantry, for example, we got access to an emergency food service that we did not have to manage." Other groups rented or used space or facilities.

A good portion of Young's time was spent on such integrative community activities. "I was President

of the Lakeview Citizens Council for two years. I was President of the Lakeview Mental Health Council. I was President and active in our local school council. I saw those activities partly as an extension of my own work assignment at the Jane Addams Center. Outreach and expansion on a continuing basis, then, were important facets of the Center's activities. Interestingly, this apparently was not the case with the project-oriented free clinic organization.

#### SENSITIVITY TO COMMUNITY

An incident with the Black Panther Clinic best illustrates the necessity for a continuing sensitivity to the very real concerns—such as the pride and the sensitivity—of your constituency. "The volunteer doctors serving the Black Panther clinic," according to Dr. Young, "dressed in the vogue of the day—blue jeans, casual and rather sloppy. After the clinic had been open for about two weeks, all of us were asked to go into the doctors' dressing room. The director of the clinic—one of the Panthers—pointed to a rack which had all manner of doctors' garb. He said, 'We've purchased these. Pick one that you like that fits you.'... You're confusing the patients."

"What the young doctors didn't realize—to their discredit as far as I'm concerned—was that their appearance, which they viewed as a mark of their own sense of equality and solidarity with the patients, was a confusing and oppressive thing to do. You're dealing with people—we're talking now about the West Side Black ghetto—whose every experience in life is bitter, their grinding poverty, the terrible places they live in, the day-to-day violence and alcoholism and rats and you name it. They have major health problems. They have life experiences and draw conclusions from them like everybody else. In this particular case it was that all the doctors they had ever dealt with wore a certain professional garb. Now they're coming to a center that's supposed to be sensitive and concerned about them and yet the people who are called doctors look scruffy. I don't think," Dr. Young concluded, "that it takes a lot of wisdom to see how that could confuse people and that they would wonder, 'Are these doctors here because they can't get work anywhere else?'"

#### LONGEVITY

Volunteer organizations usually have a relatively short life. They complete the task, burn out, die out, lose key people, get co-opted or taken over, get old, wither, become mori-

bund or fade away. It is remarkable, then, that the Jane Addams Center has lasted more than a decade since its major shift in direction and clientele. In Ben Schenker's words, "The Center's sort of taken its place as a more mature, established organization within the community." The Chicago free clinics, more typically, are gone, "wiped out," according to Dr. Young, "by the elementary costs of light and heat, medical supplies and telephone bills." Some of the other clinics throughout the country remain, but, Dr. Young noted, "those that have survived have become more institutionalized. They've become part of the system," which is not surprising, since any viable organization is subject to continuing, powerful pressures to return to a more centrist, middle-of-the-road organizational posture. Frequently, for example, good programs are taken over by more "established" institutions, such as the government. Thus, although the free clinics no longer exist *per se* in Chicago, there is, according to Dr. Young, at present a large federal effort to develop similar community clinics. Cook County Hospital (of which Dr. Young is Director of the Department of Medicine) is currently supporting eight such clinics.

The free clinics, then, pointedly indicated a need, devised a remedy, and implemented a solution. The problem and solution were subsequently recognized and emulated by an organization with vastly greater resources. This may not be an ideal situation; but it indicates that the clinics in fact have brought about some measure of lasting social change.

#### IMPACT AND EFFECT AND MEANING

The overall question becomes: Are such essentially enormous efforts worth it? It's usually impossible to judge the effect of any social program or movement over time. There are just too many variables, even if measurement is being attempted (which is rarely the case). It would be difficult, for example, to determine the amount of crime or the amount of violence prevented by the existence and work of the Jane Addams Center in Lakeview over the last decade—or the amount of good for that matter. It is possible to enumerate the services performed and the numbers of individuals who passed through the various programs, but it is not possible to make any quantifiable determinations with respect to lasting impact. One can only say—in non-quantitative fashion—that they did admittedly good works, and that they survived.

Conversely, the shorter-lived, single issue, highly symbolic free clinic movement had an obvious effect: the clinics have, first of all, been emulated by the federal government. Moreover, by their very existence, the clinics had an impact on the "established" practice of medicine. "It should be said," Dr. Young noted, "that these clinics mightily affected the character of outpatient medicine, particularly in relation to inner city communities. In Chicago and elsewhere," he concluded, "these clinics had the effect of influencing a more open outreach and communications which replaced the traditional hard-bench, very cold, very distant, very oppressive atmosphere that still characterizes all too much of ambulatory care for the poor."

At some point, the effectiveness of a program must be measured against its financial and other costs. They may well be considerable. "Like I said," Dr. Young stated, "Nobody said it would be easy. We didn't expect it to be a piece of cake." That may well be an understatement. But a general conclusion that might be drawn with respect to the delivery of services to neighborhoods is that any major voluntary service delivery program entails of necessity innumerable problems. On the other hand, **THAT IS NO REASON FOR NOT UNDERTAKING THE PROGRAM.** Despite the lack of hard, quantifiable measuring devices for evaluating the effect of such work, and although countless such ventures have failed and been long-forgotten, one has only to look at the number of individuals who have been truly and profoundly helped, and at the significant number of institutional and governmental policies that have changed either in emulation of, or in response to, such service delivery programs for a much-more-than-adequate rationale for the continuation of such efforts.

#### Resources

Addams, Jane. *Twenty Years at Hull House*. Signet. New York: 1938.  
Jane Addams' experiences as the founder of Hull House, one of the earliest and perhaps most famous of the organizations providing services to neighbors.

Piven, Frances Fox and Cloward, Richard A. *Regulating the Poor: The Functions of Public Welfare*. Vintage Books. New York: 1971.

An extraordinary document on how the government provides services to the poor. It becomes chillingly clear that righteousness, politics and service do not mix. The need for other forms of providing services is apparent.

Piven, Frances Fox and Cloward, Richard A. *Poor People's Movements: Why*

*They Succeed, How They Fail.* Vintage Books. New York: 1979.

Although more national than neighborhood in its focus, *Poor People's Movements* is nonetheless valuable in its detailed analyses of why volunteer organizations succeed and fail. The tactics discussed seem relevant and applicable at the community level.

McGregor, Douglas. *The Human Side*

*of Enterprise.* McGraw-Hill. New York: 1960.

McGregor's depiction of Theory X/Theory Y styles of management provided the base for virtually all organization theory which has followed. How workers (staff or volunteers) should be perceived as well as treated should be of considerable relevance to neighborhood service delivery organizations.

Morse, John J., and Lorsch, Jay W. "Beyond Theory Y." *Harvard Business Review*, May-June, 1970.

A choice study on the question of appropriate organizational style of management, which essentially concludes that the style should derive from the organization itself, i.e., level of uncertainty, the nature of the tasks, and so on, and not from some canned, textbook approach which claims universal applicability.

# NEIGHBORHOOD RELIGIOUS ORGANIZATIONS

by Fred Hess

Religious organizations in urban neighborhoods often have become disconnected from the ongoing life of the community. Many community leaders view them as inconsequential, self-concerned social groups. The cultural functions which they once performed in simpler societies have been fragmented into separate realms unrelated to religion: education, welfare, family services, the arts and entertainment, morality, social mythology, and a host of others.

At the same time, as neighborhoods have been incorporated into imperial metropolitan areas, the direction of these functions was removed from local control. The integral relationship of neighborhood religious organizations and the total life of the community was broken. In pluralistic communities, many persons welcomed the severing of the community/religion bond as a release from entrapping cultural shackles.

The religious organizations often reacted defensively, both to the loss of functions and the consequent drop in community esteem. They turned in upon themselves, creating islands of withdrawal and security in a threatening world of change. They came to see themselves as refuges located in social and cultural wastelands and in hostile surroundings. Their internal organization was created without regard for the nature of the host neighborhood. As one satirist put it in song, "A mighty fortress is our church, a bulwark never failing."

The movement for the renewal of urban society has included a widespread rethinking, restructuring and revitalization of neighborhood religious organizations. A new effort has been made to examine the genuine and essential functions of religious organizations in communities. The civil rights movement, and other such reform forces of the recent decades, called for the support of the churches and temples. At the same time, religious leaders were reexamining their historic role and calling,

asking anew what their faith required of them. A new, mutual, if still somewhat wary, respect began to grow between these revitalized religious organizations and their neighborhoods. What are the essential functions a revitalized religious organization should serve in the neighborhood?

## THE ECUMENICAL INSTITUTE AND FIFTH CITY

An answer to that question is being sought on Chicago's West Side. In a neighborhood designated as "Fifth City," the Ecumenical Institute began to experiment with five facets of renewed church/community interaction:

- the assurance of social justice
- the witnessing love
- the celebrational focus
- the training in relevant life methods
- the sustaining common community life.

These five functions of revitalized religious organizations are abstractions that require definition in order to understand their potency.

## FUNCTIONS OF REVITALIZED RELIGIOUS ORGANIZATIONS

Social justice has been a central theme of the Western Judeo-Christian-Islamic religious tradition from the Mosaic "Let my people go!" to the plumb-line of Amos measuring the social righteousness of ancient Israel, to the Christological concern for actions "done unto the least of these my brethren," and the Mohammedan reforms aimed at the excesses of sixth and seventh century Arabian Christianity. The contemporary concern for social justice requires more than charitable compassion. It requires redesigning the structures of society to assure social equity and human dignity.

In Fifth City a comprehensive model of social care was designed. An analysis of the 625 major problems articulated by neighborhood residents gave a wide-ranging scope to community planning. Community

residents were organized into five groups, called "guilds," to attack economic, educational, symbolic, stylistic, and political problems. These guilds have produced a series of new community institutions. Among these new institutions are a Housing Redevelopment Corporation, an award-winning preschool, a performing arts ensemble, block clubs, and a safe-streets radio patrol. A revitalized religious organization does not need to provide all the structures needed to sustain community life. Its function is to catalyze the existence of those institutions whose absence is perpetuating social injustice. The religious organization also serves as a trusted vehicle of contact with existing institutions providing ongoing services or emergency assistance.

There are many institutions in the post-industrial world which provide specific social functions and needs. Many of them have become highly skilled and efficient at fulfilling these functions. Some have become so specialized that they now are disjointed from the neighborhoods within which they operate. Religious organizations, while also subject to perversion, are able to focus upon concern for the whole person and for the whole community. They are able to point out needs which are being ignored and catalyze new institutions to meet these needs. They are able to delineate injustice being perpetrated by existing structures and the necessary reformation or replacement of institutions to eliminate this injustice. The assurance of social justice is one essential function of revitalized neighborhood religious organizations.

A second function is the proclamation of a witnessing love. The witness to the concern of neighbors for one another as persons is crucial to maintaining the breadth and depth of a community that is fully human. Witnessing love is the proclamation of the profound worth of each neigh-

borhood resident. Affirming the value of another's uniqueness, quite apart from his or her accomplishments or failures, is the ultimate expression of care and concern. The ultimate value of each resident is the foundation of ethical relationships and the concern for social justice. Traditional religious organizations often have expressed this sense of infinite personal worth as "being loved of God."

In Fifth City, community residents spoke of the sense of victimization among ghetto blacks that undercut convictions of self-worth; they called it the "nigger image." As long as a person thought of himself as a nigger, he was defeated before he ever began any project. This victimization is reinforced by the institutionalized injustice of a prejudicial and biased society, but its chief impact is in undermining an individual's sense of his own human dignity. The use of songs and rituals ("Black is Beautiful") which encourage the recovery of pride in one's own race is a proclamation of witnessing love. Conducting seminars and presenting plays on the glories of the black heritage allowed residents to recreate their own personal mythology and released them from the victim image of racial self-deprecation. Witnessing love presents to each neighborhood resident an affirmation of his/her unique value and thereby requires of that individual a decision to appropriate his or her own personal worth.

Witnessing love does not underestimate the significance of the social structures of injustice which unfairly constrain individuals and classes of people. It addresses the personal debilitation which results from the internalization of such victimization. It may be a racial victimization, as in Fifth City, or a sense of general powerlessness in the face of bureaucratism, or a rigid traditionalism that resists all change, or a fatalism that disparages all self-starting efforts. Witnessing love is the proclamation of personal significance that restores human dignity and reempowers individuals to change social conditions.

In the recovering of a sense of self-hood, the profound dimensions of human living are opened for examination. Being made aware of the mysteriousness of life, that everything is not "cut and dried," that not all situations have concrete explanations, reawakens the sense of awe in man. Self-consciousness allows a person to transcend the immediacy of unreflective responses while appreciating the richness of his emotional involvements. Liberation from self-deprecating victim images enhances the freedom of indi-

vidual responsibility which may transcend self-will into a profound sense of care for the world, others, and oneself. The sense of fullness experienced in such living transcends success or failure in particular ventures, transcends skepticism, cynicism, and utopian optimism in the awareness that one's significance is guaranteed, quite apart from his accomplishments and shortcomings. A second essential function of neighborhood religious organizations is the proclamation of a witnessing love that invites all neighborhood residents to profound human living. Most non-religious neighborhood organizations see this function as being beyond the scope of their competence.

