



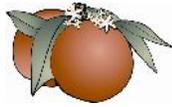
ECONOMIC DEVELOPMENT

INTRODUCTION AND VISION FOR THE FUTURE

Orange is recognized as a desirable area in which to do business, and therefore supports and sustains a diverse range of businesses in the City's distinct industrial, commercial, institutional, and office areas. This diversity in the business climate reflects the gradual transition of Orange from an agricultural community served by rail to its position for many years as an outer-ring suburb of the rapidly growing Los Angeles metropolitan area, to its position today at a major crossroads of Orange County, at the convergence of major freeways, and serviced by a major commuter rail line. The City's economic environment cultivates and promotes both large corporate enterprises as well as smaller business entrepreneurs. At the outset of the 21st century, Orange's economic development strategies focus on preserving jobs and maintaining a diverse economic base.

To maintain the City's economic diversity, Orange encourages light manufacturing and industrial uses in the northwestern area, and larger institutional, corporate office and retail uses in the southwestern portion. The City provides opportunities for boutique and family-owned stores in Old Towne Orange, as well as in key commercial areas along Tustin Street, Katella Avenue, Chapman Avenue, and Lincoln Avenue, where regional and national retailers can also be found. Orange will continue to encourage educational and medical institutions and other industries that bring higher wage employment opportunities. The City also draws revenues from entertainment and hospitality industries.

Encouraging continued economic development in Orange will require a coordinated response to strong demands for industrial and commercial businesses. In addition, it will require provision of attractive, vibrant, and safe retail centers, and promotion of mixed-use developments in walkable environments. Understanding that the City will soon be a fully developed community facing competition from its neighbors, Orange will continue to support economic development activities through consolidation and redevelopment of properties and through adaptive reuse and rehabilitation of older buildings. The Economic Development Element outlines goals and policies that promote sustainable, market-driven economic growth and activity without compromising the City's identity, heritage, or the quality of life of those who live, work, and play in Orange.



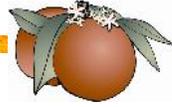
Orange's ***Vision for the Future***, described in the General Plan Introduction, describes the importance of finding an appropriate balance between residential, commercial, and industrial demands. The vision encourages the City's retail districts to seek incremental improvement, and promotes visually attractive commercial development, active public areas, high quality streetscapes, and innovative design within the public realm along major thoroughfares such as Chapman Avenue, Tustin Street, Katella Avenue, and Main Street. The vision includes the following objectives related to economic development:

- The City will strive to provide for a range of businesses including small, family-owned businesses and larger businesses that serve a regional market.
- The appearance and variety of commercial, retail, industrial, and employment centers will reflect the pride that residents have for Orange, as well as the long-term investments the City has made in its infrastructure.
- Orange will tap into the entertainment and hospitality markets by enabling development of high quality facilities strategically located near other regional tourist draws.
- Orange will continue to support educational and medical institutions and other industries that provide high paying jobs and are major contributors to the community.

Purpose of the Economic Development Element

The purpose of the Economic Development Element is, first, to identify desirable economic development conditions and land uses that will enhance and promote business activity, employment growth, and economic stability. Second, it provides goals and policies that will foster economic growth and increase employment opportunities. The goals and policies established in the Element are intended to cultivate economic growth and fiscal improvement, while providing a flexible framework that adjusts to changes in the marketplace. This Element creates a framework for the City in which to initiate specific strategies and implementation programs.

The Economic Development Element outlines economic strategies that allow the City to attract new businesses, promote retention and expansion of existing businesses, maintain a strong economic base, establish and reinforce its image and identity within the region, and identify future needs for infrastructure and capital facilities to foster new economic development opportunities. By analyzing the City's General Fund expenditures and recurring revenues, this Element establishes policies focused on improving the City's financial well-being. Based on land uses set forth in the Land Use Element, this Element generally addresses the City's expected range of fiscal benefits (e.g., property tax, sales tax, and other revenue sources). Likewise, this Element outlines the anticipated General Fund operating expenditures (e.g., police and emergency services, fire protection, public works, community services, and general government services) that the City can expect. Economic Development Element policies also support the provision of housing suitable for Orange's workforce.



Scope and Content of the Economic Development Element

The Economic Development Element forms the basis for the City's overall economic policy related to business activity, employment growth, and fiscal balance. The Economic Development Element addresses employment stability and existing business retention, and encourages development of programs to recruit new businesses. Economic development policies can help preserve the culture and establish or refine the identity of commercial corridors and surrounding neighborhoods by retaining businesses that give character to the community. These policies can also help maintain a wide range of goods, services, and activities, and respond to local and regional commercial, retail, and industrial demands.

The scope of the Economic Development Element also includes discussion regarding the types and intensities of land uses within key focus areas, addresses their appropriateness given forecasted market conditions, and discusses the role that land use policy plays in the economic health and stability of the community.

The Economic Development Element is not a required element under State General Plan law. Nevertheless, the City recognizes the integral role and relationship that economic development has with the other elements of the General Plan in maintaining a high quality business and residential environment, and in promoting fiscal stability in Orange.

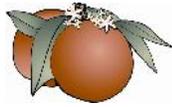
The Economic Development Element consists of three sections:

- (1) Introduction
- (2) Issues, Goals, and Policies
- (3) Economic Development Plan

This *Introduction* describes the Element's intent, organization, and relationships to other General Plan elements. *Issues* describe the key economic trends and factors that contribute to the economic growth and development of the community. *Goals* describe ideal outcomes regarding Orange's economy as expressed by both private and public interests, and *Policies* provide recommendations to achieve the stated goals. The goals and policies are purposefully general. They establish a framework for more detailed implementation programs, initiatives, and strategies, which can be revised on an ongoing basis, responding to changes in market conditions or the City's needs. The Economic Development Plan generally explains the programs that can be implemented according to Economic Development Element policies. Detailed descriptions of the various implementation programs recommended within this Element can be found in an Appendix to the General Plan.

