

ECONOMIC DEVELOPMENT AND EMPLOYMENT ELEMENT

INTRODUCTION

The Economic Development and Employment Element establishes policies for ensuring the long-term success of the Berkeley economy through City policies and programs. The purpose of the Element is to create employment and ownership opportunities for Berkeley residents, encourage appropriate economic and business development, and support the development of the cultural and artistic sectors of the Berkeley economy.

POLICY BACKGROUND

The Changing Berkeley Economy

Current economic conditions differ greatly from those that existed during the preparation of the 1977 Master Plan and the 1980 Economic Development Plan. In 1977, the industrial sector was shrinking rapidly, retail establishments were leaving the Downtown, and property values were dropping. The 1977 Master Plan noted that the unemployment rate was over 16%, that sales tax receipts had declined over 7%, and that real estate values had declined by 9% over the past 10 years.



Today, the Berkeley economy, with a wide variety of commercial, institutional, and manufacturing businesses, provides approximately 70,000 jobs. In December of 1999, the city's unemployment rate was estimated to be 2.3% -- the lowest unemployment rate in Berkeley in the last 20 years. Even though current overall unemployment rates reflect the city's prosperity, some groups do not fully share in the economic benefits. For example in 1990, when overall the unemployment rate was 5.6%, the unemployment rate was 12% for African-American women and over 18% for African-American males. In 1990, African-American per capita income in Berkeley was \$11,134, only 59% of the citywide average.

Approximately 3,600 private manufacturing, retail, and service businesses and a strong industrial base in West Berkeley generate over \$1.2 billion in taxable sales. The stock of moderately sized commercial buildings, the dearth of large vacant parcels, and a well-educated and entrepreneurial citizenry have made Berkeley an excellent incubator for small, "start-up" businesses. Approximately 90% of all Berkeley employers have 20 or fewer employees. In addition, the University of California and other state-supported educational and research institutions are a fundamental source of economic stability for Berkeley.

The booming economy of the mid- and late-'90s brought challenges as well as benefits. Property values and rents skyrocketed, bringing prosperity to some but also threatening the economic, social, and cultural diversity that distinguishes Berkeley life. The extensive local community of artists and craftspeople is finding it increasingly difficult to live and work here. In West Berkeley, the city's industrial sector is healthy, but higher office rents continue to create pressures to convert land from manufacturing uses, with

their well-paying industrial jobs, to retail and office uses. Vigilance is needed to maintain a balance among manufacturing, retail, and office uses.

Employment

Between 1970 and 2000, the number of jobs grew from approximately 51,000 to 70,000. The service sector is the fastest growing sector in Berkeley. The University of California, the City of Berkeley, Lawrence Berkeley National Laboratory, the State Department of Health Services, and the Berkeley Unified School District account for approximately 30% of all jobs in Berkeley. Although the number of jobs in Berkeley is growing, the number of employed residents has remained fairly stable at approximately 54,500 – an indication that the number of Berkeley employees commuting daily into the city is increasing.

From 1987 to 1992, Berkeley added 800 manufacturing jobs. This 14% increase reversed a 15-year decline in manufacturing jobs in Berkeley and outpaced manufacturing growth in the county as a whole (source: 1992 Census of Manufacturing and City of Berkeley). Since 1992, the number of manufacturing jobs in Berkeley has stabilized. Approximately 24% of all Berkeley jobs are in West Berkeley. In West Berkeley, manufacturing and wholesale jobs account for 41% of all jobs, service jobs for 30%, retail jobs for 16%, and other jobs (construction, transport, etc.) for 13%.

