

Neighborhood Economic Development Matrix

Introduction

A well-known businessman once stated, “If you don’t know where you are going, any old road will do.” The same can be said about the pursuit of neighborhood economic development. Neighborhood organizations often pursue economic development projects in an effort to, revitalize worn out commercial districts, create neighborhood jobs, and provide needed services to local residents. Determining what economic development opportunities will work in your neighborhood is the critical question to ask. Identifying the steps to take which will result in the identification of viable economic development opportunities that can be implemented is the challenge.

The attached matrix represents the work of the FOCUS Initiative’s Foundation Committee. This tool is intended to complement the Economic Development Resource Guide, recently published as a part of this same initiative. The goal is to assist CDC’s and nonprofit development organizations in the identification of the basic steps needed to package a small to medium sized neighborhood economic development project. The matrix, if followed, can provide useful information in three critical areas for your neighborhood organization.

First, the assessment module will help measure; the strength of the neighborhood marketplace given existing demographic and economic trends, what physical neighborhood elements including major traffic corridors and land use patterns demonstrate the potential to support economic development activity, and the ability of your organization to support a dynamic economic development project. **Second**, building on the information gathered in the assessment module, an effort should be made to define *specific* opportunities that might work in your neighborhood. Several questions must be answered to determine what opportunities may exist. For example:

- Are there missing services or retail opportunities in your neighborhood given existing market demand?
- What real estate within the neighborhood demonstrates the capacity to support the identified opportunities?
- Are the opportunities financially feasible?
- Is there a potential for partnerships that will make the opportunities more likely to occur?

Finally, the information gathered to this point is organized to create a detailed work program. The work program identifies what tasks must be carried out, who will perform them, and what resources will be used to realize a successfully implemented economic development initiative.

The matrix is not intended be the final word on how to carry out an economic development project. It should be used as a tool to point your organization in the right direction. It will help in determining what questions to ask, what partnerships should be formed, and how to organize your organization and the community to produce results.

MODULE I: Assessment

Purpose – To determine the potential for pursuing economic development project(s) in targeted neighborhood market area

Outcome – General understanding of market, physical, and organizational factors which encourage/discourage pursuit of economic development project(s)

Market	<p>A preliminary market analysis will be conducted of the neighborhood and extended area to determine local business investment opportunities. Factors to measure include:</p> <ul style="list-style-type: none"> a. Size of existing market (i.e. customer base, housing density) b. Household income or identification of market's buying power (demographic profile, household info) c. Developer/business professionals identification of market gaps d. Document local market strength and assets e. Identify traffic patterns/heavily traveled corridors f. Document other relevant economic trends (i.e. new construction, proposed investments, proposed public improvements, etc)
Physical	<p>A survey of potential locations and properties which could serve new business investment activity will be performed to determine neighborhood's physical capacity to host new development. Property characteristics to survey include:</p> <ul style="list-style-type: none"> a. Development clusters within market trade area b. Underutilized properties (i.e. vacant land or buildings) c. Current market rates for land and building space d. Properties listed for sale e. Available support systems/infrastructure, parking, bus routes at f. identified sites etc.
Organizational Capacity	<p>A comparative analysis of the skill sets required to undertake a potential economic development activity compared to those possessed by the CDC will be performed. Possible collaborations/partnerships will be identified to address skill voids.</p> <ul style="list-style-type: none"> a. Inventory staff and board skill sets possessed by CDC b. Identify skill sets required to successfully complete anticipated economic development project c. Define CDC role in carrying out economic development activity d. Identify professional groups that could address skill voids and assist in carrying out economic development activities. (i.e.: developer, broker, financial, architectural, legal, etc.) e. Document proposed team and staff assets and ability to meet economic development activity requirements with CDC Board and staff f. Evaluate financial capacity of organization to provide overhead and financial support for economic development projects

MODULE II: Opportunities

Purpose- Economic development opportunities will be evaluated and their feasibility determined using, and building on, information generated from the assessment phase.

