CITY OF SANTA BARBARA

ECONOMIC DEVELOPMENT PLAN

2021 - 2024

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EXECUTIVE SUMMARY

Santa Barbara is world-renowned for its natural beauty, architecture, and quality of life. The city embodies the friendliness of a small town, but has the art, culture, and amenities of a large metropolitan city. However, the city is facing a variety of challenges that have been highlighted in economic reports and studies produced over the past several years. Santa Barbara's largest industry sector is tourism and includes hospitality and leisure businesses that are sensitive to economic downturns and reliant on lower wage jobs. Although the downtown area is the cultural and civic center of the community, it also has the largest concentration of retail space in the city. On-line shopping and changes in consumer behavior have significantly affected the retail sector, resulting in store closures, empty storefronts and high vacancy rates; the COVID-19 pandemic only exacerbated these trends. The City Council has committed to improve the city's economy by creating an Economic Development Manager position within the City organization (City) to lead the efforts in advancing Santa Barbara's economic health and improving the vitality of the city's commercial districts.

Santa Barbara's Economic Development Plan (ED Plan) lays the foundation for an Economic Development Program with strategies to strengthen the city's economy and enhance downtown vibrancy, while supporting social equity and environmental protection and celebrating the city's historic character, cultural resources and the arts. The ED Plan is action-oriented and aligned with the City General Plan's Economy and Fiscal Health Element (EFH Element). The ED Plan is also designed to be flexible and responsive to evolving opportunities and needs. The plan is structured with tactical objectives and actions to implement the strategies and has associated performance targets to provide a platform for semi-annual City Council review.

Santa Barbara's ED Plan establishes three foundational strategies to implement many of the recommendations from prior economic studies and reports as well as advance the majority of the EFH Element policies of the General Plan. The ED Plan strategies are:

1. Support local businesses and commercial districts citywide
2. Cultivate a business-friendly City government
3. Strengthen downtown as the regional hub of retail, entertainment, art and culture, higher education, and business

Implementation of the ED Plan strategies and supporting objectives and actions will advance the vibrancy of the city's commercial districts, strengthen the local economy, facilitate business retention and job creation, and encourage private investment. While the ED Plan has a three-year implementation period, the majority of the performance targets are expected to be achieved in the first year of the plan. The ED Plan also serves as a work plan, and staff will provide semi-

annual performance updates to Council to report progress and recommend modifications to the ED Plan's actions and performance targets as needed. Staff will complete a comprehensive review and evaluation of the ED Plan strategies and objectives at the end of the three-year implementation period.

INTRODUCTION

Santa Barbara has an abundance of natural amenities due to its location between the Santa Ynez Mountains and Pacific Ocean along the southern central California coast. The city spans a total of 21 square miles and is home to a culturally diverse population of approximately 93,500. Residents and visitors enjoys a perfect climate year-round, miles of beaches, and a rich history dating back to Chumash, Spanish, and Mexican settlements. As far back as the late 1800's, Santa Barbara was a place where people from across the country came to enjoy its natural beauty. This holds true today. Visitors and residents enjoy a variety of shopping, dining, hotel accommodations, and outdoor recreation activities. In addition, Santa Barbara also offers a robust array of art and cultural experiences including museums, performing arts programs, festivals, galleries, and special events.

Santa Barbara benefits from serving as the county seat of government and is home to several colleges and universities, providing for an abundance of higher educational opportunities and employment opportunities. Santa Barbara is fortunate to have two large medical systems, Cottage Health and Sansum Clinic, who provide state of the art health care services. Santa Barbara Airport is conveniently located for travelers and business commuters, while bus and rail systems offer transportation options that help to further enhance the area's quality of life. Santa Barbara's largest industry base is the service sector of hospitality and leisure. Additionally, the city and region have significant and notable employers in government and education, healthcare, aerospace and defense, software development, and information technology with organizations and firms such as University of California Santa Barbara, Cottage Health, Santa Barbara City College, Amazon, Sonos, Raytheon, Invoca, and LogicMonitor, to name a just few.

Santa Barbara has had a jobs to housing imbalance for many years. The City has prioritized the creation of new housing by incentivizing multi-family housing through increased densities and development standard incentives, with a focus on areas close to transit resources and commercial services. The City is committed to allowing as much housing as possible, within resource limits, to provide an array of lifestyle options for its economically diverse resident population.

Santa Barbara's economy generally follows the same patterns of the state and national economies. However, due to Santa Barbara's large tourism industry, the impacts of economic

trends and swings are generally more pronounced. The local economy rebounded strongly from the great recession of 2008. However, since 2016, even though the national economy was growing, the local economy experienced slower growth. The Thomas Fire and subsequent debris flow in late 2017 and early 2018 affected many businesses, many who were still recovering before the onset of the pandemic in early 2020. The retail sector downtown in particular has seen the most significant impact due to an ongoing shift in consumer demand. Online sales and changes in consumer behavior have eroded retail shopping and has contributed to the closure of the two downtown department stores, Macy's and Nordstrom's, as well as impacted local and national retailers.

ECONOMIC DEVELOPMENT PROGRAM

Our ED Plan focuses on strengthening downtown, providing support to businesses, and improving regulatory processes to encourage investment in businesses, property and the community. The City's Economic Development Manager will be responsible for managing the Economic Development Program, implementing the ED Plan, and coordinating with partner business organizations and City departments.

It is worth noting that all City departments and local business organizations have a role in supporting the economic vibrancy of the city in their respective capacities and roles to improve the quality of life in the community. Cities and states across the country are vying for similar economic opportunities and investment. To effectively retain, attract, and grow businesses, investment, visitors, and consumer spending, the City must consistently maintain and provide quality of life amenities throughout the community and provide a high level of customer service to residents and businesses. Furthermore, Santa Barbara is also part of a regional economic system and the city's prosperity is aligned with the economic advancement of the region. The City organization must continue to partner and leverage local and regional efforts to encourage, assist, and collaborate with institutions to assist businesses, large and small, and implement the economic development mission. It should be recognized that the City may not currently have all the necessary resources to achieve every objective in the ED Plan at this time; however, efforts will be taken to pursue implementation of the ED Plan objectives. Staff will identify and seek the necessary resources as needed—partnerships are key in achieving a number of the ED Plan objectives.

