

PROMOTING EQUITABLE DEVELOPMENT

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INTRODUCTION

Advocates for opportunity and inclusion face more challenges and possibilities than they have within recent memory. Exacerbated by an accelerating decline of the nation's cities, inequality seems to be further entrenched. However, rapidly changing economic and social conditions provide opportunities to address problems in innovative ways. At a time when government has reduced its active commitment to advancing social justice, new stakeholders are emerging as partners to tackle urban problems. In general, there is less interest in talking about racism but a growing commitment to diversity and a budding interest in alleviating poverty. These times demand new ways of thinking about inequity as well as new mechanisms for addressing it. Instead of settling for piecemeal gains, a comprehensive, long-term approach is needed. The local level is witnessing a groundswell of activity that reflects this type of thinking, providing the necessary leadership in the coming period.

I. THE CONTEXT

These are times of rapid change. Demographic shifts are altering the complexion of both cities and suburbs with racial and ethnic diversity on the rise.¹ This is more striking in urban areas, many of which are increasingly becoming "majority minority." These changing demographics are forcing institutions to adjust and are creating additional challenges for community-serving organizations. Some urban communities are experiencing reinvestment, while others languish. However, this reinvestment is almost always market driven with no inherent points of community intervention. Hence, the risk of displacement is high for current residents as their neighborhoods change. There is more of a focus on local, rather than national, responses to problems, making it more difficult to set forth proactive responses and visions. Furthermore, political power is increasingly concentrated in the suburbs, challenging neighborhood activists to expand their scope of involvement.

Meanwhile, inequity persists. Over the past quarter century, low-income Americans have lost significant ground in relation to the country's wealthy.²

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1. See U.S. DEP'T OF HOUSING AND URBAN DEV., *THE STATE OF THE CITIES 2000: MEGAFORCES SHAPING THE FUTURE OF THE NATION'S CITIES* 31-32 (2000) [hereinafter *STATE OF THE CITIES*].

2. See JARED BERNSTEIN ET AL., *CTR. FOR BUDGET AND POLICY PRIORITIES, ECON. POLICY INST., PULLING APART: A STATE-BY-STATE ANALYSIS OF INCOME TRENDS* 5-20 (2000). From 1978 to 1998, after adjustment for inflation, the average income of the lowest-income fifth of families

Despite an unprecedented period of economic expansion during the past decade,³ the income gap continues to grow.⁴ This trend disproportionately impacts members of minority groups, even though, as a whole, they made some tangible gains in the late 1990s.⁵ While there is a general sense of optimism among African Americans⁶ brought on by the fact that economic life for some has never been better,⁷ they continue to lag behind their white counterparts in all important economic measures, including wealth accumulation.⁸ Moreover, Asians⁹ and Latinos¹⁰ are far more likely to live beneath the poverty line than white Americans.

This wealth gap is exacerbated by current patterns of growth that are having a detrimental impact on low-income communities of color across the country. Characterized by the unplanned, continuous spread of residential and commercial development to the ever-expanding fringes of metropolitan areas, "sprawl" fosters the isolation of urban areas where minority and low-income populations are concentrated.¹¹ The resulting neglect is threatening the viability of the urban

fell by over six percent, the average for the middle fifth of families grew by about five percent, and the average income of the highest fifth grew by over thirty percent. *See id.*

3. While acknowledging that there has been an economic boom, many observers are suggesting that a recession is on the horizon. *See, e.g., When the Economy Slows*, N.Y. TIMES, Dec. 20, 2000, at A34; Adam Cohen, *Economic Slowdown: This Time It's Different*, TIME, Jan. 8, 2001, at 18. If that is the case, lower-income families will be hit the soonest and hardest. *See* Daniel McGinn & Keith Naughton, *How Safe Is Your Job?*, NEWSWEEK, Feb. 5, 2001, at 36.

4. *See* BERNSTEIN ET AL., *supra* note 2, at 21-32. "The average income of the lowest-income families grew by less than one percent from the late 1980s to the late 1990s, a statistically insignificant amount. The average real income of middle-income families grew by less than two percent, while the average real income of high-income families grew by 15 percent." *Id.* at vii.

5. *See* Margaret C. Simms, *Trendletter: Progress in Wealth Accumulation*, FOCUS, Mar. 2000, at 3. Between 1995 and 1998, minority families increased the value of their financial assets (stocks, mutual funds and retirement accounts, for example) as well as the value of their non-financial assets (homes, cars and businesses) at higher rates than whites. *See id.*

6. *See* Ellis Cose et al., *The Good News About Black America*, NEWSWEEK, June 7, 1999, at 35.

7. *See id.* at 35.

8. *See id.* at 40. *See generally* STEPHAN THERNSTROM & ABIGAIL THERNSTROM, *AMERICA IN BLACK AND WHITE: ONE NATION, INDIVISIBLE* 232-57 (1997).

9. Based on 1998 figures, about thirteen percent of all Asian Americans lived under the poverty line compared with eight percent of whites. *See* KAREN HUMES & JESSE MCKINNON, U.S. CENSUS BUREAU, *THE ASIAN AND PACIFIC ISLANDER POPULATION IN THE UNITED STATES, CURRENT POPULATION REPORTS* 3 (2000).

10. Based on 1998 figures, about 26 percent of Latinos live beneath the poverty level. *See* ROBERTO R. RAMIREZ, U.S. CENSUS BUREAU, *THE HISPANIC POPULATION IN THE UNITED STATES, CURRENT POPULATION REPORTS* 3 (2000).

