
**Strategic Opportunities
for Community-Based
Economic Development
in the Twin Cities:**
*A Report for Twin Cities Local
Initiative Support Corporation*



Strategic Opportunities for Community-Based Economic Development in the Twin Cities

*A Report for the Twin Cities Local Initiatives Support
Corporation*

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ACTION SUMMARY

Community-based economic development (CED) envisions that low-income people, working together and in partnership with other institutions, can be leading actors in generating economic activity through which their poverty can be reduced, opportunity increased, and community integrity sustained. The present situation in the Twin Cities, with both a vibrant regional economy and sharp disparities of wealth and opportunity in the region, poses challenges and opportunities for community-based economic development. If the CED sector proceeds with a framework that emphasizes strong community process practices as well as technical project skills, we believe these opportunities can be achieved and these challenges successfully faced.

Our research identifies seven local models that have combined strong community linkages with specialized CED tools to achieve noteworthy success in improving economic conditions in selected lower income neighborhoods. These include:

1. Building on assets in communities of identity. Through ethnic, cultural, gender and faith-based communities, residents are mobilizing social networks and talents of particular communities. The Mercado Central, for example, has leveraged the resources and talents of Latino community members to redevelop a vacant commercial space on Lake Street.
2. Neighborhood vision-driven CED. Strong links between neighborhood residents and local CED organizations generate redevelopment projects with broad community ownership. The momentum and capacity of neighborhood vision-driven CDCs can contribute to CED activities in other neighborhoods. For example, Seward Redesign has achieved notable impacts within, and beyond Seward, on the strength of its vision and accumulated expertise.
3. Capitalizing on location. Distressed commercial strips can be transformed into safe and attractive spaces that attract and retain committed employers, and create shopping destinations. The American Indian Business Development Center (AIBDC), for example, has led a turnaround of a moribund business strip along Franklin Avenue by building on its central location and accessibility, affordable commercial space, and unique cultural offerings.
4. Multi-neighborhood technical assistance. Organizations with expertise in small business support and real estate development have partnered with neighborhoods to make the best use of an array of technical and financing CED tools. The Neighborhood Development Center (NDC) is a national model for this type of partnership between function-based and place-based CED activity.
5. Tailoring employment and ownership opportunities to local resources. Stronger links between home-grown businesses, local employment sectors, and regional markets can be strengthened with the right market research and business replication strategies. The Hamline Midway Coalition, for example, has found local educational institutions and

internet technology to be helpful in increasing, and informing, income-generating opportunities in the neighborhood.

6. Linking workforce development specialists to neighborhoods. Partnerships between CBOs, organizations, employers, and employment-driven workforce specialists connect neighborhood residents to city-wide job opportunities. Neighborhood Employment and Training (NET) has achieved notable success with this model in the Minneapolis metro area.
7. Direct CDC-neighborhood employer partnerships. CDCs with the in-house capacity to recruit, place and support residents in retaining jobs with local employers can offer the benefits of an intense, case-managed resident-employer relationship. At Whittier CDC, for example, a job counselor acts as a liaison between harder-to-employ Whittier residents and the NICO plating firm.

Our analysis of the trends impacting CED, and of the strongest examples of CED initiatives locally and nationally, points to six key elements that characterize successful CED ventures. We hope future CED initiatives in the Twin Cities will display these hallmarks:

1. achieve the benefits that define CED (increasing individual and community income, wealth, opportunity and connections in low-income constituencies);
2. recognize and leverage local community assets;
3. are directed by the community in whose name the projects are done;
4. maintain continuity over time, in vision, leadership and relationships;
5. collaborate effectively with diverse, appropriate partners; and
6. integrate multiple, mutually supportive CED activities.

Organizations leading CED processes may be place based, rooted in a particular neighborhood or location, or they may be identity or constituency based, with special accountability to a specific cultural, ethnic, gender or faith group. **We suggest that either kind be eligible for support from CED funders, as long as they can demonstrate responsiveness and accountability both to the local community where they are active and to the specific interests of a low-income constituency.**

Lower-income communities in the Twin Cities will make strong economic gains if they can connect more effectively to the strong regional economy. Current conditions of labor shortages and economic growth offer the best opportunity in decades to create or enlarge job placement networks, and vendor/subcontractor networks and links, between inner-city residents and high-performing firms and institutions in the region. We encourage community development corporations (CDCs) and other CED actors to give special attention to building these linkages to take advantage of this opportunity.

Our research leads us to conclude that strategic opportunities for impact in CED in the Twin Cities lie in five kinds of investment. We recommend that LISC and other CED stakeholders champion these kinds of investment:

1. **Long-term support to high-capacity CED groups:** those that display many of the six success elements named above. Opportunities generated through established grassroots CED processes – particularly those which have strong linkages between neighborhood resident organizations and local CED initiatives. In St. Paul, examples of such initiatives are those underway on the East Side’s commercial corridor and Hamline-Midway’s commercial and home-grown business initiatives. In Minneapolis, Seward is a strong example for both its local redevelopment activities, and the assistance Seward Redesign offers through consultation with adjacent neighborhoods. The Near Northside of Minneapolis, with a strong and growing neighborhood-group economic development affinity, is positioned to impact key commercial strips.
2. **Committed capacity-building support in less-organized communities,** so that community consensus can be achieved, visions generated, locally appropriate economic development opportunities identified, and CED projects successfully implemented. Capacity-building investments in both place-based and constituency-based development organizations in the Twin Cities’ lower-income neighborhoods will help these neighborhoods achieve CED goals.
3. **Support to community-based groups to assess** economic development opportunities being created through decisions made outside of, but impacting, low-income communities, and support these groups to participate where they decide this is a priority. These include:
 - **prime locations** where large, attractive parcels are becoming available due to corporate or government decision-making, such as the Sears and Hollman sites in Minneapolis, the Stroh’s site in St. Paul, and light-rail transit (LRT) nodes. In these places, investments should focus on ensuring that stakeholders at the grassroots level are organized and strong enough to participate effectively alongside the powerful development interests already working in these sites.
 - **workforce development** opportunities, where community-based organizations can bridge between firms needing to hire and retain more workers, and low-income people and communities seeking living wage jobs and career ladders. We recommend priority workforce attention to partnerships that will match employers with new workers, help workers acquire the “soft” skills and social networks to stay productive on a job, and help employers create successful workplace climates for culturally diverse workers.
4. **Research & development funding,** to devise and improve innovative strategies, tools, and tactics for community-based development. Among the priority tools and tactics deserving investment are those that would make it easier for a community or public authority to measure community assets/opportunities, analyze local economies, enhance development by reducing costs of living, and establish revolving loan funds and Individual Development Accounts. CDC’s/CBO’s staff, professional consultants, and community leaders that have

developed expertise in these strategies could be supported to work closely with neighborhood counterparts to integrate innovative strategies. Many Twin Cities CDCs have developed tools, by design or by circumstance, for increasing the impact of CED activities. Examples include Neighborhood Development Center's small business support tools and Hamline Midway Economic Development's technology-assisted CED tools and initiatives. Other key investments could go to techniques for soliciting community input, participation and skills such as asset inventories, strategic planning, community visioning, and design charettes.

5. **Investments to improve the institutional and policy environment for CED**, through steps to help the corporate, financial, nonprofit and public, and academic sectors to develop knowledge, relationships, policies and practices supportive of CED efforts and values. Examples of such support include:

- maintaining institutional support for community-based planning (such as the Neighborhood Revitalization Plan);
- helping to shape the legislative agenda on effective welfare-to-work and livable wage standards, and continuing advocacy for the development of more and better CED financing tools and institutions;
- educating policy-makers on the experience of low-income communities and the merits of CED as a strategy for strengthening the region; and bringing more resources from the Twin Cities' academic institutions to bear on CED activities;
- other convening intermediaries, such as Twin Cities Economic Development Group and the St. Paul and Minneapolis consortia of community developers, also have vital roles to play in enhancing the policy and institutional environment.

INTRODUCTION

Project background

Twin Cities Local Initiatives Support Corporation (LISC) is expanding its focus, both geographically and topically. It is beginning to support community-based development in Minneapolis as well as St. Paul, and it wants to support more community-based economic development along with the housing development for which it is best known. This holds great promise for community development corporations (CDCs) and community-based organizations (CBOs) through which low-income residents and their partners are working to transform distressed Twin City neighborhoods. As LISC broadens its economic development support activities in Minneapolis, the acquired learning and experience supporting CDCs in St. Paul present an important opportunity for St. Paul community-based economic development practitioners to share learning from the field with their Minneapolis counterparts, and vice versa.

To date, Twin Cities LISC has worked with CDCs and other city partners to initiate commercial corridor revitalization projects on the East Side and West Side of St. Paul, with a third initiative now under design for Minneapolis. In 1997, LISC commissioned a descriptive assessment of local CED activities. Now LISC would like to update and expand that scan, by exploring other opportunities for community-based development organizations in business development and workforce development, as well as other commercial redevelopment strategies.

LISC has commissioned Rainbow Research, a Minneapolis-based nonprofit organization specializing in research and consultation on effective social action and community development strategies, to conduct this new strategic assessment.

Our charge and method

Rainbow Research was charged with giving particular attention to the success factors and challenges of different CED strategies and opportunities available to local CDCs and nonprofits. We also were asked to assess the capacity-building and systems change issues that should be addressed to enable low-income communities and their organizations to make the most of these strategies and opportunities.

Through this analysis, we are seeking to address these core questions:

1. What are current trends in CED in Minneapolis and St. Paul and what are examples of best practices at the neighborhood level, both locally and nationally?
2. What are the elements of success in these models? What are the critical factors that distinguish them and make them effective?

3. Where are the opportunities for CDCs and other CED intermediaries and support organizations, including LISC, to have an impact? What strategies and models are best suited to community-based action in the Twin Cities environment?

To this end, we researched current and promising CED work through three primary means. First, we interviewed nine leading CED practitioners and analysts from across the continent. Four of these were leaders of nationally-prominent CED initiatives, four were nationally-renowned analysts or intermediary representatives, and one person was a Canadian CED specialist. Second, we interviewed twenty-one Twin Cities-based practitioners and analysts. These included CDC staff, workforce intermediaries, local and national public sector officials, and private sector CED activists. Appendices 1 and 2 list the individuals whose insights have informed the development of this report.

Third, we conducted an extensive review of the literature available on the theory and practice of community economic development. A bibliography is provided at the end of the report.

To conduct this project we formed a team with diverse skills. Along with David Scheie and Dimitri Andrusky, members of Rainbow Research's core staff, we engaged Ken Meter, president of Crossroads Resource Center and long-experienced in local community and economic development research; and JoAnne Berkenkamp, a St. Paul-based consultant on economic development, strategic planning and evaluation.

In the course of analyzing the Twin Cities CED environment and identifying opportunities, we also enlisted the support of a seven-member advisory group. These individuals were drawn from diverse CDCs, intermediaries and multi-sector organizations. They helped inform our analysis and conclusions throughout this process. Their names are listed in Appendix 3.

