



NEIGHBORHOOD FUNDERS GROUP

*Grantmakers Supporting Community Change*

# Community Benefits Agreements: Ensuring That Urban Redevelopment Benefits Everyone

By Greg LeRoy  
Anna Purinton

August 2005

## Board of Directors

### **Robert Jaquay, Co-Chair**

The George Gund Foundation

### **Maria Mottola, Co-Chair**

New York Foundation

### **Peter Beard**

Fannie Mae Foundation

### **Shari Berenbach**

Calvert Social Investment Fund

### **John Colborn**

The Ford Foundation

### **Christine Doby**

Charles Stewart Mott Foundation

### **Pamela George**

The Cleveland Foundation

### **Mary Mountcastle**

Mary Reynolds Babcock Foundation

### **Victor Quintana**

Unitarian Universalist Veatch Program

### **Frank Sanchez**

The Needmor Fund

### **Marion Standish**

The California Endowment

### **Martha Toll**

Butler Family Fund

### **Chantel Walker**

Marguerite Casey Foundation

### **Sherece West**

The Annie E. Casey Foundation

### **Teri Yeager**

William Randolph Hearst Foundation

## Issue Brief Committee

### **John Weiler, chair**

F.B. Heron Foundation

### **John Colborn**

Ford Foundation

### **Christine Doby**

Charles Stewart Mott Foundation

### **Regina McGraw**

Wieboldt Foundation

### **Victor Quintana**

Unitarian Universalist Veatch Program

### **Chantel Walker**

Marguerite Casey Foundation

## Mission

Neighborhood Funders Group is a membership association of grant-making institutions. Our mission is to strengthen the capacity of organized philanthropy to understand and support community-based efforts to organize and improve the economic and social fabric of low-income urban neighborhoods and rural communities. We provide information, learning opportunities and other professional development activities to our national membership, and encourage the support of policies and practices that advance economic and social justice.

## Issue Briefs

Periodically, NFG board and staff members put together issue briefs to examine emerging issues and strategies of concern to funders. These briefs are written specifically for funders working to expand support of efforts to strengthen rural and urban communities.

## Co-Authors

Greg LeRoy is executive director and Anna Purinton is a research analyst at Good Jobs First ([www.goodjobsfirst.org](http://www.goodjobsfirst.org)), a nonprofit, nonpartisan resource center that promotes accountability in economic development and smart growth for working families. With more than 20 years' experience on jobs issues, LeRoy is an expert on state and local economic development subsidies and on sprawl and smart growth. He is the author of two books, *No More Candy Store: States and Cities Making Job Subsidies Accountable* (1994), and *The Great American Jobs Scam: Corporate Tax Dodging and the Myth of Job Creation* (2005).

Purinton is a graduate of Brown University, where she wrote her senior thesis on the living wage movement and how groups like the Los Angeles Alliance for a New Economy have expanded that concept into economic development campaigns such as Community Benefits Agreements.

## Staff

**Spence Limbocker**, Executive Director

**Bettye Brentley**, Associate Director

**Malena Malone**, Operations and Membership Manager

This and other publications may be ordered or downloaded from the Neighborhood Funders Group Web site at [www.nfg.org](http://www.nfg.org).

**Contents copyright 2005 by the Neighborhood Funders Group**

# **Community Benefits Agreements: Ensuring That Urban Redevelopment Benefits Everyone**

by  
Greg LeRoy  
Anna Purinton

August 2005

## **Table of Contents**

Executive Summary . . . . .	3
I. What are Community Benefits Agreements (CBAs)? . . . . .	5
II. CBAs Echo Many Organizing Histories . . . . .	6
Case Study #1: Los Angeles Staples Center Expansion . . . . .	6
Case Study #2: Denver’s Gates Rubber Project . . . . .	9
Case Study #3: Milwaukee’s Park East . . . . .	12
III. Why Are CBAs So Critical Now? . . . . .	17
IV. The Community Benefits Framework: A Powerful Emerging Tool .	18
V. Efforts to Grow the CBA Infrastructure . . . . .	20
VI. Funders’ Perspectives: The Solidago and Rockefeller Foundations .	21
VII. Opportunities and Challenges for Funders . . . . .	23

# Executive Summary

This policy brief explores an important new economic development reform—Community Benefits Agreements or CBAs—and its implications for funders. Because CBAs cut across such a broad range of issues—including living wages and workforce development, community and economic development, affordable housing, smart growth and livability, and environmental protection—they merit the attention of both local and national funders.

CBAs are legally binding contracts between two private parties—developers and community-labor coalitions—to ensure that major development projects benefit local community residents. Common elements of CBAs include first source hiring, living wages and affordable housing assistance. However, CBAs to date have included many other kinds of community benefits, such as open space and environmental improvements, neighborhood priorities such as child care centers—even rental space preference for local merchants. This breadth of outcomes reflects how flexible and adaptable CBAs can be for different kinds of projects and communities.

Grassroots coalitions seeking CBAs intervene early in the development process, when developers are seeking permits, zoning changes and subsidies from government agencies. The coalitions gain leverage by withholding their support for the approval of such rights and subsidies until they achieve a satisfactory agreement with the developer.

CBAs were pioneered by the Los Angeles Alliance for a New Economy (LAANE), and are an outgrowth of LAANE’s successful living wage work. We describe one of LAANE’s largest victories—the expansion of the Staples Center sports arena complex—and its outcomes to date. We also profile CBA campaigns in Denver and Milwaukee. These efforts, involving such disparate projects as redeveloping a large brown-field and reusing land freed up by the demolition of two massive freeway ramps, demonstrate the flexibility of the Community Benefits framework.

CBAs represent a significant evolutionary development in two root concepts of grassroots organizing: 1) targeting employers slated to receive economic development subsidies or other government monies for specific local benefits such as jobs; and 2) community-based unionism, in which organized labor supports efforts outside the immediate domain of the workplace and the collective bargaining agreement. Both concepts have their roots in America’s labor, community and civil rights organizing movements dating back to at least the 1930s.

