



# Economic Development Strategy

*Originally Prepared: September 2013*

*Updated: April 2016*

*Current: October 2018*

**Prepared By:**  
***Kosmont Companies***

# Project Background & Status

- Kosmont was retained in 2013 by the City for the preparation and initial implementation of an Economic Development Strategy and Implementation Plan with updates and a current version prepared in October 2018
- The purpose of the Strategy and Plan is to evaluate existing economic conditions and effectuate the Strategy to successfully promote economic growth within the City
- An overview of the Strategy is presented herein

## 1. Analysis

- a) Economic & Demographic Profile
- b) Market Demand Analysis

## 2. Strategy

- a) Economic Development SWOT Evaluation
- b) Focused Opportunity Site Assessment: Avenue of Flags

## 3. Implementation

- a) Summary of Findings
- b) Financing & Incentives
- c) Next Steps

## 1. Analysis

### a) Economic & Demographic Profile

- i. *Population & Household Demographics*
- ii. *Unemployment & Employment by Industry*

### b) Market Demand Analysis

- i. *Supply, Vacancy & Lease Rates (Retail, Office, Industrial, & Multifamily Uses)*
- ii. *Taxable Retail Sales Surplus/Leakage Analysis*
- iii. *Retail Sales Performance*
- iv. *Retail Sales Surplus / Leakage*

## Economic & Demographic Profile

*Population & Household Demographics*

# Demographic Highlights

## Population & Households

- Population of ~5,250 and ~1,900 households within City in 2018
- Population of ~23,450 and ~9,000 HH's within 10 miles of 246 & Ave of Flags

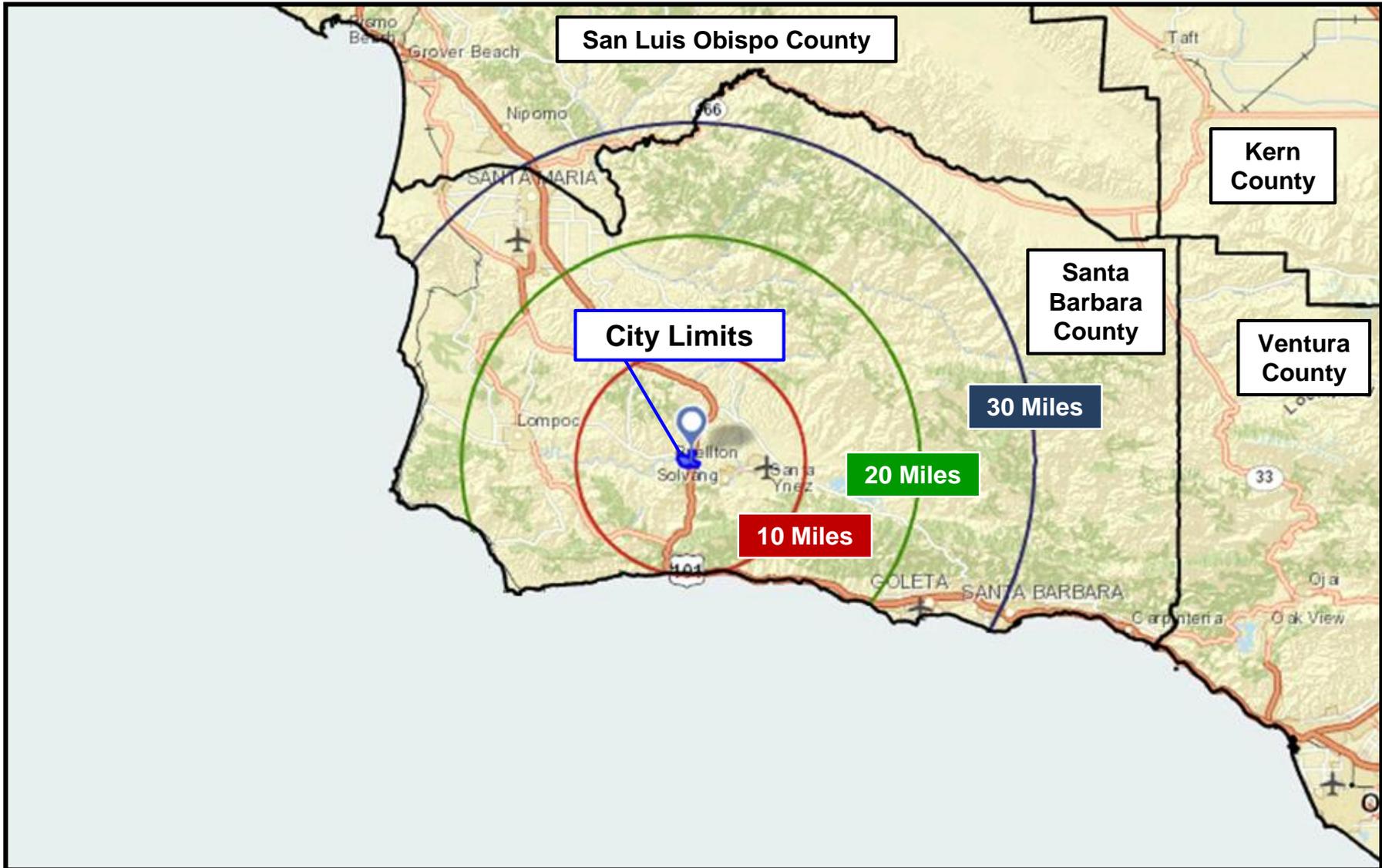
## Income

- Avg. HH income ~**\$102,300** in City and ~**\$131,200** within 10 miles
- 3.0% annual growth projected for HH income over next 5 years in City and 3.1% annual growth projected for HH income over next 5 years within 10 miles

## Other Demographic Characteristics

- Average household size of 2.8 in City and 2.6 within 10 miles (relatively small)
- Mostly owner-occupied households (67%), newer housing (23% built 2000 and later), and large mobile home population (20%)
- Median age of 40 in City and 46 within 10 miles (older)
- 78% (approx.) white race in City

# City Limits & Radii (from Hwy 246 and Ave of Flags)



**Note:** Radii centered at Hwy 246 and Ave of the Flags; **Source:** ESRI (2018)

# Drive Times (from Hwy 246 and Ave of Flags)



**Note:** Drive times centered at Hwy 246 and Ave of the Flags; **Source:** ESRI (2018)

# Drive Time Detail (from Hwy 246 and Ave of Flags)



**Note:** Radii centered at Hwy 246 and Ave of the Flags; **Source:** ESRI (2018)

# Population and Income

## *City, County and State*

<u>2018</u>	City of Buellton	County of Santa Barbara	State of California
<b>Population</b>	5,253	450,587	39,806,791
<b>Households</b>	1,906	150,199	13,336,104
<b>Average HH Size</b>	2.76	2.88	2.92
<b>Median Age</b>	40.0	34.9	36.2
<b>% Hispanic Origin</b>	34.7%	46.0%	39.6%
<b>Per Capita Income</b>	\$36,998	\$34,278	\$34,254
<b>Median HH Income</b>	\$89,317	\$68,983	\$69,051
<b>Average HH Income</b>	\$102,328	\$100,205	\$100,620
<b><u>2018-2023 Annual Growth Rate</u></b>			
<b>Population</b>	1.27%	0.76%	0.82%
<b>Median HH Income</b>	2.97%	3.18%	3.47%

Source: ESRI (2018)

# Population and Income Radii from Hwy 246 & Ave of Flags

	Radii		
<b>2018</b>	<b>10 Miles</b>	<b>20 Miles</b>	<b>30 Miles</b>
<b>Population</b>	23,441	82,843	350,438
<b>Households</b>	8,981	28,664	112,743
<b>Average HH Size</b>	2.56	2.76	2.97
<b>Median Age</b>	46.4	39.0	34.2
<b>% Hispanic Origin</b>	28.5%	42.1%	45.9%
<b>Per Capita Income</b>	\$51,136	\$34,558	\$32,026
<b>Median HH Income</b>	\$93,755	\$68,395	\$67,762
<b>Average HH Income</b>	\$131,248	\$97,115	\$96,837
<b><u>2018-2023 Annual Growth Rate</u></b>			
<b>Population</b>	1.09%	0.85%	0.79%
<b>Median HH Income</b>	3.10%	3.02%	3.18%

Source: ESRI (2018)

