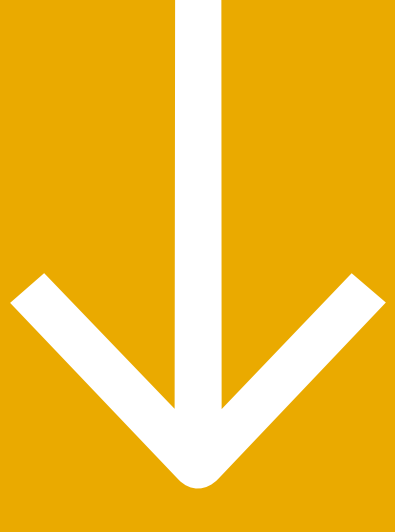


## LOCAL ECONOMIC FUTURES FORUM



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### The Future of Local Economic Development

## Small Business Ecosystems

Small business ecosystems represent the confluence of public, non-profit, and private sectors, coming together to support all stages of the business life-cycle. While the exact role may vary by city, local economies thrive when their city takes an intentional approach to ecosystem development.

### CHALLENGES

The U.S. Small Business Administration found that small businesses are responsible for generating 44% of all U.S. economic activity. Every dollar spent at a small business creates an additional 50 cents in local business activity as a result of employee spending and businesses purchasing local goods and services.

Each year, 14% of established businesses with employees will need additional capital, but nearly half of these businesses will choose not to apply for it. Nationally, even among those who do choose to apply for additional capital beyond the start-up phase, significant capital gaps still exist. Just 30% of all businesses applying for capital will receive the full amount requested. More than half (56%) will receive less than half of the amount requested or nothing at all.

### SOLUTIONS: How Cities Are Building Small Business Ecosystems

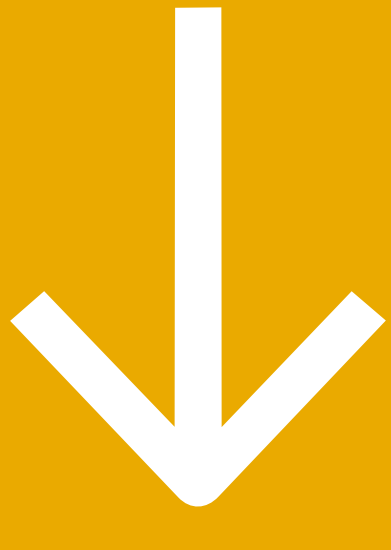
The **City of Antioch, CA's** Antioch Business Collaborative supports local small businesses and nonprofit organizations as they grow and stabilize their operations. The program connects entrepreneurs with one-on-one advising, group trainings, and access to capital through a coordinated network of trusted service providers. Its goal is to reduce barriers to business support by offering clear pathways to technical assistance and financing based on individual business needs.

The **City of Omaha, NE's** Human Rights and Relations Department has created a one-stop shop for its business owners, a website called ONEBiz, which serves as a centralized resource the city was once lacking. So far, the resource has helped 60-plus new small businesses with their next steps along their journey. The online resource can help new business owners through the legal requirements, connecting with bankers, insurance and more.

### FOR YOUR CONSIDERATION

- 01 -** Given the importance of small businesses as local economic drivers, how is your city filling support gaps that many small businesses experience in terms of access to capital, connections, and collaboration?
- 02 -** What does your city's entrepreneurial ecosystem look like now? What is your goal for how it could look in the next year? The next 5? The next 10?

## LOCAL ECONOMIC FUTURES FORUM



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### The Future of Local Economic Development

## Revitalizing Downtowns

Downtowns must evolve into productive, inclusive, and climate-resilient hubs that respond to digital transformation, demographic shifts, and environmental challenges while continuing to anchor regional economic and social vitality. Across the country, they are at a clear inflection point, no longer defined by office towers and 9-to-5-foot traffic, but by how boldly cities adapt to new economic realities and community needs.

### CHALLENGES

The median major U.S. downtown concentrates 11% of all jobs in a region. Some of those workers come from outside the city's boundaries: those commuting workers and city residents who also have jobs located in the city add to the daytime population.

