Economic Development Strategy
City of Huntington Beach

Prepared for:

City of Huntington Beach
Office of Business Development
2000 Main Street
Huntington Beach, CA 92648

October 6, 2014

SRHA Job #1256

Stanley R. Hoffman Associates

11661 San Vicente Blvd. Suite 306
Los Angeles, California 90049-5111
310.820.2680-p, 310.820.8341-f
www.stanleyrhoffman.com

CONTENTS

TABLES

FIGURES

EXECUTIVE SUMMARY

The purpose of the Economic Development Strategy is to identify the highest priority economic development objectives in Huntington Beach, and to recommend strategies that can lead to definable and measurable progress. The core economic development objectives of the Economic Development Strategy are derived from a comprehensive economic analysis of Huntington Beach, along with in-depth interviews with a broad range of residents, business leaders, and professional organizations. The comprehensive economic analysis and stakeholder interview process identified a range of findings that focus the recommendations in the Economic Development Strategy:

- Huntington Beach's four largest employment groupings include tourism, industrial, professional office and healthcare/social assistance. These four industry groupings account for about 80 percent of the city's total employment.
- When assessing Huntington Beach's location, employment, and land use potential, technology manufacturing and technology services is an industry grouping with high potential for growth. (Infrastructure, such as fiber, may be required.)
- Public-private partnership working groups established under the auspices and guidance of the Office of Business Development are a key part of implementing the Economic Development Strategic Plan.
- The business community believes the city of Huntington Beach is an important and capable development partner. Due to changes in redevelopment law, the Office of Business Development will need to identify new funding sources for public infrastructure and services, particularly for facilitating industrial and retail redevelopment.
- Two of the critical job-creating neighborhoods – the Gothard Street corridor and the Northwest Industrial area – will likely experience significant transitions in industry and land use. These areas are without a clear vision and long-term transition strategy. The city should not miss the opportunity to link business development efforts with a long-term transition plan for these areas, such as technology and manufacturing.
- In areas where zoning allows for a wide scope of land use, residential development will dominate for the foreseeable future. This may have the unintended consequence of hindering economic development by reducing the availability of land for commercial, office, and industrial expansion. Efforts should be made to monitor real estate market conditions and balance existing area plans as cyclical real estate pressures emerge.

Based on the findings of the economic analysis and stakeholder interviews, the Economic Development Strategy recommendations are organized into four strategy topics:

Foundational Economic Development Initiatives: Foundational economic development initiatives are objectives that are a prerequisite for successful implementation of the Economic Development Strategy, and require the consensus and participation of a wide range of departmental leaders within the City of Huntington Beach.

Diversifying the Huntington Beach Economy: Economic diversification objectives enhance current economic strengths and identify opportunities to grow the technology manufacturing and technology services sectors of the economy.

Improving the Financial Stability of the City of Huntington Beach: Core objectives that recommend strategies to increase property values, sales taxes and other public revenues through new economic development, revitalization, or re-use of existing properties. Increased property values and increased public revenues will contribute to long-term financial stability.

Increasing the Prosperity of Huntington Beach Residents and Business Owners: Objectives that recommend strategies which build community capacity through post-secondary education and equitable housing practices. Building community capacity generates sustainable and increasing wealth for Huntington Beach stakeholders.

Each core objective is supported by a series of specific strategies and recommended actions for the Office of Business Development, with coordination among all departments necessary for effective implementation of the Economic Development Strategy.

Annually, the Office of Business Development, working with all Departments will create an implementation plan to meet the strategies and recommended actions. The Economic Development Strategy should be evaluated annually against key performance measures with quarterly progress reports to the Economic Development Committee. Chapter 3 of the Economic Development Strategy identifies several performance measures that can serve as the basis for an organized, cost-effective approach to implementing the Economic Development Strategy.

As the economy slowly recovers, the Economic Development Strategy recommends strategies that leverage the considerable capacity of all the City's departments to efficiently and effectively generate real economic growth.

CHAPTER 1
INTRODUCTION

1.1 Purpose and Background

The purpose of the Economic Development Strategic Plan is to set a clear vision for the future of Huntington Beach and to set goals, policies and recommended actions that will set the framework for short-term (0-2 years), mid-term (3-5 years) and long-term economic decisions. This Plan provides a road map to increase the overall community wealth and prosperity of the residents and businesses in the City of Huntington Beach.

In these dramatically changing economic and fiscal times, particularly with shrinking fiscal revenues, a strategic plan is a tool for dealing with a dynamic future where decisions need to be reevaluated, monitored, and modified periodically as conditions change. The economic conditions that affect the City of Huntington Beach include a wide variety of factors such as land use, business retention and development, job formation and investment. This plan therefore considers an array of economic, demographic, social, and cultural conditions within the City of Huntington Beach in preparing the strategic plan.

1.2 The Nature of a Strategic Plan

The Strategic Plan is a framework for short-term, mid-term and long-term decision-making guidance. It also expresses a common vision and sets economic priorities. It establishes goals, policies and recommended actions. It is also a dynamic document that should be annually evaluated against key performance measures with quarterly progress reports, and should be consistent with the City's General Plan.

The strategy should be integrated into both the citywide budgeting process as well as coordinated with all city departments, particularly the planning, public works and construction activities. A strategic plan is all the more important in times of economic crisis as it involves targeting revenue improvement and priority investments in the community. This report recognizes the financial challenges that the City is facing and that some of the recommendations are long term and may require substantial investments.

Achieving these economic goals requires a continued and long-term commitment from the City leadership. Huntington Beach through a varied history has been willing and able to make changes. However, change is not always easy, predictable, or affordable. The City Council and City management must continue to be steadfast and positive in doing what is best for the whole of the City. The current priority given to the preparation of an economic development strategy underscores leadership's long-range perspective and their understanding that reaching fruition and transforming plans into reality takes a proactive approach.

1.3 The Scope of the Economic Development Strategy

The Economic Development Strategy is based on a comprehensive economic analysis of Huntington Beach, along with in-depth interviews with a broad range of residents, business and development leaders, and non-profit business and professional organizations. The comprehensive economic analysis has identified a range of the City's strengths and weaknesses, and opportunities and threats that focus the Economic Development Strategy. The stakeholder interviews revealed a number of themes that inform the scope of the strategy and provide important context to the implementation of the strategy.

The primary goal of the strategy is to develop recommendations that enhance Huntington Beach's current economic strengths – such as the visitor and tourism sector – while identifying opportunities to diversify the economy into the technology manufacturing and technology services sectors, which also has the potential to create a secondary employment increase in professional services. A central part of achieving this goal is to identify neighborhoods, or focus areas, ideally suited to accommodate the anticipated economic growth so that the city can prioritize its planning and capital investments. The strategy also recommends building upon the nationally and internationally recognized City brand as "Surf City USA," but also expanding that brand to include the emerging technology and green economy sectors, as well as for destination shopping and recreational opportunities.

Additionally, the strategy builds upon Huntington Beach's excellent quality of life and its desirable residential neighborhoods, while also looking to diversify the economy and generate a better jobs-housing balance through providing a range of housing types in appropriate focus areas. Finally, the strategy identifies opportunities to expand the scope of existing public-private partnerships that have proven to be very productive such as with the Chamber of Commerce, the various business improvement districts, professional business associations, auto dealers, Visit Huntington Beach, and Golden West Community College.

1.4 Core Economic Goals

The community's core economic goals include:

- Increase the economic competitiveness of Huntington Beach
- Increase the city's wealth and prosperity
- Maintain a high quality of life and desirable residential neighborhoods
- Maximize public revenues
- Implement economic development financing options
- Develop a wide array of retail opportunities
- Improve jobs-housing balance and provide a range of housing opportunities
- Create destination retail/hospitality/entertainment opportunities
- Diversify the City's economic base and wage levels
- Outreach and support to existing businesses
- Revitalize and modernize older, business focus areas
- Maintain and enhancing a consistent, business-friendly environment
- Expand public-private partnership opportunities
- Expand transit opportunities and attractive pedestrian-oriented environments
- Build upon and expand the strong brand identity of Huntington Beach
- Provide good, ongoing economic data and performance indicators for decision makers

1.5 A Brief History of the City

Huntington Beach was incorporated in 1909. Major population growth and development within the city began during its oil boom in the 1920s. The city had the largest California oil deposit known at the time. Rapid population growth occurred along with the expansion of the oil industry. After a final oil strike in 1953, the fire department began clearing out oil derricks within the city and along the coast to make room for the population explosion that began in the 1950s. Beginning in the late 1950s and continuing into the 1960s and 1970s, residents by the thousands moved into the City. In the 1970s and 1980s oil production rigs were concealed to improve the beach's image. In 1972, Donald Douglas Jr. acquired the bean fields across from the current U.S. Weapons Station bordering Bolsa Chica in Huntington Beach. He began building the Douglas Aircraft Space Systems Center. The plant produced the upper stage of the Saturn V rocket that took the Apollo astronauts on their successful mission to the moon. Douglas Aircraft became McDonnell Douglas, and in the 1990s Boeing purchased the combined firms. Today Boeing is still one of the largest employers in the city.

In 1925, Duke Kahanamoku brought the sport of surfing to Huntington Beach and the Southern California shores. The city's first surf shop, Gordie's Surf Boards, opened in 1953. Six years later, the first U.S. Surfing Championships were held in Huntington Beach. The following year, the Surfing Championships were covered on television, which rocketed Huntington Beach's international fame as a surfer's paradise. In 2005, the USA Surf Team adopted Huntington Beach as its official home and the Association of Surfing Professionals-North America moved to the city.

Today Huntington Beach has grown to a population of around 194,000. With approximately 10 miles of beaches, including its four major beaches -- Sunset Beach, Bolsa Chica State Beach, Huntington City Beach and Huntington State Beach – the city draws about 16 million annual visitors that come to enjoy the beaches, the Downtown/Main Street area and historic pier, and the waterfront hospitality, retail and dining opportunities. In addition to the beach, harbor, downtown and waterfront areas, Huntington Beach is also expanding its residential, retail, business, educational, and tourism/recreation opportunities. The economic development strategy will build upon these ongoing developments and assist in setting priorities and providing a guiding framework for future economic growth in the city.

1.6 Top Employers in the City

The total employment in Huntington Beach was estimated at 75,839 in 2012 based on the preliminary estimates provided by the Center for Demographic Research, California State University, Fullerton. Huntington Beach has a diverse economy that ranges from tourism and business-oriented hotels and motels; to restaurant and retail-oriented businesses; to industrial manufacturing and warehousing/distribution firms; to technology services and professional/technical firms; to automotive sales, to health care, local schools, a community college and governmental and cultural institutions. The top ten employers in 2013 are shown in Table 1-1, based primarily on business data from the city of Huntington Beach. As shown in Table 1-1, the top ten total of 10,169 employment represents about 13.4 percent of the total estimated employment in the city. Among the top ten employers, five are manufacturing or aerospace firms, one is a major tourist-oriented hotel, two are health care facilities, one is a waste management company, and one is a major retailer.

Table 1-1
Top 10 Employers: 2013
City of Huntington Beach

No.	Employer	Industry	Number of Employees
1	Boeing	Aerospace	5,178
2	Quiksilver	Apparel	955
3	Cambro Manufacturing	Manufacturing	765
4	Hyatt Regency Huntington Beach	Hotel	641
5	C&D Aerospace	Aerospace	555
6	Huntington Beach Hospital	Health Care	527
7	Rainbow Environmental Services	Waste Management	408
8	WalMart Store	Retail	392
9	Huntington Valley Healthcare	Health Care	381
10	Zodiac Aerospace/Driessen Aircraft	Aerospace	367
		Total	***10,169***

Sources: Stanley R. Hoffman Associates, Inc.
City of Huntington Beach: 2013 Business Data

1.7 Major Economic Focus Areas of the City

In developing the economic base analysis of the city, a number of economic focus areas were identified that either have significant concentrations of existing employment, or have future economic growth potential. These focus areas are presented in Figure 1-1, and described below:

Northwest Industrial Area. This area is a major center of manufacturing, warehousing and distribution within the northwestern section of Huntington Beach and is anchored by Boeing Corporation; the area is in transition from heavy manufacturing to more specialized engineering, technical services and distribution uses; also, portions of the area are characterized by older buildings and older infrastructure, particularly south of Bolsa Avenue.

Gothard Industrial Corridor. This is an older, linear industrial corridor along Gothard Street between Edinger Avenue on the north and Ellis Avenue on the south. It is characterized by older industrial buildings that are transitioning to mid-size, modern business park land uses with a mix of office, industrial and distribution uses. Also, there are several retail and service uses locating in the corridor with pressure for transition to higher density residential in some areas.

Bella Terra. This regional retail center within Huntington Beach has just completed a major revitalization with anchor tenants such as Kohl's, Burlington Coat Factory, Whole Foods and a multi-screen movie complex. Directly to the northwest of the retail center a Costco Store opened in May of 2012. Also, directly to the west of the center, a complex of 467 higher density luxury apartments has been developed. In addition, over 900 high-end apartments are being constructed.

Five Points Shopping District. The Five-Points shopping district has been identified in the Beach and Edinger Corridors Specific Plan as a pedestrian oriented, community shopping district that has retail revitalization opportunity. It is located generally where Main Street angles to the southwest from its intersection at Beach Boulevard.

Beach and Edinger Corridors. These two intersecting arterials constitute the main commercial corridors in Huntington Beach and contain a mix of retail, services, mid-size offices, hospital and health care uses, auto dealers, and lodging uses, along with higher density residential uses; a Specific Plan governs the development along these arterials where the ideal locations for competing residential and commercial land uses are issues to be addressed. The Beach and Edinger Corridors Specific Plan (BECSP) allow all existing auto dealers to expand.

Holly-Seacliff Underutilized Parcels. Within the Holly-Seacliff area, north and west of the Seacliff Village Shopping Center, there exists a number of lower density industrial and oil extraction sites. These sites have future development potential when their economic life for these uses is diminished to the point where they will transition to higher intensity commercial and/or industrial uses compatible with the surrounding area.

Main Street and Pier. This is the heart of Huntington Beach's older waterfront retail, residential and recreational land uses that gave the city its signature "Surf City USA" identity; it has an active business improvement district association that is actively working to upgrade the existing business environment, improve its overall image, create new attractions, and become more competitive as newer commercial and lodging uses are developed in proximity to Main Street. There is a need to work with property owners to assist in achieving an expanded mix of tenants.

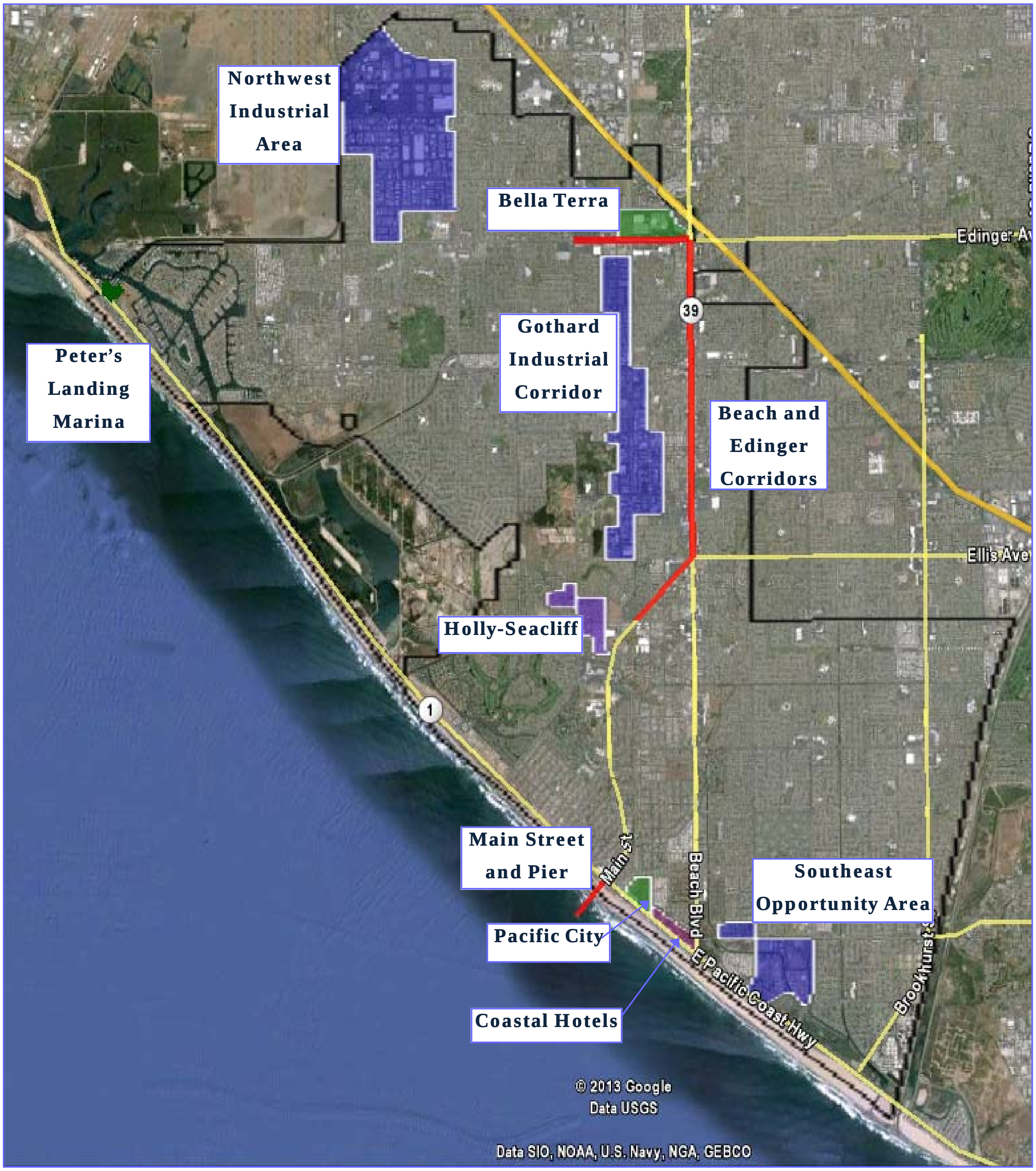
Pacific City. This is a major destination retail, restaurant, lodging commercial center that is under-construction just to the east of the Main Street and the Pier; it will include a residential component directly to the north; it will also provide a very competitive mix of retail and restaurant establishments that will complete development along the coast between the Main Street business district and the major hotel and residential developments to the southeast. A five-star Meritage Resort named Pasea is also being developed.

Coastal Hotels. Southeast of the Pacific City development are the city's premier coastal hotels, the Hilton Waterfront Beach Hotel and the Hyatt Regency Resort and Spa; they are major destination lodging, dining and recreation locations for both tourists and business visitors.

The Southeast Opportunity Area. This area in the southeastern portion of Huntington Beach has older, industrial, tank farm and land fill uses that could transition to either business park, retail or some mix of these uses in the future; a key issue is the ideal mix for this development site.

Peter's Landing and the Marina. This area adjacent and south of the Huntington Beach Marina, with the Pacific Coast Highway directly along its southern border, has been unable to maintain a vibrant mix of retail, restaurant and service tenants. Key questions include: how this area can be economically enhanced to take advantage of its attractive location next to the marina; and what would be an ideal mix of commercial and residential land uses?

Figure 1-1
Major Economic Focus Areas
City of Huntington Beach



Sources: Stanley R. Hoffman Associates, Inc.
Google Earth Pro

1.8 Methodology and Data Sources

The methodology was to examine economic and demographic trends since 2002 for four geographic areas: 1) the combined Los Angeles – Orange County metropolitan region; 2) Orange County; and separately, 3) the Southwest Orange County sub-region; and 4) the City of Huntington Beach. The latest preliminary forecasts from 2012 to 2040, prepared by the Center for Demographic Research (CDR), California State University, Fullerton, were also reviewed. These analyses identify trends and conditions that inform General Plan Update goals and policies to strengthen and expand the economic base of Huntington Beach. The following data sources were used to prepare this report:

- U.S. Census Bureau, Decennial Census, 2000
- American Community Survey, 3-Year Estimates, 2010-2012
- U.S. Census Bureau, Longitudinal Employer-Household Dynamics, 2002-2011
- Preliminary Center Demographic Research 2012 to 2040 Forecasts
- California Employment Development Department Employment and Wage Data by Sector, Orange County and Huntington Beach, 2002-2011
- California State Board of Equalization Taxable Sales Data, Orange County, Southwest Orange County sub-region, and Huntington Beach, 2002-2011
- California Department of Finance, Population, Housing and Household Data: 2002-2012
- City of Huntington Beach: General Plan 2014-2021 Housing Element
- REIS Property Reports: Office, Industrial, Warehouse/Distribution, and Retail –Orange County and Huntington Beach – Third Quarter 2013
- Voit Real Estate Services Reports: Office, Industrial, and Retail – Orange County and Huntington Beach, Fourth Quarter 2013
- Colliers International Reports: Office and Industrial – Orange County and Huntington Beach, Fourth Quarter, 2014
- CBRE Global Research and Consulting, Orange County Retail Market View – Third Quarter 2013
- Marcus and Millichap Reports: Retail Research Market Overview – Orange County Metro Area – Third Quarter 2013.
- Hendricks Berkadia: Apartment Market Review – Orange County – Fourth Quarter 2013
- MetroScan: Orange County Housing Market Executive Summary – Second Quarter 2013
- DataQuick – Annual Home Resales by Zip Code – 2013
- Website Resources: redfin.com; Zillow.com
- Broker interviews on general real market conditions in Orange County and Huntington Beach: Mike Bouma, Voit Real Estate Services; Sharon Courtway, Sperry Van Ness; Todd LaPlante, Five Points Real Estate; and Josh Reilly, Lee & Associates
- Unemployment trends from the Federal Bureau of Labor Statistics

Throughout the report, references to current conditions use the years 2011 (for employment data), 2012 (for demographic data), and 2013 (for City budget and market trends data). In all cases, these references identify the most current full year of data available for the topic at the time this report was prepared.

1.9 Relationship between Economic Development Trends and Strategy Reports

Stanley R. Hoffman Associates has prepared two reports for the City of Huntington Beach; an Economic Development Trends and Conditions report to support the General Plan Update, and an Economic Development Strategy report prepared for the Office of Business Development. As land use and economic development are closely linked, there is a high degree of similarity between the economic analyses in both reports. This linkage underscores the need for planning and economic documents recognizing the importance of economic development to the long-term sustainability of the City.

However, there are important differences in the findings and recommendations of the reports. The Economic Trends and Conditions report is supporting a comprehensive update to the City's long-term land use policies, while the Economic Development Strategy is focused on shorter-term business development and retention.

1.10 Arts/Culture and Recreation as a Component of Economic Development

Enhancing and promoting arts, cultural attractions, and recreational events can have a synergistic effect on the economic development of a community. Building upon ongoing marketing efforts, the Office of Business Development should continue to partner with the city's Community Services Department, Visit Huntington Beach, the local merchants and hotel operators to comprehensively plan and market events that draw both local residents and visitors. This would improve the accessibility between these venues and the major hotels and shopping districts with shuttles, brochures, tours and other marketing projects. Some of the most popular attractions include:

- Huntington City Beach, the Municipal Pier, and Pier Plaza
- Central Park-including the Huntington Beach Sports Complex and Shipley Nature Center
- Huntington Beach International Surf Museum
- Huntington Beach Art Center
- Surfing Walk of Fame
- Surfer's Hall of Fame
- Skateboarding Sole of Fame

The City of Huntington Beach also has a long standing public art program that began in 1976 managed by the Cultural Services Division. Recently, the city completed the Urban Design Guidelines that provide details of the program and the requirements for both public and private projects. Currently, there are over twenty public art sites in the city, and three additional projects have been approved for the beach area. In addition to the public art, there are also a number of private art galleries located throughout the city.

1.11 Organization of the Report

Chapter 2 outlines the Economic Development Strategy, and the Strengths-Weaknesses-Opportunities-Threats (SWOT) analysis. This chapter also includes a discussion of the stakeholder interviews and benchmark performance indicators. Chapter 3 provides an industry grouping analysis that first analyzes the economic base of Huntington Beach, and then presents comparative trends structured around industry groupings in Huntington Beach with other, larger geographies. This chapter also has a discussion of the retail market in Huntington Beach and its strengths and weaknesses.

Chapter 4 contains a number of demographic and labor force trends and conditions that have an influence on economic growth. Chapter 5 examines current real estate development conditions in Huntington Beach and the surrounding market area. Chapter 6 describes the City's financial status in terms of both operating and investment revenues based on Fiscal Year 2013-14 budget documents. Finally, Chapter 7 is an outline for the next steps, the preparation of implementation plan recommendations. Appendix A has supporting tables while Appendix B lists project references who were contacted in this analysis.

CHAPTER 2
ECONOMIC DEVELOPMENT STRATEGY

2.1 Economic Development Strategy

Vision Statement. The City's Economic Development Vision focuses on the retention, attraction and expansion of the business community, consistent with the City Council's Strategic Goals to "Enhance Economic Development" and "Improve Financial Stability."

Mission Statement. The Office of Business Development's focus is to: 1) preserve and enhance the economic base of the community through business retention, expansion and attraction; and 2) to manage the continued economic vitality of the City's commercial areas consistent with the Economic Development Strategy.

<u>Core Economic Development Objectives.</u>

<u>Foundational Economic Development Initiatives</u>

- Develop a strong brand identity that builds on the existing "Surf City USA" image.
- Maintain a consistent, business-friendly environment.
- Provide relevant, real-time economic data and performance indicators for decision makers.

<u>Diversify the Local Economy</u>

- Identify opportunities to grow established sectors such as technology manufacturing and technology services; support early-stage growth in "creative economy" industries such as film and advertising.
- Improve retailing and lodging opportunities within Huntington Beach.
- Expand the range of recreational opportunities in the city that would attract various sports and recreation teams and events throughout the year.
- Enhance Huntington Beach's current economic strengths in the tourism, automotive sales, and industrial technology sectors.
- Support the local-serving social assistance and health care industries as the Huntington Beach population continues to age.

<u>Improve Financial Stability</u>

- Improve financial stability of the city by increasing public revenues through continued infrastructure investment and targeted development assistance.
- Identify opportunities to revitalize and modernize older properties located in Huntington Beach's business districts through economic development revolving funds and use of former tax increment.

Increase Prosperity of the Community

- Strengthen city labor force through job training and skills development initiatives.
- Expand the scope of existing public-private partnerships.
- Improve jobs-housing balance and provide a range of housing opportunities.
- Expand transit opportunities and attractive pedestrian-oriented environments.
- Strengthen cultural institutions within the city, to promote an enriched civic life.

Foundational Economic Development Initiatives.

- CORE OBJECTIVE: Develop a strong brand identity that expands upon the existing "Surf City USA" image
    - STRATEGY: Integrate business-friendly branding concepts into the overall branding strategy so that the image of Huntington Beach becomes a draw for business and retail opportunities.
    - STRATEGY: Establish working group that include decision makers, industry and business representatives, and community members to assist in the creation/implementation of a brand identity through public-private partnerships.
    - STRATEGY: Develop a strong business outreach program, public meetings and workshops to discuss all parts of the economic development strategy and to seek new ideas.
- CORE OBJECTIVE: Maintain a consistent, business-friendly environment
    - STRATEGY: Continue to develop and create a one-stop-processing approach to facilitate a more consistent and business-friendly process. Consistent and efficient permit management encourages development and improves the competitiveness of Huntington Beach relative to its neighboring communities.
    - STRATEGY: Through the annual budgeting process, use the existing and future public revenues to enhance the City's public services and maintain the City's high quality of life.
    - STRATEGY: Prioritize the estimated reallocation of redevelopment property tax increment revenues to target economic development priorities for Huntington Beach. Programs that improve business attraction and retention - such as commercial façade programs and assistance with tenant improvements – should be emphasized.
    - STRATEGY: Develop a detailed step-by-step marketing implementation plan for identifying and reaching potential investors to advise them of ongoing opportunities in the City for revitalization and investment.
    - STRATEGY: Enhance the City's website to include information about the Economic Development Strategy and accomplishments complete with graphics and video; make the website interactive so that residents and businesses can provide their comments.
    - STRATEGY: Use these Core Objectives and strategies to update and enhance the Ten Point Plan for business.

- CORE OBJECTIVE: Provide relevant, real-time economic data and performance indicators for decision makers.
  - STRATEGY: Prepare measures of performance, at least annually, and more frequently if possible, to provide reliable economic data and indicators to decision makers to monitor and evaluate the success of the Economic Development Strategy.

Diversify the Local Economy.

- CORE OBJECTIVE: Identify opportunities to grow established sectors such as technology manufacturing and technology services; support early-stage growth in "creative economy" industries such as film and advertising.
  - STRATEGY: Organize an industrial-technology task force of business, educational and community leaders to assist in identifying and attracting a diversified economic base.
  - STRATEGY: Coordinate planning efforts in the Gothard St. corridor and the Northwest industrial area to consider high image industrial uses that accommodate the office needs of small and mid-sized businesses typically associated with technology, engineering and creative industries.
  - STRATEGY: Identify zoning and parking-related measures to encourage the revitalization and modernization of older industrial areas, such as the Northwest industrial area and the Gothard Street corridor. Modernization efforts should include the consideration of "creative office" conversions to accommodate creative economy businesses.
  - STRATEGY: Develop a city branding strategy that broadens the "Surf City USA" image through recognition of a growing and diversifying economy, and prepare a marketing plan consistent with this theme; acknowledge the technology image in the City's current logo.
  - STRATEGY: Work with Golden West College on programs to ensure that the innovation/technology/green businesses have access to an educated and skilled local labor force.
  - STRATEGY: Coordinate with Golden West College on the implementation of their campus master plan to ensure high quality education programs.
  - STRATEGY: Focus marketing efforts to film and television production companies, emphasizing the city's viability as a filming location.
- CORE OBJECTIVE: Enhance Huntington Beach's current economic strengths in the tourism and industrial technology sectors.
  - STRATEGY: Create a City-wide urban wayfinding system that includes district identifications, destination areas (e.g., downtown, Bolsa Chica Wetlands), pedestrian wayfinding (e.g., trails, historical sites), and eco-tourism among the city's business, tourist, educational, cultural and recreational centers and points of interest.
  - STRATEGY: Among the city's major retail and tourism attractions, such as Bella Terra, Pacific City, the Waterfront, and Downtown, continue to improve the pedestrian- oriented experience and create effective linkages between different

activity centers, including expansion of transit and internal circulation connections.

