

Austin

Peer Exchange Panel September 2017

Equitable Economic Development Fellowship

NLC NATIONAL
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CITIES STRONG TOGETHER

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 **Urban Land
Institute**





The **National League of Cities (NLC)** is dedicated to helping city leaders build stronger, equitable, sustainable and inclusive communities.



PolicyLink connects the work of people on the ground to the creation of sustainable communities of opportunity that allow everyone to participate and prosper.



The **Urban Land Institute (ULI)** has a mission to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

The EED Fellowship is made possible with support from:



SURDNA FOUNDATION
Fostering sustainable communities in the United States

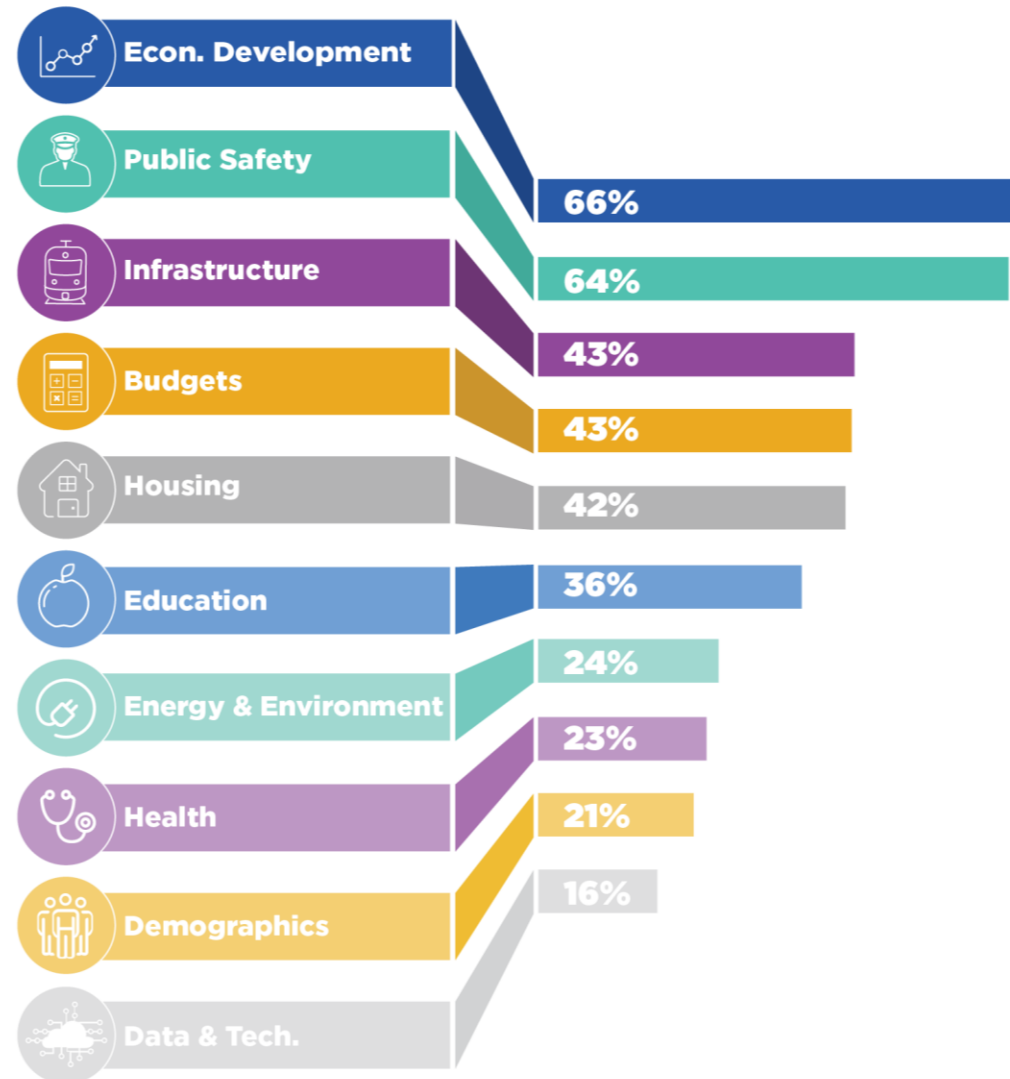
The **Surdna Foundation** seeks to foster sustainable communities in the United States - communities guided by principles of social justice and distinguished by healthy environments, strong local economies, and thriving cultures.



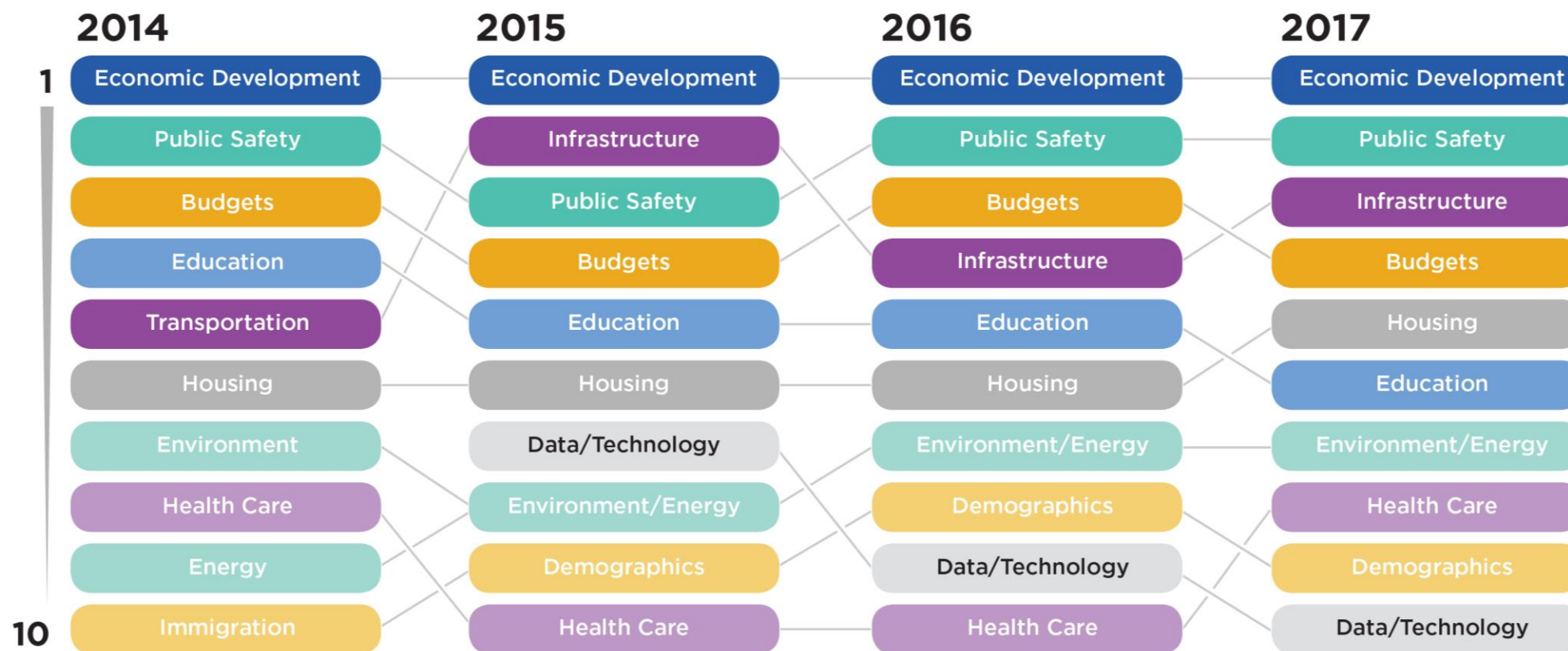
OPEN SOCIETY
FOUNDATIONS

The Open Society Foundations work to build vibrant and tolerant societies whose governments are accountable and open to the participation of all people.

Top TEN ISSUES



Top 10 issues over the last four years



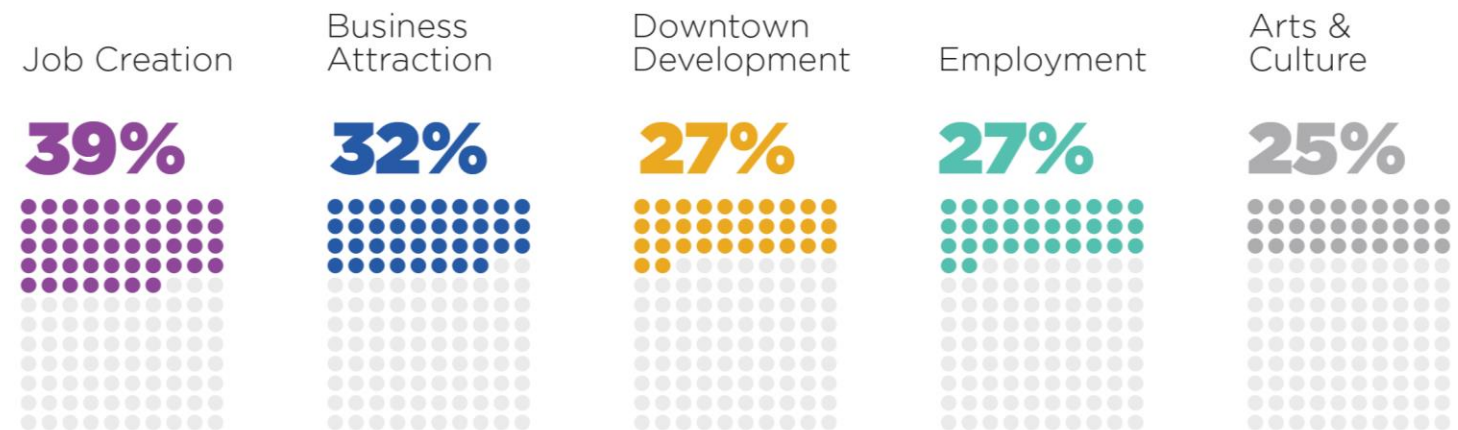
Economic Development

66%

of state of the city speeches included significant coverage of economic development issues.

