



NATIONAL UNIVERSITY SYSTEM  
INSTITUTE FOR POLICY RESEARCH

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**Responding to the Recession:  
Ten Innovative Municipal Efforts to  
Foster Job Creation in a Down Economy**

**Executive Summary**

America is facing one of its worst post-war recessions. Unemployment currently stands nationally at 8.1% and the widespread consensus is that it will continue to increase during the rest of 2009.

Given the scope and depth of the problem, most efforts to deal with the downturn have focused on national and even international policies.

But cities are not without policy options. From San Francisco to New York City, mayors and city councils are embracing policy proposals designed to create jobs, spur new businesses, and, in doing so, increase government tax revenue in these difficult economic times.

This is especially important given that small businesses are traditionally the engines of job creation and so often local policies, from the ease of obtaining business licenses to support for incubators to local job training programs, can make the difference of whether small business entrepreneurs can succeed and thrive or whether they find the local business climate inhospitable.

Ten innovative ideas being pursued by other jurisdictions stand out as particularly applicable to our region's challenges. Relatively costless, each promise to help cities like Boston and Chicago more successfully deal with the recession and emerge from it more competitive and economically stronger.

## **I. Economic Development Efforts announced for the San Diego region.**

### **A) City of San Diego**

In his 2009 State of the City Address, Mayor Jerry Sanders noted his efforts underway to create more jobs in the local economy. He has worked with a volunteer group of community leaders, an “economic roundtable,” to develop a forward-looking job creation strategy for the city.<sup>1</sup> In broad terms, Mayor Sanders remarked that the strategy includes attracting new employers, improving permitting and planning, and spending tax dollars on public works projects.

Mayor Sanders also has moved forward to have the City to take advantage of a recent state law that allows for residential solar panel installation to be financed through long-term payments on a property tax bill.

Finally, in January 2009, Mayor Sanders launched his 17 member Citizens’ Task Force to develop new recommendations on a proposed expansion of the San Diego Convention Center, which supports more than 12,000 local jobs, and has generated more than \$16.3 billion for the local economy over the last twenty years.<sup>2</sup> In March 2009, the *San Diego Union-Tribune* reported that the Task Force’s internal timeline was accelerated, which will provide valuable information sooner to Mayor Sanders, which may then be used to develop new construction or bonding proposals.

### **B) Some Other Regional Efforts**

Other municipalities in our region have crafted creative partnerships with the business community to aid small and local enterprises. The cities of Poway and Escondido have launched “shop local” campaigns with their respective chambers of commerce, to encourage residents to shop within their city limits, helping both local businesses and local tax coffers. The City Chula Vista, along with the Chula Vista Chamber of Commerce, has hosted a quarterly small business seminar series called “Expert Insights” that has covered topics of commercial interest, including enterprise zone tax benefits, business loans, and the green economy.

## **II. Ten Best Ideas From Around the Country**

Cities in the San Diego region face constraints and challenges in implementing economic development programs. State law significantly constrains what they can and can not do when it comes to fiscal and budgetary affairs. Land use regulations are dictated, in large part, by state law. Simply put, while some jurisdictions in other states are promising tax

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<sup>1</sup> Office of the Mayor of San Diego. Mayor Sanders’ State of the City Address. Speech. 14 Jan. 2009.

<sup>2</sup> Office of the Mayor of San Diego. “Mayor Forms Citizens’ Task Force to Advise on Convention Center Expansion.” Press Release. 22 Jan. 2009.

rebates and deferrals and considering waiving permitting rules, those options are largely off the table for California cities.

But our region's cities are not helpless. With the constraints they face in mind, NUSIPR identified ten policy ideas from other cities are appropriate for the region's cities to consider.

1. Cutting business taxes for 17,000 small businesses (New York City);
2. Catalyzing partnerships between universities, non-profits and entrepreneurs to spur new incubator space for start-up companies (New York City);
3. Designating an Economic Recovery Team to track, manage, and apply for federal economic stimulus dollars (Baltimore);
4. Creating an online social network of city residents to market the human capital and economic opportunities of Boston (Boston);
5. Extending the life of master use and building permits to give developers more time to finish their projects without additional paperwork (Seattle);
6. Reforming regulations to allow more local businesses and residents to win municipal government contracts and purchase agreements (San Francisco);
7. Calling eligible businesses to encourage them to apply for enterprise zone tax credits and other benefits (San Francisco);
8. Encouraging residents to enroll for the federal Earned Income Tax Credit, using free income tax preparation services (Chicago);
9. Accelerating government funding for public works projects (Seattle);
10. Creating a two-year legislative agenda to advance policy changes on the local, state and federal level that will enhance greater growth in the local clean tech sector (San Jose).

