

# *Economic Development Implementation Plan for Miami-Dade County*

*Prepared for:*

*Miami-Dade County*

*Prepared by:*

*Florida International University*

*Metropolitan Center*

150 SE 2nd Avenue, Suite 1201

Miami, FL 33131

(305) 349-1251



*Faculty:*

Dr. Ned Murray, AICP

Dr. Jim Rivers

*Consultant:*

James Carras

*Metropolitan Center Researchers:*

Liga Replogle

Ines Hernandez-Siqueira

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# Executive Summary

The Florida International University (FIU) Metropolitan Center’s (MC) Economic Development Plan (EDIP) is the product of a nine month assessment of the “impediments” to economic development in Miami-Dade. The economic development planning process was initiated by the Mayor’s Mosaic 2000 Partnership and approved by resolution of the Miami-Dade Board of County Commissioners (BCC) on July 25, 2000. The goal of the plan is to identify clear and workable economic development strategies to overcome existing impediments, increase the benefits and the positive consequences of economic development programs and to help ensure the most efficient and effective investment of public and private resources.

The EDIP process consisted of several levels of inquiry, public discussion and analysis. The process began with a preliminary assessment by FIU/MC of Miami-Dade’s economic development delivery system and interviews with economic development stakeholders. The second step in the process involved a site assessment and a second round of interviews by an invited National Panel of economic and community

development experts. The community assessments and interviews were followed by an Economic Development Policy Forum on October 27, 2000 that discussed the National Panel’s findings and conclusions. In February, 2001 a third round of interviews and second Economic Development Policy Forum were held to specifically focus on the economic development concerns of Miami-Dade’s Black business leaders.

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FIU/MC’s assessment of Miami-Dade’s economic development delivery system determined that the County has made significant progress in recent years building community consensus on economic development issues and solutions. The Mayor’s Economic Summit, Round II Empowerment Zone

application process and Mayor’s Task Force on Urban Economic Revitalization demonstrate the level of political leadership and community visioning that is necessary to successfully address the economic development issues of Miami-Dade. It was determined, however, that the implementation of past and present economic development plans and initiatives has been problematic for Miami-Dade. The reasons for failed implementation are complex and are, in

effect, the impediments to successful economic development. FIU/MC's assessment and community planning process identified the following ten key impediments to economic development in Miami-Dade County:

- Absence of a coherent and unifying economic vision and policy.
- Insufficient access to private capital.
- Isolation and alienation of the African-American community.
- Absence of an entrepreneurial environment.
- Fragmented economic development delivery system.
- Lack of public infrastructure investment.
- Disconnect between planning and economic development.
- Lack of benchmarking and performance standards.
- No clear economic development authority.
- Absence of formalized and tailored workforce development programs.

To address these key findings, the EDIP recommends the consideration of four “operational elements” and their accompanying policy strategies. The operational elements are: 1) creation of a strong entrepreneurial environment; 2) community collaboration and capacity-building; 3) comprehensive economic development planning with a coordinated and integrated economic development delivery system; and 4) building a public/private lending capacity.

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## I. Purpose

On July 25, 2000 Florida International University (FIU) was authorized by the Miami-Dade Board of County Commissioners (BCC) to formulate an Economic Development Implementation Plan (EDIP) to identify and assess the impediments to economic development in Miami-Dade County. The stimulus for BCC action came from an on-going dialogue within Mayor Alex Penelas' Mosaic 2000 Partnership.

The goal of the implementation plan is to identify clear and workable economic development strategies, to increase benefits and the positive consequences of economic development programs, and to help ensure the most efficient investment of public and private resources. Initial analysis strongly suggested that the plan's focus should be on economic development programs and funding mechanisms targeted to distressed neighborhoods within urban Miami-Dade County. These neighborhoods are characterized by high poverty rates and unemployment, blighted physical conditions and overall private disinvestments. The racial composition of the neighborhoods is primarily African-American with pockets of Haitian-American and Hispanic populations of various national origins.

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The EDIP process also considered the competitive advantage of urban Miami-Dade within the larger countywide economy. The competitive advantage model weighs the economic capacity of a specific geographic area by assessing specific conditions that either enhance or diminish economic opportunity and investment. Areas can be defined at the regional, city, or neighborhood levels. The endowment of a locale's factor conditions or inputs, including government, public infrastructure, skilled labor and capital is considered an important requisite for gaining a competitive advantage and a sustainable economic base in both regional and global markets.

The EDIP process recognizes that there are inextricable links among economic development, social equity and the overall quality of life of a community. For example, one of the major issues in urban economic development is the persistence of structural unemployment, the mismatch between labor supply and demand. The mismatch may also apply to worker skills, the discordance between job training and labor demands, which is an increasing problem given the pace of technological change.

The issue of structural unemployment deserves special attention because it is far more evident in Miami-Dade's urban neighborhoods than in other areas of South Florida. It is particularly acute in minority and low-income inner-city areas due to a combination of factors including poor public education, lack of formalized job training programs and chronic unemployment. This understanding is particularly important when considering economic development strategies designed for distressed neighborhoods within urban Miami-Dade County. The longstanding issues of poverty, unemployment, job training and public education represent economic and social barriers that impede sustainable community and economic development initiatives.

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# II. Introduction: Toward a Meaning of Local Economic Development

The expanding global economy has had a profound influence on economic development policy and practice at the local level. Policymakers and practitioners are challenged to rethink many traditional assumptions on regional growth and development and to create new organizational and institutional approaches for achieving local economic development goals. It is simply no longer enough for cities and regions to attract firms and create jobs. Economic development within today's global economy now requires that greater attention be given to three issues: 1) the types of jobs created; 2) whether these jobs are associated with higher skills and pay; and 3) whether the community and its workforce and businesses have the capacity to sustain its economic productivity and competitiveness over time. Recent shifts in economic development thinking give particular weight to the goal of promoting "sustainable development" policy and practice. Sustainable development was defined by the Jobs and Environment Campaign for the Economic Development Administration (EDA) as "a new framework for thinking about the causes and symptoms of economic distress and approaches to alleviating such problems. The concept is rooted in the hypothesis that economic viability, environmental quality, and social equity are

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interrelated in complex ways and suggests that achieving any one of these outcomes requires attention in some way to all three." Given these interrelationships, the EDA encourages that sustainable development goals be integrated into the larger community planning process.

The notion of sustainable development is not new to South Florida. Sustainability has been the rubric for the Eastward Ho! Initiative since its inception in 1996. In the 2000 Imaging The Region report by the FAU/FIU Joint Center for Urban and Environmental Problems, South Florida's growth and development are viewed through several "lenses" of sustainability. Locally, the Mayor's 1998 Economic Summit Report included quality of life recommendations for Miami-Dade with specific attention given to the creation of a "living city" for areas designated as Empowerment Zones and Enterprise Communities. The subsequent report and work of the Mayor's Task Force on Urban Economic Revitalization has the embracing goal of "sustainable economic growth within the historically black communities of Miami-Dade County."

Where the challenge once was how to convince the public to embrace the concept of sustainability, the task now and in the coming

years is to specify the details and learn how to put the concept into practice. In fact, the goals of sustainability and economic development are rarely congruent. The traditional economic development paradigm has a passive supply-oriented view of urban space that assumes minimal financial incentives are needed for business and industry to avail itself of adequately serviced, centrally located land. Under this model, total job creation and increased tax revenues are a community's major economic development goals and the foci of most local economic development policies and programs. Recent nationwide surveys of economic development organizations by the National League of Cities and the Council for Urban Economic Development (CUED) listed "number of jobs created" and "improving the city's tax base" as their top economic development goals. In order to achieve these goals, local economic development organizations have become more involved with marketing and promotional activities. However, job creation and increased tax revenues are not necessarily synonymous and may represent divergent community goals and interests. Moreover, preoccupation with total job creation and expansion of the tax base often overlooks the real economic development advantages and needs of a particular community or region.

One of today's important economic development challenges is to recognize the geographical reality and understand the importance of urban centers to the larger metropolitan marketplace. The new economy may be global in scope, but important economic functions are still performed by regions and metropolitan areas. In fact, the United States economy is increasingly a system

of metropolitan-centered economies that transcend municipal boundaries. However, few urban metropolitan areas and central cities have the institutional base to develop and implement economic development strategies. And because local economic development initiatives have typically overlooked the poorer populations rather than viewing them as potential resources, they and their communities are generally disconnected from the economic opportunities of the larger regional economy. This situation has been

exacerbated by a proliferation of new public, quasi-public and private economic development organizations in recent years that has confused and fragmented local economic development delivery systems. Commenting on this trend, Harvard economist Michael Porter contends that there has been a tendency in recent years to actually expand the definition of economic development to include virtually everything, further contributing to the confusion and controversy. He additionally notes, however, that individuals and organizations have tended to focus on one or a few specific elements of economic development and assert their primacy.

The new geographical reality is that urban centers with their high concentrations of poverty and unskilled and uneducated labor force undermine the economic health of the larger metropolitan region. In order to thrive, metropolitan regions need economically vital urban centers.

A sustainable economic development approach must aim to build local competency through investments in education, worker training and the public infrastructure to support economic growth, opportunity and the general quality of life in both urban centers and the

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larger metropolitan region. In order to level the playing field, targeted public investments and neighborhood capacity-building initiatives need to be implemented within urban centers. Sustainable economic development policy dictates that government assumes more of a leadership role in building consensus and support for a community's economic development initiatives.

Sustainable economic development strategies must be more cognizant and, thereby, more inclusive of the diverse interests of the community. Sustainable economic development policy must recognize these diverse interests and help to build meaningful and effective partnerships among local government, business, labor, education, non-profit organizations and various civic and community groups. While economic development must continue to use some of the "traditional" approaches and strategies to help

provide the balance among industrial sectors that a community needs to develop for economic growth, there will continue to be a shift in emphasis away from external demand and toward internal need. The challenge is to create new organizational and institutional approaches that will support sustainable economic development policies and strategies along with broader community vision and involvement.

**Table 1: A comparison of educational attainment, unemployment and income between Miami-Dade's predominantly Black neighborhoods, Miami-Dade County and the State of Florida.**

Statistical data from the 1990 US Census shows that the unemployment rate between the predominantly Black neighborhoods, the County and the State of Florida only differs by one percentage point—14% in the concentrated neighborhood, 13% in Miami-Dade County, and 12% in the State. Considering that the concentration of individuals without a high school education is twice as great in Black neighborhoods as it is in the State and almost a third more than in the

county, one would expect a greater discrepancy in the unemployment rate. It appears that the problem in the concentrated Black community is not being unemployed, but wage rates. A comparison of Black neighborhoods to the total population of Miami-Dade County shows that per-capita and median income are half the county income figures. The State figures show an even greater disparity.

