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The Forward Cities Cleveland Experience: Overview and Analysis

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January 2016

**THE FORWARD CITIES
CLEVELAND EXPERIENCE:
OVERVIEW AND
ANALYSIS**

**CENTER FOR
ECONOMIC
DEVELOPMENT**

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TABLE OF CONTENTS

Introduction	1
Corridors	3
E. 55 th Food Corridor	4
Opportunity Corridor-E. 79 th	14
Hispanic Village Corridor	24
E. 105 th Corridor	32
Public Sector Inclusive Innovation	40
Talent Pipeline and Youth Entrepreneurship	42
Appendix A: List of Cleveland Council Members	45
Appendix B: List of Funders	46
Appendix C: Minority & Women Owned Businesses within the Cleveland Forward Cities	
Corridors	47

LIST OF TABLES

Table 1: E. 55 th Food Corridor Demographics Data, 2008-2012	8
Table 2: E. 55 th Food Corridor Economic Indicators, 2013 Q1.....	9
Table 3: E. 55 th Food Corridor Top Five Private Sectors Based on Employment, 2013 Q1	10
Table 4: E. 55 th Food Corridor Real Estate Inventory, 2015.....	12
Table 5: Opportunity Corridor-E. 79 th Demographics Data, 2008-2012	18
Table 6: Opportunity Corridor-E. 79 th Economic Indicators, 2013 Q1.....	19
Table 7: Opportunity Corridor-E. 79 th Top five private sectors based on employment, 2013 Q1	20
Table 8: Opportunity Corridor-E. 79 th Corridor Real Estate Inventory, 2015	22
Table 9: Hispanic Village Corridor Demographics Data, 2008-2012.....	27
Table 10: Hispanic Village Corridor Economic Indicators, 2013 Q1	27
Table 11: Hispanic Village Corridor Top five private sectors based on employment, 2013 Q1 ...	28
Table 12: E. 105 th Corridor Demographics Data, 2008-2012	35
Table 13: E. 105 th Corridor Economic Indicators, 2013 Q1.....	36
Table 14: E. 105 th Corridor Top five private sectors based on employment, 2013 Q1	37
Table 15: E. 105 th Corridor Real Estate Inventory.....	39

LIST OF MAPS

Map 1: Four Forward Cities Corridors	3
Map 2: E. 55 th Food Corridor	5
Map 3: E. 55 th Food Corridor and Its Neighborhoods.....	6
Map 4: E. 55 th Food Corridor MBEs/FBEs	11
Map 5: Opportunity Corridor-E. 79 th	15
Map 6: Opportunity Corridor-E. 79 th and Its Neighborhoods	16
Map 7: Opportunity Corridor-E. 79 th MBEs/FBEs	21
Map 8: Hispanic Village Corridor	24
Map 9: Hispanic Village Corridor and Its Neighborhoods	25
Map 10: Hispanic Village Corridor MBEs/FBEs	29
Map 11: E. 105 th Corridor	32
Map 12: E. 105 th Corridor and Its Neighborhoods.....	33
Map 13: E. 105 th Corridor MBEs/FBEs	38

INTRODUCTION

The city of Cleveland is part of *Forward Cities*, a four-city initiative focused on inclusive innovation and entrepreneurship. Forward Cities is a national learning collaborative, and its two-year pilot project includes the cities of Cleveland, Detroit, Durham, and New Orleans.

“Forward Cities gives participating cities an opportunity to:

- Explore issues of inclusive innovation (so that the city/region’s current entrepreneurial boom does not leave the most vulnerable behind);
- Identify the most effective ways for supporting and developing leaders, entrepreneurs and businesses, in low income neighborhoods; and
- Discuss strategies to build innovative leadership and an entrepreneurial workforce, especially in traditionally disconnected communities (as well as developing the capacity of high-growth enterprises to recruit/train opportunity youth).¹”

Each city established an Innovation Council that includes representatives from cross-sector organizations and individuals.² The Cleveland Council includes 31 members from 24 organizations. Council members represent economic development organizations, community development, funders, small business lenders, business leaders, entrepreneurs, media, research/data/policy, and city government. Over 20 members are active and attend many of the council meetings. The Council has been meeting monthly to more clearly define its objectives and build trust and collaboration among its members. Since this is a place-based initiative, the council members were involved in the selection of four corridors where very specific, locally-based programs are happening. Some council members indicated that they were unaware of how the targeted geographies would function before the work in these four corridors began, but as this work progressed, this initiative sparked new, positive thinking about these geographies.

The Center for Economic Development at Cleveland State University’s Levin College of Urban Affairs was asked to join the Council as a research and data partner. In addition to providing data and insights in support of the discussion of the corridors, the Center assembled a catalogue of support organizations that assist entrepreneurs in the city of Cleveland and a directory of minority-owned and women-owned companies located in the city.

The catalogue of entrepreneurial support organizations includes information on the organization name, website address, physical address, phone number, email address, and geography covered. It also provides details on the type of services provided by each organization such as business planning and strategy, research and product development, sales and marketing, legal assistance, financial management, access to capital, workforce/talent, real estate assistance, export assistance, networking, workshops and classes, and one-on-one

¹ <http://www.forwardcities.org/about/missionstatement.aspx> (as of January 11, 2016)

² See Appendix A for a listing of Cleveland Innovation Council Members

mentorship. Also, the catalogue indicates the business stage of entrepreneurs helped by these organizations from the idea stage, to startup, and existing businesses, as well as indicating whether the organizations serve specific categories of clients such as those with minority status, females, immigrants, veterans, or the disabled. Finally, the catalogue specifies whether each organization serves entrepreneurs from all industries or focuses on specific industries such as tech, healthcare, retail, or food.

The Center also assembled a directory of minority-owned (MBE) and women-owned (FBE) enterprises located in the city of Cleveland. Since various organizations in the city have their own lists, the Council suggested that a more comprehensive and inclusive directory would be critical to the initiative. Since the cost of purchasing such data from commercial sources was high and restrictions were imposed on distribution, the Center was asked to assemble such a directory. Data were collected from 16 different organizations, and duplicate entries for the same companies were excluded.³ For each company we included the following variables: Company Name, Owner First and Last Name, Physical Address, Zip code, Email Address, MBE and/or FBE status, and industry. The Center geo-coded the company addresses provided and identified 949 companies that are located within the Cleveland city boundaries. Of these, 499 are minority male-owned companies, 224 are minority female-owned businesses, and 226 are white female-owned businesses. Using maps, the report displays the location of these MBEs and FBEs in the corridors and in the neighborhoods that surround the corridors. See Appendix C for a listing of businesses within each corridor.

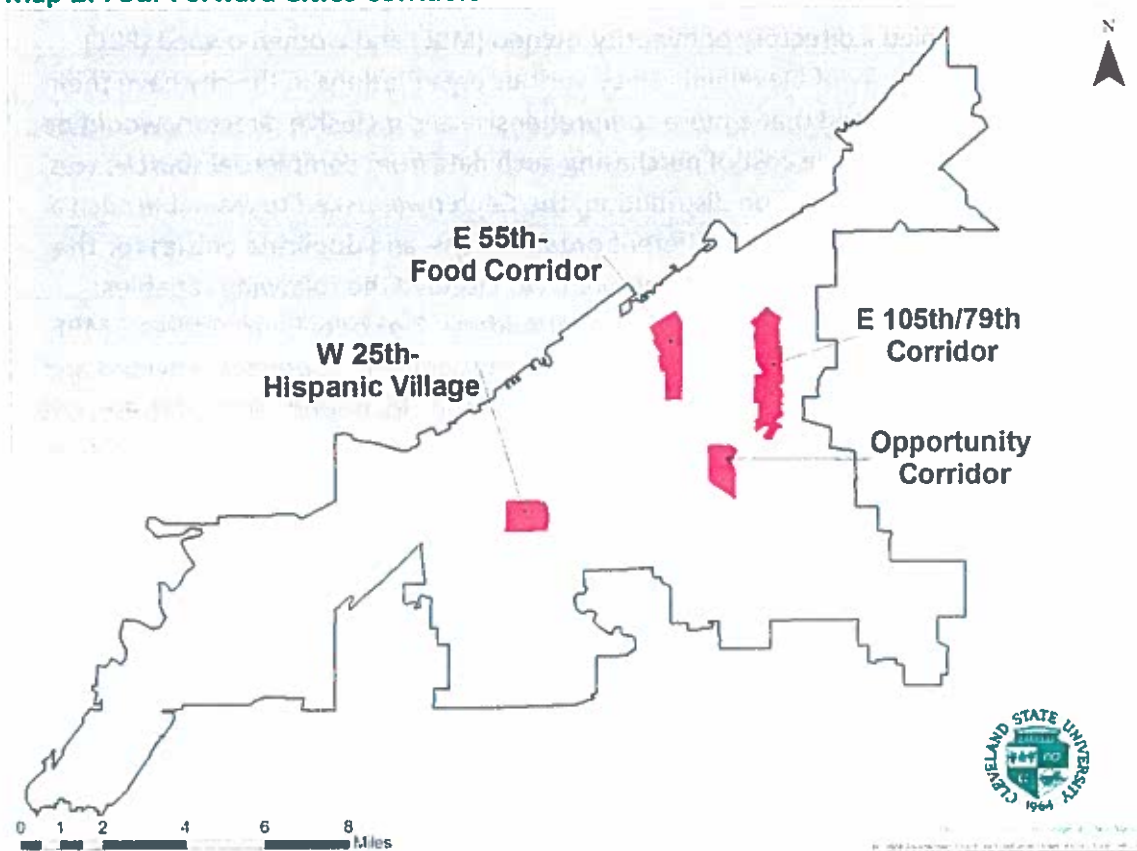
In addition to this introduction, the report describes each of the corridors and their surrounding neighborhoods, the role of the public sector, and the role of the talent pipeline and youth entrepreneurship in encouraging minority entrepreneurship and small business growth. For each neighborhood, the report describes demographic characteristics, economic indicators, the number of minority and women owned companies, and real estate conditions. This data was included in a strategic effort to assist readers in understanding the corridor/neighborhood composition provide baseline metrics. We conducted interviews and roundtables to gather qualitative details on the next steps of each corridor, the role of the public sector, and the role of the talent pipeline and youth entrepreneurship. This report is not comprehensive, and it does not offer an evaluation or assessment of this initiative, nor its impact. However, it does provide a brief overview snapshot of what is happening in the corridors.

³ The following organizations provides their lists to help in the assembling the directory: Case Western Reserve University, City of Cleveland, Cleveland Clinic, Cleveland State University, Crain's Business Cleveland, Cuyahoga County Community College, Cuyahoga County, Cuyahoga Metropolitan Housing Authority, Famicos Foundation, Greater Cleveland Partnership Commission on Economic Inclusion, JumpStart, Metro Health System, Neighborhood Connections, Northeast Ohio Regional Sewer District, Ohio Aerospace Institute, and Ohio Department of Administrative Services. It should be noted that many business were listed by more than one of these organizations.

CORRIDORS

The Cleveland Innovation Council selected four corridors: one on the west side of the city – the Hispanic Village Corridor– and three on the east side of Cleveland – the E. 55th Food Corridor, the Opportunity Corridor-E. 79th, and the E. 105th Corridor (Map 1).

Map 1: Four Forward Cities Corridors



Source: Center for Economic Development, Cleveland State University

The corridors are in different phases of development, but all of the neighborhoods that surround these corridors face high levels of poverty and disconnection from the economic engines of the city and the region. This report highlights the distinct characteristics of each corridor, and it seeks to draw attention to the strengths, barriers, and opportunities in each area. Qualitative information was gathered through interviews and roundtable discussions with several people working in each corridor.

The goal of Forward Cities in Cleveland is to increase awareness about these corridors, increase community focus and coordination related to economic opportunities in these areas, and introduce new training and investment tools. It is important to acknowledge that there is ongoing work related to inclusive entrepreneurship in each of the corridors beyond the

Forward Cities initiative as well as other place based development efforts in the city beyond the four corridors

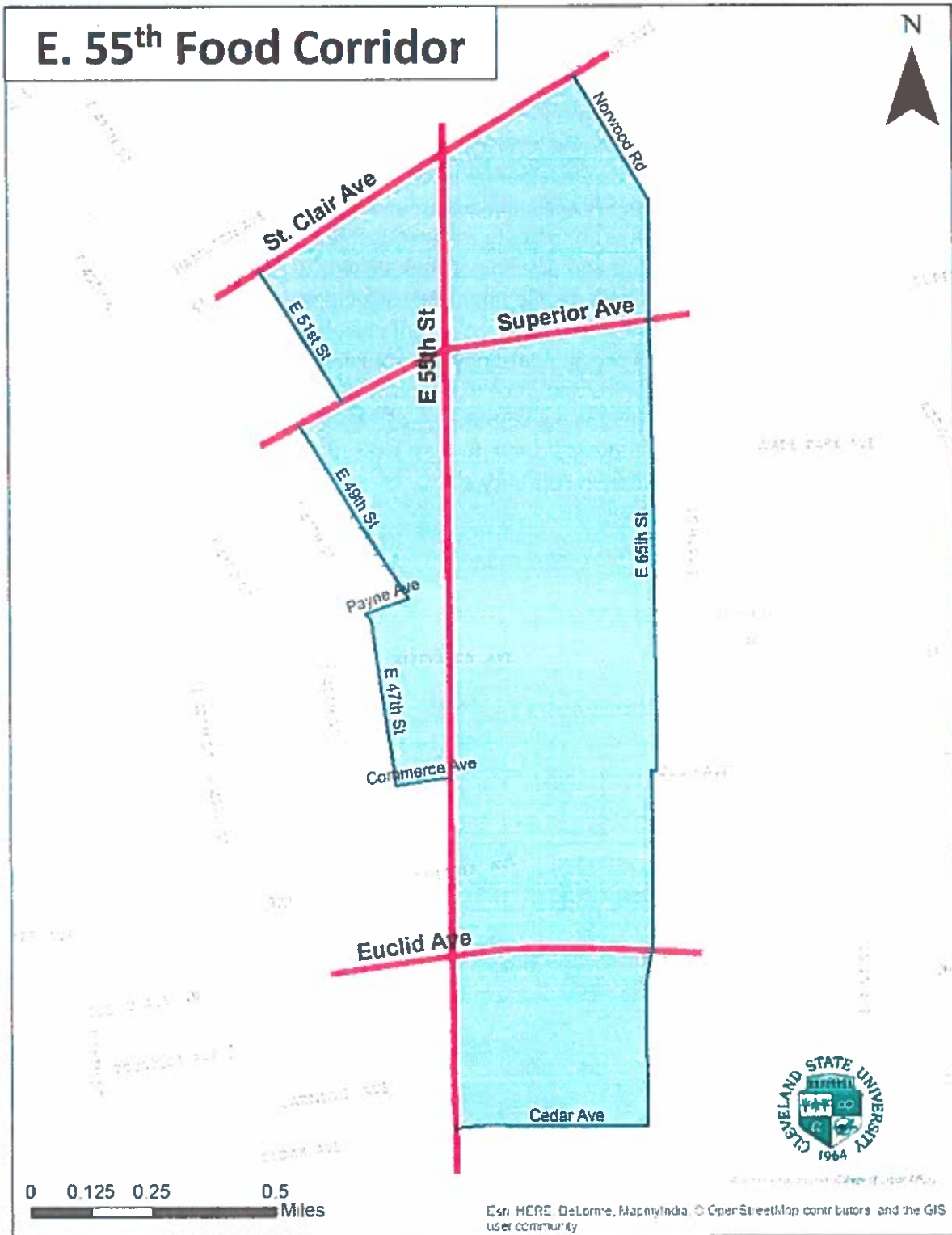
E. 55TH FOOD CORRIDOR

There has been a concerted effort in the E. 55th Food Corridor to transform a neighborhood that had been devastated by the housing foreclosure crisis into a food district. Due in part to a large grant that the St. Clair Superior Development Corporation (SCSDC) received from the U.S. Department of Health and Human Services, the area that extends from St. Clair Avenue to Cedar Avenue along E. 55th Street is undergoing a transformation (Map 2). A recent major achievement was the development and opening of Hub 55, with a goal to improve food security and create employment and business development opportunities that did not previously exist for low-income residents of the neighborhood.⁴ A recent cleveland.com article noted that “Hub 55 is literally shining new light on the St. Clair-Superior area around East 55th Street. Gone are the glass block and ugly brick facades that once fronted the 42,000-square foot building....In their place are airy, almost floor-to-ceiling windows, rustic wood paneling, sleek shades and cleaned-up brick.”⁵ A strategic study exploring the best uses of Hub 55 – as primarily retail or food production space – is expected in February 2016.

⁴ St. Clair Superior Development Corporation (2013). Hub 55. <http://www.stclairsuperior.org/neighborhoods/st-clair-neighborhood/hub-55/>

⁵ http://www.cleveland.com/entertainment/index.ssf/2015/03/hub_55_project_in_clevelands_s.html

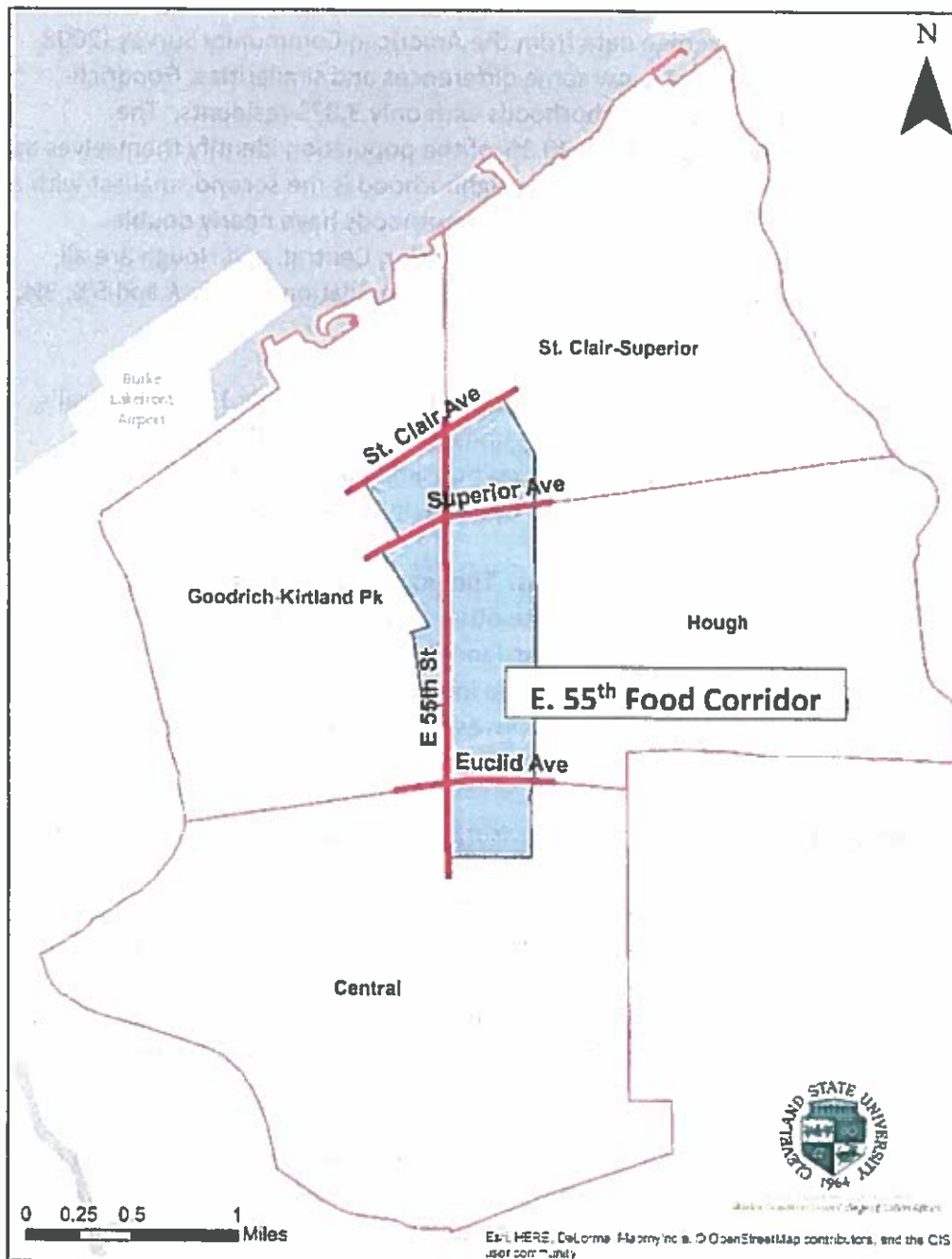
Map 2: E. 55th Food Corridor



Source: Center for Economic Development, Cleveland State University

The E. 55th Food Corridor touches four different Cleveland neighborhoods: Goodrich-Kirtland Park, St. Clair Superior, Hough, and Central. Map 3 shows the geographic footprint of the Food Corridor as well as the neighborhoods surrounding it. It is important to examine all aspects of the neighborhoods surrounding the Food Corridor, since the main objective is to help residents to start and grow small businesses as a way to create wealth and build communities.

Map 3: E. 55th Food Corridor and Its Neighborhoods



Source: Center for Economic Development, Cleveland State University

Neighborhood Demographics

Examining who lives in these areas, and what their households look like, can assist in the decision-making process for the Food Corridor. Overall, the four neighborhoods have higher poverty rates, lower income levels, and lower levels of education compared to the city of Cleveland average. Of the four neighborhoods, Goodrich-Kirtland Park is the best-off in terms of income, education, unemployment, and poverty metrics; however, there is room for improvement (Table 1).

According to the five-year annual average data from the American Community Survey (2008-2012), the neighborhood demographics show some differences and similarities. Goodrich-Kirtland Park is the smallest of the four neighborhoods with only 3,873 residents. The neighborhood is racially and ethnically diverse; 20.3% of the population identify themselves as *Black* and 12.6% as *Hispanic*. The St. Clair Superior neighborhood is the second smallest with a total population of 6,605, while Central and Hough neighborhoods have nearly double population (11,576 and 12,594, respectively). St. Clair Superior, Central, and Hough are all majority minority neighborhoods; 81%, 89%, and 95% of the population are *Black* and 5%, 3%, and 1% are *Hispanic*, respectively.

All of the four neighborhoods are predominantly occupied by renters. Only 12% of Central's 4,304 households reside in owner-occupied housing units. Out of the 1,938 households in Goodrich-Kirtland Park, 22% live in an owner-occupied housing unit. St. Clair Superior and Hough have the highest percent of owner occupied housing units (38% and 34%, respectively).

Housing ownership is consistent with poverty status. The poverty rate is highest in the Central neighborhood at 72%, while it is less than 50% in the other three neighborhoods. The median household income is about \$20,000 for Goodrich-Kirtland Park, St. Clair Superior, and Hough. However, Central has a much lower median household income of close to \$9,000. The very low household income is consistent with Central's high poverty and very low rate of home ownership.

Educational attainment in these neighborhoods, measured for adults aged 25 and over, is very low. At least 32% of the adult population in all four neighborhoods are without a high school degree. Central and Hough have similar percentages of persons with no higher than a high school degree (32%-33%), while in Goodrich-Kirtland Park and St. Clair Superior 28% of adults have a high school degree. Although it has a lower share of high school graduates, the Goodrich-Kirtland Park neighborhood has the highest share of adults with at least a bachelor's degree (18%), while only between 6% and 8% of adults have a bachelor's degree in the other three neighborhoods.

All of the neighborhoods suffer from very high unemployment rates. The unemployment rate for individuals 16 years and older is highest in Central, where nearly 40% of its residents are unemployed. Hough and St. Clair Superior register unemployment rates around 30%. In contrast, the unemployment rate in Goodrich-Kirtland Park (the neighborhood with the highest educational attainment rate) is about half of the other neighborhoods (17%).

Table 1: E. 55th Food Corridor Demographics Data, 2008-2012

	Goodrich-Kirtland Park	St. Clair Superior	Central	Hough
Total Population	3,873	6,605	11,576	12,594
Black, Alone, Percent	20%	81%	89%	95%
Hispanic, percent	13%	5%	3%	1%
Number of Households	1,938	2,816	4,304	5,058
Percentage of owner occupied housing units	22%	38%	12%	34%
Poverty Rate	43%	46%	72%	44%
Median household income	\$21,547	\$19,059	\$8,866	\$17,174
Percentage without high school degree	33%	33%	33%	32%
Percentage with high school degree	28%	28%	33%	32%
Percentage with bachelor's degree or more	18%	6%	6%	9%
Labor force participation rate	61%	63%	50%	51%
Unemployment rate	17%	31%	39%	32%

Source: Census American Community Survey, 2008-2012

Economic Indicators

To determine the economic health of the neighborhoods that surround the E. 55th Food Corridor boundary, the Ohio Quarterly Census of Employment and Wages data (QCEW) for the 1st quarter of 2013 were used. The highest numbers for establishment, employment, and wages are in the Goodrich-Kirtland Park neighborhood, but the highest average wage can be found in St. Clair Superior (Table 2). Hough has by far the lowest number of establishments, employment, wages, and average wages of all four neighborhoods, suggesting that it is primarily residential and it lacks any economic base. According to Table 3 – which identifies the top five industries in each of these neighborhoods – Health Care and Social Assistance, and Manufacturing are among the top five industries in three of the neighborhoods: Goodrich-Kirtland Park, Central, and Hough.

Table 2: E. 55th Food Corridor Economic Indicators, 2013 Q1

	Goodrich-Kirtland Park	St. Glair Superior	Central	Hough
Establishments	488	118	343	64
Employment	9,265	2,104	9,059	1,184
Wages	\$118,926,188	\$29,185,155	\$93,730,889	\$8,798,208
Average Wages	\$51,342	\$55,490	\$41,387	\$7,431

Source: Ohio Quarterly Census of Employment and Wages, 2013 quarter 1

Note: Average wage is calculated as follows: quarterly wages times 4 divided by employment, based on first quarter data.

Table 3: E. 55th Food Corridor Top Five Private Sectors Based on Employment, 2013 Q1

	Rank	Industry	Establishments	Employment	Wages	Average Wages
Goodrich-Kirtland Park		<i>All industries</i>	488	9,265	\$118,926,188	\$51,342
	1	Manufacturing	84	1,767	\$23,654,637	\$53,558
	2	Wholesale Trade	71	1,213	\$14,673,710	\$48,401
	3	Construction	46	1,142	\$17,349,042	\$60,767
	4	Health Care and Social Assistance	17	985	\$9,156,342	\$37,171
	5	Professional, Scientific, and Technical Services	47	781	\$9,608,655	\$49,233
Central		<i>All Industries</i>	343	9,059	\$93,730,889	\$41,388
	1	Health Care and Social Assistance	64	3,961	\$39,400,637	\$39,785
	2	Administrative and Support and Waste Management and Remediation Services	13	1,142	\$7,020,520	\$24,597
	3	Wholesale Trade	39	774	\$13,329,909	\$68,888
	4	Other Services (Except Public Administration)	51	615	\$4,488,950	\$29,196
Hough	5	Manufacturing	22	554	\$5,614,459	\$40,562
		<i>All Industries</i>	64	1,184	\$8,798,208	\$29,724
	1	Health Care and Social Assistance	20	702	\$5,171,023	\$29,465
	2	Manufacturing	7	144	\$1,226,196	\$34,140
	3	Real Estate and Rental and Leasing	6	77	\$557,146	\$28,943
	4	Retail Trade	14	71	\$406,438	\$22,898
	5	Management of Companies and Enterprises	NA	NA	NA	NA

Source: Ohio Quarterly Census of Employment and Wages, 2013 quarter 1

Notes: Average wage is calculated as follows: wages times 4 divided by employment, based on first quarter data.

NA indicates data are not available because of suppression.

Industry data for St. Clair Superior could not be broken out due to disclosure limitations.

The existence of Minority-Owned and Women-Owned Business Enterprises (MBEs/FBEs)

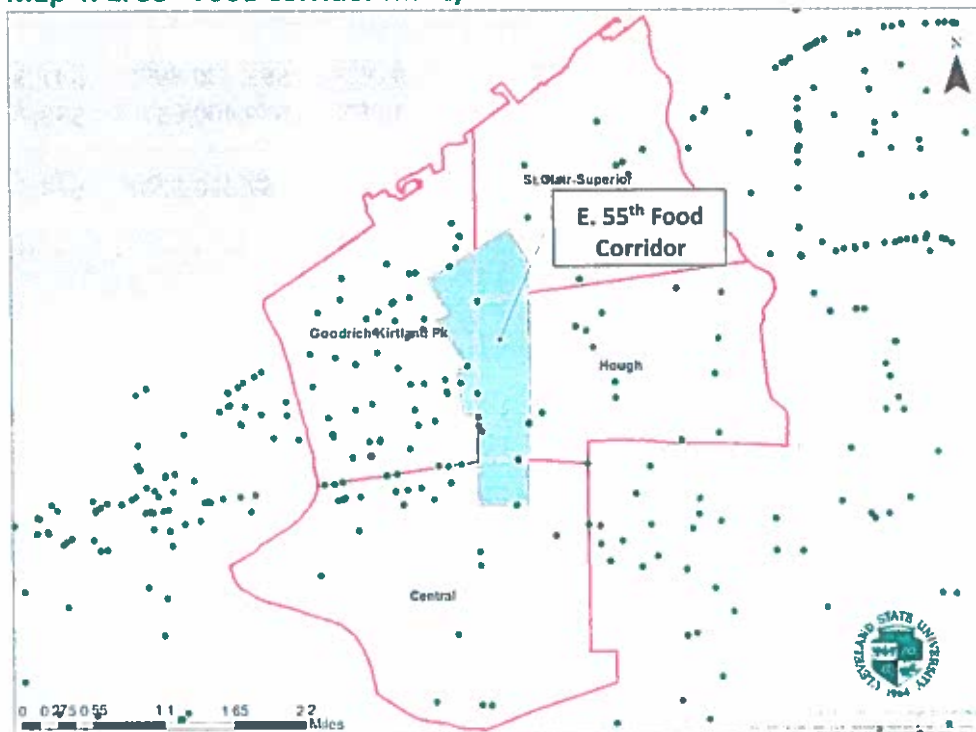
The Center for Economic Development assembled a directory of MBEs and FBEs located in the city of Cleveland. This directory is not comprehensive and may exclude many of the small lifestyle businesses that are located in the corridors.

Ten of the businesses on the collected directory fall within the E 55th Food Corridor. The breakdown of the male-minority, female-minority, and white female owned businesses in this corridor is:

- 8 male-minority owned businesses
- 3 female-minority owned businesses
- 1 white female owned business

However, many more companies are located in the four neighborhoods in which the corridor is located (Map 4). There are 162 MBEs and FBEs in the four neighborhoods combined.

Map 4: E. 55th Food Corridor MBEs/FBEs



Source: Center for Economic Development, Cleveland State University

Real Estate Inventory

The Cleveland 2015 Citywide Parcel Survey report prepared by the Cleveland's Western Reserve Land Conservancy and Detroit's Loveland Technologies and published in November 2015⁶, provides data on the external conditions and the percentage of all structures coded as vacant for each Cleveland neighborhood. This data gives a greater insight into the real estate conditions of the neighborhoods surrounding the E. 55th Food Corridor.

