

CITY OF AUSTIN

ECONOMIC DEVELOPMENT DEPARTMENT

GLOBAL BUSINESS EXPANSION

ECONOMIC DEVELOPMENT POLICY UPDATE



DECEMBER 2017

Policy Update: Process

Resolution



Community Outreach

Community Conversations

Survey

Subject Matter Expert Discussions

Research

Peer Texas Cities Review

Comparative Cities Review

Aspirational Cities Review

Consultant Review

Policy Recommendations

Economic Development – Broad View

Why Economic Development?

- Resilience
 - Navigating the impact of economic cycles
- Sustainability
 - Responding to the changes in economic structure
- Equity & Opportunity
 - Ensuring that prosperity is equitably distributed, and that small/local/existing businesses have opportunity to thrive

What is City's Role?

- Fundamentals
 - Major determinants of prosperity are fundamentals such as infrastructure, and quality of life
- Regulatory Environment
 - Land use, tax regime, other regulatory considerations
- Programs/Incentives
 - Efforts to address market imperfections and/or shape the future

Economic Development – Broad View

Sustainability/Resilience: Individual industries are subject to trends

Year Over Year Percentage Employment Change in the Austin MSA by Industry

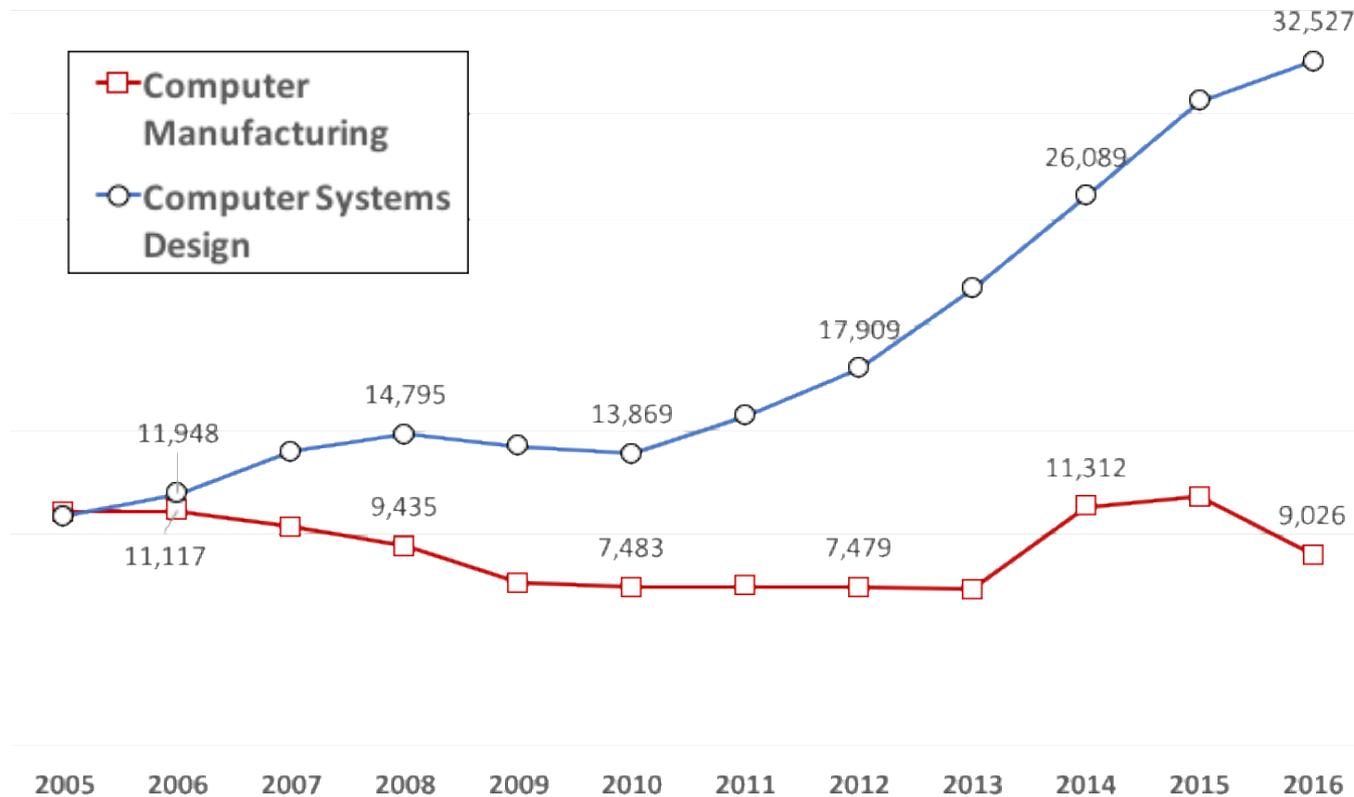


Source: Bureau of Labor Statistics, CAPCOG

Economic Development – Broad View

Sustainability: Even within an industry, structure changes

Austin MSA Computer Employment

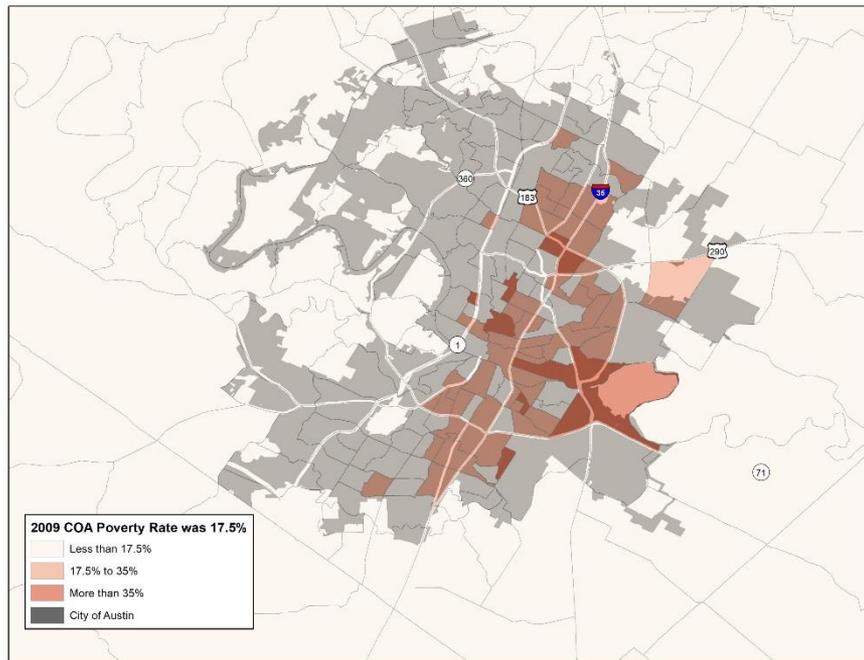


Economic Development – Broad View

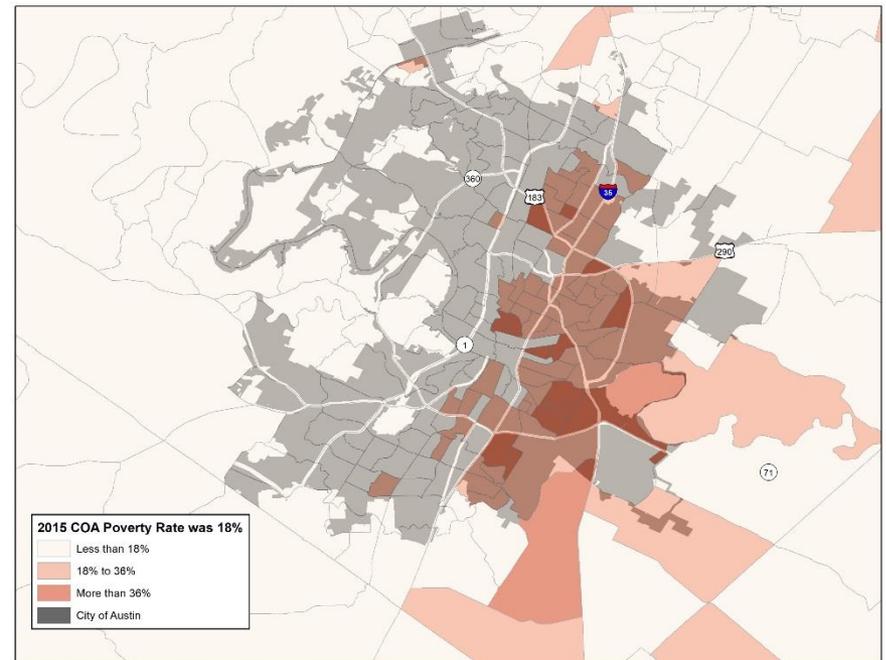
Equity & Opportunity

- Prosperity has not been equitably distributed
- Local business faces a range of challenges related to costs, capital access, and the regulatory environment

