


Building in Good Jobs:

Linking Economic and Workforce Development with Real Estate-Led Economic Development

A National Scan

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December, 2006

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Supported by the Garfield Foundation and Robert Sterling Clark Foundation

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EXECUTIVE SUMMARY

Municipal governments in the U.S. are increasingly devoting public resources to the redevelopment of abandoned, contaminated or underutilized land. Private sector appetite for new development opportunities and public sector creativity have combined to create “building booms” in a number of central cities that only a few decades ago were in seemingly irreversible decline. In the midst of this government-supported revitalization, however, both working poverty and chronic unemployment in central cities remain disturbingly high. Without explicit efforts to link property redevelopment with efforts to put un- or underemployed people to work at family-supporting wages, the negative impacts of growth (displacement, housing cost appreciation) often affect the historically disadvantaged far more profoundly than its positive impacts do.

Workforce linkage policies present an opportunity to address this situation. Linkage policies explicitly tie economic development made possible through public action to two public goals:

1. ensuring that people are prepared for the jobs that development creates and
2. ensuring that the jobs enable people to lift themselves from poverty.

Real-estate led economic development can have significant downsides, even when it is linked to the creation of good jobs, and workforce development policy constructed in relation to real-estate development efforts is not by itself a sufficient strategy. However, where municipal administrations have chosen to emphasize real estate-led economic development above other types, we argue for a focused effort to connect real estate development with employment and workforce policy. As a result, this report focuses on three linkage strategies that are particularly relevant in the context of real estate-led economic development:

1. **first source hiring**
2. **linkages between development projects and employment training opportunities**
3. **establishment of goals and standards for job creation and job quality in conjunction with redevelopment projects**

Our report is unique in focusing on how linkage policies can specifically harness real estate-led urban revitalization to help people make a lasting exit from poverty. We find that residents of low-income communities are benefiting from linkage initiatives, and that the efforts have not, as some have warned, driven land developers away or discouraged property investment.

The report recommends five measures that municipal governments can take to leverage the value of urban redevelopment activity in ways that address unemployment and poverty.

Recommendation #1: Systematic Record-Keeping and Monitoring

In too many cases, projects are announced with great fanfare and the promise of local jobs, but then little is done to monitor, report, and evaluate on whether those promises are met.
In addition, this information should be made publicly available on a regular basis, and it should be the basis used to insure implementation and compliance with commitments. Over time, this type of monitoring and enforcement can move cities toward "performance-based subsidies," where developers know they are receiving subsidies as a condition of providing public benefits. It is also essential for rigorous empirical evaluation of linkage policies' effectiveness – something that is sorely needed in the economic and community development fields.

Recommendation #2: First Source Hiring

Municipalities should establish a consistent, citywide system for first-source hiring on real estate development projects that would require that developers, construction contractors, firms with building maintenance contracts, and major retail and office tenants create first source hiring systems intended to maximize employment opportunities for disadvantaged residents, especially those from the immediate neighborhoods. It is essential that municipal agencies be an active partner in creating and managing these systems. First source agreements should cover ongoing hiring, not only the initial jobs.

Recommendation #3: Training Coordination, with a Sectoral and Advancement Approach

Following the example of Neighborhood Employment Network (NET) in Minneapolis, municipalities should facilitate the creation of a network of training providers who are matched to major employers affiliated with redevelopment projects in order to provide workforce development planning and implementation.
This model is also an efficient one to provide a "sectoral approach" to linkage efforts. Many of the jobs created through real-estate led economic development are in several employment sectors: **construction, building services, retail, and hospitality**. Job training and placement organizations can develop specialties in these fields, and relationships with key employers. While numerous cities have established construction linkage programs, few have followed this model in other real-estate related sectors.

Recommendation #4: Training Linkage Fees

Following the example of the Neighborhood Jobs Trust in Boston, municipalities where real estate markets are robust should develop a per-square-foot charge for developers who receive concessionary land use action or subsidy. The proceeds would go into a trust fund which would be used to strategically supplement other available funds to help people get and keep family-supporting work.

Recommendation #5: Wage Floors and Prevailing Wage/Benefit Standards

Cities should implement policies whereby developers receiving significant subsidies are mandated to require that construction contractors pay prevailing wages and benefits, and to require their tenants to abide by a wage and benefits floor governing positions such as security guards, parking attendants, and restaurant and retail workers. Evidence from "living-wage" programs tied to economic development suggests that these requirements do not have a negative impact on development or job creation. Subsidized development projects provide an ideal "prevailing wage" opportunity.

A final and important conclusion of this report is that to have a policy "on the books" that mandates first source hiring or encourages job quality or training standards is not enough. **Municipal government is crucially important as an implementer of policies and as a documenter of results.** In the majority of situations, we find here, public sector commitment initially comes about as the result of advocacy by coalitions of organizations outside government. But it must be institutionalized to be effective. Where linkages are working, officials have adopted a "public benefits framework" for thinking about urban redevelopment. They evaluate their provision of economic development supports and subsidies – nearly always essential for urban real estate projects – in terms of their effectiveness in creating opportunities for labor force attachment and family-supporting work in addition to tax revenue. The voices of community and labor organizations continue to be important in this process, reminding officials to keep a public benefits framework in the forefront.

We've come to realize that the status quo works for no one — not for the residents, not for the developers — so we have to take action to define development on our terms. We have to say to developers: 'Yes, we want you. Yes, we want growth, but we want you to think outside the box, to be part of our transformation into real cityhood and not just a vast collection of suburbs.'
-- Los Angeles City Council member Eric Garcetti, quoted in *Planning* magazine, March 2004

INTRODUCTION[1]

Municipal governments in the U.S. are increasingly devoting public resources to the redevelopment of abandoned, contaminated or (in their perception) underutilized land. Enterprising city managers, mayors and development agency officials are successfully tapping into national "smart growth" trends that are impelling real estate developers to choose urban infill sites, to adopt site programs that involve multiple uses and varied building types, and to locate density near existing infrastructure and transit nodes. Private sector appetite for new development opportunities and public sector creativity (or, in some cases, accommodation) have combined to create "building booms" in a number of central cities that only a few decades ago were in seemingly irreversible decline. From Denver to Milwaukee to Brooklyn, as downtown areas or formerly marginal residential or industrial neighborhoods on the fringes of downtowns "come back" and ignite the interest of property investors, land is returning to cities' tax rolls, upper-income populations are growing, and large-scale projects are rising.

In the midst of this government-supported revitalization, however, both working poverty and chronic unemployment in central cities remain disturbingly high. As industrial job bases shrink and as fewer and fewer low-skill service jobs come with high wages, health care or retirement benefits, the urban employment structure has become polarized, with employment clustered at the top and the bottom of the income distribution. At the same time, rising property values lead to higher housing and living costs, making it even more difficult for low-wage workers to make ends meet. Urban revitalization brings welcome growth in income and revenue. But without explicit efforts to link property redevelopment with efforts to put un- or underemployed people to work at family-supporting wages, the negative impacts of growth (displacement, housing cost appreciation) often affect the historically disadvantaged far more profoundly than its positive impacts do.

Workforce linkage policies present an opportunity to address this situation. Linkage policies explicitly tie redevelopment made possible through public action[2] to two public goals:

- ensuring that people are prepared for the jobs that redevelopment creates
- ensuring that the jobs enable people to lift themselves from poverty.

1 This report was written by Laura Wolf-Powers, Assistant Professor and Chair in the Graduate Center for Planning and the Environment at Pratt Institute, Brooklyn, New York. The paper and recommendations were developed by the Pratt Center for Community Development, in collaboration with the NYC Employment and Valuable contributions to the research were made by Mafruza Khan, Jeremy Reiss, and Margaret Stix.

2 Public action may include direct subsidy to a developer, tax abatement, preferential land acquisition terms and/or price, use of eminent domain, use of zoning power to increase the developability of a site, site preparation, or infrastructure investments that will specifically benefit a project.

Exemplary linkage policies in a variety of places – some of them several decades old, others newly instituted – have recaptured interest and attention among municipal officials and policy makers in the midst of central city building booms. This report is for those policy makers and for those who want to influence their decisions and actions.

It is important to emphasize that linkages to real-estate led economic development cannot stand alone as a workforce development strategy. Workforce policy should also pay attention to employment in sectors that are not related to property development (focusing on sectors where a municipality has a competitive advantage for investments in both workforce and economic development) and move toward better integration of employment development and economic development systems within city government. Furthermore, as noted above, real-estate led economic development can have significant negative consequences, even when it is linked to the creation of good jobs. However, where municipal administrations have chosen to emphasize this type of economic development above other types, we argue for a focused effort to connect real estate development with employment and workforce policy. This report focuses on three linkage strategies that are particularly relevant in this context:

1. **first source hiring**
2. **linkages between development projects and employment training opportunities**
3. **establishment of goals and standards for job creation and job quality in conjunction with redevelopment projects**

When preparing this report, we relied on an excellent existing literature on linkage policies, as well as on several recent reports on Community Benefits Agreements as implemented in connection with large development projects.[3] The linkage literature focuses on all kinds of economic development, not just real estate-led; the community benefits agreements literature covers a variety of actions that communities ask developers to take, not just workforce and job-related. Our report is unique in focusing on how linkage policies can specifically harness real estate-led urban revitalization to help people make a lasting exit from poverty.

Our conclusions are threefold:

1. By and large, residents of low-income communities are benefiting from linkage initiatives.
2. The efforts have not, as some have warned, driven land developers away or discouraged property investment.
3. A policy "on the books" that mandates first source hiring or job quality goals is not enough. Municipal government is crucially important as an implementer of policies and as a documenter of results.

In the majority of situations, we find here, public sector commitment initially comes about as the result of advocacy by coalitions of organizations outside government. But it must be institutionalized to be effective. Where linkages are working, officials have adopted a "public benefits framework" for thinking about urban redevelopment. They evaluate their provision of economic development supports and subsidies – nearly always essential for urban real estate projects – in terms of their effectiveness in creating opportunities for labor force attachment and family-supporting work in addition to tax revenue. The voices of community and labor organizations are critically important in this process, reminding officials to keep a public benefits framework in the forefront and advocating around particular projects for community benefits, with government and developers alike as the audiences for their advocacy. This creates a tension – a healthy tension, but a tension nevertheless – between activism and institutionalization.

3 Frieda Molina's paper on employment linkage programs, written for the Center for Community Change, highlights in-place and ongoing city policies that impose employment-related conditions on firms seeking economic development assistance. PolicyLink, ACORN and The Brennan Center for Justice offer significant resources on linkages and also on citywide minimum wage and living wage policies. And publications on community benefits agreements (CBAs) – issued by the Center for Community Change, Good Jobs First, the Los Angeles Alliance for a New Economy, and the California Public Subsidies Project – profile successful community campaigns to condition approval for urban redevelopment on the inclusion of employment and job training provisions (often among a host of other benefits).

ROAD MAP TO THIS REPORT

After a brief section setting the political and economic context for real-estate development/ workforce development linkages, we scan the national scene to review cities' experiences with linkage strategies. We evaluate the accomplishments of cities that have drawn on linkages and examine the challenges of implementing and institutionalizing them. The sections on the individual linkage policies draw on profiles of eight individual projects or programs: in Alameda County, CA, Boston, MA, East Palo Alto, CA, Denver, CO, Los Angeles, CA, Minneapolis, MN and Milwaukee, WI. Many of the profiles (which appear at the end) feature several linkage strategies. In a concluding section, we offer recommendations for cities where linkages between real estate development and workforce development are not yet firmly embedded.

