City of Miami

Martin Luther King Boulevard and 54th Street Commercial Corridors Market Study

Florida International University
Metropolitan Center

Urbana Research
& Consulting

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Executive Summary

The Martin Luther King (MLK) Boulevard (62nd Street) and 54th Street Commercial Corridors Market Study is intended to serve as an economic primer for subsequent corridor and ìgatewayî master plans. The data and findings from this study will hopefully provide an understanding of the local market that should inform subsequent planning initiatives, while potentially serving as the economic underpinnings for future planning considerations and decisions.

The market study begins with an assessment of the physical conditions and existing land uses along MLK Boulevard and 54th Street. Field surveys determined that both commercial corridors lack the physical and aesthetic qualities necessary to attract a heightened level of business investment and customer growth. While a working public infrastructure exists along both corridors, much of the infrastructure is insufficient or poorly designed. Public infrastructure conditions are exacerbated by private property conditions along the two corridors and a patchwork land use pattern. Numerous vacant lots at key locations further diminish the streetscapes and contribute to a general sense of instability. A public infrastructure strategy would help connect dissimilar elements and provide a structure or framework that can be supported and enhanced by incremental development.

A demographic analysis of the MLK Boulevard and 54th Street trade area indicates that the neighborhoods that serve the commercial corridors are among the poorest in the city. Both the median and per capita incomes of the trade area are far below the City and Miami-Dade County. The trade area experienced a 6 percent loss in population between 1990-2000, a period in which the city showed a modest overall increase in its population. The trade area is predominantly comprised of Black/African American populations with neighborhood concentrations typically between 80 - 90 percent.

The combination of low household income and low population density has a significant effect on the trade areaís ìTotal Expenditure Potential.î The market study analyzed the demand for those retail categories - convenience goods and personal services - that provide the majority of businesses in the trade area. The demand and competition analysis determined that a significant negative gap exists between the trade areaís consumer demand and the areaís annual sales from convenience goods and personal services. While this critical finding suggests limited potential for new retail development within these categories, the study recognizes a potential unmet demand for ìentertainmentî and ìshoppers goodsî retail opportunities for cultural and ethnic businesses. The development of a Community Business District (CoBD) that largely depends on the patronage of surrounding neighborhoods can offer a combination of comparison and convenience shopping that is a mix of everyday goods and services along with niche entertainment and shoppers goods that cater to local culture and ethnicity.

Acknowledgement and Study Team

The Martin Luther King Boulevard and 54th Street Commercial Corridors Market Study was prepared by a team of university faculty and research associates and professional community and economic development sub-consultants. The study team was led by the Florida International University (FIU) Metropolitan Center with the support of the GIS-RS Center. Community and economic development sub-consulting services were provided by Urbana Research & Consulting and Dr. Lisa Konczal.

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Acknowledgements

The FIU Metropolitan Centerís study team extends our sincere thanks and appreciation to the City of Miamiís Department of Economic Development for their guidance and support during the research and preparation of the Martin Luther King Boulevard and 54th Street Commercial Corridors Market Study. The study team extends our personal gratitude to Clarence Woods, Project Manager; Carmen Sanchez, Business Development Coordinator; and Keith Carswell, Director of Economic Development.

Introduction

The Martin Luther King Corridor (NW 62nd Street) has been the subject of numerous planning and community economic development studies. The purpose of this market analysis is to bridge these former studies and serve as an economic primer for subsequent corridor and ìgatewayî master plans to be conducted by the City of Miami. The data and findings from this study will hopefully provide an understanding of the local market area that should inform subsequent planning initiatives, while potentially serving as the economic underpinnings for future planning considerations and decisions. The market study also includes the 54th Street Corridor, which serves the same communities as the Martin Luther King Corridor. The market analysis was conducted by a ìstudy teamî led by the Florida International University (FIU) Metropolitan Center.

The market study is organized as follows: **Chapter I** provides an overview of the study area including a physical description of the two commercial corridors including public infrastructure, land use and zoning; **Chapter II** provides a demographic analysis of the corridor areas including population, household, employment and industry characteristics, **Chapter III** is an economic analysis of the study including an inventory of existing businesses, business growth, property values and comparative economic data. **Chapter IV** provides an analysis of the existing retail market and the corridorsí potential for retail development. The concluding **Chapter V** identifies commercial corridor economic development case studies including program and financing strategies, tools and techniques.

A. Study Area Boundaries and Description

62nd Street

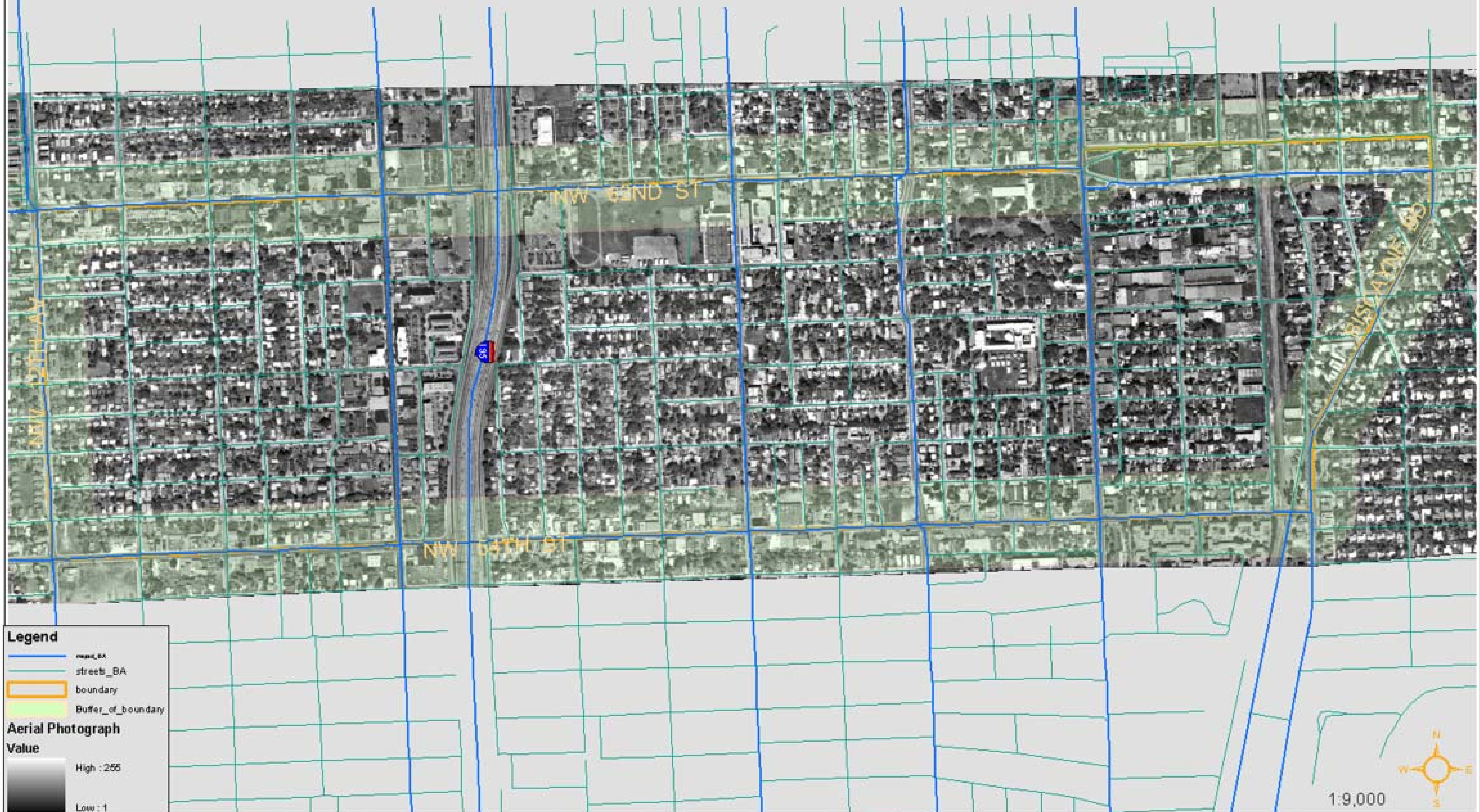
The 62nd Street study area, also know as Martin Luther King (MLK) Boulevard, extends 2 miles from Biscayne Bay Boulevard (US 1 Federal Highway) on the east to 12th Avenue on the west (see map page 3). At NW 12th Avenue, MLK Boulevard continues west through unincorporated Miami-Dade County and the City of Hialeah. MLK Boulevard is served by north and south entrance and exit ramps to Interstate 95. Other north/south arterial and connector roadways include NW 7th Avenue (State Road 7/U.S. 441), one block west of I-95, and NW 2nd, North Miami and NE 2nd Avenues all east of I-95. The Florida East Coast (FEC) Railway intersects MLK Boulevard one block west of Biscayne Boulevard.

Heading west from Biscayne Boulevard (Federal Highway) to I-95, MLK Boulevard is a four lane, divided roadway with a planted median of various widths. The greatest width extends from the entrance on Biscayne Boulevard to NE 2nd Avenue, which is a one-way street heading west. The median narrows from NE 2nd Avenue to I-95 and then continues west to NW 12th Avenue.

54th Street

The 54th Street study area parallels 62nd Street eight blocks to the south. 54th Street extends 1.8 miles from Biscayne Boulevard on the east to NW 12th Avenue on the west. At NW 12th Avenue, 54th Street continues west through unincorporated Miami-Dade County and the City of Hialeah. There is no 54th Street interchange on I-95, but a ramp road exists that connects to the 62nd Street interchange to the north. NW 54th Street is served by several north/south arterial and connector roadways including NW 7th Avenue (State Road 7/U.S. 441) one block west of I-95 and NW 2nd, North Miami and NE 2nd Avenues to the east of I-95. The Florida East Coast (FEC) Railway intersects 54th Street immediately west of Biscayne Boulevard 54th Street is a four lane undivided roadway for the full distance from Biscayne Boulevard to NW 12th Avenue.

1-foot resolution aerial photography of 54th-62nd streets gateway



Created by FIU GIS-RS Center, copyright 2003 Data source: Miami Dade County, ITD

62nd Street city gateway

62nd Street vacant parcel

62nd Street I-95 Entrance

B. Physical Conditions

62nd Street

At the one-way entrance heading west from Biscayne Boulevard, NW 62nd Street is a four-lane road that crosses the Florida East Coast (FEC) right-of-way one block west. While the street is in fair condition, the lanes are unmarked creating some confusion. The surrounding one-story properties are in relatively good condition. The planted median is an asset to the area. Sidewalks exist on both sides of the street and street trees are abundant. However, crosswalks in the vicinity of Edison Senior High School and M. Athalie Range Park are not clearly marked. Planted median crosswalks and street pavers exist at the intersection of NW 7th Avenue (State Road 7/U.S. 441). However, sidewalk conditions deteriorate east and west of the intersection and crosswalks are unnoticeable. The west entrance from the I-95 down ramp is unsightly with sparse landscaping, worn guardrails and a general distortion of the public and private realms. Storefronts conditions are a significant detraction in this immediate area. Numerous vacant and/or underdeveloped parcels and parking lots create an unsightly appearance on the north side of 62nd Street between NW 7th Avenue (State Road 7/U.S. 441) and NW 12th Avenue. A large vacant and unkempt parcel at the northwest corner of 62nd Street and NW 12th Avenue creates a major void at the City of Miamiís potential western gateway to MLK Boulevard.

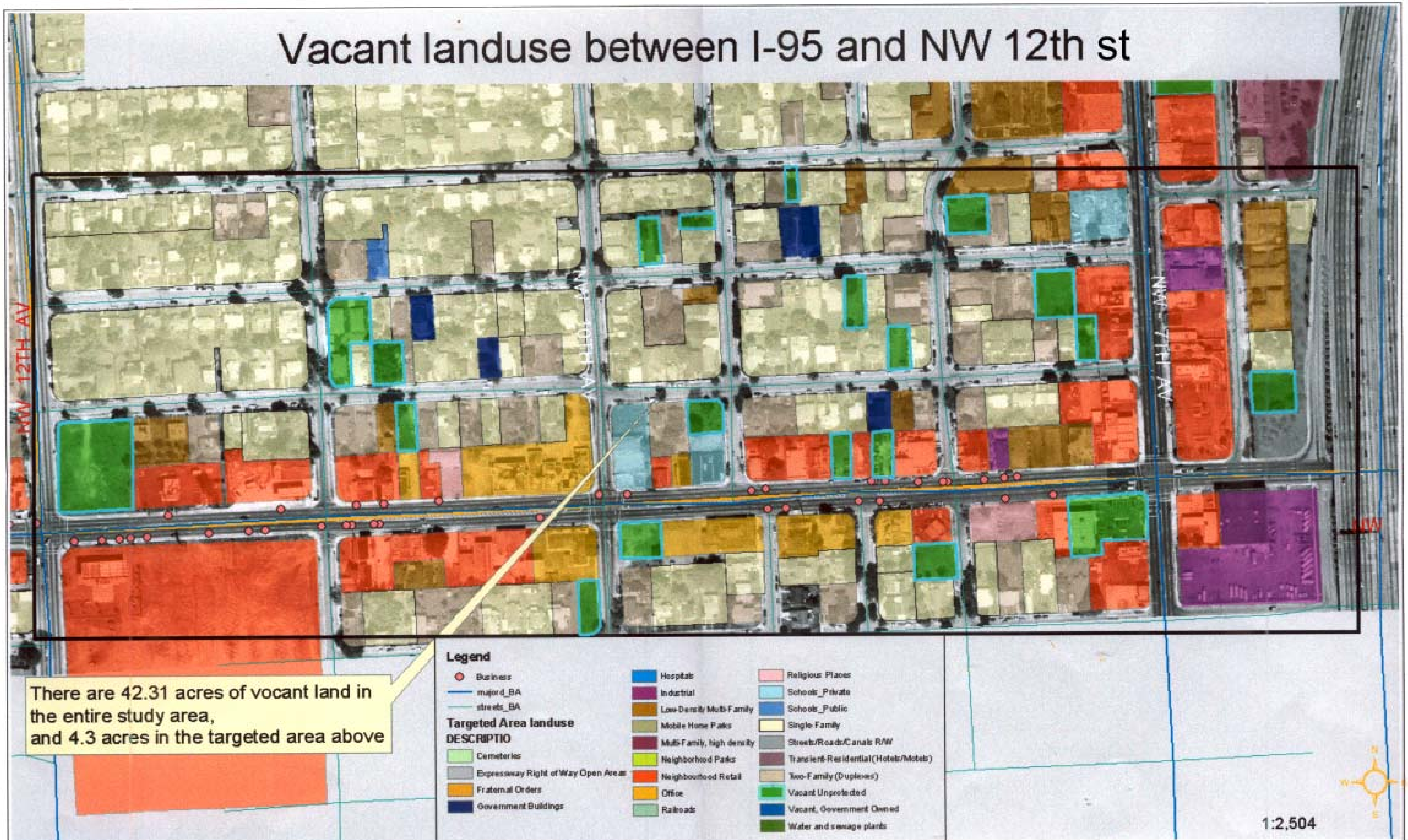

54th Street vacant parcel

54th Street streetscape

54th Street

The 54th Street entrance from Biscayne Boulevard is a congested intersection due to the fact that Federal Highway, the FEC Railroad and Biscayne Boulevard essentially merge at this point. The 54th Street Corridor continues west as a four-lane undivided road for the full 1.8-mile length of the study area. The four-lane undivided road has sidewalks on both sides but faded crosswalks and busy traffic make the entire stretch pedestrian unfriendly. The streetscape is barren of landscaping and there is a lack of distinction between the public and private realms. This lack of distinction creates a sense of disorder in the relationship between buildings and the street, community edges and circulation.

The 54th Street Corridor is largely comprised of 1-story buildings in a fragmented land use pattern. Fast food restaurants are intermixed with gas stations, storefront churches and auto repair shops. Vacant and underdeveloped parcels and parking lots are visually unappealing and create a sense of disinvestment along the corridor west of I-95. A large vacant parcel at the northeast corner of NW 12th Avenue creates a major void at the Cityís western gateway to the 54th Street Corridor.



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C. Land Use and Zoning

62nd Street

MLK Boulevard has a generally fragmented land use pattern that is virtually segmented by I-95 (see map page 8). Beginning at its divided one-way entrance and egress extending west and east between Biscayne Boulevard and NE 2nd Avenue, the land uses are predominantly comprised of Low-Density Multi-Family Residential and Industrial uses. The industrial uses are located on the west side of the FEC Railroad. From NE 2nd Avenue west to I-95 the land use pattern is a patchwork of Neighborhood Retail, Schools, Single and Low-Density Multi-Family Residential and Neighborhood Park uses. Miami Edison Senior and Junior High Schools are the major land use on the south side entrance to MLK Boulevard from I-95. Directly across from Edison Senior High School on the north side of the street is the City of Miamiís M. Athalie Range Park and Edison Center Branch Library.

West of I-95 a more consistent land use pattern is evident comprised primarily of Neighborhood Retail uses. NW 7th Avenue (State Road 7/441) intersects MLK Boulevard one block west of I-95 and serves as the retail hub of the corridor. The majority of the MLK Boulevardís retail businesses are clustered within this area. Government and institutional uses are located on the south side of the boulevard between NW 7th and 12th Avenues including the City of Miami Police Department, Belafonte Tacolcy Center and Park and a United States Post Office. A number of Vacant Unprotected parcels exist along this section of the boulevard.

The zoning designations for the MLK Boulevard are generally consistent with the existing land use pattern (see map page 9). Restricted Commercial zoning is in place along the major business intersections - Biscayne Boulevard and NE 2nd, North Miami, NW 2nd, NW 7th and NW 12th Avenues. Liberal Commercial is found on the entire north side of the boulevard between NW 7th and 12th Avenues and for a major portion of the south side east of I-95. The most notable inconsistency between land use and zoning is found between North Miami and NW 2nd Avenues where a Restricted Commercial district is comprised of a patchwork of land uses. Government and Institutions zoning predominates on the south side of the boulevard between I-95 and NE 2nd Avenue, while Industrial zoning covers most of the land area immediately west of the FEC Railroad.

