

Strategies for CBED & Asset Building

January 23, 2010

Hawai`i Alliance for Community-
Based Economic Development
(HACBED)

Community Economic Development

- is a process by which communities can initiate and generate their own solutions to their common economic problems and, thereby, build long-term community capacity and foster the integration of economic, social, and environmental objectives.
- is development designed for and by community residents with the aim of reaching and benefiting all of the community, including low income residents who are not significantly assisted by other strategies. It brings together vision for a community with the requirements of feasibility.

Key Questions – Who Benefits & How Will They Benefit

- leverage economic activity to produce resident benefits
- target low-income/low wealth community residents as beneficiaries
- enable residents to be owners of economic development activities
- build the financial assets of residents
- give residents a voice in decision making

Asset Building

Assets are essential to:

- have **financial security** against difficult times – *the dignity of choice and control*;
- create **economic opportunities** for oneself and family – *realize human potential through education and entrepreneurship*; and
- **leave a legacy** for future generations to have a better life – *realistically reduce the cycle of poverty*.

"Assets matter. Assets mean economic security. Assets mean mobility. Assets mean opportunity." CFED, 2002

Development of families and communities occurs through asset accumulation and investment." Michael Sherraden, *Assets & The Poor*, 2001

Hawai'i's Asset Policy Agenda

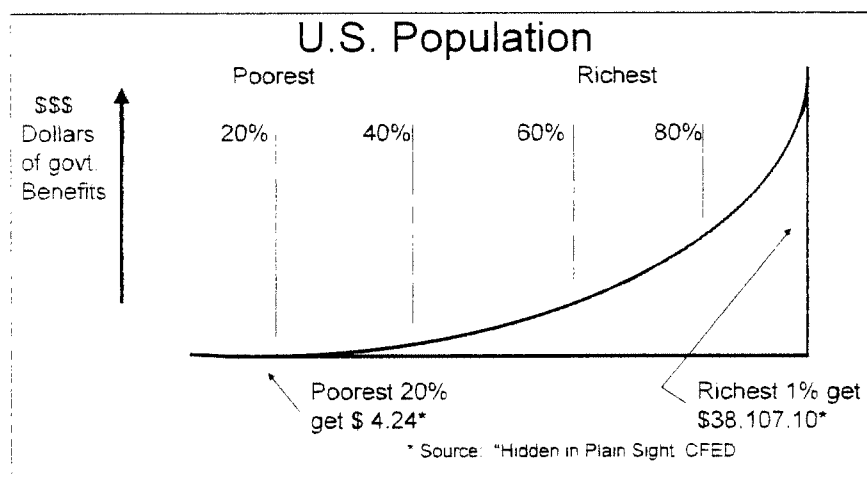
- Make Work Pay
EITC, tax policies
- Financial Education
broad public awareness, schools, workplaces
- Remove Disincentives & Help People Protect Assets
asset limits, predatory lending, insurance
- Help People Save
IDAs, child savings accounts, retirement, education
- Help People Start Businesses
microenterprise, community lending, training
- Help People Become Homeowners
government matches and grants, employee assistance

WHY ASSET BUILDING?

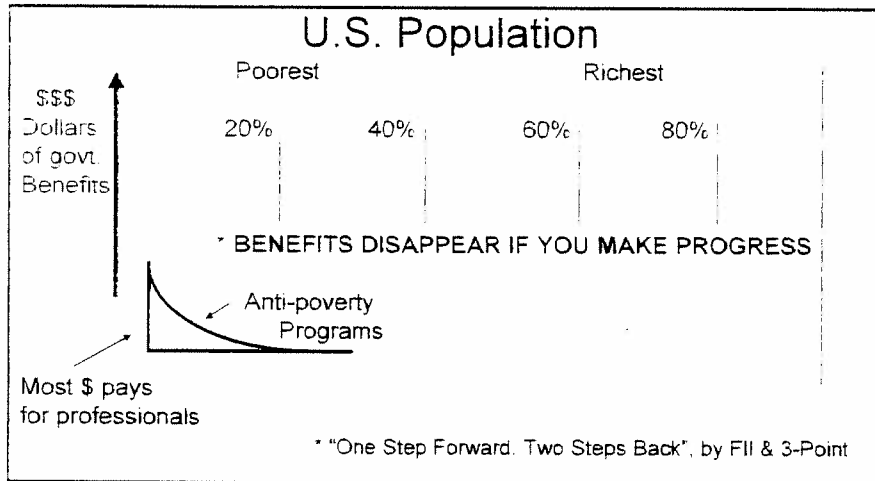
Assets make the difference between getting by and getting ahead.