In response to the attention CBAs have started to attract, some developers appear to be trying to dilute or co-opt the way they are defined. Indeed, at least one savvy developer is reportedly using the CBA concept to peel off part of a community base, reach an agreement with it, and use that (partial) community support as leverage in seeking regulatory approval for a deal. In this respect, CBAs are likely to provoke

*Because CBAs cut across such a broad range of issues—including living wages and workforce development, community and economic development, affordable housing, smart growth and livability, and environmental protection—they merit the attention of both local and national funders.*

the same kind of response urban coalitions often get from developers: attempts to “divide and conquer” by offering benefits to selected constituencies while excluding others. Hence a key challenge to activists and their funders is to pursue a CBA organizing style that is both inclusionary and resilient.

Offsetting the risk that CBAs will become diluted or co-opted is an exciting countervailing trend: the emerging use of community benefits demands as a tool against big-box retail projects such as Wal-Mart, which threaten to disrupt community character, harm existing merchants and undermine good jobs. More than just opposing a particular controversial company, these demands reframe the debate about retail jobs and the “low road” form of development that plagues too many urban labor markets by presenting a positive alternative vision of economic development.

Finally, CBAs are properly considered to be the project-specific version of smart growth. They typically embody the core principles of smart growth such as mixed use, transit-accessible jobs, affordable housing and reuse of contaminated land. By adding community-specific enhancements such as local hiring, living wages and other locally determined benefits (e.g., day care centers or health care clinics), they serve to make cities livable again for low- and moderate-income families. Many environmentalists agree that making cities livable again is the key to alleviating hyper-consumption of land at the urban fringe. For all of these reasons, CBAs merit attention from local and national funders who support strategies for urban revitalization and poverty reduction. In addition to winning substantive benefits for local residents, CBAs have powerful long-term implications for building stronger regional alliances among grantees, which have historically tended to stay within their own traditional issue “silos.”

*By adding community-specific enhancements such as local hiring, living wages and other locally determined benefits, they serve to make cities livable again for low- and moderate-income families, which many environmentalists agree is the key to alleviating hyper-consumption of land at the urban fringe.*

# I. What Are Community Benefits Agreements (CBAs)?

A Community Benefits Agreement (CBA) is a legally binding contract between two private-sector parties—a developer and a community-labor coalition—to ensure that an economic development project benefits local community residents.

This contract is negotiated between the developer and the coalition after the coalition has surveyed community needs, examined the scope of the proposed project and determined how the project could best meet the needs of the community. After the developer and the coalition sign the CBA, the coalition, as a condition of the agreement, supports the developer’s application for permits, zoning changes and/or economic development subsidies from local government for the project. When the developer negotiates a redevelopment agreement with the local government, the CBA is appended to that agreement as well, making it legally enforceable by the locality as well as the coalition.

CBAs always focus on jobs issues, so they typically include provisions for first source hiring to give local residents the first chance to qualify for new jobs brought about by the development. CBAs also focus on job *quality*, so they include requirements that many of the jobs pay a certain wage level and provide healthcare. These job quality standards may be tied to a local living wage ordinance.

If the project will demolish housing or otherwise create housing needs, a CBA may include a provision whereby the developer creates affordable housing, either within the project or through support for a local affordable housing corporation.

CBAs may also include a requirement that the developer include space for services that the community deems necessary, such as a day care center or a healthcare clinic. It may include a provision to increase the likelihood that local merchants—rather than national retail chains—occupy rented retail space. CBAs may also include public space and environmental benefits, such as money for purchasing or improving parks, traffic management, restrictions on truck idling—even roofing designs to reduce “heat island” effects.

*CBAs always focus on jobs issues, so they typically include provisions for first source hiring to give local residents the first chance to qualify for new jobs brought about by the development. CBAs also focus on job quality, so they include requirements that many of the jobs pay a certain wage level and provide healthcare.*

## II. CBAs Echo Many Organizing Histories

CBAs have many historical precursors and speak to many enduring causes. For example, the March on Washington movement during World War II targeted the discriminatory hiring practices of defense contractors. Saul Alinsky, who founded the Industrial Areas Foundation and trained many community organizers, waged one of his best-known campaigns against Kodak in Rochester, N.Y., in the late 1960s, seeking local hiring for city residents. Chicago community groups affiliated with the National Training and Information Center targeted taxpayer-subsidized companies for jobs in the 1970s. CBAs are also an offshoot of the living wage movement that was born in the late 1980s and took off by the mid-1990s.

CBAs are similar to Project Labor Agreements, a device that building trades unions have long used to promote local hiring and skills development through apprenticeship programs. They can promote the creation and rehabilitation of affordable housing and reduce displacement caused by redevelopment and gentrification. Finally, CBAs are a variation of the smart growth paradigm that was born in the 1970s and gave itself a name in the mid-1990s—a variation we call “smart growth for working families,” to reflect their jobs content as well as their environmental value.

*CBAs can promote the creation and rehabilitation of affordable housing and reduce displacement caused by redevelopment and gentrification.*

### Case Study #1

#### Los Angeles Staples Center Expansion: Capturing Value and Managing Growth in a Tourism District

The CBA negotiated around the expansion of the Staples Center in Los Angeles in 2001 is widely viewed as the exemplary CBA model. It involved a diverse coalition that was motivated, in part, by a sense of betrayal regarding the center’s original construction.

The city’s plan to build the original Staples Center—home of such professional sports teams as the Lakers, Clippers and Kings—in 1997 was pushed through with little community input. The deal gained the support of organized labor when planners promised to pay the city’s living wage and remain neutral in the event of a union organizing drive. The Hotel Employees and Restaurant Employees local union and the Los Angeles County Federation of Labor endorsed the proposal, and cheering workers attended the City Council vote.

Unfortunately, the unions never got the promise in writing. After the developers got their subsidies and variances from the city, the Staples Center changed its tune, arguing that it was not subject to the living wage. It stalled on signing a card check/neutrality agreement (such agreements hold employers neutral when workers are deciding if they wish to have a union), and claimed that it had no authority to tell its tenants to sign one. Employers threatened to deny unionized employees

with 20 to 30 years of experience the right to transfer to the new arena, forcing them to reapply for their jobs, lose their seniority and take a pay cut from living wage levels to less than \$6 an hour. Only after the unions staged a second fight were the developers forced to keep their oral promises.

The Staples Center's neighbors were no happier. More than 250 residents, most of them low-income Latino immigrants, were displaced from their homes by the construction of a new parking lot. Once the center opened, the residents who remained were beset with a traffic and parking nightmare, nighttime noise and drunk drivers.