Out of the 1,408 structures surveyed in Goodrich-Kirtland Park, 10% were coded as vacant, and 18% of the 2,061 parcels were coded as vacant lots (Table 4). The vacancy rates in the other three neighborhoods are much higher. In St. Clair-Superior, 24% of all structures are coded as

⁶ <https://makeloveland.com/reports/cleveland>

vacant, and 34% of all parcels surveyed are coded as vacant lots. Although only 13% of all structures in Central are coded as vacant, 49% of all parcels are coded as vacant lots. Lastly, 18% of all Hough structures are coded as vacant, and 43% of all parcels are coded as vacant lots.

The results of the property inventory survey provided A (Excellent) or B (Good) ratings to 76% of all parcels with occupied structures surveyed in Goodrich-Kirtland Park. In St. Clair Superior, 62% of their parcels with structures were rated as A or B. In Hough, the survey gave an A or B rating to 71% of the parcels with structures surveyed. In Central, 80% of parcels with structures surveyed were rated as either A or B. The high percentage of A and B rated parcels in these three neighborhoods is important to the development of entrepreneurship in this corridor, because businesses could have well-maintained physical structures to move into that need few improvements (if any).

Table 4: E. 55th Food Corridor Real Estate Inventory, 2015

	Vacant Structures	Vacant Lots	Percent of Structures Rated A & B
Goodrich-Kirtland Park	18%	10%	76%
St. Clair Superior	24%	34%	62%
Hough	18%	43%	71%
Central	13%	49%	80%

Source: Cleveland Citywide Survey by Western Reserve Land Conservancy and Loveland Technologies, November 2015

The Corridor and Next Steps

The E. 55th Food Corridor is an area where entrepreneurial “foodies” can have a chance to foster their ideas for sustainable business. A roundtable discussion with the subcommittee working in this corridor gleaned insight into the entrepreneurial atmosphere of this corridor. Food naturally emerged as a topic of focus because of the Hub 55 project and the Cleveland Culinary Launch & Kitchen (CCLK), two food-related initiatives already occurring around the corridor.

The mission statement of the corridor is “stimulating food entrepreneurship by residents of St. Clair-Superior and Hough neighborhoods by leveraging the assets: food entrepreneurship near and around the E. 55th corridor.”⁷ Two significant entrepreneurial and small business activities are happening in and around the corridor; the first includes the work of the Economic Community Development Institute (ECDI) and their Culinary Launch & Kitchen (CCLK), a shared kitchen and food business incubator. The second major activity is the Hub 55 project, a mixed-use building along E. 55th that includes a brewery, café, market and rentable flex, retail and

⁷ Interview with Jeff Epstein, Director of Health-Tech Corridor on October 20, 2015.

office space. An upcoming study regarding Hub 55, to be released in February 2016, aims to discover if the project should be more retail- or production-focused.

The corridor's main strengths and assets include this creative place-making, which brings people who value food into the corridor with the hope that they will be inspired to develop a business there. The Ohio State University's Agricultural Extension provides the corridor with a vast knowledge base and with urban agriculture training programs. Another asset is growing employment along Euclid and Superior Avenues, which improves the business climate in the corridor. Most importantly, the diversity of the corridor is welcoming to all people and sparks inclusive entrepreneurship.

A barrier to increasing small business activity in the corridor is the inability of entrepreneurs to raise capital, especially among low income business owners. The corridor's future growth and success depend on continuous support from organizations such as ECDI, CCLK, the city of Cleveland, and SCSDC. These support organizations work with Cleveland Neighborhood Progress, a local community development funding intermediary, to increase the number of minority and low-income entrepreneurs that live in the corridor. However, more efforts are needed to increase the involvement of local entrepreneurs; for example, only about 15% of participants in the CCLK are from Hough and are low income. Many local residents are hesitant to become "entrepreneurs" because of the uncertainties regarding cost, risk, complexity, and other unknown difficulties. In order to break down barriers, the SCSDC has begun to organize cooking clubs where individuals come together to cook. Along the way, participants learn about how starting their own businesses may not be as difficult as they believe. Changing the language around entrepreneurship and engaging residents one-on-one can create a safe environment for individuals to branch out into new lines of work.

OPPORTUNITY CORRIDOR-E. 79TH

The Opportunity Corridor as a whole is a planned boulevard that will run from East 55th Street at Interstate 490 to East 105th Street in University Circle—connecting the western suburbs of Cleveland to University Circle, where major employers such as the Cleveland Clinic, University Hospitals, and Case Western Reserve University are located.⁸ The area between I-490 and University Circle has become known as the “Forgotten Triangle” due to the lack of economic activity.⁹ The corridor embodies the private, public, and nonprofit partnership between the Ohio Department of Transportation, the City of Cleveland, Greater Cleveland Partnership, and the Opportunity Corridor Partnership Office. Forward Cities decided to focus on a section of the Opportunity Corridor along E. 79th street to open opportunities for new economic development, new jobs, and a new identity for the community.

It is important to note that the construction on the project will begin in the fall of 2017 (the E. 79th Street Portion) and continue through 2019.¹⁰ With that, business development is preceded by the construction of the road, and ground breakings for new businesses are 4-5 years in the future.

Map 5 shows the boundaries of the Opportunity Corridor-E. 79th corridor in detail.

⁸ Greater Cleveland Partnership (2016). Opportunity Corridor. <http://www.gcpartnership.com/See-What-We-Do/Infrastructure-and-Physical-Development/Opportunity-Corridor>

⁹ <http://www.dot.state.oh.us/projects/ClevelandUrbanCoreProjects/OpportunityCorridor/Pages/default.aspx>

¹⁰ Ohio Department of Transportation. (2016).

<http://www.dot.state.oh.us/projects/ClevelandUrbanCoreProjects/OpportunityCorridor/NewsandInformation/Pages/Construction-Sections.aspx>

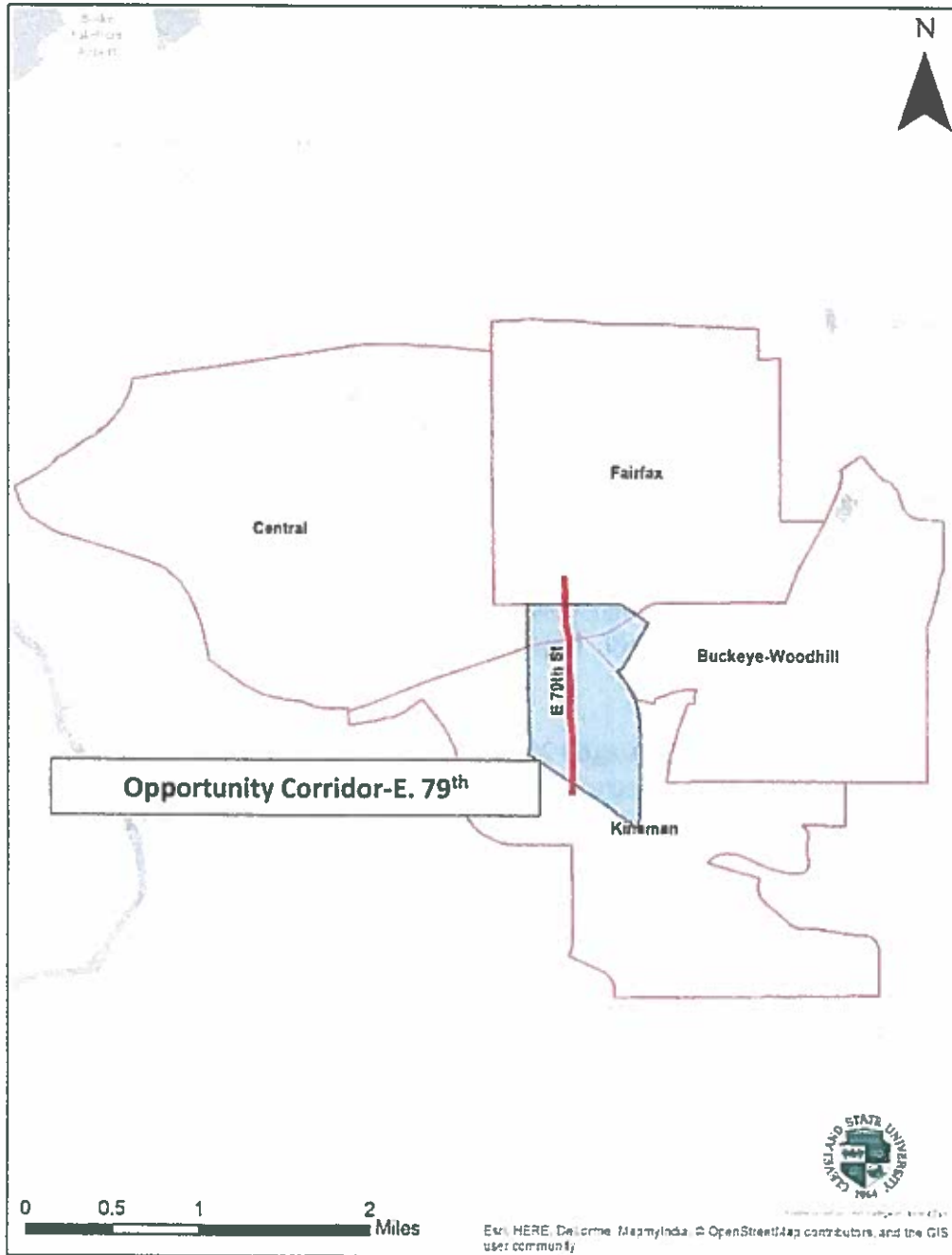
Map 5: Opportunity Corridor-E. 79th



Source: Center for Economic Development, Cleveland State University

The Opportunity Corridor-E. 79th is part of four different Cleveland neighborhoods: Central, Fairfax, Buckeye-Woodhill, and Kinsman. Map 6 shows an overview of the Opportunity Corridor-E. 79th and the surrounding neighborhoods. It is important to examine all aspects of the neighborhoods surrounding Opportunity Corridor, since the main objective is to transform the “Forgotten Triangle” into an area full of economic activity.

Map 6: Opportunity Corridor-E. 79th and Its Neighborhoods



Source: Center for Economic Development, Cleveland State University

Neighborhood Demographics

Examining demographic data provides a better understanding of who is most likely to start a business in the corridor. The largest of the four neighborhoods is Central with 11,576 residents, according to a five-year average data from the Census American Community Survey (2008-

2012) (Table 5). Fairfax, Buckeye-Woodhill, and Kinsman have total populations of 6,078, 7,445 and 6,971, respectively. All of these neighborhoods have a majority minority population. In Central, 89% of the population identify themselves as *Black* and 3% as *Hispanic*. In Fairfax, Buckeye-Woodhill, and Kinsman, more than 94% of the population identifies itself as *Black* while one to four percent identify as *Hispanic*.

Home ownership data give insight into who has stakes in the neighborhood. Unfortunately, these four neighborhoods are all predominantly occupied by renters who may only be residing in the neighborhood temporarily. Only 12% of Central's 4,304 households reside in owner-occupied housing units. Out of the 2,909 households in Buckeye-Woodhill, 27% live in an owner-occupied housing unit. Fairfax and Hough have the highest percent of owner-occupied housing units (40% and 33%, respectively). We assume that neighborhoods with higher percentages of owner-occupied houses are more stable.

The four neighborhoods have a higher poverty rate and lower income compared to the city of Cleveland average. The poverty rate is highest in the Central neighborhood at 72%, while Fairfax has the lowest poverty rate at 37%. Over half of the residents that live in Buckeye-Woodhill and Kinsman live in poverty (54%).

Median household income for the four neighborhoods varies greatly from \$15,558.66 and \$17,300.17 to \$20,977.66 (Buckeye-Woodhill, Kinsman, and Fairfax). Central has a much lower median household income of close to \$9,000. Median household income in Central is less than half the income in Fairfax.

Education attainment, measured for adults aged 25 and over, in these neighborhoods is very low. The percent of persons without high school degrees ranges from 27% in Fairfax to 34% in Central. The percent of persons with only a high school degree ranges from 27% in Buckeye-Woodhill to 37% in Kinsman. The percent of adults with bachelor's degree or more is highest in Fairfax at 10%, while only between 5% and 6% of the adult residents in the other three neighborhoods have attained a bachelor's degree or more.

All of the neighborhoods have very high unemployment rates. The unemployment rate for individuals 16 years of age and older is highest in the Central neighborhood, where nearly 40% of the residents were unemployed. Buckeye-Woodhill has the next highest unemployment rate at 33%, while Fairfax and Kinsman have unemployment rates of 28% and 30%, respectively.

Table 5: Opportunity Corridor-E. 79th Demographics Data, 2008-2012

	Central	Fairfax	Buckeye- Woodhill	Kinsman
Total Population	11,576	6,078	7,445	6,971
Black, Alone, Percent	89%	95%	94%	95%
Hispanic, percent	3%	1%	2%	4%
Number of Households	4,304	2,519	2,909	2,840
Percentage of owner occupied housing units, percent	12%	40%	27%	33%
Poverty Rate	72%	37%	54%	51%
Median household income	\$8,866.07	\$20,977.66	\$15,558.66	\$17,300.17
Percentage without high school degree	33%	27%	33%	28%
Percentage with high school degree	33%	36%	27%	37%
Percentage with bachelor's degree or more	6%	10%	6%	6%
Labor force participation rate	50%	49%	54%	54%
Unemployment rate	39%	28%	33%	30%

Source: Census American Community Survey, 2008-2012

Economic Indicators

The Ohio Quarterly Census of Employment and Wages data (QCEW) for the 1st quarter of 2013 is used to analyze the health of the economy in these neighborhoods. The Central and Fairfax neighborhoods both have considerably more establishments, employment, and wages than Buckeye-Woodhill or Kinsman; however, Fairfax has the highest average wages (Table 6). The reason for the higher wages in Fairfax is because the Cleveland Clinic's main campus is located in the Fairfax neighborhood. Both Buckeye-Woodhill and Kinsman have only 56 establishments each, suggesting that these neighborhoods have a very small economic base and are primarily residential. Both neighborhoods have close to 1,200 employees working in them, with average wages ranging from \$37,000 to \$45,000.

Table 6: Opportunity Corridor-E. 79th Economic Indicators, 2013 Q1

	Central	Fairfax	Buckeye- Woodhill	Kinsman
Establishments	343	379	56	56
Employment	9,059	42,512	1,195	1,176
Wages	\$93,730,889	\$684,544,176	\$11,103,282	\$13,303,062
Average Wages	\$41,387	\$64,409	\$37,166	\$45,261

Source: Ohio Quarterly Census of Employment and Wages, 2013 quarter 1.

Notes: Average wage is calculated as follows: quarterly wages times 4 divided by employment, based on first quarter data.

Economic Indicators for Fairfax include both Fairfax and University

Table 7 analyzes employment in the four neighborhoods by major industry. Only Health Care and Social Assistance emerges as a top industry in all four neighborhoods. Wholesale Trade and Manufacturing are top ranked industries in three of the neighborhoods (all except for Fairfax). Fairfax is the only neighborhood that includes the Professional, Scientific, and Technical Services industry among its top industries. Again, this can be explained by the proximity to the Cleveland Clinic and other large institutions in University Circle.

Table 7: Opportunity Corridor-E. 79th Top five private sectors based on employment, 2013 Q1

	Rank	Industry	Establishments	Employment	Wages	Average Wages
Central		<i>All Industries</i>	343	9,059	\$93,730,889	\$41,388
	1	Health Care and Social Assistance	64	3,961	\$39,400,637	\$39,785
	2	Administrative and Support and Waste Management and Remediation Services	13	1,142	\$7,020,520	\$24,597
	3	Wholesale Trade	39	774	\$13,329,909	\$68,888
	4	Other Services (except Public Administration)	51	615	\$4,488,950	\$29,196
Fairfax	5	Manufacturing	22	554	\$5,614,459	\$40,562
		<i>All Industries</i>	NA	NA	NA	NA
	1	Health Care and Social Assistance	NA	NA	NA	NA
	2	Accommodation and Food Services	26	895	\$5,566,992	\$24,880
	3	Other Services (except Public Administration)	14	271	\$1,231,035	\$18,148
Buckeye-Woodhill	4	Professional, Scientific and Technical Services	19	194	\$3,076,992	\$63,443
	5	Wholesale Trade	6	182	\$2,152,134	\$47,386
		<i>All Industries</i>	56	1,195	\$11,103,282	\$37,168
	1	Health Care and Social Assistance	9	496	\$5,784,477	\$46,618
	2	Educational Services	3	175	\$1,154,763	\$26,455
Kinsman	3	Manufacturing	NA	NA	NA	NA
	4	Retail Trade	NA	NA	NA	NA
	5	Wholesale Trade	NA	NA	NA	NA
	0	<i>All Industries</i>	64	1,184	\$8,798,208	\$29,724
	1	Health Care and Social Assistance	20	702	\$5,171,023	\$29,465
Kinsman	2	Manufacturing	7	144	\$1,226,196	\$34,140
	3	Real Estate and Rental and Leasing	6	77	\$557,146	\$28,943
	4	Retail Trade	14	71	\$406,438	\$22,898
	5	Management of Companies and Enterprises	NA	NA	NA	NA

Source: Ohio Quarterly Census of Employment and Wages, 2013 quarter 1

Notes: Average wage is calculated as follows: wages times 4 divided by employment, based on first quarter data.

NA indicates data are not available because of suppression.

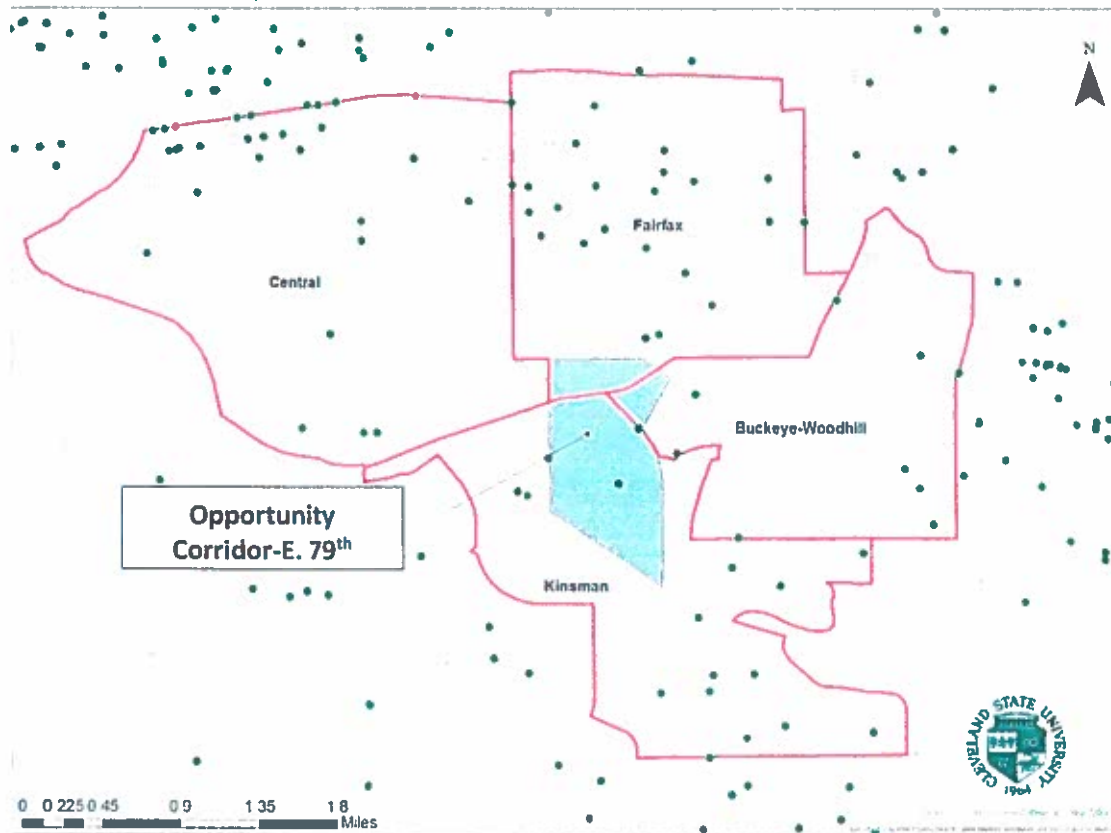
The existence of Minority-Owned and Women-Owned Business Enterprises (MBEs/FBEs)

Four of the businesses on the assembled directory of MBEs and FBEs located in the city of Cleveland fall within the Opportunity Corridor-E. 79th. The breakdown of the MBEs/FBEs in this corridor is:

- 3 male-minority owned business
- 1 female-minority owned business

Slow business development activity in this area may be due to the delay that businesses will open in this area after the completion of road construction. However, many more companies are located in the four neighborhoods in which the corridor is located (Map 7). There are 103 MBEs and FBEs in the four neighborhoods combined.

Map 7: Opportunity Corridor-E. 79th MBEs/FBEs



Source: Center for Economic Development, Cleveland State University

Real Estate Inventory

Data from the Cleveland 2015 Citywide Parcel Survey by Western Reserve Land Conservancy and Loveland Technologies published in November 2015¹¹ provides a clear sense of the real estate inventory. This data provides the external conditions and the percentage of all structures coded as vacant for each Cleveland neighborhood.

The vacancy rates in the four neighborhoods were all very similar. Of the 1,187 structures surveyed in Central, 13% were coded as vacant, whereas 49% of the 2,927 parcels surveyed were coded as vacant lots (Table 8). In Fairfax, 14% of all structures are coded as vacant, and 45% of all parcels surveyed are coded as vacant lots. Although only 10% of structures in Buckeye-Woodhill are coded as vacant, 38% of all parcels are coded as vacant lots. Lastly, 19% of all Kinsman structures are coded as vacant, and 43% of all parcels are coded as vacant.

In all four neighborhoods, less than half of the occupied structures were deemed to be in excellent or good condition. In the Central neighborhood, only 34% of total parcels with structures surveyed received either an A (Excellent) rating or B (Good) rating— needing only basic improvements (if any) and appearing to be well-maintained and cared for. Similarly, in Fairfax only 36% of parcels with structures surveyed received either an A or B rating. Buckeye-Woodhill has 40% of parcels with structures rated either A or B. Finally, 38% of the parcels with structures surveyed in Kinsman are rated either A or B.

Table 8: Opportunity Corridor-E. 79th Corridor Real Estate Inventory, 2015

	Vacant Structures	Vacant Lots	Percent of Structures Rated A & B
Central	13%	49%	34%
Fairfax	14%	45%	36%
Buckeye-Woodhill	10%	38%	40%
Kinsman	19%	43%	38%

Source: Cleveland Citywide Survey by Western Reserve Land Conservancy and Loveland Technologies, November 2015

The Corridor and Next Steps

The Opportunity Corridor-E. 79th Street has entrepreneurial opportunities close to the construction of the Opportunity Corridor roadway. The development of this roadway has sparked interest amongst developers and entrepreneurs concerning how new traffic in the area can aid in building new and better businesses.

Current initiatives include about 10 urban agricultural ventures such as Green City Growers, an Evergreen Collaborative, and the Urban Agriculture Innovation Zone (home to the Rid-All Green Partnership). This Urban Agriculture Innovation Zone is considered to be the greatest asset within the corridor. This corridor is also home to several small businesses and two very large

¹¹ <https://makecleveland.com/reports/cleveland>

legacy businesses, the Miceli Dairy Product Company and Orlando Bakery. Small businesses within the corridor include a hardware store, a daycare facility, a carry-out restaurant, and a café. These small businesses are attempting to cater to the nearby health and education institutions located just north of the area.

Capacity builders and support organizations such as the City of Cleveland, the Urban League, Small Business Development Centers, and Score are working to increase entrepreneurial activity in the corridor. One strength of this corridor is that most of the corridor is available for future business development, so there is space for businesses to break ground and start anew. Another strength lies in the fact that the corridor has easy transit access through two light-rail rapid transit lines at East 79th near Kinsman and East 79th near Woodland (Map 7).

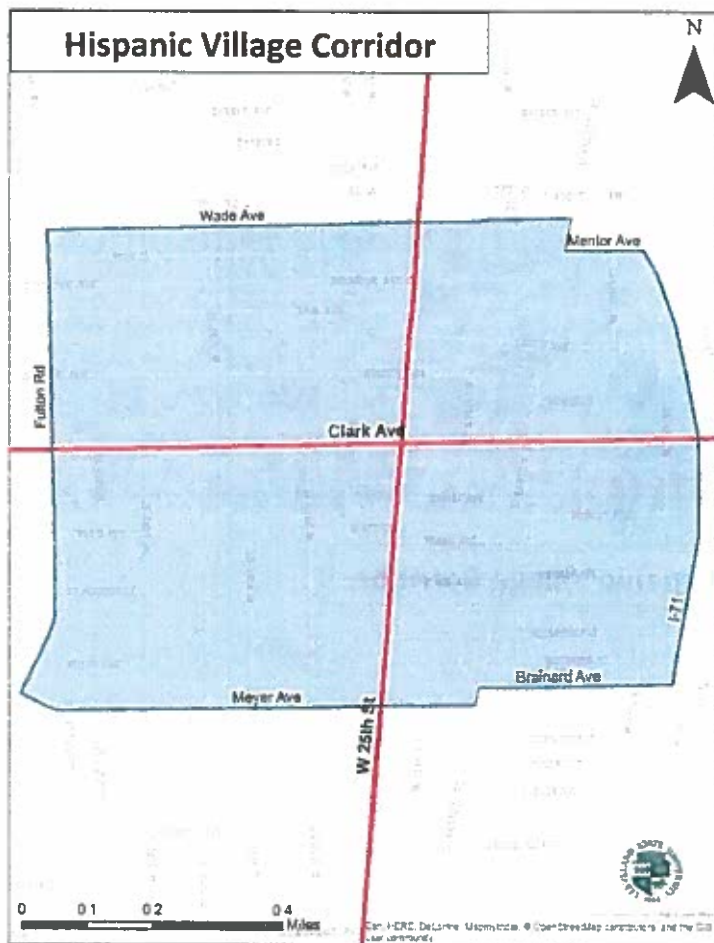
Barriers exist on both the demand and supply side. Current barriers to increasing business activity on the supply side include access to capital, technical assistance, startup costs, and recruitment. Demand-side barriers include a lack of understanding of current needs and the limited purchasing power of people living and working in these neighborhoods. This will lead to determinations as to what sort of businesses the present market can support along the corridor.

The Opportunity Corridor-E. 79th subcommittee has developed goals and strategies for 2016. The Rid-All Strategy will leverage Rid-All Green Partnership's location and Phase 1 success by assisting them in their next growth phase(s). The subcommittee hopes to use best practice technical assistance to help and deliver resources to 5-10 local businesses that need help. They hope to leverage services provided, bring the right people together, and seek creative solutions to have a larger impact. Through outreach and engagement, target-specific information will be collected and shared that will help current or potential entrepreneurs grow business opportunities. Lastly, the committee will try to leverage large employers in the Opportunity Corridor vicinity, such as the Cuyahoga Metropolitan Housing Authority, the Justice Center, and University Circle institutions, to bring people to and through their doors.

HISPANIC VILLAGE CORRIDOR

Hispanic Village —also known as *La Villa Hispana*—located at the intersection of West 25th and Clark Avenue on the Near West Side of Cleveland, boasts the largest concentration of Latinos in the state of Ohio. Roughly 5,000 Latinos call the neighborhood home. Over the last 25 years, La Villa Hispana has centralized the economic vitality of the Latino community.¹² Organizations advocating for this corridor have 290 collective years of service in the community, and they feel that now is a prime opportunity to make strides in fostering the entrepreneurial ecosystem in this unique corridor. The Hispanic Village Corridor is shaped like a large square around the intersection of Clark Avenue and W. 25th St. It is bordered by Fulton Road to the west, I-71 to the east, Wade and Mentor Avenue to the north, and Meyer and Brainard Avenue to the south (Map 8).

Map 8: Hispanic Village Corridor

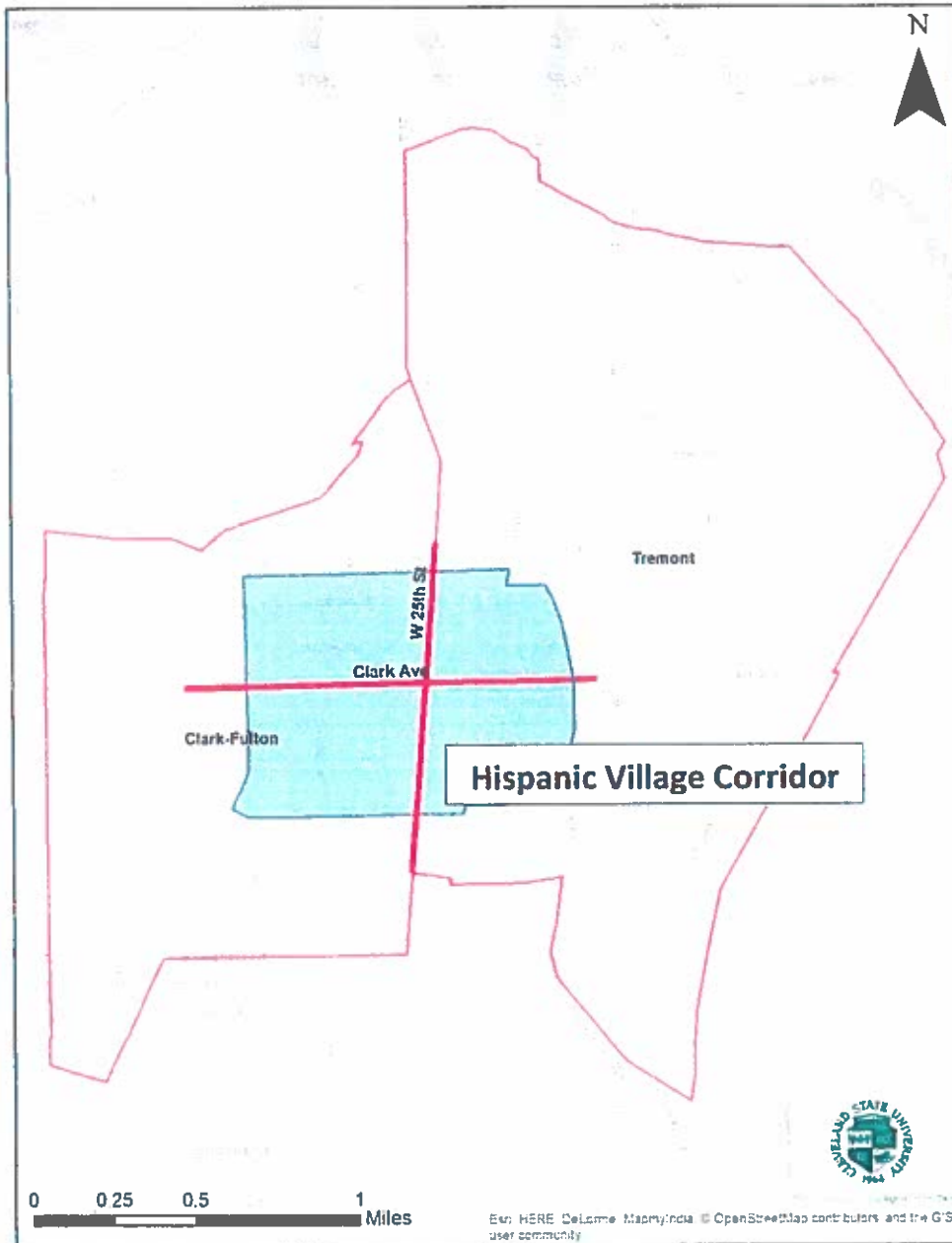


Source: Center for Economic Development, Cleveland State University

¹² Guth, Douglas, J. (2014, July 31). What's Working: Agencies Boost Prospects of Cleveland's Rising Number of Latino Entrepreneurs. *Fresh Water Cleveland*. <http://www.freshwatercleveland.com/features/latinoentrepreneurs073114.aspx>

The Hispanic Village Corridor is part of two west-side Cleveland neighborhoods: Clark-Fulton and Tremont. Map 9 shows an overview of the Hispanic Village Corridor and the neighborhoods in which it falls. Understanding all the aspects of the neighborhoods surrounding the Hispanic Village Corridor is necessary in assisting residents and support organizations to grow and start small businesses as a way to create wealth and build this community.

