



A Market-Based Approach To:

Revitalization of Minority Low-Moderate Income Communities

A Community Economic Development Corporation (CEDC)

A For Profit Model-Building Sustainability

San Diego Assets & Hope

Development of San Diego Based CEDC:

Barrio Logan-Logan Heights



FMCRC

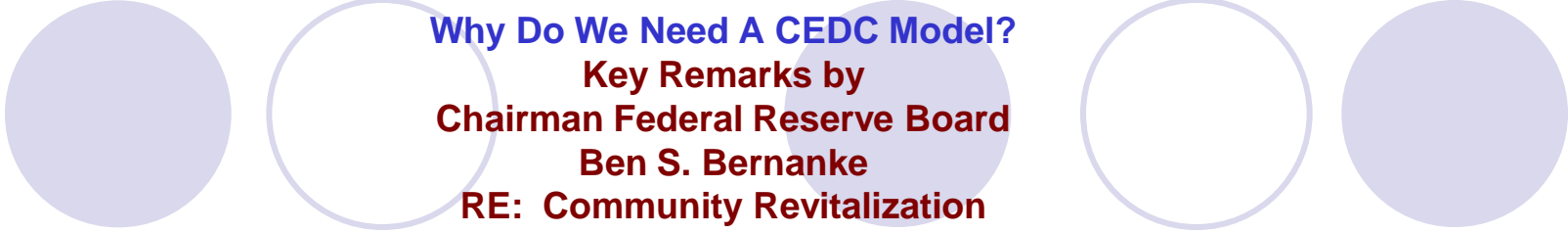
Urban Redevelopment Solutions, Inc. (A FMCRC Company)

WHAT DOES CURRENT COMMUNITY DEVELOPMENT CORPORATION MODEL LOOK LIKE VERSUS THE PROPOSED SAN DIEGO COMMUNITY ECONOMIC DEVELOPMENT CORPORATION TARGETING: BARRIO LOGAN-LOGAN HEIGHTS



OR





Why Do We Need A CEDC Model?
Key Remarks by
Chairman Federal Reserve Board
Ben S. Bernanke
RE: Community Revitalization

- Carefully **targeted public investments** can help jump start urban/inner city revitalization
- For revitalization to be truly **sustainable**, **private capital** is also needed
- **Building housing units are not enough**
- A range of services, community institutions and places to shop and work are needed to achieve economically viable inner city communities
- **Non profit community development corporations** must lead the way to meet the needs of residents for job creation, affordable housing and in helping **attract private investment and development**
- Community leaders, government officials, lenders and developers must keep working to find new partners and **new sources of capital**
- **FMCRC Builds A New Non Profit Model Driven By Self Sufficiency**

Assets & Hope: Final Stage

FMCRC and Millennium Community Builders CEDC

-Community Economic Development Corporation (CEDC)-

● Phase 1: (completed)

- Introduction of Self-Sufficiency (TELACU) model (CEDC) in Florida to non profits
- Identify key consultants
- Identify key Low-Moderate Income Communities and non profit partners
- Needs Assessments



● Phase 2: (completed)

- Development of CEDC Legal, Corporate and Accounting Infrastructures for Non Profit arm
- Legal structures for Non Profit ownership of For Profit corporation
- Promotion of CEDC model via website (www.assetsandhope.org)
- Approval of new CEDC classification model by IRS
- CEDC Community Tour

● Phase 3: (2013-2014)

- Development of For Profit Corporation (owned by Non Profit) Legal and Corporate Structures **(FMCRC)**
- Integration of For Profit into Non Profit Corporation
- Development of systems and controls
- Expand Income and Job Producing Transactions via REO Program to develop income streams
- Finalize corporate, tax, accounting and business structures for non profit and for profit corporations
- Open office in San Diego that will focus on Job Creation models to integrate into CEDC model
- Target San Diego LMI community: **BARRIO LOGAN/LOGAN HEIGHTS**
- **Launch of “REO Homes For Vets” in San Diego target LMI zip codes**
- Development of San Diego CEDC



Assets & Hope

Stage III Objectives (2013-2014)

- Expand REO Profits (need for access to capital and grants) to enable expansion of Assets & Hope Program: San Diego & Florida
- Utilization of FMCRC as Beta Model to demonstrate viability of CEDC Model in both San Diego and Florida
- Integrate For Profit Corporation (Urban) into Community Economic Development Corporation (CEDC) Non Profit Organization (FMCRC): legal, tax, corporate, organizational, accounting and profit distribution strategies
- For Profit Corporation Business Plan to include diversification and expansion of income streams
- Open San Diego Office that will focus on: 1) development of San Diego based CEDC, 2) Target LMI Community (Barrio Logan-Logan Heights) for Job Creation by CEDC, 3) Target REO program for Profit component, 4) Teaching CEDC Model to CA non-profits and 3) Development of economic development research products that can be used by CEDC to target job creation in LMI communities
- **Build in the success of the FMCRC REO program in Florida and launch the Development of dedicated “REO Homes For Vets” in San Diego where FMCRC will acquire REO’s, renovate them and sell them to Veterans in target San Diego Zip Codes.**
- Development of San Diego target LMI community to execute “job creation” component of CEDC model that will serve as a “Model” for training
- Development of Assets & Hope Self Sufficiency Model On Line Manual (www.assetsandhope.org)
- Assets & Hope Tour in California and Florida (2014)

