CITY VENTURE CORPORATION:

An Experiment in Urban Development
Through Public/Private Partnership

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INTRODUCTION

Praised or condemned, copied or avoided, the City Venture Corporation (CVC) was arguably the nation's most well-publicized example of a public-private partnership for urban redevelopment. Founded in 1978 as an operation of Control Data Corporation, City Venture sought to use the expertise of its then fifteen consortium members to solve urban problems and to make a profit at the same time. City Venture forged a holistic program, tying economic development planning to skills training, housing, innovative energy programs, and so on. During CVC's life, national administrations changed, the economy worsened, local resistance developed, and consortium membership changed, forcing first the modification, and eventually the discontinuation of City Venture's operations as a part of Control Data.

The marketing rhetoric for the CVC program suggested that the program was to be the ultimate panacea for disadvantaged inner-city neighborhoods. However, the struggles CVC encountered in each of its project cities suggested early on that this goal would be a hard one to achieve. Between 1978 and 1983, City Venture Corporation courted eighteen cities with project proposals, winning contracts in fifteen. Only one of these projects, Toledo, can truly be called a full success in the sense that CVC accomplished all or most of its goals. In each of the others, struggles developed over funding, and competition arose with local city and community organizations, hindering the progress and limiting the success of CVC's activities.

The Center for Urban and Regional Affairs (CURA) of the University of Minnesota began monitoring the City Venture program in depth in 1980. At that time, the first five CVC projects—Toledo, Minneapolis, Philadelphia, St. Paul, and Baltimore—were at various stages of early development. Because this partnership was consuming so much time, and public and private money, it seemed extremely important at the time, as well as in retrospect, that someone monitor it carefully and
objectively—regardless of its success. CURA was ideally positioned to undertake this monitoring for the following reasons:

1. What was to be the flagship project in Minneapolis was practically next door to CURA—just a few blocks from the West Bank campus of the University of Minnesota.

2. A new grouping of CURA professional staff would benefit from a long-term community development evaluation type project which could be carried on in addition to ongoing individual research projects.

3. No question could be raised about CURA's objectivity regarding this project. CURA studied the various CVC projects by intensive onsite visits for the first two years and annual updates thereafter. Updates were accomplished by phone interviews and visits with a well developed network of community, government and private sector representatives, as well as systematic reviews of annual contracts and reports.

CURA has examined four key issues raised by the CVC program:

1. CVC's profit orientation. City Venture distinguished itself from other public-private efforts at community development by stressing that the leadership in this effort was firmly rooted in the private sector and the emphasis was on profitability. CVC was in no sense in the business of corporate gift giving. Rather, entrepreneurial skills and strategies, focused on the solution of social problems, were to benefit all parties. One obvious measure of success is to determine whether CVC profited by its endeavor and who else might have profited or suffered a loss in the process.

2. CVC's holistic approach. Though never clearly defined by CVC, holism was the key concept employed in City Venture's marketing of its program around the country. The term referred to CVC's intent to apply its management and technological expertise to issues of job creation, education, housing, energy, security, health care, communications and transportation, community participation, and other aspects of community vitality (City Venture Corporation 1981, p. 2). Was the holistic approach just so much rhetoric or simply a synonym for comprehensive planning or was it something truly innovative in the field of community development?
3. CVC's composition and style. CVC's philosophy aside, CURA was interested in the nuts and bolts of City Venture's program. Could an outside organization enter a community, enlist a broad base of support in its neighborhoods, city hall, and board rooms, and forge a coherent plan for neighborhood revitalization? Were the City Venture program a success, the process by which the partnership was forged would be the most important piece to pass on to other organizations with similar aims.

4. CVC's effectiveness. What was the impact of CVC on the neighborhoods that were its targets, and what kind of legacy has remained now that CVC has gone? In both measurable and immeasurable ways, these neighborhoods were changed as a result of the partnership in which CVC engaged them.

In the chapter that follows, the City Venture partnership is put into the context of the more traditional relationships that have existed between the public and private sectors. Chapter 2 provides a detailed overview of the nature of City Venture's objectives and programs. The case studies that follow review in detail the operations undertaken by CVC in the first seven cities in which planning and implementation contracts were signed. The case studies provided the base on which the conclusions about the four key issues raised by the CVC program were made.
REFERENCES

CHAPTER 1
PUBLIC-PRIVATE PARTNERSHIPS:
THE BACKGROUND TO CITY VENTURE

Traditionally in its urban development activities, private enterprise has looked to government to take risks it cannot afford and to undergird its initiatives with public powers and public resources. Significant historic precedents provide a context for considering the City Venture experience in three major interrelated areas: urban economic and physical development, neighborhood organization and participation, and employment and training.

URBAN ECONOMIC AND PHYSICAL DEVELOPMENT*

Public Initiatives

Cooperation between the public and private sectors in accomplishing mutually held urban development objectives has a long and varied history. Although many earlier examples can be cited, the nineteenth century provides significant parallels with contemporary experience.

Historically, the provinces of the public and private sectors have been anything but clearly differentiated. The definition of public in public works has varied enormously. For example, American cities have owned and operated such normally private endeavors as ice plants, heating systems, asphalt plants, and banks. Practically every kind of activity now usually thought of as public (roads, water systems, sewers) has been undertaken by private enterprise at one time or another—whenever private enterprise has discovered profit-making opportunities in providing traditionally

* For a fuller discussion of urban development see also Warner 1972, chapters 3, 4, and 5; and Whitehill 1968.
public services. The recent growth of private delivery services in competition with the federal postal service is a case in point.

In the nineteenth century, American cities were characterized by expansion and opportunity, driven by a booming private economy. The federal government took the lead in providing internal improvements that created a framework for private economic development, particularly in the area of transportation. Government surveys, roads and street systems, canals (Hadfield 1968), railroads, and river and harbor improvements all were largely federally created or federally subsidized with the initiative coming from local public and private interests.

Contrasted with private interests, municipal government had a small part to play in deciding what was built and where. Government was tolerated in order to provide only those services and facilities that competitive private interests could not provide for themselves. In the words of Sam Bass Warner, Jr.:

The private market's demand for workers, its capacities for developing land, building houses, stores, and factories and its needs for public services have determined the shape and quality of America's big cities. What the private market could do well, American cities have done well; what the private market did badly or neglected, our cities have been unable to overcome.

(Warner 1968)

At the same time there was an effective consensus that the interests of the city coincided with those of the private sector.

The negative environmental and social side effects of industrialization, however, required some sort of action. By the turn of the twentieth century, cities began to give serious attention to improving their own infrastructure. The period was characterized by the development of safe public water and sewer systems, extensions of gas and electricity networks, street paving, and the expansion of public health and educational facilities. Businesspeople often became involved in these reforms through the chamber of commerce and service clubs, knowing that a healthy labor force and reliable infrastructure made for a good business climate.

It was not, however, until the New Deal efforts to revive the prostrate private economy of the thirties, and the post-war concern for the plight of cities, that the major elements of what was to become the CVC model began to resemble their con-
temporary forms. Many New Deal programs were aimed at shoring up the struggling private enterprise economy. The National Recovery Act, the Reconstruction Finance Corporation, the Home Owners' Loan Corporation and other programs all represented the hand of government held out to a sometimes reluctant private enterprise system. Although many of the public works projects financed by the federal government in the depression years provided jobs for the unemployed and needed public facilities, they were not intended specifically to tackle the growing deterioration and blight of the central urban areas.

Starting with the federally assisted urban redevelopment program authorized by the National Housing Act of 1949, a series of federal and related state laws provided cities with resources and powers to attack these problems. Along with public powers, this legislation gave priority to private enterprise to achieve new development once land was cleared. In theory, land was cleared and developers were subsequently found. As cities gained experience with the programs, they sought redevelopment sites that met the criterion of being blighted but also provided ready redevelopment opportunities.

Although sites were provided for public facilities, most redevelopment land was sold for private, commercial, industrial, or residential building. In a very real sense, redevelopment contracts were instruments of a public-private partnership. Other than the ability to write down the land costs based on a formula of fair market value for the use specified in the redevelopment plan, the local public redevelopment agency had no way to enhance the attractiveness of development by limiting the private developer's risk. Most urban renewal projects, therefore, could only be undertaken if they were supported by the local profit-making real estate market.

Since the cessation of the federally assisted urban renewal program, a series of other devices have been developed to make economic development in the inner-city more attractive to private enterprise. The primary programs have been Urban Development Action Grants (UDAGs); tax increment financing in Minnesota, California and, now, other states; municipal and state bond programs; and enterprise zone legislation.
As a partial replacement for urban renewal, in 1977, Congress authorized the popular Urban Development Action Grant. It was intended to spur local economic development by providing that a federal grant be matched, not by local public funds as in urban renewal, but through leveraging private investment and providing employment. The UDAGs' list of uses was much broader than the uses to which urban renewal funds could be put. Action grant funds could be used in any way that would assist new private sector development—water systems, sewers, streets, parking relocation, demolition, land acquisition, building construction, interest subsidies on loans, and subsidies to developers for extraordinary costs.

In Minnesota, tax increment financing has also been used to take up the slack resulting from the abandonment of the urban renewal program. The increase in taxes resulting from new development that is greater than taxes existing prior to the development is set aside to pay for the principal and interest on municipal bonds that have been sold to finance the project.

A number of states and cities have developed bond programs for economic development and housing. Essentially, these programs offer long-term loans at favorable interest rates for private proposals that meet the criteria established by the programs. Because of the tax exempt status of its bonds, the governmental entity is able to command favorable interest rates, which it passes on to the the developer.

As federal resources diminished along with increasing concern about job creation as well as inner-city revitalization, the enterprise zone program was initiated. The enterprise zone concept was the result of a suggestion by British geographer Peter Hall that vacant, derelict land in declining areas be declared a “free port” with a mixture of tax incentives, regulatory relief, and aggressive recruitment of new entrepreneurs. The task was to create an environment in which innovative small businesses could get past the vulnerable early years to the point of expansion.

Private Initiatives

Though the philosophy that what is good for General Motors is good for the country had considerable acceptance, starting in the 1950s, business leaders in many cities began to realize that private enterprise had a sizable stake in the general
direction in which the city was going. There was a need for a vehicle beyond tradi-
tional philanthropy that would coordinate the forces of local private business to work
with the planning and development arms of municipal government. The idea was to
bring business leadership into economic and development planning at the municipal
or regional level, and to work out realistic ways of implementing the plans using exist-
ing institutions where they worked or inventing new ones where they did not. One
of the earliest of such organizations, and the prototype for many others, was the
Allegheny Conference for Community Development in Pittsburgh, which brought
together the presidents of the major Pittsburgh-based industrial and financial giants
under the leadership of the Mellon interests to work with political and labor leadership.

Initially, these organizations were primarily concerned with large projects with
citywide or regional impact. They provided a forum for top-level business leaders to
discuss and come to consensus on major municipal economic development programs
and policies. They usually had close working relationships with both government and
labor.

There soon appeared, sometimes growing out of the top-level planning body or
the chamber of commerce, a city development corporation that was not a planning-
programming agency, but rather was the action arm of both the public and private
community. Its board of directors frequently represented both business and govern-
ment. The city development corporation was the channel through which public loans
and grants passed to private development companies to assist them in acquiring
sites and building plants and office buildings. It also developed industrial parks or
worked out financial arrangements to keep or encourage economic investment in the
city. Some of these corporations have been very successful, bringing in millions of
investment dollars and providing thousands of jobs for their cities. Citywide develop-
ment agencies have taken many forms. Some, like the Port Authority of St. Paul, are
public agencies; most are nonprofit quasi-public corporations, like the Baltimore
Economic Development Corporation (BEDCO).

There have been other forms of private involvement. Some, like the Ford
Foundation’s Local Initiative Support Corporation (LISC) and the National Trust for
Historic Preservation’s Inner-City Ventures Fund, serve as funds-channeling organiza-
tions for inner-city projects. LISC matches grants to locally initiated projects that are backed by local corporate contributions. The Inner-City Ventures Fund marshals funds from corporate contributors and distributes them as grants or low-interest loans to community groups in low- or moderate-income areas that are listed or are eligible for listing in the National Register of Historic Places.

Some corporations have moved to intervene directly in local affairs. The foremost examples, in fact, are the plants Control Data set up on Minneapolis’s North Side in 1968 and St. Paul’s Selby Avenue in 1970. In addition, Control Data was attuned early on to the idea that small business growth is the key to local economic expansion. In the late 1970s, it began to establish Business and Technology Centers (BTCs) as incubators that provided small businesses with a core of secretarial and managerial support services as well as access to a variety of Control Data information networks and technology. The incubator idea spread in the 1980s. Other corporations have established them, as have nonprofit groups like the Fulton-Carroll Center for Industry in Chicago, universities like the University of Pennsylvania’s University City Science Center in Philadelphia, and cities like Buffalo.

This brief survey of the history of public and private cooperation has shown several things: cooperation is not new, though the method of cooperation is constantly in evolution; private sector involvement is often conditioned and required by the structure of public programs; public policy has recently de-emphasized direct grants in favor of priming the pump of the private economy. Though Control Data had made innovative contributions to the style of private sector intervention in urban affairs before founding City Venture, the idea of a partnership did not begin with them.

NEIGHBORHOOD ORGANIZATION

City Venture’s program assumed that the neighborhoods in which it was represented by active organizations of local people concerned about their future. In effect, neighborhood representatives became a third partner in a revitalization program, joining the municipal government and the private sector. This assumption recognized the growing part that neighborhood organizations play in the inner-city.
The 1970s saw great growth in the neighborhood movement in inner-city neighborhoods, where local leaders developed and began demanding local controls over decisions that affected their areas. This was encouraged by the provisions of federal legislation, which required subsidized citizen participation in urban and community development planning and specified that the residents of areas affected by federal programs be directly and formally represented in the decision-making process. Neighborhood representation and review of plans and proposals was always called for in urban renewal in its later phases, in the antipoverty program, in model cities legislation, and in community development legislation.

In the past decade and a half neighborhood organizations have increasingly focused their attention on economic revitalization and local control of economic development. This interest has been reflected organizationally in the growth of local community development corporations. Usually nonprofit and representative of various business, residential, and institutional interest groups in the local community, the community development corporation is the watchdog of the neighborhood’s economic interest. Acting as a liaison between the neighborhood and the wider economic world, it works to retain and add to local business enterprise and the local job pool.

EMPLOYMENT AND TRAINING*

One of the key national trends between 1946 and 1961 was a shift in the federal role from one generally promoting full employment (1946 Full Employment Act following the end of World War II) to one seeking specific methods to end chronic unemployment in designated areas that had surplus labor—primarily the old industrial cities of the Northeast and many rural areas in the South. The Area Redevelopment Administration (ARA) was created in 1961, specifically to encourage private enterprise to locate businesses in these types of areas. It was supplemented in 1962 with the Public Works Acceleration Act (PWA), administered by the ARA, to pump in additional public funds for temporary jobs. The ARA programs, and those developed

* For a fuller discussion see Cilag and Kramer 1976.
through the Manpower Development and Training Act (MDTA) of the Kennedy administration, are important forerunners of the CVC model. They depend on heavy infusions of federal money and contain major private enterprise components.

The ARA offered four initiatives to companies and communities:

1. Loans to companies that would relocate or expand in economically depressed areas.
2. Financial aid to local communities to make the public improvements necessary to establish manufacturing and commercial firms.
3. Technical assistance to firms to develop new products, markets, or resources.
4. Assurance of a skilled labor force to relocating firms.

In addition, local areas were required to appoint local economic development committees and actively oversee the preparation of an Overall Economic Development Plan (OEDP).

A retrospective evaluation of the ARA/PWA’s efforts emphasizes problems resulting from inadequate funding, overenthusiastic approval of projects, and overestimation of job creation levels; findings that the county was not the best unit for carrying out effective economic development planning; and problems stemming from a lack of public infrastructure to accommodate private sector investments.

The lesson learned from ARA, that industry was reluctant to locate in areas without the basic set of infrastructure, became a core program item for its successor organization, the Economic Development Administration (EDA), created in 1965. EDA projects also required OEDP preparation, even though many communities had inadequate staffs to do the requisite advance planning envisioned for the OEDPs.

The replacement of ARA by EDA in 1965 was not an admission of failure, but rather a realization that, under new guidelines, federal aid could be productive and a feasible approach toward job creation in economically distressed areas. An important new mission was added to EDA—the goals of stemming migration from distressed areas and providing jobs so that young people could remain in their communities. Hence, EDA undertook a two-pronged effort: financing the necessary public improvements that industry must have, while ensuring the availability of a productive workforce in the local area.
The basic tools furnished to EDA are similar to those provided by the ARA—public works grants designed to benefit the community or neighborhood at large; business loans to attract new private capital; technical assistance grants to help identify development opportunities; and the requirement for OEDP preparation. Public works grants have consistently taken a major portion of the administration's annual funding allocations. CVC projects involving a Control Data BTC or industrial park development have received EDA grants for the public infrastructure, and have received business loans as well.

Another change in the EDA legislation is its ability to provide business loans to large corporations if, in fact, a firm's location in a depressed area, as opposed to another site, is contingent on receipt of an EDA loan. Formerly, businesses able to seek credit from the open market had been excluded from receiving these federal loan services.

Resources for employment training have been marginally linked to EDA. The Manpower Development and Training Act (MDTA) of 1962 has continued to control all funds allocated to training, with EDA restricted to reviewing applications for expenditure of MDTA funds. EDA has thus not been able to ensure that training grants will be linked with its grant and loan programs in specific locations.

The linking of job creation to job training has had a continuous commitment of federal dollars since 1962. The MDTA has been viewed as a much more far-reaching program as compared to its contemporary, EDA, although the objectives are clearly similar:

- to ensure a labor supply at specific locations;
- to provide employment opportunities for the unemployed;
- to upgrade the quality of the labor force;
- to provide an escape from poverty.

The limited success of the Kennedy initiatives and the continuation of large-scale unemployment provided the background for the Equal Opportunity Program and the War on Poverty of the Johnson administration. The Johnson administration focused on programs with on-the-job training intended to upgrade the skills of various
unemployed groups: youth, welfare recipients, older workers. Two of them closely parallel the CVC program.

One was called Job Opportunities in the Business Sector (JOBS). Its objectives were the following:

1. Establish plants committed to employing the disadvantaged in or near low-income areas.
2. Obtain placement commitments from existing plants in such areas.
3. Provide technical, managerial, and training assistance by private industry to small businesses that offer job opportunities to disadvantaged residents.

The other was the Special Impact program of the Department of Housing and Urban Development (HUD). Through it, inducements were offered to private businesses to establish new facilities in or near problem neighborhoods and to hire and train the unemployed. Any expenses involved in counseling, remedial education, transportation, wages during classroom training, etc., were covered by a contract agreement with the federal government. The program also offered grants to community development corporations which, in turn, provided financing and technical assistance to businesses owned and operated by residents of the area. These community development corporations sometimes became developers of projects such as shopping centers, low-cost housing, and light manufacturing businesses.

The proliferation of programs in the late 1960s and the early 1970s led, in 1973, to the passage of the Comprehensive Employment and Training Act (CETA), centerpiece of the Nixon administration's employment policy. These were the act's cited goals:

1. To decentralize decision making, insofar as practicable, to the government level closest to the citizen.
2. To integrate employment activities within a designated program area into a united employment service delivery system.
3. To improve the ability of local employment program operators to match services to client needs.

Because CETA was a decentralized program, with power distributed to its prime sponsors—cities, counties, states, and consortia of local governments—the
quality of administration in the program understandably varied. Evaluations of its results ranged from good to very poor, depending on the time, the place, and the evaluator. In 1982, CETA was replaced by the Jobs Training Partnership Act (JTPA), a federal program aimed specifically at implementing a public-private partnership effort for job training. Both CETA and JTPA figured prominently in funding CVC's job training component, in particular the Fair Break Learning Centers.

Many of the policy questions that the federal job training programs provoked also apply to CVC. How many resources is it appropriate to direct at a target neighborhood? Will allocation of assistance to low-income areas result only in more low-paying jobs that do not necessarily benefit low-income households in the long run? Is it appropriate to concentrate on providing low-level jobs where few jobs are now located, or should the effort be directed toward increasing the skill level required and linking training to job-creation efforts? Should the agency be evaluated and measured by the number of jobs created and the generation of income in the targeted cities and locales, or are there other measures, such as the enhanced ability of local groups to carry out their own economic development planning?
REFERENCES


CHAPTER 2
THE CITY VENTURE CORPORATION PROGRAM

In chapter 1 we described the context of three key elements of the CVC program. These were: 1) economic development activities; 2) a desire to work with and strengthen the capacity of neighborhood organizations; and 3) employee training for the newly created jobs. Underlying all of these was the general attempt to foster a locally based public-private partnership. This is not to say, however, that CVC worked in the same way in each city it located; local conditions often called for significant variations on the main CVC theme. In addition, the main theme itself shifted with time; there was, for example, a perceptible move away from the language of holism in later projects. This chapter will discuss commonalities and differences among the project cities, in brief, as a means of introducing the case studies. We begin with a summary of what CVC said it was and what it would do upon incorporation in August 1978.

CVC: FORM AND FUNCTION

The City Venture Corporation was formed in August 1978. Fifteen shareholders formed a consortium of businesses, churches, and community organizations. Initial capitalization for the corporation was $3 million (City Venture Corporation 1979, p. 3). The largest stockholder was Control Data Corporation, and Control Data founder and president William Norris was elected chair of the corporation. City Venture Corporation owed much to Control Data's experience and philosophy. Since 1968, Control Data had sited plants in distressed inner-city areas and had concerned itself with employee welfare by providing such benefits as day care, counseling, and flexible hours. In addition, Control Data, at first primarily a research, development, and manufacturing firm of large-scale scientific computers, increasingly moved into
software development and technical assistance operations (Control Data Corporation 1980). Control Data services and software for business development, education, health care, and energy conservation all became part of the CVC program.

This is not to diminish the potential contributions of the other shareholders. Each consortium member offered technology and management expertise in program areas. The work of Bertrand Goldberg Associates in public housing addressed by CVC in Chicago (Raymond Hilliard homes) and the Dayton Hudson Corporation in neighborhood assistance in Minneapolis (Whittier Alliance) are examples of this expertise. The potential of these shareholders was largely unmet in CVC practice, however, and their role as shareholders seemed limited to voting on policy matters and putting their names in tacit agreement with CVC objectives.

The element that perhaps most distinguished CVC from previous public-private partnerships was the corporation’s emphasis on community development as profitable. William Norris brought to City Venture his philosophy that “we view the major, unmet needs of society as opportunities to pursue profitable business. This is, after all, the basic reason for the existence of business” (New York Times February 1979). In sum, Control Data’s presence was strong in the philosophy, function, and structure of City Venture.

**CVC’S OBJECTIVES**

In May 1979, CVC issued a statement of its purpose, outlining objectives and tools for attaining them (City Venture Corporation 1979). In overview, the corporation’s objective was to “plan, initiate, and manage comprehensive programs for revitalizing existing urban areas” (City Venture Corporation 1979, p. 1). The statement listed the following management tools that CVC brought to this task:

- Critical know-how: CVC’s personnel were experienced in enterprise formation; work force stabilization; industrial management; remedial education; urban, social, and financial planning; raising capital in both public and private sectors; and arranging contracts in all facets of revitalization and new development.
• Public and private financing: CVC would act as a private sector packager, combining diverse categorical programs with private, entrepreneurial initiative.

• New and emerging technology: CVC would use the most appropriate technology for job creation, training and education. Control Data's PLATO computer-based education system is cited as an example.

(City Venture Corporation 1979)

To distinguish its approach from other efforts to address urban problems, CVC emphasized that its leadership was rooted in the private sector and that the corporation's investors, while seeking a profit, were willing to accept a longer-than-normal term return on investment. CVC's intent was not to invest its own capital but to amplify the impact of federal resources by "packaging public programs with private resources" and developing a "private delivery system based on entrepreneurship" (City Venture Corporation 1979, p. 2). Its own revenues were to come from fees for initiating, planning, and managing a cooperative effort between various levels of government, business, labor, religious institutions, foundations, and community residents. In short, CVC was neither developer nor consultant; it packaged and managed existing resources in a community.

Job creation was the heart of City Venture's strategy. It was joined by a host of other programs aimed at accomplishing physical and attitudinal changes that are essential for community revitalization (City Venture Corporation 1981, p. 5). CVC listed the following tools it would employ in its revitalization efforts:

• Business and Technology Centers
• Development of profitable inner-city enterprises
• Work force stabilization
• Fair Break Learning Centers
• Adult literacy centers
• Energy and security programs
• Housing development

(City Venture Corporation 1979, pp. 3-5)
CVC ACTIVITIES OVERVIEW

Following incorporation, contracts were sequentially signed with Toledo; Minneapolis; Philadelphia; St. Paul; Baltimore; Charleston; Miami; Benton Harbor, Michigan; San Antonio; Duluth, Minnesota; Saginaw, Michigan; and St. Louis to develop proposals for neighborhood revitalization for a project area. (Akron, Canton, San Jose, and Des Moines were added too recently by CVC to be discussed here. Smaller contracts for feasibility studies were signed with New York City; Omaha; and Easton, Pennsylvania.) As these contracts were signed over a span of three years of economic downturn, and as the local situations obviously varied, CVC's objectives were, of course, modified in individual cases. In each area, program content was affected by the existence or absence of local provision of the service the program offered. In some cases the very process of site selection and contract negotiation often overshadowed the other elements of the project. A specific public-private partnership had to be developed in each city, and the partners in each city had varying degrees of input into the planning and implementation process.

The CVC statement of purpose of May 1979 stands as a benchmark by which the degree of local variation may be gauged. In the overview that follows, CVC's program of urban revitalization is examined as it evolved over time. Projects undertaken during the first few years of the corporation's existence adhered most closely to the holistic, profit-oriented program outlined by CVC in 1979. The case studies that follow provide a detailed account of the evolution of the CVC concept in Toledo, Baltimore, Philadelphia, Minneapolis, St. Paul, Charleston, and Benton Harbor, Michigan.

In 1982, rather different contracts were signed in San Antonio, Duluth, Saginaw, and St. Louis that reflected a significant departure from the ambitious program initially outlined by CVC. The content of these later projects is discussed in the final chapter of this report.

Site Selection

CVC's criteria for project selection stated that the site be a large scale central city neighborhood of fifty acres or more, thereby providing a complete neighborhood
community in the heart of the city (City Venture Corporation 1979, p. 2). Toledo's Warren Sherman, Charleston's East Side, and Minneapolis's Urban East neighborhoods are adjacent to their central business districts (CBD); Baltimore's Park Heights neighborhood is easily reached by a newly built transit line; and in Benton Harbor, where the whole city is effectively the project area, the North of Main industrial park adjoins the major downtown commercial street.

Sites selected by CVC generally shared two common traits: they were in residential neighborhoods with a disadvantaged population, and they had a large amount of available land for industrial development (see Table 2.1). At first, CVC sought to distinguish between the target area of the project itself and a wider impact area. Though the delineation of the two is not very important for a consideration of CVC's activities, at times the inclusion or exclusion of those in the impact area from certain programs or planning processes became an issue. No residential impact area was targeted for the St. Paul project, and CVC's activities there were limited to the industrial park site alone.

Vacant land was typically used for an industrial park, which was anchored by a Control Data Business and Technology Center. The land was mostly publicly owned (typically acquired by the city for clearance during the 1960s for urban renewal). An exception to this is Philadelphia, where 131 acres were owned by Conrail, creating a serious impediment to the progress of the project.
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<th>Target Area</th>
<th>Size (acres)</th>
<th>Population</th>
<th>Percent Minority</th>
<th>Percent Unemployed</th>
<th>Percent Single Family Dwelling</th>
<th>Percent Owner Occupied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toledo</td>
<td>300</td>
<td>3,500</td>
<td>90</td>
<td>30</td>
<td>44</td>
<td>24</td>
</tr>
<tr>
<td>Warren Sherman</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minneapolis Urban East*a</td>
<td>70</td>
<td>5,281</td>
<td>20</td>
<td>9</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Philadelphia West Parkside</td>
<td>230</td>
<td>3,775</td>
<td>95</td>
<td>11</td>
<td>67</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baltimore Park Heights</td>
<td>1,300</td>
<td>39,300</td>
<td>95</td>
<td>12.7</td>
<td>83</td>
<td>38</td>
</tr>
<tr>
<td>Charleston East Side</td>
<td>1,066</td>
<td>6,540</td>
<td>95+</td>
<td>30</td>
<td>45</td>
<td>20</td>
</tr>
<tr>
<td>Benton Harbor Entire city</td>
<td>—</td>
<td>14,701</td>
<td>86</td>
<td>25</td>
<td>67</td>
<td>43</td>
</tr>
<tr>
<td>St. Paul Energy Park</td>
<td>218</td>
<td>NA*b</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

*a Demographic data are for Elliot Park, a part of Urban East.
*b The St. Paul target area included only undeveloped land.