Map 9: Hispanic Village Corridor and Its Neighborhoods



Source: Center for Economic Development, Cleveland State University

Neighborhood Demographics

The two neighborhoods that surround the Hispanic Village Corridor have very unique demographic characteristics compared to the city of Cleveland, as reported by the five-year average annual data from the American Community Survey (2008-2012). The population for both neighborhoods is relatively similar, with Clark-Fulton reporting 7,866 residents and Tremont reporting 7,850 residents (Table 9). The total population in both neighborhoods is very similar; however, there are approximately 700 more households in Tremont than in Clark-Fulton. This suggests that, on average, the households in Tremont are smaller, which is consistent with young professionals moving into the neighborhood. The percentages of household units that are owner-occupied in each neighborhood are very close: around 35%.

The most notable observation from this data is the large percent of that population that identifies as *Hispanic* in Clark-Fulton (41%) as compared to Tremont (21%). This high percentage of Hispanics in Clark-Fulton is what provides La Villa Hispana its authentic neighborhood identity.

The two neighborhoods suffer from high poverty rates: 48% in Clark-Fulton and 41% in Tremont. The median household income in Tremont is \$25,794, while in Clark-Fulton it is \$21,345; this is again consistent with newcomers into the neighborhood who have higher incomes.

Tremont is significantly more educated than Clark Fulton. Of its adult population, 23% hold a bachelor's degree or higher, compared to only 4% in the Clark-Fulton neighborhood. However, showing the dichotomy in Tremont's population is the fact that 27% of its adult population is without a high school degree. Clark-Fulton has even a larger percent of its adult population without high school degree at 37%. Similarly, Tremont's labor force participation rate is 66%, higher than Clark-Fulton's 51%. The unemployment rate in Clark-Fulton is 22%, which is twice Tremont's unemployment rate of 11%.

Table 9: Hispanic Village Corridor Demographics Data, 2008-2012

	Clark-Fulton	Tremont
Total Population	7,866	7,850
Black, Alone, Percent	24%	19%
Hispanic, percent	41%	21%
Number of Households	2,929	3,751
Percentage of owner occupied housing units	37%	34%
Poverty Rate	48%	41%
Median household income	\$21,345	\$25,794
Percentage without high school degree	38%	27%
Percentage with high school degree	31%	26%
Percentage with bachelor's degree or more	4%	23%
Labor force participation rate	51%	66%
Unemployment rate	22%	11%

Source: Census American Community Survey, 2008-2012

Economic Indicators

Using the Ohio Quarterly Census of Employment and Wages data for the 1st quarter of 2013, economic indicators are used to analyze the two neighborhoods that surround this corridor. Tremont has an overall larger economy than Clark-Fulton, as indicated by Tremont having double the establishments and triple the amount of employment and wages (Table 10). This data shows that there is a much stronger business climate in Tremont. In contrast, the average wage in Tremont is slightly below that of Clark-Fulton. This can be explained by the prevalence of service jobs in Tremont, which pay lower wages.

Table 10: Hispanic Village Corridor Economic Indicators, 2013 Q1

	Clark-Fulton	Tremont
Establishments	101	200
Employment	986	3,029
Wages	\$7,560,367	\$22,626,043
Average Wages	\$30,671	\$29,879

Source: Ohio Quarterly Census of Employment and Wages, 2013 quarter 1.

Note: Average wage is calculated as follows: quarterly wages times 4 divided by employment, based on first quarter data.

Table 11 analyzes economic indicators by major industries. Both Clark-Fulton and Tremont have a high level of Retail Trade, Health Care and Social Assistance, Accommodation and Food Services, and Manufacturing.

All of the data presented in the tables for the Tremont and Fulton Clark neighborhoods show the changes occurring in the Tremont area. The influx of younger, higher income, and highly educated individuals into the Tremont area is beginning to affect the metrics and points to the gentrification that is happening in the neighborhood. These trends are not occurring yet in the

Clark-Fulton area, and the West 25th/Clark Hispanic Village Corridor activities are designed to maintain the authenticity of this corridor.

Table 11: Hispanic Village Corridor Top five private sectors based on employment, 2013 Q1

	Rank	Industry	Establishments	Employment	Wages	Average Wages
Clark-Fulton		<i>All Industries</i>	101	986	\$7,560,367	\$30,658
	1	Manufacturing	20	294	\$3,215,690	\$43,751
	2	Health Care and Social Assistance	10	195	\$1,248,485	\$25,610
	3	Retail Trade	28	180	\$1,124,789	\$25,042
	4	Accommodation and Food Service	10	111	\$345,046	\$12,397
Tremont	5	Wholesale Trade	6	59	\$778,396	\$52,476
		<i>All Industries</i>	200	3,028	\$22,626,043	\$29,886
	1	Retail Trade	45	918	\$4,804,094	\$20,925
	2	Accommodation and Food Services	40	799	\$3,643,227	\$18,231
	3	Manufacturing	21	407	\$6,066,413	\$59,670
	4	Other Services (except Public Administration)	18	282	\$1,946,950	\$27,649
	5	Health Care and Social Assistance	15	198	\$1,866,830	\$37,777

Source: Ohio Quarterly Census of Employment and Wages, 2013 quarter 1

Notes: Average wage is calculated as follows: wages times 4 divided by employment, based on first quarter data.

NA indicates data are not available because of suppression.

Industry data for St. Clair Superior could not be broken out due to disclosure limitations.

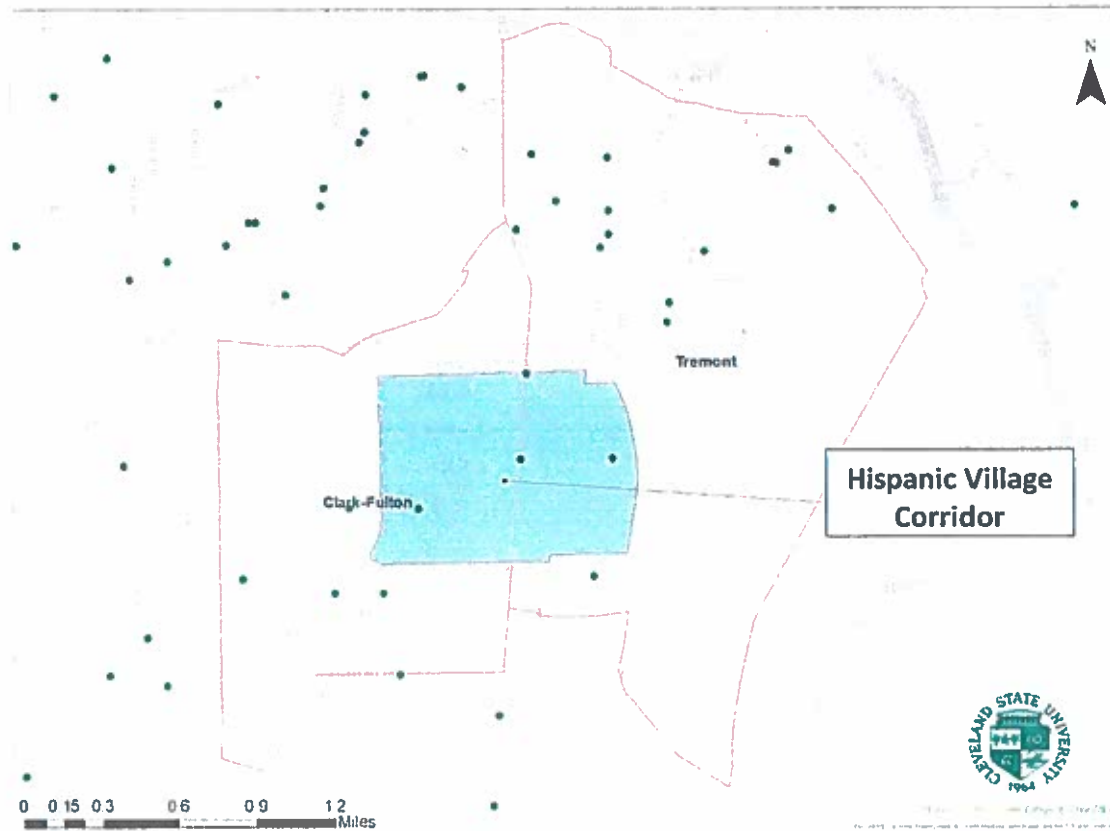
The existence of Minority-Owned and Women-Owned Business Enterprises (MBEs/FBEs)

There are 25 businesses on the collected directory of MBEs and FBEs located in the city of Cleveland that fall within the Hispanic Village Corridor. The breakdown of the male-minority, female-minority, and white female owned businesses in this corridor is:

- 13 male-minority owned businesses
- 1 female-minority owned businesses
- 11 white female owned business

However, more companies are located in the four neighborhoods in which the corridor is located (Map 10). There are 23 MBEs and FBEs in the four neighborhoods combined.

Map 10: Hispanic Village Corridor MBEs/FBEs



Source: Center for Economic Development, Cleveland State University

Real Estate Inventory

The Cleveland 2015 Citywide Parcel Survey by Western Reserve Land Conservancy and Loveland Technologies published in November 2015¹³ provides data on the external conditions and the percentage of all structures coded as vacant for each Cleveland neighborhood. This data gives a greater insight about the real estate conditions of the neighborhoods that the Hispanic Village Corridor is in.

A smaller percentage of structures and parcels are vacant in these neighborhoods in comparison to the city's east side neighborhoods surrounding the other corridors. Out of the 2,403 structures surveyed in Clark-Fulton, 8% were coded as vacant; 19% of the 3,173 parcels were coded as vacant lots. In Tremont 2,311 structures were surveyed, and 5% of these were coded as vacant. A total of 3,292 parcels in Tremont were surveyed, and 23% of these were coded as vacant lots. According to the survey, Clark-Fulton has more vacant structures but less vacant land than Tremont.

¹³ <https://makeloveland.com/reports/cleveland>

The property inventory survey indicates the number of well-maintained physical structures that need few (if any) improvements. In Clark-Fulton, the survey rated 667 parcels as A (Excellent) and 1,151 parcels as B (Good), which combined accounts for 75% of the parcels with occupied structures surveyed. Around 85% of parcels with occupied structures surveyed in Tremont received either an A or B rating (1,222 and 770, respectively).

The Corridor and Next Steps

Hispanic Village, or La Villa Hispana, has historically been Cleveland's Hispanic neighborhood. This area has the highest concentration of Latino population in the state of Ohio.¹⁴ Entrepreneurial support organizations involved in the area include the Hispanic Business Association, Esperanza, the Minority Business Development Agency of the U.S. Department of Commerce, and Hispanic Alliance, Incorporated. These support organizations have been working in the neighborhood for many years. However, it was not until a town meeting at Lincoln West High School with a turnout of over 100 residents that momentum was gathered to officially turn La Villa Hispana from a concept to a recognized place. These support organizations continued the conversation with local merchants (including franchises such as McDonalds and Family Dollar) to help catalyze efforts.

In order to create a sense of place at the corner of West 25th and Clark and transform the area into La Villa Hispana, a "Halloween on Clark Avenue" event was organized, where the neighborhood partnered with local merchants to have young people trick-or-treat at local merchants to provide a safe place and a sense of community. From this event, a larger event was born: La Placita. La Placita Market was a pop-up summer open-air market to help Latin micro-businesses sell their wares. It was held on five Saturdays in the parking lot behind the Hispanic Business Alliance and put the spotlight on Cleveland's Latino community and culture. More than 3,000 visitors attended La Placita.

La Placita was an experiment to see if the grander idea of El Mercado, a permanent marketplace with small, startup businesses as vendors, could be launched in La Villa Hispana; the resounding community response was that it could thrive in the neighborhood. El Mercado was a vision of Jenice Contreras, Executive Director of the Hispanic Business Alliance, as a result of a visit to a similar market in Minneapolis. El Mercado would allow vendors to cohabitate the same space and share accounting and other business services. The goal of the Hispanic Business Center in leading the initiative is to not allow businesses in El Mercado to leave because they have failed; rather, businesses should be able to leave because they have outgrown the space and are ready to move to a storefront of their own. El Mercado will serve the needs of low-income residents, refugees, and immigrants with previously unregistered businesses as well as entrepreneurs who have had difficulty accessing other programs throughout Cleveland. El Mercado is a significant catalyst for future development in La Villa Hispana.

¹⁴ Juan Molina Crespo, Hispanic Alliance, Incorporated

The large Latino population in this corridor is an enormous asset. They value their identity and would like to protect and validate the neighborhood in the process of expanding La Villa. With the growth of Metro Health and the transformation of Tremont and Ohio City into large entertainment and residential districts, the proponents of La Villa are more motivated than ever to prevent the gentrification of their neighborhood and to make this project a reality. Local entrepreneurial support organizations are able to do programming in Spanish, which makes it easier for Spanish-speaking entrepreneurs to learn from workshops and training sessions. This project also has the backing of the City of Cleveland, Catholic Charities, and Global Cleveland. Metro Health is also helping to bring wealth into the neighborhood through workforce training, and they are making an effort to hire locally.

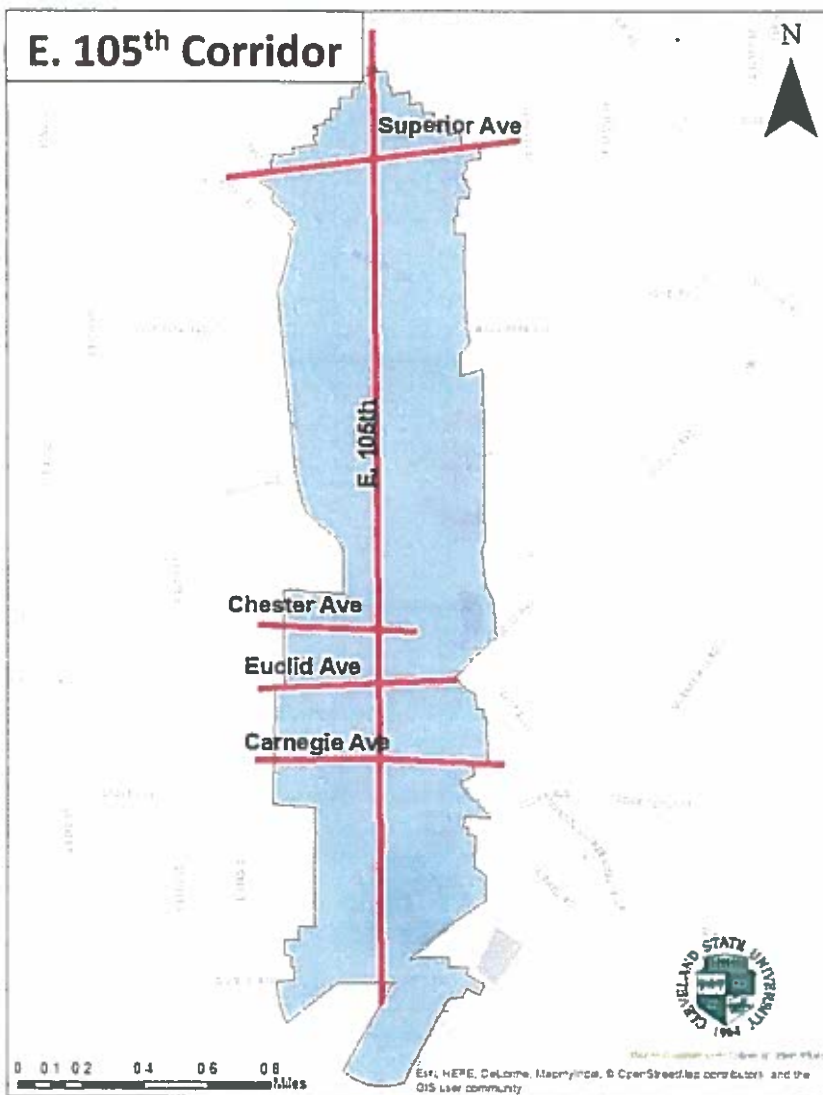
Barriers include those of other corridors such as access to capital, technology, and other resources. The largest barrier that this corridor is facing is the lack of available expansion space and a poor physical building stock. There is a low amount of move-in ready storefronts and spaces for businesses to expand. In fact, a tortilla manufacturer already had to move out of the corridor when they needed a larger manufacturing and distribution space for their products. As the corridor gets more and more attention, the support organizations hope that developers will come into the neighborhood and put in new mixed-use developments with space for entrepreneurs to open businesses with storefronts.

The corridor has gotten help from the Latino Economic Development Center in Minneapolis (LEDC-MN), which has already acted as a consultant to many communities across the country in the planning process for other mercados. The next step for the Hispanic Village Corridor is to develop a concrete plan for La Mercado and submit it to financiers and attorneys for input. The corridor leaders have already had a two day planning meeting with LEDC-MN with a steering committee to discuss goals and develop a clear mission. Corridor leaders would like to have a tangible plan to take to city planning meetings and make a case for the El Mercado project. Currently, the Hispanic Chamber of Commerce is applying for grants to raise around \$1.2 million dollars to purchase a space for El Mercado, including warehouse space, office space, and attached land for future expansion.

E. 105TH CORRIDOR

The E. 105th Corridor is the newest Forward Cities corridor. The Corridor will focus its inclusive entrepreneurial efforts on the major intersections along E. 105th from Superior Avenue to Chester Avenue (Map 11). E. 105th on the southern end touches the main campus of the Cleveland Clinic and on the north end touches the Wade Park Campus of the Louis Stokes Cleveland VA Medical Center. Moreover, the corridor is in close proximity to University Circle, the campus of Case Western Reserve University, and cultural anchor institutions such as the Cleveland Museum of Art, the Cleveland Museum of Contemporary Art, the Cleveland Symphony, and others. This corridor hopes to build on the successes of University Circle and ensure that neighborhood residents and students are connected to and benefit from significant investments around the E. 105th corridor.

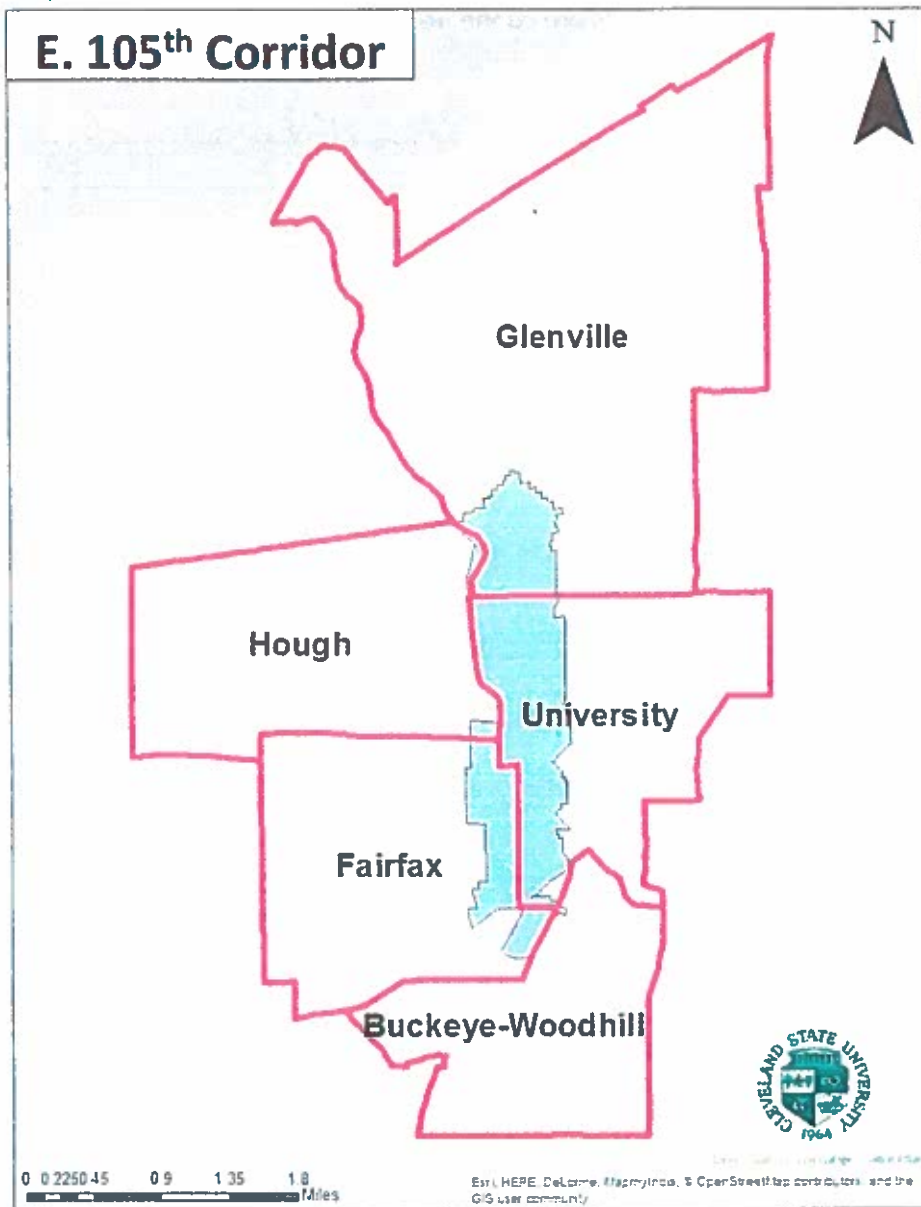
Map 11: E. 105th Corridor



Source: Center for Economic Development, Cleveland State University

The E. 105th Corridor is a part of five different Cleveland neighborhoods: Glenville, University, Buckeye-Woodhill, Fairfax, and Hough. Map 12 shows the location of the corridor and its proximity to the five neighborhoods. It should be noted that only very small portions of the corridors are in Hough and Buckeye-Woodhill. By examining the demographics and economy of the neighborhoods surrounding the E. 105th Corridor, decisions can be made on how to best assist the residents in starting up small businesses to generate wealth and build a strong, healthy community.

Map 12: E. 105th Corridor and Its Neighborhoods



Source: Center for Economic Development, Cleveland State University

Neighborhood Demographics

A closer look at who lives in these areas, and what their households look like, can aid in decision-making for the E. 105th Corridor. Overall, the five neighborhoods have a higher poverty rate, lower income levels, lower education, and lower labor participation rate than the City of Cleveland.¹⁵ Of the five neighborhoods, University is the best off in terms of education attainment (higher percentage with bachelor's degree or more) and has the lowest unemployment rate (Table 12).

According to the five-year annual average data from the American Community Survey (2008-2012), the neighborhood demographics show some different and some similar trends. Glenville is by far the largest neighborhood, with 27,701 total residents. University, Buckeye-Woodhill, and Fairfax have similar populations – between six and eight thousand total residents – while Hough has 12,594 total residents. Glenville, Buckeye-Woodhill, and Hough are all majority minority with over 94% of the residents identifying as *Black* (less than 2% of the residents in these neighborhoods identify as *Hispanic*). University is the outlier, with only 29% of their residents identifying as *Black* and 4% identifying as *Hispanic*.

All of the five neighborhoods are predominantly occupied by renters, but to different degrees. Glenville has the highest percent of owner-occupied housing among all five neighborhoods; it has 11,064 households and 45% of the housing units are owner-occupied. University, with 3,189 households, has the lowest percent of owner-occupied housing units at 14%, consistent with the University neighborhood being home to many students from Case Western Reserve University (CWRU), and the Cleveland Institute of Art and Cleveland Institute of Music. Fairfax has the lowest number of households at 2,519, with 40% of housing units occupied by owners. Buckeye-Woodhill and Hough have 2,909 and 5,058 households, which are 27% and 34% owner-occupied, respectively.

The poverty rate is high in all five of the neighborhoods, but it is highest in Buckeye-Woodhill at 54%. Glenville and Fairfax have similar poverty rates (38% and 37%), while University and Hough have higher similar poverty rates (45% and 44%). The poverty rate of these neighborhoods is consistent with income, so that neighborhoods with higher poverty rates have lower median household incomes. The highest median incomes are found in Glenville at \$22,010 and in Fairfax at \$20,977. University, Fairfax, and Hough have lower median household incomes of approximately \$16,000-\$17,000. The Fairfax and Hough neighborhoods are different in this respect from the University neighborhood, because many of University's residents are full-time students, which explains the lower household income.

Educational attainment in these neighborhoods, measured for adults aged 25 and over, is very low except for within the University neighborhood. In the University neighborhood, 22% of individuals have a high-school degree as the highest level of educational attainment, but an even higher percentage of individuals have bachelor's degree or more (40%). Again, this neighborhood is home to many undergraduate and graduate students due to Case Western

¹⁵ University has higher education and a lower unemployment rate than Cleveland.

Reserve University and other academic institutions, as well as due to medical residents working in nearby hospitals. In contrast, about one third of adults living in Buckeye-Woodhill and Hough have a high school degree (33% and 32%, respectively), and Glenville and Fairfax have a similar percent of adult residents with a high school degree (36%-37%). Glenville, Buckeye-Woodhill, Fairfax, and Hough all have a low percentage of residents with bachelor's degree or more (6%-10%).

Most of these neighborhoods suffer from very high unemployment rates. This data also seems to be consistent with educational attainment; University has the lowest unemployment rate at 17%. Once again, Glenville and Fairfax have nearly the same unemployment rate at 25% and 28%, respectively, while Buckeye-Woodhill and Hough have the highest unemployment rate of 33% and 32%, respectively; this is again consistent with the large percent of adults without a high school education.

Table 12: E. 105th Corridor Demographics Data, 2008-2012

	Glenville	University	Buckeye-Woodhill	Fairfax	Hough
Total Population	27,701	7,691	7,445	6,078	12,594
Black, Alone, Percent	97%	29%	94%	95%	95%
Hispanic, percent	0.4%	4%	2%	1%	1%
Number of Households	11,064	3,189	2,909	2,519	5,058
Percentage of owner occupied housing units, percent	45%	14%	27%	40%	34%
Poverty Rate	38%	45%	54%	37%	44%
Median household income	\$22,010	\$16,194	\$15,558.66	\$20,977.66	\$17,174
Percentage without high school degree	23%	20%	33%	27%	32%
Percentage with high school degree	37.4%	22%	27%	36%	28%
Percentage with bachelor's degree or more	8%	40%	6%	10%	9%
Labor force participation rate	56%	47%	54%	49%	51%
Unemployment rate	25%	17%	33%	28%	32%

Source: Census American Community Survey, 2008-2012

Economic Indicators

Economic indicator data from the Ohio Quarterly Census of Employment and Wages (QCEW) for the 1st quarter of 2013 are used to help determine the health of the neighborhoods that surround the E. 105th Corridor. The number of establishments, employment amount, wages, and average wages are the highest in University/Fairfax; however, this data may be skewed because of the combination of the two neighborhoods due to data confidentiality restrictions (Table 13). It is not surprising that University/Fairfax has the highest employment amount, wages, and average wages, because these two neighborhoods are home to the main campuses of University Hospitals and the Cleveland Clinic (in additions to CWRU). Of the three other neighborhoods, Glenville has the next highest number of establishments, employment, and average wages.

Table 13: E. 105th Corridor Economic Indicators, 2013 Q1

	Glenville	University/Fairfax	Buckeye-Woodhill	Hough
Establishments	134	379	56	64
Employment	1,362	42,512	1,195	1,184
Wages	\$11,097,007	\$684,544,176	\$11,103,282	\$8,798,208
Average Wages	\$32,572	\$64,409	\$37,166	\$29,724

Source: Ohio Quarterly Census of Employment and Wages, 2013 quarter 1.

Notes: Average wage is calculated as follows: quarterly wages times 4 divided by employment, based on first quarter data.

Economic Indicators for University and Fairfax are combined.

Table 14 analyzes employment by major industries for Buckeye-Woodhill, Fairfax, and Hough. These three neighborhoods all have a large amount of Health Care and Social Assistance, which reflects the fact that both the Cleveland Clinic and University Hospitals are anchored in this area. Not many other conclusions and comparisons can be made about these neighborhoods due to data suppression.

Table 14: E. 105th Corridor Top five private sectors based on employment, 2013 Q1

	Rank	Industry	Establishments	Employment	Wages	Average Wages
Buckeye-Woodhill		<i>All Industries</i>	56	1,195	\$11,103,282	\$37,168
	1	Health Care and Social Assistance	9	496	\$5,784,477	\$46,618
	2	Educational Services	3	175	\$1,154,763	\$26,455
	3	Manufacturing	NA	NA	NA	NA
	4	Retail Trade	NA	NA	NA	NA
Fairfax	5	Wholesale Trade	NA	NA	NA	NA
		<i>All Industries</i>	NA	NA	NA	NA
	1	Health Care and Social Assistance	NA	NA	NA	NA
	2	Accommodation and Food Services	26	895	\$5,566,992	\$24,880
	3	Other Services (except Public Administration)	14	271	\$1,231,035	\$18,148
Hough	4	Professional, Scientific and Technical Services	19	194	\$3,076,992	\$63,443
	5	Wholesale Trade	6	182	\$2,152,134	\$47,386
		<i>All Industries</i>	64	1,184	\$8,798,208	\$29,724
	1	Health Care and Social Assistance	20	702	\$5,171,023	\$29,465
	2	Manufacturing	7	144	\$1,226,196	\$34,140
	3	Real Estate and Rental and Leasing	6	77	\$557,146	\$28,943
	4	Retail Trade	14	71	\$406,438	\$22,898
	5	Management of Companies and Enterprises	NA	NA	NA	NA

Source: Ohio Quarterly Census of Employment and Wages, 2013 quarter 1

Notes: Average wage is calculated as follows: wages times 4 divided by employment, based on first quarter data.

NA indicates data are not available because of suppression.

Data for Glenville and University are not available.

