January 2000

PolicyLink

Briefing Book:

Strategies and Examples of Community-based Approaches to Equity and Smart Growth – A Working Document

Table of Contents

[1] This section will be available at the San Francisco meeting.

Preface

The enclosed briefing book has been prepared by PolicyLink for a three-part series of meetings co-hosted by PolicyLink and the Funders Network for Smart Growth and Livable Communities. The purpose of the meetings is to develop a "Learning Action Network" comprised of funders, practitioners, advocates and representatives of national and regional networks concerned with social equity and urban sprawl. The primary focus of the convenings is to examine the implications of urban sprawl from an equity perspective and to identify and develop strategies that funders and practitioners can use to insert an equity agenda into the Smart Growth movement and other anti-sprawl efforts.

This briefing book has been developed as a tool, a starting point, to begin and advance the Network's discussions about regional equity and Smart Growth. It is meant to inform participants about both tried and innovative approaches to addressing the issues of regional inequity - poor transportation infrastructure, public and private disinvestment in the inner city and inner-ring suburbs, a lack of access to housing and jobs, concentrated poverty, etc. - that have been either caused or exacerbated by sprawl.

Each section of the book offers examples of efforts to address issues of inequity at the local, state and in some cases, the national level. The strategies and examples provide a sampling of equity-based Smart Growth activism from around the country and are meant to catalyze dialogue among meeting participants about the barriers and challenges, best practices and policy ideas to promote equitable Smart Growth in regions across the country. As the meetings progress, the briefing book will be enhanced and expanded – with additions of new sections and other issue areas - to reflect the wisdom and experience of meeting participants. As a result of the conversation from the meetings, future editions of the briefing book will include attention to the various roles that funders have played and can play in advancing these and other equity-focused approaches to Smart Growth.

In addition to PolicyLink staff, we would like to acknowledge the following consultants for their contributions to the researching, writing and editing of the briefing book sections: Lisa Robinson and Julie Silas - transportation, leveraging public investment and leveraging private investment; Strategic Economics – housing opportunity; National Economic Development and Law Center – leveraging private investment.

Introduction

As the national economy continues to grow at breakneck speed, urban sprawl has moved to the center stage of the national political dialogue. At the same time, issues of concentrated poverty and the growing disparity between rich and poor in America continue to raise national alarm. To date, however, there has been little public dialogue, advocacy or targeted policy initiatives to connect the two issues.

While sprawl is not the sole cause of regional inequity, it has played a pivotal role in exacerbating inequity in recent decades. Regional inequity, in turn, has exacerbated the problem of sprawl because the results of that inequity - a deteriorating infrastructure, disinvestment, a dearth of affordable housing and job opportunities and the resulting concentratation of poverty - continuously drive development out of the inner-city core to the suburban fringe.

In recent years, growing public awareness of the consequences of sprawl has evoked a range of solutions - by environmentalists, urban planners, decision-makers and others - that have mostly been subsumed under the rubric of "Smart Growth." As an antidote to sprawl, Smart Growth proponents are advocating for a range of policies and practices - at the national, state and local level - to preserve open space and farmlands by limiting growth on the fringe of metropolitan regions and reinvesting in the inner-city and inner-ring suburban core.

While the Smart Growth movement does explicitly address inner-city reinvestment, it does not take on issues of regional inequity – a major cause of inner-city disinvestment – quite as directly. Environmental advocates within the Smart Growth movement share a common goal with urban community leaders and equity advocates: the revitalization of older urban areas. However, for the most part, they have not joined forces around Smart Growth. The history leading up to this disconnect is complex and nuanced but the results are clear: a lost opportunity to build a broad consensus around a Smart Growth agenda that advances solutions to environmental, economic *and* equity concerns.

In the absence of a dialogue about the equity component of the Smart Growth agenda, everybody loses. Without a strong and organized constituency for urban reinvestment, environmentalists are missing a key opportunity to build the numbers, power and voice – and the long-term political viability - of the Smart Growth movement. At the same time, low-income community leaders and their supporters are missing a critical opportunity to address a primary cause of the problems that plague their communities: sprawl and the resulting legacy of inner-city disinvestments; and they are missing an historic opportunity to build their base by leveraging issues of poverty into the mainstream dialogue. Even business leaders lose by equity's absence, as recent research has shown that regions that do not address equity concerns are less likely to sustain high levels of economic growth.[2]

Hosted by the Funders Network for Smart Growth and Livable Communities and PolicyLink, the meeting series will provide a forum for funders and equity advocates to address this missing link to the national Smart Growth discussion and to identify ways to leverage equity into the Smart Growth agenda. The briefing book is meant to serve as a tool to initiate and advance the discussions by offering a menu of strategies and examples of community-based approaches to regional inequity. To date, few of these

[2] Manuel Pastor Jr. and J. Eugene Grigsby III, *Regions That Work: How Cities and Suburbs Can Grow Together.* University of Minnesota Press, 2000.

approaches have been called "Smart Growth" - by either practitioners or observers - but they clearly fulfill Smart Growth goals. These examples offer a base, or building blocks, to inform and guide the development of a Smart Growth/Equity agenda.

For the purposes of this document, strategies and examples have been sorted under the categories of transportation, public investment, private investment and housing opportunity; and additional sections will be added during the course of the three meetings. Despite this categorical approach to the strategies and examples, it is important to note that the many of the most successful community-based efforts include comprehensive, multi-faceted approaches to regional inequity. These comprehensive community-based regional initiatives include the active engagement of a broad cross-section of community actors; power-building through coalition development; and capacity building to enable community-based practitioners to engage in a range of issues at the regional level.[3]

For regional equity to be achieved through the Smart Growth movement, community and equity advocates - and the voices and power of their constituencies – must be heard. This requires the engagement of institutions that can connect community-based actors across lines of race, geography, class and issues. It requires sophisticated analyses of the problems, causes and potential solutions to sprawl, from a community-based equity perspective. It requires a political strategy that includes building an organized constituency based on common interests of diverse stakeholders – including community-based organizations, community development corporations, faith-based organizations, local and national

---

[3] For examples, see *Community Based Initiatives Promoting Regional Equity: Profiles of Innovative Programs from Across the Country.* Draft report - August 1999 (final version to be published in January 2000).

intermediaries, environmentalists, funders and political leaders; and it requires the development of a common language about inner-city reinvestment and revitalization that speaks to the interest and concerns of all stakeholders.

With the proper ingredients, these new coalition-building and advocacy agendas can harness the energy of the nation's economic engine to make growth an opportunity for *all* communities, including those with a concentration of low-income residents.

Transportation Equity and Smart Growth

Introduction

Transportation policy can be a major factor in promoting regional equity. The amount of money that the U.S. dedicates to roads and highways is staggering:

> *The Federal Highway Trust Fund spends more than $16 billion a year simply to maintain and improve existing highways. Through state and local taxes, another $20 billion is spent on routine maintenance of roads. All told, the country spends nearly $200 million a day building, improving or rehabilitating streets and roads.*[4]

By focusing on highway construction and repair, U.S. transportation policies have fueled suburban sprawl. For decades, U.S. transportation policies have "enable[d] people to live farther away from central city jobs, guaranteeing easy access to central business districts without requiring people to live in them."[5] Despite increased congestion and the dangerous environmental effects of automobiles, U.S. residents depend more and more on the automobile as their primary mode of transportation. In the last thirty years, per capita vehicle use in the largest metropolitan areas has doubled while per capita use of transit has shrunk by more than 65%.[6]

---

[4] David Bollier, *How Smart Growth Can Stop Sprawl: A Briefing Guide for Funders*, Washington D.C.: Essential Books, 1998, p. 8.
[5] F. Kaid Benfield, Matthew D. Raimi, Donald D.T. Chen, *Once Were Greenfields*, New York: Natural Resources Defense Council, 1999, p. 122.
[6] Surface Transportation Policy Project website, Smart Growth Toolkit (http://www.transact.org).

In the contemporary Smart Growth dialogue, strategies aimed at addressing sprawl focus largely on the environmental harms associated with excessive highway spending and under-funding of local transit. Consideration of the social and economic equity impacts is often absent from the discussion. Transportation policies geared to the convenience of the suburban commuter have disproportionately negative effects on inner-city and inner-ring suburban residents who are faced with the resulting disinvestment, declining property values, urban blight and isolation from job opportunities associated with sprawl.[7]

National interest in Smart Growth creates opportunities for community-based organizations and other equity advocates to push for improvements in transportation policy that better meet the needs of inner-city, low-income populations. Below are several ideas of how community-based organizations can advance equity-based approaches to transportation policy and practice.

- *Strategy 1: Transit investment* – Uncover inequities in transportation spending policies and advocate for greater resource investment in transit systems that serve inner-city and low-income communities.

- *Strategy 2: Reverse commute* – Advocate for transit investment that enables inner-city workers to access jobs in suburban areas.

- *Strategy 3: Transit-oriented development* – Promote economic development opportunities that improve and revitalize neighborhoods and that result in transit accessibility for people who live nearby.

The menu of strategies and examples included herein is not meant to be comprehensive. It is simply meant to begin a dialogue about some of the challenges and opportunities that have faced communities throughout the

---

7 Ibid. pp. 120-123.

country as they have sought to change transportation policy and the creative strategies they have devised. The examples demonstrate how community-based alliances are having an impact on the allocation of transportation resources in a manner that promotes regional equity. They may not be identified as Smart Growth but they model equity-based approaches to transportation policies and practices that meet the Smart Growth goals of more efficient uses of resources with fewer environmental impacts.

Strategies and Examples

Strategy 1: Transit Investment

Over the past eight to ten years, equity advocates have been successful at obtaining increased federal funding for public transit and stronger safeguards that provide community-based organizations with the means to influence how federal funds are allocated within their regions and communities. The Intermodal Surface Transportation Equity Act of 1991 (ISTEA) broadened states' abilities to use federal funds for various modes of transportation, not just highways. The law requires that states "address the overall social, economic, and environmental effects of transportation decisions." In 1998, ISTEA was re-authorized and expanded in the Transportation Equity Act for the 21st Century (TEA-21). TEA-21 retains the essential components of ISTEA and provides for new programs and funding opportunities, including job access and reverse commuting.

Example: Transportation Equity Network (TEN) – National Coalition[8]

The Transportation Equity Network (TEN), a national coalition of community-based and faith-based organizations, was key in winning provisions in TEA-21 that benefit low-income and inner-city communities.[9] TEN advocated for and won the following elements:

- Creation of a new federal initiative, "Access to Jobs," that authorizes $750 million over five years to assist low-income people with transportation services to jobs;
- A mandate that mass transit users participate in local planning processes to determine how federal transportation funds are spent;
- A requirement that decision-makers disclose federal spending on transportation in order to increase government accountability and make community-based organizations aware of disparities in local transportation spending for low-income and inner-city communities;
- A requirement for meaningful public involvement in the re-certification process for Metropolitan Planning Organizations.[10]

TEN, in conjunction with several national organizations, continues to work to see that the important community-focused provisions of TEA-21 are implemented. For example, the Surface Transportation Policy Project (STPP), the Center for Community

[8] For more information about this example, contact Rich Stolz, Center for Community Change, (202) 342-0567, richs@commchange.org.