Sources: U.S. Bureau of the Census 1980; City Venture Corporation 1983.
The Process

How did City Venture come to a city, and once there, with whom did it work and in what manner? No procedure was mandated in CVC’s articles of incorporation, but through experience a pattern emerged. That pattern had three components:

- An initial state of contact and site selection culminated in a Community Revitalization Proposal.
- A Phase I planning contract was signed, and work on a strategy and management plan commenced; concurrently, early implementation activities were undertaken.
- Approximately a year later the plan was adopted, a Phase II contract was signed, and implementation of the plan began in earnest.

Contact between a city and CVC was established in any number of serendipitous ways—from someone in the local community reading an article in a national magazine, to the presence of a Control Data operation in the city, to personal friendships. William Norris frequently made site visits (often after reading an early scouting report by a CVC staff member) and usually conferred at the highest levels of city government and commerce. In only one case, Philadelphia, was there any major discussion about which specific site to choose for a project. At some point in the proceedings, neighborhood residents were informed and leaders sought. Groups of residents and officials made trips to Control Data’s headquarters in Minneapolis and the bindery on Selby Avenue in St. Paul (a prototypical inner-city Control Data venture). At the same time, City Venture staff began to assemble information about the project area and worked on a series of proposals for its revitalization.

Ultimately, a Phase I contract was signed between CVC and either the city or its agent (see Table 2.2). The typical contract lasted a year and called for a management and strategy plan as well as early implementation. Contract amounts ranged from $180,000 (Toledo) to $375,000 (Benton Harbor). Funds for the contracts came from a variety of sources, but most often from the Comprehensive Employment and Training Act (CETA), Community Development Block Grants (CDBG), Economic Development Agency (EDA), and Urban Development Action Grants (UDAG). Only in Toledo was private money assigned. In short, funds came from whatever source was...
most available and did the least damage to the city’s regular operating budget. (In its first year, CVC touted a concept called Federally Targeted Assistance Contracts—FedTAC—which were to essentially bundle the various funds into one lump sum payable to CVC; this concept was criticized and was dropped before it was ever implemented.) (See Chapter 4 for a fuller discussion of FedTAC.)

Table 2.2  

<table>
<thead>
<tr>
<th>Target Area</th>
<th>Amount</th>
<th>Date Signed</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toledo</td>
<td>$180,000</td>
<td>3/7/79</td>
<td>Toledo Economic Planning Council (coordinator): $130,000 EDA(^a); $25,000 city; $25,000 private</td>
</tr>
<tr>
<td>Warren Sherman</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minneapolis</td>
<td>205,000</td>
<td>6/20/79</td>
<td>City, from sale of bonds</td>
</tr>
<tr>
<td>Urban East</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philadelphia</td>
<td>316,000</td>
<td>4/11/80</td>
<td>Contract with city: $276,000 state; $40,000 city</td>
</tr>
<tr>
<td>West Parkside</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baltimore</td>
<td>307,500</td>
<td>6/17/80</td>
<td>Contract with Mayor’s Office of Manpower Resources; $307,500 CETA Title IV (Baltimore PIC)(^b)</td>
</tr>
<tr>
<td>Park Heights</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charleston</td>
<td>285,000</td>
<td>3/12/81</td>
<td>Contract with city: $285,000 CETA Title VII (South Carolina PIC)(^b)</td>
</tr>
<tr>
<td>East Side</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benton Harbor</td>
<td>375,000</td>
<td>4/81</td>
<td>Contract with city: $375,000 CETA Title VII (Michigan PIC)(^b)</td>
</tr>
<tr>
<td>Entire city</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>St. Paul</td>
<td>288,500</td>
<td>5/80</td>
<td>Port Authority of St. Paul</td>
</tr>
<tr>
<td>Energy Park</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^a\) Economic Development Agency  
\(^b\) Private Industry Council  

Sources: Copies of contracts; interviews.
Often during this phase a policy advisory board was established. The board generally included representatives from the business community (both citywide and neighborhood), relevant city department heads and a representative from the mayor's office, the neighborhoods, and so on. A formal board of this sort served in a rudimentary way to ensure that at least once a month a broad public-private dialogue occurred.

For the day-to-day tasks of operating a project, however, a core management team emerged during this phase. Generally, the team included CVC staff, a city department (usually housing and community development and/or economic development), and perhaps the neighborhood development corporation (see Table 2.3). Initial implementation activities by this group revolved around laying the groundwork for the industrial park, establishing contacts in the community with social service and economic development organizations, educating residents about community development, and marketing the project to potential investors. In addition, roles were defined that set a direction for the future of the project.

Of course, the most important activity in Phase I was formulating the plan. Planning tended, in the initial stages at least, to follow a certain pattern. CVC staff, aided by resident surveyors and a thorough search of previous plans for the neighborhood, produced a series of documents. These were collected in the plan itself as a Statistical Base Report, Project Strategy Plan, and Project Management Plan. Later, the precise formal structure was changed slightly (and in Charleston was replaced by a series of working papers), but the general sense remained.

In some cases, the CVC plan was adopted as the city's official urban renewal plan. In some cases it replaced or augmented previous urban renewal plans. On occasion, charges were made that CVC plans had nothing “new” in them, but that is a conclusion that can be reached only after consideration of the individual case studies.
<table>
<thead>
<tr>
<th>Target Area</th>
<th>City</th>
<th>Neighborhood</th>
<th>Private Agencies</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toledo Warren Sherman (WS)</td>
<td>DCD&lt;sup&gt;a&lt;/sup&gt;</td>
<td>WS Community Council</td>
<td>Toledo Trust, St. Vincent Hospital</td>
<td>CETA</td>
</tr>
<tr>
<td></td>
<td>TEPC&lt;sup&gt;b&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philadelphia West Parkside</td>
<td>OHCD&lt;sup&gt;c&lt;/sup&gt;</td>
<td>Parkside Assoc., Neighborhood Advisory Council</td>
<td>Private Industry Council, Greater Philadelphia Partnership</td>
<td>Conrail, Parkside Consultants</td>
</tr>
<tr>
<td></td>
<td>PIDC&lt;sup&gt;d&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dept. of Commerce, City Planning Comm.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baltimore Park Heights (PH)</td>
<td>BEDCO&lt;sup&gt;e&lt;/sup&gt;</td>
<td>PH Development Corporation, PH Community Council</td>
<td>Commercial Credit Corp.</td>
<td>CETA</td>
</tr>
<tr>
<td></td>
<td>DHCD&lt;sup&gt;f&lt;/sup&gt;</td>
<td></td>
<td></td>
<td>Cong. Rep. Mitchell</td>
</tr>
<tr>
<td></td>
<td>MOMR&lt;sup&gt;g&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charleston East Side</td>
<td>DCD&lt;sup&gt;a&lt;/sup&gt;</td>
<td>East Side Neighborhood Council</td>
<td>James Tobias&lt;sup&gt;h&lt;/sup&gt;</td>
<td>Trident Technical College, S. Carolina Private Ind. Council</td>
</tr>
<tr>
<td></td>
<td>Mayor/ Council</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Economic Development Agency</td>
</tr>
<tr>
<td>St. Paul Energy Park</td>
<td>HRA&lt;sup&gt;i&lt;/sup&gt;</td>
<td>Port Authority of St. Paul, Mayor</td>
<td>Honeywell Inc., St. Paul Companies, Wilder Foundation, Control Data Corp.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minneapolis Urban East</td>
<td>Dept. of City Planning HRA&lt;sup&gt;l&lt;/sup&gt;</td>
<td>Elliot Park Neighborhood Inc.</td>
<td>Industry Square Development Corp.</td>
<td>Stadium Commission</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> Department of Community Development  
<sup>b</sup> Toledo Economic Planning Council  
<sup>c</sup> Office of Housing and Community Development  
<sup>d</sup> Philadelphia Industrial Development Commission  
<sup>e</sup> Baltimore Economic Development Corporation  
<sup>f</sup> Dept. of Housing and Community Development  
<sup>g</sup> Mayor's Office of Manpower Resources  
<sup>h</sup> James Tobias, a realtor and property owner  
<sup>i</sup> Housing and Redevelopment Authority  
<sup>j</sup> Community Development Agency

Source: Interviews with key actors.
What kinds of plans were these? Primarily, of course, they served as written evidence of CVC’s local purposes. The scope thus naturally varied from place to place, but in contrast to many plans of the early 1970s, greater stress was placed on economic and human development than on “bricks and mortar” changes. The Toledo and Minneapolis plans retained urban design sections, but these were left out of later plans. (Housing was also stressed more in these two cities.) Thus, the early Toledo format of having strategy sections on employment design, economic design, housing design, and urban design, gave way to a plan exemplified by Baltimore’s. That plan, significantly titled “Jobs For Park Heights,” included only sections on job creation and human resources after the initial base report. The Charleston plan added sections on community revitalization and application of new technology to this list.

To a certain extent, CVC conceded its role in housing and urban design to other actors, though the plans were packed with enough possible programs to seem holistic to readers. Whether holism was ever realized was, of course, a matter for Phase II, the implementation phase. For Phase II, another contract was signed between CVC and the city to implement the plan. Specifics were not always stated in the contracts, though the development of a Business and Technology Center and the creation of at least 1,500 jobs were usually mentioned. Later contracts, however, did not include specific job targets. Other local features were included, though the language was often sufficiently vague (“will assist the city,” “will work to establish,” and the like) to leave CVC some flexibility.

Phase II contracts were often for the same amount as Phase I contracts and generally had similar funding sources. The duration of the contract was usually a year, which meant that given CVC’s stated intention of staying in a project area for five years, a new round of negotiations occurred every year, entailing all the elements of performance review, critique, and bartering on both sides that the negotiating process implies.
Program Content

1. BTC/Small Business Development

   The most important element in all of CVC’s projects was the Business and Technology Center (BTC). Owned and operated by Control Data, BTCs were incubators for small businesses. Businesses could rent office, laboratory, or production space in a BTC and take advantage of various Control Data services that they otherwise could not afford. Included in the lease price were utilities, maintenance (often provided by neighborhood residents), receptionist, security, and limited use of conference rooms and Control Data’s PLATO (Programmed Logic for Automated Teaching Operations) education system (see next section). Other clerical services and equipment could also be leased. Also available were training and education programs, business planning assistance, a variety of business services (using Control Data’s TECHNOTEC, a technology information service, and CYBERNET, a remote computing network that provides information for scientists and engineers), and management skills training (Control Data Corporation 1981). All of these services were paid for on a fee basis.

   Jobs in the BTC were not necessarily intended for the neighborhood’s residents (with the exception of clerical, maintenance, and occasionally security staff). However, the building itself was a visible representation of change for the community (see Table 2.4). BTCs were imposing structures, averaging approximately 200,000 square feet. In the early projects, BTCs were built with Control Data equity (often through industrial revenue bond financing), though in later projects CDC preferred that ownership and financing rest with local authorities.

   In theory, businesses starting in the BTC were to grow large enough to move into their own quarters—perhaps into the adjacent industrial park. All of the projects included a planned industrial park, often in an area that was already industrial. The site advantages of these parks included good access to transportation lines, access to BTC services, subsidized land costs, and a large labor force. Industrial park development was usually a matter for local economic development agencies, though CVC certainly had a hand in planning and marketing.
### Table 2.4
**BUSINESS AND TECHNOLOGY CENTERS**

<table>
<thead>
<tr>
<th>Target Area</th>
<th>Cost (in millions)</th>
<th>Funding Source</th>
<th>Date Completed</th>
<th>Size (in sq. feet)</th>
<th>Building Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toledo</td>
<td>$7</td>
<td>City/county</td>
<td>8/81</td>
<td>228,000</td>
<td>Toledo Factories Building</td>
</tr>
<tr>
<td>Warren Sherman</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minneapolis</td>
<td>10</td>
<td>CDC</td>
<td>1981</td>
<td>200,000</td>
<td>New</td>
</tr>
<tr>
<td>Urban East</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philadelphia</td>
<td>5.9</td>
<td>UDAG/IRB&lt;sup&gt;a&lt;/sup&gt;</td>
<td>late 1983</td>
<td>300,000</td>
<td>Factory/warehouse</td>
</tr>
<tr>
<td>West Parkside</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baltimore</td>
<td>4</td>
<td>IRB&lt;sup&gt;a&lt;/sup&gt;/state loan</td>
<td>1/83</td>
<td>82,272</td>
<td>School</td>
</tr>
<tr>
<td>Park Heights</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charleston</td>
<td>6</td>
<td>CDC</td>
<td>1/83</td>
<td>184,900</td>
<td>American Tobacco Co. warehouse</td>
</tr>
<tr>
<td>East Side</td>
<td></td>
<td>UDAG</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benton Harbor</td>
<td>0.2</td>
<td>PIC&lt;sup&gt;b&lt;/sup&gt;</td>
<td>12/82</td>
<td>17,600</td>
<td>Factory</td>
</tr>
<tr>
<td>Entire city</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>St. Paul</td>
<td></td>
<td></td>
<td></td>
<td>not applicable</td>
<td></td>
</tr>
<tr>
<td>Energy Park</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> Industrial Revenue Bonds  
<sup>b</sup> Private Industry Council

Source: Interviews with key actors.

### 2. Education and Training

A key ingredient in CVC's goal of workforce stabilization was education and job training for the communities' largely unskilled labor force. Another Control Data technology, PLATO, was employed to address this problem. PLATO (Programmed Logic for Automated Teaching Operations) was developed in the late 1950s and early 1960s by Control Data and educators at the University of Illinois. Students work at touch-sensitive interactive terminals on individualized programs. BTCs offered PLATO courses in relevant subjects such as accounting, marketing, and finance (Control Data Corporation 1981, p. 1). Control Data's Fair Break program used PLATO cour-
sewark for basic skills training in mathematics, reading, and language, in addition to offering counseling and career planning (Control Data Corporation 1979). Students could learn job-related skills using PLATO, as they did in the bank teller training program that Fair Break offered in Toledo in association with several Toledo banks. CVC also made use of PLATO in its Career Readiness Program in several project-area high schools where students combined PLATO’s basic skills development with part-time jobs (City Venture Corporation 1981, p. 6). CVC’s educational programs were usually funded through CETA. In some cases, local agencies rather than CVC provided similar services. For instance, in Baltimore the local CETA, the Mayor’s Office of Manpower Resources, and Commercial Credit Corporation (a Control Data subsidiary) all used PLATO in their own adult learning centers.

3. Workforce Mobilization

A key element in CVC’s workforce mobilization strategy was some type of job finding organization—usually a job bank or job referral service. These were often run by a neighborhood leader from the CVC offices. Other services, such as day care, were also developed. In many instances, these programs drew on Control Data’s experience on the North Side of Minneapolis and in the Selby-Dale area of St. Paul. There, inner-city plants were efficiently run using neighborhood labor employed on flexible schedules. In some CVC projects binderies were set up similar to the CDC-owned bindery in St. Paul, but owned by local business people and operated on a smaller scale.

Depending on the local situation, other program elements entered in that added to a core that consisted of these three elements: BTC, Fair Break, and a job bank (see Table 2.5). Table 2.5 is not meant to be an exhaustive listing of programs: for these, the reader is referred to the case studies. One should note, however, that different program elements were tried in every city and that there were variations on the CVC theme.
<table>
<thead>
<tr>
<th>Target Area</th>
<th>Career Fair</th>
<th>BTC</th>
<th>Readiness Bank</th>
<th>Job Bank</th>
<th>Industrial Park Housing Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toledo</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
<td>Property maintenance and management firm; child care; health care, shopping center</td>
</tr>
<tr>
<td>Warren Sherman</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minneapolis</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
<td>Multi-Resource Centers</td>
</tr>
<tr>
<td>Urban East</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philadelphia West Parkside</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
<td>Child care center; seed capital fund</td>
</tr>
<tr>
<td>West Parkside</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baltimore</td>
<td>*</td>
<td>*a</td>
<td></td>
<td>*a</td>
<td>Independent living centers for the handicapped; bindery</td>
</tr>
<tr>
<td>Park Heights</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charleston</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
<td>Small business network; employment opportunities for the handicapped; crime watch; energy and waste management</td>
</tr>
<tr>
<td>East Side</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benton Harbor</td>
<td>*</td>
<td></td>
<td></td>
<td>*</td>
<td>Small business assistance block clubs; recreation center; Project Pride</td>
</tr>
<tr>
<td>entire city</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>St. Paul</td>
<td>*</td>
<td>*c</td>
<td></td>
<td></td>
<td>Energy Technology Center; district heating</td>
</tr>
<tr>
<td>Energy Park</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*a Independently offered by the Mayor’s Office of Manpower Resources.

*b City Venture was not a prime contractor in St. Paul but rather served as an overall coordinator.

*c There was an independent First Source employment agreement with the city.

Sources: City Venture Corporation's strategy plans for each project; interviews.
Staffing and Organization

Major corporate decision making was centralized at CVC's head offices in Minneapolis. The Minneapolis staff was most responsible for early development proposals, planning-contract negotiation, and general coordination of operations. CDC and CVC worked closely together in Minneapolis. Often this centralization led to the feeling by neighborhood groups and city officials in the project cities that local CVC staffs did not have much autonomy and that, therefore, CVC was distant and inflexible.

The staffing arrangements for CVC projects are shown in Table 2.6. All projects were headed by a project director. Most projects also included an industrial development specialist whose task was to work with local agencies in attracting business to the industrial park and to aid and coordinate local small businesses. (In Toledo this task was handled by the project director.) Another common staff position was that of community liaison. In Toledo and Philadelphia this position was held by the president of the community council. Other staff positions sometimes included were housing specialist and human services specialist, but their inclusion depended on local program content. CVC hired secretarial assistance from within the neighborhood.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Toledo</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td></td>
<td>Warren Sherman Community Council and local institutions</td>
</tr>
<tr>
<td></td>
<td>Warren Sherman</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philadelphia</td>
<td>*</td>
<td></td>
<td></td>
<td>*</td>
<td></td>
<td>Neighborhood associations</td>
</tr>
<tr>
<td>West Parkside</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baltimore</td>
<td>*</td>
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REFERENCES


CHAPTER 3
TOLEDO CASE STUDY

PROJECT AREA DESCRIPTION*

Located with three other neighborhoods in Toledo’s Central West district just west of downtown, Warren Sherman is a 300-acre area that had a population of about 3,000 in 1979 (see map). It is an old neighborhood that was fully developed by 1900. Because of the widespread demolition that took place in the 1970s, and the area’s serious arson problem, the Levis Square Ministries, a Toledo improvement organization, described the neighborhood this way: “The most striking physical characteristic of the 300-acre Warren Sherman area in downtown Toledo is its vacant land” (Levis Square Ministries 1980, p. 15).

Land uses in Warren Sherman cluster in three major categories: commercial and industrial, residential, and institutional. The primary industrial area is located south of Woodruff Avenue, which contains masonry buildings of mixed sizes, ages, and functions. Commercial activity clusters on strips on Cherry and Adams streets, which bound the neighborhood, and along Bancroft, which bisects it from east to west. St. Vincent Hospital and St. Mary’s school and church have remained separated from the rest of the neighborhood; St. Vincent’s reinforced this relationship by erecting a controversial ten-foot wall surrounding the hospital parking lots. Residential areas mix old wood-frame dwellings with newer redevelopment projects. The newer projects are most numerous in the area around the Bancroft-Kent Center, a community center opened in 1979.

* Unless otherwise documented, the description is based on City Venture Corporation 1980, pp. 1-59; U.S. Bureau of the Census 1940, 1950, 1960, 1970, 1980; site visits; and interviews with key actors.
TOLEDO WARREN/SHERMAN PROJECT AREA

1. St. Vincent Hospital
2. St. Mary's
3. Warren School
4. BTC
5. Shopping Center
6. Professional Building/Bank
7. Moody Manor
8. Woodcuff Village Ltd.
9. Alpha Tower

Source: CVC
Though the major employment areas in Toledo surround the Warren Sherman area, employment opportunities within the neighborhood itself are severely limited. The city has three major concentrations of industry: the Central Belt extends along the west side of the Maumee River and includes the Central Business District (CBD), where several of Toledo's Fortune 500 firms make their headquarters. On the east side of the river are located the port and ancillary functions, several glass factories, and the largest oil refinery outside of Indiana's Calumet region. Most of the automobile-oriented industries are located in the Western Belt, which parallels the old New York Central (Conrail) main line to Detroit.

In 1979, Warren Sherman had seventy-nine businesses, predominately retail and services (59 percent), with some manufacturing (24 percent) and wholesale and distribution (17 percent). They provided 701 jobs, only 12.4 percent of which were held by neighborhood residents.

Social Characteristics

In 1970, Warren Sherman's population was 6,500; it declined to 3,000 by 1980. During the same period, the city of Toledo's population also dropped, from nearly 390,000 in 1970 to 354,000 in 1980.

Before the downturn in 1980 of the United States' automobile industry, the city of Toledo might have been described as a reasonably prosperous, generally blue-collar and middle-class community, with a relatively small but growing black community. In 1975, Toledo's per capita income was second highest among the six largest Ohio cities. Against this picture, the Warren Sherman neighborhood appeared severely depressed. Nearly 42 percent of the area's households earned less than $5,000 and an estimated 60 percent received financial assistance in 1979. Unemployment was estimated at 32 percent, compared to a citywide rate of 12 percent. Of those who were employed, an extraordinarily large percentage (29.8 percent) were in-labor-related occupations; on a citywide basis the proportion was much smaller (4.9 percent).

Between 1940 and 1960 Toledo's black population more than doubled. Indications are strong that it has continued to increase: though roughly 14 percent of the
population in the late 1970s was black, the school population was 32.5 percent black. Most of the increase in Toledo's black population has been on the West Side. Over 90 percent of Warren Sherman's residents are black.

Warren Sherman's population was considerably younger than the city's: 48 percent of the neighborhood's residents were less than nineteen years old, compared to a citywide figure of 37 percent. Household size averaged 3.2 persons compared to 2.75 for the city average. Single-parent households accounted for 25 percent of the neighborhood's households. Although many households lived in the neighborhood for more than three years, household members frequently moved in and out. The neighborhood was not considered an area of traditional nuclear families.

Housing

In 1980, a striking characteristic of Toledo as a whole was that 70 percent of its housing was owner-occupied. In Warren Sherman, however, only 24 percent was owner-occupied. Much of the difference was made up by Warren Sherman's high rate of subsidized rental housing, 32 percent, compared to the city's rate of only 3 percent. In addition, 15 percent of the housing units in the neighborhood were vacant. Another striking feature of Toledo was that 79.4 percent of the housing units were single-family dwellings, and only 6 percent of the structures had two to four units. Again, Warren Sherman differs sharply. Over 36 percent of the structures in the neighborhood had two to four units, and only 44 percent of the units were single-family dwellings.

Though many of the units in Warren Sherman were built prior to World War I, five major subsidized developments were built in the 1970s, adding 597 units, which accounted for 40 percent of all housing units in the neighborhood. These structures represented nearly all of the neighborhood's sound housing units by the late 1970s. In 1979, over 25 percent of the residential structures in Warren Sherman either had major deficiencies or were unfit for human habitation. Units in the latter category were concentrated in the area south of Bancroft between Franklin and 14th Street, but these were subsequently cleared. The residences south of Woodruff Avenue were removed or demolished to make way for the industrial park.
History of Neighborhood Development Efforts*

At the time the CVC effort started, community development in Toledo was handled through the Department of Community Development (DCD). Six area councils and a forty-one-member central forum were established by DCD in 1975 for citizen participation and review of Community Development Block Grants (CDBG). Under this system, both the Warren Sherman and Dorr Collingwood neighborhoods were declared neighborhood strategy areas (NSAs). In the area of housing, DCD also worked in conjunction with the joint city-county Lucas Metropolitan Housing Authority. The Toledo Economic Planning Council (TEPC) was formed in 1978 as a nonprofit citywide economic development corporation. TEPC became increasingly involved in the city's neighborhood redevelopment work. It became the public purpose developer of the Warren Sherman industrial park and the city's de facto economic development department.

Urban renewal, implemented nationwide after The Housing Act of 1949, made slow progress in Toledo. As of 1968, only one of the city's six urban renewal projects had been completed. As early as 1964 Warren Sherman was designated to be the city's first urban renewal area, but it was overridden by an airport renovation project. The result of this and subsequent decisions to give priority elsewhere was a "string of broken promises," and Warren Sherman was only funded after several other neighborhoods had been given renewal funds (interview with Wayman Palmer 6 July 1981).

In the 1970s, efforts intensified, both in the neighborhood and in the city. In 1970 an urban renewal plan for Warren Sherman was written (Gerald Luedtke and Associates 1970). The plan stressed physical improvements, including a shopping center at the corner of Bancroft and Franklin. Most public action had been directed at housing, which resulted in widespread clearance and construction of new subsidized housing. Between 1960 and 1980, clearance significantly outpaced new construction, leaving vacant, overgrown, weedy lots.

The Warren Sherman Community Council has been active since the early 1960s. It was partly responsible for the opening of the Bancroft-Kent Center in 1979.

* This section is based on interviews in the community.
Interest in neighborhood redevelopment was indicated by the decision to fund and support CVC's efforts and the designation of Warren Sherman as the state of Ohio's first enterprise zone.

EVOLUTION OF THE PROJECT

Initial Contact

The selection of Warren Sherman as the site for CVC's project area in Toledo must be viewed in light of four important factors:

- redevelopment of Toledo's central business district and community reaction to that redevelopment;
- Warren Sherman's geographic proximity to downtown;
- the neighborhood's predominantly poor, black population and the generally deteriorated quality of housing;
- the blending of Toledo's public sector role in economic development with corporate sector leadership.

In late 1977 planning began for a new $100 million world headquarters building for Owens-Illinois, the largest of Toledo's Fortune 500 firms. Toledo Trust, the city's largest bank, joined the project by constructing the headquarters for its holding company, Toledo Trustcorp. These two large structures are joined in the middle by a major hotel and promenade park on Toledo's Maumee River. The entire redevelopment was christened SeaGate, a nod both to Toledo's geographic position and to its seemingly brighter economic future.

SeaGate required a major financial commitment from the city, including its first Urban Development Action Grant (UDAG) application. The city was willing to offer a full tax abatement plan for both Owens-Illinois and Toledo Trust, holding property taxes to predevelopment levels for the next twenty years.

Concurrent with SeaGate's planning, George Haigh became president of Toledo Trust and was also appointed chair of the newly created Toledo Economic Planning Council (TEPC) by then Mayor Henry Kessler. This appointment indicated a potential major leadership role on the part of the private sector in economic development activities.
A major problem in the SeaGate project arose in March 1978 when a protest letter was filed with the Department of Housing and Urban Development (HUD) by Advocates for Basic Legal Equality (ABLE) stating that the city's administration had failed to produce "reasonable results" in supplying housing for low-income families and urging that the UDAG application for SeaGate be rejected unless certain demands were met. These included building shopping centers in two of Toledo's inner-city renewal areas, Warren Sherman and Dorr Collingwood (Toledo Blade 22 March 1978). The tax abatement incentives also angered community groups. In June 1978 Toledo Mayor Doug DeGood created a ten-member steering committee to deal with these problems. In September 1978, ABLE agreed not to challenge SeaGate in exchange for a promise that the next UDAG would be for the two neighborhood shopping centers (Toledo Blade 22 September 1978). Subsequently, Toledo Trust voluntarily withdrew from the tax abatement plan as it became actively involved in the Warren Sherman development process.

Site Selection

It was in the midst of the conflict between the city and ABLE over the SeaGate UDAG that George Haigh, Chair of TEPC, contacted William Norris, Chair of CVC, and invited him to meet with the TEPC board. In many respects, the SeaGate project set the stage for CVC's Toledo project and established its local cast of characters. According to city manager Michael Porter, corporate leaders and elected city officials were "already in partnership" both as a result of downtown investments and the participation of key corporate executives on the TEPC (interview with Michael Porter 7 July 1981).

Out of SeaGate also came a clear leadership role for Toledo Trust and George Haigh. Toledo Trust was a party to the city's commitment to direct public funds next into the black neighborhoods, agreeing to participate in financing new shopping centers in both Warren Sherman and Dorr Collingwood. It is thus not surprising that when William Norris came to Toledo at the invitation of George Haigh, it was these neighborhoods that were identified as potential project sites for CVC.
During Norris's first visit to Toledo he looked at both the Warren Sherman and Dorr Collingwood neighborhoods, but he seemed to have had a strong preference for Warren Sherman. It was linked to downtown and also offered opportunities for industrial development and a large amount of cleared land to accommodate new investment without severe displacement. The city and the private sector supported the choice of Warren Sherman from the outset. A UDAG application that the city submitted had been rejected by HUD in September 1978 on the grounds that private sector commitments were not large enough. After HUD suggested that the ten transactions in the UDAG be split into separate applications, the private capital invested by CDC in the Business and Technology Center (BTC) was then sufficient for a resubmitted UDAG for the industrial park to be approved.