# Population and Income

## *Drive Times from Hwy 246 & Ave of Flags*

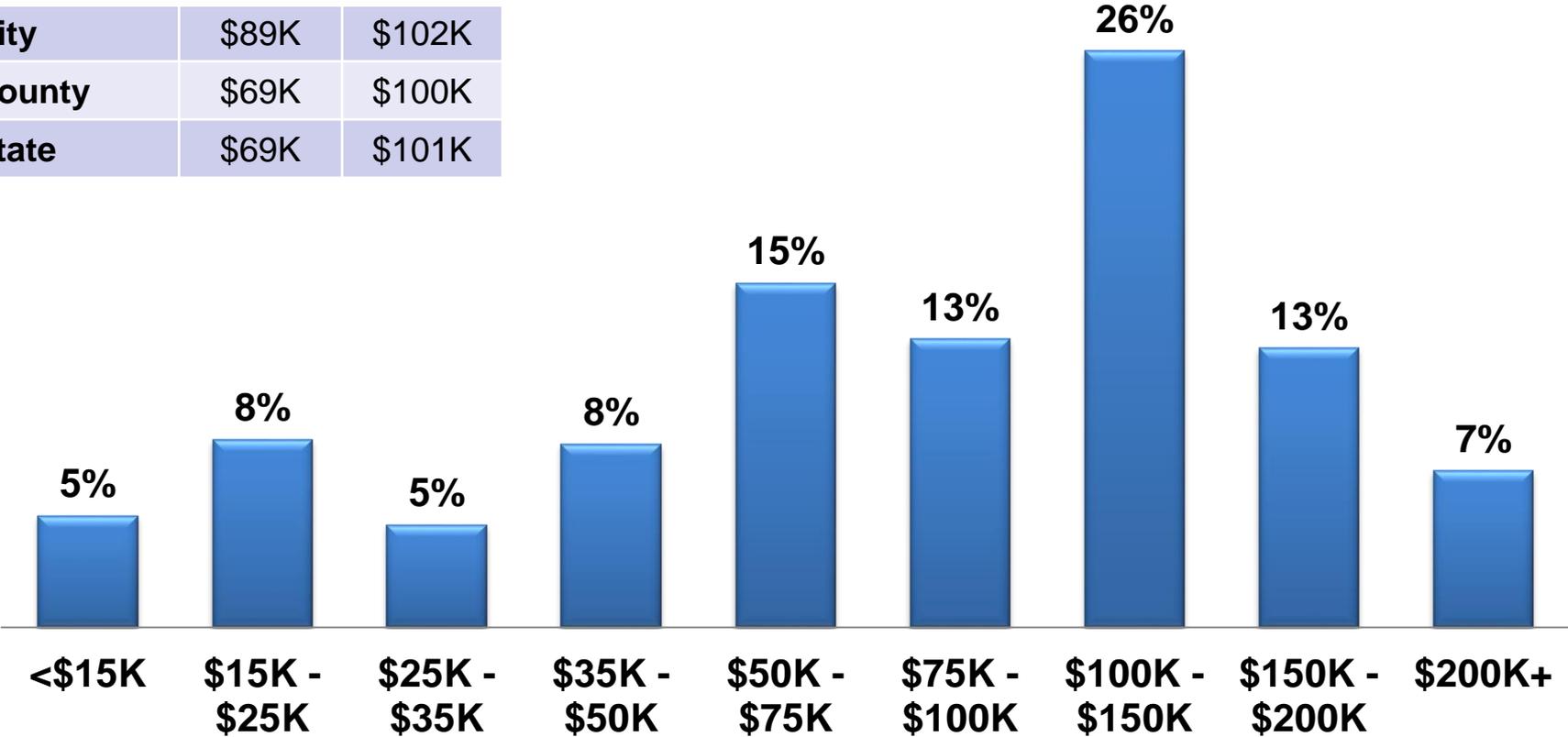
	Drive Times		
<b><u>2018</u></b>	<b>10 Minutes</b>	<b>20 Minutes</b>	<b>30 Minutes</b>
<b>Population</b>	7,655	21,226	92,035
<b>Households</b>	2,808	8,139	32,007
<b>Average HH Size</b>	2.71	2.57	2.76
<b>Median Age</b>	39.8	45.8	38.4
<b>% Hispanic Origin</b>	38.9%	28.8%	40.4%
<b>Per Capita Income</b>	\$38,378	\$50,262	\$33,542
<b>Median HH Income</b>	\$80,839	\$93,839	\$68,990
<b>Average HH Income</b>	\$101,081	\$129,908	\$94,753
<b><u>2018-2023 Annual Growth Rate</u></b>			
<b>Population</b>	1.24%	1.10%	0.81%
<b>Median HH Income</b>	4.31%	3.12%	2.92%

Source: ESRI (2018)

# Income Profile

**City of Buellton – 2018 Households by Income Bracket**

HH Income	Median	Avg.
City	\$89K	\$102K
County	\$69K	\$100K
State	\$69K	\$101K

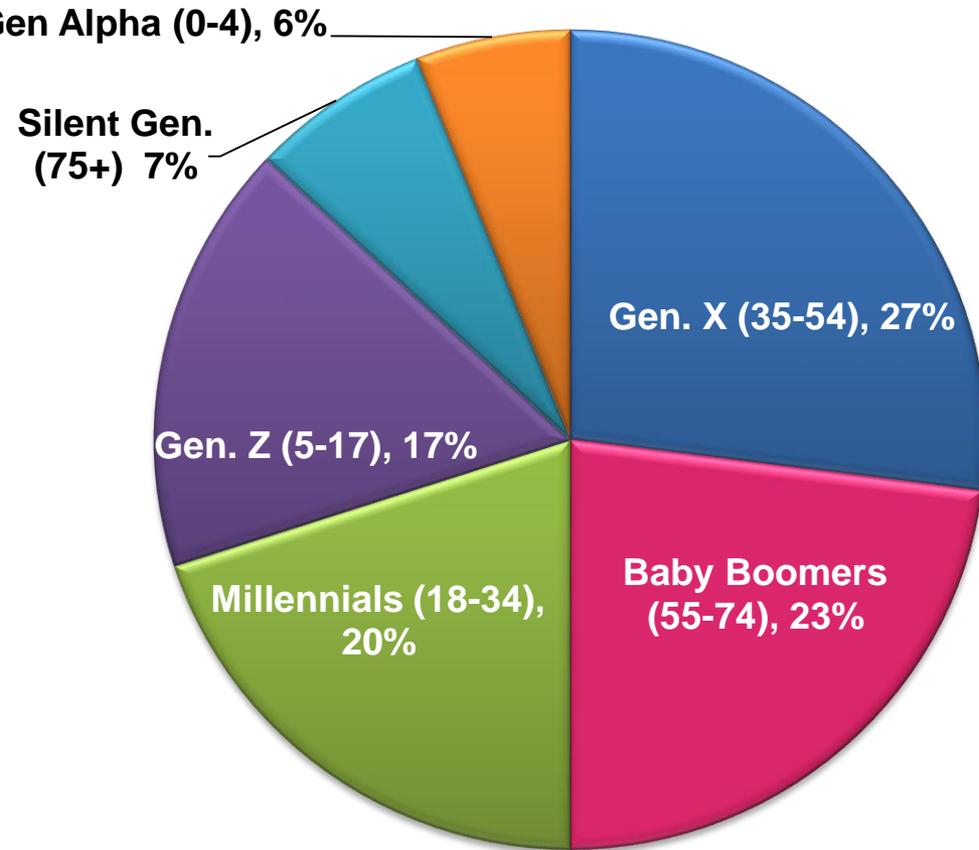


Source: ESRI (2018)



# Age Profile

## City of Buellton Population by Age Bracket in 2018



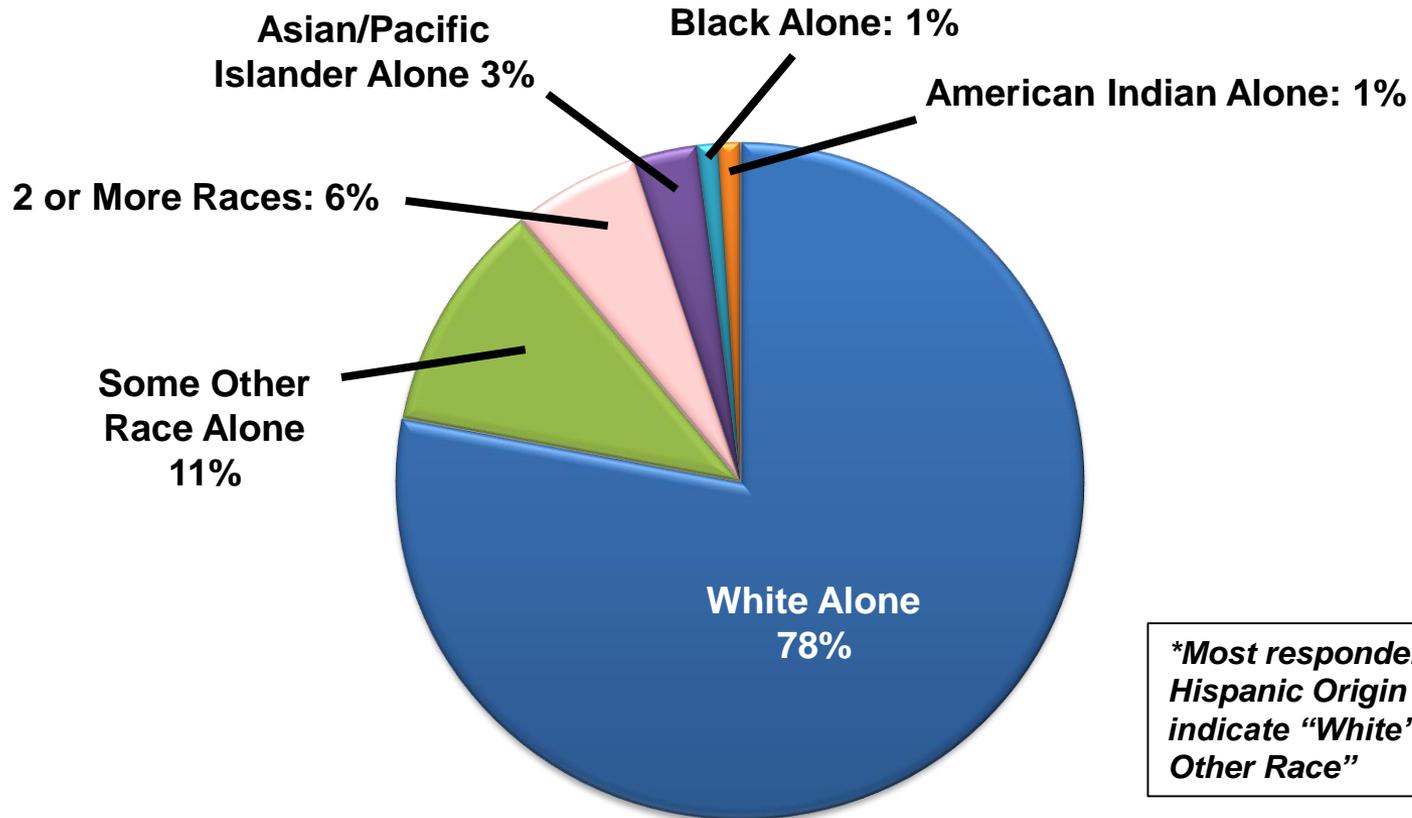
Region	Median Age
City	40.0
County	34.9
State	36.2

