Economic Development in Saint Paul’s Promise Neighborhood

MURP/MPP Capstone Paper

In Partial Fulfillment of the Master of Urban and Regional Planning Degree Requirements and Master of Public Policy Degree Requirements
The Hubert H. Humphrey School of Public Affairs
The University of Minnesota

Emily Carr
Justin Eilers
Josiah Waderich
Michelle Webb

May 7, 2012

4/25/12
Date of oral presentation

__________________________________________
Approval date of final paper

__________________________________________
Professor Ryan Allen, Capstone Instructor
ECONOMIC DEVELOPMENT IN SAINT PAUL’S PROMISE NEIGHBORHOOD

5/7/2012

EMILY CARR, JUSTIN EILERS, JOSIAH WADERICH AND MICHELLE WEBB

HUMPHREY SCHOOL OF PUBLIC AFFAIRS
CAPSTONE PROJECT - WILDER FOUNDATION
EXECUTIVE SUMMARY

According to the 2011 Promise Neighborhood Community Assessment Survey, 51% of parents/guardians with children did not work for pay in the previous week. While the ultimate focus of the Promise Neighborhood initiative is on the child’s graduation from high school, it is clear that a stable household environment is vital to youth academic success. Economic development can play an important role in creating a stable household environment to contribute to the overall success of the youth in the Promise Neighborhood.

Our team set out to develop recommendations for economic development in the Promise Neighborhood. We considered a menu of possible economic development strategies that included some currently in place and explored potential new ones. After extensive research and interviews with local service providers, three general recommendations for economic development were created for the Promise Neighborhood:

1) Coordinate existing services,
2) Prioritize low-cost, quickly-implemented strategies, and
3) Connect with regional partners.

Coordinate existing services. We were able to identify multiple service providers taking part in economic and workforce development already serving the Promise Neighborhood. Our first recommendation involves coordinating these existing services to provide the best possible opportunities to residents.

Prioritize low-cost, quickly-implemented strategies. In a time of scarce resources, it was necessary to evaluate each strategy in terms of cost, time of implementation, and impact. After careful analysis of each strategy, we chose a handful that would be low-cost and could be implemented fairly quickly: local workforce coordinators, community hiring events, advertising in the neighborhood, and community benefit agreements.

Connect with regional partners. The importance of connecting neighborhoods to strong industries in the region was a big theme of our research. Such work requires trustworthy organizations to build bridges between targeted industries and those who understand the needs of the neighborhood. Initiatives like these, known as “sectoral strategies,” are long-term strategies with large potential payoffs. There are a few regional job initiatives currently in place which involve connecting residents to leading employers and careers in the region: Jobs Central and Eds and Meds.

The report examines each recommendation in further depth, provides helpful resources that can be used to dig deeper into each area and critiques 13 different economic development strategies in detail.
BACKGROUND

The Promise Neighborhood covers a 250 block region west of downtown Saint Paul. Several characteristics provide background to why economic development can support the overall Promise Neighborhood initiative. First, the poverty rate in the neighborhood is quite high, especially when compared to St. Paul. According to the American Community Survey (a pooled sample of surveys from 2006-2010,) 38% of neighborhood residents are estimated to live below poverty, compared to 22% in the City of Saint Paul. Educational attainment in the neighborhood is also much lower than the City. For adults 25 or older, 13% had less than a high school degree in St. Paul—28% did not have diplomas in the Promise Neighborhood.¹ Low educational attainment makes finding good paying jobs much more difficult.

The Promise Neighborhood Community Assessment Survey² offers further insight into the employment needs of residents. The survey, which was given to 683 parents and guardians with children, found that 51% of respondents did not work for pay at a job in the previous week. In addition, 33% did not work for pay at a job in the previous month, 43% had adults in the household that needed training to get a job or for job advancement and 23% were looking for work.

In order for the Promise Neighborhood to achieve its goal of “cradle to career,” students and youth need stable households. Stable employment and income contribute to the stability of a household. Economic and workforce development strategies can certainly meet pressing economic needs in the neighborhood and will help support the overall success of the Promise Neighborhood initiative.

METHODOLOGY

Our team employed a three-step process to arrive at our recommendations for economic development in the Promise Neighborhood. First, we conducted research into relevant economic development strategies. We began with a list of typical strategies and explored others we found in journal articles, newspaper reports, and other economic development resources. Initial topics included local development strategies related to the Central Corridor Light Rail, best practices in national transit-oriented development, career ladders, sectoral strategies, workforce development, and neighborhood hiring. As the project developed, our research broadened into other economic development areas.

