# Empowerment Zones: An Opportunity Missed

## A Six-City Comparative Study

**Marilyn Gittell: Director**

**Senior Researchers:** **Kathe Newman**
**Francois Pierre-Louis**

©2001The Howard Samuels State Management and Policy Center
The Graduate School and The University Center of the City University of New York
365 Fifth Avenue, New York, New York 10016
212. 817. 2055
www.gc.cuny.edu/howardsamuels

## ABOUT THE HOWARD SAMUELS STATE MANAGEMENT AND POLICY CENTER

In the past two decades, the roles of state and local governments have increased greatly as federalist policies are pursued and power is devolved away from the federal government to more local structures. As a result, the need for applied research on state and city level policy and politics has never been greater. The Samuels Center works to fulfill that need by publishing reports on politics and policy on the state and city level.

Our mission is to advance and promote democracy by focusing on those areas of research and public policy that increase access and participation to the political process, and foster equity and quality of services for marginalized groups. Center research emphasizes education, welfare policy, community development and empowerment zones. The role of community based organizations is central to the policy research in each area.

The Samuels Center places a high priority on training researchers and scholars, and in an effort to promote diversity in the social sciences, we make a point of seeking out talented women and minority scholars interested in urban policy. We provide graduate students the opportunity to get hands-on experience doing original research in the field as well as writing and publishing reports and journal articles while supporting their attainment of a post graduate degree. Founded in 1988**,** the Howard Samuels State Management and Policy Center has long been one of the CUNY Graduate Center's premier research centers.

**Advisory Board**

**Catherine Samuels** - Co-chair
Director, Program on Law and Society
Open Society Institute

**Irene Sullivan** – Co-chair
Skadden, Arps, Slate, Meagher, Flom, LLP

**Ken Auletta**
Author and Media Columnist
The New Yorker
**Amy Betanzos**
President and CEO
Wildcat Service Coproration

**Sheila Brinbaum**
Skadden, Arps, Slate, Meagher, Flom, LLP

**David N. Dinkins**
Former Mayor of New York City
Professor in the Practice of Public Affairs
School of Public Affairs, Columbia University

**Edward R. Downe**
Private Investor

**Belle Faber**
Associate Execuitve Diretor
American Jewish Congress

**Frances Horowitz**
President
The Graduate School and University Center, CUNY

**Stanley Plesent**
Partner
Squadron, Ellenoff, Plesent, & Scheinfeld, LLP

**Jeffrey Silverman**
Chairman of the Board
Plygem Industires, Inc.

**Howard Squadron**
Partner
Squadron, Ellenoff, Plesent, & Scheinfeld, LLP

## ACKNOWLEDGEMENTS

This study is the product of many hands at the Howard Samuels State Management and Policy Center. We would like to thank the following students and staff, current and former who contributed: Janice Bockmeyer, Daniel Cook, Wayne Edwards, John Flateau, Sarah Gardner, Mitchell Glodek, Arielle Goldberg, Anthony Hightower, Kimberly Jones, Gibbs Knotts, Robert Lindsay, Freddie Marrero, Laura McKenna, Isolda Ortega-Bustamante, and Barbara Winfree.

The Howard Samuels State Management and Policy Center would like to thank Rebecca Riley and Susan Lloyd at the MacArthur Foundation for their recognition of the special role of community-based organizations in the Empowerment Zone program and their strong support for our research in this area.

# CONTENTS


PREFACE.......... 1

INTRODUCTION .......... 3

Overview .......... 3

Empowerment Zones: the Background .......... 4

PARTICIPATION, SOCIAL CAPITAL, AND COMMUNITY CAPACITY BUILDING .......... 7

In the Beginning: Historical Context .......... 7

Empowerment Zones: The Planning Process .......... 17

Empowerment Zones Governance .......... 30

Chicago .......... 31

Governance Structure and the Role of City Government .......... 31

Social Capital .......... 33

Atlanta .......... 35

Governance Structure and the Role of the Mayor .......... 35

Social Capital .......... 37

Detroit .......... 38

Exclusion .......... 38

Social Capital .......... 39

New York City .......... 40

An Unrepresentative Structure .......... 40

Political and Ethnic Divisions .......... 42

Social Capital .......... 44

Baltimore .......... 45

Structural Encouragement ........ 45
Social Capital ........ 48
Philadelphia ........ 49
Encouraged Participation ........ 49
Social Capital ........ 53
CITY POLITICAL CULTURES: BARRIERS TO INSTITUTIONAL CHANGE ........ 56
A Political Context ........ 56
Chicago: Historical Hurdles ........ 57
Machine Politics and Active CBOs ........ 57
Administrative Problems: Staffing and Contract Delays ........ 61
Business: Uninvolved ........ 62
Baltimore: Civic Society Social Capital ........ 63
Political Culture ........ 63
Business: Uninvolved ........ 66
Atlanta ........ 67
Political Culture: An Indifferent and High-handed Mayor ........ 67
Administrative Problems ........ 70
Business: Uninterested in Low Income Communities ........ 70
Detroit ........ 72
"The Same Old People" ........ 72
Administrative Problems ........ 75
Business ........ 76
New York City: The Black Elite - Politics as Usual ........ 77

Political Culture/Political Conflict ........ 77
Administrative Problems ........ 79
Manhattan ........ 80
The Bronx ........ 81
Philadelphia: Image Matters ........ 82
Political Culture: The Involved Mayor ........ 82
Business: Absent ........ 87
FINDINGS ........ 89
Participation and Governance ........ 93
Community Organizations: Building Social Capital and Community Capacity ........ 95
Business, Community, and Government Interaction ........ 96
CONCLUSIONS ........ 97
BIBLIOGRAPHY ........ 101
APPENDIX I: EMPOWERMENT ZONE TIMELINE ........ 108
APPENDIX II: EMPOWERMENT ZONE CONTACT INFORMATION ........ 110
APPENDIX III: EMPOWERMENT ZONE NEWSPAPERS ........ 112

## PREFACE

This report presents the findings of a three-year research project undertaken by the Howard Samuels State Management and Policy Center at the City University of New York Graduate School and University Center. The Howard Samuels Center makes the study of community-based organizations (CBOs) and citizen participation a centerpiece of its research agenda with an eye towards evaluating the vitality of local democracy in American cities.

This study of Empowerment Zones (EZs) provided an opportunity to determine how, and under what conditions, a wider community could engage in its own redevelopment through local organizations. We looked at whether a federal program can promote and sustain local community interest and engagement and foster new levels of participation, networking, and coalition building for common purpose in local communities. The major thrust of our research endeavor, therefore, was to determine the extent to which the goal of increased citizen participation through community organization was achieved in the Empowerment Zones program.

Measuring the impact of any public policy is complicated by the multiple goals of the creators of the program and the changing priorities of the actors engaged in the process of implementation. In the case of the EZ, measuring policy impacts is further complicated by the intergovernmental character of the policy and the legislation's goal of broad participation in the process. Since the EZ legislation was specific in its intent to expand and embrace the concept of community participation as integral to revitalization, our research sought to measure whether the policy actually succeeded in enhancing community capacity. We define community capacity as broadening the range of participants and the development of a common vision for the community. We gathered data in each Zone on the role of community organizations in the EZ process, both in the planning and implementation phases of the program. We also noted the interaction of community organizations with the other two realms, government and the private sector.

Specifically, our data gathering focused on the CBOs, examining their internal strategies and external actions. We noted efforts to expand membership, participation, networking, interaction, and coalition building with other community organizations, all of which we

construed as measures of social capital construction. We used the concept of social capital to describe the development and broadening of common values and trust within the community leading to civic action and social change. We gathered data on how and when community organizations became engaged in the EZ process in order to determine the effect of federal policy and the role of Department of Housing and Urban Development (HUD) supervision at different points in time. This focus on community participation vis-a-vis community organizations gave us a sense of the quality and effectiveness of the EZ as a mechanism for revitalizing and re-engaging local communities in social change.

This book reflects the findings from data collected in each of the cities originally granted EZ status by the federal government: Atlanta, Baltimore, Chicago, Detroit, New York and Philadelphia.[*] We reviewed each city's strategic plan, benchmarking priorities, minutes from board meetings, reports, newsletters, media coverage, and all other documentation of events and decisions related to the Empowerment Zone. Literature reviews were conducted for each city to provide the political, social, and economic contexts of the EZ program. Extensive field-based and telephone interviews were conducted with directors, staff, and governance board members of each city Zone. In addition, directors and members of community-based organizations and community development corporations (CDCs), as well as local officials, businesses, non-profit agencies, universities, unions, reporters, and religious leaders were interviewed in each zone. Over five hundred interviews were conducted as part of the study. A minimum of three site visits to each city allowed us to observe governing board and other organizational meetings and to evaluate changes over the three year period of the program.

This report is divided into three sections. The first section provides an introduction to the subject, an overview of the study including a brief exploration of the concepts underlying community-based organizations and democratic participation, and a short primer on Empowerment Zones. The second section discusses participation and representation, the third, democratic localism and political structure. These latter two sections utilize case studies of the six cities to explore the central themes of this book. The book concludes with our findings.

[*] Camden, New Jersey was part of the Philadelphia Zone but is not included herein.

# INTRODUCTION

**Overview**

The goal of citizen participation is not new to federal policies. Utilizing community-based organizations (CBOs) and community development corporations (CDCs) to represent community interests has a strong tradition in United States politics. Many of the Great Society programs in the 1960s and 1970s recognized the advocacy agenda of CBOs in cities and called for more direct engagement of citizens in the design and creation of more responsive service delivery policies in their own communities.

Historically, the tradition of democratic localism in the U.S. has provided incentives for the creation of CBOs that act as advocates for community interests, especially in marginal communities excluded from the political process. The success of CBOs in pursuing community interests was limited by marginal groups' ability to gather the resources necessary to sustain them and to command respect from those in power. Recognizing those limits, the Great Society policies mandated and funded local organizations in cities, especially in poor and minority communities, in order to facilitate their participation in the political process. Direct funding of local community organizations, bypassing state and city governments, became a common practice. All programs encouraged citizen participation and several mandated it. For example, the Headstart legislation is noted for requiring parent and community participation, and many analysts regard its success as a result of that mandate. In addition to federal policies supporting citizen participation, local government reforms stressed more direct citizen access and participation through decentralization of city bureaucracies, the creation of neighborhood community boards, and greater reliance on CBOs as service deliverers. Community policing and community schools were also designed to promote broader engagement of community groups.

Reagan era policies then reduced funding for social and urban programs. Inclusion of traditionally excluded populations was not a priority of government policy in the 1980s and early 1990s. The Bush administration recognized the importance of civil society but in the tradition of expanding charitable agencies and the role of the private sector. Neither Reagan's nor Bush's policies promoted citizen involvement of marginal groups in policy making. Enterprise Zone legislation did emerge during the Bush administration as promoted by his Secretary of the

Department of Housing and Urban Development (HUD). This legislation called for community revitalization through business development but eschewed any political role for CBOs.

The Empowerment Zone legislation designed by the Clinton administration joins political and economic goals for the most depressed neighborhoods in American cities. (See Table 1, next chapter.) The link between economic and political change is made clear in the EZ application materials: “The road to economic opportunity and community development starts with broad community participation by all segments of the community ... Communities that stand together are communities that can rise together” (HUD 1994a, 4). The EZ policy design reintroduced the idea of fostering local engagement via activist community organizations. EZ policy statements stress the importance of the interdependence of the three sectors necessary to community revitalization: business, government, and community. Because the EZ was the major urban policy initiative of the Clinton administration, its goal of promoting local democracy by active engagement of local community organizations is important. The Clinton administration emphasis on reinventing government was also designed to make government more responsive to local needs, restructuring the system to be more inclusive and participatory. This emphasis gave added purpose to our evaluation of the impact of EZ programs on the invigoration of CBOs in neighborhood policy making.

## Empowerment Zones: the Background

The federal Empowerment Zone legislation was passed by Congress as part of the Omnibus Budget Reconciliation Act of 1993 (OBRA 1993, P.L. 103-66) and signed by President Clinton on December 21, 1994. The act amended title XX of the Social Security Act to allow Social Services Block Grant monies (traditionally for social services) to be used for undertakings such as land or facilities improvements (US GAO 1998). According to a HUD press release issued at the time of the President’s signature the program is an effort “to restore economic opportunity to America’s distressed neighborhoods and enable communities to take responsibility for their own futures” (1994). The news release continued: “The federal government, working across agency lines and in a new partnership with state and local government and the private sector, will provide distressed communities with the tools they need and the flexibility they desire, in the form of block grants, tax breaks and waivers” (1994).

Thus, in providing grants to communities and tax incentives to businesses located in the communities, social and economic problems could be comprehensively addressed at the local level by local peoples. At least that was the idea.

The incentives for participating businesses include tax credits on wages paid to employees who live and work in the zone, increased depreciation deductions, and low-interest loans toward designated improvements. For a community to be selected to participate in the ten-year program they had to comport with poverty rate and geographic criteria. Over 290 nominations from urban areas were received (US GAO 1996). Also, as previously mentioned, they had to participate in a strategic planning process.

The initiative was set up to unfold in three phases or rounds. Round 1 designations were made December 24, 1994. Six urban and three rural Empowerment Zones, as well as two supplemental zones (Los Angeles and Cleveland) were designated. Characteristics of these urban EZs are listed in Table 1. Urban Zones received $100 million in grants and tax breaks for zone businesses, rural Zones received $40 million of the same and supplemental Zones received $450 million and $174 million, respectively, in grants (HUD, *About the EZ/EC Initiative*). Enterprise Communities, although not discussed herein, were also named.

**Table 1. Characteristics of Urban Empowerment Zones**

| | Atlanta | Baltimore | Chicago | Detroit | New York | Philadelphia -Camden |
|---|---|---|---|---|---|---|
| City's population | 395,247 | 736,014 | 2,783,726 | 1,027,974 | 7,322,564 | 1,673,069 |
| EZ's population | 49,998 | 72,362 | 199,938 | 101,279 | 199,375 | 49,645 |
| EZ's poverty rate (percent) | 55 | 41 | 49 | 47 | 42 | 50[c] |
| EZ's unemployment rate (percent) | 17 | 15 | 25 | 29 | 18 | 22[c] |
| Percent of EZ's residents in public housing[a] | 50 | 18 | 15 | 6 | 42 | 10 |
| Area of the EZ (square miles) | 9.3 | 6.8 | 14.3 | 18.4 | 6.5 | 4.4 |
| Funds drawn down[b] | $1,535,605 | $2,095,500 | $279,000 | $54,327 | $511,202 | $570,943 |

Note: Unless otherwise noted, these data are from the EZs' plans.
[a] These data are based on information provided by public housing authority officials in the EZ cities.
[b] These data were reported by HHS and the EZs as of October 31, 1996.
[c] These rates were calculated using 1990 Census data.

Round II EZ designations were announced December 31, 1998. Twenty new Zones were designated, fifteen urban and five rural. Each of these Zones was earmarked to receive $19 million in funding. In December of 2000, as part of an appropriations package, Congress approved continued EZ treatment of Round I and II Zones through 2009, approved more monies for the Round II urban designates, and legislatively permitted nine new designations, seven rural, two urban, to be announced in 2001.

# PARTICIPATION, SOCIAL CAPITAL, AND COMMUNITY CAPACITY BUILDING

## In the Beginning: Historical Context

A strong civil society signifies the presence of a strong democracy and a more accountable government. The Empowerment Zone legislation was designed in this tradition. EZs were supposed to expand citizen participation by encouraging the creation of new organizations and increasing the capacity of established CDCs and CBOs to address the problems of their communities by creating new resources through networks with other local institutions. The EZ legislation assumes that the expansion of participation among residents in the neighborhoods would have a positive impact on local services and environments as well as enhance civil society.

> Resident participation in planning and decision making is another key component of Community-Based Partnerships. Successful and sustained revitalization starts with residents. Residents must be involved in identifying the Strategic Vision for Change, developing specific goals, and crafting solutions. Residents must also play an active role in implementing and monitoring their plan for revitalization through governance structures that provide them with a real voice in decision making (HUD *About the EZ/EC Initiative*, n.p.).

Local governments implementing the Empowerment Zone program were expected to encourage strong community participation, build trust among groups and sectors, and develop and nurture a common purpose in reconstructing the city. Community-based organizations (CBOs) would gain access to resources and decision-makers so they could become true and effective partners in the process. By encouraging residents and community organizations to use their networks in the neighborhoods, the EZ would strengthen civil society and social capital. Social capital, as defined by Robert Putnam in *Making Democracy Work,* “refers to features of

social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated actions" (Putnam 1993, 167). Those committed to expanding the role of CBOs as instruments of local democracy are concerned with their internal organization and the external environment that determines their ability to build community capacity and social capital. The EZ statements indicated strong support for the goals but adopted policies which contradicted or negated these goals.

The structure of the CDCs and CBOs in most of the cities demonstrated their limited capacity to expand on the EZ opportunities. Many CBOs lack internal democracy, an institutional outcome stemming from operating with survival tactics that prioritize funding above all other goals. Most of the organizations suffer from static membership, limited networking, and exclusion of new population groups, all of which make successful social capital and community capacity building difficult. With limited resources these groups must limit their activities and shape programs to secure programmatic grant funding.

Local community participation in government has deep roots in the American political tradition. Tocqueville noted that the strength of American democracy was directly related to the proliferation of local institutions and associations. He describes the fact that "Americans of all ages, all conditions, and all dispositions constantly form associations... The Americans make associations to give entertainments, to found seminaries, to build inns, to construct churches, to diffuse books, to send missionaries to the antipodes; in this manner they found hospitals, prisons, and schools." (Tocqueville, 1945). Membership in these groups, participation in local governance, and access to information contributed to expectations of inclusion, which defined a participatory citizenship. Jefferson idealized the access to local government and the participation of the educated citizen in it as intrinsic to democracy. (Jefferson, 1943). Often the system fell short of expectations, but the practice of creating associations for myriad purposes in different segments of the community added to the experience of self-government. Michael Sandel in his analysis of American democracy considers this experience of self governance and economic citizenship the most important elements in the creation of a democratic society.

These concepts are confirmed by contemporary social science research which identifies the role of groups in promoting shared values and trust, and their significance to the creation of social capital and to civic action. The accumulation of social capital is an outcome of association

and a latent resource that can be called upon for civic action. Citizens working in groups together can build social capital, either because they can translate that identification into broader networks of association and contact and ultimately for civic action. The social capital which comes from organizations is therefore an important resource for encouraging more responsive policies and institutions and creating social change. (McCarthy and Zald, 1979).

Michael Sandel characterizes early American public philosophy as republican liberalism, a concept stressing the importance of self-government and community; both concepts are manifest in the tradition of voluntary association and participation so essential to local democracy. Under republican liberalism, public life cultivates civic virtue, which in turn creates liberty and choice for society=s members and community concern for the public good. In contrast to republican liberalism, the change in American political life to a procedural liberalism reflects a change in practice which is now primarily concerned with protecting the citizen from government, promoting individual liberty, and emphasizing private interests at the expense of the public good. Sandel suggests that republican liberalism and the politics of citizenship observed by Tocqueville dominated American political culture until the Civil War. Thereafter, however, industrialization, the growth of a strong and remote central government, and a new judicial emphasis on rights combined to promote individualism at the expense of community. This new liberal public philosophy minimized self-government. (Sandel, 1996).

This inconsistent valuation of the role of community control of governmental processes may be due, in part, to what Schlesinger observes as a historical swing of the pendulum from emphasis on community and association to an affirmation of individualism in different eras of American history. Schlesinger explains, “Sustained public action... is emotionally exhausting. A nation=s capacity for high-tension political commitment is limited. Nature insists on respite.” (Schlesinger, 1986). The American inclination for the expansion of political inclusion and of community participation can be influenced by the movement between active citizen participation in government and eras of centralization and bureaucratic control.

Turn-of-the-century citizen engagement in politics reflects a more individualist liberal public philosophy. Community participation in government programs to alleviate poverty was minimal, and aid programs were primarily administrated by charitable organizations. Settlement houses and temperance unions did indeed provide a space for certain citizens to become engaged

in addressing the needs of the urban poor; they were run by the middle-class elites, and, Boyer concludes, imposed social controls on immigrants and the poor and forced adherence to mainstream morality. (Boyer, 1978). Their agenda, however, negated the development of social capital within the poor communities. In contrast, immigrant-created organizations such as the Workmen=s Circle, an association of eastern immigrant populations in New York City, fulfilled a more Tocquevillian version of social capital creation through direct participation of the poor. The Workmen=s Circle was a burial society, health plan and social club that provided access to literacy programs and education for immigrant Jews. Membership in the Workmen=s Circle promoted social capital, which its members in turn used to promote their political and social status in the city, state and nation. Through civic action other ethnic immigrant organizations followed a similar pattern of development.

In the 1950s American public philosophy on how to address issues of urban poverty shifted dramatically. The new public paradigm blamed poverty on institutional causes, and set out to find solutions that would eliminate these institutional barriers. Paul Ylvisaker, Ford Foundation Public Affairs Director, was the force behind the first major funding initiative for programs based on the premise of poverty as a result of systemic injustices. Ylvisaker developed a program that would give money to organizations in poor neighborhoods and allow those community-based organizations to decide how to create programs with those funds. The result was Ford=s Gray Areas project, which funded community-based organizations in Oakland, New Haven, Boston, Washington D.C., Philadelphia and North Carolina.

While the Gray Areas project rhetoric promised to plan with the people rather than for the people, community participation was not as successful as hoped. Many problems surfaced, challenging the concept. Poor communication between the low-income members of community-based organizations and the reform-minded professionals, both of whom were represented on the boards and staffs of the Gray Areas projects, made effective citizen participation difficult and created tension and factions within the programs. In addition, low-income communities faced internal struggles in determining whom the spokespersons for the poor should be. For example, Mobilization for Youth, a community group in New York City, noted that most people chosen as representatives to Gray Area boards were individuals who had already begun elevating their social class status prior to their appointment to the board. Faced with the challenge of

integrating low-income individuals with elite professionals, most Gray Area projects abandoned community participation in the programs. Patrick Moynihan noted, "The formal organization through which the project authorized their decisions inevitably precluded the effective participation of unsophisticated people. Faced with the inherent contradiction of vesting a joint authority of leadership in those you perceive as leaderless and alienated, the project boards do not, in fact, seem to have included a single poor man or woman."

Despite their revolutionary aims, the Gray Areas program accomplished only marginal improvements in the communities they aimed to serve. Marris and Rein, who conducted extensive analysis of the Gray Areas, concluded that the program had done little to alleviate the structural causes of poverty in large part due to inadequate funding. More money was necessary in order to adequately address the deeply rooted institutional flaws. In addition, Marris and Rein argued that the Gray Areas project had underestimated the complexities of dealing with local community-based organizations, which have myriad jurisdictional issues. Many community groups were either unwilling or unable to work in coalition due to their struggle for their own institutional survival. "In assuming that participation in an innovative agency would lead to a sacrifice of sectional interests, the strategy misjudged institutional motives," conclude Marris and Rein. Leadership struggles within the Gray Areas programs also weakened their effectiveness at providing a viable means for citizen participation. In most cases, control over programs remained in the hands of the professional staff, which in effect saddled the Gray Areas initiatives with similar problems to those of the charitable organizations at the turn of the century: community inclusion came to be "paternalistic… to promote self-help and social control through social cohesion, to facilitate the assimilation of middle-class values." (Marris and Rein, 1969).

Despite the Gray Areas' failures, the program had an important impact on government approaches to community participation, and served as the philosophical underpinning for the War on Poverty. 1960s public policy sought to reinvent government in order to revamp traditional political structures in favor of a participatory government. Diversity and equality were seen as the main goals of the political system.

President Johnson inaugurated the War on Poverty in the spring of 1964, and signed the Equal Opportunity Act (EOA) into law several months later. The Community Action Program, a

component of the EOA, mandated Community Action Agencies (CAAs) to address local issues with the use of federal funding. Eighteen months later, CAAs had taken shape across the nation, but not without significant struggles regarding who was to be represented on the CAA boards and in decision-making structures. Early on in the program, the boards were dominated by public officials, welfare agency leaders, and groups involved in liberal social causes, and many low-income communities felt inadequately represented. Due to internal wrangling over representation, CAA boards such as that of New York City struggled to accomplish even minor initiatives. CAA boards in Chicago were notably lax in their efforts to include local low-income community representatives. Further limiting the CAAs= efficacy was the burden of bureaucratic requirements mandated by federal supervisors. Fisher argues that CAAs were hierarchical and bureaucratic structures with seemingly endless responsibilities, paperwork, and regulations, all outlined in federal guidelines. These regulations, he suggests, severely limited low-income communities from using CAAs as effective vehicles for representing their own views. (Fisher, 1994).

