

**Report to Mayor Sylvester Turner**

**Economic Opportunity Transition Committee**

***“The City That Works!”***

March 1, 2016

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## Executive Summary

***“I am committed to making sure that we do not have two cities in one: of haves and have-nots. We are all Houstonians and we deserve the right to improve and move forward together. I am committed to that.”***

**Mayor Sylvester Turner’s Inauguration Speech, Jan. 4 2016**

Houston has experienced tremendous economic growth and prosperity over the last decade and the long-term outlook for Houston’s economy is positive. However, of the nearly 2.4 million residents in the City of Houston, almost one-fourth (22.9%) of the population (approximately 550,000 people) lives at or below the poverty guideline (currently \$24,250 for a household of four), and just under one-third of Houstonians lives in economic distress<sup>1</sup>. Communities of color are disproportionately suffering from the income inequality we face in Houston. Certain policies and programs currently in place at the City both exacerbate this problem and miss opportunities to address it.

We cannot afford to allow our local economy to swing further out of balance. The city has the opportunity to enjoy continued growth and prosperity while benefiting all Houstonians. The City of Houston should strengthen an ecosystem that supports economic opportunity for marginalized communities and neighborhoods. It is critically important to expand economic opportunity for the residents of Houston through increased opportunities for **family-sustaining jobs**, enhanced **development** and **growth of small businesses**, and **strengthened workforce development**.

The Economic Opportunity Transition Committee is recommending a **“City that Works!”** initiative to improve economic opportunity for the historically marginalized residents of Houston. The key elements of this initiative’s focus include:

- **Systematically focusing on marginalized communities and neighborhoods** with higher poverty and unemployment rates
- **Establishing public economic opportunity goals and measures of success** using an “Economic Opportunity Dashboard” to review indicators toward progress on a regular basis
- **Implementing Living Wage and Local Hire Policies** for all contracts, subcontracts, and tax incentive projects
- **Strengthening workforce development initiatives** in key, demand-driven industries such as Construction and Health Care to focus economic opportunity outcomes for targeted neighborhoods and populations
- **Enhancing the support and development of Minority, Women-Owned, Small Business Enterprises (MWSBEs)**
- **Establishing a director-level position reporting directly to the Mayor who is responsible for meeting Houston’s Economic Opportunity goals** set forth by the administration and coordinating and maintaining accountability regarding these goals across all City departments and divisions

The ***“City that Works!”*** initiative focuses City resources and attention on a strategy that is inclusive of all neighborhoods, with a high priority on areas with above-average unemployment and poverty rates as well as low market values. For neighborhoods and communities that have historically experienced disinvestment and chronic un- and under-employment, such work can create lasting stability for families and a pathway to revitalize the local economy.

It is important that the City publicly establish economic opportunity goals and develop its own measurement framework to enhance the clarity, measurability, breadth, and depth of the metrics it collects. For purposes of tracking goals and communicating activities and progress to the public, indicators should be established up front and then reviewed on a regular basis to keep the administration informed and focused on key priorities. There are a variety of models to adopt from other cities; we recommend the City of Houston establish an ***“Economic Opportunity Dashboard”*** that includes indicators for tracking key goals.

To lift more Houstonians out of poverty, the City should develop policies that implement wage standards in publicly funded and subsidized projects. Oftentimes, companies that pay low wages and do not provide benefits receive tax incentives and City contracts and subcontracts without any requirements to improve wage standards. In addition, major City initiatives that function to complete critical projects and spur economic development fail to direct investments and jobs to the communities most in need.

***Living Wage and Local Hire*** policies are a concrete way to lift Houstonians out of poverty. They should be applied to all publicly funded and subsidized projects to ensure the creation of jobs that pay a family-sustaining wage for targeted communities. In order to ensure that proposed City-subsidized economic development projects align with and advance the City’s goals, and to create a level playing field for responsible developers and businesses seeking tax subsidies, the City of Houston should create and implement a ***Community Benefits Assessment Tool*** to measure the value of each project for Houstonians.

The City of Houston ***should strengthen its support and development of Minority, Women-Owned, Small Business Enterprises*** (MWSBEs). The City should create more contracting opportunities for MWSBEs using various mechanisms, including specific policies regarding the size of contracts and changes that increase the capacity of and collaboration among contracting compliance staff. The City should also strengthen its capacity-building resources for the development of new and existing MWSBEs. In addition, the City should increase communication and collaboration between stakeholders and awareness regarding opportunities, resources, and support for MWSBEs through neighborhood-based resource centers and other efforts.

The City of Houston should **establish sector-based workforce programs** that are related to key City interests and public service activities. The City can actualize **the “Road to the Future” program** that uses a strategic and measurable approach whereby the City uses its contracting, procurement, and other financial investments to fulfill the infrastructure and public service needs of the city while also strengthening workforce development and economic opportunity outcomes of the residents.

The City should make sure to support and accelerate effective change management of Mayoral priorities that involve multiple departments and agencies. One method for doing so would be through the implementation of an Innovation Delivery Model after the Bloomberg Philanthropies' approach. In order to support Economic Opportunity goals and initiatives, the Mayor should establish a director-level position that reports directly to the Mayor and is responsible for meeting Economic Opportunity goals set forth by the administration and for coordinating and maintaining accountability regarding these goals across all City departments and divisions.

Finally, ensuring active community engagement is critical. The City must encourage transparency in decisions across various contexts, including but not limited to advisory council appointments, development decisions, and contracting compliance. Strong accountability and enforcement measures will help to ensure that high standards are met and that the Mayor's goals are being achieved. Doing so will also provide the community with a greater sense of involvement with and more knowledge of and confidence in the City's activities.

## Issue Analysis

Issue: To expand economic opportunity in Houston for marginalized communities and neighborhoods through increased opportunities for family-sustaining jobs, enhanced development and growth of small businesses, and strengthened economic development.

The City of Houston can create a stronger ecosystem that supports economic opportunity for marginalized communities and neighborhoods by implementing mutually reinforcing activities that foster pathways to a shared prosperity for residents of Houston. The City can create this ecosystem by leveraging the following assets offered by its role:

- As an **employer** by ensuring its policies provide economic opportunity for City employees;
- As a **procurer** of goods and services by ensuring that procurement policies support economic opportunities for city residents;
- In making **public sector investments** by ensuring there are policies that promote economic opportunity and economic development for marginalized communities;
- In **providing public services** by ensuring those services strengthen economic opportunity for residents; and
- As a **leader advocating** its support for other organizations, initiatives, and proposed policies at the state and federal level that will advance economic opportunity for neighborhoods and families most in need.

The success of any strategic initiative of this magnitude requires the following:

- Setting clear and measurable **goals** (both process and impact goals) and collecting and analyzing **data** to monitor progress and to continually improve the results and impact (see page 10)
- Establishing a **proactive culture across the administration** that encourages and incentivizes City employees to meet and surpass goals and pursue initiatives that advance economic opportunity for all residents
- Implementing **effective approaches** and developing **internal systems**, which sustain and support the City's efforts to promote economic opportunity
- **Communicating and reporting** publicly on progress to ensure accountability, transparency, and meaningful community input (see pages 10, 27-28)
- **Coordinating** across multiple divisions and departments to create synergies and align efforts toward achieving shared goals for increased economic opportunity (see pages 11, 37)

Regional Context: Houston has experienced tremendous economic growth and prosperity over the last decade and, while the current environment is challenging because of the dramatic decline in the price of commodities (especially oil and gas), the long-term outlook for Houston's economy is positive.

Despite its growing, diverse population and growth in high-wage sectors—e.g., energy, trade, construction—Houston ranks as the 15th most unequal amongst the nation's 50 largest cities. The richest 5% of households earns more than 12 times than the poorest 20%. Of the nearly 2.4 million

residents in the City of Houston, almost one-fourth (22.9%) of the population lives at or below the poverty guideline (currently \$24,250 for a household of four), and just under one-third of Houstonians lives in economic distress.<sup>2</sup> Approximately 198,000 children under the age of 18 live in households with incomes below the federal poverty level. Making matters worse, Houston ranks 57th among the 100 largest commuting zones in the United States in terms of helping children in the bottom economic quartile to move up the income ladder.<sup>3</sup>

The impact of poverty in Houston goes well beyond the individuals directly affected. When employers fail to pay family-sustaining wages and provide basic benefits to their employees, taxpayers foot the bill through public assistance programs and increased uncompensated health care costs. In Texas, \$2 billion or 64 percent of state public assistance spending supports working families.<sup>4</sup> In short, poverty is expensive for all of us. On the other hand, helping people leave poverty and access opportunity provides a double benefit to the City: the City spends less caring for people in high need and those same families contribute more to our local economy by earning income, paying taxes and generating revenue for other local companies through purchases.

