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# LAW SCHOOL SUPPORT FOR COMMUNITY-BASED ECONOMIC DEVELOPMENT IN LOW-INCOME URBAN NEIGHBORHOODS

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In the subworld where highly skilled attorneys sell their services to corporate America, two “ideal types” of lawyer predominate. One type lives for the fight, thriving on our judicial system’s adversarial approach to resolving conflict. Life is conflict, and the lawsuit is her *raison d’être*.

The second type of lawyer may never have seen the inside of a courtroom. To her, litigation is something to be understood but not practiced. Life is an uneasily cooperative venture whose center is the “deal.”

Many law schools offer the future litigator a range of opportunities for clinical education. These clinical programs allow future litigators to practice the skills of their craft in real cases, under the close supervision of experienced professionals. The students are pushed to reflect on the many ethical dilemmas that they will confront upon graduation. Perhaps most significantly, students can learn directly that the litiga-

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tor's talents are needed by poor as well as rich clients, and that professional satisfaction can come without a large fee.

But what about the future counselor/advisor/negotiator/deal-doer? Where in law school can she practice her craft? Where in law school can she reflect upon actual ethical dilemmas? Where in law school can she learn that low-income communities need the type of assistance that can move resources and enable cooperation?

During the 1990-91 academic year, students at the University of Michigan Law School enrolled for the first time in "The Program in Legal Assistance for Urban Communities." The Urban Communities Program differs from other classroom educational experiences at Michigan because it involves actual clients. It differs from other clinical educational experiences at Michigan because clients are community-based organizations rather than individuals, the mode of legal practice is primarily transactional rather than dispute-oriented, and the legal issues primarily concern business and community development.

In this Article, we introduce the Urban Communities Program and offer a tentative appraisal of its first year and a half of operations. We first outline the empirical perceptions, theories, and ambitions that motivated the creation of the Program. We then review the way the Program has unfolded, identifying problems we anticipated, problems we did not anticipate, and noteworthy successes. We conclude with an interim appraisal of the Program's development together with a few observations about the questions we expect to ask ourselves as the Program continues to evolve in the future.

## I. BACKGROUND AND DEVELOPMENT OF THE PROGRAM

The quality of life for large numbers of citizens in impoverished urban communities has been deteriorating steadily over the past three decades. While incomes for the most privileged social classes have continued to rise steadily, inflation-adjusted incomes for the bottom third of the income distribution have stagnated or even fallen over time.<sup>1</sup> The situation has been especially serious for children. And in the ghetto communities of our largest cities, the problems of social and economic isolation have led some commentators to speak of the emer-

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1. See STAFF OF HOUSE COMM. ON WAYS AND MEANS, 102D CONG., 1ST SESS., OVERVIEW OF ENTITLEMENT PROGRAMS, 1991 GREEN BOOK, BACKGROUND MATERIAL AND DATA ON PROGRAMS WITHIN THE JURISDICTION OF THE COMMITTEE ON WAYS AND MEANS 1183-1262 (Comm. Print 1991) (examining trends and changes in income levels for families).

gence of an oppressed "underclass," unable to escape life situations that are characterized by violence and despair.<sup>2</sup>

The causes of this deterioration are widely disputed.<sup>3</sup> Yet whatever the causes of urban decline, it seems fairly clear that the modern American welfare state, as currently configured, is an ineffective source of opportunities to change that trend.<sup>4</sup> And the current political climate makes significant positive change in the welfare state's role a remote possibility at best.

But if government intervention appears unlikely to improve the lives of ghetto families, the private marketplace seems to offer no greater basis for hope. The American economy continues to deindustrialize.<sup>5</sup> Employers avoid recruiting black workers from the inner city.<sup>6</sup>

That would seem to leave ghetto residents with few options. One is to move, but that is a strategy of only mixed utility.<sup>7</sup> The other is to remain and rebuild. Residents can commit themselves to sticking with

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2. See generally ELIJAH ANDERSON, *RACE, CLASS, AND CHANGE, STREETWISE IN AN URBAN COMMUNITY* (1990) (discussing his fieldwork in two neighboring communities: one black and very poor, the other upper middle class and racially mixed); INNER-CITY POVERTY IN THE UNITED STATES (Lawrence E. Lynn, Jr. & Michael G. H. McGeary eds., 1990); THE URBAN UNDERCLASS (Christopher Jencks & Paul E. Peterson eds., 1991); WILLIAM J. WILSON, *THE TRULY DISADVANTAGED* (1987); CHRISTOPHER JENCKS, *RETHINKING SOCIAL POLICY* 120-203 (1992) (discussing WILSON, *supra* and the growth of America's underclass).

