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## Community Benefit Agreements: A Report for the City of East Cleveland

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# COMMUNITY BENEFIT AGREEMENTS

A Report for the City of East Cleveland  
January 13, 2020



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# COMMUNITY BENEFIT AGREEMENTS

**A Report for the City of East Cleveland  
January 13, 2020**

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*The Maxine Goodman Levin College of Urban Affairs at Cleveland State University is a collection of scholars committed to the advancement of cities through sustainable and equitable economic and social development. We work toward this goal on a daily basis through our research, education, and public service.*



# COMMUNITY BENEFIT AGREEMENTS

## Table of Contents

<b>CBA in the Bronx and San Francisco</b>	<b>1</b>
<i>Matthew Herman, Amber Knapp, Leah Pirrung, Stephanie Lawson</i>	
<b>CBA in Chicago and Detroit</b>	<b>3</b>
<i>Tisha Barnes, Sy Castells, Cong Wang, Isabella Ziemak</i>	
<b>CBA in Florida, California, and Baltimore</b>	<b>7</b>
<i>Cameron Caputi, John Curran, Otis Hooper, Clifton Hopkins</i>	
<b>CBA in LAX and Milwaukee</b>	<b>13</b>
<i>Morgan Clark, Madison Hudy, Amanda Biller, Jacqueline Revier</i>	



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## **CBA's in the Bronx and San Francisco**

*Matthew Herman, Amber Knapp, Leah Pirrung, Stephanie Lawson*

The following cases will provide examples of community benefit agreements (CBA) in two major cities in the United States, New York and San Francisco. To begin, we will be discussing two successful community benefit agreement cases and one failure. The Gateway Center at Bronx Terminal Market, and Zoosk of San Francisco represent examples of voluntary CBAs. Spotify of San Francisco, and The Atlantic Yard Development Co. LLC represent examples of mandatory CBAs.

### **New York**

The Related Companies acquired The Gateway Center at Bronx Terminal Market in 2004. They wanted to use the help of the Bronx City Government, and their Economic Development Corporation, and Bronx Overall Development Corporation to revitalize the property (LaSalle, 2011). With almost unanimous support from the city council the project was approved. The two community organizations that were involved in negotiating the CBA were the House Communities and The Movement Hope House which allowed them to not only redevelop the property but also help revitalize the area. The CBA was signed by the developer on February 1st, 2006. This was a voluntary CBA that required The Related Companies to improve business development by using local businesses throughout construction, and the agreement also required 18,000 square feet of retail space to be set aside for local businesses. In addition, it was expected that the company hire local and provide training to a portion of their employees. The building was to meet the LEED Silver Certification to be more sustainable to the environment, and they had to agree not to allow a Wal-Mart to lease space within the complex. Most of the benefits were upheld and the developer gave the city \$175,000 for pre-apprenticeship training to Bronx residents (Levine, 2009).

The Atlantic Yards Community Development Corporation is a subsidiary of the Empire State Development Company. This corporation was set up in June 2014. It is managed by 14 directors, nine appointed by the Governor and five by other elected officials. The CBA of the Atlantic Yards Development Project of Brooklyn, New York is a legally-binding agreement to construct a sports arena with office buildings which included office rental space. Atlantic Yards was to build a 6,400 unit building adjacent to the Barclays Center, a sports and entertainment arena home to the Nets franchise of the NBA. The arena was finished in 2009. Delays in the construction of the arena due to lawsuits have occurred which have delayed the implementation of the community benefits. (Atlantic Yards).

### **San Francisco**

Zoosk is an online dating service available in 25 languages and in more than 80 countries. Their headquarters is in the densely populated area of Market Street (Central) in the Tenderloin district of San Francisco. The five main points of the CBA include: support education and youth workforce development, support residents with companion animals, clothing needs and food shortages, improve cleanliness and promote beautification, support local businesses, and support neighborhood integration and community engagement. Zoosk has achieved these goals by donating to local groups and charities such as donating school supplies and providing services for the companion animals of low-income residents. Zoosk committed to supporting local bars and restaurants by hosting 25% of their events locally. The success of this voluntary CBA is likely due to the intense competition to reside in this area (Community Benefit Agreement 2015 Memorandum of Understanding, 2015).



