

WHAT WILL THE NEIGHBORS SAY? HOW DIFFERENCES IN PLANNING  
CULTURE YIELD DISTINCTIVE OUTCOMES IN URBAN REDEVELOPMENT:  
THE EXAMPLE OF THE COMMUNITY BENEFITS AGREEMENT TREND

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## **ABSTRACT**

**WHAT WILL THE NEIGHBORS SAY? HOW DIFFERENCES IN PLANNING  
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Eugenie L. Birch

Although taxpayer dollars often subsidize economic development projects, they sometimes produce mixed results for existing neighbors. Since 2001, in select localities, civic organizations have assumed the role of negotiator on behalf of local constituencies, espousing the view that economic development efforts should significantly improve residents' lives. Various organizations are entering into community benefits agreements (CBAs) with developers and/or governmental bodies in order to meet community needs. In return, the groups agree to support the projects' requests for governmental approvals and/or subsidies. Yet CBAs continue to emerge in relatively few communities. More importantly, they have taken markedly different forms in different places.

This work compares major attempts by civic organizations to secure public benefits as part of real estate development project approval processes in California, New York, Wisconsin, and Florida. By comparing a range of CBAs, this study discerns which state- and local-level factors determine why and when CBAs emerge; which factors best account for the differences among the CBAs and benefits, if any, that result; what the impact of the phenomenon has been, and how it has shaped the field of urban political

theory. The study finds: the CBA phenomenon reflect the interplay of a number of market, governmental, and civic factors involved in land-use planning and real estate development; local-level factors are more influential than state-level factors, although both are important; the factor that best accounts for differences among CBAs is the archetypal relationship between civic organizations (and not simply “neighbors” in general) and the officials in whose district the projects are to be sited, while differences in the resulting benefits best reflect local market conditions; CBA campaigns remain relatively niche but appear to be shaping broader municipal policy efforts; and the CBA phenomenon is consistent with previous findings in urban political theory, providing the parties involved with a vehicle for defusing land use-related conflicts and securing both project approvals and community benefits in the process.

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## **CHAPTER 1: INTRODUCTION**

### **Overview**

Although taxpayer dollars often subsidize economic development projects, they sometimes produce mixed results for existing residents, especially those living near project sites. Through the land-use regulatory process, local governments have increasingly made project approvals contingent upon developer agreements to contribute parks, low-income housing, and job training, among other public benefits (Alterman and Kayden 1988).

Since 2001 in select cities and counties, local and sometimes nationwide organizations have assumed the role of negotiator on behalf of local constituencies, espousing the view that economic development efforts should significantly improve the lives of affected residents (Gross et. al. 2005). Community groups, labor unions, and other organizations in several US cities are entering into community benefits agreements (CBAs) with developers and/or governmental bodies, in order to meet community needs. In return, the groups support - or, at least, acquiesce to - the projects' requests for governmental approvals and/or subsidies.

CBA proponents argue that these tools can shape reinvestment in previously neglected neighborhoods so that it benefits existing residents – that is, that to the greatest extent possible, current residents might enjoy the benefits that projects might bring, such as new jobs, enhanced safety, and new amenities. Yet, despite widespread urban

revitalization throughout the United States since the 1990s, CBAs continue to emerge in relatively few communities. More important, they have taken markedly different forms in different places. This work will analyze and compare major, well-publicized attempts by community groups to secure public benefits as part of real estate development project approval processes in California, New York, Wisconsin, and Florida.

### **Contribution to the Literature**

Comparing the various CBAs will accomplish several key objectives: For planning academics especially, it will help to illuminate the origin of a recent planning phenomenon as it continues to emerge and transform; planning scholars will likely also appreciate the attention called to critical variations in sub-national *US planning cultures*, or the dominant attitudes of planners and others involved in real estate development toward the appropriate roles of the market, the state, and civil society in urban, regional, and national development; for students of civic engagement, it will reveal the distinctive, but perhaps foreseeable and archetypal, ways in which community groups participate in – and outside of – traditional land use planning processes; and for advocacy planners, economic development officials, and other practitioners concerned with the provision of vital amenities and social goods, it will suggest effective tactics for providing public benefits given an array of local variables and situational constraints.

## **Significance**

This inquiry intends to serve a broad audience of readers. Real estate development in the United States results from the dynamic interaction between the market, governmental, and civic sectors in diverse locales. As a result, this study is important to both academics and practitioners interested in and/or impacted by knowledge critical to these sectors. These include scholars as well as politicians, policy makers, community leaders, and planners.

## *Market*

The global recession slowed real estate activity in many cities; consequently, it appears that the proliferation of CBAs has stalled. But within just a few short years, this planning device spread to a number of cities throughout the US, and it appears to be resurging now that real estate market conditions have begun to improve. CBAs represent an alteration in the traditional real estate development processes through which private sector developers create projects based almost exclusively upon market conditions.

CBAs are associated with the “Back to the City” Movement that witnessed sizable population increases in urban core neighborhoods during the 1990s. This resulted from a combination of factors, including the aging and concomitant “downsizing” of the Baby Boomer generation; a drastic drop in urban crime rates; the coming of age of Americans born after 1960, many of who prefer urban living; increasing private sector interest and proficiency in urban projects; and a backlash against suburban sprawl. Each of these

trends appears to continue relatively unabated. In that regard, the market opportunities for the emergence of CBAs appear to continue, at least in the short-run.

### *State*

The governmental sector operates in two major, influential realms: the regulatory and the political spheres. The present study also promotes a general enrichment of our understanding of redevelopment processes, not only in the states, counties, and cities being explored in-depth but in all major cities of Western democratic countries. State and local governments prioritize – to varying extents – the need for urban redevelopment, through private, public, and public-private development. The findings from the present study will contribute to and refine theories about urban revitalization. Different states and localities have different regulations in place. By comparing several key, emblematic states and localities, the study provides a sense of how regulatory frameworks at both governmental levels affect a planning phenomenon.

CBAs emerge, at least in part, because they threaten to complicate traditional planning and public participation processes and thereby put projects at risk. As such, the present study allows a closer look at such processes in various permutations.

### *Civic*

The CBA experience has a bearing on the literature on civic engagement. Community groups and other civic players often attempt to represent the needs of a



community, including disadvantaged and/or underrepresented constituencies. The CBA vehicle sometimes offers these groups – and, by extension, ordinary citizens – an expanded role in land use decision-making processes. Knowledge about CBAs holds significance for an understanding on the relationship between community organizations and the governments with which they engage. Relatedly, it helps to shape our understanding of the notion of public sector accountability and of public service provision.

### *Civic-Governmental Relationship*

Finally, Weir (1999) and others have depicted this relationship as falling into a few forms, based upon the power that civic groups are able to muster given various political constraints. Information about varying models of CBAs helps us to understand better the nature of the relationship between civic organizations and elected officials.

### **The Concept of Planning Culture**

CBAs have emerged in certain states and cities and not in others. Additionally, they take different forms in different places and have demonstrated different outcomes with regard to benefits. To understand why, it is important to understand how the *culture* of planning can vary from place to place. Planning culture in the United States has a special flavor due to its functioning in a pluralistic, capitalist society (Birch 2005). Its nature has changed over time, as the political, economic, and social roles of *the state*, the

*market, and civil society* have evolved. Since the mid-1900s, planning has evolved from an “expert”-driven, local-government-driven process having little appreciation for the varied views and needs of its constituents to a multilevel effort with clear mandates to follow federal, state, and local rules and to incorporate citizen opinions.

Patterned after democratic American processes, planning incorporates formal mechanisms (regulations, public hearings, mandated checklists) and informal mechanisms (lobbying, advocacy reports, the use of media) that coexist as planning projects progress. Instead, a government entity (either municipal, county or state) directs the development of consensus among diverse groups representing the market, the state, and civil society. Development in the United States encompasses publicly and privately funded efforts tempered by citizen interests. The planning culture of US cities is complicated and often messy, characterized by dispersed power derived from three sources: permission or mandate to administer rules (state), ability to control money (state, market, and, to a lesser extent, civil society), and the capacity to rally votes (state, market, civil society).

The broad outlines of these arrangements are present in planning in localities throughout the US; nonetheless, core traits and values differentiate planning efforts in different contexts (Sanyal 2005). For demographic, historical, legal, political, and cultural reasons, the institutional contexts for planning vary widely not only among nations but even among states within a nation and localities within a state. Perhaps no recent phenomenon demonstrates this notion better than the emergence, proliferation, and variety of the community benefits agreement in select locales.

### *The Market: The Changing Nature of Real Estate Development*

Real estate development in the United States typically occurs through a process in which the public and private sectors perform separate but interrelated functions (Sagalyn 2000). Tempered by governmental restrictions, private developers create projects based on their perceptions of market conditions. The public sector regulates landforms and uses, and it can provide the necessary infrastructure (roads, water, and sanitation) and services (schools, police and fire protection) to accommodate new development.

Since the 1940s, the US has witnessed the proliferation of federal, state, and local public policies to encourage the development of economic development projects that might otherwise not happen (Sagalyn 1997, Beauregard 1998). In addition, largely as the result of cutbacks in federal urban aid, since the late 1970s an increasing number of US cities have turned to large-scale economic development programs accomplished through public-private partnerships in order to meet major city planning and economic development goals (Sagalyn 1990). By the late 1990s, states and localities reportedly were spending close to \$50 billion per year on these partnerships (Gross et. al. 2005). Government dollars help to construct sports stadiums, entertainment arenas, hotels, upscale residential projects, and other large developments in various cities.

The “back to the cities” movement has accelerated this trend: For the first time in decades, large US cities have experienced population increases, with rising numbers of middle-class households and immigrants establishing their homes in urban neighborhoods (Gross et. al. 2005). Although suburban growth still outpaces urban infill, the revival in downtown housing markets has offered a number of localities the prospect

of improving the interests of existing area residents (Birch 2006), and organized groups in several cities have seized upon this opportunity through requests for CBAs.

Sometimes, however, the imperatives of the private and governmental sectors drive public-private partnerships, with limited consideration of the impacts on affected neighbors and neighborhoods. Local governments, eager to increase their tax bases, often see their role as being reactive and limited to facilitating the visions of developers – rather than assertively enabling a public vision and plan developed with the input of diverse stakeholders (Gross et. al. 2005). While taxpayer dollars often heavily subsidize economic development projects, they sometimes produce mixed results for existing residents, especially those who live near the project sites.

The provision of public benefits themselves can ultimately emerge in a number of forms: in private agreements between developers and negotiating parties; in development agreements between local governments and developers; in a combination of both; or through local legislation stipulating that public benefits be included in individual development projects (Wolf-Powers 2010).

Although they have yet to be tested in court, the prototypical CBA is a legally binding contract between a private developer and a series of community groups, in which the developer promises to produce public benefits in exchange for the groups' support of his project. The CBA negotiation process typically begins when interested community groups identify how a proposed development can benefit area residents. The groups prepare a list of potential benefits and then meet with the developer and, possibly, with representatives of the local government. The groups can negotiate their demands either

as individual organizations or as a coalition. The agreements usually are adopted before the developer receives his approvals.

### The Real Estate Bubble

CBAs began to emerge as real estate markets in many parts of the country heated up in the late 1990s and early 2000s. This rapid growth turned out to be a “bubble.” A property bubble - or housing bubble, for residential markets – occurs periodically in real estate markets, to varying degrees. It can be identified through rapid increases in valuations of real property such as housing until they reach unsustainable levels and then decline.

The US housing bubble has affected many parts of the US housing market in over half of American states. Housing prices peaked in early 2006, started to decline in 2006 and 2007, and reached new lows in 2012. In December 2008 the Case-Shiller home price index reported the largest price drop in its history. The credit crisis resulting from the bursting of the housing bubble is the primary cause of the 2007-2009 recession in the US.

The collapse of the US housing bubble had a direct impact not only on home valuations, but the nation’s mortgage market, home builders, real estate, home supply retail outlets, Wall Street hedge funds held by large institutional investors, and foreign banks, increasing the risk of a nationwide recession. Concerns about the impact of the collapsing housing and credit markets on the larger US economy caused President George W. Bush and the Chairman of the Federal Reserve Ben Bernanke to announce a

limited bailout of the US housing market for homeowners who were unable to pay their mortgage debts (Bajaj 2007, Shiller 2008).

The emergence of CBAs took place just a few years before the price run-up caused by the real estate bubble. The bubble – and the subsequent recession – would determine to a great extent the number of projects that were proposed in the early and mid-2000s as well as the number of projects that would fail to move forward later in the decade. Planning cultures also differ in large part because of the role of various levels of government (federal, state, and local) in planning processes.

### *The State: Different Levels of Government, Different Roles*

Contemporary US planning takes place within the framework defined by the US Constitution, a document that distributes authority among federal and state governments (Birch 2005). The federal government conducts foreign relations, regulates interstate commerce, and levies taxes. But it has no jurisdiction over local comprehensive plans. It can, however, influence them via mandates, such as the Clean Air and Water Acts that regulate air, ground, and water pollution; protect environmentally sensitive areas and animal species, and stipulate when environmental impact studies must be undertaken. The Fifth and Fourteenth Amendments prohibit the taking of private property for public use (eminent domain) without just compensation, require due process prior to deprivations of property, and guarantee all persons the equal protections of the laws.

Some federal policies have had a major impact on the shape of settlement patterns by influencing the manner in which local governments plan. After World War II, federal

subsidies for homeownership through the federal mortgage interest deduction gave great impetus to suburban migration, as families sought newer single-family homes with spacious yards (Jackson 1985). As a result of federal legislation adopted in 1956, a new network of carefully engineered expressways laid a smooth path for additional suburban exodus, allowing middle-class residents to locate far from central cities. Facilitated by shifts in patterns of employment and production, government policies combined to push urban growth out of aging industrial cities and into the outlying suburbs. For people with modest skills, manufacturing in older industrial cities had traditionally provided relatively good jobs that were often located in facilities adjacent to low-income communities; when the number of manufacturing jobs declined across the nation, this “deindustrialization” reverberated across the US economy but hit central cities particularly hard (Jackson 1985).

Mitigating the potential harm that mega-projects might have on residents first became a statutory requirement in 1968 with respect to housing displacement. The Federal Aid Highway Act of that year mandated adequate relocation housing for those displaced by projects, even if this required new construction at highway program expense. No federal environmental statute enacted in the early 1970s specifically called for mitigation, but the National Environmental Policy Act (NEPA) of 1970 required decision-makers to consider thorough analyses of the environmental consequences of proposed actions, comparing a reasonable number of alternatives in each case (Altshuler and Luberoff 2003). With lawsuits a high probability, mitigation emerged as a strategy to avoid total gridlock. It was almost never possible to carry out public investment projects

without causing some collateral harm, so the courts gradually came to insist on adequate offsets (Schoenbaum and Stewart 2000).

### *State Government's Role in Planning*

States have all other powers not reserved centrally. In turn, they allocate specific rights, including planning, to municipalities. States allowed local planning in individual city charters in the Model Standard City Planning Enabling Act in 1928. The Act vested cities with the authority to develop community-wide plans and provided for the establishment of a planning commission, which would be vested with the responsibility to make and adopt master plans for the physical development of the municipality, including the general location, character, and extent of streets, subways, boulevards, parks, and other natural and manmade land features. Most of the states adopted the Standard Act, and its influence continues to resonate today (Cobb 1999).

States possess the authority to plan for statewide activities and do not completely relinquish all power. Their executive agencies engage in planning activities relating to the discharge of their missions. These may include departments of economic development or transportation, for example. States also can create special authorities with planning powers over specific land uses such as ports or parks. But for the most part, state governments have historically delegated decisions about land use to local governments.



A government can compel an owner to transfer land to it in return for just compensation (Ellickson and Been 2005). Resort to the power of eminent domain is thought to be particularly necessary when many parcels must be assembled to complete a large, publicly-beneficial project such as a highway or a convention center. A private firm attempting such an assemblage might be priced out of the purchase. The government's exercise of the power of eminent domain is limited most often by federal court decisions construing "public use," a phrase that appears in the Takings Clause of the 5<sup>th</sup> Amendment ("nor shall private property be taken for public use, without just compensation"). The Due Process Clause of the 14<sup>th</sup> Amendment makes this limitation applicable to the states as well.

## Environmental Review

In various states, as per state law, the environmental review process is a public process and yields a publicly accessible document. These laws often require the preparation of an environmental impact report (EIR) for projects that might affect the physical environment. EIRs provide public agencies and the public in general with detailed information about the potential effect of a project on the environment, an assessment of the ways in which the project's impacts might be minimized, and an evaluation of possible alternatives to the project (Beach 2007).

## Affordable Housing and Other Requirements

Additionally, state legislatures can adopt other provisions requiring that local governments meet standards for inclusion of affordable housing units, minimum wages that exceed the federal minimum wage, and other provisions that affect individual development projects.

### Development Agreements

A development agreement is a type of contract between a developer and a city or county. In the agreement the developer agrees to provide certain benefits to the public or to restrict the use of the land. In exchange, the local government promises to freeze the current zoning and land use laws for a certain period of time, assuring that the development's construction will not be interrupted. Localities often also memorialize their subsidies to the project, through tax abatement policies or direct expenditures, via the development agreement. In states where local governments are authorized to enter into development agreements, CBAs are often incorporated into these documents so that municipal authorities, in addition to community representatives, have the power to enforce the developer's promises.

But development agreements are authorized in only fifteen states: Arizona, California, Colorado, Florida, Hawaii, Idaho, Louisiana, Maryland, Minnesota, Nevada, New Jersey, Oregon, South Carolina, Virginia, and Washington (Baxamuza 2008).

Although this ensures a certain measure of transparency and also permits the government, as well as CBA signatories, to enforce the agreement, because most states do not authorize local governments to enter into development agreements, many CBAs will be enforceable only by the signatory community groups (Gross et. al. 2005).

### *Local Government's Role in Planning*

Responsibility for major decision-making in urban development resides principally in the laps of local officials and staff, although states occasionally do participate (Gross et. al. 2005). Local governments derive their power to regulate the use and development of land from the police power, that extremely broad power of government to protect the health, safety, morals, and general welfare of the people that is reserved to the states in the federal Constitution. Although the police power belongs to state governments, all states except Hawaii delegate to cities and counties the power to impose land regulations (Ellickson and Been 2005).

Great variability exists among cities with regard to details, but the basic functions encompass creating planning commissions that develop comprehensive plans with implementation provisions, usually zoning and capital budget. By and large, development patterns are largely a consequence of decisions by local governments, often

with very little coordination, oversight or even guidance from state or regional entities, about the physical character of new growth (Pendall et. al. 2006).

Cities employ basic land use regulations like zoning, comprehensive planning, growth management, and infrastructure regulation throughout the nation. Local regulations shape the built form and character of cities, towns, counties, and entire regions. Policymakers accomplish this through *citywide* measures such as zoning, comprehensive plans, infrastructure finance, urban containment, building moratoriums, and permit caps, as well as through *project-specific* requirements that apply to individual projects.

#### Local Economic Development

US local governments exist as part of a federal system with associated obligations to deliver municipal public services and raise the money locally (subject to state-imposed limitations on tax rates, fees, and borrowing caps) to provide them. The US has a capitalistic, market-driven economy in which cities participate. Private investment is the primary driver of the US economy, and capital is increasingly mobile, seeking the highest returns that it can receive. A key responsibility of local government, then, is to create and maintain the underlying conditions that support private investment, the dominant form of residential and commercial construction activities (Peterson 1981). The various levels of government support expenditures on public goods - including infrastructure, such as streets, bridges, and water and sewer systems - and services, such as education, police, and fire protection.

What competition means for American local governments, above all, is striving to make themselves attractive to private investors. In major employment centers, though, competitive efforts focus mainly on business investors – because the largest among them control very large sums, because they bargain hard, and because local companies that stand to profit from growth tend to be better funded, better organized, and more highly motivated than anyone else to engage in politics on an ongoing basis.

Since the 1930s, US states and localities have sought primarily to lure industry with relatively basic tools intended to reduce production costs (Fitzgerald and Green Leigh 2002). Using devices such as land assembly, tax abatements, and public infrastructure, localities have spent public funds in order to influence the location decisions of private sector firms. They acted under the belief that “greasing the skids” for business by offering incentives is a proper focus of economic development. This perspective defines the conventional economic development activity still practiced widely today.

The nature of economic development changed in the late 1960s, however, following a series of events that raised questions about the impacts of planning practice. Although industrial development activity still dominated practice, the combination of rapid urban decline, the exodus of manufacturing from urban areas, large-scale civil strife, and the failure of urban redevelopment efforts altered notions of what economic development practice should try to achieve. The focus of economic development analysis shifted from examining how to implement various strategies to questioning who paid for, and who benefited from, the activities and expenditures. Critics of business

attraction, the main activity of economic development, referred to it disdainfully as “smokestack chasing” (Fitzgerald and Green Leigh 2002).

While incentive-based economic development practice still dominates, a grassroots alternative emerged that promotes place-based strategies that focus on issues of equity and redistribution. *Community economic development* (CED) consists of those actions taken locally by a community to provide economic opportunities as well as improve social conditions in a sustainable way. CED initiatives aim to improve the lives of those who are disadvantaged, through participatory processes that foster the social, political, economic, and environmental well-being of struggling neighborhoods. Starting in the 1980s, governing regimes in Chicago, Cleveland, and several other cities have addressed CED-related concerns such as small business creation and affordable housing development, in order to better serve the interests of low-income residents (Clavel 1986). This approach expands the notion of who participates in local economic development decision-making beyond the private sector and the local government, to include neighborhood organizations and other civic groups (Clavel and Wiewel 1991, Vidal 1992, Simmons 1994). Advocates of community benefits agreements purport that they help ensure that local community residents share in the benefits of major developments; to that end, they represent an important new development within the field of community economic development.

Benefits for the Public

US cities capture public benefits from private developers under several bargaining frameworks: exactions, incentive zoning, and public-private developments (Sagalyn 1997). These frameworks exist along a continuum of policy-intervention strategies, from passive regulation to active development, from a quid pro quo to incentive to investment policy posture. Each strategy defines a public position, structure and process for negotiation and parameters for the bargaining process. Though the means differ, the common element is that each strategy calls upon private development to support the costs of the public-benefit package.

## Exactions

Exactions augmented the land use regulatory tool kit in the boom and bust decade of the 1980s in the forms of required dedications of land, or lesser interests in real property, or of required payments of money, in the form of linkage fees, impact fees, and payments in lieu of taxes. The utility and purpose of exactions is to spread the public costs of infrastructure to support a particular new land use onto the developers who would put the land into that new use (Altshuler and Luberoff 1993). Municipal exactions from developers, whatever their drawbacks, plainly are administratively cheaper than a municipality's subsequent imposition on lot purchasers of special assessments to finance the same item of infrastructure (Ellickson and Been 2005).

If there were no limits on development charges, a municipality could forbid all development by charging a sufficiently high price. Inevitably, then, a legal system that

aspires to protect landowners from regulatory takings also must protect them from confiscatory development charges that would have the same consequences.

### Public-Private Development

Cutbacks in federal urban aid in the 1980s impelled many local governments to improvise in order to meet their city planning and economic development objectives. Tax cutting referenda put a political damper on raising public revenue through tax hikes or new bond issues. A number of local governments responded to these fiscal restraints through negotiated public-private deal making (Sagalyn 1990). This approach has eclipsed both the original methods of command-and-control regulation and public-regarding linkage ordinances, replacing these with the norms of private market transactions. These negotiated deals are bilateral talks between applicants and municipalities who exercise land use authority through a series of contract-like mechanisms that strive to emulate the efficiencies of private business operations. Local governments thus partner with private developers as co-investors, as much as they exercise the police power to promote the general welfare. When effectively deployed, this approach recaptures hidden land values, finances essential infrastructure, revitalizes downtowns, stimulates economic growth, and generates jobs.

### Mandates for Public Participation



Much has been written about the lack of meaningful public participation in the planning and land use regulatory process, suggesting that low-income and minority communities are not fully engaged in the process, even when it may result in decisions negatively impacting their neighborhoods (Arnstein 1969, Foster 1998, Camacho 2005). Public land use regulation in the US was initially premised on a unilateral, “command-and-control” model of regulation that bases its legitimacy on regulator expertise. This model viewed local planning agencies as experts charged with developing the land use rules and decisions for their jurisdiction. Planners and other regulators initiated little, if any, public involvement, in their quest to prepare zoning regulations.

Often, this model failed to produce enduring land use rules and led to the rise of negotiation-based approaches. In practice, land was frequently designated for uses that were not deemed economically desirable or feasible, and land use rules were often used to exclude and discriminate against persons viewed as undesirable. Criticisms of this normative model soon resulted in widespread reliance on bilateral, negotiation-based approaches that allowed piecemeal exceptions to otherwise broadly-applicable rules.

Case studies have also shown that governments are sometimes so eager to stimulate local economic development that they fail to fully engage communities in the project review process, both to expedite development and to avoid confronting local opposition (Wideman 2002). This emphasis on short-term economic growth, however, may obscure a local government’s perception of the social and environmental needs of particular communities. When this occurs, formal planning processes have failed to accomplish their goals of engaging community members and guiding future growth in a manner that maximizes long-term benefits for the common good (Salkin and Lavine

2010). Since the late 1990s, community benefits agreements have offered another method to increase community input in the development planning and review process.

In their quest to spur economic growth, local governments seek ways to reduce conflict in the process of decision-making. As a result, local governments engage in a variety of strategies for limiting public participation, including placing economic development decision making in independent or quasi-independent authorities outside the realm of general-purpose decision-making bodies to which citizens have more structured access and social control strategies designed to isolate decision making from mass political pressures (Kantor and David 1988).

According to one analyst, CBAs evolved as the result of failed urban redevelopment policies and the public awareness that has occurred since urban renewal (Ho 2008). Since the late 1940s, the federal government has created numerous programs in order to redevelop urban neighborhoods, all of which had mixed, if not disappointing, outcomes. Community groups and residents of blighted neighborhoods are frustrated with these top-down approaches and have created a new tool in the form of CBAs to help reap the benefits of development interests in their communities.

A succession of federal programs – including Urban Renewal (1949-1974), the Model Cities Program (1966-1974), and the Community Development Block Grant Program (1974-present), among others – have focused to varying degrees on building relationships between the public and private sectors. For the most part, however, they do not prescribe a significant role for impacted communities. This prevailing paradigm in federal urban policy has contributed to the creation of CBAs. Residents and community groups have created CBAs as a tool to gain access to decision makers and have shifted

the debate from whether a public project should provide benefits to existing residents to the amount of benefits that residents should receive.

### Other Local Regulations

Individual localities self-impose higher standards regarding various policy matters, including wage standards and affordable housing set-asides that exceed their federal and/or state mandates. In this local regulatory context, CBAs serve to reinforce the implementation of these standards and sometimes build upon its precedence to extend living wage coverage to a broader set of workers, for example (Parks and Warren 2009). In his analysis of the CBA surrounding the Hunters Point Shipyard project in San Francisco, for example, Jacobs (2010) demonstrates that the agreement surpasses both California's and San Francisco's existing laws and policy requirements for affordable housing and labor standards. Likewise, Baxamusa (2008), in his case study of the CBA for San Diego's Ballpark Village project compares the result of the CBA with what would have been required of the project, in terms of environmental, employment, affordable housing, and other standards. The benefits contained in the CBA well exceeded all applicable minimum state and city standards.

### The Practical, Political Use of CBAs

At the local level, localities have elected leaders, typically a mayor (usually elected locality-wide) and several council members. Voters often get to elect the mayor and council members representing their district. The full bodies make decisions that

affect what projects emerge in their localities, but district council members can perhaps be expected to have the most direct say over projects within their districts. Elected officials must reconcile two fundamental yet competing imperatives: attracting businesses and development for the sake of expanding local coffers and generating new employment, and satisfying the wishes of their electorate, which often prefer slow or no growth. Or as New York City Bar Association (2010) explains it, there is a “gulf between the Euclidean dream of comprehensive planning and the reality of chronic deal making between local governments and developers.”

Local government officials may take a variety of stances with regard to the negotiation and adoption of CBAs (Wolf-Powers 2010). Public sector actors may act as gatekeepers, opposing community benefits claims that they believe do not reflect the aspirations of the community at large. They are more of a key partner than much of the literature suggests.

City officials can play a neutral role in private CBAs, but they also stand to benefit from decreased political and legal pressure that emerges from negotiated agreements between developers and community groups. City officials and local politicians might find CBAs attractive for several reasons. CBAs may allow localities to bypass legal constraints on land use decision-making. The Supreme Court’s decisions in the Nollan and Dolan cases preclude cities from imposing exactions on proposed projects unless those exactions have a substantial nexus to impacts of the developments that would otherwise justify rejection of the development proposal, and unless the exaction is roughly proportional in amount to those impacts. The restrictions established by these decisions, however, apply only to actions taken by the public, not the private, sector. To

the extent that local officials are comfortable with CBAs filling that void, they may support their use (New York City Bar Association 2010).

CBAs may allow local officials to distance themselves from politically unpopular community demands or from politically unpopular developments (New York City Bar Association 2010). City officials may see CBAs as a way to deflect the ire of developers from local officials to the community when the developers believe they are being asked to contribute too many, or inappropriate, benefits in exchange for permission to develop. Both because the city may wish to appear welcoming to development in order to maintain the city's growth and because of the role that developers' campaign contributions may play in local politics, land use officials may wish to avoid being seen as overly demanding. By tacitly allowing community groups to bargain with the developer through CBAs that are outside of the land use process, localities are able to address community needs while blaming the demands upon the developers on forces outside the land use approval process. CBAs negotiated outside the land use process also provide cover for local officials who vote to approve a development that is unpopular with their constituents. By citing the CBA, local officials are able to point to the benefits the community will receive and therefore justify the officials' support for the development.

Finally, CBAs may allow local officials to secure more for their own constituents than the public approval processes might allow. Politicians in whose district a proposed development falls may believe their constituents should get more of the benefits of the proposed development than others in the city, because these constituents are likely to bear more of the impacts. CBAs may confer benefit better tailored to the local community's needs than concessions the developer makes in the public approval process, because

CBAs may not be constrained by additional legal standards and because the public approval process involves many other constituencies that must be satisfied (Gross et. al. 2005). Local politicians may thus see the CBA process as a way for them to deliver benefits specific to their communities that is easier for them to procure than through formal planning processes.

## Planners

Although most city and county governments have planning departments and/or staff, these departments must by necessity expend much of their resources on the processing of permits and other land use applications, leaving little time for plan creation (Gross et. al. 2005). CBAs, then, by their very nature, question the appropriate roles of public sector planner in providing for public goods and benefits (Wolf-Powers 2010). Although some planners strive to serve as advocates for disadvantaged communities, community benefits negotiations and agreements call into question whether such planners can effectively achieve these aims (Davidoff 1965).

But it is not just government that can vary in form. Civil society takes different forms in different places also.

## Planning Boards

Most cities establish elected or appointed boards of citizens to serve as the official voices of their communities and review proposed projects before they are voted upon by

their city-level elected officials. The votes of planning or community boards are normally advisory in nature but can carry weight with their respective district council members.

### *Civil Society: The Public's Role in Planning*

Land use planning in American locales typically involves a government entity directing the development of consensus among diverse groups, but processes tend to be initiated by the public sector (such as when a local government undertakes a planning process) or at the request of a private developer (when he/she proposes a particular project on a particular site or sites). The civic sector normally functions as a mediating force, hoping to support, oppose or alter a plan or project based on the interests of its constituent individuals or organizations. It usually does this via participation at requisite forums (Birch 2005).

With regard to the history of urban public investment, beginning in the mid-1970s large-scale real estate development in the US has entered into a period of “do no harm”; as the result of projects in the mid-1960s to the early 1970s (urban renewal) whose community and environmental impacts provoked intense citizen protests, leading governments have adopted rules greatly constraining disruptive public investment, the dominant project types since the mid-1970s now require that significant disruption is avoided or mitigated. The most significant new criterion that mega-project advocates now have to satisfy was avoidance of disruptive side effects – on neighborhoods, parks, natural species, historic sites, and a panoply of other valued community assets.

In certain periods, groups critical of growth initiatives become far more active and better mobilized than usual, forcing growth elites to retreat or at least to adapt their plans in significant ways (Altshuler and Luberoff 2003). And the balance among local interests varies from one jurisdiction to another. While growth coalitions appear dominant in most cities, at least when it comes to their highest priority issues, there are also conspicuous exceptions: cities like San Francisco, California, and Cambridge, Massachusetts, in which groups emphasizing the need to constrain investors have dominated for considerable periods. Such jurisdictions are invariably prosperous nonetheless, because they are endowed with such assets as favorable climate, historic character, or anchor employers with very little capacity to move (for example, universities and medical centers), which ensure strong investment demand almost regardless of what they do (Peterson 1981). Environmental organizations remain potent politically at all levels of government, as do neighborhood, historic preservation, and other grassroots groups in most localities.

### Public Benefits Negotiations

An analysis of the content of CBAs and of the negotiation processes by which they are produced profits greatly from research that examines how – and under what conditions – local groups and governmental bodies capture public benefits as part of project approval and/or subsidy processes. The findings can be differentiated by those works that stress the importance of factors endogenous to the organizations seeking the benefits, those that emphasize the importance of factors exogenous to the organizations themselves but endemic to the milieu in which they operate, and those that consider both



endogenous and exogenous factors. Although none of the authors cited below uses the term “planning culture,” it can in fact be inferred that their works call attention to what they perceive as the most relevant elements of planning culture in the context of a process whereby public benefits are captured.

In terms of endogenous factors, Dreier’s (1996) meta-analysis of case studies of community organization successes and failures provides helpful comparisons that reveal one principal lesson: Changing public-benefits-related policy at any level requires that community groups have trained leadership, stable memberships, consistent funding, a clear sense of mission, and coordination with other like-minded groups. Along these lines, Brachman (2003) finds common success factors across the three case studies she analyzes. These include partnering closely with city officials; linking redevelopment with other visible improvements (e.g. roadways) to foster community buy-in and city support; communicating regularly with city officials and other community groups; and utilizing tax-increment financing. Turner (1999) comes to similar conclusions, finding that only those community organizations with expansive memberships, clear missions, and sustained capacity are seen by politicians to be safe politically and financially. Only these groups are likely to receive significant and continuous funding.

Others note that factors exogenous to community groups shape the success or failure of programs or policies to produce public benefits. Robinson (1996) concludes that community groups likely may obtain public benefits only in locales with all of the following: strong traditions of political activism and leadership training for local leaders; a highly-skilled, well-educated and resource-rich population of political progressives;

drastic income inequality; a desirable real estate market; and strong government support for CDCs.

Likewise, Wolman and Spitzley (1996) infer that reformist policies are more likely to be adopted in communities that: have strong mayors, have strong real estate markets, are relatively large, have strong community-based political activity, have lower growth rates and little economic distress, and have a high proportion of renters and a low proportion of children (i.e. "yuppie" communities dominated by higher-education institutions and their students). Sagalyn (1997) finds that local elected officials can encourage private developers to produce extensive public-benefits packages if all of the following are in place: the local real estate market is strong; the city owns the land on which the project will be built (and can thus negotiate land uses and densities); the city makes construction of revenue-producing elements contingent upon construction or funding of public benefits; and the city increases the project's likely profitability for the private developer (e.g. through zoning bonuses).

Other authors find that a combination of both internal and external factors matters most. Dewar (1998) proves that using public dollars to subsidize job creation often proves fruitless, as job growth and maintenance are affected by macro-level factors that are beyond public subsidies. Implicit in this lesson is the finding that such programs will continue to proliferate, despite their ineffectiveness, if they are shielded from public scrutiny and if community groups do not demand that said funds be earmarked for jobs for local residents or for other tangible neighborhood improvements. Finally, Gordon (1997) predicts that neighborhoods will obtain public benefits only if a number of internal and external factors are in place: community groups have specific public benefits

agendas; the groups are able to organize local support for their agendas; and redevelopment processes include multiple public forums that allow these groups to both pursue their agendas and delay project approvals if the public benefits are not promised.

### Legal Leverage

Court-approved or -enforced settlement agreements offer local groups with a potentially powerful tool (Beach 2007). In the event that a development project does not comply with federal-, state- or local-level mandates, civic groups may directly petition a court to enforce deal terms, including community benefits, providing secure enforcement in a more efficient manner than through, for example, the filing of a breach of contract claim. Obvious impediments to the use of settlement agreements include the time and costs involved.

CBS advocates often propose that CBAs, when possible, be incorporated into any development agreement for a project, so that the CBA becomes enforceable by the government entity that is subsidizing and/or approving the development. While community groups can ensure that they can directly enforce the developer's commitments, the threat of government enforcement may be much more powerful to a developer. Development agreements generally contain a variety of enforcement mechanisms, and cities have the experience and resources necessary to take these measures, should they wish to do so (et. al. 2005, Community Benefits Law Center 2012).

Implementation, monitoring, and enforcement represent crucial CBA legal considerations. How a particular CBA is implemented depends on the benefits being

provided. Some benefits require ongoing implementation and monitoring by several entities. A local-hiring program, for example, may require employers to send notice of job opportunities, while job-training centers match applicants with often-updated information about job openings. Many community benefits require ongoing communications between community groups and the developer for a period of years after the opening of the development. Other responsibilities, such as a one-time payment into an existing neighborhood improvement fund, can be fulfilled well before the development opens. Roles, responsibilities, and time frames should be laid out clearly in a CBA.

To others, however, the legal relationship between CBAs and planning is unclear and in dispute. Critics may perceive CBAs as circumventing government planning processes in order to put insular neighborhood concerns ahead of broader metropolitan interests. Supporters, on the other hand, may view traditional planning processes as inadequate and may see CBAs as a tool to advance civic engagement (Gross 2008). Still others (Community Benefits Law Center 2012) argue that CBAs are simply multi-party contracts and are no less enforceable than any other multi-party contract. The validity and enforceability of CBAs have yet to be tested in court.

The different kinds of civil society, then, result in several archetypal relationships between elected officials and civic organizations.

### *The Relationship between Elected Officials and Civic Organizations*

Americans have long used voluntary groups as vehicles to address local challenges. Distrust about government's intentions, limited government capabilities, and a desire for civic involvement make voluntary groups appealing to both liberals and conservatives. But the groups' efficacy depends greatly on their ability to obtain resources that are sometimes out of reach. While affluent and mixed-income communities might have access to such resources internally, disadvantaged communities must find other means for obtaining influence and resources.

Since the mid-1900s, community development corporations and other local organizations in many localities have taken lead responsibility for improving living conditions in low-income neighborhoods. But many have fallen short in achieving their aims. Focused largely on development activities, these organizations have not necessarily enhanced the political influence of the communities they serve. The variability of groups' track records of achievement reveals the range of their abilities to succeed politically. In some localities, community-based organizations have been able to secure development resources on a consistent basis, but in most places they must cope with neighborhood-based politicians that view with concern and distrust. In other places they fall short when faced with competition from elite interests focused on downtown and/or large-scale development. Weir (1999) determines that the principal strategies that groups use to secure power and influence are:

1. Protest. Groups with limited power often resort to protest as their principal strategy. But protest can be an unstable strategy; in the long run, groups need stable access to outside funds in order to survive. By the 1980s district elections

for city officials had become commonplace, offering local groups easier access to power and resources than at-large systems. Additionally, many cities established formal mechanisms for community participation in planning. Although the effectiveness of these means varies widely, in many cities community groups have learned how to win influence through them and use them as a focus for their advocacy efforts (Berry, Portney, and Thomson 1993).

2. Political participation. Such participation at all levels of government is another strategy that community development organizations can use to win resources. It includes electoral activity and participation directed at changing government policy as well as influencing funding decisions. The existence of formal channels may provide opportunities for participation, but community mobilization is essential to get the most out of such participation as well as to develop informal channels of influence. Browning, Marshall, and Tabb (1984), for example, argues that the primary determinant of the share various minority groups receive is the timing of their political mobilization; the size of the share appears to increase if a group mobilizes at the time the funds became available.
3. Network building. Some community organizations are able develop networks in order to win resources for local development. Networks encompass a diverse set of ties to public, private, and nonprofit entities that provide access to resources. These ties engage the support of other parties on a more regular basis than the protest and political participation strategies. Networks strengthen over time, as

community organizations, often with the assistance of national or regional intermediaries and support in the community, expand their leadership capacities.

### Community Development Strategies

Established local politicians and leaders in the private sector do not generally welcome the mobilization of new groups unless they are potential allies. Accordingly, community development organizations are often subject to the efforts of politicians and business elites to suppress it or to engage community-based organizations in dependent relationships. The relationship between CBOs and local political systems falls into three categories, as follows:

1. The first features *elite domination* and feeble connections between community organizations and the centers of economic and political power. Most of the elite-dominated systems, where community organizations are weak, are in Sunbelt settings, in large part because the cities do not have a tradition of neighborhood mobilization. In the Sunbelt, political reform diminished parties as organizations, sharply reducing political participation and greatly increasing the power of local elites (Shefter 1994; Bridges 1997). Yet these patterns are generalized; some community groups have taken advantage of political openings to win significant power in Sunbelt cities such as San Antonio.

Houston and Atlanta, for example, have little history of mobilizing neighborhood groups and few mechanisms for connecting groups to centers of power. Community groups retain a protest orientation or remain small, reliant organizations with limited channels for effective independent participation. Outside efforts to build networks have

to grapple with the desire of established political leaders to limit the political threat that the neighborhood mobilization poses. A thin civic and political environment proves hostile to building community-based development capacities. This setting thwarts the ability to sustain a network strategy. Building strong independent organizations is likely to take a long time, making it difficult for community-based organizations to influence city development priorities for some time.

2. The second is a system in which *political patronage* permeates economic development and shapes the transactions through which community groups gain access to resources. In patronage cities such as New York and Chicago, where politicians have long shaped community support, a legacy of party organizations and patronage politics continues to dominate struggles over resources. Patronage cities can have strong traditions of neighborhood organization and political mobilization, but community development groups must vie with politicians who seek to control resources for their own political purposes. Although the systems have large public sectors and offer resources to low-income neighborhoods, politically connected neighborhood elites often seize the lion's share of benefits.

In New York, where resources are controlled by the mayor, ties to the large bureaucracies that dispense the resources mark the main lines of patronage. In these systems groups with political ties may participate through the established system, but new groups or those outside the patronage network must often engage in protest or build outside networks to secure resources. Strong mayors have been able to alter the flow of patronage to support their allies and cut off groups they have considered politically



dangerous. As Mollenkopf (1992) points out the budget for public services expanded during the Koch years, but spending served the mayor's political purposes. Community-based organizations that received funds needed political sponsorship to get them. The relationship of community organizations to political power in New York has made it difficult for neighborhood organizations to influence the direction of development and has allowed politically connected organizations to monopolize public resources in many neighborhoods.

3. The third possibility is a more *inclusionary* political setting in which the interests of neighborhood organizations overlap with those of private or public leaders, but CBOs retain their own base of power. In bee cities, community-based organizations exercise independent power or win influence because city governments find them useful allies. The organizations are routinely able to gain access to public and private resources through participation and networks. Stable sources of financing make it easier for them to develop administrative capacities and participate in networks that further increase access to both public and private sources.

Pittsburgh and San Antonio provide examples of such cities. In each case their power rested partly on their electoral power. Sometimes, as San Antonio, CBOs draw much of their strength from their elaborate network of social and organizational ties in ethnic or faith-based communities. In contrast to elite-dominated and patronage political systems, community groups in these cities have been able to exert independent political power, bolstering their claims to resources. Because that power is relatively stable, it has

afforded community organizations the room to develop their skills and capacities, making them more equal partners in development.

The theoretical field most concerned with the relationships among the market, governmental, and civic sectors is that urban political theory.

### **Urban Political Theory**

Given the constant tension among the three sectors that characterize planning culture in the United States, urban political theory provides a useful lens for understanding how and why a planning phenomenon emerges where it does. Urban political theory has traditionally examined the nature of power relationships and the capacity for political actors to advance a particular policy agenda in an environment of diverse public interests.