3. Compare WILSON, *supra* note 2, at 151 (stressing macroeconomic change); JENCKS, *supra* note 2, at 122-30 (stressing cultural conflict in the workplace) and Douglas S. Massey, *American Apartheid: Segregation and the Making of the Underclass*, 96 AM. J. SOC. 329 (1990) (stressing residential segregation and white flight).

4. See Jeffrey S. Lehman, *To Conceptualize, To Criticize, To Defend, To Improve: Understanding America's Welfare State*, 101 YALE L.J. 685, 708-13 (1991) (arguing that welfare programs have not eliminated particular groups' differences of opportunity). Cf. William H. Simon, *Legality, Bureaucracy, and Class in the Welfare System*, 92 YALE L.J. 1198 (1983) (arguing that bureaucratized welfare systems establish Kafkaesque nightmares for recipients); Mickey Kaus, *The Work Ethic State*, NEW REPUBLIC, July 7, 1986, at 22 (arguing that AFDC undermines recipients' long-term chances for economic mobility).

5. See PHILIP MOSS & CHRIS TILLY, *WHY BLACK MEN ARE DOING WORSE IN THE LABOR MARKET: A REVIEW OF SUPPLY-SIDE AND DEMAND-SIDE EXPLANATIONS* (Social Science Research Council 1991).

6. See Kathryn M. Neckerman & Joleen Kirschenman, *Hiring Strategies, Racial Bias, and Inner-City Workers*, 38 SOC. PROBS. 433 (1991) (exploring how Chicago-area recruiting methods reduce inner-city blacks' chances for employment); Joleen Kirschenman & Kathryn M. Neckerman, *"We'd Love To Hire Them But . . .": The Meaning of Race to Employers*, in THE URBAN UNDERCLASS, 203-32 (Christopher Jencks & Paul E. Petersen eds., 1991).

7. See Gary Sandefur et al., *Race, Local Labour Markets and Migration in the*

their neighborhoods. They can join with one another to develop commercial ventures in their communities, to rebuild their housing stock, and to eradicate the symptoms that outsiders use to legitimate stigma and avoidance.

This latter approach may be defined by its willingness to view low-income urban neighborhoods as attractive resources for residential development and commercial enterprise. Such an approach holds potential attractions for partisans of a broad range of sociological perspectives. Whether one sees the world through the eyes of methodological individualism or of radical structuralism, community-based activity holds out a special kind of promise.

Methodological individualists tend to situate the cause of economic hardship in the shortcomings of the sufferer ("nobody wants to hire them because 'they' are not offering to sell anything that others want to buy"; "nobody wants to develop nice housing there because nobody can rent profitably, and that's because nobody is willing to live there, and that's because 'they' aren't keeping their neighborhood safe"; etc.). From an individualist perspective, local enterprises that hire local residents offer a plausible approach to human capital development. Local employers may be able to acquire information about differences among potential workers at a lower cost than outsiders, and thus may be less likely to engage in "statistical racism." Furthermore, if employers view workers as individuals rather than as racial ambassadors, workers may be more likely to trust that their employers will treat them fairly; in complex economic organizations, such a sense of trust may be a practical prerequisite to the development of marketable job skills and work habits.

Methodological individualists might advocate locally-controlled housing development for similar reasons. If neighborhoods slip into downward spirals because the residents' decisions to stay or flee reflect a classic "prisoners dilemma," local developers may be able to work with community organizations to create the networks of cooperation needed to break such spirals.

Structuralists prefer to situate the cause of economic failure in the shortcomings of the larger society ("white employers can't deal with a worker who is in any way different from themselves unless that worker demonstrates a genuine eagerness to be exploited;" "white people won't move into a safe minority neighborhood unless they believe they

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*United States, 1975-1983, in* MIGRATION MODELS: MACRO AND MICRO APPROACHES (John Stillwell & Peter Congdon eds., 1991).

are on the cutting edge of a wave of gentrification that will eventually turn the neighborhood white;" etc.). From that perspective, local enterprises that hire local residents offer an unusual opportunity for fair and cooperative exchange. Employers may be less likely to perceive potential workers as alien objects of distrust; rather than striving to maximize after-tax dollar return on investment, they may be willing to couple an "acceptable" return on investment with a sense of satisfaction over their stature in the community. Similarly, local housing developers may have a different sense of what constitutes an "acceptable" level of profitability when they are creating homes for their friends and neighbors.

