



# COMMUNITY DEVELOPMENT CORPORATIONS

FOUR CASE STUDIES OF  
WORKING RELATIONSHIPS

AND  
REUSE  
OPERATIONS

**ILSR**

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## National Congress for Community Economic Development

The National Congress for Community Economic Development (NCCED) is the national trade association for community-based development corporations (CDCs).

Founded in 1970, NCCED encourages and supports its members' efforts through advocacy, research and special projects, publications, training, and technical assistance. NCCED's mission is to ensure that all of the resources required for effective economic development are identified, developed, and made available to low and moderate income urban and rural communities.

For more information on NCCED and its activities, contact: Membership Department, National Congress for Community Economic Development, 11 Dupont Circle NW #325, Washington, DC 20036. Telephone (202) 234-5009. Fax (202) 234-4510.

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This is one of three papers published by NCCED on job creation strategies for CDCs. For further information, contact NCCED.

The Institute for Local Self-Reliance (ILSR) is a nonprofit research and educational organization that provides technical assistance and information to city and state government, citizen organizations, and industry.

Since 1974, ILSR has researched the technical feasibility and commercial viability of environmentally sound, state-of-the-art technologies with a view to strengthening local economies. ILSR works to involve citizens, government, and private enterprise in the development of a comprehensive materials policy oriented towards efficiency, recycling, and maximum utilization of renewable energy sources.



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## Reuse Operations

Reuse of durable goods is a concept gaining in popularity. Although it ranks ahead of recycling in the solid waste management hierarchy—(1) reduce waste generation, (2) reuse items when possible, and (3) recycle the remaining discards—reuse has been kept in the shadows because recycling has monopolized the national spotlight. But new evidence shows that reuse is gaining ground; the evidence is in this and another Institute for Local Self-Reliance (ILSR) publication, *Reuse Operations: Community Development through Redistribution of Used Goods*.

Recycling is the process by which materials otherwise destined for disposal are collected, reprocessed, re-manufactured, and sold as new products. Reuse, on the other hand, involves diverting products from disposal and using them again for their original purpose. This is not a new idea, as shown by the many thrift stores in business today. However, a new type of salvage business is growing in popularity now, and it is called a reuse operation.

Reuse operations are often community-based. They collect reusable products of many types, including furniture, building materials, appliances, office equipment, and other items that are used, second-hand, overstocked, outdated, or “off-spec.” These materials then are made available to recipients who need them—typically, community development organizations and low-income persons. Most often private nonprofit organizations themselves, reuse organizations often use a warehouse for temporary storage of reusables, although many simply broker items. Stable, long-lived reuse operations often present opportunities for community development corporations (CDCs).

As an example, in the process of moving to a new location a bank plans to unload much of its older, yet usable, office furniture. In many cases the bank would simply contract with a waste hauling firm to cart the old furniture to the landfill for disposal; in other cases the easily recyclable items would be sold to a recycling center (e.g., steel filing cabinets would be sold to a scrap yard for processing and eventual sale to a steel mill where it would be formed into some new unrelated product). But if a nonprofit reuse operation were nearby, the bank would donate the usable products to the reuse center and credit itself with a tax deduction. On the other end, a charitable organization or low-income person would receive usable furniture for the price of a mere handling fee.

## Purpose and Intended Audience of Publication

The purpose of this study is to increase understanding of reuse and CDCs by presenting four case studies of existing reuse operations and of the CDCs with which they work. Increased understanding will stimulate growth of this new means of community development. The intended audience includes CDCs and all types of community development organizations now pursuing or contemplating working with a reuse center; existing reuse operations; persons interested in starting a reuse operation; and those interested in promoting the benefits of reuse operations working with CDCs.

## Community Development Corporations and Reuse

More and more community development corporations are working with reuse operations in myriad ways across the United States. From organizing new reuse operations to serving on the operations’ boards of directors to consistently purchasing products from these operations, CDCs help. CDCs can buy usable products, such as

construction supplies, appliances, and office equipment, at a fraction of the retail cost. Most CDCs surveyed depend on reuse operations for 1 to 10 percent of their material needs; one stated that it gets 50 to 60 percent of its materials from its local reuse center. In addition, CDCs occasionally donate materials to local reuse operations and frequently serve as references for qualified low-income housing contractors and persons wishing to buy materials from the reuse centers.

### **Economic Development and Reuse**

Reuse operations provide environmental, economic, and social benefits to their communities. A 1995 ILSR study of reuse operations found that the average survey-respondent employed the equivalent of five full-time workers at a wage of \$9.75 per hour. Furthermore, the average center's customers annually saved \$250,000 over retail costs, and donors annually saved about \$100,000 in avoided disposal costs. In addition, donors often enjoy a reduced tax burden, because some contributions are tax deductible.

CDCs report that their referrals of low-income homeowners to reuse operations promote the self-help concept, encouraging them to rehabilitate their homes by using the affordable products available from the reuse centers.

### **Limited Inventory and Space**

Surveys of the four reuse organizations revealed that their primary concerns are the limited quantity of stocked items and the limited selection of products. Lack of adequate warehouse space was the leading reason for the inability to meet CDC demand more fully.

