

INCLUSIVE ECONOMIC INVESTMENT FUNDING GUIDELINES

1. DEFINITIONS

Inclusive Economic Development Investments: Expand economic opportunities that benefit underserved and underrepresented communities, thereby reducing social, racial, health, and economic disparities in these communities. Through public and private actions that are responsive to community need, it fosters small business growth, increases quality jobs, prepares resident of all ages to fill those jobs, improves neighborhoods, and increases household wealth.

Equity: Fair and just opportunities and outcomes for all people.

Racial and gender equity: The development of policies, practices and strategic investments to reverse racial disparity trends, eliminate institutional racism, and ensure that outcomes and opportunities for all people are no longer predictable by race and gender.

Priority neighborhoods: Neighborhoods already having a federal, state or local designation (could include city Priority Neighborhood, Federal Promise Zone, Federal Opportunity Zone, etc.) or neighborhoods where the cost of living is outpacing the incomes of the residents, experiencing lagging commercial investment, increased poverty and gentrification pressures; facing substantial change due to major development and/or public infrastructure improvements and whose businesses risk losing ground due to local or regional competitors.

2. PURPOSE

The purpose of Inclusive Economic Investments is to foster economic development and job growth within the City of Sacramento that create opportunities for all of Sacramento's residents, particularly while at the same time prioritizing strategic investments for people of color, low-income individuals and underinvested communities. The Fund will invest city dollars in projects and programs that advance inclusive economic development and reduce inequities by improving the health of neighborhoods, fostering business and job growth, increasing household wealth, encouraging productivity and supporting people, places and actions that promote economic growth throughout the city's diverse communities.

3. OBJECTIVES

Investments must seek to advance economic growth and development by achieving the following objectives:

1. **Catalyze Inclusive Economic Development:** Investments must help to further develop and/or grow targeted industry clusters, tradeable sectors and university-industry innovation districts. Investments shall catalyze economic development and revitalization in targeted geographic areas that increase the economic security and mobility of vulnerable families and workers.
2. **Stimulate Job Growth:** Investments must help retain and grow job opportunities by cultivating the entrepreneurial ecosystem, attracting new businesses that create a range of quality jobs and supporting the growth and advancement of existing businesses.
3. **Create Experiential and Educational Opportunities:** Expand access to experiential and educational opportunities that lead to career pathways that lead to the middle class. Cultivate homegrown talent through strong cradle to career pipelines that increase economic security and access to job opportunities for all residents, with a focus on those communities and residents that have been historically underserved and underrepresented.
4. **Create Vibrant, healthy, opportunity-rich neighborhoods:** With the goal of reducing racial, social, health, and economic disparities, investments must increase access to affordable housing, promote clean and safe neighborhoods, [create positive youth development experiences](#) and remove barriers to future economic development, particularly in distressed and disadvantaged neighborhoods that have not benefited from previous economic growth.
5. **Increase Revenue and other Social and Economic Benefits to the City:** Investments must directly or indirectly increase City revenue and/or generate other significant public benefits that provide a return on investment to the City.

4. GUIDING PRINCIPLES

The guiding principles are based on equity-focused practices that guide all investments.

1. **Neighborhoods and Places – Make all neighborhoods healthy and safe communities of full opportunity.** Unlock opportunities for residents to access options that offer affordable and stable housing, amenities, culture and services and maximize quality of life. Proactively support: (1) communities of color and (2) underserved residents and businesses within “priority neighborhoods”.

2. **Community Engagement – Build community ownership, voice and capacity.** Tap into community-rooted organizations and neighborhood groups to develop community driven solutions that advance equitable and inclusive development priorities, policies and practices over the long term. As appropriate, projects and programs will be vetted through the impacted neighborhood and/or community to ensure that they meet the needs of the impacted groups.
3. **People and Jobs – Expand employment opportunities.** Concentrate workforce development programs, increase talent pipelines, address skills gaps and expand employment opportunities at all levels and for all ages including youth and young adults.
4. **Business and Innovation – Advance equity, diversity, and inclusion throughout Sacramento’s business community.** Expand ownership opportunities at all stages and ensure new development and growth happens in a way that benefits the entire community.
5. **Integrate a focus on people, place and the economy.** Understand that the City of Sacramento—and the neighborhoods where low-income people of color live— need strategies that are embedded in a broader metropolitan economy, and act to create more connections and linkages between their underserved residents and the local and regional economy. These strategies are:
 - place-based and people-oriented,
 - leverage business and financing models that are equity driven.
 - Identify resources and innovate new ways of working with markets and investors to achieve solutions at scale.
6. **Embrace equity as an economic imperative.** Engage private sector businesses to identify long-term, bottom-line benefits of racial and economic equity in their business model.