An additional major challenge that Houston faces is racial disparity. Houston is one of the most economically segregated cities in the United States. Unemployment rates among the Hispanic and African-American populations in our city are typically 50% to 100% higher than that of the city's average unemployment rate<sup>5</sup> and these populations have median incomes that are approximately half that of Whites and Asians.<sup>6</sup> "At nearly every level of educational attainment, people of color have worse outcomes than Whites, and both White women and women of color do worse than their male counterparts."<sup>7</sup>

Houston also faces significant challenges with respect to gender disparities. The annual median income of working women in the Houston metro area is \$38,474, which is \$10,855 lower than the median income of working men. This differential (which represents a nearly 30% gap) is the largest among the nine major metro areas in Texas. In addition, female-headed households represent 29% of all households in the Houston area but account for nearly double the percentage (52%) of all households in poverty.<sup>8</sup>

We cannot afford to allow our local economy to swing further out of balance. Houston has the opportunity to become a great global city where all families can prosper. The policy recommendations in this document expand the pool of family-sustaining jobs, level the playing field for responsible small businesses, and create a pipeline into family-supporting jobs for low-income communities of color.

In the Houston metro area, 29% of households are female-headed yet they represent 52% of households living in poverty<sup>1</sup>

The City faces three very different but compounding problems, which most affect the segment of our population that is most in need of economic opportunity:

- **Over-prevalence of Low-Wage Jobs without Benefits:** Low-wage jobs in the hospitality, retail and service industries--which are important in our city's economy--make up the highest number of jobs in our city.<sup>9</sup> These low-wage jobs tend neither to pay benefits nor offer pay rates on which a worker can support a family.
- **Limited Involvement of Small Businesses:** Local small businesses—and especially local Minority- and Women-Owned Small Business Enterprises (MWSBEs)—have limited access to and capacity to take advantage of procurement opportunities provided by the City or other City-affiliated entities. This hurts not only the owners of MWSBEs but also local employees since more jobs are created by local small businesses than by larger corporations.<sup>10</sup>
- **Middle Skills Gap:** Our economic growth depends on responding to the significant demand for middle-skills jobs that pay good wages, yet the path to connect the low-skilled workers in our city is not easy or clear. Today, there are thousands of high-demand, well-paying jobs and thousands of hardworking Houstonians that do not have the skills necessary to work in those jobs and support their families. Multiple barriers (e.g., transportation, child care, education, training, criminal records) must be navigated in order for a low-skilled prospective employee to be successful in taking advantage of those opportunities.

The Economic Opportunity Committee has identified the following existing challenges regarding the City's efforts with respect to economic opportunity:

- Lack of clear goals set forth for increasing employment and family-supporting jobs that inform the strategies for City projects and expenditures
- Various Departments seem to spend most of their time reviewing and responding to (and thus placing greater emphasis on) developer-driven proposals and spend very little to no time seeking and encouraging proposals that would increase opportunity for all Houstonians.
- Lack of transparency and clarity in the application and approval process for economic development program proposals, creating a general sense of confusion and misgivings about how and why projects are chosen
- Over-reliance on district council members to manage community input and engagement, which results in the process being optional and uneven across the city's neighborhoods
- Most workforce outcomes and funding are tracked based on general sets of minimum standards in order to meet the most basic funding requirements and spend the funding in a timely way, rather than being tied to an aligned strategy in which the funding leverages other resources and aims to advance an economic opportunity agenda set by the Mayor.

*From Chief Economic Development Officer Andy Icken's presentation to our Committee, we learned that the **Economic Development Division** has primarily been a "reactive department" and has primarily focused on serving as "a catalyst to help the private sector to flourish".*

- Missed opportunities to achieve a dual purpose of both investing in city services and projects *while also* building the city's workforce.

### **“City that Works!” Initiative Key Recommendations:**

The Economic Opportunity Transition Committee has developed **some high-level recommendations** for the City of Houston to improve economic opportunity for the residents of Houston, referred to as **the “City that Works!” Initiative:**

- Systematically **focus on marginalized communities and neighborhoods** with higher poverty and unemployment rates. This means defining targeted goals particularly aimed to benefit these groups and geographies (see pages 9-10, 22-25)
- **Conduct a systems mapping process** to assess the existing players, resources and gaps in the current workforce development infrastructure. This process should identify the City’s role and resources dedicated to workforce development as well as other resources that can be aligned for advancing an economic opportunity agenda
- Implement Living Wage, Community Benefits, and targeted, local hire policies (see pages 11-12)
- Strengthen **workforce development initiatives** and economic opportunity outcomes for targeted neighborhoods and populations (see pages 15-16)
- Enhance the support and development of Minority, Women-Owned, Small Business Enterprises (MWSBEs) (see pages 13-14)
- Establish a **director-level position** reporting directly to the Mayor who is responsible for meeting Houston’s Economic Opportunity goals set forth by the administration and coordinating and maintaining accountability regarding these goals across all City departments and divisions
- Establish an **Economic Opportunity Task Force** to provide support to City staff, build and grow stakeholder buy-in and participation, and ensure accountability of the director serving in the new Economic Opportunity role
- **Leverage national philanthropic and federal resources** in the form of outside technical assistance and funding to enable a robust and effective “City that Works!” Initiative (see pages 35-36)

**Marginalized Communities:** There are many different ways to define marginalized populations and communities, including by characteristics (e.g., education level, homeless, immigrant, ex-offender, unemployed) and by density within a geography (e.g., neighborhood, community, census tract). In order to develop effective strategies and appropriate target measures, a geographic focus on marginalized neighborhoods and communities is recommended. In particular, tracking progress at the zip code level will allow the City to create a demographic and economic profile of each neighborhood that correlates with planned and actual investments of various departments and other government-related entities. From that geographic lens, approaches can be developed to address target populations. In some instances, policy approaches can and should impact key target populations outside of the geographic focus.

The City needs a strategy that is inclusive of all neighborhoods, with a high priority on areas with above-average unemployment and poverty rates as well as low market values. For neighborhoods and

communities that have historically experienced disinvestment and chronic un- and under-employment, such work can create lasting stability for families and a pathway to revitalize the local economy.

***Key Components for Effectiveness:*** Goals and Measurement, Community Input, Transparency, Accountability, and Collaboration:

***Measurement*** of performance and progress toward goals ensures that results are tracked and provides opportunities to improve the impact and implementation of policies. The City should establish public economic opportunity goals and develop a measurement framework to enhance the clarity, measurability, breadth and depth of the metrics it collects for the purposes of tracking goals and communicating activities and progress to the public. Indicators should be established up front and then reviewed on a regular basis to keep the administration informed and focused on key goals. To guide this tracking effort, we recommend that the City establish an “Economic Opportunity Dashboard” that includes indicators for tracking key goals. One model that could serve as a useful basis in this effort would be that used by the San Francisco Indicator Project.<sup>11</sup>

***Community Input*** serves several key functions. First, it ensures that strategies and investments respond to the particular needs of the community, taking into account the communities’ local history, demographics, socio-economics, culture, and languages. Second, it provides the necessary inputs for the effective development and design of user-friendly public services to ensure that those services strengthen economic opportunity for city residents.

The City should dedicate more resources and set higher standards for ensuring that the broader community has the opportunity to provide input on important City decisions. Adequate time and notice should be provided in order to get information out to the public regarding initiatives, proposed projects, and opportunities community input. Venues, times, locations and formats for community input should be designed taking into account barriers that currently deter Houstonians from providing critical input such as working hours, language barriers, and difficulty commuting to City Hall.

***Transparency*** is necessary to ensure there is trust in our government. The City should encourage transparency in decisions across various contexts, including but not limited to advisory council appointments, development decisions, and contracting compliance. Doing so will ensure that the Mayor’s goals are being achieved and/or are in progress and provide the community with a greater sense of involvement with and more knowledge of the City’s activities. The predictability and fairness of such a system ensures that prospective contractors and developers have the information they need to deliver results that align with the administration’s community goals and the public has the information that provides accountability to the community goals.

***Accountability*** mechanisms should be implemented to ensure that the City requires rather than encourages results related to the City’s goals for making Houston a city of broader and deeper opportunity. Good-faith efforts should not be the preferred mechanism for encouraging the achievement of key opportunity-related goals. Strong accountability and enforcement measures will help to ensure that high standards are met.

*Coordination across City Departments and Agencies:* The City’s economic opportunity goals cannot be achieved without close and consistent collaboration among the Office of Business Opportunity, the Houston Airport System, the Public Works and Engineering Department, and the Housing and Community Development Department, among others. Shared goals should be established by various departments and monitored by the Mayor, who should attend regular meetings with the appropriate department and division leads to ensure ongoing communication and progress.

