

# **Economic Development Corporation of Kansas City EDCKC Research Project**

## **Second Task**

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**May 2009**

### **International Economic Development Council**

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May 6, 2009

Mr. Michael Kirchhoff, CEcD  
Vice President of Business Retention and Recruitment  
Economic Development Corporation of Kansas City, Missouri  
1100 Walnut Street, Suite 1700  
Kansas City, MO 64106

Dear Mr. Kirchhoff, CEcD:

The International Economic Development Council (IEDC) researched 4 economic development organizations (EDOs) to complete the *Second Task* of this research project. These EDOs are located in the following cities:

- ✓ Atlanta, GA
- ✓ Pittsburgh, PA
- ✓ Indianapolis, IN
- ✓ St. Louis, MO

IEDC gathered all of the following information primarily via telephone and email by using an interview schedule that guided the data collection process. The remainder of this document will provide EDCKC with the following information:

- ✓ An Summary Analysis
- ✓ An EDO Relationship Chart
- ✓ An in-depth analysis of each city's local economic development structure, including land development and financing, redevelopment of distressed areas, marketing and attraction, business relocation, retention and expansion and entrepreneurial and small business development

We look forward to receiving your feedback and we hope that you will learn as much as we did from this research. Thank you again for the opportunity to work with you and the great folks at EDCKC.

Sincerely,

Shari Garmise, PhD  
Vice President of Knowledge Management and Development  
IEDC

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## Summary Analysis

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With the help of EDCKC, four EDOs were chosen to research the current trends and “best practices” in economic development. Each EDO was interviewed using a standard questionnaire, which helped us better compare and contrast the major economic development functions in each city. The survey results were then organized and evaluated to provide EDCKC with the following report. Mainly, this research project identifies overall trends in ED systems with an emphasis on the following five economic development functional areas:

- ✓ Land Development and Development Financing
- ✓ Redevelopment of Distressed Neighborhoods
- ✓ Entrepreneurial and Small Business Development
- ✓ Marketing and Attraction
- ✓ Business Relocation, Retention and Expansion

Before we begin working through the lessons learned, it will be useful to understand how this summary analysis is organized. The first half of this summary analysis will elaborate on the primary commonalities and differences that were found between the four EDOs. These commonalities and differences are mentioned here in a broad sense, giving the reader a quick understanding of the EDOs’ organizational structure and their ability to build partnerships. The second half of this summary analysis will explain in more depth the lessons learned in each economic development functional area. Our research indicated that each organization’s specific approach to the above-listed functional areas often determined the selection of appropriate local partners. Moreover, each EDO interviewed emphasized specific economic development functional areas which were then mirrored by their staff structure. The most significant distinction we identified among the EDOs investigated was their ability (or lack there-of) to cooperate effectively with ED-related partner organizations.

In terms of each EDO’s internal capability, the Atlanta Development Authority (ADA), the Urban Redevelopment Authority of Pittsburgh (URA) and the St. Louis Development Corporation (SLDC) were all highly self-sufficient organizations that professionally handled multiple economic development functions. These organizations each served as the central player in their respective economic development systems, with a focus on finance and property-based, incentive-driven project development. They each had created some partnerships of varying intensities. These partnerships were developed in areas where the ADA, URA and SLDC had identified weaknesses in internal capacity. Some partnerships were mandated by politics and others were necessary to handle more complex problems, often to mitigate distress. The outlier to this trend was Indianapolis Economic Development Incorporated (IEDI), which has just a quarter of the staff (i.e., 10 total staff-members) and limited financing capability, which hindered its ability to manage larger, partnership-reliant economic development projects.

Beyond its small size, IEDI was anomalous to ADA, URA and SLDC in other ways. IEDI’s economic development mission is strictly a focus on growing Marion County’s innovation ecosystem through cluster development and entrepreneurship. As opposed to the ADA, URA and SLDC, it does not deal with land-based development, offer large incentives packages, or provide loans to small businesses. IEDI’s land development incentives are smaller scale, and designed solely to mitigate business owners’ sales and/or property tax liabilities.

Despite these differences, there were a number of characteristics common to all the EDOs that we studied. For example, each EDO took the lead in packaging and delivering incentives and relied heavily on their ED partners to manage regional marketing, often the chambers. In addition, each EDO we spoke to indicated a need to build capacity in workforce development & entrepreneurship and small business development. All four EDOs were increasingly concerned

with finding ways to access existing workforce development incentives or develop new types of incentives that would help attract and maintain a talented workforce. Moreover, whether the focus was small business financing or incubation services, entrepreneurship was on the mind of every Economic Development Director.

Ultimately, the ADA, URA, SLDC and IEDI all displayed unique partnership patterns. This was due in part to different local government structures and state rules, which to some extent govern who each EDO can work with and in which functional areas. As mentioned above, the main distinguishing characteristic among the organizations studied was the capacity to assemble a diverse group of ED partners and lead the region's economic development growth strategy. The next few paragraphs briefly describe the lessons learned for building partnership capacity.

The Atlanta Development Authority (ADA) is primarily a real estate development financing EDO. Of all the EDOs we studied, it had the most diverse assortment of ED partners as well as the largest regional reach. The ADA uses its website to publicize itself as the predominant EDO in the region, indicating that it is linked to nearly 55 ED-related organizations. With these organizations, the ADA maintains *cooperative* rather than *contractual* relationships. This method requires tremendous effort to maintain open and continuous communication between EDOs. This was achieved predominantly through staff structure decisions, whereby ADA assigned the appropriate staff member to manage the relevant partnerships. The rationale behind this method is to ensure ADA staff-members collect the right data on local and regional growth patterns. In doing so, the ADA has an eagle-eye view of the region's growth and decay, which gives it more insight when creating community and economic development incentives and making related policy decisions.

The Urban Redevelopment Authority of Pittsburgh (URA) is unique among the four cases in that it houses the city's Engineering and Construction Department, along with the Economic Development, Business Development, Housing and Real Estate Development departments. The URA serves as a full-service agency that can assemble, prepare and convey sites for major developments. Additionally, by providing a portfolio of programs that include financing for business set-up, relocation and expansion, housing construction and rehabilitation, and home purchases and improvements, the URA serves as the project manager for large- and small-scale developments alike. The URA differs from the ADA in that it has the ability to partner with ED-related organizations, but chooses not to. According to the Economic Development Director, the URA does a great job of project management, but it lacks the ability to collect and interpret the right data – meaning the URA could improve its ability to understand the region's economic growth and decay patterns by partnering with regional ED-related organizations to aggregate the right data.

The City of Indianapolis and Marion County merged roughly twenty-five years ago. In doing so, this reduced the level of bureaucracy and government duplication within the region. Indianapolis Economic Development Incorporated (IEDI) has also reduced the level of duplication within its organization. IEDI has strictly defined its economic development mission to focus on developing five clusters: Life Sciences, Information Technology, Advanced Manufacturing, Logistics, and Motor Sports. The organization employs roughly one staff-member per cluster who works to strengthen the region's defined growth strategy, along with a few staff members that work mainly on BRE efforts. As a small EDO, IEDI's ability to partner with local and regional ED-related organizations is limited. IEDI is thus struggling to partner with Indiana's research institutions, global companies, philanthropic organizations and the State Government to advance Marion County's innovation ecosystem (e.g., BioCrossroads, which is an organization that works to secure new R&D funding and launch new businesses or products).

The St. Louis Development Corporation (SLDC) is primarily a land development and development financing function. Its responsibilities include documenting, managing, maintaining, marketing land parcels and the sale of agency-owned vacant and abandoned buildings and property. With close to 70 staff-members and a public-private partnership board structure, SLDC is able offer financial incentives and its professional services to every potential client. However, SLDC is surrounded by 12 urban counties, which makes for a highly competitive regional economic development structure. For example, according to the Economic Development Director, SLDC must offer aggressive incentive packages to compensate for St. Louis's comparatively high earnings tax. Outside of the private sector representatives that serve on its board, the SLDC has no ED-related partners that it engages with on a regular basis. For the most part, SLDC operates in an economic development silo and its ability to partner with ED-related organizations is stifled by the extreme level of competition within the region.

## **Economic Development Functional Areas**\_\_\_\_\_

### **Land Development and Development Financing**

Economic development incentives drive the residential, commercial and industrial land development process in most regions. The lesson learned here is that successful EDOs build partnership capacity with ED-related organizations to provide more tailored incentives. For the most part, all four EDOs use the typical toolbox of economic development incentives. However, IEDI has started offering cluster-based incentives. For instance, recent tax incentives allow race car components purchased by Indiana companies and used within Indiana to be exempt from the state sales tax. It is too early to determine whether this strategy will be effective in the long-run.

Also, all four EDOs are becoming more progressive in their use of workforce development incentives to encourage business development. Many EDOs do not yet see the correlation between land development incentives and workforce incentives, but ADA, URA, IEDI and SLDC are slowly catching on. For example, in order to encourage sustainable development, the URA offers reduced interest rates on qualifying business loans for projects that achieve certification under the United States Green Building Council's (USGBC) LEED program. The interest rate reduction increases with the level of certification achieved and can be as much as 2.5% below the going rate. This incentive not only builds a more sustainable infrastructure, but it attracts and employs some of the most talented workers in the field of civil engineering.

In terms of development financing, the sale of municipal bonds, in addition to Tax Increment Financing (TIF), have provided the larger EDOs with the revenue needed to spur land development. However, as municipal bonds are continually being downgraded due to the financial crisis, extended TIF districts are becoming the more popular instrument. The ADA, URA and SLDC are all rapidly expanding their use of TIF districts. In addition to this, SLDC and the URA mentioned that they are looking to New Market Tax Credits (NMTC) to help finance large land development projects. The ADA had already won NMTC financing through a partnership bid. While ADA was more predisposed than the others to partner to achieve its objectives and has many pre-existing relationships to work with, the need for more resources may require EDOs to look differently at their structures.

### **Redevelopment of Distressed Neighborhoods**

All of the EDOs mentioned that developing greenspace was no longer an option within the city limits. After years of urban sprawl and subsequent downtown decay, each region is working hard to bring commercial and residential redevelopment back to the city center. The ADA and the URA have designed specific residential and commercial incentives to redevelop distressed neighborhoods and by partnering with local non-profits and community-based organizations these

EDOs have made significant progress. The SLDC is still trying to figure out how to better manage or sell the properties that it owns, while IEDI is not involved with the redevelopment process at all.

A good example is the URA's redevelopment initiatives. Its strategy includes adding green space and parks to distressed neighborhoods, which has led to even more positive results than the URA initially anticipated. The URA's strategy is complemented by the Local Economic Revitalization Tax Act District (LERTA). LERTA was created to improve the economic and business climate of certain residential and commercial districts by lessening the tax burden on new development. Also, the work of the ADA's Downtown Development Authority (DDA) serves as a good redevelopment model.

### **Entrepreneurial and Small Business Development**

Each of the EDOs interviewed indicated an increasing focus on entrepreneurial and small business development but not necessarily in the same way. For example, the ADA and IEDI are concerned with high-tech start-ups/entrepreneurship and thus had built, or were building, partnerships with the local universities. SLDC and the URA are focused more on existing small business assistance (and especially minority business assistance), and tend to rely on their own resources or federal resources to deliver these services. In most of the cases, we found that there are multiple players in each region offering entrepreneurial and small business development services, though they are often not working together effectively.

The larger EDOs (e.g., ADA, URA and SLDC) are directly involved with entrepreneurial and small business development financing. For example, the URA is the primary lender of choice to small businesses within Pittsburgh. The URA's Business Development Department employs loan officers that have the same professional credentials as private lenders, as well as engineers, legal staff, finance professionals, and professional management staff. Also, SLDC's Local Development Company (LDC) affiliate is actively involved in assisting businesses with their financing needs. The LDC's subordinated loans generally provide lower interest rates, extended terms, lower borrower equity requirements and creative financing structures. Interestingly, the recipients of LDC loans sign a first source agreement which requires that they work with St. Louis' workforce development agency (SLATE) to fill the new jobs created, which ensures that the projects provide opportunities for the city's least advantaged residents.

Business incubation can be an expensive endeavor to manage and was another area where partnerships were indispensable. For example, Georgia Tech and the ADA partnered to offer businesses incubation space for companies looking to expand in the Atlanta region. Specifically, Georgia Tech manages and maintains the Technology Enterprise Park (TECH-Park) which is located adjacent to the campus. The ADA financed the construction of this TECH-Park, where the majority of small businesses that require incubation and post-incubation space can locate to take advantage of their close proximity to related ventures. In St. Louis, business incubation is the single area where the city and county work together.

### **Marketing and Attraction**

Every EDO we spoke with had a very small budget for marketing and attraction. This work is typically left to the regional chambers of commerce or the county-level ED agency. In addition, each EDO relies on professional business associations to get the attention of relocating businesses and attract a skilled workforce. Thus, cooperative partnerships for marketing purposes were the most common and most developed partnerships across all four cases.

### **Business Relocation, Retention and Expansion**

Building partnership capacity with ED-related organizations to help relocate, retain and expand local firms is a best practice among EDOs. The cases identified several different types of partnership structures on the ground which provides different types of resources to the central EDO. Notably, *business relocation* has been added to the retention and expansion framework. This was done to emphasize the fact that many of the EDOs we spoke to were actively working with neighboring EDOs to help relocate large and small businesses within the region. In other words, if business retention strategies could not keep the large or small firm from leaving the EDO's jurisdiction, then a relocation strategy may help keep the firm in the region.

There are a number of ways to organize a Business Relocation, Retention and Expansion program. One of the ways peripheral ED-related organizations can help larger EDOs is by gathering better data. For example, the ADA works closely with its fifty-five partners to collect and manage the right data. This helps the ADA benchmark its economic development activities in Atlanta, in addition to making it much easier to compile the necessary data to publish in its annual report.

Specifically, the ADA and IEDI have focused their Business Relocation, Retention and Expansion strategies on specific industries. For example, the ADA focuses its efforts heavily on two industries: digital media and life sciences. On the life science front, the ADA has created an advisory committee comprising leaders from industry, service providers, higher education and its economic development partners to augment its retention and expansion approach. In each case, partnerships developed reflected the different targets of each EDO's program. For example, SLDC worked with the state while URA worked with the county.

Another strategy EDOs are using to encourage business retention and expansion involves using ED-related partners to conduct business visits. In several cases, the EDOs partnered with place-based organizations as well as chambers that had more direct and personal relationships with targeted businesses. For example a downtown development authority may be better able to maintain consistent contact with local business owners than the larger EDO.

The remainder of this document will go into greater detail on each EDO's economic development landscape.

**City: Atlanta, GA**

Title: The Atlanta Development Authority (ADA)

**Population:** 500,000

**EDO Budget:** \$7 Million (2009)

**Cost / Person:** \$14.00

**Organizational Structure:** City Government / Development Authority

**Board of Directors:** 9 Members (4 of the 9 members are elected officials: City Mayor, School Board Director, County Director, Chair of Community Development on the City Council. The other 5 board members are industry and community leaders.)

**Executive Summary:**

The Atlanta Development Authority (ADA) is a State of Georgia registered local government authority. Specifically, the ADA is an umbrella organization that manages the following primary ED functions: Urban Residential Finance Authority (URFA), Downtown Development Authority (DDA), and the Atlanta Economic Renaissance Corporation (AERC). ADA's core competence is real estate finance, which is mirrored in its structure. The URFA is the housing development arm of the ADA, which works to build affordable housing and promote neighborhood revitalization. The DDA works to manage and benchmark the success of its Tax Allocation Districts (TADs). TADs encourage economic development in distressed neighborhoods by leveraging private investment within Atlanta's city limits. The AERC manages Atlanta's industrial holdings; however, AERC will be phased out in 3-5 years when these holdings are sold.

The ADA has a few formal relationships with its real estate finance partners, but most of the ADA's partnerships include "collaborative agreements" between partner EDOs. These collaborative agreements are non-binding and include local and regional EDOs that focus on marketing and attraction, BRE, and entrepreneurial and small business development. Further, the ADA works with close to 55 partners on a regular basis, and for the most part, each ADA staff member works within a highly specialized field of economic development. Therefore, the ADA staff members should know who to partner with on a local and regional level.