The third function of revitalized religious organizations is to provide a celebrational focus for the community. There are several levels at which celebration is of crucial significance. In individual lives, the great moments of passage from one phase or condition of life into another require "marking events" which allow individuals and their neighbors to stand present to the importance of those moments: birth, death, the achievement of responsible maturity, the creation of a family. It is unfortunate that the traditional rites of passage have not always kept abreast of changing social conditions. Getting a driver's license or a school diploma are more powerful symbols of achieving maturity today than confirmation. But baptisms and dedications, weddings, and funerals still mark these passages as of special significance and are occasions for special reflection about the human condition, both for the individuals directly involved and the larger community.

The life of the community as a whole also must be symbolized. For a neighborhood to be a fulfilling place in which to live, it must have some way to celebrate itself as a human community. In Fifth City, periodic community festivals were held to rejoice in being the unique settlement that lived together within those several blocks on the West Side. The festivals brought neighbors together in mutual affirmation. They created community out of proximity. Sometimes they focused on Fifth City's uniqueness, sometimes on her role in the Chicago metropolitan area, sometimes on her participation in the national identity as celebrated on special holidays like the 4th of July, and sometimes on the plurality of cultures which make up the global village. At other times the community's celebrations were in keeping with the great holy moments of the specific traditions of the various re-

ligious organizations. Each of these celebrations was a rehearsal of the significance of living in this community, with its relational ties to the rest of the world, and of the annual patterns and life phases of human existence. Without this celebrative focus, living loses its significance, becomes bland and impotent, and mere continued existence masquerades as vibrant life.

The fourth function of revitalized religious organizations is the training of its members in the relevant life skills and methods for effective living in their community. Urban life skills are dramatically different from rural ones. Literacy and basic computational skills are essential to effective urban living, but so are the skills necessary to use urban communications and transportation facilities, to interview for jobs and services, to deal with representatives of the major business and governmental bureaucracies: receptionists, employers, supervisors, bankers, police, welfare workers, inspectors, nurses, etc. Living in pluralistic urban neighborhoods also requires a capacity to understand, appreciate, and manipulate the diversity of cultures, life styles, and ideas that make up the cosmopolitan community. Living in the urban world requires a balanced interrelationship of diverse peoples.

In Fifth City, basic skills programs were introduced for persons of all ages: preschoolers, after school programs, General Education Diploma training, adult education seminars, and elders courses. Some of these programs, like G.E.D. training, were specifically oriented to offset inadequacies of existing institutional training. Other programs were more general in purpose and focused on more competent citizenship, not to promote nationalistic fervor but to assure effective participation in shaping the community's destiny and affecting its daily life. The study, training, and informal apprenticeships necessary to effectively enact all of the foregoing functions also were included.

The fifth function of revitalized religious organizations is sustaining the common life of the community and of the organization itself. Neighborhood religious organizations must be able to sustain their own members in their service to the community. An over-concern for their own membership led many such organizations to demand more and more service to their own institutional forms, leaving their members less and less time to serve the community. Competition for the loyalty of community residents led to divisiveness among the religious organi-



zations of many neighborhoods. In a functional reversal, the communities were seen as providers of strength and resources for the institutions rather than the religious organizations seeing themselves as agents in the community with peculiarly valuable functions to fulfill. The servant became the served.

But in overcoming the perversion, the genuine function of sustaining those who would serve a community cannot be neglected. Social reformers without such sustenance quickly burn out.

#### PLANNING, ACCOUNTABILITY AND ABSOLUTION

Sustaining the common life entails common planning, accountability, and absolution. If an organization is to serve its community, if people from across the community are to work together, there must be common planning. Every member, every resident, must be able to get his insights into the planning process, and sense that his contribution has had effect. He need not always get his way: in a pluralistic community, unanimity is more than can be expected. Universal input, common deliberation, and agreed-upon action are essential to sustaining long term participation. Beyond that, individuals must be accountable in their efforts on behalf of the organization or community. And the organizations must be accountable for their corporate plans and actions. Primarily this means standing before the actual results of one's actions, accepting responsibility for them without justifying them on the basis of good intentions or deluding oneself and others about the actual effects. It is only such reality-consciousness which will provide an adequate foundation for future planning and action. But with accountability must be absolution. Unrelieved guilt can be as defeating as illusion-based planning. Absolution is the proclamation of the significance and worth of the individuals involved in accountability; it transcends their actions. It is a "nevertheless" affirmation that recognizes the real situation, as it is, without window dressing, and still affirms the significance of all participants.

In Fifth City this dynamic of common planning, accountability, and absolution was incorporated at various levels of the community process. The whole community was involved in building the initiating project model and in two major alterations of the design over a fifteen year period. Annual and quarterly Community Congresses reviewed the efforts of the community, celebrated the accomplishments, and set objec-

tives and priorities for the next period. Quarterly and weekly evaluation and planning characterized each of the guilds, agencies, institutions and groups within the community project. The experimental religious community which was catalyzing the project followed the same procedures. Sustaining the common life of the community is a crucial function of a revitalized religious organization in a neighborhood.

#### NEEDED STRUCTURES

The Fifth City experience suggests that these five functions are essential to a revitalized community. They are functions which historically have been provided by religious organizations. These organizations are uniquely capable of enacting all five functions. But functions are only systematically embodied when structural elements are in place. In Fifth City these structures were designed along lines consensed upon in the strategic development model; this was the model built to attack the analysis of the community's problems.

Guilds were formed around each major problem arena: economic, education, symbol, style, and political. These guilds were groups of neighborhood residents which met every other Tuesday night. Each guild planned tactics to carry out the part of the model in their arena. The guilds met together at the end of each meeting night to share and coordinate plans. Each guild could call upon any resident of the community to help carry out its plans. For large events, like a community festival, hundreds of people would be involved in some aspect of organization, set-up, staffing, or clean-up, but the primary implementing responsibility usually lay with the guild members themselves. As specific, on-going institutions were established, such as the Housing Redevelopment Corporation, and took on full-time staff, the guilds acted as points of accountability and oversight while continuing direct action in other arenas.

Stakes were created as a network of mutual care and concern for each individual in the neighborhood. The community was geographically divided into five areas. Each area was divided into four "quads" and each of these were divided into units of ten residents each. Volunteers were assigned responsibility for each unit in Fifth City. They came to know all of the residents in their unit, and what their needs were. They knew who was looking for work and who was having trouble getting a landlord to maintain his building. When community-wide inoculation pro-

grams, or blood testing for lead poisoning from lead-based paint (when flaking paint was swallowed by young children) were to be available in the community, they knew which children had been treated and which had not. They were available whenever a crisis arose as a first line of assistance. Stake meetings, of all unit volunteers and other residents, were held in each stake on the Tuesdays when the Guilds were not meeting. The stakes considered common problems of personal care in the community and served as a gathering point for data on problems which the non-geographically based guilds might address. Later, block clubs, with their beautification and street-community emphases, were merged into the stake programs.

The stakes and guilds were the major organizational structures for revitalized care of Fifth City. Out of their work came regular community festivals, occasions of worship by the whole community, and celebrations of significant rites of passage, such as Preschool and High School graduations or funerals of local neighborhood residents. These celebrations gave expression to the developing community mythology, rituals, and symbols. The guilds conducted regular seminars and other training programs. A weekly, quarterly, and annual rhythm of evaluation became an established part of the community calendar. It is a set of structural transformations, or creations, such as these, which marks revitalized religious organizations.

#### CREATING REVITALIZED RELIGIOUS ORGANIZATIONS

How do such organizations emerge in revitalized neighborhoods? In some respects, the approach of the Ecumenical Institute is the easiest: the establishment of an entirely new organization. However, new organizations often emphasize one or another of these functions, to the detriment of the others, and so become training institutes or social service agencies or community development corporations. These specialized institutions are also required in revitalized neighborhoods and are highlighted in other papers in this series. The fulfillment of all five of these functions at once is an identifying mark of a revitalized religious organization.

The other primary approach is the transformation of a traditional religious organization: congregation, parish, temple, or synagogue. However, due to doctrinal prejudice or preoccupation, and institutional formalism or traditionalism, such a transformation is exceedingly difficult to accomplish.

It requires a careful analysis of the current organizational structure by those who would catalyze such change. In such an analysis, function must be given precedence over the particularities of traditional manifestation: the communication of personal worth and value may be accomplished in a wide diversity of doctrinal formulations. A strategic plan of transformation must be designed which focuses upon filling in the missing functions rather than

upon a frontal assault on irrelevant or marginal practices. Finally, emphasis should be placed upon establishing pilot demonstrations of revitalized religious organizations that are relevantly and effectively serving their particular neighborhoods, rather than upon securing tradition-wide or denomination-wide institutional reorganization. Revitalized religious organizations must be established by the efforts of local people seeking to serve their community.

They will not be imposed by bureaucratic fiat or reorganization. They are the result of new institutional forms that fit new roles in a particular neighborhood, not the uniform adoption of supposedly relevant institutional structures. Only when revitalized neighborhoods appear, with the whole gamut of new institutional forms, including revitalized religious organizations, will we begin to discover the appropriate integrating factors, and see the unique contributions of each.

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[Excerpts from a pamphlet entitled "National Neighborhood Platform"<sup>1</sup>]

## DEVELOPMENT OF THE NATIONAL NEIGHBORHOOD PLATFORM

In November 1978, at the National Association of Neighborhoods' Eighth National Meeting in Hartford, Connecticut, member neighborhood organizations from around the country recognized the need for a public policy agenda for and by neighborhoods. At this meeting the groundwork was laid for a nation-wide series of local Neighborhood Platform Conventions culminating in a National Neighborhood Platform Convention to be held in November 1979. This was the beginning of the National Neighborhood Platform Campaign.

A Director of the Platform Campaign was hired early in 1979 to coordinate and support the efforts of N.A.N. leaders and members in the Campaign process. Regional organizers were assigned to various sections of the country to provide encouragement and assistance to sponsors of local Conventions.

During 1979, nearly 50 local Neighborhood Platform Conventions were held around the country. These local Conventions served two valuable purposes. The production of each local Platform Convention allowed a variety of neighborhood groups to come together to share ideas, to exchange information, and to devise common solutions for their problems. In many cities, this effort established or strengthened an effective city-wide coalition of neighborhood organizations. Local Platforms will serve as action agendas for these coalitions in the coming years. Each is a comprehensive statement of neighborhood beliefs, designed for policy input at neighborhood, ward, city, county and state levels of government.

Equally as important, these local Platform Conventions served as the basis of the National Platform Convention. Participants in the local Conventions elected delegates to represent them at the National Neighborhood Platform Convention. The resolutions of the local Conventions were compiled to produce an impressive document of resolutions regarding neighborhood government, public safety, housing, employment, economic development, our environment, transportation, education, rural development and human rights. The National Neighborhood Platform was based upon these resolutions.

Seven hundred N.A.N. members, local Convention delegates, and other neighborhood advocates convened in Louisville, Kentucky from November 9-11, 1979 to develop the National Neighborhood Platform. They met in twenty issue committees to draft resolutions. Additional resolutions were added by petition, and then all resolutions were voted upon by the delegates as a whole. The result of this monumental, year-long effort is the National Neighborhood Platform—the neighborhoods' agenda for the 1980's.

### *The National Neighborhood Platform*

#### PREAMBLE

Two centuries ago, our nation was founded on the proposition that all people are created equal and are endowed with the inalienable rights to life, liberty, and the pursuit of happiness. Governments are properly instituted among people to secure these rights. While the world has changed, our faith in this proposition remains unchanged.

As our ancestors fashioned institutions to secure and enhance their rights, so do we. As our ancestors sought to form a more perfect union, establish justice and secure the blessings of liberty, so do we. As successive generations have sacrificed much in order to give new birth to freedom and to guarantee that government of the people, by the people, and for the people shall not perish, so shall we.

In the two centuries since our founding, our institutions have grown too large and too remote to allow us to meet face-to-face to seek the common good. Thus, many Americans have withdrawn into apathy or have been overwhelmed by forces too powerful for any individual to withstand.

In response, we now turn to our neighborhoods and communities to fulfill our human capacities as citizens by participating in making those decisions which directly affect our lives. Rediscovering citizenship in our neighborhoods, we reaffirm the principles of freedom, justice, and equality upon which our nation was founded. We believe that those who are affected by the decisions of govern-

<sup>1</sup> Written and adopted by the N.A.N. National Neighborhood Platform Convention, Nov. 11, 1979.

ment must be consulted by those who govern; that it is the right of citizens to have access to the instruments of power; and that it is their duty to learn to use them effectively and wisely.

We reaffirm our belief in the N.A.N. Neighborhood Bill of Responsibilities and Rights which we adopted in 1976 when we declared that governments and private institutions must recognize:

The right of neighborhoods to determine their own goals, consistent with the broad civic ideals of justice and human equality;

The right of neighborhoods to define their own governing structures, operating procedures, names and boundaries;

The right of democratically organized neighborhoods to receive a just share of private and public resources necessary for the implementation and support of neighborhood decisions;

The right of democratically organized neighborhoods to review in advance and decisively influence all stages of planning and implementation of all actions of government and private institutions affecting the neighborhood; and

The right of neighborhoods to information necessary to carry out these rights.

Rediscovering democracy, we join with neighbors in communities across our land to create a neighborhood movement built upon the belief that people can and should govern themselves democratically and justly. The neighborhood is a political unit which makes this possible; since the smallness of the neighborhood enables all residents to deliberate, decide, and act together for the common good.

