



## Innovation Award Application 2014



### Washtenaw County Local Economy Initiative

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## Describe the Program/project/ product/ service innovation:

Over the past five years, Washtenaw County has led innovative efforts to build a thriving local economy from the ground up through collaborations, partnerships, and research. Beginning in 2007, the County and Eastern Michigan University (EMU) established an informal leadership partnership called the Eastern Leaders Group (ELG). Made up of public, education, non-profit, and for-profit leaders in the eastern part of Washtenaw County, this organization was formed to address the pressing economic and quality of life needs of residents in the eastern portion of the County. While the rest of the County was faring well, a loss of over 14,000 manufacturing jobs, coupled with the high rates of poverty in this area signaled to the County and EMU that a concerted effort was needed to improve conditions for residents. As one top leader put it, "We are only as good as our weakest link." Borrowing from best practices across the country (and devising new programs of their own), the ELG developed a zero interest gap financing revolving loans fund for eastern manufacturing companies, two low-interest eastern micro loan programs, a commercial building reuse grant to help owners of vacant storefronts bring their buildings up to modern standards to increase tenants, and a LiveYpsi program which provides forgivable down payment assistance to encourage EMU faculty and staff to purchase homes in the area. Shortly after the ELG's creation, the Great Recession hit Washtenaw County hard. For the first time in history, the County's unemployment rate was higher than the national average. With a goal to build local economic resilience and wealth, the County Board of Commissioners established local economic development as one of their five public policy priorities in 2011. This local policy priority not only catalyzed new efforts by the ELG, but it also encouraged the County's Office of Community and Economic Development (OCED) to undertake extensive research aimed at identifying ways to further support community-based economic development throughout the County. In 2013, OCED formed an interdisciplinary economic development working group to help define and conduct research on local investing, local food system economic development, small businesses assistance, and worker-owned cooperatives. Using the findings of this research, OCED developed high-priority actions and projects related to community education on the impact of buying local, supporting local entrepreneurs, cooperative business development, food system business development, and infrastructure to facilitate local purchasing and local investing. In 2013, the Board of County Commissioners approved these high priority projects, provided additional funding to move the projects forward and created an Advisory Committee to allocate funding and track program outcomes. In 2014, the County will take the eastern microloan programs county-wide, invest in a local business cooperative venture, institutionalize local capital investment vehicles, develop a local buyers' network, and develop a business plan for local food processing facilities.

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## Short description of the importance, internal impact, and community benefits:

Building a local economy program is one of Washtenaw County's highest priorities. Due to the loss of over 18,000 high paying manufacturing jobs, an over 40% decrease in taxable value in some municipalities, unemployment rates higher than state and national averages in portions of the county, and a reduction in family incomes, show how important building a growing and resilient

local economy is. Internally, our collaborative efforts provide a model for leveraging public resources and expertise with those found in the private-sector community. On a community level, projects designed with a long-term perspective on economic development benefit many county residents; our multi-faceted economic development approach supports community members, entrepreneurs, and local businesses. Supporting a local, diversified economy creates resilience in the face of economic downturns and unpredictability, ensuring a more stable job market for our workforce. Expansion of economic and entrepreneurship opportunities, especially in underserved communities in the eastern part of Washtenaw County, fosters financial stability, increased job opportunities, and a vibrant community.

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## What makes this a quantum leap of creativity?