Second, we interviewed fifteen economic and workforce development organizations that serve the

¹ ACS 2006-2010 pooled sample
² Delivered May, 2011
Promise Neighborhood area concerning successful programs in the area and where there may be room for improvement. We spoke with representatives from LISC, Rondo Library, Neighborhood Development Center, Youth Lead, City of St. Paul, Aurora St. Anthony Neighborhood Development Center (ASANDC), Nexus Community Partners, Model Cities, University of Minnesota, Metropolitan Council, Jobs Central, MN Workforce Center, Twin Cities Rise, Goodwill Easter Seals and Frogtown Rondo Action Network. Most of the interviews were about an hour long, with the exception of interviews with Youth Lead, Rondo Library and ASANDC which were quicker, more informal conversations.

Finally, we combined what we learned from our research and interviews to create a menu of thirteen economic development strategies to consider. We analyzed each of the strategies from our menu in terms of cost, impact, and time needed to implement. We developed recommendations based on our analysis of these strategies.

IMPORTANT THEMES FROM RESEARCH AND INTERVIEWS

**ESSENTIAL SKILLS NEEDED IN TODAY’S ECONOMY**

Education is becoming increasingly important to access good paying jobs. Across the nation, the unemployment rate for people aged 25 and older with a college degree is 4.1% compared to 8.8% for those with a high school diploma.\(^3\) Unemployment jumps to 13.8% for those without a high school degree. Low educational attainment is a serious barrier for neighborhood residents as they apply for jobs. Without post-high school training, attempts at creating living wage jobs for residents of the Promise Neighborhood are very difficult. Employers will pursue the best candidates for jobs, and if neighborhood residents can’t fill the needs of the employer, they will expand their search. The Promise Neighborhood’s goal of getting kids to college is, in many ways, the best economic development strategy that exists.

Vocational training is very important to help adults gain the skills they need to be employable. Many vocational providers are working in or near the Promise Neighborhood and have a variety of programs available for residents. The organizations boast excellent attendance and job placement outcomes for those that complete the training. Conversations with the Minnesota Workforce Center, Goodwill Easter Seals and Twin Cities Rise reinforced the importance of soft skills training, vocational training and connections between education and employment.\(^4\) Recommendations from those interviews included creating stronger ties between locally trained residents and local businesses through job counselors, hiring events and advertising for jobs in the neighborhood.

---


\(^4\) Interviews conducted in March, 2012
CREATING GOOD JOBS
The greatest challenge for economic developers is how to create good, quality jobs. Finding jobs that pay enough to support a family is not as easy as it used to be. The economy has become increasingly divided between high-paying, high-skill jobs and low-paying service industry jobs. What can be done to bridge this gap and help people access quality work that can support a family?

A broad category of strategies, called “sectoral strategies,” seek to address this problem. There are two main features of a sectoral strategy. First, there must be a focus on the specific industries, or cluster of industries, that make a region strong. Second, work must be done to make sure people have the skills those industries need. This requires credible organizations to make the connection between business needs on one hand, and the needs of low-income workers on the other. The aim is to build a bridge to high-paying jobs while at the same time helping strong regional industries succeed. In theory, when strong industries succeed they create even more good-paying jobs for people. This is the essence of what is known as “high-road” economic development.

There are many ways to improve the connection between strong regional industries and low-income workers, but the Wisconsin Regional Training Partnership is one model to consider. WRTP began by making connections with manufacturing employers, workforce development agencies, technical colleges, faith-based organizations and other community services to develop a supportive network. WRTP then created a training program to meet the needs of manufacturers. The program was successful enough that employers in other industries came to them to develop training programs and partnerships, and now performs training in twelve career paths. Over 4,000 workers have been placed since 1992. In 2006, 61% of placements were black while another 9% were Latino.

The lesson of sectoral strategies is that economic development should not only focus on bringing jobs into a neighborhood. Work can also be done to build better connections between a neighborhood and the regional economy. This is not easy, but the advantage is that it creates lasting change in the labor market which will benefit both business and low-income workers in the long-run. Strategies such as these are highly recommended for long-term benefit of the Promise Neighborhood.

BUILDING COMMUNITY WEALTH
After decades of disinvestment in low-income communities, workers have had little opportunity to build up enough wealth to help them navigate the ups and downs of the economy. Community wealth building strategies strive to draw more money into an area by increasing personal wealth and assets, creating of locally-owned and shared resources, and leveraging funds that benefit the entire community. This in turn helps to stabilize local economies.