54th Street

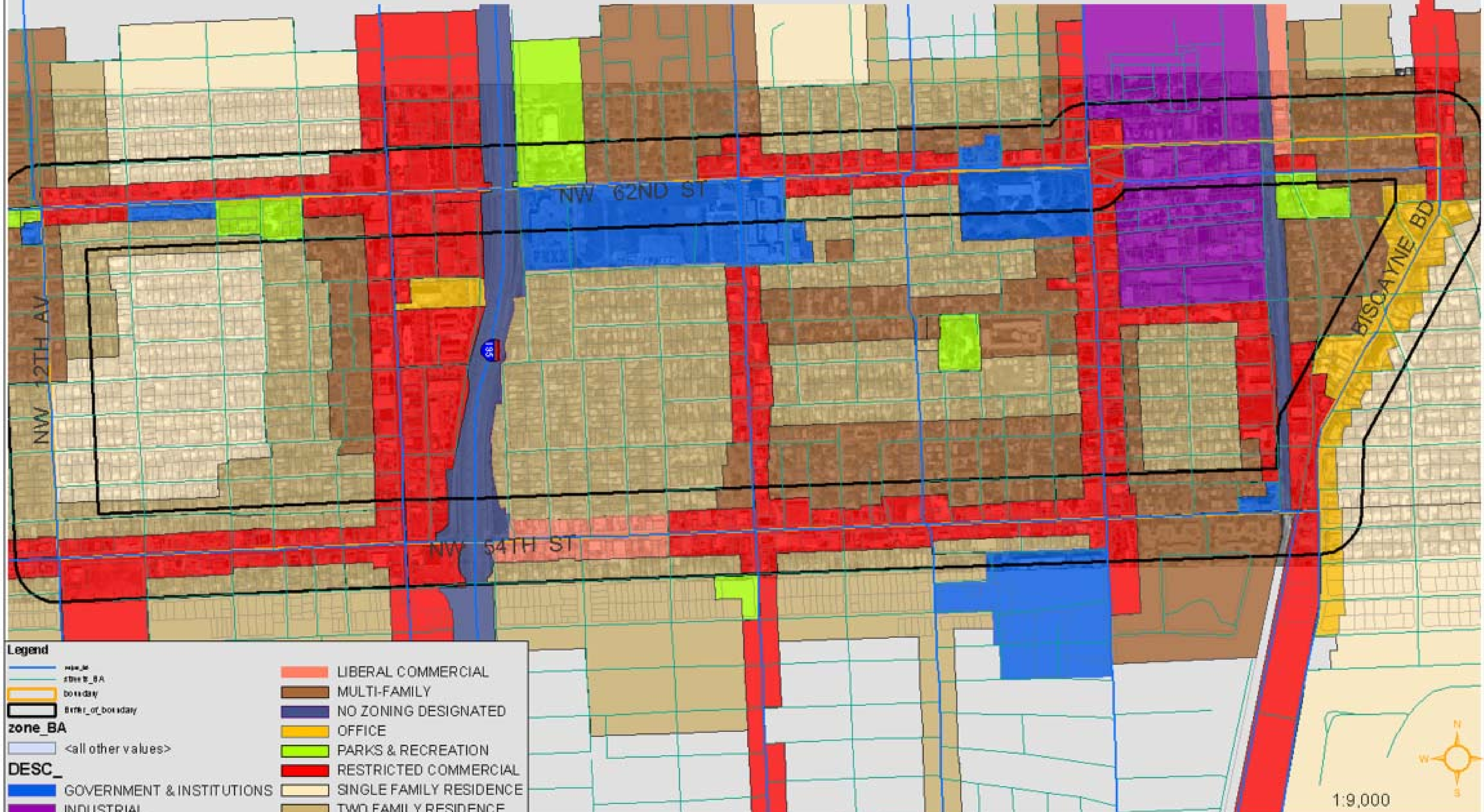
The entire 54th Street Corridor is primarily comprised of Neighborhood Retail uses with the exception of the Biscayne Boulevard end where Low-Density Multi-Family Residential (DPlace Condominiums) occupies nearly the entire south side of the street between the FEC Railroad and NE 2nd Avenue. Office uses, including the Miami Times business office and the Tri-Arts Medical Building, are located to the west of I-95 and interspersed with retail uses and store front churches. The 54th Street corridorís major retail location is the Shoppes of Liberty City (Winn-Dixie Plaza) located just east of NW 12th Avenue. Numerous Vacant Unprotected parcels are found along the entire 54th Street corridor.

The zoning designations for the 54th Street corridor are generally consistent with the existing land use pattern. Restricted Commercial zoning is in place on both sides of the street west of I-95. Liberal Commercial zoning is in place immediately east of I-95 with Restricted Commercial extending from the intersection of North Miami Avenue to NE 2nd Avenue. Multi-Family zoning covers low-density multi-family land uses that exist east of NE 2nd Avenue east to the FEC Railroad. Biscayne Boulevard is entirely zoned for Restricted Commercial uses.

Land use and aerial photography of 54th-62nd streets gateway

Created by FIU GIS-RS Center, copyright 2003 Data source: Miami Dade County, ITD

Zoning and aerial photography of 54th-62nd streets gateway



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Chapter II Demographics

A. Methodology

The market study analyzed the 62nd and 54th Street Corridors using both U.S. Census and U.S. Postal Zip Code data. Census Block Groups are the primary data source as they provide the best spatial accuracy for defining the demographics of the area. The study area is fully captured by U.S Postal Zip Codes 33127 and 33137, which help to provide an economic characterization of the area. For comparative purposes, adjoining Census Tracts and Zip Codes are utilized as well as City of Miami and Miami-Dade County U.S. Census (1990-2000) data.

B. Population and Household Characteristics

The 62nd and 54th Street Corridor areas have a total population of approximately 9,717 (see Table 1) according to the 2000 U.S. Census. This figure represents a 6 percent decline in total population since 1990, a period in which the City of Miami and Miami-Dade County grew by 1 and 16 percent, respectively. The largest population decreases occurred in the ìunder 10î and ì30-39î age groups. This is usually an indication of households/families of the child-rearing age group relocating for educational (better schools) and economic (better jobs) reasons.

Table 1: Total Population by Age

Age	54th & 62nd Streets				City of Miami Total				Miami-Dade County Total			
	1990		2000									
	#	%	#	%	#	%	#	%	#	%	#	%
Total Population	10,376	100.0	9,717	100.0	358,548	100.0	362,470	100.0	1,937,094	100.0	2,253,362	100.0
Under 5 years	1155	11.1	834	8.1	25,627	7.1	21,222	5.8	139,714	7.2	145,752	6.5
5 to 9 years	1163	11.2	916	8.9	23,659	6.6	21,962	6.1	131,428	6.8	157,871	7.0
10 to 14 years	812	7.8	939	9.1	20,015	5.6	22,182	6.1	120,490	6.2	160,754	7.1
15 to 19 years	793	7.6	926	9.0	22,446	6.3	22,339	6.2	131,060	6.8	154,989	6.9
20 to 24 years	601	5.8	691	6.7	24,363	6.8	23,023	6.3	139,196	7.2	144,721	6.4
25 to 29 years	733	7.1	730	7.1	29,566	8.2	26,482	7.3	168,342	8.7	163,859	7.3
30 to 34 years	872	8.4	620	6.0	28,543	8.0	27,782	7.7	163,334	8.4	173,574	7.7
35 to 39 years	874	8.4	700	6.8	25,730	7.2	29,517	8.1	147,793	7.6	191,834	8.5
40 to 44 years	749	7.2	743	7.2	21,685	6.0	26,165	7.2	130,250	6.7	170,132	7.5
45 to 49 years	613	5.9	722	7.0	19,443	5.4	23,580	6.5	111,221	5.7	150,878	6.7
50 to 54 years	500	4.8	539	5.2	19,455	5.4	20,707	5.7	90,816	4.7	131,888	5.8
55 to 59 years	420	4.0	467	4.5	19,004	5.3	17,983	5.0	91,769	4.7	109,141	4.8
60 to 69 years	356	3.4	491	4.8	19,665	5.5	17,758	4.9	90,816	4.7	97,417	4.3
65 to 69 years	264	2.5	378	2.1	17,924	5.0	16,443	4.5	81,437	4.2	84,496	3.7
70 to 74 years	199	1.9	260	2.5	14,536	4.0	15,790	4.4	64,694	3.3	77,761	3.4
75 to 79 years	133	1.3	161	1.6	12,390	3.4	12,578	3.5	55,724	2.9	59,856	2.7
80 to 84 years	86	0.8	103	1.0	8,213	1.7	8,562	2.4	38,832	2.0	39,971	1.8
85 years +	53	0.5	69	0.7	6,284	1.7	8,395	2.3	30,119	1.5	38,468	1.7

SOURCES: U.S CENSUS BUREAU, 1990 - 2000
FIU METROPOLITAN CENTER

According to the 2000 U.S. Census, the average age of the Corridor areasí population is 31.9 years of age, which is younger than the City of Miami and Miami-Dade County (35.6 years). The highest cohort is found in the ì10-19î age group, which when combined with the ìunder 10î age group, comprises 35 percent of the two Corridor areasí population. While the study area is largely young, there is a growing older and elderly population. According to the 2000 U.S. Census, every cohort above the ì40-44î age group, with the exception of the í65-69" age group, increased since 1990. The ì55 and overî age group increased by 28 percent during this period.

The average household size within the study area is 2.95 persons per household. This is larger than the City of Miami and Miami-Dade County (2.84). The larger average household size is attributed to the aforementioned concentration of school-age and ìunder 5î years of age children.

Consistent with demographics trends at both the national and local levels, the 62nd and 54th Street Corridor areas have, despite population loss, experienced a gain from 1990-2000 in total households (see Table 2). Total households in the study area increased from 3,185 in 1990 to 3,402 in 2000 (7 percent). By comparison, the City of Miami and Miami-Dade County experienced total household growth of 3 and 12 percent, respectively. While a portion of the growth in households can be attributed to the national trend of the dissolution of the traditional family, household growth in the study area is also partly attributed to a discernible increase in housing units.

The corridorsí population loss and accompanying increase in households and residential units can also be attributed to a change in the make-up or composition of households in the surrounding neighborhoods.

Table 2: Total Households by Household Income

Household Income	54th & 62nd Streets				City of Miami Total				Miami-Dade County Total			
	1990		2000		1990		2000		1990		2000	
	#	%	#	%	#	%	#	%	#	%	#	%
Total Households	3,185	100.0	3,402	100.0	130,250	100.0	134,250	100	692,237	100.0	777,378	100.0
Less than $10,000	1,282	40.3	1,121	33.0	41,789	32.1	32,558	24.2	133,212	19.2	107,971	13.9
$10,000 to $14,999	569	17.9	426	12.5	17,263	13.3	14,370	10.7	66,434	9.6	58,409	7.5
$15,000 to $24,999	692	21.7	673	19.8	25,450	19.5	23,087	17.2	122,785	17.7	111,649	14.4
$25,000 to $ 34,999	311	9.8	489	10.6	16,508	12.7	17,280	12.9	104,118	15.0	100,833	13.0
$35,000 to $ 49,999	241	7.6	392	6.9	13,766	10.6	17,036	12.7	180,950	26.1	121,780	15.7
$50,000 to $74,999	96	3.0	224	2.4	9,032	6.9	14,484	10.8	90,143	13.0	129,533	16.7
$75,000 to $99,999	37	1.2	54	1.4	3,108	2.4	6,458	4.8	32,673	4.7	63,132	8.1
$100,000 to $149,999	25	0.8	8	1.1	1,845	1.4	4,829	3.6	19,607	2.8	48,253	6.2
$150,000 or more	-	0.0	15		1,480	1.1	4,242	3.2	14,315	2.1	35,888	4.6
Median Household Income (dollars)				16,468	16,925	(x)	23,483	(x)	26,909	(x)	35,966	(x)
Per Capita Income (dollars)				8,451	9,799	(x)	15,128	(x)	13,686	(x)	18,487	(x)

SOURCES: U.S CENSUS BUREAU, 1990 - 2000
FIU METROPOLITAN CENTER

C. Income and Employment Characteristics

According to 2000 U.S. Census figures, the median household income of the 62nd and 54th Street Corridor areas is $16,468 (See Table 2) which is considerably lower than the City of Miami ($23,483) and Miami-Dade County (35,966). Per capita income for the area ($8,451) is also much lower than the City ($15,128) and County ($18,497). The striking disparity is readily identifiable as 33 percent of the study areaís households earn less than $10,000 per year compared to 24 percent in the City and a far less 13.9 percent in the County. It should be noted, however, that the ìunder $10,000î cohort for the study area has decreased from 40.3 percent of total households in 1990. At the same time, higher income households beginning with the ì$25,000-$34,999î cohort have all increased both in real numbers and percentages since 1990. This increase in household incomes is found in Census Blocks east of I-95 toward the Biscayne Boulevard section of the study area where a discernible level of gentrification has occurred.

According to the 2000 U.S. Census, 3,543 or 48.9 percent of the ì16 and overî population of the study area are in the labor force (see Table 3). This is a reduction from 4,455 or 62.1 percent of the population in 1990. The decrease in the 16 and over labor force can be attributed to two factors: 1) a substantial increase in the over 16 population not in the labor force, and 2) a decline in the 30-39 years of age population group which normally comprises a significant percentage of the workforce. Reasons for the increase in the over 16 population not in the labor force typically include more 16-18 year old students staying in school and more single or married mothers staying at home. The study areaís unemployment rate is 9.9 percent, down from 13.1 percent in 1990 but still much higher than the City (5.9) and the County (4.9).

Table 3: Employment Status for Population 16 Years and Over

Employment for the Population 16 years & over	54th & 62nd Streets				City of Miami Total				Miami-Dade County Total			
	1990		2000		1990		2000		1990		2000	
	#	%	#	%	#	%	#	%	#	%	#	%
Total Population 16 years and over	7,174	100.0	7,244	100.0	285,008	100.0	292,822	100.0	1,758,374	100.0	1,519,969	100.0
In labor force	4,455	62.1	3,543	48.9	170,398	59.8	143,35	50.3	1,010,965	57.5	982,191	64.6
In Armed Forces	16	0.2	-	-	159	0.1	155	0.1	1,509	0.1	5,437	0.4
Civilian:	4,439	61.9	3,543	48.9	170,228	50.3	147,201	50.3	1,009,456	57.4	976,754	64.3
Employed	3,502	48.8	2,827	39.0	151,446	44.4	129,981	44.4	921,208	52.4	901,828	59.3
Unemployed	937	13.1	716	9.9	18,782	5.9	17,220	5.9	88,248	8.7	74,926	4.9
Not in Labor Force	2,719	37.9	3,701	51.1	114,621	49.7	145,466	49.7	749,409	42.5	537,778	35.4

SOURCES: U.S CENSUS BUREAU, 1990 - 2000
FIU METROPOLITAN CENTER

Table 4: Employment by Industry

EMPLOYMENT BY INDUSTRY	54th & 62nd Streets				City of Miami Total				Miami-Dade County Total			
	1990		2000		1990		2000		1990		2000	
	#	%	#	%	#	%	#	%	#	%	#	%
Total Employed Civilian population 16 years and over	3,502	100.0	2,827	100.0	151,446	100.0	129,981	100.0	901,828	100.0	921,208	100.0
Agriculture, forestry, fishing, hunting, and mining	203	5.8	5	0.2	2,738	1.8	671	0.5	16,926	1.9	16,926	0.7
Construction	251	7.2	256	9.1	12,052	8.0	13,433	10.3	57,017	6.3	57,017	6.9
Manufacturing	605	17.3	233	8.2	21,765	14.4	9,596	7.4	102,372	11.4	102,372	7.1
Wholesale trade	87	2.5	82	2.9	8,672	5.7	7,103	5.5	57,029	6.3	57,029	6.0
Retail trade	558	15.9	251	8.9	28,119	18.6	14,269	11.0	157,772	17.5	157,772	12.3
Transportation and warehousing, and utilities:	270	7.7	247	8.7	8,776	5.8	8,007	6.2	65,892	7.3	65,892	7.5
Information	38	1.1	50	1.8	2,503	1.7	3,551	2.7	22,831	2.5	22,831	3.1
Finance, insurance, real estate, rental and leasing:	41	1.2	108	3.8	10,155	6.7	8,858	6.8	74,499	8.3	74,499	8.0
Professional, scientific, management, administrative, and waste management services:	644	18.4	326	11.5	22,007	14.5	15,308	11.8	99478	95.5	99,478	11.6
Educational, health and social services	539	15.4	604	21.4	19,252	12.7	19,450	15.0	140,979	15.6	140,979	18.0
Arts, entertainment, recreation, accommodation and food services	87	2.5	387	14	2,333	1.5	15,659	12.0	14,723	1.6	14,723	9.1
Other services (except public administration)	123	3.5	172	6.1	8,475	5.6	9,739	7.5	56,121	6.2	56,121	5.6
Public administration	56	1.6	96	3.4	4,599	3.0	4,337	3.3	36,189	4.0	36,189	4.1

SOURCES: U.S CENSUS BUREAU, 1990 - 2000
FIU METROPOLITAN CENTER

Of the 2,827 employed civilian population of 16 years and over, 2000 U.S. Census data for ìEmployment by Industryî (see Table 4 above) indicates that 21.4 percent of the study areaís labor force are employed within Educational, Health and Social Services, up from 15.4 percent in 1990. This is followed by Arts, Entertainment, Recreation, Accommodation and Food Services (14 percent), Professional, Scientific, Management, Administrative, and Waste Management Services (11.5 percent) and Construction (9.1 percent). The most significant decreases in employment occurred in Manufacturing (down from 17.3 to 8.2 percent), Retail Trade (down from 15.9 to 8.9 percent) and Professional, Scientific, Management, Administrative, and Waste Management Services (down from 18.4 to 11.5 percent). An overall decrease in employment in Manufacturing and Retail Trade was also evident for the City of Miami and Miami-Dade County from 1990-2000.

