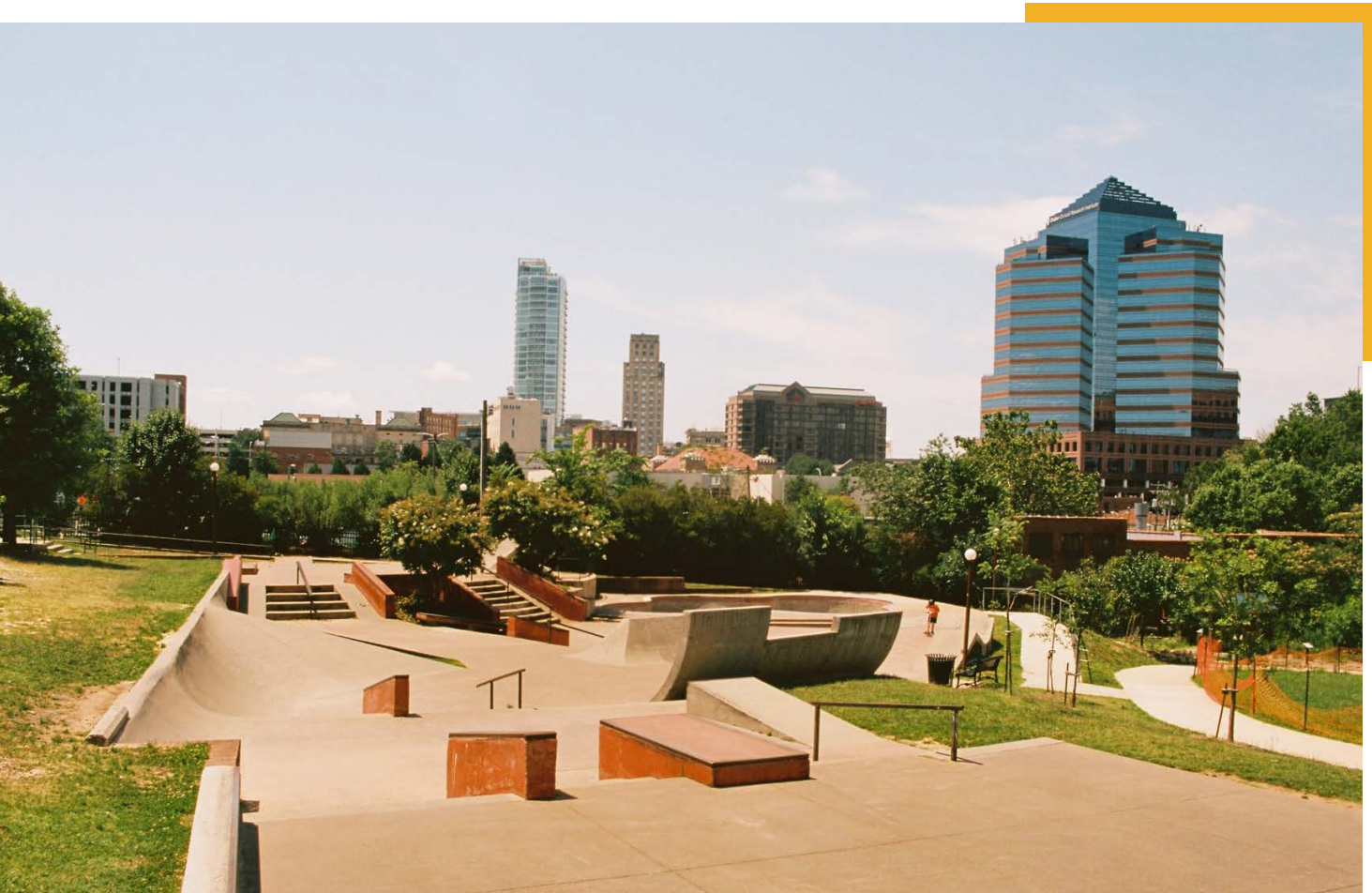


DURHAM, NC CASE STUDY



CAN AN INCLUSIVE GROWTH STRATEGY DISRUPT DEVELOPMENT-DRIVEN DEMOGRAPHIC DISPLACEMENT?

