



ICIC

Initiative for a Competitive Inner City

A Framework for Linking Anchor Institutions to Their Communities

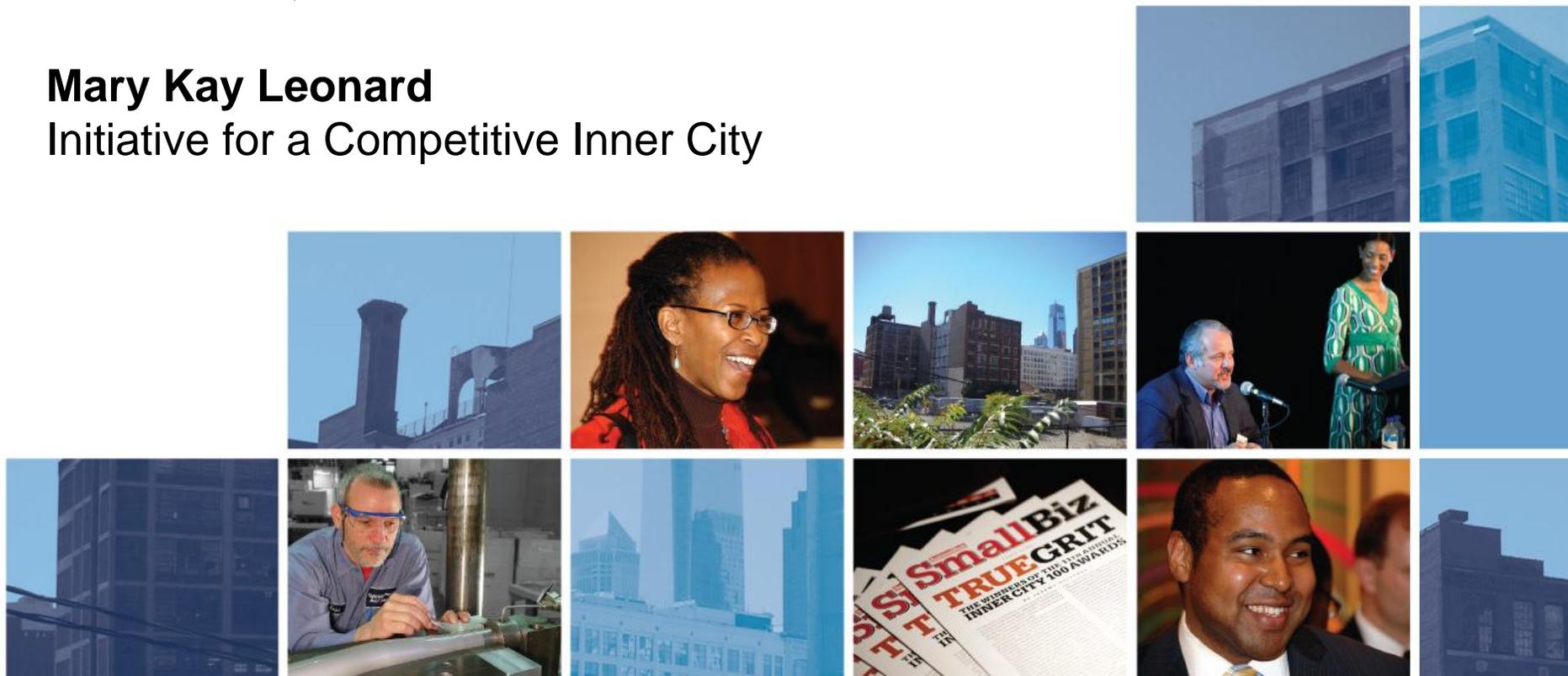
Redefining Economic Assets: Anchor Institutions as Engines of Growth

Federal Reserve Bank of Richmond, Baltimore Branch

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Initiative for a Competitive Inner City



