

CITY OF AUSTIN

ECONOMIC DEVELOPMENT DEPARTMENT

GLOBAL BUSINESS EXPANSION

NEW ECONOMIC DEVELOPMENT POLICY



MAY 2018

2003 vs. 2018 Approach

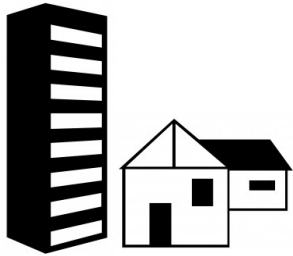


2003

Prosperity-Focused

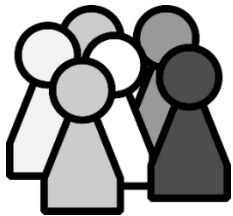
2018

Equitable Prosperity,
Affordability & Locally-Focused



Attracted leading industries &
large, established companies

Supporting both large and small
business, diversity of industries,
and enterprises that support
local, creative identity/culture



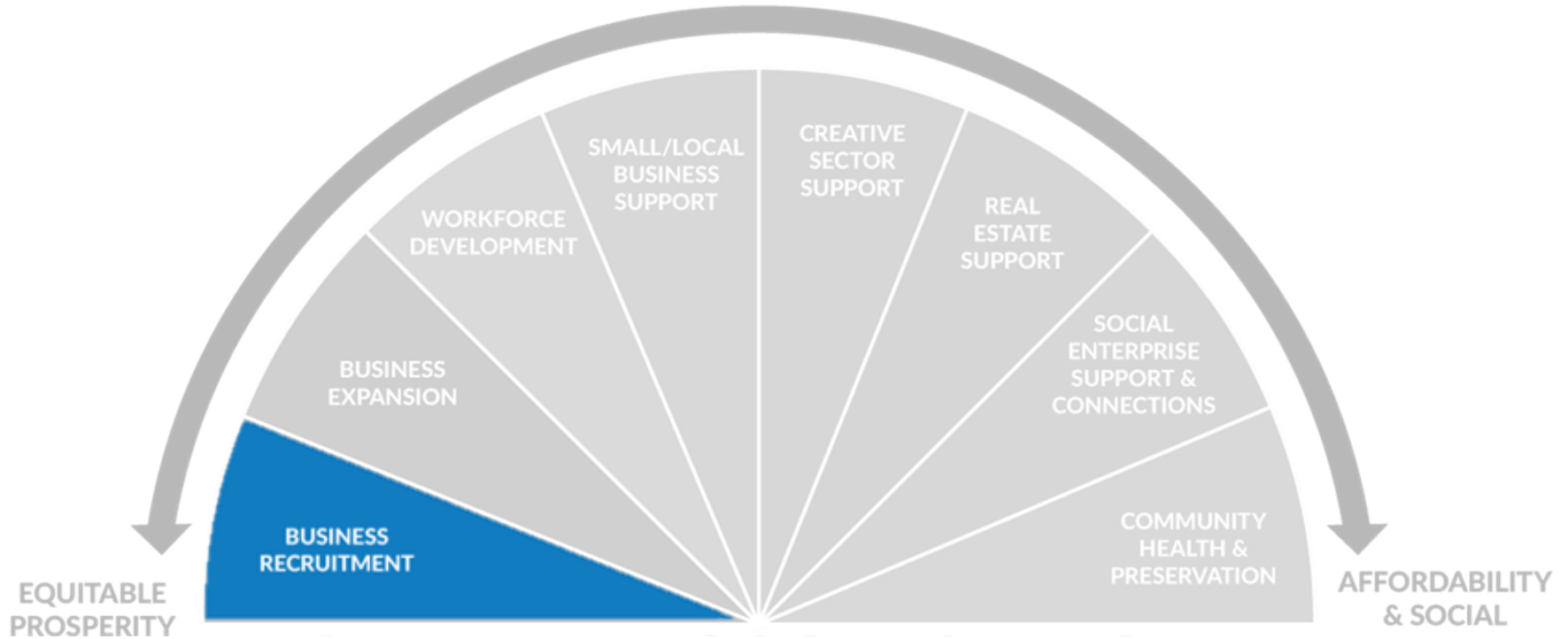
Job creation focused on highly-
educated / skilled workforce
(high wages)

