Cities’ Recession Responses: Staying the Course, But Getting Creative Too

By Louise Anderson

IEDC recently conducted an informal scan to explore how U.S. cities are coping with the economic downturn and how their strategies had changed.

In regard to long-term strategies, we found that communities remain committed to investing in drivers of sustained prosperity: entrepreneurship; technology and innovation, especially clean tech; place-making and quality of life; workforce development; and global integration. None of the cities reviewed abandoned existing key initiatives or undertook a dramatic new direction.

In addition, we found that many of the short-term measures cities adopted to bring some economic relief were essentially new and different ways to advance the long-term strategies mentioned above, in light of recession impacts.

In a time of tight budgets and struggling workers and businesses, many cities are keeping their end goals in mind while seeking some immediate impact. Below are examples of some of the initiatives we found.

**Entrepreneurship/small business development.** In April, Pittsburgh announced the launch of the Pittsburgh Entrepreneur Fund, a new low-interest loan program geared toward small business expansion and creation. Focused on high-tech companies, the fund will provide up to $200,000 for growing businesses and young entrepreneurs who are eager to turn an idea into profitability. A key difference with this loan, versus most business loans, is that intellectual capital – the idea of a product – may result in funding. The fund is being seeded by a $1 million commitment from the city; half will be reauthorized from existing CDBG funds and half is anticipated from the city’s allotment of economic stimulus funding.

To stem the loss of financial sector workers in New York City, the city instituted several programs to help retain and grow financial companies and promote entrepreneurship among financial professionals. Those include targeted incubators; new angel funds; launching an annual financial services business plan competition among international business and engineering schools; opening a “VC Connect” online information portal and providing VC support services; beginning “FastTrac,” a business training program, and “JumpStart NYC,” a job training and placement pilot program designed for laid-off financial services workers looking for opportunities within the city’s network of venture capital portfolio businesses.

In April, San Francisco created a new Small Business Revolving Loan Fund, which will provide low-interest microloans of up to $50,000 to small businesses operating in San Francisco that create and retain jobs for low-to-moderate income city residents. In addition, the city is granting local businesses a New Jobs Payroll Tax exemption for two years; directly
providing over $23 million in no-interest loans to local businesses; and expanding existing programs to support neighborhood commercial corridors.

**Technology and innovation, especially clean tech.** In Los Angeles, an effort to attract and retain clean technology companies, boost job creation and attract federal funding for clean tech R&D – the CleanTechLA partnership – was formed among city leaders, universities and economic development groups. Plans afoot include the development of a Cleantech Manufacturing Center and a research center focused on renewable energy, climate change and water.

The Kansas City Area Development Council (KCADC) in December formed an Advanced Energy Task Force to identify areas in which the region can compete effectively in advanced energy investment. The task force plans to wrap up its work by late summer with a business plan that establishes the area’s strengths and ways to capitalize on them.

**Place-making and quality of life.** Pittsburgh continues to invest in redevelopment, place-making and amenities, recently launching a year-long planning effort aimed at transforming 6.5 miles of abandoned, undeveloped, or under-used land along the Allegheny River into places for jobs, housing and recreation. The city has committed $350,000 to create a master plan. It also is moving forward with the multi-million-dollar redesign and rehabilitation of Market Square, a downtown historic district.

Denver is continuing its “Better Denver” infrastructure bond projects program. Construction is slated to begin on a total of 60 projects this year, and the city is accelerating some projects, such as a new recreation center in Stapleton and a streetscape project downtown. In April, San Francisco announced $1 billion for infrastructure projects (separate from federal stimulus dollars) that are already underway or will begin in the coming year, among the airport, transit agency, public utilities commission and the port.

**Workforce development.** RichmondJobNet.com was launched by the Greater Richmond (Va.) Partnership in February 2009 in response to a number of company closings and large layoffs. Its goal is to retain this talent, simplify the job search process and improve the connections between jobseekers and employers seeking to fill positions in the region.

In Allegheny County (home to Pittsburgh), the Community College of Allegheny County is offering free tuition to all laid-off workers.

**Global integration.** The Metro Atlanta Chamber recently held the second Atlanta International Environmental Trade Mission, a forum to bring economic development stakeholders and international market representatives together to network and identify potential in green business development opportunities. The chamber also will continue conducting marketing/ recruitment missions in target countries around the globe.
Richmond, Va., had plans to create an International Service Support Center to assist small businesses in expanding their international market outreach by collaborating with the Virginia Asian American Chamber, Virginia Hispanic Chamber, the Metropolitan Business League and local international business support companies and organizations.

