

Attracting talent: The (no longer) remote option for regions and cities

Headlines

- Regions and cities are increasingly looking to attract remote workers and their families as part of broader local development efforts, including to offset demographic decline.
- Strategies include offering financial incentives and “soft landing” supports, as well as branding places as remote worker-friendly hubs. At the national level, streamlined visa procedures to support remote worker relocation are also becoming increasingly popular.
- Initiatives from business communities and civil society can complement public policies.
- Evidence about the effectiveness of these policies and their broader impact on local development is still sparse, calling for increased data collection and evaluation efforts.

What's the issue?

Remote work has become more widespread in the context of the COVID-19 pandemic, and high levels of remote work are likely to persist. All countries for which comparable data are available have seen an expansion of remote work in recent years, and most businesses and individuals expect a greater use of this working practice than before the pandemic.¹

When workers are not required to commute daily to the office, they may prefer to live in different places. For workers that are still expected to be at the office a few days per week, the distance and accessibility to the office remains a factor. This could imply a broadening of the commuting belt. Others may be able to work on a remote-only basis, allowing them to relocate at much greater distances, expanding the pool of so-called “anywhere-workers”.²

A new generation of local development policies has emerged in recent years, seeking to attract remote workers. This is in contrast to more traditional local development approaches that have focused on attracting and retaining entrepreneurs, start-ups and other firms. When aimed at “anywhere-workers”, such strategies are frequently being used in places to help offset demographic decline and boost tax revenues. When the focus is on hybrid workers who still commute to the office on a regular basis, an additional goal may be to promote a more sustainable distribution of residents across space. Local amenities and quality of life may be leveraged to encourage workers to relocate away from more central districts to more affordable rural areas within the commuter belt.

Beyond regional and local strategies, several countries have created visa schemes to attract remote workers from abroad since the start of the pandemic. Estonia, which has a

longstanding tradition in attraction policies, has been a first mover. In mid-2020, it allowed remote workers to reside in the country on a temporary basis while working for a company registered abroad. Some countries, such as Greece, use fiscal incentives to attract new residents.³

How does it work in practice?



Regions and cities have taken a number of initiatives to attract remote workers. This includes creating the pre-conditions for remote working to take root locally, such as enhancing internet infrastructure and boosting digitalisation, as well as financial incentives to remote workers who relocate into their jurisdiction. The latter type of measure often goes hand in hand with “soft landing” activities, i.e. support to the integration of new residents in the region and its social fabric, including in terms of access to housing, essential public services and networks. Initiatives may also be driven by non-governmental stakeholders, such as firms, regional business associations and civic society.

The following table classifies several policy instruments that local policy makers have used to attract remote workers:

<p>Target individuals through outreach and marketing campaigns</p> <ul style="list-style-type: none"> • Identify target groups, such as individuals already employed in remote jobs or those with existing family or social ties to the community as well as local features that may be attractive (e.g. access to natural amenities, cost of living, quality of life). • Leverage professional and social networks to do targeted outreach and advertising • Develop a dedicated website that informs people of the relocation offer, provides a central point of information, and serves as a gateway for local administrators or ambassadors to engage with interested individuals. • Coordinate with other local stakeholders such as local tourism offices on shared place-branding campaigns.
<p>Facilitate a “soft landing”</p> <ul style="list-style-type: none"> • Create a clearing house for accurate and up-to-date information about local conditions, such as the local housing market and the presence of co-working spaces. This can take the form of well-designed websites and/or a dedicated office in the public administration.⁴ • Provide assistance in settling in a new community, such as placing children in local schools, job search assistance for non-teleworking family members, and/or access to local social and professional networks and events.
<p>Provide financial incentives to relocating individuals</p> <ul style="list-style-type: none"> • Develop a strategic approach to offering financial incentives, that considers the different forms they can take: <ul style="list-style-type: none"> ○ One-time cash grants, which may include conditions that recipients remain in the area for a minimum period, e.g. one year; ○ Financial assistance contingent on renting or buying housing locally; ○ Tax rebates or credits for targeted individuals; or ○ Discounts on other local services and amenities such as co-working spaces, housing, social and professional networks, and recreation activities. • Develop selection procedures for financial incentives that aim to identify individuals that have the greatest potential to contribute to the local economy. • Tailor incentives depending on the specific locations, for instance to incentivise residency in more deprived areas.

