

RESOLUTION NO. 20190808-072

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

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

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

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

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

WHEREAS, although Texas’s Development Corporation Act of 1979 identifies two types of economic development corporations, the statute limits cities with a 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:**

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

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

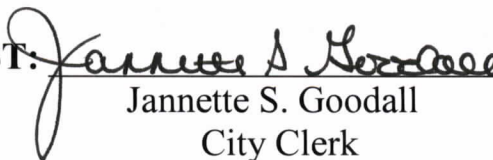
BE IT FURTHER RESOLVED:

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

BE IT FURTHER RESOLVED:

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

ADOPTED: August 8, 2019

ATTEST: 
Jannette S. Goodall
City Clerk