Lastly, the City can expand the breadth and scope of the Economic Development Program through partnerships, additional staffing, or dedicated funding for specific initiatives as the opportunities arise. The majority of ED Plan actions and performance targets can be achieved with existing resources.

ECONOMIC DEVELOPMENT PLAN

The General Plan Economy and Fiscal Health Element (EFH Element) outlines a number of local and regional economic goals, policies, and actions. The EFH Element was adopted with the General Plan in 2011 but many of the economic development policies are still relevant and worthy of continued pursuit. Similarly, the City and business organization partners have produced a number of economic reports and studies identifying a wide range of recommended City organizational changes and economic development initiatives, all of which informed the development of the ED Plan. These reports and studies include:

- 2019 Kosmont Companies Downtown Revitalization Recommendations Report
- 2018 Downtown Santa Barbara Revitalization Strategies
- 2018 City Economic Development Planning Working Group
- 2017 Downtown Retail Study prepared by Downtown Works

The City has been committed to implementing many of recommendations outlined in these reports and studies. One important recommendation fulfilled is the creation of an Economic Development Manager position to establish an Economic Development Program and implement the ED Plan.

The ED Plan objectives and actions utilize a combination of traditional methods employed by economic development agencies paired with innovative approaches such as a focus on leveraging partnerships through collaboration and targeted infrastructure improvements. It is the responsibility of the City to establish and maintain the economic foundations – a vibrant downtown and commercial districts, a positive business and regulatory climate, and support of businesses to encourage commercial investment.

MISSION AND CORE STRATEGIES

The mission of the City of Santa Barbara's Economic Development Program is to strengthen the city's economy and enhance downtown vibrancy, while providing for social equity and environmental protection. To achieve this, the Economic Development Plan has three foundational strategies that build upon the General Plan's EFH Element policies (see Appendix for the EFH Element) and prioritize the core issues to be addressed.

Mission Statement
The mission of the City of Santa Barbara's Economic Development Program is to strengthen the city's economy and enhance downtown vibrancy, while providing for social equity and environmental protection and celebrating the city's historic character, cultural resources and the arts.

The ED Plan was developed based on the review of the City's existing economic landscape, trends, challenges and opportunities, as well as the EFH Element and recommendations from various reports and studies. The three strategies of the ED plan are:

1. Support local businesses and commercial districts citywide
2. Cultivate a business-friendly City government
3. Strengthen downtown as the regional hub of retail, entertainment, art and culture, higher education, and business

The ED Plan prioritizes efforts that will provide the most impact to stimulate economic growth, support businesses and encourages investment. Some of the objectives and actions involve potential private and regional collaborations. Nine objectives and 24 actions, (each with associated performance targets) define the implementation steps of the three strategies. Objective actions have corresponding performance targets to track work efforts and measure progress. The majority of performance targets are expected to be achieved in the first year of the ED Plan; however, due to the ongoing impacts of the pandemic and the City's priority focus in assisting the business community reopen and recover, some of the performance targets may be extended. The ED Plan will be evaluated by Council semi-annually and the ED Plan's actions and performance targets will be updated as necessary based on achievements, priorities, changes to economic indicators and needs in the business community.

The following section lays out each strategy and the corresponding plan objectives, actions, and performance targets to implement the strategies. The General Plan Economic and Fiscal Health Element policies that are being addressed are listed under each objective to illustrate the alignment of the ED Plan with the General Plan.

STRATEGY 1

Support Local Businesses and Commercial Districts Citywide

The ED Plan prioritizes support of businesses and commercial districts throughout the community to ensure equitable access to business assistance and services. The Santa Barbara region is fortunate to have several strong business resource organizations that provide direct business assistance, training and counseling services. The Economic Development Collaborative, Women's Economic Ventures, and Santa Barbara SCORE are well-respected and high performing organizations that provide a wide range of services and different types of business assistance. In addition, there are a number of business organizations in the community who are also assisting with supporting local businesses including the Chamber of Commerce

organizations (South Coast and Hispanic), the Downtown Santa Barbara Organization, and the Coast Village Association. These business organizations are critical community partners in implementing this strategy as they will help identify the type of business assistance that may be needed and help inform and connect their business members to training and assistance services. Three objectives and ten actions are identified to implement this strategy.

Organize Business Assistance Training Opportunities

Economic growth is directly tied to the success of small business and business startups. It is well documented that small businesses create most of the nation's new jobs and employ more than half of the private sector workforce. Leveraging the business assistance organizations resources to support the growth of small businesses is a priority. Ensuring small businesses are connected with technical assistance and support they need to be successful is a key component in building a thriving business community and a resilient economy. In addition, the City is a large municipal corporation that purchases a wide range of goods and services. The City should ensure it is prioritizing purchasing from local businesses and that local businesses are aware of business opportunities with the City. Lastly, to ensure equitable opportunities and access to services it is imperative that business assistance information and training be provided in Spanish. These three actions will assist in achieving this important business assistance objective.

Objective 1.1: Organize Business Assistance Training Opportunities	
Actions	Performance Targets
A. Coordinate with partner business assistance organizations to provide customized business training programs.	Organize and hold at a least one business assistance forum annually.
B. Create "Doing Business with the City" information and materials to support local businesses.	Collaborate with City departments and communicate City procurement opportunities through new communication efforts.
C. Ensure business assistance information and services are available in Spanish.	Update the City's website and collateral materials to be available in Spanish and coordinate with business assistance organizations to provide Spanish language business assistance training services.

