

Ep51- A Roadmap For Economic Justice with Neal Richardson

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SPEAKERS

Neal Richardson, Daffney Moore



00:00

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Daffney Moore 00:24

Hello, and welcome to ThreeSixtyCity. I'm today's host, Daffney Moore: NewCities Fellow, and Chief of Staff of the St. Louis Development Corporation. This Sunday, people all over America will be commemorating Juneteenth, a day to celebrate black culture, but equally a time to reflect on the ways racial inequalities are still entrenched in our cities. The city of St. Louis, defined by its visible economic divides, has one of the worst racial wealth gaps in the country. To address the inequitable economic conditions across racial lines and zip codes, the city has recently launched a Roadmap to Economic Justice. Today, I'm joined by the executive director of the St. Louis Development Corporation, Neal Richardson to discuss the monumental framework of how the city is empowering communities from within, ahead of Juneteenth. Welcome, Neal.



Neal Richardson 01:29

Thank you for having me. Hey, Daffney.



Daffney Moore 01:31

This week in America, we'll be celebrating Juneteenth. Can you talk about why this holiday is important to St. Louis?



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Neal Richardson 01:42

So, the city of St. Louis, it's very critical and important for us to celebrate and recognize and acknowledge Juneteenth. Because we have a rich history of black St. Louisans here, ranging from Annie Malone, Tina Turner, Chuck Berry, Arthur Ashe, and others have all spent time in the city of St. Louis. But also for us to recognize that African Americans in this country have always been underserved, marginalized, in many ways forgotten about. And even though we had Independence Day, that did not create equity in access to opportunities for all Americans. We as black citizens, should have the same rights as every other population: access to affordable and quality education, access to quality housing, food access, and ultimately being able to achieve our fullest economic potential as human beings. And so, for the city of St. Louis, as we are looking to move forward, it's imperative that we recognize our historical barriers and challenges that have created these systems of equity- inequities in our city. But also think about the solutions as we move forward, of intentionally investing, and dismantling those barriers that have prevented access to opportunity for African Americans in this country, and specifically in the city of St. Louis.

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Daffney Moore 03:25

First dive, right in: the Roadmap to Economic Justice - what motivated the city to create this roadmap? And can you talk about what the city is seeking to accomplish through this roadmap?

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Neal Richardson 03:38

Great question. So in 2019, to 2020, we develop what's called an Equitable Economic Development Framework. And within that framework, we recognize that in order for St. Louis to reach its fullest potential, we have to invest and provide access to opportunity for our Black population. Between 2010 to 2020, the city of St. Louis lost over 27,000 Black families. And we understand that if we're going to move forward, we have to address the gaps and barriers that's preventing our most marginalized and vulnerable residents to achieve their fullest potential. And so that's really what's driving this forward - is not just a moral imperative. It's a socio economic imperative for our city to grow. And so in order for us to really achieve our growth as a city and become who we need to be, we have to invest in areas and to people that have been left behind historically. So that's what really moved us forward on creating this framework. But it's not just about right now. It's about how do we create opportunities that are transformational for generations to create generational wealth. And so as we think about this framework, it's about building wealth, and not only investing in the places but investing in empowering people. And that's why our purpose statement as we're moving this strategy forward, has changed at SLDC, from just "Keeping St. Louis in Business", to "Empowering, developing and transforming the city of St. Louis into a vibrant, just and growing economy in which everyone can thrive". And we develop three core principles and pillars that allows us to achieve that: economic empowerment, equitable, inclusive development, and neighborhood transformation.

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Daffney Moore 05:35

Can you give us a high level overview of the action steps in those pillars? And basically, what is your first area that you will be tackling in this roadmap?