[9] The membership of TEN includes the following organizations: Alameda Corridor Jobs Coalition (Los Angeles); Association of Community Organizations for Reform Now (ACORN); AMEN/Gamaliel Groups: Interfaith Action/St.Paul Ecumenical Alliance of Congregations (SPEAC, Minnesota), Milwaukee Inner-City Congregations Allied in Hope (MICAH, Wisconsin), Metropolitan Alliance of Congregations (MAC, Chicago, IL), Building Responsibility, Equity and Dignity (BREAD, Columbus, OH); Campaign for A Sustainable Milwaukee (Wisconsin); Center for Community Change; Hartford Areas Rally Together (HART, Connecticut); Inter Valley Project/Pioneer Valley Project (Massachusetts); Statewide Emergency Network for Social and Economic Security (SENSES, New York); Surface Transportation Policy Project (Washington, D.C.).

[10] Center for Community Change Action Alert, September 1999.

Change, and National Council for La Raza are jointly urging the federal Department of Transportation (DOT) to provide "greater accountability and transparency in how federal transportation dollars are spent locally."[11]

Example: Bus Riders Union/Sindicato de Pasajeros – Los Angeles, California[12]

The Bus Riders Union/Sindicato de Pasajeros is a multi-racial, working-class membership organization initiated in 1992 as the Labor/Community Strategy Center's transportation policy group. The Bus Riders Union organized Los Angeles bus riders in the Billions for Buses campaign, advocating for improved transit to "confront and defeat the transit racism reflected in the policies of the MTA [Los Angeles Metropolitan Transit Authority]."[13] Building its coalition through outreach on buses, distribution of leaflets and education of the city's ridership, the organization has changed the terms of the debate about transportation spending in Los Angeles. Today, the Bus Riders Union has more than 3,000 dues-paying members and 50,000 self-identified members on buses throughout the city.[14]

In the early 1990s, the Metropolitan Transportation Authority (MTA) in Los Angeles, California had no coherent transportation system. In a flawed attempt to improve the system, the MTA put forth a light rail proposal that would serve, primarily, white middle class riders. At the same time, the Authority was systematically dismantling the decaying bus system in the inner-city, a system whose ridership included more than 90% people of color. To make matters worse, the MTA proposed eliminating the monthly bus pass, thereby ending discounts to low-income riders and threatening the financial livelihood of many urban workers. The Bus Riders Union conducted extensive research that revealed that MTA's policies discriminated against inner-city and low-income bus riders. Armed with this data, the Union initiated a Civil Rights lawsuit against the MTA. With help from the NAACP's Legal Defense Fund, the Bus Riders Union successfully obtained a consent

---

[11] Ibid.

[12] For more information about this example, contact Rita Burgos, Bus Riders Union, (213) 387-2800, rburgos@mindspring.com

[13] Bus Riders Union/Sindicato de Pasajeros website (http://www.busridersunion.org)

[14] Ibid.

decree against the MTA that calls for system improvements, elimination of overcrowding and a formal place for the Bus Riders Union at the MTA transit policy table.

Since the signing of the consent decree in 1996, the Bus Riders Union has achieved a number of transit victories. Last year, the MTA replaced 782 decrepit buses with new clean fuel buses and expanded the fleet with almost 300 additional new buses. They have preserved the monthly passes for riders, successfully implemented a new weekly pass system and greatly increased bus ridership. Where MTA has failed to meet provisions of the consent decree, the Bus Riders Union members have held direct action at MTA board meetings, used pressure tactics against individual MTA board members and conducted civil disobedience in an effort to bring public attention to MTA's intransigence.

Example: Interfaith Federation – Indiana[15]

The Interfaith Federation is a racially and ethnically diverse coalition of faith-based groups mainly from the metropolitan areas of Gary, East Chicago and Hammond, Indiana. While most member congregations are from urban areas, the group also has member congregations from two inner-ring suburbs, and is in the process of organizing more suburban congregations. Formed in 1994, the Federation has been active since 1996 on regional transportation equity issues. It has advocated for more citizen involvement in transportation planning, for more funds for public transit and for a regional approach to designing transit systems.

In 1999, the Federation challenged the re-certification of the Northwestern Indiana Regional Planning Commission (NIRPC), the federally designated Metropolitan Planning Organization for the area. The Federation asserted that NIRPC was violating federal law by allowing its transportation system to discriminate against people on the basis of race or income.

[15] For more information about this example, contact Cindy Bush, Interfaith Federation, (219) 886-3647, fednwi@aol.com.

Specifically, the Federation asserted that there were essentially two separate transportation systems in the region: highways and public transit. Those wealthy enough to own cars utilize the well-funded highway system, while the poor are relegated to the inadequate public transportation system. With no region-wide system and no public transit for the urban poor to get to suburban job centers, the Federation argued that the public transit system in the metropolitan area was inadequate. Instead of addressing these shortcomings, the NIRPC's twenty-year plan proposed to spend only 1% of its funding on public transit, with the rest of the resources to be spent on highway construction and repairs.

In the wake of the Federation's challenge, NIRPC did not receive its three-year re-certification from the Federal Transit Administration (FTA). Instead the FTA re-certified it conditionally for just one year and mandated that NIRPC take corrective action. The FTA directed NIRPC to:

- Address the allocation of resources between highways and transit;
- Assess the impacts of transportation spending by socio-economic groups; and
- Address the health impacts of its transportation decisions.

NIRPC has until September 2000 to implement these corrective actions. The Federation is monitoring NIRPC's compliance and is assisting them in finding a consultant who will actually implement the required actions.

Example: Transit Equity in Macon, Georgia[16]

Macon, Georgia is one of the few cities in the U.S. that does not receive federal transportation funds for transit services. As a result, the transit system is decrepit and of little use to residents. Bus routes are antiquated, having been in place since the 1970s. Service hours are extremely limited, with service ending completely at

---

[16] For more information about this example, contact Dave Oedel, Mercer University, (912) 301-2629, oedel_dg@mercer.edu.

6:45 p.m. on weekdays.[17] Macon does, however, receive millions of dollars for highway spending. This situation is soon to change, as the result of the successful community-based effort described below.

In 1993, community organizations asked law professor David Oedel of Mercer University to conduct an ethnographic study of the local transit and highway systems. He found a highly segregated transportation system. The city and county were funneling the majority of public transportation funds to roads, bridges and highways. A disproportionately small amount of funds was dedicated to the bus system, used mainly by low-income African Americans and people with disabilities. Furthermore, although the jurisdiction was eligible for federal transit funds that would have allowed at least some of the problems of the transit-dependent to be addressed, the jurisdiction had failed to apply.[18] The gross disparity in funding levels between public transit and highways, therefore, constituted a case of racial discrimination and discrimination against people with disabilities.

In response, community-based organizations, led by the local NAACP and the Transit Authority Union, began a legal and political campaign to overhaul the transit system. Lawyers from Mercer University, the NAACP Legal Defense Fund and Georgia Legal Services pursued administrative remedies with the Federal Department of Transportation by filing a formal complaint. At the same time, community groups used Professor Oedel's analysis to bring public pressure to bear on the city and the county. During the 1995 mayoral race, community groups ensured that Macon's refusal to apply for federal transit funds was one of the main issues of the campaign.

In response to this community pressure, the new mayor appointed new members to the Transit Authority who pledged to be open to accepting federal transit funds. (Previously all members of the authority were opposed to federal funding and

---

[17] David G. Oedel, "The Legacy of Jim Crow in Macon, Georgia", in Robert D. Bullard and Glenn S. Johnson, eds., *Just Transportation: Dismantling Race and Class Barriers to Mobility*, Gabriola Island, B.C. and Stony Creek, CT: New Society Publishers, 1997, p. 103.
[18] Ibid. p. 101.

essentially hostile to the bus system). It took two years before the mayor's appointees held a majority of seats on the board. Finally, in 1998, a new chairperson proposed applying for federal transit dollars. The board endorsed her position and by the summer of 1999 the City of Macon had applied to receive $1 million in federal transit dollars per year. Once they receive the funds, the federal money will double the resources available to the people of Macon to repair, develop and revitalize the crumbling transit system.

Strategy 2: Reverse Commute

Huge distances separate low-income/inner-city and inner-suburban workers from the new jobs being created in the suburban fringe.[19] Today, two thirds of new jobs are located in the suburbs and more than half of those are not accessible by public transportation.[20] Dramatic reform of both metropolitan transportation systems and housing policy is necessary to overcome the disconnection between low-income inner-city and inner-suburban residents and suburban job centers. In particular, public transit authorities must institutionalize reverse commute routes into regional public transit systems. In the meantime, community-based organizations and non-profits are implementing various pilot programs to improve transit access from the inner cities to the suburbs.

Example: Public/Private Ventures - National Demonstration Project[21]

"Bridges to Work," is a reverse-commute campaign that was initiated by Public/Private Ventures (P/PV) in 1996. This four-year demonstration project assists work-ready adults who reside in urban areas to access and retain suburban jobs. Selected participants receive three types of assistance: job placement, transportation and post-placement retention services. The project is designed to serve a total of 3,100 people in five sites: Baltimore, Chicago, Denver, Milwaukee and St. Louis.

To qualify for participation in Bridges, an applicant must have a genuine transportation need and no access to a vehicle that can be used for commuting. The project provides a targeted commuting service using routes and schedules that reduce commuting time and distance as much as possible and fill the gaps in public city-to-suburb transit services.

---

[19] Bollier, op. cit. p. 17.
[20] Center for Community Change website, "Transportation" (http://www.communitychange.org).
[21] For more information about this example, contact Joseph Tierney, Public/Private Ventures, (215) 557-4473.

While the demonstration will not be completed until 2001, some initial findings have emerged. Providing effective transportation access to suburban jobs has proved to be complex. For example, one issue that complicates transportation support is the fact that employers in the same geographic area start shifts at different times; employers add or delete shifts with little notice, and some employers require mandatory overtime when the need arises. All these contingencies can render an existing schedule ineffective. In addition, not all of a site's participants live in the same geographic area and not all jobs are in close proximity to each other in the suburbs, further complicating transportation routes.