Credit: Midtown Community Works

PROPERTY-LED ECONOMIC DEVELOPMENT: RENAISSANCE AND RESISTANCE

Urban leaders take justifiable pride in unveiling plans for redevelopment in areas that have been disinvested or underutilized. In a typical "urban renaissance" story, officials identify a private developer who wants to build homes or offices on a group of downtown parcels which had been cleared for urban renewal in the 1960s but never developed, or to reuse an industrial property stigmatized by the perception or reality of contamination, or to convert an obsolete building that had been sitting unproductive on city tax rolls. Delighted at the idea of job- and revenue-generating activity on formerly fallow property, the officials rush to change zoning regulations, to write down the cost of city-owned land, to offer taxpayer-subsidized financing, to provide infrastructure improvements that increase the value of specific sites, and to package tax abatements and subsidies. The tantalizing prospect of new retail, housing and parks in formerly disinvested areas is jubilantly presented to the community.


Credit: www.flickr.com

Especially when a new development project is in an economically depressed area (as is often the case with urban infill development), local residents and other stakeholders can have mixed reactions. When the city of Los Angeles subsidized developers to build the Staples Center sports arena in the late 1990s, the immediate effect was to displace 250 mostly low-income households and create noise and parking problems for residents who remained, while few of the jobs generated went to local residents.[4] The City of Milwaukee tore down a spur of the Park East freeway in 2004 to facilitate market-led redevelopment on the northern edge of downtown – but locals recalled the thriving African-American neighborhood

4 LeRoy and Purinton 2005

that had been demolished to make way for the freeway in the first place, prompting them to wonder if they would benefit from the next wave of development.[5] Redevelopment officials in East Palo Alto, CA and central city Minneapolis are concerned that projects that consume local economic development funds contribute to the earning power and career development of local residents. In all of these places, linkages between publicly subsidized economic development and jobs or workforce development for residents of low-income communities have offered at least a partial remedy, enabling growth to go forward while ensuring that its benefits do not bypass those with the most to gain from urban revitalization.[6]

5 Ibid.

6 This does not mean, of course, that strong employment and workforce development linkages are sufficient to address the myriad problems that a development may present, from residential and commercial displacement to traffic and environmental issues. However, since these projects are often sold on the creation of jobs, it is essential in any case that they make good on these promises.

In every city where linkage initiatives are being implemented, they are being driven forward by a different combination of community intelligence and activism on the one hand, and public sector commitment and know-how on the other. In many cases, the heart of a successful employment linkage program has been labor and community organizing: broad-based local coalitions articulate and pursue an agenda for making development accountable, sometimes negotiating terms directly with developers through a "community benefits agreement" (CBA), and sometimes working with allies in government to impose conditions on redevelopment. In other cases, public sector initiative is the driver: over time, dedicated government employees make workforce linkages part of the way economic development agencies conduct business. In these cases, community activists often need to hold government accountable in the longer term to ensure that linkage policies remain effective and robust as administrations change.

The path to establishing and implementing linkages in any given place is idiosyncratic. It is clear from the examples in this report, however, that the civil sector, the private sector and the public sector are deeply interdependent in terms of their roles in guiding real estate development in such a way as to enhance job training, job placement, and job quality outcomes.

STRATEGY 1: FIRST SOURCE HIRING

First source hiring refers to measures taken to maximize the chances that low-income residents of an area where redevelopment is occurring will be able to take advantage of new job opportunities generated. This is not as simple as it sounds at first: hiring practices – particularly in construction but in other industries as well – are rooted much more firmly in interpersonal ties than they are in geography, and it is common for people living in an area immediately surrounding a redevelopment project to be very distant from employment there in the social sense. As a result, ensuring that redevelopment-spawned jobs are available to nearby low-income residents requires that employers have a compelling reason to depart from "business as usual" with respect to hiring (this is sometimes referred to as a "good faith effort" to hire local candidates for some target proportion of available jobs).

How it Works

Employers participating in first source hiring initiatives commit to follow a specified procedure – typically that before advertising new positions broadly or accepting applicants from outside the immediate neighborhood, they will first notify particular local groups or agencies of the openings and then interview only local candidates for a period of time. The hiring procedure may be laid out in a local government policy or ordinance covering employers associated with many types of subsidized development (as in **East Palo Alto's First Source Hiring Policy, Portland's First Source policy** or the **City of Minneapolis' Job Linkage program**) or a law or policy applied to employers associated with a particular project (as in **Milwaukee's Park East** and the **Alameda Corridor Transportation project**). It may also be part of the terms of a pact between a developer and a community coalition that is later integrated into a redevelopment agreement with a public sector agency (as with the **LAX Master Plan Community Benefits Agreement** and other CBAs negotiated by the Los Angeles Alliance for a New Economy and other community coalitions). Often, representatives from a city's employment and training agency (or from local non-profits coordinated by that agency) actively participate in the recruitment and screening of local candidates for first source hiring and provide them with referrals to skills training. The City of Minneapolis has pioneered this approach with the connection forged between its Job Linkage program and the Neighborhood Employment Network (NET), a not-for-profit collaborative of 20 community-based providers that is housed within the city's department of Community Planning and Economic Development.

First source hiring may extend to low-income residents in general as well as to residents of the zip codes surrounding a development project. For example, the first source hiring program outlined in the LAX Master Plan Community Benefits Agreement specifies that first priority is extended to low-income individuals living in the Project Impact Area for at least one year, while second priority goes to any low income individual residing in the City of Los Angeles. Policies on first source hiring often provide for financial relief to the public sector if employers do not live up to their commitments. The City of Los Angeles Department of Community Development has committed to enforcing the local hiring provisions of the LAX community benefits agreement and has the power to collect liquidated damages from employers who do not comply.

In designing or advocating for a first source hiring policy, it is important to recognize that distinct strategies and relationships are needed for the different types of jobs associated with new real estate development. The permanent jobs associated with property and building management on a project (security guard, parking lot attendant, or custodial positions) lend themselves most easily to a first source mandate, because these positions are more often under the immediate control of the developers who are negotiating for government subsidy or community support. They are the easiest to implement. Making permanent jobs with tenants of new developments (retailers, hotels, companies occupying new office buildings) subject to first source hiring goals can be more challenging, because developers may be reluctant to "hamstring" future tenants, or hamper their own ability to recruit tenants at the highest possible rent. But in the cities profiled for this report, this too has gone smoothly, and the participation of city agencies and local non-profits in recruitment and screening of workers has been quickly recognized as a boon for tenants. According to Roxana - of the Los Angeles Alliance for a New Economy, "Local hiring tends to be the least controversial element of a Community Benefits Agreement. It doesn't cost the developer much and it strikes people as being fair."

Roles for Advocates and Officials

First source hiring often grows out of organizing. Advocacy groups who have some power in the approval process for a specific local development project insist that local residents have a more-than-random chance to be hired for the jobs it generates. Groups advocating for first source hiring frequently find that there is already a first source policy "on the books" but that its implementation has been ineffective or haphazard. This was the case with the campaign by the Front Range Economic Strategy Center (FRESC) to ensure that local low-income residents benefit from the redevelopment of the **Gates Rubber site in Denver, Colorado.** Denver's Campaign for Responsible Development (CRD), which won a variety of community benefits to accompany the city-subsidized redevelopment of a 50+-acre brownfield, succeeded in pushing the City of Denver and the Denver Urban Renewal Authority to re-examine and begin reforming its existing local hiring policy. The previous policy, which required employers receiving economic development subsidies to create a "5-day advance window" in which only Denver residents could apply for available jobs, was not well-enforced. From the first, CRD advocated a first-source hiring policy that set percentage goals for local hires and that included low-income people (not just local residents) in target groups. In response, the City of Denver hired a consultant to reorganize the program and increase its effectiveness; the new hiring policy, according to Robin Kniech of FRESC, "is just getting ramped up…but there's a lot of potential if we do it right." The program will apply to all companies receiving economic development subsidies, including the management company for the residential and commercial buildings to be erected on the Gates Rubber Company site.

Despite the importance of organizing to the "winning" of first source hiring policies, and despite the importance of constant monitoring by advocates the implementation of first source policies, almost always resides most comfortably and effectively within a city's established workforce development system. Often, representatives from a city's employment and training agency (or from local non-profits coordinated by that agency) actively participate in the recruitment and screening of local candidates for first source hiring and provide them with referrals to skills training. The City of Minneapolis has pioneered this approach with the connection forged between its Job Linkage program and the Neighborhood Employment Network (NET), a not-for-profit collaborative of 20 community-based providers that is housed within the city's department of Community Planning and Economic Development. It is also the norm in Los Angeles, where the Los Angeles Department of Community Development and local Workforce Investment Boards are integrally involved in providing institutional and professional infrastructure to the first source hiring programs negotiated through Community Benefits Agreements.

A key element of any successful first source hiring program is the establishment of specific individuals with the responsibility of coordinating it. For any given large-scale project involving a real estate developer, there should be key liaisons in the office of the developer and major permanent employers, a key liaison in city government and a key liaison affiliated with a community-based stakeholder group or service provider who is responsible for recruitment and pre-employment training. A number of local policies and most Community Benefits Agreements (CBAs) require employers to designate such liaisons.

First Source Hiring in the Mid-Town Exchange Project

The **Midtown Exchange project**, which broke ground in 2004, is an adaptive reuse project involving majestic 1928 buildings in a former Sears retail and distribution center that closed in 1994. The 1.2 million square foot mixed-used development includes a Sheraton Hotel, housing, offices and a multi-tenanted ethnic market operated by a local entrepreneurship development organization. The developer's agreement to participate was based on the city's grant of control over the site (which it previously owned) and public financing and grants worth $23 million.

City officials were proactive in making clear to Midtown Exchange's developer, the Ryan Companies, that they expected the project to generate economic benefits for residents of South Minneapolis. The City's 2004 Employment Plan with Ryan established that the company would engage in a pilot pre-apprenticeship training program with the Minneapolis Employment & Training Program (METP) and the Minneapolis Building Trades Council, targeting 5%, or 45,000, of on-site construction hours for pre-apprentices. Ryan also agreed, again in conjunction with the Building Trades Council, that 30 residents of four nearby zip codes (55404, 55407, 55408, and 55409) would have "first priority off the union benches" for regular construction work. Targets were also set for employment of minorities and women in construction jobs – 15% skilled minority, 20% unskilled minority and 5% female – that exceeded those established for previous commercial construction projects in the city. Ryan Companies also committed to working with students in the Minneapolis public schools to inform them about careers in construction and advertise the pre-apprenticeship training program. As of March 2006, 45 residents of the targeted zip codes had been hired, and minority employment goals had been exceeded. The plan to rely on pre-apprentices in the construction of the project had been less successful than hoped however, illustrating some of the difficulties of first source hiring in the building trades (see pages 9-11).

Credit: Midtown Community Works

In addition to linking construction employment to City of Minneapolis workforce development goals, the Ryan Companies agreed to provide the Minneapolis Employment & Training Program (METP) with the name and phone number of every tenant who signed a lease in the Midtown Exchange project. METP staff then encouraged tenants to participate in the city's well-respected Job Linkage Program, through which the principals of businesses that are receiving City financial assistance enter into agreements with the City establishing five-year job creation and retention goals. METP has signed Job Linkage Agreements with the four major tenants of Midtown Exchange: Allina Hospitals and Clinics, whose headquarters is at the site, Sheraton Minneapolis Midtown Hotel, the Midtown Global Market, which is a project of a non-profit entrepreneurship training organization called the Neighborhood Development Center and, most recently, a US Bank branch office. Each job linkage agreement establishes five-year job projections and hiring goals and links the tenant with a specific training provider affiliate of the

Neighborhood Employment Network (NET).