Generation	Population (2018)
Gen. X (35-54 years old)	1,424
Baby Boomers (55-74 years old)	1,198
Millennials (18-34 years old)	1,040
Gen. Z (5-17 years old)	914
Silent Gen. (75+ years old)	362
Gen. Alpha (0-4 years old)	315
<b>TOTAL POPULATION</b>	<b>5,253</b>

Source: ESRI (2018)

# Race & Ethnicity

## City Population by Race & Ethnicity in 2018



**Hispanic Origin of Any Race: 35%**

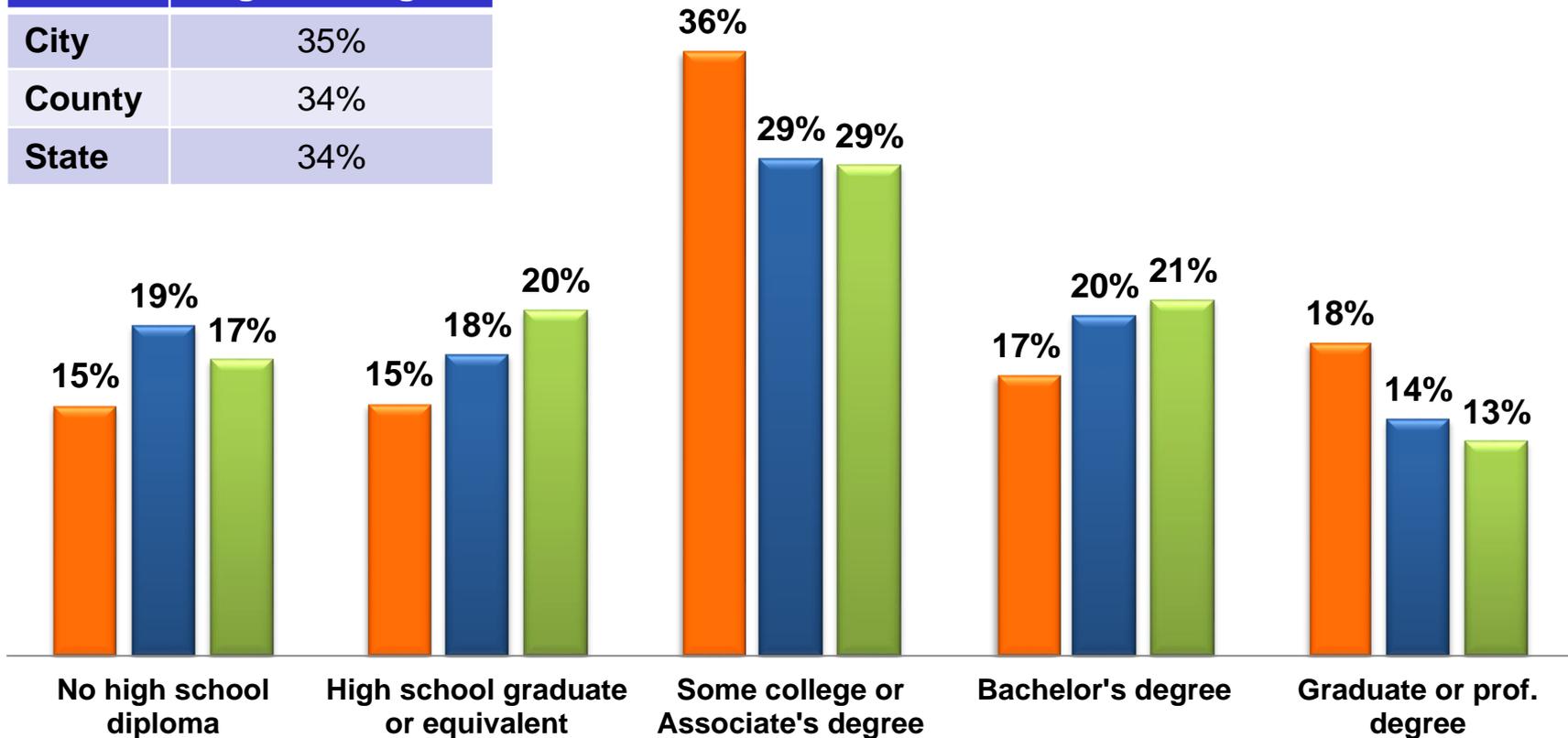
**Note:** U.S. Census Bureau defines race and ethnicity as two separate and distinct identities. One Census question asks respondents which socio-political race (of categories in pie chart above) they associate most closely with, and a separate question asks whether they associate with "Hispanic, Latino, or Spanish origin" or not (defined as ethnicity).

**Source:** ESRI (2018)

# Educational Attainment

## Population Aged 25+ by Educational Attainment in 2018

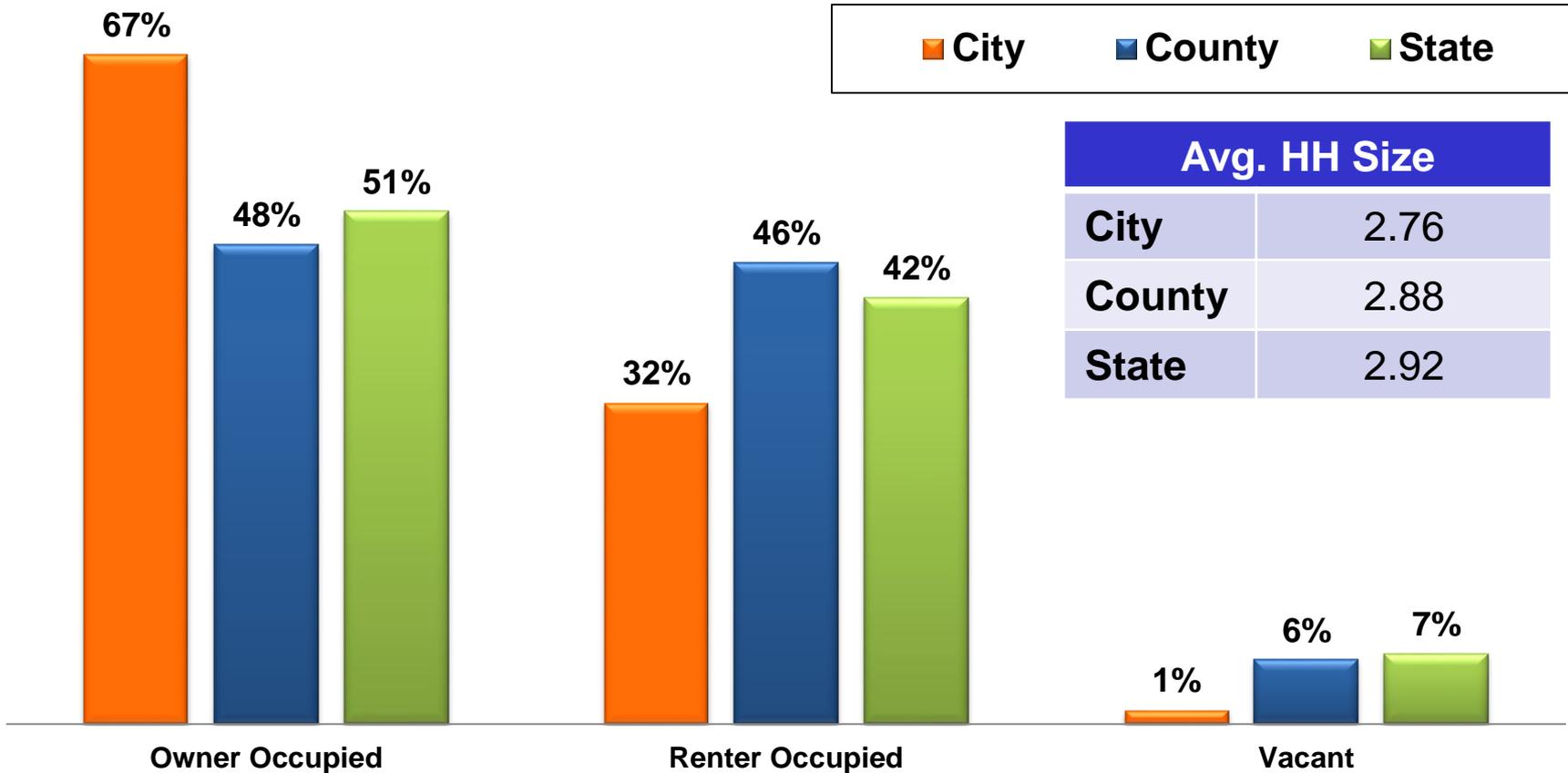
	% Bachelor's Degree or Higher
City	35%
County	34%
State	34%