Securing funding for start-up, operation, and expansion of reuse centers is another important need. Capital costs range from \$100,000 to \$300,000; annual operating costs are about \$200,000. Sources of funding include product sales (although products that are sold are priced low), private and public grants, and donations.

To augment inventory, reuse operations can also increase marketing efforts aimed at donors. Because of the ever-expanding U.S. waste stream, the availability of usable materials has never been greater. In 1993, the U.S. Environmental Protection Agency estimated that 13 percent by weight of municipal waste was appliances, furniture, carpets, and miscellaneous durables (not including construction and demolition debris), yet only 7.5 percent of those materials were recovered in 1993. (Several publications listed in the bibliography suggest methods for increasing donations.)

### **Increasing Demand for Materials**

Efforts to increase the supply of materials must go hand-in-hand with attempts to increase the demand. Study participants indicated that, as demand for materials increases, reuse operations move toward sustainability. More demand improves reuse centers' ability to increase their supply of goods and to lower costs. In addition to attracting more client CDCs, reuse organizations want more business from contractors and homeowners. Getting more referrals from contractors aids both the reuse business and the recipients.

### **Quality Concerns and Repair Options**

Occurrences of low product quality were reported among newer reuse operations. This problem is best met by providing more stringent quality-control process by turning away low-quality donations. Improved communication between clients and the reuse center would also lead to quality gains.



Reuse operations might also offer repair services to improve material quality. Most reuse operations do not reprocess or repair used materials. However, the few that do offer opportunity for job training and employment for affiliated CDCs. For example, the Surplus Exchange (Kansas City, Missouri) employs carpenters, upholsterers, and electronics technicians to repair the office equipment and furniture it redistributes to charitable organizations.

### **Improving Communications**

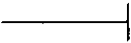
Improving communication, education, and marketing efforts will overcome many of the barriers and meet the needs listed above. Newsletters, fax alerts, phone trees, and on-line computer databases can be used to update customers on inventory changes. Combined with publicity aimed at local media and public-service organizations (e.g., churches, Lions Clubs, Rotary Clubs, Chambers of Commerce), this will increase donations and attract new recipients.

### **Potential for CDC-Reuse Operation Cooperation**

Despite the best efforts of the existing reuse operations in the United States, tremendous quantities of usable products still are burned or buried in disposal facilities every year. According to the U.S. Environmental Protection Agency, 25 million tons of appliances, furniture, carpets, and miscellaneous durables were discarded in 1993; only 2 million tons were recovered. Much of that discarded material was reusable. Also, huge quantities of construction and demolition debris are discarded annually that could be recovered for reuse.

Matching this excess of supply of usable goods in the waste stream with a demand for low-cost, quality items is a job ideally suited for cooperative efforts by CDCs and reuse operations. Examples are presented herein to encourage others throughout the United States to take advantage of this community development opportunity. ILSR is working with the National Surplus Exchange Program to replicate in other cities the success its reuse operation has had in Kansas City, Missouri.

The next section contains four case studies of reuse centers working with CDCs. Rehab Resource's work with five CDCs in Indianapolis is highlighted first. Next, The Loading Dock's relationship with four Baltimore CDCs is examined. Then, the Austin Habitat for Humanity Re-Store is documented. Finally, the Building Materials Resource Center efforts to establish links to Boston CDCs is discussed.



## Indianapolis Reuse Operation Expanding to Meet CDC Needs

Rehab Resource, Inc. (RRI) opened the doors of its reuse center in 1991. From its inception, RRI has worked with and served Indianapolis CDCs. Indeed, the CDCs played a major role in RRI's original business plan, which included a "CDC needs assessment" study to gauge markets. In 1994, 28 percent of RRI's business was done with CDCs; another 13 percent was done through CDC referrals (i.e., low-income housing contractors and residents). RRI works with fourteen CDCs, five of which are profiled in the following paragraphs and sidebars.

### Material Distribution

Rehab Resources holds "Member Agency Agreements" with local CDCs (and 178 nonprofit organizations) that ease the flow of materials through RRI to the CDCs. Frequently sought materials include paint, insulation, ceramic floor tile, office furnishings, roofing shingles, and siding.

Although most member CDCs use RRI for only one to three percent of their material needs, Mapleton Fall Creek Housing Development meets 50 to 60 percent of its demands through RRI. It saves \$10,000 annually in avoided purchasing costs (no money changes hands between RRI and Mapleton), allowing Mapleton to serve more clients. Homeowners who were referred by Mapleton received \$20,000 worth of materials in 1994.

### Beyond the Role of Recipient

In addition to receiving goods from RRI, some CDCs donate materials to the RRI; still others participate on its Board of Directors. Many CDCs refer homeowners and contractors to RRI. King Park and Southeast CDCs refer an average of 30 homeowners to RRI each year. United Northwest CDC, which does not get goods directly from RRI, refers about 60 homeowners to the center annually.

### Barriers and Opportunities

CDCs report that RRI serves their needs well. Indeed, Westside CDC states that RRI is easier to use than lumber yards. Reported benefits include decreased housing costs, increased ability to serve more clients, and higher quality housing (because money saved on material purchases can be spent on quality improvements).

