

Useful Community Development

Aspects Of Community Development:

Beautification

Code Enforcement

Comm Dev
Overview

Community
Organizations

Crime Prevention

Deed Restrictions

Economic
Development

Housing

Planning

Redevelopment

Sprawl

Sustainability

Zoning

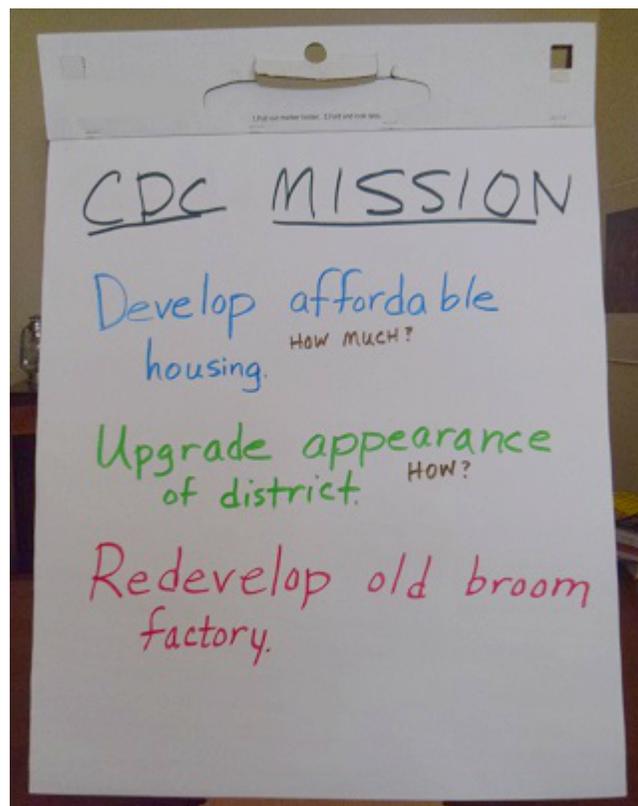
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Visitors Say:

Why Start a Community Development Corporation

To start a community development corporation, you need to take these steps:

- define the community need and geographic boundaries
- find some like-minded individuals
- form a steering committee
- discuss and refine your statement of need and preferred focus areas
- determine whether you will duplicate efforts of any existing organization, and if so, try to join or reform it
- share your vision informally with some community members and incorporate their criticisms and priorities
- provide a face-to-face forum in which interested individuals are invited to learn of the vision of the steering committee



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- think about how you will have enough money to complete one or two early projects
- find a sympathetic attorney who will do some early work for you pro bono, schedule a consultation, determine the legal form of the corporation, and recruit and name an initial board of directors
- actually start a community development corporation, get some money together, apply for non-profit status providing you want it

Define the Need to Start a Community Development Corporation

These are often abbreviated to CDC, by the way, and we will use that convention too. Do not be confused with a U.S. government health

agency using those initials; we will not be talking about public health on this page.

If you just like start-ups--and some of us fall in that category--look for another community development project. This start-up will be lots of work and can lead to years of frustration if not carefully conceived.

Make sure there is a real need that existing governments, organizations, for-profit businesses, and non-profits cannot or will not meet.

Sometimes it seems easier to start a community development corporation than to reform an old organization or a local government, but in the end, you should think twice about whether that is really true.

Determining Duplication of Effort

Try not to start a community development corporation if someone else is already handling neighborhood issues satisfactorily or if the issue that's causing you to organize is minor.



If you don't get along with other community organizations, I understand. But try harder, or try to take over their organization or persuade them to your perspective.

It takes effort to start a community development corporation, not to mention some legal fees and yearly maintenance fees. Why do that if it's unnecessary?

What Community Development Corporations Do

When you start a community development corporation, you'll often be asked what CDCs actually do. While each situation will be unique and you may have one or two ideas that you want to begin with, it's good to know the range of projects that other knowledgeable people may associate with CDCs.

Typical CDC activities are:

- Provide [affordable housing](#) by buying, [renovating](#), or building for sale or rental properties
- [Economic development](#) (developing real estate, [attracting businesses](#), forming new businesses, job training, summer work programs, and such)
- Provide social services (shelters, [community poverty](#) relief, case work, substance abuse programs, social skills and budgeting training, [IDAs](#))
- Assist neighbors in getting to know each other (building social capital) or [community organizing](#) to get more attention from government and other funders
- Do cleanup or [beautification](#) projects (clean up eyesores or [streams](#), demolish [abandoned buildings](#), or add plantings, banners, [public art](#), new [streetscape](#))
- Branding a neighborhood (new logos, banners, signature events, [neighborhood boundaries](#), names)

Larger, older corporations may provide all or most of these services, and indeed as you can see from the number of these activities that are discussed on separate pages, a CDC's mission is intimately related to community development in the very broad sense, as we use it on this website.