General Plan Economy & Fiscal Health Element Policy Alignment
EF4 "Existing and *Businesses"* *EF6 "Minority Businesses"*

Support Commercial Districts and Key Industries

The future economic health of the community depends on creating more authentic and sustainable commercial districts. Assisting the City's key industries in commercial fishing and

sustainability business sectors so they are able to thrive aligns with the City's priorities and policies. These efforts will help retain businesses and create jobs, help diversify of the city's economy and maximize business opportunities within the existing built and natural environments. Enhancing the city's eight commercial districts also creates employment opportunities for residents, entrepreneurs and small businesses. To ensure equity and inclusion, promotional support and assistance will be provided to all of the city's main commercial areas:

- Central Business District
- Coast Village
- Mesa/Cliff Drive
- San Andres
- Funk Zone/Waterfront
- De La Vina
- Milpas
- Upper State Street

It is also important that the City assist key industries. The commercial fishing industry is a legacy business sector that has been in slow decline. However, the fishing stock is rebounding and demand is increasing as consumers are seeking more locally sourced seafood. The industry is poised for growth but is constrained by the limitation of storage and processing facilities. The commercial fishing association requires City partnership to help secure grants to fund the development of the fishing industry infrastructure so this legacy industry can be sustained and expanded. Additionally, the City and region are well known for leading on sustainability initiatives and environmental practices. Supporting the sustainability industry is in alignment with the City's goals. This objective's four supporting actions will provide promotional and technical support of the city's commercial districts, assist the commercial fishing industry, and grow the green\sustainability business sectors.

Objective 1.2: Support Commercial Districts and Key Industries	
Actions	Performance Targets
A. Provide promotional support and information to the City's commercial districts.	Promote the City's commercial districts on the City website and provide market data for property owners and commercial brokers to assist in tenant recruitment.
B. Facilitate the creation of property and business improvement districts in coordination with relevant City departments.	Identify the resources and processes required to create property or business improvement districts.
C. Strengthen the local seafood industry to diversify Santa Barbara's economy through proactive planning and investment.	Assist in the development of a Commercial Fisheries Economic Development Strategy (CFEDS) that maintains and expands private and public infrastructure, ensures zoning plans and programs that support the expansion of fisheries infrastructure and includes a financing and funding plan.

D. Promote the growth of the green\sustainability business sectors in coordination with the City's sustainability initiatives and assist in the facilitation of a transition of jobs from carbon-intensive sectors that may be impacted locally by carbon mitigation efforts.	Establish a business-to-business network with sustainability staff to support the growth of the industry and coordinate local workforce development opportunities to help train and create a workforce for emerging green jobs in the sustainability sectors.

General Plan Economy & Fiscal Health Element Policy Alignment
EF3 "Economic Development Plan and Special Studies" *EF4 "Existing Businesses"* *EF8 "Livable Wages"* *EF5 "Green/Sustainable Businesses"* *EF22 "Higher Wage Jobs"* *EF25 "Jobs with the Region for Local Residents"*

Develop Business Retention, Expansion and Attraction Initiatives

A cornerstone of many economic development programs is a business retention and attraction function that proactively engages businesses and new investment. The focus of this objective is to establish a business retention program and explore partnerships with business and community organizations. Facilitating business growth and investment through outreach efforts and providing critical data on the Santa Barbara market can aid business expansion and attraction efforts. In addition, in response to the pandemic and need to support foodservice businesses the City introduced the concept of "parklets" which is the extension of the sidewalk with a small platform to accommodate temporary outdoor dining. Parklets can also help provide an active use to commercial areas. This application was critical to support many businesses throughout the city survive the restrictions to indoor business operations. The benefits of parklets to businesses and the community are worthy for Council's consideration to permit the activity in appropriate commercial areas of the city. The following three actions will assist in the City's objective to help retain, expand and attract businesses.

Objective 1.3: Develop Business Retention, Expansion, and Attraction Initiatives	
Actions	Performance Targets
A. Establish and conduct a business visitation program.	Meet with at least ten businesses annually to offer assistance and support.
B. Collaborate with business organizations on business retention, expansion and attraction efforts.	Develop collateral materials, provide market data and develop partnerships to support business retention, expansion and attraction efforts.
C. Assist in evaluating a permanent parklet program to support business	Develop a staff recommendation that addresses the policy and regulatory issues for Council consideration.

expansion and activation of commercial areas.	

General Plan Economy & Fiscal Health Element Policy Alignment
EF2 "Environmental Effects" *EF4 "Existing Businesses"* *EF13 "Partnerships"*

STRATEGY 2

Cultivate a Business-Friendly City Government

A responsive and effective City government that understands the importance of assisting businesses, providing good customer service and attracting new business investment is a critical element of economic development. The City government's land development processes and the perception of the City's indifference to the business community's needs have potentially chilled new business investment. The City organization is committed to improving its relationship with the business community and streamlining the land development processes. Communication, business outreach and engagement, and a focus on reducing barriers and costs for business investment improve working relationships between the City and the business community and business investment confidence in Santa Barbara. To cultivate a business-friendly city government the ED Plan includes the following two objectives and four supporting actions to address communication, regulatory process improvements and business promotions.

Communicate and Address Business and Land Development Processes

In meeting regularly with business organizations, businesses, commercial real estate brokers and commercial property owners, the Economic Development Manager will collect feedback and provide updates on the City's improvements to the regulatory and land development processes. It is also critically important that the City provide easy access and clear information on the regulatory steps and processes to obtain business licenses, building permits and other forms of permits or licenses to operate a business, conduct commerce and make investment in the community. This objective and two actions will inform the business community on land development process improvements and opportunities for microenterprise businesses.

Objective 2.1: Communicate and Address Business and Land Development Processes	
Actions	Performance Targets
A. Support the Community Development Department's improvements to the land development process through	Develop new communication and engagement efforts with the business community such as business roundtables,

communication and engagement efforts with the business community.	speaking engagements and other forms of outreach and communication.
B. Address the opportunities for the creation and operation of microenterprise businesses.	Assist in the development of a sidewalk and vehicle vending ordinances, and licensing and operating requirements for these business activities.

