

ONE DC:

A New Chapter in Community Development in the Nation's Capital

by Sonya Behnke

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OVER THE PAST DECADE, THE SHAW neighborhood in Washington, D.C., has been the beneficiary and the victim of a burning-hot real estate market. During the first half of the twentieth century, the Shaw neighborhood on the U Street corridor was home to a vibrant African-American community. But with the end of segregation, many residents of Shaw moved to newly opened housing markets, changing the complexion of the neighborhood. After the assassination of Martin Luther King Jr. in 1968, civil unrest also damaged the area, compounding years of neighborhood disinvestment and government neglect. As Marty Mellett of the Community Development Support Collaborative says, Shaw "became kind of a dingy, divey neighborhood."

As with many neighborhoods across the country that have similar histories, a reinvestment has taken place over the past 20 years; gentrification has taken hold in parts of the neighborhood and, as Mellett says, "put enormous pressure on low-, mixed-, or no-income folks trying to stay in the neighborhood." As a result, not only has affordable housing become more sparse and increasingly difficult to fund, but rising property prices have also pushed out local entrepreneurs in favor of "safe" rental bets

like Starbucks.

For low- and middle-income people to continue to have a stake in Shaw, the neighborhood needed more than a strong housing development organization, it needed an aggressive organizing presence. ONE DC, an offshoot of Manna Inc., was established—originally as Manna CDC—to take on this role, supplementing and adding new energy and resources to the work of existing groups working to improve the Shaw neighborhood.

In 2006, ONE DC branched off from Manna Inc. to become its own independent organization. ONE DC differentiated itself initially through its focus on Shaw, distinct from Manna's citywide development activities, though later ONE DC also went citywide, but with a greater focus on community organizing, while Manna Inc. continued to focus on its original mission to buy, renovate, and re-sell properties to low-income families, providing them with housing support services, including homebuyers education, financial literacy, and savings programs.

Reverend Jim Dickerson, chairman and founder of Manna Inc., says that ONE DC has helped change the balance of power at the negotiating table. "ONE DC helps residents utilize their power as citizens of a democracy in order to ensure justice and fairness remains part of the system."

Today, ONE DC's experience with the reali-

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ties of gentrification has already begun to serve the organization in other areas of the District where its cooperation and expertise has been solicited. The organization is now a part of the Barry Farm Community Coalition, which is moving forward with a community planning process to organize residents who may be forced to relocate. ONE DC's work will initiate a training program to prepare and help residents benefit from this development through good jobs, affordable housing, and other community enhancements.

Barry Farm represents an example of ONE DC's programmatic focus on "community benefits agreements" in facilitating resident participation in the process to dispose of and develop public lands around a METRO (subway) site in the Shaw neighborhood. With ONE DC's help, residents got a seat at the table in determining what would happen to these sites, resulting in affordable housing commitments on new condo and rental units, set-asides of retail space for locally owned businesses, and a contribution of \$750,000 to a community fund controlled by members of ONE DC's Equitable Development Initiative.

A Separation, Not a Divorce

The IRS has not yet granted ONE DC 501(c)(3) status, thus the organization's future funding is uncertain. But ONE DC's transition to an independent organization has otherwise been marked by relative ease. This may be because its parent organization, Manna Inc., is itself the byproduct of a successful spinoff. In 1982, Manna Inc. separated from For Love of Children (FLOC). The idea behind Manna Inc. was one of "offering housing and support services for lower-income families who need them as the key to breaking the cycle of poverty." Marked by blight and disinvestment, Shaw was a natural location for the organization.

By 1996, Manna Inc.'s in-house staff had grown to include construction workers, architects, marketing specialists, organizers, developers, housing counselors/educators, and others. The organization had clearly outgrown its modest office space in Shaw, and it relocated to a nearby northeastern location.

In the course of expansion, Manna Inc. activated a small subsidiary CDC, known as Manna CDC, to retain a connection to the Shaw com-

munity and to ensure funding from sources that required CDC status. Mellett explains that on several levels, establishing Manna CDC in Shaw and moving Manna Inc. made sense. "The CDC could do the work beyond affordable housing," he says. "This included everything from equitable development and workforce development work to organizing and economic development work."

