



THE ORGANIZATIONAL DEVELOPMENT OF THE  
ROCKY MOUNT/EDGECOMBE COMMUNITY DEVELOPMENT CORPORATION

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"To Dad Be the  
Blond"

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PROBLEM STATEMENT:

Rocky Mount, North Carolina is one of the fastest growing cities in North Carolina. It is often pointed to with pride as a beacon of development in an otherwise depressed, rural, agricultural region of the state. Yet it is a city divided with unbalanced growth and county lines. Rocky Mount's growth has occurred almost exclusively on the Nash County side of town. Of 1300 residential permits issued by the city in a fifteen month period, only 300 were for Edgecombe County. Affordable housing for low-income and moderate income families is a serious problem. The City's Community Development Department provided information to the Human Relations Commission in December, 1989, that indicates as much as 70 percent of our City's population cannot afford housing. There is an obvious need and market for housing in Rocky Mount in the \$32,500 - \$50,000 range but presently very few homes are being built in that range. The average cost of a new home in Rocky Mount is \$80,000.

Public Housing has 958 units and a waiting list of over 500 families, most of the units are over 30 years old. While Rocky Mount has been booming in Nash County's western suburbia, the Edgecombe County side of the city has deteriorated. The 1980 Census reveals that more than a quarter (26.5%) of the housing on the Edgecombe County side of the city was constructed before 1940, and new construction is virtually nonexistent. The median value of homes average at \$20,000, most residents (61.4%) are renters, with rental property ownership based in Nash County. According to the 1980 Census, the average household income in Edgecombe County is \$10,561, just 61.4% that of the city as a whole. One of every three Edgecombe County citizens (31%) live in poverty.

The residents of the Edgecombe County side of Rocky Mount, despite their limited incomes, collectively comprise a potent economic force. A random survey of residents, completed June, 1988, revealed that most expenditures of residents occur outside of the community as shopping opportunities are limited. The majority of the area's annual income leaks into Nash County, creating an economic drought in Edgecombe County.

Since the overall prosperity of the city has not trickled down, or over into Edgecombe County, it is time for the residents of the Edgecombe County community to take the initiative to revitalize their community and stop the leakage of income.

The Rocky Mount/Edgecombe Community Development Corporation (RMECDC) is a not-for-profit community economic development organization; RMECDC was incorporated in November, 1988 as a result of a bank-financed Feasibility Study completed, June, 1988, that revealed a picture of two Rocky Mounts - one booming, the other stagnating. The Feasibility Study was conducted to assess the community and credit needs of low-and moderate-income and minority groups and to identify steps that could be taken to improve the quality of life and economic vitality of the target neighborhoods. The Target Area of the study focused on those eight census enumeration districts on the Edgecombe County side of town whose median household income was 80% or less that of the city as a whole. The study also had as one of its purposes to investigate the feasibility of establishing a Community Development Corporation (CDC) to assist in accomplishing these goals. While the study was intended to focus on a target area located on the Edgecombe County side of the City of Rocky Mount, it was expanded to include demographics and statistical data on the city as a whole.

The Target Area for the RMECDC was expanded from the Study's initial focus area and covers the Edgecombe County side of Rocky Mount and the pockets of poverty that exist in the city whose

median household income was 80% or less that of the city as a whole in the 1980 Census.

The Study took place over a ten and a half week period, between April 1 and June 30, 1988. It involved analysis of various forms of information, from Census data to city and county records, state and local reports and personal interviews, to provide an in-depth and objective assessment of the needs of the low-and moderate-income and minority community.

The Study documented the need of a community controlled organization that has as its sole mission the economic, cultural, physical and social revitalization of the target area.

The mission of the RMECDC is to stimulate and encourage the economic, physical, cultural and social revitalization of our community by building our capacity to work collectively to improve our quality of life: by recognizing and participating in real estate development opportunities that create affordable housing, encourage minority business ownership, home ownership, provide employment opportunities, increase income, encourage self-sufficiency, and generate support of RMECDC's operations and other development ventures, through economic, cultural and leadership development programs.

