



Economic Development in California: Perceptions and Opportunities

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In the wake of pandemic-related aid that flowed to the State, local governments, nonprofits, and businesses, discussions about economic development in California revealed some fundamental misperceptions about what it is and how it is implemented. This lack of clarity, particularly when viewed in the context of the potential recession facing our economy, underscores the need for a more precise, sophisticated understanding of economic development and its role if we are to successfully meet the challenges ahead.

Economic Development: Dynamic and Constantly Evolving

Economic development is the creation of wealth from which community benefits are realized. The promise of economic development is rooted in the goal of building a better future. In California, economic development is anything *but* traditional — it is a dynamic process that is constantly evolving and adapting to the changing needs of communities as well as the economic and political environments.

With that in mind, jurisdictions engaging in this intentional work must be strategic in defining a community’s vision for a wide range of issues. These issues include identifying which businesses fit with their culture, articulating local housing and community infrastructure needs, addressing equity and inclusion, understanding what types of skills and training are needed for the current and future workforce, and envisioning how to create a sustainable, nimble economy that is resilient in the face of economic disruption.

Professional local economic developers work to foster a robust range of businesses that provide jobs and economic opportunities for residents. In turn, growing the economy increases revenues for jurisdictions so they can provide services, amenities, and opportunities for their residents in a way that aligns with the community’s vision and values. A healthy and resilient local economy is essential to providing an improved quality of life for all California residents.

One of the most basic misperceptions revolves around the term “traditional economic development.” Thinking of economic development as a “traditional” profession that uses old-school, rigid, or outdated approaches suggests a lack of understanding and/or very limited practical experience of the work that economic developers do every day — especially in a state like California that forges its own path to economic success, aligned with our values.

Creating Alignment with Local Efforts and Programs

Aligning policymaking and programs at the State level with local jurisdictions offers numerous benefits. It’s important to recognize that this is not about local control — it’s about local knowledge and experience. Cities and counties are the level of government closest to the people of California. Leaders

What Economic Development Is — and What It Does

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Economic development:

- Uses effective, multifaceted strategies and tactics based on extensive outreach, data and research to foster and support vigorous local economies and vibrant communities;
- Champions entrepreneurship and business creation;
- Is key to California’s dominance in attracting foreign direct investment;
- Fosters investment in emerging green/climate-friendly industries;
- Acts as a catalyst to support workforce development that prepares residents for current and future career pathways;
- Emphasizes helping existing businesses through business-friendly strategies that support retention and expansion;
- Provides support, tools, and resources for small businesses; and
- Much more!

and staff of local jurisdictions are also more knowledgeable about their communities' competitive advantages and disadvantages and their residents' needs/desires for local services.

Local governments need flexibility and to be empowered to make decisions that benefit their residents. Good governance doesn't exist solely at the State level. Consolidating decision-making on local land use within entities like the Department of Housing and Community Development (HCD) — when communities are *already* required to create and develop housing in accordance with their General Plan's Housing Element — moves decision-making farther from residents and local communities and diminishes accountability.

The State's focus on regional economic development is encouraging, but partnering with local governments on economic development projects and priorities can create more substantive impact. Examples of how the State can achieve this include:

- Participating financially in Enhanced Infrastructure Financing Districts (EIFDs);
- Creating a rural economic development advisory committee to provide input and insights to the State on the unique challenges and opportunities for rural communities, such as small distributed alternative energy projects; and
- Recognizing the Economic Opportunity Law that allows jurisdictions to dispose of property for the purpose of economic development or creating economic opportunity. This law preempts the Surplus Lands Act (SLA), and these properties should not be included in HCD's review under the SLA.

Building a Better Future for All

From CALED's perspective, advancing California's goals to create an economy that works for everyone includes:

- Providing resources and information to decision-makers so they can better understand the breadth of strategic economic development;
- Promoting the value of economic development and its role in addressing housing, community development, and other social issues; and
- Advocating for alignment to advance California's economic development goals.

By aligning efforts and working together, we will be more effective and resilient in the face of economic downturns and in our efforts to grow the economy in ways that create opportunity for all.

A Free, Helpful Tool: *The Economic Development Recovery and Resiliency Playbook*

Published by the California Association for Local Economic Development (CALED) in partnership with the U.S. Economic Development Administration, the Playbook helps local leaders better understand their current economic situation and risks, identify potential impacts of an economic disruption, and start resiliency and recovery planning to support their community and residents — as part of building a strong, diverse, and resilient economy. This includes creating opportunity for all Californians through a lens of equity and inclusion in support of underserved populations. The Playbook is available free at caled.org/playbook.

About CALED

The California Association for Local Economic Development (CALED) is California's premier economic development association and one of the largest economic development associations in the nation. CALED's 700+ members include economic development managers and staff in local government agencies at the county and city levels, local economic development corporations, nonprofit organizations with an economic development focus, local chambers of commerce, business councils and alliances, economic development consultants, educational institutions, and key stakeholders. Since its creation in 1980, CALED has led the way in teaching economic developers, local elected officials, and state representatives the value of economic development and how it is used to grow businesses, generate revenue to expand the local economy, and pay for the services that residents require. For more information, visit caled.org.

