

Things You Should Know About Economic Development



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

Tracy Kitts

International Economic Development Council

Why this course

- ▶ Local leadership = critical factor in economic development
- ▶ Local leaders have opportunities to:
 - ▶ Raise awareness
 - ▶ Help develop and communicate a common vision
 - ▶ Inspire your community to act
 - ▶ Provide the right level of resources
 - ▶ Impact the climate for doing business



About the International Economic Development Council

World's largest organization for economic development professionals: 4,800+ members and network of 60,000+

Major emphasis is the U.S. and Canada, but also serving other nations

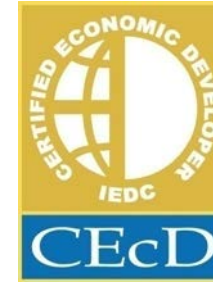
Mission: help people involved in economic development at all levels to do the job more effectively.

When we succeed, economic developers help improve the quality of life in their communities



IEDC's Services

- Professional development & certification: CEcD
- Organizational certification: AEDO
- National research on the latest trends in economic development
- Advisory services and research for communities
- 4 conferences annually
- Monthly webinars
- Economic Development Research Partners (EDRP)
- EDNow e-newsletter and EDJournal



Overview of Economic Development



What is Economic Development?

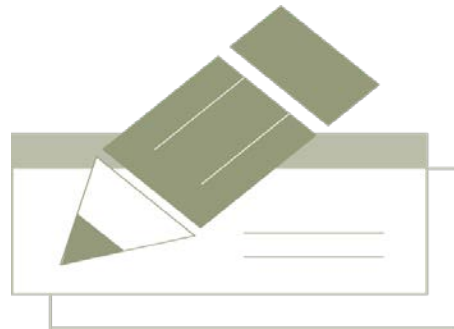
- A program, group of programs, or activities that seeks to improve the economic well-being and quality of life for a community by creating and/or retaining jobs that facilitate growth and provide a stable tax base.
- The creation, retention, and expansion of jobs, development of the tax base, and enhancement of wealth.



An economically healthy community...



**Has a
sustainable tax
base.**



**Meets needs
with income.**



**Exports goods &
services &
imports cash.**



**Provides
opportunities for
personal growth.**



“Communities as Nations”