## **FAMILY-SUSTAINING JOBS**

The City of Houston can develop key policies to lift Houstonians out of poverty by implementing wage standards, a clear community benefits assessment tool, and targeted hire requirements in publicly funded and subsidized projects. *(See Appendix B on pages 26-28 for examples of similar policies and initiatives in other jurisdictions.)*

***Living Wage Policies*** are a concrete way to lift Houstonians out of poverty. They should be applied to all publicly funded and subsidized projects to ensure the creation of jobs that pay a family-sustaining wage.

The basic tenets of a living wage policy are:

1. Wages should be high enough to meet a family’s basic needs (i.e. food, transportation, housing); and
2. Municipal policy should require living wages for its employees, contractors (including subcontractors), and beneficiaries of tax subsidies instead of contributing to the ranks of low-wage workers.

It is necessary to be explicit regarding which employees will be covered under the living wage—both part-time and full-time employees should be covered—and the employers that will be subject to paying the living wage – it should pertain to all contractors, sub-contractors, lessees and tax subsidy beneficiaries.

***Minimum Wage:*** Mayor Turner also has the opportunity to advocate for the Texas State Legislature to grant municipalities the right to increase the local minimum wage. Presently, Texas law provides that the federal minimum wage supersedes local wage standards governing private employment that are established by ordinance, order, or charter provision, but permits local governments to establish wage standards in contracts to which they are party.

***Community Benefits Assessment Tool:*** In order to ensure that proposed City-subsidized economic development projects align with and advance the City’s overarching economic development goals, the City of Houston should design a tool to assess the value of each project for Houstonians. This assessment tool—as well as the completed assessment for projects brought to City Council and City Council Committees for discussion or action—should be made available to the public.

The City of Houston’s Economic Development Division should create and utilize a points-based matrix and performance measurement system that would assess and weigh the following elements of the proposed project plan, among other potentially relevant factors that the Division would make explicit:

- Number and quality of jobs (both temporary, construction and permanent jobs) to be created
- Additional good job standards, such as healthcare benefits, career and safety training, and paid sick days
- Use of local small, minority-owned, women-owned, disadvantaged businesses in the chain of employment
- Adherence to any other targeting set forth in the Mayor’s goals (e.g., geographic areas or specific populations)

In addition to evaluating projects brought to the City, the Economic Development Division should also proactively identify targeted blighted areas and bring neighborhood residents, investors, and developers together to initiate potential projects.

***Targeted Local Hire:*** The City needs a strategy that is inclusive of all neighborhoods with high priority on areas with above-average unemployment and poverty rates and low market values. Targeted hire policies create mechanisms to prioritize and increase the participation of socially and economically disadvantaged workers in publicly funded or subsidized projects.

- In order to strategically leverage the City’s resources to advance economic equality, targeted hiring goals should be applied to all contracts, subcontracts, and incentive projects, requiring:
  - A certain percentage of work hours to be completed by workers living in high-poverty, high-unemployment zip codes
  - A certain percentage of work hours to be completed by individuals with barriers to employment such as formerly incarcerated individuals or those with low educational attainment. Individual barriers could also include:
    - Formerly incarcerated individuals
    - Individuals with low educational attainment
    - Veterans
    - Single parents
    - Individuals who are homeless
    - Individuals coming out of foster care
  - An Employment Hiring Plan for Permanent and Construction Jobs, to be submitted and approved before contractor/developer starts working. This plan should detail how targeted hire goals will be met
  - Quarterly Performance Reporting on established “targeted hire” hiring goals, especially for construction
  - Data and reports on targeted hiring progress and outcomes to be made available to the public
  - The development of an Independent Jobs Coordinator role (either as a new hire or a current employee) that can act as a facilitator between the Contractor, the City, and the Community as well as oversee compliance with these objectives

## ***SMALL BUSINESS DEVELOPMENT***

**City and Related Contracts** can support the development of Minority, Women-Owned, Small Business Enterprises (MWSBEs) by:

- Requiring MWSBE subcontractors: The City should consider requiring MWSBE participation for all contracts under \$100,000, if such a requirement is legally feasible, and with the appropriate restrictions (e.g., contract amount must be within 3% of the lowest-cost non-MWSBE bid).
- Sizing of contracts: The City and local government organizations (LGOs)—such as Houston First, METRO, and Port of Houston—should divide a certain percentage of large projects and contracts of a specified size into phases or into smaller sections, giving MWSBEs a higher likelihood of winning bids on these contracts. This policy provides MWSBE contractors with the opportunity to demonstrate their ability to perform and gain the experience and capacity needed to eventually be able to take on larger City-related contracts.
- Joint ventures: The City should consider joint ventures to help companies that are unlikely to win a contract on their own (due to the size of the contract or for other reasons) to submit a bid in partnership with a larger or more experienced firm. Replicating this model in other departments could increase MWSBE contract participation and leadership. Joint ventures should only be encouraged if they can be executed as true partnerships rather than “pass-through” structures that facilitate opportunities for non-MWSBE businesses.
- Owner-controlled Insurance Program (OCIP): The City should consider establishing a city-level OCIP and/or a similar bonding program (perhaps leveraging the Small Business Administration’s bonding program or utilizing a nonprofit bonding company) that would allow for the sale of reduced-cost insurance and/or bonding to MWSBEs to create a wider pool of eligible subcontractors who otherwise could not bid on certain contracts because of the higher costs.

*For additional suggestions, please see Appendix C on page 29.*

**Capacity-Building Resources** should be strengthened and used to support the development of Minority, Women-Owned, Small Business Enterprises (MWSBEs). *For more details, please see Appendix C on page 29.*

- Small Business Improvement Fund: Develop a Small Business Improvement Fund (SBIF) modeled after the program implemented by the City of Chicago. The SBIF program would use some form of tax revenues to help property owners within targeted areas to repair or remodel their commercial and industrial properties; and program participants would receive matching grants (not loans) to cover up to half the cost of improvements.<sup>12</sup>
- Building-Business Match: Establish a program that matches business owners with owners of retail and other business building space in target areas that have limited storefront utilization. Provide technical assistance to participants as well. Draw on Detroit’s Motor City Match when designing this program. This program could be carried out in partnership with the various Management Districts across the city.<sup>13</sup>
- Temporary Retail Space: Based on the San Jose Pop-Up Project, create temporary retail spaces for MWSBEs (to increase their exposure) downtown and in other high-traffic areas (e.g., Hermann Park) during specific times of the year. Temporary retail space could also be provided

to MWSBEs and other entities in the parking lots of abandoned and still-active retail stores and strip malls with a focus on underserved areas of the city.<sup>14</sup>

***Marketing and Communications*** can enhance awareness efforts to encourage collaboration and engage the relevant communities, while also connecting such efforts to comprehensive tracking of progress of businesses that interact with the City. The City has made strides to improve support for small businesses and MWSBEs in particular with the establishment of the OBO and various outreach efforts. The gap still exists, however, regarding the opportunity for MWSBEs to share in the city's economic growth. Increasing communication and collaboration between stakeholders and awareness among MWSBEs regarding opportunities and programs is a major issue within the MWSBE community. The following suggestions intend to address this challenge:

- **Neighborhood-Based Opportunity Centers:** To ensure the effective distribution of the OBO's Business Resource Guides and generally create accessibility for small businesses across the city, the City should establish a network of Neighborhood-Based Opportunity Centers (NBOCs). This network should be appropriately distributed across the city and target lower-income neighborhoods, and the list of NBOCs should be prominently available on the OBO website. NBOC sites would include existing nonprofit and City locations (e.g., libraries, multi-service centers). These centers can also serve a dual purpose of connecting community residents with workforce initiatives spearheaded and/or supported by the City.<sup>15</sup> (See Appendix on page 34 for further details)
- **OBO Advisory Board:** The City should closely examine the list of OBO Advisory Board members to ensure transparency. Members should consist of key community-based stakeholder groups, including and especially those groups that work directly with MWSBEs. In addition to bonding and financial institutions, the OBO Advisory Board should consist of at least three MWSBE owners to ensure accountability and provide input on how best to serve the MWSBE community.
- **Small Business Collaborative:** Establish the "Houston Small Business Collaborative," which would consist of a broad coalition that meets quarterly and communicates through an email listserv to ensure that organizations are up to date on the work done by all City, City-supported, and LGO agencies and organizations to ensure opportunity and collaboration, avoid redundancies, and share best practices.
- **List of incubators and co-working spaces:** In addition to including the list of NBOCs as described above, the OBO website should include a list of the various incubators and co-working spaces located around the city.<sup>16</sup>
- **Measuring impact:** In its tracking of impact on businesses that receive City contracts and/or other resources and assistance from the OBO, the OBO should track the progress of these businesses as well as its interaction with these businesses, using the data collection framework used by the Small Business Administration as a starting point for determining which data to track.