## **New York City**

### *Innovative Economic Development Efforts*

- Cutting business taxes for 17,000 small businesses;
- \$900 million investment energy efficient upgrades of city facilities and the creation of thousands of green collar jobs;
- Catalyzing partnerships between universities, non-profits and entrepreneurs to spur new incubator space for start-up companies;
- Expanding the city's bridge loan program to small businesses.

### *Details*

During his State of the City address in January 2009, Mayor Michael Bloomberg unveiled a sweeping nine-point plan to create 400,000 new jobs through 2015.<sup>3</sup> Key to

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<sup>3</sup> Office of the Mayor of New York City. "In State of City Speech, Mayor Bloomberg Details Program to Move City Through Economic Downturn With Nine-Point Jobs Plan, New Quality of Life Initiatives and Greater Government Accountability and Efficiency." Press Release. 15 Jan. 2009.

the plan is the implementation of the largest capital infrastructure plan in the city's history. New York City is spending more than \$10 billion this fiscal year for public works projects. Part of the plan is to increase the "green economy" by spending \$900 million over nine years for energy efficient retrofitting projects throughout the city, doubling the local solar power production, identifying new city locations for wind power generation, and increasing job training for green collar jobs. Other parts of his plan include significant improvements to New York's vital marine terminals – a \$100 million "modernization" of a produce terminal, expanding a container terminal, and creating space for a new alcohol distribution terminal

All told, Bloomberg expects the capital improvement program will create more than 25,000 jobs.

The Mayor's Office is also actively seeking to "pair up" academic institutions with an interest in creating incubator space for new start up companies with landlords that have available vacant space, and are willing to provide leases with steep discounts for six to twelve months.<sup>4</sup>

Additionally, Mayor Bloomberg called for cutting, and in some cases eliminating, the Unincorporated Business Tax for 17,000 small businesses; approving more applications for Business Improvement Districts; and aims to reduce costs and delays for development approval for small property owners.

Before his State of the City address, Bloomberg had announced 18 initiatives to create jobs and help workers and businesses in the economically dreary months of 2008. These proposals include;

- Working with the City Council to accelerate the creation of a new brown field cleanup program;
- Expanding the local government's emergency loan program to include small businesses and not-for-profit organizations;
- Maximizing government funds to increase staff and operating hours at two career centers, and open two new centers;
- Creating 250 to 300 affordable housing units by using a \$24 million HUD grant to acquire and redevelop foreclosed properties.<sup>5</sup>

## **City of Baltimore**

### *Innovative Economic Development Efforts*

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<sup>4</sup> Office of the Mayor of New York City. "Mayor Bloomberg Discusses Short-Term and Long-Term Ways The City is Helping New Yorkers Through The Recession and Putting New York in the Best Position To Capture New Growth In Weekly Radio Address." Press Release. 22 Feb. 2009.

<sup>5</sup> Office of the Mayor of New York City. "Mayor Bloomberg Announces 18 Initiatives to Help New Yorkers Face Current Economic Challenges." Press Release. 30 Oct. 2008.

- Placing the Baltimore Convention Center staff under the direction of the local visitors association to increase convention bookings;
- Designating an Economic Recovery Team to track, manage, and apply for federal economic stimulus dollars;
- Hosting a Disability Income Tax Day to facilitate greater tax refunds among disabled residents.

### *Details*

In July 2008, Mayor Sheila Dixon merged the Baltimore Convention Center with the Baltimore Area Convention and Visitors Association (BACVA), placing the Center's 200 person staff under the direction of the non-profit BACVA to increase bookings for convention meetings and events.<sup>6</sup>

In March Dixon announced the Baltimore Economic Recovery Team (BERT), an interdisciplinary group tasked with identifying funding opportunities within the federal economic stimulus bill.<sup>7</sup> Additionally, BERT is charged with pursuing stimulus funds, tracking the outcomes of awarded funds, managing the funds, creating new jobs for city residents, and seeking input and ideas from experts and the public. BERT is led by mayoral and city staff, with advice from senior community leaders. Officials expect approximately \$30 million for transportation and housing projects through the stimulus bill.

