



public health
law & policy

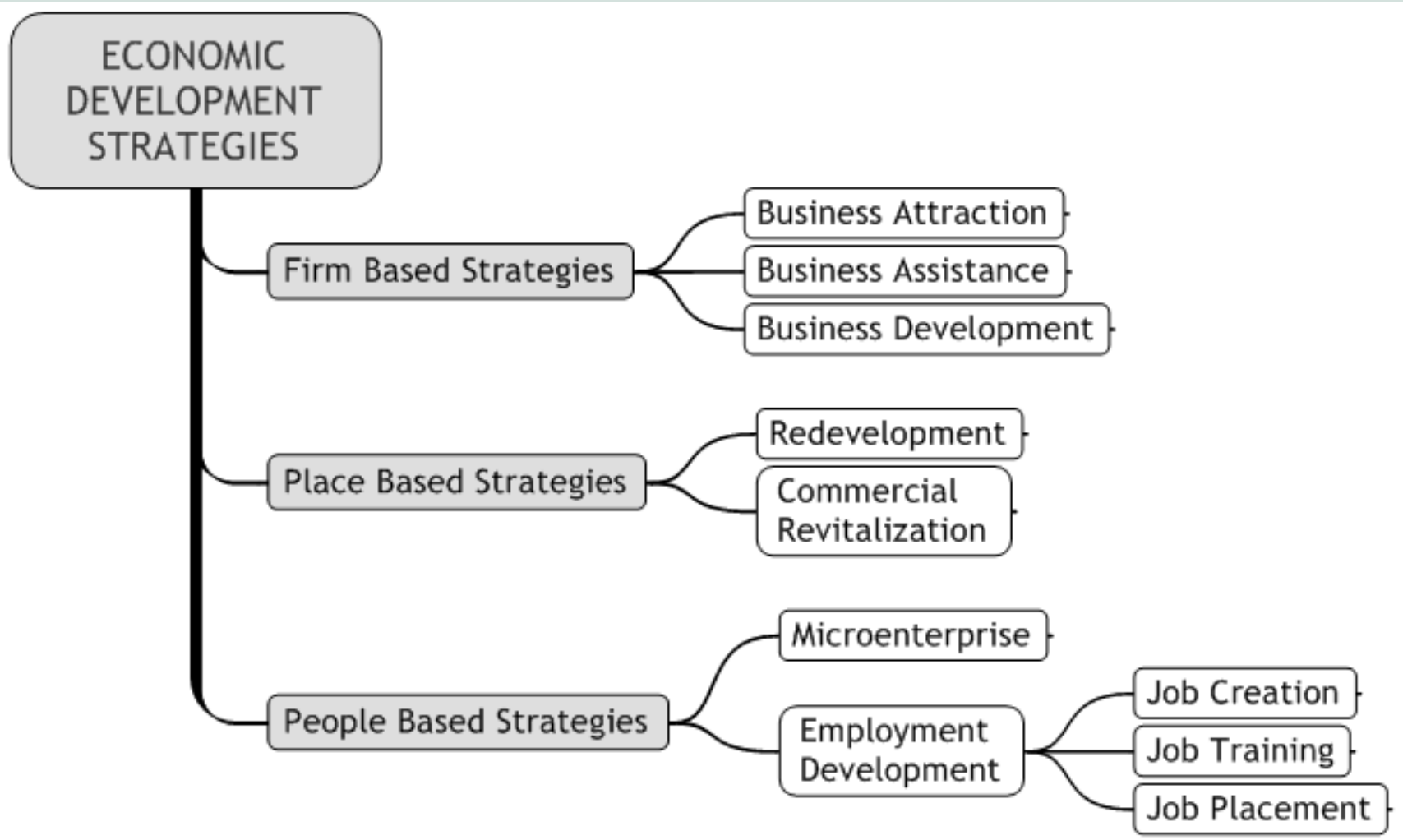
Financing and Stimulating Change in Low Income Neighborhoods

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Sacramento, CA June 3rd 2008



Economic Development Strategies



Economic Development Institutions

- Local Government Economic Development Agencies
- Small Business Assistance Agencies
- Economic Development Corporations
- Community Development Corporations
- Job Training and Placement Agencies
- Business Organizations

Economic Development Financing Sources

- Local Government
- State Government
- Federal Government
- Community Development Financial Institutions
- Private Foundations
- Private Banks
- Financial Markets



Three to focus on for bringing healthy food to low income neighborhoods

- Redevelopment
- Community Development Block Grants
- New Market Tax Credits

What is Redevelopment?

