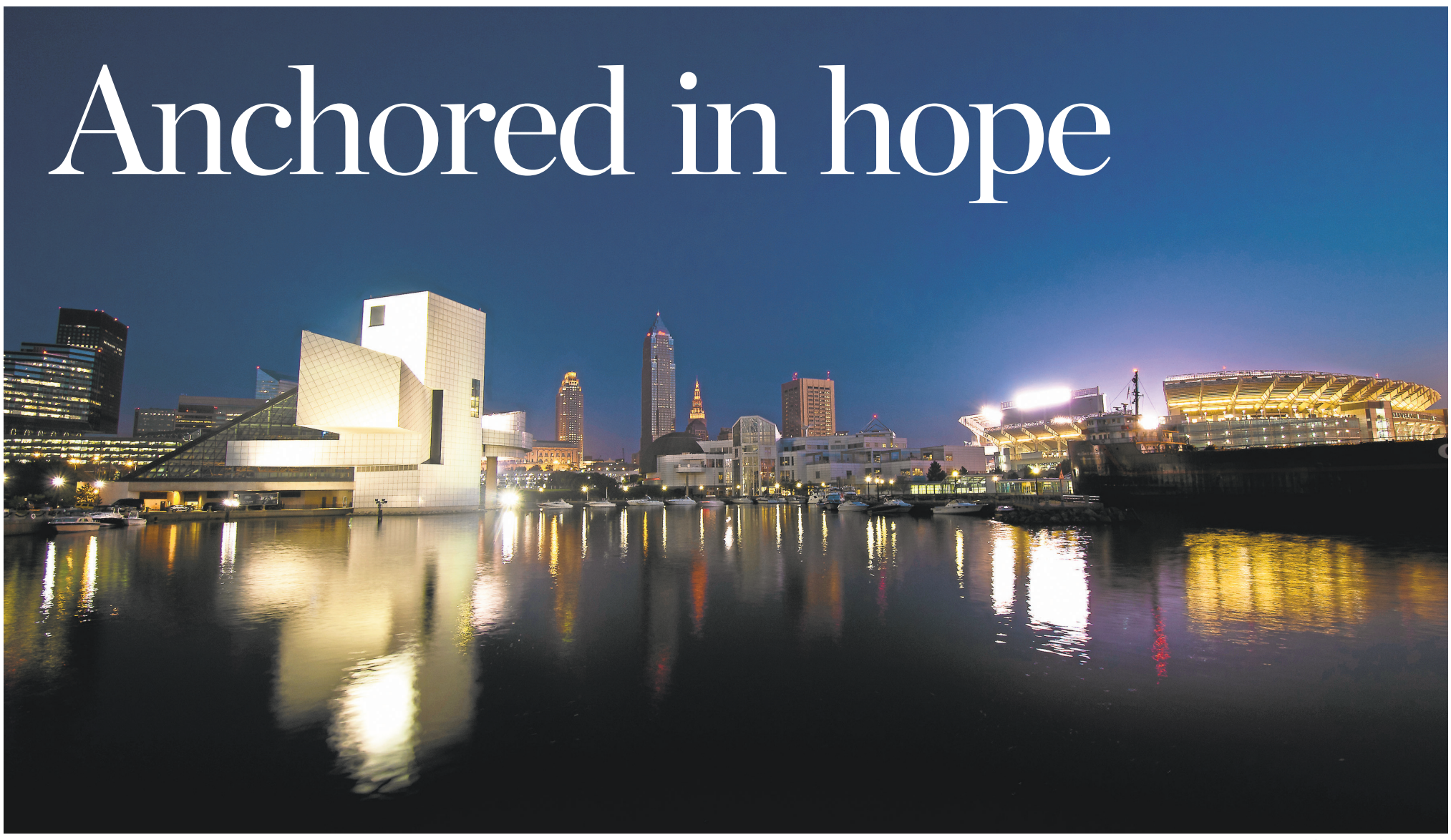
Anchored in hope



POSITIVELY CLEVELAND

How Toronto can learn from Cleveland's journey back from the brink

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If you've ever imagined a worst-case scenario for Toronto, it probably looks something like this: a burst housing bubble, massive job losses, crumbling roads, rapid economic decline and spiralling inequality.

That's the nightmare that Cleveland has already lived in spectacular style.

The silver lining? It survived, thanks in part to an ambitious undertaking known as the anchor mission, which harnesses the massive spending power of a city's so-called "anchor" institutions, such as universities and hospitals, to keep business and opportunity closer to home.

