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Community Goals and Economic Development in Buffalo, New York: Interviews with the Common Council

CATHERINE E. ARMITAGE*

I. INTRODUCTION

Economic revitalization has been center stage in the city of Buffalo for the last two decades. By 1970, it was apparent that Buffalo was sharing the fate of other older industrial cities in the Northeast and had entered a period of escalating deindustrialization. The massive effort to respond, directed by the Department of Community Development through the 1980s, has been built upon federal programs that encouraged private sector involvement in infrastructural and economic development. Over $265 million in Community Development Block Grant Funds, and $57.1 million in Urban Development Action Grants has been spent in Buffalo since 1978.¹ In addition to numerous industrial expansion projects, the redevelopment of Buffalo has included rebuilding large areas of downtown, the introduction of a light rail rapid transit system, erection of a minor league baseball stadium, and construction or rehabilitation of significant numbers of city residences.²

Much of this development activity has resulted from public-private partnerships.³ Development by public-private partnerships has become a conventional means of enhancing the enterprise capacity of municipal corporations: public funds are invested in privately owned or privately

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¹. DEPARTMENT OF COMMUNITY DEVELOPMENT, DIVISION OF PLANNING, CITY OF BUFFALO, BLOCK GRANT AND CAPITAL BUDGET EXPENDITURES FOR FISCAL YEARS 1978 TO 1989 (June 1990) [hereinafter BLOCK GRANT EXPENDITURES].

². See DEPARTMENT OF COMMUNITY DEVELOPMENT, DIVISION OF PLANNING, CITY OF BUFFALO, ECONOMIC TRENDS-BUFFALO-5 (May 1989) [hereinafter ECONOMIC TRENDS (May)]. See also DEPARTMENT OF COMMUNITY DEVELOPMENT, DIVISION OF PLANNING, CITY OF BUFFALO, ECONOMIC TRENDS-BUFFALO-6 (Sept. 1989) [hereinafter ECONOMIC TRENDS (Sept.)].

managed projects which are expected to contribute long-term economic benefits to a municipality, and which would not be economically viable if undertaken by either public or private efforts alone.\(^4\) Most often, public funds leverage private dollars as a means "to induce private industry into locating, staying or expanding within their borders."\(^5\) Nearly one-hundred percent of Buffalo's Urban Development Action Grant funds, and approximately thirty percent of Community Development Block Grant funds have been allocated to such partnerships.\(^6\) Much of this money has been spent on projects in the downtown area or on projects expected to be of city-wide benefit, such as the Goldome, Key Bank, and Norstar professional office towers, and also Buffalo Place, the Theatre District and the High-Tech Corridor.\(^7\)

Notwithstanding the impressive list of achievements in Buffalo sponsored by the city through partnerships with businesses, around the country questions have been raised about the goals and accomplishments of the public-private partnerships encouraged by federal policies and promoted by many municipalities. In Buffalo, for example, the population has continued to decline;\(^8\) unemployment remains high in many parts of the community, especially among minorities and poorer residents.\(^9\)

4. See Gold, Economic Development Projects: A Perspective, 19 URB. LAW 193 (1987). Contrasting public-private partnerships with "capital budget projects" or "public works projects," the latter being financed with public resources exclusively, Gold defines economic development transactions as those which "the private sector would not undertake without (i.e., "but for" ) such public assistance." Id. at 193. In the case of Buffalo, New York, it is more accurate to characterize economic development deals dynamically, as it is equally true that many local public-private partnerships might be described as financing "public works projects" which the public sector would not undertake "but for" private assistance. See infra note 19 and accompanying text.

5. Gold, supra note 4, at 193.

6. Economic development in Buffalo is supported almost exclusively by federal funds. See, e.g., BLOCK GRANT EXPENDITURES, supra note 1.

7. Money spent on neighborhoods, about $ 75 million since 1978, by contrast, has not been spent on economic development but on the direct subsidy of services provided at the community and neighborhood level. See ECONOMIC TRENDS (Sept.), supra note 2.

8. BUREAU OF THE CENSUS, U.S. DEP'T OF COMMERCE, POPULATION TABLE-P (1990). While the Buffalo area lost 57,627 people during the past decade, the Buffalo News recently reported that "the 1990 preliminary figures show the city's population at 323,857, a 9.5% drop from 1980 but an increase from the 1988 figure." Collison, Area Population Fell During '80's but Observers Detect a Comeback, Buffalo News, August 30, 1990, at A1, col. 2.

Moreover, despite the city's efforts, much of Buffalo's recent recovery has been attributed to Buffalo's proximity to growth in the Toronto metropolitan economy and to the Free Trade Agreement with Canada. These, of course, are changes in the local economy that no economic development program could have created. Finally, while acknowledging the transformation accomplished through rebuilding major portions of the city's central business district, many have noted that Buffalo's downtown is not yet the vital regional center that city planners hoped to create.

Thus, with a record of mixed success in stimulating economic development that is similar to other areas struggling to recover from massive losses of jobs and industry, Buffalo's leaders confront difficult choices about economic development policies for the city's future. With more than a decade of experience to build on, and a course to chart for the 1990s, Buffalo's leaders are giving careful consideration to issues raised about the focus of existing public-private partnership programs for economic development.

This article examines the views of members of the Buffalo Common Council on the past, present, and future of economic development programs in the city of Buffalo. As economic recovery becomes a reality,
Buffalo’s city government must meet political and moral demands to extend the benefits of recovery to all parts of the community. While the current national criticism of public-private partnerships may be soundly based in the experiences of many cities, evaluation of Buffalo’s economic development programs as well as the choice of appropriate goals and means for economic development for the future must be considered in relation to the particular needs and capabilities of this city and its economy. Leadership by members of the Buffalo Common Council will be important in making these decisions. Council members reflect a cross-
section of the views of informed city leaders about economic development. As representatives of the beneficiaries of economic revitalization, and as informed local leaders, their assessments of the city's programs and alternatives for the future can tell us much about local government's role in economic development.

A. The Conventional Approach

Local governments have been strongly encouraged to pursue present goals by incentives built into federal legislation. Yet, the present goal of federal encouragement, increasing the net volume of economic activity, is a Janus-built policy, having both significant strengths and significant weaknesses. On one hand, most agree that the private economy must be the principal provider of jobs and other resources on which community welfare depends. This widely-shared conviction undergirds fed-

except as may otherwise be described by this act or general law... shall be legislative only.” Buffalo Charter, art. II, § 11 (1989); see also Buffalo Charter, art. III, § 33 (1989). As a legislative body, the Common Council has a wide range of opportunities to regularly influence local development policy. Most importantly, through state delegated zoning powers, and by virtue of the City Charter, the council is authorized to define and enforce city land use policy. N.Y. Const. art. IX, § (2)(c)(10); Buffalo Charter, art. III, § 33(12), (13), & (14) (1989). Also, Council approval is required for the issuance of capital improvement bonds which are often used to induce private development. Buffalo, N.Y., Code, art. I, ch. 16 (1989). The Council is further authorized to strike out, reduce, or make additions to items of appropriation specified in the Mayor's annual budget. Buffalo Charter, art. III, § 39 (1989). Through these routinely exercised powers, the Council plays a central role in creating the rules and exceptions which define development behavior, in setting the terms and conditions under which economic development plans are made, and in planning public expenditures. Despite the fact that the city's applications for federal funds, by virtue of federal regulations, also must be approved by the Council, the Charter powers enable the Council to take initiatives beyond those undertakings which are largely enabled by infusions of outside capital.