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Also in San Francisco, the mandatory requirements between the city and Spotify ended in failure as the benefits were not realized. This specific example was for the calendar year of 2018. Spotify entered into this agreement for the payroll expense tax exclusion in the Market Street (Central) and Tenderloin Area. The company had been involved in four previous agreements with the city for the same tax exemption credit from 2014-2018, and Spotify had done great work for the community during this timeframe. However, in 2018 the Market Street (Central) neighborhood proved to be too dangerous after an employee was slapped in the face by a homeless woman. This led to former employees claiming “there were safety concerns” (Li, 2018). Spotify relocated to the new financial district in the city as a result.

The community benefits agreement from 2018 included: support community-based arts and culture initiatives, provide educational and experiential opportunities for neighborhood youth, strengthen neighborhood infrastructure and community driven solution to public safety, displacement and affordability, support local, independently owned, and community-serving small business in the immediately surrounding communities, and ongoing engagement with the community (Community Benefit Agreement 2018 Memorandum of Understanding, 2018).

## Conclusions

As the details of each CBA are different, so are the outcomes. The Gateway Center provided many benefits to the community. However, true grassroots organizations were not able to participate due to political interests (Lasalle, 2011). Atlantic Yards showed failure because of lengthy court battles. When a company is in a high demand area, like San Francisco, robust CBA requirements are acceptable, yet when areas are unsafe for the overall business and its people, they can choose to withdraw from the agreement which leaves a financial gap.



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## **CBA in Chicago and Detroit**

*Tisha Barnes, Sy Castells, Cong Wang, Isabella Ziemak*

Both of the cities of Detroit and Chicago have used Community Benefits Agreements to negotiate developments that mutually benefit the developers and the communities they will depend on. In Chicago, the Barack Obama Presidential Center is set to be developed on Chicago's south side. The residents of the south side are concerned about property tax increases and possible displacement. In Detroit, a Community Benefits Ordinance was adopted to protect vulnerable neighborhoods from predatory developers. This paper will explore the successes and limitations these efforts have encountered.

### **Chicago**

The Barack Obama Presidential Center is set to open in 2020 on Chicago's south side which will be the culmination of a project that started in July of 2016. The Obama Foundation is in charge of this project. The proposed location of the center is an area around 21-22 acres at Jackson Park. What the community residents worry about is the loss of public space, but this project will not contribute much to neighborhood's taxes. Area citizens are concerned about property tax increases and gentrification. The CBA associated with this particular development is voluntary, but the local community organizers are trying to contract an ordinance with the Chicago City Council.

The community organizers are composed of the Obama Community Benefits Agreement Coalition, which includes 19 member organizations: the Alliance of the Southeast, Chicago Jobs Council, and the Community Renewal Society, Black Youth Project 100 (an African-American youth organization), Bronzeville Regional Collective, Kenwood Oakland Community Organization (committed to serving low-income and working-class groups), Southside Together Organizing for Power (working for low-income and working African American and against displacement), UChicago for a CBA, Westside Health Authority, and Chicago Lawyers' Committee for Civil Rights.

The current status of this CBA is incomplete. The Obama Foundation rejected the community's requirements, but the community organizers are fighting back. For housing, the community organizers wanted 30% of all new housing development reserved for low income and working-class families, and an emergency rental assistance program. They also wanted to freeze property taxes for longtime residents. For employment, the community wanted independent monitoring to assure local hiring in and around the center, and job opportunities for low-income people, youth, seniors, and offenders. The community organizers insist that development should not occur at the cost of displacement and should be shared with local communities of color, and they wanted a partnership between the library and schools to promote local education. The last thing community organizers wanted was to require that a certain percentage of development costs go towards affordable housing and employment programs. The Obama Foundation rejected these requirements but did say they would have 50% of its construction contracts go to minority-owned businesses.

