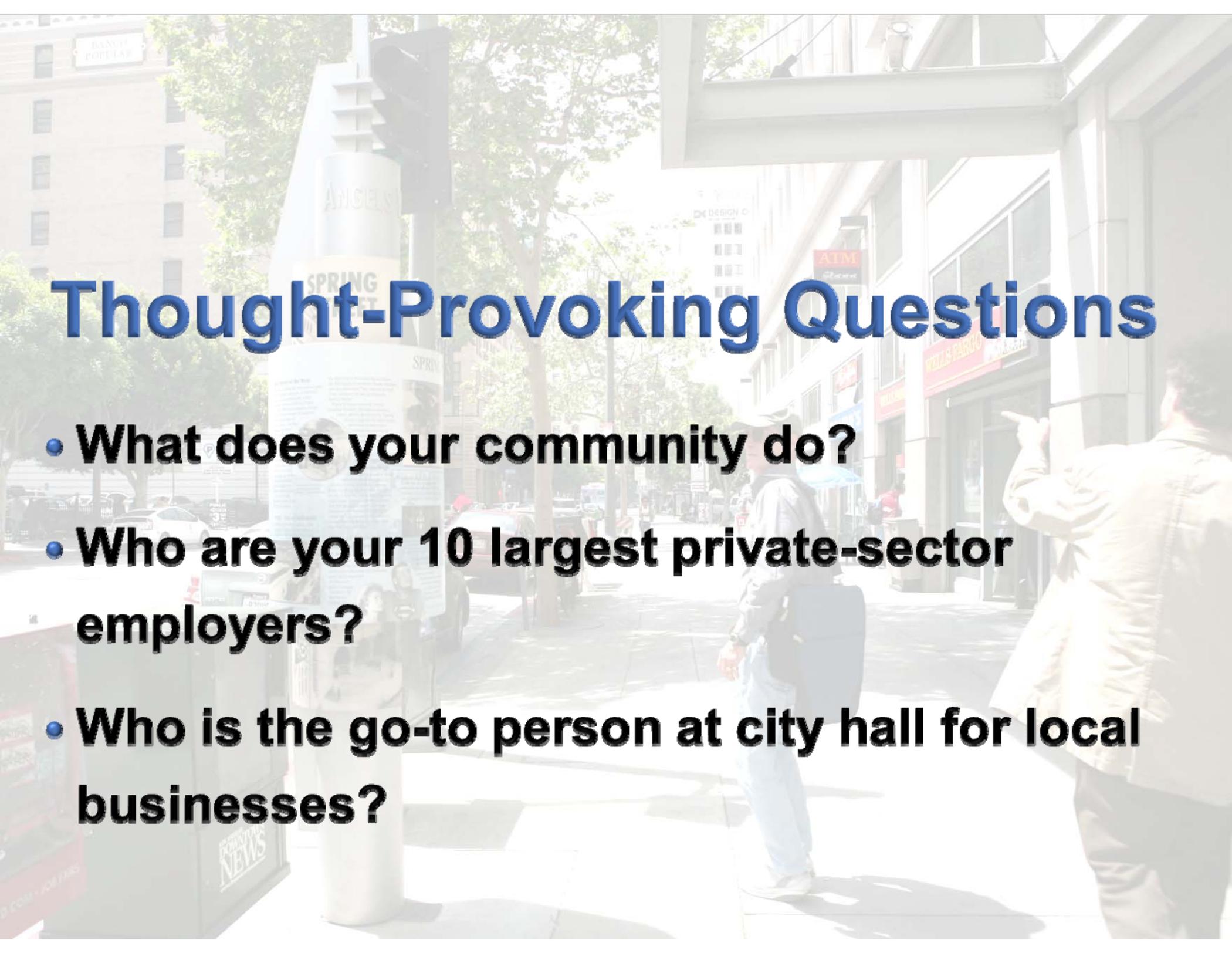


Economic Development for Planners

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DESIGN.
COMMUNITY &
ENVIRONMENT



Thought-Provoking Questions

- **What does your community do?**
- **Who are your 10 largest private-sector employers?**
- **Who is the go-to person at city hall for local businesses?**

What is Economic Development

- **Economic Development**
- **Economic Development Programs**
- **Economic Development Activities**

What is Economic Development?

- No single definition
- Will vary by community and region
- Typically defined in terms of objectives
- Or, to paraphrase Forrest Gump, Economic development is as economic development does



Growth in the local economy leading to community-desired objectives, typically some combination of:

- + Expanded job opportunities
- + Increased real wages and household wealth
- + Improvements in the community's quality of life
- + Expansion/diversification of the local tax base

Economic Development Programs

- An economic development program is a coordinated set of policies, programs, and projects undertaken by a community to achieve community-defined economic development objectives



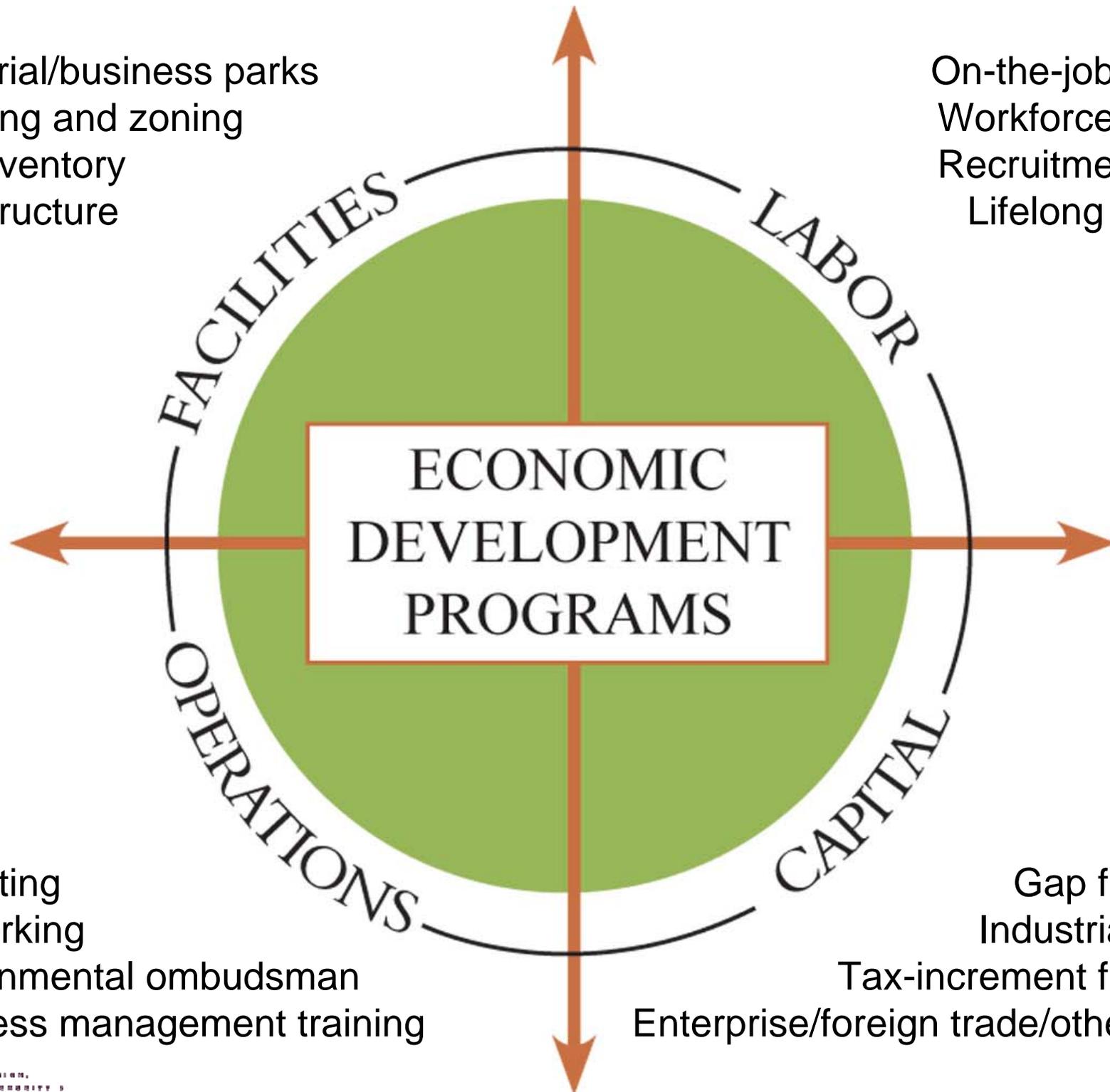
Typical community workshop.