In addition to the difficulties inherent in the War on Poverty's CAA programs, external forces combined to limit the CAAs ability to revive democratic localism for poor communities. In 1965, Hubert Humphrey, the League of Cities, and the Conference of Mayors all fought to limit the involvement of the poor in CAA programming. In 1966, Director of the Office of Economic Opportunity Sargent Shriver distanced himself from Robert Kennedy=s initial vision of direct citizen participation by making direct grants to 15 local city governments, rather than to their CAAs. Sandel cites Kennedy=s policies and programs as an example of commitment to republican liberalism, which placed great value on the use of self-government in order to achieve social goals. (Sandel, 1996) The 1967 Green Amendment, however, permanently shifted CAA control away from local community-based organizations and towards state and local governments. The Amendment required all CAAs be designated by either the state or local government, and limited CAA boards to 51 members, with no more than one-third elected from the local neighborhood. The ultimate result of the Green Amendment was a shift towards professionalism and away from what was perceived as the confrontational style that characterized community groups. Inspired by a tour of the beleaguered Bedford-Stuyvestant neighborhood of Brooklyn, New York, Robert Kennedy theorized that money was not enough to

jump-start low-income communities. Rather, he argued, low-income communities needed institutions that could create new, strong economic foundations. With New York Senator Jacob Javits, Kennedy sponsored an amendment to the Economic Opportunity Act, creating the Special Impact Program (SIP) in order to fund economic development initiatives in low-income communities across the nation. In the early years of the 14-year SIP, the majority of the funding flowed into community-based organizations, religious groups, CAAs, and unions. Later, organizations specifically focusing on community economic development grew in number, formed the heart of the Community Development Corporation (CDC) movement, and received the majority of SIP's funding.

While Robert Kennedy worked to rejuvenate community participation in poverty program and policy, in November 1966 Congress passed the Demonstration Cities and Metropolitan Development Act, commonly referred to as the Model Cities program. Model Cities focused on urban renewal without the disruptive relocation that earlier 1950s efforts had included, and emphasized programs in housing, health, education, and employment. The program had little emphasis on building community capacity or correcting the structural problems that the CAAs and the Gray Areas had identified as the cause of poverty. Mayors and governors were given full veto power of the local community boards, and grant money was funneled from the United States Department of Housing and Urban Development to local and state governments, rather than directly to community-based initiatives. The Model Cities program was rife with conflict, as local groups in major cities sued for the right to participate in decision-making. The Model Cities program was also woefully underfunded, providing $575 million total to 150 cities.

By the 1970s, the War on Poverty had given way to New Federalism, which relied heavily on CDCs and limited the role of CAAs. The federal government continued to provide the bulk of the funding for CDCs, but through specific, targeted programs rather than comprehensive initiatives such as the CAAs or even the Model Cities program. Federal funds were earmarked for housing construction and job training, and were increasingly less supportive of economic development initiatives. (Vidal, 1992). Despite the shift in federal funding, CDCs burgeoned -- while funding aims had shifted, copious amounts of federal money were available for local CDCs. In 1974, the Office of Economic Opportunity, which had overseen the War on

Poverty's Programs, was replaced by the Community Services Administration. In addition, block grants and revenue sharing programs increased the role of state and local governments in managing community-development funds and programs. The increased emphasis on CDCs role in community development reflected a broader philosophical shift in policy-makers' thinking. CDCs' structure and purposes were not shaped by local communities, but rather by elites in government and foundations. "Development Corporation" announced a new approach to community activism, with associations tied more tightly to the private process of development rather than the public process of community organizing and citizen participation. Many local advocacy groups in turn adjusted their character, programs and priorities in order to continue receiving the grants necessary for their survival. The agenda of the CDCs was to be professional, and production would be the measure of their new success. Evaluations focused on outcome-oriented achievement, and eschewed goals of creating social change through community participation and representation. (Vidal, 1992; Lehmann, 1996). As so often has been the case when professionals are the reformers, politics and power were ignored and separated from the economics of the community.

While the 1970s witnessed the disintegration of the social-change-oriented ideals of earlier decades, the 1980s Reagan administration abandoned community development completely. Federal programs such as the Community Development Block Grants, Section 8 vouchers, and other housing programs were reduced by up to 70 percent. (Keating et al, 1999). Remarkably, CDCs continued to proliferate during the 1980s due to their ability to adapt to the outcome-oriented funding objectives of the moment. As government moved out of the housing and community development arenas, foundations returned to the role of primary investors in the community development corporations which they themselves had structured as project focused and not social capital building. The foundations had assured themselves that the CDCs would not be the change agents that the community based organizations of the 1960s were, the foundation community deemed them as safe and therefore productive targets for grant making.

Ford Foundation reaffirmed its commitment to the business development thrust of local development with the creation of the Local Initiatives Support Corporation (LISC) in 1980. LISC helped raise nearly $3 billion for 1,400 local CDCs. The Enterprise Foundation, established in 1982 by real estate developer James Rouse, was a second CDC-exclusive funding

agency. Enterprise has raised nearly $2 billion for over 60,000 new and renovated homes built by CDC initiatives. Many other foundations, including local grant makers, followed the leads of LISC and Enterprise and began channeling their funding towards CDC efforts.

CDC funders were united by a common desire to see tangible products. The concept of citizen participation and creation of social capital, both of which were amongst the bedrock principles of earlier programs such as the Gray Areas project, the War on Poverty, and the CAAs, were no longer valued. Consequently, CDCs jettisoned job creation plans and instead solidified their roles as housing developers in low- and middle-income communities. Rather than take on independent local business ventures, CDCs were more likely to supply equity capital, loans and technical assistance to local entrepreneurs willing to bear part of the risk. (Pierce and Steinbach, 1987). In short, CDCs became the private-sector middleman in low-income communities. Several studies have further pointed not only to the limited programs and goals of the majority of CDCs but also to the fact that often their boards and staff did not represent the local neighborhoods and did not include significant participation of local citizens. (Gittell, et al, 1996, 1999). Representation of women and minorities, and, especially, new immigrants, in low-income neighborhoods was far from proportionate on CDC boards or staffs in their own communities. In addition, several generations within a family controlled some of the largest CDCs in several communities and those groups were likely to have more resources and act as community gatekeepers. Foundations, it appeared, preferred to fund those groups because they were narrowly controlled by their leadership, eschewing the critical role of community participation. Under those circumstances there was little growth in social capital or community capacity building, and such program funding produced little evidence of change in the neighborhoods.

The 1990s have seen something of a renaissance in community development policy philosophy, with a re-emphasis on community organizing. Funders, researchers and practitioners have begun to recognize that piecemeal project-based community development has done little to truly lift people out of poverty, and has done even less to provide poor communities with the tools for building strong, vibrant, economically-sound communities. Some initiatives, such as LISC's consensus organizing program and the Massachusetts Association of Community Development Corporation's community organizing training academy, have begun integrating

community organizing with development. The largest projects, however, are funded under the title of Comprehensive Community Initiatives, or CCIs.

CCIs are funding projects oriented towards collaboration and grantees' missions must include creating synergy amongst a group of community-based organizations. A CCI is meant to provide support for these organizations to allow them to tackle systemic issues too broad for any one group to handle on their own. These projects synthesize the lessons of the Gray Areas, War on Poverty, Model Cities, and CDC programs. CCIs build on the tradition of neighborhood development by relying on bottom-up strategies, but have incorporated two fundamental changes to this community-capital building approach. First, funding is flexible in order to allow for creative and adaptive problem solving. Second, the mission of synergy between groups-- rather than attempting to create one unified, all-inclusive group such as the CAAs did--recognizes the complex, inter-relativity of service provision in low-income neighborhoods. The causes of poverty are widespread, and the services needed in poor communities are multiple. In order to provide for the most comprehensive solutions as possible, encouraging collaboration between multiple groups is at the heart of the CCIs.

A veritable foundation industry has sprung up around the CCI movement. The Ford Foundation led the effort with its Neighborhood and Family Initiative (NFI). NFI chose four cities in which to create a "collaborative" that would integrate social and economic needs into neighborhood development projects. Other foundations, including the Pew Charitable Trust, the Rockefeller Foundation, and the Annie E. Casey Foundation also have CCI-type funding initiatives. The foundation world has created an infrastructure for CCI programs that includes research activities at the University of Chicago's Chapin Hall Center for Children, the Urban Institute, and the Aspen Institute's Roundtable on Comprehensive Community Initiatives for Children and Families. Clinton's election allowed this new thrust to be incorporated into the governments' design for revival of their urban redevelopment policies and is reflected in the Empowerment Zone legislation.

This review of the modern history of local organization development and the role of government and foundations in shaping their structure and function provides the backdrop to an understanding of the context of the Empowerment Zone initiatives of the Clinton policy makers.

Any evaluation of the EZ must be cognizant of that history to fully appreciate the success or failure of the project.

**The Empowerment Zones: The Planning Process**

To apply for designation as an Empowerment Zone, cities and communities engaged in a six-month strategic planning process during the first half of 1994. The planning process was intended to encourage collaboration between government, business, and community in the development of a plan to revitalize communities. Interaction among these sectors but particularly with community groups as active participants would give new definition to community capacity. A more inclusive and active framework for neighborhood development would be achieved. The federal government emphasized active community participation in the planning stage as an important criterion for selection as an EZ. The planning process focused on selecting Zone boundaries, identifying community needs and developing responsive projects, and creating governance structures to implement the strategic plans. Strategic plans were then submitted to the Department of Housing and Urban Development as applications for funding in June of 1994. Selected EZs were designated in December 1994 and governing boards created in 1995.

In many cities, including Chicago and Detroit, community organizations were dependent on and used their own already meager financial and staff resources to support the planning stage. Their staff attended meetings and used their organizational capital to involve and inform community residents of EZ activities. Few organizations received financial support from private foundations or financial intermediary organizations during the strategy development phase. The extensive community participation in some cities actually took a physical toll on many community activists and leaders as well as a financial toll on community organizations. "I am no longer involved with the EZ," one activist told us. "I got out because I was putting in a lot of time up to the submission of the proposal."

There is no doubt that the federal government's emphasis on active community participation in the development of the strategic plans toward determining which cities would be designated as Empowerment Zones resulted in a high level of community participation during this phase. "HUD stepped in and did as much as they could. That's why the document was

developed and had any community representation in it at all," a Chicago community participant reported. Overall, mayors either encouraged community participation or were relatively uninvolved in this process thereby enabling community organizations to play a strong role. Seizing this organizing opportunity, many CBOs and CDCs held endless community meetings attended by hundreds of people to discuss broad visions and community needs. The experience of deliberation and direct democracy invigorated the participants and especially local organizations.

Community organizations in most of the EZ cities were eager to participate. They were excited by the prospect of a federal program that promised to reinvent government, in part, by making community organizations partners in decision-making. Since 1980, funding for urban initiatives had been very limited, and community leaders recognized the unlikelihood of other new funding opportunities for community revitalization. Community participants who were active in local advocacy groups told us that they viewed the EZ program as their "last chance." According to several members of a community group in Chicago, "Politicians think of the EZ as just the same old thing-- politics as usual. But the community believes that this program is our last chance for change. Things need to be done from the bottom up-- the community took on the EZ project on this belief, and gave life to it." Starkly, an Atlanta EZ official told us, "The Empowerment Zone is our last chance to get a hold of urban reality without turning into pure jungle."

CBOs active in the EZ strategy development phase had different motivations behind their commitment to the project. Some were encouraged by the hope of a new local strategy that would go further than previous programs; the EZ, they argued, would include CBOs in decision-making processes and allow them to network with the private sector and high-level government officials. For other CBOs, participation in the EZ was induced by the hope of obtaining funding for a favorite program or a new initiative.

In some cities, community organizations played dominant roles in the strategic development phase while in others they wrote the strategic plans alongside city officials and other local actors. For example, CBOs in Detroit and Chicago were very active in the strategy development process and sometimes dominated the process.

There were two phases in the development of the strategic plan in Atlanta. During the first phase, a "managerial board" drafted the strategic plan and selected the EZ boundaries. However, after considerable protest from community organizations and activists against the exclusionary process, the new Mayor, Bill Campbell, opened up the process to community participation by designating Neighborhood Planning Units (NPUs) as the basic unit for citizen participation. The Mayor appointed a Community Empowerment Board (CEB) consisting of representatives from all 69 neighborhoods in census tracts with poverty rates of at least 35 percent, as the officially designated coordinating body for the development of the strategic plan. The second phase, beginning with the designation of the CEB, was dominated by CBOs and CDCs.

Even though the community organizations were dominant in the formal structures of the planning process, their effectiveness was limited by a lack of resources, the necessity of working with established elites to leverage influence, and their exclusion from the informal structure of power. In addition, their effectiveness was circumscribed by the fact that the city hired the staff members and selected the writers of the strategic plan.

Atlanta's EZ is managed by the Atlanta Empowerment Zone Corporation (AEZC), a non-profit organization, with its own staff members and board. While community organizations were effective in drafting the proposal, it became clear early on that their influence would be severely challenged in the implementation phase. The Mayor, who had maintained a low profile during the drafting stage, emerged as a major player in the shaping of the AEZC's board, Atlanta's central governing board. After a bitter struggle a compromise was reached that exposed and mirrored the deep division between the central business district and the neighborhoods represented by the CBOs and CDCs, and the strengths and weaknesses of emerging citizen participation. Even though the EZ is a separate non-profit corporation, the Mayor is the chair of the AEZC board and appoints a majority of its members. The board consists of 17 members; 11 are selected by the Mayor. Despite disappointment over the composition of the AEZC board, the community won an important concession. The Mayor established a separate advisory board, consisting of neighborhood representatives, which institutionalized community participation in the implementation process. The Community Empowerment Advisory Board (CEAB) consists

of 36 members (30 from each EZ neighborhood and 6 from the linkage neighborhoods[*]) and serves as a linkage between the AEZC and the EZ neighborhoods. These 36 members are appointed annually by their respective NPUs, and the CEAB itself elects 6 of its own members to serve on the 17-member AEZC board. Most importantly, the CEAB has its own budget to support a staff and to maintain an office within the community.

Mayor Schmoke appointed an executive from the Baltimore Development Corporation, a quasi-governmental economic development agency, to lead Baltimore's EZ planning effort. The executive drew staff together from a variety of city agencies to form an EZ planning team. Team members then invited community organizations they were familiar with to join the planning process. The EZ team established the Zone boundaries and developed program ideas (Gittell et al 1996).

Not until two months later, in March of 1994, did the EZ planning team publicly announce the EZ program at a rally attended by more than 400 people. During the rally, community members were invited to join project teams to participate in the development of the EZ strategic plan. This broadened the community participation considerably. Another vehicle for community participation was the Advisory Council. Composed of 84 representatives from universities, community organizations, businesses, religious institutions, and other city agencies and organizations, the Advisory Council was formed to monitor and advise the EZ project teams and to make recommendations to the Mayor (Gittell et al 1996).

The strategic plan that came out of this process created a three level governance structure for Baltimore's EZ. One level consists of the EZ central governing board**,** which makes EZ policy, and its staff members, the Empower Baltimore Management Corporation (EBMC), which implements those policies and is responsible for writing all EZ project contracts. The EBMC works hand-in-hand with the second level of the governance structure, an advisory board comprised of 50 members, 25 from Village Centers and 25 from local institutions, businesses, and city government. This board advises the EBMC and central governing board and monitors the implementation of the strategic plan. At the third level, Village Centers were created, each with its own governing board on which sit representatives from community organizations, local businesses, religious institutions, homeowner and renter groups, and local institutions such as

[*] Linkage communities are neighborhoods that met federal guidelines but were not included in the EZ.

hospitals and universities. The Village Centers were created specifically to bring community leaders together at a local level, to engage the community, to encourage community participants to identify their needs, and to provide an avenue for them to translate their needs to the central governing board (Gittell et al 1996).

In Chicago, community organizations played a strong role in the development of the EZ strategic plan. The planning process was, nevertheless, hampered by power struggles among community organizations and city government. The Mayor did not participate actively in the planning phase of the EZ, leaving it to the community organizations to do the work of drawing up a strategic plan to meet the requirements of the legislation (Gittell et al 1996).

Community organizations were eager to take on that work. A community leader explained:

> I actually took it as a literal opportunity to test the country on what they said. It said in there that this is going to be a partnership, posed as local community and community groups. Residents were to be partners with the city, state and federal governments. There is a law that regulates partnerships. My curiosity was would they adhere to the partnership? (Interview 1995)

Community leaders interpreted the federal legislation's emphasis on community participation combined with its goal of reinventing government as a commitment to community control of EZ planning and implementation. As one community leader told us, "We considered it our mission to alleviate poverty and reinvent government." Acting on this belief, the Community Workshop for Economic Development (CWED), a coalition of CDCs, facilitated the creation of a joint governance council which could oversee and facilitate collaborations of community leaders. In addition, the community organizations designated three local clusters, one in each area of the Zone, so that local leaders could work together and in each community there would be a place where information could be relayed back and forth between the EZ planning structure and the EZ communities. The beginning of the planning phase was marked by

participation and cooperation among groups. One community leader said that at the "kickoff, everybody was excited, participated and formed collaboratives" (Gittell et al 1996).

The strategic planning phase of the EZ was also marked by some of the same conflict between community organizations and city government that has characterized community city relations since the fifties. The debate over how the community would participate was described by an EZ participant:

> The general role of community participation was ill defined at best. There are 100 different conceptions of what that means. There is a tension in Chicago about community participation and reinventing government. There were proposals from some within the city that ranged from community participation as representatives on an advisory board to a separate structure that would have included zoning and land use powers (Interview with EZ participant 1997).

Aldermen in the Zone, while eager to see project dollars come into their wards, viewed the EZ emphasis on community participation as a challenge to their power and legitimacy as community representatives. Community leaders accused the city of changing the times, dates, and locations of strategic planning meetings on short notice to prevent community representatives from attending.

Community groups felt justified in unilaterally drafting a governance structure plan in which community representatives held 2/3 of the seats on the board (Gittell et al 1996). The city, under pressure to meet a submission deadline accepted the plan with the understanding that the final governance structure would continue to be worked out over the next few months. After months of haggling without any resolution, the Mayor developed his own governance plan which reduced community representation to 38% of the board and mandated that representatives would be appointed by the Mayor. Most of the community leaders who had been involved with the application process were appointed to the board (Gittell et al 1996).

Ultimately the Chicago governing structure included an EZ governance board which would make funding decisions that had to be approved by the City Council. Despite the fact that

the clusters had been involved in putting together the strategic plan, there was no formal role for them in the governance structure.

Detroit's strategic plan was the most complete of any of the EZ cities' strategic plans. It included not only broad program goals but also specific projects and the names of the organizations that would implement them. The planning group however was dominated by strong CDCs. Smaller and less established organizations had difficulty participating. As one religious leader commented about the CDC network "that's a tight crowd." "The purpose was to bring in new groups but they were sticking with an old mailing list. When Archer came in, the CDCs who had worked to get Young out were counted on to be the community base" (Interview 1997). Knowing that many of the planners would not serve on the governance board that would be responsible for implementing the strategic plan, the initial participants developed a complex benchmarking system called GMBAS (Goals, Measures, Benchmarks, Action, Steps) to insure that the strategic plan would be implemented as they intended.

Detroit's strategic plan outlined a governance board with fifty members providing opportunities for a wider group of participants. Some CDCs stepped down from the board because board members were ineligible for EZ funding. Detroit's governance structure consists of a non-profit organization, the Empowerment Zone Development Corporation (EZDC), and a large 50 member governing board with a 25 member executive board drawn from the governing board membership. The governance board includes representatives from many of the sectors that were not included in the planning phase such as smaller CBOs, CDCs, unions and religious leaders. The plan also includes a Neighborhood Review Panel (NRP) with grassroots representatives to evaluate how the EZ projects are implemented in the community.

Community participation in New York's project selection process varies between Upper Manhattan and the Bronx, ranging respectively from limited, to more participatory. Early on community groups were active in Manhattan developing plans and programs in social policy areas. Initially, the Upper Manhattan portion of the EZ provided minimal technical assistance to groups that did not have a sufficient capacity to prepare a response to an RFP; therefore organizations that had more sophisticated proposal packaging resources and skills succeeded in obtaining funding. As a result, other CDCs and CBOs view the RFP process as favoring groups that already have major resources, instead of helping emerging or weak groups to build their

organizational capacity. The Bronx has significant community participation in setting priorities, drafting RFPs, evaluating proposals and making funding recommendations to the board. The Upper Manhattan Zone governance structure does not have significant community participation; funding priorities and decisions are made strictly by board and staff members. However, there are community representatives on the Upper Manhattan board who influence policy and decision-making.

A detailed business and economic development focus did not appear in the Upper Manhattan or the Bronx EZ strategic plan, but this agenda subsequently is emanating from state and city officials, from business oriented board members and from the senior staff members of the oversight, Bronx and Manhattan EZ governance boards. One local elected official stated:

> One thing the EZ has to do is create business. Why? Because business means jobs, jobs, jobs, jobs, jobs. And we need jobs. First, I want to see physical structures so I can claim victory, because when all this stuff is gone and forgotten about I want to be able to point to something that I can say the EZ left behind. And then I want to attract businesses because that means jobs.

Community leaders are concerned about who will own this new economic development. "If it's job creation and not wealth creation, none of the money will stay in Harlem" a community leader pointed out. A religious leader expressed similar concerns: "Bringing in Disney or Toys 'R' Us is nice, but can we get ownership of them? Sure they bring money in, but they take it right back out. We don't benefit from it. We don't have anything that links Harlem to the black folks."

Economic development projects are an express priority of the Manhattan EZ Executive Director, a Harvard trained, former housing and planning official, who is reluctant to fund traditional social services programs. Manhattan issued a general RFP and has funded a retail and entertainment complex, a restaurant and jazz club, feasibility studies for a community court, and a cultural facility, health care related programs, small business lending and technical assistance, and child care. Some advocacy and community leaders have complained that the first round did

not adequately address capacity building, social services and small business needs of local communities. This is not surprising since a staff member told us that "We are not going to fund CDCs that are engaged in social services. At the end of the day, we are making investments in institutions that can make a difference." The board and staff members however, plan to address these issues in future funding rounds, and have offered technical assistance to community organizations.

The Bronx governance structure is systematically following the benchmarks included in their strategic plan. The Bronx's first funding round focused on job training, welfare to work, entrepreneurial training, English as a Second Language (ESL), basic literacy and high school equivalency. The Bronx EZ noted that their population, which is 61% Latino, is in need of improving their language skills and educational levels to make residents more job ready, marketable and employable. They identified education, job training and childcare as strong prerequisites to business development and to job creation and consciously focused their RFPs on this array of service deliverables as a targeted human capital development strategy. A Bronx board member explained their focus:

> What we're looking at is what are you bringing to the community? How many jobs will develop from your proposal? What products will you be involved with? A lot of people in the Bronx are unemployed. Lots have obsolete skills. Training is an important component (Interview 1997).

This approach emanates from broader community input sessions and reflects the philosophy of the Bronx leadership.

The leadership of the Bronx EZ is also keenly aware of the importance of economic development strategies to attract and expand businesses and jobs. In this regard the Bronx Zone has physical advantages over Upper Manhattan since the Bronx Zone includes three industrial parks which have already attracted business relocations using city and state business incentives. On the other hand, the Upper Manhattan operation has strong business and economic development advocates who pushed those types of projects first even though the strategic plan

includes human capital priorities. The Chair of the Upper Manhattan board is the President and CEO of Time Warner and there are other strong business representatives on that board.

Philadelphia's EZ process was open. Mayor Rendell actively supported and encouraged community participation and contributed city funds to facilitate the planning process. The city held five neighborhood hearings to inform communities and neighborhood groups organized with one another within their communities rather than citywide. Before the Zone boundaries were selected, they focused on getting their neighborhoods included in the Zone. After the determination of the boundaries, organizations focused on identifying their community needs and developing programs and visions of what they intended for their specific communities. Community leaders and representatives from CBOs and CDCs actively participated in writing and defining needs and programs for the strategic plan (Gittell et al 1996).

