

# 9

## **Economic Development**

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## Introduction



Economic development is seen as crucial in ensuring that cities can provide a high level of services, improved built environments and can sustain a high quality of life for its residents. From the City Council to the Management team, to the staff at all levels of the various City departments, economic development focus on business retention and development specifically, must continue to be one of the highest priorities.

When the City was incorporated in 1926, the tax base was very different than today, with a focus on property tax. During the ensuing 90 years and with the vast changes at the State level, cities today (including Placentia) find themselves dependent on sales tax. With only about 5% of land actively used for retail, the City will need to be strategic about implementing the goals and policies of this Element to provide tools for growing the City revenues.

The purpose of this Element is to identify key areas in the City that present immediate opportunities for economic development, mid-term actions the City can take to positively impact the bottom line within a year or two, and longer-term actions that can provide benefits for the City over the next ten years. This Element is meant to be a tool for use by City Staff and leaders to create new revenue for the City so that it can continue to provide a high level of community service. The Element provides goals and policies for implementing, in stages, the strategies outlined in this chapter.

# 9.1 WHAT IS ECONOMIC DEVELOPMENT?



The term “Economic Development” is routinely used by government officials and professionals so it is important to define what this term means.

Economic Development is a multi-faceted approach to the development of policies and programs designed to preserve, enhance and promote a vibrant and successful business community, with the specific goal of increasing City revenue by increasing sales tax and property tax income to the City. Additional goals are retention and expansion of employment opportunities for City residents and increased and targeted amenities for the community (desired stores, restaurants, and commercial businesses).

Together with the goals and policies of all of the General Plan Elements, the Economic Development Element, focusing on ensuring the financial well-being of the City, helps to further the high-quality standard of living for Placentia residents.

## Guiding Principles of Economic Development

The City of Placentia is committed to proactive economic development. This Element uses the following as its guiding principles and overall philosophy for the City’s economic development activity.

- Revenue (sales tax) producing businesses are vital to the quality of life of our residents by allowing the City to provide basic and enhanced services.
- Economic Development efforts should focus on retaining and attracting quality, high income producing businesses and business services that will enhance Placentia's commercial and industrial areas.

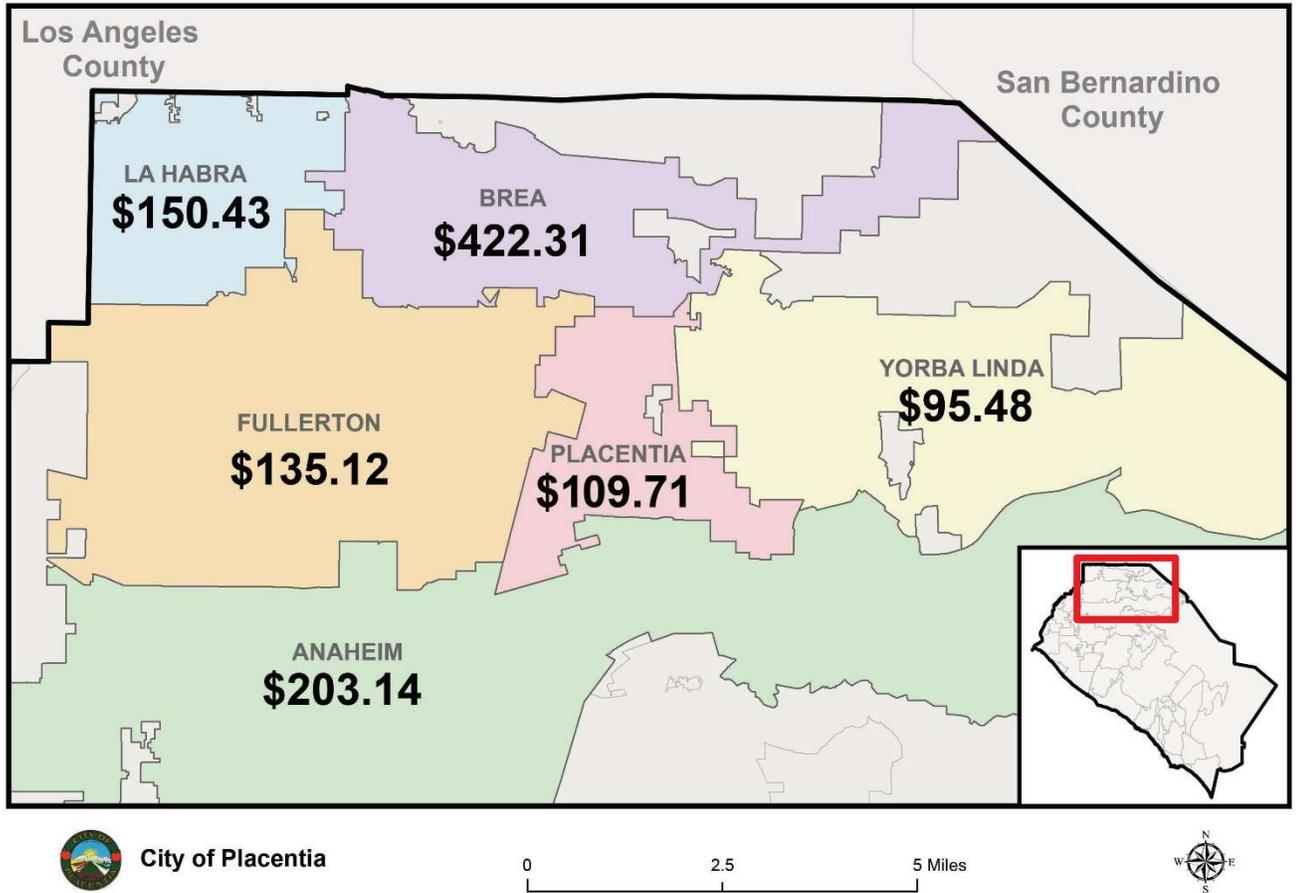
- Economic Development efforts should protect, diversify the funding sources, and expand Placentia's General Fund revenue base.



