

The Public Policy Of Economic Development

The phrase “economic development” involves a broad range of topics that routinely stimulate lively discussion and interest. Economic development is also an industry of its own with products, marketing, vocabulary, consultants and connectors. Successful economic development is achieved with the concerted actions of policy makers, community partners and businesses working together to support and grow the economic health of a specific area. It is a team sport. It is competitive!

Like individual competitors, the focus of the competition is not on others, but on understanding the strengths, weaknesses, opportunities and threats (SWOT) of self, or in this instance the community. The fundamental SWOT approach to understanding your community never goes out of style. Consultants will come and go but the approach is true. The focused activity of a community’s economic development work is identified through the sharing of perspectives from as many resources as possible.

Key stakeholders in the conversation include the local and regional businesses that create, retain and hopefully expand employment opportunities and investments. It is

valuable to ascertain what economic development needs look and feel like for them. The committed community leaders, including the elected and appointed officials, and economic development professionals, should contribute history, vision, and leadership to the conversation. The representatives of the local education ecosystem are important participants as their work contributes directly to the community's quality of life, community strength and workforce development programming. It is not easy to be open to listening to many other voices. Authentic leaders of economic development understand listening, sharing and strategizing with these key stakeholders, in large, small and continuous conversations, creating the opportunity to formulate community goals to move the economic development work forward.

The economic development industry thinks in terms of community product, community image, business retention and expansion, and industry attraction. In simpler terms: product, promotion and passion. It is important to recognize these public policy focus areas do not exist in silos but work in synergy, constantly connecting shared elements, seamlessly building on each other.

Community Product And Image

What is the community product? Elements of that focus include an inventory of the infrastructure of water, sewer, roads, broadband, highway access, rail or ports, mass transportation, the education ecosystem, workforce, green space, recreation, the service industry, retail, commercial, office and entertainment fabric of the community. What is the education ecosystem of the community in terms of K-12, junior college, career technologies, bachelor’s degree, and higher education? What efforts are being made towards workforce development? What housing opportunities are present to support specific workforces? How does the community provide for the interests and needs of all its members? The community product considerations are fundamental to the evolution of the community image. What picture is being

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painted? Then, ask the question “how might the product and image be improved and enhanced?” and the community’s public policy work will be revealed. Perhaps this means a bond issue to extend infrastructure or the building of a community center to enhance the community product. This work is an art and a science.

Business Retention And Expansion

What is the business retention and expansion work? Elements of that focus include identifying and/or creating resources for entrepreneurship, and regular visits with existing job creators to discuss successes, plans and prospects. Provide businesses with information and/or connections that may open opportunities for financial support, incentives, expansion or whatever you hear they might need. Be a partner. For cities, be a partner more than a regulator. Examine the city’s land use, planning and building regulations for health, safety and welfare accountability, and flexibility to reach “can do” solutions when issues arise.

Industry Attraction

What does the industry attraction work look like? The content of the other three focus areas contribute to the characteristics of the community’s business attraction decision-making factors. Those factors include location, hard infrastructure, business climate, soft infrastructure and quality of life. Depending on the type of industry being sought (distribution centers, back office, manufacturing, headquarters, medical, or research and development) the priority of these individual factors change. Strategies to prepare for business recruitment opportunities are to have immediately available information regarding the quality of life of the community, potential sites, status of infrastructure

at the sites, available workforce and area workforce training opportunities. Remember workforce data can be derived from the region. Think broadly and creatively when examining and gathering information and opportunities related to the recruitment decision-making factors.

In recruitment, there are other Missouri partners at the state level who are always working to strengthen the economies of Missouri and who are doing economic development work every day. Missouri Partnership is a public-private organization charged with business recruitment and marketing for the state of Missouri. The Hawthorn Foundation is a nonprofit founded to provide a forum for strategic new business attraction conversations with private funding for the Governor and state elected and appointed officials to travel and promote Missouri business. They also fund visits to other states to research best practices of similar public-private partnerships.

The University of Missouri Extension Program is also a valuable data resource. UM Extension has a HOMEGROWN program fostering entrepreneurship using Tapestry Segmentation. Economic data analysis based on household data points is utilized to assist in identifying a community’s demographic category. This segmentation approach identifies LifeMode groups to provide national standard insight into community demographics. In addition, it can be valuable to know who the statisticians say you are, and then the community can decide whether the category fits or needs clarification. The analysis provides information from which a community can build its own most accurate story. This tool is especially valuable for regional communities outside of metropolitan areas.

Incentives

It is important to note that use of incentives have not been a focus. Where does the topic of financial incentives fit in the conversation? It begins with a request for information from potential industry attraction projects, or when a company or developer starts examining more closely the scope and budget of a project. The project will be either revitalization or expansion of something existing, more intense redevelopment of existing or new development. Local incentives in Missouri often focus largely on revitalization and redevelopment projects, though new construction related to job creation has significant value for the community.

The Missouri Constitution creates the boundaries by which incentives are defined. The two primary boundaries involve the following principles: (1) Municipalities shall not lend credit or grant public money or thing of value to or in aid of a corporation, association or individual, with

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a few exceptions, like manufacturing, warehousing, and industrial development purposes, and public purposes, as determined by governing bodies and caselaw; and (2) Tax relief from taxation of lands, though only available for the purpose of reconstruction, redevelopment and rehabilitation of obsolete, decadent or blighted areas. These principles shape the character of Missouri development financing tools. Tax increment financing, sales tax reimbursement agreements and special taxing districts are programs by which new tax revenue generated from the project provides opportunity funding to the company or developer. Chapter 100, Chapter 353, and Land Clearance for Redevelopment Authority (LCRA) are programs by which property tax abatement provides to the company or developer operational benefits for the project.

Effective economic development can mean different things to the varied participants in the process; however, the shared desired outcome is the creation of business opportunities where community benefits are realized. It begins by establishing

community conversations with key stakeholders, defining the community product to be promoted, and identifying how that product might be improved. Communities can then understand their community image and identify how the community image might be enhanced. Implementation involves engaging with existing businesses for business retention and expansion strategies, exploration of the industry attraction opportunities, and steadfastly pursuing this important community building work. 🌱

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