



A Market-Based Approach To:

Revitalization of Minority Low-Moderate Income Communities

Phase III

Development of For Profit Corporation (Owned by Non Profit)



Florida Minority Community Reinvestment Coalition
Urban Redevelopment Solutions, Inc. (A FMCRC Company)

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

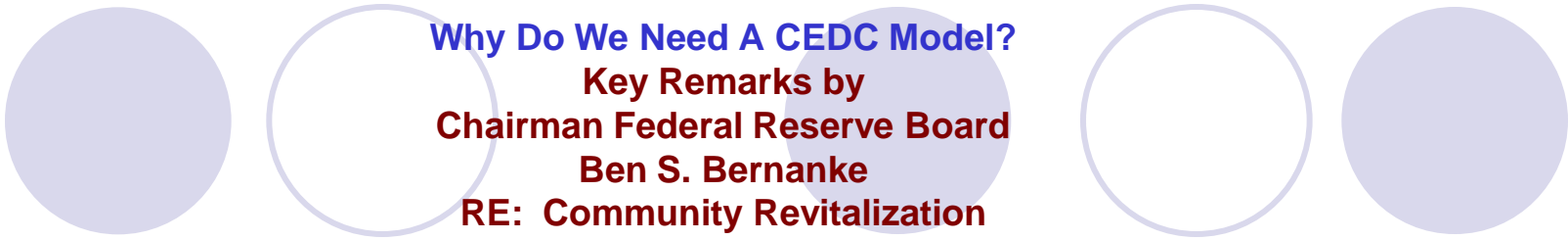


● Phase 2: (completed)

- 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: FINAL STAGE (2012)

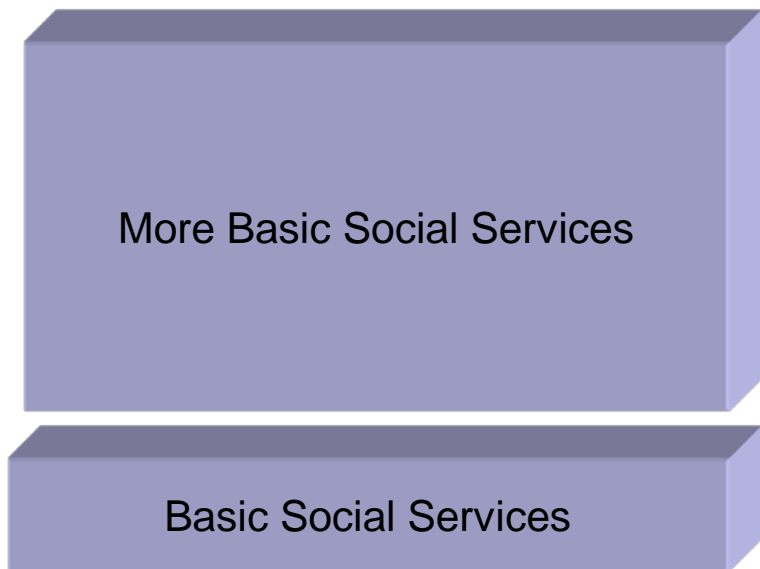
- Development of For Profit Corporation (owned by Non Profit) Legal and Corporate Structures (**FMCRC**)
- Identify and establish Key Businesses to establish
- Integration of Non Profit and For Profit Corporations
- Development of integrated accounting and income flow structures
- Income and Job Producing Transactions
- National Tour To Educate Non Profits on CEDC Model



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**

WHAT DOES CURRENT COMMUNITY DEVELOPMENT CORPORATION MODEL LOOK LIKE VERSUS COMMUNITY ECONOMIC DEVELOPMENT CORPORATION?



