



# City of San Antonio

## Agenda Memorandum

**File Number:**18-6333

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**Agenda Item Number:** 1.

**Agenda Date:** 11/28/2018

**In Control:** City Council B Session

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**DEPARTMENT:** Economic Development

**DEPARTMENT HEAD:** Rene Dominguez

**COUNCIL DISTRICTS IMPACTED:** City-wide

**SUBJECT:**

A briefing on the proposed 2019-2020 Tax Abatement Guidelines.

**SUMMARY:**

The Economic Development Department (EDD) will present draft recommendations on the proposed 2019-2020 Tax Abatement Guidelines. This presentation will include preliminary findings on relevant national best practices regarding inclusive growth and initial feedback from national site selectors on integrating these principles into an economic development industry recruitment and retention policy.

**BACKGROUND INFORMATION:**

San Antonio has seen strong growth and has enjoyed a number of accolades from national publications and think tanks for our overall economic performance, entrepreneurial growth, and millennial population growth. San Antonio has also seen record low unemployment in recent quarters, as well as stable job growth in targeted industries per the recent SA2020 Impact Report.

Despite this strong economic growth, educational attainment rates and wage levels remain below state and national averages. Additionally, when elements such as unemployment are disaggregated along lines of geography, race, and education level, the growth in job opportunities and the seemingly broad pathway to prosperity narrows for large portions of San Antonio's population. According to the Economic Innovation Group's 2017 Distressed Communities Index (DCI), Bexar County ranked 14th in the United States in total number of people living in distressed zip codes estimated at 412,000 or 22.6% of the population.

San Antonio's long-term economic competitiveness depends heavily on ensuring that we remain competitive

for good-paying targeted industry jobs while creating pathways for residents to participate in a growing high-performing economy with a specific focus on defined areas of opportunity. San Antonio has long been a proponent of growth strategies that connect targeted populations and targeted areas of the City to additional opportunities and investment. However, in order to remedy decades of institutional and often intentional practices which resulted in the disparity, economic development practices and related policies need to be reviewed and enhanced to ensure economic opportunity is available to all residents.

The draft 2019-2020 Tax Abatement Guidelines were developed with input from several economic development stakeholders such as the SA Chamber of Commerce, North San Antonio Chamber of Commerce, Hispanic Chamber of Commerce, Real Estate Council, COPS/METRO, San Antonio Real Estate Council, South Chamber of Commerce, and others. On November 6, EDD presented draft recommendations to the EWDC. Additionally, EDD hosted six, two-hour, day and evening work sessions in November to educate residents on the use of tax abatements and to secure community feedback on recommended updates. EDD also reached out to neighborhood associations and stakeholder groups through the Office of Government and Public Affairs and the Office of Equity.

In March, EDD presented to the Economic and Workforce Development Committee (EWDC) a plan to review best practices with a focus on inclusive growth to inform the update to the 2019-2020 Tax Abatement Policy. EDD hired a consultant to evaluate national best practices regarding inclusive growth policies as they pertain to connecting economic development projects to residents in distressed communities through workforce development investments. The consultant was also charged with securing input from national site selectors on the impact to potential projects considering locating significant jobs and investment to San Antonio. A second EWDC briefing occurred on November 6, and the draft recommendations will be presented for consideration and Council action on December 13.

#### **ISSUE:**

EDD has developed draft updates to the Tax Abatement Guidelines and has vetted these initial recommendations with community stakeholders. Recommended updates include a newly formed targeted geography, increased transparency in Targeted Industry project scoring, opportunities for corporate partnerships in support of SA Tomorrow policy goals, and introduction of the new Upskill Project category. EDD will continue to seek feedback before making a final recommendation for Council consideration on December 13.

#### **ALTERNATIVES:**

This item is for briefing purposes only.

#### **FISCAL IMPACT:**

This item is for briefing purposes only.

#### **RECOMMENDATION:**

This is a staff briefing and no action is required.