

**ASSESSING THE NEEDS OF AN INNER-CITY ECONOMY: A SURVEY  
OF WEST HARLEM' S HAMILTON HEIGHTS**

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## **ASSESSING THE NEEDS OF AN INNER-CITY ECONOMY: A SURVEY OF WEST HARLEM' S HAMILTON HEIGHTS**

*Abstract* - A survey of New York's Hamilton Heights' by AmeriCorps student volunteers provided many insights concerning the community's aspirations and needs. While the property owners showed weak support for a business improvement district, there was generally a strong desire for improved street related conditions. Additionally, a significant percentage of businesses wished to raise funds through bank loans, though most appeared ill-prepared to do so. Also, an apparent lack of information exchange and trust, among other factors, implied a need for improved *social* capital. Many respondents explicitly advocated enhanced communication within the community, including more interaction with The City College of New York. Among other suggestions, *low-technology/high social capital* business incubators and a *small business development center*, both involving student interns and faculty from CCNY, are recommended. The implications for entrepreneurship education in the context of the inner city are discussed.

Keywords: business improvement district; inner-city; economic development; social capital; entrepreneurship education.

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## INTRODUCTION

This study of West Harlem's Hamilton Heights and the surrounding neighborhood, which abut The City College of New York (CCNY), was an outgrowth of local property owners' desire to form a Business Improvement District. The development of a BID proposal survey was combined with the idea of studying the area's economy, in particular its potential for growth. Thus, in the spring of 1998, working under an AmeriCorps grant, CCNY faculty and students designed a questionnaire and survey procedure to investigate the desirability of a BID, and gather data that could be used as the basis for further studies and neighborhood programs. Analysis of the data from a large and diverse sample produced findings relevant not only to the formation of a traditional BID but to the more fundamental development needs of this inner-city economy.

## BIDs and ECONOMIC DEVELOPMENT

Inner-city economic development has been approached from many perspectives: Municipalities throughout the U.S. have formed BIDs; federal, state and municipal governments have tried to stimulate growth with a range of financial assistance programs; the federal government has created urban empowerment zones; communities have formed micro-enterprise programs; and colleges and universities have, often with the backing of state and municipal funding, established business incubator programs and small business development centers.

BIDs are not-for-profit organizing and financing mechanisms used and governed by local property owners, in partnership with municipal governments or business associations, to fund services beyond what local governments normally provide, such as beautification programs and augmented security measures. The funding is usually obtained through a property tax surcharge collected by the municipalities on the BID's behalf, and the BID itself contracts for the services and other needs requested by the community. Finally, BIDs work best in areas where there is an adequate concentration of business owned properties to generate the additional tax revenue needed [e.g., NYCDBS, 1996; MacDonald, 1996; Pack, 1992].

Though BIDs have become very popular, they are not without controversy. Looking at New York City, Adler [2000] found that many commercial tenants and landlords have complained that BIDs are providing services for which the City is responsible. Also, that in times of fiscal crisis, the City has uniformly reduced services and kept them at the lower level, leaving BIDs to pick up the slack.

While acknowledging that BIDs to some extent duplicate city services, MacDonald [1996] points out that they also enhance them in terms of frequency and depth, for example, the providing of continual sidewalk cleaning and graffiti removal. Additionally noted is that BIDs arrange special events and help with the upgrading of storefronts.

Certainly from the guidelines issued by the New York City Department of Business Services (NYCDBS) [1996], it appears that BIDs can have a great deal of discretion for stressing what the community desires. They must be managed by an incorporated District Management Association (DMA) made up of community members. According to the NYCDBS, in addition to the usual augmenting of municipalities' security and sanitation services, street decorations, and promotional events, some New York City BIDs have undertaken infrastructure improvements and community service programs.

It appears then, that BID emphasis can be guided by the continuing insights and decisions of local property and business owners, though probably with varying degrees of

effectiveness. This is in contrast to the mainly top-down operating modes characteristic of the other economic development programs, which were mentioned above and will be considered further on.

## **RESEARCH METHOD**

### Subjects

The area surveyed is bordered by Broadway and St. Nicholas Avenue from 135th to 145th Streets, a neighborhood known chiefly as Hamilton Heights. It was originally demarcated by the Hamilton Heights BID Steering Committee, whose members live or work in the vicinity, and has a significant population of private residences and mostly small businesses, including rental properties. The members of the committee, most of whom owned businesses and properties in the neighborhood, and a representative from the New York City Mayor's office, felt that this area's mixture of businesses and residences made it a good BID candidate.