The project has found that transit services that are flexible, extensive and can respond quickly to unplanned events are necessary to maximize job opportunities for inner-city workers. Finally, the experience of Bridges points to the fact that transportation alone is not sufficient to connect inner-city workers to suburban jobs. Job preparation and post-placement retention assistance have proven to be essential to maintaining placements. However, without the possibility of transportation, it is virtually impossible for inner-city workers to obtain suburban jobs.

While the final results on job placement and retention are not in, the demonstration project helps to underscore the importance of transportation assistance in addressing the spatial mismatch between workers and jobs.[22]

Building Responsibility, Equality and Dignity (BREAD) – Columbus, Ohio[23]

Since 1996, Building Responsibility, Equality, and Dignity (BREAD), a nonprofit organization comprised of over 30 faith-based membership organizations has led a community-based campaign to challenge the Central Ohio Transit Authority's (COTA) allocation of transportation funds.[24] BREAD's aim is to create new transit routes to help inner-city unemployed workers access suburban job opportunities.

---

[22] Mark Elliot, Beth Palubinsky and Joseph Tierney, *Overcoming Roadblocks on the Way to Work: Bridges to Work Field Report,* Summer 1999.

[23] For more information about this example, contact Carl Gray, BREAD, (614) 258-8748.

[24] BREAD is part of the Gamaliel Foundation AMEN network -,

BREAD initiated its reverse commute campaign by gathering data that identified areas of concentrated poverty, areas of maximum job growth and the public transit routes between the two. The data showed huge pockets of unemployed workers unable to access public transit to get to jobs in the suburbs. Rather than address this disparity, COTA was proposing to expand public transit to enable suburb-to-suburb commutes. Backed by the new data, BREAD advocated for the addition of several bus routes between downtown Columbus and the suburbs. BREAD also sought to fund three transit centers that would provide transit services as well as childcare and job training.

BREAD requested that the mayor of Columbus be the spokesperson for their transit strategy. Although initially reluctant, after several months of grassroots pressure, the mayor agreed to publicly support BREAD's proposal. COTA then agreed to create a pilot program developing a bus route between the inner city and several suburban job centers. Four months into the pilot program, COTA established four additional bus routes to achieve the same goal.

Strategy 3: Transit-oriented Development

Transit-oriented development (TOD) is rapidly becoming a popular Smart Growth transportation strategy. TOD "advocates the importance of coordinating land use and transportation decisions and the need to cluster housing, commercial activities, and overall density along transit routes."[25] The following example illustrates how equity issues can be addressed through TOD approaches.

---

[25] Sprawlwatch Clearinghouse website, "Best Practices" (http://www.sprawlwatch.org).

Example: Unity Council – Oakland, California[26]

The Unity Council, one of Fruitvale's oldest community-based institutions, has led a strong grassroots campaign in support of transit-oriented development in the heart of Oakland's largest Latino community. In 1991, the Unity Council, together with neighborhood residents, merchants and other community groups, organized to oppose the Bay Area Rapid Transit District's (BART) plan to develop a ten-acre lot into a parking structure.

The Unity Council proposed an alternative plan for development that would create a transit village, designed to "revitalize the Fruitvale neighborhood, create and retain jobs for Fruitvale residents, reduce dependence on cars and the pollution it causes, and increase BART ridership."[27] With growing community pressure and a viable alternative proposal, BART abandoned its plan for the parking structure and decided to work with the community, partnering with the Unity Council to develop what is now known as the Fruitvale BART Transit Village. The Transit Village is a transit-oriented development where a "community center will replace the sea of cars parked on the BART station's eastern side."[28] Neighborhood services will include a senior center, a child care center and a health clinic. A pedestrian plaza will allow people to walk between the local subway stop and the developing community area. The Transit Village broke ground in September 1999.

The partnership between BART and the Unity Council has set a precedent for communities throughout the Bay Area. BART's district board has since made transit-oriented development one of the priorities in its strategic plan and is considering further transit village development in other cities in its service area.

---

[26] For more information about this example, contact Jennifer Kassan, Unity Council, jkassan@unitycouncil.org.
[27] Unity Council, The Fruitvale BART Transit Village Initiative, (unpublished paper), December 6, 1999.
[28] "Fruitvale to Model Village of the Future", *Oakland Tribune,* March 9, 1999.

Conclusion

Community-based organizations are actively engaged in transportation equity issues and have achieved significant results. Their successes have laid the groundwork for the transportation equity agenda within the Smart Growth movement. The previous discussion illustrates a variety of strategies that different organizations have pursued to improve transportation policy and investment from an equity perspective and it highlights an important role for community-based organizations in ensuring that equity considerations are at the forefront of the Smart Growth movement.

Leveraging Public Investments for Smart and Equitable Growth

Introduction

Historically, public investment policies and practices have encouraged sprawl and fueled regional inequity. Local governments use economic development subsidies, for example, to draw businesses to "greenfield" communities, even if adequate "infill" sites exist elsewhere in the region.[29] Federal and state infrastructure funds spur the development of the metropolitan fringe by subsidizing new roadways and sewers. Both types of public investment can lead to an inefficient use of land and resources at the regional level, and contribute to the process of disinvestment of inner-city areas.

The amount of funds that governments invest in economic development subsidies and infrastructure is significant. In one deal alone, Minnesota approved a package worth $828 million for Northwest Airlines.[30] Regarding infrastructure spending, California Governor Gray Davis asserts that the state must invest an estimated $80-100 billion in the next decade in various public works repairs and projects.[31]

To date, Smart Growth proponents have raised concerns about how public investment encourages sprawl; but few have focused on how to target public investment – in economic development projects, infrastructure, public facilities,

---

[29] "Greenfields" refer to undeveloped areas usually in the suburban fringe. "Infill" refers to development on parcels in already developed areas.
[30] Greg LeRoy, *No More Candy at the Store,* Washington D.C.: Institute on Taxation and Economic Policy, 1997, p. 2.
[31] "State Report Pushes Funds for Cities," *The Wall Street Journal*, June 23, 1999, p. C11.

schools, etc. - in a manner that promotes regional equity. Below are several examples of mechanisms that community-based organizations are using to push for equitable public investments that can be used to inform Smart Growth discussions:

- *Strategy 1: Advocating for Disclosure and Accountability of Economic Development Subsidies.* Community-based practitioners advocate for changes in statutes or regulations that provide greater public disclosure of economic development subsidies to ensure that corporate subsidies are linked to community benefits.

- *Strategy 2: Linking Economic Development Subsidies to Community Benefits by Targeting Specific Transactions*. Community groups leverage grassroots resources to gain a primary role in individual economic development subsidy deals.

- *Strategy 3: Leveraging Public Dollars in Infrastructure Investment*. Community leaders shape, support and advance equity criteria for public investments in infrastructure.

Strategies and Examples

Strategy 1: Advocating for Disclosure and Accountability of Economic Development Subsidies

In recent decades, public investment in economic development projects has become a primary tool used by local and state governments to attract large companies to a particular jurisdiction. State and local governments offer corporations such aid as property tax abatements, training grants, enterprise zone tax credits and industrial development bonds.[32] The pitfalls of these corporate economic development subsidies are clear and have been well documented by academics and by the mainstream press. After receiving hefty subsidies corporations may not remain permanently in that community; the jobs they offer are not always living wage jobs with opportunities for advancement; and the presence of a large company does not necessarily translate into social or economic well being for the greater community.

At the regional level, corporate economic development subsidies tend to exacerbate regional inequities. Since neighboring jurisdictions frequently compete against one another for the same company, the company is able to set the terms. Businesses will opt for "greenfield" sites in wealthy suburban jurisdictions over sites in poorer urban jurisdictions with less amenities. Such location decisions further isolate central city workers from jobs and hasten the disinvestment and decline of older neighborhoods.

Ultimately, a regionally coordinated economic development strategy is necessary to break the vicious cycle generated by the uneven competition for development opportunities between rich and poor jurisdictions. In the meantime, one of the key ways that community-based organizations are confronting corporate economic development subsidies is by forcing public disclosure of the subsidies being proposed. In this way, community-based actors can initiate a dialogue about the true costs of these subsidies and can seek to set conditions so that local communities derive some public benefits.

[32] Greg LeRoy, op. cit., pp. 133-145.

Example: Minnesota Alliance for Progressive Action - Minneapolis, Minnesota[33]

The Minnesota Alliance for Progressive Action (MAPA) is a coalition organized to build progressive power through the collaboration of its diverse member organizations. Comprised of groups focusing on women's rights, labor, homelessness, low-income populations and senior citizens, MAPA is the first coalition in the country to have successfully pushed for passage of statewide legislation aimed at making corporations accountable for the economic development subsidies they receive.

In 1995, MAPA initiated a campaign to promote legislation that would prohibit corporations in Minnesota from receiving public subsidies without disclosure of the anticipated public benefits. In particular, MAPA advocated for a statewide living wage provision and enhanced public disclosure requirements for granting public subsidies. A bill passed in 1995 that required that businesses receiving subsidies to set goals for the number of jobs they would create and the wage levels the jobs would provide. If a business did not fulfill its commitment within two years, it was required to repay the public subsidy. In 1996, MAPA developed an additional bill for a statewide living wage that passed in the legislature but was vetoed by the governor.

Subsequently MAPA participated in a bi-partisan Corporate Subsidy Reform Commission, established by the state legislature. The Commission's work evolved into state legislation that was finally passed as the 1999 Corporate Welfare Reform Act. Key to the passage of this precedent-setting bill was a report released by MAPA and the national organization Good Jobs First showing that $176 million of Minnesota corporate subsidy dollars were used to create low-wage jobs, highlighting the lack of standards applied to subsidies.[34]

---

[33] For more information about this example, contact Beth Fraser, MAPA, (651) 641-4050, bfraser@mapa.min.org.

[34] Good Jobs First, *Economic Development in Minnesota: High Subsidies, Low Wages, Absent Standards,* Washington D.C.: Institute on Taxation and Economic Policy, February, 1999, p. 1. To obtain a copy of this report contact Minnesota Alliance for Progressive Action at (651) 641-4050.

> *The [Corporate Welfare Reform Act] requires higher standards for corporate subsidies, a greater degree of public input and accountability, more detailed reporting and stronger enforcement. It also poses an important organizing challenge to citizens throughout Minnesota by requiring that every municipal and regional authority set standard criteria by which they will screen proposed subsidies.*[35]

These standard criteria must include a wage policy for newly-created jobs. In addition, companies that fail to meet their wage and job creation goals within two years must pay back, with interest, a pro-rated amount of the subsidy (a "clawback" provision). A company pays penalties for failing to report progress on these goals by an annual deadline.[36] Minnesota now has the strongest corporate subsidy accountability law in the country.