11. *See* Bruce J. Katz, *Reviving Cities: Think Metropolitan* (June 1998), available at <http://www.brookings.org/comm/policybriefs/pb033/pb33.htm>. The author states:

Caught on an unlevel playing field, cities and older suburbs find it difficult to compete

center.¹²

Significant barriers—such as the lack of affordable housing in the suburbs¹³ and a lack of transportation to them¹⁴—conspire to keep low-income people isolated from opportunity. This is particularly true for members of minority groups, who still face various forms of housing discrimination that prevent them from moving out of the urban core.¹⁵ Increasingly, life chances are determined by where people live. As services such as quality schools and well-paying, entry-level employment opportunities move away from urban centers, those who most need them do not have access. This fosters a cycle that is far too difficult for low-income people or families to break individually.

Public policy has been the primary force to encourage and support the movement away from urban areas to the suburbs. Beginning with the National Housing Act of 1934, which insured low-interest mortgage loans to middle-class households,¹⁶ federal laws have served to undermine the health of the urban space.¹⁷ This is not just a political problem on the national level. State and local

with these new suburbs for businesses and middle-class residents. As companies and families move out, the tax bases of cities and older suburbs shrink, leaving these places without the financial wherewithal to grapple with concentrated minority poverty, joblessness, family fragmentation and failing schools.

Id.

12. See Bruce Katz, *Enough of the Small Stuff!: Toward a New Urban Agenda*, BROOKINGS REV., Summer 2000, at 4-9, available at <http://www.brook.edu/press/review/summer2000/katz.htm>. See also Press Release, U.S. Dep't of Housing & Urban Dev., *Now Is the Time: Places Left Behind in the New Economy* (April 1999), available at <http://www.hud.gov/pressrel/nowtime.html>.

13. See LEAH KALINOSKY & KATHY DESMOND, NAT'L NEIGHBORHOOD COALITION, SMART GROWTH, BETTER NEIGHBORHOODS: COMMUNITIES LEADING THE WAY 63-74 (2000). For example, the efforts of the Alliance for Metropolitan Stability succeeded in getting inclusionary zoning policies passed in Minnesota in 1999. The legislation provides incentives for developers to create affordable housing. Two-thirds of jobs in the Twin Cities region are created in the suburbs where the vacancy rate for rental apartments is two percent. See *id.*

14. See Rich Stolz, *Race, Poverty & Transportation*, POVERTY & RACE, Mar.-Apr. 2000, at 1. "Transportation is a fundamental, yet often overlooked, element in the struggle for equality of opportunity. Access to reliable means of transportation impacts quality of life, financial security and freedom of movement." *Id.* For example, the experiences of the Bay Area Transportation and Land Use Coalition successfully fought proposed cuts in public transportation because it would restrict the ability of low-income residents to find and maintain employment. See KALINOSKY & DESMOND, *supra* note 13, at 3-14.

15. See Robert D. Bullard et al., *Closed Doors: Persistent Barriers to Fair Housing*, in SPRAWL CITY: RACE, POLITICS AND PLANNING IN ATLANTA 89-109 (Robert D. Bullard et al. eds., 2000).

16. "In and of itself, such a program inherently favored newer suburbs, with their predominantly single-family homes, over older cities, with their much higher proportions of rental housing." DAVID RUSK, *INSIDE GAME, OUTSIDE GAME* 86 (1999).

17. See *id.* This has not been a conspiracy. "It would have been hard to devise consciously

practices have, intentionally or not, contributed to this dilemma. Suburban governments committed public monies to lure businesses, and therefore jobs, out of the inner city.¹⁸ More commonly, these incentives come in the form of the tax breaks from money that suburban governments have in their arsenal.¹⁹

Since the 1950s, policy-makers and researchers have expressed concern about suburban growth patterns and how they impact the inner city.²⁰ More recently, under the banner of “smart growth,” there is increasing momentum to influence development in order to reduce the negative impact of unfettered low-density, automobile-dependent sprawl, especially regarding issues like land-use and smog.²¹ These efforts have lodged themselves in the public consciousness and have gained widespread support.²² The anti-sprawl sentiment is broadening the base of potential supporters for smart growth coalitions in communities across the country. These discussions are bringing new stakeholders—such as urban neighborhood activists and suburban legislators—into the dialogue about sustainable development and smart growth. It is also an opportunity for new alliances across old divides of race and interests, particularly between those focused on environmental issues and those of low-income community residents. PolicyLink is part of a growing chorus of actors who believe that discussions about growth and development are incomplete without addressing issues of racial inequity.²³

a more coherent set of national policies to undermine our cities than those that the federal government adopted piecemeal.” *Id.*

18. See Good Jobs First, *Another Way Sprawl Happens: Economic Development Subsidies in a Twin Cities Suburb* (Jan. 2000), at <http://www.ctj.org/itep/anoka.htm>. This study analyzes twenty-nine companies with 1600 jobs that relocated from the Twin Cities to a 300-acre industrial park in the distant suburb of Anoka which provided free land for the project. The net result was that the jobs became inaccessible to the region’s largest concentration of people of color and away from pockets of poverty. See *id.*

19. See Greg LeRoy, *Race, Poverty & Corporate Welfare*, POVERTY & RACE, Mar.-Apr. 2000, at 3-4 (2000) (discussing a 1995 *Kansas City Star* series examining the practice of wealthy suburbs luring businesses out of urban centers with tax breaks, the very kind of incentives originally meant to aid urban areas, and a 1999 *Milwaukee Journal Sentinel* series citing a mutual fund company in suburban Menomonee Falls that received a \$3 million tax credit).

20. See MANUEL PASTOR, JR. ET AL., *REGIONS THAT WORK: HOW CITIES AND SUBURBS CAN GROW TOGETHER* 263 (2000) (reframing the historic divide between cities and suburbs).

21. See generally Sierra Club, *Sprawl Costs Us All: How Your Taxes Fuel Suburban Sprawl* (2000), at <http://www.sierraclub.org/sprawl/report00.html>.