CEDC

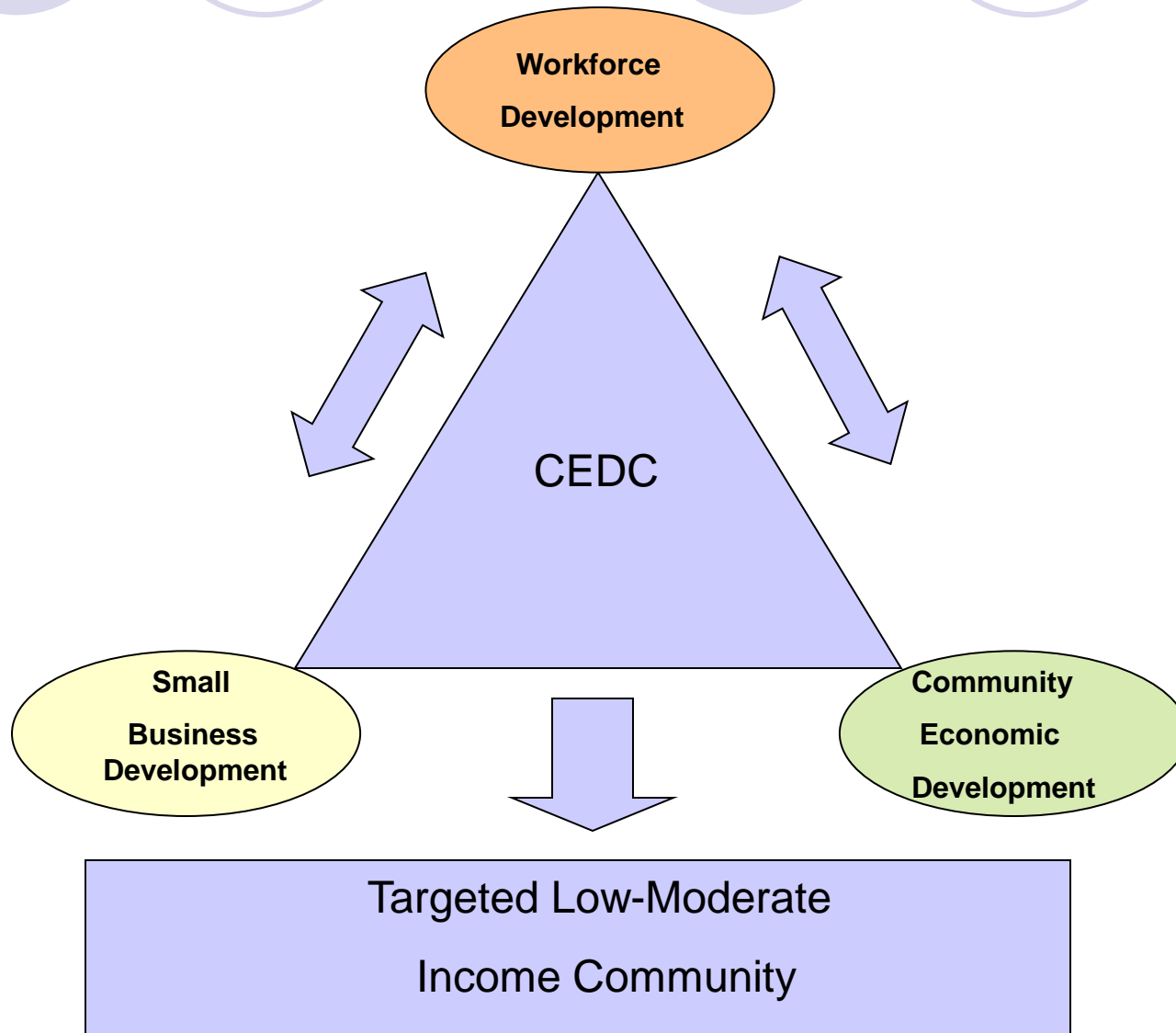
The Master Community Economic Development Engine

-For Targeted Minority Low-Moderate Income Community

- Utilization of Market Based Community Economic Development Model to create jobs in target community
- Primary Function: Integration of Inner City Assets (consumption, labor, small business etc...) into Local and Regional Economy
- Utilization of For Profit Model Community Economic Development Corporation (CEDC) (Non-Profit/For-Profit Arms) As Community Economic Development of Target Minority Community
- CEDC serves as “**Master**” community development mechanism for targeted minority community (**Service Area**)
- Primary economic development measurements for CEDC: poverty and unemployment rates (**Jobs, Jobs, Jobs**)
- Primary community economic development focus:
small business development-workforce development-community economic development projects (housing, light industrial, commercial etc...)

Market Based

Community Economic Development Corporation (CEDC)
“Integration of Inner City Assets into Regional Economy”



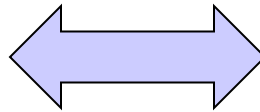
Master Community Economic Development Corporation



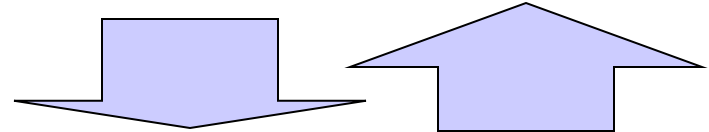
For Profit Structure:

Goal: Produce Income For Non Profit Target Programs

Non Profit or 501c3
&
For Profit Corporation
wholly owned by nonprofit
Separate Board of Directors



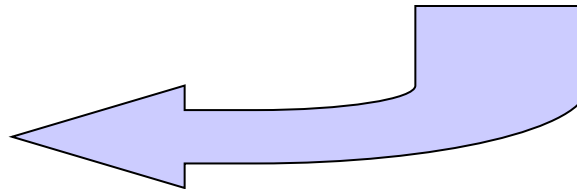
For Profit Corporation
Production of Income Streams



PROFITS:

80% Returned Back To Business Program
20% Income Back To Non Profit Programs

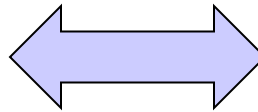
Income To Non Profit Programs



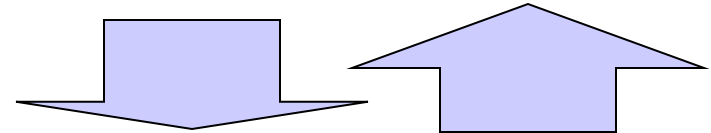
Non Profit Target Programs:
Programs and or Services Targeting Non Profit Service Area