ADA's work centers on the City of Atlanta. According to the ADA's president, Atlanta missed its opportunity to create a viable regional economic development organization 25 years ago when it was more politically feasible to combine city and county governance functions. Today, there are a number of small cities popping up all around the region and the ADA does not have an aligned economic development strategy with its newer suburban counterparts. In terms of ED strategy, the ADA has found a good deal of success in establishing four Tax Allocation Districts (TADs), commonly known as TIF districts, to accelerate land development and the redevelopment of distressed neighborhoods. These TADs were established to create vibrant, 24-hour activity centers in Atlanta, in addition to preserving the downtown's historical position as the center of commerce. TADs can help potential developers either redevelop or build new commercial and residential property.

In terms of its future plans, the ADA leadership is preparing to persuade its board of directors that Atlanta's workforce development agency should be removed from the mayor's office and placed under the ADA's direct supervision. When working with site selectors and Fortune 500 firms, the ADA has found that workforce development incentives need to be better aligned with the economic development incentive packages that it offers. The ADA has chosen its upcoming board retreat as the venue to find a common strategy to move this desired realignment forward.

## Atlanta Development Authority Partner Relationship Outline

LAND DEVELOPMENT	REDEVELOPMENT OF DISTRESSED NEIGHBORHOODS	ENTREPRENEURIAL AND SMALL BUSINESS DEVELOPMENT	MARKETING AND ATTRACTION	BUSINESS RETENTION AND EXPANSION
<b>*Atlanta Dept. of Planning and Community Development</b>	<b>*Atlanta Dept. of Planning and Community Development</b>	<b>Georgia Institute of Technology</b>	<b>Brand Atlanta</b>	Central Atlanta Progress (CID)
<b><i>Atlanta Beltline Inc.</i></b>	<i>Atlanta Neighborhood Development Partnership</i>	<b>TECH-Park</b>	<b>Metro Atlanta Chamber of Commerce</b>	Buckhead Community Improvement District
*Logistics Innovation Council	Atlanta Renewal Community Coordinating Responsible Authority	<b>*DeKalb County</b>	*DeKalb County	*Logistics Innovation Council

- Major Partners (as mentioned by the ADA President) are in **bold**
- (\*) indicates the EDO has more than one primary function
- (*Italics*) indicate a formalized partner relationship

## (1) Local Economic Development Structure

The ADA is a local government authority, registered by the State of Georgia, and serves as the primary economic development agent for the City of Atlanta. The ADA is governed by a nine-member board of directors, chaired by the Mayor of Atlanta and includes the School Board Director, County Director, Chair of Community Development on the City Council and other industry and community leaders. Currently, the ADA has 45 employees and claims to partner regularly with 55 EDOS. Overall, the ADA's core competency is real estate development and financing and its main economic development goals include:

- ✓ Support the growth of targeted industries (e.g., digital media and life sciences)
- ✓ Create and grow business recruitment, retention, and expansion capabilities
- ✓ Champion the Beltline and Downtown as major development projects
- ✓ Increase economic vitality in underserved areas
- ✓ Increase workforce housing
- ✓ Increase capital available for development and business growth
- ✓ Collaborate to improve the graduation rates of Atlanta Public Schools
- ✓ Grow dedicated parks and green space

Atlanta is the largest city in Dekalb County and the largest city in the state of Georgia, so ADA gets full attention from the state. ADA's work centers on the City of Atlanta, so as little cities start popping up all around Atlanta, the ADA is not prepared to incorporate these entities into a common regional economic development framework. This was the ADA's main concern that kept surfacing during interviews for this research. According to the ADA's president, Atlanta missed its opportunity to create a viable regional economic development organization 25 years ago when it was more politically feasible to combine the city and county governance functions.

The ADA's core partners for overseeing the city's economic development system are: the City of Atlanta Department of Planning and Community Development; the State of Georgia; the Metro Atlanta Chamber of Commerce; and the Georgia Institute of Technology and TECH-Park. In addition, the ADA has other partners that help manage specific functions, which are detailed in the next section of this report. Moreover, in its areas of core competence, Atlanta has several formal relationships including The Atlanta Beltline Inc., which is a state-mandated subsidiary of ADA. For the most part, Beltline Inc. is tasked with incorporating transit-oriented development into its economic development projects.

The ADA is able to meet economic development needs within the City of Atlanta; however, there are always ways to improve economic development services to the community and build partnership capacity. In terms of building capacity, the ADA president mentioned that each staff member works within a highly specialized area of economic development, and as a result, *each ADA staff member should know who to partner with on a local and regional level*. Thus, staff organization is one of the core mechanisms that ADA uses to identify and manage the partners that comprise the city's economic development system.

In terms of organizational structure, the ADA is an umbrella organization that manages the following primary ED functions: Urban Residential Finance Authority (URFA), which is the housing finance arm; Downtown Development Authority (DDA), which does commercial and business finance; and the Atlanta Economic Renaissance Corporation (AERC), which does industrial finance (the AERC will be phased out in 3-5 years). Each primary ED function has a board of directors that directs the scope of each function's mission and reports to the ADA board.

The ADA also provides marketing and attraction, BRE and entrepreneurial and small business development services; however, these services are secondary to the ADA commercial and residential

financing functions. Generally, as the umbrella organization, the ADA serves as a clearinghouse of economic development activities. Everything is under one roof, which allows it to speak with one voice. The next few paragraphs will explain these relationships in more detail.

### **Urban Residential Financing Authority (URFA): Providing Workforce Housing Finance**

The URFA is the housing development arm of the ADA, which works to build affordable housing and promote neighborhood revitalization in Atlanta and meet the need for workforce housing in the city. Overall, the goal of the URFA is to ensure Atlanta's teachers, police officers, nurses, etc., can afford to live near their jobs. As ADA's housing finance arm, the URFA is empowered to issue tax-exempt bonds to make below-market rate mortgage loans to developers for rental housing, provided certain Internal Revenue Service requirements are met to ensure that a portion of the rental units benefit low- and moderate-income renters. The ADA has dedicated thirteen staff members to the URFA, who typically serve as Asset Managers, Mortgage Officers and Compliance Officers.

Its primary partners in housing development are: the Atlanta Department of Planning and Community Development, the Atlanta Renewal Community Coordinating Responsible Authority (ACORA) and the Atlanta Neighborhood Development Partnership (ANDP). For example, the Department of Planning and Community Development creates neighborhood redevelopment plans and maintains a database of GIS mapping for every property in the city. This includes vacant lots which are made available to developers. The department then makes recommendations about the best possible uses of the available sites and properties. However, the Department of Planning and Community Development is limited in its abilities to implement the plans it creates, which is where the ADA comes in. The ADA can find funding for the available properties; however, this development may not coincide with what the Department of Planning and Community Development had planned for the site, which can stall the development process. Overall, the ADA would like to improve the way it works with the City of Atlanta Department of Planning and Community Development.

The ADA also partners with ACORA and ANDP. ACORA helps finance underrepresented community businesses and serves as the ADA's partner when applying for HUD funding. The ANDP offers programs for housing development and housing financing through loan funds. It is also an advocacy organization that aims to initiate helpful public policies. Specifically, ANDP manages an affordable housing program for the ADA, a project known as TWELVE. The ANDP housing deals are financed by the ADA, and are all located within Tax Allocation Districts (TADs). The ADA partners with these organizations to benchmark its affordable housing and neighborhood revitalization efforts by measuring the following:

- ✓ Workforce housing units created with city incentives
- ✓ Acres of parks & green space
- ✓ Property values
- ✓ Public high school graduation rate
- ✓ Crimes per 100,000 residents
- ✓ Job growth

### **The DDA: Property Development and Revitalizing Distressed Areas**

The ADA is the primary land development and development financing organization in Atlanta. The DDA, which plays a primary role in the ADA's mission, is a not-for-profit governmental organization that works to manage and benchmark the success of its Tax Allocation Districts (TADs).<sup>1</sup> These TADs encourage economic development in distressed neighborhoods by leveraging private investment within Atlanta's city limits. Also, the DDA staff members work with the State of Georgia to allocate business relocation and expansion grants. These grants include the *Regional Economic Assistance Business Grant*

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<sup>1</sup> <http://www.atlantada.com/aboutADA/Financials.jsp>

and the *Economic Opportunity Fund*. Both of these financial assistance programs are designed to offer assistance to firms relocating or expanding in Atlanta.

The majority of the ADA's staff works for the DDA. The management of the TADs is very extensive and the ADA partners with many organizations to ensure success. Its main partners are: Metro Atlanta Chamber of Commerce; Central Atlanta Progress (CAP); GA-TECH; TECH-Park; and the Atlanta Beltline Inc. According to the ADA president, these partnerships are managed by ADA staff members. Each ADA staff member has a specialized role within the ADA, and he or she should be working with all relevant partners to achieve Atlanta's economic development goals.

Financial accountability and transparency are vital to the TADs' ongoing success. The ADA's development financing funds come from the sale of municipal bonds, in addition to federal funding. However, the ADA president mentioned that economic development, which centers on property development, depends on the municipal bond market. In just a few months, the municipal bond market took a turn for the worse and the ADA's bond rating fell. This hindered its ability to raise capital to help finance economic development projects. In other words, the recent downturn in the economy has adversely affected the ADA's bond rating, which has had an unfavorable impact on larger ED projects in Atlanta.

Yet working through partnerships, the ADA has been able to access other funding sources. For example, in partnership with Central Atlanta Progress, the ADA applied for and won a \$60 million allocation in New Markets Tax Credits from the U.S. Treasury in 2007. The team applied again in 2008 and was awarded another \$20 million. Combined, this \$80 million tax credit allocation will encourage land development and new capital investment in downtown Atlanta and in the city's four new commercial TADs.

Another good example of an EDO partnership that better serves underrepresented businesses is the ADA's partnership with the Atlanta Renewal Community Coordinating Responsible Authority (ACORA), which administers two programs. One is the Atlanta Renewal Tax Incentive. This program represents their chief partnership with the ADA, which helps finance underrepresented community businesses. The other program is affiliated with the U.S. Department of Housing and Urban Development (HUD), which provides up to \$50,000 in mortgage assistance to future Atlanta homebuyers. Also, ACORA's cooperation with the ADA helps make site selection more appealing to incoming businesses by packaging better deals for them.

The ADA's TADs help redevelop distressed areas by targeting specific corridors that are in need of redevelopment. However, the ADA president mentioned that the most important thing they can do to redevelop distressed areas is to incorporate the school board into the legislative process. Atlanta's schools account for 50 percent of all tax revenue and without functioning public schools, the chances of redevelopment are slim to none. This is why school board participation in the legislative process is crucial to the ongoing development of distressed areas.

### **The Atlanta Beltline Inc.**

The Atlanta Beltline Inc. is a state-legislated subsidiary of the ADA. Its activities are related in that both organizations work to redevelop distressed neighborhoods and Atlanta Beltline Inc. will soon be involved in housing development. The ADA's relationship with the Atlanta Beltline Inc. is still being worked out, and as their priorities begin to align, their partnership should strengthen.

Specifically, the Atlanta Beltline Inc. is responsible for the creation of a 22-mile transit loop which will include over 1,300 acres of parkland and usable public space. In the future, the organization also plans to facilitate the construction of affordable housing in the same area. This subsidiary relationship was designated to the ADA by the state legislature because it felt that the ADA needed to include transit-

oriented development into all of its economic development projects. Financially, the relationship is beneficial because both organizations lend each other money when needed. Also, when the ADA receives land development proposals, it informs the Atlanta Beltline Inc. This is a relatively new relationship and future plans include strengthening the ADA's ED work with a transit-oriented focus.

### **AERC: Industrial property**

The AERC manages Atlanta's industrial holdings; however, AERC will be phased out completely when these holdings are sold. According to the ADA president, the ADA needs to focus its resources where it can have the biggest impact on job creation and quality of life. Industrial development has not proved to be a financially viable option to augment these goals, so the ADA will now focus its ED efforts on residential and commercial real estate development.

### **Incentive Administration**

The ADA is the main authority for packaging economic development incentives. Additionally, the City of Atlanta Department of Planning and Community Development and Dekalb and Fulton counties offer incentives that do not necessarily compete with ADA's incentives, but according to the ADA president, require better collaboration. In terms of small business development financing, Fulton and Dekalb counties provide incentives, but the ADA still surpasses county incentives by far.

When there is a need to pull together every possible incentive in the region, the ADA will partner with the Joint Development Authority (JDA). The JDA consists of four metropolitan counties: Clayton, Dekalb, Fulton and Rockdale. The JDA is membership-based, and the members' dues, service fees and assessments contribute to their revenue structure. If needed, the JDA is able to procure incentives when Dekalb County otherwise would not be eligible. For example, where there is no local tax credit available, the JDA can provide access to a state-level job tax credit, giving money back for every job created by the new company.

Currently, the Atlanta Workforce Development Agency falls under the Office of the Mayor. The ADA is very interested in bringing the Atlanta Workforce Development Agency under its umbrella to offer better incentive packages. For example, when working with site selectors and Fortune 500 firms, the ADA has found that workforce development incentives need to be better aligned with the economic development incentive packages that they offer. The ADA has chosen its upcoming Board Retreat as the venue to find a common strategy to move this desired re-alignment forward.

## **(2) Additional Functional Areas**

### **Marketing and Attraction**

In terms of marketing and attraction, the ADA has a very small budget. Originally, the Atlanta marketing entity "Brand Atlanta" was established to serve as the prominent marketing and attraction EDO in the city. However, Brand Atlanta will be phased out completely in the next year unless it finds additional funding sources. When asked if there were another regional marketing entity, the ADA president mentioned that they have taken on this role along with the Metro Atlanta Chamber of Commerce. For example, when dealing with Fortune 500 or Fortune 1000 companies, the ADA will always invite the Metro Atlanta Chamber of Commerce (COC) to the table. In the past two years this partnership has become closer because the ADA and the COC have had open conversations on building mutual trust. This has led to a full sharing of business intelligence and ED resources. By improving mutual trust between the two EDOs, they can effectively support each other on small and large ED projects.

Initially, the ADA supported the "Brand Atlanta" campaign, which served to create a steady marketing and attraction message. However, due to the lack of funding, the Brand Atlanta campaign has been

suspended. Now, the ADA has allocated staff to marketing and attraction in order to recover from Brand Atlanta's suspension. It focused its recent marketing and attraction efforts in the following ways:

- ✓ Directly pitched or contributed to 55 positive, nationally published print news stories with an advertising value equivalency of approximately \$800,000.
- ✓ Increased circulation of the ADA's monthly electronic newsletter, Pulse of Progress, from 20,000 to 25,000, with 40 percent of readers located out-of-state.
- ✓ Gave more than 65 external presentations about the ADA programs.
- ✓ Hosted 200 prospective entrepreneurs at monthly small business information seminars.
- ✓ Hosted more than 1,000 real estate agents and brokers throughout the year at monthly Advantage Realtor training sessions.

### **Business Recruitment, Retention and Expansion**

The ADA focuses its business recruitment, retention and expansion efforts heavily on two industries: digital media and life sciences. Nearly a third of the ADA's leads fell under these two categories and it is working to increase that figure to fifty percent. On the life sciences front, the ADA created an advisory committee comprising leaders from industry, service providers, higher education and its economic development partners.

The ADA uses its local EDO partners to help it with its business retention and expansion efforts in other industries. For example, the ADA partners with Central Atlanta Progress (CAP), which works to maintain economic vitality of downtown through retention and expansion of new businesses. This is achieved by providing economic development and workforce information, and opportunities about both private and public investment in downtown development. Specifically, CAP worked with the city to create a TAD for the downtown. The ADA was then responsible for the administration of the TAD, while the CAP did the advocacy and marketing work. The ADA sold bonds to fund the project.

Also, the ADA is currently trying to strengthen its partnership with other EDOs to collect better data on its business recruitment, retention and expansion initiatives. For example, the ADA partners with the Buckhead Community Improvement District (BCID), which serves as a broker when the ADA gets a lead on a potential expansion in the Buckhead neighborhood of Atlanta. For example, the ADA will call the BCID to provide the necessary economic, housing and workforce data required by site selectors. Then the ADA analyzes this data and uses it to better understand its regional assets.

### **Entrepreneurial and Small Business Development Financing**

The growth of Atlanta's small businesses is very important to the ADA's overall growth strategy. The ADA understands that its primary role in entrepreneurial and small business development is financing, so it partners with Georgia Institute of Technology and TECH-Park to handle the formal training. For example, Georgia Tech and the ADA have partnered to offer businesses an ideal location for companies looking to expand in the Atlanta region. Specifically, Georgia Tech maintains the Technology Enterprise Park (TECH-Park) which is located adjacent to the campus. The ADA financed the construction of TECH-Park, where the majority of small businesses that require post-incubation space can locate to take advantage of proximity to related ventures.

