
The Potential of Anchor Institutions in the New York City Economic Recovery

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SUMMARY

QUESTION: HOW CAN ANCHOR INSTITUTIONS SUPPORT NEW YORK CITY IN ITS POST-PANDEMIC ECONOMIC RECOVERY

WHY IMPORTANT:

1. Potential boost to the city's economy (this proposal is principally an economic development strategy)
2. Opportunity to reduce inequities in marginalized and/or under-resourced communities

RECOMMENDATIONS:

For anchor institutions in New York City:

1. Commit to hiring local residents (focusing on underrepresented groups in their communities)
2. Increase spending with local businesses
3. Address social determinants of health in their communities through new partnerships and initiatives (i.e., local hospitals partnering with local healing practices)
4. Collaborate with city leaders to design (or redesign) their physical spaces in innovative ways that promote more civic engagement
5. Work on projects that directly impact residents in their communities
6. Build partnerships with anchor institutions in the same community
 - a. Align around local recruitment and training strategies
 - b. Use procurement power to maximize employment opportunities
 - c. Pool resources to combat disinvestment in certain segments of the community



For the Mayor and New York City government:

1. Identify potential stakeholders in communities that can nurture innovation clusters
2. Convene leaders of the city's key anchor institutions to support one other in the goals outlined above
3. Create and support a governance structure that lets New York City anchor institutions collaborate across the city
4. Push anchor institutions to commit to goals that align with the economic recovery and equitable development objectives championed by the mayor
5. Provide an institutional framework for anchor institutions to measure progress on the goals outlined above

CONSTRAINTS:

1. Logistically challenging for the city to coordinate with many different anchor institutions across communities
2. Anchor institutions could push back on directives that change their hiring/business practices
3. Some of the recommendations for anchor institutions (i.e., increasing knowledge sharing or shifting projects to directly impact local residents) are somewhat nebulous; if specific targets aren't prescribed and institutions aren't held accountable to these goals, meaningful progress might not be achieved

Additional Notes:

- Statistics on anchor institutions' hiring and spending footprint help frame their contributions to New York City's economy
- Instructive examples (PG&E in Northern California, Johns Hopkins in Baltimore, and the University of Pennsylvania in West Philadelphia) show proofs of concept for New York City's anchor institutions



INTRODUCTION

The incoming mayor will have the enormous task of steering the overall recovery of the City, while tending to the recovery of each of our varied communities. The impact of COVID-19 has been disproportionate, reinforcing and deepening economic and social disparities and furthering neighborhood segregation.

While the size of the New York City government is formidable, as we emerge from this crisis, the mayor must recognize that the enormity of the challenge cannot and should not be tackled by the city government alone. The mayor can use the powerful voice of the office to ask for help, activating all the institutions that make the City great, leading them into action in a shared strategy for an equitable recovery. The power of large civic institutions that are tethered to community can be leveraged in partnership to reinforce and fuel overall strategies, to address the challenges unique to each neighborhood, and drive the imperative to ensure a more equitable return.

DEFINITION OF ANCHOR INSTITUTIONS

These civic organizations have come to be defined as “anchor institutions”, defined as enduring organizations that play a vital role in their local communities and economies.¹ They are place-based, unlike for-profit entities that can migrate location and still achieve their purpose. Historically, these have been considered institutions like hospitals and universities. Increasingly, this definition is expanding to include cultural organizations, libraries, houses of worship, and other public services like independent utilities. What distinguishes them is that they are significant assets within their communities with big hiring and spending power, and a strong physical presence. Increasingly, anchor institutions are recognized as active civic participants whose long-term sustainability is tied to the wellbeing of the populations they serve, and, as such, they have a role in improving health and well-being in their surroundings aligned with their mission.

They have a big hiring and spending footprint in the City. The New York State Department of Labor’s most recent Quarterly Census of Employment and Wages for New York City (Q4 2020) shows that local government accounts for 490,000 jobs and \$10 billion in wages. In comparison, hospitals employ 168,000, paying another \$4.3 billion in wages. Universities clock in at 178,000 jobs and \$3.8 billion in pay. Cultural organizations — including museums, performing arts and recreational

¹ David Maurrasse, “Anchor Institutions and their Significance to Community and Economic Development,” *Columbia Climate School*, March 8, 2016, <https://news.climate.columbia.edu/2016/03/08/anchor-institutions-and-their-significance-to-community-and-economic-development/>.



services — account for 48,000 jobs and \$1.7 billion in wages.² And they have large procurement budgets for food and supplies, goods, and services. They are largely non-profits serving important public functions, and while they do not contribute to the tax base and benefit from a range of other government subsidies, they are supported by the residents of the City in the receipt of the full array of critical public services. And they clearly make our city great, adding to community civic life and attracting lucrative tourism dollars through world class offerings.