Thus, both methodological individualists and structuralists can find instrumental attraction in community-based economic development. Both can view it as a means to enhance productivity through the more efficient use of human and physical capital. But one can also be attracted to community-based economic development for intrinsic reasons. One can see it as part of a family of efforts to humanize the economic sphere by extending the reach of democratic ideals such as participation and equality.<sup>8</sup> From this perspective, communities may seek to define themselves through the forms of economic development they pursue, perhaps deliberately restricting members' abilities to accumulate wealth through activity within the community and then take that wealth with them when they leave.<sup>9</sup> Community members might willingly commit themselves to a kind of "enforceable solidarity" (and its attendant restrictions on their own freedoms) in exchange for the benefits that would flow from other community members' decision to make the same commitment.

This is not the place to thrash out theoretical objections to any of these reasons for community-based economic development. Here we are concerned with more practical problems. For, *whatever* one's reason for being sympathetic to the project of community-based economic

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8. See generally William H. Simon, *Social-Republican Property*, 38 UCLA L. REV. 1335 (1991) (encouraging a primary organization of income and wealth distribution and economic activity); Peter R. Pitegoff, *Buffalo Change and Community*, 39 BUFF. L. REV. 313 (1991).

9. Cf. Douglas G. Koritz, *Capital Mobility Versus Unity of Purpose: Urban Redevelopment in Buffalo, N.Y. and Pittsburgh, Pa.*, 39 BUFF. L. REV. 409, 420-23 (1991) (legal and practical restraints on the ability of the Mellon family to leave Pittsburgh forced them to engage in active, local redevelopment, sparking Pittsburgh's "Renaissance").

development, one must be concerned with the practical obstacles to success.

As Peter Pitegoff has observed, "To be effective, community economic development requires sophisticated institutions — subtle linkage of technical expertise with community-based organizations, of labor with capital, of political savvy with management capability."<sup>10</sup> We focus here on "technical expertise" — in particular legal expertise. For in the 1990's, it is difficult and risky to engage in *any* form of economic activity without a lawyer's assistance. From the most basic problems of property acquisition and tax compliance through the most sophisticated problems of enterprise finance, lawyers can help their clients to reduce costs, avoid liabilities, minimize risks, and gain marketable benefits.<sup>11</sup>

Unfortunately, lawyers are expensive. The legal skills a small, community-based client requires in a small transaction are often the same as those a large Fortune 500 client requires in a complex deal. In a competitive marketplace, business lawyers are likely to price their services according to the value they add to the deals of big business. Community-based organizations may not be able to afford those prices; from the organization's perspective, the value the lawyer adds to a *smaller* deal may not justify the cost.

But here the competitive marketplace may well be inefficient. Suppose, as some have suggested, that much of the *value* of community-based enterprise is not captured by the owners and managers of the particular organization, but is instead externalized. Suppose neighboring residents benefit, as local traffic reduces crime, and as local profits support tax-based community services. Suppose neighboring businesses benefit, as the community becomes more attractive to outsiders. Suppose the whole nation benefits through the breakdown of social barriers that isolate communities and engender distrust. Suppose the whole world benefits through the presence of another pocket of democratic activity. It is easy to imagine a situation in which the price of legal services would be too high for a single community-based organization, but would represent only a small fraction of the total benefits such services have the potential to yield.

Wouldn't it be nice if a law school could provide a useful response to these failures of the marketplace? That question animated several law

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10. Pitegoff, *supra* note 8, at 318.

11. See generally Ronald J. Gilson, *Value Creation by Business Lawyers: Legal Skills and Asset Pricing*, 94 *YALE L.J.* 239 (1984).

professors at the University of Michigan during the spring and summer of 1989. The University's social science departments had been receiving national attention for their efforts at multidisciplinary research into the evolving plight of America's low-income urban neighborhoods. But while members of the law school faculty had been and continue to participate in those efforts, we were also concerned that the relationship between university and community not degenerate into one of scientist and specimen. We wanted to find a way for the university in general, and the law school in particular, to be a constructive participant in the process of community transformation and redevelopment. And we thought the key might lie in the school's ability to award academic credit to students who are educated in the process of providing services at no charge to community-based organizations.

The Rockefeller Foundation agreed to provide financial support for our efforts to design and implement a law-school based program to bridge the gap between theoretical research and the ongoing efforts of low-income communities to gain control over their environments. During the summer, one of us attended a three-day seminar on community economic development law, sponsored by the National Economic Development and Law Center in Berkeley. And in the fall, the full faculty ratified a proposal to create a new clinical program for a three year trial period.

As designed, the program would reflect two general commitments. The first general commitment was using legal techniques other than litigation to advance the interests of client groups. Absent unusual circumstances, the Program would not itself initiate litigation, although it would be prepared to provide backup litigation support for efforts initiated elsewhere. Instead, the program would emphasize other forms of advocacy for urban communities, such as negotiating complex and innovative contractual remedies for disputes, negotiating and creating new forms of joint ventures (economic or social), and developing creative remedies for litigants who have agreed to settle.