To govern Philadelphia's EZ, participants created a decentralized governance structure with three local Community Trust Boards (CTBs), with no central governing board. Community leaders had argued that the needs of each geographic area were different and each needed its own governance structure. About 1/3 of the membership is elected by neighborhood residents, another 1/3 are residents who are appointed by the committees and the rest are Mayoral appointees representing the private and governmental sectors including city agencies, universities and business (Gittell et al 1996).

In Detroit and Philadelphia, the strategy development phase strengthened and expanded CBOs' networks. Many CDC leaders knew each other well and met informally to discuss ideas for community revitalization. More formally, CDC leaders worked closely to secure a more equitable distribution of federal community development block grant funds to benefit poor neighborhoods. Baltimore's EZ participants used their Village Cluster structure of six community-based decision boards (Village Centers) for networking. Monthly meetings were held in the Village Centers to deal with specific issues such as public safety, health, housing, and land use. In addition to providing a forum for dealing with concrete community problems, these monthly meetings enabled community activists to meet and work with one another to develop more long-term strategies. One community participant explained that, "One of the best outcomes [of the EZ program] is networking. The downside is that it's taken a huge amount of time and we can't even take the credit for it."

During the planning process, each city deliberated about how to translate this new civic capacity into a more permanent governance structure, one which embodied the envisioned expanded community participation and was a means to implement the EZ policy. These proposed governance structures were included in the strategic plans submitted to the federal government for funding and ranged from a single centralized board in Chicago to three decentralized governance boards in Philadelphia. The composition of the boards differed between EZs. For example, Atlanta created a two-level board structure, one advisory level entirely composed of community representatives. Baltimore's three-tiered board structure consisted of a main decision-making board, six community level boards and one advisory board. Community participants in EZs with community level boards like Philadelphia and Baltimore would have relatively more continuous access to participation and decision making.

Philadelphia created a committee structure for Community Trust Boards (CTBs) to provide access for community residents and organizations not officially represented on the governance structure. Community groups could attend meetings of interest to them thus giving them a continuing role during the implementation process. Even though this structure provided an avenue for continued participation, it was often the case that organizations seeking funding for a program participated. In Baltimore, the Village Centers, the six community-based decision boards, became the structure for community participation. Residents in these communities which cluster several neighborhoods were given the opportunity to participate on the Village Boards and the various program committees.

Community participation in all the cities decreased during the implementation stage. While the federal government ensured a role for community groups during the strategy development process by using participation as a criterion for the award, they did not require that participation continue during implementation. *It is important to note that federal supervision and intervention on the issue of community participation all but disappeared following the planning process*. A member of the Atlanta EZ staff told us that "Lack of HUD guidelines have made [the EZ process] very difficult in Atlanta," while another interviewee in Detroit complained, "HUD never came back to us after their initial audit. There was a leadership vacuum. The Detroit community involvement is very weak." As a result of the federal hands-off policy, mayors who may have supported the rhetoric of community participation during the

strategy development stage became far more interested in dominating the process once their cities were designated as EZs and they were assured of receiving the $100 million in grants. Mayors in all of the cities asserted control over the EZ dollars and the composition of governance boards (Gittell 1998). When governance structures were officially created, the mayors of Chicago, Baltimore and Atlanta controlled appointment of most or all of the EZ governance board members. Chicago's Mayor Daley restructured the EZ governance board in Chicago twice, each time giving himself greater power.

During the early stages of EZ strategy development, elected council officers in each city competed with community participants for power. After designation as an EZ, city councils in Detroit and Chicago inserted themselves into the decision-making and administrative process. In both cities, the city council must review and approve all EZ projects. The Detroit City Council reviews both the projects and the contracts, as is the standard in the regular city processes. The goal of reinventing government was all but lost in the return to city politics as usual.

Even in cities where participation was encouraged it was difficult to maintain during the implementation process. Some cities reported they had trouble getting their governance board members to show up at meetings and had difficulty achieving quorums. "All six community members are present at board meetings," reported an EZ staff member in Atlanta, "while the other eleven [non-community representatives] may not show up." Community representatives became frustrated by the failure of the implementation process and disappointed in the results.

**Table 2. Empowerment Zone Governance Structures for Policy Implementation**

| | Agency Responsible for Implementation | Governance Board Structure | Governing Boards | Community Representation |
|---|---|---|---|---|
| **Atlanta** | Atlanta Empowerment Zone Corporation (AEZC) (501(c)(3)) | Two levels | AEZC Board<br>Empowerment Advisory Board (501(c)(3)) | Empowerment Advisory Board consists of community representatives |
| **Baltimore** | Empower Baltimore Management Corporation (EBMC) 501(c)(3) | Three levels | EBMC Board<br>Village Centers<br>Advisory Board | Village Centers |
| **Chicago** | Empowerment Zone Office, City of Chicago Department of Planning and Development | One Level | Empowerment Zone/Enterprise Communities Coordinating Council (EZ/EC CC) | Three Community Clusters were used during the strategic planning phase, but they've had no formal role in implementation |
| **Detroit** | Empowerment Zone Development Corporation (EZDC) (501(c)(3)) | Two Levels | EZDC Board<br>Neighborhood Review Panel | Neighborhood Review Panel |
| **New York** | New York Empowerment Zone Corporation (NYEZC), Upper Manhattan Zone Development Corporation (UMEZDC) (501(c)(3)) and Bronx Overall Economic Development Corporation (BOEDC) (501(c)(3)) | Two Levels | NYEZC oversees UIMEZDC and BOEDC | None |
| **Philadelphia** | Empowerment Zone Office, Mayor's Office of Community Services | One Level | Three Community Trust Boards (CTBs) | Community Trust Boards |

## Empowerment Zone Governance

In most cities, the Empowerment Zones are administered by a combination of administrative staff and governance boards that include community representatives and, in some cases, business and government representatives. Daily zone administration is undertaken by either a city agency or a non-profit corporation. Baltimore, Atlanta, Detroit, and New York created new 501(c)(3) non-profit organizations that manage their Empowerment Zones ((501(c)(3) is the tax identification for private non-profit organizations). Chicago created an Empowerment Zone office within its Department of Planning and Development, and Philadelphia created an EZ office within its Mayor's Office of Community Services (MOCS) (See Table 3).

**Table 3. Agency Responsible for Zone Implementation**

| | |
|---|---|
| **Atlanta** | Atlanta Empowerment Zone Corporation (AEZC) (501(c)(3)) |
| **Baltimore** | Empower Baltimore Management Corporation (EBMC) (501(c)(3)) |
| **Chicago** | Empowerment Zone Office, City of Chicago Department of Planning and Development |
| **Detroit** | Empowerment Zone Development Corporation (EZDC) (501(c)(3)) |
| **New York** | New York Empowerment Zone Corporation (NYEZC),<br>Upper Manhattan Zone Development Corporation (UMEZDC) (501(c)(3))<br>Bronx Overall Economic Development Corporation (BOEDC) (501(c)(3)) |
| **Philadelphia** | Empowerment Zone Office, Mayor's Office of Community Services |

Professional EZ directors, not enthusiasts of community participation, dominated the EZ process in several cities. The former executive director of the Upper Manhattan Zone Development Corporation, in contradiction of federal goals, placed emphasis on economic development through private enterprise. A Chicago EZ executive director remarked on his frustration at the drawn out process of decision-making which resulted from community participation.

The priorities of EZ staff, generally city bureaucrats, were often in conflict with those of community representatives. Community representatives defined economic development in terms

of the growth of community assets including micro-enterprises. In contrast, EZ professional staff members, recruited from citywide development agencies, stressed the recruitment of established businesses to the Zones. Community representatives were also much more committed to increased traditional social services, particularly those delivered by CBOs. In Atlanta, early in the process, conflicts emerged between community representatives and the EZ staff, most of whom were professionals from other cities who lacked knowledge of Atlanta neighborhoods and eschewed community participation as a goal. Atlanta's community organizations argued that the Atlanta EZ staff established their own priorities and ignored the will of community organizations.

## Chicago

### Governance Structure and the Role of City Government

In Chicago, community organizations utilized the EZ language of "reinventing government" as a mandate for structuring a new relationship between government and civil society in the proposal. The dominant role of CBOs allowed them to shape the Chicago plan that they hoped would make them decision-makers in the Zone. It called for community residents elected by the EZ communities to hold sixty percent of the seats. After the strategic plan was submitted to the federal government, Mayor Richard M. Daley moved quickly to establish control over the actual EZ governance structure. The city and community representatives were unable to agree on the structure and agreed to finalize it at a later date.

When HUD designated Chicago as an EZ site, the mayor and the city council took charge of the EZ process, rewrote the program, and limited the participation of the community organizations in EZ governance. The mayor then developed his own governance structure. Community representatives were given fifteen seats on the Coordinating Council's thirty-nine member board. In addition to reducing the number of community seats, the mayor also did away with the proposed elections and asserted his right to appoint the board's members. While he made these changes in the governance structure, the mayor did appoint a number of the more activist community participants to this Coordinating Council, including some who were critical of city hall.

The Chicago City Council, jealous of the role of CBOs and CDCs in the EZ, further complicated the collaborative planning process. The governance structure originally called for the creation of neighborhood clusters which would have broadened participation at that level. For four years, however, the EZ denied the clusters funding, and only in the year 2000 did the director move to revive the cluster structure and proceeded with community elections for members of the EZ board.

For the first few years, the community-dominated Coordinating Council was viewed by some as taking far too long to make decisions and was rife with numerous internal battles among its members. African American leaders from the South Side accused Latino leaders from Pilsen of having a backdoor relationship with the mayor, raising suspicions in future EZ governance discussions. By the time the Coordinating Council began its work, the larger vision of unity among community organizations and the promise the EZ held for Chicago's poor communities had been undermined. Moreover, some of the representatives were accused of having conflicts of interest. The mayor restructured the Coordinating Council in 1999; he reduced the total number of representatives and removed all but two of the members, having replaced most of them with members of the business community. Community representatives openly critical of city hall were replaced by less politically controversial figures. In contrast to the community representatives on the original Coordinating Council who were often in conflict with the city council and their own aldermen, the newly appointed Coordinating Council representatives were more acceptable to their local aldermen. One EZ staff member told us in 1998 that "if people want to work with us [the Department of Planning and Development], then they have to work with their aldermen." These changes were defended by the second EZ director, Avery Goodrich, who argued the change in the type of representatives was necessary. She stated:

> I knew the mayor wanted a smaller group on the EZ board. We focused on what type of person would be the ideal. The community people wanted lots of representation, but when I got the job, the mayor said he wanted me to create jobs, jobs, jobs. I needed people who understood this.

The change in the character of the board reflected the mayor's priorities for the EZ as participation took a back seat to business growth and preservation of the status quo.

The changes in the governance structure effectively limited community access to EZ decision-making. In November 1998, the Chicago EZ director decided to revitalize the three neighborhood Clusters and began working with the Coordinating Council to establish funding. Additionally, he revived the community elections and Cluster representatives were elected by community residents. One participant argued that it was important to energize the Clusters, get their help in developing goals for the Zone, and combine their desires with those on the Coordinating Council. As this process began early in the year 2000, the outcomes are still uncertain.

### Social Capital

The concept of social capital can be used as a way to measure the effect of the EZ on building community capacity with the expansion of social capital defined as internal bonding and the development of external networks (bridging) (Gittell and Vidal 1998). The EZ policies, however, were not effective in promoting new networks or expanding old ones in Chicago. Bridging as a form of social capital did not increase as a result of Chicago's EZ process. In fact, competition and conflict among groups was encouraged by the mayor, aldermen and city bureaucrats.

During the EZ strategic planning process, community groups appeared to build strong, long-term relationships. Community groups from the three areas of the Zone, two African American and one Latino, formed the Joint Governance Council, providing an opportunity for groups that had not worked together to develop relationships. Importantly, the African American and Latino communities began to work together. Community groups gained power through this structure that they used effectively throughout the strategic planning phase.

After the strategic plan was submitted to the federal government, the Joint Governance Council fell prey to divisions. The mayor's efforts to submit his own governance structure that reduced community representation was initially opposed by the community groups. Eventually, however, Pilsen/Little Village and the West Cluster came to accept it, leaving the South Cluster alone in opposition and feeling betrayed.

This conflict had the effect of undermining the Joint Governance Council. It became increasingly clear that South Cluster community leaders wanted something very different from the EZ process than leaders in the West Cluster or in Pilsen/Little Village. Leaders on the South Side, many of whom were active during Mayor Harold Washington's administration, wanted access to decision-making and political power and were unwilling to back down from their conviction that the EZ was a program they were supposed to control.

The EZ was not successful in bridging the differences among these organizations. Groups seeking mixed income development were not major participants in Zone governance, and smaller groups, along with those with few resources, did not extend their connections with other community organizations. Some of the South Cluster community leaders claimed the city was not only *not* concerned with empowerment of the poor but, instead had used the EZ as a means to physically remove the poor. This was done, they said, through the city's promotion of mixed income development, expected to price many poor people out of their own communities.

In Pilsen, neighborhood community organizations worked together during the beginning years of the EZ program. They bridged past divisions and worked together to develop plans for their community. One community leader explained that in Pilsen,

> [t]here is a history of fighting, not a history of working together. Recently, we realized we had to make a change. We have to work together, to build bridges, to realize our ideas are not different from others. Because we had to come up with a community vision, we were crossing bridges we never crossed before. Now we have groups meeting together about really affordable places to live, about businesses being fully functional, etc.

The Pilsen coalition was further strengthened by the presence of a common enemy, the University of Illinois at Chicago, which continued to expand into the Pilsen neighborhood. Community groups used their existing EZ network as a base for negotiating with the university. However, while the Pilsen Cluster looked strong during the strategic planning effort and for the first few years of EZ implementation, it weakened as many old divisions resurfaced. While

many groups were concerned about the expansion of the university, some groups were accused of potentially benefiting from the expansion or of being co-opted by the university. Allegations included the awarding of contracts to build housing for the university or receiving other types of support.

Meanwhile, the West Cluster community groups worked together and established new relationships within the neighborhood. The West Side's largest and most resourced group, Bethel New Life, was working actively with the smaller community groups on the West Side. Some of the West Cluster participants have had close ties to West Side party politics and the local alderman with whom they worked closely to ensure support for their programs.

Many community leaders believed special priority was given to older more established CBOs and CDCs. One told us, "the large, well-connected organizations in Chicago got first round funding. Some of the first round proposals were viable. They reflected the hopes and dreams of the people sitting around the table. At least they could have funded organizations to work with the smaller organizations." This linking between strong groups and smaller, less developed CDCs should have been key. Due to the minimal effort made to encourage and build participation, coalitions and networks, Chicago tells the story of a lost opportunity.

### Atlanta

#### Governance Structure and the Role of the Mayor

Atlanta created two structures to manage the Atlanta Empowerment Zone: the Atlanta Empowerment Zone Corporation (AEZC), a seventeen member executive board comprised of community, business, non-profit and government officials chosen by the mayor; and a thirty-six member Community Empowerment Advisory Board (CEAB). The role of the CEAB was defined as a link between the EZ governance structure and the community. It was created by newly elected Mayor Campbell in response to complaints that community groups were excluded from the writing of the EZ strategic plan. Maynard Jackson, the previous mayor, ignored the community participation requirements and handpicked people to develop a plan. It brought together representatives of the Neighborhood Planning Units (NPU's)[*], community activists and

[*]There are twenty-four NPUs in the city that were created during the first Jackson administration in 1973. They provided a political boon for a reform city government.

CDCs to revise the plan, recommend projects to the AEZC board, and keep the community informed of Zone activities.

The mayor encouraged the creation of the CEAB as a way to reduce conflict with the community organizations in the early stage of the process when he was seeking approval from the federal government for Atlanta's EZ proposal. Since its creation, however, the CEAB has been at odds with the mayor. Once the city was designated as an EZ, the mayor consolidated his control over the process and minimized consultation with the community. The CEAB's role is limited to that of an advisor and lacks any power over projects approved by the mayor and the AEZC. Thus, the mayor can ignore the CEAB with impunity. The mayor described the CEAB as an adversary organization that has not collaborated with him to make the EZ program a success. The CEAB, on the other hand, has encouraged networking among community organizations to support them in their opposition to the mayor's policies.

Despite the enthusiasm and strong participation of the community organizations at the beginning of the EZ planning process, several were thoroughly discouraged by the end of the third year. They were disheartened because they were unable to bring in new residents to participate in committees and activities. Residents who actively awaited the implementation of projects in their neighborhoods lost hope as approved projects were not implemented.

Since the beginning of the civil rights movement, Atlanta has had a strong tradition of religious activism especially in the African American churches. Few churches, however, took part in the Empowerment Zone process. The participation of local universities, senior citizens associations and youth groups, was also minimal. Leaders of neighborhood organizations, very active participants in the EZ at the executive board level, claim the membership of their own programs diminished because they were too involved in Zone planning and not devoting enough time to their own organizations. Because the CBOs were constantly battling the mayor and the executive director for access to the Zone's decision-making, the amount of time they had to devote to these struggles was excessive. Key leaders were members of the CEAB, which met frequently, so a great deal of time was taken up in board meetings.

**Social Capital**

Putnam notes that trust is key to social capital because it fosters cooperation among actors (Putnam 1993). Mayor Campbell and the EZ professional staff fostered constant conflict and distrust in their interaction with community groups, undermining civic capacity in the city. After his reelection in 1998, the mayor seemed to lose interest in the EZ and stopped attending board meetings. Community organizations, discouraged by the board's slow pace in the approval of projects and disbursement of funds, became further disillusioned by the process. In example, by mid 1997, nearly thirty million dollars was approved for projects but less than three million dollars was disbursed. Moreover, few jobs were created in the Zone. Several of the businesses that were created in the Zone declared bankruptcy and claimed the EZ did not provide funding in a timely fashion. The Inspector General of the Department of Housing and Urban Development (HUD) issued an audit in 1998 and criticized the Atlanta EZ agency for its failure to establish adequate controls over the program and for funding projects outside of the Zone's boundaries.

Although the organizations were successful in networking among themselves and in presenting a united front against the mayor's attempt to control the Zone, they were unsuccessful in bridging networks with the business sector and government to develop and promote the EZ agenda, programs and priorities. The most important networking that takes place among the organizations in Atlanta occurs through the Atlanta Neighborhood Development Partnership (ANDP) which provides technical assistance and financial aid to CDCs working on housing issues. Five new CDCs were established in the city during the early years of the Zone with ANDP support. In addition to the ANDP, the NPUs also provide a local neighborhood structure in which community organizations and residents can work together.

The creation of the CEAB was viewed by local activists as an attempt to develop a governance structure to increase networking and relationships among the community organizations. After some success at the beginning of the process, however, the CEAB ceased to be a useful vehicle for the creation of networks as a result of the constant conflict between the mayor and community organizations. The lack of federal supervision of the EZ process resulted in a virtual standstill in the development of policies or priorities that expressed a community

vision of revitalization. In short, the Atlanta Empowerment Zone structure and funding did little to encourage access or grow community capacity.

## Detroit

### Exclusion

Detroit provides a classic example of community organizations fallen victim to government indifference. Although the city has an historic legacy of activism, CBOs played only a limited role in the EZ process. In the early stages, the larger and more resourceful CDCs monopolized community representation and emerged as prominent players in writing the strategic plan of the EZ. These organizations had a history of struggle with five-term Mayor Coleman Young who excluded them from city decision-making for many years. In fact, early on Detroit's CDCs were the most influential of any city's CDCs in developing the EZ. Influence notwithstanding, they failed to represent a wide cross section of the residents in the Zone and did not reach out to other groups or organizations. Other institutions, including Detroit School District (DSD) and Wayne State University, took part in the planning process, promoting their own agendas and interests. The plan highlighted funding priorities that included a provision to fund the DSD and Wayne State University.

To implement Detroit's strategic plan, the Empowerment Zone Development Corporation (EZDC) was created as a new non-profit 501(c)(3) with a governance board. In response to criticism of the narrow community involvement during the planning phase, the EZDC board was comprised of fifty members to encompass more sectors of the community. As one city staffer told us, "We heard a lot during the proposal process... People said we don't see real people from the community." Despite these apparent good intentions, EZ administrators and participants complained about the size of the board; they've had a very difficult time keeping all of the member seats filled and attaining quorums at meetings has proven difficult. It should be noted, however, that the governance board in Detroit had fewer decisions to make than did boards in other EZ cities; in Detroit most of the EZ projects were decided upon in the planning phase and written into the strategic plan. Because implementation so closely followed the approved strategic plan in Detroit, those involved in implementation, including the EZDC, had far less influence than those who were active in the planning period.

In an effort to expand participation beyond existing groups, also included in the governance structure are Neighborhood Review Panels (NRPs). NRP members were to make recommendations to the EZDC board and review proposals for projects. Community representatives viewed the creation of the NRPs as a positive step that would give them the opportunity to strengthen access to the EZ. Those who served were mostly neighborhood residents, not leaders of local community groups. The process necessary for residents to become members of a NRP discouraged competent and active citizens from taking part, and achievement of full membership has been slow. Consequently, exclusion, whether by process or design, is ongoing.

**Social Capital**

The EZ did not adopt any policies to promote the expansion of community networks in Detroit. Religious leaders, however, in response to their exclusion from the EZ process, created a new network, the Empowerment Zone Ecumenical Council (EZEC). Links between big business and the city government, and among banks, were achieved. Some community representatives complained, however, that the mayor's new intimacy with business has diminished their access to city hall.

In 1996, the CDCs formed a new organization, the Neighborhood Partnership Academy (NPA) that allowed them to network with one another and enhance their stock of social capital. The sixteen CDCs met regularly at formal and informal gatherings to discuss issues that concerned them prior to the EZ. All were funded by the Local Initiative Support Corporation (LISC), a national intermediary and grant-maker for CDCs. They also formed a group to coordinate their activities. Joint efforts included work to secure a more equitable distribution of Community Development Block Grant (CDBG) funds to benefit poor neighborhoods during Mayor Young's administration and their activity in the mayoral campaign of Dennis Archer. NPA also provided technical assistance to about thirty community groups, providing seminars on various topics, and engaged in referrals to other groups and agencies within the city. They credit the EZ with helping them create a trade association and incorporating it into a 501(c)(3) organization.

In sum, exclusion has been part and parcel of the Detroit EZ application and implementation process. Meanwhile, selected community groups have risen to the occasion and sought to create opportunities for themselves to increase their social capital. It is thus clear that government failures in the EZ process don't necessitate across the board community organizational failures. At least not in Detroit, where active participants salvaged some broader participation.

## New York City

The New York Empowerment Zone is comprised of two constituent parts: the Upper Manhattan Empowerment Zone (UMEZ) and the Bronx Overall Economic Development Corporation (BOEDC). The Upper Manhattan Empowerment Zone contains five communities: Washington Heights, Inwood, Central Harlem, East Harlem, and West Harlem. BOEDC contains five South Bronx sectors: Hunts Point, Port Morris, Mott Haven, Highbridge, and Yankee Stadium.

### An Unrepresentative Structure

In New York, during the EZ application process, there was a significant effort invested in the drafting of a proposal including a range of consultants and a wide degree of community solicitation and involvement. Committees were formed around various interest sectors such as health, education, social services, youth, and economic development. Many town hall style meetings were held to discuss local priorities for the EZ application. In the end, however, a group of staff and consultant professionals drafted the proposals. After the city was given the EZ designation, community participation was curtailed and the earlier comprehensive committee structure formally disconnected from the ongoing process. In fact, the boundaries of the EZ seem to intentionally discourage participation by including large industrial areas and Yankee Stadium and leaving out important neighborhoods with strong CDCs and CBOs.

The governance configuration of the Upper Manhattan Enterprise Zone didn't include any community advisory structures. Instead, UMEZ by-laws call for board representation split between the four Upper Manhattan Community Planning Boards (9, 10, 11 and 12) and at-large representation without a specific EZ residency requirement. Thus, in addition to a number of

corporate business representatives, the UMEZ Board contains Upper Manhattan residents, many of whom do not live within the boundaries of the Zone as well as health, education and human services executives, and clergy members. UMEZ by-laws call for staggered terms and term limits, and the twenty-two member board has undergone a change when seven board members stepped down and seven new members were elected. Ultimately, the UMEZ Board has been more of an elite body than a representative grassroots group with intimate ties to the community that the EZ is meant to serve. Disappointingly, only a limited number of the veterans of the government, business, political and voluntary sectors who are on the UMEZ board have daily contact with the residents and businesses in the Enterprise Zone.

