Miami-Dade County

Prosperity Initiatives Feasibility Study

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MIAMI-DADE COUNTY

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May 2016

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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.

Principal Investigator
Contributing Author

Edward Murray, Ph.D., AICP
Associate Director
FIU Metropolitan Center

Study Author

Kevin T. Greiner, MUP, JD
Senior Fellow
FIU Metropolitan Center

Metropolitan Center Researchers

Maria Ilcheva, Ph.D., Senior Research Associate

Nohely Alvarez, Research Assistant

Vivian Cueto, Graduate Research Assistant

Daniela Waltersdorfer, Graduate Research Assistant

Matthew Walker, Graduate Research Assistant

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.

Table of Contents

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 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 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 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

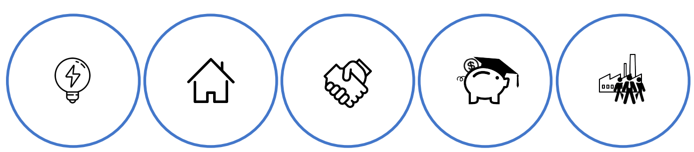
This study examines the structure, feasibility, market and best practices of five potential programs aimed at reducing the County's Prosperity Gap and improving economic opportunity and self-sufficiency. They are: 1) Social Enterprise Incubators and Accelerators; 2) Community Land Trusts; 3) Community 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.



Introduction

The Prosperity Initiatives Feasibility Study

In his inauguration speech, Commissioner Jean Monestime, Chairman of the Miami-Dade Board of County Commissioners, introduced his vision for ***The Chairman's Council for Prosperity Initiatives*** — an effort to develop new approaches to improving economic opportunity, reducing income inequality, building wealth, business development and home ownership opportunities to "broaden the County's base of prosperity." Joined by County Commissioners Daniella Levine Cava and Barbara Jordan, ***The Chairman's Council for Prosperity Initiatives*** (Prosperity Initiative) was launched in response to a single central question:

> *Miami-Dade County's economy has grown into an international center of trade, finance, design, architecture and culture, and is the U.S.'s most important gateway to South America. The County has been a destination for families from the U.S. and abroad seeking opportunity and for many, the County became a home in which the American dream became reality. Broad based economic opportunity and prosperity have historically been hallmarks of the County's economy, but is that still the case today?*

The Initiative seeks to develop new solutions and provide a clearinghouse for ideas addressing pressing community and economic development issues across the County. As such, Miami-Dade County engaged the Florida International University Metropolitan Center to conduct the *Prosperity Initiatives Feasibility Study* to provide detailed analysis of the following issues:

- Understand the scale, scope, and root causes of income inequality and the limits to economic opportunity in Miami-Dade County;
- Clearly identify the specific barriers and new challenges to economic opportunity, mobility, and equity, who is impacted, and the impacts that barriers to opportunity pose for the broader County economy;
- Identify the costs of inaction, and alternatively, what opportunities could be gained, and the broader economic impacts of improving economic opportunity and mobility, even with small successes; and
- Evaluate, identify and compare policy and programs that can be ***immediately*** implemented in Miami-Dade County to expand prosperity, address the underlying conditions creating the County's ***Prosperity Gap,*** and delineate their program costs, effectiveness and expected local impact.

Using local and national case studies, this Study details the effectiveness, costs and organizational requirements of implementing five potential programs, comprising a ***Prosperity Initiatives Action Agenda***. They include: 1) social enterprise incubators and accelerators; 2) supporting permanent affordability in housing through the creation of community land trusts; 3) creating community benefits agreements with developers of large scale capital projects and local community coalitions to insure community benefits; 4) the creation of children's savings accounts programs; and 5) supporting employee owned business cooperatives.

Why Prosperity Matters

The concept of ***prosperity*** is both personal and elusive. For individuals and families, it can be attaining a desired standard of living, wealth, or financial security. From a public policy perspective, strong regional economies provide multiple pathways to prosperity, and are distinguished by four broad characteristics:

- *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*: The region creates a variety of jobs and occupations paying competitive wages and incomes that increase rapidly with improved skills and experience;
- *Economic Mobility*: The ideal that regardless of where one starts on the economic ladder, through hard work, education, and perseverance, a family can improve its economic conditions and build wealth for successive generations; and
- *Equity*: A prosperous local economy has widespread growth whose benefits are shared by residents across the income spectrum.

Defined this way, prosperity is an important component of metropolitan economic performance for the following reasons:

- Regions that deliver economic opportunity, mobility, and equity inevitably outperform, and ride out economic downturns better than those that don't;
- Human capital, or the collective knowledge and skills of a regional labor force, is a distinguishing feature of high performing economies. Prosperous local economies leverage the quality of their labor force, which drives innovation and new businesses creation. Failing to deliver the benefits of economic growth more broadly across the income spectrum, in purely economic terms, is wasting considerable local talent and human capital potential;
- Limited prosperity conditions can become structural and persistent, trapping neighborhoods in decades-long cycles of high poverty, unemployment and crime. Living in communities with histories of persistent economic distress can be damaging to those who live in them, create otherwise unnecessary additional public costs, negatively impact surrounding communities, and create a drag on the broader regional economy;
- While households at the lower end of the County's income ladder have borne the brunt of declining prosperity, it is now clear that across the U.S., declining prosperity impacts households across the income spectrum. ***In Miami-Dade County, rising barriers to prosperity pose issues for both households at the bottom of the income ladder, and increasingly, threaten to unravel many of the gains the County has made in higher income, higher skill economic segments, including its emerging tech sectors***; and

- Improving regional economic prosperity has important national ramifications. The U.S. economy is the aggregation of its individual metropolitan economies, and according to the Brookings Institution, the nation's 100 largest metropolitan areas account for two-thirds of U.S. population, three-fourths of jobs and four fifths of economic output. They produce 72% of international service exports, 92% of patents and house 74% of the nation's college educated population. The nation's largest metropolitan areas play an outsized role in generating the nation's economic output, driving its productivity growth — sustaining and improving the competiveness and productivity of metropolitan economies is key to driving the nation's economic progress.

Miami-Dade County's *One Community One Goal Strategic Plan (OCOG) Competitive Assessment* addressed the strengths and opportunities that together create an environment in Miami-Dade unlike any other in the world, but also pointed out the challenges that must be addressed for the County to reach its full potential. The report, written during in 2012, noted that while drops in housing prices at that time had made Miami-Dade County more affordable during the recession, "low wages in support industries relative to housing costs continue to be an ongoing problem for the County. Job losses and population growth continue to make home ownership difficult, and poverty levels, which measure the percentage of households below a threshold have increased in the County during the recession after dropping in the early 2000s."

The OCOG Competitive Assessment also found related weaknesses and threats to the larger economy. Specifically, the report found talent retention as a weakness in Miami-Dade County: "while Miami-Dade County ranks highly among national benchmarks in terms of the concentration of college students and graduates relative to its population, its young professional (25-44 year-old) population is declining in numbers and has lower educational attainment than benchmark communities." The Assessment concluded that "Miami-Dade County seems to be educating workers for other communities."

Changing the Conversation: Beyond Poverty

The *Prosperity Initiatives Feasibility Study* addresses the vision and goals of Miami-Dade County's prosperity agenda and builds on the specific economic concerns raised in the *One Community One Goal Strategic Plan* by providing rigorous analysis that policymakers and community leaders will need to understand the County's economic structure, performance, and the merits of specific wealth-building strategies to address persistent economic disparities and improve regional competitiveness. Yet, to do so will require changing the terms of the conversation regarding poverty, income, and economic opportunity in two ways.

From cushion to launch pad: While traditional aspects of anti-poverty and welfare programs provide important cushions to keep many families economically afloat, the Prosperity Initiatives Study focuses on developing programs that increase economic opportunity, economic self-sufficiency and economic mobility — to insure that motivated individuals and households have sufficient opportunity and capacity to grow income and family wealth through new employment and improved wages, thereby moving up the regional income ladder. Similar to the concept of Community Development, the Prosperity Initiatives Study focuses on programs of ***Prosperity Development***.

Second, the rationale for assisting families and households at the bottom of the income ladder have traditionally been rooted in a moral approach – that expanding opportunity and upward mobility for those with the most challenging economic circumstances was the right thing to do. Yet, a morally centered approach has become politically charged to the point of dysfunction. ***The Prosperity Initiatives Study seeks to join the growing number of national policy makers and researchers providing conclusive evidence that effective and aggressive prosperity development programs can be outstanding economic investments in the local economy and provide benefits across the income and occupation spectrum.***

Miami-Dade County's Prosperity Assessment

The components of prosperity have multiple dimensions. The FIU Metropolitan Center research team, therefore, examined a variety of measures, indicators and economic conditions within the County to quantify the scale and impacts of the County's prosperity gap. Specifically, who is impacted by the limits to prosperity and income inequality, how many households in the County are impacted, and what specific barriers limit broader economic opportunity and mobility.

National Prosperity Indicators

The growth and structure of Miami-Dade's economy takes place in the context of national economic trends. First and foremost, flat and declining income growth is a national phenomenon that has been taking place in the U.S. since 1999. Although examining the detailed causes of the nation's income trends is beyond the scope of this study, some of the causes cited by multiple researchers include the loss of manufacturing jobs since the 1980s, a restructuring of the economy over time, the replacement of middle income jobs with lower wage service sector employment, the growth of the knowledge economy (requiring higher education and more advanced skills for even mid-level jobs), the acceleration and deepening of downward economic cycles, and large-scale restructuring of the tax code since 1980.

Since 1999, income distribution across the U.S. is marked by three conditions:

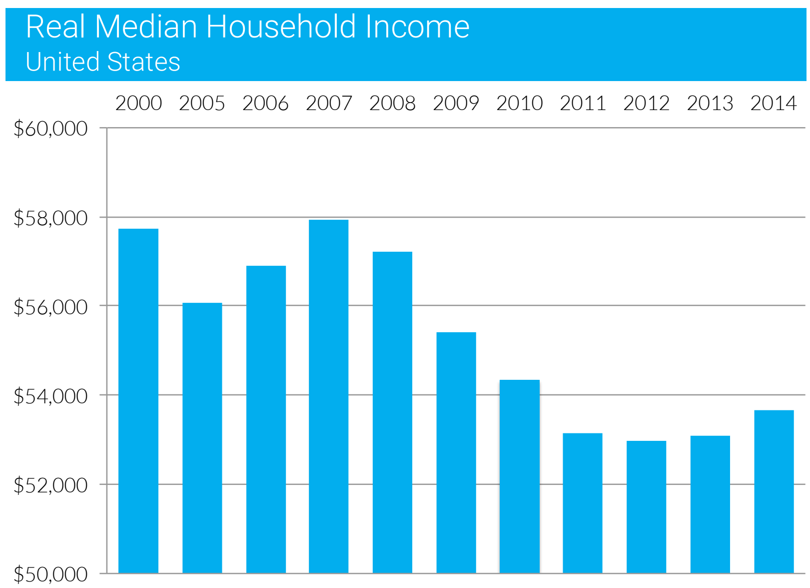
- After adjusting for inflation, mean incomes across all segments of the population are less in 2014 than they were in 2000. Adjusted for inflation the U.S. Median Household income declined 7.1% from 2000 to 2014;
- Income has declined disproportionately for households at the bottom income tiers. Adjusted for inflation, mean income for households in the bottom 5th (quintile) shrank by 16.4% since 2000, and households in the second 5th of all incomes shrank by 10.8%.[1] At the same time, households in the 3rd, 4th and upper-most income quintiles lost only 6.9%, 2.7% and .8% of income, respectively. ***Households at the bottom 2/5ths of income saw their incomes shrink at double and triple the rate of households in the upper 3 quintiles of income over the last two decades***; and
- The aggregate share of income has shifted significantly since 2000 — the total share of national income earned by the upper two income quintiles grew from 72.6% to 74.4% of total U.S. income. The share of aggregate income earned by the two lowest income quintiles shrank from 12.5% to 11.3% of aggregate income, and households at the lowest 5th of incomes lost ground dramatically to the rest of the nation — its loss of aggregate share of income represents a 13.9% loss since 2000.

[1] Income Quintiles are determined by dividing the total number of households into equal fifths (20%), and then calculating the mean (average) income of households in each 20%, or quintile group.

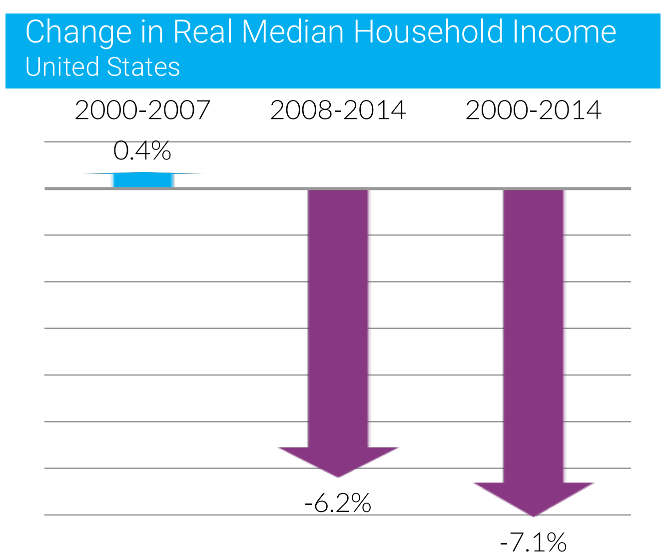
A Tale of Two Economic Cycles

All economic cycles are not the same. Nationally, the pattern of recovery during the last two cycles of expansion and recession — 2000 to 2007, and 2008 to 2014 — has differed considerably. Specifically, incomes declined slowly across the board during the 2000 – 2007 expansion and bust. ***However, during the 2008-2014 economic recovery, income loss accelerated for households in the lowest three income quintiles, but income gains increased for the top two income quintiles.***

Similarly, income disparity between the top and bottom of households in the economy accelerated during the last recovery. The *95/20 ratio* measures the difference between the mean income of the lowest 20% and 95th percentile (or top 5%) of household incomes. ***Nationally, the 95/20 ratio increased by only 1% from 2000 to 2007, but increased by 12.6% during the 2008-2014 recovery.***



Source: U.S. Census Bureau, Annual 1- Year American Community Survey(s)
(Income in 2014 CPI-U-RS adjusted dollars)

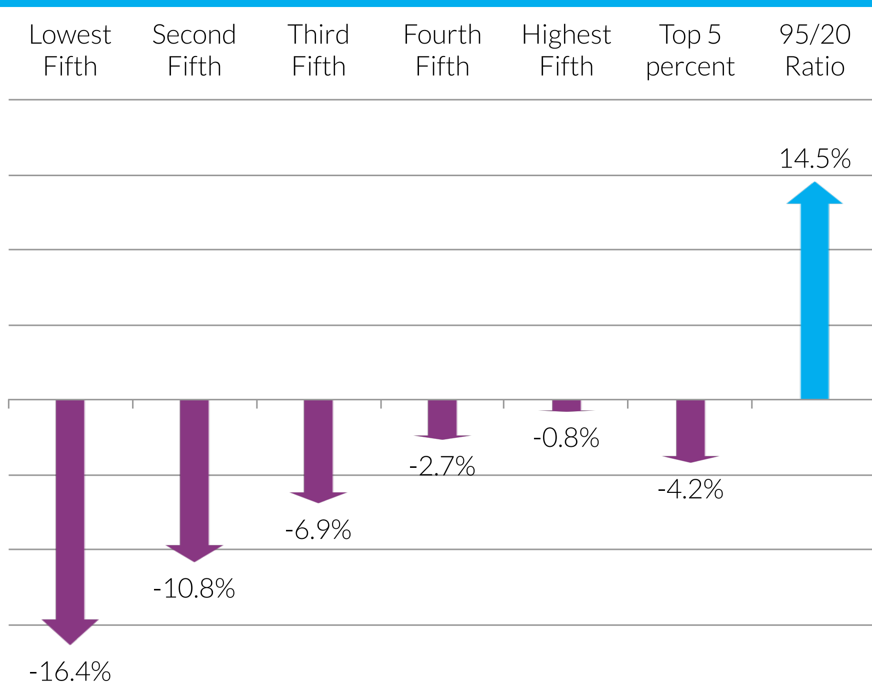


Source: U.S. Census Bureau, Annual 1- Year American Community Survey(s)
(Income in 2014 CPI-U-RS adjusted dollars)

Mean Household Income Received by Each Fifth and Top 5 Percent: United States							
Year	Lowest Fifth	Second Fifth	Third Fifth	Fourth Fifth	Highest Fifth	Top 5 percent	95/20 Ratio
2014	11,676	31,087	54,041	87,834	194,053	332,347	28.5
2013	11,841	31,008	53,178	84,885	188,236	327,618	27.7
2012	11,848	30,620	52,772	84,654	187,568	327,953	27.7
2011	11,831	30,742	52,467	84,298	187,395	327,846	27.7
2010	11,938	30,982	53,389	85,649	183,935	311,859	26.1
2009	12,747	32,283	54,657	86,833	188,513	325,939	25.6
2008	12,817	32,456	55,124	87,703	188,092	324,059	25.3
2007	13,189	33,617	57,055	90,331	191,793	327,922	24.9
2006	13,329	33,791	56,623	89,626	197,466	349,215	26.2
2005	12,916	33,164	56,129	88,284	193,457	340,836	26.4
2004	12,839	32,852	55,661	87,766	189,802	330,750	25.8
2003	12,867	33,052	56,106	88,809	189,318	325,967	25.3
2002	13,146	33,424	56,324	88,597	189,156	330,311	25.1
2001	13,553	34,055	57,002	89,375	195,188	348,287	25.7
2000	13,963	34,863	58,058	90,254	195,578	346,975	24.8

Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement
(Income in 2014 CPI-U-RS adjusted dollars)

Change in Real Median Household Income by Quintile, 2000 – 2014 United States

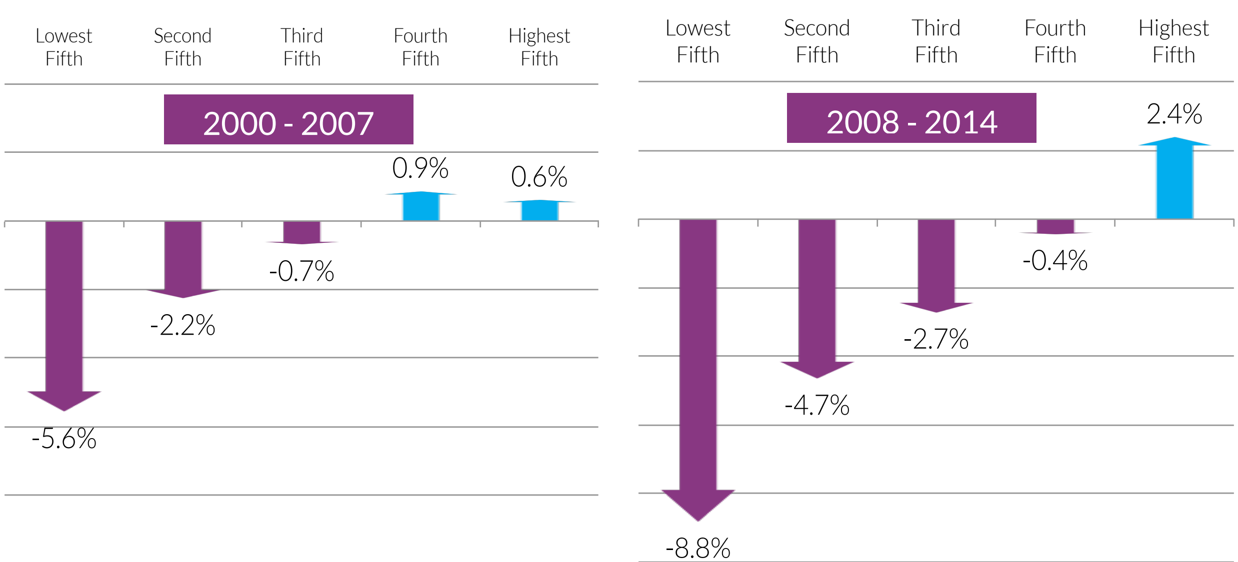


Source: U.S Census Bureau, Current Population Survey, Annual Social and Economic Supplements
(Income in 2014 CPI-U-RS Adjusted Dollars)

Change in Real Median Household Income by Quintile
United States

Source: U.S Census Bureau, Current Population Survey, Annual Social and Economic Supplements
(Income in 2014 CPI-U-RS Adjusted Dollars)

Change in the Share of Aggregate Income by Quintile
United States



Source: U.S Census Bureau, Current Population Survey, Annual Social and Economic Supplements
Income in 2014 CPI-U-RS Adjusted Dollars

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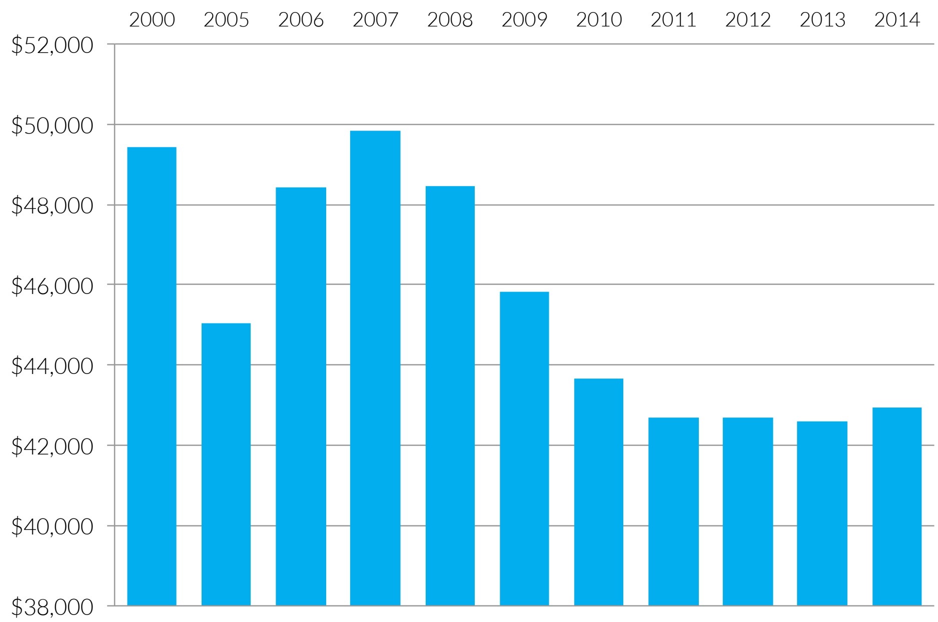
A Tale of Two Economic Cycles, Part II

From 2000 to 2014, real incomes in Miami-Dade County have decreased similar to national patterns. ***However, the single most striking difference between the County and national economy are the two very different patterns of income growth and distribution from 2000 to 2007 and the 2008 to 2014 economic recovery. During the 2000 to 2007 economic expansion, in nearly every indicator studied in this report, including income, income distribution, income disparity, and productivity, the County's economic performance was one of rapid improvement, especially for households in the bottom 40% of income. Unfortunately, during the 2008 to 2014 recovery, most of these gains were not just wiped out, but reversed direction.***

The key aspects of Miami-Dade's income distribution structure are as follows:

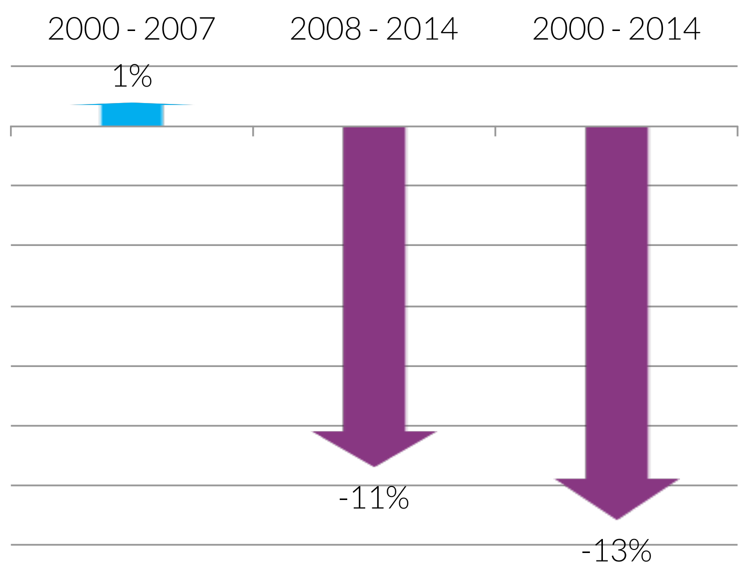
- The County's 2014 median household income of $42,926, after adjustment for inflation, is 11.8% less than in 2000, declining over 45% more than the national median income decrease. Miami-Dade's median income decline has been driven by accelerated decline from 2008 to 2014. Real median income declined less than 2% from 2000 to 2007, but accelerated sharply, decreasing by more than 11% from 2008 to 2014;
- Incomes have declined across every income segment in the County from 2000 to 2014. However, unlike the national economy, incomes in the County's bottom four income quintiles have undergone a complete reversal of fortune, increasing significantly from 2000 to 2007, but declining sharply from 2008 to 2014. In fact, the mean income of the County's lowest income quintile increased 20.5% from 2000 to 2007, then completely reversed, declining by over 10% from 2008 through 2014. Only the County's top 5% of all households gained income from 2008 to 2014;
- The County's median income and mean incomes in each income quintile have historically been lower than their national averages. However, from 2000 to 2007, incomes in each quintile gained ground against their respective national averages. Again, the mean income of the County's lowest quintile made dramatic gains against the comparative national average, rising from 60% to over 86% of mean income for all U.S. households in the lowest quintile, only to have these gains wiped out and reversed after 2008. Incomes in every quintile, as well as the households in the County's top 5% of income have in fact declined against their respective national averages since 2008;
- Incomes in Miami-Dade have historically been more concentrated in the upper tiers than the rest of the nation. Shares of the County's aggregate income since 2000 have been more concentrated in the top two quintiles. The County's two lowest income quintiles earn only 9.9% of total aggregate income, while the County's top two income quintiles earn 77.1% of aggregate income — compared to 11.3% and 74.4% aggregate quintile income shares nationally; and
- Income inequality in Miami-Dade, in absolute terms, is significantly above the national average. The County's 2014 95/20 ratio of 40 is the 31st highest among all U.S. counties. Again, Miami-Dade's 95/20 ratio ***declined*** by over 23% from 2000 to 2007, but grew by 11% from 2008 to 2014.

