Item 3a

CITY OF AUSTIN

ECONOMIC DEVELOPMENT DEPARTMENT

GLOBAL BUSINESS EXPANSION

ECONOMIC DEVELOPMENT POLICY UPDATE

OCTOBER 2017

Economic Development Policy Update

Briefing Purpose:

- Economic Conditions: 2003 vs 2017
- Chapter 380 Policy Performance
- Overview
- Revision Resolution 20170302-034
- Revision: Potential Scope
- Revision: Engagement Process
- Revision: Program Gaps & Community Values
- Next Steps
- Questions, Discussion & More Information

Economic Conditions: 2003 vs 2017





Photo credit: Jay Janner photos / Austin American Statesman, View from ACL Fest: left, October 2004. Right, October 2012

2003

Economic Conditions:

- Austin vulnerable to dot-com bust
- June 2003 peak unemployment: 7.1%
- Commercial Office Vacancy Rate: 22%

Policy:

- Prosperity-Focused
- Attracted leading industries & large, established companies
- Job creation focused on highly-educated/skilled workforce (high wages)

2017

Economic Conditions:

- Austin's prosperity decreases affordability & equity (rise in poverty)
- June 2017 low unemployment: 3.1%
- Commercial Office Vacancy: 14.4%

Policy:

- Equity-Focused
- Supporting both large and small business, diversity of industries, and enterprises that support local identity.
- Job creation focusing on middle-skill, hard-to-employ, low-income workers

Chapter 380 Policy and Program Performance

- 22 incentive agreements, 4 completed projects
- 9 active agreements
- Projects incentivized since 2010 resulted in estimated 239% ROI for the City of Austin
- Hanger, Visa and HID Global have each invested over 160% of their required investment. Other contracts include:

Domain

- Incentivized first phase of mixed-use (retail and residential) development on abandoned industrial site
- Two subsequent phases developed resulting in significantly increased tax base

Samsung

- Required investment achieved more than 10 years ahead of schedule
- Hundreds of smaller businesses engaged with Samsung

Apple

- Compliance “dry run” established best practice
- Phase 2 completed 8 years ahead of schedule
- Job creation in Year 1 was 123% of requirement

Chapter 380 Policy and Program Overview

Since 2003, the policy has added 15 resolutions and ordinances. Examples include:

- Compliance with MBE/WBE Ordinance for construction and commodity purchases
- Third party verification of EDD's compliance review
- Incentives not available for mixed-use development projects having a retail component
- Increase public review time and formalize use of WebLOCI as Cost/Benefit Analysis tool
- Intent to locate in high transit development and transportation hubs
- Construction worker safety and wage requirements, living wage, health insurance for employees and their dependents, including domestic partners
- Review and possible adjustment related to property tax protests

Chapter 380 Revision Resolution 20170302-034

Resolution Summary:

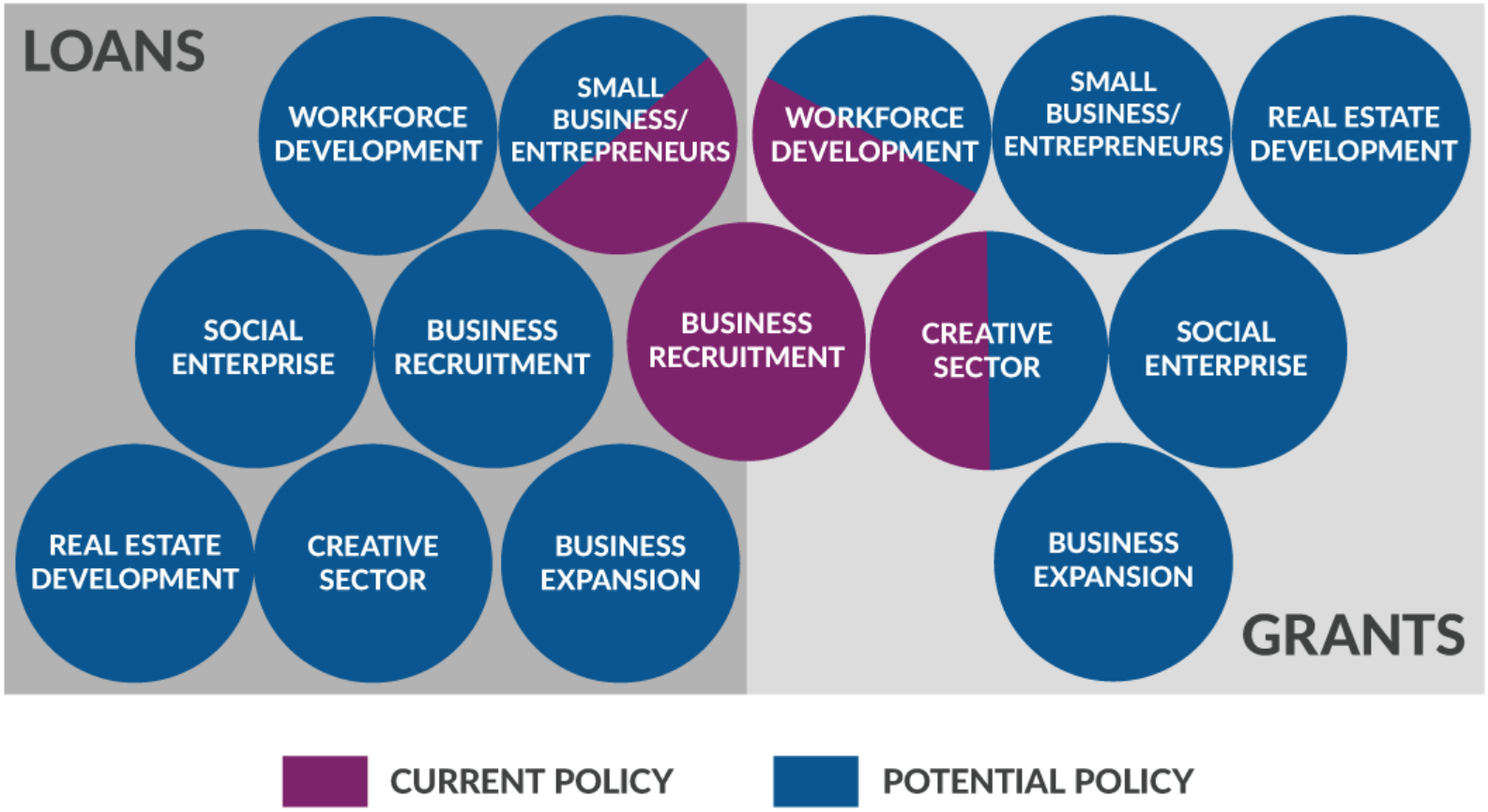
- Increased community benefits, including, but not limited to:
  - Community benefits identified in the current policy, including the provision of jobs that pay no less than the city's adopted living wage or prevailing wage, domestic partnership benefits, and other provisions that promote the well-being of workers;
- Creation of middle-skill jobs-
  - in targeted occupations identified by the Community Workforce Master Plan,
  - support for job training and paid internships or apprenticeships in targeted occupations,
  - located within Imagine Austin Activity Centers, Job Centers, or Activity Corridors in the Eastern Crescent
  - or providing better employment opportunities for those in the Eastern Crescent.
- Increased employment among populations that are hard to employ;
- Increased access to goods and services in communities that are traditionally underinvested, including, but not limited to, healthy food options in the Eastern Crescent;
- Increased availability of affordable commercial space for local small businesses, including the creative sector;
- Development of vibrant, mixed-use commercial corridors;
- Leverage of public investments to improve positive health outcomes for low-income Austinites;
- Retention of local small business employers struggling to survive and stay in Austin.

