

Building Assets for Individuals, Communities and Business

Elizabeth Y.A. Ferguson - July 2005

The Bay Area Council is a business-sponsored, public-policy advocacy organization for the nine-county Bay Area in California. More than 275 of the largest employers in the region support the Bay Area Council and offer their CEO or top executive as a member. The Council advocates for a strong economy, a vital business environment, and a better quality of life for everyone who lives in the region.

As part of its work, the Council supports public and private investments that improve economic opportunities and asset building for individuals and communities. Analyses of the Bay Area's comparative economic advantages have identified the increasing rate of poverty as one of the top five challenges to the region's long-term economic prosperity. Impoverished communities in many instances lack the amenities and services that yield a high quality of life, making them undesirable places for people to live and work. Yet, both the places and the people living there are important if the region is to sustain economic prosperity.

The Bay Area has 46 neighborhoods with concentrated, persistent, and, in many cases, increasing levels of poverty. These neighborhoods offer large markets, a strong potential workforce, and strategic locations from which to export goods and services to the surrounding regional and global economy. Although significant amounts of capital flow in and through the Bay Area, inadequate amounts are engaged in these priority neighborhoods, often on a deal by deal basis without a coherent strategy. Larger scale developments are needed that generate livable wage jobs for local residents and community wealth creation, while avoiding displacement.

Any coherent strategy for economic prosperity and smart growth in the region needs to tackle poverty and decrease pressure to develop at the edge of the region. The Community Capital Investment Initiative (CCII) and the Bay Area Family of Funds address economic conditions in the urban core and inner suburban ring (where many impoverished neighborhoods exist) while seeking to increase the supply of housing needed by a growing population and workforce, closer to job centers.

The Bay Area Family of Funds has raised more than \$175 million for investments. It includes the Bay Area Smart Growth Fund, the California Environmental Redevelopment Fund, and the Bay Area Equity Fund. It is a regional effort to attract private investment into low and moderate-income neighborhoods to promote smart growth, address poverty, support local businesses and clean up contaminated sites with market-based solutions.

The Bay Area Family of Funds invests in projects that will make impact in targeted neighborhoods and benefit, rather than displace, neighborhood residents. It requires "double bottom line" returns: market financial returns for its investors and significant social and environmental returns for individuals and communities. This work is developed and coordinated with a broad coalition of business, community, governmental, and environmental groups. Investors include banks, insurance companies, foundations, corporations and individuals.

Why is the business sector so concerned and so involved? When assets are developed, the benefits accrue not only to the individuals involved, but also to the communities, states, and nation in terms of tax contributions, increased property values, greater consumer spending, more savings and investments, social and economic stability, transfer and accumulation of wealth across generations, and significantly less social outlay of resources to remedy social and economic needs associated with poverty. Asset development policies provide the business sector with a focused agenda for engaging in

the policy arena, helping to create additional consumer markets, new investors, and greater domestic economic stability. Developing assets is not just about individual advancement; it is also about strengthening the broader community through economic prosperity and social mobility. The need for asset building policies is becoming more critical to business prosperity.

The problem of poverty is not in the long-term best interests of the private sector, and visionary business leaders are beginning to understand that they can address this problem through targeted investments and social policies for the benefit of all.

Clearly there is a great deal of activity with regard to various facets of poverty-alleviation. The activities are often fragmented and uncoordinated, and could not be characterized as a systemic approach. Many private sector leaders realize that their businesses are being impacted by poverty, and that they can't begin to address the range of underlying problems alone. Therefore, closer partnerships are emerging that balance social investments with private gain, and increasingly companies are recognizing their role in focusing the public sector on long-term sustainable asset-building investments.

The Bay Area Council gets results because it anchors policy advocacy in disciplined research and analysis and importantly, convenes coalitions and forms partnerships to support action. Building the assets of individuals and regions does not happen in isolation. It happens through concentrated social and private investments in individuals and communities. It is incumbent upon the private sector both to provide such investments, and to support public policies that build the assets upon which we all depend for our economic and social well-being.

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