Redevelopment is a **public process** that aims to improve the economic and physical condition of a designated (blighted) area

Blight: *dilapidated, vacant and abandoned buildings, and concentrated economic inactivity*

Redevelopment agencies can declare **blighted areas** as **redevelopment areas**.

Powers of the Redevelopment Agency

1. Tax increment financing
 2. Eminent domain
 3. Improve blighted conditions
 4. Master planning authority
 5. Mobilize other public funds to incentivize neighborhood improvement behaviors
- Note: the budget of the Redevelopment Agency is separate from the city/county budget **(This is critically important in California given the structural fiscal squeeze that most local governments operate under.)**

What is Blight?

There are two types of blight according to California redevelopment law:

1. physical blight

2. economic blight

Physical blight defined

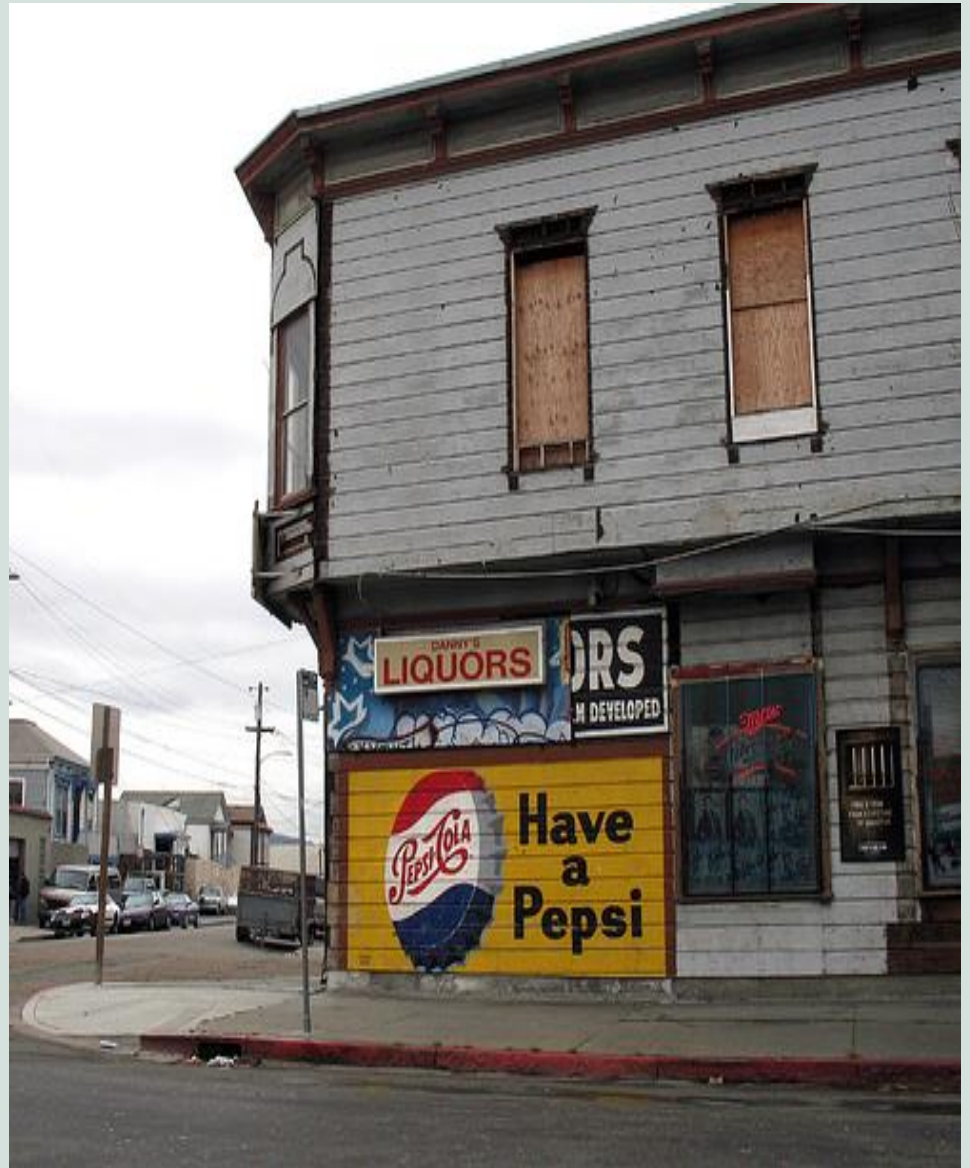
Buildings that are unsafe or unhealthy for persons to live or work.