Ominously, the arena was only the first phase of the development. The developers planned to transform an additional 27 acres into the "L.A. Sports and Entertainment District" that contained a 45-story hotel with at least 1,200 rooms; a 7,000-seat theater for musicals, concerts and award shows; restaurants, nightclubs and retailers around a plaza; a 250,000-square-foot expansion of the convention center; two apartment buildings with a total of 800 units; and a second, smaller hotel.

A group called the Figueroa Corridor Coalition for Economic Justice (FCCEJ) organized to take on the developers. It grew out of the Coalition for a Responsible USC, an organizing effort that began in 1998 to support the University of Southern California's food service workers and evolved to address development issues along the Figueroa Corridor, where the Staples Center and proposed entertainment district were located. The coalition eventually involved more than 30 organizations, including immigrant and tenants' rights groups, health organizations, churches, community groups and environmental activists.

Strategic Action for a Just Economy (SAJE) played a central role in the coalition's efforts, working to bring other groups on board and organizing 300 tenants who lived in the area. This grassroots base played a key role in winning the agreement, which was tethered largely to their needs. It was also crucial for building a long-term community development strategy in the Figueroa Corridor that continues today.

At the same time, the Los Angeles Alliance for a New Economy (LAANE) played a key role in building union support. LAANE enjoyed a reputation for political effectiveness because of the living wage campaign it had spearheaded. The unions negotiated their agreement separately from the CBA to comply with federal guidelines on labor negotiations, but the labor and community coalitions stayed united in their strategy and demands.

FCCEJ's strategy was what LAANE Executive Director Madeline Janis-Aparicio describes as "using the carrot of potential support and the stick of potential opposition." The project required city approval, unprecedented land-use rights and subsidies in excess of \$75 million for the large hotel alone. With the stakes so high, its ability to influence the process gave the coalition considerable clout. The approval process also happened to coincide with a mayoral campaign.

*FCCEJ's strategy was "using the carrot of potential support and the stick of potential opposition." The project required city approval, unprecedented land-use rights and subsidies in excess of \$75 million.... With the stakes so high, its ability to influence the process gave the coalition considerable clout.*

The campaign faced many challenges, from convincing billionaire developers to sit down for serious conversations with community members, to articulating and negotiating the coalition's demands through a community-led process. Most of the coalition leaders were neighborhood residents; some spoke little English and most had never taken part in formal negotiations.

In May 2001, after nine months of negotiations, the developers and the coalition signed a landmark Community Benefits Agreement contract. The developers agreed to implement a first source hiring policy targeting: a) people whose home or place of employment was razed by the development; b) low-income individuals living within three miles of the development; and c) low-income individuals from poorer census tracts throughout the city. Employers, including unnamed future tenants, would hold jobs open for three weeks during the initial hiring process while they interviewed applicants from the target groups.

The developers also provided \$100,000 in seed money for community groups to develop specialized job training and notification programs. They guaranteed that the development would include a certain amount of public open space, and allocated more than \$1 million that would be spent with community input to create and improve parks within one mile of the development. They created a residential street parking permit system, to be financed by the developers for the first five years. They committed to construction of 100–160 affordable housing units, equal to 20 percent of the total project, which would be affordable for families earning below 50, 60, and 80 percent of the area's median income. The developers also made \$650,000 in interest-free loans available to local nonprofit housing developers.

The developers agreed to notify the coalition 45 days before signing lease agreements, giving the community time to investigate and react to potential tenants. They would not agree to a binding living wage provision, but did agree to a goal specifying that 70 percent of the 5,500 permanent jobs generated by the project would receive a living wage or be covered by a collective bargaining agreement. The developers signed separate card check/neutrality agreements with five unions and agreed to abide by the city's worker retention ordinance. The agreement remains legally binding even if the property passes to new owners.

A few months after signing the CBA, the developers took their proposal to the City of Los Angeles and the Los Angeles Community Redevelopment Agency—with the full backing of the coalition. Both entities approved the plan, and the CBA was integrated into the development agreement between the developers and the Community Redevelopment Agency, making the CBA enforceable by the city as well as by the community groups.

Four years after the agreement was signed, not a shovelful of dirt has been turned nor a single brick laid on the development site. Nevertheless, the agreement was structured so that substantial benefits have already occurred. The residential parking program is up and run-

ning; hundreds of local residents voted to spend the parks funding on a community recreation center and improvements to an existing park, with construction set to begin soon; the affordable housing seed money for zero-interest loans has been disbursed to two nonprofit developers; and the coalition is running job readiness programs with funds from the developers, aiming to have a pool of qualified local applicants ready when hiring begins.

Coalition members report that their relations with the developers are good. A lead coalition organizer says that the developers have followed through on their commitments “to the letter and beyond.”<sup>1</sup> The coalition has stayed involved with the developers through quarterly meetings of the Oversight Committee, a structure set up by the CBA to provide an ongoing accountability mechanism. FCCEJ is now staffed by SAJE, which devotes many hours to facilitating the meetings and organizing the subcommittee work on implementation. Twenty-five member organizations remain active in the coalition.

The coalition acknowledges that it still faces challenges, including developing community leadership and sustaining the involvement of member groups over the long term. But with the strong commitment of SAJE, LAANE and its many members, the odds are good that the coalition will stay organized and keep working with the developers to harvest the community benefits they have won.

## **Case Study #2**

### **Denver’s Gates Rubber Project: How Best to Responsibly Redevelop a Brownfield?**

The labor-community effort to create living wage jobs, affordable housing and other mixed-use benefits through the redevelopment of the abandoned Gates Rubber factory site in Denver is an example of winning battles on the way to winning the war. The coalition that came together in this case has already sustained its fight for several years. It has celebrated several milestone victories, such as banning a big-box grocery store and improving environmental standards and citizen input, and continues its campaign to get the developer to commit to a full CBA proposal.

CBA advocates in the Denver area began their work by forming an organization to educate local organizations about economic development and building a community-labor coalition. The Denver Area Labor Federation (DALF) created the Front Range Economic Strategy Center (FRESC) in January 2002 as its economic development policy arm. FRESC’s first project was to launch a public education campaign about CBAs and subsidy accountability, building a labor-community partnership that became the Campaign for Responsible Development (CRD). At present, the CRD has more than 50 members, as diverse as

---

<sup>1</sup>Julian Gross, “Community Benefits Agreements: Making Development Projects Accountable,” Good Jobs First and the California Partnership for Working Families, 2005.