Rainbow Research would like to acknowledge the contributions of these many individuals to this report and thank them for their generosity in sharing insights, experience and time with us as we conducted this research. While their insights and opinions were invaluable in shaping this report, its contents ultimately represent the analysis, policy perspectives and opinions of Rainbow Research alone, and not those of advisory group members, interviewees, or other outside parties.

As an integral part of LISC's exploration of CED opportunities, this report will be followed-up by a public dialogue process. Currently under development, this dialogue process is intended to foster discussion and further analysis of the issues discussed here among a wide range of CED actors in the Twin Cities.

Report structure

This report is organized in the following sequence:

- A review of the national and global context for Twin Cities community-based economic development
- An examination of selected CED activities in the Twin Cities including efforts focused on commercial re-development, small business promotion, and workforce development initiatives
- A summary of qualities that characterize successful CED initiatives
- Prime opportunities for CED in the Twin Cities
- Suggestions for critical areas of investment for maximum effectiveness in the CED sector

Definition and goals of CED

In analyzing CED opportunities, we define community-based economic development as efforts that:

- **Increase the economic standard of living for low-income residents** in the CDC's target area, both in terms of income and wealth.
- **Build community wealth**, including economic equity, social capital and environmental sustainability.
- **Create tangible momentum toward neighborhood livability** while enabling existing residents to continue living in their own neighborhoods if they desire.
- **Assist individuals and families in reaching their full potential** by creating opportunities to build their skills and capacities, and to be compensated for that growth.
- **Seek broad inclusion** and create opportunity for all affected community members to have a voice in their community's future.
- **Ensure that community-based development organizations remain accountable to the community**, so that CED efforts fulfill rather than collide with community visions for development.

The national and global contexts for Twin Cities CED

The Twin Cities region currently hosts one of the strongest local economies in the world. At the same time, however, entrenched poverty has deepened. Strong economic structures connect the Metro area's burgeoning prosperity and its poverty. Understanding these structures, and the ways they may be altered, is essential if the Twin Cities is to effectively build opportunity for low-income people.

The powerful engine of the regional economy

As the strong financial center of the Upper Midwest, the Twin Cities command a powerful economic presence. A well-diversified cluster of industries includes agribusiness, medicine, computer technologies, financial services, printing and publishing, and natural resource extraction/processing, creating a high level of resilience in a variety of economic climates. A historical tradition of creative public/private partnerships has helped build stability and investment. Effective schools produce a highly trained workforce, especially at the upper reaches of the labor market.

Recent indicators show that the region's unemployment rate is exceptionally low at less than two percent; apartment vacancy rates are a meager one percent in the urban core; personal income and property values are rising dramatically -- with significant rises even in the poorest of neighborhoods. A new commitment to reducing sprawl by the regional planning agency, the Metropolitan Council, promises to spark new investment and higher urban density. A tide of new immigrants has been attracted to the region by job opportunities and the region's quality of life, in turn making a solid contribution to economic productivity, cultural character, and the social fabric of the Twin Cities.

Yet, other indicators paint a bleaker picture. Unemployment is markedly higher among many ethnic groups, notably African-American and Native American males, reaching levels over 20 percent in some neighborhoods. The gap between income earned and wealth accumulated by blacks relative to whites in the Twin Cities is among the worst in the nation, and concentrated poverty persists after 40 years of anti-poverty initiatives. The rate of African-American home ownership has declined. One third of the region's welfare recipients appear to have disabilities or other lasting impediments to self-sufficiency.

Poverty amidst prosperity

The connection between poverty and prosperity is implied in a recent national study by United for a Fair Economy (Cambridge) showing that from 1973 to 1998, even as productivity increased 33%, real wages fell 12%. In the same period, the top one percent of households doubled their share of national wealth. Jobs Now calculates that a single parent requires \$14 per hour to adequately support a family with two children; most entry level jobs offer wages of about half this rate despite increased productivity. By choking off consumer power at the low end, such outcomes threaten business stability in the long term.

Despite earning low wages, low-income people are important taxpayers. Most, if not all, low-income neighborhoods in the region pay more income taxes than are received in public assistance income. Minneapolis' Phillips neighborhood, for example, is the second-highest property-taxpaying residential neighborhood in the city, despite being one of the poorest. Part of this ranking is owed to the sheer size of the neighborhood. Still, many lower-income renters pay a double tax burden since their rents covers absentee owners' higher (non-homestead) tax bills. While their own communities suffered from a lack of public investment, Phillips, Near North and other low-income taxpayers have long helped pay for public subsidies that supported ex-urban sprawl (e.g., sewer, water and transportation systems). More surprisingly, Minneapolis and St. Paul taxpayers long subsidized high-growth and non-industrial suburbs through fiscal disparities formulas. This fortunately has been refined in recent years.

Industries that have historically "externalized" costs such as public safety, workforce training, English as a second language and public health, benefit from low wages. Low minimum wage rates reinforce this downward pressure. This appears to be one strong reason for the surprisingly low price rises that have encouraged the Federal Reserve Bank to keep interest rates low. Low interest rates, in turn, help out middle-income home buyers but do little to benefit consumers whose income is too low to qualify for a loan. Residents of neighborhoods like Lyndale, Seward, Hamline-Midway and Swede Hollow now find themselves priced out of housing markets they helped create through devoted and effective neighborhood volunteer activity. Ironically, higher home prices in more stable neighborhoods are fueled by poverty in other areas, as people seek an island of safety, and also by the lack of affordable housing options. Low wage rates also undermine the strong investment made by an impressively broad-based Minnesota partnership seeking to mount effective welfare-to-work programs. Simply put, wages are not high enough; there is no way for the poor to ladder out of poverty.

Structures that reinforce poverty

Recent studies of the economies of low-income neighborhoods show that such issues are structural in nature. Crossroads Resource Center's five "Neighborhood Income Statement and Balance Sheet" studies of inner-city neighborhoods have tracked a total of \$650 million flowing out of Phillips, Powderhorn, Frogtown, Dayton's Bluff and the nine neighborhoods of the Camden Community. This erosion is caused by day-to-day purchases made by low-income consumers, buying essential goods and services that are not available in their own communities. Such losses cannot be reversed solely through federal, state or foundation transfer payments. In fact, this amounts to nearly four times the total welfare costs shouldered by Anoka, Hennepin and Ramsey Counties combined.

Urban communities are further pinched by the decline of federal investment in inner-city areas. Model Cities grants that were often directed to community organizations have been supplanted by more limited Community Development Block Grants (CDBG) funds that filtered through state and city offices. CDBG moneys in turn are being reduced, supplanted by empowerment zone programs. While empowerment zones may potentially accomplish

more integrated planning, linking a larger number of local stakeholders, residents are not always closely involved in decision making.

National contexts

If, as these data suggest, low-income people are not "welfare dependent" but rather subsidize the privileged, they are not alone in that role. Since the 1980s, the U.S. has witnessed a host of "rolling depressions" that have advanced from one region or financial sector to the other: boom/bust housing markets in New England and California, fluctuating oil revenues in Alaska and Texas, the demise of the savings and loan industry, and regional farm depressions. In each case, massive amounts of debt have been accumulated and then written off or lost; immense transfers of wealth have been won or lost, and other sectors or regions have gained at the expense of the victim *du jour*.

The situation in rural locales is remarkably akin to the plight of the inner core: upper Midwest farmers are now sliding into their second major economic calamity in the past 15 years, with an estimated 30 percent of the farms in some parts of the Dakotas now being lost, small towns at risk, and endemic migration to the urban core. A recent study of homelessness in the Twin Cities showed that 10-15 percent of the homeless had recently moved from rural areas. The Department of Human Services study of the costs of aging documented both a large migration of the aging to the Twin Cities as well as a declining ability of rural communities to take care of elderly residents. Such shifts raise the costs of life in both rural areas and the city, rolling over to future generations as well. Crossroads Resource Center studies suggest that, on balance, rural areas also subsidize the metropolitan economy - still, farmers, like poor people, get falsely blamed for "dependence" on government payments, though they have contributed at least \$132 billion more to the national economy than they have received in support payments.

Such stories fall below the financial headlines, which are preoccupied with rising productivity, a rising GDP, and booming stocks, with no assessment of whether such numbers benefit Twin Cities residents. And more sober observers of the stock market -- including Alan Greenspan -- have pointed out that stock prices appear overvalued. Still more critical analysts point out that the massive rises in internet and high-technology stocks mask declines in the traditional blue-chip stocks. Many argue that the high value of internet stocks is unjustified by increasing productivity or profit margins, and many observers fear that when the reality of this hits the investment community, the market could be in for a major readjustment.

The Twin Cities in a global context

This erosion of financial resources from marginal areas to metropolitan centers in the United States is mirrored by global economic shifts. In this new era, the growing Third World in the United States increasingly resembles Third World communities abroad.

The Twin Cities economy has historically had global reach, but the pace and depth of globalization have both deepened in the past decade. Farm families that may have sold grain

to global markets as an extra source of income in the 1980s found themselves largely dependent on international buyers in the 1990s. The Asian financial collapse, for instance, devastated a core of innovative growers who had diversified into specialty soybean production for what seemed to be (a decade ago) a more lucrative Japanese market. Phillips neighborhood manufacturers who export to Africa, and University Avenue grocers who import from Asia, both feel the instabilities in such global markets.

Amid these shifting winds of local and global prosperity, communities will be forced to become both more competitive globally and also more self-reliant. Indeed, building stronger, more self-directed and sustainable communities that can respond more effectively to these changes will be the most powerful antidote to threats of instability.

CED responses to the current context

Seeking leveraging points for employment

CED practitioners in communities across the country are increasingly seeking ways to channel both sectoral growth and employers' labor-force needs toward low-income neighborhoods. In recent years, for example, CBOs and CDCs have sought out partnerships with brokering organizations with access to strong sectors ranging from manufacturing to health to social service sectors. Local hospitals in the Bronx, for example, have been committed to hiring local residents. With the sponsorship of a local CDC, the initiative has achieved success in terms of placement of low-income residents, job retention and career advancement.

Changes in the labor market offer new opportunities for workforce development innovations. In the Twin Cities, a labor-deficit environment, the last available two percent of the able-bodied workforce is in high demand. This becomes a leveraging point for low-income communities to engage employers in new ways. CBOs, CDCs and their supporters are implementing promising initiatives that target chronically unemployed or underemployed people. Some workforce development initiatives are developing ways for employers to internalize the costs of finding, training and keeping employees, in spite of work-skill deficits and developmental barriers to employment. Employers' willingness to incur the costs of preparing individuals for the workforce is a sign of the increasing sophistication and effectiveness of job training programs. Organizations such as San Jose's Center for Employment Training (CET), and Twin Cities RISE! locally, are demonstrating that intensive, individualized and culturally competent workforce development programs develop prepared workers and are well worth the expense. Partnerships between CED players focused on place (e.g., CDCs), and those focused on people (e.g., job linkage and training specialists), are becoming more common and garnering more attention as promising approaches to building lasting opportunity for low-income communities.