The second general commitment was to developing ventures collaboratively. The hope was that collaborative development would allow front-line community activists and back-office theoreticians to learn from each other and transcend their respective parochial limitations. Thus, the program's designers shared a sense that the insights of theoretical research are necessarily only partial insights: they must be suffused with the pragmatic experience of front-line workers if ventures are to be workable. But at the same time they believed that the pragmatism of the front line is only partial pragmatism: it must be

leavened by the long-range perspective of the theorist if ventures are not to be counterproductive in the long run.<sup>12</sup>

The ultimate measure of the Program's success or failure was not at all clear. At a detached academic level, we knew the Program could be thought "successful" if we could learn something — anything — about whether a program such as ours could make positive contributions to the life of an urban community. But obviously we could not be fully satisfied with the Program unless we could obtain some more concrete forms of success. A central dilemma of operating the Program would be allocating our scarce resources in ways that would strike an appropriate balance among the following diverse, often-competing goals:

1. *To provide legal services that improve the quality of life in our clients' communities.* Because we have scarce resources, we must select our clients carefully. We attempt to find clients that (a) lack alternative sources of legal advice, and (b) have a realistic possibility of succeeding in their ventures. Both elements are important if communities are to be better off than they would have been if the Program did not exist. Significantly, this goal tends to push us to take on the most ambitious work we are capable of competently doing.

2. *To restrict our sphere of advice to community economic development law.* Community-based organizations undertake a vast range of productive activity. We chose to restrict our domain to economic development out of a sense that such issues often lie at the root of community concerns and often depend upon legal expertise for success. Moreover, in practice one hardly feels that this is a narrow domain. It sweeps within its ambit everything from nonprofit housing redevelopment to the development of worker-owned ventures, from neighborhood-oriented commercial development to community education. It implicates corporate law, tax law, property law, landlord-tenant law, environmental law, and municipal law. And it draws on the advocate's skills as researcher, interviewer, counselor, draftsman, and negotiator.

3. *To provide students with a valuable educational experience.* This goal is self-evident for any law school course awarding academic credit. What is not self-evident, however, is the balance that ought to be struck between how to balance substantive doctrinal education and training in the lawyer's skills of interviewing, negotiating, drafting, and

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12. Cf. Lucie E. White, *To Learn and Teach: Lessons from Driefontein on Lawyering and Power*, 1988 WIS. L. REV. 699, 747-66 (discussing the writings of Steven Lukes and the complexity of the relationship between lawyer and client).



dealing with clients. Moreover, while some might not find self-evident the educational significance of mere exposure to the clients' activities, we find great pedagogic value in educating students about contemporary urban politics, poverty, and community-based activity.

4. *To restrict our advocacy to forms that do not involve litigation.* Our law school, like most, offers students the opportunity to participate in several different clinics that emphasize litigation skills. By avoiding litigation in this Program, we hope to expose students to the unique practical and ethical dilemmas that can arise outside the context of litigation. And we also hope to persuade students — especially those who do not contemplate careers as litigators — of the many ways that lawyers can serve low-income communities without approaching a courtroom.

5. *To transcend the needs of individual clients by developing legislative reform proposals that serve many clients at once.* Reform-oriented litigators develop “impact litigation” suits to maximize their contributions. Similarly, our interest in maximizing our effectiveness to our clients alerts us to the possibility that a single administrative or legislative reform might help several clients at once.

6. *To educate clients about how they can be effective in legal matters without the help of lawyers, and to maximize client control over their lawyers in circumstances where a lawyer represents them.* Community legal education can be impractical when legal determinations depend on situation-specific facts. When the community-based organizations' legal needs lend themselves to the development of a “do-it-yourself” manual, however, it is possible to multiply the Program's substantive contribution and to enhance the organizations' sense of self-determination and control. Moreover, where individualized representation is required, we hope to ensure that our students resist the temptation to make the clients' decisions for them, and thereby preserve clients' sense of responsibility for and control over their activities.

7. *To bridge gaps and develop coalitions among client organizations that share common concerns.* Community-based organizations often see each other as rivals, even when they pursue common objectives. We hope to identify to our clients those areas in which the potential for gains through cooperation outweighs inter-client competition and to facilitate this cooperation.