The UMEZ board and staff did not formally solicit input from the community in RFP (requests for proposals) drafting or contractor recommendations and selection. UMEZ did conduct a number of community meetings and workshops, produce a periodic bilingual newsletter, and utilize a media outreach strategy to promote UMEZ programs, project announcements, ribbon cuttings, and the like.

Significantly, residents of New York City public housing are one major constituency that has been completely ignored in the EZ process. There are several major NYCHA (New York City Housing Authority) developments in both the Upper Manhattan and Bronx EZs. These housing developments contain major concentrations of poverty, high unemployment, and welfare recipients facing the termination of their public benefits. Public housing residents are not represented on EZ governance structures or advisory bodies. Although NYCHA is developing a wide range of self-sufficiency and welfare to work programs, NYCHA's lack of connection with UMEZ prevented the development of workforce development efforts in conjunction with the EZ.

In contrast, in the Bronx portion of the New York City EZ, workforce development appeared to be the first priority and business development the second. South Bronx EZ workforce development service providers targeted some public housing residents for their workforce development programs in the few existent NYCHA developments in the less populated South Bronx EZ (34,000 residents, only 17% of the overall EZ population).

The Upper Manhattan Zone is host to several small-scale, funded workforce initiatives managed by non-profits. However, a significant programmatic focus on public housing residents as beneficiaries of EZ workforce development initiatives involving UMEZ - NYCHA

interagency coordination did not emerge. A community participation agenda would have empowered NYCHA residents to participate in workforce development policy, decision making, and program marketing, both in and outside of the EZ especially since several earlier city policies successfully encouraged tenant participation in the governance of public housing (Saegert, 1999).

It is clear the Upper Manhattan Empowerment Zone has not spurred a new and improved level of grassroots community participation in policy and decision-making. In fact, there was a significant retrogression from the pre-application stage of the EZ when federal authorities encouraged community consultation in the strategic planning phase.

**Political and Ethnic Divisions**

Among the EZ cities, New York City is the most notorious for neglecting community organizations in the development process. Due to the political circumstances in the city, Congressman Charles Rangel delegated the task of organizing the EZ process to the Harlem Urban Development Corporation (HUDC), a quasi-governmental agency. Those circumstances included the defeat of Democratic Mayor David Dinkins by Republican Rudolph Giuliani, the role and structure of the Democratic party in the city, as well as Congressman Rangel's role in Harlem and his part in writing of the EZ legislation. As a result of HUDC's leadership, community organizations were excluded from important decisions such as setting the boundaries of the Zone and determining the composition of the governance board. They also played no role in the final writing of the EZ proposal.

To fulfill the federal requirement mandating community participation, HUDC took the initiative and invited members of New York City's community boards, district planning agencies that participate in development policies for each community, to assist in the process of mobilizing CBOs and community residents to attend meetings about the strategic plan. The sponsors claim 1100 individuals and over 300 organizations participated in the discussions. Working groups were established to strategize on specific issues such as health, education, and economic development. However, it was not long before CBO leaders began to criticize the process. They found politicians negotiated policy decisions behind closed doors, based their

judgements on recommendations from outside consultants, and minimized the importance of the public meetings and CBO input. One local activist gave us this assessment:

> Many residential areas were not included in the EZ boundaries. Why? Because of the political conflict between Rangel, Serrano [South Bronx congressman], and Ferrer [the Bronx borough president}. Politics has gotten in the way of building a good structure. The whole process was out of our hands. It was at a level of government that we are not a part of. I don't think that we have a heck of a lot of say in it.

In some ways, the New York Empowerment Zone reflects the city's ethnic divisions. The South Bronx part of the Zone is dominated by the Puerto Rican leadership of the borough which regularly competes with African American leaders for access and resources. Although the South Bronx component made an effort to integrate community organizations into the process, the area was largely industrial and sparsely populated surrounding Yankee Stadium. There was an attempt to reach out to the residents of the South Bronx part of the Zone through town meetings, direct mailing, and community outreach, but these efforts met limited success in bringing Bronx community organizations into the process.

In the Upper Manhattan EZ communities there are at least three distinct sub-communities: Washington Heights and Inwood where Dominicans predominate; the culturally predominant Puerto Rican East Harlem: and predominantly African American Central Harlem. The Washington Heights Dominican community is a relatively new immigrant community with strong local political leadership that has been somewhat divided. The division is due to competition for political hegemony between the first Dominican city council member, Guillermo Linares, and the first Dominican State Assemblyman Adriano Espaillat. Linares has had particularly good working relationship with Congressman Rangel whose congressional district encompasses a sizable Dominican constituency. The Dominican community has a thriving but fragile small business sector and there is strong Dominican leadership on the UMEZ Board. Linares and others helped form new community organizations such as the Audobon Partnership

for Economic Development, a major local community development umbrella organization. The Dominican community is networked to government and business through their local community-based leadership and elected officials; this resulted in new economic development projects in Washington Heights.

Heavily Puerto Rican East Harlem is an older community with an aging civic and community infrastructure. Many of its traditional community-based organizations have gone through cycles of major governmental de-funding and experienced long-running, factional political warfare at the local level. East Harlem was undergoing a transition with a growing non-Puerto Rican immigrant Latino population, and a still strong local African American population. Some interviewees, members of the East Harlem Puerto Rican leadership, felt the African American leadership of Central Harlem dominated the UMEZ. A city official reported, "The community of East Harlem feels that they are being deliberately ignored... the African American community gets the majority of the projects." One African American community organizer suggested, "Latinos feel that they are underrepresented. We have been in this struggle for a long time. There cannot be equal distribution." Buttressing their point, Puerto Rican leaders noted that East Harlem didn't have local satellite EZ offices, only one headquarters at 125$^{th}$ Street and Lenox Avenue. They also complained about the dismal number of Puerto Rican East Harlem EZ funded initiatives five years into the EZ program. In contrast to Washington Heights, where communities successfully developed networks, the EZ resulted in little or no social capital creation in East Harlem. East Harlem continued to suffer from weak civic ability, and there were a lack of capacity building initiatives from within the community and from the EZ or other programs. The small business sector in East Harlem also suffered in comparison to Washington Heights.

Thus, the competitive political and ethnic divisions that mar the city have come to roost in the EZ programs. Given the nature of these divisions, something better could have been hoped for, but not pursued.

**Social Capital**

The UMEZ has done a fairly good job of facilitating new relationships between Harlem-based organizations and local businesses with corporate, financial, and government partners.

This has resulted in EZ, private, and government funded business and economic development projects in the UMEZ. Some members of the local Harlem leadership feared the downside to this approach was the growing economic gentrification or colonization of Central Harlem where indigenous residents and entrepreneurs were priced out of an equity stake in a new and improved Harlem. The rising costs of Harlem residential and commercial real estate, for example, are attributable in part to the EZ. Another, perhaps more welcome result of the EZ was the formation of a cultural institutions consortium toward collectively enhanced funding opportunities for local Harlem arts and culture groups. This would allow for a strategic repositioning to better profit from the growing entertainment and tourism market in Upper Manhattan.

Despite Harlem's tradition of community involvement, the EZ did not reach out to the churches, tenants groups, labor unions, or fraternities and sororities in the implementation of the program. The Abyssinian Baptist Church CDC was the only major organization that played an important role at the beginning of the program; it was chosen to run the One Stop Capital Shop, a program ultimately taken away from them. The CBOs and CDCs were also limited by the way the boundaries of the EZ had been drawn. Many Latino leaders in Harlem and Washington Heights felt neglected by Harlem politicians and they criticized the EZ for funneling most of the funds to projects in Harlem. To address this problem, the Latino community in Washington Heights created a new CDC, the previously mentioned Audobon Partnership for Economic Development, whose main role was to draw funds for programs in the Latino community.

As the New York City Empowerment Zone entered its fifth year, the process had not seen an increase in participation of new groups. In fact, when comparing the implementation phase to the initial application stage, participation diminished. The only partner that substantially benefited from the EZ was the business community, which in the view of former EZ Director Deborah Wright, is the only institution "that can save Harlem from itself."

## Baltimore

### Structural Encouragement

Baltimore has a reputation for strong support of community organizations (Orr 1999). Accordingly, its EZ director was supportive of community participation and mediated between

the community and its needs and the interests of stakeholders, most of who represented business and government. The Baltimore Empowerment Zone took the goal of participation seriously and developed a plan creating six Village Centers. The Village Centers were to give local residents the opportunity to participate directly in the planning and implementation process and to contribute to the development and revitalization of their neighborhoods. In addition to the Village Centers, the city also created a central governance structure, the Empower Baltimore Management Corporation (EBMC), to guide the EZ.

The Baltimore mayor appeared very open to working with the Empowerment Zone neighborhoods. Various leaders of local organizations indicated they had greater access to the mayor. At the time of our research, the director of EBMC was a member of the mayor's cabinet, had direct access to the mayor, and could readily raise EZ issues. Several city agencies assisted the Village Centers in developing a comprehensive neighborhood plan. The Department of Planning assigned a planner to each Center to work with them to revisit the urban renewal plans of the 1960s. Less active Centers, especially those suffering from internal organizational problems, were more apt to criticize city hall for not paying enough attention to them. They complained the mayor favored the big Village Centers.

The Village Centers are the primary vehicles for citizen participation in the Empowerment Zone. In addition to having members of the business community, non-profit organizations, and community groups on their boards, the Village Centers have had working committees on which citizens serve. The Centers, led primarily by strong executive directors, played a direct role in the decision making process. Not all the Village Centers were able to increase participation, however. Those that have experienced leaders, including the Poppleton, Historic East Baltimore Community Action Coalition (HEBCAC), Washington, and East Harbor Village Centers, had some success in recruiting community members to participate and to implement programs. The other two Centers, Harlem Park and Self Motivated Community People, were severely hindered by internal conflicts: Harlem Park almost lost its status as a Village Center because rivalry among the members stalled the appointment of a director. At Self-Motivated Community People, conflict developed between the Christian board members and members associated with the Nation of Islam. According to the chair, the Christian members objected to his decision to establish a Muslim community center in the neighborhood.

Baltimore has made a concerted effort to live up to the objectives of the EZ in areas of citizen participation and project implementation, and the Village Centers are a thoughtful strategy toward those ends. Some Village Centers made serious efforts to integrate residents of the community into their projects and initiated activities such as a football league to engage the young people in the community and to enhance community social capital. There were problems as well; some program committees created to encourage participation (safety, recreation, health, and youth) did not succeed in attracting community residents, and in some neighborhoods, residents were not even aware of the Village Centers or their activities.

Problems stemmed from the nature of the EBMC. Although most Centers praised the EBMC director for her administrative skills and reported little difficulty in working with the EBMC board, it is a bureaucratic organization. EBMC was late in providing funding, and support for the centers was often delayed. Accordingly, it took some centers more than four years to hire staff and implement their programs. In the mean time neighborhood residents gave up on the Village Centers. The initial emphasis on community participation as a priority was soon replaced by job creation. One interviewee noted that the EZ looks at community organizing as a secondary objective and sees a limited community role in the decision making process.

Village Centers are agglomerations of several neighborhoods and tension has arisen between the neighborhoods because of issues of race, class, and religion. In addition to the crippling problems in Harlem Park at Self-Motivated Community People, in Poppleton, African American residents complained that the Village Center did not pay enough attention to their interests. There was also competition and conflict among Village Centers. Some Centers complained about an unfair advantage enjoyed by HEBCAC because of its relationship with Johns Hopkins University (the university is currently involved in building several housing projects in the zone) and the close and protective relationship that existed between the Rouse Corporation and the mayor.

The Village Centers, organized as non-profits, are responsible for developing their own plans to become self sufficient when federal funding runs out. Consequently, community development and governance take a back seat to business development. The Village Centers have some distinct advantages in engaging neighborhood people in the process; however, residents in the communities did not often come into contact with the EZ board on citywide

issues. Residents tended to criticize leaders of the Village Centers for the inadequacies of the EZ. Some community residents touted decentralization of the governance structure as giving more access to community residents, however, it also created a buffer between the mayor and city residents.

**Social Capital**

The Village Centers in Baltimore represent a new form of government structure, encouraging residents to establish new networks and relationships. According to Orr, these communities have long had social capital with the EZ structure encouraging its further development (1999). As Lopez and Stack argue, it is not the absence of social capital that has prevented poor communities from achieving systemic change but rather its application: "Social capital always exists in the urban core in some form, as people find ways to work together and support one another. But its power to enact desirable change to promote community well-being is subject to circumstances and can be severely and consciously limited" (Lopez and Stack 1999, 8). The Baltimore Village Centers contributed to both forms of social capital: bonding and bridging. Bonding, according to Gittell and Vidal, occurs through the internal actions that groups undertake, while bridging takes place through external activities and linkages (1998). The monthly meetings, held in the Village Centers to deal with specific issues such as public safety, health, housing, or land use, are good examples of bridging processes. These meetings encourage residents from different ethnic groups to come together to discuss neighborhood issues and present their needs and interests. One interviewee, a Village Center director, noted that as African Americans and Whites began to meet as a result of the EZ, "they both realized that they had common interests by talking to each other and trust has increased among the ethnic groups." Not only did the Centers' committees give residents the opportunity to acquire organizational skills and in-depth knowledge of the issues facing their communities, they encouraged interaction among groups in the working committees. The chair of one Center told us that they had a consensus plan to work with other groups in the community towards increased involvement in the EZ. That process can ultimately build the capacity of the community and create common purpose.

The bridging form of social capital has taken place as a result of the regular meetings held among the chairs of the Village Centers who organized themselves into a federation. All the Village Centers interacted with outside organizations including Johns Hopkins University and the University of Maryland, although sometimes they were second tier partners. Poppleton succeeded in encouraging the University of Maryland to patronize a local hardware store, while Johns Hopkins was very closely involved with the Historic East Baltimore Community Action Coalition. Dianne Bell's close relationship with the mayor provides many opportunities for the community to interact with government agencies (like the Department of Planning) and high-level city bureaucrats.

The Baltimore EZ was more successful in promoting citizen and CBO participation than most other Zones. This success stems primarily from the work of the Village clusters. In addition, the mayor's direct interest in the EZ program as well as the tradition of strong community-based organizations in the city served the EZ well. Community residents were successfully recruited and Center committees engaged in community-based decision-making.

## Philadelphia

### Encouraged Participation

From the beginning, Philadelphia's Empowerment Zone was embraced by Mayor Ed Rendell who proved to be a strong supporter of community groups' participation. Accordingly, he worked to provide city funds to facilitate planning and community involvement. The Philadelphia Mayor's Office of Community Services (MOCS) was responsible for the EZ strategic planning effort and also actively sought to involve community groups and residents. MOCS organized block parties and held five town meetings and more than one hundred community meetings at grassroots locations such as storefronts and churches. Community leaders stated that MOCS mailed EZ literature to every city resident and community organization to encourage widespread participation.

In addition to the city's efforts to foster community participation and provide access, community groups organized in their neighborhoods. As the mayor and president of the city council determined the Zone boundaries, neighborhoods organized to lobby them and city

council members to insure inclusion of their communities. One community leader told us about their activities during the spring of 1994:

> We started to publish articles in the local papers; we distributed fliers in the neighborhood to inform the community about it. We made phone calls to public officials to obtain more information. We made a big effort to make the mayor accept our neighborhood since he was being pulled in different directions. We also did some lobbying with the City Council to get them to approve our neighborhood.

Community participants informed us they felt they had a real stake in developing the program. One community member described how this EZ program was different from federal programs of the past. "In the past the city developed projects–but this was developed by the community. This is real community participation." Another said, "Our mayor took very seriously the community-based approach. We have a more bottom up approach." According to the strategic plan, 1128 residents participated during the planning process: 63% were African American, 17% Latino, and 15% White. Forty-five percent had family incomes below $20,000 and 27% received public assistance (*Philadelphia and Camden Empowerment Zone Strategic Plan* 1994, 175).

Philadelphia created the most decentralized governance structure of all of the urban EZs. Each of Philadelphia's three Zone areas is governed by a separate EZ board called a Community Trust Board (CTB). CTBs establish priorities, select projects, and develop their own benchmarks. The decentralized structure provided more seats for community representatives, giving more organizations and community leaders an opportunity to participate. The city looked for ways to ensure the CTBs remain as permanent structures once the EZ program is over.

CTB members include community residents, CBO and CDC leaders, community residents, local business people, government officials, and corporate leaders. One third of CTB members were appointed by the mayor, one third elected, and the remaining third selected by

those on the board to represent issue areas such as housing, education, or economic development. CTB chairs were appointed by the mayor (Philadelphia/Camden Empowerment Zone 1996, 176).

| Community Trust Board Representation* | | | |
|---|---|---|---|
| | American Street | North Philadelphia | West Philadelphia |
| Community | 15 | 12 | 14 |
| Business | 3 | 2 | 1 |
| Government | 4 | 4 | 2 |
| Religious | 0 | 2 | 1 |
| Nonprofit (not community based) | 0 | 0 | 2 |
| Total Seats | 22 | 20 | 20 |

* Representation is as of February 1999.

The fact that community residents could elect representatives to the governance board ensured that community interests continued to be represented and that the mayor did not co-opt the process. This also provided for a circulation of board members, allowing different organizations and interests to be represented. Bringing new people into the EZ process helped keep participation and interest in the program comparatively high. The rotation of leadership resulting from community elections also worked to deter a select few community interests from dominating the process.

Philadelphia's Zone did not reinvent government, but it provided some limited opportunities for community groups to engage in the decision making process, build new relationships with one another, and engage in a dialogue to establish priorities for their communities. The EZ afforded a chance to increase the bridging type of social capital both during the strategic planning phase and, to a lesser degree, during implementation. Community organizations expanded existing networks during the planning effort through their joint participation in meetings. As one participant told us, "Every issue group was meeting twice a week. We worked more toward building consensus on the issues." During the strategic planning process, community groups met within their communities. Some organizations worked together to get their neighborhoods included in the Zone boundaries. After boundaries were established,

groups within each of the three Zone areas worked together to identify community needs and develop project ideas. Each Zone area varies in the number and action of community organizations, and network.

The American Street portion of the Zone is predominantly Latino, mostly Puerto Rican. The area is home to a number of active community organizations that involve community residents. The American Street Business Association, a sixty-member organization of business owners, community representatives, and city and state agencies, began the organizing process in the American Street community area. There were other strong organizations in the community as well, of particular note Norris Square Civic Association, a CDC created in 1982. Their stated mission is:

> to empower Norris Square residents to improve their lives by becoming self-reliant, and to unite and build the community through the development and improvement of the physical, economic, social, cultural and educational aspects of the neighborhood. In keeping with that mission, residents are active at every level of the organization (Norris Square Civic Association N.d., 178).

The Norris Square Civic Association's director lived in the community next door to the agency, and many of the CDC's staff were also local residents. The CDC is a membership organization with a number of committees that actively involve community residents. Other community organizations were active in this part of the Zone, including the Norris Square Neighborhood Project and the Lutheran Settlement House.

The American Street community organizations realized residents were not connecting to the political process. To get people more involved, they created a political empowerment committee as part of the EZ and worked to increase opportunities for education and voter assistance and to develop methods to teach civic skills. The American Street CTB included representatives from the major CDCs and CBOs in that area. Most of these participants knew each other prior to the EZ process; five formed a coalition called Ceiba to deal with economic

development projects in the community. The organizations felt they were divided by competition over the limited number of grants; foundations which had awarded support to one Latino organization in the area assumed that they had "taken care of the Latinos" and neglected to develop programs to aid the entire community. Ceiba eliminated this competition by encouraging joint decision-making about projects so the groups could approach funders with a common agenda. A participant in this group explained that establishing trust between the different groups and making Ceiba work took one and a half years; an indication of the time and energy necessary to develop the relationships and networks so fundamental to the creation of community capacity.

**Social Capital**

Although the main actors in American Street were well networked with each other prior to the EZ process, they said the EZ process strengthened and expanded some of their networks. In particular, organizations stated they didn't have relations with the Lutheran Settlement house prior to the EZ. As American Street community participants told us, "One of the best outcomes is networking. The downside is that it's taken a huge amount of time." Another noted, "Community organizations have more collaboration. The collaboration was always there, but now the cohesiveness is better; now they relate more."

This network expansion, however, did not include connections to the growing Dominican community in the American Street area. While these organizations delivered services to Dominicans and had a few Dominican staff members, the Puerto Rican and Dominican communities had separate organizations.

The North Philadelphia part of the Zone was dominated by CDCs, non-profit developers, and other institutional actors including Temple University, and fewer activist community organizations. It was the focus of a major reinvestment effort particularly around the Cecil B. Moore Avenue corridor, near Temple University. New networks were created in this portion of the Zone and new community groups and residents had an opportunity to participate in Zone planning efforts. As an EZ staff member explained:

> More folks are getting involved with the money coming out. The North Central folks are taking surveys in the community, doing community outreach, and giving everybody a free smoke alarm. There is some synergy, more people are coming to meetings. They were so certain that the folks on the CTB would take all of the money. What we're doing is encouraging partnerships.

A North Philadelphia community leader added, "the EZ has expanded the number of people we work with."

The West Philadelphia portion of the Zone was home to four CDCs, all of which were involved and engaged in the EZ process throughout the program's life. MOCS staff members and community activists worked to develop a block captain network to expand community participation and access beyond these four existing community organizations. As one West Philadelphia community leader explained:

> We started trying to build capacity among community groups. Because community groups didn't serve the needs of the community, we thought it was better to go to residents directly without using the groups.... There were block club leaders but we needed to expand the chain of information from city and organizations to block clubs and residents.

In every city long-established community organizations are maintained by leaders without active membership bases, often funded by outside agencies. Sometimes these organizations are gatekeepers to the community, limiting the participation of new populations, youth and newly-formed organizations. This was a major factor in the EZ process. West Philadelphia participants argued that they used organizing and advocacy to break through the established neighborhood and organizational boundaries. They created a Housing Trust Fund whose board was representative of the community and drew people from all four neighborhoods in the West

Philadelphia region of the Zone. “We’ve gotten all of these people to look at the community as a whole” one community participant told us.

Overall, community participation decreased after the initial planning stage in each of the Philadelphia Zone areas, and pre-existing networks continued to dominate these neighborhoods. Although the West Philadelphia area made great strides towards engaging more community residents and building new relationships, breaking down the barriers of past relationships has been equally difficult.

The city of Philadelphia provided staff people whom they selected from a variety of city agencies to ensure that each part of the Zone had access to experts in a variety of fields such as housing and social services. These staff members were originally situated in each area of the Zone creating close contact between EZ communities and staff. Later relocated to a common downtown office, the city staffers tried to provide a link between city government and EZ communities.

While it has encouraged participation, Philadelphia’s decentralized EZ governance structure did not facilitate the development of the broader bridging type of social capital. In some ways the structure added to the provincialism of the local groups and negated an opportunity to expand community capacity building. Limited relationships with business and community leaders outside each of the CTB areas narrowed the development of networks outside of each geographic neighborhood. The CTBs appeared disconnected from each other, each lacked knowledge of activities and projects in the other two Zone regions. Additionally, the segmented structure denied a common voice for community organizations to influence decisions at city hall. This decentralized structure may also explain the limited role of business in the EZ. The Philadelphia EZ is viewed by many as three separate grassroots community efforts rather than a citywide enterprise.

# City Political Culture:
# Barriers to Institutional Change

**A Political Context**

One of the early legislative objectives of the EZ was the restructuring and reinvention of government to make it more responsive to local needs, more inclusive, and more participatory. Once the planning phase ended, cities were awarded EZ designation and the implementation phase began. At this point the level of participation severely fell off and it became clear this goal was a conspicuous failure. Along with the conclusion of the EZ strategic planning phase came the end of the federal supervisory role over community participation. In the absence of federal pressure, traditional local political actors, those responsible for the failing conditions of these communities in the first place, then took control of the EZs. As a result, who got to participate in EZ decision-making and how inclusive the process was during the implementation phase was significantly influenced by each city's stakeholders and traditional local politics. A variety of aspects of city political cultures shaped the direction of the Zones. These facets included the activist history of community groups, the relationship of the mayor to community groups, the character and focus of the business community in the city, and the political agendas of elected officials.