Local Leaders Seek to Build Inclusive Innovation Ecosystem
That Helps Developers Stop Gentrification Trends

DURHAM, NC STATS

262, 989

(2.09% Growth) Population

33.3

Median Age

\$52, 208

(0.2% Growth) Median Household Income

17.1%

Poverty Rate

140, 790

(2.87% Growth) Number of Employees

\$196,100

(1.55% Growth) Median Property Value

The picture is jarring. Paul Scott, a local minister in Durham, NC is captured in a main photo in the New York Times that opens the story by Amanda Abrams, “[In a Revived Durham, Black Residents Ask: Is There Still Room For Us?](#)”

Scott is featured closeup in the center foreground wearing a black t-shirt with a message in giant white letters: Durham vs Everybody. On his head is a black ball cap with another message: **Black Messiah**.

Subtitle of the story: “Upscale developments downtown have drawn a demographic that is largely wealthy and white, making some others feel unwelcome.”



Paul Scott, a minister and newspaper columnist in Durham, N.C., said, “My concern is that when you go downtown on any given evening or on a weekend, you don’t see a whole lot of black faces there.” *Credit: Travis Dove for [The New York Times](#)*

Abrams leaps into her story of Durham’s shifting demographics driven by economic development with a quote from Scott: “**Downtown just ain’t black enough for me.**”

DEVELOPING DURHAM

Abrams’ angle is that Durham, a bustling town with a 40% black population and home to the venerable Duke University, is succumbing to market-driven trends of gentrification that typically lead to displacement of poor black communities. Durham’s black residents, particularly those in Northeast Central Durham, adjacent to downtown area developments, see the visible manifestation of change in the pedestrian traffic in downtown Durham

and the rapid rise in real estate values in the downtown core and nearby residential communities.

Abrams describes four specific major commercial developments. Two in the downtown district: an \$88 million 27-story mixed use building called One City Center, and a \$100 million Durham Innovation District (900,000 square feet of mixed-use space including two seven-story buildings and a tower). Two more developments will anchor the southern area adjacent to downtown with an \$80 million 12-story residential building and an 11-story residential building overlooking Durham's baseball stadium.

Both buildings will house a total of 1,500 high-end residences with 100,000 square feet of bottom-floor retail. The result of these mixed-use developments will eventually impact Durham's skyline and transform a city that's equal parts black and white into a city with a mostly white downtown hub connected to a major university with a mostly white campus.

So, why does it matter if Durham evolves into a prosperous city for middle- and upper-income white and Asian residents? After all, the makeup of Duke University's 16,000 students is 48 percent white, 18% immigrant and 14% Asian. Black and Hispanic students are 7% and 5% of the population respectively. The annual tuition is \$66,000. Even with financial assistance, there's a ton of money flowing through a very smart student body (range of SAT score: 1360-1550) spilling out into Durham's downtown and other socially active venues.

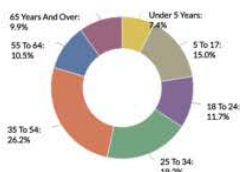
It seems prudent that Durham's economic development leaders, influencers and stakeholders would encourage redevelopment of its aging core. The economic revitalization of the city center and connected communities, including the huge Duke campus, is leading to new local businesses, living-wage jobs and a growing reputation as a tech-innovation hub. What's not to like?

OMINOUS SIGNS

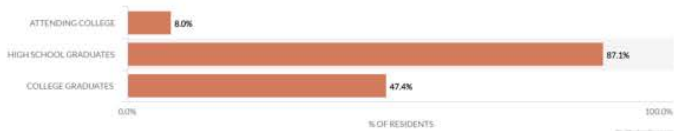
For 40% of Durham's population that is black, the current economic upswing of a previously decaying rural town, which has long-suffered a poor reputation compared to its sisters in the nationally renown Triangle (Raleigh and Chapel Hill), means the market-driven winds of gentrification will inevitably lead to uprooting and displacement of low-income black people from a thriving metropolitan region where they can no longer afford to live. Improved quality of life sounds good, until you read the fine print: Quality of life upgrades are for premium customers only.