This predominantly Hispanic neighborhood - zip code 10031 - had a 1990 per capita income of \$8672, just below the mean of \$8756 for all of Harlem, about one-half of that for New York City as a whole, and roughly twenty percent below that of the area directly to the south, which is approximately bordered by 114<sup>th</sup> and 133<sup>rd</sup> street ( zip 10027) [1990 U.S. Census Bureau].

The survey sample was made up of property owners and business proprietors and managers, and included apartments and private residences. The businesses numbered 126 and residents a total of 95. The median number of full-time employees for the businesses was 3.0, where 91% had fewer than 9 employees (88% with part-timers). The sub-samples in each analysis represent the different categories of properties surveyed.

### Questionnaire Design

The initial version of the questionnaire was developed using items from other New York City BID questionnaires, inputs from community professionals who temporarily formed a BID steering committee, and CCNY economics, history, and sociology faculty. Given the exploratory nature of the research, a number of open-ended questions were included.

Ten students were selected to conduct the survey under an AmeriCorps grant awarded to the Division of Social Science at CCNY. An early version of the questionnaire was used to complete a pilot survey of twenty residential and twenty business properties, after which a second set of revisions was made. A final version was prepared in English and Spanish, since many of the subjects were fluent only in the latter.

## Survey Procedure

Five teams of two, with a Spanish-speaking member and at least one male on each, were assigned to various sections of the community, alternating between primarily residential and business areas.<sup>1</sup> The subjects were handed copies of the questionnaire, which they followed as the team members guided them through the questions and recorded the data.

The procedural issues most often raised by the survey teams were related to either street safety or respondents' non-participation. In a safety session with police, the students carrying out the survey were advised to always proceed cautiously and to absolutely avoid certain blocks. Also, on many occasions, when appropriate respondents were not present and appointments could not be set, a maximum of two follow-up visits were made. Roughly two-thirds of the potential respondents were not surveyed due to safety concerns or the subjects' unavailability. Nevertheless, the resultant sample was considered sufficiently large and representative for analysis and reporting.

## Statistical Analyses

Since the questionnaire contained numerous items, each section was factor analyzed and coefficient alpha scores determined using procedures normally followed for this type of (exploratory) research (e.g., Churchill, 1979). The entire sample of n=221 yielded results similar to random truncated analyses used to test robustness. The resultant factors are described in the Appendix. The factor scores are the arithmetic means of the item scores, with the exception of *business counseling*, which was retained as single item measure. The range of item and factor scores was 1 to 5, indicating *least important* to *most important* respectively. Paired t-tests were conducted to establish the factor rankings for the various sub-samples.

## **RESULTS AND DISCUSSION**

### Factors Impacting Business or Property Values, and BID Priorities

First to be contrasted were the factors that appeared to be most important to the *proprietors & managers* versus *residents*. Each factor's mean score established its ranking, with paired t-tests used to determine the extent to which the proximate scores were significantly different.

The results showing the degree to which the various factors are perceived to adversely impact the subjects' property or business values appear in Table 1. *Traffic problems* (congestion and the lack of parking) were by far the greatest concern of residents, whereas for businesses, *street conditions* (dirt and disrepair), *traffic problems*, and *street offences* (illegal activities) were all equally important. *Government response* (obtaining licenses, getting information, and discrimination) was clearly not seen as an issue, and roughly one-fifth of the residents did not feel it was applicable and did not respond.

< Table 1 about here >

This is in slight contrast to what the respondents saw as BID priorities if a BID were to be created - see Table 2. *Street problems* (parking and capital improvements on streets) were viewed as the most important BID priority for both groups, followed by *quality of environs* (sanitation, security and beautification). Also, when broken out as a separate factor, parking scored even higher for both businesses and residents, 4.16 and 4.20 respectively.

The strong widespread emphasis on parking suggests a significant reliance on the automobile. Indeed, a follow-up study, which found that thirty percent of those who own, manage or work in a business arrive by private car.<sup>2</sup>

There is also evidence that security, as a separate issue, was of central importance. In thirty-five out of the sixty-five responses to the open-ended question about what was of added concern, the respondents, split nearly equally between businesses and residences, expressed a great deal of distress about drug dealing and a need for more police on the streets. When broken out as separate factors and their means compared, *security* and *parking* scored 4.13 and 4.18 respectively for businesses, i.e., statistically their impact on the property's value

< Table 2 about here >

is perceived to be identical, and 3.79 and 4.16 for residences, parking being a significantly greater concern than security for residents whether in a strictly residential block or a mixed commercial-residential area.