5 See (Conway, 2007) and (International Economic Development Council, March 2010)
6 (Vidal, 2009)
There are several models that help local communities build wealth. The most notable is the cooperative model, such as the Evergreen Cooperatives in Cleveland, OH. Foundations and other regional partners were successful in creating several “green” businesses in inner-city neighborhoods. The businesses are supported by partnerships with strong regional “anchor institutions,” like hospitals. These businesses are run for-profit but owned by workers. The jobs created are living-wage with benefits, and because they are owned by workers the profits go into capital accounts to help workers build additional wealth. Moreover, after discussions with LISC and Nexus Community Partners, we discovered several community groups in the Twin Cities are interested in exploring the potential impact of this model in local neighborhoods. For example, pilot projects based on the Evergreen Co-op may result from the “Eds and Meds” initiative funded by the McKnight Foundation.

The community equity shares model is designed to support communities as they experience changes in development or land use. Through this model, it is possible for residents in the area of a proposed development to purchase shares in that development, like they would buy shares of a business on the stock market. Residents can use those shares for participation in the decision making process of that development. Also, instead of being hurt by rising land values they share in the profits which helps residents remain in their homes. This participation allows residents to exert their power in common and create more equitable outcomes. Market Creek Plaza in San Diego is a notable example of this model.

**BARRIERS TO EMPLOYMENT**

There were a number of barriers to employment identified by stakeholders and community members in our interviews. The most common barrier identified was the difficulty of getting a job with a criminal record. Other barriers noted were lack of access to childcare and appropriate transportation. There are also a number of residents who speak English as a second language, which could contribute to the difficulty of finding employment. While overcoming barriers to employment was not directly studied in our research, implementing our recommended strategies can play a role in helping citizens move beyond the barriers.

---

7 (Chang, 2010)
8 (Thao & Gardella, 2012)
ANALYSIS

From our interviews with local service providers, we discovered that there are already a number of fine organizations that provide service the Promise Neighborhood. We also heard during interviews that coordination could be increased between these organizations to ensure the best service to residents. We believe that the Promise Neighborhood is well-situated to provide this service. It can act as a convening organization that brings together social service agencies, local businesses and neighborhood groups as it looks at ways to better the area. Through meetings, workshops, happy hours and e-mail list serves, community groups can be better acquainted with one another and in-tune to the happenings of the Promise Neighborhood. Wilder is already well on its way to fulfilling this idea with its Communities of Practice meetings. This coordinating role is outlined further in our Recommendations section at the end of the paper.

A menu of economic and workforce development strategies were compiled as a result of our interviews, literature review and internet research. The strategies were initially sorted into two categories; one category for those that had a primary impact at the neighborhood level and another for the household level. We sorted the strategies in this way for comparison purposes. For example, it is difficult to compare community equity shares to vocational training as they have different goals. We also wanted to be sure to have a good mix of strategies represented so a variety of service providers could benefit from our final recommendations. Below are the strategies we considered.

<table>
<thead>
<tr>
<th>Neighborhood Level</th>
<th>Household Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans/Technical Support</td>
<td>Vocational Training</td>
</tr>
<tr>
<td>Entrepreneur Development</td>
<td>Soft Skills Training</td>
</tr>
<tr>
<td>Community Benefit Agreements</td>
<td>Community Hiring Events</td>
</tr>
<tr>
<td>Jobs Central</td>
<td>Local Workforce Coordinators</td>
</tr>
<tr>
<td>Eds and Meds</td>
<td>Advertising in the Neighborhood</td>
</tr>
<tr>
<td>Cooperatives</td>
<td>Commercial Land Trusts</td>
</tr>
</tbody>
</table>

Community Equity Shares

We prioritized strategies that were comparatively low-cost and quickly implemented. The cost of each strategy was the strongest consideration of our analysis. In a time of scarce resources, it is important to establish a strong base on which to build. Successfully implementing low-cost strategies may allow the Promise Neighborhood to leverage additional resources for economic development in the future. The length of time each strategy would take to implement was also an important consideration in our rankings. We prioritized strategies that could be implemented within a year. It is known that residents in the Promise Neighborhood feel that they rarely see the results of the promises or programs that they hear about. It is vital that economic development initiatives in the area show quick and tangible impacts.
In certain cases, long-term strategies are recommended if there is enough evidence to support valuable, sustainable improvements for the neighborhood—especially if partnerships could be made with organizations who were already pursuing those strategies.

