Public Values in Governance Networks: Management Approaches and Social Policy Outcomes in the Case of Community Reinvestment

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To the: Public Values Workshop 2012, June 3-5, 2012 in Chicago, IL

ABSTRACT

An overarching question in public values research is the extent to which traditional paradigms account for public value formation and realization in complex, networked governance arrangements. In this paper, I apply Stoker’s (2006) public values management paradigm to explain the variation in community reinvestment responses in two socioeconomic and demographically comparable cities, St. Louis and Cleveland. Using a qualitative approach and drawing upon secondary data sources and interviews with community-based groups, public administrators and other key stakeholders in the reinvestment community, I trace the management approaches in these two cities between the years of 2000-2009, based on the criteria for each paradigm established by Stoker: the role of managers, the definition of public interest, the agency’s approach to public service ethos, the preferred system for service delivery and nature of the processes employed by city community development departments to include external stakeholders. Finally, the authorization of public values are linked to the social policy outcomes that emerge in each context. The findings suggest some support for Stoker’s paradigm as well as a need to consider the combined effect of management approaches and policy outcomes on the authenticity of democracy in governance contexts.

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INTRODUCTION

In this paper, I explore the relationship between different management approaches and the public values that emerge, as well as how these different approaches translate into social policy outcomes. Using a qualitative approach and drawing upon secondary data sources and interviews with community-based groups, public administrators and other key stakeholders in reinvestment networks, I trace the management approaches in these two cities during 2000-2009, based on the criteria for each paradigm established by Stoker: the role of managers, the definition of public interest, the agency’s approach to public service ethos, the preferred system for service delivery and nature of the processes employed by city community development departments to include external stakeholders. Finally, public values are linked to the social policy outcomes that emerge in each context and overall implications for the democratic nature of governance contexts are discussed.

The primary contribution of this paper is to generate insights of the applicability of Stoker’s public values management paradigm to explain the authorization and creation of public values in governance networks. The analysis deviates from traditional approaches of studying public values, such as studying the values of individual administrators or organizations, to a broader focus on the actions and practices visible in different management approaches to foster the conditions for public value authorization and creation. In this paper, Stoker’s framework is used to evaluate the authorization of public values in two different management approaches and the social policy outcomes that emerge, defined as the tools used to accomplish policy objectives. After an analysis of each case, each governance context, defined as the approaches and tools brought to bear in a particular policy arena, is evaluated to determine the potential of governance contexts to produce authentic democratic contexts for public values realization.

The governance contexts of interest in this paper are in the policy arena of community and economic development. As Nabatchi (2012) noted, local community and economic development contexts are likely to be characterized by a great deal of public value conflict, suggesting a greater need to understand the conditions through which these conflicts are addressed. Furthermore, as Agranoff and McGuire (1998) noted, networks are predominant in the area of community and economic development, largely due to the effects of decentralization and localization of policy responsibility. They found that government agencies spend a lot of time in networks and carrying out policy objectives through networked arrangements as opposed to hierarchical arrangements through a single government agency or only relying upon market forces. Federal efforts to revitalize urban areas have been classified by others as a highly devolved process, moving from centralization of local economic and community development
decision making at the federal level to a transfer of decision-making to the state and local levels (Frej & Specht, 1976; Mossenberg, 2010). Policies and programs such as the Community Action Program (CAP), the model cities program, and the Community Development Block Grant Program (CDBG) all influenced the engagement of nonprofit organizations and local governments in the delivery of policies and programs designed to reinvest in and redevelop urban communities, both physical and social.

Perhaps the biggest change for local governments occurred in 1974, when Congress passed the Housing and Community Development (HCD) Act of 1974, and policies and programs benefitting low- and moderate-income communities were folded and consolidated into the CDBG program. The Act was passed in response to the critical social, economic and environmental problems facing the nation’s urban communities. Seven categorical programs were merged into a block of flexible community development funds distributed each year to local communities using a formula that considers population and measures of distress including poverty, age of housing, housing overcrowding and growth lag. As described by Frej and Specht (1976), the HCD represented “the most significant national legislation on community development since the Housing Act of 1949 (p. 275),” and the provisions of the Act “alter significantly the pattern of federal-local relationships in a wide range of housing and community development activities”. They describe the departure as one away from a ‘centralized state’ where control was maintained by the federal bureaucracy, towards a “decentralized state” where localities can best determine and meet local needs through the allocation of CDBG funding. They further noted that this shift presents a number of challenges for professionals engaged in social policy analysis and planning with local governments and community organizations, as it placed the final responsibility for planning and economic and community development activities on general purpose governments.

It is anticipated in this paper, that the tools that emerge from a given governance context will be a “function”, or, in other words, will be in alignment with the particular predominant management approach in a given context. Thus, even though the case of community and economic development is highly decentralized and results in a number of networked arrangements, in particular management contexts, the tools utilized by local governments to accomplish CDBG programming and activities may differ based on the primary assumptions of the authorization and creation of public values in the particular governance context, and the presumed role of administrators.

PUBLIC VALUES AND NETWORKED GOVERNANCE

Public values have been addressed and understood largely from the individual and organizational level (Bozeman, 2007; van der Wal, de Graaf, & Lasthuizen, 2008). Nabatchi (2012) argued that individual methods and mechanisms that reside at the organizational level or focus on individual sources of values may be limited, particularly in their potential to address the importance of the role of administrators in creating the public sphere, the space where public values are formed or may come into
conflict (public values pluralism). Values in government can be defined as an appraisal of what is created by government on behalf of the public; values can also been see as those that provide “normative consensus about (a) the rights, benefits and prerogatives to which citizens should and should not be entitled; (b) the obligations of the citizens to society, the state, and one another; and (c) the principles on which government policies may be based (Bozeman, 2007, p. 13; in Nabatchi, 2012, p. 1-2). Typically, in policy analysis work, the values that are espoused in policies and programs are viewed as being those for which “normative consensus” was achieved, largely resulting from the assumptions of traditional paradigms in which citizens express their preferences through traditional democratic channels.

Traditional approaches that focus on individual or organizational level values to understand public value creation can be exclusionary, because they tend to favor privileged values or, perhaps more importantly, disregard the importance of the public sphere as an important precursor to value formation. As Nabatchi (2012, p. 2) argued, there is a need for management approaches, and evaluation of such approaches, in which citizens are directly and actively involved in identifying what constitutes public value, articulating what needs to happen to create public value and prevent public values failure, and making decisions about trade-offs to achieve public value creation, which requires a continuing process of social inquiry, discussion and dialogue within the public sphere.

Along similar lines, Stoker’s (2006) public values management paradigm is informed by a set of assumptions that are related to creating the conditions for the realization of public values. Stoker’s public value management paradigm is informed by the systems of dialogue and exchange that characterize networked governance. The paradigm seeks to explain behavior and actions not from a motivational force that relies on rules or incentives, or those values that align with traditional or new public management perspectives to drive public service practice and reform, but rather a force that motivates people through their involvement in networks and partnerships. From this perspective, the following become core objectives of managers in governance networks: Building successful relationships; the creation of contexts of mutual respect and shared learning; and steering society in new ways through complex networks and the rise of bottom-up approaches to decision making.

This is particular important an in era where networked governance leaves a number of important questions unanswered. As noted by Koliba, Meek and Zia (2011) in networks, multiple sectors interact to create public value, and governance of networks often relies on many mechanisms to ensure public value creation, including competition, collaboration, rules and regulations and coordination, all that have varying relationships with the values of equity, efficiency and accountability. Thus, in networks, while different actors within the network may place greater emphasis or importance on values associated with their sector or embedded in a particular mechanism, to understand the networks ability to create public value, there is need to consider the network as a whole.
As summarized by Beyer et al (2004), existing research on the concept of networks and networked governance leave a number of critical questions unanswered, particularly as it relates to realizing the public interest. Within the public management literature, with the exception of a few studies (Agranoff 2007; Agranoff & McGuire 1998; Provan & Milward, 2001; Meier & O’Toole, 2001; Koliba, Meek & Asim, 2011), there is still a need for more research on two fairly important concerns related to networks and public value creation. The first, of which, is whether or not the networks active in the public sphere represent the public interest (Raab & Milward, 2003). The second, is whether or not the outcomes, or value created by these networks, while seemingly in the public interest in the here and now or legitimate in the eyes of the public, are best for the long haul? The differences between these two points are subtle, but distinct. In the case of the former, the networks that exist in the public arena may be used for private ends that are not in the public interest, which calls for a greater understanding of the management approaches used to authorize and create public value in networks. Secondly, valid questions remain as to the overall effects of these approaches on the social policy outcomes that emerge, and the combined effect of governance contexts on the future conditions for authorization and creation of public value.

PUBLIC VALUES AND MANAGEMENT APPROACHES

Operationalizing Stoker’s framework suggests a need to identify the relationships in which public sector administrators engage, their ability to promote bottom-up approaches to decision-making and the extent to which contexts for shared and mutual learning are developed. Stoker (2006) argued that in practice, we might expect to see an alignment between the values associated with different management approaches and the organizations and means used to deliver public policy outcomes or services. Stoker stresses an expansion of the scope of the ‘political’ as central to the public value approach. Traditional public management and also new public management (NPM) models confine politics to the provision of initial input and subsequent evaluation. Any expansion of politics beyond these tasks is then seen as symptomatic of failure. However, for Stoker it is precisely politics, and more importantly, democratic politics, that drives the process of value creation. Politics in this sense is not seen as a failure, but rather Stoker envisions the unique ability of democratic politics to cope with diverse opinions in an uncertain world, to appeal to something ‘beyond the individualism of the market’.