Outcome- Identify specific economic development opportunities and determine necessary steps to evaluate project feasibility

<p style="text-align: center;">Document Need</p>	<p>Services which are not present or are judged to be in inadequate supply are identified/sufficient demand documented to establish neighborhood response</p> <ul style="list-style-type: none"> a. Review neighborhood plan if applicable. b. Inventory existing services, businesses in market area c. Determine level of buying power for basic retail/service businesses d. Interview existing businesses regarding potential service expansion/reduction e. Identify potential business start-up opportunities f. Validate findings with industry/developer experts (potential sources-Indy Partnership, Indy Chamber, etc.
<p style="text-align: center;">Redevelopment Land</p>	<p>Identify specific properties available to target for business investment given demonstrated need.</p> <ul style="list-style-type: none"> a. Define study/development area b. Conduct land/buildings inventory c. Conduct site evaluation (Zoning, infrastructure, environmental, utilities, easements, etc.) d. Assess site given industry requirements e. Determine property availability f. Cost analysis given development impediments for targeted property
<p style="text-align: center;">Preliminary Project Feasibility</p>	<p>Perform preliminary sources and uses analysis to determine project feasibility.</p> <ul style="list-style-type: none"> a. Identify potential funding gaps b. Determine possible sources of “gap financing” if necessary c. Analyze market, site, operating pro forma and financing d. Identify governmental actions both negative and positive e. Identify potential neighborhood/organizational contributions f. Identify local and state incentives g. Determine potential for foundations/ not-for-profit contributions h. Identify potential for small business assistance and workforce training/other possible assistance
<p style="text-align: center;">Collaboration</p>	<p>Neighborhood plan identifies neighborhood-based approach to accomplishing strategy. Establish partnership with community based organizations and local government.</p> <ul style="list-style-type: none"> a. Keep impacted neighborhoods informed and document support. b. Determine need and elements of public partnerships c. Determine need and elements of private sector partnerships d. Supplement capacity by identifying roles where necessary for skilled professions

MODULE III: Strategies

Purpose- Prepare strategy which details development program, and specific steps for accomplishing.

Outcomes- Detailed work program and implementation schedule

<p style="text-align: center;">Prospects</p>	<p>Define recruitment program for attracting desired business investments.</p> <ul style="list-style-type: none"> a. Analysis of potential retail tenants/impact on financing b. Identify potential commercial-other business prospects c. Identify franchises/chains with similar demographic requirements d. Identify real estate brokers that have working relationships with targeted businesses e. Identify list of materials/information needed to market to prospects including neighborhood successes f. Utilize local business networks to assist with making prospect contacts
<p style="text-align: center;">Define/Control Project Site</p>	<p>Determine property targeted for project and establish site control strategy.</p> <ul style="list-style-type: none"> a. Identify parcels desired for proposed project target area(s) b. Determine method for inclusion of desired real estate c. Develop conceptual site plan with desired development configuration d. Obtain ownership interest in desired property through conditional option/purchase agreement if appropriate
<p style="text-align: center;">Public Role</p>	<p>Identify and document with appropriate entities public sector role(s) in project.</p> <ul style="list-style-type: none"> a. Solicit public sector entities to work with developer team on project development activities, especially activities that will need public review, public investment (i.e. tax abatement, etc.) b. Determine regulatory barriers/approvals needed from public sector (Zoning & construction) c. Establish list of public programs that can assist with addressing financing gaps or that can aid in reducing overall project cost/risk d. Secure public commitments/endorsements – identify roles and terms
<p style="text-align: center;">Private Role</p>	<p>Determine opportunities for private sector involvement/investment in desired project.</p> <ul style="list-style-type: none"> a. Identify potential development partners that can facilitate development tasks required by proposed development b. Conduct discussions/negotiations with potential development agents/partners regarding roles and costs for services to assist/partner in development c. Document roles and rewards for development participants - private/public/CDC
<p style="text-align: center;">Work Program and Project Timetable</p>	<p>Establish detailed work program which identifies who, how, when and with what project tasks will be accomplished.</p>