

Media Production Development Zone

CITY OF AUSTIN ECONOMIC DEVELOPMENT DEPARTMENT

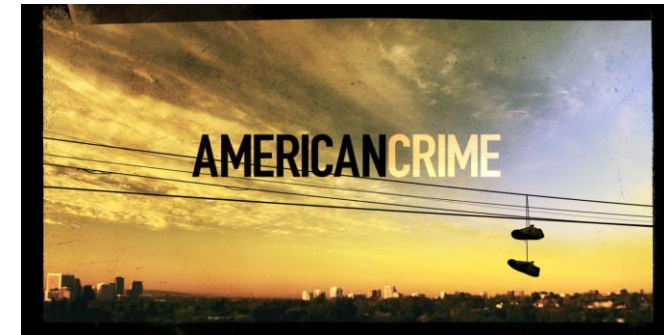
JUNE 21, 2016



Media Production Development Zone Act

The Big Picture

- Texas is working to strengthen its existing digital media and production industry in the face of strong competition from other states. Key assets in the industry – such as soundstages and other production facilities – are needed in the state in order to grow the industry.
- To encourage their construction, the state offers a **two-year exemption from sales and use taxes** normally charged on the construction, maintenance, expansion, improvement, renovation, and equipping of a production facility.
- The proposed facility must be used exclusively for the creation of moving image projects. Acceptable media production facilities include:
 - soundstage, scoring stage, motion capture studio, animation facility, game facility, sound studio, scoring stage, editing facility, production office, construction and storage space.



Media Production Development Zone Act

Three Parties

Similar to the Enterprise Zone Program, the MPDZ establishes a limited number of nominations for approval from a local governing body.

- **Requestor** – The person, usually a business, who is willing and able to construct, expand, improve, or renovate a media production facility on property they own or lease long-term.
- **Nominating Body** – The city council or county commissioners court that governs the territory in which the Requestor's land is located.



The Nominating Body is responsible for recognizing a media development zone within their territory, **adopt a written ordinance nominating the proposed media production location**, and submitting the exemption application to the state on behalf of the Requestor.

- **The State** – The Texas Film Commission administers the MPDZ exemption program.



Media Production Development Zone Act

Economic Impact Analysis

- The Requestor must contract with an economic expert to prepare an analysis report showing the economic impact of the proposed project.
- The economic impact analysis contains:
 - An estimate of the economic impact on the revenues of the entity nominating the location as a qualified media production location
 - An estimate of the amount of revenue to be generated to the state by the project
 - An estimate of any secondary economic benefits to be generated by the project
 - An estimate of the amount of state taxes to be exempted
 - Any other information required by the comptroller for purposes of making the certification

Certain Affinity

REQUESTOR OF NOMINATION



Certain Affinity: Request for MPDZ

Company Background

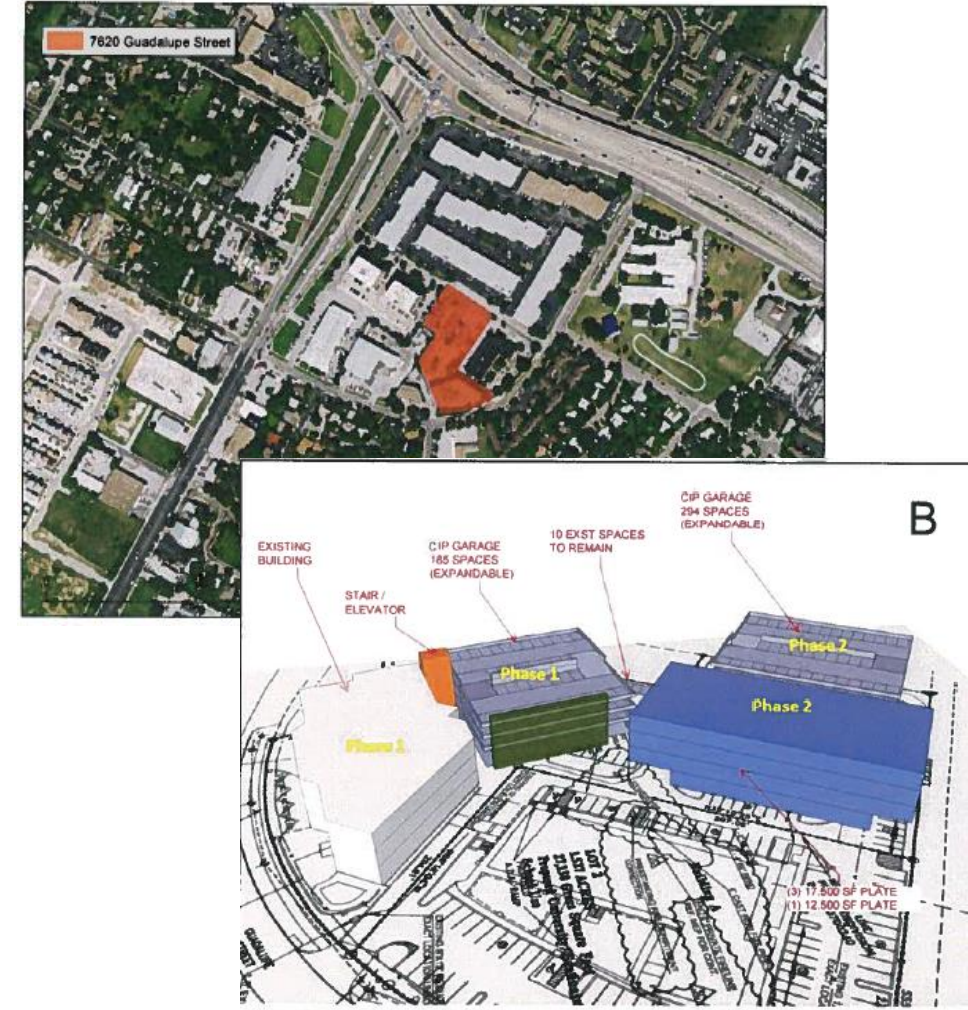
- Founded in 2006, Certain Affinity has proven to be one of Austin's leading independent video-game developers.
- The organization currently has 121 Austin employees with an average annual wage of \$100,000; and the studio anticipates more than doubling in size over the next 5 years.
 - 75% of the new jobs created through this expansion will require less than a college degree.
 - Average annual wage for lowest paid 10% expected to be \$37,000.
- The company is seeking to participate in Career Expressway – A program backed by Capital IDEA and ACC.
- The company has a proven record of corporate citizenship and outreach with the local community.