Portland plans to help clean-tech and green building companies access foreign markets by launching regular communication with state foreign representatives to develop specific company targets abroad and for investment in Portland. The city also held an International Roadshow in May to bring foreign representatives to Portland for a week to meet with qualified export-ready companies from the city and help them find partners in those global markets.

Learn from both experts and your peers about strategies for economic recovery and growth at IEDC’s 2009 Annual Conference in Reno, Nev., Oct. 4-7. Register today!

New This Week at IEDC’s Economic Recovery Zone

If you haven’t checked out the Recovery Zone yet, you’re missing out on a great, frequently updated resource for news about the stimulus and how communities are responding to the economic downturn. Posts from the past week include:

- SBA Announces Interest Rates for Recovery Act Loan Program
- Recovery Zone Economic Development Bonds and Facility Bonds Now Available
- Stimulus Media Coverage/The Big Picture, Part 2: Conflicting Goals?
- Small Business Catalyst Awards for Accelerating Innovative Research
- Top 10 Ways to Use Recovery Funds for Green Building
- Recent DOE Funding Announcements

This resource is for IEDC members only. If you have trouble logging in, contact Phil Goodwin, IEDC’s Member Relations Coordinator, pgoodwin@iedconline.org.

Do You Know Your Worth? Does Your Community?

By Talib Hudson

As budgets tighten, many communities seek to save money by trimming funds for economic development. Yet in the current economic climate, it’s crucial for EDOs to be competitive in recruiting or retaining the talent that will lead their communities through the storm.
How will your community know whether it offers adequate compensation to attract and retain the best employees? And as an economic developer, do you know your fair market value?

The 2008 Salary Survey of Economic Development Professionals can answer these questions. In the latest edition since 2006, this survey is based on responses from over 4,300 economic development professionals across the country. IEDC teamed with over 30 state and regional associations and Readex Research to create the largest and most comprehensive salary and compensation survey conducted for the economic development profession.

New to the 2008 edition are salary summary tables which provide compensation information by region, operating budget, population and highest degree earned. Salary and compensation information based on personal, occupation, and organization-related characteristics also are included.

Select findings include:

- Certified Economic Developers (CEcD) earn over $21,000 more than professionals without any certification, on average, and nearly $3,000 more than professionals with non-executive certifications.
- Executives in the Northeast earn the most, at an average of $94,200, while executives in the Midwest earn the least at an average of $82,900.
- Economic developers with a master’s degree or higher fare best in the West, with an average salary of $94,900.

The 2008 edition provides interesting comparisons with data from the 2006 edition. For example:

- The average salary for economic developers increased 4 percent (from $77,200 in 2006 to $80,600 in 2008), while the average salary for CEcDs increased three times as fast (from $87,500 in 2006 to $98,200 in 2008, a 12 percent change).
- The average salary for executives in 2006 ($87,300) grew by 6 percent compared with 2008 ($92,300).

IEDC thanks the state and regional associations and all the individual survey respondents who participated. The 2008 Salary Survey of Economic Development Professionals is available at the IEDC Bookstore at a cost of $132 for survey participants, $157 for IEDC members and $232 for non-members.
Congratulations to EDA’s 2009 Excellence in Economic Development Award Winners!

Especially to IEDC board member JoAnn Crary, CEcD, President of Saginaw Future, for winning the Excellence in Environmental or Energy Economic Development award in partnership with Michigan Economic Development Corporation and the Saginaw County Chamber of Commerce. For the full list of winners, visit EDA’s website.

Federal Update

House Committee Holds Hearing on SBIR/STTR Reauthorization

The House Committee on Small Business held a full committee hearing on legislation reauthorizing the Small Business Innovation Research and Small Business Technology Transfer (SBIR/STTR) programs. The SBIR program was reauthorized in 2000 and was scheduled to sunset on September 30, 2008, however it received two temporary extensions — the first through March of this year, the second through July. The STTR program was last authorized in 2001, and also is set to expire this year.

A key aspect of the pending legislation is a reversal of the 2003 prohibition on small business with more than 50% venture capital ownership. The bills will also include $27.5 million for phase III funding.

