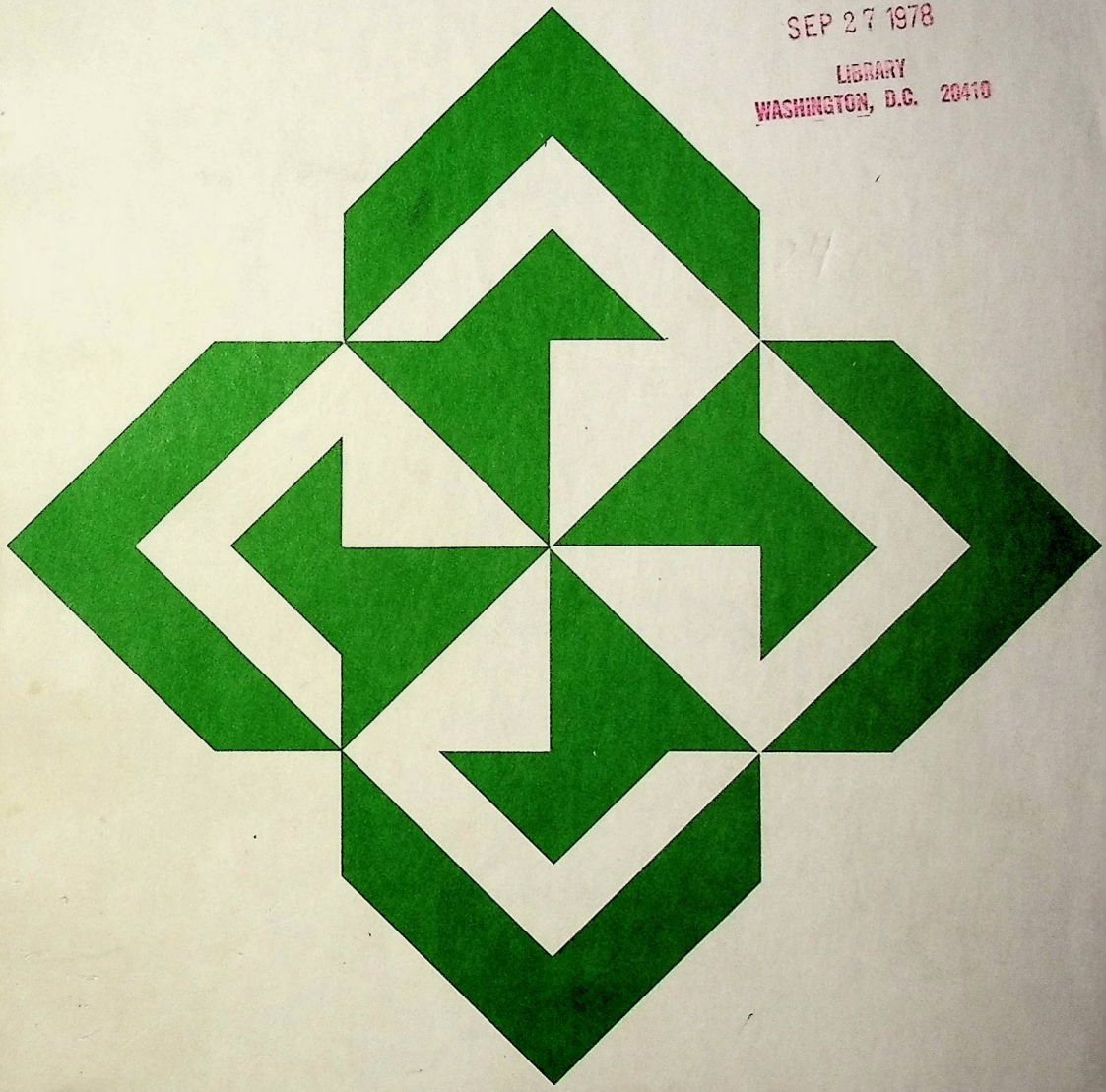
Community, Economic and Manpower Development Linkages

Section I: Summary and Analysis

U.S. Department of Housing and Urban Development
Office of Policy Development and Research



COMMUNITY, ECONOMIC AND MANPOWER DEVELOPMENT LINKAGES

Section I: Summary and Analysis

Contact Number: H-2274

for

U.S. Department of Housing and Urban Development
Office of Policy Development and Research

by

The National Council for
Urban Economic Development

The research and studies forming the basis for this report were conducted pursuant to a contract with the Office of Policy Development and Research, Department of Housing and Urban Development (HUD). The statements and conclusions contained herein are those of the contractor and do not necessarily reflect the views of the U.S. Government in general or HUD in particular. The contractor alone assumes responsibility for the accuracy and completeness of the information herein.

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INTRODUCTION

This report summarizes and analyzes the findings of a research project conducted by the National Council for Urban Economic Development regarding Community, Manpower and Economic Development linkages within the public sector, and cooperation between the public and private sectors for development purposes in selected larger U.S. cities. The research was funded by Contract H-2274 from the U.S. Department of Housing and Urban Development, Office of Policy Development and Research.

In recent years, Economic Development has emerged as an area of municipal policy as many cities have recognized that they must improve their economies as a fundamental step toward upgrading the quality of urban life for their citizens. In a remarkably short period in some cases, urban Economic Development programs have grown from routine business promotion and retention to targeted intervention in the local economy, using sophisticated tools and techniques based on economic data and planning. In other cases, of course, little has been done.

The establishment of a conscious Economic Development focus for municipal policy can result in the integration of various local development programs and diverse sources of Federal assistance such as the Community Development Block Grant (CDBG), the Comprehensive Employment and Training Act (CETA), and Economic Development Administration (EDA) assistance.

Economic development is concerned with the improvement of a community's economic base, particularly employment, income and municipal tax revenues. As part of improving a city's economic base, the provision of a capable labor supply is a critical element. Such Manpower development involves matching the supply of labor to the needs of private industry through various training programs and information systems.

Community Development has largely been a collection of programs to enhance the physical environment, primarily in neighborhoods of low and moderate-income families, with an emphasis on residential needs.

Equally important, however, is an infrastructure which will hold and attract business investment, along with available financing and business-required services.

A coordinated Economic Development program would involve the provision of a capable labor supply, the stimulation of private sector investments, and the physical redevelopment of industrial and commercial facilities and areas as well as residential areas to improve the economic and, thereby, living circumstances of low and moderate-income citizens in the nation's cities, as well as the revenue base of those cities for the funding of needed public services.

The provision of flexible Federal development assistance funds (CDBG for the physical redevelopment of low and moderate-income communities and CETA for the development of a skilled labor supply) to local chief elected and administrative officials in tandem with selective Economic Development Administration (EDA) public works, business loans, technical assistance, and planning grants can contribute significantly to the establishment of a local coordinated public Economic Development program.

In addition, the coordination of public development efforts with private development efforts and investment decisions can "lever" the substantial private sector investment which is necessary for a healthy and growing economic base and urban community. Public development programs - manpower, community and economic - must be concerned with their multiplier effects on private investment.

The final report of this project describes and analyzes coordinated local urban development within the public sector and between the public and private sectors. The principal sources of data on local coordinated development institutions and practices are case studies of 16 site-visited cities.

The report is divided into two Sections. Section I includes Chapter 1, a description of the research design and methods employed in the project and definitions of concepts central to the research; Chapter 2, a description of the relevant Federal programs (CDBG, CETA and EDA) and a discussion of issues regarding the coordination of these Federal development assistance programs; Chapter 3, a discussion of some of the aggregate findings resulting from the initial survey of the 90 largest U.S. cities; Chapter 4, a presentation of the conclusions of the research, including a summary of the findings and an analysis of issues regarding coordinated local development; Appendices containing the minutes of the project's independent Project Advisory Panel, and a chart presenting Federal program funding levels for the 90 largest cities in the United States, (150,000 population and up).

Section II contains case study profiles of 16 cities in which the staff conducted on-site interviews.

The project staff and other NCUED staff members who conducted and supervised this research are detailed in Appendix B.

In order to assist in the conduct of this research project an independent Project Advisory Panel composed of distinguished local development officials, chief elected and administrative city officials, businessmen and academicians was established and held two meetings in Washington, D.C. The chairman of the panel was Dr. John Nixon, chairman of the Research and Policy Analysis Committee of the NCUED Board of Directors.

The members of the panel (See Appendix C) were selected and invited by NCUED with the cooperation of HUD's Office of Policy Development and Research, and were representative of diverse aspects of city government, public development activities, the private sector, as well as urban geographical diversity.

The panel reviewed interim project reports; made recommendations regarding research objectives, discussed the substantive issues of the research topic, and provided additional primary local information. (See Appendices D and E for the minutes of the two Advisory Panel meetings.)

The interim reports prepared during the course of the project were also provided to the members of the Research and Policy Analysis Committee of the Board of Directors of NCUED (See Appendix F for a list of the members of the committee) for their review and comment. This committee combines broad experience with the practice of local economic development and urban research.

Members of the Board of Directors of NCUED and general NCUED members were of significant assistance to the project by providing detailed information regarding local development practices; discussing the research topic with the project staff, and arranging for city site visits.

In addition, members of NCUED's Mayors Advisory Committee (See Appendix H for a list of the Committee members) and their staff were also of great assistance to the project through the provision of written information and interviews with the research staff.

Finally, the project owes a large debt of gratitude to the numerous city officials and urban development practitioners across the country who, with candor and a pervading desire to help others beyond their own geographic boundaries, have provided much of the information included in this report.

Chapter 1

METHODS AND CONCEPTS

Research Design

The general approach of this six-month effort was to obtain a useful overview of local coordinated development activities in a number of the largest U. S. cities, with particular emphasis on Economic Development.

The study's research design had two major elements.

The first was an overall survey of linkages among Federally-funded Community Development, Economic Development and Manpower programs in 90 cities with populations of 150,000 or more. This initial survey drew mainly on secondary data from Community Development and Manpower block grant applications, as well as on EDA's files on categorical urban project grants for planning, technical and program assistance.

Information obtained during this phase served two principal purposes. First, it permitted an aggregate analysis of the nature, range and variability of linked public development activities in the nation's largest cities, although the inadequacies of the data seriously limited the utility of the aggregate analysis. Second, it provided preliminary city-by-city data from which to select a smaller number of cities for more detailed study.

The second phase of the research consisted of site visits, lasting two to three days each, to selected cities, in order to prepare profiles of development activities, institutions, coordination and innovation in those cities. Sixteen case studies resulted.

Two major criteria were used to select the site-visited cities from the 90-city sample. The primary factor was the presence of an active local development program. Specifically, a city was singled out if it had one or more of the following characteristics: (a) an active Economic Development program; (b) a high level of coordinated public development with regard to its community, manpower or economic programs; (c) a substantial degree of coordinated public/private development.

The second major criterion was representativeness. Cities were chosen on the basis of key city characteristics such as population size, geographic location, form of government and local economic conditions. Profiled cities include Albuquerque, Buffalo, Cleveland, Dayton, Fort Worth, Hartford, Kansas City (Mo.), Long Beach, Louisville, Milwaukee, Minneapolis, New Orleans, Norfolk, Philadelphia, Portland (Ore.) and San Diego.

Site Visit Interview Techniques

Site visits were scheduled for three days. Site visit arrangements and interview schedules were made by contacting key local development decision-makers. In several instances, the entire site visit itinerary was planned by a key contact in that city--usually a NCUED member--working closely with the project staff.

A set of loosely-structured questions and issues was developed by the project staff. It dealt with the key issues surrounding coordinated local development practices, policies and strategies. The checklist addressed the following issues and questions.

Political, Economic and Demographic Background

- What is the city's unemployment rate? Has it increased in the past year?
- Name the major employers in the city.
- What is the city's political structure?
- What are the city's major ethnic and racial groups and what percentages of total population are they?

Federal Programs

- What are and have been the overall emphases of the CD/CETA/ED programs?
- What agencies are and have been responsible for the planning and administration of the CD/CETA/ED programs?
- How are CDBG/CETA/EDA being utilized for Economic Development purposes? Are there any linked projects or institutions among CD/CETA/ED? Is this a shift in objectives?
- What impact have the block grants had on local development activities? Is local coordination among CD/ED/CETA programs a desirable goal? Obstacles?
- Are the Federal development assistance programs responsive to the local development process?

Economic Development

- Is Economic Development increasing as a municipal activity? If so, to what is this due?

- What does Economic Development consist of in the municipality city-wide, neighborhood? Is there a political constituency for Economic Development? If not, has lack of this impeded Economic Development efforts?

- Are private and/or quasi-public institutions active in local development activities? Describe institutions, projects.

- Are neighborhood organizations involved in development activities? If so, how? (This was an afterthought, not in the original research design, but introduced through the independent Advisory Panel. In some cities, visited early in the project, not enough was reviewed in this area. Later research should examine the triad of public-private-neighborhood involvement more rigorously).

In each city visited, a staff member interviewed a variety of public and private leaders, ranging from such public officials and practitioners as the chief elected official and/or administrative officer, the city planning director, chief Manpower official, Economic Development officer, urban renewal agency head, and Community Development department director, to officials in the Chamber of Commerce and various other private sector representatives. In a few instances, group interviews were conducted.

Information acquired and issues generated from the site visits formed the basis for development of the final profiles.

Study Limitations

This research cannot be evaluated adequately without consideration of several limitations above and beyond the normal constraints of time and funding resources. These limitations related to the overall study approach as well as to the aggregate analysis and case study phases.

- Many cities recently reorganized or were in the midst of reorganizing municipal departments and instituting Economic Development programs and agencies, making it difficult to obtain a clear picture of local public development institutions. In some instances, cities were on the verge of instituting new development vehicles, programs and practices and local officials preferred that the visit be deferred.

- Where substantial municipal reorganization had occurred, it was often difficult to trace how coordinated development institutions emerged and if there had been a shift in Community Development and Manpower "thinking" during the transition from categorical to block grant approaches.

- Case study information varied with regard to the types of local leaders interviewed. In some cases, it was not possible to interview the chief elected or appointed official. (Some CEOs have become understandably hesitant about comparative urban research in new areas; others were simply unavailable during the brief visit by research staff. More intense research could solve this problem and open up promising insights.)

- Lack of sufficient information about the most knowledgeable local representatives to interview meant that in some cases one city contact arranged all interviews for the NCUED staff person. In some instances, this may have inhibited effective information gathering and a balanced view. Again, more intensive research, plus reactions to this initial effort, could serve as a corrective.

- Limitation of funds, time and design also may have skewed some findings. Whether conscious and articulated, or not, the local Economic Development process is a dynamic and delicate mechanism involving many players and many parts, kaleidoscopically shifting with conditions, elections, etc. Not all players and parts could be examined in any city, as well as the impacts of other Federal programs, such as SBA, OMBE, CSA (CDCs), etc. Also, the interplay between local efforts and state/regional/metropolitan activities could not be examined in depth.

While the current study provides an overview of coordinated development practices at one point in time, it does not and could not provide detailed descriptions of development institutions and programs or evaluate the effectiveness of innovative development practices which, in a number of instances, are just getting underway.

Definitions and Concepts

It is difficult to define all that municipal Economic Development involves because it is an emerging area of public policy. Nevertheless, some generalizations can be made.

Economic Development involves the allocation of limited resources such as land, labor, capital and entrepreneurship in order to bring about desired public and private actions which have a positive effect on the level of business activity, employment, income, the distribution of income and municipal fiscal solvency.

At the planning level, public Economic Development generally entails outlining a growth policy and developing a strategy for stimulating private investment in sound income and job-producing ventures. At the implementation level, Economic Development encompasses a wide range of activities including assistance to small businesses, major central business

district or strip commercial development, industrial retention and promotion programs, tourism and convention promotion, public works investments and municipal services designed to improve the urban economic environment, employment and training programs, strategies for promoting rational and efficient land use patterns, and the redevelopment of blighted areas.

Manpower development is here defined as programs to improve the employability and increase employment opportunities for economically-disadvantaged, unemployed and underemployed persons through both public and private efforts. Effective Manpower development may correlate with Economic Development through training and placement programs which meet the needs of local business and industry.

For the purposes of this study, Community Development refers to a process which enhances the neighborhood environment for low and moderate-income families. It deals primarily, though not exclusively, with the physical development of housing, public facilities, open space, and commercial areas in urban neighborhoods. Emphasis is on the treatment and prevention of blight and deterioration via rehabilitation and redevelopment programs.

The coordination of Economic Development with Community Development and Manpower programs is an important issue in urban development policy because these activities are interdependent and can be integral components of a comprehensive local development program. The coordination of these programs and their resources may be essential to the successful revitalization of a city's economic base.

For the purposes of this report coordination among development programs exists when they are "linked" through joint planning, funding, administration, or implementation. The coordination may involve linkage between public institutions and programs and between public and private institutions and programs. Several types of coordination are referred to in the text of the study.

Institutional coordination occurs when two development programs are administered by one organization or when a firmly established link exists between two or more development institutions. A complex array of organizational involvement in development activities exists in most cities. Participants include various public institutions such as line city departments public authorities, commissions and task forces, and staff agencies within the offices of chief elected and chief administrative officials.

Among the important private organizations are Chambers of Commerce, downtown business associations, financial institutions, and groups of top level executives from area enterprises. The Economic Development corporation is another important development institution in many cities. Economic Development corporations are often quasi-public in nature; that is, they receive funding from public and private sources and are administered jointly by public and private parties. Some Economic Development corporations, however, are purely private organizations which perform services for the public sector on a contract basis.

Public sector institutional linkages include activities coordinated between two or more departments either by the establishment of a comprehensive development department, a development coordinator, a joint planning process, or formal contracts between departments. Other coordinative institutions within the public sector include development cabinets, Federal program coordinators and staff sharing arrangements between departments.

Organizational linkages between the public sector and the private sector represent a bridge between municipal government and organized groups of private interests. Such linkages can be long-standing and formalized or they can be coordinated to facilitate a particular development effort. Public/private joint institutional arrangements include cross-representation on the boards of development institutions, formal contracts between municipal government and private service institutions, and staff sharing arrangements between public and private bodies.

Program coordination, which often overlaps with institutional coordination, exists when two development programs are planned or implemented jointly. Integration among programs can take place on a city-wide basis or on a project by project basis. The coordination of development functions on a city-wide basis generally entails some type of comprehensive development planning process which includes several development programs.

Program coordination between public and private development efforts generally involves either the joint formulation of overall economic development policies or the joint planning and implementation of specific projects which require investments of public and private resources.

Funding coordination occurs when funds representing separate development budgets are combined to fund development projects. Often, one source of funding can leverage the use of another. Leveraging, in the broadest sense, refers to the process by which one resource base is used to stimulate or catalyze the use of another. CDBG funds, for instance, can be used as the local match for EDA grants.

In addition to financial resources, non-cash "in-kind" contributions such as land, office, space, and equipment can be applied as a leveraging device. The leveraging process is extremely important to Economic Development activities because it is the primary means by which development goals are achieved. No public sector institution has sufficient resources to redevelop a city. Resources must be marshaled to leverage major financial commitments from the private sector and from a variety of public sector sources.

Functional coordination occurs when funds from one development budget are used for purposes associated with another development program. The use of CDBG funds for Economic Development purposes is an example of a functional linkage. This type of linkage does not necessarily imply joint planning or implementation of different development programs. In some cases, it only represents an overlap in activities among development programs. Functional coordination, however, may lead to more substantive

links among development programs in cities where the overall planning and coordination of development programs is becoming a priority.

Linked activities, programs and projects are related to different scales. Some have a highly-localized focus while other coordinated efforts are city-wide; still others are regional in scope.

The CDBG, for example, is administered by individual municipalities and the projects which it funds are generally neighborhood oriented. CETA block grant funds, on the other hand, are often administered by region-wide consortia. Finally, EDA funds are allocated to a variety of institutions ranging from multi-county Economic Development Districts to individual business firms.

The area issue is important for several reasons. A development program organized primarily on a small area basis may be too limited to produce a comprehensive, integrated, public development program which can successfully leverage large-scale private or public investment. A development program which ignores the needs of individual neighborhoods, however, may fail to effectively redistribute resources and may also fail to enlist broad-based political support.

Development programs which involve large commitments of resources from many sources also depend upon effective timing of development projects and upon solid commitments from those parties involved. The public sector, for instance, will not be successful in leveraging substantial resources from banks and corporate interests unless firm and quick financial commitments can be arranged. Economic Development activities also require timely stage-setting through land assembly, infrastructure planning and the provision of other essential services.

Chapter 2

FEDERAL PROGRAMS AND ISSUES RELATIVE TO LOCAL DEVELOPMENT

Community Development and Manpower block grant programs were established with the passage of the Housing and Community Development Act of 1974 (Title I) and the Comprehensive Employment and Training Act of 1973 (Titles I, II and VI), respectively. These programs, together with the variety of categorical Economic Development assistance authorized under the Public Works and Economic Development Act of 1965, as amended, have substantially changed the ground rules for local development efforts. The block grant programs have complex individual histories and clienteles stemming from their prior categorical character. Economic Development, long considered a private sector function, has, only recently, been regarded as a public responsibility.

Decentralization and decategorization--major components of block grant programs--have meant increased options for local government officials. Opportunities for local coordinated efforts with respect to Economic Development have been particularly enhanced since it is an eligible activity under the CDBG program.

Moreover, new EDA categorical grant programs are providing an increasing level, if still a very small amount, of critical public support for various facets of redevelopment in cities.

The following sections will review both block grant programs (CDBG and CETA) and the categorical EDA urban grants and loans.

A. Housing and Community Development Act of 1974

Overview. Title I of the omnibus Housing and Community Development Act of 1974 establishes the Community Development Block Grant program (CDBG) which replaces seven categorical programs: urban renewal; the neighborhood development program; water and sewer facilities; neighborhood facilities; public facilities loans; open space land; and rehabilitation loans and grants. The public facilities loan program was terminated; the rehabilitation loans and grants program continued in its categorical form for the first year; and the activities of the other five programs were incorporated into the eligible activities of the act.

Metropolitan cities (cities with a population of 50,000 and over, and central cities of SMSAs) are eligible for entitlement funds distributed to them according to a formula (based on population, poverty and extent of housing

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overcrowding) which measures their needs against those of other cities. Jurisdictions which have received categorical funds are also entitled to a "hold harmless" amount in addition to their basic entitlement.[1]

CDBG places the responsibility for decision-making and administration firmly in the hands of local government officials. It permits substantial funding flexibility, allowing a wide variety of both capital programs and social service programs.