TOP 5

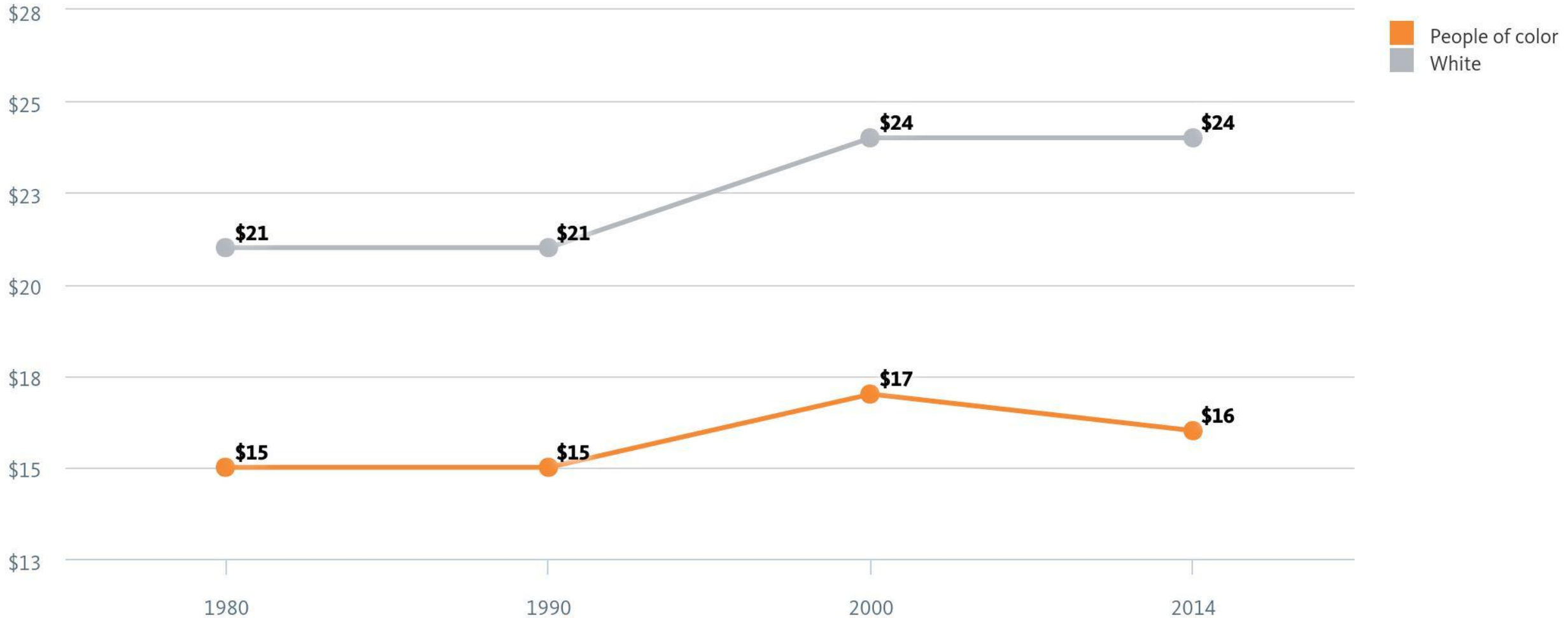
ECON. DEVELOPMENT SUB-TOPICS



Subtopic percentages are representative of all 120 speeches in the sample. For more subtopic data, see appendix.

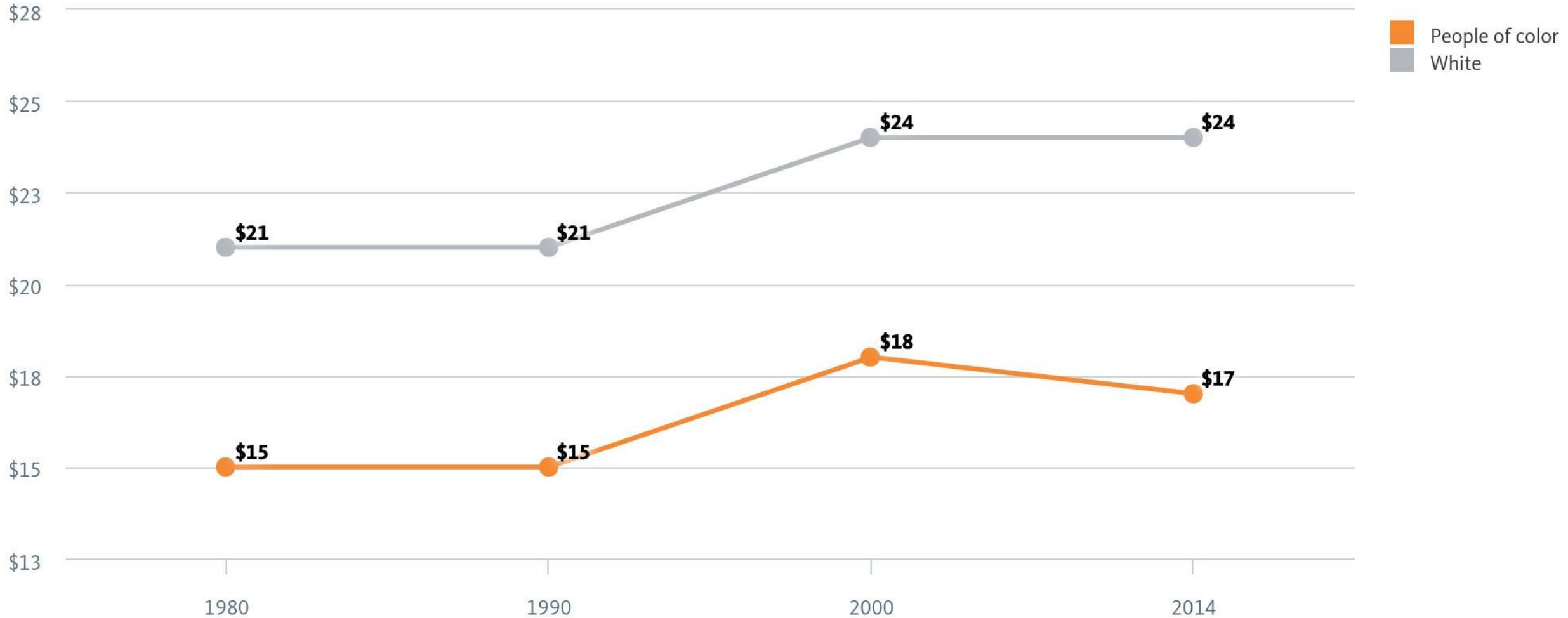
Equitable Economy: The Challenge

Median hourly wage for full-time workers by race/ethnicity:
City of Austin, TX 1980-2014



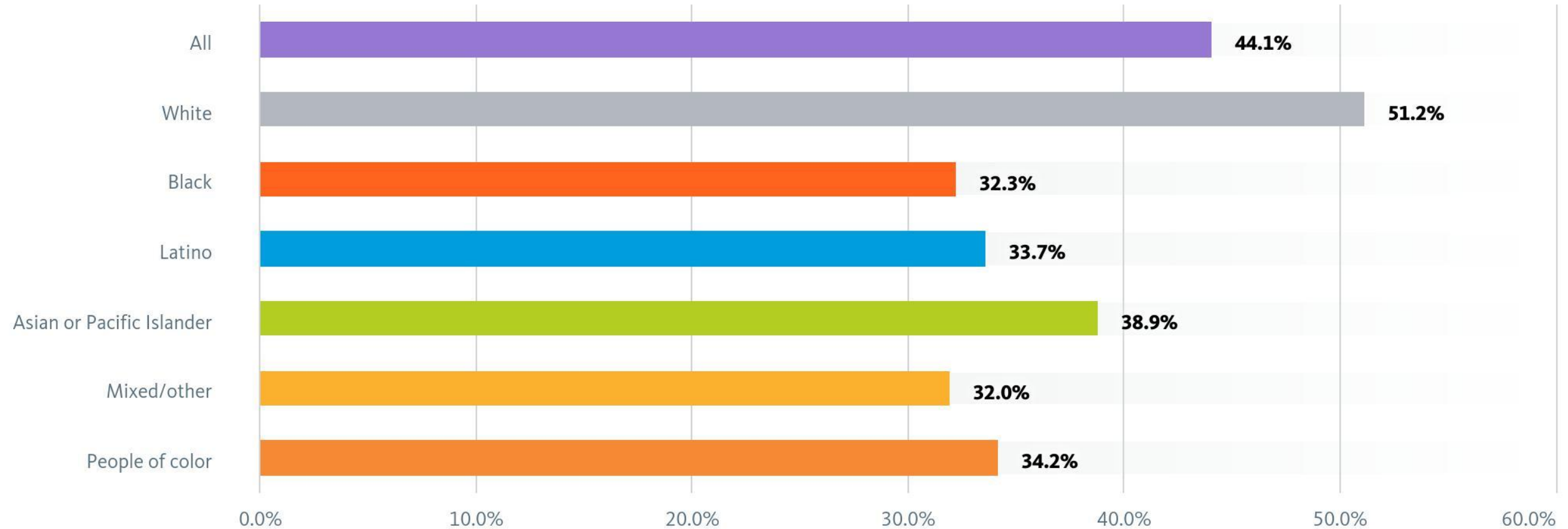
Equitable Economy: The Challenge

Median hourly wage for full-time workers by race/ethnicity:
Austin - Round Rock, TX Metro Area 1980-2014



Equitable Economy: The Challenge

Percent owner-occupied households by race/ethnicity: Austin City, TX, 2014

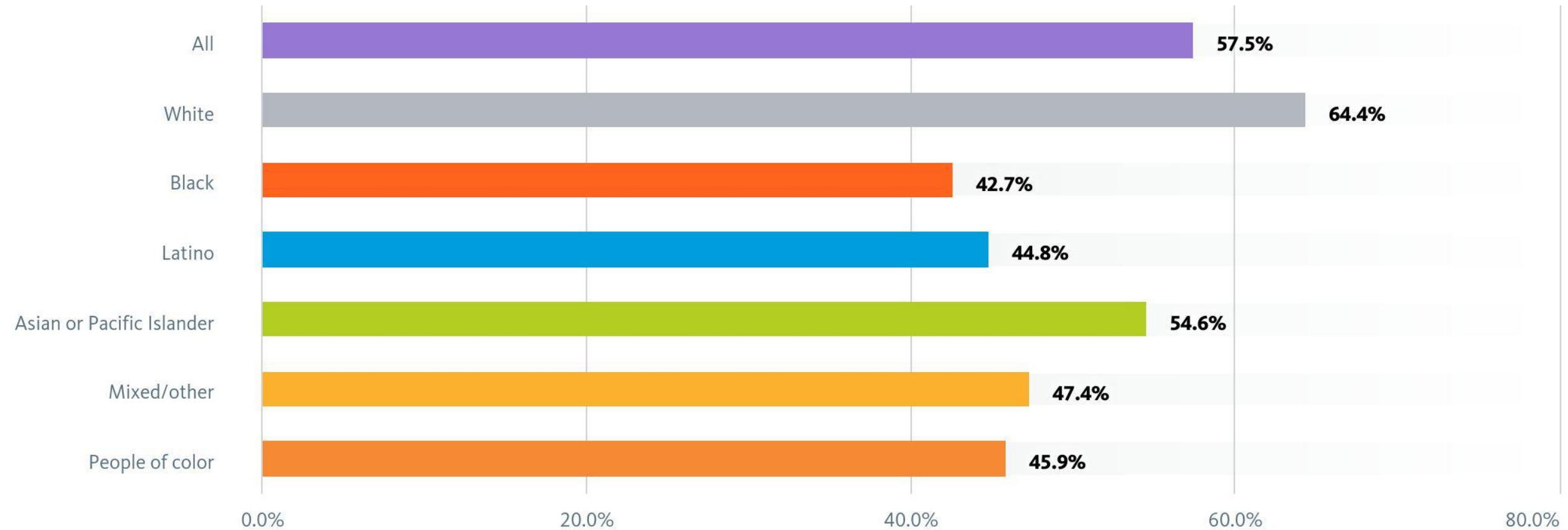


IPUMS

PolicyLink/PERE National Equity Atlas, www.nationalequityatlas.org

Equitable Economy: The Challenge

Percent owner-occupied households by race/ethnicity: Austin-Round Rock, TX Metro Area, 2014