Fulton and DeKalb counties offer minimal economic development services. However, both counties can partner with ADA to offer incentives to business large and small. Specifically, the county governments work to foster entrepreneurial and small business development by offering small business development training and access to financing. DeKalb County has worked with ADA to perform tax analyses and their knowledge of the area helps them structure entrepreneurial and small business development deals. Most of the incentives they offer are for Atlanta-based businesses.

Notably, the ADA received fifty applications for entrepreneurial and small business loan assistance in 2008. Unfortunately, due to the national credit crisis, two-thirds of the ADA's loan applicants either withdrew their applications or were declined because they were unable to pull together a viable finance package. Despite the challenging environment, the ADA helped finance twelve small business start-ups and expansions. Loan funds totaling \$887,000 were leveraged with \$3.9 million from other sources for a total investment of \$4.8 million. Also, GA-TECH and the TECH-Park have been the ADA's most fertile training ground for successful entrepreneurial and small business development firms.

Additionally, the ADA partnered with the Small Business Administration on its *e200* initiative, an innovative executive training program that seeks to help promising firms grow into companies that can have a significant impact on the inner-city economy of Atlanta. Thus far, fourteen small business CEOs from Atlanta's inner city participated.

### **(3) Future Plans**

To improve the functioning of their economic development system, the ADA's future plans include finding ways to better align their incentive packages with Atlanta's Department of Planning and Community Development, plus regional and county EDOs, in addition to bringing Atlanta's Workforce Development Agency under the control of the ADA.

The ADA and the Atlanta Department of Planning and Community Development try to cooperate on planning and implementation initiatives; however, there can be a problem in communication and in the vision of Atlanta's future. Urgent issues often cannot be dealt with immediately and sometimes neither agency can come up with sufficient funding or the due diligence to implement city plans due to a lack of coordination.

To deal with this issue and others, the ADA president is planning to address these topics at a board retreat. During this retreat, ADA's Board of Directors will discuss ways to improve the local and regional economic development structure. The change agents in Atlanta are the Mayor and the ADA's Board of Directors. The mayor is a "strong mayor" and she has the opportunity to influence economic development policy and the incentive packages that ADA offers to its clients because she is also the chair of the ADA Board.

### **(4) Partner Profiles**

#### **City of Atlanta Department of Planning and Community Development**

*(<http://www.atlantaga.gov/Government/Planning.aspx>)*

The City of Atlanta Department of Planning and Community Development creates neighborhood redevelopment plans and maintains a database of GIS maps for every property in the city. This includes vacant lots, which are eventually made available to developers. The department then makes recommendations to the ADA about the highest and best possible uses of Atlanta's land and properties.

The Department of Planning and Community Development receives funding from the city general fund, but also from grants obtained for regional planning initiatives. Other sources of money are Enterprise funds and allocations from different levels of transportation authorities, which is project-dependent. Currently, the department is working on an Atlanta Beltline Inc. project, but staff has been limited due to the downturn in the economy.

### **Dekalb County – Office of Economic Development**

*(<https://dklbweb.dekalbga.org/decidedekalb/index.html>)*

The Dekalb County Office of Economic Development provides whatever resources it can offer to the ADA and the City of Atlanta, and will undertake any projects jointly with the ADA when the opportunity arises. In the larger metro Atlanta area, Dekalb County takes care of all administrative, logistical, and budget functions of regional conferences which always include the ADA's participation.

Dekalb County does not partner on any specific projects but does collaborate on benchmarking the ADA's economic development efforts regularly, in addition to supporting the ADA by building a database on available land sites, demographic analyses, and infrastructure layouts.

### **Metro Atlanta Chamber of Commerce (MACOC)** *(<http://www.metroatlantachamber.com/>)*

The Metro Atlanta Chamber of Commerce is the only economic development organization exclusively devoted to marketing and business recruitment for the 28-county Atlanta MSA. From a business recruitment standpoint, the MACOC works directly with the ADA, the Georgia Dept. of Economic Development and Georgia Power Company.

The MACOC collaborates with the ADA on individual business recruitment projects, domestic and international marketing, sponsoring/hosting events and promoting positive impressions of business opportunities in the city. However, MACOC is almost exclusively focused on companies located outside the state of Georgia. In the past 2-3 years, the MACOC and ADA's partnership has moved closer as a result of information-sharing.

### **Logistics Innovation Council (LIC)** *(<http://www.logisticsatlanta.com/join.asp>)*

The LIC is a division of the Metro Atlanta Chamber of Commerce. This division deals mostly with projects pertaining to large transportation initiatives and logistics operations for the metro Atlanta region. A separate function involves some marketing to attract businesses to the area that can benefit this industry.

In the past, the ADA and the LIC have worked together on projects for air cargo and other transportation companies. For example, the LIC found a property that met the needs of a business looking for a warehouse to serve as a distribution center in Atlanta. ADA pulled together an incentive package and the deal was done within weeks.

### **The Georgia Institute of Technology/TECH-Park** *(<http://www.gatech.edu/>)*

The Georgia Institute for Technology and the ADA partnered to offer a location for companies looking to expand in the Atlanta area. Specifically, Georgia Tech maintains the Technology Enterprise Park which is located adjacent to the campus. The ADA financed the construction of the TECH-Park to provide post-incubation space to small firms that want to locate in close proximity to related ventures.

### **Atlanta Neighborhood Development Partnership (ANDP)** *(<http://www.andpi.org/>)*

The ANDP acts as a housing intermediary in Atlanta. It offers programs for housing development and housing financing through loan funds. The ANDP uses its resources to assemble mixed-income housing, layered financing strategies, and other residential incentives for people to live downtown. In terms of funding, the ANDP is privately funded through charitable contributions and the income it receives on fees for service. It believes that more needs to be done with land development and redevelopment, but given the current foreclosure crisis, inventory surplus, and over-assessed tax values, these plans are on hold until absorption increases.

**Central Atlanta Progress (CAP)** (<http://www.centralatlantaprogress.org/>)

Central Atlanta Progress (CAP) works to maintain economic vitality of downtown through business retention and expansion, recruitment of new businesses and by providing information and opportunities about both private and public investment in development. In 1992, CAP worked with the city to create a TAD for the downtown. The ADA was then responsible for the administration of the TAD, while the CAP did the advocacy and marketing work. The ADA sold bonds to fund the project.

In terms of organizational structure, CAP is a private not-for-profit organization with a membership base. It receives dues from members and a great deal of financial support from large businesses and foundations within the region. Additionally, CAP receives tax dollars from the business improvement district. In this zone, property owners voluntarily pay additional tax dollars to fund extra community programs like streetscape improvement, CAP's ambassador program, etc.

**Atlanta Renewal Community Coordinating Responsible Authority (ACORA)**

(<http://www.atlantarenewalcommunity.org/>)

ACORA administers the Atlanta Renewal Tax Incentive program, which represents its chief partnership with the ADA and helps finance under-represented community businesses. The other program is affiliated with the U.S. Department of Housing and Urban Development (HUD), which provides up to \$50,000 in mortgage assistance to future Atlanta homebuyers. Also, ACORA's cooperation with the ADA helps make site selection more appealing to incoming businesses by packaging better deals for them. Recently, the ADA has actively recruited an ACORA representative when needed for BRE or attraction campaigns.

**Buckhead Community Improvement District** (<http://www.buckheadcid.com/>)

The Buckhead Community Improvement District (BCID) develops transportation and land use plans, in addition to finding the necessary resources to implement and manage these plans. A tax on commercial business owners in Buckhead is levied to fund the BCID. Also, the BCID works with state and federal legislators to find earmarks to help fund its operations. For the most part, BCID develops transit-oriented plans. For example, it runs a shuttle bus system that is currently funded by federal dollars.

**City: Pittsburgh, PA**

Title: The Urban Redevelopment Authority of Pittsburgh (URA)

Website: [www.ura.org](http://www.ura.org)

**Population:** 6 million (metro area)

**EDO Budget:** \$90 million (2009)

**Cost/Person:** \$15.00

**Organizational Structure:** City Government / **Redevelopment Authority**

**Board of Directors:** 5 + 1 Chairman (Appointed by the Mayor of Pittsburgh)

**Executive Summary**

The URA is an umbrella EDO that focuses on industrial, commercial and residential financing. Specifically, the URA assembles, prepares and conveys sites for major mixed-use developments. By providing a portfolio of programs that includes financing for business location, relocation and expansion; housing construction and rehabilitation; and home purchases and improvements, the URA is able to serve as a one-stop shop for Pittsburgh's economic development.

The URA's Economic Development Department primarily serves as a project management team for incentive administration. According to the economic development director, without continuously leveraging private investment, the URA's ability to drive change within the city boundaries is limited. Specifically, commercial real estate projects are the focus of the URA's integrated economic development program. The Economic Development Department works with developers, linking them with available sites; structuring financing; to help them navigate the permitting process.

Interestingly, to encourage *sustainable economic development*, the URA offers reduced interest rates on qualifying business loans for projects that achieve certification under the United States Green Building Council's (USGBC) LEED program. The interest rate reduction increases with the level of certification achieved and can be as much as 2.5 percent below the going rate.

The URA does not have a marketing budget. It relies on the Allegheny Conference to market Pittsburgh. The Allegheny Conference serves as the umbrella organization that facilitates a common ED marketing strategy for the Greater Pittsburgh Chamber of Commerce, Pennsylvania Economy League, and the Pittsburgh Regional Alliance.

Moving forward, the URA needs to strengthen its role in Pittsburgh's workforce development system. Even though members of the URA sit on the regional Workforce Investment Board (WIB) and fund small job training programs, the URA realizes that highly skilled talent is hard to find in Pittsburgh. During BRE interviews, URA has noticed a greater need for a talented workforce than anything else.

In summary, the URA has a host of functions under one roof. This allows for greater coordination of all internal and external economic development functions in Pittsburgh. However, there have been a number of political disagreements between Pittsburgh's City Council and state legislators on the URA's economic development projects. The involvement of political actors can often lead to a special interest in projects, which has slowed down the URA's ability to become more transparent and accountable to its customers.

# Urban Redevelopment Authority Partner Relationship Outline

LAND DEVELOPMENT	REDEVELOPMENT OF DISTRESSED NEIGHBORHOODS	ENTREPRENEURIAL AND SMALL BUSINESS DEVELOPMENT	MARKETING AND ATTRACTION	BUSINESS RETENTION AND EXPANSION
Western Pennsylvania Brownfields Center at Carnegie Mellon	*Port Authority of Allegheny County	* <i>Allegheny County Economic Development</i>	*Pittsburgh Regional Alliance (PRA)	* <i>Allegheny County Economic Development</i>
*Port Authority of Allegheny County		* <b>Greater Pittsburgh Chamber of Commerce</b>	* <b>Greater Pittsburgh Chamber of Commerce</b>	

- Major Partners (as mentioned during the interview) are in **bold**
- (\*) indicates the EDO has more than one primary function
- (*Italics*) indicate a formalized partner relationship

## **(1) Local Economic Development Structure**

Incorporated in 1946, the Urban Redevelopment Authority of Pittsburgh (URA) was one of the first redevelopment authorities to be organized by corporate and civic leaders. Today, the URA continues its mission by assembling, preparing and conveying sites for major mixed-use developments, and by providing a portfolio of programs that includes financing for business location, relocation and expansion, housing construction and rehabilitation, and home purchases and improvements. The URA has constructed and rehabilitated tens of thousands of homes and reclaimed thousands of acres of contaminated brownfield and riverfront sites in Pittsburgh.

The URA has a host of functions under one roof. This allows for greater coordination of all internal and external economic development functions in Pittsburgh. The city government of Pittsburgh, Allegheny County, and the Allegheny Conference are the URA's core partners. Also, the URA has a number of partnerships with community development corporations (CDCs), banks, venture capital firms and state legislators. The URA has a legal staff in-house so most of these partnerships are contractual, especially when the URA is involved in the delivery of financing. Interestingly, the URA has a joint purchasing agreement with Allegheny Conference. This was the result of a mutual realization that both EDOs could save money by aligning their procurement departments, which is one way it has partnered with other EDOs in the region.

Organizationally, the URA is governed by a six-member board of directors, all of which are appointed by the mayor of Pittsburgh. All economic development leads are sent to the URA and there is a city and region-wide understanding that the URA is the leading economic development function in the region. Currently, the URA has 65 employees who specialize in various redevelopment activities. The URA is organized into the following core functions:

- ✓ Economic Development
- ✓ Business Development
- ✓ Housing Department
- ✓ Real Estate Department
- ✓ Engineering and Construction

The current local economic development structure is effective because the URA has the capacity and the skill sets for full-service economic development. The services it offers far surpass any local or regional EDO in Pittsburgh. In addition to serving as the lead on many real estate public-private partnerships, the URA has the ability to design and manage the construction of all city government projects, which usually include housing, water and sewer. The URA is able to do so because it has auxiliary departments that support its core functions. These auxiliary functions include:

- ✓ Administration
- ✓ Finance
- ✓ Legal
- ✓ Public Affairs
- ✓ Mainstreets Pittsburgh
- ✓ Performance and Compliance
- ✓ Planning and Design
- ✓ Community Affairs & Community Outreach

The City of Pittsburgh learned some hard lessons from the collapse of the steel industry. When companies began leaving town and the population started to decline, the URA began to focus its efforts more on the redevelopment of distressed neighborhoods and housing. After close to thirty years, the URA is still the

major player in distressed neighborhoods and housing, in addition to commercial and industrial real estate development.

### **Economic Development**

The URA's Economic Development Department primarily serves as a project management team for incentive administration. According to the economic development director, without continuously leveraging private investment, the URA's ability to drive change within the city boundaries is limited. Specifically, commercial real estate projects are the focus of the URA's integrated economic development program. The Economic Development Department works with developers, linking them with available sites; structuring financing; and helping them navigate the permitting process. According to the economic development director, the Department can provide financial assistance from its budget as well as facilitate financing from state and federal partners. The URA staff can also help arrange special financing (e.g., cross-departmental) for projects of a larger scope and impact. Organizationally, the Economic Development Department employs six staff members, which includes a representative from the Pittsburgh Economic & Industrial Development Corp. (PEIDC). According to the Economic Development Director, there is an agreement between the URA and the PEIDC through which URA personnel staff the PEIDC and perform its work. In return, the URA receives 75% of the PEIDC's unreserved net cash flow.

Recently, the URA undertook an extensive research project that has helped them better understand their economic development potential. In partnership with the City of Pittsburgh and the Community Development Collaborative, they undertook a major analysis of Pittsburgh's neighborhoods. The URA employed Market Value Analysis (MVA) software, a statistical tool that uses market data to classify geographic areas and produce maps of the varying market types within the city. Market types are designated according to clustering similar characteristics, including housing units, residential sales prices, vacancy, percent commercial, new unit permits, code violations, foreclosures and section 8 rentals. The MVA brought to light the need for re-thinking Pittsburgh's economic and community development strategies.

Additionally, the Economic Development Department partners with local organizations to redevelop distressed neighborhoods. This strategy includes adding green space and parks, which has proven to show more positive results than the URA initially anticipated. The URA's current focus on developing green space and parks within distressed areas is complemented by the Local Economic Revitalization Tax Act District (LERTA). LERTA was created to improve the economic and business climate of certain residential and commercial districts by lessening the tax burden on new development. According to the economic development director, downsizing distressed areas by creating a strong urban core with surrounding green space is its primary redevelopment policy. Please see *Appendix A* for a LERTA example.

The Economic Development Department partners with regional organizations to help facilitate industrial, commercial and residential construction in and around Pittsburgh. It works with Allegheny County Economic Development to review regional transit-oriented plans that may include projects like convention centers, stadiums, and other attractions that involve non-city residents. The economic development director mentioned that the URA has improved its cooperation on commercial and industrial relocation projects, both for businesses moving in and out of the city by reviewing and revising the incentives that were offered by local, regional and state EDOs.

### **Business Development (BRE)**

The URA's Business Development Department interviews and collects data on the growth and decline of Pittsburgh's firms. Its goal is to keep businesses in Pittsburgh and if a business's needs are greater than what Pittsburgh can offer, the URA's goal is to help relocate them in the region. Additionally, the URA has found that BRE is an effective strategy to keep local businesses aware of new incentives and the

progress the URA has made in the redevelopment of distressed areas. The URA's Business Development Department employs seven people.

