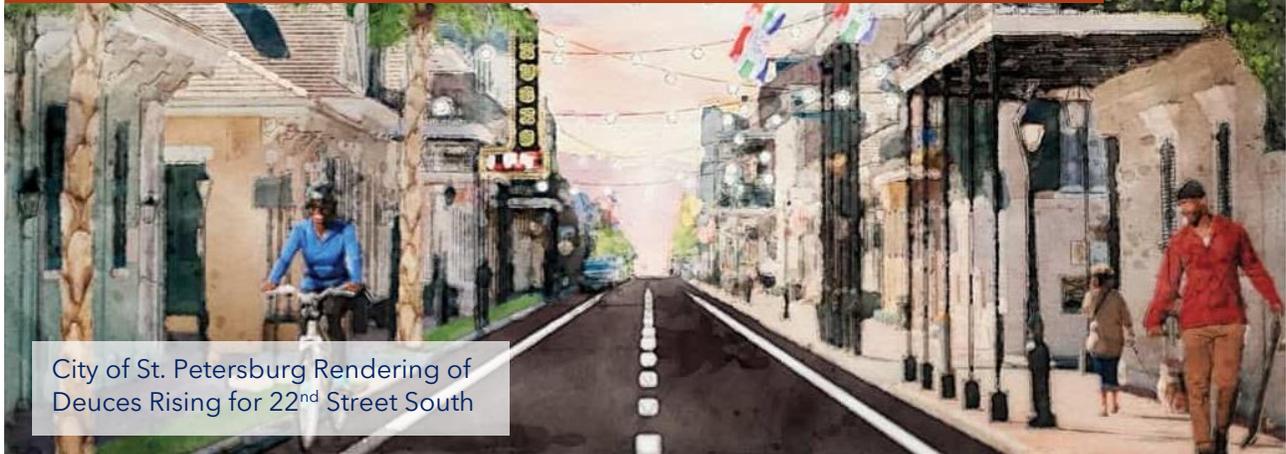


Achieving Equity in Real Estate Development in “Opportunity” Communities

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■ A Guidance Tool by The One Community Plan Team



City of St. Petersburg Rendering of Deuces Rising for 22nd Street South

The approach to **economic equity** is fast evolving in the U.S. The pace of change accelerated in the wake of the murder of George Floyd (a black man) at the hands of police in May 2020. Floyd’s death ignited a global wave of protests that raised awareness of structural racism to unprecedented levels. Though much of the outcry focused on police brutality, it also ignited a national dialogue about the many ways in which **racial inequities** are perpetuated in everyday practice.

Fortunately for St. Petersburg, Florida, by the time video of Floyd’s murder went viral, local leaders were already seven years in, in cultivating equity strategies for the area known as **South St. Petersburg**, which officials identified in 2012 as the largest concentration of poverty in Pinellas County.

Since 2014, St. Petersburg’s African American community has achieved record-setting gains in employment, earnings and entrepreneurship.

Thus, the 2020 protests coincided with equity initiatives that stemmed from years of planning and partnership, including a call for proposals for Tropicana Field Redevelopment, reprogramming of the Manhattan Casino, developer selection for Tangerine Plaza, and design work for Geech’s Landing (a mixed-use project on the Deuces).

These and other projects represent a “next level” for the City’s equity focus. They test strategies that are still in their infancy, in a domain that is relatively new territory for the Kriseman administration.

Prior to now, Mayor Rick Kriseman’s team focused most extensively on “people” programs, helping

lower-income families and individuals to grow their income. By teaming with community organizations in South St. Petersburg, since 2014, the City has fielded and seeded programs that helped an estimated 4,000 lower-income people to grow their earnings or assets. As examples:

- The 2020 Plan set a goal to reduce the poverty rate by 30% in South St. Pete by the year 2020. Launched in 2014, the plan is credited with helping achieve a 52% reduction in the City’s black poverty rate, as of 2019 Census data.
- The \$10 Million Capital Quest - led by the Tampa Bay Black Business Investment Corp. - set out to support 500 entrepreneurs with capital access and capacity-building programs, to help them launch or grow their businesses. Since 2015, the effort has garnered \$5 million and exceeded its goal by training and coaching 720 entrepreneurs.

