

Universities and Community Development: Three Case Studies from North Carolina

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Universities and colleges can influence the planning and economic development of their host communities through a number of vehicles. They can become partners with the municipality in which they reside, act independently through a for-profit agent, or act through a not-for-profit agent such as a community development corporation (CDC). Where there is an established community bordering on the campus, the university is very likely to participate in a community-based development corporation.

This article gives a brief overview of some aspects of community economic development efforts that are associated with various universities. Particular emphasis is placed on the outcomes of such efforts that are associated with three schools in Mecklenburg County—the University of North Carolina at Charlotte, Davidson College and Johnson C. Smith University.

The U.S. Department of Housing and Urban Development, in accordance with section 102(a)(4)(c) of the Department of Housing and Urban Development Reform Act of 1989, awarded four and one-half million dollars in 1992 to ten historically black colleges and universities (HBCUs) from an applicant field of thirty-four. The objective of this HUD program is “...to help HBCUs expand their role and effectiveness in addressing community development needs, including neighborhood revitalization, housing and economic development in their localities....” The 1992 recipients’ projects covered a wide variety of programs including:

- designing, developing and implementing a small business incubator;
- providing training and technical assistance for not-for-profit housing groups and community organizations;
- acquiring and rehabilitating deteriorated housing for resale or rent to low- and moderate-income people;
- constructing new infill housing for low- and moderate-income people;
- assisting private developers in the development of community retail and service opportunities;
- developing and applying a Geographic Information Systems-based analytical tool for community planning and development; and
- creating job and training opportunities for low- and moderate-income residents of public housing.

In North Carolina, Elizabeth City State University, Johnson C. Smith University, North Carolina A&T State University, and North Carolina Central University have received awards under this program. Each is conducting a variety of planning and economic development activities through the efforts of community development corporations. These institutions, at least partially, sponsor the CDCs.

Similarly, the U.S. Department of Health and Human Services, Office of Community Services, has developed a grant program to assist CDCs in their efforts to implement economic development in distressed communities. Bennett College in Greensboro has sponsored the formation of a community development corporation which received a \$500,000 grant under this program. The CDC is developing plans to establish a retail commercial center near the campus and to offer affordable commercial space to local entrepreneurs.

The Mary Reynolds Babcock and Z. Smith Reynolds Foundations are also major regional supporters of the

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efforts of universities and colleges as they engage in planning and community development. In addition, Seedco (Structured Employment/Economic Development Corporation), a New York City-based not-for-profit, has supported neighborhood partnership programs in collaboration with historically black colleges and universities. Seedco has received grants from among others, the Ford Foundation, the Charles Stewart Mott Foundation and R.J. Reynolds Tobacco Company. In North Carolina, Seedco has formed partnerships with Johnson C. Smith University and Winston-Salem State University to fund the start-up phases of their community development corporations.

Seedco's support for planning and economic development also includes its Partnerships for Self-Sufficiency Program. Seedco has selected five cities in the Midwest where community-based organizations work with a local college or university on job training and employment. In Canton, OH, Stark Technical College and the Association for a Better Community Development, Inc. are starting a transportation-related training business. In Dayton, OH, Partners in Rebuilding Dayton (PRD) and the University of Dayton are training unemployed neighborhood youths in the construction trades. PRD is a not-for-profit corporation formed by four neighborhood development corporations.

In Lansing, MI, Seedco is working with Advent House Ministries, Michigan State University, Lansing Community College and St. Lawrence Hospital to expand an existing bakery/catering business. This partnership is also investigating starting an appliance repair and resale business. The Milwaukee-based Lisbon Avenue Neighborhood Development, Inc. (LAND) is working with the University of Wisconsin-Milwaukee to plan the operation of a business for women on welfare. In Wausau, WI, Seedco has formed a partnership with the Hmong Mutual Association and North Central Technical College to operate an as-yet-undefined training business for Hmong refugees from Laos.

In 1992, *Rebuilding Communities: A National Study of Urban Community Development Corporations* by Avis C. Vidal of the New School of Social Research, found that 28 percent of the providers of technical assistance and support to CDC's are university-based. This support is usually provided through specialized, relatively free-standing centers such as the Pratt Institute's Center for Community and Environmental Design in New York and Cleveland State University's Center for Neighborhood Development. In North Carolina, the catalyst is usually a dynamic university president with an understanding of the relationship between the future viability of the institution and the economic, social and political viability of the communities surrounding them.