Example: Working Partnerships U.S.A. - San Jose, California[37]

Working Partnerships U.S.A. (WPUSA) has emerged in recent years as a prominent voice for equity within the regional dialogue in Silicon Valley. Led by Amy Dean, the Executive Director of the South Bay AFL-CIO Labor Council, WPUSA was at the center of a community/labor coalition that succeeded in passing one of the highest living wage laws in the country.

In 1995, Working Partnerships developed a campaign to uncover and address corporate economic development subsidies. Two years earlier, California had passed a law that allowed counties to provide certain tax rebates to companies with plans to expand in the area. Based on this law, Santa Clara County was poised to create a new subsidy for businesses in the Silicon Valley. WPUSA sought to attach criteria that would include consideration of jobs, wages, health insurance, outreach programs and clawback provisions.

---

[35] Ibid.

[36] Good Jobs First Memorandum, May 22, 1999.

[37] For more information about this example, contact Bob Brownstein, WPUSA, bbrownstein@atwork.org.

WPUSA convinced the Santa Clara Board of Supervisors to create an inclusive working group to develop guidelines for the subsidies. The guidelines that the Supervisors ultimately passed included many of WPUSA's recommendations. Companies receiving subsidies "must agree to provide health benefits to new workers, to consider welfare recipients for some positions, and to refund the rebate if they do not create as many jobs as promised."[38]

The initial campaign in Santa Clara gave rise to a process in the Silicon Valley that continues today. WPUSA has developed a broad, pro-active community agenda to assert a social justice perspective into the economic development debate. Their "Community Economic Development Blueprint" involves a multi-year agenda addressing housing, education, health care, economic development and environmental policies. This community effort recently completed a series of focus groups involving over 300 participants to prioritize economic development issues to address in Silicon Valley.

Currently, Working Partnerships is completing the planning for a statewide initiative that links four regional organizations - Working Partnerships, the Los Angeles Alliance for a New Economy (LAANE), the Center for Policy Initiatives (CPI) and a Central Valley organization - to analyze public subsidies on the basis of economic justice criteria and develop public policy recommendations to affect future subsidies, based on those criteria. The project aims to educate working families about how to use public subsidies to hold corporations responsible to their communities and to provide access to better paying jobs.

---

[38] "Rules Added to Tax Breaks", *San Jose Mercury News,* September 20, 1995, p. a1.

Strategy 2: Linking Economic Development Subsidies and Community Benefits in Specific Transactions

Example: Metropolitan Alliance - Los Angeles, California[39]

A unique example of an effort to link public subsidies to community benefits is the multi-race alliance for metropolitan equity in Los Angeles, known as the Metropolitan Alliance. The Alliance consists of community-based organizations, labor unions, religious institutions and service providers anchored by the community organization AGENDA (Action for Grassroots Empowerment and Neighborhood Development Alternatives). The Alliance waged a two-year campaign to link the use of public subsidies for development projects to workforce development and job access for residents of poor, inner-city communities.

AGENDA brought together the Metropolitan Alliance in 1996 to unify the broader Los Angeles community and to develop a vehicle for grassroots groups to participate in policymaking. The Alliance's first activity was to oppose California's anti-affirmative action initiative (Proposition 209). Although the statewide initiative passed, the Alliance remained together. After conducting several months of research, testing and polling in neighborhoods, the Alliance identified two primary areas for future activity: one involving the largest proposed economic development subsidy ever offered to a corporation - a new motion picture studio for DreamWorks Inc. (DreamWorks is the new state-of-the-art movie, television, animation, and music corporation founded by Steven Spielberg, Jeffrey Katzenberg, and David Geffen).

Together with the Los Angeles community college district, the Metropolitan Alliance developed a proposal which linked subsidies proposed for DreamWorks with public benefits for Los Angeles' inner-city communities. The proposal aimed to 1) open up the multimedia/entertainment industry to people of color and low-income residents who have been historically locked out of jobs and business opportunities; and 2) establish a precedent for the use of public subsidies to address regional economic inequities.

---

[39] For more information about this example, contact Anthony Thigpenn, AGENDA, (323) 789-7920.

Through a campaign of direct action with both DreamWorks Inc. and the city of Los Angeles, the Alliance convinced DreamWorks to create and provide resources for a Workforce Development Fund that would support multimedia/entertainment training programs for residents of poor, inner-city communities. In addition, DreamWorks and the developers promised that at least 10% of the jobs created through the development project would go to participants from the training programs. The Metropolitan Alliance was written into the actual development agreement as a partner with DreamWorks and the City. Although DreamWorks ultimately decided not to locate on the proposed site, it nevertheless agreed to honor its commitment to the Workforce Development Fund and job access agreements, including providing an initial $5 million to get the programs started.

Strategy 3: Leveraging Public Dollars in Infrastructure Investment

As noted above, public infrastructure dollars tend to flow disproportionately to expanding suburbs – usually a region's richest jurisdictions. Older, poorer urban areas not only receive less but typically subsidize the infrastructure for the metropolitan fringe. In Minnesota, Myron Orfield exposed how this infrastructure subsidy worked in the Twin Cities metropolitan area sewer system:

> *Sewer operations and capital costs are financed on a uniform regional basis, with all regional sewer users paying the same basic fee. When the Met Council floats bonds to build new sewer capacity, all users in the metropolitan area therefore pay to service that debt. This pricing system means that fully developed older communities subsidize the developing communities where new sewer capacity is introduced to serve lower-density patterns of development.*[40]

---

[40] Myron Orfield, *Metropolitics*, Washington D.C.: The Brookings Institution and Cambridge, Massachusetts: The Lincoln Institute of Land Policy, 1997, p. 71.

Recently, the Minnesota State Legislature altered the regional pricing system for sewers, replacing uniform pricing with a more equitable system that sets rates based on actual sewer costs for each jurisdiction.

As described below, community-based organizations can be partners in efforts by state and local government officials to more fairly address the infrastructure needs of inner cities and older suburbs as part of a comprehensive revitalization strategy.

Example: California State Treasurer's Smart Growth/Public Investment Campaign[41]

California State Treasurer Phillip Angelides has undertaken a number of initiatives at the state level to create Smart Growth equity standards for investment of public monies. Non-profits and community-based organizations have worked closely with the Treasurer on several of these initiatives.

Angelides has recommended key changes to the California Infrastructure and Economic Development Bank's criteria for projects. Angelides is seeking to assure that the Bank:

> *...finances projects which help revitalize economically struggling communities and neighborhoods; which support sustainable development and sound environmental practices; and which make wise use of precious public resources.*[42]

---

[41] For more information on this example, contact Cathy Calfo, Deputy Treasurer, (916) 653-2995, ccalfo@treasurer.ca.gov.

[42] Letter from Kristin Faust, Chief Deputy Treasurer, to Blake Fowler, Manager of California Infrastructure and Economic Development Bank, August 3, 1999.

Angelides has also used $1 billion of state funds to purchase Community Reinvestment Act (CRA) home loans. Angelides asserts that buying these loans from banks will free up these same banks to invest more dollars into their communities.[43]

The allocation criteria for tax exempt "private activity bonds" has been an additional area of Angelides' attention. Private activity bonds finance housing, industrial development, pollution control and student lending. In revamping the allocation system, Angelides has utilized the following principles in establishing new procedures:

> *Target resources to lower income communities, families and business enterprises that have the least access to capital, that are in areas of economic need, and where they contribute to overall community revitalization efforts;*
>
> *Support projects that incorporate policies and practices that support livable communities, sustainable development and sound environmental practices – this includes locating housing and jobs near transit and community resources, promoting a jobs housing balance, producing affordable housing with onsite amenities and services, and promoting good environmental practices.*[44]

In a similar vein, Angelides is also responsible for changing guidelines regarding the State's allocation of affordable housing tax credits. The new guidelines create a point system that favors the awarding of tax credits to housing projects located close to public transportation, jobs and schools; projects that provide on-site services, such as after-school tutoring and recreation for children; and projects that are coordinated with a neighborhood revitalization plan.[45]

---

[43] "State to Buy Low-income Home Loans", *The Sacramento Bee,* July 29, 1999, p. E1.
[44] Executive Summary: Staff Recommendation to Revise the Procedures of the California Debt Limit Allocation Committee for the year 2000, October 4, 1999.
[45] "Guidelines Altered for Obtaining Tax Credits to Build Affordable Housing", *Los Angeles Times*, June 8, 1999.

The first disbursement of credits under the new guidelines occurred in September 1999: 61% of the affordable housing projects funded were sponsored by non-profit developers. (In the previous funding cycle under the old system, only 41% of funded projects belonged to non-profits).[46] A number of community-based organizations, including the Western Center on Law and Poverty, California Rural Legal Assistance Foundation, Housing California, the Non-Profit Housing Association of Northern California and the Southern California Association for Non-Profit Housing, have publicly support the new allocation system.

Conclusion

Community-based organizations wield limited control over the public investment process: because the local, state and federal governments ultimately make most public investment decisions, community-based organizations are not in a position to centralize and carry out major public infrastructure campaigns. However, community leaders have succeeded in advocating, at various levels of government, that their equity concerns and perspectives are heard regarding the allocation of public funds.

Community-based practitioners have also made impressive accomplishments in the arena of public accountability regarding public economic development subsidies to corporations, and for the linkage of those corporate subsidies to tangible community benefits. This continuing activity is essential as the Smart Growth dialogue matures and governments are increasingly made to understand that they must direct public investment to inner-city areas as a means to achieve regional health and equity.

---

[46] California Tax Credit Allocation Committee, "Summary of Staff Recommendations for 1999 Funding Cycle", September 1999 (unpublished document).

Leveraging Private Investment for Smart and Equitable Growth

Introduction

Inner-city reinvestment is a central component of the Smart Growth prescription to urban sprawl. Encouraging and redirecting private capital into inner cities and inner-ring suburbs requires the collaboration of a number of actors, among them elected officials, community advocates and developers. To date, however, most of the dialogue - at the national, state and local level - about Smart Growth inner-city reinvestment strategies has not included community representatives. Involving community representatives in a leadership capacity - and facilitating partnerships between community groups and developers - is essential for the Smart Growth movement to achieve its goal of encouraging and leveraging the flow of reinvestment into older urban areas.

Typically, inner-city reinvestment strategies seek to direct private capital into low-income communities in order to improving the physical infrastructure and business climates of inner-city communities. This sections highlights examples of how private investments have been leveraged to gain a broader set of community outcomes, including increasing access to economic opportunity and building human capital among community residents. By linking private investment to community benefits like employment training, community funds, profit sharing and affordable housing opportunities, these strategies aim to build and strengthen older urban areas without displacing current low-income residents.