Baltimore also partnered with the National Disability Institute and the Internal Revenue Service to host the second annual "Disability Income Tax Day," where free assistance with income tax preparation and asset planning was provided to disabled residents at seven locations throughout the city.

Mayor Dixon had previously provided a list of "shovel-ready" infrastructure projects for federal funding through the economic stimulus bill passed in February 2009, and challenged the business community to place 6,500 teenagers into summer jobs, achieving the same goal from 2008.<sup>89</sup>

In her State of the City Address in February Baltimore's Mayor also noted that three major employers moving into new office buildings in 2009, creating a combined \$300 million investment and more than a thousand jobs.<sup>10</sup>

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<sup>6</sup> Dash, Julekha. "Mayor aligns BACVA, convention center." *Baltimore Business Journal*. 7 Mar. 2008.

<sup>7</sup> Office of the Mayor of Baltimore. "Mayor Dixon Announces Creation of Baltimore Economic Recovery Team." Press Release. 10 Mar. 2009.

<sup>8</sup> Office of the Mayor of Baltimore. "Mayor Dixon Identifies List of 'Shovel Ready' Projects." Press Release. 29 Jan. 2009.

<sup>9</sup> Office of the Mayor of Baltimore. "Mayor Dixon Launches YouthWorks 2009 Summer Jobs Campaign." Press Release. 12 Dec. 2008.

<sup>10</sup> Office of the Mayor of Baltimore. "State of the City Address of Mayor Sheila Dixon." Press Release. 9 Feb. 2009.

## City of Seattle

### *Innovative Economic Development Efforts*

- Accelerating government funding for public works projects.
- Extending the life of master use and building permits to give developers more time to finish their projects without additional paperwork;
- Restricting non-industrial development in industrial zones;

### *Details*

In his State of the City Address in February 2009, Seattle Mayor Greg Nickels touted his efforts at job creation and economic development. The local government's two year budget includes more than \$1 billion for capital improvement projects which are expected to create 5,000 jobs.<sup>11</sup>

In February 2009, Mayor Nickels also announced the creation of "Seattle Jobs Forward." A key component of Jobs Forward is the acceleration of city funding for \$315 million worth of public works projects, creating an estimated 1,300 jobs.<sup>12</sup> Targeted projects include \$224 million for two major urban roadway projects, \$21 million for utility-related projects, \$16 million for sidewalk and pavement improvements, urban reforestation, and improvements to the Pike Place Market. In addition, the initiative seeks to protect industrial jobs by identifying environmental mitigation for future development, which will decrease the permit approval time for new industrial businesses.<sup>13</sup>

In December 2007, the Seattle City Council took steps to protect industrial zoning, capping retail and office developments in industrial zoned areas to between 10,000 and 25,000 square feet.<sup>14</sup> The plan also includes extending the life of master use and building permits to give developers more time to finish their projects without resubmitting paperwork

## City of Boston

### *Innovative Economic Development Efforts*

- Enabling small businesses to group-purchase energy to lower energy costs;

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<sup>11</sup> Office of the Mayor of Seattle. State of the City 2009: Seattle Mayor Greg Nickels, February 17, 2009. 17 Feb 2009. 10 Mar. 2009. <<http://www.seattle.gov/mayor/speeches/stateofcity2009.htm>>.

<sup>12</sup> Office of the Mayor of Seattle. "Mayor announces Seattle Jobs Forward package." Press Release. 11 Feb. 2009.

<sup>13</sup> For more information on Seattle Jobs Forward, visit: <http://www.seattle.gov/mayor/issues/jobsforward/>

<sup>14</sup> Gregg, Deirdre. "Factory flight – Seattle torn over how to save industry." *Puget Sound Business Journal*. 18 Apr. 2008.

- Creating an online social network of city residents to market the human capital and economic opportunities of Boston;
- Providing gap financing for stalled commercial developments through a HUD loan pool.<sup>15</sup>

### *Details*

In November 2008, Boston Mayor Thomas Menino rolled out Boston Buying Power, a new program that allows small businesses to purchase energy as a group, receiving savings through long-term fixed prices from the deregulated energy market.<sup>16</sup> Menino has also announced a new high-tech marketing campaign to create a global digital network of city residents, which allows for participants to provide content and receive information from volunteer network organizers.<sup>17</sup> The campaign in essence markets the human capital of Bostonians to the business community to lure them to conduct commercial activities in the city.