Placing the political in the center of the public value approach has implications for the role of managers, the prevailing public service ethos, the realization of the public interest, the public service ethos, preferred systems of delivery and overall, the conceptualization of the relationship between administration and the democratic process. Table 1 illustrates the basic differences in each of the approaches, and in this section, further explanation is provided as to how modes of governance influenced by different paradigms might be discovered in different contexts. In practice, it is most likely that mixed
models exist, but for the purposes of theoretical analysis, there are certain features that may be more or less pronounced or evident in practice that may be observable.

In Stoker’s (2006) public value management model, managers and administrators are cast in a facilitator role, and they become key conduits to shaping and identifying the public interest, fostering a public service ethos among multiple actors, identifying and building relationships with key actors into the delivery of public services and programs, and overall creating and enhancing the democratic process. Central to public value management approaches is a concern that managers and administrators create the structures necessary to achieve ongoing accountability, which moves beyond traditional political lines of authority and market-based individualism.

From the perspective of traditional management approaches, political authority is mandated directly from below by elections and indirectly through interest groups, party structures and the anticipation of electoral reaction. In these models, public service organizational legitimacy is obtained from the institutions mandated by political authority, and the preferences of groups and citizens are expressed through traditional voting processes. The value of efficiency for administrators is understood in practice by taking action “correctly” by following the established procedures, rules and systems. Accountability is achieved in practice through the oversight exercised by elected leaders. Equity is defined and achieved in practice by treating all similar cases in the same way. Traditional management approaches are dominated by a hierarchical worldview that people need rules to follow (Stoker, 2006).

New public management approaches are dominated by a worldview that because humans are individualistic and entrepreneurial, there is a need for targets and incentives to govern behavior. Efficiency is understood in practice by clarifying and expressing the needs of clients or the customer’s needs seriously, and the setting of tough performance measures or tasks that align with these identified needs. Accountability is understood in practice through the assessment of management achievement against targets through the correct measures of performance and the use of competitive processes to allocate resources. Equity issues are understood in practice as a by-product of responsiveness to users.

Finally, the public value management approach extends beyond the traditional and new public management approaches and seeks to derive additional legitimacy by not only adding participatory methods to its established accountability processes, but also makes accountability and ongoing practice. In practice, public policy arenas are context specific, characterized by administrators responsible for creating and managing public spheres, creating the conditions for authentic and empowered discourse and deliberation, and ensuring a heterogeneous environment of ideas to facilitate the creation of public value. From this perspective, we would expect to see key groups, citizens and organizations directly engaged in
collaborative, coordinated and competitive arrangements with each other and with administrators to influence the formulation and implementation of policies and programs, in order to create value.

The public value management approach as presented by Stoker (2006) suggests that the relationships between efficiency, equity and accountability become muddled. Public value management approaches are characterized by practices that facilitate opportunities for learning exchange and a mutual search for solutions, but may also utilize competitive mechanisms in particular situations. Efficiency requires an ongoing continuous basis of review to ensure that activities fit a purpose valued by the public. For example, an agency may dedicate resources to foster capacity building or community building or outreach efforts as it recognizes the relationship between an educated and informed citizenry and long-term efficiency. Accountability in practice is achieved by negotiated goal setting and oversight and is achieved by improved visibility and transparency of operations, goals and objectives. Furthermore, multiple leaders at various levels and points, both formal and informal governmental actors, are responsible for accountability. Equity concerns are addressed in practice by developing capacity so that people can obtain their rights and assume their responsibilities. The primary assumption of the public value management framework is that preferences are not formed in a vacuum and should not be taken as given, but rather the job of administrators is to engage the public in a dialogue about their preferences in a way that allows for deliberation about choices and alternatives—in essence, administrators facilitate the authorization of public value creation.

MEASURING PUBLIC VALUE CREATION IN DIFFERENT MANAGEMENT CONTEXTS

In order to apply Stoker’s framework it is necessary to identify the multiple ways through which public values are authorized and created in different management contexts. Blaug, Horner and Lekhi (2006) offer a framework that is useful in identifying the relationship between public value creation and different management approaches. The framework is presented in Table 2, and can be used to identify different approaches in practice and evaluate the source of authorization of public value creation. In short, from the perspective of traditional or new public management perspectives, the role of administrators is seen as a reaction to the public values established through the political process, and can be observed in particular administrative contexts based on the extent to which elements of traditional, hierarchical arrangements or more decentralized, new public management arrangements are present. Conversely, a public values management paradigm focuses not only on administrators and managers as reacting or advising the action of political officials, but directly engaging with the citizenry to authorize the creation of public values.

Authorization is concerned with what is provided by the public sector, what is publicly valuable and how what is valuable is realized. Traditional and new public management models largely view what
is valuable as resulting from the traditional channels of political authority, namely elected politicians, senior public managers, the media, social scientists and public intellectuals (Blaug, Horner, & Lekhi, 2006). However, a public values management approach is instead concerned with the extent to which the public is engaged and consulted in the construction and conception of public value, with politics as a positive feature, central to the process. From a traditional or NPM perspective, public values creation is the result of the decisions or trade-offs administrators make in regards to executing the will of the political officials. Conversely, from a public values management perspective, creation refers to the ability of the public service organizations to influence or facilitate the creation of value through the decisions about what services or programs to provide and how to provide them.

**MANAGEMENT APPROACHES AND SOCIAL POLICY OUTCOMES**

Stoker (2006) suggests that different management approaches may have a relationship with the social policy outcomes that emerge in a given context. In this paper, social policy outcomes are defined as *how government does what it decides to do*, to fulfill CDBG program objectives. Considering the social policy outcomes that emerge from different management approaches has important implications on the authorization and creation of public values, and the overall governance context that emerges. While the importance of inclusionary processes and proactive administrators have often been cited as crucial to the authorization and creation of public values, an equally important consideration is the means used by administrators to accomplish policy objectives, and the extent to which the selected means foster or hinder the governance context in which public value is created.

A social policy can be defined as a deliberate intervention by the state to redistribute resources amongst its citizens so as to achieve a welfare objective (Baldock, Manning & Vickerstaff, 2007). Titmuss (1976) suggested one way of distinguishing social policy from purely economic policy is that social policy focuses on "integrative systems: on processes, transactions and institutions which promote an individual’s sense of identity, participation and community and allow him more freedom of choice for the expression of altruism and which, simultaneously, discourages a sense of individual alienation" (in Wilding, 1976, p. 147). Analyses of social policies have evolved to consider the overall effect of the types of policies that emerge and their potential impact on the overall state of democracy and exclusionary and inclusionary features. For example, Smith and Ingram (2002) argued that central to the concern of what government does or does not do is also how government intervenes. What government decides to do can be conceptualized as a tool of public action, defined as an identifiable method through which collective action is structured to address a public problem (Salamon, 2002, p. 19). The tools of government range in various degrees of directness, automaticity, visibility, and coerciveness, as defined in Table 3.

<Insert Table 3 Here>
The policy arena of community and economic development is one that has been characterized by predominant usage of indirect tools to achieve policy objectives, and the manner in which the CDBG program is administered being a prime example of a highly indirect tool for accomplishing policy objectives. The indirect policy nature of local community and economic development policy as a whole and the CDBG program places a lot of responsibility on third party actors to accomplish and create public value. Community and economic development groups have played a pivotal role and are highly dependent upon a wide range of federal programs that are largely managed at the state and local levels as well as a number of additional resources from other private and foundation sources.

Currently, CDBG grantees at the local level can determine what activities they will fund as long as certain federal requirements are met. Each grantee, local or state governments, shall submit to HUD a performance and evaluation report concerning the use of the funds made available and an assessment by the grantee of the relationship of such use to the objectives identified in the grantee’s overall community and economic development plan. Grantees must make the report available for citizen comment and for annual review and audit by federal officials. Local city governments and other responsible public agencies have taken on a wide variety of roles in CDBG programming, merely serving as “grant” allocators and administrators, working to ensure that HUD programs are carried out in accord with the federal rules and regulations, and in many cases using CDBG resources internally to support a wide number of programs established between multiple public sector agencies. Conversely, in other cases, cities have been more centrally entrenched in developing a number of additional programs, partnerships, arrangements or enacting regulation to facilitate support for community and economic development work with other actors within the community development network and building the capacity of community development networks (Mayer & Keyes, 2005). It is anticipated that CDBG outcomes will align with the predominant management approach in each context.

