PolicyLink is a national research and action institute advancing economic and social equity by Lifting Up What Works®.

Introduction

Anchor institutions can be important drivers of economic growth. Through their spending and investment, employment and contracting, and their ability to generate ideas, information, and talent, they can spark innovative enterprises grounded in place. Their existence can be especially important in older, industrial cities bereft of other major employers, but their presence is felt in virtually all metropolitan regions. In a growing number of places, local and regional organizations are engaging anchors as important partners to advance equitable growth by creating opportunities for low-income residents and communities of color to be the workers, innovators, and leaders who will propel the economy.

In New Orleans, for example, Mayor Mitch Landrieu is working in partnership with major hospitals, universities, public utilities, and other agencies to create job and business opportunities
The opportunity: What can anchors do for your region's economy?

Anchor institutions are the large organizations, most often public or nonprofit, that are largely anchored in place—colleges and universities, hospitals and health-care facilities, utilities, faith-based organizations, museums, and arts centers. Many have been around for decades, even centuries. Often they are located in or near downtown districts that have experienced dramatic economic and demographic change. In other cases, as a region’s population grows, new anchors—particularly hospital and health-care facilities—are being built in fast-growing suburbs where again they may be among the largest employers.

There are several important reasons why anchors can be powerful partners in developing and implementing an equitable economic development and sustainability strategy for your region:

Anchor institutions stick around. They own sizable amounts of real estate, physical assets, and investments that cannot be easily moved. Many of them have commitments in their charters to stay and grow in the place where they were founded. In today’s global economy, when so many other major employers and economic drivers may leave for another city or even country, anchors are pillars of stability in their community and region.

Anchor institutions are large, and growing. They contribute significantly to local economies, particularly in historically disinvested urban neighborhoods where many are located. Nationally, universities and hospitals alone employ 8 percent of the workforce, and procure hundreds of billions of dollars of goods and services annually. In some cities, their impact is even greater. In the City of Baltimore, for example, anchors account for more than 20 percent of jobs and spend over $10 billion annually.

Anchor drive innovation regionally. Universities and medical research facilities are often hubs of research and innovation, and their spin-offs can be initiators of regional economic growth. Stanford University played a vital role in the creation of Silicon Valley in the San Francisco Bay Area. And cultural institutions, like museums and theaters, increasingly spark local creative efforts. The Queens Museum in New York, for example, has sponsored a number of community events that celebrate the diversity of the neighborhood and has created opportunities for food and cultural businesses to thrive.
Anchors can focus development and job growth. Because many anchors are located in central cities, they can play an important role in downtown and urban core revitalization efforts. When integrated with community engagement and anti-displacement policies, they can be a part of strategies to reverse sprawl by attracting companies to co-locate near their facilities.

Anchors can have a stabilizing effect on regional economies. Anchor revenue streams are less vulnerable to economic downturns than are those of many private industries. Most anchors are either publicly owned or nonprofit, making them less susceptible to economic fluctuations than private companies. Thus, they can have a stabilizing effect during times of economic volatility.

Many anchors have a social mission. Many hospitals, universities, and cultural centers are nonprofits organized around a social purpose, whether that is community health, the advancement of knowledge, or providing a particular service. For many, economic inclusion efforts fall within their social mission, making them natural allies in developing a more equitable economy.

Anchor leaders are local leaders. Anchor presidents and executives are often important business and community leaders who help set and implement policy in their regions.

This great potential for community economic benefit is not realized automatically, of course. The most productive results have emerged in those situations where strong local advocacy for equitable solutions converges with an institution’s recognition that its long-term best interests lie with collaboration and positive outcomes for the existing community.

**Strategies: How to leverage anchors for economic inclusion**

Given their size and presence, anchor institutions can be important partners in implementing strategies for a more resilient regional economy and widening access to economic opportunities. Below are four key strategies to leverage anchors to advance economic inclusion based on best practices from around the country.

**Strategy 1: Invest in local neighborhood development for regional sustainability**

Anchors can and often do make significant investments to improve the quality of the physical environment of their surrounding neighborhoods, including in transportation, community safety, commercial corridors, and social and cultural centers. These investments can help to grow local businesses and concentrate jobs where anchors are located.

However, many anchors have had a history of being isolated from neighboring low-income residents and/or of wielding their power and influence in ways that further their immediate agenda at the expense of these communities. These scenarios are not inevitable, though, and a growing number of anchors have developed more authentic engagement with local communities and strategies to support broader economic inclusion and development.

