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# An Innovation District in Killeen

Prepared by the  
Greater Killeen Chamber of Commerce  
& 14 Forward Foundation

# An Innovation District in Killeen

## In Support of a Research Park

Academic institutions, community stakeholders, political subdivisions and private sector businesses are collaborating to develop a Research Park at Texas A&M University Central Texas (TAMUCT). The purpose of the park is to house ongoing and expanded research and to incubate emerging technologies.

The Research Park will host researchers and technology companies seeking to develop and commercialize basic and applied research. TAMUCT currently does research in alternative energy, cybersecurity, healthcare and defense. A research park will create opportunities to expand, incubate and commercialize this research. This research will attract businesses to our community who are interested in partnering with the researchers at TAMUCT. New businesses and jobs will result.

The park will assist the Operational Test Command (OTC) at Fort Hood and Army Futures Command (AFC) in Austin to fulfill their mandates of testing and developing technologies to improve and modernize the U.S. Army. Through the Army's rapid prototyping efforts, Fort Hood Soldiers could provide critical feedback before the Army makes major investments. At the same time, AFC is working to build relationships with small and agile tech entrepreneurs to fulfill its modernization efforts. This will create new research opportunities for TAMUCT to pursue.

## The Innovation District

The establishment of an Innovation District is critical to the success of the Research Park. A properly operated district can supply much of the fuel to grow the Research Park and amplify the benefits that will flow from it. While the geographic boundaries for the Innovation District are still being determined, it will connect, at a minimum, TAMUCT, OTC on West Fort Hood, Central Texas College and Downtown Killeen.

An Innovation District is a designated zone where public and private interests collaborate to attract existing businesses, entrepreneurs and business startups. Successful districts are densely packed, offer mixed-use space (commercial and residential), and have access to reliable broadband. An Innovation District can serve as a "proof of concept" that a community has the requisite technological expertise and talent to compete in a knowledge-based economy.

This technological expertise often takes the form of small startup businesses that attract talented and experienced innovators. These small businesses can turn an invention into a working prototype, build customer interest and take a technology to scale. In that way, they act as a bridge between academia and industry.

Through its network of regional partners, the Research Park, when supported by an Innovation District, can become an inclusive, place-based, market-guided economic development catalyst that capitalizes on the region's investment in education and talent development, creates sustainable jobs and increases economic prosperity.

To capture its full potential, there must be an ecosystem that enables research and commercialization to develop and thrive. That ecosystem is the Innovation District. Within its boundaries, conditions and support mechanisms are created in a unique atmosphere where clustering companies with similar objectives can interact. As the name implies, innovation is the goal of an Innovation District. There is no recipe for innovation, but there are certain ingredients that can help ensure it will grow.

## Innovation District Benefits

The benefits of the Research Park and Innovation District will extend well beyond the TAMUCT campus.

As new and existing businesses locate and expand in the community because of the work being done in the

# BENEFITS OF AN INNOVATION DISTRICT:



## NEW JOB PROSPECTS

As new and existing businesses locate and expand in the community, they will increase employment options for area residents.



## INCREASED TAX BASE

New residents purchase items, which means more sales tax to help fund necessary community services as well as quality of life initiatives. They also pay property taxes.



## IMPROVED QUALITY OF LIFE

An Innovation District will bring new dining, entertainment and recreational options for area residents to enjoy.

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Innovation District, they will increase employment options available to residents. Historically, the military and defense industry have made up the largest segment of the workforce in the city. This is not likely to change. Much of the research done in the Innovation District will support these industries. But it is never ideal for a community to rely too heavily on one industry. The Innovation District can help diversify the local economy.

More jobs mean economic growth in the form of new payrolls and an expanded tax base. As more people move into a community, they spend money on goods and services. Sales tax from these purchases help fund necessary community services as well as quality of life initiatives. New residents also pay property taxes. In a community like Killeen, where upwards of 25% of the population is exempt from property taxes due to their 100% Disabled Veteran status, this can increase the revenue stream for taxing entities substantially.