These universities, in concert with existing community resident associations, local merchants' associations,

churches and the general business community, are forging the links between "town and gown" that will insure that each will survive and thrive in the future. Sometimes, it has been more than just the ties between the university and the community that have been allowed to deteriorate. Often residents with long time career and educational associations with the universities have died out and been replaced by other residents who have little stake in, or appreciation for, the resource that the university represents.

The University of North Carolina at Charlotte

By the late 1970s, the patterns of growth in Mecklenburg County had become the topic of a continuing and heated discussion. The Charlotte Mecklenburg Planning Commission, the builder/developer community and the local news media were engaged in detailed and often intense conversations about how and where major growth should be occurring. All saw the need to prevent Charlotte from becoming another example of undifferentiated urban sprawl with a declining quality of life.

After considerable discussion, a consensus was reached that more forceful action was needed to offset the rapid development occurring in the southern and southeastern portions of the county. Research by the Planning staff and University of North Carolina at Charlotte (UNCC) geographers showed that residential and retail development clustered in a planned mixed-use community located near the campus and the University Research Park would make the area even more attractive to new employment sources. The Research Park began in the late 1960s with 750 acres and has grown to more than 2,500 acres that have been developed with over four million square feet of office and high technology uses employing more than 10,000 persons.

The UNCC/Planning Commission team identified a 240-acre tract owned by the university as the most appropriate site for this new planned mixed-use development. However, the University had planned to make use of this land for its future growth. After a planning effort that drew in not only the Planning Commission and the University but also the Research Park, the Foundation of UNCC agreed to assemble other acreage which they could exchange with the University for the target site.

Approvals for the exchange, as well as related legal questions, had to be cleared through the Council of State and the Office of the Governor. The approval of the County Commissioners was also needed because a portion of the target site had been donated by them to the University with the understanding that it would revert to the County if it were not to be used for University purposes.

After a two-year detailed planning process that included an international new town symposium in late

1981, the "new town" plan was finally completed and approved by the local governing bodies that controlled zoning and public utilities extensions. In late 1982, after a nationwide solicitation for proposals, the Carley Capital Group was announced as the developer of the site. In 1984, construction on the anticipated \$400 million project began. A hotel/conference center complex, a community shopping center, a major office complex and several thousand residential units in a number of architectural styles were developed around a ten-acre lake. In 1985, the 130-bed University Memorial Hospital was built immediately adjacent to the site. The local Hospital Authority built the facility to support the rapidly growing population and employment base.

UNCC's involvement and the significant efforts of many key administration and academic personnel helped the Charlotte-Mecklenburg Planning Commission redirect growth in the county. The result was a well-planned, pedestrian-scaled community with full amenities from the day it opened.

Davidson College

Not all planning and economic development efforts of universities and colleges are concentrated in urban areas. Davidson College is a Presbyterian-affiliated college founded in 1837 in the extreme northern end of Mecklenburg County. It is a good 20-minute trip from the heart of Charlotte on Interstate 77. The College has been and remains the single largest economic, political and social force in the 4,200-person town of the same name in this rural/exurban area on the shores of Lake Norman.