One type of neighborhood investment in particular is employer-assisted housing. A growing number of anchors have created programs and even partnerships with community developers to increase access to affordable housing for workers near their place of employment. These programs can add to the region’s supply of affordable housing, help meet regional goals to reduce vehicle miles traveled and greenhouse gas emissions, and extend the capacity of existing transportation systems by reducing commuter traffic. The University of Pennsylvania, for example, offers a $7,500, five-year forgivable loan to its employees to help them purchase homes near campus. The university also partners with other anchors and the city in a Home Buy Now program, which has made 384 matching grants totaling $1.2 million to employees to purchase homes in targeted neighborhoods. Over half of the employees who have benefited from this program are of color, and 58 percent are under 35 years old.

Regional partners can advance local neighborhood development in conjunction with anchors in several ways:

1. **Align land use and transportation planning to maximize the business growth and economic inclusion potential near anchors.** Hospitals, universities, and cultural institutions are major centers of activity, drawing people from around the region to work, learn, and access services. Land use and transportation planning should take advantage of these active nodes and concentrate business space, housing, and transportation investments nearby. Local residents and businesses should be central to the planning processes to ensure that strategies meet their needs and do not lead to displacement. Affordable housing funds, community land trusts, inclusionary zoning, and other such tools can help ensure existing residents stay and benefit from community investments.  

2. **Work with anchors to support neighborhood business development efforts.** These can include efforts to encourage workers to shop and live locally. They can also include business support services for local businesses, described in more detail below under Strategy 3.

**Strategy 2: Build an equitable economy while fostering innovation**

A major driver of productivity in the American economy is innovation and technology, whether in health care, energy, advanced manufacturing, software and application development, or food systems. University and hospital campuses are significant sources of both talent and intellectual property, and can spur new business development and jobs in these growing industries. These benefits often expand beyond the institution into the broader region.

Anchors have a direct link to the innovation economy in the creation of spin-off companies from their research and in less formal interactions between researchers and the surrounding business community. Whether this interaction is based in research on polymers in Akron, Ohio, information science in the San Francisco Bay Area, or medical devices in Detroit, for example, the relationships between the anchors and the regional economy are at the root of numerous new or expanding enterprises. While many universities have technology transfer offices to facilitate this economic activity, few have a focus on ensuring that students, researchers, and faculty from low-income backgrounds and communities of color have access to these opportunities and the networks to bring their ideas to market.

More broadly, this new innovation economy, absent an equity lens, can place working families at an economic disadvantage and deepen inequality. San Francisco, for example, has seen significant growth in income inequality in the midst of a technology-driven economic boom and major growth of its health-care institutions. As communities of color spur population growth in most regions, opening up opportunities in the innovation economy to workers, residents, and students from low-income communities and communities of color is vital to a region’s ongoing economic competitiveness.

There are many examples of initiatives and partnerships to bring diversity and inclusion principles, practices, and results into the innovation economy, and the anchors have a critical role to play. Baltimore, for example, is a global leader in advanced medical research and is developing a strong biotechnology cluster. Such industries rely on a workforce with a range of mid- and high-level skills. The Biotechnical Institute of Maryland works closely with major local employers like the Johns Hopkins School of Medicine and biotechnical companies to train mostly African American residents with high school degrees and place them in career-track jobs as lab technicians. To date, over 75 percent of their more than 300 graduates have gotten jobs in laboratory settings, and 40 percent have gone on to pursue advanced degrees. This program demonstrates the potential of targeted, supportive training programs to create economic opportunities, but needs to reach scale to have real impact for residents in need of jobs. Another example is CODE2040, based in the San Francisco Bay Area, which is working to address the extreme lack of diversity in the tech economy by providing Black, Latino, and female engineering students with mentorships and paid summer internships to train mostly African American students at top companies in order to help them complete their degrees and launch new business ventures.

Regional partners can advance an equitable innovation economy in conjunction with anchors in several ways:

1. **Work with local research institutions, such as universities, federal research facilities, and medical research centers, to identify and explicitly design career pathways in innovative, high-growth industries** for residents from low-income communities, especially those who have less than a four-year college degree. The California Health Professions Consortium provides an excellent example of this commitment.