In December Mayor Menino announced the creation of Boston Invests in Growth, a \$40 million HUD loan pool to provide gap financing for stalled large commercial developments (20,000 square feet or more).<sup>18</sup> The city has also set aside up to 10% of the pool funds for smaller neighborhood-based development projects. This follows the Hotel Development Loan Fund the city created after 9-11 to provide gap financing for four new hotels, contributing to the creation of nearly 3,000 jobs, and ultimately netting \$6 million for government coffers. Boston has asked for Letters of Interest from interested businesses, and expects to issue loan commitments by spring 2009.<sup>19</sup>

## **The City of San Jose**

### *Innovative Economic Development Efforts*

- Using redevelopment dollars to support high-tech start-up companies and job creation;
- Extending city permits set to expire for one year, to foster more construction work;

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<sup>15</sup> For more information on Mayor Menino's "Recovery Plan," visit:

<http://www.cityofboston.gov/budget/recovery.asp>

<sup>16</sup> Office of the Mayor of Boston. "Mayor Menino Announces *Boston Buying Power*." Press Release. 13 Nov. 2008.

<sup>17</sup> Office of the Mayor of Boston. "Mayor Menino Unveils Innovative Global Marketing Campaign to Grow Local Economy." Press Release. 24 Feb. 2009.

<sup>18</sup> Office of the Mayor of Boston. "Mayor announces plans to bolster Boston's Economy in Address to Chamber of Commerce." Press Release. 9 Dec. 2008.

<sup>19</sup> Office of the Mayor of Boston. "City Seeking Letters of Interest for Boston Invests in Growth \$40M Loan Fund." Press Release. 26 Feb. 2009.

- Creating a two-year legislative agenda to advance policy changes on the local, state and federal level that will enhance greater growth in the San Jose clean tech sector.

### *Details*

In December 2008, The San Jose City Council approved Mayor Chuck Reed’s Economic Stimulus Plan, which was incorporated into a two-year \$259 million capital budget for the local Redevelopment Agency.<sup>20</sup> Reed is pushing for the City and the Redevelopment Agency to expedite capital projects that have received budgeted funding to create more construction jobs.

Reed has challenged San Jose to become “the easiest place in the state to open or expand business,” and made numerous recommendations that reflect this goal. The Council approved actions that will extend the life of city permits by one year, and cutting discretionary permitting requirements to hasten the approval of development projects.

Reed’s Plan also includes making redevelopment agency investments in a number of key industry-specific programs, including \$2.5 million for a “Clean Tech Jobs Investment Fund,” \$2.5 million for a fund focused on financing equipment and redevelopment for “emerging technology companies,” and a \$3 million fund to attract new downtown businesses and encourage expansion of existing enterprise. The Plan also includes:

- reducing downtown parking rates for start-up companies for two years;
- creating an inventory of vacant industrial property and preparing land and buildings for “immediate development;”
- identifying obstacles and future incentives to private development projects in business clusters, downtown, and business districts.<sup>21</sup>

Mayor Reed has set a goal of creating 25,000 clean technology jobs in San Jose.” To further that goal, the Mayor’s Office co-hosted a Clean Tech Legislative Summit in December 2008 to bring together government, entrepreneurs and industry leaders to discuss industry challenges and prospects for future opportunities. The Summit ultimately produced a two-year “Clean Tech Legislative Agenda,” which details 32 recommendations to changes in federal, state, and local public policy to improve clean-tech growth.<sup>22</sup> These recommendations include establishing national and regional green building standards, and expanding federal tax credits related to renewable energy.

### **City and County of San Francisco**

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<sup>20</sup> To read Mayor Reed’s Economic Stimulus Plan, visit:

<http://www.sanjoseca.gov/mayor/goals/budget/Mayor's%20RDA%20Budget%20Message%202008.pdf>

<sup>21</sup> Office of the Mayor of San Jose. “Mayor Reed Releases Economic Stimulus Plan and Redevelopment Capital Budget Message.” Press Release. 1 Dec. 2008.

<sup>22</sup> Office of the Mayor of San Jose. 2009-2010 San Jose Clean Tech Legislative Agenda. 3 Feb 2009. 10 March 2009.

<<http://www.sanjoseca.gov/mayor/goals/environment/SANJOSECLEANTECHAGENDA2009.pdf>>.