For example, in traditional approaches, public values are largely viewed as something realized through traditional policy channels, suggesting less of a need to adopt processes into the administrative processes but rather a reliance on more direct or greater use of coercive rules and regulations to ensure accountability. New public management approaches, to some extent, heavily favor the use of indirect tools, particularly those with automatic features, seeking to measure effectiveness of tools on an individual basis or through the use of established metrics, as opposed to creating discourse and deliberation into public forums. It may only be in public values management approaches, that Smith and Ingram’s (2002) proscription might be realized, in that administrators seek to bring politics into the center of actions, and we might anticipate a complementary mix of processes and practices to supplement the democratic inequities of particular policy tools.
As defined previously, *authorization* is concerned with what is provided by the public sector, what is publicly valuable and how value is realized. Based on an integration of Stoker’s (2006) framework and the policy tool dimensions (Salamon, 2002), I anticipate the following relationships based on an exploration of the predominant management approach in each case and the degree of directness of social policy outcomes:

**Proposition One.** *In a context characterized by a traditional management approach, social policy outcomes will reflect this emphasis on rules and regulations, and we might expect social policy outcomes to be characterized by greater direct, public sector involvement. Public agencies may be more directly engaged in delivering programs to achieve social policy objectives or they may utilize more rules and regulations, coercive devices, to constrain the actions of external actors.*

**Proposition Two.** *In a context characterized by a new public management approach, social policy outcomes will emphasize a reliance on mechanisms such as incentives, market forces and private investment forces, as well as the expertise of experts or administrators to make policy decisions. Public sector agencies may be less likely to be engaged in the direct delivery of social policy objectives, and less likely to use coercive devices to constrain the actions of external actors, but instead will take a lead role in setting the standards and performance measures and competitive mechanisms to which external actors will be held accountable. Tools with greater automaticity and with less visibility are also more likely to be utilized.*

**Proposition Three.** *In a context characterized by a public values management approach, social policy outcomes will resemble a mixture of competitive market forces, rules and regulations, in addition to broader collaborative and coordinated structures. The role of public sector agencies is likely to vary in the extent to which they are directly involved in the delivery and establishment of social policy objectives, as well as the extent to which they use coercive, automatic or visible tools. Because in this approach, different leaders emerge in both the establishment and deliverance of social policy objectives, action taken by the public sector to accomplish social policy outcomes will be primarily concerned with developing democratic processes and mechanisms to ensure representation and deliberation is possible.*

**GOVERNANCE CONTEXTS**

In this paper, governance contexts are conceptualized as the space in which management approaches and tool outcomes intersect to create conditions for democracy, as presented in Figure 1. The potential alignment between management approaches and policy outcomes has implications for the degree to which particular contexts foster the authorization and realization of public values. Smith and Ingram (2002) argued that in a policy environment characterized by a large number of third party actors, a central concern of government is to act as a conveyer of public dialogue, and protector of access, fairness and balance, which can be accomplished through open and transparent processes, practices and procedures.
In absence of this, the authenticity of democracy may be eroded. In a policy environment characterized by networked relations and extensive reliance on indirect tools, the solution offered by Smith and Ingram (2002) is to employ openness, transparency and participative processes to counter the effects of what might be considered highly undemocratic tools. In this sense, Smith and Ingram (2002) suggest that in a federal policy environment characterized by a high reliance on indirect policy tools, the real threat to democracy is not from the tools per se, but from a lack of linking administrative processes to the various tools to counteract the potential negative effects of tools. Conversely, however, if support for Stoker’s (2006) framework is found, it suggests that in an era of networked governance, this may not be realized in every case, as within governance contexts authorization of public values occurs through different channels. As a result, some governance contexts may vary in their ability to create an authentic space for democracy in policy environments characterized by highly indirect tool usage.

<Insert Figure 1 Here>

The linkage between the directness of tools and the authorization and creation of public value is important because the choice of policy tools can affect the authenticity of democracy, defined as the degree to which democratic control is substantive, informed and competently engaged (Smith & Ingram, 2002, p. 565-566). For example, tools low in directness can pose a threat to the authenticity of democracy if utilized in institutional contexts that do not include broader opportunities for ongoing discourse and deliberation. Likewise, tools high in directness can facilitate authenticity of democracy in that their authorization stimulates broad public debate and deliberation and provides a direct linkage between the citizens and the authorizing administrative entity. In summary, in general, tools low in directness, low in visibility, low in coerciveness and high in automaticity can pose the greatest threat to the authenticity of democracy if utilized in unfavorable institutional contexts. Conversely, tools high in directness, high in visibility, high in coerciveness and low in automaticity can facilitate authenticity of democracy if their authorization stimulates broad public debate and deliberation and provides a direct linkage between the citizens and the authorizing administrative entity.

After identifying the management approaches in each context and the social policy outcomes that result, the overall governance context in each case is evaluated using the criteria set forth by Smith and Ingram (2002). The overall governance context is evaluated on its potential to create the conditions for authenticity of democracy. Governance contexts that appear to be deficient in their potential for creating an authentic space are those that are characterized by high indirect tool usage, and policy tools that are less visible, more automatic and less coercive, in absence of open and transparent administrative processes to ensure effective representation and deliberation.

METHODS
Given the potentially complex process-oriented nature of the research questions and propositions, a multiple case study qualitative methodology was deemed the most appropriate. The two cities selected for the analysis, Cleveland and St. Louis, are similar in regards to economic trends and socioeconomic and demographic characteristics of residents; however, each has different histories and approaches to community and economic development policy as well community development networks of varying capacity. The data generated from each case were first analyzed separately, and, then the results from each case were then compared to each other to evaluate the overall applicability of Stoker’s framework (Yin, 2009). Specific limitations of the study are addressed in the discussion and conclusion section of the paper.

The unit of analysis is the community development (CD) system present in each city, defined as the key network actors engaged and responsible for local community and economic development objectives in each city. The CD system and the modes of authorization employed by each city government were evaluated based on the criteria outlined in Table 1, and the extent to which authorization reflects traditional, new public management, or the public values management paradigms. Social policy outcomes were evaluated based on the degrees to which the tools used to accomplish development purposes varied along the dimensions of directness, coerciveness, visibility and automaticity. Finally, the combination of the management approaches and social policy outcomes in each case were evaluated on their overall potential to create authentic democratic governance contexts.

Both primary and secondary data sources were used for the analysis. To evaluate management approaches, a number of sources were gathered documenting processes and procedures for an approximate ten-year period. Secondary data sources included: previously published studies and reports; each city’s published Annual Action Plans and Consolidated Annual Performance and Evaluation Reports (CAPER) available from 2004-2009; and other documents and reports received from the interviewees as well as obtained through each city’s public library. To evaluate social policy outcomes, Integrated Disbursement and Information System Data (IDIS) were obtained for Program Year 2008 (encompasses activities from 2008-2009) to determine the recipients of Community Development Block Grant (CDBG) funding and the goals and priorities of CDBG allocations. IDIS reports have been used in recent years to determine the overall effectiveness of CDBG programming in increasing investment in urban communities (Walker et al, 2005). The data sources referenced above were further supplemented or clarified with officials in the field through online and/or telephone conversations. Interviews and online exchanges were conducted with 12 different agency or organization directors, Chief Executive Officers (CEOs), and/or presidents representing public and nonprofit actors in each city. At least six were contacted for each case.
Community reinvestment is a highly contested issue, arguably one in which public values pluralism has been the norm rather than the exception, characterized by a number of competing interests and values as to how best to address disinvestment, and a series of trade-offs between rules, regulations, incentives and other tools. Nonprofit community based groups and organizations play a central role in reinvestment, responsible for carrying out local and economic development functions as well as advocating for the rights and interests of low-income residents. These organizations have historically been the channel through which community interests were represented, and in many cases, the vehicles through which local communities based groups pushed back against more powerful, dominant growth coalitions. The values of local communities have often been at odds with values associated with economic growth, often pitting local community-based groups against larger economic growth coalitions. As noted by Judd and Swanstrom (2004), in many cities, growth coalitions strengthened relationships between the public and the private sector to stimulate growth, often at the expense of neighborhoods, particularly during the years of urban renewal. As powerful coalitions began to destroy neighborhoods and their economic and social relationships, neighborhood groups actively organized. Neighborhood groups organized to challenge public sector decision making and also to challenge private sector institutions—efforts which continue to varying degrees in cities today, but can face challenges given the racial and political lines in some cities.

In a number of cities, alongside changing federal policies surrounding community and economic development, organizing and issue-based groups evolved into community and economic development organizations, and many took on a housing role and became formally recognized Community Development Corporations (CDC). Community development is a broad term, embracing a wide array of organizations that work to reinvigorate lower income communities and serve low- to moderate-income people in the community in which they live (NACEDA, 2011). In some cities, many CDCs further evolved into Comprehensive Community Initiatives (CCI), what Vidal and Keyes (2005) call community development (CD) systems or what Silverman (2008) refers to as the community development industry system—the local configuration of neighborhood-based community development corporations in a city (CDCs) supported by a network of city-level organizations and national intermediaries. Walker (2002) labels these network supports as community development support systems, defined as “systems comprised of the interrelated people and institutions that mobilize money, expertise and political support for community development” (p. 1), which includes governments, financial institutions, and philanthropic organizations. Above and beyond just the provision of housing, these systems support activities including commercial real estate development, business development, community organizing, and workforce development, and typically are most developed in cities that have been traditional leaders in the CDC field—including Chicago, Cleveland, Boston and New York. These entities work to create a broader
environment of opportunity—one that not only focuses on housing, business development or access to credit but also on the structural features and service needs that may impede the opportunities present to low income borrowers.

