

RESOLUTION NO. 20181018-039

WHEREAS, disparities in income and services exist in Austin, such that Austin has been cited by multiple studies as one of the most economically segregated cities in the United States by measures of income, educational attainment, economic mobility, and access to basic services; and

WHEREAS, federal legislation created Opportunity Funds in 2017 as a tool to reinvest capital gains in designated Opportunity Zones, which are census tracts nominated by the governor of each state, as a flexible tool to encourage investment in low-income communities; and

WHEREAS, the governor of each state was allowed to nominate up to 25% of census tracts in their state in which median family income is 80% of the median family income for the area in which the tract is located, and which have a poverty rate of at least 20%; and

WHEREAS, Governor Abbott nominated 628 Texas census tracts as Opportunity Zones on March 21, 2018; 21 of which are fully or partly located within the City of Austin, and 18 of these are located east of Interstate Highway 35; and

WHEREAS, the Spirit of East Austin community engagement initiative was designed to assess the needs of East Austin residents who have historically been underrepresented and live in lower-income communities, and the lack of access to grocery stores was repeatedly raised by members of these communities throughout these engagement opportunities; and

WHEREAS, the City of Austin's 2017 Community Survey shows that residents of Council Districts in which Opportunity Zones are located are more

likely to report being dissatisfied with their access to high-quality and affordable food options; and

WHEREAS, the City has committed to supporting complete communities that provide easy-to-access, nearby amenities to improve residents' quality of life through the Imagine Austin Comprehensive Plan and the Strategic Direction 2023; and

WHEREAS, the City has committed to encouraging responsive and responsible private sector investment, as shown by the City Council's approval of new Chapter 380 economic incentive agreements to encourage responsible development that benefits all Austin residents; and

WHEREAS, the City of Austin requested that the Internal Revenue Service provide expanded guidance on investments in Opportunity Funds, the qualifying and appropriate investments that can be made with these funds, the role of state and local governments in guiding such investment, and the use of state and local incentives in conjunction with these funds to encourage development that is appropriate and responsible for each community; similar requests have come from other jurisdictions, community financial organizations, and investment groups; this additional regulatory guidance remains under development; **NOW**,

THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City directs the City Manager to work with the Economic Development Department to develop recommendations for leveraging available incentives and City resources to encourage responsible investment resulting in the improvement of the quality of life for Austin residents living in the communities in and around

Opportunity Zones. Such guidance will include recommendations pertaining to and will take into consideration:

- the development of a program to encourage and oversee responsible development in Opportunity Zones located in Austin;
- the expressed needs of Austin residents in and around Opportunity Zones that can be addressed through private investment in their communities, including and particularly the need for accessible and affordable high-quality grocery store options;
- any additional engagement strategies needed to understand residents' needs throughout the life of the Opportunity Fund investments;
- existing and proposed economic incentive programs or tax credits available to investors in Austin that can be used in conjunction with Opportunity Fund investment;
- approaches considered and enacted by other local jurisdictions and states;
- analysis of the capacity of financial institutions serving the Austin area to establish and certify Opportunity Funds;
- incorporation of any additional guidance that may come from relevant regulatory agencies or legislation; and
- identification of need for additional regulatory guidance from the federal government to ensure the effective use of Opportunity Funds to realize the needs of Austin residents.

BE IT FURTHER RESOVLED:

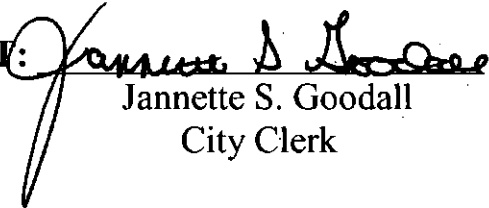
The City of Austin will continue engaging with state and federal lawmakers and regulatory agencies to communicate the need for cooperation with and guidance from these jurisdictions.

BE IT FURTHER RESOLVED:

The City Manager is directed to report back to the City Council on recommendations and proposed programs to leverage incentives and resources by April 18, 2019.

ADOPTED: October 18, 2018

ATTEST:


Jannette S. Goodall
City Clerk