Moving from social service to social capital

As CED practitioners develop partnerships that address the connection between individual well-being and the well-being of place, they are also developing better understandings of the worker-family nexus of well being. Welfare reform has, for better or worse, brought greater urgency to understanding this connection. CDCs and CBOs are finding new ways to use welfare-to-work programs and incentives to overcome the multiple barriers to gainful employment, including child care, transportation and educational barriers.

CDCs are increasingly making forays into, or collaboratives with, human service organizations addressing these issues. CDCs are helping, for example, develop child care centers and schools in their target areas. A related and equally promising CED trend is the way in which human service professionals, community organizers, and CED practitioners are transcending their historical differences in approach to converging on the bottom line of enhancing the lives and opportunities of families in low-income neighborhoods. Social service organizations, for example, are seeking opportunities to employ local residents in the social service jobs that are ubiquitous in low-income communities, rather than simply “servicing” clients. Linkages are also being made between the often disparate goals of CED. Physical redevelopment initiatives, for example, are being maximized as work skill development and business ownership opportunities. Similarly, a long overdue model is evolving to connect housing and wealth creation. Efforts such as the Neighborhood Entrepreneurship Program in New York, through a private and non-profit partnership, are bringing low-income residents into the public housing management business. From child care to construction to housing management, CDCs and CBOs are connecting the unique capacities of low-income community members to opportunities for developing work skills, wealth, and further career opportunities.

The growth of recent immigrant communities represents another opportunity of the historical moment. Often unfairly stigmatized as burdens on urban human service systems, New American communities are helping turn the social service model on its head. Building on their unique cultural offerings, market share, and pooled resources and talents, immigrant groups nationally and in the Twin Cities are realizing their latent economic strength. CBOs and CEDs, whose target neighborhoods are often blessed with concentrations of immigrant communities, are on the learning curve to find ways to mobilize these strengths by building upon existing cultural, ethnic and faith-based associations. The Twin Cities other longer-established communities of color are also gaining momentum in social-network based CED. Faith-based economic development initiatives, as characterized by groups such as Urban Ventures locally, represent a particularly effective mobilizing force for CED.

Reducing outflows and promoting CED strategies in the regional context

Just as these constituency-identified communities have been able to circulate goods and services, place-identified neighborhoods can do much to reduce outflows of resources. Successful CED initiatives are evolving ways of cycling money already earned by local

residents through their neighborhoods into the housing, food, transportation, and insurance costs that constitute the bulk of these outflows. CED efforts also help reduce consumer losses and promote local ownership by encouraging redevelopment of underutilized or abandoned commercial spaces at key nodes in low-income neighborhoods. CDC-assisted commercial revitalization efforts achieve effective mixes of small local businesses -- which feature strong ties to local and niche markets -- with bigger-box retailers, which create more jobs, and offer a wider selection of affordable goods.

The significant purchasing power which lies latent in many low-income neighborhoods has nurtured locally-owned franchises as illustrated with notable success by the Pathmark Supermarket store in Newark, New Jersey. The potential for these inner-city retail enterprises to succeed is great. Still, the sustainability of suburban retail developments, and this model of development itself, is called into question. Oversaturated suburban markets and pedestrian-unfriendly design elements conspire to shine light on commercial and retail initiatives in the heart of urban neighborhoods. This, along with the need for goods, services, employment and ownership opportunities, is compelling neighborhood-level CED practitioners to consider how their neighborhoods can have a role in the greater metropolitan picture.

Related issues, such as access to mass transit, brownfield rehabilitation, and other urban in-fill redevelopment efforts have, until recently, been independently pursued by sustainable urban growth advocates and low-income CED practitioners. Today, however, CDCs and anti-sprawl constituencies are finding common ground. CDCs and CBOs are finding that their mixed-use, transit-oriented, and commercial corridor redevelopment efforts have a powerful regionalist rationale. From Washington, D.C. to the Bay Area of San Francisco, to our own Twin Cities, CDCs are becoming increasingly important in fostering input from low-income neighborhood residents on infrastructure and transit issues.

Evidence is mounting that resident-friendly commercial development is gaining newfound (or renewed, depending on the historical perspective) enthusiasm. The recently convened Federal Reserve Bank conference on mixed-use development, for example, suggests that some key mainstream institutions and CED are converging on this broad goal. This foray, in which CDCs and CBOs have a new-found role could lead naturally into some of the self-sufficiency opportunities mentioned earlier. Although much of this work is still in an experimental phase, genuinely mixed-income developments, featuring housing ownership and management by low-income residents and housing-driven workforce development, are being initiated by CED practitioners and communities across the country.

Achieving efficiency and systems change through collaboration

The metropolitan-wide vision discussed above is a sign of the times. CED practitioners as a group, and CDC directors particularly, are increasingly calling for broader, more systemic, and more collective strategies for building opportunities in low-income communities. This suggests that the convening functions served by key CED associations such as Twin Cities Economic Development (TCED), and the respective Minneapolis and St. Paul consortia of

community developers, will play key roles in the coming years. Through these associations, CDCs and CBOs can maximize their roles as specialists, consultants, and collaborators based on their comparative strengths.

Collective efforts do much more than increase the efficiency of CED activities. They are increasingly embracing the notion that no model of CED, regardless of how well-conceptualized, can have long-term impacts if the underlying rules and structures of opportunity are not responsive to the aspirations of low-income families and neighborhoods. Our research suggests that the most effective CDC-facilitated initiatives are those where practitioners have found allies and a political voice at city hall. CDCs like the Ogontz Avenue Revitalization Committee of Philadelphia, whose founder is a Pennsylvania state representative, are testimony that political leverage and credibility can go a long way toward achieving the goals of low-income individuals. Many of the most effective CDCs have cultivated relationships with city officials, from the zoning office to the mayor's office.

NOTEWORTHY CED MODELS IN THE TWIN CITIES

The previous section outlined the social, economic and political landscape for community-based economic development, and provided a broad overview of how stakeholders are responding to this environment. This section explores in more detail some noteworthy CED models now operating in the Twin Cities. These models evolved in many ways: some from years of neighborhood visioning; others from a solid base of community resources; a few from ad hoc innovations; still others have adapted models from elsewhere, most out of pressing need.. In all, we highlight seven models:

1. Building on assets in communities of identity
2. Neighborhood vision-driven economic development
3. Capitalizing on location
4. Function-based CED assistance organization
5. Tailoring employment and ownership opportunities to neighborhood resources
6. Linking workforce development specialists to neighborhoods
7. CDC-employer partnership

We deliberately classify these models according to their primary strengths, rather than how they conform to conventionally defined CED strategies (i.e., workforce development, small business creation, and commercial redevelopment) for two reasons. First, a focus on strategy tells CDCs and intermediaries very little about the execution of the strategy. For example, any CBO can do workforce development as a strategy (and when the funds are bountiful for that strategy, many do). But the more important question is, “Can they do it well, and if so, through what strengths do they do it well?” It may be the strength of a well-established network, or through a unique partnership with a workforce development specialist; or it may be through the intensity and monitoring advantages of an in-house employment counselor who works with a particular firm.

We find that CED planning is best guided by the comparative strengths of an approach. At the same time, we recognize the value of identifying discrete initiatives which build upon these relative strengths. Thus each of the following sections concludes with a sample of local efforts which utilize aspects of this model. These local efforts may range from the visioning to implementation stage in development. These are illustrative, not exhaustive, inventories of examples based on the featured model. Where applicable, we describe similar models from other communities. These serve as precedents, encouragement, and inspiration for Twin Cities actors seeking to increase the effectiveness of their CED efforts. We conclude each overview with a brief narrative description of a local effort which exemplifies the model.

Building on assets in communities of identity: CED through ethnic, cultural, gender, and faith- identified communities

This model entails identifying existing local strengths, especially formal or informal community social networks, then mobilizing these strengths toward CED goals. The most formally developed version of this model is the capacity inventory approach, developed by McKnight and Kretzmann. CDCs and CBOs can play pivotal roles to recognize and mobilize constituency-bound assets into economic development initiatives. This model can draw on a variety of local or identity-based associations, religious organizations, ethnic groups, or cultural communities; in short, wherever social networks exist.

Elements of success

- Since asset driven CED initiatives build on preexisting social networks, the crucial and often most difficult component of CED -- developing broad community ownership for an initiative -- is often a given in this model.
- One of the primary challenges in CED is organizing neighborhood businesses toward common goals, then maintaining ongoing movement towards those goals. With businesses linked by culture or identity, relatively fewer resources need to go into maintaining continuity of a CED effort.
- Much identity-based CED activity occurs in communities with fewer linkages to mainstream economic development institutions. Partnerships between identity-based CED initiatives and technically competent practitioners can have important multiplier effects. Community members will, for example, informally transfer learning about business development practices to other community members, in effect creating an informal mentor network.

Challenges

- It can be difficult to “formalize the informal.” Developing rules and expectations for constituencies not normally organized to achieve economic goals presents a challenge, and can require significant time and resources. This can impose a heavy burden on CDCs or CBOs which act in brokering roles for CED. Much depends upon the group’s familiarity with, or preparedness to learn, the essential tools of CED strategies.
- Another challenge to identity-based CED centers on how effectively the benefits of the initiative spread within and beyond the community. Practitioners should anticipate that, at least initially, successful business creation in one community may not result in much job creation for other constituencies in the area because the initiative relies intensively on the cohesiveness and shared resources of one group.

Sampling of national precedents

- Many strong ethnically-identified CDCs or CDC initiatives exist around the country. Boston’s Nuestra Comunidad, for example, helps Latino groups concentrated in certain neighborhoods access credit. Asian Neighborhood Design is a furniture manufacturing

and job training venture in San Francisco specializing in custom millwork, including kitchen cabinets and bedroom furniture. Center for Employment Training has worked successfully, especially with the Hispanic community in San Jose and other western cities. Much of this success was premised on informal networking.

- Offshoots of social service agencies targeting culturally identified groups have also had success in CED work. Centro Campesino, in Florida City, Florida, originally focused on migrant farm workers and their various needs, but has more recently branched out to broader community building and economic development initiatives.
- Faith-based economic development uses existing social capital to create opportunity. Several African-American congregations have partnered with CDCs in New York City. These have launched a number of very successful commercial redevelopment initiatives and franchising initiatives in economically depressed neighborhoods, notably in the Bronx and Brooklyn.
- Constituency-based affiliations, such as the National Minority Supplier Network, have used their relative lack of access to mainstream retail networks as a rallying point to network, support and patronize other minority vendors.

Sampling of local initiatives and opportunities

- Twin Cities' growing Immigrant Groups: El Mercado Central, Asian Businesses on the Nicollet and Snelling Avenue corridors and East African businesses in South Minneapolis.
- CED efforts among communities of color such as The Stairstep Initiative and the American Indian Business Development Center (AIBDC) incubator.
- Churches-based initiatives are increasingly becoming involved in economic development, mobilizing both the wealth and social justice agendas of multicultural congregations. Some coalitions of congregations, particularly within the African American community, are increasingly articulating economic development goals that would build naturally into asset-based CED.