Certain Affinity: Request for MPDZ

Plans for Expansion

- To accommodate its rapid growth, Certain Affinity's founders have acquired a facility located at 7620 Guadalupe Street.
- The project will renew and improve 52,000 square feet of existing commercial office space.
- CA will spend approximately \$6.9 million on the renovation
- The renovation will focus on the creation of new offices, meeting rooms, and a large multi-purpose space that may be used for community related events.
- Priorities include restoration of existing surfaces and structural components, updating finishes/lighting, energy efficiency, and creation of a new green space.
- The project is anticipated to be complete in Q4 2016.



Certain Affinity: Request for MPDZ

Demographic:

- Average age: 30.6 years
- Average household size: 2.69 people
- Average family size: 3.46 people

Socioeconomic:

- Median Household Income: \$37,392 (67.7% of City MHI of \$55,216)
- Median Family Income: \$33,119 (46.5% of City MFI of \$71,230)
- Homeownership: 2,931 housing units
 - 17.8% owner-occupied, 71.5% renter-occupied, 10.6% vacant

Mobility:

- 900 ft from a bus stop; 3,000 ft from MetroRail Station
- Under ½ mile to high-frequency transit hub with MetroRapid Station

Local Snapshot

Race & Ethnicity			
	2010	2015	2020
White Alone	52.5%	51.7%	51.8%
Black Alone	7.6%	7.4%	7.2%
American Indian Alone	1.6%	1.5%	1.4%
Asian Alone	5.5%	5.8%	6.2%
Pacific Islander Alone	0.1%	0.1%	0.1%
Some Other Race Alone	28.7%	29.3%	29.0%
Two or More Races	4.0%	4.1%	4.2%
Hispanic Origin	64.1%	65.2%	66.4%
Diversity Index	84.6	84.9	84.6

U.S. Census Bureau, Census 2010 Summary File 1; Esri forecasts for 2015 and 2020.

Educational Attainment		
Not High School Graduate	30.1%	13.0%
High School Graduate	18.7%	16.5%
Some College or Associates Degree	24.5%	24.5%
Bachelor's Degree or Higher	26.7%	46.0%
Percent high school graduate or higher	69.8%	87.0%
Percent bachelor's degree or higher	26.6%	46.0%

American Community Survey, 2014

Certain Affinity: Request for MPDZ

Local Snapshot

Planning Context:

- Within ¼ mile from Imagine Austin Center: Crestview Station Town Center
- Within 1,000 ft from Imagine Austin Corridor: Lamar Boulevard
- Highland Neighborhood Planning Area, part of the Brentwood/Highland Combined Neighborhood Area; plan adopted 2004
- Relevant Major Goals from Neighborhood Plan (pg. 6):
 - Encourage a mixture of compatible and appropriately scaled business and residential land uses in the neighborhood and mixed-use development on major corridors to enhance this diversity.
 - Preserve locally owned small businesses in the neighborhood and encourage new ones that are walkable and serve the needs of the neighborhood.
 - Focus higher density uses and mixed-use development on major corridors, and enhance the corridors by adding incentives for creative, aesthetically pleasing, pedestrian-friendly redevelopment.

Certain Affinity: Request for MPDZ

Cost & Benefits

Costs

- An estimated **\$69,264**, which is the total exemption from the City of Austin's taxation (1%) on sales and use taxes associated with the construction, maintenance, expansion, improvement, and/or renovation of the media production facility

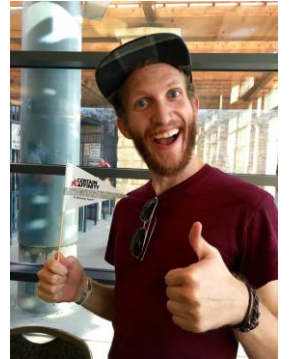
Benefits

- Immediate economic impact of **\$12,000,000** from construction and renovations of dormant facility.
- By 2020, the expansion of Certain Affinity may contribute **\$101,268,080** in total economic impact
 - Retaining **100+** jobs and creating **300+** new jobs
 - **\$49,432,965** in earnings
- **\$807,017** in new city tax revenue generated over 5 years, **\$87,199** in the first two years of the project.
- Benefits include the retention of an industry leader and anchor institution for a targeted industry of Austin, TX, while leveraging state funds for investment in local infrastructure for the creative industry and business expansion for equitable wealth creation.

Certain Affinity: Request for MPDZ

Next Steps

- June 23, 2016 – Approve the creation of a Media Production Development Zone
- June 23, 2016 – Nomination of 7620 Guadalupe Street





Thank you
City of Austin Economic Development Department
VISIT OUR WEBSITE TO SEE OUR TRANSPARENCY AT WWW.AUSTINTEXAS.GOV/EDD