### **Detroit**

In 2016, Detroit, Michigan voted to implement a Community Benefits Ordinance (CBO) that would require any development project of a certain size, or larger, to include a community benefits agreement. While the mandated CBA was not part of the ordinance as adopted, developers are required to devote a set amount of time to consult with and receive feedback from residents of the affected area. The



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ordinance requires the formation of a neighborhood advisory council to advise on the impact of the project on the community as well as public meetings to inform the public and invite comment.

According to some, if Detroit's CBO had legally mandated that development projects adhere to a CBA, it would have violated the takings clause of the constitution and would have been subject to legal challenge (Eppes, 2018). Given the city's limited economic resources, it is not especially favorable to risk a lawsuit and potentially have to pay legal fees and settlements. Review of the legal implications of Detroit's CBO might help illuminate these risks.

One completed project that adhered to the new CBO was the Wigle renovation project. Detroit based developer Roderick Hardamon partnered with New York-based developer Mario Procida to form PDH Development Group. The development company proposed to renovate the site of the old Wigle Recreation Center at 901 Selden. The total investment was estimated at \$77 million to create more than 300 new residential units and 8000 square feet of retail space along with an acre of public space. The residential development proposal included both rental and for sale units. The developer proposed that thirty-five of the units would be affordable housing for residents making a cap of 80 percent of the median income. Under the Community Benefits Ordinance, a neighborhood advisory council was formed and regular meetings began on May 23, 2017 and concluded November 7, 2018. One output of these meetings was a memorandum to the Detroit City Council containing the Community Benefits agreement between the developer, neighborhood advisory council, and the Planning & Development Department (P&DD).

## Conclusions

The experiences of both cities provide examples of the implications that Community Benefits Agreements can have for communities that pursue them. The Obama Foundation should be required to provide more benefits to the citizens of Chicago since it is taking away public space, and their reticence to do so highlights the difficulties in negotiating, even with institutions with a sterling reputation for community focus. In Detroit, the legal implications of their ordinance should not take away from the potential economic benefits that development could catalyze. In both cases, there are lessons to be learned for cities facing similar economic threats.



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## **CBA's in Florida, California and Baltimore**

*Cameron Caputi, John Curran, Otis Hooper, Clifton Hopkins*

When a city such as East Cleveland considers a community development agreement it is crucial to look to established agreements for guidance. Some will be more applicable than others depending on demographics, median income and industry potential. There are three successful CBAs that may shape the direction in which East Cleveland pursues their potential arrangements. These agreements took place in Overtown, Florida, Baltimore, Maryland, and Brownsville, Florida.

### **Overtown, Florida**

Overtown is one of the oldest neighborhoods within the original boundaries of Miami Florida. This area is segregated by both customs and laws, and it began as a “colored town” at the turn of the century. In recent years, the University of Miami has sought to become a biotech hub which has resulted in a \$105-million-dollar investment in the Overtown neighborhood. This is a place-based initiative because of the high rates of crime, drug abuse, and vacant buildings in the area (Vasquez, 2011). The developers plan to use a mix of tax increment financing and other publicly supported bonds to construct four buildings. The Overtown Alliance, working with several ally organizations, requested to meet with the University of Miami and developers in a series of regular community meetings to design a Community Benefits Agreement (Vasquez, 2011).

CBAs are used to ensure that residents are not left behind in the wake of large-scale developments in communities. Initially, the University of Miami declined to meet with the neighborhood groups, but after many rallies and meetings with stakeholders, the university eventually met with the neighborhood groups. The demands included benefits of land use, housing, employment, and education (Vasquez, 2011). Community organizing changed the negligent mindset of the university towards the Overtown neighborhood. CBA's are a powerful tool communities can use to hold powerful stakeholders accountable to the community for developing the land with tangible goals of housing, employment, educational, social, and economic sufficiency locally.