An important incentive for businesspeople to sign Job Linkage Agreements is the opportunity to work closely with the METP's service providers in identifying and training their new employees. The service provider network, known as Minneapolis Neighborhood Employment Network (NET), is an acclaimed collaborative of employment and training providers which are linked together under an independent non-profit organization housed within the Department of Community Planning and Economic Development. NET affiliates are neighborhood-based but with the help of a central staff person they fundraise jointly and have access to training and peer input, ensuring high performance and continuous learning. Between July and December 2005, NET affiliates placed 728 job-seekers Minneapolis-wide at an average wage of $10.51 (the City's living wage was $10.23 in 2005).[7]

First-Source Hiring under the Hollywood and Highland Redevelopment Project

The case of the Hollywood and Highland mixed-use redevelopment project in Los Angeles demonstrates a different approach to linkages, an approach that is driven more by grassroots activism than by established city policy. This project was the first in a series of successful efforts by the Los Angeles Alliance for a New Economy (LAANE) to get community benefits written into development agreements between the City of Los Angeles and developers receiving taxpayer subsidy. Officials at Los Angeles' Community Redevelopment Agency were initially reluctant to attach conditions to their $90 million subsidy of the 645,000 square foot retail, hotel and entertainment project, in economically depressed downtown Hollywood. But City Council member Jackie Goldberg, who represented the district, adamantly supported LAANE's campaign for a community benefits agreement, which included union card-check neutrality and money for training in addition to local hiring provisions. A deal was struck in 1998 and construction on the project began in 1999.

Local hiring at Hollywood and Highland was coordinated by a full-time consultant, JeanMarie Hance, who was paid by the developer TrizecHahn to coordinate regular meetings with all the project partners – the developer, building trades and service workers unions, other coalition members, and representatives of the city and state. Hans also made sure that TrizecHahn fulfilled its commitment to communicate about the first-source hiring policy with the ultimate tenants of the project. Human resources representatives from the tenants (large retailers, theaters, and a hotel) eventually joined the meetings. A "Worksource Center," run through the Los Angeles Department of Community Development and the local Workforce Investment board, was established in a trailer at the site before construction began, and served the local area. Worksource Center personnel helped people with their resumes and referred them to employment openings or to employment services (many local residents were referred to building trades apprenticeship programs for example). For the retail and hotel "hire-ups" that accompanied the project's opening in 2001, TrizecHahn funded a job fair in a local community center at which recruitment and screening took place on a larger scale. According to Roxana Tynan of LAANE, most of initial employees of the retail center, including the Renaissance Hollywood Hotel were hired at this job fair.

Ultimately, Tynan says, 20% of the onsite construction jobs at Hollywood and Highland were filled by local hires, although most were existing union members who happened to live locally (see below). Of the 2,000 new permanent jobs created in conjunction with the project, 1,000 were either living wage (defined as $7.72 per hour with benefits, $8.97 without them) or unionized. 68% of the initial employees hired at the hotel, a union enterprise, were from the zip codes immediately surrounding the project.

The Challenge of First Source Hiring in the Construction Trades

Historically, efforts to help residents of low-income urban neighborhoods access jobs and careers in the unionized construction trades have encountered roadblocks ranging from explicit racial exclusion by unions and construction firms to young people (often ill-served educationally) who are unequipped to enter union apprenticeship programs. In the implementation of first source construction hiring tied to specific development projects, the dilemmas are multifold. Community

7 For a complete profile of NET, see Making Connections: A Study of Employment Linkage Programs, Frieda Molina, Center for Community Change, 1998

groups want their constituents to have access to jobs with family-supporting wages and benefits, and they may push city governments to award contracts (or mandate that developers award contracts) to "high-road" firms – union firms and others that provide training, benefits and career paths. However, union firms are tied to distinct employment pipelines, often consisting of a list of out-of-work members, and under some legal regimes and some union agreements it is illegal to refer employees to worksites on anything other than a seniority basis. Even when zip code based referral is permitted, enabling local hiring, the practice taps union members within the immediate geographic area but does not change the overall makeup of the union workforce.

In many situations, resistance and resentment on the part of union officials and/or contractors has presented a serious barrier to the implementation of local hiring policy in the construction sector. According to East Palo Alto's policy, construction contractors must either achieve or demonstrate good faith efforts to achieve the goal that thirty percent of all work-hours in each trade on a given project be performed by East Palo Alto residents, but according to an internal report on the success of the policy, city officials have been thwarted by lack of cooperation from contractors and unions alike.

One way of responding to this problem is to work aggressively to get low-income and minority applicants admitted into union pre-apprenticeships and apprenticeships. However, this is workable only in a situation where there is enough work for union firms that unions are taking new apprentices, leading back to the challenge of getting local governments to encourage union work. Further, unemployed residents of low-income and minority neighborhoods often need intensive academic preparation and support to enter union apprenticeship programs. In Los Angeles, for example, 25% of the people who enter apprenticeship programs are minority, but just 10% of the graduates are.

In cities where there are positive working relationships between government agencies and local building trades councils (and/or between building trades councils and community-based advocacy groups), pre-apprenticeship placements and hiring goals have unsurprisingly been easier to achieve than in places where these relationships are characterized by tension. A tri-partite agreement by the developer, the Minneapolis Employment & Training Program (METP) and the Minneapolis Building Trades Council to conduct a pre-apprenticeship training program in connection with the Midtown Exchange project resulted in the opportunity for pre-apprentices to get valuable work experience at the construction site, though fewer pre-apprentices than hoped have been hired (16) and only three thus far have been sponsored as full apprentices.

Increasingly, building trades councils and community groups are also joining to support one another's goals. For example, the Los Angeles Alliance for a New Economy has built positive relationships with the building trades unions in that region, and slowly union recognition is growing that especially in a booming real estate market, efforts to extend training and employment opportunities to local low-income residents can be a way of helping to build the portfolio of work that is available to union construction firms. In Milwaukee, as part of the Park East Redevelopment Compact, advocates won both a requirement that developers pay prevailing wages to construction workers and a requirement that the County government create first source hiring procedures. The Good Jobs and Livable Neighborhoods Coalition (whose members include the Milwaukee Labor Council) are now working to make sure that first source hiring encompasses the construction jobs created on the Park East parcels.

New York City has also taken significant recent steps in targeted hiring and pre-apprenticeships for construction on some publicly-supported projects in New York City. Following activism by public housing tenants and trade unions, the New York City Housing Authority reached a tentative agreement in 2003 to establish a pre-apprenticeship program and to work with trade unions to insure local hiring on NYCHA construction projects. Then, following debates around major New York City development projects and in the run-up to the 2005 municipal elections, Mayor Bloomberg (in conjunction with other elected officials including Congressman Charles Rangel and Comptroller Bill Thompson) established the Mayor's Commission on Construction Opportunity. The Commission has begun a broad array of programs to insure that construction jobs go to "minorities, women, returning veterans, recent high-school graduates and those who have lacked stable employment." Trade unions have agreed that 40% of apprenticeships will go to the targeted populations, beginning in 2006. The City has also launched a job readiness program with the job-training organization STRIVE; the first class of 54 graduates (23 of them public housing residents) graduated from the first phase of the program in July, 2006 and will now move on to a pre-apprenticeship program.

Credit: www.fairviewtexas.org

The Critical Importance of Data

While there is evidence from these cases that a thoughtfully implemented first-source hiring policy – particularly in combination with a living wage policy – can have a meaningful impact on employment opportunities and earning power for people living near a development site, we were able to find no rigorous research that documented this in a systematic way, and little information with which to test hypotheses about what goes into a successful first-source hiring effort. This absence speaks to the need for monitoring and tracking, which is the subject of Recommendation 1 on page 27. Empirical evaluation of linkage policies' effectiveness is sorely needed in the economic and community development fields, and municipal governments, by sponsoring consistent collection and review of data, can be a key partner here.

STRATEGY 2: LINKAGES BETWEEN DEVELOPMENT AND TRAINING

While first-source hiring programs ensure that nearby residents have access to the jobs generated by development, they cannot guarantee that local residents will be qualified for the positions available. Especially in the construction trades but increasingly for all industries associated with commercial and residential development projects (retail, office, hospitality, building services), the basic skills required for successful employment even at entry-level have risen in the past two decades. Thus, in addition to policies or agreements specifying first source hiring, many cities also have made efforts to leverage revenue from new development to help people prepare for high-demand jobs.

How it Works

There are a number of ways in which ongoing city policies or project-specific agreements achieved by activists link real estate development with workforce training. In Boston, as a matter of law, developers of large-scale commercial projects pay $1.57 per square foot (in excess of 100,000 square feet) into a general training fund administered by the Mayor's office. In other cities, activists have won commitments from city governments or developers to provide and/or finance training for local residents in direct conjunction with particular development projects.

When implemented at a project level, training linkages are almost always coordinated with first source hiring. This is the case with the community benefits agreement negotiated in 2004 as part of the master plan to expand the Los Angeles International Airport (LAX). This agreement contains provisions on first source hiring which are similar to those in the Hollywood and Highland agreement described above. All airport contractors and lessees are obligated to use a first source referral system created by the airport authority, the LAX Coalition for Economic, Environmental and Educational Justice, and the City's Community Development Department (CDD). But the agreement also provides that Los Angeles World Airports (the city department that owns and operates LAX) will transfer $3 million per year for five years to the CDD and Workforce Investment Board to fund training for airport jobs, aviation-related jobs and construction pre-apprenticeship programs. This training will be targeted to low-income residents of the airport area and to other low-income and special needs populations throughout Los Angeles.[8]

The City of Boston's Neighborhood Jobs Trust

In Boston, Massachusetts, which has had a job training linkage fee in place since 1987, the notion that new real estate development should be a source of benefits for the un- and underemployed of the city is a staple of local economic development policy. Boston's training linkage fee is exacted from developers of all new commercial real estate projects exceeding 100,000 square feet and requiring zoning relief, including expansion and rehabilitation projects. For every square foot of gross floor space in excess of 100,000, the developer automatically contributes $1.57 per square foot to be dedicated to employment training.[9] This obligation is fulfilled through a cash payment to the Neighborhood Jobs Trust, an entity administered by Office of Jobs and Community Services of the Boston Redevelopment Authority.[10]

Credit: Boston Redevelopment Authority

In some cases, employers who have paid into the Trust have applied for funding for programs that directly affect their own employees. For example, healthcare institutions in the Longwood Medical Area contributed via the Trust to the Walk to Work program, an initiative of the Fenway Community Development Corporation. This program has placed 240 Fenway area residents in jobs at local medical institutions, boosting their earning power while reducing traffic congestion in the vicinity of the medical area. In another example, the Bell Atlantic telephone company used the linkage fee associated with a new building to fund the YMCA-based organization Training Inc. for program that helped prepare low-income Boston residents for the company's employment test.

More frequently, the source of the linkage payment is not an employer but a developer who will be selling or leasing the new real estate. In these cases, the payment remains in the Neighborhood Jobs Trust until enough funds have been raised through linkage fees to implement a program. The Office of Jobs and Community Services then initiates a Request for Proposals (RFP). Trustees, in collaboration with JCS staff, determine the focus of each RFP. Both JCS staff and outside readers evaluate program proposals.

According to Neil Sullivan, who helped create Boston's linkage fee programs when working for Mayor Ray Flynn and who now serves as the Director of the Boston Private Industry Council, the NJT has enabled the city to implement or continue innovative training programs in the face of federal funding cuts and/or regulations that might have choked off these opportunities. Says

8 The CBA also contained major provisions around the mitigation of the environmental impacts of the expansion, which gave advocates for training and first source hiring crucial allies among environmental groups and the residents of communities surrounding the airport.

9 A similar program mandating linkage fees dedicated to affordable housing has been in existence since 1984.

10 BRA is a legislatively chartered entity under the control of the Mayor of Boston. The Neighborhood Jobs Trust is managed by three Trustees: a member of the City Council appointed by the Mayor; the Director of Boston's Office of Jobs and Community Services (JCS); and the Collector-Treasurer of the City of Boston.

Sullivan, "current federal welfare and workforce programs do not support the level of investment and the length of time required to implement effective career ladder strategies," and linkage funds have filled the gap. NJT funds were used in the late 1990s, for example, to enable some welfare recipients to complete college educations where they would otherwise have been compelled to join the workforce under TANF rules. The locally generated funding that derives from the linkage fee in Boston has given the city invaluable policy flexibility in an increasingly constrained federal employment and training environment.