THE ROLE OF ANCHORS IN THE EQUITABLE RECOVERY OF NEW YORK CITY

Anchor institutions can choose to exert their hiring and purchasing power to benefit the communities where they have a physical presence. This can help address the long-standing inequities that have left many communities behind when economic recoveries occur. Poor business networks, thin social capital, and weak local services in poor neighborhoods leave subpopulations living in relatively isolated geographic pockets of the City that remain deeply segregated and historically overlooked. The concept of community wealth building is grounded on the belief that purposeful actions can address these harms, harnessing local economic activity to invest in the economic future of the residents of these communities. Through commitments to hire local residents, focusing on underrepresented and disadvantaged groups, and purchasing from local businesses reflecting its own community diversity, anchors can leverage their economic power to support the community where they are present and which they have a mission to serve.

HOW ANCHORS CAN GO ABOUT DOING THIS

Workforce training, hiring, and career advancement

The City of New York requires new hires to be residents of the City (with notable exemptions for uniformed personnel and teachers), premised on the belief that the hiring power should inure to the benefit of local residents, and that the people setting policy and providing services should be representative of the communities they serve. The City sets its own diversity hiring goals within this mandate, seeking to improve the representation of women and people of color both in entry ranks and through promotion to managerial positions. Anchor institutions can likewise adopt similar local

² “Quarterly Census of Employment and Wages.” *New York State Department of Labor*, <https://statistics.labor.ny.gov/lqcew.shtm>.



goals and make efforts to reach populations in their communities experiencing higher rates of and more enduring unemployment.

One example of how this has been done is PG&E in Northern California, which employs over 20,000 individuals and regularly fills high-demand positions. It launched PowerPathway in collaboration with local community colleges to recruit and train individuals from low-income communities and communities of color in its catchment area for placement as craft workers and technicians. They have trained over 1,000 people since inception, two-thirds of whom are people of color. Of these, 82 percent have gone on to be hired at PG&E or in other utility worker positions.³

Anchors can work with local training partners to achieve these purposes. In Baltimore, the Biotechnical Institute of Maryland supports anchor employers like Johns Hopkins School of Medicine to train local residents with high school degrees and place them in career-track jobs as lab technicians. A recent study provided evidence of strong and substantial wage gains of 90% to 160% above pre-program wages and a strengthened attachment to the labor market over time.⁴

Procurement

Anchor institution purchasing power can be leveraged in a similar way. The City of New York has substantial commitments to identify and grow local businesses. A structured Minority and Women Business Enterprise initiative seeks to incorporate these entities in the City's purchasing of goods and services. Anchors can similarly commit to purchase from businesses in their neighborhoods, also with attention to reaching out to the businesses from the underrepresented populations of the communities being served. Strategies to support this include training local businesses on how to know when opportunities arise, submit successful bids, and manage the business relationship with the entity procuring the goods and services.

One of the first, strongest and most longstanding examples of anchor work in the U.S. is the University of Pennsylvania's experience in working to revitalize the West Philadelphia community in collaboration with a range of key stakeholders. There, they developed an economic inclusion initiative to increase spending with diverse businesses present in their community. Over a 20-year period, they have increased their spending with minority owned, women-owned, and disabled veteran-owned businesses from \$2 million to over \$100 million a year through improved contracting practices and support services for local businesses.

³ "PowerPathway – Your Future Starts Here," PG&E, <https://jobs.pge.com/power-pathway>.

⁴ Linda Dworak, "Scaling Workforce Development Programming in Baltimore," *Abell Foundation*, October 2019, https://abell.org/sites/default/files/files/Scaling%20Workfoce%20Development_092419.pdf.



In the UK, the Preston Model has become the standard bearer for local government forays into leveraging anchor buying power to benefit the community. Started in 2012, the Preston City Council began working with Lancashire County Council, Preston's College, Community Gateway, Cardinal Newman College, the Office of the Lancashire Police and Crime Commissioner, and the University of Central Lancashire. An anchor institution spend analysis found that, of the £750 million spent by the institutions, only 5% was spent in Preston, and 39% in Lancashire, meaning a £450 million leakage out of the Lancashire economy.⁵ By 2017, a repeat of this analysis of anchor institution spending found spend in the Preston economy had increased from £38 million to £11 million as a result of their efforts.