The reauthorization package contains a number of bills, including the Commercializing Small Business Research and Development Act (H.R. 2769), the Investing in Tomorrow’s Technology Act (H.R. 2767), the SBIR and STTR Enhancement Act (H.R. 2772), and the Rural Technology Development and Outreach Act (H.R. 2747). The Senate Committee on Small Business and Entrepreneurship is also considering reauthorization legislation. The SBIR/STTR Reauthorization Act of 2009 (S.1233) and the Entrepreneurial Development Act of 2009 (S. 1229) were both marked up in the Senate committee last week.

The House and Senate bills may move quickly, given the upcoming July 31 expiration date of the SBIR program. Both chambers have a full legislative schedule, with appropriations, healthcare, and climate change, so it remains to be seen if the SBIR/STTR programs will be reauthorized this summer, or if another temporary extension will be necessary.
EPA Joins DOT and HUD in Sustainable Communities Partnership

A trio of federal agencies announced a three-way interagency partnership to build sustainable communities at a June 16 hearing in front of the Senate Committee on Banking, Housing and Urban Affairs. Environmental Protection Agency (EPA) Administrator Lisa Jackson, Department of Transportation (DOT) Secretary Ray LaHood and Department of Housing and Urban Development (HUD) Secretary Shaun Donovan unveiled their plan to collaborate on the Partnership for Sustainable Communities initiative. This development follows a March 2009 announcement by HUD and DOT of the first ever federal-level agency partnership to combine transportation, affordable housing and land-use planning efforts. Highlights of the HUD/DOT partnership include:

- $100 million investment to encourage regional authorities and local planning bodies to combine efforts to develop integrated housing, transportation and land-use plans
- $10 million investment in joint research and evaluation to track housing and transportation expenditures by location
- Creation of a housing and transportation affordability index, which will indicate the links between transportation availability, costs and affordable housing for consumer and business use – a measure meant to drive the real estate market toward existing and affordable development.

These efforts are meant to help coordinate diverse and affordable housing and transportation options, increase affordable housing near employment opportunities, increase multi-modal transportation, decrease transportation costs and create a foundation for economic growth. The inclusion of EPA in this partnership adds environmental considerations to the group’s planning efforts to strategically merge economic goals with environmental priorities.

EPA will add an emphasis on alleviating the impacts of climate change and the benefits of encouraging smart growth practices. EPA will use smart growth principles in this partnership to:

- Encourage targeted development to areas with existing infrastructure
- Expand multi-modal transportation options to include, not only mass transit but, walking and bike friendly options as well.

EPA also will bring agency priorities to the table regarding climate change that will enhance HUD and DOT’s existing planning and coordination efforts. Among these priorities are energy efficiency through improved building standards, investments in research, strengthened regulations for and access to renewable energy and the setting of emissions standards. The continued integration of air quality, transportation use and land use planning, as addressed in the 1990 Clean Air Act, will remain a focus, as will water infrastructure. EPA expects to increase funds to help localities update their wastewater and stormwater management systems and offer continued assistance to assess, remediate and reuse brownfield sites.
While much of the testimony from the three department heads during the hearing emphasized coordinated planning efforts, they also agreed on getting out of communities’ way as they seek innovative solutions to deploy their own visions for smart growth. As part of this effort, each agency will review its policies to identify and adjust or eliminate obstacles to putting creative strategies into action.

With the goals of creating communities that offer a safe and affordable variety of housing and transportation options and encouraging smart growth, this expanded partnership is the first of its kind.

Administrator for Rural Development’s Housing and Community Facilities Selected

Secretary of Agriculture Tom Vilsack recently announced the appointment of Tammy Trevino as the new administrator of Housing and Community Facilities in the Office of Rural Development at USDA. Ms. Trevino brings an economic development background to the position, having previously served as the chief executive officer for FUTURO Communities, a non-profit regional development organization based in Uvalde, Texas. Ms. Trevino also served as the economic development director of LaSalle County, Texas, and holds the Economic Development Finance Professional and Housing Development Finance Professional certifications.

Upcoming Hearing on Rural Broadband Development

The House Agriculture Committee will hold a hearing on rural broadband development and the Recovery Act. The hearing date has not been set, but should occur shortly after the July 4 recess.

Economic Development News

Analysis & Impacts

*Predictions of a jobless recovery, and how to respond to it*
Market Street, June 16

Looking at historical trends in labor market conditions during periods of recovery from recessions, this article notes that a “jobless recovery” — growth in output but not in employment — is likely on the way. After the analysis, you’ll find recommended responses that you’ve seen before, but they are elaborated well here and bear repeating: Focus on business retention; remind the business community and the public-at-large of your resources
to help entrepreneurs; and support new freelancers and those who seek training (or training for the first time).