We share our neighborhoods with individuals and families of diverse needs, interests, backgrounds, and beliefs. We cooperate and work with the labor movement, church groups, and all other groups with whom we share common goals. The full humanity of every person must be affirmed in our neighborhoods. Therefore, we continue our determined opposition to every form of racism, classism, or sexism. Justice is only possible when neighbors, in their collective decisions, respect their diversity and their interdependence with other neighborhoods.

People organized in neighborhoods, responding to their fellow residents as human beings and families, rather than as clients, are best able to provide needed services. People organized in neighborhoods are best able to pronounce and amplify in firm tones the voice of citizens so as to command the respect of government and private institutions. People organized in neighborhood assemblies are best able to create government under their control.

The key problem addressed by our National Neighborhood Platform is the problem of displacement. By displacement we mean the calculated efforts of large corporations, banks, real estate and utility contracts with the cooperation of the federal government, to bring about the wholesale racial and economic resegregation of the cities of this country, both large and small. This displacement of our people from the neighborhoods includes the processes of gentrification as well as disinvestment and destruction of basic community institutions, public facilities and educational facilities. Our national program calls for ways and means to stabilize communities, provide and maintain low and moderate income housing, provide community control of the economic and community development processes and provide accountability of corporations which are investing and disinvesting in our cities. Our Platform is a program that addresses the most crucial issue in our nation: Will this country be developed for the majority of the people, or the few?

This Platform which we have set for ourselves shall not be soon accomplished. But we, the people of America's neighborhoods and communities, seek by its declaration to turn our country in a new direction. We seek to restore a sense of trust and mutuality in public life, to open up our government to citizen participation, to unleash the power of people deciding together their own future. Many institutions will have to change, many policies will have to be revised, many actions are yet to be taken, but nothing is so powerful as the ideal of freedom, justice, and equality when its time has come, and when the people are prepared to sacrifice to make it prevail.

We do declare that it is the will of the people residing in America's neighborhoods that these actions be taken. We do declare that they are just, and represent the counsel of reason, as well as the support of numbers. We mutually pledge to each other unremitting effort to enact this Platform and to bring, once again, a rebirth of freedom and democracy to our land. Recognizing that many past decisions by government and private institutions have not been in the common interest of all Americans, and secure in our faith that citizens will participate in

governing their neighborhoods if given the power and authority to do so, we declare that it seems best to the people residing in America's neighborhoods that the following actions be taken to empower neighborhood organizations, promote neighborhood government and ensure citizen participation, secure public safety, provide physical improvements to our neighborhoods, ensure employment and economic development, maintain a pure environment, provide adequate transportation and education, develop rural areas, and protect the human rights of all who live in our neighborhoods.

#### EMPOWERING NEIGHBORHOODS

We believe that by meeting together in our own communities and by empowering neighborhood organizations, we can take our destiny into our own hands. The following are necessary if neighborhood organizations and governments are to achieve increased citizen responsibility, justice, and equality in our neighborhoods and in our nation.

Neighborhood organizations and governments must have adequate and direct funding from both public and private sources.

Neighborhood organizations and governments must have adequate technical assistance.

Neighborhood organizations and governments must have access to all information necessary to carry out their programs and activities, obtained through state and local "freedom of information" acts, if necessary.

#### NEIGHBORHOOD GOVERNMENT

Our government jurisdictions have become so large, distant and unresponsive to peoples' lives and concerns that our communities are now, to a serious degree, ungoverned. Administrative neglect and private actions have endangered the safety and justice of our communities. We believe it is the responsibility of citizens in our democratic republic to govern the affairs of their own neighborhood communities in common deliberation, with binding jurisdictional power, and in constitutional relationship to other communities.

We propose that neighborhood residents be empowered to define their own geographic boundaries and establish directly elected or representative neighborhood government which must then be recognized by city and state governments, endowed with legal status and public powers, and supported by tax revenues.

We propose that the federal government not distribute any revenue-sharing or block grant funds to states which do not provide enabling legislation for establishing neighborhood governments or to local authorities which refuse to recognize duly established neighborhood governments.

We propose that duly established neighborhood governments have at least the following powers:

- A. The ability to raise tax revenues.
- B. The ability to incur bond indebtedness.
- C. The ability to enter into interjurisdictional agreements.
- D. The ability to settle neighborhood disputes.
- E. The ability to contract with City or with private providers of services.
- F. The ability to conduct elections.
- G. The ability to sue or be sued.
- H. The ability to determine planning, zoning and land use.
- I. The ability to exercise limited eminent domain.
- J. The ability to undertake public investment.
- K. The ability to provide public and social services.
- L. The ability to operate enterprises.

#### CITIZEN PARTICIPATION THROUGH NEIGHBORHOOD ORGANIZATION

We believe that government should provide for citizens' maximum authority over decisions that affect them, through the vehicle of neighborhood organizations, and toward the particular goal of ending racial inequality.

We propose that local governments should be restructured to empower neighborhoods to exercise maximum authority over decisions affecting them, consistent with the goal of ending racial segregation. Since federal programs designed to assist neighborhoods have frequently been administered without the involvement of neighborhood residents and without regard to their needs, to secure rights of maximum authority the following steps must be taken:

A. Elected neighborhood representatives must be given a policy voice in all decisions regarding federal funds in the neighborhood.

B. Neighborhood organizations must have the ability to prepared and present a neighborhood development plan to guide all federal, revenue-sharing and economic development expenditures in the neighborhood.

C. Neighborhood organizations must have the ability to obtain legal counsel to contest federal expenditures.

D. Independently funded and staffed neighborhood organizations must have the ability to monitor program operation and government financial expenditures in their neighborhoods.

E. Neighborhood organizations must have franking privileges.

We propose that neighborhood organizations actively encourage non-partisan voter registration, voter education and voter turn-out.

We propose that all policy-making boards and forums of local and state government be made up of representatives from the neighborhoods, elected by the people in non-partisan elections. Terms must be staggered and equitably represent affirmative action concerns, the elderly and disabled.

We propose that full Congressional voting rights be granted to the District of Columbia.

#### VOLUNTEERISM

The quality and freedom of community life require deep and widely shared voluntary citizen action and commitment by neighborhood residents. The activities of volunteers in neighborhood organizations should be increased and strongly supported by the public and private sectors.

We believe that the efforts of individual volunteers should be supported by providing them with leadership, skill and policy development training at the neighborhood level.

We believe that youth should be involved in decision-making at the neighborhood level, and propose that such methods as school credit, leadership development, vocational internships and stipends be developed for their participation in neighborhood organizations.

We propose that volunteers serving with non-profit neighborhood organizations be allowed to declare allowable, non-reimbursed out-of-pocket costs for income tax purposes, or to receive a direct stipend.

We propose that HR 4209 be passed, giving now ineligible neighborhood and community organizations the ability to use bulk mailing rates.

We propose that the federal government increase its financial support of the ACTION Agency for the VISTA (Volunteers in Service to America) and RSVP (Retired Senior Volunteer Program) programs.

#### SOCIAL SERVICE DELIVERY

Certain social services must be provided to the residents of our neighborhoods, and the provision of these social services must promote self-sufficiency, not dependency. Neighborhood organizations are best equipped to identify and provide the social service needs of residents in a way that enhances their human dignity.

We propose that, in order to promotote self-sufficiency, public funding must be made directly available to neighborhood organizations to plan, deliver, monitor and evaluate social service programs in the neighborhood and that such programs must be based in the neighborhood.

We believe that child care is a right, not a privilege. To promote this right, neighborhood organizations must run community child care programs, including day and night care (up to 17 years), recreation, job training, supplementary education and family support services. To implement and administer funding to such programs, state-wide boards (with equal representation from neighborhood residents, child care workers and parents) should be elected from the neighborhood. They should be empowered to develop, review, change and enforce regulations for all child care programs.

We believe that comprehensive physical and mental health care are basic rights.

We believe that health care as a profit-oriented business will never meet the needs of the people and oppose the destruction of public health care in the inner city as a part of a corporate and government policy of deliberate dislocation and genocide.

We propose that neighborhood-based and community-controlled comprehensive health-care facilities be established and emphasize preventive health care and health education. All neighborhood residents should have access to such facilities in their neighborhoods.

We believe that the development of community-based and controlled support systems for de-institutionalized persons must be encouraged, and that education programs must be established to promote community acceptance of such persons.

#### DISPLACEMENT

Human beings are injured by forced removal from their communities. Housing and residential stability are essential to human dignity and well-being. Neighborhood organizations must defend their residents against displacement.

We believe that people have a right to housing and residential stability and that neighborhood residents must maintain control of the neighborhood to ensure this right.

We believe that neighborhood organizations must form active partnerships with federal, state and local governments and the private sector to preserve and restore existing, structurally sound, housing stock.

We propose that, for those individually and collectively agreeing to be displaced, the public or private sources of displacement must provide resident-approved relocation schemes. These must include equal or improved replacement housing, an equal or improved social and economic environment, and relocation funds.

We propose that developers in a neighborhood be required to reserve adequate new development units for original residents, including tenants.

We propose that public funds avoid displacement and support the maintenance and development of economically, racially and ethnically diverse neighborhoods through the following means:

A. Conversion of tenants to homeowners.

B. Strengthening of the Uniform Relocation Act.

C. Making 80 percent of homesteading, mortgage subsidies and low interest improvement loans available to low income and poor people.

D. Making the allocation of federal funds to local governments dependent upon the existence of local antidisplacement plans which independent neighborhood organizations must help develop, implement and monitor.

E. Expansion of state and federal programs for minor home repairs for elderly homeowners.

We believe that the government and private sectors should aggressively support neighborhood organization antidisplacement strategies such as community development corporations, community credit unions, land-banking, neighborhood planning, and neighborhood housing counseling.

We propose that the following steps be taken by local and federal government (as appropriate) in order to avoid displacement due to condominium conversion:

A. Consent of 75 percent of tenants be required to convert multifamily rental units to condominiums, cooperatives or hotels.

B. Lifetime tenancy to be guaranteed to senior citizens and families with incomes of \$20,000/year or less.

C. Establishment or enforcement of the tenants' "first right of refusal."

D. Promotion of cooperative housing.

E. Strengthening of disclosure requirements on ownership, financing and third party contractual agreements.

We propose that tenants be guaranteed the first option to purchase their homes from their landlords, and that they receive sufficient technical assistance and private funds to exercise this right.

We propose that anti-speculation taxes be adopted to tax windfall profits on all residential and commercial property sales by non-resident owners (in cases where resale takes place in under five years and without significant rehabilitation). Funds so generated should be used to provide property tax relief to low and moderate income people (where legislation mandates such relief) or put into community-based cooperative funds.

We propose a moratorium on the use of "eminent domain" by public and non-public bodies unless 75 percent of the residents of the affected area agree to the proposed activity.

Representative REUSS. Mr. Landers, please proceed.

**STATEMENT OF JODY LANDERS, EXECUTIVE DIRECTOR, HARBEL  
COMMUNITY ORGANIZATION, BALTIMORE, MD.**

Mr. LANDERS. Thank you very much. My name is Jody Landers and I'm executive director of the Harbel Community Organization which is located in the northeast corner of Baltimore. I welcome the opportunity to testify before the committee, but I wouldn't be honest if I did not tell you that I and my organization are somewhat skeptical of the good it will do, because it seems that all the myriad positive accomplishments and needs of neighborhoods can be relegated to obscurity in an instant in the face of a few bad examples of poorly managed programs or when national political winds shift direction, which they seem to do frequently.

The other fault that we find with the Federal approach to neighborhoods is that there seems to be a propensity to focus on larger and more glamorous problems while many of the nitty-gritty problems are passed off as trivial.

Now that I've made my confession, let me tell you a little bit about my organization and I will also mention a few areas where I think the Federal Government can be helpful in terms of supporting neighborhoods and being supportive of neighborhoods.

Harbel is a volunteer, private, nonprofit, 501(c)(3) organization. We are composed of about 80 member organizations. Roughly, a third of them are small neighborhood improvement associations, a third are church organizations of all denominations, and a third are miscellaneous PTA's, fraternal clubs, and service organizations. All have joined together in the past 10 years to work for the betterment of our community.

It's a community of about 100,000 people. It is predominantly a middle-income area of about 30,000 households and we boast about an 80-percent home owner occupancy rate. To give you an idea of the kind of a community it is, I was raised in the community. My wife was raised in the community, and we bought a house 1 mile away from our parents' house and we are raising our family there, as are our brothers and sisters; that is not uncommon for many of the families and people in our neighborhoods. Also, because of the stability in the neighborhood, we tend to have a larger than average share of retired persons in the area, people who stay in the community in their homes throughout their lives.

Harbel began on a \$30,000-a-year budget put up entirely by the community, with the primary focus on community advocacy, and today, 51 years later, we have grown into a multifunctional organization with a total annual budget approaching about \$800,000 and responsibility for providing local community mental health services, drug abuse prevention services, youth employment services, educational and job training services, information and referral, and many more, all under the control of the community and our large, broad-based board of directors.

We have been involved over the years in keeping schools open and fighting for quality education. We have helped to start eight neighborhood associations where none had existed. We have gotten two small business associations off the ground in our area. We have worked on



cleaning up the local stream in our community to the point where, in the past 2 years, the Maryland Fisheries Administration has actually been able to stock it with trout. They don't live long but—no, I'm just kidding—the trout live until the water flow gets too low, but I'm just saying, it's a testimony to what neighborhoods can do when they join together.