COMMUNITY DEVELOPMENT (CD) SYSTEMS: CREATING PUBLIC VALUE

It has argued that CDC’s have been able to create value in low-income communities given their ability to reach down deeper into the community than what local general purpose governments have historically been able to do (Walker, 2002) and advocating for neighborhood interests. In a number of cases, local governments have been criticized based on their inability to create value in community development, due to challenges in harnessing different programs into a coordinated redevelopment strategy given that components of community development are spread across several different organizations and agencies (Walker, 2002) and the inability for local governments to create strong planning structures to include the participation of community residents in the redevelopment process. For example, although local governments will seek to engage public participation through a number of different outreach techniques, a handful of one-shot community meetings or charrettes cannot substitute for the sustained effort of a strong CDC (Mallach, 2011). Effective CDCs can provide on-the-ground capacity and engagement with specific neighborhoods and communities that cannot be replicated by city government or replaced by any other public or private entity. CDCs have been identified as creating public value by empowering residents, providing opportunities for housing and training, improving property values in disinvested neighborhoods (Galster et al, 2005), conveying information to private sector investors (Walker, 2002), as well as engaging in efforts to reclaim land for non-economic gain, such as the creation of parks and public gardens (Mallach, 2010).

However, the ability of CDCs to create value has been limited, and success has not been realized in all cities. Differences in CDC ability to create public value has been limited in part by broader, regional market characteristics, but also by the quality of the overall community development system of which the CDC is a part (Mayer & Keyes 2005; Walker, 2002, p. 20). Walker (2002) found CDCs create local community value by having (a) efficient production systems, (b) representative participation processes that include and empower the residents in the neighborhood they serve, (c) strong local leadership and (d) key instrumental and strategic relationships with other institutions and people including residents, private lenders, national intermediaries, private foundations and local city administrators and politicians. Effective CDCs are embedded in a community development system that includes support systems that facilitate relationships among individuals and institutions that can be used to mobilize and wield finance, expertise, and political influence for community development (Walker, 2002, p.10).
While some rules and regulations are established at the federal level to govern local-level action, local governments play an important role in authorizing CD systems to create public value, through both the management approaches adopted and the social policy tools used to accomplish objectives. Mayer and Keyes (2005) explored city government’s influence in community development systems, noting that their influence is not in a vacuum, but in a context of other institutions, and furthermore, confirming Walker’s (2002) findings, they found close relationships between cities and community development systems have led to the greatest development gains. However, despite being recognized as a key factor of success, the role and involvement of local governments in CD systems is highly variable.

THE AUTHORIZATION OF PUBLIC VALUE IN CD SYSTEMS

In this section, the patterns of relationships and actions taken by the responsible community development agency (ies) in each city are described, with a particular focus on how the public sector organizations intersect with the community development systems in each city. The overall set of actions and relationships are then evaluated based on the criteria of the different paradigms, traditional, new public management, and public values management, to determine which paradigm is most pronounced in the case.

CASE 1: THE CITY OF CLEVELAND, OHIO

In summary, in Case 1, the paradigm that seems to be most pronounced is the public values management paradigm. The authorization of community and development values resides in multiple channels, including traditional political channels as well through the input of organizations engaged in direct service and programmatic delivery. Likewise, the accomplishment of community and economic development goals and priorities are the task of multiple sectors, public, for-profit private and not-for profit actors through the usage of a variety of tools, including regulations, loans, grants, information campaigns, tax expenditures, and contracts. However, administrators also play a centralized role in harnessing the power of the different sectors through the use of competitive, collaborative and coordinated structures that incorporate these values and ideas into the administrative process at multiple points.

With over 100 community development corporations (CDCs) and 25 support organizations, community development efforts in Cleveland are the result of multiple organizations representing various community interests. The CD system in Cleveland has often been described as “one system”, with researchers noting the degree to which the city and outside players have become one part of the system (Mayer & Keyes, 2005). As observed through the activities reported in the CAPER reports and as recognized by Bogart (2003), a key element of Cleveland’s overall community development strategy is to maximize leveraging of other public and private resources, and the incorporation of a whole host of public, for-profit private and nonprofit actors in the accomplishment of policy objectives. In solving
challenges facing community development in urban areas, the collaboration between the city and the community development sector in Cleveland has often been described as the “envy of many larger, economically more powerful cities” (Mallach, Levy, & Schiller, 2005, p. 6), noting the close working relationship between the city and the community development community.

Politics have been central to community development efforts in Cleveland since the early 1960s. Community-based organizations in Cleveland have a well-documented history of organizing around community reinvestment issues. The Commission on Catholic Community Action began supporting community organizing in Cleveland in the 1960s. By the mid-1970s, the work of the commission led to the creation of 10 advocacy groups, which grew into a well-developed community development system (Vidal & Keyes, 2005). In Cleveland today, many advocates or upper level city administrators were tied to the campaigns and direct action organizing during the 1960s.

The key public sector organizations responsible for community and economic development in the City of Cleveland all fall under the Chief of Regional Development, and the primary two organizations responsible for community and economic development are the City Planning Department, the Department of Economic Development and the Department of Community Development. The City Planning Department is the entity tasked with producing the city’s action plans as well accountable to HUD for the processes employed to ensure citizen outreach and input into funding allocations, and the Department of Community Development is the entity responsible for administration of the federal community development block grant program and other HUD programs. The City Planning Department includes eight planners that are responsible for outreach to various neighborhood groups and citizens to evaluate in an ongoing manner the satisfaction and needs of citizens and organizations. Within the city, community development objectives are accomplished through a number of local programs that expand beyond the funds and programs available at the federal level, and rely on multiple actors to take the lead in delivering programmatic and policy objectives.

The city enters into a number of relationships with a variety of different entities including the Cuyahoga Metropolitan Housing Authority (CMHA), Cuyahoga County, Cleveland/Cuyahoga County Office of Homeless Services, the State of Ohio, Nonprofit Housing Organizations including community development corporations, Lutheran Housing and Neighborhood Housing Services, Cleveland Action to Support Housing (CASH), homeless services and special needs providers including EDEN Inc, and North Coast Community Homes, the AIDS Task Force of Greater Cleveland, and national and local intermediaries, the Enterprise Foundation, Local Initiatives Support Corporation (LISC) and Neighborhood Progress, Inc. (NPI), committed to assisting non-profit development corporations building capacity and increasing production. Furthermore, through a number of lending programs, the city engages in coordinated efforts with private sector lenders to reinvest in the city.
The definition of public interest in the case of Cleveland seems to largely be influenced by traditional political channels such as interest and advocacy organizations as well as mayors and other formal political authorities. For example, housing has emerged as a high priority for key leaders in the community development system, including the Cleveland Foundation, the Cleveland Housing Network (CHN), Neighborhood Progress Inc. (NPI), and Cleveland Tomorrow, a business organization. However, these organizations are not just involved in advocating or pushing the policy agenda, they are also actively engaged in the delivery of programs and services as well as engaging citizens to formulate redevelopment strategies and visions.

For example, the CHN, a partnership of 23 member community development corporations, city, county, state and local government agencies and officials, banks, corporations, foundations and academic and religious institutions, provides an infrastructure for connecting multiple organizations and sectors to not only inform community and economic development policy, but also to deliver programming and policy objectives. NPI, an intermediary, is a primary channel through which local communities and citizens can express their vision, and this organization works with the residents to present the vision to the City of Cleveland and gain consensus.

For example, in 2007, NPI started a conversation with local communities to craft a vision for the future of the city, which was then presented to the city’s Planning Commission for approval in 2009. NPI’s President described the process to Mallach (2011) as resulting in the generation of a number of ideas from community members on using vacant land: “brownfields remediation techniques, capture storm water, native plantings. A few categories rose to the top. High interest in local food made urban agriculture one of them”. After the city’s Planning Commission approved the plan, other nonprofit organizations were invited to submit proposals for a series of pilot projects to address the key challenges outlined in the plan-namely vacant land. Grants in turn were awarded to CDCs and other organizations based on a competitive process.

However, the efforts of these actors do not necessarily replace traditional channels for realizing the public interest, as the role of Mayors have been of continued importance in community and development efforts in Cleveland. For example, mayors in Cleveland have historically stood in opposition and used particular federal level policies to challenge private sector actors, namely, banks and lenders in response to community and economic development concerns. According to Bogart (2003), in 2002 alone, commercial banks in Cleveland contributed $2,260,570,000 to community development and affordable housing funds. Political officials in the city of Cleveland have actively worked to engage private developers in efforts to increase housing production, and have done so by facilitating partnerships between experienced housing developers and neighborhood-based groups.

Lead public sector agencies in Cleveland also play a role in authorizing public value. The city
actively enforces federal regulations at the local level, such as CRA, to leverage the involvement of private sector in community and neighborhood development efforts. The City’s Department of Community Department has institutionalized usage of the Federal Community Reinvestment Act to engage the private lending sector in development activities. As noted in the City’s Consolidated Action Plan and Report, local city administrative agencies have been actively engaged in advocating for and utilizing the Community Reinvestment Act (CRA) to leverage the involvement of the private sector in community and neighborhood development efforts through the publishing data on the lender’s practices in neighborhoods throughout the city. Furthermore, the City has established administrative structures through which these resources can be pooled and allocated to CD groups.

