

Aligning Incentives with Equitable Economic Development

ELLEN HARPEL

EQUITABLE ECONOMIC DEVELOPMENT
FELLOWSHIP WEBINAR

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About us

Smart Incentives helps communities make sound decisions throughout the incentives process

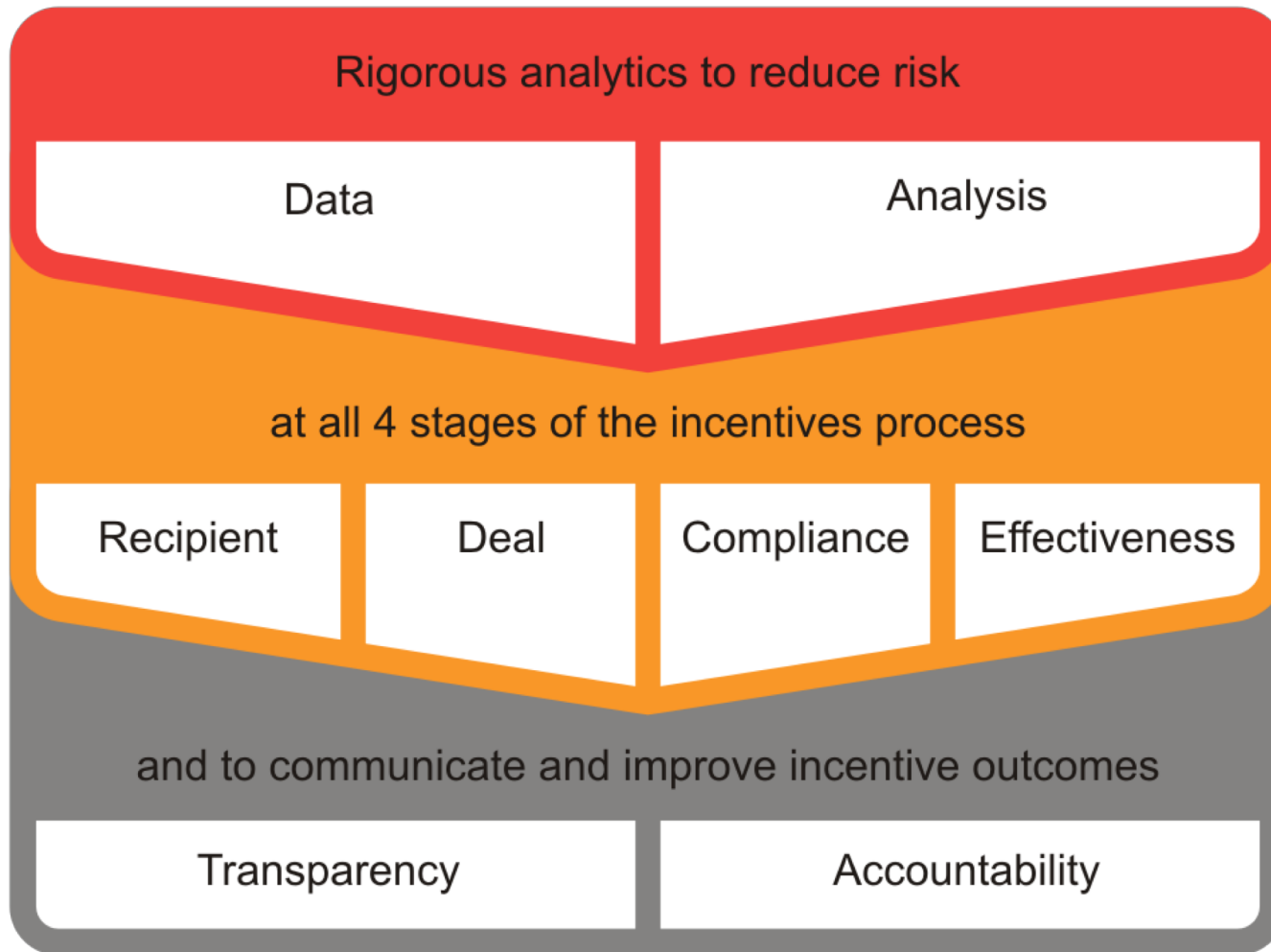
- ✓ Analyze incentive offerings and program design
- ✓ Apply the Smart Incentives 4x4 framework for program management
- ✓ Offer access to high-quality business intelligence, data, and analytical methods to guide decisions
- ✓ Improve evaluations and reporting on program results

Why do we use incentives?