**MetroMonitor: Tracking Economic Recession and Recovery in Metro Areas**
The Brookings Institution, May 2009

The MetroMonitor, a quarterly, interactive barometer of the health of America’s 100 largest metro economies, looks underneath national economic statistics to portray the diverse trajectories of recession and recovery across the country. This edition examines indicators through the first quarter of 2009 and comes up with some interesting findings – such as the fate of tourism-specialized metros, the differences between the two distinct Manufacturing Belts and Sun Belts and more.

**Middle-Wage Jobs in Metropolitan America**
Brookings, June 10

This report investigates the accessibility of middle-wage jobs for those without bachelor’s degrees in 204 metropolitan areas. It measures “accessibility” as the share of jobs that are middle-wage as a percentage of the share of workers without a bachelor’s degree. The type of analysis provided in this report can help economic and workforce developers and policymakers better align middle-wage jobs and middle-wage jobseekers.

**Business Attraction & Marketing**

*When times get tough, the tough get marketing – some with more success than others*
The Wall Street Journal, May 7

As recession hammers cities and towns, many are paying for image makeovers in the hope of attracting tourists and business investment. This article discusses the perils and pitfalls of several states' and communities' rebranding efforts.

Speaking of slogans and marketing, here’s an interesting article from The Next American City on the origins of the highly popular marketing phrase “live, work, play,” and how it often reflects aspiration rather than reality.
Entrepreneurship & Small Business Development

Co-working spaces may become “important parts of every region’s entrepreneurial ecosystem”
Entreworks Insights, June 2009

The economic downturn has helped spawn a new generation of freelancers, and they are responding by developing interesting new ways of working and collaborating. Co-working spaces – locations where individual entrepreneurs or free-lancers can come together for work – is one of those ways, and a smart tactic for communities seeking to nurture new business owners and to build strong local collaborative networks.

Microcredit grows in America (especially Omaha)
The Next American City, May 26

Microcredit – the practice of extending small loans at low interest rates to poor entrepreneurs who lack access to conventional bank loans – is much more common in the developing world than in America. In the U.S., microcredit loans typically range from $1,000 to $10,000 and cover business start-up costs ranging from a portable stove for a food vendor to rent for a hair dresser to the $1,000 FedEx bill that one entrepreneur needed to get an online bakery running. Grameen Bank, the pioneer microfinance institution, has launched a successful program in Queens and is working to open lending branches elsewhere around the country. This article is an interesting overview of the industry.

A follow-up article announces that Grameen will open its second American branch in Omaha.

Finance & Incentives

Right-Sizing the U.S. Venture Capital Industry
Kauffman Foundation, June 10 (PDF, 10 pp.)

Venture capital returns recently have stagnated and declined, with the industry seeing little recovery since the late 1990s. There is a growing and important debate about where the venture industry goes from here; the author concludes that venture capital must shrink its way back to health if it is to provide competitive returns and secure its own future as a credible asset class and economic force.
Angel investors and the recession: Caution abounds, but there is no better time for valuations
Angel Capital Association, May 18

A recent survey of angel groups found that average investment activity per group declined by 9 percent in 2008 from 2007, although several angel groups actually increased investments because they saw new opportunities during the recession. Although 40 percent of angel groups expect overall investment to decrease again in 2009, a majority of angel groups (53.8%) expect that 2009 investments and dollars will be the same or greater than in 2008. The article provides additional detail about angel investors’ attitudes during the recession.

Real Estate, Revitalization & Sustainability

Transit-oriented development succeeds even in a poor housing market
The New York Times, June 13

While the credit crisis has halted many housing developments, those linked to broader revitalization or transit-related efforts seem to be having more success going forward. A $38 million mixed-use development next to a commuter rail station being erected in downtown Carrollton, Texas, is among many nationwide to be planned around new and existing light rail lines.

Technology & Innovation

New report provides hard data in support of green job growth
Pew Center on the States, June 2009 (PDF, 62 pp.)

The number of jobs in America’s emerging clean energy economy grew nearly two and a half times faster than overall jobs between 1998 and 2007. This report provides a hard count across the 50 states of the actual jobs, companies and venture capital investments that supply the growing market demand for environmentally friendly jobs, products and services. Looking forward, the clean energy economy has tremendous potential for growth, as investments continue to flow from both the government and private sector, and federal and state policy makers increasingly push for complementary reforms. (The link above is to the full report; access the summary here.)