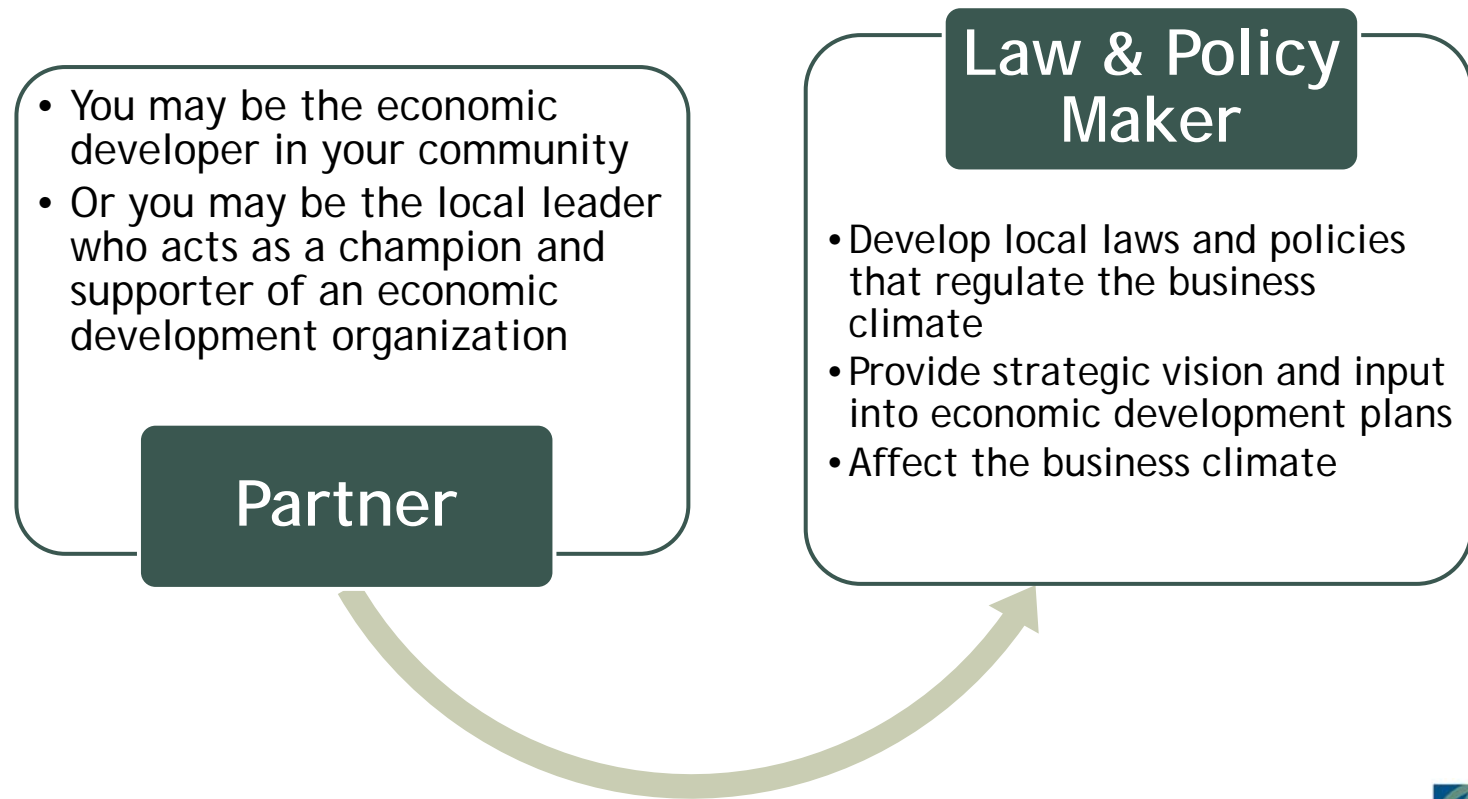


Why should you spend time on economic development?

- You can improve the tax base
 - Higher land values
 - More personal and corporate income
 - More personal property
 - More business sales
- You can diversify the tax base from residential property taxes to
 - Industrial property
 - Sales taxes
 - Payroll taxes
 - Hotel taxes



Your key role in economic development



**Flexibility of
“vision” – one that
matches interests
and assets of
community**

**Strong understanding
of local economy**

Stimulate co-operation

**Design programs
around your
community’s
comparative
advantages**

**Success
factors of
economic
development
leadership**



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What you need to know

1. Your community's economic strengths & weaknesses
2. Your community's place in the regional economy
3. Your economic development vision and goals
4. Your strategies to attain these goals
5. How economic development is affected by local policies



Cont ...

6. Your regulatory environment
7. Your economic development stakeholders and partners
8. The needs of your business community & how you can help shape the business climate
9. Your community's economic development message
10. Your resources for staffing economic development

In this course we'll talk about all of these things



Key Functions of Economic Development



Key function

Strategic Planning

- Designing where economic development efforts will go
- Documenting & implementing action plans



Key function

Marketing & Attraction

- Building positive community image
- Recruiting new industry and business
- Using new marketing technology to attract attention to your community
- Working with site selectors
- Closing deals to bring new companies in



Key function

Business Retention & Expansion (BRE)

- Building relationships with existing companies
- Assisting local business and industries to solve problems so they can stay in your community and grow
- Keeping track of data about your businesses so you understand and can support positive trends



Key function

Entrepreneurial & Small Business Development

- Strategies designed to assist small business
- Programs that encourage new investment



Key function

Workforce Development

- Programs to ensure that businesses have an adequate pipeline of skilled workers
- How to encourage people in your community to prepare for the jobs your businesses are creating
- Attracting talent to your community
- How to use federal programs to meet your workforce objectives



Key function

Real Estate Development and Reuse

- Building new facilities
- Using and rehabilitating existing buildings
- Successfully dealing with contaminated properties



Key function

Economic Development Finance

- Evaluating deals
- Providing gap financing to enable good projects to move forward
- How to use finance and loan programs to meet your development goals



Key Components

Nighborhood Development Strategies

- Understanding the neighborhood economy
- Tools to revitalize distressed communities that are struggling with vacant and blighted buildings



Key function

Economic Resiliency

- How quickly your community can recover from natural or manmade crises
- Programs you can put in place to help ensure your businesses can survive and people can remain employed after an event
- Long-term strategy: Is your economy diverse or solely dependent on one or two industries?



