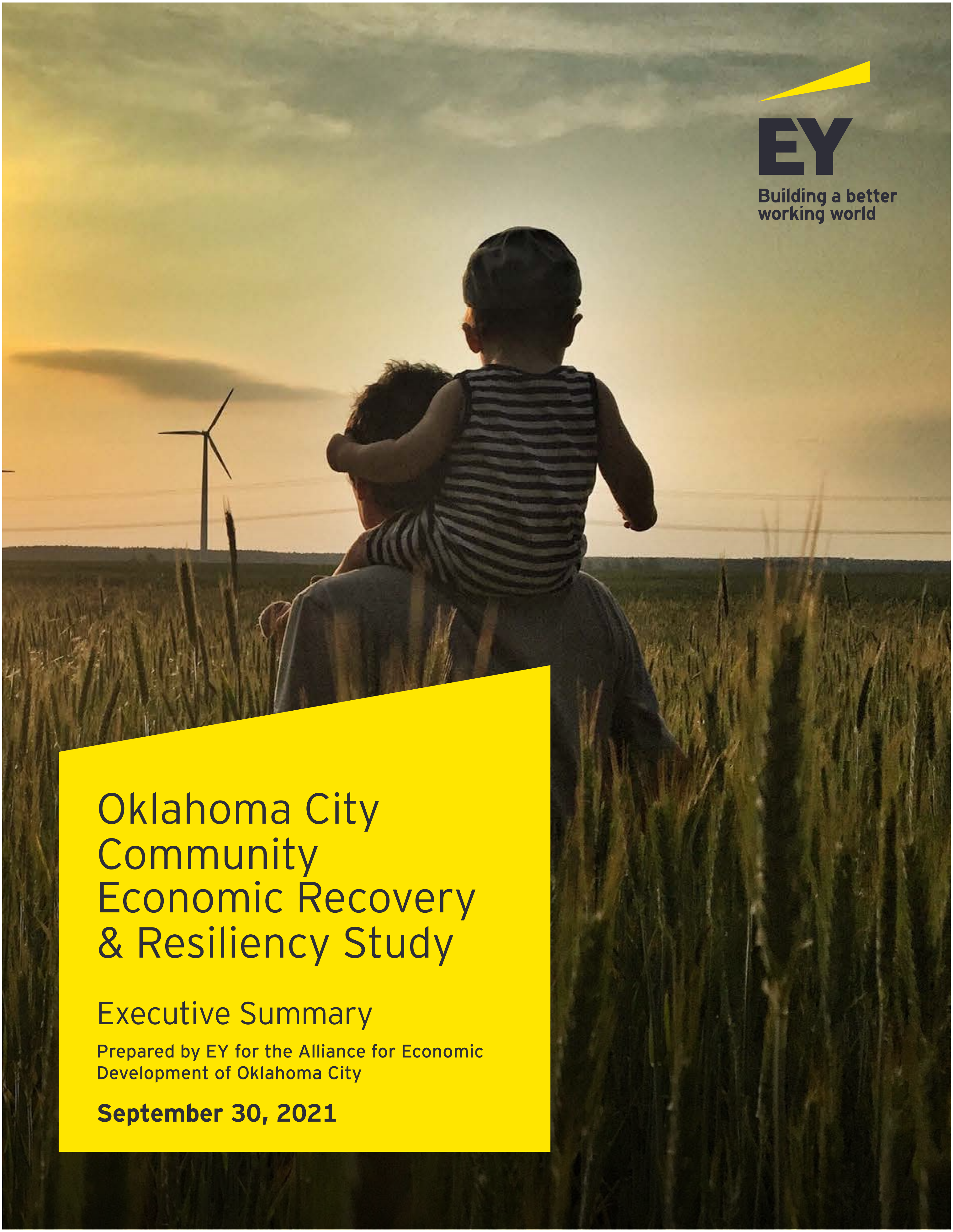


Oklahoma City Community Economic Recovery & Resiliency Study

Executive Summary

Prepared by EY for the Alliance for Economic Development of Oklahoma City

September 30, 2021

Building a better working world

About this study

In December 2020, EY was hired by The Alliance for Economic Development of Oklahoma City (the Alliance) to conduct a Community Economic Recovery & Resiliency Study for the City of Oklahoma City (the City).

The objective of this study was to evaluate Oklahoma City's economic development ecosystem and identify potential means to accelerate overall economic growth, bolster entrepreneurial support, and improve equitable access to economic opportunities.

To begin this study, EY examined Oklahoma City's economy through data analysis and mapping of the economic development ecosystem. The data analysis compared economic and demographic trends in Oklahoma City to 19 benchmark cities. This helped quantify relative strengths and challenges related to economic growth, entrepreneurship, and equitable economic outcomes in Oklahoma City. Mapping the organizations, initiatives, and tools in the local economic development ecosystem helped paint a full picture of the landscape and identify where gaps may exist relative to benchmark and leading practice cities.

EY then engaged with economic development practitioners, business owners, and citizens of Oklahoma City to better understand existing programs, tools, needs, and opportunities. Our team interviewed 30 individuals, conducted five focus groups, facilitated one townhall event, assisted in developing a survey with 93 responses, and met with an advisory committee comprised of representatives from diverse organizations involved in the local economic development ecosystem.

Based on our findings through this process, EY developed options that could help Oklahoma City achieve its economic recovery and resiliency objectives. This report shares those findings and concept options.

Why resiliency matters

Historically, economic development often focused on total job creation and capital investment. These measures remain important, but they may mask struggling subsectors in an economy and inequities in a community. For example, before the COVID-19 pandemic, the US economy experienced the longest period of uninterrupted growth in its history, but not all regions, industries, and populations saw the benefits of this growth. Many business owners, especially people of color, continued to face challenges accessing capital, utilizing incentives, and participating in expanding economic opportunities.

In recent years, data show that those cities that address these disparities experienced accelerated overall economic growth. More demographically diverse and more economically inclusive cities appear more successful attracting and retaining talent, entrepreneurs, investment, and businesses. Those cities often provide more equitable access to small business resources, education, capital, technical assistance, and more. These measures in turn make the overall economy more resilient. The COVID-19 pandemic further highlighted the importance of supporting small business owners and communities of color, as they often experienced the largest negative economic impacts.

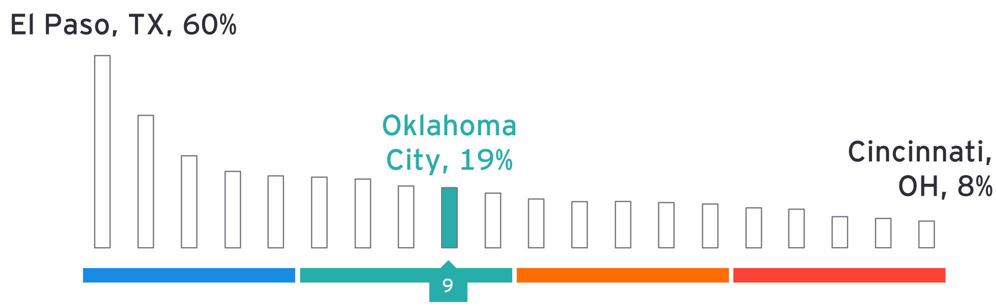
As Oklahoma City's demographics and economy change, to remain competitive for talent, investment, and jobs, the City is considering how to better address these topics as seen in the commissioning of this study. For this purpose and in the following report, economic resiliency is defined as the capacity of Oklahoma City to emerge from the COVID-19 pandemic with a stronger, growing economy that is less susceptible to future economic, natural, and other disruptions. This more resilient economy is one that features a diversity of growing industry clusters, support for startups and small businesses, and equitable access to opportunities for all people in Oklahoma City.

Economic resiliency in Oklahoma City today

Oklahoma City's economy features a relatively diverse distribution of employment across different industry clusters, but in recent years employment growth in the city trailed behind 14 of the 20 peer benchmarks examined in this process. Oklahoma City fell into similar rankings across many other economic and demographic indicators – frequently landing between 5th and 15th place among the benchmarks including metrics such as median household income (9th), share of residents with a bachelor's degree or higher 15th), businesses owned by people of color (9th), and share of adults below poverty level (10th).

Oklahoma City falls lower in the rankings in some categories around entrepreneurship and innovation. The city's per capita patent production ranked 19th among the benchmarks, and per capita venture capital investments ranked 17th – although the venture capital is showing strong growth in the city. Small businesses overall make up a large share (over 90%) of Oklahoma City businesses, but the total number of small businesses has remained relatively flat in recent years. These numbers do not capture all entrepreneurial activity in the city though. In recent years, many local startups have received funding, mentor engagement has grown, and local venture funds continue to grow in size.

Share of businesses owned by people of color, 2017



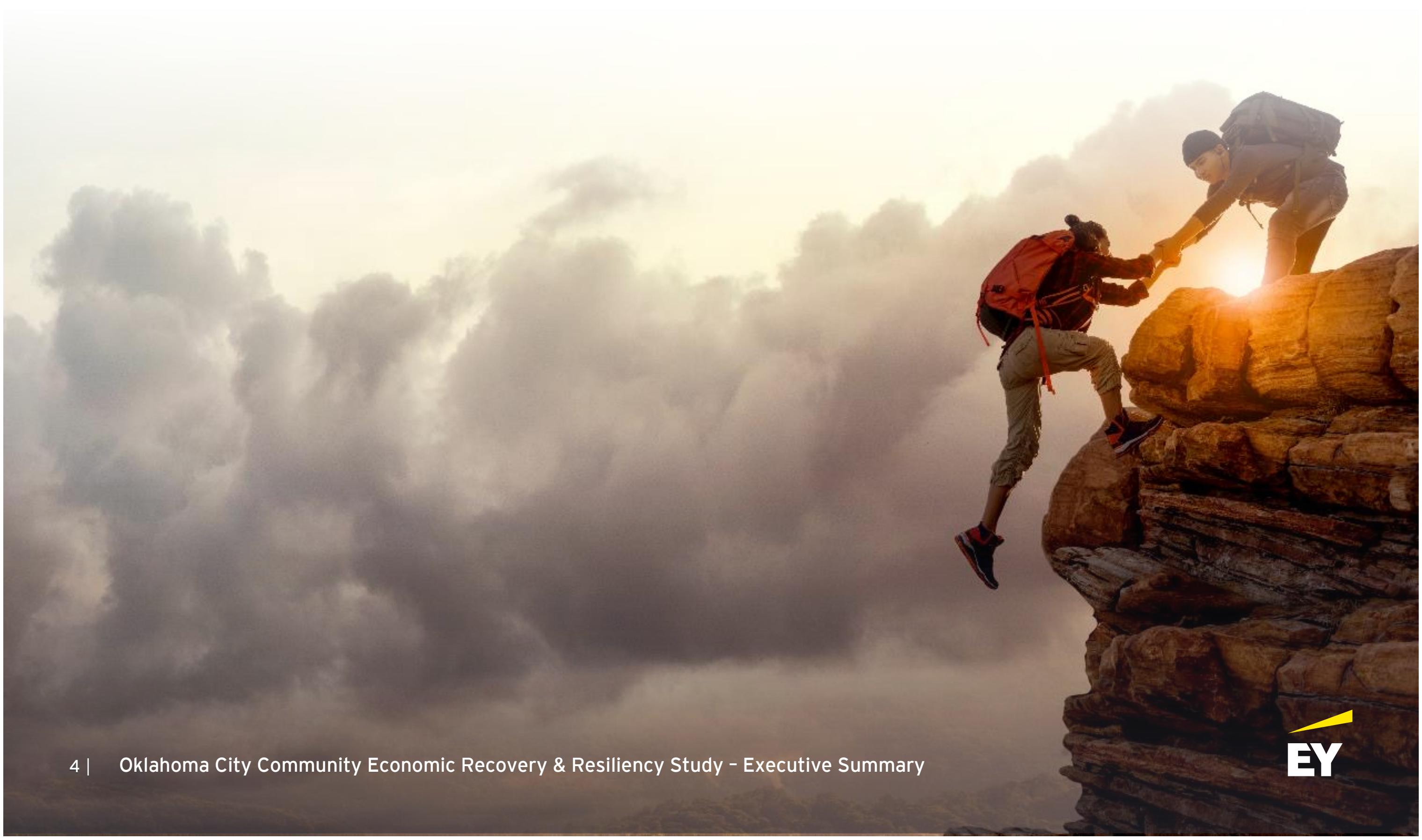
Source: US Census ABS, EY

Distribution of business ownership in Oklahoma City is not proportional to the city's racial population distribution. Black residents make up 13% of the city's population but own only 2% of businesses. In contrast, Asian residents make up 4% of the population but own 6% of businesses. Latinx owners are also under-represented in businesses ownership, with 21% of the population and 5% of business ownership. Only Native American businesses are roughly proportional – with 3% of the population and 3% of business ownership, the 2nd highest share among benchmarks.

In general, businesses owned by people of color in Oklahoma City (and across benchmarks) have fewer employees and lower sales and revenue than those owned by White individuals.

During our many stakeholder interviews we received a great deal of input regarding challenges certain entrepreneurs have faced in fulfilling their business goals. Summarized below are four key barriers to economic inclusion and resiliency in Oklahoma City:

- **Cultural barriers** that limit participation of minority groups and historically disadvantaged communities from sitting on boards of important civic organizations and public/quasi-public bodies.
- **Skills barriers** that make it difficult to gain relevant knowledge and capabilities to fulfill high-quality jobs and achieve economic self-sufficiency.
- **Social mobility barriers** that place Oklahoma City residents from certain zip codes at a competitive educational and economic disadvantage relative to others.
- **Communication barriers** that prevent access to relevant and timely information, thereby limiting equitable participation in economic development programs, and further eroding trust between municipal government and the communities they serve.



The economic development ecosystem

In looking at the economic development ecosystem in Oklahoma City, this study focused on organizations, initiatives and programs focused on three primary topics: innovation and entrepreneurial support, inclusive access to capital, and comprehensive place-based revitalization. These topics were chosen as they encompass many of the tools available to and utilized by the City of Oklahoma City, Alliance for Economic Development, and other core partners. Notably, these economic development topics do not exist in a vacuum. They interplay with a wide range of other topics, from infrastructure to workforce development, that affect overall economic resiliency in the community.

The study examined a wide variety of economic development tools that could contribute to a more resilient economy. Some of these tools fall directly within the control of the City of Oklahoma City, including federal programs focused on local utilization, while others are provided and administered by the State of Oklahoma and other partners. Some of the primary tools examined include:

City Tools

- Tax increment financing (TIF)
- MAPS
- Strategic Investment Program

Federal programs with local administration

- Community Development Block Grant (CDBG) economic development funding
- Housing & Urban Development (HUD) Section 108 Loan Guarantee Program
- New Market Tax Credits (NMTC)

State programs with local administration

- I2E entrepreneurship funding
- Quality Jobs Program
- Business Expansion Program

In general, all tools are designed to accelerate economic growth in Oklahoma City, and they have achieved this goal to varying degrees. Notably, many of these tools are not set up to support small businesses and entrepreneurs. An even smaller subset have an intentional focus on advancing equity. Lacking an intentional focus, it is not clear that the tools are affecting positive movement towards equity, although the data is often absent or inconclusive.

New tool conceptual recommendations

How could we make our programs more robust, fill gaps, and increase inclusivity?

Based on our study of Oklahoma City, EY identified a variety of conceptual recommendations for the Alliance, the City, and their economic development partners to consider for further development. The concepts summarized on the following pages are based on leading practices from across the country and tailored to specific conditions and opportunities in Oklahoma City.

When identifying these concepts, we explored opportunities to build on successful existing programs, initiatives and partnerships. In some cases this could involve scaling an existing pilot program to serve the entire city. In others this could mean exploring ways to further leverage federally programs to accelerate private investment and business development. Where possible, we considered how American Rescue Plan Act (ARPA) funding might be utilized.

If the City and its partners choose to develop these concepts into adopted policy, some may require additional funding, capacity building, and organizational alignment. Nonetheless, the concepts provide viable options for the City to consider in achieving economic resiliency goals identified by the community.

In addition to the conceptual recommendations, the Alliance and City should consider establishing more in-depth data collection, tracking, and reporting protocols for all programs. This will allow for better analysis of program effectiveness and understanding of impacts, especially from an equity perspective. Enhancing marketing and communications strategies related to existing and new programs will also help increase awareness, access, and utilization. Currently, many Oklahoma City residents, especially in communities of color, are disconnected from programs.

The concepts are designed to match needs and fills gaps in Oklahoma City. They are based on successful leading practices from around the country, which are shared throughout the appendix, but are conceptually tailored to match the unique conditions in Oklahoma City. Creating some tools will require additional resources and staff capacity, while others may be built on successful existing programs and pilots, and thus be easier to achieve.

With those considerations in mind and new funding opportunities created through the American Rescue Plan Act (ARPA), we recommend that Oklahoma City prioritize the following concepts:

I. Programs and activities that could be funded with ARPA resources

- Grow America Fund ("OKC Resiliency Fund")
- Sub-Contractor's Finance Fund
- Community development venture capital pool

To ensure the successful utilization of these new resources, Oklahoma City would be well-advised to dedicate a portion of the ARPA funds for technical assistance for borrowers and recipients of equity capital.

II. Programs that could be capitalized with Section 108 resources

- Leveraged debt pool for New Markets Tax Credit transactions
- General targeting of Section 108 capital to mid-scale and larger projects in disinvested areas

III. Products and services that could be funded through the GOLT bond

- New incentives for companies in clusters—especially tech-related—that may not meet hiring thresholds for the SIP Program
- A revolving loan fund (replete with a loan loss reserve and a technical assistance set-aside) for smaller enterprises
- Additional incentives for companies establishing facilities and creating jobs in under-invested communities

IV. Completion of the Innovation District and associated facilities and programs

- Establishment of the Innovation District, Innovation Hall, and HB Foster Center with corresponding programming to support targeted industries, entrepreneurs, minority-owned businesses

Programs and activities that could be funded with ARPA resources

Grow America Fund Program – e.g. "OKC Resiliency Fund"

The National Development Council (NDC), one of the nation's oldest and largest Community Development Financial Institutions (CDFI), administers the Grow America Fund (GAF), which is partially guaranteed by the U.S. Small Business Administration. The GAF is designed to provide flexible financing to small and mid-sized businesses in a community's priority industry sectors and can also help foster a more inclusive economy by reducing or eliminating barriers faced by entrepreneurs of color, which is a key target market segment for the program. The Fund provides long-term, flexible debt that can be structured with longer amortization periods than loans from traditional banks.

Oklahoma City could facilitate the creation of a GAF loan pool for local businesses and entrepreneurs of color—the "OKC Resiliency Fund" by capitalizing a fund with a modest investment, perhaps utilizing a portion of Oklahoma County's $154.9 million in ARPA Funds. NDC will match a community's investment $4:1, which means that a local government could help build a sizable access-to-capital resource with the commitment of a relatively small amount of city or local money. All loans are underwritten and serviced by NDC, but local governments could certainly work with the CDFI shape the lending guidelines and overall focus of the loan pool.

Sub-Contractor's Finance Fund

Many disadvantaged businesses not only face obstacles in securing contracts with anchor institutions (including government agencies), but also with mobilizing under the contract due to a lack of working capital. In many instances, however, these firms, for myriad reasons, have difficulty accessing the necessary financing to perform under a larger contract, which can often lead to loss of a subcontracting opportunity, or poor performance due to being under-capitalized.

As an initial step toward building a comprehensive Disadvantaged Business Enterprise (DBE) procurement program, Oklahoma City should also carve off a portion of its ARPA funding to establish the Sub-Contractor's Finance Fund. The distinguishing feature of this product would be the ability to collateralize a company's contract with an anchor institution, rather than imposing the onerous collateral requirements of traditional lenders.

Community development venture capital pool

One specific type of financial product that should be considered is a Community Development Venture Capital program that provides early-stage firms operating within under-invested neighborhoods with equity capital. (See The Community Development Venture Capital Alliance (cdvca.org) for more details.)

Programs that could be capitalized with Section 108 resources

Leveraged debt pool for New Markets Tax Credit transactions

The New Markets Tax Credit (NMTC) program allows for the bifurcation of transactions between investors seeking to generate larger returns on equity investments, and lenders seeking to maximize the interest earned from loans made in support of NMTC projects. Because lenders generally invest larger sums of money into these bifurcated, or leveraged debt transactions, some banks are reluctant to subordinate to the tax credit investors participating in NMTC leveraged debt transactions, which can result in worthy projects being delayed or never coming to fruition. Therefore, The City of Oklahoma City could establish a leveraged debt pool that would serve on the "A" side of NMTC projects that employ this bifurcated structure (see graphic below). This debt pool could be sourced with CDBG, HUD Section 108 or other flexible capital including a portion of Oklahoma City's American Rescue Plan Act dollars.

The loans made to NMTC transactions from this debt pool would be subordinate to the investments made by tax credit investors, and this willingness to accept a subordinate or second lien position to tax credit investors could thereby remove a significant barrier to advancing NMTC transactions. (As an example, the City of Richmond, Virginia has utilized its CDBG and Section 108 capital as leveraged debts on NMTC projects such as the Altria Theater redevelopment, a catalytic arts project adjacent to the central business district.)

General targeting of Section 108 capital to mid-scale and larger projects in disinvested areas

Generally, Section 108 funds could be utilized to focus exclusively on mid-scale and larger projects in historically disinvested areas in order to advance equity goals in the community.

Products and services that could be funded through the GOLT bond

Existing local and state incentives focused on business attraction and retention have performed incredibly well since their creation – helping bring in many larger employers to Oklahoma City. These include the Strategic Investment Program (local), the Quality Jobs Program (state), and the Business Expansion Program (state). We do not recommend diverting these programs from that intended purpose, but if desired, the City and its partners could consider utilizing them to target recruitment of expanding startups, businesses owned by people of color, and other business types that would contribute to Oklahoma City's economic resiliency.

Local products and services could also be utilized to further equity goals by exploring ways to encourage investment and hiring in targeted neighborhoods and populations through incentive bonuses, voluntary agreements, and other methods. In particular, the GOLT Bond could potentially be utilized to fund programs and services, such as:

- New incentives for companies in clusters—especially tech-related—that may not meet hiring thresholds for the SIP Program
- A revolving loan fund (replete with a loan loss reserve and a technical assistance set-aside) for smaller enterprises
- Additional incentives for companies establishing facilities and creating jobs in under-invested communities

SIP is clearly designed to be a financial tool that complements and enhances Oklahoma City's efforts to attract primary employers. Such incentives are vital to any city's arsenal of business attraction resources. However, SIP could be utilized more strategically to attract larger, job-creating primary employers to areas of the city with sizable populations of people of color, or which have experienced difficulty securing the attention of larger companies. For example, relatively few of the SIP investments have been made in zip codes 73108, 73111, 73114, 73119 or 73129.

Utilizing SIP in this manner would require a concerted effort on the part of the City to craft and implement a holistic place-based revitalization initiative that would maximize the economic potential of under- and disinvested areas of the city such as the 23rd Street corridor in northeast Oklahoma City.

Completion of the Innovation District and associated facilities and programs

The fourth MAPS plan also includes support for the development of a center to promote the creation of minority owned businesses. Oklahoma City would be well-served if this funding for a brick-and-mortar project is combined with a broader effort to expand and strengthen the capital access toolbox for entrepreneurs of color, high-growth technology companies, and small businesses in general.

The HB Foster Center could provide a critical platform for hosting technical assistance programming and utilization of financial products to serve the needs of disadvantaged residents and businesses in the city.

As a centralized location with concentrated organizations and facilities, the Innovation District, including Innovation Hall and the HB Foster Center, could improve access to small business and entrepreneurial resources and technical assistance. Programming could include technical assistance programs aimed at increasing utilization of financial products and serving the needs of disadvantaged residents and businesses in the city. Co-working spaces, accelerators, and other technical assistance programs could be well served by physically locating in the Innovation District. Below are some suggested features for each facility:

Innovation Hall

- Technical assistance for innovative enterprises in targeted sectors (technology, life science, aerospace)
- Accelerator location
- Satellite location for a technology support organization
- Co-working space for emerging entrepreneurs
- Training / programing facilities (including those for coding education, possibly in partnership with national partners such as the Flatiron School)

HB Foster Center

- Creating a one-stop hub for small business support services including:
    - The Small Business Development Center
    - A procurement technical assistance platform (possibly staffed by agencies that certify disadvantaged business enterprises)
    - Local office of a newly-established CDFI (e.g., National Development Council)
    - A co-working space designed for a general assortment of small businesses
    - Satellite offices of selected City of Oklahoma City departments involved in, e.g., small business support, neighborhood planning, code enforcement

Other financial concepts

Harnessing Traditional Lenders

Oklahoma City could establish a lenders/access to capital consortium that serves as a key permanent forum for major economic development lenders to seek alignment on community development and small business lending priorities; identify opportunities for synergy and greater leverage; collaborate in pursuing competitive resources from public and philanthropic entities (e.g., CDFI Fund and other federal entities administering New Markets Tax Credits, national/global philanthropies looking to address racial equity in promoting access to capital); and to create strategies for filling capital stack gaps on major cross-sector projects. This group should also lead the process of: 1) commissioning a much-needed gap analysis that helps quantify the demand for myriad types of capital among a diverse array of entrepreneurs, small- and mid-sized entrepreneurs, and those pursuing various types of real estate projects; and 2) creating a deal-matching portal and consortium of Opportunity Zone investors and economic and community development organizations with potential projects in designated Opportunity Zones.

New Market Tax Credits

Establish a NMTC Joint Venture that Concentrates on Economic Inclusion. The City of Oklahoma City should position itself to play a more significant role in directing the investment of NMTCs, with an eye toward harnessing this important tax credit program for projects sponsored by entrepreneurs and real estate developers of color. One option is to establish a new CDE with a NMTC business plan that concentrates heavily on such projects, as well as those that will help foster impactful revitalization initiatives in Oklahoma City's most disinvested census tracts. However, because the NMTC application process is extremely competitive, the City should consider partnering with an existing CDFI with a track record of placing tax credits, such as MetaFund or NMR/Wiggins. Additionally, to ensure that the new CDE is laser-focused on economic inclusion, and also has substantial credibility within key segments of the minority community, this new joint venture should include as a partner a well-established minority-serving economic development organization.

The Colorado Growth & Revitalization Fund could serve as a relevant model for the City of Oklahoma City. The CGR Fund was a federally-approved CDE formed out of a joint venture consisting of the City of Denver, the Colorado Housing Finance Authority and the Colorado Enterprise Fund, a local Denver CDFI.

Use NMTCs to Capitalize a Fund for Small Business Lending. The majority of NMTC investments have been in support of real estate projects, but these tax credits could also be used to advance the growth and expansion of operating businesses. Given this fact, the City of Oklahoma City should consider using any allocation of NMTCs it may co-administer through a partnership with other local entities to help capitalize a fund for small businesses including entrepreneurs of color. Business lending has not been a dominant or significant focus of any CDE, but some have, in recent years, begun to focus on this option for NMTC investment. Given the increasingly competitive nature of the NMTC application process, CDEs should have a vested interest in crafting NMTC investment strategies that help distinguish them from other applicants.

Place-based investment concepts

Comprehensive neighborhood redevelopment

As the City encourages and facilitates redevelopment across Oklahoma City, there are opportunities to expand initiatives that focus on comprehensive neighborhood revitalization and expanding economic opportunity in historically disinvested neighborhoods. Successful programs in Northeast Oklahoma City and other areas have the potential to be scaled and replicated across the city.

The City could also be more intentional about utilizing TIF to undertake holistic revitalization of distressed communities, especially those neighborhoods that are largely inhabited by black and brown citizens. Indeed, Oklahoma City is not unique in this respect. TIF is often neither aggressively or creatively employed in facilitating revitalization of heavily nonwhite communities. In fact, some cities such as Chicago, which has a lengthy history of establishing TIF districts to support large-scale (re)development, have shown pronounced disparities in allocation of districts, with substantially more in white areas than in black or Latino neighborhoods.[1]

Purpose Built Communities model

The City of Oklahoma City has a unique opportunity to use the funding stream created by the fourth MAPS program to support an initiative on comprehensive neighborhood revitalization and economic opportunity. The $50 million earmarked in the plan for housing improvements could help capitalize such an initiative and leverage other dollars to take a holistic revitalization effort to scale. Local institutional stakeholders are exploring the feasibility of adopting the Purpose Built Communities model, which is founded on the success of the seminal Villages of Eastlake project in Atlanta and influenced both the federal Hope VI and Choice Neighborhoods urban reinvestment programs. Thus, MAPS funding could be part of the capital stack that incentivizes private, philanthropic and federal investment into a major redevelopment effort concentrating on Oklahoma City's most disinvested areas.

[1] Jared F. Knight, *Is Tax Increment Financing Racist?* Iowa Law Review, Volume 1, Issue 4, May 2016.

Training & direct assistance concepts

Inclusive business accelerator

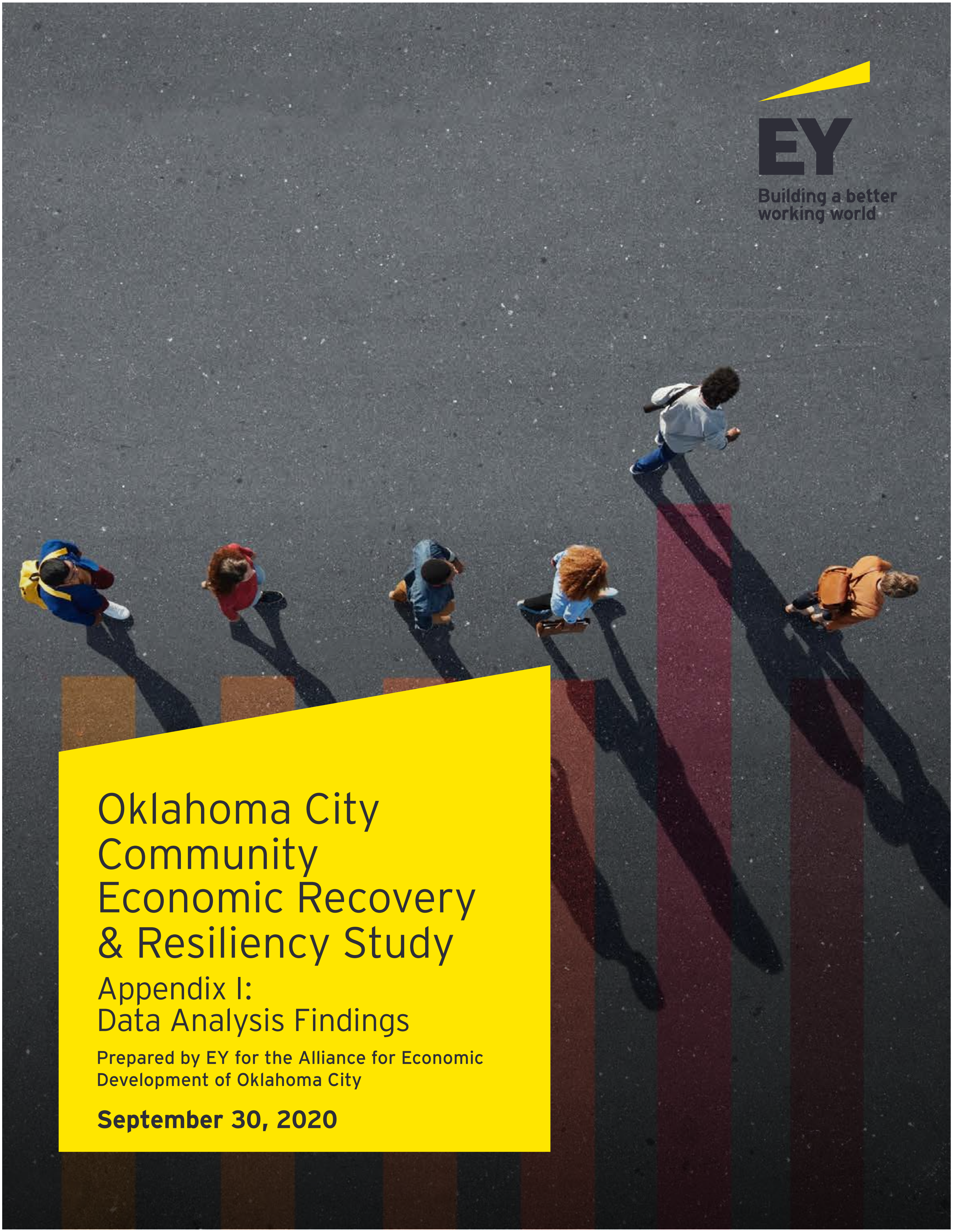
Oklahoma City could make a concerted effort to help minority founders connect with investors and support creation of what Silicon Valley calls the "friends and family" round of fundraising. Oklahoma City would also be well-advised to partner with existing accelerator programs, entrepreneurship development organizations, major corporations, anchor institutions, and philanthropies to facilitate a boarder ecosystem collaboration that commits to bridging the racial entrepreneurship gap, and streamline the process for stakeholders to provide funding, technical assistance, and access to social networks. Moreover, the City has a compelling story to tell with respect to entrepreneurship, and the progress that is being made to attract talent, founders, and investors from near and far.

Through several rounds of intensive stakeholder interviews, we found there to be some significant challenges that appear to be inhibiting the potential of entrepreneurs of color to move to the next level. These obstacles include—but are not limited to—the absence of a platform for minority founders to connect with investors; and a distinct absence of technical assistance resources and programs that are marketed to underrepresented founders. Also noteworthy is the apparent cultural and communication divide between black founders and the angel investment community, which is predominately white. Oklahoma City has an opportunity to become a global leader in entrepreneurship, but must assume a thoughtful and systematic approach to building an ecosystem that is markedly more supportive of entrepreneurs of color, and also provides education and guidance for angel investors to help them overcome unconscious bias.

Resources for Current or Aspiring Real Estate Developers and Construction Contractors

Unlike the technical assistance network for entrepreneurs, specifically owners of operating businesses, the support network for current or aspiring real estate developers of color is relatively slim, and in some communities, such as Oklahoma City, it is virtually nonexistent. A local non-profit has been providing real estate development classes to local residents seeking to become more involved in housing rehab activities in northeast Oklahoma City, and this program could be taken to scale with an infusion of additional financial support and the technical assistance of the local real estate development industry. Oklahoma City should therefore harness this existing nascent program and seek to build it into the definitive technical assistance program for aspiring local real estate developers and construction contractors of color.

Our Report may be relied upon by Alliance for Economic Development Oklahoma City for the purpose set out in the Scope section only pursuant to the terms of our engagement letter dated December 1, 2020. We disclaim all responsibility to any other party for any loss or liability that the other party may suffer or incur arising from or relating to or in any way connected with the contents of our report, the provision of our report to the other party or the reliance upon our report by the other party.



EY
Building a better working world

Oklahoma City Community Economic Recovery & Resiliency Study

Appendix I: Data Analysis Findings

Prepared by EY for the Alliance for Economic Development of Oklahoma City

September 30, 2020

Table of contents

1	Priority identification	02
2	Resiliency data analysis	04

About this report

In December 2020, EY was hired by The Alliance for Economic Development of Oklahoma City to conduct a Community Economic Recovery and Resiliency Study for Oklahoma City.

The first phase of this study provided a baseline of research that will supported subsequent efforts to more inclusively and effectively engage citizens and organizations throughout Oklahoma City on the issue surrounding economic resiliency. Later in the study, EY identified opportunities to update existing and develop new programs to address gaps in the ecosystem, reduce disparities of outcome and make the city more economically resilient.

To that end, this appendix includes a summary of identified priorities for improving economic resiliency in Oklahoma City based solely on extensive data analysis.

It is important to note that these were all initial conclusions drawn primarily from research with limited stakeholder input. They do not represent a final, definitive assessment of conditions and priorities in Oklahoma City but rather provided a starting point to better engage with stakeholders and enhance targeted programs and initiatives in subsequent phases.

The observations and ideas in this report should be seen as the starting point for additional conversations that informed the development of the full economic resiliency study findings.

Defining economic resiliency

For the purposes of this work in Oklahoma City, economic resiliency is defined as the capacity of the community to emerge from the COVID-19 pandemic with a stronger economy that is less susceptible to future economic, natural, and other disruptions. A more resilient economy is one that features a diversity of growing industry clusters and support for startups and small businesses that is equitably accessible to all people in Oklahoma City, regardless of their race, gender, geographic location, sexual orientation, or other characteristics.

Preliminary identified priorities in Oklahoma City

Based on EY's analysis of data, COVID-19 economic impacts, and the economic development ecosystem in Oklahoma City, there are clear community needs and disparities in economic conditions among people and businesses. Not all needs can be addressed at once, however, and priorities must be identified. If Oklahoma City seeks to improve its economic resiliency and address disparities as the city recovers from the pandemic, EY has identified the following areas as priorities to explore based on data alone.

- Improving educational outcomes for the entire community, particularly underserved Black and Latinx residents.
- Addressing disparities in homeownership, which provides financial security and can be leveraged to form businesses and grow wealth.
- Encouraging more comprehensive neighborhood revitalization that is place-based and puts education at its core, which in turn helps address the first two priorities.
- Creating more opportunities for people to start their own businesses, especially in profitable and growing industry sectors.
- Providing more technical assistance and mentorship to entrepreneurs, with a focus on entrepreneurs of color.
- provide more and better coordinated options for all residents.
- Increasing computer access, computer literacy, and high-speed broadband access across Oklahoma City – with an emphasis on education and business development opportunities.

2 Resiliency data analysis

Using data to direct conversation

Data can be used as powerful tools to better understand and address economic resiliency in a community. When initially asked, how resilient is Oklahoma City, EY's first response was to look at the data. This section of the report contains a summary of EY's findings from an analysis of economic and demographic data in Oklahoma City, the broader metropolitan area, and comparative benchmark communities across the country. These data help us better understand economic conditions, such as the distribution of industries; in which sectors small businesses are concentrated; how Oklahoma City businesses have been affected by COVID-19; racial, gender, and geographic disparities; and more.

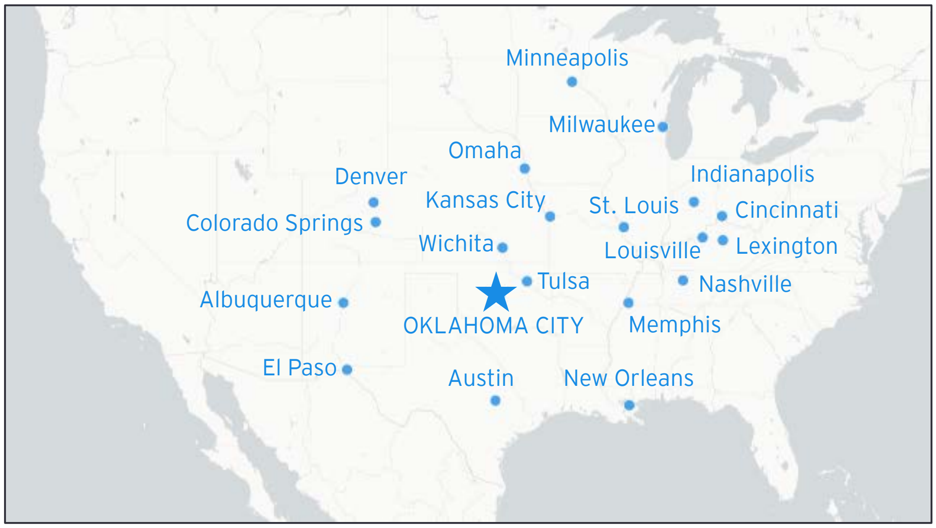
But the data only tell part of the story. Through the data we can see that disparities exist, but through the data alone we cannot understand why disparities exist and how to address them. In this way, the data serve as a tool to help direct conversation in the community.

The data discussed on the following pages and showcased in detail in Appendix III shine a light on areas in which Oklahoma City is performing well and others where the local economy faces persistent challenges. These areas provide a starting point for community conversations in Phase 2 of this study. The project team used these data to guide conversation topics and identify people and organizations to include for listening sessions.

Through this process, we gained better understanding of Oklahoma City's resiliency strengths and the barriers to greater opportunity for all residents.

Identifying benchmarks and finding data

The Data Benchmarking appendix contains data on a wide range of resiliency topics and statistics from a variety of data sources. There are many topics for which consistent accurate data is unavailable, but all the data shared throughout this report is the best-in-class and most recent available from public and private sources.



Source: EY

In addition to examining local statistics, EY compared Oklahoma City's performance to 19 other benchmark cities. These cities are seen in the map above and were chosen due to their similarity in size, relative geographic proximity, and potential to offer valuable lessons in comparison to Oklahoma City.

All benchmark geographies have populations between 300,000 and 1,000,000. With approximately 655,000 residents, Oklahoma City is the 6th most populous city examined.

Benchmark cities were also limited to those located within metropolitan area with 500,000 to 5 million residents. In 2019, the population of the Oklahoma City metropolitan area exceeded 1.4 million.

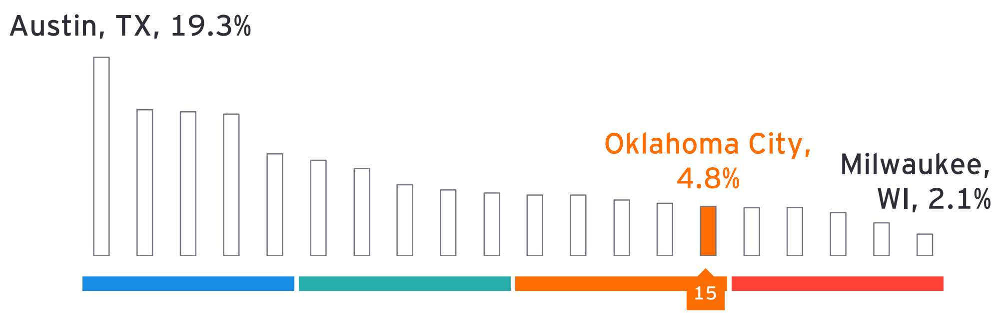
All benchmark cities are located within approximately 750 miles of Oklahoma City.

The following analysis primarily compares the Oklahoma City itself to these other principal cities, but when city level data are unavailable, Metropolitan Statistical Area (MSA) data may be utilized and is noted accordingly either as MSA or Metro. All sources are included on the bottom charts in this report and its appendix.

Industry trends

Examining overall industry trends helps understand the resilience of a community's overall economy. Regions with a high concentration of employment in one industry may be more vulnerable to economic shocks caused by disasters, pandemics, conflict, political shifts, and other disruptive factors.

Employment growth, 2014-2019



Source: EMSI, EY

Oklahoma City has relatively well-distributed employment by industry, but the economy overall is growing more slowly than the US and most benchmark communities. From 2014 to 2019, jobs grew 4.8% in Oklahoma City, which ranked 15th among the 20 benchmarks. Notably, only seven benchmark cities grew above the US rate of 8.4%: Minneapolis (8.5%), Kansas City (9.3%), El Paso (9.9%), Colorado Springs (13.8%), Denver (14.0%), Nashville (14.2%), and Austin (19.3%).

The largest industries in Oklahoma City in 2019 were Healthcare, Government, Retail, Entertainment, and Back office. Of these five, Healthcare, Government, and Back office are relatively resilient to disruptions, but Retail and Entertainment* are more exposed to shock during an economic recession (when consumer spending decreases) or a pandemic like COVID-19 (when in-person interactions are restricted for health reasons). The city's most concentrated industries are Energy and Aerospace, which are both easily disrupted by changes in the market.

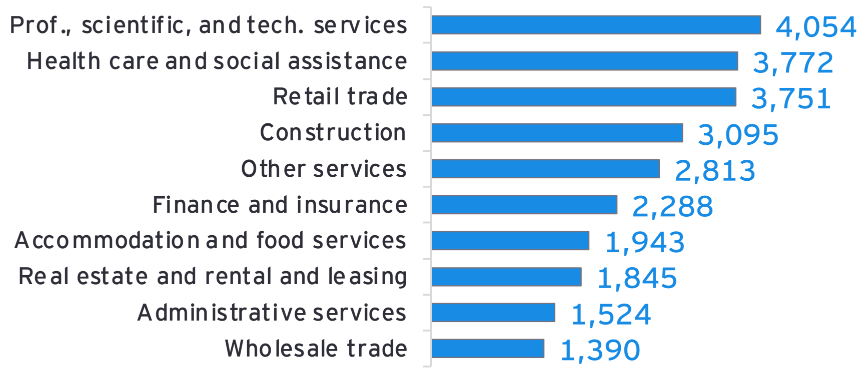
A snapshot of announcement activity in 2018 showed Oklahoma City receiving high investments in Retail trade and Corporate headquarters. In terms of the average investment per project, the Oklahoma City Metro landed in the middle of the benchmarks with $22.3 million per project.

**Note: Entertainment includes Hotels, Restaurants, Bars, Museums, and other leisure and hospitality sectors.*

Small business patterns

Small businesses (those with 20 or fewer employees) comprise the majority of establishments in America and its cities. They also account for the majority of new job creation and are critical for wealth creation and economic advancement for families.

Oklahoma City establishments with 20 or fewer employees by top 10 sectors, 2018



Source: US Census Bureau

Small businesses make up over 90% of the establishments in Oklahoma City and roughly the same proportion of all industry sectors, except Accommodation and food services. Notably, in 2018 Professional, scientific, and technical services contained the largest number of small businesses (4,050) in Oklahoma City, followed by Health care and social assistance (3,780), Retail trade (3,750), Construction (3,100), and Other services (2,810).

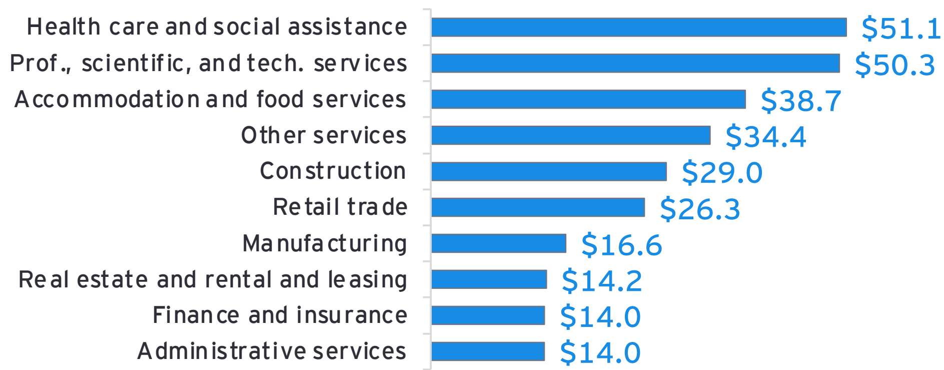
From 2013 to 2018, the overall number of small businesses in Oklahoma City stayed relatively flat, but there was notably positive and negative growth in different industries – with businesses closing and opening. Real estate saw the greatest gain in new businesses over this time period, adding 221 new establishments, followed by Accommodation and food services (192), Health care and social assistance (145), and Professional, scientific, and technical services (141).

Oklahoma City lost net small establishments in Retail trade (134 fewer small businesses open), Information (111), Arts, entertainment, and recreation (92), Transportation and warehousing (91), Wholesale trade (82), Educational services (73), Construction (66), and Finance and Insurance (53).

COVID-19 impacts

The COVID-19 pandemic and responsive health regulations are affecting every community differently. The pandemic is changing supply chain dynamics and how employees work. It is increasing demand for certain goods and services, while decreasing demand for others, and it is putting significant strain on businesses that rely on in-person interactions.

Total Payback Protection Program loans made to Oklahoma City entities by top 10 industries (in millions), 2020



Source: US Small Business Administration. Only includes loans up to $150,000 in value.

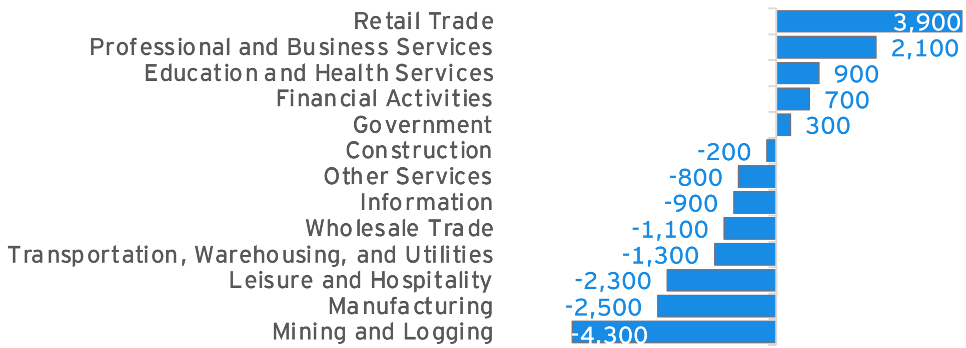
In the first months of the COVID-19 pandemic, Oklahoma City's small businesses performed relatively well compared to the 20 benchmarks. During the initial pandemic response in March and April 2020, fewer small businesses closed in Oklahoma City than benchmarks, but in the subsequent months, Oklahoma City has seen a larger decrease in the number of open small businesses relative to January 2020. According to TrackTheRecovery, on November 16, 2020, 37% fewer small businesses were open in Oklahoma City relative to January 16, 2020, compared to 29% fewer on average among benchmarks. According to the same source, small business revenues were down 44% in Oklahoma City over the same period, compared to 35% average among benchmarks.

Over 10,000 businesses received Paycheck Protection Program (PPP) loans up to $150,000 in value from the federal government through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The greatest loan value went to businesses in Health care and social assistance ($51.1 million), Professional, scientific, and technical services ($50.3M), Accommodation and food services ($38.7M), Other services ($34.4M), and Construction ($29.0M).

The greatest share of PPP loans of up to $150,000 were given to businesses in the 73113, 73120, 73116, and 73118 zip codes within the city. Data on loans over $150,000 in value were not available.

Notably, many of these sectors were able to retain and even create jobs during 2020, including Retail trade, which added 3,900 jobs in the Oklahoma City Metro from January through October 2020, Professional services (2,100), Education and health services (900), and Financial services (700).

Employment change by industry (Oklahoma City metropolitan area), January 2020 – October 2020



Source: US Bureau of Labor Statistics

It may seem counterintuitive to see Retail trade adding jobs during the pandemic, but this is likely due to increased hiring at grocery and other large, general merchandise retailers, which across the country have been hiring to meet the demand of customers cooking at home.

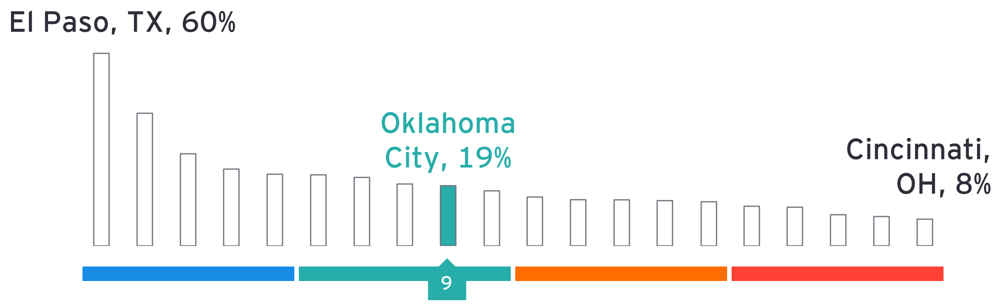
The industries that lost the most jobs in the Oklahoma City Metro from January through October 2020 were Mining and Logging, which includes oil and gas and lost 4,300 jobs, Manufacturing (2,500 jobs lost), Leisure and hospitality (2,300 lost), Transportation, warehousing, and utilities (1,300 lost), and wholesale trade (1,100 lost).