General Plan Economy & Fiscal Health Element Policy Alignment
EF27 "City Services and Facilities"

Establish Business Promotion and Communication Initiatives

It is vital for the City to keep the public informed of the importance of supporting local business as they reopen and recover from the pandemic, highlighting how and why shopping local (rather than online or outside of the city) and supporting small businesses benefits the community. The City can utilize its communication resources and collaborate with partner business organizations to help create and amplify a Support Small Business and a Shop Local/Buy Local campaign. Likewise, to ensure the public and in particular the business community is informed of new information and critical updates regarding business assistance opportunities the ED Manager will create and distribute an electronic newsletter on a quarterly basis. This newsletter will help the City advocate for local business while keeping the business community informed of City initiatives or new information that may affect business operations, investment, or development. The methodology to achieve this objective includes promotion and communication efforts with these two actions.

Objective 2.2: Establish Business Promotion and Communication Initiatives	
Actions	Performance Targets
A. Address the need for citywide marketing and promotional support and assistance for re-opening and support of local businesses.	Create a Shop Local/Buy Local campaign.
B. Create an electronic newsletter on business assistance programs and business information related items. The newsletter can include program/project updates, upcoming events and business spotlights.	Produce quarterly business information electronic newsletter.

General Plan Economy & Fiscal Health Element Policy Alignment
EF4 "Existing Businesses" *EF10 "Incentivize Business Development"* *EF13 "Partnerships"* *EF21 "Small Businesses"*

STRATEGY 3
Strengthen Downtown as the Regional Hub of Retail, Entertainment, Art/Culture, Higher Education and Business

The ED Plan recognizes the importance of the downtown as the city's commercial and civic center, and thus prioritizes vitalizing the downtown central business district and ensuring it is the regional center for retail, entertainment, art and culture, academics, and commerce. The locational attributes and the abundance of amenities in the downtown area will also attract new housing investments and residents. The ability to implement this strategy relies upon strong collaborative relationships with community partners and multi-departmental coordination across the City organization supporting multiple stakeholders. The third strategy of the ED Plan is to strengthen downtown's position as a regional hub providing a full range of experiences and uses by utilizing the following four objectives and ten supporting actions.

Develop and Implement the State Street Vision

In response to the pandemic, the City closed State Street from Haley to Victoria streets to automobiles to facilitate temporary expanded outdoor dining and a promenade environment. Due to the popularity and excitement of the new downtown space and the opportunity to revitalize downtown through a future redesign of Downtown State Street, the City Council adopted a set of recommendations to advance this significant initiative. Three actions will be pursued to implement this critical downtown objective.

Objective 3.1: Develop and Implement the State Street Vision	
Actions	Performance Targets
A. Establish an advisory committee to help develop a Downtown State Street Area Master Plan.	Support the work effort for the recruitment, selection and staffing of a Downtown State Street Area Master Plan Advisory Committee.
B. Coordinate the development of a concept master plan for the Downtown State Street Area.	Assist in development of the scope of work to produce a concept master plan for Council's consideration based on an adopted vision.
C. Establish an implementation timeline and funding source to develop a concept master plan.	Coordinate the establishment of a project timeline and identify a funding source to develop the concept master plan.

General Plan Economy & Fiscal Health Element Policy Alignment
EF 9 "Infrastructure Improvements" *EF 14 "Local Needs"* *EF 27 "City Services and Facilities"* *EF 28 " Financing Capital Improvements"*

Facilitate Downtown Housing Development

Critical to the creation of an active and vibrant downtown is the addition of new housing in the downtown core, through infill development, adaptive reuse of buildings and addition of new residents to the area. Increasing the downtown resident population will add to the vibrancy of the area and livelihood of local businesses. To support this effort, this objective defines efforts to assist developers and property owners in evaluating sites and advocate for housing projects. In addition, an action to help achieve this objective is to identify City-owned properties in downtown that could serve as housing sites and be developed under public-private partnerships. For instance, multiple City-owned, surface public parking lots could accommodate residential development and still maintain public parking for downtown. The Economic Development Manager can support the evaluation and structuring of public-private partnerships and other creative transactions to facilitate downtown housing development. The following two actions will be employed to further the development of housing downtown.

Objective 3.2: Facilitate Downtown Housing Development	
Actions	Performance Targets
A. Support developers/property owners in evaluating and developing housing projects.	Assist at least three downtown housing developments through the regulatory process.
B. Support housing development on infill sites that could create housing development opportunities through public-private partnerships or other creative methods.	Identify at least two potential public-private infill housing developments that could be created through these efforts.
General Plan Economy & Fiscal Health Element Policy Alignment	
EF 12 "Re-use of Commercial Space" *EF 14 "Local Needs"* *EF23 "Regional Economic Strategy"*	

Support Co-Work/Creative Office and Higher Education Uses

Downtown Santa Barbara has the greatest concentration of co-work and creative office space on the South Coast. The amenities, life/work balance, and proximity to transit positions the downtown to be a hub of business activity with co-work spaces and creative office spaces. These unique office spaces provide a supportive environment for existing and emerging entrepreneurs, technology companies, and other businesses seeking creative workspace. These same downtown attributes are also conducive to higher education uses that enable students to engage with local industries and utilize the amenities and services in the area. There is an increasing number of academic institutions establishing a presence and programs in downtown. Due to the amount of commercial space in downtown, there is potential to attract additional academic

programs, as well as expand on the existing facilities already in operation. It is important to support these uses to ensure their success and integration into downtown.

Objective 3.3: Support Co-Work/Creative Office and Higher Education Uses	
Actions	Performance Targets
A. Engage with co-working spaces to support start-up firms in growing their businesses.	Provide targeted outreach and assistance to aid in the growth of start-up firms.
B. Support higher education and academic institutions to encourage expansion or location in the downtown area.	Establish a working relationship with existing higher education institutions to support their programs and identify opportunities for other institutions or programs to locate in the downtown area.

