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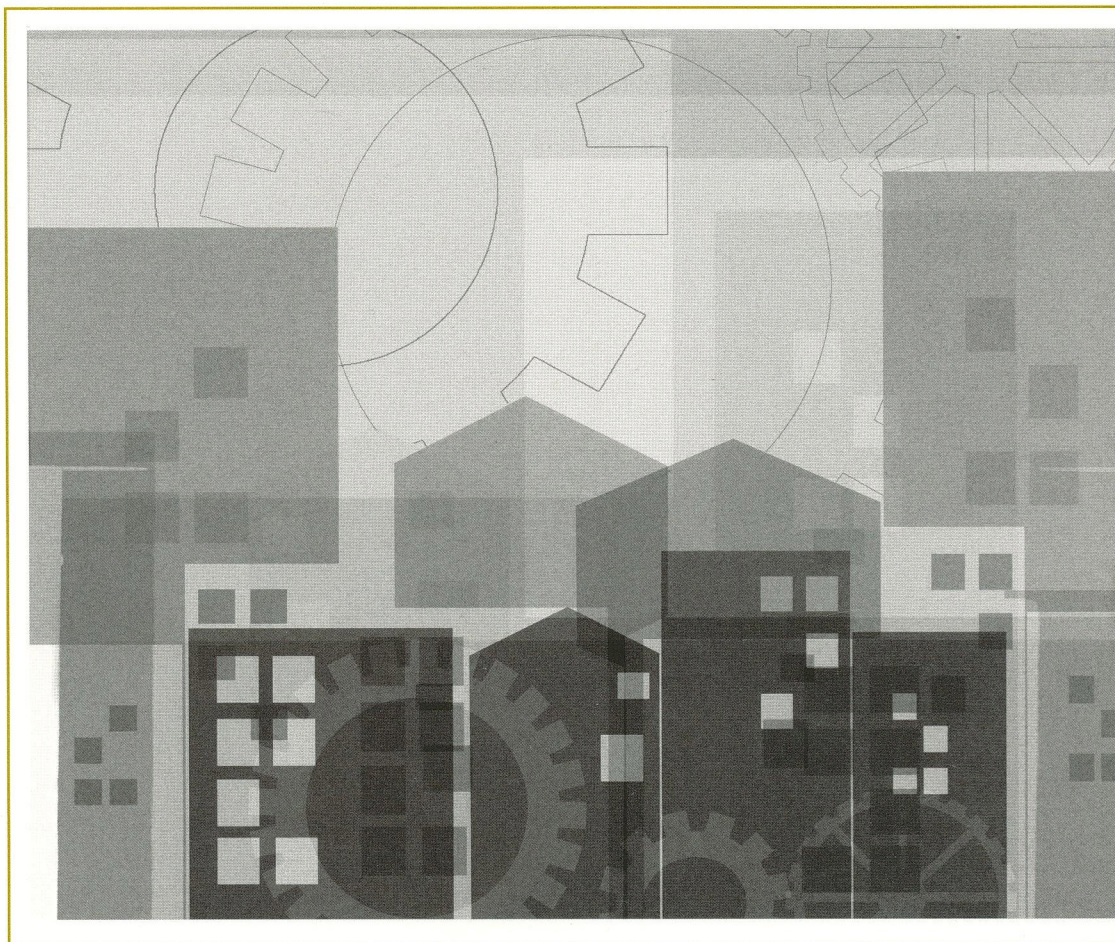
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Economic Development Strategies for Individuals and Communities

Setting Up a Community Economic Development Practice at a Legal Aid Program

By Jeffrey Segal

A decision by legal aid program staff to engage in community economic development (CED) work is only the first step in a long process that, if successful, will produce many rich partnerships and much collaboration between program staff and community-based organizations and have a significant impact on the community.

In this article I discuss several of the steps that are important in setting up a CED practice and describe several CED projects undertaken by the Louisville Legal Aid Society's Community Development Program to illustrate the variety of ways in which a legal aid program can become involved in CED work.

I. Setting Up a Community Economic Development Practice

There is no single model for initiating a CED practice at a legal aid program. However, programs may find following certain key steps helpful in setting up their practice.

A. Make a Work Plan

An important first step in setting up a CED practice is to develop a preliminary work plan. A plan is essential in

order to identify the type of work that the legal aid program is preparing to engage in and to develop work area priorities. Important elements of such a plan are

- identifying community needs,
- defining scope and nature of work,
- identifying and obtaining resources, and
- training staff members.