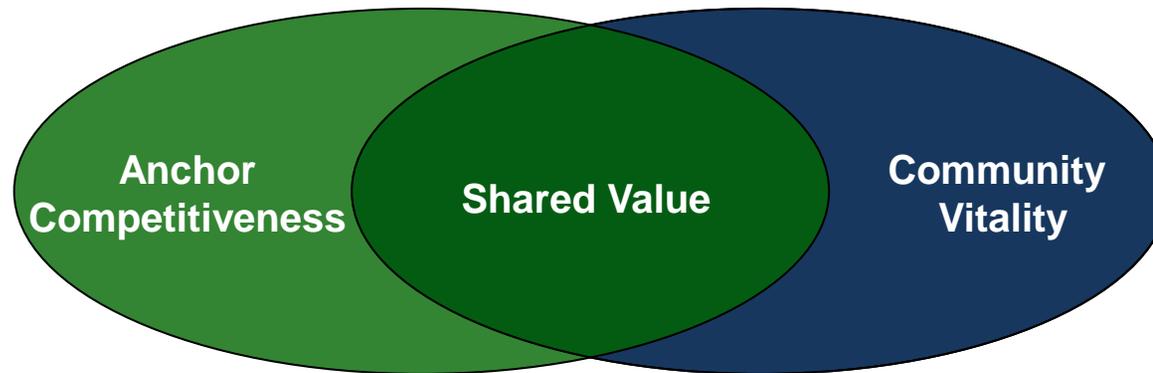
The Opportunity

Anchor Institutions

Anchor institutions are large institutions, typically educational, medical or cultural, that are deeply rooted in their local geographies and that play an integral role in the local economy

- The nation is still experiencing the effects of **economic decline**; distressed urban communities in particular need support
- Many anchor institutions are **located in or adjacent to Baltimore's inner city** neighborhoods and rely on these neighborhoods to support your reputation and operations
- Significant opportunities exists for Baltimore's anchor institutions to **create shared value** with local communities

Leading Anchors Recognize Shared Value Opportunities with Their Communities



- Anchor institutions are **inextricably linked** to their surrounding communities
- Anchor institutions **depend on a healthy community** to provide a positive environment for students, patients, visitors and employees and a strong business community to support its operations. Engaging with community allows for improved reputation, community relations, applied learning opportunities, and new service models
- A healthy community **depends on strong anchors** to provide jobs, purchase local goods and services, improve local infrastructure, and support its education, health, and social needs



- There is long-term **shared value** between anchors and their surrounding communities

Anchor Institutions and the Community: Evolving Thinking

From: Focus on Social Responsibility



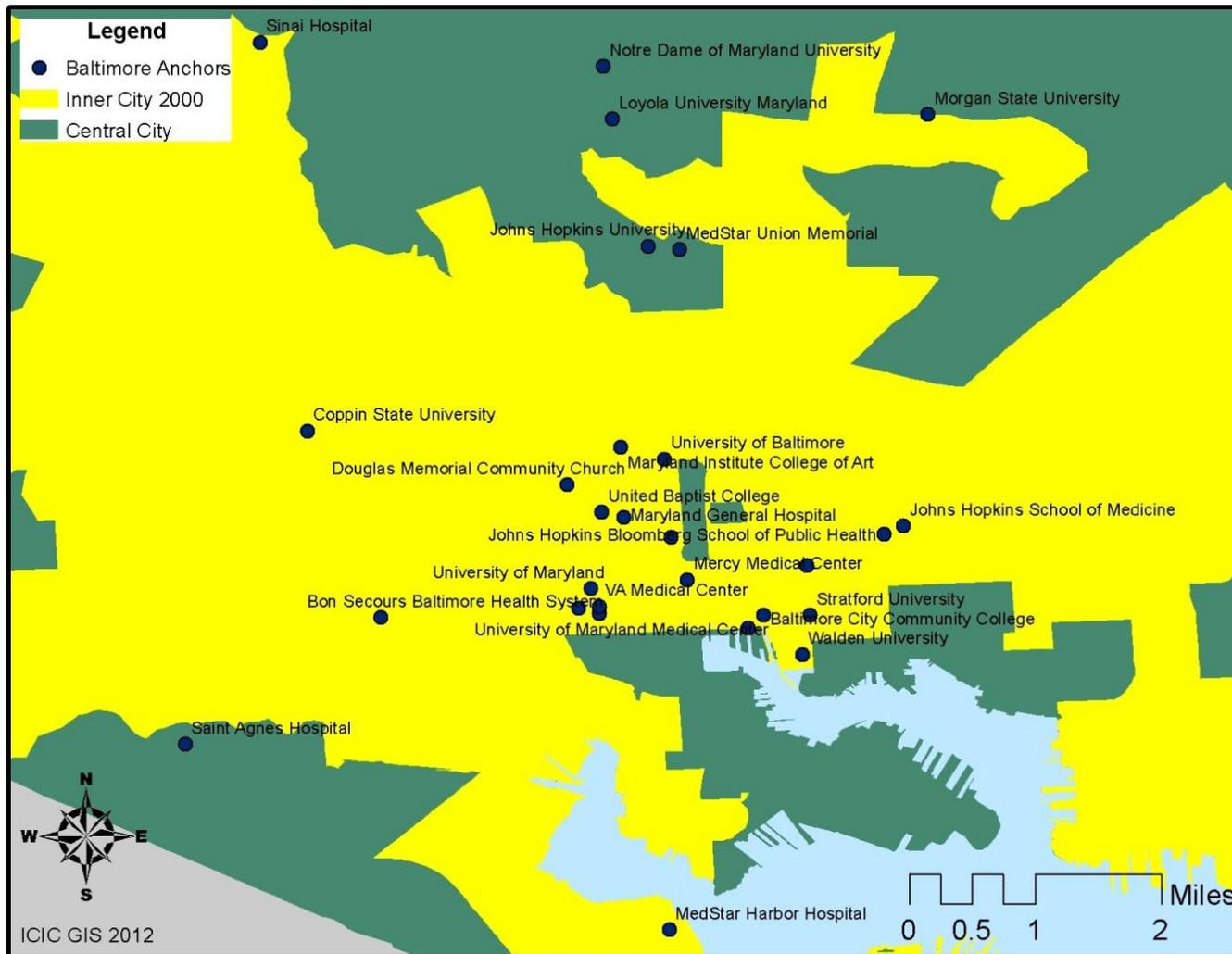
- **“Moral obligation”** for good citizenship
- **Defensive**: placate the critics
- **Separate** from core operations
- An **extra** cost
- Produce **economic impact** reports based on spending