Practical examples



Marketing and soft landing

Live for the Moment NB, New Brunswick, Canada

In 2020, the provincial government of New Brunswick (Canada) launched a web-based marketing campaign. The campaign assessed what regional features could be attractive to new remote working residents coming from large urban areas such as Montreal, Ottawa/Gatineau and Toronto. It was composed of three key actions:

- **Identification of specific groups**
The advertisements focused on desirable features of the region that contrasted with the current places of residences, such as the natural amenities of New Brunswick as opposed to more congested metropolitan cities, and the relative affordability of housing.
- **Creation of a dedicated provincial website**
The website functions as a single point of reference for interested individuals to find further information and to engage with the provincial administration. For instance, the province used it to let people fill in a survey that catalogued the individuals' needs in their move.
- **Provision of practical assistance to newcomers**
The needs of individuals were translated into practical services. For instance, people can be aided in choosing the place of residency, and assistance in finding schooling for children and employment for other family members.

Learn more

Live for the Moment NB: <https://liveforthemomentnb.ca>

Outreach through informal linkages

Lavorare dal Sud, a non-governmental initiative promoting remote working in southern Italy

Lavorare dal Sud is an association composed of researchers, entrepreneurs and civil society representatives, committed to promoting and investigating the phenomenon of so-called "south working". South working aims to reverse the historic migratory flows from the south to the north of Italy or abroad, typically due to a lack of job opportunities. Lavorare dal Sud suggests that tens of thousands of young professionals may be attracted to the south of Italy with improved local conditions for teleworking. The association relies primarily on informal and professional networks and personal connections to monitor and potentially facilitate regional mobility towards southern Italy. A survey among its network indicates that over 80% of respondents would prefer to remain working in the south after the pandemic if allowed by their employers. The association is setting up a membership programme that aims to become a support network for "south workers".

Learn more

Lavorare dal Sud: <https://www.southworking.org/>

SVIMEZ, (2020) Ricerca svimez sul numero dei south workers, November 2020, http://lnx.svimez.info/svimez/wp-content/uploads/2020/11/2020_11_16_south_working_com.pdf

Financial Incentives

Attracting remote workers to Vermont and Tulsa, Oklahoma.

The state of Vermont in the United States has provided financial incentives for remote workers moving to the state since 2019. Their stated goals include attracting new residents, growing the state's workforce and providing support to Vermont employers. Grants provided to remote workers who relocate to Vermont typically range between 5 000 and 10 000 USD.

In Oklahoma (US), a charitable foundation facilitated the Tulsa Remote programme, which provided one-time financial incentives, support in resettlement and membership to a local co-working space to attract remote workers. As a city with a population of 650 000, Tulsa faces challenges in attracting and retaining talents, who often move to larger and more tech-centric cities. Through a selection process, people committed to remaining one year in Tulsa are offered a 10 000 USD grant, assistance with settlement in the city, access to a co-working space, and opportunities to integrate in the local community. Therefore, the Tulsa Remote programme combines financial incentives with initiatives to facilitate a soft landing.

Learn more

Vermont Commissioner of Financial Regulation (2021), Study on Effectiveness of Incentive Programs in Attracting New Workers. 15 December 2021, https://dfr.vermont.gov/sites/finreg/files/doc_library/dfr-legislative-report-act51-worker-incentive-program-study.pdf.

Newman, D., K. O'Dell, and K. Fikri (2021), How Tulsa remote is harnessing the remote work revolution to spur local economic growth, Economic Innovation Group, November 2021.