- The City's Economic Development efforts should attract businesses that enhance the quality of life for Placentia's businesses and residents.
- Economic Development and Planning efforts should facilitate the conversion of non-income producing land/business properties into income producing ones where practical.
- Businesses should be treated with dignity and respect and be recognized as an important part of Placentia's community.
- The City, where appropriate and within the limitations of law, should provide incentives for quality businesses to stay and to come to targeted areas. These incentives could include but are not limited to general business information; site location assistance; technical assistance referrals; employment linkages; marketing and public information assistance; expedited permit processing and problem solving; financing referrals; economic data and analysis.
- Active partnership between the City, the business community, business organizations such as the Placentia Chamber of Commerce, Placita Santa Fe Merchants Association, North Orange County Chamber of Commerce and residential neighborhoods are encouraged.
- Balancing the needs of future development for the City to thrive, while remaining sensitive to the historic and established fabric of the City.
- Creating new, permanent jobs and retaining existing jobs in the community.
- Creating a more vibrant business community that benefits both residents and existing businesses.

Exhibit 9-1. 2018 Sales Tax Per Capita

### 2018 Sales Tax per Capita



## 9.2 OPPORTUNITIES AND CHALLENGES

The challenges of the recession of 2009 are still present, however economic activity is slowly picking up in and around Placentia.

### Opportunities



A new Metrolink station near the intersection of Crowther and Melrose Avenues, along with a new 246 space parking structure, will be operational by the year 2020. To take advantage of this opportunity, the City has adopted an Old Town Revitalization Plan on the north side of the rail line and new Packing House District Transit Oriented Development (TOD) zoning on the south. These planning efforts will complement each other with the new station being the center point between both. Old Town will be focused on rejuvenating the historic old town commercial district and the Packing House TOD zone will be new residential and commercial ground up development. Both areas will require substantial public and private investment and the City has begun to seek grants and to consider funding mechanisms such as enhanced infrastructure districts, as well as developer and private business investment as the areas begin to regenerate.

The City of Placentia has been given a unique opportunity with the new state-of-the-art Metrolink Station (Station) and 246-space parking structure within the Old Town Placentia area. Operational by 2020, the proposed Station can help transform the Packing House District (near Melrose Street and Crowther Avenue) into an active, vibrant destination. Transit-oriented development, or TOD, is a type of community development that includes a mixture of housing, office, retail and/or other amenities integrated into a walkable neighborhood and located within a half-mile of a public transportation stop. To help this transformation, the City of Placentia has proposed an amendment to the Zoning Code with specific standards to allow a mixed use, pedestrian oriented retail and residential district, creating new development opportunities for a one-of-a-kind destination. It will also support existing retail and restaurant businesses while growing the City's local economy.

The future TOD District will generate public and private investments of up to \$495 million in the District and the City. Upon completion, the surrounding TOD area is estimated to generate approximately \$1,550,000 in General Fund revenue for the City. Additionally, the proposed TOD District area would assist with reconstructing streets and street improvements. In total, construction of the TOD District is estimated to generate approximately 3,272 jobs, which will aid in improving Placentia's local economy.