- CORE OBJECTIVE: Support the local-serving social assistance and health care industries as the Huntington Beach population continues to age.
  - STRATEGY: Build upon and expand the local serving health care and social assistance job opportunities through additional medical and social assistance facilities.
- CORE OBJECTIVE: Improve retailing and hospitality opportunities within Huntington Beach
  - STRATEGY: Continue to create destination retail/entertainment/hospitality development that will diversify the mix of retail, dining and for tourism, local residents, and business lodging opportunities, such as the Pacific City project that is under construction along the waterfront.
  - STRATEGY: Expand the diversity of retail and restaurant opportunities in the downtown area through close coordination with the downtown Property Owners and Business Improvement District (BID) merchants to prioritize improvements, identify new attractions, and create better linkages between the various activity centers throughout the downtown area.
- CORE OBJECTIVE: Expand the range of recreational opportunities in the city that would attract various sports and recreation teams and events throughout the year.
  - STRATEGY: In close coordination with the Community Services Department and Visit Huntington Beach, identify a range of new recreational opportunities and events that encourage and increase regional tourism to Huntington Beach.
  - STRATEGY: Develop an inventory of existing and potential recreational facilities, as well as necessary capital improvements, to enhance the range of available sports and event venues.
  - STRATEGY: Enhance the concept of a Huntington Beach's Sports Commission to 1) identify unmet facility needs, 2) identify services that would support an "off season" training and rehabilitation program for athletes; and 3) develop the goals and objectives of a coordinated marketing program.
  - STRATEGY: Work with promoters to develop/hold special events in the "off season" between September and June.

Improve Financial Stability.

- CORE OBJECTIVE: Improve financial stability of the city by increasing public revenues through continued infrastructure investment and targeted development assistance.
  - STRATEGY: Coordinate the City's capital improvement policy with the Office of Business Development to target limited revenue sources in high-priority commercial and industrial areas.
  - STRATEGY: Where specific site and/or retail or hotel competitive opportunities offer sizable public revenue benefits, consider the use of financing incentive tools, such as sales tax or hotel occupancy tax sharing, where there is a clear benefit-cost relationship for Huntington Beach.
  - STRATEGY: Evaluate the feasibility of a loan guarantee program to finance building remodel and re-use, and continue to monitor and apply for regional, State and Federal business grants and loans.

- STRATEGY: Prepare ongoing fiscal evaluations for major development plans and proposals.

- CORE OBJECTIVE: Identify opportunities to revitalize and modernize older properties located in Huntington Beach's business districts.
  - STRATEGY: Build upon the City's green energy policy by assisting both homeowners and businesses in lowering their energy costs through education about best management practices and new financing programs, such as energy related rebates and tax credits and the State's recently passed Assembly Bill 811 that provides low cost loan support.
  - STRATEGY: Because of the limited supply of larger, vacant parcels coordinate with the General Plan Update program to encourage property owners through zoning incentives – such as graduated density zoning -- to consolidate parcels in order to create more effective industrial/commercial development opportunities.
  - STRATEGY: In addition to revitalization in the northwest industrial area and the Gothard St. corridor, prepare highest and best use options for long-term revitalization opportunities for depleting oil resource properties, particularly in the Southeast Opportunity and Holly-Seacliff areas.

Increase Prosperity of the Community.

- CORE OBJECTIVE: Strengthen city labor force through job training and skills development initiatives.
  - STRATEGY: Partner with Golden West Community College and Orange County Workforce Investment Board with the business community to establish a training program, particularly in the emerging high technology, engineering and computer science, and green technology fields.
- CORE OBJECTIVE: Expand the scope of existing public-private partnerships.
  - STRATEGY: Work with City Council to develop regular communication with the city's existing community partners, such as the Chamber of Commerce, Visit Huntington Beach, and local Business Improvement Districts (BIDs).
  - STRATEGY: Work with the Auto Dealers Association to identify the top long-term operational and expansion issues along Beach Boulevard.
  - STRATEGY: Formulate a communication strategy that consistently updates local BID leadership on capital improvement and public services.
- CORE OBJECTIVE: Improve jobs-housing balance and provide a range of housing opportunities.
  - STRATEGY: Continue to revitalize older commercial areas and sites along major commercial corridors, such as Beach Boulevard and Edinger Avenue for mixed use residential development.

- CORE OBJECTIVE: Expand transit opportunities and attractive pedestrian-oriented environments.
    - STRATEGY: Given the limited rail transit opportunities linking Huntington Beach to the southern California regional economy, look for opportunities to expand alternative forms of transportation to better handle the volume of workforce commuting into and out of the city.
    - STRATEGY: Expand transit opportunities between complementary commercial areas, and encourage efforts by retailers and landowners to create attractive, pedestrian-oriented environments.
- CORE OBJECTIVE: Strengthen cultural institutions within the city, to promote an enriched civic life.
    - STRATEGY: The Office of Business Development should continue to partner with the local merchants and hotel operators to comprehensively plan and market events that draw both local residents and visitors.
    - STRATEGY: Improve the accessibility between venues and the major hotels and shopping districts.
    - STRATEGY: Coordinate cultural opportunities through-out the community to maximize exposure and economic potential.

2.2 SWOT Assessment

A SWOT assessment focusing on the City's Strengths, Weaknesses, Opportunities, and Threats (SWOT), is a qualitative method to identify issues and opportunities for economic development in the context of local resources and competitive regional forces. The following matrix summarizes the findings from interviews and discussions with City staff and local business and community stakeholders. The SWOT assessment also builds upon the analysis of the local and regional economic and demographic trends and conditions.

Figure 2-1
Strengths-Weaknesses-Opportunities-Threats (SWOT) Analysis
City of Huntington Beach

	Strengths	Weaknesses
INTERNAL	• Huntington Beach is located in a major Southern California job center. • World-class beachfront development generates significant economic value. • Stable "anchor" employer - The Boeing Company. • Large and affluent population base capable of supporting a relatively diverse local economy. • Preferred location for residential development. • Highly educated and skilled work force.	• Not percieved as a regional business center, despite positive locational attributes. • Under-performing retail sector. • Auto dependency viewed as major long-term constraint on economic growth. • Aging population; lack of adequate senior services. • Widespread building obsolescence hindering business development and retention. • Pension costs draining service capability.
	Opportunities	**Threats**
EXTERNAL	• Attraction of diverse industrial base in emerging high technology and green technology sectors. • Reposition city's image. • Regional draw for amateur sports. • Demonstrated ability to craft effective public-private partnerships should elevate regional appeal. • Strong city credit rating and dedicated infrastructure funding should enhance external business investment.	• Intense regional competition for new business and development opportunities. • Surrounding communities better positioned to capture international trade. • "Locals Only!" Increasingly negative perception of oversold "surf city" image. • Ensuring that the Downtown Main Street commercial area stays family friendly. • Perceived residential development preference in BECSP over current automobile sales.

Source: Stanley R. Hoffman Associates, Inc.

2.3 Findings from Stakeholder Interviews

A number of stakeholder interviews were conducted over the period from December 2013 through January 2014. The purpose was to gain insight and perspectives from a variety of persons – representing different business sectors and organizations – who have intimate experience and knowledge about the Huntington Beach economy, and who could provide observations and recommendations that support the preparation of the City's economic development strategy.

As shown in Table 2-1, these stakeholder groupings represent major organizations, including public agencies, non-profits, or businesses, such as the auto dealers, Boeing, and Harbor Distributors, the Downtown BID, the Chamber of Commerce, and the Orange County Business Council, the Orange County Coastkeeper, and Visit Huntington Beach. They represent Huntington Beach's visitor and marketing bureau, Huntington Beach Tomorrow, and Golden West College; and, various commercial and industrial brokers, and developers of major properties, such as Bella Terra, Pacific City, and major hotels and residential properties, and along the waterfront area. The stakeholder interviews identified several general themes that very likely may influence the economic strategy's scope and implementation. The themes are a summary of several viewpoints expressed during the interview process; and are not necessarily the expression of a single individual.

Branding and Identity

- "The Huntington Beach lifestyle" is a point of pride: high quality housing, access to good schools, access to beach and recreation amenities, adequate healthcare facilities
- Viewed the city as a diverse, safe community with a high quality of life
- Some viewed Huntington Beach as "not a friendly place for business"
- City is missing an opportunity to develop a strong "brand" identity that expands upon the existing "Surf City USA" image, particularly as the city diversifies its economy
- A comprehensive wayfinding program is needed; suggestions include improved signage identifying different neighborhoods, centers or attractions and improved wayfinding kiosks for tourists

Municipal Performance

- City council at times can be divided regarding a strong economic development vision, resulting in inconsistent leadership on economic development issues
- The leadership at the top of the city departments was viewed as able and responsible
- Sometimes lack of coordination among city departments can result in inconsistent or poor customer service experience during permitting process

- Even with the city's one-stop permitting system, permitting and code enforcement are often seen as time consuming and financially onerous
- Interpretation of and enforcement of typical building and planning codes are inconsistent, creating uncertainty amongst business owners and land owners
- The Beach and Edinger Corridors Specific Plan and their corresponding rules and regulations to occupy space and open a business were viewed as successful in creating certainty
- Local issues have excessive influence; lack of regional or global perspective; Huntington Beach is "missing out" on broader regional opportunities, particularly regional transit and attracting international trade
- Creating a consistent process for an ongoing dialogue between developers and the business community was viewed as a positive approach; sometimes the cost of doing business, including the level of development impact fees, was expressed as a constraint
- One concern was expressed regarding the new plastic bag ordinance in Huntington Beach, and the need to make this more universal throughout Orange County so that cities that select this green approach are not at a competitive disadvantage
- Measures of successful economic performance need to be established and monitored on a regular basis

Land Use and Economic Development

- Many retail, industrial, office buildings need retrofitting; building code and parking standards often don't incentivize re-use or revitalization; current real estate economics are unfavorable for commercial revitalization
- Revitalizing the older, industrial areas with modern buildings and modern communications infrastructure is needed
- Local transportation options are lacking, reinforcing an auto-dependent culture and creating traffic congestion; a high share of the local labor force commutes outside the city
- Traffic congestion is a major development issue as transit options are limited
- Both the Northwest industrial area and the Gothard St. corridor have strong potential for economic development; "flex-tech" buildings were mentioned as viable developments
- A number of creative firms have located in Huntington Beach, such as Groupos Gallegos, Ocean Media and Innocean; attention should be given to creating the right business environment to attract more of these firms and those that provide their technical support
- Revitalization of the Beach and Edinger corridors is plainly underway; but, the renewal of these two older, strategic commercial corridors has driven rents higher and increased real estate values. This is putting pressure on some existing businesses to relocate
- The Bella Terra retail center revitalization was viewed as a potential threat to the commercial draw of the downtown; however, the Pacific City development is seen as a potential business opportunity counter balance, because of its regional destination draw
- The new Pacific City mixed use development should be a strong regional draw as a "lifestyle" center; the city should be prepared with strategies to encourage additional patronage of local businesses, particularly in the Downtown / Main Street area

- Expanding the range of recreational opportunities in the city that would attract various sports and recreation teams and events throughout the year; sports marketing and a focus on youth sports are ideas to generate more tourism and more hotel usage; currently, there are resources on the beach, a large supply of parking; and national tournaments for soccer and volleyball that could be attracted
- Regarding the relatively weaker commercial environment at the Marina and their lack of attracting strong destination tenants, several ideas were offered included a boutique hotel or considering time-share condominiums for some of the space

Real Estate and Land Availability

- What are the long-term plans for Boeing; they have been such an important part of the northwest industrial area and there needs to be continued interest in how Boeing transitions from an aerospace manufacturing focus to high technology and specialized engineering functions; how can the City encourage this area to become more attractive for business investment?
- How do we use the older industrial areas and how do we position them for new businesses through the General Plan update process? There is parking, wiring, and modernization of new buildings, etc.
- We want infrastructure, but how do we pay for it without the Redevelopment Agency?
- Brokers generally felt that the buildings south of Bolsa Avenue in the northwest industrial area were older and antiquated and that a masterplan should be prepared for the area and incentives provided for its eventual transition to an updated technology-oriented environment
- Brokers also felt that there was a strong market for “flex-tech” type buildings in the mid-size range – 20,000 to 50,000 sq. ft. - that could accommodate a mix of smaller and mid-size firms with both technology services and technology manufacturing functions
- City Council was originally pursuing blight review and the former Redevelopment Agency was going to address it; but now that it’s gone, there is nothing to help those older shopping centers.
- There are 2,500 new apartment units in the City; what is the break point for the City to have the right balance of industries and housing?
- There is a strong mix of tourism-oriented hotels along the waterfront that also serve the business traveler and corporate market for moderate-sized conferences and symposiums; however, expanding hotel and motel facilities for both business and non-business travelers in the remainder of the city was viewed as a development opportunity, including near the 405 freeway
- Evaluation and investment of the long-term use of depleting oil properties was seen as an opportunity to create available land resources, such as in the Holly-Seacliff area
- Specific discussion was addressed regarding the reuse of the tank farm in the southeastern section of Huntington Beach; what is the right mix of business and residential development; some concern was expressed about how much business or office development would be compatible with its relatively remote location from the major transportation corridors

Business Development and Retention

- Economic development initiatives should focus on high technology/flex tech businesses; the office market was viewed as more local with less competitive opportunities for high rise office development
- The popular perception of downtown Huntington Beach has declined in recent years and is seen as just "bars and t-shirt shops" and somewhat unsafe; the City needs to partner with the local BID and merchants to revitalize the Downtown
- Some ideas of revitalizing the downtown included encouraging better enforcement of liquor laws, wider array of restaurants and shops, reuse of the old post office as either a history of Huntington Beach surfing and culture venue or as a specialty grocery store
- Perception has been that higher end restaurants cannot be attracted to downtown and that new business generation overall has been weak
- There needs to be a plan to better integrate the Pacific City's development with the downtown; e.g., better connecting walkways, marketing, and a trolley service along the waterfront area was suggested with funding primarily from the benefiting businesses
- Auto dealers are the major sales tax revenue generator in the city; however, there are 5 of the 10 dealers are on land leases and their future in 10 or so years is uncertain given the revitalization influence along Beach Boulevard on land availability and pricing
- Economic development along Beach Boulevard is faced with a mix of uneven and shallow lots; what is the right mix of residential and commercial development and the overall density?
- The permitting process has sometimes been difficult when seeking to permit for the expansion or attraction of auto dealerships; land development and financing issues have been identified through the process of the Hyundai Auto dealer locating in Huntington Beach
- Continued support on marketing and signage can benefit all of the auto dealers as well as other commercial establishments along these major corridors
- Affordable housing will continue to be a key economic development issue; particularly as the economy improves and a mix of job types and skill and wage levels are attracted

Public-Private Partnerships

- Continue working closely with the Chamber of Commerce to attract and retain businesses in Huntington Beach
- Continue working closely with the local business improvement districts (BIDs)
- Golden West College would like to be an active partner in the General Plan update process because of their interest in expanding their campus as part of their long-term master plan; they have several large, vacant parcels that they own and are interested in developing them
- Also, the College would welcome continued coordination with the city's business development staff regarding keeping their training and education programs consistent with the city's economic strategy

- Continue to be a partner with the Orange County Business Council that can provide the regional economic perspective while partnering with local Chambers of Commerce

Transportation

- Traffic congestion and lack of alternative modes of transportation were viewed as major long-term constraints on the economy

- Recent local elections rejected toll charges on the high occupancy vehicle lanes on the freeway system, but some felt that these and other options should be strongly considered to keep traffic flowing

Budgeting and Capital Improvements

- The annual budget process and the capital improvement program need to be better coordinated in order to identify and fund the highest priority services and infrastructure in commercial areas

- New funding sources will need to be explored and expanded due to changes in a post-redevelopment California, particularly for affordable housing and revitalization of older areas

Enhancing the Economic Development Process

- Consistent, business-friendly economic development leadership emanating from the City Manager's office, with strong coordination among all departments – planning, code enforcement, public works, police, fire/emergency services and community services - with political support will be important for success
- The city has had task forces from time to time, but they are not viewed as providing a consistent forum to address key economic development issues

Table 2-1
List of Stakeholders Interviewed
City of Huntington Beach

Name	Company/Organization	Title
Auto Dealers		
David Garofalo	David P. Garafalo & Associates, Inc./Auto Dealers Association	
Paul Conant	Norm Reeves Honda Superstore	General Manager
Bella Terra & Pacific Cities		
Lindsay Parton	DJM	General Partner/Owner of Pacific City and Bella Terra
Boeing		
Barbara Mason	Boeing	Senior Manager, Site Integration
Chamber of Commerce		
Dianne Thompson	State Farm/Chamber of Commerce	Agent/Chairman of the Board
Jerry Wheeler	Chamber of Commerce	President and CEO
Downtown BID		
Brett Barnes	TS Restaurants	Senior Manager/Partner
Lori Eckman	CIM	Senior Property Manager
Stephanie Wilson	Fred's Mexican Café	
Susan Welfringer	Huntington Beach Downtown BID	BID Manager
Golden West College		
Wes Bryan	Golden West College	President
Harbor Distributing		
Mike Vaca	Harbor Distributing	Vice President, Operations
HB Tomorrow		
Karen Jackle	HB Tomorrow	President and CEO
OC Coastkeeper		
Steve Bone	Orange County Coastkeeper	Board Chairman
Orange County Business Council		
Lucetta (Lucy) Dunn	Orange County Business Council	President and CEO
Real Estate Brokers		
Josh Reilly	Lee & Associates	Associate
Michael Bouma	Voit	Senior Vice President, Commercial Brokerage
Sharon Courtway	Sperry Van Ness	Vice President & Senior Advisor
Todd LaPlante	Five Points Real Estate	Real Estate Agent
Surf City USA		
Kelly Miller	Surf City USA	President and CEO
The Robert Mayer Corporation		
Robert L. Mayer, Jr.	The Robert Mayer Corporation	Chief Operating Officer

Source: Stanley R. Hoffman Associates, Inc.

2.4 Benchmark Economic Performance Indicators

A strategic plan needs to have Benchmark Economic Performance Indicators from which to create an effective implementation plan. There should be a strong correlation between implementation tasks and the benchmark performance indicators, which measure progress toward goals that will be set in the initial stage of the economic development strategy. These measures should encourage the use of discrete local data when available, and be periodically updated, when new information is available, in order to track progress meeting the specified goals.

As shown in Table 2-2, suggested indicators – that can be refined or augmented as experience is gained – are organized into four categories: 1) Employment trends; 2) Labor Force Characteristics; 3) Market Performance Measures; and 4) Fiscal Performance Measures. Generally, the data required for these measures are available from either publicly available sources – including City records -- such as financial performance information, the State Department of Finance, the California Employment Development Department, the U.S. Census, or1 various private sector market data companies. It should be noted that any information used has to be presented in an aggregated fashion that does not reveal confidential business or public information.

While not specified in the table, the information could also be provided by geographic areas of the city – when available - that have particular economic relevance, including the Beach and Edinger corridors, the waterfront, the downtown-Main street area, the northwest industrial area and the Gothard Corridor. Although selected Quality of Life indicators have not been included in this list, they are very important to household and business decision-making and could be added, such as crime statistics and school performance measures.

Table 2-2
Selected Economic Performance Measures
City of Huntington Beach

I. Employment Trends

- Employment Change by Industry
- Average Wage by Industry
- Number of Businesses by Industry
- Entry and Exit of Firms by Industry
- Comparison to Sub-market and County

II. Labor Force Characteristics

- Education Profile
- Skills Profile (Industry of Employment)
- Household Income Trends
- Labor Commute to Jobs
- Comparison to Sub-region and County
- Median Home Prices
- Median Residential Rental Rates

III. Market Performance Measures

<u>Retail</u>
- Total Taxable Retail Sales by Category
- Sales per Square Foot
- Vacancy Rates
- Building/Planning Permit Activity

<u>Office and Industrial</u>
- Vacancy Rates
- Lease Rates
- Total Non-Retail Taxable Sales
- Building/Planning Permit Activity

<u>Hotel Market</u>
- Hotel and Motel Inventory
- Average Rates per Room
- Occupancy Rates
- Building/Planning Permit Activity

IV. Fiscal Performance Measures

<u>Public Revenues</u>
- Trends by Revenue Type
- Per Capita Revenue

<u>Public Costs of Services</u>
- Trends by Service Cost Type
- Per Capita Service Costs

<u>Infrastructure Development</u>
- Primary Sources of Revenue
- Other Sources of Revenue

Source: Stanley R. Hoffman Associates, Inc.

CHAPTER 3
INDUSTRY GROUPING ANALYSIS

3.1 Economic Base Analysis

The Economic Base Analysis presents the employment structure of Huntington Beach in the context of the Los Angeles-Orange County Metropolitan Statistical Area (MSA) region, Orange County and the Southwest Orange County sub-market area, as presented in Figure 3-1. This sub-market area consists of Huntington Beach and adjacent and nearby cities that are viewed as direct economic competitors, including Seal Beach, Westminster, Fountain Valley, Costa Mesa, Irvine, and Newport Beach.

The detailed industry sectors shown in Tables 3-1 and 3-2 are further aggregated into four industry groupings that include allied or closely associated industry sectors, including: 1) Industrial, 2) Professional Office, 3) Tourism and Hospitality Related, and 4) Healthcare and Social Assistance. In addition, to presenting the distribution of employment by these groupings, a Location Quotient analysis is presented that shows industry sectors where Huntington Beach has a competitive advantage or disadvantage compared to the other geographies.

Total Employment. Total primary employment in Huntington Beach in 2011, as reported by the U.S. Census's Longitudinal Employer-Household Dynamics file, shows 62,243 employment, or about 12 percent of the 529,847 employment shown for the Southwest OC sub-market. The sub-market is about 40 percent of the primary employment of 1,326,589 for Orange County, which in turn is about 26 percent of the Los Angeles-Orange County MSA employment.

Industrial Grouping. The Industrial grouping is comprised of the Manufacturing, Wholesale Trade, and Transportation and Warehousing sectors shown in Table 3-1, with their percentage distributions shown in Table 3-2. With about 28 percent of Huntington Beach's total employment in the Industrial grouping, Huntington Beach has a higher concentration of these sectors than the other geographies with 17 percent for the Southwest OC sub-market and about 20 percent for the Orange County and LA-Orange County MSA.

Professional Office Grouping. The Professional Office grouping is comprised of the Information, Professional-Scientific-Technical, Finance Insurance and Real Estate, Management of Companies and Enterprises, and Administration and Support, Waste Management and Remediation sectors. With only about 19 percent of Huntington Beach's total employment in the Professional Office grouping, Huntington Beach is much weaker in these sectors than the other geographies with about 32 percent for the Southwest OC sub-market, about 28 percent for Orange County and about 27 percent for the LA-Orange County MSA.

Tourism Related Grouping. The Tourism Related grouping is comprised of the Retail, Accommodation and Food Service, and Arts, Entertainment and Recreation sectors. While much of the Southern California region is a draw for visitors and tourists, with about 26 percent of Huntington Beach's total employment in these sectors, this is one of the City's primary strengths and comparatively higher than the other geographies; the Southwest Orange County sub-market has about 23 percent of its total employment within these sectors, while only about 20 percent to 22 percent of total employment is concentrated in these sectors for the LA-Orange County and the Orange County geographies, respectively.

Healthcare and Social Assistance Grouping. The Healthcare and Social Assistance grouping is relatively small when compared with the other groupings and considered local-serving, that is, primarily serving the needs of the local population. This is in contrast to the other sectors that are considered "basic or export base," that is, they draw a significant proportion of their income from residential and business sources outside of Huntington Beach. However, this grouping is showing strong growth in Huntington Beach and all of the other geographies. Huntington Beach has about 7 percent of its total employment in this grouping compared with about 10 to 11 percent of total employment in the other geographies.

Location Quotient Analysis. Location Quotient analysis is an economic method to compare the relative strength or competitive advantage that a sector may have in one area in comparison to the other geographies. As shown in Table 3-3, the LA-Orange County MSA is used as the benchmark at 1.0 for each sector; then the other geographies can be considered as more competitive in a particular sector if the ratio is greater than 1.0 or less competitive if the ratio is less than 1.0. As shown in Table 3-3, Huntington Beach has relative strength in Manufacturing with a ratio of 2.096 compared with the other areas that are only slightly lower or higher than the benchmark ratio of 1.0. The Accommodation and Food Service sector also shows relative strength in Huntington Beach with a ratio of 1.537 that is higher than the ratios in the other areas. The Construction sector at 1.516 and the Retail sector at 1.210 are also show relative strength.

Figure 3-1
Map of Southwest Orange County
City of Huntington Beach and Surrounding Areas

Table 3-1
Employment: 2011
City of Huntington Beach and Surrounding Areas

EMPLOYMENT	Huntington Beach	South West OC Subregion	Orange County	LA-OC MSA
Agriculture, Forestry, Fishing and Hunting	72	2,648	3,527	9,759
Mining, Quarrying, and Oil and Gas Extraction	45	173	518	4,737
Utilities	265	4,708	8,027	38,341
Construction	3,019	18,802	62,598	161,496
Manufacturing	**13,260**	53,376	**152,796**	512,914
Wholesale Trade	3,008	30,663	86,431	303,668
Retail Trade	7,797	61,609	138,506	522,444
Transportation and Warehousing	1,039	7,734	25,129	175,354
Information	1,149	13,435	26,328	225,621
Finance and Insurance	1,902	31,696	74,545	230,418
Real Estate and Rental and Leasing	1,099	17,836	33,226	103,519
Professional, Scientific, and Technical Services	**3,446**	59,020	**112,387**	376,434
Management of Companies and Enterprises	538	11,028	24,463	86,138
Administration & Support, Waste Management and Remediation	3,862	34,844	105,888	329,037
Educational Services	5,287	39,798	100,733	440,771
Health Care and Social Assistance	4,262	52,446	131,546	559,558
Arts, Entertainment, and Recreation	747	6,603	33,823	105,212
Accommodation and Food Services	7,504	54,427	115,728	395,792
Other Services (excluding Public Administration)	2,709	18,703	45,783	270,746
Public Administration	1,233	10,298	44,607	194,892
Total	***62,243***	***529,847***	***1,326,589***	***5,046,851***

Sources: Stanley R. Hoffman Associates, Inc.
U.S. Census Bureau, Longitudinal Employee Household Dynamics (LEHD)

Table 3-2
Employment Distribution: 2011
City of Huntington Beach and Surrounding Areas

EMPLOYMENT DISTRIBUTION	Huntington Beach	South West OC Subregion	Orange County	LA-OC MSA
Agriculture, Forestry, Fishing and Hunting	0.12%	0.50%	0.27%	0.19%
Mining, Quarrying, and Oil and Gas Extraction	0.07%	0.03%	0.04%	0.09%
Utilities	0.43%	0.89%	0.61%	0.76%
Construction	4.85%	3.55%	4.72%	3.20%
Manufacturing	21.30%	10.07%	11.52%	10.16%
Wholesale Trade	4.83%	5.79%	6.52%	6.02%
Retail Trade	12.53%	11.63%	10.44%	10.35%
Transportation and Warehousing	1.67%	1.46%	1.89%	3.47%
Information	1.85%	2.54%	1.98%	4.47%
Finance and Insurance	3.06%	5.98%	5.62%	4.57%
Real Estate and Rental and Leasing	1.77%	3.37%	2.50%	2.05%
Professional, Scientific, and Technical Services	5.54%	11.14%	8.47%	7.46%
Management of Companies and Enterprises	0.86%	2.08%	1.84%	1.71%
Administration & Support, Waste Management and Remediation	6.20%	6.58%	7.98%	6.52%
Educational Services	8.49%	7.51%	7.59%	8.73%
Health Care and Social Assistance	6.85%	9.90%	9.92%	11.09%
Arts, Entertainment, and Recreation	1.20%	1.25%	2.55%	2.08%
Accommodation and Food Services	12.06%	10.27%	8.72%	7.84%
Other Services (excluding Public Administration)	4.35%	3.53%	3.45%	5.36%
Public Administration	1.98%	1.94%	3.36%	3.86%
	100.00%	**100.00%**	**100.00%**	**100.00%**

Sources: Stanley R. Hoffman Associates, Inc.
U.S. Census Bureau, Longitudinal Employee Household Dynamics (LEHD)

Table 3-3
Location Quotients: 2011
City of Huntington Beach and Surrounding Areas

LOCATION QUOTIENTS	Huntington Beach	South West OC Subregion	Orange County	LA-OC MSA
Agriculture, Forestry, Fishing and Hunting	0.598	2.585	1.375	1.000
Mining, Quarrying, and Oil and Gas Extraction	0.770	0.348	0.416	1.000
Utilities	0.560	1.170	0.796	1.000
Construction	1.516	1.109	1.475	1.000
Manufacturing	2.096	0.991	1.133	1.000
Wholesale Trade	0.803	0.962	1.083	1.000
Retail Trade	1.210	1.123	1.009	1.000
Transportation and Warehousing	0.480	0.420	0.545	1.000
Information	0.413	0.567	0.444	1.000
Finance and Insurance	0.669	1.310	1.231	1.000
Real Estate and Rental and Leasing	0.861	1.641	1.221	1.000
Professional, Scientific, and Technical Services	0.742	1.493	1.136	1.000
Management of Companies and Enterprises	0.506	1.219	1.080	1.000
Administration & Support, Waste Management and Remediation	0.952	1.009	1.224	1.000
Educational Services	0.973	0.860	0.869	1.000
Health Care and Social Assistance	0.618	0.893	0.894	1.000
Arts, Entertainment, and Recreation	0.576	0.598	1.223	1.000
Accommodation and Food Services	1.537	1.310	1.112	1.000
Other Services (excluding Public Administration)	0.811	0.658	0.643	1.000
Public Administration	0.513	0.503	0.871	1.000

Sources: Stanley R. Hoffman Associates, Inc.
U.S. Census Bureau, Longitudinal Employee Household Dynamics (LEHD)

3.2 Average Annual Wages

Average Annual Wages by Sector. Figure 3-2 and Table 3-4 show average annual wages in years 2002 and 2011 by sector for Huntington Beach and Orange County. From 2002 to 2001, in nominal dollars – i.e., not adjusted for inflation – the overall average wage increased about 29 percent; in Orange County the overall average wage increase was about 31 percent. This is consistent with the increase in inflation over this period, which increased about 27 percent for All Urban Consumers for the Los Angeles-Riverside-Orange County Consumer Price Index (CPI). As shown in Table 3-4, the overall average wage in Huntington Beach was estimated at $50,735 in 2011, or about 94 percent of the Orange County average of $53,924.