Looking further at businesses, the desire for *business counseling* (legal and financial) and *professional services* (job training, child and health care) as BID priorities were of decidedly tertiary importance. Turning again to residents, there were relatively low scores for *professional services*, especially so for the property owners, who also had the lowest score for *quality of environs*.

Thus, it seems that the greatest overall concern is for street related conditions, not least of all illegal activity and parking. The quality of the environs is clearly of secondary importance, especially for the residents, and business and other professional services the least important.

These results may explain the non-business property owners' opposition to the formation of a BID - see Table 3. It could be that those voting against a BID, which would naturally be focused on business related services, were significantly disengaged from at least the commercial attributes of the community.<sup>3</sup> Additionally, the placement of parking significantly above the quality of the environs on the part of residents may indicate a general lack of a sense of community.

< Table 3 about here >

### Choice of Business Location

Considered next are the factors pertinent to the location of the businesses in the area surveyed. The subjects were asked the extent to which proximity to other businesses and organizations, social ties, and operational considerations played a role in their choice of location. Table 4 presents a ranking of three factors: *business proximity* (closeness to other businesses, community services and public transportation); *favorable location* (low rent, space availability and distance from competitors); and *social proximity* (nearness to friends or relatives and houses of worship).

< Table 4 about here >

The proprietors ranked *business proximity* as the most important factor. Indeed, within this factor, closeness to public transportation and closeness to other businesses, both infrastructure-related items, scored 3.83 and 3.51 respectively.

The very low score for *social proximity* is consistent with the follow-up survey results cited above, i.e., 64.5% of the respondents, albeit from a small random sample, lived more than two miles away. This should not be surprising from a strictly business standpoint: common wisdom says business persons should choose locations based on economic advantages rather than opportunities for personal affiliations. Regardless of the reasoning, the fact remains that the proprietors appeared to at least initially have had weak ties to the community.

### Capital Investment

Here there were basically three questions: 1) How has the organizations' reliance on funding sources changed; 2) Do the organizations expecting to raise funds have formal business plans; and 3) What will the funding be mainly used for? Answers to these questions were intended to help identify the support services needed by the business community in its efforts to raise and effectively apply funds.

Table 5 presents the original and expected future sources of funding. One immediately sees that the majority of those who want to raise money through a business loan have *no formal business plan*. These businesses also dramatically shifted their reliance from personal funding to retained earnings. In contrast, a significantly higher percentage of the organizations with business plans expressed a future reliance on retained earnings and a much lower dependence on loans, implying superior performance. It would seem that formal business planning is needed to help secure loans and/or improve earnings.

< Table 5 about here >

Regarding the preferred uses for funds, pair-wise comparisons revealed small differences between *production expansion* (facilities, product line, and inventory) and *plant improvement* (building equipment, renovation and repairs), while *upgrading capability* (new equipment, including computers, and employee training) was significantly lower than each - see Table 6. That is, physical expansion, including facilities and inventory, was more important to the respondents than *upgrading capability* in terms of employee training and the adoption of new technology.

< Table 6 about here >

### A Word on Social Capital

The concept of social capital was introduced by Coleman [1988], who defined it as human relationships resulting in the meaningful exchange of information and derived from a high level of trustworthiness among individuals. Consistent with this is Bullen and Onyx's [2000] very recent empirically derived definition that found the principal factors to be community participation, agency, and trust.