OR



CEDC

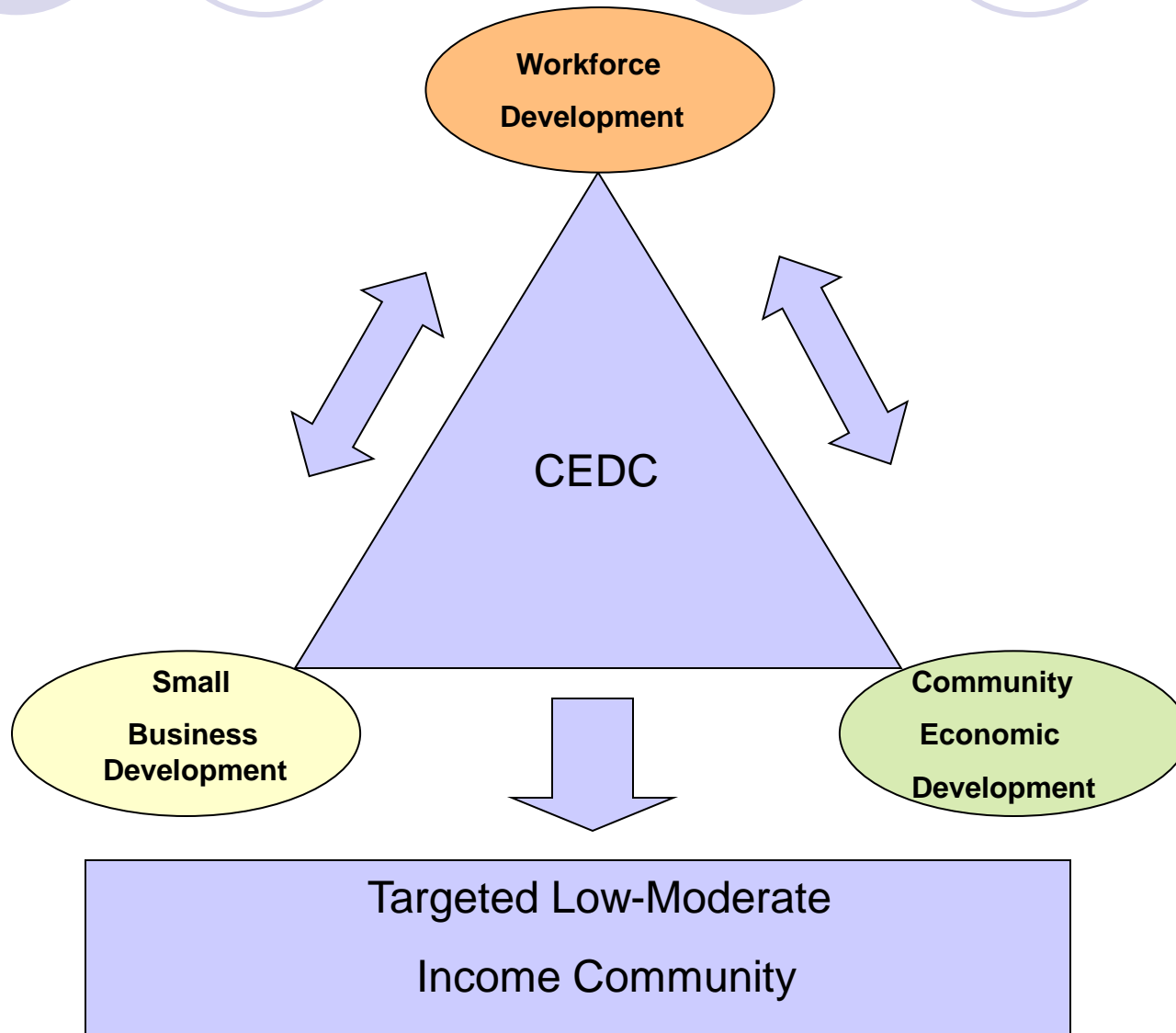
The Master Community Economic Development Engine

-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



Self Sufficiency CEDC Model:
Modeled After Most Successful Non Profit Utilizing A For
Profit Arm: TELACU

- ***Established in 1968, TELACU is the largest Community Development Corporation and one of the largest Hispanic businesses in the United States. Utilizing one of the most successful approaches to community and economic development, TELACU focuses its more than \$650 million in assets on empowering the lives of individuals and families within the communities it serves***

Four decorative circles are arranged horizontally at the top of the slide. From left to right: a solid light purple circle, a light purple circle with a white outline, a solid light purple circle, and another light purple circle with a white outline.

TELACU Model Market Based Community Economic Development Corporation

*A pioneering institution committed to
**service, empowerment,
advancement,** and the creation
of **self-sufficiency.***

*For more than 40 years, TELACU has been improving the lives
of individuals and families through community development,
economic empowerment and educational advancement.
TELACU is the largest Community Development Corporation
in the United States.*



- ***The TELACU Story:***

- Forty years ago, TELACU was established as a **pioneering institution committed to service, empowerment, advancement, and the creation of self-sufficiency.** Chartered as a Community Development Corporation (CDC), TELACU was initially funded through federal legislation authored by Senators Robert F. Kennedy and Jacob K. Javits to revitalize urban, underserved communities throughout the United States.

Utilizing a unique business model – The TELACU Model – for community and economic development, each and every business TELACU owns and operates has a double bottom line – profitability that is inseparable from social impact.

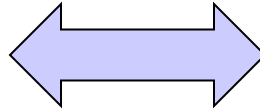
The parent, non-profit CDC owns and operates a [Family of Companies](#) called TELACU Industries. These for-profit businesses not only provide valuable products and services to the community; but they also provide the economic means for TELACU to sustain its non-profit community-focused entities.

The TELACU Model is based upon the belief that there is no more viable business venture than one that is economically sound, enhances the community, and positively impacts people's lives. **Quality, affordable homes are developed for first-time homeowners, and beautiful residential complexes are constructed and operated for families and senior citizens. New community assets like schools, infrastructure, shopping centers, and municipal facilities are built, creating well-paying jobs and revitalized communities for local residents.** Responsive financial institutions are managed to provide access to capital for small business owners and hardworking families. And educational opportunities are expanded to create a greater future for young people and veterans.