We have also won a number of major zoning battles in our community protecting the integrity of the residential area from commercial intrusion. We are located in a city-owned multicenter which, incidentally, was developed using EDA funds jointly with our organization and the city of Baltimore. The building was built entirely with trainees, most of them came from our area, and, well, you have to see it to appreciate it, it's a beautiful building. The roof leaked a little when it was completed, but we've gotten that straightened out.

Our 3,000 people a month enter our doors to seek and receive some sort of service or assistance. Because of our direct ties to the community, many volunteers are involved in the direct provision of service and, of course, this helps to keep the cost of the service low and provides for much better quality of service.

The close and constant oversight provided by the community assures that our dollars are being used wisely, and I think this is an important point; that only the services which the residents deem essential are provided. We are not into frills. We are into using the resources that are available to use wisely and getting the most out of the dollar.

This past winter, over 700 senior citizens received help through our center with applying for energy assistance. You know these are folks who, again, had worked their whole lives and are finding that it's very difficult to stay in their homes and support themselves. Without this assistance, it's very questionable as to whether some of them would be able to remain in their homes.

Every summer for the past few years, with the aid of the youth summer job funds, we have organized and coordinated many neighborhood-based improvement projects employing hundreds of area youths, and here's a program where not only are the youth benefiting by the direct employment experience but we are doing concrete things in the community. We are improving the parks. We are cleaning up vacant lots. We are doing things that would not have been done otherwise. We are improving the quality of life in the neighborhood and helping to maintain it.

Now it seems that with hardly a second look or any real evaluation as to the effectiveness of these programs, many of them which have benefited neighborhoods directly will be abruptly halted or curtailed. While we have faced challenges in the past and I think we can certainly face this one, we cannot do it without some help. I would urge the Congress and this committee not to pull out the plug before providing us some means of support—a lifesaver or a life raft, if you will.

And what am I talking about when I'm saying that? If we are expected to take on a larger role, if Government dollars are going to diminish, then we need some help in raising dollars on our own, and yet the trend is abysmal in terms of support for voluntary agencies like mine with respect to the Tax Code.

What tends to happen is that more and more people go to the standard deduction and the trend within the IRS code is to go that direc-

tion, to have more and more people take the standard deduction, when study after study and poll after poll have shown that people will give more if the tax incentive is there; and the difference is phenomenal. The folks who itemize their deductions will give about two-thirds more in terms of charitable contributions than those who do not.

So what I'm advocating for is to allow for charitable contributions and contributions to neighborhood organizations to be deductible even if one is using the short form, or not itemizing their deductions.

The other thing that I would urge is that folks who are involved in voluntary neighborhood service be given the same kind of mileage incentive or mileage deduction that anybody in business gets. The irony of it is, I'm employed as a paid person, so I'm allowed to deduct the full amount for my transportation here. But if the volunteer president of my organization drove down, a mother of seven, she couldn't take that deduction. She would only get 8 or 9 cents to the mile. It's crazy—it doesn't promote citizen participation.

Another thing: Help us communicate. Communication is a big part of what we do and I think if the neighborhoods are really going to hang together over the next few years, we really need to improve our communication channels, and I brought along an excerpt of the U.S. Postal Regulations governing Harbel which is sort of an indication to you of how neighborhoods really are viewed. They lack an identity within the Federal Government and there are regulations proposed which totally overlook neighborhoods as a viable entity. I don't know if you have this in front of you, but I would like it if someone—anyone in this room—could tell me what is intended by this regulation.

This is the postal regulation with respect to the special third-class mailing rates. Now everything that I read in this seems to indicate that Congress intended that neighborhood organizations should be entitled to the special third-class rates. You read about the standard primary purpose of organizations, which in terms of their activities the neighborhood organizations seem to qualify. When you look under philanthropic and charitable, it talks about purposes beneficial to the public, and here let me read some of the wording right from the regulations:

. . . that organizations might qualify if they lessen the burdens of government, if they promote social welfare designed to accomplish any social welfare purposes, if they lessen neighborhood tensions, if they work to eliminate prejudice and discrimination, if they work to combat community deterioration and juvenile delinquency.

All of these things are what neighborhood associations are about. The regulations seem to allow that an organization carrying out its purpose can advocate for social or civic change and that doesn't necessarily disqualify it from being eligible for special bulk mailing rates. So far, so good.

However, with all the flowery language and definition which seems to be talking about neighborhood organizations, there's a "Catch-22." In a simple statement, examples of organizations or associations that may not qualify, there's this clause: "Citizens and civic improvement associations," and for those five words, most of our neighborhood associations have been denied the right to mail out under the special third class bulk mailing rates.

Now what does this mean practically? While they are eligible for the regular bulk mailing rates, the difference would mean being able to reach between 2½ and 3 times the number of households with their newsletters and with their agendas for their meetings.

So it is significant and, again, I raise this as a specific issue because I think it can benefit neighborhoods, but I think it's a dramatic example of how we're sort of caught up in a lot of double-talk when it comes to the Federal Government and its approach to neighborhood organizations and support for the survival of neighborhood organizations.

That's all I have unless there's any questions.

Representative REUSS. Thank you very much. We will return to you in just a moment.

[The excerpt referred to by Mr. Landers follows:]

EXCERPT FROM U.S. POSTAL REGULATIONS GOVERNING ORGANIZATIONS SUCH AS HARBEL COMMUNITY ORGANIZATION

[Footnotes are annotations of Mr. Landers pointing to problem sections]

134.5 QUALIFICATION REQUIREMENTS AND APPLICATION PROCEDURE FOR SPECIAL THIRD-CLASS RATES

*.51 Kinds of Organizations or Associations that may qualify*<sup>1</sup>

Only the following organizations or associations not organized for profit, none of the net income of which benefits any private stockholder or individual, may be authorized to mail pieces at the special rates provided by 134.121 and 134.122: (a) Religious; (b) educational; (c) scientific; (d) philanthropic; (e) agricultural; (f) labor; (g) veterans; (h) fraternal.

*.52 Qualification standards*

*.521 Primary Purpose*<sup>2</sup>

The standard of *primary purpose* in these definitions shall require that the organization be both organized for and operated for the primary purpose. Organizations which incidentally engage in qualifying activities only to accomplish other goals do not meet the primary purpose test.

*.522 Definitions*

*a. Religious.*—A nonprofit organization whose primary purpose is one of the following:

(1) To conduct religious worship—for example, churches, synagogues, temples, or mosques;

(2) To support the religious activities of nonprofit organizations whose primary purpose is to conduct religious worship;

(3) To perform instruction in, to disseminate information about, or otherwise to further the teaching of particular religious faiths or tenets.

*b. Educational.*—A nonprofit organization whose primary purpose is: (1) the instruction or training of the individual for the purpose of improving or developing his capabilities; or (2) the instruction of the public on subjects beneficial to the community. An organization may be educational even though it advocates a particular position or viewpoint so long as it presents a sufficiently full and fair exposition of the pertinent facts to permit an individual or the public to form an independent opinion or conclusion. On the other hand, an organization is not educational if its principal function is the mere presentation of unsupported opinion.

The following are examples of organizations which are educational:

(1) An organization, such as primary or secondary school, a college, or a professional or trade school, which has a regularly scheduled curriculum, a regular faculty, and a regularly enrolled body of students in attendance at a place where the educational activities are regularly carried on;

<sup>1</sup> Neighborhood associations are "not organized for profit."

<sup>2</sup> In my experience the primary purpose of most neighborhood associations by these definitions falls under Sec. (d) philanthropic.

(2) An organization whose activities consist of presenting public discussion groups, forums, panels, lectures, or other similar programs. Such programs may be on radio or television;

(3) An organization which presents a course of instruction by means of correspondence or through the utilization of television or radio;

(4) Museums, zoos, planetariums, symphony orchestras, and other similar organizations.

*c. Scientific.*—A nonprofit organization whose primary purpose is one of the following:

(1) To conduct research in the applied, pure or natural sciences;

(2) To disseminate systematized technical information dealing with applied, pure or natural sciences.

*d. Philanthropic (Charitable).*<sup>3</sup>—A nonprofit organization organized and operated for purposes beneficial to the public. Examples of philanthropic (charitable) organizations are organizations which are organized for:

(1) Relief of the poor and distressed or of the underprivileged;

(2) Advancement of religion;

(3) Advancement of education or science;

(4) Erection or maintenance of public buildings, monuments or works;

(5) Lessening of the burdens of Government;<sup>4</sup>

(6) Promotion of social welfare by organizations designed to accomplish any of the above purposes or;

(a) to lessen neighborhood tensions;

(b) to eliminate prejudice and discrimination;

(c) to defend human and civil rights secured by law; or

(d) to combat community deterioration and juvenile delinquency.<sup>5</sup>

The fact that an organization which is organized and operated for the relief of indigent persons may receive voluntary contributions from the persons intended to be relieved will not necessarily prevent such organization from being exempt as an organization organized and operated exclusively for charitable purposes. The fact that an organization in carrying out its primary purpose, advocates social or civic changes or presents opinion on controversial issues with the intention of molding public opinion or creating public sentiment to an acceptance of its views does not preclude such organization from qualifying so long as it is not an action organization as described in 134.53(a), (b), (c).<sup>6,7</sup>

*e. Agricultural.*—A nonprofit organization whose primary purpose is the betterment of the conditions of those engaged in agricultural pursuits, the improvement of the grade of their products, and the development of a higher degree of efficiency in agriculture. The organization may further advance agricultural interests through educational activities; the holding of agricultural fairs; the collection and dissemination of information concerning cultivation of the soil and its fruits or the harvesting of marine resources; the rearing, feeding, and management of livestock, poultry, bees, etc., or other activities relating to agricultural interests. The term agricultural also includes any nonprofit organization whose primary purpose is the collection and dissemination of information or materials relating to agricultural pursuits.

*f. Labor.*—A nonprofit organization whose primary purpose is the betterment of the conditions of workers. Labor organizations include, but are not limited to, organizations in which employees or workmen participate, whose primary purpose is to deal with employers concerning grievances, labor disputes, wages, hours of employment, working conditions, etc. Examples are labor unions and employees' associations formed for the stated purposes.

*g. Veterans.*—A nonprofit organization of veterans of the armed services of the United States, or an auxiliary unit or society of, or a trust or foundation for, any such post or organization.

*h. Fraternal.*—A nonprofit organization which meets all of the following criteria:

(1) Has as its primary purpose the fostering of brotherhood and mutual benefits among its members;

(2) Is organized under a lodge or chapter system with a representative form of government;

<sup>3</sup> Purposes beneficial to the public.

<sup>4</sup> Purposes of neighborhood groups that would seem to qualify them for the special rates.

<sup>5</sup> *Ibid.*

<sup>6</sup> This section seems to expressly leave open the possibility that groups such as neighborhood associations can qualify.

<sup>7</sup> So far, so good. As you can see there's a lot of language that would seem to qualify neighborhood associations.

(3) Follows a ritualistic format; and

(4) Is comprised of members who are elected to membership by vote of the members.

Fraternal organizations include such organizations as the Masons, Knights of Columbus, Elks, college fraternities, and the like. Fraternal organizations do not encompass such organizations as business leagues, professional associations, civic associations or social clubs.

*.53 Examples of Organizations or Associations that may not Qualify*<sup>8</sup>

The following and similar organizations do not come within the prescribed categories even though they may be organized on a nonprofit basis: Automobile clubs; business leagues; chambers of commerce; (citizens' and civic improvement associations); individuals; mutual insurance associations; political organizations; service clubs such as Civitan, Kiwanis, Lions, Optimist, and Rotary; social and hobby clubs; associations of rural electric cooperatives; and trade associations. In general, state, county, or municipal governments are not eligible for the special rates. However, a separate and distinct state, county, or municipal governmental organization that meets the criteria for any one of the specific categories in 134.522 is eligible, notwithstanding its governmental status. For example, school districts and public libraries may be eligible under 134.522b. Nevertheless, governmental organizations will generally not be eligible under 134.522d (philanthropic), since their income is generally not derived primarily from voluntary contributions or donations.

*.54 Application*

*.541 Filing*

Application on Form 3624, *Application to Mail at Special Bulk Third-Class Rates for Qualified Nonprofit Organizations or Associations*, must be filed by the organization or association at the post office where mailings will be deposited. The application must include evidence that the organization is nonprofit, and, if available, a certificate of exemption from Federal income tax should accompany the application. An exemption from the payment of Federal income tax is not required in order to qualify for the special third-class bulk rates.<sup>9</sup> Such exemption will be considered as evidence of qualification for preferred Postal rates but will not be controlling in the matter. When an organization submits proof that it has been granted income tax exemptions under Title 26, United States Code, section 501(c)(3), as a religious, educational, scientific, or charitable (philanthropic) organization, under section 501(e)(5) as an agricultural or labor organization, under section 501(c)(8) as a fraternal organization, or under section 501(c)(19) as a veterans' organization, it will be considered as qualifying for the special third-class rates unless the available evidence discloses some disqualification.

Representative REUSS. Mr. Kotler, please proceed as you wish.

**STATEMENT OF MILTON KOTLER, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF NEIGHBORHOODS, WASHINGTON, D.C.**

Mr. KOTLER. Mr. Chairman and Congressman Richmond, as executive director of the National Association of Neighborhoods, I commend for your tenacity and courage in holding this hearing on the role, achievements and problems of neighborhood and community-based organizations in our cities and our national society.