Because of a lack of warehouse space, Rehab Resources is unable to meet the demand for some materials, including drywall, roofing shingles, plywood, lumber, new windows, hardware, tools, trim, plumbing fixtures, and kitchen cabinets. However, largely because of its business with CDCs and their referrals, RRI has begun a major expansion, including a new warehouse eight times the size of its present facility.

Once the move is completed, RRI hopes to identify and attract additional donors, using a direct-purchase program for CDCs and their contractors. The program, still under development, will let CDCs better control the costs of their repair and rehabilitation jobs. At the same time, RRI will institute a revitalized public and commercial education program to increase demand for its products. A new "fax-marketing" system will provide timely updates to CDCs regarding new inventory.

Part of RRI's expansion plan is a new program required by Indianapolis called the United Purchasing Initiative (UPI). All CDCs using City housing funds will be required by UPI to participate in its program to combine all the CDCs' purchasing power into one large cooperative, thus lowering the material costs of each CDC.

**Rehab Resource, Inc. Reuse Operation**

Kamau Jywanza, Executive Director  
243 West Merrill Street  
Indianapolis, Indiana 46225  
317-637-3701  
317-637-3835 fax

*mission:* affordable housing development

*start-up year:* 1991

*capital costs:* \$25,000

*operating costs:* \$235,000 per year

*employees:* 5

*type of materials handled:* construction materials, furniture, office equipment

*warehouse size:* 15,000 square feet, planning to expand to 125,000 square feet in 1996

*method of material acquisition:* donations

*charge for materials:* handling fee

*quantity of materials handled:* 6,000 tons per year

*income from handling fee:* \$131,000 per year (fiscal year 1995)

*fair market value of materials handled:* \$524,000 per year (fiscal year 1995)

*avoided disposal costs of donors:* NA

*avoided purchasing costs of recipients:* \$393,000 per year (fiscal year 1995)

NA: Not available.

Source: Institute for Local Self-Reliance, 1995.

### **King Park CDC**

Anthony Strum, Executive Director  
1532 North Alabama  
Indianapolis, Indiana 46202  
317-684-8045  
317-685-0358 *fax*

*mission:* affordable housing development

*start-up year:* 1993

*number of housing units developed:* 62 over last 3 years; 70 to be developed over next 3 years

*percentage of CDC housing work done by contractors:* 100 percent

*type of relation to reuse operation:* recipient of materials

*duration of relation:* recipient since 1993

*type of materials received:* construction materials, office furniture

*percentage of material needs met by reuse operation:* 1 percent

*quantity of materials received:* NA

*fair market value of materials received:* \$15,000 of paint in 1994

*avoided purchasing costs of CDC:* 60 percent savings

NA: Not available; CDC: Community development corporation.

Source: Institute for Local Self-Reliance, 1995.

### **Mapleton Fall Creek Housing Development CDC**

Ellis L. Rose, Construction Manager  
3421 North Partz Avenue  
Indianapolis, Indiana 46205  
317-923-5514  
317-923-2139 *fax*

*mission:* affordable housing development and economic development

*start-up year:* 1985

*number of housing units developed:* 152 over last 3 years; 200 to be developed over next 3 years

*percentage of CDC housing work done by contractors:* 100 percent

*type of relation to reuse operation:* recipient of materials, organizer of RRI

*duration of relation:* recipient since 1988

*type of materials received:* construction materials

*percentage of material needs met by reuse operation:* 50 to 60 percent

*quantity of materials received:* 5 to 7 tons per year

*fair market value of materials received:* \$20,000 per year

*avoided purchasing costs of CDC:* \$10,000 per year

CDC: Community development corporation; RRI: Rehab Resource, Inc.

Source: Institute for Local Self-Reliance, 1995.

**Southeast CDC**

Jessie Clemens, Assistant Director  
880 Virginia Avenue  
Indianapolis, Indiana 46203  
317-634-5079  
317-637-3137 *fax*

*mission:* affordable housing development

*start-up year:* 1989

*number of housing units developed:* 165 over last 3 years; 225 to be developed over next 3 years

*percentage of CDC housing work done by contractors:* 100 percent

*type of relation to reuse operation:* recipient and donor of materials, organizer and board member of RRI

*duration of relation:* recipient since 1992

*type of materials received:* construction materials, appliances

*percentage of material needs met by reuse operation:* 3 percent

*quantity of materials received:* NA

*fair market value of materials received:* NA

*avoided purchasing costs of CDC:* \$3,000 for siding and \$2,000 for insulation in 1994

NA: Not available; CDC: Community development corporation; RRI: Rehab Resource, Inc.

Source: Institute for Local Self-Reliance, 1995.

**United Northwest CDC**

Steve Torrain, Executive Director  
1100 W. 30th Street  
Indianapolis, Indiana 46208  
317-924-0199  
317-924-0682 fax

*mission:* affordable housing development and beginning economic development

*start-up year:* 1982

*number of housing units developed:* 150 over last 3 years; 400 to be developed over next 3 years

*percentage of CDC housing work done by contractors:* 100 percent

*type of relation to reuse operation:* CDC referrals are recipient of materials, board member of RRI

*duration of relation:* CDC referrals have been recipients since 1992

*type of materials received:* construction materials

*percentage of material needs met by reuse operation:* NA (about 60 homeowner referrals per year)

*quantity of materials received:* NA

*fair market value of materials received:* NA

*avoided purchasing costs of CDC:* NA

NA: Not available; CDC: Community development corporation; RRI: Rehab Resource, Inc.