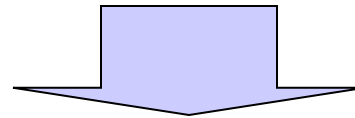
For Profit Structure:

Goal: Produce Income For Non Profit Services

Non Profit
Community Economic
Development
Corporation (CEDC)
501C3
FMCRC

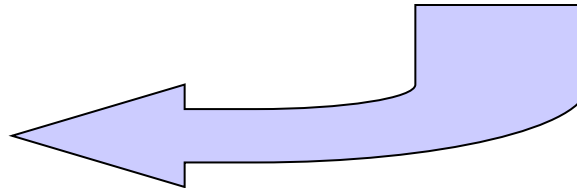


Urban Redevelopment Solutions Inc.
(wholly owned by FMCRC)
(Separate Board of Directors)

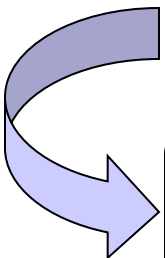


Construction, Real Estate Development, Temporary Staffing and Small Business Financing (CDFI)

Income Back To Non Profit



FMCRC Target Services:
Address Minority High School Drop Out Rate (over50%)
Workforce Development, Small Business Development



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

**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**

**For Profit Based Non Profit
Community Economic Development Corporations**

Mission and Vision Statement

All residents of minority 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 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.

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

Inner City Redevelopment

New Model

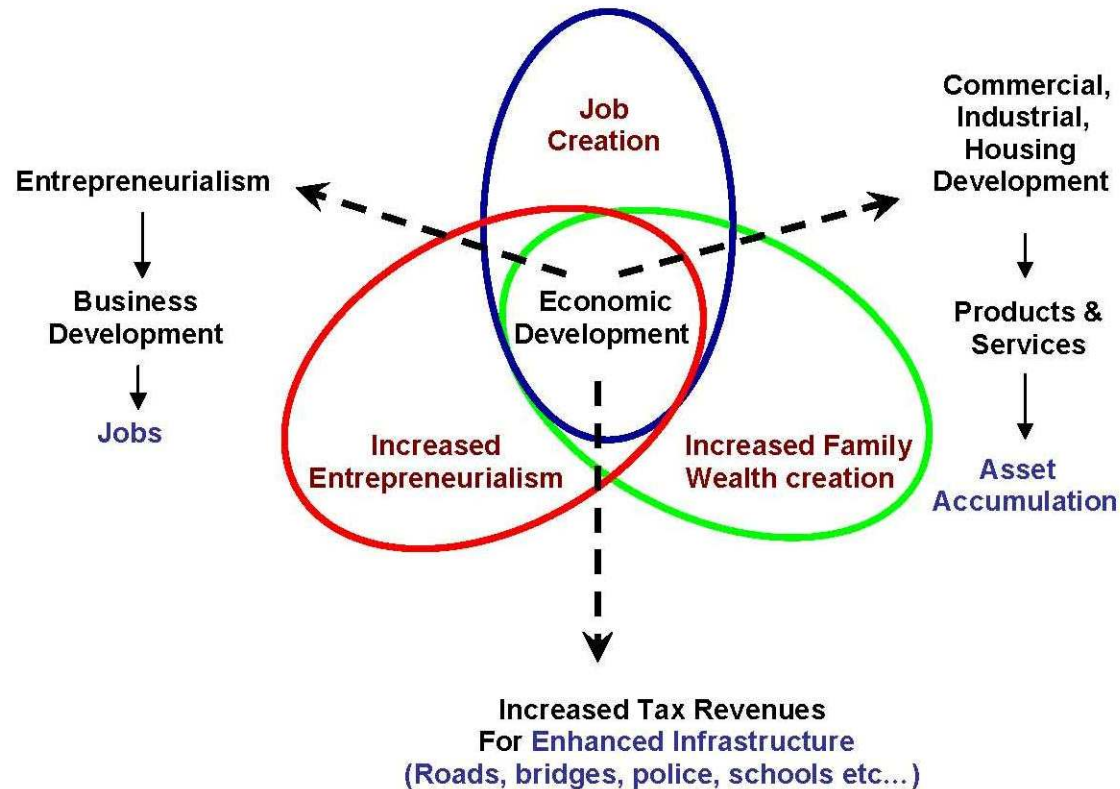
- **Economic: create wealth**
- **Private Sector**
- **Profitable businesses**
- **Integration with regional economy**
- **Companies that are export oriented**
- **Skilled and experienced minorities engaged in building businesses**
- **Mainstream, private sector enlisted**
- **Inner city disadvantages 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**