Source: ESRI (2018)

# Housing & Household Size

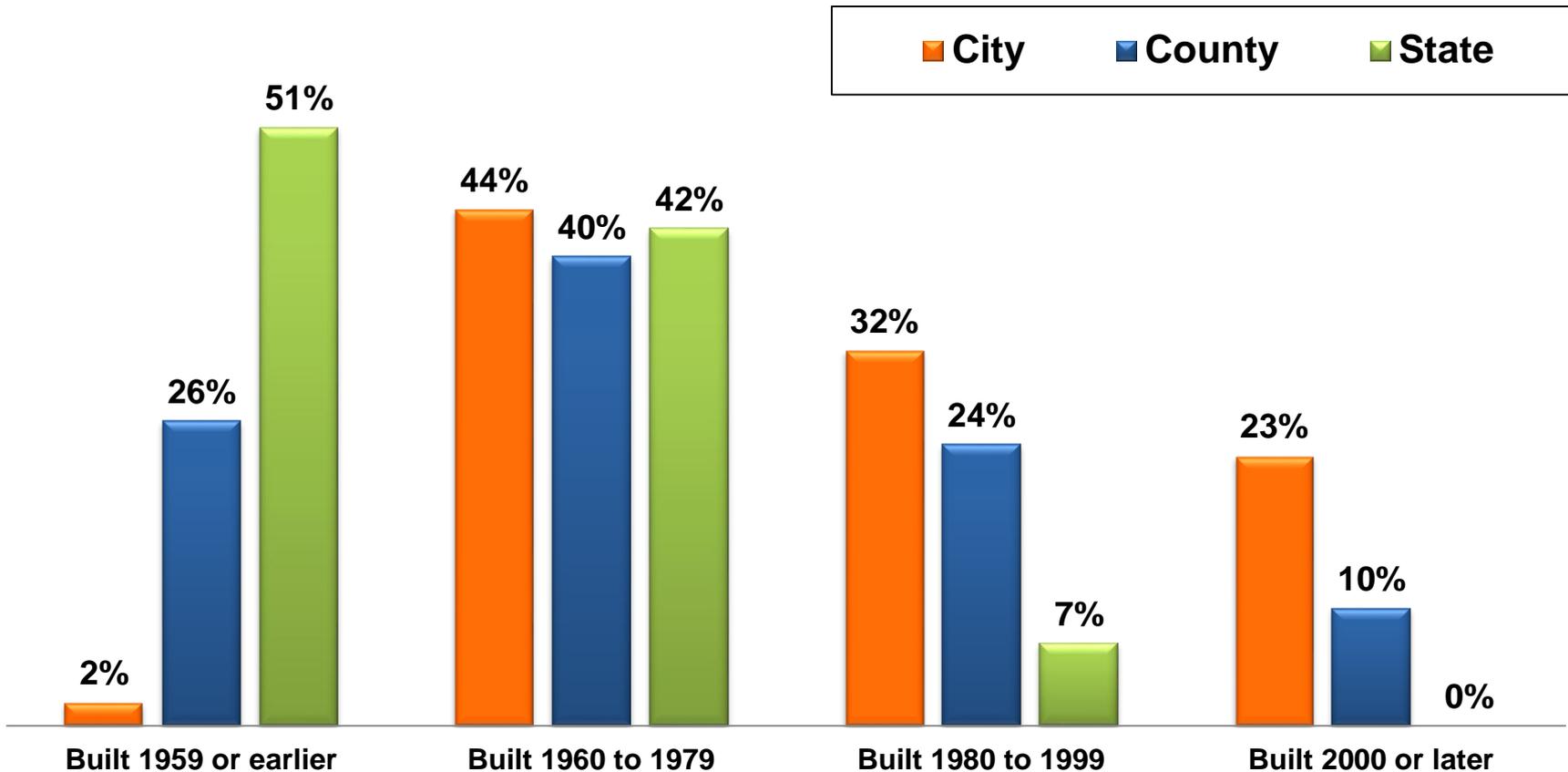
## Housing Breakdown (2018)



Source: ESRI (2018)

# Age of Housing

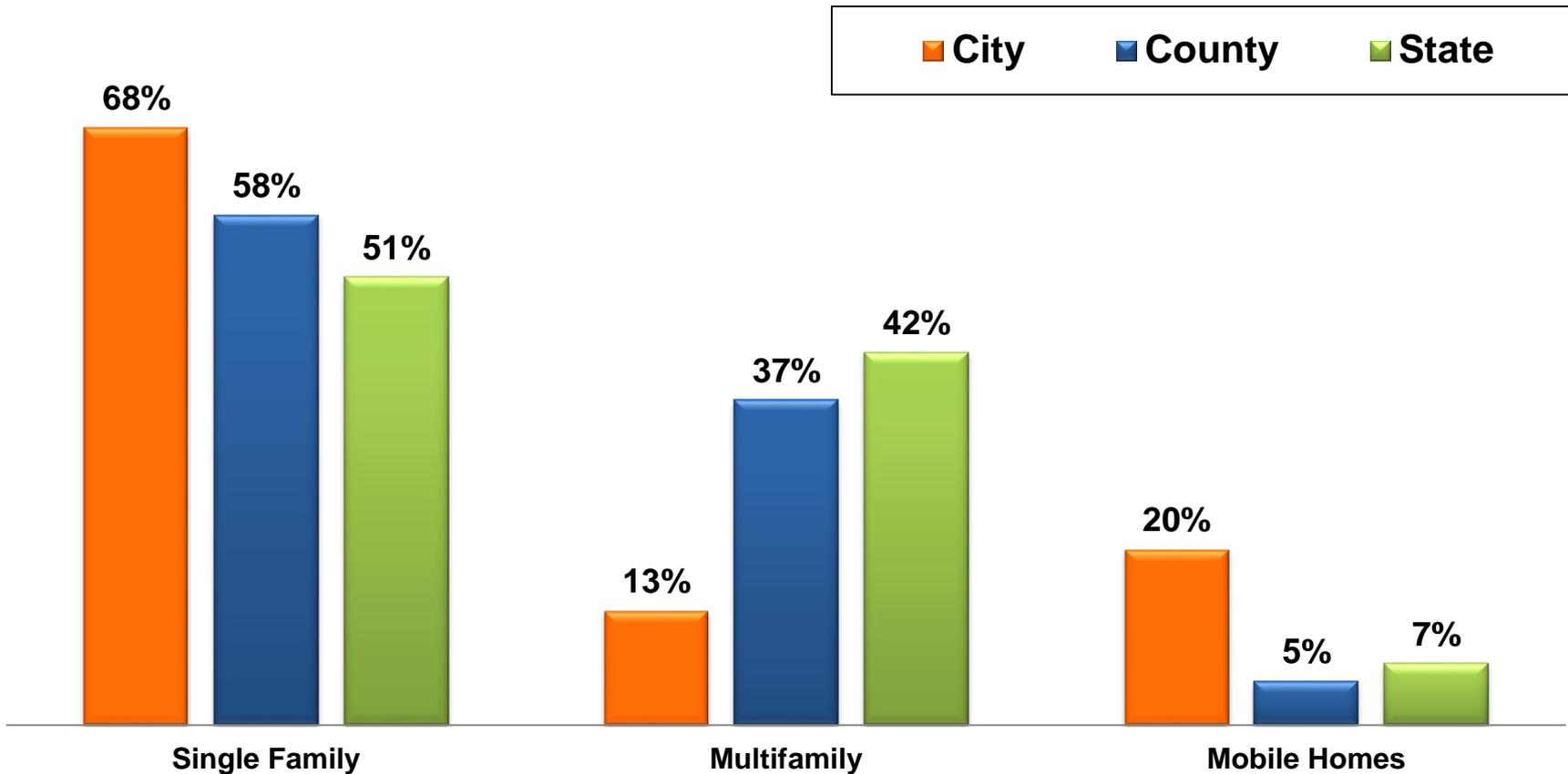
## Housing Units (2018)



Source: ESRI (2018)

