Brookings Metro

Institutionalizing inclusive growth:

Rewiring systems to rebuild local economies

CASE STUDY

Cincinnati, Ohio

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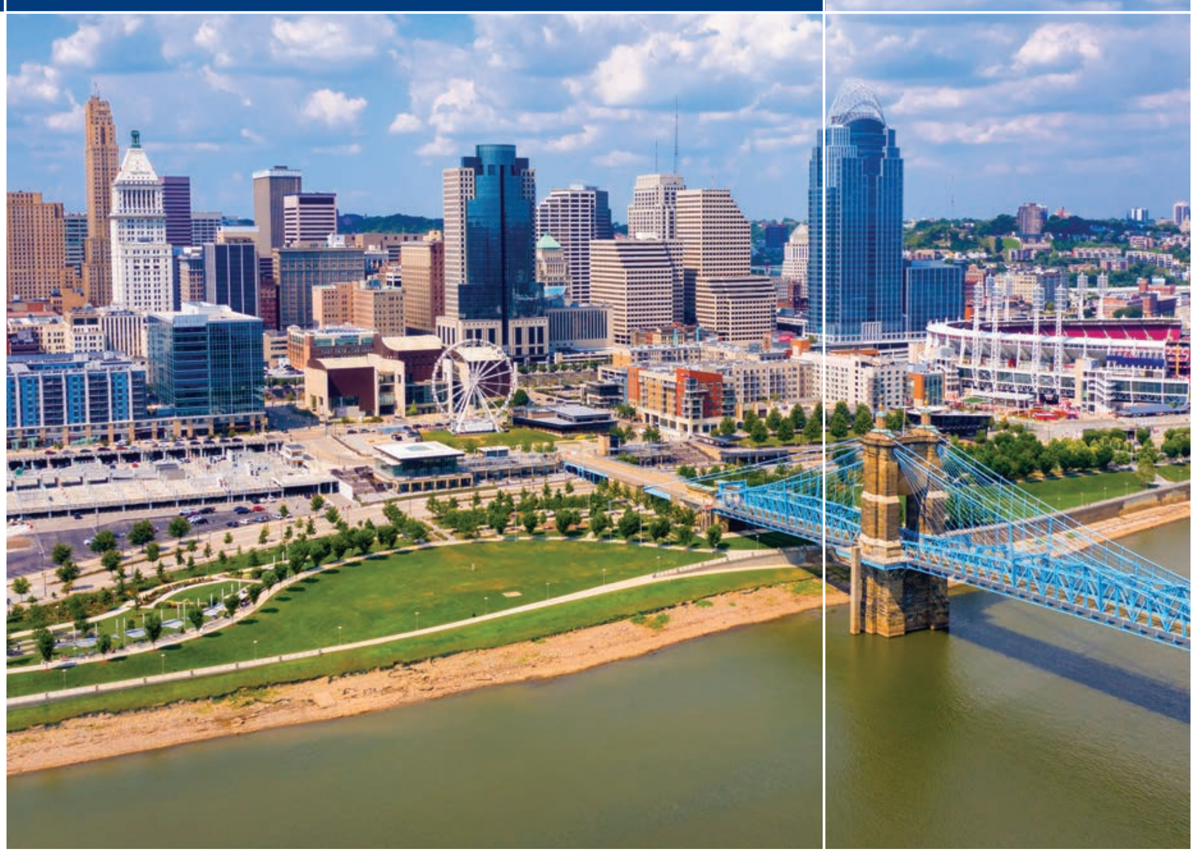

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Background

In 1850, Cincinnati was the sixth-largest city in the United States, owing to an advantageous position at the intersection of river and rail trade. By the 1850s, the city had become the nation's production center for pork and pork byproducts. A landscape of nearly 30 lard oil factories made tallow candles and lard-based soaps, including a nascent partnership led by William Procter and James Gamble. From this industrial base, Cincinnati benefited from the America's mid-20th century manufacturing boom, and its population peaked at just over 500,000 in 1950. Over this century, Procter and Gamble, Fifth Third Bank, Kroger, and other Fortune 500 companies were founded there, and are still thriving today.

Like many older industrial cities, global competition hit Cincinnati's manufacturing sector hard during the 1970s and 1980s. The combination of urban deindustrialization and suburbanization shrank the central city's population by one-third between 1950 and 2000.[1] Discriminatory housing and land use policies ensured that the region was segregated along racial lines. The city's Black population share increased from 16% to 43% between 1950 and 2000.[2] Following significant riots in the summer of 1967, the Johnson administration published a report by the National Advisory Commission on Civil Disorders that highlighted the swath of structural issues faced by Black Cincinnatians.

By 2001, Cincinnati's leadership was struggling to maintain the city's foothold in a changing economy and address the persistent structural problems of poverty, segregation, unemployment, and police brutality within Cincinnati's Black neighborhoods. These issues were brought to the nation's attention when, in April 2001, Cincinnati police officer Stephen Roach shot an unarmed 19-year-old Black man named Timothy Thomas. Tensions had already been high in the Cincinnati area after a series of incidents involving police brutality and racial profiling, and Thomas' death became a flashpoint for the city, sparking a large, peaceful protest that soon evolved into violent confrontations with the police. Four nights of protests ensued. One city councilwoman called the unrest "a time bomb that had exploded."[3]

Then-Mayor Charles Luken immediately chartered the Community Action Now (CAN) commission. Consisting of business and community leaders, CAN responded to the 2001 unrest by forcing the city to reform the police and consider broader strategies to improve economic opportunity for the city's Black residents.

The unrest created an inflection point for the Cincinnati's government and civic institutions. In its aftermath Mayor Luken, dissatisfied with the impact of local government on the city's economic condition, closed the Economic Development Department and Planning Commission (they have since been reopened). The mayor chartered an Economic Advisory Task Force in partnership with support of the Cincinnati Business Committee. Large corporations, led by Procter and Gamble, inserted themselves more in local economic strategy, with the recognition that urban disinvestment made Cincinnati less attractive to corporate talent and frayed social cohesion and governance. With corporate leadership and financing, new private organizations were formed to revitalize downtown and its adjacent Over-the-Rhine neighborhood and accelerate business ownership in the Black community through corporate efforts to work with diverse suppliers.

In the intervening decades, the city's largest nonprofit anchor institutions, which include the Cincinnati Children's Hospital Medical Center and the University of Cincinnati, have grown their footprint, raising new questions about how growth in educational and medical institutions can benefit marginalized communities. Similarly, a nascent stakeholder capitalism movement is underway, spearheaded by the Cincinnati USA Regional Chamber's multipronged economic inclusion approach.

Two decades later, one cannot help but draw parallels between Cincinnati's 2001 unrest and the events of 2020 and 2021. The profoundly unequal economic and health impacts of the COVID-19 crisis and the police killings of George Floyd and Breonna Taylor forced Cincinnati to again confront its own racial and economic inequities, and how those injustices limit the potential of the talent and entrepreneurship bases on which the city's ongoing competitiveness depends.

PHOTO: 3CDC

▲ Duncanson Lofts is a mixed-use project that included the renovation of six vacant and dilapidated buildings into 25 condominiums and more than 9,000 square feet of street-level commercial space for six businesses. The $7.4 million project was one of the first mixed-use residential projects completed by 3CDC.