9 to 5 National Association for Working Women, Capitol Hill United Ministries, the Colorado Building and Construction Trades Council, Save Our Section 8, Denver Area Youth Services, and Colorado People's Environmental and Economic Network.

Located in the heart of south central Denver and one of the largest pending projects in the city, the Gates Rubber plant redevelopment was the obvious target for the CRD's first campaign. Tens of thousands of workers had once been employed making tires and other rubber products at the 52-acre site. Now it was an abandoned and polluted factory campus and a prime target for redevelopment. Cherokee Denver purchased the site late in 2001, and planned to create a mixed-use development with up to 4,000 residential units and 5.5–7 million square feet of office, retail and entertainment space, including a hotel. The developer projected that it could take up to 15 years to complete the project. The project was poised to receive a massive subsidy from the city (an early planning document put the subsidy request at up to \$166 million), including sales and property tax reimbursements from a special tax district that could last up to 20 years.

The CRD initiated contact with Cherokee Denver in early 2003 to probe for possible common ground. Early efforts to get the developer's attention were aided by the fact that a public employees' pension agency—the Washington State Investment Board—held an equity stake in Cherokee and encouraged the developer to sit down with the groups. The CRD made a proposal that included a 20 percent affordable housing set-aside; local hiring preferences and advanced training programs for low-income residents; an on-site childcare facility for up to 120 children; improvements to streets and lighting in nearby neighborhoods; environmental standards that went beyond the state requirements; living wage and health benefit requirements for commercial tenants; and a project labor agreement for the construction jobs.

Cherokee proved willing to meet and listen, but unwilling to negotiate. It repeatedly told the CRD that it was too early in the process, that it lacked a firm estimate of its costs and therefore could not say how much it would seek in public subsidies. Cherokee stressed the positives, talking up its commitment to the idea of community benefits, but claimed it was unnecessary and unwise to enter into a binding agreement. It attempted to paint the coalition as unrealistically idealistic in its demands. Cherokee President Steve Moyski told *The Denver Post*, “They want 50 acres of labor utopia. I have always said, ‘We will respond reasonably to reasonable things.’”<sup>2</sup>

The CRD had begun work early enough in the development process that Cherokee still had to gain city approvals for several aspects of its plan before construction could begin. The coalition focused on an early approval the developer needed: the rezoning of the property. Worried

---

<sup>2</sup>Mark P. Couch, “Citizens group to fight tax breaks for Gates developer,” *The Denver Post*, June 15, 2003.

that the developer would build a big-box grocery store, the CRD had included a ban on such a component in the proposed CBA. The two sides eventually agreed to a narrower provision that blocked construction of a low-wage big-box grocery without nixing large-scale retail developments altogether, assuring that the site will never be home to a Wal-Mart Supercenter. That agreement was signed in April 2003. In June, the coalition reciprocated by testifying in support of the developer's rezoning application.

The discussions with Cherokee on the larger CBA proposal continued through the fall of 2003, but friction grew as months of talking generated no progress. The departure of the head of Cherokee, the election of a new mayor, a 75 percent turnover in the city council and a vacancy in the planning department's directorship all became both real obstacles and excuses for the developer's inaction. The CRD hit a low point when it staged a big public meeting but, due to misunderstandings about the meeting's goals and the media's presence, the developer failed to show up. It was a bad PR situation for Cherokee and a sign of weakness for the coalition.

By early 2004, environmental issues had emerged as the biggest problem with the Cherokee-Gates project. Solvents and contaminants had leached into the soil and groundwater during decades of tire production. Tests found very high concentrations of TCE (trichloroethylene) on site and suggested the strong likelihood of off-site migration into nearby neighborhoods. The CRD gained access to state Health Department records and discovered that the developer had resisted—and eventually avoided performing—off-site environmental tests recommended by the state. The CRD also found that the Health Department had been on the verge of tightening its standards on TCE, but had been pressured to drop that effort by business interests, including a company close to Cherokee Denver.

The CRD focused its energy on the Health Department. With support from local environmentalists and a toxics expert on the FRESC staff, it convinced the state to strengthen its TCE standards late in the summer of 2004. The CRD also organized the Voluntary Clean-Up Advisory Board (VCAB) to give neighborhood residents a voice in the clean-up process. The VCAB obtained commitments from the Colorado Department of Public Health and the Environment as well as Denver's Department of Environmental Health to provide resources, attend meetings and consider residents' input. In March 2005, the VCAB held its first big public hearing, winning an agreement by Cherokee to participate in the VCAB's efforts.

Meanwhile, the coalition continued to push the larger CBA agenda. Cherokee hired a new chief executive in the summer of 2004, enabling talks with the coalition to resume. The coalition redesigned its proposal, doing what FRESC Policy Director Chris Nevitt describes as “a reality check” and “peeling away of the Christmas-tree stuff.” In October, it outlined a proposed CBA that included a list of benefits that was still

*With support from local environmentalists and a toxics expert on the Front Range Economic Strategy Center staff, it convinced the state to strengthen its TCE (trichloroethylene) standards. The Campaign for Responsible Development also organized the Voluntary Clean-Up Advisory Board to give neighborhood residents a voice in the clean-up process.*

impressive, including living wage jobs with health benefits and family-friendly policies; first source hiring and training; protections of workers' rights; convenient and affordable childcare; affordable and accessible housing; and commitments on construction practices and community investment. Cherokee's chief still refused to negotiate, insisting he agreed with the spirit of the proposal but didn't want to be bound by the specifics. In so many words, the company argued: "We're a good corporate citizen. Let us know what you want and we'll do our best."

Rather than becoming discouraged, the CRD once again focused on a particular CBA component crucial to moving the project forward: the affordable and accessible housing commitments. Cherokee Denver sub-contracted the housing planning work to a consultant who is currently developing an affordable housing plan. The coalition hopes to maximize community participation by forming a working group that will advise the process, and has won a strong initial commitment from the developer that CRD representatives will be closely involved throughout.

The CRD is also concentrating its energies on maximizing job opportunities for local residents, pressing Cherokee Denver for commitments to go beyond the city's policy for local hiring and job training. These efforts have revealed that existing city policies in these areas fall short, and have prompted city officials to accelerate their own process of policy reform, with the goal of rolling out new training and hiring standards by the end of 2005. The CRD's suggested enhancements have helped to set the city's agenda for these reforms. Its recommendations include tightening the geographic scope of training and hiring programs so that neighborhoods closest to a development benefit most; working with developers to give advance notice of the types of jobs that will become available, so community organizations can assist in training a pool of qualified local applicants; and requiring developers to contribute seed money and space for local hiring programs.