Chapter 380 Revision: Potential Scope

LOCAL GOVERNMENT CODE
TITLE 12. PLANNING AND DEVELOPMENT
SUBTITLE A. MUNICIPAL PLANNING AND DEVELOPMENT
CHAPTER 380. MISCELLANEOUS PROVISIONS RELATING TO MUNICIPAL PLANNING AND DEVELOPMENT

Sec. 380.001. ECONOMIC DEVELOPMENT PROGRAMS. (a) The governing body of a municipality may establish and provide for the administration of **one or more programs**, including programs for **making loans and grants** of public money and providing personnel and services of the municipality, to **promote state or local economic development** and to stimulate business and commercial activity in the municipality.

Chapter 380 Revision: Potential Scope



Chapter 380 Revision: Engagement Process

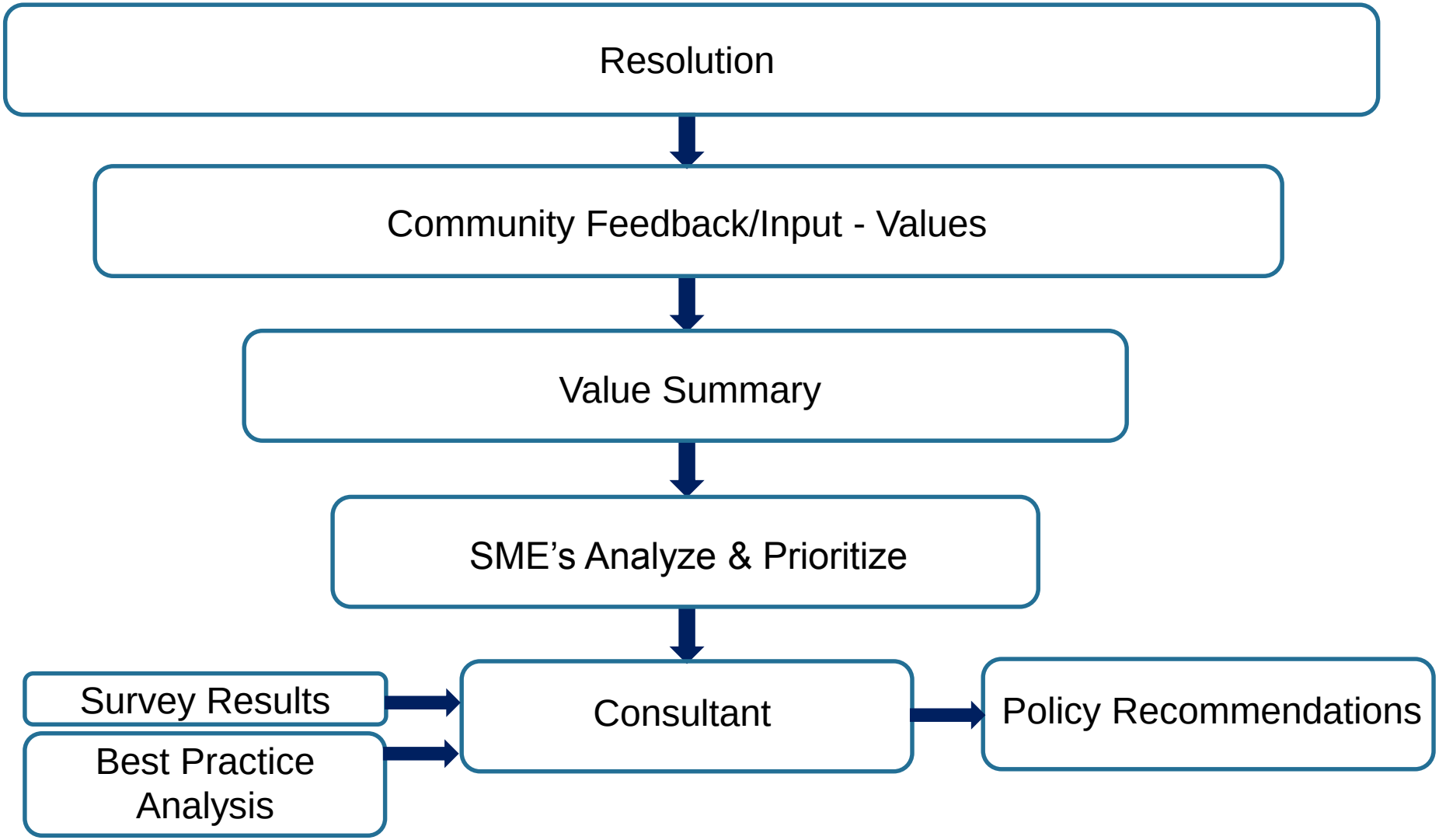
- Council Resolution passed calling for Ch. 380 revision
- Public Community Conversations Conducted
  - 8 Sessions (varying districts)
  - 400 Invitees, 240 total attended, 160 unique attendees
- Stakeholder/Public Survey
  - Translated into Spanish, hard copies available
  - Completion average (to date): ~90%
  - Responses (to date): 82
- Best Practice & Feedback Analysis
- Economic Development Community Leaders Session
  - 32 participants, 6-hour workshop
- Boards & Commissions Presentations
- Consultant Review & Draft Policy Recommendations
- Council Presentation