General Plan Economy & Fiscal Health Element Policy Alignment
EF17 "Connect College Students and Employers" *EF19 "Coordinate with SBCC"* *EF24 "Coordinate with UCSB"*

Enhance Downtown's Retail, Entertainment, Art/Cultural Uses and Experiences

Downtown is the commercial and cultural center of Santa Barbara and has a diverse mix of businesses, art and cultural organizations, and performing art facilities as well as numerous historical sites and buildings. Unique downtown districts are beginning to be defined and established. Opportunities exists to celebrate the City's historical sites and beautiful historical buildings and architecture while supporting local businesses and collaborating with organizations preserving and promoting the City's history. Reports have indicated that there is a surplus of downtown retail space. Additionally, many retail spaces are in older structures that provide inefficient floor plates and require expensive modifications to meet modern building code requirements. As a result, it will take time to reposition many downtown commercial spaces for adaptive reuse. The City will continue to explore collaborative partnerships with the business organizations and stakeholder organizations to pursue attracting diverse retail, entertainment, and other uses for community services, art, and cultural activities into the downtown environment. The downtown and newly created State Street promenade offer a range of possibilities to attract new events, showcase existing cultural organizations and engage the public in new ways. Commercial property owners play an important role in diversifying the tenant mix of downtown businesses to enhance the commercial business environment to ensure downtown has a vibrant mix of uses. To leverage the opportunities to enhance downtown this objective has three supporting actions.

Objective 3.4: Enhance Downtown's Retail, Entertainment, Art/Cultural Uses and Experiences	
Actions	Performance Targets
A. Promote the City's historical architecture, buildings and sites to celebrate the City's heritage.	Create a self-guided historical walking tour with participation from local businesses and organizations.
B. Support attraction efforts for unique retail and entertainment businesses in coordination with stakeholder organizations and identify downtown properties to accommodate the adaptive reuse opportunities.	Identify prospective retail and entertainment businesses and assist in the adaptive reuse of commercial spaces to accommodate these uses.
C. Coordinate the implementation of new and diverse public art and cultural projects, events and activities with various community groups and stakeholders.	Identify new special event opportunities, projects, events and initiatives and the permitting or approval processes to implement such efforts.

General Plan Economy & Fiscal Health Element Policy Alignment
EF1 "Integral Parts of Economic Development" *EF18 "Arts, Crafts, and Culture"* *EF18.1 "Arts District"*

EVALUATION OF OBJECTIVES, ACTIONS AND PERFORMANCE TARGETS

The ED Manager will provide a semi-annual update on the ED Plan's actions and performance targets to the City Council. As part of the update and Council review, the ED Plan actions and performance targets may be amended or updated as actions are completed or as new priorities are identified. Similarly, the ED Plan actions and associated performance targets could be updated and replaced with new objectives and associated performance targets as needs arise. Council will evaluate the ED Plan's strategies and objectives at the completion of the three year term unless there are overriding considerations. Lastly, as additional resources become available Council should prioritize supporting the City's economic development program by committing additional resources in order to assist more businesses and provide greater benefit to the community.

ECONOMIC INDICATORS

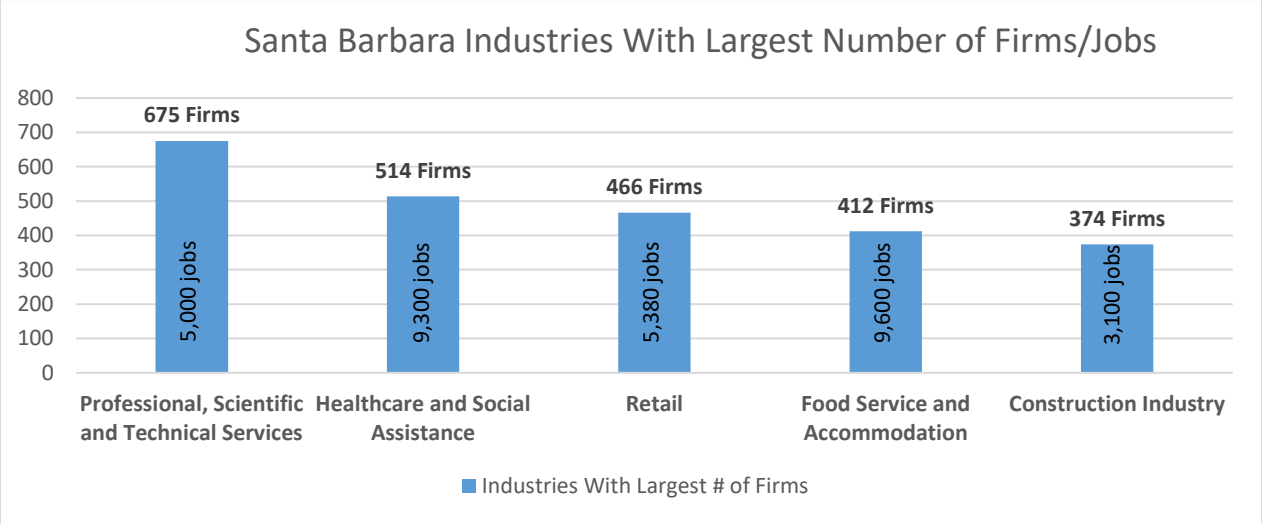
The City and a number of entities currently monitor several economic indicators to evaluate the economic health of the city. Economic data can come from various sources and represent different aspects of the City's fiscal condition and the overall economic health of the community. The following economic indicators are greatly influenced by state and national economic conditions, business investment as well as consumer demand and preferences:

- Tax revenues
- Employment rates
- Composition and number of businesses
- Downtown commercial vacancy rate

The City's actions or inactions can directly influence or contribute to these indicators. The strategies of the ED Plan are intended to improve Santa Barbara's economy and positively affect these economic indicators. The most important indicators of the City's fiscal health are tax revenues, which represent consumer spending and business and visitor economic activity. For fiscal year 2020 as reported at the end of June 2020, the City's General Fund tax revenues were approximately $109 million. Two of the largest tax revenue sources are sales/use taxes and transient occupancy (hotel bed) taxes that represent approximately 57 percent of the City's General Fund tax revenues. Sales and use tax was approximately ten percent lower from the prior fiscal year and the transient occupancy tax was almost 30 percent lower due to the impact of the pandemic and related business restrictions. The ED Plan strategies are expected to aid in business and tax revenue growth going forward.