Source: Institute for Local Self-Reliance, 1995.

**Westside CDC**

Phil Votaw, Program Director  
1635 West Michigan Street  
Indianapolis, Indiana 46222  
317-684-0611  
317-684-0696 fax

*mission:* affordable housing development

*start-up year:* 1985

*number of housing units developed:* 40 over last 3 years; 50 to 60 to be developed over next 3 years

*percentage of CDC housing work done by contractors:* 100 percent

*type of relation to reuse operation:* recipient and donor of materials, organizer and board member of RRI

*duration of relation:* recipient since 1992

*type of materials received:* construction materials

*percentage of material needs met by reuse operation:* 1 percent

*quantity of materials received:* NA ("1994 was an off year")

*fair market value of materials received:* \$300 per year

*avoided purchasing costs of CDC:* \$170 per year

NA: Not available; CDC: Community development corporation; RRI: Rehab Resource, Inc.  
Source: Institute for Local Self-Reliance, 1995.



## Baltimore CDCs Save \$100,000 per Year through Reuse Operation

Started in 1984, The Loading Dock (TLD) (see sidebar) annually distributes \$1.2 million of construction materials throughout the greater Baltimore metropolitan area. Its more than 800 nonprofit member organizations include about 100 CDCs. TLD also has 900 religious organizations and 5,700 persons as members. TLD does about ten percent of its business with CDCs, saving the organizations \$100,000 annually in avoided purchasing costs. As TLD increases the type and quantity of its stock to meet the demands of member CDCs, its business and network increase. Four housing-oriented CDCs that get one to ten percent of their materials from TLD are described in the following paragraphs and sidebars.

### Material Distribution

CDCs must be members to receive construction materials from TLD. A nominal \$10 annual membership fee is charged. TLD distributes materials for a handling fee equivalent to one-quarter to one-third of the material's retail value. TLD grosses about \$14,000 per year from membership fees and \$400,000 from handling fees.

The size of the handling fee for a product is based partly on the work done by TLD to obtain it. For example, a product that TLD must retrieve and clean will have a greater handling fee than the same product delivered to TLD in pristine shape. In some cases, TLD eliminates the handling fee, donating the materials to the CDCs, further lowering housing and rehabilitation costs.

Construction materials are TLD's most frequently sought items, although the CDCs' demand for lumber and drywall (hard to get) still exceeds TLD's supply. TLD often honors special requests. TLD provided Light Street Housing CDC with 2,000 square feet of hardwood flooring from a high school gymnasium for a rehabilitation project for which carpeting was unsuitable. Also, a nonprofit called Jonah House received several solar panels in 1995.

### Beyond the Role of Recipient

CDCs, in conjunction with nonprofit organizations and for-profit developers, helped establish TLD. In addition to donating materials to and receiving materials from the reuse center, CDCs also refer new clients to TLD, verifying the homeowner's income status and then helping the client apply for membership. This is an important role, given that 60 percent of TLD's materials are distributed directly to low-income homeowners. (Of the CDCs profiled, St. Ambrose Housing Aid Center and St. Pius CDC are examples of referral sites.)

TLD also provides speakers at home ownership seminars offered by member CDCs, and the organization offers regular home repair workshops, which reach 20 to 30 homeowners per month. These workshops are critical to building self-sufficiency in the low-income communities served by TLD and its member CDCs. Member CDCs' publicity and education efforts have increased the number of workshops offered by TLD.

In addition to offering used construction materials, TLD sells *new* supplies to customers interested in one-stop shopping. For example, a buyer of used windows may also buy a caulk gun and white caulk and paint at TLD. Sale of these bulk items average about \$35,000 per year.

### Barriers and Opportunities

Small CDCs that work on rehabilitation projects provide a good match for TLD's services. Larger CDCs' materials requirements often exceed TLD's capacity, but smaller ones can often meet many of their needs at TLD. New construction, with its bevy of building regulations and requirements for many building products, is less suited to TLD's approach than rehabilitation projects are.

The Loading Dock states that its relationship to CDCs would improve if the CDCs more aggressively assessed their material needs. To that end, TLD conducted a general "Client Services Survey" in October 1994 and is now conducting another survey focused solely on CDCs.

The CDCs surveyed say that TLD's service and handling fees are "very good," although some also state that TLD does not always have the desired materials in stock. St. Ambrose Housing Aid Center emphasizes that, for its relatively large housing-rehabilitation and maintenance needs, TLD does not handle the *quantity* of materials needed. One way to better meet the demands of CDCs would be to have CDCs submit a materials-needs list three months in advance of projects. An on-line computer database of TLD's inventory, accessible by member organizations, would also improve communication.

The Loading Dock could move a much greater volume of materials if CDCs required, or even more strongly encouraged, their contractors to use TLD products. City Homes and Light Street CDCs encourage their contractors to use TLD to lower costs. This savings is eventually passed back to the CDCs.

CDCs report that reuse operations are extremely important because they reduce costs for the communities' neediest residents. The environmental attributes of reuse also win favor with CDCs.

