Economic Development in Urban America
A LOCAL ACTOR ANALYSIS IN THE SOUTH BRONX

Wetenschappelijke verhandeling
Aantal woorden: 25,915

Nicolas Meulebrouck
Stamnummer: 01271079

Promotor: Prof. dr. Christopher Parker

Masterproef voorgelegd voor het behalen van de graad master in de richting Conflict en Development

Academiejaar: 2016 - 2017
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Foreword

After four years studying Public Affairs, I have decided to commit myself to a new project; an additional Masters in Conflict and Development. During this year, I came in touch with many interesting subjects and issues. The combination of a theoretical approach with examples coming from reality provided the necessary knowledge and skills to enter the labor market, which will be the logical next challenge in my life.

I always had an interest in urbanization and urban phenomena. What I personally find interesting for me, are the large metropolitan areas of the United States. For my previous degree, I had the opportunity to be part of an exchange program in the United States, followed by an internship in an American not-for-profit organization. These experiences, in combination with my degree in Conflict and Development have strengthened my determination to work in the Public Sector, preferably abroad.

This master thesis forms the keystone of my education in this research domain. Throughout the academic year, I was working on the problem definition, the methodology, and the planning of my field trip to New York City to conduct my research. The writing of a thesis is surely not an easy task to carry out. Especially when both the research and the paper are written in a language that is not your native language. This thesis was established with the help of various persons. I would like to thank all those who have collaborated on my thesis.

First and foremost, I would like to thank my promotor Christopher Parker for the help and feedback. It helped me greatly to get my literature study and research up and running. I also owe a debt of gratitude to my family and closest friends. They were always supportive during this endeavor. I would like to thank my sister Michelle and my American friend Jennifer for proofreading my thesis. I’ll return the favor for your thesis on law next year!

Furthermore, I thank the research units of this thesis, namely the Presidents and Executive Directors of the interviewed organizations. The collaboration was always very pleasant. The positions that these persons are very demanding. Therefore, I am grateful that they spend some of their time on my interviews. Rob Walsh, my former professor during my exchange program in New York was a great help in many different ways, by providing great data during the interview and by setting me up with some people from his network in the city. I truly appreciate all the help and cooperation during this research.
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Abstract

Deze masterproef handelt over lokale economische ontwikkeling in stedelijke context. De focus van de literatuurstudie en het daaropvolgende onderzoek situeert zich in de Verenigde Staten. Vooreerst wordt tijdens de literatuurstudie de graad van ongelijkheid in de V.S. in kaart gebracht. Daarop volgt een korte uiteenzetting over de stedelijke verloedering in de V.S., de processen die hier aanleiding toe gaven, en de uitdagingen die hiermee gepaard gaan. De grootste uitdaging is gentrificatie en segregatie van minderheden en personen in armoede.

Uit deze geschetste stedelijke problematiek wordt een onderzoeksvraag naar voren gebracht en toegelicht. Specifiek gaat het onderzoek over de lokale non-profit actoren die aan economische en stedelijke ontwikkeling doen. Daarenboven wordt de rol van de lokale overheid in deze kwestie van naderbij bekeken.


De resultaten worden gerapporteerd in 4 secties. De eerste sectie handelt over de duale rol van de lokale overheid. Zij nemen zowel een faciliterende als een regulerende rol op. De tweede en derde sectie beschrijven de organisatorische structuur, de financiering, samenwerking en activiteiten van de zes geïdentificeerde actieve organisaties, onderverdeeld in twee categorieën. Hierbij zijn er zowel verschillen tussen de twee types van organisaties, als binnen de types zelf. De vierde sectie handelt over de primaire uitdagingen waarmee ze geconfronteerd worden.
List of abbreviations

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<th>Description</th>
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<tbody>
<tr>
<td>BID</td>
<td>Business Improvement District</td>
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<tr>
<td>BOEDC</td>
<td>Bronx Overall Economic Development Corporation</td>
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<td>CDC</td>
<td>Community development corporation</td>
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<tr>
<td>CDFI</td>
<td>Community development financial institution</td>
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<td>DCP</td>
<td>Department of City Planning</td>
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<td>DOF</td>
<td>Department of Finance</td>
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<td>DOT</td>
<td>Department of Transportation</td>
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<td>EDC</td>
<td>Economic development corporation</td>
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<td>LED</td>
<td>Local economic development</td>
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<td>NYC</td>
<td>New York City</td>
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<td>NYCEDC</td>
<td>New York City Economic Development Corporation</td>
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<td>NYPD</td>
<td>New York Police Department</td>
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<td>OECD</td>
<td>The Organisation for Economic Co-operation and Development</td>
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<td>SBS</td>
<td>Small Business Services</td>
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<tr>
<td>SoBRO</td>
<td>South Bronx Overall Economic Development Corporation</td>
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<td>UN</td>
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1 Introduction

“A proper community, we should remember also, is a commonwealth: a place, a resource, an economy. It answers the needs, practical as well as social and spiritual, of its members - among them the need to need one another. The answer to the present alignment of political power with wealth is the restoration of the identity of community and economy.”

- Wendell berry, The Art of the Commonplace: The Agrarian Essays –

In this Urban Era, more than half of the world’s population are living in cities. Our cities are rapidly expanding, and are more densely populated than ever before. By 2050, it is expected that over 66 percent of the world will live in urban areas. The UN Development Agenda will be drawing significant more attention to building sustainable cities. The Director of UN DESA’s Population Division, John Wilmoth states that “managing urban areas has become one of the most important development challenges of the 21st century” (United Nations, 2014).

As of 2014, there are 28 mega-cities on this planet. These cities have a population of ten million or more. Most of these mega-cities are situated in Asia. Only two mega-cities are located in Northern America. The New York City and Newark area however is among the top ten most populous areas (United Nations, 2014). This area will also be the focal point of this dissertation.

Keeping in mind that the global population is still growing and our cities are expanding, as well as the challenge that come with diversity, income inequality or minority groups, reflecting about sustainable urban development creates opportunities for everyone involved and beyond. Moreover, cities are second to none when it comes to expanding access to basic services such as health care or education. A notion that will definitely gain importance in the years to come (United Nations, 2014).

Over time, the welfare state replaced the former night-watchman state. Government-driven services highly affect the standard of living for the community and subsequently their well-being. However, it is crucial for a government to minimize public debt to preserve the economic stability. In addition, a government should ideally strive for an equal distribution of the investments and subsidies. This includes an equal distribution of resources between different levels of government towards cities, as well as an equal distribution in cities itself.
Reality has taught us however that this equal distribution is not always happening. In this dissertation, the decline in U.S. Federal Government funding for cities, as well as the insufficient funding for certain parts of New York City will be discussed. A government could be seen as a distributor of welfare in a number of areas, but there are certain services that a local government can’t, or won’t provide. That is why it is interesting to investigate the role of actors in other sectors. Because next to the public sector, businesses and not-for-profit organizations could have a significant role to play in terms of developing and improving a city or neighborhood. The local government is in fact the government level that is situated closest to the citizens. Business and community leaders from the neighborhood itself are even closer. They have plausibly an even better view on what happens on the ground in their neighborhoods.

This could serve as a distinct advantage for the community. But should the not-for-profit sector provide some of the services that were inherently the responsibility of the city government? And what about the financial aspect or the accountability if something goes wrong? Moreover, the proper role of government in economic development remains an unresolved question and is question to debate.

This dissertation will begin with a literature study about the large inequalities and poverty in American society, followed by literature about urban development and marginalization in U.S. cities. After this theoretical framework, the research question will be explained, as well as the geographical scope of this research: the South Bronx. Therafter comes the methodology section and subsequently the reporting and analysis. The dissertation will close with the conclusion, where the research questions will be answered.
2 Literature study

2.1 Inequality

2.1.1 Concepts and definition

The starting point of the literature study will be the general level of inequality in the United States. The concept of inequality is placed central in many social justice theories. The Department of Economic and Social Affairs of the United Nations distinguishes two views on inequality: the inequality of outcomes and the inequality of opportunities. The former is the most well-known view on inequality and is mainly economic in nature. It can be measured by looking at the dispersions of incomes in a society. The latter is a relatively more recent view on inequality and refers to the circumstances at birth. Equality of opportunity should therefore be obtained by making sure everyone has a fair starting point in life. This however is naturally not always the case (United Nations, 2015).

Since income inequality is more convenient to measure and compare with other countries, this concept will be applied here with the United States as the case in point. The OECD defines income as:

“Income is defined as household disposable income in a particular year. It consists of earnings, self-employment and capital income and public cash transfers; income taxes and social security contributions paid by households are deducted.” (OECD, 2016)

Furthermore, the OECD uses five indicators to measure income inequality. In the following report about inequality in the United States, two indicators, namely the Gini coefficient and the S90/S10, will be utilized to provide an overview of the situation. Firstly, the Gini coefficient is described as “based on the comparison of cumulative proportions of the population against cumulative proportions of income they receive”. Secondly, the S90/S10 is “the ratio of the average income of the 10% richest to the 10% poorest” (OECD, 2016).
2.1.2 Inequality in the United States

In the United States, income inequality is high compared to other OECD countries. The Gini coefficient is one of the indicators, consisting of a number between zero and one. Zero corresponds with total equality and one with total inequality. So for a country, it comes down to having a Gini coefficient as low as possible (OECD, 2016).

In 2014, the latest data available, the United States had a Gini coefficient of \(0.394\). This high ratio is only preceded by Turkey, Mexico and Costa Rica. Belgium has a coefficient of 0.266. Figure 1 shows a comparison of the Gini coefficients across OECD countries. Note that the chart shows the 2012 data. Compared to the other countries, the U.S.A. has one of the highest levels of income inequality.

**Figure 1: Large differences in levels of income inequality across OECD countries (OECD, 2014)**
The income inequality has also increased over the last thirty years. Following figure shows the evolution of the inequality between the United States, United Kingdom, Canada, France and Germany. Between these countries, the U.S.A. is the front-runner when it comes to the highest Gini coefficients. Overall, inequality has increased in all of these countries between 1985 and 2012. Both the U.K. and the U.S.A. are situated far above the OECD average (OECD, 2014).

Figure 2: Income inequality has been rising over the past 3 decades (OECD, 2014)

![Trends in inequality (Gini coefficient) 1985 – 2012, total population](image)

Two other constatations by the OECD are worth mentioning. The income of the richest households has increased far more than the incomes for low- and midle-income families. This effect is even more pronounced in the U.S.A. Furthermore, the U.S.A. has less social mobility compared to other countries (United Nations, 2015).

The consequences of high inequality are dentremental. With high and sustained levels of inequality comes high social costs. It has a significant effect on the equality of opportunities as well, since it undermines the educational and occupational choices of an individual. On a macroeconomic level, high inequality negatively affects sustainable economic growth. Investments are also negatively affected since inequality triggers economic, financial and political instability. The ability to reduce poverty by means of economic growth becomes
restrained. Finally, a high level of inequality means that a greater percentage of the population becomes vulnerable to poverty (IMF, 2015).

2.1.3 Policy recommendations and remedies

Since high income inequality has so many negative effects, it is expedient for a government to take measures in order to overcome the high level of income disparity in their country. The OECD puts forward a policy recommendation that is directed explicitly to the U.S.A. These suggestions are comprised of four pillars. First, there should be a more intensive investment in human capital. This essentially refers to investments in education. The U.S.A. is after all described as being an example of ‘educational stagnation’ in the latest PISA evaluation reports.

Secondly, stimulating more inclusive employment should result in a smaller proportion of the population that is economically vulnerable. By means of more and better jobs, less people would be unemployed and the quality of the jobs would increase, meaning better career prospects.

Thirdly, the OECD suggests reforming tax and benefit policies in order to redistribute income. The heaviest burdens should rest on the strongest shoulders, and adapting the tax system to this vision would protect the people that are most vulnerable. For example, tax deductions for the high earners could be scaled back in favor of lower taxes for the lowest income scales.

Fourthly, promoting equal access to high-quality public services is an effective instrument to increase the quality of life for everyone in the country. This includes more access to (high quality) education, health insurance, et cetera.

Finally, the OECD emphasizes that the most effective way to tackle the issue of inequality consists of a policy mix of these four pillars (OECD, 2014).
2.2 The deterioration of urban America

This section of the literature study has its main basis in the article “Governing the Twenty First Century City” by Ester Fuchs (2012), supplemented by other authors and articles. It deals with the deteriorating condition of American cities throughout the last century.

2.2.1 General historical background

Up until 1950, the cities in the United States were continuing to expand and prosper. In the first fifty years of the twentieth century, more than 25 million immigrants were attracted to the North-American cities. The heart of the national economy was centered around cities. They were not only the location of businesses in entertainment and shopping. Many of the manufacturing sites were located in or around the major cities, many of which the remains can still be seen today (Short, Hanlon & Vicino, 2007).

This however changed dramatically in the second half of the twentieth century when a large-scale urban decentralization took place. The inner city centers were losing their position as the countries economic focal point. This shift has two main causes. Firstly, there was a migration of the middle class out of the inner cities towards suburban regions. As the ambitions and aspirations of ‘The American Dream’ evolved, features such as single-family homes, own driveways and backyards were becoming more appealing to the population. In ‘Right to the City’, David Harvey attributed this shift to “a radical transformation in lifestyles”. The focus on community action changed in favor of property values and individualized identities. This also had its impact on the political landscape. There was more social stability and less likelihood of strikes, since the homeowners from the middle class who are now living in the suburbs were bound to paying their mortages. This in turn had an additional negative effect. Inner cities emptied and urban unrest among the poorer minorities was growing. They had no other choice than to stay behind in the city. Of this group, African-Americans were overrepresented (Harvey, 2003). The population of the inner cities seemed to be inversely proportional to the populations in the suburbs, as seen on figure 3.

Secondly, the manufacturing industries were leaving the cities in pursuit of finding cheaper land, labor and fewer government regulations. This has lead to less job opportunities and subsequently higher unemployment in the inner cities (Fuchs, 2012).
As a consequence of these events, the major cities in the U.S.A. were in an economic freefall. City streets were unsafe; crime and vandalism were daily routine. Open vacancies and abandoned buildings were omnipresent. The physical public infrastructure of the cities was deteriorating. The condition of the roads, mass transit infrastructure and parks were in bad shape. Urban policy became a synonym for ‘social-welfare policy’ since there was a concentration of poor minorities in the city, the ones who did not make it to the more comfortable suburbs (Fuchs, 2012).

Furthermore, federal policy decisions made the situation even more hazardous. The transfers from the federal government to the cities were declining. This evolution continues until today. The Obama administration had a 390 million USD cut in the ‘Community Development Block Grant’ program. This is a federal program that includes series of grants in favor of cities, one of the few remaining programs of this kind (Fuchs, 2012). The current administration of President Trump does not promise much improvement in this matter. Quite the contrary in fact, he too wants to cut funding for this program. This means less money for network revitalization, economic development, infrastructure and public services. Low-income and senior citizens might be affected the most (Forbes, 2017). Unfortunately, cities often lack the resources or the fiscal autonomy to provide the public services the city desperately demands.
Rapid urbanization under capitalism has yet another unfavorable consequence. The process of urban development coincides with a process of displacement. This ‘accumulation by dispossession’, as Harvey (2003) calls it, even has a central role in the urbanization under capitalism. This resulted in increasing conflicts over the displacement of low-income citizens in favor of wealthier citizens. Slater (2012) shared this view on the matter, stating that gentrification “captures the class inequalities and injustices created by capitalist urban land markets and policies.” Knight and Gharipour (2016) also did research on the urban displacement of low-income communities, and eloquently calls it the “byproduct of the quest for profits”.