After a legal aid program develops a preliminary work plan and sets up a CED practice, the program may find developing an ongoing work plan helpful. Such a plan might include

- identifying pro bono attorneys and law school clinics,
- locating community partners,
- getting the word out about its CED services, and
- finding clients.

I discuss each of these topics in more detail in the following subsections.¹ Legal aid program staff also may find studying examples of other programs' CED work, such as those that I discuss in

¹ Developing funding sources is another important area to research when setting up a community economic development (CED) practice. For more information on funding a CED practice, see Francisca Gonzalez Baxa, *How to Fund Your Community Economic Development Work*, in this issue.

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Section II of this article, helpful in developing their own CED practice.

B. Identify Community Needs

Creation of a preliminary work plan begins with the identification of the significant economic and social problems facing low-income people in the legal aid program's service area. Many potential sources of information are available. Meetings with client groups, discussions with clients, and client surveys are always useful in identifying community needs. Program staff members with experience in housing, government benefits, or consumer problems usually can identify barriers that they encounter in their practices. Advocacy organizations such as Jobs with Justice and local civil rights groups can supply a significant amount of information in their areas of focus.

Local colleges and universities often have centers that can supply useful data and usually will cooperate with legal aid programs. The same is true of college faculty members, who both have a wealth of information and often are willing to create tailored studies for the legal aid program. Local government departments, area social service agencies, the public library, and Internet sites all are possible sources of information. Also, reading and watching the local media are essential to getting a full picture of the problems facing people in the legal aid program's community.

The purpose of collecting such data is to identify the economic and social problems facing low-income and working people living in the community in order to decide which among them should receive the legal aid program's attention. After the legal aid program collects this information, the staff members interested in engaging in CED need to review and analyze the data. The

nature of their analysis depends on the type of data collected, for example, economic or demographic statistics, histories and narratives, zoning regulations, or government documents. Some of the data sources from which the legal aid program collects data may be useful in helping the program analyze the data.

C. Define Scope and Nature of Work

All legal aid programs may engage in CED work. However, the scope and nature of this work depend on at least two external factors.

Programs funded by the Legal Services Corporation (LSC) must operate within congressional restrictions and LSC regulations.² Practitioners thus should, as one of the first steps in setting up a CED practice, review the restrictions and regulations and analyze how they may apply to the scope of the practice being planned.³

The nature of the CED work available to a legal aid program depends on the character of the service area. Urban, suburban, or rural areas, large cities or small towns, and special-needs groups such as Native Americans or migrant workers exemplify some of the differences in character of the communities that legal aid programs service. Significant differences within the communities serviced also are found within cities or sprawling rural areas. For example, neighborhoods within large urban and suburban areas differ quite markedly in their history, culture, racial and ethnic makeup, class character, and other factors. Differences in character of the service area make important differences in the nature of the projects that legal aid programs can and should pursue and how program staff should engage community residents in these projects.

After the legal aid program, as part of its preliminary work plan, identifies

² The Louisville Legal Aid Society is funded by the Legal Services Corporation (LSC); however, its Community Development Program is funded by local government. This article is based on my experience at a non-LSC-funded CED program.

³ See the sidebar *LSC Restrictions and Community Economic Development Work*, in this issue; see generally Alan W. Houseman & Linda E. Perle, *What You May and May Not Do Under the Legal Services Corporation Restrictions*, in *POVERTY LAW MANUAL FOR THE NEW LAWYER* (2002).

community needs and defines the scope and nature of its work, program staff should select an area or a small number of areas in which to concentrate. Similarly, after the program will have operated its CED practice for some time, the program may find periodically engaging in priority setting helpful.

D. Identify and Obtain Resources

If the legal aid program has not previously done CED work, its library and individual offices are not likely to have any of the resources needed to assist CED clients. Staff members then have to identify and obtain what basic materials they need to represent and assist compe-

Proposed Charitable Choice Regulations

Beginning in 1996 with Section 104 of the Personal Responsibility and Work Opportunity Reconciliation Act and subsequently through "charitable choice" changes to selected other federal programs, rules governing religious organizations receiving federal social services funding have been relaxing. "Charitable choice" legislation essentially allows, without the requirement of a separate affiliate for social service programs, direct government grants to houses of worship. President Bush's two December 12, 2002, executive orders on "equal treatment" of faith-based organizations have spurred a new round of regulatory revisions. At press time, the following are the actions taken by four agencies.