Median Household Income
Miami-Dade County



Source: U.S. Census Bureau, Annual 1- Year American Community Survey(s)
(Income in 2014 CPI-U-RS adjusted dollars)

Change in Median Household Income
Miami-Dade County

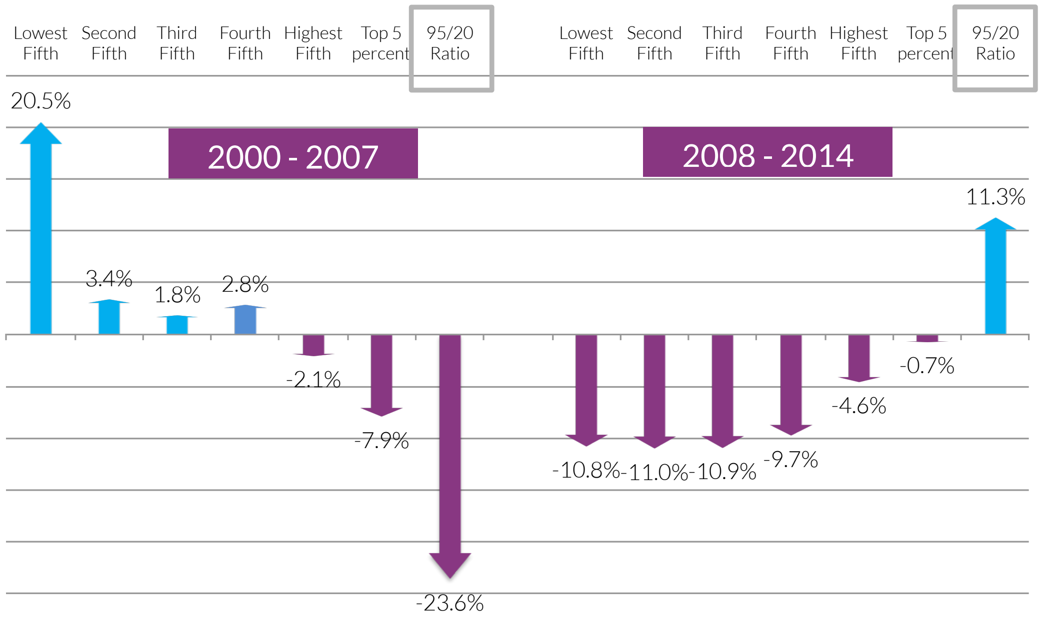


Source: U.S. Census Bureau, Annual 1- Year American Community Survey(s)
(Income in 2014 CPI-U-RS adjusted dollars)

Mean Household Income Received by Each Income Quintile Miami-Dade County								
Year	Households	Lowest Fifth	Second Fifth	Third Fifth	Fourth Fifth	Highest Fifth	Top 5 percent	95/20 Ratio
2014	843,887	8,960	24,390	43,489	72,508	186,280	358,757	40.0
2013	839,491	8,972	24,217	42,880	71,092	179,736	341,424	38.1
2012	838,772	8,728	24,535	43,015	71,570	181,394	348,950	40.0
2011	818,297	9,319	24,363	42,855	71,812	182,395	349,907	37.5
2010	809,869	9,063	24,633	43,578	71,393	179,889	344,702	38.0
2009	812,800	9,834	26,769	46,302	74,845	181,846	345,450	35.1
2008	825,761	10,042	27,404	48,823	80,327	195,166	361,362	36.0
2007	833,199	11,453	29,532	50,268	80,754	192,560	355,812	31.1
2006	828,794	10,505	27,956	48,507	78,130	190,351	356,710	34.0
2000	776,774	9,504	28,568	49,372	78,526	196,612	386,334	40.6

Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements
(Households as of March of the following year. Income in 2014 CPI-U-RS adjusted dollars)

Change in Real Mean Income by Quintile
Miami-Dade County

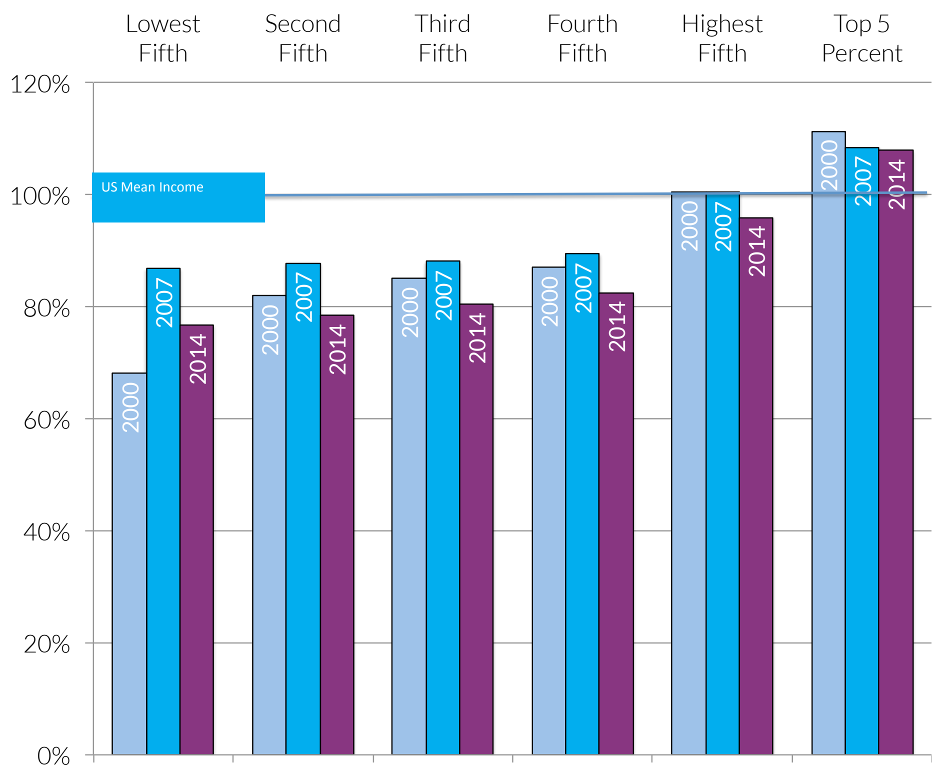


Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements
(Income in 2014 CPI-U-RS Adjusted Dollars)

Change in the Share of Aggregate Quintile Income
Miami-Dade County

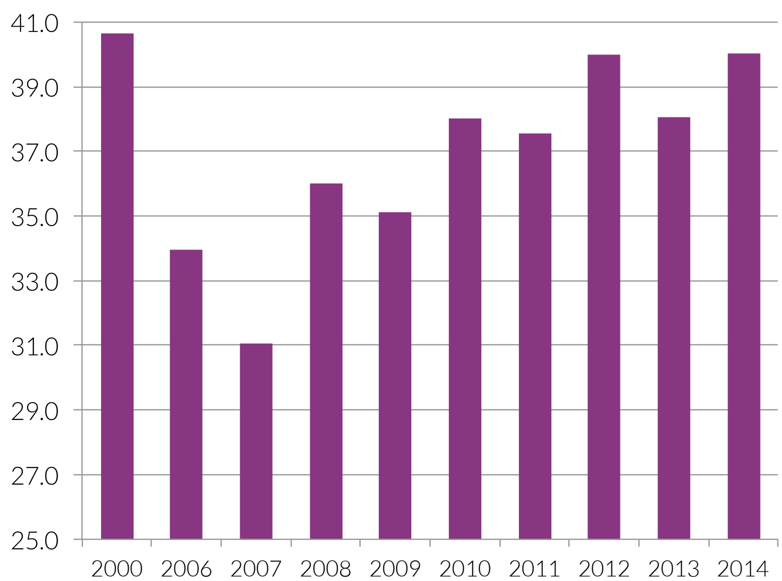
Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements
(Income in 2014 CPI-U-RS Adjusted Dollars)

Mean Income by Quintile as Percent of US Income
Miami-Dade County



Source: U.S Census Bureau, Current Population Survey, Annual Social and Economic Supplements
(Income in 2014 CPI-U-RS Adjusted Dollars)

95/20 Ratio
Miami-Dade County



Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements
(Income in 2014 CPI-U-RS Adjusted Dollars)

The Nation's Most Income Unequal Counties, Ranked by 95/20 Ratio, 2014

	2014			2008					
	Mean Income, Lowest Quintile	Mean Income, Top 5 Percent	95/20 Ratio	Mean Income, Lowest Quintile	Mean Income, Top 5 Percent	95/20 Ratio	Income Change, Lowest Quintile	Income Change, Top 5 Percent	Change, 95/20 Ratio
United States	11,676	332,347	28.5	12,817	324,059	25.3	-9%	3%	13%
New York County, New York	9,705	855,893	88.2	10,951	942,987	86.1	-11%	-9%	2%
Orleans Parish, Louisiana	5,630	413,426	73.4	7,347	375,067	51.1	-23%	10%	44%
Clarke County, Georgia	4,157	246,883	59.4	5,558	327,784	59.0	-25%	-25%	1%
Suffolk County, Massachusetts	7,531	443,076	58.8	9,322	410,429	44.0	-19%	8%	34%
Johnson County, Iowa	8,719	506,053	58.0	11,929	333,270	27.9	-27%	52%	108%
District of Columbia, District of Columbia	9,290	487,148	52.4	10,349	556,654	53.8	-10%	-12%	-3%
Lee County, Alabama	6,601	343,237	52.0	8,748	310,190	35.5	-25%	11%	47%
Bibb County, Georgia	6,064	306,824	50.6	8,271	330,952	40.0	-27%	-7%	26%
McKinley County, New Mexico	4,196	212,030	50.5	7,024	140,946	20.1	-40%	50%	152%
Monroe County, Indiana	6,089	307,488	50.5	6,760	312,568	46.2	-10%	-2%	9%
Caddo Parish, Louisiana	6,505	323,056	49.7	9,561	376,742	39.4	-32%	-14%	26%
Fairfield County, Connecticut	16,741	822,518	49.1	18,363	904,576	49.3	-9%	-9%	-0%
Monongalia County, West Virginia	6,152	299,452	48.7	6,051	223,817	37.0	2%	34%	32%
Alachua County, Florida	6,448	311,136	48.3	8,319	306,007	36.8	-22%	2%	31%
Payne County, Oklahoma	6,027	287,909	47.8	8,437	212,401	25.2	-29%	36%	90%
Madison County, Mississippi	12,490	573,728	45.9	15,229	424,793	27.9	-18%	35%	65%
Richmond city, Virginia	7,733	352,529	45.6	8,010	399,691	49.9	-3%	-12%	-9%
Champaign County, Illinois	6,838	309,984	45.3	8,035	276,106	34.4	-15%	12%	32%
Westchester County, New York	16,427	742,503	45.2	18,376	872,059	47.5	-11%	-15%	-5%
White County, Arkansas	8,584	387,248	45.1	9,302	196,045	21.1	-8%	98%	114%
Brazos County, Texas	6,960	313,940	45.1	5,887	278,699	47.3	18%	13%	-5%
Tom Green County, Texas	10,996	495,777	45.1	14,766	213,312	14.4	-26%	132%	212%
Essex County, New Jersey	10,939	487,887	44.6	11,644	524,603	45.1	-6%	-7%	-1%
Apache County, Arizona	3,915	172,444	44.0	3,963	156,845	39.6	-1%	10%	11%
Fulton County, Georgia	10,747	473,289	44.0	13,943	573,806	41.2	-23%	-18%	7%
Grand Forks County, North Dakota	7,607	328,524	43.2	11,142	390,657	35.1	-32%	-16%	23%
San Francisco County, California	12,931	556,654	43.0	13,039	575,862	44.2	-1%	-3%	-3%
Kings County, New York	8,532	361,798	42.4	8,810	318,559	36.2	-3%	14%	17%
Yolo County, California	8,684	362,812	41.8	14,572	324,519	22.3	-40%	12%	88%
Orangeburg County, South Carolina	4,361	176,789	40.5	4,750	269,900	56.8	-8%	-34%	-29%
Philadelphia County, Pennsylvania	7,020	283,745	40.4	7,411	239,482	32.3	-5%	18%	25%
Tompkins County, New York	8,703	350,822	40.3	11,785	260,331	22.1	-26%	35%	82%
Miami-Dade County, Florida	8,960	358,757	40.0	10,042	361,362	36.0	-11%	-1%	11%

Source: U.S. Census Bureau, 2010-2014 American Community Survey1-Year Estimates
(Income in 2014 CPI-U-RS adjusted dollars)

The Gini Coefficient

The ***Gini Index***, or Gini Coefficient, is an additional measure of income inequality. The Gini Index is a measure of income distribution expressed as a single number, and is used to represent the gap between rich and poor households in a given area. A Gini coefficient of 0 represents perfect equality of income distribution between households, while 1 represents perfect inequality. Therefore, a higher Gini coefficient approaching 1 indicates greater income inequality.

The current 2014 Gini index for the entire U.S. of .480 represents a 3.9% increase from 2000 (.462). Miami-Dade's Gini Index, at .502, ranks it as the 18th most income unequal County in the nation. The County's Gini index has grown by 4% since 2000.

Gini Index for US Counties 2006 - 2014

County & 2014 Rank		2014	2006	% Change 2006-2014
1	New York County, New York	0.5939	0.599	-1%
2	Orleans Parish, Louisiana	0.5883	0.551	7%
3	Fairfield County, Connecticut	0.5491	0.542	1%
4	Lee County, Alabama	0.5434	0.494	10%
5	Tom Green County, Texas	0.5429	0.455	19%
6	Suffolk County, Massachusetts	0.5424	0.505	7%
7	Essex County, New Jersey	0.5422	0.521	4%
8	Bibb County, Georgia	0.5410	0.465	16%
9	Clarke County, Georgia	0.5389	0.516	4%
10	White County, Arkansas	0.5382	0.460	17%
11	Westchester County, New York	0.5365	0.527	2%
12	McKinley County, New Mexico	0.5364	0.480	12%
13	Caddo Parish, Louisiana	0.5357	0.501	7%
14	Johnson County, Iowa	0.5347	0.482	11%
15	Fulton County, Georgia	0.5338	0.524	2%
16	Orange County, North Carolina	0.5289	0.530	-0%
17	Richmond city, Virginia	0.5263	0.513	3%
18	**Miami-Dade County, Florida**	**0.5239**	**0.502**	**4%**
19	District of Columbia, District of Columbia	0.5224	0.537	-3%
20	Collier County, Florida	0.5223	0.500	4%

Source: U.S. Census Bureau, 2014 and 20006 American Community Survey 1-Year Estimates

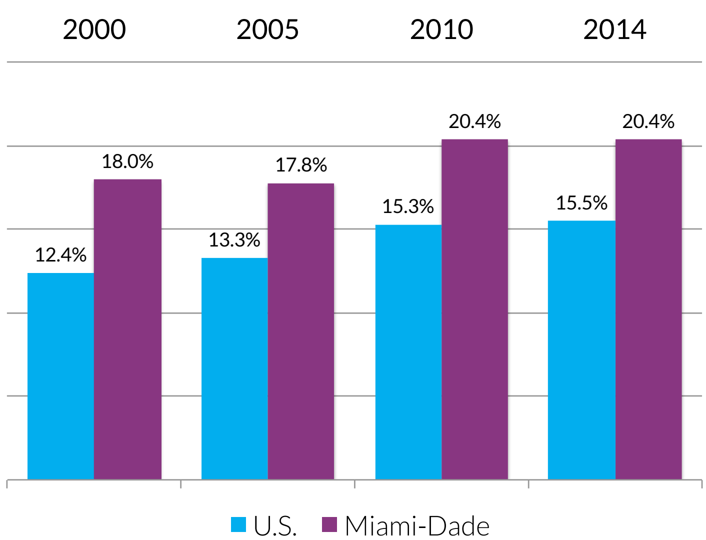
Poverty Rate Trends

Poverty level, as defined by the Federal government, is a relative term. The annual income at which poverty level is determined is a function of family (household) size versus income. Current Federal poverty income guidelines, which determine eligibility for Federal and State income assistance programs, range from $11,490 per year for a single person, to $39,630 for a family of eight.

The total number of persons living in poverty slowly increased nationally from 1999 to 2014, from 11.9 to 14.8% of U.S. population. Households headed by a single woman with no husband currently comprise the largest segment of families living at or below the poverty line.

Miami-Dade County's poverty rate since 2000 has been consistently above the national average. The County's current poverty rate, at 20.4% means that 534,720 persons are living at or below the poverty line in Miami-Dade.

Comparative Poverty Rates



Source: U.S. Census Bureau, Annual 1- Year American Community Survey(s)

Miami-Dade County:

534,720
Persons Live Below Poverty

267,544
Households Earn Less Than $25,000

2013 Federal Poverty Guidelines

Family Unit Size	Income
1	$11,490
2	$15,510
3	$19,530
4	$23,550
5	$27,570
6	$31,590
7	$35,610
8	$39,630

Source: US Department of Health & Human Services

The Barriers to Prosperity

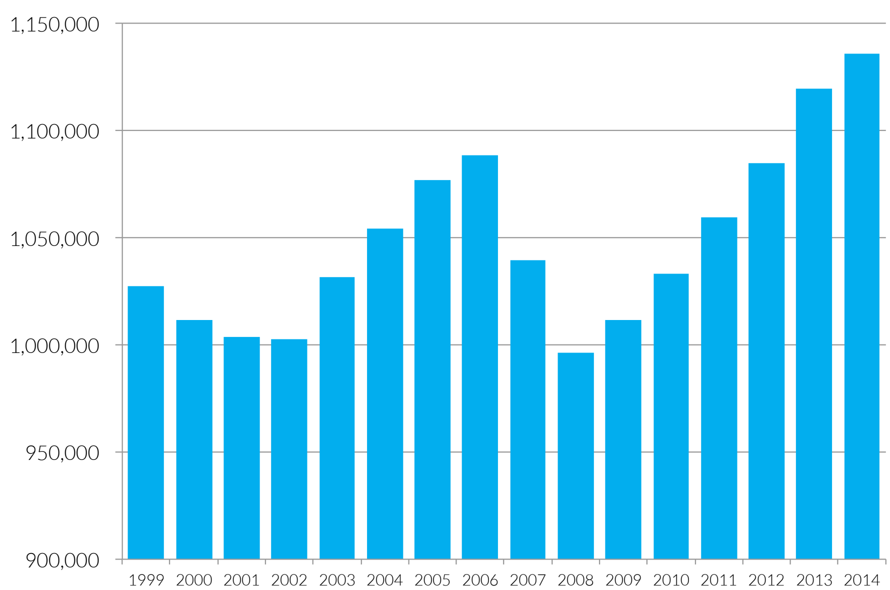
The pattern of income loss and rising income disparity are the indicators that growing prosperity is no longer the norm in Miami-Dade County. The County has had a number economic bright spots in the aftermath of the 2007 Economic Recession. However, despite employment gains and growing investment in a number of sectors, the root causes of the County's change in economic fortunes lies in a number of key dynamics playing out over the last decade. These following key features of the County economy are barriers to broader prosperity.

Highly Cyclical Job Loss and Recovery

Miami-Dade County's employed labor force growth since 2000 was significantly impacted by the successive national economic downturns of 2001-2003 and 2007-2010. In fact, the County's highly cyclical employment pattern is greater than that of the rest of the U.S.. The national economy ended the 2000-2009 decade with a net zero jobs base increase, while Miami-Dade experienced a net loss of over 31,000 total non-farm jobs over the same period. Since September 2009, the County and region has rebounded, but it took 6 years for total employment in Miami-Dade County to reach the same level as it was in 2006.

The County's wide swings in employment are especially damaging to households at the lowest income tiers. Low-wage jobs are typically lost first in a recession, and given low rates of savings for households with less income, even short periods of unemployment and lost pay can wipe out what wealth they may have previously accumulated.

Total Non-Farm Employment
Miami-Dade County
Annual Average Employment Totals



Source: US Dept. of Labor, Bureau of Labor Statistics

Low Wage Employment Growth

Total employment in Miami-Dade County, including self-employed and part-time employment, has rebounded sharply since 2008, yet evidence also indicates a significant shedding of higher wage jobs during the last recession. According to Miami-Dade County's Department of Regulatory & Economic Resources Planning Research & Economic Analysis Section, the County's post-recession jobs recovery has been led by lower skill, lower wage jobs.

Nearly 30% of the jobs lost after the 2007 recession paid annual wages of $50,000 or higher, and were in high-wage industries including professional and technical services, finance and insurance, information, transportation and wholesale trade. An estimated 60% of the new jobs created post-recession averaged annual salaries of $35,000 per year, and only 24% of the jobs added since 2008 pay more than $50,000 per year.

Additionally, according to the County's analysis 61% of all jobs created since 2010 pay below the County average wage. In the rest of the U.S. economy, 55% of jobs created pay less than the national average wage. According to the County, Professional and Business Services was the only high-wage sector experiencing growth during the period. The sector pays an average wage of 123% of the County average wage, and added 6,260 jobs since 2007.

Analysis of Bureau of Labor Statistics (BLS) data indicates that of the County's fastest growing occupations, only one — health care practitioners — pays salaries above the County's median annual per capita wage.

Fastest Growing Occupations
Miami-Dade County

Occupation	2014 Employment	Median Hourly Wage	Median Annual Wage
Office & Administrative Support	202,100	$14.48	$33,330
Sales & Related	145,320	$11.72	$37,890
Food Preparation & Serving	100,010	$9.22	$22,840
Transportation & Material Moving	78,940	$12.53	$36,130
Health Care Practitioners	65,240	$27.86	$72,450
Education, Training, Library	59,000	$22.76	$51,150

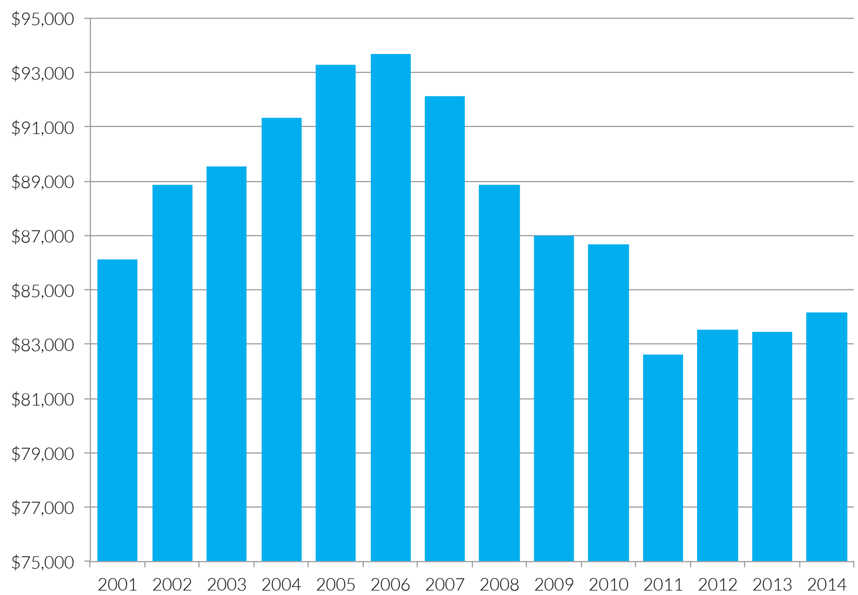
Source: Florida Department of Economic Opportunity, Bureau of Labor Market Statistics.

Post-Recession Labor Productivity Decline

Labor productivity, or the amount of Gross Domestic Product (GDP) produced per worker, is an important indicator of the overall quality, skill and technology levels embedded in a regional economy. The County's total employment has rebounded since 2008, but regional labor productivity, after making significant gains from 2001 to 2006, has declined by over 10% from 2006 to 2014.