22. Seventy-two percent of the 240 ballot initiatives limiting urban sprawl and promoting “managed growth” in communities across the country were approved in the November 1998 election. See Discussion Paper from Phyllis Meyers, to the Brookings Institution (Center on Urban and Metropolitan Policy) (Jan. 1999) (on file with author). Between 1999 and 2000, thirty-seven governors mentioned sprawl in their State of the State addresses. See Keith Kloor, *Growing In, CITY LIMITS*, Nov. 2000, at 17.

23. See, e.g., Nat’l Ass’n of Housing & Redev. Officials, *Campaign 2000: A National Platform for Housing and Community Development* (Feb. 2000), available at <http://>

Public policy helped to produce this inequity, and public policy must help to alleviate it. The government should not be expected to act alone. New partnerships are already being explored to bring together the government, the private sector, and community-serving organizations.²⁴ The private sector is engaged because businesses realize that smart growth strategies can help create environments conducive to reaching consumer markets and labor pools that would otherwise be unavailable.²⁵ Community-building organizations have never been more poised to tackle complicated issues of growth and development.²⁶ Faith-based organizations can also be valuable partners.²⁷

www.nahro.org/action/campaign2000/000503.html (describing a collaborative project of twenty-eight organizations to make sure that issues of affordable housing and urban economic development remain on the national agenda).

24. Since it defies the liberal-conservative duality, it is fashionable to label this type of thinking as a “third way.” See David Dyssegaard Kallick, *Finding the Third Way*, INST. PUB. AFF., Nov. 29, 1998, at 1. The author warns that while it might be premature to talk about a third way since no leader or coherent program has emerged, the “elements of a viable alternative are not hard to locate, especially if you look below the radar of the mainstream media.” *Id.* at 2.

25. See, e.g., The Westside Industrial Retention and Expansion Network (WIRE-Net), <http://www.wire-net.org>. This Cleveland membership organization of local industrial firms serves as an intermediary organization between firms, workers and the public sector. It serves a residential community of 120,000 and a manufacturing base of 700 firms, employing 30,000 people. Over the past eleven years, the organization has built its membership to more than 170 corporate members. WIRE-Net's regional economic reform strategy includes an industrial retention and expansion (IRE) program to redress the social effects of the de-industrialization of the local economy. This place-based strategy seeks to strengthen inner-city neighborhoods by building upon their economic competitive advantages.

26. There are three factors involved. First, beginning around 1988, the proliferation of geographic information systems software democratized access to the kind of hard data that once was, as a practical matter, exclusively available to governments and universities. Second, an emphasis on networking has brought local practitioners together on a regular basis, whether it is through the National Community Building Network, the Family Resource Coalition or the National Congress for Community Economic Development. For example, the National Community Building Network has grown from sixteen organizations to over 700. Third, as the policy focus has shifted to the local level away from a national focus, experienced organizers, activists and advocates are showing a preference for putting their energies into work at the community level. All of these factors have made community-building organizations more powerful and more dynamic.

27. See RUSK, *supra* note 16, at 333. More than fifteen percent of community development organizations in the United States are faith-based. See Brian Siebenlist, *The Role of Faith-Based Organizations in Smart Growth and Regionalism*, in KALINOSKY & DESMOND, *supra* note 13, at 113-14 (“[F]aith-based organizations have a base of values that gives them moral suasion. As a result, they enjoy tremendous credibility in public dialogue and are successful at community organizing. They also have a unique ability to tap into people's inner commitment to social responsibility . . .”).

II. THE CHALLENGE

Given this context, the biggest challenge is developing and implementing strategies that foster equitable development. Equitable development includes policies and practices to promote and manage regional economic growth in a way that maximizes benefits for residents of low-income communities of color throughout metropolitan regions. Equitable development has two key dimensions. First, *equity must be at the forefront of the discussion*. Until recently, the concept of equity has been underrepresented because its most ardent champions have themselves been missing from dialogue about growth. Business and government players have long exercised their influence over development matters; organized, affluent suburban residents have asserted their interest; and environmental advocates are at the movement's center focused on "green" issues.²⁸ "The missing voice to date has been, and continues to be, the residents of low-income and minority neighborhoods."²⁹ Community-building organizations are often forced into a framework that focuses all of their attention on their neighborhoods without allowing them to take a step back to address big picture issues like region-wide economic development.

The reason why "the majority of neighborhood and community organizations have traditionally been inwardly focused" is that most "are underfunded, understaffed and overburdened as they strive to put out the daily fires all around them while also working to rebuild community block by block. They have little time or energy to dedicate to problems that seem not to directly affect their immediate interests."³⁰ Only very rarely does a single organization represent any given neighborhood as a collective whole, so that "it is difficult for planners and policy-makers to know whom to consult on matters relating to regional growth as it affects neighborhoods."³¹

There are attitudinal issues that flow from the conditions in which these groups operate. The majority of groups operating in poor, urban communities are service providers and community developers. The service providers traditionally measure the impact of their work either in terms of how many clients are served or, at best, whether individual lives are improved. Community developers measure their impact by physical improvement in the neighborhood. Neither group has its primary focus on how people are doing in relation to the larger society. Adopting an equity agenda forces discussions on the performance of inner-city schools versus suburban schools, regional development versus urban development, and quality of environment in cities versus the quality outside. Equity is a social yardstick that measures progress of a group in relation to the whole. Equity considerations encourage more comprehensive thinking that looks beyond the neighborhood to regional resources and builds coalitions across

28. See NAT'L NEIGHBORHOOD COALITION, NEIGHBORHOODS, REGIONS AND SMART GROWTH 3 (1999) (unpublished project description on file with author).

29. *Id.*

30. *Id.*

31. *Id.* at 4.

constituent groups.

The second dimension of equitable development that deserves emphasis is the *blending of people and place strategies*. People strategies are investments in human capital, such as workforce development and safety net programs. Place strategies revolve around bolstering or safeguarding the physical infrastructure, the types of activities implicated by transportation or environmental policy. When these strategies are pursued separately they can result in undesirable consequences.