Think of it as a live, buy and hire local project on a grand scale.

The strategy has been so successful at reviving the Rust Belt town, now affectionately known as Comeback City, that Toronto is taking notice.

The city has begun a yearlong partnership with leaders at some of Toronto's largest public employers to explore what an anchor mission might look like in a Canadian context.

"People had all these big dreams," says Denise Andrea Campbell, director of social policy for the City of Toronto, who is heading up the city's efforts. "I was very inspired by that."

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During the mid-1800s, Cleveland came into its own as a manufacturing powerhouse, attracting business magnates such as John D. Rockefeller, who built flashy mansions along Euclid Ave.

A century later, the street once known as Millionaire's Row found itself flooded with foreclosed homes and abandoned businesses, symptoms of broader social and economic turmoil.

Between 1980 and 2005, the city lost more than 100,000 manufacturing jobs. Its population dropped by more than 50 per cent as predominantly white residents fled to the suburbs, leaving a core of economically marginalized African-American communities.

By 2003, the U.S. Census Bureau had declared Cleveland to be the poorest big city in America.

But Euclid Ave. still had one thing going for it: it was home to some of the city's finest anchor institutions, including Case Western Reserve University and two of the nation's best hospitals: the Cleveland Clinic and University Hospitals.

The hospitals alone represented the region's two biggest employers, and had $3 billion (U.S.) worth of spending projects planned.

Evidently, wealth remained. The question was how to harness it.

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Anchor institutions, by definition, are those that are unlikely to leave the city, have significant resources and require a large workforce. The most common examples are universities, hospitals and other publicly oriented employers.

The anchor strategy is built on the premise that these institutions, by virtue of their economic heft and permanence, are uniquely placed to pump money into local economies through conscientious spending and hiring decisions.

SARA MOJTEHEDZADEH PHOTOS/TORONTO STAR

"We need people who genuinely care. It's a spiritual thing that has to happen," says Gwendolyn Garth, artist-in-residence at the non-profit Neighborhood Connections and long-time resident of the low-income communities surrounding Cleveland's hospitals and university.

"This wasn't about charity, but how we could create a win-win for the anchors and the neighbourhoods," says India Pierce Lee, who has helped co-ordinate Cleveland's anchor strategy.

Sharon Kaiser, 28, works at Evergreen Cooperative Laundry, one of three worker-owned co-operative businesses established to provide living-wage jobs with benefits to 120 low-income residents.

With Cleveland, as is the case with most schools and hospitals across North America, it was common practice for its anchors to award contracts to the lowest bidder, and to buy goods and services with little regard for anything but cost.

Critics argued that the approach did little to support local jobs and businesses, which was ultimately self-defeating. Even the most prestigious establishments, they said, could not thrive if the communities surrounding them were failing.

"This wasn't about charity, but how we could create a win-win for both the anchors and the neighbourhoods," says India Pierce Lee of the Cleveland Foundation, the city's influential philanthropic body.

The community-oriented foundation served as a neutral convenor between rival institutions, convincing them to support a new, expansive project to redirect spending. Its goals included greater efforts to buy and hire locally, investments in local infrastructure and community engagement.

Independent evaluations show that the city's anchors now buy about a quarter of all goods and services from the surrounding area. At University Hospitals, any purchase greater than $20,000 must include at least one bid from a local, minority-owned business, and lucrative long-term contracts are now conditional on firms relocating part of their operations locally.

The anchors have also expanded efforts to employ neighbourhood residents, originally aiming for 500 new hires by 2022. They have already far exceeded that goal, hiring 539 locals in 2013 alone.

Along with the Cleveland Foundation and the City of Cleveland, the anchors also invested in a new rapid transit system, converted abandoned warehouses into business incubators, and created a workforce development centre to train underemployed locals for health-care jobs.

Mary-Beth Levine, vice-president of resource management at University Hospitals, says the strategy makes both moral and business sense.

"This matters to the people that we hire, particularly the new generation."

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eZ Exchange convenience store sits in a bare plaza on the edges of the low-income Hough neighbourhood. Inside, customers shake their heads when asked if the nearby hospitals benefit locals.

Instead, many worry that their expansion is pushing out the surrounding African-American population.

"They call that business," snorts one local resident.

Cleveland's anchors may be taking transformation seriously, but overcoming deep-rooted distrust is hard.