Paul Scott recognizes the trend. It isn't the first time public policies and private

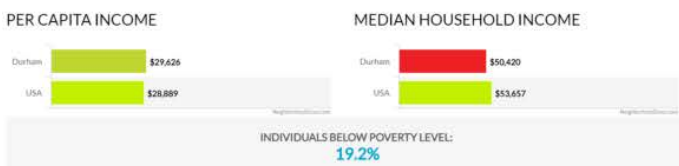
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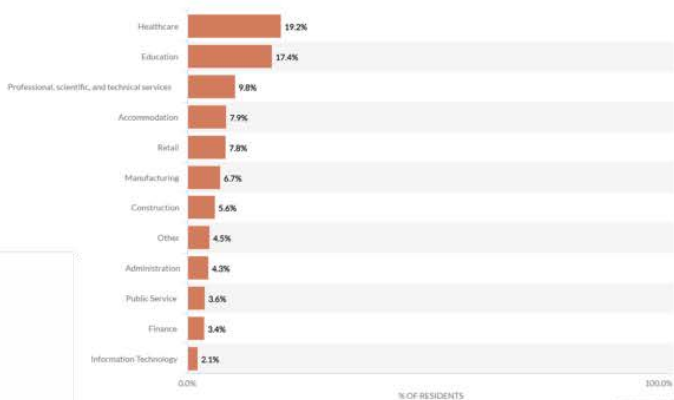
EDUCATIONAL ATTAINMENT OF ADULTS



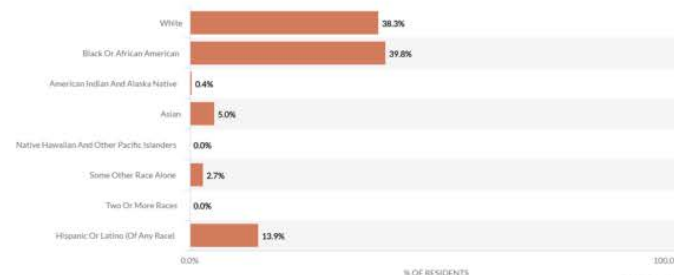
INCOME



EMPLOYMENT INDUSTRIES IN DURHAM



RACE & ETHNIC DIVERSITY



sector practices have partnered to wipe out the gains and successes of black residents in Durham, which was once nationally known as Black Wall Street. The quality of life upgrades in the 20th century built new infrastructure in cities nationwide, including major transportation corridors that urban planners routed primarily through black communities.

The Root offers a snapshot of several thriving black communities across the south, including Durham: **“By the early 1900s, Hayti was the first black community to become fully self-sufficient. It built Lincoln Hospital, staffed by black doctors and nurses, as well as a theater, a library, hotels and over 200 businesses. North Carolina Central University was founded in Hayti in 1910 and became the first liberal arts HBCU to be state-funded in 1925”.**

It may seem cynical to think Durham’s city planners intentionally targeted its thriving black commercial corridor for destruction; but it would be foolish to believe it was coincidental or by accident that the same thing occurred in every nearly major city in the country. Therein lies the key to Scott’s concern and consternation. The economic strategies and urban renewal planning processes in Durham during the 1950s and ‘60s destroyed Durham’s community of Hayti, a.k.a. Black Wall Street.



Durham's Black Wall Street was a bustling, thriving successful business district from the late 1800s to the immediate aftermath of WWII.