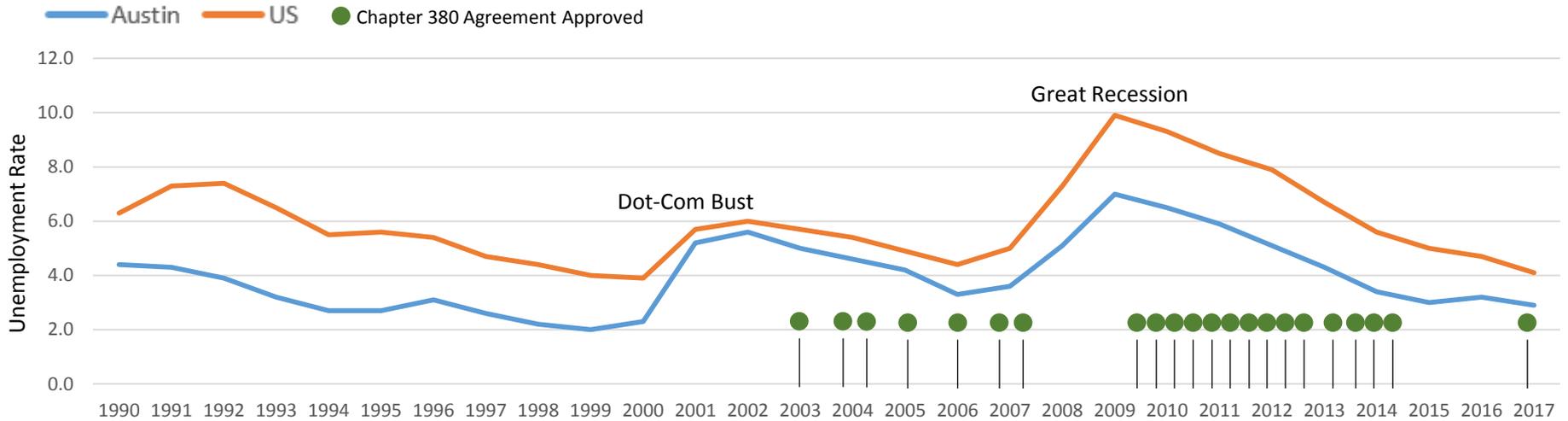
City of Austin Poverty Rate: 2009



City of Austin Poverty Rate: 2015



Economic Development Context



<p>1987 Texas constitutional amendment that provided "grants of monies for economic development to serve a public purpose"</p>	<p>1989 Austin Technology Incubator at UT Austin founded.</p>	<p>1994 SXSW Interactive and Film Events introduced</p>	<p>1999 Music Venue Relocation Program for Downtown Development Initiated</p>	<p>2001 Mayor's Taskforce on the Economy Formed to explore Chapter 380 Policy</p> <p>Austin Energy \$4.2M to Redevelopment Services Office</p>	<p>2003 Mayor's Taskforce on the Economy Subcommittee Findings recommending Economic Development Policy</p> <p>Redevelopment Services Office name changed to Economic Growth and Redevelopment Services</p> <p>Cultural Arts Program Created</p> <p>Small Business Development Program moved to EDD</p> <p>COA \$54M budget gap</p>	<p>2004 COA General Fund \$38M reductions</p> <p>Opportunity Austin</p> <p>Global Business Expansion Division Created</p>	<p>2005 COA \$19M budget reductions</p>	<p>2007 Business Retention & Enhancement (BRE) Program guidelines adopted and funded</p>	<p>2009 Music Division added to Economic Development Department</p> <p>Capital Factory Founded</p> <p>COA begins MECA Chamber funding</p>	<p>2012 Austin City Council created the Music Venue Assistance (MVA) Loan Program (renamed 1999 Music Venue Relocation Program)</p>	<p>2017 Resolution to revise Chapter 380</p>
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Unemployment Data Source: Bureau of Labor Statistics

Sec. 380.001 Local Government Code

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.

Current 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 (Resolution 20120112-058)
- Third party verification of EDD's compliance review (Resolution 20071206-049)
- Incentives not available for mixed-use development projects having a retail component (Ordinance 20090312-005)
- Increase public review time and formalize use of WebLOCI as Cost/Benefit Analysis tool (Ordinance 20091001-011)
- Intent to locate in high transit development and transportation hubs (Resolution 20100311-036)
- Construction worker safety and wage requirements, living wage, health insurance for employees and their dependents, including domestic partners (Resolutions 20080605-047, 20090806-037, and 20131024-056)
- Review and possible adjustment related to property tax protests (Resolution 20141211-221)

Chapter 380 Current & Potential Scope

LOANS



GRANTS



CURRENT POLICY



POTENTIAL POLICY

Chapter 380 Revision Resolution 20170302-034

- 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 partner 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.