RESULTS

As can be seen from the graphic below [Figure 1], community benefit agreements, community hiring events, local workforce coordination, advertising in the neighborhood and Jobs Central are recommended based upon the low costs associated with implementation. Eds and Meds and cooperatives are recommended even though they do not meet the cost and time criteria. They are prioritized because there is potential to partner with Eds and Meds, which is already working on a strategy that may develop pilot projects, including the creation of cooperatives. These two strategies, along with Jobs Central, have the largest projected impact on the neighborhood.

Each of the strategies we recommend will be outlined in greater detail in the section below: Recommended Strategies. More information on the strategies we did not recommended can be found in the appendix.
Figure 1: Strategies by Cost and Time. Strategies in green represent those we recommend be explored further by the Promise Neighborhood Advisory Board.

- Loans/technical support
- Entrepreneur development
- Soft skills training
- Vocational training

- Community equity shares
- Eds and Meds
- Cooperatives
- Commercial land trust

- Community hiring events
- Local workforce coordinators
- Marketing in the neighborhood
- Jobs Central

- Community benefit agreements
# RECOMMENDED STRATEGIES

## 1. Local Workforce Coordination

This strategy involves hiring Local Job Counselors to act as connectors between local jobs and local residents. The counselors would be constantly looking for job opportunities in the neighborhood and pursue local marketing techniques to connect the employer to a great local candidate. It would involve a lot of door-knocking and relationship-building with businesses and residents. Special emphasis would be placed on creating bonds between those with criminal backgrounds and local businesses that may be willing to give those with charges a chance at employment. It would be smart to coordinate with Goodwill Easter Seals. They have a tremendous background in job counseling and are the originator of this idea.⁹

<table>
<thead>
<tr>
<th>Positives</th>
<th>Drawbacks</th>
<th>Time</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Job counselors can act as a bridge to local jobs</td>
<td>• Most businesses want the best candidate, and usually do not care where they come from</td>
<td>• Strategizing and raising funding is time consuming</td>
<td>• Hiring counselors would be relatively expensive if it involved new office space. If one takes into account salary, office space, benefits and materials it would run over $200,000.</td>
</tr>
<tr>
<td>• Internet postings that many would not see can be delivered through a counselor</td>
<td>• Requires buy-in from businesses</td>
<td>• Once job counselor is funded, the strategy will work quickly</td>
<td>• We recommend adding the counselor into an already existing agency, such as Goodwill, which would drive costs down</td>
</tr>
<tr>
<td>• Personal and grassroots</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• This strategy can be very effective if the right employees are hired to do the job counseling</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Impact

The results at a household level would be immediate and significant. At a neighborhood level, the improvements would be slow and incremental.

---

⁹ Meeting with Goodwill Easter Seals, March 2012
2. Community Hiring Events

This strategy involves holding hiring events at prominent locations in the Promise Neighborhood. Local businesses are contacted about the events and invited to attend. Marketing takes place locally in the form of flyers, door knocking, advertising in prominent locations and holding the events in the neighborhood. Potential locations include churches, the Rondo Library, the Hubbs Center or Frogtown Square. Interviews, social networking and career discussions would occur. It is expected that the Minnesota Workforce Center would have an interest in this opportunity.

<table>
<thead>
<tr>
<th>Positives</th>
<th>Drawbacks</th>
<th>Time</th>
<th>Cost</th>
</tr>
</thead>
</table>
| • Provides opportunities for employers and local residents to meet face to face  
• Encourages local hiring without regulation or force  
• Easy to create within a few months  
• Could facilitate partnerships in the community | • No guarantee of employment or that participants will be local  
• Often attracts large stores or chains that rarely do on-site hiring  
• Most employers require follow up in the form of an online application | • Can be implemented quickly | • Very inexpensive to put together. It would take some hours of work time from local workforce developers |

Impact

It is likely that a few more people would be hired as a result of this strategy; thus, it would have a large impact on a number of households. However, these events would probably not have a large impact on the Promise Neighborhood as a whole.
3. Advertising in the Neighborhood

This strategy involves encouraging businesses to market their openings locally through means such as flyers, want ads in local newspapers and signs for people walking by on the streets. The local marketing pieces could be posted at churches, libraries and other community centers throughout the Promise Neighborhood. The cost of the materials would come from the business itself or local community organizations.