Economic Development Programs

- + Brownfields
- + Business Attraction and Recruitment
- + Business Climate
- + Business Retention and Expansion
- + Clusters
- + Downtown Development
- + E-commerce
- + Economic Development Finance
- + Economic Development Marketing
- + Entrepreneurship
- + Export/Trade Development
- + Empowerment Zones
- + Incentives
- + Infrastructure
- + Neighborhood Economic Development
- + Public-Private Partnerships
- + Quality of Life
- + Real Estate Redevelopment
- + Rural Economic Development
- + Site Selection
- + Small Business Development
- + Smart Growth
- + Sustainable Development
- + Technology-Led Economic Development
- + Tourism
- + Transportation
- + Venture Capital
- + Workforce Development

Industrial/business parks
Planning and zoning
Site inventory
Infrastructure

On-the-job training
Workforce training
Recruitment/hiring
Lifelong learning



Marketing
Networking
Governmental ombudsman
Business management training

Gap financing
Industrial bonds
Tax-increment financing
Enterprise/foreign trade/other zones

Key Point #1

**Real Estate Development
≠
Economic Development**

Job Creation

Job creation is at the core of economic development. There are three avenues to job creation:

- **Expansion of existing businesses**
- **Attraction of a new business**
- **Business start-ups**

Business Retention and Expansion-BRE

- Expansion of existing businesses creates $\frac{2}{3}$ to $\frac{3}{4}$ of new jobs over time
- Surveys of U.S. economic development organizations rank it as the number one economic development activity
- More bang for your economic development buck



Business Retention and Expansion-BRE

- Assess assets and opportunities at local companies through surveys, interviews, and **visitation**
- Establish relationship between local businesses and economic developers
- Early warning system to flag at-risk businesses
- Link expanding programs with public programs



Business Retention and Expansion-BRE

- Tools of BRE
 - + Workforce recruitment and training
 - + Gap financing, conduit loans, and tax credits
 - + Zoning—avoiding conflicts and encroachment
 - + Zoning—encourage expansion not relocation
 - + Intermediary with regulatory agencies



Key Point #2

Take care of your existing businesses first, and start by getting out there and talking to them

Business Attraction and Recruitment

- Often the most expensive approach to economic development
- New businesses may quickly increase the tax base, jobs and the diversity of the local economy
- Most publicized and visible economic development tool



Business Attraction and Recruitment

- Marketing to promote an area's, favorable business climate, and other location factors important to specific businesses
- Availability of a qualified labor force important
- Financial incentives matter, but only one part of overall cost equation
- Quality of life might or might not matter



Business Attraction and Recruitment

- Components of Business Attraction
 - + Cluster analysis
 - + Assessment of location factors
 - + Targeted marketing strategy
 - + Site inventory
 - + Incentives, including workforce incentives
 - + Confidentiality



Entrepreneurship

- Creating a business idea and turning it into a real business
- 600,000 to 800,000 new businesses each year
- Can take many years to get from start-up to noticeable job creation
- Mastery of a good or service is not the same as business acumen



Entrepreneurship

- Business assistance needed to get from idea to grand opening and beyond
- Decline in housing values inhibiting traditional growth
- Capital is always important to start-ups
- Affordable building space is important
- Conventional business incubators package solutions to all these needs



Entrepreneurship

- Entrepreneurship Programs:
 - + Small Business Development Centers—financing, legislation, marketing, and accounting practices
 - + Incubators—access to equipment, funding, and mentoring
 - + Venture capital and angel investor networks
 - + Service Core of Retired Executives SCORE



Key Point #3

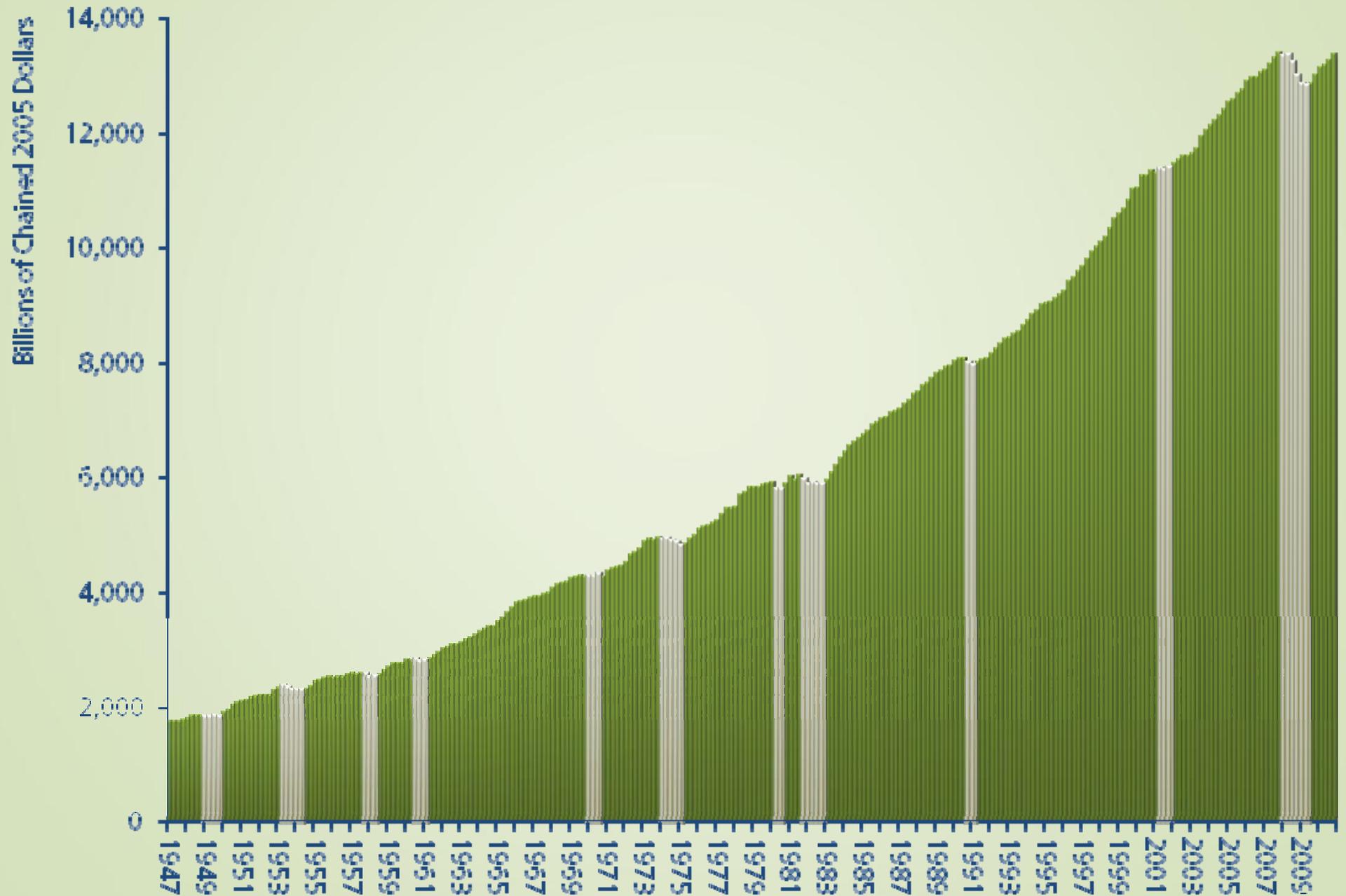
Address all three avenues to job growth—existing business expansions, business attraction, and entrepreneurship