8. *To develop cooperative relationships with a range of Detroit governmental and nongovernmental entities, in order to promote the interests of community-based organizations.* Community-based organizations are often dependent upon the power of governmental entities,

yet they often lack experience in working with those entities to obtain information or expeditious decisions. Similarly, community-based organizations often share interests with other local institutions such as banks, businesses, and the chamber of commerce. We hope to help bridge the gap between client groups and these other power centers.

9. *To develop collaborative relationships with other University departments in order to facilitate the provision of comprehensive, multidisciplinary technical assistance to client organizations.* Community-based organizations often need technical assistance that lawyers can not provide. For example, organizations might benefit from the assistance of urban planners, architectural designers, or social workers. We hope to collaborate with other departments at the University of Michigan to expand the resources available to clients.

## II. OPERATIONS

### A. *The Preliminary Year (1989-90)*

We devoted the 1989-90 academic year to three principal tasks. First, we assembled a National Advisory Council that included members of the national anti-poverty advocacy, civil rights advocacy, and social science research communities. Second, we obtained further financial commitments from the Rockefeller Foundation and the central administration of the University to support the Program for three years. Third, we conducted a search to recruit and hire Rochelle Lento as our Executive Director.

Over the course of the year, it became apparent that we should learn as much as possible from two important resources. The first was the National Economic Development and Law Center. It has been in existence for over twenty years, providing backup support to local legal services offices in connection with community economic development issues. It publishes a newsletter and many practical books. The second resource was Peter Pitegoff of the State University of New York at Buffalo School of Law. Peter founded a community economic development law clinic at Buffalo in 1988 and was a consistent source of encouragement and advice.

### B. *The Operational Years (1990-91 and 1991-92)*

During the 1990-91 and 1991-92 academic years, the Program has been actively enrolling students and serving clients. To evaluate the Program's activities, it is important to understand its structure.

One full-time Executive Director administers all aspects of the Pro-

gram. She interviews potential student participants each year, and accepts up to ten students per year. Applicants to the Program must complete an application, submit a copy of their resume, and complete a personal interview. The Executive Director selects participants on the basis of academic strengths, relevant work or community experience, and (perhaps most importantly) their understanding of the Program's goals. The students commit themselves to participating for a full year and receive three academic credits each semester on a mandatory pass/fail basis.

Each week, the Executive Director conducts a seminar addressing the substantive and procedural aspects of representing community based organizations. Occasionally, members of the classroom faculty and practitioners with community economic development experience present guest lectures. In addition, the seminar meeting allows the student participants to report their projects' status and to discuss with the entire group legal issues their client organization faces.

During the Fall 1990 term, the students surveyed the level of community economic development activity in Detroit. The survey culminated in a Community Economic Development Conference in Detroit on November 8 and 9, 1990. The Conference featured fifteen different speakers, including members of our National Advisory Council, six community group leaders, representatives from organized labor and state government, and out-of-town participants with experience in various aspects of low-income community development and the role that lawyers can play in that development. The Conference concluded with a round-table discussion of the problems and opportunities that a law-school-based program is likely to encounter as it enters into such a dynamic ongoing process.

After the conference, the Executive Director, in consultation with an advisory committee of other clinical and classroom faculty members, selected the first group of projects for students to work on. Since then, the Executive Director has taken on new projects continuously, sometimes in consultation with the faculty advisory committee. The decision whether to accept a project usually reflects an ad hoc balance among the following criteria: how clearly the organization understands its need for assistance, whether other legal counsel is available, the project's timetable, our own institutional capacity (in terms of expertise and available person-hours), and how likely it is that the representation will promote the organization's community economic development mission.

Once a project is accepted, the Executive Director assigns a team of

students to it. Each student works on at least two projects each term — usually with a different partner for each project. The assignments reflect the Executive Director's assessment of how well clients' needs match students' strengths and interests.

The student teams meet independently among themselves, and interact directly with client organizations. They also maintain project files for review by the Executive Director and meet with her for periodic status conferences. Twice each month, the students submit written progress reports on their projects. The Executive Director reviews all written work, sometimes with assistance from other faculty members. At the end of each semester, each student prepares a transition memo summarizing the project's progress during that semester and makes a comparable oral presentation to the full seminar. In addition, students prepare a brief self-evaluation paper and complete an exit interview with the Executive Director.

A research assistant undertakes research tasks when students are unavailable (for example, during the summer) and helps with administrative matters. The research assistant developed a quarterly newsletter about the Program to enable the client organizations to better understand the Program's aims and activities. Finally, a secretary provides part-time clerical and administrative support.

### C. *Sample Projects*

#### 1. Abandoned Property

When we surveyed thirty groups involved in community economic development in Detroit, almost half expressed concerns about the way the organs of state and local government go about foreclosing on abandoned property and returning it to use by public or private parties. These groups were particularly interested in speeding up the process and expanding the role that community based developers can play. We agreed to study the issue.