Tax Revenue: Build Inner City Infrastructure

BENEFITS FOR TARGETED LOW-MODERATE INCOME COMMUNITIES

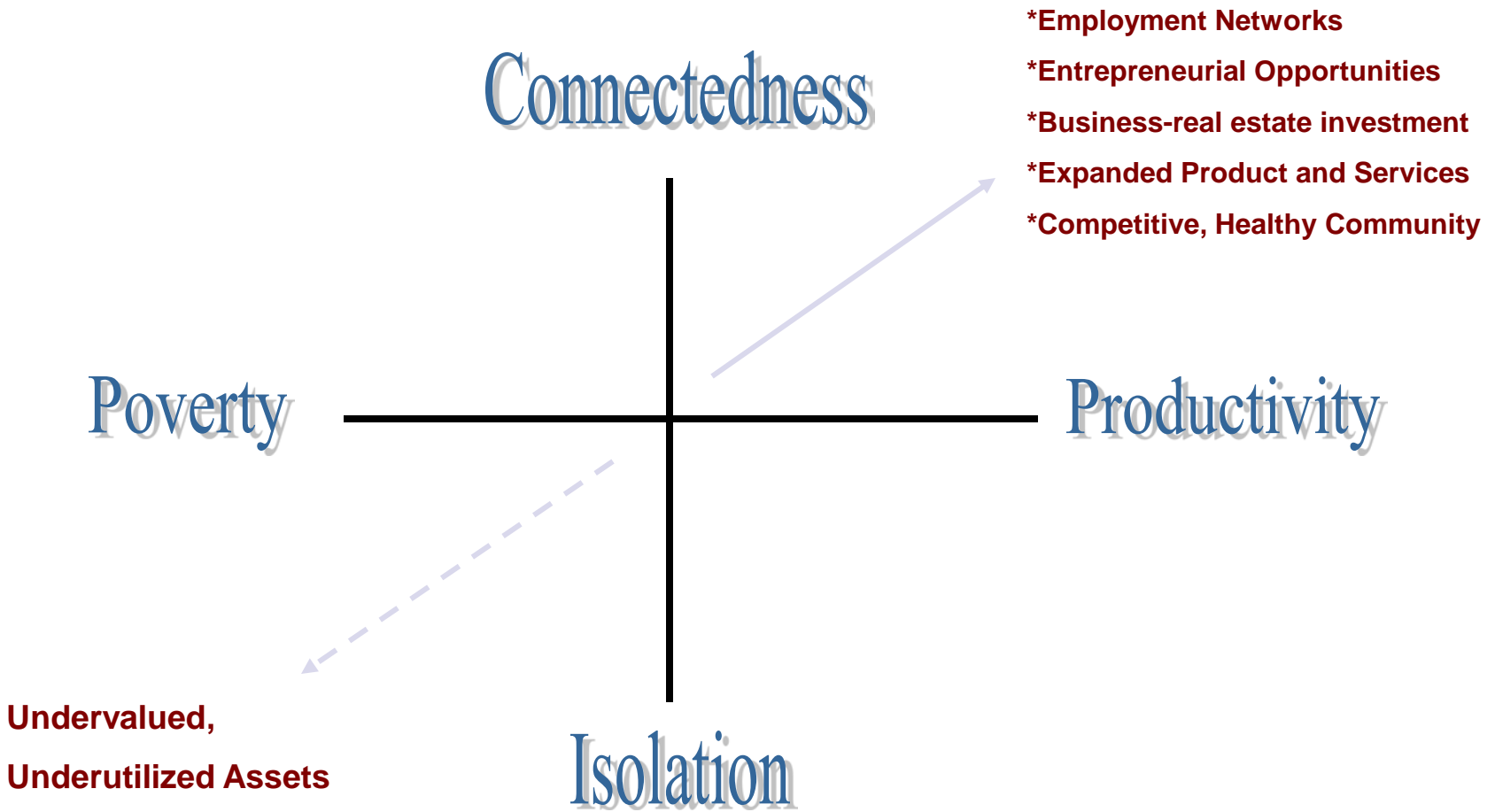




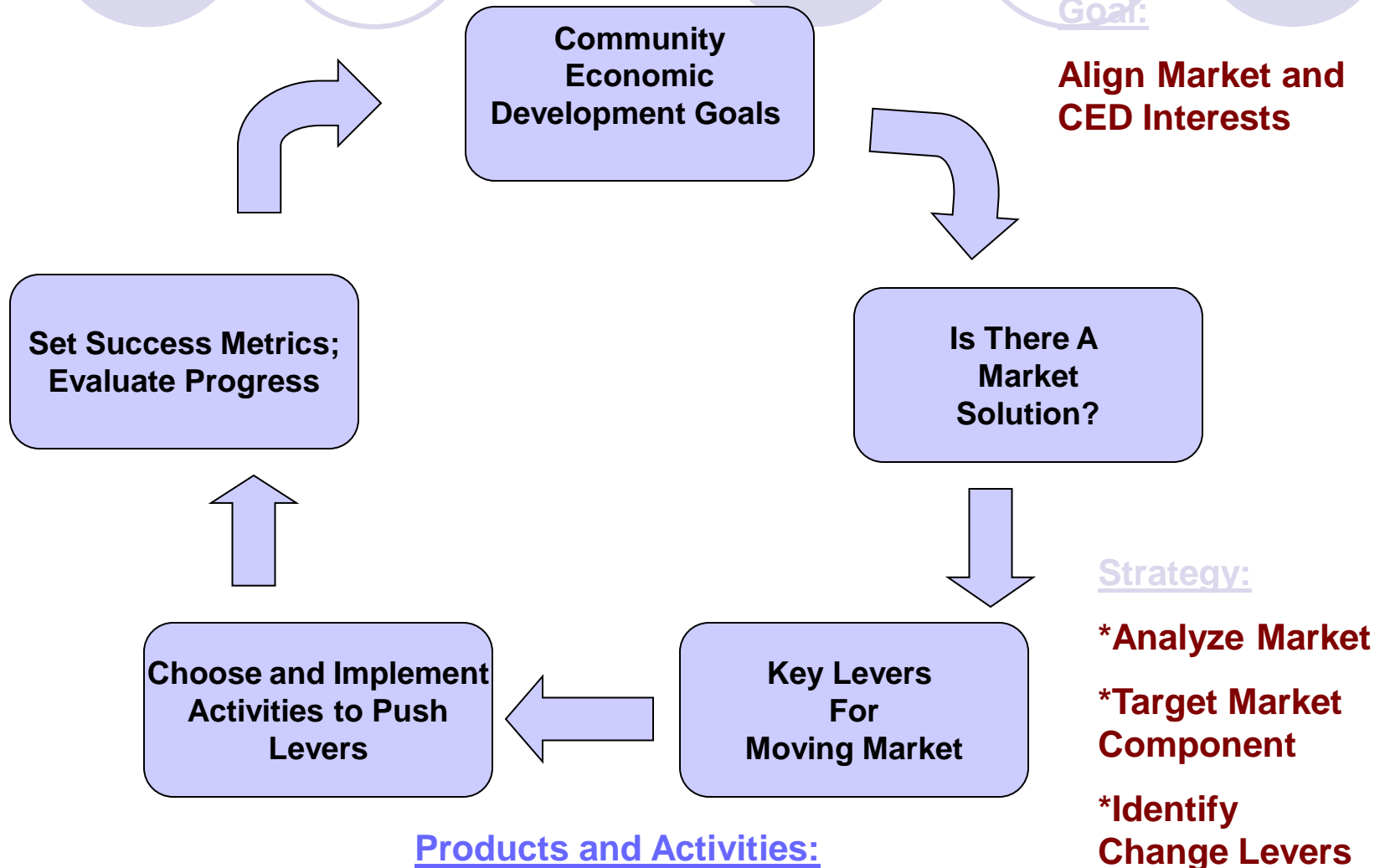
Key Critical Component:

- 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

Market Failure in LMI Communities



CEDC Market Based Planning Model



Choose operating activities to move levers



Target LMI Community: Revitalization Plan Outline

- Identify key economic and physical assets
- Capitalize on changing demographics and trends
- Involve community and stakeholders
- Identify revitalization boundaries