The tremendous profit potential of inner-city investments is part of the federal government's recently launched New Markets Initiative. The Initiative seeks to stimulate $15 billion in new private capital investment in low-income areas. The Administration has not cast the Initiative as a Smart Growth program, and New Markets' primary focus is on support to the private sector. In this sense, its direct contribution to an *equitable* reinvestment agenda may be limited; but community organizations can leverage the increasing interest of private capital in the inner city, in such a way that investments accrue benefits to low-income residents.

This paper reviews community reinvestment strategies and examples in which community groups and private investors have negotiated agreements that work - that provide clear benefits to community residents and have a positive impact on investors' bottom line. In many transactions, it is clear that the private sector and the community need each other and that their collaboration has created a "win-win" situation. In other cases, collaboration may have come about through confrontation; but even when the situation is polarized, such agreements have laid a foundation for a future positive and mutually beneficial relationship. The following menu of strategies provides examples to stimulate discussion:

- *Strategy 1: Innovative Community and Commercial Development Partnerships*. Community Development Corporations (CDCs) and other community actors enter into equity partnerships with developers.

- *Strategy 2: Community Loan Funds Linked to a Resident Employment and Training Agreement.* Loans for community economic development have criteria attached, which promote the hiring and training of local residents.

- *Strategy 3: Community Benefits through the Establishment of a Developer*

"Mitigation" Fund. Community pressure forces developers to pay into a trust fund to mitigate the negative impacts of proposed development on the community.

- Strategy 4: *Maximizing Opportunities Offered through Public Planning Processes.* Advocates obtain community benefits by leveraging opportunities offered through public planning processes.

Some of these strategies are still being tested and have not yet yielded clear lessons. However, they represent a vital contribution to the Smart Growth dialogue about reinvestment, complement regional and sustainable development efforts, and provide the necessary missing link in the discussion about Smart Growth and equity.

Strategies and Examples

Strategy 1: Innovative Partnerships in Community and Commercial Development

Community Development Corporations (CDCs) and for-profit developers are increasingly collaborating on commercial projects. Such partnerships have the potential to create jobs for community residents, bring new retail services to under-served areas, ensure that a portion of the profits from the development accrue to the local community and build community assets through equity interest in profitable developments. According to members of the International Convention of Shopping Centers (ICS), a trade association of shopping center developers, there is increasing interest on the part of for-profit developers in making retail investments in the inner city. Typically, a developer will work closely with a CDC and sometimes transfer all or part of the development to the CDC over time. Other kinds of partnerships include community funds, which include a more diversified ownership structure and may bring together local government, private funders and residents to capitalize and give direction to the investment of fund resources.

Example: New Community Corporation, Newark, New Jersey

In 1988, the New Community Corporation (NCC), a CDC that was established in 1968, formed a partnership with Pathmark Supermarket to open a store in central Newark – the first supermarket in the community since the 1965 riots. Today, the store makes an annual profit of about $1 million, two-thirds of which goes to NCC and one third to Pathmark. Profits from the supermarket are used to support other community development projects in which the CDC is involved, including a nursing home, eight daycare centers, three charter schools and job training programs.

Community residents directly monitor the performance of the project through participation on the Board of Directors of the Community Supermarket Corporation a joint enterprise of Pathmark and NCC. The Board has five members: three are community residents and two are from Pathmark. The supermarket employs 250 residents in full-time positions, with additional part-time help. NCC controls all hiring decisions.

Project development time was approximately two years from the time the deal was negotiated to the opening of the supermarket in July 1990. Before the supermarket was built, NCC surveyed about 15,000 residents about the kind of store they wanted in their community. Based on the responses, Pathmark redesigned their prototype urban store to include a fish counter, a pharmacy and other features that were clearly priorities for the community. These have been the highest grossing portions of the business. Subsequently, NCC and Pathmark have introduced additional services in response to community demand. These include a free grocery delivery service, ATMs inside the store, and an Electronic Benefits Transfer/food stamp distribution center inside the store so residents do not have to use check-cashing outlets.

Strategy 2: Community Loan Funds Linked to an Employment and Training Agreement

Community loan funds support the economic development of a particular area with funds that are constantly recycled through the community. These funds are an important source of capital and technical assistance for local businesses, and thus play an important role in community stability and revitalization. A way to multiply the community benefits of loan funds involves attaching criteria that commit the borrowing company to train and hire low-income community residents as a condition of receiving the loan.

Example: Coastal Enterprises, Inc. Employment and Training Agreement - Portland, Maine[47]

Coastal Enterprises, Inc. is a community development loan fund with an affiliated venture capital fund and CDC. For over a decade, Coastal Enterprises has been offering loans with the condition that the borrower enter into an "employment and training agreement" that influence the types of jobs and training provided to local residents. If a given deal is determined to be financially feasible, Coastal Enterprises brings in its Targeted Opportunities Department to evaluate the employment aspects of the deal.

For all business loans over $50,000, the borrower must agree to reserve a certain number of jobs for a targeted population (e.g. low-income, disabled). Coastal Enterprises works with individuals to make sure that they are prepared for employment and/or helps the employer to find resources to provide job training and retention services. Jobs must be full-time and permanent and must pay at least

[47] For more information on this example, contact Nathaniel V. Henshaw, President, Coast Ventures Limited Partnership, (207) 772-5356.

$7.50 per hour with benefits, with opportunities for education and advancement. Coastal Enterprises also tries to make sure that employers/borrowers are aware of barriers faced by the people they will be hiring.

The employment and training agreement has been used in conjunction with loans to a variety of different sectors including manufacturing, telecommunications, telemarketing, farming and wood products. Coastal Enterprises has a research and development department that tracks the success of their workforce development activities in terms of impact on both employers and low-income people placed in jobs. They are currently doing a longitudinal study of borrowers and employees.

Strategy 3: Community Benefits through Establishment of a Developer "Mitigation" Fund

City-negotiated development agreements and the issuance of planning permits provide leverage for community organizations to insist on some form of settlement from the developer of a proposed project; however, real gains depend on the ability of the community organization to take advantage of these opportunities.

In some instances, community pressure regarding the negative impacts of a proposed project can result in the developer establishing some form of mitigation plan or fund. In other cases, the proposed projects may not generate negative impact but community pressure results in the developer agreeing to set up a local hiring or training program, for example, in exchange for community support. While some agreements come about through confrontational tactics, in many cases both sides recognize that they have much to gain from entering into a cooperative relationship.

Example: North of Market Planning Coalition Mitigation Fund - San Francisco, California[48]

The North of Market Planning Coalition is one of the first community-based organizations to challenge a developer and win. In 1980-81, San Francisco's Tenderloin neighborhood was undergoing intensive development. Developers were converting low-cost residential hotels into high-priced tourist hotels and the area had lost over 1,000 units of low-income housing. When developers interested in establishing three new tourist hotels on the edge of the Tenderloin applied to the City for a conditional use permit, this provided a key opening for the North of Market Planning Coalition to mobilize and win an unprecedented victory.

The Coalition put together studies to demonstrate how the new tourist hotels would affect the social structure of the community. The Coalition documented the number of SRO units that had been lost in conversions to luxury hotels over the recent past and insisted that the new hotels help to guarantee a continued supply of SRO units. They presented their findings to the City and rallied local political bodies in support of their position.

After complex negotiations, the City's conditions of approval for the tourist hotels stipulated the creation of a community trust fund of nearly $2 million. The interest from the fund used for rent subsidies for low-income residents of the Tenderloin. The rationale for this fund was that the new tourist hotels should mitigate the impacts (i.e. loss of affordable housing) that such development was having on the neighborhood.

At the same time, the Coalition secured grants that enabled it to purchase four residential hotels, three of which were turned over to the North of Market Development Corporation, a spin-off of the Coalition. The hotels were rehabilitated and rooms made available as SRO housing. In this way, the Coalition was able to

---

[48] For more information about this example, contact Garret Jenkins, President, North of Market Planning Coalition, (415)474-2164.

preserve large numbers of affordable housing units at the same time that the neighborhood was undergoing a strong wave of commercial development.

Strategy 4: Maximizing Opportunities Offered through Public Planning Processes

Public planning processes offer important openings for community advocates to incorporate provisions into the project or activity that address the needs of the area's low-income residents. With skillful advocacy, these processes can yield significant community benefits. In some instances, opportunities are clearly spelled out, as is the case with the federal McKinney Act which mandates that the homeless must be accommodated in any military base reuse planning process; in other instances, the opportunities are more subtle. Community groups must assert themselves in new ways and build what for many are unprecedented alliances with private capital to achieve community reinvestment goals.

Example: West Oakland Army Base Task Force - Oakland, California[49]

West Oakland is a once thriving neighborhood that is now characterized by boarded up houses and vacant commercial properties. The regional economic upturn, West Oakland's proximity to San Francisco and its comparatively inexpensive land costs, however, have resulted in renewed developer interest in the area. The Oakland Army Base, adjacent to the West Oakland neighborhood, is regarded as prime real estate with potential as an extremely profitable development opportunity.

The West Oakland Army Base Task Force, comprised of homeless service providers, local community-based organizations and public agencies, has been integrally involved in reuse planning for the Army Base. During the initial phase of the

---

[49] For more information about this example, contact James Thomas, Executive Director, Emergency Services Network, (510)747-1090.

process, community and homeless advocates were able to win an important victory when they secured (at no cost) 229,000 square feet of property on the former base for a "workforce development campus." The campus represents an asset and resource not just for the homeless (as mandated by the McKinney Act), but for all low-income community residents. The Task Force succeeded in taking the homeless mandate and transforming it into a much broader community benefit.

The Task Force has been proactive in negotiating agreements directly with the master developer that the City of Oakland has selected for the base. A symbiotic alliance has evolved over time: strong support from the community (organized by the Task Force) contributed to the selection of this developer in the first place. In particular, the Task Force has been negotiating support and capacity building for West Oakland community organizations; for minority contracts and local hiring provisions, and for assistance with the construction phase of the workforce development campus.[50]

To date, the workforce development campus has already been included in the final Community Reuse Plan, which was approved by local reuse authority and the Department of Defense, and other community benefits are under negotiation. The full community benefits package has not been finalized. The developer and the City of Oakland are currently under an exclusive negotiating agreement whereby they must decide how much the developer will pay to acquire the base. The developer maintains it should get a reduced price because of the community benefits package it is negotiating with the Task Force. The City, on the other hand, wants to sell the property at market rate. Until this impasse is resolved, it is unknown just what the final "deal" will look like.[51]

While still a work-in-progress, this example illustrates the tremendous potential for community-based organizations to leverage the opportunity offered by a public

---

[50] John Brauer, Homeless Collaborative, phone interview, January 5, 2000.
[51] James Thomas, Executive Director, Emergency Services Network, phone interview, December 29, 1999.

planning process to build alliances with private developers in a way that can ensure that community residents share in the benefits of economic development.