**Safety and Service**

There is a general perception of safety in the community as a result of an overall modest crime rate and a very low property crime rate for businesses. The business community and residents regularly comment on the high service levels provided by the Placentia Police Department. The Police Department attends community and other non-profit organization meetings to report on any crimes, receive input and provide public safety news.

**Small Town Feel**



Businesses appreciate the personal scale of the community, which is a stark contrast to the larger communities in the region. They comment on feeling an attachment to the sense of place created by the residents, the ability to meet with the Mayor, Councilmembers, City Administrator, and Development Services Director and the ability to participate in - and often financially support community events.

## Proximity to Cal State Fullerton University



The nearby Cal State Fullerton University, with its population of 60,000 students, staff and visitors, in the adjacent City of Fullerton, provides an opportunity to Placentia's businesses to expand their markets and cater to this active population.

## Challenges

Old Town Placentia, the City's historic old town shopping area, continues to survive the unstable economy. The lack of a redevelopment agency has left the City with limited ability to address major infrastructure issues in the Old Town area, such as parking constraints, lighting and streetscape deficiencies. Security has also been an issue, and the goal is to continue to work with the Police Department and other non-profit and community organizations, particularly the Placita Santa Fe Merchants Association, on the matters of security to improve the shopping and dining environment.

## Lack of Available Space



A City that is nearly built out that has very few vacancies and competitive lease rates leaves limited opportunities for new businesses to enter the area. There are few opportunities for parcel assemblage for large projects. The opportunities that do exist are located among the City's neighborhood commercial centers, some of which are owned by several different property owners with varying levels of interest in improving and/or selling their properties. While high occupancies and well laid out parcels are an advantage, they leave little opportunity to add new businesses or to make sizeable impacts to an area.

## Limited Clustering

"Clustering" is an economic development theory which suggests that individual businesses can better compete when they exist in an area of similar and complementary companies. It creates healthy competition and allows for a coordination of resources and ideas, which can help attract the best employees. In other words, the whole is greater than the sum of its parts. The best example of this would be Silicon Valley, where high tech firms compete, cooperate, and grow with fantastic results. On a smaller scale, a more common example would be a jewelry mart. On its own, a single jewelry store may enjoy some modest success. However, grouped with several stores, they become a destination for shopping and together enjoy more sales and success. The City is currently reviewing how clustering might work to enhance economic development in the Old Town and Packing House TOD districts. In addition, a hospitality industry cluster is being considered along Placentia Avenue, from Orangethorpe to Chapman Avenue.

### Aging Commercial Areas

Many of Placentia's commercial centers were built in the 1960's and 1970's. Since their inception, they have been very active retail facilities that provide many of the neighborhood services Placentia residents require. Unfortunately, these centers are beginning to show their age. Designs are becoming outdated and maintenance is being deferred. As a result, tenants are somewhat marginal, rents are beginning to lag behind area rates, and vacancies are beginning to remain open a bit longer than in the past.

Since several of these centers are located within the City's former Redevelopment Area, including the two largest retail centers in the City, redevelopment funding and strategies would have been appropriate considerations to revitalize and reinvigorate these centers. However, with the demise of redevelopment in 2012, these funds are not available.



Understanding that there are several aging retail centers, the City is considering plans for major façade remodels in some instances and complete rebuilding in others. This would update the look of the centers, and add more vitality to the retail uses both in the centers and surrounding them. Spurring this kind of redevelopment takes working closely with property owners and developers, marketing the sites and streamlining the improvements and City staff is continuing these and other efforts.

### Need for Updated Entitlement Requirements

The City of Placentia (like most Orange County cities) has had a long-standing requirement to following standard planning approaches. These planning guidelines are sound, but they were in need of updating. The City has updated entitlement processes to allow for a smoother approval of projects that meet the standards, but

more could be done in this area. There are new zoning districts that allow for flexibility, including the Transit Oriented Development zoning. This new zoning included a creative sign permit process so that property and business owners can propose signs that may be “outside the box”. This zoning allows greater maximum heights and density. The City continues to review forms, codes, and processes to see where changes can make projects easier to develop, while at the same time maintaining a high standard for the quality of the built environment.



