

Haley Meisenholder  
Ecological Urbanism

## **Nuestra Comunidad Development Corporation: A Case for West Philadelphia**

Nuestra CDC was developed in 1981 to serve address the problem of abandonment in Dudley-Square neighborhood as a housing developer. During the first 10 years of its existence, Nuestra worked on developing affordable housing rental and for-sale units and provided community programs through partnerships with community organizations. Nuestra has expanded its portfolio to include over 800 apartment units and nearly 200 for-sale homes by actively partnering with non-profit and for-profit developers in the Boston area and through expanding its geographic scope to include greater Roxbury and Dorchester.

### **Goal & Mission**

The original goal of Nuestra was to provide a place-based intervention that would allow the Dudley-Square area to rebuild. The Dudley-Square and Roxbury community were hit with a string of residential and commercial fires and city disinvestment in the late 1970's and early 1980's<sup>1</sup>. Two social service organizations (La Alianza and Hispanic Office of Planning and Evaluation) joined forces to create a local, affordable housing focused CDC to combat displacement and blight. Nuestra was founded to improve the lives of residents in Dudley-Square and combat the problem of abandonment and vacancy directly through the rehabilitation and building of new affordable housing units. These housing units were meant to serve existing residents and provide affordable, high quality units to an area that feared rising prices and displacement. Nuestra expanded its service area after 1990 to include Roxbury and Dorchester, which are also home to low-income Latinx and African-American communities<sup>2</sup>.

Nuestra's current theory of change is as follows: "Roxbury/Dorchester is a destination, a place where residents of all incomes have access to affordable, high quality housing and other resources and services, and share in a sense of pride as they work together with other stakeholders to strengthen community life and vitality". Nuestra is currently seeking to make the following outcomes happen for people and additional outcomes for places (which can be found in the Theory of Change attached in the appendix):

- Residents are empowered and have pride in the community
- Residents, police, and community organizations work together effectively to prevent violent/drug related crimes
- Neighbors trust and work with each other

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<sup>1</sup> Brady, J. Arson, *Urban Economy, and Organized Crime: The Case of Boston*, (1983)

<sup>2</sup> Nuestra CDC (2018) Our Housing webpage

- Residents have knowledge and skills to improve their financial sustainability and increase and retain their assets
- Residents have easy access to job centers and better employment opportunities
- Residents have increases access to high quality affordable rental and homeownership.

Nuestra seeks to influence the longer-term outcomes of Roxbury and Dorchester through its programs, which are based on assumptions outlined in the theory of change. Nuestra has three assumption –

1) **Affordable rental housing through production, asset management, service referrals and counseling of tenants at risk of losing their housing** -- helps families and individuals improve their long-term economic, education and health status,

2) **Homeownership through development promotion and preservation**-- provides residents the opportunity to buy their own home, helping to stabilize housing costs and accumulate wealth over the years, while also promoting investment and stability in our neighborhoods, including foreclosure prevention.

3) **Community Building programs** help residents improve the quality of life for their households, their neighborhoods and develops neighborhood residents' capacity to lead community development.

The assumptions put forth in the current theory of change build upon the original mission of Nuestra. The continued alignment of the CDC with long-term community interest and stabilization shows how a mission driven CDC can remain goal oriented through multiple executive directors and decades of activity.

### **Abstract and Keywords**

Nuestra CDC was developed in 1981 to serve address the problem of abandonment in Dudley-Square neighborhood as a housing developer. While the CDC has expanded its portfolio significantly, it has remained committed to its original mission of addressing housing problems in the Dudley-Square area and providing housing resources to local residents. It's focus has remained on low-income residents and providing opportunities for Latinx and African-American populations in Roxbury and Dorchester. Nuestra has continued to partner with social-service and community based organizations to ensure their members are supported and receiving services. This long-term investment in the community has allowed them to continue to develop and expand the types of housing they offer.

**Keywords:** community development corporation, affordable housing, homeownership, community programs, asset management, mortgage, rental, foreclosure prevention, Roxbury, Dorchester, Boston

## **Size of Community**

Nuestra was originally designed to exclusively serve residents of Dudley Square, a neighborhood located in Roxbury containing over 5,000 residents. After developing many affordable housing, homeownership and commercial opportunities in Dudley Square, Nuestra expanded to serve the larger Roxbury area and Dorchester. The reason for the expansion was due to increased need for affordable rental and homeownership opportunities in Roxbury and Dorchester. Dudley Square, greater Roxbury and Dorchester have similar populations (large portion of low-income, Latinx, and/or African-American populations), thus the expansion of their mission into these neighborhoods was cohesive with their mission and goals. They expanded into other areas after maximizing their influence in Dudley Square and developing a track-record as a responsible and effective CDC. As of now, it does not appear that there is want or interest in expanding the CDC to serve more communities in Boston.

