

reproduce itself.

Banking can take many forms, as this case shows. New resources and self-sustaining wealth creation should be a role of any bank. This technique is not just for developing nations. For example, tool banks have been very useful in helping former homeless people get back on their feet by doing local repairs and so forth.

Source: Based on information from Don Benson, business staff reporter, Inland Empire newspaper *The Business Press*, November 15, 1999.

Box 9.1

Example 9.3: Mobile Entrepreneurs: Portland Food Carts*

"Street food" is an urban industry that has thrived because of rather in spite of the Great Recession. Benefitting from lower overhead costs and greater flexibility than that of a restaurant, food carts have been an emerging sector in cities across the country. With hundreds of food carts and strong city policy support, Portland, Oregon is a leader in this mobile entrepreneurship movement that creates jobs, public revenues from business licenses and sales taxes, and demand for supplies often locally provided. Many food truck operators hope ultimately to open up brick-and-mortar businesses when they accumulate the necessary start-up capital.

In Portland, many of the food carts operate in "pods" of several carts clustered together in open spaces, especially along the edges of surface lots and vacant parcels. As of December 2010, Portland was home to 25 of these pods, one of which had 30 carts. Planners have welcomed this arrangement as a way to activate public space. Food carts generate pedestrian activity and encourage interaction among customers in common outdoor spaces. Like other forms of street vending, food carts provide viable temporary use of land that that may ultimately have more permanent development when economic conditions are more favorable. Food carts

parcel of land had been slated for condo development prior to the recession. Goldingay built a market center instead and included a 10,000-square-foot lot specifically designed to accommodate 10 food carts, covered seating, electrical outlets, and recycling bins.

A study of Portland street food found that food carts benefitted local economic development because they fostered entrepreneurship and micro-enterprise, street vitality, and social interaction among consumers. Commissioned by the Portland Bureau of Planning and conducted by graduate urban planning students at Portland State University, the study found Portland's food carts provide an important opportunity for immigrants to become entrepreneurs, as roughly half of the street vendors surveyed were born outside the country. Citing the desires to be independent, to eventually open up a restaurant, to be a cook, and to have a flexible schedule, food cart operators were found to enjoy their trade and the relationship they have with customers.

Among the 78 vendors surveyed in the study, 63% agreed that street vending was a good way to earn a living to support themselves and their families. According to the study, start-up costs for a high-end food cart are less than half that of a small brick-and-mortar business with a single employee. While there are lower barriers to entry for food cart entrepreneurs starting a business, finding financial and other assistance to do so still proved to be a challenge for many vendors. Only 18% of vendors surveyed received any job training for their venture. About half of the food cart owners obtained start-up capital from family members and from their own savings. Eight percent utilized a home equity loan, and only 2% received financial assistance from an outside organization. Many never pursued bank financing. This suggests a role for community economic developers if there is a desire to grow the industry.

Another Portland State University study, "Food Carts as Retail Real Estate," assessed the impact of food carts on local economic development. In 2010, 461 licensed food carts paid an average monthly rent of between \$300 and \$550, accounting for combined yearly rents of between \$2 and \$3 million dollars. Food cart operators spend between 13 and 14% of their revenues on rent. Much of this rent revenue benefits private property owners, as food carts often occupy private land. The study made rather wide-ranging estimates for job creation—between

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500 and 1,800 local jobs—and total sale revenues of between \$14 and \$23 million.

While some restaurant owners believe the nearby presence of food carts can help business by increasing area foot traffic, others are concerned they have a negative effect on their business. Citing fewer government regulations and lower permit fees and overhead costs, many brick-and-mortar restaurant owners view food carts as unfair competition, cannibalizing business from restaurants. The Oregon Restaurant Association states that carts should be categorized as restaurants and be subject to the same fees. Because food carts are technically mobile vehicles, permit holders do not pay personal property taxes on kitchen equipment like restaurants do. When business is bad in one area, cart owners may be able to relocate to a new area.

On the other hand, food cart business is subject to weather conditions, as 65% of food cart patrons walk to make their purchases from the carts. Further, the food cart customer base is also more vulnerable, as the carts do not have fixed, permanent locations. Finding a location for their business can be a key challenge for food cart operators.