In this study, the strong priority on parking, and therefore the importance of mobility, coupled with the property-owning residents' solid vote against the formation of a BID may indicate that a strong sense of community, at least on the part of residents, is lacking. Also, for business people, the low scores for *social proximity* and the evidence that most live in other neighborhoods may indicate the same. When the distinct and widespread concern for security - true for businesses and residents - is also considered, one can reasonably assert that there is a general lack of shared values, or weak social capital.<sup>4</sup>

Another indicator of the need for social capital could be Putnam's [1993] proposition that societal norms and networks are required to facilitate coordinated community actions. It is perhaps due to the lack of such norms and networks that the neighborhood surveyed has no community or business association. Entries in the interviewers' logs and answers to the open-ended questions by nearly twelve percent of the managers and proprietors surveyed revealed a desire for such associations, and more active community involvement on the part of CCNY.<sup>5</sup>

## **DIRECTIONS FOR ECONOMIC DEVELOPMENT**

The assumptions followed here are that sustainable growth is best achieved principally through private and profit-seeking initiatives [Porter, 1997], and that it is desirable on the part of AmeriCorps and CCNY, among others, to assist mainly through the existing community members. Also, since social capital is often cited as the prerequisite for what economists and sociologists call human capital [e.g., Green, 1996; Coleman, 1988], the existence of an educated and healthy workforce and, as further noted by Putnam [1993], a factor facilitating

coordinated community actions, efforts for its enhancement are best begun as early as possible.

Given the results of this survey, it would appear most advantageous to formulate programs that address the neighborhood's most salient material needs - street and traffic related infrastructure improvements and financial capital - while *simultaneously* enhancing social capital.

### Infrastructure Improvement

The respondents explicitly expressed the need for street and traffic related improvements. Supporting the expressed need for infrastructure changes, two surveys of Canadian and U.S. cities by Reese and Fasenfest [1996] showed that *street improvements* and *parking* were among the twelve development incentives out of the twenty-five employed in 1990 and 1994 whose use had significantly increased. They also found a trend toward the renovating of existing buildings. BID activities in New York City may have in part already provided an example for the type of infrastructure related efforts needed in Hamilton Heights: the Steinway Street BID in Astoria, Queens, has been planning a multi-purpose parking facility with a library, senior recreational area, and day-care center (NYCDBS, 1996).<sup>6</sup> Such a project addresses the need for information dissemination and person-to-person interaction, while simultaneously and immediately providing parking facilities.

### Funding Alternatives

Turning to the need for business funding, attention must be given to the mixed record of government financial assistance programs.<sup>7</sup> Reese and Fasenfest [1996] found that reliance on traditional government programs, such as development bonds and tax abatements, had decreased. Urban empowerment zones, created by Congress through the Revenue Reconciliation Act of 1993, and local micro-enterprise programs have sprung up in recent years as alternative sources of inner-city business financing, often coupled with training and business counseling. Business counseling, though given low priority by the Hamilton Heights respondents, could in fact most effectively help proprietors raise funds while creating the type of relationships some of the respondents explicitly called for.<sup>8</sup>

Like empowerment zones, micro-enterprise organizations, such as Brooklyn, NY-based Accion, have similar requirements, but services which are narrower in scope and scale. Micro-enterprise loans have been helpful but are not large enough to lift an entire community [Bates and Servon, 1999], though Servon's [1997] study of three programs, including Accion, found that their combination of lending and business counseling proved most effective. In addition to funding and training, these programs, each with a demographic focus, such as women entrepreneurs or, as in the case of Accion, inner-city Latinos, attempt to instill the attitude that the people themselves can determine their own future.

Looking at the implications for social capital, the qualifications for empowerment zone or micro-enterprise funding provide an excellent opportunity for the establishment of associations within the community to help create networks of assistance, which could include The City College of New York. This, for example, might be done through a neighborhood business association or a BID's District Management Association (DMA), either of which could arrange workshops for business planning and ongoing business seminars and training, among other efforts. (Recall the lack of business plans among those wishing to approach mainstream financial institutions for funding, and the possibly imprudent low priority given the adoption of new technology and training.)

What could also be very helpful is the establishment of a Small Business Development Center for West Harlem. City College could, with the aid of community leaders, petition New York State to establish an SBDC on the College's campus. SBDCs are commissioned by state governments throughout the U.S. to provide individual consultation to independent small firms, on an as needed basis, in a given region with government and university expertise.<sup>9</sup>

### Business Incubators

Lastly, the establishment of business incubators is another alternative that may provide material benefits, albeit long-term, coupled with social capital enhancements. Incubator sponsors directly support the housing of fledgling businesses in which they often participate on a consultative basis and may partly own.<sup>10</sup>

While university sponsored incubators are traditionally high-technology ventures serving the dual purpose of promoting economic development while commercializing university research, *low-technology* versions have been suggested at City College which could significantly develop the social capital of its inner-city community. One of these is the establishment of a neighborhood bilingual tabloid begun as an on-campus business. It was reasoned that this would immediately begin to enhance social capital by raising the neighborhood's awareness about people, businesses, landmarks, and events in West Harlem, and provide a model for future CCNY sponsored incubators that would ultimately relocate their operations in the immediate community.