An analysis of the emergence of CBAs in different localities benefits greatly from a rich scholarly literature on the leading theories of urban American politics. According to Altshuler and Luberoff (2003), business domination and the imperative of economic development as a local policy objective form the principal themes of modern urban political theory. They address what they consider to be the seminal schools of thought that have dominated the field of urban politics since the 1950s, including elite-reputational, pluralist, public choice, elite-structural, and historical-institutional. This section seeks to review briefly these schools of thought and several key works in the field so as to better understand the origin, nature, and role of community benefits agreements in urban redevelopment processes throughout the US.

### *Elite-Reputational*

Starting in the early 1950s, Hunter (1953) and other sociologists working in the *elite-reputational* vein argued forcefully that corporate elites dominate local politics – that is, that in most cities a small group of leading businessmen controls the actions of local government. Hunter identified a clear pyramid of power in Atlanta; at the top was a small group of business leaders. Even the highest public officials ranked a category below. Capital was in charge; local government was its servant.

### *Pluralism*

Soon, however, a group of *pluralist* scholars challenged this perspective, insisting instead that the power of elites had been vastly overstated and that local influence was widely distributed. Dahl's (1961) study of New Haven, for example, looks at different arenas of local political activity and finds political influence to be widely dispersed, with public officeholders holding great sway. The author acknowledged that only a small proportion of residents engaged in political activity, and he assumed that apathy and indifference were a reflection of broad public agreement. Political activism requires a great deal of time and effort. Why bother if one is generally satisfied? But groups of normally inactive citizens can quickly mobilize if aroused and thereby become influential.

## *Public Choice*

In response to pluralist arguments, some scholars reacted with public choice and elite-structural arguments. Public choice theorists probe how and why individuals join together effectively in pursuing common goals, as well as why people organize better for some purposes than for others. Foreshadowing the emergence of CBAs in certain locales, Olson (1965) holds that government decisions greatly favor not necessarily the major concerns of substantial groups but rather small, well-mobilized groups that work together for “collective action.” Very large groups suffer from “free rider” problems by which many members can shirk important duties. Smaller groups, on the other hand, are better able to monitor and bring pressure to bear on one another. And so politics tends to be dominated by small groups.

The central work in urban political theory to emerge out of the public choice school is Peterson’s *City Limits* (1981). He argues that American local governments often serve their constituents well, due largely to the rationality of their individual participants. In short, there is a basic harmony between the interests of the general public and those of its individual members, from political leaders to ordinary citizens. He also argues that business’s involvement in local affairs is not purely out of self-interest; rather, he contends that what businesspeople truly desire is a “halo” effect of professional and personal approval for promoting the general welfare.

In Peterson’s treatment of the perfect mobility scenario, the recognition that the tax base is routinely under threat by the prospect of out-migration creates a broad consensus for developmental policies as necessary to promote local competitiveness.

*Developmental* policies become the only remedy to the detrimental tax/service imbalance. In contrast, *allocational* policies become the domain of traditional municipal power struggles and conflicts, while redistribution cannot be feasibly pursued at the local level since it would lead to a decrease in certain services and/or an increase in taxes, leading to additional out-migration.

The public choice model offers a certain immediate appeal in its focus on the constrained nature of public policy at the local level. The theory is consistent with the almost universal adoption of economic development policies across municipalities. Indeed, a cross-sectional review of policy outcomes at the most general level would support the existence of some kind of broad, popular recognition that developmental policies must be pursued by local officials.

Subsequent scholars writing in the public choice tradition have attempted to qualify the nature of consensus in the developmental arena to account for a variety of conditioning factors such as (1) cross city differences in the pursuit of developmental policies (challenging the evidence that such policies become universally adopted) or (2) the effect of active citizen participation on choice of policy. Bowman and Pagano (1992) argue that cities exist within a regional city hierarchy and that some officials seek to promote development because they aspire to have their city rise into a higher orbit within that corresponding system of cities. Such aspirations can lead to a decision to pursue an aggressive development program. The degree of local aspirations varies across cities, so that two cities facing the same fiscal stress may adopt very different developmental policies, while some cities may pursue developmental policies in the absence of fiscal

stress. The Bowman and Pagano model offers an explanation for the varying levels of involvement in redevelopment projects observed across cities.

Sharp and Elkins (1991) attempt to locate cross-city differences in the use of developmental policies by allowing cities to vary in the level of citizen participation and property tax stress. They hypothesize that the use of relatively transparent subsidies, such as tax abatements, will decline in cities with higher levels of citizen participation, as will the use of property tax revenues generally to fund economic development activities. A second and related hypothesis is that cities with high levels of citizen oversight will seek to adopt innovative, less transparent and off-budget forms of subsidy.

Adams (1988) contradicts Peterson by arguing that it is not that cities have some growth bias that compels them to carry out developmental policies; rather it is that developmental investments are among the few that are able to exploit off-budget financing mechanisms, presenting financing opportunities not available to the vast majority of public services.

### *Elite-Structuralism*

In contrast with these theories, *elite-structuralism* arose amid the social upheavals of the 1960s. It cautioned against overreliance on the observation of overt political behavior and instead emphasized the larger economic and political frameworks within which governments operate. It encouraged analysts to consider the many issues that do not make it onto the local political agenda at all. Elite-structural interpreted widespread apathy very differently than the pluralists; while the latter interpreted it as mass

satisfaction, the former viewed it as proof that many issues do not make it onto agendas at all. Elite-structuralists emphasize the broad political and economic contexts within which local governments function, which they viewed as establishing a strong bias toward corporate domination. For Castells (1978), for example, local governments in capitalist societies serve as the handmaidens of the dominant, business class.

The elite-structuralist perspective underwent a change in the 1980s, with the rise of regime theory, which argues for the existence of pluralistic constraints on business power and highlights the mutual dependence of public and private sector elites (rather than pure domination by the latter). Fainstein and Fainstein (1983) introduced the term “regime,” which they define as the circle of powerful elected officials and top administrators who are formally responsible for determining local policy and who are susceptible to electoral forces. Local regimes, they argue, represent dominant sectors of the local business class, and they mediate between business and lower-class interests. When acting as mediators public officials never forget that their primary constituency is capital. Thus they grant significant benefits to lower-class interests only when confronted with the alternative of protest and social disorder. Public-private projects are perhaps the most obvious manifestation of this mutually dependent relationship between public and private sector actors.

Logan and Molotch (1987), among others, contend that stable, business-led coalitions dominate local governance. The authors differentiate between those that prize land for its “exchange value” (its capacity to generate profit) and those that appreciate its “use value” (as a place for social interaction, for example). According to this view, developers, bankers, labor unions, politicians, and others constitute a “growth machine”

that aggressively pursues real estate development, even occasionally at the expense of the residents of established neighborhoods. Citizens whose “use values” are threatened by particular development initiatives often mobilize to resist. But the growth machine, they argue, almost always outperforms occasional mobilization efforts.

An alternative discussion of conflict is found in *regime theory*, which adds an important element to the growth machine narrative by locating governing regimes within a particular historical setting and observing their strategic responses to changing institutional and political climates. The power relations between growth interests and their opposition are not static, but rather vary according to the degree of community mobilization, the national funding climate, and prevailing market conditions. Fainstein and Fainstein (1983) assess the capacity of governing elites to respond to opposition with new strategies designed to counter the emerging challenges.

They acknowledge the ways in which anticipated conflict as well as market considerations influenced the form and location of redevelopment projects.

Altshuler and Luberoff’s (2003) exploration of large, costly “megaprojects” introduces the notion of “negative pluralism,” the political environment in which interest groups, negatively affected by a proposed development project, mobilize and present effective opposition capable of stalling or killing projects outright. The authors determine that the current development environment facing growth coalitions is one characterized by the sentiment “do no harm,” so that projects that are overly disruptive become politically or financially unviable.

Stone and Sanders (1987) emphasize the limits of local authority and argues that there is little point in focusing on who has power over whom. His concern is the internal



dynamics of governing coalitions. The central thing to understand about local politics, he argues, is how local interests, both public and private, working cooperatively and over long periods of time, have enhanced their joint capacity to cope with external pressures and realize common objectives. Atlanta business and political elites alike derived great benefits from their stable alliance; neither simply controlled the other. Their collaboration was not merely tactical; it reflected a common vision. Both perceived the city as in competition with other jurisdictions for investment and jobs, and each was in a position to help the other in pursuing more narrow objectives (such as favorable tax treatment and reelection).

#### *Historical-Institutional*

Theorists in the historical-institutional vein argue that institutions and legal arrangements shape as well as reflect actor preferences and that such arrangements tend to evolve slowly. In such cases, actor behavior reflects institutional roles and incentives more than personal values or tastes. A deep understanding of politics must proceed from an understanding of institutional arrangements and of historic pathways that cannot be observed currently. As an example of this *historical-institutional* perspective, the authors cite how the multiple veto points in the US political system have made it difficult to alter the statutory status quo of enhanced environmental laws despite the waning influence of the environmental lobby since the 1970s and opposition to environmental laws from a number of powerful politicians.

For civic culture scholars, the presence of consensus or conflict is not dependent on the domain of policy; it is instead a pre-existing, independent attribute that permeates the political climate of a locality and determines the nature of both regime and policy. So for example it is not, as Peterson (1981) might argue, simply that the citizenry agrees with the broad goals of developmental policy – it is rather that their culture is historically agreeable, a civic trait that informs their approach to developmental policy, and presumably all forms of public policy.

One recent planning innovation that has largely unexamined by urban planning theorists is the emergence of community benefits agreements in select locales simultaneous to the introduction of large, sometimes controversial real estate projects.

### **Origins of the CBA Phenomenon**

The community benefits phenomenon began in California in 1998, when the Los Angeles Alliance for a New Economy (LAANE) worked with then-City Councilmember Jackie Goldberg to insert community benefits provisions into the city's development agreement for the Hollywood and Highland entertainment-retail project in Hollywood. Since then, the range of benefits negotiated as part of CBA campaigns has included living wage jobs, affordable housing, first-source hiring, and parks and open space, among other public benefits.

Through the land-use regulatory process, cities are increasingly making project approvals contingent on developer agreements to contribute parks, community facilities, low-income housing, job training, and in-lieu cash payments, among other public benefits

(Alterman and Kayden 1988). This movement stems from the view that the main purpose of economic development is to bring significant, permanent improvements to the lives of affected residents (Gross et. al. 2005). Proponents argue that local governments are prone to doling out costly development subsidies without sufficiently addressing the needs and concerns of long-standing neighborhoods.

In contrast, advocates for CBAs are pro-growth — but with qualifications. "We are crafting agreements so the community can support projects at the planning commission, at the redevelopment agency, at the city council," explains Beth Steckler, an affordable housing advocate with Livable Places, a nonprofit advocacy group and housing developer in Los Angeles (Goodno 2004a, 2004b). "We are creating a pro-growth-but-not-any-growth movement. Development that creates minimum wage jobs and unaffordable housing does not help the community. Development with good jobs and affordable housing does."

The CBA process sometimes begins when interested community groups identify how a proposed development can benefit area residents. The groups often prepare a list of potential benefits and then meet with the developer and, possibly, with representatives of the local government. The groups can negotiate their demands either as individual organizations or as a coalition, likely before the developer has received his approvals.

Having emerged so recently, there is as yet no case law involving community benefits agreements. Still, they can be seen as evolving from the longstanding tradition of real estate development exactions. In *Regulation for Revenue: The Political Economy of Land Use Exactions* (1993), Altshuler and Gomez-Ibanez recount how, beginning during the Great Depression, local governments have financed infrastructure in part by

mandating cash or in-kind (land, public services, public facilities) payments from real estate developers as a condition for receiving permits. Over time, the range of purposes for which exactions were regarded as suitable has grown, as have the dollar magnitudes. Starting in the 1980s, some cities began to require “social exactions” designed to address affordable housing shortages and other needs.

In the past few years, the burgeoning community benefits movement has taken this idea one step further. Development, CBA advocates argue, is “not just about a narrow strip of land, but about the communities that surround it,” says Sandra McNeill, organizing director for Los Angeles's Strategic Actions for a Just Economy and CBA negotiator (Goodno 2004). The introduction of the CBA concept reveals that community groups in some locales have seized responsibility for extracting from developers valuable public benefits for those surrounding communities. The groups insert themselves in the development process to obtain a more extensive benefits package than the local governments themselves would or could pursue. Benefits provided by a CBA vary by community. The range of benefits negotiated as part of CBAs have included, among other benefits:

- A living wage requirement for workers employed in the development;
- A “first source” hiring system, to target job opportunities in the development to residents of low-income neighborhoods;
- Space for a neighborhood-serving child-care center;

- Construction of parks and recreation facilities;
- Environmentally-beneficial changes in major airport operations;
- Community input in the selection of the tenants of the development, and
- Construction of affordable housing

CBAs have emerged in certain states and cities, and they take different forms in different places and have different outcomes with regard to the benefits that come to fruition. To understand why, it is important to understand how planning cultures vary from place to place.

### **Review of Related Research**

In recent years, a number of authors have taken up the subject of CBAs, focused largely on the legal aspects of the arrangements; on whether they enhance genuine public participation and, by extension, democracy; on their presumed ability to harness development in a more equitable manner; and on the role of labor unions in negotiations.

#### *Legal Aspects of CBAs*

Several authors, focused almost exclusively on California examples, view the CBA as a positive phenomenon that adopts legal conventions as a means to an end. Beach (2007) focuses on the legal strategies that local groups there have adopted in order to enforce legal protections for low-income individuals. He highlights Los Angeles as a place that local groups throughout the US should emulate.

Cummings (2008b) similarly views CBAs within a broader legal context, that of community economic development (CED) as a distinct field of cause lawyering. He describes CED as the adoption of grassroots practices in order to promote neighborhood revitalization (Cummings 2001). Whereas cause lawyers traditionally mobilize claims of legal rights to advance systemic reform, CED fosters a vision of mobilization that deemphasizes adversarial in favor of collaboration with business and government officials. Ultimately, he views the development of CBAs as altering favorably the institution of cause lawyering by introducing community economic development into the cause lawyers' role.

Bechtel (2007) also views the CBA as a favorable development, but she urges advocates to refine the legal underpinnings of such an arrangement. Citing the CBA for the expansion of Columbia University as an example, the author advocates for the creation of a separate, independent negotiation entity. Doing so, she explains, allows the participation of government entities that could not legally sign onto a CBA on their own and enhances the appearance of credibility. She recommends this format as a vehicle for righting the balance of power and more equitably defining the "community."

Other articles take a more skeptical view of the legal standing of CBAs. Likewise, Salkin (2007) analyzes CBAs within the context of public interest law. She

views CBAs as an opportunity to accomplish redevelopment projects in a manner that achieves social equity and engages community stakeholders in the project. Nonetheless, she admits, myriad legal issues may emerge for all participants involved. Chief among these are concerns over validity and enforceability of the contract's obligations. With regard to validity, she wonders whether community groups are truly providing anything of real consideration when they offer their support for a project. Consequently, she questions whether the agreements would ever stand up in court should a community group decide to enforce compliance of assorted provisions.

Salkin and Lavine (2008) present close to twenty brief case studies of major approved and developing agreements, and they analyze the legal challenges that contractual validity and enforceability can pose. They contrast what they deem to be successful and more legally sound models from controversial ones; they posit that the former and the latter can be differentiated by the degree of community group input allowed. Similarly, both Meyerson (2006) and Sheikh (2008) conclude that a number of problems may prevent CBAs from becoming enforceable legal instruments. But they find them to be valuable tools nonetheless, offering important lessons to local governments on the necessity of giving community citizens a voice on land use projects and development or raising the pay levels of certain classes of workers.

Been (2010) cautions that CBAs may not be legally enforceable and, thus, should be avoided. Drawing critically upon New York City's experiences with CBAs, New York City Bar Association (2010) summarizes the structure, history, and political and legal context of the agreements. The authors chronicle the city's debates over deal-making in land use controversies generally and then situate CBAs as operating within a

questionable, potentially illegal framework. Ultimately, they recommend that the city not consider CBAs in land use approval processes, or, alternatively, that the city establish consistent standards for their adoption and application.

The articles that focus on the legal aspects of CBAs downplay or disregard altogether the interplay between the legal context in which CBAs are negotiated and potentially challenged and the other market, political, and civic factors at play. A legal analysis would benefit from such an examination, which the present study aims to provide.

### *CBAs and Democracy*

Some authors insist that the act of negotiating a CBA democratizes public participation in local land use processes, while others doubt whether that is truly the case. Gross, LeRoy, and Janis-Aparicio (2005) have all helped draft CBAs. Their book serves as a primer to help neighborhood residents and community organizations participate in CBA negotiations, offering negotiation and monitoring advice. They describe CBAs as vehicles by which community groups can have a voice in shaping projects.

Ho (2008) sees CBAs as having evolved out of a series of failed urban redevelopment policies that started in the 1940s. Since the urban renewal program, the federal government has created various programs, including Model Cities and Empowerment Zones, targeted at revitalizing declining inner city neighborhoods. Over time, Ho explains, these programs have allowed local residents greater voice and participation in the processes by which their surroundings will be redeveloped. In his



opinion, CBAs thwart the previous top-down approaches and instead allow area residents to more comprehensively reap the benefits of development in their communities.

Marcello (2007) and Baxamusa (2008) concur with Ho (2008) by emphasizing the power of CBAs to expand public participation. Marcello (2007) defines CBAs as legally enforceable contracts negotiated between developers and broad-based community coalitions. He views the agreements as resulting from a direct dialogue with representatives of the community most immediately impacted by the proposed project, thereby enhancing the “democratic legitimacy” of public-private partnership agreements.

Likewise, Baxamusa (2008) heralds CBAs as a model of deliberative democracy in which participatory processes empower communities. Exploring two California case studies, the author optimistically concludes that CBAs make participation an exercise in the redistribution of power. Haas (2007) supports the use of CBAs and views them as an initial step toward citywide policy change that benefits residents even more greatly. Camacho (2013) goes so far as to encourage local governments to make the consideration of CBAs a formal part of the land use decision making process, expecting that this will produce agreements that are “fairer, more effective, and broadly accepted.”

Other authors take a more critical view of CBAs’ ability to democratize public participation. (2010) analyzes four case studies from different states, in order to reconcile a number of conflicting claims, including that CBAs can expedite controversial major projects, and that they can serve as a destructive repudiation of public land use review procedures. The author finds that CBA campaigns are likely to reach fruition and be considered legitimate by development stakeholders when the development climate is strong, when labor unions make common cause with community groups, when a coalition

of community groups emerges that is widely understood to be representative of community interests and not their own particularistic interests, and when the public sector is prepared to implicitly back the CBA.

Writing again a few years after his more hopeful piece, Gross (2008) frets that the notion of CBAs has been corrupted by agreements not in the spirit of the ones in which he has participated. He proposes a stricter definition of the term, requiring CBAs to address single development projects, provide for legal enforceability, address a range of community interests, and result from substantial community involvement. He criticizes three New York City agreements as not suiting the strictures of his definition and thus tarnishing the reputation of what they deem to be more legitimate CBAs.

Freeman (2007) offers even more caustic criticism. Citing New York City's Atlantic Yards CBA as an example, he cautions that CBAs can serve as an undemocratic way to insert the semblance of community input into a planning process. The signatories to a CBA may indeed represent a disenfranchised segment of the community and may be organic members of a community, but – as he warns – they might not. As a result, instead of serving as harbingers of more inclusive planning processes, CBAs actually might mask a lack of transparency and community involvement in land use planning processes across the country. Been (2010) echoes this sentiment, cautioning that the ad hoc nature of CBA negotiations could prevent democratic participation and that, as such, local governments should openly discourage them.

Regardless of their conclusions, those authors focusing on the relationship between CBAs and democratic processes pay limited attention to the variability in avenues for public participation and influence from place to place. The present study

seeks to understand how state- and local-level variables have shaped the CBA phenomenon and yet resulted in markedly different outcomes.

### *CBAs and the Nature of Development*

A number of authors take stances on whether CBAs can make development projects more responsive to the needs of their surrounding communities. Gross et. al. (2005) insist that CBAs are safeguards to ensure that affected residents share in the benefits of major developments. Similarly, Beach (2007) describes the CBA model as emerging as part of a toolkit by which Los Angeles-area groups shape development and prevent displacement. Montgomery (2011), drawing upon some of the same examples from Los Angeles, argues that CBAs shape development in ways that promote social, economic, and environmental justice. Similarly, both Blackwell and Fox (2008) and Parks and Warren (2009) view CBAs as promoting economic inclusion and raising a project's environmental and other standards and extending living wage coverage to a broader set of workers.

Often focusing on New York examples, however, other authors are more cautiously optimistic about or even critical of the potential of CBAs to address community needs in a responsible, equitable manner. Meyerson (2006) characterizes CBAs as a “second-choice strategy” that nonetheless raises living standards for some workers. LeRoy and Purinton (2005) situate CBAs as evolving from grassroots organizing and the labor, community, and civil rights movements dating back to the 1930s. They support CBAs and their potential to ensure that development projects

benefit local community residents. But they also caution that savvy developers can reach agreements with individuals or individual groups without being inclusive of the broader community. Sagalyn (2007), in her exploration of the history of public/private deal making, proves even more critical of CBAs. Just as she situates CBAs as part of larger efforts to produce equitable development, she also describes them as major examples of what Altshuler and Luberoff (2003) have described as “negative pluralism.” In doing so, she cast doubt on the motives behind such agreements and hints at their ability to derail some otherwise laudable revitalization projects.

Now that over a decade has passed since the negotiation and implementation of the first CBAs, one of the aims of this study is to determine the impact of the phenomenon on development processes and outcomes and why they vary from state to state and locality to locality.

### *The Role of Labor in CBAs*

More recently, authors have examined the role of labor unions in CBA negotiations. Wolf-Powers (2010) highlights several market and political elements that she believes have received short shrift in analyses of the CBA concept, such as the roles of organized labor and local government in the negotiation and implementation of CBAs. She finds labor – and not community-based organizations – to be the true drivers of several campaigns, casting doubts on the real intentions of CBAs. Montgomery (2011) takes a different view. She analyzes three broad-based community-labor coalitions that emerged in Los Angeles between 2000 and 2010, including the Staples and LAX CBA

campaigns. In doing so she deemed labor to be an essential partner in efforts to advance broad-based prosperity.

Although these authors have shown that labor plays a more prominent role than one might otherwise assume, it is unclear if this is in fact the central player in CBA negotiations. As a result, the present study aims to determine what variable most defines and shapes the CBAs that have resulted to-date.

Overall, the literature on CBAs focuses on different aspects of the agreements but largely from a legal or advocacy perspective, with a very tight focus on just one locale or, conversely, with a passing, somewhat casual look at a large number of locales. In addition, previous studies have been largely tailored toward a practitioner audience, disregarding theoretical – and hence longstanding – traditions. What is needed is a better understanding of how the negotiations and resulting documentation reveal sometimes nuanced but significant differences in local planning cultures. California and New York represent those places where the trend has been most fruitful, but the resulting CBAs vary widely from their West Coast forerunners to their East Coast counterparts. The present study seeks to explain the preponderance and character of CBAs in select states and locales, and it seeks to understand whether such differences are attributable to state-level or local-level variables. It assesses the likely long-term influence of the CBA phenomenon on real estate development, and it posits how our knowledge of the phenomenon shapes the enduring field of urban political theory.

## **Research Questions**

By comparing a range of CBA negotiations and outcomes, this study will answer four closely related questions regarding CBAs:

1. What market, governmental, and civic factors explain the preponderance of CBAs in certain states and cities?
2. Which of these factors best accounts for the differences among the CBAs and the benefits, if any, that do emerge?
3. What has been the impact of the CBA phenomenon?
4. How does our knowledge of the CBA phenomenon shape the field of urban political theory?

### **Organization of the Dissertation**

Chapter Two explains the methodology by which the present study was undertaken. Chapter Three provides state- and local-level background information for the cases that are examined in the study, offering context for the CBA negotiations. Chapters Four through Six categorize CBAs by three predominant patterns, closely paralleling Weir's (1999) typology of the relationship between civic organizations and elected officials. Finally, Chapter Seven arrives at findings about the similarities and differences of the contexts in which CBAs are proposed and negotiated and about the influence of the CBA phenomenon on the field of urban political theory.

## **CHAPTER 2: METHODOLOGY**

### **Introduction**

This study aims to answer four closely related questions regarding CBAs:

1. What market, governmental, and civic factors explain the preponderance of CBAs in certain states and cities?
2. Which of these factors best accounts for the differences among the CBAs and the benefits, if any, that do emerge?
3. What has been the impact of the CBA phenomenon?
4. How does our knowledge of the CBA phenomenon shape the field of urban political theory?

It hypothesizes that:

- Market, governmental, and civic factors at the local level dominate similar state-level factors with regard to the manifestation, negotiation, and outcomes of CBA campaigns;
- The relationship between civic organizations and elected officials at the local level best accounts for the differences among the CBAs that do emerge, and such relationships fall into a small number of foreseeable patterns;

- Few CBAs will continue to emerge, but the lessons learned from their negotiations will help inform broader policy advocacy efforts, and
- Under certain circumstances, the CBA phenomenon can threaten urban political theory's central tenet of a business-governmental coalition as the driving force behind urban redevelopment politics.

### **Answering the Questions**

The first step in any discussion of the CBA phenomenon involves settling upon a definition of what constitutes a CBA. Academics and practitioners in the field often differ as to what can be labeled a CBA, but they seem to fall into one of three camps:

- The most selective definition is from The Public Law Center at Tulane University, which in its document *Summary and Index of Community Benefit Campaigns* (2011) asserts that true CBAs must demonstrate four “pillars” in order to qualify as a CBA: local government participation; a private developer; community organizations and organized residents; and a legally binding and enforceable contract stipulating the community benefits and other agreements among all parties. According to them, twenty-three arrangements met these criteria as of 2011.
- Attorney and CBA proponent Julian Gross, in *CBAs: Definitions, Values, and Legal Enforceability* (2008), considers notions of *inclusivity* and *accountability* in order to judge whether an arrangement merits the label CBA.



He argues that CBAs concern a single development project; are legally enforceable contracts with specific requirements, and thus promote accountability; address a range of community interests, and involve substantial community involvement, thus emphasizing inclusivity. He distinguishes between privately-enforced, stand-alone CBAs (i.e. those between community groups and developers) and public ones (i.e. those between government entities and developers, resulting from a CBA campaign). His emphasis on inclusivity and accountability lend credence to criticisms against a number of controversial CBAs that emerged in New York City.

- Professor Laura Wolf-Powers (2010) offers the most expansive definition, one that is most appropriate for the purposes of this study. Wolf-Powers defines CBAs broadly as “a documented bargain outlining a set of programmatic and material commitments that a private developer has made to win political support from the residents of a development area and others claiming a stake in its future” (Cummings 2007; Gross, LeRoy, and Aparicio 2005; Salkin and Lavine 2008a, 2008b). Wolf-Powers categorizes each CBA in one of five ways:

1. an independent agreement between a developer and negotiating parties, with no formal government role;
2. an independent agreement whose provisions also are included in development and disposition agreement with redevelopment agency;

3. no independent agreement exists between negotiating parties and developer but provisions are included in development agreement with development agency;
4. an agreement exists between public or quasi-public agency or authority negotiating parties (agency or authority acting as developer), and
5. local legislation dictates benefit requirements.

The Government Law Center at Albany Law School maintained a website ([www.communitybenefitsblogspot.com](http://www.communitybenefitsblogspot.com)), dormant since 2011, that had identified twenty-seven CBAs that met the Wolf-Powers definition.

The purpose of this study is not to judge whether they should or should not be by how/these arrangements came into play. Toward that end, the present study adopts the broadest definition possible and attempts to discern why they take that form.

### *Choosing an Approach*

The present study employs a case study method, closely examining twenty-three cases, in order to illuminate the idiosyncratic and contextually-dependent nature of CBA negotiations. The *multiple case study design* reveals repeated patterns, variations in patterns, and exceptional examples of patterns in order to offer fuller descriptions and explanations of complex phenomena, in the effort to develop generalization from the data (Yin 2003, Birch 2012).

Although California and New York have taken the lead in terms of the number negotiated and adopted, major differences have emerged between them with regard to the

circumstances of the negotiations and the results themselves. In other words, critical differences in planning context and processes have resulted in different sets of benefits and overall outcomes. This inquiry consists, then, of a matched set analysis of two large cases (California and New York) with several embedded cases (the CBAs themselves, as well as the local conditions and negotiations that shaped them). To isolate state-level differences, the study incorporates two examples from other states (Wisconsin and Florida) that help to refine the understanding of the phenomenon.

While case study research has many advantages, it also poses some limitations. For instance, interview participants might intentionally or unintentionally omit key details. Additionally, because it is impossible to interview everyone involved, the research is subject to problems of omitted data. To minimize gaps in knowledge, research was conducted to triangulate or corroborate information whenever impossible (Yin 2003).

#### *The Selection of New York, California, Wisconsin, and Florida as Cases*

To understand the breadth of situations that might result in a negotiation over community benefits, it was important to select cases that would be rich with information about CBAs. The academic and practitioner literature had identified New York and California as the two most prolific states with regard to the sheer number of CBAs that emerged. This allowed for an analysis of the similarities and differences between the two states.

Although precise definitions of what constitutes a CBA are not universally agreed upon, a number of projects were commonly listed by a number of sources researching CBAs. Largely overlapping lists of approved CBAs and ongoing CBA efforts are maintained by the Tulane Law Center; a blog maintained by the Government Law Center at Albany Law School until 2011, at which point it was no longer updated; Wolf-Powers (2010), and the national nonprofit Partnership for Working Families. Because my definition of a CBA is broader than that of some of the sources, I analyzed each of the negotiations mentioned by any of the sources, so as to reach a fuller understanding of the dynamics involved in the accompanying negotiations.

Although California and New York have taken the lead in terms of the number negotiated and adopted, major differences have emerged between them with regard to the dynamics of the negotiations and the results themselves. In other words, critical differences in planning context and processes have resulted in different sets of outcomes. This inquiry consists primarily of a matched set analysis of two large cases (California and New York) with several embedded cases (the CBAs themselves, as well as the local conditions and negotiations that shaped them).

It was important to understand how such negotiations might vary across the state. Although most of the commonly recognized CBAs in California occurred in Los Angeles, California provided additional examples in San Jose, San Diego, Oakland, and San Francisco, while New York provided an additional example in Syracuse. This allowed for the exploration of local variables and the consideration of what might be deemed a “California CBA model” or “New York CBA model,” were such things to exist.

**Table 1. California and New York CBAs, by City**

<b>California</b>	<b>New York</b>
Los Angeles: Grand Avenue, Hollywood & Highland, Hollywood & Vine, LAX, The Lorenzo, Marilton Square, NoHo Commons, Staples, SunQuest	New York City: Atlantic Yards, Columbia University, Gateway Center, Harlem Park, Kingsbridge Armory, Mets Stadium, Yankees Stadium
Oakland: Oak to 9 <sup>th</sup>	Syracuse: Syracuse Schools
San Diego: Ballpark Village	
San Francisco: Bayview-Hunters Point	
San Jose: CIM	

To isolate state-level differences, the study includes two other examples from other states that could help to refine the understanding of the phenomenon. Toward that end, it includes the Park East Redevelopment Compact (PERC) example in Milwaukee,

Wisconsin. Milwaukee – and Wisconsin generally – is not normally considered a vibrant real estate market, and so this analysis allowed for the exploration of local market variables different from those encountered in most of the California and New York examples. Additionally, because the PERC CBA failed to be adopted at the municipal level but was adopted at the county level in Milwaukee, it allowed for the consideration of local political variables.

To further probe the relevance of local political variables, the study includes one “non-example”, in other words, a case in which many of the most salient variables are in place but that nonetheless did not result in a CBA. Miami, Florida, with its vibrant urban real estate market and extensive number of large-scale public and private projects, provided fertile ground for the consideration of how civil society variables contribute to CBA negotiations. It quickly became apparent that the case studies fell into three broad patterns or types, defined most critically by two factors:

- the strength of civil society, as measured by the ability and willingness of civil society groups to coordinate efforts in seeking public benefits. The level of coordinated civic activism, in particular, correlates to the type of CBA, if any, that is pursued. Weir’s (1999) typology of the relationships between civic organizations and elected leaders proved particularly helpful in differentiating the types of CBA arrangements that resulted from negotiations surrounding a real estate project.

- the robustness of the local real estate submarket at the time of the project’s presentation for the securing of entitlements and during the period after project approval. The degree of robustness predicts whether or not a CBA actually delivers the promised benefits.

The individual case studies are then best understood by how the interaction of these two variables, resulting in a relatively small number (six) of “types,” as depicted in the subsequent table.

**Table 2. CBAs, Classified by Real Estate Market Activity and Level of Coordinated Civic Activism**

		<b>Coordinated Civic Activism</b>		
		Low: No CBA or Elite Domination	Medium: Patronage CBA	High: Inclusive CBA
<b>Real Estate Market Activity</b>	<b>Low</b>	Minor Projects Harlem Park (NYC, NY)	<ul style="list-style-type: none"> <li>• Bayview-Hunters Point (San Francisco, CA)</li> </ul>	<ul style="list-style-type: none"> <li>• Park East (Milwaukee, WI)</li> <li>• Syracuse Schools (Syracuse, NY)</li> <li>• SunQuest (LA, CA)</li> <li>• Marlton Square (LA, CA)</li> <li>• Ballpark Village (San Diego, CA)</li> </ul>
	<b>High</b>	<ul style="list-style-type: none"> <li>• LULUs</li> <li>• Greenfield Projects</li> <li>• Marlins</li> </ul>	<ul style="list-style-type: none"> <li>• Atlantic Yards (NYC, NY)</li> <li>• Gateway</li> </ul>	<ul style="list-style-type: none"> <li>• Hollywood &amp; Highland (LA, CA)</li> <li>• CIM (San</li> </ul>

	Park (Miami, FL)	Center (NYC, NY) • Columbia University (NYC, NY) • Yankee Stadium (NYC, NY) • Mets Stadium (NYC, NY) • Oak to 9 <sup>th</sup> (Oakland, CA)	Jose, CA) • Staples Center (LA, CA) • NoHo Commons (LA, CA) • Hollywood & Vine (LA, CA) • The Lorenzo (LA, CA) • LAX (LA, CA) • Grand Avenue (LA, CA) • Kingsbridge Armory (NYC, NY)
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### **Data Collection and Analysis**

The two principal sources of information for this study consist of interviews and documents. Interviews with a number of different individuals involved in CBA negotiations were critical to this topic and provided much of the most relevant data. Interviewees included leaders of community organizations and labor unions, developers, local politicians, and city planners. Because the interviewees varied not only by location but also by affiliation and outlook, varied and rich insights could be obtained from diverse stakeholders. The limitation to the use of interviews is that some of the individuals involved may not be completely forthcoming, given that the events are so



recent (and, thus, many matters may be pending) and given that they might be involved in current negotiations on other projects.

The research combined insights gleaned from the interviews with content analysis of both primary documents (the agreements themselves) and secondary documents (such as mainstream and alternative newspaper accounts, business press, and blogs) related to the CBAs. Doing so allowed for “triangulation” of multiple sources of evidence as well refinement of the theoretical framework guiding this inquiry. In addition, it was important to understand the nature of real estate development in each locality, including important legal, political, social, and economic considerations. This was accomplished through an analysis of available historical information as well as more recent secondary sources such as newspapers.

The study’s research process involved five distinct phases. First, document analysis was undertaken, so as to become familiar with the extensive amount of information related to different CBA negotiations. This analysis relied upon academic articles, books, newspaper articles, reports, websites, local newsletters, community blogs, and planning documents. Using these resources, a detailed timeline to organize relevant events and issues could be devised.

Next, key informant interviews were conducted over the phone or via email. Comparing responses from these leaders allowed for triangulation of information. A list of key informants (scholars, activist leaders, and reporters), who possessed detailed knowledge related to each community’s CBA movements, was developed, based upon names that stood out during the initial document analysis. These key informants were contacted by email and/or telephone in order to request interviews. Third, CBA

negotiations were selected for each city, using the sources previously mentioned. Additional research was performed, and, accordingly, a list of potential interviewees for each organization and coalition was developed. Then, in-person interviews were conducted in California, New York, Milwaukee, and Miami. The process of data synthesis and analysis was then conducted. In the final analysis of each case, a chronology of events was developed, including an assessment of the participating organizations and their individual backgrounds (e.g. membership, scope, and missions). A number of issues were analyzed, such as campaign strategy; tactics and actions; event turnout; and messaging and communications.

For each of the cases, key elected officials and key organizations were identified, and the dynamics of the negotiation processes themselves, including what was asked for initially and how that compares to what was obtained, was determined. This allowed for a comparison of how the different states and localities being analyzed offer different opportunities for public participation, as well as the general state of civil society in these different communities.

### **Levels of Inquiry**

The study involves three levels of inquiry, as follows:

- Because CBAs have disproportionately been adopted in California and New York, and not in other states, the research explored which state-, locality-, and neighborhood-specific elements of planning culture influence whether or not

CBAs will emerge and, when such agreements do emerge, what factors shape the agreements and their outcomes. To demonstrate which are the key state-level variables, it compared projects comparable to New York and California ones in other locales and investigate why they did not result in CBAs.

- In order to discern how locality-wide and neighborhood-wide variables influence the emergence and shape of CBAs, the study compares similarities and differences among the California and New York examples.
- Finally, because CBAs are living documents, the study considers whether the active CBAs have in fact resulted in short-term community benefits and the reasons why that might or might not be the case.

### *Evaluation Questions*

Much of the inquiry into this topic relies upon information assembled from interviews with individuals that have participated in CBA negotiations, including community group leaders and private developers as well as public servants and politicians associated with the projects. Interviews were structured but open-ended, and questions were tailored to reflect each individual's distinctive role. A sample interview questionnaire is included in Appendix A.



### CHAPTER 3: BACKGROUND INFORMATION ON THE CASES

The cases included in this study originated in four different states and nine different cities. Their varying arrangements reflect different planning cultures and power dynamics and therefore different truths about urban politics and planning. Twenty-three cases were analyzed; they are, by state and city:

**Table 3. CBAs, Classified by State, City, and Case**

	STATE			
	<i>CALIFORNIA</i>	<i>NEW YORK</i>	<i>WISCONSI N</i>	<i>FLORID A</i>
<b>CITY/</b>	Los Angeles: Grand Avenue, Hollywood & Highland, Hollywood & Vine, LAX, The Lorenzo, Marlton Square, NoHo Commons, Staples, SunQuest	New York City: Atlantic Yards, Columbia University, Gateway Center, Harlem Park, Kingsbridge Armory, Mets Stadium,	Milwaukee: Park East	Miami: Marlins Park

<b>CASE</b>		Yankee Stadium		
	Oakland: Oak to 9 <sup>th</sup>	Syracuse:		
	San Diego: Ballpark Village	Syracuse Schools		
	San Francisco: Bayview-Hunters Point			
	San Jose: CIM			

State-level differences among the cases matter a great deal, across key market, governmental, and civic variables that shape the environments in which CBAs are proposed and negotiated. California, New York, and Florida are among the most populous and fastest-growing states in the nation, each experiencing far more real estate development than Wisconsin, so it is not surprising that more viable opportunities for CBA negotiations have emerged in the first three states compared to the last. In the

governmental arena, state-level factors also exert different forms of influence; the Wisconsin and Florida projects featured in this study reflect the more traditional role of state government yielding land-use decision-making to local governments. But California's more complex regulatory requirements providing local groups with additional negotiating leverage, while New York State allows for state-level approvals that expedite projects that might be delayed indefinitely by local politics elsewhere. Similarly, lengthier state histories suggest varying likely levels of civic engagement; Florida is the youngest – and for many years, the least developed – of the states, with a much younger civic infrastructure network in place as a result.

Yet local-level differences are perhaps more critical and influential. Despite their sizable populations, economic and population growth have been very uneven within the states of California, New York, and Florida, with much of the growth concentrated in a small number of localities in each. As a result, CBA activity has been concentrated in few cities as well. But even localities that have experienced continuous growth are dynamic politically, with New York City serving as perhaps the best example of a locality where the political establishment has shifted with regard to its reaction to CBAs. Likewise, local civic infrastructure can change rapidly within a city, with Los Angeles revealing perhaps the most rapid establishment of a cohesive network of civic organizations working in tandem in pursuit of community benefits. To assess how and why CBA negotiations can vary so markedly by place, it is important to understand key market, governmental, and civic characteristics of the states and localities featured in the study.

## **CALIFORNIA**

The community benefits agreement phenomenon began in California, where organizations in Los Angeles, San Diego, San Jose, San Francisco, and Oakland have worked individually or collaboratively to tap into real estate development projects for social justice purposes (Gross et. al. 2005). As a result, more current and developing CBAs have emerged in the State of California than in any other state. California's role in this regard is perhaps not surprising: it also is the most populous US state, home to more than one out of eight Americans (38 million people) and is the third-largest state by area (after Alaska and Texas). It also serves as home to several of the nation's most populous cities, including several cities discussed in this study: Los Angeles (2<sup>nd</sup>), San Diego (8<sup>th</sup>), San Jose (10<sup>th</sup>), San Francisco (13<sup>th</sup>), and Oakland (47<sup>th</sup>).

California's economy exceeds that of all but eight countries in dollar terms. As of 2012, its gross state product (GSP) is about \$2 trillion, the largest in the US. California alone is responsible for about 13% of the US's \$15.5 trillion Gross Domestic Product. But per capita income varies widely by geographic region and profession. Many coastal cities include some of the wealthiest per-capita in the US, and in 2010 there were more than 663,000 millionaires in the state, more than other state in the nation (Scott 2010). Yet California has a poverty rate of 23.5%, the highest of any state in the country.

### **Development in California**



California state legislation shapes local development review processes in various ways. As a result of the building industry's efforts to vest development rights in properties, in 1979 California became the first state in the nation to establish development agreements; since then over a dozen states have followed California's lead. At the most basic level, a development agreement guarantees development rights in return for public benefit exactions (Callies and Grant 1991).

In addition, the California Environmental Quality Act (CEQA) requires that an environmental impact report (EIR) be completed for all public projects that might affect the physical environment. The impetus for CEQA can be traced to the passage of the first federal environmental protection statute in 1969, the National Environmental Policy Act (NEPA). In response to this federal law, the California State Assembly created the Assembly Select Committee on Environmental Quality to study the possibility of supplementing NEPA through state law. This legislative committee, in 1970, issued a report entitled *The Environmental Bill of Rights*, which called for a California counterpart to NEPA. Later that same year, acting on the recommendations of the select committee, the legislature passed, and Governor Reagan signed, the CEQA statute.

EIRs provide public agencies and the public in general with detailed information about the effect that a proposed project is likely to have on the environment, to list ways in which the significant effects of such a project might be minimized, and to indicate alternatives to such a project. In practice, EIRs often cost upwards of tens of thousands of dollars and take months or years to prepare, depending on the complexity of the project. What's more, a CEQA lawsuit by a project's opponents can stop a project from moving forward (Lefcoe 2006).

California Redevelopment Law also shapes the development milieu in California. Within the state, County auditors distribute property tax revenues to local agencies—schools, community colleges, counties, cities, and special districts—pursuant to state law. Property tax revenues typically represent the largest source of local general purpose revenues for these local agencies (California Legislative Analyst’s Office 2013). In 1945, the Legislature authorized local agencies to create redevelopment agencies (RDAs). Eventually voters approved a redevelopment-financing program referred to as "tax increment financing." Under this process, a city or county could declare an area to be blighted and in need of urban renewal. After this declaration, most of the growth in property tax revenue from the "project area" was distributed to the city or county's RDA as "tax increment revenues" instead of being distributed as general purpose revenues to other local agencies serving the area. Under law, tax increment revenues could be used only to address urban blight in the community that established the RDA.

Over time, the expanded use of redevelopment led to these agencies receiving an increasing share of property taxes collected, spawning concern that redevelopment—a program established as a tool to address defined pockets of urban blight—was decreasing funds needed for other local programs and increasing state costs to support K–14 education. By 2007, the Los Angeles Community Redevelopment Agency alone had a budget of approximately \$700 million and over thirty redevelopment project areas spread across much of the city.