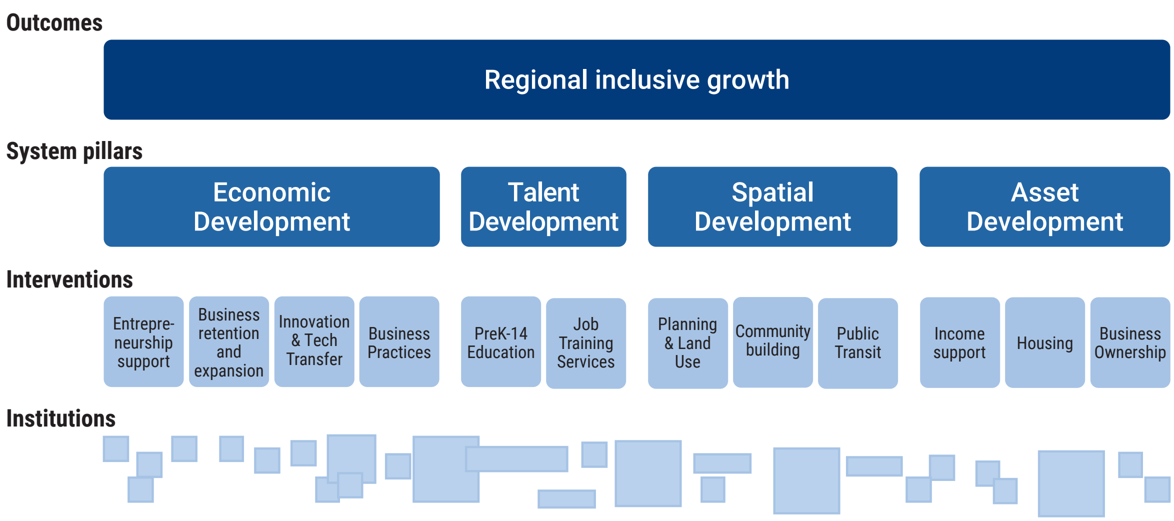
What is a regional economic system?

Regional economic systems are complex, meaning that their outcomes are influenced by the hard-to-measure interactions of markets and institutions. To make sense of all these inputs, this case study explores Cincinnati's regional economic system through four contributing "system pillars":

- **Economic development**: Entrepreneurs and businesses participate in regional economic systems through the production of goods and services, the creation of jobs, the hiring and training of workers, and the generation of new knowledge and innovation. The economic development pillar consists of institutions and policies that enable the creation, innovation, growth, and attraction of businesses (and thus jobs). In recent years, a new dimension of job creation policies has sought to influence business practices and norms related to hiring, supply chain procurement, and diversity, equity, and inclusion strategies.
- **Talent development**: Individuals and workers participate in regional economic systems by contributing their talent and time to the production of goods and services through labor markets in exchange for wage income. The talent development pillar consists of institutions and policies focused on helping individuals build their skills and capabilities (e.g., education, workforce development) and the employers they sometimes partner with to place individuals into jobs.

- **Spatial development**: Regional economies are not only business and labor markets, but physical spaces whose built environment influences residents and businesses. The spatial development pillar consists of the physical and social infrastructure that enable economic participation, implicating public, private, and nonprofit organizations focused on transportation access, community-building, and housing and land use.
- **Asset development**: The first three pillars together shape the productive structure of a local economy and how it shares the income generated by that production. Of course, income gains ultimately lead to greater assets and wealth, but asset development is a separate pillar because it is predominantly driven by the systems that influence ownership—of homes, businesses, financial assets, and inheritances. The asset development pillar consists of institutions and policies focused on building those assets through financial planning, homeownership, and entrepreneurship. Wealth also affects how individuals participate in regional economies—the neighborhood one can live in, the school one can attend, and the capital one can access to start a business or fund their education.

Figure 1. Local institutions influence regional economic performance through interventions in four main system pillars: economic development, talent development, spatial development, and asset development



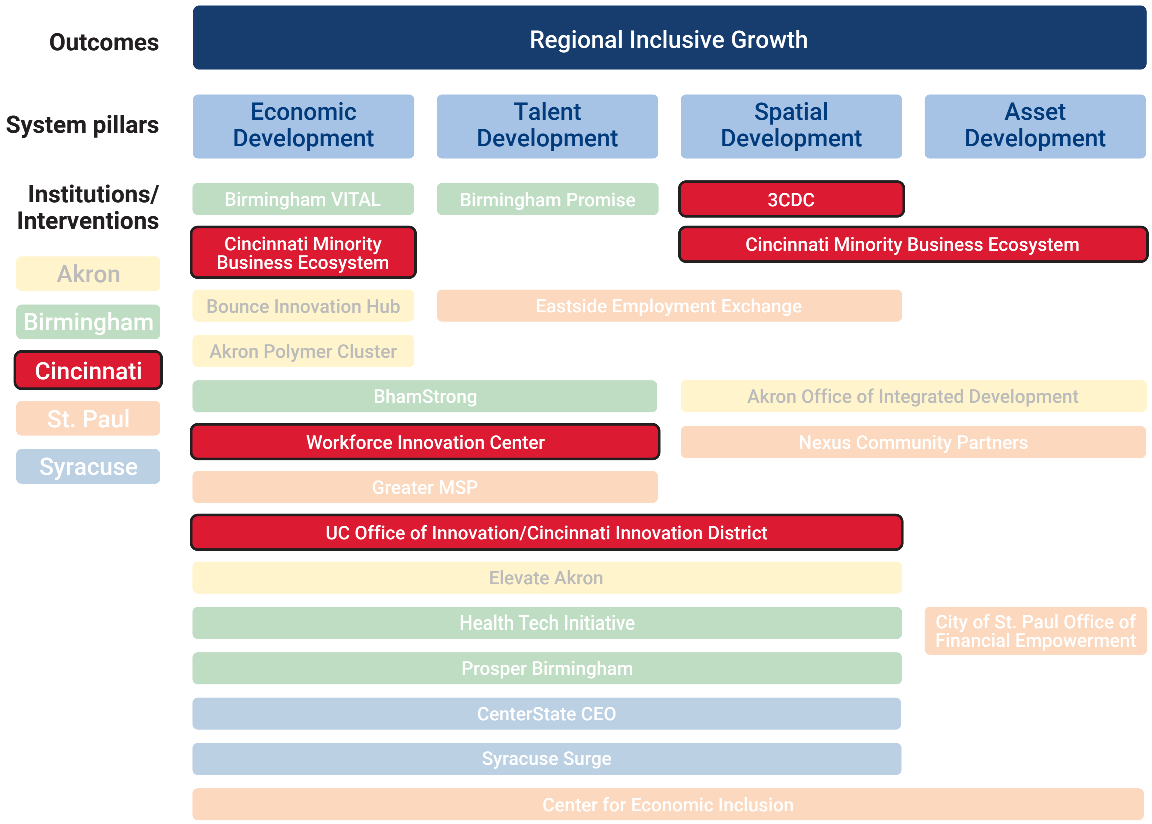
Source: Brookings Metro interview and case study findings

What is systems rewiring?

Rewiring systems in pursuit of greater inclusive growth has two purposes. First, changing ***for whom*** systems work, by adopting more specific, disaggregated goals and targeting strategies toward excluded populations. Second, changing ***how*** systems work, by investing in interventions that build capacity both within and across the four inclusive growth pillars to drive impact at greater scale. These are often reinforcing purposes, in that committing to a greater emphasis on advancing inclusion forces systems to add greater capacity to meet those new goals.

Based on these two objectives, this case study documents the institutions involved in four exemplary interventions, each contributing to inclusive growth by emphasizing a greater focus on inclusion and/or by improving systemic capacity by operating across the system pillars.

Figure 2. Five city case studies profile institutions that are spearheading 20 inclusive growth interventions across four system pillars



Source: Brookings Metro interview and case study findings

The conclusion from these four interventions—along with 16 other inclusive growth interventions from four other older industrial cities codified in this guidebook—is that systems rewiring has several components: ***understanding*** the regional system, ***intervening*** in the regional system, and ***measuring*** the regional system.

The three components each have sub-elements that correspond closely to processes or projects that leaders often go through within their organizations or as part of regional coalitions. Importantly, the ordering of these components and sub-elements should not imply that rewiring occurs through an organized, centralized, or linear process. Systems rewiring is a continuous, complex process, not a step-by-step recipe; no city, including Cincinnati, pursues these three steps in this exact way.

A new system is emerging in Cincinnati, through the efforts of regional leaders we profile in this case study. But the process is organic, not top-down. No one organization dominates; instead, individual institutions and institutional coalitions intervene in new ways across economic development, talent development, spatial development, and asset development to advance inclusive growth.

Rewiring systems requires finding those leverage points where new investments, institutional shifts, or multi-institutional collaborations can most effectively reduce barriers that prevent workers and businesses from meeting their productive potential. In Cincinnati, a modern set of institutions are operating at those leverage points to rewire the region's economic system to generate more inclusive growth and prosperity. While in no way exhaustive of work being done in the region, the next section outlines four key examples of these shifts.