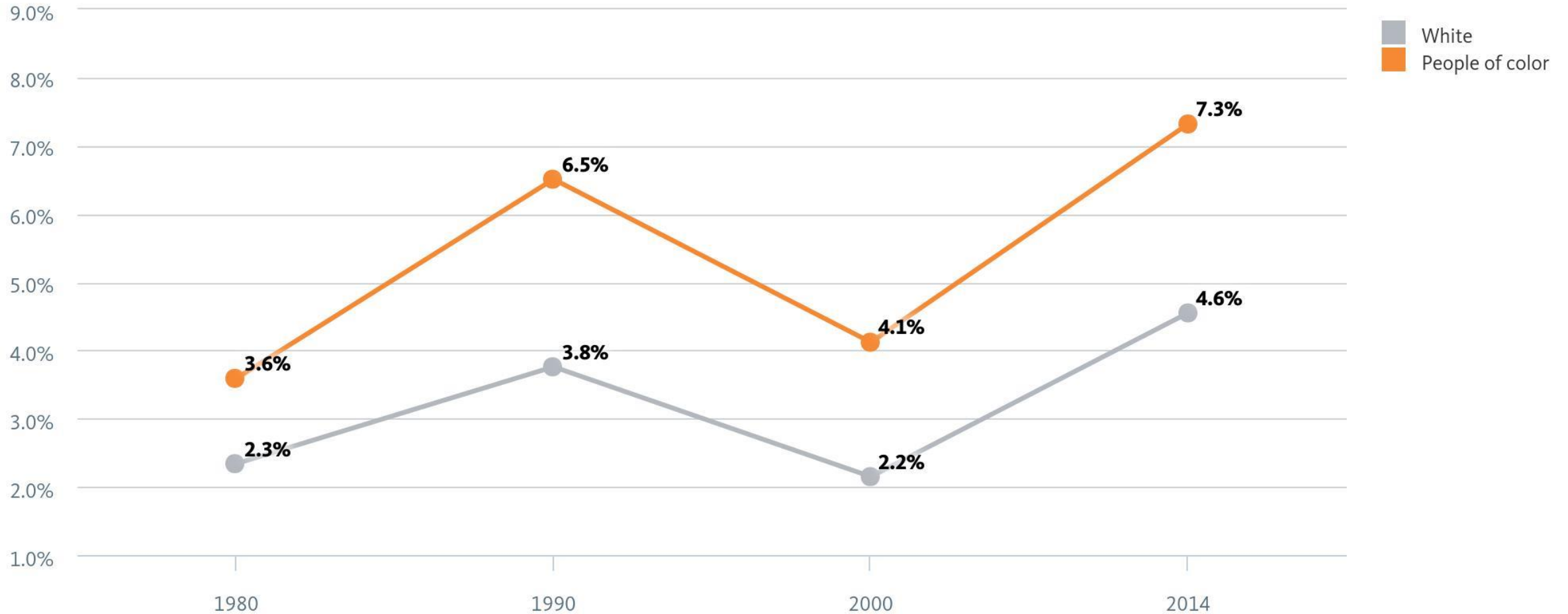


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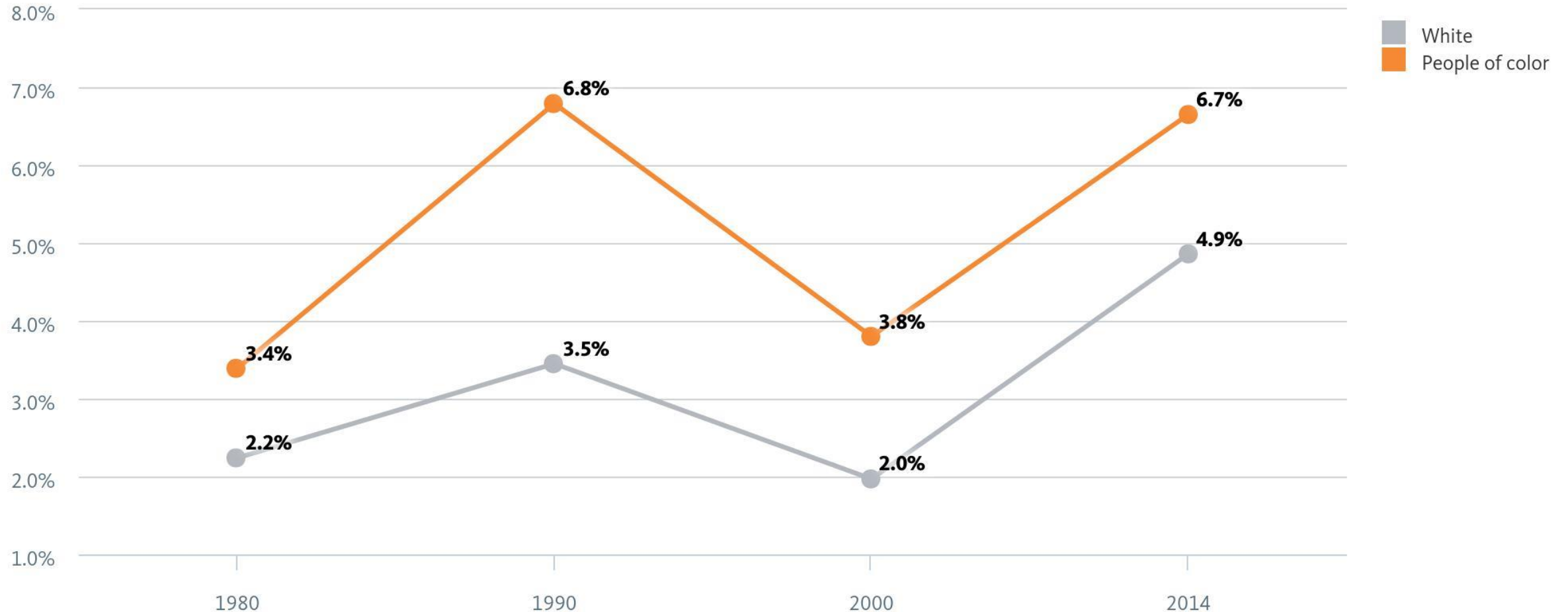
Equitable Economy: The Challenge

Unemployment rate by race/ethnicity: Austin City, TX, 1980-2014



Equitable Economy: The Challenge

Unemployment rate by race/ethnicity: Austin-Round Rock, TX Metro Area, 1980-2014









City of
SACRAMENTO



What is Equitable Economic Development?

- Unlocks the full potential of the local economy by dismantling barriers and expanding opportunities for low-income people and communities of color.
- Through accountable public action and investment, it grows quality jobs and increases entrepreneurship, ownership, and wealth.
- The result is a stronger, more competitive city.

definition developed by:
the EED Fellows in 2016

Problem Statement



Problem Statement

Keeping Austin Weird

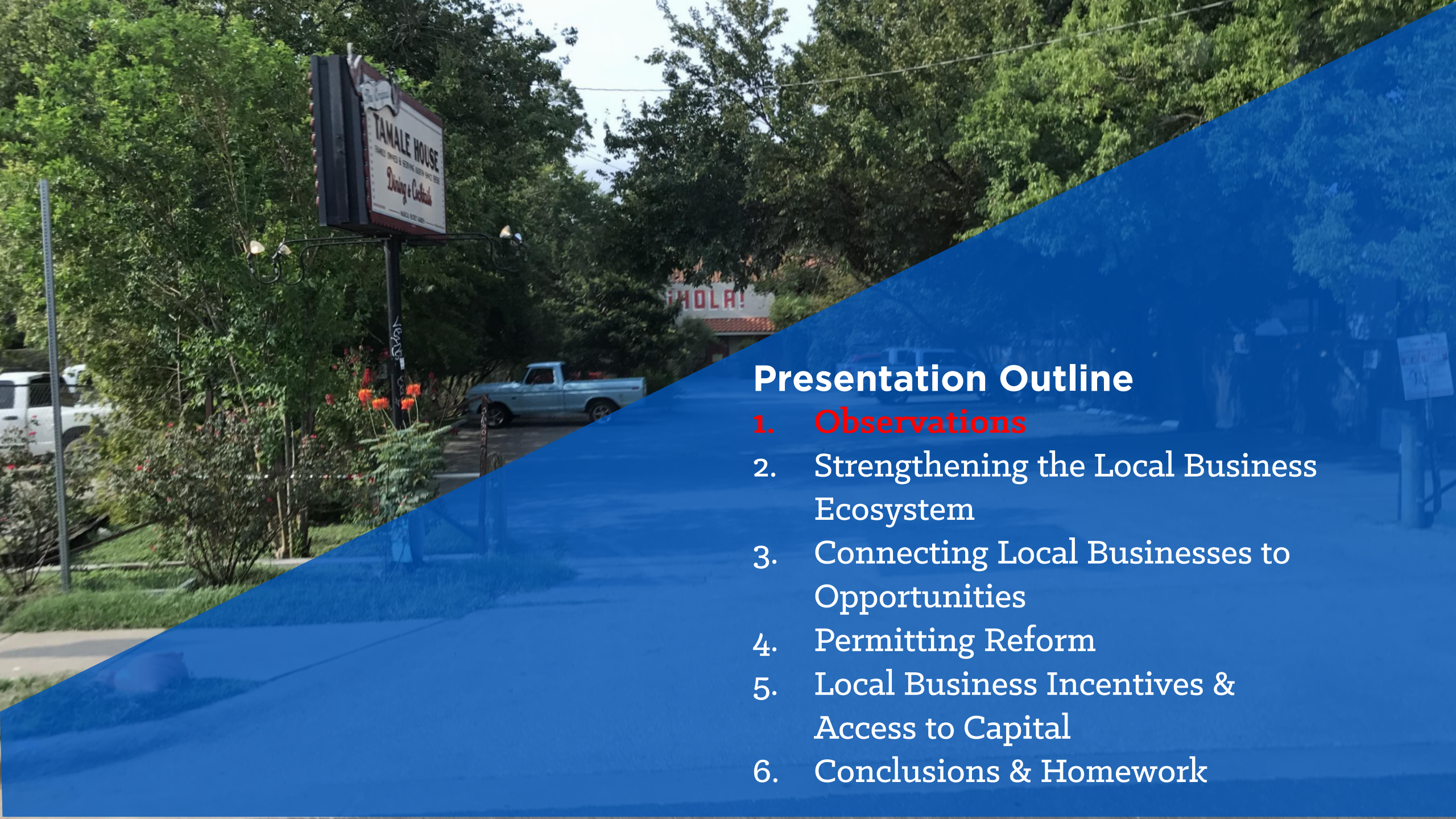
How can the City of Austin intentionally cultivate, retain, and grow local businesses in traditional communities of color in the context of explosive economic growth of the tech sector?