Thousands of neighborhood organizations, which active and caring citizens have built over the past 20 years for economic development and social service delivery in their immediate communities, are being devastated by the current budget cuts and appropriation decisions. Therefore, there is little strength from them for strong praise to men

<sup>8</sup> Here's the Catch 22. Even though there's no definition in this section the postal service has interpreted this section to exclude neighborhood associations from qualifying for special rates.

<sup>9</sup> Tax exemption is not required, nor does it guarantee qualification.

like you who insist on taking a good look at their achievements and needs. Therein lies your tenacity.

We know that our neighborhood development organizations were not built by citizens alone. Beginning with the Kennedy administration, there was a definite Government policy to encourage the masses of American citizens to participate in the development of their communities and the country as a whole. This was a sound commitment to secure our Republic to the moorings of an active and responsible democracy. Mr. Chairman, you have courage to examine some fruits of that 20-year policy at a time today when so many Members of Congress would abandon its historical memory to old myths and speculations.

Other witnesses have been invited to describe the local progress of neighborhood organizations, and the specific problems of program operation that they are facing with new cuts of Federal resources. I need not be redundant and highlight still other neighborhood organization achievements around the country, or the damage that they will face when these cuts go into effect.

Instead, I want to make one point of historical reflection. As the person who organized the first federally supported neighborhood development corporation in 1964, I want to share with you a reminder of the purpose which members of the community and city and Federal officials shared in that venture and the hundreds of neighborhood development corporations that succeeded it.

It was the view of many leaders in different fields of endeavor in the country at the time of the Kennedy administration that the leadership of the United States in the free world required that the country in fact become a genuine nation with a commonsense of destiny. Mr. Chairman and Congressman Richmond, you remember those extremely difficult efforts in the late fifties—still years of fear and isolationism, to pull the different sections, classes, and races of this society together with a valid vision of common purpose. We were still very much an old frontier society devoting all of its energies to running from those we disliked, amassing new fortunes for new elites, and building new enmities. That kind of society could not lead a free world of deep traditions, history, education, and culture. A racially and socially divided society of haves in place of have nots on the run had to be shaped as one people working for a future that could be shared in common with the rest of the free world.

The practical idea cited for this aim of building a united people back in the very early sixties was the participation of all people in shaping the destiny of their local communities and of their country. This would be a process of community and national development in which people of all walks of life could carry responsibilities for the country and feel at one with it. This was an idea of patriotism for all.

Many vehicles were invented for this process of development and they reached from new agencies of the Federal Government, through regional commissions, to new forms of municipal organizations, all the way down to neighborhood and community based organizations. I want to stress that neighborhood organizations were only the final grassroots component of a national system of building a united people around the idea of freedom and participation, which could lead the world. I may remind you that it was a great struggle to implant neigh-

borhood organization and development into this new national system. Many experts and leaders preferred a more centralized approach to national development. Yet after much political debate and organizing, thousands of community-based organizations were in place by the mid-seventies to do the very thing that Jody Landers, of the Harbel Community Organization in Baltimore, described here today.

We know the tremendous problems of local and national development over the past 20 years, and I am not here to record that history. That process at best would have taken many more years to root. Many of the different vehicles of decision fought against each other; and many groups, including our own neighborhood and community organizations, often misunderstood the mission of community development. They made the mistake, as human beings do, of thinking that the sole purpose of local power and development was community self-interest. In historical fact, the purpose of local power had to be, primarily, to build the responsibility of every group to share a national common destiny. Otherwise, national resources for local power could not be continued. I would also add these difficulties were periodically exacerbated by weakness in national political leadership.

The premise of the 1960's about national unity for world leadership appears to have fallen. It is obvious that the budget cuts have targeted all the major vehicles of national and community development for elimination or vastly reduced resources—EDA, the regional commissions, VISTA, CETA, HUD community development block grants, community-based health programs, and many other programs.

It is up to this Congress to consider the consequences of abandoning this premise for our own unity and our leadership in the world. What will take its place? And it is up to the neighborhood organizations who have shared this premise, as the substance of their deepest obligation to the Nation, to point to the danger of this abandonment of history; and reiterate our firm intention not to be shoved out of this Nation by any new or old narrow view of patriotism.

I wanted to say this to show that the neighborhood organizations that you are examining have been developed over the last 20 years and have been operating social and economic programs in their communities in a context of the premise of national unity and common patriotism.

Let us be very clear. The devastation to neighborhood organizations along with other national, regional, and local vehicles of development threatens to return us to a highly separated and exclusive society which had already, by 1960, proved to be far too divided for genuine world leadership. Thank you.

Representative REUSS. Thank you, Mr. Kotler, for your testimony.  
Ms. Carol Brill.

**STATEMENT OF CAROL BRILL, EXECUTIVE DIRECTOR, EASTSIDE HOUSING ACTION COALITION, MILWAUKEE, WIS.**

Ms. BRILL. I would like to thank you for this opportunity to appear before you today. My involvement with neighborhoods and neighborhood organizations grows out of a personal experience rather than a professional or intellectual pursuit.

I grew up in a northside neighborhood in Milwaukee that during the 18 years I lived there was ravaged, raped, and left to bleed. It still bleeds today. I remember the notices coming to my parents: "Sell now or else." I remember the stores and banks closing up and leaving. We could not get a loan to add on a room for our growing family. I remember the tension between the new and old residents. My neighborhood, by the way, had no neighborhood organization during these years. I know its fate today may have been different had it had one.

What happened to my neighborhood? Hindsight and 10 years in community work help me explain the phenomenon as disinvestment, block busting, racial steering, redlining, racism, and plain old abandonment by business, banks, and city services.

But that was 11 years ago. Since that time I have been searching in my personal, professional, and political life for a way to stop that process from happening. There were movements, efforts to stop this trend from happening, all around me in other neighborhoods in Milwaukee. People in these neighborhoods were organizing and saying, "no" to block busting, "no" to disinvestment, "no" to fleeing the neighborhoods that they and their parents considered home. They were saying these things in the form of neighborhood organizations.

What have they said and done in these past 10 years? I would like to describe some of the organizations and some of the projects that operate in a variety of Milwaukee neighborhoods, including my old neighborhood today.

I am director of ESHAC, which stands for Eastside Housing Action Coalition. ESHAC is a 9-year-old neighborhood organization that has grown from a small group of people looking for an alternative to a boulevard that was going to destroy 65 homes and 15 businesses in their neighborhood to a neighborhood organization and development corporation with a \$350,000 budget.

Riderwest, the neighborhood served by ESHAC, is a racially and ethnically diverse neighborhood of 13,000. Since the late 1960's, it has experienced declining-housing-stock, abandoned commercial strips, increased crime rate, unemployment, and racial tension. ESHAC has developed programs and worked with residents to address the wide array of problems threatening the neighborhood's survival and stability. I would like to describe some of these to you.

Eight years ago, a large grocery store serving a lot of the poor and elderly population in the neighborhood decided to close. ESHAC raised the capital and set up a neighborhood grocery cooperative. Though the store was severely undercapitalized to begin—there was no financing available for a cooperative—today Gordon Park Food Cooperative grosses \$750,000 in food sales and employs 20 people from the neighborhood.

The last financial institution left our neighborhood in 1969. Today through the joint efforts of ESHAC, and area churches, there is a neighborhood credit union with 500-plus members and \$250,000 in assets. In addition, First HUB Credit Union sponsored over \$200,000 in low-interest housing rehabilitation loans from a State bonding program last year in our neighborhood. The credit union employs one full-time manager and has a VISTA volunteer in the office.



A Neighborhood Improvement Project, which is operated by ESHAC, was established as a no-cost rehabilitation program for low-income homeowners, allowing in the past 3 years over 300 people to remain in their homes, by bringing aging properties up to current health and safety standards. The average age of a homeowner served by this program is 65 and the average income is under \$6,000. The program is community development block grant funded and in addition to allowing low income and elderly to remain in the neighborhood as homeowners, it acts as a training program for under and unemployed minority and youth who work under the tutelage of a journeyman carpenter.

The ESHAC real estate program is a not-for-profit real estate service which brokered 10 percent of the homes in the neighborhood, assisting many "borderline prospective homeseekers" to become homeowners, increasing, as they make the transformation from tenants to homeowners, their stake in our neighborhood.

The ESHAC rehab and sale program is a nonsubsidized pilot public/private partnership program to purchase, rehab and sell deteriorating and abandoned homes to owner occupants. With a small downpayment fund and private financing from local lenders, ESHAC is able to recycle abandonments and board-ups rather than losing precious housing units to the bulldozer.

In a neighborhood hit by crime, vandalism, isolation, and fear, ESHAC has established a neighborhood-wide network of self-help, anticrime block clubs with projects such as neighborhood watches, neighborhood price, community forums, local safety and clean-up campaigns.

In a neighborhood that just 5 years ago was written off, there are, day by day, signs of improvements, stability, hope, new life. Flight from the neighborhood has stopped, interracial block clubs and youth projects are developing. The job has just begun, but we are seeing results.

As I mentioned, ESHAC is a part of a citywide coalition. I would like to share some of the accomplishments of other organizations in the coalition.

The Westside Conservation Corporation, established in 1977, is a nonprofit Community Development Corporation. It was formed to increase neighborhood stability in another Milwaukee neighborhood by increasing the number of owner occupied buildings and improving quality of housing. The corporation runs four programs.

Merrill Park rehab project purchased, rehabbed and sold 40 absentee-owned units of housing. All are now owner occupied or part of the West Side Housing Cooperative. Mortgage financing for the co-op's purchase of seven units was, by the way, provided through the National Consumer Cooperative Bank. Rehab financing was provided through a consortium of local savings and loans and in addition to rehab, two solar collectors were installed onto one of the apartment buildings.

The West Side Home Buyers Clinic was established to "prime the pump for the private real estate market." With support from community development block grant funds, the clinic offers education and information to prospective homebuyers. Services include individual counseling, information on homes for sale, real estate market informa-

tion, referral to realtors, and home repair loan information. Four thousand contacts a year are made resulting in hundreds of sales through local realtors.

An emergency purchase revolving fund is a pilot project to purchase homes from elderly owners to insure that owner-occupied homes in this disinvested neighborhood are not subject to below-market value distressed sales, but rather are transferred to new owner-occupants, through a transitional ownership by the West Side Corporation.

The Corporation's "Joint Venture" with the Milwaukee Board of Realtors allows West Side to purchase, rehab, and sell vacant and vandalized properties. To date, 10 properties have been turned around and are now owner-occupied.

There are many other examples that are going on in Milwaukee, such as a rehab program that is an apprenticeship program in the skilled building and construction. A community tavern and restaurant opened for only 13 months, with gross revenues of \$250,000 a year, employing 16 full- and part-time people.

Two Neighborhood Housing Services partnerships of local lenders, city and residents for rehab of homes in formerly redlined neighborhoods.

What is represented here is a variety of creative self-help efforts to make neighborhoods whole, healthy, and economically viable again, by and for the residents who live here. These projects represent a commitment to the neighborhoods they operate in, a commitment to do business in neighborhoods long abandoned by business, government, and a variety of community institutions. This business of rebuilding neighborhoods—creating mobs, revitalizing housing—is a difficult task. It involves not just bricks and mortar. It also involves rebuilding hope and a sense that there is a future in our central cities for those who have lived there for so long without hope.

What do we need to continue these efforts? We are not looking for massive infusions of Federal dollars to solve our problems. We are creating solutions through community controlled organizations and many of our efforts are more and more being financed through the private sector and creative financing alternatives. But urban neighborhood decline is the result of years of neglect and active abuse. The supported neighborhood and community organizations and community revitalization efforts must not be cut short at this point. I fear the consequences in our neighborhoods if it is.

In conclusion, I would like to outline a few of the programs and policies that have provided us with the weaponry to fight neighborhood decline. Several of these programs have been mentioned by the previous speakers.

First of all, the Community Reinvestment Act and the Home Mortgage Disclosure Act, so we have the help of encouraging private participation from the private sector in all of our efforts in our neighborhoods.

Second, the VISTA program to provide the energy, talent, and resources in our desolate and needy communities. VISTA volunteers who, living at poverty level themselves, help low-income people revitalize decaying urban neighborhoods.

Third, the National Consumer Cooperative Bank to provide financing for cooperative housing, cooperative stores, cooperative services.

Oftentimes the only way to rebuild business in our neighborhoods is the cooperative route. We are doing that, we will continue to create cooperatives, but we need adequate financing so our businesses and housing projects do not have to start severely undercapitalized and poorly financed.

We need community block grant dollars that are targeted to solving the problems of low and moderate income neighborhoods. We need dollars to rehab homes and businesses devastated by years of neglect, disinvestment, and unavailability of financing. We need a mandate that this money be spent in targeted areas for specific purposes that directly benefit the low/moderate income people. We need strong citizen participation requirements, for it is only when people are involved in the determination of needs and development of these programs that there is any benefit to them.

We need CETA and other job training programs to provide the labor for the jobs to be done and in a context that offers a future of skilled, stable employment.

Many of us, working in our neighborhoods, have begun the long road back. Some of us have started to turn the corner, but our problems are the result of years of neglect and active abuse. Our efforts must not be cut short at this point.