18. See Housing & Community Development Act of 1977, 42 U.S.C. §§ 5301-5318 (1988). This act authorized a federal program for grants called Urban Development Action Grants (UDAG) which evolved from Community Action Development Block Grants (CDBG). 42 U.S.C § 5301. The regulations promulgated for the UDAG program by the Dept. of Housing and Urban Development (HUD) are located in 24 C.F.R. § 570 (1990). The regulations authorize grant assistance for certain "basic eligible activities." 24 C.F.R. § 570(c). These include real property acquisition or disposition of "certain public facilities or improvements," such as senior citizen centers, parks, playgrounds and other recreational facilities, parking facilities, public utilities, pedestrian malls and walkways and other facilities as may be approved by HUD. UDAG's can be used in payment of non-federal share of certain grant programs, urban renewal project completion, removal of architectural barriers, and relocation assistance. Funds also may be used for rehabilitation and preservation, as well as for certain economic development activities. Typical public works projects may be undertaken with HUD approval. While UDAG's apparently may be used for a broad range of projects having almost any conceivable public benefit, the complexities of UDAG financing limit the competitiveness of particular applications and the grants are thus significantly constrained. See generally Flanagan, Bond Counsel Analysis of UDAG Projects 12 Urb. Law 183 (1980).
eral encouragement of the creation of public-private partnerships as the means for revitalizing communities. On the other hand, private businesses are driven by markets to serve their own bottom lines, and thus, their decisions often do not serve the needs of the immediate community.

In choosing to aid the most competitive businesses through partnership arrangements, state and local governments are constrained by market forces that limit what those businesses can feasibly do in the market in which they have chosen to compete. This leaves location, work force size and composition, and investment to the dictates of regional, national, and global factors that are beyond the control of either the city or the business itself. Thus, public-private partnerships have been most successful in instances where they have converted cities to "service centers" for upper income growth sectors in the national economy, catering to the needs of white collar industries such as professional and financial services, and by directing development to suit the tastes of upper income residents and consumers. Even the most committed advocates of public-private partnerships have stressed the unequal distribution of the benefits of economic development that consists solely of enhancing the net profitability of major businesses, a strategy that leaves vast pockets of poverty and unemployment in recovering areas.

19. As the power of a national and international economy in the twentieth century proved to be more than municipal governments with nineteenth century powers could manage, the federal government increasingly took over development of policies intended to provide basic social amenities — housing, income security, transportation, and eventually welfare, health care, the environment, and, most recently, economic rebuilding. Yet, local governments have remained dependent on the local economy because federal policy has taken the form of partial subsidization of private businesses in providing needed amenities to local governments.

While much has been made of the rise and fall of federal support of community welfare, the important fact remains that federal policy has long taken the stance that it will not develop the capacity of the local community and as a result local governments continue to be dependent on private investment.


21. See B. Frieden & L. Sagalyn, Downtown, Inc.: How America Rebuilds Cities (1989); G. Squires, Unequal Partnerships: The Political Economy of Urban Redevelopment in Post War America (1989). For a description of the revival of some of America's most devastated economies that argues in favor of encouragement of private sector initiatives see D. Osborne, Laboratories of Democracy: A New Breed of Governor Creates Models for National Growth (1988). Note carefully, however, the objectives that Osborne acclaims are different from those of the "dependent" municipal economies. See generally Perry & Mc Lean, supra note 9, at [pg]. Thus, while Michigan is a success story (one of Osborne's cases) Detroit remains a wasteland.
B. The Community Economic Development Alternative

An alternative approach may be termed community economic development. The goal of community economic development is locally controlled and locally targeted economic enterprises. Advocates argue that locally controlled enterprises would better target the needs of a particular community including jobs, products, retail and service outlets, cultural enrichment, and education. The ability of a community to profitably support its private and public institutions constitute the prerequisites for community vitality. Thus, the distinguishing characteristic of community economic development is greater control exercised by the citizens of the community over their own affairs affecting economic development. From this control, advocates argue, will flow not only better targeting of services but also a commitment to stay in the community.22

Community economic development faces significant challenges, such as finding sources of capital, recruitment of talented, committed, and innovative managers and entrepreneurs. Moreover, working within federal government program guidelines that favor bankable deals, and within the basic structure of local government powers which may limit local legislative initiatives to a few principal areas may prove to be difficult as well.

C. Buffalo as a Service Center

The moment is critical. Commenting on Buffalo’s goal of becoming a service center to industry, Council member Brian Higgins observed:23

Our people are just coming out of a period of transition, but I don’t think that we have clearly identified where we are going . . . and I think it’s important in the next five years to determine where in fact we want to be. I mean, what is a “service center,” you know? In my mind, a “service center” is a gas station. We can have banking industry, technology, retail

22. For a brief, yet comprehensive introduction to community economic development strategy generally, see Bruyn, Beyond the Market and the State, in BEYOND THE MARKET AND THE STATE: NEW DIRECTIONS IN COMMUNITY DEVELOPMENT 3-27 (S. Bruyn & J. Meehan eds. 1987). Consider Professor Bruyn’s objective:

we can have all those things. But what we have to do is strive for a stable position.\textsuperscript{24}

Higgins' observation raises a vital issue of the future of economic development in Buffalo. Higgins suggests that the goals of economic development in this city are still in doubt, even after decades of economic transition. This observation invites careful reflection on the meaning of economic development in Buffalo, and in particular, on the kind of economic development that would best serve the citizens of the city. Many members of the Council share Higgins' concern about whether economic development has been focused on the right goals. This article argues that not only is it widely recognized among Buffalo city leaders that traditional forms of economic development have left some desirable goals unfulfilled, but also that there is considerable agreement about the goals that remain to be met. These unmet goals are precisely those that community economic development seeks to fulfill.

II. A Consensus on Buffalo's Economic Potential

In extensive interviews conducted in 1989, the views of Buffalo Common Council members were explored and discussed.\textsuperscript{25} Not surprisingly, Buffalo Common Council members generally agreed that the city has significant economic potential and that an abundance of natural and locational resources peculiar to the Buffalo area are keys to economic growth.\textsuperscript{26} They agreed that local government should promote economic development by assisting the private sector in ways that will encourage the local economy to build on Buffalo's unique assets\textsuperscript{27} and thereby improve the quality of life in Buffalo.\textsuperscript{28} Further, all Council members measured economic development primarily in terms of employment growth.

\textsuperscript{24} Id.
\textsuperscript{25} See discussion supra note 15.
\textsuperscript{26} See infra notes 36-42 and accompanying text.
\textsuperscript{27} See infra p. 546.
\textsuperscript{28} Each council member vaguely defined "quality of life" in relation to constituent status and district conditions. Council member Norman F. Bakos suggested that Western New York residents collectively enjoy specific benefits of the region as compared to other cities of similar land mass, such as increased access to local government services, cultural and educational facilities, and transportation conveniences:

Who would have thought 20 years ago that the population of Buffalo would go down from 700,000 to 300-350,000? As I look back, it seems to me that that [population loss] may have been an asset instead of a liability. . . because I've got to tell you, Buffalo is a big time city with a small population!

Interview with Norman F. Bakos, Lovejoy District Council Member, Buffalo Common Council, in Buffalo, New York (July 28, 1989).
As Council member David Rutecki explained:29

Economic development is activities that are designed to assist and facilitate in the creation of jobs and everything else follows from that . . . but you have to look to the end result of creating jobs, especially in the city of Buffalo which needs its property tax base built up.30

Rutecki's emphasis on jobs highlights a key assumption that increased employment directly enhances the city's tax base by contributing directly to the wealth of its residents.31 Although Rutecki stated that jobs are important, he believes that questions remain regarding the means by which job generation occurs. As Rutecki explained, public-private partnerships should be pursued in accordance with a plan that focuses on regional resources. In his view, regional and long-range planning has been lacking:

The problem is that there is no analysis as to the long term benefit. Are these new jobs? Are they simply transfers from another location? . . . on the other hand, many of these projects got a great deal of money from UDAG, and that money would not have come to Buffalo, so it wasn’t the spending of local resources.32

By concentrating on factors that indicate whether a project will provide long-term benefits, the people of Buffalo will be more securely employed, he argued. He suggested that conventional means of development by public-private partnership are designed to be implemented in accordance with such a plan.