To achieve our community's economic development goals

- Jobs
- Worker training
- Business development
- Investment
- Downtown revitalization
- Brownfield redevelopment
- Quality of life and quality of place
- Strengthen tax base

Incentives are not just about winning a deal. Smart incentive use is always connected to a larger economic development strategy.



Lessons from Amazon HQ2

Invest in the community, not just the company

Incentives alone do not carry the day.

Education, infrastructure and housing create a competitive environment.

Incentives should not shortchange these investments.

The best incentive offers include investments that benefit both residents and the business.



In Virginia related to HQ2:

- \$195 million in state-funded infrastructure improvements
- \$50 million for K-12 tech education
- \$375 million for a new Virginia Tech Innovation Campus and new master's degree programs in computer science and related fields

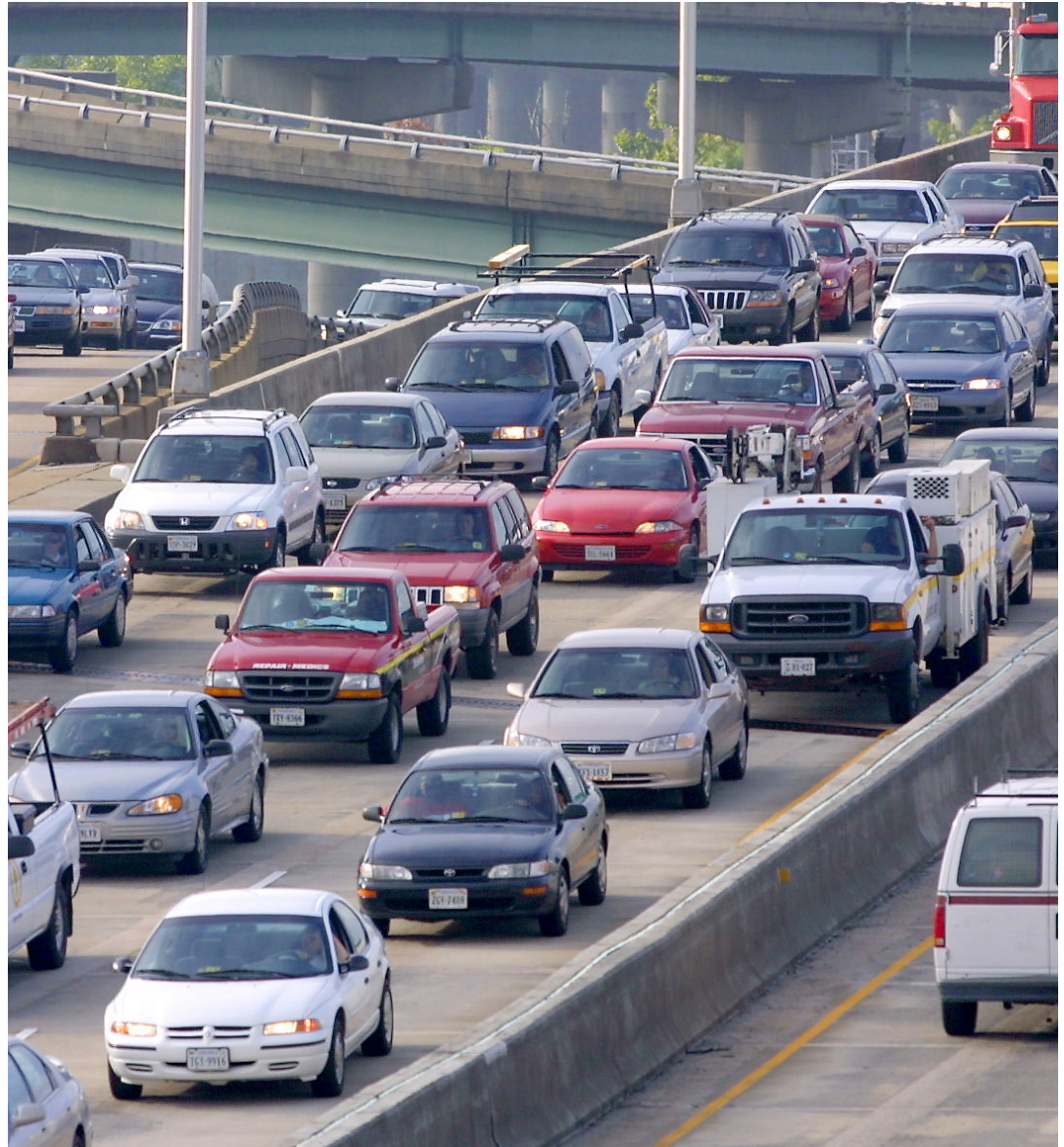
Address potential downsides

Be realistic about costs as well as benefits.