Focus on social determinants of health

Anchors also operate to fulfill a social mission. Hospitals attend to medical needs, while libraries feed minds and create civic gathering spaces. Cultural organizations celebrate community heritage and foster creativity and imagination. A growth in the appreciation of the whole person's needs in tending to lifelong healthy development has brought great attention to both the protective factors that foster health (excellent schools, community based preventive services, strong families) and the risk factors that weaken health (high rates of violence and crime, inadequate health services, poor educational opportunity). In living their organizational mission, anchors can address the social determinants of health in how they show up locally. Hospitals can partner with local healing practices that address social and emotional well-being. Cultural organizations can celebrate local artists and milestones that tell the story of community strength. Educational institutions can create offerings that address unique community needs.

The National Health Service (NHS) in the UK is leading in some of this work. While the NHS had many small examples of anchor work across its various offices, it realized as an institution that it had an inherent interest in the well-being of the whole population served. They noted that even "if the root causes of poor health and health inequalities are primarily driven by factors outside the control of the health sector, it is the NHS that deals with many of the consequences. It faces increased demand from preventable behavioral and socioeconomic causes, and it is therefore logical to extract the most value from the NHS in its wider role within local communities."⁶ They

⁵ Preston City Council, "How we build community wealth in Preston: achievements and lessons," *CLES: The National Organisation for Local Economies*, May 2019, https://cles.org.uk/wp-content/uploads/2019/07/CLES_Preston-Documents_WEB-AW.pdf.

⁶ Sarah Reed, Anya Gopfert, Suzanne Wood, Dominique Allwood, and Will Warburton, "Building healthier communities: the role of the NHS as an anchor institution," *The Health Foundation*, August 2019, https://www.health.org.uk/sites/default/files/upload/publications/2019/I02_Building%20healthier%20communities_WEB.pdf.



are moving forward with an institution-wide effort to identify every aspect in which they can influence community well-being through their full economic power.

The Queens Museum right here in New York City has embraced this philosophy as a cultural organization. It sits within one of the most culturally diverse communities in the world and brings the vibrancy and richness of that into the spaces of the museum, while also going out to the community with programming and events.⁷

Focus on inclusive physical design and local spaces

Anchors are of the community. They have a substantial physical presence. Anchors can contribute to the protective strength of the community through their physical design, welcoming access to services for marginalized populations, and promoting strong civic engagement. There must be a recognition that this has not always been the case. In fact, many anchors have isolated themselves behind security systems to separate themselves from their surroundings as their growth has generated local displacement and rising real estate costs. They have a role to play in reversing these separations and fostering a strong civic life in the communities in which they are present. Innovative design can create beauty and openness that breaks down barriers and encourages a vibrant community street life, overcoming social isolation and improving public safety.

The Center for Active Design is a leading organization that promotes design strategies to foster healthy and engaged communities. It a simple but often overlooked opportunity — how we design buildings, sidewalks, streets, and plazas can create safety, foster connections, and improve the quality of community life. The Center recently published the “Assembly: Civic Design Guidelines” to provide evidence-based design and maintenance strategies for creating cities where people trust each other, have confidence in local institutions, and actively work together to address local priorities.⁸

The guidelines are chock full of local examples, like the Metro McAllen Swing-and-Ride Bus Stop. The City redesigned a typical McAllen bus stop near a popular public library, offering space for adults and children to play, paint, and exercise. There are many examples of anchor institutions who have purposefully implemented approaches that have community in mind as they build out their own campus infrastructure.

⁷ “Queens Museum: In the Community,” *Queens Museum*, <https://queensmuseum.org/in-the-community>.

⁸ “Introducing the Assembly: Civic Design Guidelines,” *Center for Active Design*, 2018, <https://centerforactivedesign.org/assembly>.



Fostering local innovation

Local universities and medical institutions are centers of groundbreaking research and innovation. Houses of worship are leaders in social justice movements. Advancing these works with intentional connection to local residents can bring communities fully into the potential these institutions offer, acknowledging and respecting the strengths of local experience and potential of talents among residents.

A regional effort is in place in Northeast Ohio to do this. The Team NEO initiative works across multiple barriers, with equity partners, workforce development providers, and industry leaders to nurture innovation clusters. These clusters aim to facilitate “seeker-solver” networks, filling innovation gaps by matching industry markets with small-to-mid-sized technology companies in the region, building out competitive regional supply chains through cluster building working groups and project teams.⁹ The 3D printing technology cluster has fostered clients in the region’s university and medical institutions.