Council President George Arthur agreed with Rutecki that the goal of economic development is new jobs, adding that the Common Council plays a role in assuring that those businesses which receive public funds actually provide employment opportunities:33

The council's role in economic development is a direct-indirect role if there is such a thing . . . and what I mean by that is that we're not into the jobs business, but we're into making provisions for them based on a land disposi-

30. Id.
31. While this observation is not inconsistent with the view that economic growth can be measured in terms of the general competitiveness of the city's major businesses, it underscores a more fundamental economic partnership which may exist between the city and its residents who use the city as a place to live and work. Advocates of community economic development might view Rutecki's observation as recognition of the importance of alternative public-private partnerships that provide public economic assistance to neighborhoods as opposed to competitive private enterprises.
32. Rutecki, supra note 29.
33. Interview with George K. Arthur, President, Buffalo Common Council Member, in Buffalo, New York (July 31, 1989).
tion or in lieu of tax agreement. We approve particular projects on the basis of job commitments. That’s why when we designate something in a particular area or we maintain control over land; we don’t have to give the land to any and everybody. We give it to them for a designated purpose.  

Acknowledging that economic development by means of conventional public-private partnerships may result in short term increases in aggregate employment levels, Council member Eugene Fahey also emphasized the importance of forging more productive, long-term partnerships with enterprises, by selecting businesses that have a connection to critical regional resources:

Although Community Development Block Grant and UDAG money was successful in rebuilding downtown Buffalo, real economic development will be achieved by exploiting real economic relationships . . . like our relationship with Canada and our being a key point of Western New York State. The things that made Buffalo a great city in 1900 are going to make Buffalo a great city again, and that’s its geographic location, its transportation nexus and its access to fresh water and cheap power. If we exploit all these things correctly, Buffalo will be successful again. If we don’t, then all that other stuff is nothing.

Thus, Council members agreed that a city economy built on federal dollars must be linked, through planning, to local and regional resources, needs, and capacities. Council member James Pitts also agreed that Buffalo’s indigenous resources and proximity to Canada offer significant economic development potential:

A sheer metamorphosis can take place economically in this area because of the fresh water, because of international trade, because of the small population. All of these things just naturally mean that Buffalo is going to be the place that it originally was.

Council member Norman Bakos agreed that the city’s small popula-

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34. *Id.* In performing this role, city administrators and city council members act within a framework created by conditions attached to federal funds. In accordance with federal directives, most economic development funds are provided to private businesses on a competitive basis. Within this framework, “competitive” is understood to relate to the long term economic viability of the recipient business in the local community, while the long term viability of the business itself is measured in terms of its national or global competitiveness. *See 42 U.S.C. §§ 5301-5318; see also infra note 89.*


36. *Id.*


38. *Id.*
tion contributed to the quality of life in Buffalo. He further identified valuable regional resources that he believes will be important to the economic development of the city:

We’ve got assets that other areas don’t have. We have a lot of fresh water. We have a work force that is well-trained. We have valuable land areas, and state, county and city development officials that have a mindset of encouraging economic development so all these things blend into a hopeful direction.

Bakos explained the importance of relationships between critical resources, a well-trained workforce, and committed government officials:

[From a dynamic perspective, employment stability is the first major step towards an improvement of the quality of life. If a young couple gets married and they are working and money is flowing, stresses that normally would have exploded with a lack of money are diminished. They can buy a home, they bring the family together. There are a lot of social benefits that come from a population that is employable and employed. You have to have an educated work force, and we are blessed with numerous colleges and the university. Plus we have reasonably priced real estate. That makes a big difference because someone with abilities who has a choice will compare the cost of living in Buffalo with the costs of other urban areas. We have a lot going for us.]

Bakos thus articulated an important principle regarding Buffalo’s resources, namely that people are critical. Both government officials and the citizens they represent are the connective tissue between the city’s current and future economic vitality.

While the optimism regarding Buffalo’s potential is widely shared, it is not difficult to detect a concern about problems not being addressed by current planning for economic development. For many Council members, there remains an underlying doubt that the present strategy of job development alone can insure the city’s economic recovery. As Council member Fahey observed:

A real issue for inquiry is job retraining. If you accept that we have been in a period of transition for the last few years, what’s happened to all those people caught up in the transition? Why haven’t we retrained them and reeducated them to do other things? There are other jobs that are going to be created. I mean, how can you retrain someone? Do these people even want to be retrained to do some of these things? . . . certainly their kids did at some point, and there wasn’t any opportunity for them. There is a seri-
ous education problem . . . there are serious gaps, and that has certainly affected our economic future.43

In noting inter-generational differences, Fahey underscored yet another aspect of the city's current reality, that different generations of Buffalonians will face different challenges. Older workers with skills no longer in demand must be retrained to participate in a rapidly changing and increasingly competitive economic market. The young and unskilled must be trained to take advantage of opportunities that might be created. In noting the importance of a well-trained workforce, Bakos too suggests that the city's economic recovery is potentially limited as well as enhanced by its population.

In addition to these shared views about the city's promising economic potential, including recognition of the importance of education and training, job development, the exploitation of regional resources, and of committed public officials, there is also some recognition that net economic growth in the city is structural, that it cannot be created by economic development programs alone.

In sum, the Council members agree that public-private partnerships must pursue goals specified in a plan, and that the plan must build on the unique resources and needs of Buffalo. Buffalo's unique resources include its proximity to Canada, its abundance of cheap power, water, and land. Further, the plan ought to take into account the city's population, including present and future generations, and the skills of the city's current and future workforces, as well as local consumer preferences, in order to target industries, identify consumption patterns, and to better project and plan regional economic growth over time.

III. DISAGREEMENT ABOUT TARGETING DEVELOPMENT

Despite general agreement among Council members that the city has great economic potential, and about the broader goals of economic development policies, there are differences of opinion about the city's success in targeting its economic development efforts to date. Some Council members reported that, notwithstanding serious challenges that remain, city officials have done a good, aggressive, job in securing and equitably allocating economic development funds. These members agreed that downtown, industrial, and regional development strategies have proved to be successful means for achieving Buffalo's economic potential. Other Council members were highly critical of the city's efforts.

43. Fahey, supra note 35.
These dissatisfied Council members reported that by channeling economic development activity toward growth within the city's central business district, local development efforts have failed to assist those neighborhoods and citizens most suffering from decades of economic decline.

Council member David Franczyk explained that city officials are constrained by certain "ground rules" which define the goals and govern the administration of economic development programs:

The Buffalo Urban Renewal Agency and the development companies are primarily set up to help businesses. The theory is that if the businesses do well they get to hire people to make more money for the businesses. Therefore, the people in Buffalo who might be under or unemployed will eventually be employed. That is exactly the theory of growth in the city of Buffalo. That is exactly the theory of growth in every city in this country. So I suppose if those are the ground rules, and you can't change them, Buffalo might as well take advantage of the money. It might as well get what it can, even if what it gets is imperfect.

Given these "ground rules," Franczyk suggested that economic development by means of partnerships with competitive private enterprises provides benefits to the community which are worth pursuing even though such benefits are indirect and speculative. Council member Carl A. Perla added:

We cannot readily predict... but when money is moving through the community, the city, and the region... along the line opportunities are created.

Perla agreed with Fahey, Rutecki, Franczyk and others, that the benefits

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45. Although terms and conditions may vary as a result of federal and state directives and local priorities, virtually all agencies which administer economic development grants or loans must evaluate the worthiness of applications on the basis of employment projections. See, e.g., CDBG, UDAG, Job Development Authority Direct Loan and Loan Guarantee programs, Urban Development Corporation/Western New York Economic Development Corporation Minority Revolving Loan Fund and Small and Medium Sized Business Assistance Programs, Buffalo Enterprise Development Corporation Small Business and 60/40 Commercial Loan Programs, Buffalo Enterprise Development Corporation Industrial Loan and Minority Contractor Loan Programs, the Erie County Business Development Fund.
46. Franczyk, supra note 44. Franczyk refers to what are known as "the Buffalo Development Companies," three non-profit corporations which are authorized to administer various economic development funds and which work in cooperation with the Buffalo Urban Renewal Agency and the Department of Community Development.
47. Id.
of such development flow to the community in the form of generally increased employment opportunities, and that people from all communities must be prepared to take advantage of opportunities that business growth presents.

