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Growing Together: Linking Regional and Community Development in a Changing Economy
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After civil unrest shook the streets of Los Angeles in 1992, local low-income communities of color enjoyed what Andy Warhol once described as fifteen minutes of fame. The temporary spotlight on the conditions of L.A.'s poor led to a flurry of activity: Rebuild L.A. (RLA) was created to encourage economic activity in the damaged neighborhoods, local community development corporations (CDCs) came together under the Coalition of Neighborhood Developers (CND), and the federal government soon adopted new legislation setting up empowerment zones.

Unfortunately, just as new and interesting models for such development were emerging, Southern California's economy was struggling through both deep structural changes and a slow recovery from a sharp recession. The result was a diversion of policy attention from the problems of the poor and a reduction of the fiscal and other resources needed to tackle the task of neighborhood development. Five years later, RLA has folded, CND has dramatically downsized, and the City of Los Angeles, having failed to obtain an empowerment zone under the legislation prompted by its own riots, is still struggling to define an economic agenda for poorer neighborhoods.

This dismal record is consistent with America's history of policy cycles toward the poor – bursts of attention, such as the War on Poverty or the Model Cities program, followed by years of inaction. But the slippage of the poor from the top of the local agenda also reflects a shift of policymakers' attention toward the challenge of regional economic recovery.

Such a shift was no surprise. The national recession of the early 1990s hit Los Angeles hard. Unemployment reached nearly 10 percent, real estate values plunged, and bankruptcies skyrocketed. County government and business leaders responded with strategies for regional recovery, including a new Regional Comprehensive Plan from the Southern California Association of Governments and a blueprint to develop the transport capacity of the Alameda Corridor, a rail line linking L.A.'s ports to downtown warehousing. Generally left out of such proposals were specific policies aimed at insuring that the benefits of any regional resurgence would be shared with Southern California's poor.

The region could gain from a more productive use of the economic energies of L.A.'s poor. Contrary to popular myth, a significant number of the poor – families of four with incomes below \$16,000, for example – are actually working. Of those households living below the poverty line in Los Angeles County, over half have at least someone working, and the majority are engaged in full-time or nearly full-time work. For those households with incomes between 80 and 120 percent of the federally-defined poverty level, nearly half of the household heads work full or nearly full-time. Incorporating these low-income workers into regional growth plans and emerging industries could contribute mightily to pulling the region out of its economic doldrums.

Why Should the Region Care About the Poor?

With barriers to trade and the flow of capital falling, regional groupings and business clusters, such as the Silicon Valley electronics sector, are now the players in the global economy. Successful regions are often marked by highly collaborative relationships between economic agents. Businesses are closely linked through supply and demand relationships, and public-private sector partnerships are common. Continuing interactions lead to "dense" networks that help a region's competitiveness. The ability to rely on continuing and dependable suppliers, for example, helps firms reduce costs while a high level of trust between economic and social actors allows for consensus on appropriate strategies for growth.

Poverty, however, is clearly a drain on the economic prospects of regions. Inequality and poverty breed distrust and social tension and lower the skill base, or human capital, necessary for a competitive economy. It is little wonder that studies of regional metro areas in the U.S. have found that areas with less income disparity between city and suburb tend to have faster economic growth across the entire metro region.

Yet previous studies have often failed to account for other factors that might affect growth and poverty and tended to ignore the fact that growth itself will lower poverty by raising the demand for labor. Collecting data on 74 metropolitan areas in the U.S., we conducted an econometric study that tackled these methodological problems. Even when we factored in other determinants of growth and the poverty-reducing impact of growth itself, we found that efforts to reduce central city poverty led to an increase in regional income. Doing good and doing well went hand-in-hand for regions.

Community developers and low-income individuals can also benefit from connecting to the larger region, particularly to the emerging sectors of sustainable employment. Across the country, those neighborhoods involved in broad strategic alliances with other partners do better in generating income and resources. Community-based organizations that have understood emerging business clusters and trained their constituents for these new industries are yielding results in employment. And individuals who escape the negative effects of concentrated poverty, who link to a new set of broader networks, tend to earn higher wages regardless of where they eventually choose to live.