The fact that a redevelopment project was located within a project area offered civic organizations legal leverage not available to groups protesting projects outside redevelopment authority lands. Under California redevelopment law, for example,

redevelopment agencies had to ensure that at least 15 percent of all privately developed new or substantially rehabilitated housing is affordable to moderate- or lower-income households. Under the California Health and Safety Code, additional rules pertained to projects developed by the agency itself, including prohibition of displacement of residents under various circumstances. The cumulative effect of the various pieces of redevelopment law in California has been to strengthen the legal leverage of local project opponents.

Beginning in the 1980s and increasingly through 2011, state lawmakers took actions to constrain local governments' use of redevelopment, including tightening the definition of “blight” and imposing timelines on project areas. Because most of these new statutory restrictions applied only to new redevelopment project areas and existing projects could last for over 50 years, many redevelopment projects were not affected substantially by the changes. In June 2011, the Legislature approved and the Governor signed legislation imposing an immediate freeze on RDA authority to engage in most of their previous functions, including incurring new debt and making loans or grants. The bill also dissolved RDAs, effective October 1, 2011 and created a process for winding down redevelopment financial affairs and distributing any net funds from assets or property taxes to other local taxing agencies (California Legislative Analyst’s Office 2013). By then a number of projects associated with community benefits agreements had emerged, as detailed in this study, especially in the city of Los Angeles.

## **Los Angeles**

Founded in 1781, Los Angeles, which is Spanish for "*The Angels*," is often known by its initials L.A. With a 2010 population of over 3.7 million, it is the most populous city in California and the second most populous in the US after New York City. Los Angeles is also the seat of Los Angeles County, the most populated and one of the most ethnically diverse counties in the United States (Christie 2007).

### Demographics

The city has experienced rapid and consistent growth since its incorporation. Its population in 1850 was estimated to be as little as 1,600 but would often double (or more) from one decade to the next. It now stands at over 3.8 million. The racial makeup of Los Angeles includes: 1,888,158 Whites (49.8%), 365,118 African Americans (9.6%), 426,959 Asians (11.3%), and 902,959 from other races (23.8%). Hispanics or Latinos of any race were 1,838,822 persons (48.5%).

### Local Economy

The city is a leading world center of business, international trade, entertainment, culture, media, fashion, science, sports, technology, and education, and has been ranked the third richest city and fifth most powerful and influential city in the world (Frankel 2010). Los Angeles is often billed as the "Creative Capital of the World," due to the fact that one in every six of its residents works in a creative industry (Smart Planet 2009). Los Angeles is also the largest manufacturing center in the western United States (City of Los Angeles 2011).



**Figure 1. Los Angeles' Downtown Financial District. (City of Los Angeles).**

### Governance Structure

The city is governed by a mayor-council system and contains fifteen geographic-based city council districts.

### **Oakland**

Oakland is a major West Coast port city on San Francisco Bay. It is the eighth-largest city in the state and the 47<sup>th</sup>-largest in the US, with a 2010 population of over 390,000. Incorporated in 1852, Oakland is the county seat of Alameda County and lies across the bay from San Francisco.

### Demographics

A steady influx of immigrants during the 20<sup>th</sup> century, along with thousands of African-Americans war-industry workers who relocated from the Deep South during the 1940s, have made Oakland one of the most ethnically diverse major cities in the country. The racial makeup of Oakland is 34% white, 28% African-American, 17% Asian, 19% of two or more races. Hispanic or Latino of any race were 25% of the population. Between 2000 and 2010, the city lost almost 10,000 residents; its population stands at about 390,000.

### Local Economy

Soon after World War II, with the disappearance of Oakland's shipbuilding industry and the decline of its automobile industry, jobs became scarce. During its first century of existence, Oakland experienced rapid growth, but then it experienced several decades of population loss, reflecting the closing of numerous large factories and a sharp increase in unemployment. As of the 2010 Census, over 19% of the population and over 16% of families were below the poverty level. Given the relatively high poverty rate, it is perhaps not surprising then that, as per the 2010 US Census, Oakland ranks as one of the most dangerous large cities in the US.

### Governance Structure

Oakland has a mayor-council government. The mayor is elected for a four-year term. The Oakland City Council has eight council members representing seven districts

in Oakland with one member elected at-large; council members serve staggered four-year terms.



**Figure 2. Downtown Oakland (Ascension Earth).**

## **San Diego**

Located on the Pacific Ocean, in Southern California, the city of San Diego is the county seat of San Diego County, immediately adjacent to the Mexican border. Incorporated in 1850, San Diego is known for its mild year-round climate, extensive beaches, and recent emergence as a healthcare and biotechnology enclave (McGrew 1922, City of San Diego 2011). San Diego has gone on to become the second-largest city in California and the eighth-largest city in the United States.

During World War II, San Diego became a hub of military and defense activity, due to the presence of a number of military installations and defense manufacturers. After the war, the military continued to play a major role in the local economy, but post-Cold War cutbacks took a heavy toll on the local defense and aerospace industries. The resulting downturn led San Diego leaders to seek to diversify the city's economy by focusing on research and science, as well as tourism (Walcott 2002). By 2009, the San Diego metro was hosting 30 million visitors per year (City of San Diego 2011).



**Figure 3. Downtown San Diego and its beaches (City of San Diego).**

## Demographics

San Diego's population has reflected continuous decade-to-decade growth since its founding. The city's population stood at over 1.2 million in 2000, the most recent census at the time of the Ballpark Village project's approval by the San Diego City Council in 2005. As per the latest US Census, San Diego's population is 58.9% White, 6.7% African-American, and 15.9% Asian. Hispanic or Latino of any race was 28.8%, with the largest percentage of those (one-quarter) being of Mexican origin.



## Local Economy

According to *Forbes* in 2005, San Diego was the fifth wealthiest US city and has one of the lowest crime rates of any US city with over half a million residents (Clemence 2005). Prior to 2006, San Diego experienced a dramatic growth in real estate prices; median house prices more than tripled between 1998 and 2007. Despite its favorable climate, growing economy, and enviable crime statistics, however, in 2004 about 10.6% of families and 14.6% of the population were below the poverty line.

## Governance Structure

The city is governed by a mayor and an eight-member city council. The members of the council are each elected from single member districts.

## **San Francisco**

San Francisco is officially both the City and County of San Francisco. It serves as the financial and transportation center of the San Francisco Bay Area, a region of 7.6 million people that includes San Jose and Oakland. It is the most densely settled large city (population greater than 200,000) in the state of California and the second-most densely populated large city in the United States after New York City (US Census 2010).

San Francisco is the fourth most populous city in California and the 13<sup>th</sup> most populous city in the United States, with a population just over 805,000 as of the 2010 Census.

## Demographics

The city's population rose quickly from its inception, then plateauing in 1950. It rebounded in the 1980s and continues to grow. The 2010 US Census reported that San Francisco had a population of 805,235. The racial makeup and population of the city includes: 390,387 whites (48.5%), 267,915 Asians (33.3%), 121,744 Hispanics or Latinos (15.1%), and approximately 11% from other or multiple races.

Of all major cities, San Francisco ranks second behind only Seattle for the percentage of residents with a college degree. Over 44% of its adults have a bachelor's degree or higher. Perhaps not surprisingly, then, San Francisco ranks third of American cities in median household income with a 2007 value of \$65,519. Median family income is \$81,136, and the city ranks 8<sup>th</sup> of major cities worldwide in the number of billionaires known to be living within its city limits. The city's poverty rate is 11.8%, and the number of families living in poverty stands at 7.4%, both lower than the national average.

## Local Economy

San Francisco is one of the top tourist destinations in the world, ranking 35<sup>th</sup> out of the 100 most visited cities worldwide (Euromonitor 2012). The city is also a principal

banking and finance center, ranking 18<sup>th</sup> in the world's top producing cities and 12<sup>th</sup> in the top twenty global financial centers (Long Finance 2014).

## Governance Structure

The city's mayor is also the county executive, and the county Board of Supervisors acts as the city council. The eleven-member Board of Supervisors, the legislative branch, is headed by a president and is responsible for passing laws and budgets, though San Franciscans also make use of direct ballot initiatives to pass legislation. The members of the Board of Supervisors are elected as representatives of specific districts within the city.

## San Jose

San Jose is the third-largest city in California and the tenth-largest in the US. The San Jose/Silicon Valley area is a major component of the greater San Francisco Bay Area, a region of 7.6 million people and the sixth-largest metropolitan area in the United States. Founded in 1777, after more than 150 years as a small farming city San Jose and the surrounding Santa Clara Valley became the last contiguous area of undeveloped land surrounding the San Francisco Bay.

San Jose experienced increased demand for housing from soldiers and veterans returning from World War II. San Jose then continued its aggressive expansion during the 1950s and 1960s by annexing more land area. The rapid growth of the high-

technology and electronics industries further accelerated the transition from an agricultural center to an urbanized metropolitan area. By the 1990s, San Jose's location within the booming local technology industry earned the city the nickname, "Capital of Silicon Valley" (Hsu 2012). It is ranked one of the safest major cities in the country, as per the US Census Bureau.

## Demographics

San Jose's population has shown consistent growth since its founding, with approximately 900,000 residents in 2000, the most recent census at the time of the project's approval. With regard to racial makeup, in 2010 about 43% of San Jose's residents were White, 32% were Asian, about 16% from other races. Hispanic or Latino of any race were over 33% of the population, with over a quarter of those being of Mexican heritage.

According to a 2007 US Census estimate, the median income for a household in the city was the highest in the US for a city with more than a quarter million residents, with \$76,963 annually. Only about 6% of families and 8.8% of the population fell below the poverty line.

## Local Economy

The large concentration of high-tech, engineering, and computer companies in and around San Jose has led the area to be known as "Silicon Valley." Not surprisingly then, the cost of living in San Jose and the surrounding areas is among the highest in

California and the nation. The economic growth during the tech bubble caused employment and housing prices to peak in the late 1990s (City of San Jose 2010).



**Figure 4. Downtown San Jose's office and residential core (city-data.com).**

#### Governance Structure

The city has a council-manager government with a city manager nominated by the mayor and elected by the city council. The San Jose City Council is made up of ten council members elected by districts, and a mayor elected citywide.

#### **NEW YORK**

The state that has generated the second greatest number of CBAs, New York is the 27<sup>th</sup>-largest and the third-most populous of the fifty United States. A leading recipient of immigrants from around the globe, its population grew from approximately

340,000 in 1790 to over 19 million by 2000. Yet population growth is uneven in New York State; the New York City metropolitan area is growing considerably, while much of the rest of New York is stagnant. New York State has the second largest international immigrant population in the country among the American states, but most reside in and around New York City, due to its size, high profile, vibrant economy, and cosmopolitan culture. As in other states, redevelopment within New York State is shaped by regulations adopted at the state and local levels as well as by the desires of key individual elected officials at various levels of government.

#### Development in New York State

One of the principal agencies involved in redevelopment across New York State is the New York State Empire State Development Corporation (ESDC), governed by a board that is controlled by the Governor. The ESDC resulted from the Urban Development Corporation Act, in 1968. This Act states that the nine directors of the corporation are to be the superintendent of banks (appointed by the Governor), the chairman of the New York State science and technology foundation, and seven directors to be appointed by the governor with the advice and consent of the state Senate. The ESDC would need to support, for example, eminent domain, which was a consideration in the Columbia University expansion project.

In addition, ESDC action might require approval from the State's Public Authorities Control Board (PACB), which includes a representative of the Governor, State Senate Majority Leader, and State Assembly Speaker and can act only with their

unanimous agreement. Section 51 of the New York Public Authorities Law requires PACB approval of the financing and construction of any project proposed by the ESDC.

Additionally, New York courts have recognized that local governments can impose conditions upon developers through the environmental impact review process. In 1975, New York State passed the State Environmental Quality Review Act (SEQRA), which requires developers of projects to analyze the environmental impacts of their projects and if that analysis reveals that the project may have a significant impact on the environment, to prepare an environmental impact statement (EIS). In New York, a negative declaration is a finding by the relevant government entity that a proposed development or project would have no significant effect on the environment and therefore a full environmental impact review is not necessary. Agencies may issue “conditional negative declarations” when they conclude that the developer can adopt measures to mitigate any harmful environment impacts the proposed development might cause. Indeed, developers try to avoid the need for a complete EIS by including measures in their projects designed to keep the project’s impacts below the threshold that would trigger full review. Environmental impact review, and the measures required to mitigate significant adverse environmental impacts, accordingly became an integral part of a city’s discretionary approval of a project in the late 1970s and remain part of the land use review process today (New York City Bar Association 2010).

## **New York City**

New York City is the most populous and densely-populated city in the United States of America (Census Bureau 2010). New York City exerts a significant impact upon commerce, finance, media, art, fashion, research, technology, education, and entertainment. It has been the country's largest city since 1790.

## Demographics

Due largely to waves of immigration from various nations, New York City's population has experienced rapid, dramatic growth over the last several hundred years. Its population in 1698 (4,937) grew to over 8,000,000 in 2010. Its 2010 population could be characterized as consisting of 44% Whites, over 25% Blacks, and almost 13% Asians. Hispanics of any race represented 28.6% of the population. New York City has a high degree of income disparity; in 2005, for example, the median household income in the wealthiest census tract was \$188,697, while in the poorest it was \$9,320 (Roberts 2005).

New York City is composed of five boroughs. If the boroughs were each independent cities, four of the boroughs (Brooklyn, Queens, Manhattan, and the Bronx) would be among the ten most populous cities in the United States.





**Figure 5. The five boroughs of New York City: (1) Manhattan, (2) Brooklyn, (3) Queens, (4) The Bronx, (5) Staten Island (City of New York).**

### Local Economy

In the 1960s and 1970s, job losses due to industrial restructuring caused New York City to suffer from economic problems and rising crime rates (Effgen 2001). While a resurgence in the financial industry greatly improved the city's economic health in the 1980s, New York's crime rate continued to increase into the 1990s (Effgen 2001). By the late-1990s, crime rates started to drop dramatically due to changed police strategies, improving economy, gentrification, and new residents, both American transplants and new immigrants from Asia and Latin America. Important new sectors, such as Silicon Alley, emerged in the city's economy. New York's population reached all-time highs in the 2000 Census and then again in the 2010 Census.

New York is a global hub of international business and commerce (Sassen 2001). The city is a major center for banking and finance, retailing, world trade, transportation, tourism, real estate, theater, fashion, and the arts in the United States. New York City also is home to some of the world's most valuable real estate.

### Governance Structure

New York City has been a metropolitan municipality with a mayor-council form of government since its consolidation in 1898. The mayor and council members are elected to four-year terms. The New York City Council is a unicameral body consisting of fifty-one Council members whose districts are defined by geographic population boundaries.

### Development in New York City

In New York City, rezoning and other major municipal land use decisions require approval through the city charter's Urban Land Use Review Procedure (ULURP) (New York City Department of City Planning 2011). As part of the process, the City Planning Commission has the power to oversee the implementation of laws that require environmental reviews of actions taken by the city. The commission develops procedures for the selection of those agencies that will determine whether an environmental impact statement is necessary, for the participation by the city in the environmental reviews when agencies not the city are involved, and for the coordination

of environmental review procedures with land use review procedures. The City Planning Commission (CPC) is the agency with which such applications are filed, along with any recommendations or written information that is involved in the process. The CPC then must certify that applications are complete and ready to go through the review process. After the community boards and borough presidents make their recommendations, they must submit them to the CPC. The CPC may then approve, approve with modifications, or disapprove the application. The City Council and Mayor are empowered to make political decisions subject to no standards or review. If the City Council votes no, the proposal is rejected. If it votes yes and the mayor vetoes, the council can override by a two-thirds majority.

Before starting ULURP, a proposal of any significant potential impact must first move well along in the City Environmental Quality Review (CEQR) process. These interlinked procedures offer several opportunities for legal and community intervention. Public hearings, with opportunity to submit written comments, occur at various junctures. These start with a Department of City Planning hearing in the community on the developer's draft EIS and continue later through the ULURP stages of review, which include the completion of the EIS as well as review by the Borough President's office, the CPC, and the City Council. The Council and Mayor (who holds no hearings) have ultimate authority.

Economic Development Corporation

The City's Economic Development Corporation, as part of its standard operating practices, often provides various incentives for developers to encourage projects the city believes will benefit the city. When the city chooses to provide subsidies to developers, it is free to condition those subsidies in any way it thinks appropriate, subject to general prohibitions on discrimination, and so on. Developers unwilling to accept the conditions can also reject the subsidies. Regulatory authorities may use their power to solicit concessions from the developer only to address legitimate concerns of the land use process.

#### Community Boards

New York City established Community Boards to address the upheavals of the 1960s through decentralization and opportunity for grassroots participation in municipal decision-making (Foster and Glick 2007). Appointed by the borough president in consultation with local city council members, and provided with city-funded staff and office space, the fifty-member boards serve as the official voices of their communities. As per the city charter, they have a formal advisory and public hearing role in the city's land use regulatory process and the right to propose a local master plan with official advisory status if adopted by the city planning commission and city council. The city is divided into five-nine districts, each with a population of approximately one hundred thousand.

#### Restrictive Declarations

Drafted by the developer in consultation with the Department of City Planning, a restrictive declaration is a covenant running with the land that binds the present and future owners of the property. As a condition of certain special permits, the CPC may require an applicant to sign and record a restrictive declaration that places specified conditions on the future use and development of the property (City of New York 2012). Although restrictive declarations are not typically considered CBAs, they may contain provisions that the public or community groups identified as necessary during land use review processes and that might end up constituting part of a CBA.

#### Elected Officials

New York City mayors deal with development through their oversight, through a Deputy Mayor for Development or other high-level appointee, who oversees the Department of City Planning and other municipal agencies dealing with land use and development. The mayor selects the majority of the City Planning Commission, including its chair and six other members. The five elected borough presidents each select one member, as does the elected citywide Public Advocate, a kind of ombudsperon (City of New York 2012).

Development projects also are reviewed and voted on by the City Council. If the Council views a project as essentially local, it routinely accedes to the wishes of the area's council member (Foster and Glick 2007).

## Syracuse

Syracuse is the fifth most populous city in the state of New York. As of the 2010 Census, the city population hovered around 145,000, making it the 167<sup>th</sup> largest city in the country. It is the economic and educational hub of central New York. Named after *Siracusa*, a city on the eastern coast of the Italian island of Sicily, Syracuse is home to Syracuse University and to the Upstate Medical University and Hospital, the city's largest employer. The Syracuse metro area receives more snow on average than any other large city in the country (City of Syracuse 2012).

## Demographics

The racial and ethnic makeup of the city, as per the 2010 Census, is as follows: 56% White, over 29% African-American, almost 6% Asian. Hispanics or Latinos of any race were 8.3% of the population. Over a quarter of all families and over 31% of the population were below the poverty line. Even more troubling has been the city's population loss; it reached its all-time high of over 220,000 in 1950 and since then has decreased almost continuously, reaching an almost-100-year low in 2010 of 145,000.

## Local Economy

The city's prominent salt industry declined after the Civil War, but manufacturing proliferated in Syracuse through the early 20<sup>th</sup> century (Greater Syracuse Economic

Council 2012). The combination of population loss and high unemployment is closely related to the loss of industrial jobs in the once-prosperous region. Today Syracuse has few large employers save for the university-affiliated ones (Greater Syracuse Economic Council 2012).



**Figure 6. Underdeveloped Downtown Syracuse (*The Post-Standard*).**

### Governance Structure

The city is headed by an elected mayor who is limited to two four-year terms. The legislative branch of the city is the Syracuse Common Council, which consists of a president and nine members; five members are elected from geographic districts, while the others are elected at-large.

### WISCONSIN

A 2005 CBA in Milwaukee, Wisconsin, was the first to be implemented via legislation rather than negotiations between community members and individual developers. Wisconsin is the 23<sup>rd</sup>-largest state by total area and the 20<sup>th</sup> most populous. Although Madison is its capital, Milwaukee is its largest city. Wisconsin's GSP of \$248 billion in 2010 ranks 21<sup>st</sup> among states. Wisconsin has experienced continuous but more modest growth than the other states under analysis, growing from just over 1,000 in 1820 to 3.4 million in 1950 and 5.6 million in 2010. The State of Wisconsin, as do the three other states under discussion in this study, grants its localities wide discretion with regard to land use decision making. Unlike many of the California and New York examples, state government in the Wisconsin and Florida was largely absent, as the key decision making and funding bodies involved are local in nature.

## Milwaukee

Milwaukee is the county seat of Milwaukee County and is located on the southern shore of Lake Michigan. Milwaukee has experienced several decades of population loss that began in the 1960s, following the closing of a number of manufacturing jobs. The city's population has yet to rebound, with just over 594,000 in 2010.





**Figure 7. Downtown Milwaukee (Milwaukee Streets and Midwest Roads blog).**

### Demographics

Over 21% of the population and 17.4% of families live below the poverty line. According to the 2010 US Census, almost 45% of the population was White, 40% was Black, and 3.5% Asian. Over 17% of Milwaukee's population was of Hispanic or Latino origin. The metropolitan area was cited as being the most segregated in the US (*Jet Magazine* 2002).

### Local Economy

Milwaukee is home to the international headquarters of five Fortune 500 companies; the Milwaukee metro area ranks fifth in the US in terms of the number of Fortune 500 company headquarters as a share of the population (City of Milwaukee 2012). Because of its easy access to Lake Michigan and other waterways, Milwaukee has

historically been home to manufacturing, stockyards, rendering plants, shipping, and other heavy industry.

For several decades, Milwaukee ranked among the ten most dangerous large cities in the US. However, despite its improvement, Milwaukee still suffers from the highest rates of homicide, rape, and robbery of any large US city (US Census 2010).

#### Governance Structure

Milwaukee has a mayor-council form of government. The Common Council retains almost complete control over the city's finances, and the mayor, with the exception of his proposed annual budget, cannot directly introduce legislation. The Common Council consists of elected members, each representing one of fifteen districts in the city.

### **FLORIDA**

Florida is the 22<sup>nd</sup> largest and 3<sup>rd</sup> most populous state in the nation. The state's dramatic population growth occurred primarily in the latter part of the twentieth century. The state had fewer than 35,000 residents in 1830 and approximately 528,000 in 1900. But its number of residents shot up from 2.7 million in 1950 to close to 19 million by

2010. Not surprisingly, then, Florida's GSP, \$748 billion in 2010, constitutes the fourth largest economy in the US.

Florida also was particularly hard hit by the Global Recession; at the end of 2008, Florida had the highest mortgage delinquency rate in the country, with 7.8% of mortgages delinquent at least 60 days.

### **Miami-Dade County**

Created in 1836, Miami-Dade County (commonly called Miami-Dade, Dade, Metro-Dade or Greater Miami) is located in the southeastern part of the state of Florida. The county is home to 34 incorporated cities and a number of unincorporated neighborhoods. The northern, central, and eastern portions of the county are heavily urbanized with hundreds of high-rises along the Biscayne Bay coastline, as well as the location of South Florida's central business district, Downtown Miami.

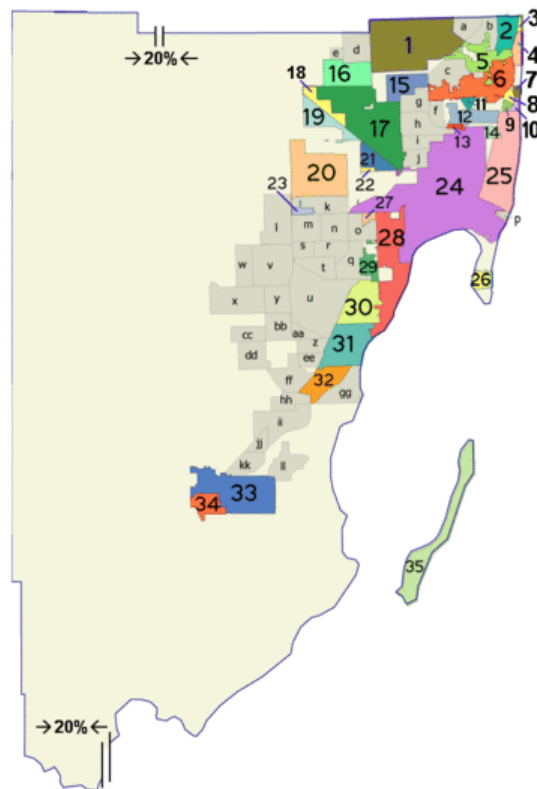
### **Demographics**

Miami-Dade County has experienced continuous and rapid growth, especially in the twentieth century. The county's population in 1850 (159) experienced only moderate growth by 1900 (under 5,000 year-round residents). Beginning in the 1940s, however, the county grew to its current population of over 2.5 million, in 2010, making it the most populous in the state and seventh-most in the nation.

As of 2010, the racial makeup of the county was almost 70% White (20.7% non-Hispanic White) and 20.3% African-American and Caribbean Black. Hispanics or Latinos constitute almost 66% of the county's population. Almost half of the total population was foreign-born, a percentage greater than that of any other US county. About 14.5% of families and 18% of the population lived below the poverty line.

### County Governance Structure

Miami-Dade County has operated under a unique two-tier federation, since 1957. Unlike a consolidated city-county, in which city governments and a county government merge into a single entity, there are two levels of government: city and county.



**Figure 8. Miami-Dade County and its 35 municipalities. These include its largest and most populous city, Miami, denoted by the number 24, above. Unincorporated Miami-Dade County is the largest service area, denoted by the gray zone of unincorporated neighborhoods (Miami-Dade County).**

Cities are the lower of the two levels, or tiers, of local government, typically providing police and fire protection, zoning and code enforcement, and other city services within their jurisdiction. These services are paid by municipal taxes. The county is the upper tier, and it provides services of a metropolitan nature, such as emergency management, airport and seaport operations, public housing, health care, transportation, and environmental services. These are funded by county taxes, which are assessed on all incorporated and unincorporated areas.

The Executive Mayor of Miami-Dade County is elected countywide to serve a four-year term. Thirteen county commissioners are elected from single-member districts to four-year terms.

## **Miami**

Miami is a city located on the Atlantic Coast in southeastern Florida and the county seat of Miami-Dade County. The 42<sup>nd</sup> largest city proper in the US, with a 2010 population of just over 408,000, it is the principal, central, and most populous city of the Miami metropolitan area. Miami is a major city in the fields of finance, commerce, culture, media, entertainment, the arts, and international trade. Miami is nicknamed “the

capital of Latin America”; it is the second-largest US city with a Spanish-speaking majority, and the largest city with a Cuban-American plurality.

Miami was officially incorporated as a city in 1896, with a population of just over 300. Named for the nearby Miami River, itself named for a nearby Indian tribe, Miami prospered during the 1920s with an increase in population and infrastructure but weakened after the collapse of the Florida land boom of the 1920s as well as the Great Depression of the 1930s. World War II helped to expand the area’s population, as Miami’s strategic location on the southern coast of Florida played an important role against German submarines. After Fidel Castro came to power in 1959, thousands of Cubans sought refuge in Miami. Despite Hurricane Andrew, the drug wars, and assorted urban crises, Miami’s population grew steadily during the latter 20<sup>th</sup> century. As a result of its rapidly expanding population, the city earned its nickname as “the Magic City” (City of Miami 2012). Yet in terms of land area, Miami is one of the smallest major cities in the US, but its population of over 400,000 in a relatively compact area makes it one of the most densely populated cities in the US.

## Demographics

According to the 2000 US Census, Miami had the highest incidence of family incomes below the federal poverty line in the US, making it the third poorest city in the US. Yet the city has witnessed almost continuous population growth, due in large part to immigration from Latin America and the Caribbean, as well as the resettling of

Northerners from within the US. The city's 1900 population (1,681) shot up to almost 250,000 by 1950 and surpassed 400,000 in 2010.

As of 2010, in terms of national origin and/or ethnic origin, over 34% of the populace was Cuban, with smaller percentages of Nicaraguans, Haitians, and others. In 2004, the United Nations Development Program ranked Miami first in terms of percentage of residents born outside of the country in which it is located (59%). About 21.7% of families and 26.3% of the population were below the poverty line.

### Local Economy

Miami is a major center of commerce, finance, and international business. Since 2001 in particular the city has been undergoing a large building boom with more than 50 skyscrapers built or under construction. During the mid-2000s, the city witnessed its largest real estate boom since the Florida land boom of the 1920s, with rapid expansion of the residential in and near the central business district. This was followed by a skyrocketing foreclosure rate, one of the highest in the country (*Tampa Bay Business Journal* 2008).

### Municipal Governance Structure

The government of the city of Miami (proper) uses the mayor-commission system of governance. The city commission consists of five commissioners, elected from single-member districts. The mayor is elected citywide but is a nonvoting member of the body;

he or she selects, with commission approval, a city manager to run the day-to-day operations of the city. The sizable budgets and powers of both the county and its largest city, coupled with the understanding that large capital expenditures and projects often benefit the local economies of both, has meant that public or public-private projects often are paid for by both according to terms negotiated project by project.

## **TYPOLGY OF CASES**

An analysis of the twenty-three cases included in this study reveals that the proposal of a development project can result in one of three scenarios, consistent with the three broad patterns described by Weir (1999). The first set of cases, *inclusive CBAs*, result from a more inclusionary political setting in which civic organizations exercise independent power or win influence because city governments find them useful allies or because they have amassed substantial independent influence. The organizations are routinely able to gain access to public and private resources through participation and networks. Stable sources of financing make it easier for them to develop administrative capacities and participate in networks that further increase access to both public and private sources.

In the second set of cases, *patronage CBAs*, political patronage permeates economic development and shapes the transactions through which community groups gain access to resources. In patronage cities, politicians have long shaped community support, a legacy of party organizations and patronage politics continues to dominate struggles over resources. Patronage cities can have strong traditions of neighborhood



organization and political mobilization, but community development groups must vie with politicians who seek to control resources for their own political purposes. Although the systems have large public sectors and offer resources to low-income neighborhoods, politically connected neighborhood elites often seize the lion's share of benefits.

In the last set of cases, *no CBA*, a CBA fails to materialize. This occurs for one (or more) of three principal reasons: the proposed project is not conducive to a CBA, in any location, because it is modest in scope and likely profitability; the market and/or submarket in which a project is proposed cannot bear a CBA; and/or the community in which the project is proposed is characterized by *elite domination*. Most of the elite-dominated systems, in which community organizations are only feebly connected to the centers of economic and political power, are located in Sunbelt settings, in large part because the cities do not have a tradition of neighborhood mobilization. The three subsequent chapters explore each of these types, in turn.

#### **CHAPTER 4: THE INCLUSIVE CBA**

The relationship between local elected officials and community-based organizations sometimes is best characterized as *inclusionary*, a political setting in which the interests of community organizations overlap with those of private or public leaders but in which CBOs retain an independent base of power. In inclusive cities, community-based organizations exercise independent power or win influence because city governments find them useful allies and/or because they muster influence through coordinated efforts, stable funding, and experienced leadership. The organizations are

routinely able to gain access to public and private resources through active civic participation and cohesive networks. Stable sources of funding make it easier for them to develop administrative capacities and participate in networks that further increase access to both public and private resources (Weir 1999).

Eleven of the California CBAs (especially those that originated in Los Angeles) reflect this dynamic. But two of the New York cases do as well, as does a particularly telling case in Wisconsin.

**Table 4. Inclusive CBAs**

<b>Coordinated Civic Activism</b>			
	<b>Low: No CBA or Elite Domination</b>	<b>Medium: Patronage CBA</b>	<b>High: Inclusive CBA</b>
<b>Low</b>	Minor Projects Harlem Park (NYC, NY)	<ul style="list-style-type: none"> <li>• Bayview-Hunters Point (San Francisco, CA)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Park East (Milwaukee, WI)</b></li> <li>• <b>Syracuse Schools (Syracuse, NY)</b></li> <li>• <b>SunQuest (LA, CA)</b></li> <li>• <b>Marlton Square (LA, CA)</b></li> <li>• <b>Ballpark</b></li> </ul>

<b>Real Estate Market Activity</b>				<b>Village (San Diego, CA)</b>
	<b>High</b>	<ul style="list-style-type: none"> <li>• LULUs</li> <li>• Greenfield Projects</li> <li>• Marlins Park (Miami, FL)</li> </ul>	<ul style="list-style-type: none"> <li>• Atlantic Yards (NYC, NY)</li> <li>• Gateway Center (NYC, NY)</li> <li>• Columbia University (NYC, NY)</li> <li>• Yankee Stadium (NYC, NY)</li> <li>• Mets Stadium (NYC, NY)</li> <li>• Oak to 9<sup>th</sup> (Oakland, CA)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Hollywood &amp; Highland (LA, CA)</b></li> <li>• <b>CIM (San Jose, CA)</b></li> <li>• <b>Staples Center (LA, CA)</b></li> <li>• <b>NoHo Commons (LA, CA)</b></li> <li>• <b>Hollywood &amp; Vine (LA, CA)</b></li> <li>• <b>The Lorenzo (LA, CA)</b></li> <li>• <b>LAX (LA, CA)</b></li> <li>• <b>Grand Avenue (LA, CA)</b></li> <li>• <b>Kingsbridge Armory (NYC, NY)</b></li> </ul>

The CBAs under such circumstances all reflect a high level of coordinated activism. They differ, however, with regard to (1) the strength of the real estate market at the time of a project's introduction for governmental approval and during the period following such approvals, and (2) the reaction of the relevant governmental bodies to the request for a CBA. In some instances, local governmental bodies serve as developers, allowing activist groups more direct influence in the negotiations process. Even inclusive cases reflect a variety of CBA sub-types and outcomes, however, as depicted below.



**Table 5. Inclusive CBAs, Classified by Type**

<b>Type</b>	<b>Market</b>	<b>State</b>	<b>Civic</b>	<b>Type of CBA</b>	<b>Outcome</b>	<b>Examples</b>
1	Strong	Supportive	High, Medium or Low	Benefits Proposed in Government Deal	Project, Benefits	<ul style="list-style-type: none"> <li>• Hollywood &amp; Highland (LA, CA)</li> <li>• CIM (San Jose, CA)</li> </ul>
2	Strong	Supportive	Coalition	Independent Document	Project, Benefits	<ul style="list-style-type: none"> <li>• Staples (LA, CA)</li> <li>• NoHo Commons (LA, CA)</li> <li>• Hollywood &amp;</li> </ul>

						<p>Vine</p> <p>(LA, CA)</p> <ul style="list-style-type: none"> <li>• Lorenzo</li> <li>(LA, CA)</li> <li>• Kings-bridge Armory</li> <li>(NYC, NY)</li> </ul>
2A	Modest or Strong	Supportive (Public Sector Is Developer)	Coalition	Independent Document	Project, Benefits	<ul style="list-style-type: none"> <li>• LAX</li> <li>(LA, CA)</li> <li>• Grand Avenue</li> <li>(LA, CA)</li> <li>• Syracuse</li> <li>Schools</li> <li>(Syracuse, NY)</li> </ul>

3	Modest	Mixed Reaction	Coalitio n	Legislation Adopted at County Level	No Project, No Benefits	<ul style="list-style-type: none"> <li>• Park East (Milwaukee, WI)</li> <li>• SunQuest (LA, CA)</li> </ul>
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**Type 1: Strong Market, Supportive Government, High Level of Coordinated Activism – Benefits Captured in Development Agreement with Private Developer**

In the first set of cases, elected officials are particularly supportive of the concept of community benefits being tied to a particular project. In two such instances, Hollywood and Highland in Los Angeles and the CIM Project in San Jose, CBAs have resulted in the benefits being adopted in development agreements with private developers, at the request of the elected official in whose district the proposed project would be located.

**Hollywood and Highland Center (1998)**

The development of the Hollywood and Highland Center, home to the theater that now hosts the annual Oscar ceremonies, gave rise to what is sometimes considered the first community benefits agreement (Haas 2007). Approvals for the Hollywood and Highland project, and the accompanying benefits, were negotiated in 1998. The development, which includes more than 4,000 theater seats, several parking lots and hotels, and 1.2 million square feet of retail space, was projected to cost \$388 million (Goldin 1998). Developed by Trizec Properties, the eight-and-a-half-acre project sparked concerns among some Hollywood residents and business owners that traffic and congestion would increase, that there might be detrimental environmental and aesthetic effects, and that crime rates might surge as a result of increased commercial activity in the area (Derr 1998).

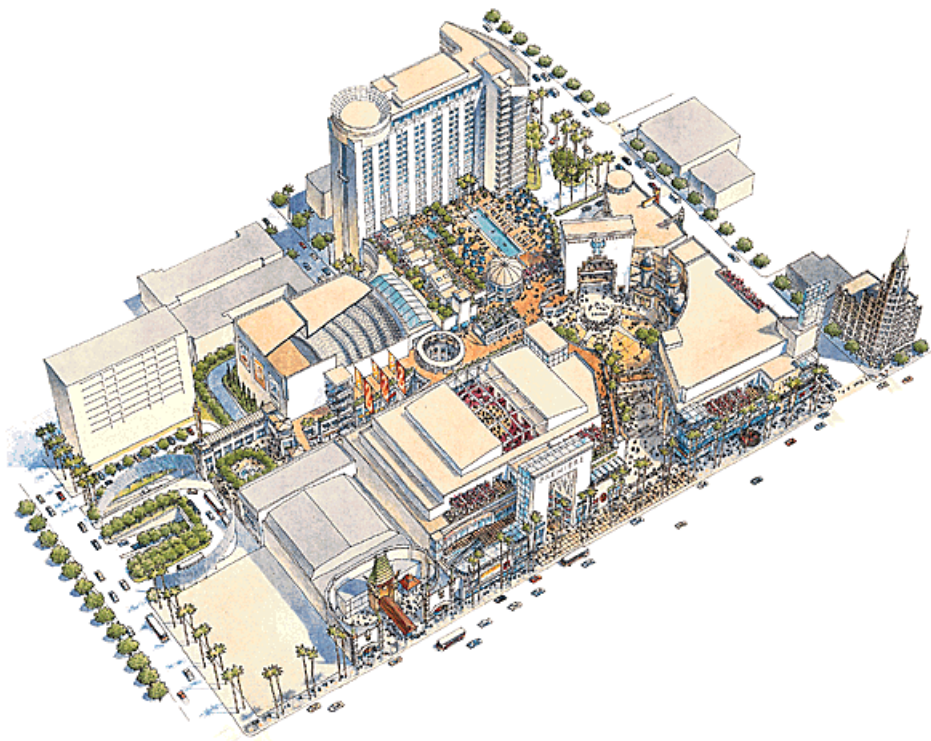


**Figure 9. The iconic Hollywood Sign. Located in Los Angeles' Hollywood Hills, it has welcomed visitors since 1923 (Medve Media).**

Since 1911 with the development of the first movie studio in the area, LA's Hollywood district has become synonymous with the movie trade. But by the mid-



century, much of the movie industry had dispersed into nearby suburbs such as the San Fernando and Santa Clarita Valleys. As a result, by the 1990s Hollywood itself had endured years of economic decline. The proposed Hollywood and Highland Center would constitute a joint development, in which a public agency (the Los Angeles Community Redevelopment Agency) would provide a land lease and funding to a private developer in exchange for improvements to the property in the form of a large-scale project. Trizec leased 1.35 acres of Los Angeles County Metropolitan Authority land for 55 years at a rate of \$492,000 per year, with increases every five years based upon inflation.



**Figure 10. The multi-level, mixed-use Hollywood and Highland project was designed to include over one million square feet of retail and a variety of activities (Seeing Stars).**

In 1997, a coalition of community-based organizations and leaders, labor unions, and clergy pressed for greater community benefits as part of this high-profile hotel and retail redevelopment project in the heart of Hollywood. At the insistence of Los Angeles Councilwoman Jackie Goldberg, who represented the project area, and with the active involvement of a social justice organization, the Los Angeles Alliance for a New Economy, the developer agreed to a deal with community groups in 1998 (Salkin and Lavine 2008).

In exchange for the groups' support of the project at public hearings, the developer offered a number of concessions, including ensuring that workers at the center would be paid a living-wage; implementing a first-source hiring plan for both hotel and retail jobs, and financing traffic improvements. Community support of the development helped the developer to obtain over \$90 million in subsidies from the city toward the costs of construction; this was in addition to the costs of constructing the Red Line subway that would serve the project area (Goldin 1998, Boxall 1998, Wolf-Powers 2006).

## Implementation

The Hollywood and Highland Center opened in 2001, along the Hollywood Walk of Fame and has become a popular tourist destination in Los Angeles. Trizec went on to sell its interest in the development for over \$200 million in 2004 to the CIM Group. By many accounts the project has been a financial and economic development success

(Salkin and Lavine 2008). In addition to revitalizing Hollywood Boulevard, nearly 70 percent of the initial employees hired at the complex were recruited from the immediate area and about half of the permanent positions provide living-wages (Grady and LeRoy 2006). A number of private projects have emerged in the blocks surrounding the project. Likewise, the CBA is widely considered to have been implemented successfully and ultimately encouraged other groups in Los Angeles and in other cities to pursue community benefits as part of land use development projects (Salkin and Lavine 2008). Councilwoman Goldberg went on to become a founding member of the Progressive Caucus in the California State Assembly in 2000; she was reelected in 2002 and 2004 and then retired, as the result of term limits.



**Figure 11. The multi-story courtyard at the Hollywood and Highland Center was inspired by a scene from the DW Griffith film *Intolerance* ( INE Tours).**

But Hollywood and Highland is not the only project in which an elected official includes benefits requirements directly into a development agreement without an accompanying, independent agreement between civic organizations and a developer. The CBA surrounding the CIM project, in San Jose, came to fruition in much the same manner.

### **San Jose – CIM Project (2003)**

San Jose's first - and, apparently, to date, only - CBA was completed in relation to the downtown development of a residential, retail, and entertainment complex. Downtown San Jose is the central business district of San Jose (City of San Jose 2012). The San Jose Redevelopment Agency Board, which consists of the members of the City Council acting in a separate legal capacity, approved the \$184.5 million project in December 2002. It includes the construction of over 500 homes, over 117,000 square feet of retail space, and approximately 845 parking spaces on three publicly-owned downtown sites then-zoned for surface parking. The developer, the CIM Group, would fund almost \$150 million of the project costs, while the Redevelopment Agency would fund the remainder.

The project forms part of the CIM Group's "Heart of the City" development program aimed at revitalizing Downtown San Jose (CIM Group 2004). CIM Group, based in Los Angeles, is a full-service real estate investor and operator organized in 1994 to revitalize districts of high population density, including a number of traditional downtowns throughout California.

## The Negotiation

The San Jose Downtown Association and the city's Redevelopment Agency together sponsored a series of community forums as discussion of the project began to emerge in 2002. In addition, a labor-community coalition led by the South Bay AFL-CIO Labor Council proposed to negotiate for community benefits with the CIM Group. The council invited representatives from the Building and Construction Trades Council and affiliated unions, several clergy, the Association of Community Organizations for Reform Now (ACORN), neighborhood residents, and downtown small business owners to participate. Redevelopment Agency staff actively participated in the negotiations as well. Working Partnerships USA, the Labor Council's nonprofit research arm, collaborated with the various groups and individuals to produce a formal Community Benefits Assessment of the proposed development to ascertain local priorities (Rhee 2004).

Then-Councilmember Cindy Chavez, a former political director of the Labor Council and the councilmember whose district included downtown, including the site of the proposed project, expressed her support for the negotiation, explaining, "When we spend the public's money, we should be meeting many goals of the city" (Kurtzman 2002).

What some have remarked as being a CBA for the CIM project actually consists of documented changes to the conditions placed on the developer by the city. The

changes are documented in the form of a memo outlining public benefits to be included in the project, written by San Jose Redevelopment Agency Board Members Cindy Chavez, David Cortese, and Linda LeZotte, and adopted by the San Jose Redevelopment Agency board in December 2002. The provision was adopted 6-5 by the pro-labor majority. It instructed Redevelopment Agency staff to continue negotiating with the developer over the package of concessions. The final development agreement, with the provisions intact, was adopted by the city in April 2003 (Rhee 2004).

