Building an Equitable Economy

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The Pratt Center for Community Development works for a more just, equitable, and sustainable city for all New Yorkers.

- Residential Energy Efficiency
- Community Planning and Rebuilding
- Urban Manufacturing
The Big Idea:

The Challenge: The growth in income disparity, a moral issue and an economic threat

The Opportunity: Urban Manufacturing

The Strategy: Build an **Equitable Innovation Economy** that stimulates new product development and business formation, and captures the consequent job creation benefits
From 1980-2012, income for full-time workers at the 10th percentile changed -3.2 percent while income for those at the 90th percentile changed 12.6 percent.
Growth in Jobs and Earnings by Wage Levels, 1990-2014
Lancaster, PA
Dropping out of the middle class
Share of workers earning at least $15/hour by race/ethnicity: Lancaster, Pa. vs. U.S.
Race/Ethnic Composition: Lancaster, Pa. Metro Area

Most rapidly growing segment of population

U.S. Census Bureau; Woods & Poole Economics, Inc.
The economy of the Lancaster region would be $1.11 billion larger if there were no racial gaps in income.
Current educational attainment for AA degree or higher: Lancaster, Pa.

Most rapidly growing segment of population

Jobs in 2020: 44%
White, U.S.-born: 34%
White, immigrant: 42%
Black: 24%
Latino, U.S.-born: 13%
Latino, immigrant: 17%
Asian: 35%

IPUMS; Georgetown University Center on Education and the Workforce
Growing National Concern

U.S. Conference of Mayors: Cities of Opportunity

• Universal pre-K
• Increasing the minimum wage
• Living wage standards (for recipients of government benefits and contracts, plus downstream beneficiaries)
Urban Manufacturing Alliance

The UMA is a national network of non-profits, for-profits and government stakeholders committed to sharing research and collaborating to implement best practices to revitalize urban areas and create well-paying jobs in urban manufacturing.

• Local branding
• Non-profit industrial development
• Workforce development
• Practitioners helping practitioners
Equitable Innovation Economies

The EIE launched by the UMA under the leadership of the Pratt Center for Community development and PolicyLink seeks to help cities to capitalize on the growth in their innovation sectors to stimulate new product development and business formation, and capture the consequent job creation benefits in manufacturing.
Why Manufacturing?

Manufacturing Wages Are rising in New York State:
The Rebirth of Urban Manufacturing

Cultural and Technological Shift:

1. Consumer Preference for Local Products
2. Technological Innovation
   - Advances in software and hardware are crashing barriers to entry and stimulating customized production
   - Changes in organization of production (PayPal, Kickstarter, TechShop, Fed Ex, et. al.) are making possible launch of new small scale business models
Affordable housing depends on creating living-wage jobs

950 sq. ft. 2 BR unit = $285,000 (w/o land)

<table>
<thead>
<tr>
<th>Industrial income household</th>
<th>Retail and other neighborhood services household</th>
</tr>
</thead>
<tbody>
<tr>
<td>The average industrial wage is $50,934.</td>
<td>The average retail and services wage is $25,416.</td>
</tr>
<tr>
<td>The maximum family can afford is $1,231.35</td>
<td>The maximum monthly rent this family can afford is $593.40</td>
</tr>
</tbody>
</table>
The challenge:

Typical innovation strategies reinforce inequity:

• Incubators, accelerators, co-locations spaces are selective and insular
• Premium on low transaction costs and serendipity
• Driven by elite and for-profit institutions
• Unclear impacts on neighboring low income communities
Equitable Innovation Economies Initiative

Goals:

(1) Increase equity within the innovation economy including links to urban manufacturing

(2) Design indicators to assess impact and track progress towards more equitable economy

(3) Design strategies to increase access and economic opportunity within the innovation economy and local manufacturing sectors

(4) Create a model for collaboration across cities and disseminate lessons learned
Equitable Innovation Economies - Building a community of practice

- Engage in open and honest dialogue
- Understand each city’s initiatives, local contexts, opportunities and challenges
- Collectively design programs and identify indicators that integrate these objectives
- Identify areas for collaboration, and technical assistance needs