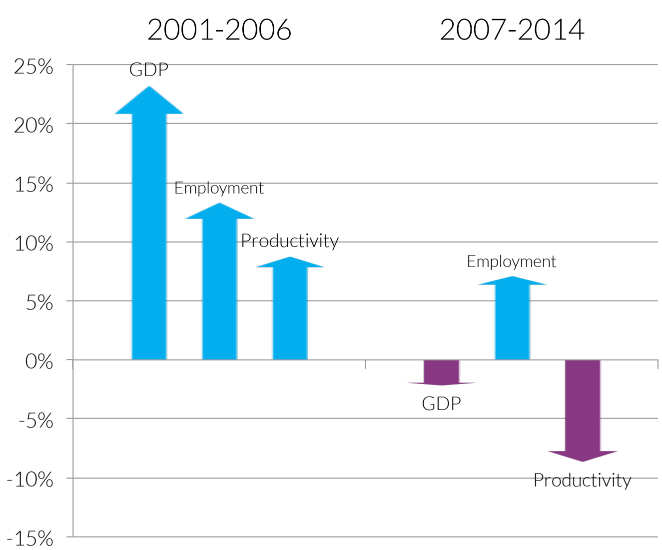
High levels of labor productivity is typically a characteristic of high performing regional economies – those that create and sustain the growth of higher-wage, higher skilled jobs in industry sectors that create high value-added goods and services. The Miami Metropolitan Statistical Area's labor productivity rank is below the national average, and at 111 out of 381 MSAs, means its GDP per employee is half that of the nation's leading regional economies. Its low productivity places it in a cluster with small former industrial regions including Buffalo, New York and Battle Creek Michigan. ***Miami Metro's productivity is the lowest of all MSAs with 2 Million employees or more (15 out of 15).***

GDP Per Employee
Miami-Fort Lauderdale-West Palm Beach, FL
Metropolitan Statistical Area



Source: US Dept. of Commerce, Bureau of Economic Analysis
(2014 CPI-U-RS adjusted dollars)

Change in GDP Per Employee
Miami-Fort Lauderdale-West Palm Beach, FL
Metropolitan Statistical Area



Source: US Dept. of Commerce, Bureau of Economic Analysis
(2014 CPI-U-RS adjusted dollars)

Labor Productivity for US Metropolitan Statistical Areas, 2014
Gross Domestic Product Per Employee

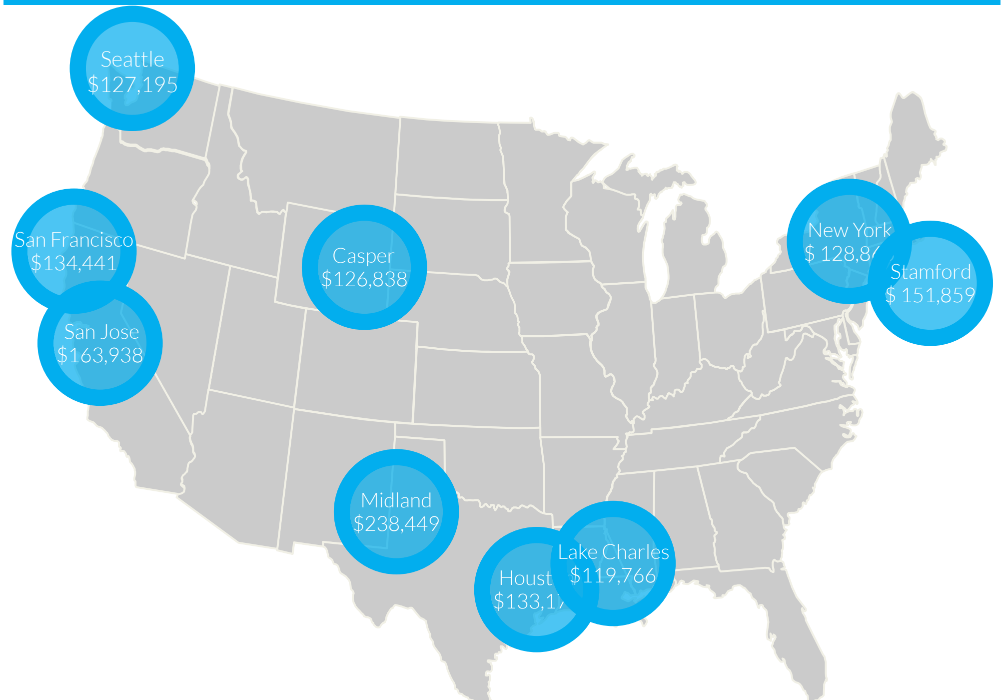
Productivity Rank	Metropolitan Statistical Area	GDP (Millions)	Total Employment	GDP Per Employee
--	United States (Metropolitan Portion)	15,678,767	161,828,542	96,885
1	Midland, TX (Metropolitan Statistical Area)	32,573	142,583	228,449
2	San Jose-Sunnyvale-Santa Clara, CA (Metropolitan Statistical Area)	213,819	1,304,271	163,938
3	Bridgeport-Stamford-Norwalk, CT (Metropolitan Statistical Area)	97,225	640,232	151,859
4	San Francisco-Oakland-Hayward, CA (Metropolitan Statistical Area)	411,969	3,064,300	134,441
5	Houston-The Woodlands-Sugar Land, TX (Metropolitan Statistical Area)	525,397	3,945,191	133,174
6	New York-Newark-Jersey City, NY-NJ-PA (Metropolitan Statistical Area)	1,558,518	12,094,064	128,866
7	Anchorage, AK (Metropolitan Statistical Area)	30,714	240,304	127,813
8	Seattle-Tacoma-Bellevue, WA (Metropolitan Statistical Area)	300,827	2,365,079	127,195
9	Casper, WY (Metropolitan Statistical Area)	7,340	57,869	126,838
10	Lake Charles, LA (Metropolitan Statistical Area)	14,666	122,455	119,766
11	Washington-Arlington-Alexandria, DC-VA-MD-WV (Metropolitan Statistical Area)	471,584	4,075,889	115,701
12	Boston-Cambridge-Newton, MA-NH (Metropolitan Statistical Area)	382,459	3,322,513	115,111
13	Dallas-Fort Worth-Arlington, TX (Metropolitan Statistical Area)	504,358	4,464,571	112,969
14	Durham-Chapel Hill, NC (Metropolitan Statistical Area)	43,484	388,743	111,858
15	Portland-Vancouver-Hillsboro, OR-WA (Metropolitan Statistical Area)	159,328	1,425,453	111,774

Labor Productivity for US Metropolitan Statistical Areas, 2014
Gross Domestic Product Per Employee

Productivity Rank	Metropolitan Statistical Area	GDP (Millions)	Total Employment	GDP Per Employee
106	Battle Creek, MI (Metropolitan Statistical Area)	5,710	67,402	84,716
107	Tyler, TX (Metropolitan Statistical Area)	11,754	139,114	84,492
108	Beckley, WV (Metropolitan Statistical Area)	4,756	56,318	84,449
109	Huntington-Ashland, WV-KY-OH (Metropolitan Statistical Area)	14,376	170,380	84,376
110	Owensboro, KY (Metropolitan Statistical Area)	5,550	65,797	84,350
111	**Miami-Fort Lauderdale-West Palm Beach, FL (Metropolitan Statistical Area)**	**299,161**	**3,554,117**	**84,173**
112	Oshkosh-Neenah, WI (Metropolitan Statistical Area)	9,217	109,770	83,966
113	Green Bay, WI (Metropolitan Statistical Area)	17,599	209,669	83,937
114	Rocky Mount, NC (Metropolitan Statistical Area)	6,181	73,736	83,826
115	Rochester, NY (Metropolitan Statistical Area)	53,279	638,623	83,428
116	Buffalo-Cheektowaga-Niagara Falls, NY (Metropolitan Statistical Area)	54,942	659,430	83,317

Source: US Dept. of Commerce, Bureau of Economic Analysis

Metro Areas by Productivity: Metros 1 Through 9



$144,234
Average Productivity of Top 10 Metros

$96,855
U.S. GDP per Worker

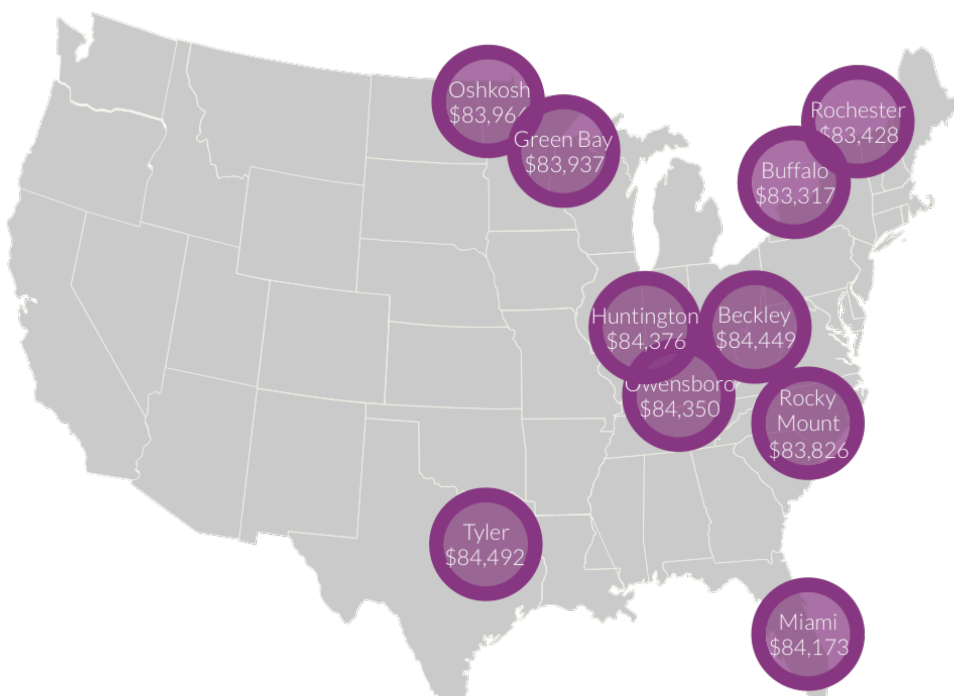
Miami-Dade MSA:

$84,173
GDP per Worker

111th
Out of 382 Metros

Lowest
Productivity of all Metros with More than 2M Workers

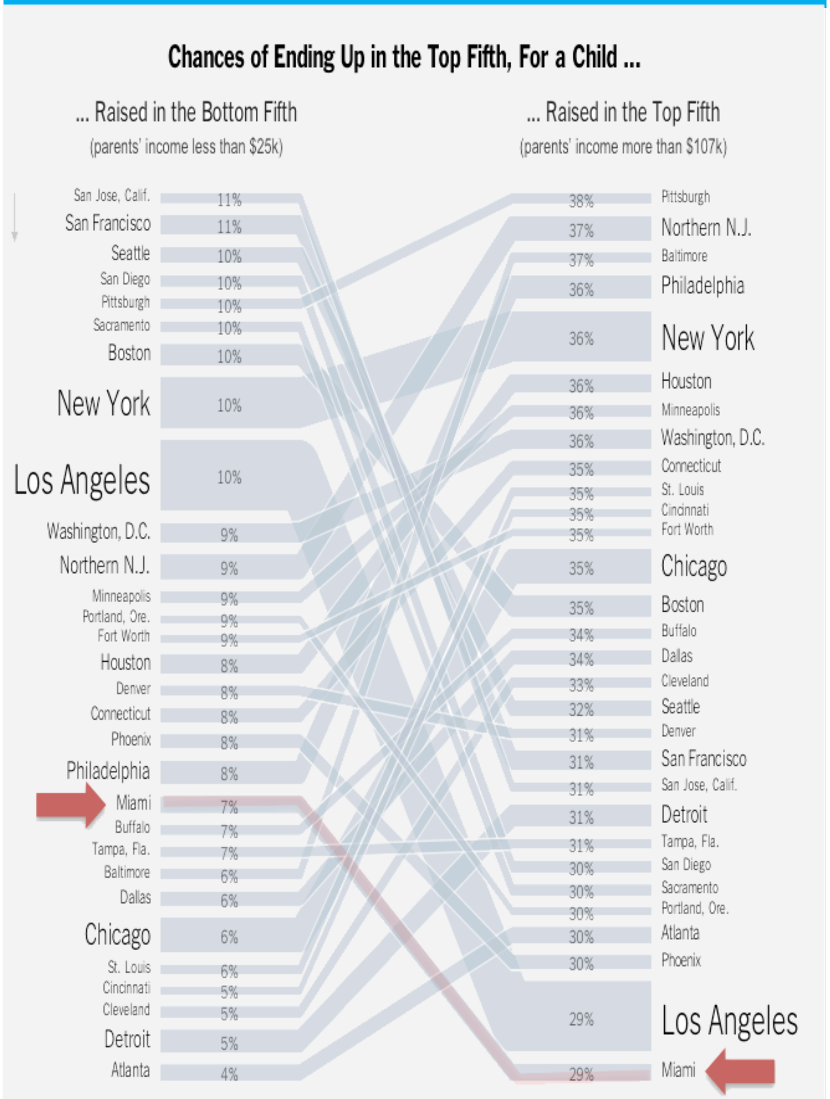
Metro Areas by Productivity: Metros 106 Through 116



Low Vertical Income Mobility

Harvard and University of California researchers Raj Chetty, Nathaniel Hendren, Patrick Kline, and Emmanuel Saez completed an extensive study of vertical income mobility — the odds that someone born into a family in either the bottom or top 5th income tiers will end up in the top 5th of incomes within Metro Areas across the United States. The Miami Metro area ranks 20th of the top 30 largest metros in the U.S. in terms of vertical intergenerational economic mobility. A child born into a family in the lowest quintile of incomes has only a 7% chance of reaching the top quintile income level in their working career. Additionally, the likelihood of a Miamian born into the top income quintile staying in the top income quintile is bottom fifth all metro areas in the study.

Vertical Income Mobility for the Top 30 US Urban Areas



Source: *Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States*. Chetty, Hendren, Kline, Saez, 2014.

Infographic produced by the New York Times

Slow Leading Sector Job Creation

Upward income mobility depends on a healthy regional supply of high-wage jobs in growing sectors. Increasingly, high-wage occupations require advanced knowledge and education — many of which are categorized as Science, Technology, Engineering and Math (STEM) occupations. A strong supply of STEM employment opportunities is important for two reasons. First, these jobs represent significant high-wage employment opportunities. Second, the presence of a high relative percentage of STEM occupational employment is usually a characteristic of high performing regional economies in which income growth is more prevalent across a wider range of industries and occupations, including non-STEM occupations. [National Science Foundation 2015, Brookings Institute, 2013]

The Miami-Dade economy underperforms in terms of STEM employment. The County and State of Florida rank low in terms of tech industry employment density. Further, the State of Florida is 5th among all states in annual patent activity, but Miami-Dade is ranks near the bottom of all large counties in the nation in both total patents and patents per capita. Lastly, the County's two largest universities lag behind their sister institutions in Florida in terms of annual patents filed and commercialization activity — the University of Florida is 15th and University of Central Florida 21st in patent activity among all U.S. Universities.

Using BLS data, researchers at the Brookings Institution ranked the nation's top 100 metro areas according to relative share of workers in STEM occupations. According to the study, the Miami metro area ranked 81st out of the top 100 largest Metros as a percentage of total STEM occupational employment.

Additionally, the Brookings Institution has developed extensive analysis of what it has termed the *U.S. Advanced Industry Sector*. According to Brookings, the Advanced Industry Sector is a cluster of important industries that concentrate in, and drive many of the nation's best performing regional economies. The Sector is composed of 50 industries identified at the 4-digit NAICS level, and includes manufacturing, chemicals, pharmaceuticals, advanced metals, industrial machinery, medical equipment manufacture, energy development and distribution, software design, data processing and hosting, and medical and diagnostic labs.

Brookings' analysis has sparked broad thinking regarding the development of these key sectors as important ways to improve American global economic competitiveness, lead the nation's economic revitalization, build on regional economic strengths, create new employment post-recession, and provide badly needed high-skill, high-paying employment opportunities.

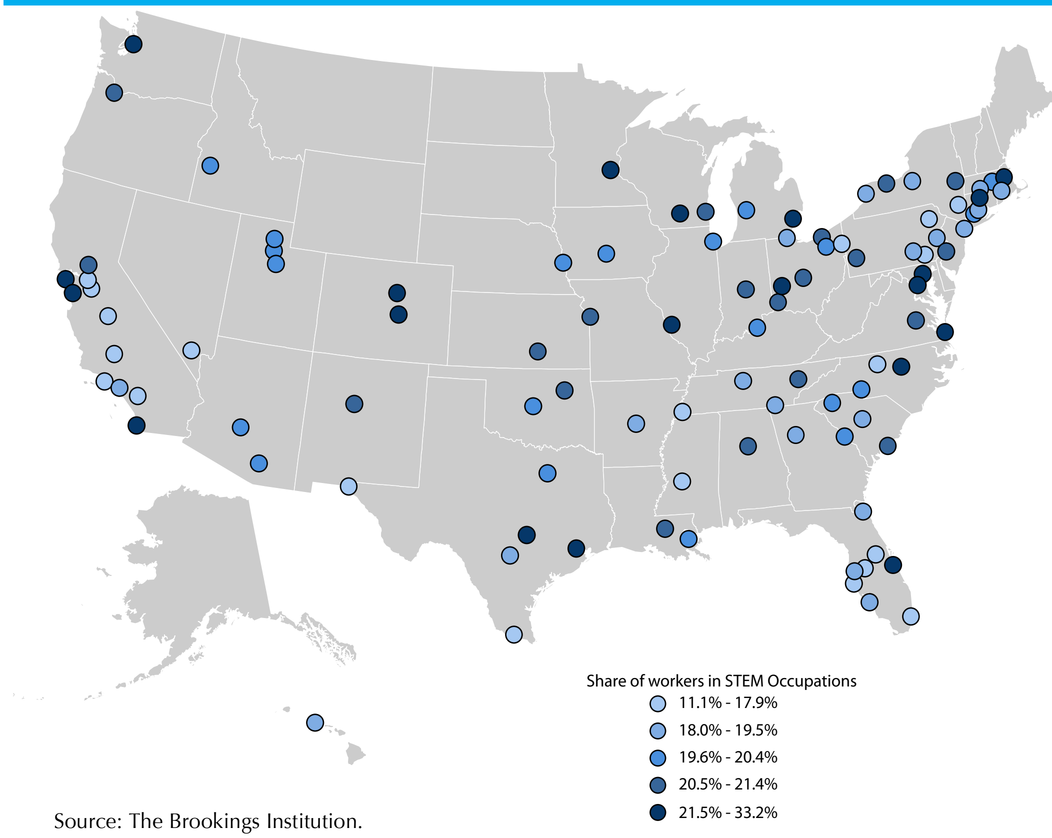
As a sector, the advanced industries employ 12.3 million workers, or 9% of total employment. However, the sector produces $2.7 trillion in value added annually, or 17% of all U.S. gross domestic product. The advanced industries sector employs 80% of the nation's engineers, funds 90% of private sector R&D, accounts for 85% of all U.S. patents, and 60% of U.S. exports. The sector and its component industries are crucial foundations of extensive supply chains and third party employment in a wide range of support industries outside the sector.

Output and employment growth of the advanced industries sector has been far greater than the economy as a whole. From 1980 to 2013, advanced industry output expanded at a rate of 5.4% annually - 30% faster than the rest of the U.S. economy. Since 2010, the sector has added nearly one million jobs. Employment and economic output of the Sector has been 1.9 and 2.3 times higher than their respective national averages since 2010.

The Sector provides high skilled and high-wage employment. Workers in advanced industries generate over $210,000 in annual value added per worker compared with $101,000 for workers outside the Sector. Workers within the Sector, unlike the remainder of the U.S. economy, are experiencing rapidly rising wages. The average advanced industries worker earned $90,000 in total compensation in 2013, twice as much as workers outside of the sector. Absolute earnings in advanced industries grew by 63% from 1975 to 2013, compared with a 17% increase outside the Sector. [The Brookings Institution, February 2015]

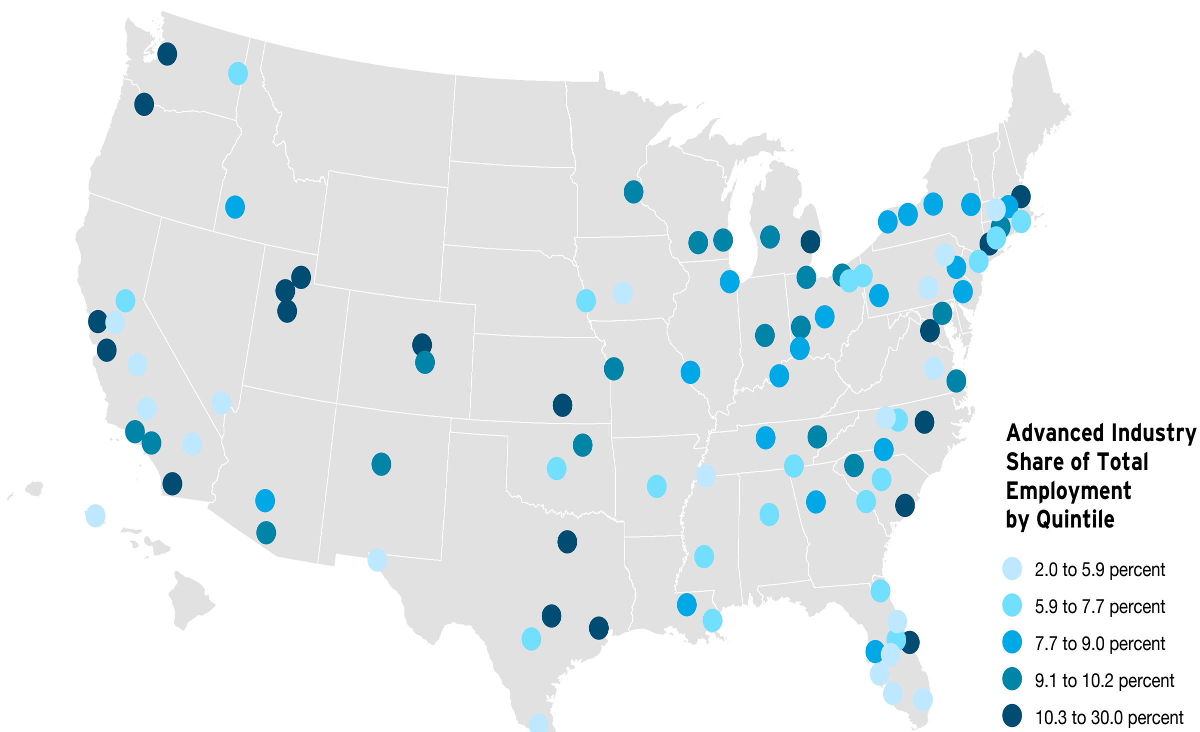
The Advanced Industries Sector employs 9% of the nation's workforce, but represents only 3% of Florida's total employment. Employment in the Advanced Industries Sector in the Miami Metro Area is in the bottom quintile compared to other regions, with employment in the sector at or below 4% of total employment.

Share of Workers in STEM Occupations, 100 Largest Metro Areas



Source: The Brookings Institution.

Advanced Industry Employment in the 100 Largest Metro Areas



Source: The Brookings Institution. *America's Advanced industries: What they are, Where they are, and Why they Matter*. February 2015

Declining Horizontal Job Mobility

The ability of workers to smoothly move job-to-job, even if horizontally, is a crucial measure of local economic health, and a crucial measure of opportunity for workers across the income spectrum. In fact, the vast majority of hiring in the U.S. is not for newly created jobs, but to replace workers who leave existing jobs. This movement of employees is known as ***job churn***.

According to a study by CareerBuilder / EMSI:

> *While individual businesses typically try to reduce excessive turnover, a high rate of churn in the economy is seen as a positive indicator of labor market health because it suggests workers are more easily able to find jobs that match their skill sets. In fact, a labor market with low churn can hurt the economy. [CareerBuilder/EMSI 2014, p. 2]*

According to EMSI, during the last recession overall churn rate dropped 23% across the U.S.. However, Metro Areas suffering the steepest declines in churn rate suffered declines of up to 71% from 2003 to 2013. The job churn rate for the Miami Metro Area declined 68.1% during the same period, ranking it in the top Metro areas with the fastest declining job churn rates. There has not been any evidence to suggest that the Miami Metro churn rate has returned to its former health.

Metro Areas with Largest Drops in Non-Farm Job Churn 2003-2013

Metro Area	2003	2013	Difference in Churn Rate
North Port-Sarasota-Bradenton, FL	125.90%	71.80%	-54.1
Virginia Beach-Norfolk-Newport News, VA-NC	118.70%	71.90%	-46.9
Tampa-St. Petersburg-Clearwater, FL	110.30%	70.50%	-39.8
Jacksonville, FL	107.80%	68.90%	-38.9
New Orleans-Metairie, LA	112.80%	78.80%	-33.9
Albuquerque, NM	106.60%	72.90%	-33.7
Phoenix-Mesa-Scottsdale, AZ	105.00%	72.80%	-32.2
Orlando-Kissimmee-Sanford, FL	101.60%	70.20%	-31.4
Tucson, AZ	99.10%	69.20%	-29.9
Miami-Fort Lauderdale-West Palm Beach, FL	**96.30%**	**66.70%**	**-29.6**

Source: The Pulse of US Hiring Activity: Labor Market Churn by Occupation & Metro. CareerBuilder / EMSI Inc.

Regional Housing and Transportation Costs

As reported in several recent FIU Metropolitan Center housing studies, the post-bubble housing market in Miami and South Florida is far more complex than what existed during the height of the residential boom. The Center's research concluded that increasing levels of affordability for existing single-family homes and condominiums after the collapse of the housing bubble had not improved overall housing affordability for existing owners and renters alike.

Workers and families in Miami-Dade County face a housing affordability quadruple effect: 1) housing prices in Miami-Dade have risen much faster than competing regions, 2) real incomes continue to decline, and job opportunities for higher paying occupations are less than they were before 2008, 3) loss of equity due to the crash of the real estate market and 4) due to Miami's high demand for vacation properties, second homes, and investment properties, local residents compete in an international market for local housing units.

Since the trough of the 2008 recession, Miami-Dade has experienced strong real estate recovery — residential real estate has experienced record sales volume each of the last four years (2012-2015) and rising median prices. According the Miami Association of Realtors analysis of Multiple Listing Service (MLS) Data, sales of existing single-family homes in the County have increased each year from 2008 through 2015, culminating in a new record number of single-family home sales in 2013, 2014, and 2015. Total condominium sales increased in the four years since 2008 before declining slightly since 2013. The median sale price for existing homes in the County has increased in 55 of the 56 months preceding January 2016. Significantly, 65.7% of all condominium closings and 37.1% of all single-family home closings were cash sales.

According to the U.S. Census Bureau, Miami-Dade County's average rent continues to increase — the average apartment rent has increased from $1,515 in 2009 to $2,501 in 2015, a 65% increase. Additionally, owner-occupied housing units in Miami-Dade County have decreased by 5.1% (24,709 units) since 2009, while renter-occupied units have increased by 8.8% (30,319 units) since 2009. Owner-occupied housing units with a mortgage in Miami-Dade County have decreased by 11.6% (40,181 units) since 2009. The largest loss of owner-occupied units was among owners in the $50,000 to $74,999 income range.

Miami-Dade's housing market dynamics are problematic for households at the lower to middle-income ranges. The renewed escalation in housing prices, combined with shrinking household earnings, have resulted in Miami-Dade households paying an increasing share of their income for housing. The U.S. Department of Housing and Urban Development (HUD) considers a household "cost-burdened" if it pays more than 30% of its total income on housing costs. In 2014, over 61% of renter households, and over 42% of owner households in Miami-Dade County are cost-burdened, making it the third least affordable housing market in the nation. Severely cost-burdened renter households - those paying more than 50% of income on housing - have increased by 11.6% in Miami-Dade (12,845 renters) since 2009.

According to the Miami Association of Realtors, the median sale price of non-distressed single-family homes has risen to $312,750. The current median sale price represents a 6.2:1 single-family median sale price-to-median household income ratio, which is the highest since the height of the housing bubble.

If household transportation costs are considered in conjunction with housing costs, Miami-Dade County is quickly becoming one of the most unaffordable markets in the United States. According to the Center for Neighborhood Technology Housing & Transportation Cost (H&T Index), the average percentage of household income spent on housing and transportation for all households in the County, regardless of income, is 62% of annual income. In fact, over 85% of all households pay more than 45% of their income on housing and transportation, one of the highest ratios in the U.S. [Center for Neighborhood Technology 2016]

Rising housing unaffordability has broad impacts across the economy. It can have devastating impacts on households at the low end of the income spectrum, but in Miami-Dade, it is also sharply impacting workers in high-wage occupations, and increasingly, new workers just entering the labor force. Escalating rent prices fueled by the rental housing shortage are significantly impacting Miami-Dade's working families and households a preponderance of workers earn salaries and wages in service sector occupations, including retail trade, leisure and hospitality, and educational and health services. While housing affordability is a growing concern for service sector workers, it has also limited the choices for young professionals in creative and cultural occupations. A recent Metropolitan Center study found that workers in computer systems designers, life science workers, educators and artists, who are often saddled with significant debt from student loans, are forced to live away from the more expensive employment centers in the downtown areas or have moved to other more affordable locations outside of Miami-Dade and South Florida.