The benefits identified in the memo stem from a Community Benefits Assessment of the proposed development prepared by Working Partnerships USA in conjunction with a series of community groups, pursuant to public meetings. The public benefits commitments are explicitly enforceable by the coalition under the legal status of a designated “third-party” beneficiary. Included among its provisions were the following: maintaining an affordable housing over set-aside of 20% of rental and for-sale units as well as the promotion of the city’s Housing Department’s homebuyer assistance program; committing to a living wage requirement for the developer’s employees and for employees of the development’s parking garage; committing to a project labor agreement (i.e. an agreement to use unionized labor during construction); committing to help set up a day care facility.

## Implementation

The project broke ground in 2008 and was completed within two years. According to several interviewees that monitored the community benefits arrangement, the developer complied with all terms.



**Figure 12. The 22-story “88” high-rise residential tower is the tallest residential building between San Francisco and Los Angeles and forms part of the CIM project (Sanjosecondos.com).**

**Type 2: Strong Market, Supportive Government, High Level of Coordinated  
Activism – Benefits in Independent Document with Private Developer**

The approval of the Hollywood and Highland CBA in Los Angeles led to a series of more comprehensive, independent agreements between civic organizations and developers that local governments were aware of but to which they were not formal parties. Building upon the experience earned during discussions regarding that project, civic organizations in Los Angeles went on to negotiate a series of stand-alone CBAs, often employing similar negotiation tactics and strategies and featuring the same organizations. These include the Staples, NoHo Commons, Hollywood & Vine cases as well as the more recent Lorenzo case, in addition to the very recent Kingsbridge Armory case in New York City.

## **Staples Center (2001)**

Activists negotiated this CBA during the city review process for the proposed development of the Staples Center, a sports arena that is home to the Los Angeles Lakers. Some community residents alleged that the developer did not proffer benefits verbally promised after the completion of the project's first phase. Some community members hoped that a negotiated, documented CBA could help to ensure the delivery of potential benefits in relation to the project's second phase – the construction of the Los Angeles Sports and Entertainment District, also called LA Live, a sports and entertainment complex on a twenty-seven acre parcel including two hotels, a theater, apartment buildings, and a retail complex.

The L.A. Arena Company and Anschutz Entertainment Group own and operate the Staples Center, which opened in 1999. The arena houses the Los Angeles Lakers and the Los Angeles Clippers of the National Basketball Association, the Los Angeles Kings of the National Hockey League, and the Los Angeles Sparks of the Women's National Basketball Association. The Staples Center also host over 250 events and nearly 4,000,000 guests a year. It was financed privately at a cost of \$375 million and is named for the office-supply company Staples, Inc., which paid for naming rights.

Situated at the intersection of five redevelopment project areas, the Figueroa Corridor has been shaped by the Los Angeles Community Redevelopment Agency (LACRA). The southern part of the Corridor lies within a redevelopment area established in the 1960s to allow the University of Southern California (USC) to expand its campus borders and eliminate surrounding community blight as an inducement to



remain at its South Los Angeles location. With the help of the CRA, USC has become the largest landowner in the Corridor, with a real estate portfolio of over 100 properties, many of which are devoted to student housing.

To the north, development pressures on the Figueroa Corridor have emanated from the redevelopment of downtown Los Angeles. The Staples Center, located immediately north of the Los Angeles Convention Center, was developed by the L.A. Arena Land Company in a complex public-private deal that involved billionaire Rupert Murdoch's Fox Group purchasing a 40 percent interest in the arena. The deal was completed with a \$70 million city subsidy, which included a \$58 million loan from the city to the developer (to be repaid through the dedication of revenues from parking fees and a tax imposed on ticket sales) and a \$12 million grant from the CRA, which went to fund environmental approvals and assist in the acquisition of thirty acres of property north and east of the arena to be used for interim parking. The specter of broad community opposition to the project, which required significant land use variances and city subsidies, provided the community with the necessary leverage to negotiate one of the most comprehensive CBAs made to date.

In 2000, Anschutz Entertainment Group, which also owns the arena, announced its plans for development on the site to include a 7,000-seat theater, two convention hotels, a 250,000-square-foot convention center expansion, and six city blocks of apartments, retail stores, restaurants, nightclubs, and a multiplex cinema. Officials and nearby business owners considered the project key to the revitalization of Los Angeles' downtown, where real estate values had suffered since commercial overbuilding led to a

bust in the mid-1980s. Public subsidies were originally believed to be about \$75 million but ultimately exceeded \$150 million.

### The Negotiation

The developer negotiated with the Figueroa Corridor Coalition for Economic Justice (FCCEJ), which involved representatives of more than thirty community organizations, including environmental groups, church groups, health organizations, and immigrants' and tenants' rights supporters. Strategic Action for a Just Economy (SAJE) and the Los Angeles Alliance for a New Economy (LAANE) provided organizational and political support to the coalition and community members.

The diverse coalition that formed around the LA Live project CBA was motivated, in part, by a sense of frustration regarding the Center's construction, according to several interviewees. In 1997 city officials adopted a plan to build the original Staples Center following what some have felt was limited community input. The deal gained the support of organized labor when the developer promised to pay a living wage and remain neutral in the event of a union organizing drive. The Hotel Employees and Restaurant Employees local union and the Los Angeles County Federation of Labor endorsed the proposal.

But the unions never got the promises in writing. After the developers obtained their subsidies and variances from the city, they argued that they were not subject to the living wage requirement. They stalled on signing a card check/neutrality agreement that would hold employers neutral when workers are deciding if they wish to have a union, and they claimed that they had no authority to tell their tenants to sign one. Only after

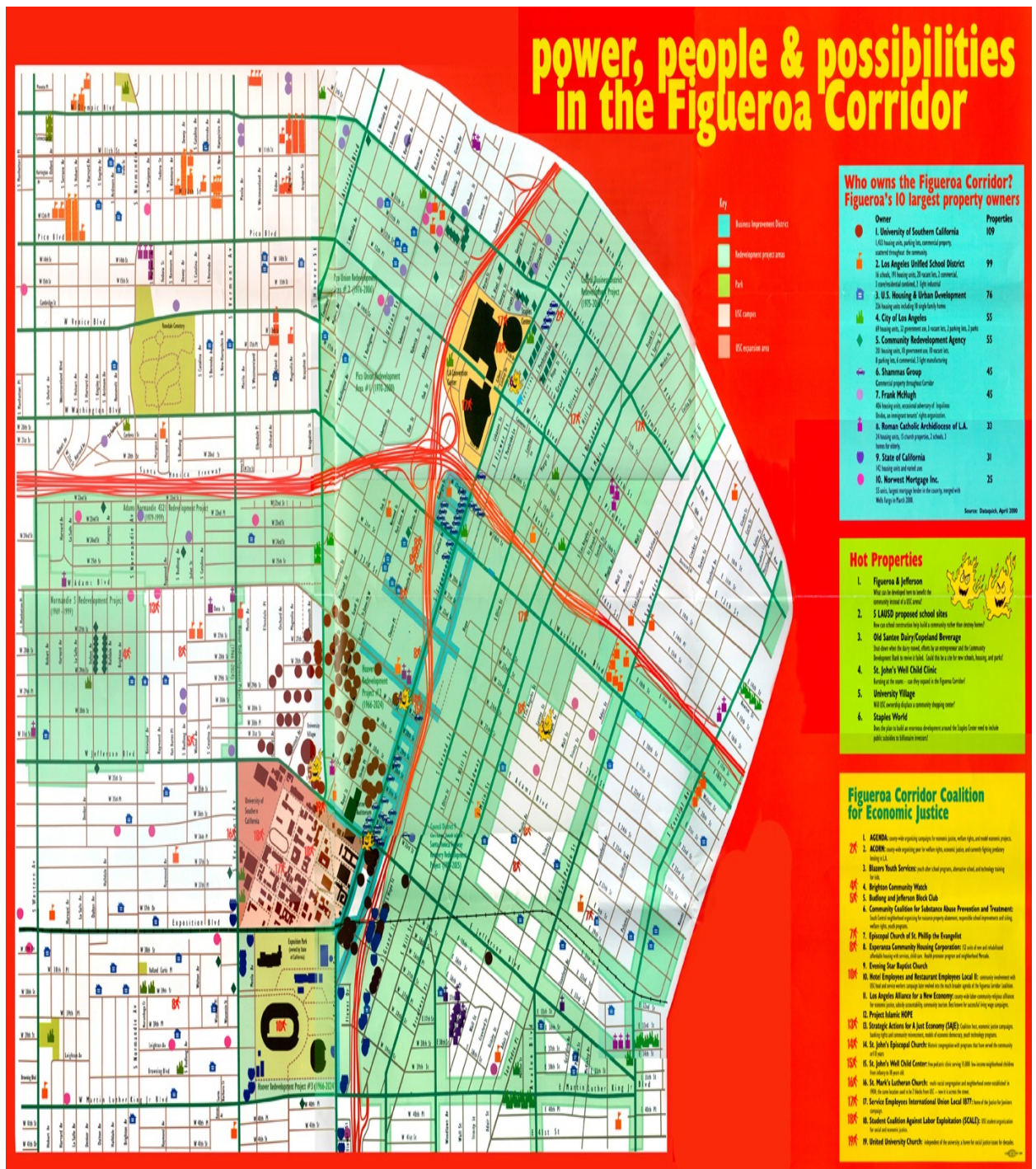
the unions staged a second fight were the developers forced to keep their oral promises. The Staples Center's neighbors were no less upset. Over 200 residents, many of them low-income Latino immigrants, were displaced from their homes by the construction of a new parking lot. Once the center opened, the residents who remained coped with traffic and parking challenges, night-time noise, and drunk drivers.



**Figure 13. The Staples Center arena opened in 1999, bolstering the local economy while also posing traffic and other challenges (segworldwide.com).**

The coalition, in exchange for supporting the city-subsidized project, urged the developer to guarantee affordable housing, fund parks, enact local hiring, and institute a living wage clause that would pave the way for union organizing, particularly at the hotels. Although AEG initially stated that it would deal solely with the Community Redevelopment Agency of the City of Los Angeles (LACRA), its desire to line up city approvals quickly in an election year and evidence that the LACRA and city council would not approve the project without organized labor's support prompted the developer to meet with representatives of the coalition. The parties reached an agreement over five months, announcing a deal on May 31, 2001. The signatories worked together over the

next several months to secure CRA approvals, city council approval, and, ultimately, significant public subsidies for the project. Coalition members later defended the development receiving greater than anticipated hotel tax rebates (Newman 2001, Lopez, 2006, McGreevey, 2008).



**Figure 14. The Figueroa Corridor Coalition for Economic Justice continues to make coordinated efforts to revitalize their neighborhood, including the preparation of a map highlighting potential redevelopment sites (Strategic Action for a Just Economy).**

Coalition members opted to link up with labor to further leverage their power, said Gilda Haas, director of Strategic Actions for a Just Economy, one of the lead organizations in the coalition (Romney 2001). When disagreements stymied the progress of the janitors' union, community negotiators stood in unison with labor. In turn, labor chimed in on issues such as affordable housing, which affects their membership but was not technically on their agenda. "I kept thinking of this as two airplanes approaching an airport at the same time," said David Koff, a hotel union research analyst who served as an official County Federation of Labor observer in the community negotiations (Romney 2001). "The idea was to get both to make a soft landing at the same time."

Strategic Action for a Just Economy (SAJE) played a central role in the coalition's efforts, working to bring other groups on board and coordinating 300 tenants who lived in the area. This grassroots base played a key role in winning the agreement, which was oriented largely to their needs. It was also crucial for building a long-term community development strategy in the Figueroa Corridor that continues today. At the same time, LAANE played a key role in building union support. LAANE enjoyed a reputation for political effectiveness because of the living wage campaign it had spearheaded (Goodno 2004). The unions negotiated their agreement separately from the CBA to comply with federal guidelines on labor negotiations, but the labor and community coalitions stayed united in their strategy and demands.

In May 2001, the developers and the coalition signed a landmark Community Benefits Agreement contract. The agreement itself was a legal document specifying the developer's cooperation with and financial contribution to a variety of measures. FCCEJ members signed a separate cooperation agreement pledging not to oppose the LA Live



project. The CBA was then incorporated into the development and disposition agreement between AEG and the CRA, making it enforceable by the city as well by the contracting community groups (Los Angeles Community Redevelopment Agency 2012).

The agreement includes provisions committing the developer to: building between 100 and 160 affordable housing units, or 20% of the total project; making available \$650,000 in interest-free loans available to local nonprofit housing developers; assuring that at least 70% of the estimated 5,500 permanent jobs to be created by the project – including those offered by tenants – will pay a living wage or better; creating a local hiring and job training program for those displaced by the arena, living within three miles of the project or living in low-income areas citywide; setting aside for the creation or improvement of parks within a mile of the project, a one-acre public plaza, and other public open space; and allocating \$25,000 per year for five years for the creation of a residential parking permit program, financed by developers for five years, that will reserve street parking for residents.



**Figure 15. An aerial view of LA Live at night (lalive.com).**

The CBA was also incorporated into the development agreement between the developer and the city's redevelopment agency, making it enforceable by the city as well

as by the contracting community groups. The Staples Center CBA has also shown that the flexibility of CBAs may extend beyond their initial negotiation. The CBA included provisions for assessment of the agreement's implementation at five and ten years after its completion; if it is found that the developer's performance of its obligations falls below 80 percent of the CBA's goals for two consecutive years, then the developer must meet with the coalition to formulate a mutually accepted plan to reach those goals. The parties have also modified the CBA at their own instance to respond to the changing needs of both the developer and the community.

## Implementation

Several aspects of the Staples Center CBA were implemented shortly after its completion, including the establishment of a residential parking permit program and the distribution of seed money for the construction of affordable housing. Since then, the developer has carried through with its obligations in a timely manner and with few problems. One million dollars has been spent on parks, with priorities for the funding being determined through a series of community meetings and workshops. About 300 units of inclusionary affordable housing have been financed, and a revolving loan fund for local businesses has revolved several times. The coalition and city have also been able to assess the developer's compliance with the CBA's living wage requirements through annual reports detailing the proportion of living wage jobs created by the project. SAJE has continued to be intimately involved with the project, and meetings between the coalition and the developer have been held quarterly to monitor the implementation of the



CBA. Additionally, SAJE has developed a jobs program for local residents and businesses.

These many benefits reflect the very broad coalition that worked together to negotiate the CBA. A few months after signing the CBA, the developers took their proposal to the City of Los Angeles and the Los Angeles Community Redevelopment Agency with the full backing of the coalition. The coalition has stayed involved with the developers through quarterly meetings of the Oversight Committee, a structure set up by the CBA to provide an ongoing accountability mechanism. The Figueroa Coalition is now staffed by Strategic Action for a Just Economy, and twenty-five member organizations remain active in the coalition.

Other Los Angeles-area projects, including NoHo Commons, Hollywood and Vine, and, most recently, the Lorenzo, also resulted in independent contracts that stipulated community benefits.

### **NoHo Commons (Los Angeles, 2001)**

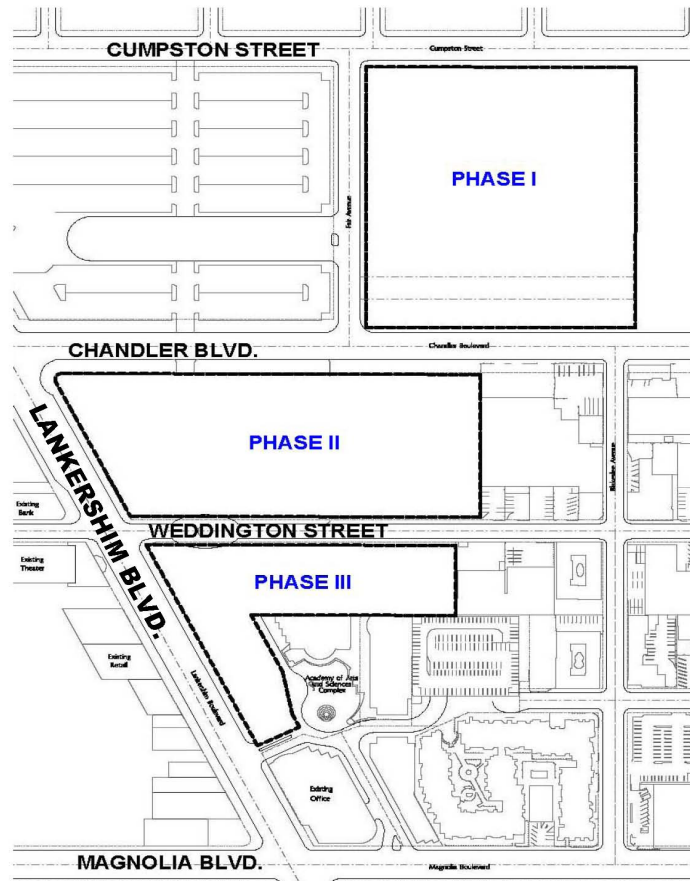
A joint development deal between the JH Snyder Company and the Los Angeles Community Redevelopment Agency resulted in a three-phase, \$375-million-dollar mixed-use development. The transit-oriented development near the North Hollywood transit station secured affordable housing, living wage, and first-source hiring promises for the community. The project in return benefited from almost \$44 million in city subsidies, a figure that was increased from the city's original plan to award \$31 million in

funds. The NoHo Commons CBA may also have helped to secure the unanimous approval the project received from the city council.

The project is a 22-acre, multi-block, mixed-use development centered around a subway station in an emerging arts district. The various subsidies for the project include CRA funds totaling \$16.7 million, and a federal loan of \$14 million, federal grants, including housing funds allocated by the city. According to several interviewees, private market developments have begun springing up around it.



**Figure 16. Councilmember Tom LaBonge, Mayor Antonio Villaraigosa, LACRA Executive Director Cecilia V. Estolano, and JH Snyder Company Senior Partner Clifford Goldstein reveal a model of the proposed project, in 2008 ( Daniel Debevoise).**



**Figure 17. The complex, multi-phase project is expected to take years to complete and require substantial subsidies (LA CRA).**

## The Negotiation

Participants in the CBA negotiation included the Los Angeles CRA, developer JH Snyder Co., and the Valley Jobs Coalition, a broad-based coalition organized by LAANE. The coalition consisted of the San Fernando Valley Green Party, Gray Panthers, childcare service providers, affordable housing advocates, churches and synagogues, and youth social service organizations.

After several months of negotiations, the Valley Jobs Coalition entered into a CBA with the developer that includes the following commitments: adopting a living wage commitment for employment in the development, with concrete steps to be taken toward achievement of this commitment and monetary penalties if the commitment is not met; establishing a first-source hiring system for employers in the development, including rent-free space for staffing the referral system; providing on-site space for a child care center, with at least 50 spaces reserved for very-low, low-, and moderate-income families; and constructing a new public school outside downtown Hollywood.

In a press release, Cecilia V. Estolano, LACRA Executive Director, has argued,

Building a healthy community is more than just developing office space and housing. It's about creating economic opportunity and improving the quality of life for the people who live in the surrounding areas. This project is an outstanding example of the type of well-balanced community benefits we can achieve when a developer, community groups and LACRA work together (Office of Los Angeles Mayor Villaraigosa 2008).

“This agreement is a model for how community groups, labor and business can join together to make development agreements work for everyone,” said Jeff Farber, a member of the Valley Jobs Coalition (Times Staff Reports 2001). The group had leverage over the development because the Snyder company was asking the city's CRA to provide substantial subsidies to the project, including nearly half of new tax revenue to pay for improvements to the property.

## Implementation

According to several interviewees that have helped to negotiated CBAs, the relatively smooth implementation of this CBA inspired considerable dialogue among nonprofits, local residents, and the local government to consider additional CBAs in Hollywood and across California. As of February 2012, NoHo Commons, consisting of 3 phases, is in its third and final phase awaiting the completion of the 7-screen Laemmle Theater and a revamped historic Phil's Diner. The eight-story office building piece of Phase III was completed in fall of 2009.

### **Hollywood and Vine (Los Angeles, 2004)**

In June 2004, developers Legacy Partners and Gatehouse Capital signed a CBA involving a mixed-use, transit-oriented development at the corner of Hollywood and Vine, up the street from the Kodak Theater at Hollywood and Highland, which is also the subject of a CBA described in this document. The 4.6-acre, \$326-million-dollar project was to include a 300-room W Hotel, about 500 housing units, 67,000 square feet of retail space, and more than 1,000 parking spaces. The project combines a hotel, mixed-income housing, and commercial space on a transit-friendly site over the Metropolitan Transportation Authority (MTA) station and much of the rest of the block located at the intersection of Hollywood Boulevard and Vine Street. The project has been called “the centerpiece of Los Angeles’ most ambitious redevelopment effort” thus far (Pool 2008).

## Background

Hollywood and Vine, located in the Hollywood section of Los Angeles, forms what is arguably the most famous intersection in the world. In the 1930s radio programs spoke of “broadcasting live from Hollywood and Vine.” In 1958, the intersection became the central point of the newly-installed Hollywood Walk of Fame.



**Figure 18. The famous sign at the intersection of Hollywood and Vine (Earth Signals).**

By the 1960s, however, many studios and broadcasters had moved into more upscale areas, the area fell into disrepair and disrepute, with many abandoned stores and offices, and the streets themselves, claimed by squatters and panhandlers. It took several decades for redevelopment to take hold, and visitors looking for Hollywood dreams were often taken aback by the area’s contrast with the shinier tourist meccas.

The resurgence of the world's most famous intersection has been slow to proceed, but the completion of the Metro Red Line subway through the area in 1999 was seen by many as a turning point for the community (Pool 2008).



**Figure 19. The project site is located along an underutilized transit corridor (*Curbed LA*).**

### The Negotiation

The project was designed to be a joint development between Legacy Partners and Gatehouse Capital, in cooperation with the LA CRA and the ground lessor, the MTA. For the project to move forward toward approval, the city of Los Angeles had committed almost \$5 million, and the Metropolitan Transit Authority would donate land. In addition, the city's Community Redevelopment Agency pledged to contribute at least \$2 million in additional subsidies. The possibility that civic organizations could oppose this

level of public subsidy gave them leverage to negotiate with the various public and private entities to be involved in the project's fruition.

When LAANE, the Yucca Residents' Group, and the social justice organization LA Voice learned of the project's public support and about the new W Hotel coming to the corner of Hollywood and Vine by the Red Line subway station, they recognized the urgency to push the developers for a community benefits agreement.

Then-area councilman Eric Garcetti facilitated the agreement and has remarked extensively about it on his district website and in a blog. On his district website, Garcetti explains that soon after selecting them, "we" asked them to meet with community leaders to develop a CBA. Subsequently, LAANE, LA Voice, members of the nearby Yucca Group, and the hotel workers union put together a package that funded health care career development and arts education, among other benefits.

On his district website, Councilman Garcetti explains that one of the most exciting parts of the project is the CBA this office "developed along with local residents, community groups, and the Los Alliance for a New Economy." "The signing of this agreement ensures tangible benefits to Hollywood, including good jobs, affordable housing and vital neighborhood services," added Garcetti. "It proves that developers can do well and do good – and that there's no place better than in Hollywood" (*Business Wire* 2004). "The community benefits agreement is an excellent example of fair and responsible economic development," added Father Michael Mandala, president of the Hollywood Interfaith Sponsoring Committee (*Business Wire* 2004).





**F20. The full build-out of the project includes an extensive variety of retail, office, residential, and hotel offerings (*Curbed LA*).**

In early 2004 the boards of the MTA and the CRA approved both the conceptual site plan and the Disposition and Development Agreement. Under the CBA, the developers agreed to the following: setting aside more than 20% of the rental housing as affordable (70 of the 350 apartments); paying living wages for all of their direct employees (including the construction, hotel, security, and parking employees); using a first source hiring program; offering \$30,000 to sign employees and neighbors for low-cost healthcare; and providing \$500,000 for arts programs at Hollywood High School.

## Implementation

Legacy Partners completed development of 1600 Vine, a \$264-million-dollar mixed-use project at the corner of Hollywood and Vine. The 12-story community features 375 apartments – 297 market-rate, 78 affordable – as well as 32,595 square feet of ground-floor retail including Trader Joe’s, Wells Fargo Bank, Café Entourage, and Bubbles dry cleaners. It also has a 215-space on-site public parking lot.

According to the major stakeholders involved in the negotiation and in its implementation, the CBA has been implemented smoothly. Councilman Garcetti has written several pieces about the development process and the CBA. The community organizations (especially LAANE) have praised the developers' speed and efficiency when providing the community benefits.

### **The Lorenzo (2011)**

Developer Geoffrey H. Palmer had developed a series of Tuscan-themed apartment buildings in downtown Los Angeles, when in 2008 he proposed his newest project – the \$250-million-dollar Lorenzo. The complex would be located next to a planned Expo Line station, only one stop away from both the University of Southern California and the Los Angeles Convention Center. The proposed project was to involve the development of a mixed-use project with approximately 1,400 multi-family residential units and over 34,000 square feet of retail uses, including a restaurant, overlooking downtown.

The 51-square-mile South Los Angeles neighborhood, formerly known as South Central Los Angeles, is home to Central American immigrants as well as the largest black community in the western United States. Beginning in the 1970s, the precipitous decline of the area's manufacturing base resulted in a loss of jobs for skilled workers. Between 1970 and 1990 the South LA area went from 80% Black and 9% Latino to over 50% Black and 44% Latino. The downtown LA service sector, which had long been

dominated by unionized African-Americans, replaced most of these workers with newly arrived Mexican and Central American immigrants (Hunt and Ramon 2010).

Widespread unemployment, poverty, and street crime contributed to the rise of street gangs in South Central, such as the infamous Crips and Bloods. By the 1992 LA riots, which began in South Central and spread throughout the city, South Central LA had become synonymous with urban decline, and private sector investment in the area was slow to come for several decades (Hunt and Ramon 2010).

But by the 2000s, a number of gang intervention strategies began to take root, and the area's crime rate lowered significantly. The city seized upon the opportunity to rebrand the area as "South Los Angeles" in hopes of removing the associations of urban decay and street crime (Gold and Braxton 2003). In addition, South LA is also home to the thriving University of Southern California (USC), founded in 1880, and a campus of Mount St. Mary's College, founded in 1920. A growing desire for additional, off-campus student housing offered a prime market opportunity.

## The Negotiation

When the Lorenzo project came forward for city review in late 2010, the developer had downscaled it to 919 units. Prior to development, the sites contained a pair of parking lots zoned for medical or educational services. Although the developer was not seeking subsidies for the project, he did need approval of a zoning change for the parcels involved.



**Figure 21. UNIDAD Coalition members speak with staff of Councilmember Jan Perry's office (Tafarai Bayne/TRUST South LA).**

In January 2011 hundreds of people converged on the LA Planning Commission meeting at which the commission was reviewing the project, by then considered by at least one journalist as one of South LA's largest and most controversial projects (McDonnell 2011). The commission needed to decide whether to allow the project on the sites given their zoning for medical or educational services.

Project supporters argued that the 900-plus-unit project would generate more than 1,800 construction jobs and more than \$100 million in labor income, plus a sizable permanent boost to property tax revenue and area spending as well as sorely needed high-quality rental and retail choices in a pedestrian-friendly format. Palmer, who had gone to court to battle affordable housing mandates for other recent projects, pledged to set aside 5% of the units for very low-income tenants (McDonnell 2011).

Project opponents argued that the developer was prioritizing luxury apartments above the housing and health needs of a working-class community. Paulina Gonzalez, Executive Director of Strategic Actions for a Just Economy (SAJE), an economic justice nonprofit opposed to the project, argued, “South Los Angeles is a medically underserved community in desperate need of healthcare resources” (McDonnell 2011).

City Councilwoman Jan Parry, whose district includes the site, publicly remarked that she would prefer that the developer and the community opponents reach a compromise before the project comes before the council for approval. Between the January 2011 planning commission meeting and the subsequent one in February, Palmer reached an agreement with the UNIDAD Coalition, an alliance of nonprofit organizations focused on expanding community services, housing, and employment opportunities in the South Los Angeles area. *Unidad* means “unity” in Spanish; according to the UNIDAD website, the group believes that it has “a unique opportunity to stop displacement – of families, of workers, of businesses – without stopping growth and development” by taking a more active role in the planning of South LA’s neighborhoods in a way that is united because “it is in numbers where [their] strength lies” (UNIDAD 2012).

UNIDAD Coalition organizations include SAJE as well as several local social justice and public service organizations. UNIDAD Coalition organizations were represented by Public Counsel, the Legal Aid Foundation of Los Angeles, Chatten Brown & Carstens, Natural Resources Defense Council, and Community Benefits Law Center. Several interviewees that belong to the coalition explained that UNIDAD emerged in large part due to the Figueroa Corridor Coalition for Economic Justice, the coalition that formed in relation to the Staples project roughly a decade earlier. Several of the

organizations are represented on both coalitions and had already established a working relationship by the time the Lorenzo project was proposed.

Among about \$9.5 million of concessions, the document includes the following: setting aside 5% of Lorenzo's units for low-income tenants; offering job training for area residents; setting aside almost one-third of the construction jobs for local residents and another 10% for at-risk residents; and allocating 7,500 square feet in the Lorenzo will be set aside for a medical clinic that will operate rent free for twenty years; offering health programs to area residents.

### Implementation

The first of the project's two buildings was completed by 2013 and is marketed, as per its website ([The Lorenzo 2013](#)), as "brand new student housing...perfect for renting near USC." The second tower is expected to be completed in March 2014. As per several coalition participants, the developer is complying with the terms of the agreement.



**Figure 22. The first completed building of the Lorenzo provides rental housing in close proximity to the USC campus. The developer sponsors the university's athletics department (The Lorenzo).**



**Figure 23. An ad for the Lorenzo (The Lorenzo).**

Although independent contracts containing community benefits are more common in California than elsewhere, a recent New York City example could signify a shift in negotiation dynamics.

### **Kingsbridge Armory (2013)**

The Kingsbridge Armory, also known as the Eighth Regiment Armory, is a 575,000-square-foot, city-owned Romanesque-style fortress located in the Bronx. It was built in the 1910s to house the National Guard's Eighth Coastal Artillery Regiment unit which relocated from Manhattan in 1917. Kingsbridge is possibly the largest armory in the world (New York City Landmarks Preservation Commission 1974).

The armory complex occupies almost an entire five-acre block area. The building itself is a nine-story red brick edifice with a curved metal roof, with glass at either end.



Inside are a 180,000-square-foot drill hall, 800-seat auditorium, lecture halls, fitness rooms, a basketball court, and a shooting range (New York City Landmarks Preservation Commission 1974). In 1974 it was designated a city landmark, and eight years later it was listed on the National Register of Historic Places. Eventually its military use ended, and the main armory building fell into disrepair. During part of the 1980s it served as a homeless shelter (Bleyer 2006). In 1996 the state's Division of Military and Naval Affairs transferred title to the armory property to New York City.



**Figure 24. Since the early 1900s, the Kingsbridge Armory has served as a signature building in the Bronx (Cityland).**

The city issued a Request for Proposals to redevelop the long-dormant property in 2008; within months, as the city readied to announce the winning bidder, local activists, community groups, labor unions, and local elected officials formed the Kingsbridge Armory Redevelopment Alliance (KARA), demanding that a CBA be negotiated in relation to the project (Egbert 2008b, Beekman 2009). The goal of the alliance's twenty-

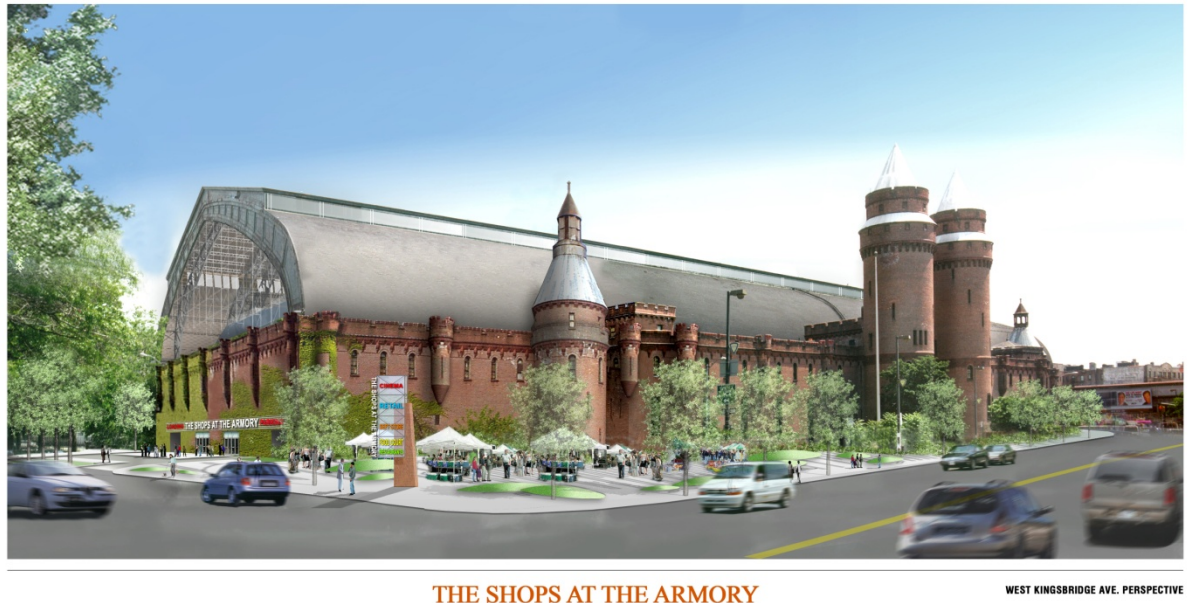


seven members was to ensure that the armory would be developed into a community-oriented mixed-use facility serving up to 2,000 students and so that the development would provide living wage union jobs to local residents (Northwest Bronx Community and Clergy Coalition 2012).



**Figure 25. Members of KARA rally in 2009 when they demanded that a developer require its tenants pay their employees a living wage (Kingsbridge Armory Redevelopment Alliance).**

The city chose the Related Companies to develop the armory into a mall with retail space, restaurants, and a multi-screen movie theater (Pristin 2008). In March 2009, the Industrial Development Agency, overseen by Seth Pinsky, approved approximately \$17.8 million in tax-exempt financing for the Armory development, over the objections of Comptroller Bill Thompson and Manhattan Borough President Scott Stringer, who wanted to postpone the vote until a CBA had been negotiated (Moss 2009, Salazar 2009).



**Figure 26. The winning proposal, The Shops at the Armory, included retail space, restaurants, and a movie theater (The Related Companies).**

In August 2009 Bronx Borough President Ruben Diaz and members of KARA released a proposed CBA that they intended for the Related Companies to adopt. It contained provisions regarding local hiring, construction of a neighborhood school, and traffic mitigation measures, among other provisions. In response, Related stated that a requested living wage requirement would be a “deal-killer” (Egbert 2009d, Kingsbridge Armory Redevelopment Alliance 2009).

The affected community board voted to recommend approval of the project contingent upon the developer agreeing upon a CBA (New York City Planning Commission 2009). In September 2009, Borough President Diaz recommended

disapproval of the project because no CBA had been agreed to by the developer (Office of the Bronx Borough President September 4, 2009). Opposition was strong enough that when the city's Planning Commission approved the project, the vote by the usually unanimous body split 8-4 with one abstention, with representatives appointed by the Manhattan and Queens borough presidents joining their Bronx counterpart and the Public Advocate's representative.

In 2010 the full City Council rejected the plan by 45-1, with one abstention. Bronx Borough President Ruben Diaz, Jr. made the defeat of Related's plan the starting point of a campaign to get living-wage legislation enacted citywide for taxpayer-subsidized projects. later blocked plans to move the Guard unit still at the armory to another facility in the borough (Kappstatter 2010, Kratz 2010).



**Figure 27. Bronx Borough President Ruben Diaz Jr. declared his support in August 2012 for a new proposal that would transform the Kingsbridge Armory into one of the world's largest ice sports centers. He said one day the armory would appear on a quilt, like the one he holds, with the borough's landmarks (NYDNA Info/Patrick Wall).**



**Figure 28. New proposals for the armory include an ice rink (Kingsbridge National Ice Center).**

In 2012 the city announced a new redevelopment opportunity for the site, and development teams emerged with different proposed projects. One team, the Kingsbridge National Ice Center Partners, proposed building the world's largest indoor ice center. The project is to include nine hockey rinks, an arena, and community space. Another proposal, a mixed-use market and entertainment complex dubbed Mercado Mirabo, also earned considerable attention (Kratz 2012).

In summer 2012 Borough President Diaz and several other Bronx elected officials said they backed the ice-center, citing factors such as the developer's living-wage guarantee and concern among some local merchants that the marketplace would siphon off some of their customers. After submitting their initial project proposals to the city, both development teams approached KARA about entering into a CBA, *prior* to negotiation of a development contract with the city (Wall 2012). Under a CBA with the KNIC team, KNIC agreed to provisions including: adopting a living wage requirement

covering all workers within the project; requiring that at least 25% of construction employees be local workers; following green building measures; consulting the community on environmental issues; offering an \$8,000,000 initial contribution, plus ongoing contributions, to a coalition-controlled fund that may be used for specified community needs; and granting the community priority access to the project's athletic facilities.

Shortly after announcement of the CBA, KNIC was selected by the City to build the project (Wall 2013, Cunningham 2013). The Partnership for Working Families has referred to it as “the first strong, community-driven CBA in New York City” and “a major step forward for the community benefits movement” (Partnership for Working Families 2012).

### **Type 2A: Strong Market, Government as Developer, High Level of Coordinated Activism – Benefits in Independent Document**

Occasionally, the developer of a real estate project is a public – and not private – entity. Such was the case with the CBAs surrounding the expansion of the Los Angeles Airport and the Grand Avenue project in Los Angeles. These two examples offer a variation, then, of the previous type.

#### **LAX (2001)**

CBA negotiations typically involve civic groups and, to varying extents, the public sector, negotiating with private sector developers. But on occasion, in the absence

of a private development project, the negotiations take place between civic groups and the public sector. The Los Angeles Airport CBA is the first such documented example. Community activists in Los Angeles negotiated for a CBA directly with a city entity, the Los Angeles World Airports (LAWA), and secured a \$500 million package of environmental mitigation and jobs-related benefits as the result of a proposed airport expansion (Muto 2004).

Los Angeles Airport, otherwise known as LAX, is among the largest and busiest airports in the world. Constructed in 1961, two terminals were added prior to the 1984 Summer Olympics.

LAX and other airports in the region are operated and maintained by LAWA, a city agency governed by an appointed Board of Airport Commissioners. Several of LA's most impoverished neighborhoods surround the airport. These largely African-American and Latino enclaves experience above average rates of poverty, crime, and unemployment compared to their peers throughout the city.

Starting in the 1990s, city administrations prepared expansion plans for the airport. But area residents banded together to oppose the plans, raising concerns about the increased noise, traffic, and pollution that might result and intrude into their neighborhoods. A study conducted by the airport in 1995 revealed that demand for passenger travel was expected to increase to 98 million passengers annually by 2015. As a result, the city decided to pursue an expansion plan for approximately \$11 billion worth of improvements.

In 2001, the draft Environmental Impact Statement for the expansion was released. The environmental justice group Environmental Defense stepped forward to

translate the thousand-plus-page document. It organized public workshops in addition to the official public hearings being held during the public comment period.

The hearings often proved contentious. One issue of particular concern was the impact of airport noise on student performance, since several schools were located in the airport's flight path. An earlier study on elementary school children near LAX suggested that noise impacted students' cognitive abilities (Cohen et. al. 1980). Over thirty schools are located within a mile of LAX. Principals testified that teachers stop speaking and windows shake every time that an aircraft passes overhead.

In 2002, Mayor James Hahn directed LAWA to develop an alternative that did not have an additional flight path but would be able to handle 78 million passengers, with post-9/11 federal security regulations. In the new alternative, all passenger and baggage check-in would be moved to a remote terminal about a mile east of the airport, which would be connected by a rail system. But community groups were not persuaded, instead threatening to sue. Environmental groups, labor groups, and residents opposed different aspects of the project. After almost a decade of studying the expansion and spending \$147 million on studies, LAWA was still unable to proceed with expansion plans.





**Figure 29. An evening view of LAX's iconic sign (*Travel and Leisure Magazine*).**

### The Negotiation

In April 2004, Mayor Hahn directed LAWA to address the concerns of the community groups by directly negotiating with them, even as the agency released the final master plan and EIS to start the statutory clock ticking on project approvals. At the same time, the two dozen hearings and workshops had coalesced the community groups to a point of trust where they agreed to meet before negotiating with LAWA on their separate group interests. This resulted in a series of meetings at the end of which twenty-four groups agreed to negotiate collectively with LAWA. Thus the LAX Coalition formed, including area school districts, community (including social, political, and religious) organizations, environmental organizations, and labor unions. Environmental Defense Fund and LAANE served as anchor organizations.

They organized themselves along three interest areas: school issues, environmental mitigation, and employment quality. This process generated collectively a



list of about eighty demands that the coalition then submitted to LAWA. After several rounds of negotiations, LAWA agreed to consider most of the demands, except some that were technically or legally indefensible. In December 2004, the Board of Airport Commissioners unanimously approved entering into a CBA (Wood 2004).

In exchange for their support of the project, the community groups that were part of the agreement obtained an estimated \$500 million worth of community benefits. This included: providing \$3 million per year for five years for job training for airport- and aviation-related jobs; adopting a first-source hiring program for area residents; providing over \$8.5 million per year for the soundproofing of local schools, city buildings, places of worship, and homes; implementing a number of environmental controls, including the electrification of passenger gates and cargo areas – to reduce the need for engine idling, emissions reductions, and the conversion of airport vehicles to alternative fuels; providing for an independent third party to be contracted by LAWA to monitor compliance, giving this entity access to all LAWA property necessary; and spending over \$230 million to soundproof area schools and some area homes. The approval of the CBA was followed by an approval of the LAX plan by the Los Angeles City Council in mid-December 2004 and the Federal Aviation Administration in May 2005.

## Implementation

Implementation of the CBA was impeded by a lawsuit brought to prevent the airport from expanding (Kaye and Mendoza 2008). The lawsuit ultimately failed to prevent the expansion, but the CBA's implementation was delayed. LAWA continues to

undertake air pollution and environmental impact studies as its work progresses, and groups from the surrounding neighborhoods appear to interact on an ongoing basis with airport administrators, reporting back to their neighborhoods (Abdollah 2008, Moore and Nettles 2010).

The most recent published data regarding the status of the CBA emerged in the 2007 LAX CBA Annual Report. According to the report, each of the passenger loading gates has been electrified, eliminating the need for diesel generators that caused air pollution (Los Angeles World Airports 2007, 2008).

The CBA surrounding the multi-billion-dollar expansion of LAX was followed by less extensive CBAs for two other public projects: Grand Avenue in Los Angeles and Syracuse's Joint Schools Construction Board Project.

### **Grand Avenue (2007)**

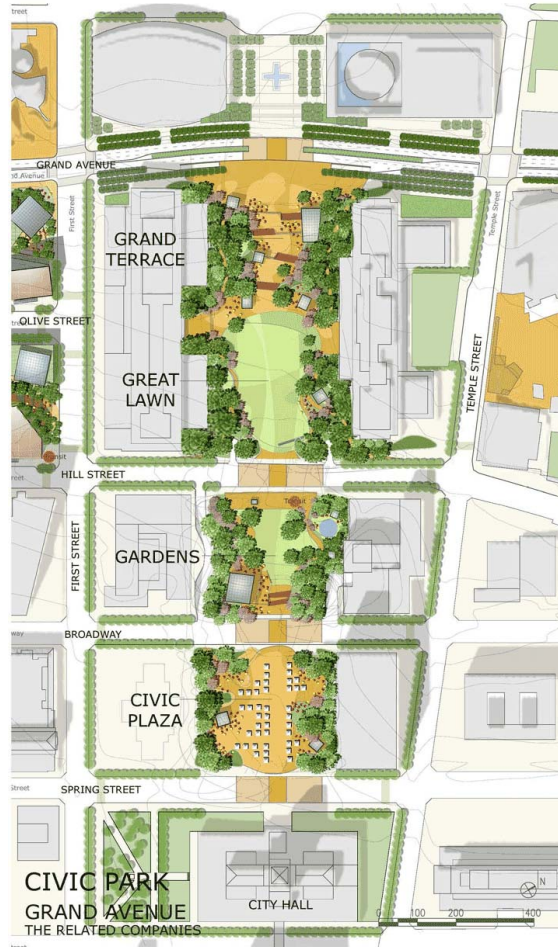
Grand Avenue is a 3.6-million-square-foot, \$3-billion-dollar project designed for downtown Los Angeles near the Walt Disney Concert Hall and the Museum of Contemporary Art. The project, designed by Frank Gehry, ultimately aims to include entertainment facilities, more than two thousand housing units, public open space, restaurants, 400,000 square feet of retail, and a luxury hotel. The Los Angeles Community Redevelopment Agency and Los Angeles County each owned a number of parcels that, collectively, formed the bulk of the project site. The project, as per the developer The Related Companies, aims to promote downtown as a thriving city center.