COMMUNITY OUTREACH



Community Outreach Process



Part 3: Community Values

Overarching community values emerged during the Economic Development Policy Community Conversations (i.e., what's important for a revised Chapter 380 Incentive Policy).

[Click here to read the Economic Development Policy Community Values.](#)

Once you have read the Community Values, please apply each of these community values to each potential new incentive program discussed above. In each box, please fill in the response that indicates how important that value is within the context of the potential new incentive programs.

Enter your responses using this code:

- VI = Very Important
- I = Important
- NI = Not Important

	Business Adjustment Incentive Program	Small Business Incentive Program	Strategic Sector Incentive Program	Hardware Development Incentive Program	High-Risk Development Incentive Program	Social Enterprise Incentive Program
Value 1: Government Risk Contingency	2	2	2	1	2	2
Value 2: High-Risk	2	2	2	2	2	2
Value 3: Government	2	2	2	2	2	2
Value 4: High-Risk	2	2	2	2	2	2



Phase 1: Community Conversations

Goal: Listen: Large scale information collection exercise

Phase 2: Stakeholder/Public Survey

Goal: Engage: E-survey focused on sorting specific requirements and values

Phase 3: Community Leaders Session

Goal: Prioritize: Prioritize collected feedback and engage Eco Dev experts

Phase 4: Stakeholder Presentations

Goal: Validate: Present findings and gauge validity, fill gaps

Phase 1: Community Conversations

Engagement Process: June 5 – 8, 2017

- 455 Community Members Invited (64 CM Recommendations)
- 260 Total Participants (165 Unique Attendees)
- 8 Sessions, ~2,500 comments



	Registered	Attended	Comments Collected
Kick-Off	121	90	167
Social Enterprise	60	36	395
Creative	48	39	459
Business Recruitment	27	16	265
Real Estate	31	7	152
Workforce	30	28	411
Business Expansion	22	13	183
Small Business	39	31	449
GRAND TOTAL	378	260	2481

Phase 1: Community Conversations

Findings: What the community wants out of a Chapter 380 Policy

- Value 1: Government Role: Connector, Investor, Path-Clearer
- Value 2: Focus on Equity: Employment Opportunities for All
- Value 3: Unify the Community through Collaboration
- Value 4: Train, Recruit and Retain Local Workforce and Talent
- Value 5: Support Austin's Culture, Creative Sector and Community Identity
- Value 6: Incentivize, Support, Staff and Train Small Businesses
- Value 7: Build Affordable, Livable, and Accessible Development
- Value 8: Impact Business Growth
- Value 9: Control Affordability
- Value 10: Economic Diversity

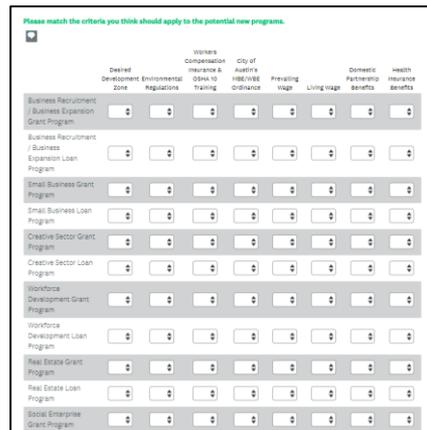
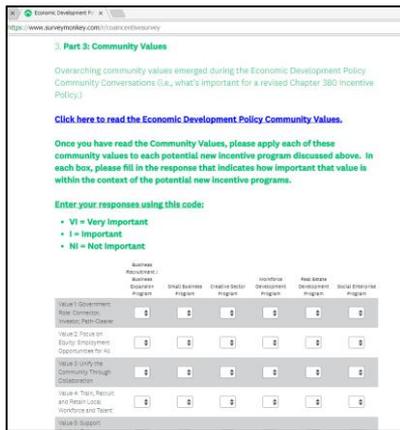
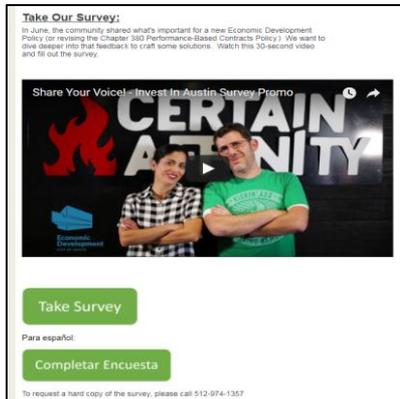
Phase 1: Community Conversations