Proposed regulations of the U.S. Department of Health and Human Services (affecting grants and contracts under the Temporary Assistance for Needy Families, Community Services Block Grant, and Substance Abuse and Mental Health Services Administration programs) state that

- receiving federal funds does not affect a religious organization's exemption from federal civil rights law on discrimination on the basis of religion in hiring;
- a religious organization must, for direct federal assistance, offer federally funded social services at a separate time and place from religious instruction or worship but may invite social service clients to participate in religious activities if the organization makes clear that participation is voluntary and will not affect the services that the client receives; religious images and scripture are allowed where federally funded services are offered;
- mixing social services and inherently religious activity is, for indirect federal assistance (e.g., vouchers or certificates), not prohibited;
- a secular alternative must be offered to those who object to a provider's religious character; and
- nongovernmental intermediate organizations that redistribute federal funds and are acting under contract

with federal, state, or local government must comply with charitable choice provisions (67 Fed. Reg. 77349-71 (Dec. 17, 2002)).

Proposed regulations of the U.S. Department of Housing and Urban Development (affecting grants and contracts under HOME investment partnerships, Community Development Block Grants, Hope for Homeownership of Single Family Homes, Housing Opportunities for People with AIDS, Emergency Shelter Grants, Shelter Plus Care, Supportive Housing and Youthbuild) are similar to the Department of Health and Human Services proposals except for

- no requirement that a secular alternative be offered;
- no provision allowing religious grantees to invite program participants to join worship activities; and
- allowing religious organizations to use federal funds, through proportional allocation of costs, to construct, acquire, or rehabilitate buildings that will be used for both religious and government programs (68 Fed. Reg. 647 (Jan. 6, 2003)).

U.S. Department of Education guidance on supplemental services under Title 1 of the No Child Left Behind Act states that providers receiving indirect federal funds are not covered by federal civil rights laws absent other funding imposing those obligations (*Supplemental Educational Service Draft Non-Regulatory Guidance* (Dec. 12, 2002)).

The U.S. Department of Labor and the Department of Health and Human Services announced new grant programs targeted to faith-based organizations (68 Fed. Reg. 16554 (Apr. 4, 2003); 68 Fed. Reg. 41147 (July 10, 2003)).

The White House Office of Faith-Based and Community Initiatives recently published a grants catalogue and *Guidance to Faith-Based and Community Organizations on Partnering with the Federal Government*, which elaborates on the office's view on issues raised by the executive orders.

tently the community-based organizations that will become the legal aid program's clients or partners.⁴

Whichever substantive areas staff members choose to focus on, a CED practice involves working with groups. This means dealing with the legal and organizational matters that nonprofit organizations face, for example, handling incorporations, drafting bylaws and applications for federal tax-exempt status, and dealing with structural issues and conflicts of interest. Several excellent basic nonprofit tax references offer a good overview of these issues and much helpful instruction and

advice.⁵ Subscribing to one of the tax law services either in print or online is useful.⁶ Several newsletters and other publications written by practitioners with national reputation offer breaking news and analysis of legal trends and issues.⁷ The legal aid program also will need Internal Revenue Service (IRS) forms, instructions, and publications.⁸

The legal aid program will need additional resources depending on the focus of its CED practice. For example, practices involving work with nonprofit housing developers undoubtedly mean representing organizations in such areas as preparation of construction contracts,

⁴ The National Economic Development and Law Center has many excellent publications available. See, e.g., BRAD CAFTEL, MODEL INCORPORATION AND TAX-EXEMPT APPLICATION DOCUMENTS (2000 with periodic updates) (step-by-step instruction for forming a corporation; sample documents include articles, bylaws, agenda and minutes for first board meeting, Internal Revenue Service tax-exemption forms with instructions; national packet and California packet available); *id.*, COUNSELING ORGANIZATIONS IN COMMUNITY ECONOMIC DEVELOPMENT (1998) (manual for attorneys on legal issues and their solutions in corporate, tax, and other law affecting organizations engaged in CED); *id.*, MERGERS, CONSOLIDATIONS, DISSOLUTIONS AND AFFILIATIONS: LEGAL ISSUES FOR COMMUNITY-BASED DEVELOPMENT ORGANIZATIONS (1996) (discussing organizational options in light of dwindling resources for community development); MARIO SALGADO & ANNA YEE, BUILDING CAPACITY TO WORK IN COMMUNITY ECONOMIC DEVELOPMENT: A GUIDE FOR LEGAL SERVICES (1995) (how-to manual for legal programs seeking to incorporate community development into their work; covering community assessments, fund-raising, organizational structures, and other topics). Additional publications are available at www.nedlc.org.