The Panel

The Panel

- **Dionne Baux**, Director of Urban Programs, National Main Street Center, Chicago, IL (chair)
- **Della Clark**, President and CEO, The Enterprise Center, Philadelphia, PA
- **Jenice Contreras**, Executive Director, Northeast Ohio Hispanic Business Center, Cleveland, OH
- **Jennifer Gress**, Policy Director, Mayor's Office, City of Sacramento, CA
- **Audra Ladd**, Manager, Small Business / Creative Economy, Metro Nashville, TN
- **Bryan C. Lee, Jr.**, Founder/ Director, Colloqate Design, New Orleans, LA
- **Philip Payne**, Principal and CEO, Ginkgo Residential, LLC, Charlotte, NC
- **Albert Santana**, Director of High Capacity Transit, City of Phoenix, AZ
- **Paul Taylor**, Director of Small Minority and Women Business, City of Baltimore, MD



Presentation Outline

1. **Observations**
2. Strengthening the Local Business Ecosystem
3. Connecting Local Businesses to Opportunities
4. Permitting Reform
5. Local Business Incentives & Access to Capital
6. Conclusions & Homework

General Observations



General Observations

- The “Keep Austin Weird” ethos captures the city’s unique position in the State of Texas.
- Austin is an attractive location to local and international businesses alike.
- The increased cost of living has made it challenging for long-term residents to remain in the city.
- The historically African American and Latino neighborhoods on the Eastside no longer appear to be hubs for these communities.
- The food truck scene is both an attraction in the city and a creative response to the limited space for brick and mortar businesses.
- Public investments seem to prioritize large companies.
- Austin has a strong, entrepreneurial economy.

Opportunities



Opportunities

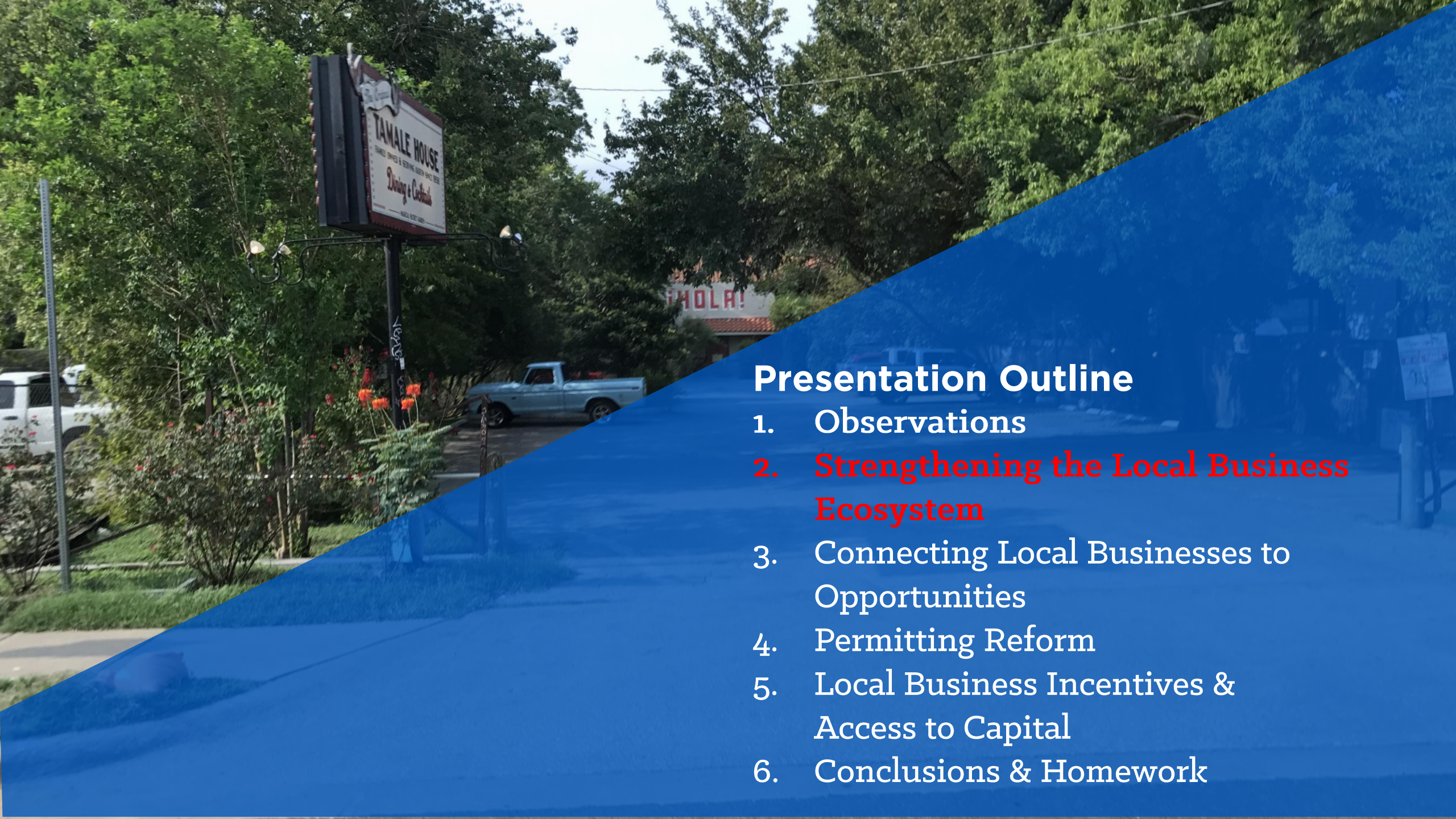
- City staff have a sophisticated understanding of institutional challenges, and are committed to embedding equity in the small business ecosystem.
- The changes in city government (i.e., council districts, new equity office, search for City Manager) create a unique opportunity for a shared small business vision.
- The business community is devoted to Austin and wants to be part of the solution.
- Public land in historic African American East Austin can support solutions to displacement.
- UT Austin is a world class anchor institution that can be leveraged for its procurement, workforce, and real estate might.

Challenges



Challenges

- The enduring effects of segregation and discriminatory policies are difficult to overcome.
- Real estate costs make it challenging for workers and businesses to remain in the city.
- Small business resources are fragmented.
- Current regulations and permitting processes create barriers to business development.
- M/WBEs are winning few city contracts.
- There is a lack of public transportation investment.
- There is a lack of consensus around what small business means in Austin.
- There is a tension between attracting big companies and fostering small businesses, when these should be complementary strategies.



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Transparency & Communications

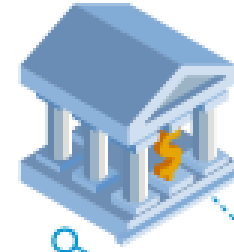
- Improve internal communications within City Departments
- Enhance external engagement and education on programs and their impact
- Update the City website's Business section to act as a resource for the small business community
- Eliminate redundancy in stakeholder "taskforce" groups by various leadership/planning bodies. Taskforce Fatigue
- Share small business success and challenges in a meaningful way (e.g. Small Business profiles)
- Build peer to peer opportunities for Small business owners (e.g. One Million Cups)
- Identify advocates leading the impact for policy change

Business Resources Asset Mapping

Goal – clarity of services supporting local business development

1. City has ability to Convene all the stakeholders and set the vision
 - Identify services provided by whom and to what audience
 - Identify duplication of services
 - Identify Gaps
2. Create an ecosystem map that has buy-in from all
3. Navigation system to help entrepreneurs get to the right place quickly
 - Clarify city-funded resources and external sources of support

Insurance & Financial Services
Protect



Banks & Credit Unions
Provide Long Term Capital

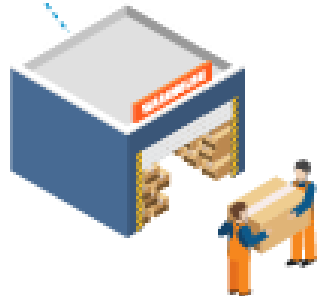
Small Businesses
Backbone of local economies
across North America

Business Services
Facilitate

Franchisors
Sell Concepts



Suppliers
Sell Goods



Credit Card & Payment Processors
Build Revenue



Map of existing businesses



Map of existing businesses

- By mapping existing business by geography, clusters or opportunities for place-based strategies be apparent
- Consider taking top 100 iconic local, small business and map them to begin anchor strategy approach
- Utilize the 2016 Target Market Strategy to implement the strategic initiatives already identified
- Place-based strategies to foster business ideation, incubation and innovation (e.g., business incubator coupled with technical assistance services/co-working space)

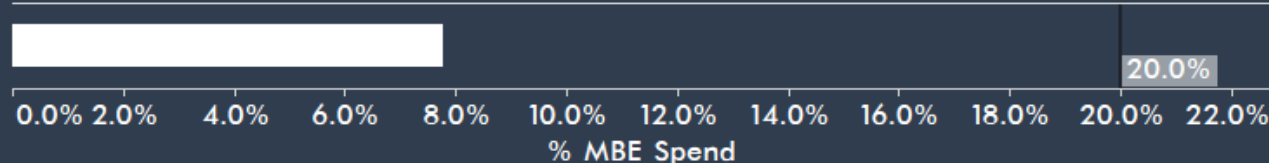
Data Collection and Metrics

- Develop local business development growth goals and identify associated data and metrics to track
- For all city-sponsored business development programs, reporting measures must be established (e.g., jobs created, jobs retained, capital infusion, etc.)