However, for some industries, the wages were higher than the Orange County averages, and in some cases, they were lower. For example, in Huntington Beach, which has a strong and vibrant industrial base, the average wages for Transportation and Warehousing, Wholesale Trade and Manufacturing ranged from about 3 percent to 21 percent higher than the Orange County averages in 2011, as shown in Table 3-5. In other industries, such as Construction, Professional, Scientific & Technical Skills, and Management of Companies & Enterprises, they ranged from 15 percent to 22 percent lower. Appendix Table A-3 shows average annual wages for years 2002 and 2011. This information was obtained from the California Employment Development Department.

Figure 3-2
Average Annual Wages: 2002 and 2011
City of Huntington Beach and Orange County
(In Nominal Dollars)

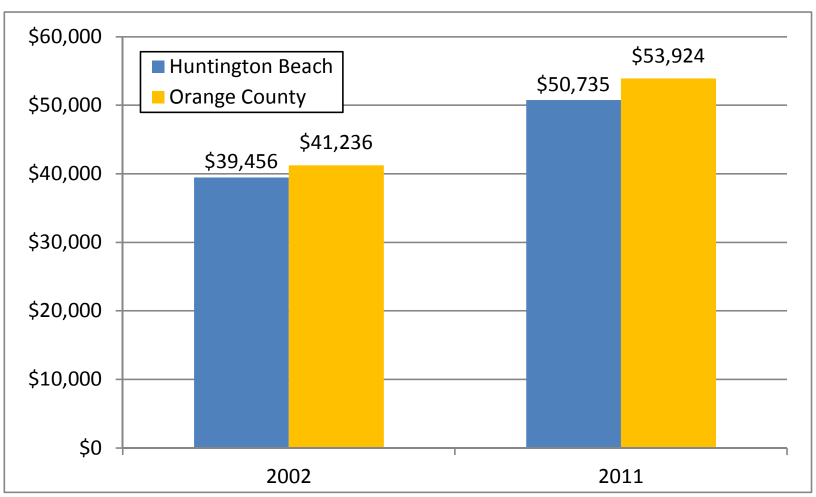


Table 3-4
Average Annual Wages by Sector: 2002 and 2011
City of Huntington Beach and Orange County
(In Nominal Dollars)

		2002	2011	2002-2011 % Change
HUNTINGTON BEACH [1]				
11	Agriculture, Forestry, Fishing & Hunting	$21,862	$23,141	5.8%
21	Mining	47,857	106,028	121.6%
22	Utilities	n/a	89,073	n/a
23	Construction	38,195	49,407	29.4%
31-33	Manufacturing	52,728	80,003	51.7%
42	Wholesale Trade	56,165	86,115	53.3%
44-45	Retail Trade	26,205	32,918	25.6%
48-49	Transportation & Warehousing	39,051	47,108	20.6%
51	Information	n/a	n/a	n/a
52	Finance & Insurance	50,993	57,936	13.6%
53	Real Estate & Rental & Leasing	n/a	n/a	n/a
54	Professional, Scientific, & Technical Skills	48,843	66,124	35.4%
55	Management Of Companies & Enterprises	43,329	70,424	62.5%
56	Admin & Support & Waste Mgmt & Remediation	25,833	37,460	45.0%
61	Educational Services	20,396	29,451	44.4%
62	Health Care & Social Assistance	38,349	45,934	19.8%
71	Arts, Entertainment, & Recreation	27,960	20,731	-25.9%
72	Accommodation & Food Services	13,569	18,693	37.8%
81	Other Services	26,076	27,128	4.0%
Federal	Federal Govt	n/a	n/a	n/a
State	State Govt	n/a	n/a	n/a
Local	Local Govt	38,904	53,950	38.7%
	All Sectors	**$39,456**	**$50,735**	**28.6%**
ORANGE COUNTY				
11	Agriculture, Forestry, Fishing & Hunting	$22,620	$26,052	15.2%
21	Mining	65,052	92,924	42.8%
22	Utilities	74,828	98,696	n/a
23	Construction	44,304	57,876	30.6%
31-33	Manufacturing	46,280	65,884	42.4%
42	Wholesale Trade	56,576	78,104	38.1%
44-45	Retail Trade	29,744	33,956	14.2%
48-49	Transportation & Warehousing	33,852	45,708	35.0%
51	Information	57,564	81,640	n/a
52	Finance & Insurance	69,628	97,032	39.4%
53	Real Estate & Rental & Leasing	46,280	58,136	n/a
54	Professional, Scientific, & Technical Skills	61,932	80,912	30.6%
55	Management Of Companies & Enterprises	57,356	89,856	56.7%
56	Admin & Support & Waste Mgmt & Remediation	26,884	37,076	37.9%
61	Educational Services	31,044	37,024	19.3%
62	Health Care & Social Assistance	39,676	51,532	29.9%
71	Arts, Entertainment, & Recreation	23,556	29,432	24.9%
72	Accommodation & Food Services	15,548	19,916	28.1%
81	Other Services	25,168	28,392	12.8%
Federal	Federal Govt	52,997	71,938	n/a
State	State Govt	44,896	61,606	n/a
Local	Local Govt	43,101	58,030	34.6%
	All Sectors	**$41,236**	**$53,924**	**30.8%**

1. Huntington Beach defined as ZIP Codes 92646, 92647, 92648 and 92649.

Source: California Employment Development Department (EDD)

Table 3-5
Comparison of Average Annual Wages by Sector: 2002 and 2011
City of Huntington Beach and Orange County
(In Nominal Dollars)

		2002	2011
HUNTINGTON BEACH AS % OF ORANGE COUNTY			
11	Agriculture, Forestry, Fishing & Hunting	96.7%	88.8%
21	Mining	73.6%	114.1%
22	Utilities	n/a	90.2%
23	Construction	86.2%	85.4%
31-33	Manufacturing	113.9%	121.4%
42	Wholesale Trade	99.3%	110.3%
44-45	Retail Trade	88.1%	96.9%
48-49	Transportation & Warehousing	115.4%	103.1%
51	Information	n/a	n/a
52	Finance & Insurance	73.2%	59.7%
53	Real Estate & Rental & Leasing	n/a	n/a
54	Professional, Scientific, & Technical Skills	78.9%	81.7%
55	Management Of Companies & Enterprises	75.5%	78.4%
56	Admin & Support & Waste Mgmt & Remediation	96.1%	101.0%
61	Educational Services	65.7%	79.5%
62	Health Care & Social Assistance	96.7%	89.1%
71	Arts, Entertainment, & Recreation	118.7%	70.4%
72	Accommodation & Food Services	87.3%	93.9%
81	Other Services	103.6%	95.5%
Federal	Federal Govt	n/a	n/a
State	State Govt	n/a	n/a
Local	Local Govt	90.3%	93.0%
	All Sectors	**95.7%**	**94.1%**

1. Huntington Beach defined as ZIP Codes 92646, 92647, 92648 and 92649.

Source: California Employment Development Department (EDD)

Distribution of Average Annual Wages. Table 3-6 shows average annual wages for Huntington Beach and Orange County in 2002 and 2011 by industry grouping: Industrial, Office, Tourism (including Accommodations, Food Service and Retail), and Health Care. Industrial and Office jobs provided average annual wages near or above the overall city or county average in 2002 and 2011, while average annual wages for Tourism jobs were about 50 percent of the overall average. The average annual wage for Health Care jobs was slightly below the average.

Orange County saw an average annual wage of about $41,236 in 2002, which increased to $53,924 by 2011, in nominal dollars, as shown in Table 3-6. Industrial and Office jobs averaged above the overall average in 2002 and 2011, while Tourism and Health Care jobs had an average annual wage significantly below the overall average.

Housing Implications of Wage Distribution. Table 3-7and Figure 3-3 show that an estimated 48 percent of the jobs (Office and Industrial) were in a range of 3 percent to 57 percent above the average wage in Huntington Beach in 2011, while about 45 percent of the jobs (Health Care and Tourism) were in a range of 10 percent to 50 percent below the average wage. This has implications for those wage earners below the average wage finding workforce or affordable housing in the local area.

Table 3-6
Average Annual Wages by Grouping: 2002 and 2011
Orange County
(In Nominal Dollars)

	2002	% of Overall Avg.	2011	% of Overall Avg.
Huntington Beach				
Industrial	$52,924	134.1%	$79,831	157.3%
Office [1]	$41,428	105.0%	$52,313	103.1%
Tourism (incl. Retail)	$21,325	54.0%	$25,398	50.1%
Health Care	$38,349	97.2%	$45,934	90.5%
Overall Average	***$39,456***	***100.0%***	***$50,735***	***100.0%***
Orange County				
Industrial	$48,033	116.5%	$68,950	127.9%
Office [1]	$50,686	122.9%	$71,577	132.7%
Tourism (incl. Retail)	$23,538	57.1%	$28,122	52.2%
Health Care	$31,044	75.3%	$37,232	69.0%
Overall Average	***$41,236***	***100.0%***	***$53,924***	***100.0%***
Huntington Beach as % of Orange County				
Industrial	110.2%		115.8%	
Office [1]	81.7%		73.1%	
Tourism (incl. Retail)	90.6%		90.3%	
Health Care	123.5%		123.4%	
Overall Average	***95.7%***		***94.1%***	

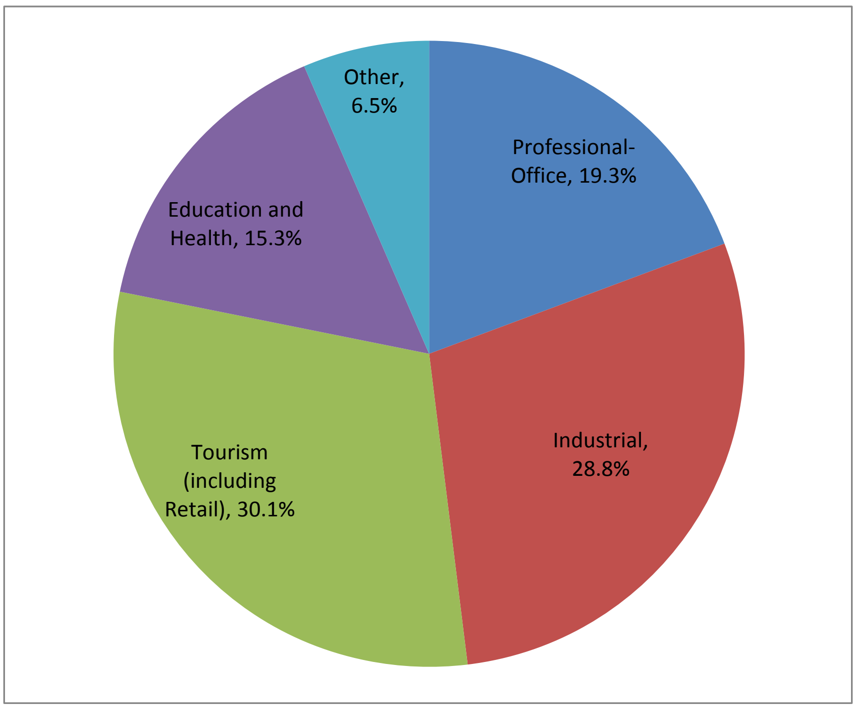
Sources: Stanley R. Hoffman Associates, Inc.
California Employment Development Department

Table 3-7
Employment Distribution by Grouping: 2011
City of Huntington Beach

Employment Category		# of Jobs	% of Total
Professional-Office		11,996	19.3%
Industrial		17,911	28.8%
Tourism (including Retail)		18,757	30.1%
Education and Health		9,549	15.3%
Other		4,030	6.5%
	Total	***62,243***	***100.0%***

Sources: Stanley R. Hoffman Associates, Inc.
U.S. Census Bureau, Longitudinal Employer-Household Dynamics (LEHD)

Figure 3-3
Employment Distribution by Grouping: 2011
City of Huntington Beach

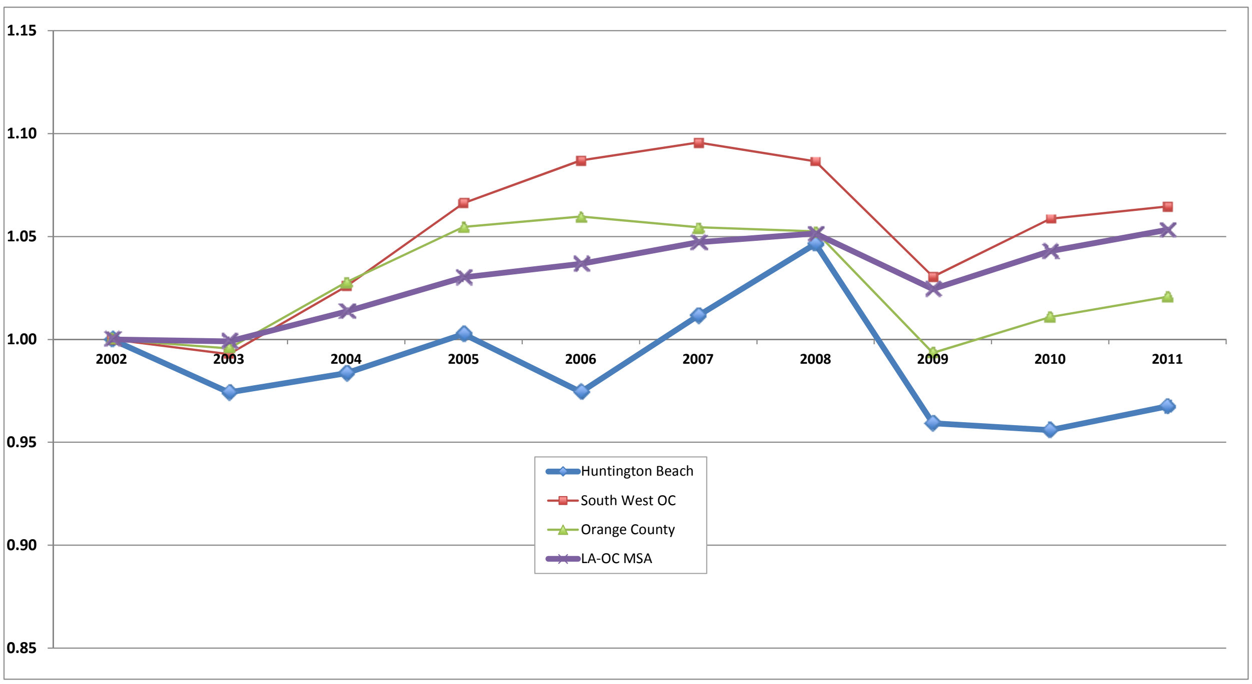


Sources: Stanley R. Hoffman Associates, Inc.
U.S. Census Bureau, Longitudinal Employer-Household Dynamics (LEHD)

3.3 Target Industry Grouping Analysis

Overall Employment. Figure3-4 shows overall employment trends for Huntington Beach, South West Orange County, Orange County, and the Los Angeles-Orange County MSA (Metropolitan Statistical Area) regions, based on data from the Longitudinal Employee Household Dynamics (LEHD) database from 2002 to 2011. Employment data is categorized by the North American Industry Classification System (NAICS). Overall employment in Huntington Beach is only down about 3 percent by 2011, but is still lower than the County, South West Orange County and the MSA. Each of these geographic areas showed increases from 2002 to 2011 ranging from 2 percent to about 6 percent.

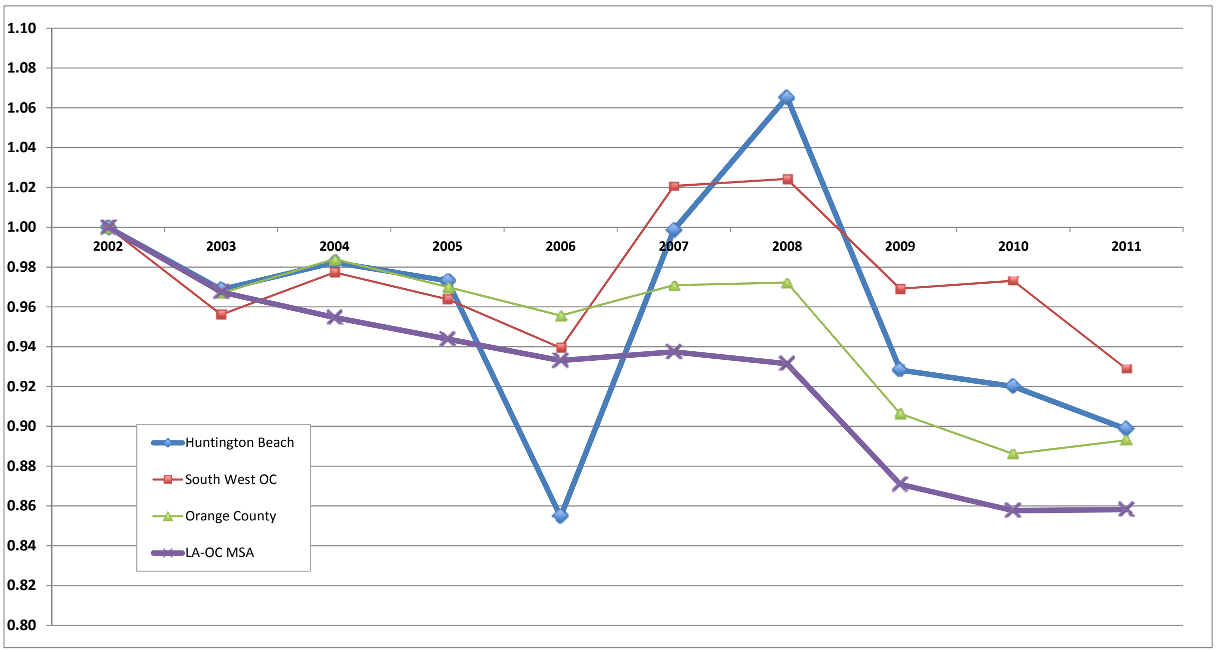
Figure 3-4
Overall Employment Trends: 2002 to 2011
City of Huntington Beach and Surrounding Areas



Sources: Stanley R. Hoffman Associates, Inc.
Longitudinal Employee Household Dynamics (LEHD)

Industrial Employment. Figure 3-5 shows employment trends in the same geographic areas for the industrial sector, which includes jobs in manufacturing, wholesale trade, transportation, and warehousing. Huntington Beach saw a steep drop in industrial employment from 2005 to 2006, but experienced an increase from 2006 to 2008 that was greater than those of the other geographies. However, by 2011, Huntington Beach showed a decrease of 10 percent from its level in 2002. The other geographies also showed decreases – ranging from 7 percent for South West Orange County to 15 percent for the LA-Orange County MSA.

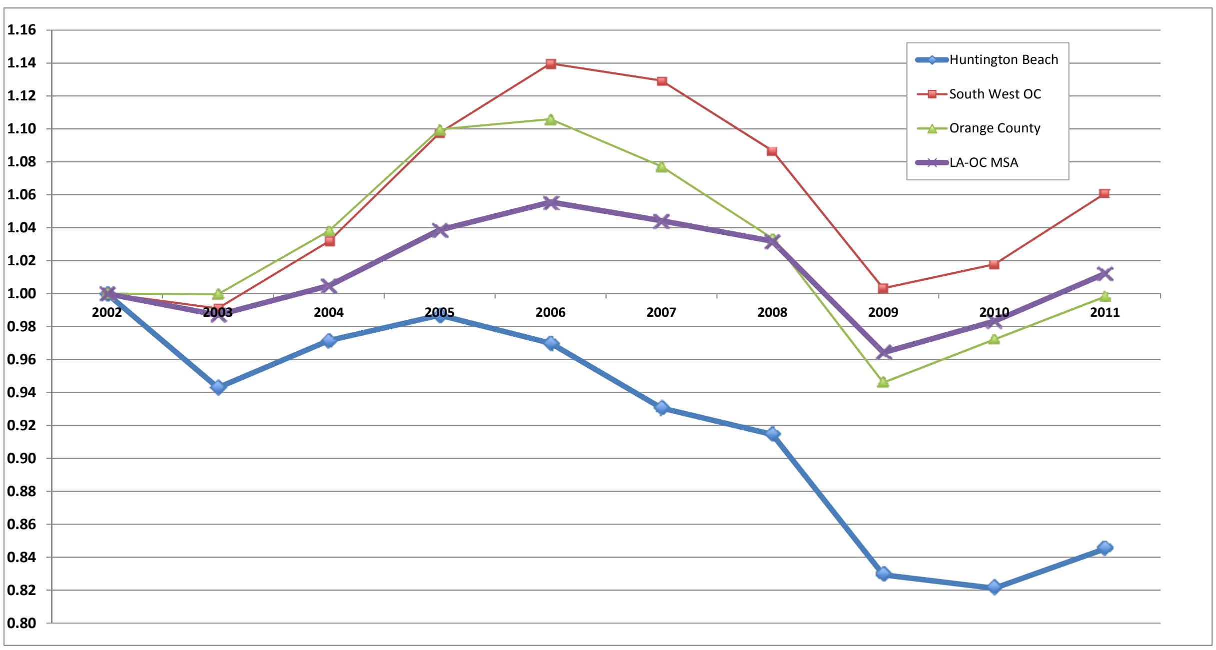
Figure 3-5
Industrial Employment Trends: 2002 to 2011
City of Huntington Beach and Surrounding Areas



Sources: Stanley R. Hoffman Associates, Inc.
Longitudinal Employee Household Dynamics (LEHD)

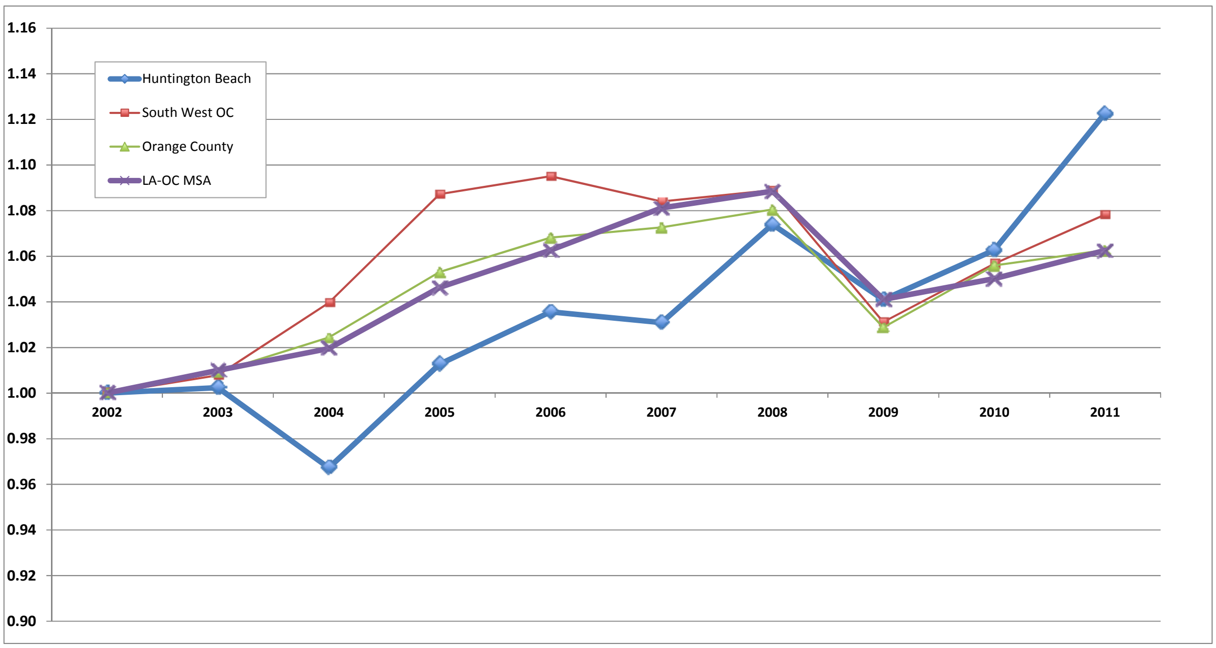
Professional Office Employment. Figure 3-6 shows employment trends in the same geographic areas for the professional sector, which includes jobs in information, professional, scientific, and technical services; finance, insurance, and real estate; management of companies; and administration, waste management and remediation. Huntington Beach saw weak professional office employment from 2002 to 2011, with a decline of about 16 percent over this period. In comparison, the South West Orange County area showed an increase of 6 percent over this same period. For the LA-Orange County MSA and Orange County geographies, the level of employment increased until about 2006, and then with post-2007 recession declined to its 2002 level by 2011.

Figure 3-6
Professional Office Employment Trends: 2002 to 2011
City of Huntington Beach and Surrounding Areas



Tourism Employment. Figure 3-7 shows employment trends for the tourism sector, which includes jobs in retail, accommodations and food service, and arts, entertainment, and recreation. Tourism employment in Huntington Beach is one of its economic strengths, and showed a large increase of 16 percent from the 2010 to 2011 period, especially in comparison to the other geographies. Orange County and the LA-Orange County MSA only increased by about 6 percent each, while the South West Orange County area increased by about 8 percent.

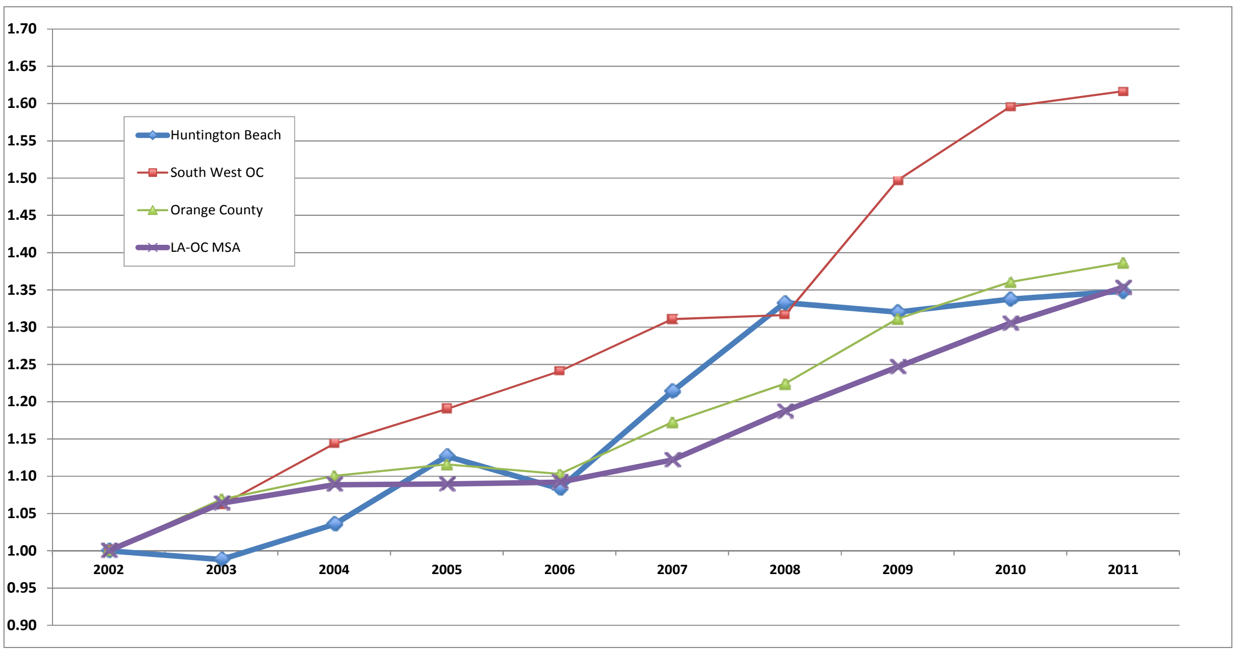
Figure 3-7
Tourism Employment Trends: 2002 to 2011
City of Huntington Beach and Surrounding Areas



Sources: Stanley R. Hoffman Associates, Inc.
Longitudinal Employee Household Dynamics (LEHD)

Health Care and Social Assistance Employment. Figure 3-8 shows employment trends for the health care and social assistance sector that primarily serves the local population and those in nearby communities. Employment for this sector showed a steady increase of about 35 percent at the LA-Orange County regional level from 2003 to 2011 period, and Huntington Beach and Orange County generally followed this trend. The South West Orange County areas showed an even more dramatic increase of about 60 percent over this same period. This sector should be considered one of the City's economic strengths and these growth trends will likely continue although probably at lesser rates.

Figure 3-8
Health Care and Social Assistance Employment Trends: 2002 to 2011
City of Huntington Beach and Surrounding Areas



Sources: Stanley R. Hoffman Associates, Inc.
Longitudinal Employee Household Dynamics (LEHD)

3.4 Mapping Firm Locations by Technology Industries in the City

Technology Employment. Employment in the technology sector was examined using data from the California Employment Development Department (EDD) that provided technology firms by employment size and location within Huntington Beach. Technology firms have jobs that are categorized as the following: electronic product manufacturing; aerospace parts and parts manufacturing; pharmaceutical and medicine manufacturing; software publishers; Internet Service Providers (ISPs), web portals, and data processing; computer systems design and services; management, scientific, and technical consulting; and scientific research and development services.