Any proposed activity, however, must fall within the bounds of a statutory list. Most activities eligible under the separate categorical programs continue to be eligible under CDBG. Greater spending flexibility is provided for the Model Cities portion of hold harmless amounts which allows communities to complete a total of five action years under the Model Cities program.

Three specific eligible activities are particularly important to the relationship among Community, Economic and Manpower development as well as to the more general issue of local coordinated development. First, public services directed toward improving the community's employment situation and Economic Development, as well as those affecting coordination of public and private development programs, are eligible under the provisions in Section 570.200(8). Second, Section 570.200(9) authorizes payment of the non-Federal share in connection with a Federal grant-in-aid program undertaken as part of the Community Development program provided that the activity is an eligible one. Third, CDBG funds can be used to develop a comprehensive Community Development plan--treating, among other activities, eligible public services. In addition, the development of policy-planning-management capacity is permitted in Section 570.200(12).

Issues

Legacy of Prior Categorical Programs. The legacy of prior categorical programs will likely be a major factor affecting the new use of CDBG funds. Urban renewal has traditionally been physical in nature and limited to project-by-project slum clearance or rehabilitation. Model Cities efforts were a transition to providing highly flexible funds on a concentrated neighborhood basis. They resulted in an increased social service emphasis

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[1] "Hold harmless" amounts are computed based on the average level of categorical funding over the past five years. If a city's hold harmless amount is greater than its basic entitlement, it will be phased down to its entitlement level by FY78. If its hold harmless amount is less than its basic entitlement, it will receive its first-year entitlement level and will be phased up to full entitlement by FY78 as will cities without a hold harmless amount. Those cities which have been receiving Model Cities grants will receive a full Model Cities hold harmless amount long enough to give each the equivalent of five action years. There is then a three-year phase-out period for these funds.

for Community Development. CDBG will allow coordination of urban renewal-type efforts with social service programs on both a city-wide and a neighborhood level. Incomplete urban renewal projects, extended Model Cities funding, and established prior program constituencies within governmental agencies, political circles and neighborhood organizations are among the constraints in the shift of CDBG resources to new uses.

Neighborhood versus City-Wide Focus. The general focus of the CDBG program is on the moderate and low-income neighborhoods. Emphasis is on the removal and prevention of blight and deterioration at the neighborhood level. Neighborhood orientation is reflected in several program objectives, including "the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income." During preparation of their Community Development plans, municipalities are directed to "take into consideration any special needs found to exist in any identifiable segment of the total group of lower income persons in the community." Plans submitted to HUD are also required to include maps indicating "the general location of proposed activities to be undertaken with funds provided...and by, each census tract, the concentrations of minority groups and lower-income persons."

Phasing of Funding Levels. A municipality's willingness to engage in long-term development efforts may be influenced by whether it is being "phased down" from its hold harmless level to a lower entitlement level or "phased up" to an entitlement level greater than its previous funding level. Obviously, increased funding will enable a locality to expand existing activities or undertake new ones. Either uncertainty of continued appropriations or "phase down" could discourage a community from engaging in projects which require a long-term commitment of funds. In addition, the fact that some municipalities are legally prohibited from borrowing for projects based upon anticipated receipt of Federal funds will also curtail long-term development planning and activities.

Planning and Technical Assistance. Economic Development planning can be an eligible activity under the various CDBG provisions which permit a city to develop a comprehensive plan, to expand policy and management capability and to coordinate public and private programs.

CDBG funds for planning, however, need not be coordinated with other HUD (701) planning monies. (In fact, CDBG funds are frequently used to support CD planning activities of a Community Development department while 701 funds support a separate and independent comprehensive planning agency.)

CDBG funds can either match or be combined with an EDA Section 302 economic planning grant or an EDA Section 301 technical assistance grant for support of development units (Both EDA programs require a local match.)

Public Works. A large proportion of eligible activities under CDBG is related to public works. Fragmentary evidence indicates that a substantial proportion of funds is being spent for physical improvements and development. The public works thrust of CDBG is toward neighborhood service facilities. Facilities such as sports arenas, schools, airports and hospitals, which serve a city-wide clientele, are ineligible.

Importantly, block grant funds or in-kind contributions can be used as the local match for EDA Title I public works grants for projects eligible under CDBG.

CDBG funds, when matched with EDA dollars, are being spent in many cases to finance industrial parks. Also, CDBG monies are being used to provide materials and supplies to CETA workers on public service employment projects, since purchase of materials and supplies for purposes other than those related to training is an ineligible use of CETA funds.

Business Loans and Grants. Authorization of business loans, loan guarantees and grants, although they are of direct assistance to low-income persons, is not an eligible activity for the majority of hold harmless funds. The one exception, as noted earlier, is that the Model Cities hold harmless allocation can fund on-going Model Cities activities, which have included direct loans and grants to business as well as the establishment of multi-purpose community development corporations. The funding of such activities under current regulations appears likely to cease with termination of Model Cities allocations.

A recent ruling of HUD's general counsel states that the non-Model Cities portion of CDBG funds cannot be used to provide a share of the capitalization of a MESBIC (Minority Enterprise Small Business Investment Company). At this point, it is not clear whether funneling such funds into a profit or non-profit corporation which provides funding and other assistance to minority enterprises is allowable. Similarly, a letter from the HUD Secretary to the former Mayor of Minneapolis ruled out the use of that city's CDBG funds for business loans.

Restrictions on the use of CDBG funds for loans and grants to business may be further compounded by state constitutional and legislative as well as charter restrictions which may prohibit cities from providing grants and loans to individuals, private corporations and other private entities.

Summary of Issues. The following are major issues related to coordinating CDBG funds and local development:

> CDBG has been designed to facilitate the transition from categorical grants to a more flexible funding arrangement. Flexible CDBG funds can be an important impetus to local coordinated development serving to integrate public programs as well as public-private activities.

- Economic Development is an eligible activity but is most likely to occur if it involves continuation of a prior program, or if prior programs are almost complete and there is a perceived economic distress.

- CDBG funds can be used as the local match for EDA programs (public works, planning and technical assistance) which involve activities eligible under CDBG.

- Business loans and grants are not eligible activities under CDBG, except as on-going Model Cities activities.

- CDBG can provide materials and supplies to CETA-funded workers.

B. Comprehensive Employment and Training Act of 1973

Overview. The Comprehensive Employment and Training Act of 1973 (CETA) provides a flexible, decentralized system of Manpower activities under which Federal funds are made available to state and local government prime sponsors. CETA replaces the categorical Manpower programs formerly funded under the Manpower Development and Training Act of 1962 (MDTA)[1], the Economic Opportunity Act of 1964 (EOA), and the Emergency Employment Act of 1971 (EEA). These laws created such national programs as the Neighborhood Youth Corps, Public Service Careers, the Concentrated Employment Program, MDTA classroom and on-the-job training, and the Public Employment Program.

The bulk of CETA funds goes to state and local prime sponsors for various Manpower activities, with the design and mix of services left to the discretion of the prime sponsor. Title I establishes programs of comprehensive Manpower services, including recruitment, orientation, counseling, testing, placement, classroom instruction, institutional and on-the-job training, allowances for persons in training, supportive services, and transitional public service jobs.

Title II provides for transitional and public employment programs in areas having an umeployment rate of 6.5 percent or higher. Title III specifies Federally-supervised Manpower programs for Indians and migrants, and supplementary Manpower services for other special target groups such as youth, offenders and ex-offenders, older workers, persons of limited English-speaking ability, and those with particular labor market disabilities.

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[1] MDTA Section 241 had attempted to link Manpower and Economic Development activities through cooperation with EDA in relating training to public works and industrial development projects. Hence, there is precedent for linkage between Manpower and Economic Development activities.

Title IV contains the Job Corps program. Title V establishes a National Commission for Manpower Policy. Title VI, which was authorized under the Emergency Jobs and Unemployment Assistance Act of 1974, establishes a temporary program of public service jobs for workers who are unemployed during a period of aggravated unemployment and who are not eligible for compensation under any state or Federal unemployment compensation law.

All prime sponsors are eligible for Title I funds. To be eligible for funds under Title II, the prime sponsor must contain within its jurisdiction an "area of substantial unemployment"--any area of sufficient size and scope to sustain a public service employment program and which has an unemployment rate of 6.5 percent or higher for three consecutive months.

Census tracts are usually used to define these areas. Participants in Title II programs must reside in an area of substantial unemployment. The regulations also state that, to the extent feasible, public services provided by jobs funded under Title II should be designed to serve the residents of areas of substantial unemployment designated for Title II funds. Thus, Title II activities could take on a neighborhood characteristic in certain prime sponsor areas. The Title VI allocation formula is complex. It is sufficient for the purposes of this report to note that most of the 90 cities surveyed receive some Title VI funds.

The CETA legislation encouarges regional Manpower planning through the use of consortia incentive funds. (A consortium is a combination of units of general local government, at least one of which must qualify as a prime sponsor, i.e., have a population of 100,000 or more on its own. The consortium is the entity formed by an agreement among local units of government to plan and operate the manpower program.) The Secretary of Labor may use up to 5 percent of the available Title I funds to provide additional funding for consortia which comprise substantial portions (e.g., 75 percent) of labor market areas. Consortia incentive funds are a nationally uniform percentage increase not to exceed 10 percent of the amount normally due under the allocation formula. The use of incentive funds to encourage regional planning may be workable in other areas such as Community Development.

The CETA legislation specifies that each prime sponsor appoint a Manpower Area Planning Council (MAPC) which is representative of the geographic area to be served. The business community is named as one group which should be represented on the council. Also, representatives of community-based organizations may provide an Economic Development link through a neighborhood CDC involved in neighborhood Economic Development activities. Thus, although this council usually acts as a solely advisory body, every CETA prime sponsor may have a link with local development activities through the business or neighborhood representatives on the Manpower Area Planning Council.

Issues

Legislative Intent. There are a number of constraints, due both to the law itself and political reality, which may act to limit the use of CETA funds for Economic Development purposes. The purpose of CETA, in the words of the act, is "to provide job training for economically disadvantaged, unemployed and underemployed persons, and to assure that training and other services lead to maximum employment opportunities and enhance self-sufficiency ..." Thus, the emphasis under CETA is on Manpower programs which improve the employability of and find jobs for the unemployed, rather than on meeting the Economic Development needs of the community; i.e., improving the labor supply without closely relating it to the demand for labor.

Consortia. Of the 90 cities surveyed, 56 are members of consortia. The consortia are usually composed of a central city and surrounding towns or a central city and its surrounding county or counties. The central city is usually the largest and most dominant political unit of the consortium, and is often designated to administer the CETA program for the consortium. The fact that the administration of the Manpower program often involves multiple units of government, while that of the Community or Economic Development program involves only a single unit of government, may cause problems in coordinating the three program areas.

Eligibility Criteria. The criteria for participation in CETA are defined in such a way as to limit eligibility, for the most part, to the hard-core jobless who are the traditional recipients of Federal Manpower aid. Among this group are generally the least skilled and the least educated, the types of persons least likely to be hired by a profit-making organization. It is not a strong incentive to Economic Development when CETA is training the very group of people whom private employers are most reluctant to hire. Economic Development activities traditionally have had a strong business orientation, which is at odds with the disadvantaged client orientation of CETA.

Allowable Expenditures. There are specific provisions in the CETA rules and regulations which may hinder linking CETA with ED activities. Equipment which is used to provide training to participants is an allowable expenditure, but the cost of other equipment used in the work itself (e.g., shovels, rakes, heavy construction equipment) is not allowable. The same rule holds true for supplies. Thus, CETA employes working on ED-related projects (e.g., building a day care center adjacent to an industrial park) may only be paid their salaries. Money for the supplies and equipment would have to come from some other source. CDBG or EDA monies could be used to provide the supplies and equipment for CETA workers, thus linking these programs in some type of coordinated effort.

There is a $10,000 per year maximum salary limit under CETA. This restricts the types of workers hired under CETA to those in the lesser-skilled categories, whereas local development activities may require more highly skilled persons. Any increase in this amount must be paid by the employer from other city funds. CDBG funds can be used if the CETA worker is employed in an activity eligible under CDBG.

Public and Private Sector Employment. Both public service employment (Titles I, II and VI) and work experience (Title I) participants can be employed only in pubic or private nonprofit organizations. This limits the range of jobs a CETA participant may have, and the work experience gained may not be easily transferable to the private sector. The rationale for disallowing private sector employment is that government should not subsidize private industry. However, CETA enrollees can be employed by non-profit organizations which are oriented toward Economic Development, such as the Chamber of Commerce or a local development corporation. For example, the City of Dallas is placing CETA workers with the Dallas Chamber of Commerce in a business recruitment project.

The private-for-profit sector may participate in on-the-job training. Payments to employers organized for profit can be made only for the costs of recruiting, training and supportive services which are over and above those normally provided by the employer. Direct subsidy of wages for participants employed by the private-for-profit sector is not an allowable expenditure under CETA.

Political Constraints. The political reality of CETA in many communities also acts as a constraint against linking CETA with Economic Development activities. The cooperation of community-based groups such as the Urban League, Opportunities Industrialization Center (OIC) and community action agencies, whose clientele are the disadvantaged, is vital to the success of CETA in certain cities. Mayors also may depend on these groups for political support. Any sudden emphasis on Economic Development which suggested deemphasizing services to the disadvantaged could cause political problems for city officials.

CETA is currently suffering from what may be termed "program schizophrenia." The original emphasis of the program was on in-depth services to improve the employability of and actually secure jobs for chronically unemployed, disadvantaged clients. The time, effort, and expense required on a per capita basis could be substantial given the client group.

But as the national economic situation deteriorated, CETA came to be viewed increasingly as an anti-recessionary tool. More emphasis has been placed on public service employment (e.g. the addition of Title VI in 1974) with reduced requirements for moving public service employes into permanent jobs. Even under Title I, work experience programs began to take priority over employment training activities. It has been suggested that there should be two CETA programs -- one aimed at providing long-term Manpower services to the disadvantaged and the other to provide short-term employment opportunities to a whole range of individuals out of work because of the recession. As the situation now stands, CETA is forced to serve two separate constituencies, which has created many problems at the local level.

Summary of Issues. Following are the major issues relative to linking CETA with local development activities:

- CETA is geared largely toward serving unskilled workers who usually do not figure heavily in Economic Development activities. This may hinder using Manpower training activities to service the labor needs of business and industry.

- The recession has shifted the emphasis of CETA away from employment training activities and toward work experience and public service employment activities.

- CETA is client-oriented rather than development-oriented, and its primary purpose was not seen as linking Manpower and Economic Development activities. However, the regulations do not specifically prohibit an Economic Development orientation for CETA.

- Political circumstances in many communities make it difficult to direct CETA away from client services and toward local development activities.

- Those cities which are members of consortia have a multi-jurisdictional or regional focus to their Manpower program which may be difficult to link with a single jurisdictional city-focused Community or Economic Development program.

C. The Public Works and Economic Development Act As Amended

Overview. The Public Works and Economic Development Act of 1965, as amended, was designed to provide the planning and project implementation assistance necessary to permanently eliminate substantial and persistent unemployment and underemployment in economically distressed areas. The Economic Development Administration (EDA) was established in September, 1965, for the purpose of administering the act. EDA was authorized in 1965 to provide grants for public works, planning and technical assistance, as well as loans and loan guarantees for public works and business development. The act has been amended 15 times since its original enactment. The most noteworthy additions, however, were made in 1974 and provide for state and local planning grants and supplemental grant assistance to states (Title III, Sections 302 and 304), flexible aid to any area experiencing acute economic adjustment problems (Title IX). Additionally, a special anti-recessionary program (Title X - Job Opportunities Program) was enacted in December 1974 to provide increased employment through expanded, or accelerated Federally funded projects.

Title I authorizes a program of public works grants for projects that offer employment potential, increase local capacity for economic growth or provide essential public services. Typical projects include water and sewer systems, industrial parks, access roads and expansion of airport facilities.

Title II authorizes a public works loan program paralleling the Title I public works grant program. Title II also authorizes a business development loan and guarantee program. This includes long-term, low-interest loans and loan guarantees for working capital and fixed assets. In addition, there is a lease guarantee program which has scarcely been utilized. As with CDBG, EDA Title II funds cannot be used to capitalize business loan programs of local Economic Development agencies, thus restricting the establishment of local business development financial assistance programs using these Federal resources.

Title III authorizes several planning, research and technical assistance programs. The following pertain to Urban Economic Development. EDA's technical assistance programs under Section 301 provide for information and management assistance in connection with EDA public works and business loan projects, feasibility studies, and support for public and private institutions that in turn provide assistance or promote growth. Section 302 provides grants for Economic Development planning programs to states, sub-state districts and cities. Another Title III program is the recently enacted Section 304 grant assistance to states for their use in providing or supplementing base funding of the types of public works and business development projects eligible for EDA funds.

Title IX authorizes a comprehensive, flexible program to help states, cities, counties, Indian tribes and other communities adjust to abruptly changing economic conditions. The grant assistance can be used for public facilities, public services, business development, planning, rent supplements, technical assistance and a variety of other types of aid.

Title X authorizes a job opportunities program providing emergency financial assistance to stimulate, maintain or expand job-creating activities in rural and urban areas suffering from unusually high levels of unemployment. This recently funded program of $500 million with its labor intensive requirements was being implemented through a number of federal agencies including EDA, HUD and DOL.

Issues

Title I. CDBG funds can be expended for public works projects and they can also be used to provide the 50 percent local matching share required for a Title I EDA grant. (Supplementary assistance in selective cases can reduce the local share to as little as 20 percent or the local share can be waived completely in cases of extreme local fiscal and economic hardship).

Therefore, Title I provides the opportunity for funding links with CDBG money. CETA funds can be used for the training and/or employment of workers for the construction or operation of facilities built with Title I funds. Title I funds could be used to provide equipment and materials for those workers. Further, Title I funds could be used to construct vocational/technical schools or skill training centers. Depending on an area's level of poverty and unemployment, as little as 20 percent local match may be required for a public works project.

However, some cities are constrained against seeking Title I funding. Because of the difficulties in obtaining city-wide designation under most provisions in Section 4 of the act, many cities since 1971 have chosen to seek designation for a part of their city as a Special Impact Area described in Section 401(a)(6). Special Impact Areas were receiving EDA Public Works grants from a special Title I set-aside. The Administration has reduced and was seeking to discontinue the funding of that set-aside, thus potentially reducing EDA public works monies available to special impact cities.

Title II. Title II authorizes public works and business development loans. CDBG funds have been used by a few cities for business loans and grants. However, it is not clear that such use of CDBG funds is an eligible activity in most cities. This point is covered in depth in the Community Development Issues section of this report. Innovative packaging of grant and loan dollars, as in a comprehensive business development program, could accommodate the complementary use of EDA loans and CDBG or CETA funds.

An aspect of EDA administrative procedure with particular impact in the case of Title II is the agency's capacity to make loans or grants to private parties without the advice and consent of the local political jurisdiction. This practice has circumvented and even run counter to local public policy and concommitant development programs in at least two instances disclosed in interviews conducted during this study.

Title III. CDBG funds can be used for the same purposes as Title III funds and may also be used to provide the matching share when required for Title III grants. (Section 301 technical assistance grants require a 25 percent local match for administrative expenses. Section 302 planning grants require a 20 percent local match for the entire amount of the grant.)

In the case of Section 301 technical assistance grants, the relatively broad scope of Title III programs permits a relatively wide range of possibilities for linked activities between EDA and CDBG programming. The ability to provide administrative support for public and private development institutions (such as non-profit development corporations) with EDA and CDBG funds provides a particularly flexible and useful possibility for funding comprehensive development programs with Federal dollars. Moreover, urban development institutions can be funded by the 701 Comprehensive Planning Grant Program administered by HUD.

Title III funds have been used in some cities to perform labor market analyses pertaining to CETA program needs.

Title IX. In an attempt to provide block grant flexibility for EDA funding to combat emergency economic dislocations (e.g., defense base closings, trade adjustments), the Congress added Title IX to the legislation in September, 1974. No designation is required to receive this Special Economic Development and Adjustment Assistance, nor does Title IX specify any local match. The broad range of uses, including such activities as rent supplements and unemployment compensation, to which the funds may be put make this authority problem-oriented rather than project-oriented. Coal-rich states have used it to cope with boom towns; another state has used it to cope with a base closing. Hence, this could prove a useful source of dollars for linked activities. However, only 20 percent of FY75 Title IX funds went to urban communities, and EDA has administered the program along categorical lines, thus reducing local flexibility.

Title X. The passage of Title X funds through EDA and other Federal agencies and regional commissions, the diversity of procedures used by those agencies, the limited funding available under Title X, and most importantly the temporary and anti-recessionary thrust of the program seem to exclude it from serious and long-range efforts to coordinate local development activities.

The local share required for Title X grants differs according to the Federal agency under which the project is administered, except when a Federal agency head or the President determines that the local match cannot be reasonably obtained from the local jurisdiction. CDBG funds can be utilized as the local match when required.

Although $500 million was appropriated for Title X, a small proportion of first-round project allocations was spent in cities. HUD received $6 million of the $125 million first-round allocation, which it spent for a housing rehabilitation program formulated at the national level and expended in 21 cities. DOL received $1 million for refurbishing Job Corps centers. EDA received $32 million, the majority of which was spent on recreational development and beautification projects. EDA received a smaller proportion of the $375 million distributed in the second round of Title X funding getting only $28 million. HUD received over $18 million and DOL got $27 million. In the second round, projects funded were generally more varied and more often responded to locally felt needs.

Summary of Issues. The level of funding that has been associated with this act has been quite low, especially in urban areas. A total of only $280 million project dollars was spent by EDA in the nation's 90 largest cities between 1965 and 1974. Total EDA funding during this period was $2.79 billion--roughly 10 times the amount allocated to the 90 largest cities, and less than one-third of what is proposed for HUD in FY77--just one year--in the President's budget. Minimal funding levels have made EDA programs generally uninteresting to urban governments. Municipal planning and grantsmanship resources are often too scarce to spend for such low returns. Despite these facts, EDA funds can and have played an important catalytic role in assisting urban public Economic Development efforts. As the city profiles in this report will indicate, the new EDA 302 program apparently is assisting increased and coordinated urban Economic Development activities in a number of U.S. cities. EDA monies have also assisted in establishing and maintaining local Economic Development institutions, in the construction of manpower development skills centers, and in innovative urban projects such as the funding of a vertical industrial park, the funding of revolving business loan programs, and the funding of employment stock ownership trusts.