As of mid-2005, the Gates Rubber fight is far from over. The city council is scheduled to vote on tax increment financing for the project by the end of 2005, two years behind schedule. (TIF is a diversion of future property taxes generated by the redevelopment.) If the CBA campaign continues to prevail, the redeveloped site will be far cleaner, safer, more affordable and more effective as an economic engine for neighborhood residents.

### **Case Study #3**

#### **Milwaukee's Park East: Reclaiming Urban Space after a Freeway Teardown**

The Good Jobs and Livable Neighborhoods Coalition that came together around Milwaukee's Park East project is a model for creating community benefits soup from a stone. More than 30 organizations pooled their resources and struggled for two years to win community benefits in a mixed-use project.

In late 2002, the City of Milwaukee announced its plans to tear down a spur of the Park East freeway. The demolition would open up 26 acres of prime downtown real estate for redevelopment. The two-mile stretch was located just north of the city center, between a primarily low-income African-American neighborhood and downtown revitalization projects already underway. City officials forecast a thriving mixed-use development with offices, retail space and housing built with \$250–\$500 million in new investment. The redevelopment efforts would be subsidized by the city through a tax increment financing district that would pay for road and utility improvements.

Milwaukee residents had heard promises of economic development panaceas before, but the benefits of too many deals had bypassed lower-income and minority communities. Determined not to let that history be repeated, Milwaukee County Labor Council President John Goldstein and Kathleen Mulligan-Hansel from the Institute for Wisconsin's Future began to organize what became the Good Jobs and Livable Neighborhoods Coalition. Eventually, more than 30 community groups and unions would join. The campaign focused primarily on living wage jobs for local residents.

Goldstein and Mulligan-Hansel knew they needed a strong coalition to pull off the campaign, and they made a conscious effort to bring labor, community and faith-based groups to the table. Some had worked together before, but never in a coalition as large or diverse. Thanks to Goldstein's early involvement, many local unions were on board from the start—with the exception of the building trades. While not opposed to the plan, the building trades were skeptical of the campaign's potential and absorbed in another campaign. When the CBA campaign gained momentum, the building trades groups finally threw their support behind it.

The church-based organizing group Milwaukee Inner-city Congregations Allied for Hope (MICAHA, a Gamaliel Foundation affiliate) led the community organizing effort, drawing on its strong membership base in the neighborhoods surrounding Park East. Other groups also mobilized their bases, including 9 to 5 National Association of Working Women and the Interfaith Conference of Greater Milwaukee. The Institute for Wisconsin's Future devoted significant resources to coordinating the coalition's efforts and served as an umbrella group in the early stages. It also provided research capacity with the help of a local graduate student. Additional coalition members included the Sierra Club, several neighborhood associations, the Milwaukee Minority Chamber of Commerce, the Milwaukee Area Technical College, and a range of community and advocacy groups.

While Los Angeles' CBA work inspired the Milwaukee campaign, the structure of the Park East project made it impossible to follow the Staples Center model exactly. Park East was slated to be broken up into small parcels, each with its own developer and development agreement. Since negotiating 20 CBAs with 20 developers would be next to impossi-

*Park East was slated to be broken up into small parcels, each with its own developer and development agreement. Since negotiating 20 CBAs with 20 developers would be next to impossible, the coalition decided to approach the city about incorporating community benefits into the development plan, creating binding requirements that would apply to every developer.*

ble, the coalition decided to approach the city about incorporating community benefits into the development plan, creating binding requirements that would apply to every developer.

The coalition's first victory came in late 2002, when it successfully stopped the Park East plan from being pushed through the city's Common Council with no community input. During early 2003, the coalition huddled to develop its CBA demands and reached out to developers, businesses, aldermen and county supervisors serving the Park East area. By March, the coalition had the city's attention. The Common Council's Steering and Rules Committee formed a subcommittee to examine how to incorporate elements of the CBA into the Park East plan.

In April, the coalition publicly unveiled its Community Benefits proposal at a large, hot meeting at one of MICAH's member churches. Members of the Milwaukee Symphony Orchestra set the tone with a performance of Aaron Copland's "Fanfare for the Common Man." More than 500 people cheered as the demands were placed before Common Council members. The demands included a 20 percent inclusion of or set-aside for affordable housing; 75 percent of permanent jobs paying a living wage plus health insurance; a goal that all construction contracts would go to locally owned, union businesses paying prevailing wages, with at least 25 percent of construction jobs filled by minorities and 5 percent by women; at least 50 percent of permanent jobs going to local residents through a first source hiring program; linkage fees to help subsidize childcare for low-income parents; and environmentally-friendly features such as bike trails, green construction and buffers along the river.

The meeting—run in classic neo-Alinsky style, with community leaders explaining the demand and public officials only allowed to say yes or no—unnerved some of the invited officials. It also upset some of the coalition members, who were not used to such a confrontational approach and found it disrespectful. Luckily, the coalition had built a base strong enough to weather the storm, but the tensions indicated that the coalition was understaffed and leadership had not had enough time working together to develop a unified style. However, while the groups sometimes had a shaky understanding of each other's tactics, they did appreciate each other's self-interests well enough to keep the coalition together.

The campaign faced another setback when some Common Council members reneged on their pledges of support. After suggesting in private meetings that they would vote for the CBA, some challenged its legality. When that failed, they attempted to tar the Good Jobs coalition as anti-development, saying its demands would deter development, raise costs and create administrative barriers so cumbersome that developers would flee. In chorus with powerful local developers, city development officials expressed general agreement with the principles of the CBA, but refused to be bound by specific requirements. Mayor John Norquist

opposed the CBA proposal, but he was leaving office early under a cloud. At the same time, the council was set to shrink from 17 members to 15, pitting several long-time members against one another for the remaining seats.

Coalition leaders fought back. Citing elaborate urban design rules that the city had not thought too cumbersome to impose on Park East, they suggested that city officials cared more about the aesthetics of the project than the quality of jobs, housing affordability or other project outcomes. These concerns were informed by local history: one of MICAH's pastors recalled that the land being redeveloped had originally been part of a flourishing African-American neighborhood before "urban renewal" bulldozed it for the construction of the highway spur.