**Moving forward: ongoing support and collaboration throughout the 3 years**

<table>
<thead>
<tr>
<th>Strategy Design</th>
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<tbody>
<tr>
<td><strong>Pratt Center &amp; PolicyLink</strong> engage in monthly calls with each city + ongoing consultation as needed + research assistance and connections to other TA resources + seek financial support</td>
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<td><strong>Monthly group calls</strong> to discuss progress, provide collaborative feedback, and bring in expert advisors as needed</td>
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<td><strong>In-person convenings</strong> will be used as collaborative work sessions</td>
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| Equity Indicators |
Programmatic Strategies For Building An Equitable Innovation Economy

Strong leadership:
- Clearly articulate equity objectives
- Develop tools for measurement and tracking
- Accountable to governance structure

Integrate equity-driven approaches:
- M/WBE participation
- Build relationships with educational institutions at all levels
- Develop mentorship, internship, apprenticeship pathways
- Procurement – one big break
- Facilitate access: mass transit, siting, robust outreach – recognize place-based nature of projects
<table>
<thead>
<tr>
<th>Equity Focus &amp; Indicators (Draft)</th>
<th>Groups or Areas Impacted: Illustrative and TBD Based on Local Priorities, Targeted Populations and Geographic Areas. For Each Indicator, Check Off the Relevant Target Group or Location That Will Be Measured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurship and New Business Start ups</td>
<td>City Level</td>
</tr>
<tr>
<td>Citywide</td>
<td>Target Geographic Area</td>
</tr>
<tr>
<td>New or Start Up Businesses Applying to Locate in Pilot Sites (#)</td>
<td>Public Source</td>
</tr>
<tr>
<td>Active Users or Tenants in Pilot Sites (#)</td>
<td>Loan $</td>
</tr>
<tr>
<td>Annual Sales ($)</td>
<td>City Level</td>
</tr>
<tr>
<td>Citywide</td>
<td>Target Geographic Area</td>
</tr>
<tr>
<td>Existing Businesses Applying to Locate in Pilot Site</td>
<td>Existing / Legacy Business Development</td>
</tr>
<tr>
<td>Active Users or Tenants in Pilot Site (#)</td>
<td>Annual Sales ($)</td>
</tr>
<tr>
<td>Annual Sales ($)</td>
<td>Loan $</td>
</tr>
<tr>
<td>Venture or Seed Investment $ To Date (Annual Basis)</td>
<td>Business Owners Trained / Accessed Services (#)</td>
</tr>
<tr>
<td>Loan $</td>
<td>Supplier Relationships ($ Value in Sales to Target Businesses)</td>
</tr>
<tr>
<td>Workforce</td>
<td>City Level</td>
</tr>
<tr>
<td>Citywide</td>
<td>Target Geographic Area</td>
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<tr>
<td>Total Payroll ($)</td>
<td>Full Time Employees By Job Type (#)</td>
</tr>
<tr>
<td>Net New Employees (#, Annual Basis)</td>
<td>Educational Attainment (highest level attained)</td>
</tr>
<tr>
<td>Part Time Employees By Job Type (#)</td>
<td>Net New Employees (#, Annual Basis)</td>
</tr>
<tr>
<td>Educational Attainment (highest level attained)</td>
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**Land Use Strategies For Building An Equitable Innovation Economy**

**Challenge: Inherently unstable mix of uses**
- Designers, engineers and other creatives are high rent
- Retail and Restaurants are high rent
- Micro Manufacturers are medium rent
- Manufacturers and Artists are low rent

**Preserving Diversity Of Spaces**
- Zoning
  - Require space for production, arts and essential low land cost uses;
  - Allow transfer of development rights
  - Strong enforcement
- Non-Profit Ownership

- Garment Center Special District

Percentage of employees employed in the garment industry.
Source: New York Industrial Retention Network

- Greenpoint Manufacturing & Design Center
Strategies: Non-Profit Industrial Development

Why

1. Mission-driven non-profit ownership and/or management
   • Reduces rents and creates stability which fosters company reinvestment
   • Dedication of rents to expand and upgrade space
   • Curating for synergies and mission
2. Professional on-site management
3. Provide diversity of spaces
4. Inclusive decision-making with community
5. Promote sustainable practice

How?

1. Industrial Development Fund
2. Transition City-Owned Assets
3. Collaborate with NFP Housing Developers and other intermediaries (LDCs, educational, etc.)

![Job Growth at Brooklyn Navy Yard](image)
Thank you

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