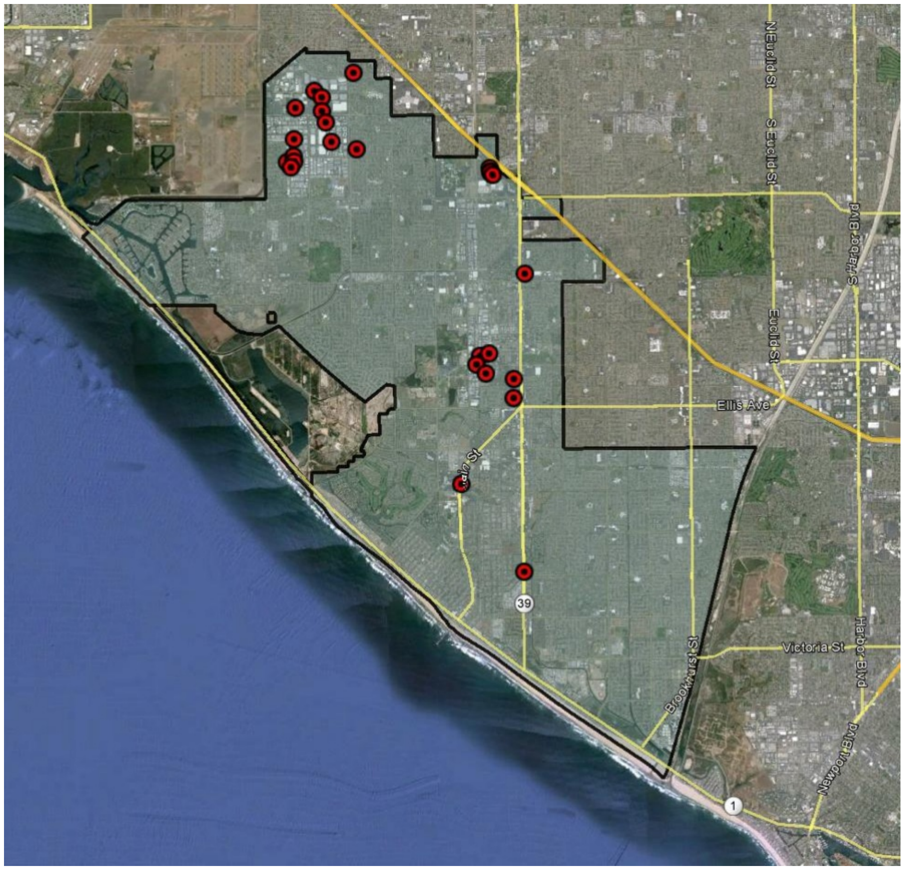
Figure 3-9 is a map of technology firms with more than 20 or more employees within the city of Huntington Beach. These larger businesses are clustered mainly in the northwest industrial area and in areas along the Gothard Corridor or along Beach Boulevard.

The EDD provides an employment range for each firm, and the total industry employment was estimated using the midpoint of the given ranges. Overall, estimated jobs in technology totaled about 12,072 in 2013, as shown in Table 3-8.

Most of the technology-related jobs are categorized in technology manufacturing: electronic product manufacturing or aerospace products and parts manufacturing, and total about 9,848 jobs. Technology manufacturing firms with 20 or more employees composed about 98 percent of the total, as shown in Figure 3-10 and Table 3-9. This is largely influenced by Boeing which is the largest firm in this category estimated at 5,178 employees in 2013 using city data.

Technology services include: pharmaceutical and medicine manufacturing; software publishers; internet service providers (ISPs), web portals and data processing; computer systems design and services; management, scientific, and technical consulting; and scientific research and development (R&D) services. These firms had approximately 2,224 jobs in 2013.Technology service firms with 20 or more employees composed only about 36 percent of the total, as shown in Figure 3-10 and Table 3-9. Conversely, 64 percent of these firms have fewer than 20 employees suggesting these firms, many of them expanding because of Internet and Information Technologies, could locate in newer, or refurbished multi-tenant that offer modern, high speed and high bandwidth infrastructure.

Figure 3-9
Map of Technology Firms with 20 or More Employees
City of Huntington Beach



Sources: Stanley R. Hoffman Associates, Inc.
California Employment Development Department (EDD)
Google Earth Pro

Table 3-8
Estimated Technology Jobs: 2013[1]
City of Huntington Beach

Industry Category	NAICS Code	Basis Digits	Estimated Jobs [1]	Number of Firms	Average Firm Size
Electronic Product Mfg.	334	3	1,289	31	42
Aerospace Products and Parts Mfg.	3364	4	8,559	9	951
Pharmaceutical and Medicine Mfg.	3254	4	15	1	15
Software Publishers	5112	4	10	2	5
ISPs, Web Portals, and Data Processing	518	3	112	24	5
Computer Systems Design and Services	5415	4	159	25	6
Management, Scientific, and Technical Consulting	5416	4	1,745	287	6
Scientific R&D Services	5417	4	183	45	4
Total Technology Jobs			***12,072***	***424***	***28***
Tech Manufacturing Firms [2]			**9,848**	**40**	**246**
Tech Services Firms [3]			**2,224**	**384**	**6**

1. EDD provides the employment range at the firm-level for each industry. Aggregate industry employment has been estimated using the midpoint of the given range.
2. Tech Manufacturing includes Electronic Product Manufacturing and Aerospace Products and Parts Manufacturing.
3. Tech Services are all other technology firms that are not categorized as Tech Manufacturing.

Sources: Stanley R. Hoffman Associates, Inc.
California Employment Development Department (EDD)

Figure 3-10
Technology Employment Distribution by Firm Size
City of Huntington Beach

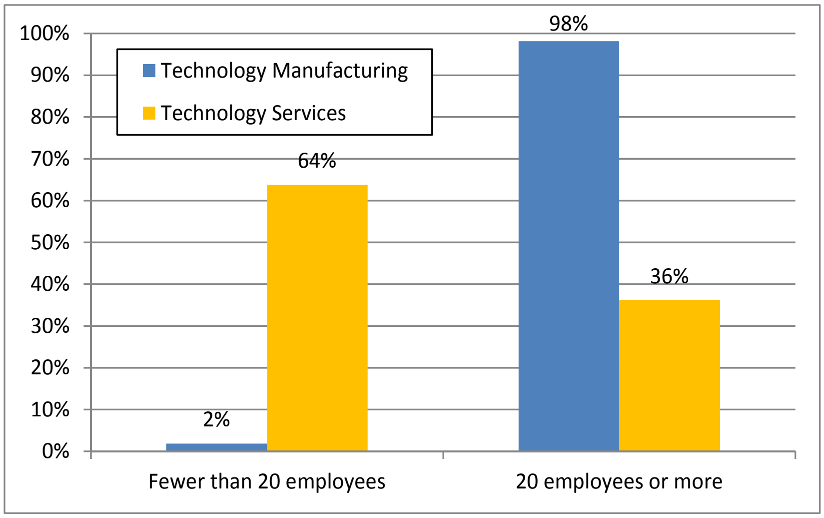


Table 3-9
Estimated Technology Jobs by Firm Size: 2013
City of Huntington Beach

Firm Size	Estimated Number of Firms: Technology Manufacturing	Estimated Number of Firms: Technology Services	Estimated Number of Firms: Total	Estimated Number of Employees: Technology Manufacturing	Estimated Number of Employees: Technology Services	Estimated Number of Employees: Total
1-4 employees	8	320	328	24	960	984
5-9 employees	12	42	54	84	294	378
10-19 employees	5	11	16	75	165	240
20-49 employees	4	8	12	140	280	420
50-99 employees	5	2	7	375	150	525
100-249 employees	3	0	3	525	0	525
250-499 employees	1	1	2	375	375	750
500-999 employees	1	0	1	750	0	750
5,000-9,999 employees	1	0	1	7,500	0	7,500
Total	***40***	***384***	***424***	***9,848***	***2,224***	***12,072***
Fewer than 20 employees	25	373	398	183	1,419	1,602
20 employees or more	15	11	26	9,665	805	10,470
Total	***40***	***384***	***424***	***9,848***	***2,224***	***12,072***
Fewer than 20 employees	63%	97%	94%	2%	64%	13%
20 employees or more	38%	3%	6%	98%	36%	87%
Total	***100%***	***100%***	***100%***	***100%***	***100%***	***100%***

1. EDD provides the employment range at the firm-level for each industry. Aggregate industry employment has been estimated using the midpoint of the given range.
2. Tech Manufacturing includes Electronic Product Manufacturing and Aerospace Products and Parts Manufacturing.
3. Tech Services are all other technology firms that are not categorized as Tech Manufacturing.

Sources: Stanley R. Hoffman Associates, Inc.
California Employment Development Department (EDD)

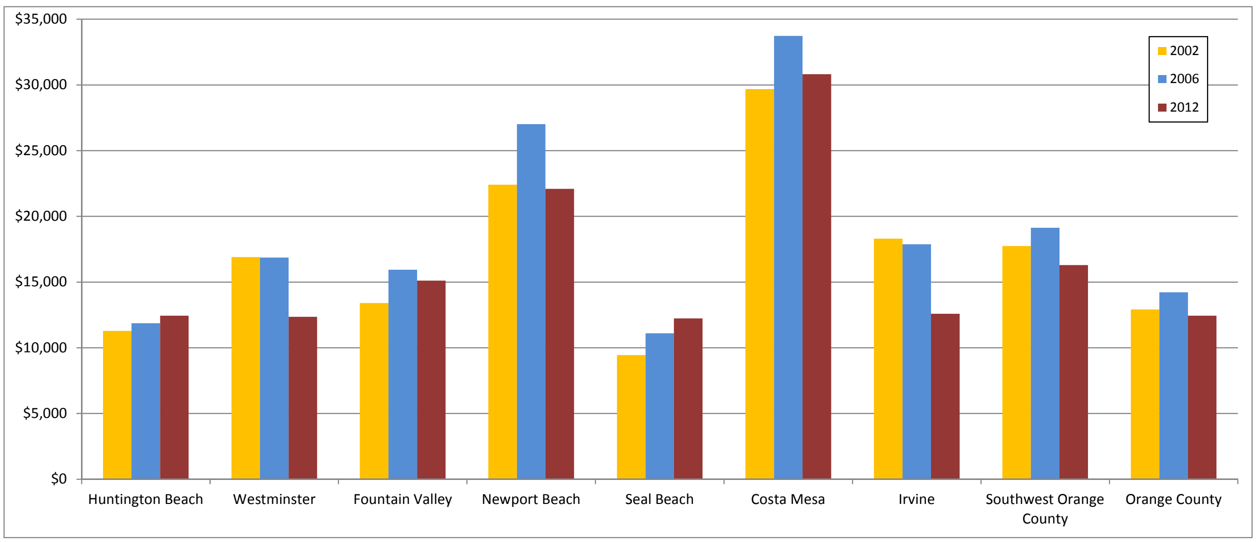
3.5 Retail Market Analysis

Taxable Retail Sales. Taxable retail sales data was compiled from California State Board of Equalization annual reports for years 2002, 2006, and 2011 for comparison of Huntington Beach to neighboring cities (Westminster, Fountain Valley, Newport Beach, Seal Beach, Costa Mesa, and Irvine), and to Orange County. Figure 3-11 and Table 3-10 present a comparison of taxable sales per capita for Huntington Beach, its neighboring cities, and Orange County.

In 2012, Costa Mesa ($30,819) had the highest taxable retail sales per capita; Seal Beach ($12,240) had the lowest, at about 40 percent of Costa Mesa's average. Huntington Beach's taxable sales per capita ($12,441) was only slightly higher than Seal Beach and Westminster and about the same as the County-wide average of $12,437. These taxable sales numbers include the Costco in Huntington Beach that opened in May of 2012.

On a per capita basis, from 2006 to 2012, the period at the beginning of and after the recession, Huntington Beach increased about five percent in retail sales per capita from $11,861 in 2006 to $12,441 in 2012, in inflation adjusted dollars. By comparison, Southwest Orange County dropped about 15 percent and Orange County dropped about 13 percent over this period.

Figure 3-11
Taxable Retail Sales per Capita: 2002, 2006, and 2012
City of Huntington Beach and Surrounding Areas



Sources: Stanley R. Hoffman Associates, Inc.
California State Board of Equalization

Table 3-10
Taxable Retail Sales per Capita: 2002, 2006, and 2012
City of Huntington Beach and Surrounding Areas
(In Constant 2012 Dollars)

Geography	2002	2006	2012	% Change 2002-2006	% Change 2006-2012	% Change 2002-2012
Huntington Beach	$11,276	$11,861	$12,441	5.2%	4.9%	10.3%
Westminster	$16,900	$16,857	$12,355	-0.3%	-26.7%	-26.9%
Fountain Valley	$13,407	$15,942	$15,105	18.9%	-5.2%	12.7%
Newport Beach	$22,398	$27,006	$22,088	20.6%	-18.2%	-1.4%
Seal Beach	$9,441	$11,101	$12,240	17.6%	10.3%	29.6%
Costa Mesa	$29,686	$33,729	$30,819	13.6%	-8.6%	3.8%
Irvine	$18,295	$17,881	$12,588	-2.3%	-29.6%	-31.2%
Southwest Orange County	$17,741	$19,128	$16,282	7.8%	-14.9%	-8.2%
Orange County	$12,918	$14,224	$12,437	10.1%	-12.6%	-3.7%

Sources: Stanley R. Hoffman Associates, Inc.
California State Board of Equalization

Figure 3-12 shows taxable retail sales per capita by category for Huntington Beach and Orange County for years 2002, 2006, and 2012. Table 3-11 and Table 3-12 show taxable retail sales and taxable retail sales per capita by category for Huntington Beach and Orange County for years 2002, 2006, and 2011.

In 2012, two of the categories that reflect regional shopping (clothing stores and general merchandise stores) in Huntington Beach ranged from 54 to 80 percent of the county averages. Huntington Beach shows strong retail sales for Motor Vehicle and Parts Dealers (at about 12 percent higher than the county average). Additionally, the Motor Vehicle and Parts Dealers category had higher taxable retail sales per capita ($2,378) than all other retail categories in the city in 2012. The categories of Food Services and Drinking Places ($1,847) and Other Retail Groups ($1,721) bring in respectively the second and third highest taxable retail sales per capita than other categories for Huntington Beach; this is most likely due to the large, local residential base and the strong tourism sector.

Retail Sales Leakage. The taxable sales per capita measures in Figure 3-12 provide an indication of where the city is underperforming in relationship to the Local Market Area and Orange County and where retail leakage is occurring. That is, it identifies where taxable sales are occurring in other communities instead of Huntington Beach, and where competitive opportunities exist for further retail development in the city.

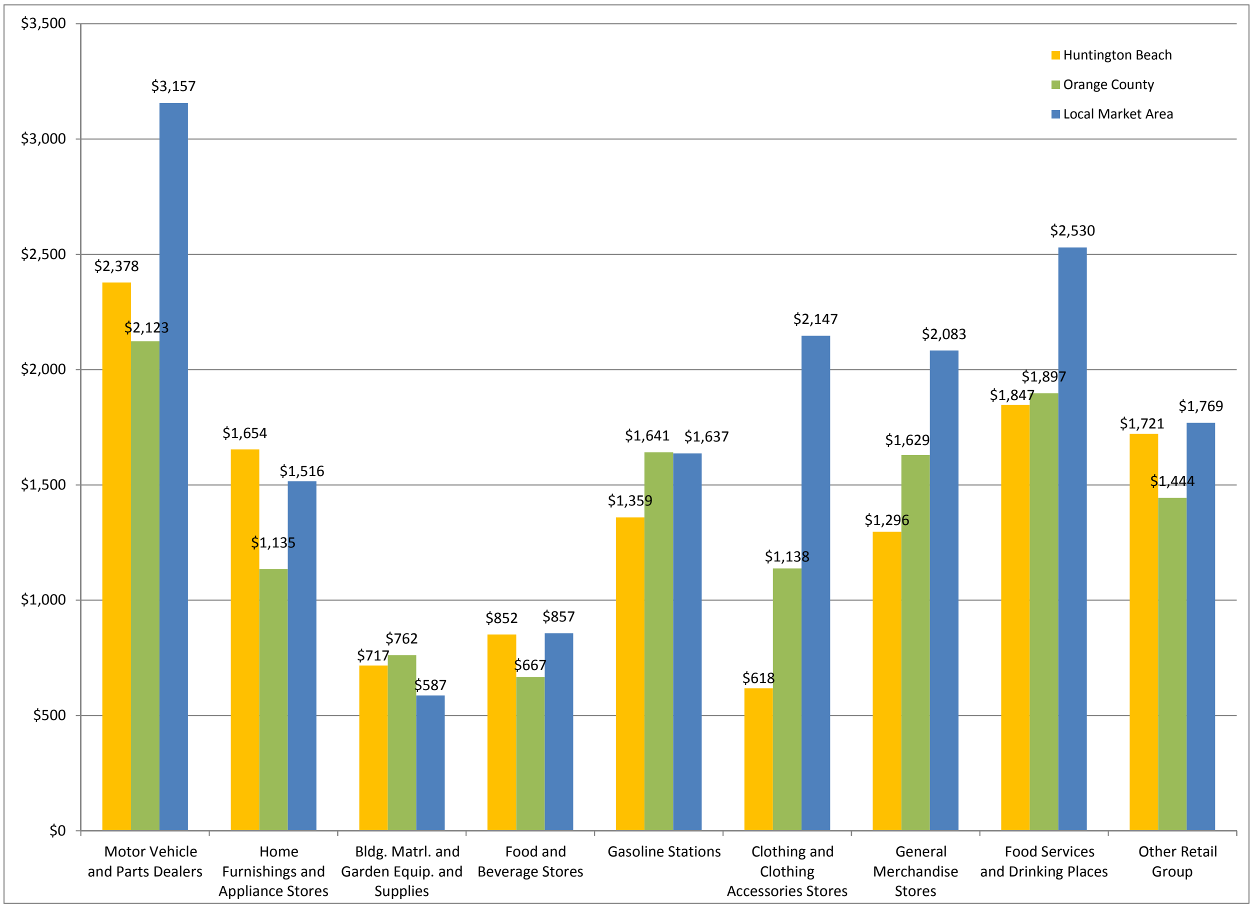
As shown in Figure 3-12, retail taxable sales per capita within Gasoline Stations, the General Merchandise Stores, and the Clothing and Clothing Accessories Stores - which include department stores and large-format discount and warehouse type stores –are significantly lower than both the Orange County and Local Market Area averages. While the recent revitalization of the Bella Terra shopping center does address part of this issue, other similar opportunities likely exist.

The retail category of Food Services and Drinking Places is relatively close to the Orange County average, but below the Local Market Average. The Other Retail Group is above the Orange County average and almost equal to the Local Market Area Average. Lastly, the Home Furnishings and Appliance Stores average for Huntington Beach is above both the Orange County and the Local Market Area averages.

This analysis suggests that additional retail sales could be captured from households in Huntington Beach as well as from surrounding communities where they are lagging behind in terms of per capita retail sales. . The Pacific City development currently under construction in the downtown area will have a notable positive effect on the Food Services and Drinking Places category when it is completed, as well as for specialty, or "Other Retail."

Additionally, the Motor Vehicle and Parts Dealers retail category is performing relatively better on a per capita basis than Orange County, but it is significantly below the surrounding Local Market Area per capita average. While this is the strongest retail category in Huntington Beach, it does suggest that performance could probably be enhanced with better capture of potential auto sales going to other communities in the Local Market Area. Land use polices that can attract potential new auto dealers or facilitate the expansion of existing dealers are possible options to consider during the General Plan Update process.

Figure 3-12
Taxable Retail Sales per Capita: 2012
City of Huntington Beach and Surrounding Areas



Sources: Stanley R. Hoffman Associates, Inc.
California State Board of Equalization

Table 3-11
Taxable Retail Sales per Capita: 2002, 2006, and 2012
City of Huntington Beach
(In Constant 2012 Dollars)

	2002	2006	2012	% Change 2002-2006	% Change 2006-2012	% Change 2002-2012
Retail Category (in thousands of dollars)						
Motor Vehicle and Parts Dealers	$539,474	$494,843	$460,925	-8.3%	-6.9%	-14.6%
Home Furnishings and Appliance Stores[1]	$138,183	$120,782	$320,524	-12.6%	165.4%	132.0%
Bldg. Matrl. and Garden Equip. and Supplies	$232,015	$299,615	$138,923	29.1%	-53.6%	-40.1%
Food and Beverage Stores	$146,489	$130,122	$165,057	-11.2%	26.8%	12.7%
Gasoline Stations	$157,115	$233,829	$263,446	48.8%	12.7%	67.7%
Clothing and Clothing Accessories Stores	$105,751	$124,643	$119,832	17.9%	-3.9%	13.3%
General Merchandise Stores	$238,151	$240,657	$251,287	1.1%	4.4%	5.5%
Food Services and Drinking Places	$291,381	$340,006	$357,963	16.7%	5.3%	22.9%
Other Retail Group[2]	$373,728	$403,335	$333,607	7.9%	-17.3%	-10.7%
Total Taxable Retail Sales	**$2,222,288**	**$2,387,831**	**$2,411,563**	**7.4%**	**1.0%**	**8.5%**
Population	197,087	201,315	193,836	2.1%	-3.7%	-1.6%
Per Capita Taxable Retail Sales						
Motor Vehicle and Parts Dealers	$2,737	$2,458	$2,378	-10.2%	-3.3%	-13.1%
Home Furnishings and Appliance Stores	$701	$600	$1,654	-14.4%	N/A	135.8%
Bldg. Matrl. and Garden Equip. and Supplies	$1,177	$1,488	$717	26.4%	-51.8%	-39.1%
Food and Beverage Stores	$743	$646	$852	-13.0%	31.7%	14.6%
Gasoline Stations	$797	$1,162	$1,359	45.7%	17.0%	70.5%
Clothing and Clothing Accessories Stores	$537	$619	$618	15.4%	-0.2%	15.2%
General Merchandise Stores	$1,208	$1,195	$1,296	-1.1%	8.4%	7.3%
Food Services and Drinking Places	$1,478	$1,689	$1,847	14.2%	9.3%	24.9%
Other Retail Group	$1,896	$2,004	$1,721	5.7%	-14.1%	-9.2%
Total Taxable Retail Sales per Capita	**$11,276**	**$11,861**	**$12,441**	**5.2%**	**4.9%**	**10.3%**

1. The Home Furnishings and Appliance Stores category was not reported for 2012, but was included within the Other Retail Group. to make an estimate for this category for 2012, the distribution between the Home Furnishings category and the Other Retail grou from 2011 was used to allocate taxable sales between these two groups for 2012.
2. Other Retail Group is formed by the following types of businesses: Gifts, art goods and novelties; sporting goods; florists; photographic equipment and supplies; musical instruments; stationary and books; jewelry; office, store, and school supplies; and other specialties.

Sources: Stanley R. Hoffman Associates, Inc.
California State Board of Equalization
U.S. Census Bureau

Table 3-12
Taxable Retail Sales per Capita: 2002, 2006, and 2012
Orange County
(In Constant 2012 Dollars)

	2002	2006	2012	% Change 2002-2006	% Change 2006-2012	% Change 2002-2012
Retail Category (in thousands of dollars)						
Motor Vehicle and Parts Dealers	$8,214,169	$8,445,513	$6,551,466	2.8%	-22.4%	-20.2%
Home Furnishings and Appliance Stores	$2,237,341	$2,476,924	$3,501,432	10.7%	41.4%	56.5%
Bldg. Matrl. and Garden Equip. and Supplies	$2,956,105	$3,407,710	$2,351,574	15.3%	-31.0%	-20.5%
Food and Beverage Stores	$2,015,289	$2,003,504	$2,056,803	-0.6%	2.7%	2.1%
Gasoline Stations	$2,803,346	$4,478,954	$5,063,762	59.8%	13.1%	80.6%
Clothing and Clothing Accessories Stores	$1,958,660	$2,420,929	$3,510,757	23.6%	45.0%	79.2%
General Merchandise Stores	$5,999,237	$6,458,232	$5,026,911	7.7%	-22.2%	-16.2%
Food Services and Drinking Places	$5,045,185	$5,682,073	$5,853,267	12.6%	3.0%	16.0%
Other Retail Group[1]	$7,277,036	$8,575,262	$4,456,485	17.8%	-48.0%	-38.8%
Total Taxable Retail Sales	**$38,506,368**	**$43,949,100**	**$38,372,456**	**14.1%**	**-12.7%**	**-0.3%**
Population	2,980,809	3,089,707	3,085,269	3.7%	-0.1%	3.5%
Per Capita Taxable Retail Sales						
Motor Vehicle and Parts Dealers	$2,756	$2,733	$2,123	-0.8%	-22.3%	-22.9%
Home Furnishings and Appliance Stores	$751	$802	$1,135	6.8%	41.6%	51.2%
Bldg. Matrl. and Garden Equip. and Supplies	$992	$1,103	$762	11.2%	-30.9%	-23.1%
Food and Beverage Stores	$676	$648	$667	-4.1%	2.8%	-1.4%
Gasoline Stations	$940	$1,450	$1,641	54.1%	13.2%	74.5%
Clothing and Clothing Accessories Stores	$657	$784	$1,138	19.2%	45.2%	73.2%
General Merchandise Stores	$2,013	$2,090	$1,629	3.9%	-22.1%	-19.0%
Food Services and Drinking Places	$1,693	$1,839	$1,897	8.7%	3.2%	12.1%
Other Retail Group	$2,441	$2,775	$1,444	13.7%	-48.0%	-40.8%
Total Taxable Retail Sales per Capita	**$12,918**	**$14,224**	**$12,437**	**10.1%**	**-12.6%**	**-3.7%**

1. Other Retail Group is formed by the following types of businesses: Gifts, art goods and novelties; sporting goods; florists; photographic equipment and supplies; musical instruments; stationary and books; jewelry; office, store, and school supplies; and other specialties.

Sources: Stanley R. Hoffman Associates, Inc.
California State Board of Equalization
U.S. Census Bureau

CHAPTER 4
CITY ECONOMIC AND DEMOGRAPHIC ANALYSIS

4.1 Key Demographic and Economic Trends

Table 4-1 presents a summary of economic and demographic trends for Huntington Beach for years 2000, 2010, and 2012. According to the U.S. Census, the city experienced an increase of about 3,653 in population from 2000 to 2012 to a total of 193,247 in 2012. About 90 percent of this growth occurred after 2010. This was accompanied by an increase of only about 130 households over the same period; in turn, the average persons per household increased from 2.56 to 2.62 from 2000 to 2012. Also, the housing vacancy rate increased from an estimated 2.8 percent in 2000 to 5.7 percent in 2010, and 6.3 percent in 2012. This implies that much of the 2,992 growth in housing units could have been owned by second home buyers and not by permanent households. Total employment decreased by about 3,632 jobs for an estimated total of 75,839 jobs by 2012. This resulted in a jobs-per-household ratio of 1.03 in 2012, a decline from 1.08 in 2000, as shown in Table 4-1. Over the same period, the median household income decreased by about $11,452, to $77,945; however, the median housing value increased by about 43.4 percent to $616,700. Monetary values are in constant 2012 dollars, i.e., adjusted for inflation.

Table 4-1
Key Demographic and Economic Trends: 2000, 2010 and 2012
City of Huntington Beach
(In Constant 2012 Dollars)

Category	2000	2010	2012	Change 2000-2012	% Change 2000-2012
Total Population	189,594	189,992	193,247	3,653	1.9%
Total Households	73,657	74,285	73,787	130	0.2%
Total Housing Units	75,793	78,778	78,785	2,992	3.9%
Persons per Household	2.56	2.55	2.62	0.06	2.2%
Vacancy Rate	2.8%	5.7%	6.3%		
Total Employment	79,471	75,769	75,839	-3,632	-4.6%
Jobs per Household Ratio	1.08	1.02	1.03	-0.05	-4.7%
Median Household Income (2012 $)	$89,397	$81,683	$77,945	-$11,452	-12.8%
Median Housing Value (2012 $)	$429,993	$685,030	$616,700	$186,707	43.4%

Sources: Stanley R. Hoffman Associates Inc.
U.S. Census Bureau, Decennial Census, 2000
American Community Survey, 3-Year-Estimates, 2010-2012
Southern California Associated Governments, Adopted Regional Transportation Plan, 2012
Center for Demographic Research, California State University, Fullerton

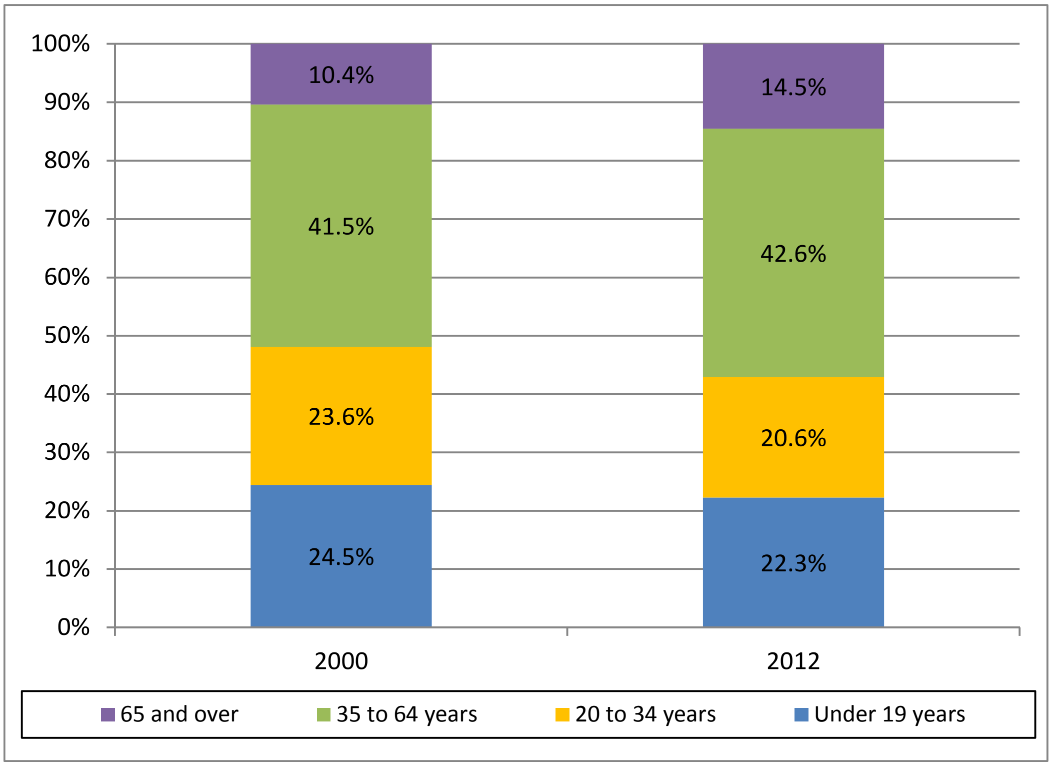
As shown in Appendix Table A-1, primary jobs data obtained from the Census Longitudinal Employer-Household Dynamics (LEHD) dataset do not include the self-employed and other formal and informal household based activities. Information on total employment in the city was obtained from regional forecast data prepared by SCAG for the Regional Transportation Plan. Subsequently, a set of preliminary forecasts for Huntington Beach and Orange County were prepared in June 2014 which provides total employment information for 2012, 2020, and 2040 for the city and the county. This preliminary forecast was prepared by the Center for Demographic Research, California State University, Fullerton.