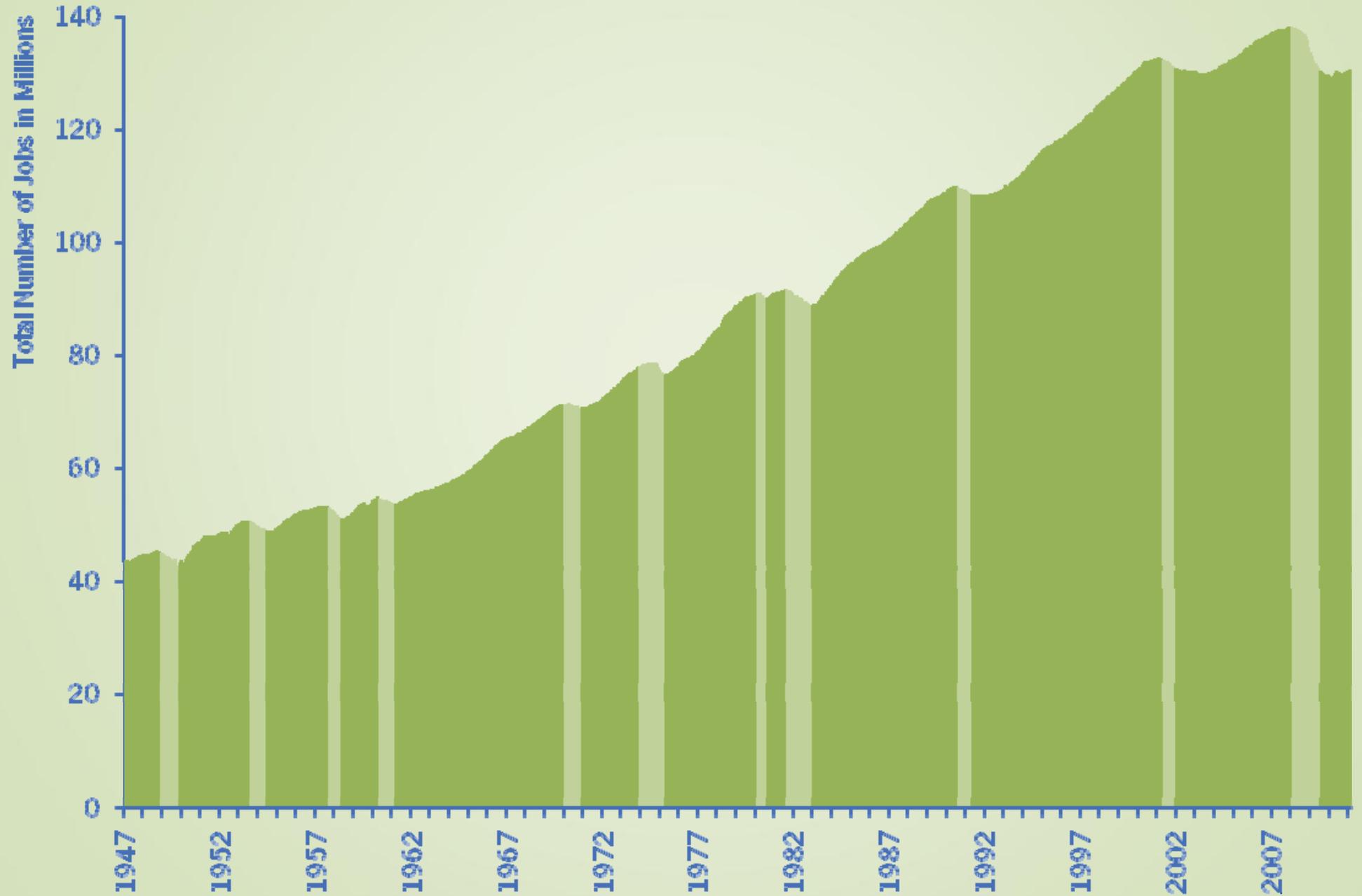
Beyond the Basics

- **Manufacturing**
- **Education**
- **Labor Shortage**
- **Partnerships**
- **Aim High, Not Low**