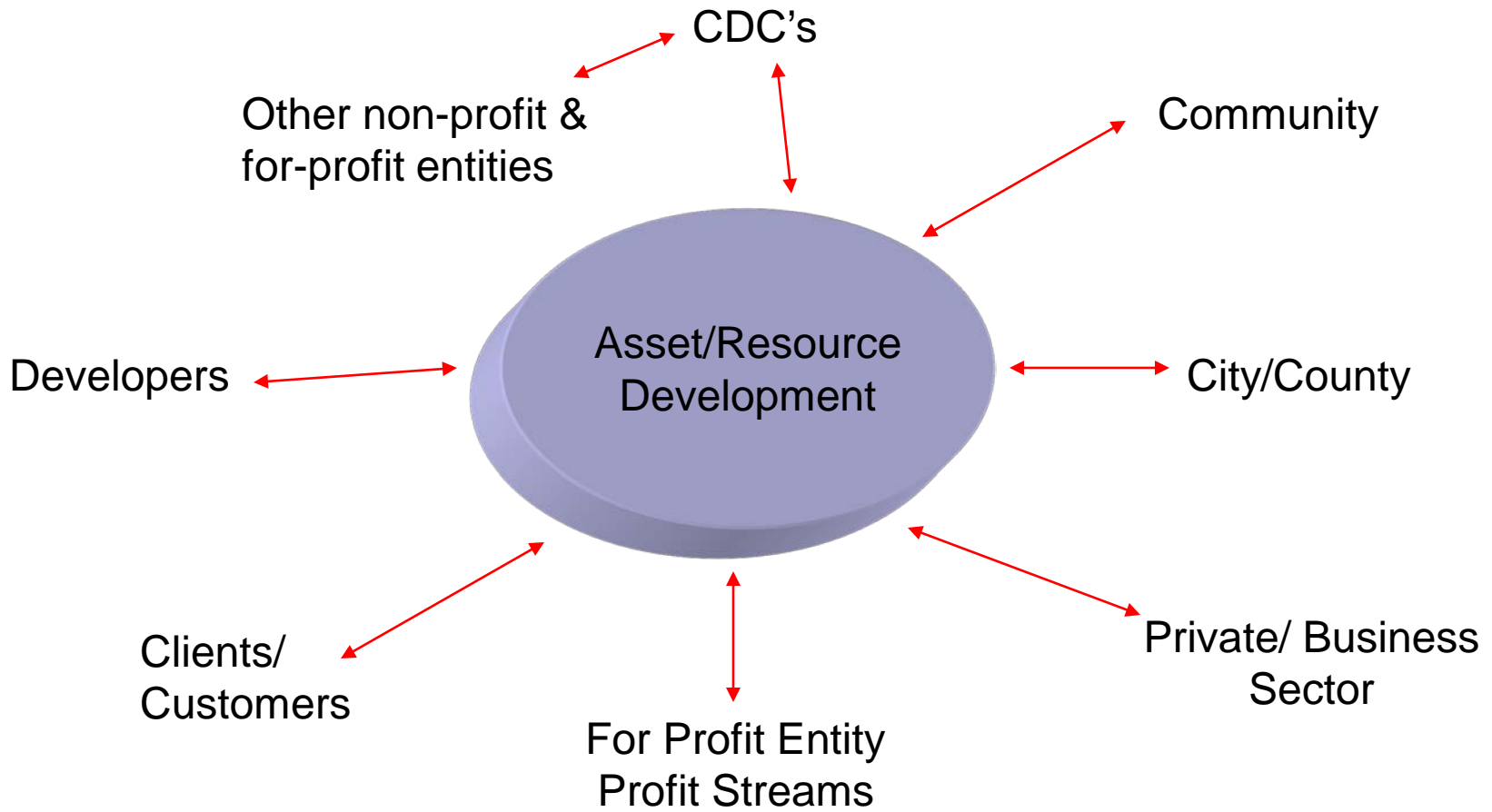
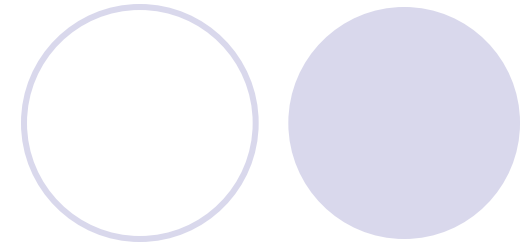
CEDC Market Based Community Economic Development Components