TLD stresses the importance of fostering the reuse-recycling mentality among its customers, that is, identifying the value in material that others see as waste. For example, TLD uses doors unfit for use in inner-city houses as desk and table tops instead of sending them to the landfill.

**The Loading Dock Reuse Operation**

Leslie Kirkland, Co-Executive Director  
2523 Gwynns Falls Parkway  
Baltimore, Maryland 21216  
410-728-3625  
410-728-3633 *fax*

*mission:* affordable housing development

*start-up year:* 1984

*capital costs:* \$73,000

*operating costs:* \$500,000 per year

*employees:* 18 employees averaging \$9.00 per hour, and 50 volunteers

*type of materials handled:* construction materials, furniture, appliances, tools, art

*warehouse size:* 21,000 square feet

*method of material acquisition:* donations

*charge for materials:* handling fee

*quantity of materials handled:* 7,000 tons per year

*income from handling fee:* \$400,000

*fair market value of materials handled:* \$1.6 million per year

*avoided disposal costs of donors:* NA

*avoided purchasing costs of recipients:* \$1.2 million per year

NA: Not available.

Source: Institute for Local Self-Reliance, 1995.

**City Homes CDC**

Barry Mankowitz, President  
330 East 25th Street  
Baltimore, Maryland 21218  
410-889-6806  
410-366-2230 *fax*

*mission:* affordable housing development

*start-up year:* 1987

*number of housing units developed:* 69 over last 3 years; 75 to be developed over next 3 years

*percentage of CDC housing work done by contractors:* 100 percent

*type of relation to reuse operation:* recipient of materials, board member

*duration of relation:* recipient since 1987

*type of materials received:* construction materials, kitchen cabinets, doors

*percentage of material needs met by reuse operation:* less than 1 percent

*quantity of materials received:* 15 cabinets in 1994

*fair market value of materials received:* \$1,500 in 1994

*avoided purchasing costs of CDC:* \$800 in 1994

CDC: Community development corporation.

Source: Institute for Local Self-Reliance, 1995.

**Light Street Housing CDC**

Greg Cantori  
809 Light Street  
Baltimore, Maryland 21230  
410-539-0134  
410-539-0169 *fax*

*mission:* affordable housing development

*start-up year:* 1985

*number of housing units developed:* 14 over last 3 years; 15 to be developed over next 3 years

*percentage of CDC housing work done by contractors:* 50 percent

*type of relation to reuse operation:* recipient of materials

*duration of relation:* recipient since 1990

*type of materials received:* construction materials

*percentage of material needs met by reuse operation:* 10 percent

*quantity of materials received:* 1 ton per year

*fair market value of materials received:* \$9,000 per year

*avoided purchasing costs of CDC:* \$6,000 per year

CDC: Community development corporation.

Source: Institute for Local Self-Reliance, 1995.

**St. Ambrose Housing Aid Center**

Mark Benson  
321 East 28th Street  
Baltimore, Maryland 21218  
410-235-5770  
410-235-7141 fax

*mission:* affordable housing development and home ownership within neighborhoods, property management for 260 units

*start-up year:* 1968

*number of housing units developed:* 80 over last 3 years; 120 to be developed over next 3 years

*percentage of CDC housing work done by contractors:* 100%

*type of relation to reuse operation:* recipient of materials, source of referrals

*duration of relation:* recipient since 1984

*type of materials received:* construction materials, appliances

*percentage of material needs met by reuse operation:* less than one percent

*quantity of materials received:* very little

*fair market value of materials received:* NA

*avoided purchasing costs of CDC:* NA

NA: Not available; CDC: Community development corporation.

Source: Institute for Local Self-Reliance, 1995.

**St. Pius V Housing CDC**

Jelili Ogundele  
1017 Edmondson Avenue  
Baltimore, Maryland 21223  
410-728-5086  
410-728-4186 fax

*mission:* affordable housing development

*start-up year:* 1985

*number of housing units developed:* 30 over last 3 years; 75 to be developed over next 3 years

*percentage of CDC housing work done by contractors:* NA

*type of relation to reuse operation:* recipient of materials, board member of reuse operation

*duration of relation:* recipient since 1993

*type of materials received:* construction materials, appliances

*percentage of material needs met by reuse operation:* 5 percent

*quantity of materials received:* NA

*fair market value of materials received:* \$600 per year

*avoided purchasing costs of CDC:* \$400 per year

NA: Not available; CDC: Community development corporation.

Source: Institute for Local Self-Reliance, 1995.





## **Austin Habitat for Humanity Benefits from Subsidiary Re-Store**

Habitat for Humanity (Americus, Georgia) is an international community development organization that builds single-family homes as a means of reaching its goal of “eliminating poverty housing.” Recognizing the possibilities of reuse, Habitat has opened many “Habitat Re-Stores” in North America in the last several years. Their purpose is to receive donated materials and resell them at reduced prices to the general public and builders. The Habitat Re-Store (“Re-Store”) in Austin, Texas opened in 1992 (see sidebar). It distributes \$350,000 worth of materials to its customers each year. Fifteen percent of its stock goes to Austin Habitat for Humanity (“Austin Habitat”) to meet 1 percent of its new home construction needs (see sidebar). The Re-Store is funded by Austin Habitat, private foundations, and individuals.