### Economic Assets Required for Success

The Brookings Report, “The Rise of Innovation Districts: A New Geography of Innovation in America” explains that there are three categories of economic assets required for a successful Innovation District: Innovation Drivers, Innovation Cultivators and Neighborhood-Building Amenities. The report explains:

“**Innovation Drivers** are the research and medical institutions, the large firms, start-ups and entrepreneurs focused on developing cutting-edge technologies, products and services for the market.

**Innovation Cultivators** are the companies, organizations or groups that support the growth of individuals, and firms and their ideas. They include incubators, accelerators, proof-of-concept centers, tech transfer offices, shared working spaces, local high schools, job training firms and community colleges advancing specific skill sets for the innovation-driven economy. **Neighborhood-Building Amenities** provide important support services to residents and workers in the district. This ranges from medical offices to grocery stores, restaurants, coffee bars, small hotels and local retail (such as bookstores, clothing stores and sport shops).”

### Innovation Drivers

The Research Park at TAMUCT will be the primary Innovation Driver and catalyst for the Innovation District. Other Innovation Drivers include the Operational Test Command, other elements at Fort Hood, the Army Futures Command and the growing number of companies in the private sector working with the university to perform research. A Research Park will build on these relationships and create new opportunities for these institutions and the community.

### Innovation Cultivators

Innovation Cultivators in the community include those participants in the talent pipeline. The region is fortunate to have several primary sources for talent. Large numbers of young people are moving through local educational institutions acquiring their educations. Many of these young people are interested in technical careers. Large numbers of Soldiers are transitioning out of the Army at Fort Hood. Many of these Soldiers have technical backgrounds, or want technical training, and have expressed an interest in staying in the area. Many of these veterans have security clearances keenly desired by defense industries.

Local school districts offer career training programs and opportunities to obtain college credit and even Associate degrees from these community colleges while in high school. Two community colleges in the region offer job skills training, certificates, Associate Degrees and Continuing Education.

TAMUCT offers undergraduate and graduate level degrees as does the University of Mary Hardin Baylor (UMHB).

Transitional and specialized workforce training is available to area residents at Workforce Solutions of Central Texas.

Work is underway to develop additional cultivators such as a business incubator and accelerator with coworking space for startups.

# ELEMENTS OF AN INNOVATION DISTRICT:



## INNOVATION DRIVERS

- Research institutions
- Medical institutions
- Large firms
- Start-ups
- Entrepreneurs



## INNOVATION CULTIVATORS

- Incubators
- Business Accelerators
- Proof-of-concept centers
- Tech transfer offices
- Coworking spaces
- High schools
- Job training firms
- Community colleges



## NEIGHBORHOOD-BUILDING AMENITIES

- Medical offices
- Grocery stores
- Restaurants
- Coffee bars
- Small hotels
- Local retail

## Neighborhood Building Amenities

Attracting and retaining talent, entrepreneurs and startup businesses is key to sustaining an Innovation District. It is a complex challenge for any community. There is no one size fits all solution, as all communities are different. What is certain is that the community must possess qualities that entice talent and entrepreneurs to want to live and work there. People will no longer stay in a community just because it has decent job prospects. If the community does not offer unique experiences and amenities, it will not appeal to prospective residents, particularly knowledge workers. They will move elsewhere. Neighborhood-building amenities currently exist in the community, though more effort is needed to expand and distribute these amenities throughout the Innovation District's footprint. Basic neighborhood building amenities include startup funding, bandwidth and a robust downtown.

## Start Up Funding

Often there are individuals with the desire and skills to start a business, but they lack funding. This is true for startup technology companies and those who provide quality of life services. To address this problem, the goal should be to establish a Revolving Loan Fund that will make available up to \$500,000 of low interest loans to qualified businesses in the Innovation District. These loans will not require collateral and will provide up to \$50,000 to each borrower for working capital at 3.5% fixed for five years. Funding will follow participating bank underwriting guidelines. Participating banks will qualify for Community Reinvestment Act (CRA) tax credits if the borrower is located in a distressed census tract.

Many of these early-stage companies and entrepreneurs may not be bank qualified due to lack of credit, collateral or a previous failed entrepreneurial attempt. An Economic Development Administration (EDA) grant will be pursued

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to establish a Revolving Loan Fund for small business unable to secure bank financing.