A variety of barriers impeded the EZ's legislative goals of reinventing government and changing the political structure. Most significant was HUD's failure to implement its own policies after strong supervision of the initial planning phase, a problem that afflicted the Zones in all of the cities. Interviews confirm that HUD had little interest in promoting community groups if these groups were in conflict with the mayor or others influential in the Democratic Party structure within the city. With the exception of New York City, all the mayors of EZ designated cities were Democratic and would be important to the election of a Democrat to the White House in 2000. Several of the mayors were especially active in the national campaign. The staffs of Vice President Al Gore and HUD Secretary Andrew Cuomo were the key actors in the campaign to renew and expand the EZ program in 1999. One journalist in Detroit went so far as to say that, "HUD is part of the problem. It's not asking for results, and it's not putting its foot down. HUD does not want to embarrass the mayor. [Mayor Young] is President Clinton's favorite Black big

city mayor."  Cuomo also had his own electoral goals; in early 2001 he announced his candidacy for governor of New York.

### Chicago:  Historical Hurdles

#### Machine Politics and Active CBOs

Chicago's government has a strong council/weak mayor structure; however, the control exercised by the mayor over the Democratic Party structure ensured that he had formal and informal control over city politics.  Edward Banfield labeled Chicago's mayor a "broker" in city politics who directed all of the action in the city.  For much of the twentieth century, Chicago's political regime was dominated by the Democratic Party machine and downtown business elites. African Americans were historically excluded from Chicago's political regime.  The mayor, Richard J. Daley, who ruled from 1955 until his death in 1976, adopted a strategy of co-opting African American leadership through patronage while eschewing the needs of the African American community as a whole, especially the low-income population.  Community leaders did not fare well in ensuring their participation in past government programs.  Mayor Daley made sure government funds for certain initiatives, including the Community Action Program, flowed through the city rather than directly to community organizations.  He also insisted on appointing people to the poverty councils ensuring that many of those represented on the councils had ties to the Democratic Party's political machine (Greenstone 1973, 93).

Another political force shaping the changing response to new ideas is the aldermen of Chicago.  Aldermen, using the city council, exercise control of decisions in their neighborhoods. Chicago's tradition of aldermanic privilege effectively gives aldermen the ability to influence most of the decisions that affect their neighborhoods including land use.  Many aldermen view community organizations as competitors for control of their wards and potential challengers to their offices.  They were not about to sit and watch CBOs assert power in the EZ.

Neighborhood organizations and African Americans in Chicago increased their access to city government with the election of Harold Washington, the city's first African American mayor. Washington's "use of community-based organizations rather than the ward organizations was a signal that policy and positions were replacing patronage and precinct captains as major support-getters" (Ferman 1991 181, 57).  Washington's mayoralty achieved advances for African

Americans, especially in city employment, but his efforts to dismantle the patronage system were undermined by machine party regulars who controlled the city council. Washington died at the beginning of his term, and the unstable coalition he forged unraveled and the traditional Democratic party politicians regained control (Abu-Lughod 1999, 386). Washington's successor, Mayor Richard M. Daley, elected in 1989 and the son of former mayor Richard J. Daley, strengthened the Democratic party structure and rebuilt the system of patronage politics that characterized the Chicago of his father's day.

Development planning in Chicago has been a private initiative with funding and projects focused in the downtown area. Chicago's Central Area Committee, which represents downtown business interests, influenced and sometimes even wrote and published the city's development plans. CDCs and CBOs responded to the downtown growth politics by creating citywide coalitions to advocate a more equitable distribution of federal, state, and local dollars and address neighborhood needs. However, community organizations remained a force of opposition and were not incorporated into the political regime.

In contrast to Chicago's history of political exclusion in the area of community participation, the Empowerment Zone strategic planning process began on a much more positive note. Community organizations were active participants in the planning process and shaped the document in significant ways. Once Chicago was designated an EZ, this changed; the traditional style of politics reasserted itself with the mayor and city council controlling the process and limiting community access to decision making and local groups fighting among themselves.

During the strategic planning process community organizations not only were engaged in Chicago's EZ process, at times they dominated the process. For the strategic planning process the mayor formed a committee with representatives from citywide organizations that reviewed applications from communities and community groups who wanted to be included in the EZ. Thirty-three applications were submitted and the Committee selected eleven. From these came the creation of the three areas that make up Chicago's EZ: the South, West, and Pilsen/Little Village areas. The Zone boundaries were approved by the mayor and by city council.

Chicago's community groups were in a good position to take advantage of a program like the EZ. Chicago's CBOs and CDCs have been well organized in citywide coalitions since the 1970s. They used these networks to coordinate their work on the EZ plan and as forums for

community discussion and participation concerning the Zone. The Chicago Workshop on Economic Development (CWED) and the Chicago Association of Neighborhood Development Organizations (CANDO) were used extensively for these purposes. CWED began organizing and soliciting information about the EZ program as early as 1993, before the program was even officially launched. CWED also played a key role in the creation of the Joint Governance Council discussed earlier.

While community organizations played a prominent role in the EZ planning process, Chicago's EZ implementation strategies reflect the city's return to party machine politics. As noted, the mayor centralized decision-making, depended on his traditional relationship with aldermen, and minimized the role and access of community groups. Community organizations were welcome only if their goals matched those of the mayor. Mixed income development (what some call "gentrification") is a priority for the city while the poor are largely seen as a liability. Organizations that disagree believe that they have lost city-controlled funding, including federal funds that flow through the city, because of their activism.

The Chicago City Council asserted control over the EZ process, arguing that the money was entrusted to the city, and the city would be accountable if the funds were misspent. The council, they argued, should have final approval of all EZ projects. While nearly all of the projects put before them were approved, those proposed by the South Cluster, considered the most radical of the three areas, were not, because of conflicts with the council. While EZ participants on the West Side worked closely with local aldermen, South Side aldermen feared that members of the South Cluster were seeking to position themselves to challenge incumbents in future council elections. South Cluster leaders also attempted to wrest land use and zoning powers away from the council and have them transferred to the EZ governance board. One city hall representative told us:

> the south cluster wants bonding and taxing authority and vetoes over zoning and land use. The aldermen have serious issues with this. The Mayor didn't need to argue about these things. The Council did it. Aldermen have certain traditional power for zoning and the

> approval of projects. The aldermen went nuts. They say we're the communities' representatives.

The mayor sided with the city council in these disputes, limiting community access to the EZ decisions. The mayor also made sure subsequent appointees to the EZ governing board are acceptable to local aldermen, resulting in a shift in the character of the board; once dominated by community representatives, the board is now dominated by representatives of the business sector. The frustration felt by community groups is evident in the words of one community organizer:

> The biggest difficulty with the EZ governance structure we were trying to put together was the aldermen and the city. The reward/punishment, black alderman/black people tensions were too high. People just haven't agreed to disagree. The aldermen take it as a personal affront. People are calling it slavery repeated all over again.

Chicago community groups appealed to Vice President Al Gore's office several times for support of the community role in the EZ process. Interviewees in Chicago believe that Vice President Gore was unwilling to represent their interests with Mayor Daley because Chicago was critical to a Democratic victory in the 2000 presidential election, and the mayor dominates the Chicago political scene. As one community leader pointed out, "The Joint Governance Council sent letters to Gore but Gore is not going to antagonize Daley and all of the things Daley can bring to Washington. This is one of the reasons there hasn't been more action from HUD. It's politics as usual." "On the one hand HUD wants to help, they want to help the community," lamented another community representative, "but on the other hand they have to deal with the mayor. So the feds think everything should be handled locally. The HUD Midwest representatives will have nothing to do with us."

Without any pressure from the federal government, the mayor has had little incentive to devote time and energy to the EZ. Important to note is that the EZ program and funding affects far fewer people in a large city like Chicago than it does in the mid-size cities. Also, the EZ is

designed to serve low-income people while Daley appears more focused on maintaining Chicago's middle class, attracting people from the suburbs, and creating inner-city mixed-income communities. One former Coordinating Council member suggested that because the EZ did not offer Daley any apparent enticements, "The longer this goes on, the less he wants to do with us." Compounding this difficulty was the mayor's need to have some projects approved in order to demonstrate that progress was being made in the EZ. The Coordinating Council's response was to issue a broad RFP, requesting submissions for any program that would benefit residents of the EZ. The first round of organizations to get EZ approval were those with prepackaged projects that were ready to go. In a number of cases, the very first group of projects included disproportionate funding to organizations that had representatives on the Coordinating Council, leading some to criticize the Coordinating Council members for funding one another's projects. These discrepancies were evened out as more projects were selected. This was typical of practices in each of the cities. The stronger, more politically acceptable groups were encouraged to participate and they were rewarded with program funds.

**Administrative Problems: Staffing and Contract Delays**

The mistrust between the EZ staff and the community organizations can be seen, in part, as a product of staff shortcomings. In the four-year life of the Zone, there have been four directors appointed by the mayor, all of whom were contested by the community. Most of the staff members did not live in the community, and their knowledge of those areas was limited. Community organizations also complained about the high staff salaries. In at least three of the cities, the EZ staff was perceived by community leaders as inept and insensitive to the needs of the community.

Traditional bureaucratic encumbrances in awarding contracts were very difficult to overcome and impeded progress. Chicago's first EZ director, Jose Cerda, quickly moved to take the EZ contracting process out of the traditional bureaucratic structure. However, due to insufficient staff (in May of 1999 only six of twelve EZ staff positions were filled) and a myriad of other difficulties, Chicago's EZ staff had a difficult time getting contracts processed quickly. Because of this bureaucratic delay community groups that had secured other funding were bogged down in the beginning, and it was impossible for community groups to start any new projects.

Chicago's EZ approved $66,140,960 in projects by May 1999, but only $13,122,399 was drawn down. This inability to draw down funds afflicted all the EZ city programs, much of it due to the bureaucratic processes common to the city governments.

**Business: Uninvolved**

In Chicago, few networks have been established among business, government, and community. With minor exceptions, the business community has been absent from the implementation process. One representative from the Bank of America was actively involved during the first years of implementation as a Coordinating Council representative; however, she was not re-appointed in the subsequent Coordinating Council restructuring.

Early on, the Coordinating Council was dominated by community interests, and business representatives saw little advantage in getting involved in the drawn-out processes and community battles that characterized the Council's operation. "The old Coordinating Council lost business early on," one EZ staff member told us. One EZ participant explained that:

> Business is only interested in the bottom line. Government is seen as overly bureaucratic and nothing but a hindrance. The community hasn't shown any interest in getting business involved and business doesn't come to the table. The government blames the community for being messy–that's why business won't come.

A business representative explained the reasons for businesses' lack of involvement: "There is a minimal effort on the part of business to get involved for a couple of reasons. There is not a clear seat at the table for business and there are no real incentives in the EZ for businesses. And it's not going to be much for any business–large or small." The representative explained that neither the tax benefits nor depreciation are sufficient to entice business to get involved. Business representatives told us that rather than being involved in the decision making process, they preferred the EZ come to them with specific needs or proposals directed to them.

## Baltimore: Civic Society Social Capital

### Political Culture

Baltimore civil society has a history of strong neighborhoods and strong community organizations. However, maintaining their influence in a political scene dominated by institutional actors so powerful that they've been characterized as a "shadow government," has challenged community organizations and neighborhoods. In Baltimore, political decision-making is often strongly influenced by large not for profit organizations. These organizations include public and private hospitals, the Baltimore Development Corporation, a powerful and independent economic development agency, large universities, and private foundations. These nonprofit organizations are subject to little if any public oversight.

The combination of power without oversight led Stoker to characterize this group of organizations as a "shadow government" (Stoker 1987). According to Stoker, the informal power of these "civic groups, quasi-public corporations, and extra-governmental officials" has been virtually institutionalized in Baltimore. The "shadow government" performs economic development and management functions outside of the formal structure of city government and makes decisions "under conditions of reduced public scrutiny" (Stoker 1987, 244). City government often works with these groups specifically to gain a kind of immunity from oversight and thus get things done more efficiently, without all the political and legal checks that ordinarily slow down policy making. This arrangement favors exclusion over participation, secrecy over openness, and management over governance (Stoker 1987).

Critics argue that this is anti-democratic, not only because decisions that strongly affect the public are not subject to public oversight but also because the "shadow government" can be manipulated by influential city players who have access not available to the public. This singular access, by the "shadow government" and those who gain influence over it, contributed to the polarization of the city into two Baltimores. One Baltimore has represented the accomplishments of development, which has mainly attracted middle-class suburbanites to Baltimore for work or entertainment, and the other has represented the continuing plight of poor and minority citizens. Notably, race is an essential element in the division.

Despite the power of these institutional actors, Baltimore neighborhoods and community organizations have historically held their own. A 1983 comparative study of neighborhood

politics found that Baltimore's local government was more responsive to citizen and neighborhood groups than that of other cities. In addition, the study found that the political and social environment in Baltimore was more congenial to neighborhood-based activities than elsewhere (Crenson 1983). A decade later, a study of African American communities in Baltimore found much of the strength of Baltimore's African American neighborhoods stems from the "Black vernacular culture," a rich network of CBOs, including block associations, umbrella organizations, church and union based coalitions, and social advocacy groups (McDougall 1993). Not unlike community groups in the other EZ cities, many of these groups, especially in West Baltimore, became aggressive community improvement advocates in response to urban renewal in the 1950s and 1960s. Somewhat paradoxically, the more political gains the African American community achieved in Baltimore, the more they undermined the African American vernacular culture which had been the source of their strength. According to McDougall (1993), as African Americans in Baltimore acquired the electoral majority and political control, they became increasingly dependent on the government for services once supplied by the family and the community. In so doing, he contends, they neglect the very strengths that brought them this far.

McDougall also explains in *Black Baltimore* that, in the period following the Civil Rights Movement, community activists built institutions to take up the social functions that were no longer performed by the city's vernacular community or the government (1993). One such institution is Baltimoreans United in Leadership Development (BUILD). BUILD, a church-community based organization, is probably the city's most important CBO. BUILD is located in Sandtown Winchester, an area where the city had already implemented urban renewal projects to attempt to stem the outward flow of residents and businesses. When the EZ initiative was first put forward, the mayor already had a firm foundation for encouraging citizen participation in the new program because of BUILD and Baltimore's many other community organizations. During the first phase of the application process, community residents participated actively and had considerable access to city hall. Mayor Schmoke's office sought advice from residents on what programs they wanted to establish in the Zones and on the forms of governance they preferred.

This dynamic—of strong community organizations and neighborhoods vying with influential local institutions for political influence—has been evident throughout Baltimore's EZ

planning and implementation processes. Baltimore's legacy of strong community organization boasts over 700 organizations in the city. One interviewee even claimed that "the community is pretty well organized and it can kill anything that it does not like." The tradition of strong neighborhood activism combined with the willingness of Mayor Kurt Schmoke to work with community organizations made it easier for neighborhood residents to play an active role in the Empowerment Zone and facilitated community access to public officials.

Baltimore is a divided city, with the African American working class East side and the White professional West side having different interests and disinclined to work together. This division in the city began in the early years of the century, and is reflected in the Village Centers created to govern the Empowerment Zone. Race has always been an important factor in Baltimore politics, it is after all a southern city. The riot that erupted after the assassination of Martin Luther King in 1968 greatly affected the racial make up of the city because it precipitated the exodus of the White middle class to the suburbs. By the late 1970s, Baltimore's population had an African American majority, and the city lacked the resources to deal with such major urban issues as unemployment, housing, drug abuse, and education.

The positive advantage of strong CBOs is balanced by the narrow circle of control over these groups, negating their participatory function and closing access for new participants. One Village Center, for example, has been unable to function since its creation because of rivalry between the long term leaders and newcomers to the process. The historical leaders wanted to appoint one of their own as the director but faced objections from new participants. This competition for control discourages participation by Zone residents, resulting in that Village Center's inability to draw funds from the EZ board to implement its programs.

Despite the close relationship between city hall and community groups, the CBOs have not been able to secure an especially influential role in the political process. Baltimore politics respond to the tremendous influence of the business community, and Mayor Schmoke is very amenable to the needs and interests of business. Johns Hopkins Medical System, the Rouse Corporation, and the University of Maryland are large and strong institutions within the Zone with many resources and their voices are highly regarded by the city and state governments. Local groups tend to defer to them. For example, HEBCAC, the largest of the Village Centers is closely associated with Johns Hopkins University Medical Systems and the Enterprise

Foundation, and allegedly received funding from the EZ because of this relationship. In return, one interviewee told us, HEBCAC will "do Hopkins' bidding."

**Business: Uninvolved**

Although the Baltimore EZ has been successful in incorporating the community, government, and business sectors on its governance board, it has been unable to attract major corporate investors, despite energetic efforts to do so. The Business Empowerment Center (BEC) was created in 1996 to help existing and prospective zone businesses, offering them the opportunity to link to technical assistance, land, capital, workforce, and other needed services and information. BEC offered low interest loans to encourage new businesses to locate in the zone and was linked to several other agencies and corporations, including the Bank of America, the U.S. Small Business Administration, and One Stop Capital Shop. They were ready to provide additional technical assistance and access to capital to entice enterprises. Businesses having difficulty attracting outside investments could obtain up to 35% of the total loan needed (to a maximum of $150,000) from the EBMC.

In 1998, Diane Bell, president of EBMC, reported that twenty-eight new businesses were created in the EZ and that several others relocated there. Most of the businesses that moved into the zone are small service operations housing (on average) between one and twenty jobs, many of entry-level positions paying the minimum wage. A prominent board member pointed out that these types of positions do not often provide opportunities for advancement or long term employment that can lift residents out of poverty.

There are several reasons for the failure to recruit more businesses to the Zone. Major corporations are reluctant to invest in the Zone because of the area's lack of infrastructure and human capital. Also, some of the Village Centers are not enthusiastic about spending the EZ's limited resources on attracting business. These leaders are more interested in developing housing and providing training programs to residents, arguing if community residents are not trained, they will be unable to work for the larger businesses that are moving into the community. Members of the business community prefer not to confront these interests. Most definitions of social capital and community capacity building define the strategic role of the business sector as part of the necessary construct of the networks essential to a common vision for the community. The failure

of the business sector to become engaged in common purpose in all of the EZ cities created an important vacuum in the enterprise.

## Atlanta

### Political Culture: An Indifferent and High-handed Mayor

Atlanta's political culture, race politics, and tradition of limited access of grassroots organizations shaped Atlanta's Empowerment Zone process. The city's economic and political landscape is dominated by an entrenched business elite and there are deep rifts and mistrust among certain segments of the city's population. Nowhere is the mistrust stronger than in the city's lower-income African American neighborhoods. While middle class African Americans are secondary participants in Atlanta's governing regime, low-income African American EZ residents were left out of the governing coalition (Stone 1989).

As part of the adoption of the new city charter in 1973, the role of grassroots organizations was institutionalized in the establishment of Neighborhood Planning Units (NPUs) as the basic planning units of the city. The NPUs provide a forum for organizing and coordinating the activities of disparate neighborhood organizations in a given neighborhood. Mayor Andrew Young decreased the power of NPUs by removing their staff and support for them within the city administration. Young, in the tradition of Atlanta's regime, worked closely with Atlanta's business elite and had little interest in supporting actions or groups who might challenge his power (Gittell et al 1996).

Community organizations have shown more vigor in recent years. Community leaders told us that CBOs and CDCs increased in strength and in number. CDCs are relatively new to the city, created because of the greater availability of funds for those purposes. As one community development leader told us, "Atlanta has no mature CDCs and only a couple of emerging CDCs. The remainder are embryonic." The EZ initiative had the potential to unite many of these groups, as well as provide these emerging organizations with much needed capacity building support (Gittell et al 1996). They were given funds by the EZ but not a role in the decision-making process.

The political tradition in Atlanta, characterized by some as both dominated by the singular power of the White business community and saddled with an enduring mistrust between

government and the community organizations, presented serious barriers to the implementation of the Empowerment Zone. In *Regime Politics Governing Atlanta 1946-1988,* Stone notes that since the election of Mayor Hartsfield in 1937, Atlanta has been governed by an urban regime with "informal arrangements by which public bodies and private interests function together in order to make and carry out governing decisions" (1989, 6). While he distanced himself from the ward-based organizations and their reputation as part of an urban machine, Mayor Hartsfield made it a habit of consulting the business community before making any major decisions. The business community's creation of Central Atlanta Progress in 1946 institutionalized the mechanism through which business leaders could collectively work with the political elite and also facilitated the incorporation of selected African American elites into the political process. In 1973, with the election of Mayor Maynard Jackson, Atlanta's first African American mayor, African Americans gained independent access to city hall. The enforcement of affirmative action laws and the creation of Neighborhood Planning Units (NPUs) opened up new opportunities for African Americans. Trust between city hall and the African American community increased significantly as the Jackson administration encouraged the creation of community organizations and CDCs, avenues for citizen participation in neighborhood and city politics. However, when Andrew Young succeeded Jackson, he de-funded these efforts and supported projects that were generally less popular with activists. Stone concludes that Young's administration was unresponsive to community needs and paid little attention to the city's social problems (Stone 1989).

The Clinton administration's EZ initiative was viewed by some of these community activists as a partnership that would help rebuild the trust that had eroded over the years between city hall and its constituents. This hoped-for renaissance failed to materialize because Mayor Campbell, who succeeded Young, and the politically dominant business community undermined the efforts of community organizations.

One of the original mandates of the Empowerment Zone policy was to reinvent local government by restructuring bureaucracies and increasing access for community residents. Community organizations were active in Atlanta and an effort was made to include them in writing the original proposal. The NPUs were activated in the planning stage of the proposal. Community activists, neighborhood organizations, and CDCs became the dominant force in the process and encouraged the mayor to support the creation of the Community Empowerment

Advisory Board (CEAB). The board, composed primarily of community organizations and NPU representatives, was to act as an advisory body to the Atlanta Empowerment Zone Board (AEZC). The CEAB managed to create a line for itself in the strategic plan, funding its own office and staff. Of the seventeen-member board of the AEZC, six were CEAB representatives and tended to vote in a block on projects. They often opposed mayoral and staff initiatives to approve projects not discussed at the community level.

Since 1995, deep suspicion and mistrust have characterized relations between the board's six community representatives and the mayor. From the beginning, there has been a constant struggle for control of the EZ between the community, the EZ staff, and the mayor. Because he appoints all seventeen members of the board, the mayor has the upper hand in this conflict. He easily has received approval for his programs. Residents complain that the mayor has repeatedly made policy without consultation with community leaders or over their objections. "There have been attempts made to redirect the programs," reported one community representative. "Statements have been made that applications do not have to go to the community for approval. The mayor has a problem with the strong stand of the community." One CEAB member characterized the mayor's attitude this way: "Once you do not agree with Mayor Campbell, he is your enemy; you are 'an obstructionist." Soon after Atlanta was chosen as one of the EZ cities, the mayor supported several changes in the original benchmarking without consulting with the CEAB. He also supported a move by the EZ board to allocate $13.4 million to the Atlanta Housing Authority, a decision made without the consent of community organizations. These independent actions alienated the community representatives.

EZ director Joseph Reid, after shepherding the initial application process, was not re-appointed as director of the EZ in 1995; residents perceived him as being totally dependent on the mayor. Further tension was generated between the community and the mayor when community residents were not given the opportunity to interview candidates to replace Reid. The mayor also evinced a cavalier attitude toward the EZ, having rarely attended board meetings (he is the chairman) and he single-mindedly pushed his own agenda when he did show up.

### Administrative Problems

The constant feuding between the mayor and the community organizations seriously affected the ability of the Empowerment Zone to implement its mandate causing a high turnover rate in the EZ staff. Another problem is the elaborate process for project approval developed in the EZ proposal. The first stage is the submission of a RFP (request for proposal) which goes to the NPUs for their recommendations. It then passes through the NPU to the CEAB which can recommend it to the AEZC Board for final decision. This process has created animosity between the staff of the AEZC, the EZ's executive body, and the CEAB, which represents the community. As the EZ program entered its fifth year, residents were totally discouraged with the process and doubted government was really interested in revitalizing their communities. Some have concluded that as White Atlanta has continued to move north and created it own city, there has been less reason to respond to the needs of the poor African American communities in Atlanta.

The Atlanta Empowerment Zone has also had to contend with conflict between the mayor and the state. The state government has been reluctant to approve funding for projects until all the paperwork is done; this only delays EZ programs and reinforces the belief of some CBOs and CDCs that the state wants to undermine the EZ program. Mayor Cambell's political problems, as well as accusations of misconduct in construction contracts which emerged in the later years of the EZ, add to the EZ conflicts and minimize the effectiveness of the program.