Furthermore, as the financial landscape changed, and cities across the United States became increasingly concerned with issues such as predatory lending and the availability of higher-priced subprime credit, new concerns beyond access to credit emerged at the forefront of community reinvestment agendas in Cleveland. In Cleveland, these concerns manifested in the passage of local policies designed to impose constraints on lenders originating subprime or high priced loans, in effort to not ensure only access to credit, but access to more affordable prime loans. Responsibility for enforcement of the ordinance was spread out through various city departments, including the Consumer Affairs Division and the Finance and Treasurer’s office. However, in 2003, the city’s action towards predatory lending was overruled by the state, as the Cuyahoga County Court of Appeals and the Montgomery County Court ruled the ordinance invalid. Despite the ruling, the city ordered the ordinance to remain in effect, until it was finally overruled in 2006. As noted in Cleveland’s 2004-2005 Annual Action Plan, “The City of Cleveland has passed legislation to help combat predatory lending. However, the Ohio legislature has been reluctant to take any meaningful action. The City has increased its efforts to prevent foreclosures through financial counseling and education on how to avoid predatory loans, and is supporting legal assistance for those that have been victimized by fraudulent practices”.

Finally, lead community and economic agencies in the city have established participatory process to engage citizens beyond their connection through other channels. For example, the Department of Community Development and the Planning Department engage citizens in the process both through outreach efforts by the local administrators, consistent with federal regulations, and through efforts and relationships between citizens and the CDCs, as required in the CDBG grant applications. Furthermore, administrators actively participate in public outreach forums along with the elected officials. It was noted in the 2009 Annual Action Plan that, “the work required to shape Cleveland’s neighborhood priorities and strategies occurs outside of the specific procedural steps required for the development of the Consolidated Plan and Action Plan. Assessment of Cleveland’s housing and development needs and planning for the best use of available resources is an ongoing process” (p.32). The manner through which citizen input is
obtained in the city of Cleveland is through a strategy that seeks to obtain direct citizen input, works through neighborhood groups and community organizations and seeks to gather input from elected officials. Ongoing efforts include:

- The Director of Community Development and other senior staff meet on a monthly basis with representatives of Cleveland’s extensive network of neighborhood-based Community Development Corporations to exchange ideas about current and future programs and policies related to the use of available resources.
- A Housing Advisory Board meets with the Director of Community Development and staff at various times throughout the year to provide input into city decisions on new housing policy initiatives and development projects. Membership on the Housing Advisory Board consists of representatives of non-profit and for profit developers, lenders, real estate brokers, the public housing authority and interested residents.
- The Mayor holds Community Dialogue meetings throughout the City to give citizens the opportunity to directly express their ideas, concerns and priorities about their specific neighborhoods. The Director of Community Development attends these meetings.

The city also solicits input from neighborhood residents and local organizations on priority uses of federal funds, through public meetings and hearings, in alignment with HUD regulations, and also uses feedback from day to day contact and relationships between the Community Development Department Neighborhood Planners and neighborhood-based Community Development Corporations. Community development staff also works with the elected representative in each neighborhood to develop a priority list of CDBG eligible activities to be funded. For example, in 2005, the City of Cleveland launched “Participation 2005”, which was a campaign designed to seek public input into Cleveland’s current and future usage of development funds provided by HUD and was led by the City’s Planning Department. Participation 2005 included a series of meetings to seek citizen comments, including both a citywide meeting and eight separate neighborhood meetings at various locations throughout the city. In order to generate citizen input, the city distributed information about the meetings and process to local newspapers and neighborhood-based organizations, city staff appeared on cable televisions and advertisements were placed through radio stations.

CASE 1: CDBG OUTCOMES

As presented earlier, if support for Stoker’s framework is found, we would expect to find CDBG outcomes with the following characteristics: a high degree of usage of indirect tools to accomplish community and economic development as well as a mixture of processes and mechanisms that complement tool selection to ensure representation and deliberation.
Predominant in Cleveland’s community and economic development efforts is a focus on housing and allocation of federal funds to support housing objectives and other policies and programs that are related to the provision of housing in low-income or moderate-income communities. In the 2009 CAPER narrative, the city of Cleveland describes its approach to address the Federal level goals embodied in HUD’s consolidated plan program as, “a strategic plan” that is divided into a housing plan with components focusing on affordable housing needs and a non housing plan relating to the better of neighborhood living environments and the expansion of economic opportunities (p. 1). Housing goals were related to rental housing assistance, home buying assistance, and assistance to existing homeowners, and homeless assistance and supportive housing. Non-housing goals included providing a suitable living environment and expanding economic opportunities.

CDBG expenditure, activity and performance reports indicate that the bulk of CDBG dollars in Cleveland are allocated to programs and services that are primarily targeted towards extremely low income and low-income groups and are allocated to non public sector organizations. In 2005, extremely low-income groups accounted for 37 percent of program beneficiaries, and that percentage increased in 2006 and 2007, to 69.4 percent. Low-income groups accounted for 58 percent of program beneficiaries in 2005, and their percentage declined in 2006 and 2007 to 34 and 25 percent, respectively. In all years, moderate-income groups remained a relatively small proportion of program beneficiaries, accounting for about 5 to 6 percent each year.

In Cleveland, the primary activity for which CDBG funds are allocated is housing. Specifically, allocations for housing each year accounted for 46 to 54 percent of all CDBG fund activities, and roughly 50 percent for the entire time period. Allocations for public services and administration and planning followed behind housing, each accounting for roughly 12 to 17 percent of allocations each year, roughly 14 percent for each for the entire time period. The allocations were relatively stable over time in each category.

In the program year of 2008, the city reported 250 CDBG related activities, and out of the 250, the majority of allocations were to community based development corporations and other non-profit entities. Direct allocations to formal public sector agencies or public sector established programs were minimal, accounting for only about 6 percent of project allocations.

The key programs that are administered by public sector agencies include the Housing Trust Fund Match, the CASH Program, the Afford-a-Home Program, and the Neighborhood Reinvestment Program. However, each of these programs move beyond an allocation of CDBG dollars and include mechanisms that either require the nonprofit community to contribute additional funds or the private sector to contribute resources to community and economic development initiatives, and as such do not squarely rest in the hands of the administering organization. For example, in the Housing Trust Fund Match, the
city allocates CDBG and HOME funds to organizations through a competitive process and applicants must leverage a minimum of three dollars for each dollar provided by the city. The CASH program is a joint effort through the city and local financial institutions to make affordable home repair dollars available. CDBG funds are used as compensating balance deposits and lender make below market rate loans to eligible homeowners. The Afford-A-Home program assists homebuyers with the purchase and rehabilitation of vacant houses and requires significant leverage of bank funds. Lenders offer mortgages at below market rates, and after a 3 percent down payment by the buyer, the city uses HOME or CDBG funds to provide a deferred second mortgage, depending on the buyer’s income level. Finally, the Neighborhood Reinvestment Program, started in 1991, is a partnership that has created special lending products designed for Cleveland neighborhoods.

Such joint arrangements and reliance on nonprofit and private sector actors are also evident to address economic development. For example, through the Storefront Renovation Program, the city uses federal funds to create loan products and rebates to leverage private investment in the rehabilitation of commercial building exteriors. Design standards are developed in conjunction with a neighborhood-based organization, and technical assistance is provided throughout the design and construction process. Furthermore, in regards to carrying out other neighborhood development activities (NDA), the Department of Community Development noted in the 2009 CAPER, “while some funds are utilized directly by the City, the largest portion of NDA funds is committed to neighborhood-based, non-profit Community Development Corporations (CDCs) to carry out their strategic agendas. In addition to NDA funds, 29 neighborhood-based CDCs also directly received a total of $1,400,000 in CDBG operating support through a competitive proposal process. On a smaller scale, $186,297 in CDBG funds was made available through the Cityworks Matching Grant Program for 73 CDBG eligible neighborhood self-help projects carried out by neighborhood-based, non-profit voluntary organizations. Grants ranged from $500 up to the maximum amount of $3,000”.

CDBG Allocation Decision Making

The city has established criteria for allocating grants based on competitive mechanisms as well as the use of rules and regulations to ensure that the project being put forth are in the interests of the community residents in which the project will take place. In the application process for CDBG funding, the city has established a formalized process and criteria, including a requirement for applicant organizations to justify how they obtain citizen input. In the formal criteria for CDBG applications, collaboration has been included as key criteria for review, encouraging organizations and applicants to engage in collaborations to achieve project goals. Applications are evaluated on their consistency with City Redevelopment Plans, Internal Consistency of the Application, Past Performance of the Applicant, and Collaboration. Furthermore, the City, in a means to ensure that the work of community based
organizations are representative of the communities in which they propose to do work requires that applicants have a board of directors that is at least 80 percent comprised of representatives of the service area’s residential, institutional, and economic segments and 40 percent representative of the residents of the service area and that the organization actively engages in outreach efforts, methods and procedures to secure public input into its program development.