These two subprime loan pools will help enable companies to open or relocate in the Innovation District. An oversight committee will determine a company’s eligible to apply for a loan from either loan pool.

**Bandwidth**

Access to high-speed bandwidth is crucial to attracting high tech businesses to the Innovation District. In fact, bandwidth is crucial to the development of the entire community and region.

Currently, options for commercial entities is limited and often not sufficient to meet their needs. It may be necessary to create mechanisms to provide incentives to bandwidth providers – at least for strategic areas of the community.

The chamber is working with United Private Networks (UPN) to define the terms under which a fiber optic extension can be made into downtown to provide 1 Gigabyte of service to any business subscriber. Fiber optic cable would follow Gray St. from Rancier Ave. to Veterans Memorial Boulevard and Avenue D from North 2nd to 8th Street. The installation cost is \$150,000. UPN has indicated it will absorb these costs if 5-6 companies subscribe monthly. Chamber staff is researching downtown business’ bandwidth needs to determine if this is a viable course of action.

**Downtown Redevelopment**

Innovation Districts typically feature locations that are geographically compact, technically advanced, easily accessible and have a component of mixed-use housing, office, and retail. The mixed-use component is essential to creating an atmosphere where innovation can thrive. Innovation cannot be created within the confines of a lab or office building. Innovation requires comingling through access to third places, or places that are not work and not home. Third places include restaurants, coffee shops, parks, bars, entertainment venues and other social gathering spaces. Third places can also be events and initiatives designed specifically to bring people together.

While third places offer researchers and businesses networking opportunities, they also offer businesses in the community compelling recruitment and retention advantages. Third places result in a sense of place that will entice talent to want to move to, and stay in, a community.

*“An Innovation District will have a lasting impact on the quality of life and the economy of the Greater Killeen area.”*



Residents, especially knowledge workers, expect authentic dining, shopping and entertainment experiences in downtown. They crave access to unique venues and places where they can congregate that are not big-box chains. If this sense of place is not available in a community, knowledge workers will move to where it is available.

Designing a community with a sense of place takes time. It is a deliberate process that requires collaboration among many partners. It is essential to a thriving research park, innovation district and knowledge-based economy.

Over the long run, downtown redevelopment will be critical to these efforts. So much so that a supplemental white paper has been developed on the subject.

### **Additional Action Steps**

The chamber, acting through the Fort Hood Regional Economic Development Foundation, will engage in, or lead, these additional actions:

- Seek out and lead the application for grants useful in the establishment of the Research Park and Innovation District.
- Create and deploy a suite of digital marketing tools and collateral materials. This will include a Virtual Research Park website that will serve to connect private sector entities with the university and others involved in developing the Research Park.
- Lead the development of a comprehensive branding strategy to form a cohesive identity for the Innovation District and its connection to the Research Park.
- Create a system to identify and measure the social and

economic impacts of creating the Innovation District and Research Park. At a minimum, these impacts will be investment, jobs, occupancy rates, training, mentorships and returns on investments by property owners collaborating in the Innovation District.

- Prepare, and make available, an Annual Report to document the progress of the Innovation District and Research Park.