# Types of Housing

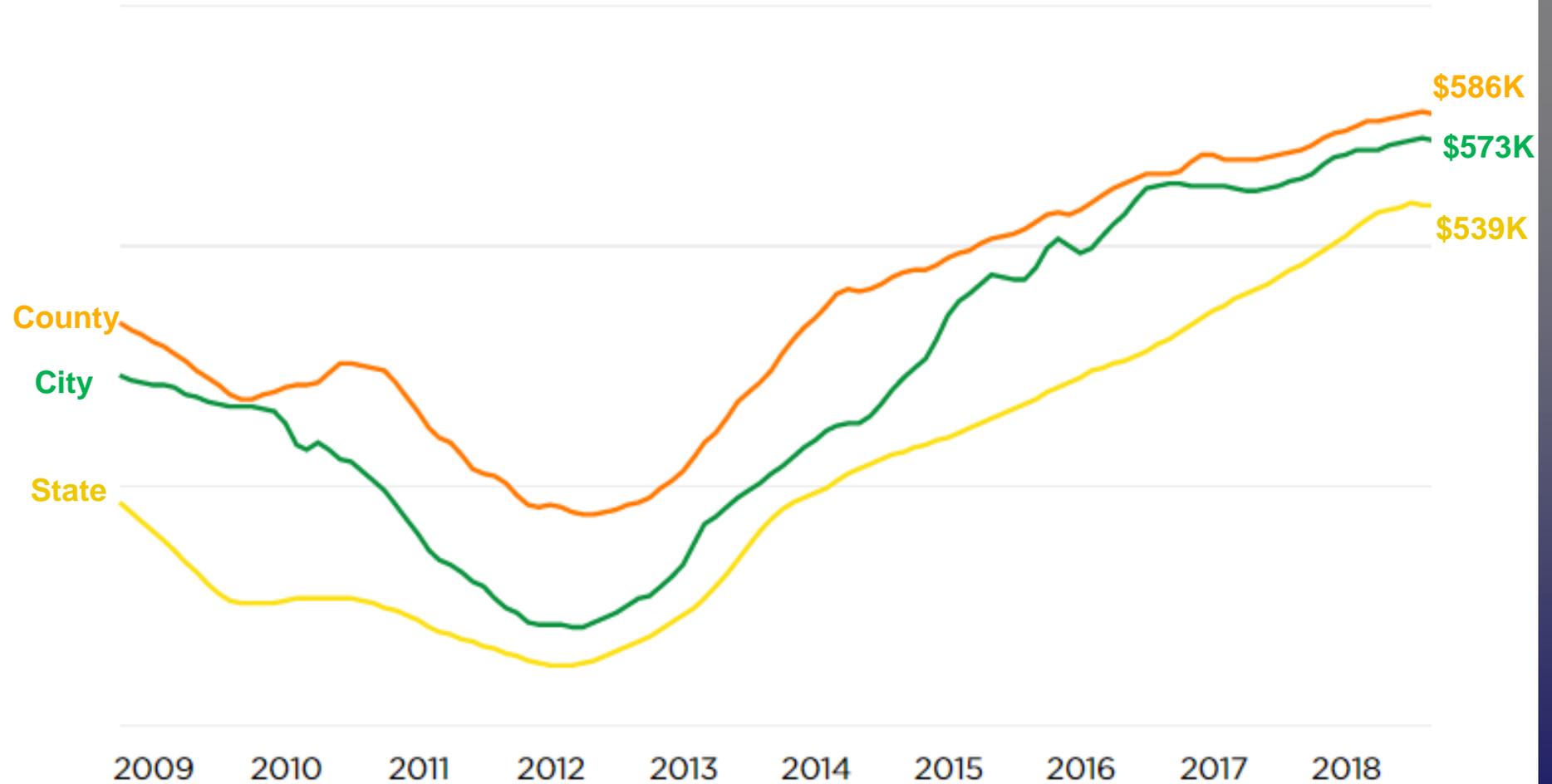
## Housing Units (2018)



Source: ESRI (2018)

# Home Value History

## Zillow Home Value Index



# Current Home Value Comparison

Home Value Index	September 2018	Year-Over-Year
Mission Canyon	\$1,381,000	5.9%
Santa Barbara	\$1,159,000	9.6%
Carpinteria	\$848,000	3.1%
Santa Ynez	\$848,000	3.8%
Goleta	\$809,000	3.2%
Solvang	\$768,000	6.7%
<b>Santa Barbara County</b>	<b>\$586,000</b>	<b>3.3%</b>
<b>Buellton</b>	<b>\$573,000</b>	<b>3.7%</b>
Los Alamos	\$550,000	-0.6%
<b>California</b>	<b>\$539,000</b>	<b>6.1%</b>
Santa Maria	\$378,000	5.0%
Lompoc	\$340,000	4.9%
Guadalupe	\$313,000	12.7%

Source: Zillow.com (September 2018)

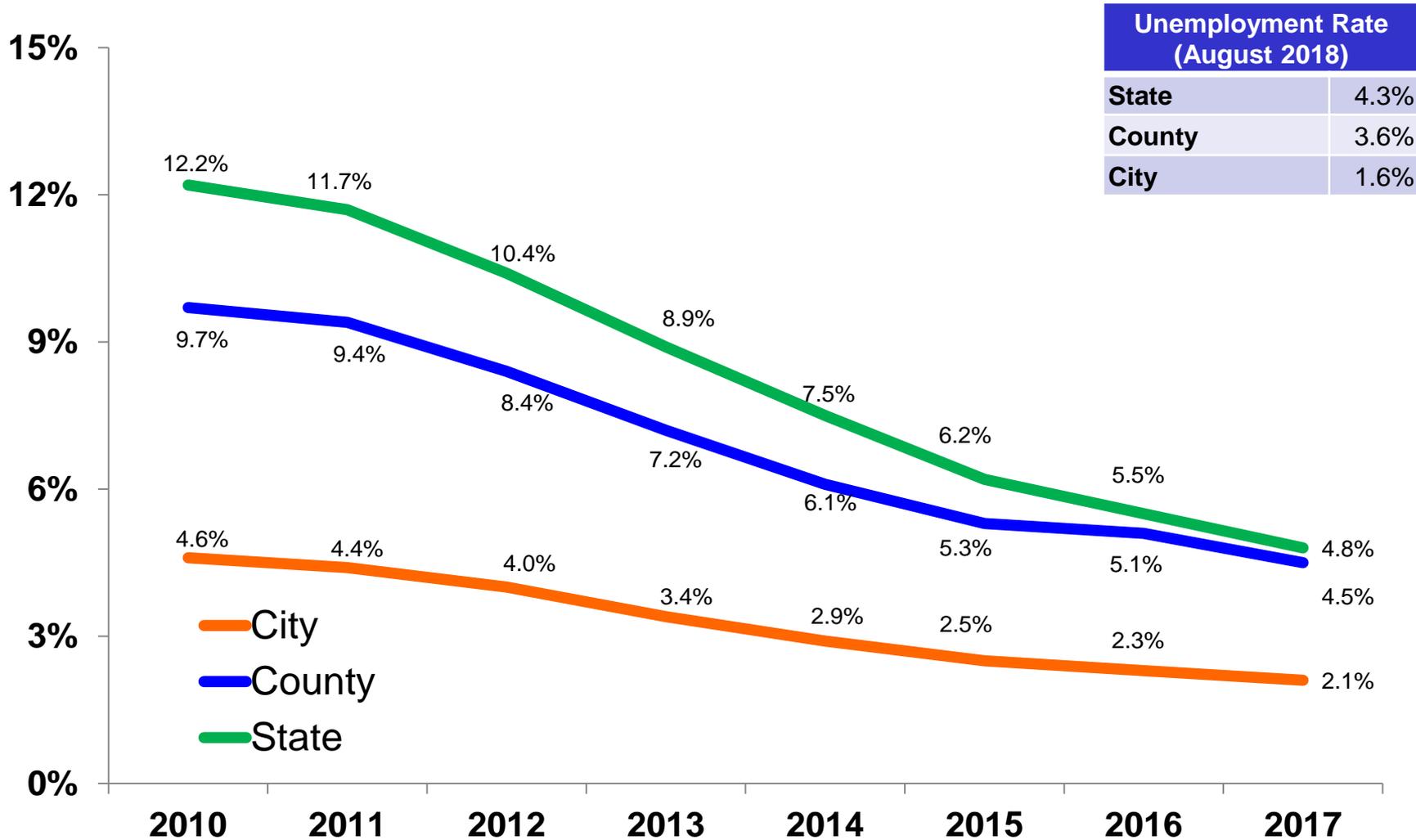
# Summary: Population and Household Demographics

- Older population - median age of 40.0 in City (older than County and State median ages)
- Majority of Buellton's population is White (78%); Households are predominantly white, owner-occupied, white collar, and high income
- Average household size of 2.76 is smaller than both Santa Barbara County and State average household sizes; Average household income for the City is higher than the County and higher than the State average household income
- Educational attainment in Buellton is also higher than that of the County and State, with a sizable population (35%) of residents completing a bachelor's degree or higher