CASE 2: THE CITY OF ST. LOUIS, MISSOURI

In St. Louis, political authorities and traditional channels play a prominent role in the authorization of public value creation in community and economic development, and the dominant management approach in play in St. Louis reflects actions and practices that align with traditional paradigms. Specifically, the actions and practices of lead community and economic development agencies in St. Louis reflect what is expected in traditional paradigms: maintaining bureaucratic oversight, upholding the rules and regulations, and distributing allocations of government dollars for community development support in an equal manner to all political jurisdictions. In short, the CDA largely seems to respond to the decisions made by their political authorities, placing emphasis on evaluating and monitoring the decisions and allocations made in accordance with policy intent and federal and state guidelines.

The primary agencies responsible for community and economic development in St. Louis include the Community Development Administration (CDA), the Planning and Urban Design Agency, the Affordable Housing Commission and the St. Louis Development Corporation (SLDC). The CDA is the organization responsible for the administration of federal funds for housing, community and economic development programs. The Planning and Urban Design Agency, created in 1999, is responsible for planning for the future of the City of St. Louis, and provides staff support for the Planning Commission, as well as outreach efforts for soliciting public input to future plans. The St. Louis Development Corporation is responsible for economic development activities, and also plays a lead role in efforts in brownfield revitalization and in dealing with vacant properties—namely, to board and secure vacant buildings for future use, to clean and maintain vacant lots and trim and remove hazardous trees.

When considering the key actors and leaders responsible for authorizing public value creation in community development in St. Louis, the Mayor, the Aldermen and other state and local political authorities play an integral role. For example, the collaborations and partnerships that have been created to achieve public value are often the result of the Mayor or external federal or state agencies, such as HUD, creating or “heavily recommending” such arrangements.

For example, one of the collaborative arrangements that emerged in St. Louis was the result of the Mayor’s office request and another was due to external pressure for Department of Housing and Urban Development (HUD) officials. Per the Mayor’s request, the city created the “St. Louis Alliance for
Homeownership Preservation” to provide counseling and direct financial assistance to homeowners facing foreclosure, bringing together five organizations, Better Family Life, Catholic Charities/Housing Resource Center, ACORN, the Urban League and Beyond Housing. Furthermore, the collaborative “Healthy Home Repair Program” was the result of external pressure from the Department of Housing and Urban Development (HUD). HUD recognized the uncoordinated activities of multiple agencies in St. Louis. HUD found that in many cases local agencies in St. Louis did not have the capacity to accomplish development objectives on their own and HUD was concerned with the lack of collaboration and resource sharing around community development efforts in St. Louis. In response, the CDA created this collaborative.

Despite a relatively large number of CDCs in St. Louis with a focus on housing; the community and economic development system in St. Louis has been described as an uncoordinated system, with community and economic development organizations focusing on the particular needs and issues related to their particular neighborhood or community, but lacking a broader institutional structure through which the work of these different organizations intersect or are coordinated. There is evidence of very few organizations working across the neighborhoods, but rather community development work in St. Louis is largely the result of fragmented, contractual relationships between the local government and neighborhoods or private actors across the city, based on decisions made within the aldermanic wards. For example, in their network analysis, Swanstrom and Guenther (2011) found that CDCs do not collaborate on a regular basis with any other CDCs. They report localized neighborhood networks in regards to connections for services or other purposes, but report few regular relationships with other CDCs in the network or with the CDA. As a result, different actors do not often rise as key leaders, as expected in more developed networks and systems, i.e., different nodes of leadership and support, from local government, foundations, national intermediaries or other larger collaborative and coordinated entities are not present in the CD system. Conversely, Bogart (2003) found that community and economic development activities in St. Louis are often accomplished through a combination of for profit developers, commercial banks, and government organizations rather than CDCs.

The public sector ethos present in the CD system in St. Louis appears to resemble one in which the local government plays a primary role in commissioning or incorporating external actors into the mix; primarily through the use of local, state and federal grant allocations and tax expenditures. Most of the resources utilized by CDCs in St. Louis are from pass-through grant monies from the federal government or through the use of tax credits or other taxing mechanisms to generate revenue for community development (Bogart, 2003). For most CDCs, important sources of operating sources include the developer fees on Low-Income Housing Tax Credit (LIHTC), Historic Preservation Tax Credit (HTC) and New Market Tax Credit (NMTC) projects (Swanstrom & Guenther, 2011).
The CDA emphasized the importance of historic tax credits in community and economic development efforts in their 2009 CAPER, stating that, “At the present time, the City is also working with state legislators, developers and historic preservation advocates to ensure that the Missouri historic tax credit remains viable in the coming years” (p. 5). Swanstrom and Guenther (2011), through survey data from community based development groups, also found that CDCs perceive historic tax credits to be an important tool in achieving development goals in St. Louis, noting the use has been so extensive that the state and the city have both been ranked near the top of the nation in historical preservation investments.

Additional taxation measures have been used to generate funds for development. For example, the City of St. Louis commits some local funds to community development through a Use Tax on purchases from out of town businesses that are placed in a Housing Trust Fund (Swanstrom & Guenther, 2011). The Affordable Housing Commission then allocates the funds generated from the use tax in the form of grants and loans to non-profit agencies and housing developers for programs and developments for persons earning 80 percent or less of the area median income. In 2002, at the request of Mayor Slay, the voters approved a measure that limited trust fund support for housing to $5 million a year. Approximately $5 million each year is awarded from the Affordable Housing Trust to fund projects aimed at housing low and moderate income persons and preventing homeless, projects are selected based on reviews and recommendations from the CDA.

The SLDC also uses a number of federal programs such as Missouri’s Brownfield Remediation Tax Credit and Brownfields/Voluntary Cleanup Programs, federal Brownfields assessment and Revolving Loan Fund grants and in-kind cleanup services from several state and federal resources to leverage resources to address contaminated and blighted areas. Boards under the guidance of the SLDC have the ability to issue tax exempt revenue bonds to make fixed asset financing for nonprofit corporations more affordable and Chapter 100 bonds can be utilized as a development incentive to provide personal property tax abatement for important business development projects.

The reliance on other federal and state grant programs is not unique to the SLDC, as the CDA assisted in the completion of 224 units of affordable housing during 2009, the majority of which were assisted through new stimulus funding made available through the State of Missouri and the availability of tax-exempt bond financing, which allowed for the financing with very little use of state and local city incentives, such as historic tax credits and tax abatement.

In addition to the use of incentives or tax programs, community development objectives were also achieved through more informal means of action including informational campaigns or negotiations. For example, the CDA does not publish any specific rules or information surrounding CRA or predatory lending practices, nor has the city of St. Louis taken any coercive, direct action around CRA or predatory
lending policy. However, instead, the city utilizes public information campaigns to address predatory lending, and rather than publicize the practices of lenders and their CRA performance, the city uses the information in a less transparent manner, seeking to engage lenders in particular projects or efforts.

For example, interviews with local officials revealed that it is not that the city has not nor does not currently utilize CRA to challenge lenders; but rather these efforts remain much less informal and publicized, with internal departments producing reports based off HMDA data and providing these to political authorities to utilize in more strategic interventions with banks (personal communication, 2012). So, while CRA information is still a tool in St. Louis, it is used in a more private, manner through political channels, to engage banks in particular projects.

Efforts to combat predatory lending in St. Louis are accomplished through regional and statewide coalitions. The approach taken by the City of St. Louis is to confront predatory lending with publicity and financial literacy training, in partnership with the St. Louis Coalition to Promote Reputable Lending, who kicked off the Don’t Borrow Trouble Campaign, which in turn launched the Metro St. Louis Foreclosure Intervention Task Force and the Missouri Homeownership Preservation Network (MoHPN). The task force is comprised of 37 member organizations, ranging from non-profit service providers to banks, legal services and community organizations and meets monthly to cover marketing, neighborhood stabilization and research and legislative topics. The Metro St. Louis Foreclosure Intervention Taskforce has a legislative arm that has expanded to include members of the Missouri Homeownership Preservation Network and other non-profit agencies across the state concerned about predatory lending and foreclosure prevention—the Missouri Foreclosure and Anti-Predatory Lending Coalition.

To educate and prioritize allocations of grants and federal funding sources and prioritize community and economic development needs, the CDA utilizes traditional avenues such as newspaper outlets and public meetings. CDA works in conjunction with the Planning and Design Agency to reach out to citizens and neighborhood groups to gather input through the use of surveys, public meetings and posts city plans and previous year reports at the CDA’s office. The practices for outreach are in compliance with HUD’s minimum standards, which require cities to submit reports for citizen review, collect comments, and address how they will respond to the comments, and document on their outreach efforts. However, beyond the requirements specified by HUD, the administrative agencies have not expanded outreach efforts beyond this, to the extent that the CDA documented the existing process as “not extremely effective” in gathering citizen input. As a result, beginning in 2010, the city employed a team of outside professionals to consult with representatives from numerous agencies, groups and organizations involved in the development of affordable housing, creation of job opportunities for low- and moderate-income residents and provision of services to determine priorities.

CASE 2: CDBG OUTCOMES
In the case of St. Louis, the management approach predominantly resembles a traditional approach, characterized by administrative agencies that respond, react and administer programs in a system in which public value is authorized through political authorities and officials. As presented earlier, if support for Stoker’s framework is found, we would expect to find CDBG outcomes with the following characteristics: more direct, as defined by the centering of action and responsibility within particular public agencies or the creation of additional rules and regulations and close monitoring of these, to ensure external actors fulfill their responsibility.