## **Origins, Organization, and Operation**

Founded in 1981 from two Hispanic-advocacy and social service organizations in Roxbury, La Alianza and Hispanic Office of Planning and Evaluation (H.O.P.E), Nuestra was established to directly intervene in the local problem of abandoned property. After a string of 40+ arsons in Roxbury, Dorchester and Jamaica Plain Nuestra was tasked in providing affordable housing in Dudley Square for Hispanic and other families. “Dudley Square had so much vacant land. Nuestra was founded to being the process of rebuilding”, according to Melvyn Colón, the first Executive Director of Nuestra<sup>3</sup>. Since the CDC was founded through two Hispanic/Latinx focused social service organizations, their original focus was on providing housing for Hispanic/Latinx families. Colón stated they “realized [the CDC] could intervene in certain ways to improve people’s lives” and focused on directly providing housing opportunities.

La Alianza and H.O.P.E. were social service organizations that connected low-income and disenfranchised Latinx individuals and families with social, employment, health and financial support. After the MIT studio in the spring of 1984 completed their analysis of La Alianza, Nuestra was founded to create new housing opportunities and preserve existing ones in order to assist the social-service agencies in providing long-term housing stability for their clients and community. La Alianza and H.O.P.E. connected Nuestra with their funding streams and other community organizations active in Boston at the time. During the first ten years, Nuestra primarily focused its efforts on providing housing and provided no community programs.

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<sup>3</sup> Personal correspondence with Melvyn Colón, Oct. 17, 2018

Nuestra’s organization consists of a general membership, a Board of Directors, an Executive committee, staff, and working committees. Nuestra operated with a Board of Directors consisting of community members local to Roxbury and Dudley Square. Nuestra held community meetings with community partners and residents of their developments. Based on the by laws, 6 of the 15 board members had to be appointed by La Alianza. In the beginning, three of Nuestra’s board members were also board members of La Alianza. General Membership included members from the community and also people associated with Nuestra developments. Committee members were volunteers and came from a range of backgrounds including architecture, law, social services, and others.

NUESTRA COMUNIDAD DEVELOPMENT CORPORATION:  
1983 ORGANIZATIONAL STRUCTURE

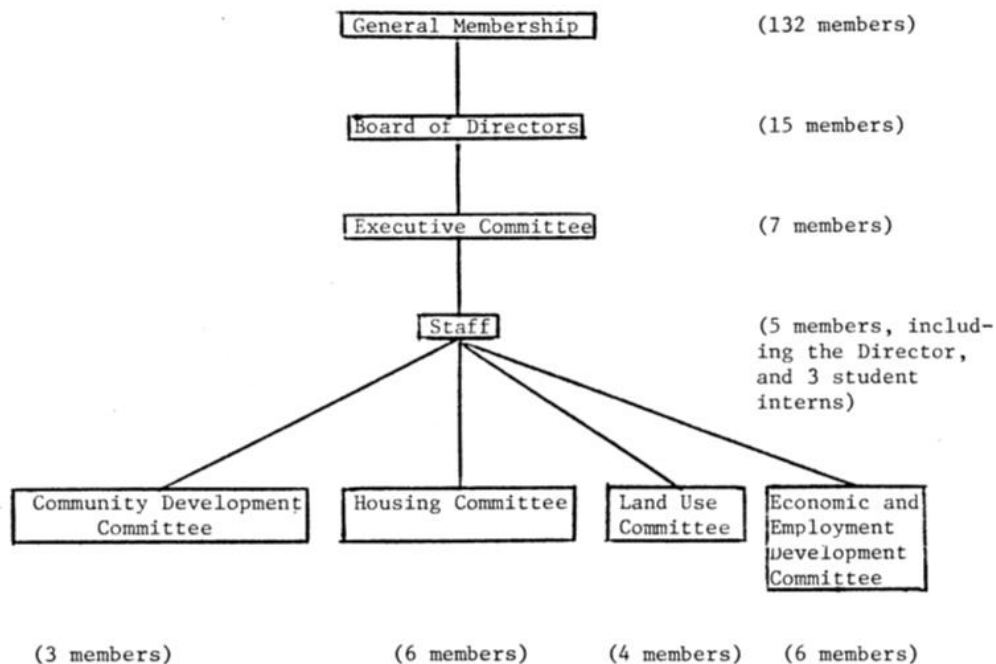


Figure 1 - Figure from Tanya D. Iatridis Cvek's thesis *Community Economic Development: Policy Framework for Nuestra CDC (1983)*