The city's website compares it to the Champs-Elysees of Paris and New York's Central Park.



**Figure 30. A rendering of the proposed project, upon completion (*Los Angeles Times*).**

The developer will ultimately receive about \$95 million in subsidies. In addition, the city and county are providing almost \$30 million for public improvements and affordable housing. The project received final approvals in 2007 and originally was expected to be completed in 2018.



**Figure 31. A site plan of Grand Avenue (Los Angeles County).**

## The Negotiation

Before the project could be approved and receive its subsidies, five community organizations combined their efforts and determined a series of desired community benefits. Social justice organization Strategic Actions for a Just Economy served as the lead negotiator. It obtained the involvement of other social justice organizations as well as a homelessness prevention group and the Legal Aid Foundation of Los Angeles, which

provides free legal assistance to low-income individuals. The signatory organizations met with the Los Angeles Grand Avenue Authority, the combined city-county body overseeing the project because of their shared land ownership and negotiated jointly, naming themselves the “Grand Avenue Benefits Coalition.”

After months of discussion, the agency agreed to benefits in February 2007, including: setting aside twenty percent of the units as affordable; establishing a revolving loan fund with up to \$1,500,000 to nonprofits developing affordable housing in the area; setting aside 30% of the construction and permanent jobs for local residents, with at least one-third of those being low-income and at-risk individuals; paying living wages for all construction jobs; *and* allocating \$50 million for the redevelopment of the existing county mall into a 16-acre public park, dubbed the new “Central Park” of Los Angeles by the Authority.

## Implementation

Representatives of the signatories attest to the relatively smooth implementation of the agreement but with one obvious major caveat: the only piece of the project that has proceeded is a 16-acre civic park. The rest of the development has been halted by the real estate recession (Yaroslavsky 2011, Allen 2012).

## **Type 2B: Weak Market, Government as Developer, High Level of Coordinated Activism – Benefits in Independent Document**

Not all CBAs emerge in robust real estate climates. Some manage to come to fruition in locales with more sluggish economic conditions. Perhaps not surprisingly, given its declining population and high unemployment, Syracuse, New York, has seen little real estate activity and, hence, few opportunities for a CBA, save one example involving a systemwide school renovation project. The tepidness of the local economy is reflected in the relative modesty of the benefits secured.

### **Syracuse’s Joint Schools Construction Board Project (2007)**

Founded in 2006, the Syracuse Alliance for a New Economy (SANE) by 2007 had grown to a sixteen-member alliance of local businesses, labor unions, community outreach organizations, and faith-based organizations focused on accountable development in central New York (Spadafore 2007). As then-Executive Director Mark Spadafore explained, “While Syracuse is a place in dire need of development, it is most in need of quality development that will deliver living wage jobs and other services to strengthen the economy.” Board President Sharon Owens added, “The community faces development from a point of weakness...we should expect standards to be in place, especially when public money is involved” (Spadafore 2007).

The first project SANE took on was the Joint Schools Construction Board (JCSB) project, which would consist of the renovation of every school in the Syracuse City

School District. In August 2007 Spadafore made a presentation to the JSCB to advocate for a CBA as well as a new job-shadow program designed to introduce at-risk students to some of the opportunities they can have for employment after high school. The Alliance of Communities Transforming Syracuse, an interfaith grassroots organizing alliance in Onondaga County, partnered with SANE, and together they successfully secured a CBA from the Syracuse School District that allows high school students to shadow construction workers renovating city schools as part of the billion-dollar school renovation project (Lollali 2009, Alliance of Communities Transforming Syracuse 2012).

The CBA was adopted in June 2009 by the Syracuse Alliance for a New Economy and the Alliance of Communities Transforming Syracuse and the Syracuse School Board (Kollali 2009). It will allow a half-dozen Syracuse high school juniors and seniors to observe tradesworkers -- including carpenters, electricians and architects -- involved with the school reconstruction project. Julio Urrutia, a board member of SANE, called the move “historic” (Spadafore 2007). One individual involved with the negotiation has remarked, “The achievement – though modest – is proceeding smoothly.”



**Figure 32. Fowler High School is the first school to begin reconstruction under the project (CNYCentral).**

### **Type 3: Weak Market, Mixed Government Reaction, High Level of Coordinated Activism – Benefits in Legislation**

The request to negotiate a CBA may stem from a community's desires, but it also reflects a key government official's acquiescence to or support for such a request. Milwaukee's Park East Redevelopment Compact (PERC) differs from prior CBAs in two key ways: it involved not a specific bricks-and-mortar project but rather the potential for future development on government-owned land; the request was greeted by opposition by one governmental entity and support by another, resulting in a split outcome for CBA proponents.

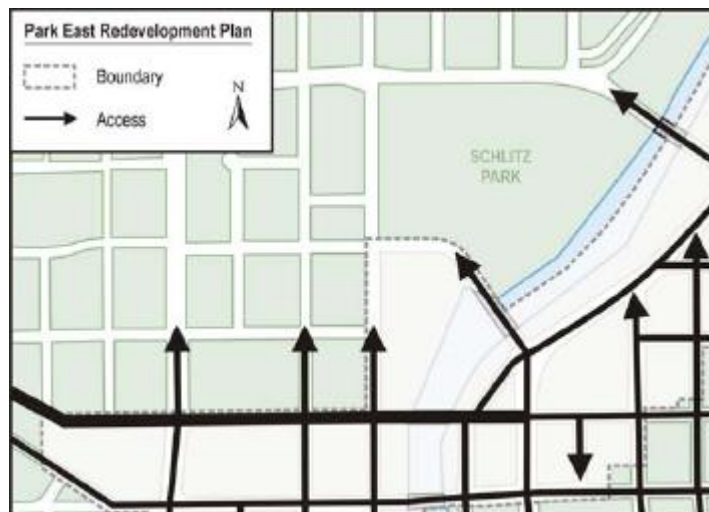
#### **Milwaukee - Park East (2005)**

The 2005 PERC CBA was the first CBA to be implemented through legislation rather than negotiations between the community and individual developers. The agreement was precipitated by plans to demolish a section of freeway in downtown Milwaukee, which opened up valuable land for development (Small Business Times 2007).





**Figure 33. The Milwaukee Park East Freeway generated congestion by concentrating traffic on a few local streets (Milwaukee Planning Department).**



**Figure 34. The proposed restored grid disperses traffic on many streets (Milwaukee Planning Department).**

In 2003, the demolition of an underused elevated highway spur at the northern edge of downtown Milwaukee opened to development twenty-six prime acres in close proximity to downtown and the Milwaukee River. The land laid bare by the teardown

was at the heart of the Park East Redevelopment Corridor, a district for which Milwaukee's Department of City Development had recently created a tax-increment finance district. Local development officials and major developers already building in the corridor claimed that new development beneath and around the demolished highway would help bring young professionals, empty nesters, and high-end service employers back into central Milwaukee after a long decline.

### The Negotiation

Since no singular development project for the area was being considered, the coalition could not undertake negotiations with a single prospective developer. For this reason, the coalition pushed to have its community benefits incorporated into the overall redevelopment strategy for the area.

When the city's plan was announced in 2002, the Milwaukee County Labor Council, the labor-backed Institute for Wisconsin's Future, and a coalition of churches called Milwaukee Inner-City Congregations Allied for Hope (MICAHA) spearheaded the formation of the twenty-seven-member Good Jobs and Livable Neighborhoods Coalition to press for affordable housing mandates, prevailing wages in construction, commitments to local hiring and training, a requirement that project tenants pay a living wage, and a requirement for green construction on Park East parcels (Gross et. al. 2005).

But the redevelopment plan for the area had a different meaning for a different meaning for residents of a nearby African-American neighborhood, many of whom remembered the thriving Black neighborhood destroyed when the freeway was originally

constructed in the 1950s (Wolf-Powers 2010). Community groups hoped to help Milwaukee's sizable low-income population, particularly those in the area adjacent to the Park East corridor, benefit from the redevelopment. Labor groups wanted to make it more likely that the work financed with the help of public subsidy would go to union contractors, and as in Los Angeles, labor and community organizations saw practical reasons for aligning (Parker 2005, Gross et. al. 2005).

Because multiple developers would be involved, advocates tried to convince city and county officials to incorporate community benefits provisions into the development plan that would apply to all who built in the corridor. However, citing concerns that the provisions being sought would inflate construction costs and doubts about the legality of setting housing and workforce policy in a land-use document, Milwaukee's mayor and the Department of City Development opposed the advocates, and Milwaukee's common council approved the redevelopment plan without conditions in June 2004.

Advocates then redirected their efforts toward the Milwaukee County board of supervisors (LeRoy and Purinton 2005). In December 2004, the Milwaukee County Board of Supervisors voted 15-4 to include community benefits provisions and overrode a mayoral vet in February 2005. The legislation applies to the sixteen acres of Park East land owned by the county (Umhoefer 2005).



**Figure 35. Coalition supporters at a December 2004 County Board meeting (Brenda Parker, University of Wisconsin-Madison).**

The Park East Redevelopment Compact (PERC) applies a set of requirements to those that enter into agreements to develop only the county-owned land in the Park East corridor, including: establishing an inclusionary zoning district for housing; offering preference to landlords accepting federal Section 8 vouchers; requiring that all jobs be with locally-owned, union-represented businesses paying living wages, and offering full-time work; requiring that all construction-phase jobs pay at least prevailing wage; requiring that the area will include a bike trail linking with neighboring trails; establishing a grant program to offer central city youth access to gardening opportunities; requiring that an annual report on implementation of the agreement be sent to the Common Council; and putting in place a community oversight board appointed by the Common Council to help monitor implementation of the benefits.

## Implementation

The pace of development on the county-owned land in the Park East corridor since the PERC was passed has disappointed local economic development boosters, officials, and community advocates alike. Two planned developments were canceled by early 2009, and a third project (hotels and apartments planned by Chicago developer RSC and Associates on the only lot sold by the county) remain delayed. As a result, the county institutions designated to implement the PERC, in particular the office that administers disadvantaged business enterprise and local hiring programs, have had little to do.

Some in real estate and government in Milwaukee readily blame the lack of development on the recent credit crunch and the real estate market's decline, but others fault Milwaukee County's relative inexperience with land development and its decision to sell Park East land in block-sized tracts rather than smaller parcels that would have been more consistent with the urban design elements of the city's redevelopment plan (Daykin 2004, 2009). While few blamed the PERC itself, several of the people I interviewed cited a complex city-county governance structure and a contentious relationship between legislators and executives in the city and county as factors that have made progress in Park East difficult. In February 2009, Milwaukee county executive Scott Walker, who opposed the PERC from the outset, proposed to sell Milwaukee County's Park East land to the City of Milwaukee, a move that, if implemented, would void the PERC's jurisdiction over the area's redevelopment.

In 2007, Good Jobs & Livable Neighborhoods became an independent 501(c)3 organization and in 2009 merged with Citizen Action of Wisconsin. As a project of Citizen Action, Good Jobs and Livable Neighborhoods works to improve employment conditions and to organize for responsible economic development policy and practices in Milwaukee and Wisconsin.

**Type 4: Weakening Market, High Level of Coordinated Activism – Benefits in Independent Document – No Project, No Benefits**

Regardless of location or negotiation dynamics, projects that move forward to approval during challenging economic times often do not come to fruition. As a result, the potential benefits do not materialize either. Such is the case with two projects in Los Angeles and one in San Diego.

**SunQuest Industrial Park (Los Angeles, 2001)**

The SunQuest Industrial Park is a 33-acre project that was planned for Los Angeles' San Fernando Valley by developer SunQuest Development, LLC. The city sold the land to the developer and committed to clean up the site so that it could be developed for industrial use. In 2001, a CBA was approved in relation to the redevelopment of the environmentally contaminated industrial site.



**Figure 36. The SunQuest site has remained dormant for years (City of Los Angeles).**

The site is located in an industrial corridor in the city and has been categorized by the city as a brownfield as a “Major Brownfield Site,” a designation that makes it eligible for funds from the city’s Brownfields Program. The site also has attracted a U.S. Department of Housing and Urban Development Economic Development Initiative (EDI) grant of \$750,000 as well as \$9.47 million in loan authority, awarded to it in 2001 (Wilcox 2002).

### The Negotiation

In October 2001 the developer entered into a CBA with the Valley Jobs Coalition, a coalition of community groups led during negotiations by LAANE. The signatories on behalf of the coalition are Pacoima Beautiful and LAANE. Pacoima Beautiful is a grassroots neighborhood organized formed in 1996 in order to engage residents in neighborhood clean-up campaigns aimed at reducing the large amount of trash being

dumped on the streets in their community (Moore and Nettles 2010, Pacoima Beautiful 2013).

Benefits include: establishing that 70% of all construction jobs on the project must meet living wage goals; setting forth a first-source hiring policy covering all employers at the development; protecting air quality by requiring that all commercial trucks on-site that are remaining idle for more than ten minutes shut off their engines; and committing to build a youth center in the nearby community.

### Implementation

The initial developer filed for bankruptcy and tabled the SunQuest Industrial Park project. Another firm bought out the project and contends that the bankruptcy sale cancelled the CBA (Cavanaugh 2008). A project for the site does not appear to be imminent.

### **Marlton Square (2002)**

Marlton Square is a one-block, 22-acre, retail, and residential area located in the Crenshaw district of Los Angeles. The site has been at the center of a long-running controversy over a retail and housing redevelopment project, known as Marlton Square or Santa Barbara Plaza (Villafane 2012). In 2002, a coalition of organizations entered into a CBA with the developer of this \$123-million-dollar project. The developer, at the time of



the CBA negotiations and subsequent project approval, was Capital Vision Equities and a non-profit partner to be designated later.



**Figure 37. The Marlton Square site, like much of Crenshaw, has long experienced disinvestment and neglect (Quyen Lovrich/KPCC).**

Developed from the early 1920s onward, Crenshaw was initially a diverse neighborhood. Covenants on property deeds barred African Americans and Asian Americans from owning real estate in Crenshaw. After courts ruled segregation covenants to be unconstitutional, the area opened up to minorities. Blacks started arriving in the 1960s, and by the 1970s were the majority. Since then, Crenshaw and neighboring Leimert Park together have formed one of the most sizable Black settlements in the United States. Crenshaw endured heavy damage during the 1992 Los Angeles riots (Hawthorne 2012).

## The Negotiation

In 1996, former LA Laker and entrepreneur Magic Johnson won the exclusive right to redevelop the Marlton Square site, and he spent five years working with the city through the planning and entitlement process. But he lost the deal in 2002 to Capital Vision Equities, a development group that ultimately defaulted on the project in 2004. Marlton Square has long posed a redevelopment challenge because of the issue of multiple ownerships; the site has over forty owners, and occasionally tenants have to be relocated. A coalition emerged in order to negotiate a CBA with Capital Vision Equities. The coalition in this case consisted of Action for Grassroots Empowerment and Neighborhood Development Alternatives (AGENDA), the voluntary neighborhood association Baldwin Village Community in Action, and LAANE. The South LA-based social justice organization AGENDA formed following the 1992 civil unrest in Los Angeles to address chronic poverty in South Los Angeles. Madeline Janis-Aparicio of LAANE and Julian Gross served as the lead negotiators.

The CBA included developer commitments such as: requiring employers in the development to hire through a first source hiring policy; taking specified steps to achieve a 70% living wage goal; and dedicating space within the development for a community services facility. Supported by the city council, the CBA was incorporated into the master agreement the developer signed with the city.



**Figure 38. AGENDA members advocate on a variety of social justice issues, including immigration reform (Strategic Concepts in Organizing and Policy Education).**

## Implementation

Although the project was approved and received subsidies in 2002, it has had a number of false starts and has had difficulty attracting retail tenants. In 2003, developers broke ground on a Senior Housing project, and several million dollars of public and private funding were awarded to the project (Villafane 2012). The bank that loaned Capital Vision Equities \$36 million to buy up the approximately 50 parcels of land went bankrupt in 2006. When USA Capital dissolved, it left over \$962 million in assets with more than 6,000 investors. Eventually another firm became majority owner, with approximately 80% control of the total property, with the LACRA in possession or negotiations with the majority of the remaining 20% of the land.

Much of the retail space in Marlton Square has been empty for years and has fallen into disrepair. Some housing has been built, but as of spring 2012, the bulk of the project was still delayed. “I’ve only been in office since 2003, and yet I’ve been to at least four groundbreakings on this facility,” said Los Angeles City Councilman Bernard Parks standing in front of the Buckingham Place Senior Apartments. “It’s the only structure in the area that looks new – because it’s not finished” (Lovrich and Watt 2011).

And the community benefits that were to be provided by the developer pursuant to the agreement have yet to be realized.

San Diego's Ballpark Village project is another project that never came to fruition, delaying the manifestation of community benefits.

### **Ballpark Village (San Diego, 2005)**

The Ballpark Village project in downtown San Diego, overlooking the San Diego Bay and next to the Padres Ballpark, is the largest residential project in San Diego (to-date and since). Downtown San Diego had witnessed a turn-around since 2000 due to redevelopment following the construction of the new Padres Ballpark.

The Ballpark Village project proposed in 2004 was to be a 3.2-million-square-foot, 7+-acre, six-square-block mixed-use "village" with 1,400 residential units, office space, and retail space, atop a transit center that served as a trolley and bus hub. Developed by JMI Realty and Lennar, construction was slated to start in 2006 and end in 2012. The proposed development would sit atop a transit center that serves as a trolley and bus hub (Stolz 2005a, 2005b).

### **The Negotiation**

The official planning process had almost concluded with a development proposal being accepted by Centre City Development Corporation (CCDC), the downtown development arm of the city. The CCDC issues recommendations regarding design and

project specifications to the city council, which has ultimate approval over downtown projects. The only approval that remained was by the city council.

As the project was proceeding through the standard approval process through the downtown agency, a recently formed organization, “A Community Coalition for Responsible Development” (ACCORD) was organizing residents in surrounding neighborhoods, labor leaders, and affordable housing advocates. ACCORD ultimately consisted of 27 housing, labor, community, environmental, and faith-based groups. Political pressure mounted on the developers to create more affordable housing and address broader community impacts. Charles Black, JMI’s Executive Vice President, expressed that his company was warned by city council members that unless his firm gave community groups a chance to really weigh in on Ballpark Village, the city council would likely not approve the project. (McDonald 2005).

The developers’ offer to negotiate a CBA caught some by surprise, including the members of ACCORD. However, the developers wanted to stick to the initial approval schedule, so the coalition acted quickly. They selected an anchor organization to make strategic decisions as well as providing scheduling and logistic support. The anchor organization was the Center on Policy Initiatives (CPI), a citywide social justice organization, supported by the San Diego Organizing Project (SDOP), a faith-based community organization that is part of PICO, the national network of interfaith community organizations working on a range of economic justice issues.

On the day of the city council hearing, ACCORD backed by over three hundred people in the audience made an impassioned presentation outlining the additional benefits of the CBA. After the public testimony, the downtown planning agency asked the city

council to approve the project without the CBA. The motion failed two to four. The city council then amended the motion to approve the project with the CBA. This motion was approved five to one.

The agreement set out a range of community benefits, including: committing to on- and off-site affordable housing, with the total number of units exceeding the city's minimum affordable housing requirements; adopting a living wage requirement for the developer's employees and the employees of its service contractors; setting aside \$1.5 million for job; training programs for community residents; implementing mitigation, monitoring, and reporting programs to reduce pollution during construction, and committing to allocate \$50,000 for community arts, youth, and cultural programs.

## Implementation

Ultimately, the project did not move forward because of the global recession. The Marriott Corporation eventually dropped plans to build a proposed hotel as part of the project. In August 2013, eight years after the project first received city approval, JMI and Lennar Communities jointly proposed a \$250-million-dollar project with a 36-story building with 634 residential units, 51,000 square feet of retail, and public promenade similar to New York City's High Line.



**Figure 39. JMI and Lennar Communities propose to revive the Ballpark Village project that has remained dormant for close to a decade (Carrier Johnson + Culture Architects).**

## Conclusions

A more *inclusionary* political setting is one in which the interests of neighborhood organizations overlap with those of private or public leaders, but civic organizations retain an independent base of power. What has been left largely unexplored but which the case studies on CBA arrangements helps to make clear is how the relationships hinge essentially upon the civic groups. Politicians, one would expect, do not seek to relinquish or even share power. Instead, any power they do share results from one of two causes. First, the politician seeks to obtain public benefits without experiencing a backlash from developers; in this sense, sharing power by allowing the groups to have extensive influence over the terms of the project can result in a win-win scenario: the project is

built (and thus economic development is achieved); the groups satisfy their constituencies, and the politician does not appear to oppose development generally. In this sense, the politicians finds the groups worthy allies, without necessarily having to admit as much. Put another way, from the perspective of the government official, inclusivity need not be purely altruistic. It typically results from the alignment of objectives between the most relevant elected official and the desire of civic organizations.

The second rationale for the groups having extensive input is that the groups themselves have amassed sufficient power that they can exert pressure upon the public process and press surrounding the project. This is best accomplished through a coordinated approach in which groups agree to support each other, regardless of what each group actually desires. In contrast to elite-dominated and patronage political systems, community groups in such cities have been able to command independent political power which backs up their claim in resources. Because that power is relatively stable, it has afforded community organizations the room to develop their skills and capacities, making them strong partners in development.

Inclusion is most characteristic of the Los Angeles cases, and it appears to result from one of two factors in each case: (1) the district elected official ideologically supports CBAs and the organizations that promote them, and/or (2) at least one of the local organizations promoting CBAs has developed substantial individual capacity and is able to serve as an anchor organization capable of forming a relatively broad-based coalition of organizations in support of a CBA. The first documented case of the former scenario is that of the Hollywood and Highland project in the late 1990s. It reflects the close alliance between the project's district councilmember and a key staff person (who



went on to lead LAANE, one of the leading CBA proponents in the country) with labor unions and other organizations requesting community benefits. This alliance resulted in benefits being included, at the direction of the elected official, in the city's development agreement for the project.

This would also be the case in San Jose, in which the district councilmember of the CIM project was also closely aligned with organizations requesting community benefits; she would go on to convince a majority of her colleagues on the city council to request that these benefits be included in the city's development agreement. The Milwaukee case would resemble this scenario as well, except that there was not a particular project under discussion. Rather, a majority of the county's elected officials dictated that a series of benefits be a required part of every application for development in the area where a downtown freeway used to exist.

In other cases the latter scenario would prevail; that is, an anchor organization would mobilize a series of other local organizations and establish a coalition for the purpose of jointly requesting community benefits from private developers. In Los Angeles this would be the case with several projects: LA Live, Hollywood and Vine, NoHo Commons, and more recently the Lorenzo. In some instances – Marlton Square and SunQuest – the projects would fail to reach fruition, as the result of weakened market conditions.

In other cases the developer is not a private entity but rather a public one, as happened with the LAX expansion as well as Grand Avenue. But by and large the pattern in most Los Angeles cases is that of a coalition emerging and making demands of

the developer and the city council, with the district councilmember supporting the request to a great extent.

In New York State this occurred in two cases: the Syracuse Public School Board CBA and the recent one surrounding the Kingsbridge Armory in the Bronx. The Syracuse case reveals the ability of organizations outside of California to form coalitions for the purpose of requesting and negotiating CBAs. The apprenticeship-related benefits surrounding the districtwide school renovation project are modest, reflecting Syracuse's relatively weak economic and real estate climate, as well as the public nature of the project.

The Kingsbridge case is even more instructive, as it demonstrates how the politics surrounding development can change over time in a locality. Although New York City was associated with a series of controversial CBAs surrounding often-contentious projects, one anchor organization, buttressed by strong support from the district elected official, was able to emulate the more inclusive CBA model achieved in Los Angeles. Whether it is indicative of future New York City CBAs or an anomaly remains to be seen. One thing is certain: although political patronage characterizes most New York City CBAs and inclusivity characterizes most of those that emerged in Los Angeles, CBAs are not a statewide phenomenon with insignificant city distinctions. By demonstrating the variety available, they emphasize the salience of local nuances in land use decision-making.

## **CHAPTER 5: THE PATRONAGE CBA**

The second type of relationship between community organizations and elected officials is one characterized by Political Patronage. In patronage cities such as New York City and Chicago, politicians have long mobilized community support, and the legacy of party organizations and patronage politics continues to dominate struggles over resources. Patronage cities have stronger traditions of neighborhood organization and political mobilization than Elite Domination localities do, but community development groups must contend with politicians who seek to control resources for their own political purposes. Although the systems offer resources to low-income neighborhoods, the benefits often accrue to politically connected neighborhood elites.

In New York City, resources are controlled by the mayor, and connections to the large bureaucracies that dispense the resources mark the main lines of patronage. In these systems, groups with political ties may participate through the established system, but new groups or those outside the patronage network must often engage in protest or build outside networks to secure resources. Strong mayors have been able to alter the flow of patronage to support their allies and cut off groups they have considered politically dangerous. As Mollenkopf (1992) points out, the budget for public services expanded during the Koch years, but spending served the mayor's political purposes. Community-based organizations that received funds needed political sponsorship to get

them. Community organizations in New York City struggle to influence the direction of development, and the politically connected are better to monopolize public resources.

New York City has borne several controversial CBAs. Most of them (five in fact) can be described as reflecting a political patronage arrangement. But they are not alone. CBAs that originated in Oakland and San Francisco can be described similarly. A number of state- and local-level factors and institutions shaped these seven arrangements, depicted in the following chart.

**Table 6. Patronage CBAs**

		<b>Coordinated Civic Activism</b>		
		Low: No CBA or Elite Domination	Medium: Patronage CBA	High: Inclusive CBA
<b>Real Estate Market Activity</b>	<b>Low</b>	Minor Projects Harlem Park (NYC, NY)	<ul style="list-style-type: none"> <li>Bayview-Hunters Point (San Francisco, CA)</li> </ul>	<ul style="list-style-type: none"> <li>Park East (Milwaukee, WI)</li> <li>Syracuse Schools (Syracuse, NY)</li> <li>SunQuest (LA, CA)</li> <li>Marlton Square (LA, CA)</li> <li>Ballpark Village (San Diego, CA)</li> </ul>
	<b>High</b>	<ul style="list-style-type: none"> <li>LULUs</li> <li>Greenfield Projects</li> <li>Marlins Park (Miami, FL)</li> </ul>	<ul style="list-style-type: none"> <li>Atlantic Yards (NYC, NY)</li> <li>Gateway Center (NYC, NY)</li> <li>Columbia University (NYC, NY)</li> <li>Yankee Stadium (NYC, NY)</li> </ul>	<ul style="list-style-type: none"> <li>Hollywood &amp; Highland (LA, CA)</li> <li>CIM (San Jose, CA)</li> <li>Staples Center (LA, CA)</li> <li>NoHo Commons (LA, CA)</li> <li>Hollywood &amp; Vine (LA, CA)</li> </ul>

		<ul style="list-style-type: none"> <li>• Mets Stadium (NYC, NY)</li> <li>• Oak to 9<sup>th</sup> (Oakland, CA)</li> </ul>	<ul style="list-style-type: none"> <li>• The Lorenzo (LA, CA)</li> <li>• LAX (LA, CA)</li> <li>• Grand Avenue (LA, CA)</li> <li>• Kingsbridge Armory (NYC, NY)</li> </ul>
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Much like Inclusive CBAs, Patronage CBAs tend to demonstrate government support for development projects and, by extension, for CBA arrangements that will reduce land-use conflicts and in so doing bring a project online sooner. Not surprisingly, the projects themselves typically reflect strong market fundamentals; as with Inclusive CBAs, if those conditions soften, both the projects and their accompanying promised benefits are likely to disintegrate. As shown in the chart below, where they differ most markedly from their Inclusive counterparts is in the level and nature of civic activism surrounding the projects: Patronage cases reveal much more limited levels of activism and, in one instance, no discernible civic involvement at all.

**Table 7. Patronage CBAs, Classified by Type**

<b>Type</b>	<b>Market</b>	<b>State</b>	<b>Civic</b>	<b>Type of CBA</b>	<b>Outcome</b>	<b>Examples</b>
1	Strong	Ambivalent	Moderate	Questionable independent document	Project, Benefits ?	<ul style="list-style-type: none"> <li>• Atlantic Yards (NYC, NY)</li> <li>• Gateway Center (NYC, NY)</li> <li>• Columbia University (NYC, NY)</li> <li>• Oak to 9<sup>th</sup> (Oakland, CA)</li> </ul>
2	Strong	Ambivalent	Limited or None	Private Document, if Any	Project, Benefits ?	<ul style="list-style-type: none"> <li>• Yankee Stadium (NYC, NY)</li> <li>• Mets Stadium (NYC, NY)</li> </ul>

3	Relative ly Weak	Ambivalen t	Moderat e	Questionabl e independent document	No Project, No Benefits	<ul style="list-style-type: none"> <li>Bayview-Hunters Point (San Francisco, CA)</li> </ul>
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**Type 1: Strong Market, Ambivalent Government, Moderate Level of Coordinated Activism – Partial Benefits in Questionable Document**

Cases in which (1) a proposed urban development project appears likely to generate considerable controversy and (2) civic organizations are willing to self-deal often result in relationships characterized by patronage, especially in New York City. In several cases a project developer worked with hand-selected individuals and groups that appear to reflect only a portion of the concerns surrounding a project. Atlantic Yards, the Gateway Center at Bronx Terminal Market, and the Columbia University expansion each suggests processes that fall short of inclusion. In each of these cases it appears that longstanding civic organizations with concerns about the proposed projects were shut out from the process. But patronage is not unique to New York City. The Oak to 9th project in Oakland appears to fit squarely in the same domain.

**Atlantic Yards (2005)**

Among the most controversial CBAs in the Patronage mold is the one surrounding the Atlantic Yards project. Atlantic Yards is a \$3.5-billion-dollar mixed-use commercial and residential development project consisting of sixteen high-rise buildings proposed for the low-rise and mid-rise brownstone neighborhood of Prospect Heights in Brooklyn. The project includes office suites, a hotel, and thousands of apartments. Its most prominent component is the Barclays Center, which opened in the fall of 2012 and serves as the new home of the New Jersey Nets basketball team. The CBA that emerged in 2005 in relation to the Atlantic Yards project provides the first noteworthy and controversial deviation from the prototypical CBA scenario found in Los Angeles and appeared to set a precedent for New York City CBAs that would follow.



**Figure 40. The original Frank Gehry conceptual design for the project aims to introduce innovative design to Prospect Heights (Forest City Ratner).**



In December 2003, Forest City Ratner (FCR) announced plans to construct a 19,000-seat arena for the Nets, along with housing, office, and retail space, a hotel, and a parking garage, on the Vanderbilt Railyards site in downtown Brooklyn. FCR is an arm of Forest City Enterprises, of Cleveland, Ohio.

Of the 22-acre project, 8.4 acres would be built over a train yard that is utilized by the Long Island Rail Road. The proposed project would be the largest development in the city outside of Manhattan in a quarter century as well as the largest development in Brooklyn history (Bagli 2005, Carreira 2005, Office of the Mayor 2005, Pratt Institute 2005, Kolben 2005).

To build the project, the developer purchased the air rights over roughly eleven acres of Metropolitan Transportation Authority (MTA) rail yards. An additional thirteen acres are subject to state condemnation for Ratner's use under eminent domain laws. The MTA in May 2005 opened up the bidding process for the site. The MTA, Mayor Michael Bloomberg, and Brooklyn Borough President Marty Markowitz all endorsed the project.



**Figure 41. The proposed Atlantic Yards project would be located over a Long Island Rail Road train yard (Chang W. Lee/*New York Times*).**

### The Negotiation

Perhaps not surprising for a development of such size, the project also generated immediate skepticism and controversy (Confessore 2005a, 2005b, Murphy 2005). FCR embarked on a campaign to win support for the project, and as part of that campaign, raised the idea of a community benefits agreement. In July 2004, FCR convened several meetings with specified community groups over the course of several months (Son 2004, Lewis 2006). Other groups that had come out against the project, such as Develop Don't Destroy Brooklyn and the Prospect Heights Action Coalition, did not participate in the discussions, although there is disagreement about whether they were excluded or refused to participate. As community activists learned about the negotiations underway,

considerable controversy over the process emerged (Townsend 2004, Gallahue 2004, Confessore 2006a).

Different interviewees recall slightly different groups as participating, but the ultimate signatories include the Atlantic Yards Development Company LLC and Brooklyn Arena LCC; the nationwide social justice organization Association of Community Organizations for Reform Now; and local social justice community organizations All-Faith Council of Brooklyn, Brooklyn United for Innovative Local Development; and the Brooklyn Voices for Children, Brooklyn Endeavor Experience, Downtown Brooklyn Neighborhood Alliance, Downtown Brooklyn Educational Consortium, First Atlantic Terminal Housing Committee, New York State Association of Minority Contractors, and Public Housing Communities.

While the negotiations over the CBA were proceeding, FCR also was negotiating with the city and the state about the governmental processes that would be used to review the proposal (Confessore 2006b, 2006c, Goldstein 2006, Goldstein 2010). New York State's Urban Development Corporation law gives the Empire State Development Corporation (ESDC) the power to override local zoning and other laws and processes under certain circumstances. On March 3, 2005, the city and the ESDC signed a Memorandum of Understanding with FCR that recognized the ESDC's power to override the city's Uniform Land Use Review Procedure (ULURP).

The effect of the ESDC's assertion of jurisdiction was to eliminate the legal role that Community Board 6, the Brooklyn Borough President, the City Planning Commission and the City Council otherwise would have had in deliberations over the project. Under the city's usual ULURP procedures, the community board would hold a

hearing on the project, then would recommend approval or disapproval of the project to the Borough President, who in turn would hold a hearing on the project before recommending approval or disapproval to the City Planning Commission. The CPC would be required to hold a hearing. If the Commission approved the project, the city council would then hold a hearing before voting on the project.

Although the ESDC's authority over the development foreclosed any official role for the community boards, and obviated the requirement for public hearings by the community boards in review of the proposal, FCR continued to negotiate with the aforementioned organizations with the intent to adopt a community benefits agreement.

On June 27, 2005, with Mayor Bloomberg as an official "witness," Bruce Ratner and eight community-based organizations signed the CBA, the first in New York City. Ultimately, signatories to this agreement are All-Faith Council of Brooklyn, Association of Community Organizations for Reform Now (ACORN), Brooklyn United for Innovative Local Development (BUILD), Downtown Brooklyn Neighborhood Alliance (DBNA), Downtown Brooklyn Educational Consortium, First Atlantic Terminal Housing Committee, New York State Association of Minority Contractors, and Public Housing Communities. The mayor called the agreement "the largest private-sector investment in Brooklyn's history" (Wisloski 2004, 2005).



**Figure 42. Bertha Lewis, Executive Director of ACORN, kisses Mayor Michael Bloomberg at Borough Hall following the signing of the Atlantic Yards CBA in June 2005 (Tom Callan/*The Brooklyn Papers*).**

The benefits promised by the CBA include: setting aside 50% of all residential units for low-income families; agreeing to allocate 35% of the construction work to minority-owned businesses and 10% to women contractors hired during construction; developing a program to find job placements for hard-to-employ youths; establishing a committee to address short- and long-term environmental issues and reporting periodically to the coalition on mitigation measures; agreeing to open a health care center and a senior citizens center within the project; agreeing to lease at least 15% of the gross retail leasing space to qualified community-based businesses; setting aside six acres of open space for use by the public free of charge on the project site.

## Implementation

The Empire State Development Corporation approved the project in August 2006, and in December 2006, the Public Authorities Control Board – consisting of Governor George Pataki, House State Assembly Speaker Sheldon Silver, and Senate Majority Leader Joseph Bruno – voted unanimously to approve the project. The project’s ground breaking occurred in early 2007, with a number of minority-owned firms being hired for the development, pursuant to the CBA. As a result of the economic downturn of 2008, however, FCR announced plans to delay construction of the residential buildings at Atlantic Yards, prompting fears that they, and the affordable housing units they were to contain, would never be built (Daly 2008, Brooklyn Speaks 2010).

In March 2008, principal developer Bruce Ratner first acknowledged that the slowing economy might also delay construction of both the office and residential components of the project for several years (Bagli 2008b). Given the uncertainty of the housing markets, it is unclear when the housing units will be delivered, what the amount of taxpayer subsidies per unit will be, or if there will be enough tax-exempt bond financing available. The development agreement signed in December 2009 allows for delays for subsidy unavailability. The Barclays Center portion of the project, however, opened in September 2012. Ground was broken on the first residential building at Atlantic Yards in December 2012. The building will have 363 units, with 50% of the units set aside as affordable. Construction has since stalled, with contractor Skanska USA Building and developer Forest City Ratner engaged in a legal dispute over commercial and design issues on the project (Bagli 2011, Trefethen 2012, Anuta 2014).

The Atlantic Yards CBA appeared to set the stage for other controversial CBAs in New York City and perhaps elsewhere, including the Gateway Center project as well as the one surrounding the expansion of Columbia University.

### **Gateway Center at Bronx Terminal Market (2006)**

In February 2006 the New York City Council approved the redevelopment of Bronx Terminal Market into the Gateway Center, a retail complex projected to cost approximately \$495 million to develop (Angotti 2005). Resistance to the proposal from unions and other critics led Bronx officials to create a “CBA “Task Force – Coalition” of local stakeholders (Office of the Mayor 2006, Arden 2006a, Ruiz 2006). The 2006 CBA concerning the mall development has been criticized nearly as much as the Atlantic Yards agreement.

In 1917 New York City Mayor John F. Hylan proposed the construction of a market to be located just south of Yankee Stadium, but construction concluded during Mayor Fiorello La Guardia’s term in office in the 1930s. The market consisted of small two-story concrete buildings. In 1936, the market's flagship structure, the Prow Building (a polygon at 149th Street with “Bronx Terminal Market” in large relief in the concrete) rose. The market eventually became one of the nation’s largest wholesale markets for Hispanic foods, with nearly one hundred tenants and over 1,000 employees. But beginning in the 1970s it began to decline. After a lengthy legal battle with the City, the property owner decided to sell the market property in 2004 to the Related Companies.



**Figure 43. Bronx Terminal Market fell into disrepair before being renovated in 2009 (World Property Channel).**

### The Negotiation

The Related Companies began discussions about redeveloping the property with the New York City Economic Development Corporation and the Bronx Overall Economic Development Corporation. Related received approval for its proposed Gateway Center mall development project on February 1, 2006, with almost unanimous support from the city council. Covering both the market site and the adjacent Bronx House of Detention site, the Gateway Center was to contain about one million square feet of retail space, with the Prow Building being preserved and rehabilitated. The second phase of the project is to include a new hotel, and the development will eventually be complemented by a public waterfront park. Resistance to the proposal from unions and other critics led then-Bronx Borough President Adolfo Carrion and the City Council's Bronx Delegation to create a CBA task force consisting of community development corporations and other local stakeholders.



CBA negotiations involved the Bronx delegation, the Economic Development Corporation, and the Bronx Overall Development Corporation; The Related Companies; and community organizations such as House Communities, and Movement Hope House. Several interviewees indicated that the Economic Development Corporation principally organized and negotiated the CBA, perhaps limiting the actual involvement of community organizations.

Although CBAs negotiations typically occur prior to the land use review process, so that community coalitions can have additional leverage over project terms, they sometimes take place later in the process. In the case of the Gateway CBA, brainstorming for the document commenced after Community Board approval, and after the Bronx Borough President's preliminary "Yes" vote.

A CBA was signed on February 1, 2006. The CBA includes benefits such as allocating \$3 million for business development, local hiring, and job training programs; establishing a 10% contracting goal for minority- and/or women-owned construction firms; committing to attempt to secure LEED Silver certification for all buildings and major renovations; managing dust on-site; agreeing not to lease space to a Wal-Mart; and committing to the construction and/or installation of pedestrian-scale design features (street trees, lighting, wide sidewalks).

Mayor Bloomberg praised the CBA for the Gateway Center as a "sweeping [agreement] that will go a long way toward meeting the community's needs" (Office of the Mayor 2006). Various Bronx officials and editorial boards – including *El Diario* and the *Daily News* – have touted the value of the CBA (Lombino 2006). Bronx Councilman Joel Rivera remarked, "We got more concessions than mostly any other CBA in the

United States of America. It is never perfect, but it is pretty darn close to it” (Lombino 2006).

The negotiation process has spurred controversy as well as praise. Some have asserted that local political leaders cherry-picked the CBA negotiating coalition, excluding groups that might publicly criticize a controversial CBA (Haddon 2006, Shulman and Cardwell 2005; Foster and Glick 2007). Critics assert that when several of the groups rejected the developer’s offer, political leaders proceeded with a CBA signed exclusively by the president of a (publicly-funded) community college and two other groups associated with local political leaders. Perhaps more unusual for a CBA, the taskforce did not negotiate directly with the development team. Final negotiations occurred between the developer and Bronx elected officials (Neighborhood Retail Alliance 2006).

The agreement includes a sizable number of valuable community benefits. But critics have also pointed out that the developer may only be held liable for a maximum of \$600,000 for failing to comply with the CBA, weakening the value of the CBA in the eyes of some stakeholders (Neighborhood Retail Alliance 2006).

## Implementation

On August 14, 2006, construction began on the Bronx Terminal Market, which demolished all buildings on the acquired properties with the exception of the Prow Building, a 20,500-square-foot building at the corner of East 149th Street and River Avenue.

The \$500 million shopping center, which was completed in 2009, saw the construction of new buildings and two smaller buildings, one new and the other a renovation of an existing building that was part of the original market (Levere 2009). The two main buildings are linked by a six-level garage for 2,600 cars and include Home Depot, Applebee's, Best Buy, and other major national retail tenants as well as some local ones.



**Figure 44. Gateway Center reopened in 2009 with a number of major tenants (Brennan Beer Gorman Architects).**

While the Bronx Terminal Market CBA may not have been completed in a manner satisfactory to all CBA proponents, the general consensus among interviewees is that it has been implemented. The City University of New York reported in 2007 that it had received \$175,000 from the developer to provide pre-apprenticeship training to Bronx residents. As soon as the CBA went into effect, the construction and community benefits were soon to follow.

Implementation was briefly delayed in July 2009, when the Bronx Overall Economic Development Corporation was accused of diverting hundreds of thousands of dollars from the CBA fund set up by the Related Companies. A suit was filed against the agency by the CBA administrator, but the agency denied wrongdoing (Egbert 2009a, Pristin 2009, Plan NYC 2009). Borough President Ruben Diaz called for an investigation into the CBA's full accounting (Egbert 2009b). In September 2009 he declared that the BOEDC had properly handled the funds, despite the failure to formally account for about \$1.6 million. Most of that money apparently went toward payroll expenses for the employees running the neighborhood employment program. In August 2009, Gateway Center's BJ's Wholesale Club distributed 2,000 reduced price memberships, as called for in the CBA.

### **Columbia University Expansion (2008)**

In 2007, Columbia University, in an effort to become more competitive with some of its peer Ivy League universities, expressed a strong desire to expand the size of its Morningside Heights campus in West Harlem. The project includes construction of between sixteen and eighteen buildings, costing approximately \$6 billion and built over two decades (Eviatar 2006, Columbia University 2012). The project is expected to create approximately 6,000 new jobs and revitalize a blighted enclave of auto-repair shops, warehouses and small manufacturing plants into a pedestrian-friendly environment with more open space, restaurants and shops (Messina 2007).