### Blending the Alternatives

The ideas presented here to varying degrees address the intangibles, e.g., the creation of a business association, business planning, and job training as integral parts of efforts ultimately producing tangible outcomes, such as infrastructure improvements and job creation. Also, while much of what is needed in Hamilton Heights might very well be supplied by an assortment of independent programs, the present apparent lack of social capital and the existence of a language barrier for some businesses may make the existence of a neighborhood-based liaison group, such as a Business Association or a BID DMA, imperative for the specification and coordination of services and programs. The establishment of such groups often enhances communities' *political capital* [Turner, 1999], i.e., empowering them to effectively negotiate with outside agencies.<sup>11</sup>

### A Venue for Entrepreneurship Education

The involvement of students, particularly through internships in business incubators and a small business development center, would clearly add an important dimension to entrepreneurship education at CCNY while helping the school's neighbors.

Students would gain a hands-on appreciation for the challenges associated with the establishment, improvement, and expansion of businesses in an inner city neighborhood, i.e., the businesses would act as "laboratories" for college sponsored student interns. The businesses themselves would benefit by drawing on student and faculty expertise in management, economics, computer science, publishing, engineering, communications, and architecture.

The idea that a synergistic relationship enhancing entrepreneurship education can be developed in Hamilton Heights is encouraged by two additional factors. First, entries in the AmeriCorps volunteers' logs noted many respondents' desire to see City College play a more active role in the neighborhood. Second, a number of chairpersons and faculty from the CCNY programs alluded to above have, over the years, indicated an eagerness on the part of many of their graduate students to develop their own businesses. In fact, a number of well attended presentations of this research at the Colin Powell Center for Policy Studies at CCNY, including one session for all of the College's deans and selected administrators, revealed a particular interest by the participants in the development of entrepreneurial initiatives involving the immediate neighborhood.

## CONCLUSION

This study developed a questionnaire and surveyed an inner-city neighborhood abutting The City College of New York, the Hamilton Heights section of West Harlem, to determine the desirability for a business improvement district and assess needs fundamental to the area's economic development. The survey sample included property owners, business proprietors and managers, and occupants of apartments and private residences.

Support for a BID was weak among residential property owners, though the survey results explicitly revealed infrastructure, financial, and security needs. There was also evidence of an overarching need to enhance social capital, which was inferred as a significant factor.

Suggestions on how these needs could be met assumed that sustainable economic growth is best achieved through private and substantially profit-seeking initiatives, and that the area's indigenous population would not be displaced. Thus, the directions for economic development deemed feasible were those that seemed most likely to contain social capital enhancing elements, and included BID, empowerment zone, micro-enterprise, and low-tech/high social capital business incubator efforts. Moreover, it was proposed that such initiatives would be best facilitated by a community-based group, such as a business association or a BID DMA, if a BID were to be adopted, and the participation of The City College of New York via an SBDC. Finally, the opportunity for the enhancement of entrepreneurship education at CCNY, which could benefit all concerned, was also highlighted.

Overall, this research attempted to define in detail the unique nature of an inner-city community so that an appropriate strategy mix could be determined. While the findings and subsequent recommendations must be considered with care due to the first use of a new questionnaire and the difficulties encountered in surveying this area, insights that can be used to carefully focus future studies of this and other inner-city neighborhoods have been gained. It would seem that research directly measuring social capital and, separately, measuring the social capital content of alternative economic development programs would be a most worthwhile next step.

## **Appendix - Factor Content by Questionnaire Section\***

### **- Sanitation, Beautification and Government Support Services -**

#### Street Conditions

dirty sidewalks and streets  
sidewalks in disrepair

#### Street Offences

panhandlers  
illegal street vendors  
break-ins  
street crime  
vandalism

#### Traffic Problems

traffic congestion  
lack of parking

#### Government Response

obtaining licenses  
discrimination by city or state  
getting responses from government agencies

### **- Hamilton Heights BID Priorities -**

#### Quality of Environs

sanitation  
security  
beautification (tree planting, etc)

#### Street Problems

parking  
capital improvements on streets (street signs, lighting, etc.)