AREA	% Black	% without a High School Education (total population)	% Unemployed (Black population)	Median Family Income 1989	Per Capita Income for the Black Population
Miami-Dade Census Tracts with 80-100% Black Population	91	51	14	18,572	6,745
Miami-Dade County 1989	21	35	13	31,113	13,686
State of Florida 1990	14	26	12	32,212	14,698

### **Composition and Wages of Black-owned Business Establishments**

According to the U.S. Census Survey of Black-Owned Enterprises (1992 and 1997), the sectoral composition of Miami-Dade's business establishments are similar for Whites (non-Hispanic), Blacks and Hispanics with the majority of business establishments in the service and retail sectors. A noteworthy difference is that manufacturing establishments, while steadily declining from 3,336 Countywide in 1992 to 3,031 in 1997, showed growth among Black business establishments. Black manufacturers with employees grew from 10 in 1992 to 51 in 1997. The average annual payroll per employee for Black-owned manufacturing establishments in 1997 was \$23,149 compared to \$17,192 in Black-owned service sector establishments.

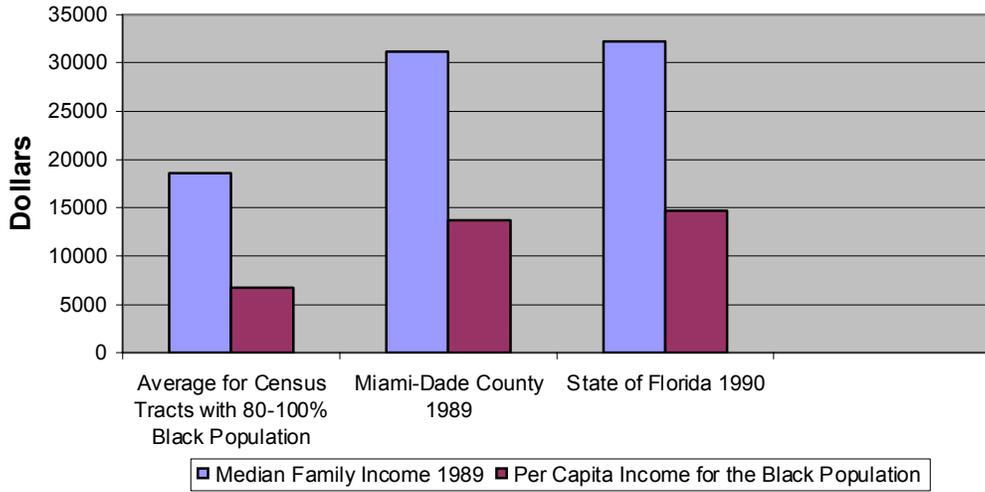
### **Survey of Minority-Owned Enterprises**

The U.S. Census Bureau, as part of the economic census program, conducts every five years Surveys of Minority and Women Enterprises. The published data include number of firms, sales and receipts, paid employees, and annual payroll presented by geographic area, industry, firm size, and legal form of organization.

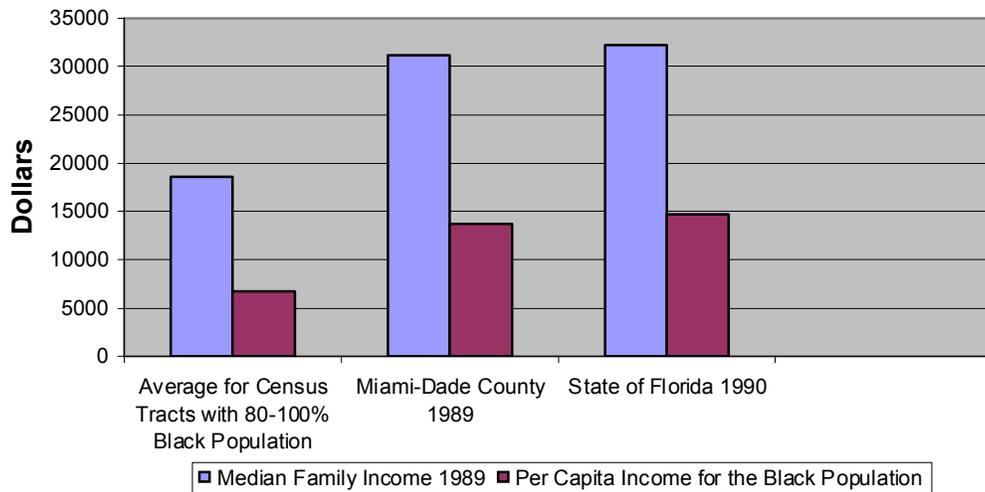
The Survey of Black Minority-Owned Enterprises for the two recent reporting years (1992 and 1997) indicated that the number of Black-owned businesses with employees in Miami-Dade has doubled from 926 establishments in 1992 to 1,806 in 1997. However, Black-owned businesses represented only 1.5 percent of the total (63,029) business establishments Countywide in 1992 and 2.7 percent of the total (67,203) in 1997.

The Survey of Hispanic-Owned Enterprises for the same reporting periods indicated a sizeable increase from 10,537 business establishments in 1992 to 26,332 in 1997. Hispanic-owned business establishments represented 16.2 percent of the Countywide total in 1992 and a dramatic 39 percent of the total in 1997.

**Comparison of Income between Miami-Dade's Highly Concentrated Black Neighborhoods,  
Miami-Dade County and the State of Florida**



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### **III. The EDIP Process**

The EDIP process consisted of several levels of inquiry, public discussion and analysis. The process began in August, 2000 with a preliminary assessment by FIU/MC of Miami-Dade's economic development environment including its organizational delivery system and existing economic development plans. An important early step involved recruitment by FIU/MC of a local Advisory Committee consisting of Mr. George Knox, Esquire, Ms. Cynthia Curry, President and CEO of CWC and Associates, and Dr. Ronald Berkman, Dean of the College of Health and Urban Affairs at FIU. The FIU/MC preliminary assessment and interview process was followed in September by an on-site assessment and a second round of interviews that included a National Panel of community and economic development experts. The joint FIU/MC and National Panel assessment culminated with an Economic Development Policy Forum in October. Subsequent to the Economic Development Policy Forum, it was decided that a third round of interviews and second economic development policy forum be added to the EDIP process. The additional interviews and the second policy forum were conducted in February of 2001.

#### **FIU/MC Preliminary Assessment**

The FIU/MC preliminary assessment began with a series of interviews with local economic development stakeholders. The FIU/MC devised a standard set of interview questions to help elicit responses that would guide but not dictate an open discussion concerning the impediments to economic development within Miami-Dade County. The interview was designed to: 1) develop an understanding of each organization/agency's mission, funding and target/service areas, 2) assess the level of communication, coordination and integration among the various economic development organizations/agencies, and 3) obtain each organization/agency's perception of existing impediments to the delivery of economic development programs and services in Miami-Dade County.

The interview was designed to:  
1) understand missions, funding and target/service areas, 2) assess communication, coordination and integration, and 3) obtain perceptions of existing impediments.

#### **National Panel Assessment**

**(September 24-28, 2000)**

Following the initial round of interviews and a preliminary assessment, the FIU/MC assembled a National Panel of community and

economic development experts to perform an on-site assessment of Miami-Dade's economic development environment. This panel was selected with the advice and assistance of Mr. James Carras of Carras Community Investments, Inc., a consultant to the project. The National Panel was provided a briefing packet prior to their arrival that included the FIU/MC's preliminary assessments, demographic profiles, maps, newspaper clippings and an itinerary of the week's proceedings. The panel convened on the evening of their arrival with an orientation and overview of the EDIP process and a review of the week's agenda. Mr. Johnny Mack of the National Institute for Community Empowerment (N.I.C.E.) was selected by the FIU/MC to facilitate the deliberations and the report of the panel. They toured target neighborhoods on the first full day and began their interviewing of local economic development stakeholders. Interviews and debriefings continued the following two days. On their final day, the panel delivered their oral reports and prepared draft policy and strategy recommendations. The Report of the National Panel, dated October 2000, is included as Attachment C to this report.

### **FIU/MC Economic Development Policy Forum (October 27, 2000)**

The joint findings and conclusions of the FIU/MC and National Panel elicited a number of policy issues that served as the focus of discussion at the first FIU/MC Economic Development Policy Forum held on October 27, 2000. The policy forum also provided an opportunity for community leaders to express their views on important economic development issues affecting Miami-Dade County. Mr. Mack of N.I.C.E.

was brought back by the FIU/MC to facilitate the policy forum deliberations, adding continuity from the National Expert Panel and its report. The November, 2000 FIU/MC Economic Development Policy Forum Report is included as Attachment B.

### **FIU/MC Economic Development Policy Forum (February 15, 2001)**

Following the October, 2000 Economic Development Policy Forum, a meeting of the EDIP Advisory Committee was held to review the EDIP process and the preliminary findings of both FIU/MC and the National Panel of Experts. The advisory committee then recom-

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mended that a third round of interviews and a second economic development policy forum be conducted to include Black community and business leaders who had not participated in the prior rounds of inter-

views nor the first policy forum. FIU/MC submitted an amended scope of work to Miami-Dade County that proposed this course of action, which was subsequently approved. The added EDIP phase was delegated by FIU/MC to Mr. Mack of N.I.C.E. who conducted the concluding set of individual interviews and facilitated the second policy forum at the Caleb Center on February 15, 2001. Ms. Elaine Black and the staff at Tools for Change assisted N.I.C.E. in organizing both the interview process and the policy forum. The process resulted in a report prepared by N.I.C.E., "Perspectives of Economic Development in Miami-Dade: A Black View" is included as Attachment A.

## ***IV. Miami-Dade's Economic Development Delivery System***

In his opening statement in the 1989 report "Tools for Change: The Planned Process to Stimulate Black Economic Development in Miami-Dade," Steering Committee Chairman Garth Reeves remarked that the report "reflects the reality that in spite of the efforts of dozens of organizations throughout [Miami-] Dade County, black economic conditions in many arenas are worse than they were in 1980." This sentiment was echoed in the 1998 Urban Economic Revitalization Plan for Designated Targeted Urban Areas and most recently by Mayor Penelas' Mosaic 2000 Partnership Initiative.