ECONOMIC SUSTAINABILITY IN DURHAM'S BLACK COMMUNITY

From the late 19th to mid-20th century, black people traveled to Durham during the Great Migration, marveling at bustling black businesses and prosperous black communities in Durham's community of Hayti. Booker T. Washington (Founder of Tuskegee University and champion of vocational work training) and W.E.B. DuBois, (NAACP leader and champion of professional career development), visited Durham and were impressed by the broad-based equitable opportunities and pathways to prosperity, home-ownership and business-ownership. Hayti also featured higher education. North Carolina Central University was established in 1909, the same year the NAACP was founded. It was the first public liberal arts school for black students in the nation. Even after the loss of Tulsa, Oklahoma's thriving Black Wall Street, brutally destroyed by a white riot, Durham's black commercial corridor lived on.

When W.E.B. DuBois witnessed the economic wealth and sustainability in Durham's Hayti community, he said this:

"Today, there is a singular group in Durham where a black man may get up in the morning from a mattress made by a black man, in a house which a black man built out of lumber which black men cut and planed; he may put on a suit which he bought at a colored haberdashery and socks knit at a colored mill; he may cook victuals from a colored grocery on a stove which black men fashioned; he may earn his living working for colored men, be sick in a colored hospital and buried from a colored church; and the Negro insurance society will pay his widow enough to keep his children in school. This is surely progress."

REVITALIZING BLACK SUCCESS IN DURHAM

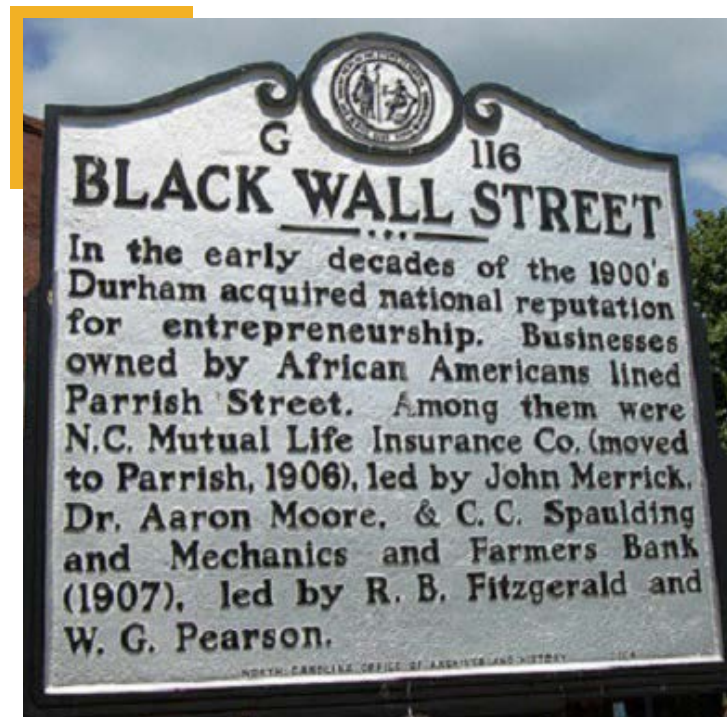
Today, the “Bull City” is determined to break free from the grip of its partitioned past and build a more inclusive economic environment. The fuel driving the City’s economic imperative is *entrepreneurship*, the same bedrock upon which the city built its early economic footprint in Hayti that attracted national attention.

Durham’s past holds significant lessons for its future. A culture of entrepreneurship helped build a thriving (though highly segregated) black community that was ultimately destroyed by urban planners. But with the arrival of IBM, Durham’s black community discovered renewed hope for more inclusive economic opportunity. As a responsible corporate partner with a strong relationship to the local community, IBM represented an opportunity for black residents to enter the high-wage workforce. And that had a positive impact on generations of lives for some black families.

“My grandmother, who spent 35 years in the community, knew everybody. They transferred her skills and she became the mail clerk at IBM,” said Farad Ali, Director of the Institute of Minority Economic Development.