Early in 1979 CVC president Herb Trader and staff member Nina McGuire went to Toledo to meet with TEPC members and to sound out the responsiveness of the Warren Sherman leadership to a CVC project. McGuire contacted Inez Nash at the Central West Area Council to set up neighborhood meetings. According to Nash, three meetings were held at which McGuire stressed that CVC needed not only the support but the invitation of the neighborhood in order to proceed (interview with Inez Nash 6 July 1981). Fourteen Warren Sherman residents were flown to Minneapolis for a site visit. They returned with a favorable impression of what CDC was doing in both Minneapolis and St. Paul (interview Nash 6 July 1981).

The Warren Sherman neighborhood appears to have continuously supported CVC, although some tension existed between Warren Sherman and the interests and concerns of the larger Central West Area Development Council, which had been set up under the Community Development Citizen Participation program. CVC did include Central West as part of the project's impact area. Central West, however, sought a greater role in project planning and implementation, and it and CVC never established a smooth working relationship.

In March 1979, CVC announced its willingness to proceed with a comprehensive revitalization plan for Warren Sherman in cooperation with TEPC, the Warren Sherman Community Council, and the city of Toledo. CDC's commitment to build a BTC in the project area was contingent upon a pledge by the Toledo business com-
munity to create 200 new jobs in the neighborhood (Control Data Corporation 1979, p. 2). In May, Ray Boezi went to Toledo as the CVC project manager in anticipation of contract approval. In June 1979 the first contract, in the amount of $175,000, was signed between CVC and the city; it governed the completion of a detailed action plan for the project area.*

IMPLEMENTATION

Goals and Objectives

In conjunction with the Warren Sherman Community Council and the city of Toledo, CVC developed a comprehensive strategy and management plan for Warren Sherman. The plan was an economic development strategy that put job creation at its center. Project goals fell into four categories: employment, economic development, housing, and urban design. Specific goals and strategies in each category are outlined below:

Employment. The goal was “to develop a job training, educational and community service environment which enhances the residents’ ability to gain and maintain meaningful employment and to increase their economic self-sufficiency” (City Venture Corporation 1980, p. 69). Twenty-three strategies were listed in support of this goal, including a Fair Break Learning Center, a Career Readiness Program (PLATO), a Job Bank, a locally-based property maintenance and management firm, child development and health care programs, and strategies to increase neighborhood cohesion.

Economic Development. CVC’s goal was to create 2,000 new jobs in the project area from a combination of relocated businesses, newly created businesses, and expanded businesses. From a list of twenty-six strategies supporting this goal, those requiring the greatest effort and funding included a Business and Technology Center and industrial park development, a neighborhood shopping center, and venture capital to fund new business development.

Housing. CVC’s goal in this area was to “upgrade the available housing stock, to increase the number of habitable units, to expand home ownership opportunities, to eliminate buildings unfit for habitation and to avoid displacing existing residents” (City Venture Corporation 1980, p. 69).

* Unless otherwise documented, the project evolution description is based on interviews.
Among the strategies were housing interest subsidies, new housing construction, substantial rehabilitation, Section 8 moderate rehabilitation, and construction of a demonstration solar house. In all, 500 new units and 300 rehabilitated units were anticipated by 1984.

**Urban Design.** The area’s infrastructure was to be altered to support increased housing, commercial, and industrial activity. Twenty-three assorted land use, development, security, mobility, and energy strategies supported this goal.

(City Venture Corporation 1980, pp. 61-146.)

In sum, the strategy plan held true to City Venture’s ideal of a holistic approach to urban revitalization. The eighty-five page strategy plan, only briefly summarized here, touched on many aspects of neighborhood life, from the basics of housing and employment, to health care, child care and neighborhood aesthetics.

**Major Industrial Site**

Key to the development strategy for the neighborhood was the goal to create 2,000 jobs. The core area for new job development was the Warren Sherman Industrial Park, encompassing twenty-three acres (approximately six square blocks) at the extreme southern end of the project area. The area is identified on the site plan (see map) as Phase One of the redevelopment. Of this twenty-three acres, seventeen acres (with approximately 325,000 square feet of floor space) were already in industrial use before CVC efforts commenced. The city approved a detailed site plan for integrated development that added an additional 240,000 square feet of gross floor area, bringing the total to 565,000 square feet.

The CDC Business and Technology Center (BTC) was to anchor the industrial park. CDC purchased the former Toledo Factories Building at Southard and 12th streets and extensively remodeled this four-story, 180,000-square-foot structure for both commercial and light industrial small enterprises. The adjacent building, now the BTC Annex, was also purchased by CDC to house the Fair Break Learning Center and City Venture Corporation offices.

Commitments to build new structures and operate new firms that were to create 2,000 new jobs in the industrial park were made by Sheller-Globe, Libbey-
Owens-Ford, and Owens-Illinois (Toledo Blade 9 November 1979). The economic recession prevented these companies from immediately honoring their commitments. Eventually, Owens-Illinois did open a new corrugated box assembly plant in the industrial park.

When the project began, the city of Toledo owned 3.95 acres plus an additional 4.5 acres in streets and alleys. Businesses slated to remain in the park took up 6.17 acres, thus leaving 8.18 acres to be acquired, cleared, and marketed for new firms. Some thirty-five structures were removed or demolished, including six houses. A junkyard and a cab company garage were displaced, and ten businesses (involving sixty employees) moved out of the Toledo Factories Building (the BTC site) when CDC purchased and remodeled this property.

**Accomplishments**

As of October 1983, when CVC officially left Warren Sherman, nearly $60 million had been committed toward the economic and industrial strategy for the neighborhood. Of this amount, $790,000 had gone directly to CVC in the form of five contractual agreements, signed between May 1979 and July 1982, for planning and implementing a strategy plan. CVC’s fees from these contracts were paid from several sources, including TEPC, CDBG, the Economic Development Agency (EDA), UDAG, the city of Toledo, and private funds. In addition, $1,591,612 in Comprehensive Employment and Training Act (CETA), state and city money funded the operation of CVC’s employment and training programs: the Fair Break Learning Center and the Career Readiness (PLATO) program at Scott High School.

Other pieces of the financing fell into place as the project proceeded. CDC’s commitment to build a Business and Technology Center, and a commitment by the local law firm of Shumaker, Loop and Kendrick to invest $3 million, represented sufficient private commitments for HUD to approve a new UDAG application submitted by the city in December 1979 for $4.1 million (Toledo Blade 22 December 1979). The Lucas County Improvement Commission approved $10 million in revenue bond financing, including $7 million for the BTC and $3 million for the Shumaker, Loop and Kendrick law building.
Of the $60 million spent in Warren Sherman, direct investment by CVC amounted to only $35,000, for the construction of a demonstration solar house. Hence, CVC’s role was almost purely that of packager of existing funding sources or as catalyst for new investment. A breakdown of how the money was used is provided in Table 3.1.

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Sources: City Venture Corporation n.d.(a); City Venture Corporation n.d.(b).
OVERVIEW

Considerable evidence points to the success of the economic renewal effort in Warren Sherman. The majority of the funds committed to the neighborhood went to physical improvements in housing, industry, and commercial land uses, with a smaller financial investment in programs for employment training and social services. Hence, as one looks around the neighborhood and compares the view to that of twenty years ago, the signs overwhelmingly point to the success of the intervening years' efforts. The vacant and weedy lots of a decade ago now contain new homes and town houses, designed with an architectural richness not typical of subsidized housing.

A key to the success of the Warren Sherman project was the fact that this neighborhood was already the focus of attention of neighborhood, city, and private interests. CVC did not find Warren Sherman; CVC was found by George Haigh, a key actor in the economic revitalization of Toledo in general and of Warren Sherman in particular. Inevitably, Warren Sherman was due for economic development. What shape that development might have taken without the presence of CVC is open to conjecture. More to the point here is the consideration of what the benefits were of selecting CVC as the catalyst for neighborhood change in Warren Sherman.

One area in which CVC's contribution may be evaluated is in the area of the process and operation of the project. The Warren Sherman project proceeded smoothly for a project of such magnitude. The willingness of the city to sign planning and management contracts with CVC was perhaps influenced by several assets that CVC brought to Toledo:

- CVC had leverage with CDC and a commitment from CDC to deliver initial jobs and job training in the form of the BTC and the Fair Break Learning Center, locating both in the Warren Sherman area. CDC represented a major national corporation of just the type Toledo needed to diversify and strengthen its economic base. A CDC presence, even in small scale with a BTC, was seen as a major step toward that diversification.
- CDC's commitment exerted leverage on Toledo's private sector to make similar commitments. The project could not go ahead until there was an additional commitment of 200 jobs for the Warren Sherman area from existing corporations in the community.
• CVC had the personal support of Toledo Trust and thereby an entree to and
high level of credibility with the private sector in Toledo.
• CVC had the support of the local neighborhood, which was already
committed to comparable goals of jobs and income, directed specifically to
local residents.

CVC's influence was also evident in the breadth of concerns that were
addressed in Warren Sherman. The strategy plan for the neighborhood, drawn up by
CVC in collaboration with neighborhood and city representatives, was imbued with
CVC's commitment to a holistic approach to planning. The central goal of job cre-
ation was bolstered with objectives concerning employment training, housing, health
and child care, neighborhood spirit, and neighbor- hood design. No other organiza-
tion was providing these services to Warren Sherman residents, so conflict over
duplication of effort was not an issue, as it was in other CVC project areas.

The final question that needs to be asked is who benefited and who, if anyone,
lost in Warren Sherman. Residents of the neighborhood certainly benefited from the
project, as did Toledo's economic community. Control Data's claim that social invest-
ment could be profit making came true in this case: the company was able to open a
Business and Technology Center using public funds and to market its business and
educational software and services in the community. Not least of all, Control Data
made a good name for itself in Toledo.

The major criticism of the Warren Sherman project came from other neigh-
borhood groups who felt that undue attention and public money was invested in Warren
Sherman to the detriment of other neighborhoods in the city. Certainly no city can
afford to invest in every neighborhood as heavily as the city of Toledo invested in
Warren Sherman. An alternative, and more common approach to neighborhood
renewal, is to spread the public welfare around thinly but evenly so that everyone
benefits to some degree. The fault in such an approach is that the impact of piece-
meal investment is muted by the needs that still remain. At the same time that it
raises the question of equity among neighborhoods, the Warren Sherman project
testifies to the value of concentrated, comprehensive problem solving in a single
neighborhood.
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City Venture Corporation, n.d.(a). "Toledo City Venture Project Funds Committed through June 1, 1982." City Venture Corporation, Minneapolis, Minnesota.


Toledo Blade. 22 March 1978. "ABLE Moves to Bar U.S. Funds for City."


________. 9 November 1979. "Sheller-Globe to Join Inner City Job Efforts."

________. 22 December 1979. "Warren-Sherman Area Gets $4.1 Million Grant."


Interviews by the authors were conducted in Toledo in 1981 and 1982 with:

Ray Boezi, Project Manager, CVC on July 6, 1981; October 23, 1981; and in May 1982.

Joseph Brown, President, Brown Packaging and Bindery Co., Inc. on July 8, 1981.

Bob Campbell, Director of Ambulatory Services, St. Vincent Hospital on July 8, 1981.


George Haigh, President, Toledo Trust on July 6, 1981.

Earl Hall, BTC Manager on July 8, 1981.


Wayman Palmer, Director, Department of Community Development on July 6, 1981.

Michael Porter, City Manager on July 7, 1981.

Paul Tucker, Housing Specialist, CVC on July 8, 1981.
CHAPTER 4
MINNEAPOLIS CASE STUDY

PROJECT AREA DESCRIPTION*

Planning for the Urban East project in Minneapolis began in March 1979. The project, virtually within view of City Venture's headquarters, had the full complement of programs associated with CVC's early holistic model. But instead of becoming a corporate showpiece, the Urban East project developed into City Venture's most conspicuous problem area.

The project area covers seventy acres next to the central business district. The Urban East concept was imposed on portions of a geographic area that the city had dealt with for twenty years as two separate districts. One is Industry Square, a 233-acre urban renewal district; Urban East covered about 15 percent of Industry Square. Elliot Park, an area reclaiming its identity as a residential neighborhood, lies just south of Industry Square. It consists of approximately forty blocks of various sizes, and Urban East was to include about one-third of these blocks (see map).

Industry Square is bordered by the Mississippi River, Interstate 35W, and the central business district. Railroad tracks run diagonally from northwest to southeast and break the area's visual and physical continuity. The major thoroughfare, Washington Avenue, passes the deserted Milwaukee Depot and train sheds, an assortment of warehouses and commercial enterprises, and then approaches the West Bank campus of the University of Minnesota.

In addition to the railroad facilities north of Washington Avenue, elevators—remnants of the early milling empires—are the area's outstanding feature. South of

* Unless otherwise documented the project area description is based on City Venture Corporation n.d.; U.S. Bureau of Census 1970, 1980; site visits; and interviews.
Washington Avenue lie the corporate headquarters and plant of the Valspar Corporation—a paint manufacturer with a national market and more than two hundred employees on site. On the western edge of Industry Square the Minneapolis Star and Tribune Company, owner of Minneapolis's daily newspaper, has a number of buildings. On the south, the Hennepin County Medical Center and Metropolitan Medical Center complex sprawls over five blocks.

Beginning in early 1980 approximately seven blocks in Industry Square were cleared for the 60,000-seat Hubert H. Humphrey Metrodome. The 238,000-square-feet Control Data Business and Technology Center (BTC) is across the street from the stadium.
Social Characteristics

High unemployment, welfare recipiency, and crime rates, along with low formal education and low income, characterized the neighborhood population when City Venture proposed its Urban East project. This low-income group included the elderly, the transient habitually unemployed, university and college students, those voluntarily living on low incomes, and those with physical and mental disabilities. Minorities included American Indians—part of a much larger American Indian community across the freeway in the Phillips neighborhood. (Phillips was one of the neighborhoods that CVC included as the impact area of Urban East.) Hmong refugee families were also beginning to move into Elliot Park in the large apartment buildings on the western edge.

In 1978, shortly before City Venture began designing its Urban East plans, the Elliot Park Neighborhood Organization prepared a land use analysis (see Table 4.1).

<table>
<thead>
<tr>
<th>Table 4.1</th>
<th>ELLIOT PARK LAND USE, 1978</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of Use</td>
<td>Percentage of Total</td>
</tr>
<tr>
<td>Single- and multi-family housing</td>
<td>34</td>
</tr>
<tr>
<td>Medical, educational facilities and special-use housing</td>
<td>30</td>
</tr>
<tr>
<td>Commercial, retail, and service use</td>
<td>18</td>
</tr>
<tr>
<td>Recreational</td>
<td>8</td>
</tr>
<tr>
<td>Other</td>
<td>10</td>
</tr>
</tbody>
</table>

Sources: Neighborhood Improvement Company 1978a.

City Venture’s commitment to a holistic solution to urban problems inclined its staff to relate land in Industry Square, which could facilitate large-scale job creation, with Elliot Park, which had a population in need of housing, employment, and social services.
Housing

A mix of residential structures exist in Elliot Park. Gracious late nineteenth century homes along Park and Portland avenues on the western edge of Elliot Park have been converted to commercial and office use. Some of the turn-of-the-century apartment buildings still house renters who pay generally modest prices for what has become long-term housing. Recent rehabilitation of other units, however, has now created federally subsidized apartments for those with low and moderate incomes, as well as new market-rate units for urban professionals. A few buildings still provide inexpensive housing for highly mobile low-income groups; often the owner is absent and provides only minimal upkeep. Old single-family and double-family dwellings are scattered throughout Elliot Park, but are increasingly rare. Some of these have housed their owners for thirty and forty years. The State of the City report for 1978 said that the “average conditions of all residential structures in the census tracts making up Elliot Park were in less than average to poor condition” (Minneapolis Planning and Development Department 1978). The annual housing turnover rate was above 75 percent.

The Elliot Park population includes many senior citizens in publicly funded buildings and large and small private institutions. In addition, there are a number of group residences for people who are mentally ill, mentally retarded, or chemically dependent. The North Central Bible College, with approximately 800 resident students, is also in the area.

The 1980 population of Elliot Park (5,281) included high percentages of singles, the elderly, minorities, and renters (see Table 4.2).
Table 4.2  COMPARATIVE DEMOGRAPHIC DATA, 1980

<table>
<thead>
<tr>
<th></th>
<th>Minneapolis (percent)</th>
<th>Elliot Park Neighborhood (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 65 years old</td>
<td>15</td>
<td>27</td>
</tr>
<tr>
<td>Under 18 years old</td>
<td>20</td>
<td>8</td>
</tr>
<tr>
<td>Minorities</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td>Married</td>
<td>41</td>
<td>15</td>
</tr>
<tr>
<td>One-person households</td>
<td>38</td>
<td>74</td>
</tr>
<tr>
<td>Renters</td>
<td>51</td>
<td>97</td>
</tr>
</tbody>
</table>


History of Neighborhood Development Efforts

Some feeling for the history of development efforts in Elliot Park and Industry Square is necessary to understand the environment that City Venture entered. In these neighborhoods, long periods of inertia, punctuated by catastrophic disruptions, finally led to neighborhood-based planning and development. Weary and wary of too many unfulfilled promises, the neighborhoods were prepared to question City Venture's motivation and its ability to fulfill its commitments.

The general industrial prosperity following World War II bypassed the Industry Square area as railroad-related industry declined and most metropolitan industrial growth occurred on the suburban fringe. (Control Data itself began in an Industry Square building in 1957 and later moved its headquarters to suburban Bloomington.) A new use for Industry Square had to be found.

The city's first modern, comprehensive development plan in 1954 assumed continuing growth of the central commercial district into Elliot Park and its decline as a residential neighborhood (Minneapolis Planning Commission 1954). This view was reinforced when the 1960 Census revealed a population drop in Elliot Park. The new zoning ordinance a few years later eliminated the residential designation (City of Minneapolis 1962).
Elliot Park and Industry Square were becoming more geographically distinct and isolated even as they were increasingly perceived as blighted. From 1964 through 1970 the construction of freeways 35W and I94 left the area bordered by graded valleys on both east and south, eliminating twenty blocks of housing, retail, and warehouse uses in the process. Currently 35W separates the two neighborhoods from the University of Minnesota on the east. I94 cuts off Elliot Park from the commercial activity on Franklin Avenue and the residential area of the Phillips neighborhood.

Industry Square, rather than Elliot Park, drew the attention of city officials at this point. The city planning department judged that Industry Square had the highest potential for providing both new jobs and increased property taxes in the city. It was close to downtown, it offered transportation of various sorts, and the utility infrastructure was in place. It was thought that if the area were allowed to drift it might well be used for parking lots and other activities that provided neither employment nor tax revenue.

Little happened, and in 1970 the city planning department produced Metro 85, a fifteen-year long-range plan focusing on expanded job and investment opportunities in Industry Square. This plan welcomed the expansion of the medical and educational institutions in Elliot Park. “Urban pioneers” coming back to the city and gentrification were recognized as new forces contributing to increased property taxes. “Low- and medium-rise multi-family apartments and some town houses” were suggested for location on the edges of Elliot Park, convenient to the freeways. Five hundred new units by 1977 was suggested as a goal (Minneapolis Planning and Development Commission 1970).

The plan called for designation of Industry Square as an urban renewal project, which would sanction public financial aid for existing business expansion and land assembly for new efforts. Research industries that would generate high employment on several sites were encouraged because the University of Minnesota was nearby (Minneapolis Planning and Development Commission 1970).

Industry Square became a renewal area and tax increment district in 1973. In 1974 the city bought a ten-acre parcel owned by the Rock Island Railroad, which was
resold to Northern States Power Company for use as an electric substation—activity that fell far short of the long hoped for industrial development.

At this time the city formed an Industry Square Project Area Committee (ISPAC), composed of area businesspeople and property owners, to participate in redevelopment plans and official public decisions. Actually, significant change occurred only when the Metropolitan Sports Facilities Commission voted to place a new domed sports stadium in Industry Square in December 1978.

Reactions to this decision varied. Some landowners in Industry Square and Elliot Park anticipated a welcome escalation in land prices and looked forward to increased traffic. Others foresaw only rising property taxes and multiple disruptions in the neighborhood. Some attempted to get the city council to pledge that area residents would be given priority for jobs created by the new stadium.

In the meantime, an ongoing relationship had developed between city planning staff and the Elliot Park residents’ group, organized in 1976 as the Elliot Park Neighborhood, Incorporated (Elliot Park Neighborhood 1976). It grew out of the shared concerns of members of the neighborhood PTA and a few young property owners who wanted to claim Elliot Park as a residential area.

City planning staff and the Elliot Park Neighborhood, Incorporated (EPNI) developed the comprehensive “Improvement Plan for Elliot Park Neighborhood, Plan for Our Neighborhood’s Preservation and Growth,” which was officially adopted by the city council (City of Minneapolis n.d.). Concurrently, the Minneapolis Housing Redevelopment Authority (MHRA) staff were drafting proposals to be submitted to the Department of Housing and Urban Development (HUD) to get Elliot Park designated as a neighborhood strategy area. An application for $6 million in Urban Development Action Grant (UDAG) funds was also written for Elliot Park. (Though 300 Section 8 certificates were eventually made available to Elliot Park, the UDAG money came in far smaller amounts than asked for.)

The improvement plan called for rehabilitation of existing housing, with a minimal amount of displacement of neighborhood residents, and other actions to strengthen Elliot Park as a residential area. It encouraged commercial development along Chicago Avenue and fuller use of existing public job training programs. Little
mention was made of creating new job opportunities within the neighborhood (City of Minneapolis n.d.).

Based on the work in the Improvement Plan, the EPNI board developed a non-profit Neighborhood Improvement Company (NIC) to follow through on specific housing plans (Neighborhood Improvement Company 1978b). NIC's board was a combination of area residents and staff and professional people associated with business and institutions in Elliot Park; all NIC housing development plans were to be reviewed by the EPNI board. By 1983 EPNI and NIC, in cooperation with the Minneapolis Community Development Agency (MCDA) and city planning department, had made use of millions of dollars of private, federal, state, and local money for housing rehabilitation and new construction (Neighborhood Improvement Company 1980).

NIC's first active follow-through on housing rehabilitation plans, the CVC planning for Urban East, and the excavation that began the construction of the stadium, were almost simultaneous processes. Some Twin Cities corporations were stockholders in both City Venture and in the Industry Square Development Corporation (ISDC). ISDC, a consortium of local corporations, engineered the financing and land acquisition that contributed to the choice of Minneapolis as a stadium site.

EVOlUTION OF THE PROJECT

Initial Contact

Because Control Data is a local corporation, its president, William Norris, and many employees within CVC and CDC have ties to the Twin Cities' political and governmental structure. This network of generally informal relationships—which sets the Minneapolis experience slightly apart from that in other cities—facilitated the rapid acceptance of the CVC Urban East concept.

CVC vice president James Harrington had previously served as head of the MHRA. This relationship appears to have played a key role in the Urban East decision-making process. More specific functional interrelations will become apparent in the sections that follow. These interrelationships later opened the Minneapolis City Venture project to charges of operating beyond the scope of publicly accountable processes.
Site Selection

The looming specter of the Metrodome helped to raise many of the issues concerning public accountability, and attempts have been made to tie the site selection of City Venture to that of the dome. This city, along with other cities competing for stadium site consideration in the late 1970s, had to provide land free of charge because of state-imposed limits on bonding capacity. John Cowles, Jr., then president of the Minneapolis Star and Tribune Company, was chairman of a Chamber of Commerce task force to explore land availability in the city. To Cowles and others, the stadium seemed to fit well with general downtown development goals. With this in mind, Cowles pushed for the formation of the Industry Square Development Corporation (ISDC), a consortium of twenty-five of the area's largest corporations.

The governor-appointed Stadium Commission was to decide on a stadium site in December 1978. In mid-November, ISDC contracted with MHRA to transfer to the city $8.5 million in funds invested in ISDC for the very purpose of stadium development. This money was to allow the city to assemble land for a site in Industry Square and retire the bonds sold in 1974 when the city acquired the Rock Island Railroad land. The Minneapolis Star and Tribune Company contributed the largest share of this money—$3 million—and offered, in addition, three-fourths of a block of land in Industry Square valued at $900,000. On December 1 the commission voted for a domed stadium in Minneapolis.

In return for the land and money offered, ISDC received development rights to fifty blocks (approximately 200 acres) around the future stadium in the Industry Square Redevelopment Project. For fifteen years these rights were to allow ISDC the first right of refusal for any property acquired by MHRA; at this time the MHRA—with its own development intent—had acquisition plans for about half of the area. Any subsequent development action taken by ISDC was to be consistent with these MHRA- and city-approved plans. ISDC also was limited to a 6.5 percent return on any development investment and was to pay market-rate prices for any land it acquired.

On March 30, 1979, the city authorized the sale of $2.6 million in general obligation redevelopment bonds to buy two blocks for the Business and Technology Center (BTC) and resell them to Control Data. On the same day the city, MHRA, and
City Venture entered into a Memorandum of Principles Regarding the Urban East Program. The memorandum included the transfer of development rights within Industry Square from ISDC to CVC, and financing $205,000 for a Work Plan of the Economic and Employment Development Strategy. This was also to come out of the bond issue.

Urban East was interpreted as the long-awaited answer to the untapped potential in the Industry Square location. Certain city officials and the corporate participants in ISDC and CVC all seemingly understood their interests to be served by such development. To clearly separate the interests of private and public actors is not easy; the overlap in corporate participation in the ISDC and CVC has suggested to some that the concept of Urban East was invisibly present in the original negotiations of ISDC.

The minutes of city council committee meetings at this time reflected encouragement from the mayor’s office for the use of revenue funds for the project. Not much time passed between the first public city council discussions and the signing of the memorandum. Only two weeks before the initial agreement at the end of March, James Lemley, MHRA executive director, sent reports to the HRA commissioners describing CVC’s intent to revitalize the inner city by “leveraging and managing a combination of federal, local, and private funding commitment” (Lemley 1979) and giving the HRA’s rationale for supporting the proposed development in the following way:

Without the infusion of direct federal grants that would occur if the Urban East concept succeeds, Industry Square will be totally dependent on tax increment financing to carry out the urban renewal plan. Due to the relatively high costs of redeveloping this area, this would place a substantial draw on the city’s bonding capacity. It is also difficult to attract development proposals with the intensity and value sufficient to generate enough tax increment to amortize the bonds in reasonable time. If federal funds share these project costs, there will be a much greater likelihood that the tax increments generated by the Urban East developments will be able to leverage additional development in Industry Square outside of the Urban East selection.

(Lemley 1979)
On June 20, 1979, a final contract was signed that formalized the memorandum. It defined City Venture's relationship with ISDC and HRA. City Venture agreed to commence development in Urban East within five years and to do this in a manner that would most likely generate tax increments in excess of the debt service requirements. ISDC could use this surplus for its own development plans; ISDC also was to receive from CVC 12.5 percent of the profits that development might generate (City of Minneapolis 1979).

CVC was obligated to the city and MHRA to prepare the Urban East plan by December 31, 1979; the plan was to include details of funding sources and a guide to the physical development of the area. CVC was to work cooperatively with the city, area businesses, and neighborhood leadership in creating the statistical base report. On a continuing basis CVC was to work with MHRA in the change in ownership of any Urban East land; that is, City Venture did not have the right to function in any speculative manner. Performance standards were absent; responsibility for implementing plans by actually managing future development was to be negotiated in further contracts.

IMPLEMENTATION
Goals and Objectives

The statistical base report of the Urban East plan indicated the extent of social, physical, and economic problems in the Elliot Park neighborhood and gave less attention to Industry Square with its few residents. The plan was completed in March 1980 when a management component was added to the strategy plan for problem solving, which had been made public in December 1979. The plans were uneven in specificity, but they attempted to clarify that CVC's role was planner and manager, not developer of either jobs or housing; however, in the following months that distinction became blurred (City Venture Corporation 1980a).

The housing section of the work plan was written with the greatest exactitude—the number of homes were projected on a block-by-block basis. A total of 425 new and 120 rehabilitated units on fourteen acres were to respond to the needs of the "expanded employment base" and be "primarily designed to accommodate the
housing needs of low and moderate income people" (City Venture Corporation 1980b, p. 128). Housing of up to ten stories high was to be constructed on the eastern edge of Elliot Park; at the same time NIC and EPNI were cooperating on plans for housing rehabilitation just off Chicago Avenue and west of the Urban East area in Elliot Park.