Defining gentrification is not an easy task, not least because of the fact that since the seventies, the concept got a broader meaning. It was Ruth Glass who created the term back in 1964. Almost three decades later, Sassen (1991) described the evolution of the concept as follows:

“Gentrification was initially understood as the rehabilitation of decaying and low income housing by middle-class outsiders in central cities. In the late 1970s a broader conceptualization of the process began to emerge, and by the early 1980s new scholarship had developed a far broader meaning of gentrification, linking it with processes of spatial, economic and social restructuring.” (Sassen 1991: 255)

Private property rights and free market is described as favoring capital accumulation in urban areas. The area in which gentrification takes place, tends to be the areas where opportunities for profitable development is situated. These areas were often disinvested and are now being ‘rediscovered’. The interests of business and policy elites are prevailing, at the expense of the local residents who are often the victim of unemployment, work instability and stigmatization (Harvey, 2003). Besides, if those who can’t afford the higher rents are forced to move to another area, the newly found residences tend to be of inferior quality. It also gives a significant amount of psychosocial stress (Slater, 2012). Thus, the vulnerable population is just being relocated to another distressed area, causing the same problems and issues (Knight & Gharipour, 2016).

The notions of ‘home, community and family’ are being disregarded by these capitalist practices (Slater, 2012). Traditional communities are being disrupted by these processes. And the cultural connections that hold these neighborhoods together and provides them a sense of “cultural
identity” are ruptured (Knight & Gharipour, 2016). The value of the unique communities are at risk, since they are all evolving into the generic city landscape that serves only the needs of those wealthy enough to reside there.

Moreover, the city and the living conditions in the city have become commodities. Urban economies are now more determined by consumerism, tourism and knowledge-based industries. Contemporary cities provide a wide range of shopping and consuming opportunities, but not everyone can afford to enjoy them (Harvey, 2003). Because of the fact that the process of gentrification reveals the class shift that comes with urban redevelopment, the word ‘gentrification’ is often considered ‘dirty’ by developers, politicians and funders (Smith, 2002).

Another factor that contributes to higher gentrification is the loss of manufacturing employment in the region (Slater, 2012). This is associated with the description of manufacturing industries leaving the city, as described in the previous section about deteriorating urban areas in the U.S.A.

This process of gentrification contributes to socioeconomic segregation. Quillian & Lagrange (2016) examined the differences between American and French cities in terms of this segregation, and the results were striking. Overall, the level of residential socioeconomic segregation is higher in the United States than in France. Moreover, low-income and high-unemployment areas are disproportionately located in the city, whereas high-income, low-unemployment areas tend to be located more in the suburbs.

The authors identified two factors that are explaining the differences in segregation between the U.S.A. and France. First, there is a large difference in government-assisted housing policies between the two countries. In the U.S.A., public housing (so-called ‘projects’) is generally a small sector, concentrating poor households in poor neighborhoods. In France, this sector is larger, and is spreading the social housing more equally between neighborhoods of different incomes. Secondly, the differences in segregation between the two countries can be explained by the differences in income inequality. Moreover, the authors describe this factor as ‘likely the most important factor’. The income segregation in the United States is increasing significantly. This trend runs parallel with the rising income inequality (Quillian & Lagrange, 2016). The New York Times recently wrote that new jobs in the city centres are more highly skilled and high-paying jobs, while working-class jobs such as retail or construction are leaving the city. This would result in the continuation of cities that “become havens for the wealthy and inaccessible to the middle and working classes” (NY Times, 2015).
The authors conclude with suggesting that the spatial inequality is “an underappreciated factor contributing to relatively high inequality, high rates of social problems, and low intergenerational mobility in the United States compared with other affluent countries.” (Quillian & Lagrange, 2016).

2.3 Addressing twenty first century cities’ challenges

Fuchs (2012) states that “cities in both the developed and developing worlds are facing many of the same challenges”. Firstly, cities worldwide have the highest concentrations of unemployment and poverty. Secondly, there is a growing concern that expanding cities accelerate the environmental decline of the planet if they are not built out in a sustainable way. Thirdly, there is a lack of public safety. This in turn leads to civil unrest and possible political corruption.

In addition to this, socioeconomic segregation and gentrification are also issues that need to be addressed properly. Likewise, the unique qualities and identities of the communities remain valuable, and should be conserved. Knight and Gharipour (2016) are emphasizing that these communities “have their own layers of needs, power, support and values”. Previous efforts in revitalizing low-income communities have often failed at engaging the members of the community in an active way. The value of the contributions that the residents themselves can make should be recognized, according to the same authors.

According to Fuchs (2012), there are five principles of good governance in an urban context: effectiveness, equity, participation, accountability and security. Thus, confirming the demand for participation bottom-up. The citizens should also be able to hold government accountable. Harvey (2003) suggests similar demands. To reverse the current trend of privatizing the control of who has the “right to the city”, there should be a “greater democratic control over the production and utilization of the surplus”. He links this endeavor to broad social movements who should defend their community and their interests in a city that favours capital and upper classes (Harvey, 2003).
3 Research question

The literature study revealed that there is a high income inequality in American society. This element amongst other things is causing urban segregation to increase, and subsequently the concentration of poverty with all of its consequences. Far-reaching capitalism and consumerism lead to gentrification by which people are being forced to move. This process is continuously transforming cities. At the same time, unique community characteristics are disappearing. In short, there are numerous challenges for creating sustainable twenty first century cities in the United States.

In light of these findings, my research question is dealing with the issue of economic development. How is economic development carried out in one of the major cities of the U.S.A.? More specifically, I will discuss those organizations that are supposed to be in close proximity to the community, namely community-based not-for-profit organizations.

A general definition of economic development describes the concept as “the process in which an economy grows or changes and becomes more advanced, especially when both economic and social conditions are improved” (Cambridge Dictionary, 2017). The Business Dictionary provides a more detailed description of economic development: it is a “progress in an economy, or the qualitative measure of this. Economic development usually refers to the adoption of new technologies, transition from agriculture-based to industry-based economy, and general improvement in living standards” (Business Dictionary, 2017).

The scope of these two definitions is more situated on a regional or national scale. Besides, these definitions tend to be more macroeconomic of nature. The scope of this research however is on a much smaller scale, more specifically on the level of municipalities. The following definition of The World Bank is more appropriate, since the local nature of the occurring development is taken into account. This definition will serve as the starting point of my research. The definition is as follows:

“The purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation.” (The World Bank, 2017).
There are two elements in this definition that I want to emphasize. The first element is related to the mission of LED: building up the economic capacity means bringing in more businesses into an area and making them competitive and thriving. Moreover, as in the previous definitions, economic or commercial success isn’t the only thing that matters. The general quality of life or living conditions are important as well. The second element I want to stress out is the cooperation aspect: LED is not carried out by one actor, but rather by a set of diverse actors coming from the public, private and not-for-profit sector.

In a preliminary stage of setting up my research question, I was considering to investigate the link between economic development on the one hand and the safety aspect on the other. The objective back then would include measuring the impact of different (economic) policies in light of a safer environment for residents and visitors. However, after discussing this proposal during the seminar of the course “Onderzoek en Veldwerk”, I came to realize that measuring the impact of an organization or policy is very hard to determine. Although there is likely a connection between an economically thriving neighborhood and a safer neighborhood, the aspect of economic development is only one of the factors that contribute to this matter.

The research question evolved, and is now more focused on the primary actors with their activities and the challenges they face. Moreover, I wanted to know how these organizations are related to the local government. Where does their funding come from? Are they accountable to the local government? And if they are, in what way? Is the local government only playing a supervising role? These are all questions that will be discussed during this research.

The central research question of this master thesis is:

1. Who are the primary actors in local economic development in the area of the South Bronx and what are their main activities and challenges?
2. In terms of cooperation and accountability, what role does the local government have in this matter, and how are the local actors interplaying with each other?
4 Case selection: the South Bronx

4.1 Borough Characteristics

I have chosen to focus my case study on an area called the South Bronx. This area is part of the Bronx, and the Bronx is one of the five boroughs of New York City, next to Manhattan, Brooklyn, Queens and Staten Island (NYC GO, 2017).

First and foremost, to understand the context of the South Bronx, it is necessary to outline the background of the main borough itself. The United States Census Bureau estimated that on July 1, 2016, the Bronx had a population of approximately 1,456,000 people. This means a 5.1 percent increase compared to the year 2010. Around 40 percent of the population of the Bronx is living in the South Bronx. The majority of the population, about 53 percent, is Hispanic. 36 percent is African American, and 27 percent is Caucasian (Suburban Stats, 2017).

The median household income is 34,000 USD, which is considered to be on the low side. No less than 30.3 percent of the borough's population live in poverty in 2016. By comparison, the median household income in the United States is around 54,000 USD, and the percentage of people living in poverty is less than half the percentage of the Bronx, namely 13.5 percent (United States Census Bureau, 2016).

<table>
<thead>
<tr>
<th></th>
<th>Population</th>
<th>Median household income</th>
<th>Per capita income</th>
<th>Persons in poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>323,127,513</td>
<td>53,889 USD</td>
<td>28,930 USD</td>
<td>13.5 %</td>
</tr>
<tr>
<td>New York City</td>
<td>8,537,673</td>
<td>53,373 USD</td>
<td>33,078 USD</td>
<td>20.6 %</td>
</tr>
<tr>
<td>The Bronx borough</td>
<td>1,455,720</td>
<td>34,299 USD</td>
<td>18,456 USD</td>
<td>30.3 %</td>
</tr>
</tbody>
</table>

Table 1: comparison of population and economic figures between the U.S.A., NYC and South Bronx (United States Census Bureau, 2016)
In table 1, the population, different median incomes and the percentage of persons in poverty are compared between the United States, New York City and the borough of the Bronx. It is clear that the Bronx has a relatively high poverty rate in comparison with the city as a whole and with the country. Back in 2010, the situation was even worse. The South Bronx congressional district (16th congressional district), was the poorest of the country, with a poverty rate of 38 percent, which equals a quarter-million people living in poverty (Daily News New York, 2010).

Areas struck by poverty are often associated with high-crime areas. In the case of the Bronx, the crime rates used to be exceptionally high, especially in the region of the South Bronx during the seventies up until the late nineties. This has led to the notorious reputation of the South Bronx. The community is still trying to change this negative connotation. The New York Times wrote in an article of 2013 that the borough is “a national symbol of urban decay” (NY Times, 2013). This issue of perception will be discussed later in this paper under the section “Challenges”.

Be that as it may, the Bronx made huge progress over the years in relation to crime rates. But the area still has its struggles, and there are still crimes being committed on a regular basis. The office of the Bronx District Attorney Darcel D. Clark summarized it as “while crime continues to decline, the Bronx still has more than its share”. The number of violent crimes has declined over 73 percent since 1990. Besides, in the same period of time, the number of murders declined with 83 percent, which resulted in less than 200 homicides a year. We have to go back to 1960 for this relatively small number of homicides. However, compared to the rest of the city, the Bronx still has the highest numbers of murder, rape, robbery and felonious assault. 25 percent of the violent crime in New York City came from the Bronx, while this borough has only 17 percent of the city population (Office of the Bronx District Attorney, 2016). The next figure (4) shows the considerable decline of violent crime from 1990 till 2014. The number declined rapidly till 2008, and is then stagnating until today.
The geographic boundaries of the South Bronx are not fixed and are subject to debate. The area that is being seen as the South Bronx has also evolved over time (NY Times, 1995). What is certain though, is that the South Bronx comprises of the areas that are situated in the southwestern portion of the borough, as seen on the map down below. For a good understanding: the orange area is approximately the area of the South Bronx. The yellow area is the whole borough of the Bronx, which is situated north of Manhattan (in grey), divided by the Harlem River.
To concretize, the focus of my research will be situated in the ZIP Codes 10454, 10455, 10451 and 10452. This area corresponds with following NYPD police precincts: precinct 40, 41, 42 and 44 (NYPD, 2017). In appendix 4, two maps can be found of the South Bronx: one map showing the ZIP Codes and the other showing the police precincts concerned. These maps can further clarify the specific area of my conducted research.

4.2 Selection argumentation

Although the goal of this master thesis is to have a thorough analysis of the topic of local economic development in the Bronx, two remarks, or limitations, in the selection procedure need to be made.

The first limitation deals with the geographical scope of this research. I have chosen to focus on one distinct area, namely the South Bronx. From the beginning, my objective was to investigate economic development in the context of a major American city. Moreover, it was of great importance that the selected area was undergoing major changes or that it was dealing with difficult challenges such as poverty or segregation. Finally, the scope of the area should ideally not be too large, both to maintain an overview and to not make this research too extensive in size. The region of the South Bronx matched with all of these requirements.

The second limitation is about the selection of the chosen organizations. I purposefully decided to discuss not-for-profit organizations and not private organizations. The mission and the vision of not-for-profits differ greatly from private organizations, whose main objective is to make a profit for the owners and/or shareholders. The charitable aspect of not-for-profits was in my opinion far more interesting to investigate, since they have the vision to improve the quality of life in the neighborhoods without personal financial gain.

Note that the focal point of my thesis is on those not-for-profit organizations whose main activities consist of local economic development. There are numerous other valuable non profits in the region of the South Bronx, who are also doing important work on other quality of life issues such as youth development, after-school programs, legal representation aid, environmental issues et cetera. I realize that economic development is only one aspect in the pursuit of making a better neighborhood, though it plausibly is the most important one.
5 Methodology

5.1 Objectives and research method

The goal of this research is to gain insight into the way economic development is being carried out on a local scale in the United States. Furthermore, I would like to examine how the research units are interpreting the current situation in the South Bronx, and what challenges are being identified by them. Subsequently, the possible solutions that they put forward are interesting as well. The qualitative research method is the most appropriate method to answer the research questions of this master thesis (Weiss, 1994). The emphasis of this thesis will be on empirical research, not on literature study. In this research, the structures and practices of the organizations will be discussed and compared with each other. An interesting notion is the fact that one type of organization, namely business improvement districts, is quite unknown in continental Europe. The overall intention is not to prove a certain theory, but to describe a situation. Therefore, this research has a descriptive character rather than explanatory.

5.2 Data collection

The first phase is a literature study to have a clearer understanding of the research field about inequality and urban phenomena. By means of academic articles, I will try to outline the specifics of American urbanization. Some of the concepts that emerged out of the literature study will be processed in the making of my topic list. For example, regarding the fear for gentrification and higher rents. I have read about these jeopardies in the literature study, so I dedicated a specific question on this matter in my topic list.

The data collection for this qualitative research will consist of a document analysis concerning the local economic development corporations on the one hand, and of semi-structured in-depth interviews on the other.

5.2.1 Document analysis

The relevant internal documents of the organizations will be analyzed during the document analysis. Basically, all of the formal characteristics and features of the organizations are coming
from document analysis, since the data of the interviews are more comprised of in-depth descriptions and perceptions. In concrete terms, the document data will consist of yearly reports, financial statements, articles of incorporation, et cetera. The City of New York also provides a significant amount of online data, statistics and reports. Another source of information comes from the different websites of these organizations. Unfortunately, not all organizations are having an active website with sufficient information. The Hub/3rd Avenue BID for instance does not have an active website at this moment, due to change of leadership. It is expected that these websites will come online shortly, though most likely after this research is finished. Other websites are not providing sufficient information or are not up-to-date.