The reason for the initial split of Manna Inc. and Manna CDC was not just geographic. Dominic Moulden, who was a project manager at Manna Inc., agreed to become the first executive director of Manna CDC only on the condition that the organization would be allowed to operate in a way that was "people centered and focused on organizing rights." ONE DC approached development in a more integrated way than did Manna Inc., and it focused on building power among those who were vulnerable to being driven out of their neighborhood economies. Manna Inc.'s approach was to help lower-income people build assets to preserve economic and racial diversity of neighborhoods subject to gentrification.

Well known for his collaborative style, Dickerson initially did not see an inherent conflict between these two approaches. But as Manna CDC began to secure its own funding base and solidify its programs, differences between the two organizations began to mount. Dickerson recalls how growth and diverging goals prompted change. "To keep our organizations as one, with the same board governing both, would not have given either one of us the room to focus on our missions and to grow as we both needed to," he says.

Of course, the idea of a break between Manna CDC and Manna Inc. required adjustment. Larry Kressley, the former president of the Public Welfare Foundation (which supported both organizations), notes that "like many parent organizations, it was more difficult for Manna Inc. to let go than it was for Manna CDC to move on." In the end, though, Manna Inc. supported transition and created conditions for success. "There was not a rush to do it," says Reverend Dickerson. "It was a step-by-step process because we wanted them to succeed."

Still, the spinoff of ONE DC had conse-

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Some Background on Community Development Corporations by the editors

The number of community development corporations (CDCs) increased from 2,000 in 1991 to 4,600 in 2005 according to *Reaching New Heights*, the fifth national community development census of the National Congress for Community Economic Development (NCCED), released in 2005.¹

Cumulative housing production of 1,252,000 dwelling units, cumulative industrial and commercial space of 126 million s.f., and cumulative job creation of 774,000, self-reported by the CDCs responding to NCCED census (plus some extrapolations by the authors of the census report) since the first NCCED survey in 1988 (through the end of 2004); there is no certainty whatsoever that these numbers do not include duplications.

The median staff size of CDCs was seven full-time and three part-time staff.

Nearly one-fourth of the reporting CDCs in the NCCED census described themselves as faith-based.

Living Cities (National Community Development Initiative) cities with “larger (CDC) industries with fair-to-strong local reputations for quality”—Washington DC, New York City, and Cleveland; “smaller (CDC) industries with fair-to-strong local reputations for quality”—Portland OR, Seattle, Baltimore; “larger industries with weak-to-fair local reputations for quality”—Los Angeles and Miami; and “smaller industries with weak-to-fair local reputations for quality”—Columbus, OH and Dallas, TX.²

Causes of CDC failures, downsizings, and mergers:

Contextual factors: changes in local housing markets (weakening demand for CDC-owned or managed housing or increasing acquisition prices in strong markets); growth in number of CDCs (leading to increased competition for limited public, foundation, and private resources); changes in city policies (leading to cutbacks in funding for CDC-sponsored developments); intermediaries and other funders pressuring CDCs to take certain actions; and lack of local support groups known as trade associations; lack of trust among CDCs;

Organizational factors: breadth of mission (organizations with narrow missions more vulnerable to changes in community needs and funding priorities); overreliance on a single source of funding; internal management problems (inadequate cost control and accounting systems, etc.); lack of staff or board capacity (and turnover of executive directors and experienced staff); communications problems between executive directors and board and between directors and funders; lack of community support for CDC activities.³

Endnotes

1 <http://www.ncced.org/documents/NCCEDCensus2005FINALReport.pdf>

2 http://www.urban.org/UploadedPDF/310638_ChangingSupportSystems.pdf

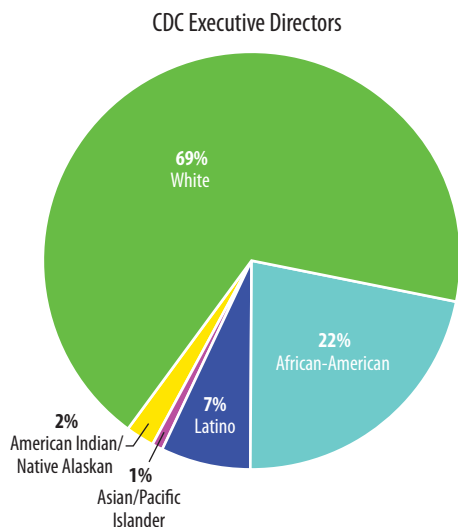
3 William M. Rohe, Rachel Bratt, and Protip Biswas, *Evolving Challenges for Community Development Corporations* (January 2003: University of North Carolina at Chapel Hill) <http://www.ppn.org/pdfs/cdcreport.pdf>

