

Testimony: Walter Stafford and Diana Salas, Women of Color Policy
Network/Roundtable of Institutions of People of Color
Joint Committee Hearing, May 16, 2005
Community Economic Development and Select Committee on Community Development
*Linking New York City's Economic Development Policies and Programs to Community
Development Strategies*

We welcome this opportunity to testify on Linking New York City economic development policies and programs to community development strategies. The hearings, indeed, the emphasis of the City Council on linking community economic development to the larger economy are timely, if not overdue. The hearings are timely because they parallel the 40th anniversary of the creation of the Department of Housing and Urban Development and the Model Cities Program. The urban pioneers of the 1960s developed inner-city strategies that linked physical, economic, and social development. They recognized that without a coordinated approach to inner city areas, the residents would continue to lack opportunities to participate in the urban economy. The hearings are overdue, because the City has lagged in developing a coordinated strategy that would link the poor to the dominant economy, even though abundant data show that benefits from the latest wave of globalization bypassed the city's poorest communities.

We argue that: (1) New York City must incorporate the ideas of other cities that link development in lower-income areas to the urban economy and to the benefits afforded corporations, public institutions, and upper-income communities, (2) they must create a permanent body responsible for the coordination and (3) the City and the private sector both have to be involved for the strategies to be successful.

Catching up with Other Cities: A plethora of programs have emerged across cities that link inner city development to core development. A brief list includes:

Linkage Programs: Highlighted in Boston, San Francisco and other cities, officials place a special assessment on office development and use the revenues to finance additions to the stock of lower-income housing. Battery City Park was supposed to provide these linkages, but less than half of the funding has gone to housing for the poor.

First Source Hiring Programs: These programs have been developed in Portland, Boston, Saint Louis, etc. Under these agreements, the firms that receive economic benefits from the city (abatements, etc.) must review qualified local residents for the first round of hiring. We tried and failed to get a program passed during the Koch Administration. However, it remains a viable idea if there is an effective job training and certification program and if the private sector and unions cooperate.

Incubators: These efforts can be equated to infant industries in developing countries. They can be an important mechanism for import substitution or increasing the industry specialization for competitive purposes. There are various forms of incubators. They can focus on business, technology and retail. The city or some institution provides the space, venture capitalists provide some of the funding, and products can be linked to a specialized need for the city, the community, or an institutional sector.

Set Aside Programs: The Council under the leadership of Councilman Sanders has already addressed this issue in the *City of New York Disparity Study*. There were

several lessons learned from the initiation of the study and the final report. Reflecting the resistance of the city government (with the exception of the Dinkins administration) to set-aside programs, few persons have in the city have acquired the skills to develop a program. The second, among many points in the study, is that the agencies that employ the highest share of groups of color often award the largest contracts, but few of them go to groups of color.

Empowerment Zones: The city has one zone. Its work has been useful. However, it has not linked employment efforts in Northern Manhattan to the private sector.

There are of course other strategies, including Healthy Cities that could become crucial in thinking about linkage strategies. In most of the poorer communities, that would benefit from linkage, the residents have high levels of illnesses made more difficult by environmental hazards.

In briefly outlining these strategies, we are not proposing anything that in some form is not benefiting upper income groups. In essence, the highest earning groups generally work for organizations that receive tax benefits and live in areas that reinforce their benefits. White males and females constituted 86 percent of all the employees in high wage industries (those with wages \$47,000 and above) and white males received 90 percent of the contract dollars from the city. The following maps show the clustering of higher income industries and occupations in higher income neighborhoods.