A. Downtown and Regional Development

Council member Rosemarie LoTempio expressed her view that opportunities provided by current development efforts cover a wide range of employment categories. LoTempio argued that by targeting development of the city’s central business district and by leveraging large commercial projects, Mayor Griffin’s Administration has provided an array of opportunities which meet the employment needs of the city’s variously skilled population.49

In developing downtown, you have developed a multitude of different types of jobs that would fit every particular category and every need whether it be those who are untrained or those who are skilled. So overall, those who have the least amount versus those who have the most amount of training certainly would benefit from development downtown because its not all professional development. Its services, the hotels have to provide services, so service staff would have to be provided by those who are lesser skilled.50

LoTempio suggested that this type of development maximizes the likelihood that benefits will flow to various segments of the Buffalo community, and thus, downtown development provides city-wide benefits.51

Many Council members, however, feel this focus has failed to achieve benefits for many Buffalo neighborhoods.52 Some Council members reported that this city-wide and regional development approach has not benefitted particularly needy segments of the Buffalo community.53

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50. Id.
51. Local development officials have supported waterfront and central business district development as a means to enhance Buffalo’s proximity as a trade corridor to the Toronto metropolitan area and to strengthen Buffalo’s role as Western New York’s regional center. Interview with Laurence K. Rubin, City of Buffalo Commissioner of Community Development, Buffalo, New York (July 30, 1989).
52. Arthur, supra at 33; Amos, infra at 76; Pitts, supra at 37; Bell, infra at 74; Collins, infra at 66; Coppola, infra at 102.
53. LoTempio disagreed:

At one point, that was used in almost every campaign that any council member ever ran — neighborhoods versus downtown. But many of us realize that you can’t have neighborhoods unless you have developed a strong downtown, and once that was realized, I think it was, you saw what was happening when we started the development downtown . . . how the private money started moving into the areas surrounding the downtown
Council member Fahey supported the view that the city’s economic development efforts have not achieved uniform benefits for Buffalo’s neighborhoods:

I was elected to the council in 1977. Before that, I worked as a community coordinator. I've lived throughout the city and let me tell you, downtown was nothing, absolutely nothing. Buffalo’s downtown has changed. It's turned around. In the neighborhoods we haven't been as successful.\footnote{Fahey, supra note 35.}

He explained why he believes certain neighborhoods have recovered from the economic dislocations of the 1970s while others have not:

I think that's a function of demographics. First of all, certain age groups have gotten older, and they all bought houses... so there is that kind of demographic push. But the other side of it is that the neighborhood problems we have are linked to the transition from heavy to service industries and the life-styles that people can afford.\footnote{Id.}

The views of Council members Collins, Arthur, Pitts, Amos, and Bell suggest, however, that those who advocate neighborhood development as an alternative to downtown development are not satisfied with the distributive effects of conventional public-private partnerships.

Downtown development projects have ranged from “Buffalo Place,” a pedestrian mall devoted to theatre and entertainment, and hotel, financial services, retail, and office development to the “High-Tech Corridor,” a modern inner-city, professional-industrial park, which marks the edge of the city’s central business district. Most of these projects are situated within the Ellicott District.\footnote{In addition to Buffalo’s downtown area, the Ellicott District includes the highest concentration of the city’s low income residents: 69% as compared to 39% city-wide. See Neighborhood Condition Index, supra note 9.}

Council member Pitts, who represents the Ellicott District, argued that the “High-Tech Corridor” project exemplifies the way in which the city’s efforts have ignored inner-city needs.\footnote{The distributive effects of shifts toward information-based or “high-tech” urban economies have been debated around the country. Pitts’s views mirror the commentary of critical observers writing on the so-called “rise of a super-rich mercantile class at the expense of the disadvantaged” in New York City: “New York, after a hundred or so years as the melting pot, has entered the age of the Uncommon Man. The common man has virtually no future in the brave new city. White-collar, high-technology jobs are no help to the unskilled poor.” B. Freiden & L. Sagalyn, supra note 21, at 290 (citing Desmond Smith). Others argue that differences between blue-collar or manufacturing jobs and white-collar, or service sector jobs, do not explain continuing inner-city unemployment. Id. Freidin and Sagalyn agree with critics that office growth during the period between 1965 and 1980,}
Let's take a quintessential example, let's examine the Elm-Oak arterial, the so-called "High-Tech Corridor." The issue here is who owns the Elm-Oak arterial? Well, basically, ... a developer who saddled up to ... the Mayor ... and came up with this idea he had been doing in the suburbs. He marketed space at a reasonable price to either attract businesses or to create businesses that could use the space. Now that is the concept that was put into it. Now let's look at the "High-Technology Corridor" and its economic impact. Well it has no economic impact on the community on the near east side. Why? Well, can folks who live on Sycamore walk up to that campus and say "I want a job?" No! Why? It's alienating, even the way it's built becomes a barrier.58

Council member Pitts' critique indicates that the dissatisfaction of some members with the city's redevelopment efforts reflects a concern that their constituencies are not empowered by current public-private partnership arrangements and the creation of white-collar service-sector jobs.60 As Pitts' description of the city's "High-Tech Corridor" project suggests, conventional public-private partnerships do not directly provide means by which the cause of community empowerment can be sustained. Further, it may often be the case that projects such as the "High-Tech Corridor," which are designed to meet the city-wide goal of in-

when most cities concentrated economic development on downtown revitalization, has not provided net employment benefits for the city's residents. However, they argue that:

While downtown jobs were changing, so were city populations. They were changing in opposite directions. The jobs were increasingly for men and women who were good at speaking, writing, and managing and for technical experts in law, finance, computers and other specialties needed to run businesses ... with new downtowns rising while low incomes and unemployment continued for city residents, it was easy to blame city hall for the wrong kind of development ... But the cities did not change the national economy, and they were not responsible for changing its base from manufacturing to services.

*Id.* at 289-90. See also Kasarda, *supra* note 20 (describing the negative impacts of demographic change upon municipal finance and offering related solutions).

58. Pitts, *supra* note 37.

59. See Schramm, *Local, Regional, and National Strategies*, in *BEYOND THE MARKET AND THE STATE*, *supra* note 21, at 152-70. Schramm defines empowerment as:

an economy that is controlled by those it affects, that is guided and redirected by conscious planning, and that emphasizes the development and use of its own resources to meet its own needs; and where everyone has access to government, labor, community and other organizations needed to influence their work, income and overall quality of life.

*Id.* at 154.

60. Freiden and Sagalyn discuss the three explanations for persistent inner-city poverty that emerge from this side of the debate nationally:

One is that low-income people fail to learn about office job openings for which they are qualified or could be qualified with minimal training. ... Another ... is that many city residents lack the education to function well in either a factory or an office. ... Still another is that many poor in central cities are not in the job market at all.

*B. FRIEDEN & L. SAGALYN, supra* note 21, at 295-96.
creasing the aggregate city tax base may directly conflict with the needs of inner-city communities, even when such projects do expand the range of employment opportunities available to city residents.61

B. Neighborhood Problems

Neighborhood problems have grown as municipal tax revenues have become correspondingly scarce and the city itself has become increasingly dependent on outside funds for redevelopment. Poverty-related problems of prostitution and drug-dealing, as well as violent crimes including armed assault, arson, rape, and murder, are most severe and recurrent within Buffalo’s inner-city neighborhoods.62 These neighborhoods are located within the Fillmore, Ellicott and Masten Council Districts. Popularly known as the “East side,” these districts together include greater than eighty percent of the city's total minority population. Additionally, the highest concentrations of absentee-owned residential structures and low-income persons are located within this area.63 On the East side, many agree with Fillmore District Council

61. While some Council members were critical of the city's efforts to create white-collar, high-tech, information-based, and service-related jobs, they did not suggest alternative employment categories that might better meet the employment needs of their constituents. Interestingly, it has been argued that because wage differences around the country do not favor manufacturing over service jobs for all occupations, differences between manufacturing and service jobs do not explain persistent and increasing inner-city poverty. Researchers report, for example, that basic blue-collar occupations of operatives, assemblers, and inspectors had median weekly earnings of $287 in 1985 as compared to $286 for administrative support and clerical workers. A full 30 percent of such “white collar” workers earned less than $7,400 per year (in 1986 dollars), while only 26 percent of operatives and 23 percent of transport workers and material workers earned less. At the high end earnings of such groups, only 5 percent of administrative support workers earned more than $29,000, compared with 10 percent of operatives and 15 percent of transport workers and material movers. Id. at 294-95. “The large blue-collar occupation of laborers, however, lagged far behind administrative support workers, with 51 percent earning less than $7,400 a year and only 3 percent more than $29,600. Id.