#### Professional Services

job training centers  
health care centers  
child care centers

#### Business counseling (legal, financial, taxes, planning, etc.)

Appendix continued on next page

- Location: Background and Needs -

Favorable Location

low rent  
availability  
furthest from competitors

Social Proximity

close to friends or relatives  
close to house of worship

Business Proximity

close to public transportation  
close to other businesses  
close to community services  
purchased existing business

- Financing: Background and Needs -

Upgrading Capability

new equipment - not computers  
computer equipment  
employee training

Plant Improvement

building renovation  
equipment or building repairs

Production Expansion

facilities expansion  
product line expansion  
establish adequate inventory

\*Factor loadings using varimax rotation were 0.500 or greater; coefficient alpha reliability scores were also greater than 0.500 for all the derived factors.

## ENDNOTES

1. The team members, with their college identification cards conspicuously displayed, introduced themselves while handing the potential respondent a letter of introduction from the president of CCNY. Also, during the first few weeks of surveying, and less frequently afterwards, meetings were held with the teams, their supervisors and this author, who was the project director, to address any difficulties. Each team was required to maintain a log of its survey experiences.

2. A follow-up survey of a random sample of 31 out of the 126 businesses already studied was conducted in late 1999, with a single respondent for each business. Fourteen proprietors and managers and six employees out of the thirty-one people interviewed (64.5%) lived more than two miles from the business. The respondents indicated that parking was most important for employees, followed by residents, business owners, and customers, who were a distant fourth. Also, 30% used a private car, 43.3% used the subway or bus, 3.3% used taxis and 23.3% walked to work.

3. While it is understandable that BIDs are likely to be approved in predominantly commercial areas, research is needed to determine the reasons for non-commercial property owners' lack of support.

4. Bullen and Onyx's [2000] confirmation of Coleman's [1998] and Putnam's [1993] conceptualization of social capital included the *trusting of others and feeling safe* as a major (derived) factor.

5. In a November 15, 2000 discussion with this author, George Glatter, Executive Director of the New York City Department of Business Services, noted that it is not unusual for business associations to be formed with very few members and to remain dormant. According to the NYCDBS, there are no business associations in the Hamilton Heights area, however, the department has for two years been funding the Heritage Health and Housing Corporation, which has enlisted the help of CCNY's School of Architecture and the Hamilton Heights-West Harlem Community Preservation Organization, among others, to carry out a revitalization program.

In a March 21, 2001 meeting at City College, HHH, Inc. announced its plans to kick off efforts focused on the revitalization of Amsterdam Avenue, between 135<sup>th</sup> to 155<sup>th</sup> streets. Also, a not-for-profit organization named Credit Where Credit is Due has been offering classes in business planning and provides business funding. These are encouraging beginnings, and it is hoped that these organizations and others will benefit from this research, which largely addressed the needs of the predominantly Hispanic area west of Amsterdam Avenue to, and including, Broadway.

6. Bradley [1995, 11] finds that transportation and parking related activities are among the "new dimensions of BIDs."

7. Bates [1995, 5-6] assails many programs noting, for example, that the Small Business Administration loans between the mid-1960's and 1984 to minority businesses in ghettos, most of which were "mom & pop" retail and service establishments, have had a greater than seventy percent default rate. Among the reasons given for the high failure rates were "weak internal markets" and the "lack of education and business skills on the part of proprietors".

8. The empowerment zones have been trying to correct some of the weaknesses in traditional financial assistance programs. While it is much too soon to draw conclusions about their performance, in the Cleveland program, for example, a substantial amount of the funding is used for job training [Ford, 1999]. Also, to obtain empowerment zone funding, individual businesses must include a detailed business plan in their proposals.
9. See, for example, the New York State SBDC web site, <http://www.nyssbdc.org>. The regional centers in Manhattan are housed at Pace University's Wall Street area campus and at Baruch College's Park Avenue and 26<sup>th</sup> Street location.
10. Business incubators provide “. . . affordable space, shared office services and business development assistance in an environment conducive to new venture creation, survival, and early-stage growth” [Allen and McCluskey, 1990:61]. Often sponsored by municipalities or academic institutions, the number of programs has grown from 12 in 1980 to 587 in 1998, adding more than 19,000 companies and more than 245,000 jobs to the U.S. economy [NBIA, 1998]. Among the first academically sponsored programs, Rensselaer Polytechnic Institute's incubator claims to have created approximately 2000 jobs in the Troy, NY region since its inception in 1980 [RPI, 2000]. Bearse [1998] cautions, however, that broad studies of incubator program performance must be viewed with care due to methodological shortcomings.
11. Turner [1999] explains the historic success of community groups' “leveraging” of inner-city assistance programs, and proposes that for the achievement of even greater “political capital,” their staffs should include professionals.