Nuestra was part of a wave of CDCs that began operating between 1976 and 1983. During that time period, twelve CDCs began operating in individual neighborhoods in Boston. This was part of a larger nationwide expansion of CDCs. These CDCs “built core expertise and community development capacity during this period and emerged to become significant housing developers, facilitated by a support system of city, state and philanthropic programs combined with expertise from area universities and development

consultants”.<sup>4</sup> Boston had a major expansion of CDCs and Nuestra came to be in prime time as agencies and philanthropic organizations were beginning to understand how to interact with these types of organizations.

## Programs

Nuestra’s main program was and continues to be housing development – specifically rentals and for-sale housing. Nuestra began its operation as a CDC by gaining ownership of the Dudley-Hamden building in Dudley Square in 1981. This building had been abandoned by its owner and contained 26 residential and 5 commercial units. This first building was redeveloped with funds from the State of Massachusetts and the City of Boston. The process for obtaining the funds, according to Melvyn Colón, took three years due to a lack of coordination with Nuestra and the City of Boston. The building was rehabilitated and officially taken over in 1984 by Nuestra. According to La Alianza’s 1984 Annual Report, “This event was a milestone for the neighborhood. For the previous fifteen years no major housing development had occurred in the Dudley Street neighborhood, only housing demolition.” After it’s first development, Nuestra continued to develop residential and commercial units in Dudley Square.

Nuestra focuses on rentals and diversifies its investments with for-sale housing. A majority of Nuestra’s housing stock are rentals. It is unclear from archival research and current available materials how many for-sale properties Nuestra has developed. It appears that the long-term scheme of maintaining the land in a land bank has discontinued. Nuestra partners with non-profit and for-profit developers to develop rental housing. Rental housing often includes market-rate units, which helps offset the cost of development.

Originally when Nuestra was founded, they did not have any housing or economic development programs. They were exclusively designed to be a community development corporation that worked to develop affordable housing opportunities for local residents. The community programs were provided by it’s partner agencies, La Alianza, H.O.P.E., and later the Dudley-Square Neighborhood Initiative. While Nuestra did have subcommittees working on specific issues, such as economic development, it appears that their programs were more focused on providing capital financing and less on individual assistance for local residents. Nuestra was not focused on foreclosure prevention and homeowner education until 2000 since their partner agencies were hosting those services.

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<sup>4</sup> Seidman, K.; Lee, T.; Selinger, E., *From Urban Renewal to Affordable Housing Production System: Boston Mayors and the Evolution of Community Development Corporations in Boston* (2016)

Nuestra did not have any community programs prior to 2000. In 2000, the Homeownership Center opened, whose focus was on providing homeownership classes, first time homebuyer courses and mortgage modification counseling. The Homeownership Center was started when Nuestra began to partner with NeighborWorks America, formerly the Neighborhood Reinvestment Corporation. The Homeownership Center is a NeighborWorks certified Housing-Counseling agency. The Homeownership Center currently, as of 2018, offers a handful of programs and two courses. They offer foreclosure prevention services (free of cost), health and wellness services (cooking courses, exercise classes, health screenings), financial services (trainings and assistance), leadership development, NeighborCircles, Neighborhood associations, and first-time homebuyer courses<sup>5</sup>. Nuestra partners with Epicenter Community and LISC Boston for entrepreneurship and business programs/assistance.