The designation process which precedes most EDA funding has also presented a problem for central cities. In order for most of them to qualify for funding at all, special clauses were added to the EDA legislation. They are Section 401(a)(6), which allows cities or portions of cities to be designated as "special impact areas," and Section 401(a)(4), which allows for EDA assistance when a city has experienced a sudden rise in unemployment during the past three years. The remainder of EDA's designation mechanisms as set forth in the Federal Register has the effect of severely constraining urban participation in EDA programs. Designation for most types of funding requires the preparation of an Overall Economic Development Plan (OEDP). The minimal funding levels combined with the time and expense of preparing an OEDP make EDA programs sometimes unattractive to large urban areas, although hard times are increasing competition for all dollars.

In summary, the following are major issues related to coordinating EDA funds and local development:

- The dearth of money available for EDA in general and for cities in particular means that the agency has had a limited role in the local development process, although a sometimes pivotal role because of constraints on larger programs.

- Failing extensive changes in funding levels and designation criteria, EDA's usefulness in linking with or leveraging other Federal or private dollars will remain limited.

- However, even the limited EDA urban dollars have assisted public urban Economic Development efforts and institutions for which no other Federal monies were previously available. The new EDA 302 compehensive economic planning program may be playing an important role in raising Economic Development in the planning and policy-making councils of local governments and other EDA programs have funded innovative urban and Economic Development projects.

Chapter 3

THE AGGREGATE PICTURE

The first phase of this project focused on attempting to obtain an aggregate picture of coordinated development activities in the 90 largest cities in the country. The principal sources of data for this phase were the FY76 CDBG and CETA applications and information on the urban projects of the Economic Development Administration.

However, the Federal block grant applications were an extremely weak source of detailed and consistent information, and for a significant number of cities the applications were not readily available. CDBG applications were uneven in their reporting of detailed information regarding development projects, making it difficult to identify Economic or Manpower Development-related Community Development projects.

For example, the listing of urban renewal projects often did not identify whether they were residential, commercial or industrial in nature. In addition, numerous applications lacked detailed funding information which would allow for analyses of the distribution of CDBG funds for different development purposes.

EDA-funded urban projects have been very limited in number and funding as compared to the block grant programs, and therefore were not a significant source of aggregate information.

With these caveats stated, we present the following information regarding the expenditure of CDBG funds for Economic and/or Manpower Development purposes.

The following chart does indicate that some cities are using a significant percentage of their CDBG funds for linked development activities, and most likely the following figures understate the proportions of funds being so used. Subsequent staff visits to case study cities showed that greater proportions of CDBG budgets were being spent on Economic Development activities in some cities than had been indicated in those cities' CDBG applications.

For example, the chart cites San Diego's intention to spend 18 percent of its CDBG funds on linked activities, while further research indicated that that city was using 30 percent of its first-year CDBG allocation for Economic Development activities alone.

It is clear that a more in-depth survey of local CDBG expenditures is needed to identify the aggregate character of first-year CDBG funding distributions in the nation's urban communities. Such a survey must be based on clearer definitions of the different public purpose categories, especially Economic Development.

Minimum Percent of CDBG Funds Spent on Linked Activities

Using information from the program description sheet of the CDBG applications, it was possible to discern minimum levels of CDBG funds being spent on linked activities, as presented in the table.[1] The inconsistency and unavailability of funding data makes the possibility of error very great. (Funding information is lacking for 41 percent of the linked projects.) Hence, cities for which adequate funding data were unavailable or in which less than 5 percent of CDBG funds was found related to linked activities were excluded from the table.

Percent of Community Development Funds Being Spent on Linked Activities[2]

1. Cities spending at least 6 to 10 percent of their Community Development Block Grant funds on linked activities:

Akron, Ohio	9	Hartford, Connecticut	6
Albuquerque, New Mexico	6	Jersey City, New Jersey	9+
Anaheim, California	9	Los Angeles, California	7
Atlanta, Georgia	6	Richmond, Virginia	9
Chicago, Illinois	6	Rochester, New York	10
Cincinnati, Ohio	6	Tucson, Arizona	8
Columbus, Georgia	9	Tulsa, Oklahoma	6

2. Cities spending more than 10 percent of Community Development Block Grant funds on linked activities:

Baltimore, Maryland	21	Knoxville, Tennessee	31
Boston, Massachusetts	21	Norfolk, Virginia	31
Charlotte, North Carolina	28	Oklahoma City, Oklahoma	47
Cleveland, Ohio	15	Omaha, Nebraska	28+
Detroit, Michigan	13	Pittsburgh, Pennsylvania	41
Flint, Michigan	80	St. Louis, Missouri	38+
Fort Worth, Texas	33	San Diego, California	18+
Grand Rapids, Michigan	26	Yonkers, New York	42

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[1]A recent HUD Provisional Report on Community Development Block Grants based, in part, on 25 Community Development Block Grant application programs, found 1.5 percent of CDBG funds being spent for Economic Development activities. However, "Economic Development activities" were not defined in that report.

[2]The information for this chart came from Federal applications and/or telephone calls. "+" indicates additional funds were being spent, but the precise amount could not be determined. Percentages were rounded off.

This preliminary analysis indicates that 14 cities are spending a minimum of 6 to 10 percent of their CDBG funds on linked activities; 16 cities are spending a minimum of 11 percent of their CDBG funds on such activities; and 11 cities are spending over 25 percent of their CDBG funds on linked activities.

In terms of assessing the magnitude of linked efforts, our incomplete CDBG funding information indicates that at least 1/3 of the cities are spending a minimum of 5 percent of their CDBG money on linked activities, and at least 12 percent of the cities are spending a minimum of 25 percent of their CDBG money on linked activities.

Key City Characteristics

In order to describe briefly the sample of cities being researched and in order to differentiate among the cities for analytic purposes, a series of variables outlining key city characteristics was developed. These variables fall into several categories including general demographic characteristics, economic conditions and political structure. More specific data pertaining to the history of Federal program involvement, the current level of Federal program funding, and the overall level of Economic Development activity in the selected cities were also included for the purpose of outlining the policymaking context within which linked activities take place.

The contextual variables served as input to the process of selecting a smaller sample of cities for further investigation. Information regarding these variables was collected for the case study cities. The research then considered the relationships between certain contextual variables and the character of local development activities. An analysis of these relationships is presented in the "Conclusions" chapter of this report.

The following outlines the selected variables and presents a profile of the sample of the 90 largest U.S. cities in terms of each variable.

Regional Distribution

The following table lists the 90 cities by region. The regional definitions employed here are based upon the 10 HUD regions. For the sake of brevity, several of these regions have been combined.

Northeast (HUD regions I and II)	Mid-Atlantic (HUD region III)
Boston, MA	Baltimore, MD
Bridgeport, CT	Norfolk, VA
Buffalo, NY	Philadelphia, PA
Hartford, CT	Pittsburgh, PA
Jersey City, NJ	Richmond, VA
New York, NY	Virginia Beach, VA
Newark, NJ	Washington, DC

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Northeast (HUD regions I and II) (cont.)

Providence, RI
Rochester, NY
Springfield, MA
Syracuse, NY
Worcester, MA
Yonkers, NY

Midwest (HUD regions V and VII)

Akron, OH
Chicago, IL
Cincinnati, OH
Cleveland, OH
Columbus, OH
Dayton, OH
Des Moines, IA
Detroit, MI
Flint, MI
Ft. Wayne, IN
Gary, IN
Grand Rapids, MI
Indianapolis, IN
Kansas City, KS
Kansas City, MO
Madison, WI
Milwaukee, WI
Minneapolis, MN
Omaha, NB
St. Louis, MO
St. Paul, MN
Toledo, OH
Warren, MI
Wichita, KS

Southwest (HUD region IX)

Anaheim, CA
Fresno, CA
Honolulu, HI
Long Beach, CA
Los Angeles, CA
Oakland, CA
Phoenix, AZ
Sacramento, CA
San Diego, CA
San Francisco, CA
San Jose, CA
Santa Ana, CA
Tucson, AZ

Southeast (HUD region IV)

Atlanta, GA
Birmingham, AL
Charlotte, NC
Columbus, GA
Jackson, MS
Jacksonville, FL
Knoxville, TN
Louisville, KY
Memphis, TN
Miami, FL
Mobile, AL
Nashville, TN
St. Petersburg, FL
Tampa, FL

South Central (HUD regions VI and VII)

Austin, TX
Baton Rouge, LA
Corpus Christi, TX
Dallas, TX
Denver, CO
El Paso, TX
Fort Worth, TX
Houston, TX
New Orleans, LA
Oklahoma City, OK
Salt Lake City, UT
San Antonio, TX
Shreveport, LA
Tulsa, OK
Albuquerque, NM

Northwest (HUD region X)

Portland, OR
Seattle, WA
Spokane, WA
Tacoma, WA

Demographic Characteristics

1970 City Population

This figure ranges from slightly over 150,000 to greater than seven million among the sample cities. The following table represents a frequency distribution of the 90 cities by population size category.

1970 City Population	Number of Cities
150,000 - 249,000	32
250,000 - 499,000	30
500,000 - 999,000	22
1,000,000 - 2,499,000	3
2,500,000 - 4,999,000	2
5,000,000 - 10,000,000	1

More than 90 percent of the cities has a population exceeding 150,000, but less than one million.

SMSA Population

This figure makes it possible to relate the size of a given city to the size of its surrounding metropolitan area. The 90 cities in our sample represent 81 SMSAs. The following table presents a frequency distribution of the 81 SMSA populations:

SMSA Population	Number of Cities
150,000 - 249,000	1
250,000 - 499,000	22
500,000 - 999,000	27
1,000,000 - 2,499,000	23
2,500,000 - 4,999,000	5
5,000,000 - 9,999,000	2
10,000,000 -15,000,000	1

Roughly 90 percent of the SMSAs has a population exceeding 250,000, but less than 2.5 million.

Percent Change in Population, 1960-1970

Drastic shifts in population generally reflect the economic attractiveness (in terms of accessibility to employment) of a given area. Major population changes are also usually accompanied by a series of adjustment problems.

Twenty percent of the 90 cities experienced rapid growth (greater than 25 percent) between 1960 and 1970. Ten percent of the sample declined in population by more than 10 percent. Sixty percent of the cities grew

in size between 1960 and 1970, while 40 percent declined in population during the same period.

Economic Conditions

Percent Families With Lower Than Poverty Level Income

This figure, along with the unemployment rate, is an indication of the severity of poverty-related problems in each city. This figure ranges from 3.1 percent to more than 20 percent among the sample cities. The following table presents a frequency distribution of this variable:

Percent of Families	Poverty Level 1970
5.0	1
5.0 - 7.4	13
7.5 - 9.9	24
10.0 - 12.4	24
12.5 - 14.9	13
15.0 - 19.9	12
20.0 - 25.0	1
Not available	2

Percent of Labor Force Unemployed

Unemployment rates reflect the relative seriousness of the effects of the current recession among the sample cities. These figures must be interpreted with caution for two reasons: (1) they apply to labor market areas--a unit larger than the individual cities; and (2) they reflect employment conditions during March of 1975 only; unemployment rates often fluctuate rapidly in localities according to specific market conditions, e.g., the automobile market. The 90 cities in our sample represent 79 labor market areas. The following table presents a frequency distribution of unemployment rates across the labor market areas in which our sample cities are located:

Percent Unemployment in March 1975	Number of Labor Market Areas
3.0 - 3.9	1
4.0 - 4.9	1
5.0 - 6.4	11
6.5 - 7.9	21
8.0 - 9.9	22
10.0 - 12.4	18
12.5 - 14.9	3
15.0 - 17.4	1
17.5 - 20.0	1

Percent Property Tax

This figure represents the percentage of locally generated revenues which accrues from property taxes. A city which relies very heavily upon property taxes is often regarded as being in a weak fiscal position because of the inelasticity of its revenue base. The following table presents a frequency distribution of the variable across the selected cities:

Percentage of Property Tax	Number of Cities
0 - 9	1
10 - 19	9
20 - 29	16
30 - 39	18
40 - 49	14
50 - 59	8
60 - 69	7
70 - 79	8
80 - 89	5
90 - 99	3
Not available	1

History of Federal Program Involvement

CDBG Entitlement Trend

Community Development Block Grant entitlement levels are computed according to a formula which takes into consideration previous levels of HUD-funded projects in each city. An entitlement amount which decreases each year between FY75 and FY78 indicates a relatively high level of past HUD program experience as well as a financial constraint upon the development of new CD programs. An entitlement amount which increases each year between FY75 and FY78 indicates a relatively low level of past HUD program experience. Of the 90 cities, 58 (64 percent) have decreasing entitlement amounts, while 32 have increasing entitlement amounts from FY75 to FY78.

EDA Funding, 1966-74

Only 58 of the 90 cities (64 percent) had any EDA-funded programs from FY66 to FY75. Forty-four of the cities have received public works grants. The total dollar amount for the 58 funded cities over the entire 10-year period was only $280 million, an average of $480,000 per city per year. Actual allocations within a city for a year range from $1400 to $36 million across the 58 cities. Though roughly 25 percent of the nation's population lives in the 90 largest cities, only 10 percent of EDA's funding was allocated to them between FY66 and FY75.

Current funding levels for CDBG, CETA and EDA programs in the 90 largest cities appear in Appendix A.

Chapter 4

CONCLUSIONS

The following is a summary of the findings of the 16 city case studies and an analysis of some key issues regarding local coordinated development.

A. Summary of Findings

1. Description of Development Programs, Policies and Institutions

a. Community Development Programs

(1) Institutions

The Community Development Block Grant Program transferred the responsibility for administering HUD programs from individual agencies funded directly by HUD to the chief city official of each municipality. Among the 16 case study cities, this transition of power most often has been accommodated by either creating a new or expanded staff office within the mayor's or city manager's office, or by locating the CDBG coordination function within one of the city line departments, often a department of Community Development.

Cities falling into the former category include Albuquerque, which has a new Community Development director located in the mayor's office; Kansas City, Mo., which has expanded the role of the Federal program coordinator within the city manager's office to include the coordination of CDBG programs; and Hartford, in which the coordinator for planning and development in the city manager's office is responsible for coordinating CDBG programs.

Cities which have located the CDBG coordination function within line departments include Buffalo, Cleveland, and Long Beach, which have located CDBG within their Departments of Community Development; San Diego, which located CDBG in the Program Development and Administration Division; and Minneapolis, which located CDBG in its Division of Planning and Development.

Cities which have located the CDBG coordination function within a line department had in several cases centralized the administration of HUD categorical programs prior to the inception of the CDBG program. Cleveland's Department of Community Development, for example, was created in 1967 and Buffalo's Department of Community Development was created in 1972.

Development corporations which resulted from the Model Cities and Planned Variations programs have been maintained as development institutions under the block grant program in several of the case study cities. Dayton, Milwaukee, Minneapolis and Norfolk have retained this form of institution under the CDBG program.

Dayton and Norfolk, which had operated city-wide development corporations under the HUD Planned Variations Program, are continuing to fund those organizations under the CDBG program. Milwaukee, which formerly had operated one neighborhood development corporation under the Model Cities program, expanded that corporation to operate on a city-wide basis, and created a second development corporation to operate on a city-wide basis under the CDBG program.

The first corporation, the Milwaukee Economic Development Corporation, operates a program of small business equity financing while the second corporation, the Neighborhood Improvement Development Corporation, operates a program of housing rehabilitation and public works financing.

Four neighborhood development corporations created under the Model Cities program still function in Minneapolis. None of these has been expanded to a city-wide corporation and none plays a major role in the city's development program, according to Minneapolis development personnel.

(2) Orientation

Because clear data were not available concerning the local origins of most CDBG-funded projects, it is difficult to determine the extent to which the first year of the CDBG program represented a continuation of previous HUD categorical programs in most of the case study cities. Two cities, however, did report on this issue; 90 percent of Long Beach's CDBG funds was used to complete a Neighborhood Development Program, and 60 to 65 percent of Norfolk's CDBG funds was used to complete projects which were already underway.

It is clear, however, that many cities have used CDBG funds for traditional Community Development purposes. Interviews and secondary data concerning the allocation of CDBG funds by functional categories in New Orleans, Philadelphia, Albuquerque, Kansas City, Cleveland, Buffalo, Milwaukee and Minneapolis indicate that these cities are spending a minimum of 80 to 90 percent of their CDBG funds in traditional program areas such as housing rehabilitation, parks and recreation facilities, community facilities, land clearance, street improvement, and Model Cities-type social service programs.

One consistent shift in program orientation was a de-emphasis on social service programs among cities which had operated a Model Cities program, such as Albuquerque, Cleveland, Dayton and Fort Worth. This de-emphasis was in response to the guideline suggesting a 20 percent limit on

CDBG social service expenditures; that guideline appeared in HUD's regulations interpreting the legislation.

(a) Community Development for Economic Development Purposes

Most of the cities in the sample have spent a relatively low percentage of their CDBG funds on Economic Development projects. For instance, Albuquerque, Cleveland, Milwaukee and Minneapolis all spent roughly 2 percent of their CDBG funds on Economic Development. Kansas City spent only 1 percent and Philadelphia only about 4 percent of their CDBG funds on Economic Development. These figures include expenditures for commercial and industrial urban renewal projects and Model Cities Economic Development projects.

A few cities, on the other hand, have spent a considerable portion of their block grant allocations on Economic Development. San Diego, for example, allocated 30 percent of its FY75 CDBG money and 38 percent of its FY76 grant to Economic Development. Norfolk spent roughly 40 percent of its FY75 money on Economic Development-related projects.

Fort Worth and Long Beach each are spending about 10 percent of their CDBG funds on Economic Development. Several cities, such as San Diego, Philadelphia and Milwaukee, report that CDBG expenditures for Economic Development are expected to increase over the next few years.

Although the block grant funds earmarked for Economic Development are being used in many cases for traditional urban renewal activities, the flexibility of the block grant program has allowed cities to use HUD funds for Economic Development activities which could not have been funded under HUD categorical programs. For example, several cities have used CDBG funds as the local match for EDA grants. San Diego combined CDBG and EDA 302 money to fund a growth management study, and Fort Worth used CDBG money as the local match for an EDA public works grant for a major redevelopment project.

Also, several cities have used the HUD funds to support city-wide Economic Development corporations (see pages 46-47), a possibility which had been limited previously to only 20 cities under the Planned Variations program.

On the other hand, one activity, business loans, which had been eligible previously under Model Cities, has been declared ineligible by HUD officials (including the Secretary of HUD in a letter to the former Mayor of Minneapolis). This prohibition can seriously restrict the ability of CDBG to leverage private sector investment in commercial and industrial revitalization.

Some cities, however, are continuing to use HUD funds for this purpose and have defended this use in two ways. First, cities have

attempted to "de-federalize" the funds--that is, once the funds become part of the assets of a development corporation, or once they have passed through one cycle of a revolving loan fund (i.e. for housing loans), they are considered to be free from Federal regulation or control. Secondly, cities which had not completed their five-year Model Cities funding cycle and which had ongoing business loan programs under Model Cities at the time of the change to block grants were permitted to continue those programs. In addition, the provision of CDBG funds for commercial and industrial capital improvements does allow businesses to redirect their funds to operating costs.

(b) Neighborhood Orientation

Because the Community Development Block Grant transfers the responsibility for administering Federal Funds to the chief city official and because the program also requires citizen advisory input in the decision-making process, there is reason to expect that neighborhood organizations might play an important role in the CDBG program.

This was found to be true in many of the case study cities. Buffalo and Dayton, in fact, have applied HUD's national CDBG allocation formula at the local level to distribute funds among neighborhoods. The neighborhoods have then been given a great deal of latitude in selecting projects for CDBG funding. Cleveland and Portland have also pursued a program of strong neighborhood involvement in development programs funded by CDBG.

On the other hand, Milwaukee has relied mostly upon a policy committee composed of elected officials, and a Community Development Agency which reports directly to the city council, for most of the substantive decision-making regarding CDBG allocations. Most CDBG projects in Milwaukee, however, are neighborhood oriented, which reflects the nature of the CDBG program and the fact that the city council is elected on a district basis.

b. Economic Development Program Findings

(1) History of Economic Development Programs

In summarizing the case study findings related to Economic Development programs, it should be noted that an active local Economic Development program was a major criterion for a city's selection as a case study example. Thus, the case cities are not representative of the level of Economic Development within cities nation-wide. Ten of the 16 case cities, for instance, received EDA 302 grants during FY75. Only 28 EDA 302 grants were dispersed to cities by EDA in FY75.

As expected, Economic Development is a new and increasing concern of municipal governments. Even among the selected cities which are presumably more actively engaged in Economic Development than average,

many strong public efforts have been initiated only recently. Most have taken place within the past five years. Several examples illustrate this point:

- Buffalo - Although Buffalo received EDA designation in 1966, not until 1974 did the city receive substantial funding from EDA. The Buffalo-Erie Co. Development Committee, which is charged with initiating a comprehensive Economic Development program for the city and county, was formed in February, 1975. The committee is a direct result of EDA's 302 planning grant program.

- Cleveland - The Division of Economic Development within the City Department of Economic Development and Manpower was formed in 1972. Since 1972, the division's funding has increased from $15,000 to $250,000.

- Dayton - This city had almost no public involvement in Economic Development until 1971, when a new city manager, in conjunction with the city commission, neighborhood groups and private sector interests, initiated an ambitious Economic Development program which included the establishment of an assistant city manager for development post and the City-Wide Development Corporation.

- Fort Worth - The position of industrial development coordinator, the main Economic Development institution in municipal government, was created in 1972. Since that time, Fort Worth has received EDA funding for a major redevelopment project (1973) and a 302 grant (1975).

- Long Beach - In response to the closing of a major naval station in 1973, the city council convened a "blue ribbon" committee of community leaders to formulate recommendations on how the city should proceed with an economic recovery program. The committee recommended that a nonprofit Economic Development corporation be established. Consequently, the Long Beach Economic Development Corporation was formed and began operations on April 1, 1974. In September, 1975, an Economic Development section under the city manager's office was set up using EDA 302 funding.

A recent upsurge of interest in Economic Development had also taken place in New Orleans, Portland, and even Hartford, which has had a fairly long history of public involvement in general development.

