



Redding's Market Center Project, slated for completion in September 2020, is revitalizing the city's downtown.

Build Economic Development Momentum With Tools, Teams, and Tactics

by Gurbax Sahota

The California Association for Local Economic Development (CALED) defines economic development as “the creation of wealth from which community benefits are realized.” Economic development typically involves a broad, strategic effort to create jobs and support current and potential businesses. But it’s more than a jobs program — it is an investment in expanding the local economy and improving prosperity and the quality of life for all residents. This investment starts with fostering collaboration among your city’s staff, community stakeholders, and partners who can enhance local business resources.

In most cities, economic development competes for resources and attention as local officials deal with urgent issues that include affordable housing, emergency response,

and more. Despite these challenges, many cities are building momentum in realizing their economic development goals. This article explores some of the tools, potential team members, and tactics that can help your city boost its economic vitality.

Making the Best Use of Available Tools

Economic development activities can be divided into two types: traditional and technical. Traditional activities include helping companies thrive through efforts that retain, expand, create, and attract businesses. Technical activities comprise cities’ efforts to prepare and assemble land for investment projects and opportunities. Today, California cities have access to many tools to support both types of activities.

For many years, redevelopment was the primary technical economic development tool in the Golden State. Redevelopment used tax-increment financing to revitalize blighted areas. At its peak, redevelopment generated over \$6 billion a year for cities. But in 2011, the state abolished redevelopment.

Beginning in 2014, the Legislature developed several tools to help replace some of redevelopment’s components. Enhanced Infrastructure Financing Districts (EIFDs) and Community Revitalization Investment Authorities (CRIAs) are now the primary economic development tax-increment financing tools. While both have useful powers, cities are turning more to EIFDs to further their economic development goals. The chart (on page 9) compares the features of EIFDs and CRIAs.

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Comparing Economic Development Tools

POWERS

ACTIVITY	ENHANCED INFRASTRUCTURE FINANCING DISTRICT (EIFD)	COMMUNITY REVITALIZATION INVESTMENT AUTHORITY (CRIA)
Infrastructure Financing	<input checked="" type="radio"/> Yes — for public capital facilities and projects of communitywide significance	<input checked="" type="radio"/> Yes
Land Acquisition	<input type="radio"/> Yes — finance acquisition only	<input checked="" type="radio"/> Yes — may acquire or finance acquisition
Eminent Domain	<input type="radio"/> Under Gatto Act, only for environmental remediation	<input checked="" type="radio"/> Yes — 12-year limit
Land Conveyance	<input type="radio"/> No	<input type="radio"/> Yes — may convey surplus properties
Environmental Remediation	<input checked="" type="radio"/> Yes	<input checked="" type="radio"/> Yes
Affordable Housing Set-Aside	<input checked="" type="radio"/> Yes — no set-aside but any housing units assisted must be affordable	<input checked="" type="radio"/> Yes — 25 percent set-aside
Maintenance, Operations, and Services	<input checked="" type="radio"/> Yes — maintenance of improvements financed by EIFD	<input type="radio"/> No

FINANCING

DETAILS	ENHANCED INFRASTRUCTURE FINANCING DISTRICT (EIFD)	COMMUNITY REVITALIZATION INVESTMENT AUTHORITY (CRIA)
Property-Tax Increment	<input type="radio"/> Yes — only for consenting taxing agencies based on shares designated in plan. Education districts may not consent.	<input type="radio"/> Yes — only for consenting taxing agencies based on shares designated in plan. Education districts may not consent.
Other Tax Revenues	<input type="radio"/> Yes — only for consenting agencies to fund housing and infrastructure	<input type="radio"/> No
Issuance of Tax Allocation Bonds	<input checked="" type="radio"/> Yes — no voter approval required	<input checked="" type="radio"/> Yes — no voter approval required
Term	<input checked="" type="radio"/> Up to 45 years from issuance of bonds	<input checked="" type="radio"/> Up to 45 years from district formation

LEGEND

Full Power Limited Power No Power

Source: CALED Economic Development Finance & Real Estate Committee

In 2017, the City of West Sacramento (pop. 53,911) was the first to create an EIFD. Several more have been created since, including the first city-county collaboration with the City of Placentia (pop. 52,333) and Orange County. At least a dozen or more are underway; for example, the City of Sacramento (pop. 508,172) recently formed an EIFD to revitalize a former railyard site and jump-start local economic investment specifically to finance infrastructure that will support a Major League Soccer

stadium and surrounding development. In addition, AB 806 (Chapter 503, Statutes of 2016) allows cities and counties to acquire, sell, or lease real property to promote economic development.

Opportunities still exist to improve the available technical economic development tools. More bills to address this issue will likely be introduced in 2020.