What we have at stake is the future of the heart of our cities, our neighborhoods. Thank you.

Representative REUSS. Thank you very much, Ms. Brill.

Although Democrats are having Jefferson Day dinners almost every other day and although the leaders of the Republican Party, including the President, have nuzzled to their bosom Thomas Jefferson in recent times, I'm struck by the fact that Jefferson's prime commandment about the need for ward Republics and neighborhood self-development is being totally disregarded.

The administration budget program deals very savage blows to neighborhood programs and now that budget has been confirmed in both bodies of the Congress, or will be very shortly, with a great many votes from the party of Jefferson and Jackson.

I want to turn to some of the testimony of Ms. Brill because I happen to know about many of the good things that are being done in her home town, which is also mine.

You point out that the neighborhoods need the VISTA program and in your testimony you describe what some of the VISTA volunteers have been doing. Notably, they are helping out in this very successful neighborhood credit union that you operate. The President's program includes the complete wiping out of VISTA, does it not?

Ms. BRILL. Yes.

Representative REUSS. You mentioned the National Consumer Cooperative Bank as having made some very helpful loans to a neighborhood group so that they could buy a number of tumbledown houses, rehabilitate them, and then make them available to homeowners and thus stabilize the neighborhood. The President's program would completely wipe out the National Consumer Cooperative Bank, would it not?

Ms. BRILL. Yes.

Representative REUSS. You mentioned the need for rehabilitation of neighborhoods. A leading tool for rehabilitation has been the section 312 program, has it not?

Ms. BRILL. Yes.

Representative REUSS. Has that been useful in your area?

Ms. BRILL. Yes; it has been very much so.

Representative REUSS. And the President's program would completely wipe that out, would it not?

Ms. BRILL. Yes; as I understand it.

Representative REUSS. You mentioned CETA workers as being helpful to neighborhood organizations. Have they, for example, assisted in your housing rehabilitation activities?

Ms. BRILL. Yes.

Representative REUSS. What have they done?

Ms. BRILL. The CETA workers worked on the crews of the neighborhood improvement project which is a program that offers no-cost rehabilitation to low-income and handicapped homeowners in the neighborhood who would otherwise have to give up their homes due to the amount of code violations on their properties. So the CETA workers have worked on that program and part of the program is, in addition to them participating in this effort which has really had an impact on our neighborhood, they have also been able to get training in the construction trades and then we have been able to place several of the CETA workers in unsubsidized private sector employment.

In addition, they have worked in our weatherization program which is a self-help weatherization effort for homeowners in the neighborhood, and all those resources would be lost.

Representative REUSS. Well, the question I have to ask of any member of the panel who cares to answer is: How could President Reagan, campaign for so many years on the basis of support for the neighborhoods, and a platform banner which we have reproduced here today which puts "Neighborhood" at the top of American values, now turn around and in his first few months in office remove practically every neighborhood self-help program there is?

Ms. BRILL. I would say briefly, I share your concern. The concern I have is what I hear is that the private sector will take up some of the job in some of these areas through tax benefits or whatever.

I'm concerned about that kind of approach because my experience in the few neighborhoods that I have worked in has been that the private sector was the first sector that, generally, left the neighborhood and that the gap that's oftentimes left is because there are no private sector services from banks, savings and loans, a variety of commercial and retail services.

I don't know about the kinds of solutions that are being offered. I'm very concerned about them. I don't see them as particularly viable in the kind of situations I've worked in.

Representative REUSS. In connection with that private sector observation of yours, why did you and your associates feel you needed to set up a neighborhood financial institution such as the credit union that you have described?

Ms. BRILL. Well, one of the things that we found when we started our neighborhood improvement project is that there are many people who were not eligible for that program, as it has very strict income guidelines. In order to serve other people who were just over the income guidelines, we attempted to have them get private financing.

Oftentimes, it was not available from banks and savings and loans.

Representative REUSS. Were there banks in the area?

Ms. Brill. There were no banks in the area. The last bank left the area in the late 1960's and now, actually, it's in a surrounding area, but there are no banks immediately serving the area, although many banks and savings and loans consider the Riverwest neighborhood as part of their service area and certainly people in the area save in those institutions. But what the credit union has been able to do is not just passively be there as a financial institution; it has been able to promote lending, promote second mortgage loans, promote home rehabilitation loans in the neighborhood to people who have not traditionally used financial institutions, either because they were turned down or they feel threatened by them or are not comfortable in applying for loans. So the credit union has been able to take a very active role in lending out its membership shares, but also in pursuing funds.

I mentioned the Wisconsin housing conservation loan program. It was a State bonding program that was bonded for \$20 million 2 years ago and is now in the State legislature to be bonded for \$100 million. That is low interest home rehabilitation money. The credit union last year lent out \$200,000 of that money at 2, 4, 6, and 8 percent. No other lending institution in the downtown or Eastside area was able to do that kind of lending in our area. So, it really fills the gap between the services we can provide and what people can get.

Representative REUSS. Are there other comments on what I perceive to be the current unfriendly attitude toward neighborhoods?

Mr. KOTLER. You're asking a very difficult question, Mr. Chairman. I suppose there are three possible alternatives to explain these cuts on the basis of the President's announced support for neighborhoods: either the necessary sacrifice of a genuine objective; or an abstract affection for the word "Neighborhood" without a practical commitment to its organization; or finally, prevarication.

Mr. LANDERS. Mr. Chairman, I don't mean to sound trite, but let's be honest about it. President Reagan hasn't lived in a neighborhood since how many years, nor do most of the folks who are formulating the policies that are going to impact on neighborhoods. I don't know when President Reagan left the last real neighborhood he lived in, but I'm sure he's living with a romanticized and ideal vision of what that neighborhood was about. And let's face it, in those days you weren't talking about the same kind of neighborhoods—there were different societies in those days. You weren't talking about neighborhoods dealing with the problems of integration and redlining and real estate practices and blockbusting. It didn't happen. The kinds of things that are impacting neighborhoods today with senior citizens and other problems, they just weren't talked about, or dealt with.

Today I think we are dealing at the neighborhood level. I would challenge anybody—the President, Mr. Stockman—to spend 1 year in a neighborhood, the kind of neighborhood we're talking about, and unless they have their head in the sand, I would say that they would come out with a very different image or picture of what neighborhoods need and what our problems are.

Mr. SIMPSON. Mr. Chairman, I think what has happened is that there's been a great gain for the word "neighborhood." We have reached the level of rhetorical acceptance so that politicians use the

label as a part of their slogan. As you point out, both parties adopted a "neighborhood" platform of sorts in their official party platforms. The difficulty is that this rhetoric is not followed up with any real understanding of neighborhoods as necessary institutions for growth, preservation, and revitalization of our country. We have seen this, not only in the President's rhetoric, but also in the rhetoric of some Members of Congress who have been willing to go along with these social cuts which are directly harming their constituents.

In Illinois, we have set up "people's hearings" with members of our congressional delegation from Illinois. I think our Congressmen, when the budget cuts were first proposed, were genuinely shocked to find out the full effects of these cuts. It's one thing to say you're going to cut a few billion here or a few million over there from some program in Washington that may fire a few bureaucrats and doesn't seem to have much impact, but when you find out what these cuts actually are doing is creating more unemployment in the neighborhood, taking away the staff of voluntary organizations, cutting out the day care programs for the children, taking away their school lunches, taking away food and medicine for actual constituents who live in the neighborhoods represented by Congressmen; then that's a far different matter.

I think the Members of Congress have miscalculated the depth and the great harm these cuts will do. If it were a matter of a balanced budget, we would all be happy to work on the problem of where Government waste can be eliminated. Both Congressmen and citizens could contribute ideas on how to cut waste. This budget doesn't cut waste. The deficit is almost as big when you finish as when you started. Of course, that's because of the 39-percent increase in military expenditures.

What's happened is that the President is just eliminating social programs whether they waste money or not and these funds are now to be spent on military spending. Military spending is inflationary. First of all, it will not help the economy. Military spending is not going to solve inflation and unemployment problems. Those of us who live in neighborhoods throughout the country understand this. We're not unmindful of it. But, unfortunately, the budget proposals are flying under slogans. Both parties are supposed to be for neighborhoods, but members of both parties are doing the very things that would most harm the neighborhood movement and Congress is doing very little to directly support the neighborhood movement.

Not only are there cuts on the budget side, but as I've studied the last Congress, there was no neighborhood empowerment legislation that ever got a full hearing or got to the floor. When we did our ranking of Congressmen and Senators on their neighborhood voting, we really had to take a liberal package of legislation because there was no neighborhood package that ever came to Congress.

Much of what we see currently is a direct attack against the neighborhoods and the communities in the form of budget cuts. But, with the exception of this hearing which is the first one by Congress in which we have actually had a hearing considering these questions from the neighborhood point of view, Congress has been unresponsive. This hearing is unprecedented. There have been previous hearings at which neighborhood people have testified for years, but there has

never been a hearing considering what neighborhoods mean for this country in the 1980's. This is actually a landmark hearing.

Thus, we need positive initiative on the part of Congress as well as the prevention of these disastrous cuts. And you might ask why we're hopeful. We've struggled a long time to come to where we've gotten. We're convinced that there's going to be a growth in sophistication by both neighborhood organizations and Congressmen over time and that these more positive legislative proposals for neighborhood empowerment and neighborhood funding will come. However, for now the proposed budget cuts are certainly disheartening and the lack of proposals for positive change in funding and empowering neighborhood organizations as well as the negative impact of existing laws and regulations such as the the postal regulations are serious problems. We are here today to testify that there are many areas in which the neighborhoods could be benefited if anybody cared. If the slogan about neighborhoods was not used as a political slogan and rhetoric, but if Congressmen genuinely cared to rebuild the communities of this country, they could be rebuilt.

The people of the neighborhoods stand ready to do it. We need some guidance, leadership, and support and that's what we have not got even very much of from the National Government. And now we're faced with literally an attack on the well-being and future of the neighborhoods.

Representative REUSS. Thank you. Congressman Richmond.

Representative RICHMOND. Thank you, Mr. Chairman.

Mr. Simpson, I think one of the great problems of our neighborhoods is the senior citizens because you find so many senior citizens living in particularly these older neighborhoods alone, needing all types of services, and the big problem is to keep them out of institutions. I have recently introduced a bill which would allow senior citizens—any senior citizen—to visit his or her local school at 1 p.m. after the children finish lunch—we already have the light, heat and rent paid for and we have the kitchen staff—and participate in a typical school lunch which would give them their main nutrition for the day. And after that they could spend the afternoon either in the classroom as paraprofessionals tutoring the children or visiting the gymnasium and watching a basketball game being played, or using one of the spare rooms in the school for bingo or what have you. Then as they left, they would receive a small snack of a roll, a piece of cheese, a piece of fruit, and such other surplus commodities as we have.

This entire program would cost \$1.35. I personally feel that for \$1.35 a day, which is minuscule, we possibly could keep an awful lot of people in the neighborhood in their own apartments out of institutions, out of nursing homes which cost \$80 a day for the facilities up to \$200 a day.

What do you think of a program of that type?

Mr. SIMPSON. I think the concept is excellent.

Representative RICHMOND. Would it work? Would senior citizens go to a school for lunch and spend the afternoon there and have some recreation?

Mr. SIMPSON. We have similar programs, of course, in the hot food programs that are provided for seniors now. The issue you're addressing is that this existing program is too small.

Representative RICHMOND. That is roughly \$3.85 a day.

Mr. SIMPSON. My only point is that we have already proven that programs which provide food and program activities for seniors will work. Seniors will participate and they will benefit from it. When I was an alderman in Chicago I helped to get the food programs in my own community and I'm directly familiar with them.

What your suggestion does is to expand existing programs to the level where you can increase the number of people who take advantage of them. Essentially the hot food program was always limited not just by the cost but by the problem of setting it up. The use of the school is an excellent idea. I would have to point out, though, that it will not only be the cost of the food that will be required to make this new program work. These kinds of programs in the past have used CETA and VISTA workers and other staff who can actually administer the program and provide the other necessary components, such as the use of seniors as teacher aides and the planning of the activities and programs for the seniors themselves. Even the existing program has been more than just food. A staff was required for the programs which allowed the senior citizens to do something, not just eat a meal. So such a program is going to require personnel. You really have a double thrust, providing food and giving seniors useful activities.

Using the school building is excellent. In Illinois there's a long-standing State law called the lighted school house program. It was begun in World War II. Its concept was essentially the same as yours. The school buildings already exist. Let's make use of the existing facility and use it for other activities in the community. That was abandoned in Illinois for lack of funding. So your concept has great merit. But it needs not only the concept of the food but the concept of the supporting program which is not terribly expensive with the VISTA volunteers we're talking about. You don't need too many, but you need some of them.

Representative RICHMOND. On the other hand, chances are if these senior citizens could give substantial assistance to the teachers and the school through 1-to-1 reading and what have you, I assume perhaps the school might have one person that could help the senior citizens.

Mr. SIMPSON. I'm afraid there you run into the reality of the current budgets, at least in the major cities. While the idea has merit and while, in fact, the actual tutoring by the senior citizens is worth more than the cost, my guess is that schools under their current financial and administrative arrangements could not provide the additional personnel for coordination. I don't know whether you have ever run tutoring programs or been around them, but they work marvelously if you actually put the adults and the children together. But it always requires a staff administrator to get the right adult and the right child together.