The RMECEC is governed by a fifteen member board of Directors that is representative of the target area. The board transitioned from our local Community Reinvestment Act Steering Committee which met over a two year period and negotiated a CRA Agreement with a local bank. The three phase CRA Agreement with Edgecombe County citizens is currently being implemented and is the foundation of the organization of the RMECDC. Phase I of the Agreement was the bank-financed feasibility study completed June, 1988., and documented the need of a CDC. Phase II of the Agreement states that the bank will take the lead in raising the operational budget for the RMECEC for a three year period. This Phase is currently being implemented.

The feasibility of implementing Phase III is also being investigated at the current time. Phase III states that the bank will take the lead in developing an Equity Fund and Revolving Loan Pool to fund ventures that the RMECDC identifies. These funds will be raised from all the financial institutions within the city.

The root cause of the problem of the deterioration and underdevelopment of Edgecombe County Rocky Mount is the City's decision to develop the Nash County side of the city, at the expense of Edgecombe. The city is divided into two counties, the county line visible by the railroad tracks which run through the middle of downtown. The railroad tracks are a clear demarcation of the boundary between the Edgecombe County and Nash County sides of the city. Nash County residents are predominantly white and wealthy, while Edgecombe County is predominantly black and poor. A economic gap that is widening yearly as commercial and retail development is booming on the Nash side, and declining on the Edgecombe County side. The leakage of Edgecombe County's income into Nash has been estimated at 95%. The current population of Rocky Mount is approximately 52,000, the minority population of Rocky Mount is 42%, concentrated in Edgecombe County. White flight has increased over the past five years, Edgecombe County side of Rocky Mount is currently 85% black.

This CED Projects documents the organizational development of the Rocky Mount/Edgecombe Community Development Corporation, the implementation of the Community Reinvestment Act Agreement with People's Bank, and the pre-development feasibility of the RMECDC's first real estate venture, the revitalization of the 100 block of South Washington Street, downtown Rocky Mount, into a mixed use residential, commercial and retail project.

PROJECT GOALS:

The goals of this CED Project is the organizational development of the RMECDC, the implementation of the local Community Reinvestment Act Agreement with People's Bank and education of our community on the role of a CDC.

The maximum objectives to be accomplished are:

1. The Orientation of the Board of Directors to the work of a CDC and the concept of Community Economic Development.
2. Ongoing training of the Board of Directors.
3. Obtaining Federal tax exemption.
4. Structuring and training of board committees.
5. Obtaining financial operational support.
6. The hiring of Staff.
7. The implementation of our local Community Reinvestment Act Agreement with People's Bank.
8. Assessment of Community Problems/Needs.
9. Beginning steps/workplan for a Comprehensive Community Development Plan for the Target Area.
10. Community Education.
11. Leadership Development.

The minimum objective is to complete the pre-development feasibility for the RMECDC's first real estate venture, the revitalization of the 100 block of South Washington Street, downtown Rocky Mount.

The accomplishment of these objectives will result in the RMECDC becoming an active player in the development planning and leadership in our community, and the involvement of citizens in deciding the future of their neighborhoods.

METHODS:

The RMECDC emphasizes the following unique development strategies:

1. A new approach to planning for our city which is more comprehensive and responsive. The RMECDC has implemented a planning approach which moves from community need (citizen participation) to municipal, county and regional plans and then back to community impact. The citizen participation approach includes strategies that will result in more than just a "report" document, but also represents a "process" which incorporates elements of strategic planning to provide the RMECDC with meaningful input from its constituent population, thus improving the effectiveness and utility and reality of the final product.

The Comprehensive Community Development Plan for the RMECDC's target area, with input from the residents, will serve as the basis for coordinated and sequential community development and business investment decisions, and will strengthen the RMECDC'S capacity to stimulate and guide community economic development and encourage public/private partnerships.

