

Miami-Dade County
Prosperity Initiatives Feasibility Study
Executive Summary



May 2016



The Florida International University Metropolitan Center

The Prosperity Initiatives Feasibility Study is the product of the **Florida International University Metropolitan Center**, Florida's leading urban policy think tank and solutions center. Established in 1997, the Center provides economic development, strategic planning, community revitalization, and performance improvement services to public, private and non-profit organizations in South Florida. Its staff and senior researchers are leaders in their respective fields, and bring extensive research, practical, and professional experience to each project. The Center's research has catalyzed major policy initiatives and projects in housing, economic redevelopment, transportation, social services, and health services throughout South Florida.

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Acknowledgments



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The Prosperity Initiatives Feasibility Study has been funded by a generous grant from **Citi Community Development**. Citi Community Development leads Citi's commitment to achieving financial inclusion and economic empowerment for underserved individuals, families and communities by working with nonprofit and public agencies across the country to expand access to financial products and services, build sustainable business solutions and forge innovative partnerships.

Barbara Romani, **Ines Hernandez**, and **Valeria Perez-Ferreiro** represented Citi, providing key input, insight, and leadership.

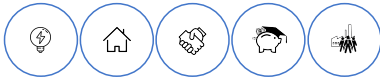


Miami-Dade Board of County Commissioners The Chairman's Council for Prosperity Initiatives

The Chairman's' Council for Prosperity Initiatives is the sponsor of the Prosperity Initiatives Study. The Council is led by:

- **Hon. Jean Monestime**, Chairman, Board of County Commissioners;
- **Hon. Commissioner Daniella Levine Cava**; and
- **Hon. Commissioner Barbara J. Jordan**.

Commissioner Levine Cava led the development of the study on behalf of the Board of County Commissioners, supported by staff members **Adele Valencia**, Chief Operations Officer, and **Jason Smith**, Legislative Director.



Executive Summary

Strong and competitive regional economies deliver broad-based **Prosperity** to their residents by providing: **Stable Long Term Growth** — job and employment growth that is less susceptible to wide and/or rapid declines, so that household wealth and income is protected during national economic downturns; **Economic Opportunity** in the form of a variety of jobs and occupations paying competitive wages and incomes that increase rapidly with improved skills and experience; **Economic Mobility** — regardless of where one starts on the economic ladder, individuals and families can improve their economic conditions and build wealth; and **Economic Equity** — growth whose benefits are shared by residents across the income spectrum.

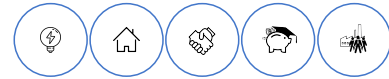
This concept of prosperity is a primary component of regional and metropolitan economic competitiveness, with important ramifications for Miami-Dade County and the Nation. As reported in the 2016 Brookings Institute *MetroMonitor*, “successful economic development strategies not only grow an economy but raise living standards for all of its residents. Successful economic development should put a metropolitan economy on a higher trajectory of long-run growth...by improving the productivity of individuals and firms in order to raise local standards of living for all people.” As such, economic development should be a process that emphasizes the full use of existing human and natural resources to build employment and create wealth. Traditional economic development tactics alone will no longer be sufficient to move the needle on the larger issues of economic prosperity, inclusion and overall performance.

This study builds on and updates previous analytical and regional planning work including Miami-Dade County’s **One Community One Goal Strategic Plan** (OCOG), which comprehensively detailed Miami-Dade’s economic strengths and challenges. This study was undertaken to provide the rigorous analysis that policymakers and community leaders will need to understand the County’s current economic structure, performance, and the merits of specific wealth-building strategies to address persistent economic disparities and competitive challenges.

This study also introduces the concept of the **Prosperity Gap**, which can be defined in two dimensions. First, the differences in economic opportunity, mobility and equity between households in different income groups, and second, the difference between the County’s economic dynamics and other regions that succeed in providing the platform for more widespread prosperity.