<table>
<thead>
<tr>
<th>Positives</th>
<th>Drawbacks</th>
<th>Time</th>
<th>Cost</th>
</tr>
</thead>
</table>
| • Allows local residents without internet access to see openings | • No guarantee that local marketing leads to local hiring  
• Requires buy-in from local businesses | • Very little time needed | • It would take very little money to advertise locally and push businesses to use this strategy |

**Impact**

This strategy alone would likely have limited impact at the neighborhood and household level, but is important to support other strategies such as community hiring events and local workforce coordinators.
4. Community Benefit Agreements

To use community benefit agreements, community organizations enter into contractual agreements with developers. The agreements help ensure new development brings measurable improvements to the neighborhoods where development occurs. Contracts can be between community groups and private developers, but usually involve local governments as well, especially if public funding is being used for the project. Often, community benefit agreements require developers and contractors provide certain benefits specific to the needs of the neighborhood. Benefits can include local hiring provisions, living wages, apprentice programs, space for local businesses, and green building requirements.

<table>
<thead>
<tr>
<th>Positives</th>
<th>Drawbacks</th>
<th>Time</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Ensures positive economic development impact on neighborhood</td>
<td>• Requires organized residents and groups with negotiating skills</td>
<td>• Lengthy process to train residents to use agreements</td>
<td>• Training, staff and legal costs would be the costs incurred</td>
</tr>
<tr>
<td>• Builds capacity and collaboration among residents and organizations</td>
<td>• Ideally include clawback provisions which are difficult to negotiate, monitor and enforce</td>
<td>• Construction related jobs will not have lasting impact</td>
<td></td>
</tr>
<tr>
<td>• Increases transparency and inclusiveness in the development process</td>
<td>• Requires development to occur in neighborhood</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Impact**

Impact at the neighborhood level can be significant, as residents negotiate for the outcomes they most want to see from development.

**Additional Resources**

- The Federal Reserve Bank of Minneapolis - http://www.minneapolisfed.org/publications_papers/pub_display.cfm?id=1881

---

10 (Gerber, 2007)
11 (Gross, LeRoy, & Janis-Aparicio, 2005)
12 (Gross, LeRoy, & Janis-Aparicio, 2005)
5. Eds and Meds

We highly recommend connecting with the Eds and Meds initiative. Eds and Meds is a type of “sectoral strategy” (see “creating good jobs” section above) that seeks to connect the nine hospitals and seven colleges along the Central Corridor Light Rail to low-income neighborhoods. Hospitals and schools are known as “anchor institutions,” and tend be major contributors to inner-city economies. The initiative has begun meeting with all the major anchor institutions and is presently working on ways to take their collective purchasing power and aim it at local sources. Pilot projects based on the Evergreen Cooperative model may result from these initial meetings. This represents a major opportunity for the Promise Neighborhood, who should be at the table to attract any potential pilot projects to the neighborhood.

<table>
<thead>
<tr>
<th>Positives</th>
<th>Drawbacks</th>
<th>Time</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Research and implementation is already underway</td>
<td>• Timeframe for partnerships might be limited</td>
<td>• Much of the work has already been done</td>
<td>• Eds and Meds is currently funded by the McKnight Foundation</td>
</tr>
<tr>
<td>• Potential to locate pilot projects in the neighborhood</td>
<td>• May need funding to implement projects in the neighborhood</td>
<td></td>
<td>• Promising initiatives may require significant additional cost</td>
</tr>
</tbody>
</table>

**Impacts**

Impact of this strategy is potentially very large at the neighborhood level. New businesses may be created that are worker-owned.

**Additional Resources**

Eds and Meds presentation
Eds and Meds Contact: Ellen Watters, 651-280-1480 ellen@civicsource.com

---

13 (Porter, 2008), (Harkavy & Zukerman, August 1999), (Adams, 2003)
6. Jobs Central

It is highly recommended that the Promise Neighborhood work with Jobs Central as they begin a new initiative. Jobs Central is another “sectoral strategy” funded by the “Corridors of Opportunity” grant through the Metropolitan Council. The focus of the initiative is on five occupations that are projected to grow over the next ten years, four of which are in the medical field.

Jobs Central has also selected four neighborhoods with high employment need to connect with jobs -- two of which are in the Promise Neighborhood (Frogtown/Thomas Dale and Summit-University.) They have begun interfacing with employers and will soon begin developing partnerships with neighborhood organizations. They will be in contact with local representatives in the near future.

<table>
<thead>
<tr>
<th>Positives</th>
<th>Drawbacks</th>
<th>Time</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Fully funded</td>
<td>• May need additional support after grant</td>
<td>• Can be implemented quickly</td>
<td>• Cost is low for the Promise Neighborhood</td>
</tr>
<tr>
<td>• Data work, employer interface and coordination is already complete</td>
<td>funding expires</td>
<td>once partnership is made</td>
<td>Funded by federal grant</td>
</tr>
<tr>
<td>• Focus on Promise Neighborhood</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Impact

The impact is potentially very high, as Jobs Central is a new initiative with its own funding source.