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Neal Richardson 05:48

Within each pillar, we have three core strategies. And so our first pillar is economic empowerment. The first is again focused on business empowerment, ensuring that small, women- and minority- owned business enterprises have the ability to enter, scale and grow in their respective industries. So it's critical because we know that within the Black community, we're able to invest in those businesses, they actually hire people that look like them and represent their neighborhoods as well. So that creates employment opportunities, which leads into our second key strategy, around workforce development. So, as we're creating these jobs, as we're attracting new employers to the region, we must also be training our employees - starting with those that are unemployed, underemployed, and unskilled today, because they haven't had access to opportunity, not because they don't have the talent. With the access to and the ability to gain those skills to be attractive for those employers to be able to grow. And for them to earn not just a living wage, but a thriving wage. And we want and expect quality jobs - not just income levels that are above the minimum wage, but also quality benefits that are needed to build a healthy and raise a healthy family. And the last piece is around educational justice within the economic empowerment pillar. So working with our school district, working with our school board to understand what are opportunities in which we can partner together and prioritize development that actually creates greater educational outcomes. The second key pillar that we're focused on is equitable and inclusive development: ensuring that, as we are moving in to attract actual development in many of our underserved and marginalized communities, that we have to be proactive. We can't rely on a developer to raise their hand and say they want to go into underserved market. We have to stimulate that those market conditions that make it conducive for them to actually make a profit, while also meeting the needs are within that community as well. So that requires incentive reform, for us to provide incentives in areas that have been overlooked and underserved. That requires the city to be proactive with site assembly, performing environmental remediation, ensuring - ensuring that the sites are ready and ripe for market demand and market conditions that have not been made available in areas within our Black communities historically, and so we have to take that charge on as a community and as a city and lead with those public dollars to stimulate the other private and philanthropic capital that's needed in order to sustain that growth long term. Which leads me to my - my third pillar around neighborhood transformation. SLDC, and through our land reutilization authority, has over 9000 properties within our land bank. So we have to look at these properties, assess them and not look at them as liabilities, but as assets. How do we not only stabilize these buildings, but create these assets into opportunities where our neighborhoods and our residents can actually get benefit from them? Turn those vacant and dilapidated lots and properties into grocery stores and to healthcare facilities that actually help support the overall living condition for the people. And so as we think about these three pillars, we must make intentional investments in order to be successful long term, but we have to do it now. And the city of St. Louis is in a very unique position, because we have access to public funding that historically we have never had within our city. And so we are starting with some key initiatives: One, opening an economic empowerment center in the Ville neighborhood one of our historically Black neighborhoods within the city of St. Louis to ensure that workforce development and business empowerment resources are made available. We are revamping our incentive policy, principles and processes to ensure that we are being equitable, transparent and clear around where we are prioritizing development within our city. And we are revitalizing our commercial corridors to drive business growth there and being more proactive with that development. And then the final key piece is neighborhood transformation. We're actually investing in deepening relationships with our neighborhood

based organizations, our community development corporations that actually support development and deal with the community and not to the community. So those are some of the immediate actions that we're taking within each pillar of our Roadmap to Economic Justice.

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Daffney Moore 10:47

So you've talked about commitment. So we know that Mayor Jones has committed \$150 million dollars of ARPA funds to North St. Louis, increasing the overall commitment of economic justice to about \$246 million. Can you talk about how the city plans to leverage those funds? Because we know that neighborhood building neighborhood capacity is the last piece of those equitable development components, but we also know in order to not only build wealth, you need funding to build the community component, but you also need money because, you know, oftentimes, we have millions of dollars, but we have billion dollar problems, how do you plan to build community but also build that funding to close those gaps to help build the community and build the people at the same time.

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Neal Richardson 11:38

So you and I, Daffney, if we say we got \$250 million, that'd be great. But we are dealing with billions of dollars of issues within our city, actually, McKinsey did a study and said, if we're able to close the wealth gap, we would be able to add over \$1 trillion to our GDP within the United States per year. And within the state of Missouri, if we were able to close the wealth gap, we were able - we would add an additional \$35 billion annually to our GDP. But that just goes to show how wide the gap is, and how much is actually needed, in order for us to move our city forward and to address these growing and expanding gaps. So we are not just looking to provide the seed funding, which has been provided by the American Rescue Plan Act dollars, infrastructure dollars and other public resources that we have available, but be able to leverage that with private and philanthropic capital to sustain that growth long term. One example is being able to invest into market rate housing, in many of our black neighborhoods that have been negatively impacted, or we just see naturally occurring, affordable housing, low income housing in these areas. But we need to be able to build a market in which Black families can own a market rate house that grows in income and asset wealth over time. So then they're able to build wealth and have access to resources to go out and visit that retail shop, visit that sporting event, visit their arts and culture organization to support their community based organizations. So then we're able to recycle dollars within these areas. But then also over time, if we're able to build that market, it creates and attracts other dollars to these neighborhoods that have not seen it. So that's our goal - is to really stimulate and bring that seed funding, that these other products and services that haven't been able to make their way into these communities can create a foothold and grow long term. We know within the Black community, it was historically realigned. There was challenges with appraisal gaps, there were challenges with homeownership in these communities. And the only way to really counteract that is through subsidizing these mortgages in many of these neighborhoods and addressing that appraisal reform. So then banks and other lenders can bring their products and services to the table in a way that they can grow and scale to within these markets that are greatly untapped.