"It's kind of like, how do you eat an elephant one bite at a time," says Danielle Price, who works for the non-profit community-building group Neighborhood Connections.

Price's organization, funded by the Cleveland Foundation, is a vital partner in the city's anchor strategy. In addition to providing grants for local community projects, it communicates local residents' aspirations to anchor executives.

Gwendolyn Garth has lived within a stone's throw of these institutions her entire life. Real change, she argues, requires a strong partnership with those still confronting a history of exclusion.

"We need people who genuinely care," she says of the city's leaders. "It's a spiritual thing that has to happen."

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Although concerns about gentrification remain, those spearheading Cleveland's anchor strategy seem finely attuned to it.

"I think people came to a realization that, for Cleveland to ever totally excel, then everyone has to participate in our economy," says Tracey Nichols, director of the City of Cleveland's department of economic development.

To that end, the city's anchor initiative brought on the non-profit Democracy Collaborative to design and launch three worker-owned co-operative businesses to provide living-wage jobs with benefits to 120 low-income residents.

The co-ops provide in-demand services to nearby anchors and other clients. Its workers can opt in to an affordable housing program that provides low-cost mortgages on four- and five-year terms, and generally come from neighbourhoods with median incomes of $18,500 or less.

"We give everybody a shot," says Sharon Kaiser, 28, who works at the Evergreen Co-operative Laundry. "Why not? There's got to be second chances."

Green City Growers, the newest of the three co-operatives, is particularly symbolic of Cleveland's efforts to reinvent its so-called Rust Belt image. Located in one of Cleveland's poorest areas on land that once housed an abandoned school, the co-op is now the country's largest urban hydroponic greenhouse, employing some 30 locals.

In communities facing an unemployment rate of 24 per cent, these numbers are still a drop in the bucket. Even the strongest advocates for Cleveland's anchor strategy acknowledge that progress will need a lot of patience.

"I think it's showing results," says Ziona Austrian, a professor at Cleveland State University who leads the yearly evaluations of the anchor project.

"The thing is, the problems here are so deep. It's definitely affecting hundreds of people. Is it affecting 50,000 people? Not yet."

But the appeal of the city's mission lies in slowly building a new precedent: one where community, not just cost, informs business decisions.

For Gwendolyn Garth, who is now artist-in-residence at Neighbourhood Connections, having a voice in that process is half the battle.

"That's why I like it here," she says. "It's full of hope."

U.S. city's economic strategy is beginning to take hold here

Few cities have felt social division and economic decline quite as deeply as Cleveland.

So it's all the more distressing that many of the factors that maimed the once-prosperous city are at play across Ontario — and all of Canada.

Think loss of manufacturing jobs, growing income inequality and austerity budgets.

While anchor strategies have gained traction as a coping mechanism in the U.S., they are still in their infancy north of the border.

Toronto is looking to change that by developing a framework to explore how it might better direct the city's spending power toward local economic development.

The implications could be significant. The City of Toronto spends an average $1.5 billion annually on procurement, and a forthcoming report by the Mowat Centre and Atkinson Foundation suggests that diverting just two per cent of that to local small businesses could pump $30 million into local communities.

"I think the city sees ourselves as an anchor institution," says Denise Andrea Campbell, the city's director of social policy.

Toronto has already started piloting a number of projects to this effect, including one to make contracts more accessible to small, minority-owned vendors.

Separately, anchor-strategy thinking has started to infuse decision-making at institutions such as Ryerson, which recently made it a requirement for companies to source 25 per cent of food locally if they were to win a food management contract at the university.

But Campbell hopes that the city, like Cleveland, can bring together a host of the city's like-minded organizations in a more co-ordinated anchor mission.

"There is a movement, it's just in pockets," she says. "I think part of what we're trying to do is build some coherence."

To that end, she has launched a yearlong "Community of Practice" initiative in partnership with the Atkinson Foundation, an undertaking that involves 21 of the city's largest public employers, including universities, hospitals, transit and housing.

These institutions will meet quarterly to discuss how their spending choices could help the city, and how a broader anchor mission might work.

Ted Howard, who is heavily involved with Cleveland's anchor strategy as executive director of the Democracy Collaborative, recently visited Toronto to share his experience with policy-makers. Campbell and her colleagues are also hoping to make a trip to the so-called Comeback City this year to learn about the "nuts and bolts" of its success first-hand.

In the meantime, Howard is impressed by the work he's seen here so far.

"It was very interesting and very promising," he says. "It could eclipse what's being done in Cleveland."

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