**Residential
Development**

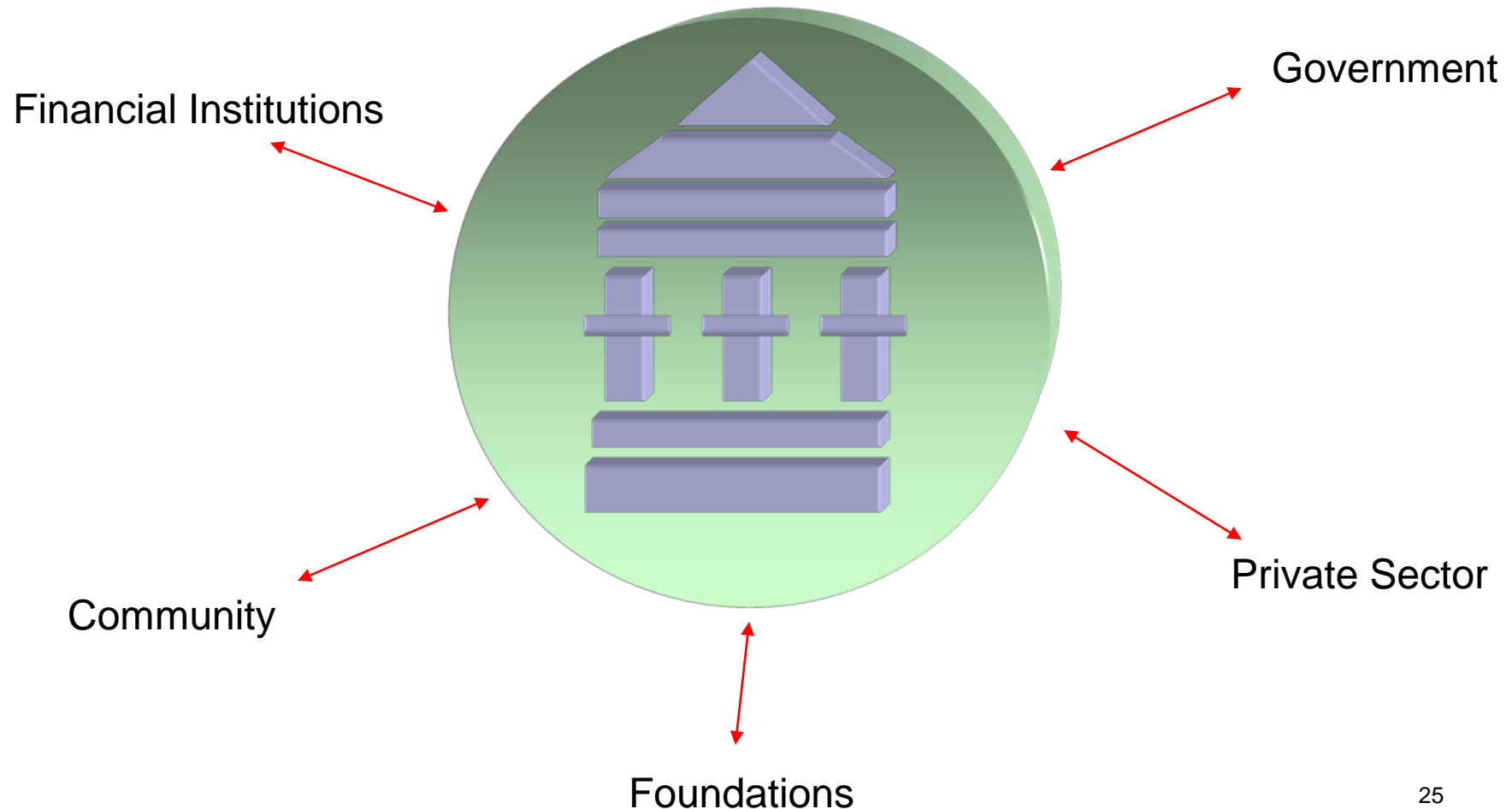
**Commercial
And
Institutional
Development**