Some visitors have asked for a list of CDC activities. The best report on [what CDCs do](#) would be from the National Alliance of Community Economic Development Associations, NACEDA. Open that link, scroll down to the entry for State and Local Affordable Housing/Community Development Associations: A 2014 Family Portrait and click on it. This opens a spreadsheet. You will find many interesting tidbits there, but see tab E, Programs and Activities, for their rundown on the subject.

Finding Like-Minded Individuals

I hope you're already aware of other existing [community organizations](#), but if not, now is the time to become very familiar with them.

If you're affiliated with one, venture over to a meeting of the other, if you can do so without hostility. (If not, mend fences with the leadership in private.)

Try to learn everything happening in the geographic area where you want to start a community development corporation.

Network, talk to your neighbors, go to events, broaden your horizons in general, and be out and about talking with folks. As you do, discuss why you want to start a community development corporation with anyone who seems to share some of your perspective on the area and its policy issues.

Talk to old and new friends till you have at least three or four others who may be interested.

Forming a Steering Committee for the Possible CDC

When you have a list of four or five, including yourself, you have a committee if the others are willing to meet and stick with it.

Someone who doesn't attend and doesn't explain their absence probably isn't really interested, so you need

Relevant Page:



[Nonprofit Housing Developers](#)



[Neighborhood Character](#)



[Housing Renovation](#)



to check again on whether they will participate.

[Neighborhood PI](#)

This committee will have quite a bit of work ahead of it, although it isn't necessary that these particular people continue with the CDC after it is formed.

Keeping this point in mind, if you have trouble with attendance and keeping people interested, continue to reach out and also find some people who are skilled in community development or paid to work with the community in some capacity.

Leaders in any organization, including congregations, know how to approach new initiatives. Sometimes a local university will have either faculty or students who will be interested in helping you start a community development corporation, and there's nothing wrong with using that expertise.

Refining Your Statement of Why You Need to Start a Community Development Corporation

By this point, you should have an idea of what people (including yourself) think the CDC should do, or maybe shouldn't try to do.

Maybe by now some possible projects seem too ambitious, and instead of doing 10 things, you feel as though the corporation should be more focused. Take this approach if you discover organizations you didn't know about at the beginning.

For example, you might think a youth drug problem is a major reason to start a community development corporation, but you might learn that there is already an effective organization working on that issue.

Meanwhile if no one is working on the jobs issue, [economic development](#) might become the major focus of your CDC.

Incidentally there will be people who tell you that a CDC always has an important [affordable housing](#) component, but I don't believe it. All community development approaches are local.

TOP

Sharing the Community Development Corporation's Vision with the Community

If you do not live in the community where you want to start a community development corporation, especially, you should work hard at this point to make sure that you have talked with many real, ordinary residents.

Sometimes if it's a community with problems of [poverty](#), you'll find that initiating a CDC is remote from the daily

struggles of existence, and so the people who are thinking long-range about this community don't live there.

That's great; the U.S. and many countries would be nowhere without altruism. But if you're an outsider looking in, you must now recruit "just folks" for your team.

Get to know them. If necessary, try free food and summer festivals, but also go where they go if you possibly can. That might be a worship service, the street corner, a game, park, bar, ward meeting, or whatever it takes.

Then when you meet people, ask them about your vision to start a community development corporation and see what needs they think it might address.

Don't be surprised to find the locals skeptical that any new corporation or organization could help them out of their dire situation, but just humor them, and say, "OK, I agree it will be hard, but if we could do it, what do you think the new corporation should do that would make a difference?"

Again, in really blighted areas, you may hear an answer such as, "Nothing." Don't give up; keep pressing. Give local examples, if you know some, of neighborhoods that have turned around.



Setting Up a Forum on the Proposed Community Development Corporation

"Forum" is vague enough to mean almost anything. But this needs to be a face-to-face meeting, so that the people who are interested, or those you would like to attract, can see and interact with each other.

Part of whether or not people will participate depends on who else is there. People of stature don't like to be in a group where everyone else is beneath their perceived social status, and it's also tough to be the only one without money and education on an organizing board.

We especially like the Friday afternoon and Saturday morning conference idea when you want to start a community development corporation, but it actually can be a series of weekly meetings no longer than an hour each, if that will work best for your group.

Somehow there needs to be time for people to meet each other, reflect, and then decide for sure whether this venture is for them or who they know that could contribute to the effort.