**Figure 45. Columbia University plans to expand further into Morningside Heights in order to accommodate more campus facilities (Columbia University).**

Over the years, community residents have asserted that any expansion of the university would displace area workers and lead to rent increases. Looming over the project is the possibility that Columbia will seek to have the state exercise its right of eminent domain for the remaining commercial properties needed to realize the school's vision. Opponents have argued that for the state to do so would constitute a misuse of eminent domain (Messina 2007). In addition, a previous attempt in the late-1960s to build a gymnasium on the hill separating Morningside Heights from Central Harlem sparked angry community and student protests, including a week-long student occupation of main campus buildings (Avorn 1968).

The area of West Harlem is relatively underdeveloped, consisting for the most part of auto body shops, warehouses, and social service offices (Messina 2007). Once a thriving port and business district with small factories and shops, it had fallen victim in

the mid-twentieth century to the country's deindustrialization trend, as capital moved to the suburbs and then offshore in pursuit of more affordable land and labor.

### The Negotiation

Although public officials and the media hailed Columbia's vision of an ultra-modern world-class university rising in place of aging warehouses and car shops, the area's Dominican community met the news with a mixed response. Some local elected officials voiced cautious support, while other activists urged all-out mobilization to stop Columbia (Coalition to Preserve Community 2012). Perhaps because of the possibility of controversy surrounding the project, university leaders suggested that the university enter into an agreement with its neighbors located in the expansion area (Schuerman 2007b).

Mayor Bloomberg supported Columbia's interest in entering into a CBA, and he went on to provide funds and technical assistance for the negotiation process (Schuerman 2007b). The process was noticeably different than that of other CBAs. County Board 9 authorized the creation of a local development council (LDC) to be composed of appointed community leaders representing a range of constituents (West Harlem Local Development Corporation 2006).

The LDC was to oversee and approve the Columbia Expansion CBA. As such, the organization would play the traditional role of community organizations in a CBA process but differed in that the LDC also contained elected officials as voting members. Public meetings began in September 2006 and continued on a weekly basis with working groups devoted to housing, business and economic development, employment, education,

historic preservation, and other concerns (West Harlem Local Development Corporation 2007).

West Harlem Environmental Action (WEACT), an environmental justice organization located in New York City, entered into the center of controversy by advocating for collective bargaining with the university to gain a binding contract that guarantees substantial benefits for local residents in exchange for their support of an expansion that – in their view – they could not prevent but could possibly reshape marginally. Through its efforts to preserve and enhance the environmental quality of African-American and Latino neighborhoods, WEACT staff worked with elected officials, foundations, public health researchers, and community residents (Foster and Glick 2007).

The board obtained a legal opinion that it could not effectively act as a CBA coalition because, as an agency of the city, it did not have statutory authority to negotiate with Columbia and lacked independent capacity to sue to enforce the contract (Brennan Center for Justice 2004). It therefore formed a separate nonprofit tax-exempt corporation, “D9 Local Development Corporation,” to negotiate and contract with the university. The board itself was viewed by at least one observer as being ineffectual and having limited resources (Philips 2007). Local labor unions, already having contracts in place with the university, rebuffed efforts to challenge the benefits being considered (Foster and Glick 2007).

Negotiations involved the university; the county board, city planning commission, and the city council; and County Board 9 Local Development Corporation. Public negotiation meetings commenced in September 2006 and continued on a weekly basis.

In November 2007 three LDC members resigned, citing conflicts of interest among the elected officials on the board and a lack of transparency in the negotiations (Amzallag 2007b). Two other members resigned soon after, expressing concerns regarding alleged secrecy and misrepresentations (Amzallag 2007a). Schuerman (2008) cites one of the departing board members, “It was absolutely clear to us...that if we didn’t include [elected officials] on the board as voting members, that we would be doing so at our own peril.” Another member stated that negotiating sessions were held without his being informed of them, while one other described the CBA as being “a sell-out to the community...that represents something that is not what the community wants” (Schuerman 2007a). The resignations left the LDC with fifteen members, of which seven were elected officials (Arden 2008).

An agreement was signed on December 1, 2008, in time for the city council to approve the expansion plan and Columbia’s request for rezoning (Amzallag 2007a, 2008a, 2008c). Major provisions include setting aside \$24 million for an affordable housing trust fund; allocating \$30 million for a university-run public school, and allocating \$76 million for a fund for then-to-be-defined community benefits to be decided by a group of community members over the course of a dozen years.

## Implementation

In May 2009, New York State’s Authorities Control Board granted the final public approval for the university’s plan. The successful state process followed the December 2007 vote of 35-5 by the New York City Council approving the rezoning of



the project area from light industrial to mixed-use academic purposes (Columbia University 2012). Perhaps because the precise nature of the largest item – \$76 million – was not specified, and because some observers felt the negotiation process was rushed, the agreement has been critiqued as being “one-and-a-half non-legally-binding pages” (Williams and Rivera 2007). The possibility of the use of eminent domain and of potential displacement likewise have raised concerns (Amzallag 2008b). Concerns over the delayed implementation of various provisions is counterbalanced by the fact that Columbia publicly agreed to provide extensive benefits to its surrounding community.

In 2009, following approval of the university’s expansion, Columbia formed the West Harlem Development Corporation (WHDC) to allocate the \$76 million for community needs on ongoing, to-be-determined basis. By late 2011, the WHDC had distributed only \$300,000 of the \$3.55 million it had received from Columbia in the previous two years while also doling out \$400,000 to assorted consultants; as a result, the state attorney general’s office launched an inquiry into the organization in November 2011 (Kumagai and Vigeland 2012). In April 2012, the organization had secured an office and hired an executive director, Kofi Boateng, to begin to engage in community investments. In June 2012, WHDC funded 500 summer jobs for Harlem teens, pledging over \$750,000 to support the city’s youth employment program (Vigeland 2012). Construction of the first buildings is underway.



**Figure 46. Check Presentation Ceremony (L to R:) Alan Cheng - DYCD, Kofi Boateng, Pat Jones (WHDC Board), Donald Notice (WHDC Chair), Congressman Rangel, Ted Kovaleff (WHDC Board) (West Harlem DC).**

After the controversy that arose surrounding the adoption of four controversial CBAs in a row in New York City (Atlantic Yards, Yankee Stadium, Gateway Center, and now Columbia University), Mayor Bloomberg changed his stance and began to discourage the consideration of CBAs during the land use approval process, instead urging that the city return to its traditional process of negotiating benefits as part of the restrictive declarations attached to the permitting process (Schuerman 2007a). In March 2010, the New York Bar Association (2010) urged the city to avoid the consideration of CBAs as well. Concluding that CBAs were potentially controversial but also unlikely to fade away entirely, City Comptroller John C. Liu resolved to ensure that future CBAs would be guided by clear, publicized, uniform standards. To develop these standards he convened a Task Force of local leaders from the labor, real estate, banking, civic, legal,

and academic communities. The resulting *Recommendations of the Task Force on Public Benefit Agreements (2010)* outlines a number of suggestions, including setting minimum project criteria that would trigger a CBA, and details a public process for the discussion of relevant benefits proportionate to the proposed project. Yet, reflecting the fundamentally political, project-specific nature of CBAs, benefit-related discussions and negotiations arose again in 2013 surrounding the proposed Kingsbridge Armory project discussed in the prior chapter.

Patronage politics, while prominent in New York City development politics, are not unique to New York City. Although California CBAs have received positive attention, some of the CBAs that emerged in California, outside of Los Angeles, namely, the Oak to 9<sup>th</sup> project in Oakland and the Bayview-Hunters Point project in San Francisco, can be described as resembling the New York City cases more so than their Los Angeles counterparts.

### **Oak to 9<sup>th</sup> (Oakland, 2006)**

Oakland's first CBA was finalized in 2006 in relation to the redevelopment of sixty-four acres of waterfront property. Planned for the site are more than 3,000 residential units and a retail complex.



**Figure 47. The proposed project consists of housing, retail and other amenities, in a waterfront setting. (Oakland Harbor Partners).**

During the mid-1990s, Oakland's economy began to thrive, with new downtown land development, and officials at the Oakland Port and Oakland International Airport began multi-million-dollar expansion plans to keep pace with their industry rivals (Kuruville 2013). After his 1999 inauguration, Oakland Mayor Jerry Brown prioritized the construction of downtown housing development in the area defined as the Central Business District (Gammon 2007). Brown's stated goal was to add 10,000 residents to downtown Oakland. Brown's *10K Plan* generated redevelopment projects as well as some controversy, as lower-income residents worried about being displaced as part of downtown Oakland's renaissance (Salazar 2006).

The history of planning for the redevelopment of the site for what ultimately would be named the Oak to 9<sup>th</sup> project is well-documented. In the early 1990s the League of Women Voters undertook a study of the Oakland waterfront that included a series of public meetings. The study resulted in the *Estuary Policy Plan*; it envisioned parks, bike trails, and public gathering spaces on the site. It was unanimously approved

by the then-sitting City Council. Subsequently, Oakland voters approved Measure DD, which approved the initial funding for the project.

The Ninth Avenue Terminal, originally built in the late 1920s and expanded in the 1950s, was designed for break-bulk cargo (cargo that cannot be moved in a container). Historically, much of the Port of Oakland's cargo was break-bulk, but today, less than 5% arrives on a break-bulk ship.

The Port of Oakland worked with the San Francisco Bay Conservation and Development Commission (BCDC) to determine if the Port Priority Use designation could be removed from 9th Avenue Terminal area. The California Legislature formed the 27-member Commission in 1965 in response to broad public concern over the future of San Francisco Bay. The Commission consists of appointees from area local governments and state/federal environmental agencies.

BCDC agreed and removed this designation, which was one of a number of changes that enabled the Port of Oakland to enter into a contract with Oakland Harbor Partners for sale of the roughly 64 acres of land involved in the proposed project. The project would be the largest project proposed for the city since World War II.

The Coalition of Advocates for Lake Merritt brought a suit against the city, arguing that the city had not reviewed the developer's Environmental Impact Report adequately. The advocates argued that the project would negatively impact the estuary. They won, but a judge subsequently allowed the developer to revamp its report. The council then approved the revisions (Elmusa 2010).

Separately, the Oakland Heritage Alliance filed a lawsuit that has stalled the commencement of project construction (Elmusa 2011). The Oak to Ninth plans call for

demolition of 160,000 square feet of the 180,000-square-foot terminal, to be replaced by a public park. The terminal is a bulky yellow building with vaulted ceilings that sits on the water near Estuary Park. It currently serves as a cotton storage facility. Oakland Heritage Alliance board member Naomi Schiff explains,

The biggest problem for OHA is that when people think of preservation they think of cute little houses. They don't think about this kind of thing. But industry is why this city is here. Our heritage is in being a railhead and a shipping center and in heavy industry. And to just walk away from it is short-sighted (Elmusa 2011).

But Councilmember Pat Kernighan, whose district included much of Oak to Ninth and who voted in favor of the redevelopment project, said if a better proposal for the area had materialized, the council would have approved it (Elmusa 2011). In addition, because the project contained affordable housing, it had the support of construction unions and many working families in the area.

Michael Ghielmetti, CEO of Signature Properties, has explained that the project will maintain the front 20,000 square feet of the terminal in place to preserve the shipyard aesthetic and replace the rest of it with a public park (Elmusa 2011).

### The Negotiation

In July 2006, a coalition of community, environmental, labor, and faith organizations was able to secure affordable housing and local hire commitments related to the project. The coalition was led by anti-poverty advocacy nonprofit Urban Strategies Council; the environmental justice nonprofit Asian Pacific Environmental

Network; the East Bay Asian Youth Center, an organization consisting of families involved in any of the area's after-school learning centers; the St. Anthony's Catholic Church branch of Oakland Community Organizations; and the labor-affiliated East Bay Alliance for a Sustainable Economy.



**Figure 48. Most of the Ninth Avenue Terminal will be demolished under the current Oak to Ninth plan. It is currently being used as a cotton storage warehouse (Oakland Heritage Alliance).**

At the time of the negotiation, the developer already had a number of Oakland projects underway and was pursuing additional development opportunities within the city, giving the coalition leverage (Ginsberg 2003).

The agreement was entered into by the coalition members and the redevelopment agency and incorporated into the development agreement. Benefits include: constructing as part of the project 465 units of housing affordable to families earning \$50,000 or less (considered very low-income and extremely low-income households); requiring that jobs be filled by Oakland residents just starting their apprentice hours in construction, and

contributing \$1.65 million for construction job training for immigrants and former prisoners reentering the workforce.

Civic organizations differ with regard to the appropriateness of the project and the CBA. While several organizations participated in CBA negotiations and openly supported the project's approval, others fought to prevent the development, including the environmental organizations the Sierra Club and the Oakland Green Party, as well as the League of Women Voters. Each of these has argued that the project violates the Estuary Plan's goal of preserving intact more of the waterfront. In addition, the historic preservation-focused Oakland Heritage Alliance has fought against the demolition of much of the Terminal building. The groups have collected petition signatures and initiated litigation.

Why the community groups supporting increased environmental and historical preservation controls were not part of the CBA negotiations remains a matter of contention among several interviewees. But it does seem fair to determine that the CBA did not adequately address all of the community's concerns.

## Implementation

The Oak to 9<sup>th</sup> CBA has not been implemented to date, due to the ongoing litigation concerning the development as well as a lack of financing for the project. With the court now upholding approval of the Environmental Impact Report, in April 2013, now-Governor Jerry Brown announced that a China-based investor would be partnering



with the original project developer to begin the first phase of the project, involving the construction of 1,300 housing units (Kuruville 2013).

**Type 2: Strong Market, Ambivalent Government, Limited or No Coordinated Activism – Partial Benefits in Private Document, if Any**

In the cases of new stadiums for the New York Yankees and New York Mets, elected officials rebuffed civic organizations entirely.

**Yankee Stadium Redevelopment (2006)**

Starting in the 1980s, the owners of the Major League Baseball team the New York Yankees began campaigning for the construction of a new stadium in their Bronx neighborhood. The idea – and the financing for such an endeavor – received city approval in 2006. In tandem with the project was the approval of a controversial CBA.



**Figure 49. The original Yankee Stadium, depicted above in an undated photo, opened in 1923 (sporttales.com).**

The original Yankee Stadium opened in New York in 1923. In the 1980s New York Yankees owner George Steinbrenner began campaigning for the building of a new stadium, even alleging unsafe conditions around the original Yankee Stadium despite the possibility that such statements could discourage attendance at his own team's games. Yankees ownership allegedly planned to move the team across the Hudson River to New Jersey or the west side of Manhattan (Barry 1998).

Shortly before leaving office in December 2001, then-New York City Mayor Rudy Giuliani announced "tentative agreements" for both the New York Yankees and New York Mets to build new stadiums. Of \$1.5 billion sought for the stadiums, city and state taxpayers would cover approximately half the costs for construction. The teams would be allowed to keep all parking revenues as well as 96% of ticket revenues and 100% of all other revenues, not pay sales tax or property tax on the stadium, and would get low-cost electricity from the state of New York. Business officials criticized the plan as giving too much money to successful teams with little reason to move to a different city (Bagli 2002, Lupica 2004).

Michael Bloomberg, who succeeded Giuliani as mayor in 2002, called the former mayor's agreements "corporate welfare" and exercised the escape clause in the agreements to back out of both deals, saying that the city could not afford to build new stadiums for the Yankees and Mets. Under Bloomberg, the New York City government would offer only public financing for infrastructure improvements; the teams would have to pay for the stadium themselves (Bagli 2004).

The New York Yankees' June 2005 announcement that they would remain in the Bronx, building a new stadium at their own expense one block north of the old one

(which had been owned and maintained by the city in exchange for rent), was praised by the mayor as a sound investment for the city (Sanderson 2005). While the stadium plan, which included several new parking garages, required the seizure of twenty-two acres in two city parks, the city's Parks and Recreation Department planned to replace lost recreation space at multiple sites nearby.

### The Negotiation

Controversy arose, however, around the adequacy of the replacement parks plan, a plan to build thousands of new parking spaces in a neighborhood with relatively high asthma rates and the disputed claim that the project provided good value for taxpayers (Hutchinson 2006, Damiani & Steinberg 2006). A community coalition, Bronx Voices for Equal Inclusion, formed to press the Yankees and the city for a less car-oriented plan that preserved more contiguous parkland, and to advocate for mechanisms that would encourage local hiring and training for construction jobs.

Several existing area groups – including the South Bronx Coalition, the Urban Justice Center, and the Freedom Party – took public positions against any new Yankee Stadium, as did Neil de Mause, author of the anti-sports arena financing book, *Field of Schemes* (Edsall 2009). Another community group, “Save Our Parks,” formed in opposition to the plan, largely on the grounds that construction would require paving large sections of Macombs Dam Park and Mullaly Park and razing hundreds of oak trees. Fiscal watchdog group Good Jobs New York also voiced opposition to the public subsidies that would be used for the proposed stadium (Good Jobs New York 2006). It

criticized the Bloomberg administration for, in their assessment, being overly generous in their subsidies to various New York City teams, including the Yankees, Mets, and Nets.

In November 2005 the local community board, CB4, voted to recommend that the proposal be rejected (Sanderson 2005). Then-Bronx Borough President Adolfo Carrion nevertheless recommended that the plan be approved, and in February 2006, the City Planning Commission unanimously approved the plan, which called for the Yankees to fund most of the construction costs and the city to pay for infrastructure improvements (NY1 News 2006, Egbert 2007).

In the weeks preceding the final City Council vote in April 2006, the Yankees entered into a CBA signed exclusively by the Yankees, the borough president of the Bronx, and three New York City council members from districts in the Bronx. It was not released to the public. The agreement reportedly committed the team to contributing \$800,000 each year for 40 years to underwrite programs for Bronx community groups; donating \$100,000 in equipment and 15,000 tickets every year to needy Bronx businesses, with 50% of that total reserved for businesses owned by women or minorities.

In April 2006 the City Council authorized construction of the stadium despite continued opposition from parks advocates and some residents in the surrounding community (Hu 2006). One of the agreement's most controversial provisions is the trust fund that it created to be administered by "an individual of prominence" through distributions to local nonprofit groups. Because the fund's trustee will be appointed by the same elected officials responsible for the CBA, it has been referred to as a slush fund by critics who fear that funding will not be distributed impartially (Hu 2006). The Yankee Stadium CBA has also been criticized because the development will eliminate

more than twenty acres of parks, leaving the city to pay for their replacement in addition to the subsidies already being given to the project. But the Yankees and Bronx elected officials declined to revisit the fundamentals of the parkland deal and rebuffed the local groups hoping to participate in the discussions about a promised CBA. Ultimately, organizations concerned about negative impacts on the neighborhood fought the stadium proposal, while labor unions promoted it.



**Figure 50.** The city prepared and circulated a redevelopment plan for the stadium and the area's parks (City of New York).

## Implementation

Yankee Stadium opened in April 2009, at the beginning of the 2009 MLB season. The new ballpark was constructed across the street from the 1923 Yankee Stadium, on the former site of Macombs Dam Park. Seventeen months after construction began, no money was distributed to Bronx groups, and the group responsible for administering it never met (Williams 2008). They had no permanent chairman or registered as a charity. The area's city councilman, G. Oliver Koppell, explained, "I feel embarrassed because I don't know anything about what's going on" (Williams 2007). Alice T. McGillion, a team spokesperson, blamed delays on the Bronx Borough President's office, saying that the CBA fund is independent from the Yankees. Grants to local little league teams were disbursed in April 2008, while other community groups began to receive funding in July 2008 (Egbert 2008a).



**Figure 51.** The new Yankee Stadium opened in 2009 (*The Gazette*).

Continued controversy over the CBA has been fueled by dissatisfaction with the pace of opening parks to replace those lost to the stadium (Croft and Herbert 2008) and reports that the cost to the city of replacing the lost parks has expanded to almost twice what was estimated (Williams 2008).

Aside from city-run employment centers, which referred construction job applicants to the stadium site, city agencies were not involved in the implementation of the Yankee Stadium CBA, which was a contract between the team and the elected officials. The Yankees paid the salary of an individual (previously on the staff of the Bronx borough president) who oversaw local hiring, contracting, and purchasing efforts, but while Yankees spokespeople said the organization had met hiring and contracting targets, little verification or detail was provided (Gonzalez 2008).

Meanwhile, the elected officials who signed the CBA created a nonprofit charity, the Yankee Stadium Community Benefits Fund, to distribute the annual cash and in-kind benefits pledged by the Yankees. The officials also appointed the fund's board members, who are responsible for evaluating applications for funding. While the Yankees have fulfilled their annual obligation to deposit money into the community benefits fund, and while the money in the fund is being disbursed on schedule after an initial delay, the charity became mired in legal controversy in March 2009, when its administrator, Michael Drezin, was fired after protesting that the Yankees' first \$800,000 contribution to the fund had been deposited in a non-interest-bearing account at New York National Bank, which was founded by Serafin Mariel, the community benefits fund's chairman (Egbert 2009c). Drezin and the fund remain in litigation.



In another case, that of a new stadium for the New York Mets, no publicly-available document outlining public benefits exists at all, casting further doubt on the legitimacy of New York City CBA processes.

### **Citi Field/Mets Stadium (2006)**

Citi Field is a stadium located in Flushing Meadows in the New York City borough of Queens. Since the 1990s Major League Baseball's New York Mets had been looking to replace Shea Stadium, its home stadium. In 1998 the team unveiled a design for the proposed stadium that would have allowed it to host events including conventions.



**Figure 52. Shea Stadium, shown above, served as the home stadium of the New York Mets from 1964 to 2008 before being demolished in 2009 (Metsfan84).**

The projected cost of the new Mets ballpark and other infrastructure improvements would be \$610 million, with the Mets offering to cover \$420 million of that amount. The stadium agreement includes a 40-year lease that will keep the Mets in



New York until 2049. In 2006, it was officially announced that the ballpark would be called Citi Field, named for the New York financial services company that had purchased the naming rights to the stadium.

### The Negotiation

On June 12, 2005, Mayor Bloomberg and team owners announced that the Mets planned to build the new stadium on a parking lot at Shea Stadium (Sandomir 2005). The city council was scheduled to review the Mets' stadium financing plan in April 2006, but Councilmember Hiram Monserrate, whose district includes Shea, persuaded the council to delay review of the Mets' plan until the team agreed to provide benefits to the local community. Specifically, Monserrate, joined by Councilmembers John Liu, Tony Avella, and Leroy Comrie, who represented neighboring Flushing, Bayside, and St. Albans/Jamaica, respectively, urged the Mets' owners to sign a CBA that resembled the one forged by the Yankees (Arden 2006b).

The prospect of community groups seeking a Yankee-like benefits deal from the Mets did not sit well with Mayor Bloomberg. "Every development project in this city is not just going to be a horn of plenty for everybody that wants to grab something," he proclaimed at a news conference. New development, he said, should not be a rush to "line up to get some ransom" (Sandomir 2006, Pristin 2006).

The Mets set about to address the council's concerns. Reportedly, they reached agreement with several Queens city council members, though it is not clear if anyone else from the community at large was involved or whether a formal agreement was ever

drafted or executed. No written summary of the discussions has been made public, but reportedly the Mets agreed to earmark at least 25% of annual future expenditures for public service and charitable programs to Queens-based programs and groups, which would amount to about \$500,000 per year, as per one estimate (Lombardi 2006). The Mets reportedly also agreed to ask contractors and subcontractors to steer 25% of their construction jobs and contracts to Queens residents and firms, and another 25% to minority and female residents and firms citywide (Lombardi 2006). On April 26, 2006, the city council approved – by a vote of 48 to 1 – the financing plan that remained the stadium’s final obstacle.



**Figure 53. Completed in 2009, Citi Field is home to the New York Mets (Mark Lennihan/Associated Press).**

Implementation

Completed in 2009, the \$850-million-dollar baseball park was funded by the sale of New York City municipal bonds that are to be repaid by the Mets plus interest. The payments will offset property taxes for the lifetime of the park (Bagli 2008a). The first game at Citi Field was held March 2009. Several interviewees have indicated that the team indeed utilized local hiring and contributes funding to the community, though to what extent is difficult to determine.

**Type 3: Weak Market, Ambivalent Government, Moderate Level of Coordinated Activism – Partial Benefits in Questionable Document – No Project, No Benefits**

Much like the Oakland project, a project in San Francisco raises uncomfortable environmental questions. Unlike the other Patronage projects described in this section, however, it has yet to move forward.

**Bayview-Hunters Point (San Francisco, 2008)**

Bayview-Hunters Point is a neighborhood in the southeastern corner of San Francisco. The decommissioned Hunters Point Naval Shipyard is located within its boundaries and Candlestick Park is on the southern edge. Hunters Point overlooks San Francisco Bay and downtown San Francisco. Hunters Point Shipyard is a redevelopment project proposed in 2005 by national housing developer Lennar Corporation on the 702 acres at Candlestick Point and the San Francisco Naval Shipyard. The project would be

the largest urban redevelopment project in the city since the 1906 earthquake and fire, and it might be the largest in the nation in size and value (Schneider 2008).



**Figure 54. Candlestick Park and the Hunters Point shipyard, as seen from the peak of San Bruno Mountain in 2008 (Bay Citizen).**

The plan calls for 10,500 residential units, a new stadium to replace Candlestick Park, 3.7 million square feet of commercial and retail space, an 8,000 to 10,000-square-foot arena, and artists' village, and 336 acres of waterfront park and recreational area. Lennar described the park component as the city's largest park improvement project since the development of Golden Gate Park in the late 1800s (Paddock 2010).

The project has been marked by ambivalence. Project supporters said it would take a disconnected section of the city – whose remoteness was enhanced by decades of Navy occupation – and draw it and its poorer residents into a closer embrace with the rest of the city (Paddock 2010).

After a San Francisco ordinance in 1868 banned the slaughter and processing of animals within the city property, a group of butchers established a “butchers reservation” on marshland in the Bayview district that continued there until the 1970s. Additionally,

shipbuilding became integral to the area, housing the largest ships that could pass through the locks of the Panama Canal. In 1940, the US Navy purchased a section of property to develop the San Francisco Naval Shipyard (O'Brien 2005). Until 1969, the Hunters Point shipyard was the site of the Naval Radiological Defense Laboratory. The lab decontaminated ships exposed to atomic weapons testing and also researched the effects of radiation on materials and living organisms (Department of the Navy 2012). This caused widespread radiological contamination, and, in 1989, the area was declared a Superfund site requiring long-term clean-up (Environmental Protection Agency 2012). The Navy closed the shipyard and Naval base in 1994.

In 1966, racial tensions sparked a race riot at Hunters Point. Closure of the shipyard, shipbuilding facilities, and de-industrialization of the district in the 1970s and 1980s increased unemployment and local poverty levels (Dillon 2011). Building projects to revitalize the district began in earnest in the 1990s and 2000s. As in the rest of the city, housing prices rose dramatically between 1996 and 2008. Residents, many of them African-American, fled to the outer suburbs.

In March 2005, the city's Board of Supervisors approved the first phase of a redevelopment plan for the old base; this allowed 1,600 condominium apartments and town homes on 63 acres, a project to be built by the Miami-based Lennar Corporation. After years of planning, negotiating, and public meetings, voters were asked in 2008 to decide between competing ballot initiatives that would decide whether the city and Lennar could embark on an \$8 billion second phase. City-sponsored Proposition G asked residents to approve turning much of the shipyard and the adjoining 276-acre Candlestick Point into a new mixed-use project and a new stadium.

But a competing ballot initiative, Proposition F, sponsored by city supervisor Chris Daly and supported by some Bayview residents, aimed to end the project with the completion of the first phase (Schneider 2008). Proposition F reflected worries that rising property values might force existing residents out of their homes; the proposition requires that half of the housing built in the new project be offered for sale to working families at below-market rates. “We know that affordability is our top housing issue, and the guarantees provided by Prop F are right on time,” Daly expressed on his Daly Blog, [www.chrisdaly.org](http://www.chrisdaly.org).



**Figure 55. A rendering of the proposed project at Hunters Point (Lennar).**

Mayor Newsom and a number of other prominent leaders, including Senator Dianne Feinstein and House Speaker Nancy Pelosi, support the project’s potential to transform San Francisco’s industrial southeast sector into modern shoreline urban neighborhoods that put housing, schools, jobs, recreation, and retailing close together (Schneider 2008).

The pressure from Daly and his supporters appear to have influenced Lennar into reaching an agreement with a coalition of neighborhood groups and labor unions to sell 32 percent of the project's housing at below-market rates. Tim Paulson, executive director of the San Francisco Labor Council, who helped negotiate the agreement, said in a statement that Proposition F would "repel progress" and called the new housing agreement "the best deal for working families for the Bayview community and for the city of San Francisco" (Schneider 2008).

Lennar spent \$3.4 million to promote Proposition G and simultaneously defeat Proposition F, which would have mandated that half of the housing in the 720-acre development be sold or rented at rates affordable to low- and moderate-income earner. On June 3, 2008, Proposition G won 61 percent of the vote, while Proposition F failed, securing only 31 percent of the vote (Selna 2008).

But the development plan that voters endorsed is not a legally binding agreement. The final proposal required a thorough environmental review, approval from city commissions and sign-off from state and federal regulators. The approval process would require developers to address concerns by area residents and San Francisco government officials. Criticism of the project focused on the large-scale toxic clean-up of the industrial Superfund site, environmental impact of waterfront construction, displacement of an impoverished neighborhood populace, and a required build-up to solve transportation needs.

In July 2010, Lennar received initial approval of an Environmental Impact Report from San Francisco supervisors. By that point, the federal government had spent more than \$700 million on cleaning up the Superfund site. Environmental and community

groups at the hearing asked the board to reject the report because of two main concerns: a rush to develop the land before properly cleaning up the site, and a bridge that could disturb the delicate tidal ecology in the area (Elinson 2010). In a classic job creation-versus-environmental preservation debate, carpenters and other union members looking for work spoke in favor of the project, while environmental justice group Greenaction and other environmentalists spoke against the project.

In September 2010, two environmental groups, the local chapter of the Sierra Club and the Audubon Society, filed suit to block the redevelopment project, arguing that the planned bridge over Yosemite Slough would cause irreparable damage to the shoreline and its wildlife (Wildermuth 2010). In late August, Lennar reached an agreement with the California State Parks Foundation that would allow the environmental group to prepare the conceptual design for the new bridge and work with the developer to minimize any impacts to the shoreline habitat. But according to the Sierra Club's Arthur Feinstein, one reason why the lawsuit is necessary is that there is no guarantee that the developer will go along with the foundation's recommendations (Wildermuth 2010).

In July 2011, a San Francisco judge approved most of the environmental study, rejecting several challenges in a lawsuit by two citizens' groups, but denying the transfer of property to Lennar prior to clean-up of contamination.

## The Negotiation

Finalized in 2008, prior to the vote on the referendum, the San Francisco Labor Council, ACORN, and the San Francisco Organizing Project entered into a community



benefits agreement. The San Francisco Labor Council works to coordinate the efforts of 150 San Francisco-area labor unions (San Francisco Labor Council 2012). The Association of Community Organizations for Reform Now (ACORN) was a collection of community-based organizations in the US that advocated for low- and moderate-income families by working on neighborhood safety, voter registration, health care, affordable housing, and other social issues; at its peak it had more than 1,200 neighborhood chapters in the US and abroad, before closing its organization in 2010 (ACORN 2012). The San Francisco Organizing Project (SFOP) is a member of PICO California and the PICO National Network; the latter was founded in 1972 and is one of the largest community-based efforts in the US with member institutions in seventeen states and over 150 cities. PICO California is composed of nineteen congregation-based community organizations representing 350 congregations (San Francisco Organizing Project 2012). PICO is a nondenominational social justice network focused on advocacy involving a number of issues, including affordable housing, public school quality, and health care. Julian Gross, Legal Director of the Partnership for Working Families, represented the coalition in negotiations.

Under the CBA, Lennar agreed to ensure that 32% of housing units built within the project are affordable; provide over \$27 million in housing assistance funds targeted to neighborhood residents, including down payment assistance enabling additional units to be sold below market rates; and provide \$8.5 million to fund a job training program for neighborhood residents, among other benefits.

Since the benefits are contained in the CBA, they are legally enforceable by the Labor Council, ACORN, and SFOP. In light of these commitments by the developer,

these organizations took strong, public positions in support of the project on two key ballot initiatives presented to city voters on June 3, 2008. On election day, a majority of voters agreed with then-Mayor Newsom, Lennar, and the organizations signing the CBA that the project should move forward.

### Implementation

On May 3, 2012, the Bayview-Hunters Point community received its first investment from Lennar, as the developer presented a check for \$7.3 million for local job training and housing assistance. The San Francisco Foundation, a community organization that administers more than \$1 billion of charitable assets, will provide general financial management and oversight of the new community benefits fund.

In June 2012, Lennar and the city's Redevelopment Agency signed the final disposition and development agreement. The signing of the development agreement also started the clock ticking on a separate agreement that would require Lennar to put up that first installment of the \$82 million community benefits package. Dave Satterfield, spokesman for Lennar, explained that the rest of the money would be released once the suits are settled. This allows community groups waiting for the developer money to put pressure on the Sierra Club, the Golden Gate Audubon Society, and POWER, a local activist organization, to drop their suits and "let the financial floodgates open" (Wildermuth and Kwong 2012). The suits challenge the project's environmental impact report, charging that the planned toxic cleanup of the site is not adequate and that a proposed bridge over the Yosemite Slough wetlands would do major environmental damage.

Construction on the project was slated to begin in late 2012 on 400 homes overlooking the main part of the shipyard. But the future of the project is unclear, because Lennar has failed to secure sufficient financing to begin homebuilding and because state lawmakers plan to put an end to most redevelopment agencies.



**Figure 56. Mayor Ed Lee, at left, and Kofi Bonner, president of Lennar Urban Corp., on May 3, 2012, just before the press conference announcing the firm's contribution toward public benefits related to the project (*San Francisco Chronicle*).**

## Conclusions

*Political patronage* permeates economic development and organizes the transactions through which community groups gain access to resources. In patronage cities such as New York City, where politicians have long mobilized community support, a legacy of patronage politics continues to dominate struggles over resources. Patronage cities have much stronger traditions of neighborhood organization and political mobilization, but community development groups must contend with politicians who

seek to control resources for their own political purposes. Although the systems have large public sectors and offer resources to low-income neighborhoods, the benefits are often captured by a politically-connected neighborhood elites.

In New York, where resources are controlled by the mayor, ties to the large bureaucracies that dispense the resources mark the main lines of patronage. In these systems, groups with political ties may participate through the established system, but new groups or those outside the patronage network must often engage in protest or build outside networks to secure resources. Strong mayors have been able to alter the flow of patronage to support their allies and cut off groups they consider politically dangerous. As Mollenkopf (1992) points out, the budget for public services expanded during the Koch years, but spending served the mayor's political purposes. Community-based organizations that received funds needed political sponsorship to get them. The relationship of community organizations to political power in New York sometimes makes it difficult for neighborhood organizations to influence the direction of development and has allowed politically connected organizations to monopolize public resources in many neighborhoods.

Weir's (1999) analysis holds up almost two decades after its publication and is particularly appropriate for the evolution of the CBA in New York City. Cases in which (1) a proposed urban development project appears likely to generate considerable controversy and (2) civic organizations are willing to self-deal often result in relationships characterized by patronage. In several cases a project developer worked with hand-selected individuals and groups that appear to reflect only a portion of the concerns surrounding a project. Atlantic Yards, the Gateway Center, and the Columbia

University expansion each suggests processes that fall short of inclusion. In each it appears that longstanding civic organizations with concerns about the proposed projects were shut out from the process, perhaps because of their ability to derail negotiations or call attention to overlooked concerns. In the cases of the Yankee and Mets Stadiums, elected officials entered into CBAs with no civic involvement, as a way to purportedly avoid controversy by rushing projects to construction despite public and civic concerns.

But political patronage is not exclusive to New York City. The Oakland and San Francisco CBAs appear to result from processes similar to some of the New York City ones. In both cases longstanding civic organizations registered complaints and then appeared to be shut out of negotiations. Both projects raise uncomfortable environmental questions about controversial projects. This suggests that, although California is the most prolific state in terms of the number of CBAs to emerge since the late-1990s, not all California CBAs are created equal. Some question the ability of the CBA as a policy tool to support policies at the expense of harm to public health, safety, and welfare. Nor can it be assumed that political patronage is an unceasing characteristic of all development politics within New York State. The recent Syracuse and Kingsbridge Armory CBAs reflect evolving negotiation dynamics more akin to the inclusive ones characteristic of Los Angeles and other cities.

In localities where political patronage is the norm, politicians mobilize and shape community support. Community organizations serve politicians' purposes, and elected leaders support only those groups with which they have a strong kinship, perhaps regardless of the groups' reputations, prompting questions of transparency and validity. In such places, civic organizations do not work as a coalition, and the resulting

arrangements are questionable. Fewer benefits result, as arguably legitimate concerns are downplayed or dismissed outright. This is achieved because support from select civic organizations provides a veneer of community support, serving as a public relations tool. It also casts doubt on the legitimacy of the CBA as a tool when it can be manipulated so relatively easily.

## CHAPTER 6: THE NO-CBA SCENARIO

Despite what the two prior chapters might suggest, most development projects do not generate CBA-related activity. Instead, they likely fall into one of the categories depicted in the leftmost of the three columns on the chart below.

**Table 8. No-CBA Chart.**

		Coordinated Civic Activism		
		Low: No CBA or Elite Domination	Medium: Patronage CBA	High: Inclusive CBA
Real Estate Market Activity	Low	<b>Minor Projects</b> <b>Harlem Park</b> <b>(NYC, NY)</b>	<ul style="list-style-type: none"> <li>• Bayview-Hunters Point (San Francisco, CA)</li> </ul>	<ul style="list-style-type: none"> <li>• Park East (Milwaukee, WI)</li> <li>• Syracuse Schools (Syracuse, NY)</li> <li>• SunQuest (LA, CA)</li> <li>• Marilton Square (LA, CA)</li> <li>• Ballpark Village (San Diego, CA)</li> </ul>
	High	<ul style="list-style-type: none"> <li>• LULUs</li> <li>• Greenfield Projects</li> <li>• Marlins Park (Miami, FL)</li> </ul>	<ul style="list-style-type: none"> <li>• Atlantic Yards (NYC, NY)</li> <li>• Gateway Center (NYC, NY)</li> <li>• Columbia University (NYC, NY)</li> <li>• Yankee Stadium (NYC, NY)</li> <li>• Mets Stadium (NYC, NY)</li> <li>• Oak to</li> </ul>	<ul style="list-style-type: none"> <li>• Hollywood &amp; Highland (LA, CA)</li> <li>• CIM (San Jose, CA)</li> <li>• Staples Center (LA, CA)</li> <li>• NoHo Commons (LA, CA)</li> <li>• Hollywood &amp; Vine (LA, CA)</li> <li>• The Lorenzo (LA, CA)</li> <li>• LAX (LA, CA)</li> </ul>

		9 <sup>th</sup> (Oakland, CA)	CA) <ul style="list-style-type: none"> <li>• Grand Avenue (LA, CA)</li> <li>• Kingsbridge Armory (NYC, NY)</li> </ul>
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The reasons for this can be broadly categorized as: a project is too minor in nature; the project's market or submarket cannot tolerate a CBA; the project is proposed in circumstances that can be characterized as "Elite Domination." As shown in the chart below, these cases reflect limited, if any, levels of activism and, in one instance, no discernible civic involvement at all.

**Table 9. No-CBA Scenarios, Classified by Type.**

Type	Market	State	Civic	Type of CBA	Outcome	Examples
1	Weak	Supportive?	Limited or None	None	Project, No Benefits	<ul style="list-style-type: none"> <li>• Small projects</li> <li>• Greenfield projects</li> </ul>
1A	Weak	Supportive?	Limited or None	None	No Project, No Benefits	<ul style="list-style-type: none"> <li>• Harlem Park (NYC, NY)</li> </ul>



2	Strong	Supportive?	Strong Opposition	None	Project?, Benefits?	<ul style="list-style-type: none"> <li>LULUs</li> </ul>
3	Strong	Ambivalent or Unsupportive	Limited or None	None	Project, Benefits?	<ul style="list-style-type: none"> <li>Marlins Park (Miami, FL)</li> </ul>

**Type 1: Weak Market, Supportive Government?, Limited or No Civic Activism – Project, No Benefits**

Many real estate development projects are not expected to result in a CBA, for a few principal reasons. First, the project is **minor in scale**. This is the case with most real estate development projects in most places most of the time. Many projects consist of renovations or minor infill construction, both of which are relatively modest in nature. The smaller a project's budget, the less room there is for developers to cede concessions and the less there is for activists and civic organizations to seek in public benefits. In such cases, civic leaders do not even pursue the attainment of community benefits, as the costs involved handily outweigh the benefits.

Second, a project's submarket location matters for another critical reason: the existence of an organized citizenry that will be disrupted to a sufficient extent to seek mitigation in the form of community benefits. Projects proposed for **greenfield sites** bereft of a critical mass of existing residents will not provoke outrage and involvement sufficient to result in a negotiation for benefits.

**Type 1A: Weak Market, Supportive Government?, Limited or No Civic Activism –  
No Project, No Benefits**

Many projects fail to result in community benefits because market conditions deteriorate drastically following introduction of the project. Harlem Park is one high-profile example of a project that died early on in the benefits-discussion stage.

**Harlem Park (2004)**

In September 2004, the New York city council approved a rezoning for the development of “Harlem Park.” The 600,000-square-foot modernist tower of stacked glass cubes was to contain office space, residences, and a Marriott Hotel as principal corporate tenant. The hotel was to have been the first built in Harlem since Hotel Teresa closed its doors in 1966, and at a height of 550 feet, Harlem Park would be the tallest building in upper Manhattan (Berkey-Gerard 2005).



**Figure 57. The sleek, modern Harlem Park would have been the first hotel in Harlem in several decades (*Wired New York*).**

### The Negotiation

Although ground was broken on construction of the hotel amidst great fanfare in February 2005, development stalled the following year (Watson 2006). After the Marriott development fell through, Vornado Realty announced plans to build an office building on the site (McKnight 2007), which would house the headquarters of Major League Baseball (Danis 2008). But the proposed project would require zoning approval as well as approval to exceed the height limit for the area.

Community Board 11 chairman Robert Rodriguez said that representatives of Vornado approached the board to see if it would approve of the tower's proposed 330-foot height. "We rejected that unless there could be a significant community benefit

provided,” said Rodriguez (Baumer 2005). In order to gain community support for the tower, and by association the expected approval of local Councilwoman Inez Dickens, Vornado worked out an agreement with the board, pledging more than \$1 million in concessions (Brown 2008a). Both the board members involved and developer Michael Caridi declined to comment regarding the negotiations.

The agreement offered: giving Harlem residents first-source employment opportunities for an estimated 948 hotel and 1,482 construction jobs, through a \$300,000 community hiring program; utilizing minorities in at least half of all hourly positions and utilizing women and minorities in at least 35% of all management positions; providing over \$1 million in funding for maintenance and capital improvements to Harlem parks.

### Implementation

Vornado cancelled its plans to construct an office building in December 2008, however, citing the deteriorating economy (Arak 2008, Brown 2008b). The project still is not expected to proceed (Arak 2009).



**Figure 58. Harlem Park, like many other real estate projects, fell victim to the global recession (*Curbed New York*).**

**Type 2: Strong Market, Supportive Government?, High Level of Civic Opposition – Project?, No Benefits**

Some projects are not the right fit for a very different reason. The project could in fact be large, with room for concessions. But it might be a project too contentious for widespread community support, in any manner. Communities are reluctant to host facilities, such as group homes, low- and moderate-income housing, prisons or water management facilities, which impose or are perceived to impose concentrated local costs, even when the more diffuse regional benefits outweigh those costs. Because the benefits of the facility are spread over the entire region while the costs are concentrated on the host locality, that community is likely to be reluctant to or even openly hostile to such a controversial development (Ellickson and Been 2005).