Also, the URA's Business Development Department offers a variety of financing products for small and medium-sized business development projects. Primarily, these gap financing products work in conjunction with private equity and private debt to help businesses achieve their growth and expansion potential. The URA has done a good job of offering a variety of products, which include private banks, New Markets Tax Credits and historic tax credits.

In terms of U.S. SBA financing, the URA is an SBA 504 certified lender, which means it can leverage more private-sector investments to improve small business financing options. To gain a better understanding of the URA's Business Development Strategy, please review *Appendix B* for the URA's Business Development Operations, which includes the following:

- ✓ Business Growth Fund Summary
- ✓ Business Growth Fund Guidelines

### **Housing Department**

The URA's Housing Department supports affordable housing for Pittsburgh residents. Residential developer financing is offered by the URA's Housing Department, which includes construction loan and grant gap financing programs with varying eligibility requirements. The Housing Department is the largest department in URA and includes fourteen staff members.

Financing is available for small and large-scale new construction or the rehabilitation of rental or for-sale housing. The Housing Department can also provide equity financing to assist community-based organizations in real estate development projects that provide housing or job creation opportunities. It partners with both for-profit and non-profit developers to structure individualized financing programs that work over the long-term.

There are a number of neighborhoods in Pittsburgh that have been abandoned, and the URA has plans to improve its approach to the redevelopment of these distressed areas. For example, the URA is now collecting data on abandoned housing, underutilized utilities, neighborhood groups and rental properties in distressed neighborhoods. The goal is to use this information to demolish old housing and create more green space and parks. After the initial investment, URA anticipates reduction in the need for city services (e.g. police and fire) in the targeted areas.

### **Real Estate Department**

The Real Estate Department works to acquire and dispose of various properties for the purpose of assembling sites for redevelopment. It also acts as an agent for the City of Pittsburgh in assembling properties for city-sponsored projects. The URA works closely with partner community development corporations throughout the city to identify and target sites for redevelopment. Eight staff members work for the URA's Real Estate Department.

### **Engineering and Construction**

The URA is responsible for the detailed planning, engineering and construction management associated with publicly supported development projects. The Engineering and Construction department also conducts site feasibility evaluations, establishes design guidelines for projects and programs, and reviews the design of development proposals submitted to the URA.

For example, the URA has partnered with the Allegheny County Economic Development Organization to help manage the Pittsburgh International Airport corridor improvements. Allegheny County is working on

transit-oriented development in association with the Port Authority of Allegheny County to acquire and prepare underutilized land around park-and-ride lots and T-stations near the airport. The URA has partnered with Allegheny County to help oversee the engineering and construction of these park-and-ride lots. Currently, there are five sites now under development.

### **ED Incentive Administration**

The URA develops and delivers the majority of economic development incentives in Pittsburgh. Since the URA is an umbrella organization that has the ability to manage industrial, commercial, housing and sustainable development projects, its incentive packages are organized to support each sector of development. The following is a summary of the URA's commonly used incentives, but for greater detail please refer to *Appendices A, B and C*.

**Commercial Incentives:** Currently, there are nineteen TIF districts in Pittsburgh, which were created for projects ranging from the massive Pittsburgh Technology Center to the Negley Avenue Giant Eagle. These projects have leveraged over \$1.67 billion in private investment and created over 15,000 jobs in the city. The overall public investment was \$304 million.

**Housing Incentives:** Multiple tax abatement programs exist for housing development in Pittsburgh. Private property owners and developers may get city, county and school taxes abated for residential renovation or redevelopment projects, based on project type and location.

**Sustainable Development Incentives:** In order to encourage sustainable development, the URA offers reduced interest rates on qualifying business loans for projects that achieve certification under the United States Green Building Council's (USGBC) LEED program. The interest rate reduction increases with the level of certification achieved and can be as much as 2.5% below the going rate.

In terms of regional incentive packages, Allegheny County can help access state level incentives, on top of what the URA can provide. Projects like convention centers, stadiums, and other attractions that involve outside-of-the-city residents are all potential regional incentive recipients. Also, the URA works with Allegheny County on job training incentives. Overall, there is an open and collaborative agreement between the two agencies, which has proved to be highly productive in recent years.

## **(2) Additional Functional Areas**

### **Marketing and Attraction**

The URA does not have a marketing budget. It relies on the Allegheny Conference to market Pittsburgh. The Allegheny Conference serves as the umbrella organization that facilitates a common ED marketing strategy for the Greater Pittsburgh Chamber of Commerce, Pennsylvania Economy League, and the Pittsburgh Regional Alliance. In terms of building partnerships with regional economic development partners, the URA supplies the necessary data and project updates to the Allegheny Conference, who has taken the lead in marketing Pittsburgh and the surrounding region. This partnership is still growing and has not yet determined an overall strategy.

Specifically, the URA is engaged in every Pittsburgh Regional Alliance (PRA) project for the City of Pittsburgh. The PRA offers marketing services and does not have the capacity to deliver economic development incentive services. The PRA is 100% privately funded by memberships, and it uses this membership base to tout the economic landscape in the City of Pittsburgh to potential businesses looking to locate in the region.

## **Entrepreneurial and Small Business Development Financing<sup>2</sup>**

The URA partners with the Pittsburgh Regional Alliance to share small business development leads and to collect data on small business growth within the community. Also, Allegheny County offers entrepreneurial and small business incentives that come via the State of Pennsylvania, but the county does not have a budget for making independent loans or financing.

The URA is the primary lender of choice to small businesses within Pittsburgh. The Business Development Department of the URA employs loan officers that have the same professional credentials as private lenders, engineers, legal staff, finance professionals, and professional management staff. Specifically, the URA offers sample loan structures to potential small businesses based on their industry sector (e.g., manufacturing, high technology, architecture firms, and restaurants). Also, the URA is a SBA 504 Certified Lender.

### **(3) Future Plans**

The URA can improve its local economic development structure by improving its ability to gather data. The URA believes that better data analysis will help it expand on its strengths and help it better anticipate local or regional instability. Also, workforce development training in Pittsburgh has improved, but the URA is still contemplating ways it can better partner with workforce development agencies.

In particular, the URA needs to strengthen its role in Pittsburgh's workforce development program. Even though members of the URA sit on the regional Workforce Investment Board (WIB) and fund small job-training programs, the URA's Business Development Department is finding out that highly-skilled talent is hard to find in Pittsburgh. During BRE interviews, URA has noticed a greater need for a talented workforce than anything else.

Moving forward, the URA will try to come up with a clear strategy on how to better "anticipate instability" in any of its economic development functions. For example, the URA has an "open door" policy that encourages anyone to share their concerns within the community. After reviewing these concerns, a meeting is called between the executives of the URA, the City Government of Pittsburgh, Allegheny County and the Allegheny Conference to find a workable solution.

### **(4) Partner Profiles**

#### **The Allegheny Conference** (<http://www.alleghenyconference.org/>)

The Allegheny Conference is a private, non-profit leadership organization composed of the chief executive officers of the region's most significant employers and universities. It serves as the umbrella organization that facilitates a common ED strategy for the Greater Pittsburgh Chamber of Commerce, Pennsylvania Economy League, and the Pittsburgh Regional Alliance. The following strategies set clear expectations for the regions economic growth and development, which has helped foster a good deal of collaboration within and throughout these regional EDOs:

- ✓ To increase the fiscal accountability and effectiveness of government entities, especially in the areas of city/county consolidation, pension reform, state government reform, infrastructure ownership and shared services.
- ✓ To ensure that the region's economy is well served by sufficient and well-planned infrastructure investments in the areas of competitive air service, transit & highways and public policy.

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<sup>2</sup> [http://www.ura.org/business\\_owners/loan\\_programs.php](http://www.ura.org/business_owners/loan_programs.php)

- ✓ To position the region as an attractive workplace, benefiting employers and enhancing access to jobs to create a youthful and diverse workforce

**Pittsburgh Regional Alliance (PRA)** (<http://www.alleghenyconference.org/PRA/>)

The Pittsburgh Regional Alliance (an affiliate of the Allegheny Conference) markets the ten county southwestern Pennsylvania regions for commercial business attraction and expansion. The PRA only focuses on office and industrial sites; it does not deal in retail or residential. The URA is the lead organization the PRA deals with for all City of Pittsburgh projects.

For example, the URA is engaged in every PRA project for the City of Pittsburgh where state or local government assistance is required. If the prospective client is not considering the city, but some other location within the region, then the URA would not be included in the project. The PRA offers only marketing services and doesn't have the capacity to deliver economic development services. Their partners are considered to be the delivery system for completing the incentives, sites, and necessary permitting. Notably, the Pittsburgh Regional Alliance is 100% privately funded by memberships.

**Greater Pittsburgh Chamber of Commerce** (<http://www.alleghenyconference.org/chamber/H>)

The Chamber is the advocate for a more competitive business climate, working closely with 29 local chambers across the region as well as critical partners such as the Southwestern Pennsylvania Commission (SPC). Notably, the Chamber was instrumental in such landmark initiatives as the effort to 'clean up' our skies during the 1970s and 1980s and in advocating for increased federal funding for regional transportation needs – including critical bridge, waterway, highway and transit improvements. In 1997, the Chamber made a strategic decision to focus even more on its advocacy functions – communicating a consistent agenda for action to benefit the business community – and therefore focus less on building a membership base, a function served by numerous other area chambers of commerce.

**Allegheny County Economic Development** (<http://economic.alleghenycounty.us/>)

The Allegheny County office of Economic Development deals with 130 different municipalities, including the City of Pittsburgh. The county and the URA both provide leads for job creation to each other, and meet with the potential companies. Most leads originate from the city, but any projects that have a regional implication fall equally under the county office. Public infrastructure, like roads and parking garages have a regional implication because they involve residents from outside the city limits.

The county economic development office is funded predominantly by Community Development Block Grants (CDBG). The county receives extremely little, if any tax dollars from the local communities. Other costs are covered by bond issues on an \$8 billion development project, as well as general fee assessments on other loans and grants. The County Main Street program is funded by the county office, but most of the programs they offer are state funded. One suggestion mentioned while speaking with the county was to consolidate the URA into a subdivision of the county development department, and rezone Pittsburgh as its own county (i.e., much like Indianapolis and Marion County).

**Western Pennsylvania Brownfields Center at Carnegie Mellon**

(<http://www.cmu.edu/steinbrenner/brownfields/index.html>)

The Brownfields Center partners with the URA to prepare case studies of local Brownfields. The URA extends the relationship by providing information, conducting site tours, and providing guest lecturers for classes. More specifically, the western Pennsylvania Brownfields Center provides outreach and creates decision support tools which expedite the development of old and underutilized industrial and commercial properties.

The Center at Carnegie Mellon currently receives project specific funding from the United States Environmental Protection Agency. The center believes the city could be more effective with land development if there were a higher level of land use planning standards. The land owners tend to submit to the first investor without a complete understanding of the impacts that the development might have on neighboring and regional businesses and residents. The city has plenty of brownfield related expertise and therefore redevelopment of distressed areas has become more efficient.

**Port Authority of Allegheny County** (<http://www.portauthority.org/paac/default.aspx>)

The Allegheny County Port Authority runs the public transportation network for the Pittsburgh metro area, which includes a bus system as well as a light rail system. The agency itself is not directly linked with the URA; however they frequently attending the same city meetings. In 2004 the Pittsburgh legislature created a measure that allowed for “Transit Revitalization Investment Districts,” which is very similar to Tax Increment Financing district. These districts capitalize on the higher property values of the locations closest to the transportation network. The revenue captured in these specified districts is then reinvested into Pittsburgh’s infrastructure.

Also, the URA has been in contact with the Port Authority regarding the implementation of these zones along their Light Rail system and along the East Busway. Recently, the Port Authority has been working on extending the Light Rail to the north shore of Pittsburgh; however they have been working mostly with private developers and city planners, not the URA. The Port Authority’s communication with the URA is not extensive, and should be more frequent.

**City: Indianapolis, IN**

Title: Indianapolis Economic Development Inc. / Marion County

Websites: <http://www.indianapoliseconomicdevelopment.com/>

**Population:** 800,000 (metro area)

**EDO Budget:** \$1.3 million (2009)

**Cost/Person:** \$1.63

**Organizational Structure:** Merged (City Government + County Government)

**Board of Directors:** 12 members (All appointed by the Mayor of Indianapolis)

**Executive Summary**

Marion County and the city government of Indianapolis merged roughly 25 years ago. This reduced the level of bureaucracy and government duplication within the region. The Mayor's Office still employs an economic development staff, but this staff has an advisory role, which leaves most of the incentive administration and real job creation to Indianapolis Economic Development Inc. (IEDI).

IEDI has three core partners: the IndyPartnership, State of Indiana Economic Development Corporation, and the Mayor's Office staff. There is a growing relationship with the Indianapolis Private Industry Council (PIC), which serves as the workforce development agency in the region. IEDI manages all of the economic development incentives in Marion County and it has a contractual relationship with the IndyPartnership and the State of Indiana Economic Development Corporation to implement joint economic development incentives when applicable.

IEDI is unique of the four cases in that it has strictly defined its economic development mission to focus on developing five clusters. IEDI's focus on industry clusters has led it to align its economic development incentives to spur growth in:

- ✓ Life Sciences
- ✓ Information Technology
- ✓ Advanced Manufacturing
- ✓ Logistics
- ✓ Motor Sports

Recently, the IEDI completed an economic development strategic plan, which has strengthened IEDI's role in the community by better publicizing IEDI's mission, vision, goals, strategies and objectives in Marion County to create jobs and serve businesses. During the strategic planning process, IEDI sought out community and business feedback, which has led to new legislation for economic development incentives and tax abatements.

In the future, IEDI would like to increase its role in workforce development and training. Currently, the PIC offers unique resources to businesses and IEDI would like to better package incentives that include workforce training grants. Also, IEDI would like to improve the local economic development structure by better managing the competition for economic development projects among the counties in the region. For example, the IndyPartnership is the primary contact for business expansion and relocation efforts in the region. When the IndyPartnership receives an economic development lead, it shares the specific criteria the client is looking for with the counties in the region. There have been instances when some counties felt there was favoritism in terms of economic development lead facilitation, but the IndyPartnership stands behind its efforts to provide a level playing field.

## Indianapolis Economic Development, Inc. Partner Relationship Outline

LAND DEVELOPMENT	REDEVELOPMENT OF DISTRESSED NEIGHBORHOODS	ENTREPRENEURIAL AND SMALL BUSINESS DEVELOPMENT	MARKETING AND ATTRACTION	BUSINESS RETENTION AND EXPANSION
Metropolitan Indianapolis Board of Realtors	<b>*Indianapolis Downtown</b>	<b>*Indianapolis Downtown</b>	<b>*The Indy Partnership</b>	<b>*The Indy Partnership</b>
		<b>*BioCrossroads</b>	*Indianapolis Downtown	<i>Indianapolis Private Industry Council</i>
			*BioCrossroads	The International Center of Indianapolis

- Major Partners (as mentioned during the interview) are in **bold**
- (\*) indicates the EDO has more than one primary function
- (*Italics*) indicate a formalized partner relationship

## **(1) Local Economic Development Structure**

Marion County and the city government of Indianapolis merged roughly 25 years ago. This reduced the level of bureaucracy and government duplication within the region. The Mayor's Office still employs an economic development staff, but this staff has an advisory role, which leaves most of the incentive administration and real job creation to Indianapolis Economic Development Inc. (IEDI).

IEDI's primary role in Marion County economic development is business retention and expansion. Primarily, IEDI staff visit regional businesses to gather data on the economic development landscape, the effects of newly approved legislation, and how to effectively implement IEDI's new strategic plan. The Greater Indianapolis Chamber of Commerce also works closely with IEDI to better serve local businesses and to welcome new businesses. In terms of incentives, IEDI would like to have a better incentive policy in place. For example, the Chamber should offer incentives to its members and the IEDI should be able to package incentives with the Chamber depending on the specific expansion or relocation. However, IEDI does not want to offer incentives to the Chamber's clients if it is not necessary.

IEDI has three core partners: the IndyPartnership, State of Indiana Economic Development Corporation, the Mayor's Office staff. There is a growing relationship with the Indianapolis Private Industry Council (PIC), which serves as the workforce development activity in the region. IEDI manages all of the economic development incentives in Marion County and it has a contractual relationship with the IndyPartnership and the State of Indiana Economic Development Corporation to clearly manage the economic development incentives as needed. Additionally, IEDI's contractual relationships indicate the requirement to share economic development leads with its partners, and in doing so, IEDI receives funding and can work with a broader range of incentive packages with the IndyPartnership and the State of Indiana Economic Development Corporation.

