



# **A Plan for Shared Prosperity in Durham and Beyond**

## **March 7, 2019**

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## **Background/Abstract**

Cyril "CJ" Broderick, Jr. and the GDBCC have been working with City and County officials for several years. CJ has served on the City of Durham's Small Business Advisory Committee for 5+ years and has presented the GDBCC to both the City and County as an economic development agency for the past year with anticipation and an expectation that the 2019-2020 Budget would include a contract with the GDBCC.

## **The Problem**

Durham, NC is a historic city and county that has enjoyed many years of economic success across racial lines. Founded in 1869 right after the abolition of slavery as a railroad station, Durham has been celebrated as "Black Wall Street", one of the best places for Black businesses. However, as Durham has experienced considerable economic growth over the last 10 years, underrepresented groups (especially Black people) have not enjoyed much of this success. Big and small Black-owned companies that were the epitome of Black business success are at the brink of failure in Durham. Black people and Black businesses continue to be displaced from downtown Durham.

As a result, "shared prosperity" has become a goal of both the City of Durham and Durham County.

There are many *challenging factors* to consider when assessing the problem of how to create shared prosperity in Durham and elsewhere.

### **1) Lack of shared language/understanding:**

Shared prosperity means a lot of different things to different people. As a result, it's difficult to have a conversation about shared prosperity when one person is talking about affordable housing, another talking about home ownership, another talking about technical assistance, etc. The complexity/vagueness of this goal allows people to create solutions that may be partial solutions or that may attack the symptoms, but not the root cause. In order to create an effective solution, we must start with a shared analysis of the problem. We must all be talking about economic development.

### **2) Lack of representation**

In order to create a shared prosperity plan, we must have inclusion. We must understand how economic development has been done in Durham for the last 100 years, the last 5 years, and how it is proposed to be done in the next 25 years. There has been little to no diversity, inclusion, and equity in the economic development strategy employed by the City of Durham and Durham County for the last 100 years. It's easy to forget our history, but let's be reminded that while the Durham Chamber has been around since 1906, it didn't allow Blacks to be members until 1963. It wasn't until 1967 that Asa Spaulding became the first Black member of the Board of County Commissioners. It wasn't until 1989 that Durham got its first Black mayor, Chester Jenkins.

While these political achievements are great, the wealth gap created by structural racism has continued to dominate economic development since then. As such, it is easy to see that the years that followed incorporated little to no true representation of Black issues in economic development as the problem still persists.

### **3) Lack of understanding of the tools necessary**

Shared Prosperity is an economic development initiative. It cannot be solved by setting MWBE goals. It cannot be solved by recruiting more underrepresented people to a Board of Directors, hiring a few more underrepresented people, or even running a disadvantaged/historically underutilized business program. While these programs are great, we cannot make the mistake of thinking that these initiatives can solve the problem.

We create contracts and empower the Durham Chamber to do economic development work on behalf of the County. We empower DDI to do economic development work for the City on behalf of downtown Durham. However, when we notice that underrepresented groups are not benefiting from either of these economic development initiatives, instead of using the same tools and creating an economic development contract and empowering an underrepresented group, we create programs, funds, databases, etc. Why is that the case?

## **The Solutions**

### **1) Education (get shared language/understanding)**

Many people do not understand the problem. Before we can begin to come up with solutions, we need to spend some time thinking about the problem. There should be some basic educational sessions on sharing the history of Durham as it relates to economic development, economic growth, etc. Without a clear understanding of how things work, you can't ask people to solve a problem.

In my opinion, the solution for shared prosperity is deeply rooted in an economic development plan that would ensure that all people and businesses thrive (regardless of racial makeup of ownership) and that the quality of life (literacy, life expectancy, etc.) of all citizens would improve. Right now, we have economic growth but not necessarily economic development because we have seen a significant number of Black and poor people/businesses negatively impacted by Durham's growth.

In order to change this, we will need to revisit how economic development works in Durham, NC. We must create an economic development plan where all groups affected by the plan have a strong understanding and input into the plan. Right now, that's not the case. Only a few people in both city and county government truly understand how economic development works.

With shared language and understanding, we can start to ensure that underrepresented communities understand and are involved in ensuring parity in City and County tax incentives for business relocation, job creation, etc. The results of this education would be inclusive economic development. For example, the roads down Fayetteville from 147 to NCCU would be repaved and lined with top-notch hotels and businesses, like Main Street near Duke.

### **2) Consult/Contract an Economic Development Agency that is representative of the people.**

If Durham is seeking to be more inclusive in its approach to Economic Development, we have to solve the problem of the lack of representation. Both the City of Durham and Durham County should be consulting/contracting with economic development agencies that represent the underrepresented groups that need to be included.