Example: El Mercado Central

A rapidly growing community of Latino immigrants is settling into Minneapolis, self-consciously calling its new home in Minneapolis the *barrio*. More than 800 Latino families have joined two local churches in the past few years, overflowing Spanish-language worship services and sparking a vital community development effort. The outcome of this community initiative is the Mercado Central, a cooperative located in two renovated commercial properties at the southwest corner of Bloomington Avenue and Lake Street. Enhancing the existing strengths of the Latino immigrant community, the cooperative will offer a destination shopping center with a strong cultural presence. The Mercado is a model of a culturally-based initiative which successfully brings together community organizing with the financial and technical supports offered by both place-based and expertise-based CDCs.

Neighborhood vision-driven CED

This model features a well-developed means of communicating and acting on neighborhood **resident vision** for CED. A strong affinity between a local CDC and the local neighborhood group is a central feature of this model. By the same token, this model is more likely in neighborhoods with a strong tradition of soliciting community input, a critical mass of involved residents, and relatively limited resident mobility. CDCs or CBOs which have developed credibility and clout through their consensus-driven successes can use their strength to **bolster the CED efforts of adjacent neighborhoods**. The potential for this kind of collaboration is especially promising on projects, such as transit, that span neighborhoods.

Elements of success

- The CDC views itself as accountable first and foremost to the neighborhood. Its economic development dealings align with priorities of neighborhood residents. A strong tie between the neighborhood organizations and the CDC facilitates this way of accomplishing CED goals.
- Community consensus-guided initiatives build on previous successes. They rely on communication to keep community members on board and to inform other community members about the nature and progress of CED plans. In this way, plans are not slowed or redirected by new arrivals to the planning process. Projects are shaped by a strategic, long-term view of CED.
- Inclusion of diverse interests helps link different facets of community and economic development together, and enables designs that integrate a broader range of perspectives. For example, street façade improvements may be linked to small businesses looking for suitable retail frontage, or large scale commercial, infrastructure, or housing developments may open employment opportunities for targeted neighborhood residents.

Challenges

- Creating a broadly-shared vision becomes more difficult as cultural and economic diversity increases among neighborhood residents.
- Most CED initiatives aspire to be inclusive. The true test of inclusiveness is whether the neighborhood's very low-income residents, tenants, youth and the full spectrum of the residents of color are brought into the planning process. The ease and success with which any initiative has included all of these stakeholders cannot be overstated.
- A neighborhood vision must be renewed or revised as new residents join the neighborhood, posing a major challenge in neighborhoods with higher resident mobility and demographic transition.

Sampling of noteworthy national precedents for this model

- The Dudley Street Neighborhood Initiative (DSNI) is an example of a comprehensive community initiative where CDCs in the Roxbury neighborhood of Boston were guided by resident interests. DSNI, building on its acquired experience of community vision-guided development, is now consulting with other neighborhoods, and has even

developed a guidebook entitled *Reclaiming Lost Ground, A Resource Guide For Community-Based Brownfield Development*.

- The Development Corporation of Columbia Heights (DCCH), in Washington, D.C., facilitated a series of community design sessions, guided by residents, for transit node redevelopment. DCCH made low-income and disenfranchised residents' vision the driving force of the charettes. The role of professional economic developers and city officials was intentionally limited to informing, rather than shaping, the vision of neighborhood residents.
- Residents, business owners, churches, educators, and city staff formed the South George Street Community Partnership (SGSCP) in York, Pennsylvania, to revitalize the social and physical fabric of the South George Street community. Through a comprehensive neighborhood planning process, which combined community organizing and neighborhood leadership development, over 200 people who live and work in the neighborhood have joined together to rebuild the neighborhood.

Local potential for this model

- The Seward neighborhood is a good example with its comprehensive business networking and Franklin corridor commercial redevelopment. Now Seward Redesign is consulting with nearby Phillips around light-rail transit node planning.
- Northside Residents Redevelopment Council (NRRC) works in close collaboration with its economic development arm, NRRC Properties, Inc., also housed in NRRC offices. NRRC has recently joined a greater North Minneapolis partnership of businesses and residents which encompasses redevelopment of both the Plymouth and North Broadway commercial corridors.
- Hamline Midway Coalition's economic development activities are guided by a comprehensive plan developed by neighborhood residents.
- Lake Street Partners was involved in charettes to develop a multi-neighborhood vision of the Sears site redevelopment in South Minneapolis, but had difficulties sustaining resident input through the implementation guidelines phase.

Example

Redevelopment efforts along East Franklin Avenue in Minneapolis' Seward neighborhood have been guided at every turn by a community-based planning process. Since Seward Redesign, the CDC, convened the first Franklin Avenue Task Force in 1985, it has provided a framework and source of continuity for redevelopment of the east end of Franklin Avenue. Seward Redesign provides information regarding development activities to the Development Committee of Seward Neighborhood Group monthly. These meetings are open to the public, and are announced monthly through the neighborhood newspaper, *The Profile*. In recent months, Seward has provided assistance to the adjacent Phillips neighborhood to plan redevelopment around a transit hub on their shared border.

Capitalizing on location: transforming commercial nodes, changing perceptions, creating destinations

Unfortunately for many low-income neighborhoods, perceptions of outside residents and businesses are shaped in large part by what they see as they drive through the neighborhood: often blighted buildings or abandoned storefronts. Experience locally and across the country suggests that, along with other preparatory and complementary CED activities such as community building, redeveloping key commercial nodes, **attracting and incubating tenants** can have a number of impacts that affect the level of morale, activity, and investment that takes root in low-income neighborhoods. Negative perceptions can be overcome, and in many cases these physically revitalized areas become anchors for further redevelopment. For many neighborhoods, these redevelopments signal cultural and locational uniqueness to create opportunities for low-income residents and **destination shopping nodes** for outside shoppers.

Elements of Success

- Physical revitalization can spark the imagination and activism of community residents. A blighted or problem commercial property can be a rallying point for a neighborhood, just as the resulting redevelopment can be a tangible “victory” in turning around a distressed node or corridor.
- Successful physical revitalization builds on good relationships with anchor tenants, who see themselves not only as beneficiaries of, but as contributors to the turnaround of commercial real estate. If local CDCs demonstrate that they are effective property managers by attending to the safety and maintenance of the space, this can pay off in increased resident engagement and employment, and helpful community services, donations and in-kind support.
- Well planned mixed use development can tie together various CED goals. Providing social services, food, clothing, durables and other necessities, as well as employment opportunities, in a clustered area can both reduce costs to residents, and reduce outflow of wealth from the neighborhood.
- Urban commercial nodes can differentiate themselves from suburban counterparts by showcasing local tastes and cultures. On the strengths of distinctive local character, inner city commercial nodes and corridors can successfully draw “destination shopping,” in addition to meeting local needs for goods and services.

Challenges

- The early stages of physical revitalization must be thoughtfully executed, based on sound market analysis, that is, realistically accounts for neighborhood buying power, and finds anchor tenants who are genuinely committed to the neighborhood.

- Once the redevelopment is complete, perceptions still die hard. There may be a significant lag time between physical improvement and the improvement of perceptions. Sustaining a commercial node in a low-income neighborhood can be difficult without marketing and promotion of the redevelopment.

Sampling of national precedents

- The Ohio City Near West Development Corporation (OCNWDC) helped to attract a community-minded grocery store, part of a larger chain of Cleveland grocers. The store anchored and multiplied business activity in the long declining neighborhood, and has hired many formerly unemployed neighborhood residents.
- In Miami's Haitian neighborhood of Liberty City, a marketplace clustering ethnically-focused shops and restaurants was developed as part of an overall neighborhood revitalization initiative. It has succeeded in drawing patrons from greater Miami who would not otherwise visit the neighborhood.

Local opportunities and activities based on this model

- On the North side of Minneapolis, businesses on West Broadway commercial strip have made traffic, lighting and safety improvements. Some businesses and big box retailers on the strip reportedly, however, struggle with customer service and, as a result, there is leakage of business to other retail centers. Also on the North side, the Plymouth Avenue mini mall redeveloped by NRRC, Properties Inc. has been fairly successful, in part bolstered by the presence of Lucille's Kitchen, a successful community restaurant and meeting place. Meanwhile the neighborhood has had difficulty securing a reliable, community-oriented grocery store to anchor its small commercial strip.
- The Central Avenue commercial corridor in Northeast Minneapolis has become lively in recent years with its burgeoning immigrant population and increasingly sought-out homes and apartments. It is home to numerous ethnic food and specialty shops, and is showing potential as a destination shopping/dining corridor.
- East Side Neighborhood Development Corporation (ESNDC) and Riverview Economic Development Association (REDA) have successfully redeveloped much of the Payne Avenue and Concord Avenue corridors, on the East and West Sides of St. Paul respectively. Through storefront improvements and conversion of empty business space, both CDCs have anchored a renewed vitality in their target neighborhoods.

Example

AIBDC has helped improve both the look and number of resident job opportunities by redeveloping the Franklin Avenue mall. The mall accommodates several key anchor tenants, including a Bruegger's Bagel commissary and a Walgreen's store. These franchises have been a good complement for resident-serving tenants in the node such as the University of Minnesota clinic, Catholic Charities, and a small business incubator. The location was an ideal one for revitalization, due to locational strengths such as an available workforce, economical rents, and a central location with good access to freeways. Working closely with property owners in the mall environs, AIBDC has convinced the police to open a precinct substation office next door, and have successfully "designed out" much of the crime that had plagued the area. Meanwhile, community marketing campaigns have emphasized the unique cultural strengths of American Indian communities in Minneapolis.

Multi-neighborhood technical assistance partnership

As CDCs and CBOs take on more numerous, complex and varied initiatives, the role of specialized CED assistance organizations, which might be called “function-based CDCs” (as opposed to place-or constituency-based) grows in importance. The rationale for this model is that specializing in some of the **technical dimensions of CED** can raise the efficiency, increase the scale, accelerate the progress and reduce the administrative costs of certain CED initiatives. These organizations partner with neighborhood organizations, CDCs or other CBOs. They may function in various roles, including **broker, technical assistance provider, loan servicer and marketing assistant**, among others. The area of specialization can also vary from workforce development, to low-income housing finance, to small business creation, to commercial real estate redevelopment.

Elements of success

- Since the CED support made available in this model is determined by function (the “how to” of an initiative), the direction for these initiatives is determined by the community or constituency that has contracted the services of the function-based CED. Efforts assisted by effective function-based CDCs are therefore determined by local needs and resources, a key criterion for CED.
- By not being exclusive to particular locales, function-based CDCs are less vulnerable to funding, institutional or demographic changes that can take place in particular locations. Provided that an ongoing relationship can be maintained between neighborhoods and function-based CDCs, this model can offer continuity to neighborhoods and community development efforts experiencing upheaval or transition.
- Function-based CDCs serve important information-sharing and brokering functions connecting low-income neighborhood people to crucial mainstream lending institutions, referral networks, businesses, employers, vendors and suppliers. This offers the prospect of increasing the scale and integration of what might otherwise remain small or isolated business creation, commercial redevelopment or workforce development activities in low-income neighborhoods.