Relationship to Other General Plan Elements

The contents of all the General Plan elements are complementary and must be integrated to provide comprehensive and consistent guidelines. The issues, goals and policies addressed within the Economic Development Element are correlated with those in the Land Use, Growth Management, Infrastructure, Cultural Resources & Historic Preservation, Circulation & Mobility, Urban Design, and Housing Elements. Together, these elements address and minimize barriers to economic growth such as inadequate infrastructure or transportation systems, or physical conditions that may discourage investment in the City.



The Land Use Element describes development within the built environment, such as land use designations, types of activities allowed, and densities/intensities for various locations in the City's planning area. The Land Use Element sets forth plans to refine, and in some cases intensify, land uses within eight focus areas, some of which are located along many of the City's most traveled roadway corridors. The focus areas, and the proposed land use plans within them, are designed to maximize the economic potential of long untapped or underutilized resources within the City, such as commuter rail, Chapman University, medical centers near South Main Street and on East Chapman Avenue, and freeway and transit access. Economic development and growth within these areas is enabled by the General Plan land use plan, and is the key to achieving the long-term fiscal objectives of the City.

The goals and policies of the Growth Management and Infrastructure Elements ensure adequate circulation and infrastructure capacity to mitigate any undesired effects of growth by monitoring and phasing development, so it is concurrent with provision of infrastructure. Since many of the goals and policies expressed in these elements are implemented through tax revenues received by the City, the content of the Economic Development Element correlates directly to funding of public services.

Business retention efforts of the Economic Development Element recognize the need to preserve the identity and culture of the City. Since much of the fundamental charm and attraction of Orange lies in the preservation of cultural and historical identity, the Cultural Resources & Historic Preservation Element should be read as a companion to this Element.

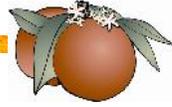
Road capacity goals and policies addressed in the Circulation & Mobility Element also affect the type and mix of uses identified in the Economic Development Element. Changes in land use policy that promote economic development goals may result in congestion and reduce quality of life for residents, if not serviced with adequate road capacity.

Physical deterioration of an area may discourage investors and developers from continuing business there. The appearance of industrial, commercial, and retail properties and streetscapes reflects the level of community pride and stewardship of Orange, and conveys a message about the quality of the community. For this reason, the contents of the Urban Design Element are coordinated with those of the Economic Development Element.

The ability to attract new employers and to further develop existing ones is dependent on the provision of housing options that can accommodate a range of users. The Housing Element provides an assessment of suitable locations for residential in-fill development, identifies barriers to the development of affordable housing, and establishes policies and programs that direct infrastructure investments to support residential growth.

ISSUES, GOALS AND POLICIES

Recognizing that economic development is a multi-faceted process that responds to changing demographic trends, the goals and policies of the Economic Development Element address seven issues: (1) maintaining fiscal diversity and balance among land uses; (2) retaining and expanding retail businesses and attracting new retail businesses to the City; (3) removing barriers to economic development; (4) improving the appearance of the City's commercial, industrial, and office corridors; (5) strengthening the City's economic base and stimulating employment growth; (6) ensuring the adequacy of technology and utility



infrastructure to support businesses; and (7) providing adequate local housing for employees.

Fiscal Diversity and Balance

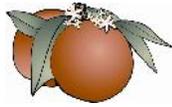
Orange's local economy has expanded rapidly in recent years, diversifying in both services and retail sales. The following goals and policies allow the City to continue to promote a diverse range of retail, commercial, institutional, and industrial businesses, and to achieve a balance between revenue generation and service demands of land uses.

GOAL 1.0 Sustain a diversified economic base and strong fiscal stability.

- Policy 1.1: Provide for land uses that allow a variety of retail, service, manufacturing, institutional, office, and recreational businesses to locate in Orange.
- Policy 1.2: Retain the small, independent business character of Old Towne and other areas where smaller, family-owned businesses flourish, while accommodating national and regional retailers along major commercial corridors, and encouraging corporate headquarters and offices in the City's prominent office and commercial areas.
- Policy 1.3: Retain industrial land for businesses that provide jobs for manufacturing and processing of goods and create local revenue sources.
- Policy 1.4: Encourage physical expansion of manufacturing operations and research and development businesses within light industrial and manufacturing areas.
- Policy 1.5: Encourage new development and businesses that supplement smaller components of the City's retail base, such as apparel retailers, food stores, and home furnishings and appliances.
- Policy 1.6: Continue to utilize redevelopment as a financing tool for City-initiated revitalization and to encourage and promote private investment.
- Policy 1.7: Pursue a variety of funding approaches, including grants, impact fees, assessments, and transportation funds in order to support public services, municipal programs, and capital investments that support City businesses.

Retail Business Retention and Expansion

Current employment trends indicate that retail activity ranks second to service industry in Orange. Both large corporate retailers and smaller independent businesses have been part of Orange for decades. To retain existing businesses, to encourage new retail developments and emerging industries, and to respond to changing community demographics, the City will work with both types of property owners to renovate and improve the appearance of existing retail centers. The City will increase development potential within key retail corridors to provide additional capacity for anticipated retail growth.