⁵ See, e.g., FRANCES R. HILL & DOUGLAS M. MANCINO, TAXATION OF EXEMPT ORGANIZATIONS; BRUCE R. HOPKINS, CHARITY, ADVOCACY, AND THE LAW; BRUCE R. HOPKINS, THE LAW OF TAX-EXEMPT ORGANIZATIONS; HOWARD L. OLECK & MARTHA E. STEWART, NONPROFIT CORPORATIONS, ORGANIZATIONS & ASSOCIATIONS; MARILYN E. PHELAN, NONPROFIT ENTERPRISES: LAW AND TAXATION; G. DOUGLAS PUCKETT ET AL., PPC'S 990 DESKBOOK; PAUL E. TREUSCH, TAX-EXEMPT CHARITABLE ORGANIZATIONS. Each of these publications is regularly updated by supplements or new editions. See also GAIL M. HARMON ET AL., BEING A PLAYER: A GUIDE TO THE IRS LOBBYING REGULATIONS FOR ADVOCACY CHARITIES (1995).

⁶ Community Development Program staff members have found the following two tax law services complete and comprehensive: Fed. Tax Guide Rep., Commerce Clearing House, 4025 Peterson Ave., Chicago, IL 60645, 800.835.5224; Exempt Org. Rep., Commerce Clearing House, *supra*.

⁷ See, e.g., Bruce R. Hopkins, NONPROFIT COUNS. (Wiley Periodicals, 111 River St., Hoboken, NJ 07030; 800.825.7750; www.bold-ideas.com); J. AFFORDABLE HOUSING & COMMUNITY DEV. LAW (American Bar Association, 750 N. Lake Shore Drive, Chicago, IL 60611; 312.988.5000; www.abanet.org); J. TAX'N EXEMPT ORG. (Warren, Gorham & Lamont, 395 Hudson St., New York, NY 10014; 800.950.1216); NONPROFIT REP. (Warren, Gorham & Lamont, *supra*); NONPROFIT TAX LETTER (Harcourt Brace, 6277 Sea Harbor Drive, Orlando, FL 32821); TAX'N EXEMPTS (Warren, Gorham & Lamont, *supra*).

⁸ Internal Revenue Service forms, instructions, and publications are available at www.irs.gov. Those that practitioners setting up a CED practice may find helpful are Form 1023 and instructions ("Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code"), Form 1024 and instructions ("Application for Recognition of Exemption Under Section 501(a)"), Form SS-4 and instructions ("Application for Employer Identification Number"), Form 2848 ("Power of Attorney and Declaration of Representative"), Form 5768 ("Election/Revocation of Election by an Eligible Section 501(c)(3) Organization to Make Expenditures to Influence Legislation"), Form 8718 ("User Fee for Exempt Organization Determination Letter Request"), and Publication 557 ("Tax-Exempt Status for Your Organization").

sales contracts, deed and title work, and real estate closings. If the legal aid program cannot purchase materials focusing on these specific areas, it generally can find them in local and college law libraries. Friendly local law firms often are willing to allow access to their libraries as well as donate materials that they no longer need but that would be useful to a legal aid program's CED practice. Also, many resources are available free on the Internet.

The National Economic Development and Law Center is an excellent source of information, advice, encouragement, and practical assistance for those setting up and operating a CED practice.⁹ The center can identify legal aid programs that already have developed CED programs and the names of the people doing the CED work. An informal network of experienced CED professionals frequently exchange information and assistance, and, for those just starting out, such aid is invaluable.

E. Train Staff Members

If a legal aid program wants to start a CED practice, staff members doing the CED work need to develop some expertise in that area, just as they would for any other substantive law area. Staff members can train themselves by reading the materials listed in the previous subsection on resources. They also can conduct peer-to-peer training. Other training resources include local continuing legal education providers, several national continuing education providers, such as Lorman Education Services, and the organizations listed in footnote 9.¹⁰

F. Identify Pro Bono Attorneys and Law School Clinics

CED projects are an excellent opportunity for legal aid programs to reach out to and involve private attorneys and legal workers in pro bono support of their program. Many private practitioners who may have been uncomfortable with working on and unwilling to handle traditional legal aid cases may be more willing to help with cases that involve their areas of specialty, such as representing corporations and partnerships, handling tax problems and real estate transactions, and drafting contracts and leases. Legal aid programs can find attorneys who might be interested in doing pro bono CED work through the program's regular pro bono program (required by LSC), local and state bar associations, women and minority bar associations, members of the legal aid program's board of directors, and informal networking.