Because of the fact that a great deal of these documents are public, subject to audits or part of reports given to higher authorities, the information on these documents will be deemed reliable. The websites however could possibly provide a slightly distorted view. The claims made on the websites could possibly emphasize their successes, and minimize their failures. The search for these documents was almost exclusively done on the internet.

5.2.2 Semi-structured in-depth interviews

For the reason that I want to know the vision of the different organizations, together with their practices and underlying motivations concerning the role of economic development, in-depth interviews are the most appropriate instrument. Moreover, with this type of interview it is possible to apply ‘probing’. This technique allows you to reveal underlying intentions, motives and opinions during the interview (Meuleman & Roose, 2014).

More specifically, the respondents were interviewed by means of a semi-structured in-depth interview. This type includes the use of a topic list with a number of questions that were set up beforehand. This topic list can serve as a guidance while conducting the interviews. It was closely monitored that these topic lists would not form an obstruction for the flexibility and agility during the interviews. So in reality, the course of the conversation was sometimes adjusted to the answers of the respondent (Cuvelier, 2017). The topic lists can be found in appendix 1, 2 and 3.
Semi-structured in-depth interviews also have the benefit of making a stronger standardization of the interviews possible between the different respondents. As a consequence, it is easier to compare the answers of the different research units (Meuleman & Roose, 2013) (Cuvelier, 2017). The interviews themselves were conducted in person, because this enhances the flexibility of the interview. In this way, I could also include additional accents and information that was given in the final analysis. If supplementary given information proves to be important for my research question, I asked sub-questions to further understand their line of thinking. Furthermore, I have to mention that I was open for possible new ideas or concepts that were brought up by the respondents.

5.2.3 Course of interview planning and field trip

In the preparatory phase of my research, I contacted the different organizations I had previously selected. Via e-mail communication, I tried to settle appointments for interviews with employees of the organizations, preferably with Executive Directors or employees with managerial positions. In addition, I wanted to speak to Public Officials from the City Government. I contacted the Office of Rafael Salamanca, the local Councilmember in the South Bronx. I also connected to Rob Walsh. He was my former Public Affairs Professor during my international exchange at Baruch College, New York. Moreover, he was the former Commissioner for the Department of Small Business Services under the Bloomberg Administration, a position he held for twelve years. Before being Commissioner, he was also involved in different economic development organizations, both in New York City as in other cities in the United States. So mister Walsh was undoubtedly a great person to speak to in context of this research. Ultimately, I had interviews with members of both the executive branch as the legislative branch.

However, the settling of appointments wasn’t really going as easy as I expected. I faced different challenges during this endeavor. Firstly, some of the persons I contacted did not respond to my requests. This is probably due to already oversaturated e-mail inboxes. Another reason might be the e-mail address I initially used to contact them. The Ugent-address was sometimes recognized as SPAM in their e-mail filters. Secondly, due to the short timeframe I had for my field trip, it was hard to settle down appointments in that specific period. The
managers and CEOs were often overburdened with work and other arrangements, which is not so surprising considering their high positions in one of the largest cities in the world.

I decided to take action and contacted different persons by calling them directly. This resulted in a better response, and I managed to settle different appointments. Furthermore, there was a limited snowball-effect because of the interaction with Rob Walsh. He contacted some persons on behalf of me, some of which I already contacted myself but without success. In this way, I managed to get another appointment, more specifically with Marlene Cintron of the BOEDC.

I stayed in New York City, more specifically in Greenpoint Brooklyn, for 8 days. I departed on June 20th, and I returned June 28th. The field trip itself was relatively short for two reasons. Firstly, the budgetary aspect. New York City is a very expensive city if you want to stay for a longer period of time. Secondly, I was not planning to do extensive observations on the field next to my interviews. The South Bronx still has a high crime rate, and walking around the neighborhood for a whole day involved a risk that is not to be underestimated.
For this masterthesis, the following persons were interviewed during the fieldwork in NYC:

Table 2: List of interviewed persons during the research

<table>
<thead>
<tr>
<th></th>
<th>Name</th>
<th>Organization</th>
<th>Job Title</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDCs</td>
<td>Jamila Diaz</td>
<td>South Bronx Overall Economic Development Corporation</td>
<td>Assistant Vice President of Community and Economic Development</td>
<td>555 Bergen Avenue, 3rd floor, Bronx, NY 10455</td>
</tr>
<tr>
<td></td>
<td>Marlene Cintron</td>
<td>The Bronx Overall Economic Development Corporation</td>
<td>President</td>
<td>851 Grand Concourse, Room 123, Bronx, NY 10451</td>
</tr>
<tr>
<td>BIDs</td>
<td>Michael Brady</td>
<td>Hub/3rd Avenue BID</td>
<td>Executive Director</td>
<td>2825 Third Avenue, 3rd Floor, Bronx, NY 10455</td>
</tr>
<tr>
<td></td>
<td>Cary Goodman</td>
<td>161 Street BID</td>
<td>Executive Director</td>
<td>900 Grand Concourse, Bronx, NY 10451</td>
</tr>
<tr>
<td>City Government</td>
<td>Ryan Monell</td>
<td>Office of Councilmember Rafael Salamanca, Jr. – New York City Council</td>
<td>Legislative &amp; Communications Director</td>
<td>1070 Southern Boulevard, Bronx, NY 10459</td>
</tr>
<tr>
<td></td>
<td>Rob Walsh</td>
<td>New York City Department of Small Business Services</td>
<td>(Former) Commissioner of Small Business Services, Professor at Baruch College</td>
<td>110 William St, 7th Floor, New York, NY 10038</td>
</tr>
</tbody>
</table>
5.3 Data processing and reporting

In terms of data processing, the transcripts of the interviews will be the main source, next to information coming from documents and websites. During the analysis, exact quotes will be used to support my conclusions. The quotes will always end with an indication of the person from whom the quote came from, as well as the note ‘personal communication’. Further information about the interviews itself, such as the specific location, date and time can be found in the bibliography under ‘Personal communication’.

I considered using the software program Nvivo 11 to process some of the interview data. After some thorough reflection on the subject, I decided that this program would not result in a significant added value to answer my research questions.

The reporting of the results will be set out in four main sections. First of all, the local government, split up in the executive branch and the legislative branch. Secondly, the first type of organization, namely economic development corporations. After that, the business improvement districts will be explained. Finally, the main challenges that were put forward by these organizations will be discussed.

5.4 Quality criteria

Quality is hard to define in qualitative research. This matter is subject to debate and is heavily discussed within the qualitative research tradition (Mortelmans, 2011). Nevertheless, there are some points of interests and procedures that contribute to the quality of this research methodology.

To enhance the reliability level of this research, different measures were undertaken. At first, a summary with personal reflections was made after each interview. The topic lists with the interview questions were the main guidance during this effort. Secondly, an audio recorder was used to record the interviews. Afterwards, the interviews were completely and thoroughly transcribed. In this way, exact quotes can be used to support my findings. This results in strong data that is more reliable (Cuvelier, 2017).

The internal validity will be ensured as much as possible by means of data triangulation. This triangulation will occur both over the interviews, as well as over the different data sources. In this way, comparisons between the different sources can be made. The quality of the analysis
will increase when statements from the interviews are being confirmed by other types of data sources such as yearly reports or statistical data. This proves the importance of classification over the different sources (Suykens, 2016). The higher structuring and standardization that comes with semi-structured interviews ensures that comparisons between the different respondents are easier to carry out. Meuleman & Roose (2013) state that this procedure strengthens the external validity.

Some ethical aspects were taken into account as well during this research. Previous to conducting the interviews, the respondents were informed about the objective of the research. Permission was always asked for the recording of the interviews. The confidentiality of the given information was guaranteed in the sense that the information would only be used in the academical context of this master thesis. This was important considering the fact that various respondents gave rather sensitive information about other organizations or the system in general. The leaking or inconsiderate spreading of this information could possibly compromise their office in greater or lesser extent. External publication of the final report would only occur with their consent.
6 Research and analysis

The analysis of the thesis subject will start with a concise rendition of the local government of NYC, split up in respectively the executive and the legislative branch. Next to the public sector, there are two different types of not-for-profit organizations that are currently working on economic development in the South Bronx: economic development corporations and business improvement districts. Although both are working on economic development, there are some main differences between the two in terms of organizational structure, funding mechanisms and cooperation. Note that there is also a New York Small Business Development Center (NYSBDC), but this concerns an organization on the level of the state of New York, and not on the local level. Therefore, this organization is not included in the analysis. The last section will be dedicated to the challenges that the organizations face, both historical as present-day impact challenges.

6.1 Local government

6.1.1 Executive branch: offices of the mayor

The executive branch in New York City is led by the Mayor, who can be seen as the chief executive officer of the city. Next to the mayor, there are a large number of departments. The departments are organized according to policy domain, such as health and human services or strategic policy initiatives. Several deputy mayors, directly appointed by the Mayor, are leading these different policy domains (NYC GOV, 2017).

The policy domain that is relevant for this research is the one of housing and economic development, also led by a deputy mayor. The structure of this specific subdomain can be found in appendix 5. This shows the relevant part of the city-wide organizational chart. The most important departments concerning economic development will be briefly explained.

The Department of Small Business Services (SBS) is plausibly the most important department in terms of economic development, considering the fact that they supervise BIDs and facilitate BIDs and other development organizations. The mission statement of this department is to help "unlock economic potential and create economic security for all New Yorkers by connecting New Yorkers to good jobs, creating stronger businesses, and building thriving neighborhoods"
across the five boroughs.” (NYC SBS, 2017). The specific role of this department in relation to the organizations will be explained later in the analysis.

The Department of City Planning (DCP) is, according to Rob Walsh, the second most important agency in relation to economic development. This land use agency is working the physical and socio-economic framework of the city. The mission is to “make all of New York a better place to live, to maintain what works and improve what doesn’t.” The department explicitly stated that they promote neighborhood economic development (NYC DCP, 2017).

Furthermore, the subdomain of housing and economic development has some other departments that are worth mentioning, such as the department of parks and recreation, that is occupied with the maintenance of the numerous city parks, and the NYC Housing Authority, that is working of providing affordable housing for low and moderate-income New Yorkers (NYC GOV, 2017).

6.1.2 Legislative branch: New York City Council

The legislative power in New York City is concentrated in the New York City Council. There are 51 councilmembers in a unicameral system. Each councilmember is responsible for a certain district of the city. Thus, there are 51 districts in the city (NYC Council, 2017).

Concerning economic development, the City Council has a huge involvement in a few different ways according to Ryan Monell, Communications Director of the Office of Councilmember Rafael Salamanca (District 17). He pointed out three major facets.

Firstly, the City Councilmembers have a unique position due to the fact that it is such an important part of the City Government. They can be “incredibly influential and important in terms of getting things done for the local community”. Monell pointed out that they support the work of the BIDs (Hub/3rd Avenue and Southern Boulevard BID in the case of his district). He describes their primary role as:

“It’s very important that we deal with the issues that will unpack not only businesses but you know, the community in general. A lot of the things that we do, really are geared towards being the facilitator between small business and you know, constituents individually and their government.” (Ryan Monell, personal communication)
As an example, they provided funding for street lights and trash cans for the Hub/3rd Avenue BID. Another example is the decision to have more NYPD-presence in the neighborhood of the Hub since there were some violent incidents not too long ago. In this way, the City Council wants to “connect the needs of that district with results that can be accomplished through government”.

Secondly, the City Council can utilize government as a facilitator in a more pro-active way. This can be achieved by cooperation with the NYCEDC. The South Bronx, and the area of Hunts Point specifically, has a lot of city-owned land. This is an opportunity for realizing new economic development in those areas that will help the local economy to thrive.

Thirdly, Monell states that the City Council is “particularly influential when it comes to land use and new development”. There are different ways in how zones can be developed, both in favor of the economy as the community.

“(...) new development now in the South Bronx is for housing and residential, but in many instances, that residential new development is overlaid by commercial space, community space and there’s always an opportunity for a community benefit when new developers come in to invest in communities.” (Ryan Monell, personal communication)

The councilmember of district 17, Rafael Salamanca, is Chairmember for the “Land Use Subcommittee on Planning Dispositions and Concessions”. This subcommittee is for the most part responsible for affordable housing subsidies. The subsidies for affordable housing in the South Bronx have increased significantly. This creates opportunities for expanding the affordable housing in the area, while boosting the local economy at the same time. Monell gave a few examples to support his statement.

“We can not only force the hand of developers to require them to do local hiring, but also using local vendors, and then also have developers investing in public infrastructure as well, so sidewalks, streets, lights, schools, parks, all those things that in essence, could spur an additional economic development from a private perspective.”
(Ryan Monell, personal communication)

The specific relation of the local government with the economic development organizations will be discussed later on in the sections concerning these organizations.
6.1.3 Access to information and Open Data Law

With respect to information access by the discussed organizations, it is essential to mention first that the City Government of New York provides an astounding amount of information that can be consulted freely. This accessibility has its basis in the “Open Data Law”. This City Law, signed in 2012, “amended the New York City administrative code to mandate that all public data be made available on a single web portal by the end of 2018”. There is an Open Data team that is responsible for the execution of this law. More specifically, it is composed of the Mayor’s Office of Data Analytics (MODA) and the Department of Information Technology and Telecommunications (DoITT) (NYC Open Data, 2017).

The website, www.opendata.cityofnewyork.us, is a well-built website where you can find a lot of readily accessible data. There are links to new or popular datasets, there are datasets per category and datasets per agency (NYC Open Data, 2017).

Another example is the website of the NYPD precincts. Each of the 77 police precinct provides a crime statistics file that is updated weekly. The report covers all sorts of crimes. A downloaded PDF-file of the crime statistics in the precinct of the South Bronx (precinct 40) can be found in appendix 6. The file does not only shows the reported number of crimes, but also makes comparisons between different periods of time.

One more example is the website www.oasisnyc.net, that has a web application with an interactive map. This was made by the Center for Urban Research of the CUNY Graduate Center, in cooperation with City Agencies. On this map, you can find numerous statistics and information about specific lots of land and buildings. The NYC department of City Planning also provides zoning data. For each building and property, they show you the owner, the year of construction, the amount of floor space, number of floors et cetera. The website indicates the function of the building (commercial and/or residential) and the number of residential units if applicable. Appendix 7 shows a screenshot of the concerned application. The research units mentioned this notion of open data in the city. Sometimes, they compare the data sets of the city with the ones that they make up.

“There is a lot of open data sets, (...) NYPD data through their crime stats program, (...) every month we produce a security report of instances of crime et cetera, and we cross-checked that to the 40th precinct crime stats reports to see if
it matches. And if it doesn’t matches, then why, and how can we address that.”
(Michael Brady, personal communication)

6.2 Economic development corporations (EDCs)

The first type of organizations are the economic development corporations. There is no clear official definition of what an economic development exactly is. The Cambridge Dictionary describes a development corporation as “an organization that provides money and other help to create new business in an area where there is little industry and a lot of unemployed people” (Cambridge Dictionary, 2017).