Job creation focusing on
middle-skill, hard-to-employ,
low-income workers

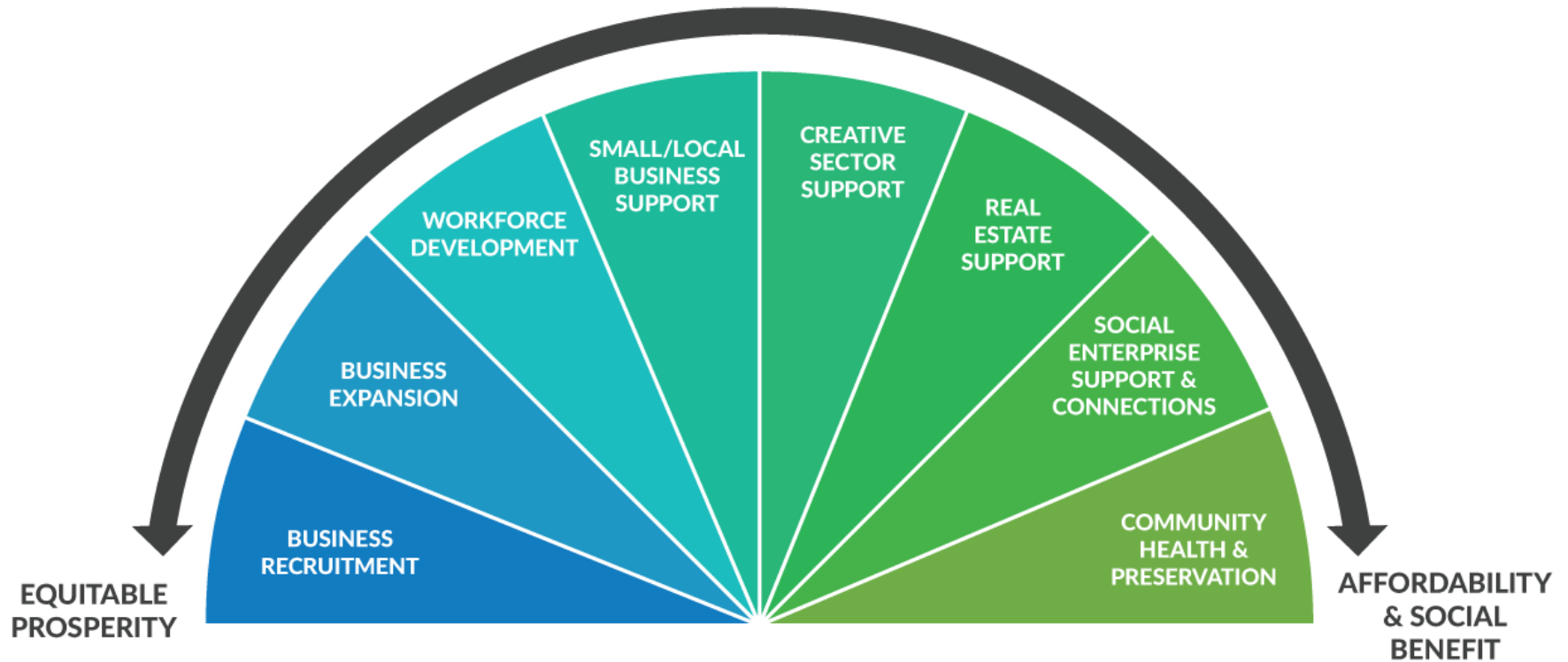


Portfolio approach to
incentives that deliver a more
balanced diversified set of
strategic outcomes