- Nearly one in five American households owe more than they own.
- Predatory lending drains billions of dollars from middle and low-income families and communities.
- High drop out rates and the rising cost of tuition make college unattainable for many students.
- Low-income people are less likely to own assets than are people with higher incomes.
- Tax policies generally favor those who already have the most assets.

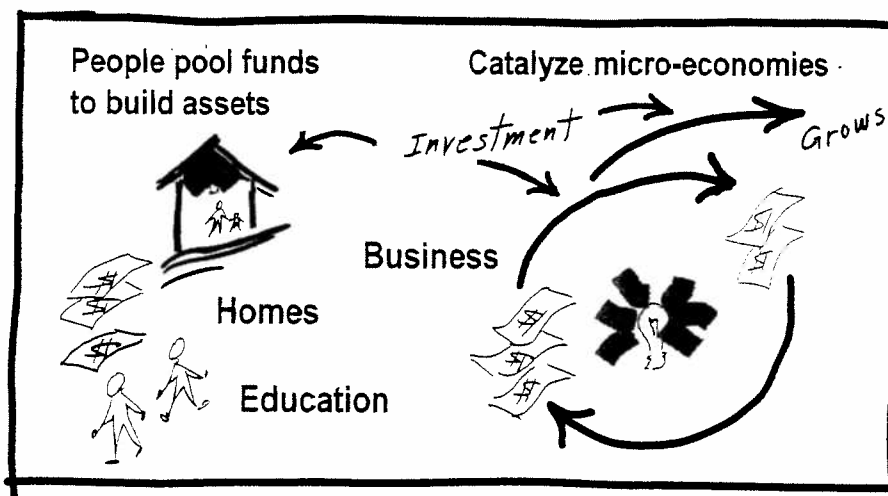
Upper Income Incentivized



Low Income get Charity



Catalyze Historic Patterns



Self Sufficiency = *Control & Choice*

"Those who are self-sufficient have control and choice over their lives. Having and keeping control and choice requires an accumulation of a critical mass of social and economic assets, which provide stability and access to opportunities."

Maurice Lim Miller

Earn It, Keep It, Grow It *

- **Earn It** – increase income
 - readiness to earn – basic education and job training
 - opportunities to earn – living wage jobs and career advancement;
 - closing the earnings gap – earned income tax credit.
- **Keep It** – stabilize financial lives
 - decrease costs of being poor – transportation, child care, health care
 - access to non-predatory financial services – alternative financial services and anti-predatory lending
- **Grow It** – acquire assets and build wealth in thriving communities
 - increasing family assets – IDAs
 - community based economic development – CDFIs, community based ventures

*Annie E. Casey Foundation – www.aecf.org

Earn It, Keep It, Grow It

Earn It – Working families are earning a living that allows them to survive and thrive in their community.

This means that a family's working members can find a job that pays a family-sustaining wage, maintain it, and advance their careers and wages over time within their community or region they live in.

- *Indicator 1* – Qualifying for a job.
- *Indicator 2* – Getting and maintaining a job.
- *Indicator 3* – Advancing in a career.

*Annie E. Casey Foundation – www.aecf.org

Earn It, Keep It, Grow It

Keep It – Working families access a full range of financial services and programs that help them protect their income and lower their cost of living in their community and region.

This means that a family has a mainstream banking relationship, a good and improving credit record, and is taking advantage of all the tax benefits and public and private programs that will help them protect their income and lower their cost of living in the community or region they live in.

- *Indicator 1* – Establishing financial health.
- *Indicator 2* – Protecting income and decreasing costs.

*Annie E. Casey Foundation – www.aecf.org

Earn It, Keep It, Grow It

Grow It – Working families and their communities are accumulating and maintaining assets that are gaining value over time.