Overall, with only 5,500 net jobs lost through the pandemic, the Oklahoma City Metro is performing relatively well among US regions. A high share of small businesses may not be currently open, but many other businesses have received PPP loans and either retained or grew employment.

Business ownership and financial characteristics

Examining the characteristics of business owners and their operations provides insight into the relative availability of economic opportunity and resources in a community overall and to specific population groups. It is an important starting point for diversity and inclusion discussions as well as targeted entrepreneurial support programs and systems.

Share of businesses owned by people of color, 2017



Source: US Census ABS, EY

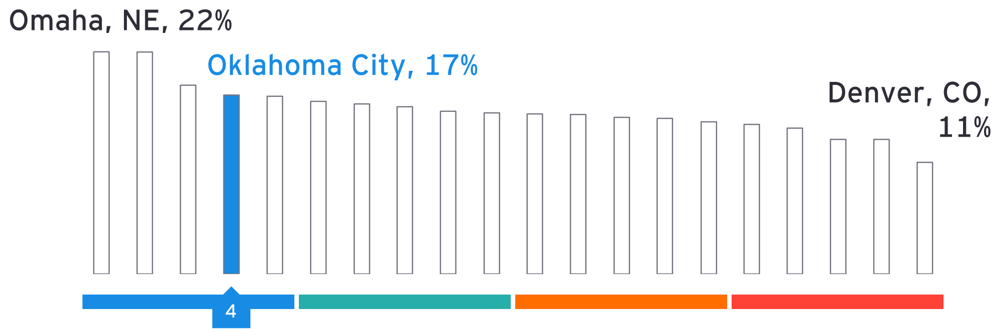
Oklahoma City overall has a relatively high share of businesses owned by people of color among the benchmark communities. In 2017, 19% of businesses in Oklahoma City were owned by people of color – the 9th highest share among the 20 benchmarks. El Paso, TX (60%), St. Louis, MO (41%), and Albuquerque, NM (29%) had the highest shares. From a gender perspective, only 20% of Oklahoma City businesses were owned by women, the 16th ranked among benchmarks.

Distribution of business ownership in Oklahoma City is not proportional the city's racial population distribution. Black residents make up 13% of the city's population but own only 2% of businesses. In contrast, Asian residents make up 4% of the population but own 6% of businesses. Latinx owners are also under represented in businesses ownership, with 21% of the population and 5% of business ownership. Only Native American businesses are roughly proportional – with 3% of the population and 3% of business ownership, the 2nd highest share among benchmarks.

In general, businesses owned by people of color in Oklahoma City (and across benchmarks) have fewer employees and lower sales and revenue than those owned by White individuals.

When looking at financial and operational characteristics, businesses in Oklahoma City show a mixture of positive strengths and challenging dynamics. Overall, fewer Oklahoma City businesses relied on personal assets and family/friends to start their businesses, and a relatively high share (17%) used business loans.

Share of businesses that used a business loan to initially start or acquire their business, 2017



Source: US Census ABS, EY

Nonetheless, across all benchmark cities a relatively high share of businesses used personal and close connection resource to start their businesses. The lowest share that relied on personal/family assets was 58% of businesses surveyed in Memphis, TN, while the highest was 72% of businesses in Colorado Springs, CO. In Oklahoma City, 12% of businesses used a personal or business credit card to initially start their business.

In terms of profitability and operations in the past year, most business (67%) in Oklahoma City were profitable in 2017, but this ranked 13th among benchmarks. Of businesses that saw a negative impact to profitability that year, access to and cost of financial capital ranked low among the reasons for loss of profitability. In these areas Oklahoma City performed better than most benchmarks.

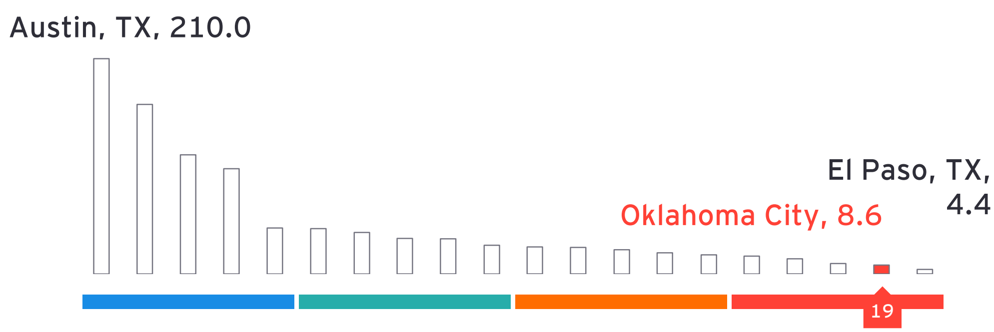
Slow business or lost sales (35%), taxes (34%), unpredictability of business conditions (30%), late/nonpayment from customers (22%), and government regulations (19%) were the top cited reasons for profitability loss. Oklahoma City ranked poorly among benchmarks in all these areas, except taxes.

A relatively high share (16%) of Oklahoma City businesses needed additional financing in 2017, but 45% of these did not apply. Many (38%) cited that they did not think they would be approved by a lender.

Innovation & entrepreneurship

Innovation and entrepreneurship covers the formation of new products, services, and businesses. This is often focused on technological developments and ideas that create new business opportunities, which replace outdated business models. A healthy innovation ecosystem is indicative of resilience in the face of ongoing economic change.

Patent applications by inventor residence per 10,000 residents, 2014 - 2019



Source: US PTO, EY

This topic can be difficult to directly measure, but it helps to look at patent activity, research and development expenditures at universities, and venture capital investments. These three measures help put context into the relative activity within a community's innovation ecosystem and the types of innovations that are occurring.

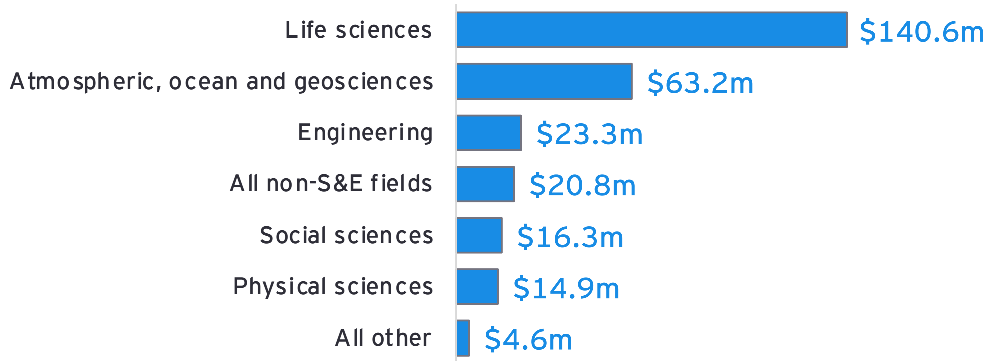
Based on these measures, Oklahoma City is relatively less innovative than the examined benchmark communities. From 2014 to 2019, inventors residing in Oklahoma City filed for 8.6 patents per 10,000 residents, ranking 19th among the benchmarks above only El Paso, TX (4.4 per 10,000 residents).

Similarly, according to Pitchbook, between 2014 and 2019, Oklahoma City received $18 per capita in venture capital funding, ranked 16th among the benchmarks. This dataset may underestimate actual activity, but it offers a useful comparison. Venture capital funding grew relatively well over this period and the average size of deals in more recent years ranked 10th among benchmarks, indicating a positive trend overall.

From 2010 to 2015, patents filed in the Oklahoma City Metro were primarily in oil and gas extraction, medical fields, construction, and some electrical communications, with the largest number of patents held by the University of Oklahoma, Haliburton, and Thru Tubing Solutions.

These patent trends matched closely with research and development activity at the University of Oklahoma and Oklahoma State University, which is largely focused on the Life sciences, geosciences, and engineering.

R&D activity at the University of Oklahoma, Norman and Health Science Center, 2018



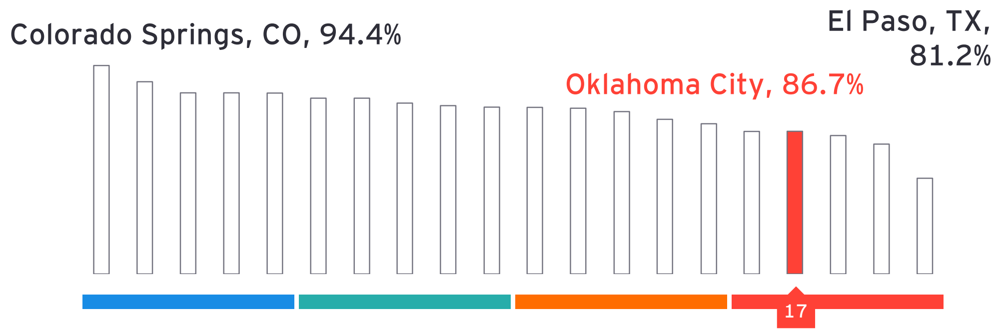
Source: National Science Foundation

Although innovation activity is less concentrated in Oklahoma City than many benchmark communities, it is encouraging to see relatively high growth in venture capital and that patent activity is closely linked to research and development at state universities. This indicates that collaboration and commercialization linkages are strong between the private sector and academic research institutions. This relationships provide an encouraging base for building entrepreneurial ventures.

Population trends

Examining population trends such as overall growth, age, educational attainment, income, home ownership, and vehicle, computer, and internet access provides valuable insights into the relative resilience of a community. These trends help indicate where residents face challenges accessing economic opportunity.

Percentage of adult residents with a high school diploma or higher, 2019



Source: EMSI, EY

The population of the Oklahoma City is growing relatively quickly. At 5.4% from 2014 to 2019, Oklahoma City saw the 5th highest population growth among benchmark communities. Notably, this population growth slightly outpaced overall job growth from the same period. Oklahoma City is also relatively young (with a median age of 34.6) and diverse (with a racial diversity index of 110 – indicating the racial distribution of the city is relatively close to the nation overall).

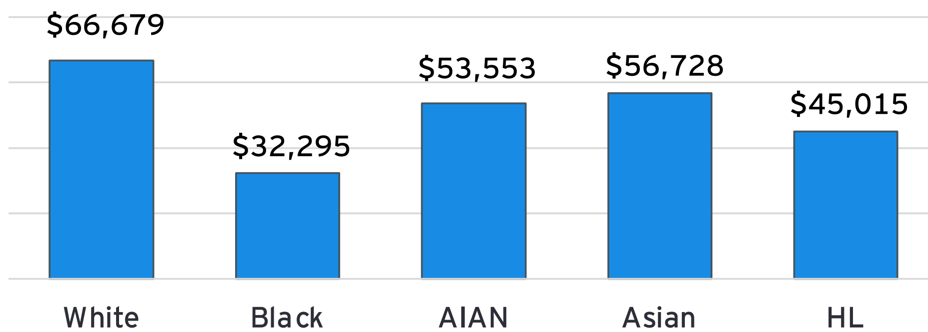
The population of Oklahoma City is further behind the benchmarked peer communities in educational attainment, possession of high-wage jobs, and access to highspeed internet. In 2019, Oklahoma City ranked 17th for high school attainment, 11th for associate degrees, and 15th for bachelor's degrees and higher. Nearly 16% of adults in the city fell below the poverty level, the 10th highest share among benchmarks, and the median household income of $55,500 ranked 14th.

Homes are relatively affordable in Oklahoma City, with a 2.9 ratio of median home value to median household income (the 4th lowest among benchmarks), but only approximately 58% of homes are owner-occupied – the 7th lowest. Nearly 30% of households in Oklahoma City did not have access to a computer, which ranked 14th among benchmarks. Additionally, only 42% of households had access to gigabyte internet speeds, ranked 13th among benchmarks.

Economic equity dynamics

Alongside examining how a community is performing overall, a resiliency study requires looking at economic equity dynamics within a community. Examining disparities by race, gender, and geographic area can provide insights about barriers to economic opportunity, who to engage in study outreach efforts, and how to strategically address challenges.

Median household income by race, 2019



Source: US Census, EY

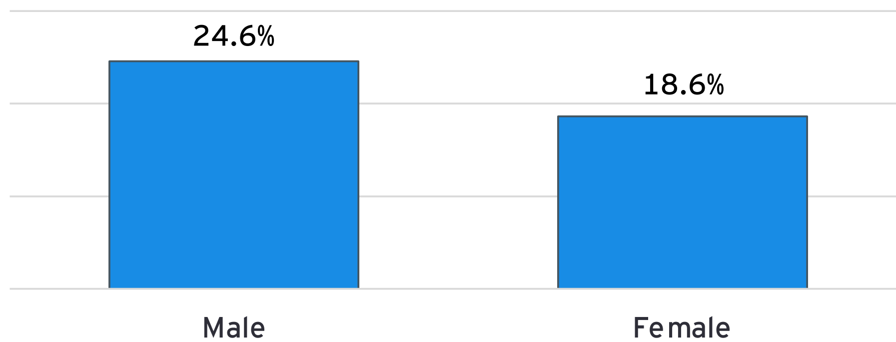
Economic conditions are not evenly spread across Oklahoma City. Income levels, educational attainment, homeownership, access to a vehicle, and many other statistics vary significantly by race, geographic location, and sometimes gender within the city. We know through extensive research into the topic of race, gender, and economics that this is not the result of inherent differences between populations but rather due to differences between access to resources, social dynamics, and other barriers to opportunity that are not equally available to all residents.

In Oklahoma City, we see that although labor force participation rates are similar across racial groups, Black unemployment is three times higher than White, and Black median household income is less than half that of White households. The Latinx population faces different disparities, with median household income and unemployment levels between White and Black residents, but a lower share of residents holding high-wage jobs. This is likely due to a higher share of households with two or more earners in the Latinx community.

Across the city, we see consistent disparities in homeownership, with 69% of White households living in owner-occupied homes versus 34% for Black, 65% for Native American, 67% for Asian, and 46% for Latinx. Similar dynamics appear for vehicle access and access to computers. Notably, these computer statistics count a cellphone as a computer, and likely actual computer access rates are significantly lower.

Gender dynamics are more equitable than race in Oklahoma City, but disparities remain. In particular, workforce participation is lower for women in Oklahoma City (74% among working age women compared to 83% among working age men). A lower share of women are in high-wage occupations, resulting in lower median earnings, despite better educational attainment for women than men.

Percentage of adults with high-wage occupations, 2019



Source: US Census, EY

An examination of geographic distribution reveals its own unique dynamics. Unemployment and poverty are notably higher in zip codes that are less White – including 73108, 73111, 73114, 73117, 73119, 73129, and others in the East-Central and South-Central areas of the city.

These same areas tend to also have the fewest bachelor's degrees or higher, the least access to vehicles, the least access to computers, and the lowest share of owner-occupied housing.

Interestingly, the rent burden (the portion of household monthly income that goes to rent) is relatively high across the city.

EY | Building a better working world

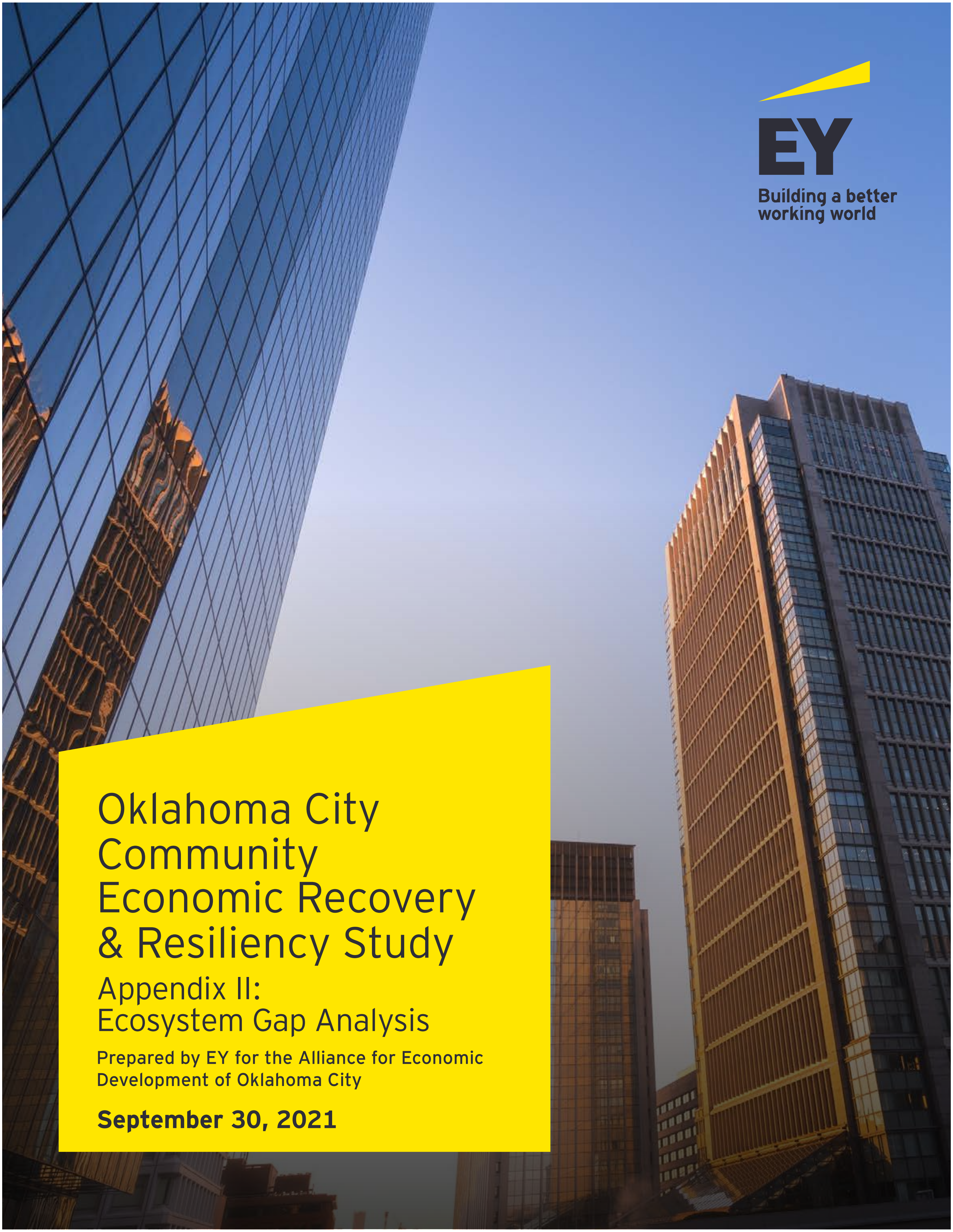
EY exists to build a better working world, helping create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

2105-3773858
ED None

ey.com



Building a better working world

Oklahoma City Community Economic Recovery & Resiliency Study

Appendix II: Ecosystem Gap Analysis

Prepared by EY for the Alliance for Economic Development of Oklahoma City

September 30, 2021

Table of contents

1	Ecosystem gap analysis	02
2	Economic development toolbox	13
3	Leading practices	35

Ecosystem gap analysis

Examining the economic development ecosystem

This section of the appendix provides a review of the economic development ecosystem in Oklahoma City related to economic resiliency and diversity and inclusion. It focused on three primary areas within this topic:

- Comprehensive neighborhood / place-based revitalization
- Innovation & entrepreneurship
- Inclusive capital access

For each topic, we provide a description of the area, a list of key metrics that relate to it, and observations of how Oklahoma City is performing within this area. Based on observed gaps in the local ecosystem, an initial list of potential catalyst projects is provided. These catalyst projects are modelled after leading practices from across the country and could serve to address critical resiliency needs in Oklahoma City. They provide a basis for continued exploration and development in later phases of this planning process.

Please note that these initial conclusions are drawn from high-level research performed prior to conducting extensive stakeholder engagement and ground truthing with visits to Oklahoma City. The observations and ideas were utilized to further additional conversation and understanding of each area within Oklahoma City as this study continued. The next section draws deeper observations from more in-depth conversations.

Comprehensive neighborhood / place-based revitalization

Description

Neighborhoods are a key element of our framework for inclusive and equitable growth because the environment in which families exist plays a critical role in shaping outcomes across different categories, including income, employment, educational attainment, and health. Research also shows that neighborhood inequality contributes to persistent forms of racial inequality and multigenerational poverty.

Key Metrics

i. Median HH income
ii. Housing tenure (owner vs. renter occupied)
iii. Property values
iv. Educational outcomes (esp. graduation rates)
v. Collateral investment

Observations in Oklahoma City

Oklahoma City, to its credit, has established the Strong Neighborhoods Initiative (SNI), which is allowing the City to invest its HUD entitlement funding in a targeted, strategic manner. Since the program's inception, notable improvements have been made in the Classen's North Highland Parked, Classen Ten Penn and Culbertson's East Highland neighborhoods, and preliminary activities have begun in the Capitol View and Capitol Hill communities. However, the city manifests physical and human disinvestment in several other neighborhoods, and revitalization efforts appear to be evolving slowly, in part due to limited Community Development Block Grant and HOME dollars, the primary sources of neighborhood revitalization funding. To improve social and economic outcomes for all residents and to eliminate disparities, Oklahoma City must implement more aggressive and sustained interventions, particularly in communities with concentrated poverty. This will no doubt require a level of funding that well exceeds the City's CDBG and HOME allocations.

We believe Oklahoma City has a unique opportunity to adopt a more robust neighborhood redevelopment model by leveraging large-scale, potentially catalytic initiatives starting with the Innovation District (OKCID) redevelopment. In the case of the OKCID, the residents' median incomes are less than half that of the city and metro area. The schools (e.g., FD Moon Elementary, Thelma Parks Elementary and Douglass High School) within and adjacent to the area also need support. Additionally, there is an abundance of substandard housing, and 500 units of public housing under the management of the Oklahoma City Housing Authority. Many cities have adopted this model with the help of large grants under the federal Hope VI and Choice Neighborhoods Initiative (CNI) programs but based on historical data from the U.S. Department of Housing & Urban Development, it appears that Oklahoma City has never received one of these awards.

Potential Catalyst Projects

A. Capitalize Upon the Innovation District Redevelopment to Design and Implement a Comprehensive Revitalization Model Consistent with Nationally-Recognized Best Practices.

The focus here could potentially include not only the renovation of commercial buildings and expanding retail and dining offerings, but also on encouraging poverty de-concentration through construction of mixed-income multi-family residences; facilitating access to opportunity by leveraging anchor institutions for industry-oriented employment training and job linkage programming for public housing residents; and launching an aggressive effort to improve the quality of public school education through implementation of a more rigorous STEM curricula that prepares students for both post-secondary education as well as careers in relevant technical fields.

B. Harness the Funding Generated by the Fourth Metropolitan Area Projects (MAPS) Program Explicitly to Leverage Additional Financial Support, and to Create Momentum for, an Initiative on Comprehensive Neighborhood Revitalization and Economic Opportunity.

The fourth MAPS initiative, approved in 2019, concentrates on improving the city's current public housing options, as well as units for 500 vulnerable families. The approved resolution allocates $50 million with the expectation that these resources will potentially leverage additional funding.

This $50 million could serve as Oklahoma City's core funding for a comprehensive revitalization effort, and in this respect, could serve the same role as a major federal Choice Neighborhoods implementation grant. But ultimately, the ability to attract maximum financial support from myriad sources--foundations, corporations, federal agencies--hinges on having a holistic approach to revitalization, replete with a clear theory of change that resonates with investors and real estate development partners.

The MAPS plan also includes support for the development of a center to promote the creation of minority owned businesses. Oklahoma City would be well-served if this funding for a brick-and-mortar project is combined with a broader effort to expand and strengthen the capital access toolbox for entrepreneurs of color. Again, the key to effective utilization of these MAPS resources is to strategically harness them for a holistic approach to neighborhood revitalization and economic inclusion.

C. Establish a Program to Promote Equitable Growth and Wealth Creation Through Inclusive Participation in Real Estate Development.

To foster holistic transformation of disinvested communities, and to promote greater wealth creation for historically excluded groups, another catalyst or demonstration initiative to consider is establishment of a program that allows a more diverse set of stakeholders to participate in large-scale real estate projects at the top of the food chain; that is, as real estate developers. Real estate developers tend to make the most consequential decisions about a particular project (e.g., the hiring of architects, engineers and general contractors), usually have a substantial equity stake in a deal, and therefore, typically earn a greater amount of money on a transaction over a period of time than perhaps a general contractor.

Innovation & entrepreneurship

Description

Innovation, which typically refers to technology, is defined more broadly for these purposes to encompass a more dynamic assortment of technology and non-technology-related companies, including those in Oklahoma City's largest traded clusters such as oil and gas, business services, communications and financial services. The principal focus here is on support for start-up and early-stage firms, which, in our experience, tend to account for a healthy share of new jobs and overall economic activity in many communities.

Key Metrics

i. New product introductions

ii. Financing events (e.g., SBIR and other financing events)

iii. Share of funding and financing deployed in low-income areas

iv. Share of the workforce in STEAM industries

v. Start-ups (and start-ups led by underrepresented founders)

Observations in Oklahoma City

Oklahoma City's entrepreneurial ecosystem lags behind that of many of its peer cities, and this is apparently linked to a number of factors including challenges in retaining and fostering of talent; limited deal flow; an insufficient number of funders and financial products available to meet the specific needs of entrepreneurs and small businesses; and overall, a thin support system for entrepreneurs. But another picture that emerges from our preliminary gap assessment is that the city's underperformance in several critical areas of entrepreneurial activity may be closely tied to extreme socio-economic disparities. For example, one analysis from 2017 showed virtually no SBA loan activity in two of the zip codes—73111 and 73106—within the eastern stretches of the city, where most of Oklahoma City's low-income residents are concentrated. Therefore, Oklahoma City must Implement best practices-oriented strategies that help strengthen the entrepreneurial ecosystem, thereby enabling the city to more easily stimulate new enterprise creation in targeted growth sectors; promote job creation; attract and retain talent; and also position a more diverse set of entrepreneurs to participate in the local innovation and broader economy.

Recognizing that there are considerable gaps in the ecosystem for addressing the needs of minority-owned firms, there is an urgent need to establish new platforms for deploying resources to this segment of Oklahoma City's business community. These technical assistance resources may consist of, but not be limited to, the following:

Access to Capital. This is a core function that entails connecting entrepreneurs with equity and debt financing sources, including potential investors.

Mentorship. The prospects for success among all entrepreneurs can be increased multi-fold if they can benefit from the experiences of more seasoned entrepreneurs.

Office Space. Access to affordable office space is essential to the growth of many early stage and mature companies, and this is a resource generally provided by incubators, accelerators and co-working spaces.

Pitch Deck Creation/Digital Marketing/Growth Hacking. These are vital instructional marketing services that are intended to help entrepreneurs more easily access investors and customers.

Financial Literacy. A financially literate entrepreneur is much more likely to be fully in control of his/her business and make better business decisions.

Legal Services. Entrepreneurs at any stage in their business have need for quality, affordable legal services.

Export Promotion and Technical Assistance. Instruction in crafting and executing an international sales strategy can help support entrepreneurs seeking to scale their businesses by expanding their network of potential clients and customers.

Procurement and Supplier Diversity. Public and private sector spending on goods and services can afford major opportunities for minority-owned firms, provided that there is a mechanism for connecting anchor or larger institutions with local enterprises.

Potential Catalyst Projects

A. Replicate Proven Technical Assistance Models and Service Delivery Platforms with a Focus on Entrepreneurs of Color.

There are proven or promising models focused on entrepreneurs of color and low-wealth individuals seeking to start or grow their businesses. Most of these programs combine a curriculum for training with opportunities for networking and discrete consulting services for the businesses. The suite of services offered tends to evolve dynamically with the needs of the business owners in the network. One example is the New Orleans-based Launch Pad, a co-working space which operates in multiple markets. Structured to serve small businesses and early-stage entrepreneurs, the organization has also been explicitly positioning itself as facilitator of investment into local start-ups by Opportunity Zone Funds, U.S. Treasury Department-certified funds created for the expressed purpose of deploying capital into businesses and projects operating in low-income census tracts.

B. Design and Implement a Signature Small Business Competition.

This competition could develop a cohesive and streamlined process to deliver small business services across Oklahoma City's entrepreneurial ecosystem. Business competitions such as "Motor City Match"—a nationally recognized best practice—help entrepreneurs go from "idea to open" by providing competitive access to business planning, match making with vacant spaces, design assistance and access to grants and loans. The program model was launched in Detroit and is being replicated in Milwaukee, Ft. Wayne, and Akron with great success. The program has several benefits, most notably: 1) leveraging public, private and philanthropic funding sources, 2) aligning small business service providers to streamline service delivery and accelerate and improve deal flow (apparently a major problem in Oklahoma City), 3) supporting women and minority-owned business start-ups in neighborhoods, and 4) potentially strengthening Oklahoma City's brand as a truly entrepreneurial city.

C. Strengthen Oklahoma City's Mechanisms for Promoting Supplier Diversity and Supporting Disadvantaged Business Enterprises.

Design and implement an initiative that strengthens local organizational capacity to assist entrepreneurs of color and disadvantaged business enterprises to take full advantage of procurement opportunities with larger public and private sector institutions through mentor-protégé partnerships, increased access to the appropriate forms of capital, and other types of technical assistance.

D. Establish an Oklahoma City-Specific Accelerator.

An "Accelerate OKC" model could reflect current and emerging best practices (e.g., YCombinator, Techstars, ACCELERATE VI) in supporting and scaling promising early-stage firms, including those led by entrepreneurs of color and white women. A distinguishing feature of one of the models, ACCELERATE VI, a nationally-recognized accelerator program in the U.S. Virgin Islands, is its approach to identifying founders. To ensure that each cohort is fully representative of the diversity in the ecosystem, the accelerator employs intensive outreach, or entrepreneur landscaping, as a means of identifying entrepreneurs of color. Admission to the six-month program is competitive, and the curriculum is holistic. Additionally, Accelerate VI has assembled a network of mentors who play a significant role in guiding the progress of an assigned participant during the course of the program. These mentors are drawn from regional as well as multi-national businesses and organizations such as IBM, Google, Citi and Hong Kong-based Brinc Accelerator.

Inclusive capital access

Description

Capital is also foundational to healthy communities. It deals with the availability of funding--debt, equity and grants—to assist entrepreneurs, businesses, and real estate developers as they explore new ventures, expand businesses, and pursue new projects. Indeed, access to the right forms of capital, is the life blood of enterprise development.

Key Metrics

i. Availability of capital
ii. Utilization of capital

Economic/community development outcomes linked to investment of capital (e.g., residential units constructed, new jobs created)

Observations in Oklahoma City

Oklahoma City has a more expansive incentive and development finance toolbox than many other similar-sized cities and markets, but there is little evidence that these resources are having a measurable impact on entrepreneurs of color; disadvantaged business enterprises; and real estate development entities—both public and private—seeking to undertake mixed-income residential projects or other brick-and-mortar deals in revitalization areas or in SNI communities.

Following are a few specific noteworthy observations requiring further exploration:

- The Oklahoma Department of Commerce has one of the more robust tax incentive programs in the nation, yet Oklahoma City, as previously noted, has been a laggard in start-up activity, as well as minority enterprise development. It is unclear if these conditions are due to poor marketing of the tax benefits, or if the tax benefits are not sufficiently tailored to the needs of early-stage firms or small businesses. But there is definitely a disconnect.
- The funding landscape for innovative early-stage firms in general is concerning, because there appears to be only one entity in the local ecosystem that provides funding. This also does not bode well for entrepreneurs of color or low-wealth entrepreneurs who may require more intensive assistance in accessing capital.

- In the community development finance realm, Oklahoma City took a very forward-looking step by implementing a CDBG revolving loan fund, as well as a $4 million HUD Section 108 capital pool. These resources have been targeted to businesses and projects in SNI neighborhoods, but since 2015, only a handful of loans have been closed amounting to less than $500,000, cumulatively, according to public documents. It is unclear if this is attributed to poor deal flow, limited technical proficiency on the deal sourcing and lending operations side, or the need to expand the geographic map of the target market for these loan programs.

- The need for more affordable housing—especially for households between 60 and 80 percent of the area median income—is a recurring theme of reports from public policy and advocacy organizations, but there does not appear to be a comprehensive resource development strategy for meeting the goal of producing the residential units for the nearly 5,000 Oklahoma City workers and residents estimated to need affordable housing. There are numerous, presumably untapped, possibilities here.

Potential Catalyst Projects

A. Establish a Mentorship Program for Oklahoma City Community Development Lenders.

A mentorship program would allow them to receive intensive training and guidance from underwriters and chief credit officers from nationally-recognized CDFIs and other financial institutions with a demonstrated track record of effectively meeting the needs of diverse borrowers. This would help ensure that the appropriate financial products—both debt and equity—are reaching a diverse group of entrepreneurs and other prospective borrowers.

B. Identify and Facilitate a Partnership Between Oklahoma City Economic Development Stakeholders and a Major Community Development Financial Institution.

The objective would be to enlist the technical support of this entity in establishing an Oklahoma City-centric CDFI to help deploy new financing products and provide high-quality technical assistance to existing and potential borrowers.

C. Design and Help Implement New Financing Products More Directly Targeted to the Needs of Underrepresented Entrepreneurs and Real Estate Developers.

The actual tools/programs would be based on more detailed analysis, but could consist of the following:

- **(Sub)Contractor's Finance Fund.** This would help disadvantaged businesses mobilize under contracts with larger institutions.
- **The "Entrepreneurs of Color Fund" to support a more inclusive and intentional lending environment for minority-owned businesses.** The idea is to create a privately-funded pool that could support the needs of a diverse array of businesses and projects led by entrepreneurs of color.
- **A New Markets Tax Credit Leveraged Debt Pool** to reduce the barriers for developers of color to utilize NMTCs on their projects, thereby allowing them to participate more fully in revitalization efforts such as the Oklahoma City Innovation District redevelopment.

D. Establish a Lenders/Access to Capital Consortium.

This would serve as a key permanent forum for major economic development lenders to seek alignment on community development and small business lending priorities; identify opportunities for synergy and greater leverage; collaborate in pursuing competitive resources from public and philanthropic entities (e.g., CDFI Fund and other federal entities administering New Markets Tax Credits, national/global philanthropies looking to address racial equity in promoting access to capital); and to create strategies for filling capital stack gaps on major cross-sector projects

2 Economic development toolbox

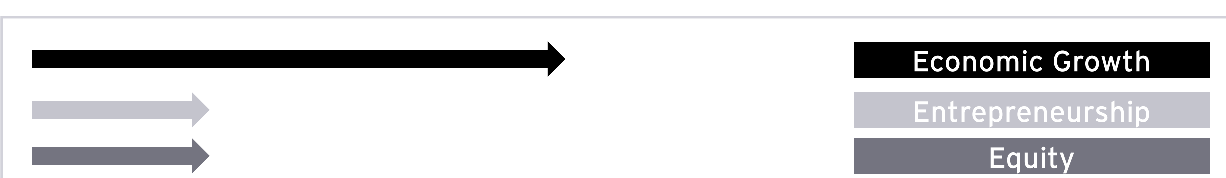
Are our existing economic development tools helping us achieve our goals?

This section of the report takes a deeper dive into economic development tools currently utilized in Oklahoma City based on additional research and stakeholder discussions. We provide a description of the program or tool examined and a summary of our findings regarding its performance and effectiveness. This analysis considered each of the three goal areas (Economic Growth, Entrepreneurship, and Equity). For each tool, we provide a graphic, similar to the one at the bottom of this page, that loosely illustrates the tools effectiveness in moving Oklahoma City towards each goal.

In general, all tools are designed to accelerate economic growth in Oklahoma City, and they have achieved this goal to varying degrees. Notably, many of these tools are not set up to support small businesses and entrepreneurs. An even smaller subset have an intentional focus on advancing equity. Lacking an intentional focus, it is not clear that the tools are affecting positive movement towards equity, although the data is often absent or inconclusive.

We provide some initial observations for how to improve these tools and products to help advance Oklahoma City's resiliency goals, but more detail on conceptual recommendations is included in Appendix III.

Example gauge displaying approximate program effectiveness in addressing each goal



Strategic Investment Program

Program description

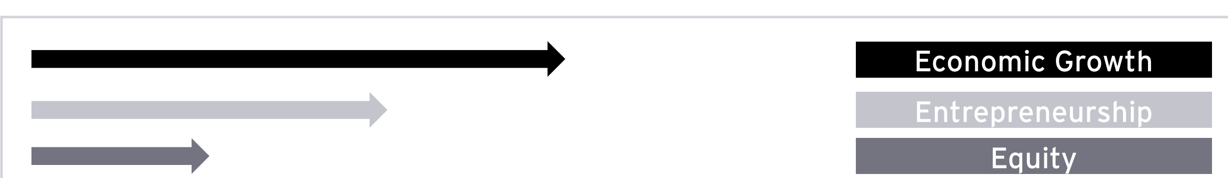
The Strategic Investment Program (SIP) is a local Oklahoma City incentive tool that is used to help recruit jobs and employers. The program is designed to attract larger primary employers offering high-quality, high-paying employment opportunities to Oklahoma City, while holding companies accountable for their performance. The SIP fund was established as part of the 2007 voter-approved General Obligation bond program, and since that time it has created more than 4,200 jobs in the city. The city estimates that the SIP incentive has generated an estimated $929 million in capital investments within Oklahoma City.

To qualify, companies are required to:

- Locate in Oklahoma City.
- Create at least 50 full-time jobs with a new total payroll of at least $1.75 million annually.
- Provide jobs with average wages that meet or exceed the average wage of the Oklahoma City Metropolitan Statistical Area.
- Pay at least half the cost of employee health care benefits.

Findings

According to reports shared by the City, Oklahoma City municipal government has closed on SIP investments to 55 businesses across a diverse array of industries and clusters. Beneficiaries have included Boeing, Paycom, Chesapeake Energy, Sky West Airlines, just to name a few. The SIP has been tremendously successful in its core purpose of stimulating economic growth and entrepreneurship. There are, however, a number of potential ways to utilize the SIP to have more intentional impacts on equity and entrepreneurship goals. These could include offering bonuses for companies that invest in specific geographic areas or hire from targeted population groups. There are a variety of models to consider, which we discuss in more detail in Appendix III.



Equity implications

Based on the City's data, it does not appear that SIP has assisted a significant number of minority-owned or disadvantaged business enterprises. But this is unsurprising given the fact that this incentive program used primarily as a business attraction tool that is heavily marketed to larger primary employers. (NB: Minority-owned and disadvantaged business enterprises tend to be most heavily represented within the ranks of smaller, rather than larger, companies.)

I2E Entrepreneurship Funding

Program description

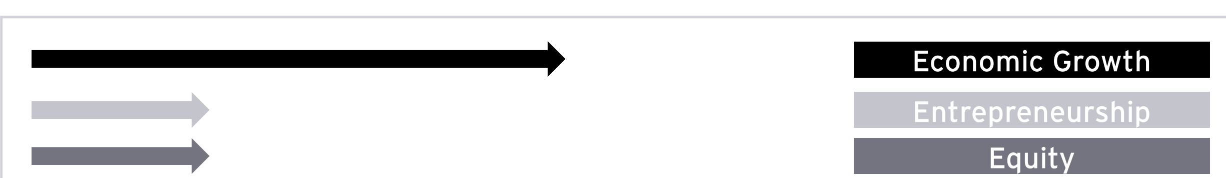
Entrepreneurial development is a key vehicle for economic and community development. Entrepreneurship funding and technical assistance such as those made available from accelerator programs play an increasingly important role in helping early-stage firms and small businesses to scale and thrive. However, accelerator programs such as i2E must be more intentional about ensuring that their services and resources are reaching all relevant market segments.

As a nationally recognized accelerator program, i2E manages more than $90 million of investment capital to invest in state of Oklahoma entrepreneurs and build high growth companies. Similar to other accelerators, i2E assists companies with ideation, business plans, product development and acquisition of funding from public and private sources. Since its inception two decades ago, i2E has been a primary source of concept, seed stage, start-up and early growth investment capital for Oklahoma City's emerging small businesses, with total of 745 companies serviced in Oklahoma City and beyond.

Findings

According to i2E report, since 1999, i2E has invested over $73.6 million to 179 Oklahoma City based companies. Below is a list of funds they manage and the number of companies they have invested in under each fund:

Fund	# of Companies
Technology Business Finance Program Concept Fund	133 companies
OKC Seed Capital Fund	44 companies
Accelerate OKC Fund	32 companies
SeedStep Angels	56 companies
OKC Angel Fund I & II	16 companies
Plains Venture Partners	2 companies



i2E's economic and entrepreneurship growth impact is profound. For example, the Technology Business Finance Program Concept Fund has invested $12.66 million in 133 companies with repayments totaling $6.51 million since its inception in 1999. Recipients have raised more than $534 million in private capital, a ratio of $54 for every dollar invested by the state. Over the past 10 years, these companies have reported creating nearly 678 new jobs.

Additionally, the OKC Seed Capital Fund has invested approximately $29.9 million in 44 companies leveraging over $439 million in private investment, or $15 for every $1 invested by the State of Oklahoma. Companies receiving seed fund investment have reported creating 462 new jobs.

Equity implications

There is no existing data on the number of minority-owned businesses i2E has invested in. i2E is currently collecting that data to include in future impact reports. However, i2E have recently announced a new Accelerator program in Tulsa targeting explicitly underrepresented founders. The project, ACT Tulsa, is a joint venture between i2E and ACT House, a Florida based accelerator program that combines affordable communal living with a team-centered incubation model that reduces startup failure rates and accelerate the ethnic diversity in the world of startups and entrepreneurship.1

The program leverages ACT House programmatic model with i2E's venture management to recruit and invest in underrepresented founders by providing coaching, capital, and community of entrepreneurs. Additionally, ACT Tulsa will provide non-equity, non-recourse repayable concept awards of $79,000 to early-stage startups participating in the Accelerator. The proposed three-year operating budget for the ACT Tulsa Accelerator includes providing the concept award, programming, rent, and educational events for fifteen underestimated founders per year. Recruitment efforts for the first cohort has already been launched and will include both local underrepresented founders and those from across the country.

Tax Increment Financing

Program description

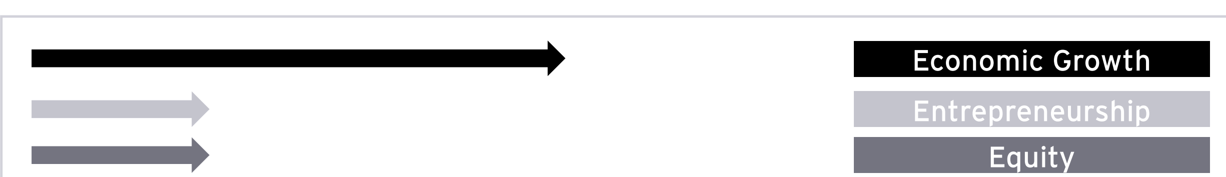
Tax Increment Financing (TIF) is a widely used (re)development finance mechanism employed by municipal corporations to foster economic growth and revitalization in under-invested areas. TIF utilizes the new tax revenues (property and sales tax in Oklahoma) generated by a project to help pay for elements of that very project. Its underlying and overarching goals are to help support the often-limited public finance dollars available for encouraging large-scale (re)development, and to channel funding, or tax increment, toward improvements in distressed or underdeveloped areas where (re)development would otherwise not occur.

Depending upon the flexibility of state or local statutes governing TIF, it can be used for a wide range of development-related costs such as public infrastructure, land acquisition, relocation or demolition. States authorize local government units to designate tax increment financing districts, and City or county development or quasi-public redevelopment entities usually administer TIF financing. A TIF district, or an area capturing tax increment, is drawn to directly benefit a designated area—typically one that is economically sluggish or physically distressed. The life of the district usually lasts for 20-25 years, or sufficient time to pay back the bonds issued to fund the project. Today, thousands of TIF districts operate nationwide. A total of 49 states and the District of Columbia have tax increment financing statutes.

In Oklahoma City, where TIF was first implemented in 1993, resources can be used for public improvements (parking, infrastructure, streetscape, and/or landscaping improvements) on publicly owned land or easements, and also for costs associated with the privately-owned elements of a project.

Findings

Oklahoma City presently has fourteen TIF districts designed to spur revitalization of various areas of the city, primarily within the urban core and in adjacent communities. Following is an overview of the catalytic activities occurring in Oklahoma City's TIF districts, with an emphasis on the health sciences districts.



Health Sciences Districts (Districts 1, 7, 11)

The University of Oklahoma Health Sciences Center TIF district was established in 1993, and it paved the way for what has become an impactful and aggressive TIF investment strategy being employed across 14 districts. The Health Sciences districts were established to encourage and promote development within and around the University of Oklahoma Health Sciences Center, and by many economic development measures, has been successful. Of particular note is the growth and expansion of University Research Park, a 27-acre, $100-million site which is presently home to 38 biosciences-oriented companies including Moleculera Labs, Cytovance Biologics and Accele Biopharma. While much of the investment in this area has been targeted to the healthcare and biosciences industries, this TIF district has also spurred the expansion of the city's energy sector, as exemplified by the new 95,000-square foot GE Global Research Oil and Gas Technology Center.

The success of the initial Health Sciences TIF District laid the groundwork for the more recent effort to establish an innovation district in the city's urban core. The Oklahoma Regional Innovation District Project Plan amended the Oklahoma Health Center Economic Development Project Plan to incorporate an Innovation District strategy designed to harness "…businesses, institutions, and people, and the creation of new partnerships to help create an innovative ecosystem comprised of technology and biotech businesses, educational institutions, entrepreneurs, business incubators and start-ups, retail, housing, entertainment, green space, public space, and multi-use developments, fostering a high level of interaction and connectivity, facilitating idea generation, and advancing commercialization." The Innovation District Project Plan also explicitly references the need for programs that promote and enhance education (especially in surrounding neighborhoods), skills training programs, internships, and entrepreneurial support for local residents.

Downtown Districts (Districts 2, 3, 6, 8, 10, 14)

The initial Downtown/MAPS TIF District was established to help complement the first Metropolitan Area Plan (MAPS) investments targeted to Oklahoma City's central business district in 1993. Consistent with the overall thrust of MAPS (which is discussed in greater detail in a separate section), this TIF district was designed to encourage new investment, which helped produce about 2,000 new mainly market rate residential units, and also help expand and retain quality jobs. Following are some other projects spurred by the Downtown Districts:

- Redevelopment of the Historic Skirvin Hotel. Renovated with the assistance of a TIF district established in 2004, the Skirvin is considered to represent the gold standard of the city's hotels. After sitting vacant and deteriorating for decades, the city purchased the hotel in July 2002. The $56.4 million total project cost included a mix public and private sources. Today the hotel has revenues exceeding $8 million.
- This district helps promote infill housing development in the Las Rosas neighborhood, which is a disinvested community.
- Infrastructure improvements funded with the assistance of a new TIF created as a result of constructing the iconic Devon Energy Center, the global headquarters of a significant Oklahoma City employer.
- A TIF district was created in 2016 to help facilitate renovation of the historic First National Center building downtown.
- This TIF district was established in 2018 to facilitate development of the First Americans Museum (discussed in the New Markets Tax Credit section) and the property surrounding the museum site.

River Districts (Districts 4, 5)

These districts help support redevelopment along the Oklahoma River, and also for a Dell Computers employment center that employs hundreds of Oklahoma City residents. Districts No. 4 and 5 were adopted in 2005 and the project plan was amended in 2008 and expire in 2031.

Northeast District (District 9)

Funds generated from this district are to be invested within the Northeast Renaissance Urban Renewal Plan area. The district plan focuses on the redevelopment of the NE 23rd Street corridor between Interstate 235 and the Oklahoma River. The TIF project plan adopted in 2015 and revised in 2019. It expires in 2041. The Homeland Grocery Store and Eastpoint development have been tremendous success stories in this district.

Core to Shore District (District 13)

The primary purpose of the Core to Shore Reinvestment Area is to facilitate high-density and high-quality mixed use urban districts. The plan specifically calls for redevelopment of blighted and vacant property; extension of the Central Business District to the south to connect with Myriad Gardens; large-scale residential, office, hotel and retail developments; the addition of amenities that will leverage the new convention center and hotel; enhancement of Wheeler Park as a major open space and recreational asset; preservation of historic resources and adaptive reuse of historic buildings; upgrading and enhancing of utility infrastructure; and transition of the former Cox Convention and Business Center site to different functional uses upon the completion of the new convention center.

Western Gateway District (District 12)

The Western Gateway Project Plan was adopted in 2017 to transform a 150-acre inner-city area that used to house the downtown airpark into a mixed-use, urban neighborhood. The plan also calls for 2,000 new housing units as well as and offices, retail and other amenities.

Equity implications

TIF has clearly played a critical role in fostering the revitalization and redevelopment of a substantial swath of Oklahoma City. Oklahoma City is successfully harnessing the incremental real estate and sales taxes generated in redevelopment areas to create a favorable environment for private sector investment. This investment, in turn, is helping to stimulate new job creation in growth industries and sectors, which bodes well for the city's short and longer-term economic well-being.

However, it appears that the outcomes have been somewhat uneven among the various TIF districts. For example, while catalytic projects have been completed or are presently under way in many of the districts, especially those within close proximity of the Health Sciences Center and in Downtown, those TIF districts encompassing sizable communities of color and economically disadvantaged neighborhoods—such as Las Rosas and Northeast Renaissance—have yet to experience the same impact, although the Homeland Grocery Store and Eastpoint development have been tremendous successes that received national recognition.

To be clear, there have been some positive developments in Las Rosas, which is southeast of downtown Oklahoma City. This change has manifested in the form of new infrastructure, new single-family residences and the redevelopment of an elementary school (Wheeler Elementary, also one of the beneficiaries of MAPS for Kids), but more work remains to be done in such TIF districts.

MAPS

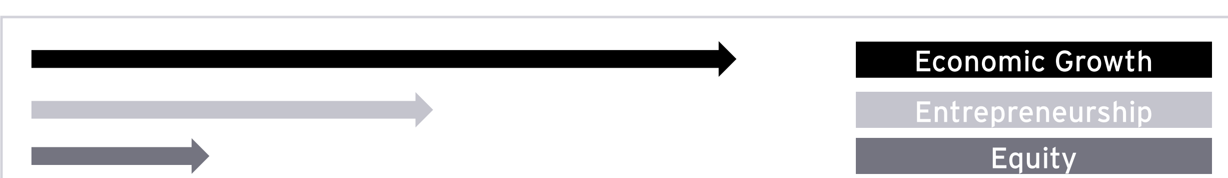
Program description

The Metropolitan Area Projects (MAPS) initiative is Oklahoma City's signature capital improvement program for new and renovated sports, recreation, entertainment, cultural and convention facilities. The initial projects were approved in 1993 as part of the enactment of MAPS #1, a voter-approved sales tax increase. The first MAPS plan supported $350 million in new investment primarily targeting the downtown. Subsequent to the 1993 plan, Oklahoma City has passed three more MAPS tax increases to support various types of investments.