In addition to actual housing units, the Urban East plan included a Multi-Resource Center—a concept developed earlier as part of a NIC-EPNI proposal to HUD. This was to be the vehicle for various kinds of housing and social assistance to the residents. A housing rehabilitation project that would demonstrate the use of advanced technology in rehabilitation was also part of the overall housing plans, as was the less clearly defined desire to promote "housing opportunities for American Indians" (City Venture Corporation 1980a, p. 323).

All CVC housing proposals written into the project management section of the work plan were qualified: they were only recommended and were subject to review and modifications with the community.

The employment goals projected the creation of 3,000 new jobs, along with programs for job preparation and retention. Within Urban East the future Control Data Business and Technology Center was to incubate small businesses and yield at least 500 jobs in these businesses. Though CDC was listed as the financier of the development, and the MHRA had acquired the land for the construction, CVC was described as the catalyst for the development commitment (City Venture Corporation 1980a, p. 243).

New business was to be attracted and old business strengthened and retained in the area. Thirty acres were suggested for industrial development that would be drawn to the location by public and private incentives. In the first and second years of the project 870,000 square feet of industrial work space was to be created, though details were lacking (City Venture Corporation 1980a, p. 291).

Social services were not a separate element, but integrated into the other parts of the plan. Extensive use was also made of computer technology as the solution to some of the problems in Urban East. An array of computerized services also was to be offered to the future tenants of the BTC.
The total budget for five years of CVC activity in Urban East included $134,019,000 in federal participation and $207,000,000 to be leveraged in private money. The jobs created were to be worth approximately $105 million.

The plan made repeated reference to the Federal Targeted Assistance Contract (FedTAC) as a funding source. This was explained as follows:

...City Venture proposes to cast its funding relationships into contract terms with the federal government and the city. The purpose is to release City Venture from the complexities and constraints of categorical fundraising and grantsmanship but yet provide a framework for achieving comprehensive redevelopment objectives and assuring agreed results within an acceptable period, with appropriate cost sharing at the local level.

Under the proposed FedTAC agreement, City Venture will pursue an agreement through the Region V Federal Council establishing federal concurrence on the goals, objectives, strategies and management plan of the Urban East project. The agreement will establish an overall framework under which federal assistance of individual development initiatives can be expedited in the form of FedTAC contracts.

(City Venture Corporation 1980a, p. 234)

<table>
<thead>
<tr>
<th>Source and Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General obligation redevelopment bond issuance for $2.6 million</td>
<td></td>
</tr>
<tr>
<td>• provides for site preparation for BTC</td>
<td>$2,395,000</td>
</tr>
<tr>
<td>• provides for CVC Work Plan of Economic and Employment Development Strategy</td>
<td>205,000</td>
</tr>
<tr>
<td>Subtotal</td>
<td>2,600,000</td>
</tr>
<tr>
<td>CETA contract with Control Data-Fair Break</td>
<td>622,694</td>
</tr>
<tr>
<td>TOTAL to CDC/CVC</td>
<td>$3,222,694</td>
</tr>
</tbody>
</table>
EXIT CITY VENTURE

Impressive though the array of proposals was, in time, attention centered less on the proposals than on City Venture’s continued presence in the neighborhood. In analyzing the controversy later, Minneapolis’s mayor, Donald Fraser, said that CVC had “come to do good” and the neighborhoods “wouldn’t hold still long enough to have good done to them....” This comment is telling: the primary concern that neighborhood groups articulated was their perception of being a recipient, being done to, as opposed to being a partner in the changes proposed.

This history of CVC’s efforts in the Urban East area is one of increasingly chaotic controversy from its beginning in March 1979 until CVC announced it was abandoning the effort in February 1981. A step-by-step chronology of the events of these two years presents a bewildering series of misunderstandings and misconceptions. It also shows the lack of confidence that the principals—CVC, the neighborhood or neighborhoods involved, and the multifaceted Minneapolis city government—had in each other. The following discussion attempts to make some sense of these events without going through the tedious process of following them from day to day.

Although it did not seem so at the beginning, in retrospect the cards seem to have been heavily stacked against success for Urban East, as a look at some of the more important elements shows:

1. Urban East straddled parts of two areas that did not see themselves as sharing a destiny: the Elliot Park neighborhood and the Industry Square industrial development area.

2. The so-called impact area of the project (a concept abandoned by CVC in later projects) included parts of several other neighborhoods, some of which had long been organized.

3. It was never clear whether CVC should be in partnership with Elliot Park alone, Elliot Park and Industry Square, or Elliot Park, Industry Square, and the coterie of surrounding neighborhoods involved in the impact area.

4. The term partnership meant one thing to the neighborhood people and quite another to CVC. CVC saw itself as the proposer and ultimately the
decision maker, with the neighborhoods in advisory roles. The neighborhood organizations, in contrast, thought of themselves as participating in the planning process and sharing in decisions.

5. The proposed write-down in value of the industrial land to be developed was very high, resulting in a public-to-private ratio of investment that was much higher than HUD would apparently countenance for a UDAG. It was also viewed as exorbitant by people at the city level.

6. CVC introduced a concept of federal financing, FedTAC, that had never been heard of by those in city government or the neighborhood organizations, both of which viewed themselves as sophisticated about federal finance (Minneapolis Star 9 October 1981). Doug Kelm, chair of the Federal Regional V Councils, presumed source of funding, was quoted later as saying, “FedTAC is nothing more than an acronym that City Venture gave to help their hope for resources they will receive from the federal government.” FedTAC heightened the suspicion locally that CVC knew not of which it spoke.

7. The city government was represented at various times by a somewhat bewildering cast of characters: city council members, the mayor’s office, the city coordinator’s office, the city planning department, and the Minneapolis Housing and Redevelopment Authority.

8. The Elliot Park organizations EPNI and NIC already had a successful working relationship with the city and, to a degree, with the downtown business interests. The advent of CVC threatened to muddy the waters.

9. Other elements in the community, for example, the Indian leadership, became involved and were quick to see a possible invasion of their turf.

10. Some of the leadership of the neighborhood organizations, particularly those represented in the Urban East Coalition, who were from outside the project area, had a history of controversy with the city and with downtown business interests. They tended to view CVC with suspicion, fearing further exploitation.
11. CVC entered the Urban East adventure with no clearly defined citizen participation review process. It was suggesting a partnership with the neighborhood and the city without any clear idea of the rules of the game, let alone with an idea that was mutually acceptable to the partners.

As Lurcott and Downing pointed out in their article on the partnership process in Pittsburgh:

Melding public- and private-sector decision making styles can be difficult. Therefore an important requirement of a public-private partnership model is for a coordinated decision-making mechanism and a central administrative home. (Lurcott and Downing 1987, p. 467)

Neither mechanism nor home was in place for Urban East.

That the project lasted as long as it did probably reflects agreement by all parties—neighborhoods, CVC, and the city—that the goals and objectives were desirable, particularly those that related to jobs and training. Any discussion of specifics, however, seemed to generate acrimonious debate and misunderstanding.

When in June 1980 the EPNI board adopted a citizen review process, it was not acceptable to CVC. In turn, CVC’s proposed review process was rejected by EPNI on the grounds that EPNI was being limited to a reactive role and that there was no mechanism by which CVC could be held accountable. Meanwhile, a church committee organized by an interested Lutheran minister from a church within the impact area (but outside of the Elliot Park neighborhood) had broadened itself to form the Urban East Coalition, which initially included representatives from CVC as well as the surrounding neighborhoods. In July 1980, the coalition defined itself as being in an adversarial position and excluded people from CVC from its meetings.

At about this time, CVC’s Urban East staff requested that the city planning department design an acceptable citizen participation review process. The mayor’s office was called in to moderate the process of developing a process. During the summer of 1980, city planners, CVC staff, coalition members, and representatives of EPNI met weekly to attempt to translate the concerns and positions of the various parties into a workable procedure. In the meantime, CVC’s contract had run out, and the staff was being paid by Control Data.
The complex multilayered review process finally developed by the city planning staff was satisfactory to CVC and the Industry Square Project Area Committee. It was rejected, however, by the neighborhood organizations, which cited the absence of performance standards for CVC and the absence of opportunity for other developers to bid against CVC as the developer-manager of the project.

At earlier discussions of veto power between coalition members and city officials, the city denied that it was legally possible and/or appropriate to give such power regarding development to a geographic area. Further, although sharing proceeds from a CVC partnership with the neighborhood might be possible, the contract had to be between the city and CVC and not with EPNI or other impact area organizations.

In September 1980, CVC initiated a UDAG proposal for part of the Industry Square land. At a city council hearing, Elliot Park residents and representatives of other neighborhood nonprofit organizations in the impact area opposed the UDAG proposal. City council members expressed concern over the proposed financing, which was based on a very large write-down in land price to the developer and a low ratio of private-to-public investment. As a result of this, and of concerns expressed by existing businesses in Industry Square, the UDAG proposal was withdrawn.

Mayor Fraser now became involved and was reported to have told the CVC board of directors that future city support would depend on CVC being able to develop a working relationship with the affected neighborhoods.

At the same time, the coalition was working with the boards of the participating groups to designate an Urban East negotiating team to work with the mayor’s office. It also sharpened its position concerning partnership and profit sharing with CVC, based on consideration of future development dollars for Urban East.

During heated debate at a meeting in mid-December 1980, Fraser succeeded in getting CVC staff and members of the impact area neighborhoods, including the ISPAC, to agree to cooperate on a plan for the first phase of industrial development in Industry Square and to request the aid of UDAG funds. Such development was expected to include two or three blocks; other elements of the earlier holistic design—housing and social services—were put aside. A city planner was assigned to help the neighborhood organizations in the coalition develop their own proposal for economic
development. For approximately two months working meetings took place on these matters.

The neighborhood organizations were now planning participants rather than the reviewers of plans. They were also being considered by the city as potential developers rather than the recipients of development. The neighborhood groups themselves, which in the past had often competed with one another for scarce city funds, had a stronger basis for cooperation and shared an increased concern for economic development.

It appeared that the city council would eventually deal with three related issues: a new CVC proposal for UDAG funds, a second contract for CVC to proceed with its management function, and a proposal for technical assistance to the neighborhoods working together on local economic development. In mid-February, however, CVC announced that it was discontinuing the Urban East project. The neighborhoods and CVC made various accusations at each other, and the city alternately called winners and losers. Some perceived that the city had escaped further investment in a white elephant; others believed the city and neighborhoods had lost jobs, and Elliot Park had lost an opportunity to participate in the planning for Industry Square. The Minneapolis Star and Tribune called the people needing job training and employment the big losers in the matter and called on city agencies, the neighborhood organizations, and the Industry Square Development Corporation to "pick up the pieces" in "reversing blight in the inner city." In his letter of withdrawal to the city, Herb Trader, president of CVC, stated, "...It has not been possible for the city to define a specific role for City Venture in the redevelopment of Urban East" (Alley 1981).

CVC chose not to participate in a locally produced public television program in which Mayor Fraser explained, "It turned out the figures wouldn't work...It was a problem of economics of development they [CVC] were looking at. The figures wouldn't—couldn't—be put together. When this wouldn't work, it appeared to them and it appeared to everybody else that for the moment, there wasn't much more to be done about it...."
OVERVIEW

City Venture did not succeed in Minneapolis. Its only physical product in Elliot Park was the BTC. Highly acrimonious debate damaged the company's local reputation and caused concern in other City Venture project cities. People were afraid that CVC did not really care to cooperate with city or neighborhood groups. As evidence, they pointed to difficulties over a mutually agreed-upon citizen participation process, CVC's attempt to finance its project via the mysterious FedTAC process, the implications behind exclusive development rights, and programs which, though touted as holistic, were seen as aggressively patronizing.

But to a great extent, conflict emerged over the implication of the issues, and not over the practical matter at hand. That is, much of the debate concerning City Venture in Minneapolis was conducted at the theoretical level of corporate control versus neighborhood empowerment. It is a striking feature of the Minneapolis project that the role of the corporation and the role of the neighborhood were seen by both sides as being mutually exclusive. In other projects, various attempts were made to merge the concerns of both.

This is not to say, however, that City Venture left no legacy other than the BTC. CVC's presence stimulated intense neighborhood discussion about possibilities for the neighborhood's future. At one point, in fact, Neighborhood Venture Corporation, minus CVC, seemed to be the direction that Urban East would take. Since CVC's departure, NIC has proceeded with an aggressive renovation program (opening itself to charges of gentrification). Neighborhood-based development on a large scale has occurred in the neighboring Cedar-Riverside area. Proposals have been made to turn Washington Avenue in Industry Square into a high-technology manufacturing corridor, linking the University of Minnesota (and possibly an underground-storage manufacturing development) with development occurring in the Mills-Milwaukee Depot area. A city council member running on a Neighborhood Priorities Coalition platform was elected from the Urban East area.
REFERENCES


Lemley, James. 1979. Report to the Housing and Redevelopment Agency’s Commissioners regarding City Venture Corporation’s intent to revitalize the inner city.


Because the Center for Urban and Regional Affairs is located in the Twin Cities, the authors were able to follow the Minneapolis CVC project on a day-to-day basis in a way they were unable to do in cities outside of Minnesota. Reports in the metropolitan and neighborhood press were monitored and the authors attended many of the meetings over the life of the project. Interviews were conducted with a great many of the actors and with others, some of whom the authors had had contact with long before the initiation of the CVC project.
CHAPTER 5
PHILADELPHIA CASE STUDY

PROJECT AREA DESCRIPTION*

The West Parkside project area is a 233-acre tract lying two-and-a-half miles west of Philadelphia's central business district (see map). It is part of West Philadelphia, the area west of the Schuylkill River into which Philadelphia's growing population spilled in the latter half of the 1800s. That growth was aided by a well-developed street-railway system that provided access to downtown. The Centennial Exposition of 1879, held in Fairmount Park, also encouraged settlement in West Philadelphia. Passenger demand was so great that the Pennsylvania Railroad opened a temporary Centennial station at 48th Street at the periphery of the fairgrounds, near what today is the West Parkside project area.

The majority of land in the 233-acre project area is in industrial-related uses. The central portion of the project area—encompassing seventy acres—has rail yards and other railroad uses (see map). The rail yards are surrounded by manufacturing and warehousing activities, accounting for an additional twenty-two acres. Approximately twenty-five acres, along the western and southern boundaries of the project area, are residential.

Most of the rail land is owned by Conrail, which owns and operates the Main North-South Commuter Line that follows the old elevated Main Line tracks through the property. Conrail also leases use of the tracks for commuter service. At one time the site was the largest intermodal (piggyback) terminal in Philadelphia. The southern part of the land was used by Conrail as a storage yard that served as a backup facility.

* Unless otherwise documented, the project area description is based on City Venture Corporation 1980a; U.S. Bureau of the Census 1940, 1950, 1960, 1970, 1980; site visits; and interviews.
for its other facility at Wayne Junction. By the early 1980s the land was mostly abandoned, except for some minor switching operations. The rail yard is essentially screened from view from the rest of the project area by the elevated Main Line tracks along its southern edge, and by a continuous line of industrial and manufacturing buildings along the northern and western boundaries.

The housing stock in and around West Parkside dates from the 1920s and 1930s. During those years, row houses were rapidly developed to accommodate an influx of immigrant families, predominantly East European Jews from North Philadelphia. Much of the area was viewed at that time as a prestigious, suburban-type community, though West Parkside has a more modest type of housing than some of its surrounds.

Each of the four streets bordering the project area is a major vehicular route serving crosstown traffic. Across Parkside Avenue on the north lies Fairmount Park. Because high-speed traffic along Parkside Avenue creates a barrier between the park and the neighborhood, most recreational activity for residents takes place in the narrow streets of the neighborhood.

Another thoroughfare, 52nd Street, cuts north-south through the project area, dividing the residential area by a strip of mixed land use. Once a thriving commercial area, 52nd Street was, by 1980, largely abandoned.

Social Characteristics

Suburban growth in the Philadelphia metropolitan region helped to reduce the city’s population from 2,071,605 in 1950 to 1,688,210 in 1980. Though not great in actual numbers, this departure affected Philadelphia’s population makeup. The suburban exodus involved mostly white, middle- and upper-class residents, leaving a higher proportion of poor and black residents in its wake. Between 1950 and 1980 the black population increased from 18 percent to 38 percent of the city’s total population.

The West Parkside neighborhood experienced a radical transition in its social makeup during the 1960s, as the offspring of the original Jewish settlers moved to newer, better neighborhoods, most likely in the suburbs. In their place came black
families. According to census figures, the nonwhite population in West Parkside and vicinity increased from 26 percent of the total in 1960 to 68 percent in 1970 to 88 percent in 1980.

Concurrent with shifts in the population, the number of neighborhood residents declined from 3,868 to 3,318 between 1960 and 1970, but by 1978 the population had returned to the 1960 level. The age structure of the population changed as the aging Jewish population was replaced by a typically younger black population that more often had children still living at home. In 1970, West Parkside had a slightly younger population than the city as a whole. More than half of the households in the neighborhood were traditional husband-and-wife households.

Census figures indicated that West Parkside residents experienced lower median incomes and greater unemployment than the city average. The latter was estimated at 13.2 percent in 1980. The portion of West Parkside that lies in census tract 111 had a smaller percentage of its work force employed in white collar occupations than Philadelphia as a whole. However, the proportion of white collar employment among blacks was comparable in West Parkside and Philadelphia.
<table>
<thead>
<tr>
<th>1980 SOCIAL CHARACTERISTICS</th>
<th>City</th>
<th>Tract 111&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Tract 119</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population 1980</td>
<td>1,688,210</td>
<td>5,727</td>
<td>6,183</td>
</tr>
<tr>
<td>(1970)</td>
<td>(1,948,609)</td>
<td>(7,825)</td>
<td>(7,161)</td>
</tr>
<tr>
<td>Percent black</td>
<td>33.6%</td>
<td>65.3%</td>
<td>69.4%</td>
</tr>
<tr>
<td>Percent unemployed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>4.5</td>
<td>6.7</td>
<td>3.3</td>
</tr>
<tr>
<td>Female</td>
<td>4.8</td>
<td>8.1</td>
<td>4.6</td>
</tr>
<tr>
<td>Occupation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional/technical/managerial</td>
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<td>12</td>
<td>21</td>
</tr>
<tr>
<td>Sales/clerical</td>
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<td>20</td>
<td>28</td>
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<tr>
<td>Craft/operative/transportation</td>
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<td>32</td>
<td>36</td>
</tr>
<tr>
<td>Laborers/farm</td>
<td>5</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Service/household</td>
<td>6</td>
<td>21</td>
<td>14</td>
</tr>
<tr>
<td>Median income</td>
<td>$9,366</td>
<td>$7,307</td>
<td>$9,491</td>
</tr>
<tr>
<td>Percent of families below poverty line</td>
<td>11.2%</td>
<td>17.2%</td>
<td>12.4%</td>
</tr>
</tbody>
</table>

<sup>a</sup> West Parkside lies partially in two census tracts. In this report, data for census tract 111 are used to characterize the West Parkside neighborhood. Data for tract 119 are presented for comparison purposes.


Housing

The West Parkside neighborhood contained approximately 1,046 housing units in 1977. The housing stock was mostly two- and three-story row houses, with a mixture of single- and multi-family structures. The majority of the housing stock was built before 1940. Owner occupancy was estimated at 48 percent of all structures.

The number of housing units declined approximately 15 percent between 1960 and 1977. The rate of decline has increased since 1970. Housing abandonment and demolition was more widespread among rental than owner-occupied units in the
1970s. Almost 93 percent of the units lost between 1970 and 1977 were tenant occupied. In 1978, market values for homes in West Parkside were estimated to range between $5,000 and $14,000.

**History of Neighborhood Development Efforts**

For a long time, West Parkside was not a high priority for the city's attention. Although it had been identified by the planning commission as a potential industrial development district, plans for the area had been set on the back burner pending Conrail's initiative to make the land available for industrial redevelopment. The Philadelphia Industrial Development Commission (PIDC) prepared a study in 1978 that examined the area (Hamlin and Jeffers 1978). Problems were identified and solutions suggested, but no funds were set aside for the study area.

The residential portion of the neighborhood, though small, fared a little better in getting the city's attention. In 1978, West Parkside was given the status of a Neighborhood Strategy Area (NSA), winning a battle with East Parkside to be the recipient of federal block grant funds. The Philadelphia City Planning Commission put together the "West Parkside Strategy Plan," a comprehensive plan for the NSA (Office of Housing and Community Development 1979). Though heavy on background study and recommendations for redressing the problems of West Parkside, the plan offered few concrete proposals. A total expenditure of $2,691,612 was recommended for the four community development program years covered by the plan. Most of this amount ($2,439,500) was directed at improving the housing stock, primarily through rehabilitation of existing dwelling units. Also funded were site improvements to facilitate pedestrian travel and remove the barrier effect of major streets in and around the project area. The planning commission recommended, but did not fund, improvements in bus service and physical improvements for the 52nd Street commuter station.

The West Parkside project area was represented by the Parkside Association of Philadelphia. The association was organized in 1977 to address the issue of the

* Information in this section is based on interviews.
construction of a parking lot for the Philadelphia Orchestra's summer home, the Mann Music Center in Fairmount Park, and its potential impact on the Parkside neighborhood.

**EVOLUTION OF THE PROJECT**

**Initial Contact**

The instigation for CVC's involvement in Philadelphia came not from CVC, but from the Philadelphia business community. James F. Bodine, then president of the First Pennsylvania Bank, and later managing partner of the Greater Philadelphia Partnership, contacted CVC chairman William Norris about the possibility of a CVC project in Philadelphia.

No actions or commitments on the part of the city precipitated CVC's appearance in Philadelphia or the selection of the West Parkside project site in particular. Rather, the tone of Philadelphia politics created an atmosphere that was conducive to the type of program CVC had developed in other cities. Mayor Frank Rizzo's administration was accused, by various quarters, of leaving gaps in the city's housing and industrial development plans. Some perceived CVC's role as helping Mayor Green's administration fill the gap left by Rizzo.

Cooperation between business and neighborhood groups was not new to Philadelphia. An excellent example of a partnership formed for the preservation and revitalization of a neighborhood is provided by the experience of the Tasty Baking Company in the Allegheny West neighborhood of North Philadelphia. Another example is the Greater Philadelphia Partnership, actively supported by local financial institutions and devoted to combating redlining practices and to encouraging rehabilitation of the city's housing stock. Partnership members no doubt saw the advantages of involving out-of-town interests and money in solving Philadelphia's development needs.

Following the initial contact between Bodine and Norris, a series of meetings was held involving various CVC representatives and city and corporate leaders.

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* Unless otherwise documented, this section is based on interviews.
During this time, CVC attempted to articulate its plans and to choose a site for the project. Enthusiastic newspaper accounts gave exaggerated reports about CVC’s intentions, requiring CVC to spend a good deal of effort clarifying what it was not planning to do; at the same time it had some difficulty articulating exactly what it was going to do (Philadelphia Inquirer 13 April 1980).

April 1979 marked the end of the initial courtship of CVC by Philadelphia and the beginning of serious negotiations. The major actors included in the negotiations with CVC were the city—in particular, representatives from the Office of Housing and Community Development (OHCD), the Philadelphia Department of Commerce, and the city planning staff—and the business community, represented primarily by the Greater Philadelphia Partnership. Not until the site selection process was underway did neighborhood representatives become involved.

**Site Selection**

The business and city representatives who brought CVC to Philadelphia had no preordained plans for a project site. Many neighborhoods in Philadelphia could have benefited from the housing and economic development promised by CVC.

CVC had its own selection criteria for a site. Summarized in a work published in January 1980, CVC’s selection criteria specified an area with the following characteristics:

- an economically disadvantaged population;
- a large amount of developable land;
- a strong residential character and a neighborhood organization;
- a local business community.

(City Venture Corporation 1980a, p. 10)

It is probable that these criteria represent an after-the-fact reflection of the chosen site, since not all the sites considered by CVC possessed these qualities.

Before settling on the West Parkside location, CVC considered at least two other potential sites, Strawberry Mansion and American Street. Of the two, Strawberry Mansion was the weaker contender. It was originally suggested by Bill Masuda, a CVC employee who spent several weeks looking for potential sites. Its
primary advantage was the availability of vacant land. The city, however, never seriously considered Strawberry Mansion a possible site.

Various factions in the city government strongly favored American Street. The city had an industrial redevelopment project of its own underway at the American Street site that badly needed help. Representatives from CVC were not totally pleased with American Street. Their major concern was the lack of vacant land for industrial and housing development. John Claypool, of CHCD, who headed the city's work on American Street and was pushing for CVC's involvement there, saw CVC's reluctance to enter American Street as a public relations problem: CVC neither wanted to enter a project that had already been initiated by someone else, and with whom it would have to share the glory, nor did it want to attempt a project in a site where conditions were so bad that any visible impact would be negligible, which appeared to be true of American Street.

West Parkside was one of the planning commission's potential industrial development sites and had been selected as a neighborhood strategy area in 1978. However, plans for the area had been pending Conrail's decision to abandon or modify the rail facilities that occupied the site. Interest in West Parkside was augmented when Ella Francis, president of the Parkside Association, independently contacted CVC and suggested West Parkside as a project area.

Few facts are available around which to form a picture of the selection process, which took place between May 1979, when Francis wrote to CVC, and the fall of 1979, when West Parkside was chosen as the project site. By all accounts, CVC preferred West Parkside to American Street. Nonetheless, the city finally persuaded CVC to accept the American Street location. In mid-1979, CVC submitted a draft proposal for American Street. As the November election grew nearer, however, American Street began to look less politically attractive, and West Parkside more so. American Street was tainted by being a Rizzo project—one begun during the Rizzo administration. In April 1979, the city failed to pass a charter amendment that would have enabled Mayor Rizzo to run for a third term. Representative William Gray, an early supporter of Green in that referendum, supported the choice of West Parkside, which was in his district. A field trip to West Parkside in the fall of 1979, made by rep-
resentatives from the city and from the partnership, served to confirm West Parkside as a suitable choice for CVC's venture.

IMPLEMENTATION

Goals and Objectives

CVC's strategy for West Parkside aimed "to bring about the economic, social and physical revitalization of the West Parkside neighborhood over the next five years" (City Venture Corporation 1980b, p. 4). The approach, outlined in its "preliminary objectives" work paper, was holistic, with concerns ranging from job creation, job training, and housing development to problems of energy, security, and health care. The primary objective was the creation of 2,500 jobs by attracting new industrial facilities, assisting the formation of small businesses, and supporting existing businesses already in the area.

CVC's strategic plan drew on both the "West Parkside Strategy Plan" and "Parkside Industrial Development Study" in identifying problems and solutions for West Parkside (Office of Housing and Community Development 1979; Hamlin and Jeffers 1978). The plan was thus quite compatible with previous recommendations for the area, although two major departures became apparent. The first was CVC's plan to construct 500 new housing units on portions of the land owned by Conrail. The city had viewed this land as industrial land, and the separate administration of residential and industrial projects within the city government had discouraged the use of industrial land for residential projects. Second, CVC was quite definite in its plans to reconstruct the 52nd Street Amtrak station, though the city was uncertain about whether to restore or demolish this landmark. For both, the aim was to remove an eyesore and increase use of the station by making it a safer environment.

Major Industrial Site

Although the Business and Technology Center (BTC) was to be only one part of a multifaceted revitalization program, it became the central and most crucial aspect of CVC's plan. CVC's initial plans called for a minimum of thirty acres of land (preferably vacant) for new industrial and housing development. After problems arose in the
fall of 1980 over the acquisition of Conrail’s property, the city offered smaller land packages to CVC, but CVC refused to accept an offer that would have permitted only a staggered, piecemeal development of the project area. Finally, the city and CVC struck an accord on the site occupied by the Raymond Rosen Building. The Rosen Company was to continue to occupy 60,000 square feet of the building, leaving 248,000 square feet for the BTC.

The financial package for the BTC required further negotiations between CVC and the city. Control Data asked that the city subsidize the cost, which it did with $4.6 million in a tax exempt industrial revenue bond and a $1.3 million UDAG loan. Of this $5.9 million, $2.2 million went to purchase the Raymond Rosen Building, and $3.7 million to the actual rehabilitation work.

Accomplishments

CVC originally envisioned a five-year timeline for completion of its revitalization strategy in West Parkside. The project was to take place in two phases: Phase I was to be for planning, and Phase II for implementation. The first planning contract was signed with the city and with the Private Industry Council (PIC) on October 15, 1979. The contract outlined four tasks for CVC, culminating in the production of four work papers:

A. Community Participation Work Paper
B. Existing Information Work Paper
C. Preliminary Objective Work Paper
D. Commitments Work Paper

(City Venture Corporation 1979)

A second contract, actually a continuation of the first, was signed by the city on August 1, 1980. This second phase of the contract governed the development of a Job Creation and Community Revitalization Strategy for West Parkside, and a Management Program for implementation of the strategy. The second contract specified the following tasks:

E. Implement a community participation process.
F. Prepare a statistical base report to complement the Existing Information Work Paper.