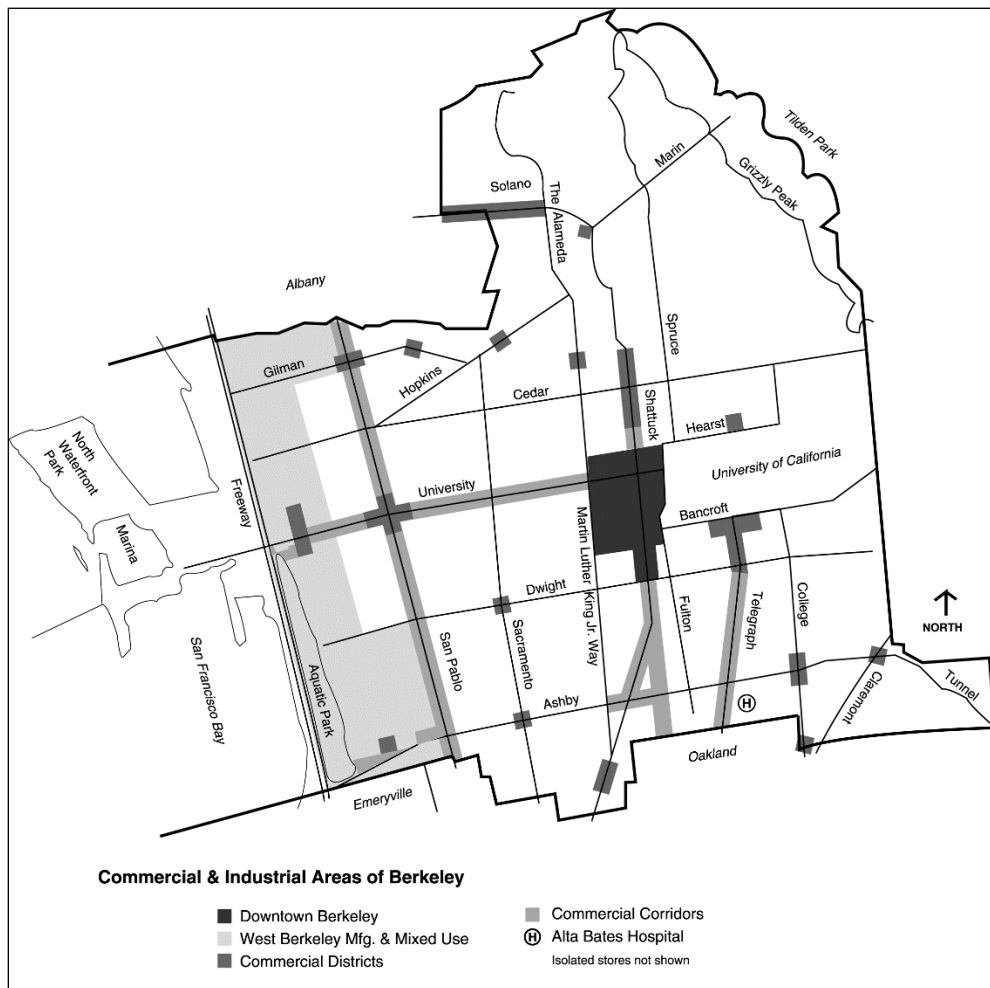
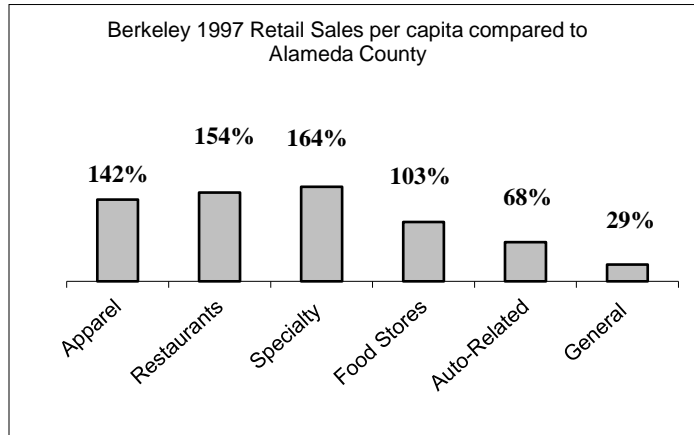


Figure 22: Commercial and Industrial Employment Areas

Figure 22 shows the general location of the city's commercial and industrial job generating areas.