### SOLUTIONS: How Cities Are Revitalizing Downtowns

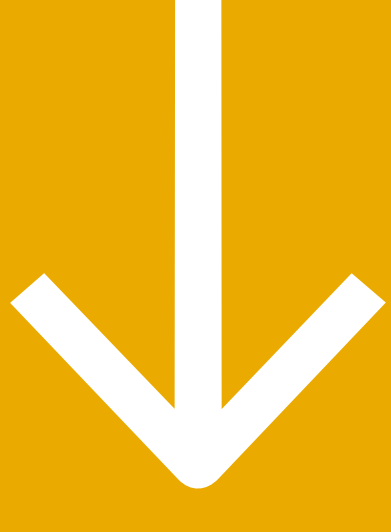
The **City of Kansas City, MO's** downtown revitalization was fueled by strategic public-private investments in mixed-use development, entertainment, transit, and public spaces. The \$850 million Power & Light District served as a key catalyst, alongside flagship projects like the T-Mobile Center and Kauffman Center for the Performing Arts, transforming downtown into a vibrant destination for living, work, and leisure. Expanded transit through the KC Streetcar, riverfront redevelopment, new parks, and adaptive reuse of historic districts further strengthened connectivity, residential growth, and cultural vitality in the urban core.

The **City of Detroit, MI** revitalization efforts have been driven by major public-private investments and large-scale mixed-use development projects that have reshaped the city's skyline and economic base, such as the multi-billion-dollar redevelopment at the historic Hudson's site into office, residential, hotel, and retail space. These efforts are part of a broader strategy to create a 24/7 urban neighborhood by attracting businesses, residents, and cultural amenities while also fostering innovation through research and education centers. Complementary initiatives including federal grants to reconnect neighborhoods, public space enhancements, and affordable housing projects have helped improve connectivity, support small businesses, and ensure more inclusive growth in and around downtown Detroit.

### FOR YOUR CONSIDERATION

- 01 -** Despite the positive trend lines for declines in crime since 2021, perception does not always catch up with reality, and heightened fear of crime remains a salient issue for downtown and municipal leaders alike. What policy changes, cross-sector strategies, or investments can most effectively close the gap between perception and reality to restore confidence in the safety and long-term viability of downtowns?
- 02 -** What catalytic projects or policy tools have had the greatest impact in accelerating downtown revitalization, and how did you structure partnerships and financing to make them viable?

## LOCAL ECONOMIC FUTURES FORUM



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The Future of Local Economic Development

### Constraints: Regulatory Barriers

Advancing local economic development often hinges on how well cities structure regulatory systems that directly affect businesses on the ground: licensing, permitting, inspections, zoning, and compliance requirements.

#### CHALLENGES

While these systems exist to protect the public, when they are unclear, duplicative, or slow, they can unintentionally become barriers to entrepreneurship, investment, and growth, particularly for small and under-resourced businesses.

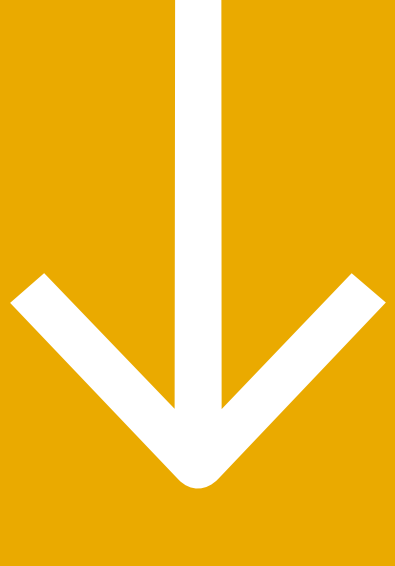
#### SOLUTIONS: How Cities Are Addressing Regulatory Barriers

The **City of Washington, DC's** Department of Licensing and Consumer Protection recently implemented the Business and Entrepreneurship Support to Thrive (BEST) Act—a major step forward in simplifying and modernizing how businesses are licensed in the District of Columbia. The BEST Act is a transformative initiative designed to make it easier, more affordable, and more efficient for DC residents to start and operate a business. By reducing complexity and costs, the Act supports a more inclusive and thriving business environment, through fewer license categories, a flat fee structure for initial and renewal licensing, streamlined requirements, and reduced penalties for lapsed licenses. The Act was initially developed through consultation and listening sessions with small business leaders in the community.