Students first identified the state and local laws that shape the process, and prepared a presentation to the organizations about the sources of delay in the system and the avenues for potential reform. The following semester, students developed an outline for model legislation at the state level that might accelerate the foreclosure process for residential abandoned property, while building in a specific role for community organizations.

At present, students are working with a task force of city, county and state government representatives to study the housing crisis in De-

troit. They are also working with the community organizations to formulate and implement a multi-tiered strategy of legislative and administrative reform. They are advising the community groups about how to translate their concerns into concrete proposals that can draw support in the legislative process. Each semester, the students conduct a community education meeting where they disseminate this information to more than 100 housing advocacy organizations.

## 2. Residential Housing for Homeless Teenage Girls

One of our clients is a Detroit community group that provides temporary shelter, after-care counseling, and a street outreach program for homeless teenage girls. Many of the group's clients live in substandard housing, and many others are victims of rental housing discrimination on the basis of their age, race, or sex. The community group seeks to provide transitional housing and, ultimately, permanent residential housing for its clients.

Other organizations have offered to provide living space to our clients. For example, a suburban church recently offered to rent a house to the community group for the cost of the house's maintenance and operation. Last semester, students helped our client negotiate a lease agreement with the church, and drafted a sub-lease the group could use with its tenants. In addition, the students drafted a participation agreement establishing general behavioral guidelines for girls seeking our client's help. Finally, participants in the Program advised the organization concerning general landlord-tenant law issues, and this semester students are developing a workshop to educate the girls about their legal rights.

## 3. Forming Community Economic Development Corporations

The Program has helped several organizations form community economic development corporations. Most often, these clients are established community groups that want to more actively involve themselves in their neighborhoods' economic development. Students have helped these organizations prepare articles and bylaws and to make the necessary filings. Students have also provided more general advice regarding organizational structure and management.<sup>13</sup>

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13. One such corporation emerged from a coalition of community, business, and industrial organizations in northeast Detroit, all of whom share a concern for small business and commercial revitalization and stability in their community. A second corporation grew out of a single community organization's interests in developing a com-

This semester, students are beginning to develop a manual providing basic information for organizations considering incorporation. This manual will address reasons for and against incorporating, the significance of articles, by-laws, and stock classes, and some of the most common organizational development issues.

#### 4. Pursuing 501(c)(3) Status for Client Organizations

Many organizations involved in community economic development qualify as “charitable” organizations for federal tax purposes and are therefore eligible to receive tax-deductible contributions. To make effective use of that eligibility, such organizations must obtain formal approval from the Internal Revenue Service. Last semester, the Program submitted such an application to the I.R.S. on behalf of a client. This semester, students are preparing exemption applications for at least two other organizations.

Retaining 501(c)(3) status involves more than drafting and submitting an application. It also requires that the client comply with various I.R.S. requirements. Thus, the client must understand the purposes and content of those requirements. To ensure this understanding, students directly involve the client in gathering the information needed to complete the application. Students also work with the client to develop a systematic bookkeeping system that will facilitate maintaining the records needed to preserve charitable status.

#### 5. Forming a For-Profit, Employee-Owned Subsidiary of a 501(c)(3) Organization

One of our clients is a 501(c)(3) organization that trains individuals to renovate and develop housing. The group recently established a for-profit subsidiary that actually does construction, rehabilitation, and repair work. Ultimately this subsidiary will become an independent, employee-owned business. Students have advised the client regarding tax and corporate issues arising out of this relationship. In particular, they have helped the client protect the parent’s 501(c)(3) status, maintain the parent’s short-term control over the subsidiary, and ensure that the employees reap the benefits of any significant appreciation in the value of the business.

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mercial venture, a farmers’ market, and so-called “in-fill housing” on vacant lots in its neighborhood. In addition to forming the corporations, students have advised the clients concerning basic property, tax, and recordkeeping issues.

## 6. Developing Low- to Moderate-Income Housing

The Program works with two organizations located in the Cass Corridor, the neighborhood with the highest number of transient and homeless families and individuals in Detroit. One group owns a building that it plans to renovate for low to moderate income housing. Last year, students filed an application for I.R.S. approval of the group's 501(c)(3) status. This year, students are becoming involved with the operational legal issues associated with development.

The other organization is entering a partnership with a private owner to rehabilitate a multiple unit building. Last year, students researched property and tax information for more than 25 properties to assist the client in targeting a building for redevelopment. Currently, students are helping the organization develop the partnership agreement and are providing research and drafting assistance in connection with the partnership's efforts to secure tax credit financing for the rehabilitation effort.