G. Complete the preliminary objectives developed in Phase I.

H. Develop a project strategy report.

I. Prepare a management program report.

J. Develop a final report and implementation contract.

(City Venture Corporation 1980c)

Progress beyond this point was slowed by difficulties related to the BTC site selection. Contract II was under negotiation for several months. When signed, it was made retroactive to July 1, 1981 to cover work CVC had already undertaken. Similarly, Contract III, signed in January 1983, was retroactive to July 1982 (see Table 5.2 for contract amounts).

The long negotiations over the BTC slowed the whole project. In a sense, the BTC became a hostage in tense negotiations about the West Parkside project. Often, CVC staff had to continue their work though they were not under an effective contract and while contract negotiations were taking place. Despite this, several activities were launched.

- **Interim BTC.** Ten-thousand square feet of vacant warehouse space in the Raymond Rosen building were leased for an interim BTC, which opened on April 30, 1982.

- **Fair Break Learning Center.** City Venture and Control Data set up the Fair Break center at their own expense. The Parkside Association received $437,554 of CETA title IIIB money from the Philadelphia Area Manpower Training Council over a period of three years to staff the center and operate the Basic Skills and GED programs.

- **Child Care.** The Parkside Child Care Center opened in October 1981. For its first year, the Office of Housing and Community Development committed $50,000 in block grant funds to the Parkside Child Care Center, and private commitments added another $75,000. Similar arrangements were made for the succeeding two years, with the $50,000 coming from the state and city public welfare departments. Again, the program was administered by the
Parkside Association, though a CVC advisory role was inserted in the contract.

- **Job Bank.** The Job Bank was set up and operated by Parkside Consultants, a private consulting firm run by Ella Francis and Walter Lee. By August 1983, 197 job placements had been made through the job bank, and a file of 350 job applicants was being maintained. In addition to the West Parkside Job Bank, five organizations in the impact area also set up job banks with approximately 391 applicants.

- **Seed Capital Fund.** Under the terms of Contract III, CVC was to assist in establishing a Seed Capital Fund that would be accessible to Parkside business ventures by setting up a working relationship with the Philadelphia Local Initiatives Support Corporation (LISC).

- **Other Items.** The 1983 contract called for a range of services not mentioned in previous contracts. These include the establishment of a Business Development Resource Catalog, to provide entrepreneurial training and/or business development assistance to five new or potential entrepreneurs; to establish an Employment Preparation Catalog; to investigate the feasibility of a Parkside Community Development Corporation and a Parkside Foundation; and to coordinate the Parkside Workforce Development Advisory Board and Parkside Volunteer Network Services. All items except for the Parkside Foundation were implemented.

CVC also aided in establishing the Parkside Business Association. This organization, in turn, established the Townwatch Security Program, a transitional assistance program for handicapped youth, and the Parkside Job Creation/Weatherization Company.

CVC's technical assistance was extended to the Parkside Association's plans for a sixty-six-unit cooperative housing project. The Parkside Association also established a summer youth maintenance program with the help of CVC.
<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract I</td>
<td></td>
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<tr>
<td>Phase I</td>
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<td>PIC(^a)</td>
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<td>OHCD(^b)</td>
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<td>Phase II</td>
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<td>($150,000 from EDA(^f);</td>
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<tr>
<td>Dept. of Commerce</td>
<td>39,500</td>
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<td>OHCD(^b)</td>
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<td>U.S. Dept. of Labor (to CVC)</td>
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<td>$1,087,554</td>
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TOTAL expenditures in West Parkside: $2,066,554

\(^a\) Private Industry Council
\(^b\) Office of Housing and Community Development
\(^c\) Comprehensive Employment and Training Act
\(^d\) Community Development Block Grant
\(^e\) Parkside Association of Philadelphia
\(^f\) Economic Development Agency
\(^g\) General Equivalency Diploma
\(^*\) See pages 79-80 for a full explanation of the tasks.

Sources: Contracts and interviews.
OVERVIEW

It is fair to say that from the beginning the city's response to CVC was somewhat skeptical. The experienced and well-qualified staff at city hall responded to CVC's overtures with this question: What can CVC do that we can't do better? The staff may also have been put off by CVC's attitude that it could do it better than the city. Consensus among key actors in city government was that the Business and Technology Center and the Fair Break Learning Center both represented unique aspects of CVC's approach. In addition, the city perceived some value in CVC's ability to attract further investment and capital. Not only did CVC bring with it the promise of better access to UDAGs and other sources of federal funds, but the city saw CVC as a potential catalyst for other local firms which might respond to the "competition from Minneapolis."

Despite the potential advantages, the city had many qualms about CVC's intentions. CVC had a package deal, said city staffers, that it attempted to apply to all situations regardless of the neighborhood's idiosyncrasies. CVC was accused of being insensitive to the slow pace of the public sector. In addition, there was concern that CVC had not found a management style which suited it.

The controversy over site selection did nothing to improve the relationship between the city and CVC. The city strongly favored CVC getting involved in the American Street corridor, thus augmenting efforts the city had underway to improve that very deteriorated area. CVC's major objection to American Street was the lack of available land for housing and industrial development. In the city's view, Philadelphia's main housing need was for fill-in housing on scattered vacant lots and rehabilitation of existing structures. CVC's plan for large-scale new development of housing was thus contrary to city policy.

Political infighting among top city officials contributed to a political impasse over CVC matters. Walter D'Alessio, as the director of PIDC, held considerable influence in cooperative efforts worked out between the city and CVC. D'Alessio was not an avid supporter of CVC, both because of the predicted financial unfeasibility of the CVC proposal and because D'Alessio had other priorities for investing city money. Owing to his connections with Mayor Green, Richard Doran, Director of the
Philadelphia Department of Commerce, was placed above D’Alessio in the Green administration and managed to open the door for CVC. The balance of power between the two continued to shift, and with it, CVC’s fortunes.

Because the neighborhood essentially invited CVC, the neighborhood’s role was one of cooperation rather than antagonism. The only controversy that arose between it and CVC concerned the hiring of CVC staff for the project, about which the neighborhood felt it should have had more say. To the neighborhood leaders, CVC was seen as an asset because of its expertise and its potential ability to create jobs. Any improvement for the neighborhood, no matter how small, was counted as a gain.

CVC entered Philadelphia with proposals for a full range of holistic programs. Time-consuming and tedious negotiations over the BTC site and financing placed the whole project in jeopardy at times. Given the circumstances, CVC’s slowness in accomplishing its goals is somewhat understandable. However, CVC’s own notion of mobilizing large amounts of land and capital for a BTC and an industrial park required more time to come to fruition than it had budgeted for.

Once the BTC and Conrail issues had been cleared away, CVC had the green light to accomplish its goals in its remaining years in the area. In this, CVC received the full cooperation and assistance of the neighborhood, and of Parkside Association President Ella Francis in particular. One might say that Francis was the glue that held the project together through the difficult periods of negotiation. Especially important is the higher priority that West Parkside had on the city’s community development agenda. Finally, West Parkside had a hand in running its own programs, decreasing the possibility of a leadership vacuum after CVC left the area.
REFERENCES


_______. 1980c. "Contract #1-Scope of Services, Phase II." 1 August 1980. City Venture Corporation, Minneapolis, Minnesota.


Interviews by the authors were conducted in Philadelphia in 1981 and 1987 with:

A representative of ARCO on February 27, 1981.

James Bodine, Director, Greater Philadelphia Partnership on February 25, 1981.

Alan Brown, Deputy Director, Department of Commerce on February 25, 1981.
Drayton Bryant, Consultant to West Parkside Neighborhood Association on February 27, 1981.


Evelyn James, Pat Nickelson, Denise Carter, Belmont Improvement Association on February 26, 1981.


Larry Huff, Vice President for Real Estate, Conrail on February 26, 1981; October 12, 1981; and October 13, 1981.


James Kelly, Public Affairs Department, Conrail on February 28, 1981.


Jeff Litner, Director of Special Projects, Insurance Company of North America and INA Foundation on February 27, 1981.

Thatcher Longstreth, President, Chamber of Commerce on February 26, 1981.

Marla Mashioff, Office of Housing and Community Development on February 25, 1981.

Allan Poole, Staff Director, CVC on February 25, 1981 and October 13, 1981.

Bonita Richardson, Fair Break Learning Center, CDC on October 13, 1981.


Gene Veneziali, Vice President for Client Relations, Philadelphia Industrial Development Corporation on October 13, 1981.
CHAPTER 6
ST. PAUL CASE STUDY

This case study is unlike the others in two respects. First, it describes a planning and development process in which City Venture was never able to take a leading role, although its major stockholder, Control Data, was absolutely critical to creating and sustaining a successful project. Second, it is a project in which City Venture had no role in implementation. CVC stayed less than a year on the job.

CVC was not in on the ground floor in defining what St. Paul’s Energy Park was to be. Thus, though CVC was available to provide its typical set of planning and management services described in the other case studies, other actors had already preempted these roles. Those differences in timing, local organization, and public sector capabilities are instructive as one looks at the public interest questions.

PROJECT AREA DESCRIPTION
The Energy Park Site

Energy Park is a 218-acre linear strip of land located in the geographic heart of the Twin Cities metropolitan area. Two miles in length, it is sandwiched between two major rail lines of the Burlington Northern Railroad (BN) and is a part of St. Paul’s Midway district—a long-established industrial and commercial district providing one of the largest employment concentrations in the metropolitan area (see map). The property was generally underutilized and owned by three key parties: Koppers Coke (38 acres), which after shutting down in 1978, left behind extensive soil contamination from its activities; the city of St. Paul’s Midway Stadium facility (60 acres); and railroad land (120 acres), some of which was vacant and some of which was occupied by Burlington Northern Railroad’s maintenance facilities, the Como Shops.
The city’s “Master Plan” of October 1981 for Energy Park described the property as the largest single parcel of undeveloped land available for development within either Minneapolis or Saint Paul (City Venture Corporation 1980a). The site has excellent regional highway accessibility, and surrounding neighborhoods are older, stable middle-class communities. These neighborhoods have primarily single-family and duplex homes and are not classed as blighted. They don’t have exceptionally high levels of unemployment or poverty or other characteristics of severely depressed neighborhoods. The more affluent and stable neighborhood profiles are an important difference between this and other areas where CVC located its projects.
Evolution of the Energy Park Concept

Antecedents for Energy Park go back to early 1979 and the Carter administration's efforts to develop a new urban policy. The idea of a Negotiated Investment Strategy (NIS) was developed by the Charles F. Kettering Foundation and gained acceptance by the federal government as a way of coordinating governmental resources, cutting through red tape, and getting new economic development projects launched on a rapid timetable. Under NIS, the local community, state agencies, and representatives of federal agencies directly negotiated the merits of a development proposal, the commitments that each could make to a specific project, and the funding contribution each would make. This was a labor-mediation strategy that employed a federally appointed mediator to close the deal (Charles F. Kettering Foundation 1979; City of St. Paul 1979). Under this method, the so-called regulatory maze is telescoped and is, in effect, bypassed by this approach.

In February 1979, Douglas Keim (formerly the chair of the Twin Cities Metropolitan Transit Commission and in 1979 the director of the Federal Regional Council in Chicago, which had responsibility for initiating interest in project cities as a test case for NIS) contacted St. Paul to inquire if the city were interested. St. Paul Mayor George Latimer was indeed interested, and in March 1979 he, his assistant, Richard Broeker, and First Bank-St. Paul president Philip Nason visited Chicago to discuss the idea further. By the early summer of 1979, St. Paul had been selected as one of three cities for NIS's experimental approach (interview with Richard Broeker 27 October 1981). The other cities were Gary, Indiana, and Columbus, Ohio.

Energy Park became one of three major projects included in the St. Paul NIS, which was negotiated between September and December 1979; in effect, Energy Park was the brightest star in the St. Paul constellation of projects. A June 1, 1979 draft report from the mayor's office entitled "The Saint Paul Energy Park Project, a Public/Private Conservation Venture" described the project as one comprising high-density housing, a hot water district heating system, a solid waste energy plan, a light rail transit system, and an industrial park restricted to energy-related businesses. It was to be developed through formation of a public-private corporation and was to
enjoy the benefits of public bonding powers through the city council, the Port Authority of St. Paul, and the Housing and Redevelopment Authority (City of St. Paul 1980a).

How was the Energy Park concept born? The first seeds of the idea probably came from the Port Authority, which had agreed by the end of May 1979 to purchase the Koppers Coke site, contaminated land and all. Port Authority staff recognized the potential for large-scale job creation in a much bigger area surrounding the site, all of which was generally underdeveloped (interview Broeker 27 October 1981). The Port Authority, a public purpose development agency with full powers for industrial revenue bonding, can exercise powers of eminent domain in the city. It has an impressive record in creating new jobs and new tax bases.

The mayor's office, however, took the initiative on these possibilities, discussed them with leaders in the public and private sectors, and came up with a specific proposal that fit in with the NIS opportunity (interview Broeker and Ronnie Brooks 27 October 1981). During the early summer of 1979, the mayor's staff met with a group of a dozen corporate leaders to flesh out the concept of an energy park. Included in this group were Control Data Corporation, Honeywell, Inc., the St. Paul Companies, and the Wilder Foundation (a nonprofit social service corporation with expertise in the low- and moderate-income housing market) (interview Broeker 27 October 1981).

As negotiations for the NIS got underway in fall 1979, it quickly became evident that Energy Park was the keystone. CDC, Honeywell, and Wilder were lending their technical staffs to develop the specific proposals, and CDC and Wilder's commitments to private investment in Energy Park were covering approximately $42 million of a proposed $50 million private investment package. The private sector commitment was crucial in securing the federal, state, and local dollars. CDC committed $18 million in a new Energy Technology Center (ETC). Like CVC's Business and Technology Centers (BTCs), the ETC was to be an umbrella space for energy-related small businesses in need of sophisticated high-technology services from CDC, the owner and center manager (interview Broeker 27 October 1981).

The NIS agreement, signed January 16, 1980, allocated $32 million of federal funds to the Energy Park project. On January 31, the St. Paul City Council authorized
an application for a $12 million Urban Development Block Grant (UDAG). The Port Authority's initial capital investment was $2.8 million, and an Economic Development Agency (EDA) grant was to provide a further $2.7 million for site acquisition and improvement. Total investment for Energy Park was identified as $102 million, $82 million of which was to come from the private sector (City of St. Paul 1980a).

THE CITY VENTURE ROLE

Initial Involvement

All through the negotiation phase in late 1979 CVC had no involvement in the planning process, and many of the lead actors had well-established positions by the time CVC entered. Still, city staff people were aware of the interest of CVC chair William Norris in this kind of holistic project and saw a limited role for CVC both in the detailed planning and implementation phases (interview Broeker 27 October 1981).

A management team had been put together for the NIS consisting of the city, the Port Authority, Control Data Corporation, Honeywell, the St. Paul Companies, and the Wilder Foundation. The city, through the mayor's office, led the negotiating team in late 1979. Once the project got into detailed planning, however, changes became both desirable and inevitable: the Port Authority took the leadership role. This agency was to supply most of the public investment capital and thus had the equity position from the beginning (interview Broeker 27 October 1981).

Because of the Port Authority's strength and credibility, there was no gap to fill in brokering between the neighborhoods, city government, and the private sector. CDC was already committed to a major investment, and CVC was not the major pipeline for securing additional jobs or for bringing high-technology industry to the city (interviews Broeker, Brooks, and Ken Dzugan October and December 1981). The UDAG application was completed (City of St. Paul 1980a), and other sources of federal grant monies assured, so there was no need for CVC to obtain grants. Neighborhoods were well organized, and by May 1980, a memorandum of agreement had been reached through the mayor's office to provide citizen representation for the surrounding neighborhoods on a newly created District Council 46, an amalgam of the adjacent affected neighborhoods whose independent district councils had vested
interests in the proposed land-use changes (interview Broeker 27 October 1981). There was thus no necessity for developing new forms of citizen participation or for having CVC provide staff expertise in making neighborhood needs known to those planning the project. The Wilder Foundation, the expert in housing, had made a key development commitment to the Energy Park location and was already on the management team (interview Broeker 27 October 1981). There was no necessity for the city to seek additional help in securing developer commitments for the housing component of the plan.

In summary, most of the functions that we have seen CVC display prominently in cities that it entered to initiate a new job-creation strategy in distressed central city neighborhoods were filled. Not filled were active programs for training and recruitment, although the city had a Division of Manpower program that had these general responsibilities. A detailed land use plan and implementation strategy were still to be worked out.

The opportunity to secure a niche for CVC’s expertise was quite limited, but in May 1980 CVC and the Port Authority signed a contract. Contract fees were $288,500, and CVC’s obligation was to prepare a development plan for Energy Park. The effort was to consist of a detailed land use and circulation plan that was to fit into the energy system designs. The plan did contain a job-creation and economic development section, but no detailed implementation strategy was attached to any of the sections (interviews Broeker and Dzugan October and December 1981). Nothing indicated how new program suggestions were to be funded, and no specific recommendations were made for assigning responsibility for implementation. Separate contracts were signed with Argonne Laboratories and Honeywell for the engineering details on energy-related systems and the district heating plan (interview Broeker 27 October 1981). Under the arrangement with CVC the city continued its responsibilities for citizen participation. CVC was responsible to the Port Authority for the land use plan.
CVC and the Planning Process

The Port Authority had the overall responsibility for the detailed planning of Energy Park, which began in early summer 1980. The mayor's office, not the planning department, represented the city's interest at this time. Though District Council 46 was created to represent the neighborhood interests, the city planning commission and city planning staff's usual procedures for citizen participation were, in effect, bypassed. Port Authority staff and city staff maintained close contacts with the neighborhoods, but the planning commission was not directly involved as land use details and implementation strategies were being worked out. Neighborhoods were placed in a reactive mode, given the relatively detailed commitments arrived at through the NIS agreement signed in January 1980 and the UDAG application filed the same month. In some respects, this helps explain some of the difficulties encountered in later stages and the neighborhoods' contention that they were inadequately consulted and involved.

Between June and November 1980 CVC staff and their energy consultant, BRW, Inc., worked on a detailed land use plan, design framework, and job creation and housing plan for the park. CVC incorporated the more detailed technical work of the energy consultants into their land use considerations, using both the findings of the Argonne National Laboratory study (The St. Paul Energy Park—Potential for District Heating, March 1980) and Honeywell's research.

CVC's first draft report of the development plan was given to the Port Authority at the end of September 1980. It outlined a baseline energy system using a district heating approach and an energy bank with thermal storage. Individual facility owners could contribute to and draw from the central bank for heating and cooling. The report also described a physical land use plan containing all of the features identified in the UDAG application: 950 units of housing; a 250-room hotel; 2.4 million square feet of light industrial uses; 900,000 square feet of office, research and development, and commercial space; recreation space and open space; and the energy production and interpretive center. Six thousand jobs were to be created. Control Data Corporation was identified in the first phase of development to build a 300,000-square-foot Energy Technology Center (ETC) on 6.6 acres (City Venture Corporation 1980a).
A new feature, however, was introduced into this draft plan that had not been considered either in the earlier NIS negotiations or UDAG application. This was called the Energy Park Concourse, a totally enclosed intrasite circulation system, 2.5 miles long and approximately 30 feet wide. It was to perform multiple functions: housing the energy distribution and collection system (all the district heating and cooling pipes and electrical and communication cables); providing space for intrasite circulation for pedestrians, three-wheeled cycles, and small electrical cars; and serving as the front door for the tenants of the park. With its capability for year-round recreation and climate-controlled circulation, the concourse had an obvious image-giving role for this unique high-technology development. In effect, the concourse was to be a superskyway and a truly exciting market draw. The only stumbling block appeared to be its cost—$14 million, for which no special funding programs had been identified (City Venture Corporation 1980a, p. 114). The concourse, however, took on an extremely important and critical role in the land use plan. It was described as “the key physical as well as functional component of Energy Park...it will...impart a unifying image and identity to the complex” (City Venture Corporation 1980a, p. F1). In the report, it appeared to be extremely important to CDC’s investment at the ETC and surrounding uses in the Centrum (the physical center of the park and the area with the most diverse mix of functions and activities). The first phase of development was to include the ETC, 250 housing units, a 150,000-square-foot industrial complex developed by Marfield Corporation, the energy production facility, and the concourse (City Venture Corporation 1980a).

The November draft of the development plan contained a job creation and economic development element describing, in detail, Control Data's Energy Technology Center and the intention to provide between 700 and 1,000 jobs at the center. It was estimated that 6,000 jobs could be developed in five years—at least half of which were to be entry-level positions and a quarter aimed at hard-core unemployed or hard-to-employ people. Between one-half and one-third were estimated to be new jobs to the area.

The roles of CDC and CVC in this development were both similar and different than their roles in other cities. The similarities were the principle components of a job
creation and job training strategy: training hard-to-place workers, creating jobs for the immediate neighborhood, using the CDC Learning Center in training (not identified as PLATO in these reports), recruiting small businesses, and developing a job bank.

The differences were in the role that CDC or CVC were to play in implementation. At Energy Park the key responsibility for marketing the space was placed with the Port Authority. It was noted that coordination with CDC through the ETC in marketing sites and creating jobs would be possible. The job training description identified the CDC Learning Centers as only one of several possibilities. Key emphasis was placed on a training and placement program using a peer group approach. This paraphrased an approach described by the city of St. Paul in a proposal submitted to the McKnight Foundation requesting $1.5 million to launch an innovative job training and job placement program for Energy Park. This proposal, the Employment Connection, was submitted to the foundation in November 1980 and funded on December 15. We will describe the report briefly because of the contrast it makes with the Fair Break program:

- The goal was to have small groups of fifteen to twenty people who share common backgrounds and similar barriers to employment.
- Community-based sponsors, such as neighborhood organizations, would identify and organize a peer group in a community setting.
- The sponsor would submit a proposal for funding to an Executive Council appointed by the mayor and composed of people in private industry, small business, community organizations, and the client group. The council would set policy for this program and work with private and public employers to get jobs for enrollees.
- All groups would get the basic set of core services and training. Further training would be individualized for a particular job. The location of the individualized and core training was to be decided by the sponsor group.
- The peer group also received support services such as child care, financial counseling, transportation, etc.
- Job placement for enrollees would be developed jointly by the project staff and the community sponsors to match graduates with new Energy Park jobs.
• A follow-up program, with peer group meetings, would continue for at least six months after placement.

• The demonstration project would cover four years. Foundation grants plus other private sector support were to cover 50 percent of funding for the third year and 75 percent for the fourth year. By the fifth year, the program would be entirely supported by employer fees.

(City of St. Paul 1980b)

CVC’s draft report anticipated that an employers’ cooperative from Energy Park would manage and operate the peer group program, but this was not how the program was described in the proposal to McKnight. Employer management of the job training programs was to give employers a major role in designing specific training programs to meet their staffing needs; however, in the Employment Connection, these ends were assured by having the sponsor groups, the Executive Council, and the professional staff of the council create these links to employers (City Venture Corporation 1980b, p. 15).

There was to be no reliance on CETA funds for job training and placement, other than through normal channels and the St. Paul Division of Manpower program. Job Bank functions were to be filled by the Executive Council of the Employment Connection’s project and community sponsor groups rather than by CVC or another entrepreneur (City Venture Corporation 1980b). The notion that employer fees were to sustain a flow of trained workers for Energy Park firms after the first four years also distinguished St. Paul from other CVC projects.

It is unclear in the CVC draft report how the employers’ cooperative was to be “a self-supporting vehicle for responding to member needs and providing personalized services” to employees (City Venture Corporation 1980b, p. 16). CVC suggested that the cooperative provide member services to other businesses—those “unable to economically purchase for themselves and their employees benefits and amenities that large industries or corporations can offer their employees” (City Venture Corporation 1980b, p. 16). The employers’ cooperative could also provide day care services, group HMO programs, and other related services for employees and employers. There was no discussion of funding sources; in effect the draft report proposed no
implementation structure even though these proposals were a part of the report's implementation section.

The section of the report describing recruitment of small business emphasized the importance of such a strategy, but did not recommend any specific course of action. CVC suggested that a program be undertaken by ETC staff or CDC, but also suggested alternatives such as the employers' cooperative, Energy Park's management team, or a separate agency. It assumed the Port Authority's development financing could be supplemented by a revolving loan program, but did not state where these funds were to be raised. Similarly, a business rent subsidy was proposed as part of the recruitment effort, but funding sources were not discussed (City Venture Corporation 1980b, Section 1E, pp. 23-27).

CVC played no role in the housing component of the draft plan. The Wilder Foundation's earlier commitments to be the developer of all 950 units remained unchanged and in keeping with the U Dag agreement: 40 percent were to be rental units, and at least 20 percent were to be subsidized, including an internal subsidy program developed by Wilder. One-quarter of all units were to be marketed to low- and moderate-income households (City Venture Corporation 1980b, Section II, pp. 1-5).

Though land use plans were under way, there was a growing sense of unease about the discussion and pending approval of the plan by the planning commission and district councils (interview Broeker 27 October 1981). As a result, general project management at city hall was moved from the mayor's office to another city department, Planning and Economic Development (PED). The mayor's office, however, continued to handle the Employment Connection program proposal.

In fall 1980, at the time CVC was finishing its draft of the land use plan, a blow fell that could have ended the project. Burlington Northern decided it would not sell its land west of Snelling Avenue, which was the property designated as the key housing site in the discussions dating back to mid-1979 and the NIS (interview Dzugan December 1981). The railroad needed this land for future Trailer on Flat Car (TOFC) operations. The importance of this project to the city led the Port Authority to vote on November 24 that it would condemn the TOFC site, if need be, to sustain the viability of the project (interview Broeker 27 October 1981).
Credit for resolving the issue goes to Gene Kraut, executive director of the Port Authority, who was orchestrating events. He was successful in negotiating a substitution of railroad land—exchange of the TOFC site for the Como Shops property on the far eastern edge of Energy Park. However, this not only meant a total restructuring of land use and circulation patterns, it also meant a new process of environmental review—the Environmental Assessment Worksheet (EAW)—and potentially a full-blown Environmental Impact Statement (EIS). The Port Authority retained BRW, Inc. to prepare a new EAW, which was filed with the Minnesota Environmental Quality Board in February 1981. The board decided against an EIS the following month: the project had passed this significant hurdle.

However, even before the resolution of this issue, and under the assumption that the Port Authority would move to condemn the BN property, CVC went to the city in January 1981, saying that its contract funds were used up and it would need a second contract in order to complete the plan (interview Broeker 27 October 1981). It was obvious that it would take more time than anticipated to wind up development plans under these conditions.

The city was reluctant to consider a second contract. By this time, the affected neighborhoods were beginning to object openly to the way they had been bypassed in the planning process. Since numerous meetings between the Port Authority and neighborhood groups had been held, neighborhood concern was not that staff did not meet, but that community views were not incorporated into the plans. The fact that the typical process for PED staff and planning commission review was not part of the planning approach may also have accounted for some of the dissatisfaction. Some people objected to specific features of the plan, including residential densities and lack of open space and recreation areas. District Council 46 presented a position paper to the city in January in which it claimed that Energy Park was becoming just another industrial park and losing its uniqueness, while not offering the neighborhoods new advantages. City staff were also dissatisfied with the quality of the product they had received and believed they could complete the plan in-house at less cost. CVC never completed a final plan. A new project manager, Greg Haupt, was assigned to complete the Energy Park plan as a staff member to PED. By March,
Haupt and staff from PED and Port Authority had a revised version of the plan prepared (in a vastly reorganized format), and the established process of involving district councils and the planning commission in review and approval was reaffirmed (interview Broeker 27 October 1981).

CVC still negotiated with the city for additional consulting services in connection with Energy Park. The difficulty was in determining what CVC’s role and level of compensation were to be. It was finally decided that CVC was to work on the implementation of the job training and placement and business recruitment components of the Energy Park development. A contract in the amount of $16,750 was signed with CVC to last for three months and to cover 2-1/2 months of professional staff time from CVC. The understanding between the mayor’s office and CVC was that if CVC performed in promoting, marketing, and packaging the job training and placement and recruitment programs (as launched under the Employment Connection program), there would be an annual contract with CVC for these services. Three months later, in May 1981, the city decided it would not extend additional contracts to CVC.

In retrospect it is clear that for City Venture, the project’s timing was upsetting. CVC could not actually do the recruitment and job creation function as conceived in the Employment Connections proposal until Energy Park was under construction. Perhaps another factor was the confusion that must have existed about who was doing what and why. The Port Authority already had a good record in recruitment; the Division of Manpower program had a good record in training the hard-to-employ. The traditional CDC learning center model relied on larger funding flows than were set aside in the McKnight Foundation grant. It must also be stated that the quality of the services received for the second contract did not satisfy the conditions stated for renewal.