Commercial Districts

Compared to other cities in the region, Berkeley has a large number of small specialty stores and services and a small number of large general merchandise stores. General merchandise is the weakest sector of the retail trade in Berkeley. The strongest retail sectors include: specialty retail, restaurants, and apparel. Although per capita sales for auto dealers and supplies are only 68% of the county average, auto-related sales taxes constitute about 10% of all sales tax receipts in Berkeley. Weatherford BMW is the city's single largest generator of sales tax (source: Census of Retail Trade).



Berkeley commercial districts are as strong as or stronger than they were in 1977. Business license tax receipts reached an all-time high in 1998, reflecting an increase of 12.3% over 1996. Hotel tax receipts also reached an all-time high in 1998, while commercial, residential, and industrial property vacancy rates fell to single digits. Berkeley's neighborhood and avenue commercial districts include a large number of specialty stores and services that attract customers from outside the surrounding neighborhoods.

Figure 23 shows the distribution of certain services and community facilities throughout the city.



Figure 23: Commercial and Community Services

Examples of businesses that attract customers from beyond the immediate neighborhood include movie theaters, popular restaurants, specialty furniture stores, unique bookstores, music stores, and specialty food stores that are not in regional malls or neighboring communities.

The City's Role in the Local Economy

In recent years a major challenge facing the community has been how to maintain the unique character and business mix in Berkeley's commercial and industrial areas in the face of rising property values and increasing pressure from chain stores, formula businesses, and "big box" developments. The City has successfully used the Use Permit process and its zoning code to limit the encroachment of businesses that threaten the sometimes delicate balance in neighborhood, commercial, and downtown areas. For example, the City used the Use Permit process to enable the Berkeley Bowl, a unique Berkeley grocery store, to relocate to a new, larger site in South Berkeley. Although the City is not able to govern business ownership types or establish zoning regulations that directly benefit Berkeley-"owned" businesses, the City does use other zoning strategies, such as limits on number of businesses of a certain type that can locate in a particular area. In addition, the City uses economic development programs, such as targeted business lending, to support local businesses and encourage new businesses that will serve local residents in underserved neighborhoods. Through an assortment of regulations and programs the City continues to strive to maintain Berkeley's commercial areas as unique, diverse, commercially successful centers that serve both local and regional needs.

The City has historically taken an active role in guiding economic development to better serve the needs of the community. In 1980, the City adopted its first citywide Economic Development Plan as an amendment to the General Plan. The Plan was soon followed by creation of the Office of Economic Development (OED) in 1985 and the First Source Program, which requires certain new and expanding employers to consider Berkeley residents first in their hiring. The Office of Economic Development currently provides assistance to businesses in site location, financing, economic data, and permit processing; and it manages commercial district revitalization programs and business lending and facade grant programs. In recent years, OED has taken a lead on two major City initiatives: the creation of an "Environmental Economy" initiative promoting environmentally sensitive businesses in Berkeley, and a program to promote and establish the Downtown as a regional center for the arts, culture, and entertainment.

In the early 1990s the City established the Berkeley-Oakland Recycling Market Development Zone (RMDZ) as part of a strategy to increase the number of environmental businesses in Berkeley. This was followed in 1993 with a formal adoption of the "Environmental Economy" initiative. Also in 1993, the City adopted the *West Berkeley Plan*, which establishes an economic development strategy to maintain manufacturing in the mix of West Berkeley uses. In 1997 the City revised the Zoning Ordinance to implement the West Berkeley Plan. In 2000 the City adopted further revisions to provide appropriate locations for recycling uses, and other uses consistent with the West Berkeley Plan and the City's Environmental Economy initiative.