Ironically, these findings suggest that neither the city’s goal of enhancing the aggregate tax base, nor the Council members’ goal of community empowerment may be achieved by generation of certain lower wage white-collar jobs.

62. According to a recent Federal Bureau of Investigation Index, there were 1,162 cases of violent crime, including 8 murders, 319 robberies, and 756 assaults reported in inner-city Buffalo, within a six-month period covering January 1, 1990 to July 31, 1990. See Block Clubs Grapple With Runaway Crime, Buffalo News, Nov. 24, 1990, at A1, col. 1 (reporting F.B.I. statistics and local efforts of east side clergy and parishioners to form citizen surveillance units which have begun to document events in their neighborhoods).

63. NEIGHBORHOOD CONDITION INDEX, supra note 9 (reporting data compiled by the City of Buffalo, Department of Assessment, Nov. 1989).

member Franczyk who noted, "it's a daily struggle for survival." 65

Clearly, inner-city Buffalo has not recovered from the economic dislocations which were earlier experienced city-wide. Council member Collins, representing the predominantly black Masten district, believed that the current cause of crime, and physical and economic deterioration within the city's East side dates back to the racial rioting which occurred in Buffalo during the 1960's: 66

The riots had a terrible, devastating effect on the inner-city. Talk about economic impact! Businesses left the inner-city as a result of the sixties riots. Jefferson Avenue was a very thriving, fast growing and bustling business strip until 1967 when the business people were hit with rocks and bricks. They were mostly Jewish and Italian people, people who did not live in the community. They were looked upon as intruders and so people just totally vented on the establishments. That's why you see so many empty buildings on the major inner city strips—Genessee Street, Broadway, Sycamore, Jefferson, Fillmore, Michigan . . . Businesses decided they were no longer safe; not only because of the economic threat, but because of the physical threat that takes place. 67

According to Collins, businesses have not returned to the inner-city and "no one has replaced them" because of a massive population loss between 1960 and 1980. 68

Council member Franczyk, whose district is experiencing a Polish-Black transition, attributed the lack of progress to the difficulty of mobilizing his district. He explained why he feels it is difficult to assist even those citizens who might be in a position to take advantage of economic development opportunities:

My district is very difficult for the very simple reason that my district is white working class ethnic and black working class and permanent structural under-class. These people are the very lowest. They live in neighborhoods where two-thirds of the housing is dilapidated and crumbling. They live in neighborhoods where there is tons of garbage out in front of every other house all of the time—rodents running around. They live in neighborhoods where there is a high level of violence, criminal drug abuse, and disrespect for people. Families are totally shattered—there is no legal family. There is no religion. There's no morality—other than just survival. To organize this mass, which is locked into the social services thing is practically next to impossible. 69

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65. Franczyk, supra note 44.
67. Id.
68. Id.
69. Franczyk, supra note 44.
He continued his explanation with respect to the working class:

On to the working class, and most of them are white ethnic, most of them are homeowners, many of them are elderly, there is a large older population. Most of them have their worlds revolved around home, family, religion, and work. They are clean, quiet people, not very aggressive people. They are generally not well-read people... they have no economic power whatsoever... so they're just simple, quiet people that want to be left alone and the generally see the enemy as the black under-class. For example, you have a nice, tree-lined street, and all of a sudden a slum lord comes in and buys the property and suddenly you have music playing until four in the morning and you're getting mugged.70

Council member Pitts agreed with Franczyk that many inner-city residents need special assistance. He reported that the city's development efforts have failed to benefit those who have endured Buffalo's economic decline. He argued that much like downtown development, waterfront development has had uneven distributive effects within the city as well:

There is a certain echelon that is taking advantage of Buffalo, and those are professional, highly skilled persons who are settling [in the suburbs]. Their concern is to make money. They'll be here for five, maybe ten years, and then they're gone. Those people in the neighborhoods who actually have raised their families, who intend to raise their families, who have been here for years and years and have gone through the ups and downs, those individuals are the ones who are suffering and they can't go on the waterfront and buy a house, and that's why neighborhood development becomes important.71

Pitts suggested that the city has a particular obligation to assist those who have remained in the community despite years of economic hardship.72 He and other Council members believe public funds ought to be invested precisely where they are most needed, in the demographic pockets hardest hit. The opposing views of the advisability of shifting greater emphasis to neighborhoods has led to a lively debate. The debate is not

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70. Id.
71. Pitts, supra note 37.
72. To be sure, the majority of city dwellers, ranging from professional to blue collar laborers, cannot afford to live in newly built, waterfront condominiums. However, city officials report that public investment in the waterfront infrastructure has been recaptured by increases in real property tax, building permits, and other revenues. See DEPARTMENT OF COMMUNITY DEVELOPMENT, CITY OF BUFFALO, DIVISION OF PLANNING, PUBLIC REVENUES AND PROJECTIONS FROM WATERFRONT DEVELOPMENT: FISCAL YEARS 1979 - 1994 (June 1990). Further, officials project a total return exceeding $11.5 million on this public investment by fiscal year 1994. This projection includes real property tax, sewer rent, land disposition, as well as building, electrical, and plumbing permit revenues. Id.
about goals. While, all Council members generally agree that neighborhood improvement is critical to the city's economic future, they disagree about the best means to achieving that end.

C. Changing the Agenda: Small Business Development

As exemplified above, inner-city neighborhood problems are readily identified by Council representatives. The question becomes what can Buffalo's Common Council members do to remedy such problems. This Section reports alternative strategies offered by Council members. Some Council members feel that shifting the focus toward assisting smaller neighborhood entrepreneurs would solve community problems not addressed by conventional economic development programs.

Council member Bakos suggested that local development officials concentrate on small business development, even if the city cannot invest federal funds in direct support of many smaller enterprises:

Some cities have the benefits of having international company home offices housed in their communities. Buffalo doesn't have this benefit. I think we would be most stable if we had a large number of small, locally owned and controlled companies, employing 50 to 100 employees. Generally, that type of organization has the prime mover at the helm. The head honcho is right here. If he's a home grown guy, he has the community interest at heart. If you belong to an expansive organization there is little connection to the area. . . . [Here is] where the local development officials should be doing there thing. What can make Buffalo and the metropolitan area less prone to peaks and valleys in employment and unemployment is to have many small businesses that in fact employ fewer number of people, but that are diversified in all aspects so that we are not dependent on Bethlehem Steel plants. I think its fine to have large industries in the area but it takes away from the stability of the area. Now that we've learned that lesson, we've got to look to the future.73

While most small enterprises are not eligible for direct federal economic development funding, Bakos emphasized that the city does provide land and infrastructural support, and that it should focus on developing creative approaches to small-scale commercial and industrial developments. Council member Bell agreed that neighborhood business development should be targeted,74 because he feels that disadvantaged people ought to receive greater benefits from economic development programs:

73. Bakos, supra note 28.
74. Interview with Clifford Bell, Council Member-at-Large, Buffalo Common Council, in Buffalo, New York (Jan. 19, 1990).
I've been associated with the Buffalo Economic Development Corporations for over ten years . . . the prerequisite for these loans is supposed to be intricately tied to an opportunity for minority and disadvantaged people which seldom if ever receive any benefits from this . . . If you give it [i.e., money] to existing businesses that have a pattern of exclusion, perpetuating their business does not guarantee that the pattern will be broken, and it isn't.75