Findings: Top 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 dispersment of quality of life enhancements to all neighborhoods and areas throughout the city
- Reduction of diversity leading to culture of the city being synthesized

Phase 2: Survey

Outreach Effort

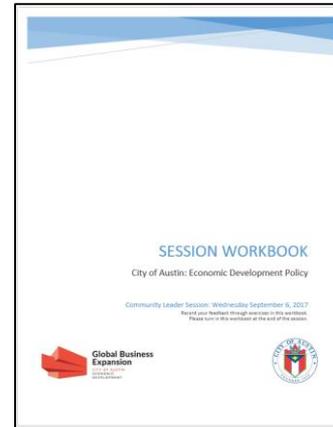


- ~450 community members direct email
- ~5,000 followers Facebook / Social Media Push
- [“Invest in Austin” Promotional Video](#)
- [Website Commercial](#)
- [CitySource](#), City Newsletters & Press Releases
- Media Articles
- CityView spot promoting the survey/exercise & soliciting feedback
- Two Languages: English & Spanish
- Two Formats: Online & Hard Copy
- 82 Respondents, ~87% completion rate
- Top Org Type/Industry Represented:
 - Small Business (33%)
 - Government (26%)
 - Creative Sector (26%)
 - Social Enterprise/Non-Profit (18%)
 - Other (17%)
 - Technology (12%)
- 42% For-Profit, 58% Non-Profit
- 45% 0-10 Employees
- Avg 21.4 yrs in Austin (living/working)

Phase 3: Community Leaders

Session Design

- 50 Community Leaders Invited
- 32 Participants
- Session Structure:
 - Speed Briefings:
 - Austin Demographics, CAPCOG
 - Spirit of East Austin, COA
 - Opportunity Austin, Austin Chamber
 - Workforce Study, Workforce Solutions
 - Place-Making, ULI
 - Discussion & Workbooks
 - Economic Development Values Exercise
 - 7 Subject Area Sessions



Phase 3: Community Leaders

Findings: Economic Development Exchange Values

Jobs, investment and tax revenue are no longer considered the primary “wins”

2003 Economic Development Values

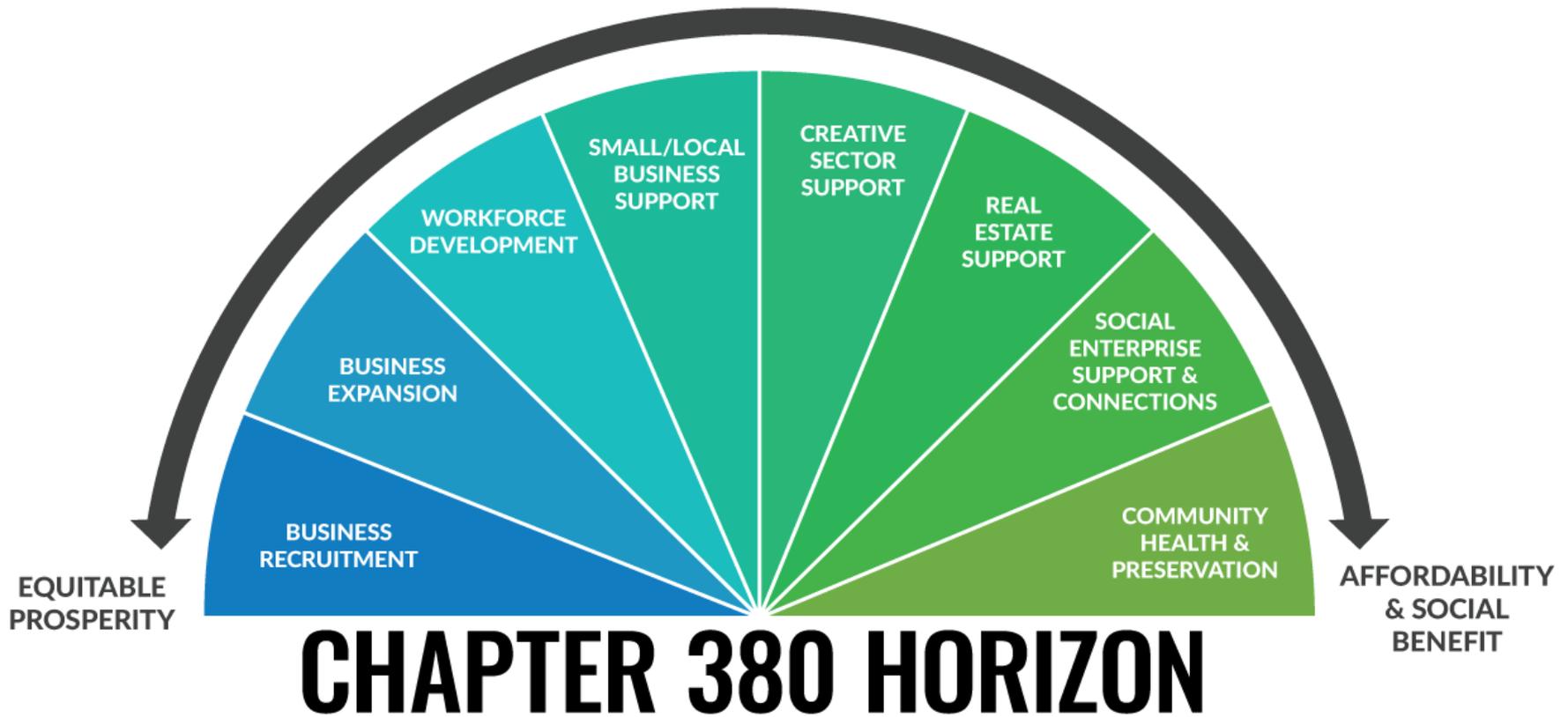
- Quality Jobs
- Quality Investment
- COA Revenue (Taxes & Utilities)