The reality is that Miami-Dade's current economic development delivery system is the culmination of twenty years of economic development plans, studies and reports. Miami-Dade's first attempt to formulate a countywide economic development policy was through the creation of an Overall Economic Development Program (OEDP) Committee in 1977. Economic development planning, as implemented through the OEDP was a prerequisite for receiving federal Economic Development Administration (EDA) public works project funding. More importantly, however, the OEDP process encouraged communities to begin to think strategically about their

assets and liabilities, the direction they want to go and what steps must be taken to get there. According to the 1991 FIU study "Minority Business and Economic Development in Dade County, Florida: An Analysis," the OEDP was voluntary, having no permanent staff assigned to carry out its activities. Its primary purpose was to "advise" the Board of County Commissioners on Economic development policies and strategies.

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### **A. Miami-Dade's Economic Development Plans and Initiatives**

The first comprehensive policy plan to address minority business and economic development was the result of another EDA funded initiative. The 1981 "Economic Adjustment Plan for the County" prepared by Janus Associates recommended alternative methods for assisting minority firms in participating in County projects. The Janus Report was a reaction to the civil disturbances of 1980. Subsequent economic development plans and initiatives were also spawned by racial unrest and a general dissatisfaction with the lack of progress of these prior planning efforts.

The following is a chronology and brief summary of Miami-Dade’s major economic development policy and planning initiatives during the past twenty years. Table 2 is a more extensive look at the various plans that have been undertaken in the past 25 years.

***Adjustment Plan for Civil Disturbance Areas: Janus Associates Report, 1981***

The 1981 Janus Associates Report was the County’s first comprehensive policy plan to include small and minority business development. The EDA-funded plan provided a comprehensive assessment of the problems affecting Dade’s black population and recommended strategies for job development and alternative methods for assisting minority firms to participate in County funded projects.

***Economic Development Strategies in Dade County: Update to the Janus Report, 1983***

The economic recession of the early 1980s coupled with new waves of immigration from Cuba and Haiti created new demands on Miami-Dade’s social and economic structure. In 1983, the Miami-Dade Department of Community and Economic Development (DCED) updated and restructured the strategies recommended in the prior Janus Report. The intent was to update economic and demographic characteristics of the County, review the problems inherent in Miami-Dade’s economy (particularly as they related to minorities and distressed target areas), and develop strategies to address problems for the entire system. This shift in strategy changed the geographic focus of the original Janus Report from targeted Black communities to the larger County.

**Table 2: Chronology of Plans**

<b>Year</b>	<b>Policy/Plan</b>	<b>Agency/Author</b>
1977	Overall Economic Development Plan Committee	Board of County Commissioners
1981	Adjustment Report for Civil Disturbances: Janus Report	Janus Associates
1983	Economic Development Strategies in Dade County: Update to Janus Report, 1983	Department of Community and Economic Development
1984	Dade Strategic Plan	Arthur Anderson
1989	Tools for Change: Planned Process to Stimulate Black Economic Development in Dade County	Metro-Miami Action Plan and the Greater Miami United Way
1994	Miami Metro-Dade Empowerment Zone Application	Miami-Dade County and City of Miami
1997	One Community One Goal <sup>(R)</sup>	Greater Miami Chamber of Commerce
1997	Mayor’s Economic Summit	Miami-Dade County, Office of the Mayor
1998	Urban Economic Revitalization Plan for the Designated Targeted Urban Areas of Miami-Dade County, Florida	Task Force on Urban Economic Revitalization
1998	Miami Metro-Dade Empowerment Zone: Round Two Application	Miami-Dade County and City of Miami
2001	Economic Element-Comprehensive Development Master Plan	Miami-Dade County

***Dade Strategic Plan: The Arthur Anderson Report, 1984***

The Arthur Anderson Report evolved based on the County's concern for improving the coordination of economic and community development programs and services. The DCED recommended that \$35,000 in Community Development Block Grant (CDBG) funds be appropriated for the study. The study's eventual countywide emphasis resulted in the creation of the Beacon Council in 1985 and the development of a plan for all of Miami-Dade. The strategic plan stressed the attraction of new economic development to Dade County by improving the "marketing, advertising, and promotional activities of key actors in both the public and private sectors." As noted in FIU's 1991 "Minority Business and Economic Development in Dade County, Florida: An Analysis," the Beacon Council declined to consider small and minority business economic development as part of their mandate stating that their mission was to "increase the size of the economic pie for everyone, not divide the pie."

***Tools for Change: Planned Process to Stimulate Black Economic Development in Dade County, 1989***

In 1989, the DCED once again proposed an update to the Janus Report. "Tools for Change" was established as a "planned process to stimulate Black economic development in Miami-Dade County." The plan's mission was to:

- Establish a common vision of the future of Black Dade County,
- Identify and focus resources on actions required to stimulate the growth of Black enterprises,

- Identify and focus resources on actions required to stimulate employment opportunities for Blacks, and
- Reach consensus on actions necessary to fulfill the vision, countywide.

The primary objective of the process was to develop a strategic economic development plan that included defining the strengths, weaknesses, constraints and threats to the future of Black economic development in Dade County. Black economic development was operationally defined as "all activities that increase the amounts of and circulation of income among Blacks living or working in Dade County" (income includes the revenues, purchases and profits of Black-owned businesses and the salaries, wages and passive incomes of Black individuals).

A consensus was developed around the priorities projected to have the highest impact and probability of occurrence. The planning process identified three basic problem areas and their key interrelationships:

- Jobs and Income Development
  - ◆ Income from jobs supports homeownership
  - ◆ Income from jobs supports businesses
- Business Development
  - ◆ Businesses support commercial corridors
  - ◆ Businesses create jobs
- Infrastructure Development
  - ◆ Affordable, decent housing reduces middle/working class flight
  - ◆ Competitive commercial corridors attract quality businesses

**1997—One Community One Goal<sup>(R)</sup>  
(updated to 1999)**

Through the 1997 One Community One Goal<sup>(R)</sup> (OCO<sup>G</sup>) planning process, nine economic industry/sectors with the greatest growth potential for Miami-Dade were targeted by the Greater Miami Chamber of Commerce and organizations including Miami-Dade County government, were given tasks with appropriate actions and/or policies aimed at facilitating expansion in these industries. OCO<sup>G</sup> presented a Master Plan with a detailed implementation blueprint for seven industries targeted—Bio-medical, Film & Entertainment, International Commerce, Education, Financial Services, Telecommunications, and the Visitor Industry. Since then OCO<sup>G</sup> has added the converging industries of Information Technology and Telecommunications (IT and Telecom), and Aviation Technologies.

An Oversight Committee was established in 1998 to identify measurable progress of OCO<sup>G</sup>. The Oversight Committee's charge was twofold: 1) to ensure that the action steps and strategies are accomplished by the "Responsible Parties" to meet the objectives in One Community One Goal's Reports to the Community and in the Mayor's Economic Summit findings (see 1998 Mayor's Economic Summit), and 2) to periodically report progress in achieving these Goals to the Community .

**1998—Mayor's Economic Summit**

The mission of the Mayor's Economic Summit was "to provide a singular forum to discuss and condense all of the community's economic efforts into one common platform in conformance with the long-range initiative One Community One Goal." The community-wide Summit, convened by Mayor Alex Penelas, was structured to attract broad community participa-

tion and include public policy recommendations to the Mayor and Miami-Dade Board of County Commissioners in ten critical areas:

- Crime reduction
- Culture
- Economic Revitalization
- Film and Entertainment
- Global Perception
- Housing Affordability
- International Trade
- South Dade Revitalization
- Welfare-to-Work
- Workforce Preparation and Education

The Economic Revitalization component focused "on an economic development strategy that included a comprehensive plan to create jobs that would benefit the Miami-Dade community by increasing the tax base and promoting economic development and business activity." Recommendations included exploring creative funding sources for economic development, revising County policy and structure to increase efficiency and create a business friendly environment, and developing a coordinated strategy to secure an Empowerment Zone designation.

**1998—Federal Empowerment Zone (EZ)  
Application**

Bolstered by the Mayor's Economic Summit, Miami-Dade responded with a Round II Federal Empowerment Zone application that included an extensive neighborhood planning process including two rounds of neighborhood forums. Several elements were added to improve the unsuccessful 1994 application. More than 1,000 residents participated in the planning process. The 1998 EZ application process was more

inclusive of the business community. A formal linkage was made with the One Community One Goal strategy. A total of 18 area financial institutions pledged nearly \$400 million to EZ neighborhoods. During Year I, the financial institutions made 4,127 commercial, consumer and affordable loans to the EZ communities worth a reported \$187 million. Loans to small businesses accounted for \$78 million of the total.

***1998–Urban Economic Revitalization Plan for the Designated Targeted Urban Areas of Miami-Dade County, Florida***

In May 1998, the mayor and county commission received Task Force on Urban Economic Revitalization’s “Urban Economic Revitalization Plan for Designated Targeted Urban Areas of Miami-Dade County, Florida.” Building on the 1989 “Tools for Change” study, the plan’s all-embracing goal was to create sustainable economic growth within the historically black communities of Miami-Dade County. The plan further stated that the “dynamism of the overall Miami-Dade economy and the potential for leadership in international commerce as the ‘Gateway to the Americas’ is hampered by the economic stagnation in these historically black neighborhoods.”

The plan’s designation of Targeted Urban Areas (TUAs) was an attempt to meet long-standing needs and to achieve economic development goals in Black communities through a targeted high impact strategy including significant levels of investment in major commercial and industrial projects, the creation of significant numbers of jobs and an unprecedented commitment and public investment of funds to meet severe infrastructure needs (e.g. roads, sidewalks, lighting, water, sewer, etc.).

The plan also addressed criticisms that the past and current economic development project

funding in the TUAs was not focused and was often subject to the machinations of politics rather than held accountable to objective measures, standards, or results. The plan attempted to provide a clear focus to Miami-Dade’s economic development funding process, and by encouraging the formation of public/private partnerships to participate in and foster economic development in the TUAs. It also provided “measures to assure that the awarding of funds under the Community Development Block Grant (CDBG) Program are consistent with criteria set out in the plan and that organizations receiving county funds are provided with performance standards and are monitored to assure effective performance.”

The plan developed Area-Wide and Targeted Urban Area Economic Revitalization Strategies in the areas of commercial revitalization, industrial development, workforce development and business opportunities, capital development, legislative and public policy strategies, housing affordability and small business development and entrepreneurial technical assistance.