State Economic Development Executives Network (2022), Incentives Roundtable: New Findings on Remote Worker Attraction Programs, 5 April 2022, <https://crecstorage.blob.core.windows.net/crec/2022/04/SEDE-Incentives-Webinar-Slides-040522.pdf>

Attraction to rural areas in Portugal

Portugal introduced "Work in the Interior Programme" during the COVID-19 pandemic. Between March 2020 and March 2022, around 3 000 Portuguese workers have used the incentive scheme.⁵ Eligible workers can receive over EUR 2 600, with additional allowances for joining partners and relocation costs, amounting to maximum total of EUR 4 800. Initially targeted at Portuguese located in other countries, the scheme was extended to those working in urban areas of Portugal and most recently also EU citizens and Ukrainians that were granted temporary residency protection.

Learn more

Work in the Interior Programme:
<https://iefponline.iefp.pt/IEFP/interiorMais.do?action=overview>

What does the evidence say?



These types of programmes are relatively new, so limited rigorous evaluation evidence is available. However, there are a few findings that can already be drawn from the experiences and evaluations to date.

For one, younger and more highly-educated individuals tend to apply for the financial incentives or consider moving out of expensive urban areas to more affordable places. With their above-average income, they may provide positive spillovers in the local economy, through local spending and knowledge diffusion.

Local amenities, and social and family linkages are important factors in relocation decisions. Informal social and business linkages can be an important channel for outreach while also providing a durable reason for people to move towards the region.⁶ Such mechanisms are used primarily in Lavoro dal Sud, in Italy, but also recognised in other places. Amenities also includes availability of high speed internet and the possibility to use co-working spaces. For instance, in Ireland, a web portal named Connected Hubs gives access to many locations where people can book a desk for a day or week at the time, many of them available in cities, towns and idyllic rural spots. Good transport linkages to metropolitan areas may also be an important consideration for new residents who need to travel regularly to main offices.

Financial incentives can act as a further nudge, but may not be sufficient on their own. Evidence from the Tulsa Remote programme indicates that the provision of a strong support network through formal and informal social institutions is a key strength of the programme. Non-financial support, such as assistance in arranging housing and childcare, can be more importance complements to financial incentives.⁷

Evidence suggests that financial incentives can be cost effective for regions, but the scale of impact should not be overestimated. In Vermont, an evaluation estimated that the 140 beneficiaries of the relocation scheme in 2019 spurred the creation of further jobs in the state. Through the economic returns to the local economy and tax income, estimates suggested that the financial costs of the schemes were recovered in two to three years. Between 2018 and 2021, Tulsa Remote managed to attract around 1 200 individuals to move to Tulsa for at least one year, and the evaluation suggests that the financial benefits for the metropolitan area exceeded the costs of the programme. However, some of beneficiaries may have moved to Tulsa for other reasons independent of financial incentives, such as social linkages or other local amenities. At the same time, some of the awarded individuals did not stay beyond their conditioned one year of residence.⁸

Potential pitfalls ...



- **Focusing exclusively on financial incentives.**
 - Relocating is not only an economic decision, even if economic considerations are part of it. Local living standards and services, natural amenities, and cultural activities also influence relocation decisions. Social aspects, such as family ties to a region, can also be important considerations for potential movers.
 - As relocation programmes become more common, competition between regions may result in increasingly generous transfers to individuals, which need to be paid from other sources of local budgets. People eligible for such incentives may seek the possibility to continuously use incentives in different places or find ways to circumvent certain eligibility requirements.

- **Failing to target programmes sufficiently.**
 - Resident attraction policies may have different objectives, such as affecting regional demographic trends, or stimulating the regional economy. It is relevant to clarify which objective is most important, because it can affect the target group and general campaign to advertise the region.
- **Attracting remote workers without ensuring that the right ecosystem and infrastructure is in places.**
 - Remote working requires fast, stable and affordable internet, good housing or availability of co-working spaces or rentable desks.
 - A culture of remote working in the area can be a useful indicator to understand whether remote workers fit well in the local economy.
 - Remote workers may be joined by spouses and children, who may require further services from local governments or introduction to business and social networks