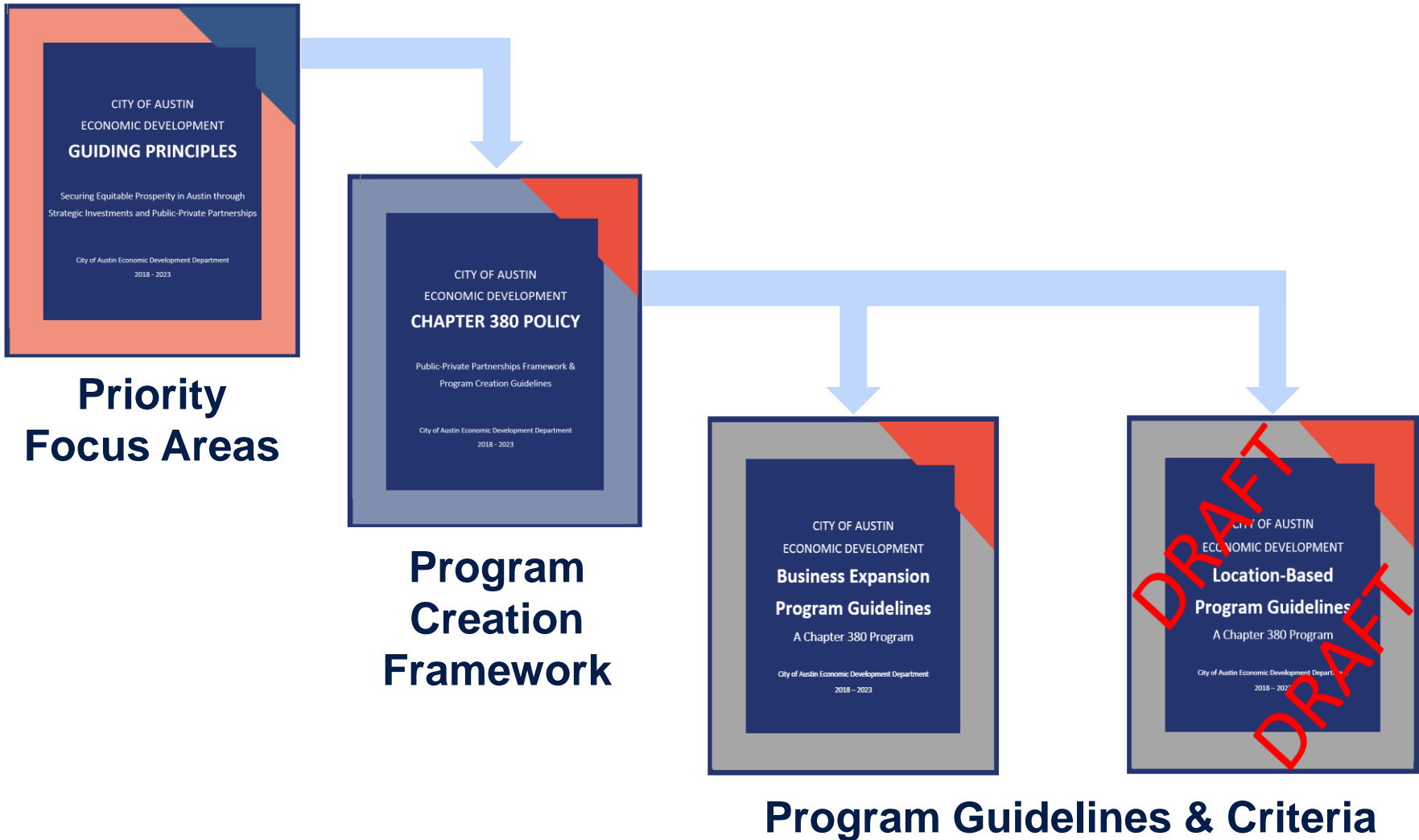
Previous Objectives



Expanded Objectives



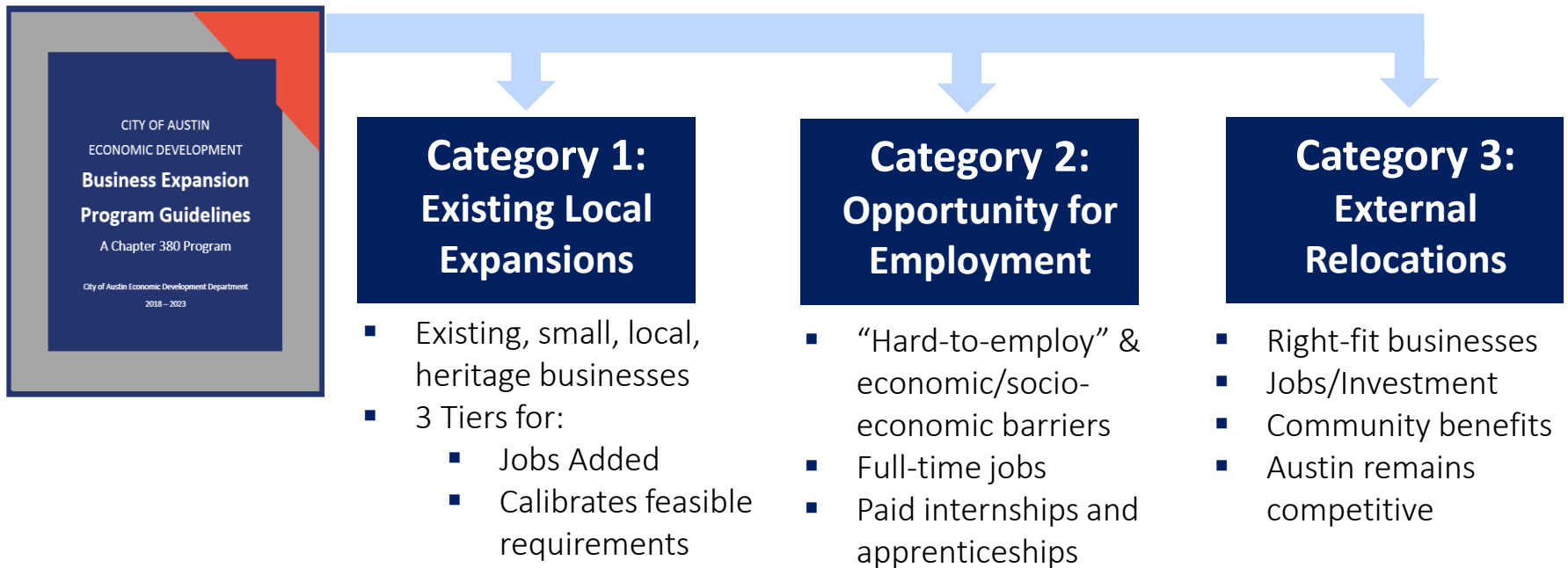