Conclusion

By forging partnerships and alliances that leverage private capital, community actors are succeeding in bringing needed financial resources to older urban areas and in ensuring that the benefits of these developments accrue to local residents. Private capital is driven by attention to the bottom line; in most cases it does not overtly seek to generate community benefits. Yet the strategies discussed in this paper demonstrate that the creativity and skill of community-based organizations can result in agreements that benefit developers and communities – making clear that these "emerging markets" represent new areas of opportunity for both sets of stakeholders.

Smart Growth activists face many challenges in attempting to divert growth from the metropolitan fringe to older urban areas. The participation of developers, business owners, banks and other private sector entities is clearly necessary to achieve reinvestment goals; and collaboration – rather than confrontation – with community-based stakeholders can help to reduce the perceived risks of inner-city investment. New Smart Growth partnerships between private developers and community-based organizations can help to build new relationships and political alliances that will help sustain the long-term viability of the Smart Growth agenda.

Housing Opportunity and Smart Growth

Introduction

Over the past several years, at the same time that discussion of suburban sprawl and Smart Growth has seeped into the political discourse nationwide, housing prices in some regions have risen with almost unprecedented speed. Many neighborhoods formerly considered undesirable are now increasingly attractive to the middle class. As prices in those neighborhoods rise, the low-income residents, often people of color, find themselves squeezed out. If Smart Growth does not pay attention to housing issues, the danger of displacing inner-city community residents may outweigh the benefits of reinvestment. Or, as some community activists have noted: "the medicine may be worse than the disease."

At the same time, many communities – in regions across the country - continue to experience disinvestment. Low-income inner-city residents of these communities can still afford to own or rent homes but they are unable to access jobs that have moved to the suburban fringe. This phenomenon has been termed "spatial mismatch" and is one that is common to regions throughout the nation.

In each of these cases, the issue of regional *housing opportunity* – and the consequent shortage of affordable housing for low-income people - is a theme that can and should be addressed through the Smart Growth movement. For Smart Growth to yield benefits for all - and to avoid the dangers of displacement of low-income community residents - it is imperative that affordable housing opportunity be at the forefront of any effort to alter the way we manage urban growth and land use patterns. This paper will examine this issue and propose some strategies for increasing housing opportunity as part of a smart growth program.[52]

Background

Historically, many public policy and land use decisions aimed at community revitalization/reinvestment have caused gentrification.[53] While these causes are still relevant, for a number of reasons the challenges faced by the poor in today's housing markets are different from the phenomenon of previous decades. The role of government in gentrification is more subtle and ambiguous today than in the past and the pressures driving displacement are more a function of imbalances in local and regional housing markets. In many metropolitan areas, housing production (supply) has not kept up with demand, either at the regional level or at the level of some cities and neighborhoods. This imbalance is driving rapid price increases in nearly all neighborhoods, including formerly less desirable locations. This, in turn, increases the pressure on all low-income neighborhoods, making some desirable for the middle class and overall decreasing home options for the poor.

The velocity of economic change in the late 1990s is unprecedented. Increased income inequalities have widened the gap between what those on the low-end can afford to pay for housing and what those on the high end

[52] Many of the issues contained in this paper are discussed in more detail in *Gentrification: Causes, Indicators, and Possible Policy Responses for the San Francisco Bay Area,* a draft report prepared by Strategic Economics for the Urban Habitat Program of San Francisco, September 1999.

[53] Urban Habitat Program, *There Goes the Neighborhood: A Regional Analysis of Gentrification and Community Stability in the San Francisco Bay Area,* 1999.

are willing to pay.[54] Finally, there is increasing evidence that the concentration of the poor, and of people of color in particular, in isolated neighborhoods is one of the factors that perpetuates the cycle of poverty.

In this context, low-income communities and community development advocates are much more likely to view a mixed-income neighborhood as a desirable goal: they aim to promote development that meets the needs of low-income residents rather than oppose development altogether. Done right, Smart Growth can help realize these goals by spurring the reinvestment and revitalization of older urban areas *and* increasing affordable housing opportunities for low-income residents.

The next section examines a range of strategies designed to increase housing opportunity within the context of the smart growth. These strategies include:

- *Strategy 1: Housing Production Advocacy*
- *Strategy 2: Investments in Affordable Housing*
- *Strategy 3: Community Control over Land and Housing*
- *Strategy 4: Land Use and Planning Policies*

[54] Trends in income inequality vary from region to region as well as by race, gender, educational attainment, and other factors. Furthermore, there is evidence that in the country as a whole, increases in inequality have slowed or even stopped (but not reversed) in the last several years. Nevertheless, the overall trend for the past two decades has been towards greater inequality. See, e.g., Mishel, L., Bernstein, J., and Schmitt, J. (1998). *Wage Inequality in the 1990s: Measurements and Trends.* Washington: Economic Policy Institute.

Strategies and Examples

Strategy 1: Housing Production Advocacy

By its very nature, Smart Growth includes the idea of growth. Rather than opposing population growth, the Smart Growth movement attempts to redirect the way that growth is accommodated. One way advocates can increase affordable housing opportunity is by working to overcome systemic and political barriers to *all* housing production, including market rate housing, while ensuring that housing is produced within an appropriate planning framework. This approach includes pushing for reform of state fiscal systems that create disincentives for local governments to permit housing to be built.[55] In addition to increasing housing production in general, it is essential to ensure that existing affordable housing is preserved and that adequate additional affordable housing is built as part of large-scale regional housing development.

Example: Silicon Valley Manufacturing Group and East Bay Housing Organization – San Francisco, Bay Area, California

A Smart Growth coalition can advocate directly for the construction of affordable housing. For example, the Silicon Valley Manufacturing Group, based in San Jose, California, has organized to counter the opposition of residents who don't want housing—and especially not affordable housing—in their back yards.

Affordable housing coalitions such as East Bay Housing Organizations (EBHO), based in Oakland, California, also play an important housing production advocacy role in

[55] In California, fiscal disincentives are due in large part to Proposition 13, which caps property taxes. Such a cap makes it difficult for cities to tax residential development sufficiently to cover the increased demand for services that housing brings, and leads to a bias in favor of commercial development and against housing.

their work to monitor and influence a variety of local government plans and community development proposals. At critical junctures, EBHO mobilizes large numbers of people to attend public hearings and ensure that plans and proposals being considered by the City reflect the housing needs of the East Bay's low-income residents. In addition, EBHO regularly organizes tours of affordable housing projects in an effort to dispel myths that affordable housing is unattractive or detrimental to the neighborhood.[56]

Strategy 2: Leveraging Investment in Affordable Housing

Advocacy alone is limited in what it can accomplish without sufficient funding for affordable housing construction. Most cities already have significant experience obtaining and using CDBG, HOME and Section 8 funds to help finance the preservation or construction of affordable housing.[57] But these sources are insufficient to meet demand in most low-income communities. This section examines other financing strategies that have offered, or are offering, opportunities for equity advocates to leverage funds for the production and preservation of affordable housing.

---

[56] For more information about the work of EBHO, contact Sean Heron, Executive Director, (510) 663-3830.

[57] CDBG, HOME and Section 8 are programs of the U.S. Department of Housing and Urban Development (HUD). Community Development Block Grant (CDBG) funds are granted to metropolitan cities for neighborhood revitalization and expansion of affordable housing and economic opportunities. The HOME Program provides grants to state and local governments that are often used in partnership with nonprofit developers to build, buy and/or rehabilitate affordable housing for rent or homeownership. Section 8 is a housing assistance program in which the government provides a rental subsidy to landlords; the landlord applies these subsidies to the rents he/she charges qualifying low income tenants in designated units.

Leveraging Private Capital

The Low-Income Housing Tax Credit (LIHTC) program is currently the largest federal program for stimulating private investment in the construction and rehabilitation of affordable housing. Each state receives $1.25 worth of credits per resident; these credits can then be allocated to development projects as the state sees fit. For-profit developers can reduce their tax burden directly through the use of credits, thereby making investments in low-income housing more cost-effective. Alternatively, non-profit developers can sell the credits to investors as a way of raising funds for housing development.

The Community Reinvestment Act (CRA) offers an important federal lever to encourage banks to invest in low-income neighborhoods that have been the target of lending discrimination. Organizations from across the country use this lever to pressure financial institutions to commit resources to community reinvestment. Such agreements are an important source of private capital for construction of affordable housing and for increasing resident access to home mortgages for low and moderate-income borrowers. Approximately $1 trillion dollars have been committed in CRA agreements for low-income housing and economic development.

The next frontier for leveraging private capital for low-income communities is the insurance industry. The insurance industry benefits from legally mandated auto insurance – for example, the insurance industry in California collects some $70 billion in premiums each year[58] - yet to date, these funds have come with no strings attached. Some states, notably Massachusetts and California, have pursued CRA-style policies to encourage the insurance industry to invest money in all the neighborhoods in which it collects

---

[58] Alan Fischer, California Reinvestment Committee, phone interview, January 12, 2000. This figure is from approximately two years ago; 1999 figures are not yet available.

premiums, including investments in housing and community development projects in low-income communities.

Leveraging Funds from Diverse Sources

Housing trust funds create a dedicated funding source for investment in affordable housing. Trust funds vary widely in their design. Revenues are collected from many different sources—including redevelopment tax increment,[59] linkage fees on new construction, proceeds obtained from the sale of city-owned residential properties and inclusionary zoning fees—and are spent in many different ways. Housing trust funds have been created by cities (e.g., San Francisco, Santa Fe), states (e.g., Minnesota) and empowerment zones (e.g., West Philadelphia).

Example: The Vermont Housing and Conservation Trust Fund

The Vermont Housing and Conservation Trust Fund is a unique example of successful efforts to leverage funds from diverse sources by combining the issues of affordable housing and land conservation. Spurred by concerns about rural land consumption and housing affordability, a strong coalition of environmentalists and affordable housing advocates succeeded in passing state legislation that established the fund in 1987.

Capitalized initially with $3 million from Vermont's budget surplus, the legislation subsequently dedicated to the fund a portion of revenues raised by the transfer tax increase.[60] To date, the Vermont Housing and Conservation Trust Fund has committed more than $100 million to projects that will result in the development of

[59] Tax increment simply refers to the increase in property (or sometimes sales) tax revenues over a base year.
[60] Jim Libby, "The Vermont Housing and Conservation Trust Fund: A Unique Approach to Developing Affordable Housing," *Clearinghouse Review,* Vol. 23, Number 10.

more than 4,900 units of affordable housing and the conservation of more than 300,000 acres of agricultural land and natural areas.[61]

New Financial Products

Finally, innovative financial products could help low-income buyers purchase property. For example, the location efficient mortgage, or LEM, can help give lower-income buyers access to additional credit while channeling capital into neighborhoods that have suffered disinvestment, but have good transit and pedestrian access.