One other contract had since been signed with WorldTech, CDC’s wholly-owned subsidiary. Based on a proposal submitted in May 1981, the Port Authority approved, in July 1981, a two-year $325,000 contract with this company to assist in creating and locating new energy-related small businesses in Energy Park (City of St. Paul 1981a). Exhibit A of this contract appended some specific performance related requirements—a feature contained neither in the CVC contracts nor in the initial con-
tract draft that came from WorldTech. Two goals were listed in Exhibit A. The first was to create and locate twelve new firms as described above. The second was to recruit twenty-five small businesses in addition to the twelve energy-related ones, as many as possible of which were to be minority controlled. WorldTech was also to develop and maintain a qualified prospect list of not less than 125 small businesses from which the twenty-five were to be recruited (City of St. Paul 1981b). Although the contract did not stipulate any quantified responsibilities for creating a specific number of jobs or for placing or training a specific number of workers, WorldTech was to assist the city in these general areas.

IMPLEMENTATION AND CONCLUSION

City Venture’s plan for Energy Park was radically altered, and since City Venture did not do any direct implementation, Energy Park was not forged in its likeness. The pace of construction was notable, however. The ETC was completed, and when CDC moved its supercomputer manufacturing operations into a new subsidiary, ETA Systems Inc., that company was located in the ETC. ETA decided to construct its own headquarters in Energy Park on land donated by the city. The Marfield Corporation Business Center is now operating. AHW Corporation opened the first phase of its condominium and townhouse project. AHW has also renovated the Como Shops into Bandana Square, an entertainment and retail complex with a railroad theme.

These projects developed independently of City Venture. Its planning role, as we have seen, was duplicative in almost every way.
REFERENCES


_______. 1981a. Contract letter from the city to City Venture Corporation outlining the terms for a revised contract to recruit jobs and businesses to Energy Park. 19 March 1981.

_______. 1981b. Exhibit A from the contract between the city and Worldtech to provide the city with business recruitment services for Energy Park. 22 July 1981.


Because the Center for Urban and Regional Affairs is located in the Twin Cities, the authors had long established ongoing relationships with many of the people involved in the development of Energy Park. The analysis of CVC's role in St. Paul reflects this familiarity with the scene as well as information gleaned from many reports, the metropolitan press, and a great number of individual interviews.
CHAPTER 7
BALTIMORE CASE STUDY

PROJECT AREA DESCRIPTION*

Five miles northwest of the sea, which laps at Baltimore's Inner Harbor, Park Heights sits on rising ground at elevations of 300 to 400 feet (see map). To the south and east of the neighborhood are extensive park lands—Druid Hill and Clyburn—which themselves slope eastward down to the valley of the Jones Falls. To the west is a firm boundary created by the Western Maryland Railway, now the Maryland Transit Authority's new northwest line, and a series of industries strung along the right-of-way. One enters the wedge-shaped neighborhood at Park Circle—a name that describes both the intersection of Reisterstown Road, Druid Park Drive, Sequoia Avenue, and Park Heights Avenue, and the adjacent industrial park where CVC's activities centered. From Park Circle the area fans out to the northwest, but the most central traverse is up Park Heights Avenue. Here one passes ranks of Baltimore row houses, the Park Lane Shopping Center at the intersection of Cold Spring Lane, the Pimlico commercial area, and finally, the Maryland Jockey Club. An estimated 43,000 people live on Park Heights' 1,300 acres.

The predominant land use in Park Heights is residential (70 percent, compared to 49 percent for the city as a whole), and the predominant house type is the prewar, two-story brick row house. Industrial uses are cluttered along the railroad in the Northwest Industrial Corridor and in Park Circle. Commercial activities cluster along Reisterstown Road and Park Heights Avenue, though Mondawmin Shopping Center (one of the Rouse Corporation's early ventures) is located only a block south of Park

* Unless otherwise documented, the description here is based on City Venture Corporation 1980a; U.S. Bureau of the Census 1940, 1950, 1960, 1970, 1980; site visits; and interviews.
1. 3400 Park Heights Ave
   (10 businesses, 6 apartment units)
2. Schwal #18 (BTC)
3. Gas Station (vacant)
4. Allied Moving Warehouse
5. 3000-3002 Druid Park Drive
   (Fischer Beers, warehouse/manufacturing space)
6. Giovannino's (disco and catering)
7. Cindam Plastics (manufacturing)

Source: CVC, "Jobs For Park Heights", 1981
Circle. Other major land users are the Pimlico Race Track and a medical center, both located in the northeast section of the neighborhood. Just to the east of Park Heights, in Clyburn Park, rise the new structures of architect and planner Moshe Safdie's Cold Spring New Town.

Social Characteristics

Park Heights underwent a rapid social transformation in the 1960s from a white (largely Jewish), middle-class population to a lower- to middle-income, black population. From 1960 to 1970, the black population grew from 5 percent to 81 percent, median income fell below the city average, and the percentage of persons under 18 increased from 29 percent to 40 percent. The decade of the 1970s saw the completion of this transformation: by 1980, blacks accounted for 95 percent of the population. There are some signs that the community has stabilized: for example, the percentage of persons under age 18 fell to 35 percent, and owner-occupancy rates rose by 1980. Perhaps another sign of stability is the strength of the local community development corporation described later in this case study.

Nevertheless, there are causes for concern. Though average household size increased in the 1960s and 1970s, fewer households were headed by two parents. By 1980, 44 percent of all family households were headed by a female single parent. In 1980, unemployment was estimated at 12.7 percent in Park Heights, compared to 10.1 percent in Baltimore. Black youth unemployment was over 50 percent by 1978. It is estimated that Park Heights lost 5 percent of its jobs during the 1970s.

The median income of Park Heights families ($11,600) was 91 percent of Baltimore's and 63 percent of the region's in 1978. Though regional median family income has increased 96 percent since 1978, in Park Heights it has increased only 59 percent. Households in the neighborhood receive consistently greater rates of public assistance than Baltimore as a whole: Park Heights has 2.2 percent more food stamp cases, 3.3 percent more general public assistance cases; and 13 percent more Aid to Families with Dependent Children (AFDC) cases. Twelve percent of all Park Heights families receive some kind of public assistance.
Housing

The social transition of the 1960s affected the housing characteristics of Park Heights as well. In 1960, 62 percent of the units (96 percent of which were in one- or two-unit structures) were owner-occupied. By 1970, only 30 percent were owner-occupied, and the percent of one- and two-unit structures dropped to 83 percent. With the rapid rise of population (in the 1960s), vacancy proved to be less of a problem than overcrowding: the 1970 vacancy rate was only 3 percent (compared with the city's 5 percent), while persons per household increased to 3.56 (compared with 3.07 for the city). During the 1970s, the number of housing units dropped more quickly than the population, though owner occupancy rose to 38 percent by 1980. It is worth noting that by the early 1980s, 93 percent of all owner occupiers were nonwhite (1 percent less than the nonwhite share of the population). In 1970 only 60 percent of the owner occupiers were nonwhite (22 percent less than the nonwhite share of the population).

Housing values for owner-occupied units were 94 percent of the city's average in 1970. But the median rent of renter-occupied units was 24 percent higher than the city's. In addition, in 1970, 72 percent of the Park Heights households with incomes less than $5,000 paid more than 35 percent of their income for rent. (In the city as a whole, only 19 percent in this income bracket paid that much). By 1980, both median house value and median contract rent had approximately doubled since 1970.

Most housing in the area is in generally good condition. There have been three major housing developments in the neighborhood since 1971: Bel Park, built in 1975 with 274 units for the elderly; Green Hill, built in 1980 with 301 units for the elderly; and Cold Spring Terrace, a HUD 236 project, built in 1971 with 228 units for moderate-income families. The latter was unsuccessfully managed and was forced to close. Most other city and federal housing programs have been directed at rehabilitating approximately 180 vacant units in the area.
History of Neighborhood Development Efforts*

In the late 1960s, the city of Baltimore proposed that the lower Park Heights area south of Cold Spring Lane be designated as a Neighborhood Development Program Area. The city's action was in response to increasing deterioration of the housing stock and overcrowding, which intensified after 1967. The area had not previously been targeted under either the Model Cities or Office of Economic Opportunity Community Action programs. The Northwest Baltimore Corporation (NWBC) and the Lower Park Heights Coordinating Council (LPHCC) were formed at about this time.

In 1971 Moshe Safdie and Associates (the architects of Montreal's Habitat) began to plan for Cold Spring New Town, to be located to the immediate east of Park Heights. Citizen representatives from Park Heights who sat on the Community Planning Committee for Cold Spring urged that a plan for Park Heights be done as well. Shortly thereafter, the city designated Park Heights as an urban renewal area, and in May 1972 appointed Safdie to direct the plan for the revitalization of Park Heights (Moishe Safdie and Associates 1975).

At the time that Safdie started to do the plan, NWBC and LPHCC were the generally acknowledged neighborhood organizations, though they maintained an uneasy coexistence and tended to compete with each other. Representatives from both groups sat on the joint steering committee during the planning process. Upon completing reports on transportation, education, and housing, the steering committee and the two community groups lessened their activities. However, when the Safdie plan was nearing completion, community interest rose again, and the Committee for a Unified Park Heights was formed for review purposes. The latter organization evolved into the Park Heights Community Corporation (PHCC), incorporated in May 1974, which contracted with the Baltimore Department of Housing and Community Development to be the official representative of the entire neighborhood. PHCC also served as the Project Area Committee for federal funding. PHCC concerned itself primarily with the delivery of services to the neighborhood and acted as a forum for resident participation.

* Information in this section is based on interviews.
In the meantime, vacant land in Park Circle became increasingly attractive for industrial development. In 1976, land in Park Circle was added to the urban renewal area. However, in the same year the Maryland Transit Authority (MTA) appropriated some of that land for a staging area for construction of a new rapid transit line. In 1977, MTA announced it would continue to use the land as a bus storage and maintenance area. PHCC and the city fought this plan, forcing an Environmental Impact Study and seeking help from state legislators. MTA relented, and 1981 was set as a target date for development of the land. In 1978, the Park Heights Development Corporation (PHDC) spun off from PHCC. The earlier Safdie plan had proposed the creation of such a community development corporation. The two community groups, PHCC and PHDC, were connected through interlocking boards of directors.

**EVOlUTION OF THE PROJECT***

The initiation of CVC's project in Baltimore differs from the other cases under study in that CVC initiated contact with the city. In 1978, apparently at the urging of Commercial Credit Corporation (CCC), CDC's Baltimore-based subsidiary, Herb Trader of CVC contacted the city of Baltimore about the possibility of doing a project. The city had recently devoted a huge amount of resources to upgrading its downtown and was looking for a major development project in its neighborhoods. The city responded in writing to Trader's query, and CVC staff person Nina McGuire was sent to Baltimore, where she met with Bernie Berkowitz, then the city's physical development officer.

McGuire was referred to PHCC in late 1978, where she met Morris Iles, director of PHDC. PHDC had initiated plans to begin serious development work in the neighborhood, using an Economic Development Agency (EDA) grant to organize the Northwest Industrial Corridor Business and Industry Council. Early in 1979, PHCC informed Representative Parren Mitchell that it wanted a CDC manufacturing plant in the neighborhood. Mitchell wrote to William Norris of CDC asking for help and a commitment. Serious negotiation ensued between Berkowitz and McGuire. A period of

* Based on interviews.
correspondence lasting nearly twelve months followed between BEDCO, the mayor's office, and CVC/CDC. The correspondence dealt with the role that CVC would play in the development of Park Heights.

By early 1980, it appeared that CCC and CDC were ready to come to Baltimore, and McGuire put a proposal together for CVC's Park Heights project. On May 20, 1980, CVC released its Proposal for Job Creation and Community Revitalization (City Venture Corporation 1980b). The plan targeted the Park Circle Industrial Area for significant industrial development, and designated the Park Heights neighborhood for social and housing programs.

In June 1980, at the time that the first contract was signed, the mayor established the Park Heights Policy Advisory Board (PHPAB) to coordinate discussion among the participants in the redevelopment process. PHPAB is one of the visible means by which a partnership in Park Heights can be said to have existed. The board included representatives from Park Heights (PHCC, PHDC, and Representative Parren Mitchell's office), the city (BEDCO, the Department of Housing and Community Development, and the Mayor's Office of Manpower Resources (MOMR)), and the business community (Commercial Credit Corporation, CVC, the Private Industry Council, the Greater Baltimore Committee, and minority-owned businesses). Several working partnerships developed among key actors or organizations, in particular, between the directors of CVC and BEDCO at a strategic level, and BEDCO and CVC staff at the level of implementation.

IMPLEMENTATION

Goals and Objectives

CVC's proposal outlined a holistic program consistent with the approach taken by CVC in several of its other community revitalization projects. The report proposed activities to be initiated by CVC in the areas of job creation, work force stabilization (including a Fair Break program), physical development, and an independent living center for handicapped residents. However, many of the activities included in CVC's job creation package were already in the domain of existing agencies, making parts of CVC's proposal redundant. It should be noted that the Safdie plan, "A New Life for
Park Heights," was also quite holistic, and included sections on social services, education, recreation, and law enforcement, among others (Moishe Safdie and Associates 1975, pp. 1-5).

Ensuing negotiations between CVC, BEDCO and the mayor's office cut CVC's holism to a program that dealt specifically with concerns in the Park Circle Industrial Park. In March 1981, CVC issued its economic revitalization program for Park Heights, Jobs for Park Heights. The job creation strategy proposed in the program centers on two activities:

**Park Circle Employment Center:** The assembling of forty acres of land suitable for new industrial development, creating 1,750 new jobs (70 percent of the goal of 2,500), and attracting employers to Park Circle.

**Small Business Development:** Establishing a system for support services for small business, centered around a Business and Technology Center.

(City Venture Corporation 1981, p. 6)

The plan also voiced CVC's support of ongoing development projects, specifically, the Northwest Industrial Corridor commercial revitalization and the Pimlico revitalization program.

The human resources dimension of CVC's job creation strategy was aimed at making the 2,500 new jobs accessible to low-income, unskilled people, particularly Park Heights residents. Since many of CVC's typical human resources strategies were already available in Baltimore, CVC's strategy was to expand and improve existing services and to coordinate the various agencies involved in delivering human services to neighborhood residents. CVC's plan divided the human services dimension into four major areas:

**Recruitment and Job Placement:** In addition to expanding and improving existing information and counseling services, CVC proposed to develop a Job Match employment referral service to match job-ready residents with Park Heights employers. Job Match was to be operated by the Mayor's Office of Manpower Resources (MOMR). A complementary Job Search program was also proposed.

**Skills Training:** CVC's skills training activities were to be centered around existing training programs available to Park Heights residents from MOMR. An on-the-job-training program was to be worked out with
Park Heights businesses. In addition, computer-based education resources were to be placed in the neighborhood's junior high schools and Street Academy.

**Job Retention:** Many of the support services for job retention were already available to Park Heights residents. CVC was to work with other agencies to expand and improve services in job counseling, day care, health care, and security.

**Independent Living:** This program was to be created by CDC to provide a greater range of opportunities for physically and mentally handicapped people. CVC was to work in conjunction with other agencies to improve opportunities for handicapped people in the areas of housing, education, job training, and job placement.

(City Venture Corporation 1981, pp. 128-161)

### Major Industrial Site

CVC's project in Park Heights focused on Park Circle, the forty-acre industrial site that straddles the entry to the community as one approaches from the southeast. Park Circle had had a long history of nonresidential land use. In the 1950s, it contained an amusement park and drive-in theater. In the 1960s, the amusement park was demolished, and a shopping center was constructed on part of the land. Later in the decade, industrial development was proposed for the area to the north of the shopping center and northwest along the railroad tracks. Before this came to fruition, the MTA occupied twenty-three acres as a staging area for construction of a subway line extending from downtown along the Northwest Industrial Corridor (City Venture Corporation 1981, p. 59). This held up industrial development of the site for some time, though it did ensure future access to the site by public transportation.

In addition to the twenty-three acres that the MTA sold back to the city, sites for potential development included the parking lot of the Park Circle Shopping Center, the 3400 block of Reistertown Road (#1 on map), the Fischer-Beers site (#5), the former School 18 site (#2), and an abandoned gas station at the corner of Druid Park Drive and Liberty Heights Avenue (#3). The remaining land was occupied by Cindam Plastics, Giovanchy's (a caterer), Allied Moving and Storage, and C&P Telephone.
Along with good transportation connections, provided by the new subway and major roadways that intersect at Park Circle, the site had certain other features that recommended it. Land costs were low, running at about $30,000 per acre, compared to $60,000 per acre for industrial sites in suburban counties. The city made all the site preparations, thus reducing the costs for potential developers. Fixed asset financing was available, and the state of Maryland designated Park Circle as an enterprise zone, which allowed an 80 percent property tax abatement and investment tax credits for new hiring. Finally, customized pre-employment training services were available. Four markets were planned for Park Circle: start-up businesses, small businesses that were retrenching, small expanding businesses, and corporations such as CCC that were opening branch plants.

The Business and Technology Center (BTC) was the centerpiece in CVC's implementation role. CDC renovated School 18 for its BTC, and also built a 60,000-square-foot addition to it. The cost of the BTC was roughly $4 million. The financing was originally to be split between CCC, industrial revenue bonds, and loans from the Maryland Industrial Land Act; CCC later withdrew its financial backing.

Other commitments to industrial development in Park Circle included CCC, which opened a bindery in the BTC. United Sounds of America, a minority-owned quality stereo equipment manufacturing company, and the Gill Company, a maker of formica and stainless steel kitchen fixtures, were also among the original occupants in the Fischer-Beers Building. The Gill Company later built a new 30,000-square-foot building at the entrance to Park Circle.

**Accomplishments**

Table 7.1 summarizes contractual agreements that CVC signed for its work in Park Heights. Four contracts, totaling $1,040,500 in outside funds, governed CVC's activities from June 1980 to March 1984. Most of the contracts' funding was through MOMR.
## Table 7.1  
**FUNDING SUMMARY**

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</table>

\(^a\) Mayor's Office of Manpower Resources  
\(^b\) Comprehensive Employment and Training Act  
\(^c\) Community Development Block Grant

Sources: Copies of contracts.

The first contract covered activities from June 1980 to February 1981, and called for CVC to cooperate in the following general areas:

- Pursue economic development, particularly with respect to development of the Park Circle Industrial Park.
- Create 2,500 new jobs in the project area designed primarily for project area residents.
• Establish on-the-job-training activities and remedial education and skills training programs.
• Install existing and new technologies likely to meet community requirements in the areas of energy, independent living, and security.

In addition, the contract called for CVC to assume overall management responsibility in the following areas:
• Park Circle Industrial Site;
• establishment of a Business and Technology Center;
• establishment of a Commercial Credit Corporation facility;
• establishment of programs designed to create new jobs, such as small business loan and commercial revitalization programs.

Finally, CVC was to complete a combined strategy and management plan.

During the program development phase, CVC assembled its project staff, including a project director, assistant project director and human resources consultant, industrial developer, community liaison, and secretary. CVC worked on specific early implementation projects, including negotiations for the BTC, start-up of the CCC job facility, and marketing of industrial locations in Park Circle.

The development phase was followed by a month-long review period. On March 2, 1981, the implementation phase legally began with the signing of a second contract that adopted the CVC plan. The plan focused on job creation—in particular, constructing a BTC and attracting other industrial uses to the area—and on a human resources strategy that would make existing programs more accessible to community residents. CVC’s task, as outlined by the implementation phase contract, was to serve as a go-between for existing agencies and individuals who were concerned about small business and human resources development. The contract generally required CVC to continue its early implementation activities and to further pursue the goals outlined above. The third contract was viewed as a transition year contract, with CVC taking a less forward role; and in the fourth, CVC moved much more into the role of consultant. The contract for the fourth year covered scaled-down office expenses (only the industrial development consultant and secretary were left) and reductions of some other CDC resources.
CVC worked in conjunction with existing agencies to implement the human services component of its plan. The Job Match program got under way in September 1981, drawing on participants from MOMRs' Starters Program to place trainees in BTC jobs. In conjunction with the Baltimore City Public School Program, CVC helped develop a Career Readiness Program at Greenspring Junior High School. Together, CVC and PHCC created a human resources center, administered by PHCC, that included basic skills training with PLATO and a job readiness program.

OVERVIEW

Of all the CVC projects, it seems that the one in Baltimore had the strongest local organizations at both the neighborhood and city levels; hence, little if anything new was needed from CVC other than the BTC and a bindery. At times, the division of responsibility between CVC and existing agencies became an issue. There was some feeling in the city agencies that nothing CVC proposed was unique and that CVC's plan overlapped existing programs and placed CVC in competition with other agencies for funding. Conflict arose over the issuance of CDBG funds to CVC when PHCC's allocation of CDBG funds was cut by a nearly equal amount (interview with Morris Isley 14 October 1981).

There was some feeling that perhaps a direct contract with CDC would have been better. Industrial development in Park Circle was a city priority before CVC appeared on the scene. The addition of a Control Data BTC to the industrial park was an asset both for acquiring funding for industrial development and for giving direction in developing Park Circle. CVC's contracts can be seen as a rather large finder's fee for delivering the BTC. To its credit, CVC was an aggressive and effective marketer of the BTC and Park Circle.

CVC did serve as a catalyst of sorts in Park Heights, though not in the same sense as it did in Toledo or Philadelphia. Since Park Heights was already a high priority in the city, CVC did not really raise its visibility. Rather, almost inadvertently, CVC's presence helped to strengthen the hand of PHDC and PHCC by working with these groups while also competing with them (for territory and for funds); this led to increasing the neighborhood's awareness of its ability to get things done on its own.
REFERENCES


Interviews by the authors were conducted in Baltimore in 1981, 1982 and 1987 with:

Andrew Aulde, City Planner, Economic Analysis, Department of Planning, City of Baltimore on March 2, 1981, and October 20, 1987.

Shirl Riley Byron, City Planner, Planning Division, Department of Housing and Community Development, City of Baltimore on March 2, 1981.

Ed Daniels, Project Manager, CVC on November 11, 1981 and March 2, 1981.

Rachel Edds, Section Chief, Economic Analysis, Department of Planning, City of Baltimore on March 2, 1981 and October 20, 1987.
Morris Iles, President, Park Heights Development Corporation on March 4, 1981 and October 14, 1981.

Ross Jenkins, Park Heights Community Corporation on October 20, 1987.


Jeff Samet, CVC staff on July 30, 1982 and October 20, 1987.

CHAPTER 8
CHARLESTON CASE STUDY

PROJECT AREA DESCRIPTION

The CVC project area lies along the eastern edge of the Charleston peninsula (see map). The eastern boundary of the project area is formed by the Cooper River and its low-lying floodplain. The mixture of marsh and solid land resulted in an irregular pattern of development. Railroad and container yards are the primary land use between the ports of the Cooper River and East Bay Street, the eastern boundary of residential development. East Bay Street has a high concentration of business and light industrial land use. It serves as a major commuter route for traffic traveling from east of the Cooper River to downtown.

The northern boundary of the project area falls at a point where a slough interrupts the street pattern. Meeting Street, which forms part of the western boundary, is a major traffic artery providing access to the central business district.

The project area is characterized by an uninterrupted pattern of residential development. An exception to this pattern is the Crosstown Expressway (U.S. 17). Constructed in 1967, the elevated expressway presents a barrier to interaction between the northern and southern parts of the project area, inhibiting the flow of both pedestrian and vehicular traffic.

* Unless otherwise documented, the project area description is based on City of Charleston 1980; U.S. Bureau of the Census 1940, 1950, 1960, 1970, 1980; site visits; and interviews.
Social Characteristics

The East Side project area is one of Charleston’s oldest black neighborhoods. The southernmost tip of the project is adorned by the stately homes of well-to-do early merchants. Great numbers of blacks, both free and slaves, settled in the area prior to its incorporation in 1849 because codes regulating their conduct were less severe than in the city.

In 1980, 93 percent of the population in the East Side neighborhood was black, compared to 46 percent for the city of Charleston. The population is characterized by a large number of dependent children, a very high percentage of female-headed households, and a large elderly population.

The project area has been among the poorest of Charleston’s neighborhoods. The 1980 census showed the median family income in the East Side to be far lower than the city average, with roughly 50 percent of the East Side’s population living below the poverty level. Unemployment ran as high as 30 percent in parts of the project area. East Side residents were primarily employed in domestic service, hospital service, and dock work. A number of small businesses existed in the area, as shown by a 1980 planning department survey.

A few industries have flourished in the area: an iron foundry, gas light company, and cigar company were all located within the bounds of the East Side neighborhood. Technological advances in the early twentieth century destroyed these and other sources of employment for the local population. Metropolitan expansion has removed most factory jobs from the local area. The American Tobacco Company (ATC) was for many years the major employer in the area, employing 3,000 at its peak. Its closing in 1972 ended the remaining 650 jobs there and removed the last vestige of industrial enterprise from the area.

Housing

The East Side project area has very old housing stock. It is estimated that over 50 percent of the structures are over 100 years old. A very small minority of housing is fine mansions built by the area’s well-to-do settlers. These houses are concentrated in the southern end of the area and have been the focus of private
renovation activity. The housing market in this small pocket is viable due to interest in preserving the old mansions.

The remaining housing stock in the area consists mainly of simple frame structures of local architectural style: the Charleston single house, the freedman's house, and the double-decker house. Many of these single-family homes have been converted to multi-family use. They are, by and large, in poor condition. A 1979 planning department study in the East Side neighborhood showed that half the structures in the neighborhood were in need of major repair or beyond repair.

The market for this housing stock is quite depressed. A major problem is that many houses in the area are in estate, meaning they have been inherited with no legal arrangements made for their disposition. Houses that are in estate cannot be sold or mortgaged until ownership is established. The uncertain status of these structures also contributes to a high vacancy rate in the area and inhibits maintenance.

Three modern housing developments exist in the neighborhood: a public housing project dating from the 1940s; a Department of Housing and Urban Development (HUD) 235 project; and a series of concrete block apartments dating from the 1960s. Approximately 25 percent of the area's housing units are owner-occupied. A major portion of the city's housing rehabilitation activity has been concentrated in this area.

History of Neighborhood Development Efforts

The city of Charleston's involvement in neighborhood development activities in the East Side area dates back only to 1976. In that year, the city designated a community development target area that encompassed part of the project area. Community Development Block Grant (CDBG) funds were allotted to the area for housing renovation. The expenditure of these funds had been overseen by a local group, the East Side Preservation and Redevelopment Association. The city also directed other federal funds into the area for housing improvement, including Section 312 funds, Section 235 funds, and Section 8 funds for rental units.

In 1978, the city designated a community development neighborhood strategy area in the East Side neighborhood. A comprehensive redevelopment plan resulted from this designation. The original plan included goals for improvements in the areas
of land use, housing, transportation, recreation, and environment. The means of achieving these goals included code enforcement, zoning enforcement, and housing rehabilitation. Economic development for the area was not considered in the original plan. A revised plan written in 1980 focused more directly on public and private development in the area and on ways to encourage economic development. However, specific programs directed at economic development were found to be lacking in the plan. The plan concurred with City Venture’s proposal to develop the American Tobacco Company site into an urban business center (City of Charleston 1980).

The neighborhood organization for the area has been the East Side Neighborhood Council. In spite of its existence, neighborhood activism has been low. Involvement has generally focused on reaction against unpopular actions on the part of the city.

**EVOLUTION OF THE PROJECT**

**Initial Contact**

City Venture Corporation entered Charleston as the result of efforts of a local realtor and property owner, James Tobias. Tobias and his partners had purchased the former American Tobacco Company Building in the East Side neighborhood in August 1978 in order to help extricate the previous owner from financial trouble. Tobias became concerned about poor conditions in the East Side neighborhood, particularly vandalism in the nearby St. Lawrence Cemetery. He was told that isolation, lack of recreational facilities, and high unemployment, especially among residents of a low-income public housing complex, Bayside Manor, were at the root of the problem. Together with Delbert Wood, executive director of the Charleston NAACP, Tobias decided that jobs were the most critical need in the East Side and the solution was to attract industry to the neighborhood. To that end, on January 15, 1980, Tobias and Wood announced the beginning of a drive called East Side Overcoming. Their plan was to attract small- and medium-size industries that would employ over 200 people within five years, producing an estimated annual payroll of $1.2 million. The

* Information for this section is taken from interviews.
proposal met with widespread approval from the local community and local government, as well as from state and federal officials. Financial support, however, was another matter. Tobias was told by local businesses that he could not “make a go of it on the East Side” (interview with James Tobias 14 August 1981).