Principles, Policy & Programs



Business Expansion Program Portfolio

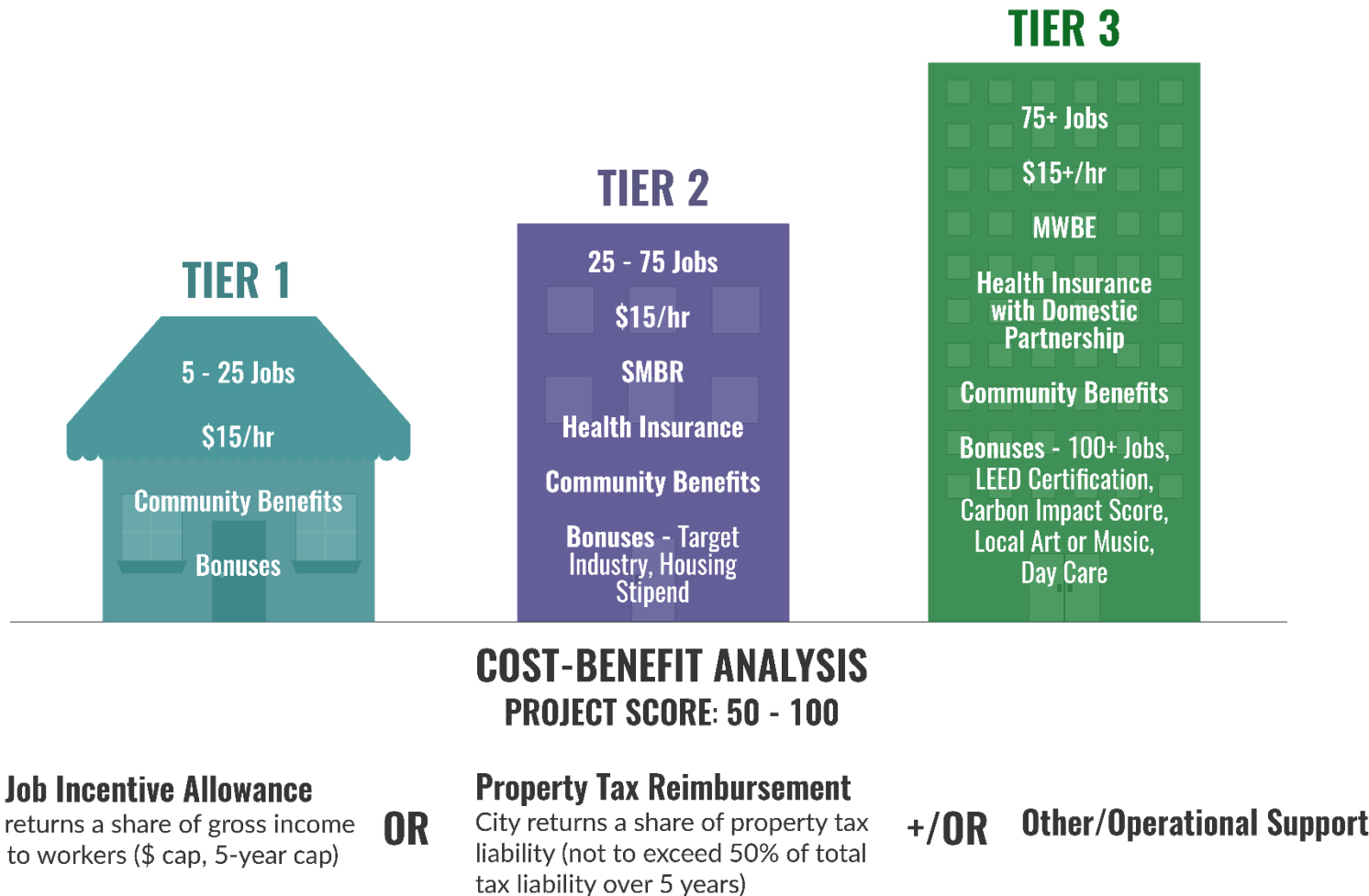
PORTFOLIO GOALS:

- Compensation for **middle-skill** workers
- Jobs for “Hard-to-employ” and/or “**economically disadvantaged**”
- Intervention to **address rising costs** for business and provide financing/capital
- Address **needs of local business base** and provide support
- Business expansions that yield **benefits to community beyond local tax base**
- **Offset City regulatory environment** as it relates to barriers to business growth



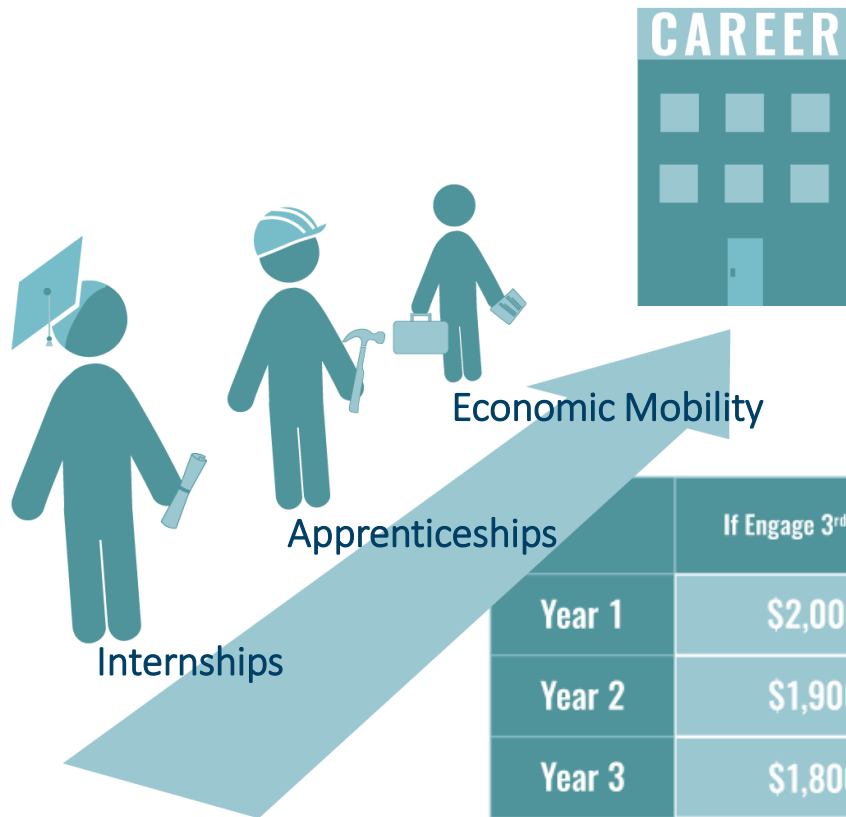
Business Expansion Program Portfolio

Category 1: Existing Local Expansions



Business Expansion Program Portfolio

Category 2: Opportunity for Employment

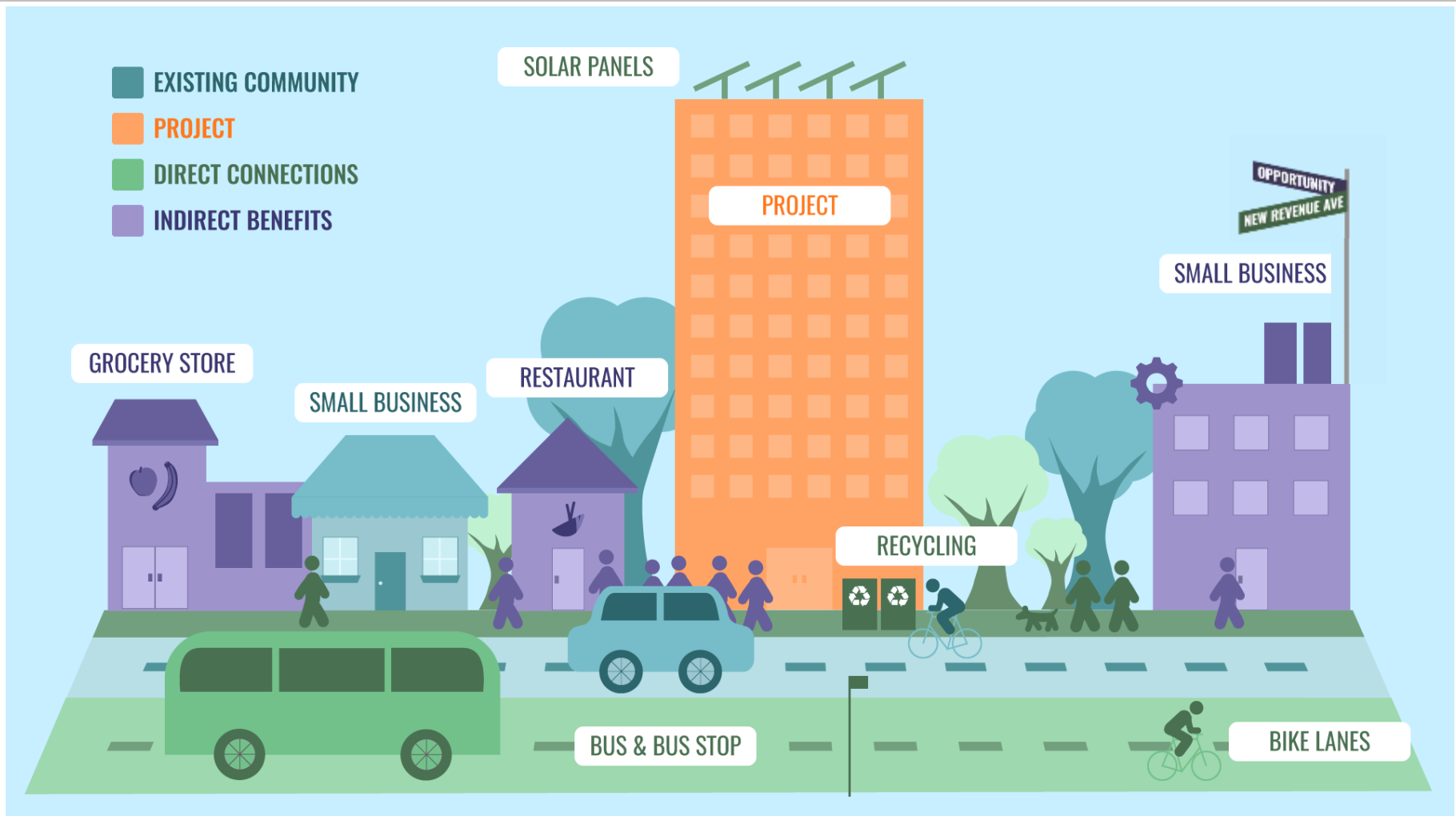


- Wage requirement
- Path to 50% above starting wage
- Health Insurance required
- M/WBE exempt
- 3rd Party participation
- Housing Stipend additional incentive