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Daffney Moore 14:26

So our listeners, of course, are interested in housing accessibility. We like to talk about now

attainable housing instead of affordable housing because most people - Americans - are trying to attain a house. And can you specifically talk about a program that SLDC is currently working to create, to help developers build housing - minority developers specifically, to build housing and create an infrastructure to think about how we model programs to make sure that there's housing in underserved and disinvested communities?

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Neal Richardson 15:05

Definitely. So out of the American Rescue Plan Act dollars, we've actually appropriated \$10 million to a housing development fund, specifically to support women- and minority- owned businesses and developers and distressed communities to be able to scale and do Neighborhood Development and not just build one house, but build an entire neighborhood or a block of houses that can then stimulate other investment. And so many of these developers, they come out and they want to change their lived environment, they want to change their communities, but the math doesn't work, they can't get a loan from a traditional financial institution, because the actual cost to build a house is greater than the cost to sell the house. And so there are some some gaps there that we need to fill. And that's where the public sector and the philanthropic community have to step up: to address those immediate gaps, create comps in those neighborhoods, to then stimulate other investments. And so that's what we're aiming to achieve with this first \$10 million is to provide that that gap for appraisals and being able to create a market in which those developers can now have their projects underwritten, they're now able to build those relationships with traditional financial institutions and then they're ultimately able to sell homes at 80% AMI and above, to individuals that want to live in the Black community. And those are things that we as a city have to lead, we as a city have to be able to guide the way, because the financial industry, and many of the other philanthropic players really haven't been able to tap into these areas without this additional subsidy. And so that's where we come in and step up and partner with them to address these billion dollar gaps that we have in our in our city and our country.

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Daffney Moore 17:11

So let's talk about public participation quickly. So St. Louis has done so many plans. And you know, as we think about engagement of residents, and determining needs and priorities, can you talk a little bit about how we have engaged community, and how we will continue to engage community to ensure policies and programs reflect the needs, and goals of the community?

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Neal Richardson 17:38

Well, when we developed the Roadmap to Economic Justice, we didn't want it to be just another plan, we wanted it to be centered around action: action steps that we will take in order to move our equitable development framework forward, in order to move our 2030 jobs planning forward, in order to move these plans that we have within the city and to put action behind them. And to have immediate and very close proximity to the residents and the neighborhood-based organizations who are impacted by these developments that will take place and make sure their voices are heard, make sure they are not displaced. And they have the resources to actually truly benefit from the development that's coming. They should be the first individuals

that receive access to you know, downpayment assistance to be able to buy a home in a neighborhood in which they've rented for decades. They should be the first ones that have access to supportive services, whether it's a health care facility or healthy grocery stores within a neighborhood, we need to prioritize them, as well as attract other residents that will add to the density of those of those neighborhoods and the culture of them. And so we are actually in the process of hiring neighborhood managers to support all 79 neighborhoods within the city of St. Louis, to not only do planning, but more so about the implementation of that work. And being able to work with the development community, being able to be the spokesperson with the philanthropic community with the financial institutions around the resources that are needed to be aggregated in order to implement these plans, and not just talk about what we want to see - we want to actually see progress within these neighborhoods, which have not seen investment in generations.