A Lack of Outreach

There is a large gap, however, between what regional government and business leaders see as key issues and what leaders in low-income communities identify as primary concerns, particularly in Los Angeles. Beside the L. A. area's deep social and residential divides, there is an institutional distance. The boards of directors of the 40 largest corporations based in Los Angeles are ninety-five percent Anglo. While many in this group of corporate citizens serve on the boards of civic, philanthropic, and voluntary organizations, only about nine percent of all board members list additional affiliations with community-based or youth organizations. They are virtually absent from the boards of organizations on the front lines of community problem-solving.

This distance is reflected in the regional initiatives that have come forward. The Alameda Corridor Initiative, as noted earlier, seeks to connect the ports of Los Angeles and Long Beach with downtown warehousing in order to encourage international trade. Yet worries about whether this project will generate permanent employment in low-income cities and neighborhoods along the Corridor have occasionally resulted in lawsuits that slow the project. The Metropolitan Transportation Authority's subway and light rail plans, totaling up to \$70 billion in spending, have created numerous opportunities for contractors and some possibilities for transit-oriented development. Yet the relative neglect of the immediate mobility needs of the poor, especially those who use the area's overcrowded buses, has led to an equally problematic round of lawsuits and community conflicts.

The Southern California Association of Governments' (SCAG) Regional Comprehensive Plan voices a concern about equity, but the actual planning document devotes a scant number of pages and minimal policy attention to this issue. CALSTART, a consortium formed to develop an electric car industry by applying technological talents left idle by aerospace downsizing, offers a forward-looking vision of industrial evolution. However, the workers targeted for retraining are not often minority and there are few direct linkages to connect people in lower income areas to these jobs.

The notion of "business clusters" has also informed several of the area's economic development efforts, including the New Economy Project launched by the New Vision Business Council and adopted by L.A. Mayor Richard Riordan. The result, however, has been a worrisome willingness to extend favors to "emerging" clusters, including the \$70 million in abatements and relief granted by the City of Los Angeles to the new film studio, Dreamworks SKG, with no requirements that such subsidies translate into employment for local low-income residents.

The shortcomings of these various approaches partly stem from a generally low level of outreach to poorer communities. In interviews with leaders in 10 selected low-income areas in Los Angeles County, many respondents expressed a lack of knowledge about, and connection with, the key policy initiatives. At the same time, these leaders were frequently able to identify the region's key industries and trends, a fact suggesting that they could be willing and enthusiastic partners in the rebuilding of the region.

Where invitations have been extended, community input has made a great difference in the effectiveness and local reception of new initiatives. The Los Angeles Community Development Bank, as it was forming, conducted a round of community meetings to help identify community needs and determine appropriate policy. It is now one of the most popular and well-known initiatives in L.A.'s low-income communities – even though it is just beginning to make significant loans.

Best Performers

The disconnection of Los Angeles can be repaired. Other cities and regions have been able to find common ground, forging policies that blend the priorities of growth and equity. To understand what to learn and from whom, we decided to rank 74 major metro areas in the U.S.

along the dimensions of regional income growth and central city poverty reduction. Twenty-seven of these areas managed to land in what we called the "best" category – above-median growth in income and above-median reduction in central city poverty. Los Angeles, by contrast, was below-median in both categories. Of this latter group, we are one of the better performers, outpacing such dismal competitors as Detroit and Gary, Indiana – but being the "best of the worst" hardly squares with the lofty goals of most Angelenos.

Of the areas that were "best" performers in growth and equity, we decided to conduct case studies of three: the Boston metro area, the San Jose/Santa Clara complex, and the region anchored by Charlotte, North Carolina. This set of cases reflects a range of larger macro-regions (the U.S. Northeast, South, and West) as well as a mix of population demographics: San Jose is closest to L.A.'s multi-hued populace; the Charlotte region is largely biracial; and while Boston itself has a significant minority population, the larger Boston region is predominantly white. Of the regions, Boston was the fastest grower, Charlotte the slowest. Despite the lower growth rate, Charlotte boasted the best performance in poverty reduction; Boston was close behind while San Jose actually saw an increase in central city poverty, albeit at a rate slower than that experienced by most of our sample of 74 regions.