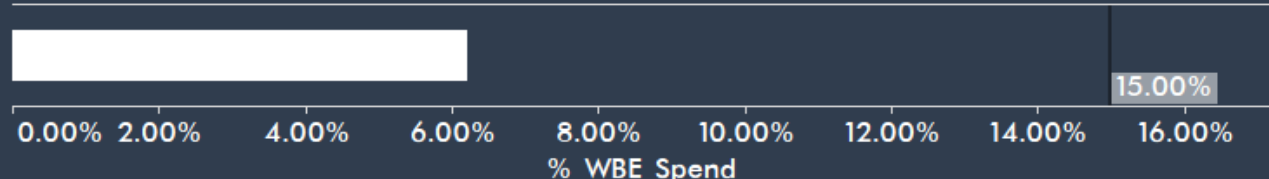
Vendor Diversity Executive Order Dashboard

Progress Toward Executive Order Targets

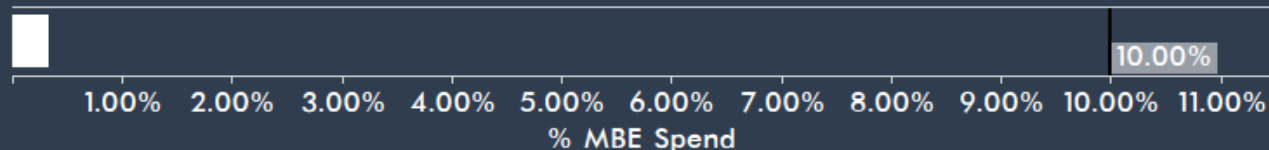
Percent MBE Spend (A&E)



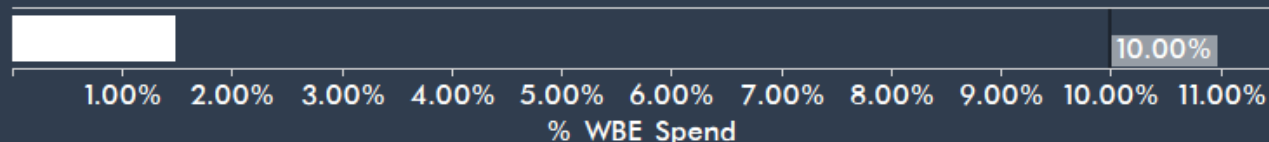
Percent WBE Spend (A&E)



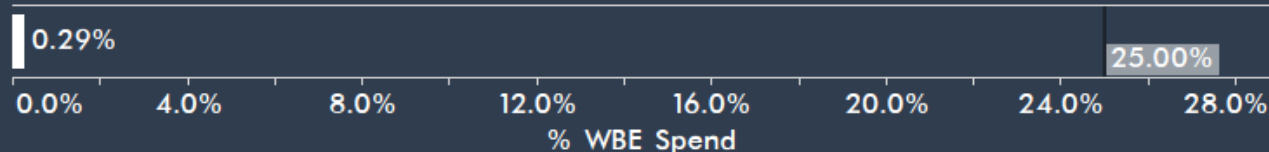
Percent MBE Spend (Construction)



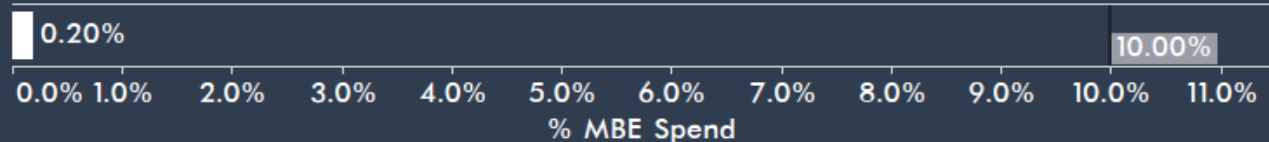
Percent WBE Spend (Construction)



Percent WBE Spend (PS)



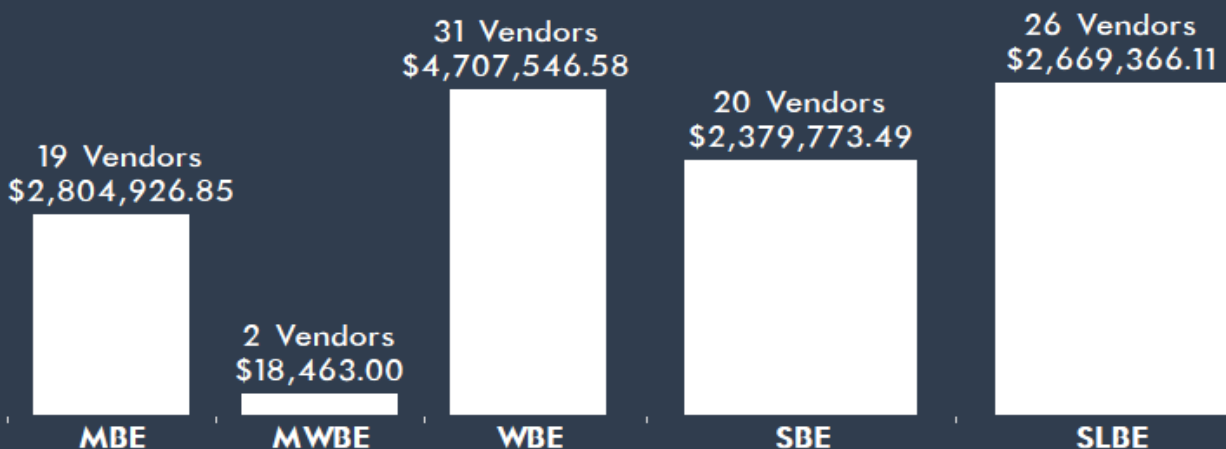
Percent MBE Spend (PS)



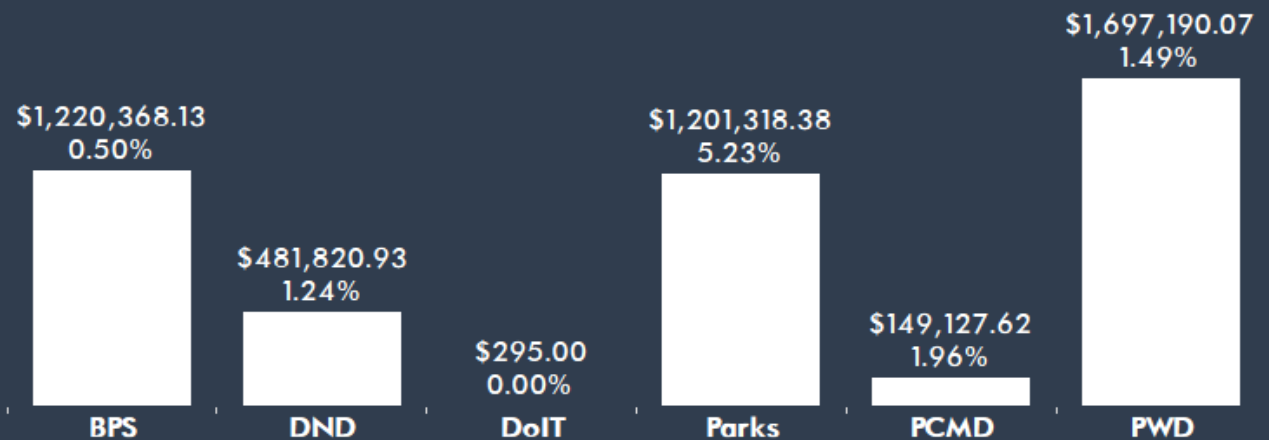
Citywide Statistics

Total Spend	All MWBE Spend	Total MWBE Vendors Paid
\$622,048,488.78	\$7,530,936.43	66

Spend by Vendor Type

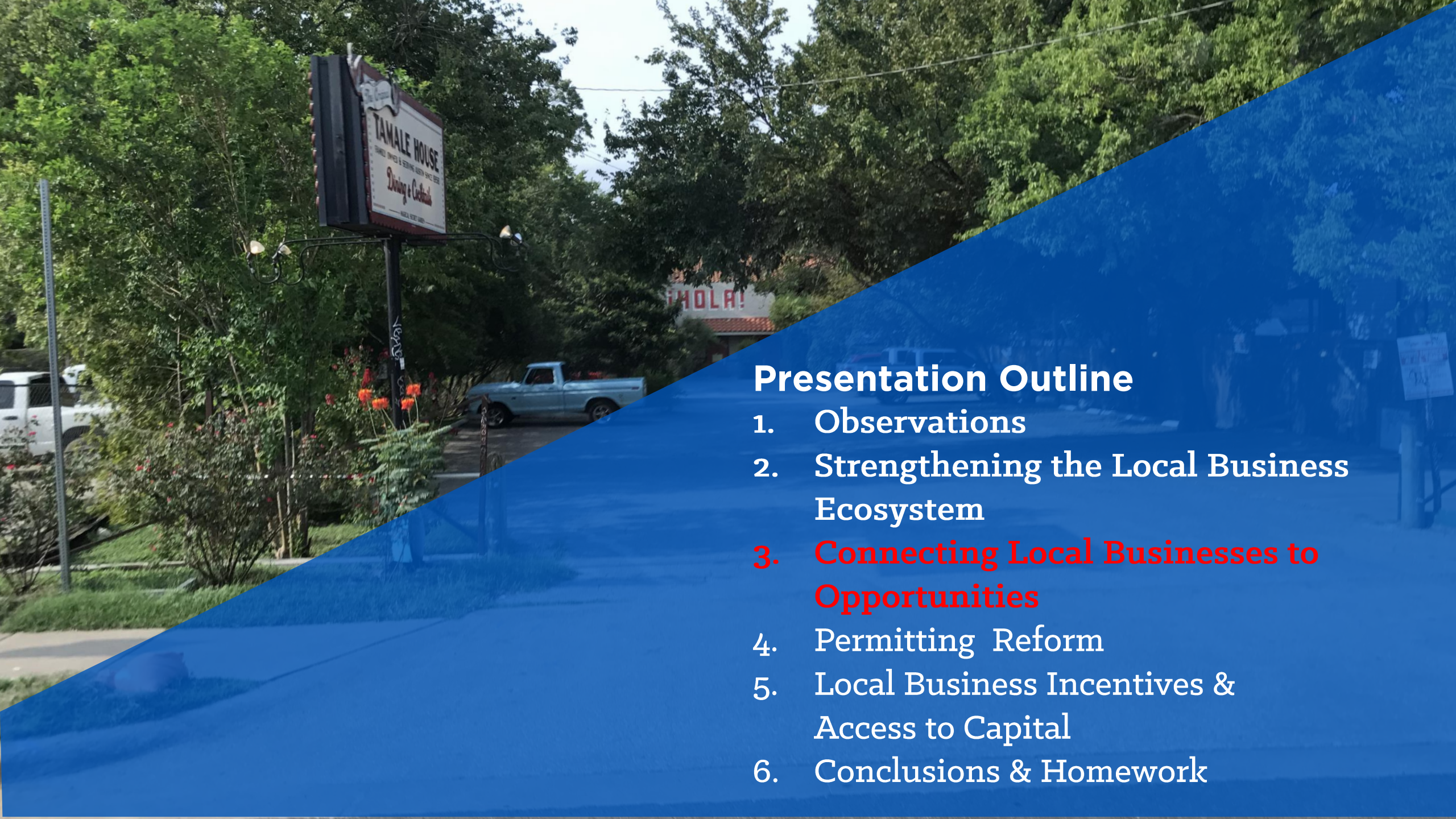


Spend by Department



Strengthening the Local Business Ecosystem: Recommendations

- Conduct a comprehensive Business Resource Asset Map with broad input from stakeholders and entrepreneurs
- Work with state business registration office to find active Austin businesses and map them by address/zip codes
- Identify neighborhoods/business districts where formal merchants associations can be established
- Inventory city-owned real estate to redevelop or reuse the space for business development and affordable housing
- Website redo (Resources, training & events calendar, etc.)
- Better utilize Austin's open data approach



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GRAND OPENING & SERVING MEXICAN SPECIALTIES
Dining & Cocktails

HOLA!