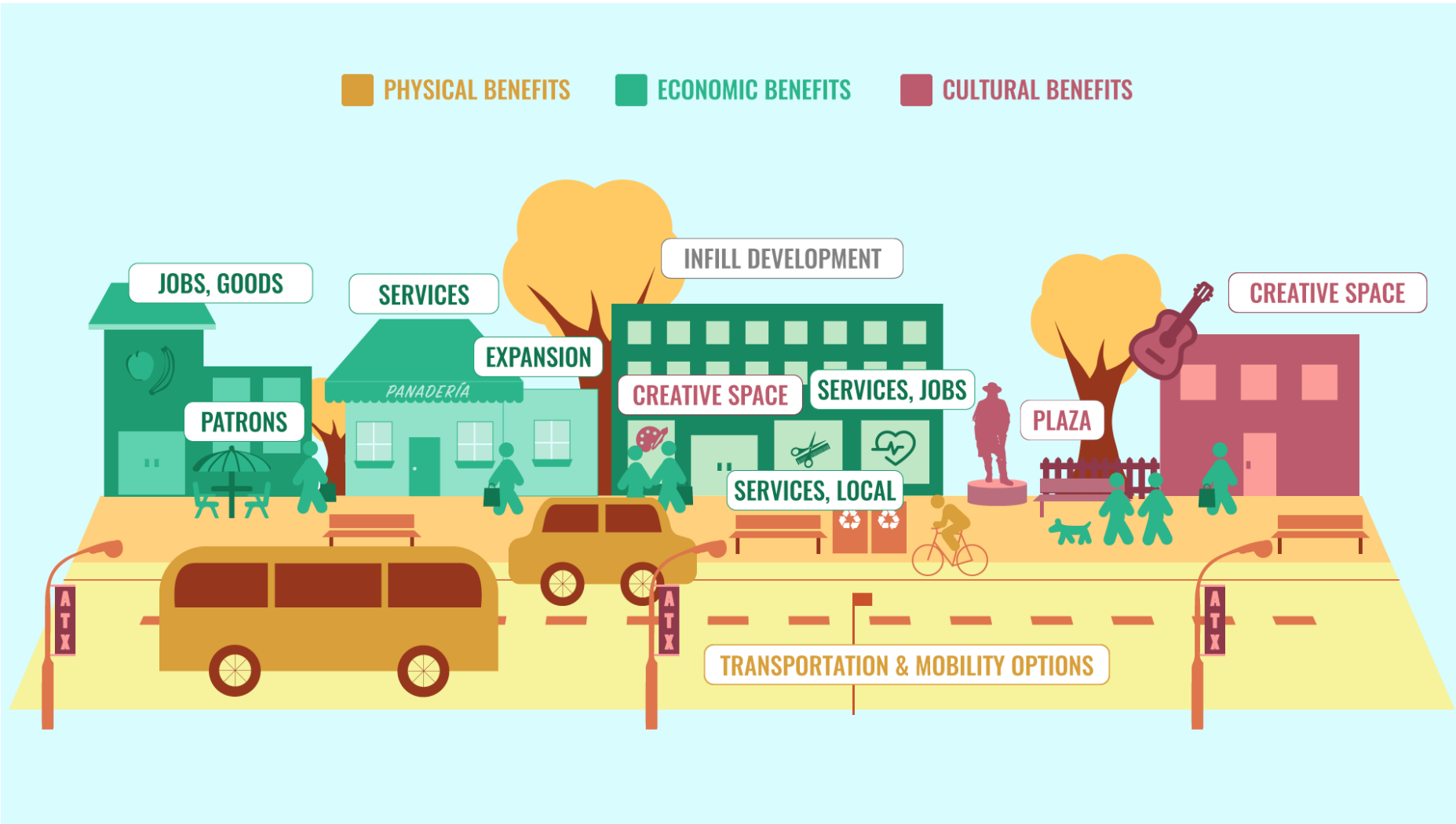
	If Engage 3 rd Party	If Engage 3 rd Party + Housing Stipend	If Private Entity Alone	If Private Entity Alone + Housing Stipend
Year 1	\$2,000	\$3,000	\$1,000	\$2,000
Year 2	\$1,900	\$2,900	\$950	\$1,950
Year 3	\$1,800	\$2,800	\$900	\$1,900
Year 4	\$1,700	\$2,700	\$850	\$1,850
Year 5	\$1,600	\$2,600	\$800	\$1,800