## **WORKFORCE DEVELOPMENT**

The City should strengthen workforce development outcomes for residents by:

- Developing and supporting **sector-based** “earn and learn” workforce development programs that attract, train, and place residents into key industry sectors (namely Construction and Health Care) that are directly related to key City interests and public service activities. Sectors should be prioritized based on employer demand and the opportunity to address racial and gender disparities in access to quality jobs
- Taking a **systems-based approach** to workforce development by mapping existing workforce development programs and aligning the city’s workforce efforts and resources
- Creating and using a framework for setting **goals and measuring and reporting** progress
- Creating and supporting **city wide marketing efforts** to educate residents about workforce opportunities and increase awareness and improve perceptions about workforce programs

***Sector-based Workforce Development:*** The City of Houston can establish sector-based programs that are related to key City interests and public service activities.

**The City can establish the “Road to the Future” program** that uses a strategic and measurable approach whereby the City uses its contracting, procurement, and other financial investments to fulfill the infrastructure and public service needs of the city *while also* strengthening workforce development and economic opportunity outcomes of residents.

Through the “Road to the Future” program, the City can imbed requirements into its contracts that require contractors conducting business with the City to:

- Invest in training or support of individuals from targeted communities;
- Commit to hiring individuals from targeted communities;
- Commit to paying family-supporting wages for their employees;
- Incentivize use of other wrap-around services that help workers achieve long-term financial success and stability; and
- Maintain safety history and compliance with local, state, and federal laws.

*(See Appendix D for implementation recommendations for the “Road to the Future” program.)*

The City should not limit itself to developing initiatives in sectors where it has a direct role, such as procurement in construction. The City should also use its leadership and incentives to promote implementation of more demand-driven, sector-based workforce development programs that build and sustain the talent pipeline related to industries aligned with key City interests and public service activities.

For example, healthcare is the fastest growing industry in the Gulf Coast region, with a projected addition of over 91,000 new jobs by 2020. The addition of these new healthcare-related jobs will be one of the financial pillars on which the new Houston economy is built.<sup>17</sup> There are a number of Houston based and national models for workforce development programs in the health care field that provide

entry level and career pathway jobs ideal for people in marginalized communities (see Appendix D and E).<sup>18</sup> The administration should dedicate resources to researching and exploring its role in expanding such programs for the following industries: healthcare (nursing and residential care facilities, ambulatory health care services), childcare and Pre-K, and hospitality and tourism services. Opportunities also exist to better align the City's current Summer Jobs Program with targeted industries by identifying and/or creating internships that connect and expose youth to in-demand career paths.

**Systems-Based Approach:** Conduct a systems mapping process to assess the existing players, resources and gaps in the current workforce development system. This process should identify the City's role and resources dedicated to workforce development as well as other resources that can be aligned for advancing an economic opportunity agenda.

Mapping the workforce development delivery system in our region will help the City to see where its resources currently go, the other resources available and the critical players in delivering workforce outcomes at the present time. Included in the analysis should be the identification of best practices and high-performing organizations. Incentives and efforts to move the various stakeholders toward high performance standards will help the City achieve its targets around the key initiatives it launches and help it to build strong partnerships for addressing economic opportunity.

**Data and Metrics:** The City will need to create and use a framework for setting goals and measuring and reporting progress. This framework should draw on the work of other municipalities where applicable and be based on evidence demonstrating the impact of workforce development initiatives such as in Los Angeles.

**Marketing and Community Engagement:** It is necessary to create and support citywide marketing efforts to educate residents about workforce opportunities and increase awareness and improve perceptions about workforce programs. This can be achieved by modifying the City's resident services functions and workflows (e.g., 3-1-1) to help connect residents to workforce development programs and other supports and by developing and deploying marketing and awareness materials in City departments and related public agencies (e.g., METRO). Actively engaging residents during this process to build a deeper understanding of the barriers to employment they face as well as the untapped opportunities among the population should be a priority. Building in systems for ongoing engagement will help the City develop more effective outreach strategies as well as programs and policies. The marketing and engagement can also inform focused recruitment efforts to attract targeted populations and connect those populations with workforce development programs and other supports. The City can provide support and advocacy for existing demand-driven workforce development efforts being implemented by Workforce Solutions and UpSkill Houston. These efforts can be enhanced by the use of a neighborhood-based model as described earlier. In addition to resources for small businesses, neighborhood-based locations should include workforce development resources and possibly even training opportunities. Using the neighborhood-based partners and centers as community engagement hubs will enhance the flow of information to and from the City and its residents. This data can be used to refine strategies and initiatives over time.

## **Potential Impact of a Successful “City that Works!” Initiative**

The potential impact of the recommended initiatives is significant. While the extent of the impact of these recommendations depends on the specific planning and implementation details of each policy or initiative, the following is a summary of some of the general economic opportunity improvements that the City could achieve:

- A living wage for all employees working directly for the City or on projects funded by the City or related affiliates could stabilize the economic situation of thousands of individual residents and their family members
- Improved and more equitable access to opportunity.
  - Targeted hire efforts and improved access to better-paying, higher-quality jobs for residents in specific neighborhoods and individuals from marginalized communities could lead to a range of improvements, including decreased unemployment and poverty rates, a decrease in racial and gender disparities, and a reduction in the rate of recidivism
  - Increased MWSBE access to contracts and resources could generate more local jobs -- particularly for minorities<sup>19</sup> -- and stimulate the local economy<sup>20</sup>
- Improvements in these areas and with respect to other factors (including housing and transportation, as described below) would lead to higher earnings potential for children in our city and increase the likelihood that children growing up in the lowest economic quintile can move up the economic ladder during their lifetimes<sup>21</sup>

## Additional Issues

### Affordable Housing

Economic opportunity and economic mobility for low-income families are tied to the availability and affordability of housing. Housing is a typical household's largest single expense, one that should comprise no more than 30% of a family's monthly gross income. But for low-wage households, it sometimes exceeds 50%. Any housing expense over 30% of monthly income creates a "housing cost burden" and over 50% is considered a "severe housing cost burden." The more burdened a family is, the more difficult it is for them to retain stable housing, stable employment, and overall family stability.

Tying the goals of helping families increase their income through skills and earned wages with improving access to quality, affordable housing addresses both the short-term and long-term goals of increasing economic opportunity and prosperity for families in the City of Houston. The committee recommends that the Turner Administration tie incentives to contracts and investments of City dollars for workforce and economic incentives to affordable housing options, especially City-supported affordable housing, specifically incentivizing proposed deals that connect to housing near transit and employment.<sup>22</sup>

In addition, the following mechanisms for increasing affordable housing should be considered:

- Assess Impact Fees on Commercial and Residential Development. New revenue sources such as impact fees on commercial and residential development can generate millions of dollars for affordable housing development in an impacted community.
  - Example: In San Jose, one of Silicon Valley's key cities, the San Jose City Council approved a housing impact fee of \$17 per square foot on new market-rate development. The fee will raise money to build about 10,000 units of affordable real estate in the coming years.
- Set-asides for Affordable Housing. Among the most frequently used tools for preserving affordability for lower-wage workers are "developer set-asides." These programs require developers to make a certain percentage of units in a new residential development affordable and available to low- and moderate-income households. The City may also provide developer incentives, such as "density bonuses," which permit more units to be built than otherwise would be allowed under existing regulations. Such incentives may also reduce impact fees, thereby cutting development costs. Some jurisdictions allow developers to build affordable housing offsite or contribute cash to an affordable housing fund instead of including affordable units in the new development. The City of Houston should adopt the same definition as HUD for the term "affordable housing" so that it refers to housing that is affordable to persons making 80% or less of Area Median Income so that they spend no more than 30% of their monthly gross income for housing expenses.
- Please see "Brookings Institution and Urban Institute. Rethinking Local Affordable Housing Strategies: Lessons from 70 Years of Policy and Practice")

Furthermore, the City could consider establishing formal partnerships with one or more nonprofit partners that would provide search assistance, landlord outreach, and post-move support to low-income families who receive a voucher as part of the U.S. Department of Housing and Urban Development's

Housing Choice Voucher (HCV) program to seek higher-quality housing in more upwardly mobile neighborhoods.<sup>23</sup>

In addition to investing resources in revitalizing distressed areas to increase opportunity for residents in those neighborhoods, the City could explore ways to increase funding for the Houston Housing Authority's voucher program (and/or further leverage the HCV program) to encourage movement to more upwardly mobile neighborhoods. Program investments supporting economic and social mobility should be tracked for effectiveness in terms of positive health, education, and earnings outcomes, potentially as part of a "Pay for Success" model. Research shows that younger children experience the largest positive impact from a move to a higher-opportunity neighborhood. Accordingly, policies that allot vouchers or other support to families with younger children may be worth pursuing.<sup>24</sup> In short, an agenda for economic opportunity includes both place-based investments and offering choices to families to better access opportunity.