#### FOR YOUR CONSIDERATION

- 01 -** Thinking about your own municipality's experiences, where do regulatory barriers tend to slow down your ability to provide resources to residents and complete projects within budget?
- 02 -** How does your city balance the trade-offs between the need to ensure compliance with regulations for successful and safe business operations, and the need to support and foster entrepreneurship and limit barriers to access?

## LOCAL ECONOMIC FUTURES FORUM



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The Future of Local Economic Development

### Constraints in Government Efficiency and Data-Informed Policy

The greater the global challenge, the more likely it is to fall to local governments to fix. But this modern reality comes with an inconvenient truth: our public institutions are not always equipped with the updated skills needed to tackle the world's ever-escalating challenges with the greatest possible efficiency.

#### CHALLENGES

The fundamental challenge for governments these days - breaking the 'data silos', bridging legacy systems, organizational, operational, functional and infrastructure gaps - all come down to enabling a culture of data-driven policy ecosystems. But data alone cannot solve efficiency challenges, including bridging funding gaps. Reviewing efficiency requires examining multiple perspectives, while still prioritizing local voices and community needs. Governments undertaking rapid cuts to address fiscal challenges often find that important services are disrupted. Then, after the crisis passes, their budgets and staffing expand rapidly again. Looking through an enterprise-wide and systems lens of a governor, mayor, or city manager can highlight specific strategies to achieve cross-agency performance impact. A recent study from McKinsey and Company found that some state governments, for example, identified between \$300 million and \$1.5 billion in potential savings by focusing on major enterprise-wide improvements.

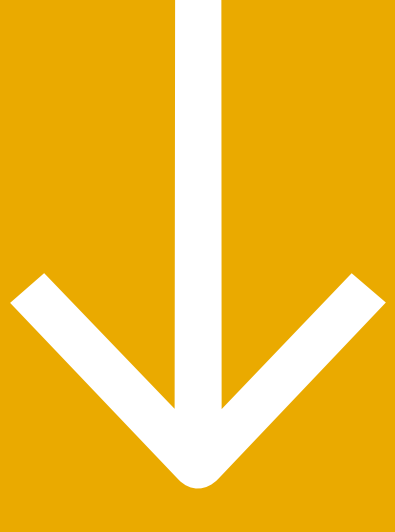
#### SOLUTIONS: How Cities Are Addressing Government Efficiency

In the **City of St. Paul, MN**, the Office of Financial Services, in collaboration with the Mayor's Office, hosts community budget conversations across Saint Paul. Every year, the value-based ideas people generate during these events help the Mayor craft a budget proposal for the following year. Community members utilize an app, first to select from a menu of spending proposals to incorporate priorities into a simulated City budget, and then to decide how to raise the revenue needed to create a balanced budget. The model budgets created help the Mayor craft a proposal that expresses the values of Saint Paul residents.

#### FOR YOUR CONSIDERATION

- 01 -** Access to usable data can vary across cities depending on population and staff size. What barriers have you faced in collecting, sharing, or analyzing data? What resources do you believe would best equip your city to move past these challenges?
- 02 -** Utilizing government efficiency and data can change how decisions get made for the betterment of the community. How has using data played a role in conversations between city departments, council members, and residents to create an alignment in priorities?

## LOCAL ECONOMIC FUTURES FORUM



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### The Future of Local Economic Development

## Shifts in Workforce, Technology, and AI

Municipalities are responding to the rise of AI by modernizing workforce strategies, including training and skill-building programs, partnerships with employers and educational institutions, and investments in digital literacy. Cities are also rethinking workforce systems to emphasize adaptability, lifelong learning, and equitable access to emerging job opportunities as technology reshapes roles across sectors.