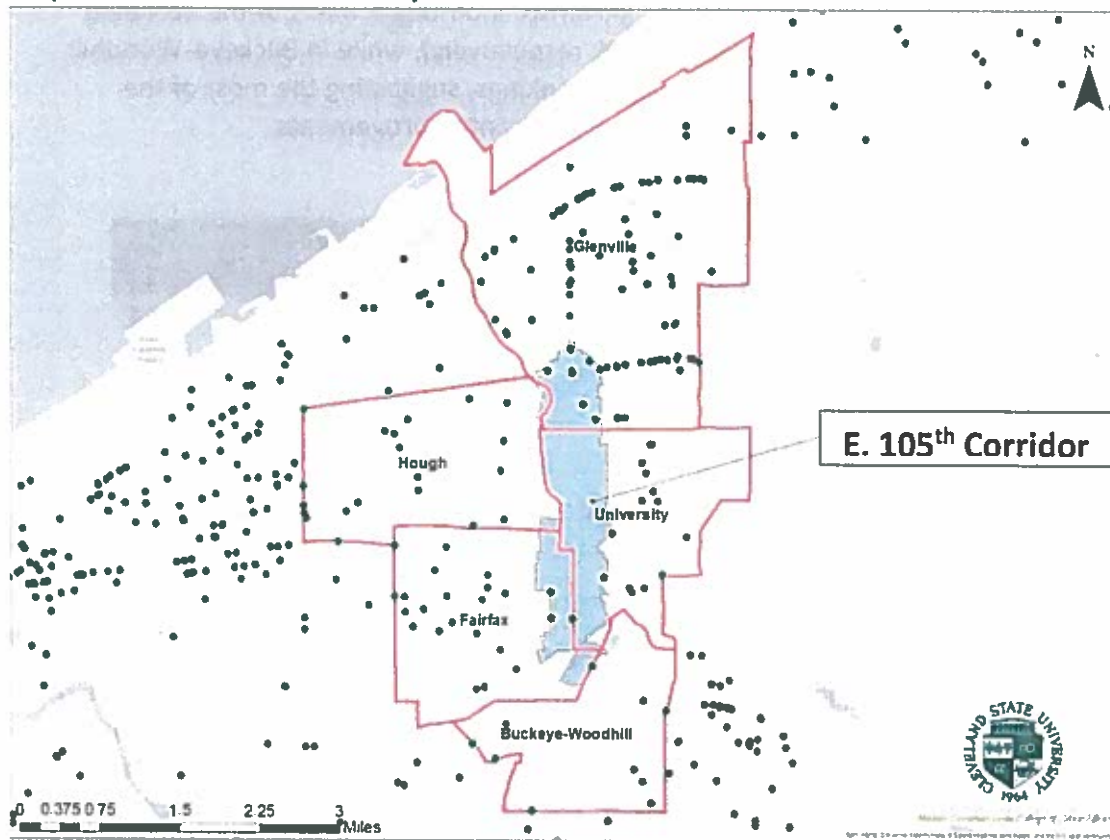
The existence of Minority-Owned and Women-Owned Business Enterprises (MBEs/FBEs)

There are 17 businesses on the directory of MBEs and FBEs located in the city of Cleveland that fall within the E. 105th Corridor. The breakdown of the MBEs/FBEs in this corridor is:

- 11 male-minority owned business
- 6 female-minority owned business

However, many more companies are located in the four neighborhoods in which the corridor is located (Map 13). There are 196 MBEs and FBEs in the four neighborhoods combined.

Map 13: E. 105th Corridor MBEs/FBEs



Source: Center for Economic Development, Cleveland State University

Real Estate Inventory

Data from the Cleveland 2015 Citywide Parcel Survey by Western Reserve Land Conservancy and Loveland Technologies published in November 2015¹⁶ provide a clear sense of the real estate inventory. This data provide the external conditions and the percentage of all structures coded as vacant for each Cleveland neighborhood.

The vacancy rates in the four neighborhoods were all very similar. All of these neighborhoods had high rate of lot vacancies, and all experienced higher rates of vacant lots than the rate of

¹⁶ <https://makeloveland.com/reports/cleveland>

vacant structures. Fairfax and Hough had the highest rates of vacant lots (45% and 43%, respectively), followed by 38% in the Buckeye-Woodhill area (Table 15). These high rates of vacant lots may be the result of already-demolished structures (due to foreclosures and abandonments). The highest rates of vacant structures are in Glenville (19%) and Hough (18%). University has the lowest rate of vacant structures (6%), although 22% of its parcels are vacant lots.

In University, there were 594 parcels with occupied structures rated A (Excellent) and 190 rated B (Good), which accounts for 90% of the 867 surveyed structures. This is the highest rate of combined A and B ratings among the five neighborhoods, and it suggests that almost all of the structures are well-maintained and cared for. In Fairfax and Hough, many of the occupied structures received A and B ratings (70% and 71%, respectively), while in Buckeye-Woodhill only 40% of the occupied parcels received A and B rankings, suggesting the most of the occupied structures in this neighborhood require significant improvements.

Table 15: E. 105th Corridor Real Estate Inventory

	Vacant Lots	Vacant Structures	Percent of all Structures Rated A & B
Glenville	22%	19%	60%
University	22%	6%	90%
Buckeye-Woodhill	38%	10%	40%
Fairfax	45%	14%	70%
Hough	43%	18%	71%

Source: Cleveland Citywide Survey by Western Reserve Land Conservancy and Loveland Technologies, November 2015

The Corridor and Next Steps

As note earlier, the E. 105th Corridor is the newest of the four Forward Cities corridors in Cleveland. The City of Cleveland is behind most of the initiatives in this corridor. Because of timing, the Center did not hold a roundtable conversation with members of the subcommittee to gain additional knowledge about challenges, assets, and future opportunities in the corridor. The E. 105th Corridor committee held their first meeting in December 2015. The purpose of this meeting was to collect socio-economic data and present it on maps. Their goal is to brainstorm how to link distressed communities in the corridor to the bordering areas of significant investment (University Circle, Opportunity Corridor). Long-term goals include more equitable investment and the creation of innovation districts, which are compact geographic areas with mixed-use opportunities. The key will be leveraging investment already occurring around the corridor to benefit neighborhood residents.

PUBLIC SECTOR INCLUSIVE INNOVATION

At the suggestion of the Urban Institute, the research partners were also asked to look into the role of the public sector in inclusive innovation. The following information was gathered from separate interviews with Freddie Collier Jr., Director of the Cleveland City Planning Commission, Tracey A. Nichols, Director of Economic Development, and Natoya J. Walker Minor, Chief of Public Affairs for the City of Cleveland. Collier Jr. spoke of using planning and development to create innovative places and also of economic development to make those places inclusive. Nichols emphasized the hard work the Department of Economic Development is putting into creating an inclusive atmosphere for startups in Cleveland. Walker Minor discussed the work that the Office of Economic Opportunity does to boost inclusive innovation throughout the City of Cleveland.

To help recruit small businesses to the City of Cleveland, economic development incentives are used to fill in funding gaps through loans and grants and by providing financing for additional neighborhood parking through targeted programs.¹⁷ Internet presence in the form of an online system called Businesses to Government gives potential business owners an idea of what is happening in Cleveland in relation to business support and upcoming events. The Office of Equal Opportunity (OEO) hosts minority-owned, female-owned and small business open houses that serve as a 'meet and greet' opportunity between participants and representatives of the City of Cleveland's Division of Purchasing and Supplies assigned to purchase their type of products. Additionally, one of the primary goals of the Mayor Jackson administration is to ensure that local development projects create direct benefits for residents through community benefit agreements. The focus has been on hiring diverse residents and paying workers a living wage. This is best shown by University Hospital's initiative to hire locally, along with ordinances within the City for minority and female-owned business quotas for development projects.

Through the Department of Economic Development, the City of Cleveland is making the funding of minority businesses a policy priority. Since the city views minority entrepreneurship as a priority, it was involved in the start of the Core City program being conducted by JumpStart and funded by the Small Business Administration and Cleveland Foundation. The city also assisted in arranging funding for the Urban League to work with minority businesses to help with taxes, credit issues and even in attaining a driver's license. Moreover, the Urban League also helps minority contractors attain a computer to participate in the city's all computerized system. The city has also been granted Economic Development Administration funding for equipment such as rolling trucks for minority contractors. The city of Cleveland offers the neighborhood retail assistance program, one of the only municipal programs in the nation for both retail and restaurants. This loan program funds businesses and entrepreneurs who want to expand with a \$40,000 loan at 3% interest. If green or sustainable products are used in the business, \$3,000 of the loan becomes forgivable. In total, the City of Cleveland helps around 10,000 small businesses by working with a banking program called Community Advantage that provides funding to small businesses that are typically turned down by banks.

¹⁷ <http://www.rethinkcleveland.org/About-Us/Our-Services/Small-Business-and-Retail.aspx>

The city's Department of Economic Development also leveraged the support of the private sector to start co-working spaces throughout Cleveland such as Start Mart and the Beauty Shoppe. These two co-working spaces are located just outside of downtown for drive up convenience and to accommodate the needs of business owners to access this space to work day or night. Beyond this, the city has been working with the Great Lakes Science Center to highlight maker spaces around the City for a two week period close to the up-coming Republican National Convention (summer of 2016).

The City of Cleveland helps small businesses grow through the Office of Economic Opportunity and the Cleveland City Planning Commission. The Office of Economic Opportunity holds quarterly contract meetings that discuss trends to see what professional service industries are growing. They then reach out to minority- and women-owned businesses in Cleveland that specialize in those services and urge them to certify their business so they will have priority when competing for City work contracts. OEO participates in marketing events with the Northeast Ohio Regional Sewer District, Cleveland Metropolitan Housing Authority, Regional Transit Authority, and Cuyahoga County to help businesses get certified. The Cleveland City Planning Commission holds Design Review Committee meetings for different districts in Cleveland where there is significant business activity. They also sponsor a Storefront Renovation Program which helps neighboring retail districts become more attractive, economically viable, and diverse places to visit and shop by assisting in the design and funding of signage and the rehabilitation of traditional storefront buildings.¹⁸

Cleveland is currently exploring the creation of innovation districts for the convergence of ideas. These districts will be vibrant urban places where young people can come to exchange ideas. Urban planning techniques, such as high density development and walkability, are vital to the successful creation of innovation districts. These spaces will allow highly-educated and motivated people to mix. The time to act on this idea is now, as millennials are more able to mix with diverse groups, another key to success. Updated zoning codes and form-based zoning are planning tools that will be utilized to change districts into innovation districts. For example, Aero-zone is a zoning tool used among the airport and several cities that flank the airport; it helps nearby businesses to leverage the airport and NASA to help increase economic potential. Another example is Form-based zoning, which is a regulatory tool to control density; as development is happening in an area, form-based zoning creates a type of walkable character that creates efficient, usable spaces. The Cleveland City Planning Commission will pilot this tool in two neighborhoods (to be selected, but one site will definitely be near the new Opportunity Corridor roadway project.)

¹⁸ <http://www.city.cleveland.oh.us/CityofCleveland/Home/Government/CityAgencies/CommunityDevelopment/StorefrontRenovation>

TALENT PIPELINE AND YOUTH ENTREPRENEURSHIP

At the suggestion of the Urban Institute, the research partners were asked to look into the topic of talent pipelines and youth entrepreneurship. In Northeastern Ohio, a key player in these areas is the Burton D. Morgan Foundation. An interview with leaders of the Burton D. Morgan Foundation and Jumpstart, Inc. yielded the following information. A diagram of Northeast Ohio's Youth Entrepreneurship Ecosystem can be found on the Burton D. Morgan Foundation website.¹⁹

There are many programs throughout the city of Cleveland that encourage entrepreneurship in grades K-12. These programs can either be featured in public schools during school hours or as after-school programs. Junior Achievement of Greater Cleveland is a popular in-school program which features volunteer role models from the community teaching courses to promote financial literacy, work readiness, and entrepreneurship. Lemonade Day, a Cleveland Metropolitan School (CMSD) district-wide event, is a free, fun, experiential learning program teaching youth how to start, own, and operate their own business – a lemonade stand.²⁰ Hundreds of students throughout CMSD are already involved in the program, and the hope is for it to grow to be around 8,000 students. The Western Reserve Historical Society (WRHS) provides another prominent program for approximately 5,000 students in grades 4, 5, and 6 at CMSD schools. Their specialty is youth outreach and extended education about entrepreneurship; their programs build off each other year after year. University Circle Incorporated has been successful at creating connections between museums and schools. They also have a program for students, in collaboration with Hale Farms of the WRHS, to teach students about business practices while Ohio was being settled. Lastly, Youth Opportunities Unlimited (Y.O.U.) is a leading youth workforce development organization that provides workforce preparation, job placement, and youth development programs to at-risk youth, ages 14-19, who live with families at or below poverty in Cuyahoga County.

There are a remarkable number of after-school entrepreneurship programs that take place across Cleveland. Many are focused around cultivation of gardens and selling of produce to teach entrepreneurship. Some of the most notable of these programs and organizations include the Boys and Girls Club of Slavic Village on Broadway, the Cleveland Botanical Garden, and Young Entrepreneurship Market. Science and technology programs and groups that promote entrepreneurship in youth include Camp Invention, the Great Lakes Science Center, and the Science, Technology, Engineering and Mathematics (STEM) High School. Boy Scouts and Girl Scouts promote entrepreneurial activity through Girl Scout cookie sale financial literacy programming and a Boy Scout entrepreneurship badge which is difficult to achieve. Think[box] at Case Western Reserve University and the Cleveland Public Library also have resources for students such as maker spaces and smart business programming.

¹⁹ http://www.bdmorganfdn.org/Data/Sites/1/assets/images/diagram_youth.jpg

²⁰ https://northeastohio.lemonadeday.org/about?doing_wp_cron=1452715383.4067089557647705078125

Training programs are a way for entrepreneurship educators to create new innovative programs that will capture the interests of students and foster an entrepreneurial spirit. The Young Entrepreneurship Institute at University School has a consulting arm that works with educators and schools who want to learn to incorporate entrepreneurship in lessons. Lean LaunchPad is a nationally recognized program that was adapted for high school students by Hawken High School, a private school in Cleveland. Enspire2015 was a conference organized by the Burton D. Morgan Foundation and Young Entrepreneur Institute held at University School brought together around 200 entrepreneurship educators to learn how engage students about entrepreneurship. This conference runs parallel to the Teen Tech Tank competition where high school students are judged on a submitted 90 second pitch. The winners of the competition are featured at the conference.

Entrepreneurship is also encouraged in colleges and universities in Cuyahoga County through a number of programs. The Entrepreneurship Education Consortium of Northeast Ohio is a collaboration with 11 schools that promotes both the concept and the realities of entrepreneurship. NEOLaunchNet, powered by Burton D. Morgan Foundation, helps students and alumni at the following universities start new companies: Case Western Reserve University (CWRU), Baldwin Wallace (BW), Lorain County Community College (LCC) and Kent State University (KSU). The Northeast Ohio Student Venture Fund (NEOSVF) works with the University of Akron (UA), Notre Dame College (ND), CWRU, KSU, College of Wooster, and Walsh University to teach due diligence and startup funding. There are also many competitions for college and graduate students such as LaunchTown, a competition for advanced graduate school ventures, and MAGNET ProtoTech Pitch Competition that connects student to businesses and corporations in the venture startup world. Kent State University holds Hack-a-thons sponsored by companies as part of their startup weekend. Similarly, KSU has a hack-a-thon called INNOV8 Paint!, sponsored by Sherwin Williams. The Fashion Tech Hackathon is held at KSU and is open to college students in the region and to college students across the country. Bad Girl Ventures puts on programming for female student entrepreneurs where participants are coached for judged or juried events.

In addition to the aforementioned college and university programs, internship opportunities are available to connect students and recent graduates to startup companies in Cuyahoga County. Some of these include Venture for America, Summer on the Cuyahoga, Entrepreneurs EDGE, BioEnterprise, MAGNET, the Software Craftsmanship Guild, Tech Elevator, TechPint Startup Summit, and many other programs put on by local colleges. BioEnterprise and Jumpstart have programs to match talent directly to startup companies in Cuyahoga County.

Our interviewees suggest that much improvement still needs to be made in connecting minority and low-income entrepreneurs to education and training programs. There is currently a significant disconnect between education/training programs and entrepreneurship, because funders measure success by the number of participants getting jobs and not only starting their business. Moreover there may be a cultural barrier for minorities in connecting with the programs and starting their own enterprises. Intermediaries (council people, minority radio

stations, churches) are necessary to connect minority and low-income candidates to entrepreneurial support organizations.

APPENDIX A: LIST OF CLEVELAND COUNCIL MEMBERS

Name	TITLE	COMPANY/ORGANIZATION
David Abbott	Executive Director	The George Gund Foundation
Jackie Acho	President	The Acho Group
Ziona Austrian	Director for Economic Development	Cleveland State University
Cathy Belk	President	JumpStart Inc.
Vikki Broer	Program Officer	Burton D. Morgan Foundation
Gregory L. Brown	Executive Director	PolicyBridge
Evelyn Burnett	VP of Community Engagement	Cleveland Neighborhood Progress
Fred Collier	Chief, City of Cleveland Planning Department	City of Cleveland
Eric Diamond	Executive Vice President of Lending	Economic Community Development Institute
Jeff Epstein	Director	Cleveland Health Tech Corridor
Michael Fleming	Executive Director	St. Clair Superior Development Corporation
Dierdre Gannon	Vice President for Strategic Development	BioEnterprise
Brian Hall	Director	Commission on Economic Inclusion
Courtney Hodapp	Vice President Global Philanthropy	JPMorgan Chase
Deb Hoover	President and CEO	Burton D. Morgan Foundation
Maxie C. Jackson, III	Station Manager	WVIZ/PBS IdeaStream
Robert Jaquay	Associate Director	The George Gund Foundation
Shilpa Kedar	Program Director, Economic Development	The Cleveland Foundation
Marie Kittredge	Executive Director	Opportunity Corridor Partnership
Adrian Johnson	Forward Cities Strategy	Opportunity Corridor Partnership
Trey Johnson	Program Officer	Burton D. Morgan Foundation
Bill Leaman	Managing Director	The Business of Good Foundation
Christine Mayer	President	GAR Foundation
Randy McShepard	Vice President, Public Affairs	RPM International Inc.
Tim Mueller	Principal	Martin Wolf M&A Advisors
Aram Nerpouni	President and CEO	BioEnterprise
Victor Ruiz	Executive Director	Esperanza, Inc.
Merissa Piazza	Program Manager	Cleveland State University
Gloria Ware	Principal, Inclusion	JumpStart Inc.
Natoya Walker	Chief, Public Affairs	City of Cleveland
Brad Whitehead	President	Fund for our Economic Future
Greg Zucca	Vice President-Lending and Lending Operations	Economic Community Development Institute

APPENDIX B: LIST OF FUNDERS

Organizations and foundations that funded the Cleveland Innovation Council:

- Burton D. Morgan Foundation
- The Business of Good Foundation
- The Cleveland Foundation
- GAR Foundation
- The George Gund Foundation
- JP Morgan Chase & Co.
- RPM International, Inc.

APPENDIX C: MINORITY & WOMEN OWNED BUSINESSES WITHIN THE CLEVELAND FORWARD CITIES CORRIDORS

E. 55th Food Corridor

Business Name	Street Address	Industry
Ace Taxi Service, Inc.	1798 E. 55th St.	Taxi Service
Anthony Flooring, LLC	5318 St. Clair Ave.	Flooring
Bradley demolition	1867 E. 55th St.	Construction
Bradley Metal Fabrication	6211 Cedar Ave.	Metal Fabrication
Bruce Clinkscale Goodwin, Inc.	6211 Cedar Ave.	Other
Clark Insulation SVC Inc.	1893 E 55th St.	Drywall and Insulation Contractors
David Gibson Inventions	5710 Curtis Ct.	Consumer Products & Services
Express Business Services, Inc.	1764 E. 65th St.	Offices of Real Estate Agents and Brokers
Friendly Delivery Corp	4901 Payne Ave.	Delivery Services
Minority Electric Company Inc.	4730 Lexington Ave.	Electricians/Wiring
Pierre's Ice Cream Co.	6200 Euclid Ave.	Ice Cream Company
Timbuktu Bookstore	5508 Superior Ave.	African Bookstore

Opportunity Corridor-E. 79th

Business Name	Street Address	Industry
McTech Corp.	8100 Grand Ave.	General Contractor
Nusurge Electric, Inc.	8100 Grand Ave.	Construction
Rid-All CSA and Talapia Farm	8129 Otter Rd.	CSA
TMG Services, Inc.	8100 Grand Ave.	General Contractor

Hispanic Village Corridor

Business Name	Street Address	Industry
American Family Title Agency, INC	3101 W. 25th St.	Real Estate Agency and Title Agency
Green Rock Lighting, LLC	3175 W. 33rd St.	Lighting Fixture Manufacturing, LED Streetlights
M. Rivera Construction Co.	3101 W. 25th St.	Construction
Torres & Son Travel	2833 W. 25th St.	Travel Agencies
Vrettos & Associates, Inc. dba SVA Communications	1615 Clark Ave.	Consulting

Note: Directory listing of businesses may not be not be complete. See p. 2 for information on directory compilation

APPENDIX C: MINORITY & WOMEN OWNED BUSINESSES WITHIN THE CLEVELAND FORWARD CITIES CORRIDORS (CONTINUED)

E. 105 th Corridor		
Business Name	Street Address	Industry
Jonell Centre	10518 Superior Ave.	Floor Laying Contractor
Kama Tantra, LLC	2265 E. 100th St.	Other
Legion, LLC	10716 Hathaway Ave.	Other
Q & A Desserts	10610 Lee Ave.	Food & Beverage
Superior Pizza	10502 Superior Ave.	Restaurant
Vet-to-Support Line, LLC	1259 E. 101st St.	Consumer Products & Services
Big Daddy's	1206 E. 105th St.	Restaurant
Elwynn International Corp	10518 Superior Ave.	Human Services
K H Construction	2265 E. 100th St.	General contractor specializing in carpentry, renovation, remodeling and rehabilitation.
Lassiter Tax Service	10836 Superior Ave.	Accounting Services
Lu Jon Beauty Salon	1212 E. 105th St.	Beauty Salon
Nerve Access, Inc.	10000 Cedar Ave.	Healthcare
SironRX Therapeutics	10000 Cedar Ave.	Pharmaceuticals
SRM Group, LLC	1494 E. 108th St.	External Affairs/Community Relations Support
Sterling Fence & Building, LLC	2250 E. 105th St.	Construction (Commercial)
Tune Palace	1208 E. 105th St.	General Merchandise Store
Volume Beauty Supply	10507 Superior Ave.	Cosmetics & Beauty Supply

Note: Directory listing of businesses may not be not be complete. See p. 2 for information on directory compilation



DETROIT, MICHIGAN





DETROIT, MICHIGAN

Case Study

CASE STUDY: DETROIT, MICHIGAN
HOW CAN CITIES BUILD INCLUSIVE LOCAL
INNOVATION ECOSYSTEMS?

FORWARD CITIES

A National Learning Collaborative Among Cities of Innovation

ForwardCities.org

THE CASE STUDIES


Over the course of six months Forward Cities and ScaleUp Partners LLC visited four cities to learn about their efforts to build inclusive local economies. These cities, Durham, Detroit, Cleveland and New Orleans, all agreed to form their version of a *Local Innovation Council* through which organized efforts to stimulate and cultivate entrepreneurship would offer access to resources, improve business ownership, and connect diverse communities as viable pipelines of economic productivity to their local innovation ecosystem. A case study for each city describes the approach taken and presents insights into the challenges faced and positive outcomes achieved.

PROBLEM

All four of these cities currently face similar economic problems. Communities of color (primarily black and Hispanic residents) are uniformly disconnected from the economic drivers of the city's entrepreneurial ecosystem and available business resources therein. This disconnect results in low participation of black and Hispanic entrepreneurial talent in regional growth sector industries as well as stagnation of business ownership and growth within communities of color.

Untapped talent in communities of color remains a potential source of new business growth, tax revenue and jobs to bolster the growth of local economies. Cities across the nation with significant populations of minority residents experience similar challenges in connecting minority communities to needed resources and cultivating the entrepreneurial talent inherent within.

APPROACH



Understanding how to develop economic tissues from existing infrastructure and connecting it to communities operating under long-term deficiencies is part of the takeaway from these analyses. These case studies can be used to help metro regions learn how to improve business productivity and job growth among communities of color and transform economic anchors into economic boosters, resulting in a thriving inclusive local economy with access to opportunity, shared prosperity and improved quality of life for all residents.

The case studies are segmented into five main sections (followed by a conclusion and set of recommendations) to correspond with sections of the Forward Cities' Policy Toolkit. The five case study sections are:



ABOUT—Offers high-level data points and information about the city's economic ecosystem.

INNOVATION COUNCIL—The main frame for developing an inclusive economic ecosystem.

MAPPING—Each city has data-collection efforts that inform policymakers and stakeholders.

STRATEGY—Insights on the strategic approach to develop an inclusive innovation ecosystem.

POLICY—Insights into policy measures that guide the process of developing an inclusive economy.

ABOUT DETROIT





Woodward Avenue in Detroit, MI (Photo: Rebecca C Cook, Reuters)

Detroit is a relic of America's 20th century struggles to reconcile two racially divided societies that date back to the [passage of the 14th amendment](#), which conferred constitutional American citizenship to black people in 1868, just three years after the Civil War. This act of Congress took two years of political battles and the threat of continued military occupation of many southern states to coerce two-thirds of the 37 states of the union to ratify the proposed amendment.

The fallout from that political battle spilled into the streets of American society and established two permanently separate and unequal landscapes. Detroit's booming manufacturing economy was a major attraction and became a destination for many black Americans heading north and west to escape the hostilities of southern states during the [Great Migration](#). And as the 90% white population of Detroit grew more diverse, racial tensions flared.

One hundred years later in 1968, the year Dr. Martin Luther King was killed, Detroit had undergone a massive population metamorphosis. It had transformed from a city built upon a foundation of wealthy

industrial manufacturing, with a white population of more than 90 percent, to a city in economic crisis and social chaos that had endured two of the biggest race riots in US history.

The city was bleeding residents in huge chunks each year as white Detroiters fled while refugees from the Great Migration continued to settle in the Motor City. Today, the city reflects a complete flip in population demographics from its pre-WWII status. The economy also represents a flip, from robust to restoration.

DETROIT AT A GLANCE

Geography: 139 square miles

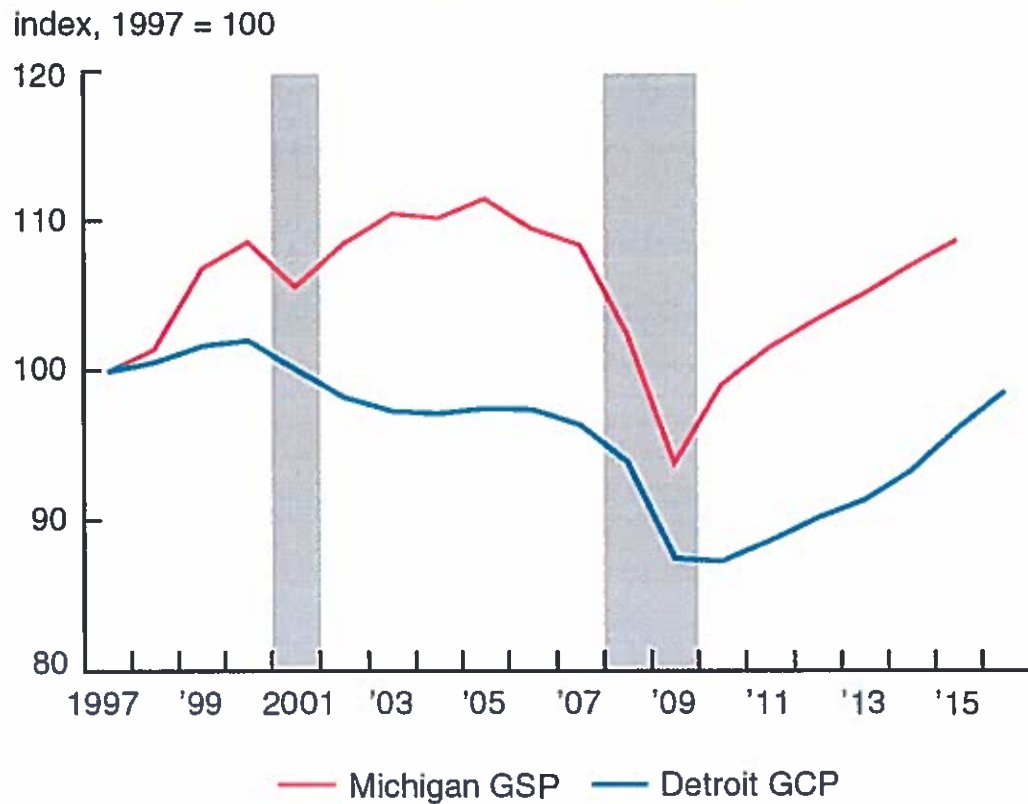
Population: 675K

Demographics of Population: Black 82%, White 8%, Hispanic 7%, Asian 2%

Business Growth Sectors: Foodtech, Healthtech, education/Edutech, finance/Fintech

STATE OF LOCAL ECONOMY

The economy in Detroit, as measured by the Federal Reserve, is rebounding but remains lower than its measured 1997 level.



A major challenge still facing the Motor City is its unfinished transformation from an economy driven by auto manufacturing to a tech-based innovation economy.

The tech economy, which cuts across myriad industry sectors, like food tech, health tech, edu tech, energy and others, offers *only a fraction of the jobs* previously produced by the auto industry.

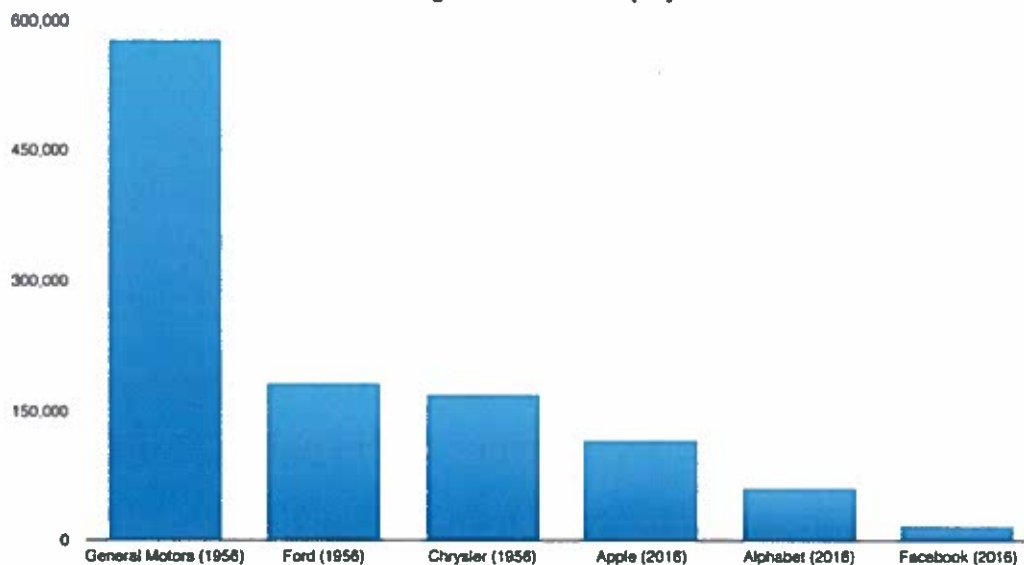
Ironically, this trend of shedding jobs began during the heyday of the auto manufacturing economic boom.

“Between 1948 and 1967—when the auto industry was at its economic peak—Detroit lost more than 130,000 manufacturing jobs,” *writes The Atlantic* in a quote taken from historian Thomas J. Surgue.

Detroit’s transition into a tech-driven innovation economy inevitably means there will be fewer jobs. Entrepreneurship, and the ability for

residents to create their own job, will be a key component of any successful economy recovery effort.

Big 3s Number of Employees



Detroit's Golden Age Big 3 vs Silicon Valley's Big 3

(Source: [The Atlantic](#))

That recovery will have to address the current socioeconomic challenges inherited from the past, which shaped the dire economic conditions Detroit faces today. The quotation above marked a key point in Detroit history that continues to impact the city today.