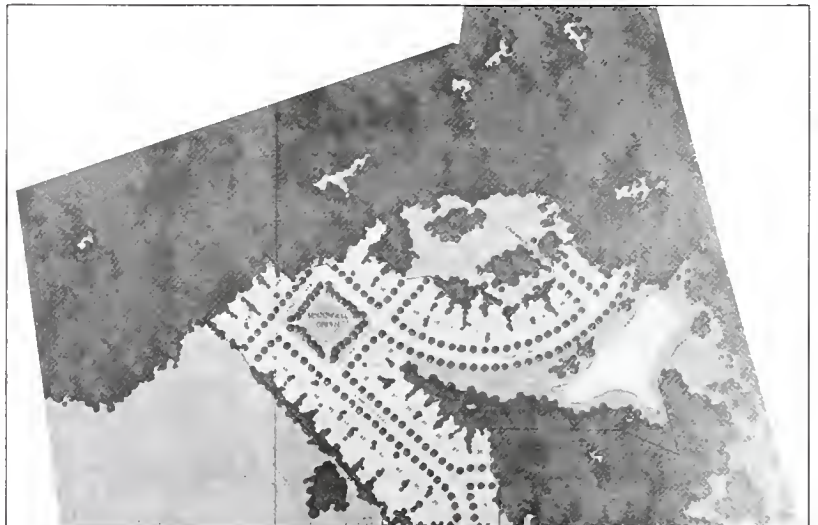
Within this bucolic setting, Davidson College has undertaken a forward-looking and thoughtful campaign of planning and economic development that also reflects an attitude of enlightened self-interest. Over the years, the College has noted increasing difficulty in recruiting and attracting new junior faculty and staff because of the rising cost of new housing. This only exacerbated the problems that Davidson shares with other small private colleges of paying salaries competitive with those offered by the various state universities or the larger private ones.

Much of the immediate pressure had begun to develop as the Charlotte housing market expanded into the area. The property around Lake Norman, which had seen little significant activity for the 20 years following its creation, was discovered as a location for both first and second homes. The efforts of Mecklenburg County to redirect some of its growth to the northern portions

of the county also attracted attention to unexploited opportunities represented by the small town, exurban and rural atmospheres of Davidson.

Many new and junior faculty and staff at the College found themselves having to live further away from the campus because of the relatively limited and expensive housing that was near the campus. This situation worked in direct opposition to the concept of an academic community where there was a strong and continuing interaction among not only the students and the faculty but also among the faculty and staff.

Enter Davidson College as planner and economic development catalyst. As is the case with many schools, Davidson occasionally receives donated property and lands that are not directly adjacent to the campus and thus are difficult to integrate into the educational mission of the institution. The old 98-acre McConnell farm, a little more than a mile from campus, had originally belonged to an early 20th century College physician and



The McConnell project allows Davidson to provide affordable housing to faculty and staff.

Biology professor. The land has been owned by a College subsidiary, the Davidson College Development Corporation, and leased to area farmers since the 1950's. Recently, the College developed a plan to use the land to address its faculty and staff housing problems.

The development concept is fairly simple. The College, which owns the land, has formed a partnership with a local land developer and a home builder. The College sells the land to the land developer who makes the appropriate improvements resulting in a subdivision with platted lots, streets, curbs and gutters, water/sewer service, planned open space, etc. When a College employee indicates an interest, the College buys back from the developer a finished lot. The developer and builder are free to sell to the general public the houses and lots not bought by the College.

The arrangement between the College and its employee is straightforward: you may lease your lot from the College and build a new house there. The lease is for 99 years and there is a small "land use fee" that the home owner pays to the College beginning in year six of the land lease. As a result, home owners can now spend more on a house because they are not financing the cost of the land. In a typical \$140,000 home \$35,000 is for the price of the lot and only \$105,000 is for the price of the house. The home owner can now afford to spend \$140,000 on the house. However, College employees can also purchase the lots outright before they are offered to the general public. In addition, the College has innovative programs that offer down payment and mortgage assistance. The down payment assistance of up to five percent is only available to those who might wish to live in the McConnell neighborhood, and may be used in conjunction with a leased lot arrangement. The monthly mortgage assistance option is available for any home purchased within two miles of the campus.

When a faculty or staff member is ready to leave the College, they settle with the College for the appreciated value of the leased lot. In effect, they are able to pay the bulk of the land use fee in such a way that they share with the College in appreciation of the property. At the time, the College also has a "right of first refusal," and can purchase the house so that it can be made available to other employees under similarly advantageous terms. Throughout their occupancy as "home owners," the faculty or staff members pay the property taxes on the land and the improvements just as though they owned it under a fee simple arrangement. Ownership of houses purchased under these provisions can not be transferred except to a surviving spouse of a College employee. Instead, the house must be sold under College-sanctioned procedures.