### CHALLENGES

Generative AI is positioned to significantly disrupt the workforce, with more than 30% of workers likely to see at least half of their job tasks transformed or displaced. Unlike earlier waves of automation that primarily affected routine, manual work, AI is reshaping cognitive and non-routine tasks across middle- and higher-wage professions. This shift presents cities with an urgent challenge: preparing workers, employers, and training systems to adapt at the pace of technological change while safeguarding economic mobility and resilience.

### SOLUTIONS: How Cities Are Addressing Workforce, Technology, and AI

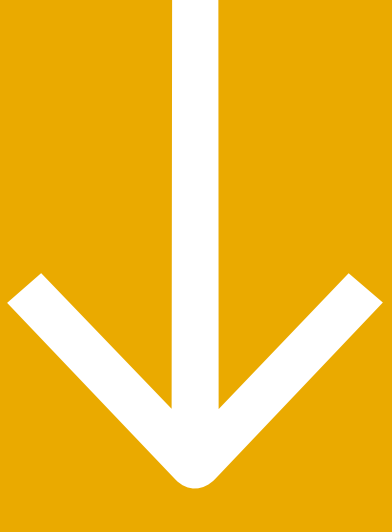
The **City of Raleigh, NC**, which experiences extreme summer heat, uses a full citywide digital twin to model the microclimate impacts of new developments. This digital twin is integrated with an AI-driven microclimate modeling tool that forecasts weather conditions. This allows the city to assess how current and future developments might affect urban heat levels, which helps city planners improve urban livability through strategic interventions.

The **City of Washington, DC** is actively integrating AI into its workforce development initiatives by leveraging platforms like TalentCapital.ai to map real-time labor-market demand and connect residents with AI-aligned job opportunities. The city provides free training in AI, data science, and emerging technologies, targeting both residents and displaced federal workers to ensure they remain competitive in a rapidly evolving job market. By combining data-driven career guidance with accessible skill-building programs, D.C. is positioning its workforce to adapt to AI-driven changes.

### FOR YOUR CONSIDERATION

- 01 -** What outcomes, similar to sustainable development goals, should cities be working toward in the AI era, given the impacts AI is already having on local resources such as electricity, water, and utility costs driven by data center growth? If the goal is to strengthen cities and build more vibrant local economies, what role should AI play?
- 02 -** How is your city using AI to engage with your community? Is it providing new challenges to connection, or forging new ways of engagement, or both – and what are they?

### LOCAL ECONOMIC FUTURES FORUM



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The Future of Local Economic Development

## Industry Cluster Opportunities

Municipalities are using industry clusters, geographic concentrations of interconnected companies, suppliers, and institutions in specific sectors as a strategic tool for economic development. By promoting collaboration, targeted workforce training, and sector-specific infrastructure, cities can attract investment and strengthen competitiveness. This approach helps generate high-quality jobs, retain local talent, and build sustainable economic ecosystems that support long-term growth.

### CHALLENGES

Municipalities face several challenges when developing industry clusters, including difficulty in aligning diverse stakeholders around shared goals and strategies. They also struggle with ensuring equitable access to opportunities, as clusters can inadvertently concentrate benefits in certain areas or populations while leaving others behind. Cities must also consider rapid technological change and market shifts, which can make it hard to sustain cluster growth and maintain competitiveness over time.

### SOLUTIONS: How Cities Are Maximizing Industry Cluster Opportunities

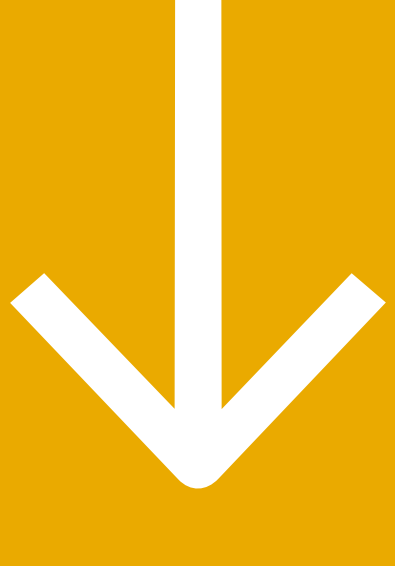
Invest in Beaumont is an initiative of the **City of Beaumont, TX's** Economic Development Department, focused on supporting business growth, attracting new investment, and strengthening the local economy. The program positions Beaumont as a competitive location for businesses by highlighting its strategic location in Southeast Texas and its access to major transportation networks, including highways, rail, port, and pipeline infrastructure. The initiative provides direct support to businesses and developers throughout the development process. City staff offer hands-on guidance from early planning through construction, helping projects move efficiently and navigate local requirements. By serving as a single point of contact, the Economic Development Department helps reduce barriers to investment and supports informed decision-making.