4.2 Demographic Analysis

Age Distribution. Figure 4-1 and Table 4-2 show the population distribution by age category for years 2000 and 2012, based on the 2000 U.S. Census and American Community Survey, 3-Year Estimates, 2010-2012. The population over age 65, mostly retired, showed the largest growth of 8,370 persons, or 42.6 percent. Conversely, the population under age 20, with mostly school aged children in the K-12 grades and early college, showed the largest decline of 3,355 from 2000 to 2012 , or -7.2 percent.

The primarily mature working population, ages 35 to 64 years, showed growth of 3,524 from 2000 to 2012, or 4.5 percent. Conversely, within the younger working population (20 to 34 years), still gaining their work experience, this group showed a decline of 5,059, or -11.3 percent. These trends show a labor force between the ages of 20 and 64 that decreased by 1,535 from 2000 to 2012, or by 6.8 percent.

Figure 4-1
Age Distribution: 2000 and 2012
City of Huntington Beach



Sources: Stanley R. Hoffman Associates, Inc.
U.S. Census Bureau, Decennial Census, 2000
American Community Survey, 3-Year Estimates, 2010-2012

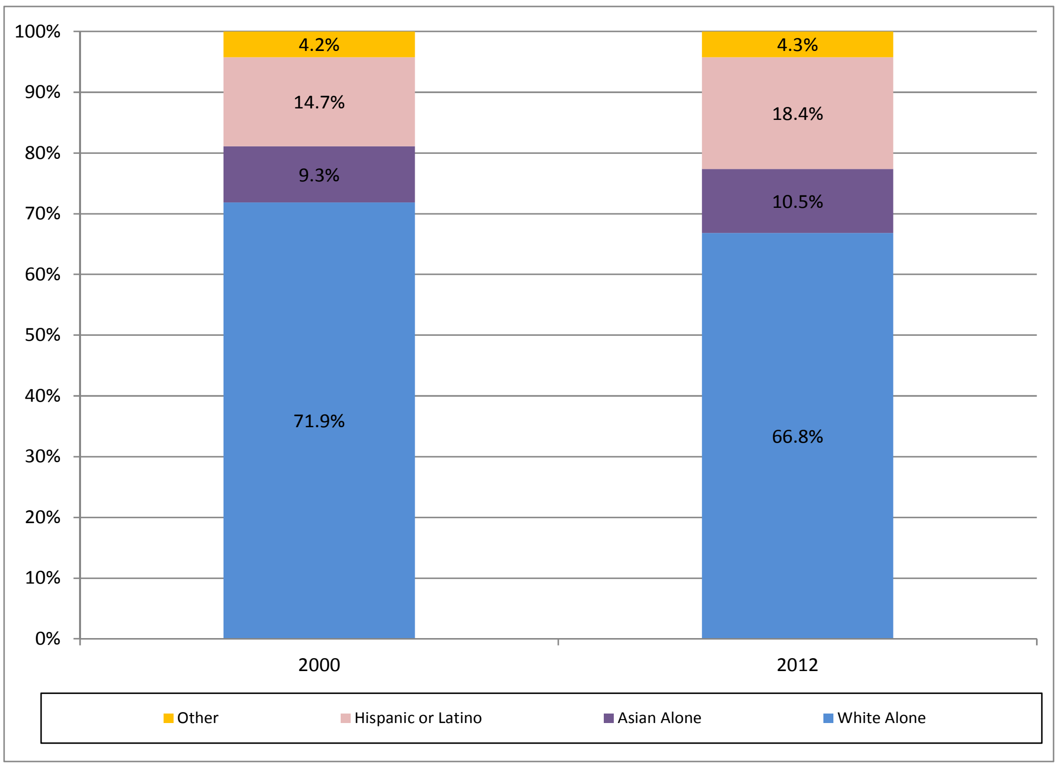
Table 4-2
Age Distribution: 2000 and 2012
City of Huntington Beach

Age Category	2000	% of Total	2012	% of Total	Change 2000-2012	% Change 2000-2012
Under 19 years	46,378	24.5%	43,023	22.3%	-3,355	-7.2%
20 to 34 years	44,817	23.6%	39,758	20.6%	-5,059	-11.3%
35 to 64 years	78,743	41.5%	82,267	42.6%	3,524	4.5%
65 and over	19,656	10.4%	28,026	14.5%	8,370	42.6%
Total	***189,594***	***100.0%***	***193,074***	***100.0%***	***3,480***	***1.8%***

Source: Stanley R. Hoffman Associates, Inc.
U.S. Census Bureau, Decennial Census, 2000
American Community Survey, 3-Year Estimates, 2010-2012

Race/Ethnicity. Figure4-2 and Table 4-3 show the racial/ethnic distribution of the population by category, based on the 2000 U.S. Census and American Community Survey, 3-Year Estimates, 2010-2012. The White population declined by 7,328 from 2000 to 2012, or 5.4 percent; in 2012, Whites represented an estimated 66.8 percent of the City's population. Conversely, the Hispanic or Latino population showed an increase of 7,706 from 2000 to 2012, or 27.7 percent; in 2012, the Hispanic or Latino group represented an estimated 18.4 percent of the population. Asians, the third largest group, increased in population by 2,756 from 2000 to 2012, or 15.7 percent; in 2012, Asians represented an estimated 10.5 percent of the population.

Figure 4-2
Race/Ethnicity: 2000 and 2012
City of Huntington Beach



Sources: Stanley R. Hoffman Associates, Inc.
U.S. Census Bureau, Decennial Census, 2000
American Community Survey, 3-Year Estimates, 2010-2012

Table 4-3
Race/Ethnicity: 2000 and 2012
City of Huntington Beach

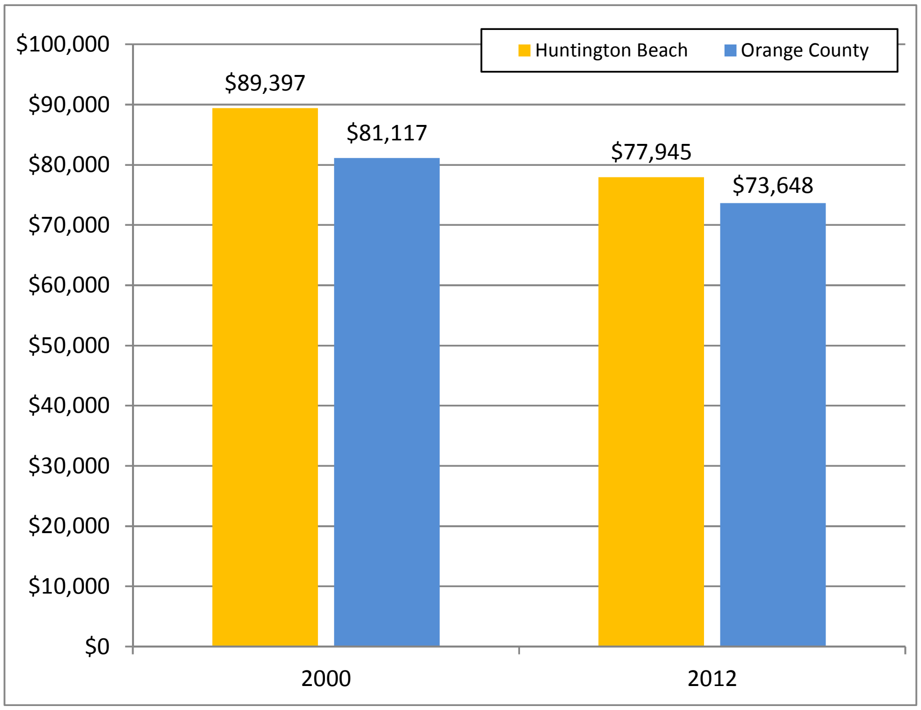
Race Category	2000	% of Total	2012	% of Total	Change 2000-2012	% Change 2000-2012
White Alone	136,237	71.9%	128,909	66.8%	-7,328	-5.4%
Asian Alone	17,544	9.3%	20,300	10.5%	2,756	15.7%
Hispanic or Latino	27,798	14.7%	35,504	18.4%	7,706	27.7%
Other[1]	8,015	4.2%	8,361	4.3%	346	4.3%
Total	***189,594***	***100.0%***	***193,074***	***100.0%***	***3,480***	***1.8%***

1. Includes Black or African American Alone, American Indian and Alaska Native Alone, and Other.

Source: Stanley R. Hoffman Associates Inc.
U.S. Census Bureau, Decennial Census, 2000
American Community Survey, 3-Year Estimates, 2010-2012

Median Household Income. Figure 4-3 shows median household income for the Huntington Beach and Orange County for years 2000 and 2012, based on the 2000 U.S. Census and American Community Survey, 3-Year Estimates, 2010-2012. In Huntington Beach, median household income decreased from $89,397 to $77,945 from 2000 to 2012, in 2012 inflation-adjusted dollars; this was a decline of about 11.0 percent over the time period. In 2012, Huntington Beach's median household income of $77,945 was about 5.8 percent greater than the median for Orange County of $73,648.

Figure 4-3
Median Household Income: 2000 and 2012
City of Huntington Beach and Orange County
(In Constant 2012 Dollars)



Educational Attainment. Figure 4-4 and Table 4-4 show educational attainment by category for years 2000 and 2012, based on the 2000 U.S. Census and American Community Survey, 3-Year Estimates, 2010-2012. Huntington Beach has a highly educated population with 39.7 percent having either a Bachelor's, Graduate or a Professional degree in 2012; this is an increase of 3.7 percentage points from 36.0 percent in 2000.

When an Associate's (AA) degree or some college is included, the percent of the population included was 75.5 percent in 2012, an increase of 2.2 percentage points from 73.4 percent in 2000. In addition to Bachelor's degree or higher, an AA degree is important because it provides a trained workforce in technologies such as: business and commerce, data processing, health services and paramedical, mechanical/engineering, natural and environmental science and public service related professions.

Figure 4-4
Educational Attainment: 2000 and 2012
City of Huntington Beach

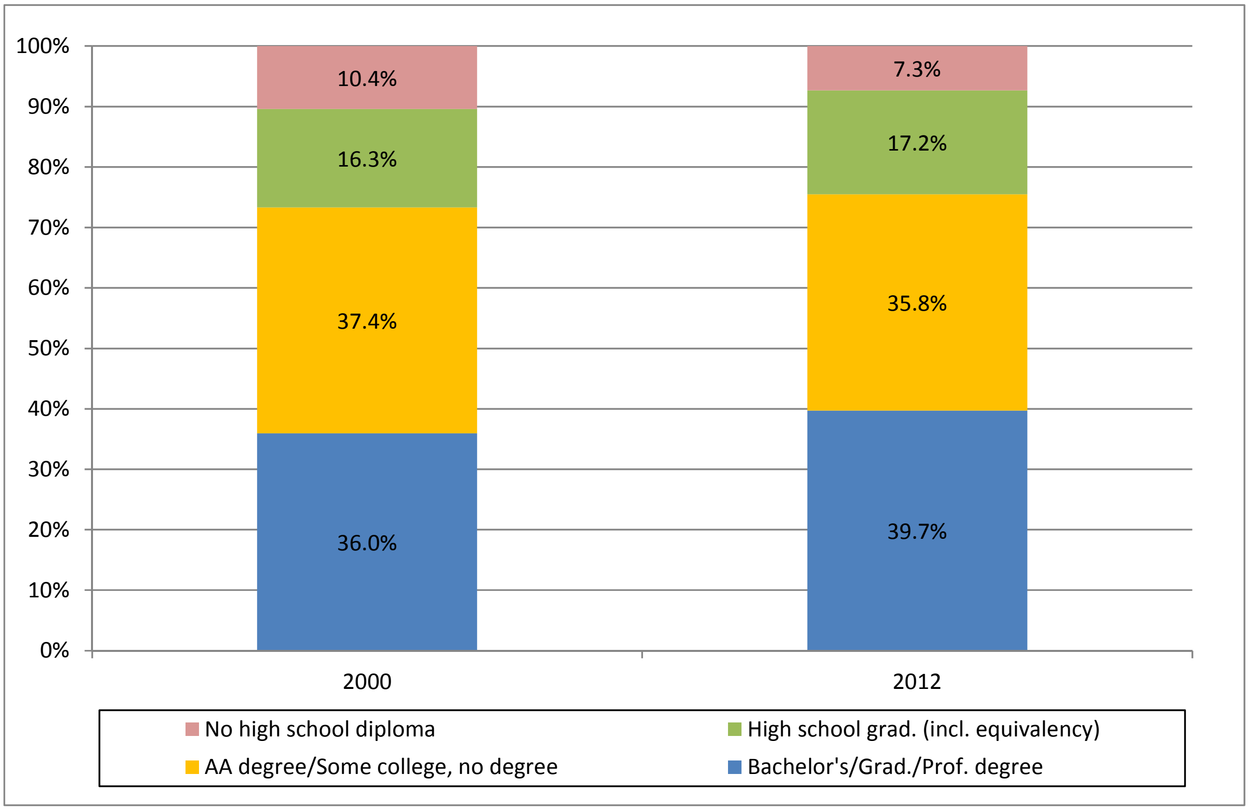


Table 4-4
Educational Attainment: 2000 and 2012
City of Huntington Beach

Educational Level	2000 Total	2000 % of Total	2012 Total	2012 % of Total
Bachelor's/Grad./Prof. degree	47,476	36.0%	54,485	39.7%
AA degree/Some college, no degree	49,301	37.4%	49,145	35.8%
High school grad. (incl. equivalency)	21,456	16.3%	23,627	17.2%
No high school diploma	13,749	10.4%	10,062	7.3%
Total Population 25 Years and Over	***131,982***	***100.0%***	***137,319***	***100.0%***

Source: Stanley R. Hoffman Associates, Inc.
U.S. Census Bureau, Decennial Census, 2000
American Community Survey, 3-Year Estimates, 2010-2012

4.3 Labor Force Analysis

Figure 4-5 and Table 4-5 show labor force by category for years 2000 and 2012, based on the 2000 U.S. Census and American Community Survey, 3-Year Estimates, 2010-2012. Huntington Beach has maintained a level of about 45.4 percent of its labor force in the Management, Professional, and Related occupations. When Sales and Office occupations are included – where much of this workforce is in office or research and development buildings – the percentage increases to 72.4 percent of the labor force in 2012; this is a small decrease of 1.6 percentage points from 74.0 percent in 2000. There was a sizable increase in Service workers to 14.3 percent of the workforce in 2012 from 11.1 percent in 2000; Service workers can include personal services as well as Health and Social Services that primarily serve the local population in Huntington Beach and nearby cities.

The estimated civilian population 16 years and over shown in Table 4-5 is a measure of the labor force, i.e., the actual number of people available for work. It includes both the employed and the unemployed. Previously, in Table 4-1, the total employment shown (e.g. 76,635 for 2012) is for those total jobs estimated to be located in Huntington Beach.

Figure 4-5
Labor Force: 2000 and 2012
City of Huntington Beach

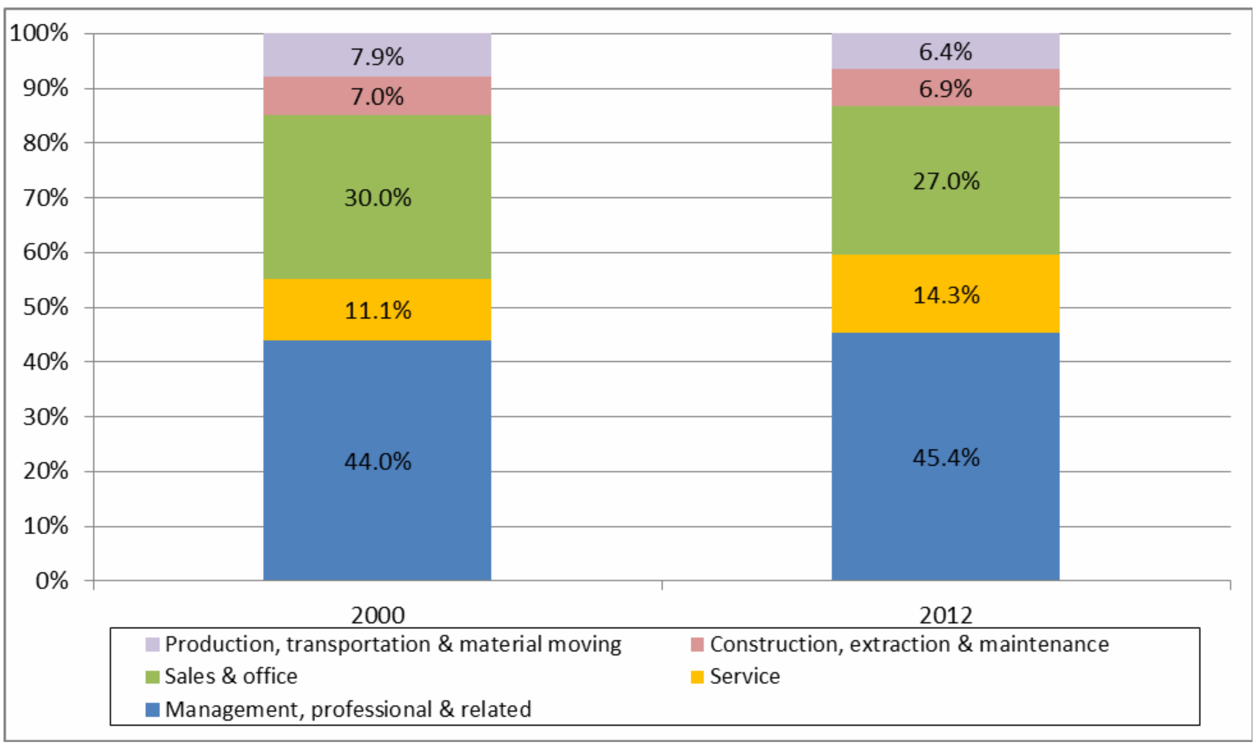


Table 4-5
Labor Force: 2000 and 2012
City of Huntington Beach

Occupations Category	2000	% of Total	2012	% of Total	Change 2000-2012	% Change 2000-2012
Management, professional, and related	45,285	44.0%	44,449	45.4%	-836	-1.8%
Service	11,407	11.1%	14,003	14.3%	2,596	22.8%
Sales and office	30,827	30.0%	26,449	27.0%	-4,378	-14.2%
Construction, extraction, and maintenance	7,207	7.0%	6,799	6.9%	-408	-5.7%
Production, transportation, and material moving [1]	8,140	7.9%	6,239	6.4%	-1,901	-23.4%
Employed civilian population 16 years and over	***102,866***	***100.0%***	***97,939***	***100.0%***	***-4,927***	***-5.0%***

1. In 2000, estimated production, transportation, and material moving workers includes 90 jobs related to farming, fishing, and forestry.

Source: Stanley R. Hoffman Associates, Inc.
U.S. Census Bureau, Decennial Census, 2000
American Community Survey, 3-Year Estimates, 2010-2012

4.4 **Housing Growth and Distribution.** Table 4-6 shows the housing unit trends for 2000 and 2012, based on the 2000 U.S. Census and American Community Survey, 3-Year Estimates, 2010-2012. Huntington Beach experienced an increase of an estimated 1,482 single family housing units and 1,516 multi-family units from 2000 to 2012. The distribution of single and multi-family housing has remained constant at about 61 percent and 35 percent, respectively. The majority of Other Housing is comprised of mobile homes.

Table 4-6
Housing Unit Trends: 2000 and 2012
City of Huntington Beach

	2000	% Distribution	2012	% Distribution	Change 2000-2012	% Change 2000-2012
1 unit, detached	37,007	49%	38,741	49%	1,734	5%
1 unit, attached	9,471	12%	9,219	12%	-252	-3%
Single-Family Units	***46,478***	***61%***	***47,960***	***61%***	***1,482***	***3%***
2-4 units	9,681	13%	9,649	12%	-32	0%
5 or more units	16,488	22%	18,036	23%	1,548	9%
Multi-Family Units	***26,169***	***35%***	***27,685***	***35%***	***1,516***	***6%***
Other Housing [1]	***3,146***	***4%***	***3,087***	***4%***	***-59***	***-2%***
Total	***75,793***	***100%***	***78,732***	***100%***	***2,939***	***4%***

1. Other Housing includes mobile homes.

Sources: Stanley R. Hoffman Associates Inc.
U.S. Census Bureau, Decennial Census, 2000
California Department of Finance, 2012

Housing Values. Figure 4-6 and Table 4-7 show the median housing values for 2000 and 2012, adjusted to 2012 dollars, based on the 2000 U.S. Census and American Community Survey, 3-Year Estimates, 2010-2012. Huntington Beach had relatively higher values compared to Orange County; in 2000, values in Huntington Beach were 15 percent higher, which widened to 21 percent in 2012. From 2000 to 2012, housing prices increased in real dollars by about 43 percent in Huntington Beach and about 37 percent in Orange County.

Figure 4-6
Median Housing Values: 2000 and 2012
City of Huntington Beach
(In Constant 2012 Dollars)

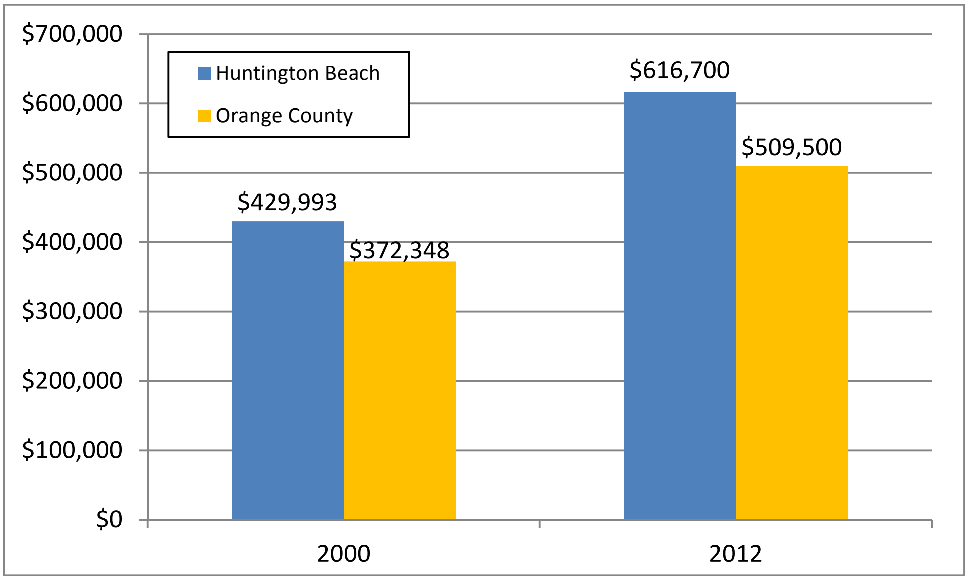


Table 4-7
Median Housing Values: 2000 and 2012
City of Huntington Beach
(In Constant 2012 Dollars)

	2000	2012	Change 2000-2012	% Change 2000-2012
Huntington Beach	$429,993	$616,700	$186,707	43%
Orange County	$372,348	$509,500	$137,152	37%
HB as % of OC	115%	121%		

Sources: Stanley R. Hoffman Associates Inc.
U.S. Census Bureau, Decennial Census, 2000
American Community Survey, 3-Year-Estimates, 2010-2012

4.5 Socio-Economic Growth Projections: 2012 to 2040

Table 4-8 presents population, households, and employment for years 2012, 2020, and 2040, based on the preliminary forecasts prepared by the Center for Demographic Research (CDR), California State University, Fullerton. Huntington Beach is forecasted to increase from 193,247 to 207,116 in population from 2012 to 2040, at an average annual growth rate (AAGR) of 0.25 percent. Households are forecasted to increase at a similar AAGR of 0.25 percent over the same period; however, employment is projected to experience a relatively higher AAGR of 0.49 percent, bringing the jobs per household ratio up from an estimated 1.03 in 2012 to 1.10 by 2040, according to the CDR's forecasts. This represents an increase of 11,149 jobs, as shown in Table 4-8, or an increase of 14.7 percent.

In contrast, Orange County is projected to experience an increase of 372,458 jobs from 2012 to 2040, at an AAGR of 0.78 percent –about 60 percent higher than Huntington Beach's growth rate. The growth in households for Orange County is forecasted to grow to 1,132,649 by 2040 or an increase of 140,407 households over the 2012 to 2040 period. This is an AAGR of 0.47 percent for households, or about 88 percent higher than Huntington Beach's growth rate. This has resulted in the forecasted jobs-per-household ratio for Orange County to increase from 1.54 in 2012 to 1.68 in 2040.

The Center for Demographic Research (CDR) is in the process of updating its forecasts from 2012 to 2040. While the preliminary forecasts are the best forecasts currently available, and have local input from all of the jurisdictions in Orange County, including Huntington Beach, they will not be formally adopted until 2016, and changes could occur by that time.

Table 4-8
Population, Households, and Employment: 2012 to 2040
City of Huntington Beach and Orange County

	2012	2020	2040	2012-2040 Net Change	% Change	AAGR[1]
City of Huntington Beach						
Population	193,247	203,840	207,116	13,869	7.2%	0.25%
Households	73,787	77,985	79,232	5,445	7.4%	0.25%
Housing Units	78,785	83,267	84,599	5,814	7.4%	0.25%
Employment	75,839	82,854	86,988	11,149	14.7%	0.49%
Jobs per Household	1.03	1.06	1.10			
Orange County						
Population	3,071,544	3,264,955	3,464,493	392,949	12.8%	0.43%
Households	992,242	1,062,932	1,132,649	140,407	14.2%	0.47%
Housing Units	1,056,157	1,131,401	1,205,608	149,451	14.2%	0.47%
Employment	1,526,227	1,730,085	1,898,685	372,458	24.4%	0.78%
Jobs per Household	1.54	1.63	1.68			

1. Average Annual Growth Rate (AAGR)

Sources: Stanley R. Hoffman Associates, Inc.
Center for Demographic Research, California State University, Fullerton
U.S. Census 2012 American Community Survey (ACS) 3-Yr Estimates

4.6 Huntington Beach Commuter Inflow/Outflow

Table 4-9 shows commuter inflow/outflow statistics for 2011, based on the U.S. Census Bureau's LEHD dataset. Out of a total of 81,940 primary job holders living in Huntington Beach, an estimated 70,425, or 85.9 percent, were commuting outside of Huntington Beach for their primary job. Conversely, of the total of 62,243 primary jobs held in Huntington Beach, an estimated 50,728, or 81.5 percent commuted into the city. This includes 11,515 local jobs in Huntington Beach, or 14.1 percent, being held by someone both living and working in Huntington Beach.

Of the 70,425 primary job holders commuting outside of Huntington Beach, about 40,245, or 57.1 percent were in the highest reported earnings category of more than $3,333 per month. Also, 63.9 percent of these job holders commuting outside the city were workers reported in "All Other Services" in contrast to 36.1 percent commuting to "Goods Producing" or "Trade, Transportation, and Utilities" jobs. This implies that diversifying the economy in the direction of profession/technical, specialized engineering, and research and development type jobs could have the potential to create a greater percentage of jobs held by residents and result in a better jobs-household balance.