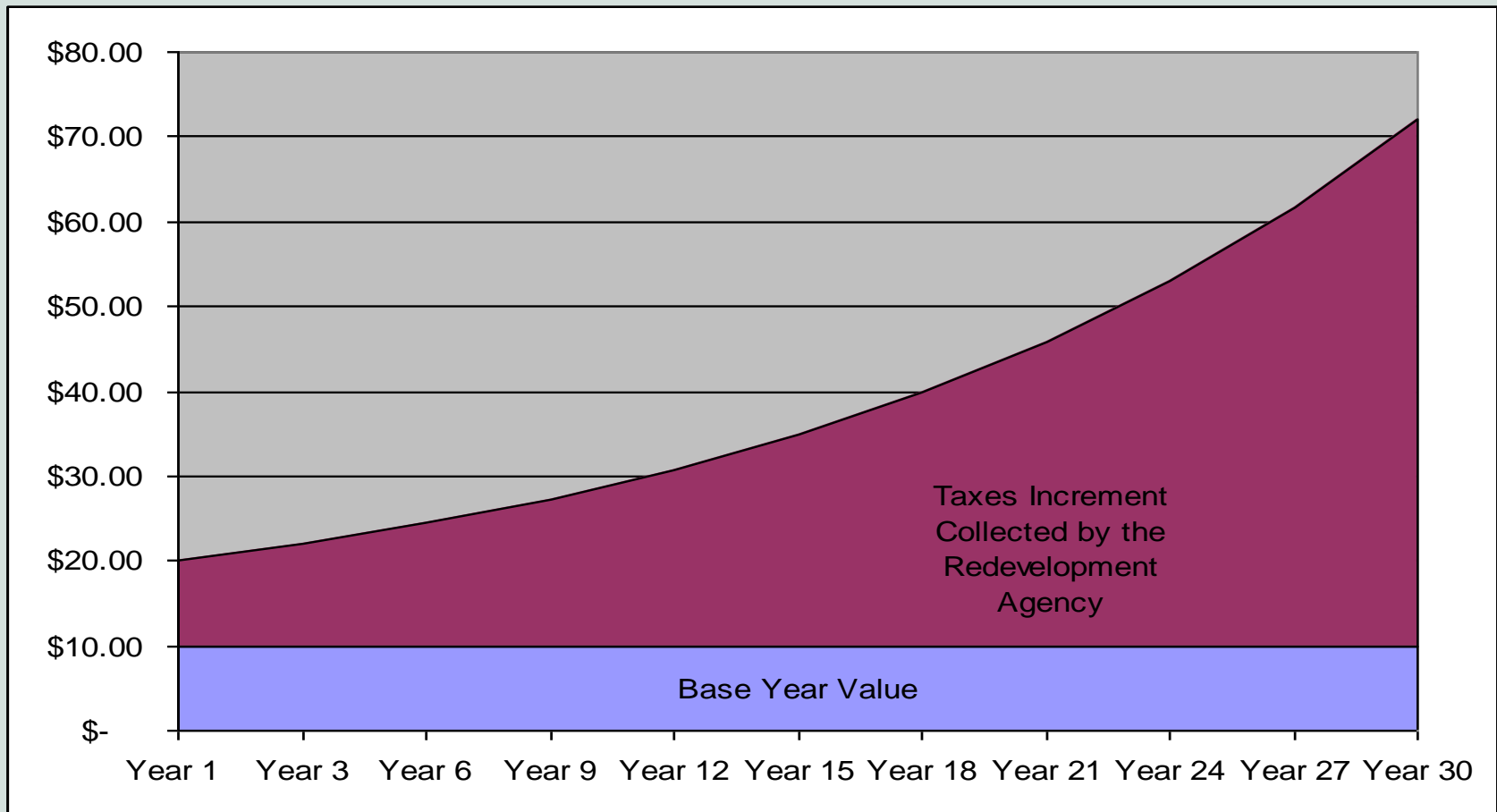
Economic blight defined

Serious residential overcrowding ... An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems.

A high crime rate that constitutes a serious threat to the public safety and welfare.



Tax Increment Financing (TIF)



Limited powers

- Economic Development & Redevelopment haven't been able to stem the changes in the economy brought on by globalization
- Economic Development & Redevelopment have been able to make targeted changes in many neighborhoods around the country, however.

Limited reach

- Redevelopment agencies cannot do any developing
- Redevelopment agencies can't fund programs
- Redevelopment agencies build infrastructure and give incentives to private developers to build in redevelopment areas

Redevelopment continued: (Eminent Domain)

- Eminent domain is the inherent power of the state to seize a citizen's private property for a public use.
- When property is “taken” for the just compensation must be paid.



The Fillmore – San Francisco

Redevelopment continues to be controversial

- Redevelopment agencies turn the seized property over to private developers
- Opponents say that this favors the interests of wealthy redevelopers over those of small business owners and individual home owners.

Many redevelopment agencies have decided to renounce the use of eminent domain over residential property



Kelo v. New London (CT)

Community Development Block Grants

- Federal categorical funding awarded to cities and rural areas by the Department of Housing and Urban Development
- Allocated at the discretion of state and local governments

What you can use CDBG funds for

- Real estate acquisition, relocation, demolition,
- Rehabilitation of housing and commercial buildings
- Building and improving public facilities & neighborhood centers
- Public services
- Economic development and job creation/retention activities

CDBG eligibility

- To be eligible applicants must identify urgent needs of the community, and solicit project ideas and plans from citizens and local organizations that address those needs

New Market Tax Credits

- A federal tax initiative administered by the Department of Treasury's CDFI Fund
- Designed to stimulate private investment capital into underserved markets in certain census tracts
 - 80% of applicable area median income
 - 20% poverty
- The business must be connected to low-income people
 - Customers / clients
 - Employees
 - Owners

Places where NMTCs can be used

- Empowerment Zones, Enterprise Communities or Renewal Communities
- Brownfields
- Encompassed by a HOPE VI redevelopment plan
- Federally designated as Native American or Alaskan Native areas, Hawaiian Homelands, or redevelopment areas by Tribal or other authority
- Colonias areas as designated by HUD
- State or local tax-increment financing districts, enterprise zones programs, or other similar state / local programs
- Certain counties designated by FEMA