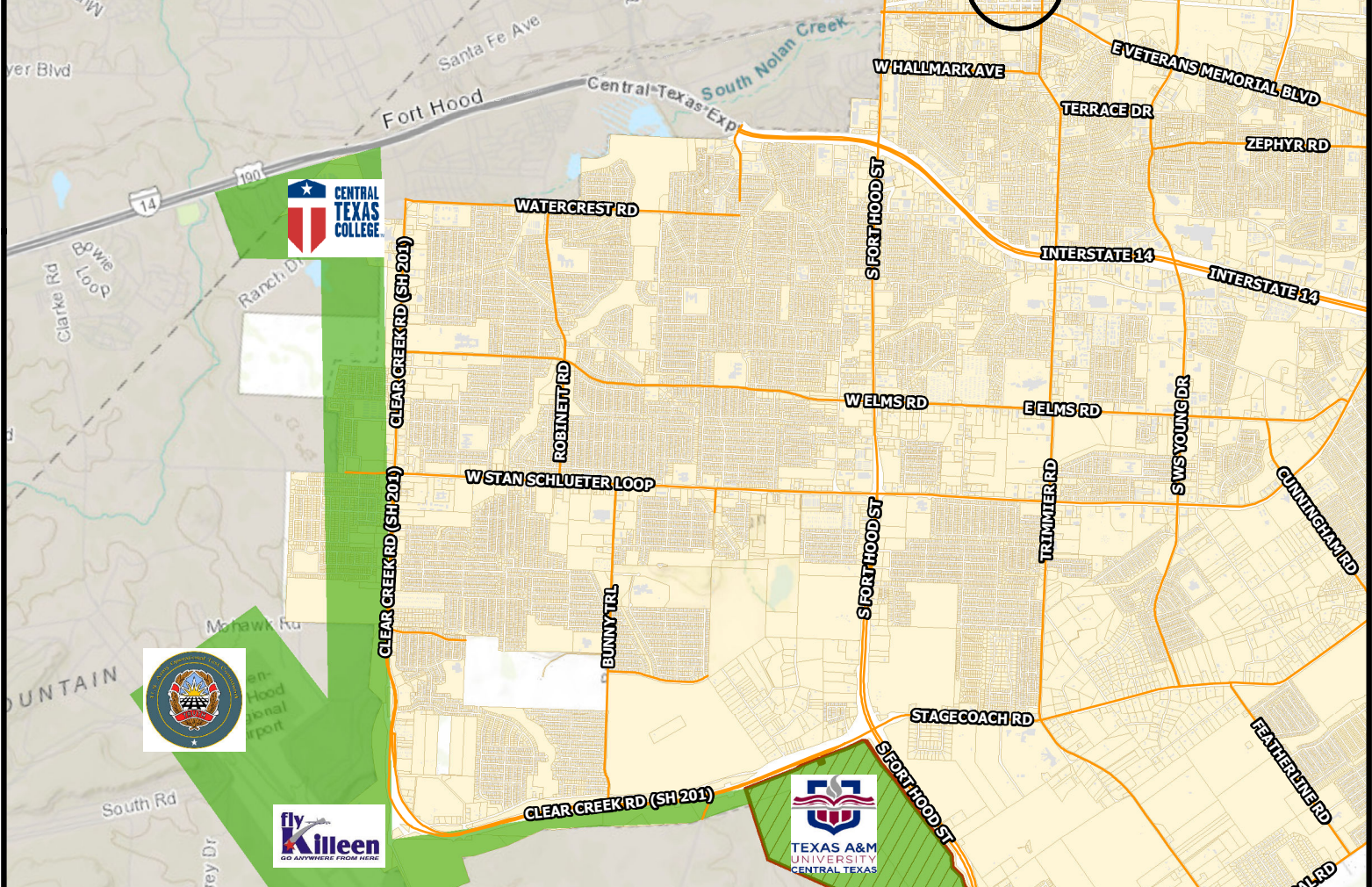
### **Why is an Innovation District Good for Killeen?**

An Innovation District will have a lasting impact on the quality of life and the economy of the Greater Killeen area. It will create a physical space to nurture a technological ecosystem in support of the University Research Park. It will supplement outreach and recruitment process for future business prospects. It will support those businesses when they arrive. New jobs will follow. It will provide a marketing platform to help brand the community for its education, research and talent pipeline. By reducing vacancy rates, it will help stabilize the City's tax base while attracting new talent to the region.

The development of a successful Innovation District will require all participants to adopt a long-term perspective and to commit resources and unwavering leadership to the goal. Some may view the endeavor as a radical idea. The idea of doing nothing and failing to capture the full potential of the community is even more radical. As continual progress is made, the potential for innovation to thrive in this region will become more apparent.



**INNOVATION DISTRICT NORTH**



**INNOVATION DISTRICT SOUTH**

- Major Roads
- Innovation District
- TAMUCT

Sources: Esri, HERE, Garmin, Intermap, increment P Corp. FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnan METI, Esri China (Hong Kong), (c) OpenStreetMap contrit User Community





**Greater Killeen**  
Chamber of Commerce  
*where freedom grows*

Providing vision, leadership and support to businesses and community leaders to create economic prosperity.



Investing in the place where freedom grows.

For more information, contact the  
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