This situation is a common example of how powerful stakeholders deal with specific low-income minority populations. There are many connections that can be made between the Overtown and East Cleveland communities. East Cleveland is a majority black community as well as Overtown. This means both areas have historically been subject to neglect by the private sector. It is common for neighborhoods like these to be left out in the wake of large-scale developments because of the lack of voice for the people. A lesson that can be taken away from the Overtown situation is that it is important to keep pressure on developers to follow through with their promises (Vasquez, 2011). It is important to team up with church groups and other powerful institutions in the community to provide a strong, consistent message. East Cleveland has many institutions than could possibly speak with them.

Although the University has aggressively sought local workers and donated \$700,000 to the Overtown youth center, much is still left to be done. East Cleveland must push to target University Circle and push for them to invest in the west end of East Cleveland, there then can a CBA be constructed. Now roughly bound by North 20th Street to the north, North Fifth Street to the south, the Miami River and Dolphin Expressway (SR 836) to the west, and the Florida East Coast Railway (FEC) and West First Avenue to the east. Local residents often go by the demonym “Townners.” As of 2000, Overtown had a population of





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10,029 residents, with 3,646 households, and 2,128 families residing in the city. The median household income was \$13,211.99. The racial makeup of the neighborhood was 74.77% Black, 19.90% Hispanic or Latino of any race, 3.27% White (non-Hispanic), and 2.05% Other races (non-Hispanic). (World Population Review, 2019).

## **Brownsville, Florida**

Brownsville, Florida is a small community that neighbors the city of Miami, Florida. Brownsville has many similar characteristics as East Cleveland. Brownsville is legally classified as a Census Designated Place, since Brownsville is self-governing, and Brownsville is densely populated and is only identifiable by the US Census Bureau. Brownsville's population totals 15,860 and has a median age of 36.2. Brownsville's median household income is around \$19,796. Brownsville has only a 31% ownership rate and has a median property value of about \$108,400 (AreaVibes, 2019). The racial demographics are 67.2% black, 29.5% Hispanic, and 1.4% white (AreaVibes, 2019).

The City of East Cleveland currently has a population of around 17,187, with a median age of 43, and a poverty rate of 41.8% (United States Census Bureau, 2018). East Cleveland's median property value is roughly \$58,500 (United States Census Bureau, 2018). This financial gap between household income and property value is what investors use to calculate the value of a demographic market. The opinion here is that East Cleveland's first goal should be to achieve financial stability. East Cleveland should also focus on economic development by attracting small investors. Therefore, utilizing a Community Benefits Agreement would be more applicable towards The City of East Cleveland's State of fiscal emergency.

In 2016, Brownsville Florida formed a CBA with Related Urban developers, and they were approved for a \$300 million-dollar development Community Benefits Agreement to complete a new public housing development called Lincoln Gardens and renovate existing public housing called Liberty Square. Once Lincoln Gardens was built, then the residents from Liberty Square would relocate to Lincoln Gardens until the renovations from Liberty Square were complete (Guniss, 2016). Once the new renovations were completed, then the Liberty Square residents would return from Lincoln Gardens back to their upgraded homes in Liberty Square (Guniss, 2016).

Today East Cleveland can utilize the same strategy that was used in Brownsville, Florida by attracting and building a relationship with a developer who can make positive changes by implementing a Community Benefits Agreement. The CBA would consist of partnering with a neighboring city that would allow the current low-income residents to relocate temporarily, while renovating East Cleveland's most distressed low-income housing. This will allow the city to revitalize East Cleveland's financial, emotional and social image, as well as increase property values, and bring more income to one of the poorest cities in the United States.

## **Richmond, California**

In 2009, the Chevron Corporation signed a community benefits agreement with the city of Richmond, California. Richmond is a city of 107,597 people located 9 miles north of Oakland (City of Richmond, 2019). Demographics for the city include 31.4% White, 26.6% African American, 13.5% Asian, and 21.8% other (City of Richmond, 2019). The 2015 median household income was \$61,045 (City of Richmond, 2019). Chevron owns 2,900 acres of land along the bay with an oil refinery that employs approximately 1,200 people – the largest employer in the city (Duboscq, 2007).