This means that family members are saving, advancing their education, purchasing homes and any assets they need to keep their job or run their own business; they are maintaining them; that the value of those assets in the community is increasing over time; and that the community's institutions and stakeholders are working together to support low-income families.

- *Indicator 1* – accumulating family assets.
- *Indicator 2* – increasing the value of family assets.
- *Indicator 3* – building community assets.

Individual Development Accounts (IDAs)

IDAs are matched savings accounts that enable low-income families to:

- **SAVE** through a structured financial program.
- **BUILD ASSETS** by achieving the goal of buying a home, paying for college, or starting a small business.
- **ENTER FINANCIAL MAINSTREAM** by opening a savings bank account.

Childrens Savings Accounts (CSAs)

- **What are CSAs?**
 - CSA's offer every child in Hawai'i a chance to build a more secure financial future.
 - Opened at birth with an initial public investment, CSAs offer an incentive to start saving from the moment a child is born.
- **Benefits of CSAs**
 - Increase the number of families savings for post-secondary education.
 - Increase the number of children who attain higher education.
 - Will generate competitive workforce, more jobs and innovation, more savings & investment, stronger communities and a thriving state economy.
 - Allow all children, regardless of circumstances, a start in life.

Youth Building Assets

MA'Ō Youth Leadership Training College Internship

- Receive a Monthly Stipend
- Work Experience on the Farm
- Full Tuition Scholarship to Leeward Community College
- Communication & Cultural Workshops
- Financial Education Classes
- Asset Building Savings Accounts (IDA)
- Opportunities to Travel

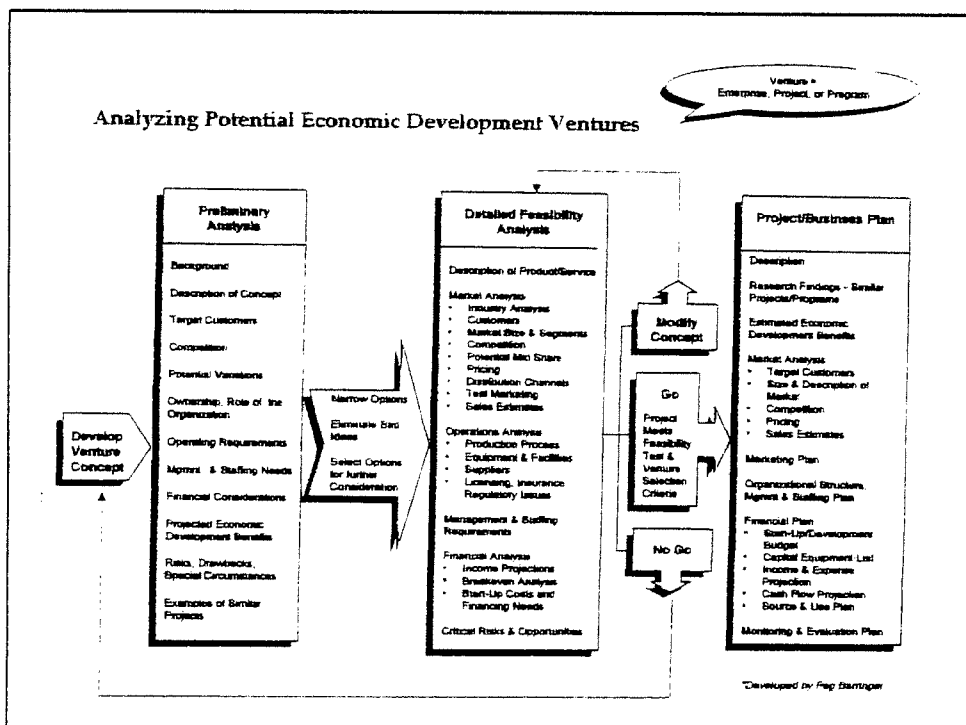
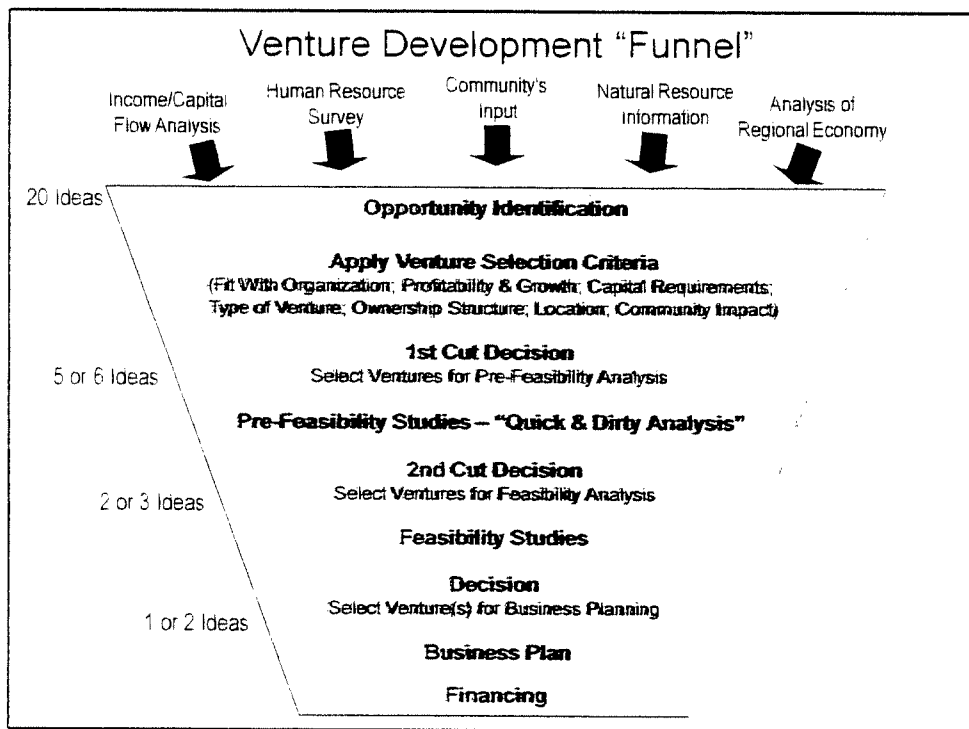