Since the 1990s the City has pursued a successful strategy to encourage the development of the arts and entertainment as a Downtown revitalization strategy. With adoption of the 1990 Downtown Plan and the awarding of Main Street status to the Downtown in the same year, the City began to take steps to improve the Downtown as a prime location for arts and entertainment. In 1995, the City adopted the **Downtown Berkeley Public Improvements Plan**, which integrated needed capital improvements with a strategy for the ongoing economic development of Downtown Berkeley. The Public Improvements Plan was followed in 1996 by the passage of Measure S, which provided much needed funding for a variety of Downtown

streetscape public improvements and \$300,000 for public art. Since passage of Measure S, the City has improved Addison Street, the central spine of the Arts District, with new sidewalks, streetlights, public art, and built-in electrical and sound systems to create an outdoor performance space on the street. The City also updated and expanded the Civic Arts Grant Program, which provides grants to non-profit arts organizations, and established the Public Art Program, which provides a 1.5 percent contribution from all public capital projects to an annual citywide public art grant program. Finally, the City's arts revitalization strategy has resulted in expansion of the Berkeley Repertory Theatre, the opening of the Freight and Salvage Coffee House (2009), the Jazz School, and the Aurora Theater. Under design are the Univeristy Art Museum/Pacific Film Archive and the Magnes Museum of Jewish Culture and History.

ELEMENT OBJECTIVES

The policies and actions of the Economic Development and Employment Element are intended to achieve the following nine objectives:

1. Provide a variety of jobs with varied skill levels for residents of Berkeley.
2. Promote community and neighborhood values.
3. Support businesses that are independent, locally owned, and neighborhood-serving.
4. Encourage environmentally sustainable business.
5. Promote revitalization in neighborhoods and communities that have historically higher-than-average rates of unemployment.
6. Promote a strong industrial base as a vital foundation of a stable economy.
7. Increase social and economic equity in land use decisions.
8. Support culture and the arts in Berkeley.
9. Promote general retail businesses and a variety of cultural, recreational, entertainment, and public sector activities in the Downtown to ensure that the Downtown will remain a vital, attractive, and unifying center for the city.

POLICIES AND ACTIONS

Policy ED-1 Employment and Training

Increase the number of jobs that go to Berkeley citizens by coordinating economic development efforts with employment placement. (*Also see Transportation Policy T-15.*)

Actions:

- A. Work with job training programs and encourage training for life skills, job readiness, and specific target industries, including industrial companies in West Berkeley.

- B. Provide labor market information from data sources and industry sectors to local educational institutions and training agencies for adults and youths.
- C. Coordinate City employment and job training programs with the University of California, Vista College, and other local educational institutions.
- D. Encourage the University to hire Berkeley residents.
- E. Encourage the Berkeley Unified School District to provide education and job skills appropriate to jobs in Berkeley and the region.
- F. Create a collaborative process among the City, employers, and local disability/minority organizations to provide access to economic and artistic opportunities and development services for all people through education, technical assistance, and economic incentives.
- G. Develop and implement employment programs to assist citizens with temporary and permanent employment.
- H. Establish agreements with major employers to provide job training for Berkeley youth similar to the Bayer biotech agreements.
- I. Strengthen and improve the administration and performance of the First Source Program, and establish better links between the First Source Program and the Office of Economic Development.
- J. Consider development of an ordinance that requires that a percentage of Berkeley residents be hired for publicly funded construction jobs.

Policy ED-2 West Berkeley Industry

Continue to implement the West Berkeley Plan, with its central emphasis on protecting and strengthening the city's manufacturing sector. (*Also see Land Use Policies LU-33 and LU-34.*)

Actions:

- A. Publicize the economic, social, and environmental benefits of industry, emphasizing the health of Berkeley manufacturing, the “high-tech” dimensions of industry in Berkeley and the United States, manufacturing's comparatively high “multiplier” effect on the economy, and the community value of well-paying, high-benefit, low-bar-of-entry industrial employment.
- B. Work with the West Berkeley Association of Industrial Companies and the sustainable business associations to maintain West Berkeley’s attractiveness as a site of manufacturing and to facilitate relations with other business in West Berkeley and with West Berkeley residents and community members.
- C. Continue to evaluate the effectiveness of the West Berkeley Plan.
- D. Focus business assistance and economic development efforts in West Berkeley on retention and expansion of industrial and Environmental Economy businesses.
- E. Examine use of land trusts, investment loans and funds, and business incubators to preserve land and buildings for industrial uses.