To: Creating Shared Value



- Community viability is an **important** driver of quality of life for students, patients, visitors, and staff which affects hiring, recruiting, and revenue
- **Integral** component of the anchor’s overall strategy
- Improve **effectiveness** of purchasing, hiring, real estate development, and core product / service
- Measure the **direct impact** of activities on both anchor competitiveness and community vitality

Many of Baltimore's Anchors are located in or adjacent to the inner city



WHAT IS AN INNER CITY?

Contiguous census tracts in cities that are economically distressed, with:

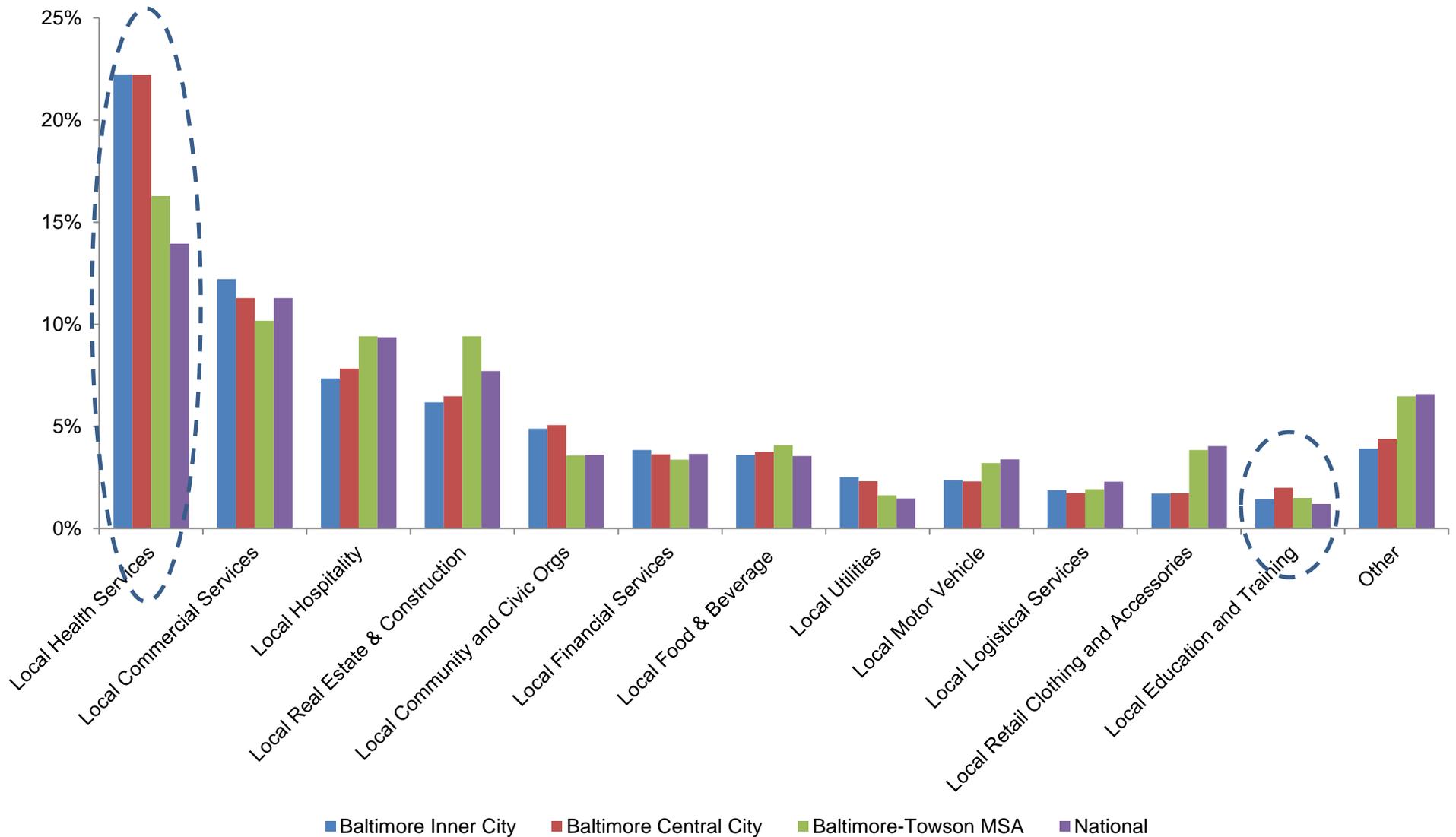
Poverty rate 20% or higher
or

Two of three other characteristics:

1. Poverty rate 1.5 times or more than MSA
2. Median household income 50% or less than the MSA
3. Unemployment rate 1.5 times or more than the MSA

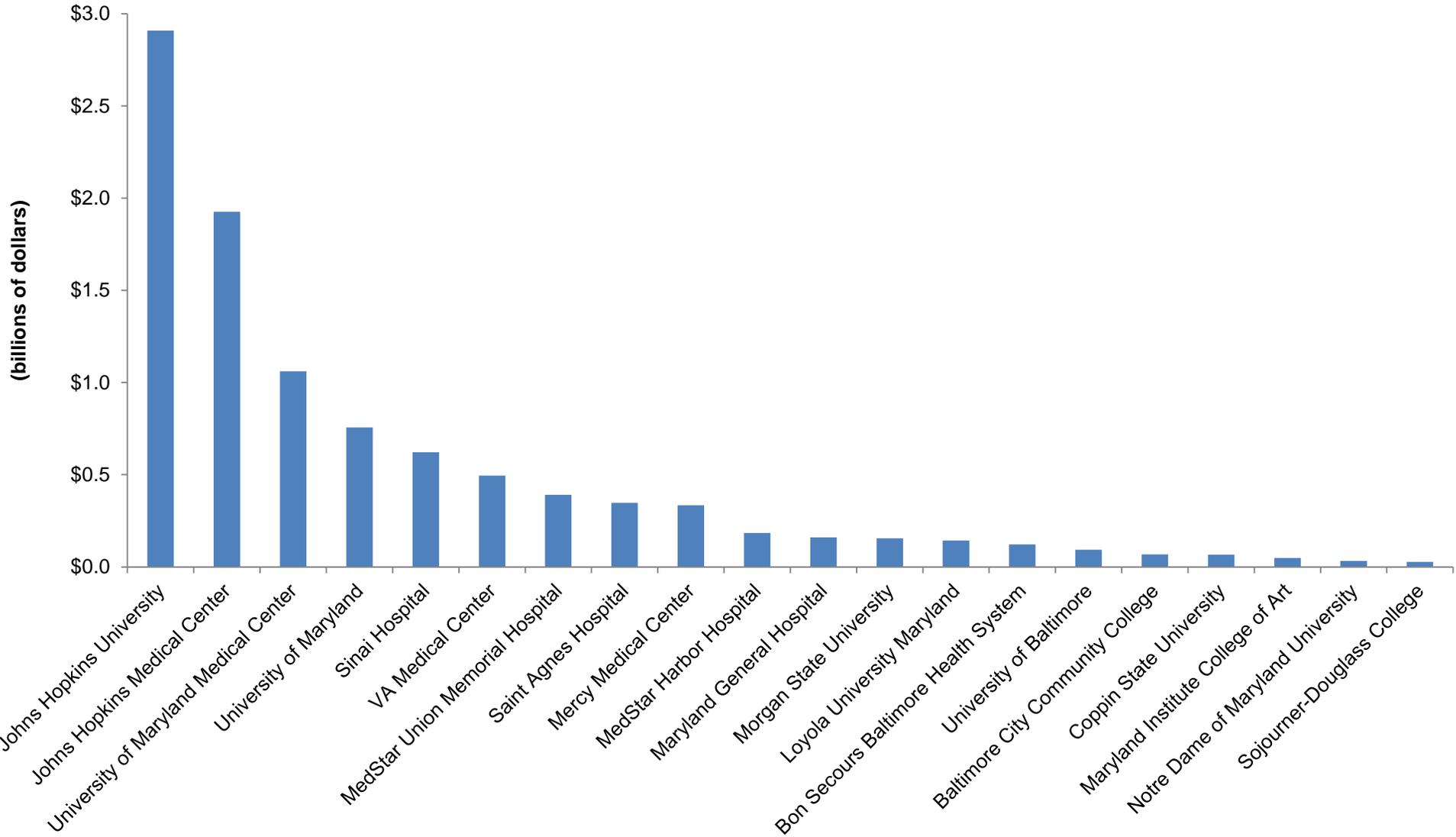
Baltimore Anchors are Significant Employers