“They hired my aunt, who was entrepreneurial and innovative. She became part of the manufacturing line and created a change in the manufacturing to engage with computers. IBM capitalized on the net present value of that creation and rewarded her with \$300,000 ... in the 1970s. That changed her life. She bought a home. My cousins all went to college.

“When we came to North Carolina (from Brooklyn, NY), the state was black and white, poor and rich. I wondered, why did we move here? My dad was a truck driver and got hired by IBM, working in human resources and the learning center.”





“I say this because IBM’s focus of coming into a community and changing the outcome of the people who were not previously looked upon as assets translated into its Durham plant becoming one of the best producing plants in the IBM system, as well as helped in community development.

“Because of that we all got a chance to travel to other places and learn about corporations. The trajectory of what that corporate citizen has done for my life and my brother and our kids is unimaginable. I value IBM because of the investment it made in the community.

“I’ve seen responsible community economic development. Responsible politics and responsible people can come together to create things that happen. I’m not living in this world as a tourist. I actually experienced it. I know that people who are in need, if they can get the right vision and participatory and social capital, what they could be.”

KEY QUESTIONS FOR DURHAM’S DEVELOPERS

Durham today is experiencing a significant renaissance from the devastating loss of mid-20th century tobacco and textiles manufacturing. Here are some key questions:

- **As Durham rebuilds its local economy, can it reconnect to its historical foundation of entrepreneurship, yet create a new 21st century economic narrative grounded in inclusive innovation?**
- **What role do corporations, business leaders, foundations, higher education, local and regional governments play in the development of Durham’s future as an inclusive economic environment?**

ECONOMIC PUZZLE PIECES

A number of pieces to the puzzle have been established in local communities that ultimately could be part of a full picture of Durham's economic future. But this will require an expanded comprehensive economic plan established upon a foundation of including previously left-behind populations in the strategic planning processes. Optimism fuels Durham's Millennial population.

"I think all the pieces are there," said Micah Gilmer, co-founder of Frontline Solutions (headquartered in American Underground in Durham's downtown district).

"The challenge is: One: how do we get the city and county at the table in a way that's proactive and valuable?"

"Two: the trust that's eroded over the past 10 years or so is an issue I think is going to be critical.

"All the elements are there. I don't think we really know how to do it. I don't think anybody does. The question is will the clock run out, in terms of building the kind of trust needed to do the work together?"

The clock is running out for many communities to figure out how to invest in developing greater business productivity, limit displacement of entire populations while also preserving cultural heritage of communities. The gentrification of Durham communities, with Northeast Central Durham on a razor's edge of being completely gentrified in the coming years, is a common challenge many cities face in today's fast-paced tech-based innovation economy.

COLLABORATIVE EFFORTS

Fortunately, the City of Durham and Durham County are interested in developing a joint economic strategic plan that emphasizes inclusion. The City filled a key economic development role last year with the addition of Andre Pettigrew, a veteran economic development professional with a history of inclusion efforts.

Pettigrew's counterpart at the county will play an equally pivotal role. These two leaders will be critical to designing and supporting a strategic approach to cultivating and nurturing diverse local talent and diversifying Durham's growing startup culture for community-based small businesses as well as tech-based scalable enterprises.

The city and region are ripe with essential elements needed to build a robust knowledge-based, tech-driven innovation economy. Duke University, North Carolina Central University, Research Triangle Park, Self Help Credit Union, start-up hub American Underground and other key economic components represent a hub of core resources around which emerging entrepreneurship nodes in Durham’s diverse communities can connect.

“Durham’s economic ecosystem of investment capital, innovative research, major companies and entrepreneurial businesses have come together, in part, because of visionary public policy started in the 1960s” said Andre Pettigrew.

“Intentional public policy, in partnership with the private sector, will have to be the catalyst to generate an approach that produces more shared economic prosperity for the greater Durham community.”

KEY TO INCLUSIVE ECONOMIC PROSPERITY

Durham’s 40 percent black population is key to development of a new intentional economic strategy to shared prosperity within the city and throughout the region. The historic memory of a once-vibrant entrepreneurial community, replete with thriving local businesses, is preserved in monuments, plaques and pictures around the city.