While street food vendors have always operated in various cities across the country that allowed their activity, urban food carts are emerging as a significant new economic development in entrepreneurship. The food carts provide an eclectic range of choices in a retail food economy dominated by chains and brand names. Consequently, they can contribute to locality development and a community's sense of place.

*Research assistance by Patrick Terranova.

Box 9.1

Example 9.4: Determination Helped Snatch This Town From the Jaws of Economic Death

Cuba, Mo.—The metallic brown Ford van came barreling down the gravel road, kicking clouds of dust toward the overcast sky, its horn beating out a rhythmic warning sound.

"Oh, my gracious," said Dennis Roedemeier, president of the Industrial Development Board of this little Missouri town, "something's gone wrong."

As the van came skidding to a halt, grim-faced Mayor Ray Mortimeyer leaned out of the window and said, "We've lost the grant."

"What went wrong?" Roedemeier asked. Even as he asked, he knew nothing had gone wrong, because the mayor could not contain himself any longer and broke into a broad grin, extending his beefy hand in hearty congratulations.



and many aim at attracting tourists willing to pay more to "sustain" the natural environment. Local officials have the responsibility of finding a way to do it rather than a reason for not doing it. Recognizing this, a local government should develop alternative mixes of public and private resources, combined with incentives, to achieve its objectives. Similarly, community groups cannot take "no" for an answer. They must also develop a strong blend of existing and new resources to meet their goals. The examples in Box 8.1 and the following teaching cases represent means by which a community can use its civic assets.

Box 8.1 Example 8.1: Building on the Past

The Le Droit neighborhood is an excellent example of a community that had good assets but suffered from bad perceptions as well as the non-supportive actions of its large university neighbor.

The 135-year-old Le Droit neighborhood is in the northeast section of Washington, D.C., on the major arterial traffic route that connects the capital with Maryland. It is an area with a rich history, remarkable physical attributes, and what could have been—and ultimately has become—the significant asset of Howard University. The largest historically Black university in the country, with 11,000 students and almost 6,000 staff, Howard University includes a major teaching hospital complex, easy access to the central city, and nearby attractions such as the Smithsonian Air and Space Museum and the National Gallery of Art.

Le Droit is strategically located with more than 60,000 vehicle trips per day passing through the area. Another important asset is the McMillan Reservoir, designed by Frederick Law Olmsted, Jr. The reservoir represented a significant opportunity for a community park of several hundred acres. In addition, the community possesses some of the most magnificent post-Civil War historic architecture in the nation.

Like many areas, after the riots of the 1960s, both White and Black middle-class residents abandoned this area. In the 1970s, drug dealers moved in and the area gained a reputation for crime, drug dealing, and

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g museums and art galleries to operate motion picture these services are frequently ways for communities to them into money-making

izations have used a number r themselves. Local govern- eurs who run them as com- . addition, as communities discover that tourist services is and similar activities are ces, however. For example.

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prostitution. As a result, Howard University took the defensive strategy of closing off its campus. It also began a campaign of land banking for expansion purposes. In so doing, dozens of home and vacant lots were purchased, boarded up, and left to deteriorate (French, 2004). The Le Droit community, consequently, did not feel that Howard University was a good neighbor.

Le Droit's fortunes began to change in the mid-1990s when a new president came to Howard University. French (2004) writes, "On a tour of the neighborhood, [H. Patrick Swygert] was appalled by the degree of deterioration that had taken place since his days as a student in the 1960s" (p. 110). The first step the university took to turn around the Le Droit neighborhood was to move a number of university entities into vacant buildings on the main commercial street, Georgia Avenue, near the campus. These included the technology center, the bookstore, the Howard Community Association, and a new visitor center (French, 2004).

This step turned out to be the first phase of what has become a four-phase strategy of redevelopment in which the university has engaged. Along the way, it has developed significant partnerships to realize its goals, including those with the District government, community groups, and Fannie Mae, which developed low-interest home and business loans. In Phase 2, homeownership opportunities were created from converting 29 boarded-up properties and 17 vacant lots. By the end of Phase 3, a total of 45 homes had been constructed or rehabilitated, and these are owned by Howard University employees, public school teachers, and members of the community, as well as municipal firefighters and police. Significant infrastructure improvements have been made in Phase 3, including "street resurfacing, installation of new street lighting, bricking of sidewalks, tree planting and traffic calming measures undertaken by the City with \$5 million in federal grants awarded to the University" (Swygert, 2008, p. 2). Phase 4 of The Le Droit Park Initiative is an ambitious mixed-use project of nearly half a million square feet that was scheduled to start in 2008. This project was projected to include 300 market-rate rental residential units with parking, and 70,000 square feet for retail uses, including a 35,000-square-foot grocery store.