Chapter 380 Revision: Engagement Process



Chapter 380 Policy and Program Gaps

Equity & Affordability

- Lack of job opportunities for the economically disadvantaged
- Lack of skilled workforce and skillset development programs
- Small, local, creative, cultural and heritage businesses suffer from lack of access to affordable space and financial stability
- Major entry barriers for large-scale projects that could bring middle-skilled jobs
- Lack of housing options pressing middle-class and minority population out of the city
- Lack of connectivity to ensure accessibility to job opportunities
- Inequitable dispersement of quality of life enhancements to all neighborhoods and areas throughout the city
- Reduction of diversity leading to culture of the city being synthesized

Chapter 380 Revision: Community Values

Top Findings From ~2,500 Comments Compiled From All 8 Sessions:

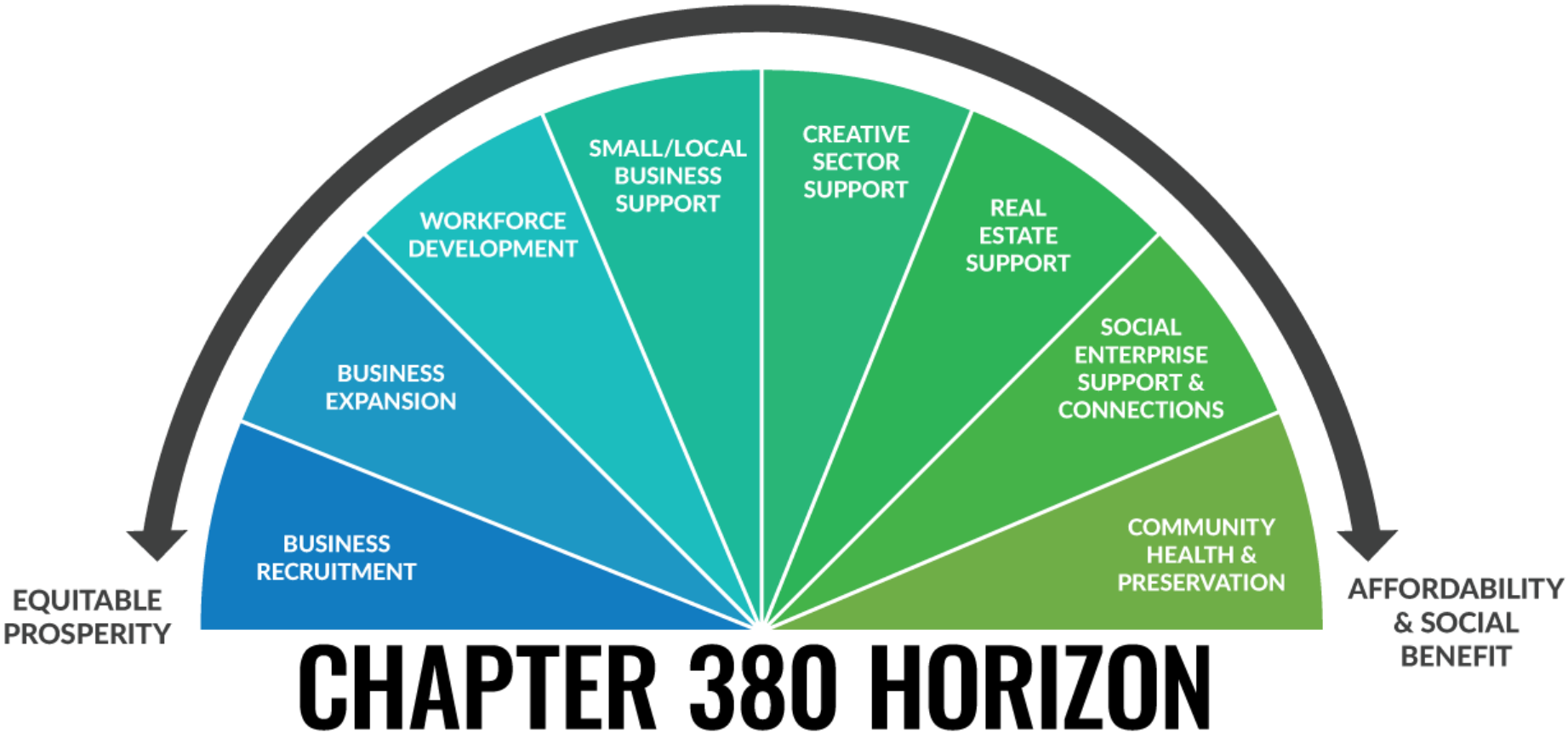
- Unify the Community through Collaboration
- Impact Business Growth
- Incentivize, Support, Staff and Train Small Businesses
- Government Role: Connector, Investor, Path-Clearer
- Train, Recruit and Retain Local Workforce and Talent
- Support Austin's Culture, Creative Sector and Community Identity
- Build Affordable, Livable, and Accessible Development
- Economic Diversity
- Focus on Equity: Employment Opportunities for All
- Control Affordability

Chapter 380 Revision: Community Values