### Regional Shopping Centers Nearby

The neighboring cities of Brea and Anaheim have regional shopping centers and/or big box stores that draw retail dollars away from Placentia's businesses. Placentia has limited land available to create centers to compete with these outlets. Because of this limitation, it is necessary for Placentia's businesses to compete in other ways, such as by providing individualized services or goods. The City has many “mom and pop” stores and several quick serve restaurants such as Starbucks and Chipotle national chains. The City focuses its business attraction efforts on these smaller, more locally visited stores as a way of maintaining its retail base.

### Undeveloped Land

There is very limited vacant land zoned for commercial use (only about 2% of the total land area). This means that any significant new development will likely be re-use or redevelopment (in the classic sense). There is an opportunity to encourage retail and/or restaurant uses at key intersections throughout the City by the creation of a rezone, specific plan, or overlay zoning designation. For example, the Old Town Revitalization Plan focuses on rejuvenating the commercial district through revised circulation patterns, increased sidewalks, façade improvements and increased density in certain key locations. As stated above, existing retail centers are a focus of the City's efforts, and the Packing House TOD rezoning already promises to bring new life to the area south of the new Metrolink Station.

## 9.3 BUSINESS RETENTION, EXPANSION AND ATTRACTION

### What is Business Retention and Expansion?

Business retention and expansion is the foundation of economic development. It is the effort to retain existing businesses, which provide significant income, employment, and/or desired amenities to the Placentia community, and encouraging and enabling them to expand within the City. The ability to retain a business begins with the motivation of business owners or corporate management to stay within a city by expanding, contracting, or renewing their lease. If the local city does not have the appropriate space to respond to a business' changing needs, the businesses often cannot stay. A solid retention and expansion program requires in depth knowledge of the local businesses and maintaining a steady and constant communication with those businesses. The City needs to be prepared to help businesses with expansion of current sites and facilities, to identify sites that are suitable for expansion and to assist with permits related to planning, zoning and building.

Other factors that may affect retention include the city's responsiveness to issues raised by the business, the extent to which relationships are established and maintained, and the ability of the city to continue to provide a safe, effective environment in which to do business. Existing businesses often need to expand, and in order to retain them, the City works to find places for expansion, by allowing flexibility in entitlement and providing location services.

### What is Business Attraction?

"Business attraction" is the process of attracting desirable businesses into the city to lease or buy space in which to operate. A business attraction program is primarily a marketing effort to commercial brokers and potential businesses, although incentive programs for relocation may be possible through the City's Economic Development programs or efforts.

Placentia recognizes the importance of business attraction activities to expand their financial base and effectively compete with surrounding areas for large sales tax generating businesses. Generally, business attraction efforts involve "packaging" the city's assets, communicating those assets to its target audience, developing attractive financial assistance programs, and implementing a business friendly, relationship-driven process to get them located into the city quickly and easily.

# 9.4 ECONOMIC DEVELOPMENT GOALS AND POLICIES

**GOAL ED - 1** *Maintain a healthy, balanced budget by diversifying and increasing the city's revenue sources.*

**Policy ED - 1.1** Continue to maintain the Measure U Oversight Committee and the Financial Audit Oversight Committee and a Finance & Investment Committee. Implement the recommendations from these committees.

*Action ED 1.1-1* Monitor and support statewide economic development legislation that may evolve in a post-redevelopment environment.

*Action ED 1.1-2* Conduct feasibility studies on the various statewide economic development legislation and pursue implementation of such legislation as appropriate.

*Action ED 1.1-3* Send messages that businesses are essential for supporting the City's residential services and high quality of life.

*Action ED 1.1-4* Encourage shopping centers to maintain high dollar per square foot retail uses. These include the shopping centers at Orangethorpe and Lakeview, Imperial and Rose, and the Placentia Town Center, Yorba Linda and Kramer Boulevard.

*Action ED 1.1-5* Increase sales tax only as necessary to sustain the City's economic viability and to ensure that adequate City services can be provided. Ensure that neither retail establishments nor property owners are overly burdened.

*Action ED 1.1-6* Increase the fiscal benefits to the City by attracting new businesses that can better serve the local population and employment.

*Action ED 1.1-7* Remain flexible to demographic shifts by monitoring the City's population and demographic trends.

*Action ED 1.1-8* Work with the Housing, Community and Economic Development Ad Hoc Committee, and the Placentia Chamber of Commerce to create special programs such as "Buy Placentia" or "Shop Placentia" for residents.

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**GOAL ED - 2** *Attract key retail businesses that meet the needs of the community.*

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**Policy ED - 2.1** Attract general fund revenue-producing business into Placentia when space becomes available. Continue to work with developers to not only bring in enhanced shopping, dining and entertainment opportunities, but also to create aesthetically pleasing developments that bring new jobs to the City.