A better and more comprehensive definition can be found in the work “Managing Economic Development Organizations”. In this, the EDCs, or EDOs (economic development organizations) as they are called here, “create high-quality jobs, develop more vibrant communities, and generally improve the quality of life in their regions.” (Economic Development Council, 2011).

6.2.1 Organizational structure

a) Management

In “Managing Economic Development Organizations” (2015), the International Economic Development Council distinguishes three different types of EDCs: public EDCs, private EDCs and public-private EDCs. Each of these types vary in terms of governance and funding resources. Moreover, they each have their own strengths and weaknesses. It is important to emphasize that the word ‘private’ in ‘private EDCs does not mean that these organizations are part of the private sector. It simply means that they have private characteristics. All of the discussed EDCs are formally not-for-profit organizations.

The major advantage of private EDCs is that they function as an intermediary. They can deal with the government on behalf of private businesses. Another advantage is that they are not directly accountable to the constituency, and that they are generally faster in making decisions. However, there are also disadvantages. They lack the power for the management of public land, they may lack public sector support (International Economic Development Council, 2015)
Public-private EDCs have the advantage that they can be more flexible. There will generally be no excessive politicization of their activities. This degree of freedom makes that the EDC can undertake more risks, because the directors are not running for a general election. They can obtain the advantages of both the public as the private sector. This means public means and support, combined with private knowledge and skills. The disadvantages of public-private EDCs are rather limited. There is however a smaller degree of public control. With this limited accountability, there could also be a restricted freedom of action, though this is not always the case (International Economic Development Council, 2015).

What they all have in common is the key role of the board of directors. In the organizational hierarchy of the discussed EDCs, the board is the highest authority, as can be seen on the organizational charts of SoBRO and NYCEDC in appendix 8 and 9. Directly under the board of directors comes the President/CEO, and than the other chiefs. The BOEDC does not have an organizational chart available. Nevertheless, the President of the BOEDC stated during the interview that she is “only accountable to the board of directors”, which suggests that the basic organizational lay-out is the same as with SoBRO and NYCEDC.

b) Funding mechanism

All three EDCs that are discussed in this section are formally not-for-profit organizations. They have the 501(c)(3) status in the Internal Revenue Code. This status refers to the charitable aspect of these organizations. They are not allowed to benefit private interests, and none of the earnings are allowed to benefit private shareholders or other individuals. These organizations are tax-exempt and are eligible to receive contributions that are tax-deductible. Furthermore, these organizations are not allowed to intervene in legislation or political campaigns (IRS, 2017).

SoBRO and BOEDC have stated during the interviews that their initial funding comes from the City, State and Federal Government. They also receive private money through contributions. The website of SoBRO dedicates a webpage for online donations (SoBRO, 2017).

The funding that comes from the public authorities are matching funds. The Federal Government provides a definition of matching funds (a form of cost sharing) in circular A-110. This circular, last amended in 1999, stipulates the administrative requirements for grants and agreements with institutions of non-profit organizations among others. Matching grants are:
“A portion of the project or program costs not borne by the Federal Government, and therefore covered by some other source. (...) , the term matching is actually a specific type of cost sharing, typically used when a sponsor requires the grantee to “match” the sponsor funding according to a specified ratio.” (White House, 2017)

The use of matching grants is especially beneficial when it comes to financing projects with active community support. Cities among others use this instrument to improve public areas and finance projects, with the (active) involvement of community and neighborhood groups (Blake, 2017).

c) Cooperation and accountability

Formal cooperation seems limited to city agencies only. The department of SBS serves as the main partner for economic development organizations. Both SoBRO and the BOEDC are contracted by the department of SBS, and are paid for the services that they do. Unlike the BID Association that will be discussed later on, there is no overarching or coordinating organization where all the EDCs are member of. The BOEDC however is linked with the Office of the Borough President. There are three ways of how the two are interlinked with each other according to Marlene Cintron, president of the BOEDC.

“The Borough President provides a portion of the funding of the BOEDC. That’s number one, in terms of funding. This space here belongs to the borough president, so he provides it to us for free in light of what it is that we do for the borough of the Bronx. Number three: he and I work together, government and non profit, together on issues that are of concern to his constituency. So, when I need his muscle, I call.” (Marlene Cintron, personal communication)

SoBRO states that the city is the greatest partner of the organization. Jamilia Diaz mentions the Mayor’s office with the different components such as the department of SBS. They partner with the NYCEDC as well.

“(...) But the mayor’s offices and the services that the mayor provides are definitely what we count on a lot. They give us technical service, besides the funding they provide you.” (Jamila Diaz, personal communication)
What is striking, is that SoBRO and the BOEDC are not working together on any level, despite their shared mission and goals. This was confirmed by SoBRO as well as the BOEDC during the interviews.

Furthermore, NYCEDC has a number of supported local development corporations. They provide them with funding. There is also a link with the BOEDC and NYCEDC. The Executive Director of the BOEDC, Marlene Cintron, serves as a board member in the board of NYCEDC. In this way, cooperation between the two EDCs can occur through communication within the board (NYCEDC, 2017).

They are however open for collaboration with the BIDs. This cooperation is also informal and arbitrary. Marlene Cintron of the BOEDC says that they “certainly support the local BIDs, we work with any non profit that has a need that we can somehow support”. SoBRO also stated that they work closely with the BIDs in the neighborhood. The additional sanitation and security are among the advantages that SoBRO mentions in reference to working together with BIDs.

SoBRO also declared that they work closely together with the NYPD. As an example, they are working together on an issue about a private park across the street. There were incidents of people congregating there, and SoBRO and the NYPD worked together to make sure that the park was relieved from loitering or drug-dealing people. BOEDC made no statements in this matter.

With respect to accountability, the EDCs show some differences. The private EDCs, SoBRO and BOEDC, are rather independent. NYCEDC doesn’t seem to have as much independency with their activities. This organization is a public-private EDC and is therefore more attached to the local government. They have the obligation to report to the Deputy Mayor for Housing and Economic Development (NYCEDC, 2017). This link can also be seen on the organizational chart of New York City, where the NYCEDC (here simply called Economic Development Corporation) falls under the concerned Deputy Mayor with a direct reporting link. Note that all the organizations have financial statements that are subject to audits, which is also a form of accountability to the local government.
6.2.2 Organizations active in the South Bronx

The organizations are ranked in accordance to their field of action, from small to large. The scope of the first organization is historically the South Bronx (although their target area has expanded over the years to the whole borough). The second organization was from its inception already targeting the borough as a whole. The third organization is, as its name is already suggesting, focusing their activities city-wide. These three organizations have both similarities and significant differences.

a) South Bronx Overall Economic Development Corporation (SoBRO)

The first organization is called the South Bronx Overall Economic Development Corporation, generally known as SoBRO. Their office is situated in 555 Bergen Avenue, the Bronx. This location is at the heart of the retail center in the South Bronx. This organization was founded in 1972 by business stakeholders and community leaders (SoBRO, 2017). Their mission statement is as follows:

SoBRO’s mission is to enhance the quality of life in the South Bronx by strengthening businesses and creating innovative economic, housing, educational, and career development programs for youth and adults (SoBRO, 2017).

Jamila Diaz is summarised the main activities of SoBRO, with a special emphasis on businesses

“So SoBRO focuses on small businesses, large businesses, depending on which program, (...). So the overall purpose is to assist businesses with opportunities and with the bottom line definitely increasing their revenue opportunities. We also work with the neighborhood, so we do a lot of commercial development opportunities, merchant associations, tenant associations, things of that nature that will help, you know, the area.” (Jamila Diaz, personal communication)

Thus, SoBRO is working on economic growth by means of business attraction and retention, financing projects and small business development, as well as infrastructure improvements. Using the classification of the International Economic Development Council, SoBRO is a
private EDC. These organizations have no formal link to government and no public control of governance. More specifically, Sobro corresponds with the features of a so-called community development corporation (CDC). This type of private EDC implements community-based economic development. SoBRO owns property, and is busy with acquiring, developing leasing properties. They also provide multiple free services for businesses such as workshops or financial assistance. Although SoBRO is not a CDFI (community development financial institution, which will be explained under the BOEDC), they do work together with Credit Inc. to provide below market loans, but they do not issue the loans themselves (SoBRO, 2017). This latter activity is not to be underestimated, since the Bronx is generally known as a borough with a low number of banks, the “most underbanked borough” (Daily News New York, 2009). SoBRO has a revenue of 12,090,016 USD and has in total liabilities and net assets for 55,904,761 USD (SoBRO financial statements, 2015).

b) Bronx Overall Economic Development Corporation (BOEDC)

The second organization is the Bronx Overall Economic Development Corporation. Founded in 1981, this organization has focused on providing economic development services to businesses and companies in the borough of the Bronx (Bloomberg, 2017). This organization has its seat in the Bronx Borough Hall on 851 Grand Concourse.

The mission statement of the BOEDC:

Our mission is to assist in maintaining and further developing existing Bronx based businesses and industries, while encouraging additional businesses to start-up in or relocate to The Bronx County (BOEDC, 2017).

Marlene Cintron, President of the BOEDC describes the main activities of her organization as follows:

“BOEDC is the economic development cooperation in the Bronx. Basically our mission is to use our funds to provide below market rate interests, loans to our current businesses as well as use our financing capabilities to attract additional businesses into the Bronx.” (Marlene Cintron, personal communication)

This organization is a community development financial institution (CDFI). The International Economic Development Council defines these organizations as “entities that provide
affordable credit and investment capital to economically distressed areas and population” (International Economic Development Council, 2011). By means of giving below market loans (SBA 504 loans) to businesses, the BOEDC wants to spur economic growth. They are also helping local companies if they have issues with the government (Marlene Cintron, personal communication). The revenue of the BOEDC in 2014 was 2,355,682 USD, which is slightly more than the previous year 2013. Their assets are estimated on 29,276,622 USD (BOEDC financial statements, 2014)

c) New York City Economic Development Corporation (NYCEDC)

The New York Economic Development Corporation serves as the main economic instrument for the City of New York. The NYCEDC is working on economic growth in the City of New York. Their target area are the five boroughs of New York City. “facilitating real estate development, improving infrastructure, attracting and retaining businesses, and conducting economic research and analysis” are among their main activities. Job growth and strengthening the competitive position of the City is essential to this organizatoin. NYCEDC also provides below market loans for businesses. They do that through a program called the “Emerging Developer Loan Fund”. (NYCEDC, 2017).

Their mission statement is as follows:

| Our Vision: | To make New York City the global model for inclusive innovation and economic growth, fueled by the City’s diverse people and businesses. |
| Our Mission: | To create shared prosperity across New York City’s five boroughs by strengthening neighborhoods and growing good jobs (NYCEDC, 2017). |

In the classification previously used, the NYCEDC would correspond with a public-private EDC. Although this organization is a not-for-profit organization just like the previously discussed organizations, the local government is far more involved in the governance and activities of the NYCEDC. It is not officially part of the local government, but it functions as a city agency. They are also mentioned on the city-wide organizational chart. In this chart, they are located in the section under the deputy mayor for housing and economic development (NYC, 2017).
This ambiguous status is described by the NYCEDC as “Public Service With A Private Sector Culture”. This confirms one of the advantages of public-private EDCs that were mentioned earlier in the section about the management of EDCs.

Since it is the most important partner of the city in terms of economic development, it can be expected that their revenue could be significant. And with NYCEDC, that is also the case. In 2016, the total revenue was 702,363,227 USD (NYCEDC Budget Report, 2016).

The NYCEDC has created a specific plan for the South Bronx back in 2008 under the Bloomberg Administration. This plan is called “the South Bronx Initiative Plan”. The main goal of the plan was to to “sustain the positive effects of several development and infrastructure projects sponsored by the City to attract private investment to the South Bronx and promote the creation of new affordable housing, retail, and office space”. NYCEDC was the main organizer for this plan, in cooperation with five City Departments: City Planning, Housing Preservation and Development, Parks & Recreation, Small Business Services, and Transportation (NYCEDC, 2008). Furthermore, the “Melrose Retail strategy Plan” is a plan that derived from the South Bronx Initiative Plan. This plan had the objective to sustain the positive effects of the previous plan, and to guide future investments and opportunities (NYCEDC, 2016).
6.3 Business improvement districts

The concept of Business Improvement Districts is one where businesses join forces by means of a non-profit organization. Next to their core function, improving the environment of their neighborhood, they are also a beacon of both economic and social initiatives. This concept is relatively unknown in continental Europe, so this type of organization will be explained more extensively here.

The Department of Small Business Services provides a concise definition of what a BID exactly is in the NYC BID trends report (most recent year, 2016):

“A Business Improvement District (BID) is a geographical area where local stakeholders oversee and fund the maintenance, improvement, and promotion of their commercial district.” (NYC Dep of SBS, 2016)

In general, the U.S.A. is already quite familiar with the practice of BID’s. As of 2017, there are 74 BIDs in New York City and around a thousand in the United States. In NYC alone, BIDs are representing 85,507 businesses and 1,007,988 employees (NYC BID Association, 2017).

Most of the BIDs were created in time of a crisis, with the first one in the late seventies. The inner cities were deteriorating; they were dirty, struggling on an economic level and infested with crimes. Businesses came to realize that the city will not provide the services that they so urgently needed. So renovations, crime reduction and changing the perception and appearance of their neighborhood were the first priorities of these new organizations. Nowadays, the focus has changed slightly. Since a lot of neighborhoods in New York City have become safer and cleaner than before, BIDs are now trying to promote their neighborhoods through marketing and advertising (Furman center for real estate & urban policy, 2007).

Public safety is one of the cornerstones of a livable community. This is also the first mission of every newly installed BID. If there is a lack of safety, businesses and visitors stay away. As a consequence, the lack of small businesses and stores will lead to a reduction of social control due to the fact that people deliberately avoid these areas. And this in turn lends to more crimes and socially undesirable behavior such as vandalism. For a neighborhood, it is hard to get out of this vicious circle. As an example, different BIDs are actively working on public safety. Public safety teams work closely together with the local Police Precincts to ensure that the neighborhood remains safe and livable. They report incidents, vandalism, dumping of trash
among other things. Sanitation is also a major focus. Most of the BIDs have street teams that are cleaning the area of the district (Michael Brady, personal communication).

The second aspect is the economic stability of a region. A safe neighborhood does not necessarily mean that the neighborhood is a commercial success. Catalyzing economic development throughout the district is vital in order to create a dynamic living space where the standard of living is high. Realigning all the different organizations and businesses under one banner is a great way of showing that they are concerned and involved about community issues (Furman center for real estate & urban policy, 2007).

Some other assets that BIDs can bring for a neighborhood are the public improvements. With the collected money, they can remodel the streetscape and give incentives to renovate buildings. As a consequence, rents are rising and the neighborhood becomes more competitive. Businesses will do self-improvement if they see that other businesses are doing the same. They will be upgrading themselves to fit in the new landscape with the renovated buildings.

Furthermore, the new focus of BIDs lies on promoting the neighborhood. The crime rate has been declining over the years, and now they have the opportunity to concentrate on other things. Marketing through social media has become one of the key elements of their business strategy. In addition, they organize social events to promote the local shopping, dining, arts and culture. The different neighborhoods in the city definitely have some assets to play out. One of them is the presence of different tourist attractions. Cities often have significant numbers of museums and art exhibitions, as well as parks and historic buildings. Social media and interactive websites are a convenient roadmap to guide tourists through what the neighborhood has to offer. Besides, some BIDs have ambassadors walking in the district who are helping tourists with information or directions (Furman center for real estate & urban policy, 2007).