The CDA outlined eight major priorities for community and development activities, five for which CDBG funding was allocated: Rental and owner occupied housing, neighborhood improvement, public facilities, public services, and economic development. The primary goals associated with *rental and owner-occupied housing* included increasing the supply and quality of for-sale and rental housing for low income residents, preserving and increasing homeownership, eliminating unsafe buildings and blighted areas, making progress towards eradicating lead poisoning and supported the development of targeted neighborhoods with CDBG and HOME funds. The primary goals associated with *neighborhood improvement* include supporting development, expanding and implementing effective management assistance support and reducing the number of problem and nuisance properties in targeted neighborhoods. In this area, the city noted that the means through which this was accomplished was through the allocation of funding to twenty local community development corporations. The primary goal associated with *public facilities* is to build or enhance public capital improvements to serve the diverse needs and constituencies of the City. Goals related to *public services* were aimed at achieving family self-sufficiency by assisting organizations that provide supportive services to youth, seniors and low- and moderate-income individuals. Goals related to *economic development* included providing assistance/incentives for accessibility and to retain and attract for-profit, retail businesses and micro-enterprises to the City and encouraging historic preservation and rehabilitation of business properties.

In St. Louis, one particular activity did not emerge as receiving the majority or a large portion of CDBG allocations. Rather, the top allocations were split between economic development, administration and planning, and housing activities. Housing activities accounted for 15 to 20 percent of allocations each year between 2005-2009, 18.4 percent for the entire four-year period. Economic development activities accounted for 13 to 22 percent of allocations each year, 16 percent for the entire time period. Administration and planning services accounted for almost an equal percentage of allocations, 17 to 21 percent of allocations each year, 18.6 percent for the entire four-year period.

Review of the 2008 program year revealed approximately 155 projects for which CDBG funds were allocated, 14 percent of which were allocated to programs or projects under the direct authority of local government agencies or programs. The programs and projects administered by public agencies in St.
Louis largely relied upon loans or coupled loans with tax credits to carry out housing and community development objectives. Furthermore, the programs and project administered by the public agencies were often in conjunction or contained contractual arrangements with other public agencies.

For example, through the housing production program, the CDA provides direct loan support to undertake construction and rehabilitation of housing for very low, low and moderate-income persons. CDA staff undertakes financial feasibility reviews, project financing and loan packaging, site review, architectural design review and construction inspection through the planning, budgeting and implementation of housing development projects. Through the housing production program, the CDA provides funding through loans for acquisition financing and development cost write-downs to generate predominantly low-moderate income affordable owner-occupied housing units throughout the city. It also provides for the acquisition of real property and the clearing or stabilizing structures in order to stimulate the reuse of property in accordance with the City’s Housing Development Strategy. The program also provides funding through loans for acquisition financing and development cost-write downs to generate rental-housing units throughout the city and to eliminate eyesore properties.

The city also encourages the use of Low Income Housing Tax Credits (LIHTC) in conjunction with CDBG funds to foster expanded levels of affordable housing development. The primary role of CDA is to work with developers, investors and bond underwriters to ensure that these developments can proceed in line with the specific rules and regulations governing the programs (CAPER 2009). The CDA also allocated CDBG funding to the SLDC to operate the Business Development Support Programs, which relied on loans as well. Businesses that receive loans through the programs are required to make a firm commitment of private financing to leverage the program funds, acceptable job creation or retention projection, and an agreement with the St. Louis Area Training Enterprise (SLATE) and or conformance to slum/blight criteria. SLATE handles the contractual obligations and follow-up with companies for prospective hires and after loans are approved, a referral is filed out and forwarded to SLATE.

Finally, CDBG funds were also allocated to other governmental agencies, such as the St. Louis Area Agency on Aging that provide services to elderly residents as well as through other projects that pool together multiple government agencies. For example, the Problem Property Team program provides management and legal assistance to a Problem Property Team, which includes members of the City Counselor’s office, the Municipal Courts and the Department of Public Safety. The program creates new opportunities for the city to prosecute individuals for housing code and related ordinance violations as a result of the program’s identification and location of the owners of derelict properties, the eviction of nuisance tenants, and the condemnation of properties for occupancy.

CDBG Allocation Decision Making
Through an undisclosed, noncompetitive process, the CDA allocates CDBG funding to the aldermanic wards in an equal fashion, to be given out to key community and economic development organizations. So, although the CDA does not directly engage in carrying out the public tasks, they play a primary role in distributing the funds to the aldermanic wards, which in turn, are allocated at the discretion of the ward, inline with rules and regulations governing the program. The CDA describes its role in this process as ensuring that the requirements for the program are met.

In a number of examples, the role of the CDA was described as one of ensuring compliance with state and federal rules and regulations and then submitting potential projects to the appropriate political authorities for approval. For example, the City of St. Louis has a Major Residential/Commercial Initiatives Program that was started in 2007 to fund housing projects in the city’s northern aldermanic wards. A total of $4.3 million was allocated to the program in 2007 and 2008. The city set aside funding for the initiative in its CDBG budget. The 12 members of the African American Aldermanic Caucus select the projects funded by the program. After the members select the project, the CDA determines if the project is eligible for the applicable federal funding, and then submits the project to the Board of Estimate and Apportionment for final approval. In addition to this particular initiative, the CDA allocates an equal amount of CDBG money to each aldermanic ward for ward pool housing projects and proposals for projects are received by the CDA throughout the year, and at this point on the CDA review the extent to which these projects meet state and federal requirements.

Likewise, the city’s Healthy Home Repair program allocates monies to each aldermanic ward, not necessarily based on greatest need, but rather based on equality. For example, a 2009 Missouri state auditor’s report noted that in the year of 2008, there were 3,325 clients on waiting lists in wards with little or no unspent money and there were four wards with unspent balances that exceeded $120,000 each with small or no waiting lists. Currently, the CDA has no authority over the awarding of the money for this program, and note that the “equal allocation of $75,000 a year was established by consensus with the members of the Board of Alderman”. In 2009, the city’s Action Plan described that this program is in the further stages of decentralization, seeking to move complete control of the program into the aldermanic wards; however, the CDA will remain in the role of program manager ensuring the usage of funds follow the regulations.

The lack of disclosure in the process by which federal program allocations are made in the city was further addressed in the state auditor’s report. Specifically, the report found that a number of agencies responsible for administering federal programs in the city do not use any formal evaluation criteria, and in some cases there are no advertisements or documentation of the selection process for funded projects (State of Missouri, 2009).

GOVERNANCE CONTEXTS
The management approach taken in Case 1 seems to align most closely with Stoker’s concept of public values management, as the city has incorporated neighborhood groups and organizations into their administrative decision making process to a greater degree, relying on them to deliver programming and policy input, and political candidates have ran on platforms that mirror these concerns—in essence, politics is central and intertwined between the groups engaged in policy delivery, the elected officials and the administrators.

Conversely, the management approach taken in Case 2 seems to align more closely with the traditional paradigm, as the authorization of public value is largely realized through traditional channels of political authority and the role of the administrators more squarely appears to be that of monitoring and evaluating the extent to which allocation decisions are within the parameters of federal, state, and local programs and guidelines. The primary tools used in development efforts in St. Louis that emerged as important to community and economic development objectives include tax expenditures, grants, direct loans, contracting and information. The city relies heavily on a number of indirect tools such as tax expenditures, grants and loans to accomplish community and economic development goals; however, at the same time, often, the public sector attempts to maintain some direct control over these tools by remaining a central player in their implementation or closely monitoring the rules and regulations surrounding the use of the tools. For example, in the case of loans and tax expenditures, the tools utilized and processes employed often rely upon private investment markets or market competition to make allocation decisions. Politics is largely evident in the case of St. Louis as being realized through traditional channels, in this case, primarily the Alderman and the Mayor, with less efforts given to developing broader processes or monitoring approaches that seek to incorporate accountability into the administrative decision making process. Thus, the case of St. Louis is a case where the management approach appears to most closely align with the traditional framework, but many of the policy tools resemble elements of what might be expected to result from a new public management approach. Development is thus accomplished through a number of indirect policy tools with heavy reliance upon market or investment forces; however, the authorization of public values is largely confined to traditional channels, and the administration is concerned with monitoring the tools in line with the rules and regulations established by political authorities at multiple levels of government.

The alignment between management approaches and policy outcomes may have implications for governance contexts, particularly the extent to which particular governance contexts create the conditions for authentic democracy. In the case of a policy arena that largely devolves power to the local levels of government, the use of certain tools may further erode the democratic authenticity in a particular context if left uncoupled with suitable processes.
For example, in Cleveland, CDBG programs relied to a great deal on indirect policy actors, even in cases where CDBG programs were carried out by public sector agencies, collaboration and competition were built into the process, to include additional nonprofit actors, predominantly community based organizations and development groups. However, allocations for CDBG program funds and other program funds were made through a competitive process, whereby clear criteria was documented and publicized, with certain values, such as collaboration, built into the review process. Furthermore, measures of accountability were built into the practices of the grantees and recipients by requiring the inclusion of citizens in the communities in which they serve by including them on their boards or in their program development processes. In this particular context, the actions taken to buffer the potential negative effects of high indirect tool usage on the authenticity of democracy is contingent upon the extent to which practices and processes are truly transparent and citizens are educated on their usage, and the degree to which the conditions and processes established by city agencies and nonprofit actors create authentic conditions for public participation. For example, national intermediaries play a crucial role in Cleveland, and it is important to understand the means and processes through which they create the conditions for authentic public participation among citizens, as opposed to involving the citizens in a manner that does little to educate, inform, or involve them in the authorization of public value.