The Economy-GDP



The Economy-Employment

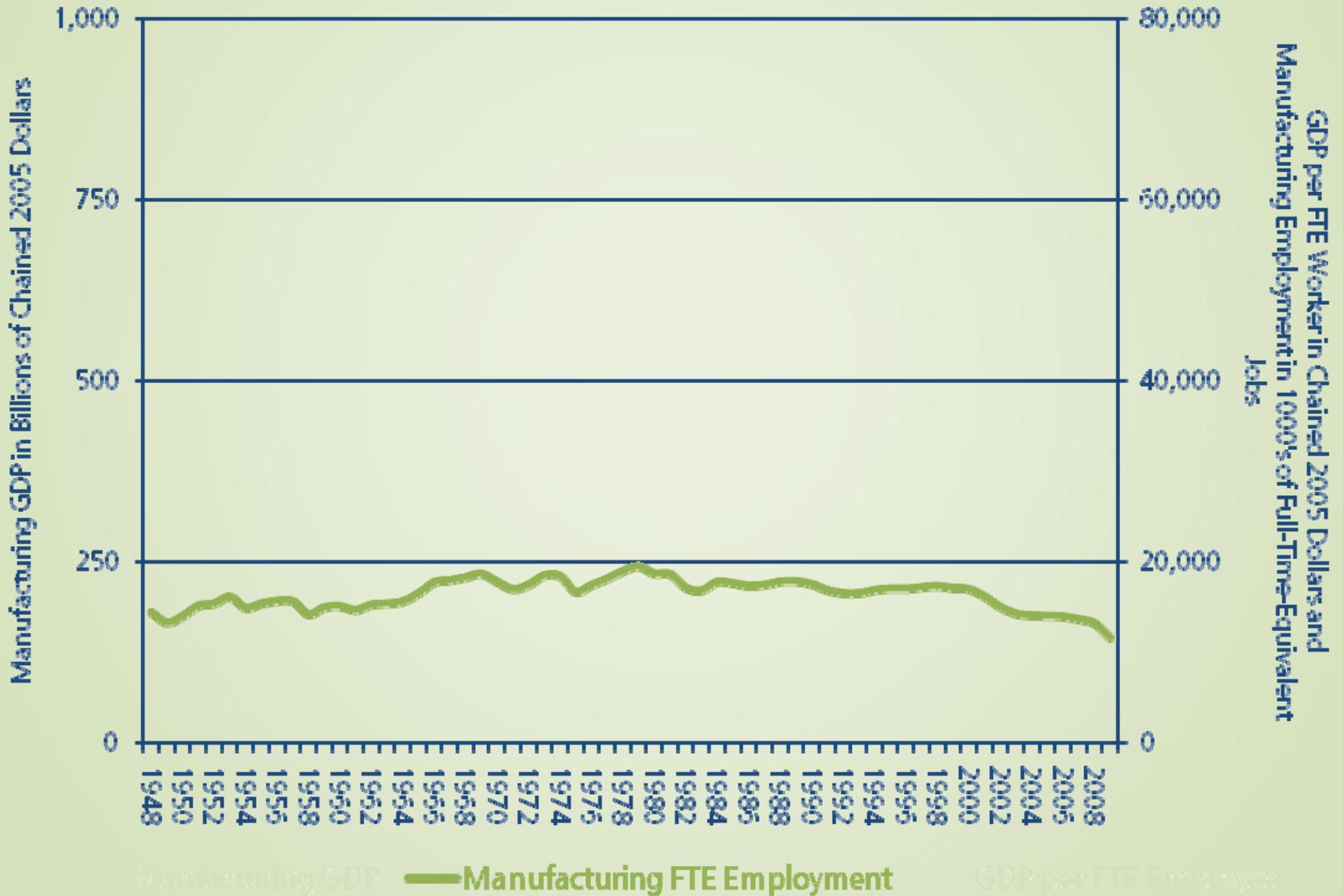


Manufacturing

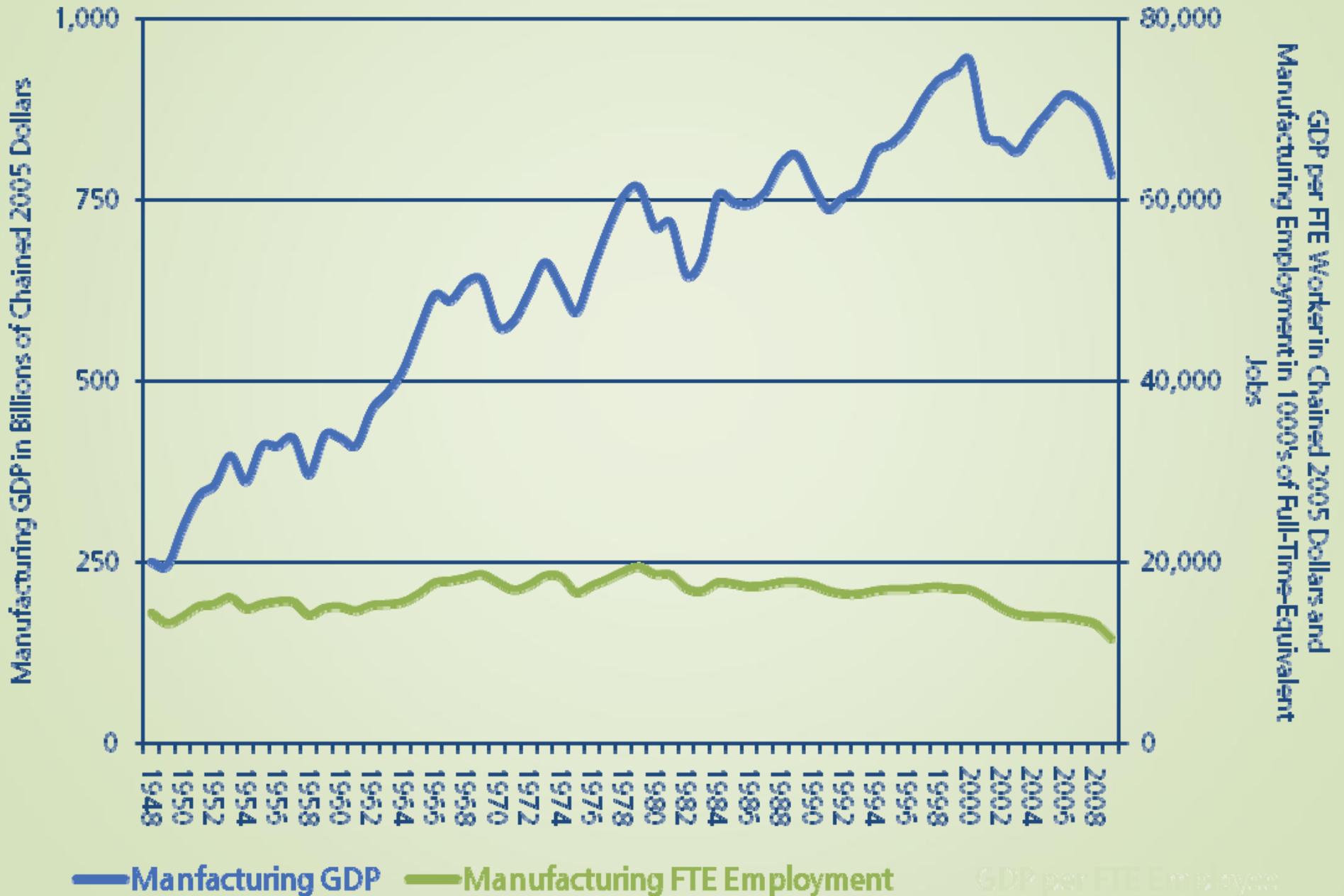
WHAT YOU'VE PROBABLY HEARD

- + From 2007 through 2009 manufacturing shed 2.4M FTE¹ jobs
- + But, from a 1979 high of 19.5M FTE jobs through 2006 the manufacturing sector eliminated 5.6M jobs, about 28.6 percent of the high
- + From 1979 through 2006, the total value of imported goods and services, in inflation-adjusted terms, increased nearly six fold, from \$373 billion to \$2,168 billion