An increasing number of law schools, particularly in urban areas, in recent years have expanded their clinical programs to include CED work. These clinics often are willing to work with legal aid programs. If a local law school does not have a CED clinic, legal aid staff might consider approaching friendly faculty or deans to spur them to create such a clinic in cooperation with legal aid program staff.

G. Locate Community Partners

A next step in setting up a community development practice is locating community partners. They provide access to neighborhoods, give insight into the problems and issues that the neighborhoods are confronted with, and

⁹ For more information, contact the National Economic Development and Law Center, 2201 Broadway, Suite 815, Oakland, CA 94612; 510.251.2600; www.nedlc.org. Additional organizations with useful resources for representing nonprofit organizations include the following: Alliance for Justice (11 Dupont Circle NW, 2d floor, Washington, DC 20036; 202.822.6070; www.allianceforjustice.org); Independent Sector (1828 L St. NW, Washington, DC 20036; 202.233.8100; www.indepsec.org); The Management Center (580 California St., Suite 200, San Francisco, CA 94104; 415.362.9735; www.tmccenter.org); The Society for Nonprofit Organizations (6314 Odana Rd., Suite 1, Madison, WI 53719; www.danenet.wicup.org/snpo); the local League of Women Voters.

¹⁰ Lorman Education Services, P.O. Box 509, Eau Claire, WI 54702; 888.678.5565; www.lorman.com.

may be able to assist in carrying out the legal aid program's CED practice.

Many organizations and individuals in even the smallest communities are willing to work with legal aid programs committed to CED work. Neighborhood associations, 4-H clubs, community design centers, social and human service agencies, houses of worship, community ministries, environmental groups, labor unions, and others are all potential partners in CED projects. Local government agencies and officials can be useful in obtaining government-generated grants, and these agencies can organize specific efforts, including those involving CED work.

As another example, in recent years United Way organizations across the country have become proactive in pursuit of their goals. Not content with being a funding source and, often as a result of demands from community organizations and activists, particularly in low-income and working-class neighborhoods, they have opened their doors and resources to the efforts of community organizers. United Way offices thus often are willing to share their resources with CED units of legal aid programs.

After the legal aid program identifies community organizations with which it is interested in partnering, the program should initiate discussions with these organizations' leadership and staff, if they have one, to explore types of mutually beneficial joint efforts. Working relationships can be initiated through joint staff meetings, formal presentations to staff and leadership around a particular issue of interest to the legal aid program, or simply mutual activities around specific problems facing shared client communities. The nature of these working relationships varies with the type, size, and purpose of the partnering organizations. Limited only by their imagination, legal aid program staff should think expansively in finding community partners.

H. Get the Word Out

After a legal aid program decides to engage in CED work, it must get the word out about its expansion into this

practice area. Client communities are well aware of what services their local legal aid program provides, and clients go to the program for such services. Thus the traditional public face of a legal aid program probably will not bring in CED clients and projects. For example, because legal aid programs generally deal with large numbers of landlord-tenant problems, neither individuals nor groups needing assistance in developing low-income housing would generally consider seeking assistance from their local legal aid program.

To become active in CED work, the legal aid program will need to educate the public about the availability of its staff to do CED work and about what CED is. Community partners can be useful in getting the word out as well as initiating projects together. For example, if legal aid staff members identify a need for a community health clinic, then making a presentation on the lack of health services in a neighborhood, small town, or rural community at meetings of local organizations, at houses of worship, or at union halls would be a first step in educating the public and identifying people interested in putting together a project to establish a clinic.

Other methods of getting the word out also may be effective for legal aid programs. For example, the Community Development Program used to publish a regular newsletter on CED activity and other information of use to non-profit organizations. The program also publishes and distributes leaflets giving basic legal information on numerous substantive issues, such as landlord-tenant law and handling consumer problems. It regularly puts on workshops, as described in Section II.