Many land uses provide benefits to a relatively large and diffuse group of consumers, clients or citizens but impose significant burdens on a much smaller group – their immediate neighbors. Such locally undesirable land uses (“LULUs”) generate a “not in my backyard” (NIMBY) reaction that makes them difficult to site. Neighbors of the land selected for a LULU have considerable incentives to fight the siting, while beneficiaries of the project will find it difficult and/or costly to join with other beneficiaries to support the proposal. The siting of LULUs poses a difficult public policy challenge and typically fails to result in a CBA.

In essence, then, projects that result in CBAs have certain characteristics in common: they are large projects, proposed during expansionary periods in the real estate cycle, in relatively thriving submarkets. Yet even when these characteristics are in place, CBAs might still not result, because of the nature of the relationship between civic organizations and local elected officials.

### **Type 3: Strong Market, Supportive Government?, Limited or No Civic Activism – Elite Domination**

The most fundamental relationship between community organizations and elected officials can best be characterized as Elite Domination, whereby community organizations find themselves disconnected from the centers of economic and political power. Most of the elite-dominated systems, where community organizations are weak, are in Sunbelt settings, in large part because the cities do not have a tradition of neighborhood mobilization. In the Sunbelt, political reform diminished parties as

organizations, sharply reducing political participation and greatly increasing the power of local elites (Shefter 1994; Bridges 1997).

Real estate projects in an Elite Domination scenario do not result in CBAs. Elite Domination cases reflect weaker connections between community organizations and the centers of economic and political power. Unlike Patronage and Inclusive cases, they emerge in places where:

- community organizations are relatively weak, because they have short histories and unstable funding, and
- community organizations do not work in coalition form.

In reality, even large-scale projects in cities with a history of negotiating CBAs often fail to incite CBA discussions. As one example, New York City's Task Force on Public Benefit Agreements (2010) outlines eleven megaprojects (defined as involving 500,000 square feet or more of development; sites exceeding twenty-seven acres; and/or \$75 million in public subsidies) certified by the city between 2006 and 2009 alone that did not generate notable CBA-related discussions. These projects, and the recent Marlins Baseball Park project in Miami, present an illustrative example of how most large projects in many US cities do not result in CBAs, especially in Sunbelt states. This reflects the unwillingness and/or inability of civic organizations in most locales most of the time to muster the resources and strategies required for effective CBA negotiations.

### **Miami – Marlins Park (2009)**

In March 2009, the city of Miami City Commission and the Miami-Dade County Commission together approved over \$500 million in funding for a new stadium for the Florida Marlins Major League baseball team. The stadium would be located in Miami's Little Havana neighborhood on the site of the soon-to-be demolished Orange Bowl, just two miles west of the downtown Miami central business district. The project would reflect the complex city-county arrangements that often result in Miami's largest projects. It would include a retractable-roof stadium, parking garages, and public art around the stadium. It would go on to be one of the largest and most controversial public-private projects in Florida's history.



**Figure 59. An evening view of Miami's Downtown Central Business District.  
Source: Condo South Florida.**



## The Project

From the inception of the Florida Marlins in 1993 until October 2011, the team played its home games at the facility currently named Sun Life Stadium near the northern border of Miami-Dade, just south of Broward County. A multi-purpose stadium originally built for football, Sun Life is also the home of the Miami Hurricanes college football team. But team owners complained that Sun Life was inadequate as a baseball venue. After original owner Wayne Huizenga sold the team, the Marlins began a concerted effort to build their own park. At the end of the 1990s, then-owner John Henry unveiled his vision for a new baseball-only venue. The plan included a retractable roof, due to South Florida's heat and humidity (Musibay 2009).

After the Marlins won the World Series in 2003, both team and management and Miami-Dade County officials announced plans to fund the new ballpark. Soon after, the city decided not to help the team pay for a new stadium. However, in 2004, the city of Miami proposed building a baseball-only stadium for the Marlins at the site of the Miami Orange Bowl that would adjoin the existing football stadium along its northern flank (Musibay 2009).

In May 2004, Miami-Dade County commissioners agreed to fund its portion of a new stadium. The Miami Dolphins notified the Marlins in December 2004 that they would terminate its lease at Sun Life Stadium following the 2010 season if no stadium deal appeared imminent. Just a few months later, Miami-Dade County officials unveiled a financial plan for a \$420-435 million ballpark and parking garage for the Florida Marlins east of the Orange Bowl. In 2006, the Marlins turned down an offer from San

Antonio, Texas officials to approve a funding vote for a new stadium to be built there. Instead, there were new signs of hope by Florida Governor Charlie Crist and city of Hialeah mayor Julio Robaina. That year, the University of Miami Hurricanes college football team announced they were leaving the Orange Bowl, paving the way for the stadium to be built there.

## Negotiation

In February 2008, then Major League Baseball president Bob DuPuy gave city and county commissioners an ultimatum during a public hearing: “I just want you to know that if you decide not to make a decision tonight, that will be the death knell for baseball in Miami. We are out of time.” City and county commissioners appeared to take the threat seriously and within hours voted to approve funding for a new ballpark for the Marlins, in the form a Baseball Stadium Agreement. The cost of stadium construction was expected to be approximately \$525 million. The deal was put on hold because of a lawsuit filed by local auto dealer Norman Braman, who argued that the deal would need to go before voters in a referendum. The lawsuit was dismissed later in 2008, reopening negotiations.

Beginning in the summer of 2008, labor unions and individual groups, including the social justice organizations Jobs for Justice and the Miami’s Worker’s Center, began meeting with team officials and elected officials from both the city and county. According to several interviewees, however, the unions and organizations did not appear

to have a combined strategy and instead appeared to make individual requests. Team and governmental leaders explained that it did not appear as if neighborhood groups were involved. Vecinos Unidos, an association of neighbors in the area surrounding the stadium, was formed as the stadium deal was being discussed. But this left little time for coordination. In addition, a number of business and chamber associations adopted resolutions in support of the stadium, citing its ability to create jobs and generate local spending. These include various organizations led by Latinos and focused on their economic development, such as the Latin Builders Association, the Kiwanis Club of Little Havana, and the Latin Chamber of Commerce.

Just days before the Miami city commission was to vote on the deal, the Marlins, the local chapter of the National Association for the Advancement of Colored People, and the Miami-Dade Chamber of Commerce, which represents black-owned businesses, signed a deal committing the team to hire black-owned businesses for 15% of the construction work, among other concessions. Although the deal was made between private parties, Miami-Dade County Attorney Roger Cuevas opined that the county commission could not sign onto any agreement with the team unless the private agreement was null and void. He argued that because the Marlins Stadium would be funded largely with public money, and that the rules that apply to public funding would apply to all aspects of the stadium dealings. He argued that federal courts had found race-based set-asides to be unconstitutional, and so the private agreement was nullified by the parties involved (Rabin 2009).

A few days later, Miami city commissioners approved building the new stadium in a 3-2 vote. The next week, a majority of Miami-Dade County commissioners voted in

favor of the stadium plan as well. Just prior to the vote, two activists that had attempted to negotiate a separate agreement with the team were arrested at the meeting, for allegedly disrupting the peace. In the final deal, approved by the county in July 2009, the total building cost of the stadium was presented as being \$634 million. In terms of financing, the project breakdown consisted of \$376.3 million from the county, \$132.5 million from the city, and \$125.2 million from the team. The total cost is \$2.4 billion, spread over 40 years, to repay \$409 million in bonds that will cover stadium construction.



**Figure 60. The completed stadium includes a retractable roof. Source: Miami Marlins.**



**Figure 61. For decades, neighbors around the stadium site (previously the Orange Bowl) have used the stadium as a source of revenue, primarily by renting their front lawns for game-day parking (*Sun Sentinel*).**

## Implementation

During the 2009-2010 offseason, other MLB owners suggested that the Marlins generated larger revenues than they suggested (Passan 2010). The news raised public suspicion that the Marlins' front office was being dishonest in their arguments to county and city commissioners that they were barely breaking even year after year. But team owners would not disclose figures. In August 2010, the Marlins' financial documents were leaked on the internet, showing that the team turned millions of profit each year while receiving more revenue-sharing money than any team in baseball by 2009 (Passan 2010).

In March 2011, county voters ousted Mayor Carlos Alvarez in the largest recall election of a local government official in US history, by a margin of 88% to 12%. The most oft-cited reasons for such widespread support of his recall were his push to raise the county's property tax rate and his strong support for the ballpark deal (Gutman 2011). A vocal opponent of the stadium deal, County Commissioner Carlos Gimenez went on to succeed Alvarez as mayor.

The most fundamental type of relationship between elected officials and civic organizations is one characterized by *elite domination* (Weir 1999); in other words, the connections between community organizations and the centers of economic and political power in many localities are relatively weak. Oftentimes, but not exclusively, elite-

dominated systems can be found in Sunbelt settings, in large part because those cities do not have a tradition of neighborhood mobilization. In the Sunbelt, political reform diminished local political parties as organizations, sharply reducing political participation and greatly increasing the power of local elites (Shefter 1994; Bridges 1997).



**Figure 62. County Mayor Carlos Alvarez was recalled in 2011. The stadium opened in early 2012 (newswr.com).**

In such cases, community groups tend to retain a protest orientation or to remain small dependent organizations because they have found few channels for effective independent participation. Outside efforts to build networks must contend both with the distrust of the community groups and the desire of established political leaders to limit the political threat that the neighborhood mobilization poses. A thin civic and political environment proves inhospitable to building community-based development capacities. It is difficult to launch a network strategy, even with outside assistance, in this kind of setting. Building strong independent organizations is challenging, and it often proves

difficult for community-based organizations to influence city development priorities for some time.

This relationship is perhaps best depicted by the case of Miami. Because of the massive in-migration of refugees over the last five decades from Cuba, Haiti, and other Latin American and Caribbean countries, Miami has experienced an ethnic transformation greater than that of any major city in the twentieth century. Two-thirds of Miami's population is foreign-born, a figure that far surpasses that of every other major city. As of the 2000 Census, the city of Miami also ranked as the poorest large city (population over 250,000) in the United States, as measured by the percentage of its population (32%) living below the poverty line. Although the combination of these characteristics is highly unusual, Miami may nonetheless serve as an omen for other cities with rapidly changing populations.

Unlike Blacks and Latinos in other cities, Miami's Hispanics, especially Cuban Americans, have experienced swift economic and political incorporation. They have succeeded in Miami's internationally-focused economy as well as in attempts to repeal at-large elections in favor of district representation at both the county and municipal levels; the result has been a marked increase in the number of Hispanic elected officials. These achievements have led to Hispanics becoming the largest electoral constituency as well as a fundamental part of local elite leadership (Warren and Moreno 2003).

Portes and Stepick (1993) have described Miami as an area that has experienced "acculturation in reverse," a process by which foreign institutions, customs, and language are disseminated within the native population to the extent that opponents of diversity feel compelled to either withdraw into homogeneous enclaves or depart the community

via “White flight.” Hispanic political incorporation has arisen from numerical superiority, economic success, and structural governmental reforms, but the dominant coalition is unlikely to include Blacks or be especially diverse. The emergence of new minority groups as dominant forces in local politics does not necessarily result in shifts in substantive policy in ways that enhance the political position or policy interests of Blacks and low-income Hispanics.

Indeed, the ethnic composition of the business and political leadership of the community has changed dramatically, but the broader socioeconomic tenor of local public policy has not. Sofen’s (1961) observations regarding Miami’s power structure remain essentially valid: In the case of Miami, the lack of countervailing organizations in the form of either cohesive minority, social justice or labor groups has meant that the business community contends with little competition politically.

During most of its history, Miami’s business interests and governmental structures combined to create a climate in which the key concerns of minorities were often characterized as being antithetical to the concerns of the broader community. Greater ethnic diversity within the decision-making elite of business and civic institutions has been remarkable in its own right, but it has not resulted in a demonstrably more inclusive stance regarding local public policy priorities (Warren and Moreno 2003).

The divisions between Blacks and Cuban-Americans in particular are rooted in group and economic differences so profound that finding mutually-agreeable concessions has proven illusory. Meanwhile, Whites have not played a prominent role in the formation of new coalitions. As a result, it is perhaps not surprising that Hispanic organizations were largely supportive of the construction of a stadium in Miami’s Little



Havana neighborhood. Instead, the benefits discussed were designed ostensibly to curry favor with Black county commissioners whose districts were located at sizable distances from the stadium site.

Miami embodies a scenario of continued division between the nation's two largest minority groups. Each urban area faces its own unique circumstances relating to minority political mobilization, but Miami may represent a microcosm of conflict and adaptation different from previous prototypes of minority politics in America's cities.

## **Conclusions**

Most real estate development projects in most localities are too minor financially or too undesirable locally to provide viable opportunities for the negotiation of a CBA. In other cases, in which sizable projects are on the horizon, community organizations are weak, because of relative inexperience and/or unstable funding, to possess the leverage and negotiation experience to even attempt such a complex, time-consuming undertaking. In such places, community organizations also do not work as a coalition. With regard to CBAs, although the Miami Marlins Park project looks at this case in detail, it is actually quite telling of the larger South Florida environment and ultimately of much of the United States generally. In this sense, *elite domination* is the *default* relationship between elected officials and civic organizations, especially in younger cities where civic networks are correspondingly newer, less sophisticated, and less cohesive.

The Elite Domination form of relationship depicted by the Miami case detailed in this chapter receives little attention but is costly and problematic for the average taxpayer.

Local economic development efforts often focus on the provision of sizable subsidies to large private development projects in order to encourage private investment that might otherwise occur anyway (Peres and Fisher 2004). Local governments often offer financial incentives as gifts with few conditions attached. In addition, estimates show that over three-quarters of all economic development professionals fail to conduct evaluations of the public subsidy packages that they put forth (Peters and Fisher 2004). As such, private firms often gain without taxpayers' knowledge of the true costs and benefits involved. In most places in the United States, especially in newer, Sunbelt and southern cities, CBAs are unlikely to emerge in relation to major real estate development projects. As a result, for the foreseeable future, CBAs fail to be a viable urban policy instrument for most civic organizations in most cities.

## **CHAPTER 7: CONCLUSIONS**

The present study has resulted in a series of observations across both states and localities with regard to the nature of CBA negotiations and outcomes and how these are influenced by market, governmental, and civic factors at both levels. As a result, this study concludes with findings addressing four closely related questions:

1. What market, governmental, and civic factors explain the preponderance of CBAs in certain states and cities?
2. Which of these factors best accounts for the differences among the CBAs and the benefits, if any, that do emerge?
3. What has been the impact of the CBA phenomenon?
4. How does our knowledge of the CBA phenomenon shape the field of urban political theory?

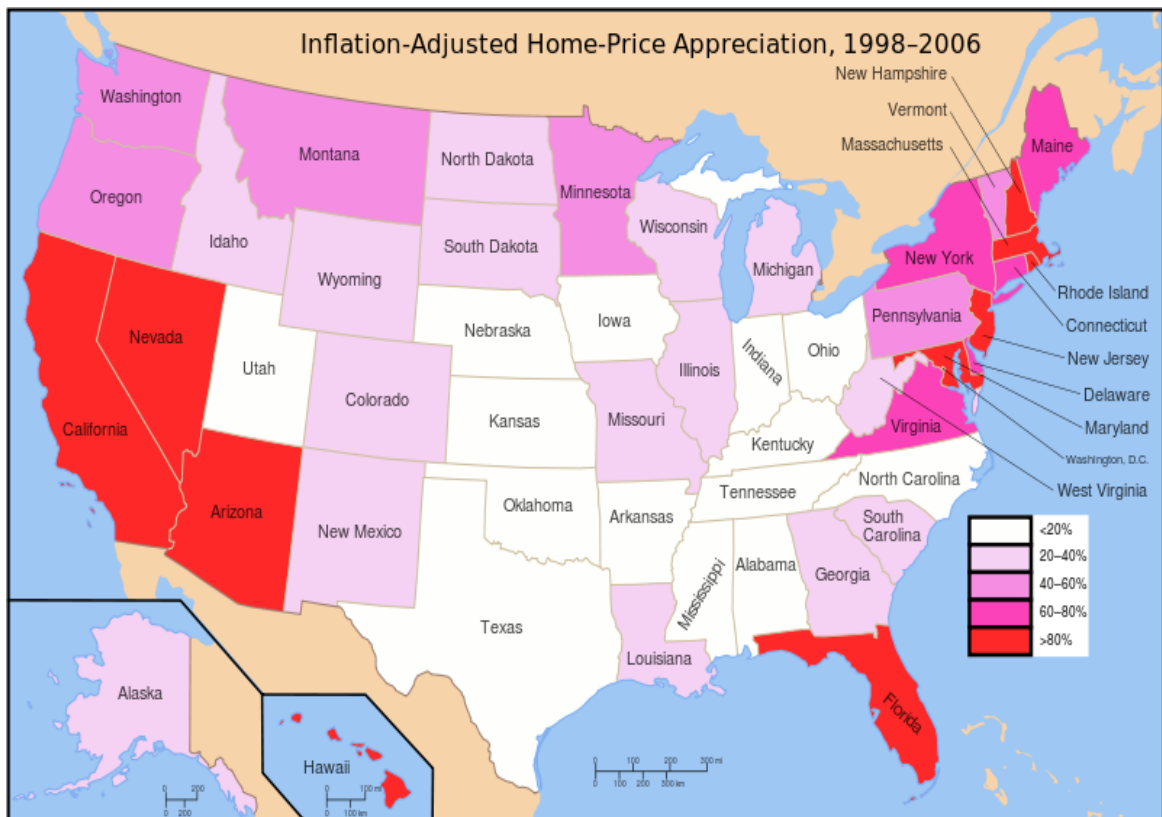
### **Market, Governmental, and Civic Factors**

The CBA phenomenon reflects the interplay among the three principal sectors involved in land-use planning and real estate development in the contemporary United States, at both the state and local levels.

## STATE LEVEL

### *Market Sector Findings*

When the real estate bubble burst in the mid-2000s, real estate activity – especially the construction of new housing units - slowed down in much of the country. But growth and later contraction in the national economy in the late 1990s and early 2000s affected different states differently. States have different economies, as a function of their size and the kinds of sectors that most influence the state's economy.



**Figure 63. States experienced varying degrees of home-price appreciation during the boom years of 1998 and 2006. Source: Altius Bimm.**

As demonstrated by the cases examined in this study, state economies demonstrate a wide range of growth rates. As a result they experience stark differences in land prices and in real estate activity. But even within states there are marked regional differences in real estate activity and price appreciation. Out of the 20 largest metropolitan areas tracked by the S&P/Case-Shiller house price index, six (Dallas, Cleveland, Detroit, Denver, Atlanta, and Charlotte) saw less than 10% price growth in inflation-adjusted terms in 2001-2006. During the same period, seven metropolitan areas (Tampa, Miami, San Diego, Los Angeles, Las Vegas, Phoenix, and Washington, DC) appreciated by more than 80%. Not surprisingly, then, the proliferation of CBAs in a handful of states in particular is closely related to the economic growth and real estate activity.

Urban real estate development projects emerged because of a host of demographic factors – primarily decreased urban crime rates and frustration with suburban sprawl, among others – beginning in the 1990s. To the extent that some cities witnessed more real estate activity than others, and that some states have more of those cities – and hence those projects – than others, some states saw more CBA activity than others.

California led the nation in the number of CBAs generated at least partially as the result of rapid economic growth in Los Angeles and a select few other cities. New York's CBA activity revolved almost exclusively around New York City, which outpaced every other metropolitan area in New York across a range of measures. But the Tampa, Orlando, and Miami metropolitan areas in Florida outpaced much of the rest of the nation and yet generated little CBA activity. Surely other non-market-related factors must have greatly influenced this outcome.

Regardless of location, however, each of the projects that has engendered a community benefits-related arrangement is a megaproject or – in the case of Milwaukee’s Park East initiative – a series of likely megaprojects. From the developer’s perspective, the more potentially profitable a project, the greater the incentive to negotiate with civic organizations in order to quash opposition. “Uncertainty,” LA then-Deputy Mayor Jonathan Kevles remarked, “is the enemy of investment” (Rappleye 2002). Developers are particularly susceptible to demands for CBAs when existing zoning does not comfortably accommodate a proposed project or when public infrastructure improvements are needed or when the full financing is not in place (Marcello 2007).

From a civic perspective, negotiating a CBA is a time- and resource-intensive undertaking; civic organizations throughout the country have realized that the opportunity costs of credibly attempting to request benefits are substantial. As a result, groups find that it is simply not worthwhile to attempt to secure benefits from projects that are minor or that are not likely to be greatly profitable. Most real estate projects do not fall into the megaproject category, no matter how loosely defined. As a result, most real estate projects will not engender a CBA. (Other prominent CBAs are included in Appendix B of this study.)

### *State Sector*

Government plays a pivotal and often underappreciated role in each CBA discussed in this study. Federal agencies are involved in several of the projects. This involvement has taken two forms: the provision of funding, and the regulatory review of

projects that pose sensitive environmental demands upon their surroundings. With regard to funding, the US Department of Housing and Urban Development has provided funding for the SunQuest and NoHo Commons projects in Los Angeles. In terms of regulatory review, the Federal Aviation Administration reviewed and subsequently approved the expansion plans for Los Angeles International Airport, while the Environmental Protection Agency reviewed and partially funded work proposed for San Francisco's Hunter's Point project. But by and large, federal government involvement was limited to a handful of projects; the majority of projects instead underwent more involvement from state- and local-level governmental agencies. The more critical governmental interventions occurred at the state and local levels.

## California

In California, no state agencies were explicitly involved in individual projects with regard to funding except to the extent that state law allowed the creation of local Community Redevelopment Agencies that individually helped to provide funding for projects. Where the state of California influenced projects to a greater extent was through the adoption by California legislators of policy mandating a threshold of policies standards that localities would need to meet or exceed.

A number of interviewees involved in the negotiation of CBAs within California remarked that environmental regulations, in particular, provided detailed requirements for the assessment of potential environmental impacts by proposed projects. Groups would regularly question the validity of the reports presented, providing them with leverage in

the form of the presumed threat of litigation as well as by delaying project review processes, thereby pressuring developers to undertake costly delays.

In California, a series of local governmental and quasigovernmental agencies have shaped development projects. Within the city of Los Angeles a few in particular have been involved. The city's Community Redevelopment Agency is often the agency that approves a project and provides funding for it. With the recent dissolution of CRAs it appears that the municipal government will be responsible for funding and approvals for these types of projects in the future. But until recently the vast majority of projects receiving financial assistance did so under the auspices of the LACRA.

With regard to regulatory approvals, the city ultimately had to approve the projects, but the bodies consisted of the same officials. In the cases of Hollywood & Highland and Hollywood & Vine, the Metropolitan Transit Authority served as a participating local entity as well, due to the transit agency's ownership of transit stations intended to serve the redevelopment sites and, more importantly, due to the ownership by the agency of land adjacent to the stations. Such land in the urban core has become an increasingly valuable commodity for urban redevelopment, as transit agencies can lease the land to developers on favorable terms.

With regard to the LAX project, the Los Angeles International World Airports commission, a public agency, served as the first instance of a public developer that agreed to enter into a CBA. This is perhaps not surprising given the controversy engendered by previous proposals to redevelop and expand the busy airport. The airport is surrounded by residential neighborhoods and a number of schools, and airports can



impose controversial negative externalities on such nearby uses. The LAX project and its resulting CBA reveal that public developers are not immune to public outcry.

Similarly, in the case of LA's Grand Avenue project, the governmental entity that negotiated a CBA with civic organizations – the Grand Avenue Authority – is a joint city-county body, due to the joint ownership of the affected properties. Local governments that combine jurisdictions and redevelopment projects also are not exempt from public concerns and requests.

The CBAs that emerged in the other California cities outside Los Angeles followed a similar pattern. Whether in San Jose, San Diego, Oakland or San Francisco, the cities provided regulatory approvals and, in all but the San Diego case, a community redevelopment agency also provided approvals and funding. In the San Diego case, the city contains a Downtown Development Arm, a non-slum-and-bligh-focused redevelopment entity that had the authority to approve and partially fund local projects within its jurisdiction.

## New York

As in California, in New York projects were shaped by state-level agencies and factors. The Yankee Stadium project, for example, revealed the possibility of securing subsidized electricity via the state of New York as a way to reduce ongoing operational costs of projects. In the cases of Atlantic Yards and Columbia University, the state-approved use of eminent domain also reveals itself to be a useful and perhaps necessary tool for assembling land parcels so that the totality of a project can be brought to fruition.

Project proponents and advocates indicated that in the absence of willing sellers, such projects could not be accomplished to the appropriate extent.

But perhaps just as important has been the way in which state-level factors influence the local projects at hand has been by allowing New York City to override the ULURP process of local project review. This has reduced the extent of public participation processes and allowed projects to skirt more extensive input from civic organizations than might have been experienced in Los Angeles and elsewhere.

In New York City the city government itself typically reviewed and approved the projects. In the case of Atlantic Yards, the Metropolitan Transit Authority, similar to that of Los Angeles, served as a key player, given that much of the land on which the project would emerge is owned by the transit authority. In the case of the Bronx Terminal Market project, the Economic Development Corporation and the Bronx Overall Development Corporation also approved and partially funded the project.

The Syracuse project involves a purely public project – one initiated and funded by the public school board consisting of renovations to its schools citywide. But the kind of project, paid for exclusively through tax dollars, is not controversial. Plus the Syracuse economy has long been less than robust. The combination of a noncontroversial project and a relatively stagnant economy kept the public school board from being forced into a subservient negotiation posture. As a result of this decreased leverage, the large coalition that emerged to request community benefits easily settled for a modest apprenticeship program rather than a comprehensive portfolio of benefits.

## Wisconsin

With regard to the PERC case in Milwaukee, Wisconsin's Department of Transportation had to authorize the abandonment and demolition of a portion of highway that would go on to provide the physical space for downtown redevelopment. But the state was otherwise not engaged in the processes by which land would be redeveloped, providing with it opportunities for the negotiation of community benefits.

Similar to the Grand Avenue case in Los Angeles, the PERC example in Milwaukee relies upon the ownership of land by two local governments – a city and a county. Because each contained land that would be affected by the stipulations proposed in the PERC, each body could consider whether to adopt the proposed community benefits standards via ordinance for future redevelopment projects. In this case, however, a combined authority was not in place. Rather, activists lobbied and persuaded the two governmental bodies separately, with the possibility of both, neither or only one of the bodies adopting some level of benefits standards policy. In this case the result was a split decision – the city refused to adopt the standards, while the county opted to adopt them.

## Florida

In Florida, the state played a limited role. The land on which Marlins Park is located had long been property of the city of Miami, and the project itself would go on to be funded by both private dollars and public dollars, with the latter emerging from county

and city coffers. The state of Florida was involved to the extent that it allowed a waiver of state property taxes for the parking garages to be located on the site.

In the Miami case, two local governments were involved. Although the city owns the land on which the proposed project would be built, large-scale public-private projects within Miami-Dade County often involve both municipal and county governmental approval and funding. Both bodies elected to contribute to the project, but no cohesive set of requests emerged. What few benefits were agreed to were ultimately of a largely voluntary nature.

Although this section looks at localities in California and New York exclusively, the findings from the Wisconsin and Florida cases are consistent with those findings. Overall, state agencies influence projects through partial project funding but primarily via legislation that allows projects to move forward using eminent domain and planning tools unavailable to the locality, as well as through the establishment of performance standards that serve as a baseline measure for public benefits such as affordable housing requirements. But by and large the kinds of projects that have engendered community benefits agreements are molded by regulatory schemes and political dynamics that are local in nature.

### Subsidies and Assistance

The kinds of financial and other assistance that local governments can provide in order to help bring redevelopment projects to fruition fall into certain common categories. The most obvious is the provision of financial contributions toward a project.

The projects that have generated CBAs or in-depth discussions of CBAs are typically megaprojects; not surprisingly, the amounts offered or discussed for potential public contribution are sizable as well. They range from \$7 million for Hollywood and Vine to upwards of \$150 million for the LA Live and Mets Stadium projects to over \$1 billion in the case of the exclusively-public Syracuse public school project. Although this funding can be directed toward project construction costs, often it takes the form of funding for infrastructure projects intended to serve a particular project (such as Grand Avenue) or transit upgrades intended to serve a project (such as The Lorenzo). Funding support can also take the form of brownfield contamination remediation, as is the case with SunQuest in LA or with the San Francisco project on the abandoned military base.

Apart from direct financial expenditures, land is a valuable commodity as regards redevelopment projects. The SunQuest project involves city-owned land on favorable terms, while the Hollywood and Highland and Hollywood and Vine projects involve the lease of land on favorable terms. In order to facilitate the Yankee Stadium project, New York City government provided replacement park land to compensate for nearby land that was replaced by surface parking.

Apart from direct financial expenditures or the reduction of land costs, local governments also can employ the police power in order to increase the potential value of a project and thereby make it financially viable to a potential developer. Such measures may be particularly appealing to a local government politically and financially since they create value “off the books,” thereby often attracting less public attention. In the Staples CBA case, for example, Los Angeles allowed the upzoning of the site in question, thereby allowing for a more intense project use than previously permitted. Similarly, in

the Harlem Park case, a community board recommended a height variance that would have allowed the developer to build a taller – and presumably more profitable – project than he could have otherwise. Both the San Diego and Atlantic Yards projects involved the transfer of development rights, thereby allowing for taller, larger projects than present zoning would have allowed.

These kinds of public investments give developers, whether traditional real estate developers or public-private development teams, an incentive to not just undertake projects but also to make sure projects do not get killed or stalled. These public investments also put pressure on key elected officials to smoothen out any wrinkles that might emerge from upset the public. In fact key elected officials are perhaps the single most important officials.

#### Development Agreements

Although, from the perspective of civic organizations, it is desirable for a CBA to become part of a project's development agreement, it is not essential. Having benefits included in the development agreement would allow the commitment to provide benefits to be enforceable by the government entity that is negotiating with the developer. But enforceability by a local government would augment – but not replace – enforceability by civic organizations that are party to a private CBA. Unlike civic groups, local governments are bound by legal restrictions that do not apply to private parties (Community Benefits Law Center 2012). Moreover, the vast majority of states do not

allow development agreements at all, rendering the point moot in the case of most real estate development projects in the US.

### Key Politicians

Regardless of the state or city in which a project is being discussed, virtually each of the cases reveals a similar pattern: when it comes to CBAs, local mayors matter, but district officials matter even more. Having single-member districts is common throughout the US. Indeed, in the mid-1990s Miami-Dade County residents sued the county, demanding equal representation in the form of geographic district-elected officials. A number of local cities throughout Miami-Dade soon followed the county's lead and adopted their own form of district representation. The other cities included in this study already had such systems in place.

In many cities – apparently including each of the ones studied here – local elected officials have a tradition of deferring to the wishes of the official in whose district the project at hand is being proposed. Several interviewees admitted that this was not necessarily out of a sense of noblesse but rather because not doing so might engender the hostility of their peers on the dais, who might then, on another occasion, “meddle” or “interfere” (as one interviewee explained it) with projects in the “offending” elected official's district. Each of the California cases appears to follow this pattern. In the Hollywood and Highland case in LA and again in the San Jose case, the district officials felt so strongly that community benefits should be part of the project's terms that they

convinced the developer and the majority of their peers that supporting such arrangements was essential before the projects could be approved.

A similar pattern emerged in New York. In the Harlem Park case the Community Board chair was able to play this role. The project itself never made it to the city council, but it did make it to the Community Board presumably on its way to eventual council consideration. The board chair took it upon himself to request community benefits, perhaps as a surrogate of the local councilmember. New York City's multilevel local government contains both a borough (or district) president with expansive governing powers. This individual typically leads the review and approval of projects. As a result, each has been instrumental to the negotiation and adoption of community benefits.

In New York City, the mayor is a very important figure as well. Bloomberg's support for a project has been critical to the project's approval. But the mayor's feelings about CBAs have changed over time. While initially more supportive, he sensed that the request for CBAs could derail project discussions and delay their approvals, putting a pro-growth agenda in danger. As a result, he made it more difficult for CBA negotiations to emerge. Still, the ultimate political power broker remains the district elected official. The recent Kingsbridge Armory case, in which the borough president openly encouraged such a negotiation and would not allow project approval without it, cements the notion that the local elected official is key.

The Milwaukee and Miami examples also support this contention. In fact one of the most pointed findings of this study is that – according to several civic leaders – the request for a CBA is not aimed at developers at all; instead, the request is aimed at the local elected official. As one interviewee put it, “When it comes to CBAs, local electeds



are the true gatekeepers.” Another interviewee, who has helped negotiate more than a handful of CBAs, explains it in even blunter terms:

Local politicians are the real target of CBAs. Real estate projects are the vehicles, but politicians are the *real* target. They can *make* developers sit down.

From the perspective of local elected officials, acquiescing to a CBA or perhaps even openly supporting and initiating one offers a means for reconciling two potentially competing imperatives: the political (reelection) and the economic (job creation, tax base expansion, tax rate reduction). When civic organizations appear to pose a genuine threat to these objectives, CBAs provide local politicians with a potential remedy.

### *Civic Sector*

The third sector involved in CBAs can perhaps be seen as the most critical one. Although elected officials in Los Angeles laid the groundwork for requests for community benefits, the civic sector took the practice and expanded upon it.

### Neighbors

At its most fundamental level, the civic sector relevant to a particular land use project includes neighbors, those persons who own land near the site where a development project has been proposed. Individual neighbors in localities throughout the US have shown themselves to be adept at blocking projects, as reflected through some

common land use acronyms, including NIMBYs (not-in-my-backyard) and CAVE (citizens-against-virtually-everything) people. The potential to derail proposals is dispersed widely.

That is not the case, however, with the ability of individual private citizens to *back* particular redevelopment schemes. As expressed by Altshuler and Luberoff (2003), It is unrealistic to expect ordinary citizens, preoccupied with their private lives and lacking access to institutional resources for mobilization, to initiate or frequently mobilize in support of development policy proposals. So that, if someone were to ask, as I do in the title of this study, “What will the neighbors say”... about a particular initiative?, the answer is likely to be...perhaps nothing at all. At least not unless the neighbors are organized into some sort of cohesive civic group.

Although notions of *community* are unsettled, often controversial, and highly contextual (as the case studies reveal), self-identified stakeholders often emerge before and during CBA negotiations as part of a *community* of aligned interests, each claiming some stake in a project and the benefits that it might be able to generate. The types of community groups that insert themselves as projects emerge and how they relate to each other are perhaps the variables that most define whether a CBA will be pursued, how negotiations will proceed, and what the final arrangement – if any – will include. The number and kinds of groups that exist within a locality will determine the kinds of benefits that will be requested and how they will be sought.

Civic groups can advocate on behalf of citizens that are typically underrepresented or in the vague notion of the *public interest* or for some other particular cause. What is fairly certain, however, at least when it comes to CBAs, is that organized

groups enjoy asymmetrical influence in an imperfect process. The types of organizations that often involve themselves in CBA negotiations include:

### Neighborhood Associations

One would assume that neighborhood associations, as hyper-localized political entities, would be the most influential organizations when it comes to land use processes and CBA negotiations. But, historically, that has not been the case. Neighborhood associations are civic organizations oriented toward maintaining or improving quality of life in a geographically-defined residential area. They are a form of local voluntary organization in which the common interests of residents are expressed, and they tend to form around a single neighborhood issue, often a land-development project (Logan and Rabrenovic 1990). But as purely voluntary organizations, they rarely undertake assignments as sophisticated, complex, and proactive as CBA negotiations. Although a number of them signed on to independent CBA documents and supported efforts led by others, in no case were they the lead organizations that kept efforts moving forward over the course of months or years. Instead, that role was played by a more established, better funded interest group with experienced, paid staff.

### Interest Groups

Groups with a defined focus, such as affordable housing, social justice, environmental remediation or historic preservation, often engage in CBA negotiations

and even spearhead negotiations. A few are nationwide in focus, while others are more specific to a locality or region. A select few nationwide groups have been involved. These are:



**Figure 64. The PICO logo.**

PICO (Pacific Institute for Community Organization) is a national network of faith-based community organizations working to solve problems facing urban, suburban and rural communities. Since 1972 it has worked to increase access to health care, improve public schools, make neighborhoods safer, build affordable housing, redevelop communities and revitalize democracy. Nonpartisan and multicultural, it provides an opportunity for people and congregations to translate their faith into action. More than 40 different religious denominations and faith traditions are part of PICO. With more than 1,000 member institutions representing one million families in 150 cities and 17 states, as well as a growing international effort, PICO is one of the largest community-based efforts in the United States (PICO 2012).

In PICO's congregation-community model, congregations of all denominations and faiths serve as the institutional base for community organizations. Rather than bring people together simply based on common issues like housing or education, the faith-

based or broad-based organizing model makes values and relationships the glue that holds organizations together. PICO provides intensive leadership training that teaches people how to use the tools of democracy to improve their communities. As a result PICO federations are led by ordinary people who have learned to use the levers of power to bring resources and political attention to their communities. As a result, PICO organizations gain the reputation for being able to gather together large numbers of people over and over to hold themselves and public officials accountable.



**Figure 65. The Partnership for Working Families logo.**

Most CBAs currently in effect have been negotiated with the technical assistance of a national network of labor-community coalition partners. The Partnership for Working Families formed in 2006 as a national network of regional advocacy organizations focused on issues of racial and social justice. The Partnership's affiliates in over a dozen cities share the goal of developing powerful local organizations to undertake campaigns that combat poverty by raising job standards and addressing the needs of low-income communities. Its affiliates attempt to bring together labor and community interests reflecting the interests of working families.

Affiliates mobilize broad-based campaigns that support public policies and private agreements creating high-quality jobs, helping low-wage workers and workers of color access those jobs, and addressing environmental degradation and community disinvestment in urban neighborhoods (Partnership for Working Families 2012). These campaigns range from site specific Community Benefits Agreements to broader public policies such as living wage ordinances, affordable housing policies, environmental clean-up and emission standards, construction careers policies, and economic or community impact requirements that provide public information and participation in public decisions. The Partnership Summit convenes, on an annual or biannual basis, local leaders, policy makers and strategic campaigners from across the country in order to hone their policy advocacy skills.





**Figure 67. The Community Benefits Law Center logo.**

The PWF founded the Community Benefits Law Center (CBLC) in order to provide legal assistance to organizations and public officials seeking to support CBA initiatives. Its attorneys have pioneered legal tools for economic and racial justice such as community benefits agreements and community workforce agreements.

The CBLC is building a national network of attorneys with expertise in the community benefits field, giving individual attorneys the ability to share strategies, advise each other, work collaboratively, and build on each other's work in communities across the country (Community Benefits Law Center 2012). The CBLC assists local attorneys doing community benefits work, maintains a listserv connecting interested lawyers, and helps lawyers work together on the many legal aspects of community benefits campaigns.

The CBLC assists community organizations in negotiating, drafting and implementing Community Benefits Agreements. CBLC Director Ben Beach counsels organizations and municipalities on a variety of matters, including negotiating and drafting community benefits agreements, law and policy addressing job quality and access, green jobs, waste and recycling, land use, and redevelopment. He has published articles on community economic development, community benefits agreements and job



quality and access in the construction sector. Project Attorney Julian Gross drafted the nation's first, and what is arguably most well-known, the Staples CBA.

By providing legal support for political efforts, the CBLC helps community organizations, local officials and other stakeholders advocate for and obtain a wide range of community-serving outcomes. Campaigns and initiatives on which the Center has worked have secured:

- a range of community benefits (such as jobs, housing, community services, and environmental mitigations) in connection with major development projects
- laws, policies and agreements (including Community Workforce Agreements) ensuring both job quality and equitable access to job opportunities in the construction, energy efficiency, logistics, manufacturing, waste/recycling and retail sectors.

The CBLC's free or reduced-rate core services include:

- direct representation in negotiation and development, drafting and implementation of agreements, policies and laws;
- strategic consultation on legal aspects of campaigns;
- making available model policies, ordinances, and agreements from around the country, addressing a wide range of community benefits issues and strategies, and
- operation of the Community Benefits Legal Listserv, which allows community benefits lawyers to share best practices and requests for information.

Groups affiliated with the labor movement play large roles in many CBA campaigns (Wolf-Powers 2010). For strategic reasons, labor sometimes supports efforts outside its immediate workplace domain (LeRoy and Purinton 2005). Sometimes a tactical bargain is struck with neighborhood groups, faith-based groups, environmental groups, and others, to mutually support a broader range of policies (Wolf-Powers 2010, 2012). In Los Angeles in particular, the Service Employees International Union (SEIU) and the Hotel Employees and Restaurant Employees (HERE), among other unions, have strengthened ties between union organizers, workers, neighborhood activists, and religious and political leaders, for mutual gain (Cummings 2008b).

### The Coalition Model

In the California cases it is more common to find a broad range of groups involved. The cases with the fewest number of groups involved were SunQuest, which had two organizations involved, and Marlton Square, which had three organizations. At the other extreme, the Staples CBA surrounding the LA Live project aroused the interest of over thirty organizations.

Even with the leverage offered by public subsidies and prime locations, a community's interests must still be supported by a broad-based coalition of community groups in order for the coalition to retain its leverage and political capital (Janis-Aparicio and Tynan 2005, Gross 2008). In addition, the existence of a coalition trying to negotiate a CBA does not prevent other community interests or representatives from themselves

making their views known or even negotiating with the developer as well; in fact there can be no official designation of certain groups as the only valid community representatives (Gross 2008).

From a practical perspective, if a coalition appears overly narrow, it will beg the question of whether it is overlooking valid concerns, while being overly broad makes it difficult to create, coordinate, and manage (Gross et. al. 2005, Camacho 2005). In some cases, neighboring groups participating in the negotiations will choose to create an umbrella organization in order to present a more unified front. Because a coalition negotiating a CBA is negotiating as a single entity, it seems natural to think that the coalition itself will enter into the CBA with the developer. But most coalitions that enter into CBAs are not incorporated as stand-alone nonprofits (Gross et. al. 2005). Rather, they are simply groups of organizations and individuals working together.

A number of key interviewees echoed Marcello's (2007) contention that local land use regulations do not allow for meaningful third party participation in the negotiation of public-private partnerships. Instead, they assert, coalitions of community organizations lend a degree of democratic legitimacy to otherwise bilateral negotiations of land use decisions between developers and government officials.

More so than those of other localities, the Los Angeles cases seem to reflect a coalition model of negotiating. The Hollywood and Highland case showed how an elected official could secure benefits at the urging of groups. After that, the groups sensed the opportunity to petition developers directly for the benefits. This has been the case with all subsequent Los Angeles CBAs, even though the sizes of the projects and

coalitions have varied. With regard to coalition composition, as one key interviewee explained it,

It is not feasible to include every organization in town. At some point you need to close off the room.

Instead, she argued, the groups that should be allowed to participate as part of the coalition should be “arguably representative” of key concerns in the geographic area of the project. They should be “organizations whose agendas, while distinct, are complimentary.” The coalition, several CBA negotiators remarked, is sufficiently complete when it is widely perceived to be legitimate and wields enough unified political power as one group to capture the district elected official’s attention. “You’ve achieved your objective,” one explained, “when you’re scary *enough* to politicians.”

In interviewing a number of individuals involved in CBA negotiations, seven essential components of an effective campaign were highlighted: a broad-based coalition; grassroots members able and willing to recruit neighbors to public meetings; policy research; communication with the popular press; funding for part-time or, ideally, full-time staff to handle much of the ongoing coordination work; legal support, and lobbying experience. Several lead negotiators emphasize not just the value of this particular coalition model but also the difficulty of implementing and maintaining it.

### Anchor Organizations

In cases where CBAs are negotiated by coalitions of organizations, they often have anchor organizations at the helm; these are high-performing organizations that are

capable of bringing together a range of organizations and leading the coordination of negotiation efforts. The notion of an anchor organization is consistent with the recent “quarterback” metaphor adopted by some in the community development field (Erickson et. al. 2012). This is a local entity able to coordinate multiple interventions in low-income communities. The quarterback must articulate a vision, marshal funding sources, and manage a diverse coalition of partners to execute on that vision in order to “enhance life chances for neighborhood residents by orchestrating the development and deployment of an array of high-quality human and physical capital interventions” (Erickson et. al. 2012). LAANE and SAJE, both based out of California, have played the quarterback or anchor organization role the most often.