Howard University's Le Droit Revitalization Initiative has won national recognition for its successful redevelopment, along with 11 national awards (French, 2004).

Sources: French, Desiree. 2000. Hassan Minor, Community Builders Profile. *Urban Land*, July 2004; *Le Droit Neighborhood*, Washington, D.C. (2000); Swygert, H. Patrick letter to Howard University Community, May 21, 2008. Accessed December 10, 2008 from <http://whygentrify.wordpress.com/page/2/>.

The Milwaukee Jobs Initiative

Five years of better jobs in the Milwaukee metropolitan area

The Milwaukee Jobs Initiative (MJl) is an eight-year project funded by the Annie E. Casey Foundation and supported by local and state matching funds. MJl brings together business (through the Greater Milwaukee Committee), labor (through the Milwaukee County Labor Council, the Wisconsin State AFL-CIO, and union locals), and the community (through local human services providers and community-based organizations) to connect qualified central-city residents to family-sustaining jobs.

MJl has helped Milwaukee-area employers and unions to create "sectoral" partnerships in manufacturing, hospitality, printing, health care, construction, utilities, and telecommunications. Together, these sectors represent an overwhelming share of the regional labor market. And through its local partner, the Wisconsin Regional Training Partnership (WRTP), MJl hopes to extend its reach into at least three new industry sectors in the next two years.

The sectoral partnerships are unique because they operate on both sides of the labor market — aiding employers that need qualified workers, and providing support for workers, or would-be workers, who need jobs. Employers learn how to better train workers, reduce costly turnover, and increase productivity. Workers develop the skills they need to do the job, keep the job, and move up in the job.

These partnerships are also important because they allow employers to pool information, address industry-wide problems, and develop new programs for recruiting and training workers — all on a scale that one-to-one "job brokering" relationships cannot match. Too often, industry leadership is what's missing in workforce development projects — and yet it is the critical link in making connections to long-lasting, family-sustaining jobs.

At the same time, MJl has established close ties with community and volunteer organizations that share our vision: enabling whole families to thrive in work and life. These organizations assist with recruitment and referral of job seekers, career counseling, adult basic education, pre-employment work-readiness preparation, post-employment retention, and supports to enhance family stability and economic achievement.

December 2002

The Center on Wisconsin Strategy

University of Wisconsin-Madison
1180 Observatory Drive, Room 7122
Madison, WI 53706

TEL: 608.263.3889
FAX: 608.262.9046
E-MAIL: cows-info@cows.org

WEBSITE: www.cows.org

The Center on Wisconsin Strategy

MJI's approach has been a proven success. Since 1997, its programs have provided training, placement, and consulting services to nearly 200 Milwaukee-area firms. These services have helped employers to recruit and retain workers and to upgrade employees' skills. By enabling firms to replace temporary jobs with full-time, permanent positions, MJI has helped employers to reduce the costs associated with using for-profit temp agencies. At the same time, for each worker trained by MJI, firms have matched the public/MJI investment with an equivalent in-kind investment in on-the-job training.

Many area workers have benefited too. So far, MJI has placed more than 1,500 community residents in full-time jobs, at an average starting wage of \$10.65 per hour. All MJI jobs offer access to family health benefits; only 35 percent of participants had received health benefits at their previous jobs. Of all MJI placements, nearly three quarters were still working after a year, nearly half of them in the same or a better job. The overwhelming majority of placed participants were people of color.

In addition, through the WRTP and the YMCA of Greater Milwaukee, we have helped to create a full-service Workforce Training Center, which provides on-site training, career assessment, links to job openings, and supportive services to workers and firms.