Training Linkage in the Alameda Rail Corridor Project

While Boston's real estate development is harnessed to training in a general way, in other cases groups have won linkages on a project-by-project basis. In 1998, community groups coalesced around the upcoming construction of a 21-mile rapid rail corridor directly through several low-income communities in Los Angeles County, including Watts, Compton, Huntington Park, San Pedro, and South Central. Determined to access the potential of this $2.4 billion public works project to offer jobs and training to their members and constituents, they successfully petitioned the Alameda Corridor Transportation Authority (ACTA) to pledge that 30 percent of all construction work hours for the Mid-Corridor segment of the project (whose budget was $750 million) would go to residents hired from low-income communities along the corridor.[11] As part of an agreement with the Alameda Corridor Jobs Coalition, ACTA also agreed to fund training slots for 650 pre-apprentice positions and 350 non-trade related construction positions. Because they had been drawn into the coalition early, the Carpenter's Union and its affiliated Carpenters Educational and Training Institute were already enthusiastic about participating.

Marnie McGregor, Pratt Center for Community Development

The Alameda Corridor Jobs Coalition Training and Employment Corporation (ACJC-TEC), worked with the main construction contractor on the project to coordinate services that had been identified as crucial to the success of job-seekers from low-income neighborhoods along the corridor. The first of these were outreach and intake, which took place at eight community-based organizations along the corridor. At the intake sites, people received referrals to training. There were two "paths" – the more rigorous trades path, which led into the pre-apprenticeship, and the non-trades path, which led to non-technical construction industry work such as positions for drafting assistants, office support and site security. There was also a distinct track for construction laborers that did not require pre-apprenticeship training; here the contractor on the Alameda Corridor project, Tutor-Saliba, paid the $500 union membership fee for 31 candidates who entered directly into the Laborer School.

Pre-apprenticeship training for the trades was carefully designed for individuals whose lives up to that point had not put them in contact with building trades culture. Three weeks of classroom training (covering terminology, safety, construction math, and power tool usage, with daily physical conditioning and visits from guest speakers), were followed by seven weeks of hands-on training for which participants received stipends equivalent to minimum wage.[12] The instructors for the training were primarily women and people of color, which helped minority and female trainees adjust to the

11 U.S. Department of Transportation regulations prohibited local hiring preferences on the remainder of the project.

12 Classroom training was initially performed by the Los Angeles Unified School District with hands-on training provided by the Carpenters Educational and Training Institute (CETI). Eventually, both sections were taken over by the Century Housing Corporation, a non-profit trainer, and CETI began focusing solely on apprentices. The training was also shortened from 10 to 8 weeks. See www,communitychange.org/shared/publications/downloads/ACJC%Republication%20Manual.pdf

construction environment. Of equal importance to the skills training was the presence of supportive services from the community-based groups that made up the coalition. Several CBOs provided tutoring that helped people qualify for the pre-apprenticeship program. Case managers on staff were able to trouble-shoot trainees' transportation and childcare issues. ACJC provided driver's license recovery assistance and sponsored a car loan program that helped people overcome legal and financial barriers to driving (which was necessary for most construction work they might obtain). One community-based group, the Watts Century Latino Organization, even provided parents with carseats so that they could drive their children to childcare sites.

Past public construction projects had reduced quality of life in low-income neighborhoods without contributing to economic development in these areas, but the Alameda Corridor project was different. Although it did create noise and inconvenience for its neighbors, 999 of these neighbors worked on the mid-corridor section of the rail project. The majority was African-American or Latino workers, and 188 were graduates of ACJC-TEC-sponsored pre-apprenticeship programs in construction trades such as carpentry, ironworking, or cement masonry. In all, 710 of the 1,100 graduates of ACJC-TEC training programs were placed in the construction industry, 637 into union apprenticeship programs, taking the first step toward family-supporting careers in the trades.[13]

"Institutional Density" and Accountability

A key finding in recent literature on workforce development is that in spite of globalization, and in spite of policy attention to remedying "spatial mismatch" between people and jobs, labor markets persist in being quite local from the perspective of job seekers, particularly the low-income. Scholar Karen Chapple argues that brokering jobs for the disadvantaged actually calls for "shrinking the labor market" by making it possible for those in search of jobs to connect with intermediaries in their neighborhoods and, through those intermediaries, to access both skills training and socialization into networks that increase their chances of gaining and keeping employment.[14] This is the logic behind the establishment of branch centers at development sites as has been done in Los Angeles and behind the careful planning that went into the training component of the Figueroa Corridor project described above. If planners and administrators strive to build "institutional density" in low-income neighborhoods, says Chapple, human capital in these neighborhoods will grow along with social capital.

13 Training goals (650 people in the trades, 350 in non-trades occupations) were separate from the 30% local placement goal, since it was known that not all of the workers hired by the contractors on the Alameda Corridor would be graduates of ACJC-TEC programs.

14 See Chapple, Karen, "Overcoming Mismatch: Beyond Dispersal, Mobility and Development Strategies." *Journal of the American Planning Association* 72:3. 322-332.

The importance of institutional density is a key guideline for public officials establishing both first-source hiring and training linkages. Simply put, evidence suggests that training programs are most effective when they are deeply rooted in the communities they serve.[15] If a would-be employee of a new project in a redeveloping area must go for employment services to a far-away location, he or she is less likely to find the support necessary to make a successful attachment to the labor force. All of this suggests the importance of linked training located in close proximity to the site of the development project.

As with first source hiring, a training linkage program should include frequent and transparent reporting of results. Employment and training departments in Minneapolis and Boston keep their websites up to date with information on the progress their primarily non-profit contractors have made toward job placement and wage-at-placement goals for their clients. Community coalitions whose agreements with municipal officials and developers contain local hiring and training linkage components also put a high priority on the collection and reporting of data as a tool for accountability.

15 See also Wolf-Powers, 2003, "*The role of labor market intermediaries in promoting employment access and mobility: A supply and demand-side approach* http://pratt.edu/~lwolfpow/Dissertation%20.pdf

STRATEGY 3: GOALS AND STANDARDS FOR JOB CREATION AND JOB QUALITY

As with the other types of linkages discussed here, standards governing the number and quality of the jobs that will be created as part of taxpayer-subsidized development can apply either on a project basis or across the board to all subsidized development. The most common form that this kind of regulation takes is a wage floor – a requirement that subsidized employers adhere to wage standards defined by the city. A controversial issue that arises in connection with this type of policy as applied to real estate projects is the question of whether wage standards will pertain only to jobs directly related to the construction and maintenance of the development or also to jobs created by a project's ultimate tenants.

Wage Floors & Job creation Requirements

According to the Living Wage Resource Center, as of 2005, 140 city or county-based minimum wage or "living wage" ordinances existed in the United States. About half of these applied only to contractors doing business with the cities. The other

Credit: Center for Jewish Arab Economic Development

half applied as well (or in a few cases, instead) to firms benefiting from economic development subsidies. For example, Minneapolis requires any firm benefiting from $100,000 or more in city assistance in one year to pay its employees a "living wage," which is defined and indexed at 110% of the federal poverty level for a family of four without employer-paid health insurance, and 100 percent of the poverty level with basic health insurance.[16]Some wage floors apply to specific geographic zones within cities where businesses are subsidized. For example, all employees at **Berkeley, California's Marina**, which is city-owned public land, are paid $11.04 an hour with health benefits and $12.87 without. Within the **N/NE Portland Enterprise and Electronic Commerce Zone**, employers receiving area-based property tax exemptions must pay at least 150% of the Oregon minimum wage (which comes to $10.88 per hour) to 85 percent or more of their employees.[17]

In addition to wage floors, some cities peg subsidy to the number or density of jobs created. In Portland, employers who receive forgivable loans through the city's Quality Jobs Program, in addition to committing to first source hiring, must maintain a job density of one employee per 800 square feet or less of building area. In Minneapolis, the creation of at least one living wage job is currently required for every $25,000 that a business subsidy recipient receives.

16 The City of Minneapolis living wage is currently $10.57 per hour without health insurance and $9.06 with insurance. A new ordinance that goes into effect in January 2007 indexes the living wage at 130% of the federal poverty level for a family of four. It will include city contractors as well as business subsidy recipients. In addition, the overall goal is that 60% of those placed in Minneapolis jobs will be Minneapolis residents.

17 Portland links this wage floor to first source hiring by specifying that companies within the Zone focus initial recruitment efforts on residents of N/NE Portland. Worksystems, Inc. (WSI) a nonprofit organization that administers Portland's federal Workforce Investment Act funding, is responsible for the negotiation and execution of First Source agreements and for coordinating the recruiting, screening and referral of qualified candidates.

How Cities' Wage Policies Play in the Physical Redevelopment Arena

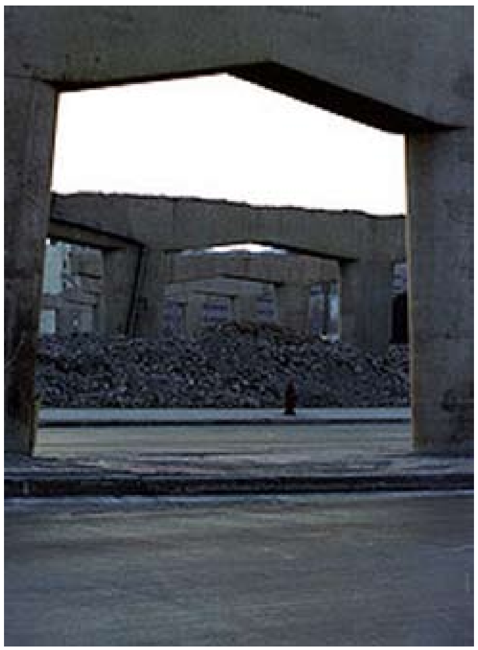
Empirical research on living wage policies tied to public subsidy for business is available from business, labor and academic organizations, and features a variety of conclusions about the effects of these policies on employment, poverty and economic growth. We find the evidence in their favor compelling, particularly a 2003 study by Scott Adams and David Neumark for the National Bureau of Economic Research – see http://www.nber.org/papers/w9702),[18] but our primary task here is to examine how goals and standards for job creation and job quality have played out in the context of property-led redevelopment. Here we return to the **Midtown Exchange** project in Minneapolis. Midtown Exchange's developer is exempt from the City's living wage policy governing subsidized firms. However, the city's Job Linkage Program has been an effective tool for engaging the major tenants of the Midtown Exchange development with the Minneapolis Employment and Training Program's goal of reducing unemployment and poverty in the city. Each job linkage agreement (as described in the section above on first source hiring) results in five-year job creation goals and projections and links the employer with a specific affiliate of the Neighborhood Employment Network (NET). The METP keeps assiduous track of the number of jobs created by city-assisted firms, of the extent to which the jobs are filled by residents of Minneapolis, and of the wages earned, publishing a quarterly report that is available on the city's website (http://www.ci.minneapolis.mn.us/metp/metp-reports-home.asp#TopOfPage)

18 See also See Andrew J. Elmore (2003), Living Wage Laws & Communities: Smarter Economic Development, Lower Than Expected Costs, Brennan Center for Justice.

As noted on page 17, METP staff members have signed Job Linkage Agreements with the four major tenants of Midtown Exchange: Allina Hospitals and Clinics, the Sheraton Minneapolis Midtown Hotel, the Midtown Global Market, and a branch of US Bank. The major hiring for Midtown Exchange thus far has been at the new Sheraton Minneapolis Midtown Hotel. Prior to opening in December 2005, the Sheraton held a job fair at the nearby South Minneapolis Workforce Center and hired 42 people. 26 of these employees live in Minneapolis and all are working at or above the city's 2005 living wage of $10.23 per hour. As the Sheraton seeks supplementary or replacement personnel going forward, it is working with Neighborhood Employment Network affiliate Goodwill/Easter Seals. The City expects a clearer picture of more recent hires when it conducts its annual Job Linkage survey in December of 2006.