**Industrial
Light Industrial
Development**

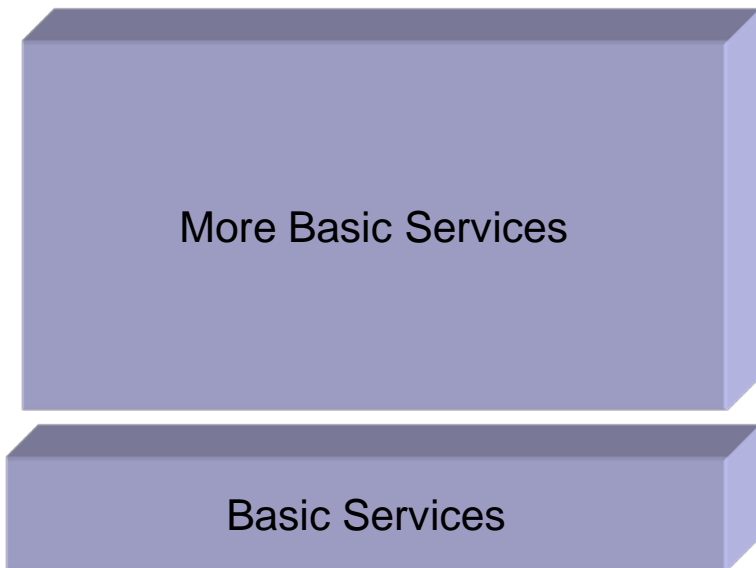
ASSET AND RESOURCE DEVELOPMENT- “Leverage”



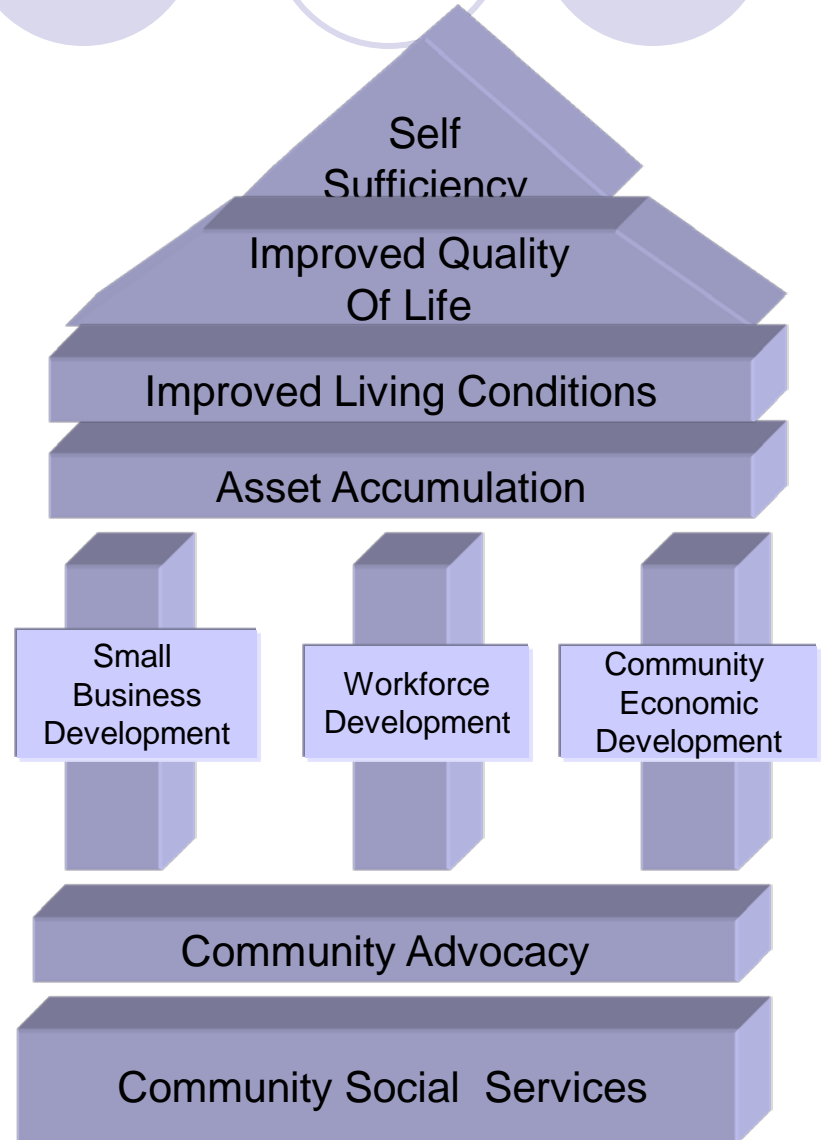
Success will depend on we build our model via Partnerships