Although it is not possible to analyze in-depth the reasons for the new interest in public sector Economic Development activities, some trends have been noted among the case study cities:

- A number of cities recently have accelerated public Economic Development activity in response to initiatives from political leaders. There is a feeling among a number of city officials

that the long downward trend in urban economies combined with the recent recession have made people more conscious of job and economic base-related issues. Hence, it has become more acceptable politically for the public sector to intervene in Economic Development, which formerly had been a politically sensitive area.

A public opinion poll in the city of Dayton, for example, showed that job creation and crime prevention vied for first place among local citizens' priorities for public action.

Another factor contributing to urban involvement in Economic Development may be the increased allocation of EDA funding to urban areas during the past few years. The recent 302 planning grants together with the liberalized designation procedures under the Special Impact Area clause have stimulated a wide range of Economic Development activities. The 302 grants, for example, have led to the creation of new institutions and coordinated development practices in Kansas City (Mo.), Hartford, Norfolk, San Diego, Long Beach, New Orleans, Fort Worth, Cleveland and Buffalo.

Also, Cleveland, Kansas City and Milwaukee have undertaken major public works redevelopment projects within the past two or three years, utilizing EDA Title I money under the Special Impact Area designation.

Although many public sector Economic Development activities among the 16 cities have been fairly recent, there are several exceptions to this rule. Milwaukee, for example, under strong mayoral leadership, has operated an ambitious Economic Development program since 1961. Hartford, Philadelphia, Norfolk and Minneapolis also have had a longer history of public Economic Development programming than most cities.

Also, most cities in the sample have had a history of some type of CBD renewal efforts, either city-funded or under the HUD Urban Renewal Program. These efforts generally preceded the formation of a comprehensive Economic Development function within the city. Similarly, other cities such as Long Beach and New Orleans have been practicing a specialized form of Economic Development with their long history of port development activity. However, these activities have been under semi-autonomous port authority control with weak links to city government.

Private Economic Development initiatives have a much longer history than public sector activities. Long standing private development groups among the 16 cities include the Downtown Norfolk Association (1957), the Downtown Council of Minneapolis (1955), the Old Philadelphia Development Corporation (1956), the San Diegans, Inc., (1959), the Kansas City Central Industrial District Association (1923), the Texas Electric Service Company (1950s) and the Greater Buffalo Development Foundation (early 1960s).

Of course, the ubiquitous Chambers of Commerce were one of the first local development institutions in most cities. They remain a key participant in some cities and, following the growth in metropolitan areas, have often expanded their interests region-wide.

(2) Economic Development Institutions

(a) Line City Agencies, Commissions and Authorities

The simplest type of public Economic Development institution is the line city agency. Generally, if the Economic Development function is housed within the city's administrative structure, it is either part of a larger and older department or it is carried out by authorities or commissions such as a port authority or an urban renewal authority.

In those cities where Economic Development is the responsibility of line agencies, such as Fort Worth, Kansas City and Portland, it is usually located within the city planning department. Other cities locate Economic Development units within a comprehensive development agency charged with overall development and planning, such as Milwaukee's Department of City Development or Louisville's Development Cabinet.

The cities with major Economic Development functions located within a public authority, such as Minneapolis or Norfolk, tend to have a longer tradition of public involvement in Economic Development. In such cases, the existing urban renewal and port authorities have expanded to play a more comprehensive role in the development of the city's economic base.

Such public authorities and commissions tend to vary with respect to their legal powers and their roles within the structure of city government. Most port authorities, for example, have been granted the power to use eminent domain and issue revenue bonds. Many of these tend to operate as fairly autonomous units. Others, such as the Minneapolis Industrial Development Commission, can only issue revenue bonds. Still others, such as the Hartford Development Commission, have no powers beyond those of a normal city department.

The latter two organizations work closely with their city councils in developing and implementing policy. The efforts of the Hartford Development Commission are also coordinated with other city departments by the city manager's office. The Minneapolis Industrial Development Commission, on the other hand, reports directly to the city council, thus bypassing the chief administrative officials' jurisdiction. A current reorganization movement in Minneapolis may result in an arrangement similar to that of Hartford.

(b) Economic Development as a Staff Function

Several of the case cities have instituted an Economic Development function within the chief elected official's or the chief administrative official's office. This type of Economic Development program in several of the cities is associated with a mayor or city manager who is taking a strong lead in initiating development programs. In Milwaukee, for example, the Economic Development department was set up originally in the mayor's office. The previous city manager of Dayton, who was active in initiating Economic Development activities, set up a development coordinator within his office and the city coordinator of Minneapolis has done something similar.

(c) Economic Development Corporations

The Economic Development Corporation is another key Economic Development institution in many of the case cities. In a few cases, an EDC is the public sector's principal Economic Development Unit. Cities which have city-wide EDCs include San Diego, Hartford, Dayton, Long Beach, Milwaukee and Philadelphia. EDCs, similar to public authorities, differ with respect to their legal status vis-à-vis the public sector.

Some EDCs, such as the San Diego EDC, are essentially private organizations. San Diego's EDC board is appointed by the private sector and is composed of private officials. While this EDC's principal source of revenue is membership dues, it does receive public money under a contract for services as a private consulting firm.

Long Beach's EDC is not as private as that in San Diego; the board, which is composed of public and private officials, is appointed by the city, thus establishing a permanent legal link between the city and the operations of the EDC. The Dayton City-Wide Development Corporation, the most public of the EDCs in the case cities, has a city-appointed board, and, unlike the others, it receives all of its funding from the city, although it was originally funded through HUD categorical programs.

Development personnel have cited several reasons why the corporate form was chosen to operate Economic Development programs:

- EDCs have legal powers that a line city agency or a mayor's office do not. These include the ability to make a direct loan to a private enterprise and to be an equity leader; i.e., it can share ownership with other enterprises. Also, in some cases it has other financing capabilities, e.g., revenue bonds. They can generally buy and sell land more easily than city departments.

- EDCs are tied less closely to city government and thus can act more quickly on critical transactions. The city department often

requires council approval and public hearings, etc. in order to enter into a contract with a private party. Such legal requirements are often very time-consuming and thus generate extra risk for the private entrepreneur-financer.

- EDCs also are insulated more politically than city departments. Elected officials are not as directly responsible for an EDC as they are for a city department. Because Economic Development is politically sensitive in many cities, this can be a real asset from the developer's point of view.

- EDCs formally link public sector Economic Development policy-making with the private sector because the boards generally have representatives from both sectors.

(d) Advisory Institutions

Another important local Economic Development institution is the advisory committee, commission or task force. Many of these groups fall into one of two general categories:

- Many committees and task forces are created as an institutional response to a crisis situation, similar to a Presidential Commission. Thus, these groups often are special purpose ad hoc organizations, such as the Mayor's Special Committee on Municipal Finance in Minneapolis, a group created to study tax increment financing in that city. The Milwaukee River Technical Task Force, created by the mayor of Milwaukee, is another example of a special purpose study group.

- Several committees and task forces have been created as entrepreneurial ventures--attempts to start up or accelerate an Economic Development program. This form of institutional entrepreneurship is probably safer in political terms than setting up an Economic Development office within the city. It is also a mechanism for enlisting the support and participation of community leaders.

After the announcement of the closing of the naval station in Long Beach, for instance, the city council convened a "blue ribbon" committee of community leaders to formulate recommendations for developing an economic recovery program. The committee recommended the creation of the Long Beach Economic Development Corporation.

The Buffalo-Erie County Economic Development Committee, formed in February, 1975, is developing a comprehensive Economic Development program for both the city and the county. The committee is funded with an EDA 302 planning grant.

(3) Economic Development Program Orientation

The general orientation of Economic Development programs among the 16 cities varied substantially in relation to the prevailing economic conditions in each urban area. In general, those cities in the South and the West which have been growing during the past decade have pursued Economic Development programs which emphasize a controlled-growth policy.

San Diego's mayor, for example, has taken the initiative to prevent what he terms the "Los Angelization" of the city. Other cities with growing or at least relatively stable and healthy economies, such as Albuquerque, Portland and Minneapolis, also appear to encourage growth only if it is compatible with these cities' environmental and fiscal concerns.

On the other hand, many of the 16 cities, such as Hartford, Philadelphia, Milwaukee, Dayton, Buffalo and Cleveland, have been losing employment and population continually during the past two or three decades. Because a large part of this trend is seen as resulting from a migration of manufacturing enterprises from the North and Midwestern regions to the South, Southwest and abroad, industrial retention activities are considered to be quite important in most of these cities.

However, organizationally, Economic Development programs differ significantly among these cities. Milwaukee's Economic Development program is highly centralized and integrated into the city's overall planning and development processes. Hartford also has a strong tradition of Economic Development activity, but the major initiatives in Hartford have come more from the private sector than in Milwaukee.

Buffalo, on the other hand, lacks an official Economic Development institution within municipal government. Several agencies are involved in development activities, but only on a piece-meal basis.

Two cities, Dayton and Long Beach, have initiatied Economic Development programs in response to local economic crises. Dayton reacted to heavy setbacks in its employment base during the early 1970s and Long Beach responsed to a major naval base closing.

Dayton's Economic Development program has emphasized major CBD renewal efforts and a city-wide effort to improve housing and commercial enterprise in "transitional" areas. Although Dayton has done some industrial development, some key personnel there indicate that the city is attempting to develop the service sector rather than the industrial sector of the economy. The previous crisis is interpreted as having resulted from an over-reliance upon manufacturing employment.

Long Beach's Economic Development program has emphasized CBD renewal and industrial development in the wake of the naval base closing. However, political support for Economic Development in Long Beach apparently is not as solid as in Dayton. There is concern in Long Beach, as in San Diego, that the city could become "Los Angelized" if development were pursued aggressively.

One of the key development issues is whether development should be planned and implemented at the neighborhood level or at the city-wide level or both. Many of the Economic Development programs among case cities, such as Albuquerque, Fort Worth and Long Beach, are predominantly city-wide development efforts. Other Economic Development programs, such as that in Milwaukee, are planned at the city level but have significant neighborhood development components.

Finally, cities such as Cleveland and Dayton have involved neighborhoods in the planning as well as the implementation phase of Economic Development programs. These cities regard the development of neighborhoods as vital to the development of the overall city economic base.

Some other generalizations can be drawn concerning Economic Development programs in the case cities:

- Most of the cities do operate some type of industrial retention and expansion program, although different cities pursue this in varying degrees.

- Most of the cities are also involved in some type of CBD renewal efforts, many of them as an outgrowth and continuation of urban renewal activities. CBD efforts more consistently involve greater private sector involvement than other Economic Development programs.

  Major private financial and corporate interests often have a large stake in the fate of a major urban central business district. Such private interests have been heavily involved in CBD redevelopment projects in many case cities, including Dayton, Minneapolis, Cleveland and Louisville.

- Three cities--Buffalo, Cleveland and Dayton--have integrated neighborhood policy-making structures with the overall city development process. Other cities, such as Minneapolis, New Orleans, Kansas City and Milwaukee, have neighborhood development programs which involve neighborhood organizations and spot renewal projects.

(4) Economic Development Tools - Summary of Findings for 16 Cities

A wide range of financing tools administered through a variety of institutional mechanisms is represented among the 16 case study cities. Among the more common financing techniques employed by municipalities are industrial revenue bonds, tax abatements, urban renewal and port authority powers, industrial parks, land banks, tax increment financing, and direct short-term loans to businesses.

Less common financing techniques include:

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- Equity loans in which the lending party shares ownership with another party

- Subordinated loans in which the lending party is a secondary lender and is paid back only after a primary lender has been satisfied

- Reserve accounts in which the lending party deposits a reserve account in a bank to leverage further investment on the part of the bank

- Other unusual financing techniques, such as the formation of a limited partnership in which each partner assumes a limited amount of risk which is stipulated by contract or insurance company financing in place of investments from a bank

The cities differed greatly with respect to their use of financing tools for Economic Development purposes. Some cities, such as Buffalo and Cleveland, have not used many financing tools except urban renewal powers and tax incentives in spite of the fact that enabling legislation in their respective states grants them the power to use numerous development tools.

Long Beach, on the other hand, is restricted in its Economic Development activity by a lack of state enabling legislation granting municipalities financing powers. Long Beach has set up an Economic Development corporation as a partial answer to this problem.

Of the states represented in the case examples, Texas and California appear to offer municipalities the fewest alternatives for financing development projects. Industrial revenue bonds and liberal tax abatements, for example, are not available for use by municipalities in these states.

States such as Ohio and Missouri, on the other hand, offer a wide range of financing alternatives to municipalities. Under Ohio's Impacted Cities legislation and Missouri's 353 Urban Redevelopment and other laws, for example, urban municipalities can use 20 year tax abatements, flexible eminent domain authority, local industrial revenue bond financing and potential state guarantees as incentives for Urban Development.

Several case cities, such as Milwaukee, Philadelphia, Hartford and Dayton, have used a wide range of financing tools to stimulate private investment. The City of Milwaukee, for example, has used industrial revenue bonds, urban renewal and port authority powers, industrial parks, a land bank, direct short-term loans to businesses, equity loans to businesses, reserve accounts in banks, a special assessment district and industry related public works investments to stimulate Economic Development.

c. Manpower Program Findings

(1) Orientation of Manpower Programs

In the majority of cities studied, the CETA program is a continuation of past Department of Labor categorical programs, and is principally oriented toward client needs. However, changes are occurring in some cities in the direction of utilizing CETA to meet city development needs through the provision of a skilled labor force closely attuned to the needs of businesses.

Albuquerque's Manpower program, the first to be designated a Comprehensive Manpower Program, which was the forerunner of CETA, has had a development focus for several years and also is the office which applies for and administers EDA grants for the city. Fort Worth is attempting more of a development orientation for its CETA program by increasing the amount of Title I funds for private sector on-the-job training activities, and coordinating some training programs with the needs of expanding and incoming industry. Hartford is also utilizing on-the-job training funds to train workers for new industries locating in the city.

(2) Use of Manpower Programs for Development Purposes

Although CETA funds for the most part are allocated to prior Department of Labor programs, there are a number of ways cities are utilizing Manpower funds to serve development purposes. These include:

- Customized Training Programs - Albuquerque's Office of Manpower Programs has provided OJT (on-the-job training) funds to new industries locating in Albuquerque and to local industries planning to expand, through its close working relationship with the Albuquerque Industrial Development Service, the Industrial Foundation of Albuquerque, and the National Alliance of Businessmen. In one instance, a company contracted for OJT funds to train its entire production work force.

  In San Diego, the Regional Employment and Training Consortium is allocating 10 percent of CETA Title I funds for contracts to create training programs for industries or to train client groups in skills needed by newly-relocating industries. RETC is trying to develop flexible OJT contracts which will not tie a company down to a specific number of jobs, but will meet the changing needs of the industry. (This is called an OJT industrial cluster contract.) For example, an industrial cluster OJT program has been developed for an expanding company in which the company is allocated funds per position filled, within a minimum-maximum contract.

- Coordination of Manpower Program with Industry Attraction Program - Several cities are attempting to utilize CETA on-the-job training

funds as an incentive to new industries to relocate in their cities, although this is not part of a regular, customized training program as yet. For example, the Long Beach Manpower Office coordinated with the Long Beach Economic Development Corporation in utilizing OJT funds to attract a furniture manufacturer from the East Coast to locate in Long Beach.

Similarly, at the invitation of the city's Development Commission, the Hartford Manpower director discussed future training needs with a corporation which is setting up a new office in Hartford.

In Fort Worth, the Manpower director is in the midst of trying to redirect some of the CETA on-the-job traing funds to meet needs of private industries which are expanding and need additional employes or for industries moving to Fort Worth.

- Labor Demand Studies - Attempts are being made in several cities to match labor demand with supply by devising models which can assist the city in more effectively recruiting industry compatible with its labor supply.

  For example, the Hartford Planning Commission contracted with a local consulting firm to computerize and keep current statistics on labor demand and supply in the city, and to use this to outline which industries the city should recruit actively in its industry attraction program. This is an attempt to attract only those industries which will provide relevant jobs for city residents, rather than simply recruiting all types of jobs. This is, in part, a response to the problem of central city jobs going to suburban residents.

  In Minneapolis, the Minneapolis Industrial Development Commission is carrying out a survey of local labor needs, along with its annual business survey, which it can refer to the Minneapolis Area Vocational Technical Institute, a partially CETA-funded agency.

  Other examples include the Department of Manpower in Cleveland, which has commissioned a consultant to devise a computer model which generates a detailed labor demand forecast for the area so it can coordinate training with actual jobs, and the Miami Valley Manpower Consortium which includes the City of Dayton, which has recently funded a local university to perform a three to five-year forecast of area labor demands, categorized by industry.

- Skill Centers - The Fort Worth Stockyards project, which is being developed with EDA funds for the purpose of arresting high unemployment in that area, is contracting with a neighborhood group. This same group also contracts with CETA to operate an outreach center in the Stockyards area.

In San Diego, CETA funds are being allocated to the San Diego Apprentice and Coordinators Association, Inc., to provide skill training in remodeling private and commercial buildings. This project is targeted to provide labor for CDBG housing and commercial rehabilitation projects.

- Public Service Employment for Development Purposes - CETA Public Service Employment funds have also been used to employ persons engaged in development-oriented work. For example, in Kansas City, Long Beach and Buffalo public service employment slots have been allocated to local Chambers of Commerce for the purpose of employing economic researchers and analysts. In Buffalo, local Community Development corporations working on the economic revitalization of city neighborhoods have been allotted a number of CETA-funded public service employes.

- Public/Private Coordination in Manpower - Some cities have developed strong ties to the private sector for their Manpower programs. The Metropolitan Cleveland Growth Council, formed by local businesses, is responsible for the CETA on-the-job training program, and obtains job orders and refers job applicants to companies. The Milwaukee Metropolitan Association of Commerce contracts with CETA for OJT placements in that community. In Albuquerque, a strong link between the private sector and the CETA program exists through the National Alliance of Businessmen, which coordinates public Manpower programs with private sector industrial attraction activities.

(3) Manpower Institutions

The institution of an office to oversee a city-wide Manpower program dates back in most cases to the Department of Labor CAMPS program (Comprehensive Area Manpower Planning System). This program encouraged the coordination of Manpower programs into a comprehensive Manpower system, in preparation for the CETA block grant program, which began in 1974.

A number of cities have placed their Manpower divisions within a Department of Human Resources, which is generally an umbrella agency coordinating city social service functions. This is the case in Portland, Long Beach, Buffalo, Cleveland, Kansas City, Minneapolis and Norfolk. In these cities, Manpower programs are considered to be a social service to benefit an individual, and tend not to be closely related to the city's Community or Economic Development institutions or programs.

Alternatively, several cities have included Manpower as a division of an umbrella development institution. In Louisville, for example, Manpower planning is a division of the Community Development Cabinet. In Hartford, the Manpower office is presently a division of the Development Commission and plans are underway to make it a separate office within a city-wide planning and development agency. In Fort Worth, Manpower is a division along with housing and Community Development in the city's newly-created Office of Human Development.

(4) Manpower Consortia

Of the 16 cities studied, 11 are members of a Manpower consortium. In some cases, membership in a consortium may inhibit the coordination of Manpower with other development programs. Some consortia develop political problems such as city-county rivalry and turf protection, and these can upset the type of comprehensive labor market area-wide approach that a consortium is supposed to foster.

Dayton, for example, which has a comprehensive city-wide development strategy, attempted to have the Miami Valley Manpower Consortium allocate to it a mini-block grant to cover the city's proportion of the total CETA grant to give it complete autonomy in planning CETA monies; this attempt was blocked by the Department of Labor.

Some cities opt to avoid forming a consortium for fear of losing control of Manpower planning for their jurisdictions. This was cited as a factor in Buffalo's decision not to join a regional consortium.

2. Coordination of Development Institutions and Programs

In the 16 cities studied, there was a wide range of coordination taking place for development purposes, both among public sector agencies and between the public and private sectors. Forms of coordination vary from joint institutions, joint planning bodies and jointly planned and implemented programs, to single projects jointly funded.

a. Public/Public Coordination

There are many cities which have undergone or are presently in the process of structural reorganization for the purposes of planning and carrying out development programs. The scope of reorganization covers a broad range. Some cities are reorganizing all city agencies carrying out Economic Development, Community Development and Manpower development functions into one development agency capable of planning and implementing an integrated city-wide development strategy.

For example, Milwaukee's Department of City Development, created in 1961, is an integrated development mechanism which coordinates the city's Economic Development, Community Development, housing and planning functions.

Louisville has recently instituted a Community Development Cabinet which has formal authority over the departments of housing, Economic Development, Manpower and the Community Development Block Grant. The cabinet reports directly to the mayor via an executive assistant, so it serves both a centralization purpose for administrative efficiency, and a development purpose to integrate these functions into a city-wide development strategy.

A similar process is occurring in Hartford, with the recent appointment of a coordinator for planning and development whose job is to reorganize the city's departments of housing, redevelopment, development and Manpower, planning, and traffic engineering. He may coordinate only the planning of programs among all of the various departments or merge them into one large super-agency with a number of divisions; in either effort, the purpose is to plan for development as a process involving a variety of functions.

Development functions are also being coordinated jointly, such as Community Development/Economic Development, Community Development/Manpower, and Economic Development/Manpower.

(1) Coordination of Community Development/Economic Development

One method by which cities are coordinating these two functions is to put both under the aegis of one department or office. In Milwaukee, the Department of City Development is responsible for the planning and

implementation of Community Development and Economic Development for the city. In Portland, the Office of Planning and Development includes a Division of Housing and Community Development and the Portland Development Commission, which carries out the city's urban renewal and Economic Development program.

In Buffalo, the Department of Community Development is responsible for both Community Development and Economic Development functions, although there is no separate division of Economic Development. Dayton's City-Wide Development Corporation carries out both Economic Development and Community Development programs, under the central direction of one administrator.

Another form of coordination is the use of an administrator who is responsible directly to a mayor or city manager. The purpose is to integrate the Community Development and Economic Development functions on a planning level to augment the development process. A good example of this is the assistant city manager for development in Dayton who was appointed in 1971 to coordinate Community Development/Economic Development activities in the city.

Similarly, the development coordinator in the mayor's office in Philadelphia was instituted to oversee the functions of housing, Community and Economic Development, in order to integrate these programs. In Norfolk, the assistant city manager for development oversees urban renewal, physical and economic planning, land acquisition, and chairs the CDBG planning committee.

In several cities, Community Development and Economic Development functions are being integrated on the implementation level. In Milwaukee, the Milwaukee Economic Development Corporation and the Neighborhood Improvement Development Corporation, which are both under the umbrella of the Department of City Development, often work together on combined housing and commercial development programs.