Table 5: Population by Race and Ethnicity

Race & Ethnicity	54th & 62nd Streets 1990 #	%	2000 #	%	City of Miami Total 1990 #	%	2000 #	%	Miami-Dade County Total 1990 #	%	2000 #	%
TOTAL POPULATION	10,376	100.0	9,717	100.0	358,548	100.0	362,470	100.0	1,937,094	100.0	2,253,362	100.0
One Race:	10,376	100.0	8,816	90.7	358,540	100.0	345,288	95.3	1,937,094	100.0	2,167,940	96.2
White	797	7.7	866	8.9	235,358	65.6	241,470	66.6	1,413,015	72.9	1,570,558	69.7
Black/African-American	9,394	90.5	7,736	79.6	98,207	27.4	80,858	22.3	397,993	20.5	457,214	20.3
American Indian/Alaskan Native	10	0.1	18	0.2	545	0.2	810	0.2	3,066	0.2	4,365	0.2
Asian	18	0.2	14	0.1	2,214	0.6	2,376	0.7	26,307	1.4	31,753	1.4
Native Hawaiian/Other Pacific Islander	0	-	3	0.03	57	0.02	130	-	438	0.02	799	-
Some Other Race	157	1.5	179	1.8	22,167	6.2	19,644	5.4	96,713	5.0	103,251	4.6
Two or more races	-	-	901	9.3	-	-	17,182	4.7	-	-	85,422	3.8
Hispanic/Latino	1,042	10.0	1,102	11.3	223,964	62.5	238,351	65.8	953,407	67.5	1,291,737	57.3
Not Hispanic/Latino:	9,334	90.0	8,615	88.7	134,584	37.5	124,119	34.2	983,687	50.8	961,625	42.7
White alone	260	2.5	161	1.7	43,752	12.2	42,897	11.8	585,607	30.2	465,772	20.7
Black/African-American alone	9029	87.0	7,575	78.0	88,319	24.6	72,190	19.9	369,621	19.1	423,656	18.8

SOURCES: U.S CENSUS BUREAU, 1990 - 2000
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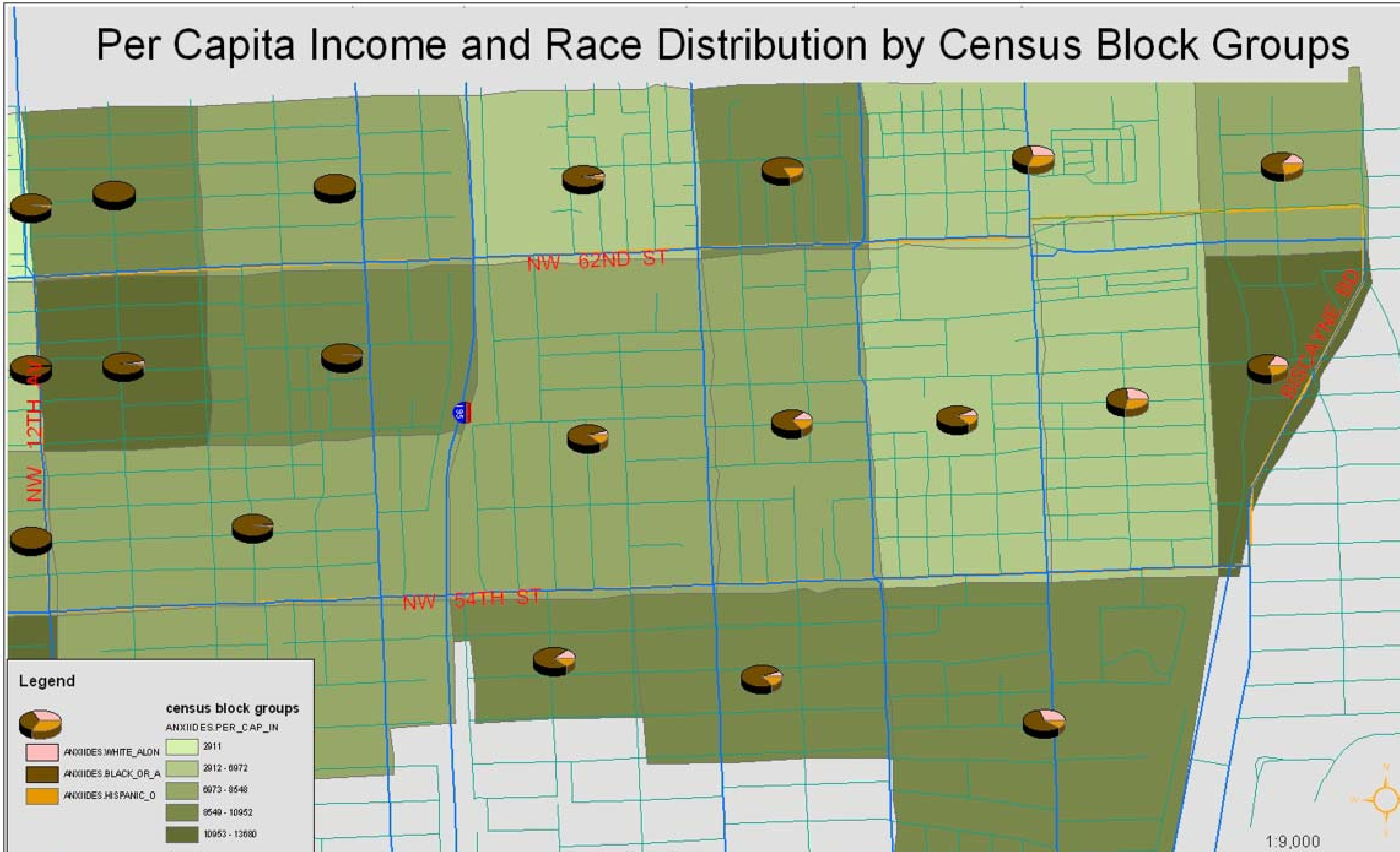
D. Race and Ethnicity Characteristics

According to the 2000 U.S. Census, the 62nd and 54th Street Corridor areas continue to be predominantly ìBlack/African-Americanî (see Table 5). However, the Black population has decreased disproportionately to the overall population loss within the two Corridors. As previously noted, the study area experienced a 6 percent overall population loss between 1990-2000. During the same period, the Black population declined by 1,658 or 17.6 percent. The Black population of the City of Miami declined at the same rate, while Miami-Dade Countyís Black population increased by nearly 15 percent.

The racial composition of Whites and Hispanics in the study area remained fairly constant between 1990-2000. The areaís White population increased by 69 persons, while the Hispanic/Latino population grew by only 60 persons. Whites and Hispanics comprise 8.9 and 11.3 percent of the study areaís population, respectively.



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E. Educational Attainment

The U.S. Census provides educational attainment data for the ì25 and overî population for a given area. The majority (56 percent) of the 62nd and 54th Street Corridor areasí population do not have a high school diploma (see Table 6). In 2000, however, 1,341 or 23 percent of this population had less than a 9th grade education compared to 2,145 or 36.3 percent in 1990. By contrast, the City of Miami as a whole experienced a 21.6 percent increase in its 25 and over population with less than a 9th grade education. Miami-Dade County experienced a 4 percent decrease in its over 25 population with less than a 9th grade education, but an 18.3 percent increase in this population without a high school diploma.

Table 6: Population 25 Years and Over by Educational Attainment

Educational Attainment	54th 62nd Streets				City of Miami Total				Miami -Dade County Total			
	1990		2000		1990		2000		1990		2000	
	#	%	#	%	#	%	#	%	#	%	#	%
Total Population 25 Year and over	5,916	100.0	5,842	100.0	252,504	100.0	243.416	100.0	1,281,295	100.0	1,491,789	100.0
Less than 9th grade	2,145	36.3	1,341	23.0	61,818	24.5	75.260	30.9	228,426	17.8	219,000	14.7
9th to 12th grade no diploma	1,703	28.8	1,943	33.3	57,617	22.8	52.290	21.5	219,856	17.2	260,287	17.4
High school graduates (includes equivalency)	1,394	23.6	1,438	24.6	49,988	19.8	46.885	19.3	296,444	23.1	515,268	34.5
Some College, no degree	267	4.5	987	16.9	31,514	12.5	26.078	10.7	206,600	16.1	133,996	9.0
Associate degree	141	2.4	167	2.9	10,563	4.2	11.857	4.9	89,509	7.0	146,774	9.8
Bachelors degree	166	2.8	155	2.7	21,681	8.6	17.451	7.2	143,479	11.2	278,584	18.7
Graduate or Professional degree	100	1.7	73	1.2	19,323	7.7	13.675	5.6	96,981	7.6	105,228	7.0

SOURCES: U.S CENSUS BUREAU, 1990 - 2000
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Chapter III Economic Analysis of the Study Area

The following section discusses the overall economics of the 62nd and 54th Street Commercial Corridors. The economic analysis includes an inventory of existing businesses by industrial classification, business growth, property values and comparative economic data. A housing inventory is also included as local population and housing directly influence retail demand along the corridors.

A. Types of Business Establishments

The 62nd and 54th Street Corridors are largely comprised of Retail and Wholesale businesses (see Table 7). According to the 2001 U.S. Census *County Business Patterns*, Retail and Wholesale businesses comprise nearly 48 percent of firms/establishments in U.S. Zip Code Area 33127 (Model City/Little Haiti) and 27 percent in Zip Code Area 33137 (Little Haiti/Edgewater). Retail businesses mainly include grocery/convenience (22) and womenís clothing (12) establishments in 33127 and grocery/convenience (12) and furniture (11) establishments in 33137. Wholesale businesses mainly include footwear (26) and women/children clothing (23) establishments in 33127 and home furnishing (7) and furniture (6) establishments in 33137.

Health Care, Social Assistance and Other Services comprise 18 percent of the business establishments in 33127, while Professional, Scientific &Technical Services and ìOtherî Services comprise 21.6 and 9 percent, respectively, of the business establishments in 33137. The large percentage of Professional, Scientific & Technical Services in 33137 is attributed to the significant amount of law firms (54) within the Biscayne Boulevard Corridor. Other business concentrations in the two Zip Code areas include Real Estate (37 businesses in 33127/44 businesses in 33137) and Finance (16 businesses in 33127/26 in 33137).

Table 7: Top 4 Industries within 62nd and 54th Street Corridors by Zip Codes

33127				
	1998		2001	
Industry Code Description	#	%	#	%
Total Industry	622	100	631	100
Wholesale Trade	168	27.0	159	25.2
Retail Trade	127	20.4	142	22.5
Health Care and Social Assistance	43	6.9	44	7.0
Other services (except public administration)	77	12.4	70	11.1
33137				
	1998		2001	
Industry Code Description	#	%	#	%
Total Industry	718	100	737	100
Wholesale Trade	91	12.7	94	12.8
Retail Trade	107	14.9	105	14.3
Professional, Scientific & Technical Services	142	19.8	159	21.6
Other services (except public administration)	59	8.2	66	9.0

SOURCES: U.S CENSUS BUREAU, COUNTY BUSINESS PATTERNS 1998 - 2001
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A comparison with surrounding Zip Code areas 33150, 33142 and 33147 (Liberty City) shows a general similarity in the concentration and mix of business types (see Table 8 below). Retail and Wholesale businesses are predominant in the surrounding areas with ìOtherî Services the next largest concentration. The percentage of Manufacturing establishments in 33127 (9 percent) is comparable to 33142 (12 percent) and 33147 (10 percent). This is due to the fact that Zip Code 33127 captures a significant portion of the Wynwood industrial area.

Table 8: Major Industries by Zip Code Area

Zip Codes/ Neighborhoods	33127 Model City/ Little Haiti South/Wynwood	33137 Little Haiti East/Wynwood/ Edgewater	33150 Little Haiti North/Liberty City East	33142 Allapattah	33147 Liberty City North
	Firm%	Firm%	Firm%	Firm%	Firm%
Industries Total	**631**	**737**	**327**	**1,563**	**623**
Retail Trade	142/23%	105/14%	69/21%	338/22%	152/24%
Wholesale	159/25%	94/13%	37/11%	366/23%	122/20%
Other Services	70/11%	66/9%	43/13%	189/12%	67/11%
Professional	15/2%	159/22%	9/3%	24/2%	15/2%
Manufacturing	58/9%	23/3%	21/6%	181/12%	61/10%
Health Care	44/7%	52/%	55/17%	47/3%	36/6%
Real Estate	376%	44/6%	19/6%	56/4%	19/3%
Finance/Ins.	10/2%	26/4%	11/3%	38/2%	16/3%

SOURCES: U.S. CENSUS COUNTY BUSINESS PATTERNS, 1998 - 2001
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A field survey of the 62nd and 54th Street study area was conducted for the market study to determine the ìactualî businesses that are currently located along the two commercial corridors (see Table 9). Bressarís Business Directory served as the reference for the inventory. The survey determined that 62nd and 54th Streets are comprised of an assortment of business types, but lack the concentration of retail and wholesale businesses noted above for the larger Zip Code areas. For example, religious organizations (20), construction/contractors (15), hairdressers (14) and auto body repair shops (12) are numerous along 54th Street, while social services (7), business services (6), hairdressers (6), religious organizations (5) and civic associations (5) are predominant on 62nd Street.

The major retail uses found on 54th Street include grocery stores (6), discount department stores (6) eating establishments (5), household appliances (5), music stores (5) and drug stores (4). Retail uses located on 62nd Street include eating establishments (6) and grocery stores (5).

Table 9: Businesses by Type on 62nd and 54th Streets

62nd Street

BUSINESS	#ESTABLISHMENTS
Social Services	7
Business Services	6
Hairdressers	6
Eating Establishments	6
Grocery Stores	5
Civic Associations	5
Religious Organizations	5
Auto Body Repair	4
Medical Doctors	3
Bakeries	2
Furniture/Household	2
Convenience	1
Clothing	1
Gas Station	1
Hotels/Motels	1
Drycleaners	1
Music Stores	1

54th Street

BUSINESS	#ESTABLISHMENTS
Religious Organizations	20
Construction/Contractors	15
Hairdressers	14
Auto Body Repair	12
Medical Offices	9
Business Services	7
Professional Services	6
Discount Department Stores	6
Grocery Stores	6
Household Appliances	5
Music Stores	5
Social Services	5
Eating Establishments	5
Auto Supply	4
Drugstores/Pharmacies	4
Drycleaners	3
Clothing	3
Radio/TV Repair	3
Check Cashing	3
Apparel/Fabric	3
Florist	2
Gas Stations	2
Tailor	2
Shoe Stores	2
Travel Agencies	1
Convenience Stores	1
Hardware Stores	1
Bakeries	1
Photo Stores	1
Record Stores	1
Laundromats	1

SOURCES: BRESSER'S BUSINESS DIRECTORY, 2002
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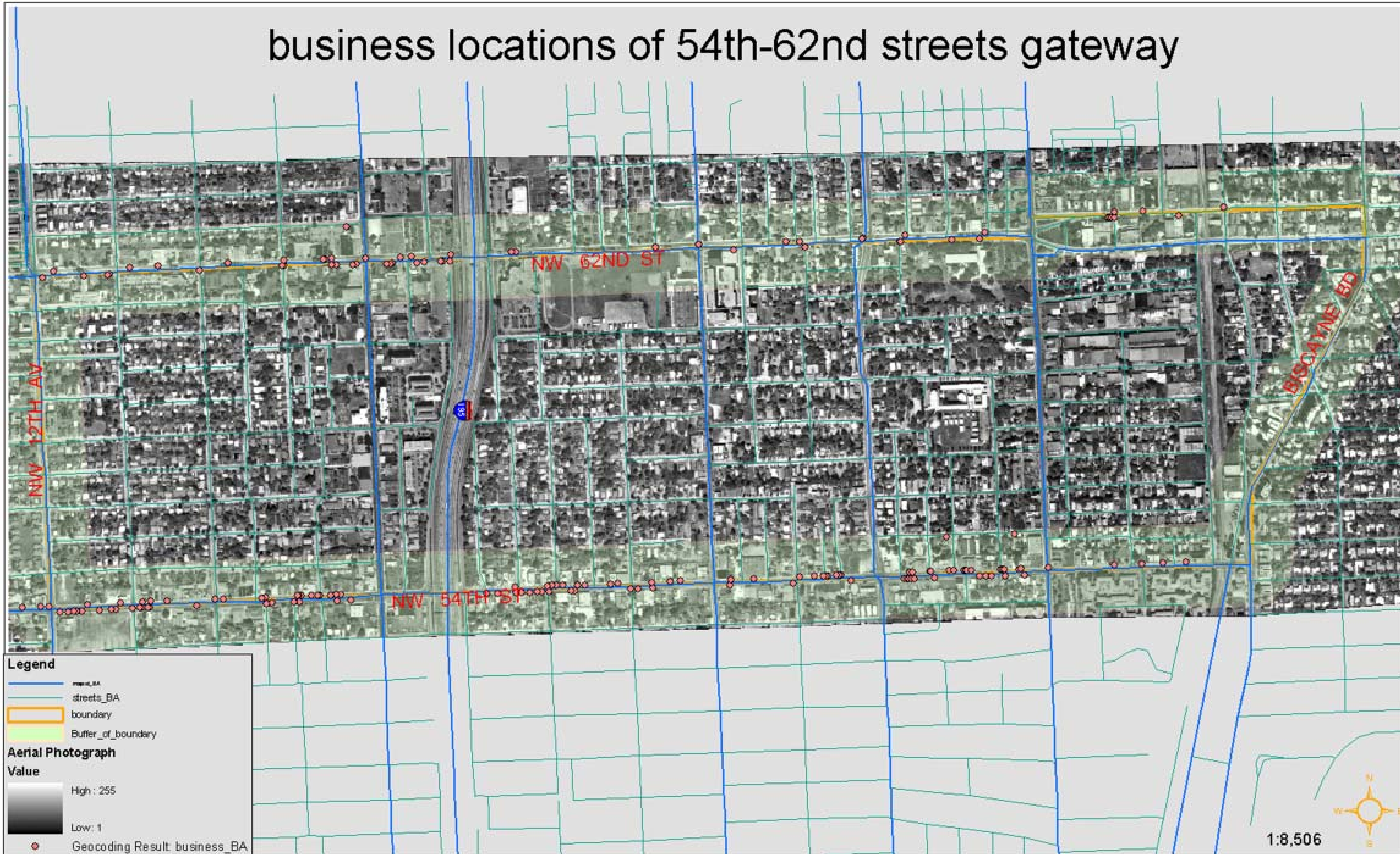

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B. Office Demand

There currently exists a significant amount of office uses along the 62nd and 54th Street Corridors that is comprised mainly of social and business services and medical buildings. The mix of commercial office uses complements the local retail base as employees, clients and patients will typically patronize nearby restaurants and convenience stores.