Additional Resources

**Jobs Central Contact:** Janet M. Guthrie, 651-266-8021  janet.guthrie@co.ramsey.mn.us
7. Evergreen Cooperatives

In 2009, the Evergreen Cooperative Laundry and Cooperative Solar were launched in Cleveland, Ohio. These employee-owned, for-profit and locally based enterprises strive to build community wealth by strategically harnessing the energy of anchor institutions. The Cooperative Laundry employs 21 local residents, has annual revenue of $1.1 million and employees make at least $10.50 an hour plus benefits with no cost to the employee. After 8 years of employment with the Cooperative, employees will have accumulated at least $65,000 in personal capital accounts. The Solar Cooperative has experienced even greater success with 25 employees and annual revenue of $1.3 million. In 2011, the Green City Growers began, expecting to employ 40 residents on 10 acres of urban farm land in Cleveland.\(^{14}\)

<table>
<thead>
<tr>
<th>Positives</th>
<th>Drawbacks</th>
<th>Time</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Builds community wealth</td>
<td>• Difficult to secure large contracts</td>
<td>• Lengthy implementation and impact</td>
<td>• Requires significant upfront cost</td>
</tr>
<tr>
<td>• Provides financial and job training</td>
<td>• Requires strong coordination and foundational support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Place-based model</td>
<td>• Top-down model</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Impact**

Impact on the neighborhood is significant. Worker-owners will have increased economic status and wealth. The neighborhood would also benefit from the leadership skills attained through the model.

**Additional Resources**

- [The Evergreen Cooperative Toolkit](#)
RECOMMENDATIONS

Our research was broad in scope and surveyed the landscape of economic development strategies across many sectors. A number of new ideas and quality strategies emerged during the process, but the following three-pronged approach proved to be the most comprehensive and appropriate for Wilder and the Promise Neighborhood.

COORDINATE EXISTING SERVICES
The Promise Neighborhood can serve a useful role in coordinating services for residents in the neighborhood. There are a number of organizations providing great services in the neighborhood, but some expressed the desire to increase the level of communication and coordination. This could include publishing a master list of service providers and contact names, creating informal get-togethers or using regular meetings to keep everyone updated on what’s happening in the area. Engagement with service providers and the community should be prioritized to develop buy-in. All service providers should know how they fit into the larger Promise Neighborhood, and know who to refer someone to if they are not best equipped to meet their needs. If a large coalition can be formed, it may improve chances to secure funding in the future.

Economic development is not the only element necessary to move residents out of poverty and create a stable household for youth to develop and prosper. Other factors include housing, transportation, education, and childcare. It is important that economic development strategies are complemented with additional resources that address these other issues to increase their success. Expanding on recommendations from the Solution Action Groups, central service “hubs” should be created to cover a variety of services and include economic development resources.\(^\text{15}\) This can help ensure access to and awareness of available resources by residents and service providers in the neighborhood.

PRIORITIZE LOW-COST, QUICKLY-IMPLEMENTED STRATEGIES
Establish low-cost, neighborhood-based strategies. We recommend implementing or digging deeper into the seven strategies listed in the previous pages. Neighborhood marketing and hiring events, local workforce coordination and the establishment of community benefit agreements are immediate ways to encourage local economic development.

CONNECT WITH REGIONAL PARTNERS
Jobs Central and Eds and Meds have their own funding and are working to build relationships with local employers. Help ensure these programs meet the needs of the neighborhood. Advocate for the placement of pilot projects in the neighborhood--the Promise Neighborhood cannot let these opportunities pass. Find funding for promising initiatives. Coordinate their efforts with neighborhood

\(^{15}\) (Saint Paul Promise Neighborhood Solution Action Groups, 2011)
service providers to ensure speedy implementation. Think regionally and locally at the same time. Enhance linkages to the regional economy. Grow good jobs.
APPENDIX
Additional Strategies

Subsidy of Local Commercial Rents

This strategy for local economic development includes leasing out commercial space at below market rents for local businesses. This can take the form of a Commercial Land Trust, or a local economic developer may choose to purchase and control the space while making it affordable for its tenants. This strategy allows a local nonprofit to facilitate economic development in a way that encourages local entrepreneurs and businesses. Model Cities currently uses this model in the Promise Neighborhood.