Challenges

- As consulting organizations, function-based CDCs can easily find themselves overly relied upon by the initiatives they are supporting, thus stretching their organizational and managerial capacity.
- In addition to writing grants to foundations, intermediaries and public sector funding sources, function-based CDCs struggle to decrease their reliance on outside sources. The goal of financial sustainability, if not self-sufficiency, is constantly balanced against the social goals of building capacity among low-income individuals and businesses.

National precedents

- Citywide or multi-neighborhood CDCs are growing in prominence. In Chicago, for example, the Century Place Development Corporation has a citywide mission of partnering with neighborhood organizations, providing technical assistance in real estate development, asset management, and property management. Neighborhood Progress,

Inc. (NPI) of Cleveland, similarly provides assistance to multiple neighborhoods on a contracting basis on commercial development.

- Some organizations act as conveners or clearinghouses to help nurture connections between inner city mainstream economic players. The Entrepreneurship Institute in Columbus hosts forums where small business owners meet and make contacts with larger area companies.
- Paul Pryde, president of Capital Access Group, has proposed “preferred provider organizations,” such as accounting, marketing, real estate developers and lawyers, which would lower their rates for small businesses in exchange for a guaranteed volume of business.

Local sampling of this model

- Neighborhood Development Center (NDC) is a local and national prototype for providing microenterprise assistance to neighborhoods.
- A number of local constituency-based groups provide technical assistance to culturally specific communities. Examples include AIBDC, the Asian Development Corporation, Women Venture, and the Stairstep Initiative.
- Several CED practitioners with local neighborhood-targeted CDCs are providing assistance to other neighborhoods on a contractual basis.

Example

Neighborhood Development Center is a non-profit organization in St. Paul that trains, lends to, and supports inner-city entrepreneurs with the ultimate goal of rebuilding inner-city economies from within. Through partnerships with 14 community-based organizations they jointly operate entrepreneur training and support programs in 11 low-income neighborhoods of Minneapolis and St. Paul, and within the Hmong and Latino communities. Each “Neighborhood Partner” has strong credibility and networks within its own community -- connections that make NDC’s training opportunities accessible to community residents.

Tailoring employment and ownership opportunities to neighborhood resources

CDCs and CBOs can have an important role in **identifying sectors or modes of employment** that fit well with neighborhood resources, capacities and needs. They may, for example, seek out connections to stable industries and employers in neighborhoods for finding entry-level jobs and career advancement opportunities, as has been done with notable success in city neighborhoods located near hospitals. They may find particular types of businesses that are viable in low-income neighborhoods, applying **templates or replication strategies** for how to effectively start up these businesses. They may identify a need or desire for home-based or cottage businesses in the neighborhood, and make technical assistance available for this increasingly prevalent mode of generating income and ownership opportunities. New attention is being focused on **social services as a sectoral approach** to building employment opportunities. Here high quality social service delivery is based on neighborhood resident life skills and aptitudes. **CDCs and CBOs also act as liaisons to local educational institutions**, arranging specialized training programs for particular sectors, thereby increasing the hiring from within the neighborhood.

Elements of success

- CDCs with a good pulse on the assets and aspirations of neighborhood residents, and a knowledge of local institutions and infrastructure, devise ways to link residents to their own neighborhoods in ways that build opportunities for them. This is done by assessing neighborhood resources and needs, and acting as a go-between with local institutions.
- As partnership brokers, CDCs seeking to build institution-neighborhood resident connections know how to find areas of mutual self interest for institutions. They work to make good, for example, on the stated mission of many urban educational and vocational institutions, to attract students that reflect the demographics of the community.
- Initiatives that match area residents to employment and business creation opportunities have more than high growth (typically high skilled) sectors on their radars. They are sensitive to the practicalities, as well as the immediacy of low-income resident employment needs. At the same time, they seek out opportunities where increasing skills and compensation for skills are goals at the outset.

Sampling of national precedents

- The ICA Group, a national research organization devoted to job creation for disadvantaged communities, has produced an *Industry Sector Assessment for CED Strategy*. Among the promising and replicable sectors are temporary services, environmental products and services, private security guard services, child care and franchising. These warrant special consideration as viable sectors for urban business creation.
- Home Health Care, as prototyped in the Bronx with Home Health Care Associates, has brought increased visibility to the sector through its success in employing low-income neighborhood residents, many leaving welfare. It has been applauded especially for meeting living wage criteria, and exceeding its employee retention and career advancement goals.

- Through a partnership with local educational institutions, the Ogontz Avenue Revitalization Corporation (OARC) has developed a tailor-made manufacturing training center as part of a major redevelopment effort of the Philadelphia neighborhood.

Local examples and opportunities

- Many NDC business development training graduates have had success in particular kinds of industry sectors -- child care services, for example, have been among the more popular and successfully incubated businesses.
- A number of Twin Cities educational institutions have undertaken, or have potential to provide, targeted business development and training partnerships with CDCs and CBOs. Among the many are the University of St. Thomas, Dunwoody Institute, Metro State University, St. Paul Technical Vocational Institute and Hamline University.

Example

A comprehensive planning process by Hamline Midway residents concluded that self-employment income had risen 56 percent from 1980 to 1990. The community concluded that it could strengthen one of its important assets by improving the climate for self-employment by Hamline-Midway residents. This opportunity-seeking mode defines much of how Hamline Midway Coalition (HMC) pursues CED. In addition to self-employment, Hamline-Midway economic development director Dave Gagne believes the organization could make good use of urban business development templates, based on research in other areas, to replicate urban businesses in the Hamline-Midway area. Gagne has also researched opportunities in HMC's target area by canvassing tenants with street level retailers about vacant second floor space, opening the possibility of future mixed-use development. HMC leaders also recognized that Hamline University, after which the neighborhood is named, can play a creative and economic role in the future of the neighborhood as well.

Linking workforce development specialists to neighborhoods

CBOs in partnership and networks with workforce development specialists

CBOs and CDCs can serve as the **crucial link between neighborhood residents and employers** by tapping into workforce development programs that are employer-driven and/or city-sponsored. The roles of the CBO can range from recruitment and screening of neighborhood residents, to placement of neighborhood residents, to actually providing employment support services (such as job counseling, retention, follow-up) to residents. These may be done as part of a **coordinated network of CBOs** with a central **employment hub**, or may be a **contractual partnership** between a CBO and an employment specialist.

Elements of success

- The specialist-neighborhood linkage model makes effective use of the core skills of organizations specializing in workforce development. The workforce development organization makes effective use of its relationship with employers, or for hard-to-employ people, it may use a specific assessment, placement or training technology that has been refined over time.
- CBOs and CDCs use their knowledge of the community to recruit and screen from city neighborhoods. Local community technical colleges have an interest in connecting to firms for job-oriented curricula.
- For employers locally, labor shortages serve as incentives for employers to work in partnership with city neighborhood groups, who have access to unemployed residents. They have further incentive to work with workforce specialists to contain costly turnover among entry-level workers.
- The city brings tax abatements and other incentives to employers hiring from welfare-to-work programs, along with living wage employment criteria. County welfare-to-work case managers are tied into networks, not only with job placement capacity, but the mandate to utilize other non-income benefits (such as child care credits) while helping job seekers overcome barriers to employment (such as child care, illiteracy and transportation).

Challenges

- Understanding and supporting a continuum of underemployed and unemployed neighborhood residents. CBOs and workforce development organizations, often by necessity, focus on one subgroup of unemployed populations.
- Gap coordination and role clarification among the multitude of workforce development organizations was a commonly identified need.
- Workforce and job training specialists often cite a need for a less parochial, more regional approach to workforce development.
- Increasing the scale of workforce development programs for the hardest to employ. These programs tend to be smaller in scale because of the intense case management needs.

Sampling of national precedents

- The Portland Development Commission (PDC) has leveraged employer participation in Portland's JobNet linkage program through development incentives such as tax abatements, relocation and land assembly assistance and small business loans. Through JobNet, the PDC (Portland's quasi-governmental equivalent of the MCDA or St. Paul Port Authority) has maintained a high retention rate among minorities and low-income residents through this first source hiring program.
- Cleveland-based WIRE Net (Westside Industrial Retention and Expansion Network), has gained national attention with an employer-driven placement and retention program where community-based organizations serve as access points and facilitators for Cleveland firms.

Local opportunities for CDC brokered workforce development

- Neighborhood Employment and Training (NET), in cooperation with the Private Industry Council, has had considerable success in connecting unemployed Minneapolis residents to employers through a network of partner neighborhood organizations. In addition to coordinating a network of employer-CBO partnerships, NET coordinator Michael Brinda sees potential to assist workers in grouping and packaging other income enhancing work benefits such as child care and earned income tax credits (similar in some respects to the NDC's centralized TA model).
- Covering the East Metro, Community Employment Partnership (CEP), like NET, operates on a hub-and-spokes principle, but with county Temporary Assistance for Needy Families (TANF) caseworker offices rather than community-based organizations as the points of contact with the hub. Just as NET uses its JobLink data base capacity for employer placement, CEP contracts with Employer Solutions, Inc. for placement assistance.
- Twin Cities RISE!, which focuses primarily on hard-to-employ men of color, has garnered considerable attention with its high retention rates. The organization has also proven its merit to the employers, who pay TC RISE! for its work readiness training and follow-up services. Although TC RISE!, since its inception, has taken a constituency-based approach to workforce development, opportunities for partnering with CBOs and CDCs exist, especially in providing career development for participants placed through a NET or a CEP hub-and-spokes model.

Example

Frogtown Action Alliance (FAA) contracted with HIRED to help match and provide limited employment support services to residents recruited by FAA. Frogtown residents were then matched through HIRED's JOBLINK database to employers participating in The St. Paul Port Authority's customized job training program. This partnership in turn encouraged training programs at local vocational and technical schools to tailor courses to the specific needs of participating employers. While HIRED staff no longer work on-site at FAA, linking workforce specialists to specific neighborhoods through CDCs, vocational/technical schools, and city-sponsored employment initiatives remains a promising model.

Direct CDC-Neighborhood Employer Partnership

CDCs and CBOs can have a role in increasing resident employment by establishing employment agreements directly with local firms. This model warrants attention and development in circumstances where a receptive neighborhood employer and a capable CDC or CBO can develop a working relationship. The most significant advantage is that the CDC with a job counselor on staff can **maintain a level of direct contact with the employer**. This relationship would be weaker in CBO-employer partnerships mediated by employment specialists. As a result, the CBO can be more purposeful about the target population to which it provides placement and retention services, and can tailor the kinds of supports it provides according to the needs of individuals using a **case management** approach.