Discussion Question:

How are ED operations handled and funded in your community?



What does your ED team look like?

Single or multi-person department

- Often housed at the County or Mayor's Office or City Manager's or in conjunction with Planning function

Arms-length

- Partnership of several municipalities or counties
- May or may not have a board
- "Fee for service" to outside organizations

Blended model



Developing Your ED Function

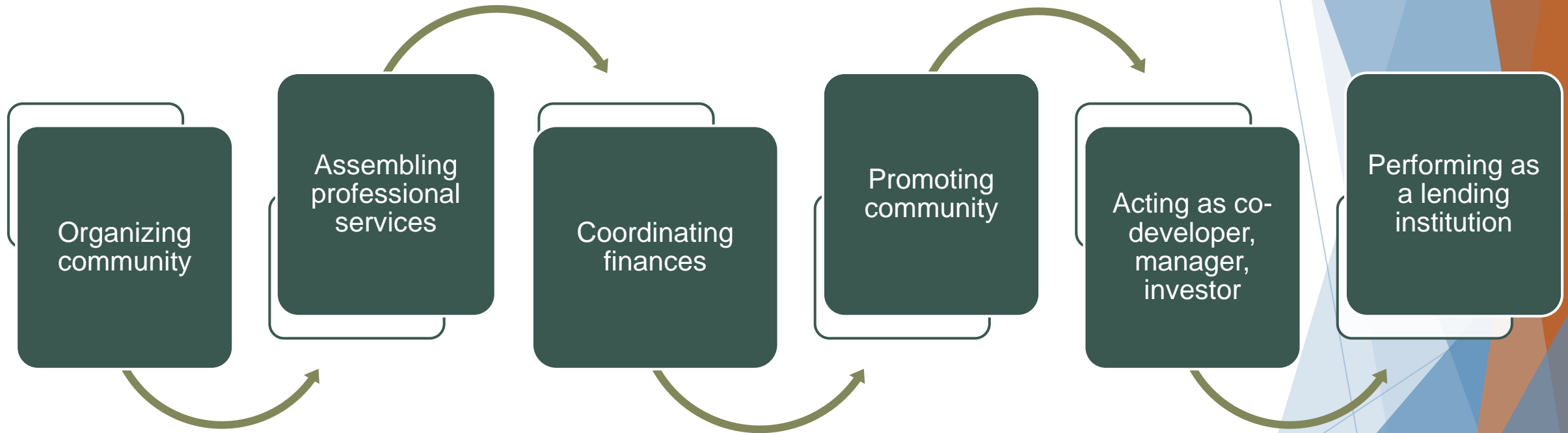
The quality of an economic development program is greatly impacted by the adequacy of its resources and knowledge of staff.

Funding through a combination of local, state and federal appropriations:

- Share of tax revenues
- In-kind services
- Public private partnerships
- Regional alliances
- Funding may be more than money