On a national scale, black entrepreneurs have long represented America’s fastest-growing sector of entrepreneurship, surpassed in the latest data cycle by the rapid growth of Hispanic innovation and business productivity. Yet, local planners in Durham inherited a process that’s missing crucial data on the current economic productivity of Durham’s minority communities.

Moreover, there is a dearth of diverse entrepreneurial talent being cultivated in Durham’s public education pipeline, which translates into untapped talent; and Durham still needs to develop an active community of investment resources that are vital arteries in the lifeblood of existing small businesses and the growth of startup ventures.

Durham is now starting to address these systemic problems. American Underground is a growing community of companies with qualified and willing entrepreneurship mentors located in central downtown with additional funding by Google to support its inclusion efforts.

“My family is from three generations of entrepreneurs in this city going back to 1938,” said Doug Speight, the Code 2040 Entrepreneur-in-Residence at American Underground.

“My grandfather, who launched his first company in 1938, was part of Durham’s Black Wall Street and those organizations that were geared around black and brown entrepreneurship and supported the black community. I’m an HBCU product. I moved away to North Carolina A&T for engineering and started my first startup right out of college. I had clients like Procter and Gamble and Miller Brewing Company and did very well in that business. I sold it and got involved in technology and entrepreneurship at the institutional level, teaching faculty and grad students how to launch companies and get them funded.

“I came back to A&T to start their office in tech transfer. I also worked in technology and commercialization for NASA and the Department of Energy, and most recently I moved my for-profit startup back here because there’s no better place to launch it.”

INCLUSIVE DRIVERS AND KEY STAKEHOLDERS

Through **Forward Cities**, a national learning collaborative of cities of innovation based in Durham, and Durham’s **Neighborhood Compass Program**, the City has identified a number of leading local organizations and individuals whose institutional knowledge and local cultural competency help guide smart investments into efforts that are working.

The City is now trying to open pathways for new investments needed to develop vital economic infrastructure, which exists in some areas but not others. Financing for residential and small businesses is a key component in Durham’s approach.

LOCAL RESOURCES

The Center for Community Self-Help (Self-Help) is a local Community Development Fund that invests in affordable housing and serves as a vital resource for developing a sustainable community environment in which small businesses can thrive.

Assisting in guiding the vision of Self-Help are Communities in Partnership, Helius Foundation, DEEP (affordable housing) and local community organizers who provide an honest and often critical perspective. North Carolina Central and Duke University also play critical roles in galvanizing people and resources.

Development of the minority-owned small business community is critical in the area of Northeast Central Durham, which is adjacent to downtown and can potentially serve as an economic bridge between a community with justifiable fears of gentrification and the growing corridor of entrepreneurial innovation and business productivity in downtown Durham.

The **Northeast Central Durham Entrepreneur Initiative** (NECDEI) plays an important role in improving small business productivity and job growth in a community that is representative of the strength of innovation efforts in Durham’s black population.

NECDEI’s mission: “to increase the number of successful black and Latino owned enterprises in NE Central Durham , where success is defined as the owners and employees of these businesses all being able to earn a fair living wage.”

Through four member organizations, led by Communities in Partnership (CIP), NECDEI works to provide access to resources and relationships to emerging entrepreneurs of color and minority small business owners in the community. The four groups work together to stabilize existing businesses, establish new black and Latino businesses throughout the corridor, and increase investment potential in order to bring in capital from outside the community.

ADDRESSING POVERTY

While these private efforts are critical, the City also plays a vital role in driving inclusive economic development. Seventy-five percent of the residents of northeast central Durham are renters. And, as rents rise along with property values, they are at risk of being displaced. The development of business owners who live in and service the local community’s needs can potentially ward off the encroaching trend of gentrification.

Former longtime mayor William Bell looked at the lowest end of the economic scale and initiated a poverty reduction program a few years ago.