Project-specific Wage Policies in Denver and Milwaukee

Both Denver and Milwaukee have citywide living wage policies, but in both cases they apply only to contractors that do business with city government. Advocates pushing for fair distribution of benefits from urban redevelopment in these places have advocated – and achieved – wage standards for employees engaged with private projects made possible by public subsidy.



Credit: www.flickr.com

In Milwaukee, Wisconsin in 2003, city officials opened 26 acres on the northern edge of the city's downtown for redevelopment by replacing part of the **Park East** freeway with a ground-level 6-lane boulevard flanked by 20 separate development sites (one city-owned and the rest owned privately or by Milwaukee County). A diverse group of advocates, the Good Jobs and Livable Neighborhoods Coalition, prevailed upon the city to incorporate workforce linkages, affordable housing and other community benefits into its master plan for the heavily subsidized redevelopment. Rebuffed by the city, the coalition turned to the Milwaukee County Board, which in February 2005 passed the **Park East Redevelopment Compact** (PERC). The PERC requires firms who purchase and develop any of the 16 acres of County-owned land within the Park East Corridor to pay County prevailing wages to construction employees and to adhere to enhanced training and apprenticeship requirements for construction jobs. The compact also calls on the Milwaukee County Executive's office to devote funds (gained from proceeds from land sales) to a local hiring initiative geared to the construction trades, and mandates that the office designate two non-profit coordinating agencies as vehicles for recruitment and training of local applicants for construction work. And it contains non-binding language supporting a role for Milwaukee County agencies in the extension of hiring and training programs beyond the construction phase to apply to future tenants of the development.

In 2005, the City of Denver committed $126 million over 25 years to help finance the development of an abandoned 50+-acre brownfield in south central Denver, the former site of the **Gates Rubber Company**, into a transit-oriented complex featuring 2,500 residential units and 2 million square feet of retail space. In exchange for an agreement to develop from Cherokee Partners LLC, the city deemed the Gates land an urban renewal district wherein expenditures for roads, sewers, and other infrastructure construction are reimbursed by tax increment financing (TIF). Local organizing groups under the banner of the Campaign for Responsible Development (CRD) pushed for a community benefits agreement with Cherokee, arguing for affordable housing, best environmental remediation practices and job-related provisions. A CBA was never negotiated, however, because the grassroots advocacy effort spurred the Denver City Council to action. Members of the City Council insisted that given the city subsidies the project was due to receive, workers doing environmental remediation at the site and building new infrastructure – including pedestrian and vehicle bridges connecting the site with the surrounding neighborhood – be paid the city's prevailing wage for public construction projects. They refused to support a development agreement that did not include such a requirement. After initially refusing, Cherokee announced on December 21, 2005 that in undertaking cleanup and infrastructure construction on the Gates site, it would be governed by the city's prevailing wage.[19] Maintenance, parking and security jobs with private contractors after the site is built out will be covered by the City of Denver's living wage law. However, Cherokee's commitment does not extend to "vertical development" on the site, which will be handled by other contractors who are as yet unknown.

In both the Milwaukee and the Denver cases, site preparation and construction work had just begun as this report was being written, so no outcome data were available. A comparison of early implementation on the two projects, however, is instructive. According to Robin Kniech of the Front Range Economic Strategy Center, which houses the Campaign for Responsible Development, the array of provisions that the City of Denver ultimately required of Cherokee represent a change in the way Denver conducts business with real estate developers. "For the first time," Kniech writes:

> The city has organized its own assessment of a proposed project around a 'community benefits' framework. The city has also included an unprecedented component in its subsidy package to ensure the project pays its fair share for service burdens the project creates, and makes sure that city taxpayers participate in any windfall profits from the sale of land at the project.

In addition, in the process of pushing Cherokee Denver to provide community benefits, the City has reevaluated its own programs – such as its formerly ineffective program to promote local hiring as described on page 16 above.

In the Milwaukee case, the prevailing wage provision is much stronger than in Denver, extending to all of the construction contractors hired to build on County-owned Park East land rather than only those doing site preparation and infrastructure development. In Milwaukee, though, lack of consensus between the legislative and executive branches of the County government has hampered implementation of the many workforce-related aspects of the PERC. The County Board of Supervisors passed the Redevelopment Compact over the County Executive's veto, and the Board and Executive currently have a contentious relationship. It will likely take additional community pressure to impel the County Executive's office to follow through on the obligations laid out by the Board, such as the designation of coordinating agencies and the implementation of a local hiring policy. Advocates hope that the County Executive's office, pressed by the still-strong community coalition, will eventually implement the PERC. But the case points to the obstacles that arise when municipal government agencies are not supportive of and engaged with linkage-related legislation. In Denver, by contrast, city executive agencies have embraced the City Council's goal of ensuring that subsidized redevelopment offers benefits to the community, especially low-income residents of the area.

A "saving grace" in Milwaukee may turn out to be the role of community representatives in monitoring the PERC. A Community Advisory Committee established by the County Board of Supervisors and appointed by its President reviews proposals that are submitted to the County by developers who want to acquire and build on Park East properties. Its recommendations are non-binding, but the mechanism provides the

19 In late January 2006, Cherokee, relying on a a "best-value" contracting system designed to promote the selection of contractors that provide health care and support employee training, selected a company called Kiewit to move ahead with site preparation. Kiewit has a strong record of providing health care and pension benefits and of collaborating with unions to offer pre-apprenticeship training, and Cherokee's selection of Kiewit suggests that it will follow though on its prevailing wage commitment and the construction employees at preparing the Gates Rubber site will have good benefits and training as well.

community with some input into who is selected to develop the County's property in Park East. Several members of the advisory committee are from the Good Jobs and Livable Neighborhoods Coalition. One of these members, Pam Fendt of the University of Wisconsin Milwaukee Center for Economic Development, says that the watchful presence of the advisory group increases the accountability of the county economic development staff, whose members know they will be questioned vigorously about their selection criteria for developers.

Credit: Cherokee-Denver LLC

GETTING IT DONE: THE DELICATE BALANCE BETWEEN ACTIVISM AND INSTITUTIONALIZATION

In every city where workforce linkage initiatives are succeeding, the path to establishing and implementing them has been different. Grassroots organizing, mayoral leadership, activism on the part of city council members, and professional know-how on the part of city employees have been present in a variety combinations. In some cases, the developer's obligation to the public is laid out in a "community benefits agreement" between a developer and an advocacy coalition; in other cases that obligation is embodied in public sector policy at the City or County level. Within the public sector, impetus toward linkage measures may come from the executive or the legislative branch of government.

What is clear in all of the cases is that activism – the "fight" that is involved at some point along the way, in which outsider advocacy plays a major role in influencing the shape of redevelopment – exists both in tandem and in tension with institutionalization, the gradual cultural change toward a "public benefits framework" for approaching publicly subsidized development both within economic development agencies and among developers themselves. The two exist in tandem, in our judgment, because it is not possible for first source hiring, training linkages and wage standards to function or endure without an institutional base in local government. They exist in tension because impetus toward the public benefits framework from the outside – from organizations that understand their role as one of advocacy rather than administration, and who reflect and represent the desires and aspirations of un- and underemployed populations – can never fully cease if workforce linkages are to remain robust, purposeful initiatives rather than simply regulations to be complied with.

The recent experience of Los Angeles is helpful in illustrating this argument. The Los Angeles Alliance for A New Economy (LAANE) began campaigning for community benefits agreements during the mayoral administration of James Hahn, at a time when the Community Redevelopment Authority of the City of Los Angeles (CRA/LA) Redevelopment was dedicating taxpayer resources to a host of redevelopment projects without leveraging their potential to create and prepare people for family-supporting employment. LAANE was the prime mover in negotiating the CBAs, but their success relied on support from the Los Angeles City Council, which effectively refused to approve redevelopment agreements that did not incorporate CBA provisions. The City thus became party to the commitments of the developers around things like first source hiring, and its workforce agencies and Workforce Investment Board became involved in the implementation of these linkages. The largest CBA to date in the Los Angeles region, the one reached in conjunction with the expansion of the Los Angeles International Airport in 2004, occurred under Hahn's mayoralty; the implementation of the workforce provisions of the agreement depends equally on city agencies' work and LAANE's monitoring and advisory functions and relationships with community based organizations who will be the first point of contact for job-seekers. In 2005, progressive Mayor Antonio Villaraigosa was elected, and early in his term negotiated a reduction in scope of the airport modernization effort. His support for the employment training aspect of the CBA, however, was reflected in the fact that although the airport expansion itself has been reduced from an $8 billion to a $5 billion project, an annual commitment by the airports agency of $3 million for employment training will not decrease. While Los Angeles World Airports (LAWA), the agency in charge of the airport, has been slow to begin implementing the CBA, says LAANE project director Flor Barajas-Tena, the Mayor's office is "on board and monitoring LAWA – it speaks to our coalition's strength that we haven't let the airport ignore the CBA."

In contrast, the "outsider" advocacy that led to the job training linkage program in Boston is now two and a half decades old. In the early 1980s, a coalition that included the groups Massachusetts Fair Share and the Boston People's Organization proposed that the city levy an "impact fee" on real estate developers in Boston's core. This was, according to Neil Sullivan, who worked for Massachusetts Fair Share at the time (and who now directs the Boston Private Industry Council), not just a policy proposal but a metaphor for how to cope with the fact that a downtown development boom in Boston was not benefiting the neighborhoods. Says Sullivan, "It was a metaphor for sharing." An affordable housing linkage fee at first appeared to be a fringe proposal and a political non-starter, but the issue of linkage gained importance in the 1983 mayoral race as a cornerstone of the campaign of Ray Flynn (Sullivan in fact left Massachusetts Fair Share and went to work for Flynn during this period). Linkage then became one of the hallmarks of Flynn's mayoralty. The Flynn Administration created a housing linkage program in 1984, and in 1987 the jobs linkage program was born, leveraging real estate development to raise money for a job training fund known as the Neighborhood Jobs Trust.

According to Sullivan, during the 1980s Flynn's aides and allies transposed the scrappy activism of organizations like Massachusetts Fair Share into a government-led culture change around real estate development: "We wanted a new normal," Sullivan says, "and we won that. [After linkage implementation], you had to have a plan to develop the neighborhoods if you wanted to develop in Boston." Implementing the housing and then the job training linkage fee required political capital – but once that capital had been invested and the linkage program was underway, Sullivan says, "the culture really took hold …now you couldn't get rid of it." However, while ingrained in the local political culture, Boston's linkage policy is now entirely a creature of the local government, integrated into its ethos and its practice. Some local groups have expressed concern that grassroots organizations have been missing from the dialogue on the job training linkage for too long – that the policy which local government has so successfully institutionalized would now benefit from another dose of activism.

RECOMMENDATIONS

The examination of cases in this report leads us to the following five recommendations for measures that city governments can take to leverage the enormous value of urban redevelopment activity in ways that alleviate unemployment and poverty. Our expectation is that (as in our case studies) in some instances municipal and county governments will adopt these recommendations directly. In other instances, they will likely be the subject of campaigns by advocates.

Recommendation #1: Systematic Record-Keeping and Monitoring

In too many cases, projects are announced with great fanfare and the promise of local jobs, but then little is done to monitor, report, and evaluate on whether those promises are met. As has been increasingly recognized in improving systems of local government – from police to education – it is impossible to insure successful implementation without consistent collection and review of data. Where a city is serious about making local employment and workforce linkages on publicly-supported real-estate development projects, it is essential that it commit upfront to systematic record-keeping. The mayor's office or a designated local agency should establish a mandatory system for publicly-supported projects that keeps track of how many jobs are created, of what proportion of hirees live in surrounding neighborhoods (or came through a first source hiring system), of the demographics of the hirees are, and of what people earn. This should be true not only for construction jobs, but for all jobs on publicly-supported projects.