6.3.1 Organizational structure

   a) Management

There are not really different distinctive types of business improvement districts, as opposed to EDCs. It is more a question of individual differences: no two BIDs are alike. They vary enormously in terms of district boundaries, budget and activities.
BIDs are usually managed by an executive director. The board is responsible for making the major decisions about the objectives, budget and services that the BID will perform. An important aspect is that the board has to be elected by the members of the district. Moreover, it should include a mix of board members. Property owners, merchants, residents as well as representatives of the local elected office should be in the board. So the councilmember of that district should be in the board of the BID (SBS, 2017). In this way, the voice of the residents as well as other stakeholders are being taken into account. The accountability aspects will be further explained in the third part of this section under ‘cooperation and accountability’.

b) Funding mechanism

The way BIDs are funded is quite unique. Property owners and businesses that are willing to cooperate have to pay an assessment, which is based on the value of their property. This is an additional tax on top of the regular city taxes. Nothing mandates businesses to get involved, but the opportunity of being part of the district partnership is second to none in order to preserve their future on the long term. If 50 percent of the property owners are willing to participate, the dossier will be submitted for approval. Not only the community board, but also a number of other agencies and finally the City Council and the Mayor have to approve the project (Brooks, 2005).

The assessments are collected by the department of Finance and then distributed to the particular BIDs. The assessments are the main part of the budget. BIDs are allowed to carry out supplemental initiatives such as private fundraising to enlarge their budget and have more access to capital (Brady, personal communication).

In order to have a good understanding of the variety in BID sizes, it is important to have a look at their budgets, because the budget is reflected in the size of the BID. The budgets for BIDS in NYC range from 54,000 USD annually, to 20 million USD annually. The discussed BIDs in this research are placed in the category of small and medium-sized BIDs (NYC BID Trends Report, 2016).

c) Cooperation and accountability
Formal mutual cooperation between BIDs is relatively not common practice, because of the fact that each BID operates in one certain area, each with their own opportunities and challenges. There is however an overarching organization that brings all the BIDs of New York City together: The New York City BID Association. This organization was founded in 1995 by the executive directors of the BIDs at that time. All the directors of the BIDs in the city, 74 in total, are member. They have monthly meetings with the main objective to “strengthen the profession of BID management”. A board of directors is in charge of the BID Association, they are elected for two-year terms by the other members (NYC BID association, 2017).

In reality however, some remarks can be made about the BID association. Executive Director Brady of the Hub/3rd Avenue BID states that the association is somewhat helpful in realizing the BID’s goals, because of the association’s strong connection with the city government. The association also offers some valuable resources. Be that as it may, he feels that there there are considerable power disparities between the different BIDs.

“The BID Association, there are a lot of factions. We are all bids, yes. But some bids are more equal than others, right. (...) I know that we are not equal to the financial district bid, which has a 22 million dollar budget. So we’re working within the BID Association and the different levels of understanding is very important. I do not put a ton of stock in the bid association, only because it is very difficult to demand citywide equity, when we don’t even have baseline equity. (...) And unfortunately, I don’t think the bid association has the capacity to deal with those types of issues.” (Michael Brady, personal communication)

The director of the 161 Street BID brings up another advantage of the association. He states that the association serves as an information channel, and that some of the resources from the city are distributed throughout this organization. One of the examples he gave to support his statement is an environmental issue a few years back. There was a significant heatwave in NYC, and the department of environmental protection told the BID association that they made pop-up waterfountains available. The 161 Street BID knew about this through the association and installed these fountains in their district, making it possible for people to refresh themselves during the hot temperatures.

“Basically, they are an information channel for us. There are a lot of citywide programs that different agencies in the city sponsor, for example putting in benches, they can make available free benches, they can make available art in the park. (...) Where, if I go to
the meetings or I read the reports if I can’t go, I know that there are these opportunities for us to take advantage of citywide.” (Cary Goodman, personal communication)

However, parallel to the previous BID, he mentions that the political capacities of the association are slim. Goodman also believes that they are too small to make a difference or to voice their concerns.

“As far as being a lobbying force or a political force on our behalf, absolutely not. The small BIDs have a whole different way of seeing the world, than the BIDs that are in charge of the BID Association. They are multi-million, multi-staff organizations with different prerogatives than the smaller BIDs so, that’s the limitation of that association.” (Cary Goodman, personal communication)

For the sake of completeness, the NYC BID association doesn’t cooperate with neither SoBRO nor BOEDC. The City Council is also not involved in this association. In terms of local economic development, former commissioner Walsh stated that “they don’t really play a role” in this matter.

Next to formal cooperation, there is of course also informal cooperation between individual BIDs, or between BIDs and other development organizations.

Firstly, mutual cooperation between BIDs takes place on an informal level and has a rather arbitrary character. There is however an initiative between the BIDs in the Bronx and the NYPD, where they can share best practices, according to the 161 Street BID.

“There is a forum that involves all the Bronx bids, and all the Bronx police precincts that correspond to those bids. (...) and annually, we get together to discuss safety and community building strategies. So yes, in that sense, there’s a great level of cooperation because what might be happening on Fordham road, (...) they may have thought of a way to deal with it or they’ve set up a program with the local precinct to regularly improve the situation. We can learn from that” (Cary Goodman, personal communication)

The collaboration with the NYPD also occurs on a regular basis. Hub/3rd Avenue confirms that they are in constant touch with the police in light of their safety program. They made cards with contact information for various authorities. These were given to every merchant and property owner (appendix 11). The southern Boulevard BID is working with the police as well according to their website.
“To help deter crime and the apprehension of wrong doers in the business community, the BID has worked with the NYPD to install and monitor video surveillance cameras at select locations along Southern Boulevard. The BID has been successful in securing additional police patrols during peak crime periods and holiday seasons.” (Southern Boulevard, 2017).

Secondly, as already been stated in the section about economic development corporations, they indicated that there is a cooperation between them and BIDs, though informal and arbitrary of nature. Similar statements have been mentioned by the BIDs. Michael Brady from the Hub/3rd Avenue BID says that they have a good relationship with both SoBRO as the BOEDC. He also emphasized the importance of these relationships for obtaining results. There is also an involvement of the BOEDC in the 161 Street BID. Marlene Cintron, president of the BOEDC is member of the board of the 161 Street BID. The main reason for this, is that they are both located in the same district.

“BOEDC has a seat on our board, so all of our communication and all of our decision making is integrated what they do and what they’re looking at. And then also I should say, this bid has been described as the borough president’s bid, because we’re right outside their window.” (Cary Goodman, personal communication)

As for the accountability aspect of BIDs, there is one primary city agency that is responsible for both the creation of BIDs and the supervision, namely the NYC Department of Small Business Services (NYC BID Association, 2017). Rob Walsh, who was the former commissioner of this department, calls the SBS the “main regulatory arm”. The BIDs in itself are somewhat independent in their daily activities, but the city maintains its supervision, mainly by means of the board. The department of SBS also has the power to fire executive directors if they were not serving at a level that they should be serving. Same goes with issues of irregulatory spending by the executive directors.

“There is a hint of independency, you know it’s based on the board, the city has a vote on the boards, when I was a commissioner, I was a bit aggressive about those bids that were not working well, I, in some cases threw a number of executive directors out. I threw them out.” (Rob Walsh, personal communication)

The office of the local councilmember repeated this notion, seeing the city government as a regulator next to being a facilitator.
“It’s always important to, once again, utilize local government as a facilitator, as well as in some instances a regulator. So if there are examples of malfeasance going on with organizations or with the BIDs, there needs to be an opportunity for local government on behalf of the people to step in, and that’s something we’ve done in the past and we will continue to do.” (Ryan Monell, personal communication)

Next to the regulatory aspect, the city can also be a facilitator for BIDs. By definition, these initiatives taken by communities are always a custom-made job. These projects are an opportunity for the city to boost and preserve the economic value of a certain (problematic) region. A city government should therefore facilitate these projects in such a way that they can function as good as possible. The department of SBS serves as the main partner for BIDs in city government, providing them all kinds of resources and documents. This is not surprising considering the fact that this department helps new BIDs when they are formed. The department doesn’t create BIDs by itself though, people from the neighborhoods create them. In order for a BID to be created, it needs enough support from local businesses and residents, and only if this condition is fulfilled, the procedure can take off and the BIDs will go through the different stages, assisted by SBS. In appendix 10, an example of an assisting document of SBS for BIDs can be found. It concerns a survey for local residents to voice their grievances and concerns about the neighborhood in terms of sanitation, security and marketing among other things. In this way, the newly formed BID can have a sense of direction in terms of things that need to be done in the future.

6.3.2 Organizations active in the South Bronx

There are three BIDs operational in the region of the South Bronx. Note that only the first two BIDs were interviewed, the third BID was unfortunately unavailable for an interview. Nevertheless, their website provides sufficient information to map this BID and their activities.

a) Hub/3rd Avenue BID

The first BID is the Hub/3rd Avenue BID. They are located at the Hub in the South Bronx, only a few blocks away from SoBRO. The main activities of BIDs are already described earlier, and Executive Director Michael Brady summarizes their mission in three main pillars: “keep it safe,
keep it clean, keep it beautiful." They have a public safety team that is patrolling in the district. This team consists of subcontractors. They also have a team that is working on sanitation in the neighborhood. Besides, the BID is representing the neighborhood with the local government. They are protecting small businesses, while at the same time attracting bigger businesses into the neighborhood. Furthermore, they are planning different events on the nearby plaza (Michael Brady, personal communication). This BID has the largest budget of the three BIDs that are active in the South Bronx. With a 450,000 USD budget, this BID is medium-sized compared to other BIDs throughout the city (NYC BID Trend Report, 2016).

The mission statement of the Hub/3rd Avenue BID:

<table>
<thead>
<tr>
<th>Table 3: organizational characteristics Hub/3rd Avenue BID (NYC SBS, 2017)</th>
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<tbody>
<tr>
<td>Assessment</td>
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<tr>
<td>Year Established</td>
</tr>
<tr>
<td>Neighborhood</td>
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<tr>
<td>No. Block Faces Covered</td>
</tr>
<tr>
<td>No. Ground Floor Retail Businesses</td>
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b) 161 Street BID

This BID is located close to the newly erected Yankee Stadium. Like the other BIDs, they are busy with sanitation, by means of street teams that are sweeping the gutters, removing graffiti et cetera. Attracting businesses is also one of their main activities. They are planning cultural projects and events such as a yearly street fair. They are also working together with the Yankees to promote the neighborhood (161 Stree BID, 2017). This BID however does not have a security team patrolling in the neighborhood. According to the Executive Director Goodman, this is due to a “too limited budget” (Cary Goodman, personal communication). The budget of 240,000 USD annually places this BID in the small-size BIDs (NYC BID Trend Report, 2016).

The mission statement of the 161 Street BID:
We are improving the community for those who live, work, visit and shop on 161st Street in the Bronx. Our goal is to keep the streets clean, promote commerce and enrich the area through special events and cultural projects (161 Street BID, 2017).

Table 4: organizational characteristics 161 Street BID (NYC SBS, 2017)

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment</td>
<td>240,000 USD</td>
</tr>
<tr>
<td>Year Established</td>
<td>April 2005</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>Concourse Village</td>
</tr>
<tr>
<td>No. Block Faces Covered</td>
<td>15</td>
</tr>
<tr>
<td>No. Ground Floor Retail Businesses</td>
<td>146</td>
</tr>
</tbody>
</table>

c) Southern Boulevard BID

The third business improvement district is the Southern Boulevard BID. They are located in a small office in Hunts Point, the Bronx. The office space, which consists of only one room, is shared by two not-for-profit organizations. Their website provides information on their main activities. Parallel with the other BIDs, their main focus is on sanitation, security, beautification and advocacy. In relation to sanitation, they have street sweepers that are cleaning up the streets. They do not have a public safety team, but they are working closely together with the NYPD. They are promoting the neighborhood as a shopping district via different channels such as television ads and print adds. Finally, they advocate their neighborhood and the members of the BID. They are in close contact to the Department of Buildings, NYPD, Department of Small Business Services, Department of transportation et cetera (Southern Boulevard BID, 2017).

The mission statement of the Southern Boulevard BID:

The Southern Boulevard Business Improvement District (BID) was established to fill the vital needs of this business and neighborhood community. Of primary importance is the economic growth and stability of the business community at large. To achieve this SOBOBID has in operation a number of programs and services to help attract and retain new shoppers as well as to beautify and secure the shopping district (Southern Boulevard BID, 2017).
Of the three BIDs in the South Bronx, Southern Boulevard is the most recently created BID. They also have the smallest assessment of 190,000 USD. This means they are in the bracket of small BIDs, with a budget under 250,000 USD (NYC BID Trends Report, 2016).

Table 5: organizational characteristics Southern Boulevard BID (NYC SBS, 2017)

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment</td>
<td>190,000 USD</td>
</tr>
<tr>
<td>Year Established</td>
<td>December 2007</td>
</tr>
<tr>
<td>Neighborhood</td>
<td>Hunts Point</td>
</tr>
<tr>
<td>No. Block Faces Covered</td>
<td>10</td>
</tr>
<tr>
<td>No. Ground Floor Retail Businesses</td>
<td>150</td>
</tr>
</tbody>
</table>
6.4 Challenges

It is most likely that the organizations will face different kinds of challenges and obstacles during their operations. I deemed it important to explain the challenges in light of the activities that these organizations are performing. It helps to explain the context of their activities, as well as the obstacles they are confronted with. Note that this list is not exhaustive. There are plausibly other challenges as well, but these are the main ones brought up by the organizations during the interviews.

In the next section, the main given challenges during the interviews are listed up. These challenges have a twofold nature. Firstly, a historical nature. What were the challenges of the neighborhood at the time of the foundation of the organization? Secondly, an impact-oriented nature. Are there any negative outcomes or unintended side-effects as a result of their activities? Though a challenge is identified here as being historical, meaning that it has been a challenge for a long time, doesn’t automatically mean these challenges are gone today. Some of these challenges were already predicted during the literature study and are being confirmed here, others are new. Finally, the organizations had to question their role in the public-private spectrum by a means of a self-reflecting question.

6.4.1 Historical challenges

a) Perception

The first major challenge that was stated by the organizations was the issue of perception. The Bronx, and particularly the South Bronx, had a very negative connotation. Former commissioner of SBS, Rob Walsh, summarized the issue very clearly. He also noted that changing a long existing perception is a difficult exercise. He quickly associated the perception of the South Bronx with that of Detroit, a city with the same connotations.

“A double limitation, is the brand. It’s the South Bronx, and people have a negative connotation on the South Bronx that have dated back for decades. They haven’t seen some of the things that have taken place. It is embedded in their heads that it is not safe, it’s dangerous, you know, perception of a neighborhood could be one of the most
powerful negative aspects of economic development, it is hard to rebrand." (Rob Walsh, personal communication)

Marlene Cintron from the BOEDC also identified the issue of perception as the number one challenge till today.