By changing the very ground rules that govern Milwaukee's workforce development system, MJI has produced positive labor-market outcomes for employers and employees. As the MJI model shows, it is possible to create a system in which all players — business, labor, community — can succeed. With a long-term investment from the public and private sectors, we can extend this model — not only in Milwaukee but in other struggling communities as well.

STRATEGY 2
**Stimulate Trade
through Cultural
Tourism**

Brand Identity in a Rural Town

***Lanesboro Art Council
and the Town of Lanesboro, Minnesota***

www.lanesboroartcouncil.org
www.lanesboro.com

The Setting

Lanesboro, population 788, is nestled in the Root River Valley of southeastern Minnesota. It lies at the foot of dramatic river bluffs and among tree-covered rolling hills uncharacteristic of the Midwest. Lanesboro is an hour southeast of Rochester (home of the Mayo Clinic), over two hours south of Minneapolis–Saint Paul, and three hours from Madison, Wisconsin. In 1886, it was the end of the line for the Southeastern Minnesota Railroad Company, connecting the area's farms with urban markets and a destination for tourists seeking a rural retreat. According to town historian Don Ward, Buffalo Bill Cody, a frequent visitor to the town, produced his first Wild West Show in Lanesboro. The town's early efforts at tourism had a short life, but other industries did well. It once boasted four flour mills and a canning factory, the last of which closed in 1920. The town's population peaked then at around 1,500 but reached a low of 600 after World War II. Agriculture declined, beginning in the 1960s, and the last train left in 1979. Arriving in Lanesboro feels like stepping back in time.

Organization Type/Description

Lanesboro Art Council is a nonprofit membership organization founded in 1981 to sponsor Art in the Park and other music and arts events. It owns the St. Mane Theater, which has housed the Commonwealth Theatre Company since 1989.

The Town of Lanesboro was organized in 1868. A five-member city council, including the mayor, governs affairs for the town. Lanesboro also has a full-time city clerk/administrator.

Lanesboro has a compact and well-defined downtown, much of which has been designated a National Historic District, and there is an active Heritage Preservation Commission.

Mission or Statement of Purpose

A comprehensive city plan, adopted in 1998, calls for "The City of Lanesboro [to be] a place that should be a walking and biking friendly town." In addition to preserving its historic feel and pedestrian qualities, the community diligently maintains exemplary parks, playgrounds, softball fields, a

skateboard park, a bass fishing pond, a historic footbridge, and a community center with a 4,300-square-foot auditorium/gymnasium and 1,500-square-foot meeting and function room. These and other amenities both improve the quality of life for local residents and welcome visitors.

Goals and Strategies

Long in decline, the community saw new prospects for itself in the 1980s. Local leaders, aware that change would come, examined the assets that could attract people to Lanesboro, and devised a strategy to build upon the town's historic charm and natural beauty and its friendly small-town feeling. The Lanesboro Art Council and Town of Lanesboro, together with the Lanesboro Area Chamber of Commerce, continue to work closely with business, cultural, and civic groups. The chamber's widely shared goals include the following:

- Advance the civic, commercial, industrial, cultural, environmental, and recreational interests of Lanesboro and its residents
- Ensure cooperation among Lanesboro area businesses and community organizations
- Retain, expand, and develop beneficial area businesses
- Promote Lanesboro as the best place to live, learn, work, visit, and operate a business

General Description of Activities

While locals and a few adventuresome tourists knew of Lanesboro's remote charm, the transformation of the abandoned rail line to a bicycling and walking trail in the 1980s set off the town's revival. The Root River State Trail System—more than sixty miles of paved surface through spectacular bluffs and countryside—quickly became one of the Upper Midwest's most popular recreational trails. The opening of the first bed-and-breakfast, "Mrs. B's," which boasted a five-star chef, was followed by another bed-and-breakfast in a Victorian house with a restaurant serving French cuisine.

The Lanesboro Art Council bought the St. Mane, an old theater space on the virtually abandoned main street, for \$5,000 in the 1980s. At first, the council produced community events there on a voluntary basis. When the trail system began attracting more tourists, the council convinced Eric Bunge, a native of the community who had gone to graduate school in Denver, to return and start a theater company. This company, the nonprofit, professional Commonwealth Theatre Company, describes itself as a collective of artists and administrators who value community, diversity, learning, and artistic integrity.