Workforce development and transportation policies are inexorably linked. If workers are being trained for entry-level jobs, but they have no way to get to those jobs, then there is a spatial mismatch. Today, two-thirds of new jobs are located in the suburbs and “[m]ore than half of these new jobs are not accessible by public transportation . . . [and] 94 percent of welfare recipients do not have cars.”³² This disconnect has frustrated the efforts to move people off of public assistance since the passage of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act.³³ Furthermore, this spatial mismatch can “hamper a metropolitan area’s ability to reduce unemployment and restore economic health to central city neighborhoods. It can also affect the economic health of suburbs, whose employers may be struggling to find entry-level workers.”³⁴ In addition, there are social costs that flow from the additional strain on low-income families when members experience increasingly difficult commutes to jobs that are inaccessible to public transportation.³⁵ Blending people and place strategies in this situation calls for an integrated approach to inner-city communities involving both job training as well as equitable transportation policies.³⁶

32. CTR. FOR CMTY. CHANGE, *Transportation*, at <http://www.communitychange.org/> (last visited May 10, 2001).

33. 42 U.S.C. §§ 607-619 (2000). In a survey of twenty-three large cities, two-thirds had welfare caseloads declining at a slower rate than their states as a whole. See Bruce Katz & Kate Carnevale, *The State of Welfare Caseloads in America’s Cities* (May 1998) (unpublished paper), in Margaret Pugh, *Barriers to Work: The Spatial Divide Between Jobs and Welfare Recipients in Metropolitan Areas*, at 6 (Sept. 1998) (unpublished paper) (on file with author).

34. Pugh, *supra* note 33, at 6.

35. See *id.* at 4-5.

36. The Campaign for Sustainable Milwaukee is an advocacy organization composed of more than 200 community, religious, labor and business organizations. Since winning the passage of the Living Wage Ordinance, which stipulates a minimum wage of \$7.70 for the City and County of Milwaukee, Sustainable Milwaukee has focused on two priorities: workforce development and transit for employment access. The Campaign has

worked with the City Council to get the state to redirect its allocated Intermodal Surface Transportation Efficiency Act (ISTEA) funds on a light rail system for Milwaukee, more buses, and some road improvements. However, it was opposed by suburban communities which want widened highways with more access ramps and HOV lanes. In a compromise both provisions were eliminated from the state budget To address [job access], Sustainable Milwaukee will open a workers’ center which will match low-

At the present time, many of America's central cities are undergoing a high level of real estate investment and appreciation in neighborhoods that were overlooked for decades by the private market and in which many public investments were ineffective. The new investment is revitalizing many areas, but it is also leading to serious problems for lower income residents and long-standing merchants who are displaced by higher income residents and upscale commercial establishments. Although most gentrification is the result of independent private investment decisions, it is more complicated than that because gentrification can also be an unintended result of policies around land use, housing, and lending. Gentrification arises, or is not managed and mitigated, in part because place strategies are implemented in the absence of people strategies. Looking to increase tax revenues and reduce poverty in central cities, public leaders aggressively encourage investment in low-income communities. When these programs work, they attract commercial and residential investment to these neighborhoods.³⁷ However, the "good news [about the economy] is also producing negative results for many communities"³⁸ because rapid investment and appreciation threaten the stability of low-income residents due to rising housing costs.³⁹ Missing here is a combination of place and people strategies that would ensure a pool of affordable housing along with job and wealth-building opportunities for residents.

Focusing on people-oriented social justice and civil rights issues separately from the place-oriented environmental issue may lead to decisions that are good for the environment but not good for people, often inciting charges of environmental racism. When civil rights and social justice work are combined, however, with environmental concerns, the end result is environmental justice. Current patterns of growth in fact call for solutions that combine environmental and social justice issues.⁴⁰ The Vermont legislature has found that it must address issues of housing and issues of conservation at the same time. The first three acts of the Vermont Housing and Conservation Trust Fund consisted of preserving a dairy farm, a loon habitat, and a rental housing project at risk of

income people with training programs for jobs in printing, construction, and manufacturing.

Campaigning for a Sustainable Milwaukee (Nov. 18, 1998), at http://www.sustainable.org/casestudies/wisconsin/wi_epa_milwaukee.html.

37. See STATE OF THE CITIES, *supra* note 1, at 33-39. "Federal programs such as Community Development Block Grants (CDBGs), Empowerment Zones/Enterprise Communities (EZs/ECs), Section 108 guaranteed loans, and the Economic Development Initiative (EDI) /Community Empowerment Fund (CEF) are bearing fruit in the economic turnaround of cities across the country." *Id.* at 35.

38. *Id.* at 35.

39. See MAUREEN KENNEDY & PAUL LEONARD, DEALING WITH NEIGHBORHOOD CHANGE: A PRIMER ON GENTRIFICATION AND POLICY CHOICES (2001).

40. See Memorandum from Carl Anthony, to the Conference on Health and Sustainable Communities (Dec. 1996) (on file with author).

being converted to market rate rentals.⁴¹ In Chicago, environmental clean up has directly created jobs, thereby making explicit the link between environmental concerns and what has been conventionally recognized as bread-and-butter issues.⁴²

There will be no sustainable solutions to the stifling patterns of growth experienced by this country's metropolitan areas unless the dialogue is framed by the goal of equity, and until policymakers blend people and place strategies.