EDO Development Roles



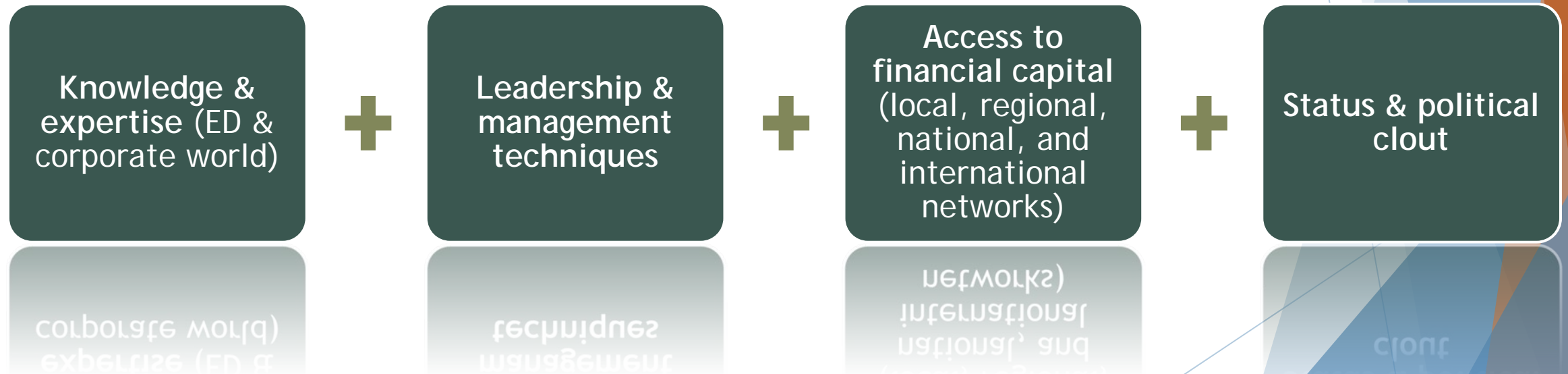
Competencies of professional economic developers



Excellence in Economic Development



If your role is to appoint an economic development board, look for these attributes...



Other Partners in Economic Development



Partners

- Federal, state, and regional economic development organizations
- Development authorities
- Ports authorities
- Chambers of commerce
- Industry associations
- Universities and community colleges
- Neighborhood groups and residents
- Downtown associations
- Utility companies
- Financial institutions



State Government Resources

Incentives

- Tax credits, tax abatements



Loan funds



Technical assistance



State enterprise zones



Federal Government Resources

Department of Agriculture

- Rural Business Cooperative Services
- Office of Community Development
- Economic Research Services



Department of Commerce

- Economic Development Administration
- Minority Business Development Agency
- Trade Adjustment Assistance Centers (TAACS)



Federal Government Resources

Department of Housing and Urban Development

- Community Development Block Grant Program
- Section 108 Program
- Renewal Communities, Empowerment Zones, Enterprise Communities



Small Business Administration

- Numerous financial assistance programs
- SBDCs and technical assistance services



Federal Government Resources

- Department of Labor
- Department of Health & Human Services
- Department of Defense
- Department of Energy
- Federal Reserve
- Department of Treasury
- Federal Home Loan Bank



Federal-State Regional Authorities

Delta Regional Authority (252 counties in AR, AL, IL, KY, LA, MS, MO, TN)

- States' Economic Development Assistance Program
- Strategic Economic Development Plans
- Delta Doctors



Appalachian Regional Commission (420 counties in 13 states)

- Infrastructure development

Tennessee Valley Authority (parts of 7 states)

- Business attraction



Private-Sector Roles in Economic Development



Financial Institutions are a Key Resource

- Banks
- Bank CDCs
- Community Development
- Financial Institutions
 - Community Development Banks
 - Community Development Credit Unions
 - Community Development Loan Funds



Local Leadership in Economic Development



Local Government

Local governments typically play a role in economic development by:

- Providing essential local data
- Facilitating community involvement
- Supporting a positive business climate
- Assuming some front-end development costs



Economic development needs local leaders as Champions

Understand the basics of ED

- Core functions of economic development
- Knows what successful economic development looks like and how to measure its effectiveness