The report notes that the biotech industry, which has been the focus of significant public policy and government and private investment, employed fewer than 200,000 workers in 2007, as compared to 770,000 employed in clean energy. A recent New York Times article on cities’ pursuit of biotechnology jobs provides an interesting contrast to the Pew report, noting that biotech is much harder to grow because of the industry’s complexity and concentrations in certain cities, as well as its lengthy product-development process.
Bioenergy fact sheets for southeastern states
Southern Growth Policies Board/SAFER Alliance

Here’s an interesting resource – fact sheets on individual southeastern states (as far northwest as Oklahoma and Missouri) that provide graphic, easily accessible summaries of each state’s biomass resources, research assets, policies and more, in an attempt to understand the potential for bioenergy development.

Workforce Development

Recruiting talented, home-based workers: A new ED model for New Mexico?
New Mexico Business Weekly, June 5

An initiative is afoot in New Mexico to recruit solitary, creative workers from California and other states who want to work from home; find people in New Mexico who are working at home and help them get more work; and find people in the state who want to work at home. Called the “Third Bedroom” initiative, communities and developers also would help bundle back-office services, like accounting and billing, so the at-home workers wouldn’t have to do it themselves.

Creative talent, industries and strategy: A bunch of links

Columbus, Ohio, has done a deep dive on its creative industries – understanding them is the first step to growing them (Business First of Columbus article; PDF of full report).

Here’s an article about efforts in Memphis to attract and retain talent. Unfortunately, Louisville learned it’s not meeting its goal to lure college graduates (Courier-Journal).

This commentary presents a clear-eyed perspective on the impact of business attraction efforts versus focusing on amenities: In the short run, workers follow jobs, but in the long run, jobs follow workers (Indiana Business Bulletin).

Finally, whether you take any stock in “best of” lists, some people must or else they’d stop publishing them. If you’re curious, here’s best cities for young professionals (PDF, 9 pp., Next Generation Consulting) and best cities for jobs (Kiplinger, July 2009).

The line blurs between community colleges and four-year universities
The New York Times, May 2

Community colleges are increasingly offering four-year degrees, typically in applied fields such as nursing, public safety management and veterinary technology. It’s cheaper for
students, and night classes are more accessible for working adults. Florida leads the way in the trend, with 14 community colleges authorized to offer bachelor’s degrees; nationwide, 17 states, including Nevada, Texas and Washington, have allowed community colleges to award associate’s and bachelor’s degrees.

**Member Update**

**Kwasi Holman**, former President of the *Prince Georges County Economic Development Corporation* (Md.), is now the head of the *Maryland Economic Development Association*.

**Brian T. Hamilton**, CEcD, has left the *City of Austin* (Texas), where he was the Economic Development Manager, to become the new Economic Development Director for *Montgomery County Department of Economic Development* (Va.).

**Laurie Boyer**, CEcD, Executive Director of the *Frederick County Office of Economic Development* (Md.), and **Heather Gramm**, CEcD, Business Development Specialist with the *Frederick City Economic Development Office* (Md.), have new positions with the *Maryland Economic Development Association* (MEDA). Boyer has been elected Secretary of MEDA, and Gramm was named Co-Chairwoman of MEDA’s Professional Development Committee.

**Marisa Lago**, President and Chief Executive of the *Empire State Development Corporation* (N.Y.), will step down at the end of the month.

**Paul Strasbaugh**, credited for creating 100,000 jobs in central Oklahoma over his 63 years as an executive with the Greater Oklahoma City Chamber and the Oklahoma Industries Authority, died in May at age 91. In 2008, Paul won IEDC’s Chairman’s Award for Lifetime Achievement in Economic Development.
Job Center

Got openings? Place your job ad with IEDC and get four weeks of exposure to more than 20,000 economic development professionals across the nation and beyond. Simply fill out our simple online form.

» Visit the Job Center for details on each listing.

June 22, 2009
• Economic Development Director (Waynesboro, VA)
• Economic Sustainability Director (Coral Gables, FL)

June 15, 2009
• Economic Development/Planning Manager (Brentwood, CA)
• Executive Director (Montgomery, IL)
• President and CEO (New Windsor, NY)
• President/CEO (Toledo, OH)
• Project Manager (Augusta, GA)

June 8, 2009
• Beringia Museum Culture and Science Project Director (Nome, AK)
• Economic Development Director (Colleyville, TX)
• Economic Development Director (Rawlins, WY)

June 1, 2009
• Community Development Administrator (Westminster, CO)
• Director (Cape Girardeau, MO)