Begin with spirited discussion of the current condition of your target geographic area, let people list the problems and issues that aren't addressed by someone else, and allow a general airing of opinion. In other words, start where people are.

Then progress to what the steering committee sees as their agenda so far, taking into account their outreach to the community if they don't actually live in and participate in the community.

Then allow the steering committee to explain succinctly why they believe it is a good idea to start a community development corporation.

Allow anyone who doesn't want to participate to leave, and continue discussing and refining the ideas. The steering committee should be prepared to modify their vision on the spot if they truly agree with the input they are receiving. If not, feel free to stick to your guns.

The organizing forum, conference, or series of meetings should conclude with a lively, realistic, and serious discussion of who wants to start a community development corporation. Implicitly, this means beginning to talk about who will serve on the board and who will be involved in other ways.



Will there be individual memberships? Corporate memberships? Will people pay to join, or is membership free or automatic? Is there a need for an advisory board of people who raise money for you?

Can you reach out to obtain the professional assistance you need, which might range from attorneys to accountants, people with [nonprofit fundraising](#) experience, political leaders, and experts in economic development, community development, housing, social problems, cleanup of [contaminated areas called brownfields](#), rebuilding after a disaster, [business attraction](#), or whatever your focus will be.

It would be great if one more than a third of your board, on up to 100 percent, could be residents of the community in question. In cities where you are dealing with a blighted neighborhood, this may not be possible, but get close to that ratio even in that scenario.

Money for CDCs

It's time to get practical now. Is the vision you are developing expensive, involving construction and [redevelopment](#)?

Or does it consist mostly of social services that can and will be performed by volunteers? Does it consist mostly of providing creative activities for the youth?

That could be relatively low-budget, while cleaning up an [abandoned factory](#) for an [adaptive reuse](#) leads to major fundraising challenges.

Don't allow yourself to fall into the trap of thinking, "Oh, we'll get a grant." Maybe you will, and maybe you won't. Investigate that probability realistically before you call this your financial plan if what you dream about is expensive.

If your fund-raising possibilities are dim, maybe you shouldn't start a community development corporation after all.

Deciding on Your Corporate Form

Most of the time, CDCs are non-profits. However, some are for-profit corporations. Remember that a non-profit corporation can have profit



making activities, as long as the profits go back into the non-profit cause.

Of course, just because you decide you'll be "for profit" in organization doesn't mean that you'll make a profit.

The major advantage of being a non-profit in the U.S. is simply that most foundations and donors will require the non-profit status before they make a donation. The process begins with an IRS Form 1023, a fairly complex undertaking requiring months of review.

There's also the tax advantage. You won't be liable for paying most taxes, and items you sell will be exempt from sales tax if you apply and receive permission in most states. You do have to file a tax return but it may be less complex than even an individual income tax form.

To learn more about the most common non-profit status in the U.S., see the [IRS information on applying for 501\(c\)\(3\)](#).

In our opinion, the only time to consider a for-profit is when you have a successful entrepreneur or wealthy individual who is basically willing to back the corporation with his or her own money, but would like the privilege of taking profits when an enterprise is successful.

In neighborhoods where would-be investors are few and far between, that is a trade-off that could be considered. If your major backer restores a community or a major detriment to the neighborhood, do you really care that much if he or she makes some money, especially if this individual is willing to share decision-making with a community corporation board?

Lastly, you must begin to think about and approach possible board members, decide whether there will be many or few, and fantasize about the ideal composition of the board.

You really must have found an attorney, whether you hire one or find one to work pro bono (that means "free") by this time. Be sure to find one who is experienced in forming non-profits, if that's what you decide you'll be. There's a bit of an art to it.

By the way, no, we don't think you should form the corporation yourself for \$150 with some papers you downloaded from the Internet. You



should probably talk this one over with a real live person unless there is considerable expertise among the prospective board members.

Get Moving! Start a Community Development Corporation!

Do something and do it now. If you procrastinate, nothing good will happen. Pick some good folks to team up with, incorporate, and try a project. Clean ups as described on this site are good first projects.

If National Night Out is approaching, usually the first Tuesday in August or October in the U.S., make your debut then. Similarly, if any holidays are on the horizon, they can be used as an occasion to rally the community to undertake a small beautification project.

If you have a contractor or someone related to the construction business on your board, seize the opportunity to demolish an eyesore, whether it's a teetering railing or a house that's falling down.

Read this website very closely; check the [sitemap](#) for relevant topics, and follow the many links to outside resources. If you contemplate starting a faith-based corporation, see our page on the [Christian community development corporation](#) for some tips, regardless of your faith tradition.

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