Snapshot

Town of Lanesboro and Lanesboro Art Council

Setting

- Small rural town, with 800 residents
- Population and commercial decline since the 1940s

Community Assets

- Natural beauty and outdoor recreation opportunities
- Vacant but unblemished historic downtown
- Active artist groups
- Friendly people, culinary talents

Strategies

- Reinforce and validate community identity
- Advertise community assets to increase tourism
- Cultivate growing artistic community
- Actively recruit creative workforce

Outcomes

- Increased tourism trade
- Restoration and re-occupation of downtown storefronts
- Expansion of theater and art center
- Increased investment in real estate and business improvement

The current leadership of Lanesboro knows the value in a visitor's experience of the town. The town recognizes that the strongest marketing tool by far is word-of-mouth.

—Hal Cropp,
Commonweal Theatre⁴³

The theater, together with other arts groups, added to Lanesboro's revival. Commonweal began in 1989 with an eleven-week summer season. Word-of-mouth and hard work built a widespread audience, and; by 2004, it operated an eleven-month season with a full-time staff and eight hundred subscribers—more than the entire population of the town. One-third of the audience is local, one-third from within a sixty-mile radius, and the final third from cities two and three hours away. For visitors, a trip to the theater is accompanied by a wonderful dining experience and perhaps a bike ride or walk along the scenic Root River.

Cornucopia Art Center opened in 1994 as a nonprofit to “serve as a catalyst for artistic and educational development in southeastern Minnesota and the Upper Midwest, provide meaningful opportunities for people of all ages, and contribute to the cultural vitality of the community where art nourishes both body and soul.” From its prominent location on the town's main street, the art center offers exhibits and gallery sales of some of the area's best-known artists. Its National Artist in Residence Program brings four to six artists to Lanesboro annually to make new work and engage the community in the creative process. Top-notch, visionary artists and arts administrators live and work in this lovely corner of Minnesota where they are warmly embraced.

By 2000, Lanesboro leaders—key among them the Lanesboro Art Council—had arrived at a strategy and “brand identity” for their community, realizing it was the aesthetics of the natural environment coupled with hospitality and a panoply of arts activities that would be ingredients for success. They began advertising the rich amenities of a city in a rural town. Along with scenic biking, canoeing, horseback riding, golf, tennis, and hiking, visitors can enjoy theater, art, music, fine cuisine, and accommodations. In 2004, Lanesboro was home to *seven* five-star chefs, making it as much a destination for the culinary arts as the theater and visual arts. In addition, the historic downtown had never been disturbed or updated, which allowed gradual and careful restoration to maintain its nineteenth-century charm.

Lanesboro leaders, aware of the town's assets, became sophisticated in leveraging them, supporting a music festival, summer concerts, a farmers market, and an art-in-the-park program. They brought high-speed Internet access to town and began advertising for visual and performing artists, musicians, writers, and other self-employed creative people who would enjoy living and working in a beautiful small town.

Assets Employed

- Tradition of hospitality and entrepreneurship
- Infrastructure for small inns and restaurants
- Natural beauty and remote feel of the valley
- Untouched historic town center and homes
- Options for outdoor recreation
- A view of the arts as partners in economic development
- Small arts organizations with visionary and persistent leadership
- Community leadership receptive to change, yet clear on aesthetic and community values
- Resident artists and craftspeople seeking broader markets
- Clarity and unity of community self-image

Direct Outcomes

- More than \$1.2 million spent in the community by tourists attending Commonwealth Theatre since 1989
- Sales of area artists work through Cornucopia generating \$12,000 per month
- Increase in the number of tourist beds from 20 in 1989 to 176 in 2004
- Summer camping facilities accommodating bicyclists and canoeists
- More than \$200,000 in annual box office revenue for the theater company
- Thirty-eight of forty downtown storefronts in full use by 2004 compared with thirty-eight of forty downtown storefronts vacant in the mid-1980s

Indirect and Potential Impacts

- Burgeoning investment in real estate and business improvements
- A \$3.5 million facility planned for Commonwealth Theatre, increasing capacity from 126 to 178 seats (a sizeable increase for a small theater).
- A proposed expansion for Cornucopia, including artist housing, retail and exhibition space, and education facilities



Commonwealth Theatre's production of *The Importance of Being Earnest*.