***2001 Economic Element, Miami-Dade Comprehensive Development Master Plan***

In the FY 1999/2000 budget, Miami-Dade’s Department of Planning and Zoning (DP&Z) was allocated \$100,000 for preparation of an Economic Element to the Comprehensive Development Master Plan. The original impetus for including an economic element in the Comprehensive Plan came after the massive destruction caused by Hurricane Andrew. In recent years, dissatisfaction with the community-based organization (CBO) funding process prompted several county commissioners to press for a “plan” to guide the allocation process. This element will present a set of public policies for

adoption by elected officials to assist in achieving economic growth and full employment. The Beacon Council, having contributed to the development of Miami-Dade's long-range strategic plan under the Greater Miami Chamber of Commerce's One Community One Goal<sup>(R)</sup> process was engaged by the DP&Z to assist in completing the Economic Element.

## **B. Lead Economic Development Agencies**

With the passage of the landmark Housing and Community Development Act of 1974, most local governments began to combine their community and economic development functions under one county or city department. Typically, the local government department was charged with administering the Community Development Block Grant (CDBG) and other HUD housing and community development programs. The city/county department would also administer Federal economic development programs such as the Economic Development Administration's (EDA) planning and public works programs along with various state housing and community development programs. In Miami-Dade, these functions have been administered under the auspices of the Department of Community and Economic Development (DCED) that has since changed its name to the Office of Community and Economic Development (OCED).

Miami-Dade's various Chambers of Commerce have been responsible for economic development marketing, sales and promotion. The most noteworthy of the Chambers are the Greater Miami Chamber of Commerce, Miami-Dade Chamber of Commerce, and the Latin Chamber of Commerce. The economic development marketing of Miami-Dade became more centralized in 1985 with the creation of the Beacon Council. The following provides a

summary of Miami-Dade's lead economic development agencies.

### **The Beacon Council**

The Beacon Council was created in 1985 with the goal to coordinate and increase economic development in Miami-Dade County on a comprehensive, county-wide basis. The objectives of the new public/private partnership were to guide Miami-Dade County's economic future through sales and marketing, to implement the county's economic development strategy (EDS) and coordinate the county's economic development activities. The Beacon Council, which branched off from the Greater Miami Chamber of Commerce, was an outgrowth of the 1984 Arthur Anderson economic development strategic planning study. Today, the Beacon Council is deemed Miami-Dade's "official" economic development partnership, a "not-for-profit, public/private organization that focuses on job creation and economic growth by coordinating community-wide programs: promoting minority business and economic development; providing assistance to local businesses in their expansion efforts; and marketing Greater Miami throughout the world." The Beacon Council is funded jointly from public and private sources including approximately \$2.9 million from the county's Occupational License Fee and \$1 million from membership fees. The Beacon Council has a staff of 29 and approximately 500 members including many of greater Miami's largest corporations and high-growth companies. The Beacon Council's strategic plan deals almost exclusively with attracting targeted industries identified within the One Community One Goal<sup>(R)</sup> process. In addition to its marketing and promotional activities, the Beacon Council provides demographic analysis and economic projections for Miami-Dade County.

In recent years, the Beacon Council has focused more on urban redevelopment encouraging potential businesses to locate in the Empowerment Zone (EZ) and Targeted Urban Areas (TUAs). The Council notes that in the past three years, 17 businesses have located in the Empowerment Zones. The Beacon Council's Urban Economic Revitalization Initiatives program promotes the creation of jobs and new investment by assisting businesses to expand or relocate to the EZ, TUAs and Enterprise Zone.

### ***Office of Community and Economic Development (OCED)***

The OCED's mission is "to administer Federal and State funding which supports the development of viable neighborhoods in Miami-Dade County characterized by decent housing, expansion of economic opportunities and the preservation of historic properties." OCED's primary responsibility is the management of Miami-Dade's Community Development Block Grant (CDBG) Program and other federal and state economic development grant, loan and tax incentive programs. OCED is also responsible for administering the Community Revolving Loan Fund, HUD Section 108 Guaranteed Loan Program, Enterprise Center and Enterprise Zone Programs. OCED's planning involvement rests almost exclusively with the five-year U.S. Department of Housing and Urban Development (USHUD) Consolidated Plan.

Miami-Dade's current CDBG entitlement is approximately \$22 million down from \$24 million in 1995. OCED's budget includes \$269,000 in general funds used for historic preservation and county-wide economic development activities.

### ***Metro-Miami Action Plan (MMAP)***

MMAP emerged in 1983 following the civil unrest that erupted in 1980. MMAP's mission is

"to address the socio-economic disparity of Miami-Dade County's Black community by advocating and coordinating initiatives and programs for the benefit of the community-at-large." Among MMAP's listed accomplishments are the Overtown Revitalization Program (Congresswoman Meek Fund Project) that has awarded \$1,498,000 in grants for business creation, expansion and retention, administration of the Moss Plan, a program that has awarded grants to four franchises (including that first Black owned Denny's Restaurant in the Southeastern U.S.), and 21 micro-businesses in South Dade, a Homeownership Assistance Program (HAP) that has provided up to \$4,000 each in financial assistance and pre and post housing counseling to more than 1500 residents in Miami-Dade since its inception in 1995.

### ***Task Force on Urban Economic Revitalization***

The Miami-Dade Task Force on Urban Economic Revitalization was created in 1997 by ordinance of the Board of County Commissioners. The establishment of the Task Force was an attempt to marshal all county economic development resources and develop a focused approach toward economic revitalization in Targeted Urban Areas (TUAs). To this end the Task Force "helps to focus Miami-Dade's economic funding process, encourage the formation of public/private partnerships, and place significant control over funding of economic development projects in designated Targeted Urban Areas (TUAs) in the hands of a community-based county board." The powers and duties of the Task Force include serving in an advisory capacity to the mayor and the Board of County Commissioners regarding urban economic revitalization in the TUAs and developing a "Plan" that would "identify the goals of the Plan and identify specific, focused, achievable economic development projects,

delineate action steps, and develop a plan for private sector fundraising.”

### ***Miami-Dade Empowerment Trust***

Miami-Dade’s Federal Empowerment Zone application was approved in the second round of funding in 1998. Since then, the Empowerment Trust has received grant-funding commitments totaling over \$9 million from federal, state and local governments. The Empowerment Trust has forged partnerships with the four mayors who represent Empowerment Zone communities including Miami-Dade County, the City of Miami, Homestead and Florida City. Other important collaborations include the Bankers’ Empowerment Partnership and the greater Miami Chamber of Commerce Empowerment Zone Committee. Through the organization and implementation of these community partnerships, four key strategies of the Empowerment Zone Plan have been identified: 1) growing new jobs and businesses; 2) creating pathways to jobs and businesses; 3) building in the Empowerment Zone; and 4) sustainable community development. To achieve its goals and objectives the Trust has a variety of financing tools including tax increment bond financing, Brownfield Tax Incentives, Qualified Zone Academy Bond, Work Opportunity Tax Credits, and Welfare to Work Credits. The EZ received \$3 million from Congress upon approval of its original application. However, the remaining \$97 million of additional funding that was anticipated appears in jeopardy due to a lack of support in both the House and Senate.

## V. *Principal Findings*

The EDIP process included an open and evolving assessment of Miami-Dade's economic development delivery system. The assessment allowed for substantial input from local economic development stakeholders, business leaders and the community at large. Due to the fact that the EDIP was intended to focus on impediments to economic development within the African-American community, special effort was made to engage African-American business and community leaders in the assessment process.

The FIU/MC conducted its assessment in conjunction with the National Panel of Experts and the National Institute for Community Empowerment (N.I.C.E.). The EDIP's findings were based on the input received from three phases of interviews, two economic development policy forums and research on state-of-the-art community and economic development practice.

The first phase of interviews occurred concurrent with the FIU/MC's preliminary assessment of Miami-Dade's economic development environment. Phase two interviews were conducted by the National Panel of Experts as part of their on-site assessment. Phase three

interviews were conducted by N.I.C.E. prior to the second economic development policy forum. The first two phases of the interview process primarily targeted Miami-Dade's economic development stakeholders, while the third phase targeted Black business and community leaders. The stakeholders represented governmental and quasi-governmental agencies involved with the delivery of economic development programs and services. The initial interviews conducted by the FIU/MC were held on-site at each agency location. The subsequent interviews conducted by the National Panel were held at the offices of the FIU/MC. In both instances, the agencies were typically represented

by the director or chief executive officer and two or more agency officials or board members. Phase three interviews of Black business and community leaders were conducted one-on-one by N.I.C.E. at the Tools for Change offices. In total, the interviews provided an important stakeholder and community perspective on the issues and impediments to economic development in Miami-Dade.

Subsequent to the three rounds of interviews, the FIU/MC began a process of summarizing, interpreting and categorizing the re-

The EDIP's findings were based on the input received from three phases of interviews, two economic development policy forums and research on state-of-the-art community and economic development practice.

sponses. The following are the principal findings that emerged from the analytical processes. The findings identify and briefly discuss the key impediments to economic development in Miami-Dade County.

### 1. Absence of a coherent and unifying economic development vision and policy

It is widely recognized that government must play a key role in local economic development. A clear economic development policy promotes and enables sound decision making, professional program management, strategic community investment and the creation of effective public/private partnerships. A clear and unified policy can also help to instill government leadership in promoting economic development goals and objectives. Effective government leadership can forge the necessary working relationships with private sector businesses and the community.

The absence of a clear and unifying economic development vision and policy was the major theme of both the economic development stakeholders (Table 3) and Black business leaders (Table 4) comments and observations. The vision/policy issue was repeatedly raised in response to questions pertaining to impediments to economic development within Miami-Dade County. While several stakeholders pointed to the lack of political leadership on this issue, most of the respondents felt that the problem was attributed more to a lack of understanding of economic development. However, several of the stakeholders commented that the absence of a coherent and unifying economic development policy is deliberate. They stated that there is a “white” economic development vision/policy embodied in One Community One Goal<sup>(R)</sup> and separate, Black economic development visions/policies found in MMAP, the Urban Economic Revitalization Plan and The Empowerment Zone.

**Table 3: Responses of Economic Development Stakeholders**

Finding/Impediment	No. Comments/ Observations	No. Interviewees (34 Total)	Percent Interviewees
Absence Economic Development Vision and Policy	50	26	76%
Disconnect Planning and Development	33	24	70%
Fragmented Delivery System	37	27	79%
Isolation and Alienation of Black Community	24	15	44%
No Central Authority	30	17	50%
Need for Workforce Development	19	14	41%
Need for Benchmarking	15	12	35%
Absence of Entrepreneurial Environment	18	15	44%
Lack of Private Capital	14	12	35%
Lack of Public Infrastructure	11	10	29%

## 1. "Absence of a coherent and unifying economic development vision and policy"

### Sample Interview Quotes

"We need a vision to guide the economic development process."