This information should be made publicly available on a regular basis, and it should be the basis used to insure implementation and compliance with commitments. Where community-benefits agreements provide for liquidated damages, or where local laws and subsidy agreements include clawbacks if commitments are not met, this monitoring can be the basis for enforcement. It is also essential for rigorous empirical evaluation of linkage policies' effectiveness – something that is sorely needed in the economic and community development fields.

Recommendation #2: First Source Hiring

Municipalities should establish a consistent, citywide system for first-source hiring on real estate development projects that would requires that developers, construction contractors, firms with building maintenance contracts, and major retail and office tenants create first source hiring systems intended to maximize employment opportunities for disadvantaged residents, and especially those from the immediate neighborhoods. While the impetus for first source agreements often grows out of organizing around specific local projects, it is essential that municipal agencies be an active partner in creating and managing these systems. This benefits employers by providing personnel to screen candidates and refer them to employment or to training (either directly, or through contracts with local employment and training providers), and it insures consistent implementation. The system for first source hiring should have some flexibility built-in: it may make sense for a downtown project to draw from a wide range of low-income neighborhoods, while a project located in a specific low-income community would draw employees from a more targeted area. In the former case, it may make sense for the city to provide the referrals directly, while in the latter a neighborhood-based organization could have a contract to provide this service. But the overall system should be clear and consistent, with the same general provisions (e.g. how priority is established, how long the first source period is, how rehires are handled). In addition, first source agreements should cover ongoing hiring, not only the initial jobs.

Recommendation #3: Training Coordination, with a focus on Building Local Training Institutions and a Sectoral and Advancement Approach

Cities should look to provide training and placement services in partnership with local organizations. Research shows that the disadvantaged people seek employment training and placement within a five-mile radius of where they live, and that the most effective employment programs are deeply connected with both their communities and with employers. A key finding in recent literature on workforce development is that in spite of globalization, and in spite of policy attention to remedying “spatial mismatch”

Credit: www.flickr.com

between people and jobs, labor markets persist in being quite local from the perspective of job seekers, particularly the low-income. Following the example of Neighborhood Employment Network (NET) in Minneapolis, municipalities should facilitate the creation of networks of neighborhood-based training providers who are matched to major employers affiliated with redevelopment projects in order to provide workforce development planning and implementation.

This model is also an efficient one to provide a “sectoral approach” to linkage efforts. Many of the jobs created through real-estate led economic development are in several employment sectors: construction, building services, retail, and hospitality. Job training and placement organizations can develop specialties in these fields, and relationships with key employers. While numerous cities have established construction linkage programs, few have followed this model in other real-estate related sectors. Through a combination of first source hiring and training coordination in these sectors, cities could insure that local residents have access to the permanent jobs that these projects create. Moreover, the training coordination should not stop with initial placement, but should extend to provide career advancement and other supports over time. Because many of the non-construction jobs in real-estate development projects (retail, hospitality) are often entry-level and low-wage, the training partnership should provide for incumbent worker training and advancement opportunities. Where the scale is feasible (as it often is in large projects), municipalities should consider working with developers, employers and their training partners to establish on-site centers that provide coordinated services such as financial literacy, tax preparation/EITC, ongoing job training, and internal referrals for entry-level management positions.

As with first source hiring, a training linkage program should include frequent and transparent reporting of results. Employment and training departments in Minneapolis and Boston keep their websites up to date with information on the progress their primarily non-profit contractors have made toward job placement and wage-at-placement goals for their clients. Community coalitions whose agreements with municipal officials and developers contain local hiring and training linkage components also put a high priority on the collection and reporting of data as a tool for accountability.

Recommendation #4: Training Linkage Fees
Following the example of the Neighborhood Jobs Trust in Boston, municipalities where real estate markets are robust should develop a per-square-foot charge for developers who receive concessionary land use action or subsidy. The proceeds would go into a trust fund which would be used to strategically supplement other available funds to help people get and keep family-supporting work. Paying into the system helps to vest developers in the success of the system, and provides an ongoing revenue stream. These linkage fees can be used to support workforce development planning, training coordination, job training programs, the first source hiring system, and systemic record-keeping.

Recommendation #5: Wage Floors and Prevailing Wage/Benefit Standards
Cities should implement policies whereby developers receiving significant subsidies are mandated to require that construction contractors pay prevailing wages and benefits, and to require their tenants to abide by a wage and benefits floor governing positions such as security guards, parking attendants, and restaurant and retail workers. Evidence from "living-wage" programs tied to economic development suggests that these requirements do not have a negative impact on development or job creation.[20] Subsidized development projects provide an ideal "prevailing wage" opportunity. Because the job floor/prevailing wage for various job categories is set based on local context, the municipality can insure that the required wages are within the range that local employers are already paying. Without this provision, there is a risk that developers and employers will use public subsidies to undercut existing employers who are acting as good neighbors and providing good jobs. With a prevailing wage program tied to development subsidies, municipalities can insure that their subsidies are creating "high road" jobs within each job sector.

20 See Andrew J. Elmore (2003), *Living Wage Laws & Communities: Smarter Economic Development, Lower Than Expected Costs*, Brennan Center for Justice.

CONCLUSION

As property investors intrigued by mega-projects, enamored of “smart growth” or looking to cash in on new preferences for downtown living among the middle class become interested in formerly marginal urban land, many municipal governments have leapt to encourage and support them. Real-estate led economic development has many downsides, and there is often legitimate cause to oppose redevelopment projects altogether. We believe, however, that if city officials do choose to subsidize this type of development, they have both an opportunity and an obligation to institute workforce linkages. Without providing for linkages, we argue, a chance is being lost to harness the power of urban revitalization to help lift people from poverty.

This report finds that while some municipalities develop exemplary linkage policies on their own, many if not most successful linkage policies come about as a result of “outsider” advocacy. But whether they have been the architects of a linkage policy or are adapting one that is formed in the context of an advocacy campaign, municipal officials play crucial roles in implementing linkages and in tracking and documenting their results. Where they have embraced this role – and where community and labor organizations have continued to be involved both in running effective community-based employment institutions and in keeping a “public benefits framework” for development on the political stage – large-scale development is producing opportunities for labor force attachment and family-supporting work. Going forward, consistent tracking and record-keeping in conjunction with linkage implementation can help economic and community development professionals to develop a more complete picture of where linkages are succeeding and failing so that they can take measures to improve their performance.

APPENDIX: SELECTED PROJECT PROFILES

Alameda Rail Corridor Project, Los Angeles County

Community actors: *Alameda Corridor Jobs Coalition, Alameda Corridor Jobs Coalition Training and Employment Corporation (ACJC-TEC)*
Public sector actors: *Alameda Corridor Transportation Authority (ACTA)*
Private sector actors: *n/a*

Marnie McGregor, Pratt Center for Community Development

Background

In 1997 community groups were gathered together by the Legal Aid Foundation of Long Beach and the Center for Community Change to discuss the upcoming construction of a 21-mile rapid rail corridor directly through several low-income communities in Los Angeles County. Determined to access the potential of this $2.4 billion public works project to offer jobs and training to their members and constituents, the groups initiated the Alameda Corridor Jobs Coalition and began to do extensive research on the project, which was being implemented by the Alameda Corridor Transportation Authority (ACTA). In the early stages, they developed a relationship with the Carpenters Union and other key figures in the organized labor community. After public demonstrations and one-to-one relationship building with ACTA staff and representatives of the U.S. Department of Transportation, the Coalition won an agreement from ACTA in 1998 that 30 percent of all construction work hours for the Mid-Corridor segment of the project (whose budget was $750 million) would go to residents hired from low-income communities along the corridor.[21] ACTA also agreed to sponsor training slots for 650 pre-apprentice positions and 350 non-trades related construction positions. Because they had been approached early, the Carpenter's Union and its affiliated Carpenters Educational and Training Institute were already enthusiastic about providing the pre-apprenticeship training.

Implementation

The Alameda Corridor Jobs Coalition formed a spin-off, the Alameda Corridor Jobs Coalition Training and Employment Corporation (ACJC-TEC), which was chosen to work with the main construction contractor on the project to deliver or coordinate services that had been identified as crucial to the success of job-seekers from low-income neighborhoods along the corridor. These included community-based outreach and intake, referral to training (there were two "paths" –the more rigorous trades path, which led into the pre-apprenticeship, and the non-trades path, which led to non-technical construction industry jobs such as drafting assistants, office support and site security as well as a distinct track for construction laborers), case management, and services such as driver's license recovery and a car loan program that helped people overcome legal and financial barriers to car use. For pre-apprentices, the training itself was performed by the Los Angeles Unified School District (which provided three weeks of classroom training), and the Carpenters Educational and Training Institute (which supervised hands-on construction training). Eventually, pre-apprenticeship training was taken over by the Century Housing Corporation, a non-profit trainer. Training goals (650 people in the trades, 350 in non-trades occupations) were separate from the 30% local placement goal, since it was assumed (correctly) that not all of the workers hired by the contractors on the Alameda Corridor would be graduates of ACJC-TEC programs.

21 U.S. DOT regulations prohibited local hiring preferences on the remainder of the project.

Outcomes

Past public construction projects had reduced quality of life in low-income neighborhoods without contributing to economic development in these areas, but the Alameda Corridor project was different. Although it did create noise and inconvenience for its neighbors, 999 of these neighbors worked on the mid-corridor section of the rail project – 31.2% of the total workforce for that section. The majority was African-American or Latino workers, and 188 were graduates of ACJC-TEC-sponsored pre-apprenticeship programs in construction trades such as carpentry, ironworking, or cement masonry. In all, 710 of the 1,100 graduates of ACJC-TEC programs were placed in the construction industry, 637 into union apprenticeship programs, taking the first step toward family-supporting careers in the trades.

For more information, see Ranghelli 2002

Boston's Development Linkage Program: The Neighborhood Jobs Trust

Community actors: *community-based training providers under contract with the city*
Public sector actors: *Boston City Council; Massachusetts State Legislature; Office of Jobs and Community Services (part of the Boston Redevelopment Authority)*
Private sector actors: *developers creating new commercial real estate exceeding 100,000 square feet*

Background

The City of Boston, Massachusetts has had a policy in place since 1987 that relies on a linkage fee to connect new real estate development directly to job training.[22] The fee is exacted from developers of all new commercial real estate projects exceeding 100,000 square feet and requiring zoning relief, including expansion and rehabilitation projects. For every square foot of gross floor space in excess of 100,000, the developer pays $1.57 per square foot; this obligation can be fulfilled through a cash payment or through direct creation of a job-training program. Linkage payments help to ensure that Boston's real estate development benefits the city's neighborhood residents.

The City of Boston first created linkages between new real estate development and public outcomes in 1983, when it adopted Article 26 of the

22 A similar program mandating housing linkage fees has been in existence since 1984.

Boston Zoning Code, which mandated linkage payments for affordable housing. In 1986, Article 26 was expanded to encompass linkage fees to be dedicated to job training. Facing a legal challenge from a developer in 1987, the City of Boston submitted a home rule petition to the Massachusetts Legislature that resulted in Chapter 371 of the Acts of 1987 – legislative authorization for the program. In 2001, under the advice of a panel of developers and advocates appointed by Boston Mayor Thomas Menino, the City Council and the Massachusetts Legislature approved a second home rule petition which increased the linkage fees, indicating a broad public-private consensus that the program works well and does not stifle new development.