By the time the CBA proposal reached the entire Common Council, a prevailing wage provision for the temporary construction jobs was the only mandatory component left, and that lost by a vote of 9-6.

The coalition persisted, looking for other handles. While the city owned four acres of the land, Milwaukee County controlled 16 acres. The coalition took its fight to the county board, which had been following the campaign's troubles with the city and turned out to be far more sympathetic. The coalition kept the pressure on, with MICAH holding a prayer vigil and—an hour before the county's Economic Development Committee hearing—declaring that Park East was "Holy Ground" for those working on economic justice issues. In December 2004, the county board passed the renamed Park East Redevelopment Compact (PERC) by a vote of 15-4 before a standing-room-only crowd. On Feb. 3, 2005 the board passed it again by the same margin, overriding an executive veto.

The PERC applies the county's prevailing wage and Disadvantaged Business Enterprise policies to Park East developers; requires projects to include apprenticeship and training programs; sets goals for local and minority hiring; requires incorporation of green space and green design; and provides for the construction of affordable housing. The PERC also sets up a Community and Economic Development (CED, pronounced "seed") Fund to provide gap financing for the costs associated with the PERC, and creates a Community Advisory Committee to advise the County Board on its implementation and ensure the community benefits are realized. Leaders of several of the Good Jobs coalition's core member groups were named to serve on the committee.

The PERC created a highly public approval process for proposed projects. Developers submit proposals through a competitive bidding process that evaluates projects not on who is the highest bidder, but on the project's ability to meet the terms the PERC sets for creating quality jobs and other long-term community benefits. The PERC remains in effect for the entire 27-year life of the TIF district. If the county sells any parcels, the new owner will also be obligated to abide by the provisions of the PERC.

*The Park East Redevelopment Compact (PERC) created a highly public approval process for proposed projects. Developers submit proposals through a competitive bidding process that evaluates projects not on who is the highest bidder, but on the project's ability to meet the terms the PERC sets for creating quality jobs and other long-term community benefits.*

MICAH organizer Christopher Boston describes the coalition's accomplishment as "an awesome display of what can happen when these groups—labor, community, faith—come together with a common interest and remain united through tensions and differences in philosophy to achieve a common goal." The coalition's goal now is to enforce the PERC and build its own capacity to sustain its work on this and other Milwaukee development projects. Efforts are underway to fund staff positions that can organize the coalition's efforts full-time.

City and county officials are currently accepting bids from developers.

### III. Why Are CBAs So Critical Now?

Private- and public-sector trends strongly suggest that CBAs can only become more necessary and useful in most urban areas. These trends include:

*The “Back to the City” Movement:* Eight of the 10 largest U.S. cities gained population during the 1990s, most of them for the first time in several decades. Urban scholars point to several causes, all of which should accelerate the phenomenon in the next two decades. Baby boomers who are now “empty nesters” are willing to move back into cities to be closer to work and urban amenities. (School quality is no longer a major concern and they do not need large homes). At the same time, significant percentages of Americans born after 1960—“Generation X,” “Generation Y,” the “Echo Boom”—also view urban lifestyles as preferable.

*Increasing Private-Sector Interest and Expertise in Urban Projects:* Mirroring the population movement, a small but growing contingent of the development industry is becoming more interested and skilled in the complexities of redeveloping urban land. More developers are joining associations such as the Urban Land Institute and the Congress for the New Urbanism. A few publicly traded real estate investment trusts (REITs) claim smart growth as their market “niche.” Inevitably, many of them are also becoming more experienced in negotiating with community groups and unions about proposed projects. CBAs represent an excellent way to capture the best practices emerging here.

*Growing Urban Density:* Some urban areas, especially those abutting coasts, mountains or other natural barriers that constrain their physical growth, are necessarily growing denser. This is especially true in many Western metropolitan areas. That means more redevelopment activity in already-populated areas, resulting in displacement friction, including that driven by gentrification. Those tensions can be negotiated and ameliorated with CBAs.

*Declining Federal Aid to Cities:* The long-term trend in federal aid to cities has been a decline, and President Bush’s proposed 2006 budget would accelerate that trend. For example, his “Strengthening America’s Communities Initiative” seeks to improve the efficiency of public investment in cities through program consolidation. In the process, it would reduce Community Development Block Grant—the largest and most flexible form of federal assistance for local economic development—by more than a third. Low-income housing advocates also point to troubling signals about future federal support levels for public housing and Section 8 rent-subsidy vouchers. If the cities will have fewer dollars for development, that means scarce public dollars will need to leverage more private dollars. Getting more “bang for the buck” is the essence of a CBA.

*A small but growing contingent of the development industry is becoming more interested and skilled in the complexities of redeveloping urban land. CBAs represent an excellent way to capture the best practices emerging here.*

## IV. The Community Benefits Framework: A Powerful Emerging Tool

There is an axiom within the movement to reform economic development that merely being against bad practices is not enough. That is, to remain politically viable, reform coalitions also must stand for a positive reform agenda informed by popular values, even as they criticize ineffective deals or failed policies.

In this respect, CBAs are proving to be an outstanding rhetorical and practical “frame,” especially for local campaigns, which can be used to augment several long-standing mantras: “accountability,” “transparency,” “good jobs” or “job quality,” “money-back guarantee” (a “clawback” provision to recapture public monies if a project falls short of agreed-upon goals), etc. Since no one can credibly argue that a major development project should *not* benefit the community, the CBA frame moves the debate away from whether the project should include benefits to the community to what kinds of benefits a CBA should include.

Increasingly, the motivating ideas behind CBAs are being extended to other economic development debates. For example, LAANE won an ordinance in Los Angeles requiring that a retail/economic impact study be performed before any new big-box stores are approved, by arguing that such projects should be measured by the returns they offer to the surrounding communities. The studies will include projected impact on existing retailers and give those businesses and others more time to scrutinize proposed deals.

Another example comes from Chicago, where ACORN is campaigning for what it calls a “big box living wage” ordinance that it believes would screen out big-box stores but welcome retailers whose business model supports better wages, health care and/or substantial unionization. In this instance, a well-known big-box store had asked the City Council to approve two sites in African-American neighborhoods, and announced intentions to open a total of 10 stores. As Wieboldt Foundation Executive Director Regina McGraw explains, “Chicago’s political culture dictates that aldermen have almost complete say over zoning decisions in their wards—no one objects to an alderman’s decision in this area. In the case of this particular store, the discussion over allowing the stores to enter Chicago meant a struggle against one of the country’s largest corporations and Chicago’s political culture.”