“To date, our main challenge has been the issue of perception. We still are fighting back the national attention that we received back in the seventies, during a New York Yankees game where there was a blimp that was covering the game and there were fires going on and Howard Cosell said ‘the Bronx is burning’. (…), it was 45 years ago, so many people don’t realize that there’s nothing burning anymore, and it’s a very different Bronx.” (Marlene Cintron, personal communication)

The executive director of the 161 Street BID correlated the bad sanitation with the reputation of the area.

“Oh they have changed, before: the main thing was: it was filthy, and it had an image to match, it had a very bad image.” (Cary Goodman, personal communication)

He considered the actions he undertook to overcome this bad reputation as being the most important action of his organization. By means of street fairs, he wanted to make visitors feel comfortable about being in the neighborhood.

“One of the main vehicles that we use to start to overcome that sense of hostility and isolation. (…) we got to get some street fairs up here, because that’s the way to get people to feel comfortable in this neighborhood, and we got to do it on a Yankee-game day, when we have, tens of thousands of white wealthy people coming through the neighborhood, (…) And that actually was the single most important thing we’ve done” (Cary Goodman, personal communication)

b) Historical lack of investments

The second challenge that the organizations recognized was the deprivation of resources. Both the EDCs as the BIDs were making comments about the historical lack of funding. The perceived severity of these deprivations varies from organization to organization.
The BOEDC made a bold statement that the borough of the Bronx had been ‘neglected’ for decades. This however created the advantage of learning the best practices from the other boroughs.

“We have been neglected for decades, decades. And we’re talking from the federal government up and down.”

“The Bronx was the last borough to be developed. It was the last borough to be able to be rewarded with economic development. (...). We were able to see how other boroughs managed their investments and their wealth.” (Marlene Cintron, personal communication)

SoBRO associated this deprivation with the negative reputation of the Bronx, discussed as the first challenge in this section. The fact that the Bronx was so notorious, caused both people and investments to leave the area.

“I think when SoBRO was founded, (...), when everyone was fleeing, and everyone was leaving. So it was really hard to get reinvestment. At that time, we were really focusing on the South Bronx, to get that reinvestment back, and that trust from our government officials, from federal officials to reinvest in the South Bronx was something that was, not imaginable in what we achieved till today.” (Jamila Diaz, personal communication)

The BIDs made similar remarks about the lack of proper investments.

“The question of how municipal resources are shared by counties, sure the Bronx is under resourced, it’s coming out of decades of neglect and decay.” (Cary Goodman, personal communication)

Mister Goodman referred to the Department of Transportation, which is a city agency, and stated that this department does not pay equal attention to every borough. He illustrated his statement with the current poor condition of the subway station nearby (161 Street/Yankee Stadium).

“You can still see the remnants of that type of thinking when you go down the hill, you see the elevated subway, just take a moment to look up, you can see it’s rusting, filthy, big globs of paint that’s hanging of it. And that’s because the people who make the decisions for the MTA, feel that the Bronx doesn’t deserve the same kind of attention. It that were in Park Avenue in Manhattan, it would be entirely different.” (Cary Goodman, personal communication)
The Hub/3rd Avenue was defending the equal distribution of resources for his borough. There were decades of disinvestment in the Bronx.

“How do we stand in track of community investment after decades of community disinvestment?”

“We are very aggressive with working with city government, working with state government, to ensure that adequate resources flow into the area. (...) , but also positioning ourselves in a way where we are not just getting scraps, or not just getting welfare resources, (...), and the resources that we demand, are being demanded because we want equity.” (Michael Brady, personal communication)

However, the times are changing. The Hub/3rd Avenue BID stated that they were mildly succesful in asking for equity. SoBRO and BOEDC are convinced that everyone is taking notice of the changing environment of the South Bronx. Former commissioner for SBS Walsh toned the notion of neglect a bit down. He acknowledged that the borough was neglected for decades, but he emphasized that during his time as commissioner of SBS, there was a renewed interest and focus on the Bronx. What is certain, is that the attention for the Borough of the Bronx is growing compared to the past.

“I don’t know who you’re saying, neglect is a very strong word. Well, maybe it was decades and decades, but I will tell you, during my time [2002-2013], we spend a lot of time and effort in the south Bronx, (...), there’s a number of examples of where jobs are growing in the south Bronx. If you look at the current administration, they have an aggressive housing development that is taking place up and down Third Avenue.” (Rob Walsh, personal communication)

Marlene Cintron of the BOEDC says that the attention and investments in the borough were relatively satisfying over the last five years. She mentions some of the investments that took place over the years. These investments were also mentioned by Rob Walsh.

“(…) and certainly we were not a favored borough until rather recently, the governor is now committed. Billions of dollars to our borough, we are getting 4 new metro north stations, 5 billion dollars, he just set aside 1.8 billion dollars in order to redo the Sheridan express way, he’s providing many millions more to invest into our waterways. (…) so that has gone rather well for us in the last 5 years.” (Marlene Cintron, personal communication)
c) Crime and drug abuse

Concerning crimes and breaches of the law in the borough of the Bronx, and particularly the South Bronx, it is paramount to mention first and foremost that the crime rates have dropped significantly compared to the past (seventies till late nineties). However, the organizations are not in a state of euphoria. Some of them are immediately adding that crime is still a challenge, despite the decline of crime rates.

The perception of the EDCs on the declining crime rate:

“It’s a very different Bronx. Crime is at historical, historical lows. But the message is getting out there.” (Marlene Cintron, personal communication)

“But overall, it’s [drug problem] less of an issue than when we had a real serious drug infestation issues in the eighties and nineties. So it’s gotten better, but we still got our struggles.” (Jamila Diaz, personal communication)

Mister Goodman of 161 Street BID stated that the crime rates “declined tremendously”. The Hub/3rd Avenue BID mentioned that the crime situation now compared to the nineties “has changed pretty much”, and in addition, that “the whole landscape is changing”.

The councilmember made similar statements about the dropped crime rate, but acknowledges the challenges that are still present today. Rob Walsh also stated that the South Bronx is gotten safer.

“You look at how things were in the early nineties, late eighties, compared to now, there has been vast improvements, but still there’s a lot of situations and challenges that need to be addressed” (Ryan Monell, personal communication)

So, the South Bronx is still plagued by crimes. Various respondents mentioned this and are also trying to overcome these issues.

“I think we still have a serious drug problem, it just comes sort of package in a different way. Now we have things like K2 [synthetic marijuana] that really puts us at that same social issues that we had in 72.” (Jamila Diaz, personal communication)

“But still there’s a lot of situations and challenges that need to be addressed, you know gun violence, drug crime, you know the south Bronx in particular has been severely hit with the
opioid epidemic, that’s creating issues, and all these things need to be uniquely addressed if you want to move the south Bronx forward” (Ryan Monell, personal communication)

Michael Brady of the Hub/3rd Avenue BID also mentions the crime challenges they are facing in their district.

“We are kind of leading the way of working with vending policies, homeless policies, loitering, drug use, drug addiction, any of those things which accompany being in an area where you have 200,000 pedestrians daily combined with 4 methadone clinics (...)” (Michael Brady, personal communication)

d) Concentration of poverty

Closely related to the previous challenge of crimes is the concentration of poverty in the South Bronx. This is partly due to the concentration of public housing blocks. Former commissioner and professor Walsh made the connection between the two and explained why this leads to higher crimes compared to other regions of NYC.

“Because there is a high concentration of poverty in public housing, we didn’t get our public housing right for decades. When you put a high concentration of people and there are no services and on the ground floor there is no safety net (...), the infrastructure of a lot of our public housing is in a bad shape, it’s in a really bad shape. When you concentrate a lot of poor people in a particular area, you’re going to have other problems: schools, safety, crime and frustration. And it all comes together.” (Rob Walsh, personal communication)

The BOEDC stated that the South Bronx “is not longer the poorest congressional district in the nation, but certainly there are challenges, poverty is still a big issue”. SoBRO made similar remarks. One of the ways to tackle this issue is to attract people from different social classes. Additionally, Jamila Diaz referred to the neighborhood Harlem as an example of how different classes could live next to one another.

“I think we have a concentration of poverty, which is a problem. I think that’s why we welcome people from colleges, that’s why we welcome diversity, because wherever there
is a concentration of poverty, it’s not good at all.” (Jamila Diaz, personal communication)

The Hub/3rd Avenue BID also referred to the concentration of social housing, and has the same strategy as SoBRO: attracting middle-income earners.

“So we have a third of the Bronx’s housing is public housing projects. So there needs to be a counter to that, so just last year, the mayor did mandatory inclusionary housing, (...) and the goal of that was to kind of fill that middle lane of income earners. (...) So that policy seeks to have some income diversity, which I think areas like this that we’re in right now really need. It’s very difficult to tip the scale, from being the poorest congressional district in the country if you don’t have higher level income earners, (...). So, the short term goal is to have an injection of middle income earners, with the long term goal that the workforce development and educational opportunity programs will catch up, but we need that 3 generations tier to make sure it’s sustainable and lasts. (Michael Brady, personal communication)

The office of the councilmember is also aware of the income disparities, and the challenges that they create. The disparities in the Bronx need a special focus during policy making.

“There’s a huge disparity, the majority of people in the south Bronx, I think the average medium income for hunts point for example, is between 18 and 25 thousand dollars a year, comparing that to even different parts of the Bronx that are a mile away, city island for ex, they’re making a lot more money. And so, there has to be an understanding of the unique disparities of that community when you’re addressing potential solutions.” (Ryan Monell, personal communication)

6.4.2 Impact challenges

In terms of the impact of the economic development programs, there are a few negative effects that are worth mentioning. These are often connected to each other.
a) Gentrification and higher rents

The main impact challenge that the organizations are facing is the effect of higher rents in their neighborhoods. If a neighborhood is becoming nicer, the rent prices are increasing. People who could afford living in the community in year x, may have to move to another area in year y because of these increasing costs. One may conclude that only the more affluent people benefit from these policies. Does the improving of one neighborhood leads to an accumulation of minority groups and low-income families in another neighborhood? And shouldn’t low-income families have an equal right on a safe neighborhood? These are all ethical questions that are difficult to answer.

The EDCs SoBRO and the BOEDC are fearing the gentrification in their neighborhoods.

“When you better the quality like I said, community residents maybe can’t afford the housing that we build, the business owners cannot afford the rent because the quality increases of everything, and then, you know, they get pushed out. It’s our hope that it doesn’t happen.” (Jamila Diaz, personal communication)

“The concern from those who have lived through all of this, that all of these, what they perceive as being vast improvements, are going to result in increased rents.” (Marlene Cintron, personal communication)

The BOEDC however noted that the situation in the Bronx is different than the situation in other boroughs because of the large number of undeveloped blocks of land. President Cintron denied that people were being pushed out of the neighborhood because of these developments.

“But, what’s different between the other boroughs and this borough, is that we had a lot of empty land.(...) , what they [private developers] realized was that the other boroughs were already oversaturated, there was nowhere else to develop and so they had to look at the Bronx. And our price point was ridiculously low, so it was easy for them to acquire property, empty land, and begin to develop, and the city was more than happy to provide them the incentives to develop, (...) , nobody has been displaced, what has been displaced is a lot of rocks and a lot of bricks that were on streets.” (Marlene Cintron, personal communication)
Closely related to higher rents is the effect of gentrification (the concept is defined and explained in the literature study). Brady from the Hub BID doesn’t think that they are the ones that are creating this gentrification, despite the accusations they get.

“A lot of folks think that bids are kind of the heralds of gentrification, and that may be the case in some areas of Manhattan, it’s certainly not the case in the Bronx. We are not planning out the next big sky rise here (…)” (Michael Brady, personal communication)

Furthermore, Brady criticizes the tax structure in New York City. He states that economic improvements aren’t the only factor in the overpriced rents.

“And I think that has a large impact on the commercial tenant. It’s something I think that both business owners and property owners agree, that the tax structure in NYC is very antiquated and it is not fine-tuned enough to keep up with the demands of the city.” (Michael Brady, personal communication)

City hall is aware of the challenge that goes with gentrification. They ensure that they focus strongly on this issue, though the exact strategy to counteract this were not clear.

“There’s always the fear of gentrification, you got to be very careful that your growth is not geared towards more affluent or people that have been historically in this community are pushed out of the community, and that’s something we focus on every day when we’re dealing with new development.” (Ryan Monell, personal communication)

Walsh gave a good illustration of how higher rents can have the consequence of businesses being pushed out of the neighborhood. He gave the example of a small coffee shop. A bank moves into the newly erected skyrise across the street of the coffee shop. The landlord will notice that the bank pays 50 USD a square foot, and he only gets 20 USD a square foot from the coffee shop. As a consequence, he will get greedier and will start to ask 40 USD a square foot, which the coffee shop cannot afford, therefore they will have to move their business. Some businesss are able to adopt but that is certainly not always the case.

“So there is, as we have seen in this city time and time again, with new development and growth comes higher prices in terms of what property owners end up expecting, and that unfortunately has chased out a lot of the smaller businesses that often have led to the creativity and the character of the neighborhood. That is a side effect. And some
businesses are able to change and get more competitive to be able to make that rent (....), so some are able to adopt. Many are not. (Rob Walsh, personal communication)

b) Preserving the community identity: small VS large businesses

The second biggest impact challenge is the preservation of the unique identity of the community. Again, this is interconnected with the issue of higher rents. When urban economic development takes place, a lot of the organizations are worried by the fact that the higher rents will push out the local small businesses, often referred to as “mom and pop”-businesses. Instead of these independently owned and runned small businesses, larger businesses would take their place. For example, the local coffee shop, owned by one family and that has been in the neighborhood for many years, would be replaced by a Starbucks coffee shop. Another example: smaller grocery stores would make way for large retail chains such as CVS, Duane Reade, et cetera. This would affect the identity feeling of the community. Retaining their own identity by protecting these smaller businesses seems to be a priority for a significant number of these organizations.

SoBRO made a statement that it is hard to acquire funds for these smaller businesses. BOEDC didn’t make any statements about this particular issue.

“I would love to get more money for smaller business owners, it seems that the city is always focused more on the bigger guy and not on the small moms and pops, you have a certain capacity where you can help them. I think that needs to be changed in the future, like the small guy gets a limited amount of resources and the big guy always gets a lot of things.” (Jamila Diaz, personal communication)

The BIDs are also concerned about this issue. The Hub/3rd Avenue BID is working on public programming to protect moms and pops. This is necessary for the community to thrive, according to this BID. They are convinced that there can be a good balance between small and larger businesses. They also said that they learned from the mistakes that may have been made in other boroughs like Brooklyn.

“We’ve been doing (...) small business development programming to ensure that moms and pops can stay in business. But also really marketing the area for larger franchises, I think that there can be a healthy balance between large big box franchises and also
moms and pops. (....), and really do things the right way here so we can keep that community fabric, but also welcoming economic development that comes with some larger stores.” (Michael Brady, personal communication)

The director of the 161 Street BID didn’t seem to have completely figured out what his strategy concerning this issue will be. On the one hand, he wants new businesses but on the other, he wants to protect local businesses. “Legacy stores” as he called them.

“Will we try to attract new businesses for those clienteles for this commercial corridor? Or are we going to be in a sort of more protective (....) we’ve got one store here that is 90 years old, “the Yankee Tavern”, and it has been in the same family as the owner now since the fifties, so that’s quite a long time. So that’s a legacy store, but it could face enormous rent pressure if there were a desire to open a – let’s say – a premier steak house or something, to service those new towers. We have to see how those things play out before we know what we’ll be doing.” (Cary Goodman, personal communication)

The public sector, represented by the local councilmember and former commissioner Walsh among others, are dealing with this issue as well. Walsh pointed out that the negative effect of higher rents could push out businesses “that often have led to the creativity and the character of the neighborhood”. Ryan Monell doesn’t want a community with only generic, large-scale chains.