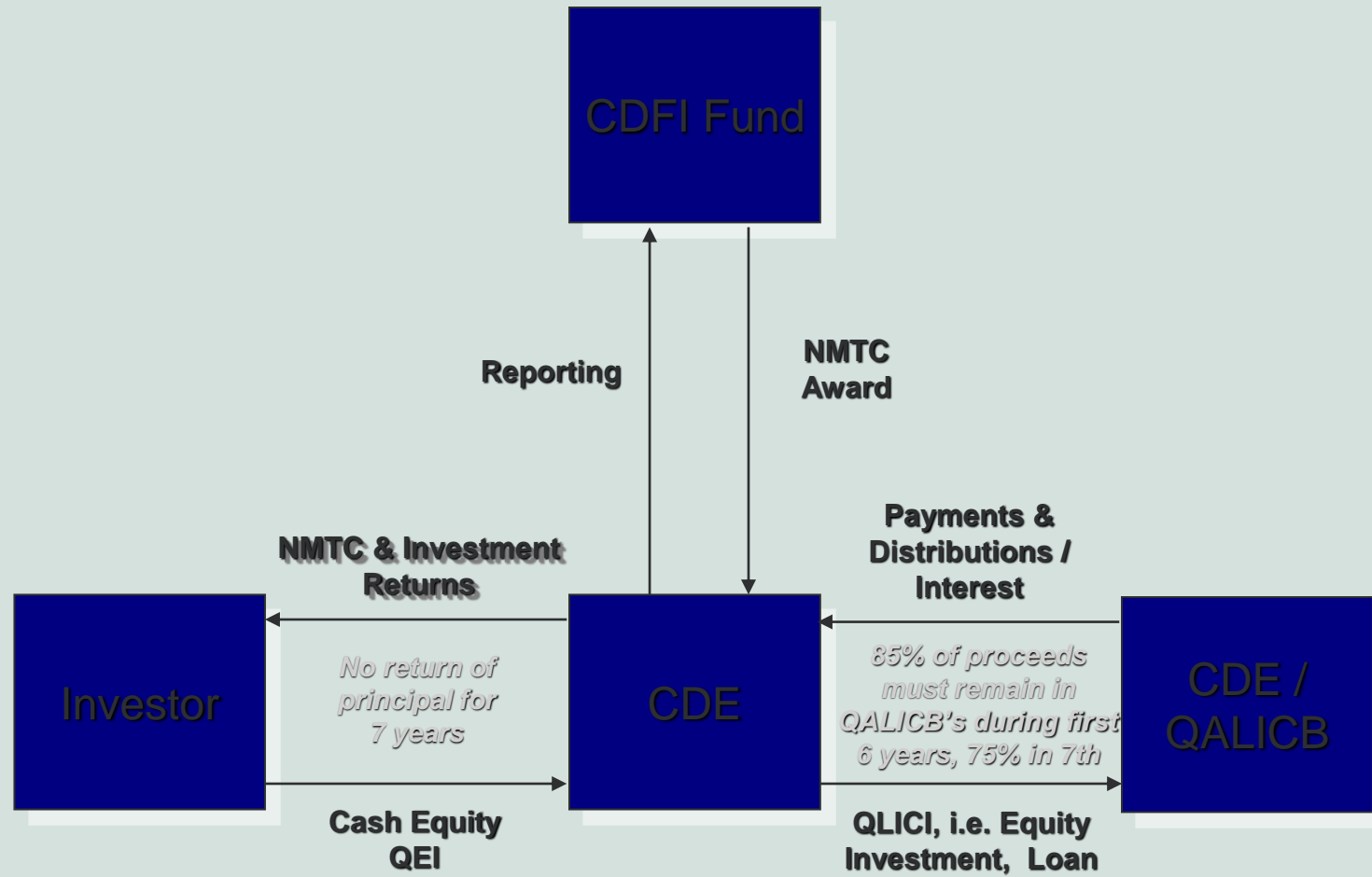
Eligible Uses of NMTCs

- Can be applied to a wide range of economic development and business activities
 - Commercial real estate
 - Community facilities
 - *Childcare facilities*
 - *Charter schools*
 - *Health-care facilities*
 - Business financing
 - *supermarkets*

NMTCs & Housing

- Home ownership real estate developments are permitted
- Ownership & operation of rental housing is specifically excluded
 - Mixed-use projects are permissible if less than 80% of gross revenue is from dwelling units (or if the project is separated into residential and nonresidential components)

General NMTC Structure



QALICB = Qualified Active Low-Income Community Business

QLICI = Qualified Low-Income Community Investment

Clearing land for Smart Growth Development

- New affordable housing
- Mixed-Use / Smart Growth developments



What redevelopment, CDBG funds, & NMTCs can be used for

- Attracting grocery stores to low-income neighborhoods



Rehabilitating Brownfields



- Rehabilitating brownfields
- Improving air quality
- Increasing opportunities for physical activity

How you can influence redevelopment

- Redevelopment is a public process, and state law requires public participation in the planning and approval of redevelopment plans.
- Participation usually happens through the venue of the Project Area Committee (PAC), which is an elected body. (In many communities this is the minimum)
- Pursue community benefits agreements. (These can include living wage policies, local hire ordinances.)