## Economic & Demographic Profile

*Unemployment & Employment by Industry*

# Unemployment

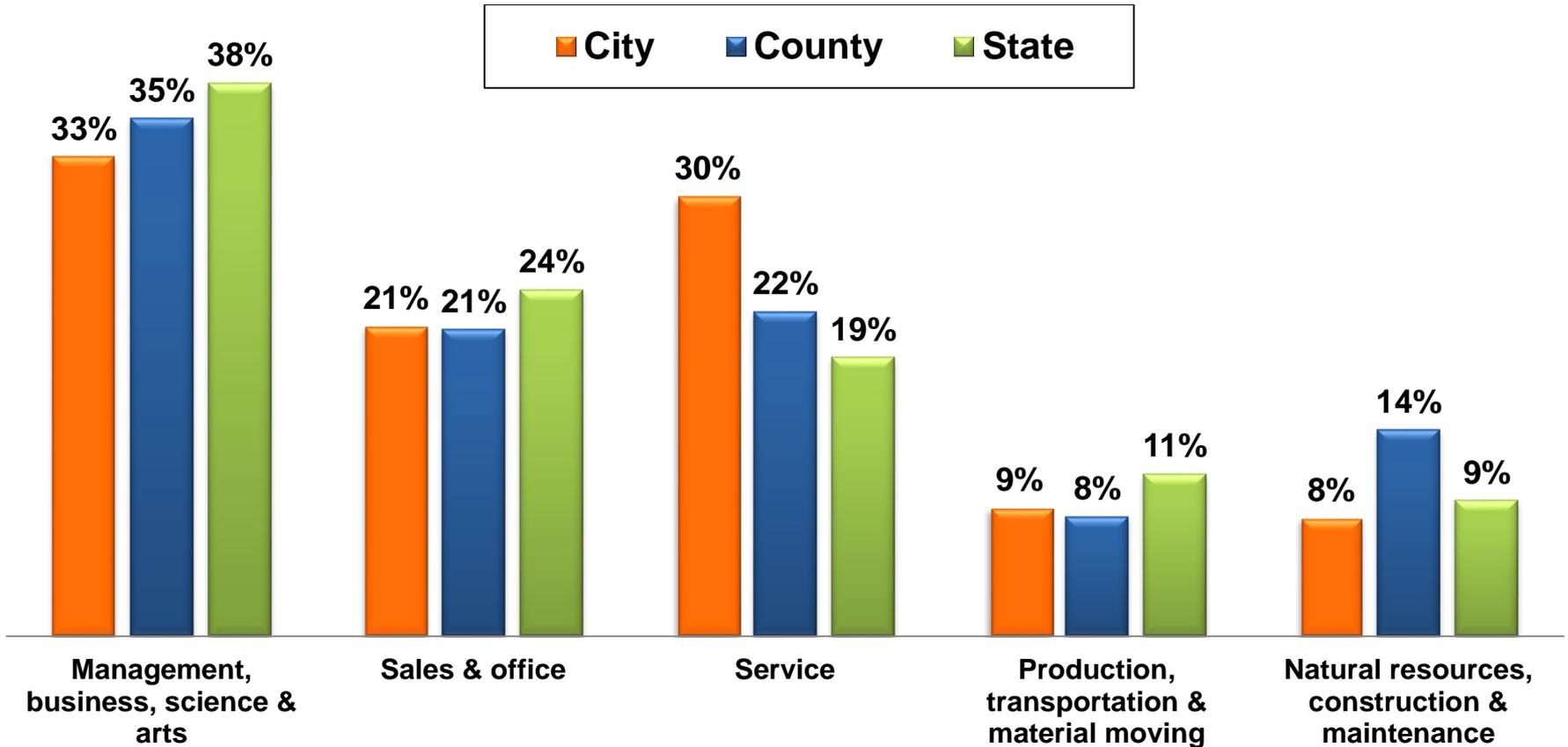


Note: Not seasonally adjusted; annual averages for 2010-2017

Source: California Employment Development Department (2018)

# Resident Employment by Occupation

Civilian Employed Population Age 16+ by Occupation



Source: ESRI (2018)

# Employment Projections by Industry

## Santa Barbara County

Industry	2014	2024	Annual Growth 2014-24	Total Growth 2014-24	Total Change 2014-24
Professional and Business Services	243,900	282,000	1.6%	15.6%	38,100
Accommodation and Food Services	112,400	135,300	2.0%	20.4%	22,900
Health Care and Social Assistance	99,000	120,900	2.2%	22.1%	21,900
Information	54,600	64,900	1.9%	18.9%	10,300
Educational Services (Private)	27,000	32,400	2.0%	20.0%	5,400
Construction	36,100	40,400	1.2%	11.9%	4,300
Retail Trade	79,600	83,400	0.5%	4.8%	3,800
Transportation, Warehousing, and Utilities	39,700	42,500	0.7%	7.1%	2,800
Manufacturing	35,600	36,900	0.4%	3.7%	1,300
Mining and Logging	100	100	0.0%	0.0%	0
Other Services	39,600	39,200	(0.1%)	(1.0%)	(400)
Financial Activities	70,800	70,000	(0.1%)	(1.1%)	(800)
Government	120,700	119,200	(0.1%)	(1.2%)	(1,500)
Wholesale Trade	25,600	19,600	(2.3%)	(23.4%)	(6,000)
<b>Total Nonfarm</b>	<b>1,003,400</b>	<b>1,108,600</b>	<b>1.0%</b>	<b>10.5%</b>	<b>105,200</b>
Total Farm	1,900	1,300	(3.2%)	(31.6%)	(600)
Other	78,300	83,500	0.7%	6.6%	5,200
<b>Total Employment</b>	<b>1,083,600</b>	<b>1,193,400</b>	<b>1.0%</b>	<b>10.1%</b>	<b>109,800</b>

Source: California Employment Development Department, U.S. Bureau of Labor Statistics (2014)

# Employment by Industry

## City Resident Employed Population (Age 16+)

Accommodation and Food Services	16.6%
Retail Trade	10.4%
Manufacturing	10.1%
Health Care and Social Assistance	10.0%
Educational Services	9.4%
Agriculture, Forestry, Fishing, and Hunting	6.3%
Professional, Scientific, and Tech. Services	5.7%
Public Administration	4.5%
Administration and Support, Waste Mgmt.	4.4%
Wholesale Trade	4.0%
Construction	3.9%
Other Services (excl. Public Admin.)	3.2%
Information	2.6%
Arts, Entertainment, and Recreation	1.9%
Real Estate and Rental/Leasing	1.8%
Finance and Insurance	1.6%
Transportation and Warehousing	1.4%
Utilities	0.9%
Mgmt. of Companies and Enterprises	0.8%
Mining, Quarrying, Oil and Gas Extraction	0.4%

### *“Industries in which City residents work”*

## Workers Employed Within City

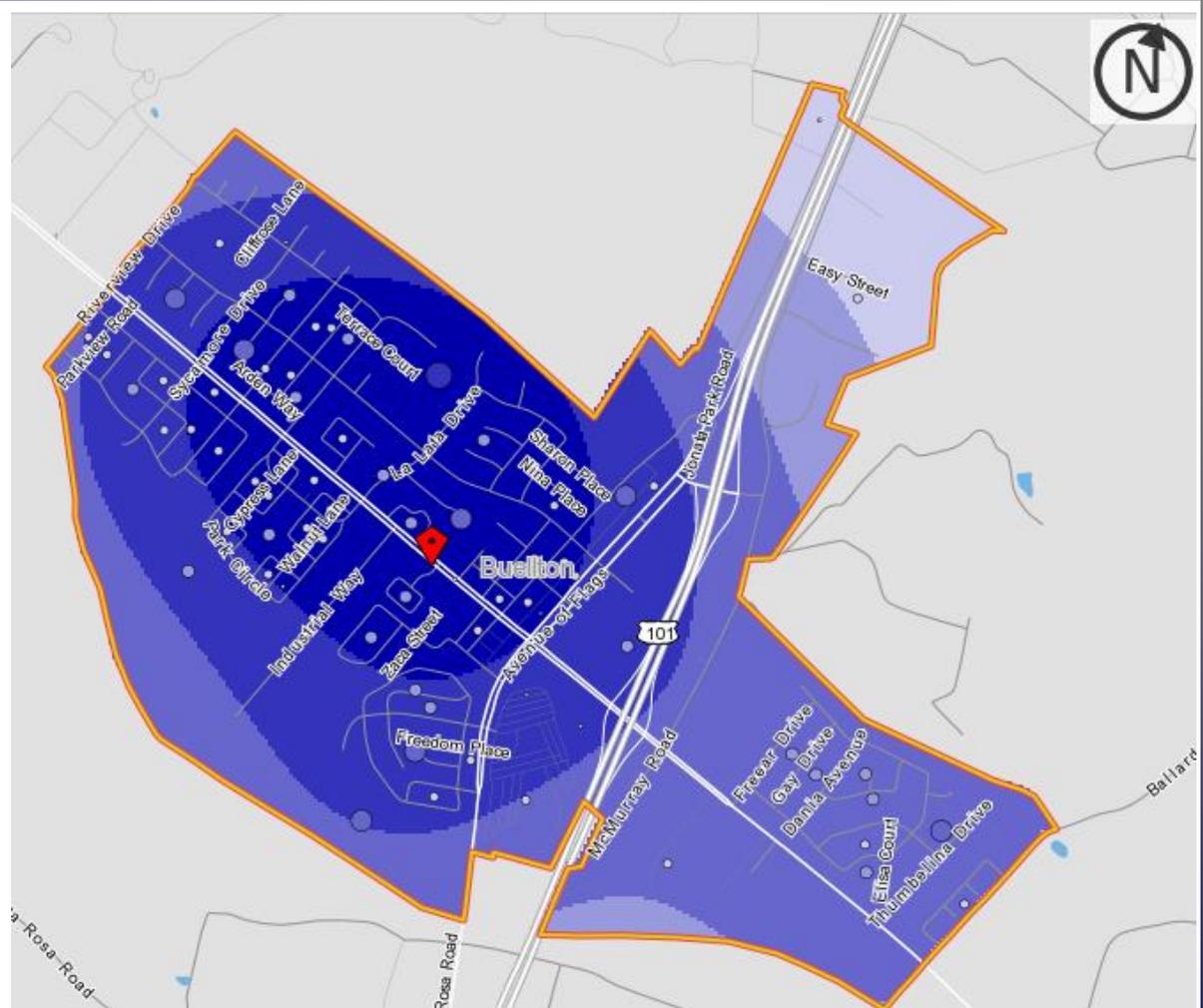
Accommodation and Food Services	23.4%
Agriculture, Forestry, Fishing, and Hunting	20.3%
Manufacturing	15.2%
Retail Trade	7.5%
Health Care and Social Assistance	6.4%
Educational Services	6.4%
Other Services (excl. Public Admin.)	3.4%
Wholesale Trade	3.2%
Construction	3.2%
Administration and Support, Waste Mgmt.	3.2%
Public Administration	2.8%
Real Estate and Rental/Leasing	1.8%
Professional, Scientific, and Tech. Services	1.5%
Finance and Insurance	0.6%
Information	0.5%
Mgmt. of Companies and Enterprises	0.2%
Arts, Entertainment, and Recreation	0.1%
Transportation and Warehousing	0.1%
Utilities	0.0%
Mining, Quarrying, Oil and Gas Extraction	0.0%

