



City of Seattle
Office of Economic Development

Memo

Date: September 12, 2013

To: Councilmember Sally Clark
Councilmember Tom Rasmussen
Councilmember Richard Conlin
Councilmember Jean Godden

CC: David Yeaworth, Legislative Assistant to Councilmember Sally Clark

From: Steve Johnson, Director, Office of Economic Development

Re: Office of Economic Development Director's Report

By the Numbers: Where You Grow Up Matters

A team of economists and [researchers from Harvard and UC Berkley released a study](#) based on millions of anonymous records of income that provided a deep look at the factors that increase people's chances of rising into the middle class. The core finding is that geography plays a major role in explaining why cities with similar macro-economic footprints, such as Seattle and Atlanta, perform so differently in enabling advancement into the middle class. [As reported in the New York Times](#), "The gaps can be stark. On average, fairly poor children in Seattle — those who grew up in the 25th percentile of the national income distribution — do as well financially when they grow up as middle-class children — those who grew up at the 50th percentile — from Atlanta."

Key findings include:

- The factors that correlated most strongly with income mobility are: dispersion of poor families among mixed income neighborhoods; two-parent households; quality of K-12 education; involvement in civic life, such as churches and community groups; and, mobility (ease at accessing other neighborhoods and job centers when necessary.)
- Tax policy, college tuition rates, and income disparity had slight or no correlation with income mobility.
- Income mobility occurs less often in the Southeast and industrial Midwest with the odds notably low in Atlanta, Charlotte, Memphis, Raleigh, Indianapolis, Cincinnati and Columbus.
- Income mobility occurs most often in the Northeast, Great Plains and West, including in New York, Boston, Salt Lake City, Pittsburgh, Seattle and large parts of California and Minnesota.
- While regions with larger black populations had on average lower social mobility, the characteristic of low social mobility impacted both white and black populations within those regions.
- Affluent children tend to remain in the upper income levels regardless of location.
- There is greater social mobility in affluent countries like Canada, Australia, France, Germany and Japan than there is in the United States.

- The parts of the country with the highest rates of social mobility (Seattle, Salt Lake, and Pittsburgh) have rates as high as those in Denmark and Norway, two countries among the highest performers.

My general takeaway from this research, and a special presentation given to the Economic Development Commission by one of the researchers, is that inclusion should be the driving priority of the City's efforts regarding patterns of development. Where there are concentrations of low-income households in a neighborhood, we should seek to increase the diversity of income. Where there are concentrations of high-income households in a neighborhood, we should seek to create opportunities for lower and middle income families to live there.

Investing in Businesses: OED 2013 Results by the Numbers (as of 8/22)

Loans	<ul style="list-style-type: none"> • The NMTC allocation awards were announced in April; unfortunately Seattle Investment Fund did not receive an allocation. • \$1 million 108 loan for 12th Avenue Arts closed in January. Year-to-date, OED and its partners have lent \$4.7 million to 5 businesses creating and retaining 109 jobs.
Company visits	<ul style="list-style-type: none"> • 250 companies have been visited by OED staff and our partners. • Targeting 500 business visits in 2013.
Businesses assisted	<ul style="list-style-type: none"> • 123 businesses were connected with resources or were helped with a permitting or policy issue. • Targeting 250 businesses to be connected with resources in 2013.
Permits Issued	<ul style="list-style-type: none"> • 185 film permits and 183 special events permits for a total of 368 permits issued. • Targeting the issuance of 700 permits in 2013.
Pathways to Careers	<ul style="list-style-type: none"> • 1912 low-income individuals receive career planning and related support services. • 919 students enrolled in adult education and training (since beginning of school year, Sept 2012). • 482 students have completed training this year • 310 of program participants placed in jobs. • 54 individuals enrolled in Career Bridge.

Site Selection Assistance – OED is currently assisting three companies that are exploring relocating or expanding their operations into Seattle. They include Buddy, a Bellevue based company that provides website services for application developers; Silver Cup Coffee, a Lynwood based coffee roasting plant and café; and Gary Manual Salon, expanding into a second location in Seattle. OED is providing permitting assistance, evaluating the cost of doing business in Seattle compared to other jurisdictions based on the B & O tax, and connecting the companies with financing from the Grow Seattle Fund.

Med Mix – OED offered assistance to Ian Eisenberg, the owner of the Med Mix building in the Central District that was set on fire by an arsonist in August. Mr. Eisenberg is trying to pull together some numbers to determine how much it is going to cost to repair the damage from the fire. Once he is finished with his cost analysis, he will reach back out to OED for possible assistance with financing and help with getting permits.