Table 4-9
Commuter Inflow/Outflow: 2011
City of Huntington Beach

	Count	Share
In-Area Labor Force Efficiency (Primary Jobs)		
Living in the Selection Area	81,940	100.0%
Living and Employed in the Selection Area	11,515	14.1%
Living in the Selection Area but Employed Outside	70,425	85.9%
In-Area Employment Efficiency (Primary Jobs)		
Employed in the Selection Area	62,243	100.0%
Employed and Living in the Selection Area	11,515	18.5%
Employed in the Selection Area but Living Outside	50,728	81.5%
Outflow Job Characteristics (Primary Jobs)		
External Jobs Filled by Residents	70,425	100.0%
Workers Aged 29 or younger	15,073	21.4%
Workers Aged 30 to 54	40,861	58.0%
Workers Aged 55 or older	14,491	20.6%
Workers Earning $1,250 per month or less	11,528	16.4%
Workers Earning $1,251 to $3,333 per month	18,652	26.5%
Workers Earning More than $3,333 per month	40,245	57.1%
Workers in the "Goods Producing" Industry Class	10,360	14.7%
Workers in the "Trade, Transportation, and Utilities" Industry Class	15,050	21.4%
Workers in the "All Other Services" Industry Class	45,015	63.9%
Inflow Job Characteristics (Primary Jobs)		
Internal Jobs Filled by Outside Workers	50,728	100.0%
Workers Aged 29 or younger	13,274	26.2%
Workers Aged 30 to 54	28,147	55.5%
Workers Aged 55 or older	9,307	18.3%
Workers Earning $1,250 per month or less	10,487	20.7%
Workers Earning $1,251 to $3,333 per month	18,837	37.1%
Workers Earning More than $3,333 per month	21,404	42.2%
Workers in the "Goods Producing" Industry Class	14,190	28.0%
Workers in the "Trade, Transportation, and Utilities" Industry Class	10,382	20.5%
Workers in the "All Other Services" Industry Class	26,156	51.6%
Interior Flow Job Characteristics (Primary Jobs)		
Internal Jobs Filled by Residents	11,515	100.0%
Workers Aged 29 or younger	2,572	22.3%
Workers Aged 30 to 54	6,350	55.1%
Workers Aged 55 or older	2,593	22.5%
Workers Earning $1,250 per month or less	2,938	25.5%
Workers Earning $1,251 to $3,333 per month	3,554	30.9%
Workers Earning More than $3,333 per month	5,023	43.6%
Workers in the "Goods Producing" Industry Class	2,206	19.2%
Workers in the "Trade, Transportation, and Utilities" Industry Class	1,727	15.0%
Workers in the "All Other Services" Industry Class	7,582	65.8%

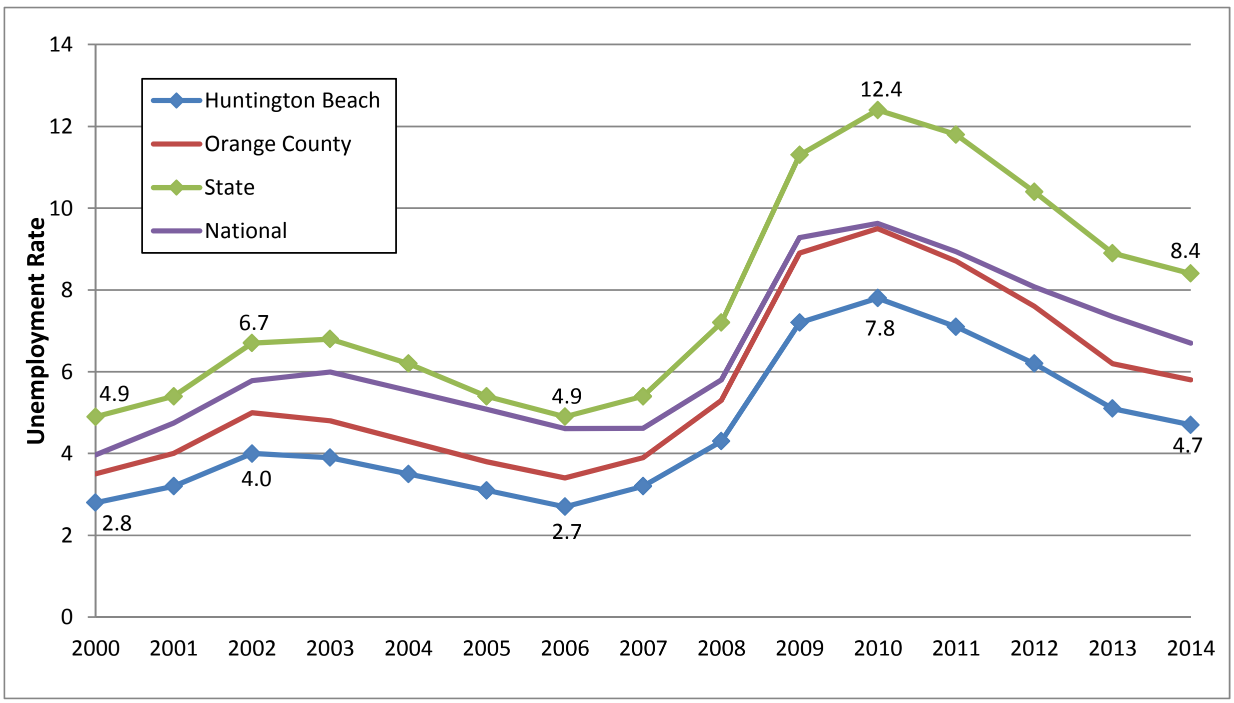
Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics

4.7 Unemployment Trends

The unemployment trends for Huntington Beach, Orange County, the State of California and the Nation are shown in Figure 4-7 and Table 4-10 for 2000 through 1st Quarter 2014. All years are for annual averages, except 2014 where the 1st Quarter of 2014 is the most recent data available as published by the Federal Bureau of Labor Statistics. Of these four geographic areas, Huntington Beach has had the lowest rate ranging from 2.8 percent in 2000 to an estimated 4.7 percent in 1stQuarter 2014. Over this time period, the high point was 7.8 percent in 2010, several years after the recession that started at the end of 2007. Orange County has also remained relatively low ranging from 3.5 percent in 2000 to 5.8 percent in 1st Quarter 2014. Orange County reached its high point at 9.5 percent in 2010.

In contrast, the unemployment rates for the State and the Nation have been relatively higher at 4.9 percent in 2000 to 8.4 percent in 1st Quarter 2014 for the State and 4.0 percent to 6.7 percent for the Nation over this same period. All geographies showed their high points in 2010 with the State at 12.4 percent and the Nation at 9.6 percent.

Figure 4-7
Annual Unemployment Rate Trends: 2000 to 2014
Huntington Beach, Orange County, State, and Nation



Sources: Stanley R. Hoffman Associates, Inc.
U.S. Bureau of Labor Statistics, 2010 and 2012

Table 4-10
Annual Unemployment Rate (%) Trends: 2000 to 2014
Huntington Beach, Orange County, State, and Nation

Year	Huntington Beach	Orange County	State	National
2000	2.8	3.5	4.9	4.0
2001	3.2	4.0	5.4	4.7
2002	4.0	5.0	6.7	5.8
2003	3.9	4.8	6.8	6.0
2004	3.5	4.3	6.2	5.5
2005	3.1	3.8	5.4	5.1
2006	2.7	3.4	4.9	4.6
2007	3.2	3.9	5.4	4.6
2008	4.3	5.3	7.2	5.8
2009	7.2	8.9	11.3	9.3
2010	7.8	9.5	12.4	9.6
2011	7.1	8.7	11.8	8.9
2012	6.2	7.6	10.4	8.1
2013	5.1	6.2	8.9	7.4
2014	4.7	5.8	8.4	6.7

1. All of the unemployment rates are annual averages, except for 2014, which is the rate for the 1st Quarter of 2014.

Source: Stanley R. Hoffman Associates Inc.
U.S. Bureau of Labor Statistics, 2000 to 2014

Table 4-11 shows the labor force statistics for 2010 from the U.S. Census survey versus the Bureau of Labor Statistics (BLS) survey which relies on unemployment insurance records. While the unemployment estimates for 2010 are relatively close, 8.2 percent for the Census and 7.8 percent for BLS, the estimate of total labor force in Huntington Beach from BLS is 120,314, or about 11.4 percent higher than the estimate of 108,006 labor force for Huntington Beach.

Table 4-11
Labor Force, Unemployed, and Employed Statistics: 2010
Huntington Beach

Source	Labor Force	Unemployed	Employed	Unemployment Rate
Census	108,006	8,896	98,839	8.2
BLS	120,314	9,373	110,941	7.8

Source: Stanley R. Hoffman Associates Inc.
U.S. Bureau of Labor Statistics, 2010 and 2012
American Community Survey, 3-Year Estimates, 2010 and 2012

CHAPTER 5
REAL ESTATE DEVELOPMENT CONDITIONS

5.1 Summary of Real Estate Market Conditions

Favorable real estate market conditions greatly enhance the effectiveness of economic development, as a healthy local real estate market will continue to evolve through development of vacant land and redevelopment of existing properties. Adequate and competitive inventories of residential, commercial, and industrial properties are important to support the needs of local businesses and attract households that stabilize and enhance the community.

There is general consensus that both the national and Southern California economies are slowly recovering. Consensus forecasts suggest national real GDP growth between 2.0 percent and 2.5 percent annually, which is a sufficient rate to generate new business formation and investment. Orange County job growth has been steadily increasing since 2012, and there is strong evidence that the rate of new household formation is increasing. Residential development has returned to Southern California, with strong sales activity driven by regional economic stability and low-interest financing.

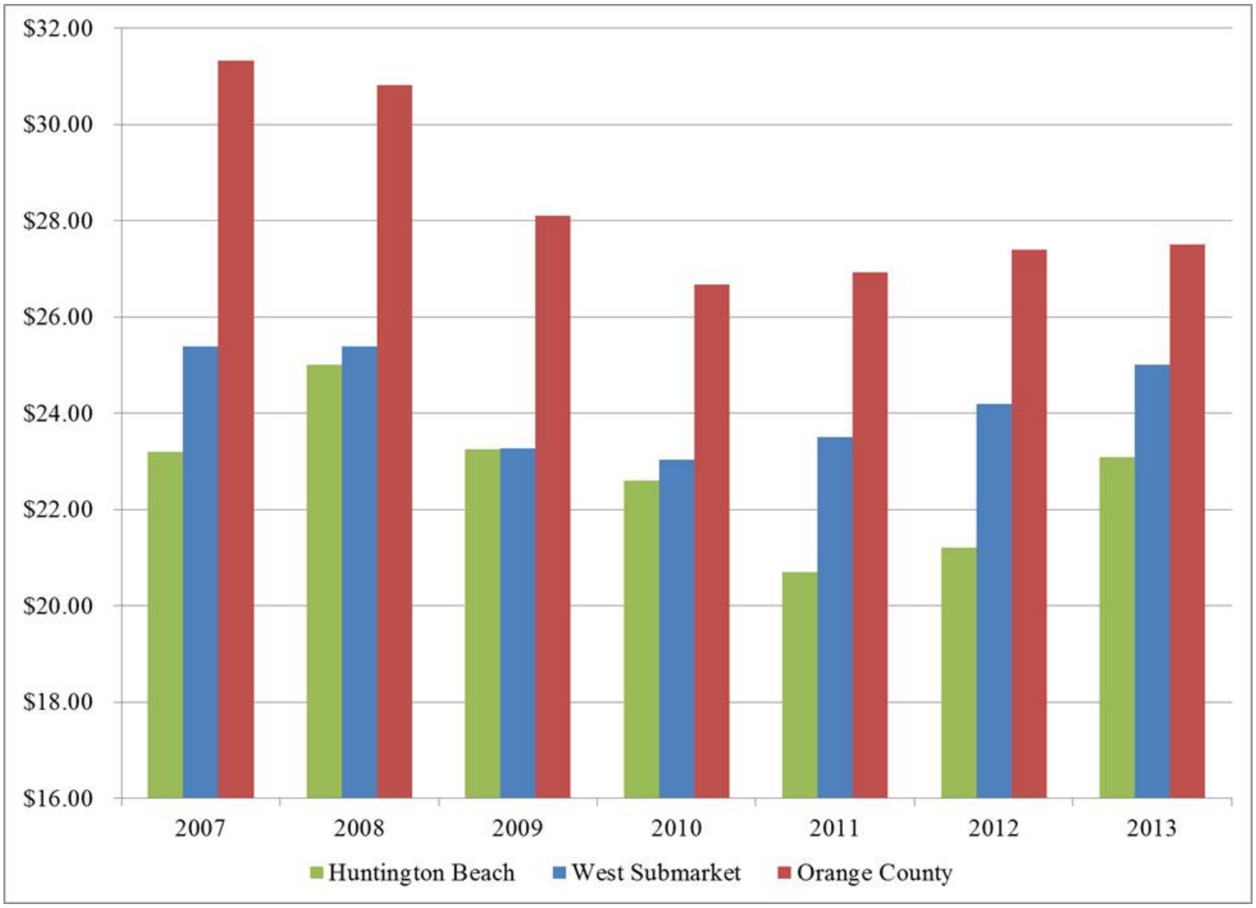
Huntington Beach is located in the West Orange County market, which consists of the communities of Buena Park, Fountain Valley, Huntington Beach, south Anaheim, and west Fullerton. Over the past five to seven years, the West Orange County market generally mirrors county-wide performance (expressed as rent) and attractiveness (expressed as occupancy) to real estate investors and tenants. Notable differences in performance include the office and apartment sectors, though the West Orange County market has both lower rent and lower vacancy, suggesting that new development has been slow to return.

Huntington Beach is a significant submarket within the West Orange County market, with the retail, apartment, and industrial sectors performing at or above market averages over the past five to seven years. The one notable exception is the office sector, with significantly lower rent and higher vacancy than the submarket average.

Below, we summarize the market condition outlook for each of the key real estate sectors in Huntington Beach, West Orange County, and Orange County.

Office Market Outlook. Office rent trends and vacancy rates for the 2007 – 2013 period are shown in Figures 5-1 and 5-2. Huntington Beach is located in a strong regional job center in Southwest Orange County. Relative to markets in nearby cities (Irvine, Costa Mesa, Newport Beach), Huntington Beach is generally a secondary office location for businesses requiring leased space. According to the market data provider REIS, which tracks office buildings 10,000 sq. ft. or greater, the average age of the office inventory in West Orange County submarket is 35 years, with 70 percent of the inventory between 25-35 years old.

Figure 5-1
Office Rent Trend Comparison

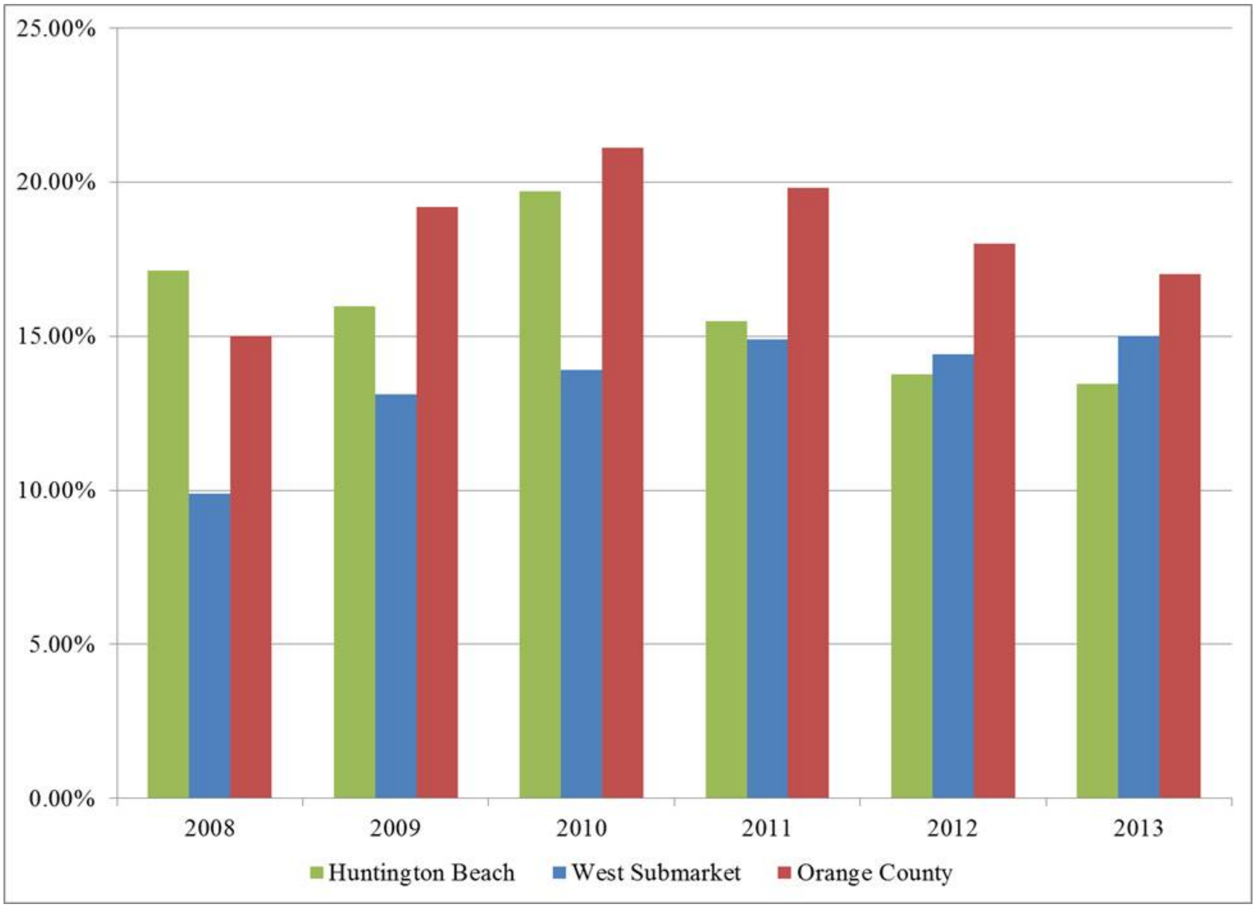


Source: REIS, LoopNet, Voit (Corfac), Waronzof Associates

Asking rents are recovering and vacancies are falling, but with relatively low rent and high vacancy, a sustained cycle of office development in West Orange County is at least three to five years in the future if the regional economy continues to grow. Smaller, owner/user facilities will continue to remain in demand, particularly in Huntington Beach, due to the high quality of life.

Industrial Market Outlook. Industrial rent trends and vacancy rates for 2007 – 2013 are shown in Figures 5-3 and 5-4. The industrial space market is currently functioning at or slightly above historical averages, suggesting continued growth if the economic recovery holds. Brokers report strong sales and leasing activity in West Orange County generated by local owner/users.

Figure 5-2
Office Vacancy Trend Comparison

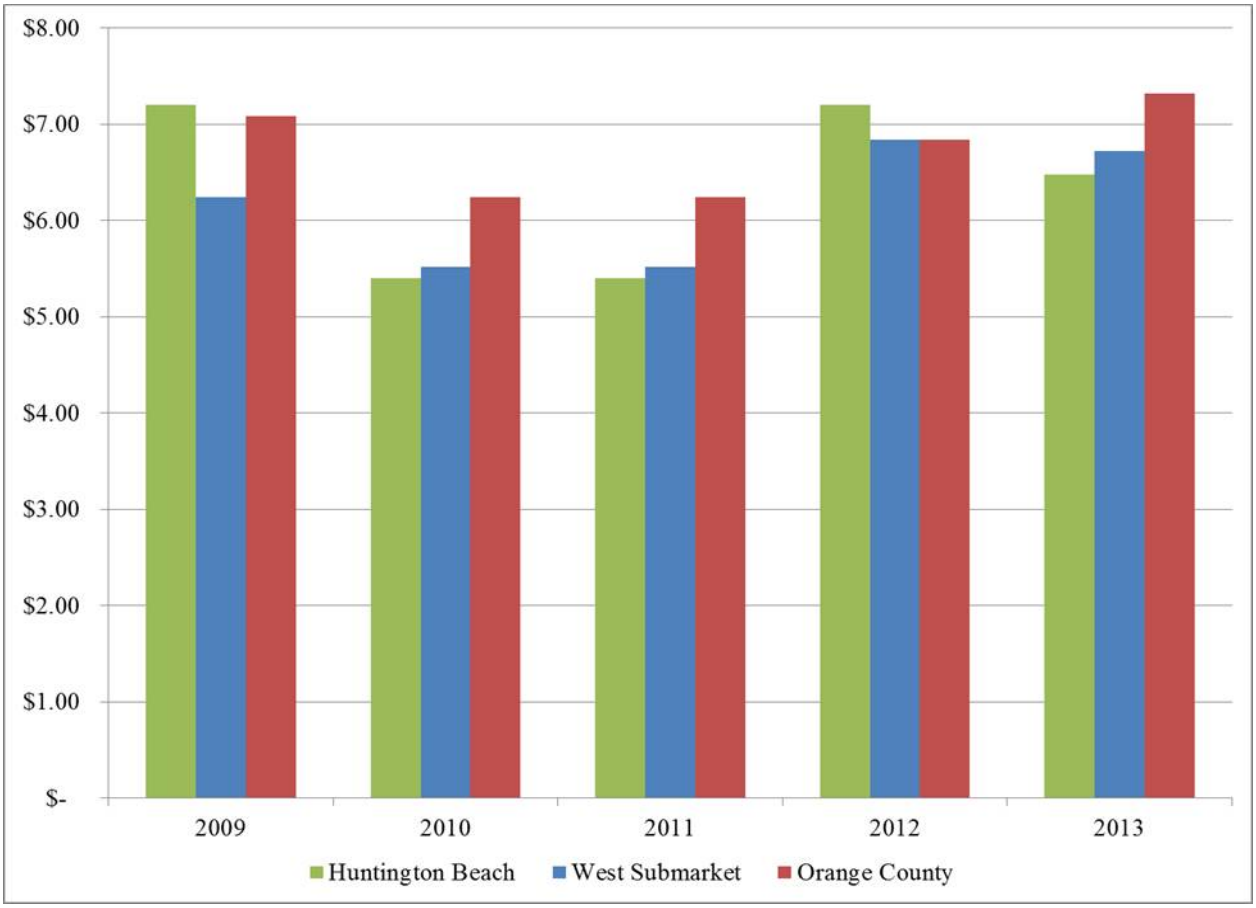


Source: REIS, LoopNet, Voit (Corfac), Waronzof Associates

Industrial development returned to west Orange County in 2012, with approximately 2.0 million sq. ft. of new construction planned or underway, including the construction of a 142,300 sq. ft. facility on Gothard Street in Huntington Beach. Despite the return of development activity, rents in the West Orange County market are continuing to hold and vacancy is near historic lows.

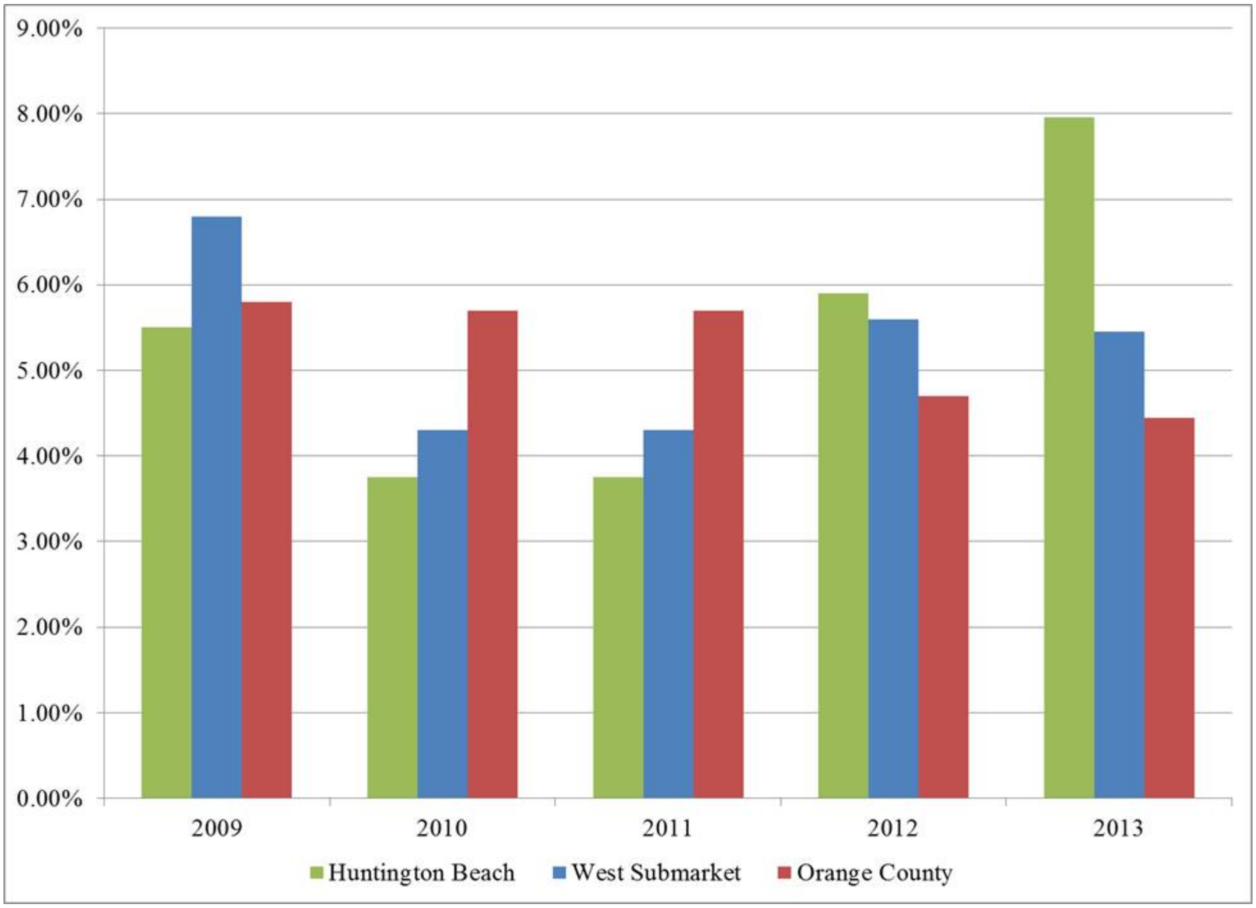
We see a distinct, recent rise in vacancy in Huntington Beach, as landlords begin testing higher rent rates. We believe industrial market conditions will be generally favorable in West Orange County and Huntington Beach in the short term, with a very limited supply of land constraining rapid growth over the long-term.

Figure 5-3
Industrial Rent Trend Comparison



Source: REIS, LoopNet, Voit (Corfac), Waronzof Associates

Figure 5-4
Industrial Vacancy Trend Comparison

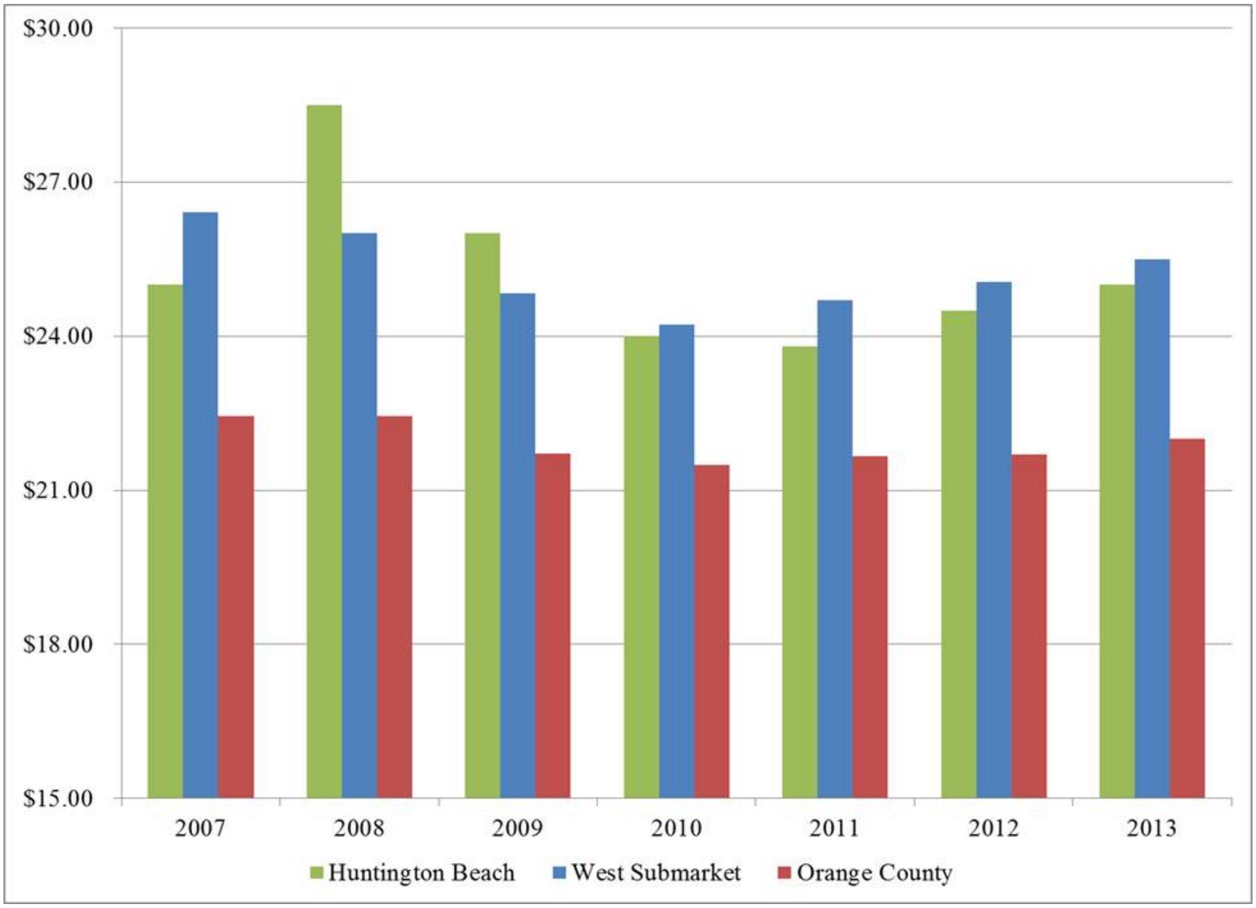


Source: REIS, LoopNet, Voit (Corfac), Waronzof Associates

Retail Market Outlook. Retail rent trends and vacancy rates for the 2007 – 2013 period are shown in Figures 5-5 and 5-6. The regional economic recovery and strong increase in homebuilding have signaled the return of favorable retail market conditions, with absorption increasing and nearly 1.1 million square feet of new construction planned in Orange County.