Administration

In several cases, developers have engaged the linkage obligation to fund programs that directly benefit their developments. For example, the developers of the new Fenway Park (the home of the Boston Red Sox baseball team) contributed to the Walk to Work program, an initiative of the Fenway Community Development Corporation. This program has placed 240 Fenway area residents in jobs at local institutions, boosting their earning power while reducing traffic congestion in the vicinity of the ballpark. In another example, the Bell Atlantic telephone company used the linkage fee associated with a new building to fund the YMCA-based organization Training Inc. for program that helped prepare low-income Boston residents for the company's employment test.

If the developer chooses to fulfill the linkage obligation with a cash payment, these funds are received by **Neighborhood Jobs Trust (NJT)**, an entity administered by Office of Jobs and Community Services of the Boston Redevelopment Authority (BRA is a legislatively chartered entity under the control of the Mayor of Boston).[23] The BRA and the developer sign a Development Impact Project (DIP) agreement which establishes the payment of linkage fees to the Trust. Payments are made at two points. The first half is due at the point a building permit is issued. The balance is due one year later, or upon the issuance of an occupancy permit for the building.

The Neighborhood Jobs Trust is managed by three Trustees: a member of the City Council appointed by the Mayor; the Director of the Office of Jobs and Community Services (JCS); and the Collector-Treasurer of the City of Boston. The Office of Jobs and Community Services – through the discretion of the NJT Trustees – initiates an RFP when enough funds have been raised through linkage fees to implement a program. To help the Trustees make this decision, JCS staff members monitor development projects in the pipeline so they can gauge when they will have enough funds for a program. Trustees – in collaboration with JCS staff (who are viewed as the city's workforce development experts) – determine the focus of each RFP. Both JCS staff and outside readers evaluate program proposals. Because JCS staff have very close working relationships with workforce development agencies citywide, they rely on the outside leaders to "level the playing field" so awards can be made to new agencies and programs. JCS staff members then develop recommendations for the awards, which need the approval of the Trustees and the Mayor.

Outcomes

Overall, between fiscal years 1988 and 2003, the Neighborhood Jobs Trust committed $13.6 million in funds, resulting in the creation of 113 programs.[24] A new Request for Proposals (RFP) was released in late 2004, and 16 one-year performance-based contracts totaling $1 million were awarded to 14 organizations in 2005, with a goal of serving 351 participants. Over the years, the Trustees have contributed money toward childcare programs, youth programs, adult education, "soft skills" work readiness programs, English for Speakers of Other Languages (ESOL) classes, and other targeted skills training programs. The NJT is particularly interested in supporting new and innovative education and training activities which result in high wage employment, new or non-traditional employment opportunities, and community based projects that respond to specific communities' documented education and training needs. The NJT is committed to

23 The housing linkage program interacts with the Neighborhood Housing Trust (NHT) which is also part of the Boston Redevelopment Authority. A housing contribution of $7.18 for every square foot of gross floor space in excess of 100,000 is required to be paid by the developer into the NHT, and the funds in the trust are used to create affordable housing.

24 Approximately $950,000 was spent on administration during this time period.

providing appropriate service to the residents of neighborhoods where (or adjacent to where) a given development project is located, while ensuring that residents throughout the City have access to new jobs resulting from development. All individuals enrolled in Trust-supported programs must be City of Boston residents of low or moderate income as defined by annual federal guidelines.

The last two RFP cycles –Steps to Employment which awarded funds in 2005 and First Step which awarded funds in 2001 – have focused on job training and ESOL funding. While Steps to Employment has yet to be evaluated, First Step is clearly a promising model. The outcomes of the first round include 64% placement in new jobs, with an average wage ($11.08 per hour) above Boston's Living Wage of $10.96 (2003 level). Moreover, most jobs had medical benefits. Training focused on heath care, office skills, culinary arts/hospitality and construction, and in some cases included upgrade training for incumbent workers. The population served came from Boston's neediest neighborhoods, meeting the project's goals and purpose. Twelve percent were TANF recipients, and many were single mothers. 81% were women, and the median age was 34. Participants were diverse in age and ethnicity, with just over half non-native English speakers. They were, however, primarily people with education credentials—only 6% had not completed high school, 15% had some post-secondary education and 8% had college degrees (Table 2).

While the Neighborhood Jobs Trust has been phenomenally successful at leveraging real estate development directly into employment training opportunities for low-income Boston residents, some training providers have ideas for how to improve the linkage program. Particularly because funding for employment training is increasingly administered according to performance-based regimes, training providers routinely experience cash flow problems that make it extremely important for them to be able to plan ahead. According to one interviewee, the system by which RFPs are created and linkage funds distributed is "not transparent at all… there is no information about when new money is going to be coming up." Additionally, because it is controlled by mayor-appointed trustees, linkage funding is seen as "political money," highly calibrated to electoral objectives in many cases.

East Palo Alto, CA First Source Hiring program

Community actors: *Opportunities Industrialization Center West (OICW)*
Public sector actors: *City of East Palo Alto City Manager, City of East Palo Alto Redevelopment Agency*
Private sector actors: *construction, hotel and retail employers including Four Seasons Hotel, Home Depot, Best Buy, Ikea, McDonalds.*

Background

The City of East Palo Alto, CA has had a First Source Hiring (FSH) policy since 1996, which it describes as "a valuable policy producing phenomenal results, and a key component in reducing unemployment in the City." The policy, which applies to any development project receiving a subsidy valued at over $50,000, has separate mandates applying to construction contractors and the ultimate tenants of the project, typically retailers. Construction contractors must either achieve or demonstrate good faith efforts to achieve the goal that thirty percent of all work-hours in each trade be performed by East Palo

Credit: Stanford Daily

Alto residents. Permanent employers associated with redevelopment projects must notify the City of East Palo Alto Redevelopment Agency before commencing operations at the site. For a six-week period or until all open positions are filled, employers then consider only applicants referred by a First Source System administered by the Redevelopment Agency.

Administration

While East Palo Alto originally contracted with non-profit groups to implement first-source hiring, it began to work smoothly only when it was brought under the wing of the city's redevelopment agency. Job opportunities with tenants in new developments are advertised on the website epa.net http://www.epa.net/launch/comvcs/comrpts/item?item_id=594095; the agency's website also links job-seekers with OICW, a community non-profit training and employment agency that offers offer resume assistance, ESL instruction and specific training to local applicants for retail and hotel jobs.

Outcomes

In a 2005 self-assessment, the Redevelopment Agency of the City of Palo Alto was upbeat about the positive impact of the policy on local unemployment rates and frank about the challenges that remain. Forty percent of the retail jobs covered under the FSH policy have been filled by local residents. However, East Palo Alto residents have obtained only 5% of new construction jobs, in part because of dispute with construction contractors over whether FSH policy conflicts with union agreements stipulating that workers be referred to jobsites by seniority.

Gates Rubber Project, Denver, CO

Community actors: *Campaign for Responsible Development Front Range Economic Strategy Center*
Public sector actors: *City of Denver City Council, City of Denver Auditor's office, Denver Urban Renewal Authority*
Private sector actors: *Cherokee Partners, LLC and its subcontractors*

Background

In 2005, the City of Denver committed $126 million over 25 years to help finance the development of an abandoned 50+-acre brownfield in south central Denver, the former site of the **Gates Rubber Company**, into a transit-oriented complex featuring 2,500 residential units and 2 million square feet of retail space. In exchange for an agreement to develop from Cherokee Partners LLC, , the city deemed the Gates land an urban renewal district wherein expenditures for roads, sewers, and other infrastructure construction are reimbursed by tax increment financing (TIF).

Local organizing groups under the banner of the Campaign for Responsible Development (CRD) pushed for a community benefits agreement with Cherokee, arguing for affordable housing, best environmental remediation practices and job-related provisions. A CBA was never negotiated, however, because the grassroots advocacy effort spurred the Denver City Council to action. Members of the City Council insisted that given the city subsidies the project was due to receive, workers doing environmental remediation at the site and building new infrastructure – including pedestrian and vehicle bridges connecting the site with the surrounding neighborhood – be paid the city's prevailing wage for public construction projects. Cherokee also agreed to participate in a newly invigorated first source hiring plan that included, for the first time, prioritization of zip codes surrounding the site, close cooperation with city workforce development staff, and enhanced tracking and reporting systems to monitor outcomes.

After initially refusing, Cherokee announced on December 21, 2005 that in undertaking cleanup and infrastructure construction on the Gates site, it would be governed by the city's prevailing wage law. In late January 2006, Cherokee, relying on a use of a "best-value" contracting system designed to promote the selection of contractors that provide health care and support employee training, selected a company called Kiewit to move ahead with site preparation. Kiewit is a contractor with a strong record of providing health care and pension benefits and of collaborating with unions to offer pre-apprenticeship training. The City Council approved a tax increment financing package after a public hearing on February 6.

Outcomes

Work on the site has not yet begun but Cherokee's selection of Kiewit suggests that it will follow though on its prevailing wage commitment. The commitment does not extend to "vertical development" on the site, which will be handled by other contractors who are as yet unknown. However, maintenance, parking and security jobs with private contractors after the site is built out will be covered by the City of Denver's living wage law. There are also important affordable housing provisions in the development agreement. According to Robin Kniech of the Front Range Economic Strategy Center, one of the main organizations involved in the Campaign for Responsible Development, this project is an example of a change in the way Denver conducts business with developers. In the process of pushing Cherokee Denver to provide community benefits, the City too has been forced to reevaluate its policies. "For the first time," she says the city has organized its own assessment of a project around a 'community benefits' framework. The city has also included an unprecedented component in its subsidy package to ensure the project pays its fair share for service burdens the project creates, and makes sure that city taxpayers participate in any windfall profits from the sale of land at the project."

LAX Master Plan Community Benefits Agreement

Community actors: *Los Angeles Alliance for a New Economy (LAANE); LAX Coalition for Economic, Environmental and Educational Justice (included environmental groups, labor unions, neighborhood organizations, public school administrators, teachers and parents, and clergy)*
Public sector actors: *City of Los Angeles, Los Angeles World Airports, Federal Aviation Administration, Board of Airport Commissioners*
Private sector actors: *Airport contractors, lessees and licensees, and construction contractors involved in the project*

Background

In December 2004, when the Los Angeles City Council approved Mayor James Hahn's $11 billion 2-stage modernization plan for Los Angeles International Airport, a major factor in the approval of the project (which had been in the works for 10 years) was a Community Benefits Agreement that contained landmark provisions for first source hiring and employment training.[25] The agreement, between the City, Los Angeles World Airports (the city department that owns and operates the Los Angeles International Airport and three other airports in Southern California), the region's airport authority, and the LAX Coalition for Economic, Environmental and Educational Justice, provided that Los Angeles World Airports (LAWA) would transfer $3 million per year for five years (beginning in 2005-06) to the City's Community Development Department and Workforce Investment Board to fund training for airport jobs, aviation-related jobs and construction pre-apprenticeship programs that would be targeted to low-income residents of the airport area and other low-income Angelenos. LAWA also agreed to provide "work experience jobs" to participants in the training programs and to facilitate a first source referral system.

Administration

The implementation of the first source referral and training-related provisions of the CBA has been delayed due to a change in city administration as well as the negotiation of a reduction in the scope of the airport expansion to settle a lawsuit against the city.[26] Implementation has also taken on greater complexity because these programs must be approved by the Federal Aviation Administration. However, the Los Angeles Alliance for a New Economy has worked with the City of Los Angeles Community Development Department and Workforce Investment Board to put implementation mechanisms in place and begin using them on a trial basis. The Mayor's office and City Council have been instrumental in ensuring that acceptable agreements are reached between LAANE and the FAA.

Credit: www.flickr.com

25 The CBA also contained major provisions around the mitigation of the environmental impacts of the expansion, which gave advocates for training and first source hiring crucial allies among environmental groups and the residents of communities surrounding the airport.

26 The recently elected Mayor of Los Angeles, Antonio Villaraigosa, has been very clear that the annual $3 million for job training will not be reduced as a result of the reduction of the modernization plan's scope.