2017 Economic Development Values

1. Locational Enhancements
2. Workforce Development
3. Quality Jobs
4. Equity & Diversity
5. Quality Investment
6. Transportation
7. COA Revenue (Taxes & Utilities)
8. Hiring Practices

Phase 3: Community Leaders

Potential Focus Areas



Phase 4: Stakeholder Presentations

73 Stakeholder Engagements

- Validated equity and affordability focus
- Supported expansion of Chapter 380 toolbox
- Supported location-based work
- Recommended updating Economic Development Policy more regularly
- Supported expansion of services from Economic Development and the City of Austin



RESEARCH & PROGRAM DEVELOPMENT

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Best Practice & Peer Review

- Peer, Competitor and Aspirational Cities/Programs:
 - Texas cities with Chapter 380 authority
 - Comparative/Competitive Cities in the US
 - Aspirational Programs in the US with discipline area focus
- Austin has the opportunity to develop competitive, creative and agile incentive programs that directly address equity and affordability challenges
- These specific program recommendations based on Peer Review Analysis will be threaded through the individual program requests to follow policy recommendations

INITIAL CONSIDERATIONS

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Initial Considerations

Refocus Orientation and Emphasis

- Refocus overarching economic development policy and programs to extend beyond business recruitment
 - Address lack of job opportunities for hard-to-employ;
 - Incentivize middle-skill jobs for existing residents;
 - Support small, local, creative, cultural and heritage businesses;
 - Respond to specific issues in Targeted Areas.
- Expand range of tools and programs to meet the needs above
 - Retain performance basis;
 - Broaden the range, scope, and evaluation criteria for loans and grants;
 - Explore removing/lowering regulatory barriers

Initial Considerations (cont'd)

Process Adjustments

- Make internal adjustments for City economic development service delivery:
 - Connect Economic Development and other departments;
 - Expand the range of external partners engaged with Economic Development;
 - Review existing deal/agreement requirements, & parameters to be more flexible/workable;
 - Set process for when the goals of the policy should be updated

Communications

- Internal – interact with other departments for support;
- External – educate community on existing resources available.

NEXT STEPS

Next Steps

- ✓ March 2017: Council Resolution 20170302-034 – Chapter 380 Stakeholder Engagement Process

- ✓ June – December 2017: Chapter 380 Stakeholder Engagement Process
 - ✓ June: Phase 1: Community Conversations
 - ✓ July: Phase 2: Survey
 - ✓ September: Phase 3: Community Leaders
 - ✓ September – December: Phase 4: Stakeholder Briefings

- **December 5, 2017: Council Briefing & Findings Update**

- **February 2018: Presentation of Initial 2018 Chapter 380 Policy**

- **March 2018: Council Adoption of 2018 Chapter 380 Policy**

Questions & Discussion

For more information, please visit:

www.austintexas.gov/investinaustin

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