I. Find Clients

In addition to educating the public generally about its CED work, a legal aid program developing a CED practice must find clients. Programs are not limited to a single model for getting involved in CED work and finding CED clients. In some instances a client or group of clients come to the program with a problem the solution to which

requires collective activity; that is, clients come in with individual problems that often can best be solved by clients with similar problems working together. In other instances a group with a mission servicing the legal aid program's clients requests services in helping get started or on tax or organizational problems. Some programs begin CED work by conducting studies, formal and informal, of the economic and social problems facing low-income people in their service area (as discussed in Section I.B) and, as a result, identify issues that need to and can be addressed only through CED efforts; they then seek clients facing the problems that their research and studies identify as important.

The examples of CED projects that I discuss in the next section highlight additional ways of finding CED clients.

II. Becoming Involved in CED Work: Examples of CED Projects

To illustrate the variety of ways in which a legal aid program can become involved in CED work, I briefly describe six projects that the Louisville Legal Aid Society's Community Development Program has pursued.¹¹

Developing Educational Workshops. For more than a dozen years, the Community Development Program has organized a one-day workshop in the winter preceding the Kentucky General Assembly session to give nonprofit tax-exempt organizations, mostly Section 501(c)(3) and 501(c)(4) organizations, an understanding of the complex federal and state laws regulating nonprofit lobbying and legislative advocacy.¹² The program has worked with the local United Way, the League of Women Voters, and other local groups to put the workshop together. These

organizations have helped pay for the materials used, supplied speakers and participants, and sent announcements to their own mailing lists. The workshop gives information essential for these nonprofit organizations to engage in lobbying activity and identifies for the public the program's expertise in this area of the law and its willingness to assist community-based organizations.

The Community Development Program also has developed a series of other workshops, including ones dealing with year-end tax requirements, bookkeeping and accounting for nonprofit organizations, and training officers of nonprofit organizations in their duties and functions.¹³ These workshops educate officers and board members, expose program staff to the nonprofit community, and identify the Legal Aid Society as a place to get these types of assistance.

Encouraging Affordable Housing Development.

For a number of years several nonprofit housing developers located in deteriorated neighborhoods in Louisville had been building housing, mostly single-family homes, for low- and moderate-income households. The Community Development Program long has represented most of them; the program provides a full range of tax, corporate, and organizational services and advice. Several years ago program staff decided that, even with the work of these nonprofit housing developers in producing homes, not enough affordable housing was being constructed and that increasing the production of housing for ownership by low-income families was needed. For several years, the program organized a yearly event, the "One Home at a Time" conference, to give interested individuals the tools for building housing.

¹¹ The Louisville Legal Aid Society pursued these CED projects free from LSC restrictions.

¹² Until 2001 the Kentucky General Assembly convened only every other year; since then it has convened every year.

¹³ Relevant forms dealing with year-end tax requirements include Internal Revenue Service Form 990 ("Return of Organization Exempt from Income Tax"); Form W-2 ("Wage and Tax Statement") and Form 1099-MISC ("Miscellaneous Income") if the organization has employees; Forms 940 ("Employer's Annual Federal Unemployment (FUTA) Tax Return") and 941 ("Employer's Quarterly Federal Tax Return"); and all other federal, state, and local year-end withholding tax form and filing requirements.

A local bank's Community Reinvestment Act personnel convinced the bank to become a conference sponsor; the bank funded the event and a conference site. Loan officers from the bank, real estate lawyers and brokers, staff from several state agencies involved in financing housing, builders, staff of some of the already existing nonprofit developers, and housing advocates all agreed to make presentations and participate on panels. Leaders from among nonprofit developers agreed to act as guides for bus and home tours of their projects. The conference was geared to people active in their neighborhood associations, houses of worship, fraternal organizations, or social clubs to show them that they could use these and other organizations as a base to build just one affordable house in their neighborhood or community.

Creating a Neighborhood Museum. Several years ago Community Development Program staff represented parents in a largely working class area in a fight to keep the county school district from closing their neighborhood school. Despite valiant efforts by the parents and skilled representation from program staff, the school board closed the school. The parents, some of the teachers, and several dedicated activists assembled, as a part of the struggle over the school, an educational program highlighting the special history of the neighborhood and its people. The struggle to keep the school open was lost, but this educational project lived. The project is now a well-respected neighborhood museum.