FMCRC San Diego CEDC Model: Produce Income For Assets & Hope Target Program

501C3
FMCRC
&
Urban Redevelopment Corp
(Wholly Owned by FMCRC)



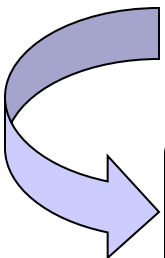
San Diego REO Program:
REO Homes For Vets
Target SD Zip Codes
92102, 92113, 92136, 91950,
91910, 91911, 92154, 92139,
92105, 91945, 92114, 91977



PROFITS:
80% Returned Back To REO Program
20% Income Back To SD Assets & Hope

Income Back To FMCRC

FMCRC Target Programs:
Assets & Hope: Developing California Non Profit Self Sufficiency Model
Center for Poverty & Job Creation Studies (Assets & Hope Program)



FMCRRC Assets & Hope

San Diego “REO Homes For Vets”

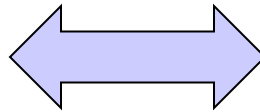
● FMCRRC has partnered with a specialist in VA Home Loans: Jason Pawlak

- VApro designation and a MRP(Military Relocation Professional) Certification. Realtor partner is a VA expert in regards to education and experience. Realtor partner is familiar, with the real estate guidelines/requirements, but immersed himself in the loan/funding aspect, which is extremely helpful.
- Spent 9 years working as a civilian working with the navy, he has been in and around the military environment for the greater part of a decade.
- 90% of his clients(past and present) are Veterans
- Most of his marketing is geared toward VA buyers
- Generate 2-3 leads a day on my website through his online marketing. Most are Veteran buyers.
- Over the last 6 months, he has had over 300 leads sign up on his website.
- He has the infrastructure and pipeline set up to constantly bring in new leads.
- Using new American funding, we don't have any issues in closing in less than 30 days.
- Jason Pawlak bio and website: <http://www.sdvahomes.com/about/>

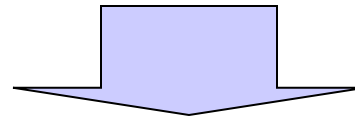
For Profit Structure:

Goal: Produce Income For Non Profit Services

Non Profit
Community Economic
Development
Corporation (CEDC)
501C3

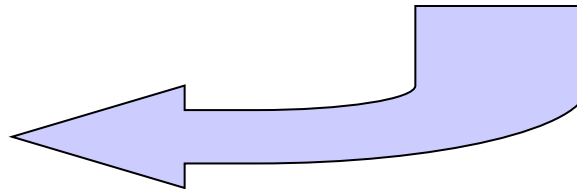


For Profit Corporation
(wholly owned by Non Profit)
(Separate Board of Directors)

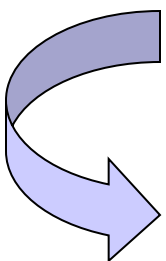


Construction, Real Estate Development, REO, Housing & Misc Income Producing Ventures

Income Back To Non Profit



Non Profit Target Services:
Use Incremental Income from For Profit to Expand Non Profit Programs & Services



**Best Affordable Housing Project:
A good Paying Job**

Focus of CEDC:

Community Revitalization

Job Creation

Poverty-Unemployment

A New Minority Community Economic Development Model

**To Create A Paradigm Shift
For Community Economic Development Of Low And Moderate Income
Communities**

Create A Shift of Social Oriented Non Profits

**To Profit Based Non Profit
Community Economic Development Corporations =**

Building Sustainable Organizations and Communities

CEDC Mission and Vision Statement

All residents and small businesses of low and moderate income communities should have the opportunity to experience financial stability, achieve financial independence and contribute to civic participation in their local and regional economy. Toward this end, the (CEDC) Community Economic Development Corporation will focus on Community Economic Develop: Own and Operate For Profit Businesses that create jobs, conduct research, engage residents and make recommendations for policy and community revitalization practice that ensure residents and small businesses have opportunities to develop the assets necessary for sustainable economic security and improved quality of life and the capacity to end the intergenerational cycles of poverty. The CEDC is the primary community development engine for target LMI communities.

CEDC self-sufficiency Principals:

Resources / Strategies

- Double Bottom Line (Jobs-Profit)
 - For-profit Business Ventures
 - Fee based services
- Leverage Resources-Funds (Joint Ventures)

Assess Internal Capacity & Structure

- Strong Internal Controls
 - Capacity for growth
- Seed funding (increase discretionary funds)
 - Political Will (Board of Directors)
- Entrepreneurial Spirit – Business mindset