Another key economic indicator is the unemployment rate. Santa Barbara has historically enjoyed a relatively low unemployment rate of approximately three percent, which tends to fall below the State or County unemployment rates. The annual unemployment rate has steadily declined over the past ten years from 6.6 percent in 2011 to 2.3 percent at the end of 2019. At the onset of the pandemic in the spring of 2020, unemployment rates spiked and then lowered over the summer of 2020. With the second wave of COVID-19 infections and subsequent public health orders restricting many business activities, unemployment rates rose once again in the late fall of 2020. Many economists believe that the pandemic has created a national recession and will produce higher than average unemployment for the next two years approximately.

The composition of businesses and associated employment is an interesting economic indicator of the city's business sectors. Santa Barbara has a number of large employers representing local and county governmental organizations, healthcare agencies, higher education institutions and the local school district but small businesses account for the majority of employment. As of August 2020, the California Employment Development Department reported the City had 4,325 brick and mortar businesses in the City providing almost 55,700 jobs and approximately $800 million in wages. As illustrated in the bar chart below, the five largest business sectors comprise 58 percent of the total workforce with approximately 32,380 jobs. While there is diversification of the business sectors, the largest number of jobs are concentrated in the service industry comprised of retail, foodservice, and accommodation consistent with the City's large tourism base.



Lastly, the most obvious economic indicator is the amount of commercial vacancy of office and retail space in the downtown. Historically, the City's overall commercial vacancy rate for office, retail, and industrial space holds steady with periodic dips when a large tenant does not renew a lease, or a new commercial space is built and added to the overall inventory. However, as noted in the Kosmont Companies Downtown Revitalization Recommendations Report, the City has approximately 500,000 square feet of excess retail space, with the majority of retail space located in downtown. As such, the downtown retail vacancy rate has fluctuated with changes in the national economy, consumer preferences, and tourism activity. The recent closure of the remaining downtown department store Nordstrom's, in combination with the factors previously referenced, sent retail vacancy rates to over 16 percent at the end of 2020 and is in flux into 2021. Similarly, office vacancy in the City has increased during the pandemic to a peak of ten percent. With the potential repositioning of the two former downtown department stores into office use will substantially increase the amount of office space in downtown. The addition of these buildings with large contiguous floor plates provides for the unique opportunity to accommodate large employers who may desire that type of workspace for their operations.

This ED Plan will positively influence these economic indicators. These economic indicators also provide an additional measure in evaluating the impact and success of the ED Plan.

CONCLUSION

The adoption of this Economic Development Plan sets Santa Barbara on a strategic path to strengthen the city's economy and enhance downtown vibrancy. This plan establishes a foundation to support businesses, revitalize downtown and enhance the City's quality of life.

APPENDIX

Outline of the ED Plan's Strategies, Objectives and Actions

STRATEGY 1
Support Local Businesses and Commercial Districts Citywide

Objective 1.1: Organize Business Assistance Training Opportunities	
Actions	Performance Targets
A. Coordinate with partner business assistance organizations to provide customized business training programs.	Organize and hold at a least one business assistance forum annually.
B. Create "Doing Business with the City" information and materials to support local businesses.	Collaborate with City departments and communicate City procurement opportunities through new communication efforts.
C. Ensure business assistance information and services are available in Spanish.	Update the City's website and collateral materials to be available in Spanish and coordinate with business assistance organizations to provide Spanish language business assistance training services.

General Plan Economy & Fiscal Health Element Policy Alignment
EF4 "Existing and *Businesses"* *EF6 "Minority Businesses"*

Objective 1.2: Support Commercial Districts and Key Industries	
Actions	Performance Targets
A. Provide promotional support and information to the City's commercial districts.	Promote the City's commercial districts on the City website and provide market data for property owners and commercial brokers to assist in tenant recruitment.
B. Facilitate the creation of property and business improvement districts in coordination with relevant City departments.	Identify the resources and processes required to create property or business improvement districts.
C. Strengthen the local seafood industry to diversify Santa Barbara's economy through proactive planning and investment.	Assist in the development of a Commercial Fisheries Economic Development Strategy (CFEDS) that maintains and expands private and public infrastructure, ensures zoning plans and programs that support the expansion of fisheries infrastructure and includes a financing and funding plan.
D. Promote the growth of the green\sustainability business sectors in coordination with the City's sustainability initiatives and assist in the facilitation of a transition of jobs from carbon-intensive	Establish a business-to-business network with sustainability staff to support the growth of the industry and coordinate local workforce development opportunities to help train and

sectors that may be impacted locally by carbon mitigation efforts.	create a workforce for emerging green jobs in the sustainability sectors.

General Plan Economy & Fiscal Health Element Policy Alignment
EF3 "Economic Development Plan and Special Studies" *EF4 "Existing Businesses"* *EF8 "Livable Wages"* *EF5 "Green/Sustainable Businesses"* *EF22 "Higher Wage Jobs"* *EF25 "Jobs with the Region for Local Residents"*

Objective 1.3: Develop Business Retention, Expansion, and Attraction Initiatives	
Actions	Performance Targets
A. Establish and conduct a business visitation program.	Meet with at least ten businesses annually to offer assistance and support.
B. Collaborate with business organizations on business retention, expansion and attraction efforts.	Develop collateral materials, provide market data and develop partnerships to support business retention, expansion and attraction efforts.
C. Assist in evaluating a permanent parklet program to support business expansion and activation of commercial areas.	Develop a staff recommendation that addresses the policy and regulatory issues for Council consideration.

General Plan Economy & Fiscal Health Element Policy Alignment
EF2 "Environmental Effects" *EF4 "Existing Businesses"* *EF13 "Partnerships"*

STRATEGY 2

Cultivate a Business-Friendly City Government

Objective 2.1: Communicate and Address Business and Land Development Processes	
Actions	Performance Targets
A. Support the Community Development Department's improvements to the land development process through communication and engagement efforts with the business community.	Develop new communication and engagement efforts with the business community such as business roundtables, speaking engagements and other forms of outreach and communication.
B. Address the opportunities for the creation and operation of microenterprise businesses.	Assist in the development of a sidewalk and vehicle vending ordinances, and licensing and operating requirements for these business activities.