Findings

The original MAPS program comprised nine projects that took 10 years to complete, and concentrated on the revitalization of Oklahoma City's downtown. These projects included:

- Renovations to the Civic Center Music Hall, including the Thelma Gaylord Performing Arts Theater, the Freedie Little Theater, the City Space Theater, Minders Hall of Mirrors, and the Joel Levine Rehearsal Hall.
- Redevelopment of the Cox Convention Center, including a multi-purpose arena for the Oklahoma City Barons hockey team.
- Renovation of the Oklahoma State Fairgrounds site.
- Construction of the Chickasaw Bricktown Ballpark, home of the Oklahoma City Dodgers, the Triple-A affiliate of the Los Angeles Dodgers Major League Baseball team.
- Development of what is now the Chesapeake Energy Arena, which eventually factored prominently in the successful bid to acquire the Seattle Super Sonics National Basketball Association team, now called the Oklahoma City Thunder.
- Construction of the Bricktown Canal, which helped catalyze the redevelopment of the former warehouse district into a major entertainment destination.
- Development of a riverfront and recreational dams on the Oklahoma River, which houses the headquarters for USA Canoe/Kayak and a training facility for USRowing.
- Construction of a new downtown library.
- Creation of a Trolley-replica bus network.



The second MAPS program—referred to as MAPS for Kids—generated approximately $700 million to improve school facilities in districts within and around Oklahoma City.

The third MAPS initiative was a $777 million investment program that provided funding for the modernization of several downtown assets as well as new infrastructure investments such as:

- A new downtown convention center.
- A new downtown public park.
- A new transit system including an inter-modal transit hub.
- Multiple new facilities designed to encourage and support health and wellness among senior residents.
- Expansion of neighborhood sidewalks to create a more walkable communities.

Voters passed the fourth MAPS program in December 2019, and the one cent sales tax will be extended for eight years and is expected to generate $978 million. The plan consists of sixteen projects that center around neighborhood and quality of life needs for local residents. Of particular note is the focus on improving the city's current public housing options, as well as units for 500 vulnerable families. The approved resolution allocates $50 million with the expectation that these resources will potentially leverage additional funding.

Equity implications

The collective impact of the MAPS investment initiatives is undeniable: Oklahoma City has successfully harnessed these dollars for catalytic investments that have transformed its urban core and have made the downtown/central business district a major center of commerce and a destination for both businesses and visitors.

However, it is unclear as to what impact the various MAPS redevelopment initiatives are having on disadvantaged populations as well as black and Latino businesses, entrepreneurs and residents. But it is important to note that according to a 2015 work area profile contained within a Chamber of Commerce MAPS impact analysis, 12% of the jobs in the study area are held by African Americans (who comprise 20.6% of the resident population of the study area), and 6.8% are held by Latino residents (who make up 7.3% of the study area resident population).

CDBG Economic Development Funding

Program description

Established by the Housing & Community Development Act of 1974, the Community Development Block Grant Program (CDBG) is administered by the U.S. Department of Housing & Urban Development and is one of the longest continuously operating community and economic development federal funding programs. CDBG is made available to over 1,200 units of local government and States on a formula basis each year, and the program affords them the ability to provide grant support to address a broad range of services for low- and moderate-income persons including, but not limited to, affordable housing. Although CDBG is widely available to and directly administered by city governments in entitlement jurisdictions—cities with populations exceeding 50,000—it can often be an under-utilized and underappreciated resource for job-creating economic development initiatives, especially those being led by entrepreneurs and developers of color requiring below market-interest rate financing and technical assistance.

While housing-oriented grant-making is the typical use of CDBG funds received by cities, some local governments dedicate a portion of their CDBG allocation to provide technical assistance to small enterprises, or to establish a loan pool that serves as a self-perpetuating resource. As loans are re-paid by borrowers engaged in, for example, the expansion of community-based businesses or the rehabilitation of commercial or industrial real estate, these dollars get invested back into a revolving fund and can thus be recycled into future projects. Provided that these loans have been skillfully and judiciously underwritten and have been secured with guarantees and/or real estate, local governments could, over time, amass healthy loan portfolios that generate substantial sums of money for worthy projects. Some cities such as Denver—one of the benchmark cities for this broader resiliency plan—made the decision to "capitalize" a revolving fund with CDBG in the early 1980s, and this portfolio has a present value exceeding $50 million.

Economic Growth
Entrepreneurship
Equity

Findings

Oklahoma City, to its credit, in 2015, decided to earmark a portion of its annual CDBG allocation to support small businesses and micro-enterprises. These CDBG business support dollars were targeted to businesses operating in areas in the Department's Commercial District Revitalization Program, Business Improvement Districts (except Downtown), and retail nodes and corridors identified in Plan OKC and that lie within the Neighborhood Revitalization Strategy Area, as designated in the City's Consolidated Plan and approved by HUD. These decisions were consistent with best practices-oriented place-based reinvestment strategies in many urban markets across the nation.

Equity implications

The targeting of both CDBG economic development dollars as well as Commercial District Revitalization funding to the most disinvested areas of the city was very consistent with the one of the major findings of the local market gap assessment completed during the first phase of this Resiliency Plan, specifically the disparity in entrepreneurial activity between higher income areas and those communities that are less well off. In 2017, for example, there was almost no SBA loan activity in two of the zip codes—73101 and 73106—within the heavily African-American regions of the city, where most of Oklahoma City's low-income residents are concentrated.

However, despite the apparent need for patient, flexible financing and technical assistance among small businesses and micro-enterprises, there was limited demand for both CDBG and Commercial District Revitalization resources in the target neighborhoods, so these funds were reallocated for other priorities.

HUD Section 108 Loan Guarantee Program

Program description

City governments are able to borrow up to five times their annual allocation of CDBG to address unique development or infrastructure opportunities and are given 20 years to repay these funds. This means that if a municipal government's annual CDBG allocation is $5 million, that city can draw down $25 million. There is not a formal application for the Section 108 program, so cities must navigate it based on prior experience and assistance from those who have done it before in order to use it for development finance. As part of the city's proposal to HUD, it must pledge the CDBG grant as collateral. The borrower should also be adequately collateralized in order to protect the city's CDBG funds.

The more common use nationally of Section 108 is for public improvements backed solely by CDBG dollars. Oklahoma City has used Section 108 capital more for economic development lending. Cities seeking a resource for entrepreneurship and revitalization project support should employ the latter, development banking model, which entails utilizing the program to support privately sponsored large-scale and/or catalytic projects secured by third-party collateral. This means that if loans from a Section 108 pool are carefully vetted through a professionally managed underwriting process, borrowers will be less likely to default. And in the unfortunate event of a default, a loan backed by an adequate combination of a hard asset and a personal guarantee can be repaid with this collateral as opposed to a city's CDBG resources. According to experienced community development lenders, Section 108 capital, as with other financing resources, should be used strategically and always undergo rigorous underwriting to minimize defaults.

Findings

In 2015, the City of Oklahoma City also implemented a $4 million revolving loan pool capitalized with HUD Section 108 dollars. This financing program, which was administered by a major social services agency, the Community Action Agency, was initiated in 2005 and fully lent out through 5 successful loans. Although originally intended to revolve, loan proceeds were instead utilized to pay back the initial loan and no more funds were available for additional lending.

Economic Growth
Entrepreneurship
Equity

Equity implications

Oklahoma City has not used Section 108 lending to target neighborhood-based developments with an equity-focus, but instead most lending has focused on more mainstream projects such as the redevelopment of the First National Bank building in downtown. This project will utilize $11 million in Section 108 capital that is no longer programmed for small businesses or catalytic initiatives in the most disinvested areas.

New Markets Tax Credits

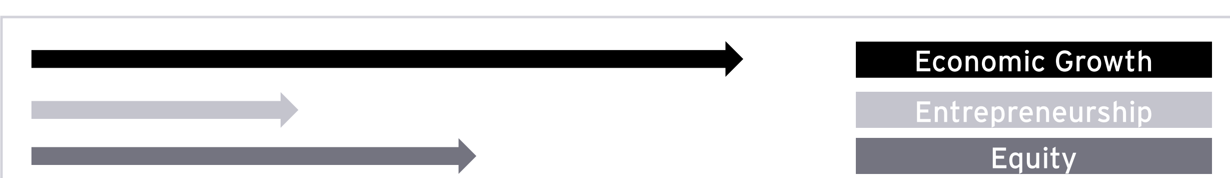
Program description

Another federal financing tool that merits greater attention from Oklahoma City is the federal New Markets Tax Credit (NMTC) program. Established by Congress in 2000 and administered by the U.S. Treasury Department, the NMTC program incentivizes investment in the rehabilitation and construction of real estate projects and the expansion of operating businesses in low-income communities. The program's ultimate purpose is to spur business growth and job creation in economically disinvested areas. According to a report from the New Markets Tax Credit Coalition, between 2003 and 2015 NMTC investments generated more than $156 billion in economic activity and created more than one million jobs in urban and rural communities.

The NMTC program attracts capital to economically-challenged neighborhoods by providing investors with a dollar-for-dollar federal tax credit for investments made in qualified economic development projects or expanding businesses in census tracts with at least a 20 percent poverty rate, and those in which the median family income does not exceed 80 percent of the area median. The NMTC investor receives a tax credit equal to 39 percent of the total Qualified Equity Investment (QEI) made in a certified Community Development Entity (CDE)—a domestic corporation or partnership set up for the expressed purpose of providing loans or investments in low-income neighborhoods—and the Credit is realized over a seven-year period according to the following schedule: 5 percent annually for the first three years and 6 percent in years four through seven.

NMTC investments can support a wide range of projects including, but not limited to:

- mixed-use properties;
- commercial office and retail space;
- community facilities;
- charter schools;
- manufacturing facilities;
- the expansion of operating businesses; and
- capitalization of small business loan funds.



The NMTC application process substantially favors CDEs with parent institutions with a history of making sizable loans and investments in support of economic development initiatives. Therefore, because many cities may lack robust lending experience, they may be at a distinct disadvantage if they go it alone in establishing a CDE that will apply for NMTCs. To make themselves more competitive NMTC applicants, some local governments have forged creative partnerships with lending institutions. One noteworthy model is the Colorado Growth & Revitalization Fund ("CGR Fund"), one of the early local government-initiated CDEs to successfully apply for and place NMTCs. The CGR Fund was borne out of a major City initiative to facilitate the comprehensive revitalization of a large swath of Denver consisting of the greater downtown and targeted under-invested neighborhoods. This ambitious effort required the City to expand and diversify its arsenal of development finance tools, which led to the exploration of NMTCs as a mechanism for advancing projects that might have otherwise been financially infeasible. Local officials therefore partnered with two respected non-traditional lending institutions—the Colorado Housing Finance Authority (CHFA) and a local Community Development Financial Institution (CDFI)—to form the CGR Fund. The CGR Fund has, since its inception in 2004, received three NMTC allocations totaling $130 million, and the City of Denver, which has historically held 40 percent of the seats on the CGR Fund investment committee, has played a critical role in guiding the placement of NMTCs.

Findings

Based upon a review of data made publicly available by the New Markets Tax Credit Coalition, and individual U.S. Treasury Department-certified Community Development Financial Institutions (CDFI), it appears that there have been eight projects financed with NMTCs between 2006 and 2019, with the majority receiving tax credits from two local entities: MetaFund, a local CDFI, and New Markets Redevelopment, a Community Development Entity established and operated by local Oklahoma City real estate development company, Wiggins, LLC. Following is a brief description of relevant NMTC transactions in Oklahoma City.

MetaFund NMTC Projects –

- First National Center Redevelopment. The First National Center redevelopment project is part of a larger revitalization effort targeting several other historic and iconic commercial and mixed-use downtown properties. The owners are leading a multi-phase project to redevelop the 1931 Art Deco Center Building, the 1957 Center Building, and the 1972 East Building into a 145-room hotel, more than 180 apartments, restaurants and 35,000 square feet of lease and event space. Twelve jobs are reported to have been created and/or retained.

- ReMerge Facility Expansion. Remerge is non-profit that provides alternatives to incarceration for women. To support the organization's multi-million expansion, MetaFund allocated $9 million in NMTCs, which is expected to result in about $2.8 million in cash equity for the organization.

- Positive Tomorrow's Development Project. Using NMTCs, MetaFund also provided flexible financing to support the construction of new elementary and middle schools for homeless Oklahoma City children.

New Markets Redevelopment (NMR)/Wiggins, LLC Projects –

- KIPP OKC Charter School. NMR/Wiggins provided an allocation of NMTCs to support the purchase and extensive renovation of the charter school's seventh location, a dedicated high school relocated to a 155,000 square foot abandoned mall on Oklahoma City's Southside. Santa Fe South High School will occupy (or presently occupies) the first floor of this building and the second floor is leased by two other charter schools: KIPP Oklahoma City and Epic Charter Schools. The project created and/or retained 31 permanent jobs.

- Variety Care Redevelopment. A federally qualified Community Health Center, Variety Care targeted a distressed part of Oklahoma City for its campus. Located within a "medically underserved" area with one of the highest areas of poverty in the county, this new Variety Care campus in north Oklahoma City provides women's health services, prenatal care, postpartum care, pediatric/adolescent care, integrated early childhood development, Teen Tot clinic, parental and marital counseling. The health center estimates that 90 percent of its clientele live in households at or below poverty. The construction of the 35,000 square foot clinic was made possible with $5 million in NMTCs from NMR and an additional $5.5 million from another Community Development Entity, REI Development Corp. The project created and/or retained approximately 70 permanent jobs.

- 21c Museum Hotel Redevelopment. With the financial assistance of NMTCs, the historic former Fred Jones Manufacturing complex was transformed into a mixed-use complex consisting of a contemporary art museum, a 135-room boutique hotel, and office space for an architectural firm. Originally a Ford assembly plant that sold and serviced Model Ts and Model As, the 4-story building is a cornerstone in Oklahoma City's historic character and bookends downtown development on the west. The iconic structure has become a vibrant gathering place for the community with the contemporary art and cultural center, open free to the public 24/7, and by attracting new visitors and business, the 21c Museum Hotel serves as a catalyst for economic development in downtown Oklahoma City.

- Saints Medical Plaza. Confronted with rising costs and dwindling revenues, St. Anthony Hospital was directed by its board to evaluate a move to the suburbs from its location in the Midtown District, immediately to the north of downtown Oklahoma City. This directive spurred the City to develop a plan of public and private action that would enable the hospital to stay in its historic location and continue to serve the neighboring Low Income Community. The plan consisted of a new, four-story healthcare facility that included physician office space, an imaging center, conference rooms, and educational facilities greatly increasing the hospital's capabilities. The NMTC-assisted investments by NMR leveraged investments from other private and public sources, which include a ground lease on favorable terms from St. Anthony Hospital, site improvements funded with a TIF loan, a direct loan from US Bank, and equity investments from the developer and physician tenants. This development was the first public-private effort in the area and has been an important catalyst for further neighborhood redevelopment.

National Community Investment Fund –

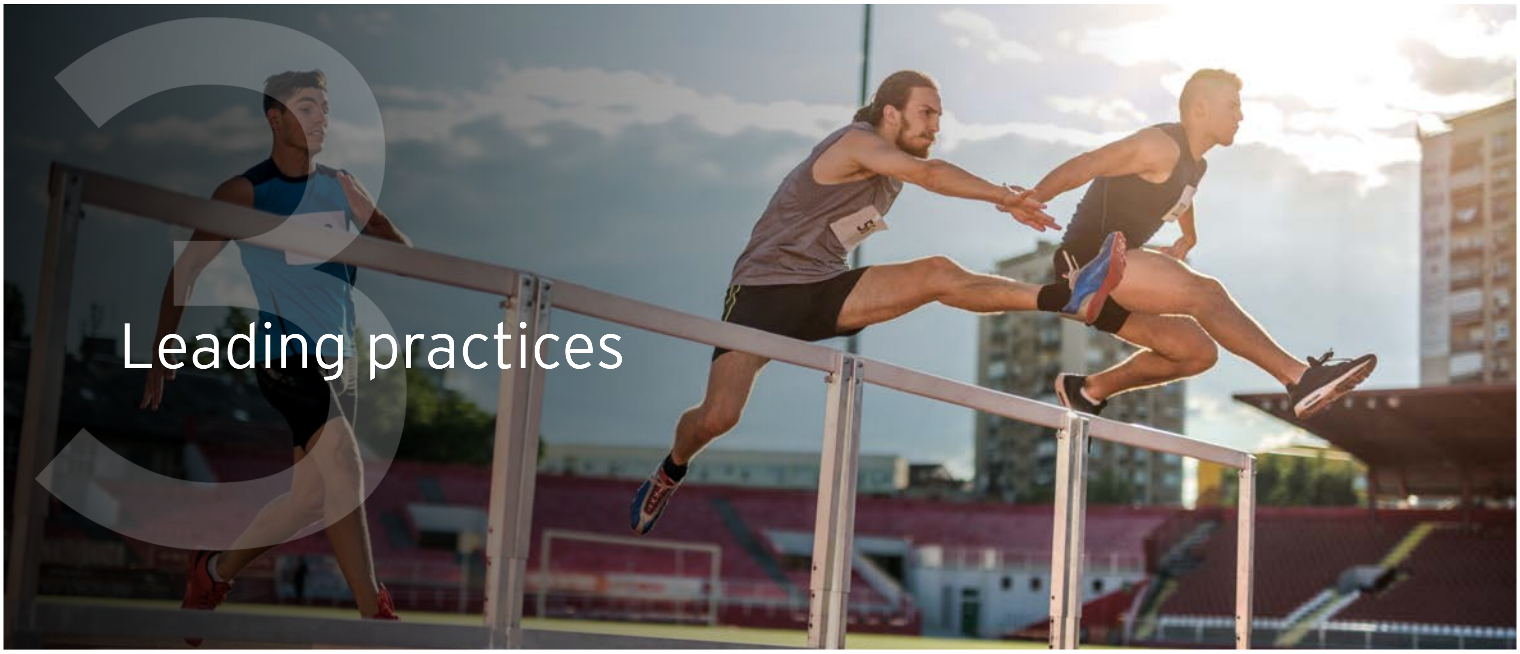
The other entity that has used NMTCs to finance a project in Oklahoma City is a non-local organization, the Chicago-based National Community Investment Fund (NCIF). NCIF is a non-profit private equity trust fund created in 1996 to capitalize and strengthen the mission-oriented banking sector. CDFI Banks and other mission-oriented banks provide financial products and services to businesses and individuals living in or serving low- and moderate-income communities around the country. NCIF is the largest investor in the mission-oriented banking industry, with investments in 12% of all certified CDFI Banks. Following is an overview of NCIF's only Oklahoma City project today.

- The American Indian Cultural Center. NCIF provided an allocation of NMTCs to support the development of the AICC, which educates the public about the diversity, history and culture of tribal nations that were moved to Oklahoma. The funds were used for construction, furniture, fixtures, and equipment. The project resulted in the creation and/or retention of more than 92 permanent jobs.

Equity implications

Oklahoma City's NMTC transactions carry very positive implications for the city from a diversity and inclusion perspective. Of the eight projects, three are for the explicit benefit of disadvantaged populations and communities. These include the ReMerge development as well as the construction of the Positive Tomorrow and KIPP OKC charter schools. Another project, the construction of the new American Indian Cultural Center, seeks to educate the public about the contributions of one of the state's communities of color, while two of the projects, the Variety Care redevelopment and All Saints Medical, are in strategic locations that afford low-income residents access to quality health care.

Going forward, the City would be well-advised to be more intentional about harnessing NMTCs for place-based revitalization projects, including those with the potential to benefit disadvantaged areas and neighborhoods that are largely inhabited by people of color. NMTCs could also be used as part of a concerted effort to expand the toolbox of resources available to assist entrepreneurs and real estate developers of color.



3 Leading practices

Peer examples

This section shares descriptions of related catalyst projects that have been implemented in other communities across the US and globe. They address similar economic resiliency challenges as those faced by Oklahoma City and could serve as models to develop new tailored programs locally.

Neighborhood revitalization – Villages of East Lake, Atlanta, GA

Frequently described as a war zone, Atlanta's East Lake Meadows public housing complex was confronted by extreme poverty, violent crime, dismal educational outcomes and high unemployment. The poorly built, 40-year-old public housing was in severe disrepair. For children, East Lake Meadows functioned primarily as a pipeline into the state's criminal justice system.

In 1993, real estate developer Tom Cousins, CEO of Atlanta-based Cousins Properties, purchased the dilapidated nearby East Lake Golf Club. Cousins had long been an admirer of golf legend, Bobby Jones, who learned to play the game at the East Lake facility and considered it to be his home course. He therefore welcomed the chance to acquire the country club and spend approximately $25 million to restore it to its original luster. Cousins then sold corporate memberships at $75,000 per company, and then encouraged members to donate $200,000 to the East Lake Community Foundation—which was established by the Cousins Foundation—to help improve conditions in the troubled East Lake neighborhood surrounding the golf club. He was keenly interested in addressing the myriad social and economic challenges confronting local residents, especially those living in the nearby East Lake Meadows public housing complex, which at that time was perceived as a primary source of the community's crime and poverty. Cousins had been a dedicated financial supporter of urban improvement activities throughout Atlanta, but they had typically been small-scale initiatives—piecemeal responses to pressing conditions. He was eager to become involved in a project that would have a greater impact on a severely distressed neighborhood.

Renee Glover, a former corporate lawyer, was appointed the AHA's new Executive Director in September 1994. She overhauled the leadership and management team, and sought to make dramatic, long-term improvements at the East Lake public housing development using a $33.5 million HUD grant initially awarded to the AHA in 1992. The grant was intended to assist with the rehabilitation of East Lake Meadows. However, Glover sought to implement more dramatic changes by using the agency's resources to leverage private sector dollars that would help support a full-scale revitalization. Through a competitive procurement process, the AHA selected the Cousins Family Foundation as its partner in the redevelopment effort.

Following are the components of the project and a summary of the key outcomes:

- Housing: High quality, mixed-income housing
- Economic Stability: Golf course revenue helps support community programs and services; job requirement for all non-disabled, non-elderly tenants; job training, search and placement for all residents
- Education: "Cradle to College" pipeline – two early learning centers, K through 12 charter schools, afterschool programming including academic and pre-college support
- Public Health and Medical Care: Healthy Connections program connects residents to health insurance and primary care provider, healthy food access, access to physical activity opportunities
- Neighborhood and Physical Conditions: Grocery store, urban farm, farmers' market, safe walkable community, parks and recreation
- Social and Community Context: Local high quality schools, community- building events, gardening classes, youth, senior and resident programming, and neighborhood amenities all creating positive sense of "place" 4

Over a period of two years AHA, the East Lake Meadows Residents Association, and Cousins' newly founded East Lake Foundation (ELF) developed a plan to replace the substandard public units with high-quality mixed-income housing; create an education hub with an early childhood education center, a charter school, and robust after school programming; revitalize a nearby private golf course to provide a revenue stream to support neighborhood revitalization; create a public golf course and recreational amenities for residents; and bring in a grocery store. The core components of the project took 10 years to build, with the ELF serving as the "community quarterback" to safeguard and implement the new vision. And though health was not an explicit focus early on, by creating high-quality housing, a strong "cradle-to-college" educational system, economic development, and a safe, stable and appealing neighborhood, the project addressed fundamental factors that contribute to good health and well-being.

Education was a vital pillar in the vision for the new East Lake. Since the Atlanta public school system was not interested in siting a school there, the team built Atlanta's first charter school, the Charles R. Drew Charter School (initially K-8, now two campuses K-12), along with an Early Learning Center and a new YMCA facility. Other key parts of the education and youth development plan include academic support, and afterschool and summer programming.

One of the earliest comprehensive community revitalization efforts in the nation, East Lake's outcomes help illustrate how holistic, multifaceted community development can dramatically improve major social determinants of health for a distressed low-income neighborhood.

The success of East Lake has led its founders to create a new organization, Purpose Built Communities, that seeks to replicate successful elements of the East Lake model in other communities working to transform low-income neighborhoods and the lives of people living in them. Central to this model has been the notion of place – bringing together in one close geographic area the right elements and enough cross-cutting change to foster healthy neighborhoods.

Outcomes to date include:

- 90% reduction in violent crime.
- 5% of subsidized housing residents on welfare (versus 59% in 1995).
- 100% of non-disabled, non-elderly adult subsidized housing residents working or in job training (versus 13% employment in 1995).
- 98% of Drew Charter School students grades 3-8 meet or exceed state standards in core subjects.
- ~80% of Drew students graduating high school (versus 50% of all Atlanta Public School students and 67% statewide).

Neighborhood revitalization – Real Estate Diversity Initiative, Denver, CO

In 2008, the City of Denver was seeking to promote higher levels of inclusion in larger- scale real estate projects among people of color and white women.

The City partnered with a local university and small group of independent real estate developers to provide a combination of classroom instruction in relevant topics (i.e., real estate finance, construction management, urban planning), mentorship, and experiential learning opportunities to aspiring real estate developers from historically excluded groups. This initiative captured the attention and imagination of the Urban Land Institute, a prestigious national trade association for real estate developers, which became a sponsor. Nearly a decade later, the Real Estate Diversity Initiative (see https://colorado.uli.org/real-estate-diversity-initiative/) has assisted over 200 minority and women real estate developers, thereby enabling them to either secure positions with established real estate development firms, or successfully undertake real estate projects as independent developers.

Since the emergence of the Real Estate Diversity Initiative, a few organizations have launched similar, albeit more streamlined programs, that should be examined by local governments. One relatively new program was initiated in Detroit by Capital Impact, a Community Development Financial Institution. In an effort to better ensure that real estate developers truly reflect the city's diversity and that minority real estate developers are able to participate in growth and revitalization efforts, Capital Impact launched the Equitable Development Initiative. A statistic that captures the scope of the challenge is what ultimately focused Capital Impact on a significant matter of inequality: Of $152 million it loaned for Detroit projects between 2006 and 2015, projects led by minority developers received just 10% of that financing.

Charting a new path toward inclusive economic opportunity, this program combines the CDFI's local knowledge, partnerships, and project financing capabilities to support developers of color to grow their careers and contribute to Detroit's revitalization. The program offers classroom training, one-on-one mentoring, budget and financial planning, and legal services.

Innovation & entrepreneurship – Motor City Match, Detroit, MI

Motor City Match is a nationally-recognized business competition that pairs the best businesses from Detroit and around the world with city's best available real estate. Every quarter, Motor City Match provides $500,000 in competitive grants, loans and technical resources to help business owners grow from idea to open.

The competition offers four awards that align technical and financial assistance to help entrepreneurs go from idea to open (shown below). By adopting the competition model, Detroit has created a robust start-up pipeline and process to run it.

Through 15 rounds of Motor City Match, the program has had a revolutionary impact on entrepreneurship in Detroit's neighborhoods. Impacts of the program include:

- ▸ Served over 1,300 businesses with business planning, site selection, design and funding. Entrepreneurs served are 80% minority- owned, 70% women-owned and 61% Detroiters.
- ▸ Awarded $7.5M in grants to over 150 business. Grant funding will leverage a total investment of $41M.
- ▸ Identified and marketed 396 vacant commercial spaces totaling nearly 3.3M square feet in development opportunity.
- ▸ The program has since been replicated in Milwaukee, Ft. Wayne and Akron.

Innovation & entrepreneurship – Accelerate VI, US Virgin Islands

Accelerate VI is a structured six-month accelerator program designed to help early-stage companies grow and scale their businesses form in the US Virgin Islands. It supports entrepreneurs who are building technology solutions that address today's most pressing economic, social, and environmental challenges.

Accelerate VI is a founder-first organization committed to nurturing and supporting the success of emerging entrepreneurs.

The Need for Economic Diversification in the US Virgin Islands

- The US Virgin Islands face a range of structural, social, and economic challenges that contribute to a high level of low to moderate income in the territory.
- Social stressors include a lack of affordable housing coupled with a high cost of living, low educational attainment, and a high number of single parent households.
- Economic stressors include a weak economy driven by over-reliance on a single sector (tourism), few economic mobility opportunities, the shrinking population ("brain drain"), and the widening racial income/wealth gap.
- The territory withstood two catastrophic hurricanes in 2017, which destroyed 12% of all jobs in the territory – double the impact experienced by Puerto Rico the same year.
- The economy of the territory is heavily reliant on the tourism sector, which is highly sensitive to disruptions.

Goals of Accelerate VI

- Create a more robust technology ecosystem in the US Virgin Islands, including a more racially inclusive tech sector
- Create a cohort of business owners / entrepreneurs who gather in a common space and receive support and mentoring
- Develop partnerships with local businesses and government, which hopefully lead to revenue generating opportunities for startups
- Introduce more seed and early-stage entrepreneurial financing activity
- Create jobs with a focus on skills that are relevant to a more technical workforce (jobs of today and tomorrow)
- Give participating, early-stage startups tools to grow and scale locally
- Provide startup founders with mentorship opportunities

Inclusive capital access – Entrepreneurs of Color Fund, Detroit, MI

The Entrepreneurs of Color Fund was created in 2015 by the Detroit Development Fund (DDF), a Michigan 501(c)(3) Community Development Financial Institution (CDFI), in collaboration with JPMorgan Chase and WK Kellogg Foundation to provide loans ranging from $50,000 to $200,000 as well as business assistance to Detroit entrepreneurs of color. The fund was designed to be a collaborative investment vehicle for CDFIs, traditional lenders and philanthropy to help minority entrepreneurs grow, hire locally and further contribute to the city's recovery.

The fund was seeded by JPMorgan Chase and the Kellogg Foundation with $3.5 million respectively and administered by DDF. The fund was nearly tripled to $18M after 2 years due to strong demand for capital and a high performing portfolio. JPMorgan Chase and the Kellogg Foundation made new investments of $2 million and recruited new investors including the Ralph C. Wilson, Jr. Foundation ($2.5 million), Fifth Third Bank ($3 million) and the Kresge Foundation which committed to providing first loss guarantee up to $2 million.

Drawing on the success in Detroit, the fund has been replicated in South Bronx, San Francisco and South and West Chicago. Between 2015 and 2018, more than 300 minority-owned businesses received more than $14 million in capital from the Entrepreneurs of Color Fund which helped create or retain 1,900 jobs.

Inclusive capital access – Grow America Fund, National Development Council

The National Development Council's (NDC) Grow America Fund: One of the nation's oldest and largest Community Development Financial Institutions (CDFI), NDC administers the Grow America Fund, which is partially guaranteed by the U.S. Small Business Administration. The GAF is designed to provide flexible financing to small and mid-sized businesses in a community's priority industry sectors, and can also help foster a more inclusive economy by reducing or eliminating barriers faced by entrepreneurs of color, which is a key target market segment for the program. The Fund provides long-term, flexible debt that can be structured with longer amortization periods than loans from traditional banks.

Inclusive capital access – HBCU Opportunity Fund, HBCU Community Development Coalition

The HBCU Opportunity Fund: The HBCU Opportunity Fund concentrates on mixed-use projects adjacent to historically black colleges and universities to improve their campus conditions and revitalize blighted neighborhoods located within close proximity of these institutions. The Fund was launched in partnership with the nonprofit HBCU Community Development Coalition, and with advisory support from Calvert Impact Capital, a leading social impact investor. The Fund is targeting investments to projects in 20 states and the U.S. Virgin Islands. Potential developments include grocery stores in food deserts and health care facilities for medically underserved communities, full- and limited -service hotels, as well as mixed-income housing.

EY | Building a better working world

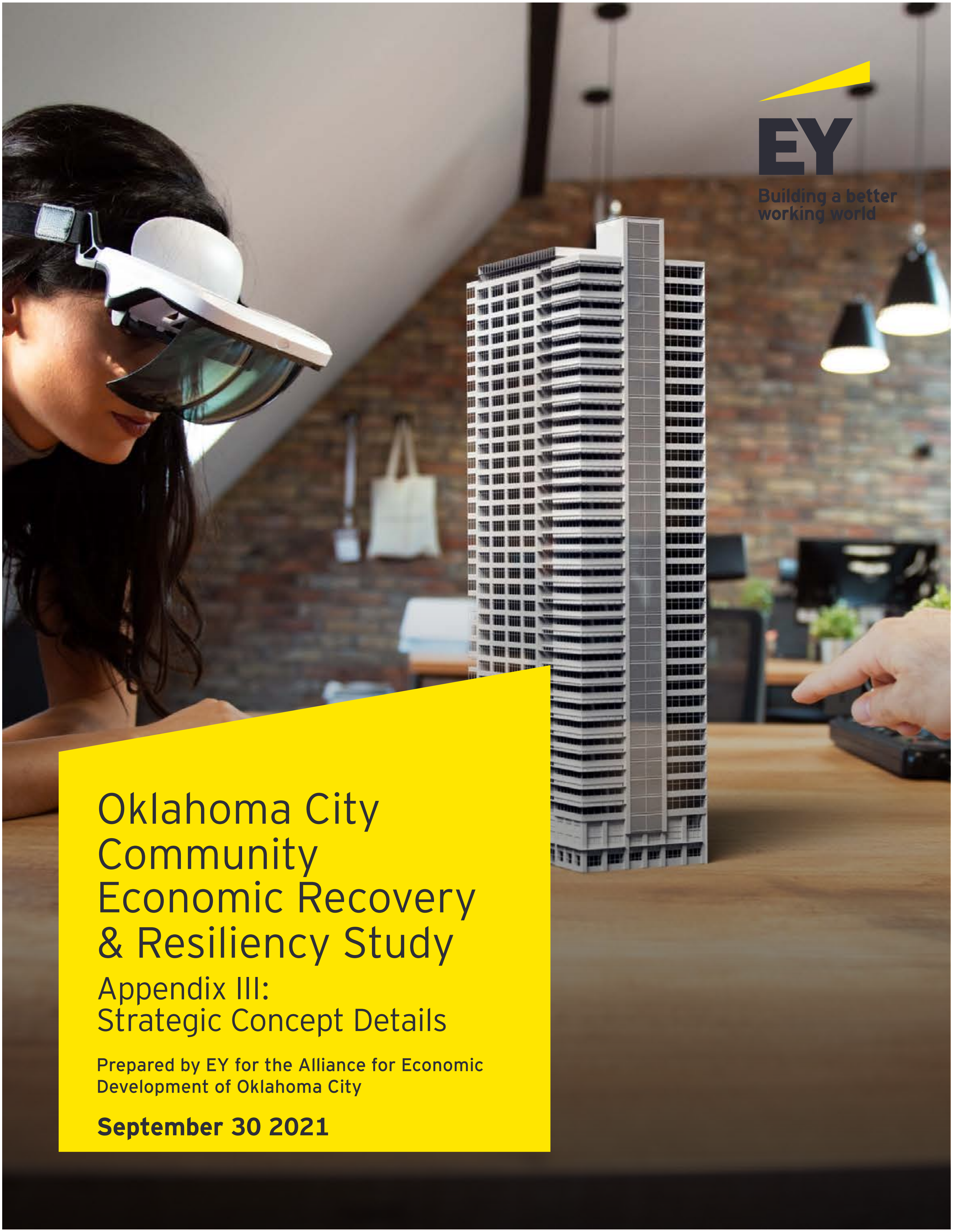
EY exists to build a better working world, helping create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

2105-3773858
ED None

ey.com



Oklahoma City Community Economic Recovery & Resiliency Study

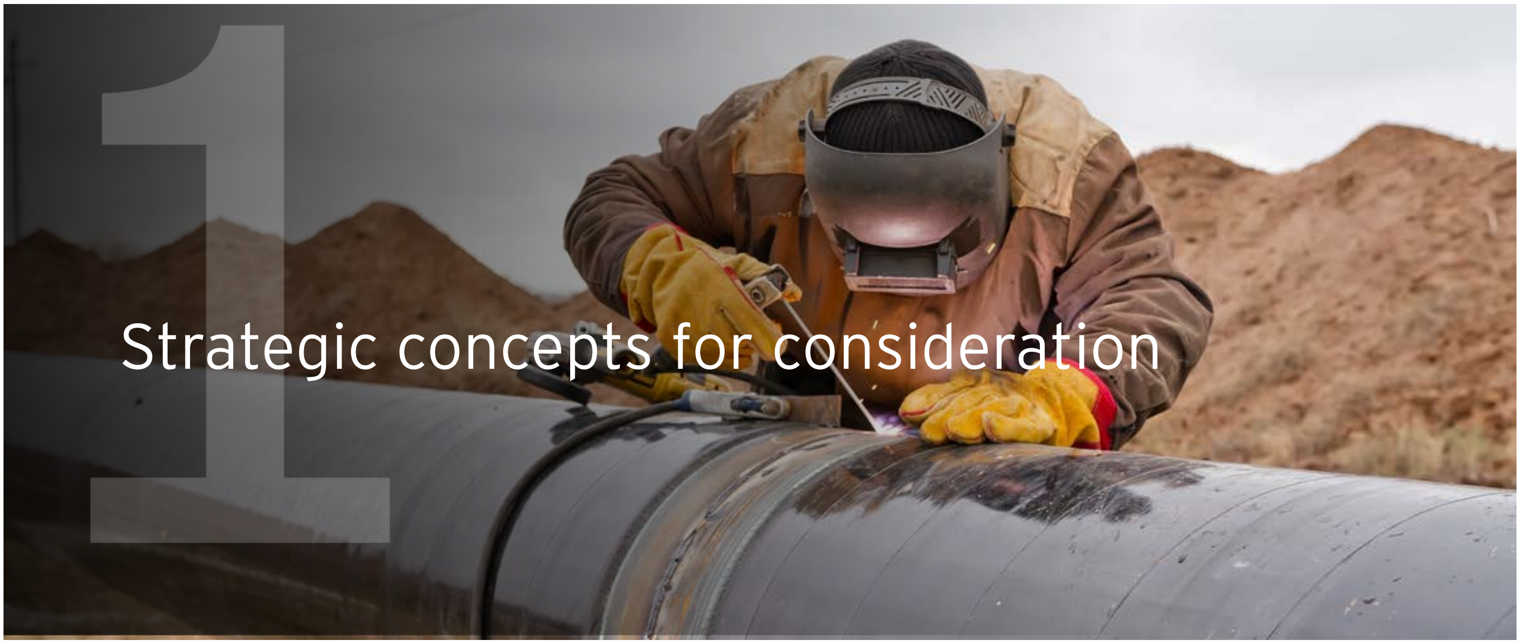
Appendix III: Strategic Concept Details

Prepared by EY for the Alliance for Economic Development of Oklahoma City

September 30 2021

Table of contents

1	Strategic concepts for consideration	02
2	Capacity building	26



1 Strategic concepts for consideration

This appendix of the study provides detail regarding strategic concepts for Oklahoma City to consider. The concepts are designed to match needs and fills gaps in Oklahoma City. They are based on successful leading practices from around the country, which are shared throughout the appendix, but are conceptually tailored to match the unique conditions in Oklahoma City. Creating some tools will require additional resources and staff capacity, while others may be build on successful existing programs and pilots, and thus be easier to achieve.

With those considerations in mind and new funding opportunities created through the American Rescue Plan Act (ARPA), we recommend that Oklahoma City prioritize the following concepts:

I. Programs and activities that could be funded with ARPA resources

- Grow America Fund (“OKC Resiliency Fund”)
- Sub-Contractor’s Finance Fund
- Community development venture capital pool

To ensure the successful utilization of these new resources, Oklahoma City would be well-advised to dedicate a portion of the ARPA funds for technical assistance for borrowers and recipients of equity capital.

II. Programs that could be capitalized with Section 108 resources

- Leveraged debt pool for New Markets Tax Credit transactions
- General targeting of Section 108 capital to mid-scale and larger projects in disinvested areas

III. Products and services that could be funded through the GOLT bond

New incentives for companies in clusters—especially tech-related—that may not meet hiring thresholds for the SIP Program

A revolving loan fund (replete with a loan loss reserve and a technical assistance set-aside) for smaller enterprises

Additional incentives for companies establishing facilities and creating jobs in under-invested communities

IV. Completion of the Innovation District and associated facilities and programs

Establishment of the Innovation District, Innovation Hall, and HB Foster Center with corresponding programming to support targeted industries, entrepreneurs, minority-owned businesses

Programs and activities that could be funded with ARPA resources

Grow America Fund Program – e.g. "OKC Resiliency Fund"

The National Development Council (NDC), one of the nation's oldest and largest Community Development Financial Institutions (CDFI), administers the Grow America Fund, which is partially guaranteed by the U.S. Small Business Administration. The GAF is designed to provide flexible financing to small and mid-sized businesses in a community's priority industry sectors and can also help foster a more inclusive economy by reducing or eliminating barriers faced by entrepreneurs of color, which is a key target market segment for the program. The Fund provides long-term, flexible debt that can be structured with longer amortization periods than loans from traditional banks.

Oklahoma City could facilitate the creation of a GAF loan pool for local businesses and entrepreneurs of color—the "OKC Resiliency Fund" by capitalizing a fund with a modest investment, perhaps utilizing a portion of Oklahoma County's $154.9 million in ARPA Funds. NDC will match a community's investment $4:1, which means that a local government could help build a sizable access-to-capital resource with the commitment of a relatively small amount of city or local money. All loans are underwritten and serviced by NDC, but local governments could certainly work with the CDFI shape the lending guidelines and overall focus of the loan pool.

Oklahoma City would be well-advised to pursue this partnership with NDC, which would also lay the foundation for: 1) establishing a robust technical assistance platform for small businesses and entrepreneurs of color through a collaboration with one of the most respected technical assistance provers in the nation, and 2) attracting an additional CDFI into the local market to provide yet one more mechanism for creating new financial products to assist Oklahoma City in meeting its economic resiliency goals.

LEADING PRACTICE EXAMPLE: MEDWheels, San Antonio, Texas

The Grow America Fund (GAF) assisted MEDWheels, a San Antonio, TX based, durable medical supply company owned by an entrepreneur of color refinance its debts and provide needed permanent working capital to meet its expansion needs. After 20 years of working in the finance department of a major corporation, Jane Gonzalez, a San Antonio native, founded MEDwheels in 2005. The company provides durable medical goods to the local San Antonio community as a preferred provider for programs like Medicare, Medicaid, Wellcare, Humana, and Care Improvement Plus.

Through its preferred provider programs, MEDwheels supplies its clients with wheelchairs, walkers, hospital beds, compression socks, oxygen tanks, catheters, mobile electric scooters and many other medical products for home use. GAF provided MEDWheels with two loans totaling approximately $500,000. The first loan was utilized to refinanced MEDwheel's existing bank loan for its commercial property, while the second loan provided equity to refinance existing debts and fund working capital.

Sub-Contractor's Finance Fund

Many disadvantaged businesses not only face obstacles in securing contracts with anchor institutions (including government agencies), but also with mobilizing under the contract due to a lack of working capital. In many instances, however, these firms, for myriad reasons, have difficulty accessing the necessary financing to perform under a larger contract, which can often lead to loss of a subcontracting opportunity, or poor performance due to being under-capitalized.

As an initial step toward building a comprehensive Disadvantaged Business Enterprise (DBE) procurement program, Oklahoma City should also carve off a portion of its ARPA funding to establish the Sub-Contractor's Finance Fund. Similar programs have been successfully launched in Denver and in Richmond, Virginia, to help remove the barriers certain small businesses often confront when attempting to performing effectively as (sub)contractors. The distinguishing feature of this product would be the ability to collateralize a company's contract with an anchor institution, rather than imposing the onerous collateral requirements of traditional lenders.

LEADING PRACTICE EXAMPLE: Sub-Contractor Loans to Disadvantaged Business Enterprises, Denver, Colorado

Some cities such as Denver, Colorado, made the decision to "capitalize" a revolving fund with CDBG in the early 1980s, and this portfolio has a present value exceeding $55 million. Following are two case studies highlighting DBE—oriented business projects financed in part with CDBG loans in Denver:

- **Empowercom:** Founded in 1997 by Denver natives and siblings, Terri and Steve Jackson, Empowercom is a family-owned telecommunications firm with over two dozen employees. The company serves some of the largest and most prestigious companies, government agencies, institutions and general contractors in Colorado and across the nation. They specialize in designing, building and maintaining advanced technology for stadiums, hospitals, and emergency call centers.

- As the Associate General Contractor for the 2008 Democratic National Convention, Empowercom was solely responsible for the design and build of the broadcast network for over 70 different broadcasters. The company received a $200,000 CDBG loan from a local CDFI to successfully execute its contract with a multi-national construction firm to prepare Invesco Field at Mile High Stadium for this major event.

- **TechnoHunt:** TechnoHunt is an interactive simulation game that allows hunters to practice their archery skills indoors, and without harming any animals. Louis Hard, a Native American serial entrepreneur and outdoorsman (pictured below in the center of the upper row), originally purchased the technology from a Seattle-based firm. Recognizing the commercial potential of the TechnoHunt concept, he embarked upon a successful effort to improve the technology and implement a go-to-market strategy. Armed with a $200,000 CDBG business expansion loan via a Denver CDFI in 2007, Louis Hard substantially improved the product and now sells TechnoHunt to national sporting goods retailers.

Community development venture capital pool

One specific type of financial product that should be considered is a Community Development Venture Capital program that provides early-stage firms operating within under-invested neighborhoods with equity capital. (See The Community Development Venture Capital Alliance (cdvca.org) for more details.)

LEADING PRACTICE EXAMPLE: California Public Employees' Retirement System's California Initiative on Underserved Markets (2001 to 2017)

One of the highest profile and longest-running initiatives in the Community Development Venture Capital space was launched by the California Public Employees' Retirement System (CalPERS). In 2001, CalPERS launched the California Initiative, which was designed to invest private equity in historically underserved markets primarily in California. The key objective of the California Initiative was to generate attractive financial returns while also fostering job creation and economic opportunity in California. The California Initiative committed over $1 billion specifically to companies that have historically had limited access to institutional equity capital; employ workers who reside in economically disadvantaged areas; and which provide employment opportunities to women and minority entrepreneurs and managers.

The California Initiative was established with an initial financial commitment—Phase I of the plan—of $475 million to help capitalize nine private equity funds and one fund-of-funds, the California Community Venture Fund (CCVF), which deployed capital via another fifteen funds. In 2006, CalPERS committed $560 million for a second phase, the Golden State Investment Fund (GSIF). These phases combined resulted in the availability of more than $1 billion invested in 569 private companies across the state. (See report, "CalPERS California Initiative 2017: Creating Opportunities in California's Underserved Markets.)

Based upon the findings of a CalPERS report examining the impact of the California Initiative over a sixteen-year period, this effort to deploy equity capital resulted in the following outcomes:

- The California Initiative has supported employment for 176,404 workers and has helped create 42,513 new jobs since inception.
- The jobs at California Initiative portfolio companies have been high-quality jobs, with health and retirement benefit
- Over thirty-percent of California Initiative companies that received investment have been headquartered in low- to moderate-income communities.
- 27 percent and 51 percent of Phase I and GSIF capital, respectively, has been invested in communities with limited access to institutional equity capital.
- The California Initiative has also supported employment opportunities for underserved populations. In fact, portfolio companies have employed 49 percent of their workforce from low- to moderate-income communities and have consistently included women and minorities in company leadership positions at higher levels than the U.S. private sector more broadly.

Programs that could be capitalized with Section 108 resources

Leveraged debt pool for New Markets Tax Credit transactions

The New Markets Tax Credit (NMTC) program allows for the bifurcation of transactions between investors seeking to generate larger returns on equity investments, and lenders seeking to maximize the interest earned from loans made in support of NMTC projects. Because lenders generally invest larger sums of money into these bifurcated, or leveraged debt transactions, some banks are reluctant to subordinate to the tax credit investors participating in NMTC leveraged debt transactions, which can result in worthy projects being delayed or never coming to fruition. Therefore, The City of Oklahoma City could establish a leveraged debt pool that would serve on the "A" side of NMTC projects that employ this bifurcated structure (see graphic below). This debt pool could be sourced with CDBG, HUD Section 108 or other flexible capital including a portion of Oklahoma City's American Rescue Plan Act dollars.

The loans made to NMTC transactions from this debt pool would be subordinate to the investments made by tax credit investors, and this willingness to accept a subordinate or second lien position to tax credit investors could thereby remove a significant barrier to advancing NMTC transactions. (As an example, the City of Richmond, Virginia has utilized its CDBG and Section 108 capital as leveraged debts on NMTC projects such as the Altria Theater redevelopment, a catalytic arts project adjacent to the central business district.)

General targeting of Section 108 capital to mid-scale and larger projects in disinvested areas

Generally, Section 108 funds could be utilized to focus exclusively on mid-scale and larger projects in historically disinvested areas in order to advance equity goals in the community.

Products and services that could be funded through the GOLT bond

Existing local and state incentives focused on business attraction and retention have performed incredibly well since their creation – helping bring in many larger employers to Oklahoma City. These include the Strategic Investment Program (local), the Quality Jobs Program (state), and the Business Expansion Program (state). We do not recommend diverting these programs from that intended purpose, but if desired, the City and its partners could consider utilizing them to target recruitment of expanding startups, businesses owned by people of color, and other business types that would contribute to Oklahoma City's economic resiliency.

Local products and services could also be utilized to further equity goals by exploring ways to encourage investment and hiring in targeted neighborhoods and populations through incentive bonuses, voluntary agreements, and other methods. In particular, the GOLT Bond could potentially be utilized to fund programs and services, such as:

- New incentives for companies in clusters—especially tech-related—that may not meet hiring thresholds for the SIP Program
- A revolving loan fund (replete with a loan loss reserve and a technical assistance set-aside) for smaller enterprises
- Additional incentives for companies establishing facilities and creating jobs in under-invested communities

SIP is clearly designed to be a financial tool that complements and enhances Oklahoma City's efforts to attract primary employers. Such incentives are vital to any city's arsenal of business attraction resources. However, SIP could be utilized more strategically to attract larger, job-creating primary employers to areas of the city with sizable populations of people of color, or which have experienced difficulty securing the attention of larger companies. For example, relatively few of the SIP investments have been made in zip codes 73108, 73111, 73114, 73119 or 73129.

Utilizing SIP in this manner would require a concerted effort on the part of the City to craft and implement a holistic place-based revitalization initiative that would maximize the economic potential of under- and disinvested areas of the city such as the 23rd Street corridor in northeast Oklahoma City.

Revolving loan funds

Revolving loan funds (RLFs) are powerful tools that can be utilized for a variety of targeted purposes and funded through different sources – potentially including the GOLT bond, Section 108 resources, or CDBG dollars. For targeted purposes, a RLF could be administered by an economic development agency or a CDFI.

Revolving loan funds exist in communities across the country, often with targeted purposes for specific industries, investment types, and businesses of a certain size. Hundreds of municipalities utilized Section 108 – and CDBG in general – for RLFs that are administered by economic development agencies or CDFIs, who are trained and have the capacity to proactively deploy th efunds. The City of Denver and the City of Richmond, Virginia are two noteworthy examples.

LEADING PRACTICE EXAMPLE: Virginia Black History Museum and Cultural Center, Richmond, Virginia

Working in partnership with a local African-American real estate developer and the City of Richmond, the Black History Museum and Cultural Center in 2015 completed the renovation of its new home, the historic former Leigh Street Armory in the northern stretch of the city's downtown arts and culture district. The brick building at 122 W. Leigh St. was originally constructed before the turn of the 20th century for the First Battalion Virginia Volunteers Infantry, the city's first African-American regiment. This $13 million redevelopment project undertaken by a minority developer would have not been feasible but for a $3 million Section 108 loan from the City. For collateral, the City took a lien on the building and personal guarantees based on unspent donations by the museum's foundation and high net worth individual donors. Collateral from third parties is crucial to mitigate the risk of repayment failure resulting in loss of city revenue.