GREGORY GLEVICKY, CINCINNATI INNOVATION DISTRICT/ UNIVERSITY OF CINCINNATI OFFICE OF INNOVATION

Four inclusive growth interventions

▲ Cincinnati leaders at the 'Power of Place' event on Oct. 25. 2021. Pictured left to right: David J. Adams, Governor Mike DeWine, Candice Matthews Brackeen, Lt Governor Jon Husted

Evolving a university to catalyze innovation, upskill workers, and grow good jobs

System pillars: Economic development, talent development, spatial development
Rewiring process: Institutional evolution, institutional alignment
Key institution: University of Cincinnati (UC)

Regional economies upgrade and create new jobs through continuous innovation. The University of Cincinnati's Office of Innovation (UCOI) is a leading model for how research universities can catalyze innovation-based economic growth in midsized cities. With a staff of 25 and an annual budget of $10 million, the UCOI oversees a comprehensive innovation agenda, including the university's technology transfer office, the Venture Lab pre-accelerator program, the development and curation of the Cincinnati Innovation District (CID), the 1819 Innovation Hub (nerve center of the CID), and the "front door" for corporate partnerships and other special projects. By consolidating all these functions in one office under the leadership of a chief innovation officer, the university offers an accessible innovation platform for its 46,000 students, 7,000 faculty, and external corporations, startups, universities, and residents.

Catalyst

New leadership catalyzed the Office of Innovation's current era. In 2017, Dr. Neville Pinto became UC's 30th president, and soon launched a strategic vision that invested in a new "innovation agenda" as one of its three core pillars. To lead that innovation agenda, Dr. Pinto hired David J. Adams to be UC's chief innovation officer, a new position tasked with both overseeing existing university functions (such as technology transfer and research partnerships with industry) and launching new priorities like the Venture Lab and the 1819 Innovation Hub. Dr. Pinto's rationale behind this major focus on innovation stemmed from the recognition that "universities are in a unique position to bring together multiple constituents—not just students and faculty, but also alumni, the community, and leaders across industries—to solve challenges and seize opportunities in new and unexpected ways. Having a dedicated innovation hub enables us to do that; it's a space where these collisions can occur." Additionally, as the "city's university," Dr. Pinto recognized that partnering with the Cincinnati business community on talent development could both prepare and connect students to good jobs and help retain and attract employers to the region.[4] But this would require UC to significantly evolve its innovation agenda.

"Universities are in a unique position to bring together multiple constituents—not just students and faculty, but also alumni, the community, and leaders across industries—to solve challenges and seize opportunities in new and unexpected ways. Having a dedicated innovation hub enables us to do that; it's a space where these collisions can occur."

— Dr. Neville Pinto, President, University of Cincinnati

Execution and key stakeholders

In 2017, David Adams was hired as UC's first chief innovation officer, a new cabinet-level position that had the unique status as a direct report to President Pinto. Adams argued that "research universities provide the fuel—research and talent—that the modern economy needs to innovate and grow." His task, as he saw it, was to assemble and *accelerate* the university's innovation agenda to bolster Cincinnati's economy.

Assembling the agenda meant bundling and reforming three key innovation services in one "Office of Innovation": technology transfer (the team that manages the commercialization of faculty and student research), industry partnerships (the front door for corporations that want to access students, conduct joint research, license technology from faculty, or access educational resources), and entrepreneurship support (the team that supports student and faculty startups). All these services seek to strengthen the existing business community and to translate knowledge and ideas to the marketplace, with the eventual hope of generating Cincinnati-based companies, jobs, and wealth.

- **University technology transfer** teams help clarify who owns the intellectual property (IP) when faculty or students seek to commercialize their research. Working with 14 other Ohio universities, the UCOI was the model for the development of the Ohio IP Promise, which introduced transparent, flexible, and simple IP guidelines that have eased friction for both faculty and corporations.

- **Industry partnerships** were streamlined by creating a "white glove" service for key partners to quickly and efficiently access university resources and, as part of the Ohio IP Promise, shorten the time and complexity of joint research or licensing opportunities with industry.
- **Entrepreneurship** support received a major injection of resources through the 2018 launch of UC's Venture Lab, a pre-accelerator and accelerator program that works with students and faculty to simplify the process of starting a company. The seven-week accelerator program connects university students, faculty, staff, and alumni to coaching and funding to help launch new companies. The Venture Lab is staffed by cohort managers and entrepreneurs-in-residence, and the program draws on a wide range of coaches, service providers, and subject matter experts.

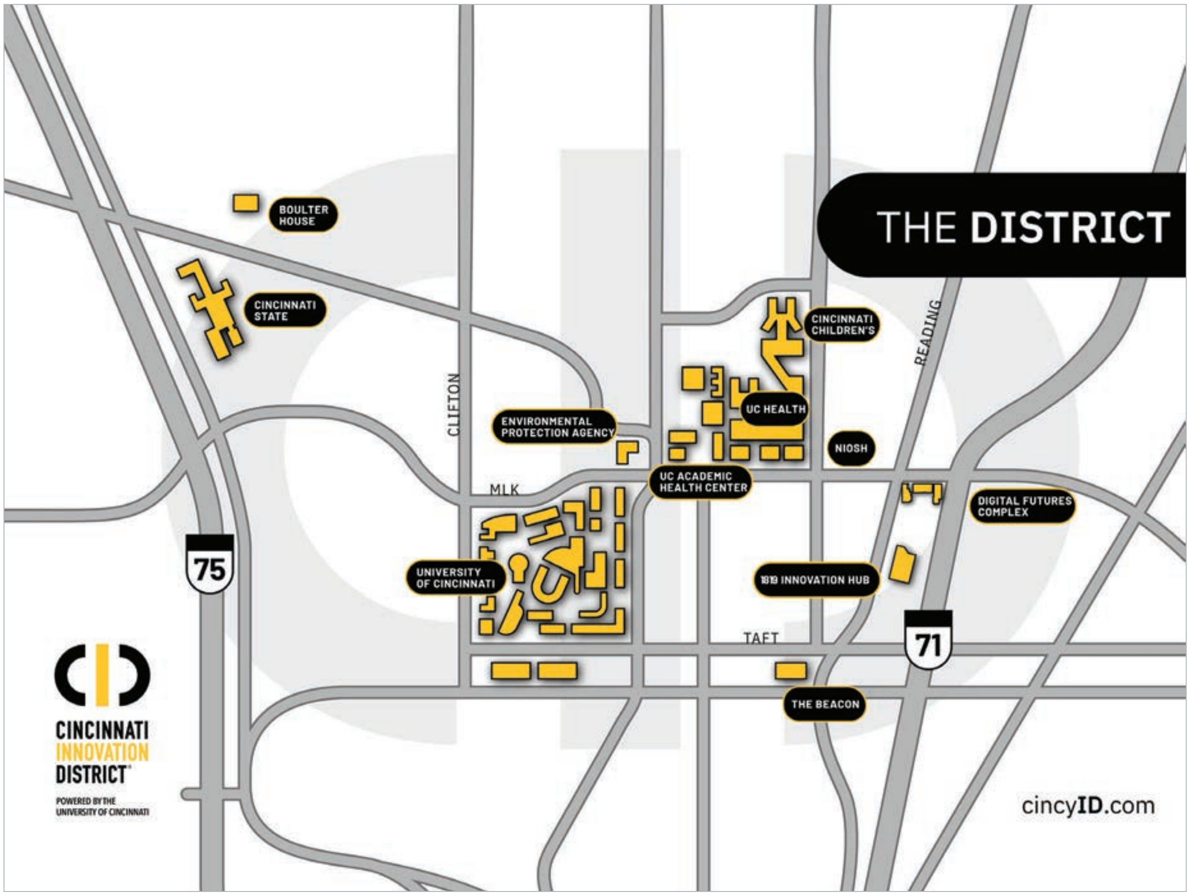
Accelerating this agenda meant new investments in Cincinnati's innovation ecosystem. The 1819 Innovation Hub, named after the year of the university's founding, is the centerpiece of the new Cincinnati Innovation District and serves as the physical space for leading corporations and supportive intermediaries in Cincinnati's entrepreneurship and innovation ecosystem. Based out of a former Sears, Roebuck and Co. department store, the 133,000-square-foot headquarters was renovated using $38 million from UC.