### *“Jobs in the City”*

Source: U.S. Census Bureau Center for Economic Studies (2015)

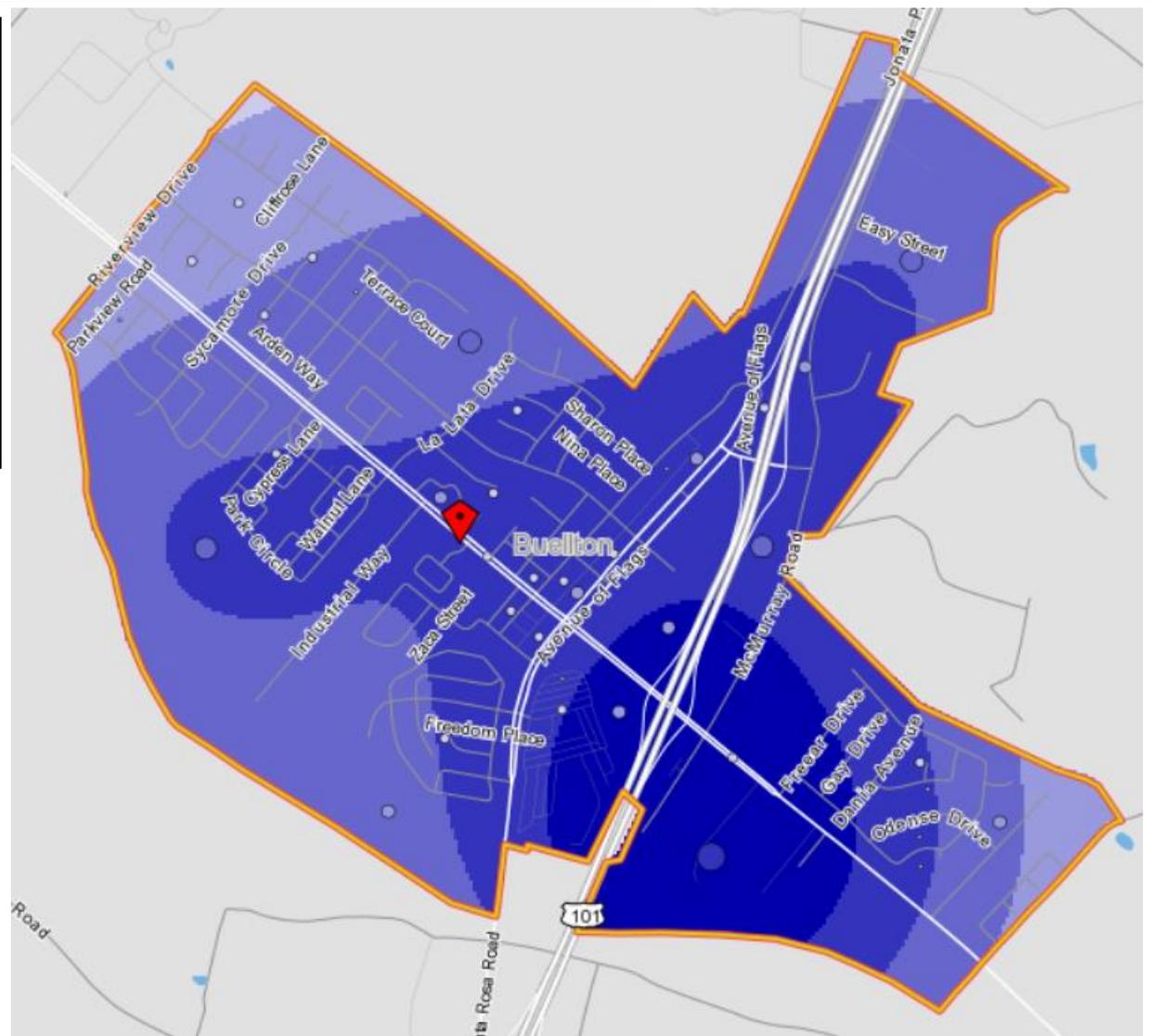
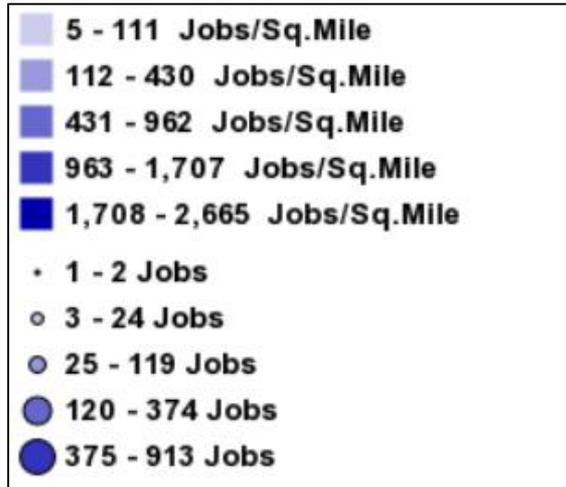
# Resident Concentration Within City

- 5 - 86 Employed residents/Sq. Mile
  - 87 - 329 Employed residents/Sq. Mile
  - 330 - 734 Employed residents/Sq. Mile
  - 735 - 1,302 Employed residents/Sq. Mile
  - 1,303 - 2,032 Employed residents/Sq. Mile
- 
- 1 - 3 Employed residents
  - 4 - 18 Employed residents
  - 19 - 61 Employed residents
  - 62 - 143 Employed residents
  - 144 - 280 Employed residents



Source: U.S. Census Bureau Center for Economic Studies (2015)

# Employment Concentration Within City



Source: U.S. Census Bureau Center for Economic Studies (2013)

# Resident and Employee Commute

Employed Residents Place of Work*	
Buellton, CA	14.1%
Santa Barbara City, CA	11.1%
Solvang, CA	10.1%
Goleta, CA	7.5%
Santa Ynez CDP, CA	6.7%
Santa Maria, CA	4.0%
Lompoc, CA	3.3%
Isla Vista CDP, CA	2.3%
Los Angeles City, CA	2.1%
Los Olivos CDP, CA	2.0%
San Luis Obispo, CA	1.2%
El Paso de Robles, CA	0.8%
Oxnard, CA	0.8%
San Buenaventura, CA	0.7%
San Francisco, CA	0.6%
Bakersfield, CA	0.6%
Burbank, CA	0.6%
Orcutt CDP, CA	0.6%
Fresno, CA	0.5%
Los Alamos CDP, CA	0.5%
Ballard CDP, CA	0.4%
Montecito CDP, CA	0.4%
Salinas, CA	0.4%
Thousand Oaks, CA	0.4%
Irvine, CA	0.3%
All Other Locations	28.0%

*“Where City residents work”*

City Employee Origin*	
Lompoc, CA	22.1%
Buellton, CA	10.0%
Santa Maria, CA	9.8%
Solvang, CA	5.9%
Orcutt CDP, CA	5.3%
Santa Barbara City, CA	4.3%
Santa Ynez CDP, CA	3.5%
Los Alamos CDP, CA	2.9%
Vandenberg Village CDP, CA	1.9%
Mission Hills CDP, CA	1.5%
Los Angeles City, CA	1.4%
Goleta, CA	1.2%
Atascadero, CA	0.9%
El Paso de Robles, CA	0.8%
San Luis Obispo, CA	0.8%
Arroyo Grande, CA	0.7%
Oxnard, CA	0.6%
Los Olivos CDP, CA	0.6%
Thousand Oaks, CA	0.6%
Nipomo CDP, CA	0.6%
San Buenaventura, CA	0.5%
Ballard CDP, CA	0.4%
Carpinteria, CA	0.4%
Guadalupe, CA	0.3%
Long Beach, CA	0.3%
All Other Locations	22.7%

