

Community Development Under A Kerry Administration

by Mark Winston Griffith

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Joe Kreisberg, president of the [Massachusetts Association of Community Development Corporations](#), recounts an incident that happened two or three years ago that defied political logic.

At that time Senator John Kerry had brought together a group of community folks in Massachusetts trying to jumpstart daycare centers and joined them with successful business people and other stake holders.

Kerry was trying to help care providers develop skill sets that would enable them to push through regulatory red tape and other obstacles that were blocking good faith efforts to build neighborhood day care institutions.

"I remembered thinking" Kreisberg said, "why is Kerry doing this? He is never going to run on these issues."

Kreisberg will never know for sure, but he was forced to conclude that Kerry had undertaken this project "because it was important to him and that he understood that he could use his position to make things happen."

At a time when the rhetoric of both presidential campaigns has focused mostly on the war in Iraq, the health of the national economy and various so-called character issues, Kreisberg hopes this experience represents an omen for a Kerry administration in the event Kerry is elected president.

The fact that you will never hear Bush, Kerry or any presidential media coverage specifically use the term "community development" makes it necessary to determine independently how that neighborhood-based universe of concerns -- housing, small business development, job development and social justice policy -- is addressed by each candidate. Last month this topic page examined one of President Bush's signature community development initiatives, "[Opportunity Zones](#)"

This month I will attempt to project how community development in New York would be affected by a Kerry White House.

Low-Income Housing Advocate

A significant policy difference between Bush and Kerry is in the area of housing.

Although both candidates offer ways to promote homeownership among low income people, Kerry has promised to maintain funding for the low-income housing program, [HOPE VI](#), and the [Section 8 voucher program](#), two targets of Bush budget cuts

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Massachusetts-based fair housing and small business development advocates who have worked with Senator Kerry in the past describe a man who was personally engaged in the issues, well informed and a reliable ally on important legislation affecting low- and moderate-income communities.

Thomas Callahan, executive director of the [Massachusetts Affordable Housing Alliance](#) says Kerry has for the most part been a leader in bringing not-for-profit and for-profit forces together in Massachusetts to build affordable housing.

Massachusetts has in fact been a model in this regard, partly because of its success in providing subsidies to developers to build affordable housing, even mixed income housing in the suburbs.

As an example of what Kerry is capable of, Callahan points to Kerry's co-authorship of the [National Affordable Housing Trust Fund Act](#), proposed legislation that would take [FHA](#) surpluses and establish a permanent fund for housing production.

According to local observers, the bill is building momentum and stands a decent chance of eventually becoming law.

"The Trust Fund would have a tremendous impact on states like New York" where the cost of affordable housing production is so prohibitively high, advises Callahan. "Kerry was there" Callahan insists, championing and pushing this legislation "from the beginning."

Small Business Development's Ranking Member

A visit to the [Kerry for President website](#) and a look at his community development-related positions reveals a fairly wide range of thinking and policy development that was not always obvious from the debates or from his stump speeches.

Many people would be surprised to find out, for example, that John Kerry promises to raise the minimum wage from \$5.15 to \$7.00 by 2007; expand unemployment insurance to cover more people, provide more benefits for people between jobs and help laid off workers receive job training; protect workers' rights to organize a union; and strengthen whistle blower protections for "speaking truth to power."

Promising to usher in a "new era of opportunity" for small businesses and micro-enterprises, Kerry also says he will create a \$170 million investment fund designed to make billions in capital and equity available to small business, including micro-enterprises with five or fewer employees and revenues under \$500,000; establish tax credits to help offset the start-up costs of pension plans; provide tax credits that cover employer's share of payroll expenses; and help new venture firms provide financing and technical assistance in low-income communities.

In fact, one of Kerry's strongest community development credentials is that he is a ranking member of the U.S. Senate Committee on Small Business and Entrepreneurship.

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Mark Barbash, the director of the City of Columbus Ohio's development corporation, manages a [Small Business Administration](#) micro enterprise lending program and other loan programs for small businesses (Disclosure: City of Columbus Mayor Mike Coleman is a strong Kerry supporter).

Prior to his city job, Barbash used to lobby for increased federal support for micro businesses and small businesses in Washington on behalf of a small business development trade association.

Barbash was impressed with Kerry's grasp of "mind-numbing detail" and recounts giving testimony before Kerry's committee and finding Kerry to have a "good grounding on not just the SBA programs, but the difficulties that businesses face on the ground...He had a good understanding of what it took to run a small business; he understood that it wasn't just about capital and sometimes the best decision was not to go into business."

Kreisberg, who has also testified before Kerry's committee, said that Kerry distinguished himself at hearings because "he listened and actually made responses based on what people said."

Kreisberg points out that Kerry was a sponsor of the [Prime Act](#) which authorizes the Treasury Department's Community Development Financial Institutions Fund to provide support to micro-enterprise organizations and micro-entrepreneurs.