- GOAL 2.0** **Cultivate a business environment that is conducive and appealing to the commercial and retail industry, including smaller entrepreneurs.**
- Policy 2.1: Encourage public-private partnerships that will support business and employment growth.
- Policy 2.2: Increase local tax revenues by providing performance-based financial assistance to new and existing businesses in Orange.
- Policy 2.3: Periodically evaluate local sales tax, transient occupancy tax, business license fees, and building permit fees to determine the effect of fees on local businesses, or as a deterrent to new businesses, as well as to ensure adequate revenues for the City.
- Policy 2.4: Maintain adequate infrastructure, transportation systems, and physical conditions that encourage retailers to invest in the City.
- Policy 2.5: Encourage retention of existing retail businesses that will complement, and/or locate within, new or larger retail businesses or centers.

Commercial and Industrial Base

As of 2005, about 40 percent of people employed in Orange worked in the service industry, and around 10 percent worked in the manufacturing industry. In other words, nearly half of the employment force in Orange works in the service and manufacturing sectors. The City seeks to meet the needs of commerce and industry by strengthening and expanding the existing economic base. The proposed land uses described in the Land Use Element are anticipated to result in approximately 70.6 million square feet of nonresidential development at build-out, 35.7 million square feet more than current conditions. In addition, the Land Use Element advocates creation of a variety of mixed-use environments ranging from neighborhood-scale to urban scale.

- GOAL 3.0** **Strengthen the City's economic base and stimulate employment through new commercial and industrial development and expansion.**
- Policy 3.1: Utilize the City's Redevelopment resources to help make commercial and industrial construction and development financially feasible.
- Policy 3.2: Encourage public and private sector investments that promote commercial development and expansion opportunities.
- Policy 3.3: Provide a venue for businesses to discuss economic issues and opportunities and to inform the public of various economic development and redevelopment programs.
- Policy 3.4: Encourage higher density residential and mixed-use projects to provide a community-based workforce and market for industrial and commercial areas.



Encouraging Economic Development

Although the primary development of Orange has largely already taken place, the City can maximize its economic potential by identifying development opportunities on vacant or underutilized properties. The City can increase revenue and expand its employment base by refining development intensity within focus areas and by providing fiscal, zoning, infrastructure, and environmental support for business expansion. A key part of achieving a strong business climate and potential redevelopment of sites is to establish a friendly, professional environment to attract and retain businesses. Marketing and business outreach through various communication channels with both commercial tenants and property owners is vital. Available programs need to be flexible and should have the ability to adapt quickly to opportunities so as to retain important revenue-generating businesses in the community.

GOAL 4.0 Encourage economic development efforts through outreach and maintenance of a pro-active business environment.

Policy 4.1: Monitor land uses by business type ranging from entertainment to industrial uses to help identify citywide growth opportunities and target markets.

Policy 4.2: Through land use policy and redevelopment efforts, work to reduce deficiencies within prominent commercial corridors such as vacant and underutilized land, irregularly shaped lots, deteriorated or outdated public improvements and facilities, traffic congestion, excessive noise, poor air quality, and deficient parking.

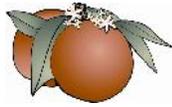
Policy 4.3: Where appropriate, consolidate inadequately sized land or land owned by multiple owners into parcels suitable for integrated development with improved pedestrian and vehicular circulation.

Policy 4.4: Maintain an active presence in the business community and engage in outreach efforts with property owners, tenants, brokers, community stakeholders, and local residents.

Policy 4.5: Encourage an environmentally friendly business atmosphere that maintains local regulations favorable to clean industry, and provides assistance to industries seeking to comply with environmental regulations.

Aesthetic Improvements

The appearance of industrial, commercial, and retail properties and of the City as a whole reflects Orange's level of community pride and stewardship. Financial assistance for property and façade improvements will provide an incentive for private reinvestment in businesses, which in turn can increase City sales tax revenues which can be reinvested in infrastructure. Aesthetic improvements may include signage, landscaping, and façade renovation on private properties as well as rehabilitation of public rights-of-way and context-oriented street lighting. These types of improvements will enhance the image of the City's business districts for visitors and residents, and will improve business conditions in Orange.



- GOAL 5.0** Improve economic viability of business districts through aesthetic enhancement, reconstruction, rehabilitation, and elimination of physical deterioration.
- Policy 5.1: Eliminate and prevent physical deterioration and economic obsolescence by implementing the Orange Merged and Amended Redevelopment Plan.
- Policy 5.2: Improve the long-term economic viability of Katella Avenue, Chapman Avenue, and Tustin Street by promoting upgrades to façades and aesthetics of retail properties, as well as the streetscape in the public right-of-way.
- Policy 5.3: Improve the long-term economic viability of Old Towne, South Main Street, Katella Avenue, Uptown Orange, The Outlets at Orange, and the Town and Country Road area by introducing mixed-use residential, commercial, and office projects that are visually and economically compatible with their surroundings.
- Policy 5.4: Redevelop and rehabilitate underutilized and vacant lands and public rights-of-way to stimulate development, and consider conversion of vacant lands to community amenities.
- Policy 5.5: Develop design guidelines, as needed, to encourage attractive development and clear signage, without increasing costs or barriers to economic development.

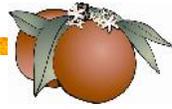
Infrastructure

Economic growth depends on provision of adequate infrastructure. Office, educational, and institutional facilities rely on the Internet and fiber-optic technology to transmit information and maintain daily business operations. Retail, commercial, and industrial businesses rely on well-maintained road, sewer, and water infrastructure to transport goods, support operations, and maintain a strong customer base. Provision and maintenance of needed utilities and infrastructure will ensure long-term economic growth while improving efficiency and productivity of businesses.