In terms of private-sector development, IEDI manages the leads that it receives in-house. However, the larger economic development leads are typically passed down by the IndyPartnership. The IndyPartnership serves as a clearinghouse of economic development leads. Once received, these leads are then passed along to IEDI and other county governments in the region. The region's county governments compete on a regular basis with each other to offer incentives to locating or expanding businesses, which may ignite stiff competition. Each county can offer a wide variety of incentive packages based on their available real estate and workforce. For example, Marion County does not have ample green space to offer for new development projects, so it cannot compete with other counties that offer a wider variety of Greenfield sites.

IEDI is a subsidiary of the Greater Indianapolis Chamber of Commerce. However, IEDI has its own board of directors and its own funding sources, which means it is held accountable for Indianapolis's regional economic development. Even though economic development leads are shared among regional EDOs, IEDI also has an independent client base.

IEDI employs ten individuals to staff the entire organization. The staff is divided into two teams: Business Development and Project Management. The Business Development team manages the business retention and expansion program. The Project Management team focuses its efforts on building IEDI's five clusters, which will be explained in more detail below. Importantly, IEDI has a single "point of contact" (i.e., staff member) for each of the five clusters.

IEDI partners with the International Center of Indianapolis, which is involved in the relocation and assimilation of expatriates, as well as cultural training for incoming and outbound non-national employees. Some clients include Eli Lilly, Roche Diagnostic, Thomson, Tetrapak, Enerdel, Rolls Royce,

Pacers, City of Indianapolis, Greenwood Fire Dept., and the Indianapolis Symphony Orchestra. The International Center recently collaborated with IEDI after encouragement from the Lilly Endowment. This partnership has proven to very beneficial for accommodating the needs of international business.

IEDI has recently completed an economic development strategic plan. This plan will serve as a guide to better create jobs and serve businesses in Marion County. During the strategic planning process, IEDI sought out community and business feedback, which has led to new legislation on economic development incentives and tax abatements, in addition to reaffirming IEDI's cluster approach to economic development. IEDI is unique in that it has strictly defined its economic development mission to focus on developing five clusters. These clusters include:

- ✓ Life Sciences
- ✓ Information Technology
- ✓ Advanced Manufacturing
- ✓ Logistics
- ✓ Motor Sports

### **Life Sciences**

IEDI builds on its life sciences cluster by linking three major centers of higher education: Indiana University, Purdue University and Indiana University-Purdue University Indianapolis (IUPUI). Specifically, this network of resources is leveraged to encourage entrepreneurship and provide growth and expansion opportunities for established businesses. The IEDI supports life science entrepreneurs through a variety of resources including the Indiana Health Industry Forum (IHIF) and the Indiana Biomedical Entrepreneur Network (IBEN).

### **Information Technology**

Computer systems design is the largest high-tech industry sector in Indianapolis. The city's technology businesses benefit from state tax exemptions on income derived from patents for new technologies and processes and are eligible for R&D sales tax credits on equipment such as computers and software.

### **Advanced Manufacturing**

The IEDI wants to be a leader in the transformation of the technology-driven business model. The IEDI facilitated programs such as Conexus Indiana, a state initiative launched to build an advanced manufacturing labor force. It also is a statewide partner for the National Association of Manufacturing's "Dream It. Do It.," an aggressive outreach program that seeks to attract more young people into the field.

### **Logistics**

The IEDI works to market Indianapolis's INzones, which are five foreign trade zones. The IEDI facilitates the state's tax and financial incentives for distribution and manufacturing businesses. Additionally, recent state-level legislation allowed Indiana to develop the "Major Moves" program, which will provide \$12 billion in funding for comprehensive infrastructure improvements by 2015.

### **Motor Sports**

The IEDI works to assist the motor sports industry by actively organizing community and industry leaders to promote the motor sports as a highly technical, entrepreneurial, and innovative industry focused on engineering, advanced manufacturing, and technology. Recent tax incentives allow every component of a race car (except tires and accessories) purchased by an Indiana company and used in Indiana to be exempt from the state sales tax.

### **Incentive Administration**

All property tax abatement is managed by IEDI. There may be additional workforce development incentives that are managed by the PIC, but IEDI is still learning about these incentives. The Indianapolis

PIC receives workforce development funding from the federal and state governments. The PIC serves as the primary contact for workforce development issues, data collection, and workforce incentives. IEDI is currently working very hard to improve its relationship the PIC, in order to offer better incentive packages to businesses seeking to expand in Marion County.

In terms of land development and financing, IEDI is focused on two significant land development projects. One is an existing industrial park that needs tenants and basic redevelopment. IEDI has offered automatic tax abatement for any business that locates in the park. Second is a township in Marion County that is ready for land development, but the city needs to build sewers and other city-managed facilities in order for the development financing to work. IEDI is putting a good deal of effort into coming up with unique incentives to close the gap on this project.

When developing economic development leads, IEDI and the IndyPartnership have an agreement to work together, but there is formal agreement. This “compact” includes a no-poaching agreement, which prohibits incentivizing businesses to leave one county in the region for another. Their partnership also includes a specific fundraising agreement. If the IndyPartnership receives a lead on a possible business location, it will send out this lead to all ten counties. The counties will then indicate specific sites that fit the site selector’s criteria. In any resulting county-level conflict, the IndyPartnership has specific, transparent policies in place so every county understands the rules of the game. Occasionally, site selectors will ask for only three potential sites from the IndyPartnership. When this happens, the IndyPartnership must cut down the list for the site selector, which can cause conflict. To deal with this, the IndyPartnership will go back to the specific policies it has in place for site selection and personally explain to the county that did not make the list why it was excluded.

## **(2) Additional Functional Areas**

### **Redevelopment of Distressed Areas**

IEDI has no specific economic development program dedicated to the redevelopment of distressed areas. For the most part, IEDI is concerned with BRE and cluster-focused economic development incentives. Indianapolis may partner with the following organizations to redevelop distressed neighborhoods:

- ✓ Indianapolis Coalition for Neighborhood Development (ICND)
- ✓ Indianapolis Neighborhood Resource Center (INRC)
- ✓ Indiana Main Street
- ✓ Local Initiatives Support Corporation (LISC) – Indianapolis
- ✓ Community Development Corporations (CDCs)

### **Marketing and Attraction**

Marketing and attraction is only a small portion of IEDI’s budget because the IndyPartnership is able to better serve this economic development function. The IndyPartnership is the primary collector and distributor of economic development-related data and the principal contact for all large business location and expansion needs in the region. IEDI speaks with the IndyPartnership on the phone at least twice a day and IEDI and the Greater Indianapolis Chamber of Commerce have combined senior staff meetings every week. According to IEDI, project management is much easier when staff members know who their economic development counterparts are in each local and regional EDO.

### **Entrepreneurial and Small Business Development Financing**

One of the goals that came out of the recent strategic plan is to better align small business development services with IEDI’s economic development incentives. Also, IEDI is working on incorporating

entrepreneurial and small business development growth into their cluster-approach to economic development. At this time, IEDI relies on its proximity to university-led innovation and entrepreneurial training to facilitate its small business development goals.

### **(3) Future Plans**

IEDI has taken the leadership role to implement change in Marion County. It partners with the Greater Indianapolis Chamber of Commerce on a local level to better understand the needs of local businesses. IEDI partners with the IndyPartnership on a regional level to manage regional growth trends and compete for large business attraction opportunities. As mentioned, IEDI has recently completed an economic development strategic plan. This plan will serve as a guide to create more jobs and serve the businesses in Marion County.

In the near future, IEDI would like to strengthen its relationship with the Indianapolis Private Industry Council (PIC) in order to have a clearly defined growth strategy that works to match workforce supply with labor demand. Specifically, the president of the PIC is working with the president of IEDI in an effort to build staff that is co-funded between organizations in order to better work with employers from both offices.

### **(4) Partner Profiles**

#### **Indianapolis Downtown Inc.** (<http://www.indydt.com/>)

The primary role of Indianapolis Downtown, Inc. (IDI) is to retain and recruit downtown businesses to occupy offices and street-level vacancies. The real estate arm of the company wants to expand the residential base as well. IEDI now shares office space in the Chase Tower with Indianapolis Downtown Inc. This allows better collaboration on business prospects interested in downtown, and makes it easy to hold joint meetings with existing office occupants in the area as well.

IDI and IEDI have worked together in the past but IDI would like to see more cooperation in the future. The relationship has varied over the years, depending on IEDI's leadership, organizational structure, and the Mayor's direction. IDI leadership believes there is opportunity for increased strategic cooperation, and the co-location of the organizations is a step in the right direction, strengthening the relationship.

IDI is funded through several sources which include city contracts for services, voluntary corporate investments, sponsorships, and program revenues. Unlike IDI's peers in many cities, it is not a business improvement district funded through property tax assessments. IDI sees opportunities to achieve better strategic planning by working closer with IEDI on all aspects of economic development.

#### **The IndyPartnership** (<http://www.indypartnership.com/>)

The IndyPartnership manages marketing and attraction for the ten counties in the central Indiana region. It is the principal contact for all site consultants in the area and it manages all major business expansion and relocation services. It has a staff that collects economic development-related data, and serves as a clearinghouse for the ten counties to market or promote their communities.

The IndyPartnership receives over 90 percent of its funding from the private sector. All of the counties are required to fund the IndyPartnership on a per capita basis. While the organization's main function is marketing and attraction, the IndyPartnership serves as a clearinghouse for most of the business retention

and expansion data that is gathered, as well as data from Central Indiana Corporate Partnership on entrepreneurial and small business financing.

**International Center of Indianapolis** (<http://www.icenterindy.org/>)

The International Center of Indianapolis is involved in the relocation and assimilation of expatriates, as well as cultural training for incoming and outbound non-national employees. Some clients include Eli Lilly, Roche Diagnostic, Thomson, Tetrapak, Enerdel, Rolls Royce, Pacers, City of Indianapolis, Greenwood Fire Dept, and the Indianapolis Symphony Orchestra.

The International Center is funded by an operating grant from Lilly Endowment, other project grants, corporate sponsorships, individual gifts and fees for services. The center's mission focuses on international employees recruited and relocated to Indianapolis by their employers. From their perspective, the city works hard to welcome these individuals and their families. Cultural life and public transportation are the most commonly sought amenities these individuals miss from their home countries. The city's support for a global vision of business expansion will be critical to the business community in the long term.

**Indianapolis Private Industry Council** (<http://www.ipic.org/ipic/>)

The Indianapolis Private Industry Council is the workforce investment board for Marion County. The organization was formed under the Workforce Investment Act of 1998, and it does not have any other specific functions other than workforce development. The partnership with IEDI is fairly recent.

The biggest benefit of the partnership is that IEDI is able to inform the Private Industry Council of labor needs of new businesses immediately. New or expanding businesses and employers can receive direct help with labor requirements. IEDI and the Private Industry Council have decided that the two organizations should remain independent, but become linked by a new umbrella organization. This would serve the purpose of dispersing some of the marketing costs, overhead, and clerical costs. The Private Industry Council is federally funded by the Workforce Investment Act.

**BioCrossroads** (<http://www.biocrossroads.com/>)

BioCrossroads serves as a catalyst for the continued growth of Indiana's life sciences industry. The goal is to create an environment that provides more economic opportunity and a thriving entrepreneurial network as well as better healthcare for communities and inspiration for young talent. The mission is implemented by providing money and support to life sciences businesses and launching new life sciences enterprises, expanding partnerships among Indiana's life science institutions, promoting science education and building awareness through the marketing of Indiana's life sciences industry.

BioCrossroads provides support for all of IEDI's life science expansion and attraction projects. Every major life sciences project since 2005 has involved IEDI, including Beckman Coulter and Medco. According to BioCrossroads, the partnership functions adequately, but IEDI could do a better job of understanding when to use BioCrossroads and when to ask for help. Primarily, funding for BioCrossroads comes from businesses, universities and philanthropic organizations.

**Metropolitan Indianapolis Board of Realtors (MIBOR)** (<http://www.mibor.com/>)

MIBOR is a professional board representing central Indiana's realtors. The organization serves more than 6,500 members in ten counties. MIBOR works with organizations that bring quality employers to central Indiana and encourages the growth and expansion of existing businesses. MIBOR provides funding and market data to these groups to help support this positive growth, and encourages MIBOR members to participate and hold positions of leadership in these collaborative organizations.

MIBOR has offered grants to community development organizations in the past as part of their Realtor Community Investment Initiative. These grants provide capital to developers in the region.

**City: St. Louis, MO**

Title: The St. Louis Development Corporation (SLDC)

Website: <http://stlouis.missouri.org/sldc/>

**Population:** 350,000

**EDO Budget:** \$20 million (2009)

**Cost/Person:** \$57.14

**Organizational Structure:** Not-for-profit (EDC)

**Board of Directors:** There are twelve Departmental Boards within SLDC. The Departmental Boards are comprised of industry leaders and elected officials. SLDC staff-members sit on each Board, but they do not have voting rights. The SLDC Board of Directors is made up of the chairs of each Departmental Board in addition to St. Louis's executive leadership.

**Executive Summary:**

Over a hundred years ago, the Missouri legislature declared St. Louis an independent city, which gave it all the rights and responsibilities of both a charter/home rule city and a county. This is why the City of St. Louis has two layers of government (city and county) rather than just one (county). Organizationally, SLDC is an umbrella organization that is administered by twelve departmental boards. Each of SLDC's boards has a chairman, who also serves on SLDC's board of directors. Each Board is comprised of industry leaders and elected officials. SLDC staff-members also serve on each of the twelve boards, but they do not have voting rights. According to the Economic Development Director, the board system can be very frustrating, but the SLDC staff members who serve on a board become much more specialized than their counterparts. There is a good deal of knowledge-sharing that occurs between the SLDC staff and the private sector when these boards convene, which can push projects along much faster than originally anticipated.

In terms of economic development, SLDC is the primary land development and development financing function in the City of St. Louis. Its primary responsibilities include documenting, managing, maintaining, marketing and the sale of agency-owned vacant and abandoned buildings and property. SLDC also offers a variety of economic development incentives that work to close the financing gap on various land development projects. Typically, SLDC properties are acquired in the name of the Land Reutilization Authority (LRA), the Land Clearance for Redevelopment Authority (LCRA), and the Planned Industrial Expansion Authority (PIEA). Also, SLDC helps finance entrepreneurial and small businesses that are located in its incubators.

SLDC's core economic development partners are: the Missouri Department of Economic Development, and the St. Louis Regional Chamber and Growth Association (RCGA). These partners share economic development leads with the SLDC, which is why they are its core partners. Additionally, SLDC works with the St. Louis County Economic Council (SLCEC) to establish small business incubators in the City of St. Louis. However, SLDC does not work well regionally. It focuses its efforts directly within St. Louis and rarely combines economic development incentives with regional organizations.

SLDC offers aggressive incentive packages. With close to seventy staff-members and a public-private partnership board structure, SLDC is able to offer financial incentives and its professional services to every potential client. However, St. Louis is surrounded by twelve urban counties, which makes for a highly competitive regional economic development structure. According to the Economic Development Director, SLDC is preparing to expand its entrepreneurial and small business development services. SLDC, through its Local Development Company (LDC) affiliate, is actively working to improve its small business development strategy.

# St. Louis Development Corporation Partner Relationship Outline

LAND DEVELOPMENT	REDEVELOPMENT OF DISTRESSED NEIGHBORHOODS	ENTREPRENEURIAL AND SMALL BUSINESS DEVELOPMENT	MARKETING AND ATTRACTION	BUSINESS RETENTION AND EXPANSION
*AmerenUE	<i>*Missouri Department of Economic Development</i>	<b>Small Business Administration – St. Louis Region</b>	<i>St. Louis Regional Chamber and Growth Association</i>	<i>St. Louis Agency on Training and Employment</i>
	*AmerenUE	Center for Emerging Technologies	<b>Missouri Partnership</b>	<i>Missouri Department of Economic Development</i>
	*Disadvantaged and Minority/ Women Owned Business Enterprise	*Disadvantaged and Minority/ Women Owned Business Enterprise		*Missouri Port Authority

- Major Partners (as mentioned during the interview) are in **bold**
- (\*) indicates the EDO has more than one primary function
- (*Italics*) indicate a formalized partner relationship

## **(1) Local Economic Development Structure**

First, a good understanding of the City of St. Louis's local government structure will help shed some light on the local economic development structure. The City's government structure is layered, which has led to obvious bureaucratic squabbles in many city services, including economic development.