Key Findings

Today, Miami-Dade County is part of the 8th largest Metropolitan Area and is the 7th most populous county in the U.S. Its economy has grown into an international center of trade, finance, design, architecture and culture, and is the United States’ most important gateway to South America. ***The County has been a destination for families from the United States and abroad seeking a better future, and for many families, it became a home in which the American dream became reality. In Miami-Dade County, broad-based economic opportunity and prosperity have historically been hallmarks of the local economy, but that may not be the case today.***

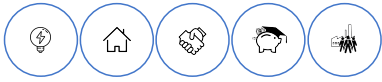


This study has presented a preponderance of evidence resulting in a single undeniable conclusion: Miami-Dade County's post recession economy is significantly different in structure, performance, and competitive position than it was during the 2000 to 2007 economic expansion. **According to the analysis, prior to 2007 Miami-Dade's economy was characterized by growing opportunity, economic mobility and shrinking income inequality.** In nearly every economic indicator studied in the report, the County was significantly improving, growing, and gaining ground on its regional competitors prior to 2007. **After 2008 that is no longer the case. In the post-recession period nearly every economic indicator studied not only reversed direction for those at the bottom of the County's income structure, but also slowed for households across the income spectrum.**

Driven by the loss of higher paying jobs, employment gains driven by lower wage jobs, and a host of rising economic barriers, a growing number of Miami-Dade residents are experiencing declining economic opportunity, mobility, and equity. The County faces a growing **prosperity gap**, both in terms of the difference in economic condition and opportunity between income groups, and the differences in economic structure and performance between the County and regions providing greater widespread prosperity. Specific findings detailing the County's economic structure and its growing prosperity gap include:

- Despite recent employment gains, barriers to expanded prosperity, economic mobility and opportunity have been growing, rather than easing, during the post 2008 recovery;
- Evidence that Miami-Dade County's economy is becoming less competitive. Despite Miami-Dade's considerable assets, including its global tourism industry, transportation infrastructure (MIA, Port of Miami), and cultural diversity, it is underperforming. The local economy is struggling to increase its productivity relative to the rest of the nation;
- Declining real median income since 2000, accelerated real income decline since 2008, and income declines across every income segment in the County from 2000 to 2014. Only the County's top 5% of all households gained income from 2008 to 2014;
- Incomes in all income quintiles that are lower than their respective national averages, growing concentration of total income in the County's top two income quintiles, and growing income inequality significantly above the national average;
- A countywide poverty rate, at 19.8%, that is 33% higher than the national poverty rate;
- Highly amplified cycles of job loss and recovery that erase significant household wealth, including homeownership equity;
- Low rates of vertical income mobility and declining horizontal job mobility;
- Rapidly rising regional housing and transportation costs;
- Based on productivity and occupation and wage data, an economy creating a preponderance of lower wage jobs, and only slowly creating jobs in leading high-wage sectors;
- Persistent geographic poverty, unemployment and income inequality — even in times of rapid economic expansion, a number of communities have not, and are not, participating in the economic growth of the region; and
- The lack of a coordinated local community development infrastructure.

The study also highlights three overarching conclusions regarding declining prosperity in the County. **First, the impacts and barriers to expanded prosperity in Miami-Dade are not limited to affecting the County's lowest income earners, but are increasingly impacting workers, households and families across its income and occupational spectrum.**



Second, failing to address the County's prosperity gap could also present a sustained, growing drag on the broader regional economy, including stunting new business and job creation, hurting young workers and talent, even in high-skill occupations, and limiting the County's plans to diversify and strengthen its economic structure.

Third, we have demonstrated in considerable detail that programs to expand prosperity are a sound economic investment: the research team's overarching finding is that expanding prosperity through wider access, preparation and opportunity for higher wage employment to the County's lowest income households would not only improve living conditions for the households impacted by such programs, but provide potentially dramatic economic impact for the broader County economy, benefitting other County residents across nearly all income ranges and occupations.