### **Material Distribution**

The Habitat Re-Store sells donated lumber, light fixtures, electrical supplies, and other construction materials to Austin Habitat and others for one-third to one-half of the retail price of the goods.

### **Beyond the Role of Recipient**

Austin Habitat for Humanity is the parent organization of the Re-Store; they share the same board of directors. The Re-Store’s marketing effort greatly benefits from Habitat’s name recognition.

The Re-Store sells about \$300,000 worth of materials (measured in terms of estimated fair market value) annually to non-Habitat customers, and \$50,000 to Austin Habitat (which only pays \$15,000 to \$25,000 for those materials). All of the Re-Store’s profits are passed on to Austin Habitat to further its housing development mission.

Austin Habitat encourages its contractors, who perform 5 percent of its construction tasks, to patronize the Re-Store.

### **Barriers and Opportunities**

The Re-Store has had great success in its first few years of operation; however, it has also encountered a few hurdles. For example, it would like to meet its customers’ demand for full-length lumber but cannot obtain an adequate supply. Also, the Re-Store depends on the work of volunteers, but space constraints limit the number of volunteers it can accept.

To better meet these and other demands, the Re-Store intends to conduct a “Needs Assessment Study” for CDC recipients. The study would show the types of incentives to low-income housing developers that would promote their patronage of the Re-Store, increasing the organization’s visibility among local nonprofits, its sales volume, and its effect on the community. East Austin CDC, for example, was unaware of the Re-Store’s existence at the time of this study. East Austin CDC is now interested in finding ways of working with the Re-Store to meet its own housing goals.

**The Habitat Re-Store Reuse Operation**

Diane Beaver  
310 Comal, Suite 101  
Austin, Texas 78702  
512-478-2165  
512-472-6235 fax  
1-800-HABITAT for information on other Habitat Re-Stores

*mission:* "eliminate poverty housing"

*start-up year:* 1992

*capital costs:* \$10,000

*operating costs:* \$210,000 per year

*employees:* 1.5 full-time-equivalent employees and 3.5 full-time-equivalent volunteers

*type of materials handled:* construction materials, furniture, appliances, tools, paint

*warehouse size:* 30,000 square feet

*method of material acquisition:* donations

*charge for materials:* sales price

*quantity of materials handled:* 500 tons per year

*income from sales:* NA

*fair market value of materials handled:* \$350,000 per year

*avoided disposal costs of donors:* NA

*avoided purchasing costs of recipients:* \$18,000 per year

NA: Not available.

Source: Institute for Local Self-Reliance, 1995.

**Austin Habitat for Humanity**

Kandace Tornquist  
310 Comal  
Austin, Texas 78702  
512-472-8788  
512-472-6235 fax

*mission:* eliminate poverty housing

*start-up year:* 1985

*number of housing units developed:* NA

*percentage of CDC housing work done by contractors:* 5%

*type of relation to reuse operation:* recipient of materials, organizer and parent of reuse operation

*duration of relation:* 3 years

*type of materials received:* construction materials, electrical fixtures

*percentage of material needs met by reuse operation:* 1%

*quantity of materials received:* NA

*fair market value of materials received:* NA

*avoided purchasing costs of CDC:* materials are purchased at half of the retail value

NA: Not available; CDC: Community development corporation.

Source: Institute for Local Self-Reliance, 1995.



## Boston Reuse Operation Serves Community Development Organizations

Building Materials Resource Center (BMRC) is a reuse operation in the Roxbury section of Boston, Massachusetts that collected about \$200,000 worth of materials in 1994 (see sidebar). It is a project of the Boston Building Materials Cooperative Charitable and Educational Fund, a 13-year-old technical assistance program for low-income people. BMRC, formerly known as The Building Block, has been collecting and distributing construction materials and appliances since 1993, using temporary warehouse space and 40-foot trailers. BMRC is developing working relationships with many nonprofit organizations, including Tenants Development Corporation, the Massachusetts Association of CDCs, the Women's Institute for Housing and Economic Development, and Neighborhood Development Corporation of Jamaica Plain (see sidebar).

### Material Distribution

BMRC emphasizes the tax-deduction available to materials donors, most of whom are residents of the greater Boston metropolitan area who are renovating their homes, or contractors or large firms who have supplies left over from their construction projects.

BMRC's customers, which include low-income residents and CDCs, pay one-fifth to one-third of the retail price for a wide variety of construction products. To be eligible to purchase materials from BMRC, a person must earn less than \$27,800 per year; a family of four must have a household income of less than \$39,700; and a family of eight must earn less than \$52,400.

Materials available in spring 1995, as reported in BMRC's March-April 1995 newsletter, included used lighting fixtures (\$4 to \$5); storm windows (\$6 to \$13); bathroom sinks (\$10); wallpaper (\$1 per roll); paint (\$9 to \$20 per 5-gallon can); and two large gas furnaces (*free*).

### Beyond the Role of Recipient

As BMRC expands, it plans to consult with CDCs and other nonprofits to formalize its working relationship and structure with CDCs.

In addition to operating a reuse center, BMRC offers regular low-cost window repair workshops and it sponsors weekly home-maintenance workshops.