The space's design intends to serve multiple stakeholders. Fourteen corporations, including six Fortune 500 companies, have established physical presences in the hub. Procter and Gamble collaborates with students on engineering projects via its $13 million UC Simulation Center. Cincinnati Bell (now altafiber) recently signed a 10-year partnership to install a corporate innovation center. The Kroger Co. launched a Knowledge Action Center in May 2019 to bolster its research and innovation infrastructure. By collocating next to the university, these companies maintain an existing network of incoming and future talent into their organizations, and students gain access to work-based learning experiences.

The 1819 Innovation Hub has also intentionally invested in the entrepreneurial commons. A 12,000-square-foot prototyping and microfactory facility enables entrepreneurs, inventors, and tinkerers access to high-cost technologies such as high-performing 3D printers, laser cutters, CNC routers, and a waterjet cutter that they individually could not afford. CincyTech, the region's public-private seed stage investment agency, moved into the space in 2018. Both the Hillman Accelerator, which targets traditionally underserved growth entrepreneurs, and MORTAR, Cincinnati's leading service provider for community-based small businesses, are running their accelerator programming out of the hub

Evolving UC has created new opportunities for broader alignment with other key institutions. As the 1819 Innovation Hub's leader, Adams has used his perch at the university to make the building the center of the burgeoning Uptown Innovation Corridor, a 65-acre hub whose design was spearheaded by five of the most powerful entities in Cincinnati (the University of Cincinnati, UC Health, Cincinnati Children's Hospital, Cincinnati Zoo, and TriHealth) and stewarded by a wide range partners including the Cincinnati USA Regional Chamber, REDI Cincinnati, the Cincinnati City Council, Terrex Development and Construction, the Uptown Consortium, and the Avondale Community Council.

The major real estate investment also has significant impact on spatial development. Uptown Innovation Corridor, within the Cincinnati Innovation District, touches five core neighborhoods (Avondale, Clifton, Corryville, University Heights, and Mt. Auburn) and thus has engaged with the community-based groups and neighborhood councils led by residents of those communities. With $400 million flowing into the Uptown Innovation Corridor, work remains on how the residents of these communities will benefit directly, but community engagement is a requirement for these real estate investments to extend into beneficial economic development.



CINCINNATI INNOVATION DISTRICT

▲ The Cincinnati Innovation District.

Outcomes

The UC Office of Innovation is one node in a much broader regional system of corporations, investors, entrepreneurs, researchers, students, and civic organizations acting in pursuit of a virtuous cycle of innovation-led economic development. In that cycle, UC fulfills its mission as an advanced research institution: producing a high-skilled workforce, leveraging its educational resources to upskill and reskill individuals, conducting impactful research and development, and generating entrepreneurial spinoffs from students and faculty.[5] Economic growth occurs when, in a knowledge-based economy, corporations seek adjacency to these outputs and create new jobs. Research suggests that, for each new university patent, 15 additional jobs are created outside the university in the local economy, typically due to new business entrants.[6]

Of course, the linkage between university research, commercialization, and inclusive growth is neither automatic nor immediate. There are frictions at every stage of the process. Some universities are better at engaging with their surrounding local businesses and entrepreneurs, while some cities have entrepreneurship and industry bases that are more ready to complement university research.

The UCOI's trendlines suggest it is a promising practice:

- Regarding technology transfer, the UCOI has generated record commercialization metrics for the University of Cincinnati in terms of inventions.
- Regarding entrepreneurship, the UCOI has generated a 400% increase in startups spun out of University of Cincinnati IP in its first year, and a 1,000% increase since its establishment in 2018. Between July 2019 and January 2020, the Venture Lab has enabled startups to receive more than $1.4 million in funding from grants and investment. The Venture Lab's early success has attracted the participation of surrounding higher education institutions, including Wright State University, Xavier University, the University of Dayton, Northern Kentucky University, and Cincinnati State Technical and Community College.
- Prior to the pandemic, the 1819 Innovation Hub attracted nine corporate tenants, and its makerspace and microfactory hosted 1,400 users in its first nine months of operation. Since the pandemic, it has added five corporate partners.
- Regarding building the highly skilled workforce, UC's Early IT Program, launched in 2017, focuses on building a direct pipeline to the university. Students complete one year of college while in high school, are directly admitted to UC and have employment opportunities with corporate partners while in high school and into college. There are approximately 2,600 students currently enrolled with 35 school districts and 15 community colleges participating throughout the state.
- In October 2020, UC launched a partnership with Microsoft to develop programs for skilling students, engaging faculty to solve core research and innovation initiatives and enhance skilling programs for individuals and enterprise customers within the Cincinnati Innovation District. There is a pilot program currently underway focused on digital skills development for low-income, underemployed, and unemployed individuals to create job opportunities with corporations.

GREGORY GLEVICKY, CINCINNATI INNOVATION DISTRICT/ UNIVERSITY OF CINCINNATI

▲ The 1819 Innovation Hub building anchors the Cincinnati Innovation District.

The UCOI's efforts have catalyzed a much larger investment from the state of Ohio. In March 2020, JobsOhio invested $100 million in the early development stage of the Cincinnati Innovation District, aiming to foster talent development vis-à-vis the inclusion of 15,000-plus STEM graduates in the Greater Cincinnati region. JobsOhio anticipates that their further investments toward placemaking initiatives within the Cincinnati Innovation District will result in "the creation or attraction of 20,000 high-skilled jobs to Cincinnati and an annual economic impact of between $2 billion and $3 billion." This innovation district model is now being replicated in Cleveland and Columbus.

Adams argues that this is the future of economic growth in older industrial cities: "Driven from the bottom up by local initiatives and propelled by public-private partnerships between jurisdictions and local universities, medical centers, industries, economic development organizations, neighborhoods, and more, strategies need to focus on the creation of clusters of talent and innovation districts that can drive sustainable growth." The UCOI's impact reinforces several key conditions for institutional evolution: an external shock (e.g., a new leader, new funding opportunity, or a crisis moment); committed leadership at the top of the institution; and high-capacity staff that can implement the vision within and across system pillars.

"Driven from the bottom up by local initiatives and propelled by public-private partnerships between jurisdictions and local universities, medical centers, industries, economic development organizations, neighborhoods, and more, strategies need to focus on the creation of clusters of talent and innovation districts that can drive sustainable growth."

— David Adams, Chief Innovation Officer, University of Cincinnati

GREGORY GLEVICKY, CINCINNATI INNOVATION DISTRICT/ UNIVERSITY OF CINCINNATI OFFICE OF INNOVATION

▲ The Lightship Foundation's Brian Brackeen leads an entrepreneurship workshop.

Inventing new inclusive entrepreneurship support organizations

System pillars: Economic development, spatial development, asset development
Rewiring process: Setting goals, institutional invention, measuring systems
Key institutions: Lightship Foundation, Cincinnati Minority Business Accelerator, MORTAR

Entrepreneurship "ecosystem-building" strategies that ease entrepreneurs' access to expertise, financing, and markets have become a common regional economic development strategy. Yet rarely have these strategies explicitly acknowledged that minority-owned businesses encounter barriers to expertise, financing, and markets at higher rates than white-owned businesses, and in response engineered strategies that intentionally address that inequality of opportunity. Cincinnati—through the individual and intersecting efforts of entrepreneurship support organizations, corporations, economic development groups, and entrepreneurs themselves—offers one compelling model for other cities seeking to build inclusive entrepreneurship ecosystems to bridge economic development, spatial development, and asset development.

Catalyst

In 2015, Candice Matthews Brackeen started her first technology company, quickly encountering a Cincinnati startup scene with few female founders and even fewer Black founders. In response, Brackeen started the Black Founders Network along with former Cincinnati Bengals football player Dhani Jones. From there, with support from the University of Cincinnati, Ohio's Third Frontier program, Hamilton County, and Cintrifuse (an investor and startup networking organization), she launched the Lightship Foundation, which provides capital, coaching, and connections to underrepresented entrepreneurs operating promising tech-driven companies.

Brackeen called the lack of investment in women and minority entrepreneurs a classic market failure—one that only becomes more exploitable as the nation becomes more demographically diverse. "We couldn't have done this anywhere else," Brackeen said regarding her decision to start the accelerator in Cincinnati. She pointed specifically to the presence of two organizations that had already been addressing inclusive entrepreneurship in Cincinnati: MORTAR and the Cincinnati USA Regional Chamber's Minority Business Accelerator.