Other tools for improving access to housing might include policies that increase multifamily housing and access to single-family areas, a tenant relocation assistance ordinance, and parking reform.<sup>25</sup>

### **Transportation**

Transportation is a key driver of economic opportunity and of social mobility in particular: "The longer an average commute in a given county, the worse the chances of low-income families there moving up the [economic] ladder."<sup>26</sup> This issue is particularly challenging in a sprawling city such as Houston. Thus, the City should aim to devise and implement policies that encourage transit-oriented development, including efforts to increase density, mixed-income/mixed-use development, and the overall housing supply.<sup>27</sup> In addition, the City could identify disadvantaged areas that are poorly connected to job centers and potentially collaborate with METRO to create additional bus lines to build connections between these areas.

### **Child Care**

Nearly 60 percent of children under the age of six live in households in which all available parents are in the labor force. Yet access to childcare is severely limited by the lack of childcare subsidies available even for those who qualify for the subsidies. This limitation is a major obstacle for lower-income parents that aim to work or enroll in job-training programs, and it is particularly challenging for single mothers, for whom the average cost of childcare makes up more than 20% of their average income. (See "Economic Issues for Women in Texas: Houston Metro Area," Texas Women's Foundation and Center for Public Policy Priorities.) Early Matters, the collective impact effort led by the Greater Houston Partnership and others, holds promise in terms of attracting resources and creating solutions to address this issue. The City should continue to actively support and participate in this initiative.

### **Responsible Contracting**

Each year the City of Houston spends millions of dollars contracting for the delivery of products and services from private sector contractors and vendors. The procurement process should result in the selection of qualified and responsible contractors who have the capability to perform the contract. The standards of living wage, best value and targeted hire should also apply to City contracts.

**Participation in Benefits Programs**

While the City should focus on actively creating economic opportunities for all residents, some resources could be allocated to increase participation rates in benefit programs such as the Earned Income Tax Credit and the Supplemental Nutrition Assistance Program. To the extent that the City can raise awareness about and encourage enrollment in such programs, residents who are struggling at or near the poverty line will have a stronger support system and be better equipped to take advantage of economic opportunities in the city.

**Financial Institution Access**

The City should consider ways to enhance bank and credit union access for lower-income individuals since such access improves financial security. Access pertains both to the ability to use such services and the proximity of such institutions to lower-income residents.

**City Employee Financial Capability**

The City of Houston can develop and implement a quality financial capability program that improves economic outcomes for City employees. The City should partner with high-performing organizations that used evidence-based approaches<sup>28</sup> to ensure that these services are promoted and available to City employees.

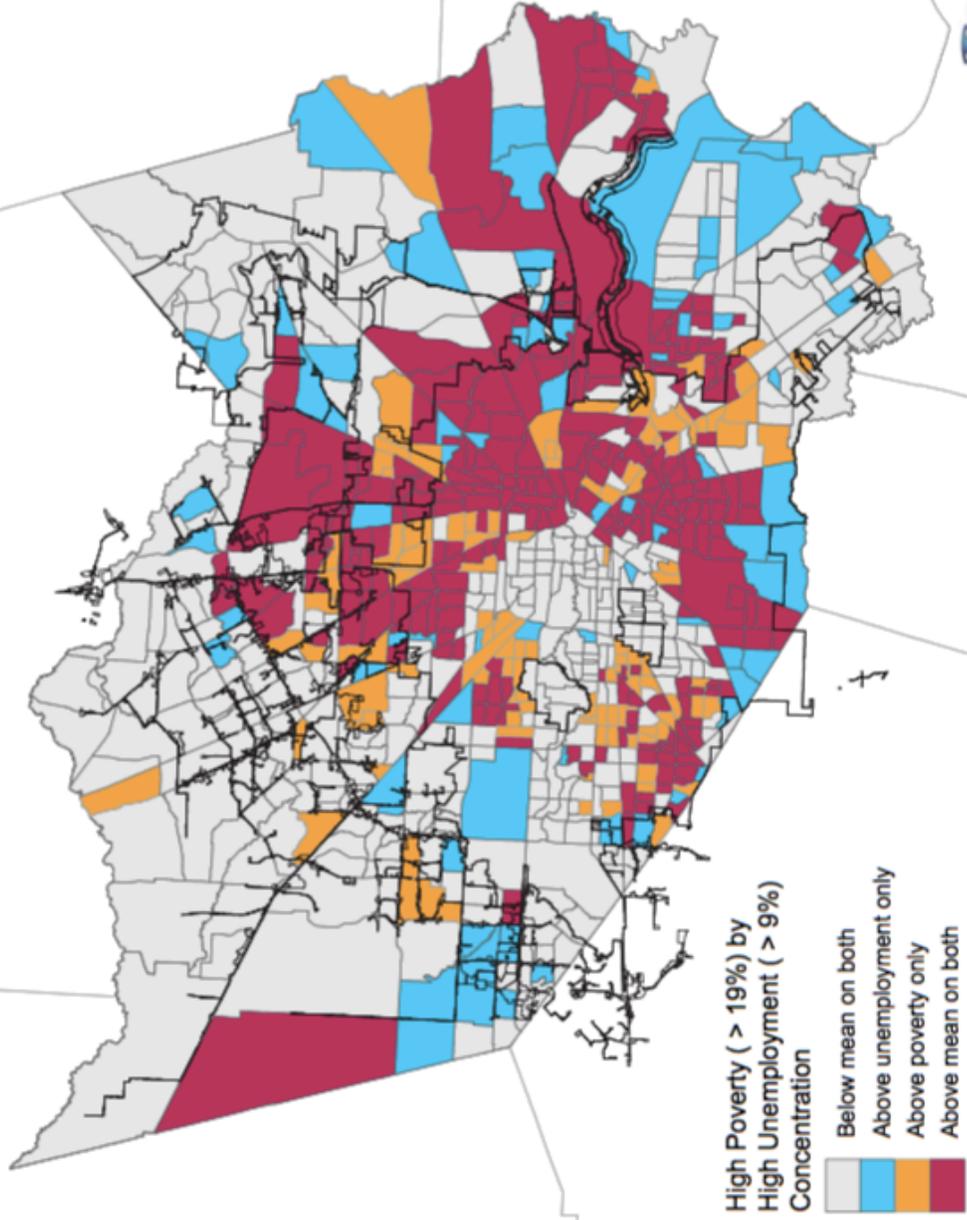
## Appendices

- Appendix A: Maps
- Appendix B: Family-Sustaining Jobs
- Appendix C: Small Business Development
- Appendix D: Workforce Development: Road to the Future Implementation Recommendations
- Appendix E: Workforce Development: Sector-based Program Models in Healthcare
- Appendix F: Neighborhood-Based Opportunity Center (NBOC) Recommendations
- Appendix G: Sustaining the *City that Works!* Initiative
- Appendix H: Innovation Delivery Model