In Minneapolis, the Minneapolis Industrial Development Commission and the Housing and Redevelopment Authority have a consultation contract to share marketing and planning information. They also work together on redevelopment projects involving mixed land uses.

It was not surprising to find that many cities are coordinating Community Development and Economic Development, either institutionally or programmatically. These two functions have had a historical linkage under the Model Cities program, and the allowable use of urban renewal funds for Economic Development purposes. CDBG has followed this tradition by permitting cities to make allocations for Economic Development projects, although there is lack of clarity by cities as to what is allowable under this category.

(2) Coordination of Community Development/Manpower

Fort Worth was the only case city to combine only Community Development and Manpower functions in one agency. Its new Office of

Human Development brings together divisions of Housing and Community Development, Manpower, and Community Services under one umbrella. A primary reason for this reorganization was to coordinate the planning and management of Federal grants coming into the city.

Although there was no evidence of integrated Community Development/Manpower programs in the cities studied, there was a variety of jointly-funded projects. For example, in a number of cities, workers paid from CETA Title II and VI funds have been employed on Community Development projects, or CDBG has been used for supplies in combination with CETA-paid workers to carry out various Community Development projects. Hartford instituted a nonprofit Public Works Development Corporation utilizing CETA Title I training funds and CDBG funds for supplies and equipment in order to create a work force to carry out city-wide public improvements.

(3) Coordination of Economic Development/Manpower

A number of cities have coordinated Economic Development and Manpower functions within one institution. In Albuquerque, the Office of Manpower Programs is the city's EDA recipient and handles all of the city's Economic Development functions. In Cleveland, the Department of Human Resources and Economic Development is responsible for planning and implementation of both the city's Manpower and Economic Development programs.

In Hartford, the Development Commission, which executes the city's Economic Development program, also includes the city's Manpower office as a separate division.

Another method of linking Economic Development and Manpower institutionally, which is being done in Long Beach and Fort Worth, is to include the director of the city's Economic Development program or agency on the Manpower Advisory Council. The purpose is to advise on the coordination of Manpower and Economic Development program goals.

There are a variety of ways in which Economic Development and Manpower functions are being integrated on a programmatic level in order to serve a development purpose. For example, in Albuquerque the Office of Manpower Programs coordinates with the Albuquerque Industrial Development Service and other city department heads on a customized training program as an incentive to attract industry to Albuquerque.

In Cleveland, the Manpower program has been re-oriented to serve Economic Development needs. The Manpower Department has purchased a manufacturing plant for use as the Cleveland Manpower and Economic Development Center, which serves as sheltered incubation space for several businesses and houses a number of Manpower programs.

The Minneapolis Industrial Development Commission is collecting data on labor needs of local industry and referring this information to the Minneapolis Area Vocational Technical Institute, a CETA-supported agency.

In Hartford, the Manpower Office works closely with the Hartford Economic Development Corporation by discussing labor needs and the possibility of on-the-job training with which prospective industries HEDCO is negotiating concerning relocation in Hartford.

The San Diego Regional Employment and Training Consortium has created customized training programs for new industries in coordination with the San Diego Economic Development Corporation.

The reason for coordinating Economic Development and Manpower functions is to utilize Manpower funds to train workers who can be employed in either new industries being attracted to a city or local industries planning to expand. This is a move away from the client-orientation of Federal Manpower programs, which have served to train workers in an employable skill which may or may not be compatible with the development needs of a city.

(4) Federal Grants Coordination

Another form of coordination taking place in cities is the institution of boards or administrators to review all Federal grants coming into a city or being applied for. In a number of cities, this function is being instituted to serve the purpose of integrating Federal funds to serve development purposes.

For example, Long Beach established an Intergovernmental Relations Advisory Board to avoid duplication and to streamline Federal grant applications. It also serves to coordinate the allocation of funds so as to make more efficient use of Federal resources.

In Kansas City, the Federal grants coordinator function was combined with the function of overseeing CDBG, in the position of assistant city manager for Community Development.

b. Public/Private Coordination

Data in the case studies indicate that the public and private sectors are coordinating in a variety of ways for the purpose of promoting the Economic Development of a city or region. The impetus for joint coordination varies from an economic crisis, such as the loss of the naval station in Long Beach, to a need to coordinate resources to counteract a general economic decline, such as in Dayton. Coordination may also result from a need to have a means of communicating on a regular basis, such as in Milwaukee.

(1) Joint Institutions

There are a number of different institutional forms which have been set up to link the public and private sectors. One is the formation of a mayoral committee to bring together public and private sector representatives for the purpose of gaining their advice and recommendations for a city-wide Economic Development strategy and program.

In Portland, the mayor has recently started a Mayor's Economic Development Committee as a forum for exchange and to advise and oversee Economic Development activities for the city.

The mayor of New Orleans is currently setting up a joint public/private economic advisory committee, which will play an important role in the city's economic planning process. Also in New Orleans, the mayor has started a Council of Economic Advisors, which includes academicians to advise on economic trends.

In Fort Worth, an Economic Development Advisory Committee, composed of both city and Chamber of Commerce representatives, has been set up to advise the city on Economic Development programs.

Buffalo has established a regional committee for this purpose, the Buffalo-Erie County Economic Development Committee. This body, which includes Buffalo political leaders, industrialists, bankers, labor and educators, is charged with devising an Economic Development strategy for the region.

The Cleveland Economic Development Division is currently proposing that a Technical Advisory Committee on Economic Development be set up, which would include city department heads, a representative of the Greater Cleveland Growth Association, and executives of local development corporations located throughout the city.

Another method of gaining private sector input on city-wide development programs is the establishment of a public commission for this purpose. In 1956, the City of Hartford instituted a Development Commission composed of leading private sector representatives to develop and implement an Economic Development program for the city. Similarly, Minneapolis has an Industrial Development Commission, whose primary purpose is to encourage the development and expansion of local business.

Coordination via boards of directors is another form of public/private sector institutional linkage. For example, the chief administrative officer of Albuquerque is on the Chamber's board of directors; the commissioner of Economic Development in Cleveland sits on the Regional Economic Committee of the Greater Cleveland Growth Association; and the city manager of Kansas City is an ex-officio member of the Chamber of Commerce board of directors.

Another coordinative institutional form, which is being tried in a number of cities, is a joint public/private nonprofit corporation whose purpose is to plan and/or implement an Economic Development program for the city.

Some examples are the Long Beach Economic Development Corporation, Hartford Economic Development Corporation, Dayton City-Wide Development Corporation, Philadelphia Industrial Development Corporation and the Norfolk Economic Development Council, which has a subsidiary Norfolk Industrial Development Authority.

Coordination generally takes the form of joint funding and joint representatives on the boards of directors.

There are a number of nonprofit development corporations which are funded totally by the private sector, but work closely with the city on its Economic Development program. These corporations often include public sector representatives on their board by invitation.

Examples include the San Diego Economic Development Corporation, which has a contract with the city to carry out Economic Development activities; the Milwaukee Redevelopment Corporation, which is working with the city on downtown renewal projects; the Old Philadelphia Development Corporation, which conducts joint development projects and programs with the city; Greater Hartford Process, Inc., which was initiated as a coalition of business, labor, government and citizens in a planning process for regional development; and the Cleveland Growth Corporation, an affiliate of the Greater Cleveland Growth Association, which is the city's agent for some of its Economic Development activities.

There are also a variety of ad hoc forms of coordination which include regular meetings between political leaders and private sector representatives to provide communication and also to coordinate policy, and ad hoc committees specifically oriented towards Economic Development.

Examples of the latter are the Hartford Ad Hoc Economic Development Committee, which includes representatives from all public and private institutions working on Economic Development in the city, and the Kansas City Ad Hoc Policy Committee, which includes the city's Economic Development and Community Development directors, mayor, and Chamber representatives in order to formalize the city/Chamber contract to promote the attraction of industry to Kansas City.

Institutional coordination is also occurring between the city and private neighborhood organizations. For example, Portland has instituted an Office of Neighborhood Associations which coordinates neighborhood communication and assists on joint city/association projects. Norfolk has instituted a Citizens Advisory Commission charged with formulating goals and objectives for all aspects of the city's development and services.

Another form of public/private institutional coordination is the appointment of a person or division of city government to work expressly as a liaison to the local business community. Besides meeting the needs of business on a day-to-day basis, this function serves a development purpose by providing the data for a city's industrial retention program.

Cities which have a business liaison person or department include Milwaukee, Dayton, Fort Worth, Hartford, Portland, Cleveland and Philadelphia. In Kansas City, an industrial development specialist, paid for by CDBG funds, works in the Chamber of Commerce to promote industrial attraction to the city.

(2) Joint Programs and Projects

The most prevalent public/private coordination on a program level involves either coordination on the planning of overall redevelopment of the downtown area, or joint implementation and planning of a primary central business district project. A few examples of this form of coordination are the Norfolk Granbe Street Mall project, which is utilizing city, Federal and private funds; coordination between the Hartford Downtown Council and the City Planning Department on a master plan for downtown area redevelopment; the Minneapolis Nicollet Mall, which was initiated by a private Downtown Council but involved both public and private sector funds; and the Portland Pioneer Square, a central business district project which was equally funded by the public and private sector.

In Philadelphia, business and labor leaders and government officials are coordinating on the Garment Board to promote the revitalization of the garment industry. Through joint public and private funds, the Philadelphia Garment Center was constructed in the downtown area.

Public and private sectors are also coordinating on implementation of development-oriented Manpower programs. For example, the Metropolitan Cleveland Jobs Council, which was formed by local businesses, is responsible for the CETA on-the-job training program and serves as an umbrella agency for obtaining job orders and applicant referrals.

In Albuquerque, the Office of Manpower Programs, and AIDS/IFA closely coordinate on a customized training program which is part of the city's industrial attraction program being run by the private sector.

Chart 1, which follows, outlines the types of coordination which were found to exist in the cities studied. The chart includes (1) coordination between various development institutions and programs, (2) functional coordination, which occurs when one development budget is used for purposes associated with another development program, and (3) the joint use of development funds from different sources.

Chart 1

Summary Chart of Coordination

I. Community Development-Economic Development Links

A. Joint Institutions and Programs:

1. Combined Economic Development-Community Development Department

2. Community Development-Economic Development planning functions only located in one department

3. Development coordinator responsible for Community Development and Economic Development

4. Contractual relationships between departments

5. Overall development plans which include Community Development and Economic Development program areas

B. CDBG funds for Economic Development purposes:

1. CDBG funds for commercial development and Central Business District renewal

2. CDBG funds for industrial development (i. e., land acquisition and site improvements for industrial parks)

3. CDBG funds for Economic Development planning and technical assistance

4. CDBG funds to support Economic Development institutions

5. CDBG funds for business loans

C. EDA funds for Community Development purposes:

1. Public works and business loan expenditures for neighborhood and Central Business District renewal

2. 302 planning grants to Economic Development units within comprehensive planning agencies

3. EDA Technical Assistance funds to support neighborhood development organizations

D. Joint use of HUD and EDA funds:

1. Use of CDBG as local match for EDA 302 planning grants

2. Use of CDBG as local match for EDA public works grants. Used to finance industrial parks, for example

3. Use of HUD 701 and CDBG funds in conjunction with EDA 302 funds for comprehensive planning programs

4. CDBG and EDA funds to finance major local development projects [CDBG contribution greater than local match required for EDA grant]

II. Community Development-Manpower Linkages

A. Joint Community Development-Manpower Institutions and Programs:

1. Combined Community Development-Manpower department

B. CDBG funds for Manpower purposes:

1. CDBG funded special skills and training programs for special target groups. (Model Cities related programs)

2. CDBG funded construction of skills center

C. CETA funds for Community Development purposes:

1. CETA public employes placed in Community Development institutions

2. CETA funded training for Community Development related activities (i. e., construction, housing management, etc.)

D. Joint use of CETA and CDBG funds:

1. CETA-CDBG funded housing, public works, and neighborhood improvement projects

2. CETA-CDBG funded minority business development programs

3. CETA-CDBG funding to support joint Department of Human Resources

III. Economic Development-Manpower Linkages

A. Joint Economic Development-Manpower Institutions and Programs:

1. Combined Economic Development-Manpower Department

2. Economic Development representation on Manpower Area Planning Council

3. Customized training programs done in conjunction with local Economic Development program

4. Sharing of local economic data by Manpower and Economic Development units

B. CETA funds for Economic Development purposes:

1. CETA funded economic planning and research

2. CETA funded public employes for Economic Development projects, i. e., industrial park improvements

3. CETA funded Economic Development-Manpower institutions

4. CETA funds for minority business development

5. CETA funded customized training programs

C. EDA funds for Manpower purposes:

1. EDA funded construction of Manpower training center

D. Joint use of CETA and EDA funds:

1. Employment of CETA public employes on EDA funded projects, e. g., industrial park site preparation

IV. Community Development-Economic Development Manpower Linkages

A. Joint Institutions and Programs:

1. Super-agencies or umbrella agencies which cover all development functions

V. Public-Private Linkages

A. Joint institutions and programs:

1. Joint planning, research and promotion programs between city and Chamber of Commerce

2. Quasi-public Economic Development corporations

3. Committees, Task Force, and Councils which have both public and private representation

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4. Private sector representation on public commissions and authorities

5. Public sector representation on private development institutions.

6. Informal planning of major development projects and ongoing development activity

B. Joint Public/Private Financing of Development Projects:

1. Quasi-public development corporations

2. Contracts between city and private developers

3. Public financing tools to leverage private investment such as:

   Industrial revenue bonds

   Tax increment financing

   Tax abatements

   Land write-downs

4. Working arrangements between city and financial institutions such as linked deposits, reserve accounts, and secondary lending procedures

5. Jointly funded public-private projects which have ongoing participation of both sectors such as:

   Equity financing

   Ongoing contractual arrangements with private parties

3. Economic and Other Contextual Variables

There are a number of contextual variables which have influenced development policies, programs, and the level of coordination among institutions in the 16 cities studied. These include regional and local economic conditions and consequent differences in Economic Development policies and constituencies, differences in the historical role of the public sector in development activities, and variations in previous levels of Federal funding for development.

a. Regional and Local Economic Variables

With a few exceptions, the cities studied can be grouped into regional categories, based upon common economic characteristics.

The cities located in the Northwest, West and Southwest, namely Fort Worth, Albuquerque, Portland, San Diego and Long Beach, all share the characteristic of growth. Their populations are rising, and their economies are becoming diversified, particularly in the manufacturing sector. Their political policies tend to favor continued--but planned--growth, with priority for environmental protection and maintenance of a high quality of life.

Development programs in these cities focus on industry attraction and assisting local industrial expansion. Economic planning, generally a new municipal function, has been initiated in order to enable these cities to avoid the pattern of decline in industrialized Northeastern and Midwestern cities, and to outline plans for continued growth.

Long Beach is exceptional in this regional grouping because it cannot annex since it is geographically surrounded by metropolitan Los Angeles and not as able to control factors contributing to its growth or decline. Recently, it suffered an economic crisis with the closing of its naval base, and its economy has suffered due to the recession; so, at the present time, it is not growing at the rate of other cities in this region.

In contrast, cities in the Midwest, Northeast and Mid-Atlantic regions are experiencing various magnitudes of economic decline. In this category are Milwaukee, Buffalo, Hartford, Philadelphia, Norfolk, Dayton and Cleveland. These cities have been losing their middle-income, better-educated, higher-wage-earning populations to the suburbs along with business and industry, and have experienced an increase in minority and low-income population, reduced revenue bases, higher welfare costs and increased demands for public services.

In addition, industry has been migrating away from these cities to other regions of the country, leaving behind a large number of unemployed skilled workers. At the present time, many of these cities have been seriously affected by the economic recession and have unemployment rates considerably higher than their labor market rates.

Politicians in these cities tend to be more in favor of public Economic Development programs which will retain business and industry and stimulate new industrial growth and bring jobs to the city which will utilize the labor skills of unemployed city residents. Coalitions are being built among city government, business and neighborhood organizations for the purpose of pooling resources and working together on city-wide redevelopment strategies.

Economic Development programs in these cities tend to focus on industrial retention, attraction of new industry to boost the city's tax base, development of financial incentives to encourage relocation of industry and expansion of local industry, and the renewal of downtown areas to attract wealthier suburbanites back into the city for entertainment and shopping, and to develop new office space.

Minneapolis and Kansas City are exceptions to this regional categorization. Minneapolis has a strong industrial base and a priority for controlled growth and environmental protection similar to the West Coast cities; it is not experiencing the decline similar to other Northern cities.

Kansas City's economy grew up around service industries rather than manufacturing, such as other Midwestern cities, so it, too, is not suffering the general decline of its region. However, both of these cities have industrial retention programs oriented toward preventing outmigration of industry in the future, and attraction programs to bring in new industry in order to protect their current healthy economic status.

In two of the case study cities located in the South, namely New Orleans and Louisville, the economic base has been built up around the service and financial sectors, in addition to industrial growth and shipping centers. While these cities share many of the same economic characteristics as the Northern industrial cities, such as decline of the downtown area and loss of population to the suburbs, their economic decline has not been quite as severe.

Their political policies at the present time are focused on developing public strategies to stimulate new growth and to attract industries which will diversify their economies. There is recent attention to Economic Development with programs for downtown renewal and industrial attraction and retention.

b. Historical Role of the Private Sector in Development Activities

In almost all of the cities studied, Economic Development historically has been the function of the private sector. However, there are regional variations in the causes and character of this role.

In the Southwest and West, the public sector generally does not see the same need to involve itself in Economic Development and that, in fact, such an activity would be intervening in a private sector function. In Albuquerque, for example, a factor which has restrained public involvement in Economic Development is the overall record of the private sector in performing this function. In Fort Worth, the emphasis on free enterprise has led to a "hands off" attitude regarding a local government role in Economic Development activities.

In the cities in the Northeast, Midwest and South, the private sector has also traditionally performed the dominant role in Economic Development. In these cities, however, the public sector has a longer history of involvement in various Community Development programs such as urban renewal, social services, construction of public housing, and other programs involving the redevelopment of low-income areas.

This history of the operation of Community Development programs, some of which have had an Economic Development impact, has also contributed to a more readily accepted role of the public sector in Economic Development activities at the present time.

One factor which inhibited public/private coordinative efforts in Economic Development programs in some of these cities was a mistrust of public officials by the private sector, and the general feeling that the public sector was inefficient and wasted resources.

In Buffalo, New Orleans, Hartford and Philadelphia efforts have been made to correct this situation. These cities have all undergone recent reorganization of their governments in order to institute better management practices and centralize city departments to promote greater organizational efficiency. In some other cities with active public sector development programs, a distrust of the private sector was also noted mainly on the grounds that business groups seemed to be either suburban-oriented or only interested in the CBD.

c. Variations in Previous Levels of Federal Funding

A factor which is currently encouraging greater involvement of the public sector in development programs in the cities located in the West and Southwest is the large increase in Federal funds coming into these cities which can be allocated for development purposes.

For example, San Diego, Long Beach and Fort Worth are all due to receive larger CDBG grants over the next two years. Fort Worth

claims that revenue-sharing and CDBG have quadrupled the amount of Federal funds coming into the city. One reason for this increase is that since these cities are experiencing continuous growth, the public sector did not previously seek Federal funds for development programs.

In comparison, the cities in the Midwest, Northeast and South have been receiving Federal funds for the past several years for Community Development programs. In all of these cities except New Orleans, CDBG allocations are scheduled to decrease over the next two years. The reduction in Federal assistance may well inhibit any new directions in local development efforts away from previous programs and constituencies.

B. Issues Regarding Coordinated Local Development

Within the parameters of national and regional economic and population patterns, urban communities increasingly have recognized that there is an important role for local government in maintaining and improving the local economic base. Many older U.S. cities have experienced the decay of capital infrastructures, rising demands for services, and weakening revenue bases.

More recently, some U.S. cities are experiencing the dislocations of rapid and unmanaged growth. Urban Economic Development, therefore, is that specific area of local public policy concerned with public intervention to manage, maintain and improve the local economic base, i.e., business, jobs, income and revenues, by leveraging private sector investment in business and job creation.

Cities currently are involved in a number of development functions which are related to Economic Development: urban renewal, commercial and industrial development, housing rehabilitation, capital improvements, transportation development, Manpower training, minority entrepreneurship programs, land-use planning, Community Development, etc. It may be possible and necessary to integrate and/or coordinate these various development activities into comprehensive city development planning and implementation programs to address the economic problems of cities.

Clearly, Community Development with its emphasis on physical renewal, Manpower development with its potential emphasis on the development of a skilled labor supply, and Economic Development with its emphasis on the retention and creation of jobs through the leveraging of private business investment, potentially are logical components of such a comprehensive development program.

In addition, since interaction with the private sector is an essential aspect of Economic Development, the research has also surveyed private urban development institutions and conscious public/private sector coordination in local development activities.

The passage of two major Federal block grant assistance programs for local development--CETA, for Manpower Development, and CDBG, for Community Development--along with the far smaller Federal assistance program through the Economic Development Administration for local Economic Development planning, technical assistance and implementation, could have a significant impact on local development administration, priorities and programs. This research project has attempted to make an early and preliminary assessment of the impacts of these Federal development assistance programs.

The following is a discussion of the issues regarding coordinated local development which this research project has uncovered.

1. Factors Affecting the Direction of Development Programs

This research, both in its aggregate and case study phases, has not discovered significant shifts in the purposes to which Community Development Block Grant funds are being put by the larger U.S. cities. On the basis of very uneven and questionable data from Federal block grant applications, we concluded that 31 of the 90 largest U.S. cities intended to spend 5 percent or more of their FY75 CDBG funds on Community Development activities linked to Economic and/or Manpower Development activities.

The most frequent linkage noted from the applications was the use of CDBG funds for Economic Development purposes, including commercial and industrial development.

Of the 16 case study cities, four (San Diego, Norfolk, Fort Worth and Long Beach) had allocated from 10 to 40 percent of their FY75 CDBG grants for Economic Development. It should also be noted that, as was mentioned earlier, the 16 case study cities are not representative of the larger U.S. cities regarding their Economic Development efforts.

It should be noted however, that much of CDBG money earmarked for Economic Development was being used to fund traditional programs such as urban renewal.