"We couldn't have done this (launched the Lightship Foundation) anywhere else."

— Candice Matthews Brackeen, Chief Executive Officer, Lightship Foundation

MORTAR was founded in 2014 by William Thomas, Derrick Braziel, and Allen Woods in Cincinnati's Over-the-Rhine (OTR) and Walnut Hills neighborhoods. The trio observed that OTR's rapid redevelopment was not benefiting everyone in the neighborhood, and that a community-based entrepreneurship organization could provide tools and services for minority residents historically underserved by entrepreneurship and small business supports.

MORTAR's founding complemented the Minority Business Accelerator (MBA), which had been started a decade earlier. Backed by major business groups—the Cincinnati USA Regional Chamber, the African American Chamber, the Cincinnati Business Committee, and the South-Central Ohio Minority Business Development Council—the MBA's sustainability ultimately rested on decisions by major global companies such as Procter and Gamble. In 2003, that company catalyzed the MBA by making it abundantly clear that it wanted to do more business with minority-owned suppliers, and that its existing supply chain would need to reconfigure itself to meet that ambition. The MBA was one of several civic initiatives to emerge from the Community Action Now (CAN) commission, which had been chartered by then-Mayor Charles Luken to identify ways to improve economic opportunity for Cincinnati's Black residents, who at the time made up more than 43% of the city's population.[7]

The challenges disproportionately faced by minority-owned businesses during COVID-19 only reinforced the need for more inclusive approaches. "At a time in which COVID-19 has put millions of small businesses in significant economic distress, disrupted supply chains globally, and the disproportionate impact that these events have had on minority-owned businesses, an inclusive entrepreneurship ecosystem is more critically important than ever," said Darrin Redus, the MBA's executive director. "We must continue to build upon our momentum to bolster and ensure minority entrepreneurs endure and thrive through this season."

Execution and key stakeholders

The MBA, MORTAR, and the Lightship Foundation sit within a broader network that has hundreds of resources to engage entrepreneurs and small business owners as they test ideas, launch companies, and strive for growth.[8] At the center of this network sit entrepreneurs and small businesses. Surrounding those entrepreneurs are a variety of formalized entities—investors, entrepreneurship support organizations, incubators, accelerators, service providers (lawyers, accounts, office space, etc.)—that serve as nodes in the network and seek to connect entrepreneurs to know-how, capital, space, and customers.

"At a time in which COVID-19 has put millions of small businesses in significant economic distress, disrupted supply chains globally, and the disproportionate impact that these events have had on minority-owned businesses, an inclusive entrepreneurship ecosystem is more critically important than ever."

— Darrin Redus, Executive Director, Minority Business Accelerator

No one entity controls this network, and entrepreneurs and investors access the network through formal channels (demo days, pitch nights, hackathons, accelerators, practical assistance cohorts, etc.) and informal social relationships. Because starting and scaling a business is such an uncertain undertaking, research has shown that entrepreneurs rely on social influence and personal connections to navigate. Put simply, social networks matter for business outcomes.[9] But Brackeen encountered a network whose membership did not reflect the racial and gender diversity of Cincinnati, which both contributed to and resulted from the lack of diversity in the region's entrepreneurship support organizations. This lack of diversity and inclusion is a nationwide challenge; experts Dell Gines and Rodney Sampson have argued that "little work has been done to ensure entrepreneurship ecosystem building strategies are inclusive for both people of color and their communities."[10]

Cincinnati has certainly not eradicated racial disparities in business ownership, but the region's strategic framework and network of Black-led entrepreneurship organizations offer compelling examples for other cities. Specifically, the Cincinnati USA Regional Chamber has created a minority business development plan with four key pillars: 1) **grow** existing minority-owned businesses; 2) **build** a robust pipeline of scalable minority-owned businesses; 3) **attract** larger-scale minority-owned businesses to the region; and 4) **create** new minority-owned businesses through targeted acquisitions. This strategy leverages the collective strengths of Cincinnati's entrepreneurship and economic development ecosystem to meet the needs of minority-owned businesses, regardless of their industry segment, revenue level, or growth potential.

The **grow** pillar involves scaling existing minority-owned businesses, as exemplified by the MBA and the Lightship Foundation. The MBA's model is unique nationally. Housed within the Cincinnati USA Regional Chamber, the MBA has a team of seasoned executives—some loaned from larger corporations and financial institutions—that rigorously assesses, screens, and strategizes with minority-owned businesses (which are considered portfolio companies) to ensure the business is ready to take on new investment or benefit from a contract from a larger corporate customer. The rigor with which the accelerator develops its portfolio ensures that corporate partners (referred to as "Goal Setters") who desire a more racially diverse set of suppliers or partners have access to an investment-ready set of minority-owned companies. This matchmaking role means that the MBA often works with supply chain companies that may not fit with traditional venture capital models deployed by other Cincinnati organizations such as CincyTech and Cintrifuse, each of which has its own commitments to increasing diversity in the tech ecosystem. Few intermediaries in other cities provide this level of comprehensive and customized support to minority-owned businesses with over $1 million in annual revenue, and can broker relationships with locally headquartered Fortune 500 companies.

The **build** pillar aims to build a robust pipeline of minority-owned businesses. The Lightship Foundation is working with tech-driven minority- and-women-owned businesses at an earlier stage than the MBA, with a focus on consumer-packaged goods, artificial intelligence, health care, e-commerce, and sustainability. Lightship cites "the Heartland's deep domain expertise in these spaces. Proctor and Gamble with consumer goods, healthcare throughout the state of Ohio, and artificial intelligence because migration to AI driven solutions is increasing across every industry— and sustainability because it is everyone's responsibility at this point in human evolution."

As a complement, MORTAR offers a 15-week entrepreneurship training curriculum to neighborhood and lifestyle businesses aimed at providing amenities, goods, and services to Cincinnati residents. These types of businesses have been disproportionately impacted by COVID-19, and in response, the African American Chamber partnered with MORTAR and the Greater Cincinnati Microenterprise Initiative to offer grants last year to help Black businesses stay afloat.[11]

The build pillar also includes the Cincinnati Minority Business Collaborative (CMBC). In existence since 2011, the CMBC is a collaborative effort of local business development organizations invested in minority business growth, and includes the Ohio Minority Supplier Development Council, the Greater Cincinnati Microenterprise Initiative, the African American Chamber, the Hispanic Chamber Cincinnati USA, the Urban League of Greater Cincinnati, Score, and HCDC. In 2017, a new platform and process were created to annually identify 10 emerging minority-owned businesses (or 50 over the next five years) with significant growth potential to join the Minority Business Accelerator. In March 2021, then-Cincinnati Mayor John Cranley proposed a $4 million investment in this network using federal relief funding.[12]

The third pillar—**attract**—involves a partnership between the MBA and REDI Cincinnati, the region's marketing and business attraction organization, to identify hundreds of minority-owned businesses with revenues above $20 million annually that are located outside of Greater Cincinnati and align with the region's sectoral priorities.

Finally, the **create** pillar targets “mainstream” businesses that lack a succession plan and pairs those retiring owners with experienced minority entrepreneurs. Approximately 400 members of the Black Achievers, a networking organization with over 4,000 members in Greater Cincinnati, have demonstrated interest in being part of succession planning (as well as angel investors and business advisors). This strategy has already been deployed in Cincinnati through strategic mergers. At the founding of the MBA, Procter and Gamble used joint ventures, strategic alliances, and mergers and acquisitions to bring greater diversity and inclusion to its supplier network.[13]

Outcomes

Entrepreneurship, small business growth, and regional economic performance are inextricably linked. In recent years, economists have been sounding alarms about the decline of new business starts and educating policymakers about the importance of the narrow subset of small, young businesses that are responsible for net job creation across the nation’s cities.[14] No city can afford to tax its entrepreneurship base, but structural racial disparities that limit access to personal capital networks do exactly that. Nationally, the typical Black and Latino or Hispanic household has 32% and 67%, respectively, of the liquid wealth of the typical white household. Even successful Black and Latino or Hispanic small business owners (those that were still in business four years after launch) still have a significant gap in liquid wealth compared to white small business owners.[15]

These factors explain Cincinnati’s focus on closing racial disparities in business ownership, and in the process, creating jobs and building wealth. Recent outcomes suggest that Cincinnati’s inclusive entrepreneurship approach bears replicating.