The first 37-lot phase of the 198-lot McConnell neighborhood, was opened for sales in October 1992. By early December there were ten contracts with buyers being evenly split between College personnel and the general public. Of those 37 lots, seventeen have been allocated for College personnel and 20 for general public sales. Development phases of approximately 30 lots are planned for each succeeding year until the entire "neighborhood" has been completed. The College expects approximately 25 to 30 percent of the entire neighborhood to be developed under the land lease scenario.

The College's control of the land and lack of interest in short-term profits makes them a very stable partner for the land developer and the builder. As a result, the College's involvement has made this neighborhood more attractive to potential homebuyers. First Union National Bank has already agreed to handle the permanent financing and Fannie Mae approval will probably

have been received by the time this article is published.

This has not been the only experiment with housing that Davidson College has tried over the years. Among other things, they leased College-owned houses directly to their personnel. Over time, however, many of these efforts have proven to be inadequate to meet the full scope of the need. Programs like Davidson's have also been attempted at Princeton and the University of California at Irvine. In all of these cases, the institutions' involvement in planning and economic development offers potential partners, as well as bankers, a better feeling about the risks associated with the volatile real estate market.

Johnson C. Smith University

In late 1985 a group of men and women met on the campus of Johnson C. Smith University in Charlotte. Their purpose was to chart a strategy to improve the lives and environment of the residents of the area centered on Beatties Ford Road near this historically black university. These neighborhood, business and civic leaders were concerned with the environmental quality, neighborhood services, economic opportunities and housing stock in this largely black and economically depressed area. In 1985, Charlotte had been experiencing phenomenal growth and prosperity, however, the



Historic Biddle Hall on the campus of Johnson C. Smith.

area around the University continued to be affected by many problems endemic to deteriorating inner city neighborhoods such as crime, poor housing, the absence of neighborhood amenities and little or no employment.

At the conclusion of the meeting, those in attendance agreed to form a coalition to develop and support a revitalization effort. The concept came to be known as "Project Catalyst" and was aimed at those neighborhoods immediately adjacent to the University. Over the next several years, the Project Catalyst task force developed a plan for these depressed communities. They were also able to raise over \$150,000 in public and private funds to pursue a number of focused objectives. These objectives included:

- conducting a demographic survey of the population living in the area;
- hiring a part-time coordinator to help better organize the citizens and to engage them in discussion and analysis of community needs;
- developing a vision, a land use plan and a site plan for what the target area could become; and
- encouraging substantial corporate, philanthropic and local government support for the revival and renewal of the badly depressed communities.

The task force remained in existence for almost four years and was moderately successful in achieving these objectives. However, the participants recognized that a more formal mechanism with an appropriate funding base was needed to fully realize their vision for the area. The decision was made to form an official community development corporation. With the consent of the task force and neighborhood leaders, the President of the University and his staff began to solicit foundations to secure funding for the establishment of such an entity.

In the spring of 1989, Johnson C. Smith University was invited to submit a proposal to the Ford Foundation for support under their urban initiatives project. After a year of discussions and negotiations, the Foundation made a grant of \$175,000 to the University through its intermediary Seedco. A not-for-profit, community-based development corporation was established as the instrument for empowering the twelve formally organized neighborhood associations in the northwest quadrant of the city.

In February 1991, the Northwest Corridor Community Development Corporation was established and officially incorporated. The Corporation is a cooperative effort of the citizens and businesspersons of the Corridor, Johnson C. Smith, the neighborhood associations, the corporate community and the City of Charlotte. Governed by a fourteen-member board, the CDC has established the following specific objectives:

- to create a positive image for the Corridor;
- to spur economic development with an emphasis on nurturing and creating opportunities for residents to own, manage and operate businesses in the Corridor;
- to develop affordable and desirable mixed-style housing in the Corridor;
- to nurture community pride in all citizens of the Corridor; and
- to address the human service needs which are appropriate for a community-based CDC.

The Corporation, whose offices are housed on the campus of the University, worked closely with the University, community leaders, the City of Charlotte (through its Community Development Department staff), and business leaders to refine the vision begun under the Project Catalyst effort.

The second direct outgrowth of the efforts of Project Catalyst was the founding of the West Charlotte Business Incubator. One of the major problems identified by the earlier group was the lack of retail and service providers within the community. This situation was compounded by a lack of experience and support generally available to those persons who might wish to develop retail and service businesses. The Incubator was designed to protectively nurture new businesses, and thereby to increase their chances of becoming economically viable.