In St. Louis, to a greater extent, CDBG program activities were carried out by public agencies or officials, and inclusion of third party actors often occurred through direct loan programs, whereby city agencies maintained some control and oversight and relied more extensively upon market considerations or other ‘automatic’, less visible mechanisms. The allocation of CDBG funds to indirect actors were largely at the discretion of the aldermanic wards, and the CDA played a primary role in reviewing and monitoring that these funds were allocated for projects inline with program rules and regulations. In this particular context, authorization of public values largely lies in the various wards, remaining somewhat fragmented. This fragmentation can prove problematic for overall authenticity of democracy if processes are not in place to engage broader deliberation and discourse around the tools used to accomplish community and economic development policy, as the low visibility and high automaticity of these tools may place them outside of the sphere of debate. Despite the attempt to maintain some centrality in CDBG allocations, the governance context in this case relies largely upon the extent to which the citizens express their opinions and preferences through traditional channels, the degree to which political officials are responsive to these channels and the extent to which citizens are educated on the use of indirect tools and are informed on tools that are less visible and more automatic in order that they can participate effectively in the political process.

CONCLUSION AND DISCUSSION
As mentioned earlier, the primary purpose of the paper was to contribute knowledge on a) the applicability of the public values management paradigm to governance contexts and its efficacy in explaining the relationship between public values and social policy outcomes and b) to identify measures to inform traditional paradigms. In concluding the paper, these points are discussed below.

First, the efficacy of the framework is limited in explaining causal relationships, particularly without a deeper understanding of the institutional contexts that influence the management approaches in particular contexts. In this particular case, Cleveland has had a long history of community based organization around community development issues, and many of the actors that transferred into government roles are those that were part of this advocacy and organizing effort. Therefore, while the framework does facilitate recognition between distinctively different approaches, it neglects to address the institutional factors and forces that shape the centrality of politics in the administrative process. For example, given the history of organizing and advocacy and utilization of traditional channels of political authority to advocate for housing and community development issues in one case, as well as administrators historical engaged in advocacy efforts, how does this history influence the management approach in place? Secondly, the framework applied in this case does little to explain how the elements of the paradigm are related to each other and whether or not some features are “driving” the process. This leaves questions such as, is it a mutual symbiotic process or do causal relationships exist? Tracing the system over time as well as longitudinal policy changes in the city would be beneficial for further teasing these relationships out.

Lastly, the efficacy of the framework as applied at the local level is limited in its ability to explain the management approaches and policy tools that emerge as a result of the state governance context. Given the potential for decisions made at the state level to influence local and economic development policies, it is equally important to understand the potential effect of state governance contexts on local governance contexts. The relationship between the state and local context emerged as important in both cases. In the case of Cleveland, this relationship was somewhat adversarial, with the state challenging the enactment of predatory lending policy at the local level. In the case of St. Louis, the city is actively advocating for the state to continue to use historic tax credits, as they are a key component in their overall development plan. At the same time, in St. Louis, much of the tools utilized by the city for development are those that have been approved by the state, including tax abatements, tax incremental financing, and so forth. Therefore, the authorization of public values in local contexts must also consider the authorization of public values at the state level.

In regards to measurement, this paper utilizes a qualitative approach to evaluate the democratic authenticity of the space in which authorization of public values exist. Measures in this case consist of the management approach in place, as well as the degree of democracy embedded in the tools selected to
accomplish social policy objectives. However, future research is necessary to consider how to weigh and evaluate the different tools based on their frequency and dominance in particular contexts. For example, while this paper provides a conceptual model for measuring the elements of tools and their relationship to creating the conditions for the authorization of public value, there is a need to understand the longitudinal use of certain tools overtime and the variation in processes used in conjunction with the tools to overcome potential democratic limitations. For example, does regulation as a tool carry heavier weight because it forces broad political discourse than a contracting tool that has an extremely open and transparent process? Secondly, the micro processes employed by those utilizing the tools to engage the public in the process need to be further examined on their overall ability to create the conditions for authentic public participation.

Finally, there is a need to understand how these arrangements translate into long term public value, which consists of identifying measures both for how the management processes in a given context and the tools that result from those contexts influence both the intended goals of social policy outcomes, as well as their overall and longitudinal effect on fostering more authentic democratic environments overall, including greater civic capacity, a more educated and informed citizenry, and a more participatory and inclusionary public sphere. Likewise, other social policy considerations are important, including the long-term effects of the outcomes of the policies, such as improved quality of life, standard of living and economic opportunity. In the case of Cleveland, while politics appear to be central to the management process, it is important to understand the effects of this on long term outcomes and the extent to which the incorporation of the housing and community development organizations has been at the exclusion of other important organizations such as social service providers or other entities.

REFERENCES


Swanson, T., & Guenther, K. (2011). Creating whole communities: Enhancing the capacity of community development nonprofits in the St. Louis Region. Public Policy Research Center, University of Missouri-St. Louis, September.


Table 1. Paradigms of Management (Adopted from Stoker, 2006, p. 44).

<table>
<thead>
<tr>
<th>Key Categories</th>
<th>Traditional</th>
<th>New Public Management</th>
<th>Public Values Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Role of Managers</td>
<td>To ensure rules and procedures are followed</td>
<td>To help define and meet agreed performance targets</td>
<td>To play an active role in steering networks of deliberation and delivery and maintain the overall capacity of the system</td>
</tr>
<tr>
<td>Definition of Public Interest</td>
<td>Politicians or Experts: Little Public input</td>
<td>Aggregation of individual preferences</td>
<td>Individual and public preferences produced through a complex process of interaction that involves deliberation and reflection over inputs and opportunity costs</td>
</tr>
<tr>
<td>Approach to Public Service Ethos</td>
<td>Public sector has a monopoly on service ethos</td>
<td>Skeptical of public sector ethos</td>
<td>No one sector has a monopoly on public service ethos</td>
</tr>
<tr>
<td>Contribution of the Democratic Process</td>
<td>Delivers accountability</td>
<td>Delivers objectives</td>
<td>Delivers dialogue</td>
</tr>
</tbody>
</table>
Table 2. Public Values in Practice

<table>
<thead>
<tr>
<th>Category</th>
<th>Traditional or NPM</th>
<th>Public Values Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorization of Public Value</td>
<td>-Politics realized through traditional channels</td>
<td>-Politics becomes central to the administrative process</td>
</tr>
<tr>
<td></td>
<td>-conferred from above by mandated political institutions</td>
<td>-Administrators viewed as proactive agents in shaping public values</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Administrators viewed as proactive agents in shaping the space for the creation of public values</td>
</tr>
<tr>
<td>Creation of Public Value</td>
<td>-Reliance on traditional methods of inclusion or logic of the markets</td>
<td>-Development of inclusionary, participatory processes that speak to the local needs and conditions</td>
</tr>
<tr>
<td></td>
<td>-Create programs or services based on the requirements or interpretation of policy and political requirements</td>
<td>-Development of practices, administrative structures and arrangements that move beyond minimum standards or expectations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Use of procedures or processes that reach a wide number of groups, generate different opinions, promote openness and/or transparency</td>
</tr>
</tbody>
</table>

Table 3. Policy Tool Dimensions and Examples.

<table>
<thead>
<tr>
<th>Tool</th>
<th>Coerciveness</th>
<th>Automaticity</th>
<th>Visibility</th>
<th>Directness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined as the degree to which…</td>
<td>rules and regulations are issued</td>
<td>new administrative structures are created</td>
<td>activities show up in the budget process or can be linked to particular agencies</td>
<td>public sector agencies are directly involved in the provision of services or programs</td>
</tr>
<tr>
<td>Information</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Tax Expenditures</td>
<td>Low</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Vouchers</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Grants</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Direct Loans</td>
<td>Medium</td>
<td>Low</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Contracting</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Labeling</td>
<td>Medium</td>
<td>Medium</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Corrective Taxes</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Regulation</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>

i It is important to note that difficulties were encountered in interviewing public administrators in particular positions in one city. To overcome this, additional reports and interviews with previous administrators were utilized.

ii Value in this case is defined using the metrics employed by LISC in a 2000 study of CDC industries. Strong industries are those that have effective service program delivery (good, neighborhood appropriate, strategically framed projects, ability to produce to scale, and ability to manage assets; strategic alliances (percent of CDCs in the city that are engaged in partnerships aimed at development and community building); command of information technology (using it effectively for internal management and for analysis of neighborhood trends and community communications); and community leadership (the share of CDCs with a community planning process, with boards and staff representative of the neighborhoods they serve and participation in civic bodies and advocacy efforts); Effective governance and management (share of CDCs with strong management systems, staff expertise, and board membership); capacity to attract funding and staff (share of CDCs that are financially sound, capably staffed and broadly funded).