. . . and strategies to avoid them

- **Provide an integrated package of support.**
 - Financial incentives can be effective, but they do not automatically translate to durable moves. Desirable regional and local characteristics and facilitating integration into the local community can potentially be more effective for a long-term outcome.
 - Many services that provide a soft landing to remote workers are already provided to local residents and can benefit them. This includes local labour market services, access to schooling and remote working facilities for local residents. Developing, improving and advertising these services to new potential residents may make the case for relocating more compelling.
- **Work with local stakeholders in the design and delivery of relocation support.**
 - Potential beneficiaries may find it relevant to know that remote working is common practice in the region. Assess whether local business are also experimenting with this working mode, and whether there are any facilities that can be used as offices in the area.
 - Non-profits, professional networks, and local foundations and associations may have networks to draw on to approach the most interested people. Personal links to the region appears to be an important factor in people decisions to move regions and adopt remote working.
 - Collaboration with other regional stakeholders can also be useful to increase policy effectiveness through partnership and a consistent regional strategy and narrative.
- **Continuously evaluate policy and adjust as needed and in response to changing circumstances.**
 - In the short term, the number of people reached and their feedback can be an important indicator of the ability to target the right audience potentially interested to relocate. Short term evaluation also allows to tweak outreach campaigns and marketing in real time.
 - In the longer term, policy evaluation may include monitoring of inflows of remote workers and how these affected local host communities and economic trends. It will be relevant for medium and long-term analysis also to track whether new residents made a durable move.

Learn more:

OECD (2020), *Job Creation and Local Economic Development 2020: Rebuilding Better*, OECD Publishing, Paris, <https://doi.org/10.1787/b02b2f39-en>.

The future of teleworking. A place-based toolkit for local development (project flyer for governments): <https://www.oecd.org/cfe/leed/Trento-Teleworking-Flyer.pdf>

The new reality of teleworking: People, firms, places | 9th SPL meeting (webinar held on 3 September 2020): <https://www.oecd.org/italy/spl-9th-meeting.htm>

OECD (2021), "The future of remote work: Opportunities and policy options for Trentino", *OECD Local Economic and Employment Development (LEED) Papers*, No. 2021/07, OECD Publishing, Paris, <https://doi.org/10.1787/35f78ced-en>.

¹ OECD (2021), "Teleworking in the COVID-19 pandemic: Trends and prospects", *OECD Policy Responses to Coronavirus (COVID-19)*, OECD Publishing, Paris, <https://doi.org/10.1787/72a416b6-en>.

² See for instance an early study on the effect of teleworking centres in rural places to attract new remote working residents, Bruno Moriset (2011), "Developing the digital economy in French rural regions?", *Netcom*, 25(3/4) pp. 249-272.

³ OECD (2020), "Exploring policy options on teleworking: Steering local economic and employment development in the time of remote work", *OECD Local Economic and Employment Development (LEED) Papers*, No. 2020/10, OECD Publishing, Paris, <https://doi.org/10.1787/5738b561-en>.

⁴ For example, a specialised desk run by the public agency Business France and known as "Welcome to la French Tech" ensures that beneficiaries of a start-up visa programme have a smooth transition when relocating to France, by providing advice and support on immigration and administrative issues (for more information, visit: <https://lafrenchtech.com/en/how-france-helps-startups/french-tech-visa/>). According to past OECD work on start-up visas cited above, this service is key to the success reported by France's start-up visa compared to similar initiatives carried out in other member countries.

⁵ Financial Times, 28 March 2022, The rise of the rural remote worker.

⁶ Causa, O., M. Abendschein and M. Cavalleri (2021), "The laws of attraction: Economic drivers of inter-regional migration, housing costs and the role of policies", *OECD Economics Department Working Papers*, No. 1679, OECD Publishing, Paris, <https://doi.org/10.1787/da8e368a-en>.

⁷ Vermont Commissioner of Financial Regulation (2021), Study on Effectiveness of Incentive Programs in Attracting New Workers. 15 December 2021, https://dfr.vermont.gov/sites/finreg/files/doc_library/dfr-legislative-report-act51-worker-incentive-program-study.pdf

⁸ Newman, D., K. O'Dell, and K. Fikri (2021) How Tulsa remote is harnessing the remote work revolution to spur local economic growth, Economic Innovation Group, November 2021