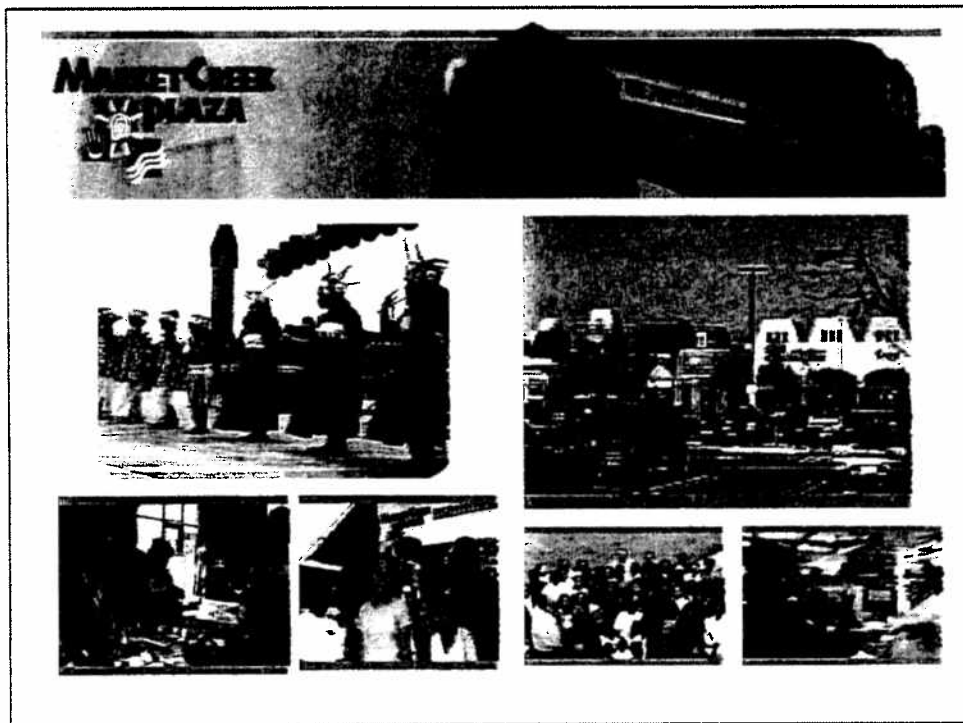
Economic Renewal – Guiding Principles

- **Plug The Leaks** – Plugging unnecessary economic leaks puts money back into the local economy.
- **Support Existing Businesses** – Too many communities work to recruit outside businesses while overlooking the wealth-creating power of their own entrepreneurs.
- **Encourage New Local Enterprise** – As with existing businesses, new businesses will contribute far more to the local economy if they're locally owned.
- **Recruit Compatible New Businesses** – Having first pursued the previous three steps, a community will be in a stronger position to recruit new businesses that are compatible with its values and needs.

Types of CED Projects

- **Real Estate Development** – i.e., commercial space such as multi-family housing, shopping centers and commercial marketplaces, and office or industrial space.
- **Business & Industry Recruitment** – i.e., locating commercial businesses and industrial firms to create jobs and business opportunities.
- **Workforce Development** – i.e., job readiness, economic and financial literacy, job skill development training, and programs and services to overcome barriers such as day care, transportation, and so on.
- **Business Development** – i.e., community-owned businesses or assisting small business development with technical assistance, access to capital, co-ownership structures.
- **Development Facilitation** – i.e., advocacy to eliminate barriers or create enhanced opportunities for job and business development.
- **Capital Formation** – i.e., strategies and programs to aggregate capital and disseminate debt or equity capital.
- **Economic & Financial Literacy** – i.e., economic and financial skill development.





Culinary Business Incubator



The mission of the incubator is to create employment by helping residents of Hawai'i access services, start small business by providing sustainable employment opportunities in food-related service, and elevate client income levels. In addition, training and technical assistance programs are provided in commercial food prep, entrepreneurship, and computer training.



- Commercialize your recipe or product
- Use commercial kitchen equipment
- Comply with safety and sanitation requirements
- Write a business plan
- Fill out loan apps
- Management and marketing for your business
- Use of computers to operate your small business



Business Manager Joy Barua getting tips from the pros.



Pacific Gateway Center

Ancient Wisdom – Modern Context

- Wealth (Old English) – the conditions of well being.
- Economy (from the Greek. *oikonomia*) – management of a household.
- Competition – from the Latin *competere*. to strive together.

Too much and too long, we seemed to have surrendered personal excellence and community values in the mere accumulation of material things . . . our GNP does not allow for the health of our children, the quality of their education, or the joy of their play . . . It measures . . . neither our wisdom nor our learning, neither our compassion nor our devotion to our country, it measures everything in short, except that which makes life worthwhile. Robert F. Kennedy, March 1968



Ho`owaiwai An Asset Building Framework

- Ho`owaiwai is a Hawaiian word meaning “to enrich”.
- Wai means “water”. In old Hawai`i, it was everyone's kuleana or “responsibility” to malama i ka wai or “to take care of the water” because it affected the livelihood of the entire village.
- Asset building using a holistic frame.
- Culture and values provide the context and foundation for asset building strategies, programs, and projects.