First Source hiring

In October 2006, the Federal Aviation Administration approved an extensive first source referral program based on the community benefits agreement. The new program is staffed by three LAWA employees through a Job Resources Center created under the Jobs and Small Businesses division of the Authority. These employees, drawing on the lessons of such projects as the Alameda Corridor effort, will interface with public and community-based agencies to recruit potential employees and work with them to become job-ready and overcome barriers to work. The system, if it succeeds, will thus provide a strong link to the project area residents being targeted for employment. Since July 2005, LAWA has utilized the first source agreement for its own hiring and has ensured that first source hiring requirements are included in the terms of airport contracts, lease agreements and licensing or permitting agreements that it has signed with other employers. Now that a first source system is officially in place, LAWA will monitor compliance by covered employers.

Construction contractors working on the airport expansion are not subject to first source hiring requirements. However, as the "developer" on the expansion project, LAWA agreed to work with labor unions and employers to maximize opportunities in the construction trades for low-income area residents. The agreement provides that LAWA will work with the LAX Coalition to "implement the Los Angeles International Airport Project Labor Agreement in a manner that, to the greatest extent possible, enhances employment opportunities" for underemployed residents of the area and of the City of Los Angeles.

Training

Together, LAWA, the City's Community Development Department, the South Bay Workforce Investment Board (which serves the communities of Inglewood, Lennox and West Athens) and the LAX Coalition (staffed by the Los Angeles Alliance for a New Economy) have created a system for using the $3 million in LAWA funds to conduct training for airport and aviation jobs. Many of the dollars will be devoted to construction trades training. Requests for proposals from local organizations to provide the training are ready to be published when the LAX Coalition receives permission from the Federal Aviation Administration to spend its funds.

Wage Floor

A living wage clause in the airport expansion CBA states that all airport contractors and lessees are subject to the City of Los Angeles living wage law, which provides that employees receive $9.39 an hour with health insurance, or $10.64 without.

Midtown Exchange, Minneapolis, MN

Community actors: *Neighborhood Employment Network*
Public sector actors: *Minneapolis Department of Community Planning & Economic Development, Minneapolis Employment & Training Program*
Private sector actors: *Ryan Companies, Allina Hospitals and Clinics, Sheraton Minneapolis Midtown Hotel, Midtown Global Market*
Organized Labor: Minneapolis Building Trades Council

Background

The **Midtown Exchange project** is located in the major commercial corridor of economically struggling South Minneapolis, and is part of the City's Empowerment Zone. The project adapts majestic 1928 buildings in a former Sears retail and distribution center that closed in 1994. 1.2 million square foot mixed-used development will include a Sheraton Hotel, housing, offices and a multi-tenanted ethnic market operated by a local entrepreneurship development organization. The many linkage efforts taking place under the umbrella of this project are an outgrowth of an ongoing institutional commitment on the part of city's Department of Community Planning & Economic Development (DCPED) to link economic development with poverty alleviation and economic self-sufficiency in Minneapolis. The developer's agreement to participate was based on the city's grant of control over the site (which it owned) and public financing and grants worth $23 million. The groundbreaking for the project, which is also receiving historic preservation tax credits, occurred in September 2004. The hotel and some offices opened in late 2005, the project was completed in the summer of 2006.

Administration

Construction hiring and training

An ambitious construction jobs linkage program was pursued for the 1.2 million square foot The City's 2004 Employment Plan with the developer, Ryan Companies, established that Ryan would engage in a pilot pre-apprenticeship training program with the Minneapolis Employment & Training Program and the Minneapolis Building Trades Council (targeting 5%, or 45,000, of on-site construction hours for pre-apprentices). Ryan also agreed, again in conjunction with the Building Trades Council, that 30 residents of four nearby zip codes (55404, 55407, 55408, and 55409) would have "first priority off the union benches" for regular construction work. Finally, targets were set for employment of minorities and women in construction jobs – 15% skilled minority, 20% unskilled minority and 5% female – that exceed those established for previous commercial construction projects in the city. Ryan Companies also committed to work with students in the Minneapolis public Schools to inform them about careers in construction and advertise the pre-apprenticeship training program.

Job Linkage

The Midtown Exchange tenants are exempt from the City's living wage policy, because the City's assistance is for the purpose of rehabilitating "decaying building stock."[27] However, the Job Linkage Program has been an effective tool for engaging the major tenants of the Midtown Exchange development. The Ryan Companies agreed to provide the Minneapolis Employment & Training Program (METP) with the name and phone number of every tenant who signed a lease in the Midtown Exchange project so that the METP could approach them to learn about permanent job opportunities in the development and to encourage them to participate.

METP staff signed Job Linkage Agreements with the four major tenants of Midtown Exchange: Allina Hospitals and Clinics, which will have its headquarters at the site, Sheraton Minneapolis Midtown Hotel, the Midtown Global

27 Financial assistance that is not construed as a business subsidy includes: (1) business subsidies of less than $25,000; (2) redevelopment of brownfields or tax increment financing soil condition districts; (3) assistance to "decaying building stock" or designated historic preservation districts that is equal to or less than 50 percent of the total cost; (4) funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of nonprofits; (5) redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value; (6) funds from dock and wharf bonds issued by a seaway port authority; and (7)) business loans and loan guarantees of $75,000 or less. Section 116J.993, Subd 3, Minnesota Statutes (2005).

Market, which is a project of a non-profit entrepreneurship training organization called the Neighborhood Development Center and, most recently, a branch of US Bank. Each job linkage agreement provides five-year job projections and links the tenant with a specific an affiliate of the Neighborhood Employment Network (NET).

Outcomes

Construction hiring and training

Construction began in July, 2004. As of March 2006, 45 residents of the five targeted zip codes had been hired into construction jobs. The project had also realized its goals for minority and female employment. Seven percent of the construction workforce was female, 17% of the skilled workforce was comprised of minorities, and 21% of the unskilled workforce was minority.

The goal that 5% of the construction hours would be worked by pre-apprentices was not met, however. As of March 2006, 16 pre-apprentices had worked a total of 8,000 hours on the project, completing just 18% of the target 45,000 pre-apprentice hours. Ryan Companies has sponsored three of the 16 pre-apprentices into full apprenticeships; one apprentice carpenter and two apprentice laborers. Ryan Companies has made 17 class presentations at local high schools since the start of the project, and high school students interested in construction careers have toured the Midtown Exchange Project site.

Job Linkage

Because Allina is primarily relocating jobs and because the Midtown Global Market is a small business incubator focused on ethnic food entrepreneurs, the major hiring for Midtown Exchange thus far has been at the new Sheraton Minneapolis Midtown Hotel. Prior to opening in December 2005, the Sheraton held a job fair at the nearby South Minneapolis Workforce Center and hired 42 people. 26 of these employees live in Minneapolis and all are working at or above the city's 2005 living wage of $10.23 per hour. The Sheraton has been working with NET affiliate Goodwill/Easter Seals, and the city expects a clearer picture of more recent hires when it conducts its annual Job Linkage survey in December of 2006.

Park East Development, Milwaukee, WI

Community actors: *Good Jobs and Livable Neighborhoods Coalition (U Wisconsin Milwaukee Center for Economic Development, Interfaith Conference of Greater Milwaukee, 9 to 5 National Association of Working Women, Institute for Wisconsin's Future, Milwaukee Inner-city Congregations Allied for Hope, Metropolitan Milwaukee Fair Housing Council, Milwaukee Sierra Club, Milwaukee County Labor Council and member unions); Community Advisory Committee for Park East Development Compact*

Public sector actors: *Milwaukee County Board of Supervisors, Milwaukee County Executive*

Organized Labor: *Milwaukee County Labor Council and member unions*

Background

In Milwaukee, Wisconsin in 2003, city officials demolished part of the Park East freeway, opening 26 acres on the northern edge of the city's downtown for redevelopment. City officials used federal, state and county funds and money raised through a Tax Increment District to replace the elevated freeway with a ground-level 6-lane boulevard flanked by about 20 separate development sites (one city-owned and the rest owned privately or by Milwaukee County). The city's plan specifies mixed-use development and "New Urbanist"-style design standards.

A coalition of advocacy groups prevailed upon the city to incorporate workforce linkages as well as other community benefits into its master plan for the publicly subsidized redevelopment. Rebuffed by the city's Common Council, the coalition turned to the Milwaukee County Board, which in February 2005 passed the Park East Redevelopment Compact (PERC). The PERC applies to the 16 acres of County-owned land within the Park East development area. Development on the remaining land, owned either by the City of Milwaukee or by private owners, is not affected by the PERC. The Good Jobs and Livable Neighborhoods Coalition has now applied for 501 c 3 status. Its members include faith-based groups, university-affiliated organizations, labor unions and the Metropolitan Milwaukee Fair Housing Council.

Administration

The PERC requires firms who purchase and develop County-owned land within the Park East Corridor to pay County prevailing wages to construction employees and to adhere to enhanced training and apprenticeship requirements "using existing agencies". A Community Advisory Committee established by the PERC and appointed by the Chair of the County Board of Supervisors (and that includes members of the original coalition) meets and reviews development proposals that are coming in to county. Its recommendations are non-binding, but the mechanism provides community members with some input into who is selected to develop the County's property in Park East. According to Pam Fendt of the University of Wisconsin Milwaukee Center for Economic Development, the watchful presence of the advisory group increases accountability for the county economic development staff, whose members know they will be questioned vigorously about their selection criteria for developers.

The Compact also calls on the Milwaukee County Executive's office to devote funding (gained from proceeds from land sales) to a local hiring initiative, designating two non-profit coordinating agencies as vehicles for recruitment and training of local applicants. "*All employment vacancies for developers, contractors, trainees, owners and tenants who will work on the County's Park East land will be required to be provided to the County and the County's designated coordinating agencies so that they may assist local applicants to apply for these vacancies.*" However, the County Board of Supervisors passed the PERC over the County Executive's veto, and the Board and Executive currently have a contentious relationship. It will likely take additional community pressure to impel the County Executive's office to follow through on the implementation and oversight obligations laid out by the Board.

The parcels in Park East are now being sold to developers, so no jobs have yet been advertised. Advocates hope that the County Executive's office, pressed by PERC-supportive supervisors and the Community Advisory Committee, will eventually take an active in implementing the PERC – but the case points to the importance of a supportive and engaged public sector.

Outcomes

The County Board has approved development on two parcels totaling four acres of the land it owns. Total expected development on these sites includes 315 units of housing and 200,000 square feet of retail space. As of February 2005, the County was considering a third proposal for development of a 4-story office building and 90 housing units on a third parcel. While members of the business community had warned that the prevailing wage requirements would inhibit development on County-owned land in Park East, this does not appear to have occurred. A third parcel was purchased by a local developer for more than the asking price. Fendt and the Community Advisory Committee believe that this spells the end of any self-imposed boycott among developers in protest of the PERC's requirements.

Special thanks to the following people who participated in pre-publication review for this report: Debra Bahr-Helgen, Flor Barajas-Tena, Ken Barnes, Pamela Fendt, Joan Fitzgerald, Robert Giloth, Robin Kniech, Bill Schweke

The **Pratt Center for Community Development** works for a more just, equitable, and sustainable city for all New Yorkers, by empowering communities to plan for and realize their futures.

As part of **Pratt Institute**, we leverage professional skills - especially planning, architecture and public policy - to support community-based organizations in their efforts to improve neighborhood quality of life, attack the causes of poverty and inequality, and advance sustainable development.

The **New York City Employment and Training Coalition** (NYCETC) is an association of nearly 200 workforce development providers – community based organizations, community colleges and union affiliated training programs – committed to providing high quality education, training, and employment services to approximately 500,000 unemployed and underemployed New Yorkers each year. In addition to advocacy and legislative services, the Coalition also provides staff development, best practice research, and technical assistance to our members, and is a leader in the workforce and economic development fields.

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