Tobias had earlier studied the model of Licht Industries, which was in the business of renovating New England mills in much the same manner that Tobias envisioned for the ATC building. Faced with the skepticism of local business people, Tobias sought assistance from the Ford Foundation to finance the renovation of the ATC building. The Ford Foundation encouraged Tobias to get the city of Charleston to submit the proposal, since the foundation did not give grants to private businesses.

While waiting to discuss the proposal with Charleston’s mayor, Joseph P. Riley, Tobias learned about the revitalization projects City Venture Corporation had undertaken in other cities. Tobias called Craig Kercheval at CVC, who promised to send additional information to him. Although Tobias received the information about CVC on April 24, in his meeting with Mayor Riley on April 25, Tobias suggested that CVC be pursued for the revitalization of the East Side, rather than try to proceed on his own. In this meeting, Tobias learned for the first time that the mayor had contacted CVC in 1978 and that CVC had not shown any interest in a Charleston project then. Tobias received approval to pursue CVC on the city’s behalf.

Site Selection

Because of Tobias’s lead, no other area in Charleston was considered by CVC. The site selection process consisted of convincing CVC that the East Side would make a good project area. Through a series of exchanges and site visits, Tobias more than adequately accomplished this. In a letter written May 1, 1980, to Herb Trader, president of CVC, Tobias and Wood anticipated many of the concerns that CVC might have about the East Side and demonstrated that their efforts on the East Side enjoyed local support. This letter and the attached prospectus on the East Side may have been the most influential encouragement for CVC to enter Charleston. Among the issues covered in the letter were the following:
A description of social conditions in the East Side (described in an essay, "Eastside Overcoming: An Eastside City Venture," written by Tobias and included in his letter).

- The availability of the American Tobacco Company building as a possible Business and Technology Center.
- The potential availability of 180 acres of vacant industrial land on the site of a solid waste reduction center and adjoining landfill.
- The support of the state and city government, the local private sector, and the community.

Tobias and Wood ended the letter by offering the keys to the Holy City (Charleston's nickname) to CVC for its holistic approach (Tobias 1980).

CVC followed up immediately on Tobias and Wood's letter, sending representatives to Charleston four times within a four-month period. The first trip, made by Ellen Brown on June 26-27, 1980, included the first formal contact between CVC and community residents. With only two days notice, over one hundred residents turned out for a public meeting. Community reaction was good, although most residents were confused about what CVC was proposing. Most thought that CVC/CDC was opening a plant.

During this same time, the city paid for two groups from Charleston to visit Minneapolis to learn about CVC's activities there. Among the visitors were representatives from the city government, the Charleston Chamber of Commerce, the East Side Redevelopment Commission, the governor's office, and Trident Technical College, as well as Delbert Wood and James Tobias. The second visit resulted from enthusiasm generated by the first.

By October 1980, CVC was interested enough in Charleston to submit a proposal to prepare and implement a Job Creation and Community Revitalization Strategy Program for the East Side neighborhood. The proposal established a goal of 1,000 to 1,500 new jobs to be created over the next five years through a program that would address job training, education, and community development (City Venture Corporation n.d.(a)).
The project might have met an untimely death when Tobias received an offer in late 1980 from a group that wished to buy the ATC building and convert it to condominiums. It is a credit to Tobias's commitment to the project that he stated that he decided not to sell. After much hesitation, the first year contract between the city and CVC was signed on March 19, 1981, with both Herb Trader and William Norris, president of Control Data Corporation, in attendance.

IMPLEMENTATION

Goals and Objectives

As in its projects in other cities, the key element in City Venture Corporation's involvement in the East Side neighborhood in Charleston was job creation. CVC's goal for the East Side project was to create 1,000 to 1,500 new jobs by 1986 (City Venture Corporation 1981). CVC's obligations to the city of Charleston included the following:

- stimulation of job creation activities;
- fostering the development of small and minority businesses;
- providing training and educational opportunities for unemployed and/or disadvantaged youth; and
- providing effective, long-term job placement.

(City Venture Corporation n.d.(b))

In pursuance of these obligations, the CVC Strategy Plan and Management Program for Charleston provided a comprehensive list of objectives and strategy elements grouped into four major strategy areas: job creation, work force mobilization and stabilization, community revitalization, and application of new technology. Following is a summary of goals and objectives proposed in each strategy area.

1. Job Creation

- Business and Technology Center. The BTC clearly was to be the center piece in the East Side job creation strategy; it was to be located in the
renovated American Tobacco Company Building, which provided 184,900 square feet of leasable floor space.

- **Small Business Assistance.** CVC was to coordinate existing services and resources for small businesses through a Small Business Network, which was to comprise a cooperation office, entrepreneurial identification, and a seed capital fund.

- **Land Developer.** CVC proposed to establish its own East Side Development Advisory Board to monitor and oversee development in the area and to develop a marketing plan to attract new industry. Application for an urban enterprise zone designation was also proposed.

- **Existing Business Retention and New Business Attraction and Development.** CVC’s plan listed a host of strategy elements for the creation and retention of businesses in both the BTC and in the areas designated for industrial development.

2. **Work Force Mobilization and Stabilization**

- **Education and Career Readiness.** CVC’s contract agreement with the city of Charleston stated that it would work in collaboration with local educational and training institutions to establish training programs for both basic and vocational skills and to assess the need for computer-based education. CVC was to link with Trident Technical College, the Basic Skills Center funded by CETA title VII, and the South Carolina Technical and Comprehensive Education Systems Special Schools Program to develop advanced skills training programs.

- **Job Information and Referral.** CVC was to establish a job bank in the East Side neighborhood. Intake was to be handled by a CVC community liaison at the East Side Neighborhood Center and at the Handyman Exchange located in the BTC.

- **Independent Living.** This project was to provide employment strategies and opportunities specifically for mentally and physically handicapped workers.
• **Support Services.** CVC was to provide support services that aided in job retention by implementing day care, health care, and transportation strategies.

3. **Community Revitalization**

• **Retail Commercial Revitalization.** CVC's role in commercial revitalization was more or less to fill in the gaps left by the city's activities. The only concrete proposal offered by CVC in the plan was to improve the Columbus Street corridor.

• **Personal Safety and Property Security.** To combat the phenomenally high crime rate in the East Side (typical of Charleston as a whole), CVC proposed a neighborhood crime watch program, an East Side Security Company, and neighborhood crime prevention courseware to be offered through the Fair Break center.

• **Energy and Waste Management.** CVC proposed to combine increased energy conservation and decreased energy costs with employment opportunities by creating energy-related companies in the project area. CVC's Energy Resource Group recommended that the city implement its plan to use the facilities of the Solid Waste Reduction Center in the project area to produce fuel for industrial users.

4. **Application of New Technology**

CVC's objectives in this area were to attract businesses oriented to high technology to the BTC and to promote education and training programs that were to prepare neighborhood residents for jobs in high-technology industries.

**Accomplishments**

CVC proposed a work plan that included establishing a community participation process, assembling base data, formulating objectives and a strategy plan, identifying implementation actions and an implementation management plan, and developing support commitments from the public and private sectors. The final step
was to be the preparation of a final report and implementation contract. The negotiated price for these services was set at $285,000. A proposal submitted to the South Carolina Private Industry Council (PIC) for funding was accepted, and the first-year contract between the city and CVC was signed March 19, 1981.

Subsequent contracts governing the implementation of the CVC plan were signed annually. Funding for these contracts came equally from the South Carolina PIC and the city’s CDBG and Urban Development Action Grant (UDAG) funds (see Table 8.1 for contract amounts).

The vacant American Tobacco Company warehouse was purchased and renovated for the BTC at a cost of $6 million, funded partially through UDAG funds and industrial revenue bonds provided by the city. As of November 1987, the BTC had a 79 percent occupancy rate; had a cumulative total of 104 new business start-ups, of which 60 percent were minority-owned firms; and had created 1,046 jobs, more than were projected.

The first business to open in the BTC, the Handyman Exchange, was a minority-owned employment agency that co-registered applicants with the CVC Job Bank. As of October 1986, the exchange had placed over 5,000 workers; of these, 70 percent were minority workers, 40 percent were permanent full-time placements, and 25 percent were East Side residents. CVC also established the Transitional Assistance Program, which placed minority handicapped youth in unsubsidized private-sector jobs.

The success of the BTC created a halo effect in the neighborhood that generated additional public and private investment. Trident Technical College, which had been running the Fair Break program, moved in 1986 to a renovated vacant high school next to the BTC. By late 1987, the college had 800 full-time and 200 part-time students, 60 percent of whom were minority people. The cost of renovating the site totaled $4.1 million, which was funded by a combination of local, state, and federal funds.
Table 8.1  
**FUNDING SUMMARY**

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<td>Implementation</td>
</tr>
<tr>
<td>Contract V (2/85-2/86) South Carolina PIC(^a) UDAG(^c)</td>
<td>$75,000</td>
<td>Implementation</td>
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<td>Contract VI (2/86-2/87) South Carolina PIC(^a) UDAG(^c)</td>
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<tr>
<td><strong>Sub-total</strong></td>
<td>$1,154,000</td>
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<td><strong>II. Other Public Funds</strong></td>
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<tr>
<td>UDAG(^c) Industrial Revenue Bonds</td>
<td>$6,000,000</td>
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<tr>
<td>County</td>
<td>$1,600,000</td>
<td>County health center</td>
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<td>City</td>
<td>$150,000</td>
<td>Park improvements</td>
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<tr>
<td>Federal, state, local</td>
<td>$4,100,000</td>
<td>Trident Technical College</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$13,004,000</td>
<td></td>
</tr>
</tbody>
</table>

\(^a\) Private Industry Council  
\(^b\) Comprehensive Employment and Training Act  
\(^c\) Urban Development Block Grant

Sources: Contracts, interviews.
Similarly, the presence of the BTC was instrumental in the decision by the county to locate a new county health center in the neighborhood, at a cost of $1.6 million. The city subsequently invested $150,000 in park improvements in an adjacent site. In addition, the city concentrated its housing rehabilitation program on the East Side: since 1980, two-thirds of the units rehabilitated by the city have been located in the East Side neighborhood.

OVERVIEW

CVC has often compared the East Side project to the Warren Sherman project in Toledo. Two things set these two successful City Venture projects apart from the others. First, is the apparent ease with which CVC entered Charleston. As in Toledo, there was an absence of the institutional and territorial conflict that plagued the other projects from the beginning. Second, the two cities are similar in scale, smaller than either Philadelphia or Baltimore where political conflicts interfered with CVC's progress.

The Charleston project got off to a shaky start, partly because of the very conservative business climate in Charleston. Unlike Toledo, Charleston has no Fortune 500 firms; this created a scarcity of private venture capital to help fund improvements in the neighborhood. In addition, because the East Side had been associated with poverty, crime, and an extremely low quality of life for a very long time, achieving a measure of success in the East Side proved more challenging than in Warren Sherman.

Despite these challenges, the Charleston project gained speed once the BTC was in place. The success of the BTC encouraged confidence in the area on the part of the neighborhood residents, the city, and the local private sector. In fact, fearing that things might get too good, neighborhood residents fought the extension of the historic district (which bounds the neighborhood) in order to prevent the spread of gentrification in the area.

The project's influence extended beyond the neighborhood boundaries as well. Charleston now has several business incubators similar to the BTC.
REFERENCES


City Venture Corporation. n.d.(a). "Charleston Project Workplan." City Venture Corporation, Minneapolis, Minnesota.


Interviews by the authors were conducted in Charleston in 1982 and 1983 with:

Brian Borry, CVC staff on October 24, 1983.

David Burton, Project Manager, CVC on March 24, 1982.

Frank Crawford, CVC Staff on October 24, 1983.

Kay Mathers, Trident Technical College, Assistant Director of Palmer Campus on October 24, 1983.

Arthur Maybanks, City Planning, and member of the board of the National Registry on October 24, 1983.

Roy Smith, Manager, BTC on June 3, 1983 (by phone) and October 24, 1983.


James Tobias, American Tobacco Company warehouse owner on March 24, 1982; June 8, 1983; and October 23, 1983.


Delbert Wood, President, NAACP on October 24, 1983.
CHAPTER 9
BENTON HARBOR CASE STUDY

PROJECT AREA DESCRIPTION*

Cited in 1981 as one of the nation’s worst towns, Benton Harbor was a city in need of massive assistance. Tales of frustration and distress were constantly heard as try after try to “rescue” the city failed. City Venture was no exception; it no longer remains in the Benton Harbor project area.

Yet, Benton Harbor has not always been characterized as such. In fact, as recently as 1960 Benton Harbor was considered a town on the move. It had a central business district (CBD) far larger than would be expected for a city of its size, stretching seven blocks in an east-northeast direction on Main Street, with a depth of up to three blocks. Across the tip of Lake Michigan from Chicago, Berrien County is renowned as a resort area, and in the 1930s and ’40s Benton Harbor’s hotels, marinas, and entertainment spots catered to tourists. In addition, because of its strategic location at the confluence of the St. Joseph and Paw Paw rivers and the lake, Benton Harbor is a natural port for shipping fruits from Michigan’s fruit belt and agricultural and industrial products from central and western Michigan to points west or south (see map).

But Benton Harbor, like many medium-size midwestern cities, was affected negatively by the economic downturn in the automobile industry. The city also was affected by the opening of two regional shopping malls. These were constructed to take advantage of the changes in traffic patterns caused by the construction of an interstate bypass. The malls induced many businesses to flee Benton Harbor,

* Unless otherwise documented the description is based on City Venture Corporation 1981; City Venture Corporation 1982; U.S. Bureau of Census 1960, 1970, 1980; site visits; and interviews.
including J.C. Penney and Sears, whose exits resulted in the loss of 580 jobs. The shopping malls were implicated in the decline of CBD commercial establishments from 560 in 1958 to 20 in 1978. It is estimated that Benton Harbor lost 3,600 jobs between 1970 and 1980. As a result, unemployment by the late 1970s skyrocketed to a verifiable level of 24.6 percent; some estimates of black unemployment are as high as 60 percent (City Venture Corporation 1981).

Though malls are not particularly far from the core city, obtaining transportation to them is difficult for most Benton Harbor residents. According to a CVC report, two-thirds of Benton Harbor residents “lack viable transportation” (City Venture Corporation 1982, pp. 3-26). Further, the only forms of public transportation, taxis and Dial-A-Ride (persons wanting transportation could call thirty minutes in advance and could ride anywhere in the Benton Harbor area for 90 cents), were clearly outside the economic means of most city residents (City Venture Corporation 1982).

Though economic depression and suburban construction were clearly factors in Benton Harbor’s downturn, the impact of the unstable nature of politics and government in the community from 1977 to 1982 must also be considered. In this brief period Benton Harbor had three mayors (the normal term is four years), eight city managers, and two city attorneys. In fact, three administrations in the period were wracked with charges of corruption, cronyism, and/or malfeasance. Though many of these charges were proved false, enough were substantiated to stigmatize the city and city government as being mired in mismanagement.

It was felt by some that Benton Harbor’s problems were the result of an apparently disinterested citizenry. Voter apathy allowed mayoral elections to be won by votes from only a small minority of registered voters. Attempts by the private sector to help, through the Chamber of Commerce and Whirlpool, the major locally based corporation, had been mostly unsuccessful.

Benton Harbor’s problems were made worse by severe regional political fragmentation. The contrast with St. Joseph, its prosperous “twin,” was striking. Officials at the Southwestern Michigan Regional Planning Commission were not optimistic that substantial cooperation between the two cities on problems of regional importance could be achieved. In effect, a sociopolitical line was drawn around the region’s
social problems—in Benton Harbor—and crossing the boundary in either direction is infrequent.

Whatever the cause(s) of Benton Harbor’s demise, by 1979 the city’s financial status and physical plant had deteriorated to the point that the city manager recommended the city file for bankruptcy and disestablish itself. Failing this (Michigan had no precedent for city bankruptcy) the city manager suggested government-by-contract (that is, contracting with the private sector for services the city is usually expected to provide). The city manager was dismissed after making this suggestion.

Social Characteristics

Socially, physically, economically, and politically the Benton Harbor of the early 1980s was, at best, a ghost of its former self. After a population high of 19,136 in 1960, Benton Harbor’s population had plummeted to only 14,707 in 1980. During the same period the racial composition of the city changed from 25.2 percent black to 86.3 percent black. Median household income in 1980 was only $10,240, and over 38 percent of Benton Harbor’s population was at or below the poverty level. Eighty-five percent of all families in Benton Harbor received some type of federal or state assistance. As bad as these statistics were, they seemed even more dismal when they and other statistics were placed in a regional context (see Table 9.1)
### Table 9.1 
**COMPARATIVE DEMOGRAPHIC DATA**

<table>
<thead>
<tr>
<th></th>
<th>Benton Harbor</th>
<th>St. Joseph</th>
<th>Berrien County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>14,707</td>
<td>9,622</td>
<td>171,276</td>
</tr>
<tr>
<td>Percent black</td>
<td>86.3</td>
<td>1.8</td>
<td>14.5</td>
</tr>
<tr>
<td>Persons per household</td>
<td>3.2</td>
<td>2.4</td>
<td>2.8</td>
</tr>
<tr>
<td>Percent high school graduates</td>
<td>40.1</td>
<td>71.9</td>
<td>64.8</td>
</tr>
<tr>
<td>Percent unemployed</td>
<td>31.9</td>
<td>7.6</td>
<td>10.6</td>
</tr>
<tr>
<td>Median income</td>
<td>$10,240</td>
<td>$20,298</td>
<td>$19,166</td>
</tr>
<tr>
<td>Percent families below poverty level</td>
<td>38.7</td>
<td>6.2</td>
<td>13.5</td>
</tr>
</tbody>
</table>


**Housing**

Housing, the infrastructure, and new construction were victims of neglect or Benton Harbor's bad reputation. Though almost 45 percent of housing units were owner-occupied, much of that was unsound. Ten percent of the housing stock was so dilapidated that it was demolished and cleared. Only 55 percent of substandard single-family housing units were considered rehabitable. No construction permits for non-subsidized multifamily housing were issued from 1974 to 1980.

Again, a comparison with St. Joseph and the county as a whole reveals serious disparities in that period (see Table 9.2). Though the median home value increased 117 percent in St. Joseph and 126 percent in Berrien County during the 1970s, in Benton Harbor the corresponding increase was only 28 percent.
Table 9.2

<table>
<thead>
<tr>
<th></th>
<th>Benton Harbor</th>
<th>St. Joseph</th>
<th>Berrien County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent owner-occupied</td>
<td>43.5</td>
<td>52.4</td>
<td>61.8</td>
</tr>
<tr>
<td>Median home value</td>
<td>$14,500</td>
<td>$36,500</td>
<td>$33,900</td>
</tr>
<tr>
<td>Median rent</td>
<td>$169</td>
<td>$195</td>
<td>$180</td>
</tr>
</tbody>
</table>


History of Neighborhood Development Efforts*

Benton Harbor's problems were recognized. There was an abundance of redevelopment and revitalization activity in the city. The city participated in each of the successive waves of federal programs designed to help poor people, minorities, and socioeconomically depressed areas. Urban renewal, community action agencies, model cities, black capitalism, revenue sharing, Community Development Block Grants (CDBGs) and Urban Development Action Grants (UDAGs) all were tried without major long-term success. (Notable exceptions to this were the building of K-Mart; the conversion of a smelting plant into an aluminum-recycling facility; and the construction of the new Farmers and Merchants National Bank, Harbor Towers, and River Terrace.) It is estimated that more than $14 million were allocated to Benton Harbor between 1970 and 1978 for development.

The city, county, and state had at their disposal many incentives for industrial and economic developers. These included a revolving loan fund, industrial revenue bonding capacity, and industrial facilities tax exemption certificates. The Southwest Michigan Commission (SMC) sponsored an enterprise zone task force.

There was considerable interest in economic and industrial development in Benton Harbor. In the three years preceding CVC's arrival in Benton Harbor, no

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* Information in this section comes from interviews.
fewer than nine groups, agencies, and/or organizations showed an interest in developing a revitalization plan for Benton Harbor.

Most important of these was the Southwestern Michigan Commission (formerly the Southwestern Michigan Regional Planning Commission) and its North of Main Industrial Park project in Benton Harbor. SMC was the state agency responsible for coordination and planning in the areas of transportation, criminal justice, substance abuse services, economic development and business promotion, and tourism for Berrien, Cass, and Van Buren counties. In 1980 it issued a study entitled “Economic Adjustment Strategy Berrien County, Michigan,” which emphasized the Cities of Benton Harbor, Buchanan and Niles. In the section on Benton Harbor, the study outlined, in detail, a plan for the city’s economic recovery. Included in this was a call for development of an industrial park in a triangular-shaped parcel of land in a railroad-industrial area adjacent to the CBD. The study cited history, location, marketability, and cost as reasons to favor pronto development of this parcel (Southwestern Michigan Commission n.d.). With only minor exceptions, the proposed North of Main Industrial Park historically had been zoned for heavy industry. The area is easily accessible by rail, water, highway, and air. Almost immediately after presenting the study, SMC established a North of Main (NOM) Task Force.

The NOM Task Force submitted its recommendation in July 1981 in a report entitled “North of Main Industrial Park.” The report supported the findings of the SMC study, offered justification for city participation in writing down the cost of land in the area, suggested the need for a quasi-public developer (the report recommended the Riverside Local Development Corporation fill this role), and offered concept drawings for the area between Eighth Street and Paw Paw Avenue. The plan called for demolishing many structures, including almost all of the residential structures within one year. Total cost was estimated at $1,107,500, which was intended to provide 350,000 square feet of industrial space. Incentives and financing options proposed were tax increment financing, enterprise zone designation, UDAgs and CDBGs. The task force proposal marketed the park by making “shell” buildings (buildings whose interiors were gutted of everything that could not be rehabilitated and whose exteriors were repaired) immediately available through rehabilitation or new construction (North
of Main Taskforce 1981). In addition, it was proposed that "host teams," groups composed of community and government leaders, be used in selling prospective tenants on the virtues of locating, relocating, or starting a business in the NOM Industrial Park.

EVOLUTION OF THE PROJECT*

City Venture Corporation began site visits and negotiation in Benton Harbor in May 1980 as the result of the efforts of Roger Curry, then vice president and later president, of the Twin Cities [Benton Harbor and St. Joseph] Chamber of Commerce (TCCC). Curry had met Herb Trader, then president of CVC, when the two were working together on the National Small Business Council. After hearing Trader talk of CVC, Curry convinced him that Benton Harbor was a good city in which to try out CVC's holistic concepts. The city, as a whole, was considered the project area from the start. It was not unusual for the TCCC to be interested in ventures outside the area of business and industry; in previous years it had overseen over $25 million—which was used for human services programs in Benton Harbor or Berrien County.

In order to gather support for the CVC concept, Curry organized a visit to Minneapolis in early May 1980. After this, CVC assumed the initiative. Once CVC arrived in Benton Harbor, the TCCC's support became somewhat less overt, despite its initial enthusiasm. In addition, efforts to generate support among the local private sector largely failed. CVC hoped that Whirlpool, Benton Harbor's only large corporation, would step in as the city's patron of economic development. After extended negotiations, it was clear that the company was not willing to take a leadership role.

IMPLEMENTATION

Goals and Objectives

On September 15, 1981, CVC released its report, "A Job Creation and Community Revitalization Program for the City of Benton Harbor, Michigan, Part I: Report of Findings." In it were data to be used in determining what Benton Harbor's needs

* This section is based on information obtained during interviews.
were. The report found a need for most of the services CVC had provided or offered other cities in which CVC was located (City Venture Corporation 1981). Part II of the report, "Strategy Plan and Management Program," was released in February 1982. The report was approved by the Benton Harbor commissioners on condition that the $435,900 cost be paid with outside funds. An ambitious example of CVC's holistic approach, the strategy plan consisted of four major components:

- **Community Involvement.** The plan called for an advisory committee and four resource groups, public meetings, and ongoing informal meetings with the project's community liaison.

- **Job Creation.** CVC proposed the creation of 1,000 to 1,500 new jobs. Sixty percent of them (600 to 900) were to come from new business development. The North of Main industrial area was the central focus of the job creation effort. Four small business development strategies were proposed: seed and venture capital fund, rent subsidy, development of new business prospects, and a Control Data Business and Technology Center (BTC). Two minority business councils were proposed, and it was hoped that a major (non-CVC) corporation, such as Whirlpool, would adopt the city.

- **Workforce Mobilization and Stabilization.** The major effort of this component was to be education and training, employing the standard CVC programs: Fair Break, Career Readiness (PLATO), and a Job Bank. In addition, CVC proposed child care and transportation programs.

- **Community Revitalization.** The major areas addressed in the plan were housing (property maintenance corporation, incentives for developers, interest subsidy program, rehabilitation of housing units); security (block watching, child protection, escort service for the elderly, Operation I.D.); and recreation (reopening the Charles L. Gray Recreation Center).

(City Venture Corporation 1982)

**Major Industrial Site**

CVC quite naturally turned to North of Main for its industrial development site since this area had forty to fifty acres (depending on phasing or priority chosen) in
total, with between twenty-four to thirty-nine of these acres vacant or with dilapidated structures in need of demolition. The CVC proposal for NOM was to develop 959,250 square feet of industrial space on approximately sixty acres of land at a total cost of $1,633,993.

CVC divided the area into three sites to be revitalized over a period of five years. Phase I called for the selective acquisition and demolition of deteriorated structures; establishment of a revolving loan fund for renovation of existing structures; site improvements; crime prevention; fire protection; zoning and ordinance changes; and finally, maintenance of the residential neighborhood to the northeast of the core. Phases II and III were to extend land assembly activities to the west and the northeast of the core. CVC suggested that the entire northeastern residential area be cleared for new construction if the marketing of the core area was successful and/or if there was a definite developer or industrial buyer or leasor in advance. It was further suggested that selective demolition, renovation, and site improvements to the west of Fifth Street would most likely be simultaneous with development of a commercial revitalization plan for Benton Harbor.

The NOM park envisioned by CVC differed from that of the NOM Task Force only slightly: the task force placed greater emphasis on demolition and limited new construction over a shorter period of time (one year). The task force approached the North of Main Industrial Park as would any developer, that is, it identified the maximum cost a business would pay versus the cost of developing the land, determined that incentives were necessary, identified the nature of the incentive necessary, and outlined a possible financing mechanism. CVC approached the issue holistically by attempting to discuss how the industrial park would affect the city. CVC’s approach was far more conservative than the NOM Task Force’s, requiring five years to do what the Task Force set out to do in one.

The key actors agreed that the keystone to small business development was the BTC, which was to be the focal point of the industrial park. CVC proposed using the former Voice of Music Electronics Co. building at 305 Territorial Road as a BTC. Of the 17,600 square feet of usable space, one-third was to be used for office space and two-thirds for manufacturing space, with an emphasis on labor intensive firms.
Two thousand square feet of the BTC was to be used by CVC for administrative offices housing three full-time workers. Total purchase and renovation costs were expected to be $180,000. Annual operating and debt service was expected to be $70,500.

Accomplishments

In April 1981, CVC and the city of Benton Harbor signed a planning contract to revitalize Benton Harbor and provide 1,000 to 1,500 jobs. However, negotiations continued until October between CVC and the state which, through the Private Industry Council (PIC), was to pay the entire cost of the contract ($375,000). The contract effectively required CVC to generate local support for its program as follows:

1. Establish effective mechanisms for resident participation coupled with evidence of the agreed upon revitalization goals.
2. Identify land available for industrial and residential development.
3. Secure the cooperation and support of city government.
4. Secure collaboration and cooperation in academic education, vocational training, remedial training, and job preparedness programs.
6. Identify available resources for small business development, including resources for a BTC, seed capital fund, and entrepreneurial support programs.

(City of Benton Harbor 1981)

Benton Harbor residents expressed only minimal concern about what CVC was to do. Concern centered around the lack of a central business district revitalization plan for Benton Harbor and the inability of CVC to promise a specific number or percentage of jobs for Benton Harbor residents.

CVC began implementation of its project in March 1982, although an implementation contract was not signed until May. The Michigan Private Industry Council again funded the contract ($175,000). Between March and the end of September, when the
contract ended, CVC began industrial park land assembly, established a rent subsidy program for the BTC, operated the Job Bank, and assisted with drafting a UDAG. CVC also initiated and managed Project Pride (a cleanup and beautification project), assisted with small business development, and developed an interest-subsidy program for home ownership and improvement of investor-owned property.

The city attempted to keep City Venture in Benton Harbor after the state funds ended September 30, 1982. On November 1, the Berrien County PIC agreed to fund CVC for $205,000 if certain conditions were met: the state and city must each supply CVC with $50,000 in cash or in-kind services, and CVC must raise $150,000 of its own. Five days later, the city commission voted $82,000 of in-kind services to CVC, and the state’s portion was considered a certainty. At a PIC meeting two months later, the project director said that CVC was unable to raise the $150,000. PIC refused to grant partial funds, and CVC closed its Benton Harbor office on February 9, 1983.