Over a hundred years ago, the Missouri legislature declared St. Louis an independent city, which gave it all the rights and responsibilities of both a charter/home rule city and a county. This is why the City of St. Louis has two layers of government (city and county) rather than just one (county).

St. Louis's mayor serves as the city manager, though he doesn't have control of all departments and he must pass a budget through not only the 28-member board of aldermen, but the Board of Estimate & Apportionment, a triumvirate made up of the three City-wide elected officials with equal power at this board level: Mayor, Comptroller (who controls the budget, not the mayor), and President of the Board of Aldermen—a position elected separately from the 28 ward-bound members. In short, numerous studies over the generations have readily demonstrated that far more government efficiency could be achieved if the mayor had more power within the city functions, and if St. Louis eliminated the county designation altogether along with separately elected county officials.

Moreover, St. Louis County's population is three times the size of St. Louis city and at the county level, both planning and economic development have cabinet-level status. Denny Coleman is the Economic Development Director and oversees the economic development functions for ninety-one separately incorporated municipalities, which makes Denny's job more focused on the land area not incorporated while working to facilitate economic development initiatives in all the municipalities that cannot afford a separate economic developer. In other words, St. Louis County is the "BIG GORILLA" in both the region and in the state, and is the biggest political jurisdiction between Chicago, Denver and Memphis. The City of St. Louis competes with St. Louis County for economic development projects and according to the SLDC Economic Development Director; the regional economic development structure is highly competitive. For example, St. Louis is surrounded by twelve urban counties that all offer economic development incentives to businesses. For the most part, every county works to benefit their own constituency, which can stifle cross-county partnerships.

Primarily, SLDC is a land development and financing organization. It has its own board of directors, so it is semi-removed from Mayoral or other political influence, but not entirely. There is a Deputy Mayor for Development (appointed by the Mayor) who oversees many activities at SLDC. Its main economic development tools include: TIF financing, tax abatements, small business loans, and bond financing. According to the ED Director, the deal flow in the City of St. Louis has been good in recent years, which has a lot to do with the nearby Port Authority. The Port Authority was originally a stand-alone economic development function but SLDC now manages the Port Authority, which has helped persuade a number of firms to relocate into the city limits.

SLDC's core economic development partners are: the Missouri Department of Economic Development, and the St. Louis Regional Chamber and Growth Association (RCGA). These partners share economic development leads with the SLDC, and according to the Economic Development Director, is why they are its core partners. Additionally, SLDC works with the St.

Louis County Economic Council (SLCEC) to establish small business incubators in the City of St. Louis.

Even though SLDC has twelve Boards that serve as the foundation for its incentive administration, the organization itself is managed in a departmental structure. SLDC is comprised of the following departments and staff:<sup>3</sup>

- ✓ Executive Department (3 Employees)
- ✓ Human Resources (2 Employees)
- ✓ Delivery/Mailroom (1 Employee)
- ✓ Receptionist (1 Employee)
- ✓ Communications/Marketing (3 Employees)
- ✓ Finance (5 Employees)
- ✓ Legal (6 Employees)
- ✓ Business Development (8 Employees)
- ✓ Business Assistance Center (5 Employees)
- ✓ Commercial Development (4 Employees)
- ✓ Commercial Districts (9 Employees)
- ✓ Port Authority (2 Employees)
- ✓ Real Estate Development (6 Employees)
- ✓ Administration - Relocation – Tax Sales (2 Employees)
- ✓ Maintenance Facility (10 Employees)
- ✓ Major Projects Department (7 Employees)
- ✓ Minority Business Development (1 Employee)

As you can see, SLDC employs six legal staff-members, who primarily build SLDC’s contractual relationships with its private sector clients. Whenever financing is involved, contractual relationships become very important to make sure there is a clear understanding of each other’s fiduciary expectations. Also, as economic development tools and incentives become more complex, standard contracts can help all parties understand their role in St. Louis’s economic development structure. For example, SLDC has a contractual relationship with the State of Missouri that includes the administration of the Missouri’s Enhanced Enterprise Zones, which provides incentives to businesses that create sustainable jobs in a targeted industry or demonstrate impact on local industry cluster development.

In terms of organizational structure, SLDC employs close to seventy individuals that specialize in a variety of economic development services. Even though there are twelve departmental boards within SLDC, it uses a multiple “economic development authority” structure to manage its economic development services.<sup>4</sup> For example, the following seven economic development authorities include members of SLDC and the private sector:

- ✓ Industrial Development Authority (IDA)
- ✓ St. Louis Local Development Company (LDC)
- ✓ Land Clearance for Redevelopment Authority (LCRA)
- ✓ Land Reutilization Authority (LRA)
- ✓ Planned Industrial Expansion Authority (PIEA)
- ✓ Tax Increment Financing Commission (TIF)
- ✓ St. Louis Port Authority

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<sup>3</sup> <http://stlcin.missouri.org/staff/getstaff.cfm?agency=3&dept=&subdept=&last=>

<sup>4</sup> <http://stlouis.missouri.org/slhc/mission.html>

The other five boards manage SLDC's internal operations. The economic development authorities meet once a month to determine the progress of the economic development projects. Each authority has a board and a chairperson, who also serves on SLDC's Board of Directors. SLDC staff-members do sit on each of these boards, but they do not have voting rights. Mainly, the staff-members attend the board meetings to take notes and answer questions. According to the Economic Development Director, the board system is frustrating, but the SLDC staff members who serve on a board become much more specialized than their counterparts. There is a good deal of knowledge-sharing that occurs between the SLDC staff and the private sector when these boards convene, which can push projects along much faster than originally anticipated.

### **Land Development & Development Financing (LRA, LCRA, PIEA and IDA)**

SLDC is the primary land development and development financing function in the City of St. Louis. Its primary responsibilities include documenting, managing, maintaining, marketing and the sale of agency-owned vacant and abandoned buildings and property. SLDC also offers a variety of economic development incentives, primarily as gap financing, on various land development projects. Typically, SLDC properties are acquired in the name of the Land Reutilization Authority (LRA), the Land Clearance for Redevelopment Authority (LCRA), and the Planned Industrial Expansion Authority (PIEA). The St. Louis Development Corporation does not acquire property in its name. The next few paragraphs will elaborate on the specific functions of these Authorities.

The **Land Reutilization Authority (LRA)** receives title to all tax delinquent properties not sold at the Sheriff's sale and it also accepts private property donations at its appraised value. Specifically, the LRA receives properties in a variety of ways: first, as the "default owner of last resort" the LRA will receive title after tax delinquency foreclosure proceedings if the property is not purchased by a private party; second, through donation; third, by affirmative acquisition for specific developments via negotiated sales or eminent domain. Importantly, these properties must be accepted by the LRA Board of Commissioners, plus be free and clear of liens (with the exception of some City liens). For the most part, LRA maintains, markets, and sells these properties and performs land assemblage for future development.

LRA now owns 9,851 properties, most of which were received through tax foreclosure, and are scattered throughout the City. SLDC's Real Estate Department then markets and sells these properties for the development boards and the Community Development Administration's housing programs. SLDC also demolishes those properties that are too deteriorated for rehabilitation and pose a public safety hazard, or to make way for new developments. For example, SLDC demolished 240 buildings in FY 2008. SLDC is very good at maintaining its property database. During FY 2008 alone, LRA received 346 properties and sold 258 properties. These actions resulted in a total inventory of 9,851 parcels with 1,437 buildings at the close of the fiscal year.

In terms of economic development financing, bond financing is SLDC's primary tool that provides access to long-term, below-market financing for certain types of land and business development. Developers of multi-family housing, manufacturers, and nonprofit corporations use these tax-exempt bonds to meet their long-term fixed asset financing needs. For example, the LCRA, PIEA and the IDA are all authorized issuers of taxable and tax exempt bonds. In FY08, the authorities participated in four bond issuances totaling \$44.2 million and leveraging \$48.4 million in private investment. Specifically, SLDC has organized its staff in the following land development financing Authorities:

- ✓ The **Land Clearance for Redevelopment Authority (LCRA)** administers development incentives such as tax abatement, tax-exempt revenue bonds, and eminent domain for commercial, industrial, and residential projects in redevelopment areas approved by the St. Louis Board of Aldermen.
- ✓ The **Planned Industrial Expansion Authority (PIEA)** implements incentives for development of areas that may include real estate tax abatement and property acquisition, relocation and planning assistance through the use of federal, local, state or private funds.
- ✓ The **Industrial Development Authority (IDA)** issues tax exempt revenue bonds for long-term, fixed-asset financing at below-market interest rates to finance large-scale industrial, multi-family housing, and non-profit development projects in the City of St. Louis.

### **Redevelopment of Distressed Areas**

SLDC works with specific developers in the City of St. Louis to redevelop distressed neighborhoods. Affordable housing is an important economic development factor in SLDC's redevelopment strategy and it works with Community Development Block Grant (CDBG) funding to move residential projects forward.

Also, the State of Missouri has incentive legislation called the Rebuilding Communities Tax Act, which provides State tax incentives for certain types of businesses that relocate or invest in a designated "Rebuilding Community." Importantly, the *entire* City of St. Louis has been designated as a "Rebuilding Community," which makes it eligible for these incentives. This program provides tax credits to eligible companies that locate in a designated Rebuilding Community, or those eligible businesses already in the designated community making specialized equipment purchases. Specifically, eligible companies can receive a 40% tax credit for each of the three years after such relocation, based upon 40% of their income taxes due; or a 40% Specialized Equipment Credit which provides 40% of the amount of funds expended for computer equipment, research laboratory equipment, manufacturing equipment, fiber optic equipment, high speed telecommunications, wiring or software development expense.

Additionally, the Rebuilding Communities Tax Act provides individual employees of the eligible business facility the ability to receive a tax credit against State Income Tax equal to 1.5% of their gross salary paid at the facility for each of the three years that the facility (the company) receives the tax credit. Eligible businesses include corporations, partnerships, and proprietors with fewer than 100 employees. To be eligible, 75% of the companies' employees must be located in or relocating to a "Rebuilding Community" (i.e. the entire City of St. Louis).

Working with the utility companies can also be a good redevelopment strategy. For example, the economic development department of *AmerenUE* is funded by the utility customers that it serves. Specifically, this department works with local and regional EDOs to anticipate and eventually deliver the utility services that are required in economic development projects. Remarkably, the redevelopment of distressed areas has been one of SLDC's and AmerenUE's greatest successes. The federal "Hope 6" grants for old public housing have been used to assist the redevelopment process and SLDC hopes to have NMTA available for these properties soon. For the most part, 80% of these SLDC's properties have been redeveloped due to a double incentive from the state and federal government. Unfortunately, the local budget has taken a hit with so many owners taking advantage of the tax credits.

## **Incentive Administration**

SLDC offers aggressive incentive packages. With close to seventy staff-members and a public-private partnership board structure, SLDC is able to offer financial incentives to every potential client. However, SLDC is surrounded by twelve urban counties, which makes for a highly competitive regional economic development structure. There tends to be a good deal of competition between SLDC and the surrounding counties, which leads to the allocation of more incentives than originally anticipated. In other words, private companies are able to use one county's incentive package to leverage more incentives out of a neighboring county. The following summaries will highlight the incentives that SLDC offers to its clients.

The *Real Estate Tax Abatement* is an incentive program to assist developers and businesses with renovation and new construction projects. Tax abatement can be provided anywhere in St. Louis after a City Ordinance has been approved, however some areas are pre-approved (i.e. Enterprise Zones). This program freezing taxes prior to construction and the usual term for a commercial/industrial project is a ten year full abatement. The City has by statute the ability to provide up to twenty-five years of abatement (ten year full + fifteen year abatement at 50%). However, applications for abatement greater than ten years generally must show extraordinary cost, development obstacle, or extraordinary impact.

*Enhanced Enterprise Zones* target specific geographic areas and include the State Enterprise Zone area and the Federal Enterprise Community Area. State incentives include tax credits and exemptions from State Corporate Tax. The threshold to qualify for benefits is the creation of at least two new jobs and a capital investment of at least \$100,000. State incentives include: job credits, investment tax credits, and a 50% exemption.

*Tax Increment Financing* is a development tool designed to help finance certain eligible improvements to property in designated TIF districts by utilizing the new, or incremental, tax revenues generated by the project after completion. Under TIF, property taxes within the TIF District are frozen for up to 23 years; the property owners then make Payments In Lieu of Taxes (PILOTS) to a "special allocation fund". Additionally, 50% of any new local Economic Activity Taxes (EATS), i.e. local sales taxes, earnings taxes and utility taxes generated from the project are also paid to the fund while the District is in effect. The proceeds of the fund are then used to reimburse the developer for eligible project costs or to retire indebtedness incurred to cover those costs. Specifically, these costs include, but are not limited to:

- ✓ Costs of studies, surveys and plans
- ✓ Professional service costs (architectural, engineering, legal, financial, etc.)
- ✓ Property assembly costs (acquisition, demolition, clearing and grading)
- ✓ Costs of rehabilitating, reconstructing, remodeling of existing structures
- ✓ Costs of construction of public works
- ✓ Financing costs, including issuance interest and reserves

*Financing – Filling the Gaps*—Generally, SLDC assists loan programs that require bank participation. These programs are designed to lower interest rates or help reduce the mandatory down payments. These programs help fill any gaps in the financing and generally provide more attractive financing than conventional methods. Examples of the incentives that have used gap financing are:

- ✓ Industrial Revenue Bonds
- ✓ IDA Bond Issue Fees

- ✓ Missouri First Linked Deposit Program
- ✓ SBA 504 Loan Program
- ✓ LDC Revolving Loan Fund
- ✓ Urban Enterprise Loan Program
- ✓ Rural Missouri Inc - SBA Loan Program
- ✓ St. Louis Business Fund

The *Brownfield Tax Benefit* program provides Missouri State income tax credits and, if necessary, guaranteed loans or direct loans to an owner/operator of eligible brownfield property for up to 100% of remediation costs. It also provides matching grants to a governmental agency, up to \$100,000 or 50% of eligible costs, whichever is less, for feasibility studies, cost estimates, and other due diligence for an eligible project owned by a governmental entity.

SLDC works with the State of Missouri to provide incentives to businesses that redevelop and remediate approved sites in accordance with Voluntary Clean up Program ("VCP"). The program may be used to rehabilitate an existing building contaminated with hazardous substances, or to clear existing structures (as it relates to eligible VCP activities) and build a new facility. The program may also be applicable for contaminated sites that have no existing structures.

In terms of *workforce development*, SLDC partners with St. Louis Agency on Training and Employment (SLATE) to provide workforce training and employment opportunities to the unemployed and underemployed. Also, SLATE has the ability to provide tax credits to local businesses and with the implementation of the "first source" agreement, where trainees successfully complete a workforce development program, have priority in the hiring process for those businesses that receive the tax credits. The organization also evaluates the St. Louis labor market and distributes this workforce development information to local businesses.

Workforce development has been organizationally integrated in SLDC's economic development strategy by including the SLATE Program Director as a member of the SLDC Board of Directors. Additionally, the "first source" agreement offers opportunities to relocating or new businesses that have received SLDC incentives to have access to a skilled labor pool. Both organizations have partnered in hosting events on several occasions as well. Overall, the relationship is getting much stronger as SLDC and SLATE begin to offer competitive incentive packages together.

## **(2) Additional Functional Areas**

### **Marketing and Attraction**

SLDC has a very small marketing and attraction budget. It depends on the Missouri Partnership and the St. Louis Regional Chamber and Growth Association (RCGA) to accurately market the area. The Missouri Partnership is unique in that it serves as the principal business recruitment and marketing organization for the State of Missouri. They have focused their efforts on specific clusters and strengthening the State of Missouri's international business climate.

RCGA represents the 16-county, bi-state region comprised of the City of St. Louis, the Missouri counties of St. Louis, St. Charles, Lincoln, Warren, Franklin, Jefferson and Washington; and the Illinois counties of St. Clair, Jersey, Madison, Clinton, Monroe, Bond, Macoupin and Calhoun. RCGA's chamber membership constitutes 40 percent of the region's employment base, which allows it to gather a good amount of economic development data in and around the region. To measure RCGA's success in increasing St. Louis' economic growth, the organization uses

internal benchmark measurements such as the net number of new jobs, payroll, capital investments, and stakeholder satisfaction. Additionally, these benchmarks are compared with the U.S. performance averages to ensure that St. Louis is nationally competitive in industries such as Plant and Medical Sciences, Manufacturing, Info Tech, Transportation and Distribution, and Financial Services.