Let's take a look at how Durham County does economic development to provide some clarity. Durham County contracts with the Greater Durham Chamber of Commerce (GDCC) for \$265,000 annually to be the economic development agency for the County focusing on recruiting new high growth, high impact industries to Durham. The high level members of the Greater Durham Chamber of Commerce include Duke University, Duke Medicine, GSK, Quintiles, Blue Cross Blue Shield of NC, the Research Triangle Park and SunTrust. The City of Durham contracts with DDI to do economic development work on behalf of Downtown Durham business for \$160,048. DDI's major constituency is virtually identical to the Durham Chamber's. With this makeup and

mandate, it is easy to see why shared prosperity has not been the product of the city or county economic development plan for the last 50 years. It has not been the goal.

It is important to note that making it a goal is not enough. It would not be prudent to ask the GDCC or DDI to represent the interests of small and minority businesses because some of those interests would be in conflict with its high level members. As such, the City and County must contract with an economic development group/agency that can represent the interest of small and minority businesses. Just as the City and County have built and empowered the Durham Chamber and DDI to be advocates with millions of dollars of investment, the City and County should do the same with agencies representing the economic development interests of underrepresented groups. I am certainly biased here because I have worked in and with many of these organizations like the Greater Durham Black Chamber of Commerce (GDBCC), the Durham Business and Professional Chain, the Committee on the Affairs of Black People, etc. As the President of the GDBCC, representing the economic interests of more than 100 small businesses, nonprofits, and large Black-led or Black- supporting corporations, it remains baffling to me that shared prosperity, diversity, equity, and inclusion are goals, the City and County have **spent \$0 to date** in consultation with us.

In a growing Durham economy, with a Black population of roughly 40%, a rich history of Black entrepreneurial achievement, and a diverse set of businesses and needs, it is painful to see Black businesses struggle to grow and develop. The primary reason is directly linked to the effects of structural racism. White supremacy culture has permeated many of our city and county officials, who continue to assign power and privilege to white led projects while questioning the efficacy of Black-led efforts, denying access. If Durham wants to be inclusive, we make a long term commitment to empowering the agencies that advocate for underrepresented groups, allowing them to fully take part in the economic development process in both the City and County.

### **3) Using the right tools**

A key element of the solution must be to avoid quick fixes and efforts that don't get to the root of the problem. A prioritization of the right tools is essential in truly tackling the problem. In a vacuum, I'm not opposed to a database, a fund, etc. However, I'm opposed to them as the primary response. The focus has to be empowering underrepresented groups and not relegating them to being recipients of care. To do so would be to operate within white supremacy culture. Without this focus and attention on where power sits, our efforts are doomed to fail and only further the problem.

A great example of this can be seen in M/WBE programs, HUB programs, and technical assistance centers, which I call "4th quarter interventions". These programs are mildly effective and not sufficient to create shared prosperity because they continue to make underrepresented groups the beneficiaries of economic development when those same underrepresented groups need to be the creators, owners, architects, and designers of economic development.

To further illustrate, let's consider how economic development works in recruiting a business to come to Durham. Let's imagine that the business will develop a site with a \$10M building, and add \$1M per year in jobs to the Durham economy. As a part of the economic development process, in the 1st quarter, economic development agencies are discussing things like City and County incentives, site selection, and overall strategy with the client. In the 2nd quarter, MOUs can be signed and financing can be secured to move the process forward. In the 3rd quarter, an architect can be hired to design the project. Finally, in the 4th quarter, construction can happen. It is at this final stage that most minority/underrepresented businesses become engaged in the project. Note that large corporations connected to the Durham Chamber and DDI are connected

the entire time, helping decide which businesses to recruit. As such, MWBE, HUB business, members of underrepresented agencies like the GDBCC, and unaffiliated small businesses are the last to know what's happening. Through MWBE/HUB program goals, these companies are sidelined, left fighting over the 20% to 25% participation goal of these projects. This competition for the leftovers creates rigid competition among minority and small firms, prompting some white men to list their wives, sisters, and mothers as owners of their companies to gain an advantage.

Meanwhile, power continues to sit at the hands of the economic development agencies who represent the large corporations. Recruited businesses (which rarely are Black-led or Black focused) are offered attractive incentive packages and allowed multiple paths to avoiding contracting with Black firms, particularly by just showing a good faith effort in trying.

In order to have shared prosperity, economic development must be the vehicle.

### **Conclusion**

For shared prosperity to be more than just a nebulous tagline, the City and County must start to "put the money where their mouth is". On several occasions, I have asked the City of Durham and the County of Durham officials to identify current and past approaches to inclusive economic development. I have found that there really is no valid approach available because there has been no investment. The City and County continue to pay for disparity studies and data analysis that provide a lot of key insights. However, it stops there and little to no investment is being made in underrepresented economic development agencies.

Shared prosperity can and will be achieved by developing a shared language and understanding through education, a long term investment in underrepresented economic development groups, and an avoidance of relying on 4th quarter intervention programs. My recommendation to the City of Durham and Durham County is to do more than research, but instead make a long term significant and sustainable commitment to contracting with underrepresented economic development agencies like the Greater Durham Black Chamber of Commerce. Until that happens, "shared prosperity" will continue to remain nebulous and unachievable; and empty talking points will appeal to the voting electorate, but do little to effectively implement inclusive economic development.