The Nation's Least Affordable Housing Markets, 2014

Percentage of Households Paying 30 Percent or More of Annual Income for Housing

County	Total Housing Units	Cost Burdened Owner Households	Cost Burdened Renter Households	Total Cost Burdened Households	% Cost Burdened Households
Bronx County, New York	518,149	41.7%	57.7%	262,312	54.6%
Passaic County, New Jersey	176,210	45.9%	58.2%	83,542	51.5%
Miami-Dade County, Florida	**994,596**	**42.9%**	**61.6%**	**427,758**	**51.3%**
Franklin city, Virginia	3,878	35.8%	62.4%	1,820	50.8%
Dukes County, Massachusetts	17,347	53.6%	39.5%	2,951	50.5%
Kings County, New York	1,012,536	44.8%	52.6%	465,164	50.3%
Los Angeles County, California	3,462,075	41.7%	57.0%	1,616,829	49.9%
Essex County, New Jersey	313,452	45.1%	53.6%	138,101	49.7%
Monroe County, Florida	52,861	41.2%	60.8%	13,901	48.9%
Queens County, New York	841,367	42.2%	53.6%	379,081	48.6%
Atlantic County, New Jersey	127,104	43.6%	57.0%	48,496	47.9%
Santa Cruz County, California	104,871	39.0%	59.4%	44,774	47.5%
Lake County, California	35,576	38.5%	62.0%	12,650	47.3%
Norfolk city, Virginia	95,699	36.4%	54.9%	40,469	46.8%
Broward County, Florida	812,817	40.8%	57.5%	311,972	46.7%

Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

Lagging State Benefits

Despite the wide-ranging political debate on this issue, public assistance programs can be effective in building economic self-reliance. Florida residents, however, face a disadvantage compared to other states, as the State of Florida ranks near the bottom in almost all public welfare and community development spending categories.

According to the Kaiser Family Foundation, Florida spends the second lowest amount of public benefit funds per capita of all states in the nation. Only Nevada spends less than Florida's $3,271.70 per person of total government spending. Also according to the Kaiser Family Foundation analysis:

- Florida had one of the lowest rates of health insurance coverage in the country as of 2012. When excluding people over 65, the state has the second-lowest rate of health insurance coverage. State residents covered by Medicaid received an average of just $4,434 per person, more than $1,000 less than the U.S. average;
- The state's unemployment insurance program was also one of the least generous in the country, with the average weekly benefit accounting for just 28.2% of weekly wages, compared to a national rate of 32.9%;
- Florida's average pension benefits, at $21,304 is 28th of all states; and
- Florida's total per pupil education spending, at $8,887 is 38th of all states. [Kaiser Family Foundation, 2015]

Local Community Development Infrastructure

Successfully building opportunity, economic mobility and equity requires effective programs ***and*** a coordinated and effective service delivery infrastructure to implement them. An effective community development infrastructure does not necessarily mean government acting on its own. To the contrary, municipalities with effective community development infrastructures utilize a combination of government agencies, non-profits, universities, and religious institutions to deliver community development programs and projects. The key to effective delivery of services and benefits is not a single, centralized controlling benefits agency, but clear communication, coordination and planning across a spectrum of service and benefit providers.

Based on those standards, Miami-Dade County cannot be said to have an effective community development infrastructure. This condition is the consequence of a long historical pattern. Local governments and community development organizations operate in an environment in which:

- Housing and community development functions scattered among a wide number of county and municipal agencies;
- Responsibilities among many agencies and service providers are overlapping and/or unclear;
- County and municipal housing and community development departments, as well as third party community development agencies are understaffed; and
- Federal and state community development funding streams that are inconsistent and unpredictable.

The Geography of Miami-Dade's Prosperity Gap

Concentrated Community Distress

The Prosperity Initiative Neighborhood Distress Index

A strong local economy is characterized by prosperity that is reflected in improving standards of living for all residents. Sustainable local economic development is a process that emphasizes the full use of existing human and natural resources to build employment and create wealth within a defined locality. This emerging concept considers the notion of workforce quality and economic growth. Thus, workforce quality is closely tied to labor productivity, making it a key determinant of economic growth and rising wages. Growth in the local economy will foster a more desirable community in which residents enjoy living and working, and feel there are ample opportunities for career advancement and economic well-being.

The 2014 *Miami-Dade Economic Advocacy Trust Annual Report and Scorecard* prepared by the FIU Metropolitan Center found clear evidence of persistent concentrations of poverty in Miami-Dade County. The needs are particularly acute with respect to persistent high unemployment, low median household and per capita incomes, poverty, affordable housing and crime. The analysis found significant economic needs in approximately one-third of the County's Targeted Urban Areas (TUAs) with critically high unemployment rates (over 20%) in several neighborhoods including Overtown, Liberty City and Little Haiti. Coincidentally, several of these TUAs also have the lowest median household and per capita incomes as well as high numbers of families and individuals living in poverty. Significantly, the lowest levels of educational attainment are found in these same TUAs.

The crossover effects of economic disparity, high poverty levels and low educational attainment correlates to the high violent and property crime rates in the aforementioned TUAs. Overtown, and Liberty City have violent and property crime rates that far exceed most other TUAs and Miami-Dade County, as a whole.

The needs and challenges of the TUAs, and particularly those TUAs with the highest unemployment, poverty and crime rates, far exceed the focus and levels of service provided by the multitude of child, family, school, medical, public health and substance abuse social services currently operating in the TUAs. The study determined that the scope and depth of the need and challenges in the majority of TUAs will require the creation of a coordinated and integrated economic and community development delivery system.

For the Prosperity Initiatives Feasibility study, the research team developed a broader ***Neighborhood Distress Index*** to analyze the communities within the County where the prosperity gap is widest. Neighborhood distress is generally defined as conditions indicating lower living standards, and can be measured using a wide variety of methods. Distress factors or indicators have been used for several decades to assess the overall health and well-being of local economies. What they generally share in common is a focus on basic economic indicators such as poverty, unemployment and income. More recently, levels of distress at the local level have also included social and "human capital" indicators such as comparatively high shares of high school dropouts and low shares of residents with college degrees, family structure and housing.

Building on previous research, the research team developed the ***Prosperity Initiative Neighborhood Distress Index*** (PINDI). The PINDI is composed of three sub-indices: Economic, Education and Housing, which are then composed of 12 separate indicators.

The **Economic Distress Sub-Index** is composed of the following indicators:

- Overall poverty level;
- Children in poverty;
- Female headed households;
- Unemployment; and
- Household income.

The **Education Distress Sub-Index** measures educational attainment of the population 25 years and older, and includes:

- Population without a high school diploma;
- Population with only a high school diploma; and
- Population with a bachelor's degree or higher.

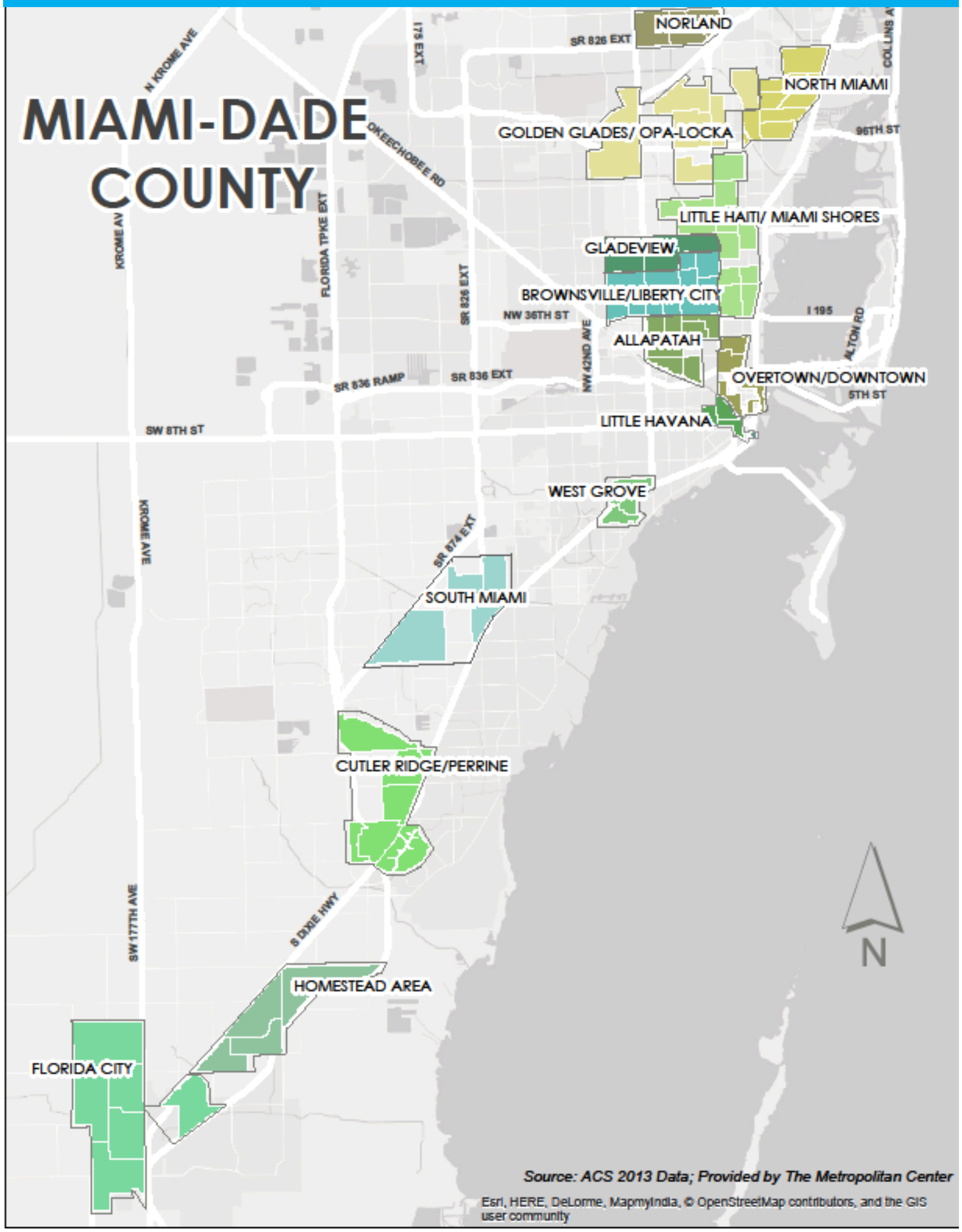
The **Housing Distress Sub-Index** focuses on separate ownership and rental housing characteristics. Since the housing needs of owners and renters vary from both policy and programmatic perspectives, a separate housing index is provided for each, and includes:

- Percentage of cost-burdened owner households with a mortgage;
- Percentage of cost-burdened owner households without a mortgage; and
- Percentage of cost-burdened renter households.

Each indicator is assigned a score from 1-14 (with 1 being most distressed and 14 least distressed) and then aggregated. The scoring system was developed with the understanding that no one indicator should carry extra weight but rather be combined with related indicators to form a composite index, providing a more holistic neighborhood analysis. Further, a composite index allows for broader neighborhood comparisons. In fact, the analysis found the level of separation between neighborhoods, particularly at the top and bottom, was much more complicated and nuanced than a simple 1-14 ranking could provide.

The PINDI indicators were tabulated for each of the County's 519 census tracts, and then ranked. The census tracts with the highest distress levels in each index category were aggregated to the neighborhood level. The PINDI analysis identified the County's 14 most distressed neighborhoods. A GIS-database was created to display the data by census tract and neighborhood area.

Miami-Dade County's Most Distressed Neighborhoods



Source: ACS 2013 Data; Provided by The Metropolitan Center

Esri, HERE, DeLorme, MapmyIndia, © OpenStreetMap contributors, and the GIS user community

Economic Distress Sub-Indices and Composite Index Scores

Median Income	Index	Rank
Allapattah	10	1
Gladeview	10	2
North Miami	12	3
West Grove	12	4
Brownsville/Liberty City	13	5
Little Haiti	16	6
Florida City	20	7
Overtown/Downtown	22	8
Little Havana	23	9
Cutler Ridge/Perrine	27	10
Golden Glades	27	11
Norland/NMB	27	12
Homestead	33	13
South Miami	36	14

Unemployment Rate	Percent	Rank
Gladeview	27%	1
Brownsville/Liberty City	26%	2
Little Haiti	23%	3
Overtown/Downtown	23%	4
North Miami	22%	5
NMB/Norland	19%	6
Florida City	19%	7
West Grove	17%	8
Homestead	16%	9
Cutler Ridge/ Perrine	16%	10
Allapattah	16%	11
Golden Glades	16%	12
Little Havana	8%	13
South Miami	8%	14

Female Householder	Percent	Rank
Brownsville/Liberty City	13%	1
Gladeview	11%	2
Golden Glades	9%	3
NMB/Norland	9%	4
Cutler Ridge/ Perrine	8%	5
Little Haiti	8%	6
West Grove	8%	7
Homestead	7%	8
North Miami	7%	9
Florida City	7%	10
Overtown/Downtown	7%	11
Allapattah	6%	12
Little Havana	6%	13
South Miami	5%	14

Children Living Below Poverty Level	Percent	Rank
Gladeview	20%	1
Brownsville/Liberty City	16%	2
Florida City	16%	3
Homestead	14%	4
Little Haiti	14%	5
Golden Glades	13%	6
Little Havana	12%	7
Overtown/Downtown	12%	8
Allapattah	11%	9
North Miami	10%	10
Cutler Ridge/Perrine	8%	11
West Grove	8%	12
NMB/Norland	7%	13
South Miami	2%	14

Population Below Poverty Level	Percent	Rank
Gladeview	45%	1
Brownsville/Liberty City	43%	2
Little Havana	43%	3
Overtown/Downtown	42%	4
Florida City	39%	5
Little Haiti	37%	6
Allapattah	36%	7
Homestead	33%	8
Golden Glades	32%	9
North Miami	31%	10
West Grove	27%	11
Cutler Ridge/ Perrine	23%	12
NMB/Norland	21%	13
South Miami	9%	14

Composite Economic Distress Index	
Gladeview	7
Brownsville/Liberty City	12
Little Haiti	26
Florida City	32
Overtown/Downtown	35
North Miami	37
Allapattah	40
Golden Glades	41
Homestead	42
West Grove	42
Little Havana	45
Cutler Ridge/Perrine	48
NMB/Norland	48
South Miami	70

Education Distress Sub-Indices and Composite Index Scores

Percent Population with High School Degree		Rank
Brownsville/Liberty City	43%	1
Gladeview	42%	2
Cutler Ridge/Perrine	38%	3
Allapattah	37%	4
Golden Glades	34%	5
North Miami	32%	6
Little Haiti	31%	7
Homestead	30%	8
Florida City	28%	9
Little Havana	28%	10
West Grove	26%	11
Overtown	26%	12
South Miami	19%	13
North Miami Beach	18%	14

Percent Population with Bachelor's Degree or Greater		Rank
Florida City	8%	1
Gladeview	8%	2
Allapattah	8%	3
Brownsville/Liberty City	9%	4
Little Haiti	12%	5
Homestead Area	12%	6
North Miami	12%	7
Golden Glades	13%	8
Cutler Ridge/Perrine	17%	9
West Brickell/Little Havana	21%	10
Overtown	28%	11
West Grove	29%	12
South Miami	47%	13
North Miami Beach	48%	14

Percent Population with No High School Degree		Rank
Florida City	19%	1
Homestead	17%	2
Gladeview	17%	3
Brownsville/Liberty City	15%	4
Allapattah	15%	5
North Miami	14%	6
Overtown	14%	7
Little Haiti	13%	8
Cutler Ridge/Perrine	13%	9
Golden Glades	12%	10
Little Havana	10%	11
West Grove	9%	12
South Miami	7%	13
North Miami Beach	2%	14

Composite Education Distress Index	
Gladeview	7
Brownsville/Liberty City	10
Allapattah	12
Florida City	13
Homestead	18
North Miami	21
Little Haiti	24
Cutler Ridge/Perrine	24
Golden Glades	27
Overtown/Downtown	34
Little Havana	36
West Grove	41
South Miami	45
North Miami Beach	48

Housing Distress Sub-Indices and Composite Index Scores

Cost Burdened Owner Units With Mortgage		Rank
North Miami	54%	1
NMB/Norland	47%	2
Homestead	46%	3
West Grove	43%	4
Allapattah	42%	5
Little Haiti	42%	6
Golden Glades	40%	7
Little Havana	40%	8
Florida City	39%	9
Overtown/Downtown	38%	10
Brownsville/Liberty City	38%	11
Cutler Ridge/Perrine	36%	12
South Miami	31%	13
Gladeview	21%	14

Cost Burdened Renter Occupied Units	Rank
North Miami	71.6%
West Grove	70.4%
Little Havana	68.8%
Florida City	68.3%
Brownsville/Liberty City	65.2%
Homestead	64.5%
Allapattah	64.3%
Little Haiti	63.4%
Golden Glades	62.2%
Gladeview	61.5%
South Miami	56.9%
Cutler Ridge/Perrine	54.4%
NMB/Norland	54.3%
Overtown/Downtown	54.0%

Cost Burdened Owner Units Without Mortgage		Rank
Gladeview	20%	1
Allapattah	10%	2
Little Havana	9%	3
Brownsville/Liberty City	8%	4
West Grove	8%	5
NMB/Norland	7%	6
South Miami	7%	7
Florida City	7%	8
Little Haiti	7%	9
North Miami	6%	10
Cutler Ridge/Perrine	6%	11
Homestead	5%	12
Golden Glades	5%	13
Overtown/Downtown	5%	14

Owner Cost Burden Index	
Allapattah	7
NMB/Norland	8
Homestead	8
West Grove	9
North Miami	11
Little Havana	11
Little Haiti	15
Brownsville/Liberty City	15
Gladeview	15
Florida City	17
Golden Glades	20
South Miami	20
Cutler Ridge/Perrine	23
Overtown/Downtown	24

Composite Housing Distress Index	
North Miami	1
West Grove	2
Little Havana	3
Florida City	4
Brownsville/Liberty City	5
Homestead	6
Allapattah	7
Little Haiti	8
Golden Glades	9
Gladeview	10
South Miami	11
Cutler Ridge/ Perrine	12
NMB/Norland	13
Overtown / Downtown	14

The Composite Prosperity Initiative Distress Index

While the County's most distressed communities clearly differentiate from other neighborhoods based on the PINDI, they are not monolithic in their characteristics and community development needs. There is in fact wide variation within each of the sub-index categories as well as the composite index. The composite distress index factors each of the sub-indices into a total score — the index is designed so that the lowest total score indicates greater overall distress. The key findings of the analysis are as follows:

- Gladeview, a census-designated place located between Brownsville and West Little River, had the lowest Economic Index score among the 14 most distressed communities, with the highest unemployment rate and the highest child and overall poverty rates in Miami-Dade County. The Brownsville/Liberty City area has the second lowest Economic Index with the highest percentage of female-headed households and second highest poverty and unemployment rates in Miami-Dade County. Little Haiti and Florida City have the next lowest Economic Index scores.
- Gladeview has the lowest Education Index in Miami-Dade County with the second highest percentage of population with just a high school diploma and second lowest percentage of population with a bachelor's degree or higher. The Brownsville/Liberty City area has the second lowest Education Index with the highest percentage of population with just a high school diploma and the third highest percentage of population without a high school diploma. Allapattah and Florida City have the next lowest Education Indices.
- The analysis found that Allapattah had the lowest Owner Housing Index with the second highest percentage of cost-burdened owners with a mortgage and fifth highest percentage of cost-burdened owners without a mortgage in the County. North Miami has the highest percentage (54%) of cost-burdened owners with a mortgage and Gladeview has the highest percentage (20%) of cost-burdened households without a mortgage.
- The analysis found that several of the neighborhood areas including Little Havana, Overtown/Downtown, and Allapattah have rental occupancy rates exceeding 80%. Cost-burdened renter households exceed 50% in all 14 Neighborhood Areas with the highest in North Miami (71.6%) and West Grove (70.4%).

The Composite Distress Index for the County's fourteen most distressed neighborhoods is as shown below. The table is organized from most to least distressed.

Composite Prosperity Initiative Neighborhood Distress Index	Economic Index	Education Distress	Owner Housing Distress Index	Renter Housing Distress Index	Total Distress Index	Total Population	Population Below Poverty
Gladeview	7	7	15	10	39	11,510	5,180
Brownsville/Liberty City	12	10	15	5	42	36,974	15,899
Allapattah	40	12	7	7	66	36,260	13,054
Florida City	32	13	17	4	66	38,794	15,130
Little Haiti	26	24	15	8	73	48,548	17,963
Homestead	42	18	8	6	74	30,827	10,173
NMB/Norland	48	21	8	13	90	14,653	3,077
West Grove	42	41	9	2	94	12,128	3,275
Little Havana	45	36	11	3	95	34,334	14,764
North Miami	37	48	11	1	97	36,398	11,283
Golden Glades	41	27	20	9	97	39,638	12,684
Overtown/Downtown	35	34	24	14	107	14,071	5,910
Cutler Ridge/Perrine	48	24	23	12	107	36,494	8,394
South Miami	70	45	20	11	146	21,279	1,915
Totals						411,908	34%

Persistent Concentration of Poverty and Distress

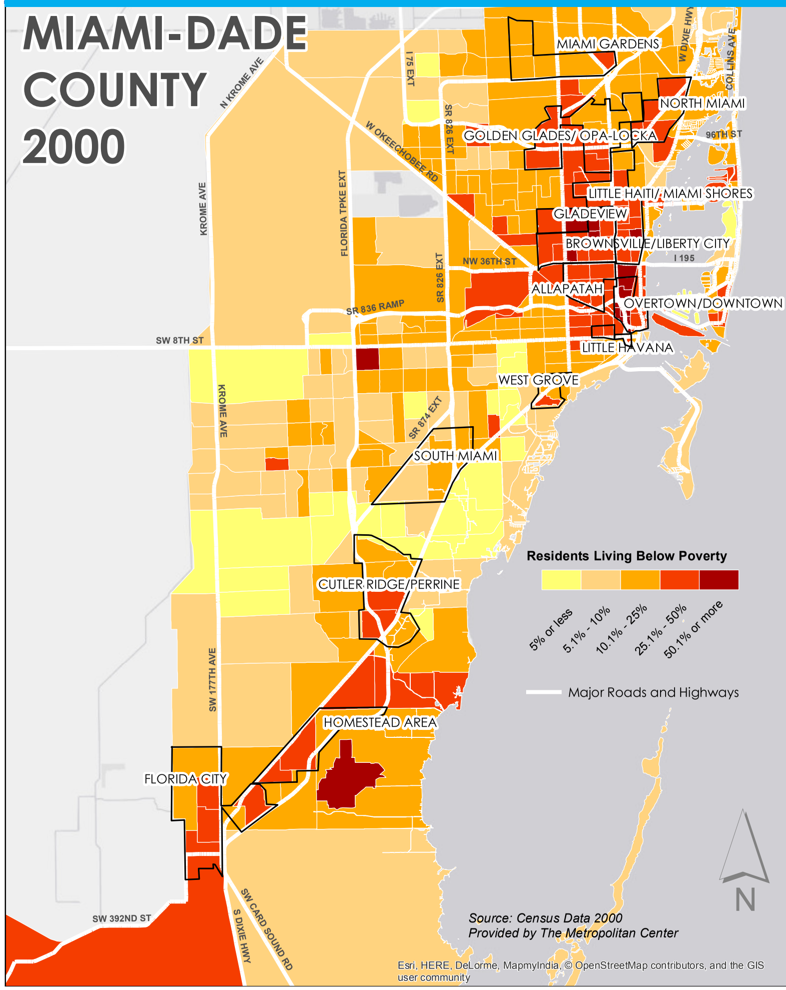
There is a growing sense of urgency to improve policy and programmatic outcomes in urban neighborhoods with persistently high concentrations of poverty. In fact, studies have found that poor individuals and families are not evenly distributed across communities or throughout the country. A 2014 report by City Observatory provided data that confirms the strong persistence of high poverty over time. The report found that two-thirds of the high-poverty census tracts in 1970 were still high-poverty neighborhoods forty years later. ***On a population-weighted basis, three-quarters of the poor living in high-poverty neighborhoods in 1970 would have found that their neighborhood was still a high-poverty neighborhood in 2010.*** [CityObservatory, 2014]

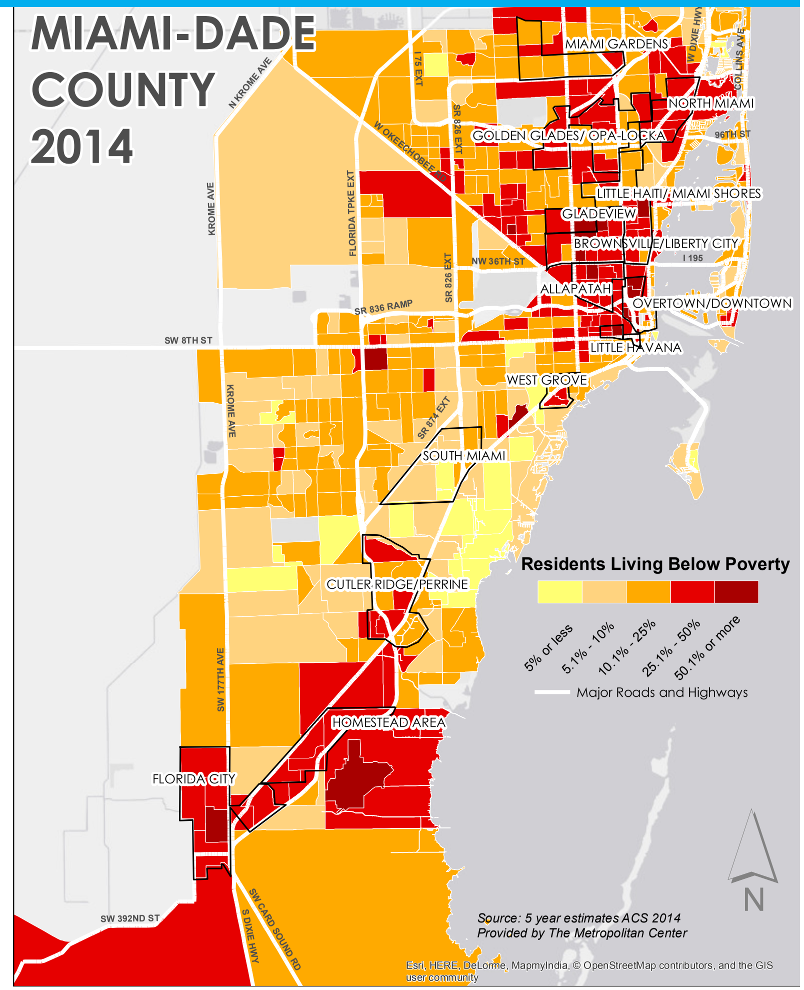
In the U.S., the population in extreme-poverty neighborhoods rose more than twice as fast as suburbs and cities, as a whole, in the last decade after declining in the 1990s. The population in extreme-poverty neighborhoods — where at least 40% of individuals live below the poverty line — rose by one-third during this period. Poor people in cities remain more than four times as likely to live in concentrated poverty neighborhoods.