2. **Identify the barriers to an inclusive innovation economy and develop a plan to address them.** For example, are people of color well represented in engineering and other technical college and graduate programs? Are entrepreneurs and young professionals of color able to access the mentorship, capital,
and other supports they need to go from idea to commercialization? To address these barriers, work with equity partners, workforce development, and industry leaders. The NorTech consortium in Northeast Ohio, for example, has created a range of vehicles for linking the region’s anchors to a commitment to diversity and inclusion in the knowledge-based economy.\footnote{15}

**Strategy 3: Contract with targeted businesses for procurement**

As noted above, anchor institutions spend billions a year on contracting and procurement of goods and services. Anchors can focus their spending on goods and services offered by local, small, minority-owned, women-owned, and veteran-owned businesses, rather than out-of-state or international companies. Because of their purchasing power, even a small shift can make a large impact. For example, the University of Pennsylvania in Philadelphia developed an economic inclusion initiative to increase spending with diverse businesses. Over a 20-year period, they have been able to increase 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.\footnote{16}

This strategy is actually two strategies in one: **first, anchor leaders need to make a commitment to increase procurement with local businesses.** Once the commitment is made, there are a number of ways to embed procurement best practices throughout the organization, including incentives for staff, reducing unnecessary barriers in the purchasing procedures, establishing preferences for targeted businesses, and more.\footnote{17}

**Second, local businesses need to be prepared to successfully bid on and complete contracts and purchasing orders.** Public and nonprofit organizations who work with small businesses can offer specific technical assistance to help them meet the rigorous demands of providing for a large institution, including scaling up for large orders, accounting practices that can track invoices, and bonding capacity for contractors working on construction projects. For example, the University of Pennsylvania refers businesses to the Wharton School’s Minority Business Enterprise Center for technical assistance in getting qualified as vendors with the university.\footnote{18}

Regional partners can encourage equitable contracting and procurement of anchors in several ways:

1. **Lead by example.** With coalition partners, create a commitment within your organization or agency to expand purchasing and contracting and support for those businesses to succeed. Be public about your commitment and ask others to step up to the challenge.

2. **Consider opportunities to grow an industry cluster with local purchasing and contracting power.** Has your region decided they want to develop a local food cluster, or build a stronger green energy industry? Large contracts with major local companies can help businesses and their overall industries grow. Work with anchor executives to align their contracting and procurement needs with local businesses in industries your region wants to grow.

**Strategy 4: Provide workforce training, hiring incentives, and career development**

Anchor institutions, because of their size and stability, provide a range of relatively secure, well-paying jobs and are often one of the largest employers in a city. Anchors also make investments in major construction projects to expand or update their facilities, creating a significant number of construction jobs as well as regular job opportunities for construction contractors and professional services related to new development, including operations and facility maintenance. By creating pathways to these jobs for local residents from low-income communities, anchors can deepen their economic impact.

Internal hiring provisions and policies can create job and career opportunities for local residents, particularly for those who have faced barriers to employment. Specific strategies can target hiring for hard-to-employ residents, such as people returning from prison, or workers lacking a college degree. In Cleveland, a partnership of the city’s philanthropic, cultural, educational, and medical institutions are leveraging a portion of their multi-billion dollar annual business expenditures to start worker-owned cooperatives that employ local, low-income residents with barriers to employment. The Evergreen Cooperatives include an industrial laundry, a solar installation firm, and an urban farm that collectively employ 100 worker-owners, half of whom have criminal records.\footnote{19}
Another example is the Pacific, Gas, and Electric Co. (PG&E) PowerPathway program in California. PG&E is the largest provider of natural gas and electric power in Northern California and employs over 20,000 individuals, many of whom are approaching retirement age. In 2008, PG&E launched PowerPathways to recruit and train individuals from low-income communities and communities of color as craft workers and technicians. Through partnerships with local community colleges and community workforce programs, they have trained hundreds of people to date, over half of whom are women or people of color. Thus far, 60 percent of participants have been placed in entry-level utility worker positions.20

Regional partners can encourage targeted hiring and workforce training in several ways:

1. **Again, look for opportunities to lead by example.** Transportation and other infrastructure projects in particular can provide important construction career pathways for residents. **Establish local or targeted hiring goals** for all major projects, and **support pre-apprenticeship and other workforce training programs** to ensure residents from low-income communities have an opportunity to work on these projects. Also consider ways to **reduce barriers to employment** in the hiring practices of your own organizations and agencies.

2. **Engage anchors in workforce development discussion and planning.** Many Sustainable Communities grantees, from Houston to North Carolina’s Piedmont Triad region to the San Francisco Bay Area, have identified talent and workforce development as a regional need, particularly for mid-level skilled jobs in growing industries like health care. Hospitals, universities, and medical research centers are both major employers and provide many of the educational programs preparing the next generation of workers. By engaging these anchors in regional workforce discussions early, there may be opportunities to align efforts and open up career opportunities for residents facing barriers.