The work can extend to some of the hardest-to-employ residents. In Cleveland, University Circle anchors — a partnership of the City’s philanthropic, cultural, educational, and medical institutions — are leveraging their buying power to support worker-owned cooperatives that employ local low-income residents with barriers to employment. The Evergreen Cooperatives include a cooperative laundry, a green energy firm, and an urban farm that collectively employ 100 worker-owners, half of whom have criminal records.¹⁰

ANCHOR NETWORKS

Networks of anchor institutions at the community level also makes great sense. Numerous partnership arrangements are possible in shared spaces. Anchors can align around local recruitment strategies, identifying the most frequently needed skill sets across organizations and working with local training partners to identify and train candidates for positions. Partnerships can encourage joint work on civic commons to strengthen pathways between services and activate common areas for gathering. They can foster and support neighborhood innovation and leadership by providing convening space, mentoring local youth and entrepreneurs, providing group social supports, and fostering access to capital and business networks.

The Greater University Circle Initiative noted above achieved this coordination among three large anchor institutions located proximate to each other in Cleveland’s University Circle area — a one-square mile area housing educational, cultural, and

⁹ “NEO Manufacturing Innovation Clusters,” *Team NEO*, <https://teamneo.org/innovation-clusters/>.

¹⁰ “About Us,” *Evergreen Cooperatives*, <http://www.evgoh.com/>.



health institutions. The Cleveland Clinic, University Hospitals, and Case Western Reserve University have collaborated to deploy their resources to address disinvestment and poverty in seven surrounding neighborhoods.¹¹

This can happen at a citywide scale as well. For example, in London, perhaps the most ambitious effort on engaging anchors in the city's recovery is occurring under the auspices of the London Recovery Board. The Mayor and London Council jointly have brought together the leading institutions of the city to work together on a fair and just recovery for the city at a time it's also redefining itself as a global capital during the withdrawal from the EU. A task and finish group overseen by the London Recovery Board, chaired by the London National Health Service, has developed London's first-ever city-wide Anchor Institutions Charter.¹² The charter launched in March 2021 includes the Association of Colleges, Church of England, London Chamber of Commerce and Industry, Metropolitan Police, NHS London, Transport for London, and University of London, among others. The signatories have committed to using their procurement and recruitment power to maximize employment opportunities and help young people to flourish. Strategies to develop specific actions and set concrete targets is now in formation, supported by staff coordination from the Mayor's Office and London Councils — an organization supporting the 32 functional service delivery units of the city.

WHAT THE MAYOR CAN DO TO SPUR THIS ACTIVITY

The mayor has a convening power unmatched in New York City. The mayor can call together a core group of anchors to support each other in this effort. This should include leaders of the City's major universities, hospital systems, cultural organizations, and religious institutions. To be clear, the mayor will find many examples of this work already underway across the City. Inspiration will be found by identifying those and celebrating those to bring others into the effort.

Success will depend on strong leadership and accountability in implementation. The mayor should create a governance structure that allows anchors to collaborate, share efforts across the City, and foster replication. This will require organizational support from the Mayor's Office and other backbone partners that can offer staff and organizational structure.

¹¹ Walter Wright, "Cleveland's Greater University Circle Initiative: An anchor-based strategy for change," *Democracy Collaborative*, April 30, 2016, <https://democracycollaborative.org/learn/publication/clevelands-greater-university-circle-initiative-anchor-based-strategy-change>.

¹² "Anchor Institutions Charter," *Mayor of London*, <https://www.london.gov.uk/coronavirus/londons-recovery-coronavirus-crisis/anchor-institutions-charter>.



But the true power is in releasing the untapped potential of anchors themselves to fuel this community revitalization, using existing resources and aligning to a vision for a more just city. An initial commitment by this group should align with the major economic recovery and equitable development goals adopted by the mayor and seek to accelerate and deepen those efforts at the local level with concrete commitment to actions and outcomes. Success will require a strong commitment to community wealth building at the local level from leaders who will drive the work forward. Knowledge sharing across anchors can facilitate and renew purpose.

The mayor can also offer the institutional framework for creating measurable goals for accountability, measuring progress, and celebrating progress to sustain change. The ultimate potential will be realized through a willingness to be accountable to set goals.



Relevant Data