The factors which affected the initial allocations of CDBG funds by municipal governments, included:

a. The City's Prior Experience with Federal Programs

A city's participation in past HUD categorical programs, especially Model Cities, has established certain constituencies with expectations and political demands. In the case of Model Cities, many neighborhood groups have received substantial amounts of funds for social service activities. The CDBG legislation's requirement for citizen participation further enhances the influence of citizen demands. Thus, well-established constituent expectations and participation can be an important restraint on the redirection of Community Development funds toward Economic Development projects. (A similar situation exists for CETA programs. In most cases past employment and training funds have supported client services, and many community-based organizations have received CETA subcontracts. Thus, citizen demands can act as a restraint on the redirection of Manpower development programs.)

Furthermore, the demands to expend the early block grant allocations to complete projects begun under earlier categorical programs are also an influential factor. (Conversely, cities without significant prior experience with Federal programs [e.g. some Southwestern cities] and free of established, Federally-funded constituencies may find it much easier to direct Community Development funds to Economic Development activities including those outside residential neighborhoods.)

Both of the above-mentioned factors may well increase as restraints against new development directions in those cities that will experience reductions in their CDBG allotments.

On the other hand, in some cases participation in HUD categorical programs has resulted in an Economic Development focus for CDBG. For example, the renewal of central business districts was an important Economic Development component of urban renewal programs. Additionally Economic Development corporations were created in a number of cities with Model Cities funds, and the existence of these institutions is a contributing factor to a greater Economic Development orientation for CDBG in those cities.

b. The History and Character of Local Development Efforts

Local Economic Development has been mainly a private sector responsibility in most urban areas. Only in recent years has Economic Development been emerging as a dimension of municipal policy, and to varying extents in different cities and regions.

The historical balance between public and private development efforts will affect the decisions to commit public funds to Economic Development projects. Alternatively, the provision of flexible Federal development funds directly to chief elected or administrative officials - and with Economic Development as an eligible activity under CDBG - as opposed to categorically funding recipient agencies increases the possibility for changes in the focus of public development efforts.

The possibility for an increase in public Economic Development efforts is also enhanced by the seed monies being provided local governments by the Economic Development Administration.

Another factor affecting urban development programs is a neighborhood versus a city-wide focus. A city may view development programs in terms of addressing neighborhood problems, or addressing the overall economic base by promoting major industrial or downtown development, or some combination of the two.

Neighborhood development efforts would more likely emphasize housing and other residential-related physical improvements, and social services for neighborhood residents.

The nature of traditional development efforts, Federally-funded and other, and established development program constituents would affect such decisions about development objectives, as would the citizen participation requirement of CDBG.

The research also indicated that some cities look to funding sources other than CDBG for their local Economic Development efforts. These other funding sources include Federal EDA assistance, and state and local revenue bonds, tax increment financing, tax abatements, and land-write downs.

Some cities have decided to depend heavily on limited purpose development funding programs and institutions, which are therefore more insulated from political pressures, to implement Economic Develppment programs.

(The Dayton Citywide Development Corporation is an example of a quasi-public development institution dividing its Federal and other resources

between both neighborhood and citywide projects, and between economic and other residential and physical development efforts.)

These facts support an opinion expressed by numerous local public officials, that an active political constituency for local Economic Development does not exist in most communities.

c. The Legal Framework for Local Development

While this study has not specifically addressed the question of the legal framework for local development efforts, it is important to note that one important factor affecting decisions about the focus of local development efforts is state and local law regarding allowable local development activities.

Many state and local charters prohibit certain public development activities essential to Economic Development, e.g., gifts and loans to businesses, or state and local law have not provided municipalities with important economic development tools, e.g., industrial revenue bonds, business tax abatements, land assemblage, improvements and sale for commercial and industrial purposes, and power to establish Economic Development corporations or other development institutions.

The absence of necessary Economic Development tools and institutions and constitutional prohibition on public Economic Development activities can restrict the purposes for or means by which Federal Community Development Block Grant funds can be used.

A research report prepared by the National League of Cities and the U.S. Conference of Mayors, entitled "Community Development Capabilities Study", surveyed 175 cities regarding state and local legal impediments to Community Development. The report noted significant incidences of legal constraints in several areas which are relevant to local coordinated Economic Development.

(1) A lack of direct city authority regarding several renewal powers--writing-down land costs, clearing privately-owned land, leasing land to private developers, and selling or donating property to individuals.

(2) Local debt limits as a constraint on general purpose government development activities. In many cities debt incurred for development and redevelopment falls within the municipal general obligation debt limit. In a significant number of cases state legislation or state constitutional changes would be required to alter these debt limits.

(3) Prohibitions on the transfer of funds to other public jurisdictions, and more widespread restrictions on the transfer of funds to private agencies.

(4) State constitutional and legislative prohibitions against cities providing grants and loans to individuals, and lending their credit to private corporations.

Similarly, the failure of local governments to organize themselves to carry out economic and other development activities effectively will be a restraint on the utilization of development funds.

d. Regional and Local Economic Conditions

The economic conditions impacting a particular city often affect its Economic Development activities. In general, the newer and growing cities of the West and Southwest are more concerned with protecting their environments, and are encouraging controlled growth policies which concentrate on attracting only non-polluting industries and avoiding rapid and random growth.

Also, given their relatively better economic health, these cities are more inclined to leave Economic Development efforts to the private sector.

The older cities in the Northeast and Central states are, for the most part, experiencing serious and chronic economic decline, and encourage business retention and Economic Development to maintain and bolster their tax base and employment.

In these latter communities, decline, rehabilitation, economic stabilization and revitalization, and the needs of well-established constituencies are major concerns.

Regional and national economic trends and conditions also have a significant impact on local development concerns. The regional migration of population and economic activity West and South has increased the problems of older central cities already impacted by suburbanization. Finally, the recent national economic recession has exacerbated the chronic economic problems of many U.S. central cities in the older industrial states.

2. Federal Constraints on Local Coordinated Development

Earlier in this chapter, we discussed aspects of the CDBG, CETA and EDA programs which are encouraging increased local attention to Economic Development objectives and the coordination of local development efforts.

These included more flexible funds going to local chief elected or administrative officials, the eligibility of Economic Development projects under CDBG, categorical Federal assistance for public Economic Development, the ability to use CDBG as local matching funds for Federal Economic Development grants and loans. The political problems of flexible Federal funds were discussed also.

The Federal local development assistance programs discussed in this report also place other constraints on local coordinated Economic Development activity. With regard to the Federal development assistance programs, we must be concerned that they are also in tune with the realities of the local development process.

a. Community Development Block Grants

A major constraint on the use of CDBG for development purposes is the three-day draw-down rule which HUD has imposed in order to prevent cities from earning interest on CDBG funds. This presents a cash flow problem, and prevents cities from using CDBG monies for a revolving loan fund or other development activities which require a large amount of capital on hand.

This was mentioned as a problem by Fort Worth; however, in Louisville, HUD officials waived the draw-down rule to allow CDBG funds to be used for a risk fund for insuring mortgagors to protect them against default for at least a year.

A number of cities mentioned that the one-year appropriations procedure and planning process limited CDBG-funded Economic Development activities to those which are short-term or are able to become self-supporting in a short time. A city may not wish to commit funds to a long-term Economic Development project when there is no certainty that funds will be forthcoming five years later. Economic Development often requires substantial long-term commitments of capital.

CDBG began approximately one year after CETA became operational. In some cities, as in New Orleans, the lateness of the start-up of the CDBG as compared to CETA prevented the city from integrating the two block grant programs.

Many of the projects financed under CDBG are capital intensive. This conflicts with the labor-intensive requirements of the CETA program, and may act as a constraint in coordinating Manpower and Community Development activities. This was mentioned as a problem for Milwaukee.

Another constraint on the use of CDBG funds is the phasing-down of funding levels in those cities which had a high level of funding under HUD categorical programs. Eleven of the 16 case cities are experiencing phase-downs in HUD funding levels during the next five years. Some city officials indicate that it will be difficult to satisfy the political demands of constituencies already created under HUD categorical programs with a declining budget; it will be even more difficult to create new development programs under such financial constraints. This will be a more serious problem for those cities experiencing rising demands for services and increasing economic problems.

Finally, the prohibition of certain development activities, such as business loan programs, under the CDBG program has inhibited and complicated the process of using CDBG funds for Economic Development purposes in some cities.

b. Comprehensive Employment and Training Act

There are a number of constraints in the CETA program which inhibit its being linked more closely to Economic and Community Development activities. The $10,000 salary limit for CETA workers prohibits their use in higher-paying jobs such as in the construction industry; this was specifically mentioned by Milwaukee officials.

CETA participants should work on projects utilizing skills which can lead to permanent employment. Since both EDA and CDBG projects are often of a temporary nature, CETA employes cannot legitimately work on the projects. This constraint prevented the use of CETA workers on the EDA-funded Stockyards project in Fort Worth.

In many cities, CETA programs are run on a different timing sequence than that used by private industry. This constrains the use of CETA funds for more private sector on-the-job training activities.

c. Economic Development Administration Programs

The low level of funding associated with EDA projects in urban areas is a constraint on the amount of coordinated development activity which can be sponsored under this program. Funding from the Department of Housing and Urban Development and the Department of Labor is often on the order of 10 times that of EDA funding in large cities. Thus, EDA often has only a very limited role in the local urban development process, although it can be catalytic.

Another constraint on EDA's programs in urban areas is the qualification criteria which prevent or inhibit cities from receiving EDA designation for public works funding and providing business loans to urban businesses. In order for most cities to qualify at all, the "special impact area" clauses had to be added to the legislation. This designation, however, restricts EDA assistance to redevelopment areas within cities. Moreover, these aids do not permit urban participation on the scale that the Community Development and Employment and Training legislation allows.

The EDA 302 planning grants, however, have shown up in many of the case studies as an important flexible source of money for funding new coordinated development institutions and processes, and EDA Technical Assistance money has been frequently critical in the history of those cities with older Economic Development units.

d. Other Federal Constraints on Local Coordinated Development

In the course of this report, as in the passages above, we have cited a number of technical factors which may inhibit coordination between the three Federal development assistance programs we have reviewed, e. g., conflicts between: eligible activities, jurisdictional areas, funding limitations, clienteles.

We have also noted problems regarding Congressional funding and program regulations which are inconsistent with the demands of long-term, capital intensive urban redevelopment programs seeking to leverage private sector investments.

But these factors may be indicative of a much deeper issue regarding the coordination of these Federal development assistance programs: a lack of Federal clarity of purpose. Such clarity of purpose is essential if regulations are to be written and programs administered in a fashion which assists local development coordination.

Federal urban Economic Development assistance has been minimal. Federal manpower programs have not been demand oriented, i. e., closely relating manpower training programs to the labor requirements of private industry, and thus not development oriented.

The Community Development program, in particular, leaves room for a wide range of interpretation regarding its overall purpose. From the legislation regulations, and program histories, one can derive two different impressions.

First, Community Development can be viewed as a broad-based comprehensive development program aimed at the redevelopment of low and moderate income neighborhoods. This interpretation is consistent with the objectives set forth in the former Model Cities program which allowed for social services, Economic and Manpower Development, as well as the redevelopment of housing and public facilities in neighborhoods. Under this interpretation, Community Development is inclusive of particular programs such as Manpower and Economic Development.

However, the legislation authorizing the CDBG phases out Model Cities and somewhat narrows the range of eligible activities; i.e., business loans programs and certain social service expenditures have been disallowed, suggesting that CDBG is a de facto collection of programs aimed mainly at residential improvements with some supportive infrastructure for low and moderate income neighborhoods. The largely housing orientation of the Community Development categorical programs supports this interpretation.

Under this latter interpretation Economic Development is not a subset of Community Development, but at best a complementary program, and possibly a program at serious odds with Community Development's housing outlook.

It will be difficult to effectively organize and coordinate local development programs if development programming at the Federal level is not defined and administered clearly and coherently.

3. Public/Public Coordination of Development Activities

While the research has not uncovered a significant change in the percentage allocation of Community Development resources to Economic Development, or been able to determine shifts away from traditional local development efforts within the case study cities, there is no doubt that the CDBG program is having an impact on local public development efforts.

This impact appears to include the laying of innovative foundations for possible future changes in public development objectives and coordinated local development practices.

The Federal block grant programs, by transferring funds to chief city officials, have provided an impetus for coordinated development practices. Chief elected and administrative officials are obtaining financial control over such public authorities as urban renewal and in some areas, housing, which were deliberately placed outside the city bureaucracy for purposes of promoting institutional flexibility and were financed directly by categorical HUD programs.

(Many of these institutions became somewhat uncontrollable. Need we point out that the current trend toward Economic Development corporations, again to promote flexibility and efficiency, might pose future similar dangers.)

Institutional reorganization of city development agencies is resulting from the provision of more centralized and more flexible Federal development assistance. In a number of cities, the CEO or CAO has appointed a coordinator in City Hall to pull together all programs previously funded with HUD monies, and to concentrate the planning for future CDBG allocations in his or her office.

In several cities, city development functions have been integrated under umbrella organizations (e.g. Louisville Development Cabinet), thus coordinating the planning and implementation of Community Development, Economic Development, Manpower, public works and planning. In some cities (e.g., Milwaukee) such reorganization preceded CDBG. In other cities (e.g., Hartford), while CDBG was not the primary catalyst for reorganization, it accelerated a reorganization process already in the planning stages.

The new Economic Development Administration program (Section 302) of grants to selected city governments for comprehensive economic planning appears to have not only enhanced the public Economic Development function in the recipient cities but has also encouraged coordination with other public and private development agencies as well as with the cities' chief policymaking officials.

However, as indicated previously, there are conflicting forces regarding this trend toward increased centralization and coordination. Bureaucratic fragmentation as well as commitments to the continuation of prior programs may obstruct or delay coordinative efforts.

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The politicization of CDBG implicit in the decentralization of control over Federal funds and the requirement for citizen participation often result in the dispersion or "spreading around" of resources among various neighborhoods and program constituencies.

In some cities, for instance, CDBG monies are being allocated to nearly every neighborhood rather than being concentrated in certain areas as was mandatory under the categorical grant system or targeted on specific citywide development projects.

Of the three development programs specifically addressed in this study--Community, Economic, and Manpower Development--the most common coordination was between Community Development and Economic Development, on both the institutional and programmatic levels. A major reason for this is that Economic Development was previously allowed under the HUD Model Cities program and in a number of cities urban renewal funds were utilized to clear land for commercial and industrial use.

Therefore, there has been a historical connection between these two development functions. Additionally, there is a funding linkage between these two functions with Economic Development as an allowable expenditure for Community Development monies.

Furthermore, some cities are deliberately coordinating Community Development and Economic Development as two facets of an overall development process which should be integrated on a planning and programmatic level.

Coordination betwen Community Development and Manpower was least evident. The fact that Manpower programs focus on human development with a strong social service orientation, and Community Development programs on physical development has inhibited the coordination of these two functions within one agency. Agencies responsible for the administration of Manpower programs tended to be institutionally aligned to umbrella agencies responsible for urban social service programs.

The most common program link between these two functions was the use of CETA funds to train workers in a skill needed for a Community Develpoment project, such as construction or public works.

The greatest evidence of coordination between Economic Development and Manpower was on a programmatic level, utilizing CETA funds to serve Economic Development purposes. This often involved public/private coordination on such programs as customized training programs for new and expanding industries, the conduct of local industrial surveys, and computer models to forecast labor demand by occupational and industrial categories.

4. Public/Private Sector Coordination

Traditionally, the private sector has taken the lead in local Economic Development efforts, with some variation as to degree between individual cities. However, increasing economic difficulties for many major U.S. cities combined with increased Federal assistance for local public Economic Development efforts (e.g., EDA, HUD, CETA, SBA, CSA, OMBE) have contributed to the emergence of municipal Economic Development programs.

Implicit in all public development efforts--Community, Economic and Manpower--must be the objective of leveraging multiples of private sector investment in the community. Thus, effective public development efforts must involve communication, cooperation and coordination with the private sector. (And, as the example of the attempts by the Philadelphia Garment Board to retain that city's garment industry indicates, the private sector must encompass labor as well as business leaders.)

Public/private coordination includes public programs and incentives responsive to real business needs and the private investment decision-making process; cooperation and coordination of public and private development efforts; and coordination of business development and community needs.

This research, as previously detailed, found numerous examples of public/private sector coordination for urban development. Most frequently, such cooperation and coordination took place with regard to central business district development, although instances regarding industrial retention and Manpower training have also been noted.

Since the original research design did not address neighborhood development activities, very little appears in this report regarding public/private coordination in neighborhood commercial and industrial revitalization.

The research also indicated the increasing establishment of a number of joint public/private development corporations as coordinative institutions for the implementation of development programs and projects.

Several key factors have enhanced public/private coordination in many of the case cities.

- Political commitment to development. A strong political commitment on the part of city officials enhances a city's ability to make quick transactions with private sector interests and enhances the credibility of public sector commitments in individual projects. A political atmosphere favorable to Economic Development also facilitates the planning of local development strategies.

- Joint public/private planning and implementation. If both the public sector and the private sector are involved in the planning stage of development programs, the possibility for effective coordination at the

implementation stage is enhanced greatly. Members of the Advisory Panel expressed the opinion that public/private coordination is more effective if organized around specific development tasks expressed in contractual obligations. The quasi-public development corporations mentioned above appear to be development institutions undertaking specific development functions under contractual agreements with local governments.

These institutions vary in their legal ties to local governments. They are also considered to be more effective development institutions because of their greater freedom from restraints imposed on local government and insulation from political pressures. As in the case of the Dayton Citywide Development Corporation, they are capable of using a broader range of development tools and even playing an entrepreneurial role in the development process.

- Contact with individual businesses. Most of the case study cities have set up an ombudsman office or position which is responsible for maintaining contact with firms in the city and responding to private sector needs. This function is essential to industrial and commercial retention programs and thus is especially important in cities with declining economies.

- Financing Tools. In order to finance jointly development projects and offer inducements to private sector investment, the public sector must be capable of financing development projects in a variety of ways. State enabling legislation permitting various financing powers to municipalities such as Ohio's Impacted Cities program and Missouri's 353 Urban Development legislation increases the possibility for joint public/private investments.

Several key factors seem to inhibit coordination between the public and private sectors in many large cities. It is worth reiterating that to be effective public Economic Development efforts must relate to the realities of the private investment process.

- Uncertainty of funding and lack of long-term commitments. Uncertain and short-term commitments on the part of the public sector tend to undermine the ability of the public sector to leverage large long-term commitments from private sector interests. Banks and corporations do not wish to gamble on politics. This problem has been noted in case cities with respect to both of the Federal blockgrant programs.

- Lack of mutual understanding. Participants in the Advisory Panel meetings stressed that local government can play an important role in development if it can clarify how public develppment programs work to the private sector. Similarly, there is a need for public sector development personnel to understand the context in which private investment decisions are made.

- Poor timing and red tape. Critical transactions involving private parties are often jeopardized because of delays caused by requirements for public hearings, city council approval and red tape. One advantage of the

development corporation approach to implementing public Economic Development policy is that development corporations can act more quickly than a city agency, thereby simplifying transactions between the public and private sectors.

- Development Responsive to Public Needs. Public Economic Development efforts must also be concerned with stimulating private development which is responsive to community needs. Members of the Advisory Panel, for instance, noted that some central city Economic Development efforts have suffered from a failure to provide the majority of the jobs created by development projects to central city residents. This is exacerbated by the inability of central city governments to tax the incomes of suburbanites working in central cities. Public officials must also be concerned with whether the public incentives provided for private development are in fact cost-effective in terms of the jobs, incomes and revenues produced.