### III. TENTATIVE APPRAISAL

It is far too early to reach any overall conclusions about the value of a program such as the Urban Communities Program. Moreover, it is not entirely clear how one ought to evaluate success. We need to incorporate a variety of perspectives on the Program, including those of our clients, former students, the larger Detroit community, and the larger law school and university communities. Here are some preliminary reactions and thoughts for the future.

#### A. *The Client Perspective*

Overall, we have received strongly positive feedback from client organizations. Many of our clients volunteered that our Program has filled an important gap in their technical assistance needs — assistance which they could not afford to obtain from the private legal community. Moreover, when we have asked, clients have expressed satisfaction both with the quality of student representation and with students' respect for the client's power and responsibility to make ultimate decisions of strategy and policy.

We have received particular praise for our participation in the housing strategies project. In that project, the Program has been able to serve both as a source of vital legal research and as a "neutral forum" through which sometimes competing groups can meet and work together to pursue common goals. Perhaps the best indicator of client

satisfaction, however, has been the steady growth in requests for assistance from new organizations that learned about the Program by word of mouth from existing client groups.

### B. *The Student Perspective*

Students have generally been quite satisfied with the Program, and were glad to have participated. The Program appears to have successfully enhanced student understanding of community-based organizations in urban neighborhoods. Moreover, students emerge from the Program with a clearer sense of what they as lawyers can contribute to the work of such organizations.

At the same time, we can learn from students' questions (dare we say complaints?) about the Program. Some questions resolve themselves during the student's participation in the Program but some linger even at the year's conclusion. The most important concerns include:

1. *Coping with the slow pace and often erratic direction of client decisions.* If students must respect deadlines, why must they respect clients that are unable to finish projects before the end of the semester? Why help an organization draft bylaws when the group seems unable to decide how to divide power and responsibility? Why do research to help a client pursue one course of action, when the client changes course two months later?

2. *Coping with the indeterminate boundary between "technical legal advice" and "general policy direction," especially when the client does not seem to appreciate its significance.* If clients are supposed to be making the "policy" decisions, how should a student react when the client asks the student for direction on a question of "policy"?

3. *Coping with the ideal of community education.* Why is it necessary to give the client such detailed explanations of the reasoning behind our conclusions, or the process through which we gathered information? Do we really think they understand all this?

4. *Coping with their own inexperience.* Why do the clients often ask questions for which the students do not have a ready answer?

These questions are not trivial. Indeed, they go to the heart of the kind of education that we hope to provide. The more frequently we can actively discuss these questions, the more enriching we think the students' experience is likely to be.



### C. *The Larger Detroit Perspective*

One of our greatest sources of trepidation at the outset was the question of what reception we would receive from the Detroit community. We foresaw several areas of potential conflict. Would the community groups be willing to work with students from what is often perceived as an Ivory-Tower law school? Would our work with a limited number of community groups alienate rival groups? At least since the Community Action initiatives of the 1960's, many local government officials have perceived community groups as nettlesome sources of trouble; would we be able to work effectively with the organs of local government? Would we be able to work effectively with the established business community which might find community-based economic development philosophically objectionable?

In this domain we may have enjoyed our most surprising success. Because our Executive Director had previously established a reputation as a hands-on participant in Detroit community activities, most of the suspicion of the university presence evaporated. But not all of it. Several groups have expressed deep concern over the possibility that the Program will not continue beyond the initial three-year period, and that they will be left high and dry.

At the same time, the general perception of the university as a neutral outsider may have helped the Program's relationships with the larger government and business communities. For example, the initial legislative recommendations of the students' abandoned property project drew the somewhat unexpected endorsement of a task force established by the Michigan House of Representatives' Republican Policy Committee. And a major Detroit bank has proven a strong ally in connection with the same project.

### D. *The Larger Law School Perspective*

Integrating the Program into the larger law school community has been a mixed success. The availability of "soft money" to support the Program accounted for much of the schools willingness to launch it. That very availability, however, may have undermined some faculty member's sense that the Program is truly integral to the overall mission of the Law School.

Thus, on the one hand, an active and engaged faculty advisory committee and the larger community of clinical faculty have been an invaluable source of support and advice. On the other hand, however, we have had difficulty obtaining some forms of administrative support

(such as office and classroom space, and secretarial support). Moreover, some faculty members continue to harbor residual skepticism concerning the pedagogical value of this or any other clinical experience. Overall, it would be fair to characterize the process of integration into the law school community as one of slow but noticeable progress.