Council member Archie Amos represents the city's University District.76 As one of the city's most ethnically and economically diverse areas, the University District has substantially recovered from earlier periods of economic decline and neighborhood deterioration. Amos also advocated neighborhood business development:

For the last twelve years, [Mayor Griffin's] Administration has placed an emphasis on really downtown. What has not been until the last few years in the neighborhoods because of the need of the council to come together as a force and have the neighborhoods really get a piece of the action. But then it also depends on the position of the community too . . . . My community has benefitted in the past few years because of the rapid transit, its major thoroughfares, and the fact that I took advantage of those things to get, in fact, more than my fair share.77

Citing a study commissioned to assist the Council in guiding downtown redevelopment, Council President George Arthur offered an alternative theory for economic development in Buffalo. He maintained that "because the city collects more taxes and revenue from neighborhoods," public expenditures should be targeted to small businesses and neighborhoods:78

The city of Buffalo collects more revenue and taxes from neighborhoods than from downtown, and that is the backbone of the city. We have to strengthen those neighborhood business strips because to think that we can get them to all come downtown again is a no-no. We have to maintain those neighborhood business strips in order to finance development down-

75. Id.
76. Interview with Archie L. Amos, Jr., University District Council Member, Buffalo Common Council, in Buffalo, New York (Feb. 5, 1990).
77. Id. Although Council Member Amos has taken great initiative in assisting small business development in his district, he did suggest that the city should raise taxes:

People are not paying enough attention, all they hear is they only raised taxes one percent [and] look at the development downtown . . . well damn it, raise taxes! Cheektowaga and all those other [suburbs] do, but at the same time they also provide high levels of service. . . . So we have to bring our population back to a reasonable level of expectation.

If you want these things, there's no free lunch, you have to pay for it.

78. S. Alexander & H. Wyman, Analysis of the Buffalo Regional Center Plan and Main Street Transit Corridor Study (March 1986) (unpublished report).
Council member LoTempio agreed that neighborhood development is important to Buffalo's economy. LoTempio noted that although the city currently provides low-interest loans which are "necessary to revitalize neighborhoods," she argued that "there should be greater effort." She further suggested that small business development is inherently limited by the relative capacity of those individuals who might potentially benefit from economic development funds:

We have to do more than offer money, we have to do all that we can to educate them and give them know-how and marketing assistance that would help them develop, and that's missing. Just providing loans is not good enough. Mom and Pop can't even fill the application out, and we have to explain, in layman's terms—now this is what you have to do. We have to encourage them. People are fearful, they hear that a lien will be put on their home and we have to educate them that a lien on their home or their business doesn't mean that they're going to lose their home or their business. It doesn't make a difference how much money you have out there. If you don't educate them, its not going to help.  

LoTempio believes that various forms of assistance from strong community and neighborhood based organizations are necessary counterparts to city-wide programs.

While Council member Franczyk has been a strong advocate for neighborhoods, Franczyk believes that the city's capacity to help neighborhoods is limited by the "ground rules" of development. In his view, the predicament of his inner-city residents is far removed from the mainstream economic transactions which economic development programs are designed to enhance. Franczyk also believes that support for small businesses is warranted, however, his response was consistent with the "ground rules:"

You've got to give the small business owner a lot of credit. They try to get control over their own lives.

Council member Clifford Bell argued that economic development should do more to support neighborhoods. He suggested changing the "ground rules:"

I've asked for an interpretation from HUD as it related to large money to be given to entrepreneurs especially in retail development for immediate

79. Arthur, supra note 33.
80. Id.
81. Id.
82. Id.
cash flow. Presently, you can only get money from the government based on fixed assets. In other words, you have to have collateral to get money. Well what happens when someone needs $5,000 to pay a gas or electric bill, some insurance, a sign, a little inventory? He can’t get it! But that could be the difference between success and failure to a small business. Just that $5,000 cash flow.83

Bell proposed a clear departure from conventional economic development thinking, suggesting that intensified inner-city problems warrant a more radical, unconventional response.

IV. PERCEIVED CAUSES OF FAILURE TO ACHIEVE DESIRED DEVELOPMENT GOALS

Buffalo Common Council politics are often discussed in terms of “minority” and “majority” factions. As viewed by the local newspaper, “it is no point of community pride that the split puts seven white Council members on one side and all five black members on the other. . . only the fact that . . . Coppola stays with the minority keeps Buffalo from having a city legislature split exactly along racial lines.”84 Council members’ perceptions about the city’s economic development efforts are fairly aligned with factional status.85 Majority members Fahey, LoTempio, Bakos, Franczyk, Rutecki, Higgins, and Perla generally agree that the city has made the most of “supply side” development opportunities by means of conventional public-private partnerships.

However, while the majority members believe that such public investment will provide long-term benefits to the general community and will indirectly benefit Buffalo’s neediest communities, members of the minority faction, Arthur, Pitts, Collins, Bell, Amos, and Coppola, are much more critical of the lack of economic development that provides benefits to minority and poor residents. They believe that the city must insure that each public-private partnership will be a targeted jobs-for-dollars exchange, that public assistance should be provided to small neighborhood

83. Bell, supra note 74.
85. Council Member-at-Large Eugene M. Fahey is the current majority leader. Included in the seven-member majority faction are Council Member-at-Large Rosemarie LoTempio, Lovejoy District Council Member Norman M. Bakos, South District Council Member Brian M. Higgins, North District Council Member David P. Rutecki, Niagara District Council Member Carl A. Perla, and Fillmore District Council Member David A. Franczyk.

The minority faction includes Council President George K. Arthur, Ellicott District Council Member James W. Pitts, University District Council Member Archie L. Amos Jr., Council Member-at-Large Clifford Bell, and Masten District Council Member David A. Collins. Council Members Bell and Amos often cast “swing votes” and as such are not rigidly aligned with the minority block.
businesses, and that concrete benefits should flow directly to those most in need of economic opportunities.\(^6\)

The minority faction members also attribute their frustrations to the administrative arrangements through which economic development deals are negotiated.\(^7\) In reference to the Buffalo Urban Renewal Agency\(^8\) and the Buffalo Development Companies,\(^9\) the agencies authorized to receive Federal Funds and administer economic development in the city, Council President Arthur and others claimed that the city is under the control of a "Shadow Government:"

... there's just the agency and the agency is accountable to no one but the agency, and of course, the Mayor. ... that's the shadow, that's what's happened in all of the branches of this government! So in a sense, there's a great degree of dictatorship—democracy isn't what we think it is or what we've learned it should be .... It is difficult to represent the people under this shadow government ... because information is difficult to obtain even when it is free and flowing, and now we have to fight for it.\(^90\)

The minority faction, thus, perceives the cause of growing inner-city poverty, continued deterioration, and rising criminality, as a failure of democratic processes.\(^91\)

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\(^6\) By contrast, the goal of federal economic development policy “is to find ways to stimulate private sector capital investment to recreate a productive, competitive American economy which gainfully employs the American workforce.” \textit{The National Economic Development Council, Economic Development Financing} 5 (1983). Because loans are repaid to lenders “from existing company profits and profits generated through growth, permanent private sector job creation and productivity gains are derived without public sector subsidy or grant.” \textit{Id.}

\(^7\) Current tensions date back to the late 1970’s when the Buffalo Urban Renewal Agency actively began to administer CDBG funds. \textit{See, e.g., Community Coordinators Superfluous Griffin Says, Buffalo News, Jan. 13, 1978, at 3, col. 3} (the Mayor argued that as elected officials, neighborhood liaison was the responsibility of the district Council members as elected officials); col.[ ]. \textit{See generally F. Palen, City Planning in Buffalo, New York: A History of Institutions} 265-75 (1983) (unpublished manuscript on file at University at Buffalo Law Library).