- GOAL 6.0** Provide sufficient infrastructure to support anticipated economic development and growth.
- Policy 6.1: Provide and maintain infrastructure adequate to support growth and expansion of commercial, industrial, and institutional areas, including water, sewer, streets, curbs, gutters, sidewalks, storm drains, access, and parking improvements.
- Policy 6.2: Provide public improvements to support commercial, industrial and institutional uses.

Housing for Employees

Future uses proposed in the Land Use Element may result in about 66,850 housing units in Orange's planning area. Much of the new housing will be part of mixed-use projects located near expanding retail, commercial, and office areas. To provide an affordable supply of housing for those employed in the City, development incentives will be allotted to



developers who include affordable workforce housing, consistent with the provisions of the City’s Housing Element. Since mixed-use developments combine housing and jobs in proximity to each other, they improve the ability of Orange residents to live closer to work, entertainment, and amenities, and could significantly decrease travel expenses and time lost to commuting, all ultimately improving quality of life in the community.

GOAL 7.0 **Encourage development and preservation of affordable workforce housing to increase housing opportunities and improve quality of life for workers in Orange.**

Policy 7.1: Identify and market sites appropriate for housing development for all income groups that will support adjacent commercial development.

Policy 7.2: Encourage mixed-use developments to provide housing close to employment hubs for employees in all income segments and household types.

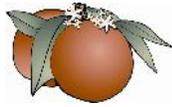
ECONOMIC DEVELOPMENT PLAN

Orange provides a wide range and diversity of commercial, industrial, and institutional activities to local and regional consumers while maintaining its local culture and identity. The City benefits from proximity to major freeways and access to neighboring communities in the County of Orange. The City’s commercial districts and regional shopping centers are attractions for local tourists seeking a retail, dining, and entertainment destination. Two such destinations are The Block at Orange and the City’s Old Towne area, which is recognized as the largest historic district in California. The City’s economic health and continued growth will generate revenue and allow for funding increases to support public services and infrastructure.

Orange will continue to attract visitors and enhance the quality of life of its residents by building on existing assets that include the City’s location, the historic charm of Old Towne, commuter rail, regional medical centers, educational institutions, and substantial natural areas. Part of the City’s economic development efforts will focus on identifying underutilized and vacant sites for development, and renovating and rehabilitating older or dilapidated buildings. Redeveloping blighted areas will also expand development opportunities. By carefully analyzing types of uses that generate revenue and demand for public services, and by implementing programs to address the needs of the business community, Orange will continue to grow and develop economically without compromising its character and charm.

To strengthen the City’s economic profile, the City will:

- encourage mixed-use developments in strategic locations along and near major arterial corridors;
- continue to promote a diverse range of land uses that will sustain a strong economic tax base for the community;
- create a communication strategy to highlight economic development achievements and opportunities;
- conduct economic development and redevelopment workshops for the business community, including brokers, developers and community members;



- support continued growth of commercial, institutional, and industrial businesses that contribute both high-wage employment opportunities and point-of-sales revenues; and
- provide policies that guide City decision makers through the budget process.

Focus Area Objectives

The Economic Development Plan works within provisions of the Land Use Element that establish mixed-use areas, refining and in some cases increasing the development capacity of commercial and industrial areas. Targeting key focus areas in the City allows specific planning to enhance economic development activities.

Each focus area presents varying constraints and opportunities that guide different approaches to land use and economic development objectives. Following is a summary of specific objectives for each area. Detailed descriptions of each area and maps depicting proposed land uses in each area are contained in the Land Use Element.

Chapman Avenue/Tustin Street

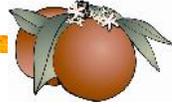
- Emphasize continued commercial and multiple-family residential designations west of State Route (SR) 55.
- Promote viable open space recreation uses of Yorba Park, Grijalva Park, and Santiago Creek.
- Allow potential future commercial uses on the Yorba Park and OUSD Education Center sites in conjunction with on- or off-site parkland improvements.
- Maintain hospital and medical office uses at the Chapman Hospital site and allow for compatible integrated retail, housing, and civic uses.

Katella Avenue Corridor

- Establish an active, vibrant, urban mixed-use gateway to the City featuring high-density residential uses.
- Capitalize on development of expanded entertainment uses and housing across the Santa Ana River in Anaheim.
- Enhance retail options and convenience throughout west Orange.
- Maintain Katella Avenue's commercial nature with neighborhood-scale mixed-use developments that transition into adjacent residential areas.

South Main Street Corridor

- Encourage compatible and integrated residential, commercial, and office uses.
- Encourage compatible and integrated residential, commercial, and office uses, either as multiple-story projects with ground-floor retail, or as stand-alone projects.
- Encourage pedestrian connections to transit along surrounding arterial corridors, as well as adjacent shopping and hospital facilities.



- Promote development of a medical corridor that capitalizes on existing hospital and medical uses.

West Chapman Avenue/Uptown Orange

- Encourage integrated commercial retail, professional and medical office, housing, and civic uses.
- Provide convenient transit access, innovative housing options, and pedestrian-oriented design.
- Require new development projects to provide community open space areas and retain or improve access to the Santa Ana River Trail.