3. **Align transportation and land use planning to increase access to anchor job opportunities for people from low-income communities.** Hospitals, universities, and airports will often have work hours that fall outside of regular commute times. Public transit in particular should provide options for workers to get to their work sites on time and be able to get home afterwards, as well as access to job-training programs and other support services they may need, such as childcare.

**From planning to action: Implementing an anchor strategy**

How should regional organizations employ an anchor strategy to further economic inclusion? Here are a few steps to get started:

**Engage anchors** in regional economic development and sustainability planning. Getting anchor input during the planning process can help to create a better understanding of emerging industries, develop more impactful strategies to grow the regional economy, and increase their buy-in for the implementation phase. In Rhode Island, the Rhode Island Foundation and state chamber of commerce held meetings with over 200 business leaders, anchors, and representatives of business-serving organizations to inform their Sustainable Communities Initiative’s economic development plan.21 Through the process, anchor leaders identified several ways that their institutions can contribute to economic development in the state, particularly in increasing local procurement and transferring technologies to new, emerging companies to fuel job creation.

**Use data to make the business case** for anchors to adopt economic inclusion strategies. Collecting and sharing data on the economic benefits of inclusion, both on the regional and company level, can help make the case for how inclusion strategies can help anchors’ bottom line and drive an important social mission. For example, the Sustainable Communities Initiative in Baltimore, called the Opportunity Collaborative, has developed a report on the barriers to employment opportunities for Baltimore residents. Based on a survey of over 1,000 job seekers in Baltimore, the report found a range of factors were preventing job seekers from finding work, including a challenging job market, transportation barriers, and structural racism.22 The Opportunity Collaborative is now developing a career pathways mapping for key industries that will engage anchors and others in helping to dismantle these structural barriers and open up pathways to good job opportunities.

**Acknowledge and address institutional and structural barriers to equity.** As large institutions with an outsized impact on local communities, many of them low-income communities of color, anchors need to develop an awareness of both external and internal actions that may pose barriers to equitable economic outcomes. Anchor leadership should be aware of any implicit biases that would lessen the employment prospects of marginalized populations, particularly African American men and women, and take meaningful steps to address those problems. And they should develop authentic partnerships with local residents and community-based organizations to work together to address historical inequities.21
Create a regional table of anchors, business leaders, philanthropy, and public agencies to develop an economic inclusion strategy. Anchors cannot do this work alone—local public, private, and philanthropic leaders need to work together to align collective efforts on economic inclusion. Residents and business owners from low-income communities and communities of color need to be at the table to help design and implement strategies that build on their strengths and address the unique barriers they face.

Set realistic expectations and incremental, measurable goals. It is important to set bold goals for economic inclusion, while at the same time recognizing that many of the barriers to inclusion will take years and even decades to undo. Establish intermediate steps to track progress toward the goal, and prepare for the long-term commitment it will take to advance economic inclusion in your region.

Additional resources

Anchors can provide important economic opportunities for low-income communities and communities of color and can create a more resilient regional economy. If this brief inspired you to explore an anchor strategy, here are some resources to get you started:


Websites:


Anchor Institutions Toolkit. https://www.nettercenter.upenn.edu/anchortoolkit/

Community-Campus Partnerships for Health. https://ccph.memberclicks.net/anchor-institutions

Notes


2 Several case studies speak to this challenge, such as Harley Etienne, Pushing Back the Gates: Neighborhood Perspectives on University-Driven Revitalization in West Philadelphia (Philadelphia, PA: Temple University Press, 2013). Also see David J. Maurrasse, Beyond the Campus: How Colleges and Universities Form Partnerships with Their Communities (New York, NY: Routledge, 2001), and Marisela B. Gomez, Race, Class, Power, and Organizing in East Baltimore: Rebuilding Abandoned Communities in America ( Lanham, MD: Lexington Books, 2012).


7 See http://www.queensmuseum.org/corona-plaza/ for more information.


9 For more on strategies to promote equitable development, see the PolicyLink Equitable Development Toolkit: http://www.policylink.org/equity-tools/equitable-development-toolkit/about-toolkit.


14 See http://www.calhpc.org for more information.

15 See http://www.nortech.org/ for more information.

16 See http://www.purchasing.upenn.edu/social/economic-inclusion-at-penn.php for more information on economic inclusion efforts through targeted purchasing.


18 Rice, Buy Newark, http://www.policylink.org/sites/default/files/BUYNEWARK.PDF.

19 See http://evergreencoop.com/.


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