"No one has a clear purpose. There are no shared objectives with agreements. There is no leadership to stay the course and implement."

"I have never seen a community with so much money to put out and with no idea of what to do with it."

"The private sector needs to see a management structure that they understand. The private sector doesn't know what to do with the county."

"The business community does not believe us anymore. They ask, why should we put our efforts in this again?"

"Miami-Dade has no economic development vision."

## 2. Isolation and alienation of the African-American community

Lack of progress and the failure of past planning efforts have created a general feeling of isolation and alienation within the African-American community. Stakeholders and community and business leaders of different races expressed that there is a general feeling of

## 2. "Isolation and alienation of the African-American community"

### Sample Interview Quotes

"There is a sense of hopelessness in the Black community."

"What exists is a benign ambivalence towards Blacks."

"There is no commitment from the community to improve the conditions of Black areas."

"Our Black communities remain Balkanized."

**Table 4: Responses of Black Business and Community Leaders**

Finding/Impediment	No. Comments/ Observations	No. Interviewees (22 Total)	Percent Interviewees
Absence Economic Development Vision and Policy	28	18	82%
Disconnect Planning and Development	14	8	36%
Fragmented Delivery System	24	15	68%
Isolation and Alienation of the Black Community	27	15	68%
No Central Authority	28	14	64%
Need for Workforce	7	6	27%
Need for Benchmarking	6	3	14%
Absence of Entrepreneurial Environment	11	9	41%
Lack of Private Capital	18	12	55%
Lack of Public Infrastructure	5	5	23%

isolation and alienation within the African-American community that has resulted in a high level of cynicism and distrust toward Miami-Dade's government and its leaders. While the issue of isolation and alienation was viewed as the second leading impediment to economic development according to Black leaders (68%), this observation was also noted by many (44%) of the other stakeholders as well.

### **3. Fragmented economic development delivery system**

A direct consequence of the absence of a clear and unified economic development policy is a fragmented economic development delivery system. Policy should direct the organization of government and its respective departments, boards and commissions. Economic development programs and services must then be coordinated and integrated within that organizational structure. However, Miami-Dade's fragmented approach to economic development delivery has

created an environment of competition, duplication and overlapping missions.

Stakeholders (79%) viewed Miami-Dade's fragmented economic development delivery system as the number one impediment. Many of the economic development stakeholders interviewed commented that Miami-Dade's economic development delivery system was in a condition of disarray and marked by program duplication, competition and a general lack of communication. Black leaders (68%) also viewed fragmentation of the delivery system as a major impediment to economic development.

### **4. Disconnect between comprehensive planning and economic development**

While it is essential to integrate local economic development efforts into a larger planning framework, the connection to Miami-Dade's comprehensive planning process is tenuous at best. Miami-Dade's economic development policy must be implemented as part of a compre-

#### **3. "Fragmented economic development delivery system"**

##### **Sample Interview Quotes**

"The economic development parts are here, but they don't work together."

"We need to create a cohesive structure with a comprehensive approach that cuts across the different layers of government. This organization must have the resources its needs."

"The shepherds of cooperation become the wolves when they need to compete for funding."

"Where is the one-stop shop for economic development?"

"Nothing is working well, no one has control, there is no coordination."

#### **4. "Disconnect between comprehensive planning and economic development"**

##### **Sample Interview Quotes**

"There are many plans but most do not address the economic development needs of the community."

"What exists in Miami-Dade are social service programs, we have no true economic development plan."

"CDBG funds are granted based on a good idea or political connections, not on a sound business plan."

"We have no strategic plan that provides a clearly defined role for all agencies."

hensive plan with clear linkages to land use, transportation and housing. It is also essential that the comprehensive plan direct Miami-Dade's capital improvement program (CIP) to targeted economic development activities. The comprehensive plan should also help guide allocation decisions for the Community Development Block Grant (CDBG) program.

A disconnect between planning and economic development and, specifically, the general irrelevance of comprehensive land use planning was a major concern expressed by the stakeholders (70%). The need for a comprehensive economic development plan was cited by several officials who viewed the plan as a way of clarifying the economic development roles of each agency. Black leaders (36%) also commented on this issue.

### **5. No clear economic development authority**

Many of the stakeholders noted the absence of a clear economic development authority within Miami-Dade as a clear impediment to effective program and service delivery. Instead of a central economic development authority, the stakeholders point to a dispersed and fragmented economic development system that has been proven largely ineffective.

#### **5. "No clear economic development authority"**

##### **Sample Interview Quotes**

"There is no accountability for performance, who is in charge?"

"Who is holding government accountable for its performance?"

"We have no clear line of authority or accountability."

### **6. Insufficient access to private capital**

Access to private capital (equity and debt financing) is viewed as a major impediment for Miami-Dade's distressed urban neighborhoods. This is generally perceived as a complex issue that speaks to Miami-Dade's inability to forge effective public /private partnerships and a lending culture for economic development where government, non-profits and the banking community have failed to fully develop the necessary lending capacity.

Many interviewees and forum participants indicated that gaps exist in the availability of capital for small business development and for homeownership programs, especially to minorities and economically distressed communities. The greatest perceived gaps are for long-term and unsecured debt for small and moderately sized businesses, equity financing for new businesses and early stage businesses that are unlikely to go public and for small businesses that want to develop new products, predevelopment and other loans for nontraditional borrowers such as non-profit organizations and community development corporations, loans of all types to

#### **6. "Insufficient access to private capital"**

##### **Sample Interview Quotes**

"Private capital is needed to stimulate the local economy, but there are no funds to draw from."

"Miami-Dade economic development agencies aren't qualified to do in-house lending."

"In the inner-city there isn't enough equity to push the deals."

"The Black community, for the most part, does not satisfy the lending criteria of commercial lenders."

businesses in low-income neighborhoods, and home-mortgage loans to minorities.

Community-based development organizations and their network of service providers indicated that they sorely need funding for pre-development that includes pre-planning, assessment and implementation vehicles that are necessary to support sustainable economic development initiatives.

Finally, many of those interviewed, along with economic development forum attendees, claimed that the County has had minimal impact utilizing the concept of leveraging private sector capital for debt and equity for business, community development initiatives and housing loans. They indicated that the lack of a focused agenda, competing and uncomplementary initiatives, and the lack of consensus on the allocation of resources have prevented targeted investments that would leverage other public and private resources.

## **7. Absence of an entrepreneurial environment**

The nation's "new economy rules" emphasizes creating entrepreneurial environments. Entrepreneurship nurtures successful business start-ups and the growth of new ventures. However, entrepreneur development is severely lacking in Miami-Dade.

Entrepreneurs and growing companies need equity and "near equity" to assist their start-up costs, fund product development, and work capital. This type of investment is virtually non-existent in Miami-Dade. There is a need for a significant venture capital effort that addresses equity needs in minority and low-wealth communities.

## **7. "Absence of an entrepreneurial environment"**

### **Sample Interview Quotes**

"Blacks lack experience in business. We need to foster entrepreneurship."

"We need an entrepreneurial approach for our economic development organizations."

"You have a number of agencies that are supposedly doing entrepreneurial training. Is any of that real?"

"Most clients don't know their business plan or their industry. In many cases, someone else has prepared it for them."

"County agencies like to say that CDCs lack capacity, but the county needs to look at their own capacity."

Many stakeholders commented on the general absence of an entrepreneurial environment within Miami Dade. These comments were directed at county government and the community at large. It was noted that entrepreneurial development and training are also lacking.

## **8. Lack of public infrastructure investment**

Fundamental supply-side economic development practice requires that sufficient public infrastructure dollars be targeted to priority commercial and industrial areas. There is no apparent targeting of Capital Improvement Program (CIP) or Federal Community Development Block Grant (CDBG) funds for public infrastructure improvements in support of economic development projects. Conversely, there is evidence that Miami-Dade disperses its CIP and CDBG funds thereby limiting their

## 8. "Lack of public infrastructure investment"

### Sample Interview Quotes

"There is no infrastructure to support land assemblage."

"When you don't have CDBG money being spent on infrastructure needs in your community, there is a problem."

"We need better streets (paved well, lighting), we need adequate sewer systems and drainage."

effectiveness because targeted funds have greater impact.

Many economic development stakeholders believe there is inadequate public infrastructure investment to stimulate economic development. Stakeholders cited the need to target CIP and CDBG funds to support economic development projects.

## 9. Lack of benchmarking and performance standards

Benchmarking practices are used routinely throughout the country to monitor the success of economic development programs and services. Benchmarking practice is an evaluative tool for determining the successful implementation of economic development policy objectives. There is no evidence that formalized benchmarking practice exists within Miami-Dade's economic development delivery system.

Stakeholders noted the absence of clear benchmarking and performance standards for Miami-Dade's economic development programs. This response was generally made during broader discussions regarding the issues of authority, accountability and the disconnect between planning and economic development.

## 9. "Lack of benchmarking and performance standards"

### Sample Interview Quotes

"Regardless of who has gotten the money, the outcomes have been horrendous for the Black community. There has been much investment, but no results."

"No systems have ever been put in place, no central planning and program evaluation."

"We do our own program evaluation."

"Where has all the money gone?"

## 10. Absence of formalized and tailored workforce development program

Workforce development must be an integral part of local economic development policy and has become the number one challenge for economic developers throughout the country. Sustainable economic development cannot occur unless there is full support for a formalized and tailored workforce development program at the local level.

The issue of structural unemployment is a major impediment to economic development within Miami-Dade's urban communities. Structural unemployment refers to the mismatch between the supply and the demand for labor. The mismatch may also apply to worker skills. The mismatch between worker skills and labor demand is particularly problematic given the required and ever-changing technology applications of most industries. Miami-Dade's workforce capacity has been identified in prior planning initiatives as a major barrier to economic development. The Urban Economic Revitalization Plan for Targeted Urban Areas

cited low education levels in the Black community, lack of relevant labor market skills, and lack of employability skills as several of the “chief barriers” to job development. The Mayor’s Economic Summit Report identified welfare-to-work and workforce preparation and education as “critical issues” that need to be addressed as part of Miami-Dade’s economic development policy.

Many of the interviewees and forum attendees noted the mismatch between worker skills and labor demand particularly as it related to OCOG targeted industries. Others cited the lack of coordination and collaboration between workforce development agencies and private industry.