Understand trends and how to respond

Local commitment to help transform communities and your economy



Example: City or County councils as economic development champions



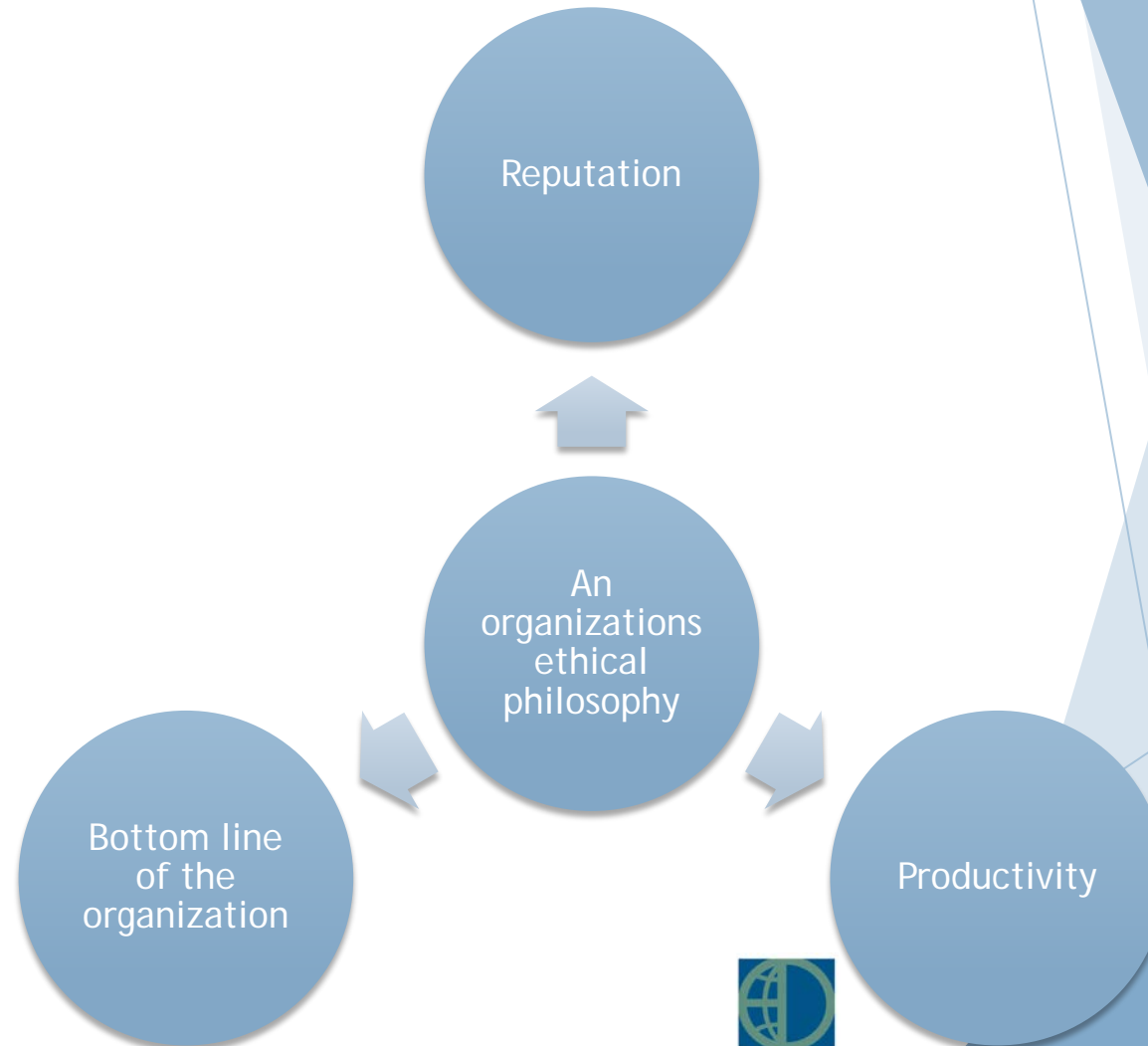
- Should play a supportive role to mayors or county executives
- Work as partners to improve the business climate
- Support policies that complement and support economic development
- Serve as ambassadors for the community
- Value community-wide well-being above their own constituencies



Good leaders are ethical

If ethics are poor at the top, that behavior is copied down through the organization.

Robert Noyce
inventor of the silicon chip



Advice for leaders working with business prospects

- Political instability is a nightmare for investors
- Build positive relationships but keep them professional
- Be transparent
- Keep records
- Respect confidentiality requests
- Diligently manage conflicts of interest
 - Financial disclosures such as Statement of Economic Interest
- Beware of offers of gifts, honoraria, travel and loans



Homework from this session:

Begin making your ED “to do” list

- Later today we'll discuss how to define your strategic vision and plan
- Your job is to make sure there's capacity to perform ED activities:
 - Revenue stream
 - Professional ED management
- Recognize that political instability is a nightmare for investors
- Be thinking about what you can do to create the right business climate for economic development in your community
- Be prepared to represent your community with other economic development partners



Questions?

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