### **Business Relocation, Retention and Expansion**

SLDC does not have a specific business relocation, retention and expansion program and it does not mail out surveys or collect specific data on business retention or expansion. According to the Economic Development Director, the RCGA does a good job on the BRE front. If a business was going to leave town for any reason, the SLDC will work with the Chamber to retain them.

### **Entrepreneurial and Small Business Development Financing**

According to the Economic Development Director, SLDC is preparing to expand its entrepreneurial and small business development services by expanding its incentive packages and focusing on its burgeoning life sciences cluster. Also, through its Local Development Company (LDC) affiliate, SLDC is actively involved in assisting businesses with their financing needs. LDC subordinated loans generally provide lower interest rates, extended terms, lower borrower equity requirements and creative financing structures. In FY 2008, LDC provided financing for 38 businesses. These projects utilized \$1.8 million in government lending resources to leverage \$14.5 million in private financing, creating 174 new jobs. A part of the program includes that loan recipients agree to work with St. Louis's workforce development agency, SLATE, to fill new jobs. The SLDC also works with Disadvantaged / Minority & Women owned business enterprises to facilitate growth in underserved areas. For the most part, this is a federal program through the Department of Transportation that is designed to encourage and facilitate the growth and development of Disadvantaged Business Enterprises.

On a regional level, SLDC has worked to open a few St. Louis Enterprise Centers, which are managed by a partnership between SLDC and the St. Louis County Economic Council (SLCEC). As one of the only ways SLDC works regionally, this partnership offers the following services to start-up businesses:

- ✓ Affordable, flexible office and warehouse space
- ✓ Office, receptionist and warehouse services
- ✓ Management counseling from business leaders
- ✓ Low-cost loans for qualifying clients
- ✓ Success rate of 70% for graduating clients
- ✓ Locations in St. Louis city and county

Additionally, the Center for Emerging Technologies (CET) serves the St. Louis Metropolitan Region and the State of Missouri by working to develop the infrastructure necessary to support technology-driven economic development. Specifically, CET is a non-for-profit organization that fosters the growth of advanced medical companies and other life sciences concepts. These activities are focused on creating and growing potentially high-growth advanced technology companies, enhancing the region's existing technology companies, and capitalizing on the region's extensive university research base. CET serves as a catalyst to:

- ✓ Connect technology entrepreneurs to specialized business, technology and financial resources and assistance.

- ✓ Provide focused education and training opportunities for technology entrepreneurs, university faculty and students, and corporate researchers.
- ✓ Offer start-up companies affordable research facilities, high-speed telecommunications, and access to specialized university facilities and equipment.
- ✓ Facilitate technology transfer from universities, corporations and federal labs for commercialization.
- ✓ Identify opportunities for strategic alliances with universities and between small and large technology-based companies.
- ✓ Assist in forming partnerships between technology entrepreneurs and researchers at universities and federal labs.
- ✓ Mobilize public, private and university alliances aimed at scaling up targeted industries and pursuing technology-driven economic development.

SLDC has been vital in financing the construction of the Center's two buildings. SLDC leases one building for \$1 a year because it is cheaper to keep a public landholder than a private one. SLDC also worked with the Center to acquire TIF financing on their second building, which was also a historic landmark and eligible for federal and state tax credits. This has been a great help since the buildings must house wet labs and other expensive science equipment. The Deputy Director of the SLDC sits on the Center's board. The SLDC has been very helpful to the extent that its services are relevant to the Center, however due to the unique nature of the businesses in the incubator, they still struggle to survive.

### **(3) Future Plans**

SLDC is surrounded by twelve urban counties that all compete for economic development projects. This level of competition can be advantageous to SLDC because it is aggressive with its incentive packages; however there are a number of surrounding counties that feel that this intense competition should be managed in a more reasonable way. SLDC cannot do much to alleviate the competition between the surrounding counties, so it plans to improve its local economic development structure by focusing on entrepreneurial and small business development in its life sciences cluster. Specifically, SLDC is looking at ways to improve the commercialization process that currently happens at Washington University and the University of Missouri. In addition to this, SLDC is forming a strategy to help small businesses access venture capital.

According to the Economic Development Director, SLDC has a steep earnings tax that hinders its ability to bring larger economic development projects into St. Louis. Due to this tax, SLDC has to offer larger incentive packages to counter the lost wages private firms endure as a result of the earnings tax. Also, SLDC is looking to do more with New Market Tax Credits (NMTC). For example, brownfields financing often presents the most significant obstacle because financial institutions are sometimes reluctant to lend money to a project with potential environmental liability issues. SLDC is looking to NMTC to expand its financing options to clean up some of its old industrial manufacturing facilities.

In sum, the City of St. Louis has a weak mayor so most economic development projects are managed by SLDC without much interference. SLDC's Board of Directors have considerable amount of influence on St. Louis's economic development strategy. SLDC is not a regional organization by any means and doesn't plan to be in the near future. It has quarterly meetings with its main partners and for the most part, it stands alone and only partners with regional organizations when it is required.

## **(4) Partner Profiles**

### **Port Authority** (<http://stlouis.missouri.org/slhc/port.html>)

SLDC's Port Authority personnel coordinate with individuals or corporations for initial preparation and negotiation of land and mooring leases to develop property owned by the City of St. Louis within the port district. The Port Authority supervises the operation of all floating equipment it owns and works with the staff of the U.S. Army Corps of Engineers and the U.S. Coast Guard on all river related matters within the port district. Mainly, the St. Louis port transports commodities. This has been a big asset to SLDC's economic development strategy because the constant inflow and outflow of goods has brought a number of firms to St. Louis.

### **The St. Louis Regional Chamber & Growth Association (RCGA)** (<http://www.stlrcga.org/>)

The St. Louis Regional Chamber and Growth Association cooperates with the SLDC on recruiting new businesses into the city and making sure existing companies are as competitive as possible. Some of the tasks they have partnered on include: new business recruitment, existing business development, and national or international marketing and media relations.

The RCGA has worked with SLDC's business development team so that sites and buildings and important data for the City of St. Louis are included in regional project proposals. The two organizations cooperated on a major project downtown where they were able to retain the AT&T Real Yellow Pages headquarters when AT&T merged with Bell South. Overall, the chamber is funded by about 120 companies in the St. Louis region. Other funding is collected at county and local government levels; from the City of St. Louis, St. Louis County, St. Charles County, Franklin County, and Madison County in Illinois.

### **The Missouri Partnership** (<http://www.missouripartnership.com/>)

The Missouri Partnership is the principal state level business recruitment and marketing organization for Missouri. Working with local and regional economic development partners, the partnership compiles data and incentives and promotes the business climate of Missouri. This collaborative work with all entities that are actively engaged in economic development aims to make Missouri more competitive for global investment projects. Also, the partnership identifies best locations for businesses and specific Missouri advantages for aerospace and defense, agribusiness, automotive, energy, finance, info-tech, life sciences, and transportation sectors.

### **Missouri Department of Economic Development** (<http://www.ded.mo.gov/>)

The Missouri Department of Economic Development (MDED) supports SLDC with many incentive packages, including the "Missouri Qualified Jobs Program," which helps create jobs that produce higher than average incomes. MDED works primarily with business retention and expansion and a little bit with community development. Overall, both organizations realize the importance of frequent communication with the business owners and the community residents located in St. Louis.

### **St. Louis Agency on Training and Employment (SLATE)**

(<http://stlouis.missouri.org/citygov/slate/>)

SLATE is entirely funded through the Workforce Investment Act (WIA) of 1998. Since their inception, SLDC's workforce marketing and attraction has improved dramatically, and the most notable improvements have been seen in the downtown area. The spokesperson at SLATE also noted that there has been a marked improvement in investment into current businesses within the last fifteen or more years. SLATE's certified trainees have priority in the hiring process for

businesses that receive the agency's tax credits and SLATE's "first source agreement" with SLDC offers opportunities for new businesses to hire qualified employees.

### **Small Business Administration - St. Louis District**

*(<http://www.sba.gov/localresources/district/mo/stlouis/index.html>)*

The Small Business Administration works to provide loan programs to small businesses in St. Louis. The regional SBA office provides and authorizes distribution of the SBA loans through financial institutions and economic development corporations such as the SLDC. The loan program offered through the SLDC is the SBA 504 loan program. The 504 program represents the total extent of the relationship.

### **AmerenUE Economic Development** (*<http://www.ameren.com/ecdev/>*)

AmerenUE is a two state utility company covering the majority of Illinois from just south of Chicago, and all of Missouri to Kansas City. Their economic development department generates leads for potential businesses in their coverage area. Often they acquire leads from the state level and convey them to more local authorities. The company works with partners like the SLDC to help keep and create jobs. The geography in St. Louis is very different from the majority of their coverage area. The city is their most developed service region, and is an old area. This means utilizing older infrastructure as opposed to "greenspace" which is easier to add to the grid.

Specifically, AmerenUE and SLDC create assessments of the current infrastructure in the city and compare the cost of a customer in the city to a customer in a new suburban area. This is a challenge since Missouri utilities are more heavily regulated than Illinois. AmerenUE has spoken with the Public Service Commission to broker better deals with SLDC. If AmerenUE can attract a customer to existing infrastructure locations, they will be allowed to offer an incentive for that property.

### **Center for Emerging Technologies** (*<http://www.emergingtech.org/>*)

The Center for Emerging Technologies is a non-for-profit organization that fosters the growth of advanced medical companies and other life sciences concepts. Often the companies are just starting out of the University of Missouri-St. Louis with two or three founders. CET helps the principals acquire financing, which is almost always first stage venture capital. Most of the regular local and state financing initiatives don't apply to these new companies because they do not have an immediate product or service to offer. Often it may take 10-15 years for a research-oriented biotech company to realize revenue, so revolving loan funds and regular financing are not possible. Major impediments are the time it takes to gain FDA approval or to secure patents. CET also lobbies for improvements in aid and streamlining the administrative processes for these types of businesses.

### **Disadvantaged and Minority/Women Owned Business Enterprises**

*(<http://www.mwdbe.org/>)*

The Disadvantaged and Minority/Women Owned Business Enterprise office is a department within SLDC. Interestingly, this program is connected to the airport and receives FAA funding. However the Minority and Women Owned Business certification was implemented as a mayoral executive order, and is executed locally in St. Louis. This is where the relationship with SLDC and new construction projects are facilitated by SLDC. The organization works in conjunction with different departments of the City of St. Louis, as certain programs are funded by the Department of Transportation, via the FAA, and others are partially funded by the SLDC.



## *Appendix A*

LERTA Commercial Tax Exemption Example

**City of Pittsburgh Commercial use Building Tax Abatement Program (LERTA) Example:**

If a commercial use property (i.e., office, retail, manufacturing, industrial, etc.) with a tax assessed value of \$100,000 is improved and the new tax assessment is:

- \$500,000, the building would be able to save \$21,600 over 5 years in City of Pittsburgh real estate taxes if it utilized the City's Commercial LERTA program
- \$1,000,000, the building would be able to save \$48,600 over 5 years in City of Pittsburgh real estate taxes if it utilized the City's Commercial LERTA program
- \$2,000,000, the building would be able to save \$102,600 over 5 years in City of Pittsburgh real estate taxes if it utilized the City's Commercial LERTA program

	<b>Base year</b>	<b>New Assessment</b>	<b>New Assessment</b>	<b>New Assessment</b>
Value	\$ 100,000	\$ 500,000	\$1,000,000	\$ 2,000,000
County:	\$469	\$2,345	\$4,690	\$9,380
<b>City:</b>	<b>\$1,080</b>	<b>\$5,400</b>	<b>\$10,800</b>	<b>\$21,600</b>
School District:	\$1,392	\$6,960	\$13,920	\$27,840
TOTAL	\$2,941.00	\$14,705.00	\$29,410.00	\$58,820.00
ABATEMENT		\$4,320.00	\$9,720.00	\$20,520.00
Taxes owed w/ LERTA		\$10,385.00	\$19,690.00	\$38,300.00
<b>Total Savings (5 years)</b>		<b>\$21,600.00</b>	<b>\$48,600.00</b>	<b>\$102,600.00</b>

The Commercial LERTA program only applies to commercial use buildings in the City of Pittsburgh and only applies to City of Pittsburgh real estate taxes. The maximum tax savings per year is \$50,000.

## *Appendix B*

# PITTSBURGH BUSINESS GROWTH FUND

## Program Summary

**Use of Funds:**

Gap financing for:

- Machinery and equipment
- Leasehold improvements, including facade renovations
- Working Capital

**Eligible Businesses:**

- Manufacturing
- Commercial and Industrial
- Advanced Technology
- Service
- Retail

**Ineligible:**

- Bars, Adult Entertainment, Beer Distributors
- Non-Profit organizations, Banks, Savings and Loan Associations
- Non-independently owned gas stations, used car lots
- Check cashing outlets, furniture and appliance rental shops
- Refinancing

**Amount of Loan:**

- Up to 40% of total project cost - maximum loan \$150,000
- Minimum loan amount \$10,000

**Maturity:**

- Up to 5 years for working capital, up to 7 years for equipment and up to 15 years for leasehold improvements; term not to exceed that of the private lender.

**Costs to Borrower:**

- Interest rate fixed at market rate (may be reduced in "Target" areas)
- Minimum cash equity requirement: 10% of total project cost
- Application fee: \$250 (non-refundable)
- Due diligence fee: 2% of URA loan amount
- Loan servicing fee paid at closing and annually thereafter of one-half of one percent (0.5%) of the outstanding loan balance
- Construction inspection fee of one-half of one percent (0.5%) may be required for leasehold improvements
- Filing fees due at closing

**General Conditions:**

- One job created and/or retained for every \$30,000 borrowed
- 51% of jobs created must be filled by low/moderate income persons
- Borrower is encouraged to use the PA CareerLinks
- May be combined with other public financing programs
- Business must be located in the City of Pittsburgh
- Must demonstrate sufficient cash flow in order to repay the loan
- Loan must be secured by adequate collateral and personal guarantees
- Federal prevailing wage laws may apply to leasehold improvements
- A project with a total cost greater than \$250,000 must develop and comply with a Minority- and Woman-owned Business Enterprise Plan
- The project must meet applicable environmental/historic guidelines

**Business Development Center**  
**200 Ross Street, Pittsburgh, PA 15219**

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(EFFECTIVE 04-10-03)

# PITTSBURGH BUSINESS GROWTH FUND

## Program Guidelines

### I. Statement of Purpose

The Pittsburgh Business Growth Fund (PBGF) Program is designed to stimulate the growth of new and existing businesses in the City of Pittsburgh. The PBGF provides market-rate gap financing to small businesses based on determination of need, where the applicant is unable to finance fully the proposed project with equity, bank financing and other private and public financing.

The PBGF is part of the Urban Redevelopment Authority's (URA) strategy to promote opportunities for those groups who have not had ready access to business financing in the City of Pittsburgh, including minority- and woman-owned businesses.

### II. Program Funding

The PBGF may be funded in part through the City of Pittsburgh, the Commonwealth of Pennsylvania Department of Community and Economic Development, and the U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG) sources.

### III. Eligibility

The following criteria will be used to determine whether an applicant is eligible for a PBGF loan:

#### A. Area Eligibility

PBGF projects must be located within the City of Pittsburgh.

#### B. Types of Businesses

Eligible businesses are defined to include wholesale and retail trades, service enterprises, commercial and industrial businesses, advanced technology concerns, and manufacturing firms.

Banks, savings and loan associations, non-independently owned gas stations, used car lots, bars, adult entertainment establishments, beer distributors, non-profit organizations, check cashing outlets, and furniture and appliance rental shops are not eligible for PBGF loans.

#### C. Other Eligibility Requirements

1. Loans must satisfy the conflict of interest and any other requirements established by the CDBG regulations.
2. The applicant must not be delinquent or in default on federal, state or local taxes or any existing private or publicly financed loan and will be required to sign an affidavit to that effect.