## **Appendix A: Maps**

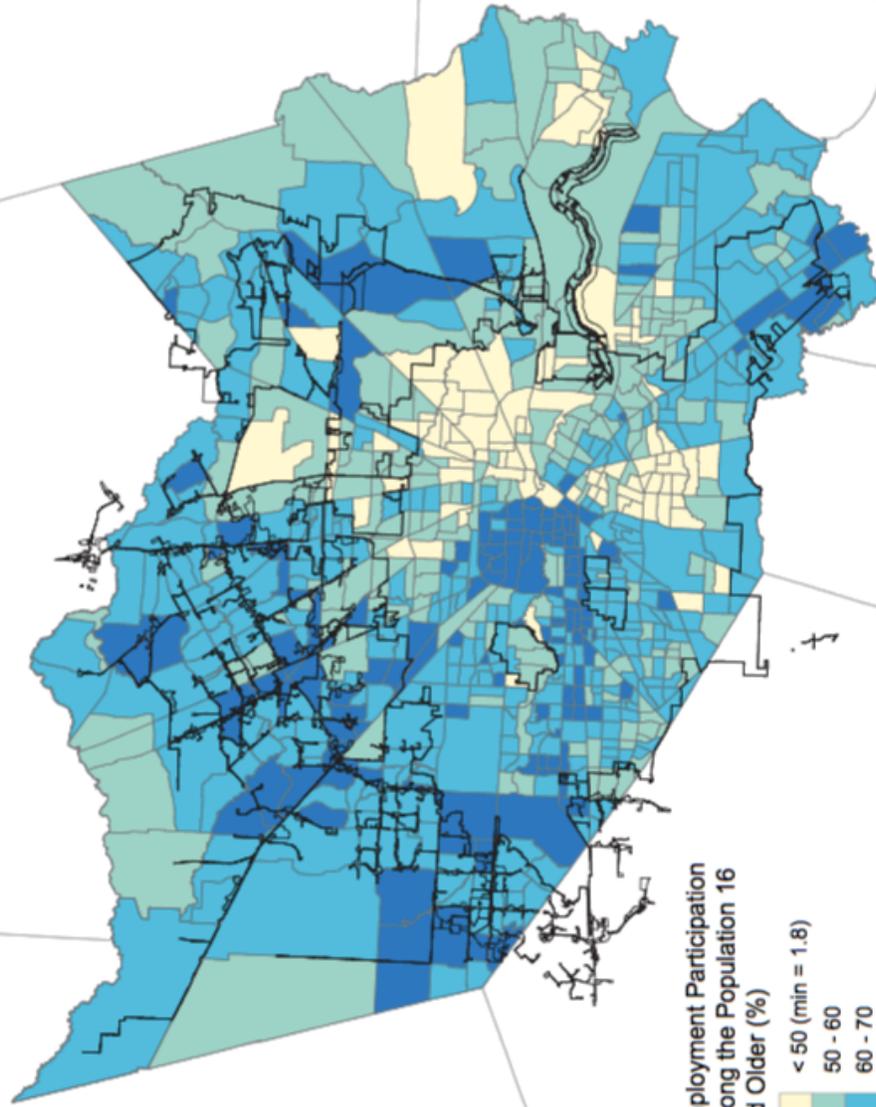
- 1) Co-Concentration of High Poverty and High Unemployment
- 2) Vehicle Access: The Percentage of Workers 16 or Older that had Access to Zero Vehicles
- 3) Employment Participation: The Percentage of the Population 16 and Older that was Employed in the Past Year

# Co-Concentration of High Poverty and High Unemployment



Source: American Community Survey (ACS) 5-year period estimates, 2010-14

# Employment Participation: The Percentage of the Population 16 and Older that was Employed in the Past Year



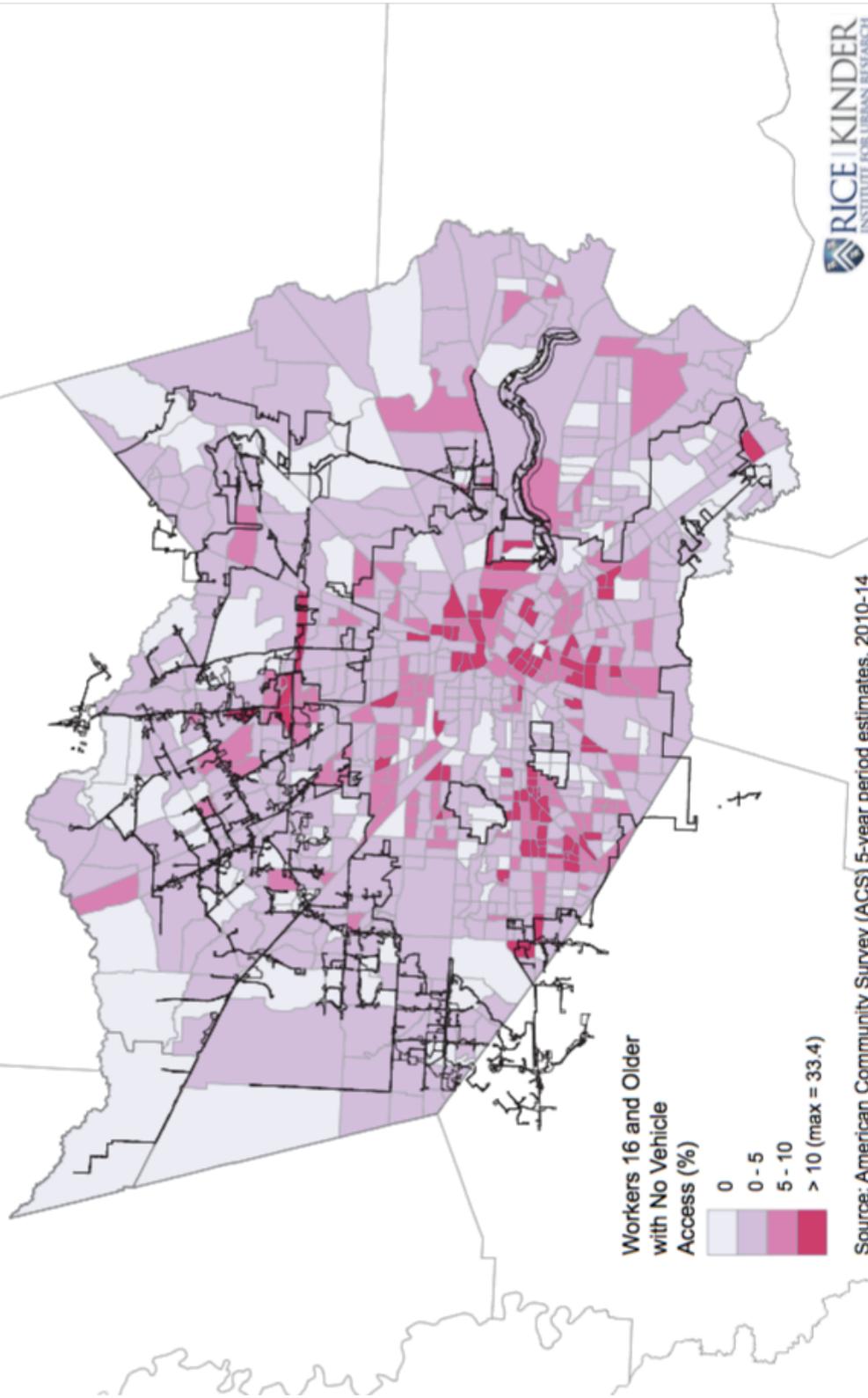
Employment Participation among the Population 16 and Older (%)

- < 50 (min = 1.8)
- 50 - 60
- 60 - 70
- > 70 (max = 88.4)

Source: American Community Survey (ACS) 5-year period estimates, 2010-14



# Vehicle Access: The Percentage of Workers 16 and Older that had Access to Zero Vehicles



## Appendix B: Family-Sustaining Jobs

### *Living Wage, Community Benefits and Targeted Hire Examples from Other Jurisdictions*

Since 1994, over 140 cities have passed living wage policies to respond to the growing number of Americans who work but still live below the federal poverty line. This includes many cities in the U.S. South such as Saint Louis, MO, which in 2009 defined “living wage” as 130% of the federal poverty guidelines for a family of three. Pittsburgh passed a living wage law that covers grocery, hotel, food service and building service workers employed through City-subsidized economic development projects.<sup>29,30</sup> This provides Houston with a wealth of examples and best practices to draw on.

Living wage laws can vary in practice. Most cover employees working under municipal contracts. Some also cover municipal employees, employees of businesses receiving public economic development dollars, or employees of businesses located in districts that have benefited from significant public investment. Wage levels vary from one dollar above the federal minimum wage to over twice the minimum and can vary from city to city. Usually they are calculated by the wages of the full-time worker and a family of four.

The Economic Policy Institute looked at 20 cities, including Baltimore and Los Angeles, that implemented Living Wage Policies and these are the most important findings:

- Living wage laws have raised productivity and decreased turnover among affected firms
- The bidding for municipal contracts remained competitive or even improved as a result of living wage ordinances
- Living wage laws benefit working families and the local economy overall

The following are additional examples of models that combine different elements of the aforementioned recommended living wage, community benefits and targeted hire policies:

- San Marcos, TX – Passed a \$15/hr living wage for incentivized companies in February 2016.<sup>31</sup>
- Austin, TX – Passed a resolution<sup>32</sup> in October 2013 that requires all companies entering into 380 agreements to provide employees with \$11/hr or prevailing wage, OSHA training, health insurance, and workers’ comp. It also established a “Firm Based Incentive Matrix”<sup>33</sup> that takes into consideration multiple facets of potential benefits to the city from the proposed project and sets standards for assessing a points-based evaluation and accompanying benefits scale. Project owners are incentivized to hire from “disadvantaged” worker populations (those that are low-income, have a criminal record, and do not have a high school diploma), and are evaluated on additional criteria.<sup>34</sup>
- Seattle, WA – Strong example of targeted and local hire policy on municipal projects.<sup>35</sup>
- San Jose, CA – Evaluates a host of bidders’ labor practices in its evaluation, from living wages, to paid leave, to labor peace agreements.<sup>36</sup>
- Los Angeles, CA – Strong example of post-award enforcement through their “Joint Labor Compliance Monitoring System,” through which individuals are trained and deputized to interview employees and employers and document possible violations.<sup>37</sup>
- The following targeted hire ordinances from other municipalities may be useful models:

- o City of San Francisco Local Hiring Ordinance, adopted in 2010.
- o The Milwaukee Opportunities for Restoring Employment ordinance of 2009.
- o City of Richmond Local Employment Ordinance, adopted in 2006.
- o The Fannie M. Lewis Cleveland Resident Employment Law of 2003.
- o East Palo Alto's First Source Hiring Ordinance, adopted in 1996.
- o City of Oakland Local Employment (LEP) and Local Construction Employment Referral Programs ordinance, adopted in 2001.