After intense mobilizing by the Grassroots Collaborative and its allies, the city broke with decades of tradition to vote down the second proposal for a big-box store. Supportive aldermen also introduced an ordinance requiring big-box stores to pay a living wage and offer health care benefits. “The idea of a living wage is politically popular in Chicago, as well as easily understood and endorsed in minority communities

*Since no one can credibly argue that a major development project should not benefit the community, the CBA frame moves the debate away from whether the project should include benefits to the community to what kinds of benefits a CBA should include.*

where corporations are focusing their development efforts. Politicians courting this store were left with the difficult choice of opposing a living wage for their constituents or supporting the retailer,” McGraw says.

Corporate spokespersons now say they will not move forward with additional development plans until they are sure the ordinance won't pass. Local media covered each stage of the discussion process and put the corporation on the defensive.

McGraw believes this ongoing discussion is important. “I think that this campaign provided political and economic education for residents and organizations' members, and this will 'till the soil' for future work. This campaign is a wonderful bridge between the theory of community benefits and the on-the-ground work of winning wages while building power for community organizations and unions that represent low-wage workers.”

McGraw continues, “Another benefit of this and other community benefits agreements is the way that they can be used as important tools to advance issues of racial and economic justice. In a context in which class divisions have increased within minority communities over the last 30 years, CBAs bring together issues which disproportionately affect low-income communities of color. The proposed big-box living wage ordinance in Chicago requires big-box stores to pay a living wage, provide health care benefits and respect workers' rights to organize. But it also includes provisions ensuring first source hiring and non-discrimination language protecting ex-felons re-entering the labor market—two issues of serious concern in poor African-American communities. By addressing issues of racial and economic inequality, the ordinance brings together labor and community organizations around issues which have often kept these groups divided. As big-box retailers continue to use the issue of race strategically to advance their agenda and co-opt coalition partners, the ordinance/CBA strategy advances a positive community development alternative, while inoculating community organizations and unions from attempts to keep them divided.”

McGraw believes this type of site-specific community-benefits work meets the goal of her foundation to fund efforts that build power for low-income residents of Chicago. “This campaign, headed by a group called the Grassroots Collaborative, brought together community organizations and progressive unions that had not worked together before, and their work forced our City Council to do something they had not done in years—actually discuss an issue on the council floor.”

Finally, CBAs are evidence that nonprofits are using their sophistication to make existing economic development systems work to their benefit, without the need for new legislation. Since CBAs are private contracts, they do not require legislation. However, as the experiences in Los Angeles and Milwaukee demonstrate, citizens soon make the policy connection and support proposed policies to embed CBA practices into all major projects.

*This campaign brought together community organizations and progressive unions that had not worked together before, and their work forced our City Council to do something they had not done in years—actually discuss an issue on the council floor.*

## V. Efforts to Grow the CBA Infrastructure

In mid-2004, the Partnership for Working Families (which includes LAANE and its sister groups in Oakland, San Diego and San Jose; see Resources, page 6) launched an effort to build a national technical assistance network to help more groups win CBAs. Partners in this effort include Good Jobs First and the national AFL-CIO. Organizations from Denver, Milwaukee, Seattle, New York, Boston and Atlanta have also participated.

In May 2005, the Partnership and Good Jobs First issued an update of their CBA handbook, *Community Benefits Agreements: Making Development Projects Accountable* and the Partnership provided an intensive daylong training on CBAs for attendees to Good Jobs First's "Reclaiming Economic Development II" conference. The Partnership is actively fundraising for this effort and has also retained Good Jobs First to help popularize the concept of CBAs within mainstream development and planning circles.

## VI. Funders' Perspectives: The Solidago and Rockefeller Foundations

Diana Cohn, Program Officer of the Solidago Foundation, has supported both LAANE and Partnership for Working Families as their CBA work has evolved. She stresses the importance of research and other long-term capacity-building for grassroots groups. And although she sees great value in CBAs, she also emphasizes that they are “one important tool” toward building a broad base for economic justice in a region.

“When groups seek to become watchdogs on economic development, it is important that funders who appreciate the value of research support that core capacity,” she says. “Funders with a multi-layered vision of social and economic justice are more likely to appreciate how important research can be in making organizing more strategic and effective.” Sometimes groups start by contracting out for research and gradually develop an internal capacity; others build partnerships with academic or nonprofit groups and generate work both internally and externally.”

Cohn concedes that non-local funders are often the most willing to invest in accountable development work that may be seen at first as controversial. She also acknowledges that national funders are crucial, especially in developing more policy-oriented work. But she points to the ability LAANE has gained over time to raise more of its funding from local sources, including an annual fundraising banquet that most recently netted about \$200,000.

Cohn also stresses that many groups need to improve their capabilities in areas such as media skills, power analysis and coalition building. To build those skills, Cohn believes, groups need long-term general operating support as well as outside technical assistance. Toward that end (and in addition to its general support for groups organizing for CBAs and the Partnership’s technical assistance expansion efforts described above), the Solidago Foundation has recently begun supporting a new effort: the Civic Leadership Alliance for Social Policy, a collaboration between SCOPE in Los Angeles, Working Partnerships in San Jose, and the new Chicago-based Building Partnerships.

Asked about scenarios mentioned in various cities where a Community Benefits Agreement might be negotiated between a developer and a single community group—thus excluding unions and/or other community groups—Cohn said such an agreement “would represent a missed opportunity. The accountable development debate brings so many different people into the debate about the future of their community. It’s a very effective frame for stimulating civic engagement, an early entry point for multiple constituencies.”

*When groups seek to become watchdogs on economic development, it is important that funders who appreciate the value of research support that core capacity.*

The big picture? As noted above, Cohn says that CBAs are “one important tool” towards building regional power for grassroots groups. “We are excited by the way CBAs help bring diverse groups together for serious, long-term work,” she says. “These cross-sector coalitions have the potential to take on a whole set of economic and social justice issues.”

Katherine McFate, Deputy Director of Working Communities at the Rockefeller Foundation, notes that CBAs address three of her foundation’s priority areas: affordable housing, workforce training and the creation of quality jobs. She sees CBA campaigns as especially valuable in breaking down issue “silos” among groups working on housing, skills development and labor market issues.