Completion of the Innovation District and associated facilities and programs

The fourth MAPS plan also includes support for the development of a center to promote the creation of minority owned businesses. Oklahoma City would be well-served if this funding for a brick-and-mortar project is combined with a broader effort to expand and strengthen the capital access toolbox for entrepreneurs of color, high-growth technology companies, and small businesses in general.

The HB Foster Center could provide a critical platform for hosting technical assistance programming and utilization of financial products to serve the needs of disadvantaged residents and businesses in the city.

As a centralized location with concentrated organizations and facilities, the Innovation District, including Innovation Hall and the HB Foster Center, could improve access to small business and entrepreneurial resources and technical assistance. Programming could include technical assistance programs aimed at increasing utilization of financial products and serving the needs of disadvantaged residents and businesses in the city. Co-working spaces, accelerators, and other technical assistance programs could be well served by physically locating in the Innovation District. Below are some suggested features for each facility:

Innovation Hall

- Technical assistance for innovative enterprises in targeted sectors (technology, life science, aerospace)
- Accelerator location
- Satellite location for for an entrepreneurial support organization
- Co-working space for emerging entrepreneurs
- Training / programing facilities (including those for coding education, possibly in partnership with national partners such as the Flatiron School)

HB Foster Center

- Creating a one-stop hub for small business support services including:
  - The Small Business Development Center
  - A procurement technical assistance platform (possibly staffed by agencies that certify disadvantaged business enterprises)
  - Local office of a newly-established CDFI (e.g., National Development Council)
  - A co-working space designed for a general assortment of small businesses
  - Satellite offices of selected City of Oklahoma City departments involved in, e.g., small business support, neighborhood planning, code enforcement

Other financial concepts

Harnessing Traditional Lenders

Oklahoma City could establish a lenders/access to capital consortium that serves as a key permanent forum for major economic development lenders to seek alignment on community development and small business lending priorities; identify opportunities for synergy and greater leverage; collaborate in pursuing competitive resources from public and philanthropic entities (e.g., CDFI Fund and other federal entities administering New Markets Tax Credits, national/global philanthropies looking to address racial equity in promoting access to capital); and to create strategies for filling capital stack gaps on major cross-sector projects. This group should also lead the process of: 1) commissioning a much-needed gap analysis that helps quantify the demand for myriad types of capital among a diverse array of entrepreneurs, small- and mid-sized entrepreneurs, and those pursuing various types of real estate projects; and 2) creating a deal-matching portal and consortium of Opportunity Zone investors and economic and community development organizations with potential projects in designated Opportunity Zones.

Leading practice examples:

There are two examples worth noting as it relates to public-private partnerships designed to stimulate and encourage private sector lending and investment into small businesses and community development initiatives.

- The first is from Denver, Colorado, where the City's economic development agency has partnered with a variety of traditional lending institutions—especially KeyBank, USBank and Wells Fargo—for several decades. Utilizing the aforementioned CDBG revolving loan fund, local officials regularly co-lend with banks on both real estate projects and small business expansion transactions. The City generally accepts a second lien position behind the banks, which is a critical factor in incentivizing the conventional lenders to partner with the City.

- Another example is the vehicle created by the Indianapolis Local Initiatives Support Corporation (LISC), the local arm of a national community development intermediary. LISC helped form Opportunity Investment Consortium Indiana, which provides an online portal linking Opportunity Zone Funds—which are administered by for-profit and philanthropic entities—with projects and businesses requiring equity capital and debt financing.

New Market Tax Credits

Establish a NMTC Joint Venture that Concentrates on Economic Inclusion. The City of Oklahoma City should position itself to play a more significant role in directing the investment of NMTCs, with an eye toward harnessing this important tax credit program for projects sponsored by entrepreneurs and real estate developers of color. One option is to establish a new CDE with a NMTC business plan that concentrates heavily on such projects, as well as those that will help foster impactful revitalization initiatives in Oklahoma City's most disinvested census tracts. However, because the NMTC application process is extremely competitive, the City should consider partnering with an existing CDFI with a track record of placing tax credits, such as MetaFund or NMR/Wiggins. Additionally, to ensure that the new CDE is laser-focused on economic inclusion, and also has substantial credibility within key segments of the minority community, this new joint venture should include as a partner a well-established minority-serving economic development organization.

The Colorado Growth & Revitalization Fund could serve as a relevant model for the City of Oklahoma City. The CGR Fund was a federally-approved CDE formed out of a joint venture consisting of the City of Denver, the Colorado Housing Finance Authority and the Colorado Enterprise Fund, a local Denver CDFI.

Use NMTCs to Capitalize a Fund for Small Business Lending. The majority of NMTC investments have been in support of real estate projects, but these tax credits could also be used to advance the growth and expansion of operating businesses. Given this fact, the City of Oklahoma City should consider using any allocation of NMTCs it may co-administer through a partnership with other local entities to help capitalize a fund for small businesses including entrepreneurs of color. Business lending has not been a dominant or significant focus of any CDE, but some have, in recent years, begun to focus on this option for NMTC investment. Given the increasingly competitive nature of the NMTC application process, CDEs should have a vested interest in crafting NMTC investment strategies that help distinguish them from other applicants.

LEADING PRACTICE EXAMPLE FOR NMTC: Evergreen Cooperatives, Cleveland, Ohio

The Green City Growers Cooperative is a 100% worker-owned, hydroponic, food production greenhouse located in the heart of Cleveland, Ohio. It is a project of Evergreen Cooperatives, with support of the Cleveland Foundation and the City of Cleveland. GCGC operates a 3.25-acre hydroponic greenhouse, which has become the largest urban food production greenhouse in the country. GCGC provides an example of an innovative and employee-owned food production enterprise that is revitalizing Cleveland's Central neighborhood, which has a nearly 40 percent poverty rate, while providing quality employment opportunities and promoting healthy food access both in the immediate neighborhood and citywide. Cleveland is a city in which nearly 65 percent of residents are people of color, and GCGC was established in part as a means of promoting racial equity and inclusion in local economic development. GCGC provides 40 jobs with living wages and affordable benefits for local, low-income community members, many of whom are people of color. This $16.5 million project was completed with an allocation of $8.5 million in NMTCs from a national Community Development Financial Institution.

Place-based investment concepts

Comprehensive neighborhood redevelopment

As the City encourages and facilitates redevelopment across Oklahoma City, there are opportunities to expand initiatives that focus on comprehensive neighborhood revitalization and expanding economic opportunity in historically disinvested neighborhoods. Successful programs in Northeast Oklahoma City and other areas have the potential to be scaled and replicated across the city.

The City could also be more intentional about utilizing TIF to undertake holistic revitalization of distressed communities, especially those neighborhoods that are largely inhabited by black and brown citizens. Indeed, Oklahoma City is not unique in this respect. TIF is often neither aggressively or creatively employed in facilitating revitalization of heavily nonwhite communities. In fact, some cities such as Chicago, which has a lengthy history of establishing TIF districts to support large-scale (re)development, have shown pronounced disparities in allocation of districts, with substantially more in white areas than in black or Latino neighborhoods.[1]

LEADING PRACTICE EXAMPLE

Oklahoma City officials seeking a model for using TIF resources to foster equity in redevelopment districts may want to take a lesson from development practitioners in selected communities such as Portland, Oregon, which has perhaps been one of the most creative large cities in this regard. The increase in land values in Portland's TIF districts has made it feasible for the City to subsidize affordable housing in these neighborhoods, areas experiencing high levels of gentrification. As an outgrowth of TIF reform efforts, Portland presently sets aside 40 percent of the tax increment funds raised in urban renewal districts for affordable residential units. Since 2006, the program has generated nearly a quarter of a billion dollars to support affordable housing and stimulated higher levels of income diversity in redeveloping neighborhoods.

[1] Jared F. Knight, *Is Tax Increment Financing Racist?* Iowa Law Review, Volume 1, Issue 4, May 2016.

Purpose Built Communities model

The City of Oklahoma City has a unique opportunity to use the funding stream created by the fourth MAPS program to support an initiative on comprehensive neighborhood revitalization and economic opportunity. The $50 million earmarked in the plan for housing improvements could help capitalize such an initiative and leverage other dollars to take a holistic revitalization effort to scale. Local institutional stakeholders are exploring the feasibility of adopting the Purpose Built Communities model, which is founded on the success of the seminal Villages of Eastlake project in Atlanta and influenced both the federal Hope VI and Choice Neighborhoods urban reinvestment programs. Thus, MAPS funding could be part of the capital stack that incentivizes private, philanthropic and federal investment into a major redevelopment effort concentrating on Oklahoma City's most disinvested areas.

Leading practice example: Villages of East Lake, Atlanta, Georgia.

Frequently described as a war zone, Atlanta's East Lake Meadows public housing complex was confronted by extreme poverty, violent crime, dismal educational outcomes and high unemployment. The poorly built, 40-year-old public housing was in severe disrepair. For children, East Lake Meadows functioned primarily as a pipeline into the state's criminal justice system. In 1993, real estate developer Tom Cousins, CEO of Atlanta-based Cousins Properties, purchased the dilapidated nearby East Lake Golf Club. Cousins had long been an admirer of golf legend, Bobby Jones, who learned to play the game at the East Lake facility and considered it to be his home course. He therefore welcomed the chance to acquire the country club and spend approximately $25 million to restore it to its original luster. Cousins then sold corporate memberships at $75,000 per company, and then encouraged members to donate $200,000 to the East Lake Community Foundation—which was established by the Cousins Foundation—to help improve conditions in the troubled East Lake neighborhood surrounding the golf club. He was keenly interested in addressing the myriad social and economic challenges confronting local residents, especially those living in the nearby East Lake Meadows public housing complex, which at that time was perceived as a primary source of the community's crime and poverty.

Cousins had been a dedicated financial supporter of urban improvement activities throughout Atlanta, but they had typically been small-scale initiatives—piecemeal responses to pressing conditions. He was eager to become involved in a project that would have a greater impact on a severely distressed neighborhood. Renee Glover, a former corporate lawyer, was appointed the AHA's new Executive Director in September 1994. She overhauled the leadership and management team and sought to make dramatic, long-term improvements at the East Lake public housing development using a $33.5 million HUD grant initially awarded to the AHA in 1992.

The grant was intended to assist with the rehabilitation of East Lake Meadows. However, Glover sought to implement more dramatic changes by using the agency's resources to leverage private sector dollars that would help support a full-scale revitalization. Through a competitive procurement process, the AHA selected the Cousins Family Foundation as its partner in the redevelopment effort.

Following are the components of the project and a summary of the key outcomes:

- Housing: High quality, mixed-income housing
- Economic Stability: Golf course revenue helps support community programs and services; job requirement for all non-disabled, nonelderly tenants; job training, search and placement for all residents
- Education: "Cradle to College" pipeline – two early learning centers, K through 12 charter schools, afterschool programming including academic and pre-college support
- Public Health and Medical Care: Healthy Connections program connects residents to health insurance and primary care provider, healthy food access, access to physical activity opportunities
- Neighborhood and Physical Conditions: Grocery store, urban farm, farmers' market, safe walkable community, parks and recreation
- Social and Community Context: Local high-quality schools, community-building events, gardening classes, youth, senior and resident programming, and neighborhood amenities all creating positive sense of "place."

Other key parts of the education and youth development plan include academic support, and afterschool and summer programming. One of the earliest comprehensive community revitalization efforts in the nation, East Lake's outcomes help illustrate how holistic, multifaceted community development can dramatically improve major social determinants of health for a distressed low-income neighborhood.

Training & direct assistance

Inclusive business accelerator

Oklahoma City could make a concerted effort to help minority founders connect with investors and support creation of what Silicon Valley calls the “friends and family” round of fundraising. Oklahoma City would also be well-advised to partner with existing accelerator programs, entrepreneurship development organizations, major corporations, anchor institutions, and philanthropies to facilitate a boarder ecosystem collaboration that commits to bridging the racial entrepreneurship gap, and streamline the process for stakeholders to provide funding, technical assistance, and access to social networks. Moreover, the City has a compelling story to tell with respect to entrepreneurship, and the progress that is being made to attract talent, founders, and investors from near and far.

Through several rounds of intensive stakeholder interviews, we found there to be some significant challenges that appear to be inhibiting the potential of entrepreneurs of color to move to the next level. These obstacles include—but are not limited to—the absence of a platform for minority founders to connect with investors; and a distinct absence of technical assistance resources and programs that are marketed to underrepresented founders. Also noteworthy is the apparent cultural and communication divide between black founders and the angel investment community, which is predominately white. Oklahoma City has an opportunity to become a global leader in entrepreneurship, but must assume a thoughtful and systematic approach to building an ecosystem that is markedly more supportive of entrepreneurs of color, and also provides education and guidance for angel investors to help them overcome unconscious bias.

Additionally, Oklahoma City will also be well-positioned to provide scale-up support to existing entrepreneurship support organizations that focus explicitly on entrepreneurs of color with scalable business ventures, such as ACT Tulsa program as well as StitchCrew. (See https://www.stitchcrew.com/accelerator for more details.)

Nationwide, The Cincinnati Minority Business Accelerator (MBA) could serve as a model for Oklahoma City. They program sits within the Cincinnati Regional Chamber, a leading economic development agency for the region, which allows it to have relationships with major corporations and anchor institutions that are committed to building a robust system that provides underrepresented founders with seed funding, partnership opportunities, and mentorship. The program has a portfolio of firms that are owned by African Americans and Latinos, with annual revenues of $1 million and with the potential for accelerated growth within two to five years. The program's success is deeply rooted in the platform on which it was built, and the public-private partnerships model it adopts. By embedding entrepreneurship programs into a broader ecosystem, entrepreneurs and small businesses will be able to access a larger pool of capital, networks, mentorship, and buy into the existing supply chain. Additionally, the MBA program collaborates closely with other entrepreneurship communities in the region to ensure that resources are connected, and each one of them are part of a broader community of support.

As a leading practice Oklahoma City should also take note of ACCELERATE VI, a signature program of the Research & Technology Park Corporation in the U.S. Virgin Islands. ACCELERATE VI reflects well-established current accelerator best practices (e.g., YCombinator, Techstars, the USVI RTPark Accelerator) in supporting and scaling promising early-stage firms, including those led by entrepreneurs of color. One distinguishing feature of ACCELERATE VI is its approach to identifying founders. To ensure that each cohort is fully representative of the diversity in the ecosystem, the accelerator employs intensive outreach, or entrepreneur landscaping, as a means of identifying entrepreneurs of color. (Please see https://www.acceleratevi.com/ for more details.) The curriculum and services are also comprehensive, consisting of a focus on access to capital and other vital elements.

- **Access to Capital.** This is a core function that entails connecting entrepreneurs with equity and debt financing sources, including potential investors (from Angel investors to professional Venture Capitalists) as well as instruction in alternative forms of capital raising.
- **Mentorship.** The prospects for success among all entrepreneurs can be increased multi-fold if they can benefit from the experiences of more seasoned entrepreneurs.

- **Quarterly Forums.** Holding a quarterly event series can serve as an effective vehicle for connecting all members of the cohort with the broader Cleveland ecosystem and encouraging peer-led resource sharing among the region's start-ups.
- **Office Space.** Access to affordable office space is essential to the growth of many early stage and mature companies, and this is a resource generally provided by accelerators and co-working spaces.
- **Pitch Deck Creation/Digital Marketing/Growth Hacking.** These are vital instructional marketing services that are intended to help entrepreneurs more easily access investors and connect with as expansive a customer base as possible without expending a great deal of time or financial resources.
- **Financial Literacy**. A financially literate entrepreneur is much more likely to be fully in control of his/her business. Being able to understand what balance sheets and profit and loss statements mean provides a clear view of the financial state of one's business, thereby enabling entrepreneurs to make smarter business decisions. This is especially important for businesses seeking to go to scale, which often entails taking on debt or equity financing.
- **Legal Services.** Entrepreneurs at any stage in their business have need for legal services, but the need for affordable, quality legal services are perhaps most crucial for early stage firms. Whether they require legal counsel for partnership or investor agreements, incubators, accelerators and some co-working spaces make low-cost legal services available to entrepreneurs who utilize their services.
- **Export Promotion and Global Partnerships.** To help entrepreneurs broaden their network of potential clients and customers, implement export promotion instruction to help companies develop a strategic export growth plan. Training and individualized mentoring would be provided from a wide range of experts, including financing, payment risk, compliance, sales and distribution, country selection and more. As part of the program, entrepreneurs also receive access and exposure to trade related grants and other resources (e.g., SBA STEP Grants and the U.S. Commercial Service's Gold Key Matching Service; the opportunity to partner with overseas accelerators).

Resources for Current or Aspiring Real Estate Developers and Construction Contractors

Unlike the technical assistance network for entrepreneurs, specifically owners of operating businesses, the support network for current or aspiring real estate developers of color is relatively slim, and in some communities, such as Oklahoma City, it is virtually nonexistent. However, a local non-profit has been providing real estate development classes to local residents seeking to become more involved in housing rehab activities in northeast Oklahoma City, and this program could be taken to scale with an infusion of additional financial support and the technical assistance of the local real estate development industry. Oklahoma City should therefore harness this existing nascent program and seek to build it into the definitive technical assistance program for aspiring local real estate developers and construction contractors of color.

LEADING PRACTICE EXAMPLE

This is precisely what the City of Denver back in 2008, when it was seeking to promote higher levels of inclusion in larger-scale real estate projects among people of color and women. The City partnered with a local university and small group of independent real estate developers to provide a combination of classroom instruction in relevant topics (i.e., real estate finance, construction management, urban planning), mentorship, and experiential learning opportunities to aspiring real estate developers from historically excluded groups. This initiative captured the attention and imagination of the Urban Land Institute, a prestigious national trade association for real estate developers, which became a sponsor.

Nearly a decade later, the Real Estate Diversity Initiative (see https://colorado.uli.org/real-estate-diversity-initiative/) has assisted over 200 minority and women real estate developers, thereby enabling them to either secure positions with established real estate development firms, or successfully undertake real estate projects as independent developers.

Since the emergence of the Real Estate Diversity Initiative, a few organizations have launched similar, albeit more streamlined programs, that should be examined by local governments. One relatively new program was initiated in Detroit by Capital Impact, a Community Development Financial Institution. In an effort to better ensure that real estate developers truly reflect the city's diversity and that minority real estate developers are able to participate in growth and revitalization efforts Capital Impact launched the Equitable Development Initiative. A statistic that captures the scope of the challenge is what ultimately focused Capital Impact on a significant matter of inequality: $152 million it loaned for Detroit projects between 2006 and 2015, projects led by minority developers received just 10% of that financing. Charting a new path toward inclusive economic opportunity, this program combines the CDFI's local knowledge, partnerships, and project financing capabilities to support developers of color to grow their careers and contribute to Detroit's revitalization. The program offers classroom training, one-on-one mentoring, budget and financial planning, and legal services. Additional details on the program are available here: https://www.capitalimpact.org/what/capacity-building/equitable-development-initiative/

Also noteworthy is the Contractors on the Rise program in Cleveland, which is operated by a local CDFI, Village Community Capital. This program is intended to build the financial and technical capacity of small women and minority home repair contractors, thereby enabling them to contribute to the revitalization of distressed Cleveland neighborhoods while simultaneously expanding their workforce and business operations.

Each program participant receives between $100,000 and $250,000 in low-interest revolving lines of credit, as well as a suite of technical assistance, advisory and referral services technical assistance program for aspiring local real estate developers and construction contractors of color.

Other Technical Assistance Programs & Initiatives

Oklahoma City businesses could benefit from expanded technical assistance in a wide range of areas. Over the last few years, several national initiatives have emerged to support different segments of entrepreneurs and business building activities with the intent of creating scalable network architecture: modular content in the form of curriculum or toolkits, along with resources and social connections for use by organizations and individual business owners that opt-in. Each initiative combines local energy and resources with a national framing and coordinating role. Most are purely private initiatives. Others enlisted support from government. For example, Start-Up America was a high-profile public-private partnership that has since morphed and merged into TechStars, a technology start-up support ecosystem previously referenced. Lean Start Up started as a book proposing a methodology focused on start-up tech companies but has since evolved into a methodology applicable to any company looking to introduce new products or services into the market. The methodology has sparked self-organized groups in communities across the country and around the world. Models and programs for Oklahoma City could be explored and developed to serve specific needs and fill identified gaps in the local ecosystem.

Over the last few years, several national initiatives have emerged to support different segments of entrepreneurs and business building activities with the intent of creating scalable network architecture: modular content in the form of curriculum or toolkits, along with resources and social connections for use by organizations and individual business owners that opt-in. Each initiative combines local energy and resources with a national framing and coordinating role. Most are purely private initiatives. Others enlisted support from government. For example, Start-Up America was a high-profile public private partnership that has since morphed and merged into TechStars, a technology start-up support ecosystem previously referenced. Lean Start Up started as a book proposing a methodology focused on start-up tech companies but has since evolved into a methodology applicable to any company looking to introduce new products or services into the market. The methodology has sparked self-organized groups in communities across the country and around the world.

Three other programs represent models that warrant mention:

- Goldman Sachs 10,000 Small Businesses,
- Rise of the Rest and
- VilCap Communities.

The Goldman Sachs 10,000 Small Businesses program integrates practical business and management education, business support services, and access to capital for small business owners in urban areas who have growth aspirations for their existing businesses. The goal of the program is to unlock the revenue growth and job creation potential of these small businesses.17 The businesses that participate in 10,000 Small Businesses are diverse in their industry representation and ownership. The common defining feature is a desire to grow from an established base.

Rise of the Rest launched in 2014 under the leadership of entrepreneur and philanthropist Steve Case in order to shine a spotlight on emerging high growth companies located outside of a few coastal cities. In 2016, Village Capital in collaboration with Rise of the Rest and others launched VilCap Communities with the purpose of addressing challenges experienced by new business models that are pioneering new business models for social change."18 The program combines awareness, capital and collaboration in order to close this gap. As part of the national campaign and commitment, each of 16 selected communities has committed to develop a problem thesis that their community is well-positioned to address; source local entrepreneurs with unique insights into the problem; and run business development programs to train these entrepreneurs.

Clearly there are examples such as those cited above of promising models and available resources, yet some critical gaps remain: first, many geographies and communities remain unserved. Bridging this coverage gap may be a matter of time, but it likely requires thoughtful engagement and purposeful intent to expand social and geographic networks. Second, at present there are no coordinated national initiatives to inspire and support aspiring or early-stage small business owners, especially from low-wealth communities. As noted above, high growth tech ventures in areas outside of Silicon Valley, New York City and Boston can benefit from Rise of the Rest. Innovative new business models with a social mission are the target of VilCap. Established small businesses in distressed urban communities poised for growth are eligible to participate in the Goldman Sachs 10,000 Small Business initiative at no cost to the business owner.

There are, of course, proven or promising models focused on low-wealth individuals seeking to start or grow their businesses that could potentially scale through replication. Most of these programs combine a curriculum for training with opportunities for networking and discrete consulting services for the businesses. The suite of services offered tends to evolve dynamically with the needs of the business owners in the network. Some examples include the Workshop in Business Opportunities (WIBO), based in Harlem, which has begun to license its nearly 60-year-old entrepreneur training program and operating model to other nonprofits across the country or Rising Tide Capital, which aspires to expand its program for training and coaching entrepreneurs in New Jersey, along with its back office system, to a national audience.

One key to successfully replicating a program is ensuring that trust resulting from local control and convenient, accessible locations for entrepreneurs is retained. Just as WIBO and Rising Tide Capital serve clients in locations convenient to the neighborhoods they serve, Urban Co-Lab, a recently launched incubator space in a historically excluded neighborhood in East Austin, provides individuals in the neighborhood, access to work and event space, entrepreneurial programming, community programming and job creation opportunities.

In New Orleans, Goodwork Network, an innovative and effective nonprofit, creates value and establishes trusted relationships by developing new market opportunities for minority and women entrepreneurs. Goodwork Network launched Roux Carre, an open-air food court and performance venue in Central City New Orleans that is serving as an incubator for the entrepreneurs behind the food and the music. Similarly, another Goodwork Network program, ConnectWorks, creates contracting opportunities with large established institutions for the high-capacity minority business clients in the community.

Co-working spaces such as the New Orleans-based Launch Pad which operates in three markets but is on a rapid growth trajectory, can also be a resource for small businesses and early-stage entrepreneurs. The organization seems to be explicitly positioning itself as facilitator of investment into local start-ups by Opportunity Zone Funds.

2 Capacity building

Do we have the capacity to better advance economic resiliency in Oklahoma City?

Based on our research, stakeholder engagement, and analysis of conditions in Oklahoma City, EY sees a lack of capacity to utilize many existing tools to their full potential. Relatedly, ideas for improving tools and creating new products would require additional capacity and resources to be utilized effectively.

Some high level ideas for Oklahoma City to consider for building capacity to create and successful deploy these strategic concepts include:

- Establishing a partnership with a CDFI or other entity for the purpose of having the entity administer certain tools on behalf of the City
- Considering ways to provide additional technical assistance where necessary
- Strengthening systems around data collection and management to better track and report on the effectiveness of programs
- Establishing a tsar or ombudsman focused on advancing economic resiliency and coordinating partner organizations through implementation
- Should the City decide to dedicate CDBG for neighborhood-based economic development in the future, it would be well-advised to place the administration of these tools under an economic development agency, or even consider outsourcing this function to a local CDFI

EY | Building a better working world

EY exists to build a better working world, helping create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

2105-3773858
ED None

ey.com

Oklahoma City Community Economic Recovery & Resiliency Study

Appendix IV: Detailed Data Benchmarking

Prepared by EY for the Alliance for Economic Development of Oklahoma City

December 22, 2020

EY

Building a better working world

Contents page

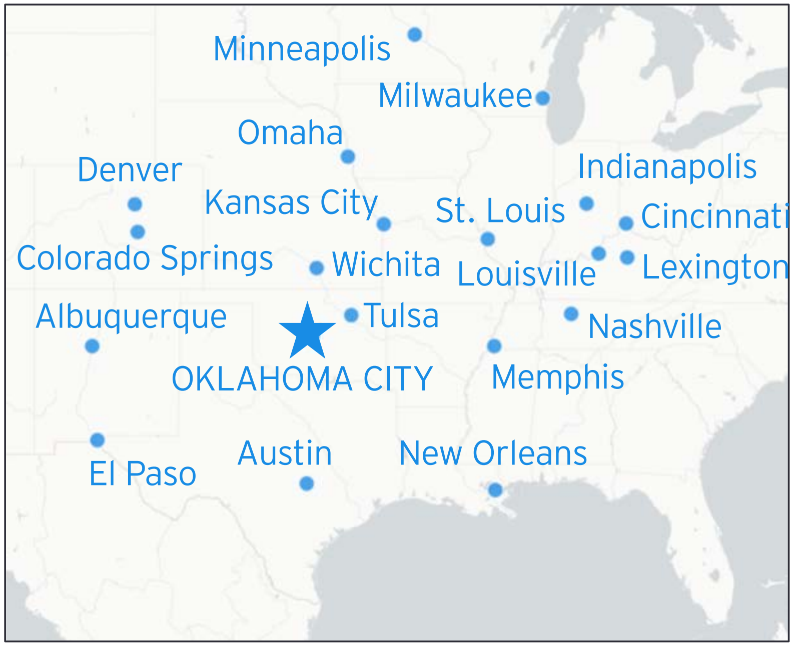
Chapter title	Page
1 Industry trends	03
2 COVID-19 impacts	09
3 Small business characteristics	19
4 Businesses ownership & financial characteristics	23
5 Innovation & entrepreneurship	36
6 Population trends	41
7 Economic equity dynamics	47
8 Data sources	64

Disclaimer

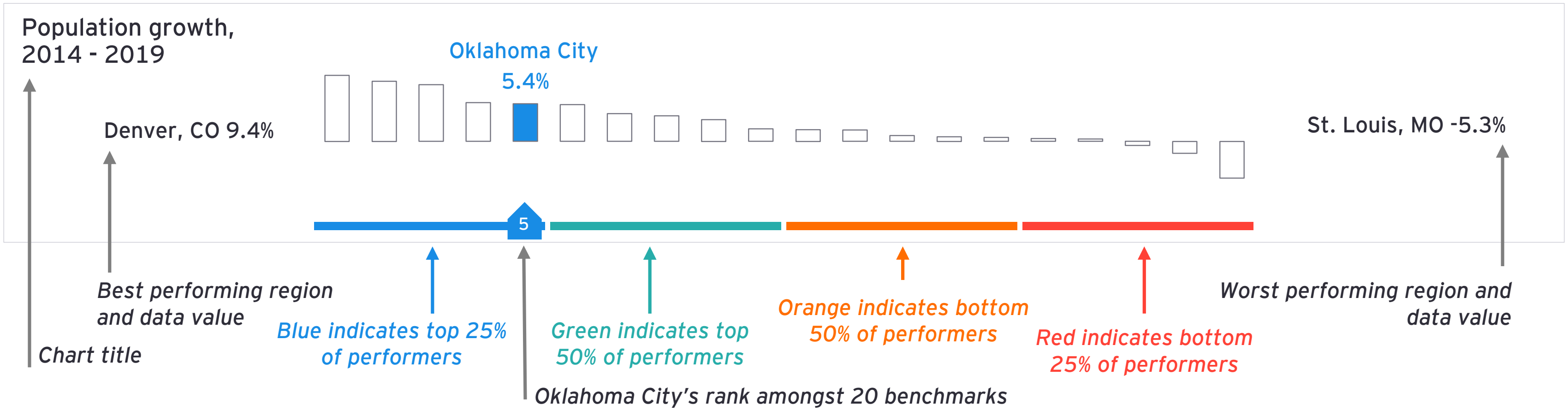
Selected benchmarks

The following examination of Oklahoma City involves comparisons with 19 other cities that share many geographic and demographic characteristics. All benchmark geographies have populations between 300,000 and 1 million. With approximately 655,000 residents, Oklahoma City is the 6th most populous city examined. Benchmark cities were also limited to those located within metropolitan area with 500,000 to 5 million residents. In 2019, the population of the Oklahoma City metropolitan area exceeded 1.4 million. All benchmark cities are also located within approximately 750 miles of Oklahoma City.

All benchmarking data is presented in charts similar to the one displayed below. Oklahoma City's competitive position is highlighted in each chart, with labels indicating the metric value as well as the overall ranking against comparison communities. The bars below the chart highlight performance quartiles (blue indicates communities in the top 25%, green indicates communities in the top 50%, etc.). The best performing community is identified on the left of each chart, with the worst performing community shown on the right of each chart.



Example Chart



1 Industry trends

Industry cluster analysis

The "bubble chart" on the following page combines LQs, growth and relative size to illustrate a snapshot of Oklahoma City's industry cluster performance. The horizontal axis displays employment growth of each cluster from 2014 through 2019. The vertical axis shows the LQ. The size of each bubble indicates the number of local jobs in the cluster. Clusters can generally be grouped in four categories, as described in the map below.

Higher concentration

Top left – strong but declining

Contains clusters that are more concentrated in the region but are declining (negative employment growth). Over time, these clusters may fall to the bottom left as job losses eventually lead to declining concentration.

Top right – strong and advancing

Contains clusters that are more concentrated in the region and are growing. These clusters are usually built on highly competitive local assets and are also experiencing strong national and international growth.

Negative growth | **Positive growth**

Bottom left – weak and declining

Contains clusters that are underrepresented in the region (low concentration) and are also losing jobs. In general, clusters in this quadrant reveal a lack of competitiveness.

Bottom right – weak but advancing

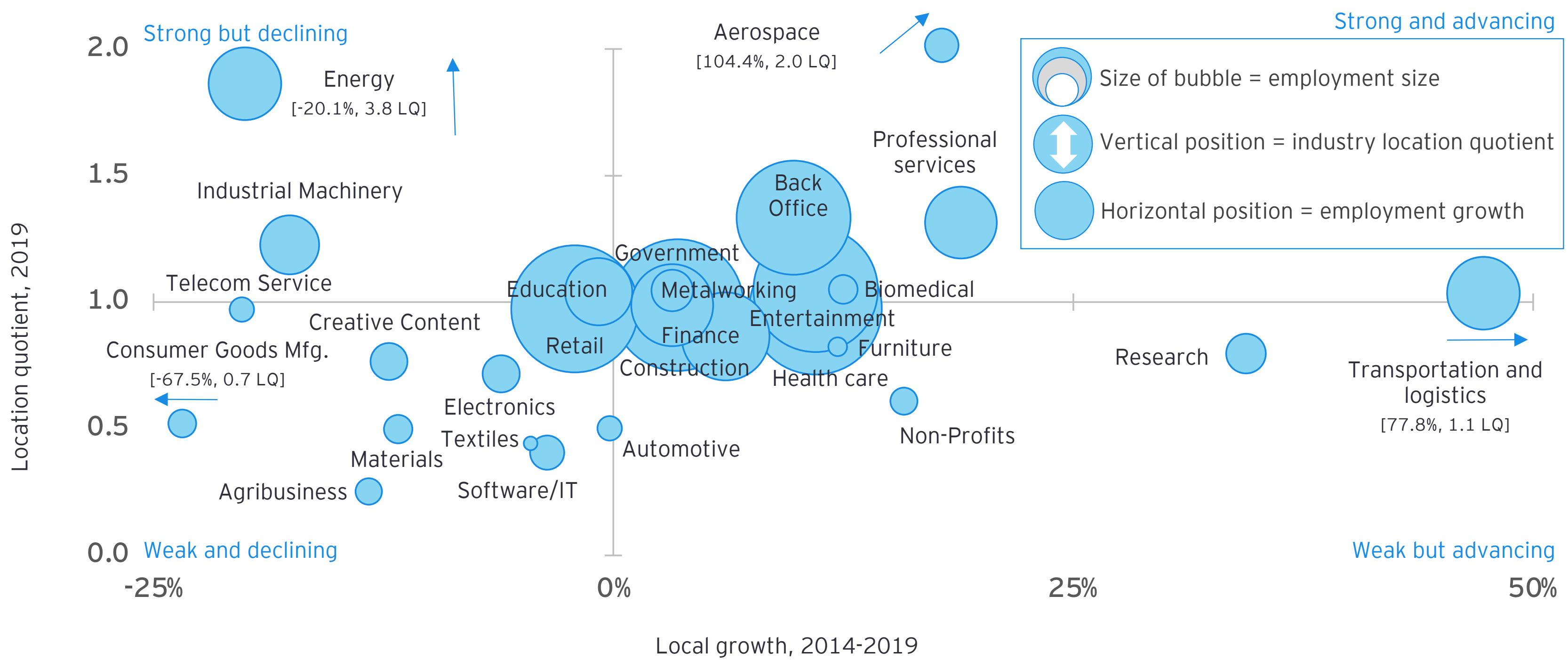
Contains clusters that are underrepresented in the region but are growing. If growth continues, these clusters will eventually move into the top-right quadrant. These are generally considered "emerging" clusters.

Lower concentration

Industry composition – Oklahoma City

Employment in Oklahoma City is led by four primary industries—Healthcare Government, Retail and Entertainment. Collectively, these four clusters employ half of all workers in Oklahoma City. With the exception of Retail, all four clusters posted jobs gains during the past five years. Relative to the US average, the most concentrated clusters in Oklahoma City are Energy and Aerospace. While local Energy employment has declined by more than 20% since 2014, Aerospace employment has doubled.

Oklahoma City industry bubble chart



Note: Only clusters with more than 500 jobs are shown.

Sources: EMSI

Industry composition – Oklahoma City

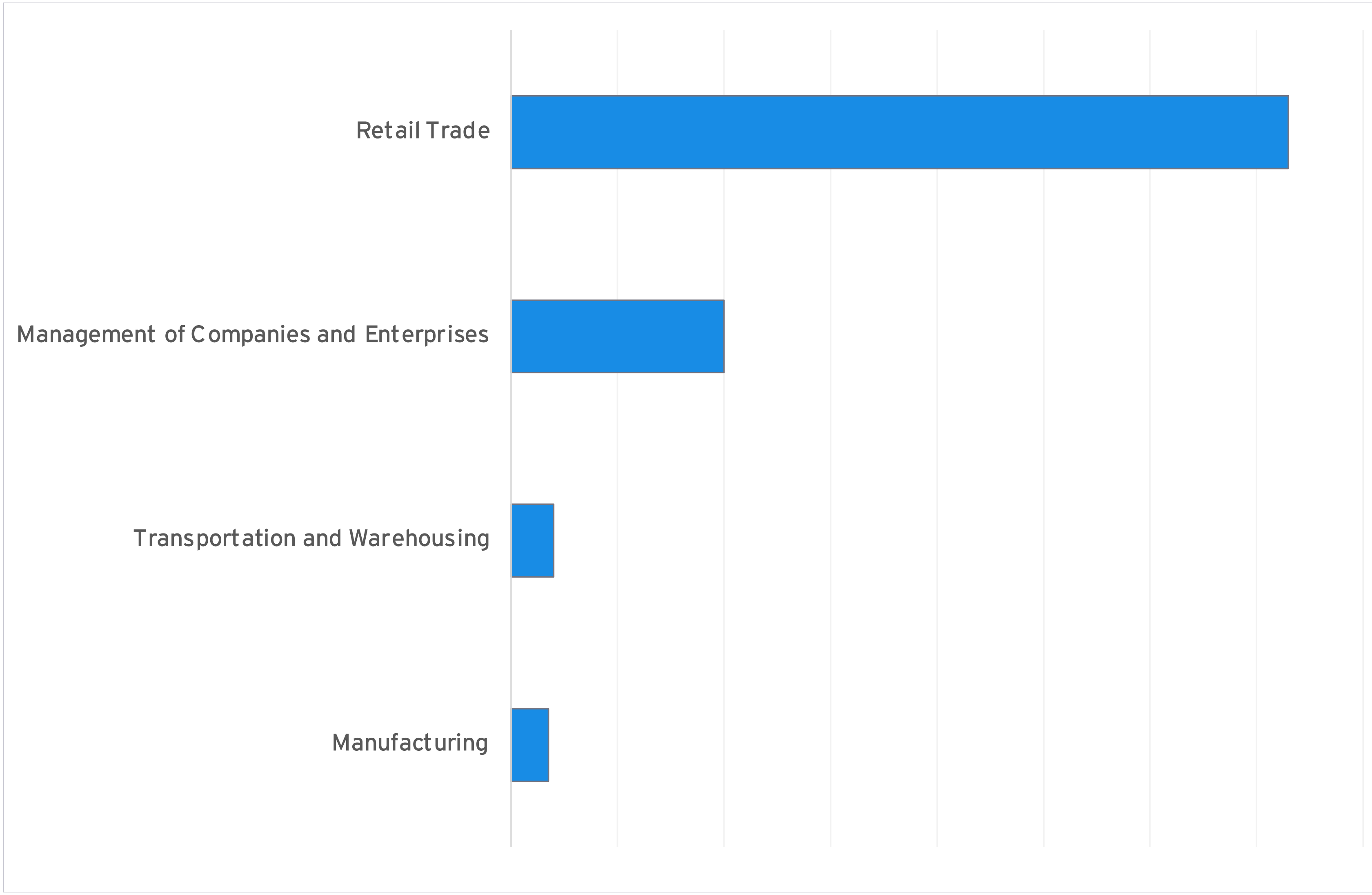
Between 2014 and 2019, employment gains within Oklahoma City were largely fueled by three clusters—Transportation & Logistics, Healthcare, and Entertainment. Collectively, these three clusters were responsible for more than 90% of all job growth in the city during this period. Other notable growing clusters include Aerospace, Research, and Professional Services. Since 2014, more than a dozen clusters experienced job losses in Oklahoma City, including Industrial Machinery, Energy, and Retail.

Oklahoma City industry cluster performance

Cluster	Employment (2019)	Employment growth (2014-2019)	Location quotient (2019)	Cluster	Employment (2019)	Employment growth (2014-2019)	Location quotient (2019)
Apparel & Textiles	625	-4.5%	0.4	Metalworking	5,503	3.2%	1.0
Furniture	1,149	12.2%	0.8	Industrial Machinery	11,028	-17.6%	1.2
Consumer Goods Mfg.	1,404	-67.5%	0.7	Education	14,317	-0.8%	1.0
Telecom Services	1,930	-20.2%	1.0	Energy	15,258	-20.1%	3.8
Automotive	1,938	-0.2%	0.5	Professional Services	16,288	18.9%	1.3
Agribusiness & Food	2,255	-13.3%	0.3	Transportation & Logistics	16,373	77.8%	1.1
Non-Profits	2,367	15.8%	0.6	Finance	21,215	3.2%	1.0
Materials	2,604	-11.7%	0.5	Construction	24,411	6.1%	0.9
Biomedical	2,666	12.5%	1.1	Back Office	40,916	9.8%	1.3
Aerospace	2,970	104.4%	2.0	Entertainment	48,766	11.0%	1.0
Software / Info. Tech.	3,753	-3.6%	0.4	Retail	50,758	-2.1%	1.0
Creative Content	4,374	-12.2%	0.8	Government	54,452	3.5%	1.0
Electronics	4,413	-6.1%	0.7	Healthcare	55,075	11.0%	1.0
Research	5,019	34.4%	0.8	**Total**	**412,124**	**4.8%**	

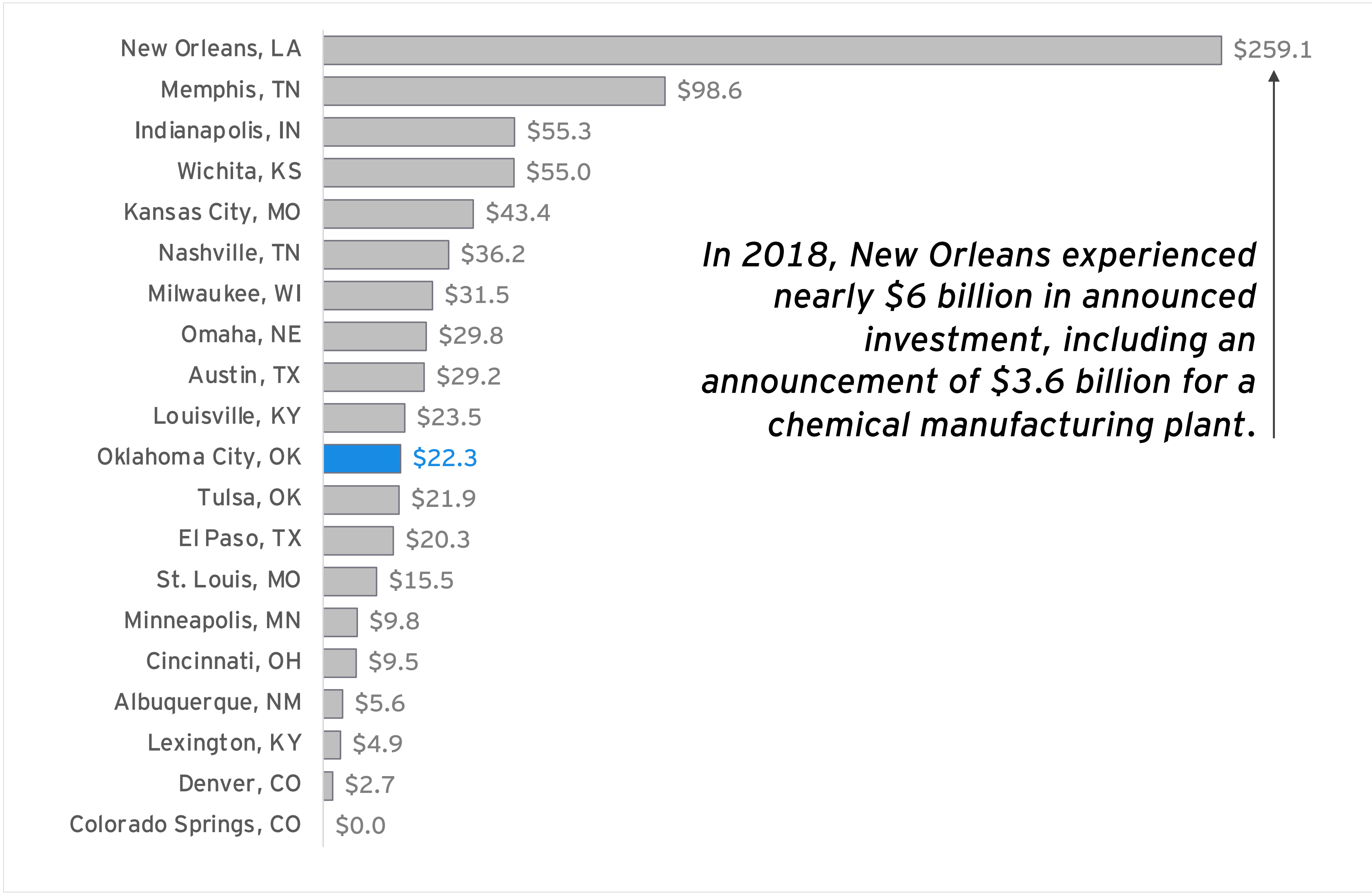
Sources: EMSI

Announced investment in Oklahoma City by industry, 2018



Sources: Conway Analytics.

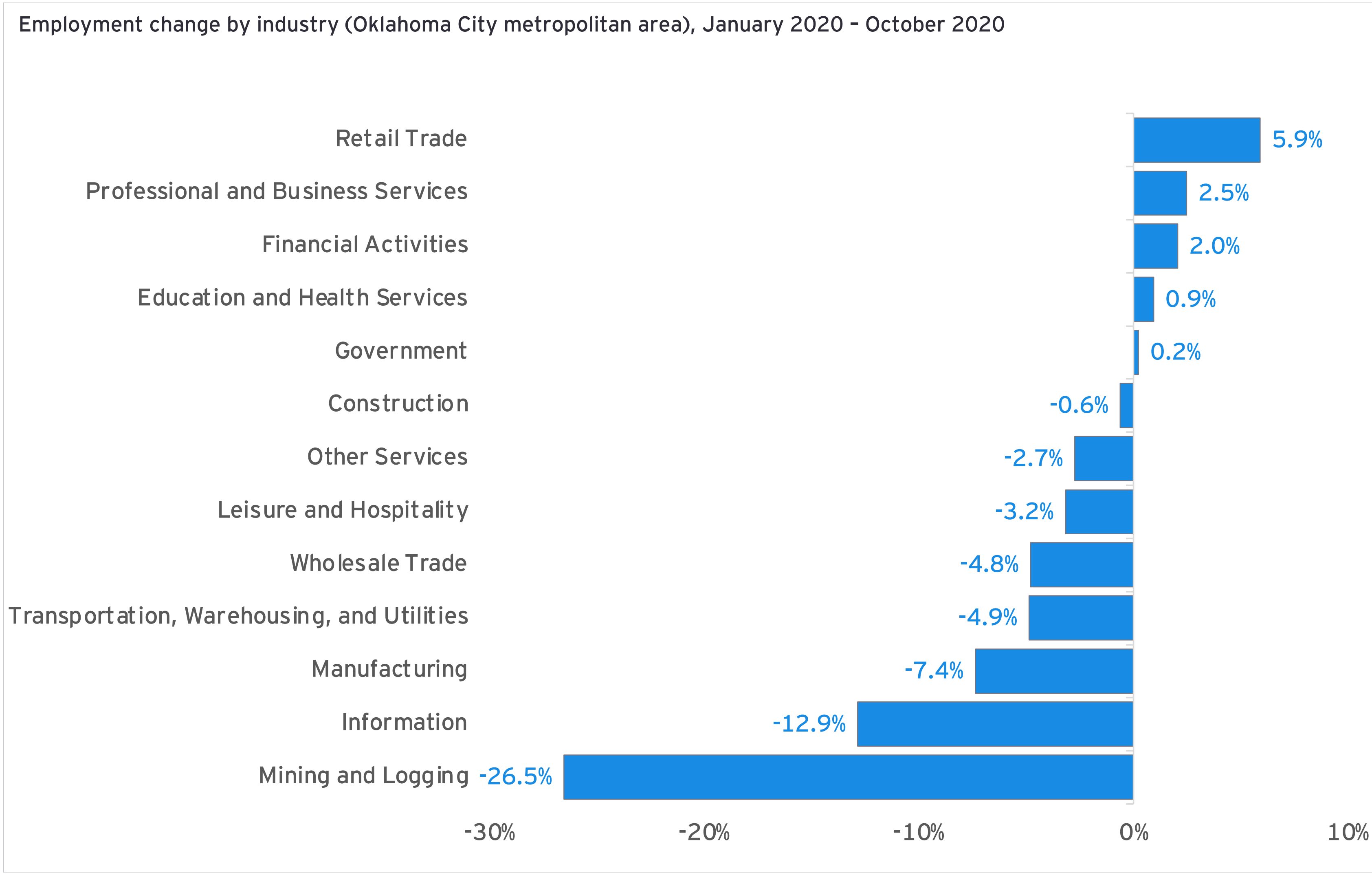
Average investment per project by MSA, 2018



Sources: Conway Analytics.