General Plan Economy & Fiscal Health Element Policy Alignment
EF27 "City Services and Facilities"

Objective 2.2: Establish Business Promotion and Communication Initiatives	
Actions	Performance Targets
A. Address the need for citywide marketing and promotional support and assistance for re-opening and support of local businesses.	Create a Shop Local/Buy Local campaign.
B. Create an electronic newsletter on business assistance programs and business information related items. The newsletter can include program/project updates, upcoming events and business spotlights.	Produce quarterly business information electronic newsletter.

General Plan Economy & Fiscal Health Element Policy Alignment
EF4 "Existing Businesses" *EF10 "Incentivize Business Development"* *EF13 "Partnerships"* *EF21 "Small Businesses"*

STRATEGY 3

Strengthen Downtown as the Regional Hub of Retail, Entertainment, Art/Culture, Higher Education and Business

Objective 3.1: Develop and Implement the State Street Vision	
Actions	Performance Targets
A. Establish an advisory committee to help develop a Downtown State Street Area Master Plan.	Support the work effort for the recruitment, selection and staffing of a Downtown State Street Area Master Plan Advisory Committee.
B. Coordinate the development of a concept master plan for the Downtown State Street Area.	Assist in development of the scope of work to produce a concept master plan for Council's consideration based on an adopted vision.
C. Establish an implementation timeline and funding source to develop a concept master plan.	Coordinate the establishment of a project timeline and identify a funding source to develop the concept master plan.

General Plan Economy & Fiscal Health Element Policy Alignment
EF 9 "Infrastructure Improvements" *EF 14 "Local Needs"* *EF 27 "City Services and Facilities"* *EF 28 " Financing Capital Improvements"*

Objective 3.2: Facilitate Downtown Housing Development	
Actions	Performance Targets
A. Support developers/property owners in evaluating and developing housing projects.	Assist at least three downtown housing developments through the regulatory process.

B. Support housing development on infill sites that could create housing development opportunities through public-private partnerships or other creative methods.	Identify at least two potential public-private infill housing developments that could be created through these efforts.

General Plan Economy & Fiscal Health Element Policy Alignment
EF 12 "Re-use of Commercial Space" *EF 14 "Local Needs"* *EF23 "Regional Economic Strategy"*

Objective 3.3: Support Co-Work/Creative Office and Higher Education Uses	
Actions	Performance Targets
A. Engage with co-working spaces to support start-up firms in growing their businesses.	Provide targeted outreach and assistance to aid in the growth of start-up firms.
B. Support higher education and academic institutions to encourage expansion or location in the downtown area.	Establish a working relationship with existing higher education institutions to support their programs and identify opportunities for other institutions or programs to locate in the downtown area.

General Plan Economy & Fiscal Health Element Policy Alignment
EF17 "Connect College Students and Employers" *EF19 "Coordinate with SBCC"* *EF24 "Coordinate with UCSB"*

Objective 3.4: Enhance Downtown's Retail, Entertainment, Art/Cultural Uses and Experiences	
Actions	Performance Targets
A. Promote the City's historical architecture, buildings and sites to celebrate the City's heritage.	Create a self-guided historical walking tour with participation from local businesses and organizations.
B. Support attraction efforts for unique retail and entertainment businesses in coordination with stakeholder organizations and identify downtown properties to accommodate the adaptive reuse opportunities.	Identify prospective retail and entertainment businesses and assist in the adaptive reuse of commercial spaces to accommodate these uses.
C. Coordinate the implementation of new and diverse public art and cultural projects, events and activities with various community groups and stakeholders.	Identify new special event opportunities, projects, events and initiatives and the permitting or approval processes to implement such efforts.

General Plan Economy & Fiscal Health Element Policy Alignment
EF1 "Integral Parts of Economic Development" *EF18 "Arts, Crafts, and Culture"* *EF18.1 "Arts District"*

General Plan

Economy and Fiscal Health

CONTENT OF THIS ELEMENT

The Economy and Fiscal Health Element covers both local and regional economic considerations and offers policies that promote economic resiliency and equity and support green businesses, local small businesses, and employment for local residents. For implementation, a number of these policies will require a more proactive role on the part of the City through a variety of promotion, recruitment and retention efforts.

The following goals, policies and implementation actions were either developed during the *Plan Santa Barbara* General Plan update process, carried over from the Land Use Element in effect in 2011, were EIR mitigation measures, or relocated during the 2013 Safety Element Update. This is a new element in the General Plan that is operational with the adoption of the General Plan.

Goals, Policies and Implementation

GOALS

- ***Strong, Diverse Economy.*** Ensure a strong economy with a diversity of business sizes and types that provide a stable long-term revenue base necessary to support essential services and community enhancements, as well as diverse job opportunities.
- ***Local Opportunities.*** Enhance educational opportunities for local residents to meet local employment needs.
- ***Green Businesses.*** Encourage more "green" businesses.
- ***Tourism.*** Continue to support tourism and related support services for visitors to Santa Barbara.
- ***Interconnected Regional Economy.*** Recognize that commerce is intertwined with transportation, natural resources and housing, and together are key elements of a healthy economy that is regional in scope.
- ***Minimize Impacts and Costs.*** Internalize impacts to the environment of new development and redevelopment, and avoid costs to the community.

Local Economic Policies

Promote Economy and Fiscal Health goals and policy direction working with non-profits and businesses.

EF1. **Integral Parts of Economic Development**. Promote energy efficiency, innovation, public health, and arts and culture as integral parts of economic development.

EF2. **Environmental Effects of Commercial Growth.** Manage commercial growth to protect the City's environment and unique qualities.

EF3. **Economic Development Plan and Special Studies.** Prepare and implement an economic development plan to focus economic development activities in desired areas to further implement economic policies. Initiate special area studies, zoning policies, or specific plans for small businesses, start-up businesses and green/sustainable businesses in the commercial areas identified in Sustainable Neighborhood Plans.