“We hope that after a CBA campaign is over, the partners will keep looking up out of their silos and use their newly invigorated relationships to build other regional reform efforts,” she says. “The short-term payoff is in project benefits won; the long-term dividend is in stronger regional alliances built upon tangible victories.”

McFate also finds that CBAs can play a critical role in public discourse by generating more awareness of the ways government supports job creation. “CBAs challenge the orthodoxy that the economy is like the weather, something we must passively accept,” she says. “CBAs demonstrate that you can use democracy to shape your community’s economy, a lesson many people have forgotten.”

McFate also urges local funders supporting CBA work to think entrepreneurially—almost as a grantee would—about how to attract national funders as partners. “Because this is such a cross-cutting issue, local coalitions can draw down support from national foundations through a range of specific foundation issue guidelines,” she suggests. Possible issue areas include workforce development, smart growth and regionalism, affordable housing, and community capacity-building/community development. The work could also draw support from national foundations that fund community organizing and democratic participation.

Most large national foundations do not enter a community without a local funding partner, McFate notes, so local funders have a special role in helping CBA campaigns identify and reach out to large funders, some of whom will have multiple entry points for such proposals.

*McFate urges local funders supporting CBA work to think entrepreneurially—almost as a grantee would—about how to attract national funders as partners. “Because this is such a cross-cutting issue, local coalitions can draw down support from national foundations through a range of specific foundation issue guidelines,”*

## VII. Opportunities and Challenges for Funders

Community Benefit Agreements deserve broad attention because they serve the missions of many NFG member foundations. They relate directly to community organizing and grassroots empowerment, low-wage workers' needs, labor-community coalitions, affordable housing, living wages and workforce development.

However, several strategic questions remain about CBAs and their broader applicability. We summarize the questions here briefly:

*What is the best way to diffuse the expertise in CBA research and coalition building?* CBAs involve specialized skills such as research (especially the early-warning research needed to identify projects in time to intervene effectively) and coalition building (holding diverse groups of unions and community groups together when some are invariably tempted to break off). Media skills and power analysis are also critical to the work. Technical assistance efforts to spread these skills are underway, but existing organizing networks may see them as duplicative. Funders, therefore, should consider opportunities to support research, community organizing, media campaigns and the like.

*Will CBAs mutate and vary by region and situation?* Given the different landscapes that prevail in various cities, it seems inevitable that CBAs will not all look alike. Developer interests have enormous political influence in many cities. Unions in 22 states, including several with high population growth and lots of redevelopment activity, are weakened by "right to work" laws. Some cities lack a tradition of robust community organizing. Given these power dynamics, it seems inevitable that some coalitions seeking to win CBAs will look different and have different outcomes than those we have profiled. For this reason, funders should be aware of the local stakeholder landscape and seek to play to the region's strengths.

*How can more local funders be brought on board?* Because they involve a process that is initially adversarial with developers, CBAs can be controversial at the local level. As a result, initial support for CBA campaigns often comes from national, or at least out-of-town, sources. (The same has long been true of economic development accountability efforts in general, whether local or state-based.) As CBAs prove their value in addressing the missions of many kinds of funders, it remains to be seen if they will succeed in attracting support from more local funders. To address this issue, funders supporting CBA efforts with general support should consider seeking out local funding partners with a history of support for issues related to CBAs such as affordable housing, workforce development or environmental improvements.

*How many cities can realistically support a CBA organizing infrastructure? Aren't places like Los Angeles and San Jose exceptional?* Those cities have comparatively high union density and large, growing membership

*Funders should consider opportunities to support research, community organizing, media campaigns and the like.*

numbers, exceptional leadership in both the labor and nonprofit sectors, and a state blessed with large philanthropic resources, including some funders who were willing to take a chance on new approaches. If these are essential ingredients, it is legitimate to ask whether many more cities can support CBA work. On the other hand, the Colorado example makes it clear that even places with very low union density can sustain strong CBA work. Funders should not assume that there are any set formulas about what makes for a feasible CBA environment. Remember what Margaret Mead said about small bands of determined people!

*Will there be enough resources to organize “back to the future”?* Despite all their challenges and complexities, CBAs really do embody the best emerging practices in labor and community organizing. They can properly be viewed as a return to those movements’ respective roots, of community-based unionism. Trends in urban development will surely make them more necessary but, absent sufficient resources, there is no guarantee that grassroots groups will be able to mobilize sufficient power to win CBAs and influence major redevelopment projects. Only with active cooperation and networking can we build upon the promising precedents that have been set. By staying abreast of these exciting new practices, funders can maximize the impact of their resources and help ensure that urban residents really do benefit from redevelopment.

*Do Promising Results Merit More Support?* Community Benefits Agreements have already proved to have terrific value in both the substance of benefits delivered and in long-term relationship-building for stronger regional grassroots networks. For those who seek to break down programmatic silos, which tend to fragment efforts for urban revitalization and poverty reduction, CBAs are especially promising as an organizing framework. The results to date strongly suggest that funders should invest more in CBAs, and that they should educate fellow funders—and their grantees—about this powerful new tool.

*For those who seek to break down programmatic silos, which tend to fragment efforts for urban revitalization and poverty reduction, CBAs are especially promising as an organizing framework. The results to date strongly suggest that funders should invest more in CBAs, and that they should educate fellow funders—and their grantees—about this powerful new tool.*

## Resources

*For more information about the basics of CBAs:* LAANE has formed the Partnership for Working Families (PWF), together with three other groups—the Center on Policy Initiatives in San Diego; the East Bay Alliance for a Sustainable Economy in Oakland; and Working Partnerships USA in San Jose. Jointly with Good Jobs First, PWF published a handbook about CBAs in 2002 and issued an updated version in 2005. The primary writer is San Francisco-based attorney Julian Gross, who has assisted LAANE in its CBA negotiations. The handbook, *Community Benefits Agreements: Making Development Projects Accountable*, is available free of charge online at [www.californiapartnership.org](http://www.californiapartnership.org) or [www.goodjobsfirst.org](http://www.goodjobsfirst.org).



1301 Connecticut Ave. NW, Suite 500  
Washington, DC 20036

Phone: (202) 833-4690

Fax: (202) 833-4694

[www.nfg.org](http://www.nfg.org)

NEIGHBORHOOD FUNDERS GROUP

*Grantmakers Supporting Community Change*