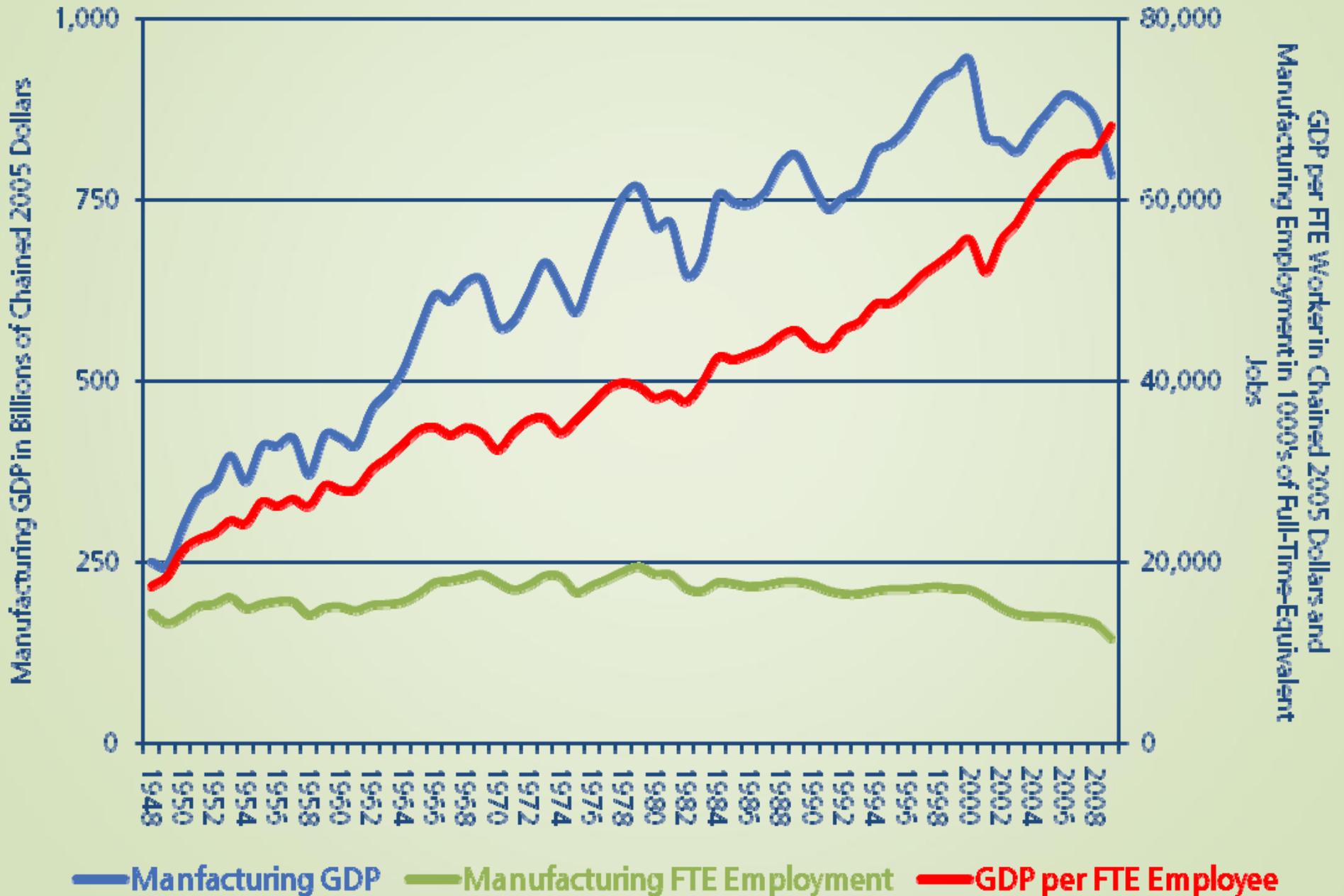
Manufacturing



Manufacturing



Manufacturing



Key Point #4

Manufacturing is alive and kicking

Key Point #5

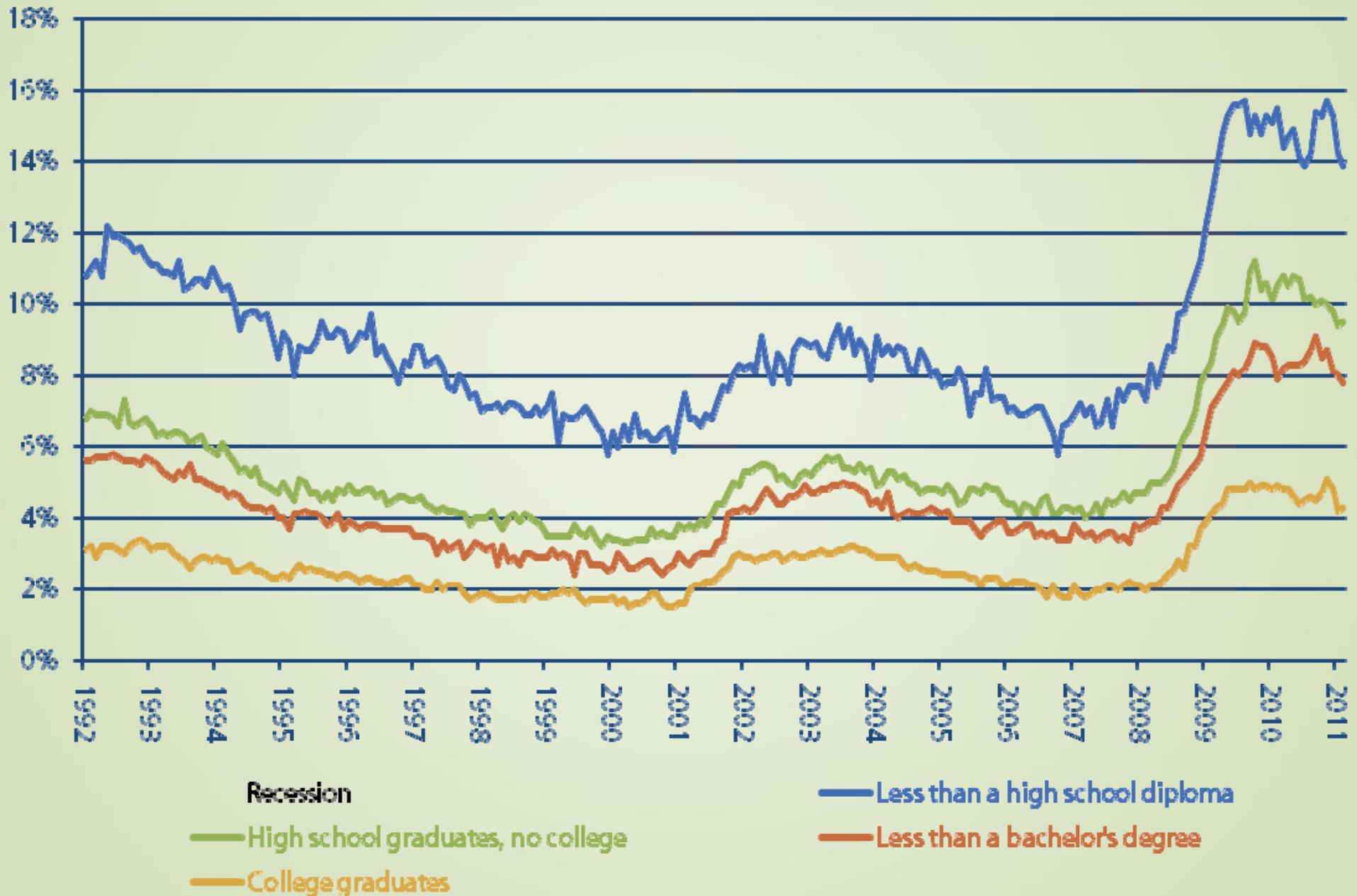
The key to US and California competitiveness is highly productive and high value-added goods and services