*Implementation Recommendations:* In order to ensure that City standards—including living wage, community benefits and targeted hire—are fairly and effectively implemented and that community input on development deals is valued, the City of Houston should include transparency and accountability measures:

Community Input Recommendations:

- Community input is strongly encouraged in the pre-development phase of tax incentive and economic development deals. The pre-development phase should respond to the particular needs of the community taking into account the communities local history, demographics, socio-economics, culture, and languages.
- Town hall meetings, information sessions, social media, community events, civic club meetings, as well as other strategies should all be used to gather community input during pre-development vision stages. Public notice and public hearings should be required with at least two weeks' notice in advance of a Council vote on a tax subsidy deal.
- Community Input in the pre-development phase should also inform and educate about project's proposed design and future operations (e.g., number and types of jobs and community benefits to be created through the project)
- A database of proposed project developments should be posted on the COH website by City Council Districts as early as the pre-development vision phase.
- The City of Houston via its communications tools, (e.g., CitizensNet) should promote and encourage community input and participation during the pre-development phase and thereafter. Houstonians should be encouraged to sign up for a regular email listserve with detailed information and advanced notice of Economic Development program project proposals.

Transparency Recommendations:

- Develop a standard scoring method to evaluate the quality of economic development program project proposals. This scoring method should take into account living wage and targeted hire requirements as recommended above. This scoring should be available to the public.
- Require developers receiving assistance to disclose before, during and after the project the number of quality and local jobs and other community benefits outcomes supported in connection with a contract and commitments to hiring workers facing multiple barriers to employment.
- Require frequent (at least quarterly) reporting by incentive recipients regarding compliance with targeted hire, living wage, and responsible contracting measures.

Enforcement Recommendations:

- To ensure compliance, include language that requires transparency to high-quality jobs and accountability of commitments on a contract signed by developers and subcontractors
- Include measures that allow covered workers to help ensure they receive the wages owed. For example:
  - Allow complaints to be filed anonymously
  - Include retaliation protection
  - Provide for a private right of action
  - Require notice posting and record keeping
- Include meaningful consequences for developers and contractors who do not comply, such as claw-backs of tax breaks and benefits from the City and additional penalties.
- Involve other City departments or agencies in expanding the consequences of non-compliance by revoking or suspending business licenses, permits, or registration certificates until a violation is remedied, which can establish a powerful incentive to comply.
- Invest or reallocate resources for City staff to visit and audit sites rather than solely depending on reports from developers and contractors themselves.

The goal of enforcement is to ensure the policies governing contracting and economic development are rigorously enforced. Enforcement protects not only the workers covered under such policies but also the City's interests.

## Appendix C: Small Business Development

The following changes could help to ensure that the OBO's contracting efforts are operating as they are intended and as efficiently and effectively as possible:

- **Staffing capacity:** The OBO currently has 32 total employees, of which five Business Development Coordinator positions are allocated to handle the monitoring of 1,400 city-wide contracts. One upcoming project alone will entail more than \$1 billion of contract awards. Thus, the City should reorganize and refocus to ensure proper contract compliance monitoring.
- **Inter-departmental collaboration:** The City should establish a formal collaboration between OBO and the Department of Public Works and Engineering similar to the partnership between OBO and the Houston Airport System (HAS). Much like the OBO-HAS collaboration, this collaboration would increase the impact of efforts to create contracting opportunities for MWSBEs while also enhancing the efficiency of such efforts by better utilizing staff.
- **Preventing circumvention:** The City should closely examine how the OBO approval process is at times circumvented and what mechanisms can be implemented to avoid such circumvention.
- **Prevailing wage:** The OBO should continue working with the City's Legal Department to assess if the responsibility of wage monitoring should continue to fall under OBO or shift to another department or division. Even if this responsibility shifts, MWSBEs should be held to the same prevailing wage requirements that are currently in place for businesses working on City projects.
- **Hire Houston First:** The City should examine whether the Hire Houston First initiative is being applied correctly, or should be replaced with the "**City that Works!**" initiative that is more focused on eliminating MWBE obstacles.

### Additional Capacity-Building Resources:

- **Targeted District-level efforts:** To complement the network of Neighborhood Business Development Centers, the City and relevant stakeholders should coordinate with specific economically disadvantaged Districts to ensure targeted efforts to support small businesses in those areas.
- **Language capacity:** NBOCs should also include the necessary language capacity by involving small business programs that have versatile language abilities. As part of this component, additional Spanish-language speakers (and other foreign-language speakers, depending on demand) should be hired as needed by the OBO.
- **Curriculum-based programs:** Drawing on its experience with the Kaufman FastTrac program<sup>38</sup>, the City should prioritize capacity-building initiatives that incorporate a strong, evidence-based curriculum and include a system for tracking long-term impact on participating businesses.
- **Partnerships with Community Development Financial Institution (CDFI):** The City should enhance its partnerships with local CDFIs focusing on small businesses to increase small businesses' access to gap financing and working capital and otherwise streamline the process for businesses seeking loans.<sup>39</sup>

## **Appendix D: Workforce Development Road to the Future Recommendations**

### Road to the Future Program implementation recommendations:

- As a project owner, the City can develop an accredited contractor/sub-contractor program to establish quality workforce standards for City-funded infrastructure (i.e., civil construction) and institutional construction projects funded by the City. A similar program could be established in other significant procurements.
- The City can develop a civil construction workforce training center and collaborate with training and educational institutions to provide life skills, wrap-around services, employability training, and NCCER-plus training programs for crafts related to infrastructure (e.g., civil construction projects) and institutional construction projects. The training program should utilize the established integrated services delivery model based upon evidence-based approaches documented in The Center for Working Family approach by the Annie E. Casey Foundation.<sup>40</sup>
- The City can develop a focused recruitment effort to attract and recruit targeted populations and to connect those populations with civil construction training programs and civil construction employers.

**Accredited Contractor/Sub-Contractor program:** As a project or building owner, the City of Houston can support the development of a skilled construction workforce by having its contractors and sub-contractors subscribe to certain principles, including an audit by the City. This approach can:

1. improve the project quality and, therefore, reduce long-term maintenance costs;
2. support on-time, on-budget, and to-specification projects; and
3. level the playing field for contractors and sub-contractors

This would require that the City specify the key elements necessary to recruit, develop, maintain and sustain a trained construction workforce, including:

- Develop the contracting principles for infrastructure projects (civil construction) and institutional construction projects
- Promote the financial security, health, and wellbeing of craft workers
  - Craft workers paid by the hour, including overtime according to federal laws
  - Workers receive W-2 and not 1099
  - Employment tax reporting in compliance with federal/state laws
  - Workers' compensation insurance in compliance with Texas Workers' Compensation Act
- Require safety training
  - OSHA 10 for all workers
  - OSHA 30 for supervisors
- Have commitment to provide ongoing craft training
- Establish a performance verification system to which accredited contractors and sub-contractors report performance

- Key Questions:
  - Where is infrastructure in the planning process? Are we still at a point of influence? What is the time frame for the work?
  - Who are the major employment and contracting departments within the City?
  - What are the expenditures impacts of this approach related to monitoring and compliance?
  - What are the expenditures impacts related to the contracting process?
- Potential models to leverage:
  - Construction Career Collaborative (C3). See <http://www.constructioncareercollaborative.org/>

**Civil Construction Training Center:** The City can develop a civil construction training center and collaborate with training and educational institutions to provide life skills, employability training, and NCCER-plus training programs for crafts related to infrastructure (i.e., civil construction projects) and institutional construction projects.

- Develop a civil construction training center to provide training in contextualized life skills, basic employment skills, and technical construction skills
  - Create outreach programs to targeted populations (see below)
  - Develop consistent life skills and financial capability training
  - Provide wrap-around services to address key barriers
    - childcare
    - transportation
    - felony convictions
  - Develop basic employability skills training
  - Provide consistent safety training (OSHA 10, OSHA 30)
  - Provide industry training programs that utilize recognized credential (e.g., NCCER plus)
  - Key Questions:
    - What are the projections for the number and types and levels of jobs? What are the salary ranges? What are the career pathways for the jobs?
    - What are the expenditure impacts to this approach?
  - Potential models to leverage:
    - Houston Airports System construction training center (Lone Star College, San Jacinto College, and Houston Community College)
    - Houston Gulf Coast Building & Construction Trade Council

**Focused Recruiting of Target Populations:** City can develop a focused recruitment effort to attract targeted populations to connect those populations with civil construction training programs and civil construction employers.