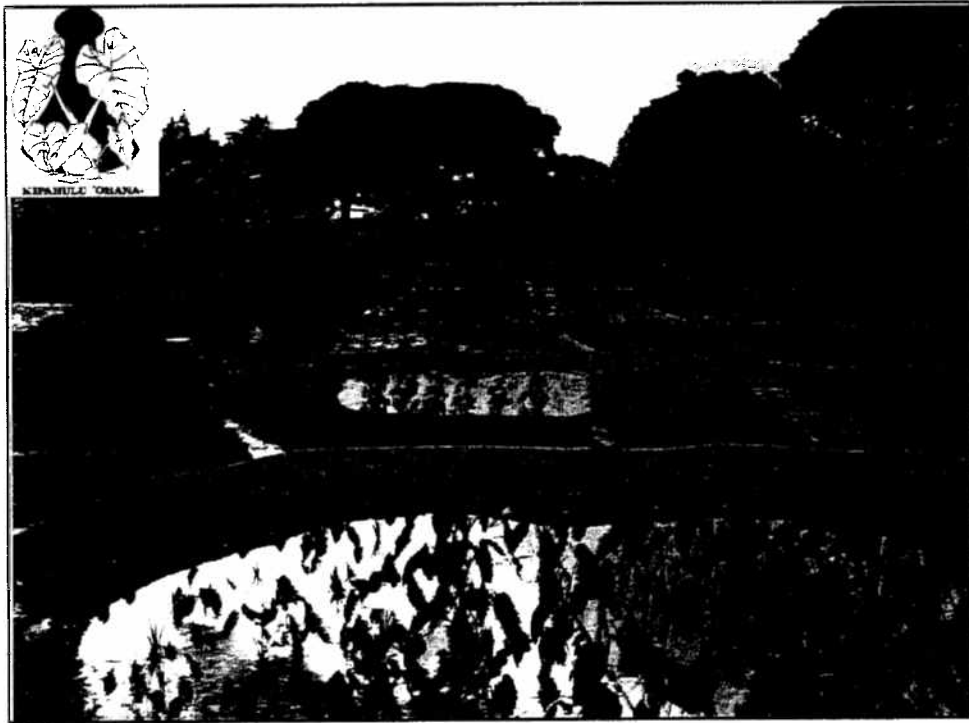
Beneath a County Park in Lahaina, Maui,
is one of Hawaii's most historical
and sacred treasures.

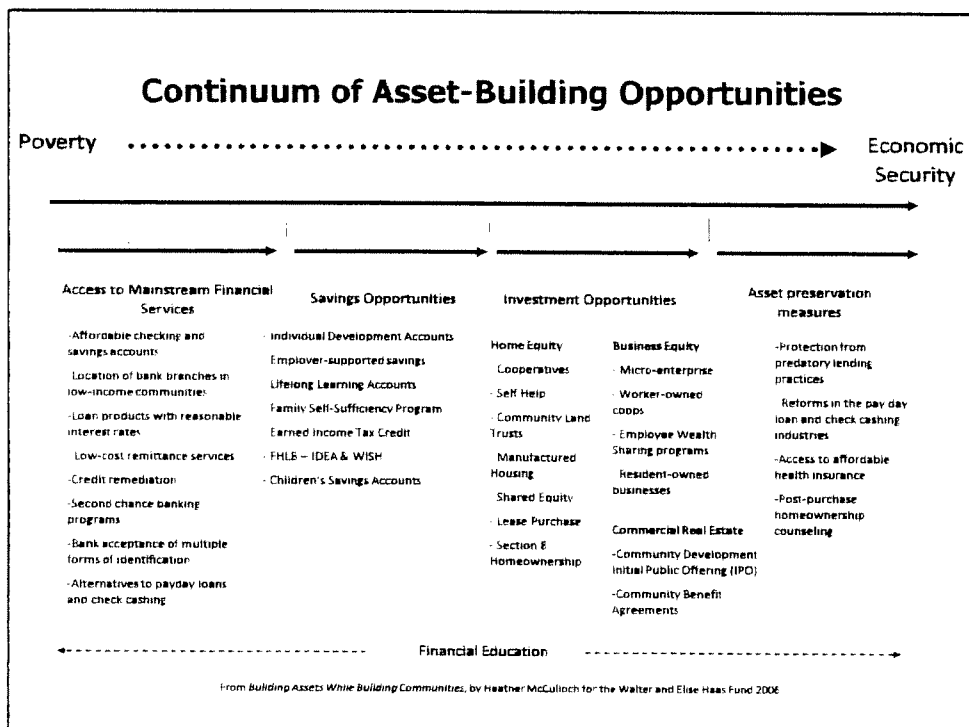
Moku'ula, a royal and sacred sanctuary

Friends of Moku'ula



Lying virtually undisturbed for almost a century,
Moku'ula, a political and spiritual center,
and ancient home of Maui's Chiefly lines,
awaits its reawakening.







Project Conceptualization

Designing and developing successful community-based projects

WORKSHEET

Exercise: Putting Your Project Idea Together – Part I

Purpose: To define and clarify the intent, objective, and outcome of your project idea.

Instructions: Take time to reflect on your project by making brief bulleted responses to the following questions related to project idea.