Why are these numbers important? The concentration of poverty results in higher crime rates, underperforming public schools, poor housing and health conditions, as well as limited access to private services and job opportunities. Further, the urgency and complexity of concentrated poverty places a burden on community development organizations with limited financial resources and management capacity.

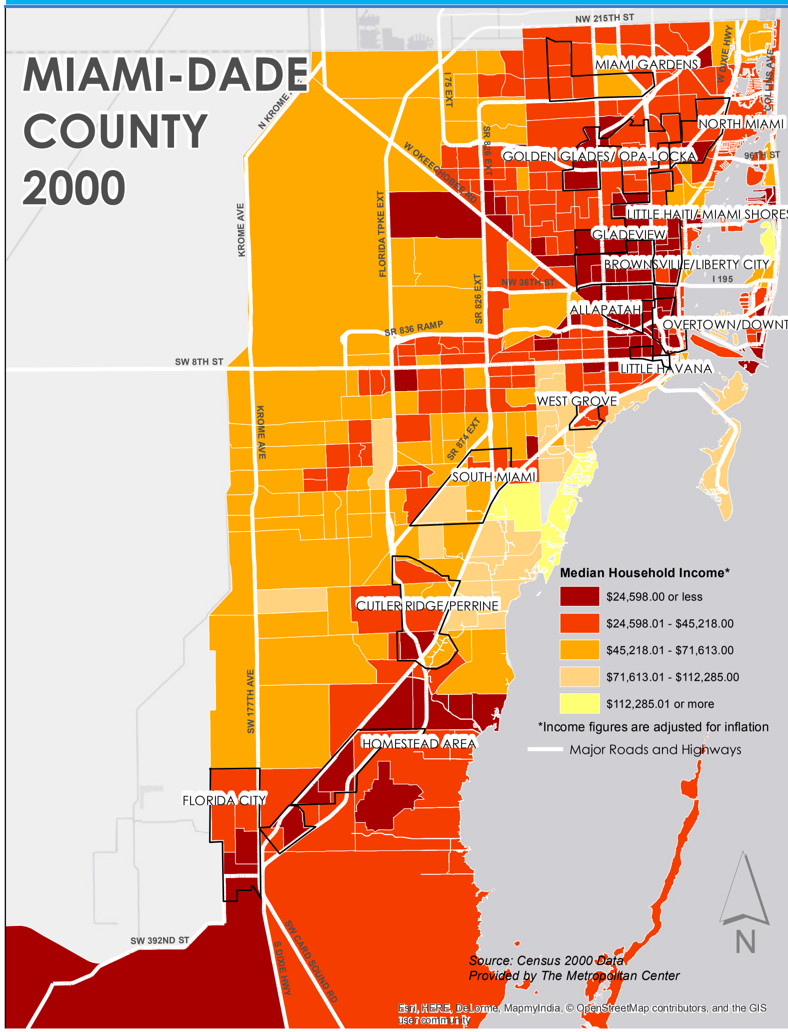
Conditions of persistent poverty, as well as other indicators of economic distress, are also prevalent in Miami-Dade. The following maps track the geography of income, employment, and educational attainment across every census tract in the County from 2000 to 2014. They show two clear patterns: first, a fixed concentration of the highest poverty, unemployment, and lowest incomes, in the same communities over time, and second, ***rather than shrinking, the number of census tracts with high levels of distress — high unemployment, low income and low educational attainment — are increasing.***

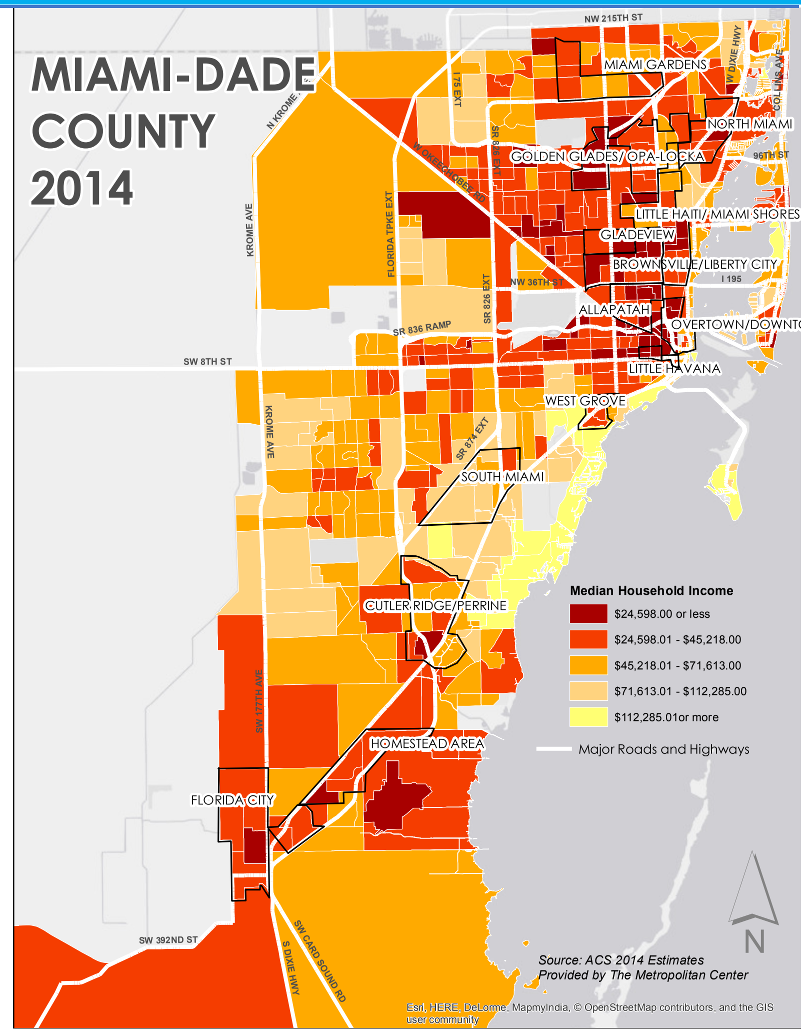
Poverty Rate



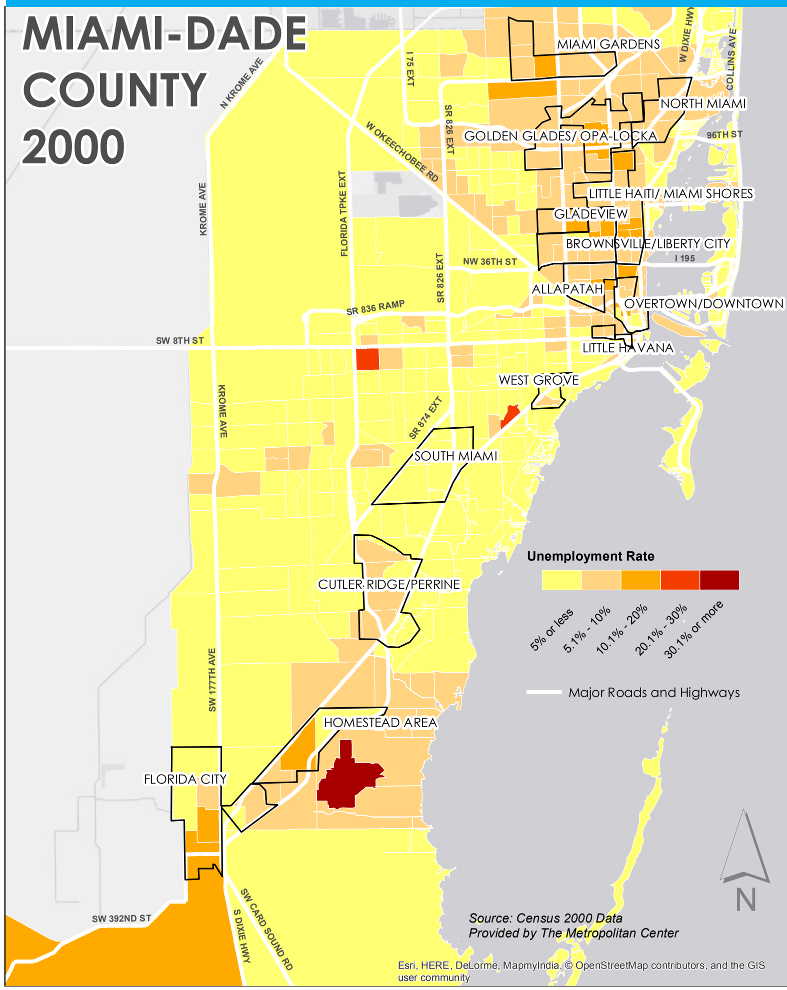


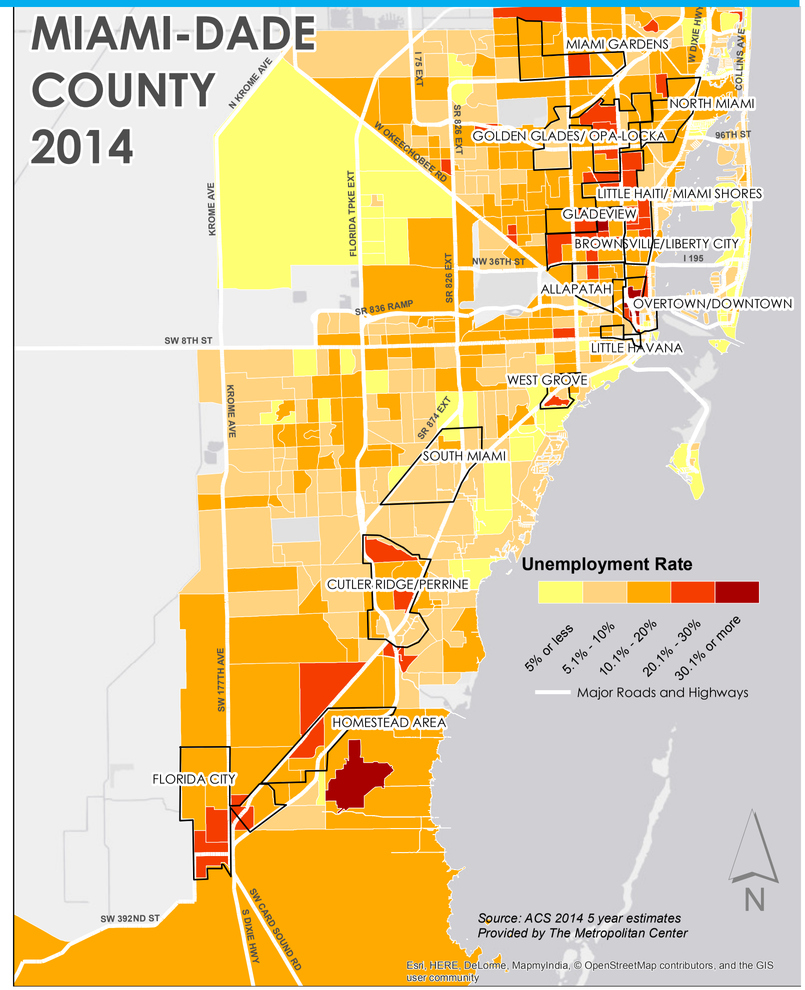
Household Income



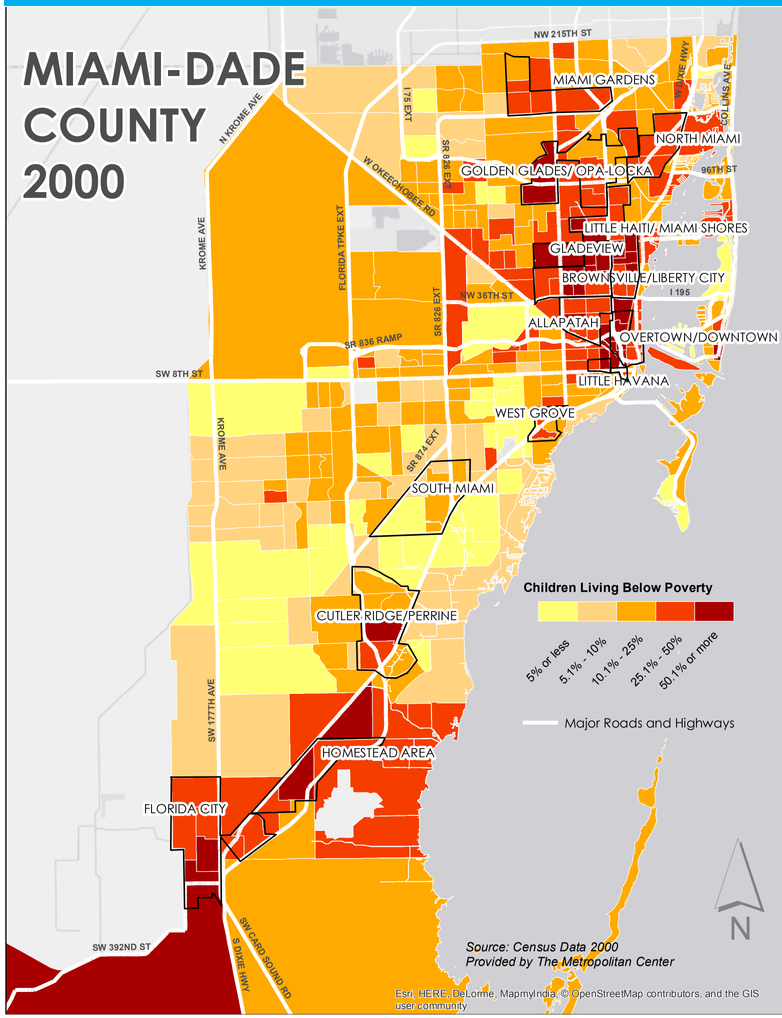


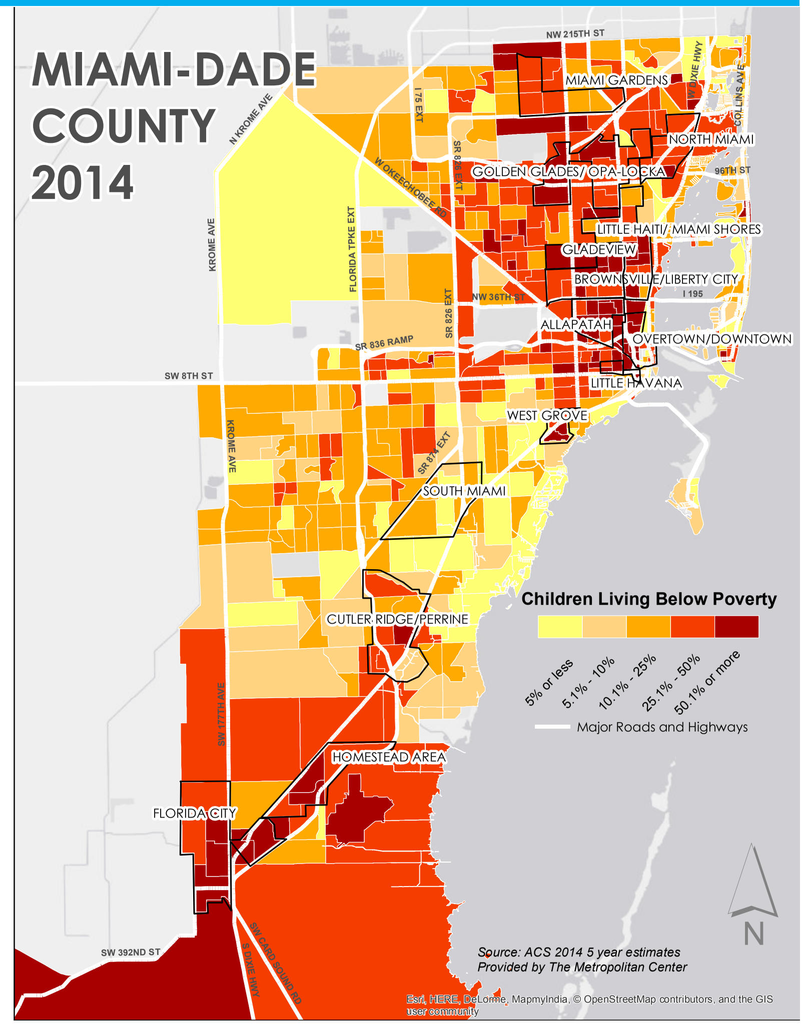
Unemployment Rate





Children In Poverty





The Economic Impact of Expanding Prosperity

Limited pathways to prosperity have numerous negative social and economic consequences, sometimes stretching across generations. Alternatively, increases in income for households at the low end of the income spectrum can have startling, broad-based positive economic benefits.

The Public Costs of Economic Distress

Direct public expenditures

Precisely quantifying the public expense of poverty and low-income assistance programs is subject to wide interpretation. According to the Federal Office of Management and Budget, in 2012 the Federal Government spent $799 billion on 92 programs to combat poverty:

- Over 15 programs and over $100 billion was spent on food aid;
- Over $200 billion spent on cash aid;
- Over 20 programs and over $90 billion spent on education and job training;
- Nearly $300 billion spent on health care; and
- Almost $50 billion spent on housing. [U.S. Office of Management and Budget, 2014]

A crude measure of unit costs of Federal anti-poverty programs is to divide by the number of persons, households and families currently living with poverty incomes. This measure is not completely accurate, as some programs assist individuals who actually earn more than poverty level incomes. Nevertheless, Federal spending for anti-poverty programs costs $16,527 per person in poverty, and $46,964 per household in poverty.

According to the ***Federal Survey of Municipal Governments*** data, the State of Florida's 2013 general expenditures for Public Welfare was $7,239 per person and $20,132 per household earning less than poverty level incomes. This number does not include the State's expenditures for hospitals and health, which may also benefit low-income individuals and families.

In 2013, Miami-Dade County spent over $1.8 Billion on human services, which averages to $3,261 per person and $10,401 per household in poverty. In a recent report, the Miami-Dade County Department of Regulatory & Economic Resources considered the hypothetical total ***cash*** cost of raising the income of all of Miami-Dade's families living under the poverty level to the Area Median Income (AMI). They concluded that it would require an average cash grant of $699 per month per family, or $69 million per month, or approximately $828 million per year.

Additional Economic Costs

Persistent poverty and low income incurs a wide array of additional economic costs — indirect and multiplier costs created by individuals and households living in poverty. These costs include, but are not limited to: 1) the additional costs of crime attributable to low-income circumstances; 2) additional health costs created by living in poverty; and 3) the opportunity costs of lost earnings, or the money that would otherwise be earned by a low-income household.

A now widely cited study led by Georgetown University's Harry J. Holzer estimated the additional annual economic costs just associated with *childhood* poverty are over $500 Billion per year, equal to 3.8% of the U.S. GDP. In their admittedly conservative estimate, Holzer et al. determined that childhood poverty alone:

- Reduces productivity and economic output (as a result of lost earnings by about 1.3% of GDP;
- Raises the costs of crime by 1.3% of GDP; and
- Raises health expenditures and reduces the value of health by 1.2% of GDP. [Holzer, et. Al, 2008]

The Economic Benefits of Expanding Prosperity

Modeling the Real Dollar Impacts of Expanding Prosperity

The research team developed an econometric model to test the impacts of rising prosperity, specifically, the value to Miami-Dade's economy of raising low-income households into the middle class. The model uses IMPLAN, an established econometric modeling and economic impact software system, to determine the effects of raising the mean incomes of households in the County's two lowest income quintiles up to the 2014 Area Median Income (AMI) of $43,100.

According to IMPLAN's annual estimates, the County's bottom two income quintiles include 267,544 households earning less than $25,000 per year. The model tests for the direct and induced benefits created by raising household incomes in each of these three income groups up to the County AMI. The model tested the economic impacts of three different scenarios: 1) a base case, or increasing income for all 267,621 households earning less than $25,000 per year up to the County AMI; 2) the impacts of increased income for 10% of the households earning less than $25,000 per year up to the County AMI; and 3) the impacts of increased income for 5% of the households earning less than $25,000 per year up to the County AMI.

Economic Impact Model Demographic Baseline Data		
Population	2,662,874	
Median Household Income	$43,100	
Households by Annual Income		%
Less than $10,000 Per Year	93,108	10.6%
$10,000 to $15,000 Per Year	59,140	6.7%
$15,000 to $25,000 Per Year	115,296	13.1%
$25,000 to $35,000 Per Year	100,478	11.4%
$35,000 to $50,000 Per Year	124,089	14.1%
$50,000 to $75,00 Per Year	144,799	16.5%
$75,000 to $100,000 Per Year	88,440	10.1%
$100,000 to $150,000 Per Year	85,393	9.7%
$150,000 or More Per Year	69,076	7.9%
Total Households	879,820	

Households at different income levels have different spending patterns. For the lowest earning households the IMPLAN model assumes all household income is spent and there are no savings. These are also households that are typically assumed to be borrowers rather than savers. As a result of the different spending patterns across household income categories, each category impacts the economy differently. The model's outputs are grouped by income category, and include:

- Total additional economic output value;
- Annual induced labor income;
- Total value-added;
- State and local tax revenue change;
- Employment impacts — total employment and the top ten industries experiencing greatest employment change resulting from the projected income changes; and
- Total annual economic output.

The total economic impacts of income change are striking. Specific observations resulting from the model are as follows:

- Expressed as additional economic output — the total gross value of goods and services produced by a given sector measured by the price paid to the producer (versus the price paid by the consumer, which can include transportation and retail mark-ups) — the analysis showed that every dollar added to household income generates $1.34 in economic output for households with incomes below $10,00 per year, and more for households in the higher income brackets studied, $1.35 and $1.38 for every $1.00 invested, respectively;
- The base case, looking at raising households studied to the AMI would grow the County's economy by over $9.7 Billion in total new annual economic output, and induce the creation of over 68,000 new jobs, a nearly 5% increase in the County's jobs base;
- Raising the income of even a small percentage of the households in the bottom income quintiles will have significant economic impacts. Raising the incomes of 5% to 10% of these households would create over $400 Million to over $900 Million of annual economic output, create 3,000 to over 6,000 new jobs, and generate $27 Million to $55.8 Million in new tax revenue; and
- A surprising benefit of raising incomes at the lowest levels is the number of new jobs that would be created in high-wage, high-skill industry sectors. Based on the model, raising incomes of only 5% to 10% of the lowest income households would generate 765 to 1,535 jobs in sectors including Securities and Investments, Real Estate, Offices of Physicians, Dentists, and other Health Practitioners, Private Hospitals, Nursing and Residential Care Facilities, Medical and Diagnostic Labs, Outpatient & Ambulatory Care Services, and Home Health Care Services.

Lastly, the results of the model are probably ***understated*** for two reasons: first, the model calculates the increase in total aggregate income by raising income from the upper limit of each income bracket. In reality, the total aggregate increase in household income would be more, as the income of most of the households in each bracket are below that bracket's upper limit. Second, the model does not account for public cost savings created by raising incomes at this level, including reduced police, social services, hospitals and health care services, and affordable housing expenditures.