\(^8\) The Buffalo Urban Renewal Agency is a public benefit corporation chartered under special legislation pursuant to N.Y. GEN. MUN. LAW, §§ 555(2), 639 (McKinney 1986). Such agencies are authorized by the state, “to cooperate with the federal government and apply for and accept advances, loans, grants, subsidies, contributions, and any other form of public assistance from the federal government, or from the state, county, municipality or other public body or from any sources public or private. ...” \textit{Id. § 554(11).} The Buffalo Urban Renewal Agency has been designated to administer federal CDBG funds. 42 C.F.R. § 5302(c) (1988) (authorizing the “chief executive officer” of a municipality to designate one or more public agencies ... to undertake a community development program in whole or in part).


\(^90\) Arthur, \textit{supra} note 33.

\(^91\) These views lend continuing validity to empirical research into perceptions of the meaning of democracy in various community and governmental organizations and contexts. Mansbridge has stated: “[t]he crisis of legitimacy is still with us.... Demands for democratization are therefore likely to recur. If these demands take account of the way democracy changes meaning in different contexts
A. Democracy in Crisis: Shadow Government

In many respects, the minority faction’s frustration reflects an inter-branch struggle for control over federal funds which has animated Buffalo city politics for the past two decades. These Council members appeared to believe that Buffalo’s poor communities and minority neighborhoods will receive greater benefits from economic development investments if their respective Council representatives have greater influence in economic development deal-making, as well as policy-making.

In recent years, minority faction members have made repeated attempts to secure greater control over economic development funds through Common Council Committees. Regarding a recent round of committee appointments, Council member Bell, as chairman of the Economic Development Committee, and Council member Amos, as chairman of the Council’s newly formed Buffalo Urban Renewal Committee, explained that their respective committees would “interface very strongly... they may well end up transforming our political and economic institutions.” J. MANSBRIDGE, BEYOND ADVERSARY DEMOCRACY 299 (1980).

92. In 1979 the Council attempted to divest the Buffalo Urban Renewal Agency of its authority to administer CDGB funds. Buffalo, N.Y., C.C.P. 231, March 20, 1979; Buffalo, N.Y., C.C.P. 3, April 3, 1979 (veto overridden); Buffalo, N.Y., C.C.P. 1, April 17, 1979(second veto). See also James D. Griffin, as Mayor v. The Common Council of the City of Buffalo, No. E-70, 160 N.Y.S. Sup. Ct. (W.D.N.Y. May 6, 1981) (invalidating council’s attempt to transfer accounting oversight of federal funds from Financial Control of Agencies (F.C.A.), an executive department, to the Department of Audit and Control, controlled by the Comptroller’s office). In recent years, frustration with the agency has registered primarily with members of the minority faction. See Collison, Council Panel Blasts Renewal Agency, Buffalo News, October 5, 1989, at B5, col. 3 (Pitts stated “it's time we unearthed this shadow government and [brought] it out into the sunshine.”). Pitts was joined by members of the Council Committee on Economic Development in beginning a series of hearings aimed at bringing the agency and the subsidiary Buffalo Development Companies under council supervision. See also Collison, Renewal Agency Reform Call Debated: City Lawyer Cast Doubt on Push For Council Jurisdiction, Buffalo News, October 6, 1989, at C5, col. 3.

93. The minority factions’ perceptions regarding the failure of economic development to achieve democratic outcomes are a local manifestation of broader tensions between democratic values and bureaucratic expansion. See generally D. YATES, BUREAUCRATIC DEMOCRACY: THE SEARCH FOR DEMOCRACY AND EFFICIENCY IN AMERICAN GOVERNMENT (1982). The effects of bureaucratic expansion within traditional municipal governance structures are implicit within critical analysis of the changing form of representative institutions in Western democracies generally. Summarizing the work of Claus Offe, Professor Held notes:

the most important work of political and economic management is carried out by functional representatives, i.e., by delegates of corporations, unions, and branches of the state. ... [T]he scale for involvement in policy development by territorially based representatives, let alone by ordinary citizens, has declined steeply. Political participation becomes the reserve of organizational elites.

They explained that the function of the committees is to review the terms of particular economic development transactions, as well as traditional urban renewal designations:

I’ve developed an attitude about future projects where it is absolutely essential if you’re a developer that you see me in advance of your package coming to my committee to discuss with me what its capabilities and possibilities are, and then you come to committee and explain to my fellow members what is entailed and then you come to the council for the hearing and you explain to the total council what is entailed and that gives at least the council members and the committee members two shots at it. It gives me three.

Unfortunately, this approach has exacerbated differences between the minority faction and city development officials who must, with authority and in good faith, negotiate with developers and business investors by presenting as clearly as possible, what the city can offer, irrespective of political differences. It also has forged divisions between Council factions.

Speaking of the minority faction’s control of Council Special Committees, Council member LoTempio pointed out the lack of trust between factions:

It truly is a disservice to the citizens of Buffalo that every member that is elected does not sit on a major committee. History has determined that this works well and it is not working well now. Council business gets held up because you have to start a fight to get things out of committee. Arthur knows how upset I am with this. I think if he put us [the majority members] on the committees we would have left those chairmen who already sat. I don’t think he trusts us, the group of seven, and we really don’t want to create problems.

Implicit in LoTempio’s frustration, however, is a willingness to resolve differences which prevent the Council from fully realizing its representational potential. Indeed, there exists an understated consensus, a shared concern for the people of Buffalo that might provide a strong basis for creative leadership and for agreement about the future course of economic development in Buffalo.

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94. Bell, *supra* note 74.
95. *Id.*
B. *Poor Planning*

Council member Bell claims that development planning is ineffective because the very segment of the Buffalo community that most needs assistance does not benefit from job opportunities that are being created:

I've been associated with the Buffalo Economic Development Corporation for probably about ten years. The pattern of its program as related to loans and any kind of financial assistance, ninety-five percent of the time, goes to established businesses to supplement what they already have in capital to expand based upon some projection that they have made about the number of people they will employ over a period of the next three years. It does very little for the total economic development climate of the city to be quite honest . . . there has been some economic development but not nearly the effect on the city considering the amount of dollars we have spent. We have spent millions and millions of dollars. There are buildings and facilities that are testimony to all the money we have spent. But you can't put your finger on [the] effect that it's had on the Buffalo community.  

Implicit in Bell's observation is recognition that social development does not automatically flow from the construction of office buildings, investment in plants and equipment, new community facilities, or the rehabilitation of structures. Council member Collins implicitly agreed that better planning is needed:

This administration does not have nor has had the quality of planning and development capacity necessary for major urban communities such as the city of Buffalo and Western New York. Development has been done by developers who want to develop a project. They'll come in and say, I want to build a hotel on the corner of Main and Chippewa. Oh yes, yes, we got this building, you can take this down, etcetera, etcetera . . . That is not how you develop. You develop by a plan.  

He suggested the city should invest in partnerships which target projects that achieve specified goals of an overall plan. Pitts views the Mayor as exercising unbridled discretion:

[The Mayor] has been allowed to establish through the Buffalo Urban Renewal Agency the whole mechanism which controls almost two-hundred million dollars, and I've been raising the issue for years. It got to a point one time when I raised it that I was called an obstructionist. You know . . . against development. This man is choosing his developers. He is choosing people that he controls and that's what boosterism is. I mean he gives the facade of development where really you don't have people flocking into the city to spend their money. You've got people coming in and saying Boy, I

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98. Bell, supra note 74.
sure would like to get a hundred million dollars!100

When asked about the role of national planning seminars that city officials attend as a means to recruit investors, Pitts argued that they “make no difference:”

The point is that there have been many developers that come to me after having gone to the administration where they’ve refused to even deal with them . . . or anybody he [the Mayor] doesn’t want or doesn’t think is good for the city.101

Similarly, minority faction member Alfred Coppola believed that developers often take advantage of city taxpayers, by not delivering jobs that are promised.102

Private investors come in and take advantage of our tax dollars and we fix them up with an honest proposal for jobs that would benefit the city and the people who live in it. For them to say we want this and they get all the benefits and we don’t . . . I say, just don’t use us and leave us! I think we should demand the respect the taxpayers deserve.103