2. The RMECDC's role is expanding public/private partnerships in community revitalization. The RMECDC staff and Board of Directors has spent the last year developing and implementing a strategy of inclusion. Community education has focused on other non-profits in the community, community leaders, corporate citizens, local city and county governments. The goal being to explain the role of a CDC and the concept of CED. The staff of the RMECDC has also focused on the implementation of the CRA Agreement and structuring the organization professionally and financially.
3. Techniques for promoting balance growth in a city that is situated in two vastly different counties. The RMECDC has used the South Washington Street Revitalization Project to



sensitize the city of Rocky Mount to its leadership role in helping to develop the Edgecombe County side of the city. We have worked since September, 1988 with the Community Development Department of the city and since March 1989 with the City's Redevelopment Commission which owns the 10 buildings located on the 100 block of South Washington Street. Our strategy has been to meet all the timelines developed for and by the city, to hire the most competent professionals on our development team, and meet above the standards set by the city. We have also researched various state and national funding available to the city to be channeled to non-profits, and challenged the city to apply for available funding. A consultant has been hired to analyze the city's capital outlay for the past twenty years.

RESULTS:

The RMECDC has been successful in its Organizational Development, Fundraising, Board of Director's training, CRA implementation, Comprehensive Planning and Community Education. We have completed the pre-development feasibility on the South Washington Street Project, the difficulty that we have experience has been in acquiring the site control of the 10 building and the negative attitude of a white developer who has also expressed an interest in the buildings.

1. Organizational Development: The RMECDC has hired staff, opened office facilities, purchased equipment and is operational. The Board of Directors has been involved in three training sessions, board committees are in place, and the role of a CDC and the concept of CED is understood by board members. Extensive staff training has occurred, a financial management system is operational, and a personnel manual is being developed. Our Federal tax exemption has been approved.

2. Fundraising: The RMECDC raised \$120,000 during 1989. The operational budget for 1990 is \$268,000, of which \$55,000 has been granted. Proposals have been submitted to a number of foundations.
  
3. Community Reinvestment Act Activities: The RMECDC is implementing Phase II of the CRA Agreement with People's Bank. People's Bank donated the office furniture and filing cabinets to the organization. People's bank is taking the lead in raising the operational budget for 1990. On December 8, 1989 the RMECDC held an Open House and seven out of twelve financial institutions were represented. On December 21, People's Bank hosted a luncheon for the RMECDC, ten of twelve financial institutions were represented. The CRA representative of People's Bank has stated that he expects to have raised the RMECDC's operational budget by mid-February.

Phase III of the CRA Agreement is being studied for implementation methodology currently. Our next monitoring session with People's Bank is January 30, 1990. At this time, N.C. Legal Services will present a plan for developing Phase III, the Equity Fund and Revolving Loan Pool to fund ventures that the CDC identifies.

4. Comprehensive Planning: A consultant has been hired to develop the Comprehensive Community Development Plan for our target area. He will work closely with the Senior Planner of the City of Rocky Mount. Rocky Mount is in the process of developing a new Land Use/Development Plan, to be completed by August, 1990, and has agreed that the RMECDC's consultant can work in conjunction with their planners. We are working to develop a citizen participaiton plan for input on both plans.

5. Community Education: Community Education is a major factor in the RMECDC's 1990 workplan. The RMECDC is actively support voter registration and voter education in preparation for the 1990 elections. Small Business Skills training will begin in mid-March, 1990. A number of seminars and workshops are being planned for 1990 on leadership development, cultural activities, and CED.
6. The South Washington Street Project: The RMECDC has been successful in meeting the Project Schedule - Phase One Feasibility Stage approved by the Rocky Mount Redevelopment Commission on March 23, 1989. All pre-development feasibility studies were completed timely. Studies include: Market Analysis, Housing Need Study, Architectural Feasibility, Economic Viability and admendments/changes to architectural renders.

Part IV, Financing and Marketing Plan Development, was put on hold at the November 30, 1989 Redevelopment Commission meeting. Developer Kip Meadows submitted a proposal to to purchase and demolish all ten buildings to create parking for the old bank building he is planning to restore around the corner from the site. The City's RFP for the 100 Block of South Washington Street was closed on October 31, 1988. The city allowed Mr. Meadows to enter the process one year and one month after the closing of the RFP.

The Redevelopment Commission requested that the Community Development Department work out a compromise between the RMECDC and Mr. Meadows prior to their January 25, 1990 meeting. Nego. ations are currently in process. The RMECDC rejected the city's initial offer of two buildings on December 22, 1989.