### Business: Uninterested in Low Income Communities

The absence of the business community in the EZ process has also affected the outcome of the program. Central Atlanta Progress played no role in the zone, and according to the EZ director, as nothing happens in Atlanta without the support of the business community, its failure to participate amounts to a silent veto of its progress. Mayor Campbell has made serious efforts to carve out a prominent role in the EZ for the business sector. Business leaders, for example, played a large part in the writing of the initial strategic plan, and EZ boundaries were designed to suit business interests, but business has been reluctant to become an important participant in the process. Of the many corporations in Atlanta, only the banks have played a prominent part, by providing a loan pool to the One Stop Capital Shop. Coca Cola has been supportive of the EZ (a Coca Cola executive sits on the AEZC Board) but this has not translated into real funding for

business projects in the Zone. During the Olympics, Swatch Corporation donated solar panels to the EZ, however, they have not done anything further. Aderhold Properties, which obtained a contract from the EZ and HUD to convert the former Fulton Cotton Mill and Bag company factory into residential apartments, is the sole company with a major project in the Zone, but some groups see the project as merely further gentrification of the neighborhood.

Landlords and real estate agents, interested in using EZ resources to build new housing units for the middle class, have been confronted by community organizations that were more interested in maintaining old residents and improving their neighborhoods. The community run CEAB's efforts to play more than an advisory role have alienated the business community; the director of the EZ regards community groups as an impediment to a partnership between the community, government and business. It is more likely that the business community has opted out of the EZ because they were far more engaged by development north of the downtown, where a new, White, Atlanta has been constructed.

As noted in all of the cities, the lack of a federal presence is blamed by local participants for the limited progress in the Zone. "The federal government does not have consistent policy on [EZ project implementation]," one EZ official told us. Another noted, "Lack of HUD guidelines have made [the EZ process] very difficult in Atlanta." A vice president at the Atlanta Economic Development Corporation had clear ideas about what HUD *could* have done:

> [I] would like to see HUD step in and provide guidance to the Atlanta EZ.… [For example], HUD could step in and say that the EX must use SSBG dollars as a capital injection for the revolving loan fund.... [Also], HUD could step in a say what type of loans it would like to see granted.

Instead, HUD allowed the mayor to control the EZ and relied on him to integrate neighborhood organizations and residents into the process. Only the first two years of the projects were benchmarked after Atlanta was awarded the designation. It took the city almost two years to draw down funding for specific projects. Furthermore, as there was no state support for the program, it

became much more difficult for the EZ staff and the city to gain support to obtain waivers for certain projects and to set up the required administrative structure.

## Detroit

### "The Same Old People"

Until the middle of the twentieth century, Detroit was home to a thriving automobile industry and, until a few decades later, an active and engaged citizenry. Beginning in the middle of the century a complex web of factors, including business divestment, the decline of the domestic auto industry, middle-class population flight, sharp racial divisions, and a strong mayor sympathetic to business but not to community organizations, transformed Detroit from a city with thriving businesses and communities to a devastated city with high crime, high poverty and high unemployment.

Detroit was once called the "arsenal of democracy" because of its role in automobile and munitions production for World War II (Sugrue 1996, 168). The label could also refer to Detroit's history of activist politics, Detroit being the birthplace of the United Auto Workers (UAW). It also had a very high level of participation in the federal Community Action Program (Peterson and Greenstone 1973) and the federal Model Cities program (Rosenbaum 1970, 169). Furthermore, Detroit was the city with the highest level of community access to its school system in a comparison of the politics of six urban school districts in the late 1960s (Gittell and Hollander 1968).

Detroit has faced serious economic dis-investment and middle-class population flight, problems that began in the 1940s. Automobile manufacturers and suppliers who ran out of room for expansion within the city limits turned to the suburbs for open land. Workers followed companies to the suburbs where instant towns sprang up around the new factories. It was found to be more cost effective to simply abandon old plants than to dismantle them, and so when companies left Detroit they left the city full of empty factories. Since the exodus of business and the middle class Detroit has been described by some as "a suit that needs to be taken in; the city is built to accommodate 2 million people, but only about 1 million people actually live in the city."

Racial tensions in Detroit intensified during the middle of the century. African Americans found that even though they could participate in the now more conservative UAW, they were not

able to obtain leadership positions within the union or stop the industry from moving out of the city. Detroit leaders placated the automobile manufacturers and their suppliers at a great cost to workers. The racial tensions escalated and the 1967 riot acted as a further catalyst for the flight of capital and people from the city. Detroit's historic activism decreased in the 1970s. While some blame the flight of the African American and White middle-class from the city, others have suggested that former Mayor Coleman Young is also responsible.

Detroit's traditional local structure and politics have dominated the EZ process. Some community groups played a strong role in developing Detroit's EZ strategic plan, but even these elite groups found themselves closed off from access during the EZ implementation. Detroit's dominant city council inserted itself into the EZ process in multiple ways, essentially micro-managing the EZ program, causing delays in project approval and contracting. As one EZ participant put it, "If the city is really a partner, then they should be willing to take on a certain amount of risk, but that isn't the case so they are micro-managing. It has been a bureaucratic process. Much of the process has remained the way the city has functioned all along." Initially, community groups attempted to create a quasi-governmental corporation that would have taken EZ implementation decision-making out of the hands of city bureaucrats and the city council, but they were unsuccessful, blocked by the powerful city council which saw such a corporation as a threat to its power. Such a body would have streamlined the EZ process by removing local government altogether from the management of EZ funds. A new non-profit corporation was created to implement the Zone programs, but traditional city review processes were retained. The contracting process was handled by the city's Department of Planning and Development during the first years of implementation, subject to all of the political gambits of bureaucratic politics.

The city council of Detroit plays a direct role in the EZ. In other cities, a mayoral agency or a non-profit corporation works with the neighborhoods to approve projects and contracts. In Detroit the council approves both EZ projects and contracts in the same way it does any regular city program. Functionally, the council ensures that each project is implemented in the way it was described in the strategic plan, and any variations of the initial plan must be approved by them. This not only delays the process but also creates a potential for conflict between the mayor and the council and with community organizations.

Detroit's EZ did not provide dramatically increased access for community groups because its EZ process, from its inception, did not involve a wide variety of groups. "The strategic plan used the same old people," noted a city staffer. "Those who put together the program were more or less elitist, not grassroots. Small groups of CDCs got the money -- mostly White folks, not a lot of Black folks...." The process was limited to those often referred to as the "usual suspects," a group whose numbers include the best-resourced CDCs. These "usual suspects" created the Coordinating Council to prepare the strategic plan and held a meeting attended by 400-500 people. The city was divided into three areas, east, center, and southwest, and a Coordinating Council was elected with nine members representing the community, nine representing business, and eighteen alternates.

Despite what appeared to be an inclusive process, a limited group of activists participated in the strategic planning effort and the elite CDCs played a prominent role (Gittell et al 1998). Some of the participants from these groups argue those who were absent during the planning process have only themselves to blame. As one active participant told us, "I think we were successful at getting a bottom up process and business involvement. I don't know why people weren't there. We notified everyone." Another said, "The application was done in such a way that either you volunteered or you weren't involved." Those who felt excluded reported that the "network of CDCs, that's a tight crowd." In particular, religious leaders and city council members felt left out of the planning effort. "The purpose was to bring in new community groups, but they were sticking with an old mailing list," one member of a faith-based organization complained. Some have suggested, looking back, that both religious leaders and the city council expected that things would be sent to them for approval, but that did not happen.

Detroit Mayor Dennis Archer began his term in 1994, coinciding with the EZ strategic planning phase. Mayor Coleman Young had centralized his power in the city for more than twenty years prior to Archer's election and was noted for limiting the access of community groups. Archer initially befriended community and business groups. As one Detroit business leader told us, "Now there is a business friendly environment. With Archer, there is a place for business." Once in office, Archer created a Land Use Task Force which developed a plan for the city and the Greater Downtown Detroit Partnership, charged with the goal of revitalizing the

Woodward Corridor which divides the east and west sections of the city and extends through Detroit's downtown.

The revitalization strategy began not as a city revitalization process but as a *downtown* revitalization process. Given this bias, according to one interviewee, the Land Task Force was criticized for continuing the growth projects that characterized the Coleman Young administration. In 1996, Archer suggested that in addition to the downtown strategy, the city adopt a Community Reinvestment Strategy (CRS) with foundation and business funding. The CRS divided the city into ten sectors, and a community board was created for each sector to develop strategies for its revitalization. Curiously, even though this planning process occurred concurrently to the EZ process, the two efforts oddly had little overlap.

Planning for Detroit's EZ began jointly between Detroit Renaissance, a business association, and then-Wayne County Planning Director Gloria Robinson (later the director of Detroit's Planning and Development Department and later still at the federal Department of Housing and Urban Development). A working group was later established to include community participants and this combination of business and community participants decided on a process for how the city would proceed.

**Administrative problems**

Detroit's extensive city bureaucracy caused innumerable delays during the EZ process and has been a consistent source of frustration for both businesses and community members who seek to get involved in the EZ. A number of EZ participants cited a specific member of the Planning and Development staff, the sole person assigned as contract writer for several years, as center of the problem. The mayor provided increased access for business groups, and interviewees reported that business maneuvered through Detroit's bureaucracy with mayoral assistance. Such assistance has not been forthcoming to community groups, much to the frustration of community leaders. The difficulty of getting reimbursements is one of the problems that repeatedly surfaces in accounts by participants. We were told one CDC almost went out of business because of delays in getting reimbursement. In 1998 and 1999, EZ administration was shifted to the Empowerment Zone Development Corporation, giving them an increased role and more control

over implementation. Participants reported that at of the beginning of 1999, the distribution of EZ funds became much more efficient.

**Business**

Detroit political analysts and EZ participants frequently referred to Detroit's EZ as "a tale of two Zones", one service and community related, the other economic and business related. The expenditure of the program dollars was the main focus of the community dominated Zone while business reinvestment and expanding bank involvement became part of a separate business focused Zone. Detroit's strategic planning effort formed the basis for the community focused Zone and the tax credits and local business incentives are the basis for the business-focused Zone.

The business-related Zone is dominated by corporate investment. For example, two of the big three automobile manufacturers committed to expanding their plants in the Zone. The overall commitment by Ford, Chrysler, and GM to the EZ is viewed by many both inside and outside of Detroit as a major achievement. The precise meaning to the EZ of this commitment is not clear. Chrysler is building an engine plant valued at $750 million, and GM is expanding its Hamtramck plant. Some suggest that the Zone boundaries were created to encompass these plants, which were already on the drawing board. There is no indication of how many jobs will go to EZ residents, but the companies' commitments to remain in the city and invest in plant expansions is viewed positively for the city as a whole. In the Zone, new mid-size businesses have moved in, and existing businesses expanded. These second and third tier firms are expected to produce jobs for EZ residents.

Before the EZ process began, banks had plans to reinvest in Detroit. Banks became involved in the Empowerment Zone by creating the Empowerment Zone Financial Institutions Consortium (EZFIC) through which they coordinated their financial activities and conducted assessments of lending institutions in the area. Since EZFIC began operation before the Zone boundaries were drawn, they profiled all of Detroit's census tracts to identify those most distressed. EZFIC members attended community meetings, conducted focus groups, and held a meeting at Comerica Bank to ask CDC leaders what they needed. EFZIC members also talked to small and middle range business owners and networked with the local financial intermediaries, the state housing authority, federal agencies, the city, and the One Stop Capital Shop.

Detroit indeed appears to be an example of an opportunity missed. Plagued by administrative problems and mayoral hegemony, the zone has developed with a split personality, one oriented toward community development, the other prioritizing business, with neither serving the city well. The level of deterioration in the inner city has increased, and the EZ has ignored the challenge.

**New York City: The Black Elite - Politics as Usual**

New York City, often referred to as unique because of its size, is also unique in its political regimes. The EZ structure reflects these circumstances.

**Political Culture / Political Conflict**

A complex interplay of intergovernmental power relations, amplified by Democratic and Republican party politics, played out on national, state, and local levels. When you add micro-managing city machine politics one can explain, to some degree, some key dynamics of the New York Empowerment Zone (incorporating parts of Upper Manhattan and the South Bronx). The original federal EZ legislation was co-sponsored by Congressmen Jack Kemp (Republican - Buffalo) and Robert Garcia (Democrat - South Bronx). When Garcia left Congress, Congressman Charles Rangel (Democrat - North Manhattan) assumed the leadership for shepherding this legislation through to fruition. Thus Rangel staked a major claim for EZ designation of his congressional district communities. The Bronx, under the leadership of Borough President Fernando Ferrer and Congressman Jose Serrano, erstwhile political rivals, joined forces to advocate for a Bronx EZ, buttressed by Republican Mayor Rudolph Guiliani's desire to include the Yankee Stadium area in the EZ. Thus, the Bronx wound up with a minority portion of the New York EZ.

While New York Governor Mario Cuomo and New York City Mayor David Dinkins (both Democrats) were in office they significantly ceded control and implementation of the New York EZ to local Democrats—Congressman Rangel in Manhattan and Borough President Ferrer in the Bronx. When Dinkins and Cuomo were defeated at the polls, a period of EZ power politics followed. Republicans Governor Pataki and Mayor Giuliani feuded over control of EZ governance for over a year before the situation was resolved. Meanwhile Andrew Cuomo (the

former governor's son and current New York gubernatorial candidate) was in place as the key actor on the New York oversight board, first as assistant secretary then as United States Department of Housing and Urban Development Secretary.

In Manhattan, the dynamic tension between African American and Latino racial/ethnic politics played a role, particularly with the increasingly important Dominican community of North Manhattan leveraging their inclusion within the EZ boundaries and gaining representation on the Upper Manhattan board. The Manhattan section of the EZ is dominated by the national Democratic leadership and Congressman Rangel. Rangel and the Democrats have had considerable influence with HUD through their relationship with HUD Secretary Andrew Cuomo. On the state level, Governor George Pataki's Republican administration, including the leadership of ESDC, the chief fiscal and administrative agent for the EZ, has major policy and decision-making input in Zone administration. In sharp contrast to the other cities, neither the New York City Council nor the New York State Legislature played any policy, budgetary or administrative role in EZ implementation. Certain individual state and city legislators, however, have been involved with some EZ issues.

A major problem during the implementation of the EZ in New York has been political conflict between and within the two major parties and between powerful individuals. New York politics is rife with rivalries that often spill out into the EZ because the same federal, state and municipal officials involved in the running political warfare serve as the intergovernmental leadership of the Zone. For example, Deputy Mayor Rudy Washington, serving as NYEZC Board Chairman, clashed repeatedly with Deborah Wright while she was UMEZ president. Even though both officials were members of the Giuliani administration they had such differing views regarding EZ policy and procedures that Wright was forced to resign. There was a very high turnover in the UMEZ presidency in the first five years yielding a significant impact upon UMEZ and EZ operations. Similarly, while New York state and city administrations are both Republican, political rivalries between Governor Pataki and Mayor Giuliani (who endorsed incumbent Democrat Mario Cuomo when Pataki ran for governor in 1994) led to considerable friction. Early on, Pataki and Giuliani wrestled for control of the EZ and were only able to reach a compromise when HUD threatened to rescind New York's EZ designation.

In addition to battling the New York City mayor, the Pataki administration challenged the Democrat's traditional hegemony in Harlem, maintained by Congressman Rangel and a key local development corporation, the Harlem Urban Development Corporation (HUDC). Randy Daniels, the senior African American official on the ESDC, and GOP State Attorney General Dennis Vacco investigated and dismantled HUDC. In its place they set up a local vehicle under the control of ESDC.

**Administrative Problems**

As is true in other cities, state and city project approval requirements are a major barrier for many EZ projects in New York City. After receiving initial approvals, a number of EZ projects involving local small businesses and community organizations have not been able to comply with final stage approval requirements. Thus a number of locally based EZ projects and programs in the South Bronx and Upper Manhattan EZs have been delayed and unable to advance to funding and implementation stages. EZ performance-based contracting requirements, a new concept, are creating major hardships for some community-based EZ service providers who delivered customer services, did not meet their targets, and will now receive less funding than they had anticipated.

In some instances the New York EZ's multi-tiered decision structures created approval delays, putting financial pressures on prospective EZ-funded programs and businesses. For example, an EZ project must typically first go through staff reviews, then one or two local development corporations (LDC) board committee approvals, a full LDC board approval, and lastly, a NYEZC approval. If calendar coordination isn't perfectly sequenced and all bodies don't meet in a timely manner, a project can languish several months before receiving needed approvals. In the meantime, terms and conditions can become obsolete and an EZ applicant can be adversely impacted, financially and otherwise.

The state, the city, UMEZ, and BOEDC have a fairly rigorous RFP and contractor requirements, and these have also slowed down contract execution and project implementation. Both NYC EZs primarily rely on in-place community organizations, some of which are tied to major institutions but employ outside vendors for service delivery. There does not appear to be a

systematic policy or strategy for developing new, indigenous community-based providers to provide needed EZ programs and services.

**Manhattan**

After the initial conflict between Pataki and Giuliani was resolved, the governor and the mayor have had a laissez faire attitude towards the EZ, granting wide latitude to their proxies, ESDC Chairman Charles Gargano looking out for the state's interests and Deputy Mayor Rudy Washington representing the city. In the Upper Manhattan Zone Congressman Rangel continues to wield great power over EZ policy while in the South Bronx Borough President Ferrer dominates the EZ.

The Upper Manhattan and South Bronx sectors of the EZ have very different kinds of involvement and interaction with respect to the business, governmental and community sectors. The Upper Manhattan portion of the NYEZ comprises 84 percent of the EZ resident population and receives 84 percent of the $300 million of EZ federal, state and city funding. Big business and corporate players appear to have a major interest in the commercial redevelopment of central and Upper Manhattan. Business and corporate leadership are highly involved in the Upper Manhattan EZ decision-making process, and play a major role in driving the EZ agenda. Many big business representatives sit on the EZ boards. Richard Parsons, president of Time Warner, is chairman of the UMEZ Board of Directors, while Richard Kiley, chairman of the NYC Partnership, a major corporate business advocacy group, was (until 2001) a UMEZ board member. Derrick Cephas is board chairman of UMEZ's SBA One Stop Capital Shop, known as BRISC (Business Resource & Investment Service Center). Cephas, a corporate attorney, is the former New York State Banking Superintendent and was general counsel at the New York State Urban Development Corporation, now the Empire State Development Corporation (ESDC). Barry Sullivan, former Chase senior executive and Deputy Mayor for Economic Development, Bill Lynch, former Deputy Mayor for Intergovernmental Affairs and, until recently, an executive with billionaire Ron Perelman's corporate empire, are also UMEZ board members and were Dinkins administration officials. Other BRISC board members include Serafin Mariel, president of New York National Bank, one of the few Latino owned banks in the city and Mark Willis, president of the Chase Development Corporation.

In the fall of 1997, with the help of two corporate consultants McKinsey & Co. and Bozell, Jacobs, Kenyon & Eckhardt, UMEZ came up with a three pronged EZ development strategy: Big Business Recruitment, Small Business Development, and Workforce Development. There are four targeted industries: entertainment and tourism, retail, health services, and business services. Compared to the South Bronx, Upper Manhattan has limited industrial space and six times the population. One interpretation of UMEZ leadership thinking is that retail and service projects will most quickly bring large blocs of jobs to the EZ, even if they are likely to be low wage retail and service jobs. The UMEZ analysis is that 12,000 EZ residents need jobs to bring the EZ's job rate into parity with that of the city.

In concert with UMEZ's own analysis, state and city administrations appear to agree on a policy consensus favoring corporate business-driven EZ economic development initiatives. Strategies for local small business development and workforce development are a distant second. Government and UMEZ experience make clear that Upper Manhattan's minority business sector is very fragile. Ironically, in UMEZ's early RFP and outreach efforts, the local small businesses most in need of EZ economic support were the least able to qualify for assistance such as business loans and financial packaging. Many Upper Manhattan local small businesses keep poor records, have poor credit history, suffer tax problems, and use minimal business technology, making them unattractive candidates for loans.

On the other hand, sophisticated corporate businesses and entrepreneurs from outside of the community are teaming up with local junior partners and submitting development packages, receiving UMEZ and NYEZ approvals and major financing. This corporate-centered UMEZ approach generated complaints from local community leaders and small business owners. It is notable that few, if any, local small business owners or representatives sit on the UMEZ and BRISC boards. Subsequently, UMEZ has set up small business managerial and technical assistance programs and consulting services. Additionally, it has approved financing for a number of local small business applicants.

### The Bronx

While UMEZ is an autonomous, special purpose LDC created specifically to administer the Upper Manhattan EZ, administration in the Bronx zone is handled by a unit of the Bronx

Overall Economic Development Corporation (BOEDC), the economic development agency of Bronx Borough President Fernando Ferrer. The BOEDC Board of Directors has had prominent representation from business, banks, utilities, major health institutions, and CDC officials but not from the clergy, small business interests, or EZ residents.

In contrast to UMEZ, the South Bronx Strategic Plan is programmatically oriented with a major focus on workforce development; the Bronx plan thus required fewer adjustments after EZ designation. Further, the South Bronx EZ administration is housed within the BOEDC, which has a major emphasis on (and has seen considerable success in) industrial development and the attraction and expansion of mid-sized industrial firms, bringing manufacturing jobs to the three South Bronx industrial parks located in the EZ.

The Bronx had an extensive community consultation process in the EZ pre-application stage. In the EZ post-designation stage they carried these structures over as advisory committees that played a major role in drafting RFPs, screening applicants, and making project and program recommendations to BOEDC for funding. More recently, however, the community consultation process has waned. One assessment is that BOEDC officials became preoccupied with EZ management and implementation issues and the community participation agenda receded as a priority. BOEDC claimed they were once again gearing up for a greater level of community feedback and input in EZ policy and decision-making.

In each city, professionalizing the EZ structure resulted in minimizing community roles. This pattern of changing CBOs is historically evident. Voluntary members of organizations often lose out to full time staff who control resources and formulate policy.

## Philadelphia: Image Matters

Philadelphia was one of the two EZ cities to take community participation seriously enough to create new sub-city governmental structures to carry out the program.

### Political Culture: The Involved Mayor

Sam Bass Warner described Philadelphia as a conservative political city that occasionally has had periods of more progressive biracial political alliances (Warner 1960). Philadelphia’s consensual political style, which shaped its implementation of the poverty program in an earlier

era, is also maintained by the lack of a radical or aggressive labor movement and an unusually moderate African American electorate. Philadelphia politics did not produce an aggressive African American leadership. In comparing Philadelphia to Chicago, New York City and Los Angeles, in the politics of their community action programs of the 1960s, Greenstone and Peterson concluded that moderate African Americans became the community's spokesmen during the 1960s, allowing the mayor to ignore a re-distributive policy agenda (1973).

During the War on Poverty, Philadelphia was one of the first cities to allow the poor to choose their own representatives to the local governing board, in an effort to achieve a "civilian perspective" (Bailey 1973, 174). But this structure was more successful at creating an image of maximum feasible participation of the poor, than creating actual participation. This same image approach to participation is also evident in the EZ program. Of all the EZ cities, Philadelphia has the highest proportion of community representatives on its board. Despite the structures created to facilitate participation, it remains at a minimum among low-income Zone residents.

Historically, Philadelphia's Community Action Program (CAP) was not used by the poor to build strong organizations in low-income communities. While it allowed the poor some independent action, unlike the Chicago CAP, it did not encourage political activities that would change the entrenched power relationships of the city. Formal representation did not produce an equally high level of substantive representation in Philadelphia. In keeping with its political tradition, even the representatives of the poor were more concerned with patronage than policy change. Representatives to the Neighborhood Poverty Councils pursued their particular interests such as payments and jobs for themselves and their friends and supplanted their programmatic concerns (Greenstone and Peterson 1973). The politics of patronage, not innovative agendas, has been a defining factor in Philadelphia politics.