While the existing mix of office uses is important to the 62nd And 54th Street Corridors, the overall office market has been ìsoftî for several years. According to statistics from Cushman & Wakefield, vacancy rates in Miami-Dadeís office market have steadily climbed from 12.8 percent in 2001 to 18.6 percent in 2003. As the overall vacancy rate has continued to climb, subleases have also risen and the demand for space as noted by ìnet absorptionî remains negative. Local experts generally agree that there will be a sustained recovery as the real estate market improves but office space will remain soft for the foreseeable future.

While the office market remains sluggish in the larger local economy, there appears to be some strength in the 62nd and 54th Street Corridorsí sub-market. This is because local social service and business service offices are oriented to serve the surrounding community. Lower lease rents and good highway/roadway access also create demand for office space along the corridors.

Table 10: Commercial Property Values Along 62nd and 54th Street Corridors and Bordering Commercial Areas

	62nd Street	54th Street	State Road 7	Biscayne Boulevard
Low	$13.70	$4.17	$12.45	$25.56
High	$84.22	$171.30	$107.37	$127.71
Median	$27.80	$28.47	$26.35	$54.18

SOURCES: MIAMI-DADE PROPERTY ASSESSORS' DEPARTMENT 2002
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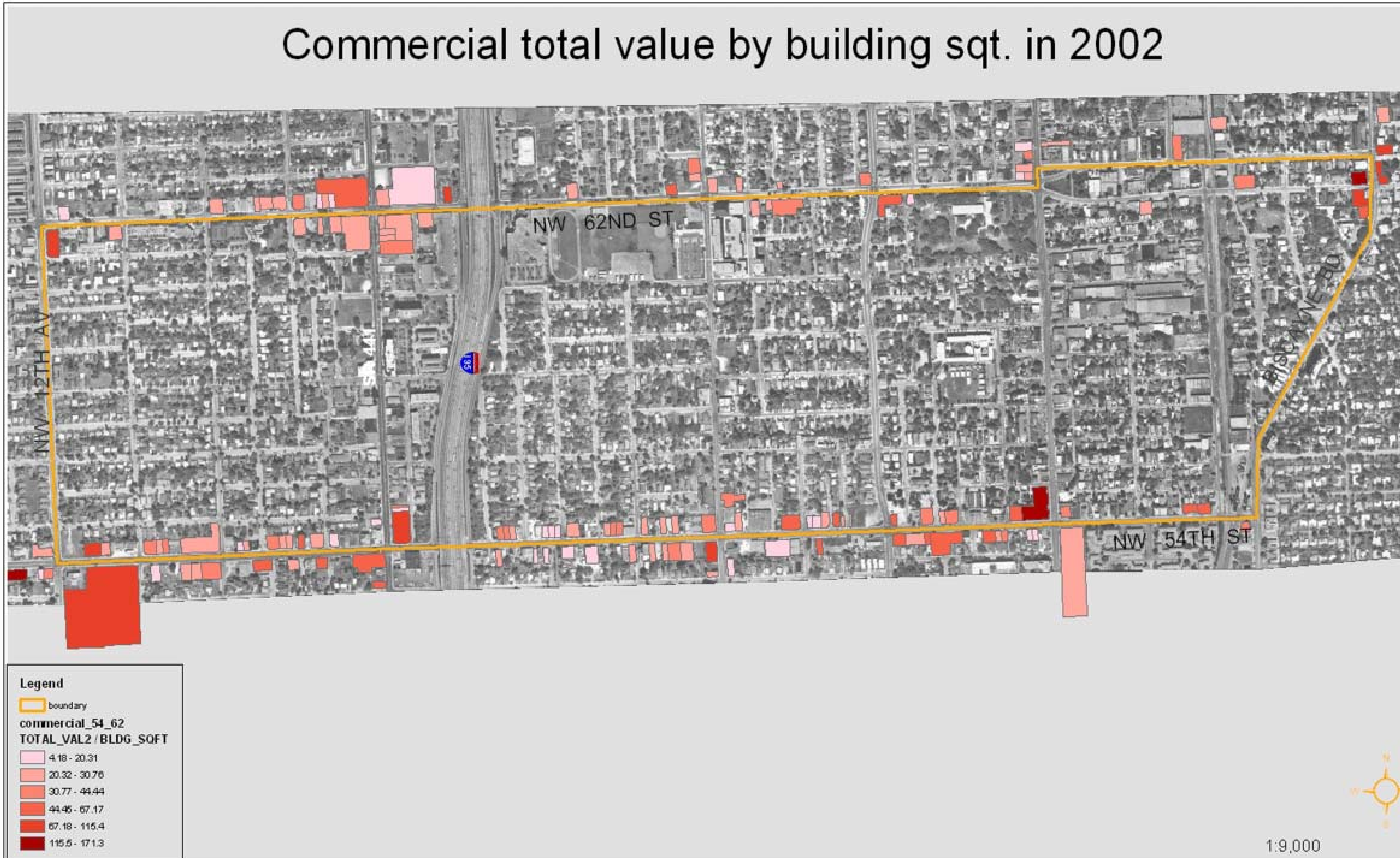
C. Commercial Property Values

As shown above, median commercial property values on 62nd and 54th Streets are comparable to commercial properties on State Road 7/U.S. 441 but substantially lower than Biscayne Boulevard. The ìhighî values shown are typically for new retail buildings, e.g. Walgreens Pharmacies.

The median commercial property values on 62nd ($27.80 p.s.f.) and 54th ($28.47 p.s.f.) Streets are virtually the same. Property values are generally higher east of Interstate 95 and rise considerably on 54th Street in the vicinity of the Biscayne Boulevard Corridor.



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D. Housing Inventory

According the 2000 U.S. Census, there are approximately 3,717 housing units in the study area (see Table 11), which indicates a slight increase since 1990. The current owner-occupancy rate of 21.8 percent is slightly down from 1990, while renter occupancy has shown a comparable gain. The vacancy rate showed an increase from 10.4 percent (384 units) in 1990 to 10.8 percent (401 units) in 2000. By comparison, both the City of Miami and Miami-Dade County showed modest increases in owner occupancy between 1990-2000 and slight decreases in renter occupancy. Overall vacancy rates in the City and county also declined during this period. The relatively low inventory of housing units coupled with relatively low population/household density has a significant effect on the Total Expenditure Potential of the surrounding area, and therefore, the existing capacity of the corridor to accommodate new retail development.

Table 11 - Housing Units by Occupancy Status

Occupancy Status	54th 62nd Streets				City of Miami Total				Miami -Dade County Total			
	1990		2000		1990		2000		1990		2000	
	#	%	#	%	#	%	#	%	#	%	#	%
Total Housing Units:	3,675	100.0	3,716	100.0	144,550	100.0	148,388	100.0	771,288	100.0	852,278	100.0
Occupied	3,291	89.6	3,315	89.2	130,252	90.1	134,198	90.4	692,355	89.8	776,774	91.1
Owner-occupied	838	22.8	810	21.8	43,102	33.1	46,836	34.9	375,912	54.3	449,325	57.8
Renter-occupied	2,453	66.7	2,505	67.4	87,150	66.9	87,362	65.1	316,443	45.7	327,449	42.2
Vacant	384	10.4	401	10.8	14,298	9.9	14,190	9.6	78,933	10.2	75,504	8.9

SOURCES: U.S CENSUS BUREAU, 1990 - 2000
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Chapter IV - The Retail Market

A. Retail Categories

This section analyzes the retail market potential of the 62nd and 54th Street Commercial Corridors. The future demand for retail development is based on the supply of existing retail uses along the two corridors, the supply of existing retail uses within the larger trade area and the demographics of the trade area. The retail market is subdivided into the following four categories:

- **Convenience Goods**
  Convenience goods are daily purchases that include groceries, pharmacy health care and related sundries such as cosmetics and toiletries, food snacks, beer and liquor and bakery items.

Convenience goods are generally purchased at retail locations within two miles of the purchaserís home and often via walking and/or transit in urban locations. This is particularly the case in poorer urban neighborhoods where automobile ownership is much lower. The two corridors do capture drive-by business, but less so than north/south collector streets due to existing commuter patterns in Miami.

- **Personal Service**
  Personal services are day-to-day and regular types of retail needs such as beauty salons and barbershops, drycleaners, tailors, shoe cobblers and coin laundries.

Personal services are also generally transacted within two miles of the customerís home. These services also occur within walking distance or via transit in urban locations.

- **Entertainment Retail**
  Entertainment retail includes restaurants, nightclubs, pubs and game and video establishments.

Due to the fact that retail entertainment is more of a luxury consumer product, customers are more willing to travel a further distance to enjoy certain foods, venues and leisure settings. Therefore, the entertainment retail trade area is calculated within a ten mile radius.

- **Shopper Goods**
  Shopper goods are large and brand named products typically sold in department stores, big box retailers and smaller national chains.

Most shopper goods are purchased within five miles of the customerís home. For purchases such as home furnishings, electronics and apparel there is a significant degree of comparison shopping, with price the major determinant in where the consumer ultimately purchases those items within the trade area.

Entertainment and Shoppers Goods Retail are primarily destination-oriented and involve comparison shopping. At present, the 62nd and 54th Street Corridors do not show capacity for these retail opportunities. As such, the following retail analysis focuses on Convenience Goods and Personal Services and the opportunities for growth in these retail segments. This does not, however, preclude the potential for new Entertainment and Shoppers Goods retail development along the corridors. The potential for new development in Community Business Districts (CoBDs) within these retail segments is discussed at the end of this section.

B. Demographics of the Convenience Goods and Personal Services Trade Area

As noted in Chapter I, the 62nd and 54th Street Commercial Corridor Study area mainly consists of lower income households employed primarily in low-paying retail, wholesale and service sector jobs. However, in determining a retail trade area, total households and expenditure potential are the critical variables, particularly for convenience goods and personal services.

In order to determine the extent of demand for convenience goods and personal services a Convenience Goods and Personal Services Trade Area is established that captures the demographics within a two-mile distance of the commercial corridors. As shown in Table 12, the population of the Convenience Goods and Personal Services Trade Area (35,818) is substantially greater than the population (9,717) of the immediate study area. Likewise, the number of households (11,776) in the trade area is much greater than the smaller study area (3,402). Significant, however, is the fact that the larger trade area has shown a loss from 1990-2000 in population (14.7 percent) and households (8.1 percent). Certain similarities exist between the larger trade area and the study area. Of note, are average household size (2.95/2.84), median age (32/31.9) and Black percentage of the population (77.3/79.6). A difference is median household income with the trade area ($18,476) slightly higher than the immediate study area ($16,468). Significant, however, is the fact that the median household income of the larger trade area is still only 50 percent of the median household income for Miami-Dade as a whole.

Table 12: Demographic Profile of Convenience Goods and Personal Services Trade Area

GENERAL	
Population - 2000	35,818
Population - 1990	41,997
Change1990 -2000	(14.7)
Households - 2000	11,776
Households - 1990	12,826
Change 1990 - 2000	(8.1)
Avg.Household Size	**2.95**

RACE AND ETHNICITY	
Black	77.3%
Hispanic/Latino	11.2%
White	10.5%

POPULATION BY AGE	
Under 18	31.8%
18 - 34	22.5%
35 - 64	34.8%
over 65	11.9%
Median Age	32.0

INCOME CHARACTERISTICS	
Per capita Income	$8,451
% of Miami-Dade average	44%
Average Household Income	$ 18,746
% of Miami-Dade average	46%

SOURCES: U.S CENSUS BUREAU, 1990 - 2000
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C. Expenditure Potential

The first step in analyzing the retail trade opportunities is the measurement of the trade areaís expenditure potential. Expenditure potential is determined by multiplying the number of households in the trade area by the median household income. The results for the Convenience Goods and Personal Services Trade Area is shown in Table 13.

As indicated in Table 13, the 11,776 households of the 62nd and 54th Street Corridorsí Convenience Goods and Personal Services Trade Area generate an annual expenditure potential of approximately $218 million. The second step in the process of analyzing retail trade opportunities within the target area is then to determine the percentage of the total expenditure potential spent on convenience goods and personal services. Based on consumer spending statistics from the U.S. Department of Labor, it is estimated that 27.1 percent of the trade areaís total expenditure potential is spent on convenience goods and personal services. Table 14 below shows the Convenience Goods and Personal Services Expenditure Potential for the trade area.

As indicated in Table 14, approximately $59 million of the total expenditure potential of the trade areaís households is spent annually on Convenience Goods and Personal Services. This figure represents all Convenience Goods and Personal Services purchased by residents of the trade area irrespective of whether they were bought within the immediate area or a distant location in the City of Miami or Miami-Dade County. However, because the Convenience Goods and Personal Services Trade Area is only two-miles in distance, it is estimated that 70 percent of these types of purchases are made locally. Therefore, in the next step of the analysis (See Table 15 below) it is calculated that 70 percent of the Convenience Goods and Personal Services Expenditure Potential is spent at retail establishments within the trade area.

As indicated in Table 15, it is estimated that the annual consumer demand from the Convenience Goods and Personal Services Trade Area is approximately $41 million.

Table 13: Total Expenditure Potential - Convenience Goods and Personal Services Trade

Number of Household	11,776
Median Household Income	$18,476
Total Expenditure Potential	***$217,573,376***

SOURCES: U.S CENSUS BUREAU, 2000
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Table 14: Convenience Goods and Personal Services Expenditure Potential

Total Expenditure Potential	$217,573,376
% spent on Convenience Goods	27.1
Convenience Goods Personal Services	***$58,744,812***

SOURCES: U.S CENSUS BUREAU, 2000
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Table 15: Convenience Goods and Personal Services Trade Area Annual Consumer Demand

Convenience Goods/ Personal Services Expenditure Potential	$58,744,812
Trade area Capture Rate	70%
Trade Area Consumer Demand	***$41,121,368***

SOURCES: U.S CENSUS BUREAU, 2000
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D. Competition Analysis

As previously noted, the 62nd and 54th Street Corridors are traversed by major north/south arterials including Biscayne Boulevard on the east and State Road 7/U.S. 441 just one block west of Interstate 95. Other major north/south roadways include North Miami Avenue and NE 2nd Avenue. Much of land use along each of these arterials and roadways is dedicated to retail and commercial uses. Additionally, two major east/west roadways located within the trade area, 79th and 36th Streets, are also predominantly commercial and retail corridors. In fact, State Road 7/U.S. 441 and 79th Street serve as perhaps the two primary commercial corridors within the trade area.

Due to the existence of several retail nodes and the abundance of various retail stores within the trade area, it is important that the types and amounts of retail/service establishments be determined as part of a competition analysis. For the purposes of this study, the following four types of retail/service establishments are examined:

ï **Food Stores:** Stores that sell non-prepared foods, groceries, bakeries, and markets specializing in meats, fish, fruits, vegetables, health/nutrition diets and other food products.

ï **Drug Stores/Pharmacies:** Stores that sell prescription and/or non-prescription drugs, as well as cosmetics, toiletries, stationary and assorted personal and household items.

ï **Barber/Beauty Shops:** Establishments primarily engaged in hair cutting, hairdressing, manicuring and other personal cosmetic treatments.

ï **Laundry/Dry Cleaning Services:** Establishments engaged in the cleaning of clothes or linens.

As previously noted, food stores comprise a significant number of Convenience Goods establishments in the 62nd and 54th Street Corridors. However, food stores, which include supermarkets, groceries, produce markets, meat and fish markets and other specialty food establishments, also represent the largest portion of the Convenience Goods category in the larger trade area. As shown in Table 16 below, there are 142 food stores in the trade area with estimated annual sales of nearly $150 million.

Of the 142 food stores within the trade area about 94 (66 percent) are classified as general grocery stores with the remainder specialty or miscellaneous food stores. Fifteen of the grocery stores are listed as having 10 or more employees, a measure that indicates a larger retail establishment. The Winn-Dixie Plaza at the intersection of 54th Street and NW 12th Avenue is the largest grocery store in the immediate study area.

Another common establishment within the Convenience Goods and Personal Services Trade Area are drug stores or pharmacies. There are 34 drug stores in the trade area with estimated annual sales of over $36 million (See Table 17).

Personal Services common in the trade area include beauty and barber shops, dry cleaners and laundries. There are 20 beauty/barber shops in the immediate study area and five dry cleaners and laundries. Within the larger trade area there are 34 drug stores, 20 beauty/barbershops and 37 dry cleaners and laundries.

Table 16: Food Stores within Convenience Goods Trade Area

Type of Store	# of Store	# of por Stores W/10 or More Employees	Estimated Annual Sales
Grocery Stores	94	15	$119,000,000
Produce Markets	3	0	$2,600,000
Retail Bakeries	3	0	$680,000
Meat, Fish, Deli	9	0	$5,800,000
Misc. Food Stores	33	1	$21,700,000

SOURCES: CLARITAS INC, BRESSER'S BUSINESS DIRECTORY 2002
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Table 17: Drug Stores and Personal Services Establishments within Trade Area

Type of Store	# of Store	# of por Stores W/10 or More Employees	Estimated Annual Sales
Drug Stores	34	15	$36,478,000
Beauty/Barber Shops	20	0	$2,342,857
Dry Cleaners/Laundry	37	6	$6,660,000
Total	**91**	**21**	**$45,480,857**

SOURCES: CLARITAS INC, BRESSER'S BUSINESS DIRECTORY 2002
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Of the 34 drug stores, 15 have 10 or more employees, while six of the trade areaís 37 dry cleaners and laundries have 10 or more indicating larger establishments in both cases. When combined with food stores, these establishments account for over $195 million in annual sales.