2 COVID-19 impacts

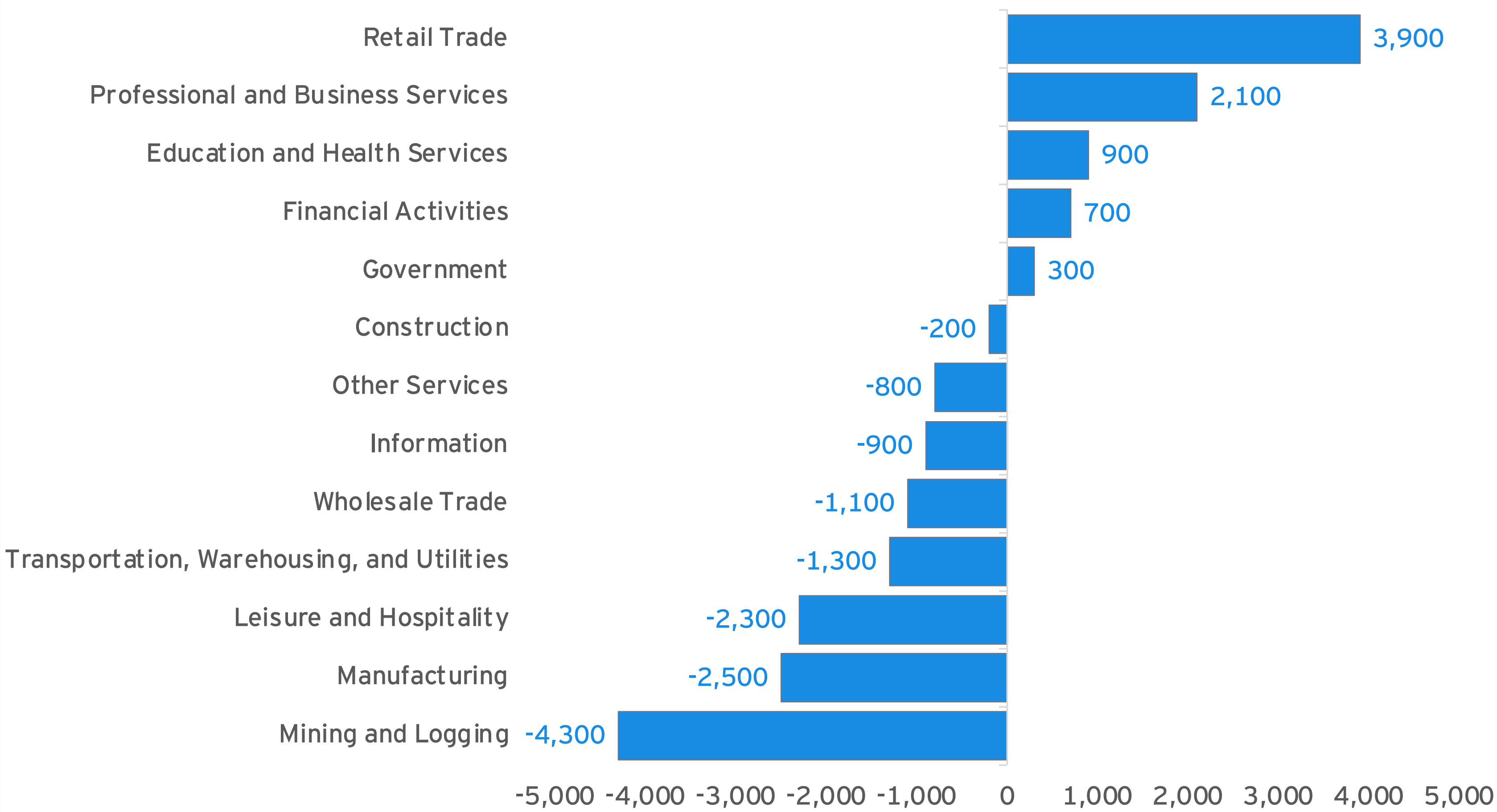
Employment Impacts – percentage growth



Sources: US Bureau of Labor Statistics

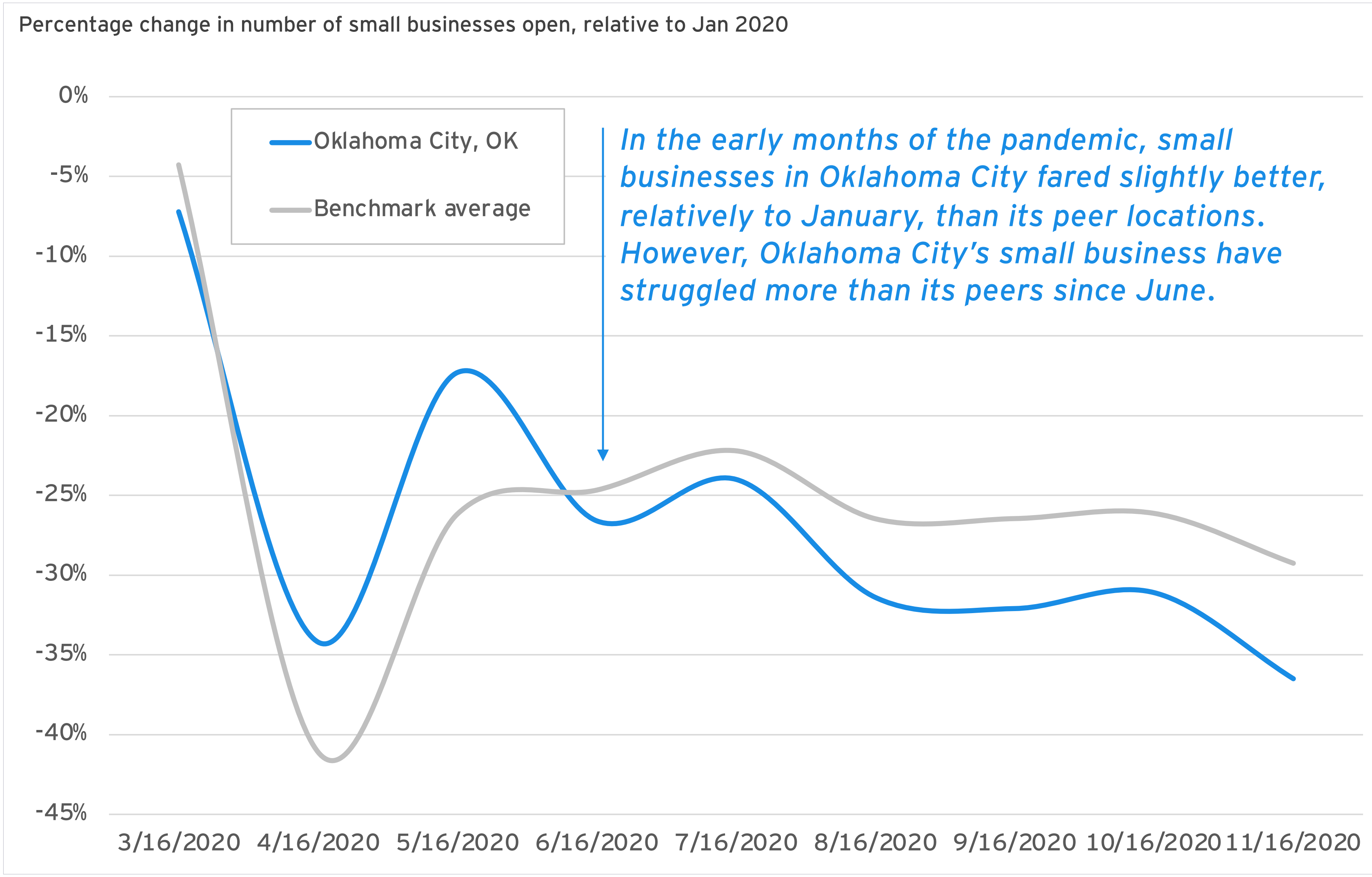
Employment Impacts – absolute value

Employment change by industry (Oklahoma City metropolitan area), January 2020 – October 2020



Sources: US Bureau of Labor Statistics

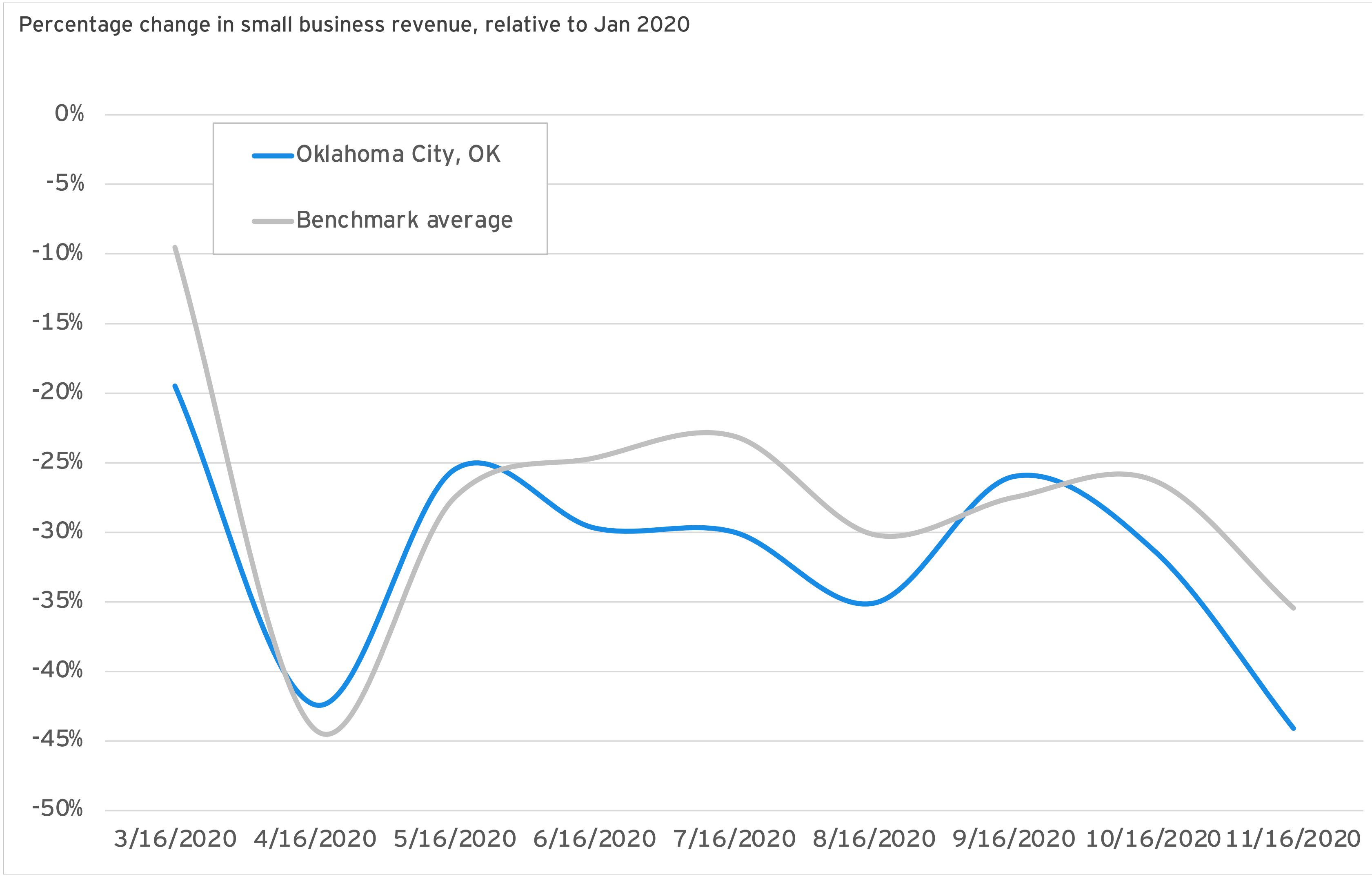
Small business activity during Covid-19



Note: Seven-day moving average compared to January 2020.

Sources: TrackTheRecovery

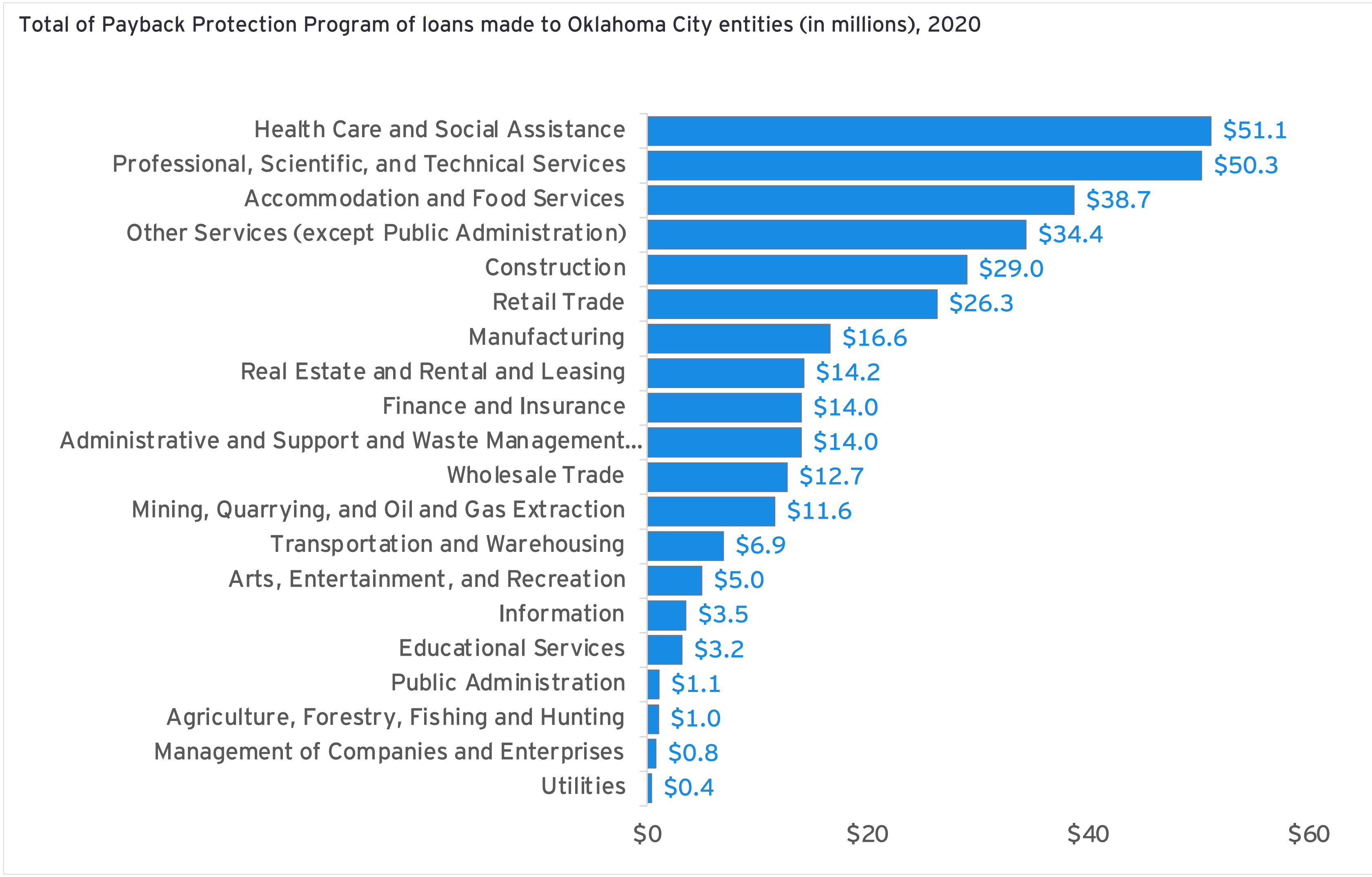
Small business activity during Covid-19



Note: Seven-day moving average compared to January 2020.

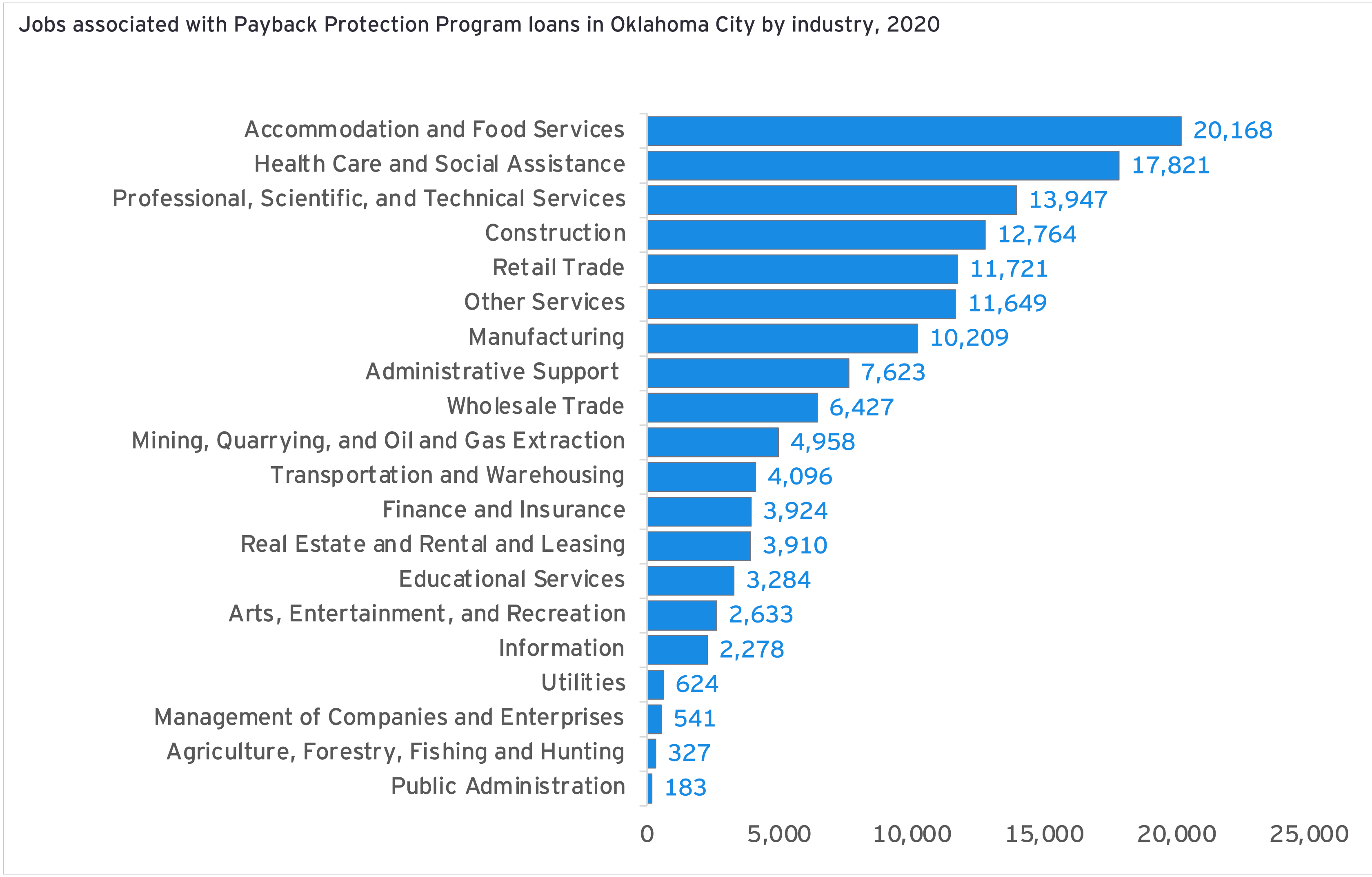
Sources: TrackTheRecovery

Payback Protection Program loans by industry



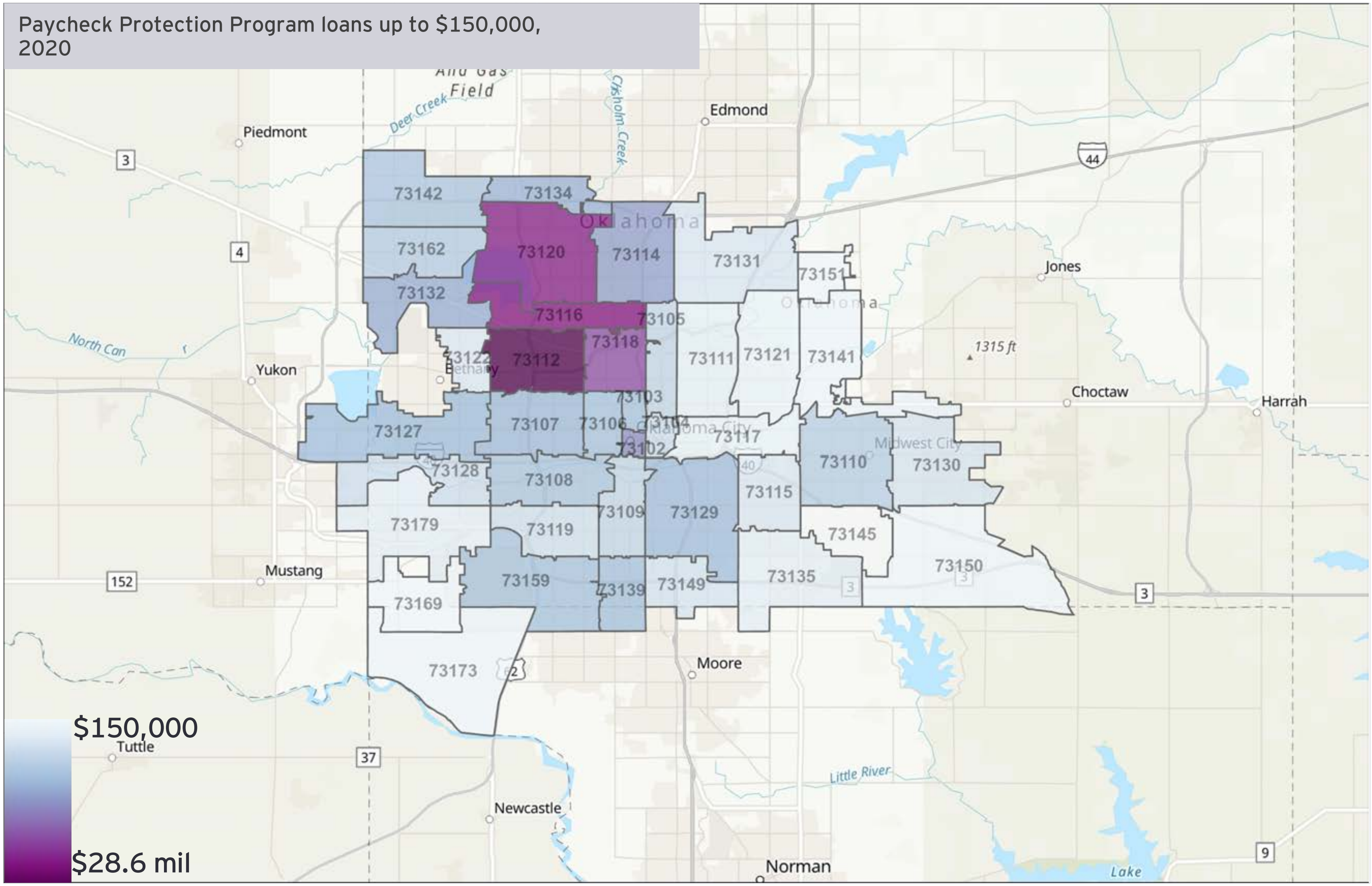
Sources: Small Business Administration. Only includes loans of up to $150,000.

Payback Protection Program loans by industry



Sources: Small Business Administration. Includes loans of all values.

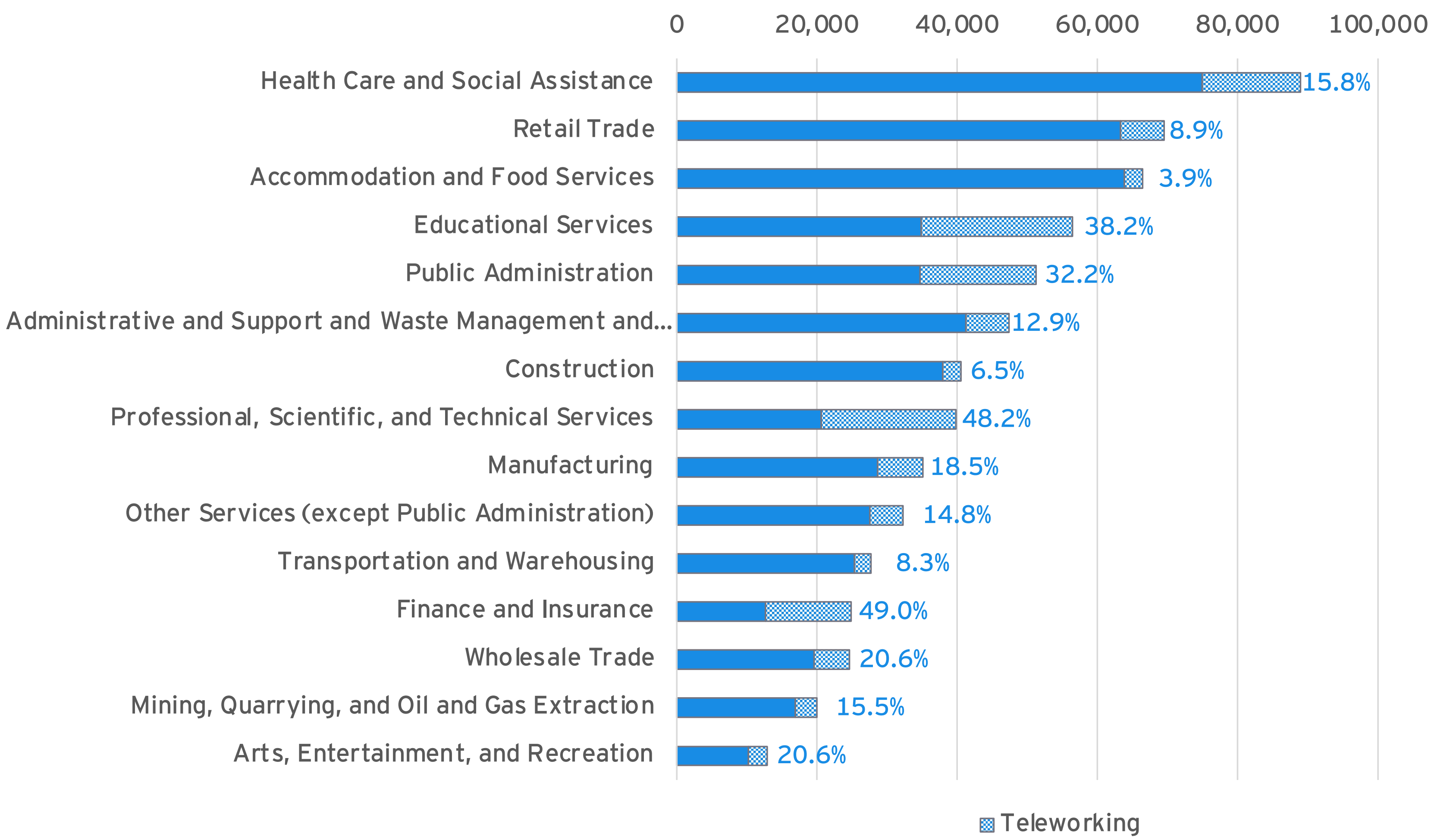
Payback Protection Program loans by zip code



Sources: Small Business Administration

Telecommuting trends by industry

Industry employment in Oklahoma City with estimated share of workers teleworking in October 2020

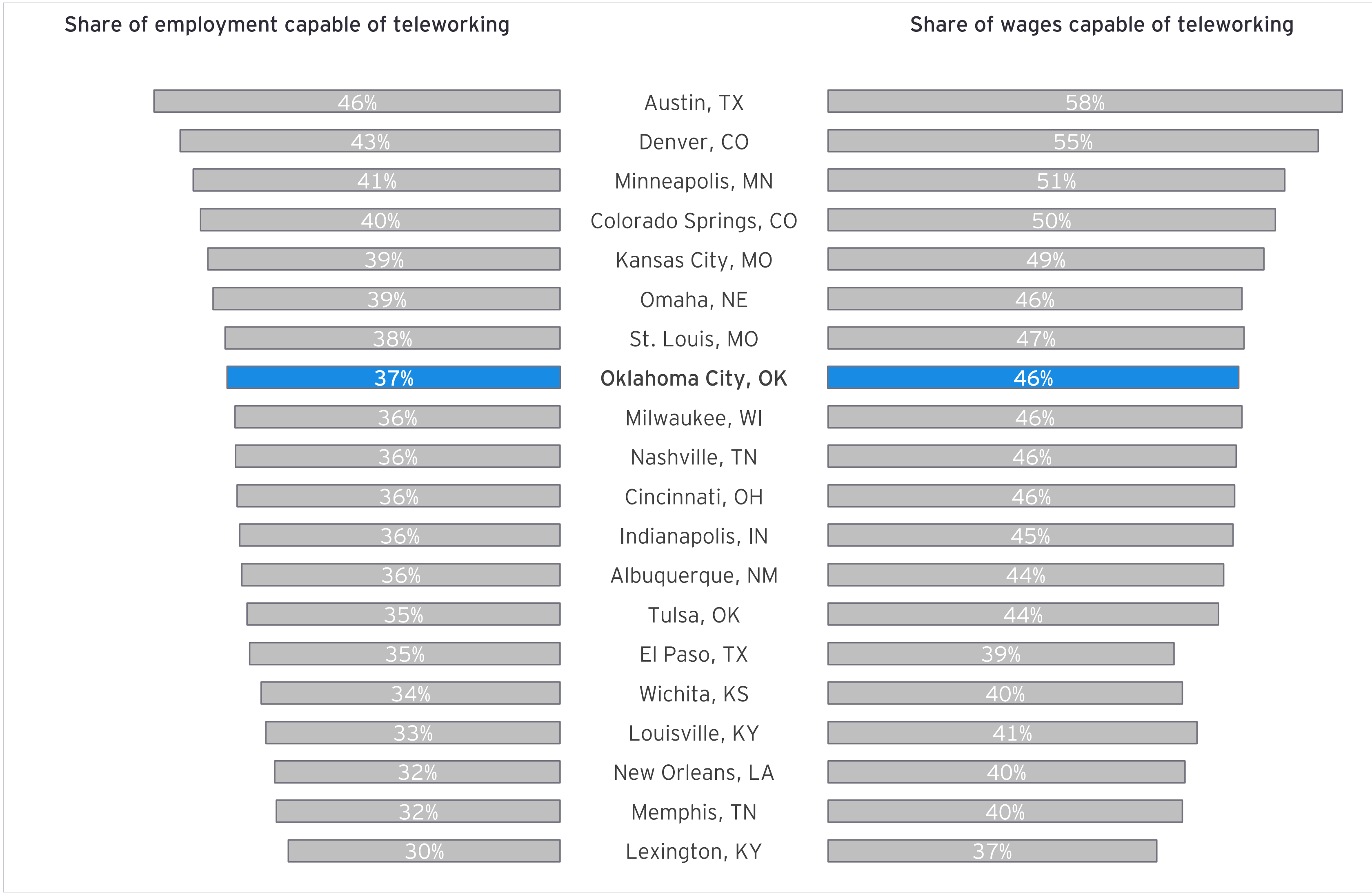


Note: The analysis estimated the figure above using national teleworking data and MSA-level industry employment.

Sources: JobsEQ; Bureau of Labor Statistics

JC

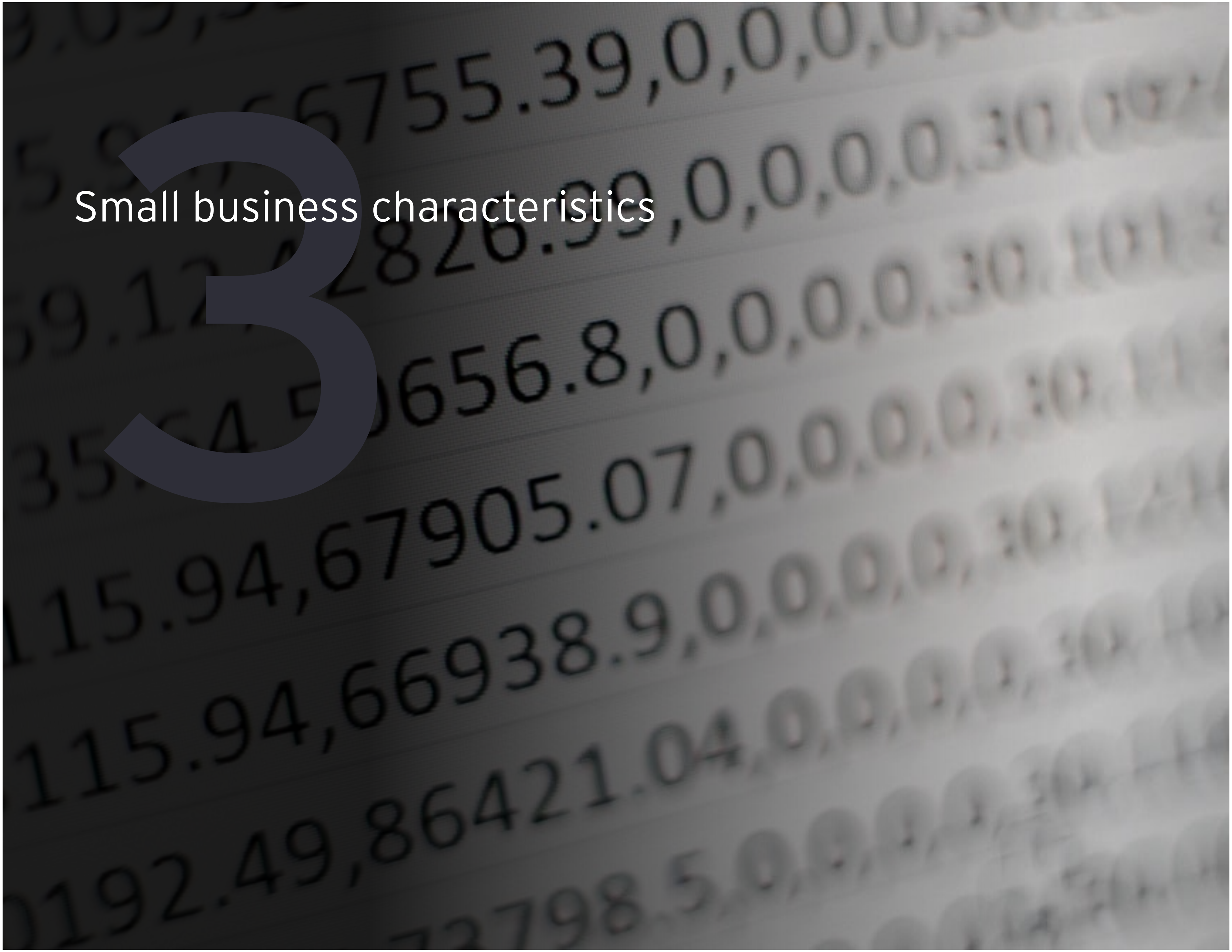
Telework-capable jobs and wages by MSA



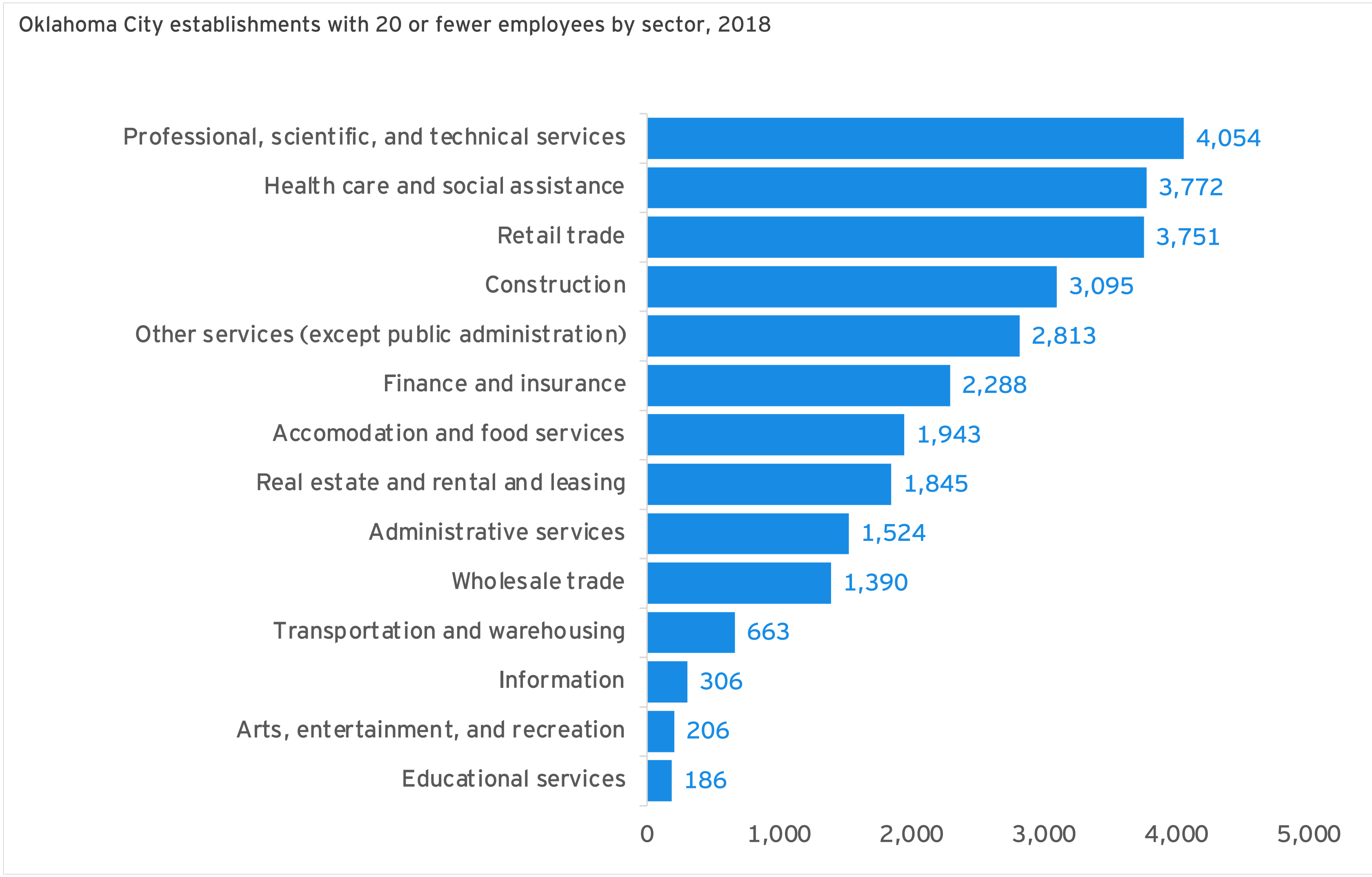
Note: May 2019.

Sources: Bureau of Labor Statistics; University of Chicago

3 Small business characteristics



Small business by sector

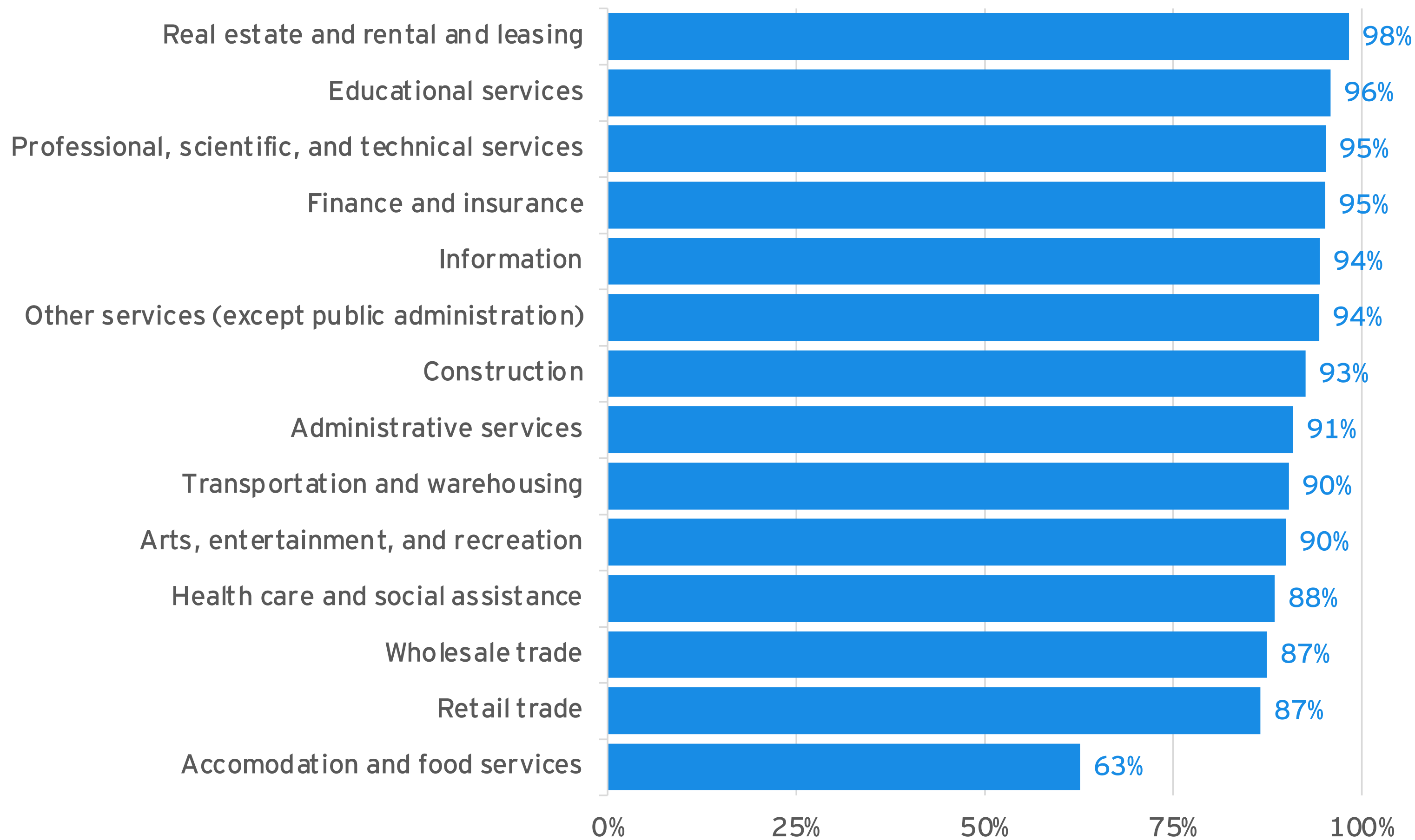


Note: Administrative services includes support and waste management and remediation services.

Source: US Census Bureau

Share of small business by sector

Share of Oklahoma City establishments with 20 or fewer employees by sector, 2018



Note: Administrative services includes support and waste management and remediation services.

Source: US Census Bureau

Net new small businesses compared to 2013 by sector

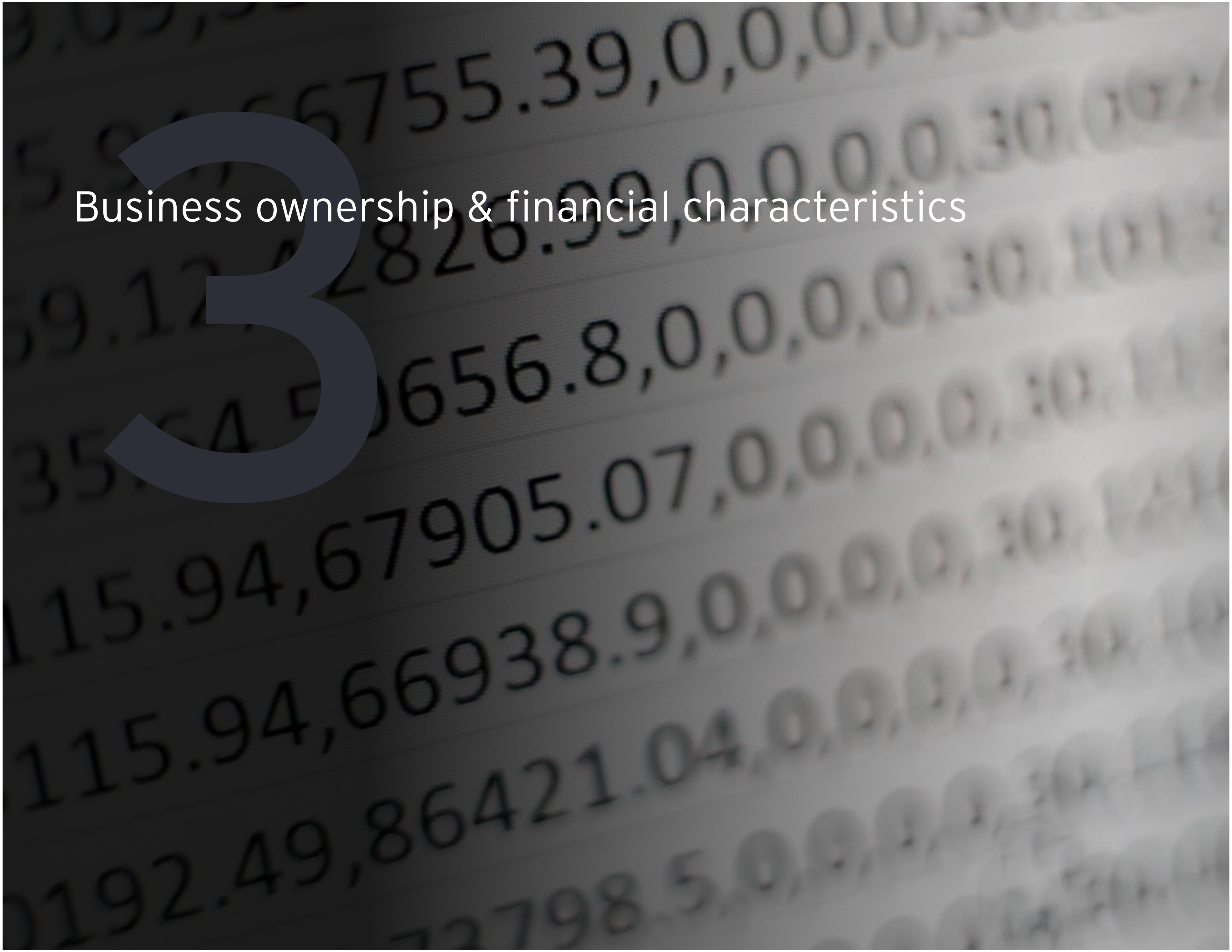
Total Oklahoma City establishments with 20 or fewer employees by sector, 2018 compared to 2013

Note: Administrative services includes support and waste management and remediation services.