<table>
<thead>
<tr>
<th>Positives</th>
<th>Drawbacks</th>
<th>Time</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Includes local input and control of local economy</td>
<td>• Risky</td>
<td>• It can take years to get a business subsidy program running and functioning well</td>
<td>• Very high cost considering how much support it would take to support relatively few households</td>
</tr>
<tr>
<td>• Can include a small business incubator</td>
<td>• Nonprofits may become too attached to businesses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Thriving local businesses can go a long way in revitalizing a neighborhood</td>
<td>• Businesses do not feel the same ownership</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 60% of businesses die in the first two years</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Requires experience</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Buildings and/or land is expensive along Central Corridor</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Impact

Impact can spread beyond business owners because most entrepreneurs hire friends, relatives and local residents. At the household level, it can create great gains. At the neighborhood level, this strategy would take a lot of work to see widespread improvements.

Additional Resources

- “Community Land Trusts and Commercial Properties” – Written by Emily Brown and Ted Ranney for the Atlanta Land Trust Collaborative
- National Community Land Trust Network
Soft Skills Training

Certain skills are necessary to succeed in today’s economy. Defined by the Department of Labor, soft skills include: professional work ethic, oral and written communication, team work and collaboration skills, and critical thinking or problem solving skills. Additionally, computer skills are important. Soft skills training means training residents who may not have developed these skills to become effective job candidates and employees. Current organizations providing these services and trainings in St Paul are Goodwill Easter Seals and Twin Cities Rise.

<table>
<thead>
<tr>
<th>Positives</th>
<th>Drawbacks</th>
<th>Time</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>• People who are responsive to soft skills training will have the skills for life and be more successful in being active in the workplace; both by finding jobs and keeping them</td>
<td>• People need to be motivated to take advantage of the soft skills trainings provided to them</td>
<td>• It can take a long time to successfully develop soft skills; for example, Twin Cities Rise requires their clients to work with them for one year</td>
<td>• Training each individual in all of the necessary skills requires a lot of investment, both by the trainers and the individuals, it can be costly to provide such individualized trainings</td>
</tr>
<tr>
<td>• People that take advantage of these trainings and acquire these skills will be one step ahead of those who do not have them</td>
<td>• People need to be willing to invest in the trainings and their future</td>
<td></td>
<td>• Most training programs come at little to no cost for the trainee</td>
</tr>
</tbody>
</table>

Impacts

The impact on the neighborhood as a whole will be fairly low for soft skills training; however, impacting individual households can be very high when citizens are responsive to the training and become successful in the workplace. As residents in the neighborhood see a positive impact on the household, the positive effect could spill over to the neighborhood.

Additional Resources

Twin Cities Rise Core Program: [http://twincitiesrise.org/the-program/core-program.html](http://twincitiesrise.org/the-program/core-program.html)

---

16 (Office of Disability Employment Policy)
Vocational Coordination

This strategy involves training unemployed people in various careers and providing them with certification or credentialing at the end of their education. Generally, vocational training is less than two years and is done in a variety of settings and for a range of careers. For those in the Promise Neighborhood, focusing on training those with criminal backgrounds would be essential for creating neighborhood change. This is already being done by many businesses close to the Promise Neighborhood. Surveying the workforce centers, Vocation Rehabilitation Counselors, Twin Cities Rise, Lifetrack Resources and Goodwill will inform how Wilder can support these efforts.

<table>
<thead>
<tr>
<th>Positives</th>
<th>Drawbacks</th>
<th>Time</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>• New jobs for those who complete the training</td>
<td>• Outcomes drop during economic downturns</td>
<td>• Significant investment</td>
<td>• Cost intensive; training facilities, staff, and resources</td>
</tr>
<tr>
<td>• Training also acts as an introduction to scheduled lifestyles by establishing routines</td>
<td>• Does not guarantee residents will stay in neighborhood</td>
<td>• Programs can take 6-24 months</td>
<td>• Some programs cost money for trainees</td>
</tr>
</tbody>
</table>

Impact

At the household level, there is high impact from poverty to full employment. At the neighborhood level the impact is incremental and slow.
Community Equity Shares

The Market Creek Plaza shopping center in San Diego is an example of a nonprofit based development designed to benefit residents through monetary investment and participation. Residents were offered 50,000 shares at $10 a share with a minimum purchase of $200. Since 1998, 120 residents have been part of Market Creek Partners, a community development limited liability company, and have been able to share the risks and rewards of local development.\(^ {17}\) Today Market Creek Plaza is a $45 million commercial enterprise, making distributions to investors at about an 8-10% return.\(^ {18}\) Additionally, at $29 million, the project required significant capitalization by the Neighborhood Unity Foundation.