## **Financing and Resources**

Nuestra was original funded through La Alianza and H.O.P.E. The original funds received through La Alianza and H.O.P.E. were enough to cover expenses associated with operating the CDC but not with opening or maintaining any residential or home ownership programs. Nuestra received funds from the State and City of Boston as well as philanthropic agencies to grow as a CDC. In order to cover rehabilitation and building costs, Nuestra partnered with for-profit developers like Bohio Development Corporation. In order to keep up with demand for affordable housing, Nuestra partnered with as many CDCs and developers as possible to distribute the cost of construction and maintenance. An example of some of the grants received to maintain operations in 1983 include CEED (\$32,000), E.O.C.D. Abandoned housing project (\$14,000), MAP (\$27,000), Project fees (\$27,000), C.S.B.G. extension (\$6,252), Housing Partnership Granite Fund (\$4,000), Riley foundation (\$45,000) and E.O.C.D. training and technical assistance (\$2,000)<sup>6</sup>.

To recoup the costs of the affordable units, Nuestra partnered with local social service providers to ensure the units could remain filled at all times. Social service providers were able to funnel families and individuals into Nuestra housing stock by up keeping an active list of people in need of housing. To keep costs down for legal contracts, Nuestra worked with Glouston & Storrs, a professional corporation. Glouston & Storrs worked pro-bono and provided legal assistance to Nuestra on their contracts.

To give you an idea of the costs of the housing developments Nuestra was working with, I have included a list of costs associated with building, rehabbing and maintaining 97 units. According to an archived letter from Glouston & Storrs to the President of the Boston

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<sup>5</sup> Nuestra (2018) "Our Programs" webpage, accessed Oct. 26 2018

<sup>6</sup> Sanborn, R & Cerrotti, D. (1985) Document

Enterprise office in October 1984, Nuestra was operating 8 buildings with 97 units. 36 of the units were one-bedroom. 40 were two-bedroom. 14 were three-bedroom and 7 were four-bedrooms. For these 97 units, the breakdown of costs totaled \$4.3 million. This includes \$3,298,000 for unit modification (at \$34,000 per unit), architectural and engineering fees (\$181,390), legal, title, and recording fees (\$25,000), cost certification and audit (\$5,000), permit and occupancy fees (\$28,245), application feeds (\$5,430), relocation payments to existing residents in the buildings prior (\$38,500), real estate taxes (\$12,484), insurance (\$14,405), acquisition price (\$48,500), soft costs (\$8,963), sponsor & consultant development costs (\$242,500 at \$2,500 per unit). All of these costs sum to \$4,305,146). Additional development costs include financing fees (\$163,596), construction interest (\$482,929) and developer's overhead and profit (\$252,667, 5% of all costs). The total development costs and profit come to \$5,204,338 for Nuestra to operate 97 units in 1984. According to a memorandum given to Glouston & Storrs, Nuestra could waive the developers overhead and profit to "meet the project's equity requirement".<sup>7</sup>