Old Towne and Santa Fe Depot

- Reduce residential densities in many areas of Old Towne.
- Continue to protect and enhance Old Towne's historic character.
- Introduce neighborhood-scale mixed-use along Glassell Street and Chapman Avenue and adjacent to the Burlington Northern/Santa Fe (BNSF) railroad.
- Encourage the adaptive re-use of existing industrial/commercial areas and the creation of transit-oriented developments around the historic Santa Fe Depot.
- Maintain and enhance Old Towne's walkability.
- Provide for continued use and enhancement of the civic center, including City Hall and the Orange Public Library & Local History Center.

Industrial Areas

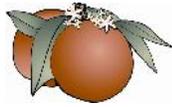
- Decrease the maximum allowed intensity within areas located west of Batavia Street and generally south of Grove Avenue to help discourage professional office uses within this area in favor of true industrial uses.
- Provide room for expansion of current businesses and infill of vacant properties in remaining portions of this area by increasing the maximum allowed development intensity.
- Preserve the single-family residential character of the Cully Drive neighborhood.

Lemon Street Corridor

- Establish a corridor of well-insulated, higher density residential uses, gradually transitioning, from west to east into a single-family residential area.

Eckhoff Street/Orangewood Avenue

- Recognize the potential of areas north of Orangewood Avenue to continue to provide options for lower-scale office uses and business-park oriented light industrial uses, as well as warehouse and distribution uses.
- Expand current neighborhood-scale office activities along Orangewood Avenue.



Fiscal Diversity and Balance

According to projections published by California State University, Fullerton's Center for Demographic Research (OCP 2006), Orange County's population is projected to grow by approximately 15 percent between 2006 and 2030. The number of jobs within the County is projected to grow by approximately 22 percent within this same timeframe. To accommodate this anticipated regional growth, demand for both office and retail space will increase. According to OCP 2006, Orange's population is expected to increase 16 percent and employment is expected to increase by about 8 percent. Most of the new population will be distributed between higher density infill mixed-use developments within the western portions of the City, or in newer suburban environments in east Orange. Because most of the anticipated retail and commercial growth will result from intensification of existing commercial nodes, such projected residential development will strengthen the market. The City will encourage mixed-use developments, including projects with affordable rental housing and businesses that complement the jobs available in Orange.

Redevelopment Dissolution

In 1983, the Orange Redevelopment Agency established the Tustin Street Redevelopment Project Area. In subsequent years, the Southwest Redevelopment Project Area (1984) and the Northwest Redevelopment Project Area (1988) were established. In 2001, the Agency Board approved a comprehensive plan amendment which merged the three project areas into one, which is now known as the Orange Merged and Amended Redevelopment Project Area. Figure ED-1 identifies the location and boundaries of the Merged Project Area.

Economic development and redevelopment activities in a project area were funded primarily with property "tax increment" dollars. When a project area was formed, property taxes within that area are frozen at a base year. Tax dollars below this base year are distributed to taxing agencies such as county, fire, and school districts as if the redevelopment project area did not exist. When property taxes within the project area increase as a result of increased property values, the amount over the frozen base year is referred to as "tax increment." In 2011, Assembly Bill X1 26 came into effect which dissolved redevelopment agencies as of February 1, 2012 and a Successor Agency was created for each former redevelopment agency.

The responsibility of the Successor Agency to the Orange Redevelopment Agency (Successor Agency) is to facilitate redevelopment wind-down activities.

Economic Development Activities

Economic development covers a wide spectrum of activities focused toward creation and maintenance of a healthy local economy including: business retention; encouraging expansion and growth of new business; exploring new opportunities to attract new start-up businesses; and, encouraging job retention and promoting new job creation. Enhancing and maintaining the City's economic base through increased sales and property tax dollars to the City's General Fund area also essential economic development efforts to sustain delivery of services to residents and businesses.