Elements of Success

- CDCs, in contrast to constituency-based workforce development organizations, have a specific mission of increasing opportunities at the neighborhood level. This means that a job counselor can actively recruit, screen and monitor a group of trainees with a view to building community amongst participants.
- Participants are not only accountable in the workplace to the employer and to the counselor in the work readiness sessions, but to each other as neighbors in the places they live. Thus, group role modeling and accountability come into play in ways that would not be possible by simply focusing on individual participants.
- The CBO staff job counselor can act in an ongoing troubleshooting capacity. In this role he or she can help educate and sensitize the employer to the needs of residents with minimal job histories and skills, and intervene when difficulties arise between the employee and the employer.
- Over time successful CBO/CDC-employer partnerships can be refined and formalized into a career laddering system, where participants are placed and tracked for career advancement within the partner firm.

Challenges

- The main challenge to the direct CDC-firm partnership is increasing the scale of these programs, which tend to be smaller in scale because of the intense case management needs.
- A high job counselor-participant ratio, in addition to highly qualified job counselors, is critical for the CDC-employer partnership to be successful.

Example

Forming a long-term partnership with Whittier Community Development Corporation (WCDC), NICO Plating, a local chrome plating firm, agreed to reserve employment opportunities for graduates of a Whittier CDC course that helps to prepare residents to be more effective employees. Although the NICO/WCDC partnership continues to deal with a host of challenges, such as effective job laddering, retention, and serving the most difficult to

employ, this effective model holds great potential for replication and expansion in the Twin Cities neighborhoods.

ELEMENTS THAT CHARACTERIZE SUCCESSFUL CED INITIATIVES

The CED approaches discussed in this report, while unique in their strategies and local environment, share common elements of success. While not every successful CED initiative includes all six elements, our review showed these elements to be common threads that run through many of the more effective CED initiatives:

1. The initiative increases income, wealth, community connections, and opportunities for low-income people.
2. The initiative is guided by community assets, resources, and needs.
3. The initiative is community directed.
4. The initiative has continuity.
5. The initiative demonstrates effective collaboration.
6. The initiative is linked with other mutually supportive CED activities.

These success factors can also serve as a guidepost for identifying promising opportunities, strengthening existing efforts, or guiding new initiatives.

We have also used the collective learning of local and national CED practitioners to caution that each success factor carries inherent challenges. It is essential that CED initiatives proactively and honestly address these challenges. In fact, we highlight challenges as crucial precisely because the capacity to surmount them may be the greatest commonality among successful CED efforts.

Six key elements to successful CED initiatives

The initiative increases income, wealth, community connections, and opportunities for low-income people

The initiative:

- **Has an economic impact.** CED increases the economic standard of living for low-income families and individuals in the CDC's target area, both in terms of income and wealth.
- **Creates "community wealth."** Wealth is defined not only in terms of financial assets, but also in terms of other resources of value in the community, such as social or civic associations.
- **Increases choice for community residents.** CED increases neighborhood livability in a way that existing residents can remain if they desire.

- **Helps individuals and families achieve their full potential.** Low-income people are given opportunities to discover and grow in terms of skills and capacities, and are equitably compensated for that growth.
- **Seeks broad inclusion.** CED opens opportunities for all low-income community members to contribute their voices to economic development initiatives. Accountability of CED is to the community.

Challenges:

- Balancing breadth vs. depth of impact. Likewise, balancing risk against “returns” of CED resources used.
- Impact is narrowly defined (i.e., defined only in terms of raising incomes).
- Impact should ultimately register community-wide, not simply as “number of individuals served.”
- Impact may not be immediately apparent, especially behavioral impacts.

The initiative is guided by community assets, resources, and needs

Whether periodic or ongoing, successful CED efforts are deliberate about accounting for and utilizing skills, abilities, connections, knowledge, and physical assets. Successful initiatives also begin with an understanding of the needs that these available resources can meet for low-income neighborhoods.

Challenges:

- Recognizing these assets.
- Large investment of time and energy.
- Possible barriers to trust among community members, as well as between the CDC and the community. Negative perceptions held by the community at large or by institutions may continue in spite of successful asset-based development initiatives.

The initiative is community directed

A clear mechanism for community guidance is a common feature of successful CED initiatives. Some begin with some demonstration of grassroots ferment, and maintain this momentum throughout the CED initiative. Others maintain a strong community advisory relationship for generating input and direction from the community residents.

Challenges:

- The increasing complexity of CED has effectively narrowed some aspects of the field to a limited number of technically capable practitioners.

- Changes in composition of neighborhood residents, as well as changes in the local organizational landscape can change local power relationships, at times preventing the communication of clear community-based cues for CED activities.

The initiative has continuity

Successful CED efforts build on the community connections, expertise, credibility and leadership developed through past initiatives.

Challenges:

- Challenges mainly relate to maintaining organizational capacity, (staff turnover, budgetary constraints and budget shortfalls, reactive planning, overly-diversified activities, ineffective/nonexistent documentation, reflection or evaluation practices).

The initiative demonstrates effective collaboration

Successful initiatives, to varying degrees, have worked in collaboration with other entities. They are characterized by a high degree of trust between key organizational contacts, and show a willingness to address the needs of sectors or organizations, some with very different world views from their own. Some CDCs or CBOs have, by circumstances or by mission, developed core areas of expertise, which raise their profile and demand among stakeholders within and beyond the CED field.

Challenges:

- CED stakeholders are not always accustomed or trusting of the “strange bedfellows” that the CED field can create.
- Fear that partner organizations will railroad a community-based economic development effort, perhaps using their greater financial clout or capacity to charge ahead without being slowed by consensus building.
- The related concern that credit for that success will not be shared evenly between the CBO/CDC and its public or private sector counterpart.
- Partnerships have sometimes undercut their own effectiveness by stretching the lines of communication among partners too thin. Communication ground rules must be made explicit among partners in CED initiatives.

The initiative is linked with other mutually supportive CED activities

Integrative approaches use multiple levels of community capacity. For example, CDC-brokered workforce development builds residents' income. Resident buying power, in turn, supports small businesses incubated at the CDC. As small businesses thrive, they may be able to expand into CDC-redeveloped commercial nodes. Successful CED initiatives are deliberate about what forward or backward linkages will strengthen the various activities.

Challenges:

- CDC/CBO staff is too small, overburdened or too specialized to make connections across CED activities within a CDC or CBO.
- Too many activities cannot be effectively connected and can lead to lack of CDC/CBO focus.

PRIME CED OPPORTUNITIES IN THE NEXT FIVE YEARS

Prime CED opportunities will be rooted in community vision and accountability. As outlined below, some of the most intriguing will be opportunities:

1. in situations where success elements are already substantially present
2. in other low-income communities whose community-based capacity is growing
3. where distinctive opportunities arise out of this historical moment.

Opportunities where success elements are already substantially present

1. **Mature place-based situations: neighborhoods where there are strong webs** linking residents, businesses, institutions, community organizations and CDCs, giving each the capacity to articulate broadly-shared community visions for CED and ensuring that local residents and stakeholders benefit from new initiatives, will be core leaders in CED. While we have not attempted to catalog all effective efforts now ongoing in the Twin Cities or to rank those that we have reviewed, we noted several examples of initiatives that have both positive community processes and technically skilled development organizations (as described in the section titled “Noteworthy CED Models in the Twin Cities”), including: Seward and the Near Northside of Minneapolis, Hamline-Midway and some of the redevelopment initiatives underway on St. Paul’s East side.

When community proposals can demonstrate community support and accountability, they should receive investment, to assure that progress toward community visions is achieved.

2. **Identity-based communities** offer important promise for CED. The new initiative to launch a national Asian-American CDC, the strong desires of many African-Americans in the Twin Cities to work through ethnic and racial networks of trust, and established organizations like the Native American Bank, and the Women's Economic Development Corporation, all speak to the fact that identity-based CED efforts may tap the creativity and energy of important constituencies who currently feel disinterested in traditional CDCs or neighborhood-based CED.

A number of people of color express concern that mainstream CDC initiatives, planned by professionals and experts, have not adequately taken the needs of communities of color into account. The Twin Cities has been both the rule and the exception in terms of engaging people of color and non-professionals in CED. A significant number of Twin Cities CED practitioners co-evolved professionally with the CED field (that is, as

community activists rather than CED professionals). Yet today, both Minneapolis and St. Paul leave much to be desired in terms of engaging people of color at both the grassroots and professional management levels in the CED sphere.

This essentially means that vigorous research and development is required in which communities of color will be supported by LISC to develop CED approaches that work well with ethnic, racial, gender and other identity-based constituencies. It also means enhancing the availability and development of CED's "technical skills" (real estate functions, loan assembly, financial and information management, etc.) within low-income communities of color.

Opportunities in other low-income communities to build and leverage community-based capacity

Neighborhoods where important capacity issues need to be addressed call for a range of responses. Clearly, in certain locales, LISC can play a critical role with targeted investments to build capacity in areas that are not ready for broader CED efforts. Or these neighborhoods could be connected to other funding sources that are more appropriate for basic capacity building (developing a strong, persistent and independent neighborhood organization, or supporting a long-term visioning and monitoring process, for example).

Since the question of neighborhood administrative capacity is so persistent, however, it would make sense to develop consistent, long-term support for building the capacity of neighborhood organizations to initiate and coordinate community economic development efforts. Partly this can be achieved by persuading parties such as the Neighborhood Revitalization Program (perhaps by seeking sustained funding through the Minnesota Legislature) to allocate long-term funds for such capacity building. This would include:

- Long-term support for neighborhood organizations to become more involved and more effective in CED partnerships (including NRP funding).
- Community visioning processes.
- Community relationship-building to build a stronger fabric of community.
- Comprehensive community planning initiatives.
- Forward-looking use of neighborhood and community indicators as a way of building a unified set of goals among stakeholders and also as a way to set long-term neighborhood goals.
- Training, incentives and support for cross-neighborhood, cross-sector collaboration.

Distinctive opportunities in this historical moment

1. **Larger place-based initiatives:** Where large properties are available for redevelopment, or where commercial corridors require cross-neighborhood collaboration, large scale developments may assume practical and symbolic significance. In these cases, LISC and other CED stakeholders can play key roles in forming public-for-profit/community-nonprofit partnerships, in convening and facilitating meetings that form strong working collaborations, in ensuring that the interests of all cultures are served, and in evaluation to ensure that community capacities, opportunities, income and wealth are built. Examples of likely larger-scale developments include:

- Hollman site (Near North Minneapolis)
- Sears site (Southside)
- Phalen Corridor (St. Paul)
- Lake Street corridor (Southside)
- LRT Nodes on the Hiawatha Corridor
- Midtown Greenway (commercial connections to Lake Street corridor)

Due to the larger scale of these initiatives, there is currently less capacity among neighborhood-based organizations to effectively shape development efforts. For example, Lake Street Partners, the Chicago-Lake business association, and the multi-neighborhood collaborative covering the LRT route show great promise, but it is not clear they will have a strong enough voice relative to powerful development interests. On Minneapolis' Near North side, a combination of grassroots empowerment, political pressure, and institutional introspection have brought fresh prospects for housing-based neighborhood redevelopment that addresses the needs and aspirations of current low-income families. If CED leaders and other Northside stakeholders can converge on common goals, this site presents a major opportunity for employment, housing management and resident entrepreneurship. Here, too, it is unclear whether local community voices will be able to exercise a sufficiently strong voice.