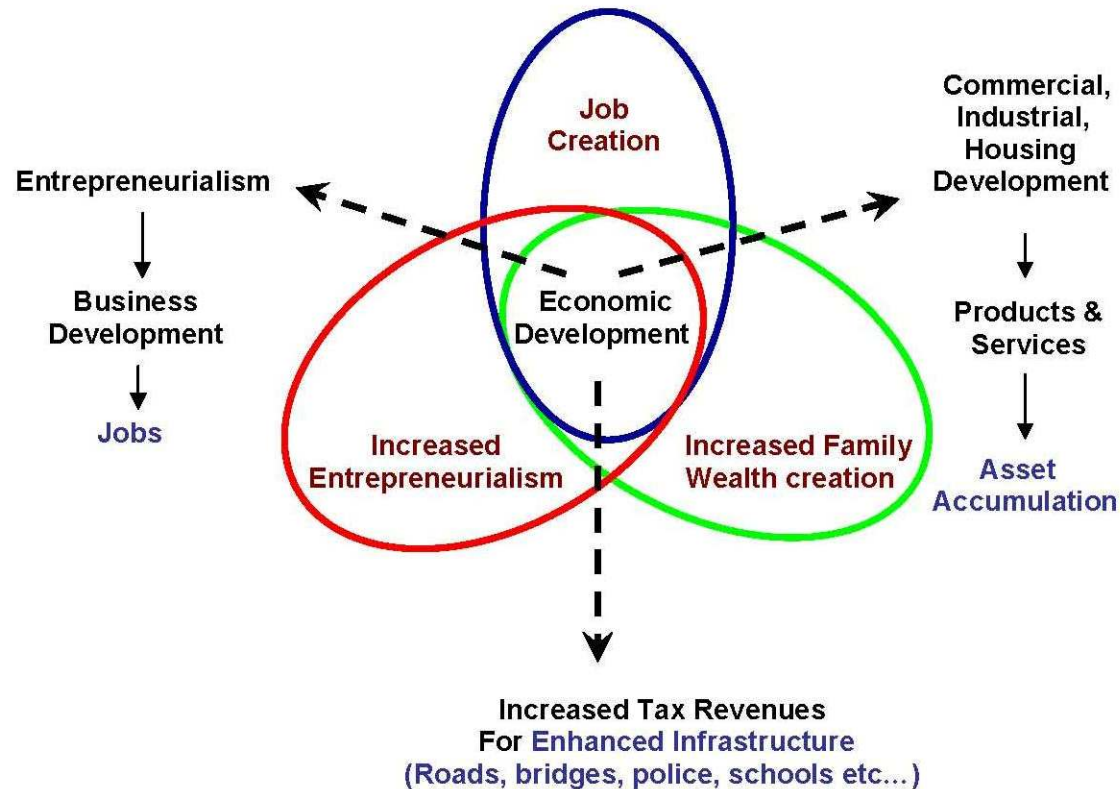
FMCRC and Urban Redevelopment Solutions

Market Based Community Economic Development

- To address poverty, create wealth
- Wealth is created by investing in assets
- The economic mechanism for asset investment is the **MARKET**
- Therefore, to increase wealth in poor distressed communities, expand **market** activity to the assets of those communities
- Utilization of a **market** based community development corporation

Tax Revenue: Build Inner City Infrastructure

BENEFITS FOR TARGETED LOW-MODERATE INCOME COMMUNITIES





Key Critical Component:

- Self Sufficiency master community economic development corporation (CEDC) critical to long term sustainability and revitalization of target community
- The development of self sufficient minority community development corporation utilizing a proven For Profit model that can serve as a model for minority low and moderate communities



CEDC Targets LMI Community:
Barrio Logan-Logan Heights

FOCUS ON:
SUSTAINABILITY
JOB CREATION

Mission and Vision Statement

All residents of Barrio Logan-Logan Heights should have the opportunity to experience financial stability, achieve financial independence and contribute to civic participation in their local and regional economy. Toward this end, the (CEDC) Community Economic Development Corporation will conduct research, engage residents and make recommendations for policy and community revitalization practice that ensure residents and small businesses have opportunities to develop the assets necessary for sustainable economic security and improved quality of life and the capacity to end the intergenerational cycles of poverty. The CEDC is the primary community development engine (job creation) for Barrio Logan-Logan Heights communities.

Barrio Logan-Logan Heights: Revitalization Plan Outline

- Identify key economic and physical assets via Assets Analysis & Cluster Analysis
- Capitalize on changing demographics and trends
- Involve community and stakeholders
- Identify Job Creation and Revitalization boundaries