Percent of Private Employment by Cluster (2009)



Baltimore Anchors Spend \$10 Billion Annually

Baltimore Anchor Spending, 2010



Note: Educational Institution Spending includes: Instruction, Research, Public Service, Academic and Institution Support, and Student Services. Hospital Spending includes total expenses.
Sources: National Center for Education Statistics (NCES), American Hospital Association (AHA), ICIC Analysis.

Anchor Institutions and Community Vitality: Strategic Framework



Purchaser: Univ. of TX, MD Anderson Cancer Center

Supplier Diversity Program



- Texas legislature requires state agencies to “make a good faith effort” to procure from **minority- and women-businesses**.
- Supports this effort with training, resources, vendor events, mentoring, and subcontracting to **meet program goals**.
- Expenditures have grown from **\$19M in 1997 to \$115M**.
- Program Goals for 2012
 - 42% Professional Services
 - 24% Special Trade Construction
 - 19% Building Construction
 - 18% Other Services
 - 12% Commodities

Employer / Workforce Developer

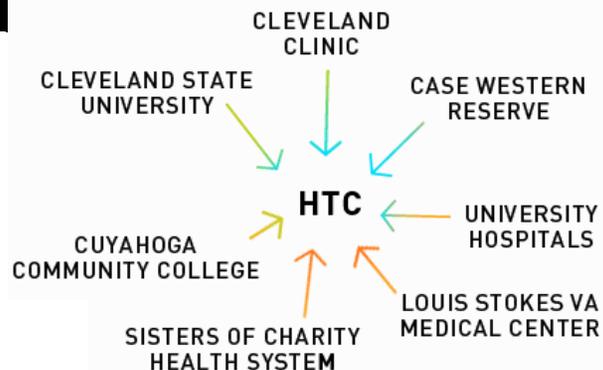
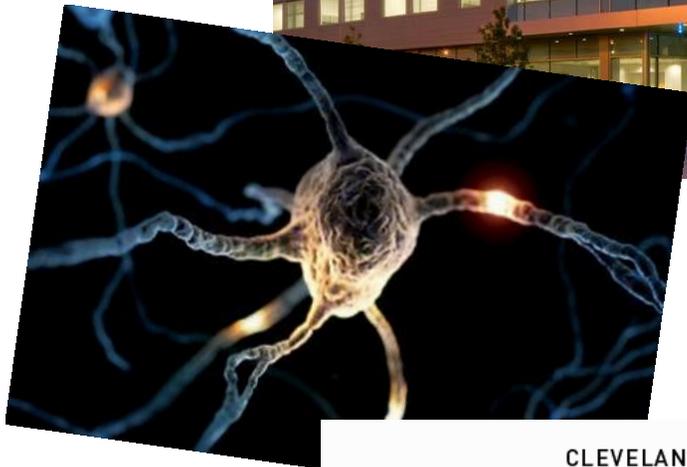
Boston Healthcare Careers Consortium



- **Connects** Boston healthcare employers, educational institutions, and the workforce system to **understand current and future workforce needs** and develop **demand driven curriculum**.
- Includes 19 employers or employer associations, 8 higher education institutions, 12 workforce development partners, public health, college access organizations, and foundations.
- Employers have invested in over **60 programs to help incumbent workers** build skills and advance.
- Local colleges offer over **60 certificate and Associate Degree programs** in healthcare professions.