“I think you’ll hear from everyone across the city that there’s a real scare that a lot of our “mom and pop” stores have a real disadvantage when it comes to competing with the chain stores (...) you don’t want to create a situation where there is an aspect of fake capitalism, and you’re supporting companies and most instances wouldn’t be strong enough to succeed by themselves, and at the same point, you don’t want to put individuals in a disadvantage, to eventually create a community that is only Mac Donald’s.” (Ryan Monell)

c) Safeguarding public areas

The third challenge that was brought up by multiple organizations has to do with the safety in (new) public areas. This challenge is again related to the previous mentioned challenge about crimes and drug abuse.
What we really focusing on is on the Roberto Clemente plaza here, (...), when this plaza opens, we’re going to have a lot of issues we anticipate, with homelessness and K2 and stuff, so we really have to work closely with him [local councilmember] to make sure that the area thrives, that that plaza thrives, and that it will become something that is good for the community, and not something that, you know, infested with K2 or a lot of homelessness,…” (Jamila Diaz, personal communication)

Michael Brady of the Hub/3rd Avenue BID has pointed out that the programming on public areas is crucial. His assistant, Andréa Mahee, explained this a little further.

“We don’t want a beautiful plaza that is then overrun by homelessness or drug use. (...) We’re trying to figure out how to get loiterers and drug dealers of the street.” (Michael Brady, personal communication)

“Our goal is to have a constant influx of programming, that can range from anything from yoga on the plaza, to salsa, to poetry reading, a little play, Pilates, ... constantly so that the drug addict people don’t have a chance to hang out, cause there’s a lot of activity and a lot of people and bright lights.” (Andréa Mahee, personal communication)

6.4.3 Erosion of power of local governments or complementary services?

As a closing question, I asked whether the organizations consider their activities as a replacement of the local government’s services, or rather as complementary. Is their ambition to reengineer the local environment? It was expected that most organizations would not give self-discrediting statements. Nor that they would emphasize the banality of their existence in light of the local government’s capacities. Nevertheless, considering the fact that many of their operations are being done by local governments in other countries, it is interesting to inquire about their perceived role in this debate.

Firstly, the EDCs depicted their role as being the representation of the local residents. By doing this, the EDCs are striving for their fair share of attention and funding. Representing the community itself and being the connector between businesses on the one hand and the government on the other are the cornerstones of their mission.
“Well, we’re a non profit organization, so we represent the will of the people, and so if anything I think that we have a job to do, which is to really and truly make local government aware of what the needs are and make sure and ensure that those things that we’re entitled to, that we get. And those things that they haven’t thought about, that we get. (…) and so certainly, economic development cooperation’s really and truly are the lynchpin, or should be the lynchpin between government and small businesses.” 

(Marlene Cintron, personal communication)

SoBRO also describes their role as being complementary. Again, they assess their organization as being the representation of the community. An extra element that SoBRO is putting forward, is the disconnection between different levels of government. “Someone from Manhattan”, by which Jamilia Diaz of SoBRO refers to City Hall that has its seat in the borough of Manhattan, should not intervene too much in local affairs of the Bronx.

“I think it’s something complementary, because I think that the government should allow a community and the culture of the community and the face of the community represent itself, (...). So it’s the people that actually live in the neighborhood, were raised in those neighborhoods, and were able to cause positive impact, and I don’t think the government, you know somebody from Manhattan should come down here and say: ‘this is the way things should go, this is the way things should work.’ I think the city does a really good job in allowing ourselves to represent ourselves.” (Jamilia Diaz, personal communication)

Secondly, the BIDs have slightly different approaches on this matter. This is partly due to the fact that two activities of BIDs, namely the provision of security and sanitation, are both carried out by the local government in full extent. In other words, there are two instances that are doing the exact same thing in the same region. The Hub/3rd Avenue BID and the 161 Street BID thinks the sanitation activities can be seen as complementary. Hub/3rd Avenue however also brings up the transparency and accountability aspect. They see themselves as a ‘watch dog’. Just like the BOEDC, this BID emphasizes that they have to strive for equality in terms of funding.

“I think it’s complementary. BIDs serve a fundamental purpose for commercial corridors but I think what supersedes those purposes of clean safe and beautiful, we bring a level of transparency and accountability to the city government, almost like as an independent watch dog would be, to ensure that city services are equitable and do
what they were intended to do. So I would say, I spend around 40 percent of my day holding city government responsible, and the other 60 percent of my day is providing those complementary services to city services. (Michael Brady, personal communication)

Cary Goodman of the 161 Street BID has an ambiguous answer to this self-reflecting question. With respect to the sanitation and security, he states that the activities of the BIDs are indeed displacing the government’s responsibilities. In other words, he sees these activities not as complementary, but as replacing. As for marketing, the situation is quite different because of the fact that the local government is not very active in promoting their neighborhood due to budgetary restraints, according to Goodman.

“Well, I would say: yes and no. Yes, if you’re talking strictly of the sanitation and security components. No, if you’re talking about the marketing and the community building components. Because there, at least in the USA, there is very little budgetary support for neighborhood marketing or for district marketing.” (Cary Goodman, personal communication)

He also emphasized the importance of local strategies, set out by local residents who know the neighborhood and what is going on there. They are in a much better position to set out promotional actions. In terms of marketing, they are not replacing the government, but rather filling up the vacuum left by the local government.

“To promote this area, you need a very focused, local strategy. The BIDs do that, whether it’s Times Square or Fordham road or the hub. We do that because we’re imbedded in the neighborhood and we create events and sort of strategies that correspond to the neighborhood that, I don’t think we’re displacing any government. (...) the government has never had a major presence in sort of neighborhood based marketing and promotion and community building and yeah, that’s what we do without them. Not instead of them, just without them.” (Cary Goodman, personal communication)

Thirdly, the office of the local councilmember and former commissioner of SBS points out that the government still has a significant role to play with reference to these development organizations. The councilmember’s office states that the government could function as a facilitator and a regulator.
“It’s always important to, once again, utilize local government as a facilitator, as well as in some instances a regulator. So if there are examples of malfeasance going on with organizations or with the bids, and there needs to be an opportunity for local government on behalf the people to step in, and that’s something we’ve done in the past and we will continue to do.” (Ryan Monell, personal communication)

Furthermore, the office accentuated the positive impact of the communities that are developing their neighborhoods. It consequently leads to better results when you have a partner that is in close proximity to the neighborhood and its citizens.

“I think, the positive aspect of non profits doing economic development, I wouldn’t say instead of the city but along with the city, is the fact that you essentially create a partner in terms of, you can go further if you have partners in the non profit sector that are willing to invest in your community, and essentially facilitate along with you. (…). In many instances, it has been very successful.” (Ryan Monell, personal communication)

“And yeah honestly, I see the majority of the organizations we work with as complementary to what the city offers. And in many instances allowing us to go above and beyond and serving the people of the South Bronx.” (Ryan Monell, personal communication)

Rob Walsh, both former commissioner of SBS and professor public affairs at Baruch College does not think the local government should take over some tasks that are now being done by the local economic development organizations. He mentions that the government can only do ‘so much’. The capacities and resources of the local government are limited. He gives the example of his own former department of SBS, where his staff was fairly limited. Parallel with SoBRO, BOEDC and the local councilmember, he emphasizes the importance of having “a partner on the ground”. The proximity to the neighborhoods and the citizens is a huge asset for economic development corporations, compared to City Hall, which is more detached.

“(…) and I think there’s a real detriment and I’m talking about NY, of having things run from city hall. It’s a disconnect, I think it’s a lot more powerful, if you can end up empowering the local business people, community leaders, residents, to have a stake. To be the eyes and ears, to sit around the table and think creatively about the neighborhood. City hall should not be doing that. And as much as you can, engage, cultivate. And that makes for a much more interesting, a much more effective neighborhood.” (Rob Walsh, personal communication)
Just like the office of the councilmember, Walsh states that the government serves as both a facilitator and a regulator. He gives a clear example of how he sees the regulating role.

“My experience in overseeing hundreds of organizations where local government has to take control, or take over, it’s usually there’s something wrong. I did it after hurricane Sandy in the Rockaways, because the local organization was ineffective, and the local business leaders and small businesses and folks who made it up, didn’t believe in them.” (Rob Walsh, personal communication)

The government as a facilitator means, according to Walsh, that the city has to provide a framework, a vision, a plan and a sense of direction. Moreover, they should help when problems occur. The city should not run the organizations itself.

“As someone representing local government, you want to get those on the ground believing that it’s their role to allocate those resources. And what local government should be doing is giving them the tools, the guidance, the direction and removing the obstacles in the way for them to be developing.” (Rob Walsh, personal communication)

He refers to the comments of the director of the Hub/3rd Avenue BID, who was complaining about the differences in attention between different boroughs in NYC. Walsh states that, considering the fact that they are the main actors on the ground, they should “go to the government to make it done”.

“The local government exist to move those projects forward. (...) my job is to block for you, my job is to inspire you. My job is to share best practices with you, my job is not to run it for you. It’s much better off if local government plays a great role in getting it done.” (Rob Walsh, personal communication)

Concerning the BIDs specifically, Walsh says that he sees them as complementary to city services. He also states that there are indeed local governments who manage to provide services without the necessity of BIDs in their city. What is different though, is that in many cases (at least in the United States), the local government “can’t add the extra shine and get the attention it needs”. Moreover, the role of BIDs, as described in the earlier section about BIDs, has changed over the years. Just like Cary Goodman of the 161 Street BID, he states that local governments did not do as much for branding neighborhoods. BIDs are filling that void now, especially in neighborhoods that need to get rebranded and do not get as much visitors as other, more well-known neighborhoods. As a closing statement, he concluded that BIDs are a
powerful tool on a local level, because it unites a large group of stakeholders. However, this requires (good) leadership.

“But I think what’s interesting here in the city, is the role of bids has gone beyond keeping their neighborhoods clean and safe. It has been about branding neighborhood, it has been about marketing neighborhoods, and it’s about making parks attractive, it’s beyond just emptying the trash cans and putting up pretty banners. And the bids in New York, all the last decades I’m involved in that level, they play in many cases a far greater role.” (Rob Walsh, personal communication)
7 Conclusion and discussion

This final chapter will be dedicated to answering the two research questions. The answers will also loop back to the findings of the literature study. A critical reflection will conclude this dissertation.

7.1 Conclusion research question

7.1.1 Research question 1: primary actors and their activities in local economic development in the South Bronx

Local economic development in the South Bronx is being carried out by six major actors in two different categories in the not-for-profit sector. On the one hand, there are economic development corporations: the South Bronx Overall Economic Development Corporation, the Bronx Overall Economic Development corporation and the New York City Development Corporation. On the other hand, there are the organizations that fall under the category of business improvement districts: the Hub/3rd Avenue BID, the 161 Street BID and the Southern Boulevard BID.

The EDCs are mainly focused on attracting and retaining businesses into their target area. Moreover, they provide below market rate loans for starting businesses. They also own land and develop housing units, mostly affordable housing units. They do not really organize any social events. Their target area varies from the South Bronx in particular (SoBRO) to the city as a whole (NYCEDC). Their budget comes from federal, state and city funding, supplemented by private contributions.

The BIDs have a common mission to enhance the quality of life in a particular neighborhood. Unlike EDCs, who tend to have a broader field of action, the activities of BIDs are bound to one particular area, one ‘district’. The size of this district is determined during the foundation of the BID, which follows different steps provided by the depaerment of SBS. The size of the BID correlates with the budget. A larger district means a larger budget. BIDs are generally working on sanitation, public safety and beautification. All three BIDs have street teams that are cleaning up the district, whereas only one BID has a public safety team patrolling. They also serve as an advocacy agent for the residents and businesses in the district. Furthermore, they organize different kinds of social events, and they promote the neighborhood through
advertizing. They have programs to protect local businesses, the ‘moms and pops’. At the same time, they are attracting larger businesses to diversify the shopping possibilities.

The challenges that these organizations identified have a twofold nature. Firstly, there are historical challenges that have been present in the neighborhood for a long time. These challenges, although some of them have improved significantly during the last decades, are still a restraint for the organizations to fulfil their mission of stimulating economic development and improving the quality of life. These long-playing challenges include the negative overall perception of the borough and the South Bronx, the historical lack of investments since the seventies, the high crime rates and drug abuse and the concentration of poverty. The challenge of unequal distribution of resources between high and low-income neighborhoods, as well as the concentration of poverty in American cities were already identified in the literature study. It seems that the organizations who are active in the Bronx are trying to overcome these issues pro-actively, for example by asking for equity to the city government in terms of resources, and attracting middle-income and highly-educated people into their neighborhoods to promote a more diverse population.

Secondly, there are some impact challenges. The two most important challenges in this category are higher rents with subsequently gentrification and preserving the identity of the community, which comes down to finding a good balance between attracting large retail stores on the one hand and protecting small local ‘moms and pops’ businesses. Both the EDCs as the BIDs were convinced that they should strive for the preservation of the unique community features. A third impact challenge is the security of public spaces. For example, opening up a new plaza or park can be disadvantageous for a neighborhood community if it becomes a place of loitering or drug dealing. Both of these challenges were also discussed in the literature study.

The organizations see themselves as being complementary to the city services. Moreover, they emphasize the importance of proximity to the residents and the neighborhoods. This is again along the same lines as the demands that were put forward by the authors discussed in the literature study.
7.1.2 Research question 2: role of the local government in terms of cooperation and accountability, and mutual cooperation between organizations.

The local government of NYC, consisting of the executive and the legislative branch, has a significant role in terms of developing and redeveloping the urban landscape in the city. In general, the local government takes two roles: facilitator and regulator.

With the economic development corporations (EDCs), the local government is primarily a facilitator. The department of Small Businesses Services (SBS) is recognized as their main partner. They provide funding for the EDCs, and technical support. This department is also a partner in terms of contractual services, for which the EDCs are paid for. The private EDCs (SoBRO and BOEDC) are more independent in terms of accountability. However, their funding comes from the public sector, and are also subject to audits. NYCEDC has an ambiguous status. They are not a formal city agency, but they “act like one”. They are more attached to the local government, since the NYCEDC is the local government’s main economic instrument. The NYCEDC is also the only EDC in the South Bronx that has the obligation of reporting their activities and results to the Deputy Mayor for Housing and Economic Development.

The BOEDC has a particular close relationship with the Borough President of the Bronx in three ways: the provision of funding, free office space and cooperation on economic issues in the constituency of the Borough President. The BOEDC is also connected to the NYCEDC. Their Executive Director is a boardmember of the NYCEDC. Cooperation occurs via this channel. The NYCEDC is a quasy city-agency. It acts like an agency, but they are formally not an official city agency. They do support several EDCs, the BOEDC among others.