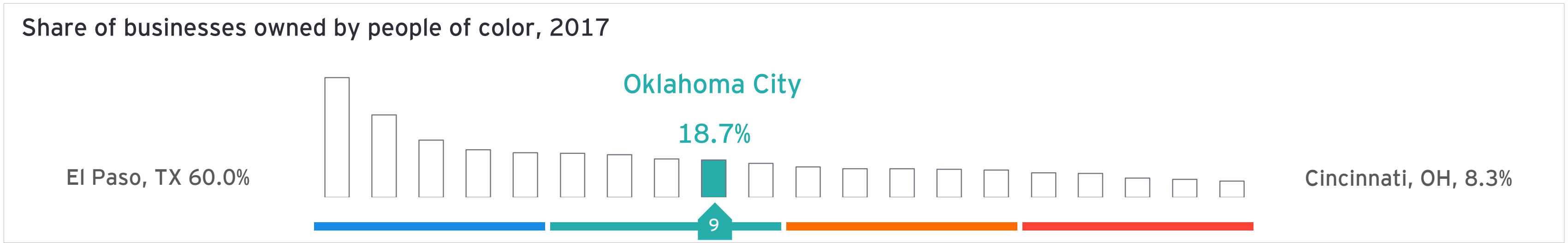
Source: US Census Bureau

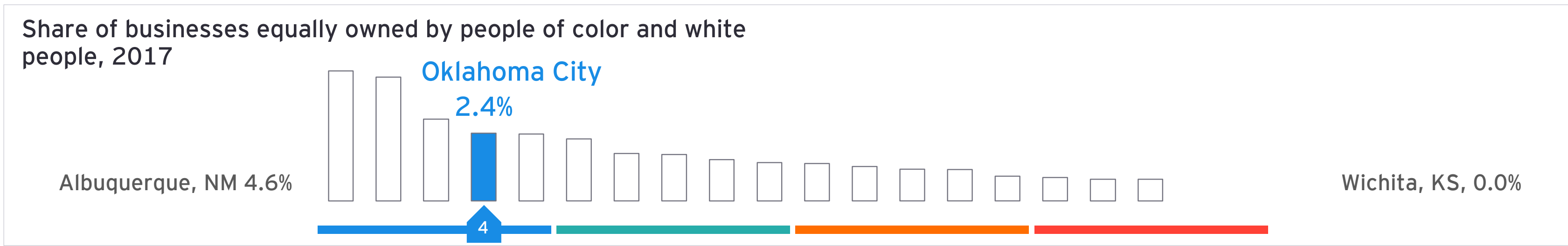
3

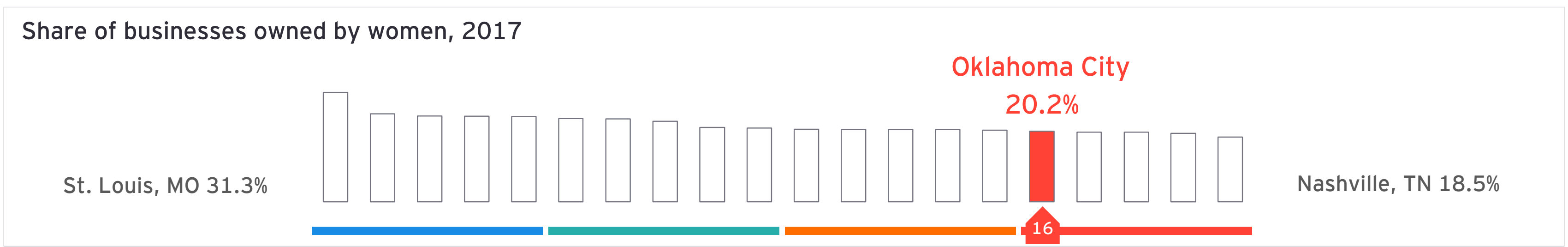
Business ownership & financial characteristics

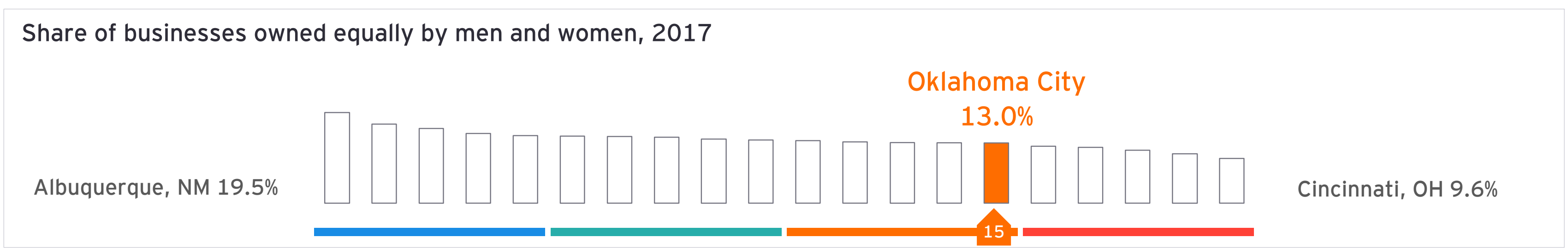


Business ownership by race and gender







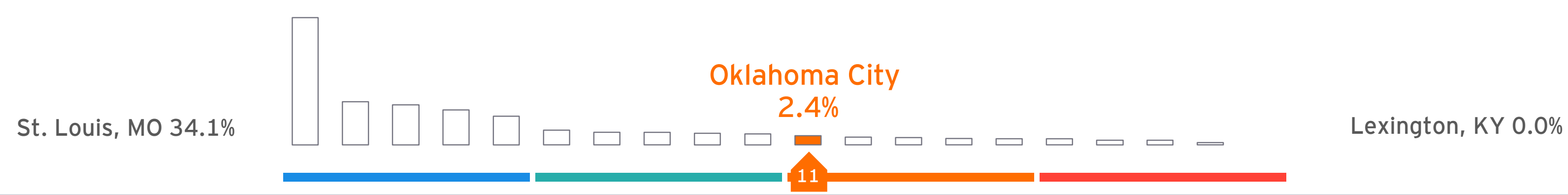


Note: Ownership of a business means 51% or more

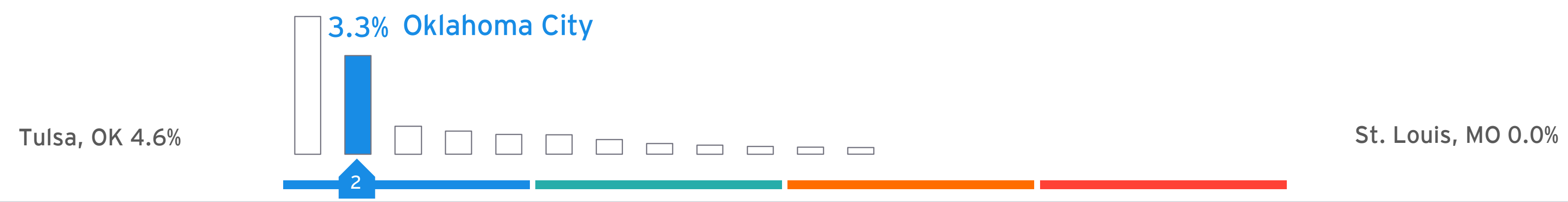
Source: US Census Bureau – Annual Business Survey (ABS)

Business ownership by race

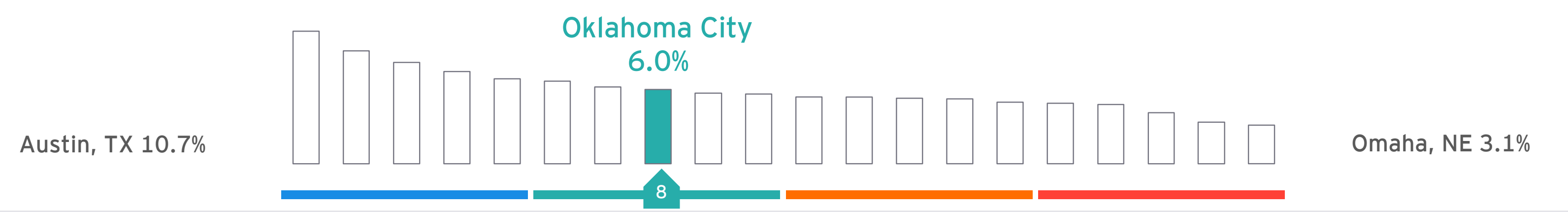
Share of businesses owned by Black individuals, 2017



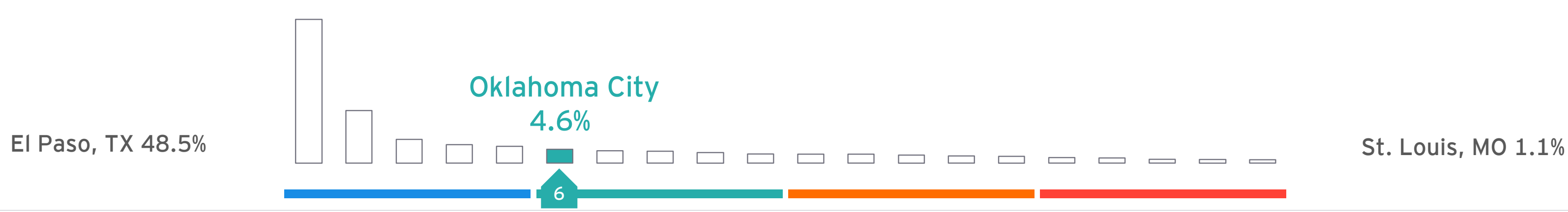
Share of businesses owned by American Indian individuals, 2017



Share of businesses owned by Asian individuals, 2017



Share of businesses owned by Hispanic or Latino individuals, 2017



Note: Ownership of a business means 51% or more

Source: US Census Bureau – Annual Business Survey (ABS)

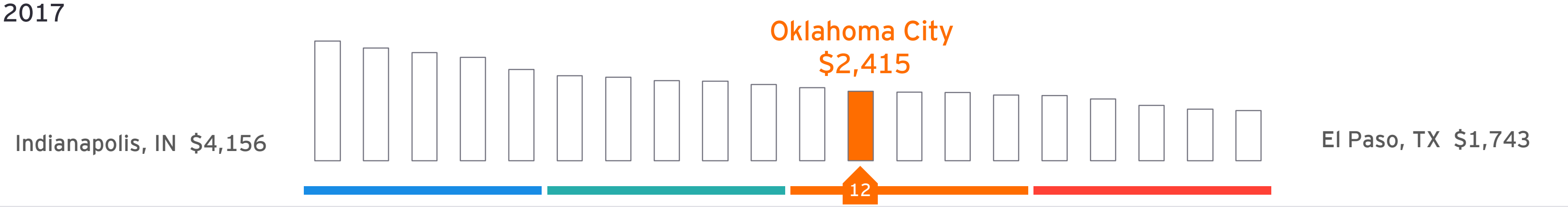
Business characteristics by race

Average number of employees of businesses owned by people of color, 2017

Average number of employees of businesses owned by White people, 2017

Average sales/revenue of businesses owned by people of color (thousands), 2017

Average sales/revenue of businesses owned by White people (thousands), 2017

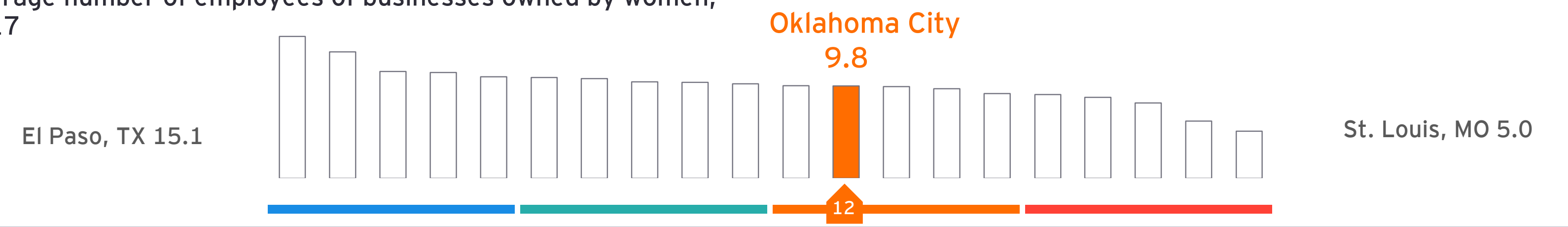


Note: Ownership of a business means 51% or more

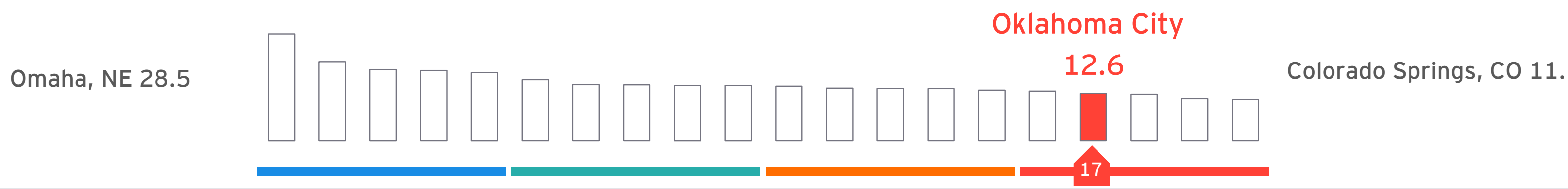
Source: US Census Bureau – Annual Business Survey (ABS)

Business characteristics by gender

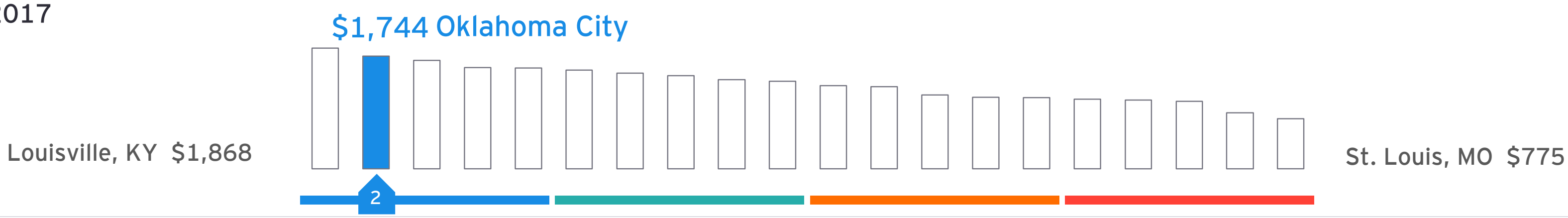
Average number of employees of businesses owned by women, 2017



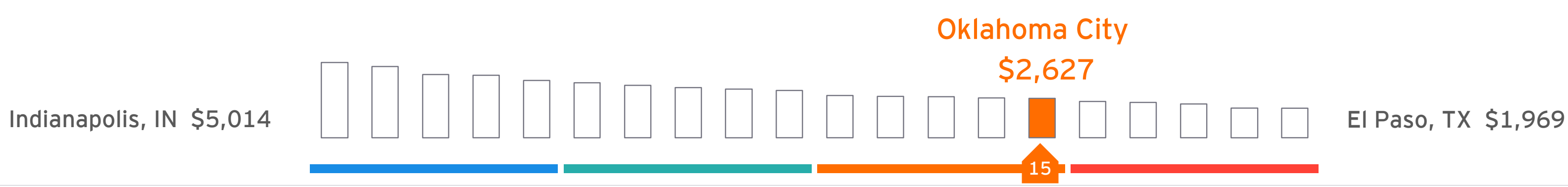
Average number of employees of businesses owned by men, 2017



Average sales/revenue of businesses owned by women (thousands), 2017



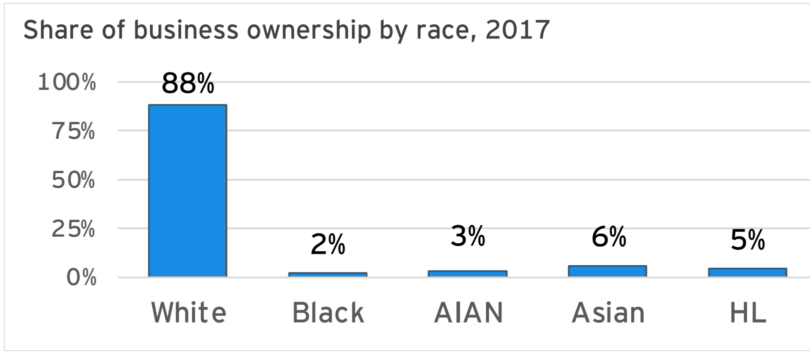
Average sales/revenue of businesses owned by men (thousands), 2017

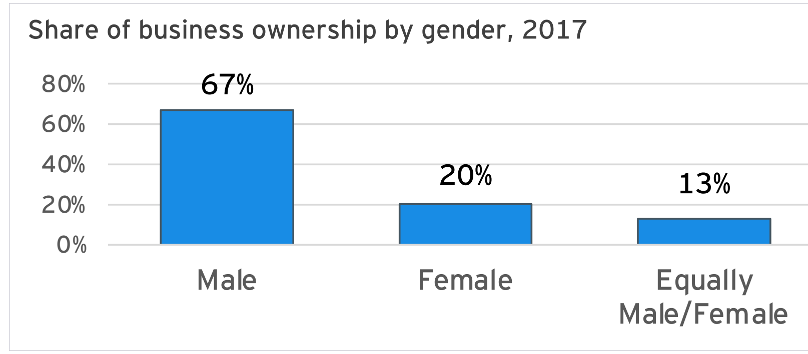


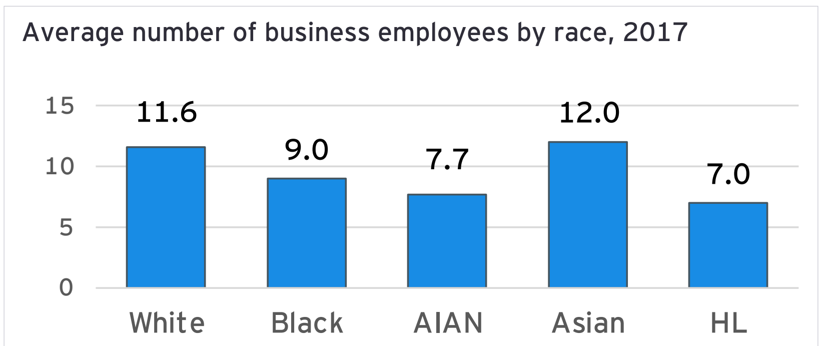
Note: Ownership of a business means 51% or more

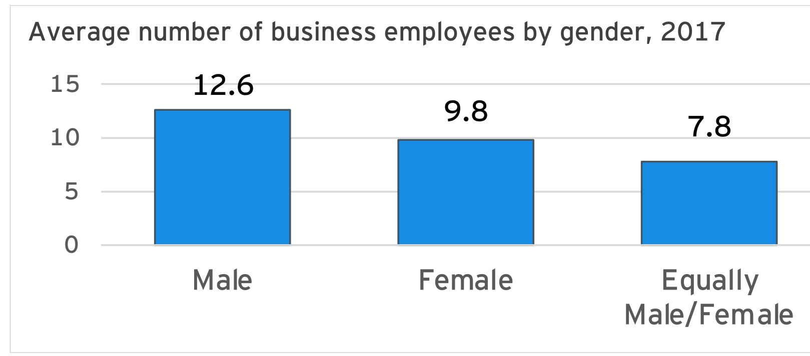
Source: US Census Bureau – Annual Business Survey (ABS)

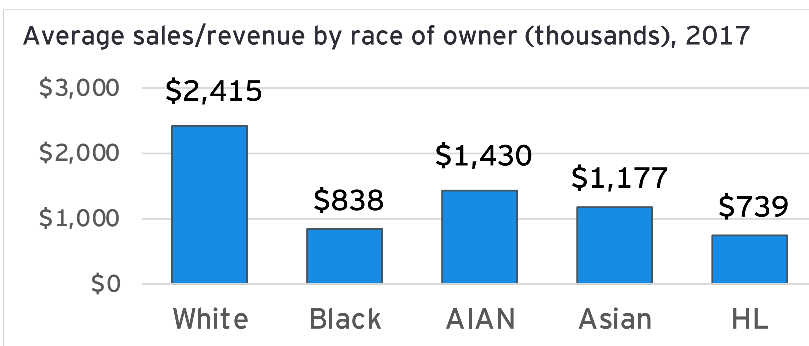
Business ownership comparison in Oklahoma City, 2017

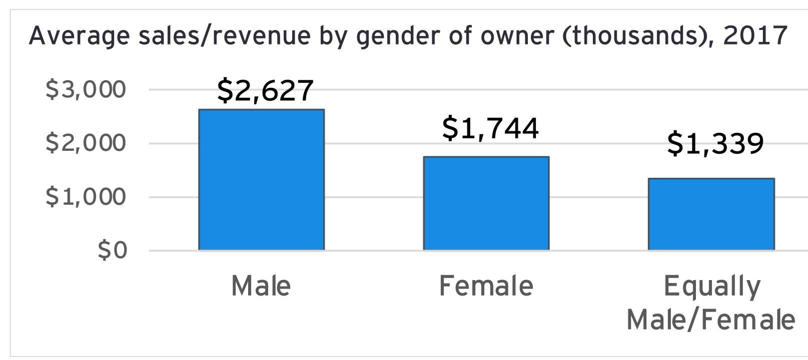








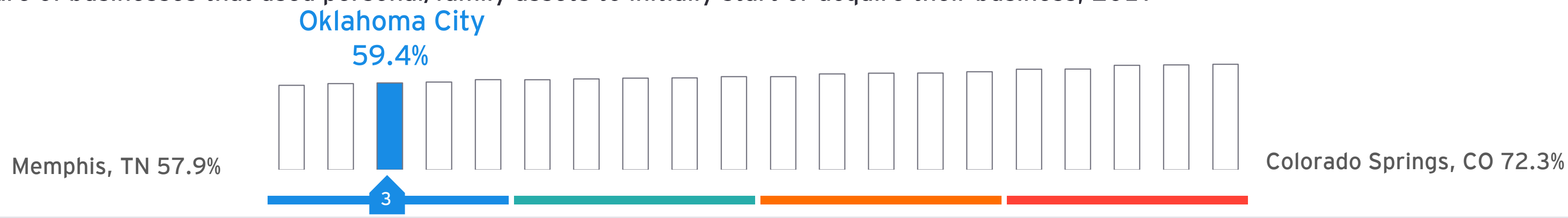




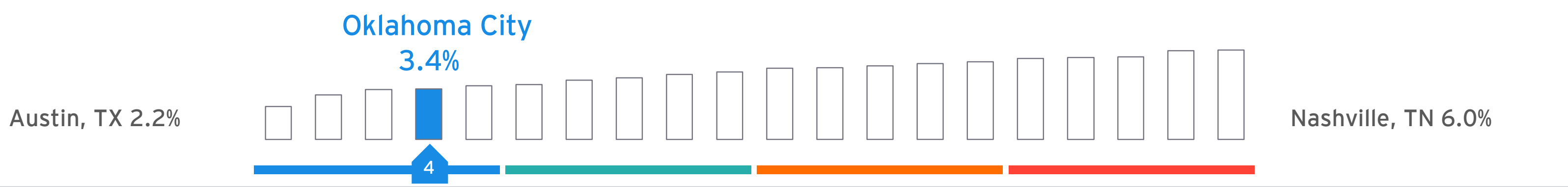
Note: AIAN and HL in the charts represent American Indian and Alaska Native, and Hispanic or Latino, respectively. Source: US Census Bureau - ABS

Personal/family capital funding

Share of businesses that used personal/family assets to initially start or acquire their business, 2017

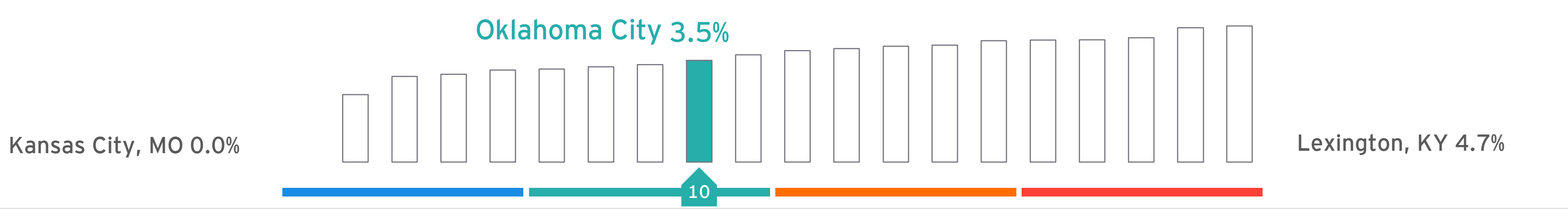


Share of businesses that used a personal/family home equity loan to initially start or acquire their business, 2017



Share of businesses that used a personal or business credit card to initially start or acquire their business, 2017

Share of businesses that used a business loan/investment from family/friends to initially start or acquire their business, 2017

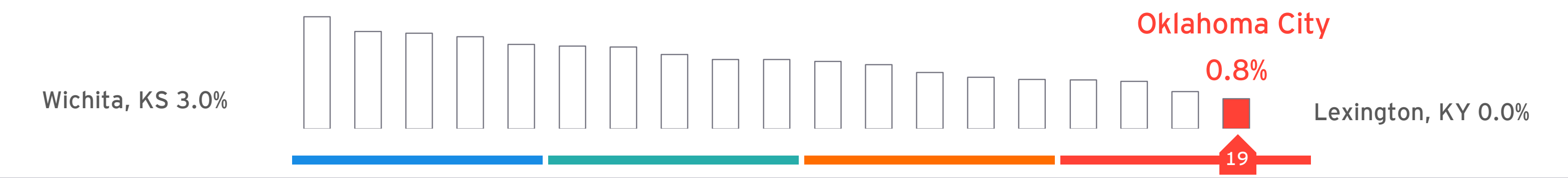


Note: Ownership of a business means 51% or more

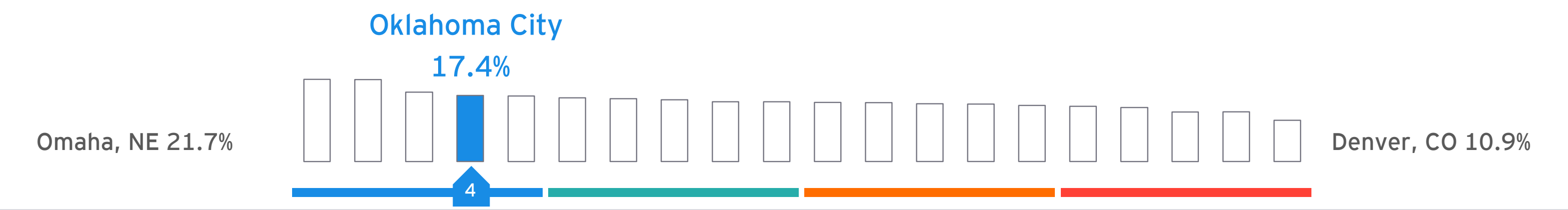
Source: US Census Bureau – Annual Business Survey (ABS)

Outside capital funding

Share of businesses that used a government-backed business loan to initially start or acquire their business, 2017

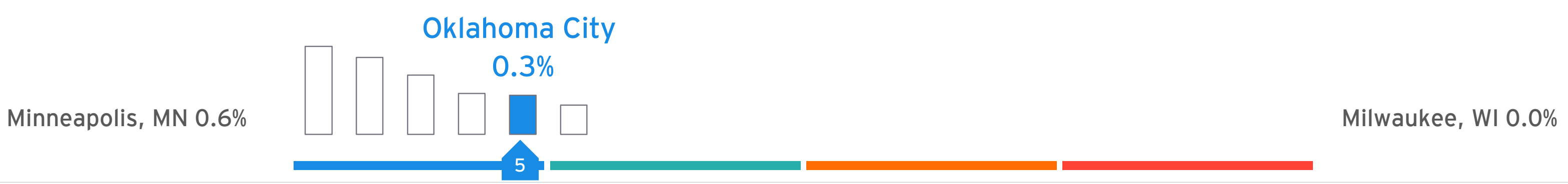


Share of businesses that used a business loan from a bank or financial institution to initially start or acquire their business, 2017



Share of businesses that used a venture capital investment to initially start or acquire their business, 2017

Share of businesses that used a grant to initially start or acquire their business, 2017

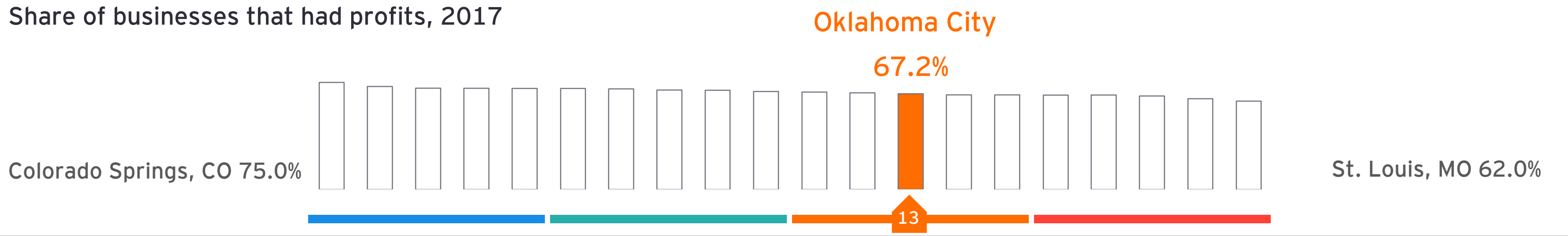


Note: Ownership of a business means 51% or more

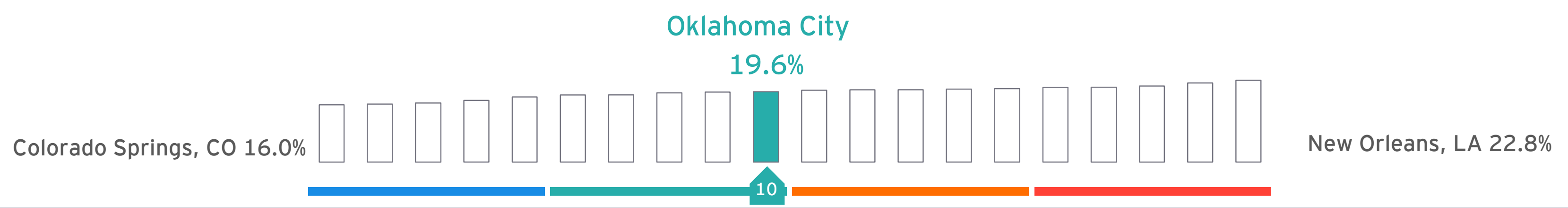
Source: US Census Bureau – Annual Business Survey (ABS)

Business profitability

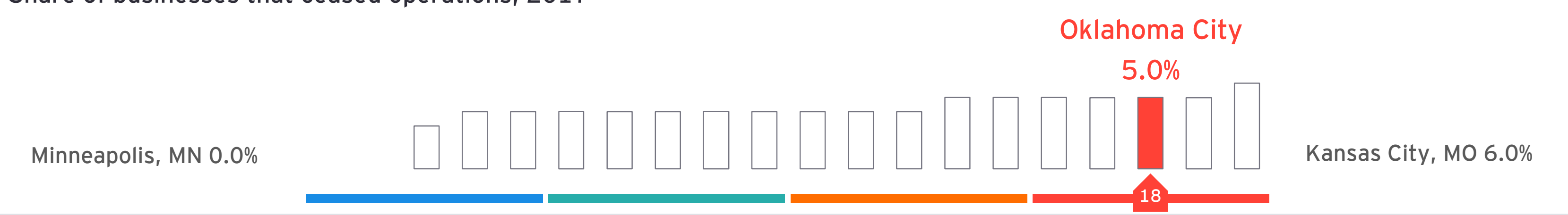
Share of businesses that had profits, 2017



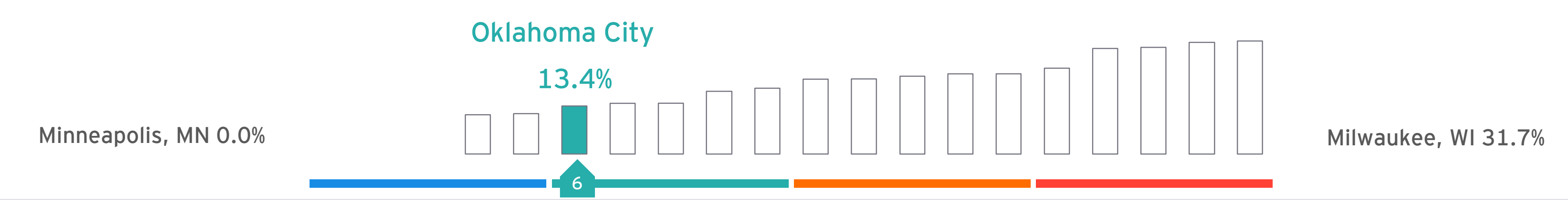
Share of businesses that had losses, 2017



Share of businesses that ceased operations, 2017



Share of businesses that ceased operations due to inadequate cash flow or sales, 2017

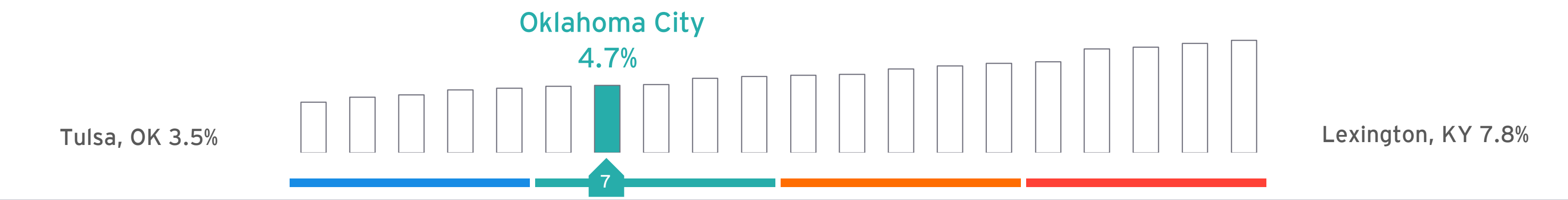


Note: Ownership of a business means 51% or more

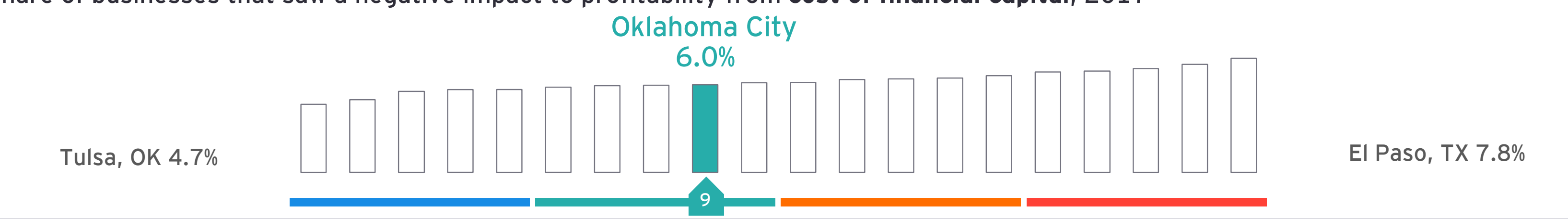
Source: US Census Bureau – Annual Business Survey (ABS)

Financial/regulatory factors impacting profitability

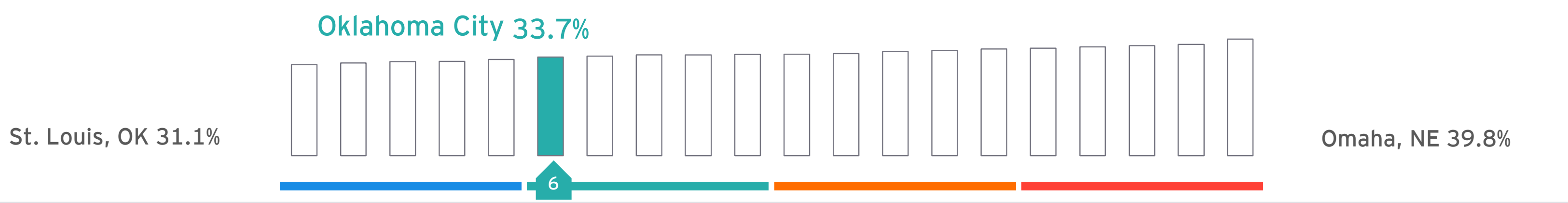
Share of businesses that saw a negative impact to profitability from **access to financial capital**, 2017



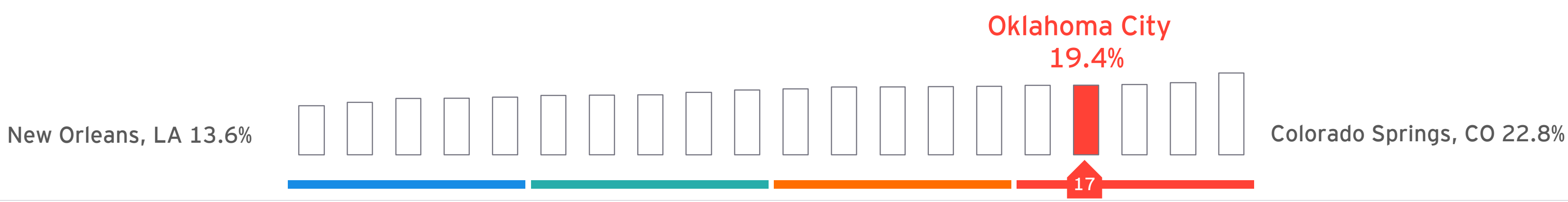
Share of businesses that saw a negative impact to profitability from **cost of financial capital**, 2017



Share of businesses that saw a negative impact to profitability from **taxes**, 2017



Share of businesses that saw a negative impact to profitability from **government regulations**, 2017

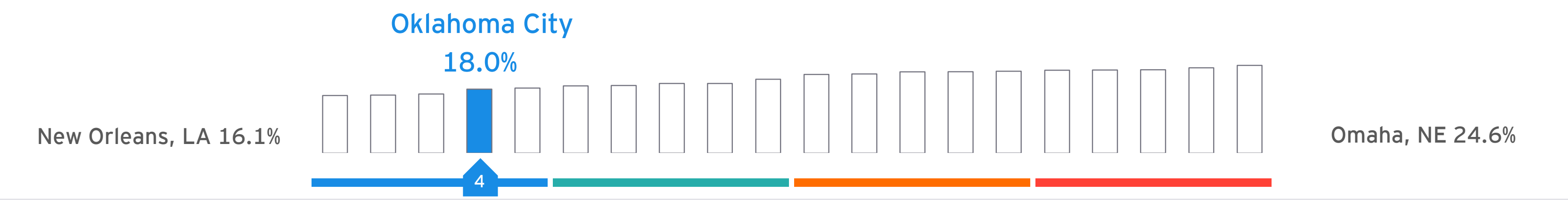


Note: Ownership of a business means 51% or more

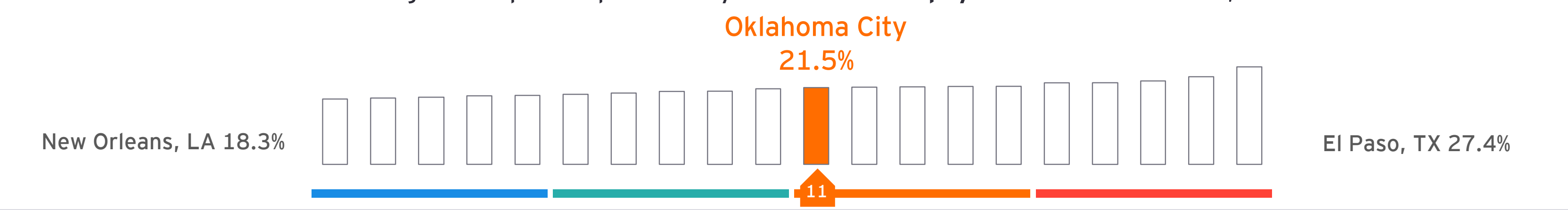
Source: US Census Bureau – Annual Business Survey (ABS)

Business factors impacting profitability

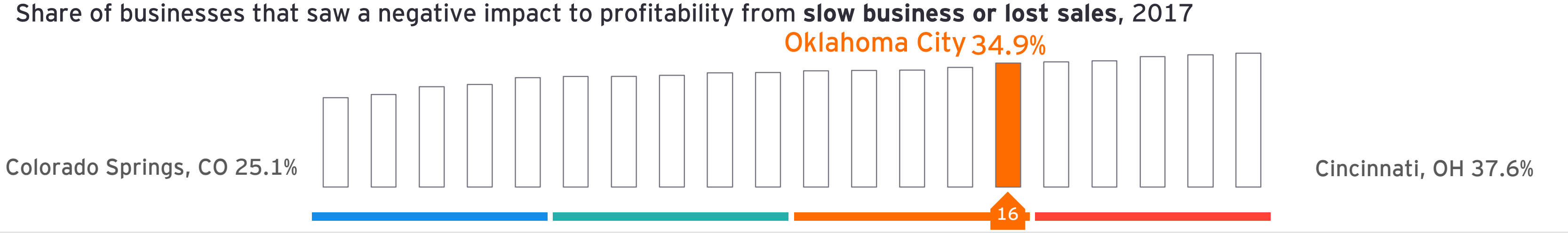
Share of businesses that saw a negative impact to profitability from **finding qualified labor**, 2017



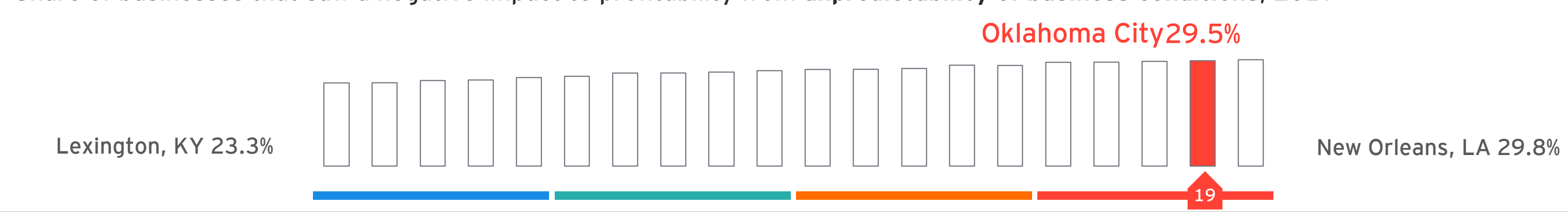
Share of businesses that saw a negative impact to profitability from **late or nonpayment from customers**, 2017



Share of businesses that saw a negative impact to profitability from **slow business or lost sales**, 2017



Share of businesses that saw a negative impact to profitability from **unpredictability of business conditions**, 2017

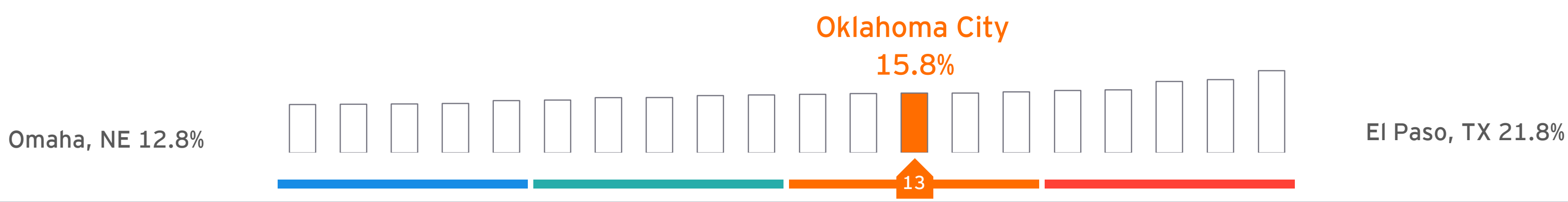


Note: Ownership of a business means 51% or more

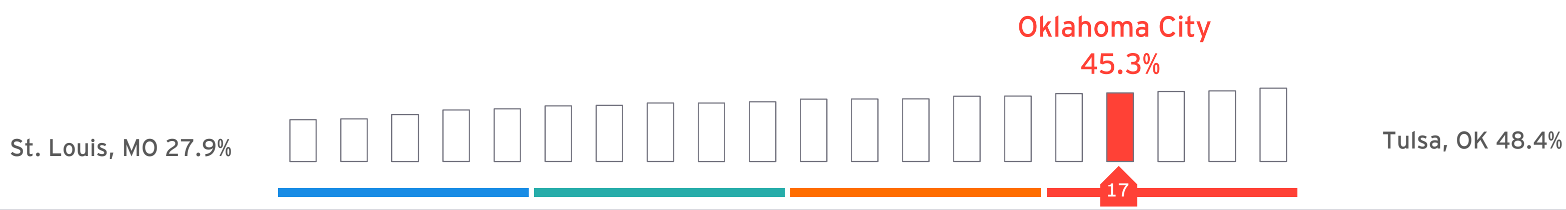
Source: US Census Bureau – Annual Business Survey (ABS)

Additional financing

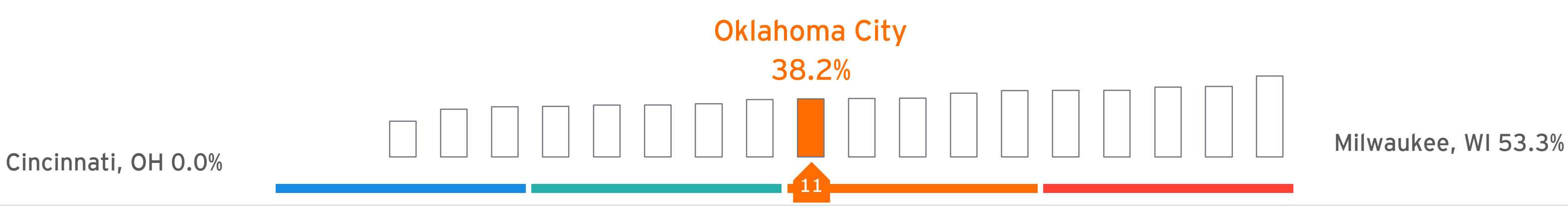
Share of businesses that needed additional financing during the year, 2017



Share of businesses that needed additional financing during the year but did not apply, 2017



Share of businesses that did not apply for additional financing because they did not think they would be approved by lender, 2017



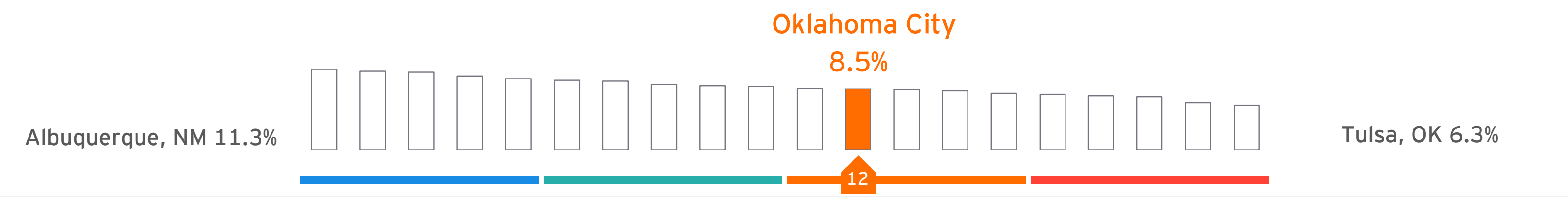
Share of businesses that did not apply for additional financing because they felt the loan process would be too time consuming, 2017

Note: Ownership of a business means 51% or more

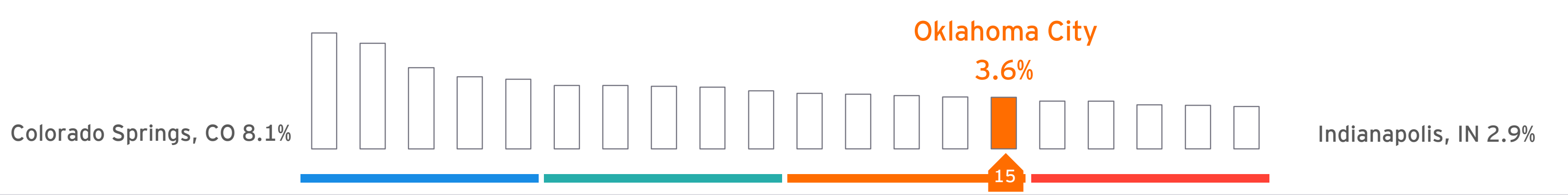
Source: US Census Bureau – Annual Business Survey (ABS)

Customers

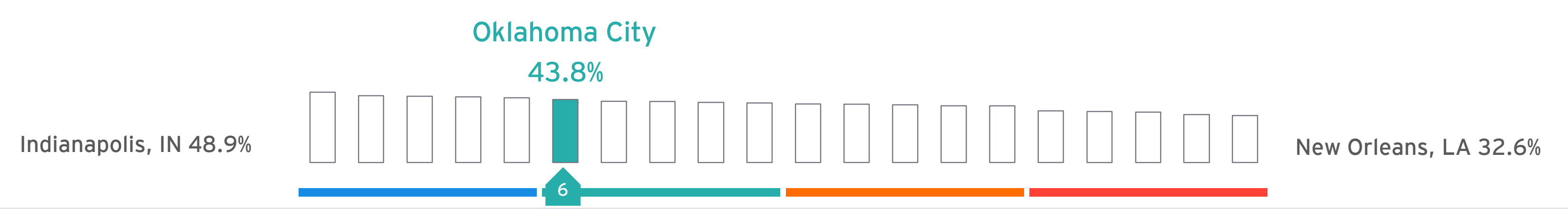
Share of businesses with 10% or more of their business coming from state & local government, 2017



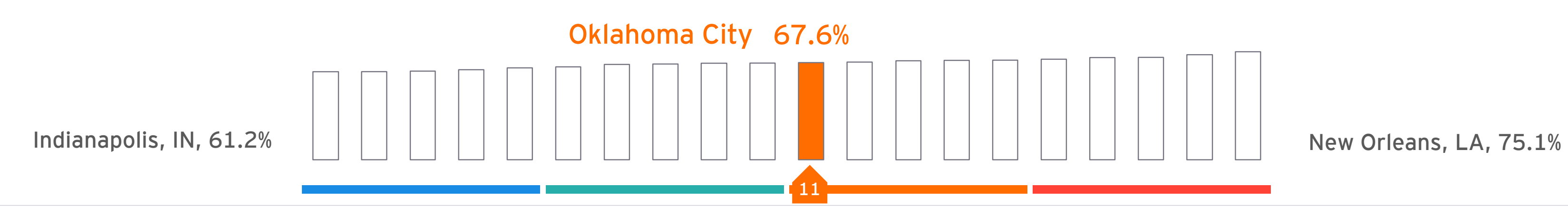
Share of businesses with 10% or more of their business coming from federal government, 2017



Share of businesses with 10% or more of their business coming from other businesses, 2017



Share of businesses with 10% or more of their business coming from individuals, 2017

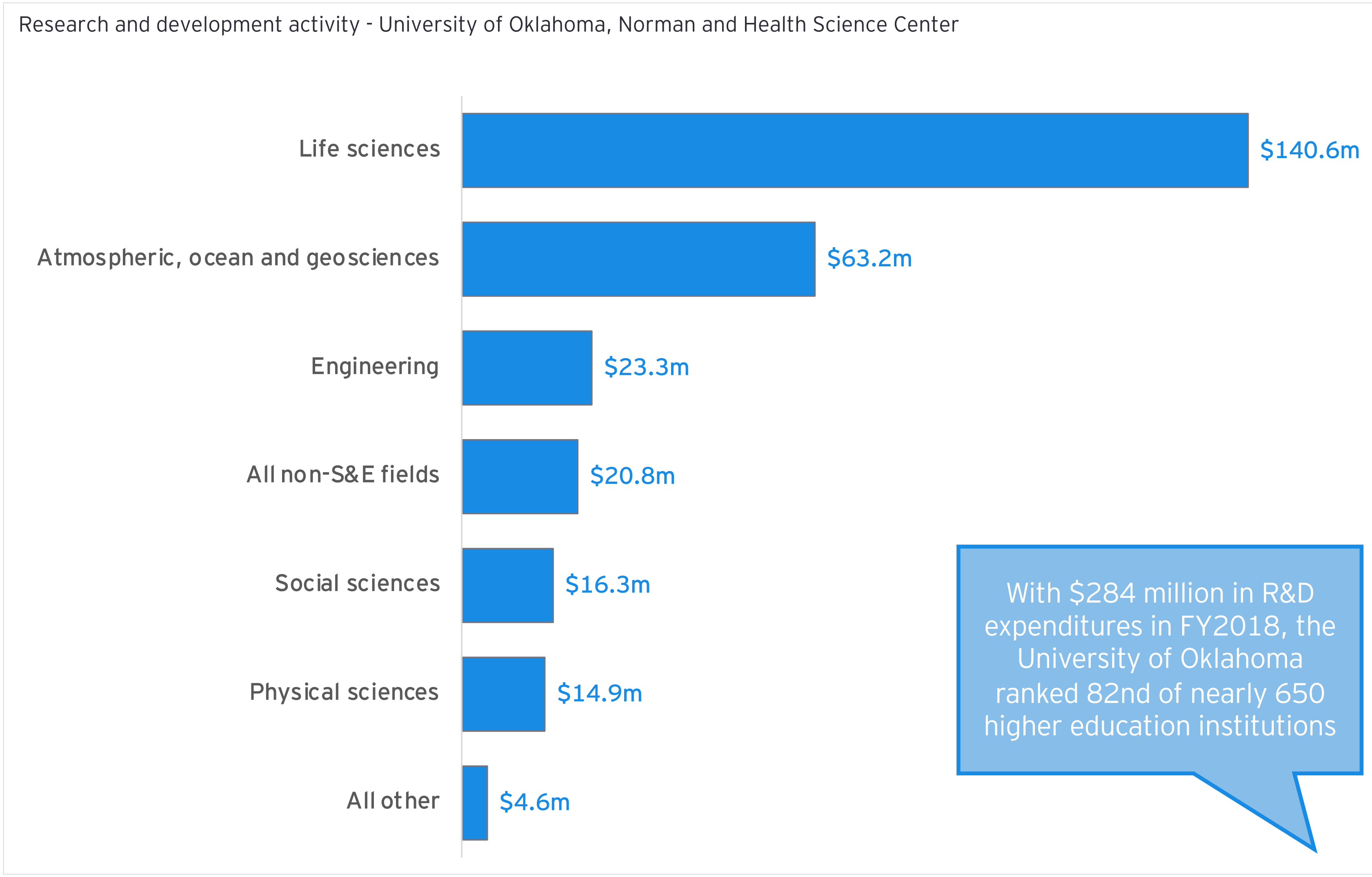


Note: Ownership of a business means 51% or more

Source: US Census Bureau – Annual Business Survey (ABS)

4 Innovation & entrepreneurship

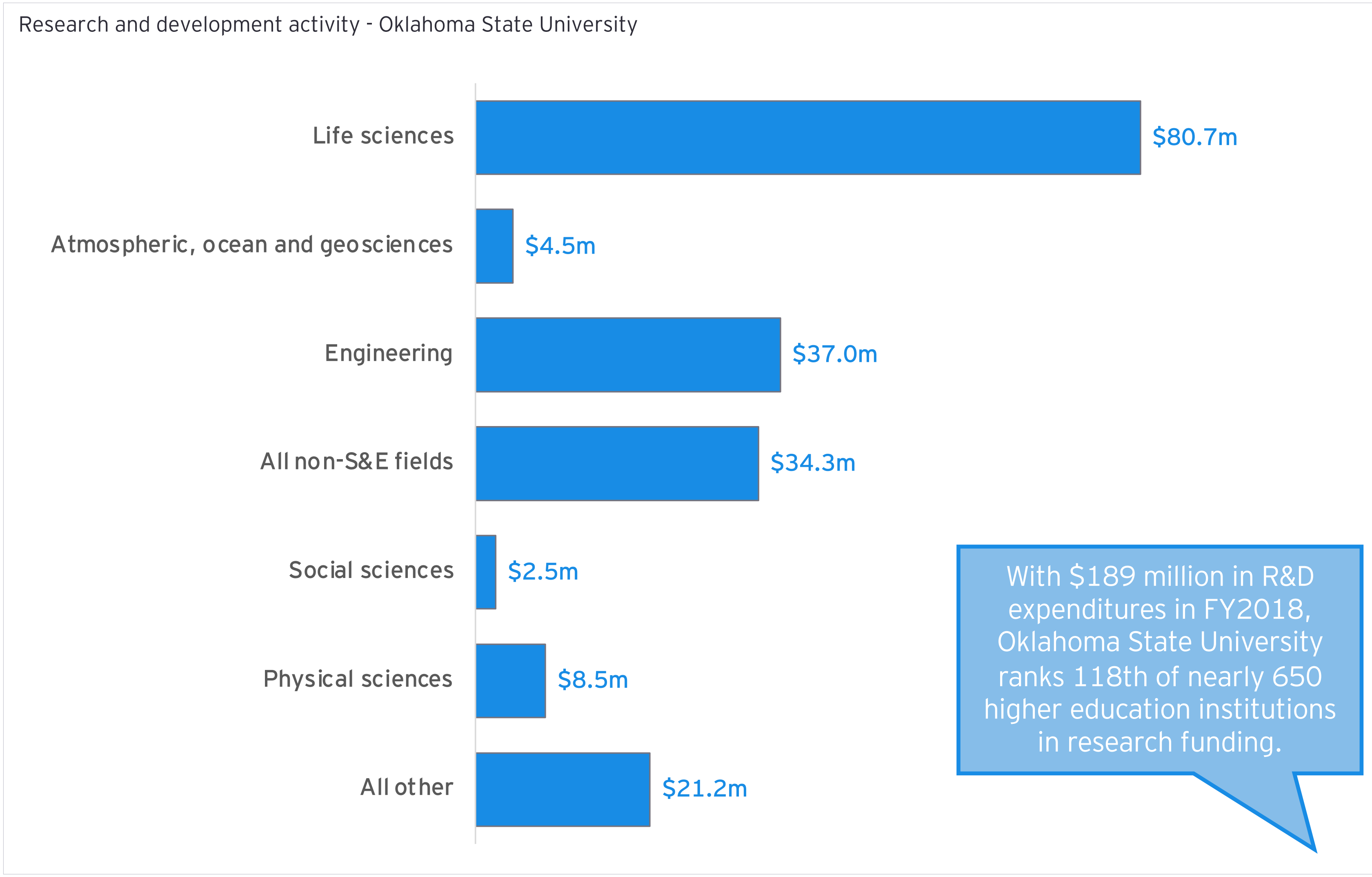
Academic Research & Development Activity



Note: "All other" includes computer and information sciences, psychology, and mathematics and statistics.