The most important tool is effective local leadership. By listening to residents' needs, creating a long-term vision for the city, articulating that vision in a strategy, and championing and funding the work needed to meet the metrics identified in the strategy, city leaders can create a vibrant future for their communities.

For example, over the past decade, the City of Needles (pop. 5,085) has worked

to embrace cannabis-related businesses in an effort to raise revenue for community benefits and create jobs. The city embarked on this effort in 2012 — six years before recreational cannabis became legal statewide — because local leaders had a vision to prepare for opportunity, and they knew cannabis would provide a way to increase economic options for their residents.

Along with strong local leadership, the following tools can also be helpful.

Economic Development Element and Strategy. Because economic development doesn't happen overnight, cities need to thoughtfully plan their future and chart a course in a document that current and future leaders can use to maintain focus and benchmark success. The Economic

continued

Find More Information Online

For additional information and links to related resources, read the online version of this article at www.westerncity.com.

Development Element of a city's General Plan provides a mechanism for this. Many cities already include this element in their plans; for example, in the City of Chico (pop. 112,111), the Economic Development Element "guides the city's use of resources to protect and improve Chico's economic vitality." Numerous examples can be located with an online search; city officials may find those most recently adopted or amended to be of greatest use.

Data. To support existing businesses and attract new ones, you must know your city's competitive advantages and disadvantages, including demographics and key assets. Cities can access many data sources; in selecting one, make certain the data is current and maintained regularly, based on sound methodology, and paints an accurate picture of what your community has to offer. Such data is an essential component in developing the business case for your city; for example, the cities of Stockton (pop. 316,410) and Long Beach (pop. 475,013) used this type of information in marketing tools created to attract Opportunity Zone investments (see "About Opportunity Zones," below).

About Opportunity Zones

An Opportunity Zone (OZ) is an economically distressed community where new investments may be eligible for preferential tax treatment under certain conditions. The Tax Cuts and Jobs Act created OZs in December 2017. To qualify as an OZ, the state nominated specific census tracts, and the U.S. Treasury certified the state list via the Internal Revenue Service. This tool is designed to stimulate economic development and job creation by providing tax benefits to investors. California has 879 OZs.

For more information, read "Opportunity Zones: Is Your City Ready?" at www.westerncity.com.

Permitting. Many cities, such as Riverside (pop. 328,101), have done an excellent job of streamlining permitting processes to ensure compliance with local ordinances and to provide value to developers and businesses. Many cities post their process and fee schedules online and provide a direct point of contact for the business to facilitate faster turnaround on permit requests. To increase certainty and transparency, some cities offer developers and businesses an online portal to track their progress in the permitting process.

Zoning. Land use and zoning are important tools for encouraging economic development. Many cities are seeing the benefit in creating Specific Plans, incorporating density bonuses, and adding to and capturing value through how property is zoned. For example, increasing a parcel's density allowance or changing the land-use zoning increases the value of the land, and the city may then use that increased value as leverage to negotiate community improvements with a developer interested in the property.

Infrastructure. The availability and adequacy of public infrastructure is frequently a "make or break" issue for economic development projects. Cities often prioritize infrastructure investments based on the benefits such improvements can offer to businesses; in these cases, the city strives to balance the needs of residents and businesses.

Land Assembly. It can take many years and significant investment to assemble land needed for a priority economic development project. Cities are often better positioned than developers or others to undertake these long-term efforts.

Training and Staffing. Cities can't always fund every aspect of economic development, but they can invest in staff to research and identify partnerships and

funding resources — and gain the expertise to apply for those funds. For example, cities applying to the state Department of Housing and Community Development to access federal Community Development Block Grant (CDBG) funds need time to learn the rules, national objectives, and application process if they are to succeed. The 2020 Notice of Funding includes approximately \$18 million available for economic development in California's rural cities. CDBG is one of many resources to help cities with economic development.

Building the Economic Development Team

Your city's economic development team should extend well beyond city staff. You can leverage your city's resources and create greater impact by convening the individuals and organizations that are working on making an impact in areas that coincide with your economic development goals — and aligning their efforts with those of the city. Through this team approach, the city can share resources and expertise and have a greater impact. Consider the following potential key partners.

The Governor's Office of Business and Economic Development (GO-Biz).

Seeking assistance from GO-Biz can support your city's economic development efforts in many ways, including:

- Working to retain or attract businesses in partnership with its California Business Investment Services (CalBIS) unit.
- Funding infrastructure through its Infrastructure and Economic Development Bank's Infrastructure State Revolving Fund Program.
- Working with its international team on recruiting foreign direct investment.
- Helping local businesses apply for the California Competes Tax Credit.

An artist's rendering shows planned development and waterfront features in the City of West Sacramento; FAR RIGHT Oceanside is part of the Innovate78 partnership.