Throughout the two-mile Convenience Goods and Personal Services Trade Area there are approximately 331 convenience goods and personal services establishments. Of this total, 233 include food, drug stores, beauty/barber shops, dry cleaners and laundries. It is estimated that 30 percent of these total purchases will come from ìinflow salesî or sales to consumers who live outside the trade area. Inflow sales for convenience goods and personal services are calculated in Table 19 below.

The table indicates that the trade area sales (those sales attributed to residents of the Convenience Goods and Personal Services Trade Area) accounts for approximately $137 million annually.

Table 18: Total Estimated Retail Competition in Convenience Goods and Personal Services Trade Area

Type of Store	# of Stores	Estimated Annual Sales
Foods Stores	142	$149,780,000
Personal Services	91	$45,480,857
Total	***233***	***$195,260,857***

SOURCES: CLARITAS INC., BRESSER'S BUSINESS DIRECTORY 2002
FIU METROPOLITAN CENTER

Table 19: Inflow Sales for Convenience Goods and Personal Services Trade Area

Total Estimated Sales	$195,260,857
Percentage of Inflow Sales	30%
Amount of Inflow Sales	$58,578,257
Trade area Sales (Total Less Inflow)	***$136,682,600***

SOURCES: CLARITAS INC., BRESSER'S BUSINESS DIRECTORY 2002
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E. Calculating Demand

A positive gap between the demand generated by the trade area residents and the sales generated by the trade areaís existing establishments would indicate an ìunmet demandî meaning that more retail services could be supported by the trade areaís residents. Table shows the calculation for determining unmet demand for convenience goods and personal services within the trade area.

As shown in Table 20, there is a negative gap of approximately $96 million annually between the trade areaís consumer demand and the areaís annual sales from Convenience Goods and Personal Services. This suggests that there is no growth in demand that would warrant ìnetî new retail development of establishments offering convenience goods and personal services of the above business types within the 62nd and 54th Street Corridors at the present time.

The most significant ìcompetitive disadvantageî of the 62nd and 54th Streetsí trade area is the comparatively low residential density and itís relative physical and land use isolation. For example, a similar study of the 79th Street Corridorís Convenience Goods and Personal Services Trade Area showed a population of 89,444 with 26,099 households compared to a population of 35,818 with 11,776 households in the 62nd and 54th Street Corridorsí trade area. In addition, the median household income within the 79th Street trade area is $35,778 compared to $18,476 in the 62nd and 54th Street area. The low population/household density coupled with low household income minimizes the Total Expenditure Potential of the trade area and, therefore, the demand for retail goods and services. The 62nd and 54th Street Corridorsí trade area is also constrained from a physical and land use standpoint. The trade area is limited to the east by Biscayne Bay and to the west and south by commercial and industrial districts. In contrast, the 79th Street Corridor trade area includes higher density residential uses and more affluent neighborhoods to the east, north and west. This relative isolation of the 62nd and 54th Street Corridors creates a negative economic enclave effect for retail trade.

The relatively low Total Expenditure Potential of the 62nd and 54th Street Corridorsí trade area requires that analysis be given to more precise consumer demand considerations in the immediate study area. It should be noted, for instance, that many of the Convenience Goods and Personal Services establishments are located on the fringes of the two-mile distance from the trade area along State Road 7/U.S. 441, Biscayne Boulevard and 79th Street. The market analysis does not consider changing consumer demand, e.g. consumer tastes, nor the quality or pricing of the trade areaís retail establishments. As such, new Convenience Goods and Personal Services establishments that cater to niche consumer markets may have a certain competitive advantage in the trade area.

While this market study determined the 62nd and 54th Street Corridors are not ideal for destination oriented Entertainment and Shopper Goods Retail, there are opportunities for certain types of establishments within these broader categories. For example, there are currently 11 eating establishments along the two corridors and a mix of discount department, clothing and music stores. These establishments are addressing a certain consumer demand within the immediate trade area. However, as is the case with convenience goods and personal services, there is substantial competition within the larger two-mile trade area. For instance, there currently exist 125 restaurants in the trade area, 50 of which employ 10 or more employees. This competition, once again, suggests that net new restaurant establishments are not warranted at this present time. However, Entertainment and Shopper Goods Retail opportunities may exist for cultural and ethnic retailing. Community Business Districts (CoBDs) that largely depend on the patronage of surrounding neighborhoods can offer a combination of comparison and convenience shopping that is a mix of every day goods and services along with niche entertainment and shoppers goods that cater to local culture and ethnicity.

Table 20: Convenience Goods and Personal Services Trade Area Analysis of Annual Demand

Trade Area Consumer Demand	$41,121,368
Total Estimated Trade Area Sales	$136,682,600
Unmet Demand	($95,561,231)

SOURCES: CLARITAS INC., BRESSER'S BUSINESS DIRECTORY 2002
FIU METROPOLITAN CENTER

Table21: Spending Potential Indices

	33127	33137	MIAMI-DADE COUNTY	U.S
Financial Services				
Vehicle Loan	58	85	92	100
Home Loan	46	82	98	100
Investments	33	71	88	100
Retirement Plans	37	73	91	100
Home Improvements				
Home Improvements	43	78	89	100
Lawn and garden	38	72	85	100
PCs and Hardware	40	79	95	100
Major Appliances	47	79	89	100
T.V., Sound Equipment	51	84	94	100
Funiture	47	82	95	100
Entertainment				
Dine Out/Carry Out	47	47	81	100
Sports Equipment	37	37	70	100
Fees & Tickets	39	39	77	100
Toys & Games	46	46	79	100
Travel	38	38	76	100
Cable TV	57	57	90	100
Personal				
Apparel & Services	55	55	87	100
Auto Repairs	44	44	76	100
Health Insurance	47	47	78	100
Pets & Supplies	37	37	72	100

SOURCE: SOURCE BOOK FOR ZIP CODE DEMOGRAPHICS 2003
FIU METROPOLITAN CENTER

ï The Spending Potential Index compares the average local expenditure for a product to the average amount spent nationally. 100 is the national average index. An SPI of 120 shows that the average spent by local consumers is 20 percent above the national average. An SPI of 85 shows that average spent is 15 percent below the national average.

F. Business Surveys

The FIU study team conducted a survey sampling of owners and managers of businesses along Martin Luther King Boulevard. The purpose of the survey was to develop a general understanding of the primary issues concerning businesses in the area. The surveys were face-to-face interviews at the business location. The interviews were conducted with businesses along the NW section of MLK Boulevard between NW 2nd and NW 10th Avenues. They represent most of the business types in the area: small, family owned, retail and service establishments. The businesses are typically older, established ranging from 9-30 years at their current location. Each of the businesses leases their retail space.

The following is a summary of the key issues or themes raised during the interviews:

1. Serving Community/Clientele

Pride in the community and a feeling of wanting to empower the local (predominantly African American) community was a central focus of the interviewees. The first interview was with the husband and wife owners of a shoe repair establishment near the corner of NW 62nd Street and NW 7th Avenue. The decor and products sold at this business are telling of their aim to promote African American community and pride. On the outside of the small shop they advertise, ìAfrican American History shirts sold here.î Inside, issues of the local ìCaribbean Contentî periodical with an article about the NAACP are made available for customers.

The business is over 40 years old and passed down from a generation. It has been located on the same street since the business opened, but has moved to and from various buildings. One of the owners indicated the rent is ìridiculouslyî high and suspects that they get charged more than their neighbors in the area. Sheís concerned that they may be moving again - not by choice, but rather because they believe the building ìmay be torn down for new transit projects in the area. Thatís what they do in these neighborhoods.î These owners feel a bit of mistrust toward the city.

The owner notes that many of their customers are regulars who have been doing business with them for years. She jokes that they do not even ask for receipts or documentation. She says that she can look at a pair of shoes on the work shelf and know whom they belong to just by the style. ìOur customers are from all over Miami-Dade County including North Miami and Opa Locka. She says they grew up in this neighborhood and they come back (she adds that about 50% of their clients are from outside the neighborhood). The co-owner stated that the best thing about having a business in the neighborhood is ìservice to the community.î

The office manager at a nearby electronics (stereos, etc.) repair shop gave the same reply. When asked why they remain in the area she says, ìto service our people.î Just as the above shoe repair business, the electronics shop has been located in the area for about 30 years. She stated being a minority business is an advantage because they get a consistent flow of customers who are, ìour kind in the neighborhood.î About 80 percent of their clientele is local.

The manager of the local sandwich shop asked, ìDid you know that people in the inner-city spend more per capita than anyone?î He has confidence in the buying power of the local customer base.

2. Business Organizations/Community Assets

The owner of a local convenience store stated that their revenue has decreased in recent years, ìwhen Winn Dixie moved 2 years ago, that hurt business.î Nevertheless they are striving to expand their business, which may include adding orthopedic equipment. She hopes to get assistance from area business and economic development organizations. She and other owners are aware of these types of ëcommunity assets.í Theyíre aware of organizations such as OCED, MMAP and Tools for Change. She noted that NANA has helped them with business plans and informed them about obtaining grants, etc.

The office manager at the electronics shop has also heard of many of the business assistance and economic development organizations but has not yet utilized their services. Likewise, the owner of local barber shop (in business for about 10 years) has also heard of a few business organizations and has received assistance in the past from Tools for Change.

3. Image of Crime and Deterioration

Respondents did not think that crime was a problem in the corridor. The question was usually followed by a somewhat disgruntled response: ìPeople from outside of the inner city think that there is a lot of crime here, when it is just not true. The only problem is when people come to this neighborhood and the fear itself causes some conflict,î according to the manager of the sandwich shop. The Kuwaiti respondent stated that he feels safer here than other areas. He does not live in this area but works at this store with his cousins (the owners).

The manager of the sandwich shop believes that the problem of having a poor, crime-ridden reputation may be solved by new developments that are taking place a block away from their current location (on NW 62nd St.). His shop is currently in a deteriorated strip mall that other businesses have vacated. Since the other businesses left his shop has been relatively slow. He is very optimistic and believes this will attract outsiders and the improved infrastructure will change the ìcrimeî image.

The owner of the barber shop stated that deteriorated buildings have been an on-going problem along the corridor. When asked why she moved from one building in the neighborhood to another she exclaimed, ìThe other place was falling in!î

4. Other Observations

ï Edison High School brings in business. For example, the respondent from the convenience store stated that on school days, they get waves of about 45 people coming in before and after school and during lunch including students, faculty, administrators and parents.

ï One respondent from Kuwait noted that there is a small enclave of businesses on this street owned by people from the Middle East. They do not live in the neighborhood, but own a number of businesses within the corridor.

ï Although most businesses have few employees (family-owned businesses generally hire family members), those who do stated their employees stay a long time. The manager of the sandwich shop noted that two employees present during the interview have been working there since 1993.

ï While the respondents estimate their local clientele is between 50-80 percent, it appears their supplier-base is from outside the area including Greater Miami-Dade County and the State of Florida.

ï MLK businesses say they do not feel the need for extra assistance with various business skills, except for getting grants and loans. A couple respondents said they could use assistance with marketing/promotion, although most rely on ëword of mouthí from their ëregularsí for marketing.

Chapter V - Economic Development Financing: Lessons Learned

A. Background

Development practices have been studied and evaluated from various viewpoints, such as land use, urban design, transportation, environmental and housing practices. The case studies presented in this report focus on economic development financing. They describe some creative ways in which communities around the US have used public and private resources to fund revitalization efforts in distressed neighborhoods.

The report is divided into several sections. The first section provides a discussion of the factors that affect public and private development financing. Section two describes the various financial tools that are used in redevelopment efforts. Section three provides several case study examples of corridor improvement efforts and the innovative use of public and private monies to finance these projects. The report concludes with recommendations for successful and sustained revitalization and a toolbox of recommendations for financing redevelopment projects as well as other means to increase their feasibility.

B. Factors that Affect Economic Redevelopment Financing

Neighborhood Economy and Characteristics

Revitalization strategies can be devised through a better understanding of neighborhood economies. Neighborhood characteristics, including economic strength, often determine where businesses locate. New businesses locating in a neighborhood strengthen the economy by providing residents with job opportunities and access to goods and services, which in turn improves the overall health of the neighborhood. To make neighborhoods viable places to conduct and sustain businesses, strategic revitalization must address underlying factors such as crime and dilapidated housing and storefronts (Bingham and Zhang 2001). These factors also play a critical role in leveraging financial resources from potential investors.

Public Private Partnerships

One of the most successful revitalization strategies observed in the case studies included in this report is public-private partnerships. Public-private partnerships attempt to blend the strengths of both the public and the private sectors in order to create a seamless continuum and a complementary network of both public and private services. Most partnerships have as their main purpose to expand the number of jobs, level of income, neighborhood improvement, or other measures of local community development (Clarke 1998). They are created in the belief that concerted efforts will be more successful than single ventures.

In the most common type of partnership, city government and businesses make a contribution and expect to receive a specified output. The more rare type is one in which both sides take an equity position in the business (Clarke 1998). Although the scope of activities in which these partnerships are involved varies widely, the common goals center on the attraction of investors; the creation, expansion and retention of jobs; and the promotion of the communityís economic health.

Public-private partnerships garner local, state, and national tax privileges that would appear illegitimate and excessive if granted to private firms. Through public-private development partnerships community-based involvement can be ensured; these partnerships also enable for-profit developers to tap resources that would not be available to them otherwise (Suchman 1993).

Some innovative and creative partnerships count with increasingly varied public and private interests: foundations, neighborhood enterprises, planning agencies, universities, nonprofit organizations, corporations, and local governments. Partnership arrangements may compensate for institutional weaknesses in the state apparatus. The strength of these partnerships lies in the recognition of the fact that each of the counterparts has distinct qualities and capabilities, as well as varied resources from which funding can be leveraged.

C. An Area-Wide Approach

Successful revitalization efforts will involve many players, public and private, but the prevailing assumption is that distressed neighborhoods are part of the city and metropolitan area in which they are located, and their vitality and future prospects are tied to the economy, organization, and governmental policies of the larger area. To diminish the concentration and isolation of low-income families in the regional context, structural changes would be necessary. For instance, city departments with different responsibilities-planning, economic development, social services, education, and so forth-would have to plan and participate together in the revitalization effort. A comprehensive, long-term community plan that articulates the communityís and the cityís agreed-upon vision for the neighborhood must underlie all revitalization activities. This includes a plan for utilizing funds more effectively and reducing waste and duplication of resources.

Citizen Involvement

Renewal efforts involving residents in planning and project development result in projects that address resident concerns and help rally support for revitalization efforts. Development of partnerships among residents, the local and federal government, community development corporations, foundations, and private businesses-especially banks-provide much-needed resources and ideas to support and sustain community efforts. To reassure residents that the redevelopment efforts take their needs into account, the delivery of basic city services such as trash collection, police protection, and code enforcement must be available must be evaluated (Bright 2000). Revitalization plans should be tailored to fit community needs, and approaches should identify the funding available to meet those needs.

D. Redevelopment Financing Tools

Urban revitalization projects typically involve multifaceted layering of bank and commercial mortgage financing, public grants or low interest loans, tax abatements, private equity, tax credits, and other forms of subordinated debt. Assembling financing for challenging urban deals requires patience and creativity (Mattson-Teig 2002). These projects are difficult because of higher costs of parcels, adaptive use, and multiple layers of debt and equity. Furthermore, redevelopment tends to be more costly because additional capital is required to assemble land, raze or renovate existing structures, and clean up potential environmental contamination.

Finance Tools

Economic development practitioners use a large array of finance tools both to expand capital availability for economic development and to fund specific projects or programs. The most commonly used mechanisms, and those with the highest impact, are the Community Reinvestment Act, the Small Business Administration (SBA) Loan Guarantees, Revolving Loan Funds (RLFs), Tax Increment Financing (TIF), Business Improvement Districts (BIDs), Community Development Finance Institutions (CDFIs), Venture Capital (VC) Funds, Bank Community Development Corporations (Bank CDCs), Capital Access Program (CAP), Asset Securitization, and the newest federal program, the New Markets Tax Credit Program. The table below provides a brief explanation of each one of these economic development financing tools. A more detailed description can be found in Appendix 1.

Table 22: Financing Tools

PROGRAMS	CHARACTERISTICS
Bank Community Development Corporations	• Provide specialized debt capital and equity capital to start-up and growth businesses in low and moderate income neighborhoods •Take many forms but there must be community involvement
Business Improvement Districts (BIDs)	• Funds collected by the city and returned to the BID for capital improvements and supplemental services • Self-help through self-assessment and business-led management
Capital Access Program (CAP)	• Helps financial institutions lend money to businesses that do not qualify for loans under conventional lending policies. Can be used for all business costs, except to refinance debt or purchase residential housing
CDBG Section 108	• Residential and economic development • Physical and economic revitalization projects • Land assembly and affordable housing construction • Micro-enterprise Development and Finance • Float loans • Loan loss reserve
Community Business Districts (CoBDs)	• Cluster-type development including retail, financial services and other community uses
PROGRAMS	CHARACTERISTICS
SBA Basic 7(a) Loan Program	• Most used type of loan of all SBAís programs • Provides individual loan guarantees for working capital and fixed assets
SEEDCO (Ford Foundation)	• Below market predevelopment loans to nonprofit
Tax Increment Financing (TIF)	• Redirects property taxes to public improvements
Venture Capital	• Organized as private investment partnerships • Provide equity for high-growth firms in need of large investment before becoming profitable

Non-Monetary Resources

In addition to the full range of federal, state, and local government financial resources described above, cities can use considerable non-monetary governmental resources available, including political leadership, the power to regulate (or expedite) development, excess land and property, expertise and information, public facilities development and ownership, and supportive community and social services. Several cities are using a number of incentives to attract quality developers by providing: attractive land parcels, tax abatements, financial aid for predevelopment activities, speedy permitting and review processes, and the provision of experienced public development staff.