The EDCs are supporting the BIDs, though this collaboration didn’t seem part of a fully developed strategy, and was rather arbitrary and informal. The closest relationship between an EDC and a BID is between SoBRO and the Hub/3rd Avenue BID, because of the fact that they are located in the same district, a few blocks away from each other. There is also collaboration with the NYPD. This is mainly the case with SoBRO. Furthermore, the EDCs work together with City Departments such as Department of Transportation and Department of City Planning. An example of this cooperation is the project of the new plaza in the Hub-area.
In relation to the BIDs, the local government also functions as a facilitator. However, the regulatory function of the local government is more profound. The department of Small Business Services (SBS) is the main partner for BIDs, both in terms of support as for control. They provide technical support and documents. They also supervise the creation of new BIDs. Concerning the daily activities of the BIDs, the independency is rather high. City Government maintains supervision by means of the board. This board has the requirement of consisting of different stakeholders, including at least one local Councilmember. The Department of SBS has the power to fire Executive Directors if they are not performing well.

There is not much formal mutual cooperation between BIDs. Most of the cooperation is arbitrary and informal. Same counts for the cooperation between BIDs and EDCs. The strongest links between BIDs on the one hand and EDCs on the other, is between SoBRO and Hub/3rd Avenue BID, and BOEDC and 161 Street BID.

One initiative seems to be formal in some way, a forum which consists of the BIDs in the Bronx, accompanied by members of the local police. So just like with the EDCs, there is a collaboration with the NYPD. This applies for all the three discussed BIDs.

Nevertheless, there is an overarching organization, called the NYC BID Association. They have monthly meetings with all the BIDs together. But the BIDs were not convinced of the effectiveness of this organization. The advantages are their connection with the city government and the information that the Association provides. The disadvantages are the considerable power disparities between the different BIDs. Therefore, the lobbying opportunities for the BIDs in the South Bronx are limited. The Association does not play a role in economic development itself.
7.2 Critical reflection

Development corporations, both EDCs as BIDs, could serve as a driving force for economic development in an urban region. Next to its core activities, strengthening the local economy, it can engage in multiple projects and initiatives. The BIDs provide additional services on top of the services provided by the local government. Keeping the streets safe at all time and improving the streetscape by implementing supplemental sanitation services generates an urban environment with a higher quality of life. In terms of services, BIDs could possibly right the wrongs of the local government when it comes to security and sanitation in certain neighborhoods.

By holding on to social values, the integrity and inclusivity of a community can be improved. Local organizations know what is going on in the neighborhood, and they are committed to preserve the particular community fabric that distinguishes different neighborhoods from one another. This strengthens the neighborhood and makes it more resilient against threats from outside. Community-led development takes into account the interests of different stakeholders, both public as private, businesses as residents. Facilitating growth in this way promotes stability, and preserves the “spirit” of the community”.

Because EDCs and BIDs work on a smaller scale than the city government or the local districts, citizens can feel relieved that an organization is concerned about local issues, considering the fact that the city agencies often give the impression of being an entity that is far away from the everyday life. They should certainly embrace and maintain this feeling of proximity and involvement in local issues.

This master thesis had the intention to be a descriptive research about the local economic development organizations in the region of the South Bronx. However, the conducted research cannot be seen as a complete and comprehensive research about local economic development in the South Bronx, because of the fact that the private organizations, such as private real-estate developers, are not included in this research. A selection had to be made, so only not-for-profit organizations were discussed, in combination with their relationship with the local government. After analyzing and reporting the results, I came to realize that my chosen subject still might be too extensive in scope. If I could do this research again, I would consider doing research on either economic development corporations or business improvement districts, and not both in one research.
The very short period in which the research had to take place, also had the consequence that not all the actors could be interviewed. In concrete terms, the NYCEDC and the Southern Boulevard BID were not available for an academic interview. Nonetheless, they are included in this thesis, because I deemed it important to mention all the actors involved. Moreover, there was a lot of information to be found on public documents and their websites. That was especially the case with NYCEDC.

It also needs to be mentioned that the research units were individual organizations, each with their own strengths and weaknesses. To what extent these organizations were completely transparent about their strengths and weaknesses during the interviews is not completely clear. It is plausible that the organizations gave a slightly distorted view on reality, by only stressing the successes of the organizations and not the weaknesses. Giving socially desirable answers is a risk that is common with interviews in qualitative research. It is my hope that by means of interview techniques such as probing questions and data triangulation between interview data and document data, this risk was limited as much as possible.

This master thesis could possibly onset further research on the best practices of economic development in the context of large cities. Many of the problems that New York City and the Bronx are facing, are present in our society as well. This includes problems with concentrated poverty, diversity, urban unemployment, preserving the community identity et cetera. I deem that the issues in New York are also relevant for our cities in greater or lesser extent, while at the same time keeping in mind the particular characteristics of our European cities compared to North-American cities. Further research could become an important contribution for policy makers in our cities, with the hope of improving our cities and making them a better place to live for everyone involved.
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Prof. Dr. Suykens, B. (2016, 11 Oktober). Onderzoekspraktijk en veldwerk III. Onderzoeksvoorstel en Veldwerk


Supplementary websites, press articles


Personal communication

Jamilia Diaz (NYC, SoBRO office, Thursday June 22nd 2017, 10 AM). Interview about their main activities, challenges, cooperation and results. [Audio-file]

Marlene Cintron (NYC, Bronx Borough Hall, Monday June 26th 2017, 1 PM). Interview about their main activities, challenges, cooperation and results. [Audio-file]

Michael Brady & Andrée Mahee (NYC, Hub/3rd Avenue BID office, Friday June 23rd 2017, 2 PM). Interview about their main activities, challenges, cooperation and results. [Audio-file]

Cary Goodman (NYC, 161 BID office, Monday June 26th 2017, 11 AM) Interview about their main activities, challenges, cooperation and results [Audio-file]

Ryan Monell (NYC, City Hall, Friday June 23th 2017, 10:30 AM). Interview about the role of the city Council, challenges, cooperation and results. [Audio-file]

Rob Walsh (NYC, Help USA office, Tuesday June 27th 2017, 11 AM). Interview about the role of city government, city council, challenges, cooperation and results. [Audio-file]
Appendix

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**Appendix 1: Topic list BIDs**

<table>
<thead>
<tr>
<th>Topic list Business Improvement District</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Main activities in brief</strong></td>
</tr>
<tr>
<td>- What are the main activities of your BID?</td>
</tr>
<tr>
<td>- When was the foundation of the organization?</td>
</tr>
<tr>
<td>- What’s the main focus (Safety, Clean streets, events, …)</td>
</tr>
<tr>
<td>- Any new future projects?</td>
</tr>
<tr>
<td><strong>2 Challenges</strong></td>
</tr>
<tr>
<td>- What were the main challenges at your neighborhood at the time of foundation of the BID? (reason of establishing the BID)</td>
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<tr>
<td>- Are these challenges still present now? Have they changed?</td>
</tr>
<tr>
<td>- Is inequality a main challenge for your neighborhood? (compared to Manhattan for instance)</td>
</tr>
<tr>
<td>- Are the projects you do now easier to do compared to 5/10 years ago?</td>
</tr>
<tr>
<td><strong>3 Cooperation</strong></td>
</tr>
<tr>
<td>- Do you cooperate with other BIDS in the Bronx?</td>
</tr>
<tr>
<td>- Do you cooperate with Bronx Overall Economic Development Cooperation? (BOEDC)</td>
</tr>
<tr>
<td>- What’s the role of the NYC BID Association?</td>
</tr>
<tr>
<td>- Do you cooperate with the local government?</td>
</tr>
<tr>
<td>o Local councilmember’s office?</td>
</tr>
<tr>
<td>o Commissioner of Small Business Services?</td>
</tr>
<tr>
<td>- Do you get financial or logistic information from the city?</td>
</tr>
<tr>
<td><strong>4 Impact</strong></td>
</tr>
<tr>
<td>- How do you measure the impact of the activities of the BID?</td>
</tr>
<tr>
<td>- Are there spill-over effects for other streets outside of your target area? Do they benefit from your work?</td>
</tr>
<tr>
<td>- Any negative responses or effects?</td>
</tr>
<tr>
<td>- Any limitations in the way you are operating? Things you can’t realize?</td>
</tr>
<tr>
<td>- Do you see the BIDs in general as a result of a failing local government? Or more as a complementary service?</td>
</tr>
</tbody>
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Appendix 2: Topic list local councillor

<table>
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<tr>
<th>Topic list local councillor</th>
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<tbody>
<tr>
<td>1 Role of local government (NYC) in economic development</td>
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<td>- In what way is the local Councilmember or the City Council in general involved in local economic development in the (South) Bronx?</td>
</tr>
<tr>
<td>- What’s the role of the Commissioner of Small Business Services in this matter?</td>
</tr>
<tr>
<td>- What’s the role of NYCEDC in local economic development? Main activities?</td>
</tr>
<tr>
<td>- Is it true that the Bronx has been neglected by the City for decades in terms of funding? (why) has it changed?</td>
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<tr>
<td>- Are there any other city agencies that are involved in local economic development?</td>
</tr>
<tr>
<td>2 Challenges</td>
</tr>
<tr>
<td>- What are the main challenges in the South Bronx or Bronx in general for realizing economic development? (compared to Manhattan for instance)</td>
</tr>
<tr>
<td>- Have these challenges changed over the years?</td>
</tr>
<tr>
<td>- Is inequality/poverty still a main challenge?</td>
</tr>
<tr>
<td>- Is safety and crime rates still a concern? Is there more NYPD presence nowadays?</td>
</tr>
<tr>
<td>3 Cooperation</td>
</tr>
<tr>
<td>- What’s the role of the NYC BID Association? Do BIDs work together there or do they share information or common practices there?</td>
</tr>
<tr>
<td>- Is the city actively working together with non profits like SoBRO/BOEDC?</td>
</tr>
<tr>
<td>- Are BIDs accountable for their results to the city or are they completely independent?</td>
</tr>
<tr>
<td>- Does the city give financial or logistic information to non profits that are working on local economic development?</td>
</tr>
<tr>
<td>4 Impact and effects</td>
</tr>
<tr>
<td>- How does the city measure the progress made in economic development? do they have statistics about businesses/some sort of performance goals?</td>
</tr>
<tr>
<td>- Any negative responses or effects of economic development? (for ex: higher rents)</td>
</tr>
<tr>
<td>- Any limitations in realizing economic development? Things that are hard or impossible to realize? (because lack of government funding for ex.)</td>
</tr>
<tr>
<td>- Hub/3th avenue stated that “some projects in Manhattan take less time to develop than in the Bronx”, referring to the plaza at the hub. What does he mean with that?</td>
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<tr>
<td>- Should the local government take over some tasks that are now being done by non profits like SoBRO or BIDs?</td>
</tr>
<tr>
<td>o What is positive about the fact that non profits are also doing economic development instead of only the City?</td>
</tr>
<tr>
<td>o Do you see these organisations as complementary to the City’s services? Or replacing them?</td>
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Appendix 3: Topic list commissioner SBS

**Topic list Rob Walsh**

1. **Role of local government (NYC) in economic development**
   - In what way is the local Councilmember or the City Council in general involved in local economic development in the (South) Bronx?
   - What’s the role of the Commissioner of Small Business Services in this matter?
   - What’s the role of NYCEDC in local economic development?
   - Is it true that the Bronx has been neglected by the City for decades in terms of funding? (Why) has it changed?
   - Are there any other city agencies that are involved in local economic development?

2. **Challenges**
   - What are the main challenges in the South Bronx or Bronx in general for realizing economic development? (compared to Manhattan for instance)
   - Have these challenges changed over the years?
   - Is inequality/poverty still a main challenge?
   - Is safety and crime rates still a concern? Is there more NYPD presence nowadays?

3. **Cooperation**
   - What’s the role of the NYC BID Association? Do BIDs work together there or do they share information or common practices there?
   - Is the city actively working together with non profits like SoBRO/BOEDC?
   - Are BIDs accountable for their results to the city or are they completely independent?
   - Does the city give financial or logistic information to non profits that are working on local economic development?

4. **Impact and effects**
   - How does the city measure the progress made in economic development?
     Do they have statistics about businesses/some sort of performance goals?
   - Any negative responses or effects of economic development? (for ex: higher rents)
   - Any limitations in realizing economic development? Things that are hard or impossible to realize? (Because lack of government funding for ex.)
   - Hub/3th avenue stated that “some projects in Manhattan take less time to develop than in the Bronx”, referring to the plaza at the hub. What does he mean with that?
   - Should the local government take over some tasks that are now being done by non profits like SoBRO or BIDs?
     o What is positive about the fact that non profits are also doing economic development instead of only the City?
     o Do you see these organizations as complementary to the City’s services? Or replacing them?
Appendix 4: Bronx map ZIP code and NYPD Precincts map
Appendix 5: Organizational chart New York City (section housing & economic development)
Appendix 6: NYPD statistics (Precinct 40, NYPD, 2017)

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All figures are subject to further analysis and revision. All degrees of rape are included in the rape category. As of January 2013, complaints occurring within the jurisdiction of the Department of Correction have been disaggregated from the borough and precinct crime totals and are displayed separately on the Department of Correction CompStat page. Crime statistics reflect New York State Penal Law definitions and differ from the crime categories used by the FBI Uniform Crime Reporting Program. All Crime statistics are translated to Uniform Crime Reporting categories for submission to the UCR Program.

Prepared by

NYPD CompStat Unit
Appendix 7: Screenshot Oasis web application (Oasis NYC, 2017)
Appendix 8: Organizational chart SoBRO
THIRD AVENUE BUSINESS IMPROVEMENT DISTRICT

Founded in 1998, the Third Avenue Business Improvement District is the oldest and most trafficked BID in the Bronx. As a district merchant and/or property owner, you have access to the following menu of services: supplemental security, supplemental sanitation, street beautification, marketing and promotion, retail and economic development tools, and community programming designed to unite the corridor and increase consumer traffic.

For more information: Email: info@thirdavenuebid.org  Phone: 718.665.3983

See additional contacts for security and sanitation services on the back of this card.

Are you vending legally? venta ambulante

El Departamento de Asuntos del Consumidor regula y expide las licencias requeridas para venta ambulante de mercancía en general y el Departamento de Salud regula y expide las licencias y los permisos para la venta ambulante relacionada con alimentos.

KNOW THE LAW

1. Solicite licencia.
2. Registre su nombre.
3. Venda en una calle legal.
4. Venda en una calle legal.
5. Venda en un lugar legal.

www.thirdavenuebid.or
Vend in a legal spot.

Third Avenue is a ZERO VISIBILITY ZONE. This means that general vending is not allowed anywhere on Third Avenue.

- Businesses cannot exchange money on the sidewalk
- Businesses cannot have unpermitted stands
- Businesses cannot have anything on the sidewalk that impedes pedestrian flow
- A-Frame stands are illegal

Be 20 ft away from the door of a business

Be 10 ft away from the pedestrian crosswalk

P: 718.665.3983  www.thirdavenuebid.org
**District Needs Survey**

The [name of organization] is exploring the conditions and needs of [name of neighborhood]. As a neighborhood stakeholder, your input is extremely valuable. Please take a moment to complete the following survey. Thank you.

5. Expand upon any need or problem that deserves further explanation

   __________________________________________________________
   __________________________________________________________
   __________________________________________________________

**Personal Information**

6. Title/Name
7. Job Title
8. Stakeholder Status (check all that apply) Property Owner [ ] Business owner [ ] Resident [ ]
9. Name of business (if applicable)
10. Address
11. Telephone Number
12. If business owner check one Own business location [ ] Lease business location [ ]