Education and Skills

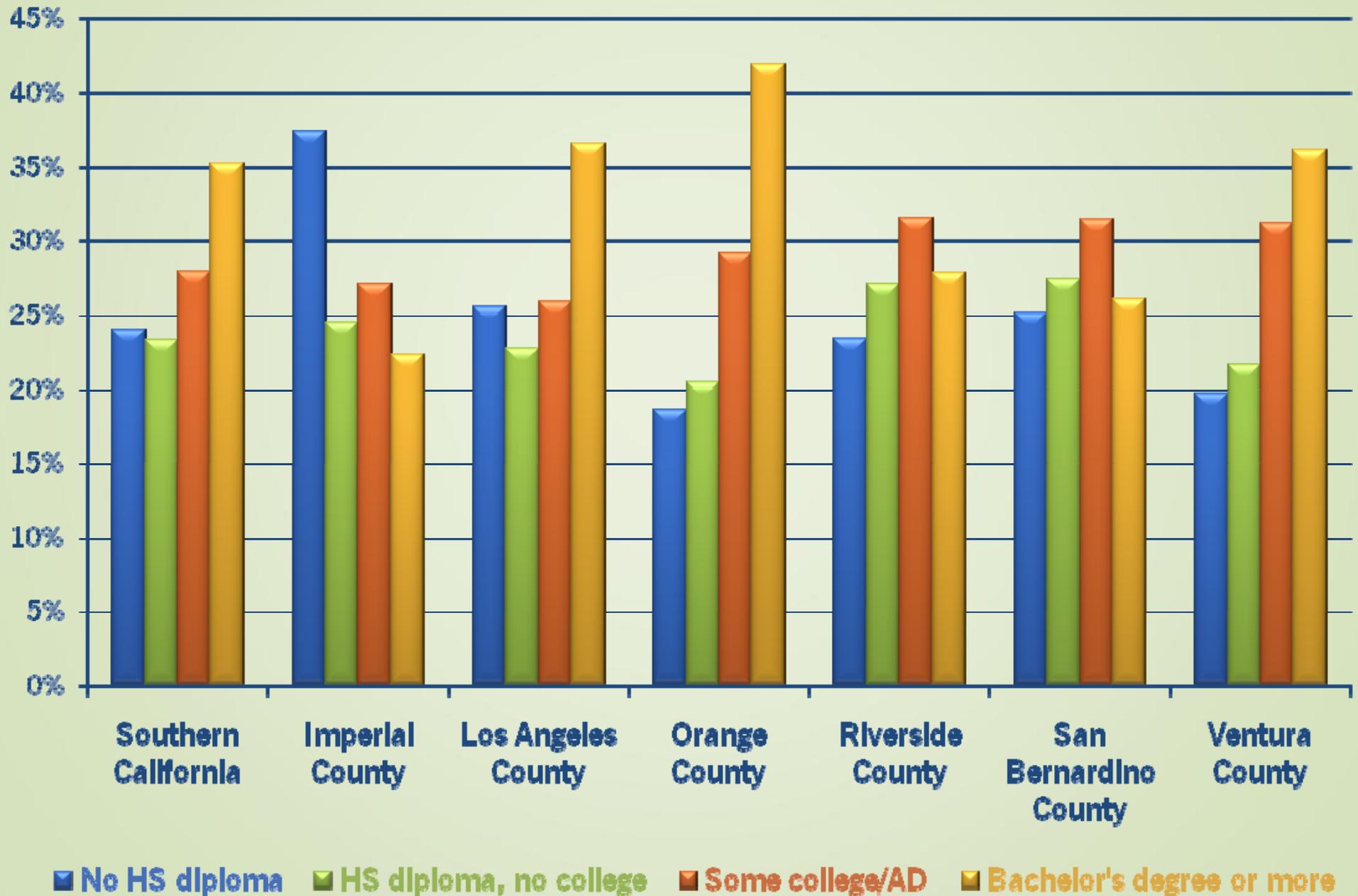
- Highly productivity production of high value-added goods and services requires higher education and advanced skills
- Education is not a guarantee of economic stability
- Lack of education is a guarantee of economic instability