This is what community organizations are all about. What we do is take massive amounts of volunteer time and effort and coordinate it so that it is effective. Without the coordination, we can't do what is needed. So it's not only the matter of the actual food and getting the seniors to the building. My experience with the schools is that they are very rigid and they have budget crunches that are very bad. You'll be able to transform the schools with this program only if you provide the person to coordinate it.



Representative RICHMOND. And in your opinion the seniors would participate in the program?

Mr. SIMPSON. They certainly would. They participate in all meaningful activities that are proposed and the additional inducement of having meals would help to solve their nutritional problems and their financial problems. But all of these things which we do require coordinating. In our communities, we do the same kind of thing. We're trying to knit together existing resources without vast expenditures to achieve our purposes better, but they require additional staff. These efforts require a total program and they require commitment.

Representative RICHMOND. Just think how much money would be saved by keeping the senior citizens out of institutions. Obviously, you will never find a senior who wants to be institutionalized. The only reason they go there is because they can't take care of themselves.

Mr. SIMPSON. And when they become institutionalized, they become sick. Once they do become institutionalized in a nursing home, they're automatically made sick.

Representative RICHMOND. And then you're talking about lots and lots of money.

Mr. SIMPSON. Yes.

Mr. LANDERS. I'd like to comment on that. I'm not as optimistic about seniors using that kind of service, to be quite honest with you. Many of the seniors in our area will not go out of the house and will not ride on a bus during the hours of the day that the schoolchildren are on the buses because more often than not they are victimized by young people. I just would have a lot of concern about whether the program would be used and if it is really cost effective. I think one of the reasons senior programs have worked so well is because they have provided this sort of wholistic approach. I think there would be a large number of seniors who would hesitate to come to the school facilities because of the conditions within the school facility.

I don't know if you have been in a junior high school hallway during the change of classes any time recently, but it's no picnic or Sunday lunch. I'm just saying I would have some concern, because of the things we hear coming out loud and clear from seniors is this problem of safety, and the statistics surely support what they're saying. After all, more often than not, they are the ones who are victimized in terms of street crimes and so forth.

So I would just hope that you take a very careful look at that before proceeding.

Representative RICHMOND. Mr. Kotler and Ms. Brill, how do you feel about it? Of course, I assume the neighborhood organizations in those local areas would help in the outreach and help in the supervision of this type of program.

Ms. BRILL. Just at first glance, it sounds like a very good program. One of the unfortunate things that's happened recently is, with the CETA cutbacks, Milwaukee lost the neighborhood security program. We had a program that was supported by the CETA program for persons potentially interested in becoming police officers. They walked the neighborhood in uniform. They did not carry guns but carried walkie-talkies and escorted people, mainly senior citizens, but were very visible and very effective, and I think that would be a very good part of the kind of program you're talking about.

Unfortunately, they are no longer in existence because of the CETA cutback, but other than the concerns that were just mentioned about, oftentimes the perception of the school being a violent place is something that the seniors certainly have. I think it would be a very successful program in our neighborhood, for instance.

Mr. KOTLER. Of course, the most striking thing about your proposal is the suggestion that our senior citizens can willingly shoulder new responsibilities in the community by tutoring and assisting students. That's the most valuable idea, and that responsibility in any community situation would create a leadership among the senior citizens which could overcome certain obstacles. For the sake of that responsibility, senior citizens would take certain risks in going to the school. These risks could further be reduced with transportation assistance.

Representative RICHMOND. Mr. Kotler, even if the program were only 10- or 15-percent effective, just think how many of them we could keep out of institutions and how that would change our cost of health care in the United States.

Mr. KOTLER. And how many young people could be assisted in their education.

Representative RICHMOND. The program doesn't have to be fantastically successful in order to work well, because any senior who wants to come to a local school and wants to have lunch and wants to do tutoring in the afternoon would come, and one thing sure is, you would be helping the children and helping the seniors stay out of the institutions. That's the biggest health care cost we have in the United States. That represents over a third of our total health costs.

Mr. KOTLER. It's good neighborhood thinking.

Representative RICHMOND. Block grants, I assume, all of us here would be very much against because of the problem that once the Federal Government gives block grants to States, we have no control over where they go and they are not likely to get into neighborhoods. Do you all feel that way?

Mr. SIMPSON. You're talking about the new proposed block grants for the social services?

Representative RICHMOND. Right.

Mr. SIMPSON. I think one of the effects of these proposed new block grants will be to suspend all Federal standards. You can't require education for handicapped children.

Representative RICHMOND. And Federal accountability.

Mr. SIMPSON. Or any accountability for funds, once you give money to the States and say do whatever you want in social services. First of all, the funds are being cut in every case 25 percent or more. Second, all the standards are being suspended, so you're no longer required to meet any standard of service or care.

Representative RICHMOND. So we'll end up with more convention centers in more States.

Mr. SIMPSON. What you'll end up with are groups that aren't very politically powerful losing their essential programs. Take the handicapped. The handicapped are going to lose out because they will end up not being able to fight against the more politically powerful interest groups with their clout and lobbyists. You'll pit all social

groups against each other and the ones that need the services most are going to be the least able to demand them. As a result there are going to be sectors of society that are going to be ravaged.

While one wouldn't want to argue that all categorical programs are good—some of them are bad and some need to be eliminated—the notion of simply throwing everybody to the wolves to fight it out for the few remaining dollars is cruel. We're going to have more problems with these block grants than we had under the existing categorical programs and the human costs, again, are going to be very great.

The worst and most negative aspect of the current cuts—remembering that we have lived through Government changes before and we can live through almost any policy changes but these cuts are going to hurt a lot of human beings. The other negative aspect about the cuts that I don't think has been considered very much outside of Congress is that we're really changing major public policies under the guise of budget cutting.

I teach at a university. There are 17,000 full-time students at my university and another 3,000 or 4,000 part-time students. Of those full-time students, 6,000 of them, according to our university administration, are going either to lose totally their student loans and grants or have them reduced. I didn't know that the Congress of the United States had decided, for instance, to close 500 liberal arts colleges in the United States and do away with liberal arts education. I didn't know in public universities that we had decided, as public policy, to only let the rich and the very poor go to college and that the working class and lower middle class no longer need college opportunities. That's the effect of these cuts. This is not an education policy that has been carefully studied and considered. The same is true in the social services too. We didn't know when block grants were proposed that the purpose was to cut handicapped people out of block grants, but that's what these block grants do. That's the inevitable consequence of going to block grants. We didn't say to the American people that we were going to suspend all the Federal standards for decent education in the public schools, but that's what these block grants do. You are taking away the right to bilingual education, handicapped education, and special education when you lump them all in the education block grant. There's no funds left for these programs.

In Illinois, one of the things first to go in the Governor's additional \$200 million cuts were these specialized programs. We're not going to have bilingual education or education for the handicapped in the State of Illinois any more if the Governor's program is adopted. There's as much pressure in the State legislature to pass the State budget cuts as there is in Congress to pass the Federal budget cuts. These are truly devastating cuts.

Mr. KOTLER. Mr. Chairman, for your own information, I just returned from Wilmington where I met with a number of groups as well as with Prof. David Ames, the dean of the Urban Affairs Department at the University of Delaware. He reported to me that certain calculations now indicate that 25-percent Federal cuts in human resources programs could produce 60-percent cuts at the State level when you add imminent State legislative action. I raise this and

suggest you might want to contact Mr. Ames and see how he and his group arrived at his calculation. I have not seen any research yet of the multiplier effect of the Federal cuts at the State level.

Representative RICHMOND. Thank you.

Representative REUSS. Thank you. Before recognizing Senator Sarbanes, I want to say that the testimony of all four witnesses has been, in my view, simply devastating; that there apparently is an attempt by the administration to undo most of the things which have helped neighborhoods in the last decade. We invited here this morning the top representatives of the administration—the Secretary of HUD, the various under secretaries of HUD, the various assistant secretaries of HUD, the various policymakers of HUD—and it's been a total no-show. I would add that if anybody from the administration cares to make a defense of the antineighborhood position of the administration, this committee will be open to them on a few days notice any time they decide that there's anything to be said for their position.

Senator Sarbanes.

Senator SARBANES. Thank you, Mr. Chairman.

First of all, I want to commend you for holding these hearings. I think it's very important that the impact upon our neighborhoods of what's being done at the Federal level be placed on the public record in as full and complete detail as is possible, and I join you in expressing regrets that the administration has not seen fit to come in and present its point of view on this matter because I think, as Mr. Simpson just said, in the guise of budget cuts, some very far-reaching policy changes are being made.

Although that automatically—the budget, in any event, encompasses a range of policy decisions and people have to just understand and appreciate that, and the notion that all that's being done is a pruning of the tree is really not accurate. What's being done is a lot of these trees are being ripped up by the roots with all the consequences that flow from that.

Baltimore is cited, Mr. Chairman, across the country now as a city that's had an incredible renaissance. That's true. Visitors often focus on the downtown and what's happening there, and that's pretty impressive. But I think in a way more fundamental to our renaissance and a firmer basis for it is what's been happening out in the neighborhoods and I'm particularly pleased that Jody Landers is here because the Harbel organization of which he's the operating head has really done an incredibly fine job. I'm very familiar with their work. In fact, we have worked together over the years and they and similar organizations throughout our city really can claim the credit for what's been accomplished there.

I also serve on the Banking Committee, as does the chairman on the House side, and we have just marked up the housing bill and we have gone through some very difficult fights there, and I'm sure you all are aware of it, but I need to alert you to the facts. We were able, after a strenuous effort, to hold on to some citizen participation requirement, only we had to fight like for our lives simply to hold on to the requirement of a hearing with respect to the community development block grant—simply to hold on to requiring that there be a public hearing at which citizens be able to come in and comment about the proposed use

of the community development block grant money. We were able to get that into the bill. The administration opposed having a hearing.

It has nothing to do with complying with substantive standards. Those, as you know, are being taken out of the bill with respect to the community development block grant, and what the focus is supposed to be and what problems are to be concentrated on, the full formulation of a plan and all the rest of it; but even what I regard as virtually minimal levels of citizen participation—there was an effort to eliminate those. We have held on to them. I'm hopeful that the House, in the course of its markup, will go well beyond that and perhaps we can do even better in conference.

The Consumer Cooperative Bank, we just managed to keep it alive. That's about what it amounts to in the markup, and I don't know whether the Reinvestment Act is going to be up next for targeting or not.

As one who was involved in trying to get those on the statute books, we are concerned about that effort as well. It is asserted to us by the administration that the private sector will pick up all of the—or a good part of what's being cut out. Namely, it's being thrown back to the local level and the local community and everybody is being called upon to come forward.

What's your expectation that that will happen? Ms. Brill, I noticed you talked about the loss of your CETA workers and your VISTA workers and the 312 money and the co-op money and so forth. What's your expectation in response to this administration notion that somehow the private sector is going to pick all this up, you and the other members of the panel?

Ms. BRILL. I have very little expectation that that will happen. As I mentioned in my comments, we have been able to get more and more participation from the private sector in a variety of our projects, but we have been able to get that because of the Community Reinvestment Act and because of some of the information we have been able to get from the Home Mortgage Disclosure Act about the participation of financial institutions in our neighborhoods. I believe, without those, we would not even have gotten to the point where we are today.

The kind of participation we receive, for instance, is in our purchase, rehab, and sale program. Some of the financing for the rehab of the properties is from private savings and loans and banks. So they are part of the program and they are lending dollars in neighborhoods where formerly they were not lending dollars. But it's a long way from playing that role to initiating programs and looking at neighborhoods and planning for neighborhoods and developing the variety of programs to deal with the problems in neighborhoods.

As I mentioned before, I think a lot of the problems we're facing are because the private sector has fled a lot of the neighborhoods. You can see it in the commercial strips. They're vacant and they're boarded up. The old bank buildings are empty.

I don't know what will encourage the private sector to leap back into these neighborhoods today. I don't see that. I don't have the faith that the administration has. We will certainly continue to work to get as much private sector involvement in job creation and housing rehab and lending and all the kinds of things we're working on now, but I'm not very optimistic that that kind of involvement will come just out of the good will of the private sector.

Senator SARBANES. Mr. Landers.

Mr. LANDERS. Senator Sarbanes, it's good to see you again. I would just say that in Baltimore it's estimated that the loss of the purchasing power in terms of these programs is in the vicinity of \$350 million. It's difficult to see, in the face of a loss of that size, that amount of purchasing power, how the private sector is going to be able to do anything in the near term and even for the next few years.

It's interesting that even now, in talking to businesses in our area, they are hurting, and with the impact of these cuts, particularly in the urban areas where you're putting 3,000 people out of work on top of those who are already out of work—I just shudder to think of the impact it will have on our local economy.

So I don't know what private sector the administration is referring to, but I venture to say that I expect it to get much worse in terms of layoffs and people out of work because of the loss of this purchasing power and these dollars in the economy of the urban areas.

Mr. SIMPSON. Senator, I think our experience has been that the private sector can indeed be helpful. However, businesses are most helpful when it is in their interest to be helpful, and it is not in their interest under the proposed legislation. Let me use the example of the Community Reinvestment Act. I'm the original author of the Chicago ordinance on bank redlining which we passed when I was alderman in the Chicago City Council, and it eventually passed as the national standard as well. What we were trying to do then was to get financial institutions to do their duty to their own community. We required disclosure of their deposits and loans and then deposited city funds accordingly. They were given an incentive. If they wanted to stay a bank and get our city funds, they knew they first had to disclose what they were doing and, second, they had an incentive to reinvest in their own community because they were being watched.