San Jose, as it turns out, has focused on growth. Building on its nimble electronics firms and strong educational base (including a superb group of community colleges), it has been able to craft an extraordinarily successful niche in world markets. The area has also exhibited a high level of regional consciousness, evidenced in part by Joint Venture: Silicon Valley Network, a consortium of business and government leaders. This effort crosses jurisdictional (or county) boundaries, instead defining regional geography by business clusters, and its close and collaborative style has been one reason Silicon Valley was able to survive defense downsizing better than Los Angeles.

Unfortunately, Joint Venture has devoted less time to incorporating poorer communities into its planning, and San Jose city planners admit that they have, until recently, concentrated redevelopment efforts too much on downtown. As a result, the area's spectacular growth in the 1980s was accompanied by an increase in central city poverty, albeit lower than the median for major metro areas. San Jose is home to the Center for Employment Training – one of the most successful job training and placement programs in the country, in part because of its ongoing connections with emerging industries – but most leaders in poorer neighborhoods generally feel left out of regional decision-making. While wages continue to be high, temporary employment and its attendant insecurity is on the rise in Silicon Valley. The San Jose experience thus serves as a warning to community developers and anti-poverty activists about the limits of approaches that exclusively focus on growth.

Boston, another center of electronics production, chose a more mixed approach. The region's 1980s economic boom was partly driven by defense spending, which explains the area's slowdown in the 1990s. Yet city, regional, and state leaders did not assume that growth would be enough to reduce the poverty experienced by their constituencies. Drawing on a dense network of political support, Boston implemented first-source hiring agreements as well as "linkage" policies to insure that poorer communities would share in the housing and employment expansion of that decade.

State and local government, major local foundations, and Boston's business sector also provided significant financial, political, and moral support for the region's burgeoning CDC sector. Business leaders and government officials were on a first-name basis with CDC staff and were familiar with neighborhood problems and possibilities. Knowing that development projects would get faster government approval if they included some element of social equity, firms competed to find neighborhood partners and other mechanisms to address inequality. The Boston experience suggests what political and community leaders can achieve if they are brave enough and organized enough to implement progressive policy when it is easiest – in the context of rapid growth.

Charlotte, North Carolina, offers a striking example of how maintaining links between city and suburb can promote both regional consciousness and a deeper commitment to anti-poverty efforts. While the Charlotte metro area includes seven counties, the anchor city sits in Mecklenberg County. Both city and county are served by the same consolidated school district, and planning and other municipal services are as integrated as the schools. The County is also governed by an annexation law prohibiting an urbanizing area from incorporating as a separate suburb; instead, it is made part of Charlotte itself.

The resulting sense of collective destiny is fortified by business leaders who have both corporate headquarters and residences in the downtown core and therefore see an immediate interest in helping the central city. The result has been a series of innovative anti-poverty efforts, such as the "City Within A City" program designed to concentrate Charlotte's development efforts on the city's oldest and poorest neighborhoods, and the county-wide decision to adopt a scattered-site strategy to deconcentrate public housing and the poor. While some of the region's reduction in central city poverty during the 1980s probably reflected the annexation of wealthier "would-be" suburbs, the commitment to a multidimensional approach to poverty reduction is, according to urban expert Neal Peirce, "equaled in few cities around the nation."

The San Jose experience suggests the benefits of creating a regional culture of collaboration. The Boston experience suggests the value of implementing social equity measures in a high-growth period. Charlotte suggests both the importance of linking destinies across the region and the key role of business leadership. Indeed, all these high-performing regions are characterized by the inter-relatedness of their key economic actors, by the density of their ongoing networks, and by the strength of their social capital.

The Key to Regional Success

Creating a collaborative framework that unites regional growth and community development will require new attitudes and new rhetoric, and a new set of invitations and skills. Observers of community building believe its next phase will involve "thinking and linking" to the region. While community leaders, who are already knowledgeable about the basic directions of the economy, will need to learn more about current policy trends and possibilities, regional political and economic leaders will have to open the table and expand the sort of outreach effort undertaken by the L.A. Community Development Bank. If business and regional leaders open up the policy-making process, they will find ready partners in creating a new future for Southern

California. In a world in which collaboration is key to regional success, leaving whole segments of our population behind is dangerous for both city and suburb, poor and middle-class. Our analyses of both regional income gains and individual network-based outcomes show that pulling together is superior to drifting apart.

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