C. Faulty Federalism

Council majority leader Fahey, leader of the Council’s majority, argued that neither developers nor the Mayor should be the focus of Council criticism:

These developers are taking a chance with their money, and the money they are applying for is federal money, it can only be used in a certain way . . . [but] the idea of incentives, that’s a hard call. It really is.104

Fahey seemed more critical of federal economic development policy, than of the city’s administrative efforts:

There are some people who really come in and use you, but then there are other people that don’t and its really a good thing. You’ve got to make a judgment call on an individual basis and that’s what happens . . . but there isn’t really that much given away in terms of real estate taxes. The big incentives are in the low interest loans that come through the federal government, and that’s just like welfare for rich guys. I mean it really is. But that’s the economy we live in. We live in a mixed economy where people take much smaller risks than they use to. It seems that they’re risking all their money in Mexico and Canada and in banks, rather than in the United

100. Pitts, supra note 37.
101. Id.
103. Id.
104. Fahey, supra note 35.
States.\textsuperscript{105}

His position is much like Franczyk's, that Buffalo might as well take advantage of federal money, "even if what it gets is imperfect." He emphasized, however, that careful case by case judgments must be made in large projects financed by public-private partnerships. Majority member Rutecki agreed with Fahey and Franczcyk's assessments:

The UDAG program, in its earlier stages was good because it didn't utilize local resources, first of all, and gave Buffalo virtually every grant it applied for. Towards its latter stages, everyone took advantage of it in Buffalo, because of its high distress rating, everyone who wanted to do anything could get it. There was a conflict in Buffalo because, but for that UDAG, that money would not have come to Buffalo and we have successfully used the payback from those for other projects that would have more worth.\textsuperscript{106}

Council member Collins believes that despite massive expenditures, public-private partnerships simply are not creating any jobs.\textsuperscript{107}

We've given them tax abatements. We've given them UDAG's. We've given them all kinds of economic development incentives and how many really met the goal and say we want to save 200 or 300 jobs, and over a period of five years, we're going to create another 500 jobs. At the end of five years, we're at the same point we were five years ago! They're not creating any jobs. The problem is that you don't call those loans when they violate them.\textsuperscript{108}

Similarly, Council member Bell believes that the city has failed to monitor job conditions of loan and grant agreements and that this has contributed to what he believes to be economic development shortcomings:

What I had suggested once before is to take a serious look at those businesses that have not complied and to consider rescinding their loans . . . .

\textsuperscript{105} Id.

\textsuperscript{106} Rutecki, supra note 29.

\textsuperscript{107} Where employment growth is expected to directly result from economic development expenditures, or where it is perceived as a justification for highly leveraged projects, three contrasting perspectives emerge. These perspectives have been described as positive, negative, and zero sum gain theories of employment growth. Gold, supra note 4, at 199. Recognizing complex causal connections between location and labor requirements of particular projects, the positive sum gain perspective views any addition to the aggregate amount of jobs within a municipality as a public benefit. The zero sum gain perspective expands the locational referent. It alternatively holds that public expenditures merely create a causal loop in which municipalities unproductively compete because job opportunities merely shift amongst competing locations and therefore no jobs are created in the aggregate. As a variation of zero sum cognition, the negative sum gain perspective emphasizes that local governments might experience an actual revenue loss by exchanging valuable tax revenue or service-related resources for only a nominal increase in the number of local jobs. While these views might correspond with those of individual council members, they reveal the indeterminacy and unreliability of employment growth as an accurate indicator of economic stability.

\textsuperscript{108} Collins, supra note 66.
would try to make a prerequisite to that investment, we'll give you a million dollars but you've got to hire a hundred minorities... and I get the man to hire 50 minorities and 50 majorities and in Buffalo that's one of the weaknesses we have. We don't have a good monitoring system... Of all the deals we have made I don't think there are four that have complied totally with what they said they were going to do... all the rest have fallen short and they blame it on the financial climate.\textsuperscript{109}

While it is no surprise that the bitterest critics are members of the Council's racial minority who are representatives of the city's poorer neighborhoods, and that they tended to blame the Mayor's politics,\textsuperscript{110} disappointment was also often couched in general language which transcended factional politics. Both majority and minority factions recognize the limitations of public-private partnerships due to the difficulties of achieving measurable results within the context of federal policy and its local application. In this there is a basis for agreement widely shared among Council members, a basis upon which a new alliance within the Council might be built.

V. COMMON GROUND FOR THE COMMON COUNCIL: GOALS, PROGRESS, AND THE SEARCH FOR ALTERNATIVES

While there is disagreement among Council members about some causes of the failures of Buffalo's economic development efforts, there is also a surprising agreement on many aspects of Buffalo's present position and its future. All Council members seem to agree on the need for private sector involvement in economic development. Some members recognize that much of the net growth is due to structural changes in the area's economy, but that neighborhood growth will largely depend upon individual and community initiatives. Council members closest to the city's poor report the unequal distribution of benefits and the absence of economic recovery among large segments of the city's residents. Conventional public-private partnerships have not, and perhaps in some ways cannot, directly meet the needs of many of these residents.

An alternative approach to economic development is required. All "deindustrializing" cities are searching for more direct means to address the unmet needs of poor inner-city communities. Buffalo's position, in this respect, is not unique.

The new general strategy, already implicit in the Council members'
perceptions of economic development successes and shortcomings, and suggested by the conference on *Buffalo Change and Community*, as well as by the cumulative experience of economic development in other communities, calls for public-private partnerships with neighborhoods. We might call this a *neighborhood growth*, as opposed to a *net growth* model of economic development.

As noted earlier, under the terms of conventional public-private partnerships, the city’s goal of increasing its tax base often conflicts with the needs of poor inner-city communities. However, by developing a neighborhood growth model to guide the city’s future economic development, it may be possible to increase city-generated revenues by addressing the needs of the inner-city poor. By targeting neighborhoods least likely to spontaneously organize and recover community control, the city can prevent the further decline of inner-city conditions.

Council factions must put aside their political differences for the sake of the communities they represent while attempting to develop economic control from within the common core of their communities. They must cooperate with each other, and with Mayor Griffin’s Administration, so that they can better assist their constituencies in competing for scarce economic resources, jobs, and entrepreneurial opportunities in order to meet the increasingly competitive demands of rapidly changing national and global economies.

**VI. Conclusion**

Interviews with the members of Buffalo’s Common Council suggest the city ought to focus its scarce resources on creating economic opportunities for a broader range of city residents even though federal program funds and private sector lending policies which govern conventional public-private partnership arrangements limit its capacity to do so. Council members agree that the greatest unmet need is strengthening the economic base of neighborhoods. Meeting these needs will require targeting the Council’s resources to support projects that strengthen the economic base for specific classes of residents and specific neighborhoods, and will require partnerships with entrepreneurs committed to these goals and to remaining in the community. It will also require leadership and hard choices that involve concentrating significant amounts of capital to aid start up or takeover of businesses by community-based owners.

The Council and the Administration have finite money and power. Effective means of using these resources to leverage greater community benefit from grant financing, land use regulation, and licensing powers
will have to be found by consulting the experience of other communities and by renewed emphasis on the creative role of the planner. Because such decisions are difficult in the context of Council and Administration politics, even when Council members are basically in agreement about general goals, it may be desirable to create an independent commission, or not-for-profit corporation, subject to the Council but removed from its immediate direction and involvement, to undertake planning and to make policy recommendations for the allocation of resources to these projects.

Notwithstanding significant differences of perception between Council majority and minority factions, the Council is collectively cognizant that Buffalo's full recovery will depend upon the revitalization of communities which have for years been excluded by federal policy for rebuilding urban America. Although patterns of exclusion from power and economic opportunity long-entrenched in the city's poorest neighborhoods will be difficult to counteract, city leaders must make every effort to do so for the sake of the future of individuals who live in these neighborhoods as well as for the future of the city itself and the surrounding communities. Revitalization within its most devastated areas will be the true measure of economic recovery in Buffalo.