

**RESOLUTION NO.**

**WHEREAS**, the State of Texas gives municipal governments the authority to create entities in their communities that can structure public-private partnerships and help local governments accomplish holistic goals related to economic development; and

**WHEREAS**, Resolution No. 20141211-122 directed the City Manager to deliver a feasibility study and timeline for creating an economic development corporation or another appropriate corporate structure that could manage economic development projects, including the development of workforce housing; and

**WHEREAS**, Resolution No. 20170216-040 directed the City Manager to bring forward for Council consideration specific proposals for creating an economic development corporation or similar entity that could create or support development of affordable housing, redevelopment, revitalization and other priority projects and goals of the City; and

**WHEREAS**, Resolution No. 20180215-082 directed the City Manager to, among other things, analyze and provide next steps for collaboration and support of an "Austin Cultural Trust" that could create spaces that supports artists and arts organizations, preserve historic and iconic cultural buildings and spaces for creative and cultural uses, and function in a way that provides for cultural assets to exist in all parts of the City; and

**WHEREAS**, the staff memo dated August 17, 2018, and responding to Resolution No. 20180215-082 notes that the Trust could be formed as a supporting organization

22 under the aegis of an existing nonprofit organization or entity such as an economic  
23 development corporation or a local government corporation; and

24 **WHEREAS**, the South Central Waterfront Vision Framework Plan called for the  
25 creation of an economic development corporation to assist the execution of both public  
26 and private projects within the South Central Waterfront District and to facilitate and  
27 advocate for necessary public approvals, champion city-building public infrastructure to  
28 support development, and package a range of incentives and funding tools necessary to  
29 achieve the aspirations of the South Central Waterfront Vision; and

30 **WHEREAS**, the May 29, 2019, response to Resolution No. 20170216-040  
31 concluded that an entity such as an economic development corporation could “operate to  
32 complement the City’s vision and programming for inclusive economic development  
33 through the formation of public-private partnerships and facilitation of resulting projects  
34 that generate additional resources or revenues for the City”; and

35 **WHEREAS**, an economic development corporation also has the ability to manage  
36 and coordinate a wide range of development programs and funding streams individually  
37 or in concert and has the organizational flexibility to deploy targeted activities that  
38 further overall City goals; and

39 **WHEREAS**, although Texas’s Development Corporation Act of 1979 identifies  
40 two types of economic development corporations, the statute limits cities with a  
41 population greater than 500,000 to Type B Economic Development Corporations; and

**WHEREAS**, Type B Economic Development Corporations are typically funded by sales and use taxes and must have a revenue stream to issue bonds or obtain loans to fund projects; and

**WHEREAS**, the Texas Tax Code limits the combined rate of all sales and use taxes to 8.25% within the City, leaving no additional sales or use tax revenue for the City to allocate to an economic development corporation; and

**WHEREAS**, revenue to support an economic development corporation would need to derive from other sources, such as grants, loans, bonds, interest on loans, user and admission fees, and real estate profits; and

**WHEREAS**, in 2019 the Texas Legislature passed Senate Bill 2, which will go into effect in 2020, that lowers the tax rate some taxing units can adopt without voter approval and requiring a mandatory election to go above the lowered rate; and

**WHEREAS**, municipalities impacted by this bill will need to find innovative ways to address potential revenue shortfalls, and an economic development corporation could provide one option for the City to generate revenues for projects authorized by the Development Corporation Act of 1979, as amended, such as affordable housing, redevelopment, revitalization, and other priority projects and goals of the City; and

**WHEREAS**, Chapter 501, Subchapter C, of the Local Government Code allows for several authorized uses of an Economic Development Corporation; and; **NOW**,

**THEREFORE:**

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

63 City Council directs the City Manager to initiate the necessary processes to  
64 authorize the creation of an economic development entity, identify potential funding  
65 sources, solicit stakeholder feedback on the entity's governance and operational  
66 structure, and, if necessary, contract with a subject matter expert to develop an  
67 implementation plan.

68 **BE IT FURTHER RESOLVED:**

69 City Council directs the City Manager to structure the entity broadly enough to  
70 include all potential uses allowable under State law, which could include affordable  
71 housing development, public-private partnerships with private-led development such as  
72 the South Central Waterfront that could provide community benefits, and shall include a  
73 Cultural Trust to support acquisition and preservation of creative space.

74 **BE IT FURTHER RESOLVED:**

75 City Council directs the City Manager to bring forward a recommendation for  
76 funding needs to implement this direction for consideration during the Fiscal Year 2020  
77 budget deliberations.

78

79

80 **ADOPTED:** \_\_\_\_\_, 2019

**ATTEST:** \_\_\_\_\_

81

Jannette S. Goodall  
City Clerk

82