**Policy ED - 2.2** Participate with regional Economic Development associations to assist and retain existing businesses.

**Action ED 2.2-1** Placentia's business attraction efforts should be targeted primarily towards businesses which have the following characteristics, in order of priority: 1) Sales tax generating; 2) Property tax enhancement; 3) Other revenue enhancements; and, 4) Will result in infrastructure improvement.

**Action ED 2.2-2** Investigate underwriting investment cost and investment risk (i.e. infrastructure financing districts, tax abatement, low interest loans, etc.).

**Action ED 2.2-3** Investigate leveraging costs of public amenities, public transportation and public infrastructure (construction of underground utilities using rule 20a funds and local, state and federal grant funds).

**Action ED 2.2-4** Work with site selectors, real estate developers, state and local economic development agencies and other partners to attract new business and industry to Placentia properties through attendance at the International Conference of Shopping Centers (ICSC) and other marketing events.

**Action ED 2.2-5** Continue to use third party vendor data to target new and expanding national businesses.

**Action ED 2.2-6** Consider offering financial assistance to potential target businesses on a case-by-case basis.

**Action ED 2.2-7** Work with an online vendor that provides an inventory of vacant and underutilized sites

that can be used to attract and expedite the development of new businesses.

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**GOAL ED - 3**     *Retain key businesses that meet the city's economic development goals.*

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**Policy ED - 3.1**     Meet with top sales tax businesses and employers on a regular basis to understand their needs and provide assistance where possible.

**Policy ED - 3.2**     Create and maintain positive working relationships with property owners and tenants.

*Action ED 3.2-1*     Provide one on one assistance to new and existing businesses for permitting, expansion, relocation within the City, workforce issues, and other areas of concern.

*Action ED 3.2-2*     Work with the Placentia Chamber of Commerce to assist with ground breaking, grand opening or grand reopening events.

*Action ED 3.2-3*     Staff should assess potential grant funds to seek opportunities to use them for business assistance programs.

*Action ED 3.2-4*     Use third party data to target existing businesses that may be positioned to expand within the City.

*Action ED 3.2-5*     Ensure current information is posted on the City's website such as upcoming business seminars and conferences, demographic information, etc.

*Action ED 3.2-6*     Survey local businesses and organizations to identify and track economic trends that present opportunities for Placentia.

*Action ED 3.2-7*     Assist local merchants that wish to revitalize older retail shopping centers through various strategies that might include: parking reductions based on demand studies and/or the establishment of business improvement districts.

*Action ED 3.2-8*     Work with the Placentia Chamber of Commerce and other community organizations to coordinate business appreciation events.

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**GOAL ED - 4** *Promote the revitalization of target areas and focus development to create vibrant destinations for the community.*

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**Policy ED - 4.1** Encourage retail and/or restaurant uses at commercial centers in the City.

**Policy ED - 4.2** Focus economic development efforts for growth and new businesses in heavily traveled areas, such as along major transportation corridors.

**Policy ED - 4.3** Focus on rezoning or using other Planning tools such as overlay districts for several key commercial corridors in the City to facilitate expansion of new commercial/retail businesses and/or encourage mixed-use (commercial/residential) projects on appropriate primary transportation corridors.

**Policy ED - 4.4** Pursue grants that would benefit local businesses and support local businesses that are applying for outside funding.

*Action ED 4.4-1* Incentivize new development with proximity to the new Metrolink train station, specifically within the adopted TOD and Old Town designations.

*Action ED 4.4-2* Monitor the effectiveness of the Old Town Revitalization Plan and Transit Oriented Development (TOD) areas to determine if improvements or expansion are necessary for continued success.

*Action ED 4.4-3* Consider planning and zoning tools for clustering similar businesses in developing areas.

*Action ED 4.4-4* Continue to administer the Old Town Façade Improvement Program.

*Action ED 4.4-5* Foster relationships with Old Town and TOD area property owners, property managers and commercial leasing agents and brokers to assist with identifying new uses and filling vacancies.

*Action ED 4.4-6* Facilitate an adaptive reuse of the Placentia Mutual Packing House building located at the northwest corner of Crowther Avenue and Melrose Street, within the TOD District.

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**GOAL ED - 5** *Foster programs that will benefit and promote businesses within the city.*

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**Policy ED - 5.1** Work with local business groups to market, promote and educate residents to shop local

**Policy ED - 5.2** Encourage active cooperation and partnerships between the City, non-profit groups, outside agencies and local businesses concerning economic development issues.