Barrio Logan-Logan Heights Redevelopment

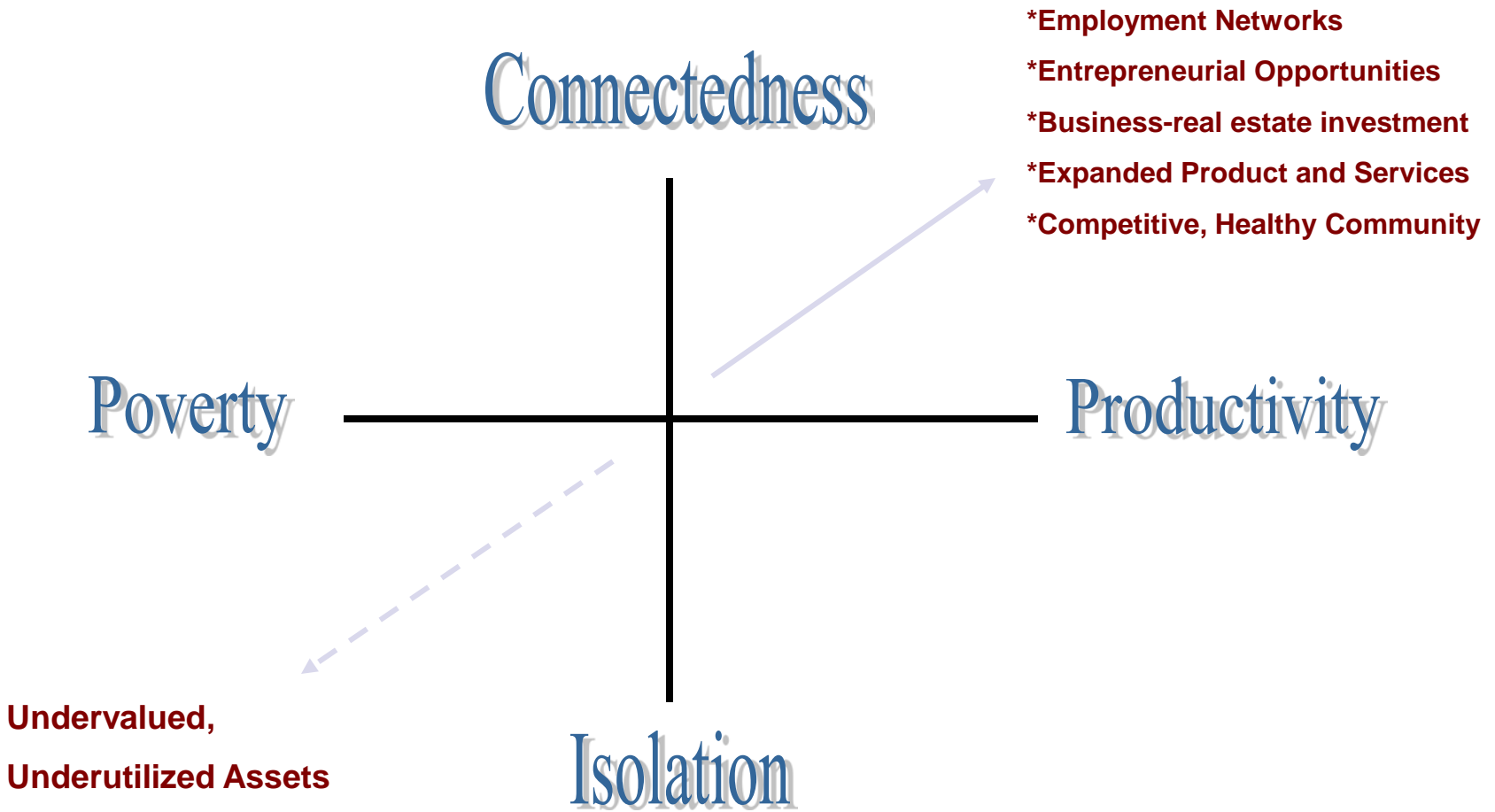
New Model

- **Economic: create wealth**
- **Private Sector**
- **Profitable businesses**
- **Integration with regional economy**
- **Companies that are export oriented**
- **Skilled and experienced minorities engaged in building businesses**
- **Mainstream, private sector enlisted**
- **Inner city disadvantages addressed directly**
- **Govt focused on improving the environment for businesses**

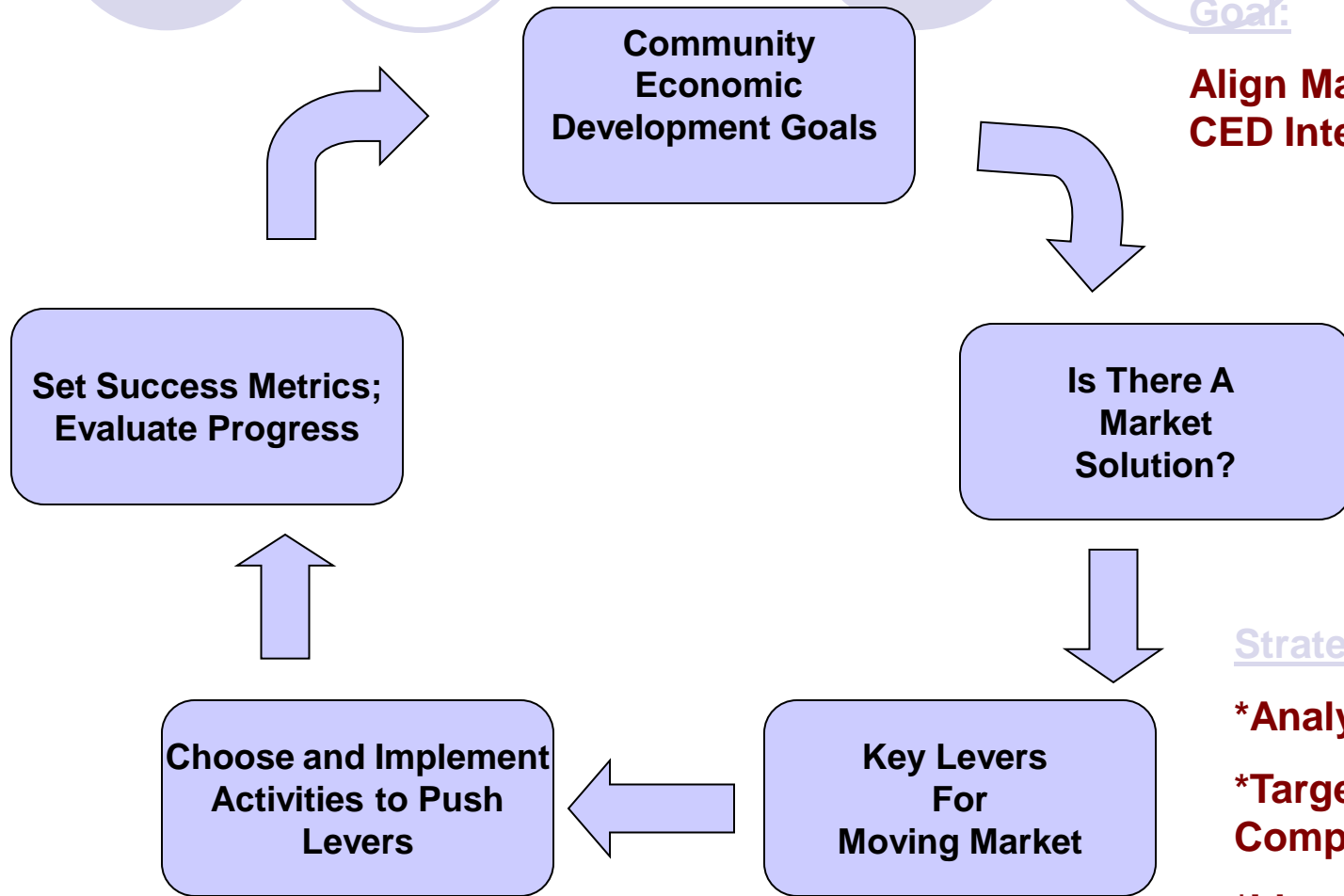
Old Model

- **Social: redistribute wealth**
- **Govt and social service organizations**
- **Subsidized businesses**
- **Isolation from the larger economy**
- **Companies that serve the local economy**
- **Skilled and experienced minorities engaged in social service sector**
- **Special institutions created**
- **Inner City disadvantages counter balanced with subsidies**
- **Govt involved directly in providing services or funding**