Table 22: Financing Tools

PROGRAMS	CHARACTERISTICS Financial services and other community uses
CRA Tax Exemptions	• Prompts banks to be proactive in making debt and investment capital available to low- and moderate-income communities
Empowerment Zones and Enterprise Communities (EZ/ECs)	• Specifically designated areas • Emphasis on empowering residents to rebuild their communities • Bottom-upî approach
Enterprise Zone	• Used to create and retain jobs and stimulate private investment primarily in the commercial / industrial sector • Allows state and local governments to have flexibility to allocate funds
HOME	• Empowers communities to design and implement strategies tailored to their own needs and priorities • Expands and strengthens partnerships among all levels of government and the private sector • Participating jurisdictions match 25 cents of every dollar in program funds • Used to leverage private capital • Used to provide gap financing in tax credits and mixed-income projects
Homeowner Infill and Rehab Program	• Provides gap financing as a deferred forgivable loan
HUD / COPC	• Federal Program
HUD / JCD	• Federal Program
Neighborhood Business District Improvement Project (NBDIP)	• Assists communities in implementing projects to stabilize, maintain, revitalize, and improve the economy of a NBD. • Focuses on the creation, retention and expansion of new and existing businesses, increased business and service mix, improved infrastructure, and increased employment opportunities. • Funded through CDBG and CIP programs
New Markets Tax Credits program (NMTCs)	• $15 billion in tax credits for private investments. Available to private investors
Revolving Loan Funds (RLFs)	• Oldest, most flexible and effective development finance tool. Grant-funded loans to small businesses in low-income communities

E. Case Studies

The case studies presented include various types of partnerships that enabled redevelopment and revitalization of major corridors within distressed neighborhoods in different cities across the country.

As is shown in Table 23 the case studies provide a detailed account of the public and private funding tools that were utilized in each redevelopment area. They also describe the key partners that were involved in each project. The cases of Cleveland, Los Angeles and Washington, D.C. exemplify how financial institutions, such as banks, can partner with local government. The cases of Chicago and Cincinnati demonstrate how educational institutions can prove to be important partners in neighborhood revitalization.

Table 23: Case Studies

CITIES	PUBLIC FUNDING	PRIVATE FUNDING	OTHER PARTNERS
Chicago, IL	State and City departments HUD / COPC HUD / JCD	University of Illinois at Chicago Neighborhoods Initiative (UICNI)	W.K. Kellogg Foundation Kauffman Foundation
Cincinnati, OH	State and City departments	University of Cincinnati	Clifton Heights Community Urban Redevelopment Corporation (CHCURC)
Cleveland, OH	City of Cleveland State of Ohio Fannie Mae's American Community Fund	Amistad Forest City Enterprises KeyBank / National City Bank / Bank One Consortium	New Village Corp. (neighborhood nonprofit group)
Los Angeles, CA	City of Los Angeles	First Professional Bank First Interstate Bank Bank of America Wells Fargo Bank Union Bank	Southern California Business Development Corporation (SCBDC) Los Angeles Community Development Bank
Washington D.C.	District of Columbia (HOPE VI Program)	John Akridge Companies	Center City Partnership Western Development Corp. National Capitalization Revitalization Corp. (NCRC)
Worcester, MA	City of Worcester	Clark University	University Park Neighborhood Restoration Partnership Main South CDC Boys & Girls Club of Central Massachusetts Worcester Cultural Coalition ARTSWorcester Arts District Task Force

In practice, public-private partnerships divide tasks to achieve a suitable balance, making each sector shoulder the risks and responsibilities it is best suited to manage. In the case of financial institutions, partnerships allow access to capital markets that nontraditional programs cannot offer.

Cleveland

The Lee-Harvard Shopping Center project in Cleveland, Ohio, was selected as a case study because it is a community-oriented shopping center revitalized through the efforts of a public-private partnership. Lee Harvard was a middle-class African American community in the early 1960s. Because of increased crime in the area, the neighborhood declined through the 70s, 80s and 90s and residents took their business elsewhere. In the late 90s, a non-profit organization, New Village Corp., saw the potential for recovery in the neighborhood and formed a partnership to undertake the $26.3 million project, the renovation of a 220,000-square-foot strip mall on a 17-acre site (City of Cleveland 2003). The partnership became known as LH Development LLC and included New Village Corp., Amistad, Cleveland-based Forest City Enterprises, Fannie Maeís American Community Fund, Key Corp. Community Development Corp., and National City Development Corp. Retail stores were included, but also community services such as a Social Security office, a post office and a library, which makes Lee-Harvard a central place where residents can shop but also conveniently take care of daily business. The renovation project started in early 2000 and the first phase of the project was completed in the spring of 2001.

Sponsors of this idea thought that, in addition to fixing a large, deteriorating shopping center that was holding together the neighborhoodís commercial district, redeveloping the plaza would recapture not only the shopping dollars but also the hearts and minds of long-time residents who had been migrating to the suburbs to shop. The new plan included demolishing much of the existing structure, relocating tenants, and rebuilding the plaza to improve access and reduce congestion. The goal was to rehabilitate the aging retail center, create additional office space for a neighborhood health clinic, and encourage continued investment and revitalization in the neighborhood. The new tenants complement a host of older independent stores. Virtually all of the old tenants have remained in the center.

New Village Corp. was responsible for the unconventional financing, and for assisting in leasing and tenant relocation. Amistad, besides organizing neighborhood support, raised another $500,000 from the districtís U.S. Congress representative for capital improvements for the shopping center and the adjacent district. Forest City Enterprises is in charge of management, responsible for tenant coordination, construction and finance. Fannie Maeís American Community Fund, Key Corp. Community Development Corp., and National City Development Corp. acted as equity investors, while the city of Cleveland provided $3 million for capital improvements. KeyBank, acting as the agent bank, structured a $12.1 million facility using construction and mini-permanent loans from a three-bank consortium consisting of KeyBank, National City Bank, and Bank One for the acquisition and renovation of the project. Other funding consisted of seven layers of sub-debt totaling $4 million, tax increment financing (TIF) totaling $1 million, investor equity of $2.875 million, and owner equity of $4.5 million (Mattson-Teig 2002). The project secured unconventional financing totaling $5.7 million - excluding the conventional first mortgage and about $1 million in fees waived by Forest City Enterprises.

Another example of public-private partnership in Cleveland involved the acquisition and rehabilitation of a 1920s shopping center, the nationís second oldest outdoor planned shopping center. The Shops at Shaker Square $30 million renovation project was a joint venture between Cleveland-based CenterPoint Properties and Miami-based Rosen Associates. Key Commercial Real Estate provided a $14.3 million first mortgage for the $25.6 million project. Private equity totaled $3 million. The remaining $8.3 million comprised $3.9 million in TIF, a $1.3 million second mortgage from the city, a $1.3 million third mortgage from First Energy, a $1 million infrastructure grant, $700,000 in various Cleveland grants, and a $200,000 Ohio Development Grant.

Both revitalization projects in Cleveland demonstrate how partnerships involving the public and private sectors, together with community organizations, creative ideas and drive, can change the fate of communities in trouble. By using funds available through financing programs and economic development tools in conjunction with private interests, the feasibility of revitalization projects is increased and once the neighborhoods in which revitalization sites are located believe in the benefits that will accrue from them, successful results can be expected.

Los Angeles

Vermont Avenue in South Central Los Angeles is a major corridor positioned strategically near the Central Business District and the University of Southern California (USC). Although the corridor is primarily commercial, there is a mix of institutional and residential uses in this predominantly Latino and African-American community. Much of its commercial and residential stock is old and in need of rehabilitation. During the riots and the subsequent earthquake in 1992, many of the establishments along Vermont Avenue were damaged or destroyed. Some have never been restored.

In an effort to revitalize the community, several studies were commissioned and a redevelopment master plan was developed for the various neighborhoods that made up South Central LA, including the Vermont Avenue Corridor. The studies indicated there was a great misconception regarding the level of poverty in South Central, which was affecting the ability of businesses to attract investors and capital. Recommendations to educate financial institutions and other potential investors regarding the investment opportunities in South Central were crucial. Other redevelopment strategies called for Vermont Avenue to be converted into a mixed-use, pedestrian-oriented corridor, with a concentration of retail development at key intersections and low-rise multifamily housing lining the Avenue (Suchman 1993). The modernization of strip malls by enterprising Latinos with funding from companies such as the Los Angeles based Bastion Capital, a $125-million fund targeting Latino-owned businesses, was also critical to the area (Kotkin 1996).

The creation of a Multibank Development Corporation proved to be one of the most important elements of the redevelopment effort. The Southern California Business Development Corporation (SCBDC), established in 1992, was created to provide loans and bank services to communities involved in revitalization. This organization is a for-profit, nontraditional ìbankî (Suchman 1995). Twenty-seven participating banks invested in its $12 million loan fund ($4 million in equity, $6 million in lines of credit, and $2 million in leverage capital) to provide direct financing for ìunbankableî small business expansions. SCBDC is a lender of last resort. It provides loans ranging from $25,000 to $250,000, generally for two- to five-year terms; however, loan terms are flexible and repayment schedules creative. SCBDC does not offer grants or below-market-rate financing; neither does it make loans for land acquisition or real estate development.

The bank serves a 150-square-mile target area. Though economically distressed, this area is home to 3,500 businesses. Loans are made to manufacturing, retail, service, and wholesale businesses with at least a one-year track record, a positive cash flow, and annual sales of $150,000 or more. In the first three years of operation, the bank had made 17 loans totaling $1.54 million, resulting in 159 new jobs.

In the wake of SCBDCís success, the City of Los Angeles established a private bank, the Los Angeles Community Development Bank. Initially capitalized with $430 million in direct and indirect federal grants and loan guarantees, it was established to stimulate private business ventures and create jobs within a designated market area: a 170-square-mile area that includes downtown Los Angeles, Watts, Compton, Inglewood, parts of East Hollywood and East Los Angeles, and a few acres within the San Fernando Valley.

The Los Angeles Community Development Bank was modeled on the South Shore Bank in Chicago and functions primarily as a wholesale lending institution. Most of its assistance is in the form of loan fee subsidies and loan loss reserve funds to conventional banks, enabling them to finance business start-ups and expansions in poor areas of the city. It also offers grants to intermediaries such as churches and nonprofit economic development organizations that provide loans and technical assistance to small businesses in economically disadvantaged communities.

Both the Southern California Business Development Corporation and the Los Angeles Community Development Bank have played an important role in financing the redevelopment plans for South Central LA and the Vermont Avenue Corridor.

Washington, D.C.

Revitalization of Washington, D.C. neighborhoods has been an ongoing process since the 1930s, when Georgetownís venerable structures were refurbished. Mount Pleasant, Adams Morgan, Capitol Hill, Dupont Circle and neighboring Logan Circle all have undergone revitalization in the past few decades, a process that continues in many of these areas today. At one time the District was full of vibrant mini-town centers that provided citizens centralized places to shop and spend leisure time. In recent decades, retail areas have failed to keep economic pace as national marketing trends have changed.

Between 1990 and 1996, the District experienced a steady decline in populationó11.1 percent over the six-year period. According to a 1999 Urban Institute study, the loss of population during this period was unusually high and may have occurred from the spate of negative publicity about the District that was quite widespread in the early 1990s. During this period, a number of businesses were also lost to the suburbs, which together with the loss of residents, resulted in decline of the tax base and associated reduction in tax revenue. Schools fell into decline, existing neighborhood housing deteriorated, new rental housing construction was sparse to nonexistent, and neighborhood retail establishments, such as grocery stores, were being shut. In addition, the residents who remained in the District experienced a marked reduction in the availability and frequency of many city services (Price 2001). In late 1990s, the situation started turning and declining crime and unemployment, as well as growing property values, were observed.

One of the neighborhood revitalization actions taken in D.C. was to direct the Department of Housing and Community Development to help assemble sites for housing, major stores and other related amenities. The older, traditional neighborhoods lack convenient shopping alternatives for reasonably priced groceries and other merchandise. Residents are often forced to choose between marginal neighborhood stores in the District and traveling to Maryland or Virginia to purchase name-brand consumer goods. By 2001, local government had succeeded in bringing a major grocery store east of the river; however, many hurdles remain to fulfill the promise of bringing retail to underserved neighborhoods.

In order to revitalize the cityís commercial centers, the District has attempted to reposition neighborhood business districts and retailers based on a successful model designed by the National Trust for Historic Preservation known as the Main Streets Program. This is a comprehensive strategy that provides merchants, property owners and community residents with tools and information so that neighborhood commercial districts can compete in todayís market. A hallmark of the Main Street Program is that it encourages citizens to take the lead in planning and managing a variety of changes they want for their neighborhood retail area. The Main Street approach has proven successful in other cities because it can readily be adapted to fit the strengths and opportunities in each commercial district. Since its founding in 1980, the ìMain Streetî program has helped groups revitalize more than 1,500 small-town downtowns as well as commercial districts in urban neighborhoods (Frankel 2001).

As an overlay to a local ìMain Streetî designation, the District has proposed a neighborhood ìspecial district,î where a variety of economic development tools and revitalization incentives, such as tax increment financing (TIF), are targeted to specific commercial areas. For example, the three downtown projects under the Districtís tax increment financing program, collectively, are expected to foster over 1,600 new jobs for residents and $85 million in contracting opportunities for local, small or disadvantaged business enterprises. Revamped regulations for the TIF program allow its utilization for neighborhood development with priorities established by the District, not just those established by individual developers, so that local government can assist in prioritizing development activity in neighborhood business districts. The District of Columbia currently has the authority to provide $330 million in TIF (Mattson-Teig 2002).

Revitalization has brought new life and opportunities to the city and some of its neighborhoods, but it has also brought pressures on the housing market, especially on affordable housing. Long-time residents see their rents and property taxes increase, and are forced to move to new communities. Rising land values and construction costs make it difficult for affordable housing developers to finance new projects while owners of federally subsidized rental housing projects look at the booming real estate market and consider converting their properties to market-rate housing. Housing developments are undertaken by small and medium-size builders for the most part. Larger builders have chosen to stay away from D.C. because it is a small and heavily regulated market and there is no room for big, mixed-use projects. Revitalization efforts are being made by smaller companies that channel energy and financial resources into 10 to 20 projects a year, which focuses on small to medium-size buildings that can be renovated into condominiums as part of a neighborhood revitalization project.

Builders usually seek neighborhoods that are ripe for revitalization, such as Columbia Heights, which fits the criteria because of its proximity to downtownís employment centers, three Metro stops, and neighborhoods that have already been revitalized or are known for their long-term affluence. Victorian-era buildings provide distinctive streetscapes comparable to Georgetown and Capitol Hill. Some developers are making agreements with the government and offering some units as affordable housing for people with incomes at 50 to 80 percent of the median for D.C., others are taking advantage of tax-incentive programs to help finance rental properties. While direct government aid has not been part of the process, builders cite the $5,000 tax credit for first-time buyers as an effective tool. The District also continues to tap HOPE VI Program dollars. Public housing agencies with severely distressed housing are eligible to apply for the HOPE VI grants to revitalize their communities (Mattson-Teig 2002).

Another example of D.C.ís commitment to neighborhood revitalization is the decision to locate government centers in undercapitalized areas of the District. The government centers proposal is expected to result in the relocation of 1 million square feet of government facilities to up to five neighborhood sites. The new government centers will stimulate neighborhood commercial revitalization based upon strategies developed for each neighborhood. The location of the government centers sends a clear message to private investors of the cityís long-term commitment to revitalizing and maintaining these commercial corridors. The public investments encourage reinvestment of owners of existing businesses and property, and brings job opportunities to the neighborhood (Price 2001). Georgia Avenue and New York Avenue are examples of such commercial corridors.

Georgia Avenue

In June of 2000, D.C.ís Mayor announced the relocation of the Department of Motor Vehicles, a $111 million initiative, to Georgia Avenue-one of the Districtís most important commercial corridors-with the intent to produce infrastructure improvements, historic preservation, homeownership promotion, small business development, and streetscape and commercial facade enhancements. This commitment paved the way for new investment and leveraged federal and private sector investment to create new job opportunities, increased retail sales and services, image enhancement and community pride.

The project encompasses approximately 65 city blocks of an area that has historically played a significant role in the image of the city because it has been the center of residential commercial activity and an integral part of the surrounding neighborhoods since development began in the late 19th and 20th centuries. Numerous historic landmarks and potential tourist attractions in the surrounding neighborhoods mark the heritage of the corridor. Its identity has evolved as a result of the character of the neighborhoods along its path; however, civil unrest in the 1960s and a loss of population and retail competition from Maryland and Virginia have contributed to its decline. The revitalization project counts with the involvement of various representative agencies, such as the Department of Housing and Community Development, the Department of Consumer and Regulatory Affairs, the Office of Property Management, the Office of Banking, the Department of Public Works, the Department of Parks and Recreation, the Department of Tax and Revenue and the Metropolitan Police Department. The financial commitment for this initiative includes $27.1 million for a new department of motor vehicles headquarters, $20 million for housing initiatives, $18 million for commercial revitalization, $30.2 million for streetscape and infrastructure improvements, $14.2 million for public facilities and $1.5 million for transportation, arts and public safety.

New York Avenue

The New York Avenue corridor is an expansion of downtown that will also benefit from government offices relocating to the area; the groundbreaking was in December 2000. The Bureau of Alcohol, Tobacco and Firearms, with 1,100 employees, is planning to locate its headquarters; the project has a total development cost of approximately $120 million. The corridor is a major entryway into this nationís capital, connecting I-295 to the new convention center, but it is also a significant local street and one of the most heavily used commuter thoroughfares. It has long been an example of unplanned development, which resulted in a stretch of budget motels, fast food stores, car repair shops and an often-unnoticed main entrance to the National Arboretum. As far as traffic is concerned, it is defined by congestion and hazardous intersections.

The construction of the New York Avenue/Petworth Metro Station will greatly contribute to the continued economic development of the area, offering residents easier access to jobs inside and outside the city. A special assessment district for the area was set up and helped secure $25 million in federal funds for the project.