The Buffalo Niagara Partnership, a collaboration between NY State, the counties of Erie and Niagara, and the **Cities of Buffalo and Niagara Falls (NY)**, supports economic growth in Western New York by helping businesses navigate and engage with the region's economic development ecosystem. Its work is centered on balancing land, labor, and capital as interconnected drivers of a competitive regional economy. The Partnership focuses on ensuring businesses have access to appropriate sites and infrastructure, a skilled and prepared workforce, and the financial and physical resources needed to grow. It serves as a bridge between employers and policymakers, economic development agencies, educational institutions, and community leaders to align priorities and reduce barriers to development.

### FOR YOUR CONSIDERATION

- 01 -** How are/can cities be unique conduits of wraparound services to scaffold and strengthen industry cluster opportunities? What role can regional and cross-city collaborations play in strengthening local industry clusters?
- 02 -** For city leaders: What are you missing (beyond funding) to be able to strengthen wraparound services to maintain/grow industry clusters in your area?

## LOCAL ECONOMIC FUTURES FORUM



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### The Future of Local Economic Development

## Place-Based Incentives

Incentives help cities attract, retain, and grow businesses, housing, and infrastructure. Being intentional about where and how incentives are used can determine whether communities, brownfields, and small businesses are revitalized—or whether inequities in investment persist.

### CHALLENGES

The New Markets Tax Credit (NMTC) channels capital to real estate projects and businesses in low-income communities by connecting investors with federal tax obligations to community development entities (CDEs). Designed to reduce perceived investment risk, the NMTC encourages private capital to support outcomes such as workforce and business development, and access to essential services. The program has been effective: through 2023, every \$1 of federal investment has generated \$8 in private capital.

The Opportunity Zones (OZ) program similarly aims to spur economic growth and job creation in low-income communities while offering tax benefits to investors. Intended to attract private investment with fewer administrative barriers than earlier incentives, OZs draw different investors—primarily individuals with capital gains—compared to the corporate-heavy NMTC investor base.

While both programs support similar types of projects, their structures drive different results. NMTCs typically provide deeper, subsidized financing for single projects, whereas OZs offer larger but shallower equity investments. Investment patterns also differ: 75% of OZ dollars flow into real estate, especially residential, while 69% of NMTC investments fund commercial real estate, with significant support for operating businesses as well. Additionally, NMTC incentives are often essential to project viability; many OZ-funded projects would likely proceed without the incentive.

### SOLUTIONS: How Cities Are Supporting Place-Based Incentives

Invest Charlotte strengthens the city's economy by investing in people, places, and long-term partnerships. The initiative guides growth to benefit residents and businesses, enabling the **City of Charlotte, NC** to actively shape development outcomes. Through public-private partnerships, the city influences real estate and infrastructure projects to enhance neighborhood vitality, job access, and shared amenities. The effort directs resources to historically disinvested areas, supports workforce connections, and encourages development that brings jobs closer to residents. By streamlining processes and aligning incentives with infrastructure and workforce strategies, Invest Charlotte aims to grow business while ensuring economic benefits are widely shared.

The **City of Dayton, OH** conducted a Social Determinants of Health study to better identify disinvested areas. Although completed after OZ designation, the city compared the study's findings with its Opportunity Zones to confirm the incentives were targeting neighborhoods with the greatest need—helping maximize investment impact.

### FOR YOUR CONSIDERATION

- 01 -** Has your city used OZs, NMTCs, or other incentives like LIHTC to spur development? What would you change to maximize the positive impact of these tools?
- 02 -** How can cities' mixed experiences with tax incentives help developers, civic groups, and funders identify service gaps and improve program outcomes?