Investing in Seattle's Economic Strengths

NMTC Meeting with Senator Cantwell's Office – On August 16th OED met with Erin Gulick from Senator Cantwell's office to advocate for the permanent renewal of the New Market Tax Credit (NMTC) program, which is a federal tax credit program set to expire at the end of this year. The meeting, organized by OED and OIR, included several Washington State NMTC Community Development Entities (CDEs) and partners including: Kitsap County NMTC Facilitators, Craft3, Enterprise, Breckenridge Consulting Services and WA Department of Commerce. We emphasized the importance of awards to local CDEs who understand and are committed to the businesses and neighborhoods that ultimately benefit from these tax credits. The group toured Retail Lockbox, a recipient of tax credits through OED, and Washington Hall, who is seeking NMTCs for their rehabilitation. Both projects are prime examples of the program's wide range of benefits to businesses, employees, the neighborhoods, arts/culture and smaller non-profit organizations.

Economic Development Commission – The EDC completed its 3rd meeting on September 5th and is on track to issue its plan to build on Seattle's strengths and provide economic opportunity for all who live here. The Commissioners approved an economic development framework with several "foundational" areas (Innovation Ecosystem; Talent and Creativity; Infrastructure and the Built Environment; and Social and Cultural Environment) to guide Seattle's efforts to support economic development in our city over the next ten years. Over the summer, the EDC convened a series of small group discussions with stakeholders centered on these proposed foundational areas. The next meeting is in November and the Commissioners will be identifying specific initiatives that it will lead to support a dynamic and sustainable economy with broadly shared prosperity. Members of the Commission will brief the full Council on Monday, September 16th.

Squire Park Neighborhood Service Center – OED has been talking with LIHI and CADA about ways to increase occupancy of the commercial space at Squire Park project (17th and Jackson). We asked FAS whether the project could work as the location of the Central Area neighborhood service center. Margaret Cesena of FAS toured the site, but the configuration of the space appears to be problematic for FAS. OED will follow-up to determine whether there is any potential solution to make the space workable for FAS. FAS' occupancy would greatly help the project and enhance the project's ability to repay the City's Section 108 loan.

University Heights Center for the Community Association Legislation – OED has been working on an amendment to the existing agreement between U-Heights and City that requires a farmers' market use on U-Heights property. This is the result of a longer negotiation between U-Heights and the University District Farmers' Market (UDFM) in which all parties agreed that the UDFM should move onto the adjacent street. As per the agreement, any change in service that amounts to more than 10% of total service provided requires Council approval. We have worked with Council Central Staff, Dept. of Neighborhoods and Parks to move forward with legislation that is agreeable to all parties.

University District Livability Partnership – Steve Johnson and staff met with members of the University District Livability Partnership to learn about how they have grown and restructured as a result of the *Only in Seattle* investment last year. The new organizational model which will require a bigger business improvement area, allows for a vast expansion of size and resources bringing the organization's new budget to just under \$1 million dollars. This includes a multi-year investment by the University of Washington.

Restaurant Reform Update – OED convened the Restaurant Core Team twice in July to plan out the work of the MOU. Separate projects are emerging, including addressing the railing height conflict between the City building code and the Liquor Control Board policy, addressing the fats, oils, and grease (FOG) issue between Public Health and Seattle Public Utilities, and developing the online guide. The Core Team has identified those agencies and the appropriate staff to work on addressing these projects. The FOG project team and the online guide project team have recently met to begin their respective work. A railing height project team began to meet in August to addressing the regulatory inconsistency.

Investing in Workers

Workforce Development Council (WDC) Business Services meeting – WDC convened their new business services team on Tuesday, August 20th. This meeting convenes City and County WorkSource staff, the state’s regional Director of the Employment Security Dept., Seattle Jobs initiative, and others. The top agenda items centered on the City’s new ‘ban the box’ ordinance, and its relation to the U.S Department of Labor’s Training and Employment Guidance letter #31-11 “Update on Complying with Nondiscrimination Provisions,” which provided a template for the City’s ordinance. OED and WDC will be seeking clarification of WorkSource’s regulatory obligation with the Office of Civil Rights. The business services team may be planning an employer workshop in the months ahead in regards to this ordinance.

Pathways to Careers Leverages New Grant Dollars – The novel partnership between the City and the Seattle Community College District - *Pathways to Careers* (P2C) - has been leveraged successfully in gaining two grants recently: one from the Walmart Foundation, and one from the Wadwhani Foundation. The former will pay for administrative coordination across the colleges needed to build district-wide programming, and the latter is meant to develop digital literacy and on-line learning opportunities in P2C offerings.

Manufacturing Academy Graduation at South Seattle Community College – *Pathways to Careers*’ Manufacturing Academy graduated its 3rd cohort of students Friday, July 26th. The 14 students in this two quarter, 28 credit program are low income and low skilled upon entry. To date, this program has 51 graduates, 23 of whom are veterans, and 25 students have been hired into jobs paying salaries up to \$23/hour. Retention rates have been averaging 83%, which is twice the retention rate of classes usually offered for this population.

Looking Forward – Three Month Look Ahead

City Business Casual	Sept 12
Film, Music, Interactive Media Happy Hour	Sept 25
City Business Casual	Oct 10
Film, Music, Interactive Media Happy Hour	Oct 30
City Business Casual	Nov 14
Film, Music, Interactive Media Happy Hour	Nov 27