Other initiatives in the District include the creation of the National Capitalization Revitalization Corp. (NCRC) and the Center City Partnership. NCRC, a public-private partnership, was created to deal with the hundreds of blighted properties that are in the government inventory. It received $25 million in funding from the federal government and $75 million from Fannie Mae investments to manage major development projects in the District (Lerner 2002). The Center City Partnership, also a public-private partnership, was created to carry out the Districtís economic development agenda. It emerged from the downtown action agenda and will aid in the revitalization of the Center City through development, marketing and facilitation services. One of its projects is the $225 million Gallery Place (Mattson-Teig 2002). Approximately $76 million in TIF is earmarked for the mixed-use redevelopment. The project is a key anchor to the revitalization occurring along the Seventh Street Corridor. Gallery Place spans 640,000 square feet, and will house a 14-screen, stadium-style theater; 200,000 square feet of retail space; 180,000 square feet of office space; 65,000 square feet of entertainment space; 193 apartments; and 650 new parking spaces. Western Development Corp. is developing Gallery Place in conjunction with the John Akridge Companies.

The Washington D.C. experience suggests that simple improvements, such as the perception that the area is safe and clean, are enough to spur a wave of revitalization. Another lesson learned is that not only residential development, but also retail development, are necessary to keep the momentum of revitalization going. Services also need to be available and keep pace with the residential growth of a neighborhood. One of the key elements to successful neighborhood revitalization is preservation and expansion of the housing stock; however, if the housing is not followed by retail and then by schools and other services that provide a sense of community, revitalization initiatives are doomed to fail.

Worcester

The City of Worcester, the third largest city in New England, thrived until the 1950s when many local manufacturers abandoned it for other parts of the country. Between 1990 and 2000, the percentage of residents who commute more than 30 minutes to work increased from 19 to 25 percent (CCPM 2002). There has been growth in population and in the residential sector, however, not in the commercial or industrial sectors. There have been attempts to attract businesses as well as to revitalize areas that had fallen into disrepair. An example of revitalization is the Worcester Arts District.

The Worcester Arts District, a public-private partnership, is a cultural economic development initiative and neighborhood revitalization strategy. The concept first originated at a city council candidateís forum on the arts sponsored by a local nonprofit arts advocacy organization, ARTSWorcester, many years ago. ARTSWorcester worked in partnership with the City in getting an Arts District Zone Overlay established and soon the successful development became a major economic development priority for the City and as one of the four major goals of the Worcester Cultural Coalition, the unified voice of Worcester arts and cultural organizations (Proffitt 2003).

An Arts District Task Force was created three years ago to plan for the Arts District and create a formal document (Arts District Master Plan) that would serve to guide development in the District in a way that was reflective of our community needs, opportunities, and challenges. Members of the task force include representatives (mostly executive directors) of local cultural organizations, social service agencies located in the district such as the YMCA, Boys & Girls Club, Centro Las Americas, the District City Councilor, neighborhood residents, developers, some business, and artists of course. Several of our task force members who are also developers are taking on individual building redevelopment projects. Approximately seven local foundations helped to support the creation of the Master Plan along with individual donors, the City, local businesses, and the cultural community.[1]

The local Community Development Corporation plans to take a much more active role in redeveloping buildings for artist live / work condos. ARTSWorcester and local artists are implementing public art projects as recommended in the Master Plan. As the City does not own much property in the Arts District, this public-private coalition has served as an important facilitator, cheerleader, marketer, broker of relationships and of building projects.

[1] For details on the Master Plan for Worcester Arts District, see http:www.worcestermass.org/culture/artsdistrict/

Colleges and universities have valuable assets to offer community partners in their efforts to revitalize neighborhoods, such as intellectual, technical and technological resources. They also have considerable purchasing power and usually play significant roles in their metropolitan areas. In addition, academic institutions receive significant public funding, requiring that they somehow make a contribution to the social welfare of their communities.

Harnessing even a portion of academic institutionsí economic activity can bring substantial benefits to neighborhood business and residents (Moser and Elbert 2003).

Chicago

The City of Chicago has a long history of urban problems related to University campuses and the communities that surround them (Mayfield et al 1998). In 1989 the MacArthur Foundation sponsored a conference that laid the groundwork for a new experience. Collaborative relationships between the university and the community were suggested and the Policy Research Action Group (PRAG) was formed. Since then, 144 community-based research projects have been supported by this partnership that includes four universities in the Chicago area and 15 non-profit organizations.

A spin-off of PRAG, the University of Illinois at Chicago Neighborhoods Initiative (UICNI) is a partnership between the University of Illinois at Chicago (UIC) and two nearby neighborhoods, Pilsen and Near West Side. Pilsen is the community due south of the university, home to about 50,000 people, mostly of Mexican heritage, and the Near West Side area is an African-American area of about 10,000 people, west and northwest of the campus (Mayfield and Lucas 2000). The Near West Side area includes major public housing developments. Initiated by UIC under its new Great Cities program, the Neighborhood Initiative is housed at the Great Cities Institute and addresses urban issues through teaching, research and service partnerships in education, health, economic development, public safety, arts and culture. UICNI brings together resources from the communities and the university to help strengthen the quality of life for the benefit of current residents, businesses, the university, and other institutions. The Initiative has completed numerous partnership projects since 1994 and currently has more than 30 under way. Some of its projects in Pilsen and Near West Side have been in the areas of affordable housing (Wiewel 2000), assisted living, health care, business mentoring, commercial and industrial area design projects, and internship projects.

As part of the Great Cities program, UIC made a long-term financial commitment to support UICNI with funds for staff, office expenses, and resources to develop projects. In addition, major grants from HUD funded a series of projects in the neighborhoods. UICNI received a HUD / COPC grant in 1995 and a five-year grant from HUD / JCD in 1996. Other partners that have contributed to projects are: the City of Chicago, the W. K. Kellogg Foundation, the Kauffman Foundation, and various State and City departments.[2]

UIC also encouraged several local banks and other financial institutions to participate in furthering the goals of the Neighborhood Initiative while showing their commitment to serve their local communities and working towards fulfilling the requirements of the Community Reinvestment Act.[3] As a result, other partnerships were formed:

ï The University, two Community Development Corporations (CDCs) and the City created an Affordable Housing Fund that will provide $100,000 per year for up to four years for small loans for housing improvements and purchase. Three banks have agreed to make loans that will leverage these funds and to participate on the loan approval committee.

ï The First National Bank of Chicago, together with a corporation, committed to hiring students from two high schools for summer jobs and to assist them with resume writing and interviewing.

ï The Bank of America provided a grant of $16,250 to study the feasibility of commercial development ventures in Near West Side.

ï The Argo Federal Savings Bank opened a satellite facility in Near West Side and will open a full service branch and provide housing and commercial assistance loans.

ï Several banks, together with UIC, are providing assistance to help businesses qualify for $50,000 loans to new and existing businesses in Near West Side from a $1 million community development funds established by the United Center Joint Venture.

The host and longevity of public-private partnerships operating in Chicago shows how intent and commitment can bring interested parties together to effect change. The creative use of financing tools together with community participation can increase the feasibility of revitalization initiatives and improve the quality of life for residents in virtually every neighborhood.

[2] For a list of lessons learned from both the PRAG and the UICNI initiative see: {http://www.uic/edu/cuppa/gci/publications/working%20papers/pdf/Chicago%20Response.pdf}p.21.

[3] For details on the Community Reinvestment Act, see Appendix1: Financing Tools

Cincinnati

The Calhoun Street Clifton Heights urban renewal program encompasses a 20-block area in the City of Cincinnati, Ohio. This corridor, located in the vicinity of the University of Cincinnati, constitutes an area that has undergone both physical and functional deterioration in the last 20 years. Once an upscale residential community, the Calhoun Street corridor and its surroundings have been transformed into a ìquasi-retail strip with an inhospitable environment.î The deterioration has been attributed to the flight of specialty retail, a proliferation of fast food establishments, a reduction in quality of housing stock and the conversion of the street into a one-way traffic system (City of Cincinnati 2003). In an effort to address these problems, a joint partnership was created between the City of Cincinnati, the University of Cincinnati (UC) and various business and community interest groups to develop and implement a revitalization plan for the corridor. As a result of these partnerships, the Clifton Heights Community Urban Redevelopment Corporation (CHCURC) was founded in April of 2000 with the mission of implementing the renewal program.

The Clifton Heights/UC Joint Urban Renewal Plan, which was completed in 2001, establishes guidelines for redevelopment and for streetscape improvements. Since a significant portion of the commercial and residential building stock needed rehabilitation or regeneration, the aim of the plan was to create a pedestrian-friendly district with housing, office space, dining, shopping, entertainment, and green space to serve the needs of the university, local businesses and community residents. The project calls for mixed-use development along Calhoun Street, including 65,000 square feet of retail space, 70,000 square feet of institutional space for UC, parking garages with approximately 1,100 spaces, 500 beds of student housing and 150 market rate housing units. The plan also calls for a consolidation of ìfast food rowî into a centrally located fast food marketplace, freeing up space for a central, park-like green space in the heart of the business district. The marketplace building and park will be the centerpiece of the corridor project. Cincinnatiís City Council approved the urban renewal plan for the district in June of 2001, a developer was selected in August of the same year and construction began in early 2002 (Hoffman 2001).

The financing of this initiative is intricately layered because it encompasses a large mixed-use institutional / private / public space (Bourgeois 2003). The first two phases of the project to be implemented encompass blocks 3, 4 and 5 with completion expected in the summer of 2004. Blocks 1A and B, the ìGateway Developmentî as they are known, are slated to have an RFP issued by the end of this year, with completion targeted for early 2007.

On Block 3, UC is constructing the 1,100 square feet garage and leasing the air rights to CHCURC for one dollar. The lease is for a period of 40 years with a 40-year automatic renewal provision. The area above the garage will be used as retail and student housing and CHCURC will begin construction as soon as the parking deck is complete. All of the overbuild will be owned and financed by CHCURC. The retail area (37,000 square feet) will be built with a $7.2 million loan to CHCURC by a UC endowment. The student housing, totaling 766 beds will cost $55 million and will be financed through tax-exempt student housing bonds issued by Hamilton County, the county where UC is located.

The gap financing comprises TIFs, retail lease and joint use agreements as follows:

ï TIF (Tax Increment Financing) District: $3.3 million will be is sued in revenue bonds through Greater Cincinnati Port Authority to be repaid by TIF proceeds. These funds will be used for the first phase of public infrastructure improve ments (i.e., streetscape, sewers underground utilities, etc.)

ï Retail Lease Agreement: $590 thousand a year provided by UC to ensure that debt service payments can be made, and to lease up any retail space that might be vacant.

ï Joint Use Agreement: $765 thousand a year provided by UC to ensure that debt service payments can be made, and to pay for their use of common space in the building, such as the 0.2-acre public park.

On Blocks 4 A, B and C, CHCURC will be developing a mixed-use marketplace including condominiums, retail and underground parking. The 50,000-square foot retail area will be financed through a loan to CHCURC by a UC endowment ($9.3 million). The financing for the condominiums, a total of $56 million, will vary depending on use of facilities. One option being considered is to make one of the three towers available to staff / faculty apartments, but the decision will hinge on CHCURCís success pre-selling the condominiums. Interim construction loans will be provided by the UC endowment and repaid as the units are sold.

The gap financing comprises retail lease and joint use agreements as follows:

ï Retail Lease Agreement: $885 thousand a year provided by UC to ensure that debt service payments can be made, and to lease up any retail space that might be vacant.

ï Joint Use Agreement: $620 thousand a year provided by UC to ensure that debt service payments can be made, and to pay for their use of common space in the building, such as the 0.7-acre public park and marketplace.

There are no plans yet to use TIF (Tax Increment Financing) on Block 4, but it is likely that it will be tapped for further public infrastructure needs. On Block 5, land will be parceled out for town homes and sold to a private local developer (yet to be selected). CHCURC will develop and program the 0.7 acre public park, and will hold design charettes with the community.

Worcester

Worcester, Massachusetts is the home of nine colleges and universities, the University of Massachusetts Medical Center, and the Massachusetts Bio-Technology Research Park. Clark University is located in the University Park section of Worcester. The neighborhood covers approximately one square mile and has a population of 12,000. More than 25 percent of the neighborhood residents live at or near the poverty level, and unemployment rates are twice the national average. The housing consists of large, Victorian frame houses that were once occupied by the owners and managers of now vacant factories located on the eastern and southern boundaries of the neighborhood, as well as traditional three-story, three-unit homes that housed factory workers.

In 1995, the University Park Neighborhood Restoration Partnership, spearheaded by the Main South Community Development Corporation and Clark University, completed a neighborhood revitalization plan for University Park. The plan to restore a 100-acre area within the Main South neighborhood included physical rehabilitation, public safety, education, economic development and social / recreational development. Additional organizations were brought into the partnership including other local nonprofits and the state, local, and federal governments. Clark University was involved in all areas of the plan. It provided incentives to faculty and staff to purchase and rehabilitate homes in the neighborhood, offered full undergraduate tuition scholarships to the children of eligible residents, and decided to establish a school for grades 7 through 12 for neighborhood children.

Since the program began in 1995, twelve employees of Clark University have purchased homes in the neighborhood and five homeowners have participated in the exterior improvement program. Nine properties have been sold under the Main South CDCís purchase-rehabilitation program, five more are in progress, and there is a waiting list of buyers. Eleven students have received tuition scholarships and the University Park School began operation with a 7^{th} grade class of 35 neighborhood children. The school plans to add a grade each year until it is offering grades 7 through 12.

A spin-off project, involving the Main South CDC, Clark University, the Boys & Girls Club of Central Massachusetts and the City of Worcester, restored another area within the neighborhood. The six-block, 30-acre area, known as the Gardner-Kilby-Hammond (GKH) Street Neighborhood Revitalization Project, includes 10 acres that once were four industrial properties and constituted a brownfield pilot project (EPA 1999). In 1999, Worcester received $161,500 in EPA Brownfields funding to do assessments on the sites. In 2002, a $200,000 grant was awarded to the Main South CDC to help assess, clean and redevelop the abandoned, contaminated parcels (EPA 2003). This award will allow the Main South CDC to clean up the sites and make room for affordable housing, a youth facility, and recreational space.

Some of the lessons learned by the Clark / University Park partnership are that the self-interests of partners need to be recognized and acknowledged from the start so that common goals and objectives can be developed; programs and partnerships to revitalize neighborhoods have to be neighborhood-based to be successful; small projects that yield quick and tangible results should be dealt with first to spur confidence in the initiative; and affordable housing alone is not enough to attract people to a neighborhood.

Below is a list of strategies and recommendations that proved to be successful in the case study communities:

Strategies to Attract Investment

ï Stabilize and improve residential property.
ï Assemble parcels and bid out to private developers.
ï Redevelop smaller parcels on a case-by-case basis with assistance from private organizations and governmental agencies.
ï Develop a land acquisition strategy that includes use of the cityís condemnation power, directly or through a community-based public-private partnership, to assemble land for linchpin development projects, to acquire derelict properties for redevelopment, and to prevent speculator abuse of the revitalization process. (Suchman, 1993)
ï Use zoning powers to direct, encourage, or prohibit certain types of development in designated areas. Zones can be established to attract regional retail stores, reinforce local business, promote preservation of architecturally significant structures, and encourage pedestrian activity and cultural participation.
ï Concentrate initial efforts on target areas: targeting public human and financial resources to high-priority geographic areas, though politically difficult, will yield highly visible results and demonstrate successes that can be expanded and duplicated. Such evidence of success will stimulate the revitalization process and maximize the creation of local economic opportunities for residents.
ï Create a shared parking / circulation program between businesses and provide additional off-street parking to reduce congestion.
ï Increase amount of open green space. Develop parks and green areas through a collaborative effort between governmental agencies and private non-profit organizations that will acquire and maintain properties.
ï Use ULIís recommended retail hierarchy to determine the type of development that should take place in a community (i.e. community retail center, neighborhood retail center, convenience stores, and specialty stores).
ï Community retail centers consist of approximately 150,000 square feet of space on a land area of about 15 acres. Anchored by a national chain store, other tenants in these centers might include movie theaters, fashion outlets, restaurants, and perhaps video or music stores. Community centers typically draw from a trade area with a five-mile radius.
ï Neighborhood retail centers include 80,000 to 100,000 square feet of space on eight to ten acres. Anchored by a supermarket, these centers typically draw customers from a two-mile radius. Other stores in the center might include a drugstore, haircut shop, beauty supply store, card shop, photo processing outlet, and small restaurants.
ï Convenience stores can be free standing or located within a community or neighborhood center. They range in size from 2,000 to 10,000 square feet and require an acre of land or less. Besides the usual convenience stores, service stations, liquor stores, and storefront restaurants are included in this category.
ï Specialty stores can be used as vehicles for incubating small businesses. Doing so could provide fledgling entrepreneurs with a supportive learning (and earning) environment while improving the way this established type of retail outlet serves the community.

Strategies for Predevelopment Financing

Through public-private partnerships, community-based involvement can be ensured and for-profit developers can tap resources that would otherwise be unavailable to them. Predevelopment financing is the hardest money for community-based organizations to find (Suchman 1993). Some suggestions to increase the availability of predevelopment financing, which in turn increases the feasibility of initiatives, include:

ï Use up to 10 percent of the cityís HOME funds set aside for community housing development organizations (CHDOs) for predevelopment.

ï Identify foundations and national intermediaries that may provide predevelopment loans to nonprofit organizations.

ï Encourage educational institutions to create a nonprofit entity or a partnership with a community-based nonprofit developer in order to access programs such as Ford Foundationís SEEDCO. SEEDCO offers below-market predevelopment loans to nonprofit organizations associated with universities. Such a partnership will also provide access to HUD University Partnership funding, such as COPC.

ï Use Community Development Block Grant (CDBG) Section 108 funds for activities such as land assembly and residential and economic development. Unspent CDBG funds can also be used by cities as a below-market ìfloat loanî for periods of less than a year.

ï Use federal HOME program funds to provide gap financing in tax credit and mixed-income projects or to leverage private capital. The program is designed and should be used to encourage community-based development: at least 15 percent of HOME program funds must be targeted for CHDOs, and HOME technical assistance funds can be used to assist CHDOs in packaging deals, training staff members, and covering some operating costs.