Source for graphs on next page: <http://www.ncced.org/documents/NCCEDCensus2005FINALReport.pdf>

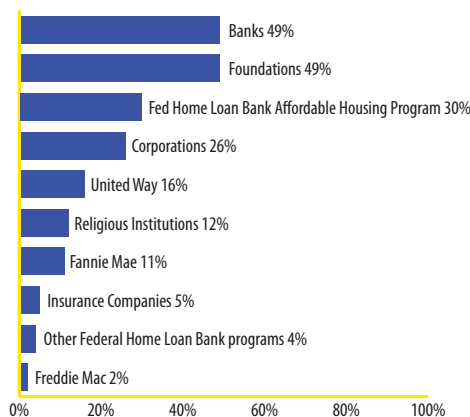
quences that could have spiraled into financial turf wars had the participants been different. Instead Manna Inc. and ONE DC have tried to prevent territorialism and infighting. Moulden says, for example, that Manna Inc.’s request to retain the rights to the Manna CDC name was a “mistake” that, as he sees it, has already caused ONE DC to lose a major government contract worth nearly \$300,000 and that could cost the organization “a couple of hundred thousand dollars a year.” This is an example of the operational complexities of spinoffs, a small glitch that neither party foresaw, much less intended, but being addressed through a transition agreement where funds sent in to

Manna CDC are turned over to ONE DC by Manna, Inc.

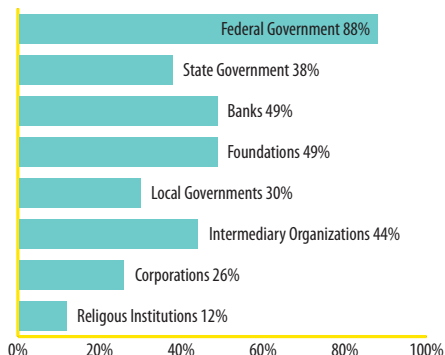
But with Manna Inc.’s help, ONE DC has found a workaround. Many foundations and donors that won’t give to ONE DC because it lacks 501(c)(3) status *will* write checks to Manna Inc., which in turn passes on the funds to ONE DC. This way, large donors can still make tax-free donations, and foundations that give only to 501(c)(3)s can still make grants. ONE DC has also maintained the majority of Manna CDC’s substantial individual donor base as part of its “transition agreement” with Manna Inc.



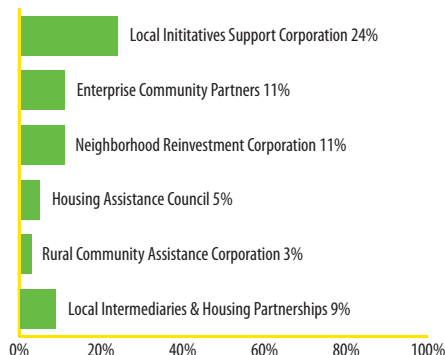
% of CDCs Receiving More Than \$50,000 from Nongovernmental Sources



% of CDCs Receiving More Than \$50,000 from the Following Sources



% of CDCs Receiving More Than \$50,000 from Intermediary Organizations



To keep the organization on steady footing, Moulden estimates foundation support will need to equal nearly \$600,000, and the organization will need to garner individual donor support as well.

ONE DC Gets /ts House in Order

Now that ONE DC is independent, it is attempting to establish systems and incorporate governance practices to prevent growth from becoming its undoing. The organization, for example, has laid out criteria to evaluate new projects. Among the criteria for selecting projects is that the approach be made not by ONE DC but by the residents and groups that request its presence. The project must also demonstrate the potential to provide ONE DC with sufficient economic resources to support its operations.

In the short term, ONE DC has managed to garner a good deal of foundation support. Moulden is happy to report that “more groups actually give us money now than they did under Manna CDC” and that the branching off allowed each organization to clarify its goals. ONE DC has also gotten positive feedback from organiza-

tions like the Public Welfare Foundation and Fannie Mae. “We get a good deal of funding,” says Moulden, because “no one else in D.C. uses the type of tactics that we do.” Indeed, ONE DC was lucky enough to receive a foundation grant of almost \$250,000 specifically for transition-related expenses—a rare but critical grant to ease the organization through the transition.