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The CBA was signed when Chevron decided to complete the Chevron Refinery Modernization Project. The agreement included, among other benefits, the leasing of 60 acres of remediated brownfield to Marin Clean Energy (MCE) for the Solar One project. MCE is a not-for-profit energy company offering its customers renewable energy. The land is leased to MCE for 10 years at \$1 per year (Aldax, 2018). For the first 7 years, Solar One is publicly owned, then MCE will assume ownership (Aldax, 2018). Construction of the solar farm produced 341 jobs (50% Richmond residents) and additional funds for Richmond-BUILD (a job training program for construction and green technician jobs) (MCE, 2018). Currently, there are nearly 36,000 solar panels providing renewable energy to 3,900 MCE customers (Aldax, 2018).

The MCE Solar One project highlights important lessons that may apply to East Cleveland in terms of a public-private partnership that can be made with renewable energy and the potential for job training. A solar field on the border between Cleveland and East Cleveland is currently operated by Medical Center Company (MCCo). If MCCo wanted to expand or another company wanted to construct a solar field, land could be provided by East Cleveland in exchange for a CBA that included opportunities for job training, job creation, and energy supply.

## **Baltimore, Maryland**

One of the most interesting and successful Community Development Agreements is the Port Covington CBA established between Under Armor and the City of Baltimore's Port Covington neighborhood. Under Armor planned to move their headquarters to Port Covington, Baltimore. South Baltimore in which Port Covington is located is 1.7% African American, 89.7% White and has a median household income of \$109,518 (Lynch, 2018). The city of Baltimore established a TIF making it economically beneficial for Under Armor to relocate to the area (Simmons, 2016).

Six south Baltimore neighborhood organizations got together and demanded more community benefits from Under Armor, to offset the effects the new headquarters would have on the neighborhood. The two parties agreed to a CBA that is still in place today (Simmons, 2016). The CBA for Port Covington came together around March of 2016. The actual headquarters has not been finished yet, but is expected completion is 2020 (Simmons, 2016).

The Port Covington neighborhood abuts the waterfront of the harbor in Baltimore, Maryland. It is one of the most developed areas in the city, but some of the areas surrounding it are less developed. Sagamore Development Corporation is running the proposed construction project, and Under Armor is paying for the development ("New Port Covington Memorandum of Understanding". 2016). It is expected to create \$5.4 billion dollars in economic activity, more than 25,000 jobs, and \$250 million in annual tax revenue. Activists from six different neighborhoods near Port Covington worked together to establish the CBA ("New Port Covington Memorandum of Understanding," 2016) It is not entirely clear which benefits were requested, but the benefits given were \$39,000,000 in community assistance, \$10,000,000 to address problems in other issues in the city and to support local hiring initiatives. This is a voluntary CBA, drawn up specifically for Under Armor. The most successful part of this CBA is that it helps those who do not live in the community.



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## Conclusions

After gathering information on various community benefit agreements, one idea became clear. Engaged community organizing and strong institutional connections are essential for leveraging growth in the wake of large-scale investment. Through analyzing four different examples of CBA's we concluded that the Overtown neighborhood situation is the most applicable to East Cleveland. Overtown is like East Cleveland in multiple ways and the proximity to academic institutions helped us make this connection. For the community of East Cleveland to benefit from future development, it is important for the city to reach out to Case Western University to attract talent and build connections within their various departments. In conclusion, CBAs are a powerful tool communities can use to hold powerful stakeholders accountable to the community.



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## **CBA in LAX and Milwaukee**

*Morgan Clark, Madison Hudy, Amanda Biller, Jacqueline Revier*

The development of the Los Angeles airport (LAX) introduced the need for a community benefits agreement within the county of Los Angeles. The CBA was thoroughly negotiated with many citizen groups and was created in 2004. From the CBA, some of the agreements are still relevant, while most of the developments are completed. Evaluated next, the Milwaukee Stadium agreement which is between a private developer and community organizations. The agreed negotiations benefit people living within a targeted zip code which began in 2017 and is still currently active.