Direct Feedback Summaries from Each Individual Session:

Session	High-Level Feedback	Participation
Business Recruitment	New jobs, government subsidies, competition	265 Comments, 27 Registered, 16 Attended
Business Expansion	Support existing businesses of all sizes, growth, talent and workforce development, government subsidies	183 Comments, 22 Registered, 13 Attended
Small Business	Support, resources, communication, collaboration	449 Comments, 39 Registered, 32 Attended
Creative Sector	Creative and cultural identity support, government subsidies, affordability, equitable economic opportunity	459 Comments, 48 Registered, 39 Attended
Workforce Development	Developing skills of new and existing workforce, employment opportunities for the underserved community	411 Comments, 30 Registered, 28 Attended
Real Estate	Access to space for innovation, place-making, socially beneficial and equitable projects, government subsidies	152 Comments, 31 Registered, 7 Attended
Social Enterprise	Industry cooperation, align with city's community values, subsidies, funding, resources	395 Comments, 60 Registered, 36 Attended

Chapter 380 Revision: Community Values



Chapter 380 Revision: Community Values



Next Steps


Share Your Voice! - Invest In Austin Survey Promo
CERTAIN
Economic
Development

Questions & Discussion

For more information and updates on the process, please visit:

www.austintexas.gov/investinaustin

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