2. **Workforce and related development:** The full-employment economy poses an exceptional opportunity. Employers are increasingly discovering they need to cast a wider net for prospective workers if they are to operate at full capacity. This process of assisting employers to adjust to the realities of life faced by their new lower-income workers, and of encouraging these workers into positions that pay livable wages, are prime opportunities in the current economic context. And strategic plans should be made now to ensure that once such initiatives are underway, they will continue in the event of an economic downturn.

Creating a more respectful work climate for low-income workers and helping these workers acquire the "soft" skills and social networks for staying productive on a job appear to be the most needed initiatives. Previous efforts to offer skills training do not appear as useful, since employers can pay for skills training for a loyal and reliable employee.

The wealth of experience in workforce training demonstrates the efficacy of offering sufficient funding for research and development of workplace strategies. NET links firms to neighborhood referral agencies and offers transportation links. HIRED's exceptional computer data base offers fingertip access to job openings at local neighborhood sites. The Community Employment Partnership shows employers how to adapt to the changing needs of their workforce. Twin City RISE! offers precise assessments of job-seeker skills and interests, carefully matched employment, and corporate-based training. Stairstep leverages faith and cultural ties into workplace development. Whittier CDC assists a small cadre of residents of color who work in the NICO plating shop.

Other measures worthy of consideration include public policy initiatives for employers to be good community members (e.g., incentives for firms to locate, expand or hire in low-income neighborhoods), and efforts to help employers internalize costs (for livable wages, English as a Second Language, training and retention efforts) so they do not continue to require so much public subsidy. The strong, expanding economy also presents an opportunity to facilitate more vendor/supplier/subcontractor relationships between major firms and inner-city, women- and minority-owned firms, in addition to workforce linkages to lower-income residents.

ACHIEVING OPPORTUNITIES: A SYSTEMS STRATEGY FOR CED IMPACT

Our review of community-based economic development efforts in the Twin Cities and nationally strongly suggests that five types of investment are crucial if economic development is to genuinely benefit low-income communities. These are:

1. Long-term support to established groups with high potential
2. Committed capacity building in less-organized communities
3. Targeted support in response to imminent opportunities
4. Research and development (R&D) of innovative approaches
5. Building a supportive institutional and policy environment for CED

We believe that this framework should serve as a guide as LISC sets priorities for its own involvement in the Twin Cities. And where LISC does not choose to take on these issues itself, it should work to ensure that these needs are being effectively addressed by other actors.

Long term support to established groups with high potential

Long-term operating support is a critical factor in the longevity, stability and sustained focus of established community-based organizations. Recognized leaders in CED have performed nationally ground-breaking work by paying close attention to the particular aspirations of the low-income people in their locales, and by shaping action strategies that build capacities in and for those people and locales. Having built CED efforts that serve as models to other communities, broken new conceptual ground, and developed organizational structures with broad-based community support, these groups may be considered by some to be mature. Some would argue that no further operating support from LISC or other actors is needed.

However, it is important to keep in mind that most of the solid innovations devised by such groups were built in response to resident requests, without front-end funding, and using street savvy or trial and error. Most have been built out of long-term commitment to local community members and businesses, yet it is essential to the long-term success of community-development efforts that CDCs be able to pursue new innovations, and retain old commitments, without fearing for their financial health.

Consistent, long-term operating support in an interactive partnership with the CDC will help the organization focus on its central mission of CED without being diverted by undue demands of fundraising or near-term funding crises. Some of this funding for operations should also be directed to community partners to assure their long-term engagement with CED efforts. Only such a persistent long-term commitment can bring about the core shifts in attitude and orientation required by CED.

Established groups with high potential will, of course, also gain from specific funding of individual projects, of individual and community capacity-building efforts, and of research and development. A systems approach thus requires continued efforts to link CED groups into even more effective coalitions and partnerships.

Committed capacity building in less-organized communities

In communities with relatively less capacity for CED, carefully targeted funding should be made available to build that capacity. The initial focus should be on aiding formation of more comprehensive partnerships in specific locales and generating a unified community vision for development in the long term. As this groundwork is laid, new initiatives that address specific opportunities become possible, and these in turn will lead to more comprehensive projects.

Capacity building in communities of identity (e.g., gender and ethnic communities) is especially attractive given the earlier emphasis within the CED community on geographically-defined efforts. Relatively few of these geographic initiatives have been deeply effective within communities of identity. Many members of these communities also report that they feel a far stronger connection to other members of their group than to any geographic entity.

In addition, building the capacity of technical assistance providers that serve CDCs and CED initiatives holds great merit, as do investments in citizen participation processes, neighborhood planning and community organizing entities.

Targeted support in response to imminent opportunities

Specific economic development opportunities are being created through decisions made outside of, but impacting, low-income communities. As described in the preceding section, these include both place-specific opportunities where large parcels are becoming available for redevelopment, and functionally-specific opportunities to provide workers, vendors and subcontractors to strong or expanding businesses.

In these situations, the key CED investment is to support community-based groups to explore and assess these opportunities and to determine whether and how they might take advantage of them.

If community-based groups conclude that these opportunities can be pursued in ways that honor local values and aspirations, then the priority investment would be to support these groups in that pursuit.

Research and development to develop innovative approaches

Active support for innovation is another critical area of investment. In the long term, CED practices will improve through careful innovation. As new capacities are built, new issues emerge. As one cluster of issues reach resolution, new needs may surface. Each new community in turn offers new opportunities to learn and refine CED practices.

Efforts such as the Success Measures Project and the Neighborhood Sustainability Indicators Project show the efficacy of linking CDC work to broader community outcomes, and the wisdom of developing more integrated approaches to CED. Such work has been accomplished only because research and development moneys were available.

Promising research and development directions include refining the following tools and preparing training/technical packages that would make it easier for a community or public authority to do the following:

- Measure community assets/opportunities;
- Analyze local economies;
- Monitor CED progress toward community-defined indicators;
- Enhance development by reducing costs of living;
- Establish revolving loan funds for low-income community reinvestment;
- Form individual development accounts and other leveraged incentives;
- Build stronger local food systems as a path to community building.

Building a supportive institutional and policy environment for CED

Even though CED initiatives are trying to build capacity amidst an extractive economy, it is crystal clear that not all of the answers can be found at the local level. Effective CED requires development of a supportive institutional and policy environment. Investments can be usefully targeted at a variety of approaches to:

- Build direct personal links from low-income citizens to individual policy makers, lenders, corporate, non-profit and government officials, so that institutional and public policy builds upon direct experience of the values, needs and goals of low-income individuals and communities.
- Educate private and public leaders about the desirability of CED as a strategy for building opportunity, capacity, income and wealth in low-income communities.
- Develop incentives for corporate officials to pay livable wages to employees.

- Engage specific lenders in revolving loan purchase programs aimed at reducing the flow of money out of low-income neighborhoods.
- Work with public officials to ensure that future housing, economic and commercial corridor development through programs such as the Livable Communities Act, the Minneapolis Neighborhood Revitalization Program, Hennepin Community Works, Hennepin County Training and Economic Assistance, Ramsey County programs and St. Paul Planning and Economic Development build capacity, opportunity, income and wealth for low-income residents, and conform to neighborhood resident-defined indicators of neighborhood sustainability.
- Work with Metro Council officials in a coordinated effort to develop affordable housing in mixed-use developments that build stronger senses of place and community in the Twin Cities.
- Work with Metro Council and state officials to ensure that new urban density and reduced sprawl do not gentrify low-income neighborhoods at the expense of current low-income residents.
- Work with legislative leaders to adopt laws creating a revolving-loan pool for low-income neighborhoods sufficient to reverse the flow of secondary mortgage payments away from low-income neighborhoods.

APPENDICES

Appendix 1: National/out of state interviews

National CED Authorities/Practitioners

- Allan Okagaki, Seattle-based CED consultant/author
- Norman Glickman, Rutgers University Center for Urban Policy Research
- Angela Brown, National LISC Jobs and Income Program
- Kevin Kelly, National Congress of Community Economic Development
- Michael Lewis, Center for Community Enterprise (Ottawa)

Selected Out-of-State Initiatives

- Andrea Thomas Reynolds, Ogontz Avenue Revitalization Corporation (Philadelphia, PA)
- Greg Watson, Dudley Street Neighborhood Initiative (Boston, MA)
- Tania Jackson, Development Corporation of Columbia Heights (Washington, D.C.)
- John Wilbur, Ohio Near West Development Corporation (Cleveland, OH)

Appendix 2: Local Interviews

Twin Cities CDCs:

- John Flory, Whittier CDC
- David Fey, Seward Redesign
- Dave Gagne, Hamline Midway Coalition
- Wafiq Fanoun, Bill Semple, Nicole Harris, Northside Residents Redevelopment Council
- Mike Temali, Neighborhood Development Center/ WIND*
- Teresa Carr, American Indian Business Development Center
- Jesse Kao Lee, Asian Development Corporation*
- Shem Shakir, Frogtown Action Alliance

Policy Advocacy:

- Dave Mann, Minnesota Alliance for Progressive Action

Workforce Development/ Income Enhancement Nonprofits:

- Mike Brinda, Neighborhood Employment Training
- Jean Hammink, Community Employment Partnership
- Steve Rothschild, Twin Cities RISE!
- Sam Grant, Wendell Phillips Community Federal Credit Union

Public Sector:

- Jackie Copeland-Carson, HUD*
- Ken Johnson, St. Paul Port Authority
- Steve Cramer, PPL /MCDA

Private Sector:

- John DuRand, Minnesota Diversified Industries (site visit)
- Al Emory, Western Bank
- Ray Harris, Urban Consulting

*Advisory Group Member-follow up interview

Appendix 3: Advisory group members

- Martin Adams, Twin Cities Economic Development Group
- Jackie Copeland Carson, U.S. Department of Housing and Urban Development(*ex officio* member)
- Keith Ford, Minneapolis Community Development Agency
- Jesse Kao Lee, Asian Development Corporation
- Bill McMahon, HIRED
- Karen Reid, Neighborhood Development Alliance
- Mihailo Temali, Neighborhood Development Center

Appendix 4: Two models of community economic development

While the CED initiatives we analyzed encompass a wide range of approaches, we outline below two models that highlight contrasting approaches. These two models are founded on very different views about “where” the long-term vision for CED efforts should originate and how it should be pursued. We also highlight below two illustrative models for pursuing CED. The first, and perhaps more familiar, puts CDCs at the center of process. The second model stresses the engagement of many actors in support of a community-based vision. It is this latter model that we recommend to LISC in the belief that it best enables a community, as a whole, to achieve the success factors discussed below.