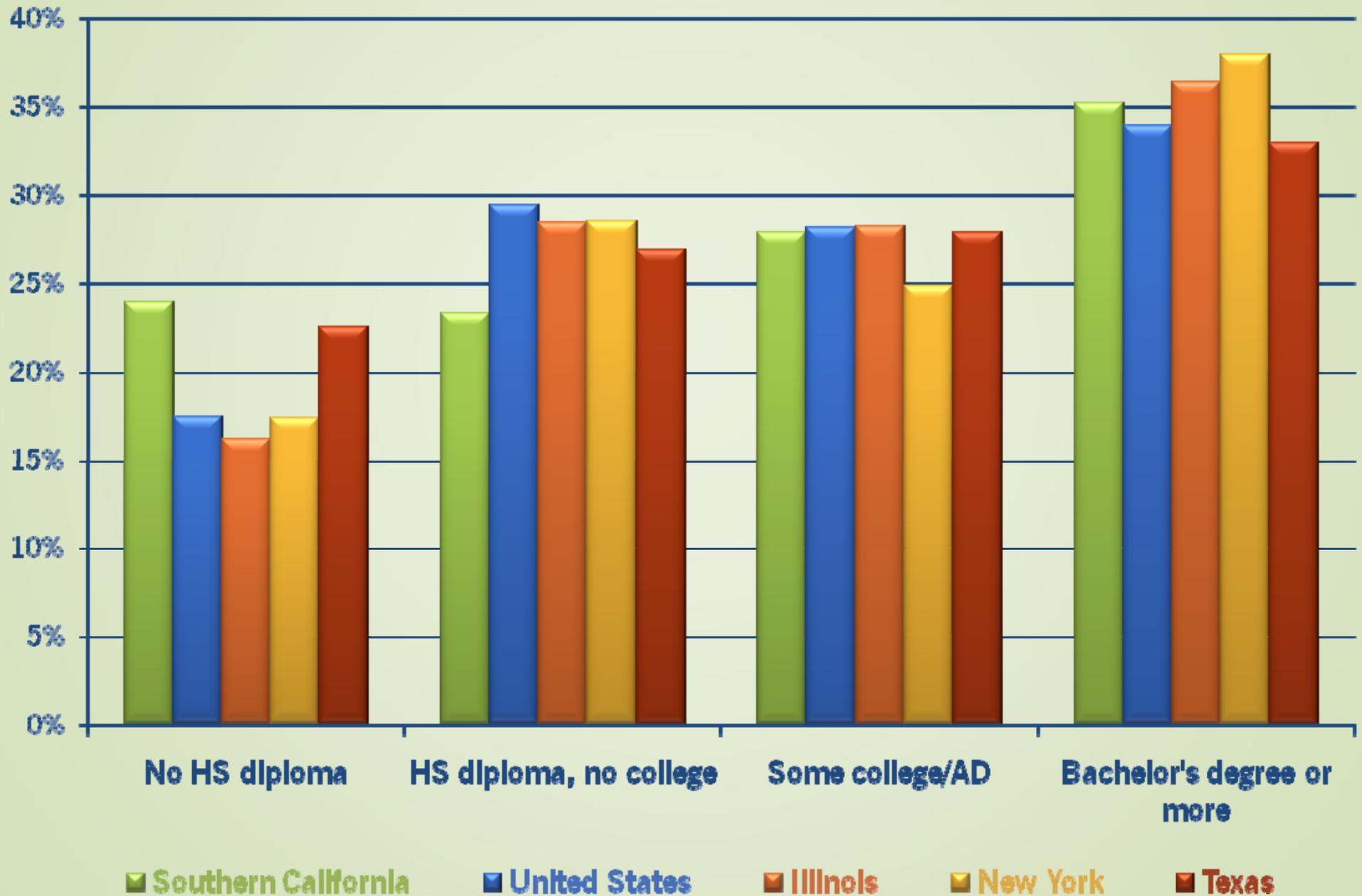
Education and Skills



Education and Skills



Education and Skills

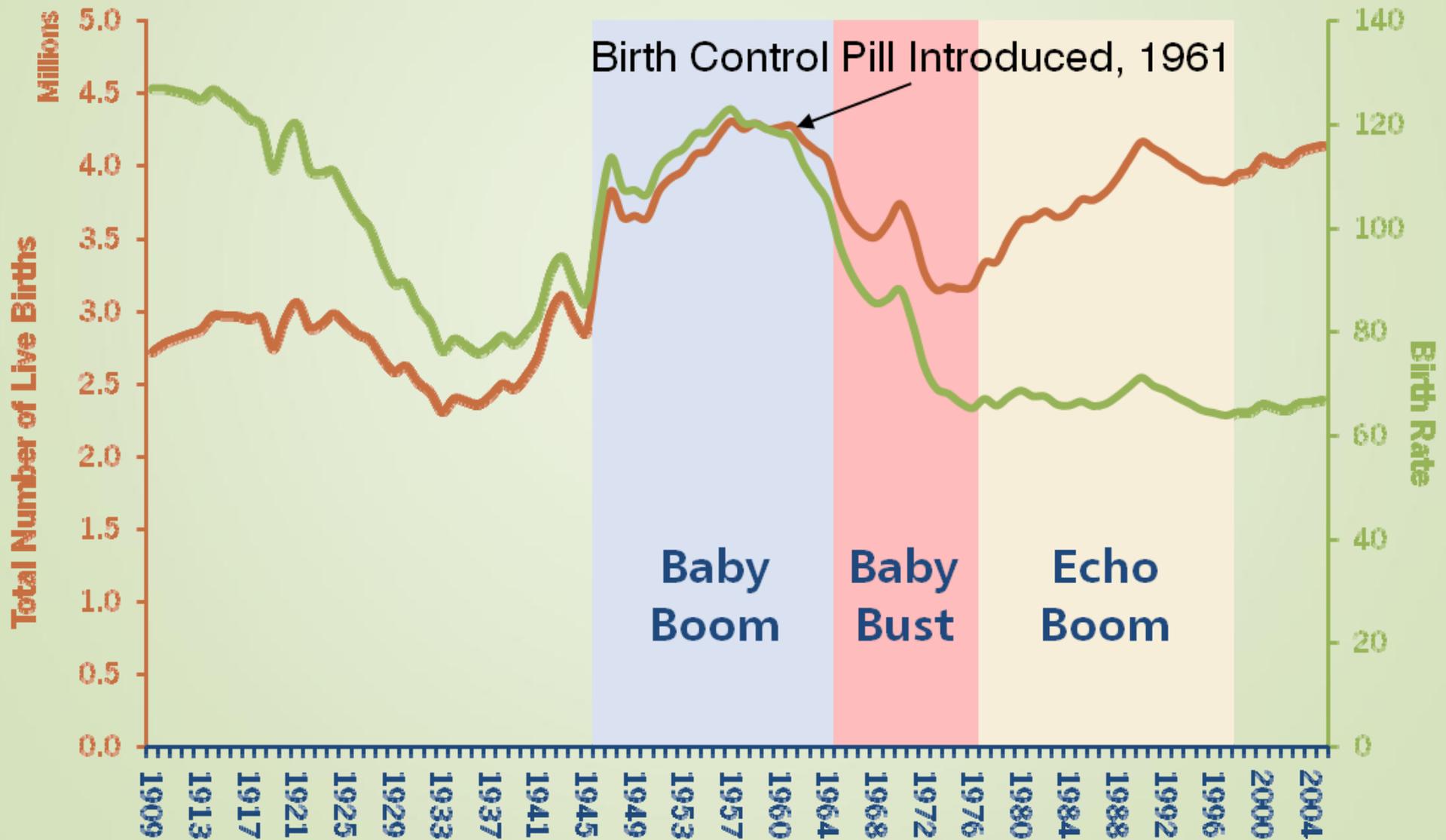


Key Point #6

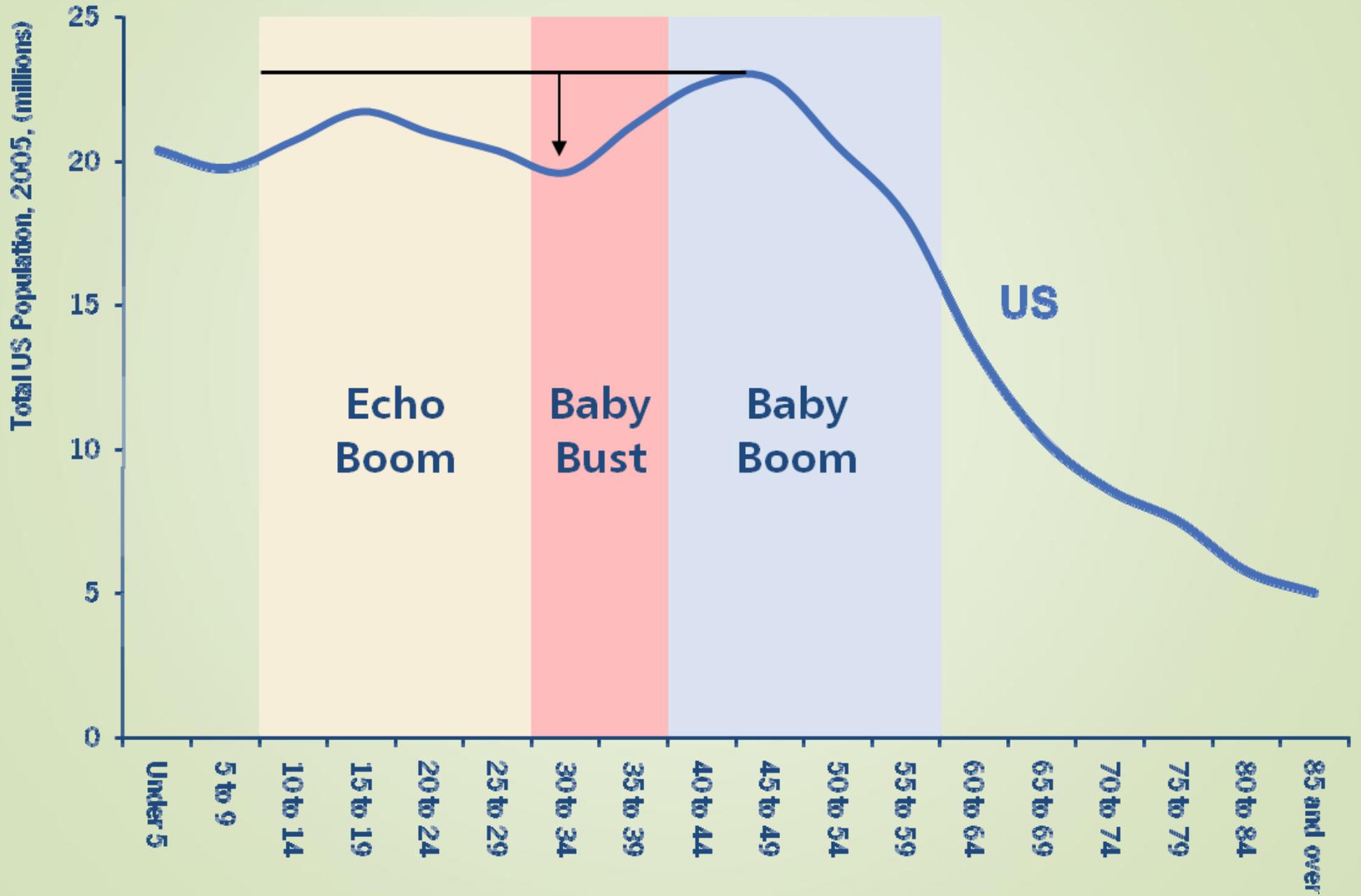
Education.
Education.
Education.