5. MINIMUM ELIGIBILITY CRITERIA

The City may consider investing in projects and programs that have a significant economic impact and meet the following criteria:

1. **Equity and Inclusion:** Demonstrate strategies that ensure all of Sacramento’s residents, particularly for people of color, low-income individuals and underinvested communities ~~all groups~~ have the ability to participate, prosper, and reach their full potential. Investments will provide goals and

measurable outcomes to reduce disparities and build equity in the City's diverse communities. All applications and subsequent agreements must include a statement of how the project or program reduces inequities and creates opportunities for Sacramento's underserved and underrepresented communities. As appropriate, agreements should support capacity-building by connecting existing community needs and activities to new resources and opportunities.

2. **Mutual Benefits and Consistency with City policy and goals:** All investments must be consistent with City policies and goals for achieving an inclusive and equitable community. Both the City's and prospective partners' goals should be openly and clearly stated in all agreements.
3. **Employment:** Create and/or retain jobs with defined salary ranges based on Sacramento area and industry income standards or within priority career pathways as identified in the City's Inclusive Economic Development Strategy and Action Plan or policies. Priority should be placed on creating job opportunities for underserved residents and in underserved neighborhoods.
4. **Tax Revenue Generation:** Provide significant property and/or sales tax revenues to the City. This amount will take into consideration the relative size of the project or program and its contribution to the City and community.
5. **Leverage:** Investment should be leveraged by other private or public funds and innovative partnerships. Projects and programs must demonstrate long-term financial sustainability.
6. **Public Benefit:** Investments shall ~~ould~~ provide a public benefit for residents and businesses in Sacramento. All applications and subsequent agreements must include a statement of public benefits. Benefits should distinguish between one-time/upfront cost reductions and ongoing reduction to everyday expenses to the targeted groups. Programs and projects will address an array of social and economic benefits that improve quality of life, including, but not limited to:
 - Mobility
 - Housing affordability
 - Workforce development
 - Employment opportunities for disadvantaged populations
 - Business diversification
 - High-wage industry growth
 - Sustainability (including air, water, and environmental quality; energy efficiency; clean energy, etc.)

- Public health
- Public safety and emergency response
- Arts and culture amenities
- Youth and education

6. APPROVAL PROCEDURES

City Staff and Investment Committee Vetting: Investment applications will be screened by city staff and vetted with the Investment Committee. Investments of Measure U funds will be forwarded to the Measure U Citizens Advisory Committee.

Measure U Advisory Committee Recommendation: The Measure U Committee will be notified of all investments of Measure U Funds that have been deliberated on by the Investment Committee. Such investments of Measure U Funds of \$100,000 or more will be reviewed by the Measure U Committee which will make non-binding recommendations to the City Council.

7. INVESTMENT MEASUREMENT AND EVALUATION

Evaluation of performance measures is critical to gauge the effectiveness of the investments. Each investment agreement must contain a set of performance measures. The City will require tracking and reporting of data during project/program implementation.

8. EVALUATION OF GUIDELINES AND INVESTMENTS

Staff will provide regular updates to the Investment Committee and Measure U Advisory Committee on the status of the City's investment portfolio. Each year the City will conduct an annual assessment of the guidelines to identify areas for updating, refinement, and/or adjustments.

9. PROGRAMS AND GUIDELINES

The Inclusive Economic Investments will support two programs:

- a. Neighborhood and Community Investments
- b. Economic Development Investments

Each program will have program guidelines to determine and identify eligible projects and programs. Program guidelines could include an overview of the program fund, additional eligibility requirements, identification of what can and cannot be funded, how much funding is available, how projects and programs are selected, and metric and reporting requirements.