Business Expansion Program Portfolio

Category 3: External Relocations



Location-Based Program Development



Location-Based Program Development

Approve New
Ordinance



- Supersedes Existing Ordinance No. 20090312-005
- Allows private, mixed used projects
- May include a retail component



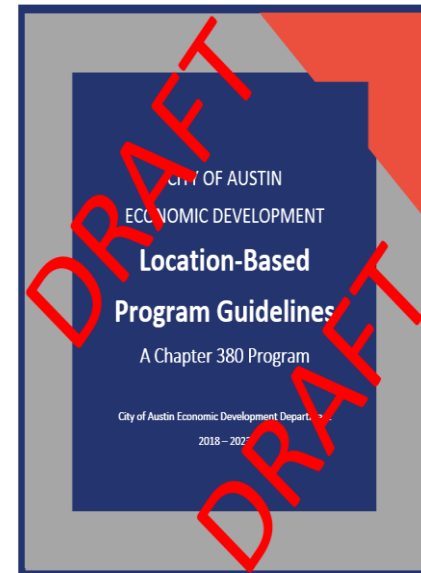
Develop
Guidelines



- Location-specific
- Collect market context
- Define community benefit exchange
- Define “affordability”



Adopt
Guidelines



External Economic Development Entity

OPERATIONAL PURVIEW:

- Fielding projects and assisting City with due diligence
- Property acquisition and land banking
- Redevelopment
- Corridor, location, industry and cluster development
- Affordable and workforce housing
- Transportation development and enhancements
- Local/neighborhood needs i.e. retail

FOR DISCUSSION:

- Reviewed framework with internal and external legal teams
- Drafted legal documents for creation of entity
 - Structure of governance
 - Resources for seeding and ongoing resources needed
 - Implementation timing and strategy

FUNDING SCENARIO: B

CHAPTER 380

External Entity

ED Partner

Grant

Business Expansion

- Opportunity for Employment
- Existing Firms
- External Relocation

Location Based

- Cultural Space
- Small/Local
- Healthy
- Social Benefits

Creative Content

Grant

Cultural and Heritage Business Preservation Program

Business Incubation Program

Workforce Development Program

Social Enterprise Program

Loan

Creative Venue Loan Program

Healthy Food Program

Manufacturing Facility Upgrade Program

Business E/R Program

Operational

Predevelopment Costs

Permitting/Fee Assistance

Transit Development

Enhanced Utility Capacity

Other City Services

Singular External Entity

- Property Acquisition and Land Banking
- Redevelopment
- Corridor, Location, Industry and Cluster Development
- Affordable and Workforce Housing
- Transportation Development and Enhancements
- Local/Neighborhood Needs i.e. Retail

Revenue Generator

Investment Portfolio Requires One-time or Ongoing Source of Funds

Startup Assistance with Fixed Funding

Performance based Cash positive

Continued/Increased funding

Seed Revolving Loan Portfolio

Annual Budget

City Owned Assets Establish Annual Millage

Agreement Based

50% Remaining from Project Taxes

50% Remaining from Project Taxes

Initial Funding Request: \$0

* Additional funding and FTE requests for new programs will be brought forward during Council approval of program.



Requested Actions

- Approve Resolution for Economic Development Guiding Principles and Chapter 380 Policy Framework based on Option B
- Approve Ordinance for Business Expansion Program Guidelines
- Approve Ordinance for further Location-Based program development
- Continue conversations:
 - Establish a singular external Economic Development Entity and initiating execution strategy
 - Develop policy for real estate acquisition and disposition of city-owned resources
 - Develop future Chapter 380 programs and resource needs