ISSUE & OPPORTUNITY

1. What is the working title of your project?

2. What is the problem, issue, need, and/or opportunity that you are trying to address?

3. Why is it important and to whom is it important?

4. What is the “fit” between your project idea and your organization’s vision and mission?

INTENDED BENEFITS & OUTCOMES

4. **What are the expected impacts, benefits, or outcomes if the problem, issue, need, or opportunity is addressed?**

5. **What economic development benefits will result from this project? Is the anticipated resource investment (financial, human resource, etc.) consistent with the anticipated social and economic impact?**

6. **Who will benefit and how will they benefit?**

THE VENTURE – PROGRAM, PROJECT, OR BUSINESS

7. **What type of activities, products, or services will you provide to achieve your intended outcome?**

PARTNERS

8. **Who are the likely players, partners, and collaborators in your venture?**

Exercise: Putting Your Project Idea Together – Part II

Purpose: To define and clarify the intent, objective, and outcome of your project idea.

Instructions: Divide into groups of three. Each participant will have 10 minutes to share their project idea within the framework below and solicit assistance from their team members in defining and clarifying their project idea.

| Intended Impact | Outcomes | Activities | Partners | |
|-----------------|----------|------------|----------|--|
| I. | I.A | I.A.1 | | |
| | | I.A.2 | | |
| | I.B | I.B.1 | | |
| | | I.B.2 | | |
| II. | II.A | II.A.1 | | |
| | | II.A.2 | | |
| | II.B | II.B.1 | | |
| | | II.B.2 | | |
| III. | III.A | III.A.1 | | |
| | | III.A.2 | | |
| | III.B | III.B.1 | | |
| | | III.B.2 | | |

Exercise: Assessing Organizational Readiness

Purpose: To determine organizational readiness to move forward with your venture idea.

Instructions: Take time to reflect on your organizational capacity and readiness by making brief bulleted responses to the following questions related to organizational development.

ORGANIZATIONAL OPTIONS

1. Are there other groups in your community that are addressing or are addressing a part of the problem, issue, need, or opportunity that is the focus of your venture idea? In what ways are they similar or different?

2. What are some of the different ways that you can structure your venture to achieve your intended benefits, outcomes, and impacts?

3. Where and by whom have similar projects been undertaken? What have the results been? What information and/or learnings can we take from these examples?

COMPETENCIES, SKILLS, EXPERIENCE, & MINDSET

4. What is the range of competencies, skills, experiences, and mindsets needed to successfully plan and implement your venture?

5. List the competencies, skills, and experiences that exist within your organization (board, staff, volunteers)?

6. What is your organization's "track record" or experience in planning, developing, and delivering on projects, programs, and services?

Exercise: Pre-Feasibility & Sustainability

Purpose: To identify any weaknesses or "red flags" that might eliminate a venture from further consideration or help an organization avoid spending time or funds in pursuing a venture that is not viable or that may not be able to overcome major operating constraints.

Instructions: Take time to reflect on the feasibility and sustainability of your venture idea by making brief bulleted responses to the following questions related to organizational development.

1. **Approximately how much will be needed for startup and development costs? Do you expect that this project will be self sustaining from operating revenues or is it likely that ongoing subsidy will be necessary? What are two top financial goals for the venture?**

2. **What are the likely sources of funding and/or financing?**

3. **Do you expect that this project will be self sustaining from operating revenues or is it likely that ongoing subsidy will be necessary? If ongoing subsidy will be necessary, what percent of your overall costs would need to be subsidized?**

4. **Do you have ideas for sustaining the project beyond initial funding and/or do you have an exit strategy for the project?**

Exercise: An Action Plan

Purpose: To identify leverage actions that will help strengthen your position to ensure successful planning and development of venture idea.