The story of race relations in Philadelphia is one of segregation and exclusion of African Americans from political and economic institutions, a tradition begun in the years after the Civil War. Efforts to organize African Americans in Philadelphia were particularly successful in response to urban renewal. In the 1960s and 1970s, Philadelphia, like many other cities, focused its attention and financial resources on redeveloping its central city in their attempts to draw back Whites who had left for the suburbs. While Philadelphia was successful in attracting private investment to their central city revitalization efforts, urban renewal efforts in North Philadelphia

were far less successful. With a lack of interest from private developers, land cleared of "slum" housing was either left as vacant lots or was developed by the city. Efforts to revitalize Philadelphia at this time focused on improving transportation, and access to the center city from the suburbs. In response to these central city development efforts, the subsequent displacement of African Americans from the central city, and the devastation from the urban renewal in North Philadelphia, new political neighborhood organizations formed. These organizations promoted the needs of the neighborhoods to the forefront and advocated for an equitable distribution of federal funds dollars including Community Development Block Grant dollars (Adams et al 1991).

In the 1980s, Philadelphia mayors Green and Goode continued the downtown development focus which resulted in the redevelopment of the port and waterfront, Penn's Landing, as well as Market Street East and a convention center (Adams et al 1991). The Goode administration was somewhat more interested in neighborhood needs, providing assistance to community organizations to take over abandoned housing in their neighborhood. He was also committed to directing CDBG money into North Philadelphia.

Business influence in Philadelphia manifests directly through its relationships with mayors and indirectly through its role in the quasi-governmental non-profit corporations that control development in Philadelphia, particularly the Philadelphia Industrial Development Corporation (PIDC). The strength of business involvement has been directly tied to the strength of the business coalition and its particular orientation and focus on downtown development and revitalization (Warner 1960).

Philadelphia Mayor Rendell was more directly involved in the EZ program policy from its inception than the mayors of the other EZ cities. Rendell installed the EZ office within the Mayors Office of Community Services (MOCS) and provided extensive staff support during the strategic planning phase, as well as hiring three "community organizers" to work with each community to coordinate and involve community residents and organizations in the EZ planning effort. Rendell, who had an estimated fifty staff members working on developing the strategic plan, had coordinated the process, involved people, and also keep the EZ process under the control of the mayor's office. The mayor continued this staff support in the implementation phase, making Philadelphia's EZ office one of the best-staffed EZ offices. However, Rendell limited staff to a four-year period as he intended to implement the entire ten year EZ program in

the four years remaining of his tenure as mayor. Some local activists suggest his policies were geared toward his upcoming role in the 2000 Gore presidential campaign and his intention to run for governor of Pennsylvania.

While the mayor's involvement in staffing helped to relieve one problem suffered by many EZs (namely the chronic shortage of staff) his involvement in another problematic EZ process, project approval and contract awarding, had a negative effect. All projects approved by the CTBs (Community Trust Boards) then had to gain approval from the mayor who reviewed each of the projects and then sent his comments back to the CTBs, raising questions to be answered. In some cases, the mayor asked that feasibility studies be done to determine whether proposed projects were truly needed, introducing delays and added expenses. The mayor's assessment process became very long and drawn out. Although Mayor Rendell never officially turned down any projects, the chronic delays and set backs suffered by those projects in which the mayor did not support led to their expiration. One community participant explained their frustration with this process "We were constantly blocked. The mayor had issues with programs."

One of the biggest difficulties in Philadelphia was the development of an RFP process and a provider selection panel. Community organizations believed if they developed projects and submitted them according to the strategic plan, their organizations would receive funds to run the project. However, after the city was designated as an EZ, the mayor decided that projects would be put out for bid. Community organizations feared that other organizations that responded to the RFPs would win funding, rather than the community groups that they had spent time and effort developing the projects. Some community organizations were successful in circumventing this requirement for a competitive process and receiving "sole sourcing."

The city defended the competitive RFP process and argued that not all organizations had a chance to put their projects into the strategic plan. Therefore, to give them a chance, the competition for funding should be open to all groups. As one staff member related,

> Organizations didn't submit RFPs because they thought it was all tied up. We're trying to get more people involved. There are grassroots organizations that are providing a similar service. They

> don't have the capacity to service the whole Zone. We tell the CTBs that they have to bring up capacity of these other organizations.

The bureaucratic processes led to delays in implementation and to frustration on the part of community groups seeking to make change. They said that while the city was indeed making progress, they still had to deal with the usual bureaucracy. West Philadelphia, for example, was prepared to begin a housing project but had to wait because the city had not completed its review process.

It was not only processes in Philadelphia that caused difficulties for the EZ. The changing federal requirements and terminology also were problematic for community groups. Shifting benchmarking requirements and constantly revised language regarding EZ processes made life increasingly difficult for community organizations already overtaxed by the EZ process. As one community leader told us, "We wore people out. The EZ did have possibilities–we were going to get this money. It just has taken so much out of people. The bureaucracy, the changing language. Benchmarks, new staffing." An EZ staff member added, "No one knew what the benchmarking was and the rules changed as you went along. We didn't know what the government was looking for. The state government played only a minimal role, and ensured forms were filled out correctly."

Another problem in Philadelphia has been the different perceptions of the purpose of the EZ in the eyes of the EZ staff and those of community members. Community residents and CDC/CBO leaders saw the EZ as an opportunity to be involved in governing decisions. EZ staff had a somewhat different interpretation of the community's role. One staff member explained: "Residents thought there would be a reversal of roles. They perceive that government controls them. The EZ mis-defined this as an opportunity for the community to tell government what to do. We were willing to have everyone sit down and create projects." This staff member made it clear that, from their point of view, the EZ was not to be a completely community controlled endeavor but rather a program in which the government and community worked together.

**Business: Absent**

In Philadelphia, business has not been a primary player in the strategic planning or implementation phases of the Empowerment Zone process. The mayor appointed a few business leaders to the community level EZ governance structure, the Community Trust Boards (CTBs). They included a representative from Core States Bank (acquired by First Union) who originally chaired the American Street board but resigned, a representative from United Bank who later served as co-chair of the North Philadelphia board, and one other representative from Mellon Bank who is on the West Philadelphia board. The only other business representatives are from St. Joseph's Hospital, the North Philadelphia Health System, Episcopal Hospital, and Honor Foods. This is the full extent of the business community's participation in Zone governance.

In terms of business growth in EZ communities, residents had little contact with businesses that seek to locate in EZ communities. Generally, business investment and expansion opportunities were not handled at the Community Trust Board level but rather were managed by city government agencies such as the Department of Commerce and quasi-governmental agencies such as the PIDC[*]. The latter is comparable to the Baltimore Industrial Development Agency as both are public authorities or as some suggest, "shadow governments," acting with independent power outside of the political process. The Empowerment Zone administrative structure also includes staff who focused on business retention, expansion, and new investment. However there were no structures involving CTBs or community residents as primary participants.

Both the American Street and North Philadelphia portions of the Zone developed their own strategies to appeal to business, separate from the city's strategy. CTB representatives from the American Street portion of the Zone argued the city was only interested in bringing in shipping and receiving jobs, which American Street leaders believe will not be sustainable jobs for their residents.

The North Philadelphia Zone area, particularly Cecil B. Moore Avenue, has been the focus of revitalization planning efforts over the past decade, many that were coming to fruition.

---

[*]Some of the benefits for businesses that locate or expand in EZs are handled by PIDC. Among the programs PIDC administers are an additional $15 million in HUD 108 Economic Development Funds, EZ Tax Exempt Bond Financing, Tax Increment Financing, and the Delaware River Port Authorities' $1 million loan program for EZ businesses that will use the Philadelphia and Camden ports. The city of Philadelphia manages other programs including local tax rebates for industrial and commercial properties (Philadelphia/Camden Empowerment Zone 1996, 176).

These North Philadelphia redevelopment efforts are not specifically EZ projects, although some of them have been able to get some Zone financing for their projects. They were largely planned outside of the EZ governance structure and with separate funding. There is little indication that all of the ongoing efforts were coordinated or Zone participants were aware of their existence.

Each of the three CTBs in the Philadelphia Zone spent a considerable portion of their EZ dollars in support of three separate community financial institutions, arguing that one of their communities' biggest problems is access to capital. As one EZ staff member explained, "The priority for North Central was not just to create jobs but to build wealth. The community wanted to build capacity through investments." Overall, CTBs approved $7,250,000 for American Street, $8 million for North Philadelphia, and nearly $11 million for West Philadelphia.

Philadelphia certainly promoted citizen participation to a higher level through the structure of the Community Trust Boards as decentralized governance mechanisms. However its EZ, as the others, was not without its problems given other severe limitations in decision-making powers.

# FINDINGS

In April 2000, President Clinton announced the success of the Empowerment Zone initiative that had been established in 1994 in six cities. Accordingly, he was expanding the program, creating twenty additional new zones in cities across the country. Vice President Gore, who was already engaged in his campaign for the presidency, made the announcement. The reputed success of the policy was based, at least in part, on the evaluations commissioned and funded by the Department of Housing and Urban Development (http://www5.hud.gov/urban/). Those commissioned evaluation findings were not made available to the public. The HUD evaluation contracts required the approval of the Secretary before publication so they remain in the files of the evaluators.

The General Accounting Office reports on the EZ were available and were not so complimentary. The HUD EZ Web site pages provided an ongoing official source of information on the program and served as the informational basis for newspaper stories and articles written about the progress of the program. The EZ was the major urban program to emerge in the eight years of the Clinton/Gore administration and deserved more critical analysis than it received, especially since it was expanded so significantly in 2000.

The findings contained herein, funded by the MacArthur Foundation, are based on three years of field study in each of the cities. The particular emphasis of this research is on the role of community groups and their participation in the EZ program. The study was intended to evaluate the impact of a federal policy that defined as its purpose the engagement of community organizations in the revitalization of neighborhoods. Broadening local decision-making to include local governments as well as community organizations and businesses working together was a primary stated goal of the program. The decision process, the rhetoric of the program announced, was at the core of the program. Through that process community capacity would be expanded and social capital developed. Change was only possible if the key stakeholders were engaged, especially community organizations. The presumption was that the adoption of a participatory process in the EZ would lead to more active citizenship, expansion of the democratic process and revitalization of neighborhoods.

We are particularly concerned in this research with the impact of public policies on the process of democracy. We concur with the policy experts who consider that the essential goal. (Schneider and Ingram 1997). In the case of the Empowerment Zones, the intent of the legislation to improve democratic practices was clearly stated. As evidenced throughout this report, data was collected in each city on participation of community organizations in governance structures created under the EZ and the practices adopted to approve programs and allocate resources. We compared the role of local organizations in each city before and after the adoption of the EZ. The structure of civil society, of local CDCs and CBOs, and of other local groups was mapped in the Zone neighborhoods and the cities to determine the comparative effect of local politics and political culture, as well as the contextual political environment, on each EZ. We assumed organizational behavior would be shaped by internal and external variables. Internal variables we defined as the character of local organizations including membership, leadership, funding, organization history and age. External variables are the contextual influences such as city and neighborhood political cultures, race and gender politics and public policies. In the long run the goal of building community capacity is a product of the vitality of the community organizations and the city environment, the mechanisms for community access, the ability of local groups to build networks with elites and participate in the development of visions of change.

Our findings confirm many of the findings of earlier studies of community democracy. The barriers to participation we found in the EZs, for example, are the same as those observed over three decades ago by Marris and Reims in their conclusions regarding the Ford Grey Areas demonstration initiated in the 1960s. Grey Areas was the progenitor for the Federal Community Action program that significantly built participation into its structure and decision-making. Both programs were responding to the fact that city political systems were accused of being closed to large segments of the population and insensitive to the needs of the poor. A change in the participants, many agreed, was necessary. The Grey Areas program was designed to give funds to community based organizations in six poor neighborhoods to create programs to address their needs. The promise was for the community to design its own programs. Marris and Reims reported that there was an immediate clash between the professionals and community residents with regard to who would design and run the programs. Given the opportunity to include the poor in the governance of the projects, the report noted not a single poor person was included on the

local governance boards. They wrote that efforts at community inclusion came to have "paternalistic aims...to promote self help and social control through social cohesion, to facilitate the assimilation of middle class values." It is significant that we have the same findings regarding the groups in every EZ city. CBOs struggled for access to the elites who controlled the EZs. Constantly evident was the conflict between local activists and city officials and bureaucrats who defended their turf to the exclusion of any change in process or participants. Professionals challenged any new roles for local citizens, especially the poor, for control of the programs in their communities. Even though the EZ program was specifically designed to support the participation of local groups that process was enforced only in the initial planning phase of the program. The success of the first phase in engaging the new participants did suggest that local participants are engaged by the process and that government supervision can assure that participation takes place.

In addition to their recognition of the lack of adequate funding of community participation efforts, Marris and Reims reported on community groups vying with each other for limited resources in the Grey Areas effort. They note also the fact that local neighborhood groups have a tendency to be quite parochial and have difficulty rising above their particular interests. They often eschew larger city issues and a vision for the city as a whole. Our observations of the interactions of groups in the Zones confirmed similar conflicts among groups for funding. We found, however, that public policies and political actions create the competitive environment by forcing CBOs to compete for the same funds and these groups are excluded from the larger decisions and lack resources to assert an active role. Thus, while proclaiming rhetoric of cooperation and coalition building, city, state and national policies create a competitive rather than a cooperative environment within communities. Funding by governments and foundations are more likely to reward narrow purposes than the promotion of broader community purpose and the collaboration of groups. Historically, funders have resisted maintenance support of local groups, instead favoring program funding, even in the face of evaluations that conclude that the broader non-specific support builds stronger organizations and social capital. Independent organizations are more likely to respond to broader community issues and to seek change in the political system.

Active local elites resist governance structures that assure representation of more diverse community. Traditional city politics, institutions and regimes work hard to keep their power and constrain reforms that aim to create more inclusive governance and broaden participation. The failure of reforms in cities to change existing power structures to include excluded populations undermines the goals of so many federal and state urban programs. The political structures in cities that create the marginalization of African-American and Latino populations, women and new immigrants cannot be relied upon to redistribute power and reform the system. The burden of bureaucratic requirements at all levels of government prevents alternative decision processes from developing and new participants from becoming engaged. Reforms cannot therefore be directed by those in power. The same analysis explains why reforms that devolve power to state and local governments without changing the participants fail to produce more responsive policies or contribute to revitalization of the democratic process. Accordingly, in all of the EZ cities party politics and city bureaucratic processes and regimes severely impeded implementation of the EZ program. Mayors and city councilpersons and agency bureaucrats guard their powers jealously, and work at keeping large segments of the population outside the process, especially if they are critical of the programs.

The rhetoric of participatory democracy has been strong since the 1960s. We know the barriers but have made little progress toward resolving the issues. In the first phase of the EZ, our research found that the planning process was participatory. It proved that increased community participation could be promoted and achieved with strong support and supervision from the federal government. After the designation of the cities, during the implementation of the EZ, federal supervision diminished and the process reverted to politics as usual as local elites asserted their control. The results were as might be expected. Decisions followed traditional patterns, maintaining existing bureaucratic limits and mayoral political priorities and abandoning broader goals of including new participants in the process.

We are concerned, therefore, that the new Zones, created without attention to the shortcomings in implementation and outcomes of the original Zones, will result in similar failure. We present our most important findings with the hope they will influence future progress to address the realities of local politics and political culture.

The politics of race and class in each of the cities dominates local politics. City demographics and political culture function in an environment with limited tolerance for change. Established local regimes have long made decisions which favor central city development at the expense of neighborhood and community development. There are too few challenges to concentrations of economic and political power. New immigrants have more recently joined other established marginal populations in the most deteriorated neighborhoods in these cities and suffered the same powerless status. Their needs and demands are ignored and they have limited access to the system.

EZs could have challenged regimes by channeling funds and decision-making to new structures. With federal and state support, regime politics in the cities could have been challenged in modest ways, if only by providing access to information and opening up the decision process. Historic commitments by regimes to downtown development over neighborhood revitalization created distrust between community organizations and city hall in every EZ city yet nothing in the EZ program after the initial planning period took cognizance of that historic and ongoing conflict. Early on city council members were actively engaged in protecting their turf; they were especially threatened by community organizations in Detroit and Chicago and they asserted their dominance by claiming control over the purse strings through their contract approval and appropriations process. Council members declared that as elected community representatives, they should be involved in decisions affecting their districts. Bureaucratic procedures in each city affected the EZ contracting process. Even though many cities have approved projects, communities have not received EZ funds. In Detroit, New York, Philadelphia, and until recently Chicago, the traditional city contracting process was followed. Only Atlanta and Baltimore use their 501(c)(3) non-profit organizations to write the EZ contracts.

**Participation and Governance**

The creation of local governance structures presented another opportunity for fostering political change. All of the cities, however, except Philadelphia, created one centralized governing board. Philadelphia established a decentralized governance structure with three local community trust boards. Baltimore, Detroit, and Chicago proposed both local clusters and a central board. The viability of the local clusters within the structures varies by city. Baltimore

succeeded in making its tiered system work by creating six active Village Centers. The Atlanta and Baltimore proposals called for the creation of broadly representative citizen advisory boards that review all actions of the EZ. Chicago is still working to determine a role for its three community clusters. Detroit's strategic plan included three Neighborhood Review Panels but they were created late in the process.

The struggle for representation on the governing boards brings community organizations together. In each of the cities, local groups were engaged in the process of negotiation for representation in the permanent governance structures. That process of gaining representation also enhanced the status and capacity of the participating CBOs and expanded their networking with mayors and city agencies. Mayors in all of the cities as well as city councils in Detroit and Chicago asserted control over the composition of governance boards. Chicago, Baltimore, Atlanta, and Philadelphia mayors appoint most, if not all, of the governance board members. Mayor Campbell of Atlanta made himself chair of Atlanta's EZ governing board. Chicago's Mayor Daley reconstructed its governance board twice.

Conflict of interest on the governance boards has been an important issue in some of the cities. In Detroit, community organizations that are represented on the governance structures are not allowed to apply for Zone funding. Chicago is the only city in which there is no blind project review process and CDCs and CBOs that are represented on the governance board can apply for projects. Despite the fact that CBOs are not able to vote on their own projects, there was considerable speculation that CBO representatives supported one another's projects.

Community organizations are represented with varying strengths in the EZ governing structures in each of the cities. The Philadelphia EZ board has the widest representation of community organizations. Atlanta, created a separate citizen advisory board under pressure for CBOs to expand community representation and participation. Detroit has broad community representation on the EZ governing board; New York has no community representation on its Bronx EZ governing board or on its oversight board.

Where there are local cluster structures in addition to a central board, the community and CBOs are more likely to be involved. CBOs are active in Baltimore's Village Centers despite the presence of other strong actors including the University of Maryland Medical Center, Johns Hopkins University, and local businesses. Chicago's Pilsen/Little Village cluster structure has

successfully encouraged a variety of CBOs to participate in the local decision process and use the structure to address issues not directly related to the EZ. Philadelphia's groups are active on the decentralized community trust boards (CTBs) and CTB committee structures.

**Community Organizations: Building Social Capital and Community Capacity**

Networking between community organizations and local government officials has occurred in all of the cities as a part of the EZ process. Community organizations developed these relationships during the EZ planning phase and have continued them through their representation on governance structures and through the contracting.

Counterbalancing that process is that once implementation began, the EZ executive directors were appointed and emerged as professional decision-makers. Several of the executive directors became frustrated by the process that required community groups to be included in decision making. Atlanta's community organizations, for example, have complained that the EZ staff has attempted to establish its own priorities, eschewing EZ plan priorities. Chicago's former EZ Executive Director supported an active role for community organizations but found himself frustrated by the community process. Deborah Wright, former executive director of the Upper Manhattan EZ Corporation, openly pointed out the historic failure of community groups and placed her emphasis on economic development through private enterprise, which would be an executive decision.

Disagreements between community representatives and elected officials, EZ professional staff, and directors over changes to strategic plans, have been common. Elected officials and EZ staff see implementation as an opportunity to adopt their own priorities. Community participants frequently stand by the strategic plans that they had a hand in creating and have attempted to use the plans as a way to hold EZ staff and elected officials accountable.

Some hopeful signs are evident. The EZ has been a catalyst for the creation of new networks of organizations. A new network of grassroots religious leaders was created in Detroit and Chicago's Pilsen/Little Village cluster increased organizational relations. New CDCs seeking EZ funding were created in Atlanta and a new partnership has been forged in the Upper Manhattan portion of the EZ to take advantage of EZ funding opportunities. One can suggest that in some minor ways these new networks increase social capital and build weak ties which can if expanded lead to increased community capacity and broader visions for city revitalization.

**Business, Community, and Government Interaction**

EZ legislation sought to join business, government, and community in a common vision for rebuilding city neighborhoods, but there has been little interaction among these three sectors. Relationships have developed between business and government and community and government, but only in Baltimore have strong relationships developed among all three of the sectors. Business, with the exception of some banks, has been relatively uninvolved in the EZs despite the presence of representatives on the governing boards. Business representatives in several cities criticized the governance board processes claiming that it takes too long and that there is too much conflict among community representatives.

New businesses or businesses that expand within the Zone frequently bypass local organizations, interacting with a city economic development agency directly. Few EZ organizations have the capacity to engage in outreach to business or to recruit business to the Zones. Businesses which hire Zone residents do not need to work with the EZ governance structures. To receive tax benefits for hiring Zone residents, they need only fill out the appropriate line on their tax forms. Business investment in the Zones depends in part on whether there is room for investment within the Zone boundaries. Philadelphia's Zone is nearly entirely residential; Detroit's Zone, by comparison, includes substantially more geographical area for industrial and commercial development. While the EZ has provided a mechanism for government and business to hear community organizations and encourage neighborhood level politics, it has done little else to change the process of local decision-making or to engage a broader community in local governance. Although those who support a process for all three sectors working together saw that process as a means of building a more general view of reform and revitalization out of their special interests, stating the principle did not make it happen. Each of the sectors maintained their separate particular interests, never reaching a common vision.

## CONCLUSIONS

Our findings suggest the EZ program has fallen far short of its stated goals. In fact, little changed in any of the cities or Zones with regard to the major goals set forth in the legislation and the regulations outlined by HUD. Importantly, we found strong evidence that community residents and organizations in each of the cities made a major investment of time and resources in the planning and proposal development phase of the EZ and had high expectations for an expanded role in community development in their neighborhoods. Several cities' EZ plans took the interest in reinventing government seriously, projecting ambitious plans for city government reform that outlined more permanent and greater participation and access for community groups. Community organizations participated actively in the development of these EZ plans. Moreover, this early CBO involvement in EZ planning was constructive and significant as community organizations embraced the EZ as an important opportunity to participate in community decision making and to make change within their deteriorating neighborhoods. In each city, the early and active participation of community organizations in the EZ's planning phase was the pinnacle of CBO participation in all of the years of the EZ Program.

The successful engagement of community organizations in the planning and proposal phase confirmed, that with federal requirements and supervision, it is possible to create an environment in which CBOs are active and able to expand their communities' capacities for planning their own redevelopment. The early accomplishments also confirmed the feasibility of a national policy providing even minimal incentives for community groups to work in concert with each other, the private sector, and government agencies. Thus, there is little doubt that citizen participation is a realizable goal if communities see change as a priority and if their participation is essential to the political process. Although financial support for community groups was not provided to enable them to participate on somewhat equal footing with the other sectors, they made the sacrifices necessary to do so. However, CBOs with less resources were more constrained in their abilities to participate, and the representation of community groups in the EZ planning process was necessarily limited by that fact. Although CBOs in all the cities were more active in the planning period, our research suggests differences in the encouragement of community participation in the several cities.

After the planning phase was completed and the cities submitted their proposals to the federal government, EZs were established in six cities by federal designation. Soon after granting the cities EZ status, however, the federal government withdrew its support for, and close supervision of, local CBO participation. The second phase of the EZ agenda was implementation of the plans, which necessitated the establishment of administrative and governance structures. Active community participants struggled to maintain a role in the continuing process of EZ development and implementation and to maintain their representation in the permanent EZ governance structures that were being debated as a part of the implementation strategy. In the vacuum created by the federal withdrawal from programmatic oversight, each city's historical power structures assumed control of decision making, a shift reflected in the resulting EZ implementation plans. In three cities, the EZ program and its central actors changed almost immediately after HUD backed away from its active supervisory role. In all six cities, mayors, city agencies, city councils, and departmental bureaucracies all asserted their authority over the process to the exclusion of CBOs and CDCs.

Political processes in the six cities reflect differences in their political structure and culture. Baltimore, with a relatively strong tradition of support for neighborhoods and community-based organization, created several governance structures designed to increase community participation. Philadelphia Mayor Rendell's positive attitude toward local groups also resulted in a relatively strong emphasis on community organizations in neighborhood governance under the EZ.