The Critical Need for a Local Prosperity Response

The Building Blocks of Prosperity

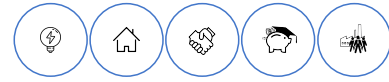
The Study's final conclusion is a call to action: given the risks to the regional economy, increasing potential public costs, the unpredictability of Federal and State funding, and the potential economic **benefits** of increasing prosperity for the lowest income households and neighborhoods, the County's leadership — government, business and non-governmental agencies — are well advised to immediately develop an aggressive prosperity development program. The goals of the Prosperity Initiative are to implement programs that assist families, individuals and households facing the most difficult economic circumstances to improve their standard of living and quality of life. Yet, as we have suggested here, a more productive approach to do so is to focus on increasing economic self-sufficiency by:

- Expanding the supply (pipeline) of higher wage job opportunities, and growing economic diversification that better resists economic cycles;
- Providing better preparation by increasing the skills, education, and capacity of residents to take those jobs;
- Building wealth through asset ownership opportunities;
- Providing targeted business development and wealth building through business ownership for underserved segments of the region's population;
- Focusing physical investment, and in turn, attracting new investment into historically distressed neighborhoods; and
- Providing equitable solutions to address housing market imbalances that threaten to erode incomes and wealth building.

A Preliminary Prosperity Initiative Action Agenda

This study examines the structure, feasibility, market and best practices of five potential programs aimed at reducing the County's Prosperity Gap and improving economic opportunity and self-sufficiency. They are: 1) Social Enterprise Incubators and Accelerators; 2) Community Land Trusts; 3) Community Benefit Agreements; 4) Children's Savings Accounts; and 5) Employee Owned Business Cooperatives. The study team also developed recommendations for implementing each program in Miami-Dade County.

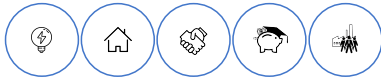
The study team recommends launching the five Prosperity Initiative programs as a two-year pilot program, providing seed capital for each program. **The order of magnitude cost for the Preliminary**



Action Agenda Pilot Program seed funding is \$9.6 to \$10.2 Million, and the Program is expected to directly impact 2,310 households during the two-year Pilot Program.

Each of the Programs evaluated in this study could have significant benefits, providing a platform for long-term, sustainable prosperity growth. However, to be effective they must be part of a broader, comprehensive community development strategy. Specifically, the long-term success of the Prosperity Initiative will require the following:






- A concerted, simultaneous application of both new prosperity development programs, with other traditional community development programs — one will not work without the other in Miami-Dade;
- Creating a comprehensive and integrated affordable housing plan with specific strategies that blend transportation, land use and job creation;
- Developing a targeted, benchmarked approach to program delivery focusing on geographic areas of highest need. This study has ranked the top fourteen neediest communities in the County; and
- Developing an effective community and prosperity development infrastructure. The implementation of prosperity strategies will involve numerous public and private entities all working in the same direction to achieve agreed upon goals and quantifiable progress benchmarks.



Pilot Program Impact Summary

	Pilot Program Goal	Recommended Seed Funding	Households Directly Impacted During Pilot Program
 Social Enterprise Accelerator Program	Create 3 Social enterprise Accelerators in 2 years	\$4,260,000	360
 Community Land Trust Program	Develop 100 Units of Workforce Housing in 2 years	\$3,250,000	100
 Community Benefit Agreements	Adopt Permanent CBA Legislation	\$0	800
 Children's Savings Account Program	Seed 2,000 Savings Accounts in 2 years	\$550,000	1,000
 Employee Owned Business Cooperative Program	Assist Conversion of 5 EOB's in 2 years	\$1,500,000	50
Totals		\$9,560,000	2,310

Pilot Program Impact Summary

	Prosperity Initiative Goals Addressed					
	Expanding the pipeline of higher wage job opportunities	Improved preparation by increasing skills, education, and capacity	Wealth building through asset ownership	Wealth building through business ownership	Physical investment in historically distressed neighborhoods	Providing solutions to address housing market imbalances
 Social Enterprise Accelerator Program	✓	✓	✓	✓	✓	
 Community Land Trust Program			✓		✓	✓
 Community Benefit Agreements	✓	✓	✓	✓	✓	✓
 Children's Savings Account Program		✓	✓			
 Employee Owned Business Cooperative Program	✓		✓	✓	✓	



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