### Barriers and Opportunities

From its early stages of development, BMRC has overcome barriers, including a lack of warehouse space, inadequate marketing to donors and customers, and questionable material quality. These limitations have made nonprofits hesitant to refer their contractors or low-income homeowners to BMRC. In conjunction with these nonprofits and CDCs, BMRC plans to deal with all of these problems.

One nonprofit states that material quality is frequently too low (e.g., florescent light fixtures without ballasts). The low quality causes nonprofits to spend funds on additional labor and parts, thus negating the savings realized by buying used products. Increased quality control through stricter screening of donated goods or the use of repair services at BMRC would handle this problem.

As interest in its program grows, BMRC is trying to secure more warehouse space and to lower its material handling costs. Limited space reduces both the variety of materials available to customers and the quantity of any given product. To minimize space needs and costs, BMRC began a program in 1994 to link donors directly with recipients when especially large quantities of materials were being handled. For example, BMRC removed 20 donated

complete bathroom sets from Deaconess Hospital and transferred them to the Women's Institute for Housing and Economic Development. BMRC also may investigate an exchange of materials for warehouse space with nonprofits.

Demand for construction materials, such as sheetrock and lighting fixtures, outstrips BMRC's accessible supply. Therefore, it plans to increase its donor-marketing efforts.

Recipient marketing could also be expanded. In the past, BMRC's marketing efforts consisted of routinely calling regular customers with inventory reports. The return of such a service would increase demand for materials by nonprofits.

### **Building Materials Resource Center Reuse Operation**

Jorgé Casas  
100 Terrace Street  
Roxbury, Massachusetts 02120  
617-442-8917  
617-427-2491 *fax*

*mission:* affordable housing development and natural-resource and landfill-space conservation

*start-up year:* 1993

*capital costs:* \$400,000

*operating costs:* \$72,000 per year

*employees:* 3 employees and 1 volunteer

*type of materials handled:* construction materials, appliances

*warehouse size:* 2,200 square feet

*method of material acquisition:* donations

*charge for materials:* sales price

*quantity of materials handled:* 120 tons per year

*income from sales:* NA

*fair market value of materials handled:* \$200,000 per year

*avoided disposal costs of donors:* NA

*avoided purchasing costs of recipients:* NA

NA: Not available.

Source: Institute for Local Self-Reliance, 1995.

**Neighborhood Development Corporation of Jamaica Plain**

Sarah Griffen, Director of Economic Development  
31 Germania Street  
Jamaica Plain, Massachusetts 02130  
617-522-2424  
617-524-3596 *fax*

*mission:* housing development, economic development

*start-up year:* 1977

*number of housing units developed:* more than 100

*percentage of CDC housing work done by contractors:* 80%

*type of relation to reuse operation:* recipient of materials

*duration of relation:* 2 years

*type of materials received:* construction materials

*percentage of material needs met by reuse operation:* 1%

*quantity of materials received:* 100 to 200 pounds per year

*fair market value of materials received:* \$200 to \$300 per year

*avoided purchasing costs of CDC:* \$200 to \$300 per year

CDC: Community development corporation.

Source: Institute for Local Self-Reliance, 1995.





## **SURVEY METHODOLOGY AND INSTRUMENTS**

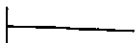
### **Survey Methodology**

ILSR surveyed four reuse organizations and eleven CDCs in four different cities using telephone, facsimile, and mail to obtain the data for this study. The compiled data were not confirmed in any way. The data are presented and were analyzed in the form in which they were received.

### **Survey Instrument**

Two survey instruments were used to collect the data: one for reuse operations and one for CDCs. The actual survey instruments follow.





## Survey of the Working Relationship Between a Reuse Operation and Community Development Corporations

The Institute for Local Self-Reliance (ILSR) is conducting a study for the National Congress for Community Economic Development (NCCED, trade association representing 2,000 CDCs) about the working relationships between reuse operations and community development corporations (CDCs). Please answer the questions below as completely as possible and return the survey to ILSR. Thank you for your cooperation. It will help educate others interested in starting or working with reuse operations.

### General Reuse Operation Information

Operation Name: \_\_\_\_\_ Survey Date: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_ Phone: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_ Fax: \_\_\_\_\_

E-Mail: \_\_\_\_\_

### CDC Involvement in Reuse Operations

Please provide the following information on all the CDCs with which your reuse operation works. "Relationship" could be organizer or board member of reuse operation, recipient of goods from reuse operation, or other (please specify).

<u>CDC &amp; Contact Information</u>	<u>Relationship</u>	<u>No. of Years</u>
1. _____		
2. _____		
3. _____		
4. _____		

5. What type of agreements between the CDC(s) and your reuse operation exist?

6. Has your relationship with CDCs led to expansion? How?

**Organizer of Reuse Operation**

7. What value did the CDC(s) bring in organizing your reuse operation?

**Board Member of Reuse Operation**

8. What value do/did the CDC(s) bring to the board of your reuse operation?

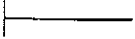
**Recipient of Materials from Reuse Operation**