- Between 2015 and 2020, MORTAR put 300 businesses through their program, with a 95% completion rate, including:
  - Esoteric Brewing Company in Walnut Hills. CEO Brian Jackson said MORTAR helped him develop a thorough business plan in addition to assistance obtaining funding and build relationships with the local business community in Walnut Hills.
  - Jazzy Sweeties Bakery, also in Walnut Hills. Jasmine Ford’s bakery serves as another success story of a MORTAR-facilitated small business in the area. Ford found that although she had clear goals of wanting to start her own bakery, MORTAR filled the necessary gaps in basic business skills such as operations and financing.
  - Sweets and Meats BBQ, run by local resident Kristen Bailey. What began as a small pop-up food tent grew into her own restaurant and food truck with the help of MORTAR.

  MORTAR has now been replicated in Covington, Ky., Akron, Ohio, Kansas City, Mo., and Milwaukee. As Allen Woods, MORTAR’s co-founder and executive director, said, “We’ve created a formula that works—‘the liquid’—but other local communities need to build ‘the container’ in which the liquid goes.” In 2020, MORTAR attracted new funding from PayPal, US Bank, and Hamilton County, and opened a new pop-up in the 1819 Innovation Hub. In February 2021, the organization expanded into a new headquarters.[16] Woods told the Cincinnati Business Courier, “Over the last six years, we’ve been growing quickly, and we didn’t really have a plan in place. It just started to take a mind of its own. Now it’s trying to slow the train down a little bit and structuring who we are, who we want to be, who we want to serve, and in what cities we want to be. The first step was carving out a larger space where we can all be together.”

- Since its founding in 2003, the Minority Business Accelerator has created a portfolio of 67 minority-owned businesses that have created 3,500 jobs and over $1.5 billion in aggregate annual revenue. The MBA’s current goal calls for doubling the average firm size (from $25 million to $50 million), total sales of its portfolio firms (from $1 billion to $2 billion), and total jobs in its portfolio firms (from 3,5000 to 7,000) between 2017 and 2022. In service of that goal, the MBA’s current president, Darrin Redus, is leading the creation of a new Minority Business Accelerator CDFI Fund, which has received $50 million in soft commitments. The MBA model has received widespread attention from other cities seeking to replicate its success. In 2020, the MBA received a $1 million platform grant from Procter and Gamble, and in 2021 it received a $1.5 million grant from the Economic Development Administration.[17]
- The Lightship Foundation currently has nine portfolio companies, and closed its own $50 million fund in 2020. This is the largest fund in the Midwest focused on minority-owned startups, roughly 25% of which was raised in Cincinnati and Ohio. In October 2021, Lightship announced it will be locating its headquarters in the Cincinnati Innovation District. The headquarters will anchor “The Beacon,” a 21,000-square-foot facility that will provide space for minority entrepreneurs and leverage a $11 million investment from the University of Cincinnati to build the space.[18]

Through the emergence of new institutions focused squarely on inclusive entrepreneurship and their intentional intersection with both neighborhood revitalization and wealth-building, Cincinnati’s entrepreneurship ecosystem is nationally notable. Lightship, the MBA, and MORTAR were founded at different times in the city’s trajectory and serve distinct roles in the ecosystem. Key catalysts include: dynamic civic executives that can communicate their institution’s vision and impact such that it resonates with both corporate leaders and community-based nonprofits; major platform funders like Proctor and Gamble that support those leaders with strong staff and capacity; and interventions that influence multiple system pillars (economic development, spatial development, and asset development). While leadership of each of these organizations is fully communicative with one another, these organizations do not operate as a formal partnership. Rather, they are nodes in a network, each advancing inclusive growth in their own way and, in the process, organically rewiring the region’s economic system.

PHOTO: CINCINNATI USA REGIONAL CHAMBER

The Workforce Innovation Center partnered with Monti Inc. to find solutions for recruiting and retaining talent. Through services offered by The Workforce Innovation Center, Monti Inc. was able to identify areas of opportunity to enhance the workplace environment/culture for their employees and ultimately implement positive changes within the organization.

Evolving a chamber of commerce to support job quality and inclusive business practices

System pillars: Economic development, talent development
Rewiring process: Setting goals, institutional evolution
Key institution: Workforce Innovation Center

The Cincinnati USA Regional Chamber's "inclusive chamber" is one of the nation's more notable examples of how economic development organizations, chambers of commerce, and other business-led civic intermediaries are shifting their priorities to spur greater inclusion. The Chamber's recently established Workforce Innovation Center is its latest experiment. Designed as consulting practice, the Center provides three core services and customized recommendations to help regional businesses adopt inclusive talent management practices. In doing so, the Center is localizing global calls for a more "inclusive capitalism," and betting that a local intermediary can codify and diffuse leading business practices that result in higher-quality workplaces, more prosperous workers, and stronger companies.

Catalyst

Cincinnati—like many older industrial cities—has long struggled with elevated poverty rates. Even as the city's unemployment rate recovered in the wake of the Great Recession, it had the fifth-highest poverty rate among cities, with over 250,000 residents in poverty in 2018.[19]

Former Cincinnati Mayor John Cranley set a goal of reducing the number of families in poverty by 5,000 through a new Child Poverty Collaborative that would connect private philanthropic resources to a network of anti-poverty service providers. In 2019, the Collaborative launched Project LIFT, with an objective to lift 1,000 families from poverty annually and fundraise $5 million to support nonprofits and social service providers. By 2021, Project LIFT had transitioned to United Way of Greater Cincinnati, where it works with hundreds of families each year to help them escape poverty and reach self-sufficiency.

This context is important because the seeds of the Workforce Innovation Center were planted within the Child Poverty Collaborative's Employer Roundtable, which explored how businesses can reduce poverty by catalyzing economic mobility for workers. This group asked the question: If social service organizations provided workers access to public and social supports such as income assistance, job search and training, and access to transportation, housing, and child care, what was the role of business—as investors in workers—in reducing poverty? Through a quarterly convening of employers throughout 2017 and 2018, the Employer Roundtable sought to support companies in connecting with those providers and adopting inclusive practices. While often well attended, employers shared that they were seeking more customized support that could address their specific business needs.

"We shifted diversity, equity, and inclusion from a pillar of the Chamber's strategy toward a cross-cutting priority across all its operations and programming and, in doing so, framed it unapologetically in business terms."

— Jill Meyer, President and Chief Executive Officer, Cincinnati USA Regional Chamber

The Cincinnati USA Regional Chamber, according to its current president and CEO Jill Meyer, took on this effort, but only if "they were able to frame it distinctly as a business imperative in addition to a moral imperative." Different than how social service organizations framed the problem, Meyer argued that inclusion was critical because businesses were increasingly recognizing that "young talent loved many things about Cincinnati, but found that it was too segregated, too unequal." With her board's support, Meyer "shifted diversity, equity, and inclusion from a pillar of the Chamber's strategy toward a cross-cutting priority across all its operations and programming and, in doing so, framed it unapologetically in business terms."

An additional catalyst for the creation of the Workforce Innovation Center was the connection between regional business leaders and the Coalition for Inclusive Capitalism. Tom Williams, president and CEO of Cincinnati-based North American Properties, attended an Aspen Institute Ideas Festival panel about the topic that featured Lady Lynn Forester de Rothschild, founder of the Coalition for Inclusive Capitalism, and Mark Weinberger, global chairman of EY. EY had produced the Embankment Project for Inclusive Capitalism with the Coalition, and Williams wanted to bring a similar event to the region, as the topic aligned with the Employer Roundtable's efforts to engage the business community in adjusting their practices. Julia Poston, managing partner of EY's Cincinnati office, helped to secure Weinberger and de Rothschild for the event, which was hosted in July 2018 with nearly 300 Cincinnati business leaders to build support in the business community for inclusive capitalism in Cincinnati.

Execution and key stakeholders

The Workforce Innovation Center launched in 2019 with a mission to help businesses adopt practices that boost company performance in ways that enhance job quality and worker upward mobility. Shortly after the launch, the Center was selected as one of nine entities to participate in the What Works Cities Economic Mobility cohort. That network provided the Center with access to national technical assistance partners such as the Behavioural Insights Team, which provided key research and structural elements that supported the creation and launch of the Center's services in 2020.