## **10. “Absence of formalized and tailored workforce development program”**

### **Sample Interview Quotes**

“We have companies that have to import a labor force because our workforce does not have the skills they need.”

“There are opportunities for work, but our labor force does not meet the needs of the market.”

“There is a wide gap between the required job skills of many of the One Community One Goal target industries and the job skills of the community.”

“There needs to be more formal job training and apprenticeship programs in various industries.”

## ***VI. Policy Recommendations and Strategies***

The EDIP process began with an assessment of Miami-Dade's economic development delivery system. The assessment included a survey and review of Miami-Dade's economic development departments and agencies, prior and current economic development plans and existing economic development programs and services. The conclusions and findings reported in the previous section represent FIU/MC's interpretation and categorization of its assessment. The findings constitute the impediments to economic development in Miami Dade. The conclusions and findings were informed by community interviews, public policy forums and professional assessments performed by the National Panel of Experts and other consultants.

An economic development vision and policy for Miami-Dade must recognize the importance of urban centers to the larger regional economy. The balkanization of poor, predominantly Black neighborhoods cannot continue. The eyes of the nation are on Miami-Dade to see what will become of the metropolitan region that has been referred to as "ground zero" for 21st Century urban America. No single plan will erase the decades of alienation, disappointment and cynicism within Miami-Dade's urban communi-

*The eyes of the nation are on Miami-Dade to see what will become of the metropolitan region that has been referred to as "ground zero" for 21<sup>st</sup> Century urban America.*

ties. However, a shared economic vision might begin with an understanding of the importance of these urban neighborhoods and their vital relationship to the larger local economy. Collaborations that develop from this understanding can provide the institutional framework and support for more comprehensive and sustainable community initiatives. FIU/MC's position is that impediments to economic development should be viewed as resolvable hindrances rather than unwieldy obstructions. The stakes and the opportunities are far too great not to move forward in a positive and proactive manner.

Miami-Dade County has taken notable strides in recent years building community consensus for an economic vision. The visioning process exemplified in the Mayor's Economic Summit and the heralded Round II Federal Empowerment Zone community planning process demonstrate that political leadership and community support do exist. The challenge now is to carefully craft the operational elements of a unified economic policy for implementation has been the County's major stumbling block. FIU/MC's position is that, absent a coherent and unified economic vision and policy and the community capacity for implementation, Miami-Dade lacks the essential guidance and compe-

tence for confronting and removing long-standing impediments to authentic and sustainable economic development. The FIU/MC suggests that the ingredients or elements of such a vision and policy were identified through the EDIP process. The “operational elements” can be found in the recurring issues or themes extracted from the process and FIU/MC’s interpretation and categorization of those issues and themes into findings. Based on this interpretation and categorization, FIU/MC recommends that Miami-Dade consider four essential and interrelated operational elements that would direct and implement a vision and policy aimed at confronting and removing these long-standing impediments to economic development.

Each of the four Operational Elements begins with a policy statement followed by specific policy recommendations. These Elements are: 1) Creating an Entrepreneurial Environment; 2) Community Collaboration and Capacity-Building; 3) Comprehensive Economic Development Planning and a Coordinated and Integrated Economic Development Delivery System; and 4) Building Public/Private Lending Capacity.

### **1. On Creating an Entrepreneurial Environment**

An often overlooked but necessary initial step towards successful local economic development implementation is the creation of a strong entrepreneurial environment. Today’s local economic policy thinking is that environments, not projects and programs, produce entrepreneurial behavior and development. Successful entrepreneurial environments “inspire” investment in the community. The tasks involve creating professional management capacity,

building collaborative partnerships, removing barriers to investment, providing information and creating community spirit and confidence. Ultimately, the community develops an entrepreneurial behavior pattern that functions as the human infrastructure to support the desired level and quality of investment. The community itself acts as an “incubator” of new business.

### **RECOMMENDATIONS**

- a) *Support and develop professional competence-building at each level of the economic development delivery system*

*Ultimately, strong government leadership and professional management will help guide and improve the capacity of other economic development organizations within the community.*

Miami-Dade must develop the governmental and community capacity to effectively implement its

economic development objectives. The Mayor, County Manager and Board of County Commissioners must assume leadership roles in establishing and supporting an entrepreneurial environment. The process begins by developing and supporting competence-building and entrepreneurial training for government agencies and community economic development organizations to ensure they possess the professional management capacity to plan and administer economic development programs and services. Local governments are expected to assume a leadership role in advancing the economic development agenda of the community. Ultimately, strong government leadership and professional management will help guide and improve the capacity of other economic development organizations within the community.

There is a growing consensus that leaders are made, not born. It is crucial to focus explicitly on providing employees and Board members with

formal leadership and technical training and other leadership and development support like coaching or mentoring.

CDCs and their funders are aware of the needs in training and learning opportunities, primarily technical training. However, this is not enough. Technical training is important, but too often a person with technical capabilities gets promoted to a management and supervisory level without the needed management and leadership skills. Staff and CDC boards need to be exposed to technical and leadership and management training on a continuing basis.

***b) Support and develop a formalized and tailored workforce development initiative***

Within the past decade we have seen a gradual shift in the relative importance that business and industry give to certain location factors. Revolutionary developments in telecommunications and the changing workplace have lessened the importance of a community's proximity to rail, water and highways, while giving heightened value to a community's quality of life and its skilled and educated labor force. Meanwhile, many communities have shifted their economic development focus away from a strong reliance on the traditional business attraction model to strategies that seek to improve the performance of existing industries. The emphasis is not simply on job creation, but job retention and job quality. At the same time, there is a growing interest in establishing formal linkages between business development and workforce development (see Appendix A: Best Practice case studies).

A commitment to workforce development coupled with improvements to public education is the most effective and sustainable means for creating economic opportunity for Miami-Dade's poor and unemployed residents.

A tailored and formalized workforce development initiative should serve as the foundation of Miami-Dade's entrepreneurial environment. Workforce development must become vitally integral to Miami-Dade's economic development delivery system. The lack of skilled and high-tech workers in today's global economy is a critical impediment that severely limits the County's ability to implement its economic development objectives. Conversely, the systematic development of the local workforce capacity would greatly enhance Miami-Dade's competitive advantage in a host of industries. Moreover, a commitment to workforce development coupled with improvements to public education is the most effective and sustainable means for creating economic opportunity for Miami-Dade's poor and unemployed residents.

Miami-Dade's tailored and formalized workforce development initiative should build on the framework of the Federal Workforce Investment Act (WIA) of 1998. The WIA replaced the Job Training Partnership Act (JTPA) system. The WIA's operational principles include creating one-stop systems that provide a central location for training, education, employment and information services; empowering individuals through information and individual training accounts; establishing business led boards to design and manage training and employment programs; and increasing accountability and evaluation capacity through regular performance measurement. A tailored and formalized Miami-Dade workforce development initiative for Miami-Dade must include the following qualities:

- Comprehensive: workforce development must consider the full range of worker and

employer needs. Employment readiness, welfare-to-work and support services (access to child care, transportation, healthcare, and counseling) are fundamental.

- Integrative: workforce development must reduce institutional fragmentation through the use of collaborations among government, education, business and existing workforce training programs. There must also be greater business influence and cooperation with K-12 education to ensure relevance.
- Networked: workforce development must create a formal networking system of key government, education and business resources and institutions.
- Community-based: workforce development must be community-based and centrally located in target neighborhoods to ensure physical accessibility.
- Market-oriented: job training skills must be targeted to existing and potential employers and their specific worker demands. Basic and transferable skills (e.g. computers, computer aided drafting/computer aided manufacturing—CAD/CAM) should be emphasized.
- Entrepreneurial: workforce development must take place in an entrepreneurial environment wherein disadvantaged youth and adults are not perceived merely as clients but as future entrepreneurs.

*d) Develop and leverage capital resources for equity and debt entrepreneur development*

Without capital sources for equity and debt, entrepreneur development in Miami Dade will

continue to suffer. Access to small business loans is especially difficult for start-up and growing companies. For instance, approximately 90% of the County's minority-owned businesses are sole proprietorships. Many of these businesses struggle with accumulating personal and business assets to help secure their debts. Mainstream financial institutions, while having increased overall small business lending, still do not have the capacity or business will to finance these small minority-owned businesses.

*Young, independent enterprises, community-based development organizations and minorities suffer the greatest impact due to these capital market failures.*

Young, independent enterprises, community-based development organizations and minorities suffer the greatest impact due to these capital market failures. Lenders' and investors' risk adversity, perceived and real high transactions costs, and overt and subtle discrimination make it difficult for small companies and community development entities to acquire long-term debt and equity. These ongoing capital market failures create an important role for a development finance policy and strategies that address these issues.

A Community Development Lenders Network should be created in Miami Dade County to provide market research, training, capacity-building, shared services and a potential role as a capital intermediary. The proposed Network would include community development and community reinvestment officers from regulated financial institutions who would share their expertise and invest their resources into supporting community development financial institutions (CDFIs) in Miami-Dade (see Operational Element #4). The Network would also serve as a mechanism for seeking out development opportunities. To be successful, CDFIs and other community development lenders must be proactive in identifying deals.

**d) Invest in CDC Organizational Needs**

CDCs rely heavily on a mix of funding and financing sources for both operational support and project development and implementation. Many have mastered a complex maize of funding cycles, program requirements and the art of leveraging scarce resources. A CDC support intermediary should be responsible for massing financial resources from public, private and charitable sectors to better target and leverage resources.

It must be acknowledged that self-sufficiency is unlikely for most CDCs. Therefore, in order to maximize return on Miami-Dade's investment in CDCs, an effective and well-conceived organizational and strategic plan should earn CDCs multiple year funding so that the planning is not subverted by organizational urgencies. Funding support, provided by the resources amassed by the intermediary, needs to include both operating funds and flexible resources to meet predevelopment and subsidy requirements. More attention to carrying out a development program and not just a set of projects is a likely outcome when community development goals are pursued as a priority over "production."

For many CDCs, the emphasis is on the "project." Not enough attention is given to strengthening the organization and choosing projects as part of an overall development plan. The Empowerment Zone has taken steps to address this challenge through its neighborhood planning process and its work with selected CDCs in implementation. This planning/project model must be expanded throughout all of Miami-Dade's targeted communities.

The problems CDCs sometimes face in the development process can be traced directly to organizational deficiencies or to poor planning. With the urgency to stay "alive," few CDCs can or will voluntarily carry out organizational assessments or business planning. Any effort to increase capacity among the existing CDCs has to be based on ongoing organizational assessments and strategic business plans.