## **More Information**

In order to get a more detailed understanding of economic development in the City of Durham and Durham County, a review of the City and County Budgets is necessary. Below, please find links to both budgets. I've also added a link to a page that gives an overview of City Incentives.

Durham County Economic Development 2018-2019 Budget:

<https://www.dconc.gov/home/showdocument?id=26226> ( Pages 23-24)

City of Durham 2018-2019 Office of Economic and Workforce Development Budget:

<https://durhamnc.gov/DocumentCenter/View/22131/FY-2018-19-Adopted-Budget> (Pages 206 - 216)

More details on City Incentives

<http://codinetx.durhamnc.gov/sites/incentiveprograms/SitePages/Home.aspx>

On the next page, I have pulled some of that data from the links above and put the County/City Data side by side.

"Don't tell me what you value, show me your budget, and I'll tell you what you value." - Joe Biden

**Durham County Economic Development**  
2018-2019

**Projected Incentive Payments**

21 C Museum	\$ 200,000.00
Aurobindo	\$ 100,000.00
Austin Lawrence Partners East	\$ 264,873.00
BioMerieuex	\$ 80,000.00
Braeburn	\$ 50,000.00
Corning	\$ 385,714.00
Gentian Group	\$ 75,000.00
Longfellow	\$ 500,000.00
Premier Research International	\$ 5,500.00
Purdue Pharma	\$ 142,857.00
Sentinel Data Center	\$ 133,335.00
Wexford Science & Technology	\$ 240,000.00
<b>Total</b>	<b>\$ 2,177,279.00</b>

**Economic Development**

Durham Chamber of Commerce	\$ 265,000.00
Downtown Durham, Inc	\$ 160,000.00
Moogfest and Art of Cool	\$ 100,000.00
History Museum	\$ 51,000.00
RTP Regional Partnership	\$ 43,829.00
Sports Commission	\$ 176,000.00
<b>Total</b>	<b>\$ 795,829.00</b>

**Economic Development NonProfit Support**

Achievement Academy of Durham	\$ 20,000.00
Community Empowerment Fund	\$ 10,000.00
Dress for Success Triangle NC	\$ 10,000.00
Durham Literacy Center	\$ 30,000.00
El Centro Hispano, Inc.	\$ 20,000.00
Partners for Youth Opportunity	\$ 20,000.00
Reinvestment Partners	\$ 10,000.00
StepUp Ministry	\$ 10,000.00
Triangle Literacy Council	\$ 10,000.00
TROSA	\$ 30,000.00
<b>Total</b>	<b>\$ 170,000.00</b>

**Other**

Treyburn Infrastructure Study	\$ 250,000.00
Personnel	\$ 102,376.00
<b>Total</b>	<b>\$ 352,376.00</b>

**City of Durham Economic Development**

**Incentives      Term**

**Downtown Revitalization**

21C Durham LLC	\$ 5,723,537.00	
Chesterfield Building	\$ 6,000,000.00	15yrs
Concord Hospitality - Residence Inn	\$ 1,332,266.00	
Durham Innovation District	\$ 5,250,000.00	15yrs
Austin Lawrence Partners East	\$ 3,973,095.03	
<b>Total Downtown Incentives</b>	<b>\$ 22,278,898.03</b>	

**Neighborhood Revitalization**

A&J Capital	\$ 170,000.00
Migrate Property 2	\$ 100,000.00
Moran Foods Inc.	\$ 150,000.00
Reinvestment Partners	\$ 100,000.00
Reinvestment Partners	\$ 100,000.00
Self Help Ventures Fund	\$ 236,000.00
Self Help Ventures Fund	\$ 220,000.00
Self Help Ventures Fund	\$ 700,000.00
Seminary Avenue Redux, LLC	\$ 100,000.00
Seminary Avenue Redux, LLC	\$ 49,000.00
Wendy Woods (Habitable Space LLC)	\$ 100,000.00
<b>Total Neighborhood Incentives</b>	<b>\$ 2,025,000.00</b>

**Building Improvement Incentives**

Hutchin Properties, LLC	\$ 50,000.00
Fenwick Properties, LLC	\$ 44,000.00
<b>Total Bldg. Improvement Incentives</b>	<b>\$ 94,000.00</b>

**Job Creation Incentives**

Almac Group	\$ 77,000.00
EMC Corporation	\$ 860,000.00
Frontier Communications	\$ 64,500.00
Willowtree, Inc	\$ 73,500.00
<b>Job Creation Incentives</b>	<b>\$ 1,075,000.00</b>

**2018-2019 OEWD Contracts**

DDI - economic development	\$ 160,048.00
DDI - municipal services	\$ 803,397.00
<b>Total</b>	<b>\$ 963,445.00</b>