III. PATHS TO ACHIEVING EQUITY

Widespread inequality has been a chief characteristic of the U.S. economy for so long that perhaps a certain amount of resignation has taken hold. Conventional wisdom indicates there is only so much society can do. It is simply not true that workable solutions to the problem of inequity are somehow unknowable. Elements of workable solutions exist all over the country and new ideas begin to emerge every day. Much of this wisdom is at the local level, where community-building organizations have an intimate feel for the contours of how inequality manifests itself in the daily lives of the people they serve. These local leaders are the country's national leaders. Their voices, their participation, and their guidance are needed to craft authentic, sustainable solutions.⁴³ These leaders are creating a new movement focused on equity. It blends people and place strategies and works in partnership with local residents and diverse stakeholders to promote equitable development.

Two areas in which new thinking has emerged about strategies to promote equity involve regional development and the economy. There is a growing consensus that equity outcomes cannot be achieved by focusing solely on inner-city communities. Approaches need to be analyzed from the larger regional level and implemented from that perspective. At the same time, there is also growing

41. See James M. Libby, Jr., *The Vermont Housing and Conservation Trust Fund: A Unique Approach to Affordable Housing*, 23 CLEARINGHOUSE REV. 1275 (1990).

At first, the housing advocates were fearful that affordable housing was being added because of its popular appeal and worried that conservationists, sometimes referred to as the 'green sneaker bunch,' would not be able to understand or address poverty and homelessness. At the same time, the conservationists and farmers were afraid that the housing and low income advocates would be too radical and too dogmatic to join the coalition.

Id.

42. For example, Bethel New Life of Chicago, Illinois is an organization that trains welfare-to-work participants for living-wage jobs in the environmental field, including lead and asbestos removal, hazardous waste handling, site characterization, organic landscaping, toxic waste removal and demolition and salvaging. Bethel has also developed a career ladder for workers who apply their skills to thirty community brownfield sites, thus transforming liabilities into opportunities.

43. For a full discussion of community-building, see Angela Glover Blackwell & Raymond Colmenar, *Community-Building: From Local Wisdom to Public Policy*, 115 PUB. HEALTH REP. 161, 161-66 (2000).

recognition that new tools and strategies are needed to connect low-income residents to the economy. Community equity mechanisms are emerging that not only connect people to jobs but also help communities to build wealth.

IV. THE REGION

Regions, rather than cities or inner cities, are the arenas in which to address equitable development.⁴⁴ The emerging smart growth movement has provided a regional lens for analysis and action.⁴⁵ At the same time, the smart growth movement has had a tendency to minimize issues related to inequity. Aiming to promote the three E's of sustainable development—economy, environment and equity—the developers and environmentalists who have dominated the conversation have emphasized the first two. Therefore, smart growth discussions have centered on those issue areas that propelled them into the mainstream in the first place, including land use, environmental concerns and transportation. Few smart growth measures approved by voters are designed to address urban problems associated with sprawl,⁴⁶ and press coverage tends to favor the

44. Metropolitan areas are “the engines of the American economy They are complex organisms, each growing around several nodes of economic activities—central business districts, ‘edge cities,’ industrial areas, service clusters, and high-tech or commercial corridors.” Bruce Katz & Scott Bernstein, *The New Metropolitan Agenda*, BROOKINGS REV., Fall 1998, at 4. This does not represent a new idea but rather the reinvigoration of arguments made since the early twentieth century. In 1937, the National Resources Committee argued that the boundaries of the political city should be:

stretched to include its suburban and satellite industrial and residential colonies [because] no community in the democratic society can long remain a sound functioning organism, if those among its members who gained the greatest benefits from that, escape from most of the obligations communal life imposes, and if those who attain the least returns in the way of the necessities and amenities of life are left to bear the burden of civic responsibility and taxation.

NAT'L RES. COMM., OUR CITIES 68 (1937).

45. The interests of cities and their surrounding suburbs are so intertwined that they cannot be separated. See Antonio R. Villaraigosa, *America's Urban Agenda: A View from California*, BROOKINGS REV., Summer 2000, at 46, 49, available at <http://www.brook.edu/press/review/summer2000/villaraigosa.html>.

Our suburbs—from wealthy gated communities, to gritty blue-collar bungalow and industrial communities, to new housing tract developments on the urban fringe—are inexorably linked to the fate of nearby cities. In fact, many of the places we call suburbs are really small cities. They, too, confront serious problems: fiscal challenges, poverty, environmental concerns, crime, housing shortages, traffic congestion, ethnic tensions and struggling public schools.

Id. Neither can improve its lot without the other. See DAVID BOLLIER, HOW SMART GROWTH CAN STOP SPRAWL: A BRIEFING GUIDE FOR FUNDERS (1998).

46. See Meyers, *supra* note 22, at 2-3.

frustrations of suburbanites.⁴⁷ While disinvestment in central cities, unemployment, poverty, and crime have been acknowledged as effects of unmanaged growth in recent years, in few cases have they been integral pieces of smart growth dialogue. In fact, some of the policies adopted under the banner of “smart growth” have been harmful to low-income people.⁴⁸

Equitable development requires the promotion and management of economic growth that maximizes benefits for residents of low-income communities throughout metropolitan regions and assures their voice in the development process. First and foremost, it is essential to ensure that existing affordable housing is preserved⁴⁹ and that additional affordable housing is built as part of large-scale regional housing development.⁵⁰ In achieving this goal, advocates must be prepared to take action in a number of arenas if they hope to affect the pool of affordable housing in a meaningful way. This requires action in a wide variety of political and policy-making settings.⁵¹ At other times, this requires building the housing directly⁵² or lending money to future low-income homeowners.⁵³ Currently, there are over 130 housing trust funds operating throughout the country that have aggregated funds solely for the creation of affordable housing.⁵⁴

47. See, e.g., Judith Bell & Heather McCulloch, *Stalled in Paradise*, AM. PROSPECT, July 17, 2000, at 6.

48. See Andrew LePage, *Down Side to Fixing up Cities: ‘Smart Growth’ Policies May Hurt Poor Residents*, SACRAMENTO BEE, Sept. 25, 2000, at D1.