Market Failure in LMI Communities



CEDC Market Based Planning Model



Goal:

**Align Market and
CED Interests**

Strategy:

- *Analyze Market**
- *Target Market Component**
- *Identify Change Levers**

Products and Activities:

**Choose operating
activities to move levers**

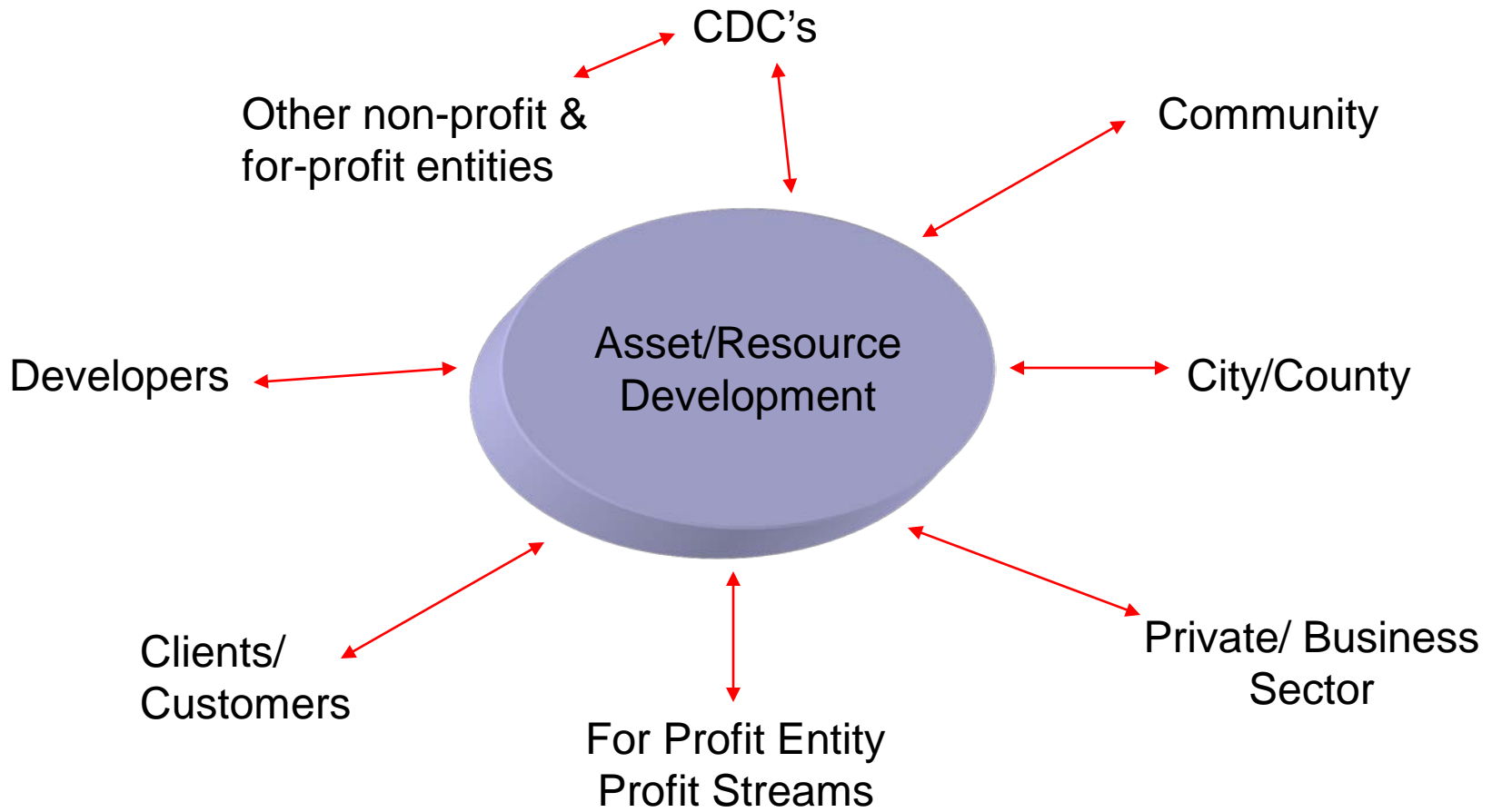
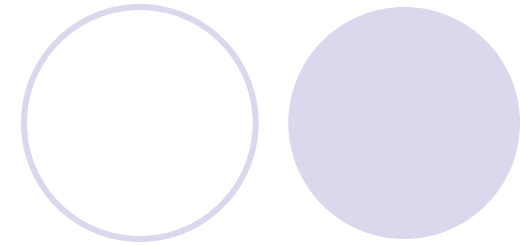
CEDC Market Based Community Economic Development Components

**Residential
Development**

**Commercial
And
Institutional
Development**

**Industrial
Light Industrial
Development**

ASSET AND RESOURCE DEVELOPMENT- “Leverage”





Regional Innovation Clusters



Integrate Inner City Clusters

Into

Regional Economy



Defining a Cluster

- A cluster is a group of interconnected businesses and industries that are centered around a specific product or service. A cluster encompasses all aspects of providing the product or service, including wholesale and retail, distribution, manufacturing, support services and other activities.
- Clusters are divided into two types, Traded and Local:
 - Traded Clusters provide products and services for consumption nationally and internationally.
 - Local Clusters provide the support and infrastructure for businesses and consumers at specific location (city).