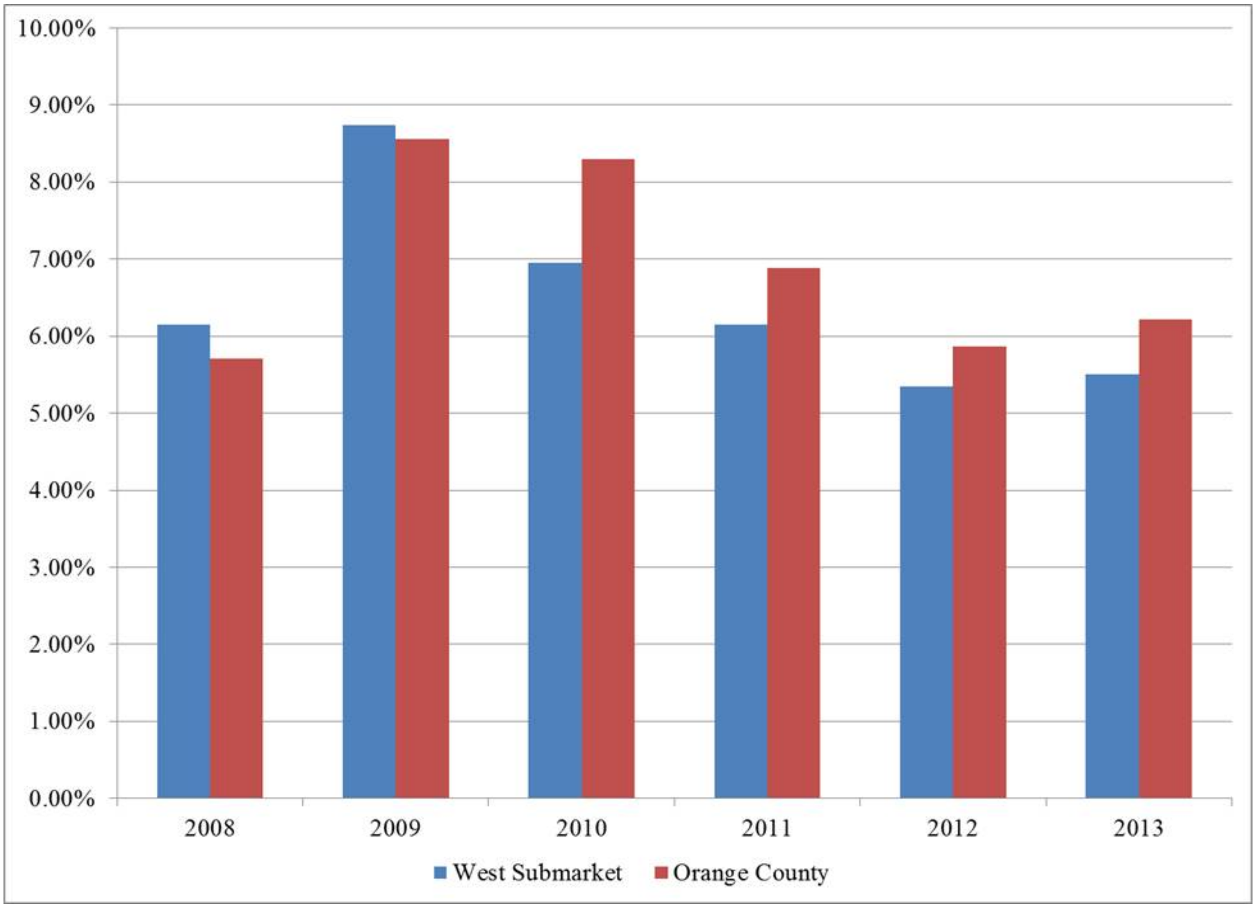
Huntington Beach will have its share of new retail development, led by the Pacific City lifestyle retail center. Although we anticipate success for newly constructed and renovated retail properties, existing shopping centers that forego capital improvements will likely struggle for tenants and sales.

Figure 5-5
Retail Rent Trend Comparison



Source: REIS, LoopNet, Voit (Corfac), Waronzof Associates

Figure 5-6
Retail Vacancy Trend Comparison

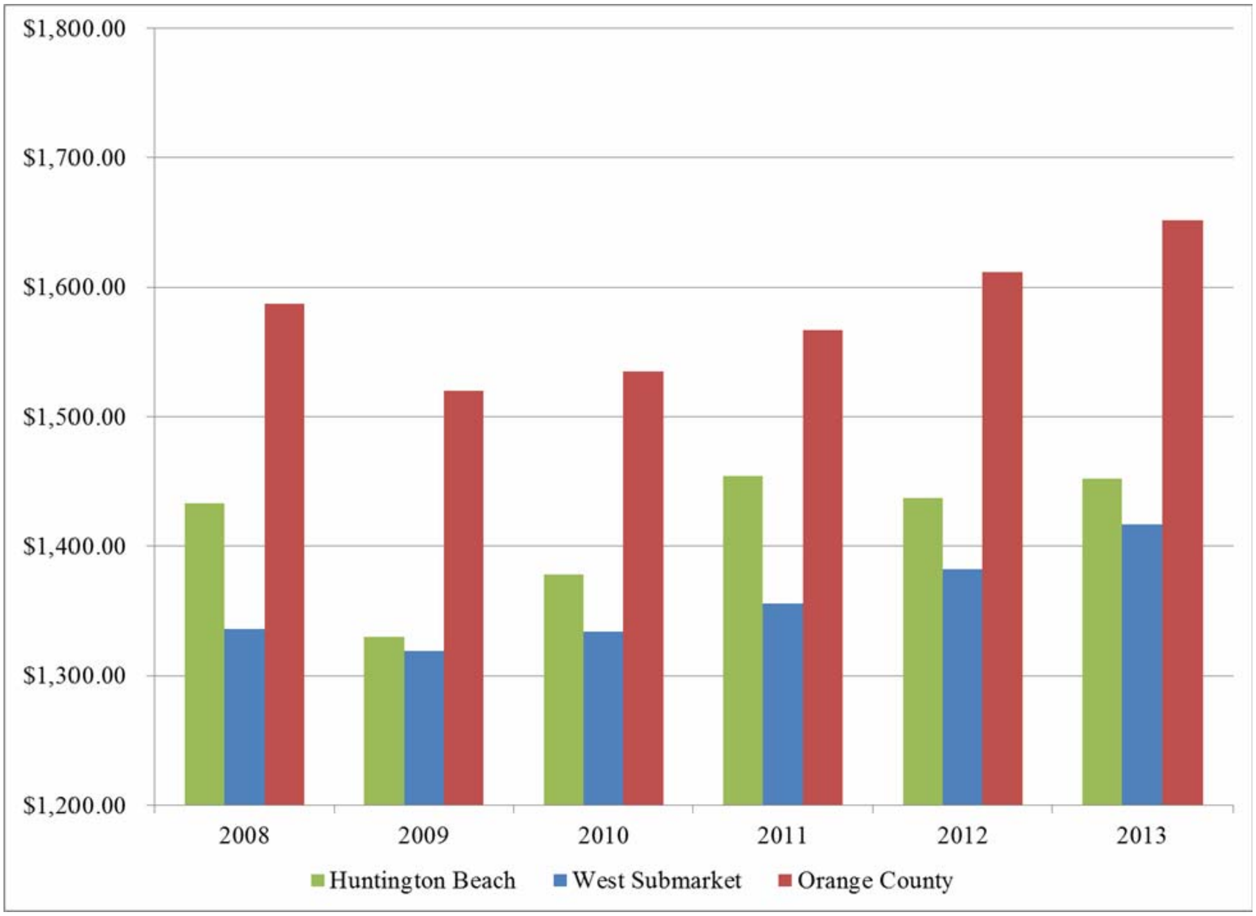


Source: REIS, LoopNet, Voit (Corfac), Waronzof Associates

Apartment Market Outlook. Apartment rent trends and vacancy rates for the 2007 – 2013 period are shown in Figures 5-7 and 5-8. Apartment market conditions have clearly recovered in Orange County. Although many market observers are beginning to believe that apartment sales pricing is reaching its cyclical ceiling, historically low vacancy combined with steady job gains should sustain development conditions for the foreseeable future.

There has been a strong effort by the City to focus residential development in high-density nodes along major commercial corridors, which are locations that favor apartment development. Analysis of recent development and application activity in Huntington Beach suggests that between 2,000 and 2,500 apartment units have been recently delivered or are in the planning stages. We believe apartment market conditions will be generally favorable as the economy stabilizes and household formation continues to increase.

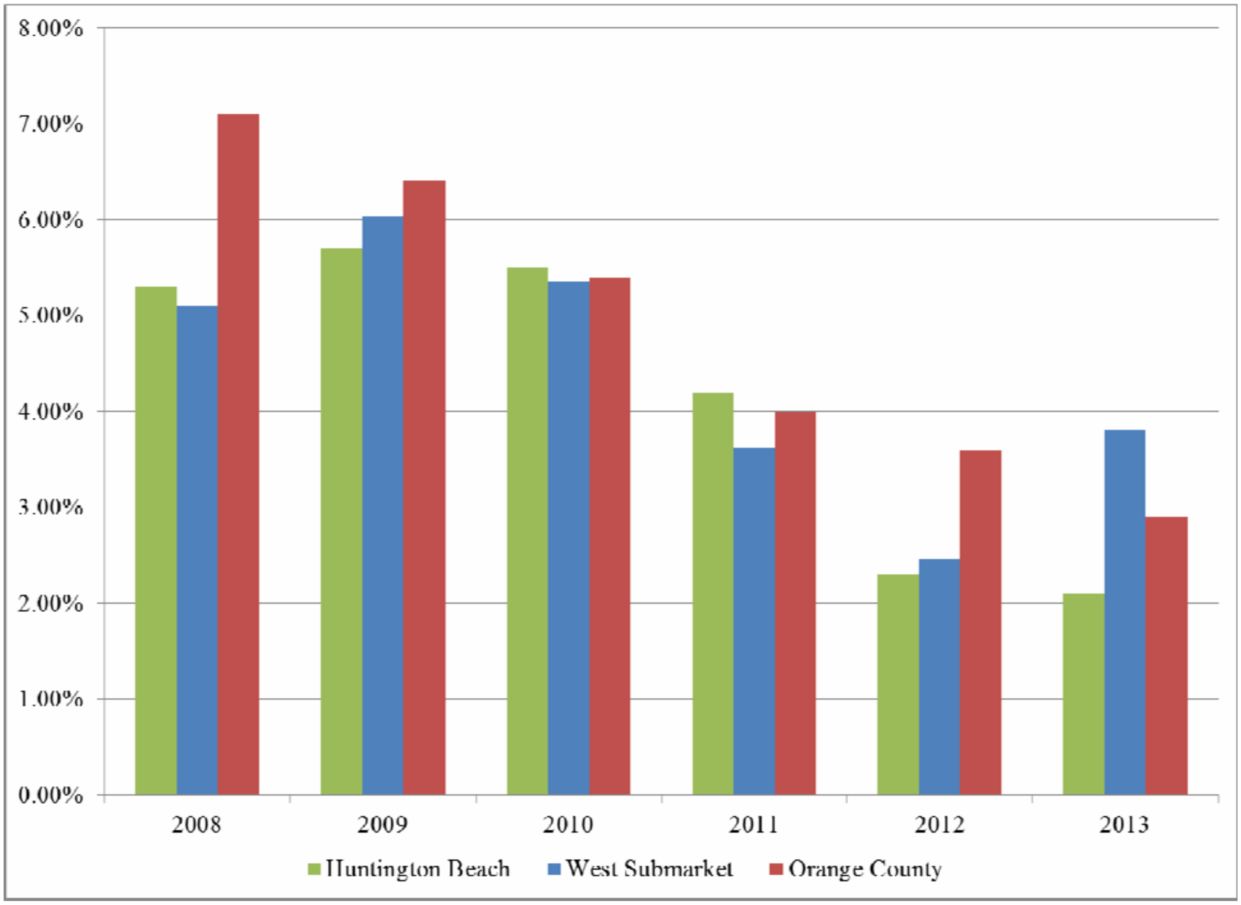
Figure 5-7
Apartment Rent Trend Comparison



Source: REIS, LoopNet, Voit (Corfac), Waronzof Associates

For-Sale Residential Market Outlook. Favorable residential homebuilding market conditions have returned to Orange County, with strong appreciation, shrinking availability of inventory, and a drastic increase in housing starts relative to the 2007-2012 time period. According to Metro Study, Orange County accounted for 62 percent of all Southern California housing starts as of the third quarter 2013, with homes priced in the $399,000 to $549,000 range leading all housing starts in coastal markets. There has been rapid appreciation in the Orange County housing market, and Huntington Beach is no exception. According to Redfin.com, sold homes have increased from $343 per square foot in January 2012 to $424 per square foot in January 2014, an increase of 23 percent over 24 months. Condominium prices have experienced stronger price appreciation, from $260 per square foot in January 2012 to $344 per square foot in January 2014, an increase of 32 percent. Due to its high quality of life, coastal location, and compelling economic opportunity, for-sale housing, resale and new development activity should remain strong in Huntington Beach.

Figure 5-8
Apartment Vacancy Trend Comparison



Source: REIS, LoopNet, Voit (CORFAC), Waronzof Associates

5.2 Hotel Development

As shown in Table 5-1, there are an estimated 1,878 hotel/motel rooms in Huntington Beach with 1,194 of these rooms, about 64 percent, located along the coast. As shown in Figure 5-9, an estimated 973 rooms, about 52 percent of the rooms within Huntington Beach are located in the preferred tourist/visitor Downtown destination area extending from the Downtown Main Street area southward from the Huntington Beach pier. In the Downtown area, the median daily room rates range from a high of $289 to a low of $180.

The hotels primarily within the Beach and Edinger corridors include an estimated 684 rooms, or 36 percent of the total lodging in the city. They primarily serve the business or non-coastal resort visitor. As shown in Figure 5-9, about 23 percent, or an estimated 434 rooms, are located near the Interstate 405 corridor with median room rates ranging from a high of $124 to a low of $104. The remaining 250 rooms are located along the southerly section of Beach Boulevard and judging from their lower median room rates are thought to be generally of lesser quality.

There are an additional 532 lodging rooms in the planning, approval, or under construction stage of development. Most of this lodging development is along the Downtown coastal area with 250 hotel rooms under construction in the Pacific City development, and a Hilton Hotel expansion of 156 rooms that has been approved. Also, one hotel is in the planning stage with 126 rooms in the corridor along Edinger Avenue near the Interstate 405 freeway.

Figure 5-9
Hotel Locations
City of Huntington Beach

Source: Stanley R. Hoffman Associates, Inc.

Table 5-1
Hotel Locations
City of Huntington Beach

Legend	Name	Number of Rooms	% of Grand Total		High Rate	Low Rate	Address
COASTAL HOTELS (se yellow and green symbols on map)							
	Huntington Harbour/Sunset Beach						
1	Oceanview Motel	29	1.5%		$125	$60	16196 Pacific Coast Hwy., Huntington Beach, CA 92649
2	Pacific View Inn and Suites	18	1.0%		$110	$60	16220 Pacific Coast Hwy., Huntington Beach, CA 92649
3	777 Motor Inn	42	2.2%		$50	$50	16240 Pacific Coast Hwy., Huntington Beach, CA 92649
4	Sunset Suites	10	0.5%		$135	$110	16401 Pacific Coast Hwy., Huntington Beach, CA 92649
5	Ocean Surf Inn & Suites[1]	23	1.2%		$150	$79	16555 Pacific Coast Hwy., Huntington Beach, CA 92649
6	Oceanside Motel	11	0.6%		$700	$700	16711 Pacific Coast Hwy., Huntington Beach, CA 92649
7	Best Western Harbour Inn and Suites	27	1.4%		$189	$98	16912 Pacific Coast Hwy., Huntington Beach, CA 92649
8	Beso Del Sol (Bed & Breakfast)	11	0.6%		$110	$85	17101 Pacific Coast Hwy., Huntington Beach, CA 92649
9	Travelodge Ocean Front	50	2.7%		$119	$89	17205 Pacific Coast Hwy., Huntington Beach, CA 92649
	Subtotal	***221***	***11.8%***	***Median***	***$125***	***$85***	
	Downtown Area						
10	Sun 'n Sands Motel	17	0.9%		$269	$129	1102 Pacific Coast Hwy., Huntington Beach, CA 92648
11	Best Western Huntington Beach Inn	25	1.3%		$179	$161	800 Pacific Coast Hwy., Huntington Beach, CA 92648
12	Huntington Surf Inn	9	0.5%		$149	$149	720 Pacific Coast Hwy., Huntington Beach, CA 92648
13	Shorebreak Hotel	196	10.4%		$405	$244	500 Pacific Coast Hwy., Huntington Beach, CA 92648
14	The Waterfront Beach Resort, a Hilton Hotel	209	11.1%		$309	$199	21100 Pacific Coast Hwy., Huntington Beach, CA 92648
15	Hyatt Regency Huntington Beach Resort	517	27.5%		$596	$247	21500 Pacific Coast Hwy., Huntington Beach, CA 92648
	Subtotal	***973***	***51.8%***	***Median***	***$289***	***$180***	
BUSINESS CORRIDOR HOTELS (green symbols on map)							
	Near 405 Corridor						
1	Extended Stay America	104	5.5%		$124	$104	5050 Skylab Rd., Huntington Beach, CA 92647
2	Hotel Huntington Beach	224	11.9%		$170	$140	7667 Center Ave., Huntington Beach, CA 92647
3	Comfort Suites Huntington Beach	106	5.6%		$119	$79	16301 Beach Blvd., Huntington Beach, CA 92647
	Subtotal	***434***	***23.1%***	***Median***	***$124***	***$104***	
	Along Beach Blvd.						
4	Howard Johnson Express Inn & Suites	85	4.5%		$99	$63	17251 Beach Blvd., Huntington Beach, CA 92647
5	Starlight Inn	35	1.9%		$55	$50	18382 Beach Blvd., Huntington Beach, CA 92648
6	Best Western Regency Inn	64	3.4%		$169	$89	19360 Beach Blvd., Huntington Beach, CA 92648
7	Huntington Suites	66	3.5%		$138	$68	727 Yorktown Ave., Huntington Beach, CA 92648
	Subtotal	***250***	***13.3%***	***Median***	***$119***	***$66***	
	Grand Total	***1,878***	***100.0%***				

1. Formerly Sanatra Inn.

Source: Stanley R. Hoffman Associates, Inc.

5.3 Analysis of Huntington Beach Development Activity

As part of our real estate market assessment, we analyzed the current development activity in Huntington Beach, as tracked by the Planning and Building Department. Our review included 38 projects with total development estimated at 3,935 residential units, approximately 1.1 million square feet of commercial development, and 532 hotel units in 2014, as shown in Table 5-2. The analysis reveals that residential development dominates current development activity, with 20 of the 36 projects (56 percent) with a residential component. Mixed use multifamily is the most common form of residential development (7 of 20 projects), followed by traditional multifamily development (5 of 20 projects), single family development (5 of 20 projects), attached (townhome) residential development (2 of 20 projects) and age-restricted (senior) development (1 of 20).

Non-residential development is dominated by retail uses. Of the 1.1 million square feet of planned or delivered non-residential development, only 183,155 sq. ft. (16 percent) is classified as industrial uses.

Our review of recent and planned development activity within Huntington Beach confirms our market condition assessment; favorable development conditions have returned for residential uses, while non-residential uses are slowly recovering.

As mentioned earlier in the strategy, effective economic development depends on a ready inventory of adequately improved and competitive buildings. Given the strong economic development emphasis on the technology manufacturing and technology services sectors, preserving, improving, and expanding the industrial building inventory should be prioritized.

Table 5-2
Project Status List: 2014
City of Huntington Beach

Project	Location	Type of Project	Type of Residential	# of Residential Units	Type of Commercial	Commercial Square Footage	Number of Hotel Rooms
Beach and Ellis Elan Apartments	18502 and 18508-18552 Beach Blvd	Mixed Use	Multi-family	274	Retail	8,500	
Beach + Ocean	19891 & 19895 Beach Blvd	Residential	Multi-family	173			
The Boardwalk (fka Murdy Commons)	Northeast corner of Edinger Avenue and Gothard	Mixed Use	Multi-family	487	Retail	14,500	
Brightwater	Proximate to Warner Avenue and Los Patos	Residential	Single-Family	349			
Living Spaces	6912 Edigner Ave	Commerical			Retail	100,865	
Former Lamb School Site	10251 Yorktown Ave	Residential	Single-Family	81			
Former Wardlow School Site	9191 Pioneer Dr	Residential	Single-Family	49			
Hilton Waterfront Beach Resort Expansion	21100 Pacific Coast Highway	Commercial			Commercial mixed use	13,700	156
Huntington Beach Lofts	7302-7400 Center Ave	Residential	Multi-family	385			
Pacific Shores	West of Newland St, south of Lomond Dr, north of Hamilton	Residential	Multi-family	204			
Oceana Apartments	18151 Beach Blvd	Residential	Multi-family	91			
Pacific City -- Residential & Commercial	Pacific Coast Highway, First St, Huntington St, Atlanta Ave	Residential	Multi-family	516	Commercial mixed use	191,100	
Pacific City -- Hotel	Pacific Coast Highway, First St, Huntington St, Atlanta Ave	Commercial			Commercial mixed use		250
Parkside Estates	West side of Graham St, south of Warner Ave, along East Garden Grove Wintersburg	Residential	Single-Family	111			
Pedigo Apartments	7262, 7266, 7280 Edinger Ave & 16001, 17091 Gothard St	Mixed Use	Multi-family	510	Office	5,097	
Pierside Pavilion Expansion	300 Pacific Coast Highway	Commercial			Commercial mixed use	74,846	
Shea Industrial Properties	17332 Gothard Street	Industrial			Industrial	142,300	
The Ridge	Southeast of Bolsa Chica St and Los Patos Ave intersection	Residential	Single-Family	22			
The Strand	5th Street	Commercial			Commercial mixed use	226,536	
The Village at Bella Terra	7777 Edinger Ave	Mixed Use	Multi-family	467	Commercial mixed use	29,500	
The Village -- Costco	North side of the Village at Bella Terra	Commercial			Retail	154,113	
Vans Skate Park	7461 Center Avenue	Commerical Recreational			Concession	3,500	
Gothard St. Microbrewery	18421 Gothard St. Unit 200	Commercial			Microbrewery	415	
Convenience Store	16001 Bolsa Chica St.	Commercial			Convenience Store	3,500	
Residential Project	18651 Beach Blvd.	Residential	Multi-family	100			
Industrial Development	14382 Astronautics Ln	Industrial			Industrial	40,855	
Residential Project	16911 Airport Cir.	Residential	Attached	45			
Commercial Project	9500 Garfield Ave.	Commercial			commercial	10,000	
Bonani Development	7262 Garfield Ave.	Residential	Attached	11			
Commercial Project	18501 Main St.				Bank	6,800	
Hospitality Project	7872 Edinger	Hospitality			Hotel		126
Residential Project	19101 Garfield Ave.	Age Restricted Residential		28			
Mixed Use Project	620 Pacific Coast Highway	Mixed Use	Multi-family	14	Commercial	7,428	
Commercial Project	21502 Brookhurst St.	Commercial			Bank	3,120	
Mixed Use Project	124 Main	Mixed Use	Multi-family	3	Mixed Use	7,330	
Mixed Use Project	602 PCH	Mixed Use	Multi-family	15	Commercial	48,000	
TOTAL				**3,935**		**1,092,005**	**532**

Source: Stanley R. Hoffman Associates, Inc.
City of Huntington Beach Planning Department

5.4 Vacant Land Inventory

The most recent comprehensive vacant land inventory was conducted in 2007, with several focused updates for the 2008-2014 General Plan Housing Element; the Beach and Edinger Corridors Specific Plan (BECSP); the 2014-2021 General Plan Housing Element update, and the General Plan Update, as shown in Table 5-3. As of the most recent 2007 comprehensive survey, there are about 365 acres of vacant land, but only approximately 107 acres available for development. Of the 107 developable acres, only about 24 acres are classified as industrial or commercial land, with an additional 8 acres available for mixed use; the remaining 75 acres are zoned for residential use.

Table 5-3
Vacant Land Inventory: 2007
City of Huntington Beach

General Plan Category	Vacant Acres	% of Vacant Land
Residential	75.2	21%
Commercial	10.8	3%
Mixed Use	7.8	2%
Industrial	12.8	4%
Open Space	217.8	60%
Public and Institutional	41	11%
Total	***365.4***	***100%***

Sources: Stanley R. Hoffman Associates, Inc.
City of Huntington Beach,
General Plan Housing Element, 2008-2014

The vacant land analysis completed for the Housing Element updates and the BECSP all focus on identifying vacant and underutilized opportunity sites that may be feasible for residential development. Despite ongoing residential development since the last comprehensive survey identified about 75 acres of vacant residential land, both the Housing Element and the BECSP were successful in identifying several underutilized sites for redevelopment. The most recent Housing Element update identifies approximately 35.5 acres of vacant or underutilized opportunity sites that are feasible for residential or mixed-use development, and the BECSP identifies approximately 62 acres of land feasible for residential or mixed-use development. It should be noted, however, that the City effectively rezoned the formerly vacant site that is now occupied by Vans Skate Park as that site was previously earmarked for use of redevelopment housing set aside. In addition, another vacant site within the BECSP area, identified as an opportunity for residential development in the Housing Element, has recently been acquired by Hyundai for a dealership.

Much of the future residential development anticipated in the Housing Element and the BECSP will occur on land currently zoned for mixed uses (approximately 35 of the 62 acres identified by the BECSP, and approximately 8.5 of the 35.5 acres identified by the most recent Housing Element update). While current market conditions present an economically compelling opportunity for residential development, the City’s long-term sustainability is dependent on a balanced approach with emphasis on ensuring economic vitality.

This comprehensive economic analysis identifies several industry sectors with strong future growth potential, which suggests that the City also maintain an adequate inventory of opportunity sites suitable for commercial and industrial development, despite strong economic and policy pressure to maximize residential development where feasible.

CHAPTER 6
CITY BUDGET ANALYSIS

6.1 Overview of Fiscal and Financial Conditions

Like many jurisdictions in California, Huntington Beach has felt the impact of the recent recessionary decline in the economy and the elimination of redevelopment as an important economic development financing tool. However, according to the City's adopted Fiscal Year 2012-13 budget and capital improvement program, recovery is underway and many new residential and non-residential projects have either been completed or are in process. Still, there is much to be done to achieve long-term fiscal stability and to bring public services and capital infrastructure back to acceptable levels.

This economic analysis is intended to inform the General Plan Update process so that land use and transportation policies and programs can be proposed to further strengthen and grow the local economy that lead to a diversity of jobs and wage levels and fiscal stability. This chapter discusses current fiscal and financial conditions and the efforts that are underway to maintain fiscal balance while the economy recovers.

Without redevelopment, new, creative, and innovative ideas to stimulate business and development will have to be implemented. Currently, there are continuing potential negative impacts from the State's dissolution of the City's Redevelopment Agency where selected, sizable redevelopment obligations have been disallowed by the Department of Finance and are being contested by the City. In addition, the City is facing increasing unfunded pension obligations currently totaling $334.5 million (the current adopted budget includes $27.7 million for the City's pay-as-you-go share of employee pension costs) and rising workers' compensation costs. Resolving these issues will influence the level of net revenues that the City will have available to fund enhanced levels of service and to maintain and build new infrastructure necessary to support a strong, vibrant economy.

In light of this, the City has been maintaining a balanced operating budget for all funds with estimated revenues being equal to, or greater than, estimated expenditures, and with periodic City Council reviews and necessary adjustments to maintain balance. Ongoing revenues are used to support ongoing expenditures, while revenues from one-time or limited duration sources are used exclusively for one-time expenses and are not used to balance the annual operating budget.

The City also maintains an "Economic Uncertainties Reserve," funded at 12 percent of the General Fund budget. In addition, there are three permanent reserves to provide further flexibility and the ability to take advantage of favorable financial/business conditions, and to provide a revenue source to fund unforeseen expenditures (appropriations from these reserves can only be made by formal City Council action). These permanent reserves are:1)Equipment Replacement Reserve for the replacement and acquisition of rolling stock and other movable assets to maintain the City's equipment, including its sizable fleet; 2) Capital Projects Reserve for the repair and construction of city infrastructure; and 3) Litigation Reserve for unforeseen litigation losses exceeding the amount budgeted in the current year.

The City's five-year Capital Improvement Plan (CIP) is developed biannually and updated annually. The CIP includes current operating maintenance expenditures and new capital construction projects consistent with General Plan goals and policies. Development impact fees for infrastructure improvements required by new development are reviewed annually to ensure that the fees recover development related costs. Other primary revenue sources can include: 1) General Fund revenues, particularly as property taxes, sales taxes, and transient occupancy taxes recover; 2) Federal and State grants; 3) planning and development related revenues; 4) enterprise revenues, such as water and sewer revenues funded through rate payers fees and charges; 5) special funds such as gas taxes and Measure M ½-cent sales tax revenues for transportation; 6) public-private partnerships that can leverage existing City funds; and 7) potential assessments, special taxes or other revenue sources that require voter approval.

The Fiscal Year 2013-14 adopted all funds budget totals $313.8 million, which reflects an increase of $19.1 million, or a 6.5 percent increase from the adopted Fiscal Year 2012-13 budget. The total Budget contains over 50 distinct funds, including Enterprise Funds (Water, Refuse, Sewer and Drainage), Special Revenue Funds (e.g. Federal, State and County grants), and the General Fund. The General Fund, which provides the majority of public services to the community, totals $193.5 million, representing a $7.4 million, or 3.9 percent, increase from the Fiscal Year 2012-13 Adopted Budget of $186.2 million. This marked the first time in six years that the General Fund portion of the budget was balanced without layoffs, eliminating positions, or cutting departments and services, signaling a significant fiscal turning point for the City. As economic recovery is vulnerable to global, national, and state forces beyond the City's control, the City is committed to continue on the path of fiscal conservatism.

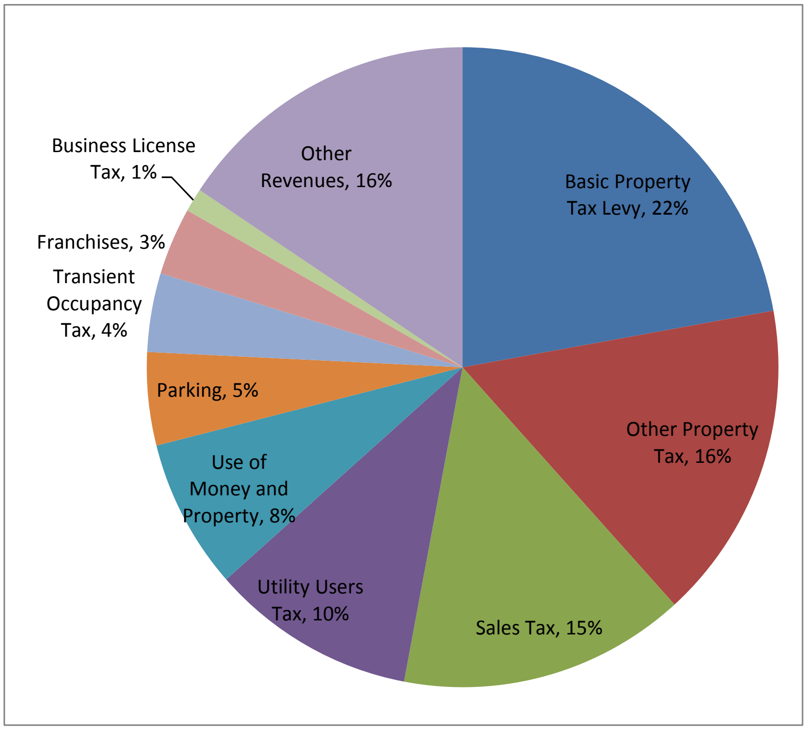
The City is also engaged in the concurrent development of an Economic Development Strategy through the Office of Business Development, which was created in the City Manager's Office effective October 1, 2013. While the State eliminated its commitment to economic development, the City remains focused on its goal to stimulate business development in Huntington Beach. As part of the General Plan Update, the economic development recommendations will be tested using a fiscal impact model to provide guidance in the development of effective land use goals and policies that facilitate a strong local economy and long-term fiscal stability.