### **LAX**

The LAX Airport CBA with Los Angeles World Airports (LAWA) was consummated in 2004 with a promise of annual status reports. The local neighborhoods affected by the development of the airport were those in low-income, high minority neighborhoods in the county of Los Angeles. Thus, negotiations were made between the developer, Los Angeles World Airports, and the Los Angeles City Council.

Proposed impacts from development were many. Positively, impacts have been related to the economic growth of Los Angeles. Two examples include LA increasing their exports due to the proximity of the airport, and capital improvement projects creating investment around the developed area (Markle, L., 2016). However, the project also impacted the area negatively, creating heavy noise and air pollution. Furthermore, LAWA showed no plans to hire locally. In turn, citizen groups formed.

These citizen groups bonded the coalition between the city of Los Angeles and LAWA. These bodies formed the “Coalition for Economic, Environmental and Educational justice” (Settlements Agreement, n.d.) which covered nearly all the concerns regarding noise disturbances and environmental impact. Lastly, these actors also made sure to secure jobs for the local workforce.

Citizens requested that LAX pay for job training, distribute money for soundproofing structures, and schedule less nighttime airplane departures. Many residents requested that the traffic be kept under control due to increased airport traffic, but nothing was done to accommodate this. Lastly, the city of Los Angeles requested that no general city funds be used to administer the CBA.

Moreover, this CBA was an ordinance. A sample from this CBA states, “The cooperation finally settled to focus on noise mitigation, economic development benefits, community and environmental/health studies, air quality/emission reductions and control, and lastly, environmental mitigations/commitments for construction” (LAWA Our LAX, n.d.). This shows the intentions that the community and LAX agreed upon in the end, and that the current status of the CBA is ongoing.

The successes of this case are the implementation and the recording process. It was very smart of the citizens and city council to request an annual status report. Furthermore, it was a major success for the city of Los Angeles to not take on the financial responsibility of the project and to hold the developer accountable for all costs. In conclusion, LA avoided the financial burden while holding LAWA to their word.

### **Milwaukee**

In 2016, the Milwaukee Bucks professional basketball team decided to build a new stadium. The stadium would be built in the Wisconsin Tax Incremental District (TID) 84, the West Mckinley and West



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Juneau TID area of Milwaukee specifically created for the project. The agreement lies between the Milwaukee Bucks LLC, the Head of the Herd LLC, Deer District LLC and affiliates directly involved with the development of the project. Developers and various community organizations are also involved and created the Milwaukee Area Service and Hospitality Organization (MASH) to represent them for the negotiation.

The negotiation aimed to increased wages while hiring from within the city, as half of the stadium jobs are to be filled by citizens within a targeted zip code. The staff also has the option to create a union. The wage increase would begin in 2017 at \$12.00 an hour and reach \$15.00 an hour in 2023. The community organizations will provide a hiring hall to prepare workers with valuable skills. This negotiation is contractually binding and will last for three years from the opening date of the stadium, unless otherwise negotiated. This voluntary agreement began in 2017 and is currently active. Since the agreement is relatively new, it is difficult to determine the impact. The most successful aspects of this case study are that wages were in fact increased and that all parties were bound to a contract, ensuring a follow through.

## **Conclusions**

Reading through the LAX Cooperation Agreements and the agreement for the Milwaukee Bucks stadium, one can tell that every detail was discussed prior to any development. Almost everything that could have gone wrong was predetermined by both parties. The varying opinions of all parties show that creating a CBA is very meticulous work and cannot be thrown together. In the end, the successes for both citizens and the developer depend on how well the CBA is constructed.

Learning from these successful CBAs, East Cleveland can generate business. The first step must be to clean up the city. Doing so will make the city much more attractive to investors and new businesses. Next, the city should concentrate development around Euclid and University Circle in the hopes of business expanding into the rest of the city. Incorporating such elements from the LAX and Milwaukee agreements will lead East Cleveland in the right direction.



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