9. What percent of your business was conducted with CDCs in 1994?
10. What quantity (tons) of materials did your reuse operation provide to CDCs in 1994?
11. What was the fair market value of materials received by CDCs from your reuse operation in 1994?
12. What is the fee structure, if any, that is applied to CDC recipients of the reuse operation's materials?  
a-membership fee                      b-handling fee                      c-\$/item                      d-other:
13. What types of your goods are most popular with CDCs (please add detail)?  
a-construction materials              b-furnishings                      c-appliances                      d-other:
14. What materials currently unavailable are most demanded by CDCs (please list)?
15. What has prevented your reuse operation from providing these products?  
a-limited demand              b-limited supply              c-limited funding              d-limited storage space  
e-quality issues              f-other:
16. Has your reuse operation conducted a "Needs Assessment Study" for CDC recipients? Why?  
a-yes    b-no  
Why:

**Potential for Increased CDC/Reuse Opportunities**

17. How could CDC/reuse operation relationship be improved to increase benefits to one or all parties involved?
18. Please list other reuse operations that have relationships with CDCs.

**Comments:**



**Survey of the  
Working Relationship Between  
a Community Development Corporation and  
a Reuse Operation**

The Institute for Local Self-Reliance (ILSR) is conducting a study for the National Congress for Community Economic Development (NCCED, trade association representing 2,000 CDCs) about the working relationships between community development corporations (CDCs) and reuse operations. (Reuse operations, in this case, accept reusable products – including used, overstocked, outdated, and below standard furniture, building materials, appliances, office equipment, and other materials – and make them available to recipients who often include low-income individuals and the public-interest sector.) Please answer the questions below as completely as possible and return the survey to ILSR. Thank you for your cooperation. It will help educate other CDCs interested in starting or working with reuse operations.

**General CDC Information**

CDC Name: \_\_\_\_\_ Survey Date: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_ Phone: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_ Fax: \_\_\_\_\_

E-Mail: \_\_\_\_\_

1. What is your CDCs primary mission?
 

a-housing development	b-economic development
c-commercial real estate development	d-other (please specify):
2. If housing development is your CDC's primary mission, how many housing units has it developed over the past three years? Over the next three years?
3. How long has your CDC been in existence?

**CDC Involvement in Reuse Operations**

4. What is the name of the reuse operation with which your CDC works?
5. What role has your CDC played in relation to the reuse operation?
 

a-organizer (please see Q's 7-9) see Q's 14-23)	b-board member (please see Q's 10-13) d-donor (please see Q's 24-25)	c-recipient (please see Q's 14-23) e-other:
--	---	--
6. Does your CDC currently have an active relationship with the reuse operation?
 

a-yes	b-no	c-no, but plan to in the future
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**Organizer of Reuse Operation**

7. Who within your CDC initiated/participated in the creation of the reuse operation?  
a-board member    b-executive director    c-staff member    d-other:
8. How was the CDC involved in the creation of the reuse operation?  
a-planning    b-financing    c-staffing    d-other:
9. What are the sources, uses, and amounts of funding that your CDC has helped secure for the reuse operation?

**Board Member of Reuse Operation**

10. Who from your CDC was/is active on the board of the reuse operation?  
a-board member    b-executive director    c-staff member    d-other:
11. What were/are the responsibilities of this person?  
a-executive committee    b-committee chair    c-fund raising    d-other:
12. What were/are the reasons this person is serving on the Board?  
a-to assure needs of CDC are addressed    b-general oversight    c-other:
13. If someone from your CDC was a board member of the reuse operation in the past, why is that no longer the case?

**Recipient of Materials from Reuse Operation**

14. How long has your CDC been a recipient of the reuse operation's materials?
15. What materials does your CDC receive from the reuse operation (please add detail)?  
a-construction materials    b-furnishings    c-appliances    d-other:
16. Please list major items currently unavailable from the reuse operation that would be most helpful to your CDC?
17. What percentage of your material needs were met by the reuse operation 1994?
18. What quantity (tons) of materials did your CDC receive from the reuse operation in 1994?
19. What was the fair market value of the materials received from the reuse operation in 1994?
20. What were the avoided purchasing costs (or savings) realized by your CDC due to receiving the reuse operation's materials in 1994?

21. How are these savings realized?  
a-CDC requires less funding      b-CDC services less expensive      c-CDC staff increases  
d-CDC lowers housing costs      e-other:
22. What is the fee structure, if any, applied to your CDC as a recipient of materials from the reuse operation?  
a-membership fee      b-handling fee      c-\$/item      d-other:
23. Does your CDC refer potential recipients of materials to the reuse operation? How much material did these referrals receive in 1994?

**Donor of Materials from Reuse Operation**

24. What materials does your CDC donate to reuse operations?  
a-construction materials      b-furnishings      c-appliances      d-other:
25. What costs/savings are incurred through this relationship?

**Improving the Relationship Between CDC and Reuse Operation**

26. How well is the reuse operation serving your CDC?  
a-very well      b-well      c-not well      d-other:
27. What attributes of the reuse operation serve your CDC well?

28. What are the limitations of the reuse operation and how can they be corrected?

29. Does your CDC use contractors? and if so, what percentage of your CDC's work is performed by contractors?  
a-no      b-yes:      (percentage)\_\_\_\_\_%

30. What kind of work do they do?

31. Do you encourage contractors to use the reuse operation?

32. If NO, why not?

33. If YES, how?

**Comments:**

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