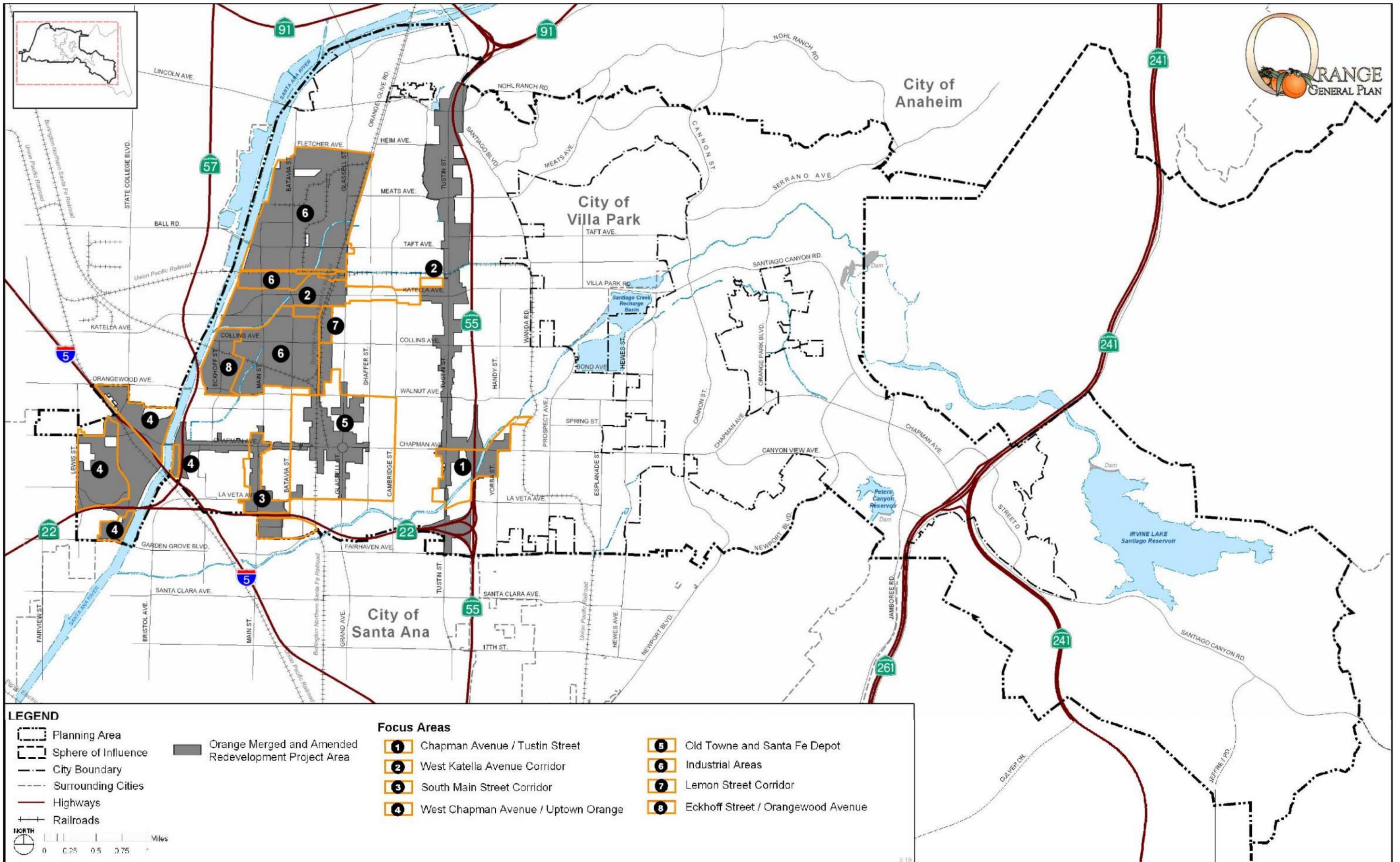


Figure ED-1 Redevelopment Project Area



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Assembly Bill 562 and Sales Tax Sharing Program

In 103, the State Legislature and Governor Brown approved Assembly Bill 562 (AB 562) which went into effect on January 1, 2014. This new legislation provided expanded flexibility for local agencies and cities to create and retain jobs as well as incentivize business retention and attraction efforts through sales tax sharing and other financial assistance.

The City's Sales Tax Sharing Program provides for economic development incentives whereby the City and the owner of an existing or new business that generates sales tax revenue to the benefit of the City may enter into a Participation Agreement. These agreements would occur when businesses desire to:

- Establish, expand and/or consolidate business operations.
- Retain and/or create new jobs.
- Undertake upgrade and/or significant upgrade of property.
- Generate a minimum of \$10 million in annual tax sales to the City.

Business Development and Outreach

The Business Enhancement Support Team (BEST Team) works to eliminate development constraints of environmental, physical, or economic origin through public collaboration and assisting private partnerships through a streamlined entitlement process. The BEST Team works to understand private development and investment toward public infrastructure improvements, and seeks to stimulate economic growth through property upgrades and job creation. These objectives also emphasize the need to strengthen the City's economic base by identifying specific economic opportunities, promoting incentive programs, and facilitating business development.

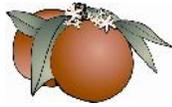


Orange will continue to encourage attraction and retention of small, independent entrepreneurs as part of its long-range economic strategy.

Additionally, in the area of business development the City will continue to monitor property conditions throughout the community over time, and through ongoing business outreach with local brokers will evaluate areas and/or territory, and will promote development of high quality live-work mixed-use projects within focus areas designated for mixed-use development.

Fiscal Balance

Cities achieve fiscal balance by effectively budgeting and managing revenues and expenditures. Policies that encourage diverse revenue sources and that monitor costs will ensure a strong, sustainable economic base in Orange. Achieving fiscal balance means capturing sufficient tax revenue to support public services. In Orange, fiscal balance will require strengthening underrepresented economic sectors that bring revenue to the City. To



minimize local economic downturns due to heavy reliance on a limited number of market sectors, Orange will continue to promote the diversity of businesses already present in the City.

Revenues

General Fund revenues are collected from taxes and are used to provide local government services such as public safety, planning and building services, park maintenance, library and recreation services, and other expenditures not required by law to be restricted to a separate fund. The General Fund represents nearly half of the City's total revenues. In recent years, General Fund revenues have steadily risen.

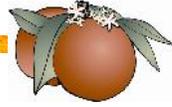
Tax revenues, which include sales, property, transient occupancy, and other taxes, account for a large portion of total General Fund revenues. Other sources of revenue are motor vehicle license fees, service fees, licenses, and permits. Among tax revenues, sales taxes are the single most important source of revenue for the City. Orange receives an equivalent one percent share of the total value of transactions at City-based businesses that are subject to sales tax. The largest recent increases in taxable sales in Orange are associated with auto dealerships and "big box" retailers.

Ensuring adequate revenue to finance public facilities, services, and utilities requires a strong economic base. Orange's economic base can be strengthened by encouraging small, independent entrepreneurship, providing incentives for industrial, office, and larger commercial businesses, and attracting new private investments focused on revitalizing and redeveloping areas. The City will continue to work to eliminate constraints and encourage the productive use of underutilized and vacant sites, and will promote lot consolidations in areas characterized by smaller parcels and multiple property ownerships.