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Daffney Moore 19:35

So, let's talk about that a little bit. We know that there's been for decades, disinvestment and systematic drivers that have kept mobility from happening in North St. Louis, and other areas in in South St. Louis. And we know that we need those partnerships, those financial institutions to step up and we on the other side, we know we need To help CDC and nonprofits be strengthened. So how do we really get the business community and those financial institutions and partnerships to really step up? How do we say, 'hey, this is a poor, economic giving community'? We give to the arts, we give it everything else. But we're really not giving to what really matters, which is economic development and community development. How do we change that dynamic?

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Neal Richardson 20:28

We have to have these conversations about the return on investment. And many times we're not speaking the language of these financial institutions or the philanthropic community in the same way that the arts and culture have been able to; they're able to identify what social outcomes will be changed as a result of this investment. And that's something the economic development community has not done a great job of. And so we have to do a better job of articulating: 'with this investment that you make into economic development, you now are able to address areas today and long term'. So we're able to provide more quality housing, we're able to address vacancy, we're able to adjust crime, because we're now able to get our youth access to educational opportunities, access to workforce development opportunities, we're able to now reinvest within our commercial corridors that build up the infrastructure that can create more opportunities for arts and culture to expand, and it's not just a one time investment, that's a sunk fund - the great thing about economic development is that these dollars compound over time. So as we are actually investing into a home or into an individual that helps improve our overall tax base, that's reinvested into create better outcomes and better programs for our city to thrive long term. And for the private community around investing, it's an easy business case, because as I said, if we're losing \$1 trillion from our GDP, then they need to be investing in that area, because now that creates a greater customer base that they can they can draw from, it creates greater opportunities of wealth that can be built and assets that can be built for them to leverage to now be able to qualify for a business loan. Now for them to qualify for a mortgage, without having to have this perceived- additional perceived risk. Because we are lifting up these markets, we're lifting up these individuals, and not asking

for the bar to be lowered, but for the opportunity to just be created for and expanded for everyone. And so for the business community, we're able to create a business case for them around as they invest into the city around economic development it actually grows their customer base for them to thrive as the overall city is thriving.

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Daffney Moore 22:56

Many American cities are faced with similar challenges in equitable, economic development, affordable housing, small business empowerment. Do you think this is a replicable model that could be adapted in other geographies in North America and beyond?

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Neal Richardson 23:12

For sure, and so that's really what this is about, this framework: Is, is not just based on one place, is holistic economic and community development, where it centers the human being, but it provides the human being with the resources to achieve their fullest economic potential. So it's not just placed on one area or geographic area. It can be it can be replicated across every city that wants to empower, develop and transform the individuals in those communities to uplift them and empower them to achieve their fullest economic potential. And so, again, we're not so much focused on the place, we're focused on the people that need the support. And every community in every region should and for the most part is focused on "how do we support our residents?", because at the end of the day, our businesses and neighborhoods are made up of people. And if we don't invest in those people, then they cannot contribute towards our overall economic growth. And that's what the Economic Justice action plan is about, and I really believe can be a model that can be replicated across the entire country, because it's not just solely focused on the place it's focused on empowering and developing people.

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Daffney Moore 24:34

Can you talk about why it was important to call it 'Economic Justice' and not something else?


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Neal Richardson 24:41


The hot buzzword right now is 'equity'. Right? And so everyone talks about equity and 'we want to provide equitable outcomes' ... and equity is recognizing that those barriers exists. However, justice is actually dismantling those barriers. It's great that you recognize that, you know, I'm a- I'm an African American, I'm a Black individual, and then there's historical racism and systematic racism that has created challenges for me to achieve my full potential. But then how do we provide solutions to actually help me get to where I need to be? And I think that's what justice is, is to repair that harm, and remove those barriers. So we don't have to continuously invest into the same programs and issues over and over again, we're able to invest and dismantling those barriers, once and for all. And I think that's really should be our focus is not creating another program that's going to create investments for generations and generations into the same problem. It's addressing that problem head-on, getting to that root cause and moving forward towards other issues that we need to address.

 Daffney Moore 25:59

Well said. Well, that's all the time we have today. As we celebrate Juneteenth, economic justice is definitely something that we should continue to focus on. It was a pleasure talking to you today.

 Neal Richardson 26:14

Thank you.

 Daffney Moore 26:14

Thank you, listeners. As always, thank you for joining us, and we'll be back next week for another episode of ThreeSixtyCities.