I would suggest that in the current situation for instance, changes in the tax law, not general tax cuts such as the administration has proposed. If you want to give a tax cut, give a tax cut that only goes for specific purposes of financial or capital reinvestment in ways in which you want to direct the private sector to reinvest. Thus, a simple amendment to the administration's tax cut would change the whole tax cut question. Then you would be giving an incentive to the private sector to invest in new plants, in job creation, and in our neighborhoods.

There are other kinds of regulations that would provide incentives for the private sector to do what it should do in its own neighborhoods and communities. All of this is in the private sector's own self-interest, but it's in their long-term interest, not the immediate self-interest. We talked earlier about some of the tax laws as they affect individuals who contribute to neighborhood organizations. I talked about the possibility of a tax checkoff system in which the neighborhood would get funds from a neighborhood tax checkoff. This is an attempt to encourage individuals and corporations to support neighborhood organizations by giving them benefits, in this case, profits for doing so.

So I think that legislation has to be designed to make it profitable for the private sector to do the things that we want the private sector to do.

As to the community development block grants which you have been discussing, yes, all of us are discouraged to see the citizen participation regulations knocked out. The community development block grant, as I testified earlier, didn't go far enough in the old system. What we really need is the right to have neighborhood planning and the right of empowerment of existing organizations. We need to require that all proposed Federal expenditures provide neighborhood impact statements just as we require an environmental impact statement. And neighborhood groups must have the right to testify as to whether the neighborhood impact statements are true or not. So we really need a better law and better regulations regarding the community development block grants.

In Chicago, there have been 14 complaints against the city of Chicago for its use of community development block grants. These have been filed by many different community and civic organizations. They have merit. But, under the previous administration, not a single complaint was upheld. HUD has never cut off funds for the most flagrant violations of the old CDBG standards. Now the Senate is proposing even eliminating the standards. If we do that, it's a very serious step.

Thus we believe that the President and the Congress are making fundamental policy changes which have little to do with the budget cutting which don't reduce the Federal budget deficit at all but which literally devastate our communities.

What we have asked is to be empowered, not to be weakened. What we have asked is the right to take more responsibility and to do more for our communities rather than being forced to do less because we lack of resources and lack authority. I would hope to see the kind of leadership emerging in the Congress that would articulate these views which would in the long haul be a political constituency which would manifest the public support needed for neighborhood empowerment. I think there is already considerable public support base for strengthening neighborhoods. I think there is an inherent good will for the idea of neighborhoods providing their own services and doing their own rebuilding as well as rebuilding America, but we are, as you suggest, under great attack with the current cuts and policy changes. We greatly need the kind of leadership which this committee potentially represents—Members of Congress in the House and the Senate who will advocate a genuine neighborhood position that we can support. We stand ready to support those public officials who will give leadership and will articulate these goals. We think the majority of the American people are with us on this issue.

If Americans were asked whether neighborhoods should be further destroyed or given a chance to rebuild themselves—the American people would clearly be on the side of neighborhoods being given the opportunity to rebuild themselves. That's not what the current policies—neither the proposed budget cuts nor the current changes in law. They do the exact opposite.

Senator SARBANES. Mr. Chairman, I just thought I'd note in terms of the breadth of the attack that one of our exhibits here is the papers edited by Professor Simpson and Fred Hess on neighborhood revitalization, and I note that they are a product and resource of the community renewal society's program on "Unemployment and the Future of

Work," funded in part by the National Endowment for the Humanities.

Mr. SIMPSON. That's right. They were paid for by the National Endowment for the Humanities, which is being slashed 50 percent in its funding.

Senator SARBANES. So everywhere you look, it's happening. Mr. Kotler.

Mr. KOTLER. To your question about the administration's proposition that the private sector will pick up the slack, I can only say that, at best, that is a theorem which is causing great dread among our friends in the foundation world and in industry.

Senator SARBANES. Would you go a step further and say, contrary to the administration's premise, that the various programs which have combined on the one hand putting money into the neighborhoods, public money in one way or another, to address a whole range of problems and therefore to create a more attractive environment for private participation, coupled with some of the requirements contained in things like the Community Reinvestment Act, which I guess in a sense come under the rubric of regulation, which is another area we are addressing—but that those things have in fact induced and encouraged private contribution because they helped to create a basic environment or framework in which it becomes more attractive, more sensible, more logical, more productive for the private commitments to be made, and that therefore the slashing of those programs and their elimination, rather than creating an opportunity for the private sector to step in and participate, will in fact discourage the private sector from participating because they won't be interrelating with the public contribution?

I think that's our experience in Baltimore. We have been able, through putting in public moneys, to create in many instances what are the basic infrastructures, however you want to refer to it, which then the private sector responds to, so you draw out a greater contribution from the private sector than I think would otherwise be the case, and certainly more than will be the case if you drop all of the public participation at which point they will look at the situation and say, well, there's just no logic in participating.

Mr. KOTLER. Certainly, Senator, private participation has been a tested result of public inducement. We are exchanging that tested result with a theorem. That appears to me to be a reckless exchange and motivated, as I can see, by a deep, powerful ideological urge. I cannot see any merit in that kind of exchange.

Mr. SIMPSON. There's a specific example of this in housing. We finally have gotten to the point where we have neighborhood housing renovation programs. Neighborhood rehab corporations saved homes. In Chicago, we have a net loss of 12,500 housing units a year. We're losing that many units even after all the new construction. The housing stock we have in Chicago is basically sound. But at the current rate of loss, we are throwing away more housing units than we can afford to build. Even the private sector cannot afford to rebuild the houses that are lost, but publicly supported neighborhood corporations are renovating some housing. In addition, they are buying all their products used in renovation locally. They're not buying their hammers or saws or nails or lumber in Washington. Neighborhood housing



renovation is stimulating the private sector. It's starting renovation corporations that didn't exist before in the inner-city. It's saving housing stock that nobody could afford to build anew.

And yet this administration is proposing to cut all of those funds. So that means for cities like mine and yours, cities like Chicago, that we're faced with continued housing abandonment. I estimate that the city of Chicago is going to lose more than \$100 million directly in the cuts. That's a very conservative estimate. That means that we will have to raise our property tax by one-third in the city of Chicago to pay for the services that are now being provided by Federal funds. We can cut a few of those as frills but not most of them. Higher property taxes are going to cause more abandonment of housing. Our problem is going to worsen.

So instead of losing 12,500 housing units, we're going to start losing 15,000, 18,000, or 20,000 units a year. This housing can never be replaced. We cannot afford to lose that housing. It's a permanent loss and it's a direct outcome of the proposed policies. It unconscionable. This is only one example, but it's a clear one of the economic effects of cutting small programs in the Federal budget related to housing renovation.

Senator **SARBANES**. Thank you, Mr. Chairman.

Representative **REUSS**. Thank you, Senator Sarbanes.

Mr. Landers, at the start of your remarks this morning, you pointed out, perfectly understandable as far as I'm concerned, that you were glad to come down here this morning but that you weren't sure it would do any good. And that may be. However, I was particularly distressed by a specific example you gave.

The Postal Service it turns out, confronted by a law of Congress which says that they should give group rates and special mailing rates to "philanthropic" organizations, has been doing something very strange. Their regulation under that congressional law defines a philanthropic organization quite reasonably as one which is organized for "lessening of the burdens of government, promotion of social welfare by organizations designed to accomplish it, lessening of neighborhood tensions, eliminating prejudice and discrimination, combating deterioration," which sounds exactly like a definition of a neighborhood organization and all of the things the neighborhood organizations do. Then we come to something which says that "citizens and civic improvement associations do not qualify."

Am I right that under that the Postal Service denied your organization special rate qualifications?

Mr. **LANDERS**. Harbel, my organization, has been able to get the special rates because we have gone through and gotten the 501(c)(3) status which took us approximately 1½ years with some volunteer attorneys' help.

Representative **REUSS**. That's the kind of status enjoyed by the Rockefeller Foundation and the Ford Foundation and other big outfits?

Mr. **SIMPSON**. Exactly, the people or the organizations that have been denied this are the local units, the neighborhood association at the base level in the community, and under the regulations we are not allowed to even let these other organizations mail out under our permit because they are separate corporations. It's a "Catch-22" in the regulation.

Representative REUSS. And, its those actual neighborhood organizations—as opposed to a federation or a holding company, however worthy they may be—that represent the actual grass roots where the folks live. And it's the neighborhood organizations which ought to get the special rate so they can better communicate, is it not?

Mr. LANDERS. Absolutely, and more often than not, they are the groups through which these activities occur. I mean, they are the organizations that are actually doing activities which will lessen the burdens of Government and so forth.

Representative REUSS. I find this regulation of the Postal Service like a crooked insurance policy. The big print gives it to you and the little print takes it away.

Mr. LANDERS. The annotations are mine, incidentally, on the handout.

Representative REUSS. Let me just ask Mr. Kotler and Mr. Simpson who perhaps are more familiar with this on a national basis: Has the Postal Service been bobbing off neighborhood organizations as alleged?

Mr. KOTLER. Well, I would just add another dimension. The National Association of Neighborhoods just joined a suit against the Postal Service to permit neighborhood organizations to put their literature in mailboxes without stamps. We can't even put our hand-outs in neighborhood mailboxes, hand-delivered by our volunteers.

Representative REUSS. Leaving that extra outrage to one side, it is true, then, that genuine neighborhood organizations—organized to lessen the burdens of government, promote social welfare, ease neighborhood tensions and prejudice and discrimination, and to combat community deterioration—which seek from the Postal Service that special rate, are being zapped; that they're kicked around and denied the special rate?

Mr. KOTLER. The Postal Service requires a 501(c)(3) technical ruling, and short of having that, which is simply something that a great number of our neighborhood organizations do not have, they can't.

Representative REUSS. Neighborhood organizations shouldn't be asked to get a technical ruling. I have gone through that process many times and it's a back-breaking, time-consuming, dollar-costing venture.

Mr. KOTLER. There could be other ways of verifying the public purposes of the organization other than the extremely costly process of serving a 501(c)(3).

Mr. SIMPSON. The simple way, I assume, to change the regulation is to allow the State not-for-profit organizations which do these things to qualify. To be a not-for-profit corporation in the State of Illinois, you have to have \$25 and file a sheet of paper with the secretary of state and it's done. It doesn't require a 501(c)(3) and it doesn't take 2 years. Nearly any organization can comply with State incorporation standards. So rewriting the regulation is relatively simple. It's a matter of whether there is the will.

The Postal Service, like all the other Federal Government bureaucracy, are not particularly interested in furthering the activities of community organizations, but this is one good example of a regulation that hurts neighborhoods.

Representative REUSS. I don't see why you even need to rewrite the regulation. All you need is to cut out the crooked insurance policy

fine print in which they take away what they have just apparently given.

Well, are you Mr. Landers, and any other members of the panel, able to present to us actual evidence that the Postal Service has in fact denied to a philanthropic neighborhood organization the right which Congress meant to give it for the normal special rate?

Mr. LANDERS. Oh, yes, we have a number.

Representative REUSS. If you will provide that evidence, I will write a letter to the Postal Service calling to their attention the impeachment proceedings under the Constitution and other little focusers of their attention which may help. I think this is simply disgusting.

Mr. LANDERS. Mr. Chairman, one of the problems with this regulation, if you read it, it even gets worse, because there's a clause in here which indicates that even if a neighborhood organization has the 501(c)(3) rating it does not necessarily require the Postal Service to grant said organization the permit.

Representative REUSS. And more than that, they specifically say—and this is to their credit—that if you don't have one, that doesn't prevent you from having one.

Mr. LANDERS. That's right. So they've got you coming and going. One of the problems has been that we have been able to learn that there have been some postmasters that have given neighborhood associations the status and others who don't, and under this regulation they can almost do what they want with neighborhood associations.

We have had meetings with the local postal officials responsible for administering it and all they have been able to do is tell us it doesn't make sense to change the regulations; that what we should do is go back and change the purposes of our organizations to fit within the exact wording in these regulations; which, even if we did that, under their regulations they could still come back and deny us the permit.

Representative REUSS. Perhaps this is another example of their private sector approach. That is to say, if we zap the neighborhood organizations and favor the private sector, then the private sector will be heard to come to their relief. There may be something to that because I note several things. One, that magazines, including Playboy magazine, get large subsidies, of course, from the taxpayers for the postal distribution of their magazines, but I'm heartened because the very worthy National Neighborhood Platform of the National Association of Neighborhoods, which I have in my hand here, says on the flyleaf "Printing donated by the Playboy Foundation." So maybe they will cite this as an example of bread on the waters.

But anyway, the problem of helping neighborhood organizations, I think, could be more directly undertaken, and if you will supply us with that information, we will see what we can do.

Senator Sarbanes.

Senator SARBANES. I have no more questions.

Representative REUSS. Well, this has been a fine hearing. The problem is great. The road is all uphill. We shall persevere. Thank you very much.

We stand in adjournment.

[Whereupon, at 11:55 a.m., the committee adjourned, subject to the call of the Chair.]