The LEM takes into consideration the transportation-related savings achieved by an urban household that uses public transportation and relies on services such as shops, stores and schools in the vicinity. Because some currently existing housing stock would be made more affordable by recognition of its transportation cost savings, LEMs can be used to increase affordable housing opportunity.

Example: Location Efficient Mortgage Development and Demonstration Project – Chicago, Seattle, San Francisco Bay Area and Los Angeles[62]

Three non-profit organizations committed to the principles of Smart Growth—the Natural Resources Defense Council, the Center for Neighborhood Technology, and the Surface Transportation Policy Project—have worked together for the last five years to research and develop the concept of Location Efficient Mortgage (LEM). The market test of the LEM is being sponsored by Fannie Mae, the nation's largest source

[61] Vermont Housing and Conservation Board website (http://www.vhcb.org).
[62] For more information on the Location Efficient Mortgage, contact: Center for Neighborhood Technology at (773) 278-4800; Natural Resources Defense Council at (212)727-2700; or Surface Transportation Policy Project at (202) 466-2636.

of home mortgage funds. The market test is taking place in Chicago, Seattle, the San Francisco Bay Area and Los Angeles.

> *For lower- to moderate-income people who want to live in accessible central city neighborhoods (and denser suburban areas) the proposed formula would provide an additional margin of affordability - perhaps $40,000 or more - that would allow them to qualify for homes or apartments that would otherwise be "unaffordable".* [63]

The sponsoring organizations have established the Institute for Location Efficiency to develop further applications for location efficiency and expand the use of LEMs in the financial services market, focusing on extending the research and product to new cities.[64]

Strategy 3: Community Control over Land and Housing

Community control over land and housing is the best guarantee of long-term affordability. Community-based organizations (CBOs) in low-income neighborhoods have been active in implementing mechanisms to gain control over land and housing before displacement pressures build up too much.

Community land trusts allow communities to avoid many negative impacts of speculation and rising property values by isolating land (and, to a certain extent, housing) from market forces while gaining local control over those resources. The goal of community control within an equity and Smart Growth context is to stabilize neighborhoods and to *increase* housing

---

[63] Natural Resources Defense Council, "Making Housing More Affordable: Correcting Misplaced Incentives in the Lending System," 1996.
[64] Center for Neighborhood Technology website (http://www.cnt.org).

opportunity. Limited-equity housing cooperatives, non-profit ownership, deed restrictions and other resale controls can help ensure permanent affordability of a portion of the housing stock.

Strategies for acquisition of land and housing include pressuring local governments to donate (or sell at a nominal price) city-owned land and abandoned property to community organizations. For example, the Chicago Abandoned Property Program (CAPP) allows the City to acquire abandoned buildings and then transfer them to individuals or groups interested in affordable housing development. In at least one case - the Dudley Street neighborhood in Boston - a CBO was granted the power of eminent domain over vacant lots. Community reinvestment initiatives such as those mentioned earlier could provide critical resources for CBOs to acquire land and housing.

Example: Eminent Domain Authority for Humboldt Park - Chicago, Illinois[65]

The Humboldt Park Empowerment Partnership is a coalition of 80 organizations addressing issues such as job training, youth mentoring and affordable homeownership. In 1999, the Partnership applied to the City of Chicago for redevelopment area status for Humboldt Park and specifically for eminent domain authority over vacant lots and properties.

At the outset, local landowners and developers strongly opposed the Partnership. Members of the Partnership undertook an extensive organizing campaign to build political support for their proposal. The City's community development commission ultimately granted the Partnership eminent domain authority over 159 parcels of land. Groundbreaking on 29 of the parcels will begin in the spring of 2000 on a project to build city-subsidized homes for first-time homebuyers.

---

[65] For more information, contact Eliud Medina, Executive Director, Near Northwest Neighborhood Foundation (773) 489-0383.

Strategy 4: Land Use and Planning Policies

A wide array of land use and planning policies to promote housing opportunity are available for local government. Land use and planning policies can help to ensure that private housing developers build affordable units as part of their activities, and that those units are distributed throughout the metropolitan area. Community-based practitioners, through local, regional and statewide networks, have a critical role to play in ensuring that local governments enact and actually implement such policies. Furthermore, housing and Smart Growth advocates can push for housing requirements with "teeth" that, in the absence of effective regional government, can only be provided by state and federal involvement.

For example, local governments widely use inclusionary housing requirements to oblige the private market to provide below market-rate housing. Essentially, such programs require developers to provide a certain percentage of the units they build at affordable prices. Developments can internally subsidize affordable units or subsidies can be provided from external sources. Density bonuses, which allow developers to build more intensely on a parcel as compensation for providing a certain percentage of affordable units, and transferable development rights, which allow the development rights for one parcel (e.g., agricultural land) to be used elsewhere (e.g., an urban infill site), hold promise for designing creative strategies to encourage private developers to build affordable housing. Fair-share housing requires that communities provide their "fair share" of affordable housing, as defined by regional formulas.

Example: Housing and Environmental Advocates Defend New Jersey's Fair Share Housing Law

New Jersey has one of the country's few statewide fair-share housing provisions and its defense has been the impetus for a collaborative effort between affordable housing advocates and environmentalists. The law was enacted in 1985 after the Supreme Court established a constitutional obligation regarding low- and moderate-income housing for each of New Jersey's 566 municipalities. The state's Council on Affordable Housing is charged with estimating the amount of affordable housing each municipality will need, and the municipalities, in turn, must submit a fair share plan describing how they will meet those needs.

Fair share housing was threatened when a number of New Jersey public officials attempted to circumvent housing obligations for their districts by claiming that affordable housing was responsible for the State's loss of open space. The 1997 the state legislature began considering several bills that would have seriously weakened New Jersey's law. However, affordable housing advocates and environmentalists formed a strong coalition and mounted a broad and united opposition to these proposals. The bills were roundly defeated and New Jersey's fair share housing law stands.[66]

Conclusion

Communities and governments have many options to increase housing opportunity as they work to limit sprawl. The Smart Growth movement can support these efforts by ensuring that housing opportunity is a high priority.

A broadly shared vision of regional growth and housing opportunity is an important first step. Alliances between environmentalists, affordable

[66] Miriam Aaxel-Lute, "A Meeting of Movements", *Shelterforce Online, January/February 1999.*

housing advocates, community organizations and others can serve as powerful coalitions for implementing the strategies described above. Such coalitions should work to ensure that adequate construction of housing—both market-rate and affordable—is at the center of the Smart Growth agenda.

The economic, environmental, and social goals of Smart Growth can and should complement one another. By working to promote housing opportunity in the sense described above, Smart Growth advocates can help ensure that changing patterns of growth will lead to benefits for all.

Workforce Development, Employment Opportunity and Smart Growth[67]

Introduction

In 1999, the national unemployment rate, of about four percent, reached its lowest point since 1969. Fueled by growth in the information technology sector, the country is adding jobs at record rates. Yet the benefits of employment growth are distributed unevenly. Unemployment remains disproportionately high among racial/ethnic minorities, low-skilled workers, women and central city residents.[68] Despite some wage growth in the late 1990s, income inequality continues to increase.[69] Even in tight labor markets, income inequalities remain; in fact, high-technology regions experiencing rapid wage and employment growth tend to have greater income inequality than other regions.[70]

[67] This section is to be added to the Briefing Book for the Social Equity and Smart Growth meeting, co-hosted by PolicyLink and the Funders Network for Smart Growth and Livable Communities on January 19th – 21st, 2000. Karen Chapple was the primary researcher and writer for this section.

[68] While the unemployment rate for whites in 1999 was just over three percent, for African-Americans it was approximately eight percent and for Latinos six percent. Unemployment was 1.8 percent for college-educated workers, but six percent for workers with no high school diploma or GED. Unemployment also remains a few tenths of a percent higher for women than for men. In 1998, unemployment in central cities was 5.1 percent, compared to 3.7 percent in the suburbs.

[69] Lawrence Mishel, Jared Bernstein and John Schmitt, *State of Working America 1998-99*, 1999.

[70] Hill & Wolman 1997; US Dept. of Housing and Urban Development, *Metropolitan Economic Strategy Project: Report on Tasks 1, 2, and 3* (Report prepared by ICF Kaiser International

In regions throughout the country, in spite of tightening labor markets, disadvantaged groups – many clustered in inner cities and inner-ring suburbs – are still experiencing barriers to accessing and retaining livable wage jobs and to advancing up career ladders. Three interrelated factors shape employment access: the geography of home and work; human capital development; and the social institutions that act as labor force intermediaries.

Metropolitan development patterns influence and intensify these spatial, individual and social factors in a number of ways. Suburban sprawl facilitates the process of firm relocation away from central cities by providing low-cost, readily-developed sites at the metropolitan fringe. Left behind in the aging central city, low-income residents experience new obstacles to penetrating the local labor market, in terms of both geographic distance from jobs and the difficulty of obtaining information about job opportunities.

Sprawling suburban growth patterns have also affected the ability of urban workers to obtain and continuously improve the skills sets that are demanded by contemporary labor markets. The departure of businesses and more affluent residents for the suburbs continuously erodes the urban tax base, thereby contributing to the weakening of urban education and job-training institutions. At the same time, the mobility of firms undermines the connection between local employers and educational institutions, hindering the ability of educators to monitor changing skill requirements in order to meet employer needs.

Economic Strategy Group, 1997). However, the work by Pastor & Grigsby (1997) indicates that high-performing regions are associated with poverty alleviation strategies.

Furthermore, the exodus of human and financial resources to low-density outlying areas has contributed to the restructuring of the social institutions associated with the hiring process. Firms are taking advantage of their new location to alter traditional relationships with labor unions and develop new labor force intermediaries, such as temporary agencies and web-based hiring. Increasing economic segregation makes it difficult for disadvantaged communities to develop social ties with members of different socio-economic groups, preventing them from penetrating racial/ethnic employment niches and overcoming discrimination in hiring.

The sprawling spatial patterns of today's metropolitan areas undoubtedly developed in response to market pressures, and they are not "smart." Smart Growth is responsive to current market conditions, and at the same time, is sensitive to community needs and flexible enough to adapt to long-term economic changes. In order to maximize the benefits of growth and minimize the spiraling impacts of urban disinvestment, Smart Growth policies need to address workforce development and employment opportunity in a comprehensive and multi-faceted way, paying particular attention to the needs of workers in inner city and inner-ring suburban communities.