The museum, which has continued to be the Community Development Program's client, is housed in its own building in the heart of the neighborhood. It has developed an extensive collection of artifacts, art, photographs, and stories of local inhabitants and their families. It offers a wide range of education and cultural programs revolving around the neighborhood's history particularly for young people living in the area. A singularly important neighborhood institution, the museum is a leader in current efforts to revitalize the neigh-

borhood in accordance with residents' needs and desires.

Improving Housing Conditions Through Tenant Organizing. At the height of urban renewal efforts in the early 1970s, a 650-unit low-rise apartment complex was built in a depressed neighborhood just outside of Louisville's downtown area. The complex was built by a nongovernmental, nonprofit community development corporation operated by a board of directors made up of the local economic elite. The complex was placed on property acquired through urban renewal; the property had been the subject of massive demolition and was adjacent to a large public housing project. While not a part of the housing stock that the Housing Authority of Louisville owned, it was a site-based Section 8 complex subject to oversight by the U.S. Department of Housing and Urban Development (HUD). Due to original design flaws, neglect by the board of directors, and mismanagement, the complex slowly deteriorated. The apartments were unpleasant to live in, and the complex became a magnet for crime and drug traffic. For years, the Legal Aid Society had represented many individual tenants in disputes over maintenance issues and living conditions.

In the mid-1990s the Community Development Program decided that it needed to take a more systemic approach in dealing with the problems facing the tenants living in the complex. The program assisted several of the tenants in creating an active residents' organization. The organization—with the help of program staff, people from the Louisville Community Design Center with architectural expertise, and university students—conducted a study of the complex and an extensive survey of the views of the tenants. The program used the results of the study and the residents' organization's demands to pressure successfully the local HUD office to take an interest in the problems at the complex and to consider replacing the original nonprofit developer with one committed to major rehabilitation of the complex.

However, full cooperation from HUD and the original nonprofit developer was not forthcoming until the Community Development Program, using the results of the study and survey, threatened to sue. The residents' organization, the program, and the local HUD office initiated a national search for a new developer. After much effort, the search brought in an experienced developer interested in carrying out a massive rehabilitation of the complex. There are now 600 fully rehabilitated apartments that are well run and maintained.

The residents' organization continues to be active in both the operation of the complex and in the surrounding community. For example, the organization was instrumental in establishing an outpatient clinic of a major local community health clinic open to all housing complex residents, has supported the parent-teacher organization at the public school near the complex, and has put on neighborhood cultural festivals. Community Development Program staff still provide ongoing corporate counsel advice and assistance to the organization.

Representing Community Ministries. Louisville's low-income population receives a wide range of services from a network of community ministries. Each community ministry operates in a different service area and is supported by the houses of worship situated in its service area. The ministries are secular, do not engage in any form of religious activity, and are open to all regardless of religious affiliation. The Community Development Program represents, assists, and advises these ministries on tax and corporate matters as well as any other issues that confront them.

Several years ago one of the larger and most active of these community ministries needed to respond to the consequences of the destruction of one of the neighborhoods in its service area; the destruction resulted from airport expansion. One element of its response was to seek the Community Development Program's assistance in establishing a nonprofit housing development subsidiary. One of the leaders

in creating the subsidiary was a Catholic priest in a parish that was going to be bulldozed. Consequently the subsidiary's first effort was to build eighteen houses on a tract of land purchased from the archdiocese with grant money from the City of Louisville to provide a small amount of replacement housing available to the residents of the decimated neighborhood.

Community Development Program staff provided all of the legal work in establishing the housing development subsidiary. They also were involved in all construction phases, including reviewing the contract with the developer who built the houses, preparing sale contracts, reviewing the signed contracts to ensure that they were complete and correct, representing the nonprofit organization in negotiations with the city, preparing grant documents, regularly attending board meetings as the project proceeded, helping the nonprofit housing developer deal with issues and problems as they arose, and representing the nonprofit organization at each of the closings.

After completing the project, the subsidiary proceeded to build other affordable housing in the neighborhood. However, after a couple of years of successful housing development, that housing creation was not sufficient became apparent to both the community ministry and the subsidiary. Too many other problems in the neighborhood needed attention at the same time as the upgrading of the housing stock. The community ministry, along with its nonprofit housing subsidiary, convened residents, social service providers, business people, religious leaders, and local government officials to develop a revitalization plan. Community Development Program staff helped them develop a plan for the meetings on the revitalization plan and identify whom to bring together. Program staff participated in developing a revitalization plan that was agreeable to all. The plan has led to such related activities as crime block watch, a neighborhood business association, revitalization of the then-dormant neighborhood association,

neighborhood cleanup, and housing repair efforts. Program staff have been involved in revitalizing the neighborhood association, which they represent.