ï Waive development fees for projects that meet stated criteria. Cities could reduce the amount of subsidy required to make those projects feasible. For instance, developers might be asked to provide on-site amenities and facilities in lieu of fees.

G. General Toolbox

Other neighborhood revitalization and economic development tools that have been used in communities across the United States include:

ï Adoption of a multi-year tax abatement program that is not limited to lower-income rental projects to attract upper-income residences. Example: downtown Vancouver, more than 400 upper-income housing units.
ï Housing trust fund. Fund can be financed with federal community development block grant (CDBG) and HOME monies. Example: In Cleveland, the construction of 1,656 dwelling units and the rehabilitation of an additional 1,308 units has been facilitated by a housing trust fund.
ï Speedy and predictable permitting process to attract developers for whom time is money.
ï Significant financial aid for predevelopment activities such as market studies.
ï Reliable political support.
ï Extensive public education.
ï Coordination of marketing efforts.
ï Retail recruitment.
ï Community reinvestment by banks.
ï Focused foundation support.
ï Low-income housing tax credits.
ï Neighborhood development bond funds.
ï Neighborhood development investment funds. These funds must be invested outside the downtown business district.
ï Electricity discounts. Lower-cost electricity is an important marketing tool for housing and economic development in the city.
ï Low-cost land. Tax-delinquent properties can be placed in a cityís land bank. The city can sell buildable vacant lots for a nominal price to persons or businesses demonstrating a commitment to build. It can also sell nonbuildable lots for $1 to adjacent homeowners for yard expansion, gardens, or garages.
ï Tax abatement. Tax abatement policies can facilitate residential, commercial, and industrial development.

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Asset Securitization is the process by which cash generating assets are pooled and packaged into investment securities. Asset securitization allows a lender to sell existing loans to raise new capital to finance more economic development projects or businesses. It can be undertaken either directly by a lender, whereby the lender transfers their loans to a separate entity that then sells securities backed by these loans, or by an intermediary organization that buys loans from lenders and then packages them into securities (FDIC 2003). Asset securitization has been widely used in the private sector for home mortgage loans, car loans, credit card receivables, equipment leases, and commercial real estate mortgages. Interest in asset securitization by economic development and community development entities has grown with the emergence of intermediaries, such as the Minneapolis-based Community Reinvestment Fund, and the Economic Development Administrationís recent demonstration effort in the securitization of economic development loans.

Bank Community Development Corporations (Bank CDCs) are flexible private sector sources of funding which may finance many different types of local projects. They are a mechanism under which federal bank regulators allow banks to make higher risk investments than are allowed under ìsafe and soundî banking standards and/or undertake activities that banks are otherwise prohibited from doing. Approved Bank CDC activities include high risk loans, equity investments in firms, real estate projects, financing entities or organizations, direct real estate development, consulting and technical assistance, and grants (Shaffer 1994). A Bank CDC investment or activity must serve a public purpose by addressing the needs of low- and moderate-income neighborhoods or government targeted redevelopment areas and directly benefiting low- or moderate-income persons or small businesses. To be approved by regulators, there must be community involvement in the Bank CDC and the sponsoring bank must devote significant resources to the CDC. Bank CDCs take many organizational forms, including a for-profit or non-profit subsidiary, a joint venture or partnership with a community-based organization or public agency, a multi-bank organization, and a division or business unit of the bank.

Business Improvement Districts (BIDs) are special assessment districts focused on supporting, improving, and revitalizing a commercial area, usually a downtown, neighborhood business district, or other business center (Houstoun 1997). A BID collects a special assessment from property owners and/or businesses in the district and uses this revenue to fund activities and investments that promote and improve the district. Activities can include public safety services, cleaning services, beautification efforts, promotion and marketing, special events, business recruitment and retention, and transportation. BIDs also fund staff to organize, coordinate, plan and advocate for the business district and important projects. BIDs are authorized under state law and require a one to two year process to organize, plan for, and secure required approvals. BIDs have evolved into very effective elements of commercial redevelopment strategies and most of them appear to have made significant progress toward turning areas that were poor to bad into places that are acceptable to good.

Capital Access Program (CAP) is the most common loan guarantee program operated by state government. CAP uses a portfolio-based guarantee mechanism rather than individual loan guarantees. For loans originated under the CAP program, the borrower (or participating bank) pays a fee, which is matched by the CAP program. The fee and matching amount is deposited into a dedicated loan loss reserve at the participating bank. This reserve then covers any losses on CAP loans made by the member bank, with no additional recourse. Some states increase the CAP match for loan in distressed areas or loans to minority- and/or women-owned firms, providing an incentive to increase such lending. Best Practices for CAP programs include: active marketing to and enrollment of banks, significant funding of reserves with the capacity to expand them over time, using broad criteria for eligible loans with incentives to target lending to specific groups or areas. In the State of Ohio, for instance, a borrower contributes 1.5 to 3 percent of the principal amount of the capital access loan. The lender must match the borrowerís contribution and the State contributes an amount equal to 10 percent of the principal amount of the capital access loan to be enrolled (State of Ohio, 2003). In the State of Maryland, conditions differ somewhat. Eligibility to CAP is tied to the Smart Growth Act of 1997, therefore, eligible businesses must be located in Marylandís ìPriority Funding Areasî (PFAs) approved by the Maryland Department of Planning for State funding. Lenders that may participate are federally insured financial institutions, institutions regulated by the Commissioner of Financial Regulation, and others who have a participation agreement with the Maryland Department of Housing and Community Development (DHCD) (State of Maryland 2003).

CDBG (Community Development Block Grant) Section 108 is one of the most potent and important public investment tools that HUD offers to local governments. It allows them to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects. Such public investment is often needed to provide the initial resources or simply the confidence that private firms and individuals may need to invest in distressed areas. Section 108 loans are not risk-free; local governments borrowing funds guaranteed by Section 108 must pledge their current and future CDBG allocations to cover the loan amount as security for the loan. Loan commitments are often paired with Economic Development Initiative (EDI) or Brownfield Economic Development Initiative (BEDI) grants, which can be used to pay predevelopment costs of a Section 108-funded project. They can also be used as a loan loss reserve (in lieu of CDBG funds), to write-down interest rates, or to establish a debt service reserve. Section 108 financing is at work in hundreds of communities across America. Over 1,200 projects have been funded since the programís inception in 1978 (HUD 2003).

Community Business Districts (CoBDs) are common in areas of the Northeast and the mid-Atlantic, where inner-city business districts have had difficulty attaining the critical mass or attracting the sort of anchors that distinguish regional shopping destinations. CoBDs, a cluster type development, have emerged in relatively dense, pedestrian-oriented cities, and play an important role in the shopping patterns of residents in these communities. Numerous examples exist in New York City, but CoBDs take on a far greater significance in medium-density settings such as Philadelphia, Baltimore, and Washington, D.C., where downtown business districts oriented to lower-income populations are disappearing. In addition to stores, these districts offer convenience in the handling of financial matters; their tenant mixes almost always include banks, tax preparation services, check-cashing agencies, etc. Various small-scale community uses, such as post offices, libraries, medical clinics, and churches, also bring potential patrons (Berne 2003).

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Community Development Finance Institutions (CDFIs) are community-based development finance entities that serve a community development mission, often within a targeted geographic area. CDFIs have grown over past decade, supported by funding from social investors and a new federal program, the CDFI Fund, created to expand the availability of credit, investment capital, and financial services in distressed urban and rural communities. The Fund was authorized by the Riegle Community Development and Regulatory Improvement Act of 1994, as a bipartisan initiative (United States, Dept. of Treasury 2003). CDFIs include Community Development Loan Funds, Community Development Credit Unions, Microenterprise Funds, Community Development Venture Capital Funds, and in some case, commercial banks (Smith 1994). Chicagoís South Shore Bank is one of the oldest and best-known CDFIs. CDFIs are usually locally organized and controlled non-profit organizations that combine development services, e.g., training, technical assistance, and real estate development, with financing to further their mission. CDFIs tap investors concerned about the social impact of their investments (e.g., individuals, churches, foundations and financial institutions making CRA investments) as a major capital source. Assistance is conditioned on a one-to-one match in funds from recipients, and can come in the form of loans, grants, deposits, equity investments or, with no match required, technical aid. The maximum disbursement allowable to a single CDFI is $5 million over a three-year period. The CDFI Fund, within the US Treasury Department has certified over 300 CDFIs based on federal statutory requirements and provides financial assistance to CDFIs under 4 separate programs.

The Community Reinvestment Act (CRA) was enacted by Congress in 1977. It is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low and moderate-income neighborhoods (Federal Reserve Board 2003). Over the past 20 years, CRA has grown in importance as community groups and political leaders have become more effective in using it to leverage lending commitments, regulators have expanded enforcement, and federal laws and regulations have increased standards (Litan et al 2000). Under CRA, banks define their service area and their credit requirements, establish credit products to serve these needs, and make special efforts to serve the needs of low and moderate-income communities. Regulators encourage banks to work with community organizations during this process to understand and address community credit needs. Federal regulators periodically review and rate bank compliance with the CRA and banksí CRA performance is considered by regulators when approving applications for establishing a new domestic branch, relocating a main office or branch, making changes in its charter, merging with or acquiring financial facilities, and other matters. In many cities, coalitions have successfully negotiated new and expanded bank lending programs and services for affordable housing, commercial real estate development and small business credit.

Empowerment Zones and Enterprise Communities (EZ/ECs) were established in 1993 by the Clinton Administration, constituting a comprehensive approach for addressing urban and rural community decline. The program focuses a combination of economic and community development strategies on specifically designated areas of the country in order to develop resources within those areas. Specifically EZ/ECs are meant to create opportunities for zone residents and businesses, increasing the number of employable and employed zone residents and the number of zone businesses. A major emphasis has been placed on empowering residents and including their ideas and voices in the process of rebuilding their communities; this is referred to as the ìbottom-upî approach to community planning. The strategies being implemented under EZ/ECs are economic development strategies that have previously been used throughout the United States. First implemented in the 1980s as Enterprise Zones, these strategies are now being combined with community development strategies that focus on building human capital.

Enterprise Zones were established through the Enterprise Zone Tax Act of 1982, proposed to Congress by President Reagan. An Enterprise Zone is a specific geographic area targeted for economic revitalization. Enterprise Zones encourage economic growth and investment in distressed areas by offering tax advantages and incentives to businesses locating within the zone boundaries. The Enterprise Zone concept is based on utilizing the market to solve urban problems, relying primarily on private sector institutions. The idea is to create a productive, free market environment in economically depressed areas by reducing taxes, regulations and other government burdens on economic activity. The removal of these burdens creates and expands economic opportunity within the zone areas, allowing private sector firms and entrepreneurs to create jobs and expand economic activity. Enterprise Zones were a fresh approach for promoting economic growth in inner cities, as opposed to the old approach, which relied on heavy government subsidies and central planning. In its basic thrust, Enterprise Zones are the direct opposite of the Model Cities Program of the 1960s. Enterprise Zones remove government barriers freeing individuals to create, produce and earn their own wages and profits. Enterprise Zones do not require appropriations at the Federal level, except for necessary administrative expenses. States and cities have the option of allocating discretionary Federal funds for their Enterprise Zones if they desire, or to appropriate additional funds of their own for such zones. State and local governments have broad flexibility to develop the contributions to their zones most suitable to local conditions and preferences (Reagan 1982).

HOME is the largest Federal block grant to State and local governments designed exclusively to create affordable housing for low-income households. Each year it allocates approximately $2 billion among the States and hundreds of localities nationwide. HOME provides formula grants that communities use to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people. These funds are often used in partnership with local nonprofit groups. HOMEís flexibility empowers people and communities to design and implement strategies tailored to their own needs and priorities. Its emphasis on consolidated planning expands and strengthens partnerships among all levels of government and the private sector in the development of affordable housing. HOMEís technical assistance activities and set-aside for qualified community-based nonprofit housing groups builds the capacity of these partners and its requirement that participating jurisdictions match 25 cents of every dollar in program funds mobilizes community resources in support of affordable housing (HUD 2003).

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Neighborhood Business District Improvement Project (NBDIP) was established in the City of Cincinnati to assist communities in implementing projects to stabilize, maintain, revitalize, and improve the economy of a Neighborhood Business District (NBD). The goal of the NBDIP is to build on the economic vitality of Cincinnatiís existing NBDs through the retention and expansion of existing businesses, creation of new businesses, increased business and service mix, improved infrastructure, and increased employment opportunities. It focuses on the creation, retention and expansion of new and existing businesses, increased business and service mix, improved infrastructure, and increased employment opportunities
funded through CDBG and CIP programs. To be eligible, projects must have some form of private investment. They may be proposed by a business, community council, business association, community development corporation, or property owner. The organization or business must fill 51 percent of the new jobs created (or refill if retained), with persons from low- and moderate-income households and maintain an income verification form for each hire in that category. In addition, the organization or business is required to use its best efforts to fill 75 percent of the new jobs created with City of Cincinnati residents and to achieve the following Small Business Enterprise goals for construction projects: 30 percent for construction, 15 percent for supplies or services, and 10 percent for professional services (City of Cincinnati 2003).

The New Markets Tax Credit Program is the newest federal program to be introduced. The legislation, signed by President Clinton as part of the Community Renewal Tax Relief Act of 2000, authorizes $15 billion in tax credits for private investments over the next seven years. The program provides investment capital that is intended to be venture capital for businesses in emerging markets. It is geographically based, and dollars are earmarked for certain low-income census areas (LISC 2003). The credits are valid only for investment in commercial enterprises and businesses such as office buildings or grocery stores; they may not be used for housing, for which the Low-Income Housing Tax Credit is available. NMTCs are available only to private investors in eligible Community Development Entities (CDEs), including corporations, banks, insurance companies, and individuals. Banks are the most likely users of these tax credits because they are the predominant investors in community development financial institutions. (Carras 2001). Although the program has yet to be proven, the goal is to stimulate additional opportunities for lending and capital.

Revolving Loan Funds (RLFs) are primarily grant-funded programs that make loans to small businesses, typically for job creation purposes, promoting economic self-sufficiency in low-income communities. RLFs are capitalized by public, private, and philanthropic sources and provide loans to local businesses that might not otherwise attract private financing. Loan repayments are then recycled to make additional loans over time (Marcoux 2001). RLFs are one of the oldest, most flexible and an effective development finance tool, since the size and purpose of the fund is easily adaptable to local needs and resources. They are also one of the most enduring policy innovations in the field of economic development finance, serving a broad range of users, from microenterprises to high-tech companies, from poor, rural communities to distressed inner-city neighborhoods, and from laid-off steelworkers to welfare moms. Throughout the United States there are more than 7,500 RLFs controlling assets estimated at more than $8 billion (Nelton 1999). RLFs also report repayment rates of 85 to 95 percent, evidence that small businesses and low-income borrowers are good credit risks (Marcoux 2001).

The Small Business Administration (SBA), through its Basic 7(a) Loan Program, provides individual loan guarantees of up to $750,000 on private bank or finance company loans for working capital and/or fixed assets (United States, SBA 2003). This is the most used type loan of SBAís business loan programs. Its name comes from section 7(a) of the Small Business Act, which authorizes the Agency to provide business loans to American small businesses. All 7(a) loans are provided by lenders who are called participants because they participate with SBA in the 7(a) program. Not all lenders choose to participate, but most American banks do. There are also some non-bank lenders who participate with SBA in the 7(a) program, which expands the availability of lenders making loans under SBA guidelines. Guarantees are for up to 90% of the loan principal with interest rates up to prime + 2.75%. Loan terms can extend to 10 years on working capital loans and 25 years on fixed assets loans. The 7(a) program is the largest direct tool to help small businesses access capital and represents approximately 7% of outstanding bank loans by commercial and savings banks. The (7a) program allows lenders to provide longer term loans (13 years for 7(a) loans vs. 3.3 years for non-guaranteed loans), lower their equity requirements, and serve more start-up and minority businesses (22.1% of 7(a) borrowers are start-ups versus 0.4% for non-guaranteed borrowers and minority-owned firms account for 13.5% of 7(a) borrowers versus 8.2% of firms receiving non-guaranteed loans).

Tax Increment Financing (TIF) has been widely adopted by municipalities to finance infrastructure improvements and economic development efforts in targeted areas (Man 1999). It involves the garnering of increased tax revenues from new development to fund specific investments and projects. Since new development will generate additional taxes, usually property taxes, this revenue can be set aside for specific funding purposes (Johnson and Man 2001). Local governments using the TIF program identify a specific geographical area, oftentimes a blighted area, as a TIF district and freeze the assessed valuation of all parcels in the designated area for a number of years. The tax revenue stream from future development is pledged and used to repay bonds whose proceeds pay for the required upfront sites improvements and infrastructure. TIF encourages local governments to initiate development projects that could not otherwise be undertaken (Huddleston 1982). The creation of a TIF district assures private investors that their property taxes are used to pay for infrastructure needs and development expenditures in the district, which directly benefits from such improvements. Tax increment financing is authorized under state laws but typically entails a multi-step process. The TIF concept has been customized to fit the unique legal and institutional circumstances of each state. This process of fitting the TIF concept to local circumstances has produced an interesting variation in program thrusts and limitations across the various states.

Venture Capital (VC) Funds emerged as a new capital after World War II and have grown rapidly since 1980. Venture capital funds historically focused on equity financing for early-stage technology businesses, but have expanded to finance other high growth businesses. VC funds typically are organized as private investment partnerships that manage investment capital for pension funds, corporations, wealthy individuals, banks and insurance companies. They provide equity for high-growth firms that need large early investments before becoming profitable. They can also generate large regional economic development impacts by financing the commercial development of new technologies and industries. The federal government has supported private venture capital formation since the 1950s with the Small Business Investment Company (SBIC) Program while many state governments support venture capital investing through their own public venture capital funds, pension funds, and tax incentives (United States, SBA 2003). Some regions and cities have also formed VC funds to advance economic development goals. Public sector VC funds rely on several sources of investment capital, including general obligation bonds, direct appropriations, dedicated revenues, federal grants, public pension funds, local corporate investments, and tax incentives to attract private investment.