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U.S. Census Bureau, 1990.

Table 1 - Factors' Perceived Negative Impact on Property Values or Businesses.

	<u>Proprietors &amp; Managers<sup>1</sup>/Rank</u>	<u>Tenant Residents/ Rank</u>	<u>Property Owner Residents/ Rank</u>
Street Conditions	3.47 (n=121) 1	3.16 (n=95) 2**	2.71 (n=31) 2**
Traffic Problems	3.30 (n=121) 1	3.83 (n=91) 1	4.06 (n=31) 1
Street Offences	3.15 (n=121) 2*	3.14 (n=92) 2**	2.67 (n=31) 2**
Government Response	2.01 (n=120) 3**	1.96 (n=74) 3**	1.93 (n=19) 3**

<sup>1</sup>Rankings remained the same when eleven proprietors and managers who were also the property owners were excluded.

\*Significant at the 0.050 level only with respect to "street conditions" only.

\*\*Significant at the 0.050 level or better with respect to the factor ranked immediately above.

Table 2 - Factors Ranked as BID Priorities.

	<u>Proprietors Managers' /Rank</u>	<u>Tenant Residents /Rank</u>	<u>Property Owner Residents /Rank</u>
Street Problems	4.06 (n=118) 1	4.00 (n=62) 1	3.47 (n=29) 1
Quality of Environs	3.86 (n=118) 2**	3.48 (n=62) 2**	2.93 (n=29) 2**
Business Counseling	3.50 (n=122) 3**	NA	NA
Professional Services	3.41 (n=122) 3	3.27 (n=62) 3	2.43 (n=29) 3**

Rankings remained the same when eleven proprietors and managers who were also the property owners were excluded.

\*\*Significant at the 0.050 level or better with respect to the factor ranked immediately above.

Table 3 - Poll: For or Against a BID

	<u>Favor BID</u>	<u>Against BID</u>	<u>No Response</u>
Property Owners who <i>are not</i> Proprietors or Managers	8	21	2
Property Owners who <i>are</i> Proprietors or Managers	9	1	1
Total: All Property Owners	17	22	3

Table 4 - Ranking of Business Location Factors

<u>Factor</u>	<u>Business Proprietors</u>	<u>Rank</u>
Business Proximity	3.33 (n--69)	1
Favorable Location	2.88 (n--69)	2**
Social Proximity	1.87 (n--70)	3**

\*\*Significant at the 0.050 level or better with respect to the factor ranked immediately above.

Table 5 - Funding Sources

<u>Primary Source</u>	Organizations <i>with a</i> Business Plan <sup>1</sup>		Organizations <i>without a</i> Business Plan	
	<u>Original</u>	<u>Future</u>	<u>Original</u>	<u>Future</u>
Mortgage	1 1.6%	0 0.0%	3 4.6%	0 0.0%
Bank Business Loan	16 26.2%	9 15.3%	9 13.8%	14 23.0%
Parent Company	3 4.9%	1 1.7%	1 1.5%	0 0.0
Personal Funds	35 57.4%	5 8.5%	51 78.5%	14 22.8%
Retained Earnings	na	41 69.5%	na	30 49.2%
Other <sup>2</sup>	<u>6</u> 9.8%	<u>3</u> 5.1%	<u>1</u> 1.5%	<u>3</u> 4.9%
	61	59	65	61

<sup>1</sup>There respondents were not asked to show evidence of their plans.

<sup>2</sup>None of the respondents wished to specify the source.

Table 6 - Ranking of Investment Priorities

<u>Factor</u>	<u>Business Proprietors</u>	Business Proprietor- <u>Property Owners</u>	
		<u>Rank</u>	<u>Rank</u>
Production Expansion	3.53 (n=60)	1	2.90 (n=9)
Plant Improvement	3.43 (n=60)	1	2.90 (n=9)
Upgrading Capability	3.09 (n=60)	2**	2.22 (n=9)

\*\*Significant at the 0.050 level or better with respect to the factor ranked immediately above.