Table 9.3

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<th>Purpose</th>
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<td></td>
</tr>
<tr>
<td>4/81 - 4/82</td>
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<td></td>
</tr>
<tr>
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<td>Planning</td>
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<tr>
<td>Contract 2</td>
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<td></td>
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<tr>
<td>5/82 - 9/30/82</td>
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<tr>
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<tr>
<td>CETA</td>
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<tr>
<td>Total</td>
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</table>

Source: Contracts and interviews.
OVERVIEW

City Venture's efforts in Benton Harbor failed in two senses. In the first sense, they had a very small impact on the city. In the second sense, CVC's own model did not succeed. There are many reasons for these failures, but two seem to stand out.

The first is that Benton Harbor's problems were so desperate and so vast that they defied remedy in any easy or short-term sense. De facto segregation, government mismanagement, and unemployment were so entrenched as to appear structurally permanent. Local neighborhoods never wholeheartedly supported City Venture, in part because the suspect city hall negotiated CVC's entry. City government itself was often severely divided on whether to lend full support to CVC. City Venture's frustrations with the local situation were thus understandable.

The second is that the citizens of Benton Harbor made up only a fraction of a larger region, and that region, for the most part, either chose to ignore Benton Harbor's problems or became frustrated in trying to solve them and essentially gave up. A major example of this attitude came from the area's largest locally based corporation. After Whirlpool finally decided that it would not lend overt support to City Venture, it was only a matter of time before the project failed. Real commitment from the local banks on the model of Toledo Trust also never materialized. It seems the local business community was waiting for Benton Harbor city government to put its house in order, and the city government was waiting for support from the local business community in order to do so; in the middle of this standoff City Venture was finally immobilized and eventually left Benton Harbor.

City Venture itself gave up on the project when it saw that the public-private partnership on which its program depended was failing to develop in Benton Harbor. It is perhaps more accurate to say that CVC was unwilling, rather than unable, to find the additional $150,000 required to keep it in business in Benton Harbor, since the funds could have come from CVC's own capital or from one of its parent corporations, most likely Control Data. However, by the end of 1982 it was clearly evident that none of CVC's supporters, either public or private, were wholeheartedly behind the project and that, therefore, further investment would be wasted.
REFERENCES


Interviews by the authors were conducted in Benton Harbor in 1982 with:

Charles Eckenstahler, Executive Director, Southwest Michigan Regional Planning Commission on September 2, 1982.

Fred Franklin, Project Director, CVC on September 3, 1982.

Sarah Joseph, Deputy Director, Berrien Opportunities Industrialization Center on September 2, 1982.
CHAPTER 10
CONCLUSIONS

As these seven case studies illustrate, City Venture met with neither unmitigated success nor unmitigated failure in its efforts to revitalize urban neighborhoods. From city to city, however, wide variations are apparent in CVC’s ability to organize an effective partnership with local actors and to successfully marshal the resources necessary to carry out its program. The corporation was most successful in Toledo, where it joined a partnership of public and private entities that eventually invested $60 million in Warren Sherman, vastly affecting that neighborhood’s physical and economic situation. Its biggest failure was, unquestionably, in Benton Harbor, where CVC failed to generate sufficient support from either the public or private sectors to fund the implementation of its program.

These wide-ranging experiences raise this obvious question: What were the ingredients in CVC’s success or failure? In this final chapter, we approach that question, drawing on the information provided by the case studies and looking at the philosophy and technique of CVC in the larger context of public-private partnerships. The chapter is divided into three areas: the initial CVC concept, including its philosophy and expected interaction with the public and private sectors; the operation of this model, including its evolution and the function of individual participants within it; and, finally, some broader questions related to the whole project and the ability to evaluate it.

CVC CONCEPT

From the outset, CVC claimed that social problems could yield profit-making opportunities and that this goal was best pursued via a holistic strategy. What CVC meant by holism was never actually defined, but it is possible to discern some ways in
which CVC considered itself, and expected to be considered, holistic. One sense is operational. The sheer range of services, products, and approaches suggested in initial CVC statements implied that it was not simply interested in economic development or human services alone. In this sense, holism was little different from the more traditional language of comprehensive planning. One could argue that the difference lies in CVC being a consortium, with an implied range of offerings that was to go beyond that of a single planner or public agency. The consortium idea was more principle than practice, as has been seen in the case studies.

There is also a philosophical sense to holism that is a general characteristic of the private sector approach to urban problems. It is simply this: help for the “whole person” begins with a job generated by the private sector. In its early projects, CVC attempted to surround those jobs with a network of human services in order to enhance the “climate of employability.” This made CVC much more than simply an economic development consultant. Often, however, local organizations were already providing human service and training programs, as was the case in Baltimore, making CVC’s efforts redundant or competitive with existing programs.

Holism is also a part of the entrepreneurial strategy that formed a second philosophical foundation for CVC: it is possible to make money in the pursuit of social betterment. The philosophy applies to the range of CDC products and services involved in CVC projects—in particular, PLATO and the Business and Technology Centers (BTCs)—and to contractual fees for CVC’s services. CVC certainly did not make a quick return on its capital investment, but this was in keeping with Norris’s notion of patient capital.

Along with holism, the concept of the public-private partnership was closely associated with the CVC program. It, too, became very popular in the mid-1970s, though, as pointed out in Chapter 1, it has had a long history in one form or another. Even in the CVC program, partnerships took at least two major forms. Instead of a triangular partnership between city government, a neighborhood, and CVC, it was more common for rather separate partnerships to be formed between CVC and the city (or its development agency), and CVC and the neighborhood.
As conceived by CVC, these public-private partnerships raise a range of issues. These may be divided into the advantages of private sector involvement, the public policy issues, and the question of the private sector's accountability.

It is not out of place to ask, in the context of City Venture, if there are advantages to private sector involvement. Can the private for-profit sector be more successful than the public sector in making distressed and non-marketable pieces of real estate targets for economic development? Is it better at providing adequate levels of human services? The answer is a resounding "it depends." Ironically, City Venture's success depended most of all on the cooperation of the city's economic and community development units that, in theory, it sought to supplant. It should be noted from the outset, of course, that real estate has become distressed and nonmarketable precisely because of a history of private sector disinvestment and inattention. So the question hinges on the notion of making certain pieces of real estate the targets of economic development, an idea that the public sector has at times recognized, most recently with UDAGs and, possibly, enterprise zone programs. What is chosen as a target varies from the public to the private sector.

What the private sector presumably brings to an area is a different set of tools and orientations: a desire to turn a profit, marketing and accounting skills, and most importantly, the ability to mobilize large amounts of capital. In addition, fewer questions are raised about "why this neighborhood and not that" if the matter is left to the private sector. The Toledo project illustrates the pros and cons of this issue in two ways. On the one hand, Toledo's director of community development observed that CVC acted in the neighborhood's behalf by being sort of a 24-hour watchdog of neighborhood interests. However, this was a luxury that the city could not afford for other neighborhoods (interview Wayman Palmer 6 July 1981). Given the amount of public subsidy in CVC operations, the city could not afford to have a CVC project in every neighborhood. When most of the subsidies were public, CVC's projects were no longer purely private sector operations anyway.

Based on CVC's experience, it appears at this point that there was nothing inherently unique about the private sector's management skills that gave it an
advantage over the public sector. It should be recalled that in its May 1979 statement of purpose, CVC stated:

City Venture assembles the critical management know-how, public and private financing and the full range of new and emerging technology from both the physical and social sciences necessary for holistic solution of urban problems.

(City Venture Corporation 1979)

In certain cases, CVC critical management skills were great, and the shining example is again Toledo. In others, CVC came in for constant criticism for not living up to its advertised expertise: Baltimore is the best example. As it turned out, the essence of the public-private partnership was the ability to be a skillful, self-interested negotiator. Some people can do this; others cannot.

On the other hand, CVC did assemble, or try to assemble, the ingredients listed above. In this, CVC can be said to have been successful, whether it became a full partner in subsequent development or remained an observer. We refer here to its catalytic role in getting groups together, in attracting public funds, in raising the neighborhood’s visibility, and in removing some of the barriers to development, some of which were raised in the first place by CVC’s inattention to public sector actors.

Initial concerns, however, that CVC as catalyst would become CVC as decision maker were allayed when the specter of government-by-contract never materialized. The question of whether it is good public policy for the public sector to hand over decision-making power on the use of public resources to the private for-profit sector was never seriously debated. At first, City Venture wanted unfettered development rights to an area and also devised the FedTAC system of funding, which implied that it would have complete discretion over the use of funds. But in every city, questions arose over this program, or its implications, and City Venture never ended up with that kind of power. The public sector never did hand over decision-making power.

Aspects of private control did occur in cities where CVC obtained contracts to set up and operate this or that program. It is evident from the site selection material in the case studies that CVC was always invited to a city. A city’s initial acceptance of
CVC may have led to an illusion of CVC’s strength, but it is an understatement to say that CVC was closely watched. Questions about CVC’s performance usually arose on the second round of contract negotiations; dissatisfaction was frequently expressed at this point, but contracts were often renewed if a separate BTC contract with CDC was still to be signed.

The reluctance of the public sector to turn over control of an area, and the desire of City Venture to have it in the first place, indicate some inherent differences. In practical terms, the goals of the two sectors differed. Corporations want to manage areas in order to make money; governments want to manage areas for the general good. The corporate model suggests the need to control extraneous factors and to concentrate closely on product development; government, in the interests of promoting the general welfare, often seeks to make extraneous issues explicit and discussable. This was thrown into sharpest relief in Minneapolis, where CVC may be said to have gotten ahead of itself. The issue was confused, however, since CVC’s statements about holism and partnership implied to many that CVC wanted the neighborhood to enter equally into the decision-making process. This generally did not occur, and part of the evolution of the model was that CVC became more fully explicit about its intentions for an area.

In summary, CVC’s initial concept was blurry: it was difficult for anyone to know just exactly what CVC would do and to whom exactly it was accountable. Initially it was not accountable, as many private sector operations are, to a group of expectant stockholders; therefore, CVC could take some risks and did not need to seek immediate profits. Yet profit was a long-term goal, though the statement that profits could be made in solving social problems seemed an impossibility more than once. In the operation of the model, changes were necessary in CVC’s approach, in its marketing, and in the response of the local community to its efforts. It is to a discussion of these changes that we now turn.

OPERATION OF THE CVC MODEL

In this section, we trace the evolution of the CVC model, the operational relationship between CVC and its partners, and the effects of its efforts on the neigh-
ornhoods. Many things changed in the way CVC did business after its inception, including the content of its programs, its organizational and management style, and its overarching philosophy.

In its later statements the CVC language of holism was dropped. A typical example stated that the corporation would “address the unmet needs of people who live in economically depressed communities” (City Venture Corporation n.d., p. 1) by developing a “network that will ensure the start-up and growth of small businesses, thereby increasing job opportunities for neighborhood residents” (City Venture Corporation n.d., p. 1). Urban design considerations disappeared first: plans after Minneapolis, Toledo, and Baltimore did not include them. Housing faded next: only in Toledo was any significant housing program undertaken. A proposal in Baltimore ran into competition with one already developed by the Park Heights Development Corporation. Finally, human services in a formal sense faded, even within project areas where programs had already begun, like Baltimore.

City Venture generally moved away from target neighborhoods to citywide programs. It might be said that with the exception of Toledo, CVC’s local project offices never had high visibility or great internal corporate decision-making power. Negotiations were most often conducted by representatives from CVC’s Minneapolis headquarters. Neighborhood offices did lend the area a certain legitimacy, however, and helped maintain rudimentary ties between CVC and its target neighborhood.

A variety of factors led to this change. Most local actors expected delivery on CVC’s many commitments: when few were delivered, CVC ran into criticism. Part of the problem was related to the initial CVC model, as articulated in the previous section. Early statements and proposals contained a degree of boasting. Claims were often simply seen as marketing ploys: to “solve” society’s unmet needs or to “create” 1,500 jobs in five years. For holism to be more than an assortment of programs and services it had to be stitched together by a master tailor into a larger fabric. This was the role CVC wanted and the role it never got.

The reasons why delivery fell short of goals and expectations are many and complex. The years in which the corporation operated included the worst recession since World War II, which inhibited the private sector’s propensity to invest and the
public sector's ability to continue certain programs. In Toledo, CVC extracted commitments from three locally based Fortune 500 corporations to create at least 200 jobs; two of the corporations later had to back out, saying they were fighting layoffs in their existing plants. CETA funding dried up around the country, and as a result, Fair Break programs suffered.

In addition, City Venture did not have the luxury of etching it's programs on an empty neighborhood slate. Conflicts with local and city organizations flared up almost immediately in Baltimore and Philadelphia, resulting in the eclipse of CVC housing programs, among others. Conflict occurred not only over competition for scarce resources and for program responsibility, but over simple input into the CVC process—the public policy issues mentioned above.

To the extent that CVC admitted to flaws in its initial model, it is an admission of the defects of that model combined with a dose of pragmatism. The model, in seeking too broad a role with too little accountability, was neither pragmatic nor workable as advertised. In some respects, CVC's blurring of public and private sector responsibilities was what provoked problems; statements made later were more forthrightly corporate. CVC became more open about the way it worked:

City Venture typically visits a City upon invitation from the Mayor, the Chairperson of the City Council, a leading community leader, or a corporate executive. After a series of visits, City Venture will have met with a broad spectrum of leaders from the city. After meeting the decision-makers from various segments of the community, City Venture will submit a formal proposal that addresses the area's needs. Key to the success of a City Venture project is the commitment, support and investment from the City, community groups and private sector.

(City Venture Corporation n.d., p. 3)

In this example, neighborhoods were to react to CVC's plans; they were not to plan with CVC. By dropping specific job targets and the holism talk and speaking more openly about its operations at the decision-making level, CVC limited the possibility of its being misconstrued. In particular, it became more certain that everything else followed from economic self-sufficiency, and thus job creation and small business development became even more important than before.
We can better expand on the points concerning CVC’s operations by examining the structural and functional relationships between CVC and the various actors included in the public-private partnerships. Being a partner implies different things to different actors, and in some situations even the notion of partnership is inappropriate. There is far more to the notion of partnerships than simply acting in concert, and there is much to be gained in looking at the complexity encountered by CVC—the outsider—when it entered a local situation.

First, let us look at CVC’s own role, or roles, which we might characterize as broker, catalyst, and planner. As a broker, CVC sought to magnify existing resources by putting the right resources, whether human or technical, to the problem: CVC’s own term was “private sector packager.” Most often, CVC was not able to act effectively in this way because of its limited local power base. Here again, Toledo is the exception. CVC was a better broker in Toledo because of the power and skill of the local project office and because of the degree of the local community’s receptivity to CVC. In other cases, CVC was less able to act in this way because of its limited local power base.

CVC often referred to its ability to match appropriate resources to specific problems, but in considering the evidence of the case studies, it is worth asking whether CVC’s plans were ever swayed by the source of money available or, rather, if the existence of certain resources determined their application. Some have thought this was the case with the Fair Break program, where CVC and CDC offered an alternative to local Comprehensive Employment and Training Act (CETA) programs and depended on CETA money. As we have observed, with the reduction of that money, the Fair Break programs lost precedence in CVC plans. It is also possible to think of this in a general way in regard to CVC’s contract fees. There appeared to be little relationship between the level of CVC service and the contract amount. It seemed that specific contract amounts were subject to local political variations and that, by the time of the second contract, CVC most often had to reduce its asking price.

CVC not only claimed to assemble available resources, but to leverage new private commitments. This is crucial, since what set CVC apart from local public purpose developers like the Philadelphia Industrial Development Commission, Baltimore
Economic Development Corporation, and Toledo Economic Planning Council, was its potential informal access to Fortune 500 firms. However, it was not markedly successful in attracting new business development.

As a planner, CVC had a varied role. Its Toledo plan was adopted as the neighborhood’s urban renewal plan. But in other cities, CVC plans were derived from previous local efforts. This made life difficult for CVC at times, because again, there were questions about its delivering what it promised.

Often, CVC plans indicated that the most appropriate solution to social problems were Control Data products and services. We alluded above to CVC being less a consortium in practice than on paper, and, in fact, its fortunes were very closely tied to Control Data’s. Why, then, was CVC a separate entity rather than a division of CDC, like Rural Venture? This issue concerned Control Data on one hand and the other stockholders in City Venture on the other. The relationship was actually a convenient one for Control Data. City Venture delivered Control Data into areas where it otherwise would not have been and found markets that Control Data otherwise would not have had. In addition, City Venture’s separate status emphasized its experimental nature, though it is debatable whether this was part of the original conception or a subsequent evolution. Regardless, in creating CVC as a separate entity, Control Data was not gambling with it’s prestige, as such, in seeking out these very different markets, and the separation helped protect Control Data from a certain amount of financial risk as well.

From a city’s perspective, CVC’s role was that of industrial real estate consultant. In exchange for its finder’s fee, or contract, CVC delivered CDC. This seemed to be the case in Baltimore, especially, and perhaps helps to explain why the city of Baltimore continued to negotiate a new contract with City Venture when it was so critical of CVC’s previous efforts. The pattern also held in Philadelphia, and to a lesser extent, Toledo.

CVC was, of course, much more than an industrial real estate consultant. Clearly, the ability to replicate programs like CVC’s must take into account Norris’s unique vision, as well as the backing of CDC’s products in promoting a holistic approach.
The holistic approach implied participation by the other stockholders. However, other members of City Venture rarely were much involved in its operations. There is little to suggest that they benefited from the venture in terms of access to new markets, and it now appears likely that it is very difficult, if not impossible, to forge a single initiative from a consortium, unless one member takes control, as CDC seems to have done. An exception is provided by Philadelphia’s Local Initiatives Support Corporation (LISC), where the consortium members were primarily fund-raisers and donors, and where the project was locally initiated by recognized local organizations. In the City Venture case, however, the level of stockholder financial commitment was not very high. The interest of most stockholders appears to have been in granting their names to lend prestige to the venture, and thereby receiving greater prestige themselves.

Let us be more specific on these points by looking at CVC’s relationship with other area actors. The early CVC proposals stressed making specific neighborhoods targets for economic development, thereby implying a relationship with the neighborhood organizations. Important policy questions arise here. Was there any way to work out an equal partnership between CVC and neighborhoods that have been on the bottom of the economic and political spectrum? Could they ever understand each other?

CVC’s preferred role was to see the neighborhoods as consumers of its services and as reactors to its proposals. Having a neighborhood as an equal partner was not one of CVC’s goals. It is important to note that all of the neighborhoods CVC entered were previously organized, with the exception of Minneapolis (where the Elliot Park organization only covered part of the project area and a coalition of organizations was formed after CVC arrived). (There are good reasons for stating that Benton Harbor was also disorganized at the city level.) In Toledo, Minneapolis, and Baltimore, the CVC projects followed other major downtown projects and entered local political climates where neighborhoods had been included in development projects. Where neighborhoods were not organized or were poorly organized, CVC attempted to do something about it. This effort backfired in Minneapolis, where the neighborhood coalition felt that there was no real partnership. But in Warren
Sherman in Toledo and West Parkside in Philadelphia, where neighborhood leaders eventually became CVC employees, the attitude was to get the jobs for the neighborhood first and ask procedural questions later.

Questions inevitably arose, and most vehemently from the neighborhood with the best prior organization and ability—Baltimore's Park Heights—where it was charged that the pace of CVC's implementation was slow; that the jobs created were not meaningful; and that CVC was attempting to duplicate local efforts in the areas of housing and human services. Though site selection of the neighborhood was not much of an issue except in Philadelphia, questions were raised in Toledo about making one neighborhood with limited local resources a development target when others were just as needy.

If, in terms of process, equality was not gained for the neighborhoods by CVC's presence, how successful was CVC in attracting investment into the areas? CVC itself was not a very great catalyst for investment, though it had somewhat greater success as a "catalyst for concern." Its greatest success, in Toledo, was thwarted by the state of the economy, though Owens-Illinois did proceed with construction of its box plant. In addition to getting jobs commitments in Toledo, CVC was also supported by the city's major bank and its energetic CEO. An effort to get this kind of support in Philadelphia and Charleston was thwarted. In Baltimore, Commercial Credit was a significant presence, though this company is, of course, a Control Data subsidiary. In Charleston, City Venture's plans triggered a great deal of interest in one of the city's worst neighborhoods, though the funding came primarily from the public sector. And one of the major reasons that the project did not continue in Benton Harbor was CVC's inability to convince the locally based Whirlpool Corporation to become involved.

On the other hand, in concert with the local public and quasi-public sector, CVC helped to remove many of the psychological, if not physical, barriers to development. To a city, City Venture represented a sizable expenditure on a given area of town and usually signaled further public and private investment for the area. In this sense, the neighborhood rose on the city's agenda and benefited not only from
increased capacity to further its own development, but also from greater visibility in city politics.

What about the quasi-public sector? These are the agencies with which CVC most often worked, and whether by design or by accident, the cities CVC operated in contain some of the most sophisticated development agencies in the country: the Baltimore Economic Development Corporation (BEDCO), Philadelphia Industrial Development Commission (PIDC), Port Authority of St. Paul, the old Minneapolis Housing and Redevelopment Authority, and the Toledo Economic Planning Council (TEPC). How much of CVC's success was affected by the presence of these public or quasi-public agencies who had the same general purpose it did?

These agencies made a great deal of difference. It is in these cities, especially, that CVC became something of an adjunct to a locally run project rather than the lead actor. The exception is perhaps Toledo, where TEPC was just getting started as CVC entered town. In the other cities, CVC ran into problems because of its hard sell and its implied denigration of local abilities.

One instructive conclusion is that CVC was perhaps more marketable and attractive in smaller size cities that had less well-developed planning, economic development, and social service agencies. Toledo and Charleston, for example, are much smaller than Philadelphia and Baltimore. In the larger cities, CVC was limited to its role as industrial real estate consultant.

We might summarize the discussion about partnership by questioning the term partnership itself: is it the right term to describe the way the various actors interacted, or is what we are looking at more along the lines of a traditional negotiated agreement? On one hand, partnership is apt: the initial function of the project advisory boards in getting a broad range of people to talk to each other; the attempt to package the resources of both the public and private sectors; and the obvious public relations value of the term for both the city, neighborhood, and CVC, are indicative of this point of view.

On the other hand, in operational terms, we have not witnessed so much a partnership as business as usual, which often requires negotiation to achieve a sort of consensus on the broad issues. If true partnerships may be said to have resulted
from CVC's efforts, they developed in specific programs—for example, where CVC and St. Vincent's Hospital worked to bring a health clinic to Warren Sherman or where CVC and the city of Benton Harbor worked out a Project Pride clean-up campaign. These small partnerships left lasting imprints on the neighborhood, which the consistent talk about partnerships in a large sense never did.

Stakeholder Analysis

In the City Venture partnership, each of the partners was also a stakeholder, with something to gain and something to lose if the project did not succeed. The financial burden was borne unevenly, partially by Control Data in its investment in the BTCs, but mostly by the city or other public entity that financed the CVC contracts. City Venture, itself, did not risk a large financial investment in order to leverage the other sources of funds. Nor was the corporation necessarily beholden to its stockholders to produce a profit from the venture. The cities had many options for investing their community and economic development funds; their risk in funding CVC was to gamble that this approach would be at least as successful as alternative investments would be. The target neighborhoods were at risk of losing valuable and scarce public investment if CVC’s programs did not produce concrete benefits for the neighborhood.

In return for these risks, each of the stakeholders had goals that it hoped to achieve by participating in the partnership. Figure 10.1 illustrates the primary goals of each stakeholder. Strong similarities are apparent between CVC’s and CDC’s goals, belying the supposedly distant relationship between CVC and its parent corporation. CVC wished to prove that social investment could be profitable and to successfully market its tools of economic development. Since the tools that it was marketing were primarily Control Data products, CVC’s goals for profit and marketing are directly correlated to CDC’s goals for profit and marketing. For example, CDC was in the business of building BTCs, with or without City Venture’s assistance. CVC’s strategy involved getting the city to buy the BTC by financing its construction (or renovation) using Urban Development Action Grant (UDAG), industrial bond, or other industrial
development monies. Similarly, CVC sold PLATO to cities as part of the job training package, using CETA or Jobs Training Partnership Act funds to pay the costs.

To the extent that CVC marketed concrete products, it succeeded fairly well, although any profits from the sale of BTCs or PLATO software went directly to CDC rather than CVC. However, when CVC stepped into the arena of holistic planning, which is program-oriented rather than product-oriented, the flaw in the CVC concept became quite evident. CVC claimed that it had the critical management skill to orchestrate a comprehensive community revitalization plan. That claim was grounded in the diverse consortium membership that stood behind CVC and in William Norris's philosophy that private enterprise was equally or more capable than the public sector in addressing social issues. Neither footing proved to be very firm: the consortium membership, other than CDC, played no active role in the CVC projects.
other than providing the initial capitalization. The success of each project depended on the expertise of the local staff.

The concept and model proposed by CVC demanded that CVC become integrated into the local power structure and gain legitimacy within it. Perhaps CVC underestimated the difficulty of achieving this goal, particularly in the larger cities. William Norris could easily gain an entree into the CEO power structure, but the onus of working within that structure fell on the shoulders of the project staff. The requirement that local staff clear their decisions with the Minneapolis home office further diminished the project staff’s ability to operate. Thus, the much touted superior expertise of the private sector was inhibited by being inexperienced in operating in the public, political arena.

The goals brought to the partnership by the city and the neighborhood were similarly related in that the neighborhood was the beneficiary of the city’s goodwill. The partnership with City Venture did not require that the city modify its community development goals, it merely changed the means of attaining them. As outlined in Figure 10.1, the city’s goals were to invest in high risk areas, affect disadvantaged city residents positively, and in the process, create a degree of neighborhood trust and involvement. The target neighborhood participated in this effort in pursuit of its own goals: jobs, job training, and an improved physical environment.

Both stakeholders had a range of other means available for pursuing these goals. Accepting CVC as a partner in this effort meant acknowledging that CVC brought something unique or useful to the local situation. In most cases, the most desirable aspect of CVC was CDC, the parent corporation and a Fortune 500 company with a reputation for building business incubators and other job-producing enterprises in disadvantaged neighborhoods. Beyond this, CVC’s holistic program raised eyebrows or created conflict, but nowhere was it perceived as the primary objective in inviting CVC to the city. The greater the overlap with existing programs, the greater the conflict, as in Baltimore. By contrast, the more empty the slate, the more successfully could CVC graft its program to the local scene, as in Toledo and Charleston.
SUMMARY AND CONCLUSION

City Venture abandoned its pursuit of a holistic method of improving neighborhood economic development and human services delivery. This was to have been a significantly new private sector approach to urban revitalization. Why was it set aside? Was there a problem with the initial concept or did factors external to CVC inevitably alter its approach?

To these essential questions, the answer appears to be: Though a worthy ideal, holism was unworkable as advertised by CVC when exposed to reality. Why?

Originally, CVC sought to develop the “climate of employability” by surrounding neighborhood residents with a variety of job-creation and job-retention programs. Holism, in this sense, was dropped as City Venture sought to work more strictly in the area of economic development. In addition, there was an apparent move away from making specific neighborhoods targets for development to operating in the city at large. The reasons for these changes are many and complex.

There were operational problems with the model itself. Much of the rhetoric turns on the private sector’s better management skills, but City Venture did not demonstrate greater skills than the public sector. The model also required wide-ranging control over an area’s funding and development rights, which were never granted to CVC. Finally, the model rested, to an extent, on a consortium approach to development, but, in practice, only Control Data was active in CVC efforts. That relationship had been helpful to CDC, but tended to narrow CVC’s range of offerings.

In practice, the model ran into trouble partly because CVC was so good at marketing it. Local actors quickly found that CVC had difficulty translating strategic goals into specific programs. CVC’s local project directors found the expectations raised by corporate promises difficult to fulfill. These were crucial problems, since CVC found that its programs strongly depended on local cooperation. Public and private sector timetables often differed. CVC programs often duplicated local efforts. Public-private partnerships as conceived on a large scale thus became less important than the small partnerships that were formed to solve specific problems.

Ultimately, the decision about whether CVC was worthwhile was a local political decision that hinged on context as well as performance and other factors, such as
whether a Control Data plant followed in City Venture's wake. The assessment of worth required a time frame longer than contract arrangements and longer than the political process was accustomed to dealing with when evaluating a program. In Charleston, where CVC presented minimal overlap with existing programs, the city agreed that it got more than its money's worth, and despite the million-dollar price tag for the CVC contracts, it was cheaper than hiring city personnel to accomplish the same tasks. In more highly segmented settings, where the community was more complex both politically and administratively, it is questionable whether an outside entity like CVC could ever have orchestrated a local partnership more effectively than the local actors themselves.
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