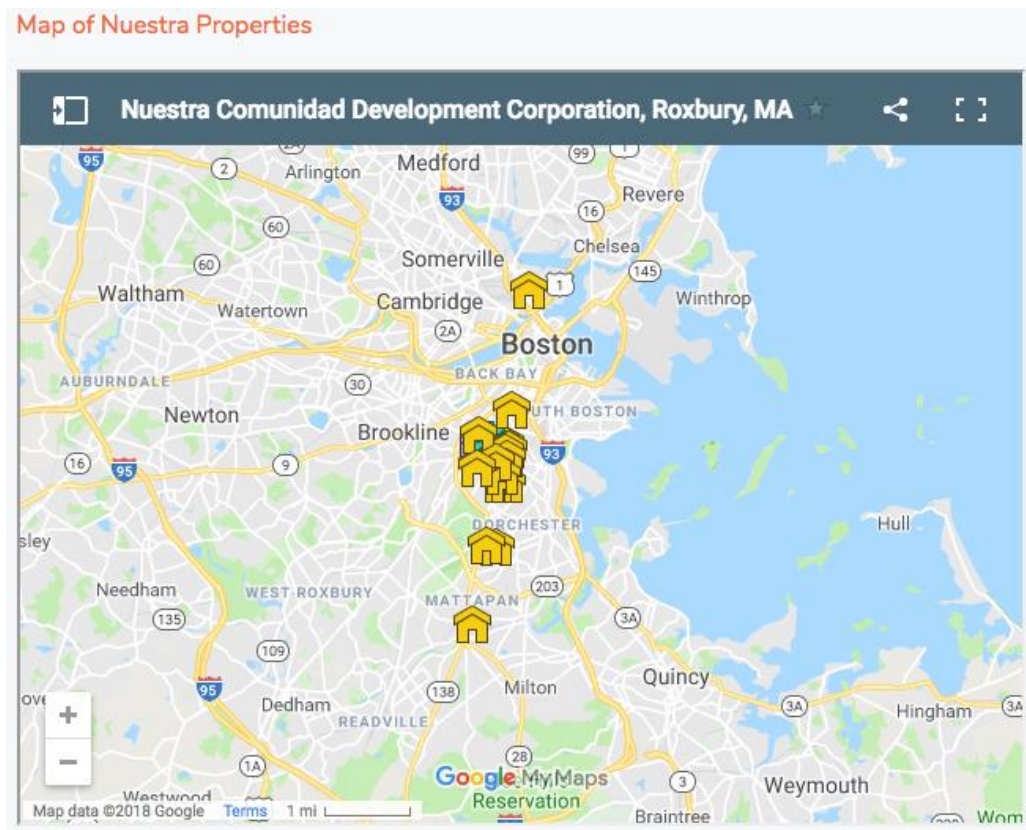


Figure 2 - Map of Nuestra Properties as of 2018

<sup>7</sup> Rosenblatt, P. (1983) Correspondence

Nuestra was maintaining these units on independently prior to 1990. To keep costs down and help with management of the affordable units, they would later partner with agencies like MassHousing, MetroHousing, and other CDCs to distribute the costs. Nuestra partners with property management companies like Winn Corporation to maintain occupancy of their units, which helps in ensuring a consistent cashflow for the agency

In the first ten years of operation, Nuestra utilized a land bank, according to correspondences between Nuestra and the Director of Projects the Massachusetts Government Land Bank<sup>8</sup>. Currently, it is unclear whether or not Nuestra maintains a land trust for all their for-sale housing. Nuestra maintains the land bank for a handful of their for-sale properties through the Kasanof Land LLC. The for-sale housing is available to be sold to income eligible individuals as the land is maintain in ownership by the Kasanof Land LLC<sup>9</sup>. Nuestra currently focuses most of its development funds on building affordable rental units, rather than homeownership opportunities.

## Assessment

Nuestra has maintained its commitment to its mission of providing housing opportunities for low-income individuals and families in Roxbury and Dorchester. Through three executive directors and 30 years, Nuestra has continued to follow and build on it's mission. The number of units and for-sale housing that it has provided in these communities has made a direct and lasting impact on the affordability of those neighborhoods. Nuestra has also built new, larger partnerships with affordable housing creators throughout Boston. Nuestra has also expanded its portfolio of commercial opportunities and built upon its commitment to provide economic benefits for residents.

Nuestra has also had some failures. It has largely abandoned it's intent to maintain properties with permanent affordability due its reliance on the Low-Income Housing Tax Credit. Thus, the units it creates may not always be available for local residents. Nuestra was also very late in providing community based programs such as foreclosure prevention and home buying information. It's reliance on social service organizations prevented Nuestra from targeting the content and influenced who was given access to the programs. While this was less costly for Nuestra financially, it did affect the CDCs involvement and presence within the community. Nuestra has never been in the forefront of advocacy or organizing efforts in Roxbury and is largely a "behind-the-scenes" player politically.

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<sup>8</sup> Rosenblatt, P. (1983) Correspondence

<sup>9</sup> Nuestra (2018) Consolidated Financial Statements



Nuestra spurred the founding of other community organizations, such as the Dudley Street Neighborhood Initiative. This organization was spurred from Nuestra leadership and focused on advocacy, not community development.

### **Lessons for West Philadelphia**

The first lesson is to focus on residential development when beginning a CDC. Residential property, specifically affordable rentals, is easier to manage and ensure occupancy in than commercial property. Through partnering with local social service agencies, occupancy can be increased and turnover can be lessened due to continuous need for affordable housing opportunities in low-income neighborhoods. Currently, there is a high need for affordable units and a need for permanently affordable units. Partnering with a mix of CDCs and City agencies can help diversify the types of housing opportunities offered and increase the number of units available. If able, always build in permanent affordability to ensure that affordable housing units are not lost to the market.

The second lesson is to decide the role of community involvement early in the founding. Melvyn Colón expressed regret that community involvement and advocacy was not a larger part of Nuestra's mission and focus in the early years. Partnering with a community organization can help keep a CDC grounded in its mission and maintain a strong drive towards the goal. Additionally, partnering with and maintain community relations can help decide what areas to focus on and expand into.

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