
**Economic Development Corporations:
A Review of Organizational Missions,
Structures and Activities**

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What is an Economic Development Corporation?

An Economic Development Corporation (EDC) is a private non-profit corporation that promotes economic development in a geographic area primarily by expanding and diversifying the business community and promoting job creation.

Complementary to a chamber of commerce, these corporations focus on the long-term economic development of an area and often replace government departments as the official or de facto economic development arm of a municipality. This report will focus on EDCs that operate at a local level, although they also exist at national, state, and regional levels

Relationship with Municipalities

The relationship of an EDC with its respective municipality may vary. Some EDCs operate relatively independently, like the Los Angeles County Economic Development Corporation which, despite its name, is not the official EDC of Los Angeles County. Others, like the Miami-Dade Beacon Council and the New York City Economic Development Corporation, are public-private partnerships in contract with a municipality as their official economic development organization. Many EDCs exist to complement a city or county's economic development department and are delegated limited tasks, like originating certain small business loans or administering grant programs. Other EDCs completely or almost entirely replace the municipality's economic development department. New York City, for example, has no public department designated as the economic

development department—the New York City EDC assumes that role. The benefits of a private non-profit corporation as an economic development arm may include greater flexibility and privacy than is possible for a traditional municipal department.

Range of Activities

Upon reviewing various EDCs throughout the United States, their activities tend to fall under the following broad and often overlapping categories:

- Development
- Ensuring access to capital for entrepreneurs
- Business incubation, retention and expansion
- Thought leadership
- Workforce development
- Area-wide marketing

Development

Some EDCs actively develop or redevelop properties, civic spaces and streetscapes in ways designed to leverage maximum economic development in an area. For example, the Cincinnati Center City Development Corporation (3CDC), whose success has influenced other development corporations, maintains the following goals: (1) create great civic spaces; (2) create high-density/mixed-use development; (3) create diverse, mixed-income neighborhoods supported by local business; (4) preserve historic structures and improve streetscapes. Towards these ends, the activities of the 3CDC have been extensive, but notable activities have

included land banking and redeveloping underutilized properties, renovating city assets like a downtown plaza and several parks, developing large and high-density mixed-use properties, and an initiative to reduce panhandling by providing needed services and job opportunities to panhandlers. Although the 3CDC was formed as a recommendation by the City of Cincinnati Economic Development Task Force and works in tandem with the City and State, its operations are privately funded through corporate contributions, management fees, and below-market developer fees.

Downtown Revitalization

The success of the 3CDC's efforts in Cincinnati inspired the creation of a similar organization in the City of Erie, Pennsylvania. The author of the 2016 Erie Refocused Comprehensive Plan, the master economic plan adopted in Erie, recommended using the Cincinnati Center City Development Corporation as an example in downtown revitalization. The Erie Downtown Development Corporation (EDDC) was then formed to transform the city core and spark revitalization in the region. The EDDC states the following lessons learned from Cincinnati and other communities who have restored their downtowns: (a) revitalization of the city's core provides the greatest opportunity to spread revitalization elsewhere; (b) investments must be concentrated for greatest impact; (c) private funding is needed to serve as gap financing. The EDDC. In addition to purchases of property downtown, the EDDC launched the Erie Downtown Equity Fund, a for-profit entity funded for the purpose of supporting real

estate purchases and redevelopment activities of the EDDC with patient capital.

Other examples of EDCs that focus on transformative downtown development are the Louisville Downtown Partnership (LDP) and the Columbus Downtown Development Corporation (CDDC). In 2017, the LDP managed the Whiskey Row infrastructure redevelopment, spearheaded streetscape plans, and planned and launched the Bourbon District, a walkable experience highlighting the City's rich heritage. In Columbus, the CDDC's development projects have included a premier urban park, a redevelopment of the historic Lazarus Building turned vacant, and the Scioto Mile which reconnected Downtown Columbus to the Scioto river with an integrated system of parks and paths. Furthermore, the CDDC has contributed to the Scioto Peninsula, a massive mixed-use development anchored by a cultural district.