Several aspects of our community-based economic development initiatives are unique: 1) This work puts the latest research on economic resilience into practice. By addressing economic development through a lens of equity and inclusion, we are building a stronger and sustainable local economy, while creating economic opportunities for residents from all backgrounds; 2) Unlike similar local economic development efforts nationwide, this one has been spearheaded by local government, with involvement by the private sector but little private sector funding. Elsewhere, the private sector has often taken the lead on local wealth-building research and project development, with local government as a partner but with large "founding father" corporations footing the bill; 3) Washtenaw County's work uses collaboration as a means and mechanism to advance economic development, rather than vesting the work with a small group of staff or leaders. Over 55 top leaders in the County have committed their time, expertise, and resources to ensure programs move forward; 4) On an annual basis, these relationships result in over \$16 M in leveraged funding for local economy programs; and 5) the government investment in research by local and nationally-recognized consultants provided the expertise needed to define a roadmap of local economic development needs, priorities, and strategies. This roadmap provides clarity to public and private sector partners for how to make strategic investments to bolster the local economy and get a return on those investments. As importantly, this work goes beyond traditional institutions and corporate partners, extending out to everyday residents of Washtenaw County who want to invest in local business, and advance local quality of life.

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## Who benefits?

Low-income residents, residents that have experienced massive manufacturing layoffs and decreased annual incomes, small business owners and entrepreneurs, local downtown building owners and tenants, local farmers, EMU faculty and staff, and the general community.

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## How was the program/project/product/service initiated and implemented?

The County local economy initiative had its beginnings in the formation of a partnership (the Eastern Leaders Group) to address the pressing economic and quality of life needs of residents in the eastern portion of the County. When the Great Recession hit, Washtenaw County's policymakers recognized the need for county-wide and resilience-building economic development, and subsequently allocated resources toward research specific to our local economy needs and charged OCED with the research and

program development. OCED recruited economic experts, forming an interdisciplinary economic development working group that would spearhead research and development of best practices and innovative strategies. Research led to the County Commission taking an active role in making economic development a priority, appointing Board members to the newly formed Advisory Committee and providing additional funding for economic development projects.

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### What risks were taken?

In carrying out the County Commissioners' charge, OCED and its team of local experts identified local economy areas to research further and advance. Selecting topic areas to invest in and research – local capital, local business needs, food sector assessment – was a risky proposition. There are no proven blueprints for targeted community-based economy research, and many questions arose: "What if these areas are not the right sectors? Can the research be specific to our particular county needs and conditions? Will the research provide any project and program recommendations that can move us forward and be accepted by the Board of Commissioners? Will the Board see their investment in research as a good return on investment?" There are many traditional regional economic assessments used to target sectors, but none allow the local community to hone in on specific projects to improve the "community-based or local economy," including small businesses.

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### What, if any were the costs and/or savings?

The County has provided approximately \$100,000 each year to further its community-based economy initiative. In terms of overall budget impact, this minimal annual allocation has leveraged over \$1.6 M annually to implement these local economy programs. There are no general budget "savings," however, given the amount of leveraged funding, the local economy initiative has a large return on investment. Additionally, from a philosophical perspective, as one of our partners puts it, "You can't cut your way to success".

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### What are the lessons learned that other local governments can learn from?

Absent the presence of large private sector companies in our community, and absent their "founding father" funding, the County has managed to develop a robust community-based economic development program. This was accomplished by recruiting local education, non-profit, and for-profit leaders to address pressing sub-county needs, recruiting a team of local experts to assist in research and program development, and elevating community-based economic development in annual budgeting and priority settings.

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### What department and/or individual(s) championed the innovation? If a contractor was used, please list the name and their contact information.

The Office of Community & Economic Development championed the effort and used research consultants and local experts including: Jessica Meissner, Economic Anthropologist and president of The Shed Business & Employment Cooperative ([jessicammeissner@gmail.com](mailto:jessicammeissner@gmail.com)); Michael Shuman, Economist Cofounder and Research Director Cutting Edge Capital, Fellow of the Post Carbon Institute and BALLE Fellow ([shuman@igc.org](mailto:shuman@igc.org)); Angela Barbash, CEO and co-founder of Reconsider

(angela@timetoreconsider.com); Charles Penner, Regional Director of the Small Business Technology Development Center (Cpenner@wccnet.edu); and Amanda Edmonds, Executive Director of Growing Hope (amanda@growinghope.net).

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**Any additional information you would like to share?**

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