Facilitating Community Revitalization. Two years ago Community Development Program staff began working with an association in a deteriorated inner-city neighborhood. Again the program's original focus was on basic tax and organizational needs such as handling incorporation, drafting bylaws, securing Section 501(c)(3) non-profit tax-exempt status, creating a viable organizational structure, and training officers and board members in their duties and functions. However, the neighborhood is now facing major changes, including associated commercial development, from a planned light rail system that will run through the center of the community.

For the community to gain control of the ramifications of these changes and ensure that such "revitalization" was in the residents' interest and met their needs, the association—with the help of Community Development Program staff, the local Community Design Center, and staff at a community center operated by the Presbyterian Church—participated in an elaborate effort to develop a neighborhood-oriented revitalization plan. This involved bringing together, along with program staff and design center and community center staff, houses of worship, businesses, social service organizations, activists, and others to devise an

agreed-on vision for the future of the neighborhood and to develop cooperative and complementary working relationships among all interested participants. The participants are still developing the revitalization plan. Underlying this effort is the recognition that if the varied neighborhood elements cannot work together, large outside businesses, whose interests are inimical to those of neighborhood residents, will end up controlling the life of the neighborhood for their own profit.

CREATING A CED PRACTICE REQUIRES TIME, effort, patience, tenacity, and planning. CED work often puts legal aid programs, their staff, and their clients at the center of some of the most significant and controversial obstacles facing low-income and working-class communities. For example, efforts to create low-income housing are often met by hostility from other neighborhood residents. Demands for solving environmental problems such as air and water pollution are opposed by the businesses creating the pollution and met with indifference from local government. Attempts to initiate community revitalization face opposition from powerful economic and political forces seeing such efforts as a threat to their bottom line. Despite these obstacles, a successful CED project will bring much personal and professional satisfaction to the staff working on the project and will better the lives of many of the legal aid program's clients.

Improving the Higher Education Act

Federal higher education programs have the potential to support community economic development by substantially funding occupational training and other postsecondary education that meets the needs of businesses for skilled employees. Upgrading the skills of residents can help bring good jobs to a neighborhood or retain them. When linked to economic development strategies and to “bridge” programs that help undereducated youth and adults prepare for and succeed in college-level studies, occupational certificate and degree programs can help low-income people qualify for better jobs.

Congress began in 2003 the process of reauthorizing the Higher Education Act, the principal focus of which is student financial aid. During the 2002–2003 school year, the Act’s programs provided \$55.5 billion in federal student aid to 8.4 million students and nearly one-half million families, primarily in the form of subsidized loans, according to U.S. Department of Education data as cited by Thomas R. Wolanin of the Institute for Higher Education Policy in the 2003 Center for Law and Social Policy publication *Leave No Youth Behind*. The Act also funds programs that are aimed at helping low-income youth and adults gain access to postsecondary education and succeed in their studies. Other initiatives under the Act support teacher preparation and postsecondary program improvement.

Federal grant aid, provided mainly through the Act’s approximately \$12 billion Pell grant program, is especially important for low-income individuals. However, current policies and funding streams at the federal, state, and local levels often do not support the workforce and economic development role of postsecondary institutions or meet the needs of nontradi-

tional students, particularly low-income, financially independent, youth and adults, who often are enrolled in occupational programs. American undergraduates are increasingly nontraditional—substantial numbers of them are older, working full-time, on their own financially, supporting dependents, attending college less than full-time, and balancing work, school, and family responsibilities.

Low-income students—especially nontraditional ones—have a substantial unmet financial need, and the current federal need analysis used to determine student aid awards obscures that need by overestimating what such students actually can afford to pay toward their education and by underestimating costs, especially for single low-income adults, with or without dependents. A more accurate analysis of need is an important first step toward helping these students. To deliver more aid to the neediest students, an expansion of Pell grants also will be necessary. Better outreach and career and financial aid counseling are critical for helping eligible students, especially nontraditional ones, become aware of available aid and use it wisely.

Congress will make key decisions on reauthorization of the Higher Education Act beginning in fall 2003, with a final bill expected in 2004. The Center for Law and Social Policy has developed a comprehensive set of recommendations regarding nontraditional students; they are available at www.clasp.org/DMS/Documents/1055350135.28/HEA_comm0203.pdf.

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