Economic Impacts of Raising Household Incomes to the Miami-Dade Area Median Income				
Test Case 1: Raising All Households Earning Less than $25,000 Per Year to the Area Median Income				
Households: 267,544	Jobs Created	Annual Labor Income Induced	Total Value Added	Total Annual Economic Output
Total Economic Impacts	68,121	$3,024,468,134	$5,416,152,430	$9,238,052,704
Total Economic Output and Local and State Taxes Generated				$9,796,794,765
Households Earning Less Than $10,000 Per Year	**93,108 Households**			
Total Impact	30,640	$1,335,990,681	$2,423,098,328	$4,121,664,056
Top 10 Industry Impacts				
440 Real estate	3,246	$49,627,415	$349,275,906	$531,074,183
482 Hospitals	1,348	$104,570,903	$123,816,139	$214,769,715
501 Full-service restaurants	1,249	$38,046,188	$40,472,469	$67,009,029
502 Limited-service restaurants	1,183	$26,855,806	$64,172,968	$107,723,489
400 Retail - Food and beverage stores	927	$28,609,864	$42,153,727	$61,540,310
487 Child day care services	906	$15,686,741	$18,765,912	$31,579,582
475 Offices of physicians	882	$71,668,750	$70,991,240	$115,224,653
405 Retail - General merchandise stores	853	$25,289,875	$40,911,667	$61,707,794
436 Other financial investment activities	769	$23,385,393	$26,268,553	$105,504,852
468 Services to buildings	732	$10,887,372	$11,554,988	$21,592,067
Households Earning $10,000 to $15,000 Per Year	**59,140 Households**			
Total Impact	16,340	$728,430,615	$1,310,027,864	$2,240,847,996
Top 10 Industry Impacts				
440 Real estate	1,739	$26,592,268	$187,155,396	$284,569,870
482 Hospitals	924	$71,692,583	$84,886,891	$147,243,594
501 Full-service restaurants	657	$20,029,556	$21,306,881	$35,277,151
502 Limited-service restaurants	620	$14,058,884	$33,594,236	$56,392,722
475 Offices of physicians	605	$49,135,251	$48,670,757	$78,996,664
400 Retail - Food and beverage stores	428	$13,212,509	$19,467,289	$28,420,335
483 Nursing and community care facilities	424	$15,957,867	$17,070,336	$28,125,448
405 Retail - General merchandise stores	397	$11,782,818	$19,061,176	$28,750,310
468 Services to buildings	386	$5,740,482	$6,092,490	$11,384,646
436 Other financial investment activities	371	$11,264,491	$12,653,278	$50,820,546
Households Earning $15,000 to $25,000 Per Year	**115,296 Households**			
Total Impact	21,141	$960,046,838	$1,683,026,238	$2,875,540,652
Top 10 Industry Impacts				
440 Real estate	1,890	$28,894,691	$203,359,765	$309,208,620
482 Hospitals	1,194	$92,627,510	$109,674,683	$190,240,146
501 Full-service restaurants	787	$23,977,841	$25,506,956	$42,231,086
475 Offices of physicians	781	$63,483,224	$62,883,094	$102,064,462
502 Limited-service restaurants	737	$16,722,924	$39,960,062	$67,078,669
400 Retail - Food and beverage stores	671	$20,704,522	$30,506,008	$44,535,782
405 Retail - General merchandise stores	614	$18,219,245	$29,473,443	$44,455,318
436 Other financial investment activities	558	$16,972,246	$19,064,736	$76,571,486
483 Nursing and community care facilities	550	$20,703,234	$22,146,516	$36,489,070
395 Wholesale trade	517	$49,925,018	$92,558,040	$135,428,341
State and Local Tax Impact				
Total				$558,742,061
Employee Compensation				$3,996,600
Tax on Production and Imports				$509,722,881
Households				$22,726,941
Corporations				$22,295,639

Economic Impacts of Raising Household Incomes to the Miami-Dade Area Median Income				
Test Case 2: Raising 10% of Households Earning Less than $25,000 Per Year to the Area Median Income				
Households: 26,754	Jobs Created	Annual Labor Income Induced	Total Value Added	Total Annual Economic Output
Total Economic Impacts	6,812	$302,446,813	$541,615,243	$923,805,270
Total Economic Output and Local and State Taxes Generated				$979,679,477
Households Earning Less Than $10,000 Per Year	9,311	Households		
Total Impact	3,064	$133,599,068	$242,309,833	$412,166,406
Top 10 Industry Impacts				
440 Real estate	325	$4,962,742	$34,927,591	$53,107,418
482 Hospitals	135	$10,457,090	$12,381,614	$21,476,972
501 Full-service restaurants	125	$3,804,619	$4,047,247	$6,700,903
502 Limited-service restaurants	118	$2,685,581	$6,417,297	$10,772,349
400 Retail - Food and beverage stores	93	$2,860,986	$4,215,373	$6,154,031
487 Child day care services	91	$1,568,674	$1,876,591	$3,157,958
475 Offices of physicians	88	$7,166,875	$7,099,124	$11,522,465
405 Retail - General merchandise stores	85	$2,528,988	$4,091,167	$6,170,779
436 Other financial investment activities	77	$2,338,539	$2,626,855	$10,550,485
468 Services to buildings	73	$1,088,737	$1,155,499	$2,159,207
Households Earning $10,000 to $15,000 Per Year	5,914	Households		
Total Impact	1,634	$72,843,062	$131,002,786	$224,084,800
Top 10 Industry Impacts				
440 Real estate	174	$2,659,227	$18,715,540	$28,456,987
482 Hospitals	92	$7,169,258	$8,488,689	$14,724,359
501 Full-service restaurants	66	$2,002,956	$2,130,688	$3,527,715
502 Limited-service restaurants	62	$1,405,888	$3,359,424	$5,639,272
475 Offices of physicians	60	$4,913,525	$4,867,076	$7,899,666
400 Retail - Food and beverage stores	43	$1,321,251	$1,946,729	$2,842,034
483 Nursing and community care facilities	42	$1,595,787	$1,707,034	$2,812,545
405 Retail - General merchandise stores	40	$1,178,282	$1,906,118	$2,875,031
468 Services to buildings	39	$574,048	$609,249	$1,138,465
436 Other financial investment activities	37	$1,126,449	$1,265,328	$5,082,055
Households Earning $15,000 to $25,000 Per Year	11,530	Households		
Total Impact	2,114	$96,004,684	$168,302,624	$287,554,065
Top 10 Industry Impacts				
440 Real estate	189	$2,889,469	$20,335,977	$30,920,862
482 Hospitals	119	$9,262,751	$10,967,468	$19,024,015
501 Full-service restaurants	79	$2,397,784	$2,550,696	$4,223,109
475 Offices of physicians	78	$6,348,322	$6,288,309	$10,206,446
502 Limited-service restaurants	74	$1,672,292	$3,996,006	$6,707,867
400 Retail - Food and beverage stores	67	$2,070,452	$3,050,601	$4,453,578
405 Retail - General merchandise stores	61	$1,821,925	$2,947,344	$4,445,532
436 Other financial investment activities	56	$1,697,225	$1,906,474	$7,657,149
483 Nursing and community care facilities	55	$2,070,323	$2,214,652	$3,648,907
395 Wholesale trade	52	$4,992,502	$9,255,804	$13,542,834
State and Local Tax Impact				
Total				$55,874,206
Employee Compensation				$399,660
Tax on Production and Imports				$50,972,288
Households				$2,272,694
Corporations				$2,229,564

Economic Impacts of Raising Household Incomes to the Miami-Dade Area Median Income				
Test Case 3: Raising 5% of Households Earning Less than $25,000 Per Year to the Area Median Income				
Households: 13,377	Jobs Created	Annual Labor Income Induced	Total Value Added	Total Annual Economic Output
Total Economic Impacts	3,406	$151,223,407	$270,807,622	$461,902,635
Total Economic Output and Local and State Taxes Generated				$489,839,738
Households Earning Less Than $10,000 Per Year	4,655	Households		
Total Impact	1,532	$66,799,534	$121,154,916	$206,083,203
Top 10 Industry Impacts				
440 Real estate	162	$2,481,371	$17,463,795	$26,553,709
482 Hospitals	67	$5,228,545	$6,190,807	$10,738,486
501 Full-service restaurants	62	$1,902,309	$2,023,623	$3,350,451
502 Limited-service restaurants	59	$1,342,790	$3,208,648	$5,386,174
400 Retail - Food and beverage stores	46	$1,430,493	$2,107,686	$3,077,016
487 Child day care services	45	$784,337	$938,296	$1,578,979
475 Offices of physicians	44	$3,583,438	$3,549,562	$5,761,233
405 Retail - General merchandise stores	43	$1,264,494	$2,045,583	$3,085,390
436 Other financial investment activities	38	$1,169,270	$1,313,428	$5,275,243
468 Services to buildings	37	$544,369	$577,749	$1,079,603
Households Earning $10,000 to $15,000 Per Year	2,957	Households		
Total Impact	817	$36,421,531	$65,501,393	$112,042,400
Top 10 Industry Impacts				
440 Real estate	87	$1,329,613	$9,357,770	$14,228,494
482 Hospitals	46	$3,584,629	$4,244,345	$7,362,180
501 Full-service restaurants	33	$1,001,478	$1,065,344	$1,763,858
502 Limited-service restaurants	31	$702,944	$1,679,712	$2,819,636
475 Offices of physicians	30	$2,456,763	$2,433,538	$3,949,833
400 Retail - Food and beverage stores	21	$660,625	$973,364	$1,421,017
483 Nursing and community care facilities	21	$797,893	$853,517	$1,406,272
405 Retail - General merchandise stores	20	$589,141	$953,059	$1,437,516
468 Services to buildings	19	$287,024	$304,625	$569,232
436 Other financial investment activities	19	$563,225	$632,664	$2,541,027
Households Earning $15,000 to $25,000 Per Year	5,765	Households		
Total Impact	1,057	$48,002,342	$84,151,312	$143,777,033
Top 10 Industry Impacts				
440 Real estate	94	$1,444,735	$10,167,988	$15,460,431
482 Hospitals	60	$4,631,376	$5,483,734	$9,512,007
501 Full-service restaurants	39	$1,198,892	$1,275,348	$2,111,554
475 Offices of physicians	39	$3,174,161	$3,144,155	$5,103,223
502 Limited-service restaurants	37	$836,146	$1,998,003	$3,353,933
400 Retail - Food and beverage stores	34	$1,035,226	$1,525,300	$2,226,789
405 Retail - General merchandise stores	31	$910,962	$1,473,672	$2,222,766
436 Other financial investment activities	28	$848,612	$953,237	$3,828,574
483 Nursing and community care facilities	27	$1,035,162	$1,107,326	$1,824,454
395 Wholesale trade	26	$2,496,251	$4,627,902	$6,771,417
State and Local Tax Impact				
Total				$27,937,103
Employee Compensation				$199,830
Tax on Production and Imports				$25,486,144
Households				$1,136,347
Corporations				$1,114,782

Conclusions: Miami-Dade's Prosperity Gap

The Building Blocks of Prosperity

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 requires moving to approaches that increase economic self-sufficiency. Given economic conditions in the County, the goals of the Prosperity Initiative should be to improve economic opportunity, mobility, and equity. The policy and programs to do so need to simultaneously provide the following solutions:

- Expanding the supply (pipeline) of higher wage job opportunities;
- Providing better preparation by increasing the skills, education, and capacity of residents to take those jobs;
- Wealth building through business ownership;
- 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.

Miami-Dade County's ***Prosperity Gap***

Miami-Dade County faces a growing ***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.

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 provided 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.***

Substantial Need

The scale of the need for prosperity or wealth-building programs in Miami-Dade County is considerable any way it's measured. Given that the Prosperity Initiative contemplates programs addressing the needs of workers, students, and children, the total population who may need assistance reaching economic self-sufficiency is significant. At the County's current poverty rate, 93,105 of its families comprised of 520,818 people live under federally defined poverty levels.

Yet, poverty level alone probably leaves out a large number of County residents who need assistance reaching economic self-sufficiency. The poverty cut-off limits don't include working poor families who otherwise are employed full-time, but whose wages still fall short of providing for their basic needs.

A more comprehensive *minimum* estimate of need is to consider the 267,544 households whose annual income in 2014 was less than $25,000. A third, and probably more useful estimate of total need is to consider the 337,555 households included in the County's two lowest income quintiles, which would include both households and families under poverty cut-off levels, as well as the County's most needy working poor.

Rising Barriers to Prosperity

Despite recent employment gains and growing investment in the transportation, technology and health sectors, households and families seeking to improve their economic standing face rising challenges. Barriers to expanded prosperity, economic mobility and opportunity, have been growing, rather than easing, during the post-2008 recovery, including:

- Declining real median income since 2000, and accelerated real income decline since 2008;
- Income declines across every income segment in the County from 2000 to 2014, and a reversal of income gains in the County's bottom two income quintiles after 2008. 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;
- Growing income inequality significantly above the national average. Miami-Dade's 95/20 ratio ***declined*** by over 23% from 2000 to 2007, but grew by 11% from 2008 to 2014;
- A Countywide poverty rate, at 19.8%, that is 33% higher than the national poverty rate;
- Cyclical job losses and employment recovery;
- Low 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;

- The lack of a coordinated local community development infrastructure; and
- ***The impacts and barriers to expanded prosperity in Miami-Dade are not only affecting the County's lowest income earners, but are increasingly impacting workers, households and families across its income and occupational spectrum.***

What are the Costs of Inaction?

If left unchecked, the Miami-Dade County's growing prosperity gap risks becoming a permanent structural characteristic of the County's economy, labor, and housing markets, posing economic hardships for those least able to absorb them and thwarting the desires of workers and families to lift themselves up the regional income ladder.

Declining opportunity for households at the lower end of the income spectrum will also pose steadily increasing costs to the County, including policing expenditures, social services, hospitals and health care services, increased affordable housing costs, lost property taxes and lost spending power. Rising numbers of households in need, as well as increasing cost per household, will place pressure on allocating scarce public dollars.

Continuing political uncertainty regarding Federal and State funding levels for human service, economic and community development programs also pose a significant challenge to the County's finances. Pushing a growing share of costs to municipalities across the spectrum of services to low-income families could become unsustainable costs, given the multiple demands on scarce public dollars in Miami-Dade.

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 desire to diversify and strengthen its economic structure.

The Benefits of an Expanded Prosperity Agenda

Programs to expand prosperity are a sound economic investment. One of the research team's key findings is that providing expanded 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.

Raising the income of even a small percentage of the households in the bottom income quintiles will have significant economic impacts. Raising the incomes of 5% to 10% of these households (13,381 to 26,762 households) to the Area Median Income ($43,100) would create over $400 Million to over $900 Million of annual economic output, create 3,000 to over 6,000 new jobs, and generate $27 Million to $55.8 Million in new tax revenue.

Based on the research team's model, raising incomes of only 5% to 10% of the lowest income households would also generate 765 to 1,535 jobs in high-wage, high-skill sectors including Securities and Investments, Real Estate, Offices of Physicians, Dentists, and other Health Practitioners, Private Hospitals, Nursing and Residential Care Facilities, Medical and Diagnostic Labs, Outpatient & Ambulatory Care Services, and Home Health Care Services.

The Critical Need for a Local Prosperity Response

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 county's lowest income households and neighborhoods, the County is well advised to immediately develop an aggressive prosperity development program.

Prosperity Initiative Programs in the Broader Community Development Context

Each of the Programs evaluated in this study address at least one of the three building blocks of prosperity, and based on the findings of the study team, could have significant benefits. However, they should not be seen as the single package of solutions required to fully address the County's Prosperity Gap. In order to provide long-term, sustainable opportunities for upward economic mobility, the program package considered here 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.

Program Scale

The immediate and long-term success of the Prosperity Initiative depends on selecting an achievable program scale. Although need is substantial across the County, the Prosperity Initiative must be careful not to overreach.

Determining an achievable, more modest program scale is preferred to launching a sweeping, massive program. The advantages are that a more modest, pilot scale approach can 1) be funded and implemented more quickly, 2) deliver visible results more quickly, 3) build confidence in the broader Prosperity Initiative, and 4) scale up more easily over time.

The County's Role

The leadership role selected by the Chairman's Council for Prosperity Initiatives is also critical to the success of the program. Although the County is rebuilding its internal Community Development capacity, the broader network of Community Development institutions remains fragmented.

The study team recommends a leadership role that aggressively promotes the goals of the Prosperity Initiative, but the County is best served if the Chairman's Council and County act as a facilitator, promoting development of the program package, but seeking in every program (except passing Community Benefit Legislation) experienced organizations and operators to implement Prosperity

Initiative programs. Similarly, in terms of funding Prosperity Initiative programs, the County would be well advised to organize funding from a variety of sources to provide seed capital for each Program. The County's central role is to insure proper capitalization for program launch, but seek to raise funds that are then leveraged to seed programs that become financially independent and self-sufficient over time.

Prosperity Program Evaluation

The Study Team was asked to evaluate five programs as the foundation of a preliminary Countywide Prosperity Initiative. The programs evaluated by the study team include: 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.

Social Enterprise Incubators and Accelerators

Social Enterprise and Social Impact Investing

Social enterprises, *social entrepreneurs*, and *social impact investing* are evolving terms. In general, a social enterprise is any organization that uses business methods to address perceived social issues, incorporating a social mission into their business model and/or structure. Social enterprises, unlike volunteer organizations, employ people and earn income to address social and environmental problems. Social enterprises can be either for-profit or non-profit, but unlike traditional businesses, profit maximization is not the central objective of the venture. Social enterprises balance financial benefit with their social goals — some are structured to earn market rate profits, while others are structured to earn lower rates of return in exchange for accomplishing their social mission.

Social entrepreneurs are individuals or partnerships who form businesses and non-profits to specifically address social problems. According to Gregory Dees, writing for the Kauffman Center for Entrepreneurial Leadership: "social entrepreneurs are change agents in the social sector who adopt a mission to create and sustain social value. They recognize and relentlessly pursue new opportunities and engage in a process of continuous innovation, adaptation, and learning." Profit is not the sole gauge of business success for social entrepreneurs, but sustaining a business to accomplish their social mission. [Kauffman Foundation, 1998]

Social venture capitalists, also called social impact investors, are investors who pursue social venture capital and social impact investing — typically angel and seed level investments in social enterprises. Social impact investors share the same goals as social entrepreneurs, and make investments in enterprises making change to address critical societal issues. According to the Global Impact Investing Network (GIIN) / J.P. Morgan Chase: "Impact investments are investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return."

There are a wide variety of social impact investing vehicles, including managed social impact venture capital funds, social impact investing networks, traditional banks, bank investment funds, and traditional charitable foundations. Social impact investors have a variety of goals — while they balance financial return with social impact, according to GIIN / J.P. Morgan Chase, 55% of social impact investors expect market rate returns, 27% expect below market rate returns, and 18% invest with the intention of capital preservation. [The Global Impact Investment Network/JP Morgan Chase, 2014]

The enterprises established by social entrepreneurs and funded by their investors undertake a broad spectrum of strategies. Some focus on narrowly specific issues, others on specific business sectors including green tech, energy, information technology, or transportation, while others develop business ventures across multiple sectors. Funded social enterprises may also focus on a very small geographic region, while a number of newer enterprises are undertaking global investment strategies, making investments and starting enterprises on multiple continents.

Impact investing stretches across many asset classes, sectors and regions. The precise size of the social impact investing market is not yet understood, however, it is generally agreed by professionals in this market space that social impact investing is growing rapidly worldwide. According to an annual survey published by GIIN and JP Morgan Chase, its surveyed network of 152 impact investors have $46 Billion under management. According to Forbes, analysts estimate that the impact investment market could grow to $3 trillion worldwide. [Forbes, 2016]

Incubators and Accelerators

Precise data on business incubators and accelerators operating in the U.S. is challenging, due to how accelerators and incubators self-identify, and the rapid growth of accelerators from 2008 through 2012. Business incubators have a long history — the first recognized business incubator opened in 1959 in Batavia, New York. According to the National Business Incubation Association, as of October 2012, there were over 1,250 incubators in the United States, and over 7,000 incubation programs in operation around the world.

Y Combinator, the first formally recognized business accelerator, was founded in 2005 in Cambridge, Massachusetts. Accelerators have since grown to over 200 in 2015. Seed-DB, an on-line business accelerator analytics database, lists 235 accelerator programs worldwide. [Seed-DB.com, 2016]

Incubators and accelerators are not the same. Although they may provide some of the same services to client enterprises, incubators typically provide reduced rent working space for 1 to 3 years, based on the needs of the client enterprise, and consulting and business development services that clients may or may not pay for. Incubators range widely in size, averaging 22 client firms in residence at any time. [U.S. EDA, 2011]

Incubators are predominately non-profit entities. According to a study by the U.S. Economic Development Administration with the National Business Incubation Association (NBIA), 25% of incubators are sponsored by academic institutions, 19% by economic development organizations, (22%), by government entities, and only 4% are sponsored by for-profit entities. Access to incubators is mostly non-competitive — the incubator accepts rent from its resident client firms.

Accelerators require competitive applications from enterprises, and accept a take a group of client businesses (a “class”) through a specific and tightly defined, shorter duration program, at the end of which client firms “graduate” with a pitch event to investors. Class size averages 8 to 10 businesses and the average program length is 3 to 6 months.

Most accelerators are privately owned, although public and non-profit accelerators are growing. Unlike incubators, accelerator clients are usually paid a seed investment for which the accelerator receives equity. Average seed investment in U.S. accelerators is $22,000.

Incubators and accelerators work with firms at either one or all of the early stages of business development and funding. They both also can have a sector and/or geographic focus, or support enterprise development across sectors or locations. Incubators and accelerators provide a mixed basket of services, including:

- Enterprise Pipeline and Selection: a competitive selection process and evaluation for applicant enterprises (typically accelerators only);
- Expert mentorship;
- Financial support including direct investment funding and /or grants;
- Access to potential investors;
- Infrastructure support (office space, shared back-office services);
- Marketing and brand development;
- Access to an established network of partners and customers (Accelerator Networks), sometimes through formal partnership agreements with impact investors, commercial investors, foundations, governments, and universities;
- Business skills development;
- Technology training and assistance; and
- Post program support, including business performance metrics and evaluation for incubator graduates. Services can last between one and six months post graduation, up to the life of the graduating enterprise.

Incubators earn revenue from rents, in-kind contributions, and on-going public support. Accelerators earn income through a variety of vehicles, including entrepreneur fees, consulting contracts, returns from Investment, "success fees" from Investment, and philanthropic and grant support.

Incubators and accelerators provide three primary business development functions:

- Bloomberg estimates that 80% of all businesses fail in the first 18 months, and 55% of all businesses fail within five years. By providing support services, mentoring, and education, incubators and accelerators exist to help improve the odds of success for startups, as well as their business longevity;
- Incubators and accelerators are designed to speed up the funding cycle and growth rates of their client companies, helping them achieve significant funding and staffing faster than they would if left on their own;
- By combining services and infrastructure in one location, they both are designed to deliver services that obtained separately, are difficult and costly for young businesses; and
- Incubators and accelerators help build a more efficient venture capital and business investment market. Well run operations network with hundreds of potential investors, providing efficiency for both companies seeking investors and investors seeking opportunities.

Social Enterprise and Social Impact Incubators and Accelerators

Social enterprise incubators and accelerators have been described as the intersection between innovation, profit maximization and the social welfare (Nicholls, 2006). Operating in the same way as traditional incubators and accelerators, Social Enterprise Incubators and Accelerators provide services and funding to support the growth and expansion of social enterprises and their founders. Unlike traditional incubators and accelerators, they are founded to balance profits with social impact.

Social impact incubators and accelerators have grown in parallel with the traditional incubator/accelerator industry. They also operate in multiple business modes, including for-profit, non-profit, and hybrid models. Social impact incubators and accelerators work to grow both for-profit and non-profit impact enterprises.

Increasingly, social impact incubators and accelerators focus their efforts on narrow business sectors, social issues, or geographies. A growing number of impact accelerators are also focusing on issues of racial disparity, supporting the growth of women and minority-owned businesses. In fact, the traditional accelerator industry has taken notice — Y Combinator recently announced that it would be accepting applications from non-profits for its accelerator program.

Social impact incubators and accelerators assist their client enterprises to solve complex business, funding, technical and social problems. They also function to increase the survival, success and funding outcomes of their client enterprises through services and educational experience. However, given the special needs of social impact enterprises, impact incubators and accelerators play an important role in the growth of social impact investing.

Early stage social enterprises face challenges raising initial funding. According to a report by the Monitor Institute & Acumen Fund, due to a lack of understanding and apprehension regarding risk, social impact innovators have considerable difficulty raising funds from investors because they and their concepts are so new, and rewards are not strictly measured in profits. This "pioneer gap" can be overcome with the assistance of accelerators who are effective at building the business knowledge, business plan, and communication capabilities of its client enterprises. [Monitor Institute & Acumen Fund, 2012]

Additionally, despite the growth of social impact investing worldwide, the Aspen Network of Development Entrepreneurs (ANDE) and Village Capital have noted that investors complain that there is still not a large enough number of business-ready, viable social impact enterprises ready to be scaled-up. According to Aspen, this "bottleneck…is thwarting the growth of this (social impact) sector." The social impact investment banking marketplace is still not fully functioning. Social impact accelerators, working with a growing network of formal social impact investor funds and organizations, actively shrink the distance between enterprises needing funding and potential investors through the development of "accelerator networks" — a ready pool of investors who pay to have the first look at accelerator graduate enterprises. [Aspen Network, 2013]

The Miami-Dade Incubator and Accelerator Ecosystem

The growth of Miami-Dade's incubator and accelerator ecosystem has been a leading bright spot on the County's economic landscape and one of its real success stories since the recession. The County's Incubator and Accelerator ecosystem was virtually non-existent in 2008 – 2009. Since then it has built a growing cohort of accelerators, which is distinguished by its depth and breadth. However, Miami-Dade's incubator and accelerator market is small in size compared to other regions on a per capita basis — Gainesville has one of the highest per capita incubator/accelerator per capita rates in the nation. Accelerators of note that have established in Miami-Dade include:

- Venture Hive
- Rokk3r Labs
- Project Li!
- TECKpert
- The LaunchPad
- Startup Miami

Miami's emerging accelerator industry, combined with its economic relationships with Latin America, has attracted the attention of major accelerator industry establishments. The area's largest accelerator projects include:

- ***StartupBootcamp*** is Europe's largest accelerator owner and operator, with locations across Europe. StartupBootcamp selected Miami as its first U.S. location in 2014;
- ***Endeavor*** is a global non-profit accelerator operator now supporting over 1,500 entrepreneurs in Latin America, Africa, the Middle East, Southeast Asia, and the U.S.. According to Endeavor, its global accelerator network has created more than 500,000 high-value jobs and in 2014, generated $7.7 Billion in investment. ***Endeavor Miami*** is its Miami flagship;
- The Miami-Dade College IDEA Center houses the ***CREATE Accelerator***, supporting student entrepreneurs, includes co-working spaces and attracted a leading Advisory Board;
- The University of Miami, in a public-private partnership, has developed the ***University of Miami Life Science and Technology Park*** (UMLST), located in the University of Miami's Health District in Overtown, the second largest Health District in the USA. The UMLST has already landed world-class research institutions, and medical technology tenants; and
- The ***Cambridge Innovation Center*** (CIC), founded in 1999, is one of the nation's most established incubator/accelerators. Companies originally based at CIC have raised over $1.8 Billion in venture capital. CIC chose Miami as its second expansion location, is opening a new center in the UMLST that will house as many as 500 tech startup companies. The Miami CIC location is expected to open in Fall 2016.

Growing in parallel with the accelerator/incubators, the County is now home to a wide range of support organizations that market, promote, support, and network accelerators, investors and entrepreneurs. eMerge Americas, founded locally, is the largest regional innovation support organization, and hosts regular tech conferences attended by investors from around the world. Launchcode, a St. Louis non-profit, opened in Miami in 2014 and provides sector, technology and company-specific training courses for individuals seeking employment in Miami's tech economy.

Lastly, Miami's largest foundations have played a critical leadership role in the growth of its incubator/accelerator ecosystem, providing seed funding to accelerators, support organizations, conferences, and promotional event. The Knight Foundation has been deeply involved in funding nearly every significant accelerator-related development since 2008. It took an early leadership role in development of the sector, and has been instrumental in its formation and growth.

The payoff resulting from the growth of Miami-Dade's accelerator/incubator ecosystem has been substantial. While performance data regarding specific companies graduating from Miami-Dade's accelerators in incomplete, the bigger picture numbers are impressive. Miami-Dade's accelerator programs regularly draw innovators and entrepreneurs from around the nation and Latin America. More importantly, according to an analysis by Endeavor Miami, South Florida accounts for more than 50% of Florida's venture capital investment deals, with approximately $6.9 Billion invested between 2009 and 2014 across 1,100 deals.

Miami-Dade Social Impact Incubators and Accelerators

Like the County's broader incubator and accelerator ecosystem, Miami-Dade's emerging group of social enterprise and social impact incubator/accelerators has grown quickly, including home-grown organizations and branch locations of established national accelerator entities. Miami-Dade's social enterprise and social impact accelerators of note include:

- ***Radical Partners***: launched in 2012, Radical has helped grow more than fifteen social-impact organizations, and has coached more than 45 social entrepreneurs.
- ***AT&T Aspire*** works with for profit and non-profit organizations focused on social impact. The AT&T Aspire Accelerator Program has recently opened applications for companies working in the educational technology sector. Solutions for students at risk of dropping out of school will receive special consideration. Aspire Accelerator is part of AT&T's $350 million commitment to empower students to reach their full potential, and includes a 6 month accelerator program with $100,000 investment.
- ***Babson College Women Innovating Now Lab***, or WIN Lab, assists women entrepreneurs launch successful businesses. Its accelerator program includes training sessions, mentoring, networking with investors and co-working space.
- ***The Center for Social Change*** is a collaboration of Charity Deposits Corp., Charity Services Centers and the Center for Social Change, formed to support social entrepreneurs and nonprofits.
- ***Ashoka South Florida*** is not a formal accelerator, but a global support network that connects social entrepreneurs, investors, and professionals to support and leverage their social impact efforts.