#### E. *The Larger University Perspective*

Integration into the larger university community has been a mixed success as well. On the one hand, the central administration provided vital financial support at a critical early moment in the Program's development. Similarly, the central administration has consistently publicized the Program's efforts, and has taken visible pride in its successes.

On the other hand, the radically decentralized structure of university bureaucracy is not conducive to interdepartmental coordination. One of the Program's early goals was to create new links between departments in the service of client organizations. We have only partially fulfilled that goal.

We have, to be sure, enjoyed some success — most notably through work with students and faculty in the School of Social Work. That School coordinates an ongoing program of internships and externships with Detroit community groups, and students placed with our clients groups have been invaluable assets in connection with a number of projects. But the development of more comprehensive forms of coordination and multidisciplinary support remains a goal for the future.

#### F. *Our Own Perspective — Lessons To Date*

Running a program like this is not easy. The Program requires students who are mature, disciplined, well organized, motivated, and capable of effective teamwork. Moreover, even the most talented, emotionally mature students are still professionally immature. To provide competent representation, the students require close supervision, guidance, and direction.

Questions of professional role in this form of representation are difficult and ubiquitous. For example, internal rifts within client organizations can require difficult judgments about when it is appropriate to identify one faction as "the client" and when it is appropriate to withdraw from the scene until the dispute is resolved. Lack of internal cohesion and leadership within a client organization can cause the or-

ganization to look to our Program for policy direction as well as legal advice, and once again require difficult judgments about the nature of our professional role.

To some extent, careful client screening can minimize professional role dilemmas. By interviewing potential clients, the Executive Director can weed out some organizations that lack the institutional capacity to make effective use of the Program's assistance, or have not advanced their project to a sufficient stage of development. But unwelcome surprises are inevitable. Thus, the ability to recognize an unproductive professional relationship and the art of graceful withdrawal from representation are two important skills that students must learn.

Timetables never match up the way you hope. Exams arrive and semesters end at awkward moments. On the one hand, the temptation to try forcing clients onto an academic calendar must be resisted. On the other hand, it is important to impress upon clients the nature of students' schedules, so that they can make most effective use of our resources while they are available. Moreover, legislatures and administrative bodies do wonderful imitations of glaciers; students who are involved in reform efforts in those domains must be prepared to work on only one installment in a long, drawn-out effort.

We never seem to have as much in-house expertise as we would like. Our top priority is to provide competent, high quality legal assistance. That requires us to take on fewer projects, for fewer clients, than we would like. It requires us to identify and reject projects that are more sophisticated than we can handle. It requires us to draw in other members of the law school community when specialized knowledge is necessary. And it requires us to point out to the client situations in which other consultants or resources, such as urban planners or investment advisors, would be better equipped to address a problem.

In general, we never seem to have enough resources. We could do much more with one or two more full-time staff attorneys, preferably with specialized expertise. Secretarial support never seems quite plentiful enough in crunches. A downtown Detroit office would give us a more secure anchor in the client community. Stable long-term funding and office arrangements would give us a more secure anchor in the university community.

And yet, at least to us, the benefits so far seem to have been there. The successful projects we have undertaken *do* seem to have made a difference to our clients. Our students *do* seem to have enjoyed a unique educational experience, and to have come away with very different perspectives on urban life and on the role that progressive law-

yers can play in it. And we seem to be getting slowly better at what we do.

### G. *A Tentative View of the Future*

It is impossible to know what the Urban Communities Program will look like two years from now. We can be confident only that it will have changed dramatically. Here are the directions we currently would like to see things move in —

- *Broader resource base.* We would like to secure more permanent, stable funding for the program. In particular, we would like to retain another supervising attorney to help with client representation.

- *Deeper skills training.* We would like to develop a complementary classroom course on community economic development law, to more efficiently ensure that students are well prepared for client representation.

- *Higher impact.* With more attorneys and better-trained students, we would like to tackle more complex and sophisticated transactions than we have been able to undertake so far.

- *Wider interdisciplinary connections.* We have begun tentative negotiations with the School of Social Work, the Institute of Public Policy Studies, and the College of Architecture and Urban Planning to establish a coordinated multidisciplinary program of student technical assistance for neighborhood development. Such a program could provide shared secretarial and administrative support and office space, and could provide student financial support for out-of-pocket costs and seminars, conferences, and symposia.

## IV. CONCLUSION

Community economic development law programs remain relatively rare in the universe of clinical legal education. Their distinct emphases, both in the forms of representation and in the substance of legal doctrine, present their own special mix of challenges and opportunities. At this stage in our experience at the University of Michigan, we remain convinced that such programs can form a uniquely valuable and supportive bridge between law schools and some vital sources of creative energy within impoverished urban communities.