Projecting a positive economic impact may no longer be sufficient.

Who will benefit?

Will some residents feel negative effects from construction? In the housing market? Worsening congestion?



Always be engaging

Don't wait until a big project comes along to talk about your strategy.

Follow your own rules.

Build new coalitions.

Use multiple online and in-person methods.

Make information easy to find.

Report regularly on outcomes.



“The promise of new jobs and more money isn’t appealing to working class folks who know they’ve been shut out of this process entirely, not just now but for decades before.”

Lena Afridi, Association for Neighborhood and Housing Development
Quoted in [“The war against Amazon,” Fast Company, 2/15/19](#)

Equity goals and metrics

How to establish clear and measurable program goals

Review your portfolio of incentive offerings

Examine the stated purpose of each incentive program

- Does the program serve your current economic development strategy?
- How does it relate to equitable economic objectives?

Consider how the program is actually used

- What types of projects have been incentivized over the last 5 years?
- Do program guidelines and scoring incorporate the equity themes that are important in your community?

Are there gaps in program offerings? Are new program guidelines needed?

Articulate the link between incentive programs and equity goals

Examples of equitable economic development goals

Grow good accessible jobs that provide pathways to the middle class

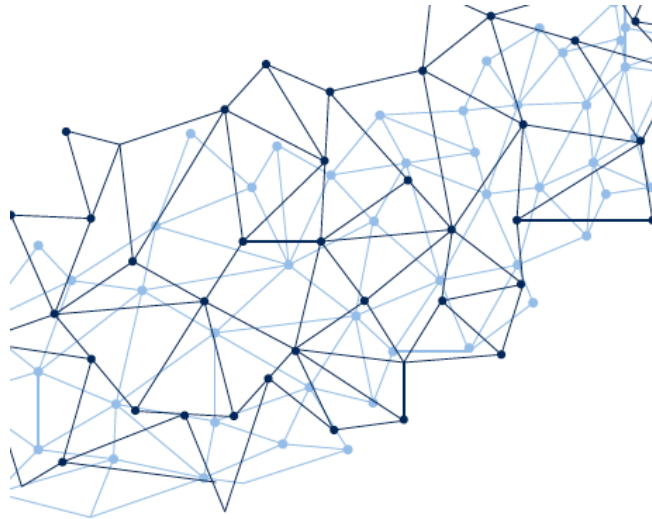
Increase economic security and mobility of vulnerable families

Cultivate homegrown talent / career pipeline

Create healthy opportunity-rich neighborhoods



Examples of program metrics



**Redefining Economic
Development Performance
Indicators for a Field in Transition**
JULY 2017



Jobs:

- Wage standards
- Middle skill jobs
- Procurement/purchasing patterns

Increase economic mobility

- Targeted hiring
- Training provided/completed

Career pipeline

- Sector-specific workforce training program completions and placements

Neighborhoods

- Improvements in parks, services, amenities, food systems
- Transit, water lines, broadband in underserved neighborhoods
- Increase access to high-quality affordable homes

Report on equity-related outcomes

Communicating expectations to incentive applicants

- Consistent, sustained language on what the city is trying to achieve
- City is an investment partner, not a project supplicant
- City's ROI may include making progress toward equitable outcomes

Communicating results to your community

- Transparent data on program usage
- Reporting on compliance with project terms and equity outcomes
- Did this deal/this incentive program generate net benefits for the community? Did it contribute to the equitable economic development goals the city set for itself?

Summary

1. Equity goals and incentive program purposes often overlap. Make the connection explicit.
2. Be intentional in incorporating equity goals during each stage of the incentive process
3. Choose (carefully) metrics to assess progress
4. Report on promises made and whether community expectations were met
5. Use this process to sustain the commitment to equitable economic development

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