Funding Healthy Food Retail

- Many potential funding sources
- But...health is usually not an explicit priority
- Programs lack coordination, can be highly technical, and are subject to budgetary fluctuation.

How can public funding sources be used?

- To conduct feasibility studies or market analysis
- To influence the behavior of the private sector
- To incentivize good corporate citizenship (fair labor practices, healthy foods)
- To bridge the financial gap on complex development projects

Potential Economic Development Strategies for Securing Healthy Food in a Neighborhood

- Supermarket Development
 - *Build a new full service supermarket*
- Small Store Development
 - *Build new produce markets or small format groceries*
- Corner Store Improvement
 - *Identify corner store operators willing to offer fresh food for sale in existing stores*
- Mobile Markets
 - *Organize the sale of fresh produce from trucks with a weekly schedule*
- Farmers Markets
 - *Organize weekly market*

Local farmers



A USDA grant helped
the Rainbow
Farmers
Cooperative
develop a **business
marketing plan**

Farmers Markets

El Dorado County
funded a **farmers
market feasibility
study** with
Community
Development
Block Grant
(CDBG) funds



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Supermarket



First grocery store in downtown LA since 1947 will open in summer 2008 with an investment from **CalPERS**.

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Corner Stores



City Produce
received a small
business
improvement loan
from the **SF**
Redevelopment
Agency

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Public Markets



Midtown Global Market in Minneapolis used tax credits to develop a 80,000 sq ft **public market** with 50 local vendors

Summary

Economic Development resources can be used to:

- Conduct feasibility studies or market analysis
- Influence the behavior of the private sector
- Incentivize corporate citizenship
- Bridge the financial gap on complex or risky development projects

Gaps in funding

- Explore policy opportunities

But consider fiscal context

- Link carrots and sticks

For example, limit location of mobile vendors except where selling healthy items

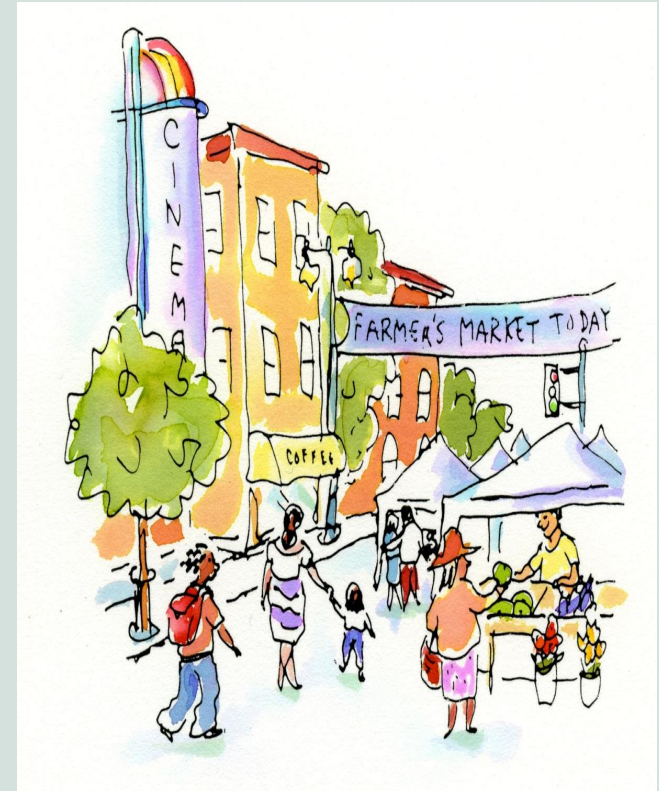
- Good governance practices

For example, allow expedited review for healthy food retail



Attracting economic development resources to a project

- Participate in General Plan & Redevelopment Plan updates
- This is a *political* process
- Collect & share data
- Involve the community
- Engage elected and appointed officials





public health law & policy
planning for healthy places

www.healthyplanning.org

- **Database** of healthy food retail funding programs
- **Toolkit** on *Economic Development and Redevelopment*
- Quarterly **newsletter** on healthy planning and economic development

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