Please refer to the following links for more information on these organizations:

- Cincinnati Center City Development Corporation (<https://www.3cdc.org>)
- Erie Downtown Development Corporation (<https://www.erieddc.org>)
- Louisville Downtown Partnership (<https://louisvilledowntown.org>)

Ensuring Access to Capital for Entrepreneurs

EDCs have adopted various methods of ensuring access to capital for entrepreneurs. In their efforts to provide

capital directly, EDCs most commonly leverage the SBA 504 Loan program but also acquire funding through the New Markets Tax Credit program, state and local programs, and partnerships with private companies. EDCs may also connect borrowers with other providers of affordable capital.

SBA 504 Loans and Certified Development Companies

The SBA 504 Loan program is a common source of capital for EDCs who seek to provide affordable loans to small businesses. In a widely circulated IRS memo, the label “economic development corporations” was applied to several types of organizations that acquire tax-exempt status while assisting for-profit businesses, which would include Certified Development Companies (CDCs). These CDCs are licensed by the Small Business Administration (SBA) as the exclusive originators of SBA 504 loans which, in partnership with private lenders, help small businesses to finance real estate and equipment purchases on favorable terms using federal funds. The SBA even offers incentives for energy-efficient projects, including higher maximum loan amounts. In Des Moines, Iowa, the sole functions of the Corporation for Economic Development in Des Moines (CEDDM), a CDC, are to originate SBA 504 Loans, provide loan injections to assist in obtaining SBA 504 loans, and to administer the city’s Revolving Loan Fund and Microloan Programs for small businesses that demonstrate significant job creation or retainment. Although its exclusive focus on loan programs makes the CEDDM relatively limited in scope, the SBA 504 Loan program is utilized by many EDCs who

acquire CDC status or establish a subsidiary with CDC status. In North Texas, the Amarillo Economic Development Corporation originates SBA 504 loans through its CDC subsidiary, the Texas Panhandle Regional Development Corporation, in addition to fulfilling other economic development responsibilities for the City of Amarillo like site selection assistance, area-wide marketing, and tax incentives consulting.

New Markets Tax Credits and Community Development Entities

In the New Markets Tax Credit (NMTC) program, the US Department of the Treasury allocates federal tax credits to Certified Development Entities (CDEs), private non-profit organizations who exchange these tax credits with investors for funds used to invest in low-income communities. Many EDCs that behave as a municipality’s development arm work with CDEs or create subsidiary CDEs to tap into the NMTC program and generate investment in depressed neighborhoods. For example, the New York City EDC, in addition to working with outside CDEs, created a subsidiary CDE, the NYC Neighborhood Capital Corporation, through which it utilizes NMTCs to provide affordable loans in low-income communities. Other examples include the Los Angeles Development Fund and the Chicago Development Fund, both CDEs created by their respective city to generate NMTC investments.

Other Methods of Providing Capital

EDCs do not just rely on federal programs to leverage capital for small businesses. For instance, the New York City EDC utilizes various sources of capital for its

lending programs. The New York City EDC partnered with BOC Capital Corporation, a community development financial institution, to launch its Kick-Start Loan Program which provides loans for working capital and equipment costs to minority-owned and women-owned businesses. To address a gap in financing for small developers, the New York City EDC partnered with Basis Investment Group, a private for-profit commercial real estate investment manager, to launch its Emerging Developer Loan Fund which provides flexible pre-development and acquisitions financing to emerging developers at below-market rates. Furthermore, through partnerships with credit unions, community development financial institutions, and a city department, the New York City EDC helped to launch the Capital Access Loan Guaranty Program which provides lines of credit and loans to micro and small businesses having trouble accessing conventional bank loans.

Business Incubation, Retention and Expansion

EDCs that act as the economic development arm of a municipality implement a variety of methods to quicken the growth and success of new and existing small businesses. With their local expertise on the economy, incentive programs and the business community, EDCs consult entrepreneurs on various business matters. Incubation labs and shared spaces spur the growth and success of new businesses by transferring knowledge and connections while providing affordable spaces. Through procurement programs, EDCs help small businesses to acquire contracts with the government or in the supply chain of larger

businesses. EDCs can behave as comprehensive resource centers for entrepreneurial activity in their area.