49. See, e.g., Libby, *supra* note 41.

50. Since 1973, Montgomery County, Maryland has required that fifteen percent of new housing be set aside for low and moderate-income families and residents. See RUSK, *supra* note 16, at 184. A number of communities have mandatory mixed-income laws, but what sets Montgomery County apart is that it does not allow developers to pay a fee or build senior housing to escape the requirement, practices that are widespread in other areas. See *id.* at 327.

51. The East Bay Housing Organization (EBHO) mobilizes people to attend public hearings to ensure that plans and proposals considered by the cities in the Oakland metropolitan area address the needs of their low- and moderate-income constituents. Additionally, EBHO regularly organizes tours of affordable housing projects to dispel myths that affordable housing is unattractive or detrimental to neighborhoods. Meanwhile, in the neighboring suburbs, the Silicon Valley Manufacturing Group has organized to counter the opposition of residents who are resisting the spread of affordable housing throughout the region. See POLICYLINK, BRIEFING BOOK: STRATEGIES AND EXAMPLES OF COMMUNITY-BASED APPROACHES TO EQUITY AND SMART GROWTH—A WORKING DOCUMENT 45-46 (2000) [hereinafter POLICYLINK, BRIEFING BOOK].

52. America’s more than 3600 community development corporations have produced thirty percent of the country’s assisted housing. See Nat’l Ass’n of Housing and Redev. Officials, *supra* note 23, at 18.

53. The location efficient mortgage (LEM), for instance, helps give low-income buyers additional credit when they move to high-density areas with well-established public transportation. The LEM is being tested in Chicago, Seattle, the San Francisco Bay Area and Los Angeles. See POLICYLINK, BRIEFING BOOK, *supra* note 51, at 49-50.

54. As an example, a joint venture between the Silicon Valley Manufacturing Group and the

Integral to a region-wide approach are strategies that seek to minimize the displacement of low-income people from neighborhoods that are experiencing revitalization. To assist in this venture, PolicyLink has launched a “Beyond Gentrification Toolkit.”⁵⁵ The toolkit is primarily Web-based and highlights state and local public policy strategies that local community leaders can implement to manage new investments and city and regional revitalization to the benefit of current residents. The toolkit will help community-building organizations and municipal agencies: assess the current state of investments and ownership in their communities; review a range of policy options and practices that, applied selectively, can combine to best manage new investment with equity outcomes; include advocacy strategies that can help communities achieve new policies; and identify revenue streams that can operationalize their goals.

The toolkit describes each policy strategy and how each can be used to generate community economic benefits, provide opportunities for communities to analyze and advocate for each policy, and showcase the work of communities that have employed each of these interventions. Additional toolkit information will include capacity-building materials that provide step-by-step details about how to understand the decision-making processes of local, state, and national policymaking bodies, including commissions and regulators.

Community control over land and the accompanying housing represents the most promising avenue to guaranteeing long-term affordability of housing. Furthermore, community land trusts allow local actors to avoid many negative impacts of speculation and rising property values by isolating land from market forces. Again, the goal of equitable development is not to restrict the pool of available property. Opportunities for housing can be broadened while resale controls such as limited-equity housing cooperatives, non-profit ownership and deed restrictions can help ensure the permanent affordability of a portion of the housing stock.

Strategies for property acquisition can include pressuring local governments to donate (or sell at a nominal price) city-owned land and abandoned property. The Chicago Abandoned Property Program, for example, allows the city to transfer such properties to individuals or groups interested in affordable housing development.⁵⁶ Philadelphia is now in “the forefront of policy analysis and action on the issue of vacant property” due to a series of reports by both government and independent bodies analyzing vacancy conditions and various

City of San Jose has raised \$10 million toward a goal of \$20 million to help 5000 families, many of whom are currently homeless, purchase their first home.

55. See PolicyLink, *Beyond Gentrification Toolkit: Tools for Equitable Development*, available at <http://www.policylink.org/gentrification> (last visited May 31, 2001).

56. Under this program, the Humboldt Park Empowerment Partnership, a coalition of eighty organizations addressing such issues as job training, youth mentoring and affordable homeownership, applied for and, after an extensive organizing campaign, ultimately received eminent domain authority over 159 parcels of land. Groundbreaking began on the first homes last spring. Merging people and place strategies, the Partnership employs local residents on all of its projects.

possible approaches to dealing with the problem.⁵⁷ As a result, Mayor John Street, in his first few months of office, announced a \$250 million commitment to reduce urban blight. However, many are watching closely to see if this effort is successful. The fact that the city has divided responsibility for vacant property among fifteen public agencies could make decision-making cumbersome.

Transportation is also an issue that calls for regional thinking, especially as it relates to access to suburban employment opportunities for the working poor.⁵⁸ There is a growing awareness of the need to look beyond the mere convenience of the suburban commuter when determining transportation policy and spending.⁵⁹ In Baltimore, the Citizen's Planning and Housing Association successfully stopped a \$200 million outer-suburban bypass highway plan that failed to address equity issues. The sixty-year-old organization is leading a fight to redirect those funds, along with another \$800 million to be spent locally on transportation, toward public transportation and supporting a larger agenda to ensure the long-term vitality of the Baltimore region. Similarly, the ten-county Atlanta region's public transit system only serves two of those counties, but in 1999, Georgia's newly elected governor, Roy Barnes, created the Georgia Regional Transportation Authority, a superagency charged with addressing sprawl-related problems.⁶⁰

V. THE ECONOMY

The most direct means for addressing inequity is by improving the income and wealth of those at the low end of the economic spectrum and assuring that economic decisions are made in ways that benefit all. Therefore, strategies must be identified that do not simply focus on services for the poor. Services are important but insufficient. Rather, services need to be integrated with strategies that connect poor people to good jobs and assets. Employment opportunities that sustain and nurture families and communities are necessary, but are not enough. Inner-city residents need the chance to accumulate wealth, so that they have a stake in the economy.