APPENDICES

APPENDIX A

FEDERAL PROGRAM FUNDING LEVELS FOR THE 90 LARGEST U. S. CITIES

City/State	Federal Program Funding		
	CDBG FY76	EDA FY75	CETA FY75
Akron, OH	$10,479,000	-0-	$11,003,547[c]
Albuquerque, NM	9,594,000	-0-	9,809,618[c]
Anaheim, CA	511,000	-0-	22,650,918[c]
Atlanta, GA	18,780,000	$91,376	17,216,815
Austin, TX	7,976,000	-0-	3,615,000[c]
Baltimore, MD	30,637,000	2,423,200	46,618,155[c]
Baton Rouge, LA	1,993,000	55,000	5,572,046
Birmingham, AL	4,890,000	-0-	9,594,499[c]
Boston, MA	32,108,000	179,214	29,281,851
Bridgeport, CT	4,107,000	2,090,000	10,568,155[c]
Buffalo, NY	11,685,000	1,549,600	18,841,048
Charlotte, NC	10,594,000	-0-	6,033,791
Chicago, IL	43,201,000	312,250	80,599,484
Cincinnati, OH	17,359,350	-0-	14,916,810
Cleveland, OH	16,092,000	75,000	35,492,523[c]
Columbus, GA	2,987,000	2,500	3,348,660[c]
Columbus, OH	9,000,000	100,000	11,548,755[c]
Corpus Christi, TX	1,703,000	-0-	5,725,688[c]
Dallas, TX	3,998,000	-0-	7,634,503
Dayton, OH	6,822,000	-0-	2,111,224[c]
Denver, CO	15,805,000	2,500	8,220,817[c]

c = consortium member

FEDERAL PROGRAM FUNDING LEVELS FOR THE 90 LARGEST U. S. CITIES

City/State	Federal Program Funding		
	CDBG FY76	EDA FY75	CETA FY75
Des Moines, IA	$ 361,000	-0-	$ 5,355,847[c]
Detroit, MI	34,187,000	35,000	53,683,740
El Paso, TX	2,195,000	-0-	7,224,280[c]
Flint, MI	7,737,000	1,630,500	9,796,862[c]
Fort Wayne, IN	1,798,000	-0-	8,122,064[c]
Fort Worth, TX	1,879,000	515,805	5,212,221[c]
Fresno, CA	10,038,000	75,000	12,059,271[c]
Gary, IN	6,365,000	477,000	8,267,241
Grand Rapids, MI	5,095,600	3,250,000	14,243,391[c]
Hartford, CT	10,267,000	143,350	13,006,787[c]
Honolulu, HI	13,099,000	-0-	23,043,897[c]
Houston, TX	10,358,680	2,500	17,062,562
Indianapolis, IN	12,356,000	-0-	15,563,628
Jackson, MS	2,253,000	2,500	3,416,216[c]
Jacksonville, FL	5,194,000	-0-	8,818,345[c]
Jersey City, NJ	6,485,000	583,298	9,893,104
Kansas City, KS	6,206,000	-0-	3,740,388[c]
Kansas City, MO	17,859,000	1,210,000	13,307,988[c]
Knoxville, TN	4,091,000	63,050	3,536,767[c]
Long Beach, CA	1,514,000	50,000	10,157,030
Los Angeles, CA	36,836,143	1,253,733	96,323,705
Louisville, KY	8,639,000	66,000	8,808,527[c]

c = consortium member

FEDERAL PROGRAM FUNDING LEVELS FOR THE 90 LARGEST U. S. CITIES

City/State	Federal Program Funding		
	CDBG FY76	EDA FY75	CETA FY75
Madison, WI	$ 481,940	-0-	$2,447,055[c]
Memphis, TN	5,744,000	103,712	9,085,704[c]
Miami, FL	2,605,663	169,500	25,622,680[c]
Milwaukee, WI	13,383,000	105,000	14,901,839[c]
Minneapolis, MN	16,000,000	-0-	18,346,346[c]
Mobile, AL	2,014,000	-0-	5,551,251[c]
Nashville, TN	9,609,000	-0-	6,748,716
New Orleans, LA	14,808,000	250,000	22,909,142
New York, NY	90,509,000	5,341,826	236,830,888
Newark, NJ	19,460,000	2,931	25,740,413
Norfolk, VA	17,766,000	-0-	10,348,615[c]
Oakland, CA	12,738,000	50,000	18,938,798
Oklahoma City, OK	8,183,000	124,500	2,988,838[c]
Omaha, NB	1,390,000	50,000	9,097,939[c]
Philadelphia, PA	56,649,000	2,093,500	50,705,370
Phoenix, AZ	2,633,000	-0-	23,911,150[c]
Pittsburgh, PA	14,415,000	-0-	17,198,243
Portland, OR	8,700,000	45,000	10,364,582
Providence, RI	8,693,000	49,332	9,025,504
Richmond, VA	10,068,000	-0-	4,121,902[c]
Rochester, NY	10,887,000	-0-	12,208,663[c]
Sacramento, CA	3,628,400	-0-	18,068,957[c]

c = consortium member

FEDERAL PROGRAM FUNDING LEVELS FOR THE 90 LARGEST U. S. CITIES

City/State	Federal Program Funding		
	CDBG FY76	EDA FY75	CETA FY75
St. Louis, MO	$15,194,000	$1,125,000	$16,784,488
St. Paul, MN	19,185,000	-0-	7,763,275
St. Petersburg, FL	1,010,000	-0-	7,941,366[c]
Salt Lake City, UT	4,176,000	-0-	19,388,012[c]
San Antonio, TX	17,904,000	-0-	16,243,105[c]
San Diego, CA	9,148,000	306,500	50,307,042[c]
San Francisco, CA	28,800,000	166,687	31,544,877
San Jose, CA	6,242,000	210,000	19,019,210[c]
Santa Ana, CA	689,000	-0-	22,770,907[c]
Seattle, WA	11,641,000	1,066,800	40,006,229[c]
Shreveport, LA	1,142,000	-0-	4,050,134
Spokane, WA	1,568,000	27,500	8,059,785[c]
Springfield, MA	9,109,000	-0-	11,890,245[c]
Syracuse, NY	11,861,000	-0-	4,317,640
Tacoma, WA	2,459,000	1,688,000	6,129,604
Tampa, FL	8,577,000	-0-	10,808,355[c]
Toledo, OH	12,171,949	-0-	11,975,755[c]
Tucson, AZ	5,625,000	-0-	5,537,688[c]
Tulsa, OK	9,312,000	-0-	4,789,150[c]
Virginia Beach, VA	552,000	-0-	9,795,301[c]
Warren, MI	-0-	-0-	4,065,386
Washington, D. C.	42,748,000	2,045,126	31,919,365

c = consortium member

FEDERAL PROGRAM FUNDING LEVELS FOR THE 90 LARGEST U. S. CITIES

City/State	Federal Program Funding		
	CDBG FY76	EDA FY75	CETA FY75
Wichita, KS	$12,330,000	-0-	$3,068,432
Worcester, MA	5,611,000	75,000	6,304,365[c]
Yonkers, NY	5,985,000	-0-	3,707,061

c = consortium member

APPENDIX B

NCUED/HUD PROJECT ADVISORY PANEL

CHAIRMAN
John Nixon, Chief Economist
Ralph M. Parsons Company

CO-CHAIRMAN
D. Kenneth Patton, President
Real Estate Board of New York

Edward deLuca
Director
Department of Economic Development
Baltimore, Md.

William Gatewood
Director
Community Development Cabinet
Louisville, Ky.

Eli Ginzberg
Director
Conservation of Human Resources
New York, N.Y.

Herbert Goetsch
Commissioner, Public Works
Milwaukee, Wisc.

James Hankla
Executive Vice President
Long Beach Economic
Development Corporation
Long Beach, Calif.

William G. Herbster
Senior Vice President
First National City Bank
New York, N.Y.

Theodore M. Lawe
Director
Human Resources Department
Dallas, Tex.

Robert Paternoster
Planning Director
Department of City Planning
Pittsburgh, Pa.

William L. Rafsky
Consultant
Greater Philadelphia Movement
Philadelphia, Pa.

John H. Reading
Mayor, City of Oakland
Oakland, Calif.

William Schneider
Executive Director
Citywide Development Corporation
Dayton, Ohio

Wayne Thompson
Vice President
Dayton-Hudson Company
Minneapolis, Minn.

John Wentz
City Manager
City of Phoenix
Phoenix, Az.

SUMMARY MINUTES

NCUED/HUD PROJECT ADVISORY PANEL MEETING

September 22, 1975

The NCUED/HUD independent Advisory Panel held its first meeting in Washington, D. C., on September 22. Its members assessed the preliminary findings of the mid-project topical report which summarized local linkages in the nation's largest 90 cities among the Federal block grant programs (CDBG and CETA) and Economic Development Administration (EDA) urban assistance. Panelists also suggested directions for the remainder of the research.

The Advisory Panel meeting was chaired by John Nixon, chairman of NCUED's Research and Policy Analysis Committee and chief economist of the Ralph M. Parsons Company, Los Angeles. Other panel members in attendance were Edward deLuca, director of Baltimore's Department of Economic Development; Professor Eli Ginzberg, director of the National Commission for Manpower Policy; James Hankla, executive vice president of the Long Beach Economic Development Corporation; William Herbster, senior vice president for urban affairs of the First National City Bank of New York; Theodore Lawe, director of the Human Resources Department of Dallas; Robert Paternoster, Pittsburgh's planning director; John Williams, executive director of the Oakland Redevelopment Agency representing Mayor John Reading; and Glenwood Wilson, executive assistant to Phoenix's city manager, representing John Wentz, City Manager of Phoenix.

Claude Barfield, Deputy Assistant Secretary of HUD for Policy Development and Research, opened the meeting by underlining HUD's interest in determining research priorities in the field of urban Economic Development.

Additional HUD participants included Alan Siegel, Philip Friedly, Feather O'Connor, Robert Heller, William Sanborn and John Simmons.

Reflecting the other development programs being considered in the study, Joseph Epstein of the Department of Labor's Manpower Administration, and Leon Douglas, Office of Technical Assistance, and Richard Hage of the Department of Commerce's Economic Development Administration, also attended.

NCUED was represented at the meeting by Kenneth Fry, executive director; Victor Hausner, research director; Jules Lichtenstein, project director; and the staff of the research project.

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The morning session of the all-day meeting focused on a discussion of the diverse development programs and linkages in each panel member's city. Panelists also highlighted the various types and levels of private sector involvement in development efforts in their cities.

A brief summary of the panelists' opening statements follows:

Kenneth Fry, NCUED Executive Director

Mr. Fry opened the meeting by welcoming the Advisory Panel participants on behalf of the National Council for Urban Economic Development. He expressed NCUED's great interest in the subject of improving the state of the art of local Economic Development. Coordination could play an important role in improving the effectiveness of local development activities.

The pivotal question behind the research is: With the acknowledged Federal failure to coordinate categorical grant-in-aid programs in the past, can local officials now "get it together" - particularly with the new tools and authorities under special revenue-sharing programs together with expanded Economic Development Administration programs? In addition, will improved local coordination be matched by improved coordination at the state and Federal levels?

He pointed to the national penchant for "big picture" macro-level thinking and indicated that this project can show what can be done in a "trickle-up way," i. e., from the local level up. Local officials, elected and appointed, as well as private sector representatives, can shed light on economic problems that seem to evade the "big-picture" approaches.

Finally, Mr. Fry thanked the Department of Housing and Urban Development for its support of the project and the Department of Labor and the Economic Development Administration for their assistance in the research project, and their participation in the Advisory Panel. He also expressed his hope that this research would be of assistance in urban policy development at HUD.

John Nixon, Advisory Panel Meeting Chairman, Chief Economist for the Ralph M. Parsons Company.

Dr. Nixon noted that there is a whole area of economic activity which has not been adequately conceptualized or worked out in practice--that is the role of local public bodies and voluntary groups in developing and continually upgrading the local economic base. He pointed out that problems of an "economic nature" can mean either dealing with fiscal issues, or as EDA has generally used the term, the stimulation of private employment, income increases and distribution, and the development of minority enterprises. The NCUED Topical Report has approached Economic Development from the latter perspective, focusing on programs related to jobs and income.

He commented that interest in the urban economy is certainly not new, as attested to by the findings of a 1964 CED study of six urban "Community Economic Development Efforts." The problem has not receded as evidenced by the growing crises faced by New York and many other cities. Finally, any study which examines Federal efforts to assist local Economic Development cannot overlook the programs initiated under the Area Redevelopment Act of 1962, predecessor of the Public Works and Economic Development Act of 1965.

Claude Barfield, Deputy Assistant Secretary of HUD for Policy Development and Research

Mr. Barfield indicated that HUD and the Office of Policy Development and Research view outside research committees as an extremely important input to the policy process. HUD is particularly interested in developing products which relate to user needs. Specifically, the HUD research program emphasizes products usable in the near-term.

He indicated that the "UD" side of HUD's mission is a largely new research program and has been only recently given substantial attention. Many research areas, including land use, taxation and Economic Development, are in the early stages of development. The three studies commissioned in the area of Economic Development (the NCUED, Griffenhagen-Kroeger and Ginzberg efforts) are building blocks for further research and resources for these efforts will increase as information is gained. He indicated his interest in recommendations from the advisory committee members for research priorities in this area.

Edward deLuca, Director of the Department of Economic Development, Baltimore

Mr. deLuca indicated that Baltimore's Economic Development program focuses on tradtional Economic Development activities such as industrial retention, expansion and the attraction of new industry and businesses as well as other less conventional programs. Several development-related programs involving city, private and neighborhood cooperation have been initiated, including a joint public-private anti-vandalism project--Industry and Community Together (IACT); a program to retain city hospitals: a City-Hotel Advisory Council to promote tourism and conventions; state-financing mechanisms with SBA support and industrial revenue bonds to assist manufacturing firms; and a Mayor's Advisory Committee on Manpower which assists local firms fill their Manpwer needs. Other recent city-initiated programs include the Business Opportunities Administration, to assist minority entrepreneurs; an Omsbudsman Program, to assist local businessmen; and an industrial promotion program operating closely with the traveling representatives of the city's major banks.

Eli Ginzberg, Director of the National Commission for Manpower Policy; Director, Conservation of Human Resources, Columbia University.

Dr. Ginzberg indicated that the National Commission for Manpower Policy has a special section on "Manpower program coordination," as a supplement to its first annual report to Congress. Further, the work of the Conservation of Human Resources has been addressing questions related to those dealt with in the NCUED/HUD study, including the role of government in development, the relation between local government and municipal unions, and the development of effective economic strategies for New York City.

The major stumbling block to effective Economic Development policies, he noted, has been the lack of political constituencies among the urban population for Economic Development. In New York City, few groups besides realtors and speculators have been interested in such development, he said. In addition, the lack of coordination between the city's educational system and its Manpower programs has meant that their net contribution to Economic Development has been small. The education of the individual has had little to do with his employability.

Billions of dollars in Federal Manpower development assistance "has been poured down a rathole," Dr. Ginzberg stressed. "Coordinated development" programs per se are not necessarily an improvement. We must concentrate on "the economics of Economic Development," i. e., the expenditure of public funds which have a multiplier effect. Public monies should leverage increased private sector investment. The poor, Dr. Ginzberg concluded, can only be helped by the linkage to sources of private investment.

Dr. Ginzberg noted the new but necessary role of local government as an entrepreneurial unit. The focus of such public development efforts should be somewhere between the city as-a-whole and neighborhoods. Public coordination is important but the key remains the linkage of public expenditures and private investment.

James Hankla, Executive Vice President of the Long Beach Economic Development Corporation.

The closing of the local naval station and the subsequent loss of significant numbers of jobs have resulted in the formation of the quasi-public Economic Development Corporation (EDC). Its 26-member board includes representatives from city government, educational institutions, labor and business. The EDC oversees Federal grants with Economic Development purposes.

Mr. Hankla also described efforts in Long Beach to have the Capital Improvements Program serve as an Economic Development tool.

The city has allocated 3½ percent of its CDBG funds as an Economic Development reserve fund to support the EDC. Projects include a loan guarantee fund, business rehabilitation, transportation planning, industrial park development, and job creation and retention efforts. Long Beach has received an EDA 302 grant to staff an economic planning section in the mayor's office.

William Herbster, Senior Vice President for Urban Affairs, First National City Bank, New York, New York

Mr. Herbster noted that while it has been difficult for one institution to deal with the complex economic problems faced by New York City, Citibank has been able to initiate several important projects. These include development of a crime reduction program linking taxicab dispatchers with police precincts, a Minority Enterprise Small Business Investment Company (MESBIC), a minority housing corporation and various job training and educational programs. First National City Bank is also involved in the transfer of program information to other communities in the United States.

Mr. Herbster also stressed the lack of effective, targeted public/private sector coordination in New York City as partially behind that city's present problems. New York City has seen public and private sector activity, but little effective joint activity. Public/private development coordination will be most effective if founded on contractual arrangements, specific objectives, and joint commitment of resources.

Mr. Herbster also noted the importance of state-enabling legislation and development programs to assist urban development efforts.

Theodore Lawe, Director of Human Resources Department, Dallas, Texas.

Mr. Lawe noted that cities vary in the mix and dominance of public and private sector development activities. Dallas has been a private sector dominant city, one which historically has had a healthy economy and little involvement with public social programs, e. g., social services, urban renewal and Model Cities. The primary development focus has been preventative: the maintenance of the healthy tax base and local economy.

Current public development efforts include the establishment of an Office of Economic Development by the city manager to assist with more effective development decision-making. CETA monies will be used to establish this government unit. Mr. Lawe also indicated that an informal process of public development coordination is taking place between officials within the city government.

The Dallas Alliance represents a cooperative effort between the public and private sectors to deal with a broad spectrum of projects at both city-wide and neighborhood levels. It is attempting to apply preventative approaches to the problem of urban decay.

John Williams, Executive Director of the Oakland Redevelopment Agency, Oakland, California, representing Mayor John Reading.

Mr. Williams indicated that the Federal block grant programs, especially CDBG, are having a profound impact on the traditional organization of governmental responsibilities. The Oakland mayor and city council are presently carrying out a transition plan for consolidating the Redevelopment Agency and the Housing Authority into a comprehensive Office of Community Development within city government by July, 1976. But Mr. Williams argued against the notion that increased centralization of public development activities will necessarily improve their effectiveness.

Mr. Williams contended that Oakland's private sector has turned its back on the revitalization of declining neighborhoods. He expressed his feeling that there should be strong regulations on how Federal monies can be spent,and that CDBG entitlement amounts are inadequate to address the magnitude of urban problems.

Robert Paternoster, Planning Director, Department of City Planning, Pittsburgh Pennsylvania.

Mr. Paternoster described two basic types of Economic Development: (1) economic base development, which seeks to promote major industrial growth and downtown development and (2) Community Development, involving work with neighborhood and local businesses to stabilize conditions. In Pittsburgh, the bulk of CDBG funds is being spent on the latter. Efforts are centered on commercial redevelopment and revitalization efforts, especially small business rehabilitation programs in deprived neighborhoods.

Mr. Paternoster noted earlier efforts by the Pittsburgh private sector to revitalize the central business district. But the current Pittsburgh city administration has not been convinced that local government can significantly impact those forces affecting the state of local economies.

Glenwood Wilson, Executive Assistant to the City Manager for Human Resources, Phoenix, Arizona, representing City Manager John Wentz.

Mr. Wilson commented that Phoenix's sudden rise in unemployment is a sharp departure from its normally healthy economy. While the organizational arrangement for Economic Development and public-private coordination looks good on paper, it does not appear to work effectively on a daily basis. One reason may be suspicion of the newly formed Economy Security Department by the Chamber of Commerce, which has not accepted the department as a partner in development efforts. With respect to housing, Phoenix has a Neighborhood Housing Services Corporation which operates, with the support of local banks, a high-risk loan fund for housing maintenance. In an attempt to arrest decline in marginal communities, the city has an anti-red lining program.

* * *

For the remainder of the day, panel members concentrated on important points regarding the broad subject of coordination of local Economic Development strategies and programs. Major observations of the panel are summarized.

- There is a lack in many large cities of political support for Economic Development. The business community, despite its obvious interest in Economic Development, has had little leadership representing its unified interests. On the neighborhood level, it is difficult to convince groups that money spent on long-range Economic Development projects will have a greater impact than the same amount of money doled out as grants to meet current crises. Despite the fact that the public sector may understand the need for long-range Economic Development projects, in many cities political pressure has promoted Economic Development spending only in response to crises situations.

- Whether Economic Development is monopolized by the private sector or needs public incentives and financing may depend on factors such as the fabric of a city's economy, the city's age, the racial and ethnic mix and the business community's commitment to solving city-wide problems.

- The public and private sectors must work as partners in planning and implementing a city's Economic Development. While in several cities an active public/private partnership presently exists, it was pointed out that a major reason for one city's economic problems was due to the fact that the public sector left the business community out of its Economic Development planning program. Public/private partnerships should be designed to promote the greatest practical output.

In this regard, a public/private corporation or joint venture which is contractual and calls for a commitment of resources from both sides would have more impact on the process than joint task forces or committees.

- The public sector may view its role in Economic Development as either increasing the local tax base, encouraging the stabilization of marginal neighborhoods and bringing them into the city's economic mainstream, or both of these. There was a debate concerning whether or not the public sector can have an impact on its local economic base. In one case, a city termed neighborhood Economic Development as Community Development because it had no impact on the city's mainstream economy.

- The focus of any coordination should be on the "economics of Economic Development." Only those linkages which have a multiplier effect, i. e., in terms of a continued stream of public and private investment, should be encouraged since resources are so scarce.

- Community Development Block Grant funds have in some cases been spread thinly across a city so that each political interest group gets its "piece of the pie." CDBG monies are often used to promote immediate, visible effects and are not spent on long-term development, which would

not show its impact for several years.

- In order to carry out Economic Development, cities must be assured of continuous funding levels over several years. It is difficult to commit CDBG funds for a long-term project in the face of possible funding cutbacks or program authorization changes at the Federal level. Annual progress reports on Federal programs frequently result in a city's investing in projects which will show immediate progress.

- With direct relation to the research project, it was suggested that linkages be evaluated in terms of their effectiveness, not just because they exist. Key questions for evaluation are: Is promotion of Economic Development the main intent or only an effect of the linkage? Do both parties have a mutual understanding of the problem which the linkage is intended to solve? Is the linkage between top-level decision-makers or second-level staff? Is the level of effort represented by the linkage of sufficient magnitude to accomplish the goals which are addressed?

* * *

The next meeting of the Advisory Panel will be on Thursday, November 13, 1975.

J. L.

MINUTES

NCUED/HUD ADVISORY PANEL

November 13, 1975

The NCUED/HUD independent Advisory Panel held its second meeting in Washington, D.C., on November 13. Its members heard presentations by project staff of the first case studies being developed in the program and reviewed a paper, summarizing the project's findings, prepared for a HUD policy briefing session held on October 6.

The Advisory Panel meeting was chaired by John Nixon, chairman of CUED's Research and Policy Analysis Committee and chief economist of the Ralph M. Parsons Company, Los Angeles. Other panelists were Brian Aby, of Phoenix's Economic Security Department, representing City Manager John Wentz; J.R. Chipman, evaluation and planning coordinator of the Human Resources Department of Dallas, representing Theodore Lawe, director of the Dallas Department of Human Resources; Edward deLuca, director of Baltimore's Department of Economic Development; Herbert Goetsch, Milwaukee's commissioner of public works and past president of the American Public Works Association; William Herbster, senior vice president of urban affairs of the First National City Bank of New York; Professor Dale Hiestand, of Columbia University's Graduate School of Business, representing Professor Eli Ginsberg, director of the National Commission for Manpower Policy; William Rafsky, consultant for the Greater Philadelphia Movement; Mayor John Reading of Oakland, California; William Schneider, executive director of Dayton's City-Wide Development Corporation; and D. Kenneth Patton, co-chairman of the Advisory Panel, president of the Real Estate Board of New York, and immediate past president of NCUED.

HUD participants included Alan Siegel and Philip Friedly from the Office of Policy Development and Research. Joseph Epstein, of the Department of Labor's Manpower Administration, and Leon Douglas and Richard Hage of the Department of Commerce's Economic Development Administration, also attended.

NCUED was represented at the meeting by Kenneth Fry, executive director; Victor Hausner, research director; Christopher Britton, director of community services; Jules Lichtenstein, project director; and the staff of the research project.

The morning session focused on presentations by the project staff of the first of 16 case studies being developed, in addition to a paper summarizing the project's findings, prepared for a HUD briefing session held on October 6. The presentations included summaries of findings in Fort Worth, Portland (Oregon), Hartford and Milwaukee; case studies for those cities are contained in the final report and will not be reviewed

here.

Panelists discussed the oral presentations and the Briefing Paper, and related these findings to development problems and opportunities in their own cities. They provided suggestions for the final report as well as recommendations to HUD for appropriate additional research.

A brief summary of the panelists' opening statements follow:

John Nixon, Advisory Panel Meeting Chairman. Chief Economist for the Ralph M. Parsons Company

Dr. Nixon opened the meeting with a commendation to HUD for broadening its interest and involvement from housing and neighborhood concerns to urban Economic Development. He noted that while we have a fair amount of information on the pathology of cities there is a tremendous gap in research and analysis on how a normal, healthy city functions in terms of its economic and governmental operations. He stressed the need for a baseline from which to measure deviations from urban well-being.