Consultation

Due to their local expertise and extensive contacts, EDCs are well-positioned to consult entrepreneurs on various business matters. These EDCs usually assist with site selection and may maintain a database of featured properties, as well as provide businesses with referrals to local lenders, investors, and other real estate contacts. EDCs also help entrepreneurs to identify cost-saving programs applicable to their businesses including state and local tax incentives, financing programs, and workforce development programs which may also incentivize job creation and training. For instance, to leverage federal and state tax incentives for potential businesses when selecting a site, the Williams County Economic Development Corporation in Ohio features properties in federal Foreign-Trade Zones and Opportunity Zones, along with Ohio Enterprise Zones. In addition, EDCs assist in navigating permitting and regulatory processes. Some EDCs, including both the Rockland Economic Development Corporation and the Miami-Dade Beacon Council, conduct site visits with existing businesses to evaluate expansion opportunities, identify those considering relocation, and if possible, connect those businesses with programs and resources to facilitate expansion or retention.

Incubators and Shared Spaces

Many EDCs facilitate incubator and shared spaces that provide startups and small businesses with affordable spaces, business services, training and networking

opportunities. The New York City EDC supports a network of 14 incubator and shared spaces throughout the city, some of which cluster entrepreneurs in specific industries like environmental sustainability, biotech and cybersecurity. One of these incubators, Entrepreneur Space, is administered by the Queens Economic Development Corporation and focuses on the food industry. Food startups can rent their commercial kitchen space by the shift on a 24/7 basis at a low-cost and have access to free or low-cost business counseling. Entrepreneur Space also provides affordable office and classroom rentals on a monthly basis, giving startups the flexibility to avoid a long-term lease commitment.

Network Development

By developing networks between key players in the business community, EDCs help to spur innovation and economic growth. Some EDCs establish incubation networks for entrepreneurs, often connecting startups with providers of venture capital, industry experts and other useful resources. In the Connect & Grow Initiative by the Miami-Dade Beacon Council, the EDC builds a network that connects high-growth and scalable startups with investment networks, established companies, incubators, and professional development organizations. The initiative hosts innovation showcases, markets local clusters, and introduces entrepreneurs to available funding pools, including venture capital, angel investors, federal and state dollars. The initiative also produces research on local best practices regarding innovation.

Procurement Services

To aid small business expansion, some EDCs assist in acquiring government contracts or establishing connections with larger businesses seeking to diversify their supply chain. This helps small businesses tap into existing demand for their goods and services.

Government Contracts

Many EDCs promote business expansion by helping small businesses to acquire government contracts, a process which often requires certification and knowledge of specialized processes. The Rockland Economic Development Corporation in Rockland County, New York, operates a Procurement Technical Assistance Center (PTAC) through which businesses can apply for government procurement contracts and receive guidance on obtaining these contracts. The Center provides counseling, bid-match services, bid and proposal preparation, certification assistance, and other resources to help businesses procure government contracts. The Center also hosts workshops to educate business owners on government procurement processes and to provide technical assistance. PTACs are based on the federal Procurement Technical Assistance Program and receive funding from the federal Defense Logistics Agency. Another example is the Queens Economic Development Corporation in Queens County, New York, which offers a certification program to help minority and women-owned businesses acquire contracts with the City.

Business-to-Business Procurement

Many large businesses have supplier diversification targets that can be met by small businesses. Some EDCs see the

untapped potential and work to connect entrepreneurs in their purview with these opportunities. For instance, California SmartMatch is a supplier matchmaking service launched by the Los Angeles County EDC to connect manufacturers with small businesses in the aerospace and advanced transportation industries. By pre-screening applicants, the Los Angeles County EDC has facilitated meetings between small businesses and large manufacturers like Boeing, Northrop Grumman, Jet Propulsion Laboratory and the Aerospace Corporation seeking local procurement. Similarly, the Miami-Dade Beacon Council launched a pilot business-to-business initiative that matches small to medium-sized local businesses with national and global companies for supply chain sourcing opportunities.

Procurement of EDC Projects

EDCs that are directly involved in development projects may offer procurement contracts to small businesses. The ConstructNYC program by the New York City EDC allows small-to-mid-sized minority and women-owned business to compete exclusively with each other for contracts in New York City EDC projects. The program also provides the businesses with expert training and technical assistance if needed.