EF4. **Existing Businesses.** Give priority to retaining existing enterprises as the best source of business expansion and local job growth, and encourage government, businesses and residents to patronize local businesses and contractors, by working with local businesses to initiate a "Buy Local" program, with the City setting the example.

EF5. **Green/Sustainable Businesses.** Provide where practicable a green promotional and economic development program, to support businesses that:

- Develop or provide "green/sustainable" products, such as recycled building materials, alternative transportation vehicles, alternate energy sources, organic agriculture, etc.;
- Enhance the natural environment, conserve energy, water or materials, prevent pollution, reduce waste;
- Provide environmental education to the community about City programs.

Continue to support the *Green Business Program Santa Barbara County* by publicly recognizing businesses that promote environmental responsibility and community concern.

EF6. **Minority Businesses.** Support minority-owned/operated businesses to assist in preserving cultural diversity through focused promotional programs.

EF7. **Eco-Tourism.** Support eco-tourism, such as bicycle tours, that takes advantage of existing hotels and resources such as the beach, ocean, and foothill trails.

EF8. **Livable Wages.** Recruit or retain businesses which provide livable wage employment as defined by the City, and provide support through promotional programs.

EF9. **Infrastructure Improvements.** Identify, evaluate and prioritize capital improvements that would assist in business retention or expansion, such as increased public transit, a rail/transit transfer center, city-wide wi-fi, sidewalk improvements, or consolidated customer parking facilities.

EF10. **Incentivize Business Development**. Work with business organizations such as the Downtown Organization to develop specific strategies to provide incentives for business development and recruitment to the area.

EF11. **Technology.** Encourage the use of and investment in technology that supports local enterprises and attracts new businesses to the City.

EF12. **Re-Use of Commercial Space.** Provide incentives for adaptive re-use of vacant commercial buildings.

EF13. **Partnerships.** Encourage public/private joint venture partnerships as an economic development tool.

EF14. **Local Needs.** Encourage enterprises that serve the needs of existing local residents, workers, and businesses.

EF15. **Protect Industrial Zoned Areas.** Preserve the industrial zones as a resource for the service trades, product development companies, and other industrial businesses not precluding priority housing in the C-M, Commercial Manufacturing Zone.

EF16. **Industrial Uses.** Ensure that there is sufficient land available for industrial uses.

EF17. **Connect College Students and Employers.** Advocate for and support a program to link UCSB and Santa Barbara City College graduating students with local employers.

EF18. **Arts, Crafts, and Culture.** Recognize the contribution to the City's economy played by the arts, crafts, and cultural events, and continue to support and promote these endeavors.

Possible Implementation Actions to be Considered

EF18.1 Arts District. Continue to support venues, facilities, events, and public artwork within the cultural arts district informally recognized as the area bound by Carrillo, Micheltorena, Anacapa and Chapala streets as well as surrounding areas within the Downtown.

EF18.2 Master Plan. Develop and implement a Public Art and Cultural Arts Master Plan. Work with the private and non-profit sector to develop the Public Arts, Crafts, and Cultural Arts Master Plan.

EF19. **Coordinate with SBCC.** Encourage closer ties with SBCC, recognizing its role in providing a skilled and knowledgeable labor pool and contemporary concepts or ideas for business and government.

EF20. **Child and Senior Care for Working Families.** Recognize and promote the provision of child and senior care as a necessary complement of employment.

EF21. **Small Businesses.** Continue to recognize the economic importance of small business in the community and promote programs to encourage their continued economic vitality and flexibility in future expansion.

EF22. **Creation of Higher Wage Jobs**. Emphasize programs, incentives, and land use changes that would prioritize creation of high wage jobs in order to improve the balance between low-, middle-, and high-income wage employment opportunities.

Regional Economic Policies

EF23. **Regional Economic Strategy.** The City shall pursue an economic development strategy that sets a regional jobs/housing balance as a goal, and recognizes the need for affordable housing to support a diverse and healthy local economy.

Possible Implementation Action to be Considered

EF23.1 Cooperative Strategy. In cooperation with other area governments, prepare an economic strategy to define regional economic needs, and a practical and realistic regional goal for a jobs/housing balance. Identify actions that can be taken:

- By each jurisdiction toward achieving the job/housing goal;
- By each jurisdiction toward addressing other regional economic needs; and
- By several jurisdictions together.

EF24. **Coordinate with UCSB.** Develop closer ties with UCSB, recognizing its role as a major source of stimulus for growth on the South Coast and as an employment base and source of start-up businesses.

EF25. **Jobs within the Region for Local Residents.** Recruit and retain businesses in the City that employ local residents, and encourage South Coast Region employers to recruit local residents to reduce commuting and increase local purchasing power.

Fiscal Health Policy

EF26. **Development Impact Fees.** To the extent applicable, in order for the community to function more sustainably, new commercial and market-rate residential development and redevelopment shall either avoid impacts on community services and facilities, or contribute financially to the City or other community organizations to mitigate such impacts and costs of providing increased services and facilities.

EF27. **City Services and Facilities.** City services and facilities shall be built, maintained and operated in a manner to provide adequate services to all residents and coexist compatibly with surrounding land uses.

Possible Implementation Action to be Considered

EF27.1 Service and Facility Performance. Monitor services and facilities and report status regularly to the Planning Commission.

EF28. **Financing Capital Improvements.** The City shall pursue a variety of financing sources for the maintenance and enhancement of capital improvement projects.

Possible Implementation Actions to be Considered

EF28.1 Fees. Investigate increasing fees to finance the cost of capital improvements.

EF28.2 Bonds. Pursue voter approval of general obligation bonds for major capital improvements.

EF28.3 Impacts to City-Wide Service. Individual projects shall be evaluated for their impacts on the City's ability to provide adequate services and facilities.

EF28.4 Timing. Services and facilities shall be available for developments prior to approving projects and/or issuing occupancy or use certificates.