Prior to the COVID-19 pandemic, businesses were facing labor shortages and had difficulty attracting and retaining talent, especially in lower-wage roles. In the wake of COVD-19 and the racial disparities magnified by the death of George Floyd, Cincinnati's businesses are facing unprecedented economic challenges, and are looking for every advantage to improve their financial and operational performance. In a tight labor market, small and midsized businesses cite workforce shortages as a constraint to growth, but many have not actually put in place the operational and talent strategies to attract, develop, and retain their workforce so that they can grow.

Currently, regional economic development organizations have little capacity to help employers access customized, best-in-class talent solutions that can enhance bottom-line productivity and produce more diverse, inclusive workplaces. The average company cannot hire a high-end management consultant and typically lacks the time and capabilities to translate the wide body of reports, webinars, and toolkits that help businesses adopt leading human resources practices; improve diversity, equity, and inclusion; and enhance wages, benefits, and overall job quality. This results in a wide variation in employer practices, with many small and midsized businesses lagging.

This is the gap that the Workforce Innovation Center aims to address. As part of the What Works Cities Economic Mobility cohort, the Center compiled 130 evidence-based business practice recommendations across 11 domains, which has now increased to more than 150 through the work with the Center's existing clients. The Center also included practice recommendations provided by the Women's Fund of the Greater Cincinnati Foundation and its Employer Toolkit. The Workforce Innovation

Center helps employers understand more about their current workforce and its trends through three consulting services listed below, which results in customized best practice recommendations based on the employer's unique circumstances and goals.

1. ***Employee survey***: The Center serves as an independent third-party administrator to survey the employee base across 11 different domains, including pay and benefits, diversity/equity/inclusion, promotions and career pathways, and employees' personal status, including questions related to housing security, transportation needs, financial stability, and safety. The proprietary survey platform the Center built in consultation with the What Works Cities Economic Mobility initiative enables the consultant team to analyze survey responses across varying demographic lines within an organization to identify deeper levels of correlation and causation with an employer's current state.
2. ***Policy and practice review***: The second service provides a holistic review of the company's workforce and talent management strategy, including requesting a company's employee handbook or policy manual for a review against the Center's policy and practice universe. The Center's policy and practice sphere is centered in employee financial wellness, mobility, and the creation of diverse, equitable, and inclusive cultures in which employees feel a sense of belonging.
3. ***Analysis of employee data:*** Using the Working Metrics platform, the third service pulls employee-level data from an employer's existing payroll system to examine how pay and benefits compare to regional and industry peers. Working Metrics, which emerged from the Aspen Institute, utilizes Bureau of Labor Statistics and Census Bureau data to provide benchmarked information about key indicators, including job growth, earnings, and retention. It also measures diversity metrics of gender/gender identity and race/ethnicity, and provides segmented information by wage bands for deep analysis of an organization's workforce trends with benchmarked information.

Upon analysis of the data of whichever services an employer has selected, the Workforce Innovation Center consulting team customizes a detailed set of recommendations for the client company, and provides them with the top business practice reforms to improve job quality and talent management, along with the detailed findings of their services. The Center's consulting then supports the company in creating an implementation and change management plan and establishes regular project management meetings to help companies implement the changes and measure their progress. The consultants providing this guidance have significant expertise in human resources, business operations, diversity/equity/inclusion, training, executive coaching, workforce solutions, and organizational development.

Working with and through employers to improve job quality and equitable access to quality employment is a shared objective of many civic institutions. In Cincinnati, the Workforce Innovation Center is facilitating a network of organizations working on skills training, job search assistance, immigrant services, mental health and substance abuse counseling, food access, child care, and reentry support. As part of its consulting practice, one of the Center's objectives is to better connect employers to these sources of diverse talent and organizations that could provide support to their employees. These providers are all outlined in the region's workforce and talent ecosystem map.

Outcomes

The Workforce Innovation Center is a distinct offering nationally, but it is too soon to know the impact of its services. The first cohort of 15 companies launched in fall 2020. Cincinnati employers have engaged for multiple reasons, including identifying new sources of talent, increasing retention, supporting employee financial wellness, understanding employee perspectives on the work environment, and becoming more diverse, inclusive, and equitable. As of November 2021, 14 of those companies had received 163 practice recommendations. Ten employers have confirmed that they have begun to implement 37 inclusive practices within their organizations, ranging from one to 16 practices within each employer.

Beyond the intensive consulting services practice, more than 40 local companies have signed the Workforce Innovation Center's pledge to help businesses adopt a more inclusive form of capitalism. The Center's startup phase is being overseen by a 10-person Advisory Board that consists of business and philanthropic leaders. Funding for the startup effort has come from the business community and national and local philanthropy. Its director, Audrey Treasure, noted that the Center is "very much a startup, one that is moving from proof-of-concept into product market fit. The key test will be whether businesses buy into a fee-for-service model" to improve their talent management processes. As an example of a novel institutional evolution, the Workforce Innovation Center's success bears watching.

PHOTO: 3CDC

▲ The $48 million renovation and expansion of Washington Park, completed in 2012, was a public /private partnership among 3CDC, the City of Cincinnati, the Cincinnati Park Board, and the Cincinnati corporate and philanthropic community. This partnership resulted in the transformation of Washington Park from 6 acres to an 8-acre urban sanctuary. Today, 3CDC manages and programs the Park, playing host to over 300 free, family-friendly events each year.

Inventing a development corporation that frames quality places as regional assets

System pillars: Spatial development, asset development
Rewiring process: Institutional invention
Key institutions: 3CDC, city of Cincinnati

The Cincinnati Center City Development Corporation (3CDC) is a private, nonprofit real estate development entity focused on downtown Cincinnati and the Over-the-Rhine (OTR) neighborhood. 3CDC stands out nationally due to its comprehensive place-making and development approach, transformational impact on target communities, high-capacity leadership and staff, and corporate-dominated board of directors. In these ways, 3CDC is a nonprofit serving at the nexus of the traditionally siloed worlds of place-based development and regional economic development by showcasing how transformative place-making is an asset for broader city and regional change.

Catalyst

Like the Minority Business Accelerator, 3CDC originated from the city's 2001 period of civil unrest and racial reckoning following the police killing of Timothy Thomas. The protests were concentrated in Thomas' neighborhood, Over-the-Rhine (OTR). Adjacent to a downtown that had become stagnant, OTR exemplified Cincinnati's 20th century depopulation and racial segregation: high poverty, vacant buildings, declining commercial and residential investment, and a contentious relationship with the police department.

Then-Mayor Charlie Luken believed that the gap between OTR and Cincinnati's Central Business District was "dire,"[20] and an emblem of the city's broader development challenges. He stood up an Economic Development Task Force, chaired by Fifth Third Bancorp CEO George Schaefer and stocked with other corporate leaders, which concluded the city needed a development corporation with a defined set of objectives in a small physical footprint to showcase tangible progress.[21] Former Procter and Gamble CEO A.G. Lafley, who was prominently involved with the creation of 3CDC, recalled that "it wouldn't have worked if we said we were going to fix the city."[22]

With the mayor and the business community in lockstep, 3CDC launched in 2003 with an initial fund of $45 million to buy and improve real estate in downtown Cincinnati and Over-the-Rhine.[23] Following a national search, the 24-member board of directors hired Steve Leeper, an executive director of Pittsburgh's Sports and Exhibition Authority, as the founding CEO of 3CDC. Lafley served as the first chairperson, and the founding bylaws dictated that a senior Procter and Gamble leader always serve as board chair, reflecting the corporation's influence over the city's business and civic community.

Procter and Gamble and other large companies were critical early funders, adding an additional $50 million in New Markets Tax Credits and providing a total of $1.2 million annually for operating expenses.[24] No public officials sit on the board, but the city of Cincinnati is widely acknowledged as both the key client and partner for 3CDC's development strategy. The city established two tax increment financing districts (TIFs) in downtown and OTR—a west and east district. The districts were structured to run north-south so both neighborhoods were encompassed in each district, which allowed tax gains from new development to be reinvested back into these two target geographies in addition to allowing the larger developments in downtown help finance development in OTR. Corporate capital, matched by public subsidy, were both needed to launch 3CDC.