When public investments are used, the question of who benefits must always be asked. In 1991, Bay Area Rapid Transit (BART) had plans to develop a ten-acre lot into a parking structure at the Fruitvale station in order to accommodate additional cars for commuters making their way into San Francisco each

57. Mark Alan Hughes, *Dirt into Dollars: Converting Vacant Land into Valuable Development*, BROOKINGS REV., Summer 2000, at 34, 36, available at <http://www.brook.edu/press/review/summer2000/hughes.htm>.

58. In 1990, seventy-eight percent of the white working poor and sixty percent of the black working poor commuted from suburb to suburb or "reverse commuted" from city to suburb. See Katherine M. O'Reagan & John M. Quigley, *Cars for the Poor*, ACCESS, Spring 1998, at 22.

59. U.S. transportation policies have "enable[d] people to live farther away from central city jobs, guaranteeing easy access to business districts without requiring people to live in them." F. KAID BENFIELD ET AL., *ONCE THERE WERE GREENFIELDS* 122 (1999).

60. See Bullard et al., *supra* note 15, at 15-16.

morning. With the leadership of the Unity Council, one of the area's oldest community-based institutions, the Fruitvale residents made it clear that they did not want all of the extra pollution from automobiles or the additional eyesore of a parking lot, just to have people pass through their community on the way to somewhere else. The Unity Council proposed an alternative plan for development that would create a transit village, designed to "revitalize the Fruitvale neighborhood, create and retain jobs for Fruitvale residents, reduce dependence on cars and the pollution it causes, and increase BART ridership."⁶¹ The Unity Council's efforts were successful and in September 1999, the Transit Village broke ground. When the project is complete, the Transit Village will include a senior center, child care center, health clinic and shopping facilities. BART has subsequently made transit-oriented development one of its priorities.

Public subsidies must also be held accountable. The potential for public subsidies to assist in equitable urban development is enormous, as the vast majority of subsidies are regularly given away. For example, a recent study found that many Minnesota corporations benefitting from economic development incentives pay very low wages.⁶² The Minnesota Alliance for Progressive Action subsequently won the passage of the 1999 Corporate Welfare Reform Act, which requires higher standards for subsidies, and a greater degree of public input and accountability. Nationwide, only seventeen states even require audits of publicly subsidized companies.⁶³ In those states that do require audits, the data collection is so poor that it is impossible to evaluate whether or not the public subsidies in question actually produce any results.⁶⁴

Whenever new construction starts in any neighborhood, local residents should immediately ask, "Who benefits?" PolicyLink is engaged in a study of regional and statewide public subsidies in California. The goal is to raise the floor and set standards for the types of development that merit public assistance.⁶⁵

Private money must also be brought into the field of economic development more aggressively. Working with partners, PolicyLink is developing a national model of leveraging private markets to meet the needs and priorities of low-income communities throughout metropolitan regions. The Community Capital

61. Unity Council, *The Fruitvale BART Transit Village Initiative* (Oct. 1999) (unpublished manuscript) (on file with author).

62. See GOOD JOBS FIRST, *ECONOMIC DEVELOPMENT IN MINNESOTA: HIGH SUBSIDIES, LOW WAGES, ABSENT STANDARDS* (1999), available at <http://www.goodjobsfirst.org>.

63. See SARAH HINKLEY ET AL., *GOOD JOBS FIRST, MINDING THE CANDY STORE: STATE AUDITS OF ECONOMIC DEVELOPMENT 1* (2000), available at <http://www.goodjobsfirst.org>.

64. See *id.*

65. At a minimum, economic development must be environmentally sound and produce tangible community benefits, including quality jobs accessible to neighborhood residents. PolicyLink is doing this work in partnership with regional anchors in San Diego, Los Angeles and the San Francisco Bay Area. The anchor organizations include: The Center on Policy Initiatives (San Diego); The Los Angeles Alliance for a New Economy; East Bay Alliance for Sustainable Development; and Working Partnerships USA (San Jose).

Investment Initiative (CCII) partnership of community-based organizations⁶⁶ aims to demonstrate how partnership between the private sector⁶⁷ and community leaders and institutions can produce a “double bottom line,” highlighting the economic and social returns in regional investment that meet the needs of public *and* private sector stakeholders.

The partner organizations have worked to develop an explicit set of investment criteria to ensure that low-income community residents receive concrete benefits from neighborhood developments, such as increased job opportunities, better services and mechanisms to increase resident incomes and wealth. As originally conceived, CCII-supported projects would pursue an assortment of financing sources with CCII serving as a broker and developer of funding opportunities. This initial approach has evolved into a “Family of Funds” model which aims to establish “one-stop” financing for community projects and support a “one-ask” policy for funding/financing institutions. According to the Family of Funds model, a pool of funds will be developed and coordinated, each with a distinct set of sponsors, term sheets,⁶⁸ investment managers and initial investors. These funds will each serve a different purpose, one focused on real estate, another on small business expansion, and a third on brownfields development. However, they all will be coordinated with representatives from each development interest, who will meet on a regular basis to ensure complementary and synergistic strategies and approaches. The benefit interest in the Family of Funds model enables investors to spread risk, pool investments, lower transaction costs and otherwise operate more efficiently. At present, three funds are underway with the possible addition of two additional funds.

Innovative funding mechanisms that directly address wealth accumulation among the disadvantaged are also being explored nationwide. Prevailing public policy aimed at helping the poor is designed to help them maintain a minimum level of subsistence through income transfer, but fails to take into account the concept of developing assets.⁶⁹ Individual Development Accounts (IDAs)

66. PolicyLink is currently working in partnership with the National Economic Development and Law Center and the Urban Habitat Program. The three organizations are working as planners, developers and co-chairs of the CCII to facilitate strategic capital investments in forty-six low-income communities in the Bay area. The CCII concept emerged from the regional discussions of the Bay Area Alliance for Sustainable Development (BAASD).