The Incubator not only provides space where new businesses can operate at reduced lease rates, but also a network of supportive and educational services. After three years under the umbrella of the Incubator, businesses are expected to have become strong enough, and their operators skilled enough, to enter into and prosper in the regular business environment.

To facilitate the development of the Incubator, the University leased two acres of its land to this new operation for one dollar per year for 20 years. The Incubator was dedicated in July 1991 and is now functioning with approximately 20 minority entrepreneurs on site. The 10,000-square foot facility is a substantially rehabilitated Civil War-era iron works that supplied cannonballs to the Confederate navy.

The third major outcome of Project Catalyst was the design and implementation of a streetscape plan for the West Trade Street/Beatties Ford Road corridor. This \$1.2 million, City-funded public improvement scheduled to be completed in 1994 includes:

- the realigning and improving of the Five Points intersection immediately in front of the University campus;

- the design and implementation of a new, heavily-landscaped pedestrian entrance to the campus involving the relocation of an historic stone arch;
- major tree planting and landscaping projects at the Interstate 77/West Trade Street and Brookshire Freeway/Beatties Ford Road interchanges; and
- the construction of landscaped focal points/pocket parks on each of the major approaches to the improved Five Points intersection.

To support its core operations, the CDC has recently been awarded a \$407,000 grant from the United States Department of Housing and Urban Development under its "Historically Black Colleges and Universities Program." Specific projects have been identified for implementation during the three year life of this grant. These include:

- the construction of an office/retail complex at the Five Points intersection immediately across from the University;
- the development of affordable housing for low- and moderate-income residents, as well as the revitalization of aging, moderate-income housing stock already in existence;
- the creation of economic development opportunities both in terms of outlets for locally-consumed goods and services, and for new jobs for Corridor residents; and
- the development and implementation/coordination of a plan to address the multi-faceted human services needs of the community residents.

In pursuit of these goals, the CDC has recently successfully negotiated a \$200,000 line of credit to capitalize a Community Real Estate Fund (CREF). The purpose of this subsidiary not-for-profit corporation is to acquire vacant parcels for infill residential development. NationsBank, First Union National Bank, and Wachovia Bank and Trust were responsible for providing this initial funding. Discussions have been initiated for a similar instrument dedicated to non-residential development.

The CDC is also working with the owners of a deteriorating shopping center within the Corridor to provide

gap financing through its foundation sources and the City of Charlotte. For its assistance in this effort, the CDC expects to acquire a substantial ownership interest in the redeveloped shopping center. Another benefit of this arrangement should be the creation of a continuing income stream to help cover core operating expenses for the CDC when grant funding ends in three years.

Another of the CDC's projects is to negotiate with local banks for construction and permanent financing of a small office and retail complex. If successful, this project will be built on the site of an abandoned furniture store presently owned by the University. The CDC and the University would be partners in the venture that might net the CDC not only an additional income stream to help with future operations, but also office space independent of the University campus.

Finally, the Z. Smith Reynolds Foundation has awarded the CDC a \$50,000 grant. These funds will support a detailed human services needs assessment for Corridor residents, as well as several phases of predevelopment activity for the infill housing projects previously discussed.

Conclusions

The efforts of these three schools have and are significantly influencing development in Mecklenburg County. In the case of UNCC, the effort resulted in the coalescence and implementation of important public policy on growth management in northeastern Mecklenburg County. In the case of Davidson College, the broader goals of the school were effectively integrated into the private sector housing market's functioning. In the case of Johnson C. Smith University, the effort will result in the implementation of a major public policy on neighborhood revitalization in the Northwest Corridor.

Efforts in the Northwest Corridor continue to find grant money as well as sensitive, patient capital and funds for predevelopment activities. Where UNCC was able to work with municipal governments and its Foundation, and Davidson College was able to craft an agreement with a local developer, Johnson C. Smith University and the Northwest Corridor CDC must generate partners to assist in their efforts. At least in part this is because the Davidson and UNCC area efforts were easily integrated into the private market function. The challenge in the Northwest Corridor will be to supplement, augment and leverage private market functions to make them work to the advantage of a distressed community. CP