Execution and key stakeholders

Since its founding, 3CDC's four organizational objectives have remained consistent: 1) create and manage great civic spaces; 2) create high-density/mixed-use development; 3) preserve historic structures and improve streetscapes; and 4) create diverse, mixed-income neighborhoods supported by local businesses. From the beginning, 3CDC's approach could be summarized as "start small, but don't stay small." As Bruce Katz, Karen Black, and Luise Noring describe in their case study of Over-the-Rhine, 3CDC literally went block-by-block to purchase and rehabilitate properties in that neighborhood and downtown.[25]

3CDC's first major development was the $48.9 million renovation of Fountain Square, the city's primary gathering space in the heart of the Central Business District. Following the completion of the renovation, 3CDC secured a 40-year lease of the city-owned Fountain Square and Fountain Square North Parking Garage. The organization also signed a management agreement with the city of Cincinnati to oversee the operations and programming in the renovated space, leading 3CDC to be the first and only group coordinating public events in the area.[26] Since then, the organization has successfully looped in Procter and Gamble and Fifth Third Bank as project partners to help fund new on site amenities. Both organizations, along with many other locally based corporations, sponsor events and programming at Fountain Square and several other civic spaces in Cincinnati's urban core in partnership with 3CDC.

3CDC's first major project in OTR was in and around Washington Park. Their process involved discretely purchasing vacant and blighted properties, ultimately investing $33 million to buy nearly 400 buildings and parcels. This approach was not without tension or controversy, but 3CDC avoided many of resident displacement mistakes of postwar urban renewal approaches by focusing nearly exclusively on derelict and abandoned properties where few people lived.[27]

While 3CDC was originally intended solely as a private real estate developer, the organization has also established itself as a events manager and operator for many of the city's civic spaces. Aiming to revitalize parks and other public spaces, 3CDC has served as a national model for private operators boosting community engagement in these areas. Since its establishment, 3CDC has taken on the management of four spaces—Fountain Square, Washington Park, Memorial Hall, and Ziegler Park—and maintains staff that manage events and programming at these sites.

3CDC completed a large-scale physical transformation of each space prior to taking on the programming and management. For each civic space renovation, 3CDC undertakes significant community engagement—a process that can last up to two years and includes public meetings, surveys, Community Council interactions, and one-on-one meetings with residents, nonprofit leaders, and other key stakeholders. From this engagement, 3CDC comes back with a concept plan and eventually creates a financing and development plan that gets approved by a project Steering Committee, Community Council, and eventually the city government. The planning process is equal parts development finance, urban design, and sociology. For instance, understanding how residents utilize a space like the Ziegler Park pool requires significant interviewing and surveying with both long-term residents and newer residents with different socioeconomic profiles to avoid the micro-segregation that happens all too often in urban public pools. Following a two-year renovation, the Ziegler Park pool reopened in 2017, and invited 1,500 swimmers in its first weekend—the same number that had attended the entire summer prior to the renovation. Two summers later, 3CDC was drawing 42,000 swimmers to the pool, structuring daily rates and season passes on a sliding scale based on income level to ensure people of all means could take advantage of the newly renovated space.

In 2018, 3CDC announced it would begin focusing much of its work on several specific areas of Cincinnati's Central Business District (CBD), with the goal of connecting the CBD to Over-the-Rhine by filling the dead space of dormant properties and parking lots with new residency and retail construction.

On the north side of Court Street alone, 3CDC has recently redeveloped six buildings. That project followed closely after the development of Kroger On the Rhine, a mixed-use project on a former surface parking lot that resulted in the creation of the first full-service grocery in Cincinnati's urban core in 50 years, as well as a 560-space parking garage and 139 market-rate apartments.

To execute development projects, 3CDC has utilized a complex mix of capital sources, including private loans from managed equity funds and conventional loans, in addition to leveraging New Markets Tax Credits, Historic Tax Credits to preserve and restore historic buildings, Low-Income Housing Tax Credits, and Tax Increment Financing, as well as grants and loans from the city of Cincinnati and state of Ohio. The model has relied on private investors—dominated by Cincinnati's major corporations—seeding equity funds totaling nearly $150 million, which 3CDC then leveraged to spur hundreds of millions of dollars in additional loans. The organization has been able to attract and develop seasoned asset management and development finance staff to oversee this operation.

Development efforts over the years by 3CDC are not without controversy. As a neighborhood consisting of traditionally 19th century brick Italianate and German Rival buildings, OTR has seen a handful of long-time residents voice their concerns about displacement and gentrification because of 3CDC's placemaking efforts. Analysis of census data found that the redeveloped southern half of OTR had become whiter from 2010 to 2014.[28] In addition, some issue has been taken with the fact the entirety of the 30-person board of directors features no community leaders or public officials.

"We're only as good as how we treat our least well off. We are focused on creating a mixed-income neighborhood, so make some market rate, but increase affordability as well."

— Adam Gelter, Executive Vice President, 3CDC

It can be hard to distinguish between gentrification and positive mixed-income neighborhood development, and ironically "too much success" in bringing investment to an underinvested community can create backlash. 3CDC's Executive Vice President Adam Gelter acknowledges that OTR is not the neighborhood it was two decades ago, exhibiting market momentum but also socioeconomic change among its resident profile. "We're only as good as how we treat our least well off," Gelter said, "so we are focused on creating a mixed-income neighborhood, so make some market rate, but increase affordability as well." In addition to its mix of market-rate and affordable housing development, Gelter has found that *who* leads 3CDC matters, observing that building a leasing team whose demographics reflect the diversity of OTR goes a long way in establishing relationships and trust with local business owners.

Outcomes

Civically, 3CDC holds a distinct position in its city. It has deep credibility among the corporate community and government leaders, which is uncommon among place-based organizations focused on specific neighborhoods and whose impact may not register citywide. 3CDC's tangible impact within neighborhoods of interest to corporate leaders—i.e., urban core neighborhoods where their businesses and workers are located—may help explain this.

Over nearly two decades, 3CDC has yielded significant impact. The organization reports that it has catalyzed $1.6 billion in real estate investment within downtown Cincinnati and OTR since 2003. As of 2021, it has achieved the following development outcomes:198 buildings restored, 1,505 apartments developed, 583 condos developed, 156 hotel rooms created, and 320 shelter beds made available. At least 174 historic buildings are located in Over-the-Rhine. 3CDC also manages vibrant public spaces that improve quality of life for a diverse swath of residents.

Notably, Cincinnati Mayor John Cranley named 3CDC CEO Steve Leeper "Cincinnatian of the Year" in his last State of the City address before his gubernatorial run, noting that "nothing has been more transformational than 3CDC" in the city's economic and population growth. Indeed, in 2021, 3CDC executed two additional transformative projects: the $61 million Foundry, a mixed-use development across the street from Fountain Square in downtown, and a $118 million mixed-use development called 4th and Race. The organization also helped small businesses weather the COVID-19 crisis by forgiving and deferring rent payments for tenants, creating a gift card matching program, and working with the city to implement outdoor dining areas that added capacity to existing restaurants and improved street-level vibrancy and pedestrian safety. Being inclusive with respect to small businesses—as measured by the share of Black-owned business tenants in 3CDC's street-level commercial spaces (currently at 25%)—will be a key priority for the organization going forward.

Conclusion

These four interventions exemplify the modern institutions propelling Cincinnati's regional economic system toward more inclusive economic development. Catalyzed by a civic tragedy in 2001, government and corporate leaders were forced to reckon with the city's condition and the role that decades of anti-Black racism had played.

While certainly not void of conflict, controversy, and unfinished progress, Cincinnati, with the unique support of Procter and Gamble and other large corporations, has evolved and invented institutions that stand at the vanguard of placemaking and community wealth-building (3CDC), innovation-led growth and job creation (University of Cincinnati), inclusive entrepreneurship and small business support (multiple organizations), and job quality and worker mobility (Workforce Innovation Center).

Each of these institutions has recognized the city's economic challenges, identified high-leverage impact points to make the economic system help more people and businesses, and garnered the human and financial resources required to execute new programs and strategies that advance more inclusive growth. The models developed by these institutions bear replicating across American cities grappling with the same economic challenges.

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