Cluster Anchor: Cleveland Clinic

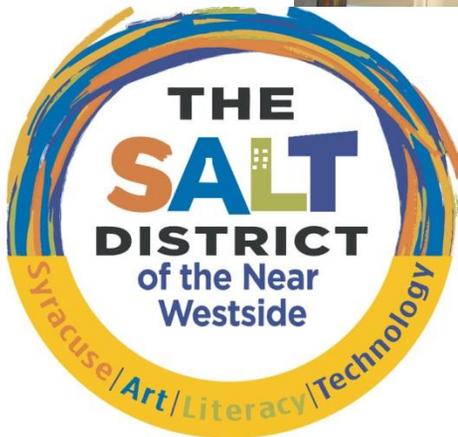
University Circle & Health Tech Corridor



- The **Global Cardiovascular Innovation Center** is a \$23m incubator located in the inner city adjacent to the Cleveland Clinic
 - Collaborated with the local CDC to obtain \$60m state funding, choose site and manage incubator
- The **Atrial Fibrillation Innovation Center**, launched in 2005 is a collaboration with area universities to catalyze an Ohio-based atrial fibrillation medical device industry.
- The **Health and Technology Corridor** is a 3-mile stretch of Euclid Ave. in the inner city anchored by Cleveland Clinic and University Circle.
- **Cleveland Medical Mart & Convention Center** is a \$465 million, 1M sq. ft. campus located downtown. Over 20 companies have signed leases including GE Healthcare and Cleveland Clinic.

Real Estate Developer: Syracuse University

Near West Side Initiative



- Revitalization project focused on 11-blocks of **historically disinvested neighborhood** near Syracuse University.
- Includes **new commercial, residential, and mixed-use developments** using the principles of art, technology, and innovation.
- Syracuse committed ~\$14M in funds forgiven by NY to **renovate over 200k sq. ft.** of abandoned warehouse space
 - \$70M in new investment
 - 60 homes renovated or built new
 - 337 full time & 14 part time jobs
 - 60 residents completed job training, 48 employed
 - 45 faculty, 808 students engaged

Purchaser / Employer / Real Estate Developer: Midtown Detroit

Live Local, Buy Local, Hire Local

- **Live Midtown** helps re-densify Midtown, New Center and North End through **residential incentives**.
 - 253 new Midtown residents
 - 22% increase in home sale prices since 2010
 - 75% of home sales filled vacancies
- **Source Detroit** connects Henry Ford Health System, Wayne State University, and Detroit Medical Center with local firm. To date, at least **\$16.5 Million has been transferred to Detroit-Based businesses**.
- **Hire Local** is a program that connects residents to a training partner to **recruit, train, evaluate and refer candidates** for positions at Henry Ford Health Systems which plans to pay new hires about \$13/hr.
 - Goal is to hire at least 20% of job postings locally



Creating Shared Value in Practice: Obstacles

- Few anchors recognize the multiple **integrated** ways they can impact their surrounding communities
- Most anchors still view their involvement in the community **narrowly**
- Few anchors know **how to leverage their activities** to create shared value
- Collaboration is challenging; issues of **trust and competition** arise
- Metrics, goal setting, and **accountability** for results are not common

Creating Shared Value: Roles for Key Stakeholders

ANCHOR INSTITUTIONS

- Recognize multiple levers for impact on community
- Build community vitality goals into core business strategy
- Ensure senior level involvement in coordinating activities, setting goals and aligning incentives
- Collaborate with local government, business and community leaders on shared interests

FOUNDATIONS

- Promote awareness of how anchor institutions can act as key partners in economic development
- Convene anchors around specific goals ,e.g. purchasing, community building, or workforce development
- Seed collaborative efforts by anchors

GOVERNMENT AND NGO

- Collaborate with anchors on economic development strategies to build shared value
- Work with anchors to fully value the economic and social benefit that they deliver to community
- Combine public and private dollars to support anchor collaboration

BUSINESS

- Align with anchors as business partners to improve community
- Collaborate with anchors to serve as workforce developers, real estate partners, or providers of intellectual capital
- Incorporate anchor strategic framework in business strategy



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ICIC'S MISSION IS TO DRIVE ECONOMIC PROSPERITY
IN AMERICA'S INNER CITIES THROUGH PRIVATE
SECTOR INVESTMENT TO CREATE JOBS, INCOME, AND
WEALTH FOR LOCAL RESIDENTS. WWW.ICIC.ORG