**Figure 68. The logo for the Los Angeles Alliance for a New Economy.**

Founded in 1993, the Los Angeles Alliance for a New Economy (LAANE) is a social justice organization focused on issues of working poverty, inadequate health care, and polluted communities. LAANE spearheaded the defeat of Walmart’s ballot initiative in Inglewood, led Los Angeles’ living wage campaign, and pioneered the CBA model that was emulated in various cities in California and elsewhere (Los Angeles Alliance for a New Economy 2012).

In 2008, LAANE advocated for the passage of one of the country's most sweeping anti-pollution and anti-poverty measures, a Clean Trucks Program for the region's ports aimed at improving air quality and raising living standards for truck drivers. LAANE also helped enact the nation's first Construction Careers and Green Jobs Policy, intended to generate middle-class jobs for construction.

LAANE has published a series of reports, including studies on working poverty and the impact of big box stores on urban America. LAANE co-founded the *Partnership for Working Families*, the national network with affiliates in almost two dozen major metropolitan areas.

Executive Director Roxana Tynan served as the guiding force behind LAANE's Community Benefits Program, which has promoted a new model for economic development in Los Angeles and across the country. She negotiated many of LAANE's Community Benefits Agreements as well as the Los Angeles Superstore Ordinance, which limited Walmart's expansion efforts in Los Angeles. Prior to joining LAANE, Ms. Tynan served as economic development deputy to L.A. City Councilmember Jackie Goldberg, working to encourage equity-based economic growth. During her tenure with Councilmember Goldberg she helped negotiate the country's first Community Benefits Agreement, which ensured community benefits in relation to the Hollywood and Highland development.



**Figure 69. Strategic Actions for a Just Economy logo.**

Founded in 1996, Strategic Actions for a Just Economy (SAJE) dedicates itself to changing public and corporate policy in a manner that seeks to provide economic benefits to working-class people, increase the economic rights of working class people, and build leadership through a movement for economic justice. SAJE created the nation's first welfare-to-work account; helped to negotiate the Staples CBA, and helped establish a community land trust to ensure public stewardship of local land. SAJE frequently partners with churches, labor unions, youth-services and community-health groups, and others on behalf of underrepresented constituencies. As part of the UNIDAD campaign, SAJE worked to ensure that new student housing would not displace local communities, while also leading negotiations on the CBA for the Lorenzo project (Strategic Actions for a Just Economy 2012).

Salkin (2007) has hypothesized that New York City, despite experiencing extensive CBA-related activity, has not benefited from the strong presence of community groups capable of and interested in serving as anchor organizations. The recent CBA surrounding the Kingsbridge Armory project, howviableever, demonstrates that redevelopment conditions can vary over time. In this particular case, the Northwest Bronx Community and Clergy Coalition, a grassroots social justice organization formed when local Catholic churches combined efforts with a series of neighborhood associations in 1974, served the anchor organization role. It led the creation of KARA, the Kingsbridge Armory Redevelopment Alliance, which recruited twenty-six other organizations and then negotiated the Kingsbridge Armory CBA via a coalition vehicle.

In doing so, it may have changed the tenor of large-scale redevelopment in New York City.

Overall, then, the subsequent chart captures the relationship among the three sectors in the twenty-three cases analyzed in this study.

**Table 10. Outline of the CBA Process.**



# CBA Process



The vast majority of real estate projects proposed in any locality are too minor in nature to provide viable opportunities for the negotiation of a CBA. Those projects proposed for locations with no nearby neighbors that can stake claims of disruption also do not result in CBAs; likewise, controversial projects that are overwhelmingly opposed by neighbors also do not result in CBAs, regardless of the potential benefits that could result. Instead, the kinds of projects that are likely to result in CBAs are megaprojects proposed for central city neighborhoods where current neighbors would be disrupted by the scale and character of the project but where the project itself is otherwise acceptable to the neighbors. Cases that meet those requirements might result in CBAs, but only if a substantial, established network of civic organizations is in place.

If each of the aforementioned conditions is met, the nature of the CBAs then reflects the relationship between civic organizations and the local elected official representing the district in which the project is to be located. Regardless of the type of CBA that results, the strength of the real estate submarket in which the project is to be located is what determines whether or not benefits actually materialize.

### **Determining Factors**

An analysis of the origins and negotiations of community benefits agreements in multiple states results in findings consistent with Weir's (1999) conclusions about the nature of relationships between local elected officials and civic organizations. She finds the nature of these relationships to be characterized by elite domination, political patronage or inclusion. From the perspective of civic organizations advocating for CBAs

related to projects within their community, the relationships can perhaps best be seen as beginning from a perspective of elite domination and then evolving to either one of patronage or inclusion depending on two principal factors: the alignment of the district elected officials' stance toward the appropriate role of local government vis-à-vis social policy, and the influence that civic organizations have mustered over time in a given locale.

### *Elite Domination*

Weir (1999) explains that the most fundamental type of relationship between elected officials and civic organizations is one characterized by *elite domination*; in other words, the connections between community organizations and the centers of economic and political power in many localities are relatively weak. She argues that most elite-dominated systems are located in Sunbelt settings, in large part because those cities do not have a tradition of neighborhood mobilization.

This relationship is best depicted by the case of Miami. Because of the enormous influx of refugees over the last five decades from Cuba, Haiti, and other Latin American and Caribbean countries, Miami has undergone the single most dramatic ethnic transformation of any major city in the twentieth century. Although its combination of unusual governmental structure and economic adjustments make it unique, Miami may also stand as a portent for other cities with rapidly changing international populations. Two-thirds of the population is foreign-born, surpassing every major city in the US.

Over time, the ethnic makeup of the political and business leadership of the community has changed dramatically, but the broader socioeconomic and political tone of local public policy has not. Sofen's (1961) early observations regarding Miami's power structure remain essentially valid: In the case of Miami, the lack of countervailing organizations in the form of either cohesive civic or minority groups has meant that the business community has few real competitors in the political arena.

Indeed, throughout most of its history, Miami's business interests and reformist governmental structures and values converged to create an environment in which issues of primary concern to poorer or working class minority neighborhoods were frequently dismissed as not being in the best interest of the community as a whole. Greater ethnic diversity within the leadership ranks of nongovernmental institutions has been an important development in its own right, but it has not resulted in a demonstrably more progressive stance regarding local public policy proprieties.

With regard to CBAs, although the Miami Marlins Park project looks at this case in detail, it is actually quite telling of the larger South Florida environment and ultimately much of the United States generally. In this sense, *elite domination* is the *default* relationship between elected officials and civic organizations, especially in younger cities where civic networks are correspondingly newer, less sophisticated, and less cohesive. This relationship receives little attention but is costly and problematic for the average taxpayer. Local economic development efforts often focus on the provision of sizable subsidies to large private development projects in order to encourage private investment that might otherwise occur anyway (Weber 2004). Local governments often offer most financial incentives as gifts with few conditions attached. In addition, estimates show

that over three-quarters of all economic development professions fail to conduct evaluations of the public subsidy packages that they put forth (Weber 2004). As such, private firms often gain without taxpayers' knowledge of the true costs and benefits involved.

In most places in the United States, especially in newer, Sunbelt and southern cities, CBAs are unlikely to emerge in relation to major real estate development projects. As a result, for the foreseeable future, CBAs are not a viable urban policy instrument for most civic organizations in most cities.

### *Political Patronage*

In other localities, *political patronage* permeates economic development and organizes the transactions through which community groups gain access to resources. In patronage cities such as New York City, where politicians have long shaped community support, a legacy of patronage politics continues to dominate struggles over resources. Patronage cities have much stronger traditions of neighborhood organization and political mobilization, but community development groups must contend with politicians who seek to control resources for their own political purposes. Although the systems have large public sectors and offer resources to low-income neighborhoods, the benefits are often captured by a politically connected neighborhood elite.

Weir's (1999) analysis has proven particularly appropriate for the evolution of the CBA in New York City. Cases in which (1) a proposed urban development project appears likely to generate considerable controversy and (2) civic organizations are

willing to self-deal often result in relationships characterized by patronage, especially in New York City. In several cases a project developer worked with hand-selected individuals and groups that appear to reflect only a portion of the concerns surrounding a project.

But political patronage is not exclusive to New York City. The Oakland and San Francisco CBAs appear to result from processes similar to some of the New York City ones. In both cases longstanding civic organizations registered complaints and then appeared to be shut out of negotiations, raising uncomfortable questions about controversial projects. This suggests that, although California is the most prolific state in terms of the number of CBAs to emerge since the late-1990s, not all California CBAs are created equal. Some pose serious questions about the ability of the CBA as a policy tool to support policies at the expense of harm to public health, safety, and welfare. On the other hand, political patronage need not be an unceasing characteristic of all development politics within New York State. The recent Syracuse and Kingsbridge Armory CBAs reflect evolving negotiation dynamics more akin to the inclusive ones characteristic of Los Angeles and select other cities.

### *Inclusion*

*Inclusion* is most characteristic of the Los Angeles cases, and it appears to result from one of two factors in each case: (1) the district elected official ideologically supports CBAs and the organizations that promote them, and/or (2) at least one of the local organizations promoting CBAs has developed substantial individual capacity and is

able to serve as an anchor organization capable of forming a relatively broad-based coalition of organizations in support of a CBA. The first documented case of the former scenario is that of the Hollywood and Highland project in the late 1990s. It reflects the close alliance between the project's district councilmember and a key staff person (who went on to lead LAANE, one of the leading CBA proponents in the country) with labor unions and other organizations requesting community benefits. This alliance resulted in benefits being included, at the direction of the elected official, in the city's development agreement for the project.

This would also be the case in San Jose, in which the district councilmember of the CIM project was also closely aligned with organizations requesting community benefits and requested that benefits be included in the city's development agreement. The Milwaukee case reflects this scenario as well, although for a large swath of downtown land.

In other cases the latter scenario would prevail; that is, an anchor organization would mobilize a series of other local organizations and establish a coalition for the purpose of jointly requesting community benefits from private or public developers. In Los Angeles this would be the case with a number of projects, including LA Live, Hollywood and Vine, the expansion of LAX, and others. But by and large the pattern in most Los Angeles cases is that of a coalition emerging and making demands of the developer and the city council, with the district councilmember supporting the request to a great extent.

In New York State this occurred in two cases: the Syracuse Public School Board CBA and the recent one surrounding the Kingsbridge Armory in the Bronx. The

Syracuse case reveals the ability of organizations outside of California to form coalitions for the purpose of requesting and negotiating CBAs. The Kingsbridge case is even more telling, as it demonstrates how the politics surrounding development can change over time in a locality. Whether it is indicative of future New York City CBAs or an anomaly remains to be seen. One thing is certain: although political patronage characterizes New York City CBAs and inclusivity characterizes those that emerged in Los Angeles, CBAs are not a statewide phenomenon with insignificant city distinctions. By demonstrating the variety available, they emphasize the local nature of land use decision-making.

### **Impact of the CBA Phenomenon**

Outcomes related to the CBA phenomenon can be described as either short-term (in other words, related to the promised benefits) or long-term (in other words, related to the future of the phenomenon itself). In terms of short-term outcomes, as has been established, not all attempts at negotiations result in the same outcomes. On the other hand, outcomes can be hardly said to be unique. Instead, the short-term outcome of a negotiation can be characterized as falling into one of four types, as described below.

Regardless of the precise form of the arrangement that memorializes the capture of community benefits, if a project moves forward, it tends to generate the promised benefits. This is true in California, New York, and elsewhere. The benefits committed in relation to the Hollywood and Highland (Los Angeles) and CIM (San Jose) projects emerged because local elected officials sought them and included the specific benefits in development agreements. In several Los Angeles examples (Staples, NoHo Commons,



Hollywood and Vine, and Lorenzo), the benefits took a markedly different form, captured instead via independent contracts between community organizations and developers. The LAX case, though involving a public agency as developer, follows much the same formula, as does the Columbia University case, involving an anchor educational institution in New York City. The Yankee Stadium case departed drastically from both of these, with no organized groups involved. What each of these has in common is that benefits were promised in highly public settings. As these projects came to fruition, so did the associated benefits. The Kingsbridge Armory case closely resembles the Los Angeles cases mentioned above; though quite recent, it can reasonably be expected to follow the same pattern.

In other cases, because of uncertain economic conditions, some projects move forward gradually; the pace at which benefits materialize is equally slow or uncertain. LA's Grand Avenue project, New York City's Atlantic Yards, and Syracuse's system-wide school reconstruction project all have faced economic downturns; their developers are proceeding cautiously. Milwaukee's Park East initiative, introduced via legislation rather than as the result of a particular real estate project, likewise has stalled for economic reasons. Not surprisingly, then, in each case the associated benefits have been to slow to emerge as well.

In extreme cases, projects fail to emerge at all. Several projects – including Harlem Park in New York City; SunQuest and Marlton Square in Los Angeles; Bayview-Hunters Point in San Francisco, and Ballpark Village in San Diego – folded for lack of financing or perceived or real market interest. In each case, they took their promise of benefits down with them.

In two outlier cases – that of Miami’s Marlins Stadium and the Mets Stadium in New York City – in which no clear CBA document or arrangement emerged and no clear monitoring was undertaken, it becomes virtually impossible to determine what was promised and what was delivered.

What ties each of the preceding outcomes types, regardless of location, negotiation dynamics, civic-governmental relationship scenario or other variable, is their reliance upon market factors to determine whether promised benefits will come to fruition. During the recent global recession, real estate conditions in a number of localities and neighborhoods faltered; as a result, a number of real estate development projects of all sizes and complexities came to a standstill. In the case of projects that involved some sort of CBA, once a project stalled or failed to materialize, the associated benefits failed to materialize as well. Only those projects that move forward produced any measure of benefits.

In terms of the long-term viability of the CBA as a policy tool, the conditions that seem to lead to more inclusive, LA-style negotiations appear to take decades to cultivate and so appear to be quite elusive indeed. As a result, Los Angeles can accurately be seen as an outlier. This begs two questions: how viable are CBAs in most locales? And is the phenomenon likely to be sustainable?

Some commentators believe that CBAs will be an enduring feature of land use planning and development for many years (Marcello 2007, Salkin and Lavine 2007). But they have already demonstrated that they do not emerge in relation to the vast majority of real estate projects in the vast majority of localities. CBAs, says former Los Angeles CRA Executive Director Cecilia Estolano, “work best when there is substantial agency

money invested, when they're big projects, and when they're in hot markets or emerging markets" (Meyerson 2006). In most of Los Angeles – indeed, in most of urban America – none of these conditions apply. As a result, conditions compel even the most enthusiastic CBA proponents to decide on a project-by-project basis whether or not to pursue community benefits, intentionally shunning more modest or politically complex opportunities (Meyerson 2006).

Given their piecemeal, ad hoc nature, CBAs are likely to remain a tool used in a minority of places. Few projects and opportunities lend themselves to such elaborate negotiations. As one interviewee put it, "CBAs make sense for large projects, but most projects aren't large." In addition, because they are time- and resource-intensive, undertaking negotiation of one is not a viable activity for most small organizations.

Different interviewees that support the negotiation of CBAs nonetheless admit that they are not a "silver bullet" for the challenges of most struggling neighborhoods and disadvantaged households. Nonetheless, many agree that they have provided civic organizations in certain places with a mechanism and opportunity to undertake more holistic community development initiatives. As one national leader in the CBA movement points out, "There's an urban policy continuum, from reactive and project-specific (including CBAs) to proactive, comprehensive, and durable."

The Partnership for Working Families (2012) depicts its version of a community benefits continuum. At the most basic level, groups can seek to secure a project-specific CBA related to a real estate development project. As more substantive opportunities arise, organizations can ask local governments to apply community benefits standards to potential multi-parcel development projects, including entire blocks and neighborhoods.

On a more sophisticated level, groups can urge local governments to establish policies that mandate community impact reports that document all projects' social and economic impacts. The next, more comprehensive approach would be to have standards (including living wage, local hiring requirements, and mixed-income housing requirements) attached to all subsidized development within a locality. And, finally, the most wide-ranging change would be the institutionalization of community benefits, so that local governments set municipal baseline standards for all projects and pursue project-specific agreements as part of every deal.

One interviewee insisted, "The individual CBA victories add up to something bigger." Indeed, several interviewees in leading staff positions at the nonprofits at the forefront of CBA activity across the US have explained that, to maximize their efforts and limited financial and staff resources, they are shifting away from project-specific CBAs toward working in the direction of changing citywide policy. How they will fare remains to be seen, but this recent posture suggests that, for some organizations at least, the CBA phenomenon might have served as a springboard for efforts toward more comprehensive and enduring changes to individuals' material well-being.

### **Influence on Urban Political Theory**

Given that the cases explored herein support Weir's (1999) typology of relationships, how does this influence what we know about the major schools of urban political theory? Does this suggest that some schools are more relevant or accurate than

others? In this section I look at how our knowledge of CBAs either supports or contradicts the major tenets of seminal schools of thought that have dominated the field of urban politics since the 1950s, including elite-reputational, pluralist, public choice, elite-structural, and historical-institutional.

### *Elite-Reputational*

Starting in the early 1950s, Hunter (1953) and other sociologists working in the *elite-reputational* vein argued forcefully that corporate elites dominate local politics – that is, that in most cities a small group of leading businessmen controls the actions of local government. Hunter identified a clear pyramid of power in Atlanta; at the top was a small group of business leaders. Even the highest public officials ranked a category below. Capital was in charge; local government was its servant. But the emergence of CBAs reveals that civic organizations can indeed influence urban redevelopment activity, showing this view to be inaccurate, at least in select locales.

### *Pluralism*

Soon, however, a group of *pluralist* scholars challenged this perspective, insisting instead that the power of elites had been vastly overstated and that local influence was widely distributed. Dahl's (1961) study of New Haven, for example, finds political influence to be widely dispersed, with public officeholders holding great sway. The author acknowledged that only a small proportion of residents engaged in political activity, and he assumed that apathy and indifference were a reflection of broad public

agreement. Political activism requires a great deal of time and effort. Why bother if one is generally satisfied? But groups of normally inactive citizens can quickly mobilize if aroused and thereby become influential.

CBAAs support the notion that a variety of individuals can become politically active. But CBAAs do not totally contradict Dahl's assertion. In reality, CBAAs as a public benefit tool do not emerge in the vast majority of situations in which a large redevelopment project is being considered or reviewed. As a result, it calls attention to how difficult it is to mobilize constituencies in favor of such arrangements. Dahl attributes the lack of mobilization to apathy and indifference. But that is not necessarily the case. Several key interviewees suggested that organizing coalitions in favor of CBAAs and engaging in subsequent negotiations is resource- and time-intensive.

### *Public Choice*

In response to pluralist arguments, some scholars reacted with public choice and elite-structural arguments. Public choice theorists probe how and why individuals join together effectively in pursuing common goals, as well as why people organize better for some purposes than for others. Foreshadowing the emergence of CBAAs in certain locales, Olson (1965) holds that government decisions greatly favor not necessarily the major concerns of large constituencies, since these tend to be fragmented but rather small, well mobilized groups that work together for "collective action." Very large groups suffer from "free rider" problems by which many members can shirk important

duties. Smaller groups, on the other hand, are better able to monitor and bring pressure to bear on one another. And so politics tends to be dominated by small groups.

Indeed, the emergence of CBAs in select locales by relatively small but savvy groups supports this. LAANE and SAJE, the organizations that have engaged in the greatest number of CBAs, are small, local organizations. The AFL-CIO and ACORN, large organizations with over a hundred affiliates nationwide (until ACORN's closure), were surprisingly less active in CBAs, despite their presence in a number of major cities in which megaprojects came to fruition.

Peterson (1981) argues that American local governments serve their constituents well, by and large, and that this flows directly from the rationality of their individual participants. In short, there is a basic harmony between the interests of the collectivity and those of its individual members, from political leaders to ordinary citizens. He also argues that business's involvement in local affairs is not purely out of self-inclusive; rather, he contends that what businesspeople truly desire is a "halo" effect of professional and personal approval for promoting the general welfare. Indeed several developers, especially the larger ones likely to build multiple megaprojects, conceded that concern with preserving the company's name is what led them to participate in positive public relations activities such as CBA negotiations with very visible public benefits.

In Peterson's treatment of the perfect mobility scenario, the recognition that the tax base is constantly under threat by the prospect of out-migration creates a broad consensus for developmental policies as a necessary action to promote local competitiveness. It also suggests that cities almost universally pursue economic development policies. Perhaps counterintuitively, CBAs support this. Those pursuing

them do not seek to prevent a project: doing so would yield no public benefits and would depict the locality as being anti-development, something that would hamper groups' pursuit of new jobs and amenities such as affordable housing and new parks, for example. Instead, groups are pro-development as well...but with conditions.

Bowman and Pagano (1992) argue that cities exist within a regional city-hierarchy and that some officials seek to promote development because they aspire to have their city rise into a higher orbit within that corresponding system of cities. Such aspirations can lead to a decision to pursue an aggressive development program. The degree of local aspirations varies across cities, so that two cities facing the same fiscal stress may adopt very different developmental policies, while some cities may pursue developmental policies in the absence of fiscal stress. The Bowman and Pagano model offers an explanation for the varying levels of involvement in redevelopment projects observed across cities. Apart from the imperative of economic development, this offers an additional reason why elected officials and top administrators would support CBAs: because having certain kinds of projects – especially megaprojects that involve hotels, stadiums, and large destination shopping centers – are often perceived as indicators of global city status. This provides an additional incentive for the governmental sector to remove obstacles to development; CBAs, then, are a means toward an end, in this case, of credit-claiming and glory.

Sharp and Elkins (1991) attempt to locate cross-city differences in the use of developmental policies by allowing cities to vary in the level of citizen participation and property tax stress. They hypothesize that the use of relatively transparent tools, such as the use of property tax revenues to fund economic development activities, will decline



when there is a high level of citizen activism and that such places will rely more on less transparent and off-budget forms of subsidy. Adams (1988) contradicts Peterson by arguing that it is not that cities have some growth bias that compels them to carry out developmental policies; rather it is that developmental investments are among the few that are able to exploit off-budget financing mechanisms, presenting financing opportunities not available to the vast majority of public services. The theories are founded on different assumptions but are not mutually exclusive. CBAs support both contentions also because they make it appear that developers will pay for amenities. In reality cities subsidize projects already. They can offer density bonuses or other non-financial incentives to compensate for these costs or they provide extra funding, something that is already part of many public projects.

### *Elite-Structuralism*

*Elite-structuralism* arose amid the social upheavals of the 1960s and emphasized the larger economic and political frameworks within which governments operate. Elite-structural interpreted widespread apathy very differently than the pluralists; while the latter interpreted it as mass satisfaction, the former viewed it as proof that many issues do not make it onto agendas at all, largely as the result of corporate domination. For Castells (1978), for example, local governments in capitalist societies serve as the handmaidens of the dominant, business class, and they respond to disruptions such as the request for a CBA only when they sense the potential civic backlash. The benefits provided to mass

publics, according to these scholars, are best understood as instruments of social control, designed to head off threats of civil disruption.

The history of CBAs partially supports Castells and Fainstein and Fainstein's (1983) contentions. To these theorists public benefits are pursued only when requested when civic organizations demand them. This often is true – elected officials push for them in response to public opposition. And one can imagine that, lest they appear to be anti-development, elected officials might not routinely request them. But some politicians (including those involved in the various Los Angeles cases and that of the Kingsbridge Armory in New York City) appear genuinely supportive of them. While internal motivations cannot easily, if at all, be discerned, these officials do appear to be supportive.

The elite-structuralist perspective underwent a change in the 1980s, with the rise of regime theory, which argues for the existence of pluralistic constraints on business power and highlights the mutual dependence of public and private sector elites (rather than pure domination by the latter). Fainstein and Fainstein (1983) introduced the term “regime,” which they define as a small clique of powerful elected officials and top administrators who are formally responsible for determining local policy and who are susceptible to electoral forces. Local regimes mediate between business and the interest of lower-income households, granting significant benefits to these households only when confronted with the alternatives of protest and social disorder. The emergence of CBAs supports this notion.

Elite-structuralist narratives include both “growth machine” and regime theories; both acknowledge interest group opposition to development policies but assert the

capacity for local officials and development supporters to prevail nonetheless, either by sheer political will (growth machine) or by adaptive response (regime theory). Logan and Molotch (1987), among others, contend that stable, business-led coalitions dominate local governance; that developers, bankers, labor unions, politicians, and others constitute a “growth machine” that aggressively pursues real estate development, even occasionally at the expense of the residents of established neighborhoods. Citizens whose “use values” are threatened by particular development initiatives often mobilize to resist, but the growth machine, they argue, almost always outperforms occasional, community-based mobilization efforts.

The emergence of CBAs support this and can be seen, by the governing regime at least, as occasionally necessary concessions, as part of the cost of doing business, in a sense. However, in its attention to conflict, the growth machine approach does not sufficiently recognize the role that such opposition plays in transforming the very nature of urban redevelopment policy.

An alternative discussion of conflict is found in *regime theory*, which adds an important element to the growth machine narrative by locating governing regimes within a particular historical setting and observing their strategic responses to changing institutional and political climates. The power relations between growth interests and their opposition are not static, but rather vary according to the degree of community mobilization, the national funding climate, and prevailing market conditions. Fainstein and Fainstein (1983) assess the capacity of governing elites to respond to opposition with new strategies designed to counter the emerging challenges.

They acknowledge the ways in which anticipated conflict as well as market considerations influenced the form and location of redevelopment projects. Therefore, an indirect consequence of the private market-directed redevelopment strategy pursued by some regimes was the abandonment of projects in or close to occupied residential areas that would lead to significant displacement, in favor of sites that had no clear constituencies, such as waterfronts. This is true of a number of projects. Those that additionally include CBAs are those where location is fixed (because it is where land is available) and where thus conflict is more difficult to avoid.

Stone (1987) attempts to redirect the central focus of urban political theory, arguing that there is little point in focusing on who has power over whom. The central thing to understand about local politics, he argues, is how local interests, both public and private, working cooperatively and over long periods of time, have enhanced their joint capacity to cope with external pressures and realize common objectives by functioning in stable alliances in which neither simply controls the other. Collaboration, he argues, is not merely tactical; it reflects a common vision since cities are in competition with other jurisdictions for investment and jobs. CBAs support the notion that developers get “good deals” for getting projects built, creating jobs, and providing public amenities, while elected officials are able to minimize the sort of conflict that would likely generate negative publicity.

Altshuler and Luberoff's (2003) exploration of large, costly “megaprojects” introduces the notion of “negative pluralism,” the political environment in which interest groups, negatively affected by a proposed development project, mobilize and present effective opposition capable of stalling or killing projects outright. The authors

determine that the current development environment facing growth coalitions is one characterized by the sentiment “do no harm,” so that projects that are overly disruptive become politically or financially unviable. I would argue that “do no harm” is more than a transitory era. It is the status quo for the foreseeable future given how groups have in fact been able to kill a number of projects perceived as highly undesirable, especially in residential neighborhoods (i.e. NIMBY projects).

The crucial insight in negative pluralism is the shifting balance of power between growth coalition and community interest groups, such that the notion of unilateral dominance by growth machine elites is no longer plausible. The legislative and institutional changes begun in the 1970s with heightened environmental regulations (e.g. the National Environmental Protection Act, the Clean Air Act, and the Clean Water Act) are unlikely to be reversed. As a result, groups in a number of places will continue to use legal and public relations leverage to block or delay projects. CBAs are one of the tools at groups’ disposal.

### *Historical-Institutional*

Theorists in the historical-institutional vein argue that institutions and legal arrangements shape as well as reflect actor preferences and that such arrangements tend to evolve slowly. In such cases, actor behavior reflects institutional roles and incentives more than personal values or tastes. The cases analyzed in this study point to the validity of this perspective as well: a plurality of localities across the United States have adopted district elections (as opposed to at-large elections) as the means by which voters elect

their local representatives. In each of the localities studied here, elected officials mentioned that elected officials tend to defer to the wishes of the district official in matters of land use. One of the consequences of this is that one official carries a disproportionate share of the credit or blame for the outcome of a proposed project. As a result, CBAs provide the key district official with an avenue for reconciling the sometimes-competing interests of developers and civic representatives.

Altshuler and Luberoff (2003) have concluded that each of the aforementioned theories highlights different yet important truths about urban politics. Still, they perceive the customary pattern to consist of business forming the main constituency for development initiatives but subject to a number of pluralistic constraints. The CBA phenomenon supports this central argument, that (1) business routinely rallies support for development proposals and (2) numerous actors hold the potential to derail proposals. Rather than allowing “negative pluralism” to halt a potentially beneficial project, local elected officials – particularly the officials in whose districts the projects are proposed – in select locales have found CBAs to be a useful tool for obtaining the acquiescence or outright support of civic organizations for potentially controversial projects.

## **APPENDIX A: INTERVIEW QUESTIONNAIRE**

Much of the inquiry into this topic relies upon information assembled from interviews with individuals that have participated in CBA negotiations, including community group leaders and private developers as well as with public servants and politicians associated with the projects. Interviews were structured but open-ended, and questions were tailored to reflect each individual's distinctive role. The main questions to be asked fell into two broad categories that could be categorized as those concerned with factors internal to the organizations involved in the negotiations and those concerned with external factors. A typical questionnaire sought to answer the following questions:

Endogenous factors:

- Which groups participated in the negotiations? Who chose these groups? How do the groups compare to each other in terms of mission?
- Who funds the groups?
- What are their constituencies and geographical parameters (e.g. neighborhood-wide, citywide, regional)?
- How long have the groups been in existence?
- What are their track records in this locality? How have they had an impact in prior endeavors within the locality? What is their history?
- Do the groups offer and/or receive leadership training? Do the groups have full-time, paid staff? Do they have attorneys?

- Do the groups coordinate activities? Have they done so in the past? That is, to what extent was there a pre-existing coalition of groups?
- Did the groups choose to negotiate with the developers as a coalition or as individual organizations? Does the size of the coalition matter? Is there a difference between a “strong” and a “weak” coalition? If so, how does the relative strength of the coalition vis-à-vis the developer affect the content of the agreements?
- Do you feel that any relevant groups were excluded from the negotiations? Have any groups claimed to have been excluded?
- What was the role of each of the individuals involved?
- What are the backgrounds of the key leaders? Do they have experience advocating for a cause, as opposed to purely carrying out a project?
- What were the roles and responsibilities of those who participated in the negotiations?
- Who initiated the negotiations? Who led the negotiations? Were certain groups and/or individuals more powerful than others? Why?

Exogenous factors:

- What is the land-use planning context in this locality and state? How do legislation and regulations shape public participation in land use decisions?
- What is the nature and current state of civil society in this community? How has it evolved over time?



- What has been the relationship between the community groups and the governmental agency providing the subsidies and/or project approvals?
- What has been the relationship between community groups and labor unions?  
Between the groups and area residents?
- How do the groups function with the development process?
- At what point in the process did the groups get involved?
- Is there a strong mayor form of government? Is there a council-member system that includes districts with direct representation?
- What were the objectives of the local government with regard to both the development in question and development in general?
- What subsidies does the government have at its disposal? How much did the developer request?
- What are the local real estate market conditions?
- What is the governmental agency's stance on the public benefits the groups desire?
- Does the locale have a history of progressive politics and/or political activism?
- Do the project approval processes allow multiple opportunities for public input?  
How long can groups delay approval of the project?

## **APPENDIX B: OTHER NOTABLE CBAS**

The present study focuses on the CBAs in California and New York and differences between them. Benefit-related negotiations in Miami and Milwaukee are considered also, for the insights they provide on the many California and New York cases. Although California and New York contain the largest number of CBAs negotiated and/or adopted to-date, they have generated interest in other states. Proposed expansion projects for institutions of higher education, the creation of municipal-wide wireless internet access programs, brownfields remediation projects, stadiums, and housing initiatives have all provided the impetus for CBA negotiations. Some of the states where these CBAs are developing do authorize development agreements, but most do not. Below are brief descriptions of other CBAs, in alphabetical order by the name of the city in which each was negotiated; the list combines those identified by Tulane University's Public Law Center in its *Summary and Index of Community Benefits Agreements* (2011), the CBA blogspot blog, and Salkin and Lavine (2008). All should be studied further in future work.

### **Atlanta, Georgia – The Beltline (2005)**

This publicly subsidized development involved the construction of a 22-mile light rail transit loop around the city of Atlanta to facilitate public transportation and reduce the sense of sprawl that plagues the outskirts of the city. Project costs totaled approximately \$28 million. Community benefits include affordable housing, historic

preservation of select sites and buildings, purchase and display of modern art, first-source hiring, and apprenticeship and pre-apprenticeship programs for impoverished and uneducated residents residing near Beltline construction.

The CBA negotiations involved a number of public entities: the Atlanta Development Authority, which is the official development agency for the City of Atlanta, chaired by the Mayor of Atlanta; the Tax Allocation District Advisory Committee; the Beltline Affordable Housing Advisory Board; the Atlanta City Council; the Atlanta Public School Board, and the Fulton County Commission. The developer involved is the Atlanta Beltline, Inc, while the community group involved is Georgia STAND-UP.

With regard to implementation, both the local government and the developer ran into some legal problems when beginning the project, because provisions of the CBA required (perhaps unintentionally) both parties to step outside their jurisdiction. The Georgia Supreme Court decision ruled that school district tax funds could not be included in the TADs used to pay for the Beltline (*Woodhum v. City of Atlanta*). The local government responded by passing a referendum to amend the state constitution, declaring that funds from school district tax funds could be included in the TAD for the Beltline development. Many people were upset with the referendum, claiming that a corporation should never have access to tax dollars intended for the school budget, even if the school budget approves of it.

The Beltline ran into some territorial and track-ownership disputes with the Georgia Department of Transportation and Amtrak. The Department wanted the railroad line/tracks to connect Atlanta to New York and New Orleans, instead of forming a loop

around the city. The Department and Amtrak eventually withdrew their complaints due to immense public protest.

### **Denver, Colorado – Gates-Cherokee (2006)**

Following initial negotiation of this CBA in 2003, the project stalled over disagreements about the CBA. The project officially commenced in 2006, immediately following the adoption of the CBA. The Cherokee company purchased eight million square feet of land and the dilapidated Gates Rubber factory. Cherokee planned to demolish the factory and then construct residential and retail centers across their property. Without the aid of the local government, a coalition of community and labor groups organized and demanded community benefits from the Cherokee Company. The resulting community benefits include affordable housing units, living wages for construction jobs, first-source hiring, and prohibition on big-box stores entering the area. For their part, Cherokee received \$126 million in city subsidies to aid the construction of the development.

The parties involved in the CBA include the City of Denver; Cherokee, Inc, the developer; and Colorado ACORN, the Front Range Economic Strategy Center, the Denver Area Labor Federation, United Food and Commercial Workers, the Service Employees International Union, Colorado Jobs with Justice, and others. The development and the benefits both were produced on schedule.

### **Minneapolis, Minnesota - Longfellow Station/Purina Site (2006)**

The Longfellow Community Council and developer Capital Growth Real Estate entered into a CBA in relation to a transit-oriented development project adjacent to a light-rail line. In 2006, the city selected a developer for a \$31 million public-private project. The abandoned site was to be cleaned up and redeveloped as a mixed-use complex called Longfellow Station (Jan Williams 2012). Benefits were to include free transit passes for residential tenants, bike storage facilities, a requirement that the building obtain green building certification, the inclusion of affordable units, the payment of living wages, and a series of other benefits. Later in 2008, after real estate activity had begun to cool nationwide, the developer's financing disappeared, and he lost the right to redevelop the site. The city secured another developer, but the subsequent project was downsized substantially. The CBA is null and void.

### **Minneapolis, Minnesota – Minneapolis Digital Inclusion (2006)**

Community groups had for years been advocating for a city-wide wi-fi network that is accessible to low-income residents. Less than 42% of households in the city can access the internet easily, and 27% lack internet access entirely. Less than 57% of blacks, 40% of residents without high school diplomas, and 37% of Latinos have internet access.

Community benefits include free internet access and necessary computer hardware for low-income residents; free or partially subsidized internet access to public libraries, parks, non-profits, and schools; and a donation of \$75,000 annually to the AmeriCorps Community Technology Empowerment Program to help teach internet and computer skills to the impoverished and disadvantaged.

Participants in the CBA include the City of Minneapolis; Wireless Minneapolis Vendor; and over a dozen community organizations and entities, including Urban Hope Ministries, Inc, the Phyllis Wheatley Community Center, the West Bank Community Coalition, and Training for Technology. The promised community benefits have been delivered.

#### **New Haven, Connecticut – Yale University (2006)**

This CBA revolves around the development of a new cancer research center in New Haven. A coalition of nonprofits known as the Community Organized for Responsible Development began to pressure the developer into entering into a CBA to help develop the surrounding neighborhoods. Community benefits include affordable housing, job training, local hiring, traffic and parking policies during construction, guaranteed union organizing rights, adherence to environmentally-sustainable building practices, and funding for an outreach program to provide medical care to uninsured children and children suffering from asthma.

Over twenty community organizations were involved in the negotiation of the CBA, as were the City of New Haven, and Yale-New Haven Hospital, Inc. The CBA did

not run entirely smoothly, as money from the developer came nine months late, and fulfillment of the local hiring requirement took over a year to actually occur.

### **Philadelphia, Pennsylvania – Sugar House (2008)**

Local Philadelphia residents and local government representatives (including the mayor) had criticized a proposed gambling project on moral grounds. The CBA was actually proposed by the developer to quell growing interest among residents that the development centered on a gambling casino.

The developer came into Philadelphia hoping to take advantage of tourism and new pro-gaming laws. The local government was very much torn over the decision to allow the developer to construct a casino. In fact, the local government was dragging their feet so much that the Pennsylvania Supreme Court had to step in. They ruled that the City Council's failure to act on its zoning and land use requests made by SugarHouse constituted "deliberate inaction." Thus, the local government had to grant SugarHouse its requests. Mayor Nutter even attempted to revoke SugarHouse's license, preventing the development from beginning construction, but again the Pennsylvania Supreme Court intervened and criticized the actions of the mayor and local government.

Community benefits include first-source hiring, neutrality agreements for union practices, union jobs for the first phase of construction, a hotline for residents to call any time to address their complaints about construction, a \$67 million donation to the city over the next twelve years, and a public waterfront promenade, funding for job counseling services, and donations to Philadelphia's public transportation system.

Participants in the negotiations included the City of Philadelphia, including the mayor's office, the Special Services District, SugarHouse Casinos, as well as community organizations Fishtown Action, and the New Kensington Community Development Corporation. The developer produced the promised community benefits.

### **Pittsburgh, Pennsylvania – One Hill (2008)**

Pittsburgh's first CBA emerged in relation to the proposed construction of a new arena for the Pittsburgh Penguins hockey team. The CBA drew strong support from local residents and local government, including the mayor's office. It took about a year to negotiate, and the negotiations were said to be very contentious at times.

Community benefits include \$2 million donation for the creation of a large grocery store, which has been lacking in the Hill District area for years; card check agreement, which prohibits developer approval of how workers choose union representation; creation of a multi-purpose center for youth, families, and seniors with free or reduced-fee membership for low-income residents; first-source hiring for construction jobs and all those employed by businesses contracted or leased with the Penguins' Arena; construction of a first-source employment center; creation of the "Neighborhood Partnership Program," which provides up to \$6 million to support economic development, drug treatment, and mental health services, and youth program; outreach for minority contractors; requirement that all jobs connected to the development will abide by the wage standards for each designated industry and include health benefits.



Participants in the CBA include a series of governmental or quasigovernmental entities, including the City of Pittsburgh, the Sports and Exhibition Authority of Pittsburgh, the Sports and Exhibition Authority of Allegheny County, Allegheny County, the Urban Redevelopment Authority of Pittsburgh, and the Stadium Authority Board. In this case the developer involved was the Penguins team. A series of community organizations negotiated together as the One Hill CBA Coalition; these included Pittsburgh UNITED, Find the Rivers Coalition, Uptown Community Partners, the Hill District Consensus Group, the Coalition of Black Trade Unionists, and several others, eleven in total.

The implementation of the CBA ran smoothly and according to the adopted timeline. The One Hill CBA has inspired other CBA initiatives across Pittsburgh.

### **Richmond, Virginia – Chevron CBA (2008)**

The City of Richmond, Virginia, entered into a CBA with Chevron Corporation surrounding the firm's proposed improvements to its Richmond refinery. Like the Yankee CBA, no community groups were involved in the negotiations. The CBA contains a purported \$60 million worth of benefits, including job training, a youth employment program, GED classes, and funding for a neighborhood health care facility serving low-income families.

The document requires limited reporting to the public, and no public groups are involved in its oversight. Although local hiring is encouraged, the document does not contain specific benchmarks. Like the Yankee case, funding (in this case, \$10 million)

will be placed in a community trust fund to be administered by a combination of city and Chevron appointees. Funding is disbursed to the city each year, as long as the city approves permits.

### **Seattle, Washington – Dearborn Street (2008)**

The Dearborn Street Coalition has over forty member organizations. Developer TRF Pacific LLC announced that it will transform a ten-acre Goodwill property in the Little Saigon neighborhood into a shopping center with a new Goodwill Store, two hundred affordable housing units, 300 market rate units, a Target retail store, a Lowe's hardware store, a grocery store, and neighborhood-serving retail.

CBA benefits secured include union wages and health benefits for construction laborers; \$200,000 for a Vietnamese cultural center; \$600,000 for a training program for Vietnamese entrepreneurs; a neighborhood traffic study, and subsidized office rent for nonprofits. The project – and, consequently, the accompanying CBA – fell victim to the economy.

### **Washington, DC – Shaw District (2003)**

Washington, DC's first attempt at a CBA involved a relatively modest one that emerged in relation to the purchase of 20,000 square feet of land for retail development. Community benefits include affordable housing, a job training program, 1500 square feet of retail space reserved for small community businesses, and first-source hiring.

The local government involved in the CBA included Washington, DC government. The developer was Four Points and Ellis Enterprises. Relatively few nonprofits were involved: One DC's Equitable Development Initiative, and the Broadcast Centers Project. The strongest support for the CBA came from low-income community members that organized themselves into local groups as the project began to emerge. The development project commenced in early 2011, after an eight-year delay. Initial community benefits emerged in 2012.

### **Wilmington, Delaware – Peninsula Compost Company (2008)**

Wilmington's only CBA to-date involved the proposed construction of a 20,000-square-foot organic waste composting facility on a 25-acre site. The project created about 30 construction jobs and approximately twelve other full-time jobs. Community benefits include a 20% local hiring requirement, a 20% minority hiring requirement, creation of a 24-hour community hotline for residents to file complaints against any element of the construction process, a ban on construction trucks using residential roads, funding for a job training program, a requirement to employ only local contractors, and the creation of a neighborhood parking lot.

Participants in the CBA include the City of Wilmington; the Peninsula Compost Company, the developer; and thirteen community organizations, including the Southridge Civic Association, Neighborhood House, Inc, and the Henrietta Johnson Medical Center. Subsequent press coverage about the project and its accompanying CBA has included

positive remarks from elected officials, the compost company, and the participating civic groups.

### **TESCO – Western United States**

Recent events on the West Coast indicate that the CBA concept may be changing. Beginning in 2007, Tesco, a British grocery store chain and the world's third largest retailer, announced plans to open hundreds of neighborhood markets in California and other western states. A coalition quickly formed to demand a CBA, primarily because Tesco does not have a unionized workforce. Tesco has opted not to negotiate, despite media pressure and threats of a boycott from community and labor groups (Hirsch 2007). Tesco has argued that a CBA is unnecessary because it already provides well-paying jobs, has environmentally-friendly policies and has pledged to locate stores in underserved areas. It has asked the public to allow it "to begin a relationship based on [its] deeds[.]" asserting that pressuring it to sign a CBA would be "no way to build trust between neighbors" (Uwins 2007). The situation is notable because the coalition has relied primarily on its ability to influence consumers for leverage, and not on its ability to provide support in the land development approval process. Tesco does not seem to believe that refusing to negotiate a CBA will interfere with its business, which underscores a fundamental assumption of CBAs – they may not work when the developer does not believe that it needs them.

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