Instructions: Take time to reflect on at least three leverage actions that will increase your capacity to plan and implement your project idea. Potential areas for leverage actions may include:

Project Idea

- Defining & Clarifying Project Outcomes & Impacts
- Community Assessment
- Alternative Models & Approaches

Organizational Development

- Strategic Planning
- Systems Development (i.e., financial and information management)
- Staffing and Board Capacity
- Program Capacity (i.e., productivity, effectiveness, evaluation)
- Training & Technical Assistance

Feasibility & Sustainability

- Funding & Financing Plan
- Partnerships & Collaborative Strategies

1. Leverage Action I

2. Leverage Action II

3. Leverage Action III

Pre-Feasibility Analysis Worksheet

| | |
|---|--|
| | <p>Organization Name:</p> |
| <p>1. Project Name</p> | <p>1a. What is the working title of your project that is descriptive of the type of project you are developing?</p> <p>1b. Is there additional information or questions that we need to answer to effectively address the above question. Did this question raise additional questions that we need to address and/or explore?</p> |
| <p>2. Background</p> | <p>2a. What conditions and/or information led you to consider this particular project?</p> <p>2b. Is there additional information or questions that we need to answer to effectively address the above question. Did this question raise additional questions that we need to address and/or explore?</p> |
| <p>3. Description of Concept</p> | <p>3a. Describe the project, program, or business that you are developing. Include a description of the product or services that you expect to offer.</p> <p>3b. Is there additional information or questions that we need to answer to effectively address the above question. Did this question raise additional questions that we need to address and/or explore?</p> |

| | |
|---|--|
| <p>4. Target Customers</p> | <p>4a. Who are the potential customers? Are there specific market niches that make sense for this new venture? How big is the market?</p> <p>4b. Is there additional information or questions that we need to answer to effectively address the above question. Did this question raise additional questions that we need to address and/or explore?</p> |
| <p>5. Competition</p> | <p>5a. Who else currently provides the product and/or service? In what ways would the new venture be similar or different?</p> <p>5b. Is there additional information or questions that we need to answer to effectively address the above question. Did this question raise additional questions that we need to address and/or explore?</p> |
| <p>6. Potential Variations on the Venture Concept</p> | <p>6a. Are there alternative models for the venture or potential add-on features?</p> <p>6b. Is there additional information or questions that we need to answer to effectively address the above question. Did this question raise additional questions that we need to address and/or explore?</p> |
| <p>7. Ownership & Role of the Community-Based Organization</p> | <p>7a. Who will own and operate the venture (i.e., nonprofit organization, private individuals, cooperative, etc.)? What role will your community-based organization play? What other organizations and/or partner would be involved?</p> <p>7b. Is there additional information or questions that we need to answer to effectively address the above question. Did this question raise additional questions that we need to address and/or explore?</p> |

| | |
|---|---|
| <p>8. Operating Requirements</p> | <p>8a. What facilities or equipment will be required? Are there production methods, technical requirements or special needs that would make it difficult to operate this venture?</p> <p>8b. Is there additional information or questions that we need to answer to effectively address the above question. Did this question raise additional questions that we need to address and/or explore?</p> |
| <p>9. Management & Staffing</p> | <p>9a. What skills are needed for management and staff? Would these be difficult to obtain?</p> <p>9b. Is there additional information or questions that we need to answer to effectively address the above question. Did this question raise additional questions that we need to address and/or explore?</p> |
| <p>10. Financial Considerations</p> | <p>10a. Approximately how much will be needed for startup and development costs? Do you expect that this project will be self sustaining from operating revenues or is it likely that ongoing subsidy will be necessary? What are your top two financial goals for the venture?</p> <p>10b. Is there additional information or questions that we need to answer to effectively address the above question. Did this question raise additional questions that we need to address and/or explore?</p> |
| <p>11. Projected Economic Development Benefits</p> | <p>11a. What economic development benefits will result from this project? Is the anticipated resource investment (financial, human resource, etc.) consistent with the anticipated social and economic impact?</p> <p>11b. Is there additional information or questions that we need to answer to effectively address the above question. Did this question raise additional questions that we need to address and/or explore?</p> |

| | |
|---|---|
| <p>12. Risks, Drawbacks, Special Circumstances</p> | <p>12a. Any unusual risks? Organizational issues?</p> <p>12b. Is there additional information or questions that we need to answer to effectively address the above question. Did this question raise additional questions that we need to address and/or explore?</p> |
| <p>13. Examples of Similar Projects</p> | <p>13a. Where and by whom have similar projects been undertaken? What have the results been? What information and/or learnings can we take from these examples?</p> <p>13b. Is there additional information or questions that we need to answer to effectively address the above question. Did this question raise additional questions that we need to address and/or explore?</p> |