6.2 Ongoing General Fund Revenue and Costs

As mentioned above, General Fund revenues provide the majority of public services to the community; however, they are also subject to potentially dramatic changes in the economy. These revenues and corresponding General Fund costs will be subject to a fiscal impact analysis as part of the General Plan update since they are so important to the fiscal health of the community. As shown in Figure 6-1 and Table 6-1, the basic property tax levy represents about 22 percent of the total General Fund revenues of $193.5 million. When other property tax revenues are included, it represents about 38 percent of the total. Sales tax revenues represent about 15 percent of the total, and when combined with the property tax revenues, they represent just over 50 percent of the total General Fund revenues. Utility users tax is another important revenue source and represents about 10 percent of the total. Transient occupancy tax, which is driven by the strong tourism sector along the coast, represents about 4 percent of the total. Each of these General Fund revenue sources is influenced by the expansion and stability of the local economy. This includes expenditures by local residents, as well as those captured from businesses and households outside Huntington Beach.

As shown in Figure 6-2 and Table 6-2, five categories of General Fund public services represent about 83 percent of total General Fund costs of $193.5 million, which are balanced by the same level of General Fund revenues. Police services constitute the largest General Fund cost category at $62.2 million, or about 32 percent of the budget. When included with Fire and Emergency Services at $39.9 million, or 21 percent of the total, these two services together represent about 53 percent of the budget. Non-departmental costs are the next largest category at 15 percent of the budget. Non-departmental costs include all expenditures that cannot be directly allocated to a particular departmental expenditure or staffing level. The next two categories, Public Works (11 percent) and Community Services (5 percent), represent $30.4 million of expenditures, and are directly linked to quality of life perceptions of local residents, businesses, and visitors. The fiscal impact analysis will project the expected levels of increased General Fund revenues to balance the desired levels of General Fund services as part of the General Plan Update process.

Figure 6-1
General Fund Budgeted Revenues: FY 2013-14
City of Huntington Beach



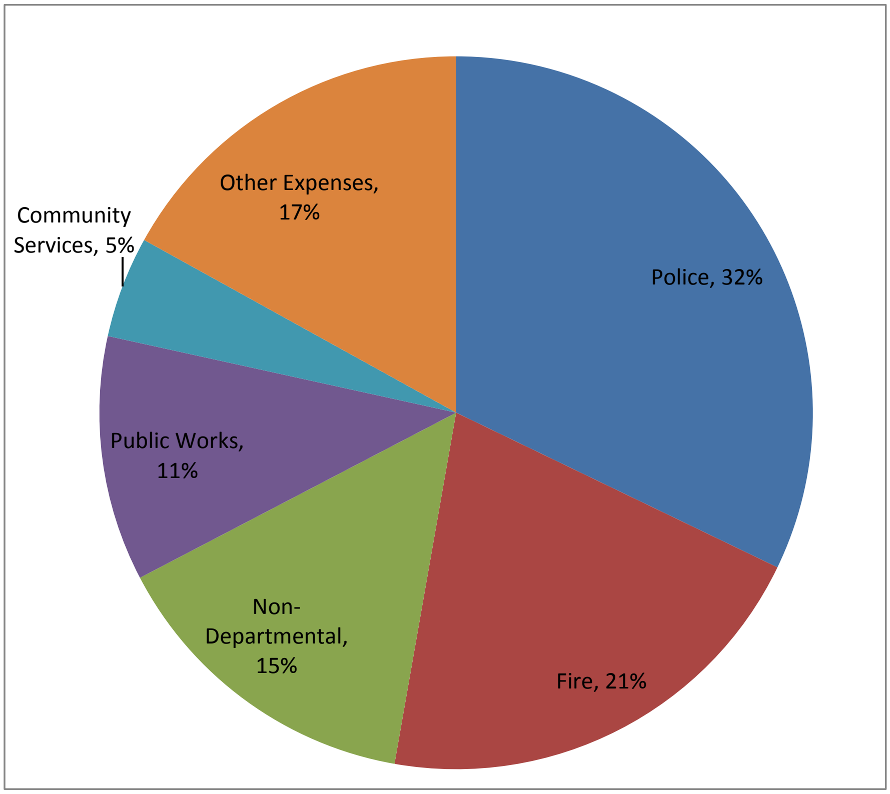
Sources: Stanley R. Hoffman Associates, Inc.
City of Huntington Beach

Table 6-1
General Fund Revenues: FY 2013-14 Adopted Budget
City of Huntington Beach

General Fund Revenues	FY 2013/14 Adopted (in millions of dollars)	% of Total
Basic Property Tax Levy	$42.9	22%
Other Property Tax	$31.2	16%
Sales Tax	$28.4	15%
Utility Users Tax	$20.3	10%
Use of Money and Property	$14.7	8%
Parking	$9.1	5%
Transient Occupancy Tax	$7.7	4%
Franchises	$6.6	3%
Business License Tax	$2.3	1%
Subtotal	***$163.2***	***84%***
Other Revenues	$30.3	16%
Total	***$193.5***	***100%***

Sources: Stanley R. Hoffman Associates, Inc.
City of Huntington Beach

Figure 6-2
General Fund Expenses: FY 2013-14 Adopted Budget
City of Huntington Beach



Sources: Stanley R. Hoffman Associates, Inc.
City of Huntington Beach

Table 6-2
General Fund Expenses: FY 2013-14 Adopted Budget
City of Huntington Beach

General Fund Expenses	FY 2013/14 Adopted (in millions of dollars)	% of Total
Police	$62.2	32%
Fire	$39.9	21%
Non-Departmental	$28.2	15%
Public Works	$21.5	11%
Community Services	$8.9	5%
Subtotal	***$160.7***	***83%***
Other Expenses	$32.8	17%
Total	***$193.5***	***100%***

Sources: Stanley R. Hoffman Associates, Inc.
City of Huntington Beach

CHAPTER 7
IMPLEMENTATION PLAN RECOMMENDATIONS

While the Economic Development Strategy establishes the objectives of economic development activity within Huntington Beach, successful implementation depends on available capacity and the ability to effectively manage and measure progress. Given the length of time and complexity involved in achieving many of the objectives in the strategy, an Implementation Plan should be created.

The Implementation plan is a management tool developed to communicate how the goals and objectives of the Economic Development Strategy will be fulfilled. The implementation plan should:

1) Identify the policies required to successfully accomplish the objectives in the Economic Development Strategy
2) Assess the capacity required to accomplish the Economic Development Strategy
3) Identify staffing and funding challenges that may result
4) Define a set of actions for each economic development objective, and set an achievable critical path
5) Develop a set of discrete performance measures that are strongly correlated to both the overall strategy and the critical path of each strategy objective
6) Communicate the management structure and decision-making process created to accomplish the implementation of the Economic Development Strategy

Although this recommendation does not address specific implementation measures, the analysis suggests the following findings will play an important role in defining priorities of the Implementation Plan:

- Efforts to reposition the city as a “place for business” will strongly influence business attraction and retention actions
- Balancing land use competition in core economic nodes of the city, most notably the Northwest industrial area, the Gothard Street Corridor, and the Beach-Edinger Corridors
- The ability to form and maintain economic development partnerships through committees, business organizations and working groups
- Establishment of a stable leadership structure and a clear and understandable decision making process
- A credible assessment of the amount of organizational and financial capacity required to accomplish the Economic Development strategy

APPENDIX A
SUPPORTING TABLES

Table A-1
Relationship between Total and Primary Jobs
City of Huntington Beach

	2008	2010	Estimated 2012 [3]	SCAG Forecast 2020
Census LEHD (Primary Jobs) [1]	67,317	61,501	n/a	n/a
SCAG RTP (All Jobs) [2]	82,900	75,769	76,635	80,100
SCAG to LEHD Ratio	1.23	1.23		

1. The Census Longitudinal Employer Household Dynamic (LEHD) primary jobs data does not include self-employed and household-based activities.
2. The Southern California Association of Government (SCAG) Regional Transportation Plan (RTP) provides growth forecast for all jobs including the self-employed.
3. Total jobs in the year 2012 estimated based on interpolating the SCAG RTP forecast trend from 2010 to 2020 for the City of Huntington Beach.

Source: Southern California Association of Governments (SCAG) RTP 2012
Census Longitudinal Employer Household Dynamics (LEHD)

Table A-2 (1 of 2)
Employment Distribution by Sector: 2002 and 2011
City of Huntington Beach and Surrounding Areas

	2002						2011						2002-2011					
	Huntington Beach		Southwest Orange County		Orange County		Huntington Beach		Southwest Orange County		Orange County		Huntington Beach		Southwest Orange County		Orange County	
Employment Category	Estimated Emp.	% of Grand Total	Estimated Emp.	% of Grand Total	Estimated Emp.	% of Grand Total	Estimated Emp.	% of Grand Total	Estimated Emp.	% of Grand Total	Estimated Emp.	% of Grand Total	Net Change	% Change	Net Change	% Change	Net Change	% Change
Professional-Office																		
Information	1,450	2.3%	14,436	2.9%	31,807	2.4%	1,149	1.8%	13,435	2.5%	26,328	2.0%	-301	-20.8%	-1,001	-6.9%	-5,479	-17.2%
Finance & Insurance	3,025	4.7%	32,164	6.5%	76,576	5.9%	1,902	3.1%	31,696	6.0%	74,545	5.6%	-1,123	-37.1%	-468	-1.5%	-2,031	-2.7%
Real Estate & Rental & Leasing	1,115	1.7%	15,270	3.1%	31,192	2.4%	1,099	1.8%	17,836	3.4%	33,226	2.5%	-16	-1.4%	2,566	16.8%	2,034	6.5%
Professional, Scientific, & Technical Services	3,913	6.1%	50,492	10.1%	95,798	7.4%	3,446	5.5%	59,020	11.1%	112,387	8.5%	-467	-11.9%	8,528	16.9%	16,589	17.3%
Management of Companies & Enterprises	760	1.2%	11,905	2.4%	34,964	2.7%	538	0.9%	11,028	2.1%	24,463	1.8%	-222	-29.2%	-877	-7.4%	-10,501	-30.0%
Administration & Support, Waste Management & Remediation	3,931	6.1%	33,958	6.8%	107,156	8.2%	3,862	6.2%	34,844	6.6%	105,888	8.0%	-69	-1.8%	886	2.6%	-1,268	-1.2%
Professional-Office Subtotal	***14,194***	***22.1%***	***158,225***	***31.8%***	***377,493***	***29.0%***	***11,996***	***19.3%***	***167,859***	***31.7%***	***376,837***	***28.4%***	***-2,198***	***-15.5%***	***9,634***	***6.1%***	***-656***	***-0.2%***
Industrial																		
Manufacturing	14,295	22.2%	60,714	12.2%	186,052	14.3%	13,260	21.3%	53,376	10.1%	152,796	11.5%	-1,035	-7.2%	-7,338	-12.1%	-33,256	-17.9%
Wholesale Trade	4,074	6.3%	31,048	6.2%	85,857	6.6%	3,008	4.8%	30,663	5.8%	86,431	6.5%	-1,066	-26.2%	-385	-1.2%	574	0.7%
Transportation & Warehousing	892	1.4%	7,049	1.4%	24,100	1.9%	1,039	1.7%	7,734	1.5%	25,129	1.9%	147	16.5%	685	9.7%	1,029	4.3%
20% of Construction	607	0.9%	4,933	1.0%	14,868	1.1%	604	1.0%	3,760	0.7%	12,520	0.9%	-4	-0.6%	-1,173	-23.8%	-2,348	-15.8%
Industrial Subtotal	***19,868***	***30.9%***	***103,744***	***20.8%***	***310,877***	***23.9%***	***17,911***	***28.8%***	***95,533***	***18.0%***	***276,876***	***20.9%***	***-1,958***	***-9.9%***	***-8,211***	***-7.9%***	***-34,001***	***-10.9%***
Retail & Personal Services																		
Retail Trade	8,196	12.7%	63,251	12.7%	142,602	11.0%	7,797	12.5%	61,609	11.6%	138,506	10.4%	-399	-4.9%	-1,642	-2.6%	-4,096	-2.9%
Other Services (excluding Public Administration)	2,738	4.3%	17,595	3.5%	44,184	3.4%	2,709	4.4%	18,703	3.5%	45,783	3.5%	-29	-1.1%	1,108	6.3%	1,599	3.6%
Retail & Personal Services Subtotal	***10,934***	***17.0%***	***80,846***	***16.2%***	***186,786***	***14.4%***	***10,506***	***16.9%***	***80,312***	***15.2%***	***184,289***	***13.9%***	***-428***	***-3.9%***	***-534***	***-0.7%***	***-2,497***	***-1.3%***
Tourism																		
Arts, Entertainment, & Recreation	1,017	1.6%	7,127	1.4%	32,702	2.5%	747	1.2%	6,603	1.2%	33,823	2.5%	-270	-26.5%	-524	-7.4%	1,121	3.4%
Accommodation & Food Services	5,080	7.9%	43,353	8.7%	95,764	7.4%	7,504	12.1%	54,427	10.3%	115,728	8.7%	2,424	47.7%	11,074	25.5%	19,964	20.8%
Tourism Subtotal	***6,097***	***9.5%***	***50,480***	***10.1%***	***128,466***	***9.9%***	***8,251***	***13.3%***	***61,030***	***11.5%***	***149,551***	***11.3%***	***2,154***	***35.3%***	***10,550***	***20.9%***	***21,085***	***16.4%***
Education & Health																		
Educational Services	5,719	8.9%	37,912	7.6%	94,043	7.2%	5,287	8.5%	39,798	7.5%	100,733	7.6%	-432	-7.6%	1,886	5.0%	6,690	7.1%
Health Care & Social Assistance	3,161	4.9%	32,445	6.5%	94,865	7.3%	4,262	6.8%	52,446	9.9%	131,546	9.9%	1,101	34.8%	20,001	61.6%	36,681	38.7%
Education & Health Subtotal	***8,880***	***13.8%***	***70,357***	***14.1%***	***188,908***	***14.5%***	***9,549***	***15.3%***	***92,244***	***17.4%***	***232,279***	***17.5%***	***669***	***7.5%***	***21,887***	***31.1%***	***43,371***	***23.0%***
Other																		
Agriculture, Forestry, Fishing & Hunting	135	0.2%	4,826	1.0%	7,416	0.6%	72	0.1%	2,648	0.5%	3,527	0.3%	-63	-46.7%	-2,178	-45.1%	-3,889	-52.4%
Mining, Quarrying, & Oil & Gas Extraction	101	0.2%	214	0.0%	460	0.0%	45	0.1%	173	0.0%	518	0.0%	-56	-55.4%	-41	-19.2%	58	12.6%
Utilities	243	0.4%	3,949	0.8%	6,734	0.5%	265	0.4%	4,708	0.9%	8,027	0.6%	22	9.1%	759	19.2%	1,293	19.2%
80% of Construction	2,430	3.8%	19,734	4.0%	59,472	4.6%	2,415	3.9%	15,042	2.8%	50,078	3.8%	-14	-0.6%	-4,692	-23.8%	-9,394	-15.8%
Public Administration	1,452	2.3%	5,324	1.1%	33,054	2.5%	1,233	2.0%	10,298	1.9%	44,607	3.4%	-219	-15.1%	4,974	93.4%	11,553	35.0%
"Other" Total	***4,361***	***6.8%***	***34,047***	***6.8%***	***107,136***	***8.2%***	***4,030***	***6.5%***	***32,869***	***6.2%***	***106,757***	***8.0%***	***-330***	***-7.6%***	***-1,178***	***-3.5%***	***-379***	***-0.4%***
GRAND TOTAL	***64,334***	***100.0%***	***497,699***	***100.0%***	***1,299,666***	***100.0%***	***62,243***	***100.0%***	***529,847***	***100.0%***	***1,326,589***	***100.0%***	***-2,091***	***-3.3%***	***32,148***	***6.5%***	***26,923***	***2.1%***

Sources: Stanley R. Hoffman Associates, Inc.
U.S. Census Bureau, Longitudinal Employer-Household Dynamics (LEHD)

Table A-2 (2 of 2)
Employment Distribution by Sector: 2002 and 2011
City of Huntington Beach and Surrounding Areas

Employment Category	2002 Los Angeles-Orange County MSA Estimated Emp.	2002 % of Grand Total	2011 Los Angeles-Orange County MSA Estimated Emp.	2011 % of Grand Total	2002-2011 Los Angeles-Orange County MSA Estimated Emp.	2002-2011 % of Grand Total
Professional-Office						
Information	214,386	4.5%	225,621	4.5%	11,235	5.2%
Finance & Insurance	234,535	4.9%	230,418	4.6%	-4,117	-1.8%
Real Estate & Rental & Leasing	98,787	2.1%	103,519	2.1%	4,732	4.8%
Professional, Scientific, & Technical Services	324,112	6.8%	376,434	7.5%	52,322	16.1%
Management of Companies & Enterprises	121,355	2.5%	86,138	1.7%	-35,217	-29.0%
Administration & Support, Waste Management & Remediation	341,739	7.1%	329,037	6.5%	-12,702	-3.7%
Professional-Office Subtotal	***1,334,914***	***27.9%***	***1,351,167***	***26.8%***	***16,253***	***1.2%***
Industrial						
Manufacturing	681,619	14.2%	512,914	10.2%	-168,705	-24.8%
Wholesale Trade	298,522	6.2%	303,668	6.0%	5,146	1.7%
Transportation & Warehousing	175,711	3.7%	175,354	3.5%	-357	-0.2%
20% of Construction	38,695	0.8%	32,299	0.6%	-6,396	-16.5%
Industrial Subtotal	***1,194,547***	***24.9%***	***1,024,235***	***20.3%***	***-170,312***	***-14.3%***
Retail & Personal Services						
Retail Trade	519,893	10.8%	522,444	10.4%	2,551	0.5%
Other Services (excluding Public Administration)	216,055	4.5%	270,746	5.4%	54,691	25.3%
Retail & Personal Services Subtotal	***735,948***	***15.4%***	***793,190***	***15.7%***	***57,242***	***7.8%***
Tourism						
Arts, Entertainment, & Recreation	98,328	2.1%	105,212	2.1%	6,884	7.0%
Accommodation & Food Services	344,975	7.2%	395,792	7.8%	50,817	14.7%
Tourism Subtotal	***443,303***	***9.3%***	***501,004***	***9.9%***	***57,701***	***13.0%***
Education & Health						
Educational Services	363,774	7.6%	440,771	8.7%	76,997	21.2%
Health Care & Social Assistance	413,362	8.6%	559,558	11.1%	146,196	35.4%
Education & Health Subtotal	***777,136***	***16.2%***	***1,000,329***	***19.8%***	***223,193***	***28.7%***
Other						
Agriculture, Forestry, Fishing & Hunting	15,542	0.3%	9,759	0.2%	-5,783	-37.2%
Mining, Quarrying, & Oil & Gas Extraction	2,975	0.1%	4,737	0.1%	1,762	59.2%
Utilities	35,375	0.7%	38,341	0.8%	2,966	8.4%
80% of Construction	154,779	3.2%	129,197	2.6%	-25,582	-16.5%
Public Administration	97,330	2.0%	194,892	3.9%	97,562	100.2%
"Other" Total	***306,001***	***6.4%***	***376,926***	***7.5%***	***70,925***	***23.2%***
GRAND TOTAL	***4,791,849***	***100.0%***	***5,046,851***	***100.0%***	***255,002***	***5.3%***

Sources: Stanley R. Hoffman Associates, Inc.
U.S. Census Bureau, Longitudinal Employer-Household Dynamics (LEHD)

Table A-3
Annual Average Wages by Sector: 2002 to 2011
City of Huntington Beach and Orange County
(In Nominal Dollars)

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
HUNTINGTON BEACH [1]											
11	Agriculture, Forestry, Fishing & Hunting	$21,862	$20,873	$22,952	$24,565	$25,590	$26,270	$25,758	$24,398	$24,475	$23,141
21	Mining	47,857	62,749	62,626	69,352	84,486	106,433	90,044	94,512	100,976	106,028
22	Utilities	n/a	n/a	79,036	n/a	n/a	87,727	n/a	87,804	79,723	89,073
23	Construction	38,195	39,378	39,358	42,160	44,390	47,317	49,135	47,558	47,427	49,407
31-33	Manufacturing	52,728	53,799	62,874	63,266	69,578	68,420	71,109	74,502	77,818	80,003
42	Wholesale Trade	56,165	61,438	64,316	68,252	72,623	92,011	89,345	79,655	79,820	86,115
44-45	Retail Trade	26,205	27,520	29,611	30,813	30,830	30,415	29,616	30,566	31,699	32,918
48-49	Transportation & Warehousing	39,051	38,612	41,051	43,335	43,743	40,421	42,227	42,099	45,127	47,108
51	Information	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
52	Finance & Insurance	50,993	59,275	57,811	57,812	57,481	54,585	54,582	54,672	61,197	57,936
53	Real Estate & Rental & Leasing	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
54	Professional, Scientific, & Technical Skills	48,843	48,030	50,346	52,739	54,036	57,233	58,759	57,625	59,665	66,124
55	Management Of Companies & Enterprises	43,329	54,898	58,106	63,020	61,704	73,687	90,038	85,119	93,147	70,424
56	Admin & Support & Waste Mgmt & Remediation	25,833	25,299	29,517	27,634	29,050	30,619	34,662	37,720	38,317	37,460
61	Educational Services	20,396	21,495	20,114	20,779	22,279	26,243	28,508	28,646	29,457	29,451
62	Health Care & Social Assistance	38,349	38,426	38,945	40,015	41,091	41,847	43,552	45,235	44,394	45,934
71	Arts, Entertainment, & Recreation	27,960	27,613	28,249	30,447	28,698	23,968	27,458	18,731	18,747	20,731
72	Accommodation & Food Services	13,569	14,339	15,215	16,024	16,190	17,374	17,558	17,246	17,786	18,693
81	Other Services	26,076	26,541	27,187	28,074	27,295	28,652	26,470	26,091	25,773	27,128
Federal	Federal Govt	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
State	State Govt	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Local	Local Govt	38,904	42,378	42,321	44,932	46,092	49,162	51,216	52,794	52,191	53,950
	All Sectors	**$39,456**	**$39,946**	**$43,115**	**$44,599**	**$46,557**	**$47,886**	**$48,782**	**$48,953**	**$49,632**	**$50,735**
ORANGE COUNTY											
11	Agriculture, Forestry, Fishing & Hunting	$22,620	$23,400	$24,180	$25,584	$26,104	$27,456	$27,040	$26,468	$24,856	$26,052
21	Mining	65,052	62,816	68,224	66,404	69,212	67,808	66,820	66,196	80,080	92,924
22	Utilities	74,828	74,724	86,996	91,832	93,340	96,356	90,116	92,768	95,628	98,696
23	Construction	44,304	46,332	47,164	49,712	52,936	55,796	58,136	57,772	56,784	57,876
31-33	Manufacturing	46,280	49,868	52,936	54,808	59,124	60,320	60,580	61,360	65,000	65,884
42	Wholesale Trade	56,576	58,604	62,296	63,752	67,652	71,448	72,540	72,592	74,932	78,104
44-45	Retail Trade	29,744	30,056	30,368	31,564	32,084	33,228	32,552	32,188	32,968	33,956
48-49	Transportation & Warehousing	33,852	36,504	39,520	40,300	42,848	43,420	43,992	46,020	45,344	45,708
51	Information	57,564	58,864	63,388	64,428	67,496	70,200	76,336	74,776	81,276	81,640
52	Finance & Insurance	69,628	75,764	81,120	86,320	85,020	88,140	87,620	84,292	92,664	97,032
53	Real Estate & Rental & Leasing	46,280	48,672	52,104	54,964	57,356	59,176	58,292	55,224	56,524	58,136
54	Professional, Scientific, & Technical Skills	61,932	62,452	63,180	66,196	70,304	73,996	78,416	77,064	79,872	80,912
55	Management Of Companies & Enterprises	57,356	61,100	69,212	73,840	85,176	78,312	84,188	84,396	87,256	89,856
56	Admin & Support & Waste Mgmt & Remediation	26,884	27,092	29,380	29,692	31,252	33,332	35,100	36,296	36,400	37,076
61	Educational Services	31,044	31,824	32,240	33,748	34,268	34,112	34,996	37,076	37,076	37,024
62	Health Care & Social Assistance	39,676	40,404	42,328	44,200	45,812	47,372	48,568	49,296	50,284	51,532
71	Arts, Entertainment, & Recreation	23,556	25,792	25,948	27,040	28,132	28,080	28,600	28,444	29,432	29,432
72	Accommodation & Food Services	15,548	16,120	16,692	17,264	17,888	19,136	19,396	19,084	19,500	19,916
81	Other Services	25,168	25,584	26,728	28,028	28,860	29,744	28,808	27,508	27,612	28,392
Federal	Federal Govt	52,997	53,924	57,860	60,846	63,333	63,881	65,069	64,712	67,251	71,938
State	State Govt	44,896	47,602	48,312	50,005	52,385	55,556	58,731	59,194	58,394	61,606
Local	Local Govt	43,101	46,388	47,009	48,215	63,422	66,852	69,198	56,851	56,584	58,030
	All Sectors	**$41,236**	**$43,212**	**$45,396**	**$47,216**	**$49,140**	**$50,804**	**$51,376**	**$51,584**	**$52,676**	**$53,924**
HUNTINGTON BEACH AS % OF ORANGE COUNTY											
11	Agriculture, Forestry, Fishing & Hunting	96.7%	89.2%	94.9%	96.0%	98.0%	95.7%	95.3%	92.2%	98.5%	88.8%
21	Mining	73.6%	99.9%	91.8%	104.4%	122.1%	157.0%	134.8%	142.8%	126.1%	114.1%
22	Utilities	n/a	n/a	90.9%	n/a	n/a	91.0%	n/a	94.6%	83.4%	90.2%
23	Construction	86.2%	85.0%	83.4%	84.8%	83.9%	84.8%	84.5%	82.3%	83.5%	85.4%
31-33	Manufacturing	113.9%	107.9%	118.8%	115.4%	117.7%	113.4%	117.4%	121.4%	119.7%	121.4%
42	Wholesale Trade	99.3%	104.8%	103.2%	107.1%	107.3%	128.8%	123.2%	109.7%	106.5%	110.3%
44-45	Retail Trade	88.1%	91.6%	97.5%	97.6%	96.1%	91.5%	91.0%	95.0%	96.2%	96.9%
48-49	Transportation & Warehousing	115.4%	105.8%	103.9%	107.5%	102.1%	93.1%	96.0%	91.5%	99.5%	103.1%
51	Information	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
52	Finance & Insurance	73.2%	78.2%	71.3%	67.0%	67.6%	61.9%	62.3%	64.9%	66.0%	59.7%
53	Real Estate & Rental & Leasing	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
54	Professional, Scientific, & Technical Skills	78.9%	76.9%	79.7%	79.7%	76.9%	77.3%	74.9%	74.8%	74.7%	81.7%
55	Management Of Companies & Enterprises	75.5%	89.8%	84.0%	85.3%	72.4%	94.1%	106.9%	100.9%	106.8%	78.4%
56	Admin & Support & Waste Mgmt & Remediation	96.1%	93.4%	100.5%	93.1%	93.0%	91.9%	98.8%	103.9%	105.3%	101.0%
61	Educational Services	65.7%	67.5%	62.4%	61.6%	65.0%	76.9%	81.5%	77.3%	79.5%	79.5%
62	Health Care & Social Assistance	96.7%	95.1%	92.0%	90.5%	89.7%	88.3%	89.7%	91.8%	88.3%	89.1%
71	Arts, Entertainment, & Recreation	118.7%	107.1%	108.9%	112.6%	102.0%	85.4%	96.0%	65.9%	63.7%	70.4%
72	Accommodation & Food Services	87.3%	88.9%	91.2%	92.8%	90.5%	90.8%	90.5%	90.4%	91.2%	93.9%
81	Other Services	103.6%	103.7%	101.7%	100.2%	94.6%	96.3%	91.9%	94.8%	93.3%	95.5%
Federal	Federal Govt	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
State	State Govt	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Local	Local Govt	90.3%	91.4%	90.0%	93.2%	72.7%	73.5%	74.0%	92.9%	92.2%	93.0%
	All Sectors	**95.7%**	**92.4%**	**95.0%**	**94.5%**	**94.7%**	**94.3%**	**95.0%**	**94.9%**	**94.2%**	**94.1%**

1. Huntington Beach defined as ZIP Codes 92646, 92647, 92648 and 92649.

Sources: Stanley R. Hoffman Associates, Inc.
California Employment Development Department (EDD)

APPENDIX B
PROJECT REFERENCES

City of Huntington Beach

Fred Wilson, City Manager
714.536.5482
fwilson@surfcity-hb.org

Ken Domer, Assistant City Manager
714.536.5482
ken.domer@surfcity-hb.org

Kellee Fritzal, Deputy Director of Business Development
714.374.1519
kfritzal@surfcity-hb.org

Other Attendees at Kick-off/Review Meetings:

Jennifer Villasenor, Acting Planning Manager
Mary Beth Broeren, Former Planning Manager
Alisa Cutchen, City Treasurer
Marilyn Goldstein, Purchasing
Luis Gomez, Real Estate
Tom Herbel, City Engineer
Scott Hess, Planning and Building Director
Corrine Hoffman, Business License
Janeen Laudenback, Community Services Director
Jennifer McGrath, City Attorney
Patrick McIntosh, Fire Chief
Bill Reardon, Deputy Fire Chief
Simone Slifman, Economic Development Project Manager
Kenneth Small, Former Police Chief

Waronzof Associates, Inc.

Brian Gross, Senior Associate
310.322.7744
bgross@waronzof.com