Victor Hausner, NCUED's Director of Research

Mr. Hausner brought the panel up-to-date by describing the project's genesis and how the research has proceeded to date. He acknowledged that the Topical Report, which presented an aggregate analysis of linkages in the 90 largest cities, is based on slim data -- mainly the CDBG and CETA applications. The Topical Report addressed the issue of the use of block grants for Economic Development purposes. The most significant findings, he stressed, relate to the possibilities within the CDBG, CETA and EDA programs for interactions at the local level.

Particularly interesting was the fact that a substantial percentage of cities seemed to be using, at the very minimum, 5 percent of their CDBG funds for activities related to Manpower or Economic Development programs. This analysis also pointed to the need for policy clarification on the use of CDBG funds for business development financing.

The second part of the study has involved case studies for a representative group of cities; these studies "zero in" on particular cities to describe and analyze the nature of their development programs, their use of Federal monies, and any examples of coordinated practices in terms of new institutions, programs and financing techniques.

Mr. Hausner cautioned that, at the present time, the research program does not include evaluations of the effectiveness of institutions, programs and practices.

Jules Lichtenstein, Project Director

Dr. Lichtenstein pointed out that the research has shown Economic Development to be a relatively new public sector concern. Evidence indicates that local officials and practitioners are groping and experimenting with a wide variety of institutions, programs and financing mechanisms.

In addition, study results show it is difficult to generalize either about local public development efforts or coordinated arrangements between the public and private sectors. Notwithstanding, the research is uncovering significant examples of innovative development practices which can serve as useful models for localities contemplating organizing or reorganizing their Economic Development efforts.

Brian Aby, Director of Phoenix's Economic Security Department

Mr. Aby pointed out that in Phoenix the private sector is very skeptical of the capacity of program agents who contract with CETA to deliver a trained work force which will meet entry level requirements. There is a general sense that delivery agents would like to return to the categorical approach of dealing one-to-one with the Labor Department's regional office rather than following prime sponsor policies generally established by county supervisors and city councils.

There is a tendency in Phoenix to focus CDBG funds on the substandard housing problem. In the first two years, over two-thirds of the CDBG will be directed at the city's only urban renewal project or its NDP. However, there will be a growing opportunity to use CDBG for Economic Development because the NDP project is small and will be completed soon, and the CDBG will be increasing from $5 million to about $9 million over the next few years.

William Rafsky, Consultant for the Greater Philadelphia Movement

Mr. Rafsky portrayed a "vicious cycle" which prevents unskilled, unemployed workers in a city from obtaining the jobs created by new industry. He noted that a linkage is not necessarily a "plus" and stressed "to make improvements you must start with goals." He outlined the following five-point approach for helping communities.

First, it should be recognized that monies are given to municipalities whose boundaries are not coterminous with the problems. Second, the major elements needed for successful development include good government leadership, an Economic Development strategy based upon priorities, and lastly, a working public/private partnership. Third, in terms of planning and priorities, it is a mistake to be misled by the issue of CBD versus neighborhood renewal. Projects should be evaluated in terms of achieving goals. This often requires a balanced approach. Fourth,

he recommended that local governments be required to meet national goals in their use of block grant funds.

Furthermore, states should encourage local government to develop metropolitan-wide solutions offering bonuses for coordinated local development. Fifth, he suggested that the report deal with models and relate these to local conditions. For example, the effects of corporate headquarters on a city's development program should be analyzed.

Joseph Epstein, Manpower Administration, Department of Labor

Mr. Epstein noted that the character of development activities is linked to the changing economic well-being of the community. The shift from private to public development initiatives seems related to changes in the economy.

He also pointed out that the key to being able to build linkages among various activities is related to the extent that Economic Development receives political support.

John Reading, Mayor of Oakland, California

Mayor Reading noted that the site-visit reports made no mention of linkage or coordination between OEO-CSA funds and other development resources and activities. In Oakland, he pointed out, more OEO and CSA monies than CDBG funds are being used for Economic Development purposes.

The key Economic Development problem in Oakland is the loss of urban jobs to suburbanites. Only one out of every three new jobs created in Oakland go to Oakland residents. He suggested that the study address the mechanisms through which the city can gain greater benefits from its capital investment in jobs. Neither the payroll nor the commuter tax is an answer to this problem.

William Herbster, Senior Vice President for Urban Affairs of the First National City Bank of New York

Mr. Herbster emphasized the need for identifying goals in relation to market forces. Using this approach, it may become clear that a realistic policy should deal with urban stabilization or decline as well as growth. It is apparent that some cities should not survive and that a strategy of urban "euthanasia" may be called for.

Mr. Herbster suggested that the study deal with the following points. First, it is necessary to differentiate between neighborhood development and Economic Development. Although the two are related, they require different approaches. Development goals are out of phase with reality, leading to the misspending of enormous sums.

In addition, there is too much money being spent on short-run solutions to long-run problems. Federal development dollars are being misspent if they are either pushing or pulling businesses from one location to another and are not generating new economic activity.

Technically, EDA regulations prohibit the use of funds for business relocations. He felt the Federal Government needs to play a different role and should be more of a technical resource to assist communities in coordinating Federal monies as well as other resources.

J. R. Chipman, Evaluation and Planning Coordinator of the Human Resource Department, City of Dallas

Mr. Chipman was concerned with developing an operational definition for Economic Development. He felt that development objectives are not focused and that the oft-mentioned distinction between neighborhood versus CBD development is somewhat artificial. He called for a rational set of national, regional and local Economic Development programs. This approach is the only one which can hope to deal effectively with the problem of "economic pirating," i.e. cities stealing industry away from each other.

Referring to the influences of the private sector in Dallas, he felt that the low-wage structure has been more important than any specific public or private activity in generating development there.

Herbert Goetsch, Commissioner of Public Works, Milwaukee

Mr. Goetsch agreed with the problem of the distortion of Economic Development goals and objectives in the study. He felt that the research should mention local linkages to suburban and state agencies. Although Economic Development is a long-term process, both Federal funding policies and local politics encourage short-range programs.

Local officials are hesitant to start programs without the asssurance of funding continuity. He stressed developing techniques for dealing with the obsolescence of local industry as a key local development strategy.

William Schneider, Executive Director, Dayton City-Wide Development Corporation.

Mr. Schneider recommended that HUD remove its prohibitions on the use of CDBG monies for business loans. He noted that Dayton is, in fact, using its block grant for these purposes. In addition, he felt EDA should become more urban-oriented.

Further research, he said, should examine customized training models or programs which work well. It should address the general problem

of coordinating job training with job creation. In addition, research should examine neighborhood business development. He noted the particular problem of creating jobs in neighborhoods. Dayton, in order to gain community and political support for development, is taking a balanced neighborhood/city-wide approach.

He cautioned that "coordination" is not "planning" and suggested that what is needed is a framework which recognizes this distinction, articulates priorities and compares the results of different strategies. He agreed with Mr. Chipman in the need for a national urban strategy because the local community is limited in its ability to stabilize its own economy.

D. Kenneth Patton, President, Real Estate Board of New York, Past President of NCUED.

Mr. Patton suggested that the study test a basic hypothesis that communities which need Economic Development the most spend discretionary monies the least for such development. He stressed that Economic Development is the key independent variable in the urban development equation, indicating that it is the handle with which to get a grip on other critical urban problems, such as Manpower training.

Neighborhood revitalization, he noted, is of great political importance because of its high visibility. In this vein, it is important to show how industrial park development affects particular neighborhoods.

Edward deLuca, Director of the Department of Economic Development, Baltimore

Mr. deLuca recommended the study of the "must" location factors for particular industries in order to guide recruitment activities. HUD's policy of paying moving expenses up to 100 miles for businesses displaced by urban renewal needs rethinking, he noted, as it has contributed to the outmigration of industrial and commercial activity.

He pointed to the failure of theories to guide Economic Development activities and suggested a pragmatic approach to development which addresses such basic issues as the revitalization of older urban industrial buildings.

For the remainder of the meeting, panel members suggested areas related to local Economic Development in which further HUD-sponsored research is needed.

Dr. Nixon outlined five questions raised in this study which should be summarized in the final report, and could be examined more closely in future research. First, a description and analysis of what

constitutes Economic Development should focus on industrial retention and expansion, upgrading the CBD, neighborhood and community improvement, customized manpower training, and minority small business support.

Second, the variety of Economic Development methods should be catalogued. Third, with respect to financing methods the report should study the leverage points on private investment, use of Federal funds and newer development techniques such as tax increment financing.

Fourth, time-phasing is an important but neglected area of study. It should be recognized that the study takes a snapshot of a development process which works over a long time period. Lastly, the study should address how each of these aforementioned issues relates to Federal funding. The inadequacy of Federal funds is not a new story. However, just as critical for development is overlapping funding periods, the continuity of funds, and the nature of leverage points for Federal funding. While each of these issues could only receive cursory attention in the current research effort, more in-depth analysis is certainly called for in future projects.

Mr. Fry, while agreeing with Dr. Nixon and others, reminded the panel and observers that the six-month project was a pioneering analysis with few preconceptions and a "learning curve" which produced some inbalance in depth between earlier and later case studies.

Also, he noted that the short term of the project and limited resources did not permit city revisits or extended rechecking.

He also noted that the original research design did not embrace many of the wishes raised by the panel, particularly the role of neighborhood groups and such other Federal program impacts as those of CSA, OMBE, SBA, etc. with the result that they were treated only scantily and only when readily visible in the field visits.

Far from being unhealthy, Mr. Fry said that more urban research should be approached on this basis and the design modified to reflect realities encountered. However, he said that more resources would be needed to follow through on many of the suggestions, which also seems to be in the offing.

Finally, Mr. Fry noted that HUD wanted quick, useful insights, primarily for internal policy purposes, and expressed the opinion that the final document would satisfy that basic goal.

Mr. Fry said that, in general, his managerial impression was that the project was a worthwhile beginning on an largely unexplored set of issues and had yielded information and future, more intense, research opportunities beyond his own initial expectations.

Mr. Herbster indicated the need for research which documents how leveraging works, especially in terms of self-replenishing funding mecha-

nisms. He noted that the problem with the CETA program is that monies have been spent mainly as income transfer payments. It is important, he stressed, to find ways of investing public money so that it can in turn be reinvested.

Equally important is how public monies leverage private investment. In this vein, it is necessary to analyze which public programs effectively generate private sector investment. Some government programs, such as the SBA guarantee program, have become effective because the administrative procedures have been streamlined. First National City, for example, has done more SBA loan business this year than in the past five years put together, and there is an even greater prospect for the future.

There are those key government programs which do not encourage private investment largely because they are loaded down with bureaucratic rules and regulations.

He recommended that private sector practitioners critique public programs designed to leverage. He hypothesized that in most cases the program is all right, but the administration makes it unworkable.

Community Development Block Grant monies could be an important lever for two problems faced by key private sector institutions. First, block grant funds can deal with the problem of return and leverage private monies if they are used in a blended interest rate which can make projects financially feasible.

Second, block grant money can be used to leverage risk capital by helping enterprises obtain longer-term equity capital. Evidence indicates that there is a shortage of equity capital and not loan monies.

It has proved difficult to use CDBG to leverage equity capital. First National City formed a corporation to make loans with CDBG, city budget funds and private monies for the rehabilitation of existing housing. The corporation cannot obtain the CDBG funds for this purpose, however.

William Schneider indicated that when the Dayton City-Wide Development Corporation (DCDC) was first formed, the city expected it to perform normal municipal functions but to do so much more quickly because it is a non-profit corporation without the legal restrictions, due process and bureaucratic ties of a municipality. The DCDC decided to take an investment approach and used a "discounted cash flow" model to analyze the ways it could interact with the private sector.

The staff looked at grants, land write-downs and several other techniques such as subordinated lending, purchase-leaseback of land, subordinated leasing and loan participation. An attempt was made to analyze which technique was most cost-effective. There was no question that many of the financing tools were more cost-effective than the normal public approach of giving a "one time" grant.

The DCDC looked for important community investments that were uneconomical, selected the appropriate tool, and determined the needed level of subsidy. This usually involves a negotiation process as well as straight analysis. Generally, the approach taken required absorbing risk as well as some economic impacts.

In some cases an equity position was taken. For example, the DCDC was involved in a new downtown hotel project under a limited partnership arrangement. DCDC is the general partner (and therefore is an equity investor) and the project is being partially financed with a variety of tools, including industrial development revenue bonds (IDRB), as well as community and insurance company funds.

In addition, the project is on urban renewal land which the DCDC bought and leased back to the partnership through another corporation on a subordinated basis.

Thus, the hotel (clearly an uneconomical project) has been made financially practicable, and the DCDC can expect to get its money back at some point in the future. In another project, the DCDC is rehabilitating housing in a red-lined historic district. The DCDC was unable to borrow money from a savings and loan and turned to a commercial bank. Acting essentially as a construction lender, DCDC is financing the restoration of houses before the bank has to be involved, thus relieving much of this risk.

Mr. Schneider noted that the major problem in development is that government does not understand how the private sector operates and vice-versa.

Mr. Herbster then stressed that financial institutions have no idea how major public programs like CDBG and CETA function. He suggested that HUD put together a simple primer for the businessman involved in his community (i.e., for the businessman as community leader) which would explain in layman's language what these programs try to accomplish and how they can be employed.

Mr. Hausner pointed out that local government can play an important intermediary role with regard to the private sector if it takes on this translating function -- explaining Federal program operations to the private sector. Because the flexible funds are being made available to local governments, it is their responsibility to assist the private sector in their use.

Mr. Herbster indicated that often it is not possible to separate the businessmen from the local public officials given that many mayors are businessmen and that businessmen generally serve on governmental commissions. Thus, if these individuals understood what the Federal programs were all about, municipal government might behave differently towards the

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Federal Government.

Mr. Hausner added that public-private interaction seems to work best when it is specific with regard to its objectives, when it is contractual in nature, and when there is a mutual commitment of resources. He invited the panel members to discuss public/private coordinative practices, describe situations where a restructuring of local government is underway, and indicate how these changes affect the effective functioning of their public programs.

Mayor Reading pointed out that in the process of reshaping Oakland's Economic Development program, the main thrust has been through the port, which has been rather successful. However, he recently became aware that several industries, including Safeway, had made plans to leave Oakland. This exodus stimulated a public program which focuses on conditions in the private sector rather than solely on port-related industries.

The development philosophy has been that if the city would develop a basic economic activity, such as a port or a transportation center, that this would be a powerful magnet for other industry and economic activity. This has been successful, but it does not go far enough. The new plan is to form a top level Economic Development advisory commission with three primary objectives.

First, survey and plan for the retention of businesses. Second, develop minority enterprises, taking a second look at the failure of OEO programs in this area. Third, find out how to get Oakland residents into jobs developed in the city. One out of three Oakland jobs relates directly or indirectly to the port; however, these jobs go primarily to those living outside the city. Only one out of every three port jobs is held by local residents, according to a recent port survey. Even more important, only one out of five of the newly hired is a local resident.

In terms of institutional structure, the city is trying to formulate how development activities should be organized. Presently, Oakland is in the process of placing the entire Community Development process, including redevelopment and housing, currently administered by semiautonomous authorities, as well as all the social programs, under a single Community Development department. This reorganization to a more centralized government is generally in response to the CDBG program.

Mr. Schneider indicated that the structure of Dayton City-Wide Development Corporation (DCDC) has greatly assisted coordinated planning and development activities. As a non-profit organization, DCDC is legally separate from the city so it has the flexibility and ability to respond quickly to a whole variety of problems and opportunities.

Specifically, DCDC has a large board with 28 members made up of business, government and community leaders. The large board has worked

as an unexpected asset, permitting adjustment and "fine tuning" when vacancies arise. For example, when DCDC first began it was heavily involved in Economic Development. This was reflected in heavy board representation from the commercial banks. Now that DCDC has become more involved in housing and downtown development, the board has added a savings and loan president and major retailers.

In addition to the political advantages of having broad-based board representation, it also provides important expertise for short and long-range problem solving.

Long-range planning is one area in which the DCDC has not been particularly effective. In an attempt to strengthen this capacity, DCDC sponsors a yearly retreat for its board where long-range planning issues are addressed. Furthermore, an effort is being made to move from long-range general goals to specific proposals and to contrast current activities with near-range objectives.

Schneider cautioned that is is haphazard and often counterproductive to engage in development activities on a daily basis without clearly defined long-range goals.

Mr. Hausner emphasized that Federal funds are fueling a larger public role in the development area, which, in turn, is stimulating change in private sector approaches. In many communities where there is a private development council, businessmen and other private interests are trying to figure out how they can become more effective partners with the city.

In Norfolk, for example, the city has received EDA 302 funds for comprehensive Economic Development planning. The Economic Development Council, a business sector group without implementation capabilities, is contemplating conversion to an Economic Development corporation.

The council is also trying to convince the city that rather than create a governmental line agency to handle both planning and implementation, these functions should be divided between the sectors, with a new private sector corporation becoming the implementor while the city focuses on planning.

Thus, there seems to be enormous institutional volatility being created by the funneling of flexible Federal funds to localities. It is not clear how the institutional framework will develop given the impact of Federal monies to encourage private sector activities.

Alan Siegel, of HUD's Office of Policy Development and Research, indicated that one activity HUD has been sponsoring in the housing and neighborhood preservation area, the Neighborhood Housing Services (NHS) Project, may be distorted because of the CDBG program. The intent of the NHS Project was to reduce government involvement in housing activities by substituting stronger commitments from the local financial community,

government and neighborhoods.

He was particularly concerned because many communities are using CDBG funds to operate some of these high-risk activities and may very well end up increasing public sector participation. However, he thought the example of the NHS might be useful to the NCUED/HUD study as it serves as a model of a "developmental process" where the thrust is to increase the understanding on the part of financial institutions of governmental programs.

Several panelists pointed to some problems with the NHS Program. Mr. Herbster indicated that in New York City, financial institutions are making loans using NHS, but not very many loans. In addition, the neighborhood revitalization program in the city appears to be severely understaffed. He suggested that HUD develop a team composed of businessmen who know how the program functioned and "how to get it off the ground."

This team would recruit capable staff who would provide adequate documentation and assist cities around the country in developing a workable NHS program.

Mayor Reading, on the other hand, did not like having to use CDBG monies for high-risk housing rehabilitation loans. He felt that public assistance in the form of an extended FHA program, would be a more practical use of Federal funds for this purpose. In Oakland, the citizenry wanted neighborhood preservation and rehabilitation and spent $5 million (one-half of the city's CDBG) for this purpose. He felt this expenditure would have little long-term effect.

The major observations of the panel are summarized below:

- There is a need to determine which development techniques are most cost-effective. This means taking an "investment approach" which chooses among a broad array of financing mechanisms such as land write-downs, subordinated lending and leasing and loan participation rather than taking the normal public approach of a "one-time" grant.

- The government generally does not know how the private sector operates and, conversely, the private sector does not know how the government works. There is a need for a simple primer to inform businessmen about Federal programs and how they can gain access to them. Likewise, there is a need for a primer describing things about the private sector that the average bureaucrat does not understand. If local elected officials and private businessmen understood better what Federal programs were all about, they might behave differently toward the Federal Government and each other.

- Public/private interaction may work best when it is specific with regard to its objectives and there is mutual commitment of resources.

- Quasi-public development corporations which are legally separate from the city have greater flexibility and can respond quickly to a variety of development problems. It was pointed out that a large, broadly-representative board of directors can be a real asset, especially when the corporation's director has the ability to adjust and fine tune the board's membership to reflect the focus of development programs. Such a board not only provides political support, but also is a source of broad-based expertise on long and short-range problems.

- There is need to improve long-range development planning and the translation of long-range goals into specific projects and near-term projections. Too often an organization is engaged in development activities on a daily basis without long term objectives.

- CDBG funds have not been blended effectively with private monies to leverage loans or equity capital. This, in part, is due to Federal ambiguity about the legitimate use of the block grant. It also results from the lack of local public expertise about financing and knowledge about developing a self-replenishing source of public funds for development.

- The use of CDBG for housing rehabilitation and financing may be distorting and working at cross purposes to HUD's policy of trying to get the Federal Government out of the housing mortgage business. In addition, the use of limited CDBG funds for housing may not have any real or lasting effects in neighborhoods.

- Federal programs can be made more effective levers of private sector resources if rules and regulations are streamlined and red tape cut. These changes can come about more readily from a dialogue between practitioners in the public and private sectors.

- There is a need to target development efforts towards meeting job needs of central city residents.

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*These mayors were recently nominated to the Advisory Committee but had not accepted as of February 24, 1976

THE NCUED/HUD PROJECT TEAM

The project was supervised by Victor A. Hausner, director of research for the National Council for Urban Economic Development. The background and experience of the various members of the project team follows:

Dr. Jules H. Lichtenstein, project director, was previously an assistant professor of planning at Catholic University and came to the project with extensive experience in urban planning, Community Development and housing analysis, and Manpower systems assessment.

Kevin P. Balfe, an economist, previously carried out economic impact studies relating to rail transportation for a private consulting firm and co-authored a study of relationships between regional planning activities and local socio-political characteristics in the Southern Tier of New York State.

Rita Bosek, a Manpower specialist, was formerly employed as a senior staff assistant on the National League of Cities and U.S. Congerence of Mayors Manpower Project, which offers technical assistance to city Manpower administrators.

Carol D. Maxwell*, an urban planner, previously worked as a senior staff planner for the Onslow County Planning Department in North Carolina and was responsible for conduct of necessary studies and preparation of a comprehensive plan.

C. Anne Meng, a Community and Economic development planner, worked previously for the Appalachian Regional Commission in the Enterprise Development Division, and was special assistant to the Deputy Assistant Secretary for Economic Development for Planning of the Economic Development Administration.

Frances R. Rothstein, a Community Development specialist, was formerly staff assistant on the Community Development Capabilities Study of the National League of Cities and U.S. Conference of Mayors, which analyzed state, city and county powers and activities relating to housing and Community Development.

Carolyn D. White, a neighborhood Economic Development specialist, was previously a member of the technical assistance and training staff of the National Congress for Community Economic Development, the national association of minority community Economic Development corporations.

On the project staff were Deborah Russak, Administrative Assistant, and Susan H. Marx, Secretary.

Kenneth E. Fry, executive director of NCUED, had the overall responsibility for the project. Michael Segel, director of communications, had the editorial responsibilities for this final report.

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*Employed from June, 1975 - August, 1975.

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