ANALYSIS/CONCLUSIONS/RECOMMENDATIONS: The Organizational Development of the Rocky Mount/Edgecombe Community Development Corporation has been very successful. This success to a very large extent was based on five factors:

1. The CRA Steering Committee that negotiated our Agreement and transitioned into the Board of Directors of the RMECDC had worked together for a number of years on other projects. Some members of this core group had attended Community Economic Development training and understood the concept of CED and CDC's.
2. This core group of citizens had knowledge of our community prior to the formulation of the RMECDC. We knew the problems and needs of the community.
3. The commitment of the Executive Committee of the Board of Directors to work for eighteen months to formulate the the RMECDC, and the commitment and credibility of the staff hired to give their all to the development of the organization and the implementation of the Community Reinvestment Act Agreement.
4. The leadership and technical assistance provided by our local Legal Services office and state Legal Services Resource Center.
5. The community's track record of success in gaining political empowerment. This victory gave us the ensurance that we could succeed in revitalizing our community.

Prior to the organization of the RMECDC our community had come together in 1980 to gain political representation through a massive voter education/registration campaign. The success of this campaign and a law suit that resulted in a "true ward" system of city council representation gave us the confident and political empowerment we needed to build an economic base in our community.

CONCLUSION:

The most difficult and challenging aspect of the organizational development of the RMECDC was the combined workplan of organizational development and real estate venture (South Washington Street Project). The South Washington Street Project forced the RMECDC to develop a high level of organizational professionalism from its incorporation. It has also helped to clarify in the minds of the community what a CDC's role is in the community. It has forged relationships and partnerships that would not have otherwise developed. It has forced the staff and board of the RMECDC to gain technical skills, develop resources and sit at the bargaining table with the city of Rocky Mount, hammering out the future for the Edgecombe County side of the city. The RMECDC has positioned itself in our city. We have access to funds, technical skills, access to resources, a trained professional staff, completed our start-up year without any funding from the local level, and have raised \$55,000 for operational year 1990. We have developed partnerships with other non-profits, elected and appointed officials and had made great strides in implementing CRA.

The next steps for the RMECDC is to increase citizen participation and to develop the membership base for the organization. Our 1990 workplan includes these two items plus: Comprehensive Community Development Planning, South Washington Street Project, other real estate ventures, small business training, home ownership consultation and the development of a Downpayment program with the local financial institutions, further board training, staff training, and implementation of CRA.

The current negotiations with the city's Redevelopment Commission should strengthen our position in the city. We realize that we are not fighting for buildings, but rather the city's leadership and support for the revitalization of the Edgecombe county side of the city.

The city's position on South Washington Street is reflective of its racist history. Historically, Rocky Mount residents have allowed their lives and perceptions to be governed by county lines and the dividing line of a railroad track. Now the RMECDC provides a vision of a unifying bridge connecting Edgecombe to Nash, black to white, through a biracial residential, office and retail complex at the heart of the city. We seek to build economic and spiritual linkages that will bridge old gaps, encourage development on the Edgecombe County side of the city, and thereby promote citywide prosperity beneficial to all of Rocky Mount's citizens.

The RMECDC was offered two of the ten buildings by the city's staff on December 22, 1989. This offer included a forty year lease at \$1.00 per year, parking, the city making application for CDBG housing funds, but restricted the use of the buildings to housing. The RMECDC feels that the offer of two of ten buildings is not a good one and rejected the offer. The Board of Directors also stated that small business development is key to the revitalization of our community, and requested the city to support its development in Edgecombe county.

Ours is a city of tremendous assets - assets frequently left underdeveloped in an atmosphere of conflict and division. Washington Street can serve as a solid beginning for changing the relationships, messages and image of a separated city. This project will be promoted as a visible sign of racial and economic partnership - the negotiations will insure the development of partnerships - the successful uniting of a low income minority controlled CDC with the economic/political leadership of the city. Mutually shared economic development goals aimed at citywide prosperity offers promising avenues to enlarge the sphere of cooperation so necessary to achieve economic prowess.