Policy ED-3 Local Business

Promote policies, programs, and services that support a diverse local economy providing a range of goods and services, that support existing local businesses, and that encourage new, independent business ventures. *(Also see Land Use Policy LU-13.)*

Actions:

- A. Continue to provide low-interest loans to encourage and support local small businesses.
- B. Implement a small business preference program that would support local businesses.
- C. Implement a “Shop Berkeley Program” that would educate the public about the benefits of independent, community-serving enterprise and encourage the patronage of local businesses.
- D. Maintain City purchasing policies that support local businesses.
- E. Develop and implement planning and zoning mechanisms that promote community-serving commercial diversity and that limit development of undesirable chain stores, formula businesses, and big-box developments without limiting the ability of local businesses to grow and expand and, when needed, to establish additional outlets in various parts of the city.

Policy ED-4 Neighborhood and Avenue Commercial Districts

Provide programs and services to assist neighborhood and avenue commercial districts. *(Also see Land Use Policies LU-26 and LU-27.)*

Actions:

- A. City efforts in neighborhood and avenue commercial zones should:
 - 1. Assist with the retention and development of existing businesses or attract new businesses that serve local neighborhood needs.
 - 2. Implement capital improvements and expand façade grants to restore original and historic facades.
 - 3. Maintain adequate levels of police presence.
 - 4. Maintain adequate street and sidewalk cleaning for all commercial districts.
 - 5. Enhance the pedestrian orientation of all shopping districts.
- B. Maintain a diverse mix of commercial goods and services in the shopping districts. Use needs assessments to determine what basic goods and services are lacking, and establish criteria of appropriateness for neighborhood businesses that address the following issues:
 - 1. Availability of basic goods and services that are affordable to local residents.
 - 2. Local ownership.
 - 3. Employment for local residents at living wages.
 - 4. Environmental impact on adjacent neighborhoods and businesses, for example, traffic, noise, and air pollution.
 - 5. Impact on the viability of other business districts and quality of life in other neighborhoods in the city.

Policy ED-5 Merchants and Neighborhood Associations

Encourage merchants and neighborhood associations and other groups to enhance business districts and to meet the needs of adjacent neighborhoods. *(Also see Citizen Participation Policy CP-10.)*

Policy ED-6 Customer Access and Convenience

Improve customer access to Berkeley businesses. *(Also see Transportation Policies T-2, T-3, T-25, T-31, T-32, T-34, T-36, and T-41.)*

Actions:

- A. Support streetscape and facade design that makes it easier to identify businesses and more pleasant to shop at them.
- B. Create a free shuttle system that circulates throughout the city's commercial districts frequently enough to generate a reliable supply of riders.
- C. Use improved enforcement to limit all-day parking at parking meters and short-term parking spaces, and reset meter timing to better meet the needs of the commercial district visitors and shoppers.
- D. Support and encourage delivery systems in Berkeley as a means to reduce customer parking demand in commercial areas.
- E. To maximize parking for customers, create local shuttles, carpools, or options to reduce driving to work by employees, particularly those who live in Berkeley.
- F. Implement parking validation programs with local merchants.

Policy ED-7 Environmental Economy

Improve the environmental profile of all economic activity in Berkeley and promote Berkeley as a regional center for environmentally responsible business.