- Establish performance targets for the composition of the contractor/sub-contractor workforce
  - Possible target populations
    - Geographic targeting (i.e., zip codes)

- Demographic targeting (i.e., characteristics like ex-offender)
- Criteria to assess “best efforts” performance
- Key Questions:
  - What are the legal issues related to targeting populations?
  - What are the practical considerations for construction projects that may occur across the city?
  - What are the expenditure impacts to this approach?
- Potential models to assess and apply learnings:
  - Workforce Solutions fast track training efforts with Jacobs and S&B Engineers and Constructors
  - LISC Financial Opportunity Centers

## **Appendix E: Workforce Development Sector-based Program Models in Healthcare**

### **A Successful Local Program: Wesley Community Center’s CNA Training Program**

Healthcare is the Gulf Coast Region’s fastest growing industry with an equally strong demand for skilled workers. While technical schools offer healthcare training programs, many overlook key foundational needs such as numeracy and literacy skills, and a pipeline to job opportunities.

Having analyzed these trends, the Wesley Community Center in Houston’s Near Northside initiated a workforce development program to help its clients access good paying jobs as Certified Nursing Assistants and ultimately obtain long-term financial and professional growth. The program also incorporates an “earn and learn” component made possible by an innovative partnership with Houston Methodist Hospital.

The City of Houston might consider helping successful “earn and learn” sector-based workforce development programs that specifically support low-wage earning women of color like this grow to scale.

### **New York City’s New York Alliance for Careers in Healthcare (NYACH)**

Health Care and Social Assistance is a growing sector with the largest share of New York City’s job market. NYACH’s mission is to build an effective healthcare workforce development system in New York City by identifying healthcare employers’ needs, helping education and training organizations adapt their approach to better meet those needs, and ensuring low income and unemployed New Yorkers have access to viable career opportunities in healthcare.

The NYACH’s Partners’ Council includes industry associations, healthcare worker associations, and academic institutions, and produces regular reports on progress on stated goals, labor market analysis, employers’ needs for skills, and stakeholder feedback.

The NYACH’s key objectives are to:

- Ensure that training and education meets the healthcare industry’s needs
- Support access to career opportunities and advancement for in-demand occupations for low-income and unemployed individuals
- Develop multi-stakeholder partnerships and coordination across the healthcare workforce system
- Serve as a platform to inform educational programming, policy, and advocacy

The City of Houston should review this model for best practices to replicate in a potential new program. See more here: <http://nyachnyc.org>.

## **Appendix F: Neighborhood-Based Opportunity Center (NBOC) Recommendations**

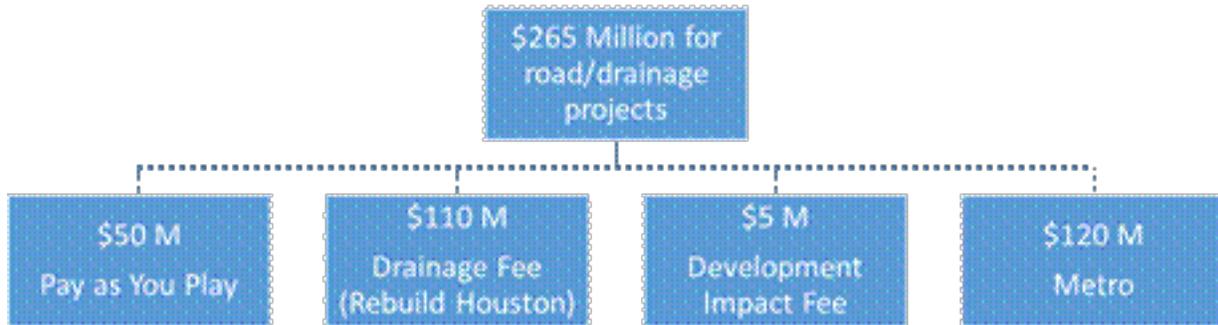
NBOCs should be located at existing City-owned and -operated locations (such as libraries and multi-service centers) and nonprofit partner locations. In addition to nonprofits already providing small business and workforce development services, NBOCs should be placed in affordable housing organizations and other entities that are deeply embedded in targeted communities. A more creative approach to locating NBOCs would be to also house them in public parks. Doing so could increase participation by and convenience for community members since parks are trusted, open locations that would allow parents to access resources in an environment that is more welcoming to children.

## Appendix G: Sustaining the *City that Works!* Initiative

In order to build a robust and effective *City that Works!* Initiative as proposed in this document, the City should pursue and secure outside funding in addition to exploring sources in the City budget.

- **Partnerships with private foundations:**
  - Potential overlap with any of the local foundations' portfolio of investments
  - See "Community Foundations: Snapshots of Public Philanthropic Partnerships" Council on Foundations (2011), <http://www.cof.org/sites/default/files/documents/files/CommunityFoundations-SnapshotsOfPublic-PhilanthropicPartnerships.pdf>
  - Bloomberg Philanthropies and Living Cities' Cities for Financial Empowerment (CFE) Fund, Citi Foundation and Living Cities
  - Bloomberg Philanthropies' Government Innovation work, including the What Works Cities initiative and the Innovation Teams model (<http://www.bloomberg.org/program/government-innovation/>)
  - See "3 Cities to Collaborate in Anti-Poverty Fight," Governing, <http://www.governing.com/topics/health-human-services/gov-city-accelerator-announcement.html>
  - See "Combating Poverty," National League of Cities, <http://www.nlc.org/documents/Find%20City%20Solutions/IYEF/Family%20Economic%20Success/combating-poverty-cs-2008.pdf>
- **Federal legislation and programs**
  - White House's Smart Cities initiative (<https://www.whitehouse.gov/the-press-office/2015/09/14/fact-sheet-administration-announces-new-smart-cities-initiative-help>)
  - Job Training Partnership Act, Labor Surplus Areas Program, Older Americans Act, Disabled Veterans Outreach Program, and others
  - See "Federal Funding Sources for Public Job Creation Initiatives," Center on Budget and Policy Priorities, <http://www.cbpp.org/archives/12-21-99wtw.htm>
  - See "Housing Policy Levers to Promote Economic Mobility," Urban Institute, <http://www.urban.org/sites/default/files/alfresco/publication-pdfs/2000428-Housing-Policy-Levers-to-Promote-Economic-Mobility.pdf>
- **Public-private partnerships** with various stakeholders, including, e.g., park conservancies
  - Pay for Success: Under a "Pay for Success" model, if benchmarks for improvements are met, investors who paid for the housing voucher program would be paid back, with interest at a fixed, preset rate, for saving healthcare and other costs. (See "Money for Mobility: Inside a New Push to Get Poor Families to Better Neighborhoods," Inside Philanthropy, <http://www.insidephilanthropy.com/home/2015/9/16/money-for-mobility-inside-a-new-push-to-get-poor-families-to.html>.)
  - Kinder Institute fellow (tied in with the new funding the Institute received for data-related work)

- **Potential City of Houston funding** that could be allocated towards supporting the *City that Works!* and the Road to the Future initiative:



- In less than 15 years, the above road/drainage fund will go up to \$650 million/year for road/drainage projects
- The Pay or Play program fund is budgeted at \$1,822,335 for FY 2016. This fund could also be reinvested in a workforce training program
- The Economic Opportunity committee recommends that the City allocate a percentage of the total funds for road/drainage towards developing a workforce training program. For example, if 1% of the total fund is allocated this would be the equivalent of investing \$2,650,000 in support of a workforce training program

## Appendix H: Innovation Delivery Model

The implementation of an Innovation Delivery Model (based on Bloomberg Philanthropies' approach to this concept) could be useful for executing some of the recommendations outlined in this document.

(See Bloomberg Philanthropies: <http://www.bloomberg.org/program/government-innovation/innovation-teams/#overview>)

Four Steps to Innovation Delivery Model:



- Investigate the Problem: Requires a commitment to data and a careful exploration of what has worked before
- Generate New Ideas: Necessary to create the space and techniques to generate new ideas
- Prepare to Deliver: Necessary to structure project and implement performance management
- Deliver and Adapt: The model is collaborative and requires the involvement and engagement of a range of players. The change has to be meaningful enough to engage those players.

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- Carlecia Wright and Marcia Murray, Director and Deputy Director, Office of Business Opportunity, City of Houston, in-person presentation (2/16/16)
- Jed Howbert, Executive Director, Executive Director, Jobs and Economy Team, Detroit Mayor's Office, phone conversation (2/18/16)

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