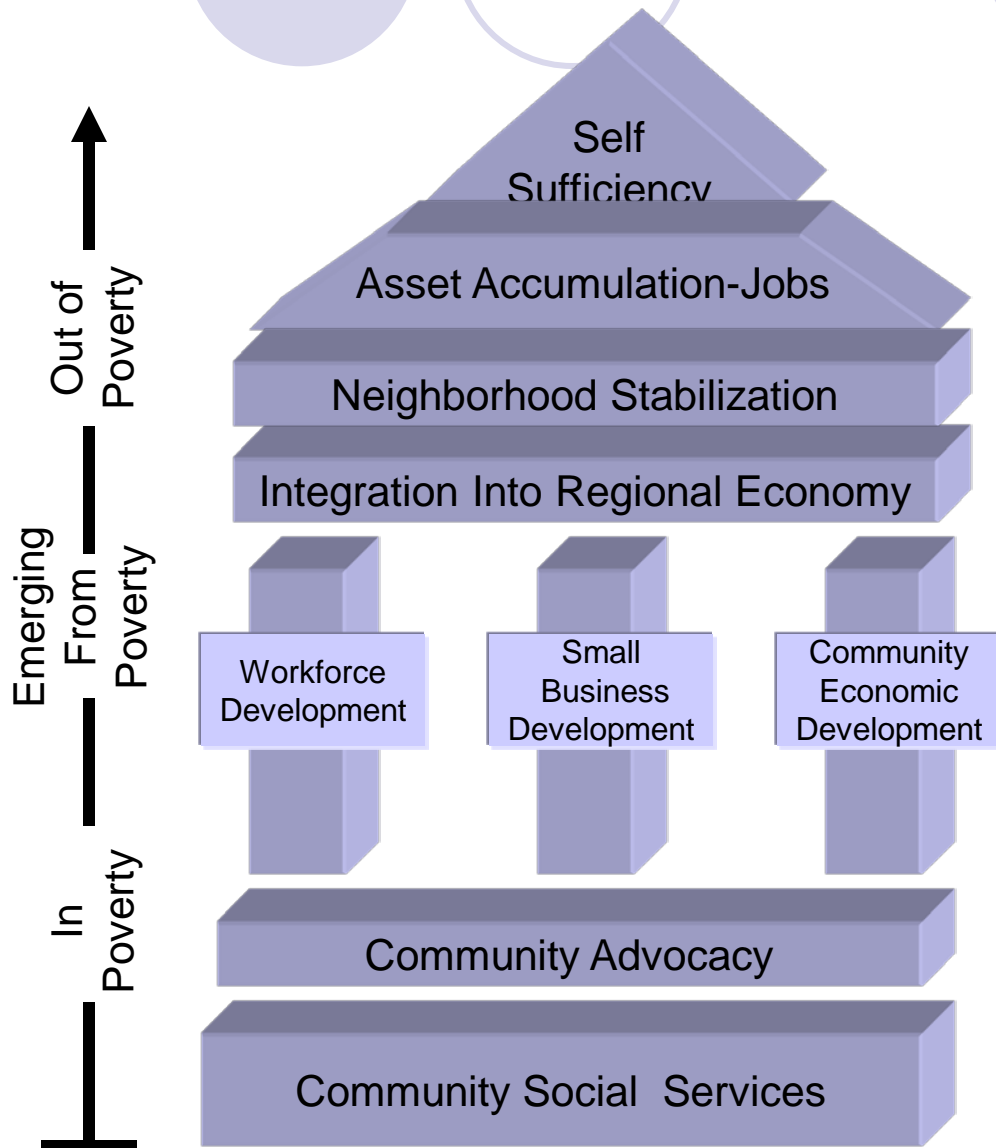
CDC Model vs CEDDC Model



OR



THE CEDC MODEL....



Self- Sufficiency
OF
Nonprofit

IS
Primary
Goal