In particular, Smarter Growth policies should foster stronger links between employers in new and growing sectors and traditional community-based training providers (both community-based organizations and community colleges). As new sectors emerge in the central city (such as multimedia in New York and San Francisco), zoning and tax policies may offer opportunities to create new training programs that would benefit low-income residents. For job growth occurring in outlying areas, it will be important both to connect to existing training providers and to develop new training institutions that can link urban residents to suburban jobs. In order to keep training providers informed about changing demand for skills and occupations, it will be necessary to monitor the economy and organize educational institutions, labor force intermediaries and employers at the regional level. Two models that attempt this are sectoral employment strategies and regional training partnerships.

Finally, access to jobs is not just about job proximity and matching worker skills to employer needs. It is also about penetrating the social institutions that manage connections between employer and employee. These social institutions range from informal hiring networks to political alliances and coalitions to formal labor force intermediaries. Smart Growth policies should increase the number, diversity and strength of regional labor market intermediaries in a manner that increases the opportunities for low-income inner-city and inner-ring suburban residents to access employment opportunities throughout the region.

Strategies and Examples

For the reasons described above, unemployment among disadvantaged groups persists even in tight labor markets; yet the need for qualified workers in rapidly growing regional economies also creates an opportunity to make growth work in smarter ways – in ways that strengthen workforce development systems and maximize employment opportunities. This section outlines some strategies towards this goal and offers examples of programs already implementing the strategies.

Strategy 1: Develop a Comprehensive Approach to Employment Access

Typically, community advocates and policy-makers who are working to improve transportation for disadvantaged groups work in isolation from existing workforce development institutions. But as the lessons from Bridges to Work, a national reverse commute demonstration project, indicate, transportation strategies will not work in the absence of effective workforce development. While most existing workforce development institutions are constrained from taking on transportation strategies (and vice versa), it may be possible for new coalitions, like the Campaign for a Sustainable Milwaukee, to forge more comprehensive approaches to employment access.

Example – Campaign for a Sustainable Milwaukee

The Campaign for a Sustainable Milwaukee (CSM) is a, broad-based community advocacy coalition comprised of over 200 community, religious, labor and business organizations. CSM is working to improve employment access in several different ways: by building new labor-related institutions in inner-city areas; by raising wages; by increasing public transportation access to suburban job opportunities; and by improving connections to employers.

Working with Esperanza Unida, a community-based economic development organization, CSM has helped to overcome the educational barriers experienced by local Spanish-speaking residents unable to obtain certified vocational training at Milwaukee's technical college. The technical college established a certified technical training site at Esperanza's neighborhood center, bringing their institutional resources into the community and, as a result, many low-income residents have received certification and obtained jobs as laborers building roads for the State of Wisconsin.

In another institution-building effort, CSM brought together a coalition of hundreds of organizations in reaction to Wisconsin's decision to build a new convention center without any affirmative action guarantees or a labor agreement. Working closely with the Building and Construction Trades Council, CSM demanded minority hiring and apprenticeship opportunities at prevailing wage levels. The Central City Workers' Center, modeled after a union concept, was created to help place workers in convention center construction jobs.

Sustainable Milwaukee was also instrumental in pressing for the passage of a Living Wage Ordinance in the City and County of Milwaukee, which guarantees a $7.70 wage floor with health care benefits for all service workers hired through city contracts.

CSM's Central City Transit Task Force has led the efforts to redirect federal transportation funds to help Milwaukee's central city workers access suburban employment opportunities. The Task Force developed an alternate bus and light rail proposal that won the support of the Milwaukee and Waukesha County Boards. Unfortunately, the plan was defeated at the state level with the decision to cut the light rail and extra bus and car pool lanes from the state transportation plan. In response, CSM filed a civil rights lawsuit against the transportation department, arguing that state's allocation of transportation funding violates the civil rights of inner-city minority communities.

Finally, CSM is working with the Milwaukee County Labor Council and the Greater Milwaukee Committee on the Milwaukee Jobs Initiative, one of the Annie E. Casey Foundation sites. The Jobs Initiative program provides funding and support for community-based sectoral job training initiatives in six cities in order to help young, low-income workers find family-supporting jobs and to identify national employment and training models. The Jobs Initiative's sectoral workforce development program, organizes regional industries by sector to help specify industry-wide job entry and training requirements. Local training providers then recruit and train inner-city workers for specific occupations.

Strategy: 2 Build Regional Training Institutions Rooted in Organizing

This strategy emphasizes building institutions on a regional scale to address workforce development issues, policies and practice. Through broad-based outreach and organizing, coalitions of community groups, labor force intermediaries, educational institutions and employers have come together as "regional training partnerships" to improve the quality and stability of regional job opportunities. In areas with rapidly growing sectors, regional training partnerships may take the lead in defining new skills standards and labor force intermediaries. For instance, chronic labor force shortages have led many employers in the information technology sector to cooperate with Working Partnerships USA's Temporary Worker Employment Project in Silicon Valley, California. In already built-up areas with a declining manufacturing base, new institutions such as the Wisconsin Regional Training Partnership are working to improve the quality and stability of jobs by providing new technologies and customized training to manufacturers.

Example – Garment Industry Development Corporation

The Garment Industry Development Corporation (GIDC) is a nonprofit, targeted economic development organization established in 1984 by a partnership among the International Ladies' Garment Workers' Union, garment industry trade associations representing local employers, and the city and state of New York. By expanding markets and boosting workers' skills, the partnership works to ensure the viability of the garment industry in New York City, as well as the quality of jobs and the development of career ladders for industry workers.

Considered a model of collaboration between labor, industry and government, GIDC is one of the AFL-CIO's examples of "high-road regional partnerships." Specifically, GIDC provides the city's garment industry with services in three main areas — workforce training, marketing and technology assistance, and export assistance.

Training programs at GIDC focus both on improving industry productivity and providing advancement opportunities for workers. Programs offer skill training for dislocated sewing machine operators, and instruction in English language skills and health and safety (e.g., ergonomic work practices). An on-site training program customizes training according to employer needs, providing instruction in production techniques, problem solving, communication skills and quality management. Altogether, GIDC trains over 600 workers per year. In addition, a centralized job referral program helps GIDC link training efforts to specific requests for employees.

In 1998, the GIDC opened its own 9,500-square-foot training facility, the Fashion Industry Modernization Center. The center houses state-of-the-art production equipment used for technology demonstrations to garment contractors and manufacturers as well as hands-on skills training for garment workers. GIDC is offering marketing and technology assistance to employers to improve productivity. Programs provide engineering assistance to improve quality control by evaluating systems and technology, conducting time studies and rate setting, and developing product costing. Finally, GIDC is helping to expand firms' export sales by identifying promising overseas markets, linking them with international buyers and distributors, and organizing trade events both locally and overseas. In two years, GIDC gained $20 million in additional export business for 24 local companies.

Strategy 3: Support the Creation of a Built Environment with Flexibility to Respond to Long-term Economic Changes.

In the context of Smart Growth efforts, one of the greatest obstacles to workforce development is the lack of flexibility in the built environment to accommodate long-term changes in the organization of production. Relatively small lot sizes and obsolete loading facilities preclude today's manufacturers from locating in the central city where low-income urban residents have optimal access to manufacturing jobs. In addition, high rents discourage many small businesses or even corporate back-offices from remaining downtown. At the same time, the easy availability of industrial or office park sites in suburban areas makes urban "infill" development a further challenge. The result is increasing segregation of both land uses and economic sectors, depending on their ability to pay rent. For instance, multimedia firms and companies providing financial, legal, and business services increasingly concentrate in and near downtown San Francisco, forcing traditional manufacturers, non-profit organizations and small service providers into outer areas. As sectors are spatially sorted, so are occupations, thus making it difficult for low-skilled inner-city residents to access well-paying, low-skilled jobs.

One way to counteract this phenomenon is through planning and zoning protections. In the 1970s and 1980s, mixed-use areas such as TriBeCa in New York City and South of Market in San Francisco instituted zoning regulations that allowed the mixture of industrial, office and residential uses, but gave preference to industrial firms and strictly regulated the amount of office space that could be constructed. Dominated by multi-story industrial buildings with open floor plans, abundant light and adjacent to downtown, these districts continue to offer commercial and industrial space that is attractive to a diverse array of firm types. Yet in both areas, selective enforcement of the zoning statutes has meant the displacement of businesses offering low-skilled job opportunities.

Example – New City YMCA Local Economic and Employment Development Council

In 1988, loss of industrial sites due to residential loft conversions near the Clybourn Corridor and Goose Island industrial districts in Chicago prompted factory owners and the Local Economic and Employment Development (LEED) Council to ask the city to rezone the area as Planned Manufacturing Districts. This designation refers to areas with industrial zoning, protections from residential conversions and mixed-use buffer zones. The key to this industrial retention strategy was organizing local firms through a one-on-one industrial outreach program, which delegated to community-based organizations (such as the LEED Council) the authority to monitor industries and act as liaisons between City Hall and neighborhood firms.

Over time, the LEED Council has expanded into workforce development. In partnership with the City, as an incentive for firms to relocate into the area, LEED provides employer-based training, in the form of recruitment, screening, assessment, customized curriculum development, training, job placement and two-year post-placement case management, partially funded by tax-increment financing from the redevelopment agency.

Another focus of the LEED Council is the "Hire the Community" program that links community residents to jobs within the neighborhood. The program provides pre-employment skill training and job development to residents of Cabrini Green and the surrounding area. The program is supported by local businesses, each of which commits to hiring two trainees during the year. In addition, the ability of the LEED Council to partner with local employers has led it to develop a welfare-to-work program.

Pressures to convert loft buildings to residential use or rezone vacant industrial land for residential development continue. However, local firms, continue to fight conversion through organizing and real estate ownership strategies. Although information technology firms are gradually expressing an interest in moving into the area, the organizing of local firms and the existing institutional basis for providing targeted, employer-based training means that the influx is less likely to exclude local residents than it has in other major cities.

Conclusion

Access to employment is a complicated issue that demands multiple solutions. Different aspects of access interact – the new geography of home and work, the development of human capital and the changing social institutions governing hiring – requiring a multi-faceted approach. The economy is organized around regions, but it is local communities that disproportionately bear the impacts of growth.

The Smart Growth movement presents an opportunity to guide growth to maintain and improve employment opportunities for residents of disadvantaged urban communities. As these examples show, regional alliances among training providers, educational institutions, employers, community-based organizations and unions are key to making growth work for everybody.

Perhaps the greatest challenge such alliances face is shaping the location of growth – keeping high-quality, low-skilled jobs near the central city, and developing an institutional framework that connects employers in outlying areas to workers in the urban core. While it is unlikely that Smart Growth coalitions can reverse the suburbanization process, they can intervene to ensure that a workforce development framework is in place to capitalize on growth in ways that benefit low-income, inner-city and inner-ring suburban residents.