Why are Clusters Important?

- A cluster serves a specific industry and are interconnected by working in different parts of the “supply” chain.
- Cluster components locate near each other because of the competitive advantage of the shared location and/or to build off one another.
 - i.e., Biotechnology in Boston, or Information Technology in Silicon Valley
- Clusters drive growth in cities, and can stimulate other parts of the economy.

Linking Cluster Development and Competitive Advantage

Largest Inner City Clusters

Local Health Services

Local Commercial Services

Local Hospitality Establishments

Local Community and Civic Organizations

Anchor Clusters

Construction, Housing and Real Estate

Transportation and Logistics

Knowledge Creation, Education and Training

Emerging Inner City Strengths

Entertainment

Hospitality and Tourism

Housing, Construction, and Real Estate Sample Cluster Map



Professional Services
(e.g. Architects, Engineers)

Brokers and Agents

Property Managers

Maintenance Services

Retail Cluster

Entertainment Cluster

Developers

Builders

Occupants

Owners

Construction Equipment

Masonry Materials
(e.g. Concrete, Stone, Brick)

Framing Materials
(e.g. Steel, Wood)

Finishing Materials
(e.g. Sheet Rock, Flooring)

General Contractors

Specialty Contractors
(e.g. Plumbers, Electricians, HVAC)

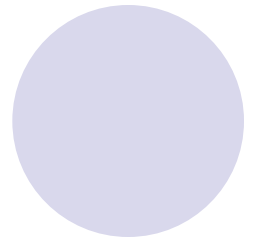
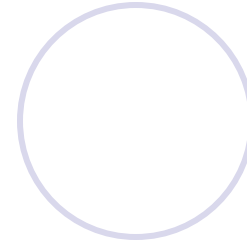
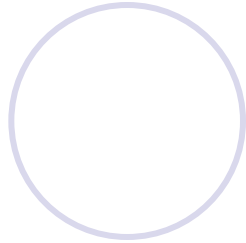
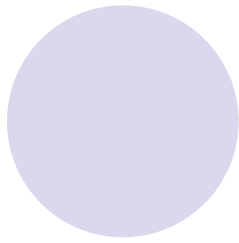
Carpenters

Labor Union Apprenticeships
(e.g. NJATC, Laborers AGC, International Masonry Institute)

Vocational Programs
(e.g. Technical Institutes, Trade Organizations)

Government Agencies
(e.g. Zoning, Assessors)

Source: ICIC



Building Partnerships

Building Sustainable Communities

Building Sustainable Non Profits

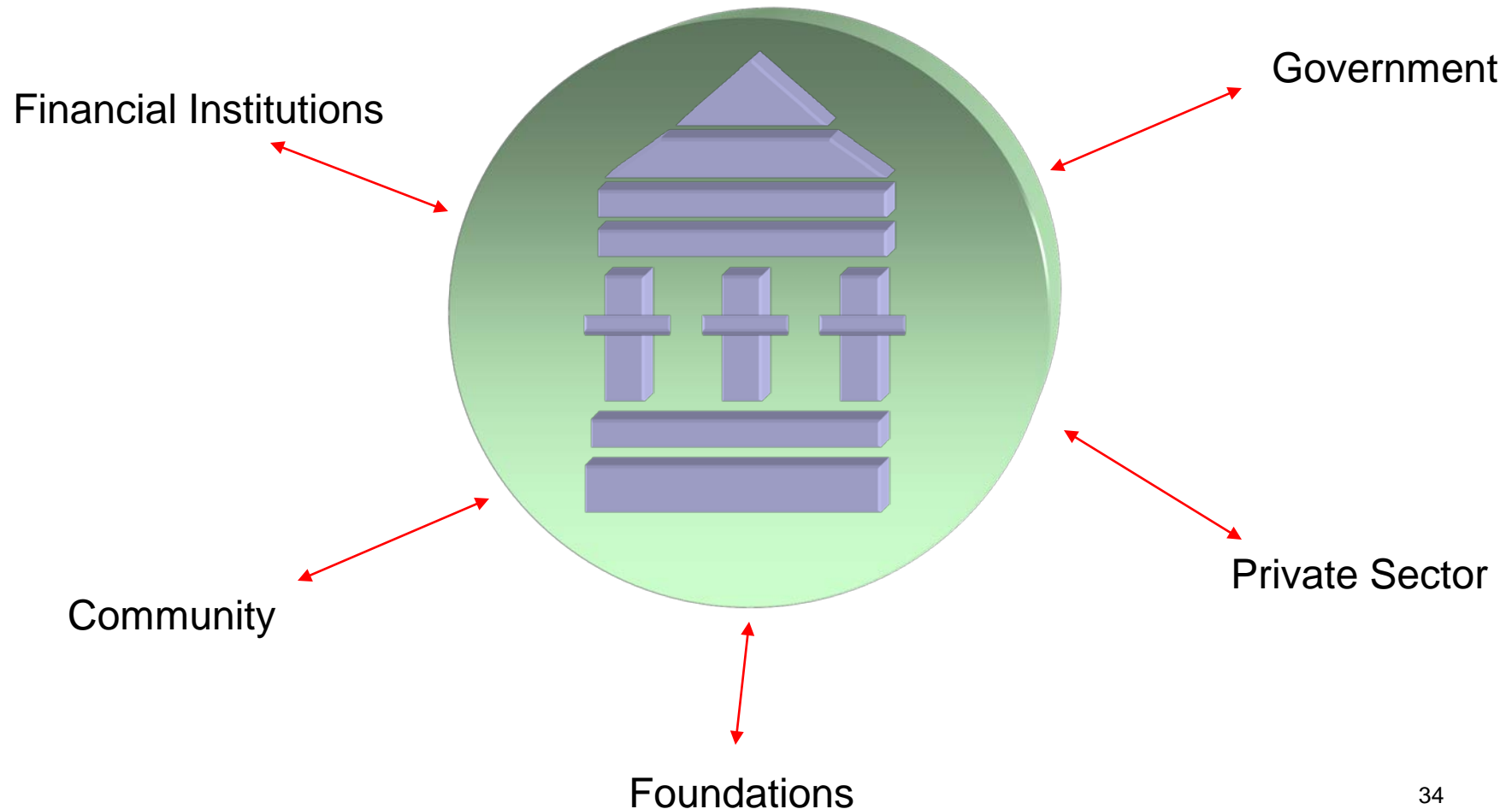
Building a Low-Moderate Income Community Via Jobs