### *Innovative Economic Development Efforts*

- Creating new local tax credits to foster job growth and local business sales;
- Reforming regulations to allow more local businesses and residents to win municipal government contracts and purchase agreements;
- Calling eligible businesses to encourage them to apply for enterprise zone tax credits and other benefits.

### *Details*

In February 2009, San Francisco Mayor Gavin Newsom released an “Updated Strategy for Supporting San Francisco’s Economy,” a blueprint that outlined a five-part strategy for job creation and economic growth.<sup>23</sup> Chief among them is accelerating funding for large public works projects, similar to many other cities. The Mayor’s report notes that in addition to receiving federal stimulus dollars, the Port of San Francisco and the City itself are expected to seek ballot-box approval for new bonds to finance infrastructure projects. In an effort to speed up the initiating of infrastructure projects, new legislation has also been introduced that would shorten the time it takes to execute contracts, limiting redundant design reviews, and standardizing contract reporting protocols.

The Mayor is also pressing for small business assistance, including regulation reforms to allow more local businesses to bid and win city contracts, expanding a “Shop Local” public awareness campaign, and establishing two new loan programs for distressed small and local businesses. Additionally, Newsom pursuing higher enrollment of current tax credit programs and the development of new tax credits, including a two-year payroll tax exemption for new jobs, a two-year property tax rebate for locally-bought business equipment, and a film rebate tax credit worth up to \$600,000 for qualifying film and television productions. To aid in this effort, the Mayor’s Economic and Workforce Development Office announced that it would contact 4,000 businesses throughout the year to help them apply for lucrative city and state enterprise zone tax benefits for hiring “disadvantaged” workers and purchasing certain types of business-related equipment.<sup>24</sup>

Other aspects of the recovery plan include creating a new outreach effort to assist Spanish-speaking businesses, expanding the “ShopSF” marketing campaign that attracted regional Bay Area tourists, utilizing vacant storefronts as no-cost space for local artists, setting new preferences for awarding municipal contracts and procurement agreements to local businesses that hire city residents, and efforts to increase foreign investment.

Recently added to these efforts to jumpstart the SF economy and announced a ten-year, \$28 billion public works plan to finance infrastructure projects and create more than

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<sup>23</sup> To read Mayor Newsom’s Updated Strategy, visit:

<http://www.sfgov.org/site/uploadedfiles/mayor/PressRoom/NewsReleases/White%20Paper.pdf>

<sup>24</sup> Young, Eric. “S.F. to business: Take a tax break.” *San Francisco Business Times*. 3 March 2009.

200,000 new construction jobs.<sup>25</sup> Funded projects range from repairing streets, to rebuilding libraries, to major improvements, such as the construction of the new Transbay Terminal, an intermodal transportation hub that will also host the tallest skyscraper on the West Coast.

## **City of Chicago**

### *Innovative Economic Development Efforts*

- Encouraging residents to enroll for the federal Earned Income Tax Credit, using free income tax preparation services
- Hosting an economic roundtable with local business leaders and produce substantive policy recommendations to improve the local economy. .

### *Details*

In January 2009, Chicago Mayor Richard M. Daley publically encouraged all qualifying residents to apply for the federal Earned Income Tax Credit (EITC), and use free income tax preparation services at more than two dozen locations throughout the city.<sup>26</sup> The EITC provides more than \$36 billion to low-income workers throughout America, keeping them off the welfare rolls and helping provide essential goods and services for their families.

Finally, Mayor Daley also announced policies emerging from a roundtable with local leaders, including the need to identify more jobs for students, improving the local workforce development group's "rapid response strategy," and connecting laid-off workers with new jobs and training programs.<sup>27</sup> In addition, the roundtable called for expanding the existing "Made in Chicago" campaign to promote local services and manufactured goods and formalization of Chicago's economic development corporation's Ambassador Program, allowing more Chicago business executives to serve as city emissaries in their travels and discussions abroad.

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<sup>25</sup> Office of the Mayor of San Francisco. "Mayor Newsom Spurs Job Creation with Announcement of \$28 Billion in Capital Investments for San Francisco Over the Next Decade." Press Release. 3 March 2009.

<sup>26</sup> Office of the Mayor of Chicago. "Mayor Daley Urges Eligible Residents to Apply for Federal EITC Program." Press Release. 22 Jan. 2009.

<sup>27</sup> Office of the Mayor of Chicago. "Daley, Business Leaders Produce Action Plan to Kick-Start Local Economy." Press Release. 26 Jan. 2009.