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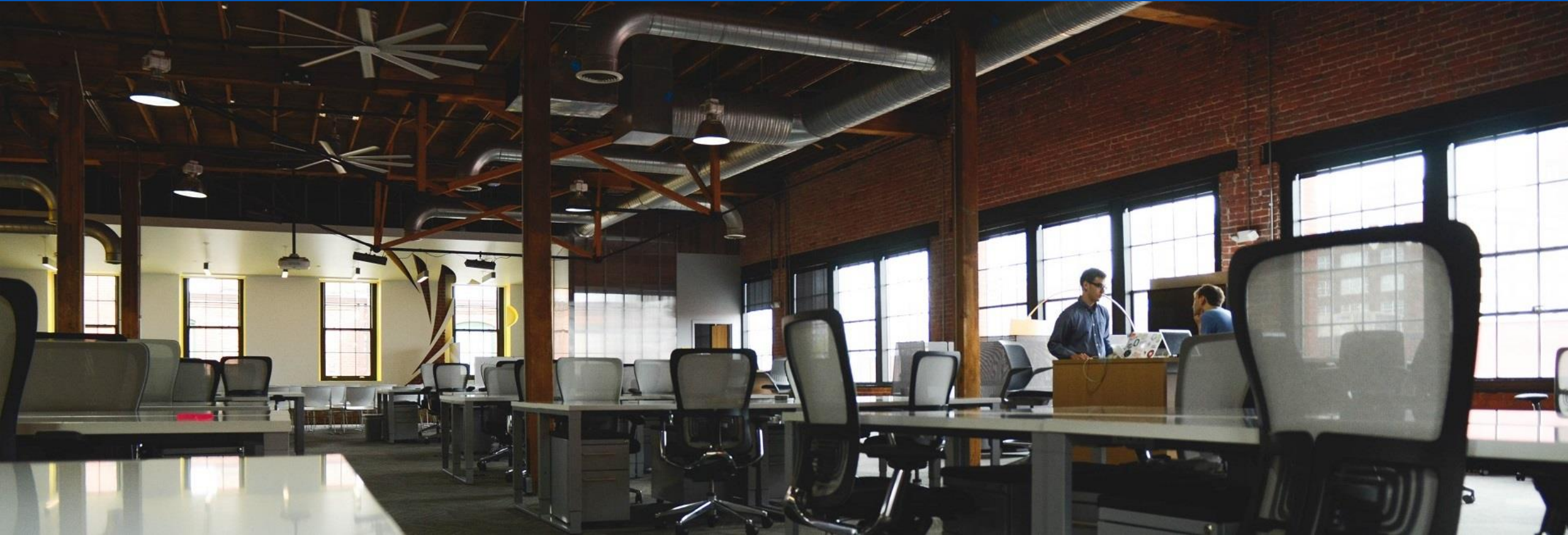
Identify a city defined strata of business



Identify a city defined strata of business

- **Beta** - Businesses that are incubating and working towards proof of concept or focused on sustainability
- **Micro** - Small business operating at 1-15 people, tenuous permanent location; focused on growth
- **Small** - Small businesses with a history of success; focused on sustainability and growth

Co-Working & Incubators



Co-Working & Incubators

Observations

- Current business chambers could improve connections necessary to support targeted business strata
- Need for more tangible access to all forms of support (financial capital, spatial, social, technical assistance, time)
- Need for more non-tech co-working and incubator space across the city

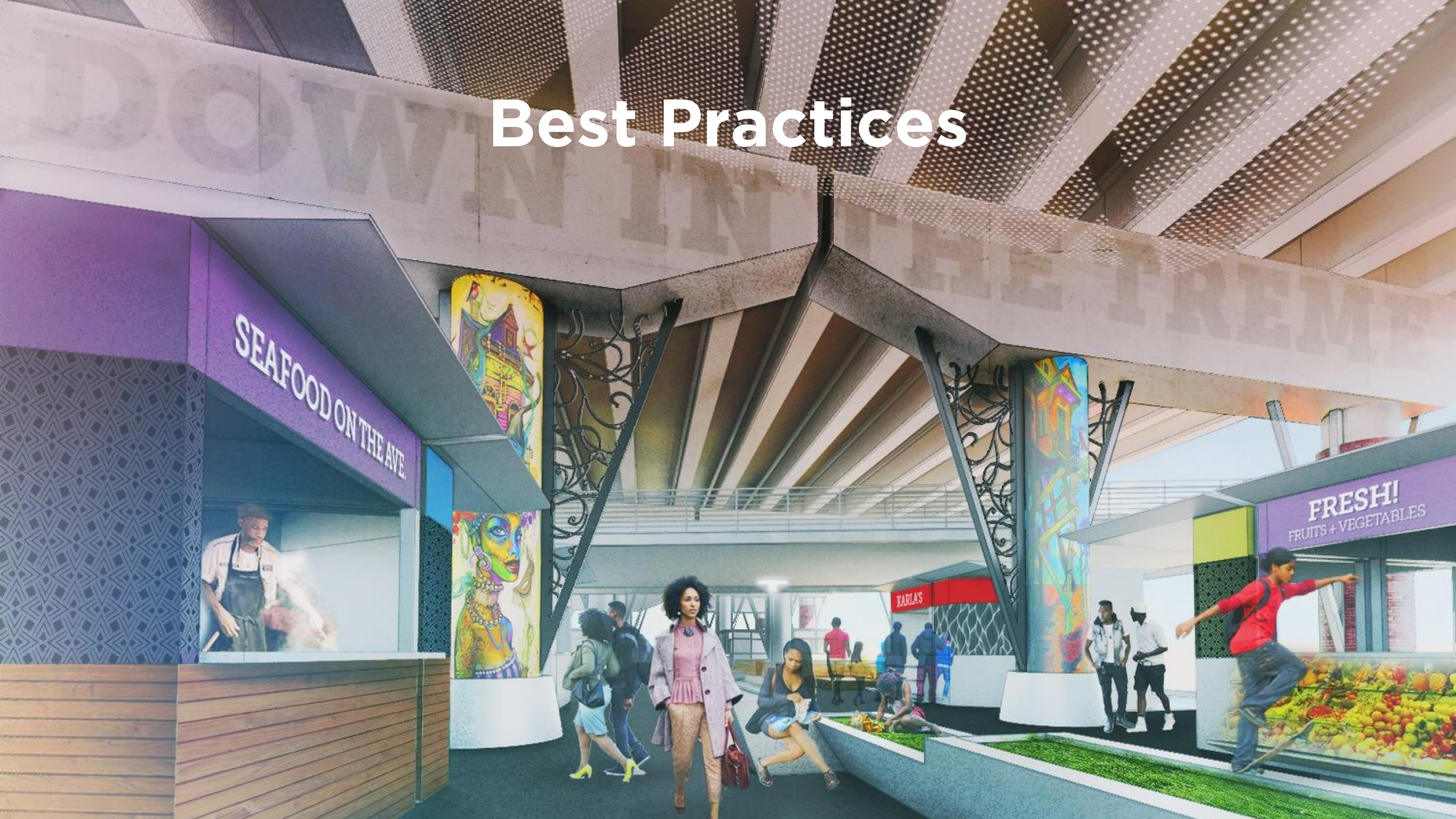
Opportunities



Opportunities

- **Idea: Business Co-Working & Incubator Space**
 - Given City's relationship with the small chambers, could they fill or facilitate this role?
- **Private/Public Startup Support**
 - Zero-line support spaces – City provides common space support for businesses of a particular typology to direct the resources to specific needs
 - City needs a firm understanding of the spatial opportunities available in priority neighborhoods, develop an asset map in neighborhoods, and allocate capital project funding to support a build-out and programming