Expenditures

The General Fund serves as the primary funding source for the operating portion of the City's budget and provides money for expenditures that support ongoing programming. General Fund expenditures include general government, public safety, public works, community services, library services, community development, and non-departmental activities.

City government is labor intensive; consequently, labor costs (salaries and benefits) account for a large portion of the outlay. Over three-quarters of total general fund expenditures are spent on salaries and benefits. The Police and Fire Departments typically have the largest operating budgets among City departments and services.



Retail Business Retention and Expansion

Retail businesses in Orange are located primarily along Tustin Street, Katella Avenue, Chapman Avenue, and The City Drive. Major retail centers include The Block at Orange in west Orange on The City Drive south of Chapman Avenue, The Village at Orange on North Tustin Street, and the Stadium Promenade on West Katella Avenue. As a major retail and entertainment center, The Block at Orange attracts local residents and regional customers. Existing and future growth in the adjacent Anaheim Platinum Triangle and the University of California-Irvine Medical Center expansion further support the Uptown area’s regional attraction. The Urban Mixed-use designation for The Block at Orange and the surrounding area presents opportunities to develop additional retail, office, residential, and entertainment uses. The Village at Orange is a regional lifestyle shopping center featuring traditional department store anchor tenants and regional retailers. The potential future Meats Avenue interchange along SR-55 would increase accessibility to the Village at Orange along an important north-south roadway. Stadium Promenade includes entertainment and retail businesses, and is located adjacent to Anaheim’s Platinum Triangle and across the Santa Ana River from the proposed Anaheim Regional Transportation Intermodal Center (ARTIC) transit station. Stadium Promenade will serve as a prominent western gateway into the City. To capitalize on the increased population within the adjacent area, and to successfully incorporate the benefits of increased transit use, this area will accommodate a higher concentration of mixed entertainment, retail, and residential uses. Areas further east along Katella Avenue, between Batavia Street and Glassell Street, will be retained as a highly-

productive commercial district, and will continue as home to several automobile dealerships. East of Glassell Street, neighborhood-scale mixed-use development will provide a transition from commercial retail uses to mixed-use neighborhoods between Glassell Street and California Street. Commercial uses will continue to surround the Katella Avenue and Tustin Street intersection.



The current Stadium Promenade site provides exciting opportunities for Orange to capture its share of the entertainment and tourist market generated by Disneyland and Angels Stadium.

The success of the City’s commercial and retail areas lies in their proximity to major transportation corridors, and in possessing a wide range of retail businesses that provide diverse goods and services and a variety of shopping and entertainment experiences. Challenges to the City’s retail market include financing the rehabilitation of older buildings and infrastructure, improving the availability of parking, and implementing design guidelines that will improve signage, create attractive public spaces within commercial corridors, and preserve the historic character of Old Towne. Redevelopment and improved financing of both public facilities and services will strengthen the City’s economic base and can improve



the physical appearance of these corridors. New mixed-use designations will both increase the market for commercial areas, and allow for expansion.

Commercial and Industrial Base

The City's commercial market offers diverse shopping opportunities, goods, and services for a broad range of tastes and socioeconomic groups. The proximity of commercial areas to major transportation corridors, and the planned expansion and renovation of these areas outlined in the Land Use Element will provide growth and expansion opportunities for commercial businesses, particularly retail businesses. Even though these commercial uses are vulnerable to fluctuations in the local and regional markets, and developable land is growing scarce, mixed-use expansions and redevelopment of parcels along major corridors will provide new business opportunities as the City approaches a more highly developed condition. The City will continue to support smaller industries and businesses that provide job growth and tax revenue. By diversifying both its tax and employment base, the City will continue to improve its fiscal viability.



Supplementing the City's strong commercial and industrial sectors, Orange's institutions, including St. Joseph Hospital, provide valuable skilled employment opportunities.

Orange's industrial uses are concentrated in the northwest area of the City, generally north and south of Katella Avenue, and west of Glassell Street, with consistent, strong demand from small businesses. The area consists of a mix of warehouses, light industrial uses, and flexible office spaces catering to incubator or "home grown" companies. Key advantages offered by the City's industrial areas include proximity to high-end housing in Orange and surrounding communities for company executives, a central location, convenient freeway access, and the opportunity to capture displaced industrial tenants from the Platinum Triangle area. Even with high demand for industrial spaces, growth is limited due to lack of available land. To promote industrial growth and increase employment opportunities, the City encourages consolidation of small parcels with multiple owners, concentrates redevelopment on smaller sites, and has refined or increased the buildable capacity of industrial areas to be responsive to demand by adjusting maximum permitted Floor-area Ratios (FARs).

Encouraging Economic Development

Strategies for promoting economic development in Orange include potential reuse and redevelopment of underutilized properties and irregularly shaped parcels. One challenge existing in Orange today is the lack of appropriate sites for larger retail developments. The City must compete with adjacent retail centers in neighboring cities such as Main Place Mall in Santa Ana and the Platinum Triangle and Garden Walk projects in Anaheim. The local market is also vulnerable to fluctuations in the Southern California economy.



To facilitate commercial development on underutilized sites, the City encourages site consolidation where feasible and desirable to provide parcels appropriately sized and configured to support larger retail and office development. The City also will support site assessments to determine the status of potential environmental contamination.

Orange's large industrial area is located in the northwestern portion of the City, and is characterized by a broad mix of business park, office, manufacturing, warehousing and commercial uses. Over time, market forces may create a demand for more office space in the industrial area, or for more intense business park or warehouse uses than are currently present. Considering ways to increase the intensity of uses throughout the City's industrial areas will encourage more productive use of limited land resources. Demand for industrial and office use in this area is strong, particularly among those who want to own their buildings. Therefore, the City seeks to preserve the primary industrial land use found in this area and to encourage intensification and/or redevelopment of underutilized parcels.