<table>
<thead>
<tr>
<th>Positives</th>
<th>Drawbacks</th>
<th>Time</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Promotes community ownership</td>
<td>• Trade-off for residents between shares that may have future returns and immediate needs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Provides an avenue for residents to participate in local projects</td>
<td>• Market Creek Plaza is home to national chains and money leaves the community</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Builds equity and wealth</td>
<td>• Development risk is on residents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Encourages financial education</td>
<td>• Time consuming because of fundraising and outreach necessary</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Requires significant foundational support and capitalization</td>
</tr>
</tbody>
</table>

Impact

The impact on households could be significant if the development is successful. On the neighborhood level, there would likely be a great impact because of jobs and community wealth.

Additional Resources

Policy Link - [http://www.policylink.org/site/c.lkIXLbMNJrE/b.5160109/k.BE43/San_Diego_Market_Creek_Plaza.htm](http://www.policylink.org/site/c.lkIXLbMNJrE/b.5160109/k.BE43/San_Diego_Market_Creek_Plaza.htm)

---

\(^{17}\) (Market Creek Plaza)  
\(^{18}\) (Nichols, Speed, & Wiger, 2012)
Entrepreneurial Development

Entrepreneur development programs encourage and provide training to local entrepreneurs or citizens looking to start up their own business. There are many challenges to the strategy, including the fact that most new businesses do not survive the first year, but it remains part of the solution for growing good jobs. In the St. Paul Promise Neighborhood, organizations such as Neighborhood Development Center and the MN Workforce Center provide trainings and seminars on local entrepreneur development.

<table>
<thead>
<tr>
<th>Positives</th>
<th>Drawbacks</th>
<th>Time</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Local entrepreneurs have a support base to help them create local businesses and thrive in their community</td>
<td>• Entrepreneurs often need a lot of support in starting a business</td>
<td>• Time is needed to develop the necessary skills</td>
<td>• It does not cost too much to train people in entrepreneur development</td>
</tr>
<tr>
<td></td>
<td>• It is hard to find funding to subsidize entrepreneurs and their new businesses</td>
<td>• Time is needed for the business to be successful</td>
<td>• The cost comes for the entrepreneur when he/she decides to start his/her business</td>
</tr>
<tr>
<td></td>
<td>• New businesses have a high rate of failure</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Impact

If the local entrepreneurs are able to take their newfound skills and create local businesses within their communities, the neighborhood will see a very positive impact with a flourishing local economy. The impact to the household can be great if the entrepreneur is successful.

Additional Resources

Neighborhood Development Center’s Entrepreneur Training Program: [http://www.ndc-mn.org/training](http://www.ndc-mn.org/training)
St. Paul SCORE: [http://www.score-stpaul.org](http://www.score-stpaul.org)
Loans and Technical Support for Businesses

Multiple programs currently in place offer technical support and loans to local businesses. Technical support could be anything from marketing to budgeting, website development to building and parking improvements. Current entities providing these programs include the City of Saint Paul, Neighborhood Development Center, and SPARC. SPARC provides both technical support and loans to small businesses. The City of Saint Paul has a Neighborhood Sales Tax Revitalization (STAR) program that is funded with 50% of sales tax proceeds. NDC assists businesses with technical support to strengthen their businesses.

Currently, with the construction of CCLRT, forgivable loans are being distributed by NDC to businesses that qualify. Additionally, there are parking improvement forgivable loans available at the City of St. Paul. The money is given in terms of forgivable loans as opposed to grants so that current businesses stay in the area. Some forgivable loans have a 5-year forgiveness period, others up to seven years.

<table>
<thead>
<tr>
<th>Positives</th>
<th>Drawbacks</th>
<th>Time</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Small businesses can strengthen their business at low cost</td>
<td>• Require significant funding</td>
<td>• Slow for loans</td>
<td>• High cost for providers such as non-profit entities</td>
</tr>
<tr>
<td>• Provides incentive to stay in Promise Neighborhood</td>
<td>• Businesses may not have time or capacity to apply for available assistance.</td>
<td>• Technical assistance is quick and has short implementation time</td>
<td>• Initial cost to business is typically minimal</td>
</tr>
</tbody>
</table>

Impact

There would be a positive impact on the neighborhood because it keeps local businesses thriving.

Additional Resources

Business Support Services found on the Ready for Rail Website: [http://www.readyforrail.net/contact-us](http://www.readyforrail.net/contact-us)
SPARC: [http://www.sparcweb.org/programs_000.html](http://www.sparcweb.org/programs_000.html) (only services some of the PN region)
WORKS CITED


Bezdek, B. L. (2009). *Putting Community Equity in Community Development: Resident Equity Participation in Urban Redevelopment*. Baltimore, MD: University of Maryland Francis King Carey School of Law.