As the City expands its focus on “place making” in South St. Pete, the challenge now is to tear down the silos that traditionally separate developers from stewards of community development interests, while building sustainable policies and platforms to foster economic equity.

This document is one in a series designed to lend guidance to local governments and communities in building an apparatus for equity, i.e., policies, programs and performance benchmarks to measurably “move the needle” of economic progress. Because South St. Petersburg is home to 80% of St. Petersburg’s black population, this guide is anchored in the black community context.

Architecting Authentic Efforts for Equity

The field of community economic development is five decades old in the United States. Its inception dates to the anti-poverty legislation crafted by the administration of President Lyndon Johnson. Its evolution over the years entailed milestones such as the establishment of Community Development Corporations (CDCs) in low-income communities across the nation; federal legislation that created the Community Development Financial Institution (CDFI) industry; the design of Community Benefit Agreement (CBA) strategies by municipalities from coast to coast; and the New Markets Tax Credit (NMTC) Program by the U.S. Treasury Department.

More than 50 years of trial-and-error in the field has yielded a host of lessons on what works, and what doesn't. Nowhere are the lessons better illustrated than in South St. Petersburg. The community has witnessed both industry-leading successes and high-profile failures in community real estate development. Below are some of the lessons most relevant to developments underway in the area.

Faulty Attempts at "Inclusion"

Private sector developers who venture projects in low-income communities are often faced with the challenge of building "community benefits" into their projects in order to comply with government policies requiring them or their financing partners to focus on community impact. These efforts often fall short of generating measurable impact for their home communities. Common mistakes include:

- Assembling toothless **black advisory councils** - i.e., groups with no plan or power to connect real economic impact to the community
- Recruiting **black allies** for shallow functions, such as attending community meetings as a face of the project, in exchange for "contributions"
- Contracting with **black-led organizations to source labor and contractors**, without sufficient resources or accountability measures in place
- **Setting unrealistic goals for opportunity targeting**, e.g., for MBE contracting, without attention to the state of the supply chain or the connection points needed to reach the goals
- **Meeting the "letter of the law," while ignoring everyday realities**, such as setting "affordable" rents for housing developments that have the effect of gentrifying communities

Authentic Equity Initiatives

Genuine attempts to foster equity successfully engage African Americans in all aspects of the development process, in ratios that represent their **aspirational capacity** (documented supply capacity plus the "reach goal" attainable through organized effort). This includes engagement in:

- Visioning during the design phase
- Investing cash and other forms of equity
- Structuring elements of project financing
- Contracting during design, development, construction and operations
- Developing components of a Master Plan
- Occupying built spaces affordably (e.g., truly affordable housing)
- Working at the facility, once built products are operational, either for the developer or tenants
- Reaping the benefits of equity and ownership
- Receiving charitable contributions for non-profit causes, from remunerated stakeholders

This is achieved through **intentional efforts** to comprehensively plan equity-focused project elements, a process that includes:

- Recruiting leaders who are vested and active in **relevant fields** (versus generic "community leaders" who may not have relevant expertise)
- Honestly assessing **the state of the talent supply chain** for all areas of intended impact (e.g., the black construction workforce, vendors and contractors, and development partners)
- Setting **aggressive but realistic inclusion goals**, then micromanaging well-resourced programs for achieving those goals
- Crafting **partnerships with supply chain players**, such as business development organizations, to serve as a connector, capacity-builder and bridge to ensure opportunities are realized
- **Tracking goal attainment** and course correcting if needed, for stronger outcomes

About Us:

This mini-guide is by the team of The One Community Plan, a 10-year initiative to "grow the paychecks, bank accounts and balance sheets of African Americans in St. Petersburg, Florida." Learn more at [OneCommunityStPete.com](https://www.onecommunitystpete.com).