Long-term concerns, however, include an increase in ONE DC’s budget to nearly \$850,000 (roughly \$300,000 higher than its budget as Manna CDC) because of the need for additional staff members. To keep the organization on steady footing, Moulden estimates foundation support will need to equal nearly \$600,000, and the organization will need to garner individual donor support as well. By virtue of its origins in Manna Inc., ONE DC benefitted from Manna’s infrastructure and seed money, but since the

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organizational separation, ONE DC has been dependent on raising its own funding, receiving financial support from Manna only in the form of Manna's generous debt forgiveness on a business venture (a Maggie Moo's ice cream parlor) spawned by ONE DC.

Other problems have cropped up as well. Staff turnover, for example, has been difficult. Within the past year, four staff members moved on to other jobs and several new positions—such as senior organizer, associate director, director of organizing, and membership director—have been added. ONE DC's permanent staff now focuses solely on being “community organizers.” With an eye toward future multiethnic community organizing, ONE DC has hired a diverse staff, three of whom are Spanish-speaking and whose backgrounds range from Nigerian-American to Irish-Colombian.

Only five members strong, the board of ONE DC will have no fundraising responsibilities. All current members have strong connections to the work of ONE DC and to the Shaw community, and the organization ultimately hopes to expand the board to nine members. To assist in building the financial capacity of ONE DC, Moulden says that the organization will create a five- to seven-member advisory committee. Each year, committee members will work with the board to set fundraising goals for the year.

ONE DC's initial success is not considered a guarantee for the future. Some worry that though its mission and tactics work, the attitudes of some other nonprofits as well as foundations, government officials, and those in the private sector could undercut the organization over time. “In this city, success can be the worst thing that can happen to you,” Reverend Dickerson says. “You get the most press when you fail, and you won't have many people cheering for you when you succeed.”

And indeed, the transition of Manna CDC to ONE DC may not seem like “good news” to everyone. Turf issues with some other nonprofits, for example, could make ONE DC's work an uphill battle. “We don't need to be warring over turf, money, public or private resources, race, geography,” Dickerson says. “We don't need to all be the same, but we could all benefit from each other to serve our communities better. The question now is, Can we align our goals?”

ONE DC's ongoing endeavor to ensure that

residents get a seat at the table will undoubtedly be its most formidable challenge and, if it succeeds, its greatest strength. And as Moulden says, how much ONE DC accomplishes and how far its reach extends will “rely on people,” no matter which side of the table they sit on. But there is no blueprint for success—and conceivably several roads to failure. “There are no textbooks on how to make this work,” Dickerson says. “It just takes the right mix of people.”

A New Chapter or an Epilogue?

Is the ONE DC model a striking new venture into uncharted community activism, or is it a resurrection of the originally intended goal for community development corporations to mobilize neighborhood residents and shape control over the development of housing services and justice in their communities. Indeed, if successful, ONE DC's “new” model may turn out to be a reaffirmation of the old but neglected purpose of all CDCs.

By the same token, most CDCs have drawn their strength and vitality from their connection to, and guidance from, neighborhood residents. ONE DC has evolved from an affiliate of Manna Inc. to an independent, neighborhood-based CDC and now to a footloose, multi-neighborhood—and perhaps even multicity—organizing effort. That transformation merits watching.

This evolution may render ONE DC more vulnerable. Other organizations may react adversely to ONE DC as an “outsider” invading their turf to organize the unorganized. And there is a more basic question about whether ONE DC's organizational model is sustainable. If the organization is no longer a neighborhood-based CDC, could it become a smaller, weaker rival to non-neighborhood-based organizing groups?

So while it is clear that ONE DC is an organization in transformation dedicated to a mission of preserving racial and economic equity through an organizing model emphasizing “popular education” and resident-led policy advocacy, the ultimate form and potential future emerging from this chrysalis is difficult to accurately discern.

What does it take to make a spinoff work? Share your ideas at feedback@npqmag.org. Reprints of this article may be ordered from store.nonprofitquarterly.org, using code 140308.