3. The proprietor, partner, director or any shareholder of the business must not have been convicted of a felony.

IV. Eligible Activities

- A. Machinery and equipment, including acquisition, delivery and installation, limited to items directly related to the operation of the business.
- B. Working capital for new sales growth. This will primarily include accounts receivable and inventory.
- C. Leasehold improvements, including façade renovations.

Loan proceeds may not be used for: refinancing existing debts (including leveraged buy-outs); acquiring real estate; or distribution or payment to the owners, partners, shareholders, or beneficiaries of the applicant or members of their families.

V. Parameters of Loan

- A. Loan Size: The maximum loan amount shall be the lesser of \$150,000 or 40% of the total project cost, not to exceed the project gap. The minimum loan amount is \$10,000.
- B. Private Sector Investment: Typically, loans shall be made in conjunction with a private lending source.
- C. Equity Requirements: Each project shall contain a minimum cash equity investment by the applicant of ten percent (10%) or higher of the total project cost.
- D. Loan Security: All loans must be fully secured with a pledge of assets, which include but are not limited to, lien positions on land, buildings, personal residence and/or any other assets. Typically, personal guarantees are required.
- E. Insurance: Borrower shall be required to maintain insurance providing adequate coverage against the perils of fire, hazard, extended coverage, public liability and other insurance as the URA may require; in form and substance satisfactory to the URA naming URA as Mortgagee (where applicable), Lender Loss Payee, and additional insured. Further, title insurance and collateral assignment of life insurance may be required as necessary.
- F. Term: Up to 5 years for working capital, up to 7 years for equipment, and up to 15 years for leasehold improvements. Generally the term to maturity shall not exceed the term of the private lender.
- G. Interest Rate: The interest rate shall not exceed the rate of the private lender. Such interest rate shall be fixed for the term of the loan and shall be set as of the Loan Review Committee approval date. In "Target" areas, as determined by the URA Board of Directors, the interest rate may be reduced.
- H. Fees:
  1. Application Fee: The Application Fee of \$250 is non-refundable. This fee counts towards the applicant's equity requirement.

2. Due Diligence Fee: Two percent (2%) of the total URA loan, which may be financed as part of the total project cost. Upon acceptance of a loan commitment, one-half of the due diligence fee is due and is non-refundable.
3. Loan Servicing Fee: All PBGF loans are assessed an annual loan servicing fee of one-half of one percent (.5%) of the outstanding principal balance, due and payable on the anniversary of the loan closing. The initial fee, based on the original loan amount, will be paid at closing and can be financed.
4. Construction Inspection Fee: One-half of one percent (.5%). If URA financing is applied towards construction costs, then a URA construction monitor is required. If the construction inspection is provided by a private lender, no URA construction inspection fee is required. The construction inspection fee will be eligible for financing through PBGF loan funds.
5. Filing Fees: All filing fees will be the responsibility of the applicant (i.e., Mortgages, UCCs, Assignment of Leases and Rents).

VI. Conditions of the Loan

- A. The applicant must generate one (1) new full-time equivalent job for each \$30,000 of URA loan proceeds within three (3) years of the date of closing of funds to the applicant. New employment is defined as first-time hires, or employees who have been employed by the business for less than six (6) months.
- B. Fifty-one percent (51%) or more of the new non-supervisory full-time equivalent jobs created by the project shall be made available to low- and moderate-income persons. You will be required to fill all new entry-level, non-supervisory, jobs by first considering for employment, and interviewing, candidates referred by CareerLink; or, alternatively, applicants secured through independent means that satisfy the criteria of the Workforce Investment Act (WIA). WIA eligibility may only be determined by CareerLink.
- C. If any of the PBGF loan is used for leasehold improvements or façade renovations, the applicant must ensure that federal prevailing wage rates are paid for the entire project, where applicable.
- D. Any project over \$250,000 in total cost must comply with the URA's requirements for a Minority- and Woman-owned Business Enterprise (MWBE) Plan. The MWBE Plan will document the applicant's strategy to purchase materials and services from minority- and woman-owned businesses. The MWBE Plan must be approved prior to loan closing.
- E. If your project involves a construction contract of \$200,000 or more, you may be required to comply with the Pittsburgh Works ordinance (Ordinance No. 18 of 2000) which requires that 35% of all employee work hours on the project be performed by City of Pittsburgh residents. Subcontractors with contracts exceeding \$25,000 are also subject to the ordinance. A copy of the ordinance is available upon request.
- F. Any use of loan funds must comply with Federal, State and local regulations concerning historic properties and environmental review.
- G. URA reserves the right to require loan applicants to find and use technical assistance in such areas as business planning, marketing, accounting, cash management, and inventory control. When determined appropriate, the URA will contract with a third-party provider for this technical assistance.

## VII. Standard Application Evaluation Criteria

### A. Business Evaluation

The historical performance of the business, if applicable, and the proposed owners will be evaluated to assess the ability to repay the loan. Specifically, this evaluation will include:

1. Financial Performance of the Business: If applicable, this involves an evaluation of prior three (3) years financial performance, including an examination of tax returns, balance sheets, income statements and cash flow statements.
2. Financial Performance of the Owners: This involves an evaluation of the personal tax returns of the prior three years, a personal financial statement, and a credit bureau check.
3. Market Performance: This involves an evaluation of the relevant local and national markets and a demonstration of the expectation for a strong potential market for the product or service.
4. Management Ability: This involves an evaluation of the experience and skills of the proprietor, partners, or directors. This includes general business experience as well as specialized experience in the particular industry.

### B. Project Evaluation

The merits of the proposed uses of the funds will also be assessed to determine the ability to repay the loan. Early stage companies must demonstrate sufficient cash flow in order to repay the loan. Specifically, this evaluation will include:

1. Projected Income and Expenses: This involves an assessment of the validity and risk of the income and expense projections.
2. Projected Financial Statements: A thorough credit analysis will be performed using both historical and projected financial statements.
3. Value of the Assets and Collateral: Appraisals, when appropriate, will be required to assist URA in evaluating the ability to secure the loan.
4. Changes in Market Strategy and/or Management Strategy: A complete business plan will be required. Any proposed significant changes in the business plan, market strategy, or management team will be reviewed.

### C. Public Benefit Evaluation

Loan applications will be evaluated based on additional criteria measuring public benefits.

1. The degree to which the feasibility of the project depends on the PBGF loan. The applicant must demonstrate the inability to raise all of the project funds through private lenders or equity. The URA reserves the right to reject an application based on the corporate or personal net worth of the applicant.
2. The nature of jobs created and/or retained per URA dollar invested.

3. The percentage of jobs going to low- to moderate-income persons and the quality of those jobs in terms of skill levels, salary, stability, etc.
4. The total number of jobs created.
5. The percentage of sales or receipts generated outside of Pittsburgh.
6. The projected tax revenues to the City.
7. The impact on the neighborhood and quality of life.
8. The support of minority- or woman-owned business enterprises.

URA loans are made for the purpose of certain public benefits. Failure to meet requirements set forth herein may result in an assessment by the URA of liquidated damages.

VIII. Waiver of Provisions

The Executive Director or the Board of Directors of the URA may waive certain provisions of these guidelines based on a determination of the private and public benefits of the project.

IX. Notification

URA reserves the right to:

- A. Notify the appropriate community-based organization of applications received from businesses in their neighborhoods.
- B. Announce all loan commitments publicly.

X. Additional Information

For additional information, please contact the Urban Redevelopment Authority, Business Development Center at (412) 255-6669 or via our Web site at [www.ura.org](http://www.ura.org). Our TDD number for the hearing impaired is (412) 255-6644.

The Urban Redevelopment Authority of Pittsburgh does not discriminate on the basis of race, color, sex, religion, marital status, disability, age, sexual orientation or national origin. No person, solely on the basis of any of the above factors, shall be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under the loan and grant programs operated by the Business Development Center of the Urban Redevelopment Authority of Pittsburgh.

(EFFECTIVE 04-10-03)

## *Appendix C*

## REAL ESTATE TAX ABATEMENT PROGRAM COMPARISONS

PROGRAM	TYPE REDUCTION	PARTICIPATING TAXING BODY AND ABATEMENT/CREDIT LIMIT **	ABATEMENT PERIOD	ASSESSMENT INCREMENT ABATED	FUTURE USE AND OWNERSHIP TYPE	ELIGIBLE AREA	CURRENT USE OF PROPERTY
ACT 42 RESIDENTIAL PGH CODE CHAPTER 265	<b>ASSESSMENT REDUCTION</b>	A <b>\$ 86,750 YR</b> FOR NEW CONSTRUCTION A <b>\$ 36,900 YR</b> FOR RENOVATIONS	3 YEARS	100% INCREASE TAX DUE TO IMPROVEMENTS	RESIDENTIAL FOR SALE OR RENTAL	CITY WIDE	RESIDENTIAL OR VACANT LAND
ACT 42 ENHANCED RESIDENTIAL ORD 9 PGH CODE CHAPTER 265	<b>ASSESSMENT REDUCTION</b>	C & S <b>\$250,000 YR</b>  FOR NEW CONSTRUCTION OR RENOVATIONS	10 YEARS	100% INCREASE TAX DUE TO IMPROVEMENTS	RESIDENTIAL FOR SALE OR RENTAL	28 DEFINED AREAS	RESIDENTIAL OR VACANT LAND
COMMERCIAL LERTA PGH CODE CHAPTER 267	<i>TAX CREDIT</i>	C <b>\$ 50,000 YR</b>	5 YEARS	100% INCREASE TAX DUE TO IMPROVEMENTS	COMMERCIAL OR INDUSTRIAL FOR SALE OR RENTAL	CITY WIDE	COMMERCIAL INDUSTRIAL OR VACANT LAND
RESIDENTIAL LERTA ORD 10 * PGH CODE CHAPTER 267	<i>TAX CREDIT</i>	C <b>\$150,000 YR</b> S <b>\$250,000 YR</b> CN <b>\$100,000 YR</b>	10 YEARS	100% YRS 1 & 2 90% YRS 3 & 4 80% YRS 5 & 6, AND SO ON *	RESIDENTIAL RENTAL (APARTMENTS) OR HOTELS	4 DEFINED AREAS	COMMERCIAL OR INDUSTRIAL
RESIDENTIAL ENHANCED LERTA ORD 10 PGH CODE CHAPTER 267	<i>TAX CREDIT</i>	C <b>\$ 2,700 YR</b> S <b>\$ 3,480 YR</b>	10 YEARS	100% INCREASE TAX DUE TO IMPROVEMENTS	RESIDENTIAL SEPARATELY ASSESSED UNITS	4 DEFINED AREAS	COMMERCIAL OR INDUSTRIAL
VISITABILITY RESIDENTIAL	<i>TAX CREDIT</i>	*** C & CN <b>\$ 2,500 MAX CREDIT</b> FOR EACH TAXING BODY OVER 5 YEARS	5 YEARS	100% INCREASE TAX DUE TO IMPROVEMENTS	RESIDENTIAL SINGLE FAMILY DUPLEX TRIPLEX ADAPTED REUSE	CITY WIDE	RESIDENTIAL VACANT LAND COMMERCIAL INDUSTRIAL

THE ACT 42 PROGRAMS ARE ASSESSMENT REDUCTIONS. THE TOTAL TAX BENEFIT CAN CHANGE DEPENDING ON THE MILLAGE RATE FOR THE TAX YEAR.

THE LERTA PROGRAMS ARE TAX CREDITS. THE MAXIMUM BENEFIT CANNOT EXCEED THE TAX CREDIT LISTED ABOVE.

\* ORDINANCE 10 CHANGED THE EXEMPTION SCHEDULE FROM A REDUCED EXEMPTION OVER 10 YEARS TO 100% FOR 10 YEARS FOR THE CITY OF PITTSBURGH FOR APPLICATIONS FILED ON OR AFTER JULY 1 2007 THROUGH JUNE 30, 2012

\*\* C-CITY, S-SCHOOL, CN-COUNTY, A-ALL THREE TAXING BODIES

\*\*\* VISITABILITY TAX CREDIT CAN RUN CONCURRENTLY WITH OTHER RESIDENTIAL PROGRAMS

## *Appendix D*

## **Budget Information Taken From EDCKC Research Project Task One**

### **I. The Atlanta Development Authority:**

Revenue Structure: (100% Publicly Funded)

- a) 0% Federal Government Funding
- b) 0% State Government Funding
- c) 12% City Government Funding
- d) 82% Other (Issuance of Debt: Bonds and Collection of Fees for Service)

Budget Structure (approximation):

Revenue Sources: (ADA Economic Development)

- a) \$763,967 TAD Fees
- b) \$102,340 CDBG Funds
- c) \$1,248,610 City of Atlanta
- d) \$221,480 Admin/Apl/Commit Fees
- e) \$102,709 Interest Income
- f) \$800,000 Other Income

Total ADA Economic Development Revenue: \$3,239,203

Expense Categories:

- a) \$2,488,613 Salaries and Benefits
- b) \$86,586 Office Supplies
- c) \$91,595 Office Expenses
- d) \$90,475 Equipment/Rental/Lease
- e) \$23,526 Dues/Subscriptions
- f) \$5,586 Other General Expenses
- g) \$185,249 Office Lease
- h) \$75,888 General Maintenance
- i) \$35,000 Audit and Taxes
- j) \$238,786 Consulting
- k) \$51,332 Other Consulting Expenses
- l) \$176,810 Telephone Expenses
- m) \$139,137 Corporate Insurance
- n) \$16,687 Meeting Expense
- o) \$45,737 Conferences/Training
- p) \$27,362 Travel
- q) \$89,230 Computer Eq./Software
- r) \$87,887 Marketing/Advertising
- s) \$59,993 Legal
- t) (\$1,428,357) Indirect Exp. Allocation

Total Expenditure: \$2,587,124

## II. The Urban Redevelopment Authority of Pittsburgh:

Revenue Structure: (100% Publicly Funded)

- a) 26% Federal Government Funding
- b) 37% State Government Funding
- c) 5% City Government Funding
- d) 32% Other (TIF, Interest Income, Rental Income, Fees and etc.)

Budget Structure (approximation):

### Revenue Sources

- a) \$11,069,000 Federal Grants
- b) \$15,941,000 State Grants
- c) \$876,000 City and Related Grants
- d) \$13,123,000 Pledged Tax Revenues
- e) \$944,000 Debt proceeds
- f) \$34,685,000 Loan Repayments
- g) \$7,334,000 Property, Lease & Sales
- h) \$4,560,000 Investment Income, Program Fees & Misc.

Total Revenue: \$88,532,000

### Expense Categories:

- a) \$23,649,000 Housing Development
- b) \$9,888,000 Business Development Center Programs
- c) \$23,251,000 Major Real Estate Development
- d) \$42,066,000 Debt Service for Project and Programs
- e) \$4,099,000 Real Estate Management
- f) \$7,408,000 Administration

Total Expenditure: \$110,361,000

### **III. Indianapolis Economic Development Incorporated:**

#### Public Revenue Structure:

- a) 0% Federal Government Funding
- b) 33% State Government Funding
- c) 0% City Government Funding
- d) 0% Other

#### Private Revenue Structure:

- a) 5% Corporate Donations
- b) 62% Other (events, partnerships, etc)

#### Revenue Sources:

- a) \$880,000 Sponsorship Income
- b) \$446,738 Service Income

Total Revenue: \$1,326,738

#### Expense Categories:

- a) \$50,0100 Travel & Conferences
- b) \$9,500 Occupancy
- c) \$4,000 Depreciation
- d) \$8,500 Misc. Office Expenses
- e) \$12,000 Telephone
- f) \$59,700 Printing
- g) \$17,000 Postage
- h) \$4,500 Supplies
- i) \$12,000 Meetings
- j) \$174,000 Promotion
- k) \$962,000 Professional Fees
- l) \$12,000 Dues & Subscriptions
- m) \$1,000 Other Expenses

Total Expenditure: \$1,326,200

#### **IV. The St. Louis Development Corporation:**

Public Revenue Structure: (100% Publicly Funded)

- a) 50% Federal Government Funding
- b) 0% State Government Funding
- c) 15% City Government Funding
- d) 35% Other (Fees for service, Real Estate transactions and etc.)

Revenue Sources:

- a) \$10,000,000 Federal Government Revenues
- b) \$3,000,000 City Government Funding
- c) \$7,000,000 Other (Fees for service, Real estate transactions and etc.)

Total Revenues: \$20,000,000

Expense Categories:

- a) \$7,000,000 Administrative Expenses
- b) \$13,000,000 Program Expenses

Total Expenditure: \$20,000,000