Furthermore he confirmed that Kerry was "very aggressive about getting loans to small business" as distinct from Bush who has not made access to capital a significant part of his small business development policy.

Perhaps most importantly, Barbash remembers Kerry talking a lot about workforce development and "investing in technology which can take ideas and move them into production."

According to Ken Adams, president of the [Brooklyn Chamber of Commerce](#), issues like these have as much resonance in the Brooklyn Navy Yard and Sunset Park as they do in Barbash's Columbus, Ohio. A Brooklyn Chamber of Commerce membership survey revealed that finding sufficiently trained and educated workers is a major concern for small business owners. Other insurance-related issues that have appeared on the campaign trail -- the high cost of liability insurance, employee health plans and workers' compensation -- are also the kinds of problems that small business owners in Brooklyn say they are expecting government to help solve.

Larry Vivola, co-CEO of the family-run ravioli manufacturing and franchise company, Fratelli Ravioli, says that health care and liability insurance are his two highest costs after salaries.

Fratelli Ravioli, which has eight full-time staff people, has endured a more than doubling of its liability insurance premium in the last two years and its health insurance premiums have risen thirty to forty percent every year for the past three years.

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Gilbert Rivera, the founder of Park Avenue Building and Roofing Supplies, cited the same problems. He pointed out that his company's employee health insurance premiums have jumped from \$90,000 to \$220,000 over a five year period.

Although Kerry and Bush offer slightly different approaches, they both call for tort reform and have taken aim at reducing health care costs for small businesses.

In particular Kerry has proposed refundable tax credits for up to 50 percent of the cost of health care coverage for small businesses and their employees. Rivera, a self-proclaimed undecided voter, says that these insurance issues will play as important a role in the way he votes as his feelings about the war in Iraq.

Consumer Protector

Perhaps what most distinguishes Kerry's community development positions is his promotion of consumer policies designed to protect low-income people, such as his support for national legislation to fight predatory lending practices and his opposition to the weakening the Community Reinvestment Act. (Recently the FDIC made the news by proposing to relax the obligations of a large number of financial institutions under the [Community Reinvestment Act](#) .)

Although he sometimes wished it was "higher on Kerry's priority list" Thomas Callahan says that Kerry was a reliable ally to those seeking to defend the Community Reinvestment Act from routine attacks by policy makers and the financial services lobby.

Callahan's recollection was that it "was always a no-brainer" for Kerry to support the reinvestment act.

Reality Check

For those who believe in traditional liberal models of community development, which combine resources to lift people out poverty with a proactive social justice agenda, Kerry has always embodied the right politics.

And yet, there is reason to question how committed Kerry will be to this political legacy, especially since observers have watched his national campaign downplay his more left-leaning tendencies and appeal to the more moderate areas of the electorate.

Also, with a soaring budget deficit and Kerry promising tax cuts to the middle class, Bush's most credible criticism of Kerry is that it will simply be impossible for Kerry to pay for all his social largess.

Most importantly, with the war in Iraq, national security, health care reform, social security and other high profile demands on what would be his international and domestic agenda, it's pretty

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safe to say that some of Kerry's campaign proposals will be crowded out and never see the light of day.

Callahan admits that Kerry will have a much more difficult time in Washington, especially with a Republican congress, than he did in Boston, but Callahan refuses to make any predictions.

"It's hard to know. He's been a senator, not a chief executive.

He hasn't had to make tough budget decisions.â€š"

Callahan holds out hope for initiatives like the Affordable Housing Trust Fund which would work "with an existing program, use surplus revenue and not require additional spending."

When it comes to strengthening consumer protections, Sarah Ludwig, executive director of the Neighborhood Economic Development Advocacy Project, is more skeptical, mainly because she would hold a Kerry White House to a higher standard in tackling what she believes is this generation's civil rights issue.

Ludwig views community development essentially as a process of capital and wealth redistribution.

Financial services in this country, in her opinion, represent a "rigged systemâ€š" that has allowed low-income areas to be over-run with debt and credit abuse and where nearly every consumer protection enacted since the New Deal has been dismantled.

Ludwig believes that these issues "resonate with Kerry and that he won't shy away from the complexity of the issues, but that corporate accountability is not something that he talks about.â€š" Referring to interests as disparate as insurance companies, mortgage bankers, payday lenders and the securities industry, Ludwig doubts if "Kerry has what it takes to stand up to the financial services lobby and say we have to restore meaningful laws around consumer protections."

Kreisberg recognizes that a "quantum leapâ€š" in many of the areas that Kerry is concerned about is "only going to happen when they are at the top of his hit list and right now that's not the case.â€š"

But despite these forecasts, community development advocates and voters in poor neighborhoods may find some comfort in the story that Kreisberg tells about the aspiring day care providers and business people who were brought together by Kerry in Massachusetts a few years ago.

Kerry confounded Kreisberg's expectations by taking on a low-profile cause where there was little political capital to be gained.

As Kreisberg recalls "He seemed to care enough and understand about what life is like in

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low-income communities even though it is below the political radar screen."