In 1967, Detroit experienced the [largest of 159 race riots](#) across the nation that year, during the height of the Civil Rights Movement.

In the immediate aftermath of the '67 riot, 67,000 white residents left Detroit. Another 80,000 followed the year after, many lured by the federal government's FHA guidelines that guaranteed home loans to whites who moved to the suburbs while simultaneously denying such loans to black residents, said Detroit Mayor Mike Duggan in a summer 2017 presentation to business leaders at the [Mackinac Policy Conference](#).

Detroit Mayor Mike Duggan presents the segregationist history of Detroit to an audience of economic leaders.

The combination of federal, state and local policy biases favoring white residents, alongside racial animus and fear, coupled with job losses in a declining manufacturing industry, resulted in a toxic economic environment across the Motor City.

When white residents fled Detroit, it flipped the population from 90 percent white (in the 40s and 50s) to a majority black city in the 70s (end of the Great Migration era, 1916–1970).

Over the next several decades, through the turn of the century and into the Great Recession of 2007–2009, manufacturing jobs would continue to plummet and black residents would flee the city to surrounding suburbs, further reducing Detroit's dwindling population while increasing the concentration of black residents left in the city to its present-day 82 percent.

The loss of jobs, rapid diminishing of the auto manufacturing industry, and flight of white and subsequently black residents from Detroit, all contributed to depleting the economic base that set the city on a track toward bankruptcy.

BROKE ENGINE

The historic announcement of Detroit's Bankruptcy in the summer of 2013 shocked the nation. But it also reset the scale and allowed Detroit to rebound in a way that attracted new investments in the city, which included Quicken Loans founder Dan Gilbert, and accelerated its economic growth. The Federal Reserve offered this insight:

Detroit entered bankruptcy in July 2013 and exited bankruptcy just 18 months later, in December 2014. This made it not only the biggest municipal bankruptcy by debt (estimated at \$18 to \$20 billion) in U.S. history but also one of the fastest resolved.

In 2013, years of declining economic output and falling personal incomes made it seem inevitable that Detroit was headed for bankruptcy; and investors, betting on an eventual recovery, started to acquire large areas of the city. For instance, Detroit native and founder of Quicken Loans Dan Gilbert had already embarked on a project to revitalize a two-square-mile area of downtown Detroit prior to the bankruptcy. By April 2013, Gilbert had invested \$1 billion to acquire nearly three million square feet of real estate in the downtown area.

The influx of new capital and an improved attitude about Detroit's recovery following its bankruptcy started to pay early dividends for the city. In fact, while Detroit's municipal government was still working out the details for exiting bankruptcy, the city's economic conditions were already starting to improve.

INITIAL CORE FOCUS

Detroit's strongest assets in the bankruptcy era were in its infrastructure. While the people could move away from the city, the buildings remain rooted. Dan Gilbert purchased 90 buildings in the

Midtown area of downtown Detroit and placed the management of them under **Rock Ventures** which governs his portfolio of companies.



Detroit, Michigan skyline.

TECH-CENTRIC MIDTOWN

One key component of the economic recovery plan for Detroit centers on a tech-centric Midtown area as an initial buildup to build out. It plans to feature clusters of tech-based startups, Fortune 500 companies, entrepreneurial resources and a walkable vibrant entertaining downtown environment. Microsoft has **committed** to occupying a 40,000 square foot building downtown starting in 2018.

From its Midtown core, Detroit is investing outward in holistic development of targeted regions that will connect those communities to the downtown core. (Learn more in the Policy section)

INNOVATION COUNCIL

One of the initial steps Forward Cities takes in assisting member cities develop an inclusive innovation ecosystem is to form an Innovation Council comprised of a cross-section of community

stakeholders, elected and appointed leaders, economic development and urban planners, educators, investors, business leaders, entrepreneurs and activists. In Detroit, Forward Cities learned that a version of the Innovation Council was operating under the auspices of the New Economy Initiative (NEI). Due to its significance in developing an entrepreneurial ecosystem at the community level, we highlighted NEI in the Strategy section of this study.

FORWARD CITIES-DETROIT INNOVATION COUNCIL & NEI WORKING TABLES

Forward Cities convened 40 leading stakeholders in a series of meetings to discuss the development of a local Innovation Council. Participants included:

ACCESS Growth Center
BUILD Institute
Issue Media Group
TechTown Detroit
Eastern Market Corporation
City of Detroit
ProsperUS Detroit
Brand Camp University
Grandmont Rosedale Development Corp.
Penske Automotive Group, Inc.
Southwest Economic Solutions
The Case Foundation
Skillman Foundation
BMe Community
Goldman Sachs Foundation
New Economy Initiative
Bizdom
Wayne County Community College
Detroit Area PreCollege Engineering Pgm.

LOVELAND Technologies
Henry Ford Health System Innovations
Data Driven Detroit
Michigan Community Resources
Wayne State University
Detroit Economic Growth Corp. (DEGC)
Goldman Sachs Foundation
Global Detroit
Excellent Schools Detroit
Data Driven Detroit
Goldman Sachs 10K Small Businesses at Wayne State University
Cornerstone Charter Schools


Through meetings with the above list of participants, it was learned that the vision, work and measured outcomes of the proposed Innovation Council already existed within the framework of the New Economy Initiative. NEI serves as a convener of five Working Tables in partnership with the Michigan Community Resource as part of a Neighborhood Business Strategy. (Learn more in the Strategy section).

According to MCR:

NEI convenes a collaborative worktable of neighborhood service providers to strengthen the small business ecosystem in the neighborhoods outside of Downtown and Midtown. The scope of work entails asset mapping, networking, and coordinating technical assistance and engagement opportunities between entrepreneurs and business service providers.

SMART ZONES

The NEI Working Tables also include state Smart Zone areas. Smart Zones provide distinct geographical locations where technology-based firms, entrepreneurs and researchers locate in close proximity



to all of the community assets that assist in their endeavors. SmartZone technology clusters promote resource collaborations between universities, industry, research organizations, government and other community institutions, growing technology-based businesses and jobs.

New and emerging businesses in SmartZone technology clusters are primarily focused on commercializing ideas, patents and other opportunities surrounding corporate, university or private research institute R&D efforts.



Source: Michigan Economic Development Corporation

Smart Zones include technology business accelerators that provide the services identified below and, partnering with tech transfer offices, facilitate the commercialization of technology emerging from research in Michigan universities and private companies. Accelerators help to mine technology from universities and private enterprise, assist companies and entrepreneurs in building business structures around the technology, conduct product development and help companies secure necessary start up financing.

MAPPING DETROIT—MEANINGFUL MEASUREMENT

Asset mapping is a key component of policymaking in every city. The decisions driven by unbiased comprehensive and disaggregated data help Detroit leaders better understand the depth and scope of problems that need to be addressed. Analysis of collected data can influence decision-making in budget allocation and the priorities placed on projects and programs that impact communities. Below are three key sources of data in Detroit: Loveland, Data Driven Detroit and Michigan Community Resources.



Detroit resident (Photo by Carlos Osorio—Associate Press)

LOVELAND SHINES LIGHT ON UNEQUAL ECONOMIC RECOVERY

Jerry Paffendorf mapped every parcel of land in the city of Detroit. Paffendorf is founder of Loveland software, a Detroit-based data software company with a platform that empowers anyone anywhere in the nation to use the software to map every lot of land in their city or region. Data can reveal helpful information such as zoning and ownership as well as the ongoing problem of tax and mortgage home foreclosures.

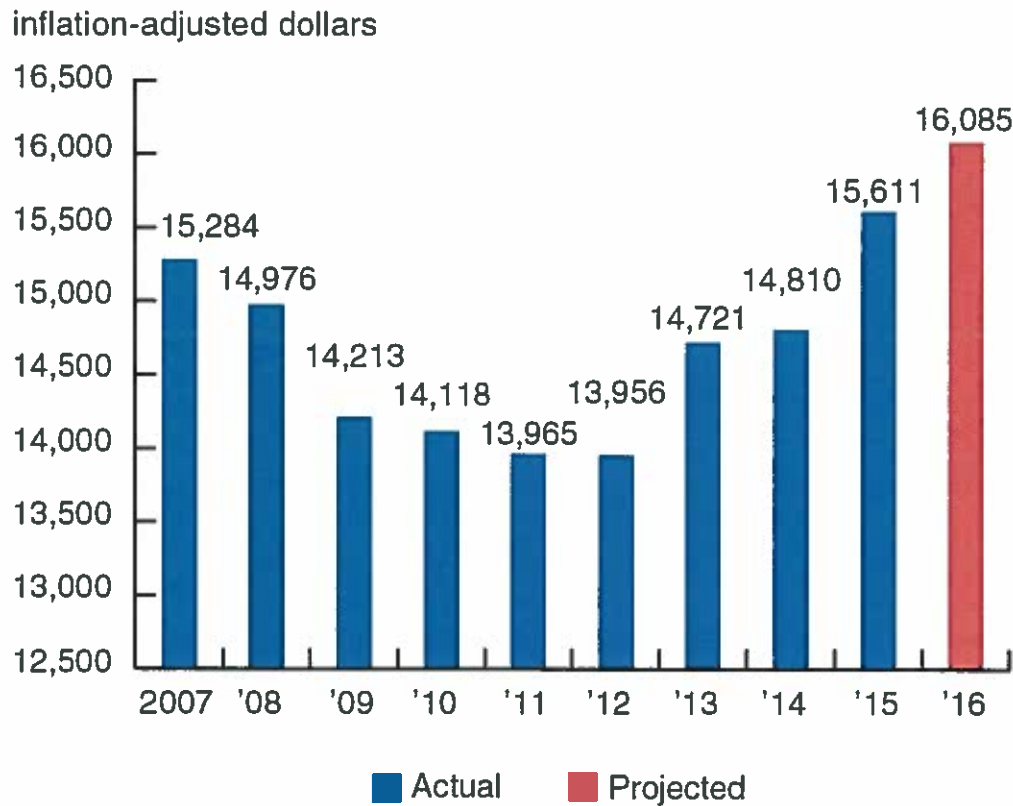
Detroit homeowners experienced a double whammy in the down economy. Tax and mortgage foreclosures combined to gobble up real estate across the city.

The city put homes on the auction block while banks repossessed homes of indebted residents. Out of 386,000 properties, banks today own 100,000. Another 150,000 homes were lost to tax foreclosure over this decade, with 10,000 this year alone.

For the first time in its history, Detroit surpassed 50 percent renters in its real estate market, said Paffendorf. Of those, at least 37 percent spend more than half of their income on monthly rent. It is a telltale sign of white equity investors buying properties and renting to primarily black tenants who once owned their own homes, he said. Paffendorf prefers a more strategic approach by the city and banks that empower residents to stay in their homes and retain ownership. The lack of jobs and income contribute to the problem.

Lack of Jobs

The improvement in Detroit's economy due to new developments in the Midtown and downtown areas, along with targeted development of adjacent communities has seen a slight rise in the jobs-to-population ratio. In 2010, there were 25 jobs per 100 residents. Today, that number has risen to 30 jobs per 100 residents. But the increase hasn't transferred to the black population of Detroit, which is more than 80 percent of the total. Of all the jobs in the city, 33 percent are held by black Detroiters. That's down from 36 percent in 2010, according to an Aug 29, 2017 article in the [Detroit Free Press](#), quoting from a report published by Detroit Future City titled, "[139 Square Miles](#)."



The increase in jobs, albeit concentrated in both geography and among racial sectors, has also increased the per capita incomes of average Detroiters, according to Federal Reserve data.

DATA DRIVEN DETROIT OFFERS INFORMATION ANALYSIS OF COMMUNITIES

What do different people care about? This is the question Data Driven Detroit(a.k.a. D3) exists to answer, says Sylvia Tatman-Burruss, Director of Strategic Development and Outreach.

“Some people care about schools, crime, parks availability and restaurants in their neighborhood,” said Tatman-Burruss. “So we’re making more data available for people to make better choices about where they want to live, and look at trajectories that allow people to have better conversations around where neighborhoods are going. You can have a gut feeling about where a neighborhood is going but when you have data the conversation becomes a lot more direct and a lot more based in reality of what’s going on.”

D3 is a unique L3C organization that provides high-quality information and unbiased analysis of hyperlocal data, which is made accessible to the general public. According to its website, D3 began as a data hub for community organizations, foundations, governments, and other organizations in need of reliable data to help them make better decisions about the future of Detroit and the surrounding region. Today, D3 also functions as a data intermediary and partner to socially-minded groups seeking data to drive decision-making processes.

In 2008, [The Skillman Foundation](#) and [The Kresge Foundation](#) awarded [City Connect Detroit](#) a \$1.85 million grant to incubate Data Driven Detroit (originally named the Detroit-Area Community Information System). Within its first year, D3 was selected by the [Urban Institute](#) to join the [National Neighborhood Indicators Partnership \(NNIP\)](#). NNIP is a select group of organizations that have built advanced and continuously updated data systems to track neighborhood conditions in their cities.

By December 2012, Data Driven Detroit became an affiliated program of the [Michigan Nonprofit Association \(MNA\)](#). This move strengthened D3's operations and increased exposure to a statewide network of member nonprofits and philanthropic organizations. In October of

2015, D3 transitioned to the structure of a Low-Profit Limited Liability Company (L3C). An L3C requires its projects and partners to align with the mission of D3.

FORWARD CITIES REPORT: D3 was chosen by Forward Cities to conduct a hyperlocal assessment of a target area of Detroit to determine its suitability for entrepreneurship and small business sustainability, growth and scale. D3 produced a report in December 2016 titled, "Forward Cities Detroit: North End/New Center District."

From the report:

The North End/New Center District was chosen based on existence of established businesses and community investment in the area combined with the potential for significant entrepreneurial engagement and community growth. In accordance with goals of Forward Cities, the area selected by the Detroit team has the potential to not only support local innovators and create a stronger neighborhood locally, but can also expand reach of local businesses regionally and even nationally. The North End/New Center District contains active and potential nodes for public transit, commercial establishments, and residential housing.

The target area also contains at least six entrepreneurial resources in or near the North End/New Center District out of 20 listed resources in the report. The D3 report and additional data, maps and information can be found in the resource area of the Forward Cities website: <http://www.forwardcities.org/resources/>

NEIGHBORHOOD BUSINESS INITIATIVE

To build an inclusive economy for all by connecting neighborhood businesses to the support tools and practices that will help them grow.

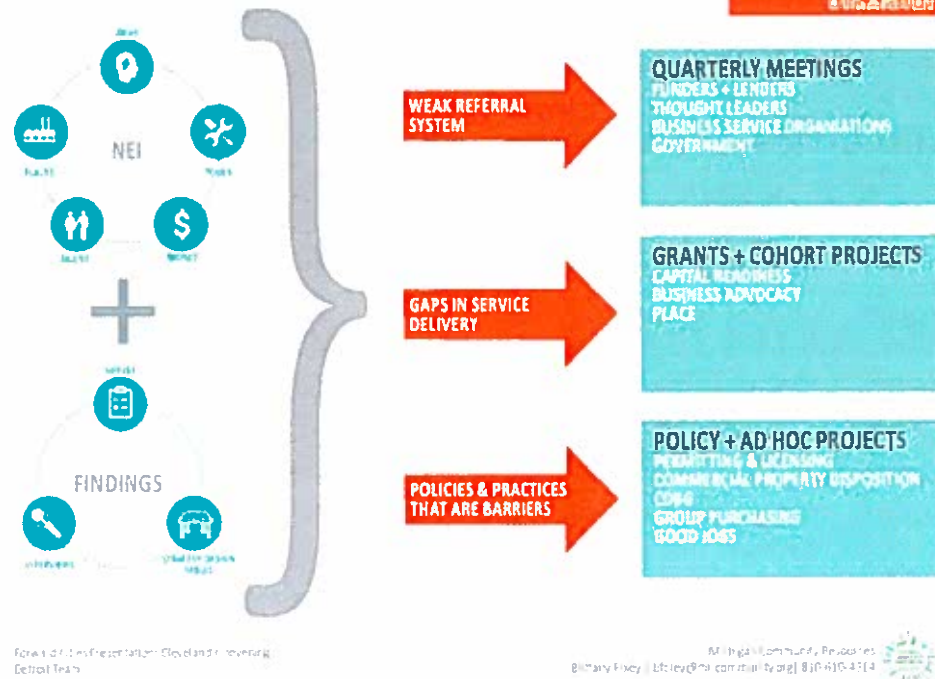


IMAGE: Forward Cities' framework for building an inclusive local economy. See [handout here](#).

MICHIGAN COMMUNITY RESOURCES OFFERS ANALYSIS FOR COMMERCIAL CORRIDORS

Economic development of communities inevitably requires a strategic planning approach to building and sustaining commercial corridors that service a community's needs. Michigan Community Resources published an insightful report on several communities in partnership with ProsperUS, a non-profit organization targeting low opportunity communities to help them build capacity through small business enterprises.

Revitalizing the Corridor: An Analysis of Commercial Markets in Detroit Neighborhoods

The report titled, "*Revitalizing the Corridor: An Analysis of Commercial Markets in Detroit Neighborhoods*," focuses on the five ProsperUS target areas: Cody Rouge, Grandmont Rosedale, the Lower Eastside, the North End, and Southwest Detroit. The report provides



REVITALIZING THE CORRIDOR

An Analysis of Commercial Markets in Detroit Neighborhoods

PREPARED BY MICHIGAN COMMUNITY RESOURCES
IN PARTNERSHIP WITH PROSPERUS DETROIT
APRIL 2015



JPMORGAN CHASE & CO.

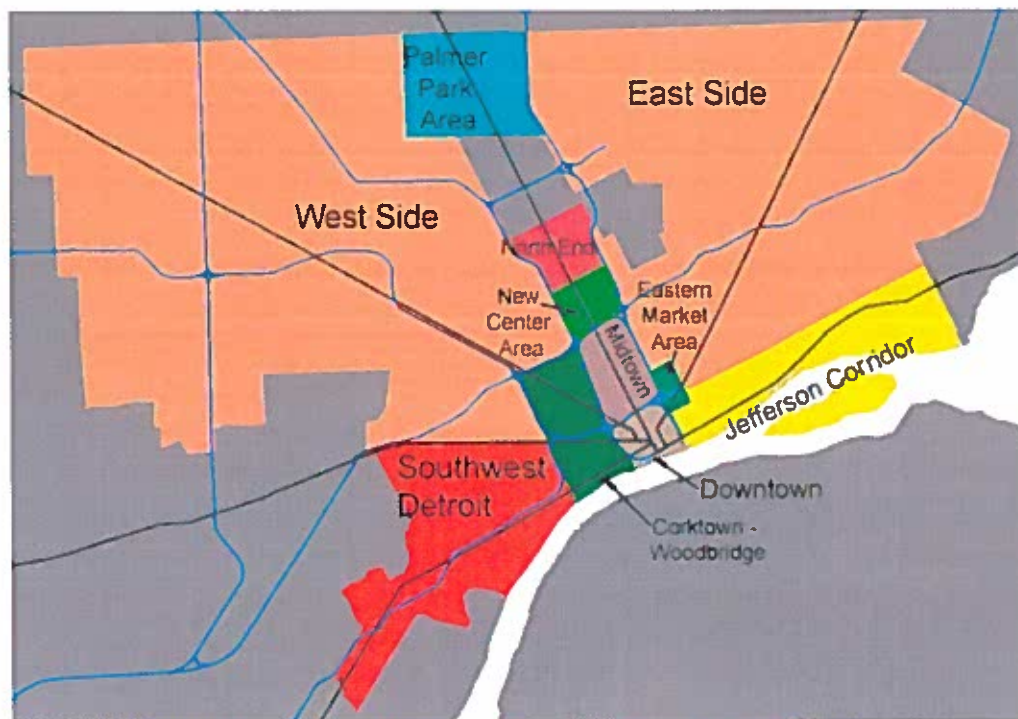
information to the place-based organization about how to attract, grow, and retain businesses in their

community, as well as provide critical information to the ProsperUS entrepreneurs so that they may strategically site their businesses.

STRATEGY — FROM URBAN CORE OUTWARD

When Mayor Duggan approached the daunting task of revitalizing an entire city that was blighted, abandoned and economically starved for decades, his first step was a FEMA-style approach in which he sought to ensure basic necessities, like water and safety were paramount priorities. As the desperation of daily needs became less of a burden on the city budget, Duggan began to work collaboratively with

investors and foundations and expanded the priority list to urban core development.



The Detroit metropolitan areas covers 140 square miles. Andrew Jameson/Wikipedia, CC BY-SA

The idea was to attract investors into the downtown district, starting with the Midtown area, and revitalize downtown as a tech-based, startup-dense environment wherein young, creative, artistic entrepreneurial-minded Millennials would live, work and play. Then, the city and its economic collaborators would expand the development to surrounding areas.

Dan Gilbert, founder of Quicken Loans, was a principal investor who joined efforts led by Midtown Detroit, Inc, Kresge Foundation, Techtown, The Integration Initiative and others targeting the urban core. Efforts to revitalize Midtown were accelerated, and the area continues to thrive and attract people back to Detroit. The next step in the strategic process, which Duggan calls an, “**Inclusive Growth Strategy**,” is to expand the development focus in targeted areas of NW Detroit and adjacent to downtown. There are plans to invest in a comprehensive development of communities, which includes

renovation of blighted buildings and lots, and establishment of mixed use properties and commercial corridors that include affordable housing units as a mandatory priority for investors who capitalize upon subsidized real estate investments and/or tax abatements.

But the city's strategic approach to developing 139 square miles that encompass the City of Detroit needs help in accelerating the slow process beyond the downtown core. Individual influencers and community organizations are engaged on the front lines of the economic battle. But challenges remain in these laudable, but fragmented, disconnected and disparate efforts.

BEYOND THE URBAN CORE

Within a few minutes' drive of Detroit's urban core, sits small building that is the first stage of a promising art district.



James Feagin is a Detroit commercial real estate investor and community activist.

James Feagin is the visionary and architect of a prospective creative district for local artists to connect, collaborate and do business with the public. He received funding to purchase a building and provide space for artists to showcase their talent in visual displays and events for performance art. The building is located in a blighted area near downtown. Feagin is concerned that the pace of development headed his way has already caused the real estate value to soar.

For an investor, rising real estate values is a welcome return on investment. For Feagin, who envisions the development of an art district, the rising prices may soon push him and his district dreams elsewhere. This dichotomous impact of Detroit's rebounding economy lacks a specific strategy.


As the speculative investors witness the renovation and rebirth of a once grand metropolis, complete with a rising tide of white, educated, entrepreneurial-minded tech-savvy artistic Millennials, the local residents of color find their entrepreneurial aspirations drifting away. Efforts are underway, however, to support the development of an inclusive Detroit for all.

NEI — DEVELOPING AN INCLUSIVE ENTREPRENEURIAL ECOSYSTEM



The New Economy Initiative, a special project of the Community Foundation for Southeast Michigan, is the largest philanthropy-led economic development initiative working to build an inclusive regional network of support for entrepreneurs and small businesses. It was initially established in the face of unprecedented job loss. In lieu of a formal Local Innovation Council, NEI serves as a defacto connecting body between the local communities of Detroit, the city and the greater regional economic leaders.

According to NEI, in the first decade of the 21st century, 50 percent of all jobs lost in America were in Michigan alone. The state lost 367,000 manufacturing jobs, and its income per capita rate fell from 18th in the nation to 39th.





IMPACT

GRANTS: 215 totaling more than \$93M

SUPPORT: More than 1,600 companies

PATENTS: More than 700

PEOPLE: More than 160,000 exposed to entrepreneurial resources

SPACE: More than 1 million square feet devoted to entrepreneurial activities

JOBS CREATED DIRECTLY: 7,468

JOBS CREATED INDIRECTLY: 10,840

TOTAL JOBS: 17,490


SECTORS: Professional, Scientific, Technical

AVG SALARY: \$44K

Source: W.E. Upjohn Institute for Employment research

***Source:** W.E. Upjohn Institute for Employment research—
July 2016 [READ NEI IMPACT REPORT]*

In 2006, with such an extraordinary economic catastrophe serving as a backdrop, 10 foundations pooled an initial \$100M to form an



initiative (NEI) that would build a network of support for entrepreneurs across southeast Michigan. In 2014, another \$33.25M was added to support the work of NEI, plus two additional donor organizations increased the number to 12.

Today, NEI has 13 total donor organizations and is on track to sunset as an initiative in 2020 after completing a three-phase operation that has created scaffolding for entrepreneurial success in the region, said Pamela Lewis, who leads the initiative alongside Don Jones.

[READ FULL NEI IMPACT REPORT](#)

PHASE I: \$100M



Reignite a culture of entrepreneurship

Focus on a defined region of seven counties

70 percent focus on Detroit

88 percent of investments in stimulating/cultivating high-tech, high-growth startup companies

Establish five state smart zones and connect them through Working Tables

Build collaboration across the five state Smart Zones through the Working Tables



Invest in TechTown, a business agnostic tech-based entrepreneurship incubator/accelerator

Establish Michigan Innovation Competition (NEIdeas Challenge)

PHASE 2: \$33.25M

Establish and grow NEIdeas Challenge

Invest in Global Detroit as a means of supporting immigrant entrepreneurship

Encourage / cultivate and support immigrant entrepreneurship

Encourage / cultivate and support US born minority entrepreneurship

Support TechTown SWOT

Develop Working Tables: Communication, Collaboration and Coordination


Serve entrepreneurial ecosystem at community level

Provide entrepreneurial concierge services and connection to resources

Serve as ambassador for southeast Michigan's entrepreneurial ecosystem

Lower barriers to entry for startup entrepreneurs

Invest in real estate for entrepreneurs to have affordable sustainable places to exist and grow




- Attract businesses in target sectors that align with needs of communities

- Invest in companies as capital support, pre-seed, seed and early growth stages

- Develop relationships with local residents and bring them to Working Tables as advisors

- Prioritize inclusive entrepreneurship and business ownership

PHASE 3: \$25M (Next 3 years to sunset)



- Strengthen Working Tables to become independent and sustainable

- Ensure capital readiness and access to resources of network


- Ensure success of Any Ideas Challenge

- Raise awareness—Storytelling

- Sustainability of Co-working spaces (Ford Resource Engagement Centers)

- Development of Micro-loans; \$5K to \$25K (Living Cities \$3M investment)

NEW ECONOMY INITIATIVE (NEI) ECOSYSTEM



TechTown—TechTown was founded in 2000 by Wayne State University, Henry Ford Health System and General Motors. In 2004, it incorporated as a nonprofit and established its headquarters near the

campus. Originally founded to support tech-based spinoffs from the university, its incubation and acceleration strategies for tech companies now help strengthen neighborhood small businesses and commercial corridors across Detroit. TechTown has full suite of entrepreneurial services for tech and neighborhood businesses, with its campus hub connected to satellite offices across the city. TechTown startups also connect to and serve the Midtown tech sector of the city.

BizGrid—provides an interactive directory of local business resources and networks to help connect the entrepreneurial ecosystem. It is funded by NEI with content contributions from DEGC, Rock Ventures and other major business support organizations and networks.

Global Detroit—Originally funded by the New Economy Initiative of Southeast Michigan, the Detroit Regional Chamber of Commerce, and the Skillman Foundation, Global Detroit is a non-profit offering strategies that strengthen Detroit's connections to the world to make the region more attractive and welcoming to immigrants, internationals and foreign trade and investment as a means to produce jobs and regional economic growth. More than \$7 million in philanthropic, corporate, government, and individual funding has been raised for innovative initiatives identified in the [Global Detroit study](#), which projects more nearly \$300M annually is infused into the southeast Michigan economy by immigrants.

ProsperUS—offers a place-based economic development strategy designed to empower low- and moderate-income, immigrant and minority individuals with training business services and micro-lending. Average household income is \$28K. 38 of the 39 startups funded are minority owned. Three-year-old organization serving primarily an unbankable population.

Build Institute—offers a suite of programs and educational resources for aspiring local entrepreneurs to learn first and then pursue their entrepreneurial aspirations. More than 1,000 Build students have gone on to pursue their dreams of owning a startup business.

Food Lab—catalyzes, cultivates and connects food-related businesses in Detroit to resources to help them grow and thrive.

Lifeline—provides consulting services offering education, coaching, mentoring and access to funding

Michigan Womens Foundation—deploys financial resources and expertise in service of the economic self-sufficiency and personal well-being of Michigan's women and girls

Detroit Demo Day—Managed by James Chapman as an initiative of Rock Ventures, **Detroit Demo Day** absorbed Bizdom, which was an entrepreneurial resource organization and incubator. Demo Day has a budget of \$2.5M and produces an annual \$1M startup competition designed to usher entrepreneurial concepts from ideas to action to impact in the market. The goal is to fund 1,000 businesses each year.

The pitch competition receives 600 applicants of which 20 are accepted into the annual contest. Only eight will receive the prize of a zero percent interest loan, which is paid back over five years through five annual installments. This process allows the business a full year runway to ramp up its revenue to cover the first installment in repayment of the loan.

Chapman believes all ideas are created equal; and the role that Rock Ventures Demo Day plays is to serve the entrepreneurial ecosystem by stimulating, cultivating, developing, funding and growing local startup companies.

“Our goal is to start, grow and scale more businesses in Detroit,” said Chapman.

In addition to offering seed funding through its competitive process, Chapman says that Rock Ventures is committed to procuring services and products its needs from its portfolio of companies and local businesses. It encourages the businesses it funds and patronizes to also do business with one another. Rock Ventures also provides business development loans, mentoring and networking resources, as well as advocate on behalf of local businesses to reduce regulatory red tape in city bureaucracy.

NEIdeasDetroit.org

NEIdeas—Established by NEI as a stimulant to developing a network of existing businesses and supporting their growth, the **NEIdeas Challenge** has two entry points:

The \$10k Challenge provides awards of \$10,000 each to 20 businesses grossing less than \$750,000 annually.

The \$100k Challenge provides awards of \$100,000 each to 2 businesses that gross more than \$750,000 and less than \$5 million annually with ideas to grow 'big.'

All businesses that apply become part of a network, regardless of whether they are chosen to receive an award. The network provides access to business resources and mentoring to the entire community of businesses within.

POLICY—MUNICIPAL AND REGION



The strategies of economic growth in a city are reflected in the policy measures it deploys. Detroit Mayor Mike Duggan has an “Inclusive Growth” strategy that includes requirements for investors and developers partnered with the City to include local businesses in the development process and ensure affordable housing is part of the development of every community, thereby disrupting the historic pattern of geographic segregation.