Industrial and Business Parks

EDCS often develop or operate industrial and business parks that cluster desired economic activity. The Lindale Economic Development Corporation in the City of Lindale, Texas, developed and operate an industrial park which helped to attract Target Corporation and FedEx. The Longview Economic Development

Corporation in the City of Longview, Texas, owns two business parks, zoned for light industrial and heavy commercial use.

Thought Leadership

In addition to economic development specialists, the board of an EDC is often comprised of local leaders in business, non-profits, finance, government and education. They are well-positioned to provide thought leadership regarding economic development efforts and often spearhead collaborations and area-wide economic development plans.

Research

It is common for EDCs to provide access to economic data, but some EDCs use their resources to generate original, specialized research. Through their Institute for Applied Economics, the Los Angeles County EDC conducts economic impact analyses on various economic occurrences, such as the Union Station Master Plan in downtown Los Angeles, a potential NFL Stadium in the City of Carson, and changes in California's oil and gas industry. The Institute produces occupational forecasts, industry cluster and sector-based research, policy analyses, and other economic research used to inform economic development efforts.

Committees, Task Forces and Initiatives

Due to their economic expertise and vast networks, EDCs are well-positioned for leadership roles in advisory committees, community task forces and initiatives to accomplish specific goals related to economic development. The Urban Initiative Task Force created by the Miami-Dade Beacon Council works with business

and community leaders to create industry specific initiatives promoting job creation, workforce development, and opportunities for black residents in underserved areas of the county. The Opportunity for Neighborhood Economic Excellence by the New York City EDC is an initiative to lead campaigns and programs to create inclusive economic mobility, provide expertise in equitable development, and foster partnerships towards these ends.

Transportation Industry Council of the Los Angeles County EDC work to promote and further develop LA County as a leader in those respective industries.

Economic Development Plans

Economic development master plans coordinate economic development efforts in an area. EDCs often design, spearhead, and help to implement these plans. EDC plans are often adopted as the official economic development plans of an area and serve as a guideline to coordinate economic development efforts. For instance, Propel L.A. is a master plan developed by the Los Angeles County EDC to coordinate economic development efforts in the county from 2016-2020, following its earlier plan covering years 2010-2014. The plan includes goals of industry cluster development, accelerating innovation, establishing business incentive programs and physical infrastructure development. In Miami-Dade County, the One Community One Goal plan was developed by the Miami-Dade Beacon Council and is the official long-term economic development plan for the County.

Cluster Development Initiatives

Many EDCs favor certain industries whose growth are viewed as especially beneficial to the long-term development and diversification of the local economy or that spur greater levels of employment and higher wage jobs. Some EDCs develop committees and initiatives specifically to promote these target industries. The Queens Tourism Council, a program of the Queens EDC, works to promote the tourism industry in Queens County, while the Aerospace Industry Council and Advanced

Workforce Development

Beyond informing businesses of workforce development incentive programs, EDCs sometimes take a more active approach. For example, amidst rapidly transitioning job markets, the Los Angeles County EDC has partnered with the region's talent development systems, including nonprofits, workforce boards, four-year colleges and the county's 19 community colleges, to house a Center for a Competitive Workforce. The Center will help to coordinate the local talent pipeline with extensive analyses of labor supply and demand. Another example is Miami Community Ventures, a pilot program launched by the Miami-Dade Beacon Council based on a successful program in Michigan. The program helps structurally unemployed talent obtain living wage jobs by assisting with transportation, job training, financial literacy education, success coaching and social services. The EDC leveraged private resources for the program, including a partnership with Uber who provided transportation and employment for program participants, along with sponsorships from SunTrust, the

Florida Blue Foundation and other private companies.

Area-Wide Marketing

Most EDCs that act as the economic development arm for a municipality help to market the area. They provide easy access to market data and highlight the strategic advantages of doing business in their community, as well as acting as the central information source for local

economic development. Many EDCs conduct outreach efforts to business and government leaders to attract investment, including receptions, seminars, and networking events. The Miami-Dade Beacon Council formed the International Advisory Committee which helps to host foreign delegations and reaches out to foreign trade offices, consulates, and bi-national chambers to attract foreign direct investment to Miami-Dade County.