Sources: National Science Foundation

Academic Research & Development Activity, *continued*

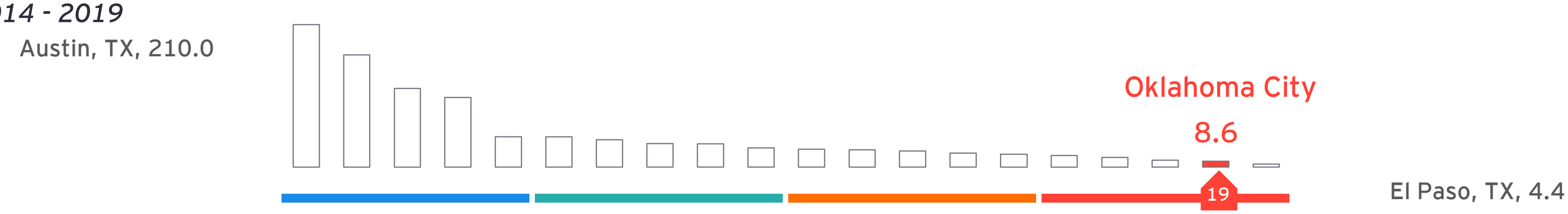


Note: "All other" includes computer and information sciences, psychology, and mathematics and statistics.

Sources: National Science Foundation

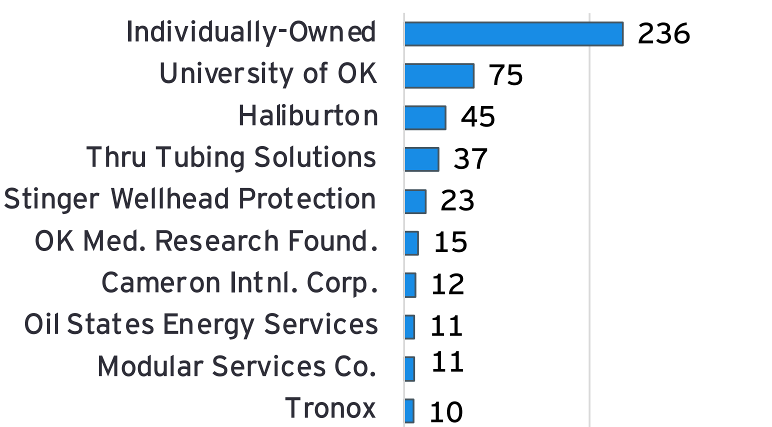
Patent activity

Patent applications by ***inventor residence*** *per 10,000 residents, 2014 - 2019*

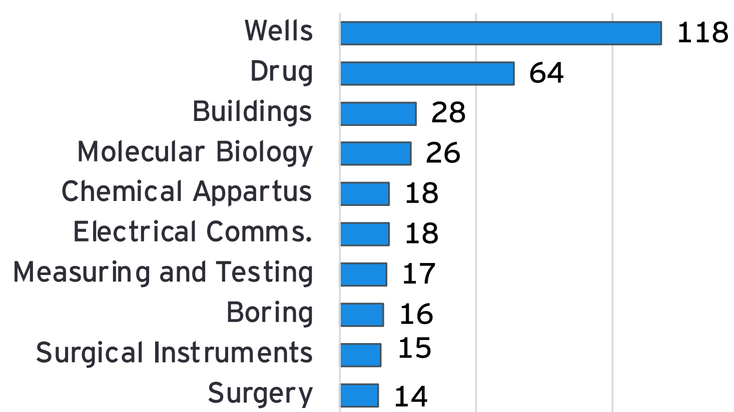


Patent applications by ***applicant location*** per 10,000 residents, 2014 - 2019

Top 10 patent owners for Oklahoma City Metro, 2010 - 2015



Top 10 patent categories for Oklahoma City Metro, 2010 - 2015

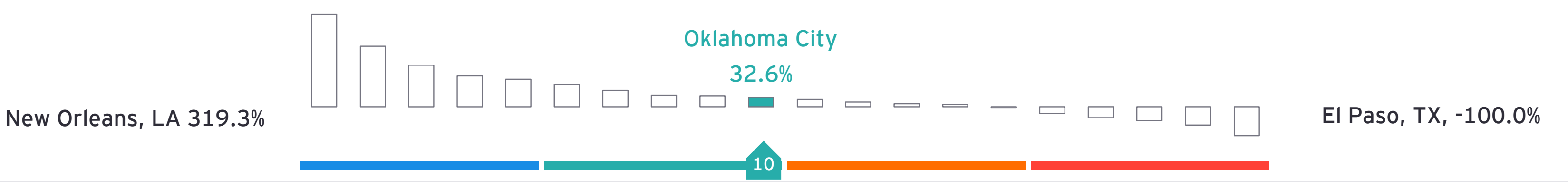


Source: US PTO

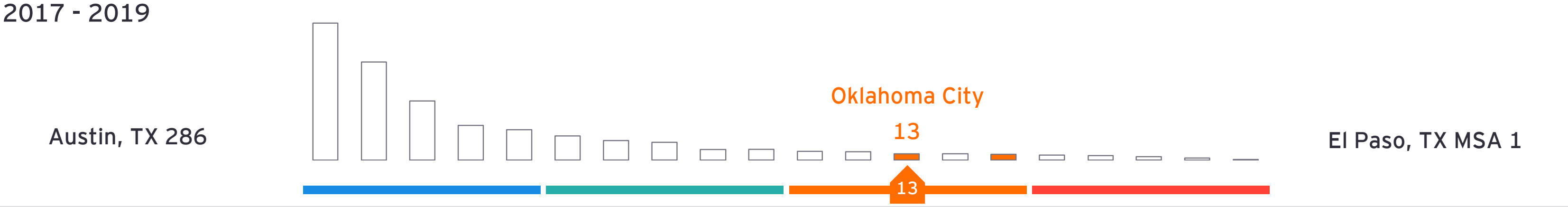
Venture capital funding

Venture capita per capita (metro), 2014 - 2019

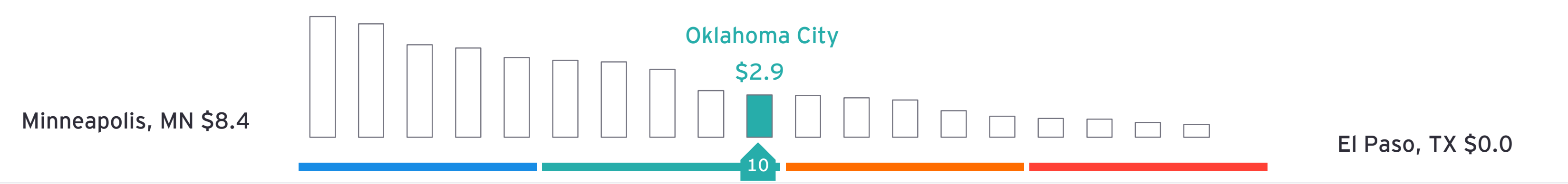
Change in venture capita per capita (metro three-year average), 2014 - 2019



Average number of venture capital deals (metro three-year average), 2017 - 2019



Average funding per venture capital deal (metro three-year average), 2017 - 2019

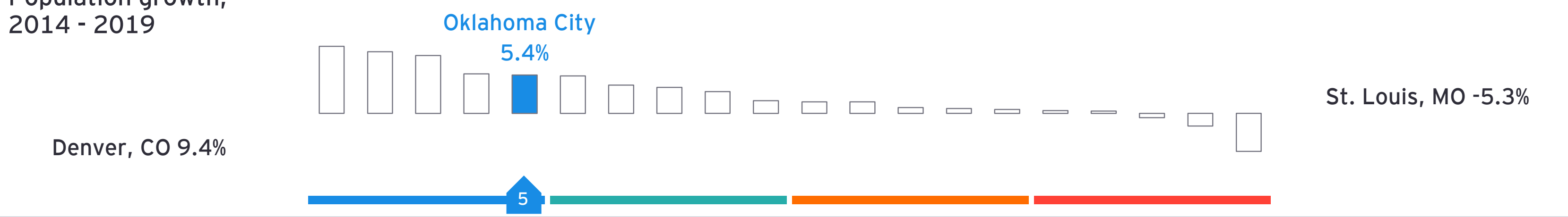


Sources: Pitchbook

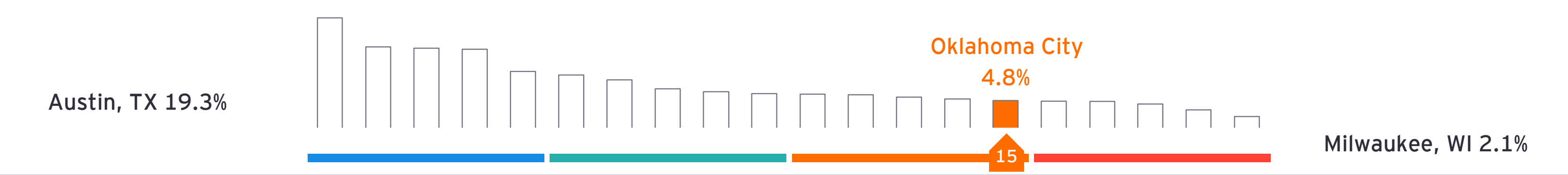
5 Population trends

Population & employment trends

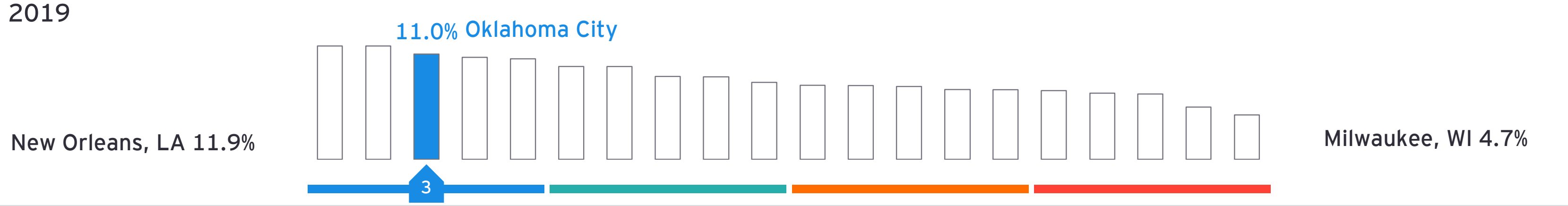
Population growth,
2014 - 2019



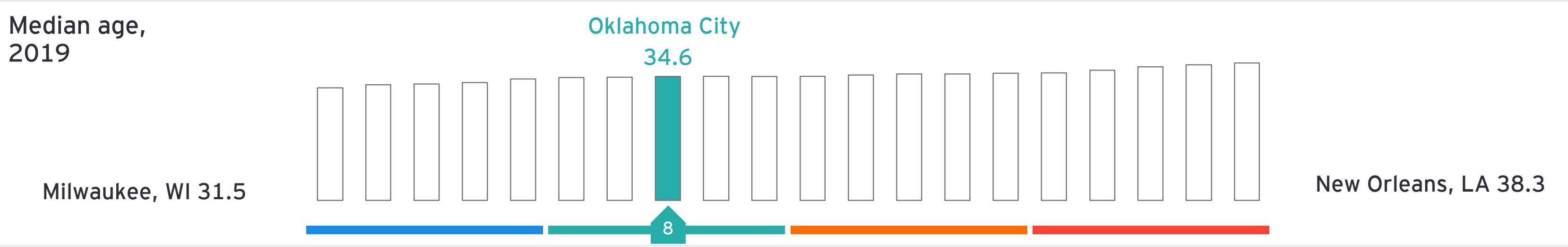
Employment growth,
2014 - 2019



Self-employed as percentage of total,
2019



Median age,
2019

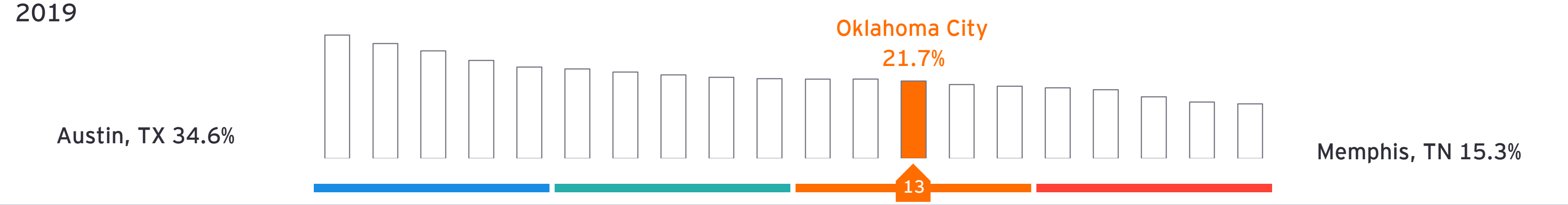


Sources: US Census Bureau, EMSI

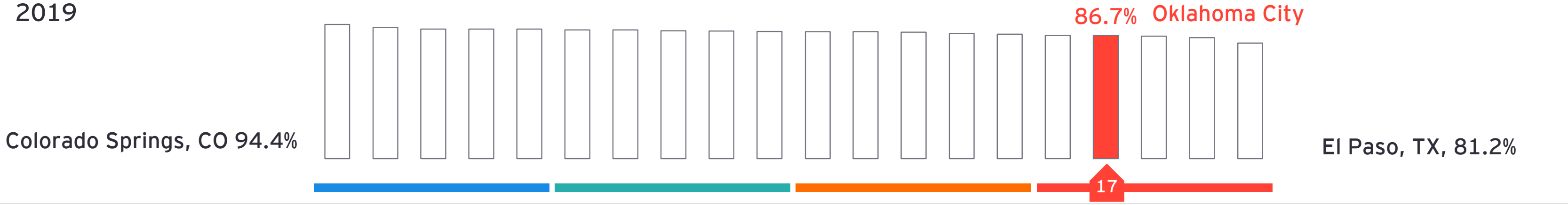
EY

Population & employment trends, *continued*

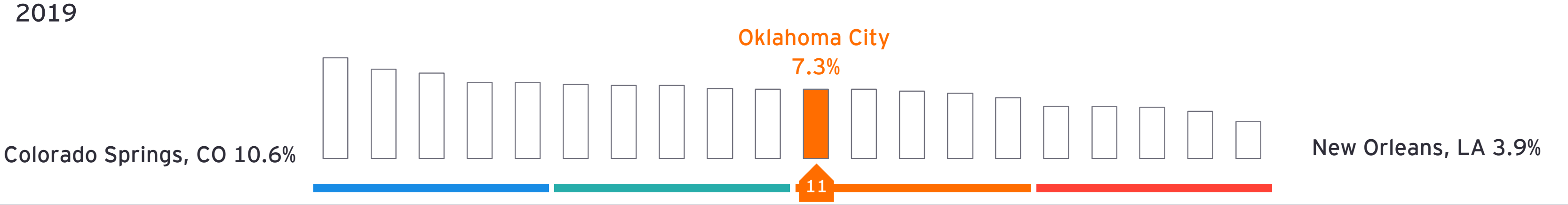
Percentage of adults with high-wage occupations, 2019



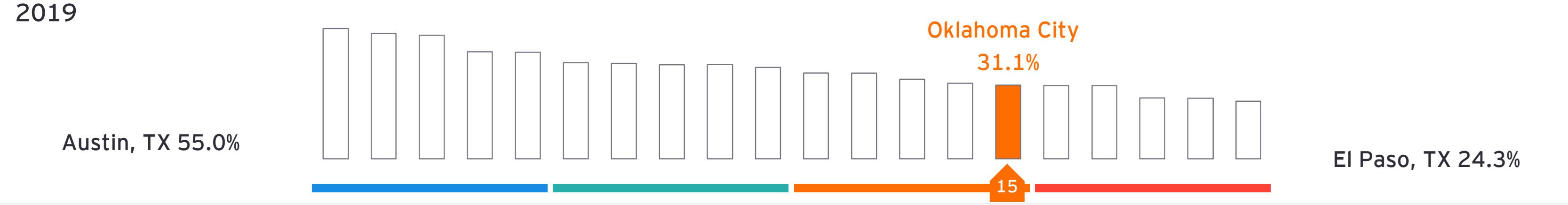
Percentage of residents with high school diploma or higher, 2019



Percentage of residents with associate degree, 2019



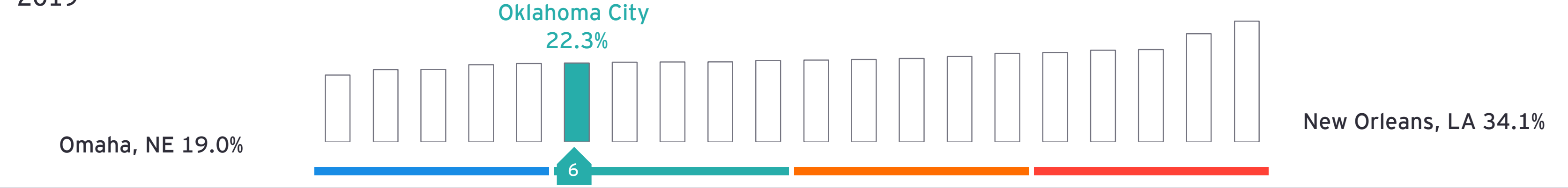
Percentage of residents with bachelor's degree or higher, 2019



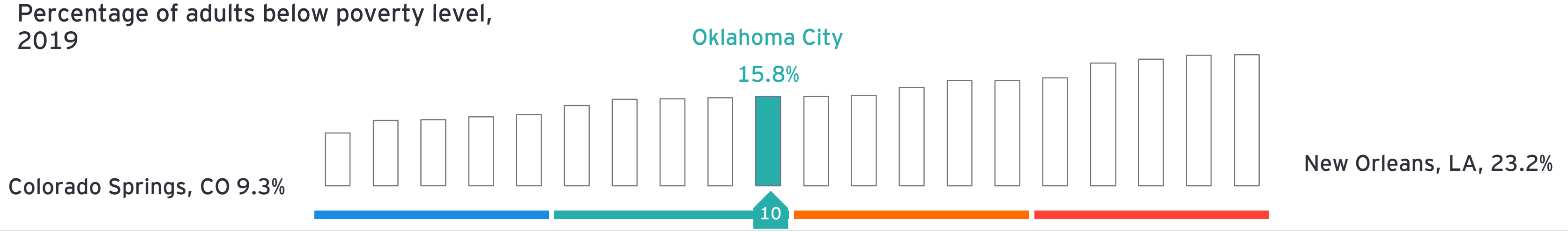
Sources: Pitchbook

Population & employment trends, *continued*

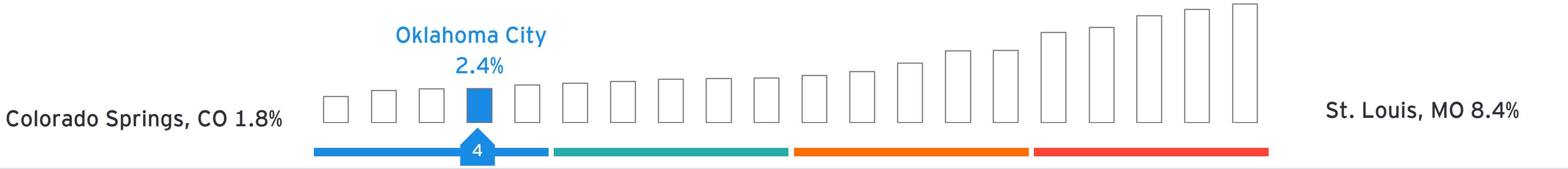
Percentage of households with severe rent burden (50 percent or more of household income as gross rent), 2019



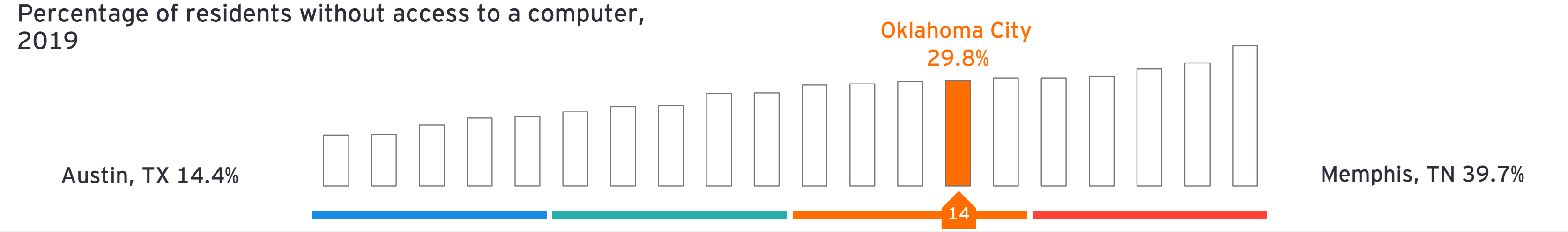
Percentage of adults below poverty level, 2019



Percentage of residents without access to a vehicle, 2019

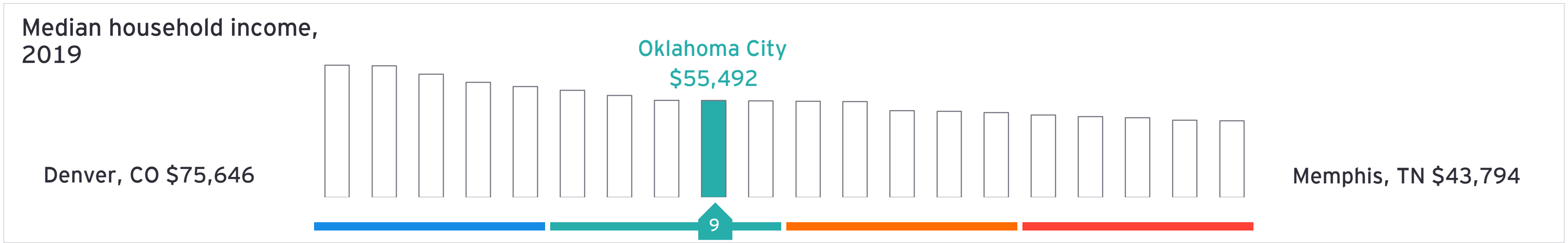


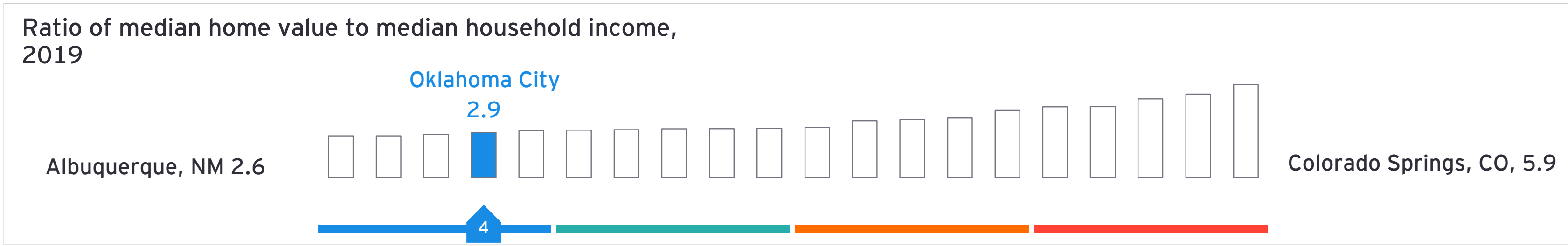
Percentage of residents without access to a computer, 2019

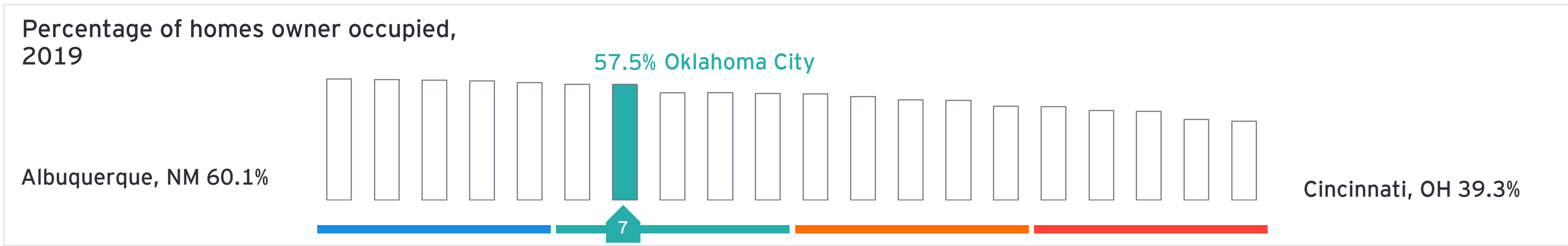


Sources: US Census Bureau

Population & employment trends, *continued*



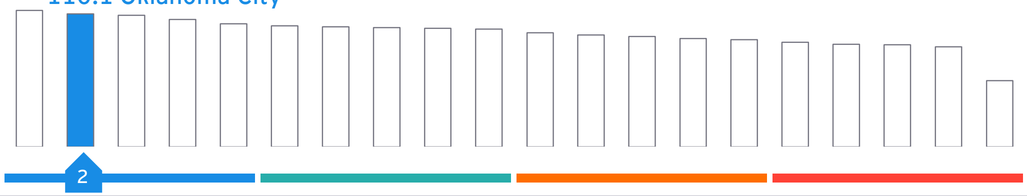




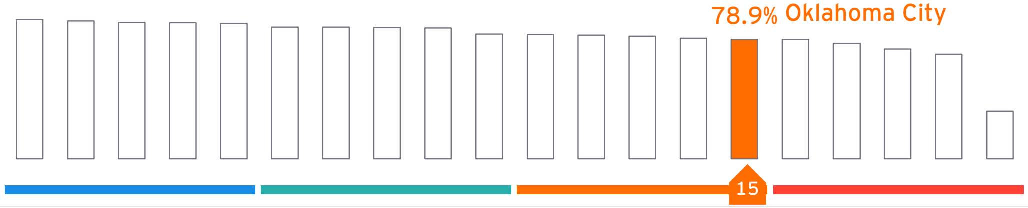
Sources: US Census Bureau

Population & employment trends, *continued*

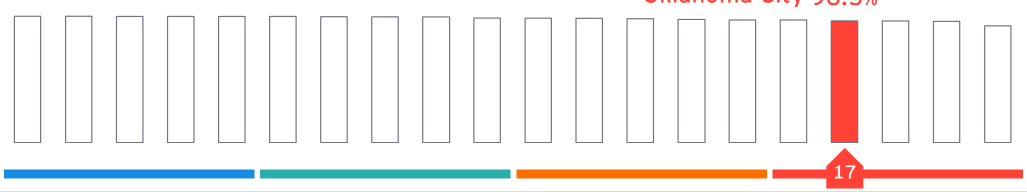
Racial Diversity Index (100 equals national average), 2019



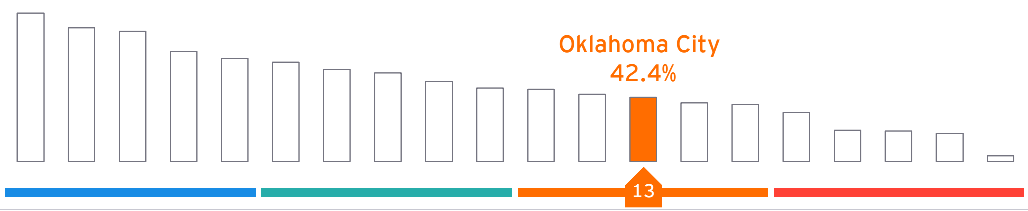
Percentage of residents that speak English at home, 2019



Percentage of households with access to 100 mbps internet 2019

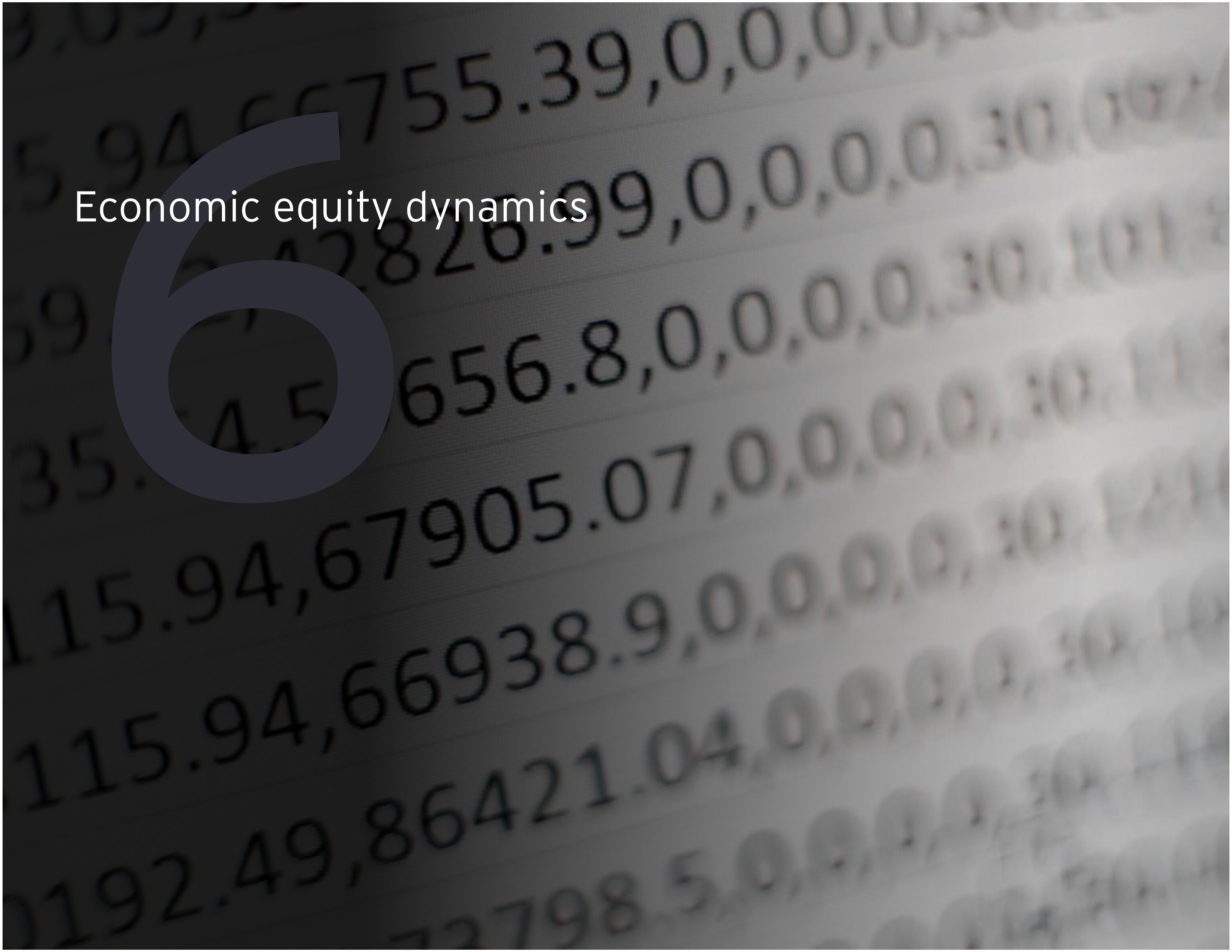


Percentage of households with access to 1,000 mbps internet 2019

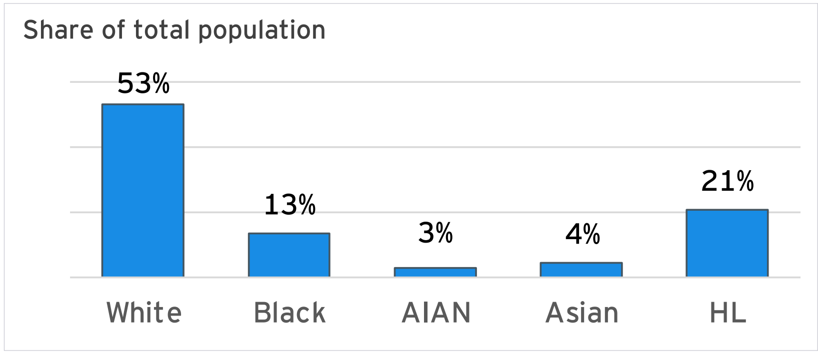


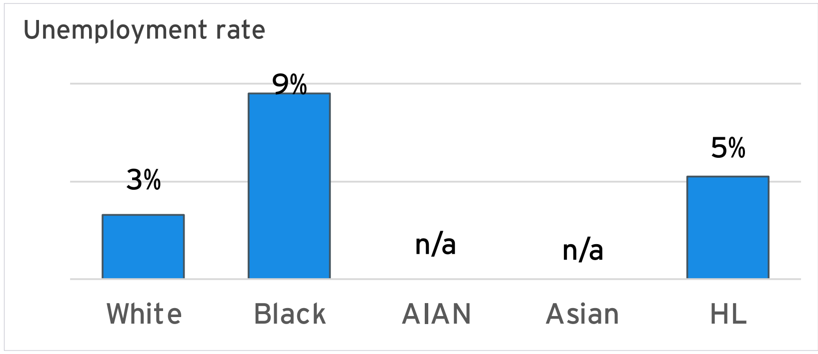
Sources: Pitchbook

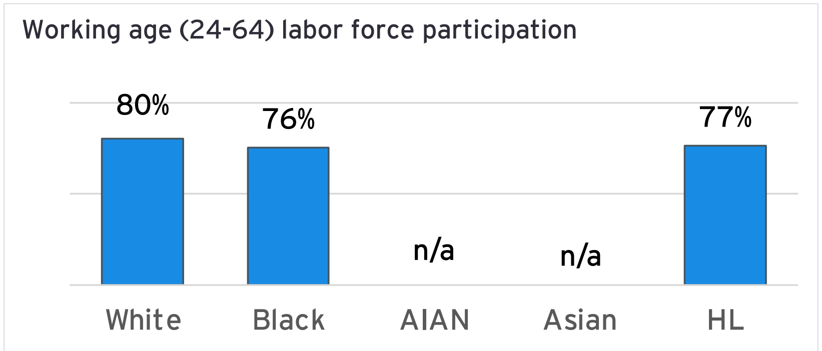
6 Economic equity dynamics

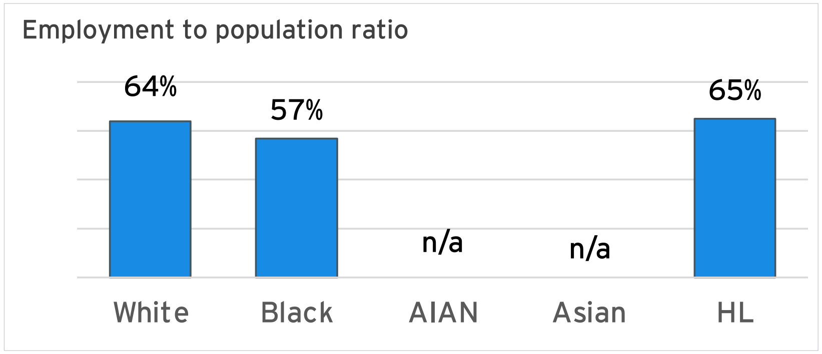


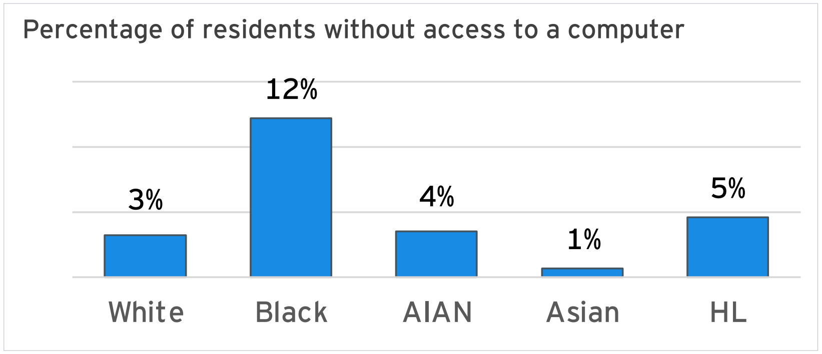
Economic equity dynamics by race – Oklahoma City, 2019

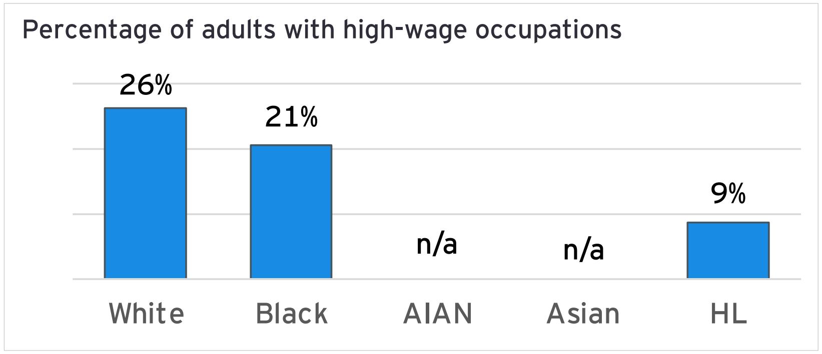








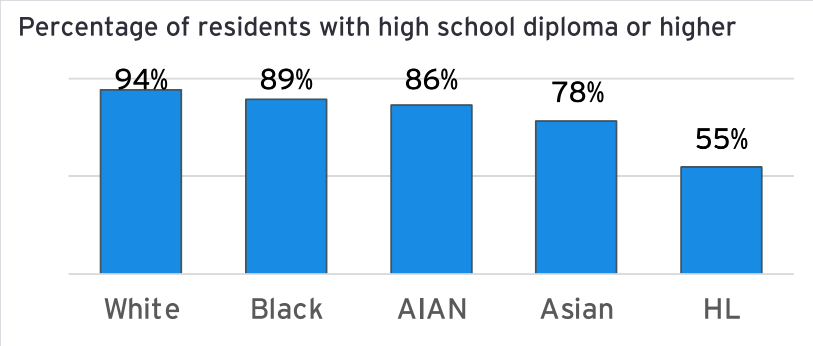


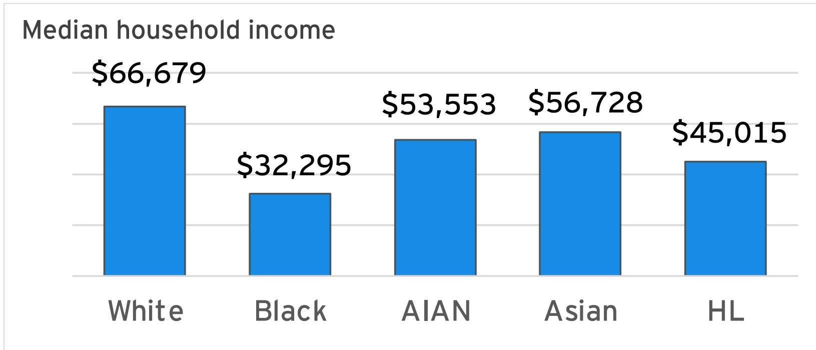


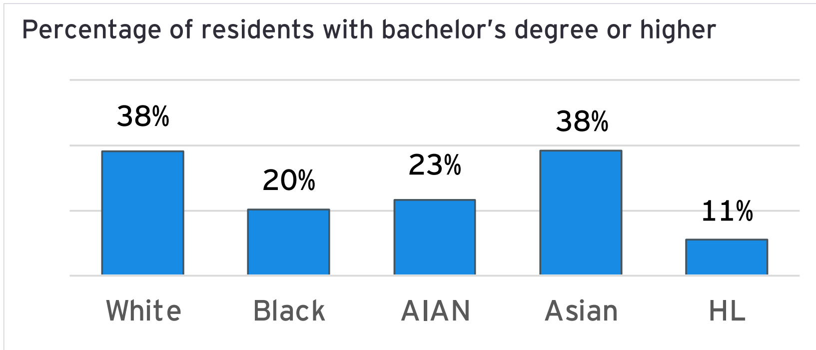
Note: AIAN and HL in the charts represent American Indian and Alaska Native, and Hispanic or Latino, respectively. These data separated by race count a cellphone as a "computer" and underestimate the statistics.

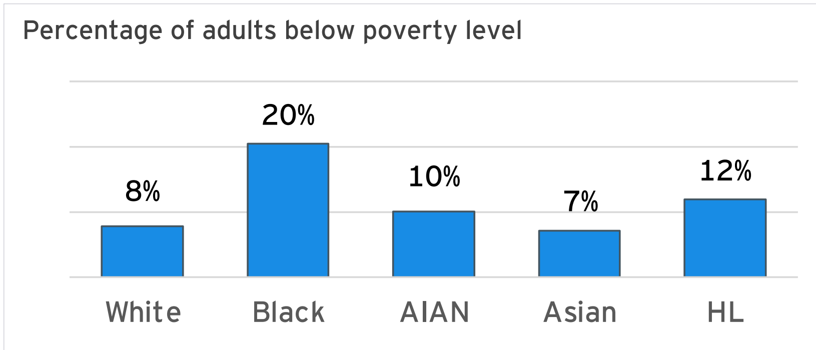
Source: US Census Bureau

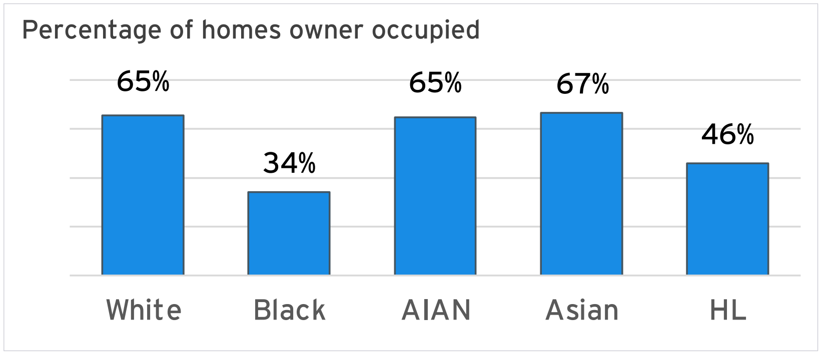
Economic equity dynamics by race – Oklahoma City, 2019

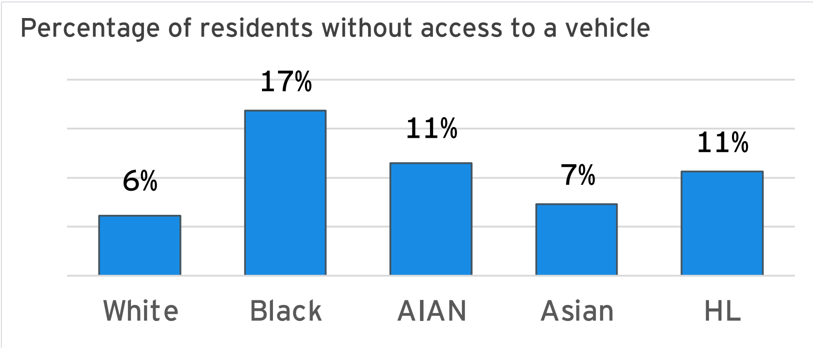








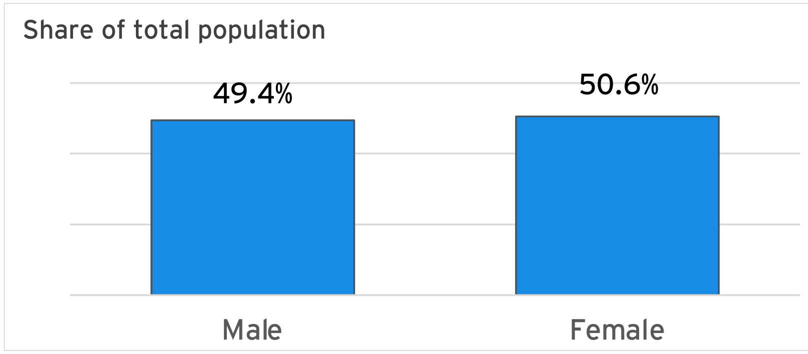


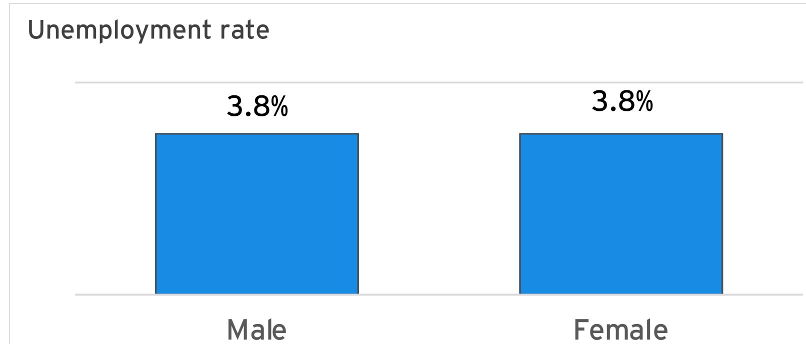


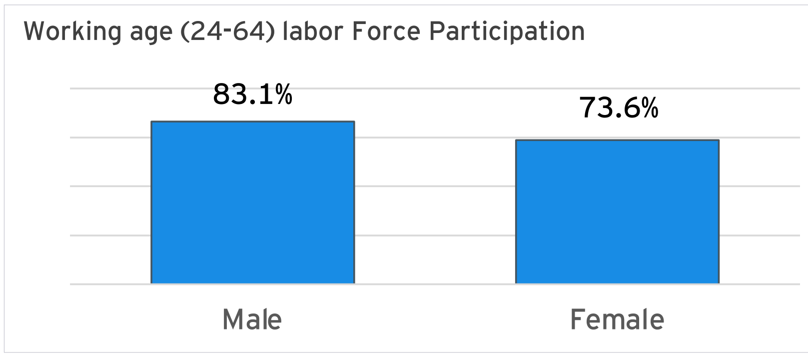
Note: AIAN and HL in the charts represent American Indian and Alaska Native, and Hispanic or Latino, respectively.