Best Practices



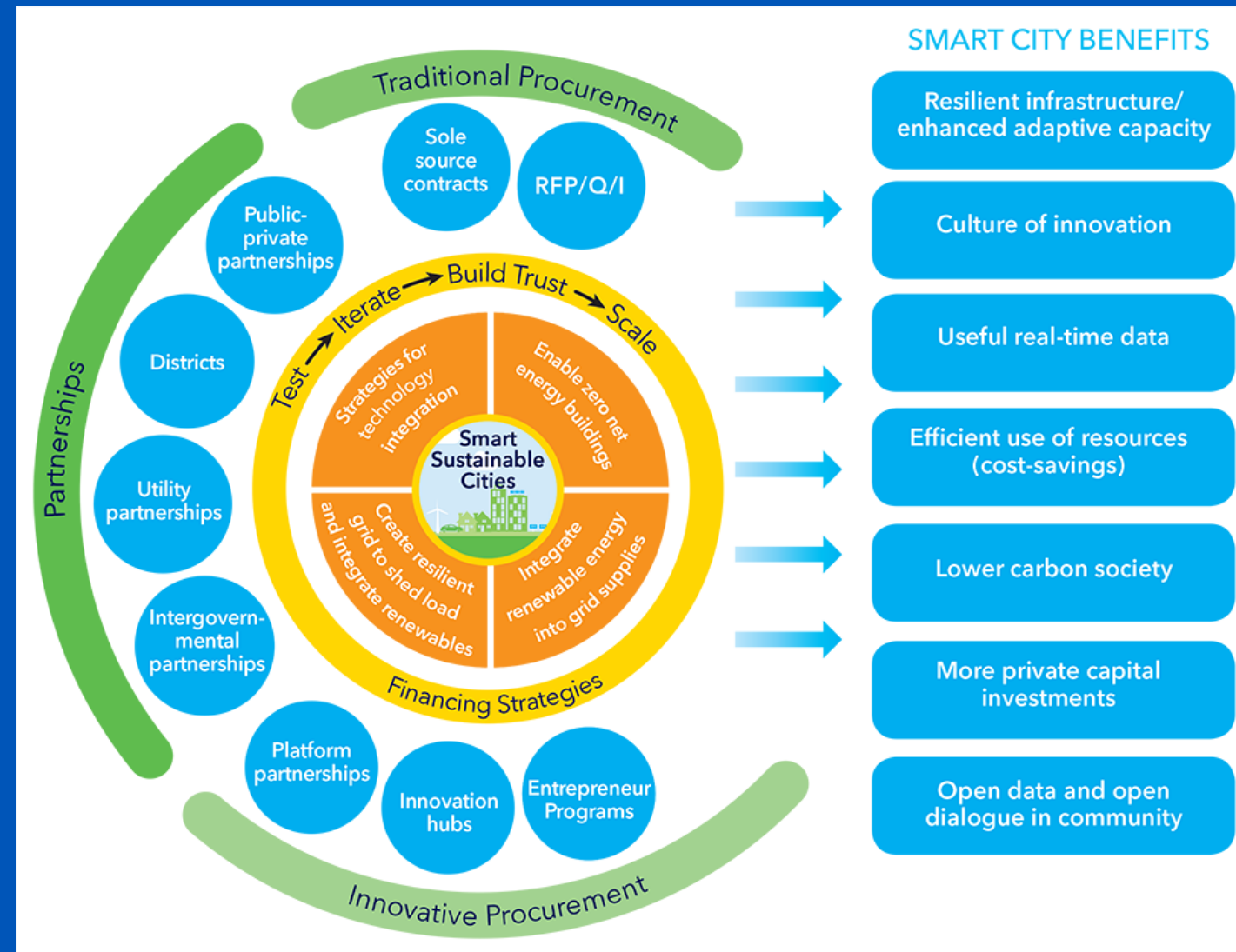
Best Practices

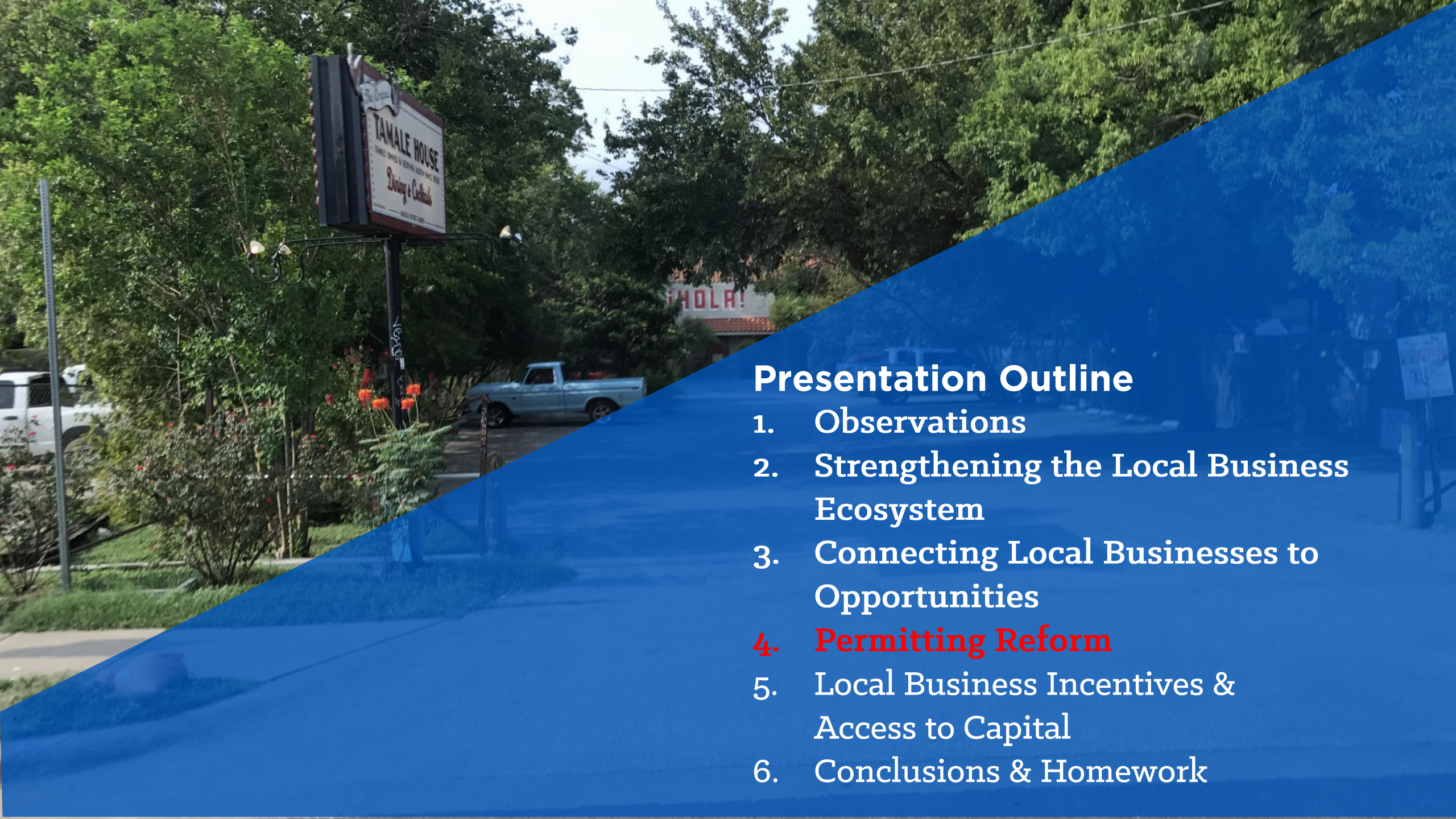
- Trinity Grove Restaurants - Dallas (Restaurant)
- Boise International Market (Retail)
- Claiborne Corridor Innovation District - New Orleans (Retail & Food)
- Torpedo Factory - Alexandria, Virginia (Arts Studios)
- 2112 Incubator - Chicago (Music, Film, and Tech Incubator)
- 3C Labs - Charlotte (Art & Business Incubator)
- Anacostia Arts Center - Washington D.C. (Art & Business)



Procurement Ideas

- Firms that go through the co-worker/incubator structure would have priority for City procurement
- Increase the “small-award” threshold



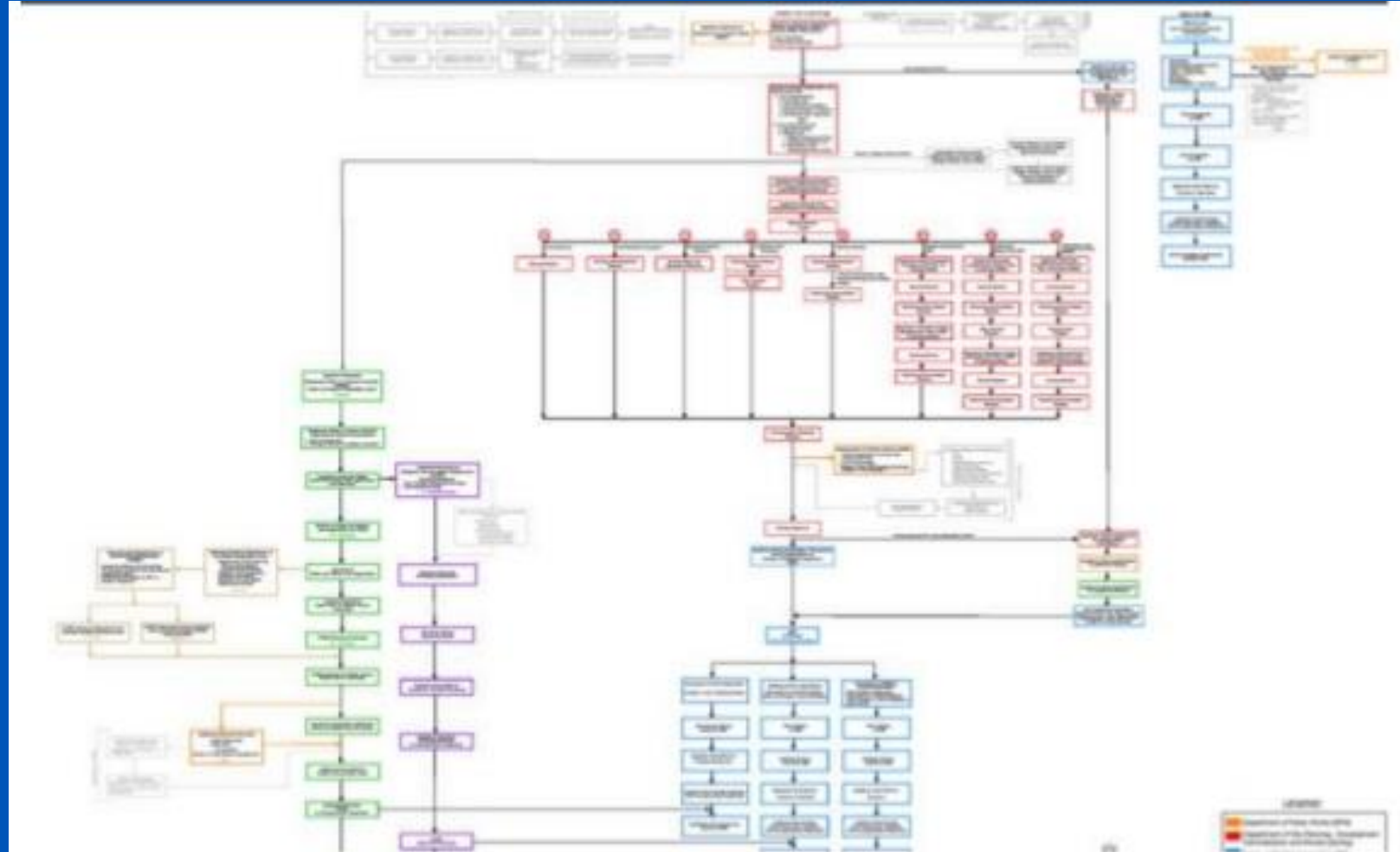


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What We Heard About Permitting

- Unclear, cumbersome process
- Lengthy
- Lack of flexibility



Strategies to Consider

- Obtain Stakeholder Input
- Establish Goals for Review Time and Measure Progress
- Offer Pre-application Meetings
- Expedite Review
 - Small businesses
 - Self-certified applicants
- Establish Permit QB

Strategies to Consider (con't)

- Code Provisions
 - Establish process for deviations
 - Commit to update code as needed to incorporate new circumstances/technologies
- Develop Small Business Starter Kit
 - San Francisco Business Portal



Casa Sanchez

A family-owned business, Casa Sanchez has been making salsa and tortilla chips for five generations.