*Action ED 5.2-1* Continue the “Shop Placentia” campaign for residents.

*Action ED 5.2-2* Explore the sale-leaseback of City property if feasible and when it will benefit the business community.

*Action ED 5.2-3* Consider focused and targeted zoning changes, specific plans or overlay zones to facilitate development and assist existing business community.

*Action ED 5.2-4* Consider a City-wide lot consolidation program to provide more opportunities for commercial development.

*Action ED 5.2-5* Create or expand partnerships with the Placentia Chamber of Commerce, Placita Santa Fe Merchants Association, Business Improvement District (BID) and a Workforce Development Partnership, and any other business support groups.

*Action ED 5.2-6* Partner with the outside business groups to showcase, wherever possible, business success and expansion through City participation in ribbon cuttings and other business recognition programs.

*Action ED 5.2-7* Design and implement a comprehensive Citywide Wayfinding Signage Program to promote key areas/businesses in the City.

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**GOAL ED - 6** *Create a more business friendly city through streamlined processes and communication.*

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**Policy ED - 6.1** Create flexibility within City codes to promote new and creative development opportunities.

**Policy ED - 6.2** Encourage economic development principles in all areas of city government and training all staff to keep economic development at the forefront of their approach to providing daily public service.

- Policy ED - 6.3** Continue to create, innovate, and utilize technology as a resource to make it easier to do business in the City.
- Action ED 6.3-1* Continue to provide "in-service" training to City staff so they fully understand the need to present the City as business and customer service friendly.
- Action ED 6.3-2* Assemble key City staff to quickly respond to the needs of businesses and priority sites.
- Action ED 6.3-3* Create innovative marketing material (printed and online) that promotes and encourages businesses to relocate to the City.
- Action ED 6.3-4* Consider revisions to sign ordinance that allow more flexibility for grand opening and special event signage.
- Action ED 6.3-5* Increase staff and resources in order to provide an exemplar level of service to both existing and potential businesses and development.
- Action ED 6.3-6* Make the website a one stop shop for businesses and developers.

**GOAL ED - 7** *Create new job opportunities and improve workforce capacity.*

- Policy ED - 7.1** Maintain relationships and communication with the Workforce Development centers in the county, and local and regional colleges and other resources.
- Policy ED - 7.2** Increase job opportunities by attracting new businesses to the City.
- Policy ED - 7.3** Encourage collaboration between the business community and educational partners for satellite classrooms in commercial areas or other similar opportunities for the mutual benefit of workers and business owners.
- Action ED 7.3-1* Refer businesses to County, State and Federal employment programs such as the Welfare-to-Work Program, California Employment & Training Panel, and Federal On-the-Job Training Programs.
- Action ED 7.3-2* Encourage the business community to offer internships, career development courses, and skills enhancement workshops.

*Action ED 7.3-3* Work with the Placentia Chamber of Commerce to conduct an employment fair and have quarterly business community activities.

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**GOAL ED - 8**     ***Market the city to expand development and businesses to create a sense of community pride and increase revenue.***

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**Policy ED - 8.1**     Expand efforts to share information regarding the City's economic development programs and activities with community constituencies in order to develop a stronger community "buy-in" to the City's economic development program through the local media, City website, economic development newsletter as well as using community organizations.

**Policy ED - 8.2**     Retain adequate economic development and public relations staff, sufficient enough to implement the goals and policies of the element.

*Action ED 8.2-1*     Formulate a concise, two-page Economic Development Strategy, which focuses efforts on the highest priority projects and programs for a one to two-year period. Revise this strategy every one to two years to keep it current and to make sure the economic development efforts are focused and logical.

*Action ED 8.2-2*     Attend local and regional meetings and conferences that will promote the City and increase economic development opportunities.

*Action ED 8.2-3*     Actively market and promote Placentia by identifying development opportunities in the City's commercial and industrial areas and displaying them on City's website along with key contacts. These marketing materials will highlight development opportunities, market area demographics, and Placentia's quality of life, including its geographic location, cultural events, and excellent educational opportunities

*Action ED 8.2-4*     Coordinate with local realtors, school districts, hospitals and business organizations in marketing Placentia.

*Action ED 8.2-5*     Engage and attract younger individuals to community organizations and government functions, encouraging them to become community stakeholders.

*Action ED 8.2-6* Improve the City's website to make it a resource for the community, businesses and investors, and continue to improve social media outreach.

*Action ED 8.2-7* Promote local business-to-business interaction and transactions.