In contrast, New York City CBOs were included as an afterthought. Even during the planning phase, New York community groups' input was solicited only after an EZ proposal was written and priorities set. This token gesture of inclusion was devised to meet the federal requirement for community participation. The New York Empowerment Zone's first executive director, Deborah Wright, announced early on that her strategy for EZ development would be to encourage business organizations to come into the Zone and establish a strong presence independent of community concerns or intentions. Wright rejected many aspects of the New York plan that supported programs to be run by CBOs or CDCs. In Atlanta, the CBOs created a citizen advisory committee and secured funding to support a continued community role in EZ implementation and planning, thereby attempting to force the mayor to recognize their strategic

role in EZ implementation. Despite their varying successes in maintaining citizen participation in implementation of EZ programs, none of the cities succeeded in creating governance structures that would sustain that role. City councils and mayors in several cities barred local community organizations from the decision-making processes in the implementation of the plans. In the end traditional city politics and practices delayed implementation, undermined community projects and new goals, and left large sums of EZ money unspent. EZ policy and programs did not alter relationships between the mayor and city council and local community groups as the federal legislation implied it would.

After four years of the EZ program, all six cities failed to draw down and spend a large portion of the federal funds available to them. The cities' inability to capitalize on federal financial resources is a dramatic testament to the limitations, if not the failure, of the EZ initiative. Although the funds were secured through Title XX state governments were not an impediment to the Zone progress, even though nearly every mayor faced a governor from a different political party. Rather, it was the traditional closed political structure of city politics in all six EZs that deterred new efforts to expand citizen participation and develop a participatory role for the community. In several cities' EZs, the heavy hand of traditional city politics also deterred the engagement of the business community. The lack of federal supervision of the EZ process after the initial planning stage sent a message to city politicians that change was not the priority of the federal authorities. The cities' traditional elites, whose policies created the very problems that the EZ legislation sought to remedy, were free to take control of the new program, manipulate it to their liking, and reduce its potential to restructure the process of development.

The strong language of the EZ legislation and HUD regulations regarding community participation which shaped the first phase of the EZ program was buried in the second phase of implementation. The concept of the three sectors, government, business, and community organizations engaging in collective operation of the EZ was all but abandoned. Community groups' incentives for participation in the EZ process depreciated as it became clear that their expenditures of time and energy were no longer directed towards the same cooperative enterprise that built momentum during the earlier EZ planning process. While the federal mandate for community participation facilitated the networking of formerly disconnected sectors of the city and their neighborhoods by providing a basis for common purpose and vision, most networks that

began to grow during the EZ's planning phases soon disappeared. The broadening of the concept of community capacity building by inclusion of CBOs was summarily abandoned. The federal government's failure to maintain its vigilant support of the program's original intent, the mayors' failure to lead a policy of change in structure and priorities, and the private sector's lack of support for a stronger role for community groups all contributed significantly to the ultimate failure of the EZ process to achieve what, early in the process, was eminently attainable.

This study is the story of cities poised to embrace a program that could have changed the process of community revitalization and the construction of community capacity in the original six EZ cities. It is the story of community organizations ready to be engaged and to reestablish their role as instruments of local democracy. The story ultimately describes a familiar failed model -- money funneled into traditional city elites for short-lived programs with limited funds designed by outside program planners for poor communities, disregarding strategies that would enable poor communities to restructure themselves. In short, this research tells the story of an opportunity missed.

# BIBLIOGRAPHY


Abu-Lughod, Janet. 1999. *New York, Chicago, Los Angeles – America's Global Cities*. Minneapolis: University of Minnesota Press.

Adams, Carolyn et al. 1991. *Philadelphia: Neighborhoods, Division and Conflict in a Postindustiral City*. Philadelphia: Temple University Press.

Andranovich, Greg and Gerry Riposa. 1996. "Urban Empowerment Zones: Linking Interests and Administrative Capacity." Paper presented at the 26th Annual Meeting of the Urban Affairs Association: New York. March 13-16.

Atlanta Empowerment Zone Corporation. 1997. *The Empowerment Zone Corporation Executive Summary January 1- December 31, 1996.* Atlanta.

_____. *What's Happening in the Zone*. Newsletter of the Atlanta Empowerment Zone Corporation.

Bailey, Robert and Patrick Kaylor. 1997. "Community Capacity and Discourses of Governance: The Philadelphia / Camden Empowerment Zone." Paper presented at the Annual Meeting of the Urban Affairs Association, Toronto, April 18-21.

*Baltimore Empowerment*. 1994. Strategic Plan submitted to the Department of Housing and Urban Development. (June).

Bank of America Community Finance Tea. 1995. *A Guide to Chicago's Empowerment Zone Tax Credits and Waivers*. Chicago: Bank of America. (January).

Boyle, Robin. 1995. "Empowerment Zones: Picking the Winners." *Economic Development Quarterly*. 9(August): 207-211.

Cashin, Sheryll. 1996. "The Federal Perspective: Reinventing the Community Empowerment Agenda." *Metropolitics.* (May): 10-11.

Cerda, Jose, III. 1997. *Transition Report and Recommendations for the Chicago Empowerment Zone.* Chicago: Empowerment Zone Office. (March 31).

Chaskin, Robert J. and Clark M. Peters. 1997. *Governance in Empowerment Zone Communities. A Preliminary Examination of Governance in Fifteen Empowerment Zone Communities*. Chicago: The Chapin Hall Center for Children at the University of Chicago. January

City of Atlanta. 1994. *Creating an Urban Village.* Empowerment Zone Application. Submitted to the Department of Housing and Urban Development. (June).

City of Detroit. 1994. *Jumpstarting the Motor City.* Empowerment Zone Application. Submitted to the Department of Housing and Urban Development. (June).

City of New York. 1994. *Empowerment Zone Application: Bronx Sub-Area*. Application Submitted to the Department of Housing and Urban Development. (June).

City of New York. 1994. *Empowerment Zone Application: Upper Manhattan*. Submitted to the Department of Housing and Urban Development. (June).

Cites of Philadelphia and Camden. 1994. *Philadelphia and Camden Empowerment Zone Strategic Plan.* Submitted to the Department of Housing and Urban Development. (June).

City of Philadelphia. 1997. *Philadelphia Empowerment Zone Status Report.* Philadelphia Empowerment Zone Office. (February).

The Council of State Community Development Agencies. 1995. *EZs and ECs: The Early Stages of Implementation*. Washington, February (Updated April 1995).

Crenson, Matthew. 1983. *Neighborhood Politics.* Cambridge: Harvard University Press.

Empower Baltimore Management Corporation. *Baltimore Empowerment Zone Highlights and Activities 1995-1996*. Baltimore.

*Empowering Chicago's Citizens.* 1994. Strategic Plan submitted to the Department of Housing and Urban Development. June.

_____. No date. *Baltimore Empowerment Zone 18-Month Report*. Baltimore.

*Empowerment Zone Business Directory.* 1996. Data provided by Michigan Metropolitan Information Center, Wayne State University. Detroit: Detroit Edison. (April).

*EZ Exchange*: *The National Empowerment Zone Quarterly*. 1996. 1(Spring).

_____. 1996. 1(Winter).

_____. 1997. 2 (Spring).

_____. 1997. 2(Summer/Fall).

Fiore, Nicholas. 1996. "From the Tax Adviser: Empowerment Zone Empowerment Credit." *Journal of Accountancy*. (June): 38.

Gaventa, John Dr., Janice Morrissey and Wanda Edwards. 1995. *The Evaluation and Learning Initiative of the National Empowerment Zone and Enterprise Community Program: Review and*

*Recommendations for Phase II Support*. Volume I: Project Overview and Recommendations. The University of Tennessee: Community Partnership Center / Department of Sociology. October.

_____. 1995. *The Evaluation and Learning Initiative of the National Empowerment Zone and Enterprise Community Program: Review and Recommendations for Phase II Support.* Volume II: Literature Review. The University of Tennessee: Community Partnership Center / Department of Sociology. October.

Gittell, Ross, and Vidal, Avis. 1998a. *Community Organizing: Building Social Capital as a Development Strateg*y. Thousand Oaks, CA: Sage.

Gittell, Marilyn and T. Edward Hollander. 1968. *Six Urban School Districts.* New York: Praeger.

Gittell, Marilyn. 1995. "Growing Pains: Politics Beset Empowerment Zones." *Forum for Applied Research and Public Policy*. 10(Winter): 107-111.

_____, Janice Bockmeyer, Robert Lindsay, and Kathe Newman. 1996. "Expanding Civic Opportunity: The Urban Empowerment Zones." Paper presented at the Annual Meeting of the Urban Affairs Association, New York City, March 13-16.

_____. 1996. *The Urban Empowerment Zones: Community Organizations and Community Capacity Building*. New York: Howard Samuels State Management and Policy Center.

_____. 1997. "Social Capital Building through Community Participation: The Urban Empowerment Zones." Paper presented at the Urban Affairs Association Annual Meeting, Toronto, Canada, April 16-20.

_____, Kathe Newman, Janice Bockmeyer and Robert Lindsay. 1998. "Expanding Civic Opportunity: The Urban Empowerment Zones." *Urban Affairs Review*.

_____, 1998. *Empowerment Zone Implementation: Community Participation and Capacity*. New York City: Howard Samuels State Management and Policy Center.

_____, 1999. *The Politics of Community Development: CDCs and Social Capital*. New York City: Howard Samuels State Management and Policy Center.

Gramlich, Ed. 1994. "Grand Illusion: Clinton Era Enterprise Zones- Sounds Great / Less Fulfilling." Washington, D.C: Center for Community Change. (April).

Hambleton, Robin. 1995. "The Clinton Policy for Cities - A Transatlantic Assessment." *Planning Practice and Research*. (July).

Hornbeck, J. 1994. *Empowerment Zones/Enterprise Communities: Can A Federal Policy Affect Local Economic Development?* Congressional Research Service Issue Brief. Washington, D.C: Congressional Research Service. (May).

Horowitz, Craig. 1997. "The Battle for the Soul of Harlem." *New York*. 30(January 27): 22-31.

_____. *1995. Report on Labor Force Characteristics and Jobs in the Empowerment Zone and Upper Manhattan.* New York: Columbia University Empowerment Zone Monitoring and Assistance Project. November 6.

Immergluck, Daniel and Timothy Hilton. 1996. *Breaking Down Barriers: Prospects and Politics for Linking Jobs and Residents in the Chicago Empowerment Zone*. Chicago: Woodstock Institute. November.

Katz, Jeffrey L. 1993. " Clinton Proposes New Zone Plan." *Congressional Quarterly Weekly Report.* 51 (May 8): 1160.

Keating, W. Dennis, et al. 1999. *Rebuilding Urban Neighborhoods: Achievements, Opportunities, and Limits.* Sage Publications.

Liebschutz, Sarah. 1995. "Empowerment Zones and Enterprise Communities: Reinventing Federalism for Distressed Communities." *Publius: The Journal of Federalism.* v25, n3. (Summer): 117-132.

Lopez, Lisette and Carol Stack. 1999. "Social Capital at the Crossroads." Paper prepared for the Ford Foundation conference *Social Capital and Poor Communities: Building and Using Social Capital to Combat Poverty*, New York City, March 11-13.

Mahtesian, Charles. 1995. "Showdown on E-Z Street." *Governing*. 9(October): 36-41.

McDougall, Harold A. 1993. *Black Baltimore: A Theory of Community*. Philadelphia: Temple University Press.

*Metropolitics*. 1995. New York: Barnard-Columbia Center for Urban Policy. 1(December).

Modarres, Ali. 1996. "Borders to Poverty: Empowerment Zones and the Politics of Development." Paper presented at the Annual Meeting of Urban Affairs Association, New York, March.

Moss, Mitchell. 1995. "Where's the Power in the Empowerment Zone." *City Journal*. (Spring): 76-91.

*The Neighborhood Works*. 1997. Chicago: The Center for Neighborhood Technology. 2(Jan/Feb).

Nelson A. Rockefeller Institute of Government. 1997. *Building a Community Plan for Strategic Change: Findings from the First Round Assessment of the Empowerment Zone/Enterprise Community Initiative.* Prepared for the United States Department of Housing and Urban Development. Albany, New York.

Orr, Marion. 1999. *Black Social Capital*. Lawrence: University of Kansas.

Peterson, Paul and G. David Greenstone. 1973. Race and Authority in Urban Politics. New York: Russell Sage.

Pick, Grant. 1995. "EZ Does It." *Reader.* 24(March).

Pierce, Neil R. and Carol F. Steinbach. 1987. *Corrective Capitalism: A Report to the Ford Foundation.* New York: Ford Foundation.

Price Waterhouse LLP. 1997. *Activities for Strategic Change: An Overview of Public and Private Investment Activities in the Six Urban Empowerment Zones.* Prepared for the United States Department of Housing and Urban Development. Virginia, March.

Putnam, Robert D. 1993. *Making Democracy Work.* Princeton: Princeton University Press.

Riposa, Gerry. 1996. "From Enterprise Zones to Empowerment Zones: The Community Context of Urban Economic Development." *American Behavioral Scientist.* 39(March/April): 536-551.

Rosenbaum, Alan. 1970. "Participation Programs and Politics: The Federal Impact on the Metropolis." Paper presented at the American political Science Meeting, September 8-12.

Rubin, Marilyn M. 1994. "Can Reorchestration of Historical Themes Reinvent Government? A Case Study of the Empowerment Zones and Enterprise Communities Act of 1993." *Public Administration Review.* v54, n2. (March/April):161-169.

Saegert, Susan and Winkel, Gary. 1999. "CDCs, Social Capital and Housing Quality." *Shelterforce*. (March/April 22-24).

Schaffer, Richard. 1996. *Real Property in Upper Manhattan.* New York: Columbia University Empowerment Zone Monitoring and Assistance Project. (October 24).

_____. 1996. *Report on the Economic Base of Upper Manhattan*. New York: Columbia University Empowerment Zone Monitoring and Assistance Project. (October 24).

Schneider, Anne L. and Helen Ingram. 1997. *Policy Design for Democracy*. Lawrence: University of Kansas Press.

Simpson, Burney. 1997. "Zoned Out." *The Chicago Reporter.* 26(June): 1, 6-7, 9-10.

Stoker, Robert. 1987. "Baltimore: The Self-Evaluating City." In *The Politics of Urban Development*, edited by Clarence Stone and Heywood Sanders. Lawrence: University of Kansas Press.

Stone, Clarence. 1989. *Regime Politics: Governing Atlanta 1946-1988*. Lawrence, Kansas: University Press of Kansas.

Surgue, Thomas. 1996. *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit.* Princeton: Princeton University Press.

Theodore, Nikolas. 1997. "Jobs and Employment Networks in the Chicago Empowerment Zone." Chicago: Chicago Urban League. Paper presented to the Chicago EZ/EC Coordinating Council. Bank of America. (February 12).

Thomas, June M. 1995. "Applying for Empowerment Zone Designation: A Tale of Woe and Triumph." *Economic Development Quarterly*. 9(August): 212-224.

Thomson, Dale E. 1995. "The Impacts of Federal Mandates to Ensure Citizen Participation in Community Development." Paper presented at the Annual Meeting of the Urban Affairs Association, Portland, Oregon, May 5.

*Upside: Business News from the Philadelphia Empowerment Zone*. 1997. Philadelphia: The Philadelphia Empowerment Zone, April.

Warner, Sam Bass Jr. 1987. *The Private City: Philadelphia in Three Periods of Growth.* Philadelphia: University of Pennsylvania Press.

## UNITED STATES GOVERNMENT PUBLICATIONS

United States Department of Housing and Urban Development (HUD). 1994a. *Building Communities Together. Application Forms for Empowerment Zones and Enterprise Communities*. Washington: HUD, January.

_____ and the U.S. Department of Agriculture. 1994. *Building Communities: Together. Application Forms for Empowerment Zones and Enterprise Communities*. Washington, January.

_____. 1994. *Statement of Henry Cisneros on the Announcement of Empowerment Zones and Enterprise Communities*. HUD News Release, #94-212. Washington, December 21.

_____. 1994. *Building Communities: Together. Guidebook for Community-Based Strategic Planning for Empowerment Zones and Enterprise Communities.* Washington, January.

_____. 1994b. *President Announces Designation of More than 100 Empowerment Zones and Enterprise Communities*. Washington: HUD, December 21. See: http://www.hud.gov/ceb/news/1994.asp.

_____. 1995. *Building Communities: Together. Urban Empowerment Zones and Enterprise Communities*. Washington: HUD, July.

_____. 1997. *HUD Issues Empowerment Zone / Enterprise Community Reviews: Reports Suggest Lessons to Be Learned for Round Two of Zones*. News Release HUD #97-24, March 7.

_____. 1997. *Case Studies of Comeback Communities.* See: http://www.hud.gov/comebck8.html.

_____. 1997. *EZ / EC: Best Practices*. See: http://www.hud.gov/cpd/ezec/ezecsucc.html.

_____. 1997. *EZ / EC Performance Report Executive Summaries 1995-1996.*

Atlanta: http://www.hud.gov/cpd/ezec/atgaperf.html#top.

Baltimore: http://www.hud.gov/cpd/ezec/bamdperf.html.

Chicago: http://www.hud.gov/cpd/ezec/chilperf.html#top.

Detroit: http://www.hud.gov/cpd/ezec/demiperf.html#top.

New York: http://www.hud.gov/cpd/ezec/nenyperf.html#top.

Philadelphia/Camden: http://www.hud.gov/cpd/ezec/phcmperf.html#top.

_____. 1997. *What Works in the Empowerment Zones and Enterprise Communities.* Washington, D.C.

_____. *About theEZ/EC Initiative*. No date. See: http://www.5.hud.gov/urban/about/ezecoversight.asp

United States Department of the Treasury. Internal Revenue Service. 1993. *Tax Incentives for Empowerment Zones and Enterprise Communities*. Washington.

United States General Accounting Office. 1996. *Community Development: Status of Urban Empowerment Zones*. Report to the Chairman, Subcommittee on Human Resources and Intergovernmental Relations, Committee on Government Reform and Oversight, House of Representatives. Washington, D.C.: GAO, December. (GAO/RCED-97-21).

_____. 1998. *Community Development – Progress on Economic Development Activities Varies among the Empowerment Zones.* Report to the Subcommittee on Human Resources, Committee on Government Reform and Oversight, House of Representatives. Washington: GAO, November. (GAO/RCED - 99-29).

## APPENDIX I: EZ TIMELINE

- **8/10/93**- Congress enacts the Omnibus Budget Reconciliation Act of 1993 (OBRA 1993, P.L. 103-66), which established the EZ/EC Initiative's eligibility criteria, designation procedures, and benefits.

- **12/21/94**- Round I results are announced. There are 6 urban EZs, 2 Supplemental EZs, 4 Enhanced Enterprise Communities and 66 ECs.

- **2/25-26/95**- White House Community Empowerment Conference held in Washington, DC.

- **2/26/95**- HUD EDI/108 Funds Awarded to 2 SEZs (Los Angeles/Cleveland) and 4 EECs (Boston, Oakland, Kansas City & Houston)

- **2/21-23/96**- White House Community Empowerment Conference held in Washington, DC

- **4/14-16/97**- White House Community Empowerment Conference held in Detroit, MI

- **8/7/97**- Taxpayer Relief Act of 1997 authorizes the designation of fifteen new Urban Empowerment Zones and five new Rural Zones

- **4/16/98**- Vice President Gore announces the EZ Round II competition at the annual meeting of the National Conference of Black Mayors in New Orleans, Louisiana

- **4/16/98**- Federal Register publishes the Round II Regulations (Rule and Notice Inviting Applications) which govern the competition. HUD also issues 6 technical assistance publications to assist potential applicants (Application Forms, Application Guide, Strategic Planning Guide, Performance Measurement System Guide, Federal Programs Guide, What Works in EZ/ECs). Over 10,000 Round II technical assistance publications are distributed to potential applicants.

- **4/17/98**- HUD begins a series of ten regional Round II Technical Assistance Workshops to assist potential applicants. Over 1,200 people attend the workshops.

- **7/14 - 16/1998**- Vice President Gore and Secretary Cuomo host White House Community Empowerment Conference in Washington, DC to assist Round II applicants. Over 2,200 people attended the Conference.

- **10/98**- The omnibus budget agreement passed by Congress contains $45 million in HUD funding for the 15 new Empowerment Zones.

- **10/98 - 12/98**- The application of each EZ designee was reviewed by at at least eight different career civil servants. An Initial Review Team and a Final Review Panel evaluated the applications based on the review considerations contained in the Notice of Funding Availability issued in April, 1998. Each application was scored based on the quality of the

strategic plan (75 points) and the strength of private and public sector commitments made to implement the plan (25 points).

- **12/31/98**- HUD designates 15 new Urban Empowerment Zones.

- **1/13/98**- Vice President Gore, HUD Secretary Cuomo and USDA Secretary Glickman announce the 20 (15 urban/5 rural) Round II Empowerment Zones.

- **5/23 - 27/99**- White House Community Empowerment Conference held in McAllen, TX, The Rio Grande EZ is the host.

- **6/27 - 29/2000**- White House Community Empowerment Conference was held in Columbus, Ohio. The conference, held under the theme "Investing in America's Communities," attracted more than 1,400 registrants and 60 exhibitors.

- **12/15/00** - Congress passes the Community Renewal Tax Relief Act of 2000, which authorizes 28 urban and 12 rural Renewal Communities (RCs) as well as a Round III of 7 new urban and 2 rural Empowerment Zones (EZs). The designations of these RCs and EZs will be effective from January 1, 2002 through December 31, 2009.

***EZ Timeline from** http://www.hud.gov/offices/cpd/ezec/about/timeline.cfm.

## APPENDIX II: URBAN EMPOWERMENT ZONES CONTACT LIST

**Atlanta, GA**
Ron Diamond
Interim Executive Director
Atlanta EZ Corporation
City Hall East
675 Ponce De Leon Avenue
Second Floor
Atlanta, GA 30308
Phone: 404-853-7611

**Chicago, IL**
Wallace Goode
Executive Director
City of Chicago
20 North Clark Street, 28th Floor
Chicago, IL 60602
Phone: 312-744-9623

**Baltimore, MD**
Diane Bell
President & CEO
Empower Baltimore Management Corporation
34 Market Pl., Suite 800
Baltimore, MD 21202
Phone: 410-783-4400

**Detroit, MI**
Denise Gray
Executive Director
Empowerment Zone Development Corporation
1 Ford Place, Suite 1F
Detroit, MI 48202
Phone: 313 -872-8050, ext. 17

**New York, New York**
Marion Phillips III
Chief Administrative Officer
New York Empowerment Zone Corporation
633 3rd Avenue
New York, New York 10017
Phone: 212-803-3240

**Bronx**
Maria Canales
Director, Bronx Empowerment Zone
Bronx Overall Economic Development Corporation
198 East 161st Street
Suite201
Bronx, New York 10451
Phone: 718-590-6201

**Upper Manhattan**
Fernando Fernandez
Director of Community Affairs
Upper Manhattan Empowerment Zone Development Corporation
290 Lenox Avenue, 3rd Floor
New York, New York 10027
Phone: 212-410-0030, ext. 244

**Philadelphia, PA**
Eva Gladstein
Executive Director
City of Philadelphia
1515 Arch Street, 1 Parkway, 9th Floor
Philadelphia, PA 19103
215-683-0462

*Contact information for the other EZ designated cities can be found at http://www.hud.gov/offices/cpd/ezec/contact/maincontactEZ.cfm.

## APPENDIX III: EMPOWERMENT ZONES NEWSPAPERS

**Atlanta:**
*The Atlanta Journal*
*The Atlanta Constitution*

**Baltimore:**
*Baltimore Business Journal*
*Baltimore Sun*
*The Daily Record*
*Warfield's Business Record*

**Chicago:**
*Chicago Tribune*
*Chicago Sun-Times*
*Crain's Chicago Business*
*Exito*

**Detroit:**
*Crain's Detroit Business*
*Detroit Free Press*
*The Detroit News*

**Philadelphia:**
*Focus/Enfoque*
*Philadelphia Business Journal*
*Philadelphia Inquirer*
*The Record*

**New York:**
*Black Enterprise*
*Crain's New York Business*
*Dailey News*
*El Diario La Prensa*
*New York Amsterdam News*
*New York Times*