Best Practice Success Stories

Y Combinator

Though not specifically a social impact accelerator, Y Combinator needs mention as it is the first and largest accelerator in the U.S., based on results. According to the company, Y Combinator focuses on web/mobile applications, and since 2005 they have funded over 1,000 start-ups for a combined valuation of $65 Billion. Y Combinator is also noteworthy in that its business model is different than most accelerators — it accepts over 100 businesses in each incoming class. Y Combinator may be considered at least a partial social impact accelerator in the future, as it has now developed a non-profit accelerator program.

reSET, Hartford, CT.

Founded in 2007, ReSET is a non-profit focusing on Hartford and Connecticut. ReSET wants to be the "go-to place for impact entrepreneurs, to make Hartford the Impact City, and Connecticut the social enterprise state" (Social Enterprise Trust, 2015). To achieve that end, the organization provides co-working space, an accelerator, financial and mentoring programs. reSET sponsors the *Beyond Business as Usual* Conference, which gathers individuals from Hartford to explore ways to add social missions to a company's financial plan. The conference set into motion a volunteer driven priority list that works toward the goal of creating a new type of socially driven business model in Hartford by creating educational, financial and investment opportunities to companies willing to be involved in the movement.

Portland State University

Since 2009, Portland State University's Social Incubator has combined the power of the School of Business with the Institute for Sustainable Solutions to train facilitators to help social enterprises and social incubators grow. According to the Impact Entrepreneur 2014 Impact Report, the incubator helped generate $60 Million revenue. Additionally, they have helped employ 70 paid staff in the Portland area.

Santa Clara University Global Social Benefit Incubator (GSBI)

Santa Clara University's Global Social Benefit Incubator launched 10 years ago to help social entrepreneurs build their businesses and amplify their impact. Approximately 20 social entrepreneurs are invited to the campus each year to participate in the five-month program through a scholarship valued at $25,000. Due to its location in Silicon Valley, many of the firms they work with are start-up tech firms. The program is global in focus. The main goal is to encourage businesses to tackle the social issues of a community.

NewMe accelerator

Founded in 2011 in San Francisco, NewME promotes diversity in California's technology industry. NewMe operates an online virtual accelerator platform, residential "boot-camp" accelerators, and an equity portfolio. According to NewMe, they "pioneered diversity in Silicon Valley by focusing on helping entrepreneurs identify strengths from their non-traditional backgrounds and leveraging them in business". NewMe's client companies have raised $20 Million in venture capital funding.

Impact engine

Impact Engine's 16-week accelerator program is designed to help impact entrepreneurs navigate the unique situations and challenges that mission-focused, for-profit startups face. It provides Seed Funding, Super Mentors, Extensive Network, Workshops and Seminars, Pitch Events, Co-Working Space, Fundraising Support, and Brand Awareness.

Echoing Green Fellowship

Echoing Green's Fellowship program is specifically for start-ups under two years old or for those who have yet to start an organization (either non-profit or for-profit). The two-year program provides each social entrepreneur with a stipend of $80,000 (or $90,000 for each two-person partnership). Fellows receive a health insurance stipend, a yearly professional development stipend, conferences led by organizational development experts, and access to technical support and pro bono services. Echoing Green's Fellowship Programs will offer more than $4.6 million in seed-stage funding and support in 2016 to emerging leaders working to bring about positive social change.

Hub Ventures

Based in San Francisco, Hub Ventures is a 12-week accelerator program that supports start-up teams with the potential for scale, profitability, and significant measurable impact. They generally work with technology companies that are developing solutions to domestic and global challenges, ranging from poverty to climate change, but do consider non-tech businesses as long as they focus on impact and can scale up. Companies receive up to $20,000 in seed funding in exchange for an average equity stake of 6%.

Unreasonable Institute

Based in Boulder, Colorado, the Unreasonable Institute gathers 10-30 entrepreneurs from around the world each year and connects them with 50 world-class mentors, 25 capital funds, and over 100 angel and other investors under one roof for six weeks. These entrepreneurs form relationships with investment funds, receive legal advice and design consulting, and pitch their ventures to potential investors at the end of the program. The goal is to accelerate these ventures so they can scale to meet the needs of at least one million people each.

Incubator and Accelerator Performance

Interest from start-up clients and investors, as well as the growth in the number of incubators and accelerators, has never been greater. According to the National Business Incubation Association (NBIA), "in 2011 alone, North American incubators assisted about 49,000 start-up companies that provided full-time employment for nearly 200,000 workers and generated annual revenue of almost $15 billion." [NBIA, 2012] Also, according to the NBIA, incubators generate $30 dollars in local tax revenue for every $1 of public investment. According to Seed-DB.com, accelerators worldwide accelerated 5,693 companies, attracting almost $13 Billion in funding.

Additionally, according to the NBIA, Business incubators reduce the risk of small business failures. NBIA member incubators reported that 87% of all firms that have graduated from their incubators are still in business five years later, versus a survival rate for non-incubated businesses at 44%. A recent Cambridge University study indicated that accelerators increase business survivorship rates by 10-to-15%, and preliminary research at Emory University indicates that business enterprises in accelerators have faster revenue growth and more employees than non-accelerated business enterprises.

Yet despite the broad interest, the precise impacts on individual businesses and enterprises is inconclusive, largely due to the lack of academic research on the performance of businesses that graduate from accelerators and incubators, versus those that don't. Researchers including the Kauffman Foundation, Hallen, Bingham, and Cohen (2014), Winston-Smith and Hannigan (2015), and the Brookings Institute could not find significant evidence that industry-wide, businesses graduating from incubators and accelerators outperformed non-incubated or non-accelerated businesses in terms of funding, growth, or survival.

However, there is evidence that individual high-performing incubators and accelerators do improve the performance of their client firms. Further, a growing body of research indicates that the presence of incubators and accelerators, especially as they grow in number within a region, has a significant positive impact on the regional economy, including: 1) attracting early stage funding for businesses, 2) bringing additional new investors to a community, 3) increasing overall venture capital investment, 4) stimulating regional employment and job creation, 5) increasing entrepreneurial activity and new business formation rates, and 6) providing immediate employment opportunities within the incubators and accelerators. Lastly, the NBIA claims that 84% of companies that graduate from incubators stay in their communities. [NBIA, 2006]

Keys to Success

Of the five Prosperity Programs evaluated in this report, the development of social impact incubators and accelerators potentially addresses the widest range of prosperity policy solutions, including expanding the pipeline of higher wage job opportunities, wealth building through business ownership, providing targeted business development and employment opportunities for underserved segments of the County's population, and physical investment and new investment in distressed neighborhoods.

The performance characteristics of successful incubators and accelerators are well understood. A considerable body of research completed by the Rockefeller Institute, Aspen/Village Capital, the NBIA, U.S. Economic Development Agency, and Unitus Seed Fund indicates that high-performing incubators and accelerators share the following traits:

- A focused approach on either geographically localized and/or sector-specific businesses and enterprises;
- A focus on existing regional industry strengths: High-performing incubators and accelerators focus on start-ups either in, or developing products and a services for industries that already have a strong local or regional presence. Survival rates of graduating enterprises decrease significantly if they are in sectors with limited local employment, businesses, sales or investment;
- Customized support for every enterprise, instead of one-size-fits-all services;
- Permanent relationships with investor/partners dramatically increases graduate enterprise survival rate, especially when these investors have a stake in the accelerator itself. Strong collaborations and permanent partnerships with investors, outside service providers, and funders who support operations but do not invest also improves client firm success odds;
- High quality experienced mentors who have a permanent relationship with the incubator or accelerator. High-performing incubators and accelerators also have highly experienced Corporate Boards, and access to high quality business support services either internally or externally;
- Stringent selection criteria for accepting accelerator clients;
- Measurement of effectiveness, impact and long-term tracking of client results; and
- Incubators and accelerators function more effectively when they operate in an regional market rich in accelerators and incubators. That is, a strong network of incubators and accelerators provides stronger investor connections and visibility, a stronger inter-industry support system (third parties providing marketing and other support services to incubators and accelerators), and a deeper and more mature market of client companies and entrepreneurs.

Community Land Trusts

The Community Land Trust Model

A Community Land Trust (CLT) is a private non-profit corporation created to acquire and hold land to meet the housing needs of residents not served by the prevailing market. CLTs serve as the "steward" for a City's long-term affordable housing supply, and can be an effective tool for making housing affordable in the face of the increasingly widening gap between income and housing costs.

CLTs purchase land and hold it in trust in perpetuity, and develop vacant land or purchase existing properties for rental or owner-occupied housing and mixed-use projects. For development of owner-occupied housing, the CLT sells the housing unit to a purchaser, but retains ownership of the land, entering into a ground lease with the new owner. The CLT thereby takes the cost of the land out of the purchase price, and/or applies other subsidies to bring the purchase price in line with local affordability guidelines. The homeowner retains the rights to privacy, exclusive use of the property, and the right to bequeath the property and the lease. The CLT has the right to purchase the house when and if the owner wants to sell. If the owner chooses to sell, the CLT retains the right to re-purchase the structures for an agreed-upon formula giving the owner partial equity. The remaining equity stays with the CLT, and the structure is re-sold to a new buyer at a below-market affordable rate. The cost of the land is forever retained within the trust.

CLTs began operating in the early 1970s, but have tripled in number since 1987. According to community-wealth.org, there were 242 community land trusts in the United States in 2011 with about 10,000 housing units serving over 12,000 residents. A majority (82%) of those residents had incomes below 50% of the area median. Providing affordable housing through Community Land Trusts have a number of considerable advantages, including:

- Expanding and preserving access to homeownership for households excluded from the market;
- Developing and retaining a ***permanent*** stock of affordable housing with little need to continually replace it;
- An owner of a CLT developed property still earns equity as they pay down their purchase mortgage, and a percentage of the appreciation value of the property, building savings and wealth;
- The CLT model is an ideal way to gain control over local land use and reduce absentee ownership, promote resident ownership and control of housing, and stabilize neighborhoods buffeted by cycles of disinvestment or reinvestment, and redevelop communities without displacing people;
- Providing additional routes to housing for lower and moderate income households beyond what the market offers); and
- CLTs can backstop the security of first-time homeowners (stepping in to cure defaults and prevent foreclosures, protecting the homeowner, the housing, the bank and the community); and
- CLTs also manage non-housing uses, from urban greenhouses and gardens to commercial and office spaces.

A significant advantage of utilizing a CLT model, especially if it is organized as a private non-profit corporation, is its flexibility:

- CLTs can develop mixed-use projects more easily, and without the restrictions that regulate traditional housing authorities and agencies dependent on state and federal funding;
- State formed public housing authorities are tightly regulated in terms of unit design, use and income eligibility. These additional requirements often raise development and construction costs, and tightly limit how residential units are used, especially live-work uses;
- CLTs can also develop or rehabilitate owner-occupied or rental units on its own, or contract with private and other non-profits to build, operate and/or manage property; and
- CLTs organized as private non-profits can accept and use an extremely wide variety of funding from a wide variety of sources, with a tax break for the donors. Most qualify as Community Development Corporations and Community Development Financial Institution (CDFI), which means they can accept federal state housing and community development funds, make loans to individuals and other developers (nonprofit and for-profit), and participate in tax credit development projects with tax credit investors.

CLTs have benefits in weak markets. Their stewardship protects communities by ensuring fewer foreclosures, better upkeep, and stable residency. CLTs bring sustainable homeownership within the reach of more families, supporting residents who want to commit to their neighborhood long term.

Best Practice Success Stories

The National Community Land Trust Network

The National Community Land Trust Network, an extensive network of member practitioners from local communities, provide organizational capacity and best practice research for the CLT sector. The Network's goal is to inspire action and reform policies that help create more equitable housing opportunities and inclusive communities across the nation.

Champlain Housing Trust, Burlington, Vermont

Property values and development costs skyrocketed in Burlington, VT in the late 1980s and 1990s, driving housing out of reach of much of its workforce. In 1990, Burlington adopted a mandatory citywide inclusionary zoning policy, requiring new residential projects that are 5 or more units to set aside a small portion of the new units for households earning 65% of the area median income (AMI) or less. Owner-occupied units should be affordable to households earning 80% AMI or less. The policy further requires all these units to remain affordable for at least 99 years.

While the City's inclusionary zoning ordinance creates new affordable homeownership units, its innovative partnership with the Champlain Housing Trust (CHT), a local community land trust, insures their long-term affordability. The CHT is responsible for the administration and management of inclusionary homeownership units. As with any community land trust, CHT retains ownership of the land and issues a 99-year ground lease to the homeowner who purchases just the structure on top of the land (the home). The homeowner may profit from selling the unit, but there are restrictions that keep the sale price affordable for the next income-eligible household. In the case of condominium developments, CHT executes long-term deed covenants that contain the same use and affordability rights and restrictions as the ground lease.

CHT offers a wide array of post-purchase education, financial support and resale management education programs. As of 2014, Burlington's inclusionary zoning program had produced 125 permanently affordable homeownership units, the majority of which have been transferred to CHT for ongoing management and stewardship. By partnering with a community land trust, the City has been able to ensure more robust and consistent affordable home ownership program. The CHT also produces its own permanently affordable homes apart from the inclusionary zoning program.

Chicago Community Land Trust, Chicago, Illinois

The Chicago Community Land Trust (CCLT) was founded in 2006 to address the increasingly limited supply of funding for affordable housing. The goal of the CCLT is to preserve the long-term affordability of homes created through City of Chicago programs to: 1) preserve the public & private subsidies used to make the homes affordable; and 2) maintain a permanent pool of homeownership opportunities for working families.

The CCLT is a non-profit corporation, with a Board of Directors appointed by the Mayor and approved by the Chicago City Council. It operates citywide and is administered and staffed by the Chicago Department of Planning and Development. Once the CCLT acquires 200 homes, one-third of the board will consist of CCLT homeowners.

CCLT works in combination with City programs. Developers must follow an application processes and development guidelines associated with the specific City program under which they are building, receiving any subsidies or incentives associated with that program. Units built under these programs will also be held to CCLT guidelines, ensuring that they remain permanently affordable.

All affordable homeownership units created through City programs are considered for inclusion in the CCLT. In neighborhoods where the market value of units is at least $25,000 higher than the affordable prices for the proposed development, the affordable units will be included in the CCLT.

Upon purchase of a CCLT home, the initial homebuyer enters into a 99-year Deed Covenant with the CCLT. The Deed Covenant preserves the affordability of the home over time by requiring that the home be resold to another income-qualified buyer at an affordable price. Sellers then earn back their initial purchase price plus a share of the market appreciation with the remaining equity. The subsidies that made the unit affordable stays with the home providing savings to another low-to moderate-income family. The Deed Covenant takes the place of many of the City's junior mortgages required under its programs.

The CCLT is a partner in the ownership process, giving homeowners access to many of the benefits of traditional ownership, along with a network of support to help ensure their ongoing success. This long-term security and stability cannot be found in rental housing or even in market rate homeownership. CCLT homeowner support includes:

- Pre-purchase homebuyer counseling and educational materials specific to the CCLT;
- A pool of mortgage lenders educated about the CCLT and willing to provide mortgages to qualified homebuyers;
- A pool of attorneys trained on the CCLT and the City/CCLT closing process;
- Pre and post-purchase workshops, resources and referrals to assist with common first-time homeowner questions;

- Assistance in filing and monitoring applications for reduced property taxes;
- Resale assistance; and
- Default / foreclosure prevention assistance.

CCLT homeownership is designed to preserve the long-term affordability of its homes, while providing its homeowners with a return on their investment. Unlike renting, CCLT ownership provides an opportunity to begin building equity.

South Florida Community Land Trust, Broward County, Florida

The South Florida Community Land Trust, a 501(c)3 nonprofit, was formed in 2006 out of a regional planning effort led by the Broward Housing Partnership to provide a permanent source of affordable housing in South Florida. It is the only organization in Broward or Miami-Dade County focused on long-term affordability. As part of their mission "to provide and preserve quality, sustainable, affordable housing for underserved populations," the SFCLT offers affordable rental, lease-purchase, and CLT homeownership housing opportunities to address the full spectrum of housing needs in South Florida.

All housing provided through SFCLT is reserved for very low to middle-income households, with set-asides for homeless populations including youth aging out of foster care and veterans. By the end of 2013, SFCLT expects to house 60 families and 100 individuals, including homeless veterans and youth aging out of foster care. The SFCLT also offers expanded empowerment and engagement services to link its residents to opportunities that go beyond housing and pave the way for upward mobility.

Keys to Success

The feasibility of the CLT Model depends on several enabling factors: 1) the existence of a comprehensive affordable housing plan with specific strategies for affordable housing development, preservation and homeownership; 2) government support for the local CLT(s), and 3) an aggressive local land banking program for affordable housing development.

A Comprehensive Affordable Housing Plan

The CLT Model works best in jurisdictions that have adopted comprehensive affordable housing plans and strategies. A comprehensive affordable housing plan includes the following elements:

- Affordable homeownership, including a first-time homebuyers program
- Targeted neighborhood preservation and revitalization
- Property acquisition
- Pre-development assistance to non-profit developers
- Lender participation

Local Government Support

Local government support for CLTs comes in a variety of forms. For example, local governments may offer administrative or financial support during the planning and startup phase, followed by donations of city-owned land and grants or low-interest loans for developing and financing projects. Local governments may also help a CLT acquire and preserve housing provided by private developers to comply with inclusionary zoning, density bonuses, and other mandates or concessions. As the CLT builds its portfolio, municipalities may provide capacity grants to help support its operations. Finally, local jurisdictions may assist CLTs by revising their tax assessment practices to ensure fair treatment of resale-restricted homes built on their lands.

Local Land Bank Program

Land banks are public or community-owned entities created for a single purpose: to acquire, manage, maintain, and repurpose vacant, abandoned, and foreclosed properties. They can play a very limited role, such as simply acquiring property on behalf of a local municipality, to a broader role of property developer. It is important to note that land banks are not financial institutions: financing comes from developers, banks, and local governments. Generally, land banks are funded by local governments' budgets or the management and disposition of tax-foreclosed property. While a land bank provides short-term fiscal benefits, it can also act as a tool for planning long-term community development. Successful land bank programs revitalize blighted neighborhoods and direct reinvestment back into these neighborhoods to support their long-term community vision

The role a land bank plays in a community is usually dependent on the capacities of the local government, nonprofit and developer industries and housing needs. Furthermore, when land banks acquire property, they must make a number of choices regarding property re-use, disposition, and other policies and procedures. In strong real estate markets such as Miami-Dade County, properties typically sell quickly for prices that are usually more than the replacement cost of the homes (the cost to build a similar home on a vacant lot). Owners tend to pay their taxes and maintain their properties. In the strongest neighborhoods, land banks are extremely unlikely to acquire properties, as there is a robust market for private homes.

While there are many benefits to establishing land banks in communities, there are also many challenges in operating and maintaining them. Several U.S. municipalities have had challenges with running their land banks. Atlanta's land bank has a lack of sufficient acquisition funds for both Community Development Corporations (CDCs) and the land bank authority (LBA). In addition, they have a need for ongoing improvement coordination among community development departments of local governments, the LBA and the Tax Commissioner. Cleveland's land bank challenges are the capitalization of projects, the CDC's limited capacity to take and rehab land acquired from the land bank and time consuming administrative and legislative procedures.

Community Benefit Agreements

Community Benefit Agreements (CBAs) are agreements between community leaders, real estate developers and business owners that require a developer and/or business owner to deliver specific public benefits as part of a development project or business expansion or relocation.

CBAs are legally enforceable contracts that can be stand-alone agreements or integrated into development agreements between developer and a municipality. CBAs can be an important mechanism to provide needed benefits, improvements and opportunities for underserved populations. Also, in an era when it is commonplace for large and small development projects to demand considerable direct public support, subsidies, investment or policy waivers, CBAs are an important vehicle to capture back value on public investments in private development projects. CBAs also can achieve other goals, including insuring public engagement on major projects affecting a community. The Benefits that have been negotiated as part of CBAs include, but are not limited to:

- A living wage requirement for workers employed in the development;
- Targeted hiring providing minimum numbers of permanent jobs for targeted, underserved, local populations, and/or veterans;
- "First source" hiring system, to target job opportunities in the development to residents of low-income neighborhoods;
- Hiring targets for construction jobs during the project's construction phase, and preference for local construction companies,
- Set-asides for hiring a specified percentage of minority and women-owned businesses;
- Licensing programs for new construction companies folded into Project construction contracts, and job training, construction trades mentoring, training and job shadowing;
- Commercial space set asides or rent discounts for local businesses, or neighborhood-serving child-care centers;
- Environmentally beneficial development, building, construction and/or operating procedures, including green building standards;
- Construction of parks, recreational facilities or infrastructure;
- Community input in selection of tenants of the development;
- Construction of affordable housing and/or set-asides for affordable housing units in a housing development. [Good Jobs First, 2006]

CBAs have grown in popularity, paralleling the growing use and size of public-private partnership agreements and public development financing. Employment set-asides, targeted employment and environmental requirements have been a part of the landscape of Federal funding programs for decades, including most HUD, VA and Federal Tax Credit programs.

CBAs are becoming commonplace across the U.S.. Miami has had a long tradition of negotiated development agreements, and Miami's experience with formal CBAs goes back to the CBA between the City of Miami and the Frost Museum of Science regarding the Museum's lease of part of Bicentennial Park in 2008. More recently, Miami-Dade County completed a CBA with the developers of Miami WorldCenter in Overtown. The agreement trades extensive tax abatements for the developer's commitment to a 25% local construction job hiring minimum, an $11.53 minimum living wage commitment, and 15% of all permanent jobs in the project for local residents.

According to our research, UpTown Avenue 7 — the NW 7th Avenue Community Redevelopment Agency (CRA) — is the first Miami-Dade County agency to adopt a permanent Community Benefits Agreement requirement for all projects receiving funding from the CRA. Its CBA has minimum requirements for local construction jobs, set asides for percentage of construction spending going to local companies, permanent job targets for local residents, and a living wage requirement. Most recently, the Board of County Commissioners has introduced a County ordinance requiring CBAs in new development projects.

Best Practice Success Stories

Staples Center, Los Angeles

The Staples Center CBA, negotiated between a broad coalition of labor and community-based organizations and the developer of the Los Angeles Sports and Entertainment District, is generally regarded as the first agreement formally recognized as a modern CBA. The development project included a hotel, 7,000-seat theater, convention center expansion, housing, plazas, restaurant and retail businesses. Public subsidies for the project were estimated to as much as $150 million. [Good Jobs First, 2006]

The Staples CBA includes a wide array of community benefits, including:

- A developer-funded assessment of community park & recreation needs, and a $1 Million commitment toward meeting those needs;
- 70% of the jobs created in the project will pay the City's living wage, and consultation with the coalition on selection of tenants;
- A first source hiring program targeting job opportunities to low-income individuals and those displaced by the project;
- Increased affordable housing requirements in the housing component of the project, and a commitment of seed money for other affordable housing projects;
- Developer funding for a residential parking program for surrounding neighborhoods;
- Standards for responsible contracting and leasing decisions by the developer; and
- An executed "Cooperation Agreement," laying out all technical legal responsibilities. [Good Jobs First, 2006]

Hollywood and Highland CBA

Community benefit agreements can be traced back to California. In 1998, the City of Los Angeles, Developer Trizec Properties and the Community Organization Los Angeles Alliance for a New Economy (LAANE) came together to discuss the development of the Highland Center, a proposed development of over 1 million square feet of retail space, hotels and entertainment venues. Residents were concerned the new development would exacerbate traffic congestion, pollution and crime in Hollywood. [The Public Law Center, 2011].

The developer worked closely with community leaders to mitigate the negative consequences of the project and provide the community with benefits to support the project. The CBA's requirement of work for labor unions was considered challenging because it requires the presence of strong labor unions in the negotiations. However, all parties were eventually satisfied. In exchange for their support, the community was given affordable housing, a 70% first source hiring rate in construction and retail jobs, job training and a living wage for construction work. The CBA is widely considered to be a success. [The Public Law Center, 2011]

Hollywood, CA and the NoHo Commons CBA

The NoHo CBA, in Hollywood California, was executed in November 2001. The agreement was between the developer, J. H. Snyder Co., the City of Los Angeles and the Los Angeles Alliance for a New Economy, for the development of residential, retail, and office space in North Hollywood. The community requested and was given a food market, new public school, first hiring option, funding for job training, a living wage for most new employees, and a child-care center. In fact, the success and smooth implementation of this CBA have inspired considerable dialogue among nonprofits, local residents, and the local government to consider additional CBAs in Hollywood and across California.

LAX CBA

In 2004 a coalition of labor and community groups executed a CBA for the Los Angeles International Airport's (LAX) $11 Billion expansion and modernization. Benefits included:

- $15 million in job training funds for airport and aviation-related jobs;
- Local hiring program to give local priority for LAX jobs to low-income and special needs individuals;
- Funds for soundproofing affected schools and residences;
- Retrofitting diesel construction vehicles and diesel vehicles operating on the tarmac, to reduce air pollution;
- Electrifying airplane gates to eliminate pollution from jet engine idling;
- Funding to study the health impacts of airport operations on surrounding communities; and
- Increased opportunities for local, minority, and women-owned business in the development project, as wells as detailed monitoring and enforcement provisions. [Good Jobs First, 2015]

Keys to Success

CBAs can have broad impacts, addressing each and all of the building blocks of prosperity. The key to achieving results with CBAs lies largely with the determination of the public entities negotiating on behalf of the public, and how far they are willing to press for legitimate public needs. They are after all, negotiated agreements between private businesses and public agencies subject to political pressures. There are four keys to success, from a public and community perspective in structuring and negotiating CBAs:

- CBAs work best when the benefit targets are clearly specified up front, usually as part of standing policy or adopted local ordinance. When community benefit standards are clearly specified in local law, developers understand well in advance of making an investment what the community expectations are regarding demands from development projects. Also, negotiators representing the public have a working platform from which to begin, strengthening their initial negotiating position;
- Public engagement, involvement, and the level of community interest and pressure demanding benefits is crucial. Without sustained and visible demands from the public, municipal negotiators have reduced incentive to demand appropriate or broader community benefits. Transparency in the process is crucial to this condition;
- Public benefits tied to clear public and community needs also bolster the public's negotiating position and provide the rationale for benefit demands; and

- CBAs are self-enforcing agreements that can only be policed by the agreeing parties. Clear benefit demands and standards that can be easily measured are important for enforcing a CBA, as is the public agency's inspection and enforcement infrastructure and organizational capabilities.