67. The partner organizations are working in close collaboration with the private and public sectors through a Business Council, chaired by the Bay Area Council and a “Government Advisory Panel” led by the federal Department of Housing and Urban Development (HUD) and the California State Treasurer’s Office. This collaborative approach is driven by the belief that all three sectors—community, business and government—are necessary in planning and implementing development that achieves broadly shared economic prosperity in an environmentally sustainable way.

68. Term sheets are legally binding documents that describe the guidelines and specific criteria by which funds will be invested, including the structure of the fund, and its rate of return.

69. Assets are commonly referred to as the stock of wealth in a household while income refers

provide one example of a method to counter the current approach and aid low-income communities in building wealth. Designed to promote long-range planning, savings, and investment, IDAs are dedicated savings accounts similar in structure to Individual Retirement Accounts (IRAs). Their use is limited to the purchase of a home, payment of educational or job training expenses, or for capitalizing a small business. Participants make a monthly deposit, which is then matched using both public and private sources. Additionally, holders of these accounts receive economic literacy training to learn about credit ratings, budgeting, savings and money management.

IDAs are taking hold across the country.⁷⁰ As of August 2000, twenty-nine states have passed IDA legislation, and over 400 IDA programs are being planned or operated by local community organizations. On the national level, the Assets for Independence IDA Program was approved by Congress in 1998. The Office of Refugee Resettlement has also established an IDA program for organizations across the country assisting refugee populations. Perhaps most significantly, IDAs were included in the Personal Work and Responsibility Act of 1996, making it easier for welfare recipients to enroll in IDAs by allowing them to exclude IDAs as assets for the purpose of qualifying for benefits. Finally, at least twenty-five states have incorporated IDAs into their welfare plan.

In addition to IDAs, there is a need to explore ways for residents to have ownership interests in development of their communities. New ideas are under exploration that offer low-income residents the opportunity to build their financial assets through the revitalization of their communities. By giving residents a direct stake in the economic development of their communities, these new models assure that residents will have voice in the development process. Some of the models being explored offer opportunities for residents to leverage public and private reinvestment flows to their benefit, and become direct stakeholders in economic institutions in their communities. These emerging models also build stronger accountability mechanisms into the economic development process.

Workforce development strategies are also needed to complement wealth-building efforts. Workforce development must focus on connecting low-income people to good quality jobs. Some of the best jobs today are in the information technology industry. However, it is well-established that low-income individuals often lack the skills to qualify for these jobs. Technology must be regarded as a potential tool to level the playing field between the economically advantaged and disadvantaged as community-serving organizations amplify their efforts to reduce inequity.

While there is a growing demand for information technology workers, many of these jobs go unfilled.⁷¹ At the same time, forty percent of information

to the flow of resources in a household. See MICHAEL W. SHERRADEN, *ASSETS AND THE POOR: A NEW AMERICAN WELFARE POLICY* (1991).

70. IDA information is available at <http://www.gwbweb.wustl.edu/users/csd/ida/whatareIDAs.html>.

71. See Michael A. Stoll, PolicyLink and the Bay Area Video Coalition, Workforce

technology jobs do not require a college degree. This pool of jobs should receive the attention and focus of workforce development programs. Traditional approaches to job training are not adequate because they either focus on basic education or are designed to move clients to jobs as quickly as possible.⁷² In both cases, clients do not receive the skills that employers need. Hence, while these approaches might realize some short-term gains, they have not proven to be successful over the long haul.

Research indicates that a growing number of information technology training programs are making a difference. For example, programs with formal placement strategies have been shown to have rates ranging from seventy to ninety-five percent.⁷³ Providing “hard” skills relevant to employer needs is key. The Bay Area Video Coalition (BAVC), for example, actively courts employers by offering to train media workers at no cost. At the same time, potential employers serve as an important source of information about industry trends. For example, when Apple Computer introduced Final Cut Pro, Apple donated the software to BAVC. Because of the donation, BAVC was able to offer training in what quickly became the industry standard.⁷⁴

Such vocational training programs also provide community groups, community colleges, and employers an opportunity to forge unique coalitions. The Seattle-King County Private Industry Council and Bellevue Community College are partners in a technology-based, worker-retraining program. The college conducts the training, while the council manages the outreach, assessment, placement and retention services. A third group, the Northwest Center for Emerging Technologies, provides expertise on curriculum development. The program staff attributes their success to the flexible and cooperative relationships among the institutions.⁷⁵

CONCLUSION

Local advocates concerned about opportunity and inclusion now have a menu of strategies at their disposal to advance the causes of social justice in deep-rooted ways. Two primary areas of focus involve reframing regional economic development to make the process more fair and inclusive to all, and connecting low-income residents to a broader range of economic opportunities through wealth building. Central to these emerging models is the role of voice. Vibrant democracies require broad civic participation. Voting is essential, but voting is just one way to ensure that residents have a voice in the major decisions that

Development Policy and the New Economy, at 3 (Oct. 2000) (unpublished manuscript) (on file with author). “[O]ver the next 12 months about 840,000 of the expected 1.6 million newly created jobs in IT will go unfilled. These numbers indicate vacancy rates for IT jobs of some 8.4 percent as compared to six percent for the general economy during economic expansions.” *Id.*

72. *See id.* at 5-7.

73. *See id.* at 7.

74. *See id.* at 12.

75. *See id.*

affect their lives. Too often, decisions that affect low-income people have been made by outsiders. It is time to recognize that the experience and wisdom of people in poor communities bear directly on policy decisions. Only by including their voices can authentic and sustainable solutions to inequity be achieved.