Building A New Non Profit Model To Battle Poverty & Create Jobs

For

Barrio Logan-Logan Heights

Success will depend on we build our model via Partnerships



Asset Accumulation

Family

Activities/Systems to Promote Self-Sufficiency

1. Attain higher level of skill sets and education
2. Improve Health
3. Home Ownership
4. Financial Literacy Education
5. Individual Development Accounts
6. Micro enterprise

Shift from dependency on social services to financial freedom and new opportunities.

CEDC's

Activities/Systems to Promote Self-Sufficiency

1. Utilize internal capacity/resources to develop competitive advantage in delivery of services
2. Engage in ventures with Private sector
3. Social Entrepreneurship
4. Diversify funding (*Develop programs that generate revenue*)
5. Develop business mind set (*Hire new skills and talent*)
6. Commercial/Retail Development
7. Housing

Shift from poverty maintenance to addressing causes of poverty and agency asset building

Minority CEDC self-sufficiency economic development model

Resources / Strategies

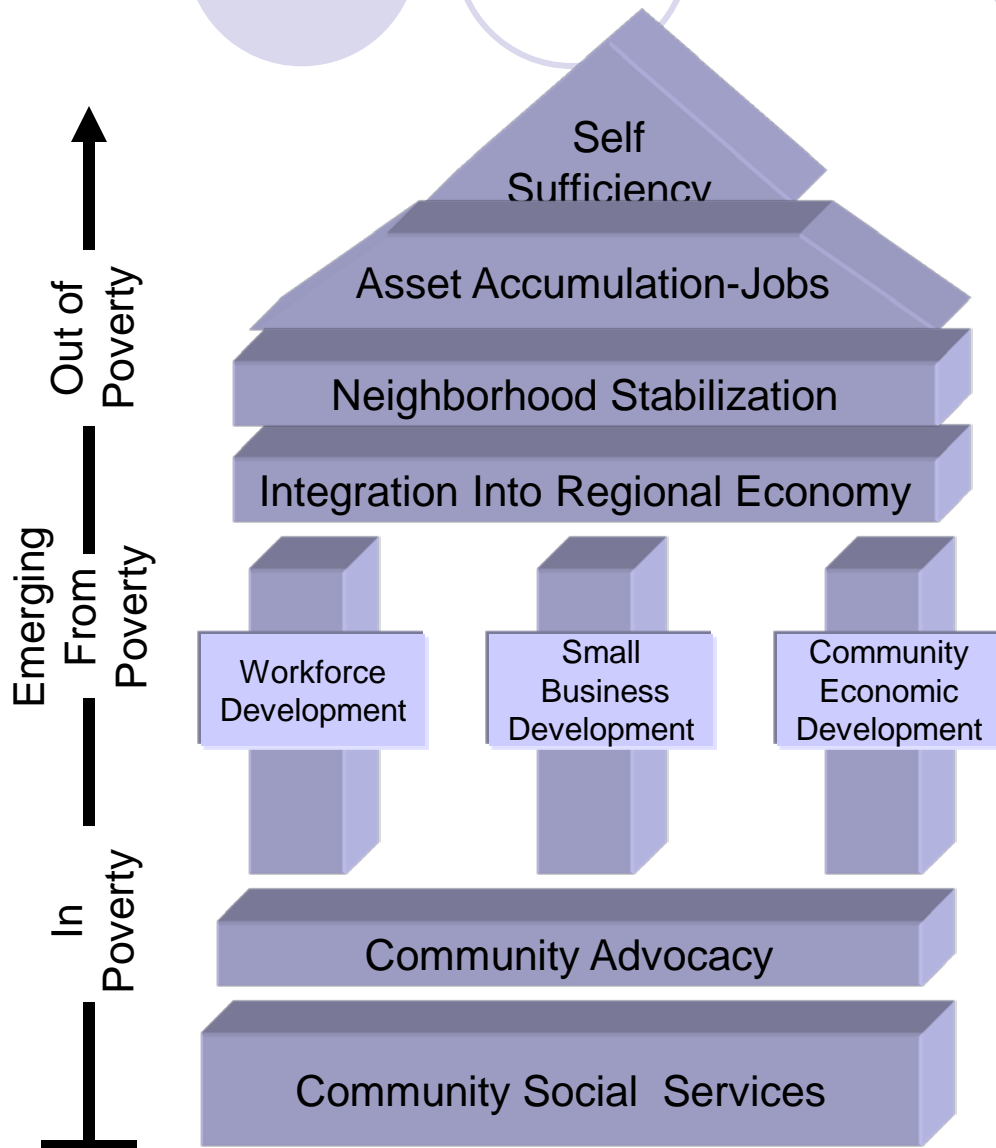
- Non Profit-For Profit Corporations
 - For-profit Business Ventures
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Assess Internal Capacity & Structure

- Strong Internal Controls
 - Capacity for growth
- Seed funding (increase discretionary funds)
 - Political Will (Board of Directors)
- Entrepreneurial Spirit – Business mindset

Community Action CDC

THE CEDC MODEL....



Self- Sufficiency
OF
Nonprofit

Building
Sustainable
Communities

IS
Primary
Goal