CDC funders shoulder much of the blame for poor management practices across the sector. They put much of their money into CDC projects, programs and services while ignoring organizational development. As a result, the community development field in Miami Dade tends

to struggle with the overall quality relative to human resources and organizational accountability. Symptoms include competitively poor salaries and benefit packages, limited training resources, and limited opportunities for professional and board development. All of this must change if Miami-Dade's approximately 40 CDCs are going to prosper in the 21st century. In today's competitive environment, it's no longer smart or practical to continue making minimal investment in CDCs' human capital and organizational needs.

A CDC support intermediary should be responsible for massing financial resources from public, private and charitable sectors to better target and leverage resources.

**2. On Community Collaboration and Capacity-building**

The National Panel's report included several critical findings concerning the condition of community within Miami-Dade's urban neighborhoods. From a community perspective the findings concerning "leadership and participation within the African American community" and "competing plans, proposals and initiatives" are particularly noteworthy. Concerning the issue of

leadership and participation within the African American community, the panel noted the need for black leadership in the economic development process and in sustaining revitalization efforts over time. Without the necessary leadership and participation economic policy development, planning and implementation are disproportionately made up of governmental agencies, financial institutions and private businesses with little bottom-up planning. The panel contends that this condition relegates community residents to passive recipients of the ideas and plans of others who have no stake in the community's future and that such exclusion works against a sense of pride and development of ownership, the essential ingredients for successful economic development planning. Similarly, according to the Panel, the finding concerning "competing plans, proposals and initiatives" often represents duplication, fragmentation or even isolation, conditions that impede the process of effective community-based economic development.

Without the necessary leadership and participation economic policy development, planning and implementation are disproportionately made up of governmental agencies, financial institutions and private businesses with little bottom-up planning.

**RECOMMENDATIONS**

**a) Create and Support a Sustainable Neighborhoods Initiative**

The FIU/MC and N.I.C.E. recommend that Miami-Dade create and support a "Sustainable Neighborhoods Initiative" that would build a working and sustainable collaboration of neighborhood constituents and stakeholders through an environment of mutual learning, technical assistance and capacity building. The purpose of the initiative would be to enable active citizen participation in community restoration and

neighborhood revitalization strategies. The Sustainable Neighborhoods Initiative would include the following action steps:

- Initiation of a formal neighborhood-by-neighborhood discussion of the EDIP findings.
- Initiation of a community dialogue on the need for an effective and sustainable collaboration of community economic development organizations.
- Identification and assessment of the "points of conflict" that serve as impediments to collaboration.
- Development of a neighborhood-based education and training program designed to build leadership and organizational capacity in target neighborhoods.
- Development of neighborhood workshops on community restoration and neighborhood revitalization strategies that include tools for preventing, managing, and resolving conflict.
- Assessment of the current and potential collaborative efforts within the target neighborhoods and any attendant issues that serve as impediments to effective collaboration.

**b) Create a CDC Support Collaborative Model**

There should be a clear commitment to community development corporations (CDCs) as an economic development tool through a funding and a capacity-building intermediary with government, private sector and philanthropy. Both the intermediary and the community develop-

ment corporations must base this commitment on performance. The intermediary should be responsible for training, strategic planning, organizational assessment, technical assistance, operating support, predevelopment/gap financing and benchmarking performance services. By melding different funding streams that are tailored to the needs of CDCs, the intermediary can be an accountable and dedicated engine for community empowerment and development.

The CDC collaborative support model offers the best possibility of increasing and leveraging resources, respecting the integrity of existing organizations, and focusing local attention on capacity building and production while providing outside support. It also provides for the targeting of incremental resources to places that might not otherwise receive them. It allows for local partnerships and the enrichment of local leadership.

The intermediary needs to be the vehicle in which a wide range of resources are delivered to CDCs, for increasing the pool of funds, and increasing the number of investors in CDCs. The intermediary model is utilized in most major American cities to varying degrees. Miami has an intermediary, the Greater Miami Local Initiatives Support Corporation that may serve as a foundation for a much larger role in effectively allocating CDC resources.

The CDC intermediary should serve as a financing entity for CDC projects by identifying sources of financing, adapting the investor and lender products to meet the needs of CDCs and assisting in underwriting terms that address the mutual concerns of community developers on the one hand, and lenders and investors on the

other. The intermediary should provide both debt and equity type of products.

### **3. On a Comprehensive Economic Development Plan and a Coordinated and Integrated Economic Development Delivery System**

A coherent economic development policy will by definition provide for an organizational structure with clear management responsibilities.

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A coordinated and integrated economic development system would have an organizational structure with a central authority. Authority only exists when there is clear government policy that determines who

is in charge. In addition, economic development functions must be coordinated and integrated with other planning and development departments.

An economic vision and policy for Miami-Dade must recognize the importance of connecting economic development goals and objectives with a comprehensive planning process. All planning and development functions must derive from a single, unified process that understands the interconnectedness of economic development, transportation, housing, community development and environmental management.

#### **RECOMMENDATIONS**

**a) Create and support a new position of chief development officer**

One individual must be given the full responsibility for managing Miami-Dade's economic development programs and services. The department head, at an assistant city manager level,

would be clearly identified and recognized as Miami-Dade's chief development officer. The chief development officer would need to be given the professional staff and funding resources to effectively discharge the economic development functions of the office.

**b) *Coordinate and integrate Miami-Dade's planning and development functions***

The chief development officer would also be responsible for coordinating and integrating all of the County's planning and development departments and agencies. This would include economic development, community development, and planning and zoning. The chief development officer should also be given the charge and the necessary support to create an interdepartmental communication system with all county departments responsible for planning and development functions including Building, Code Enforcement, Engineering and the Department of Environmental Resources Management (DERM).

**d) *Initiate a Comprehensive Economic Development Strategy (CEDS)***

Miami-Dade's Department of Planning and Zoning was allocated \$100,000 for the preparation of an Economic Element to the Comprehensive Development Master Plan (CDMP) in accordance with Chapter 163 F.S. The purpose of the Economic Element is "to provide a set of public policies for adoption by elected officials to assist in achieving economic growth and full employment for all Miami-Dade residents."

The proposed Economic Element is an excellent means for formally linking Miami-

Dade's economic development goals and objectives with its overall comprehensive planning process. However, absent a coherent economic development vision and policy it will be difficult to articulate a truly comprehensive and community supported economic development agenda. For this reason it is recommended that Miami-Dade initiate a Comprehensive Economic Development Strategy (CEDS) in accordance with the guidelines of the U.S. Department of Commerce's Economic Development Administration (EDA). The CEDS would emerge from a continuous, broad-based planning process for addressing Miami-Dade's economic development problems and opportunities.

*Absent a coherent economic development vision and policy it will be difficult to articulate a truly comprehensive and community supported economic development agenda.*

The guiding principles of a CEDS for Miami-Dade

would include the following:

- For economic development to be successful, it has to be based on effective strategic planning.
- A broad spectrum of stakeholders, including the private and non-profit sectors and all levels of the public sector, must be actively engaged in the process. Collaboration and outreach are central to good planning.
- Economic development planning should be viewed as an integrative process that takes into account other planning activities relating to the service area including transportation, capital improvements, workforce development, public education and environmental protection.
- Economic development is inextricably linked to issues of social equity and environmental protection. Sustainable development should be a core value and mission of the strategic plan.

- There needs to be a greater emphasis on learning and sharing and less reliance on federal mandates and requirements. The growing literature of best practice in community-based planning should be incorporated into the strategic planning process.
- A higher priority needs to be given to defining performance measures and benchmarking to help ensure successful economic development practice.
- Roles and responsibilities need to be clearly defined and agreed to by each department and agency. There must be a formal “buy-in” by each economic development department and agency to the final CEDS.

**d) Maximize use and leveraging of federal resources by creating a comprehensive, accountable and collaborative business finance system.**

Community economic development organizations have pursued traditional federal funding for their economic development projects. Grants and loans are annually requested from existing sources such as:

- HUD’s Community Development Block Grant Program;
- HUD’s Section 108/ Economic Development Initiative (EDI);
- Economic Development Administration (EDA) resources from the Department of Commerce;
- “Equity-like” grants from the Department of Health and Human Services Office of Community Services;

- Lending and capacity-building resources from the Treasury Department’s Community Development Financial Institution (CDFI);
- Brownfields restoration programs using Environmental Protection Agency, HUD, Department of Defense, and EDA funds; and
- Small Business Association (SBA) 504 Loan Corporations—New sources include: SBA New Markets Venture Capital Companies and New Markets Tax Credits.

Community economic development advocates must become resourceful in pursuing project funding from more diverse sources.

With potential cut-backs or limited growth in these programs, community economic development advocates must become

resourceful in pursuing project funding from more diverse sources. New and enhanced linkages with corporate partners and related networks must be pursued in order to maximize leveraging of these public resources. Future economic development initiatives that access public funds and apply maximum leverage from private sources will find fewer barriers to capitalizing innovative community economic development initiatives.

To this end, a thorough review of the County’s access to all these and other lesser-known resources should be undertaken. These funds in part can help create a comprehensive business finance system of regulated community development lenders and community development financial institutions that address the demand in targeted urban markets. Mindful of the need of greater community control, accountability and benchmarking, the efforts and resources of all capital stakeholders must be integrated. For example, the County currently plans to utilize the Section 108 program to create a lending program for mid-sized businesses.

While the initiative is needed, an assessment should be conducted on whether the County is best served by doing “in-house” lending versus the potential to invest these funds in a community development financial institution (CDFI) that can leverage additional funds, such as the CDFI Fund and New Market Tax Credits. In addition, the current duplication of services and lack of services exists in some areas. An integrated process will help mitigate the current system.

The comprehensive system of business finance needs commitments from the private sector to provide the resources necessary to augment public capital. Foundation and philanthropic communities must also commit to the collaborative business finance system.

*e) Coordinate and Dedicate Capital Improvement Program (CIP) and Community Development Block Grant (CDBG) funding for targeted public infrastructure improvements*

Successful private redevelopment in South Florida has typically followed significant and targeted public infrastructure investment. Redevelopment areas, such as the Miami-Dade’s Targeted Urban Areas (TUAs), generally lack the necessary water, sanitary sewer, storm sewer, utilities and roadway capacity for medium and large-scale economic development projects. Dedicated CIP and CDBG funds for targeted public infrastructure improvements would provide an important incentive for business, private developers and lenders to invest in high-risk urban locations.