FOCUSED DENSITY

Michael Rafferty is VP of Small Business at the Detroit Economic Growth Corporation (DEGC), which serves as an arm to activate the mayor’s Inclusive Growth strategy. Rafferty describes the approach as “focused density” in expanding the core development outward into targeted communities to make capital improvements, fill vacancies,

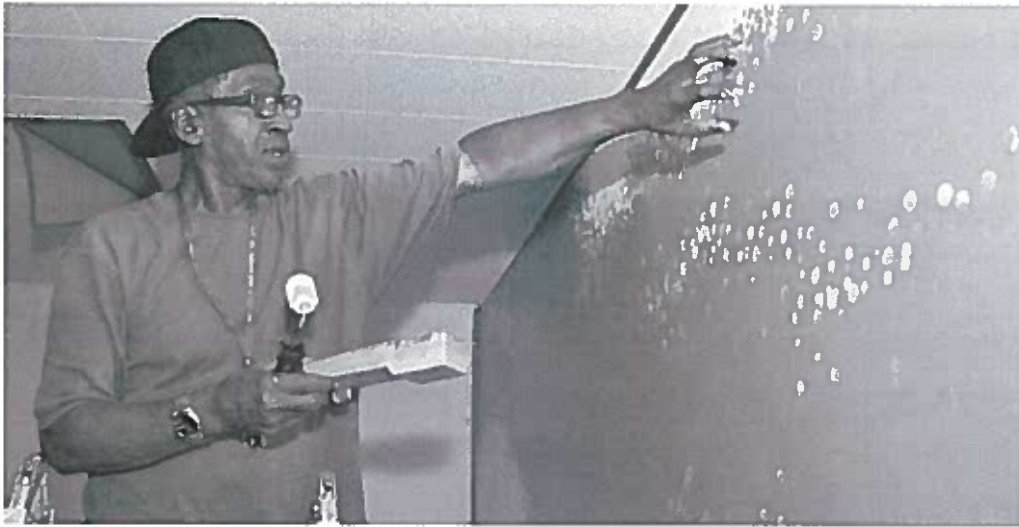
create attractive spaces and establish small business commercial corridors that serve the needs of communities.

DEGC hopes to attract local creative artistic entrepreneurs to start and own local businesses and buy homes in the same communities. It seeks to ensure at least 20 percent of all new developments in communities also contain affordable housing. Targeted communities include Fitzgerald and Cody Rouge. These are best opportunities for comprehensive development, said Rafferty, which aligns with the reporting of the Detroit Free Press in August 2017:

Growth and redevelopment centered in midtown and downtown for organic reasons. Most simply, each area has resources—like major employers, educational institutions or hospitals—that attracted investment.

Detroit Mayor Mike Duggan and city planner Maurice Cox believe the same kind of strategies can benefit other Detroit neighborhoods—like Fitzgerald in northwest Detroit, where more than \$4 million will rehabilitate 115 vacant houses and create a new park and other amenities—chosen in part because of nearby anchor institutions like like Marygrove College and the University of Detroit-Mercy. It's a pilot program, one intended to serve as proof of concept that targeted investment can bear results outside Detroit's urban core.

MATCHING BUILDINGS AND BUSINESSES



In partnership with DEGC, Motor City Match is an initiative that connects commercial building landlords with prospective business tenants seeking to lease space. Through loans and grants, including federal subsidies, MCM efforts seek to increase the occupancy rate of vacant buildings while serving the needs of small business owners to help them succeed. More than three-quarters of the 763 businesses served are minority owned, with 70 percent locally owned.

STATEWIDE VISION

Michigan Economic Development Corporation—MEDC is a marketing platform for promoting the state of Michigan as an attractive environment for corporations and mature small businesses. It focuses on the following core industries:

Advanced Manufacturing

Aerospace (nearly 700 aerospace businesses are in Michigan)

Automotive / Mobility

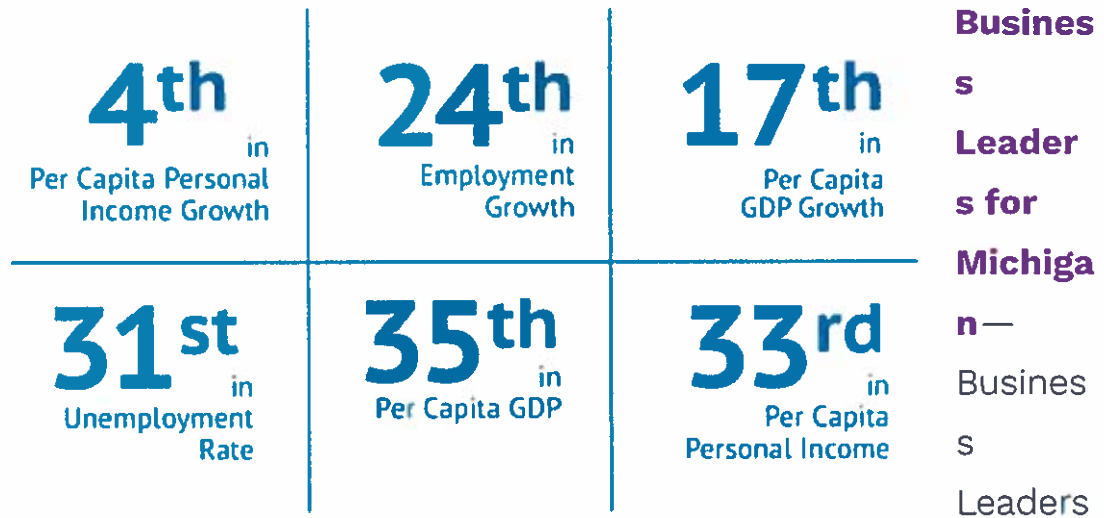
Carbon Fiber / Composite Materials

Agri-Business (Michigan is second behind California as one of America's largest contributors to the agriculture economy)

Cybersecurity

Defense (Michigan supplies 70 percent of everything a soldier shoots, drives, flies, wears, eats or uses in communications)

MEDC also connects entrepreneurs with needed resources, such as workforce talent, a broad range of capital resources, and global advocacy.



for Michigan (BLM), established in the 1970s in Detroit, is the state's business roundtable composed of the chairpersons, CEOs, and the most senior executives of the state's largest job providers and universities. BLM's members power one-third of the state's economy and educate nearly one-half of the state's university students, according to its website, which makes it a powerful driver for economic development and change.

BLM's work is concentrated on developing economic competitiveness strategies, raising awareness, advocating policy and championing initiatives that grow jobs and the state's economy. MLB produced the [Building a New Michigan Plan](#), a comprehensive strategy for making Michigan a "Top Ten" state for jobs, personal income and a healthy economy.



BLM also focuses on researching and benchmarking new data and competitiveness strategies that can help advance Michigan's growth on par with Top 10 state economies.

For example, BLM found that if Michigan were performing economically like a Top 10 state some significant changes would be required to bolster a more healthy economy. For the Michigan economy to perform on par with the nation's best regional economies:



- 72,300 more Michigan residents would be working

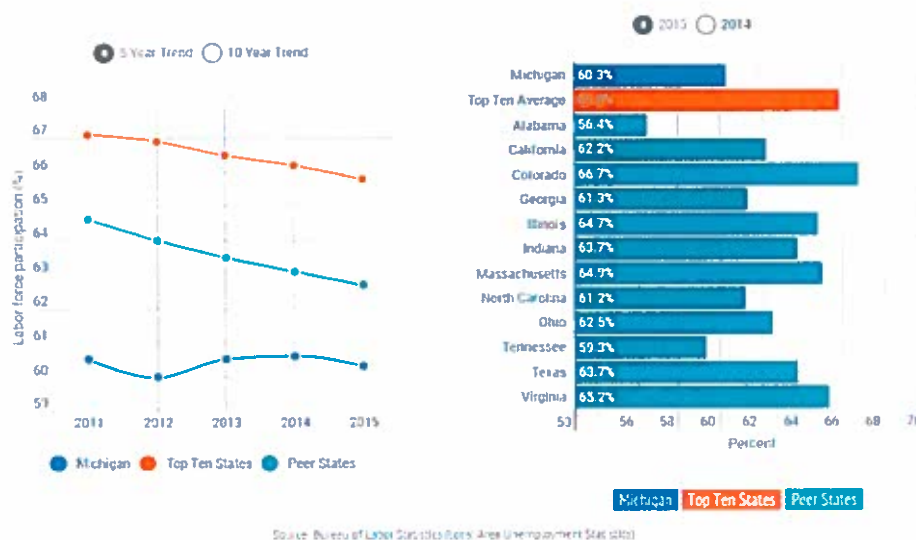
- \$9,200 more income per resident would be needed

- \$12,300 more GDP contribution per resident would be required

MEDC and BLM approach the economic development calculus of the state from a distinctly different approach than NEI, DEGC and the foundations invested in developing and nurturing entrepreneurship at

the community level. The metrics used by BLM, such as GDP contribution, employment, unemployment, per capita personal income, etc. are not part of the process of developing entrepreneurship, job growth and sustained economic impact at the community level.

The measuring stick by which the state and cities are measured do not reach into the communities that produce the business productivity at the base level of entrepreneurial development.

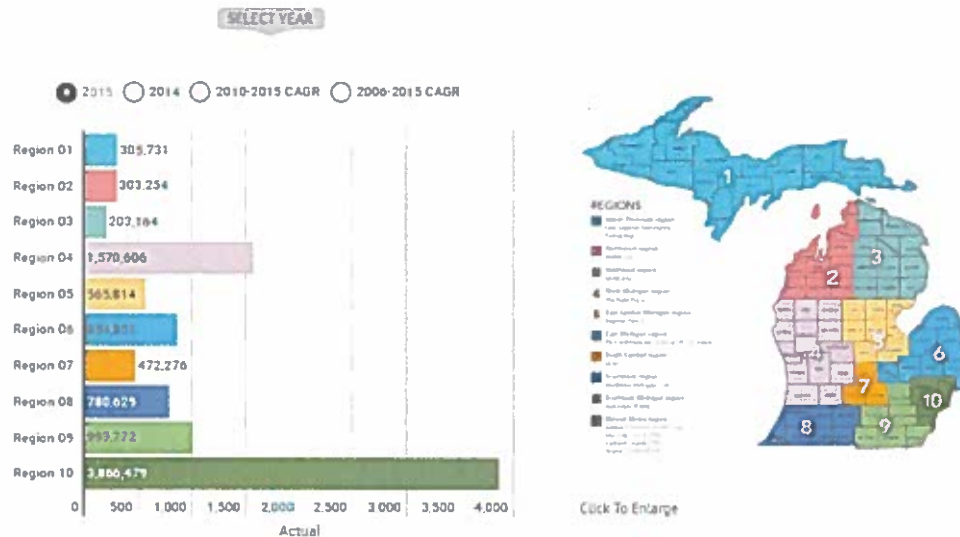


According to the Business Leaders of Michigan economic performance data, the required improvement in individual income and individual contribution to the GDP, in order for the Michigan economy to compete on par with the best in the nation, would have to occur in Region 10, which is the geographic footprint of NEI, DEGC and the local innovation ecosystem of the Detroit area. This is where a significant portion of the state's population exists. It is where the strongest opportunity for entrepreneurial and business growth to occur.

The largest disconnect that must be bridged is in the education of Detroit residents. The education output is misaligned with the economic needs of the city, region and state. Twenty-two percent of

Detroiters lack a high school diploma; 33 percent have a high school diploma or a GED. Just 7 percent have an associate's degree, and only 13 percent have bachelor's degree or higher, according to the Detroit Free Press quoting from the Future City report.

Regional Population



With two separate and distinct economic strategies at work in the city and region, along with an education sector that isn't fueling the workforce and entrepreneurial pipeline needs of an increasing tech-based demand, the nascent efforts initiated a decade ago by area foundations to stimulate, cultivate and nurture an inclusive local economy could potentially run out of gas when the New Economy Initiative runs out in 2020.

CONCLUSION

The approach by the NEI entrepreneurial ecosystem is working to cultivate business productivity at the community level and highest touch points to entrepreneurial activity. As an initiative, it is well-positioned to engage residents at the community level.

The question remains whether NEI, or some other organization, or authoritative initiative will intentionally connect the community level

entrepreneurial efforts to city economic development plans, and the corporate and business leaders who steward the region and state's economic competitiveness strategies and plans. An alignment from the community level with the city, region and state economic benchmarks and investment priorities will provide more resources where needed, systemic measures of outcomes and a more sustainable economic ecosystem at all levels.

The intentional connection of regional *competitiveness* strategies and benchmarks with community level productivity, i.e. *community competitiveness*, could result in a deeper understanding and recognition of the economic impact of community level entrepreneurship and small business growth, which may lead to a broader range of investment resources (federal, state, regional, city, public-private partnerships, foundations) to scale up the success rate of local entrepreneurial activities and the growth of existing small businesses that serve Detroit's diverse communities.

RECOMMENDATIONS

CONDITIONS FOR SUCCESS: It is recommended that the ground NEI has tilled be used to develop a *permanent Inclusive Innovation Council*. The disparate, fragmented efforts at the community, city, region and state levels can be connected through a common core of collaborative groups and organizations managed by a permanent *convening authority* focused on inclusive ecosystem outcomes. NEI is currently doing this work.

NEI's *Working Tables* network is a foundation upon which to build a permanent *Inclusive Innovation Council*, which can serve as a local and regional convening authority that manages the alignment, coordination and collaboration of policymaking influencers.

Establishing the basic conditions for success of an inclusive innovation ecosystem requires intentional disruption of inherited 20th century segregationist policies and practices. These policies and practices remain rooted in the pipelines of productivity: education, workforce development, entrepreneurship. The Inclusive Innovation Council can be used as a platform for addressing these challenges and introducing solutions that support equitable pathways to opportunity with measurable outcomes.

HUMAN RESOURCES DEVELOPMENT: It is recommended that the under-performing areas of the P-20 education pipeline be regarded as valued assets with untapped talent potential for both workforce and entrepreneurship pipelines of productivity.

It is recommended that prioritized investments target these institutions with strategies for measurable output incorporated into the collaborative fold of all economic plans. P-20 education pipelines, particularly for under-performing sectors of the city, can be infused with STEEAM (Science, Technology, Engineering, Entrepreneurship, Arts and Math) project-based curricula.

Examples: Techaccess.org, Wildfire-Education.org and Level Playing Field Institute.

DATA COLLECTION/ANALYSIS: It is recommended that the myriad data collection sources throughout the city and region be compiled into a publicly available platform for use and analysis.

Adoption of the Forward Cities ***Inclusive Competitiveness Index***® is recommended to inform planners and policymakers of the status of disconnected populations in both urban and rural communities, with select metrics and key performance indicators that result in an overall competitiveness quotient. Strategies to improve the competitiveness quotient of places and people can bolster the

overall competitiveness of the city and region while improving the quality of life throughout.

ALIGNMENT OF ECONOMIC STRATEGIES/PUBLIC POLICY: It is recommended that a *permanent* Inclusive Innovation Council steward the alignment process for economic strategies employed at all levels (community, city, region and state) to ensure they are interconnected, overlapping and aligned to attract and deploy investment capital and other resources seamlessly where needed to improve measurable outcomes that deliver value and benefits across the city, region and state economic ecosystems.

Communication is an essential component to collaboration between planners of economic development strategies, CEDS plans, regional development organizations and competitiveness managers. It is recommended that a common online platform, available to the public, be developed and managed to ensure continual communications and alignment across strategic frameworks.

SUSTAINABILITY: A decades-long comprehensive economic strategy for is highly recommended at a community or council district level, which can ensure measurable pipeline outcomes in qualified workforce talent and entrepreneurship/business productivity at the ground-floor level. Cultivation of entrepreneurial activity and business stability and growth within communities and council districts is key to long-term economic viability and sustainability in Detroit.

STORYTELLING: It is recommended that a branded media platform be built and maintained with a focus on telling the stories of development and stewardship of the city and region's inclusive innovation ecosystem.

Highlighting the good and bad with objective reporting by professionals is essential to understanding where strategies are

working and where problems persist. Corporate media may be used, but are not a suitable substitute for this focused storytelling. Raising awareness of issues, by identifying problems and highlighting solutions, can provide a balanced platform of information that communities can use to become more engaged in building and maintaining vibrant cities.

RELATED STORIES

Governing Institute: **Public Policy and the Degradation of Detroit**

Governing Institute: **Can We Build Inclusive, Innovative Local Economies?**

Strong Towns: **The Promise of Durham**

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DURHAM, NORTH CAROLINA





DURHAM, NORTH CAROLINA

Case Study

DURHAM, NC: CAN AN INCLUSIVE GROWTH STRATEGY DISRUPT DEVELOPMENT-DRIVEN DEMOGRAPHIC DISPLACEMENT?

LOCAL LEADERS SEEK TO BUILD INCLUSIVE INNOVATION ECOSYSTEM THAT HELP DEVELOPERS STOP GENTRIFICATION TRENDS

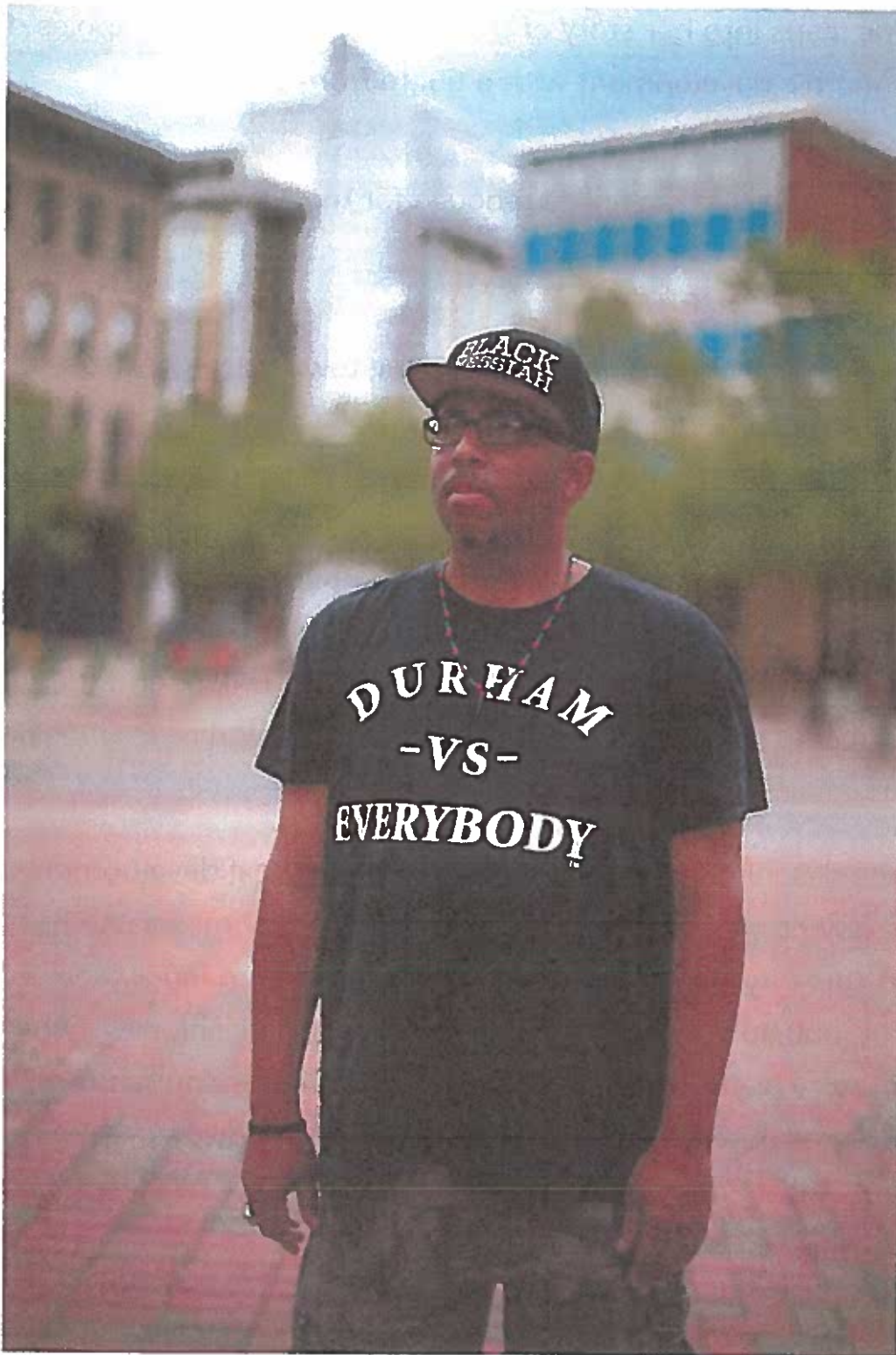


Forward Cities produces stories and case studies about its member cities working on developing inclusive innovation ecosystems.

The picture is jarring. Paul Scott, a local minister in Durham, NC is captured in a main photo in the New York Times that opens the story by Amanda Abrams, “In a Revived Durham, Black Residents Ask: Is There Still Room For Us?”

Scott is featured closeup in the center foreground wearing a black t-shirt with a message in giant white letters: Durham vs Everybody. On his head is a black ball cap with another message: **Black Messiah.**

Subtitle of the story: “Upscale developments downtown have drawn a demographic that is largely wealthy and white, making some others feel unwelcome.”



Paul Scott, a minister and newspaper columnist in Durham, N.C., said, “My concern is that when you go downtown on any given evening or on a weekend, you don’t see a whole lot of black faces there.” Credit: Travis Dove for The New York Times

Abrams leaps into her story of Durham's shifting demographics driven by economic development with a quote from Scott:

“Downtown just ain't black enough for me.”

DEVELOPING DURHAM

Abrams' angle is that Durham, a bustling town with a 40% black population and home to the venerable Duke University, is succumbing to market-driven trends of gentrification that typically lead to displacement of poor black communities. Durham's black residents, particularly those in Northeast Central Durham, adjacent to downtown area developments, see the visible manifestation of change in the pedestrian traffic in downtown Durham and the rapid rise in real estate values in the downtown core and nearby residential communities.

Abrams describes four specific major commercial developments. Two in the downtown district: an \$88 million 27-story mixed use building called *One City Center*, and a \$100 million *Durham Innovation District* (900,000 square feet of mixed-use space including two seven-story buildings and a tower). Two more developments will anchor the southern area adjacent to downtown with an \$80 million *12-story residential building* and an *11-story residential building* overlooking Durham's baseball stadium.

Both buildings will house a total of 1,500 high-end residences with 100,000 square feet of bottom-floor retail. The result of these mixed-use developments will eventually impact Durham's skyline and transform a city that's equal parts black and white into a city with a mostly white downtown hub connected to a major university with a mostly white campus.

So, why does it matter if Durham evolves into a prosperous city for middle- and upper-income white and Asian residents? After all, the makeup of Duke University's 16,000 students is 48 percent white, 18% immigrant and 14% Asian. Black and Hispanic students are 7% and 5% of the population respectively. The annual tuition is \$66,000. Even with financial assistance, there's a ton of money flowing through a very smart student body (range of SAT score: 1360–1550) spilling out into Durham's downtown and other socially active venues.

It seems prudent that Durham's economic development leaders, influencers and stakeholders would encourage redevelopment of its aging core. The economic revitalization of the city center and connected communities, including the huge Duke campus, is leading to new local businesses, living-wage jobs and a growing reputation as a tech-innovation hub. What's not to like?

OMINOUS SIGNS

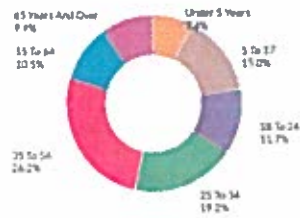
For 40% of Durham's population that is black, the current economic upswing of a previously decaying rural town, which has long-suffered a poor reputation compared to its sisters in the nationally renown Triangle (Raleigh and Chapel Hill), means the market-driven winds of gentrification will inevitably lead to uprooting and displacement of low-income black people from a thriving metropolitan region where they can no longer afford to live. Improved quality of life sounds good, until you read the fine print:

Quality of life upgrades are for premium customers only.

Paul Scott recognizes the trend. It isn't the first time public policies and private sector practices have partnered to wipe out the gains and successes of black residents in Durham, which was once nationally known as Black Wall Street. The quality of life upgrades in the 20th

DURHAM POPULATION & AGE DISTRIBUTION 263,016

AGE



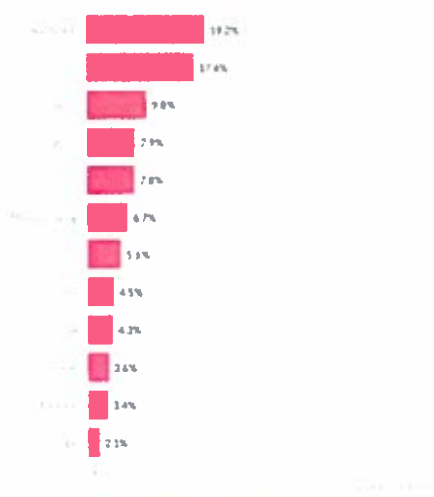
EDUCATIONAL ATTAINMENT OF ADULTS



INCOME



EMPLOYMENT INDUSTRIES IN DURHAM



RACE & ETHNIC DIVERSITY

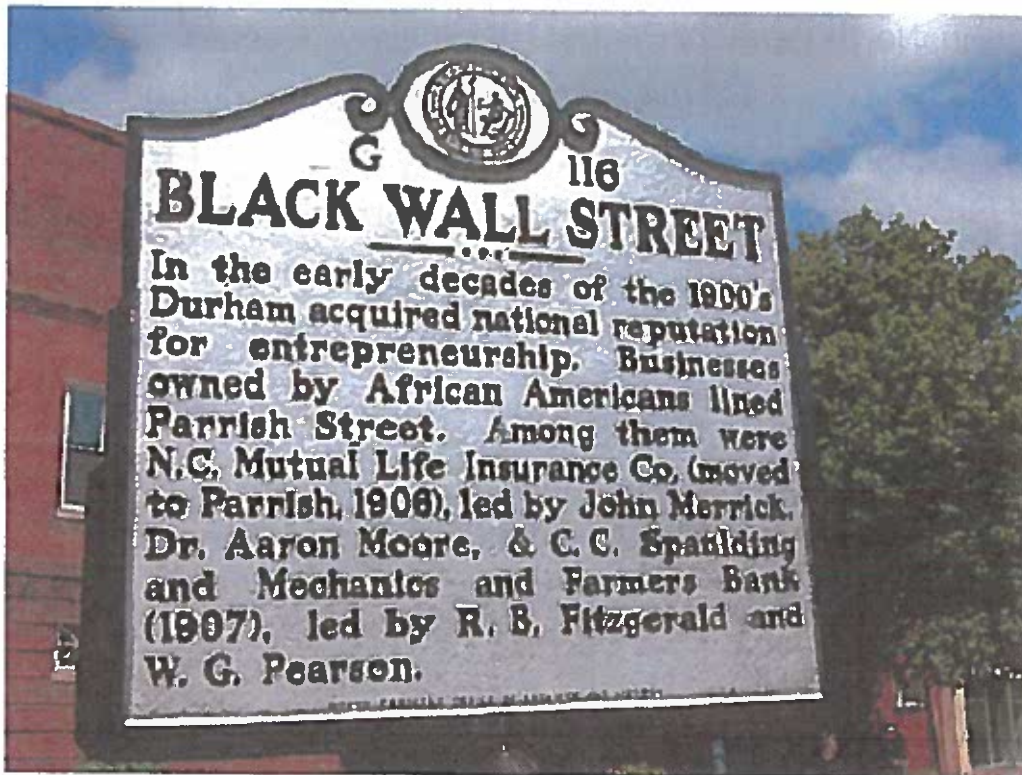


century built new infrastructure in cities nationwide, including major transportation corridors that urban planners routed primarily through black communities.

The Root offers a snapshot of several thriving black communities across the south, including Durham:

By the
early

1900s, Hayti was the first black community to become fully self-sufficient. It built Lincoln Hospital, staffed by black doctors and nurses, as well as a theater, a library, hotels and over 200 businesses. North Carolina Central University was founded in Hayti in 1910 and became the first liberal arts HBCU to be state-funded in 1925.



It may seem cynical to think Durham's city planners intentionally targeted its thriving black commercial corridor for destruction; but it would be foolish to believe it was coincidental or by accident that the same thing occurred in every nearly major city in the country. Therein lies the key to Scott's concern and consternation. The economic strategies and urban renewal planning processes in Durham during the 1950s and '60s destroyed Durham's community of Hayti, a.k.a. Black Wall Street.

ECONOMIC SUSTAINABILITY IN DURHAM'S BLACK COMMUNITY

From the late 19th to mid-20th century, black people traveled to Durham during the Great Migration, marveling at bustling black businesses and prosperous black communities in Durham's community of Hayti. Booker T. Washington (Founder of Tuskegee University and champion of vocational work training) and W.E.B. DuBois, (NAACP leader and champion of professional career development), visited Durham and were impressed by the broad-based equitable opportunities and pathways to prosperity, home-ownership and business-ownership. Hayti also featured higher education. North Carolina Central University was established in 1909, the same year the NAACP was founded. It was the first public liberal arts school for black students in the nation. Even after the loss of Tulsa, Oklahoma's thriving Black Wall Street, brutally destroyed by a white riot, Durham's black commercial corridor lived on.



Durham's Black Wall Street was a bustling, thriving successful business district from the late 1800s to the immediate aftermath of WWII.

When W.E.B. DuBois witnessed the economic wealth and sustainability in Durham's Hayti community, he said this:

“Today, there is a singular group in Durham where a black man may get up in the morning from a mattress made by a black man, in a house which a black man built out of lumber which black men cut and planed; he may put on a suit which he bought at a colored haberdashery and socks knit at a colored mill; he may cook victuals from a colored grocery on a stove which black men fashioned; he may earn his living working for colored men, be sick in a colored hospital and buried from a colored church; and the Negro insurance society will pay his widow enough to keep his children in school. This is surely progress.”

REVITALIZING BLACK SUCCESS IN DURHAM

Today, the “Bull City” is determined to break free from the grip of its partitioned past and build a more inclusive economic environment. The fuel driving the City's economic imperative is *entrepreneurship*, the same bedrock upon which the city built its early economic footprint in Hayti that attracted national attention.

Durham's past holds significant lessons for its future. A culture of entrepreneurship helped build a thriving (though highly segregated) black community that was ultimately destroyed by urban planners. But with the arrival of IBM, Durham's black community discovered renewed hope for more inclusive economic opportunity. As a responsible corporate partner with a strong relationship to the local community, IBM represented an opportunity for black residents to enter the high-wage workforce. And that had a positive impact on generations of lives for some black families.

“My grandmother, who spent 35 years in the community, knew everybody. They transferred her skills and she became the mail clerk at IBM,” said Farad Ali, Director of the Institute of Minority Economic Development.

“They hired my aunt, who was entrepreneurial and innovative. She became part of the manufacturing line and created a change in the manufacturing to engage with computers. IBM capitalized on the net present value of that creation and rewarded her with \$300,000 ... in the 1970s. That changed her life. She bought a home. My cousins all went to college.