“In 2014, I challenged the city and community to go about the business of reducing poverty in our community,” said Mayor Bell.

“We’ve been very fortunate in terms of a lot of resources, and we’re an entrepreneurial community. We’re the fourth largest city in North Carolina with a quarter-million people, diverse with no ethnic majority. But we still have too high a level of poverty for a city of this size, given the resources we have.

“So the challenge was to look at how we can begin to reduce poverty neighborhood by neighborhood, year by year. We checked the Census tracts to see where the highest poverty levels were in the City of Durham and we used a study that UNC Chapel Hill had just done on distressed urban tracts. There three criteria: per capita income, unemployment and joblessness. We decided to use those same criteria in our approach.

“This tract, 10.01 in Northeast Central Durham, had three different blocks, two of which met all of the criteria for a distressed area, while the third met two of the three criteria. The two tracts had about 2,100 people and 1,100 houses and that’s what we chose to focus on.”

Durham established six task forces:

- 1. HOUSING**
- 2. JOBS**
- 3. HEALTH**
- 4. EDUCATION**
- 5. FINANCE**
- 6. PUBLIC SAFETY**

“I didn’t want this to be just a city-driven effort. I want the whole community to buy in. We held a community meeting at a Rescue Mission in the Census tract with 100 people attending from around the city. We laid out the premise of what we were trying to do. We had people there from the university community, business and political communities, etc. We got elected officials to co-chair the task force because I wanted the county, city and school board to have buy-in. And most importantly, we wanted residents of the community to be involved.

“We charged the tack forces to set up specific goals (two or three manageable goals) they wanted to achieve over a certain period of time. We are just now getting to the point of execution.

“What we hoped from this study is that while we may not have been able to reduce poverty for all the people living there, the quality of life will have improved in one of those six areas. And if we’re successful with that, we will use this template and move it to other parts of the city.”

The former mayor's focus on reducing poverty is an important effort with an admirable goal. It is a foundation upon which the current administration can potentially build. On the other end of the spectrum, the economic future of Durham, like that of America, will be built on inclusive entrepreneurship strategies that drive a knowledge-based, tech-driven, globally competitive inclusive innovation economy in the Bull City.

The question cities like Durham must address in this new climate of federal Opportunity Zones and the April 10 Executive Order ([Reducing Poverty in America by Promoting Opportunity and Economic Mobility](#)) is how can they help lift people out of poverty by empowering them to engage, participate and ultimately compete in the global innovation economy through equitable access pathways that lead to shared prosperity?

INCLUSIVE INNOVATION ECONOMY

Inevitably, Durham will need to find ways to overcome 20th century deficits that deprived targeted demographic groups of economic opportunity. These communities today remain disconnected from the region's best economic assets and resources, yet represent Durham's (and the nation's) best hope for building a "fair, just and inclusive America" (President Barack Obama, January 10 farewell address).

Durham's elevated awareness of its existing and emerging diverse entrepreneurial talent, resources and opportunity, coupled with the city's introduction of a new economic development leader and a mayor committed to building an inclusive innovation ecosystem, offer hope for a more inclusive economic future.

By fostering more entrepreneurial activity within currently under-represented communities like NE Central Durham and connecting it to downtown resources, there is a path forward in which the city's entrepreneurial ecosystem is closer to being demographically representative with greater contributions from marginalized populations.

With the presence of top-notch local universities and cultivation of inherent entrepreneurial talent in its local population, Durham's small business community is poised to grow and perhaps become the nation's first truly inclusive innovation ecosystem, which represents a promise of what America could be in the not too distant future.

“If you defined a local economy in simple terms—of course, it’s much more complicated than this—as a combination of investment, employment and business opportunities, this community continues to be very successful,” said Pettigrew.

“But the public’s concern has to be about our failure to distribute those business opportunities, jobs and investments more broadly and deeply into our community. That is the challenge I think we’re all trying to solve within this notion of inclusive innovation.”