Actions:

- A. Target environmental businesses for technical assistance, business retention, expansion, and attraction. Establish definitions and criteria for environmental and green businesses, sensitive business practices, environmental products, services, and resources, and green building and design practices.
- B. Promote environmentally sensitive business practices in all business.
- C. Develop local and regional alliances to maximize institutional links, improve public information and marketing, mobilize resources, and build the infrastructure to support the green economy in Berkeley. Build a partnership of businesses, local government, the University of California and local nongovernmental organizations in support of the environmental economy in Berkeley.
- D. Improve public information and marketing of environmental products, services, and resources.
- E. Expand awareness regarding the “green” economy and its possibilities by business, policymakers, and the general public.
- F. Develop and implement incentives, marketing assistance, and technical assistance to green businesses.
- G. Maintain and improve City “green purchasing” procurement policies.

- H. Promote “green” building and design practices that improve occupant health and comfort while minimizing negative effects on the environment. Support demonstration projects that model green building, eco-efficiency practices, and alternative transportation projects. (*Also see Environmental Management Policy EM-5.*)

Policy ED-8 Capital Improvements

Implement capital and transit improvements to support the local economy. (*Also see Transportation Policies T-29, T-35, and T-36 and Land Use Policies LU-20, LU-26, and LU-27.*)

Actions:

- A. In West Berkeley, improve circulation and access in commercial and manufacturing areas with truck routes, bus shelters, bus stop lighting, and where appropriate, sidewalks.
- B. In region-serving commercial districts, such as the Downtown, University Avenue, Fourth Street, Adeline/Ashby, San Pablo Avenue, and Telegraph Avenue commercial districts, make parking improvements where needed, transit and shuttle service improvements, lighting improvements, and other improvements that will support local businesses.
- C. When considering public improvements in commercial districts, ensure that preservation of historic elements to maintain district individuality is considered.
- D. In the Downtown, implement projects and capital improvements that support the Downtown as the civic, cultural, commercial, and entertainment center of Berkeley.

Policy ED-9 Local Funding

Encourage local efforts to fund additional services and improvements for business districts, such as business improvement districts, redevelopment areas, and assessment districts.

Policy ED-10 The Downtown Economy

Continue to diversify, revitalize and promote the Downtown as the civic, cultural, commercial, and entertainment center of Berkeley. (*Also see Land Use Policy LU-16.*)

Policy ED-11 Arts and Culture

Promote Berkeley locally and internationally by taking actions to support the development of arts and culture in Berkeley. (*Also see Land Use Policy LU-19 and Urban Design and Preservation Policies UD-36 and UD-38.*)

Actions:

- A. Develop a Cultural Plan that establishes citywide goals and strategies to support and develop local arts, culture, and entertainment. The Cultural Plan should promote the city's arts, identify partnership opportunities between the City, nonprofits, and other arts agencies, and establish fund-raising strategies.
- B. Implement policies and programs to expand performance, visual, and public art.
- C. Encourage and support community and business participation in the development of the arts and culture in Berkeley.
- D. Continue to provide grants and technical assistance to artists and arts organizations.

- E. Promote understanding and awareness of Berkeley's architectural and cultural past.
- F. Coordinate arts and cultural activities in the city and on the University of California campus through scheduling, siting and access planning.
- G. Establish a task force or other body to examine the effects of gentrification on the arts community and develop tools to counter the negative effects.
- H. Identify existing public and private locations such as churches and schools that might be appropriate for artistic and cultural events.

Policy ED-12 Promoting Berkeley

Promote Berkeley as a location for appropriate business, visitor, and conference destination. (*Also see Urban Design and Preservation Policy UD-38 and Land Use Policy LU-17.*)

Actions:

- A. Develop and distribute marketing materials that showcase and enhance Berkeley as a positive business location within the region.
- B. Coordinate efforts with the Berkeley Chamber of Commerce, the Convention & Visitors Bureau, and the University's cultural programs and facilities.
- C. Develop, maintain, and distribute economic and demographic information pertaining to the Berkeley economy.
- D. Promote Berkeley as a city with high-quality architectural design and historically significant buildings and districts.