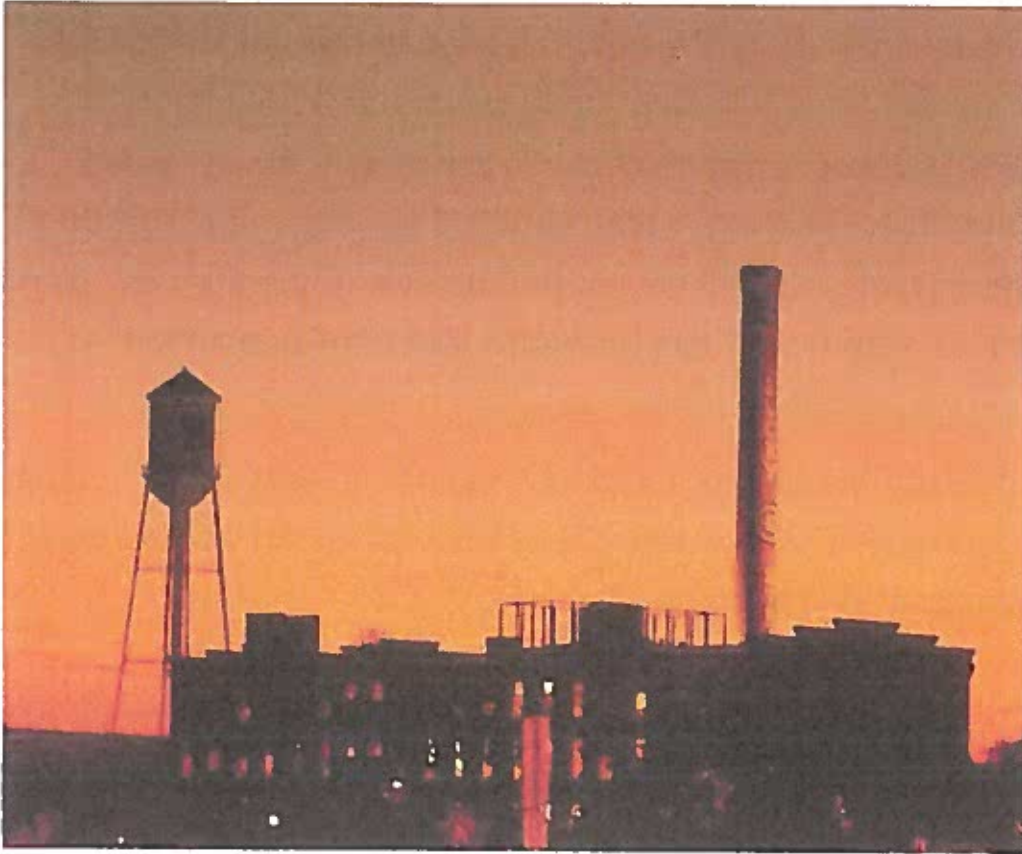
“When we came to North Carolina (from Brooklyn, NY), the state was black and white, poor and rich. I wondered, why did we move here? My dad was a truck driver and got hired by IBM, working in human resources and the learning center.”

“I say this because IBM’s focus of coming into a community and changing the outcome of the people who were not previously looked upon as assets translated into its Durham plant becoming one of the best producing plants in the IBM system, as well as helped in community development.

“Because of that we all got a chance to travel to other places and learn about corporations. The trajectory of what that corporate citizen has done for my life and my brother and our kids is unimaginable. I value IBM because of the investment it made in the community.

“I’ve seen responsible community economic development. Responsible politics and responsible people can come together to create things that happen. I’m not living in this world as a tourist. I

actually experienced it. I know that people who are in need, if they can get the right vision and participatory and social capital, what they could be.”



Durham skyline

KEY QUESTIONS FOR DURHAM'S DEVELOPERS

Durham today is experiencing a significant renaissance from the devastating loss of mid-20th century tobacco and textiles manufacturing. Here are some key questions:

- As Durham rebuilds its local economy, can it reconnect to its historical foundation of entrepreneurship, yet create a new 21st century economic narrative grounded in inclusive innovation?
- What role do corporations, business leaders, foundations, higher education, local and regional governments play in the

development of Durham's future as an inclusive economic environment?

ECONOMIC PUZZLE PIECES

A number of pieces to the puzzle have been established in local communities that ultimately could be part of a full picture of Durham's economic future. But this will require an expanded comprehensive economic plan established upon a foundation of including previously left-behind populations in the strategic planning processes. Optimism fuels Durham's Millennial population.

"I think all the pieces are there," said Micah Gilmer, co-founder of Frontline Solutions (headquartered in American Underground in Durham's downtown district).

"The challenge is: One: how do we get the city and county at the table in a way that's proactive and valuable?

"Two: the trust that's eroded over the past 10 years or so is an issue I think is going to be critical.

"All the elements are there. I don't think we really know how to do it. I don't think anybody does. The question is will the clock run out, in terms of building the kind of trust needed to do the work together?"

The clock is running out for many communities to figure out how to invest in developing greater business productivity, limit displacement of entire populations while also preserving cultural heritage of communities. The gentrification of Durham communities, with Northeast Central Durham on a razor's edge of being completely

gentrified in the coming years, is a common challenge many cities face in today's fast-paced tech-based innovation economy.

COLLABORATIVE EFFORTS

Fortunately, the City of Durham and Durham County are interested in developing a joint economic strategic plan that emphasizes inclusion. The City filled a key economic development role last year with the addition of Andre Pettigrew, a veteran economic development professional with a history of inclusion efforts.

Pettigrew's counterpart at the county will play an equally pivotal role. These two leaders will be critical to designing and supporting a strategic approach to cultivating and nurturing diverse local talent and diversifying Durham's growing startup culture for community-based small businesses as well as tech-based scalable enterprises.

The city and region are ripe with essential elements needed to build a robust knowledge-based, tech-driven innovation economy. Duke University, North Carolina Central University, Research Triangle Park, Self Help Credit Union, start-up hub American Underground and other key economic components represent a hub of core resources around which emerging entrepreneurship nodes in Durham's diverse communities can connect.

"Durham's economic ecosystem of investment capital, innovative research, major companies and entrepreneurial businesses have come together, in part, because of visionary public policy started in the 1960s" said Andre Pettigrew.

"Intentional public policy, in partnership with the private sector, will have to be the catalyst to generate an approach that produces more shared economic prosperity for the greater Durham community."

KEY TO INCLUSIVE ECONOMIC PROSPERITY

Durham's 40 percent black population is key to development of a new intentional economic strategy to shared prosperity within the city and throughout the region. The historic memory of a once-vibrant entrepreneurial community, replete with thriving local businesses, is preserved in monuments, plaques and pictures around the city.

On a national scale, black entrepreneurs have long represented America's fastest-growing sector of entrepreneurship, surpassed in the latest data cycle by the rapid growth of Hispanic innovation and business productivity. Yet, local planners in Durham inherited a process that's missing crucial data on the current economic productivity of Durham's minority communities.

Moreover, there is a dearth of diverse entrepreneurial talent being cultivated in Durham's public education pipeline, which translates into untapped talent; and Durham still needs to develop an active community of investment resources that are vital arteries in the lifeblood of existing small businesses and the growth of startup ventures.

Durham is now starting to address these systemic problems. American Underground is a growing community of companies with qualified and willing entrepreneurship mentors located in central downtown with additional funding by Google to support its inclusion efforts.

"My family is from three generations of entrepreneurs in this city going back to 1938," said Doug Speight, the Code 2040 Entrepreneur-in-Residence at American Underground.

“My grandfather, who launched his first company in 1938, was part of Durham’s Black Wall Street and those organizations that were geared around black and brown entrepreneurship and supported the black community. I’m an HBCU product. I moved away to North Carolina A&T for engineering and started my first startup right out of college. I had clients like Procter and Gamble and Miller Brewing Company and did very well in that business. I sold it and got involved in technology and entrepreneurship at the institutional level, teaching faculty and grad students how to launch companies and get them funded.

“I came back to A&T to start their office in tech transfer. I also worked in technology and commercialization for NASA and the Department of Energy, and most recently I moved my for-profit startup back here because there’s no better place to launch it.”

INCLUSIVE DRIVERS AND KEY STAKEHOLDERS

Through **Forward Cities**, a national learning collaborative of cities of innovation based in Durham, and Durham’s **Neighborhood Compass Program**, the City has identified a number of leading local organizations and individuals whose institutional knowledge and local cultural competency help guide smart investments into efforts that are working.

The City is now trying to open pathways for new investments needed to develop vital economic infrastructure, which exists in some areas but not others. Financing for residential and small businesses is a key component in Durham’s approach.

LOCAL RESOURCES

The Center for Community Self-Help (Self-Help) is a local Community Development Fund that invests in affordable housing and serves as a

vital resource for developing a sustainable community environment in which small businesses can thrive.

Assisting in guiding the vision of Self-Help are Communities in Partnership, Helius Foundation, DEEP (affordable housing) and local community organizers who provide an honest and often critical perspective. North Carolina Central and Duke University also play critical roles in galvanizing people and resources.

Development of the minority-owned small business community is critical in the area of Northeast Central Durham, which is adjacent to downtown and can potentially serve as an economic bridge between a community with justifiable fears of gentrification and the growing corridor of entrepreneurial innovation and business productivity in downtown Durham.

The **Northeast Central Durham Entrepreneur Initiative** (NECDEI) plays an important role in improving small business productivity and job growth in a community that is representative of the strength of innovation efforts in Durham's black population.

NECDEI's mission:

“to increase the number of successful black and Latino owned enterprises in NE Central Durham , where success is defined as the owners and employees of these businesses all being able to earn a fair living wage.”

Through four member organizations, led by Communities in Partnership (CIP), NECDEI works to provide access to resources and relationships to emerging entrepreneurs of color and minority small business owners in the community. The four groups work together to stabilize existing businesses, establish new black and Latino

businesses throughout the corridor, and increase investment potential in order to bring in capital from outside the community.

ADDRESSING POVERTY

While these private efforts are critical, the City also plays a vital role in driving inclusive economic development. Seventy-five percent of the residents of northeast central Durham are renters. And, as rents rise along with property values, they are at risk of being displaced. The development of business owners who live in and service the local community's needs can potentially ward off the encroaching trend of gentrification.

Former longtime mayor William Bell looked at the lowest end of the economic scale and initiated a poverty reduction program a few years ago.

"In 2014, I challenged the city and community to go about the business of reducing poverty in our community," said Mayor Bell.

"We've been very fortunate in terms of a lot of resources, and we're an entrepreneurial community. We're the fourth largest city in North Carolina with a quarter-million people, diverse with no ethnic majority. But we still have too high a level of poverty for a city of this size, given the resources we have.

"So the challenge was to look at how we can begin to reduce poverty neighborhood by neighborhood, year by year. We checked the Census tracts to see where the highest poverty levels were in the City of Durham and we used a study that UNC Chapel Hill had just done on distressed urban tracts. There three criteria: per capita income, unemployment and joblessness. We decided to use those same criteria in our approach.

“This tract, 10.01 in Northeast Central Durham, had three different blocks, two of which met all of the criteria for a distressed area, while the third met two of the three criteria. The two tracts had about 2,100 people and 1,100 houses and that’s what we chose to focus on.”

Durham established six task forces:

- Housing
- Jobs
- Health
- Education
- Finance
- Public Safety

“I didn’t want this to be just a city-driven effort. I want the whole community to buy in. We held a community meeting at a Rescue Mission in the Census tract with 100 people attending from around the city. We laid out the premise of what we were trying to do. We had people there from the university community, business and political communities, etc. We got elected officials to co-chair the task force because I wanted the county, city and school board to have buy-in. And most importantly, we wanted residents of the community to be involved.”

“We charged the task forces to set up specific goals (two or three manageable goals) they wanted to achieve over a certain period of time. We are just now getting to the point of execution.”

“What we hoped from this study is that while we may not have been able to reduce poverty for all the people living there, the quality of life will have improved in one of those six areas. And if

we're successful with that, we will use this template and move it to other parts of the city.”

The former mayor's focus on reducing poverty is an important effort with an admirable goal. It is a foundation upon which the current administration can potentially build. On the other end of the spectrum, the economic future of Durham, like that of America, will be built on inclusive entrepreneurship strategies that drive a knowledge-based, tech-driven, globally competitive inclusive innovation economy in the Bull City.

The question cities like Durham must address in this new climate of federal Opportunity Zones and the April 10 Executive Order (Reducing Poverty in America by Promoting Opportunity and Economic Mobility) is how can they help lift people out of poverty by empowering them to engage, participate and ultimately compete in the global innovation economy through equitable access pathways that lead to shared prosperity?

INCLUSIVE INNOVATION ECONOMY

Inevitably, Durham will need to find ways to overcome 20th century deficits that deprived targeted demographic groups of economic opportunity. These communities today remain disconnected from the region's best economic assets and resources, yet represent Durham's (and the nation's) best hope for building a “fair, just and inclusive America” (President Barack Obama, January 10 farewell address).

Durham's elevated awareness of its existing and emerging diverse entrepreneurial talent, resources and opportunity, coupled with the city's introduction of a new economic development leader and a mayor committed to building an inclusive innovation ecosystem, offer hope for a more inclusive economic future.

By fostering more entrepreneurial activity within currently under-represented communities like NE Central Durham and connecting it to downtown resources, there is a path forward in which the city's entrepreneurial ecosystem is closer to being demographically representative with greater contributions from marginalized populations.

With the presence of top-notch local universities and cultivation of inherent entrepreneurial talent in its local population, Durham's small business community is poised to grow and perhaps become the nation's first truly inclusive innovation ecosystem, which represents a promise of what America could be in the not too distant future.

"If you defined a local economy in simple terms—of course, it's much more complicated than this—as a combination of investment, employment and business opportunities, this community continues to be very successful," said Pettigrew.

"But the public's concern has to be about our failure to distribute those business opportunities, jobs and investments more broadly and deeply into our community. That is the challenge I think we're all trying to solve within this notion of inclusive innovation."

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NEW ORLEANS, LOUISIANA





THE CASE STUDIES

Over the course of six months, Forward Cities and ScaleUp Partners visited four cities to learn about their efforts to build inclusive local economies. These cities, New Orleans, Durham, Detroit, and Cleveland all agreed to form some version of a Local Innovation Council through which organized efforts to stimulate and cultivate inclusive entrepreneurship would offer access to resources, improve business ownership and connect diverse communities as viable pipelines of

economic productivity to their local innovation ecosystem. A case study for each city describes the approaches taken and presents insights into the challenges faced and positive outcomes achieved.

PROBLEM

All four of the aforementioned cities face similar economic problem. Communities of color (primarily black and Hispanic residents) are uniformly disconnected from the economic drivers of the city's entrepreneurial innovation ecosystem and available business resources therein. The disconnect results in low participation of black and Hispanic entrepreneurial talent in regional growth sector industries as well as stagnation of business ownership and growth within communities of color.

The untapped talent in communities of color remains a lesser-known potential source of new business growth, tax revenue and jobs to bolster the growth of local economies. Cities across the nation with significant populations of minority residents are experiencing similar challenges in connecting minority communities to needed resources and cultivating the entrepreneurial talent inherent within.

APPROACH

Understanding how to connect economic resources within existing infrastructure to communities operating under long-term economic deficiencies is part of the takeaway from these analyses. These case studies can be used by leaders and stakeholders in metro regions to learn how to improve business productivity and job growth among communities of color, which can transform economic anchors into economic boosters, resulting in a thriving inclusive local economy with access to opportunity, shared prosperity and improved quality of life for all residents.

The case studies are segmented into five main sections (followed by a conclusion and set of recommendations) to correspond with sections of the Forward Cities' **Policy Toolkit**. The five case study sections are:

ABOUT—Offers high-level data points and information about the city's economic ecosystem.

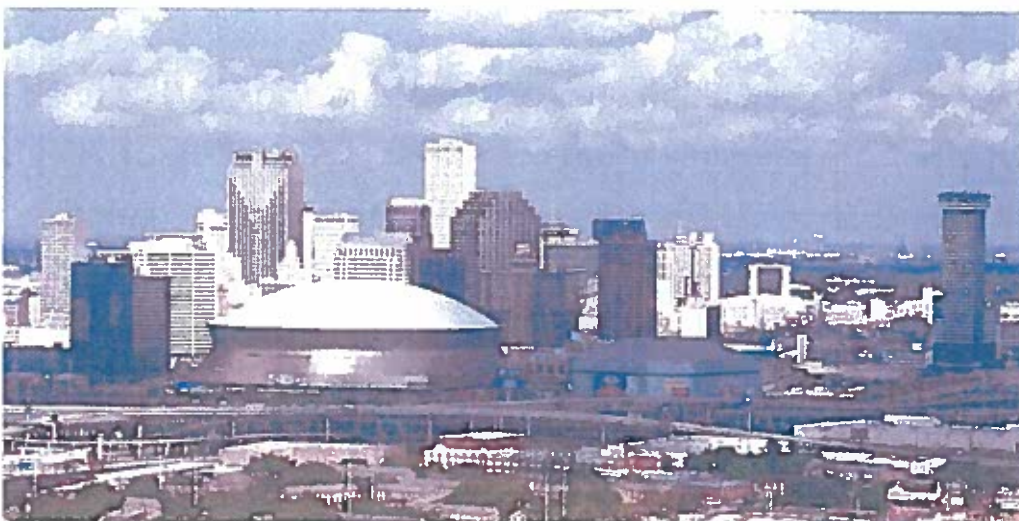
INNOVATION COUNCIL—The main frame for developing an inclusive economic ecosystem.

MAPPING—Each city has data-collection efforts that inform policymakers and stakeholders.

STRATEGY—Insights on the strategic approach to develop an inclusive innovation ecosystem.

POLICY—Insights into policy measures that guide the process of developing an inclusive economy.

ABOUT NEW ORLEANS



New Orleans, Louisiana skyline with the Superdome in the foreground.

The story of New Orleans is a tale of pre- and post-Hurricane Katrina, and income inequality that can be traced along systemic racial segregation fault lines. This remains a tremendous challenge today as the local economy continues to recover. The 2005 devastation from a combined nature and man-made catastrophic flooding (due to failed levees) that covered 80% of the city continues to have a lasting impact. Out of 1,833 lives lost due to Katrina across five states, 1,577 deaths were in Louisiana, with at least 700 in New Orleans alone.

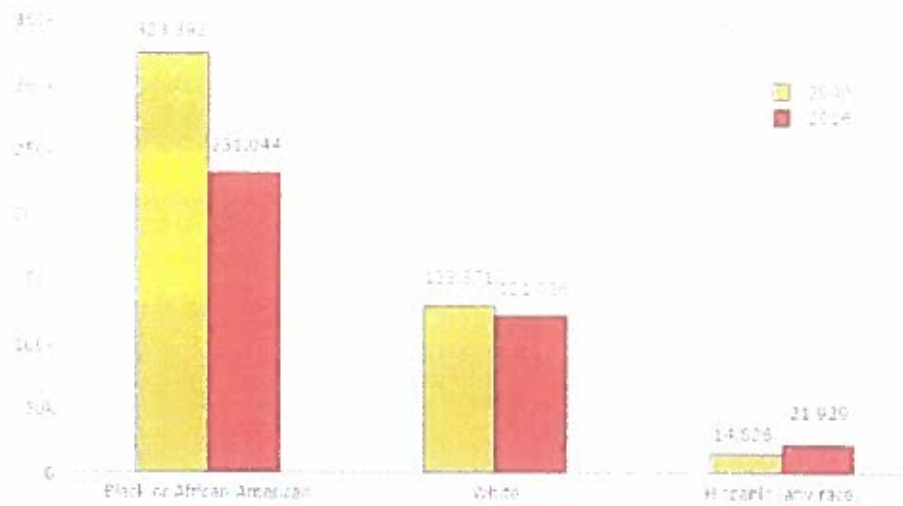
In addition to flooding deaths, nearly half of which were elderly above age 74, Katrina was the **costliest hurricane in history**, causing \$108 billion in property damage. Following Katrina, the New Orleans population of 484,674 plummeted to less than half (230,176) just one year later.

NEW ORLEANS RESIDENTS

The population of New Orleans is rebounding, but with slightly different demographics. Today, with **391,495** residents, New Orleans has 92,348 fewer black residents, 7,785 less whites and 7,103 *more* Hispanic residents, with a significant population from Mexico, Honduras and Vietnam.

As New Orleans' population grew after Katrina, the city attracted immigrants from primarily three countries: Mexico (31,630), Honduras (26,811—more than **three times expectations** based on national average) and Vietnam (21,457).

African American, white, and Hispanic population



INCOME AND POVERTY

According to Data USA, the median age in New Orleans is 35.9 with a median household income of \$39,077. The poverty rate is high at 23.4% and concentrated among the City's black population at 75.8%. Poor white residents represent 18.9% followed by Hispanic residents at 5.3%.

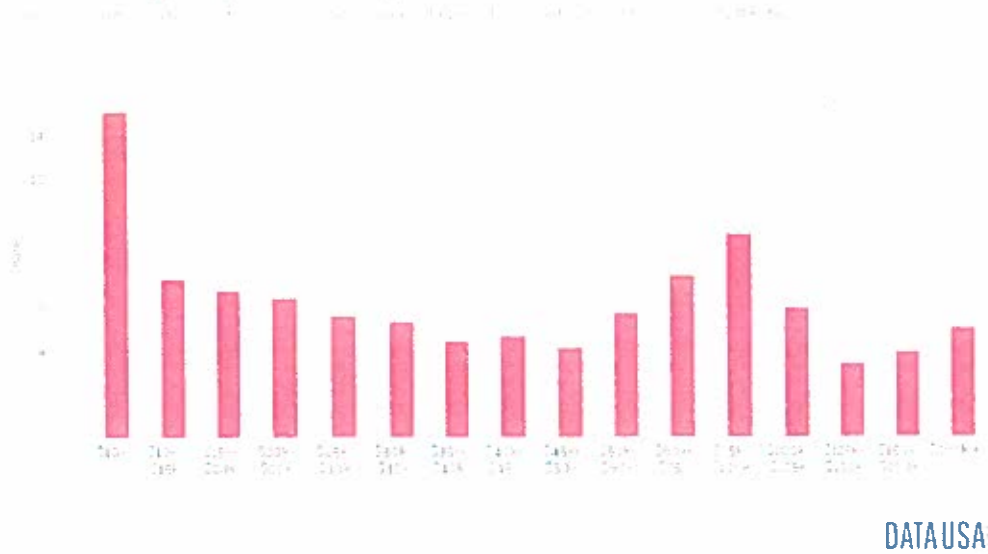
INCOME: NEW ORLEANS vs US

Overall, household incomes in New Orleans lag behind economic indicators for the higher wages in the United States while surging above lower income levels for the nation. Pre-Katrina wages in New Orleans overall were about 20% below nationally competitive wages. For white workers, that meant 20% below whatever the national wages were for whites. For African American workers, wages in New Orleans were 20% below whatever the nationally competitive wages were for African Americans. There was still a huge gap between the two. But in New Orleans, both were lower than the national average.

In a side-by-side comparison in the chart below, the first six columns represent 46.4% of the total households (156,591) in New Orleans. These families have annual incomes below \$35,000. [Click here](#) for

interactive data on each column. Light columns represent US data. Darker columns are New Orleans.

Household Income in New Orleans, La

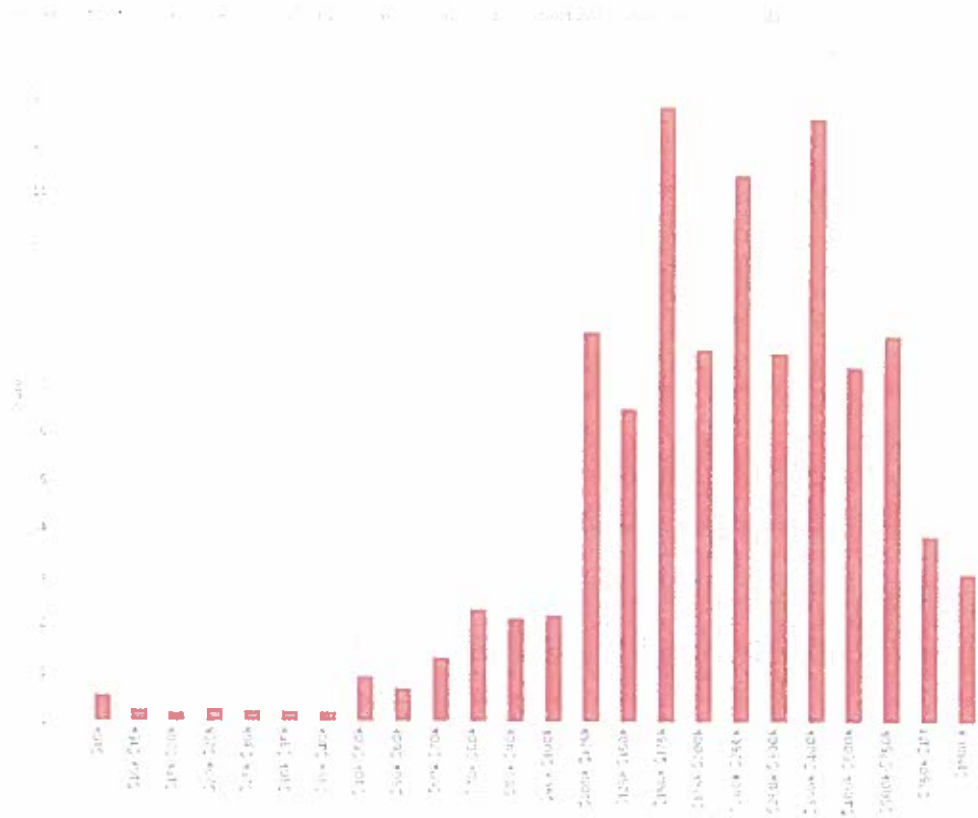


National HHI (light columns) compared with New Orleans HHI. See interactive data graphic at [DATA USA](#).

HOUSING AFFORDABILITY AND AVAILABILITY

The median price for homes in New Orleans was \$216,800 in 2015, up from \$192,000 the previous year. The largest share of total available properties is valued from \$150K—\$175K. Twenty-five percent of homes available in New Orleans are priced under \$150K (see graph below). Yet nearly half of family incomes in the city fall into a low-income category of less than \$35K per year.

Property Value in New Orleans, La



DATAUSA:

Housing cost and availability in New Orleans. Lighter columns represent US costs and availability while darker columns are specific to New Orleans, La. Source: DATA USA.

Data suggest serious challenges in availability of affordable housing for at least half of the population of New Orleans. Only 46.3% of homes are owned by occupants, compared to 63% for the nation. (Click here for individual column data. Light columns represent US data. Darker columns are New Orleans).

INDUSTRY EMPLOYMENT

Local industries employ a total of 184,601 workers. From 2014 to 2015, employment grew at a rate of 6.99%, from 172,540 employees to 184,601 employees. The most common job groups are Management, Business, Science, & Arts, Service, and Sales & Office. See graph for

industries that employ the most and least workers in New Orleans. [\(Click here](#) for more information on expanded industry groups).

WORKER WAGES

The highest paying industry jobs in New Orleans are Legal, Medical, Engineering, Business Management, and Computer Technology with incomes ranging from \$52K to \$94K. All of these industries require higher education.

The highest average salaries earned by race of workers in 2015 were white (\$50,772) and Asian (\$47,754) followed by Native Hawaiian/Other Pacific Islander (\$37,358). However, Asian workers made up only a [fraction](#) of the total workforce in any category.

The two largest workforce totals by race for the most common jobs in New Orleans were white and black employees. [\(Click here](#) for complete data). Across every category of employment, black workers were paid on average far less than their white counterparts doing the same jobs.



MOST COMMON JOBS IN NEW ORLEANS
 MEDIAN WAGE COMPARISON BY RACE

	Delivery Drivers, Sales Workers, Truck Drivers	Teachers – Elementary & Middle School	Secretaries & Administrative Assistants	Retail Sales	Cashiers
White	\$42,529	\$40,363	\$30,941	\$29,082	\$13,924
Workforce Total	25,471	39,110	45,578	29,108	24,846
Black	\$37,770	\$38,798	\$27,109	\$19,953	\$11,657
Workforce Total	20,183	17,372	9,194	14,762	26,250

HIGHER EDUCATION

In 2015, Tulane University had the largest graduating class out of all institutions of higher education in New Orleans with 4,471 graduates, according to Data USA. Delgado Community College was second with 3,513 graduating students, followed by the University of New Orleans with 1,910 graduates. The median in-state tuition is \$7,150.

Universities in New Orleans, La



The graph (left) shows shares of the overall education market for each institution offering higher education curricula and vocational training.

The top three most popular degrees earned in 2015:

1. Psychology (409 graduates)
2. Bio Sciences (369 graduates)
3. Business Administration & Management (366 graduates)

The top industry employers in New Orleans in 2015:

1. Management (19,630 workers)
2. Administrative (19,360 workers)
3. Food Service (18,959 workers)
4. Sales (16,802 workers)
5. Education, Training & Library (13,627 workers)

The highest paying jobs in New Orleans by media annual salary in 2015:


1. Legal (\$94,083)
2. Health Practitioners (\$81,739)
3. Architectural & Engineering (\$62,830)
4. Management (\$55,269)
5. Computer & Mathematical (\$52,170)

K-12 EDUCATION

Any in-depth study of New Orleans must include a strong focus about the impact of Hurricane Katrina on the K-12 education system.

The pre- and post-Katrina transformation of public education in New Orleans is unlike any other anywhere in the country. The public education system today plays an integral role in the local economy and heavily influences segregated paths of access to economic opportunity that fall along racial fault lines.

Prior to Katrina, New Orleans already had one of the lowest-performing education systems in the country, according to the **Cowen Institute for Public Education Initiatives at Tulane**




University, which has chronicled the impact of the hurricane upon the regional education landscape.

Cowen Institute Report


“The State of Public Education in New Orleans: 10 Years after Hurricane Katrina,” reveals that excellent public education options existed prior to Katrina, but the system failed to provide quality education for the majority of public school students (which are African American).

The following information is from the report:



“The Orleans Parish School Board (**OPSB**), tasked with overseeing and running the system, was riddled with corruption and financial challenges. In the immediate aftermath of the storm, the Louisiana Legislature, supported by then Governor Kathleen Blanco, voted to have a state-run Recovery School District (**RSD**) assume responsibility for most public schools in New Orleans. That decision has led to New Orleans having the most decentralized public school system in the country. Ten years later, **93 percent of public school students now attend charter schools**, the highest rate of any city in the country.”

CONTROL: STATE vs LOCAL



In Louisiana, local school boards and the state Board of Elementary and Secondary Education (BESE) can authorize charter schools. BESE also authorizes charter schools that operate independently of the RSD and OPSB.

2014-15 New Orleans Public School Governance Structure

Louisiana Board of Elementary and Secondary Education (BESE) & Louisiana Department of Education
State Superintendent: John White

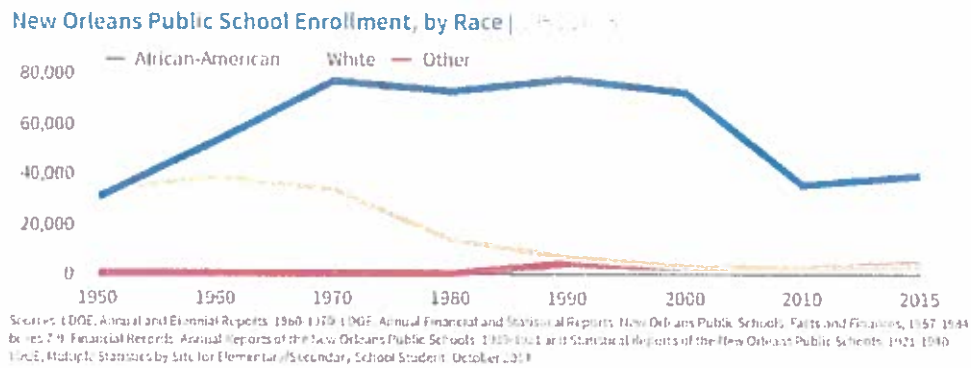


The New Orleans school structure is unlike any in the nation, shaped by the aftermath of Hurricane Katrina.

According to the Cowen Institute report, published in the summer of 2015, the following is the current state of public education in New Orleans:

The story of New Orleans' public schools mirrors that of many other cities. White and middle-class exodus to the suburbs from the 1950s onward led to a smaller local tax base to fund schools and a less diverse student population.

Furthermore, due in part to a faltering local economy and a lack of social support services, the students who remained faced significant difficulties, with 38 percent living below the poverty line and 73 percent qualifying for free or reduced-price lunch in 2005.