Children's Savings Accounts

Children's Savings Accounts Programs

Education is one of the pillars of building family wealth and upward economic mobility. However, most low-income families fail to ever develop significant asset wealth to be able to afford a college education for their children, resulting in low college education rates: less than 10% of all low-income students graduate from college by their mid-twenties. [Corporation for Enterprise Development [CFED), 2014]

In addition, the last recession significantly reduced family assets across the nation. According to a Pew Research Center report, the bottom 93% of households experienced a loss of net worth between 2009 and 2011. Further, the College Board reported that for the 2015-2016 academic year average tuition prices increased at 3.4% per year, and "the average published tuition and fee price of a full-time year at a public four-year institution is 40% higher, after adjusting for inflation, in 2015-2016 than it was in 2005-2006. The average published price is 29% higher in the public two-year sector and 26% higher in the private nonprofit four-year sector than a decade ago." [The College Board, 2015]

Children's Savings Accounts (CSAs), also known as Children's Development Accounts, are either independent savings accounts, or programs that augment established education savings accounts to promote saving for education. Given the prevalence of Sec. 529 College Savings Plans — available in every state, most CSA programs are vehicles to augment and increase the size and growth of 529 accounts for low and moderate-income families. Deposits into both independent CSA savings accounts and 529 accounts are income tax free, funds can be withdrawn without penalty by the saver for educational expenses, and in some cases for other limited purposes. Most CSA programs focus on augmenting and accelerating savings deposits into 529 College savings accounts through seed funding, deposit match funds, and incentives for third party donors. CSA programs have been developed to meet a variety of needs and from a variety of public and private funding sources. Thirty States have at least one CSA program.

The Florida Tax Credit Scholarship funds school choice scholarships and disqualifies them for use as savings deposit matches. Without a current tax benefit from the State, a CSA should establish a philanthropic charity into which private donors can contribute, which in turn provides savings matches to children. Donors then receive a charitable tax deduction for their contributions. Although the State of Florida was one of the earliest adopters of the 529 program in the 1990s, we are not aware of any formal CSA programs in Florida.

CSA Benefits

Comprehensive academic research on the effects of CSAs on learning and behavior indicate a wide range of positive impacts. According to an extensive review of scholarly published research, CFED lists the following effects of CSAs on their owners:

- Greater economic mobility: A 2009 study by the Pew Economic Mobility Project found that for children born in the bottom 25% of households with low savings, the child had a fifty-fifty chance of remaining in the bottom quarter of earners in adulthood. For households in the same income group with high savings, the child had a 71% chance of moving out of the bottom group of earners;
- Saving for college has long been associated with an increase in college enrollment (Elliott, 2013). According to the Assets and Education Initiative (2013), even small savings accounts can make a big difference. Their research found that low to moderate-income students with a savings account of $500 or less were three times as likely to enroll in college and four times more likely to graduate than students with no savings account;
- A randomized control trial finds that CSAs can improve children's social-emotional skills and preserve mothers' educational expectations. Having an account with a balance as low as $500 may help to build 'college-saver identities'; and
- According to a 2013 study by the University of Kansas, low and moderate income children with as little as $500 in savings are three times more likely to attend college, and four times more likely to graduate from college.

Best Practice Success Stories

State of Maine

In 2008, with the help of the Harold Alfond College Challenge Grant, Maine started the first universal college savings program. The plan was simple. Every baby born in Maine would be eligible for $500 toward a college savings account, provided their parents signed up the child for a state tax-preferred 529 program. Despite heavy marketing and no minimum requirement needed toward the 529 Program, only 40% of eligible babies were enrolled in the program (Mercer, 2015). The fact is that getting new parents to fill out paperwork, even for free money, can be difficult.

To solve that problem, states like Maine have opted to *automatically* enroll each newborn child born in Maine in a college savings account program. Each month, the Finance Authority of Maine (FAME), enrolls each baby listed in the monthly birth record list. Each account starts off with a balance of $500 and grows throughout until the child is ready for college. The funds can only be accessed for education-related expenditures. Any account that has not been accessed by child's 28th birthday will be forfeited. Parents have the option to opt-out, although very few parents have exercised that option.

Aside from automatic enrollment, the other unique feature about the Maine program is that it is entirely funded, to the tune of approximately $6 Million annually, by the Harold Alfond Foundation. This unique combination of resources leverages the financial assets of the foundation with the wealth of information that the state possesses toward the goal of preparing children in Maine for the future. Families also receive a quarterly statement showing the growth of asset. Additionally, the quarterly statement includes an invitation to invest in their child's future by contributing to the account.

San Francisco, CA

In 2010, San Francisco became the first municipality to create a publically funded child savings program. ***Kindergarten to College*** "is an initiative of the San Francisco Mayor's Office, the Office of the Treasurer, the Department of Children, Youth, & Their Families and the San Francisco Unified

School District" [*Kindergarten to College*, 2013]. The Program also works with various nonprofit organizations and Citibank, where the accounts are held. Although the program was conceived in 2010, it was not implemented until the 2012-13 school year. To date, the program has enrolled over 13,000 students in the program [Bevans, 2013]. All kindergarteners attending a public school within the city are enrolled in an account. Each account is given $50 as seed money. Additionally, low-income students who have been deemed eligible for the National Student Lunch Program receive another $50 toward their account. Community organizations, nonprofit groups and businesses are also participating by using matching grants to incentivize parents and students to contribute to the account.

One of the more unique aspects of this program is that it ties the funding to K-12 math lessons on fiscal responsibility. Linking financial education with a real life saving account owned by each child vests the child in both the lesson and financial decisions regarding their account. This distinctive approach is regarded as a first in K-12 education. Time will tell how successful the program will be, but studies have shown that early financial education improves a child's propensity to save [Bucciol, 2014].

Learning from the challenges other states have faced, San Francisco also employs automatic enrollment. Like many cities, San Francisco has to face the challenges posed by a significant immigrant community. One of those challenges is getting families with no relationship to any financial institution to open accounts for their children. Kindergarten to College circumvents that issue by opening up the account on behalf of the family. Moreover, by opening up an account for the child, the city has also created a relationship between a financial institution, namely Citibank, and a family. That relationship will make it easier for the family to learn about banking, saving and other financial tools offered by banks. Additionally, materials pertaining to Kindergarten to College are found in English, Spanish and Chinese as to facilitate understanding throughout all communities in San Francisco [Bucciol, 2014].

This program is not without challenges. Automatically enrolling kindergarten students faced challenges including privacy issues. It has also been noted that various actors involved in the program had the social capital and expertise to overcome the various technical barriers to the program. Although funding is not an issue currently, the City will have to budget approximately $350,00 annually for the program. [Phillips and Stuhldreher, 2011]

State of Nevada

The State of Nevada provides two 529 matching grant programs — College Kick Start and the Silver State Matching Grant Program. Both programs provide 1:1 grant matches of every dollar deposited by 529 account holders for Nevada resident families earning up to $74,999 year.

In 2015 Nevada passed a law that gives employers a 25% tax credit on matched contributions to 529 college savings plans up to $500 per employee. The tax credit went into effect on Jan. 1 2016. Nevada is the second state to provide the tax credit benefit (Illinois enacted its tax credit in 2009). The tax credit transforms the 529 and CSA programs into an additional employee benefit.

Keys to Success

The primary objective of CSAs is to provide a vehicle to accelerate and increase education savings for lower income children. CSAs are targeted at addressing wealth building and workforce preparation, primarily though increasing educational attainment. High participation in college education – increasing access to, and improving graduation rates of low and moderate-income students is a high value policy priority for Miami-Dade with multiple benefits. Providing access to affordable quality education is the surest pathway to upward income mobility, and has the potential to raise a large number of families into skilled jobs and higher incomes. Improving the quality of the local labor force, as we have demonstrated in this study, would have positive impacts that resonate across the entire regional economy. Lastly, the benefits of CSAs are not only long term, but immediate, improving student performance throughout a student's life.

The issues defining best practices are as follows:

- **Promoting access:** According to the New America Foundation, less than 3% of families currently save in a 529 or Coverdell Education Savings Account. CSAs work best when they are easy to use, and promote accessibility and savings participation to low and moderate-income families;
- **Low Costs:** CSAs for low-income savers keep costs low. CSA accounts start small, and management fees can eat into earnings during the early years of an account;
- **Aggressive Deposit Match:** High performing CSAs that generate high participation provide significant match funds for every deposit made by the account holder;
- **Start Early:** Quality CSAs provide funding and incentives for families to begin saving as early as possible, preferably at birth. Starting an account with as little as $500 can result in enough savings to pay for in-state tuition for an undergraduate degree in most states by the time a child reaches college age;
- **Automatic Participation:** CSA objectives are best fulfilled by providing vehicles for automatic participation, especially for low-income families who have the lowest savings rates and asset values;
- **Use Existing Account Infrastructure:** 529 accounts are extremely well established, and in most states gain real savings to account holders through economies of scale for pooled fund accounts. In addition, professionally managed 529 accounts leverage pooled funds with other savers to generate additional earnings;
- **Flexibility of Allowed Uses:** A small number of programs allow savers to use their account funds for other uses including starting a business, recognizing that not everyone will go to college;
- **Incentives for Third Party Funding Match Providers:** Providing CSA match funding from a variety of sources is critical for sustaining and expanding CSA programs. Creative programs provide tax credits and other benefits for employers and others to provide match funding to CSA savers; and
- **Integrating Savings Programs with Personal Development:** High performing CSAs require family financial literacy programs, and in some cases, that the saving child meet educational goals — minimum grade point averages, attendance goals, or taking the PSAT and SAT on schedule.

Employee Owned Business Cooperatives

Employee Owned Business Cooperatives (EOBs), sometimes called Worker-owned cooperatives, are business enterprises that are owned, managed and governed by their employees. All EOBs share several characteristics: 1) workers own the business and they participate in its financial success on the basis of their labor contribution to the business. Workers typically are hired on a trial basis by the cooperative, and after an evaluation period, can purchase ownership in the cooperative company; 2) cooperative workers have representation on and vote for the board of directors; 3) major corporate decisions are decided through a voting process; and 4) EOBs, because of their ownership structure, typically have multiple bottom lines, balancing employee and community benefits with profits.

Any business can be employee owned, and can have different corporate forms (C-corporation, LLC, non-profit), and operate across a range of industries, though they are concentrated in the U.S. in the service and retail sectors. Employee owned Business Cooperatives are a subset of the broader category of Cooperatives that operate in the U.S., which also include producer, purchasing, and consumer cooperatives.

According to a University of Wisconsin study, nearly 30,000 cooperatives of all kinds (consumer, producer, employee owned, etc.) operate within the United States, own over $3 trillion in assets, and generate over $500 billion in annual revenue. Over 1,700 Worker and Producer Cooperatives in the U.S. employ over 75,000 people, generating over $65 Billion in revenues, and $3 Billion in wages. Worker cooperatives are typically small businesses. The average size of an EOB cooperative in the U.S. is 50 people, and the largest employee owned business cooperative is Cooperative Home Care Associates, with 2,000 workers. 31% of EOBs have annual revenues of $1 Million or more. 150 EOBs have been formed since 2000. [Deller, Hoyt, et al.]

The use of EOBs as a community development mechanism is gaining attention because they are seen as business structures that address growing income and wealth inequality, create quality jobs and workplaces with better benefits for their worker/owners, tend to stay within a community even while growing, and are a pathway to building wealth and asset ownership for populations who otherwise face barriers to owning a business. New research also indicates that EOBs are more resilient and less susceptible to business cycle downturns because they have greater flexibility to adjust profits and wages in response to changing business conditions.

The study team was unable to obtain accurate data on the number of employee owned business cooperatives in Miami-Dade County. However, while they are not EOBs, the County has a significant number of credit unions, which are financial cooperatives, including the South Florida Educational Federal Credit Union, and the Dade County Federal Credit Union (DCFCU). Southern Gear and Machine, a maker of gears for aerospace with 75 employee-owners, is one of the County's best known employee owned businesses.

Employee Owned Business Cooperative Success Stories

City Governments Formally Adopting Employee Owned Business Cooperatives as an Economic Development Strategy

New York City has approved a $1.2 Million initiative to fund the development of Employee Owned Business Cooperatives within the City budget. This is the largest municipal program of its kind in the U.S.. Other Cities adopting formal EOB programs, although with smaller budgets, include Austin, Texas, Madison, Wisconsin, and Richmond, California. Cleveland, Ohio has developed one of the most extensive network of EOBs as the core of its redevelopment of the University Circle neighborhood.

Evergreen Cooperatives

Evergreen Cooperatives is one of the most unique and successful cooperatives in the country. Founded in 2008, it is a collaboration between the Cleveland Foundation, the Cleveland Clinic, University Hospitals, Case Western Reserve University, City of Cleveland, and the Evergreen Cooperatives. Their goal is to create jobs that provide a living wage to the low-income neighborhoods in Cleveland, particularly those surrounding Greater University Circle. The unique combination of anchor institutions and employee-owned businesses has created employment opportunities that have historically inaccessible to low-skilled labor. The beauty of the Evergreen Initiative is that not only do they create jobs, but they also recruit and train the workforce [Wang and Filión, 2011; Dubbs and Howard, 2012].

Evergreen's success is attributable to significant institutional support. The Cleveland Model, as it is called, leverages funding to create jobs and wealth for the community. Evergreen operates in the green technology industry. Evergreen has been credited with stopping neighborhood destabilization by providing job and wealth building opportunities, reducing unemployment rates and building community around Greater University Circle [Wang and Filión, 2011].

Mondragon, Spain

Mondragon is one of the oldest and most successful worker cooperatives in the world, started in the 1950s in the Basque region of Spain. Although there have been many cooperatives and names associated with Mondragon, today the company has grown to 103 worker cooperatives. The worker cooperatives have grown internationally including some within the United States. The history of Mondragon is braided with the political struggles of Spain during the latter part of the 20th century. In the 1980s, the Mondragon Co-operative Group was established and the company of today began to take shape [Azurmendi, 1984].

According to its 2014 annual report, Mondragon employs 74,000 worker-owners worldwide and has $26 Million in assets. Mondragon works primarily in health care and green technology. They partner with other worker cooperatives around the globe to provide services and grow the model of worker cooperatives. One of the unique aspects of Mondragon is its legislated wage structure agreement — the ratio between executive salaries and new workers cannot exceed 9:1 and averages 5:1[Herrera, 2004].

Keys to Success

Employee Owned Business Cooperatives can address a number of the prosperity building block policy targets, including: expanding the supply (pipeline) of higher wage job opportunities, providing better preparation, providing targeted business development and wealth building underserved segments of the region's population, and focusing physical investment in historically distressed neighborhoods.

Leading research indicates that EOBs have survival rates equal to or better than traditionally structured businesses. However, forming EOBs face a number of challenges, including:

- Employee Owned Business Cooperatives represent two forms of risk for their worker/owners: if the business fails, they lose their job and their equity investment in the business;
- Capitalizing EOBs is harder than traditional businesses. Since the workers own the company, it is difficult to bring in equity partners or sell ownership in the company to raise capital;
- Debt financing for EOBs, particularly start-ups, has been difficult to obtain; and
- Many workers do not have management experience.

Given these challenges, growing research indicates common characteristics of successful EOBs include:

- Sufficient and available capital;
- Mentorship and/or technical assistance for start-ups;
- Operating within a significant and established (as opposed to new) regional industry sector; and
- If available, a local network of other cooperatives and employee owned business cooperatives. [MIT CoLab, 2010]

A Preliminary Action Agenda

The Prosperity Initiative Pilot Program

The study team recommends launching the Prosperity Initiative as two-year pilot program, providing seed capital for each of the Prosperity Initiative Programs. ***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.*** Specific program goals, estimate of impact and order of magnitude program costs are as follows.

Social Enterprise Accelerator Program

The study team suggests the following recommendations regarding the development and implementation of social enterprise and social impact accelerators in Miami-Dade County.

Program Description:

Develop three Social Impact Accelerators, each operating in a 10,000 square foot leased building. Each accelerator will admit 32 businesses each year, providing $20,000 seed capital investment per client company entering the program, focusing on servicing local entrepreneurs and companies.

Program Recommendations:

- Launching new social enterprise and social impact incubators and accelerators in an underdeveloped incubator and accelerator ecosystem is a high-risk proposition. However, the risks of launching new accelerators and incubators in Miami-Dade are significantly mitigated by two factors: 1) the region consistently has one of the highest rates of entrepreneurial activity in the U.S., and 2) the County's accelerator ecosystem has matured to the point where the development of new facilities has become a more proven investment;
- Universities play a major role in the development and operation of incubators, and can be critical partners in the operation of successful accelerators. The University of Miami and Florida International University produce a wealth of talented graduates in business, engineering, the arts, medicine and law every year. They also have the size, resources and internal talent to provide a major boost to the growth of the innovation and entrepreneurial ecosystem;
- Don't re-create the wheel: If immediate impact is desired, the smartest implementation strategy would not be to create incubators or accelerators from scratch, but partner with existing, high-performing accelerators to either expand their existing social impact operations, or develop a social impact program alongside their traditional programs. For the most immediate impact, lowering risk, and maximizing dollar return on investment, invest resources in high-performing accelerators already implementing the best practices outlined above in this report;

- Invest in sector and/or issue focused accelerators. Not only is this key to better performance rates, but can be developed to address pressing local issues including underemployment, racial wage disparities, and under representation in business ownership of women and minorities, to name a few. As part of a broader Prosperity Initiatives program aimed at expanding opportunity and upward economic mobility, focus on serving the needs of entrepreneurs who have been underserved in the past;
- Establishing social impact accelerators in Miami-Dade's most distressed neighborhoods. The development of Miami-Dade's innovation ecosystem has been geographically limited. Remember that accelerators not only create new companies, but are themselves significant job generators. A concerted effort to begin locating accelerators in the neighborhoods we have identified as being left behind could have multiple significant economic and community development benefits; and
- Focus on accelerators cultivating local talent. The traditional accelerator sector in Miami-Dade has been extremely successful attracting talent from around the nation to attend their programs. However, as a foundation of building new prosperity, a successful accelerator development program should remain mindful of the need to expand local employment and income expansion opportunities, especially to those in the County's lower income ranges. This policy would have two benefits: 1) capturing the untapped talent and skills of those already living here, and 2) this policy would increase the likelihood that the investment in an entrepreneur would stay within the community. Local entrepreneurs are more tied to local business, professional and personal networks to make their business succeed, and are therefore more motivated to build and keep their business in the County.

Program Cost Estimate:

- Full pilot program cost to start and operate three Social Impact Accelerators, with two full years of operating costs, including two-year lease, staffing, expenses and seed capital is approximately $8.1 Million.

Recommended program seed funding:

- **$4.26 Million**, to cover operating costs, less seed capital paid to accelerator client companies, for two years.

Households directly impacted during pilot program:

- Up to 360 households, assuming a 75% company survival rate and average employment of five employees per participating client company.

Community Land Trust Program

Program Description:

Provide seed capital funding for a Community Land Trust to develop and/or acquire 100 units of affordable housing over 2 years. It is recommended to partner to expand the capacity of a existing third party community development service provider(s) to take on Community Land Trust functions, rather than launch new CLT. Seed funding may be dedicated to one or multiple CLTs.

Program Recommendations:

- Develop and approve a specific role for Community Land Trusts to function inside of the County's comprehensive affordable housing plan. One or more CLTs could provide the following services independently, in concert, or under contract to the County: 1) Property acquisition; 2) Housing development & construction; and 3) property management;
- Partner with one or multiple existing affordable housing development agencies to undertake new, specific Community Land Trust functionality. Experience matters in order to get a CLT program launched and operating quickly and avoid early learning curve mistakes;
- Revise County tax assessment policy for CLT-developed affordable housing to ensure fair treatment of resale-restricted homes;
- Target CLT activity where it is needed most — the fourteen highly historically distressed neighborhoods identified in the Metropolitan Center Neighborhood Distress Index;
- Assign the partner CLTs lead responsibility to coordinate County-wide Land Bank development.

Program Cost Estimate:

- Total development costs required to develop or purchase 100 housing units is between $32.5 Million and $39 Million.
- Equity funding required to develop or purchase 100 housing units is between $11.3 Million and $17 Million.

Recommended program seed funding:

- **$3.25 Million to $3.9 Million**, to serve as either 1) an additional 10% per-unit project cost grant; 2) gap financing; or 3) interest rate write-down funding.

Households directly impacted during pilot program:

- 100 households

Community Benefit Agreement Ordinance

Program Description:

Adopt a mandatory Community Benefits Agreement statute as part of the County Code of Ordinances.

Program Recommendations:

At present, the County is considering, but has not yet adopted a formal requirement for developers to enter into a CBA with the County. Rather than leave the requirement and benefits of CBAs to an uncertain future, the Study Team recommends the County adopt a CBA requirement for development projects as part of the County Code, and consider including the following elements:

- A clear, non-negotiable (rather than discretionary) threshold for development projects required to enter into a CBA, and that the threshold be set relatively low. Ideally any project obtaining public benefits should be subject to a CBA;
- Clearly specified benefit targets detailed as part of the enabling ordinance;
- Clear and comprehensive public engagement procedures, involving all affected parties;
- Public benefits tied to clear public and community needs, with a rationale for benefit demands;
- Including benefits that can be easily measured, monitored and enforced; and
- Clear and non-negotiable, rather than discretionary, conditions for a waiver or opt-out on the part of the developer. Opt-out conditions should require a cash payment from the developer into a public fund of the County's choosing, commensurate with the size of the Project.

Program Cost Estimate:

- No cost to implement.

Recommended program seed funding:

- **None required.**

Households directly impacted during pilot program:

- Assuming HUD guidelines of 1 permanent job created per $50,000 of public funding or incentives invested in a Project, each $10 Million of incentives (property tax abatements, infrastructure, etc.) would create 200 permanent jobs.
- Assuming $20 Million in public incentives invested in Projects over the two-year pilot program, a County CBA could create approximately 400 potential permanent jobs.

Children's Savings Account Program

Program Description:

Provide seed capital funding to develop a Children's Savings Account Program. The Program would seek to create Sec. 529 savings accounts for 1,000 children per year, and seed each account with $500.

Program Recommendations

The study team recommends immediately establishing a Miami-Dade Children's Savings Account Program to aggressively improve educational attainment and performance rates in the County, as well as build the educational and skills base of Miami-Dade's labor force. Recommendations for implementation of CSA programs in Miami-Dade are as follows.

- **Augment Florida's 529 programs:** Florida offers both a 529 prepaid program and a 529 savings plan. The Florida Prepaid College Plan is the largest prepaid plan in the nation, and offers unique additional benefits including a dormitory option. The State's programs provide an established and popular savings account platform with established administrative infrastructure;
- **Structure Extended Income Eligibility for CSA Programs:** College affordability is an issue for low, moderate, and middle income families. Income qualifications should recognize the value of increasing educational attainment, and extend income qualifications up to and/or above the area median household income;
- **Structure Immediate Tax Benefit Incentives for Match Donors:** Building a privately funded matching pool will be crucial to the near and long term success of any CSA program;
- **Address the Special Needs of Miami-Dade's Residents:** Promoting participation in education savings requires additional effort to ease entry into the program. Residents needing assistance to enter the program may have language barriers, no seed money, and no existing relationships with banks or financial institutions;
- **Require Financial Literacy and Educational Goals as a Condition of Grant Funding:** Tie savings match funding to clearly stated educational milestones (GPA, PSAT, SAT test taking, etc.), and family participation in financial literacy programs; and
- **Provide Automatic CSA Enrollment:** Provide a 529 account and seed funding for every child of born into every income qualifying family in the County.

Program Cost Estimate:

- Full account seed funding for two years is $1 Million. Additional deposit match monies would need to be raised.

Recommended program seed funding:

- **$550,000** to cover the first year's account seed funding, plus administrative costs.

Households directly impacted during pilot program:

- 2,000 households

Employee Owned Business Cooperative Program

Program description:

Provide seed capital funding to help develop five Employee Owned Business Cooperatives employing 10 workers each.

Program Recommendations

Employee Owned Business Cooperatives could be a tool to build wealth, equity, and business ownership to a wide range of County residents. EOBs would be able to take advantage of the County and State's economic development incentives, but in order to stimulate a significant number of new worked cooperatives, would require a program specifically targeted to the special needs of worker cooperative start-up, financing and operation. Recommendations for launching such a program are as follows.

- Organize and cultivate technical expertise to provide business, legal, accounting and management advice and training for workers seeking to launch Employee Owned Businesses. This expertise could be drawn from the area's network of small business development centers, universities, law firms, accountants, management consulting, business mentors, and increasingly, its network of business accelerators. ***In fact, the study team has recommended to aggressively support the development of social impact accelerators — supporting an accelerator catering to worker cooperative start-ups would be an interesting program crossover***;
- Target neighborhoods where the needs to build new income, wealth and business expertise is greatest. This report has identified the County's persistently distressed neighborhoods and recommends targeting these communities for Employee Owned Business development;
- Develop a pool of funding combining a variety of mechanisms that specifically address the financial challenges faced by EOBs. Grant funding would be helpful, but long-term debt financing and operating capital are issues specific to worker cooperatives. More targeted financing tools would include low or no interest debt financing, loan guarantees, interest rate write-downs, and equipment financing support;
- Partnerships with existing financial institutions will go a long way to both leverage resources and speed up the EOB development process. Consider selecting a single or small set of banks as preferred providers of financing support for the program, who are willing to offer preferred terms to EOBs in targeted communities. These institutions can be selected through competitive bidding;

- Focus on supporting acquisition of existing businesses to convert to Employee Owned Business Cooperatives, rather than start-up businesses. This policy would have multiple benefits, including greater enterprise survival odds, faster business growth, more immediate job creation, and the opportunity to rescue failing businesses. Remember that EOBs have demonstrated greater financial flexibility and resilience to economic challenges.

Recommended program seed funding:

- **$1.5 Million** — $1 Million to be used for low interest loans, and $500,000 to be used as partial loan guarantees to purchase existing businesses and convert to EOB cooperatives.

Households directly impacted during pilot program:

- 50 households, assuming an average of 10 jobs created for each EOB cooperative.

Pilot Program Impact Summary

Program	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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