Labor Shortage

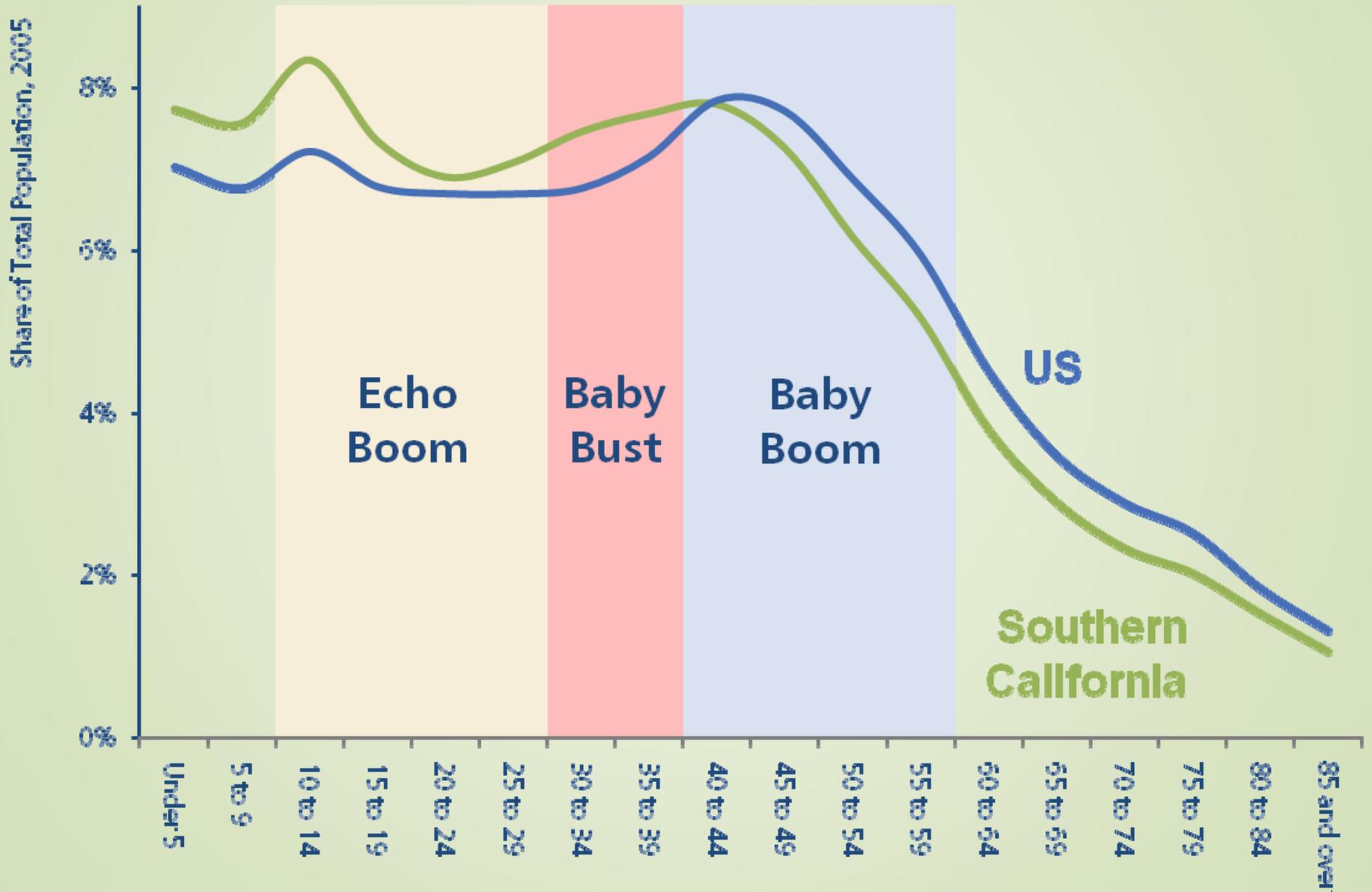
Demographic Definitions Based on Total Number of Births



Labor Shortage



Labor Shortage



Key Point #7

Be the kind of community where skilled and educated people want to live.

Partnerships

- Regional Economic Development Organizations
 - + Los Angeles Economic Development Corporation
 - + Orange County Business Council
 - + San Gabriel Valley Economic Partnership
- County/State/Federal Agencies
 - + Workforce Investment Board
 - + Federal Economic Development Administration
 - + County Economic Development Staff
 - + Regional COGs

Partnerships

- Skills & Education
 - + WIBs
 - + Community Colleges
 - + Small Business Development Centers
 - + School Districts
 - + Adult Schools
 - + Certified Training Providers
 - + SCORE
- Private Sector
 - + Banks
 - + SCE
 - + Telecommunications
 - + Brokers and Developers

Partnerships

- And Don't Forget:
 - + Your local business community
 - + Your neighboring cities

Key Point #8

Everybody needs someone to lean on...Do what you can do, and work with partners for the rest of it

Aim High, Not Low

- What value will a business derive by locating in your community?
- What unique assets do you have?
- What is your niche?
- Better yet, what combination of assets do you have, and for what kinds of businesses does that matter?
- Think about it from a business perspective
 - + Proximity to qualified labor force, poaching, capacity building
 - + Access to inputs, suppliers, technical expertise, capital
 - + Accessibility to customers and market, visibility
 - + Re-enforce brand identity

Aim High, Not Low

- If your answer is quality of life, think again. I have never been to a community that thought it had a crappy quality of life.
 - + Few, if any, communities have a quality of life that is remarkably and unequivocally better than most others
 - + One person's trash is another person's gold
- If your answer is cost, what small percentage of the total cost equation can you affect?
 - + Land and buildings
 - + Labor
 - + Utilities
 - + Supplies
 - + Taxes
 - + Regulatory burdens
- What will advantage will you have when your neighbor learns to be cheaper?

Key Point #9, THE MOST IMPORTANT

Strive to be a community where businesses are willing to pay a premium to locate

Recap of the Key Points

- 9. Strive to be a community where businesses are willing to pay a premium to locate.**

Recap of the Key Points

1. Real estate development is not the same thing as economic development. It might be a part of it, but only one part among many.
2. Take care of your existing businesses first. Start by getting out there and talking to them.

Recap of the Key Points

3. There are neither shortcuts nor magic bullets. Address all three avenues to job growth—existing business expansions, business attraction, and entrepreneurship .
4. Manufacturing still matters; it is still a growing economic sector.

Recap of the Key Points

5. The key to US and California competitiveness, and hence economic growth, is highly productive and high value-added goods and services.
6. Our region's level of education will handicap our growth potential. We must all work to improve the quality of education at all levels.

Recap of the Key Points

7. Be the kind of community where skilled and educated people want to live.
8. Leverage partnerships that will move your community toward its economic development objectives.

Parting Thought

- **Economic development is a long term endeavor. Starting economic development now will not fix today's fiscal problems. With luck and perseverance, however, it should help make your community more resilient the next time around.**

Economic Development for Planners

Questions and Discussion

About the Presenter

Stephen Gunnells, AICP Senior Economist

Steve's career spans the spectrum of community planning and economic development. He works with communities to bridge the gap between long-range planning, policies, and economic development; with community organizations and special districts to fund and implement priority projects; and with developers, to guide project decision-making and obtain entitlements based on sound economic and market analysis.

Steve focuses his work on crafting plans, policies, and development projects that are grounded in regional and global economic realities. He helps his clients leverage market forces to achieve their goals. And most importantly, he uses his grasp of economics and real estate markets not only to overcome existing challenges but to help communities create visionary plans that capitalize on the possibilities, not just past trends.

As The Planning Center's in-house economist, Steve plays a role in a great many of the firm's active projects. Before coming to The Planning Center, Steve worked as a community planning and economic development consultant for communities and developers in Michigan and Ohio. He has also served as the field director for a consulting team on a World Bank project in Yemen, an Economic Development Fellow with the International Economic Development Council, and a county Planning Director in Virginia.

Education

- +MSc, Development Management, London School of Economics
- +Master of Urban and Environmental Planning, University of Virginia
- +BA, Urban Planning, Virginia Tech

Experience Highlights

- +Economic Analysis | Clovis CA
- +Economic, Market, and Fiscal Analysis | San Clemente CA
- +Economic Development Feasibility Study prepared for the California Community Foundation | El Monte CA
- +North Hemet Revitalization Plan | Riverside County CA
- +Economic Development Recommendations for the Southeast Industrial Area, SCAG Compass Blueprint Demonstration Project | Fullerton CA
- +Market Analysis and Mixed-use Development Feasibility Study | Chino CA
- +Downtown Market Assessment and TOD Feasibility Study | Fontana CA
- +Towncenter Development Market Feasibility Assessment | Los Alamitos CA
- +Greenspot Village & Marketplace EIR | Highland CA
- +Downtown Development Plan and Tax Increment Financing Plan, Lyon Charter Township | Oakland County MI
- +Economic Development Program | Richmond County VA
- +Westmoreland County Overall Economic Development Program | Westmoreland County VA
- +Urban Development, Management, and Tourism Assessment, World Bank | Republic of Yemen