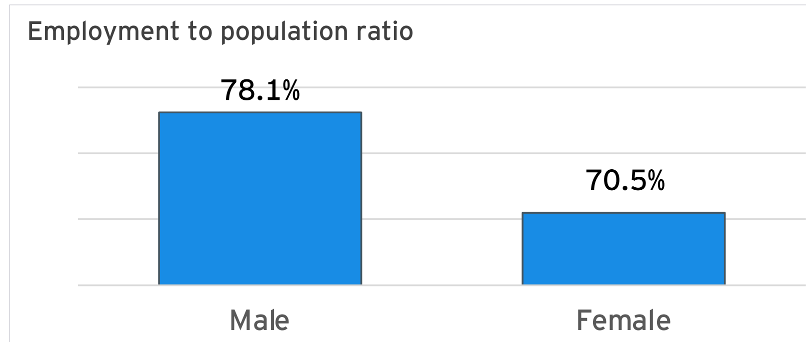
Source: US Census Bureau

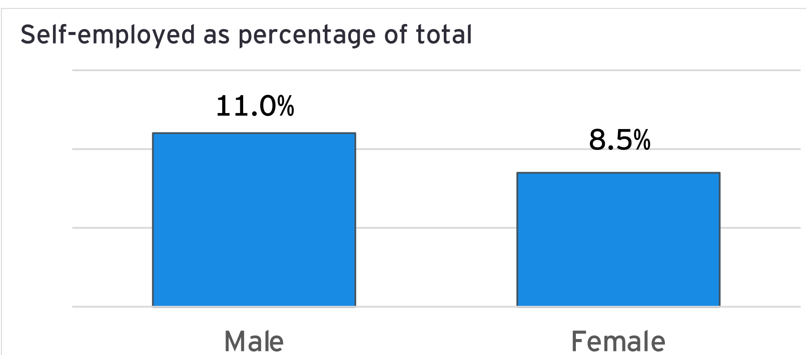
Economic equity dynamics by gender – Oklahoma City, 2019

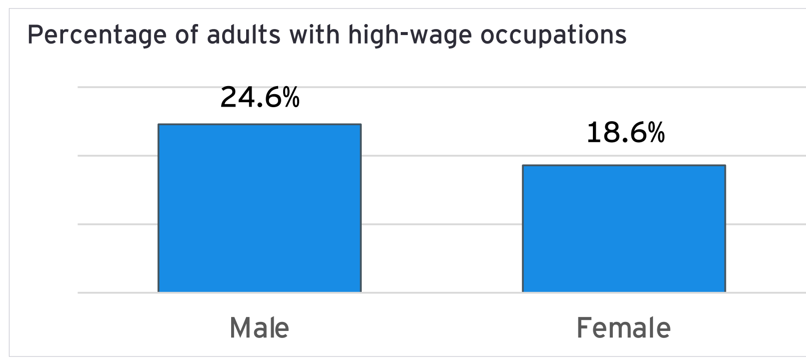






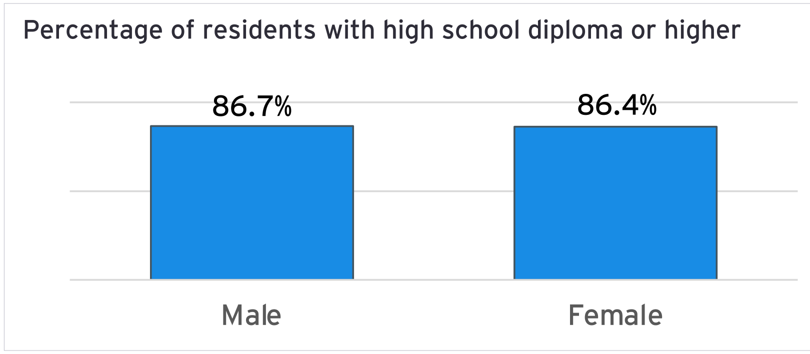


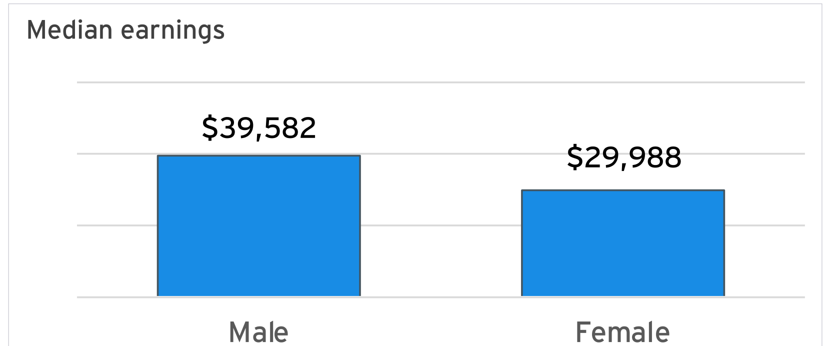


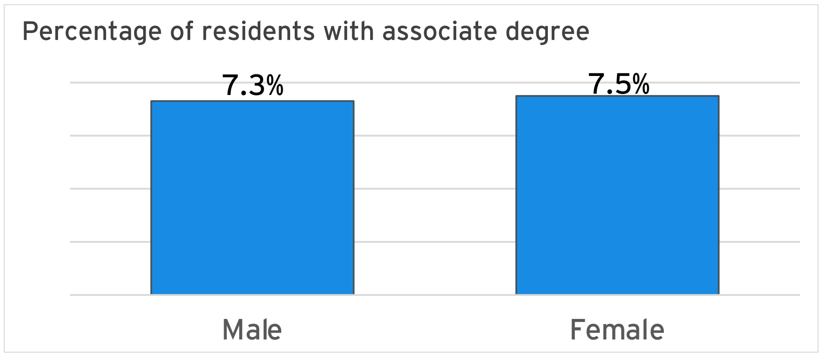


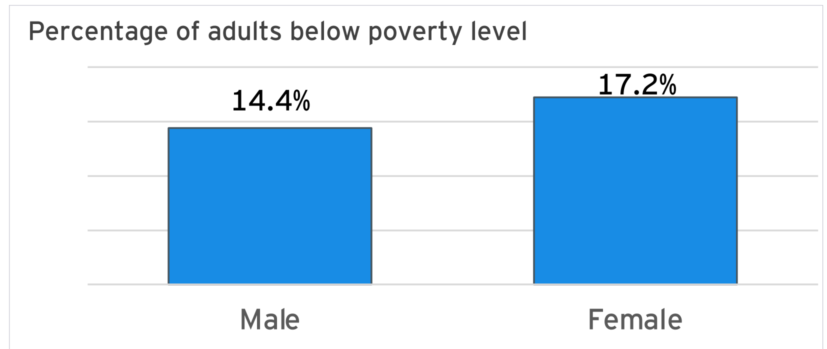
Source: US Census Bureau

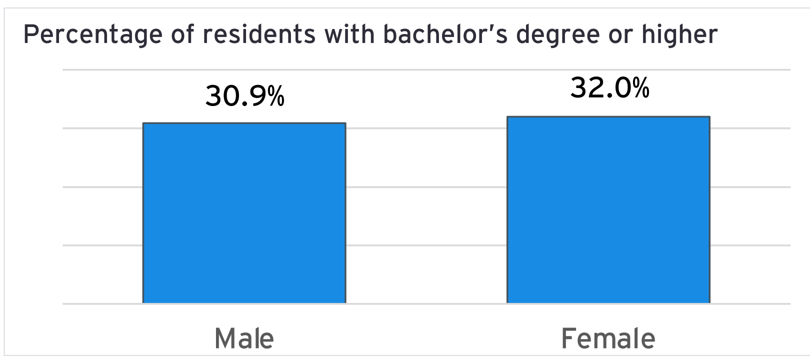
Economic equity dynamics by gender – Oklahoma City, 2019

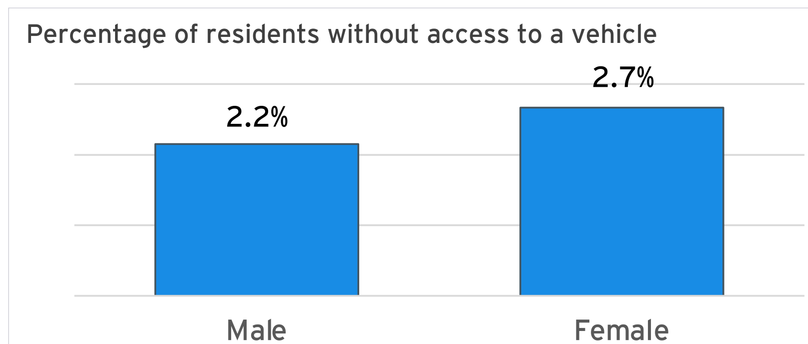






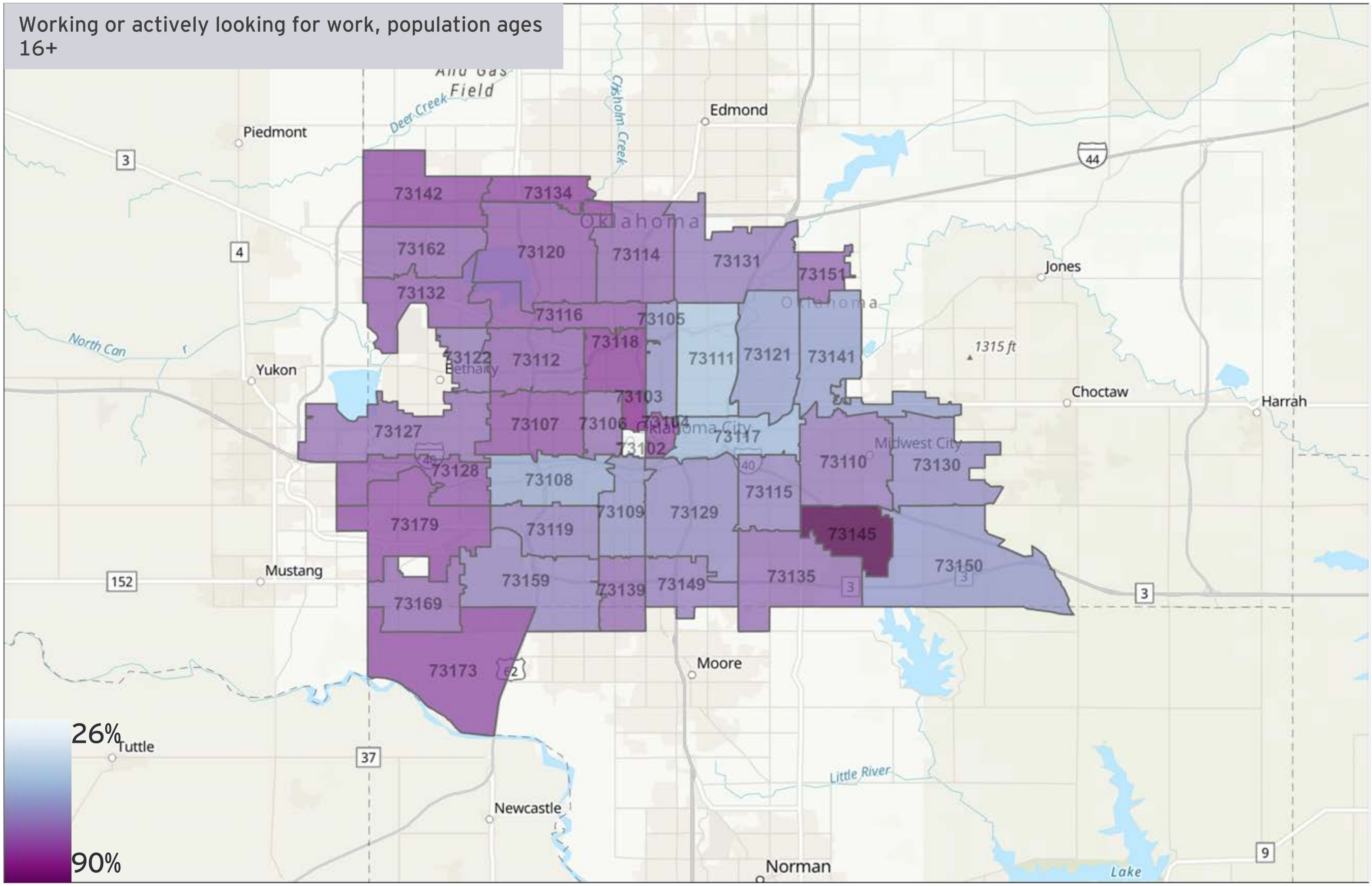






Source: US Census Bureau

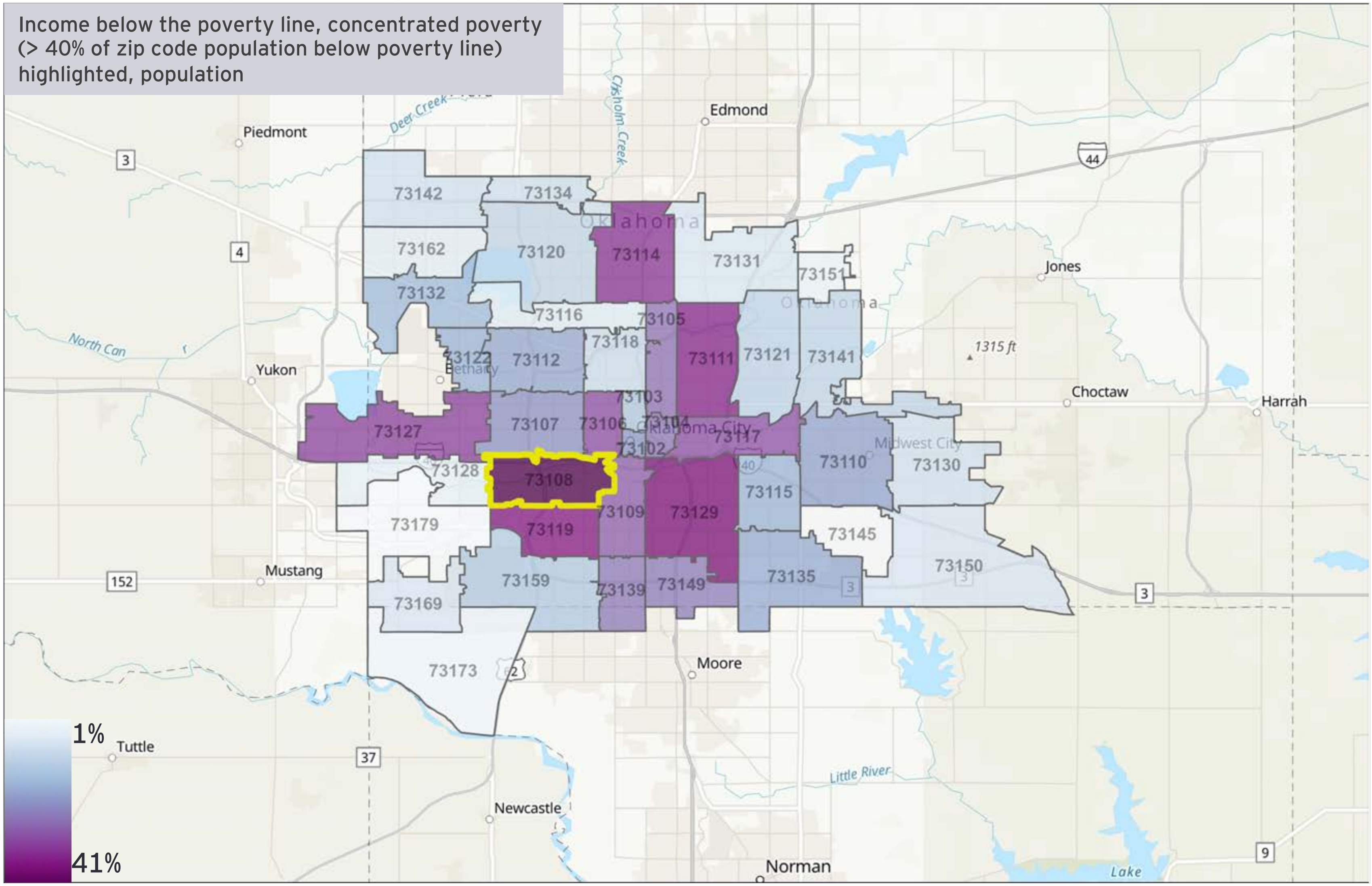
Labor force participation in Oklahoma City by zip code



Sources: US Census Bureau

Poverty concentration in Oklahoma City by zip code

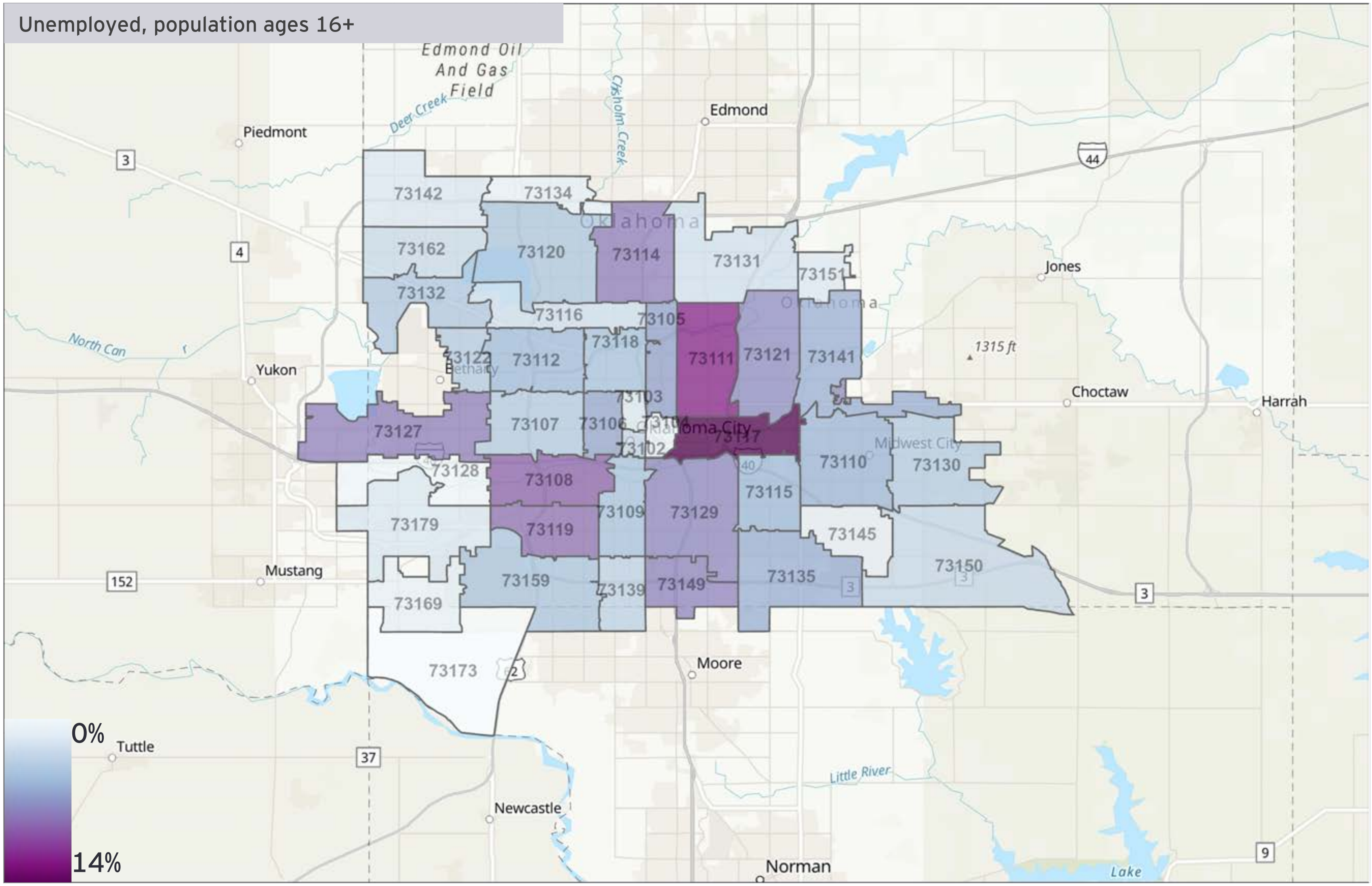
Income below the poverty line, concentrated poverty (> 40% of zip code population below poverty line) highlighted, population



Sources: US Census Bureau

EY

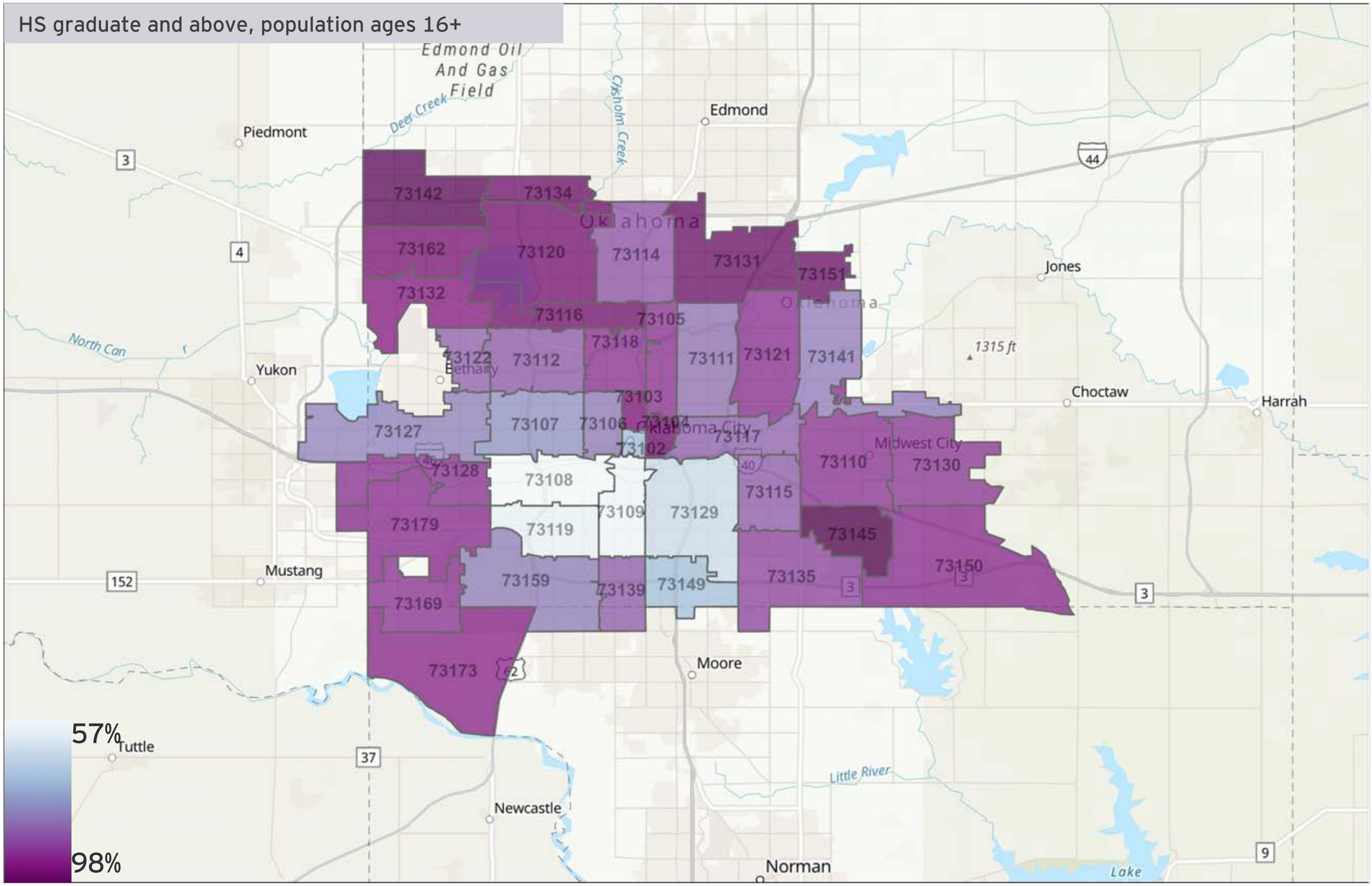
Unemployment rate in Oklahoma City by zip code



Sources: US Census Bureau

EY

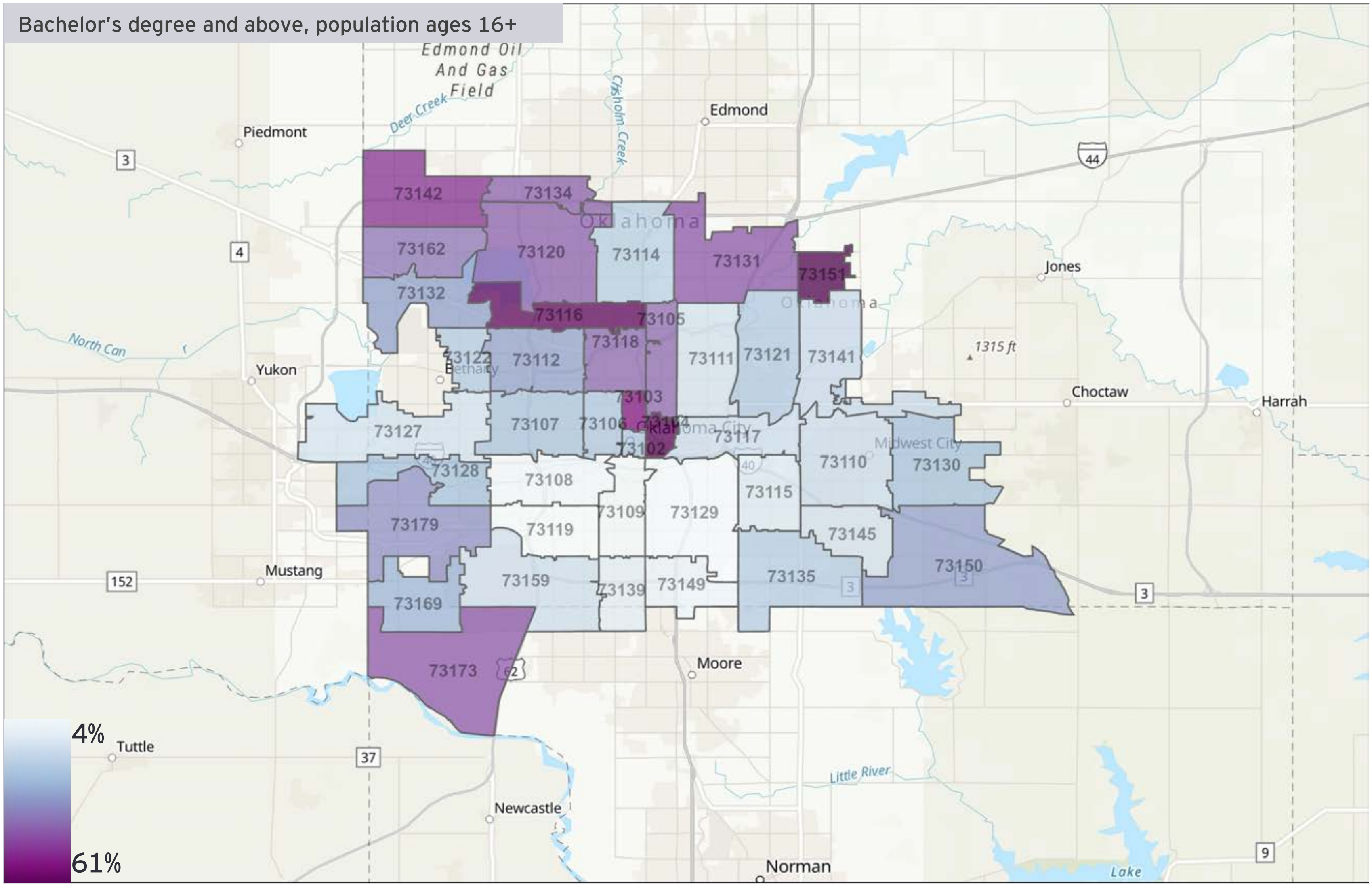
Share of population with HS degree in Oklahoma City by zip code



Sources: US Census Bureau

EY

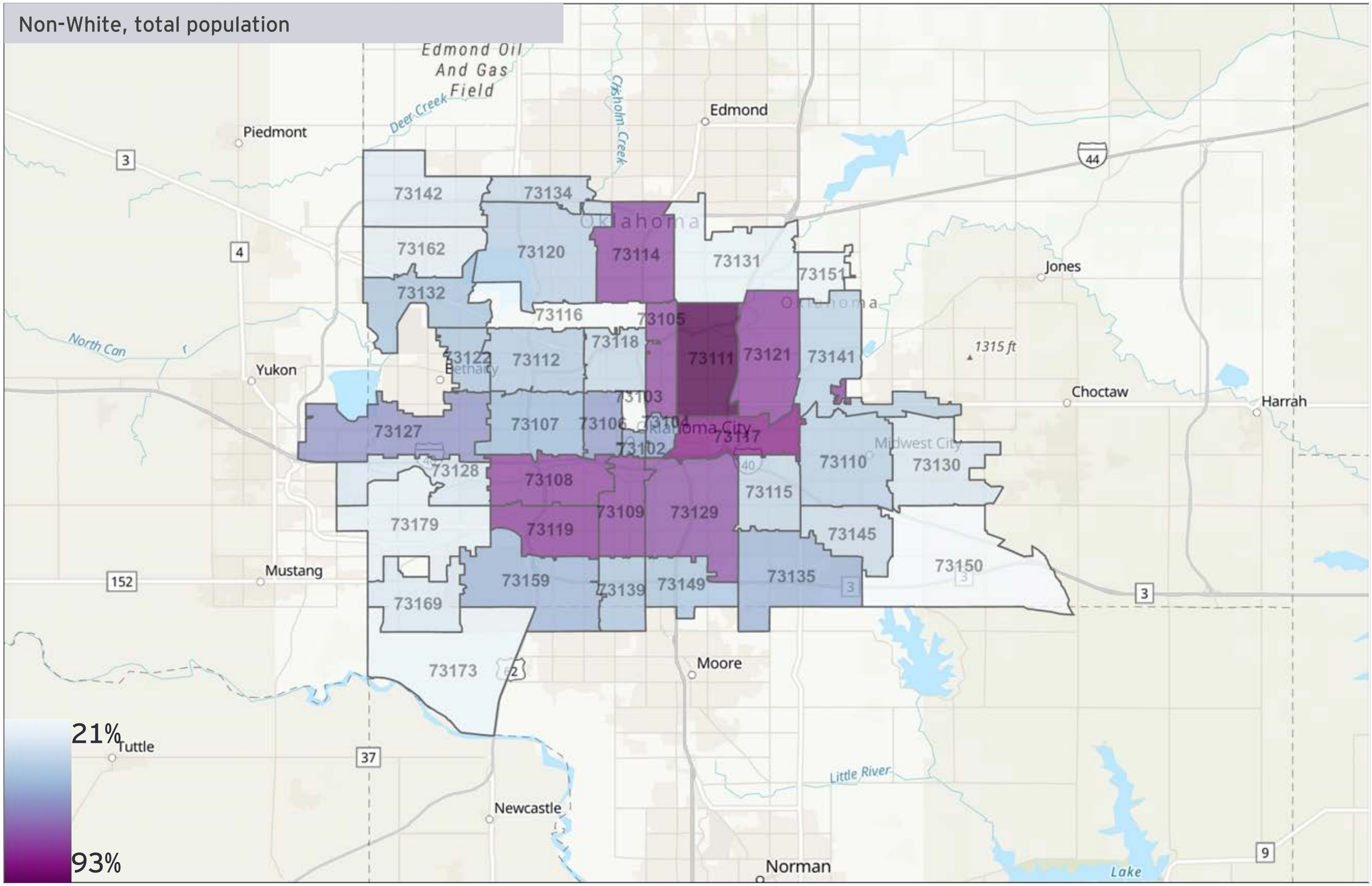
Share of population with bachelor's degree in Oklahoma City by zip code



Sources: US Census Bureau

EY

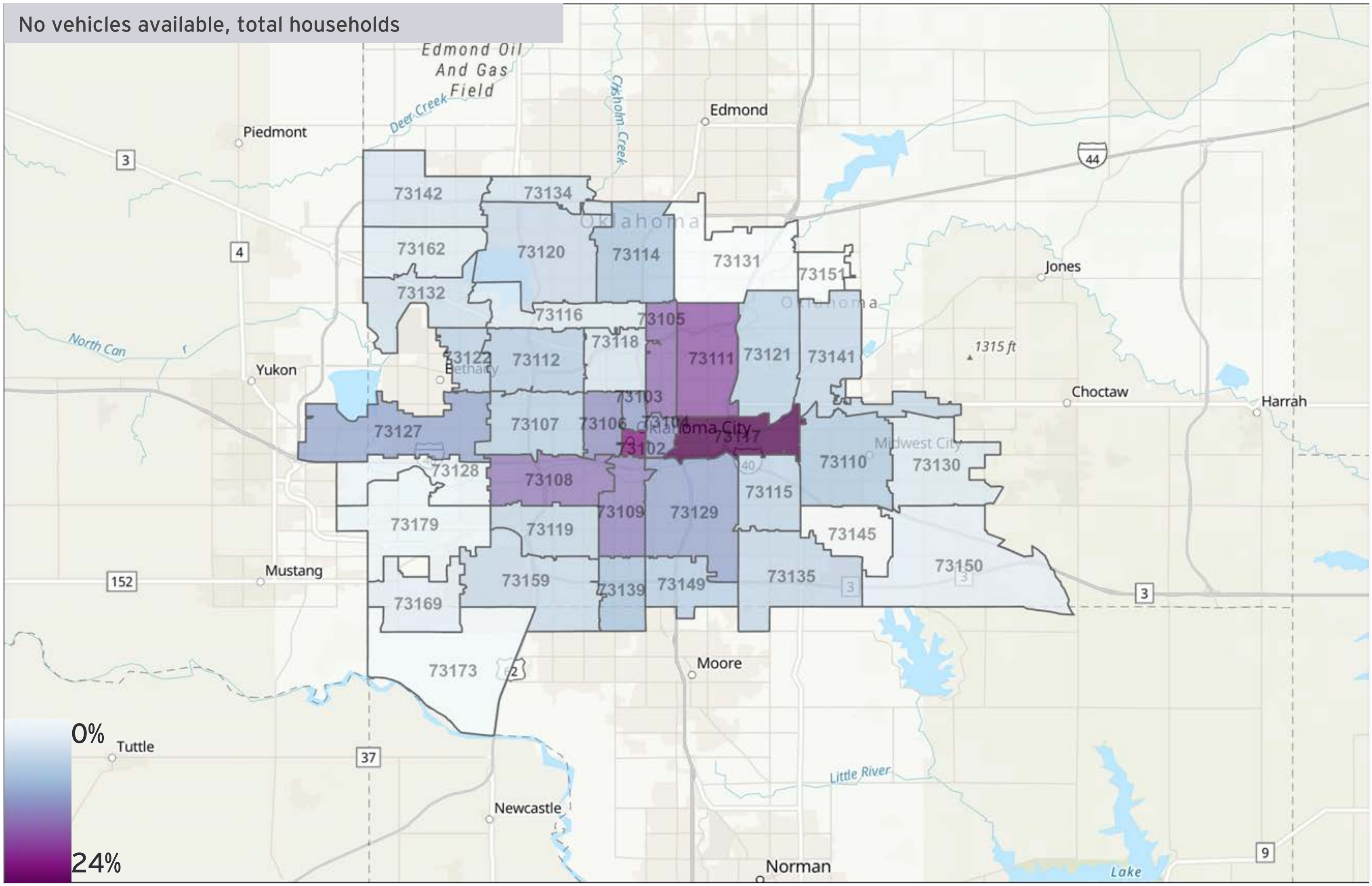
Share of population that is non-White in Oklahoma City by zip code



Sources: US Census Bureau

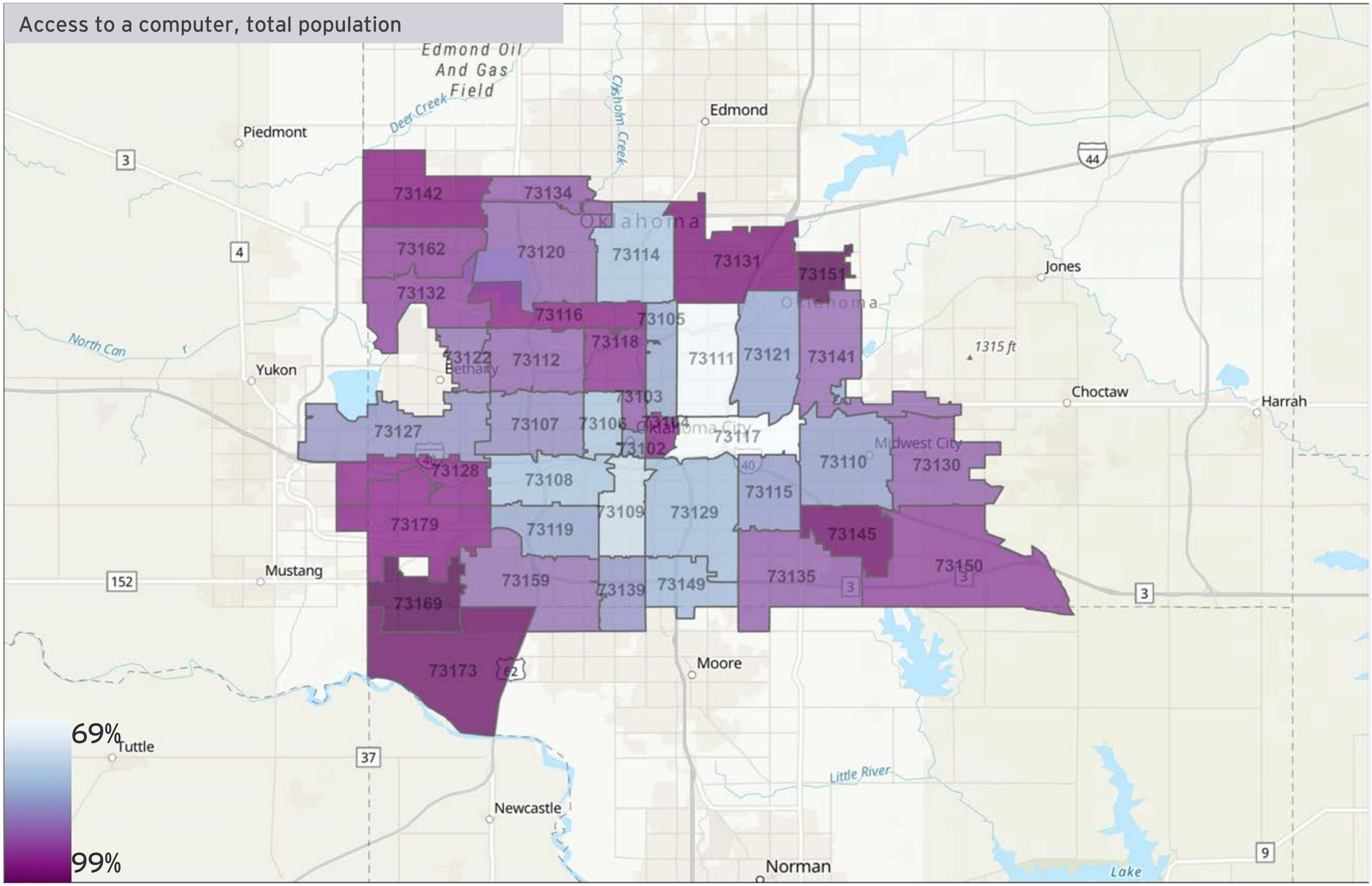
EY

Share of households with no access to a vehicle in Oklahoma City by zip code



Sources: US Census Bureau

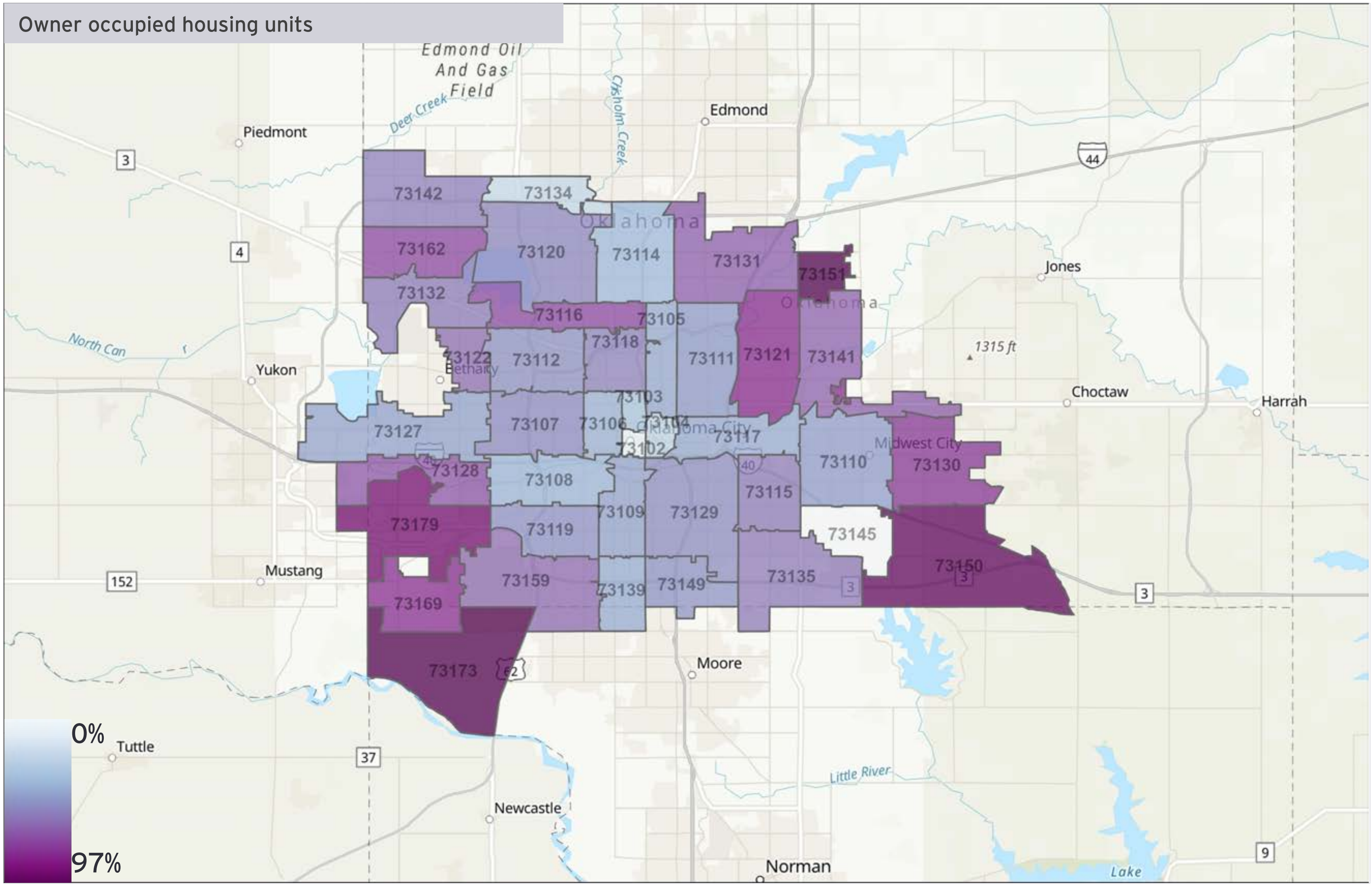
Share of population with access to a computer in Oklahoma City by zip code



Sources: US Census Bureau

EY

Share of owner occupied housing units in OKC by zip code

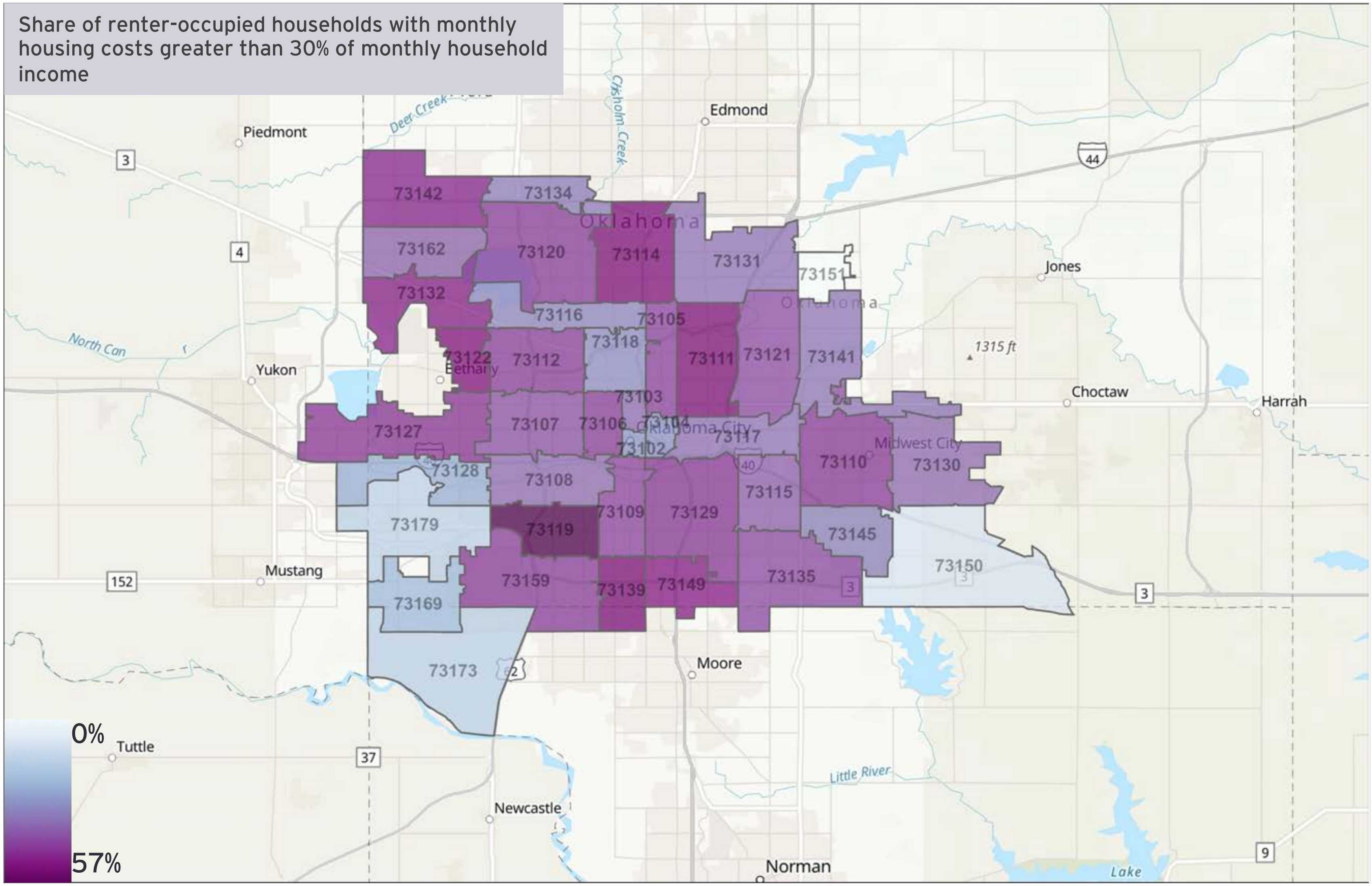


Sources: US Census Bureau

EY

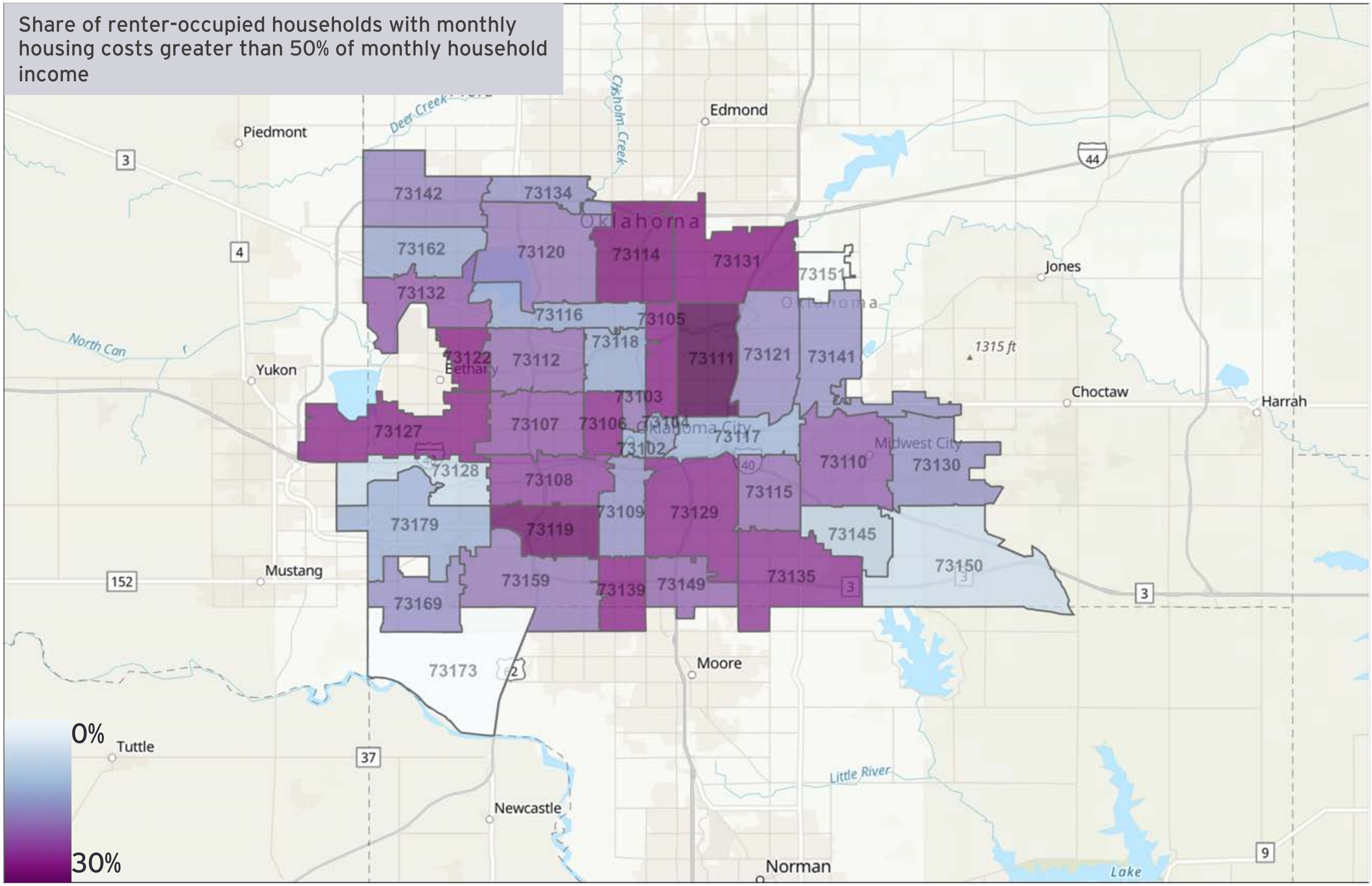
Rent burden in Oklahoma City by zip code

Share of renter-occupied households with monthly housing costs greater than 30% of monthly household income



Sources: US Census Bureau

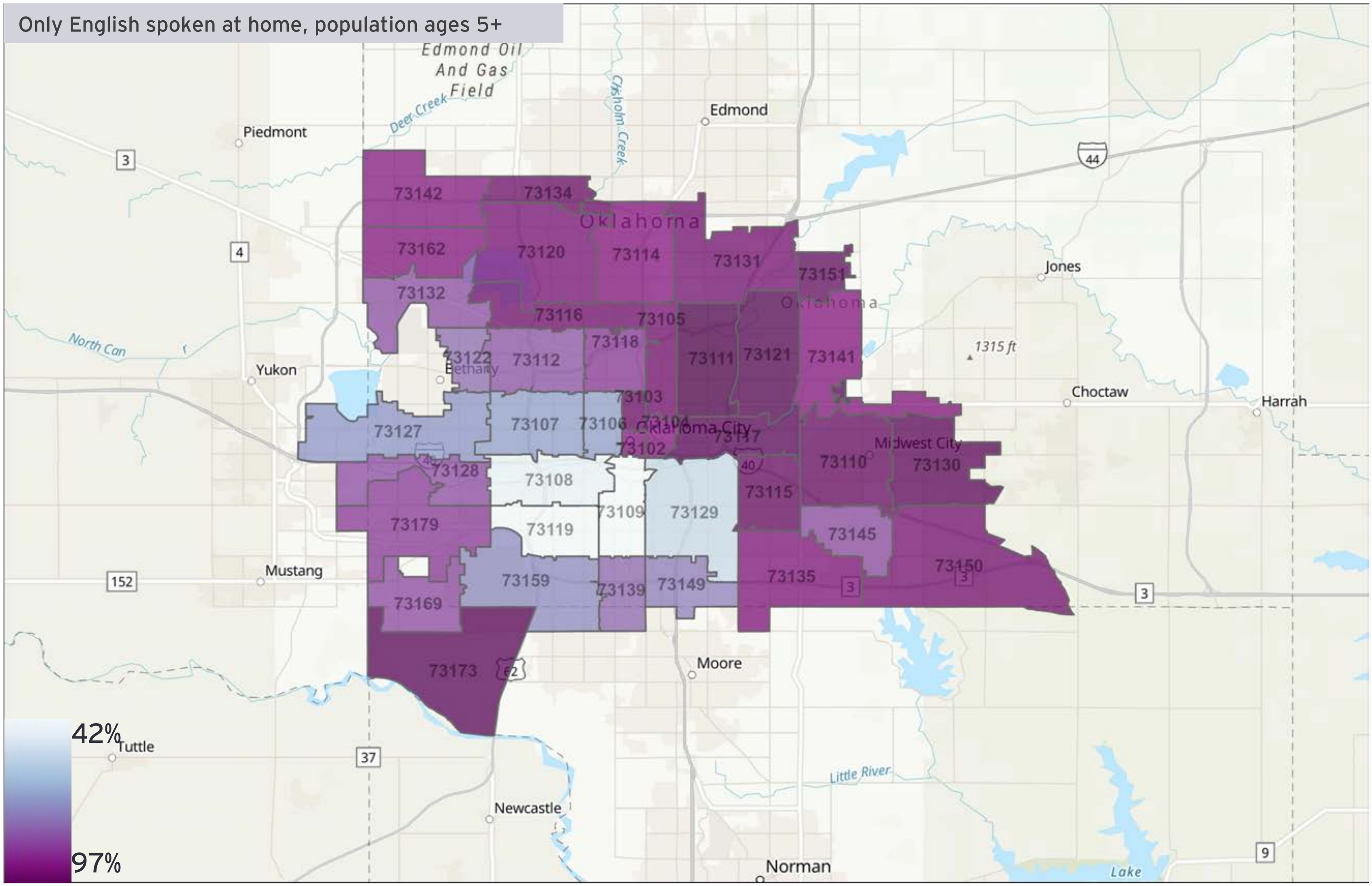
Severe rent burden in Oklahoma City by zip code



Sources: US Census Bureau

EY

Share of population where English is spoken at home in Oklahoma City by zip code



Sources: US Census Bureau

8 Data sources

Data Sources

PUBLIC

US Bureau of Labor Statistics, Quarterly Census of Employment & Wages (QCEW)
https://www.bls.gov/cew/

US Census, American Community Survey (ACS)
https://www.census.gov/programs-surveys/acs

US Census, Annual Business Survey (ABS)
https://www.census.gov/programs-surveys/abs.html

US Census, County Business Patterns (CMP)
https://www.census.gov/programs-surveys/cbp.html

US Small Business Administration
https://www.sba.gov/about-sba/sba-performance/open-government/digital-sba/open-data/open-data-sources

National Science Foundation, Higher Education Research & Development (HERD) Survey
https://www.nsf.gov/statistics/srvyherd/

US Patent and Trademark Office (PTO)
http://patft.uspto.gov/netahtml/PTO/search-adv.htm

PRIVATE

EMSI
https://www.economicmodeling.com/

JobsEQ
http://www.chmuraecon.com/jobseq/

Conway Analytics
https://conway.com/analytics/

TrackTheRecovery
https://tracktherecovery.org/

Pitchbook
https://pitchbook.com/