Everything You Need to Succeed



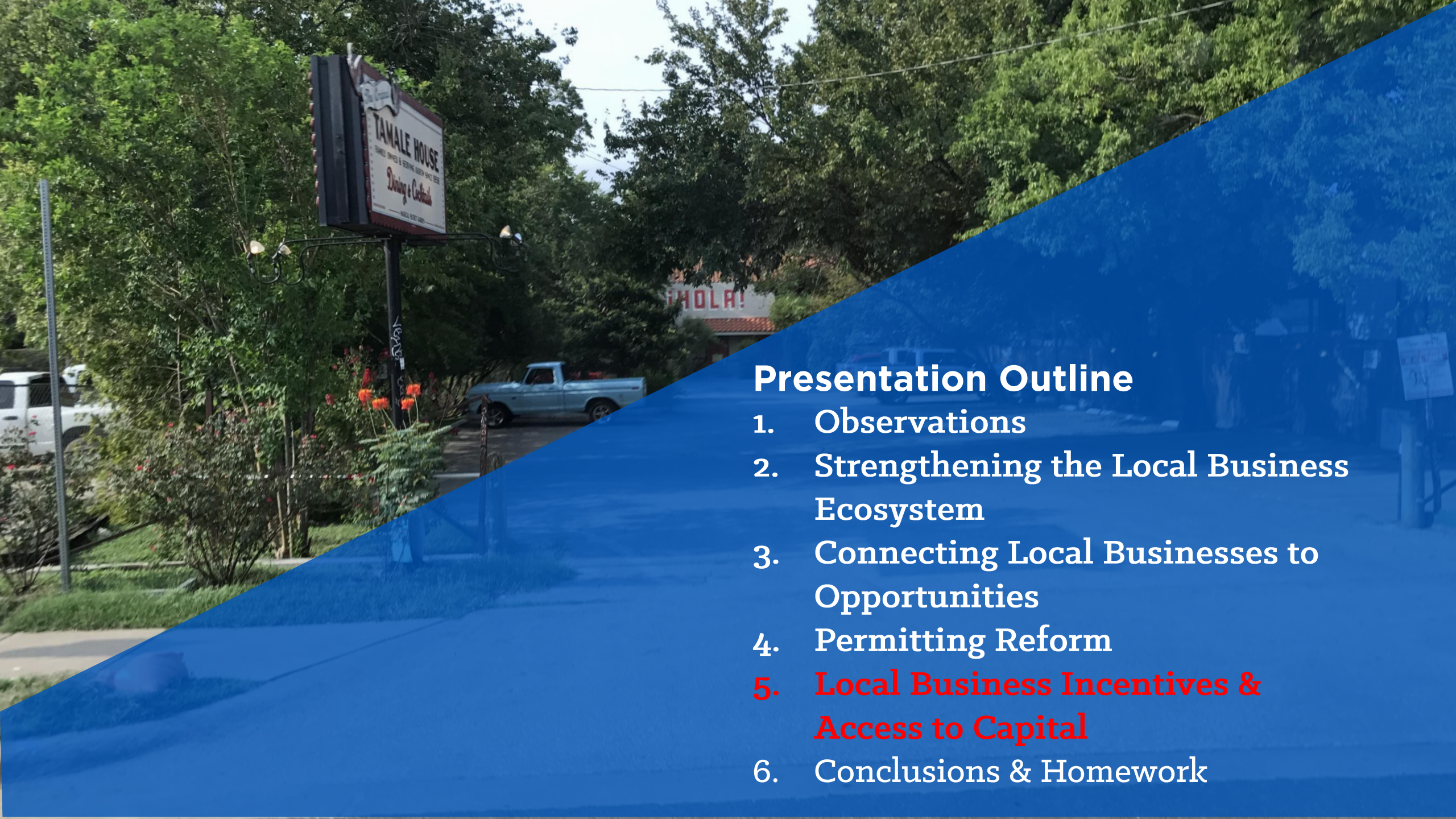
Starter Kits

Jumpstart your path to success: explore this list of the most common San Francisco businesses and what it takes to get them going. Starter Kits include relevant permits, resources, and guides developed to help you bring your business idea to fruition. If you don't see your business type, use the [Permit Locator](#) to search or [Contact Us](#) to suggest a new kit.



Permitting Reform: Recommendations

- Get stakeholder feedback on permitting problems
- Establish an inter-departmental team to make permitting process changes
- Review impact of new rules and regulations on local, small business with an equity lens
- Create a culture of Yes



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Small Business Incentive Reform

- Local Business 380 Model Incentives
 - Neighborhood, small business relationship manager by district
- Neighborhood benefits to improve commercial corridors (ties back to place-based strategy)
- Façade Rebate / Storefront program
 - 50% grant to support façade rehabilitation

Placed-Based Strategies



Placed-Based Strategies

- Sales/Property tax abatement
 - Enterprise Zones
 - Right to Thrive Zones
- Professional services for small business growth and expansion
 - Architectural assistance
 - Marketing
 - RFP preparation
- Procurement opportunities in targeted zones receive additional consideration
 - 10% waiver or more favorable consideration on projects

Access to Capital



Access to Capital

- Local business resource pop-ups in each district
 - Accion
 - PeopleFund
 - Credit-repair counseling/services
- Establish a lending pool agreement
 - National banks accessing CRA
 - Locally-owned banks/credit unions
- Work with existing CDFIs/banks to become a certified SBA micro-lender
- Working with City of Austin Development Office to develop seed capital
 - Patient capital
- Bonding insurance and working capital financing

Best Practices: Baltimore Source Link

Home

Startup ▾

Growth ▾

Baltimore Resources ▾

Office Of Minority & Women



Need help navigating Baltimore resources?

We have a network of business assistance organizations providing a variety of services. Let us help you find the right resource for whatever your need.

Best Practices: Main Street Four-Point Methodology, Englewood Quality of Life Plan



Best Practices: Grow Philadelphia Fund



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CAPITAL

Grow Philadelphia Fund

The Grow Philadelphia Fund is a capacity building initiative to provide capital directly to the City of Philadelphia's Minority Enterprises. The Initiative will help businesses grow, create jobs for citizens and support our local community's economy. With the support of capital investments, the Grow Philadelphia Fund will build the capacity of small minority businesses in Philadelphia.

For more information on TEC-CC's investments in local companies, please contact Christiana Gervasoni at cgervasoni@theenterprisecenter.com.

Local Business Incentives & Access to Capital: Recommendations



Local Business Incentives & Access to Capital: Recommendations

- Research placed-based strategies that can be piloted in Austin's East Side
- Establish and outsource loan-pool capitalization

ORLEANS

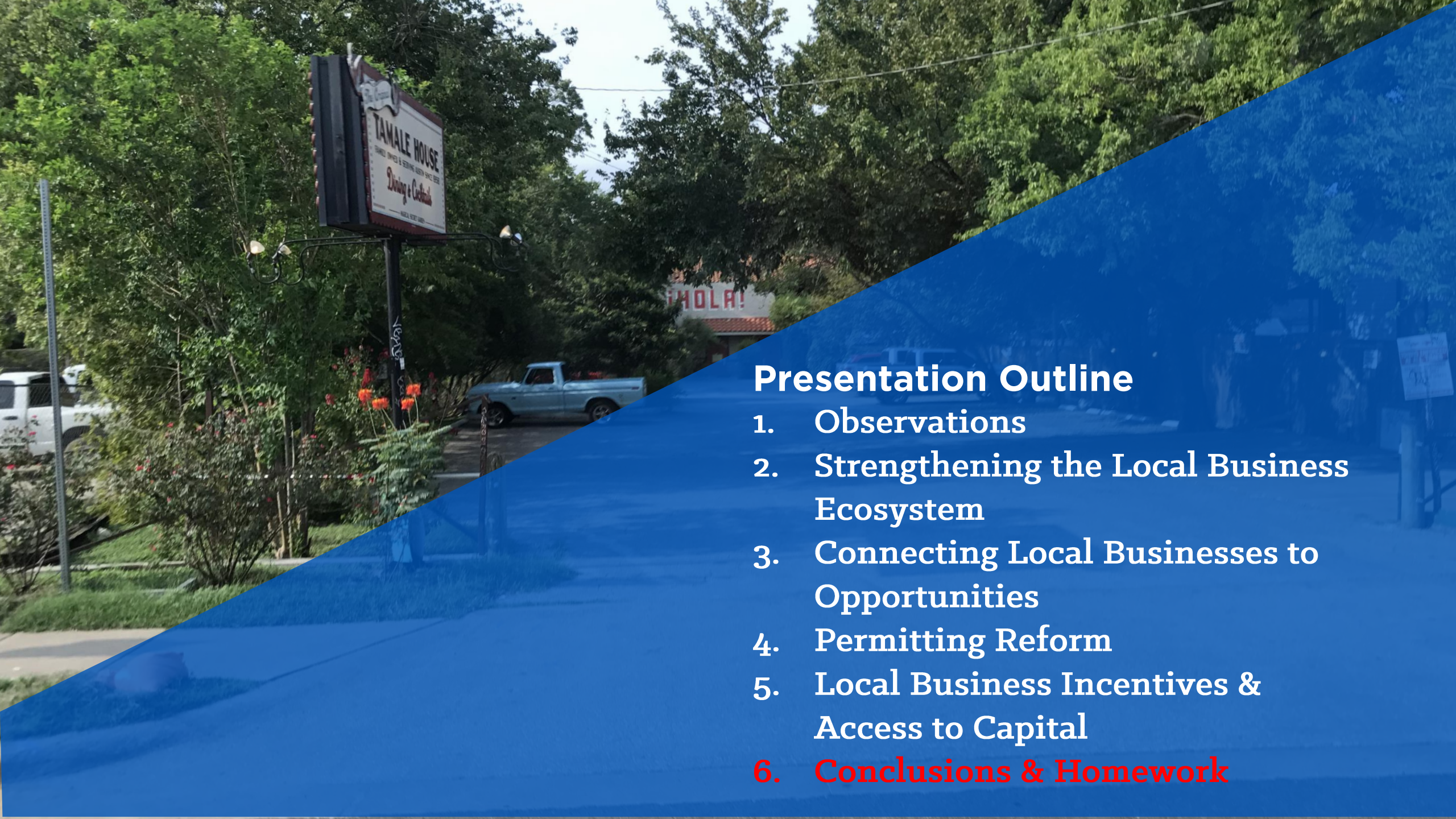
SHOP

512-406-9237

BIG EASY

DOZEN STREET

FOOD



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Conclusions

- Also need to consider transportation access to employment, real estate affordability, workforce development training, institutional racism
- The changes in City government (i.e. council districts, new equity office, search for City Manager) provide a unique opportunity to harness Austin's assets and create a more inclusive city
- Need to utilize an equity tool to assess impact of policy decision on marginalized communities
- Build the bridge between local, small business and tech
- Equitable cities need a diverse array of job opportunities/skills

Homework - Next Steps

1. Create inter-departmental team to create a more efficient permitting process to support local business
2. Find examples of place-based strategies from other cities that can be adapted and piloted in Austin's East Side
3. Draft a loan-pool capitalization agreement to share with banks and lending institutions
4. Conduct a comprehensive Business Resource Asset Map endorsed broadly by stakeholders
5. Work with state business registration office to find active Austin businesses and map them by address/zip codes
6. Identify location and funding for first incubator/co-working on the East Side

Next Check-in:

Fellowship Mid-Term Retreat: Los Angeles | January 24-26, 2018

Equitable Economic Development Fellowship

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Thank You

Thank you to the following people for assisting our panel:

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