The initiation of a CEDS for Miami-Dade has important timing implications. The City of Miami recently received an EDA planning grant to formulate a strategic economic development plan in accordance with CEDS guidelines for nearly all of the FEC Corridor north of the downtown. The study area will include inner-city neighborhoods with the highest poverty rates, double-digit unemployment and the highest concentrations of minority populations. The area lost nearly 20,000 jobs in the past twenty

years but contains 70 percent of the city’s remaining land zoned for industrial and warehouse uses. As such, the planning boundaries provide substantial opportunity for direct economic development benefit to the community.

The Miami CEDS process will be “action” oriented focusing on market opportunities within and adjacent to the corridor along with the institutional and collaborative support mechanisms that would need to be established. The plan will provide specific economic development strategies tailored to the redevelopment potential of the FEC Corridor and its sub-areas. The strategies will be formulated on both an incremental and short-term (1-3 years) basis. Miami’s strategic plan will also incorporate performance measurements in accordance with EDA requirements.

The City of Miami’s FEC Corridor plan provides an important opportunity for a coordinated and comprehensive economic development strategy. The majority of Miami-Dade’s Targeted Urban Areas (TUAs) either border or are in close proximity to the FEC Corridor.

*Redevelopment areas generally lack the necessary water, sanitary sewer, storm sewer, utilities and roadway capacity for medium and large-scale economic development projects.*

#### 4. On Building Public/Private Lending Capacity

The Miami-Dade banking market has changed considerably over the past ten years. In-state and subsequent interstate mergers and consolidations and bank and savings and loan failures have produced a new capital mosaic of large banks headquartered in other states and small, often new, “community” banks. The large banks, while attempting to fulfill Community Reinvestment Act (CRA) commitments, still have no stake in lending in Miami-Dade over another area. This shift has been hailed as a boon for growing communities but a warning that declining communities may experience a more rapid flight of capital. Most new community banks are small in size, have limited capacity, and have a market focus in growing areas and not economically distressed communities.

While the system for supplying capital has been radically altered, the corresponding need for target market assessments has grown. Lenders and investors can only achieve goals and objectives for community development impact if they understand local capital markets well enough to articulate the needs they will meet. Capital market assessments once required by the CRA of regulated financial institutions, must be undertaken and differentiate between community need and market demand. While community needs have been well documented, the demand for capital, for financial products and services has not. Where capital is used productively is the underlying issue in community economic development and capital assessments must be undertaken to determine the demand. Another important piece of the capital-market assessment is verification that existing financial institutions are unable or unwilling to fill the identified gaps.

While community needs have been well documented, the demand for capital, for financial products and services has not.

From the perspective of the homebuyer, a review of Home Mortgage Disclosure Act data in the County’s minority areas will unveil that many of the area’s top lenders are private mortgage companies who are considered “sub prime lenders.” These lenders often have been accused of high fees and interest rates as well as onerous terms that lead to increased foreclosures in these areas.

Miami-Dade has a number of alternative public and public/private capital entities and initiatives including the Business Assistance Corporation (BAC), the newly formed Miami-Dade Empowerment Trust Fund, the Urban Reinvestment Task Force Section 108 loan program, community development credit unions, and a significant micro-enterprise loan fund. These efforts share a common demand to make investments that have radically different characteristics than regulated financial institutions. Their investments are often small, undiversified, offer risks not easily hedged, need unique terms, and require patient investors. They move against the strong currents in today’s financial markets, away from integration with international markets, expectations of short-term returns, transaction rather than relationship banking, and quick decision-making.

#### RECOMMENDATIONS

- a) *Insure that regulated financial institutions are investing in all of Miami-Dade’s markets and communities.*

The Federal Community Reinvestment Act requires that all regulated financial institutions “help meet the credit needs of their entire community.” With nearly twenty-five years of

CRA experience, most major lenders have positioned themselves to respond only to the call for “safe and sound” investment. Those interviewees who discussed capital issues shared a perception that Miami-Dade’s financial institutions are “not doing enough.” Whether it is in lending to small businesses or community-based organizations or affordable mortgages the perception is that “CRA-related” lending is often window dressing.

Federal regulatory agencies examine periodically financial institutions for CRA performance. Virtually all of the County’s financial institutions have received either passing or “Outstanding” CRA ratings. Community advocates who point to national statistics that over 97% of institutions receive CRA passing grades dispute these ratings. Regardless whether these ratings are deserved or not, Miami-Dade should monitor the lending activities of area lenders more proactively.

Capital market assessments also must be conducted in all targeted urban markets. For instance, annual research should be conducted to assess the demand and level of community investment (i.e. home mortgage lending, small business lending, and community development loans and participation). This assessment can be corroborated and augmented through a community survey, interviews and public data analysis (i.e. Home Mortgage Disclosure Act and Small Business lending statistics). This research function could be carried out by an independent organization similar to the Massachusetts Community and Banking Council that can serve as a forum for both community representatives and bankers to review, discuss and respond to the results. Other community capital issues such as

predatory lending, credit scoring, and other community credit needs could be discussed through this entity.

***b) Create and strengthen alternative community development financial institutions***

Community development financial institutions (CDFIs) have a shared vision of community economic development and can be a significant source of much-needed capital in economically distressed communities. Many of them are community or resident controlled, increase their impact through collaboration with other public and

private actors, and empower the targeted markets they serve. As part of a comprehensive economic development delivery system, CDFIs must be provided with the necessary capital for investment and their own capacity building.

A community development financial institution is more likely to be effective if its services are offered as part of a comprehensive economic development vision, plan and strategy. For instance, lending to minority businesses must be accompanied by an overall economic development and/or redevelopment strategy.

For community development financial institutions in Miami-Dade to fulfill their economic development role, they must insulate themselves from the turmoil and change in financial markets. Patient investors, such as government, foundations, and faith-based institutions, need to be identified and encouraged to invest in these locally controlled institutions. They need to create new funding mechanisms that broaden the pool of investors. They also must develop products for which they can be

*A community development financial institution is more likely to be effective if its services are offered as part of a comprehensive economic development vision, plan and strategy.*

adequately compensated and find ways to deliver them more cheaply, manage their risk, and increase their liquidity. This “capital cushion” is often provided by government investments such as community development block grants, general funds, or investments from the U.S. Treasury’s Community Development Financial Institutions Fund.

The CDFI Fund has made over \$200 million in investments in certified CDFIs across the country including some in Miami-Dade County. The County’s existing and new CDFIs need assistance in accessing further funding from the CDFI Fund. Their organizational capacity must be strengthened as well as their liquidity and capital position.

A new and significant federal initiative, the New Markets Tax Credit will help local CDFIs attract private capital for their investment activities. The program will provide tax credits to investors in low-income communities of \$1 billion in 2001 and \$15 billion over the next seven years. The effective rate of return to a private investor is 30% over a six-year period. The U.S. Department of Treasury Community Development Financial Institutions Fund is expected to issue a Notice of Funds Availability (NOFA) for the New Markets Tax Credit Program by the Fall of 2001.

***d) Create a predevelopment fund to provide funding for community building and predevelopment efforts***

Currently the Greater Miami Local Initiatives Support Corporation (LISC) provides predevelopment financing to community development corporations. However their sources of capital as well as their scope are limited to physical development projects. Additional resources are needed to expand this effort to

include more development initiatives and funding for community building.

***d) Create Community Development Credit Unions to address the financial literacy and basic services needs of lower-income markets.***

In order to stimulate financial literacy and to provide basic banking services that have been lost due to the demise of many inner-city branches, a network of community development credit unions should be created. These regulated financial institutions provide their members with the basic banking services that now are provided by check-cashing stores and pawnshops. Community development credit unions are allowed to be established in low-income communities and attract non-member institutional deposits from corporations, banks and other credit unions. North Dade Community Development Federal Credit Union and the Little Haiti Federal Credit Union provide excellent examples.

***e) Create a venture capital company to serve the equity needs of minority-owned small and medium-size businesses.***

Miami-Dade should create a New Markets Venture Capital Company with the support of private investors to provide equity investments into minority-owned business located in targeted urban markets. The SBA will provide up to five million dollars in matching investments as well as grants for technical assistance. The private investments can be additionally leveraged through the use of New Market Tax Credits.

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*Additional Attachments,  
included in separate report*

Attachment A: Perspectives of Economic Development in Miami-Dade  
County: A Black View

Prepared by N.I.C.E.,  
February, 2001

Attachment B: Economic Development Policy Forum Report

Prepared by Florida International University  
Metropolitan Center  
November, 2000

Attachment C: Economic Development Implementation Plan Assessment  
of Miami Dade County

Prepared by the National Panel of Experts  
for Florida International University  
Metropolitan Center  
October, 2000

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With appreciation to all who participated and sincere hope that this report accurately reflects their input and provides constructive analyses and recommendations.

***Ned Murray, Ph.D., AICP***

***James Rivers, Ph.D.***

## **Appendix E**

### **Glossary of Economic Development Resources**

#### **American Economic Development Council**

The American Economic Development Council (AEDC) is a high participation national organization for people committed to economic development and the new jobs and economic opportunities it brings to the community. AEDC has been a home base for the profession since 1926. AEDC assists members in their efforts to create sustainable local economic development capabilities that are globally competitive; leads in building knowledge, forming alliances, and managing key issues; and serves anchor for the profession. (<http://www.aedc.org>)

#### **Beacon Council (Miami)**

The Beacon Council, Miami-Dade County's official economic development partnership, is a not-for-profit, public-private organization that focuses on job creation and economic growth by coordinating community-wide programs; promoting minority business and economic development; providing assistance to local businesses in their expansion efforts; and marketing Greater Miami throughout the world.

The Beacon Council is funded jointly from public and private sources. The approximately 500 members include many of Greater Miami's

largest corporations and high-growth companies. ([www.beaconcouncil.com](http://www.beaconcouncil.com))

#### **Center for Community Change**

For almost 30 years, CCC has been nationally recognized for its work helping people build organizations and create better communities and policies. The Center's 57 person staff includes many of the nation's leading experts on community development, community organizing, leadership training, coalition-building, housing, welfare reform, jobs, economic development, banking and reinvestment, and Native American issues.

On-site assistance to grassroots groups is provided in everything from organizing and outreach to fundraising and financial management. The Center connects organizations with similar missions, or within the same states or regions, to encourage them to work together and learn from each other to increase capacity. The Center builds coalitions at the local, state and regional levels to increase the impact of community-based groups trying to change public policies. (<http://www.communitychange.org>)

#### **Center for Economic Development Research**

The Center for Economic Development and Research at the University of North Texas was