PUBLIC vs PRIVATE

From 1950 onward, in addition to White and middle-class families leaving New Orleans entirely, many families chose to send their children to private and parochial schools. These schools remain popular today.

Around 25% of all school-aged children in New Orleans are estimated to attend a nonpublic school, one of the highest rates for any city in the nation.

GEOGRAPHIC SEPARATION

Beginning in the 1960s, White and middle-class flight to more socioeconomically and racially homogeneous suburbs left a poorer population within the city and a shrinking, less diverse student population within the public schools. While public school enrollment in the city used to be evenly split among White and African-American students, the student population gradually became predominately African-American.

RACIAL SEGREGATION

Nonpublic schools tend to have a different demographic makeup than public schools. In the 2011–12 school year (the most recent data available on nonpublic school enrollment in New Orleans), **34.1%** of nonpublic school students were African-American, compared to **86.3%** of public school students.

Today, though enrollment of White and Hispanic students has increased, public schools still do not reflect the city's overall demographics, as **88% of public school students are African American** compared to **60%** of the entire citywide population.

Additionally, RSD schools have higher percentages of special education students than the state average, while OPSB schools tend to have lower rates than average.

UNEDUCATED YOUTH

“Opportunity Youth” are 16 to 24 year olds who are neither employed nor enrolled in school. The term “opportunity youth” refers to the potential these youth could bring to their communities if reconnected to education and employment opportunities.


Currently, at **18.2% of all youth between 16 to 24 years old**, the New Orleans area has the third highest estimated rate of opportunity youth among the 50 largest metro areas in the United States. This impacts the local economy, **costing the region an estimated \$360 million annually** in lost tax revenues and higher spending on social services.

INFRASTRUCTURE

Hurricane Katrina destroyed most public school facilities that had already been in dire need of attention before the storm. With federal support, nearly \$2 billion has been invested in constructing, renovating, and refurbishing the city's facilities over the last decade.

ENROLLMENT

The 2014–15 school year student enrollment in New Orleans was about 70 percent of pre-Katrina levels, a trend that mirrors the changes seen in the city's total population as it continues to recover.




93% of public school students attend charter schools, the highest rate in the nation.

SCHOOL PERFORMANCE

Collective performance of both schools and students has improved over the past ten years. Schools have gone from failing to average.

NONPROFIT FUNDING



Many of the functions provided by a central administrative office in a conventional school district are instead offered by nonprofit organizations in New Orleans. Nonprofit organizations supply services such as, but not limited to: arts education, job training, and after school programming; information for families about school choice and enrollment; philanthropic support and grant-making; teacher training, certification, and professional programs; public oversight; assistance with opening or running of schools; and social work and behavioral health services.

SCHOOL PERFORMANCE

59% of graduates enrolled in college (2 year or four year) in the fall of 2014. Only 61% of the Recovery School District (RSD) students graduated on time compared to 89% of student in the Orleans Parish School Board schools (OSPB).

INNOVATION COUNCIL





New Orleans' Mardi Gras annual festival attracts millions of tourists and has a significant economic impact.

One of the initial steps Forward Cities takes in assisting member cities develop an inclusive innovation ecosystem is to form an Innovation Council comprised of a cross-section of community stakeholders, elected and appointed leaders, economic development and urban planners, educators, investors, business leaders, entrepreneurs and activists. In New Orleans, Forward Cities convened influential stakeholders led by the Greater New Orleans Foundation.

RACIAL EQUITY LENS

The **Racial Equity Institute**, in partnership with Forward Cities, played a significant role in informing the work of the Innovation Council around a common goal of creating an equitable innovation ecosystem.

The Greater New Orleans Foundation, in partnership with the City of New Orleans and the New Orleans Business Alliance (NOLABA), continue to prioritize **equitable economic strategies** today as New Orleans addresses the challenges in building an inclusive innovation ecosystem.

Below is a list of organizations that participated in the Forward Cities Innovation Council for New Orleans:



- Goldman Sachs
- Foundation for the Mid-South
- Ford Foundation
- Blue Cross Blue Shield of Louisiana
- Greater New Orleans Foundation
- Entergy
- The Case Foundation
- Grow Dat Youth Farm
- PosiGen Solar LLC
- Turbo Squid
- CLB Porter, LLC
- Café Reconcile
- Idea Village
- PowerMoves NOLA
- Propeller
- New Orleans Bio Innovation Center
- WWNO Station (NPR affiliate)
- City of New Orleans
- City of New Orleans/Economic Dev.
- The Data Center
- Broad Community Connections
- GoodWork Network
- Greater New Orleans, Inc.
- NOLA Business Alliance
- Tulane University School of Architecture
- The Trumpet Group/Naked Pizza
- Tulane University

Asset mapping is a key component of policymaking in every city. The decisions driven by unbiased comprehensive and disaggregated data help New Orleans economic stakeholders better understand the depth and scope of problems that need to be addressed. Analysis of collected data help influence decision-making in budget allocation and the priorities placed on projects and programs that impact communities. Here are key sources of economic data in New Orleans.

New Orleans Business Alliance for Economic Development—Serves as a hub connecting several sources of economic research and data. The NOLA BA brings together the work of:

- **The US Bureau of Labor Statistics**
- **Louisiana Workforce Commission:** The LWC is part of the Department of Labor and provides a statewide Labor Market Information Website that gives users access to the latest Louisiana labor force, wages, population, industry employment, training schools, training programs, Scorecard for completion rates, Youth Web Portal, projections, demographics, nonfarm employment, employer database, unemployment claimants, industry staffing patterns, licensed occupations, demand occupations and career products.
- **Greater New Orleans Community Data Center:** Experts at bringing data together from multiple sources to take a 360-degree look at issues that matter most to the region from perspectives of government, business, nonprofit and community. The Data Center's mission is to build prosperous, inclusive, and sustainable communities by making informed decisions possible.
- **New Orleans Workforce Investment Board & Job1:** Researching disparities data in supplier diversity helps policymakers make better decisions in government contracting and purchasing.

In addition to the NOLA BA data resources, [Data USA](#) provides data on key metrics that impact the economic environment of more than 1,000 metro areas and 3,200 counties covering all 50 states.

DATA COLLECTION: NEIGHBORHOOD ENTREPRENEURSHIP

FUND 17—At the granular level, New Orleans' Fund 17 may be considered the best practice model for collecting vital data on non-licensed entrepreneurial efforts occurring in economically distressed communities.

Funded by the W.K. Kellogg Foundation and Friends of New Orleans, the Fund 17 team targeted portions of the 7th and 8th Wards during the spring and summer of 2017 with a door-to-door campaign that covered 2.5 square miles and more than 8,700 parcel lots of industrial, residential and commercial land zoning.

The target region was selected based on the research conducted by Forward Cities and Richard Campanella from Tulane University, who worked with the New Orleans Council. Geographically, the area is comprised of Gentilly to the North, Franklin Avenue to the East, Claiborne Avenue to the South and St. Bernard Avenue to the West, according to the final [report](#). The area was selected for a variety of reasons, including the mixture of land-use zonings, its relative lack of gentrification and presence of multiple commercial clusters, the report stated.

Within the study area, the council was to explore potential interventions for projects and additional studies. The leading question left unanswered by Campanella's original research was: what does entrepreneurship look like on the neighborhood-level?

In other words, what type of entrepreneurial activity, possibly unregistered, is occurring within residential parts of the study area? This was a question Fund 17 was equipped to explore.

Fund 17's local team, led by Haley Burns, published a report that revealed:

Entrepreneurship rate in the target area (30%)

Demographic and financial trends for entrepreneurship in target area (61% black, 30% white)

Attitudes toward formalizing informal businesses (mixed but majority seek to grow ventures)

Challenges of community enterprises (lack of access to resources, including capital)

Recommendations for establishing an equitable and accessible entrepreneurship space

FUND 17 KEY FINDINGS

“Community enterprise is a multi-faceted issue at the intersection of neighborhood development, government policy and nonprofit programming. Continued research is needed to better understand the nature of informal entrepreneurship, but we believe this project is a crucial start. This report has validated the presence of the informal market and has demonstrated entrepreneurs’ interest in formalization and growth.

“To create a strong local business ecosystem, we must address the unique needs and challenges of community enterprises. This includes access to capital, a healthy and viable neighborhood context, business training and support and accessible pathways to legal formalization.

“Profitable side-businesses are also a vital part of this ecosystem as they diversify income sources for an individual or family to create a more sustainable livelihood. We hope this research will start a dialogue on hustles, residential enterprise and the necessity of supporting entrepreneurs within our community.”

ECONOMIC STRATEGY—RACIAL EQUITY LENS



Idea Village hosts the annual New Orleans Entrepreneurship Week which celebrates and supports local entrepreneurs.

NATIONAL RANKING: The Brookings Institution published a 2017 data report that ranked the nation's top 100 metros in three economic areas: prosperity, growth and inclusion. Growth looked at the city's level of entrepreneurship opportunities and which industries were growing the fastest. New Orleans ranked 69th due to a 7.5% job growth that under-performed an expected 9.4%.

In prosperity, which measures the wealth and income of an economy, **New Orleans ranked last.**

“On economic inclusion, New Orleans improved in two of three indicators,” **wrote the Times Picayune about the Brookings study.** “Relative poverty declined 2.6 percent while the employment rate increased 3.9 percent. The median wage, though, was flat.”

On April 20, 2017 former mayor Mitch Landrieu launched New Orleans’ first-ever equity strategy to address the issue of economic inclusion and convey to the public how the municipal government will work to build a stronger, more inclusive city by advancing equity through its operations and decision-making processes as a primary focus.

“In the new New Orleans, having an equitable government in place is a top priority,” said **Mayor Landrieu.** “We understand the power of equity and view it as a growth strategy that will lead us to creating a stronger and more prosperous city for all our residents. I am proud of our new EquityNewOrleans strategy because it helps us continue to build New Orleans into a city for the ages. We understand that it is only when everyone is winning that New Orleans is at her best.”

EQUITY NEW ORLEANS

The **EquityNewOrleans** initiative was funded by the W.K. Kellogg Foundation in partnership with the Foundation for Louisiana (FFL), according to the City of New Orleans’ **press release.** The City worked with PolicyLink and the Government Alliance on Race & Equity (GARE).

EquityNewOrleans engaged senior City leadership, department heads and managers in city government by creating equity leadership and

action teams. Participants were provided equity-focused training workshops to understand the role of equity in government and increase shared knowledge.

More than 300 City employees, residents, youth, elected officials, advocacy leaders, business leaders and non-profit leaders were interviewed to establish a baseline of understanding equity across New Orleans.

PolicyLink and the Program for Environmental and Regional Equity at the University of Southern California (PERE) released an equity profile of New Orleans, the first of a series of 10 new equity profiles produced with the support of the W. K. Kellogg Foundation. According to this analysis, the **New Orleans regional economy could be \$18 billion stronger if racial gaps in income were closed.**

See [New Orleans Equity Profile Report](#). The report includes data on:

- Demographics (Age/Race/Ethnicity)
- Economic Vitality (Employment/Wages/Household Income/Wealth/Opportunity)
- Readiness (Education/Health)
- Connectedness (Segregation/ Housing/Transportation/Costs of Living)
- Economic Benefits (GDP/Productivity/Racial Wealth Gaps/Income Gains-Losses)

LOCAL ECONOMIC ECOSYSTEM

The Greater New Orleans Foundation (GNOF) has served the region for more than 30 years. It has more than \$275 million in assets, manages 700 funds, and acts as a central hub connecting institutional and community organizations while convening racial equity partners who support the City's equity strategy.

Led by its President and CEO, Andy Kopplin, the GNOF is a connecting point between the community level entrepreneurship organizations and the City's equity strategy. Equity has been a core value for Kopplin since he held a leadership post in the former mayor's administration prior to GNOF. And he has led the convening and support of New Orleans' Race Equity Institute since November 2016.

GNOF also convenes **NOLA BA** and the City's Office of Economic Development around equity issues. The City has established a goal of 30% of the procurement contracts to be allocated to Minority Business Enterprises (MBEs). Currently, the level is 11%, said Carmen James, Vice President for Programs at GNOF.

"We set some pretty ambitious goals," James said. "And we map the slope," said Kopplin. "We need to have just as strong a presence in trying to create economic opportunity as we are trying to create economic development for the city."

GNOF is connected to both the region's economic competitiveness strategy leadership and the gateway providers at the community level. This distinct role allows GNOF to align the efforts to cultivate the entrepreneurial talent in the local innovation ecosystem with the City and region's growth sectors and economic development goals.

Below are key organizations in the entrepreneurial ecosystem and how they function in their roles:

Propeller

Placed-based entrepreneurial accelerator and social innovation nonprofit addressing environmental disparities and offering co-working spaces with resources focused on five specific genres: Water, Food, Health, Education and the South Broad Business Initiative (local businesses within a targeted underrepresented minority geographic

area). Heavily influenced by the **Racial Equity Institute**. Works to inject inclusion opportunities into the billion-dollar public and private sector water industry in New Orleans.

Overall Impact: Since 2009, 179 nonprofits and businesses have been supported through Propeller's accelerator programs, including a local food hub, a five-star rated childcare center, an education design studio, and a wetland mitigation company. 360+ full- and part-time jobs have been created. \$86 million in external financing and revenue have been collectively generated by Propeller graduate entrepreneurs. And \$100,000+ in seed funding has been awarded to entrepreneurs through PitchNOLA competitions

Sector Impact:

§ **Food:** 40% of New Orleans public school children receiving healthy, fresh, locally-sourced school lunches; 30 vacant lots were developed into productive gardens and orchards to provide produce at no cost to Lower 9th Ward residents; 35 local food entrepreneurs are receiving business support and an affordable, fully stocked professional kitchen space is made available to prepare foods for mass market sales.

§ **Water:** 2,000+ acres of wetlands have been secured for restoration and permanent protection; 1.5 million+ gallons of storm water runoff is retained annually to improve urban flooding; 1,200+ fishermen have received technical assistance, social services, and disaster recovery services.

§ **Health:** 26,000+ New Orleans children receive medical health screenings in school through Medicare/Medicaid; \$1.2 million in financing was raised to build the Broadmoor Arts & Wellness

Center serving 750+ residents; 10,000+ New Orleanians have engaged in weekly social bike rides in 2016.

§ **Education:** 200+ high school students receive college entry preparation and support; a pilot program was launched to train teachers in racial equity; 300+ schools are now streamlining professional support for teachers through a K-12 classroom observation and coaching platform; 10,000+ volunteers have been engaged to help 350+ homeowners and rebuild 13 homes to be resold to teachers at a reduced cost.


Fund 17

Nonprofit addressing opportunity inequality through micro-entrepreneurship. Direct on-the-ground canvassing, data collection and research on home-based and unlicensed entrepreneurial endeavors within a 2.5 square mile area that was almost entirely flooded by Katrina consisting of 20,000 residents, 88% African American, seven commercial clusters, 612 licensed businesses and 21 Disadvantaged Business Enterprises (DBE).

Fund 17 also provides capacity building for startup home-based enterprises. The project produced an **impact report** that includes entrepreneurs discovered, loan applications, business models developed, city business licenses obtained, students engaged and hours invested in technical assistance.


Idea Village

Independent nonprofit industry agnostic accelerator targeting equity, inclusion and growth of startup enterprises with high-growth potential to create local jobs. Develops and deploys strategies to support targeted place-based entrepreneurial ecosystems. Advises entrepreneurs entering the startup landscape at any stage of development and matches them with appropriate supportive




resources within the ecosystem. Conducts research and bridges areas of need, such as access to capital of all kinds through development and diversification of local pools of investors to create new funding streams for businesses.

Idea Village manages the annual celebration of **New Orleans Entrepreneurship Week**. It seeks to influence the local economic narrative to celebrate sustainable startups and grow-ups that produce local revenue and jobs.




Idea Village serves as an honest broker positioned to advocate on behalf of the collective body of local start-ups, grow-ups and scale-ups, as well as target and fill entrepreneurial gaps in the innovation ecosystem. Heavily influenced by the Racial Equity Institute. 41% female and 41% minority in last cohort of companies. Alum = 30% women-owned and 23% minority-owned enterprises.



Idea Village (IV) impact:



IV advises entrepreneurs entering the startup landscape at any stage of development and matches them with appropriate supportive resources within the ecosystem.



IV conducts research and bridges areas of need, such as access to capital of all kinds through development and diversification of local pools of investors to create new funding streams for businesses.



IV also manages an annual celebration of **New Orleans Entrepreneurship Week**. It seeks to influence the local economic narrative to celebrate sustainable startups and grow-ups that produce local revenue and jobs.

Bio Innovation

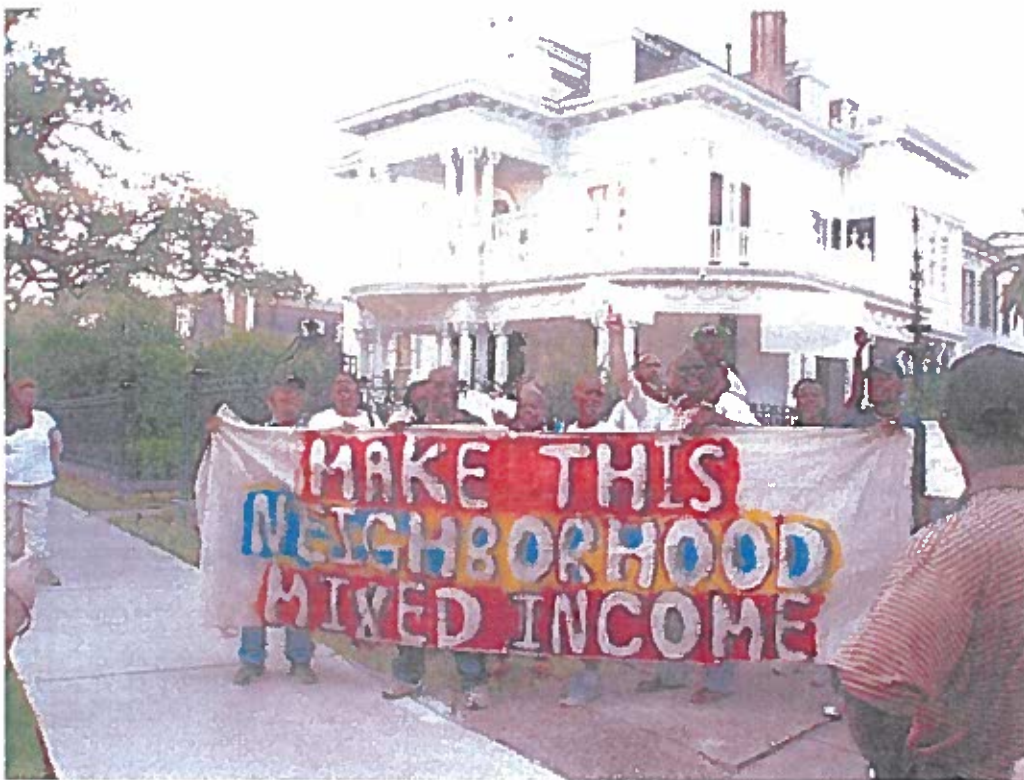
Bio Innovation is an independent nonprofit organization dedicated to support research, education, entrepreneurship, business growth and job-creation in the life science ecosystem of Greater New Orleans. It is managed in partnership with NOLA Business Association and area universities and institutes.

Bio Innovation receives federal and state funds. Attracts capital financing, including equity investments. It mentors and nurtures growth of scalable enterprises. It establishes and manages favorable conditions for the growth of life science enterprises and supportive businesses within the local innovation ecosystem.

Bio Innovation's Impact:

- o Creation of more than 200 new companies
- o Client startups raised \$93 million in funding
- o Over 175 innovators received free consulting support
- o BioFund invested \$3 million in 15 local small businesses
- o 3,000+ attendees participated in more than 110 educational events
- o Helped create more than 400 high-wage local jobs
- o Target areas: diabetes; breast, esophageal, and other forms of cancer; neonatal and maternal health; regenerative medicine; digital clinical management; water remediation and sustainable urban farming

POLICY THROUGH THE LENS OF RACIAL EQUITY



The strategies of economic growth in a city are reflected in the policy measures it deploys. New Orleans employs a **racial equity strategy** that is deliberate in seeking to disrupt the chronic segregationist policies and practices it inherited from the past.

Equity New Orleans is a mayor-led initiative that serves as a guide for the City's policies and practices across all of its partnerships and transactions, which are perceived through the lens of racial equity.

"The conversation in New Orleans about equity invariably involves race and class. And I think we have to look at how we address issues of access to resources that help to eradicate our historic disparities, particularly around wealth and building wealth in the community."

Deidre Johnson Burel | Orleans Parish Education Network

ADDRESSING THE CHALLENGE: INEQUITABLE ECONOMIC GROWTH

The Greater New Orleans Foundation is the 800-pound gorilla in the city that can affect public policy across a wide range of partnerships. It has its eye on equity data that matters in establishing economic strategies and municipal policies and practices that can have an impact at the level of greatest need in the community.

Targeting NOLA's Wage Gap: Pre-Katrina wages in New Orleans were about 20% below nationally competitive wages. For white workers, that meant 20% below whatever the national wages were for whites. For African American workers, wages in New Orleans were 20% below what nationally competitive wages were for African Americans. There was still a huge gap between the two. But in New Orleans, both were lower than the national average.

(VIDEO) Equity New Orleans: Deirdre Johnson Burel, Orleans Parish Education Network

The reason the disparity increased in the aftermath of Hurricane Katrina is due to the first time in 60 years white residents of New

Orleans began earning nationally competitive wages. This pattern did not impact the African American residents. Their wages remained stagnant.

“We’ve been able to attract nationally competitive jobs for the first time since 1960,” said GNOF President and CEO Andy Kopplin. “And the reason is because of innovation and entrepreneurship. We’re doing nationally competitive work in New Orleans and folks in those industries are reaping the rewards. African Americans are not well-represented because that community is largely still working jobs outside of the innovation competitiveness economy and their wages are still 20% below African American wages nationally.”

OPPORTUNITY AND DEVELOPMENT

To address this disparity, New Orleans employs a partnership approach to its economic development operations. The Office of Economic *Opportunity* is a companion to the Office of Economic *Development* in the operations structure of the City.

While one office continues to do the work of identifying, attracting and recruiting businesses to New Orleans, the other ensures whenever there are benefits provided by the City to a business, the contract conforms to the goals of the City’s equity strategy. GNOF believes the dual approach is essential to ensure equity remains an integral part of the equation from the initial stages of an economic negotiation process and throughout each phase of development across the region.

NETWORK FOR OPPORTUNITY

The Network for Economic Opportunity is an initiative that trains small businesses and matches job-seekers to employment

opportunities. It assists small businesses in qualifying for contracts and complying with the workforce hiring policies.

While efforts have been successful in connecting minority women with employment opportunities, largely in the healthcare field, it has found challenges in connecting African American males with sustainable employment.

Returning citizens: One key problem is that a significant number of African American males in New Orleans have arrest records, which create a barrier to entry for certain jobs. But GNOF also noticed an unexpected trend in the economic data.

In 2012, unemployment among African American men in New Orleans was 52%, said VP for Programs Carmen James.

The 2014 data showed a decrease to 44%. One of the things GNOF and the Network for Opportunity looked at was income. The unemployment rate was coming down but what was the income of those men? It **also** had gone down. So more men were working but making **less** money.

GNOF sought to learn how to not only get people working but also place them on a pathway to earning a living wage.


"In 2010, it wasn't obvious that the city of New Orleans was going to flourish," said Kopplin. "We were 340,000 people. It was five years after Katrina. There were 16,000 street lights still out. Things didn't work. The city was about to go bankrupt."

The renaissance you see in New Orleans over the past seven years economically has been quite significant. But like our economy



before Katrina, and like all the cities that Forward Cities works in, there was this divide that was largely racial, although economic.


“What we found in New Orleans, as we found in America, is the renaissance of the city was taking off economically and the divides between the haves and have-nots actually grew! Despite conscientious efforts by a mayor that’s pretty thoughtful, and staff and philanthropic partners, the overwhelming sense of how the economy works in our country continued to exacerbate class, income and racial divides.



It just underscored that this work is even more important. Several years ago the mayor set up the Office of Economic Opportunity to [answer the question] what are we going to do to make sure everyone shares in the game because it was not being shared equally?”

GNOF has a workforce development program that has been “wildly successful attaching women, primarily women of color, to work,” said James. “It’s primarily in health, with a 92% retention rate in their jobs over last three years. However, we are not attaching men to employment. Healthcare jobs do not attract the men as much as it does women.”

CASE IN POINT: OCHSNER MEDICAL CENTER



The city’s largest hospital, Ochsner Medical Center, connected with Johns Hopkins to address the blanket policy of not hiring anyone with a criminal record. They discovered that policy is a barrier to hiring most men from New Orleans’ communities.

GNOF connected the security and HR departments of the two hospitals. Hopkins took the approach of individual analysis of each

prospective employer's record to discern between major and minor offenses and determined which jobs could accept minor offenses unrelated to the responsibilities of the job (i.e. former drug offenders are prohibited from working in the pharmacy around drugs). They helped determine which jobs could be safely matched with prospective employees that have a criminal history. GNOF convened other healthcare providers and leveraged the work done by Ochsner to influence the behavior of the market overall.


Other barriers are profound, like child support issues. A board member of GNOF was surprised to learn that 60% of the local workforce had child support orders.

Fines and fees were a major hurdle as well. GNOF and a local nonprofit worked with courts to do a warrant clinic. Judges volunteered and people came in to address unmet fines and fees. "About \$2M in fines and fees were cleared by judges who stayed to near midnight helping people clear issues," said James.

INCLUSION CHALLENGE

Most cities' economic development departments don't have *inclusive* economic development as their core, says Kopplin. You could say that *should* be their core, but that hasn't been their history.

*The difference between New Orleans' Economic **Development** office and Economic **Opportunity** programs is the latter are designed to make sure that every step of the way, in everything the city is involved in, there's a focus on addressing the equity disparities in the community, and to be intentional and proactive about it.*



For example, if there's a new business seeking a tax break, Kopplin said, the negotiations aren't just about what will it take to get the jobs here. Rather, they *start* with that question and add on additional questions, like *who* will be involved in the construction of the new facilities.

BUILD-NOLA | HIRE-NOLA

Two signature programs within the Network for Economic Opportunity are the **Build NOLA** and **Hire NOLA** initiatives. Build is focused on developing contract-ready minority business enterprises (MBE) while Hire NOLA is aims at developing a qualified workforce of minority labor. Both have ambitious measurable goals that attest to former Mayor Landrieu's mantra, "Equity is an Economic Growth Strategy."




Build NOLA

A goal of 35% of every public and private contract that receives public subsidies or benefits will be apportioned to local socially and economically small disadvantaged businesses.

Hire NOLA

At least 30% of all work hours on contracts with the City will be completed by local workers. At least 10% of work to be completed by disadvantaged local workers. At least 10% of all apprenticeships will be afforded to local disadvantaged workers.

WEALTH-BUILDING CHALLENGE



One of the principal challenges facing GNOF and the city is the broad swath of residents living in abject poverty. The goal of building generational wealth isn't on the horizon for many of New Orleans' residents according to a study that measured assets as a metric of determining wealth and opportunity. GNOF reported:

For too many New Orleanians, saving money and building generational wealth is out of reach. The 2012 “**New Orleans Assets and Opportunity Profile**” report commissioned by the Greater New Orleans Foundation (GNOF) from the Corporation for Enterprise Development (CFED) showed that 71 percent of New Orleans residents have subprime credit scores, and 37 percent of New Orleans households live in asset poverty, meaning that these households do not have enough assets to live for three months at the federal poverty level should they lose their main source of income.

The foundation's viewpoint is the future of the city depends upon making sure it closes disparities, lifts everyone up and gets them involved in the innovation economy.

Beyond the jobs in construction and tourism, New Orleans is targeting advanced manufacturing, water management and other jobs in the tech-innovation sectors of the regional economy. Its lens of racial equity ensures each sector of economic growth will include residents who heretofore were left behind.

CONCLUSION

As one of the Rockefeller 100 Resilient Cities, New Orleans has elevated the issue of equitable economic growth to a pillar of priority. To ensure equity is integral to the city and region's economic strategy:

- New Orleans is a majority African American city that continues to be haunted by systemic segregationist policies and practices of the past, which crippled its African American population pre-Katrina.
- New Orleans has unique challenges in developing a successful educational pipeline of qualified talent for its workforce and entrepreneurial innovation ecosystem.

- New Orleans is experiencing an economic renaissance, but its impact remains separate and unequal.
- New Orleans has recently introduced a determined effort to address systemic segregationist policies and practices with a focus on closing disparity gaps.
- New Orleans is spearheading *Equity New Orleans* as a public platform, which was led by the former mayor, Mitch Landrieu, who termed out. The new mayor, LaToya Cantrell, is an African American woman with a background in entrepreneurship. She appears poised to continue the platform to provide a public awareness of the efforts taken by the City and how locals can engage. Mayor Cantrell is the first woman to be elected mayor of New Orleans in the city's history.
- The City has partnered with national researchers to establish an *Equity Profile* as a baseline for measuring its progress in key areas of economic impact.
- The mayor has established an *Economic Opportunity* authoritative voice to represent the City's equity strategy in economic development negotiations.
- The City is partnered with Greater New Orleans Foundation, Racial Equity Institute, NOLA Business Alliance, and other key stakeholders, with established measurable goals in contracting and procurement opportunities for small and disadvantaged MBEs.
- GNOF is connecting the dots across the entrepreneurial landscape and providing support for organizations that cultivate local entrepreneurial talent and provide support for the success of minority business owners in growth sectors of the regional economy.
- GNOF is hosting Racial Equity leadership gatherings to infuse knowledge and data-driven decisions

A key part of the Rockefeller 100 Resilient Cities Plan is around equity, said Kopplin. The theory on resilience is that the people who have the least assets, skills and mobility are most vulnerable to the shocks and stresses of the 21st century.

Therefore, the city is being intentional about addressing those inequities. That layer morphed into the city generating an entire equity plan. Every city policy that is developed is viewed through an equity lens. It may be imperfect in its implementation, but it is quite intentional about where it's headed.

RECOMMENDATIONS

- As part of its Equity Strategy, it is recommended that New Orleans produce and brand a national conference for cities with equity growth strategies. The gathering will be for the purpose of assembling best practices, showcasing emerging ideas, measuring and rewarding progress, convening thought leadership and creating space for collaboration.
- Given the focus on entrepreneurship as an economic pillar, it is recommended that the City encourage its schools systems to develop entrepreneurship as core pedagogy, with project-based outcomes in partnership with stakeholders in the entrepreneurial ecosystem to establish a sustainable pipeline of local entrepreneurial talent and ensure equitable access to resources.
- Leveraging its Equity New Orleans platform, it is recommended that the City transform the static site into a media platform that produces content related to the issues of economic inclusion, equity and competitiveness in the New Orleans region across the four pillars of education, workforce development, entrepreneurship and policymaking. Currently, the site remains dormant.



· Given the plethora of data being gathered across myriad programs, platforms and strategic plans, it is recommended that GNOF, or other lead agency with convening authority, assume the role of coordinating and aligning strategic objectives, metrics, measures and investments in the varied existing plans that target communities, the city, region and the state, to establish greater efficiency and effectiveness of impact and outcomes at all levels.



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