The CDC-centered model of community economic development

One accepted model of Community Economic Development suggests that CED is primarily the work of Community Development Corporations. As shown in Diagram 1, this model places CDCs at the center of the CED effort, with professional expertise of CDC staff making the critical difference in revitalizing the neighborhood. Cultivating a set of key contacts with lenders, investors, developers, public agencies, existing and new businesses, technical assistance providers, training and educational organizations and residents, the CDC will complete financial deals that bring a new spark to a community's economic life.

The proper role for an intermediary organization, this view holds, may be to support the CDC so it builds its capacity as a technical provider. Often residents and workers are seen as recipients of the CDC's services, usually with no important role in framing the CDC's approach. Whether resident needs for daily essentials like food, housing, transportation and insurance are better met in this process is often seen as icing on the cake, but not central to the development process.

Typically, a CDC-centered approach assesses its outcomes based upon the number of new jobs that are proposed in a new development, the number of businesses that are brought in or revitalized, and upon the potential increase in tax base that may accrue to the local unit of government. Seldom, however, is achievement of such goals actually evaluated after the work is complete.

Consensus and vision-centered community economic development

A second approach to CED is premised on the belief that CDCs are of vital importance to revitalization efforts, but only as partners with other resident-based efforts. This model, practiced by groups such as Dudley Street Initiative, Seward Redesign and Hamline-Midway Coalition, centers upon the need for community residents to define their own vision for the future of their community. When this vision is long-term and when stakeholders of all ethnicities and levels of investment and income are represented, a more integrated approach to development is likely to result.

As shown in Diagram 2, a community-based organization (usually a residents' group) will take charge of bringing consumers, workers, tenants, homeowners, ethnic groups, non-profits, local businesses, public agencies, educational institutions, churches and other stakeholders (including the CDC) together to define and commit to a long-term vision. Some of the questions central to that discussion will be:

1. What assets does our community already have?
2. What is our 50-100 year vision for creating a stronger community and sense of place here?
3. What will each of the stakeholders present contribute to ensuring that that vision succeeds?
4. How can we meet more of the needs of our residents using local resources?
5. How will proposed developments build capacity, income, wealth, and opportunity for local residents and businesses?
6. How will this CED effort integrate our attention to various issues like housing, economic development, public safety, transportation, and so forth?

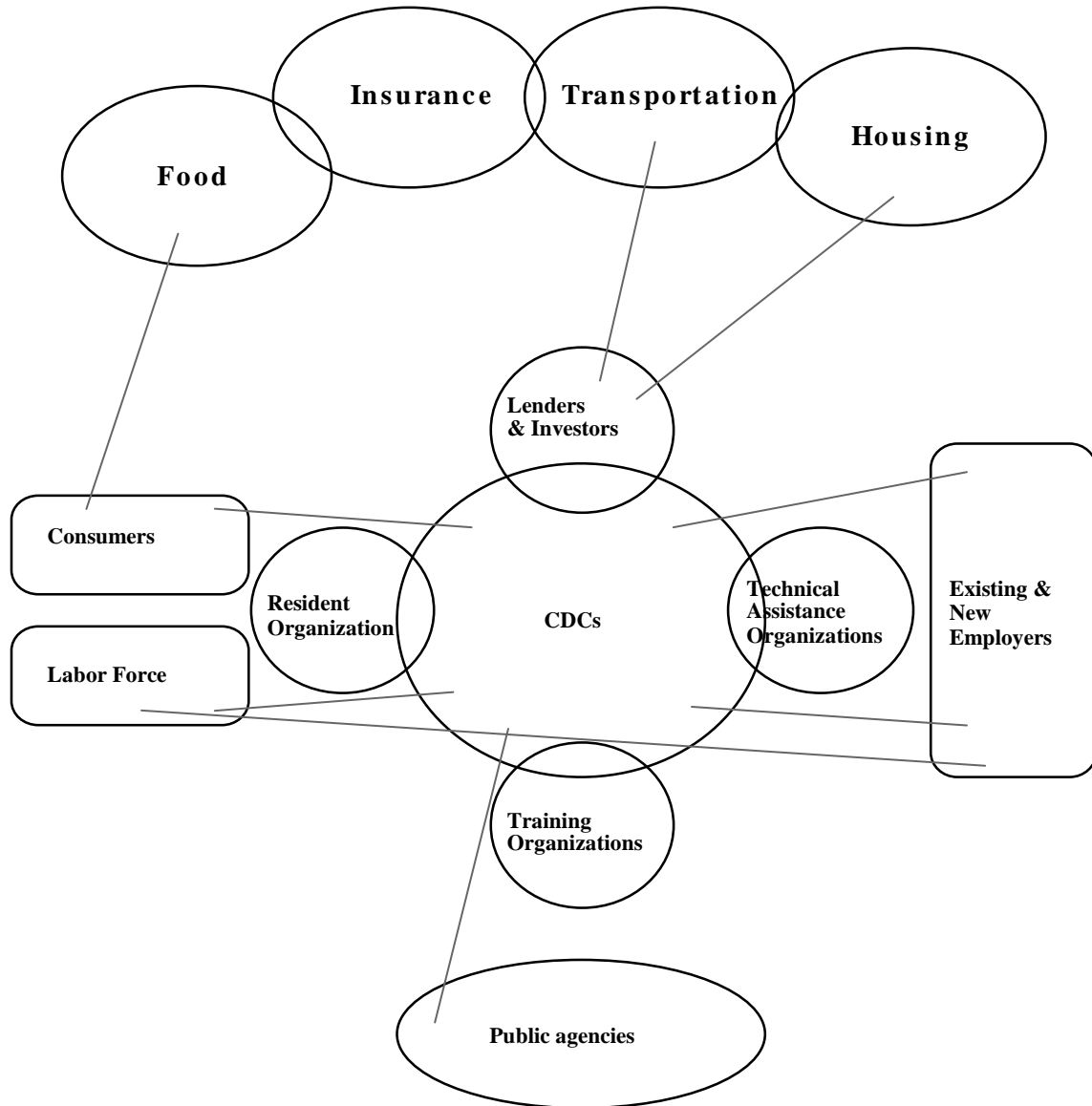
Under this model, the CDC acts on behalf of this local vision. The CDC's role is to serve the community's residents and their vision, using technical expertise to advance that vision. Greg Watson of Dudley Street Initiative says that "DSI is not a CDC. Our role is basically two-fold: (1) To organize residents. We organize around a positive vision of the neighborhood's future. (2) To be the stewards of a resident-defined vision. People can lose sight of the vision if we don't keep it alive. The work is frustrating, tedious, boring, complicated and contentious, and all of it is necessary."

Under this consensus- and vision-centered approach, resident organizations and the CDC work as relatively equal partners, bringing in a diverse set of other participants, building a broader consensus around the long-term vision and helping ensure it is implemented.

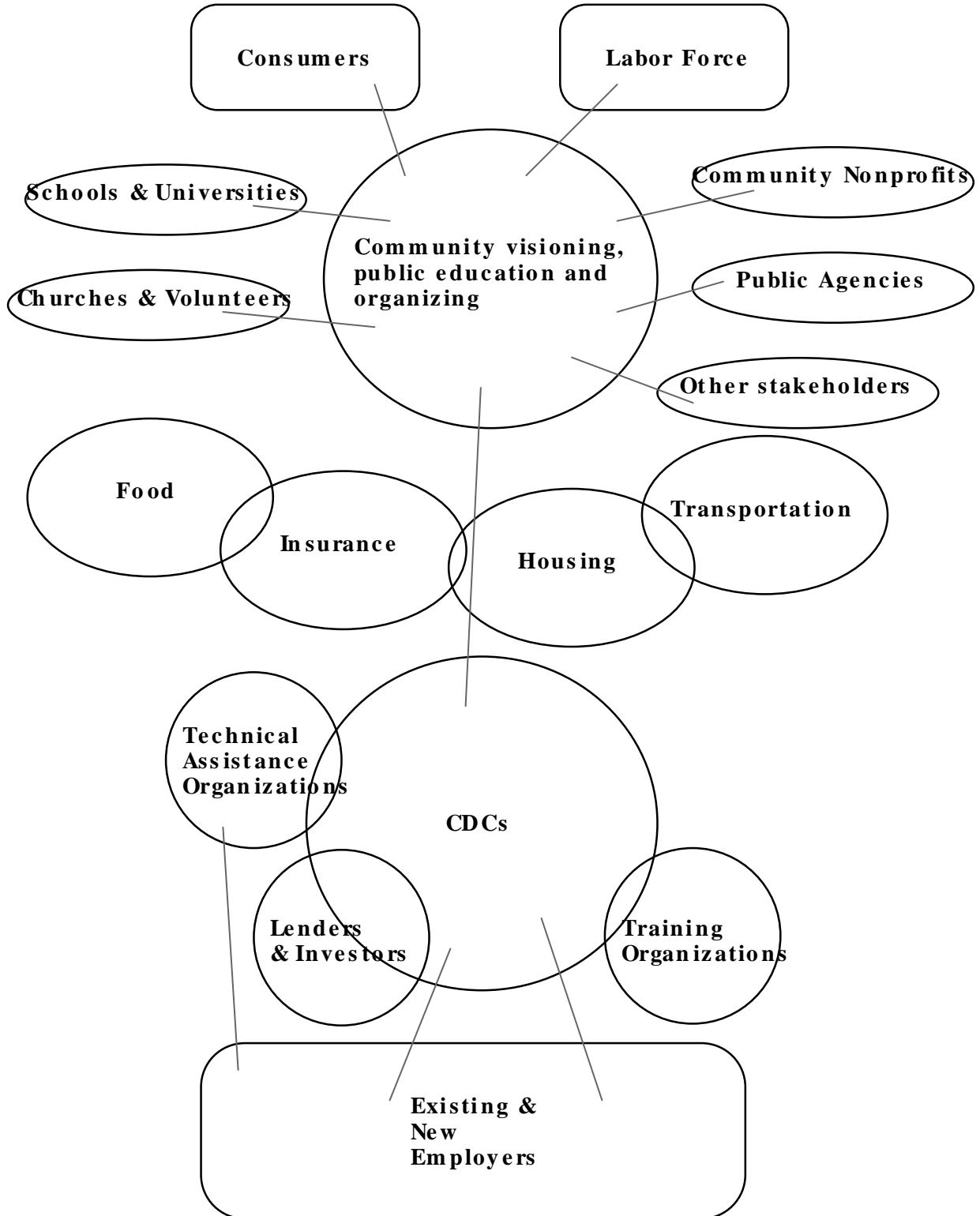
Such CED efforts may be evaluated more on the strength of the partnerships formed, whether such partnerships lead to spontaneous acts of community building, how much local income and wealth is created, and how well an integrated set of goals defined by the resident organization are met. Indicators such as the Success Measures now being developed by the Development Leadership Network, and the Neighborhood Sustainability Indicators recently proposed by two neighborhoods in Minneapolis with Crossroads Resource Center, may also prove to be useful in evaluating such CED efforts.

We recommend that LISC work in support of this second model, one we believe best enables the development and realization of a consensus-based community vision.

CDC - centered community economic development



Consensus & Vision - Centered Community Economic Development



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