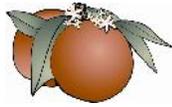
Areas with incompatible uses often require mitigation efforts to address negative impacts. The City will buffer industrial and residential uses from each other with commercial uses or other higher intensity uses to protect residential areas from exposure to truck traffic, to the transport of hazardous materials, and to excessive noise associated with industrial uses. Within industrial areas, the City will encourage recruitment and retention of environmentally safe and clean manufacturers to ensure that expansion of industrial areas can occur without increasing the risk to residents and employees from potential exposure to hazardous materials and wastes.

Aesthetic Improvements

The quaint streets of Old Towne and the postmodern attractions at The Block at Orange and The Village at Orange display the City's appreciation for a variety of aesthetic styles. Funds to support renovation and rehabilitation are returned through tax revenue generated by regional and local clientele, who enjoy the upgraded look and feel of Orange's retail centers. In addition, mixed-use areas will increase the opportunity for aesthetically pleasing commercial and residential development along some of the City's major corridors while promoting both walkability and a sustainable lifestyle.

Areas already characterized by strong design features are the result of implementation of design guidelines the City has adopted in certain locations. The City can complement the economic and aesthetic contributions of its thriving retail centers by focusing aesthetic improvements in additional areas along Lincoln Avenue, Tustin Street, and Katella Avenue, and by removing barriers and capturing economic opportunities present in each area. Creating a streetscape program and design guidelines, and using economic development resources and funds where possible will contribute toward achieving the City's aesthetic and economic goals in these areas.

Furthermore, the City emphasizes specific programs to improve aesthetics along commercial corridors, such as placing entryway signs on major corridors near the City's boundary, developing landscape guidelines to extend landscape and hardscape design throughout the City, and paying attention to design in transitional areas between commercial and residential areas. Implementing the *Old Towne Design Standards and Infill Residential Design Guidelines*



and updating other design guidelines throughout the City in tandem with economic development plans will ensure aesthetic improvements and improve economic viability. More information and policies related to urban design and aesthetic improvements within the City's commercial and mixed-use corridors are provided in the Urban Design Element.

Infrastructure



Orange's Redevelopment Agency considers development and rehabilitation of affordable family housing with emphasis on low and very-low income families as one of its highest priorities.

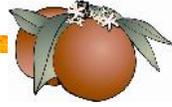
Fiscal growth and business expansion, both within the Project Area and throughout the City, depends on provision of adequate infrastructure and necessary public services. These services ensure the safety, cleanliness, and communication that businesses rely on in order to carry out daily operations. In effect, inadequate public services and infrastructure will curtail expansion of retail, commercial, and industrial businesses; will reduce job opportunities; and will create blight over

the long term. Adequate infrastructure will allow businesses to expand and will provide room for new businesses to develop without making burdensome demands on the City's infrastructure.

To ensure proper services and infrastructure, the City has created and continues to update plans for drainage, sewer operations, and water management. The City also monitors the status of its infrastructure and of public utilities such as gas, electricity, and telecommunications. To address aging of the water, sewer, and storm drain infrastructures; to deliver clean water; and to ensure proper waste collection; Orange gauges current and future needs and charges fees to fund needed upgrades and replacements. The City also implements infrastructure policies in its *Economic Development Strategy Plan* to address inadequacies pertaining to storm drains, signalization, and slow progress in placing utilities underground. More information and policies related to the infrastructure needed to support economic growth and expanded employment are provided in the Infrastructure Element.

Housing for Employees

The supply of adequate housing in and around Orange is directly related to the health and expansion of the City's economy. State law (Health and Safety Code Section 33070) declares the importance of providing housing and employment opportunities for all people. It also states that "unfit housing and lack of employment opportunity depend on each other to



perpetuate a system of dependency and hopelessness which drains the state of its valuable financial and human resources” (Health and Safety Code Section 33070).

Among the fundamental purposes of redevelopment are expansion of the supply of low- and moderate-income housing, and expansion of employment opportunities for jobless and underemployed persons. To accomplish this, the Agency is required to set aside at least 20 percent of its tax increment revenues to increase, improve, and preserve low- and moderate-income housing. The City and the Agency aim to rehabilitate and repair the current supply of housing, to provide new construction of low- and moderate-income housing, to provide special-needs housing, to replace affordable housing that has been eliminated as a result of redevelopment, and to integrate affordable housing within new residential development.

Although the City lacks an abundance of vacant land for residential use and faces competition from planned developments in surrounding cities, Orange is a prime location for residential developments because of its proximity to major employment centers and amenities, its high quality of life, and its high existing demand for a range of housing types. To improve quality of life for workers in Orange, the City will continue to provide a wide variety of housing options that suit the needs of residents of all income groups and household types. To increase the existing housing supply, the City has increased the amount of land designated for mixed-use development and identified sites suitable for housing development for local and regional employees. More information, including policies and programs related to provision of affordable and accessible housing in the City, are provided in the Housing Element.

ECONOMIC DEVELOPMENT IMPLEMENTATION

The goals, policies, and plans identified in this Element are implemented through a variety of City plans, ordinances, development requirements, capital improvements, and ongoing collaboration with regional agencies and neighboring jurisdictions. Specific implementation measures for policies in this Element are contained in the General Plan Appendix.