*“Where people who work in the City come from”*

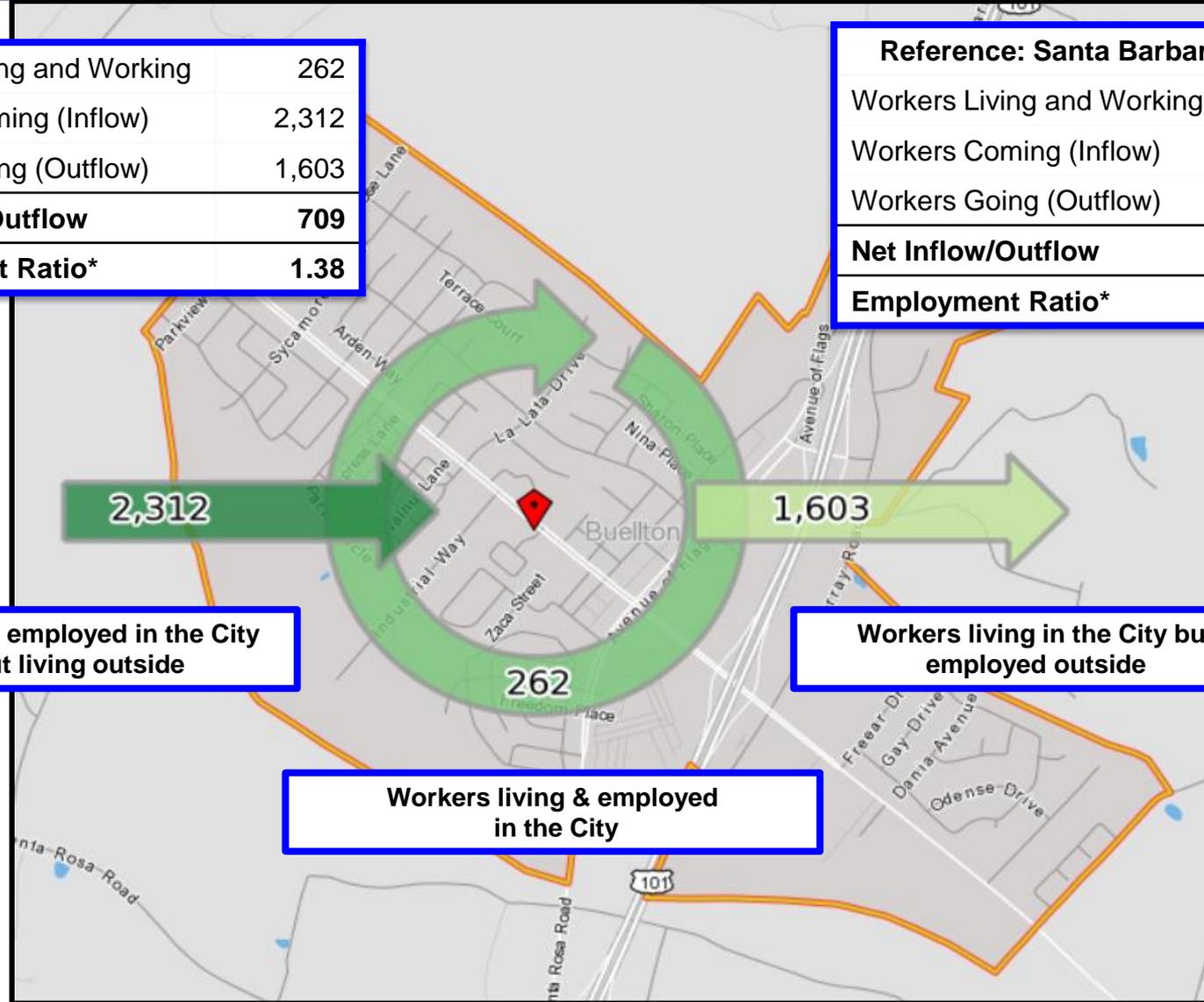
**Source:** U.S. Census Bureau Center for Economic Studies (2015); **Notes:** \*The top 25 locations where City residents work and where people who work in Buellton come from are listed.\*\*The table on the left asks the question ‘What percent of **total Buellton residents** work within the City of Buellton?’, while the table on the right asks ‘What percent of **everybody who works in Buellton** also live in the City of Buellton?’.

# Worker Inflow / Outflow

*“Are jobs coming or going?”*

Workers Living and Working	262
Workers Coming (Inflow)	2,312
Workers Going (Outflow)	1,603
<b>Net Inflow/Outflow</b>	<b>709</b>
<b>Employment Ratio*</b>	<b>1.38</b>

<b>Reference: Santa Barbara County</b>	
Workers Living and Working	111,103
Workers Coming (Inflow)	53,326
Workers Going (Outflow)	45,757
<b>Net Inflow/Outflow</b>	<b>7,569</b>
<b>Employment Ratio*</b>	<b>1.05</b>



Workers employed in the City but living outside

Workers living in the City but employed outside

Workers living & employed in the City

\***Employment Ratio** =  $\frac{\text{People employed within City (living and working in City + those who come into the City for work)}}{\text{Employed population of City (living and working in City + workers who live in the City, but work outside of the City)}}$

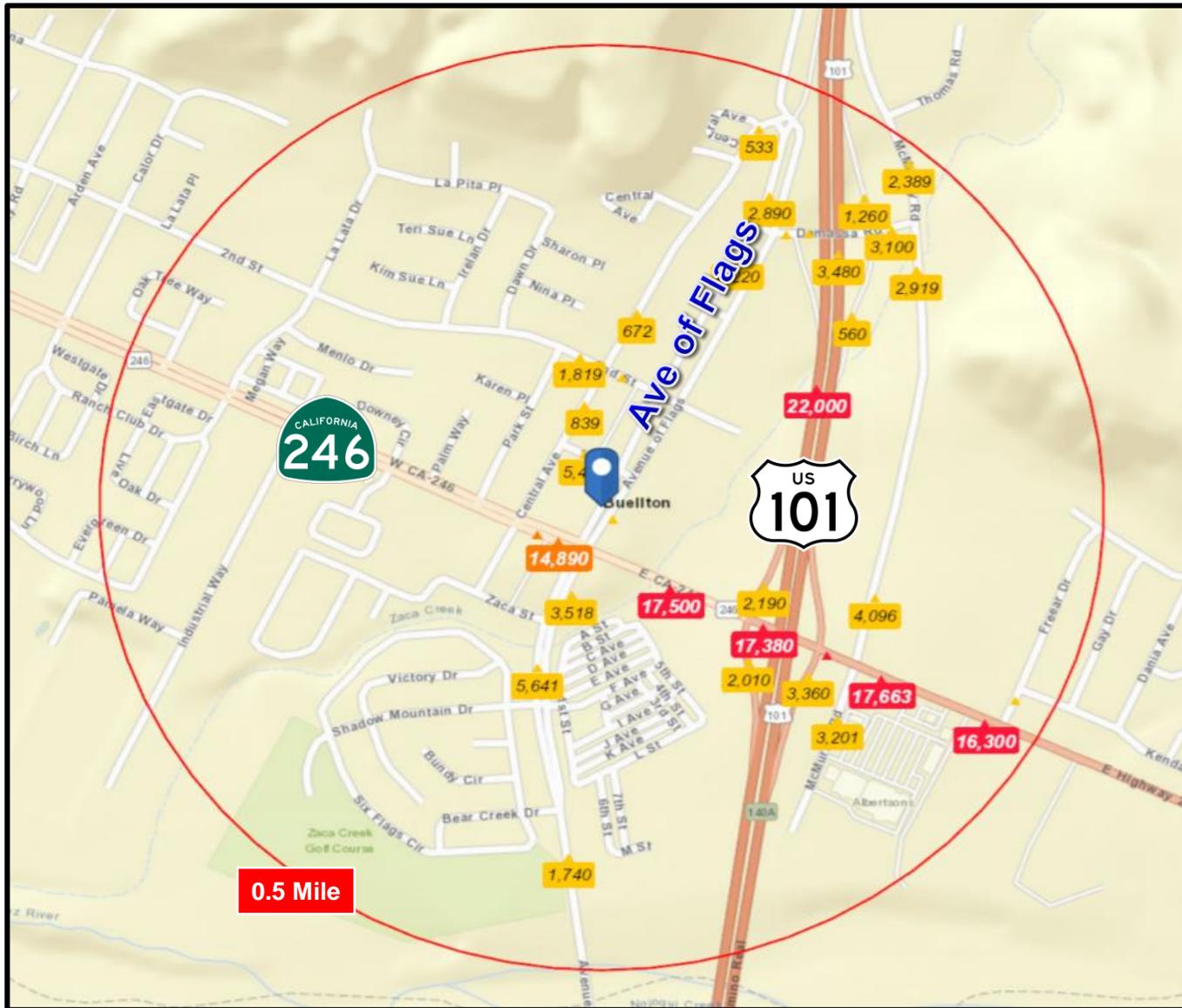


# Jobs / Housing Balance

<b>2018</b>	<b>City of Buellton</b>	<b>County of Santa Barbara</b>	<b>State of California</b>
Employment	2,574	164,429	16,048,747
Households	1,906	150,199	13,336,104
<b>Jobs/Housing Ratio</b>	<b>1.35</b>	<b>1.09</b>	<b>1.20</b>

Source: ESRI (2018)

# Traffic Map (from Hwy 246 and Ave of Flags)



# Summary: Unemployment and Employment by Industry

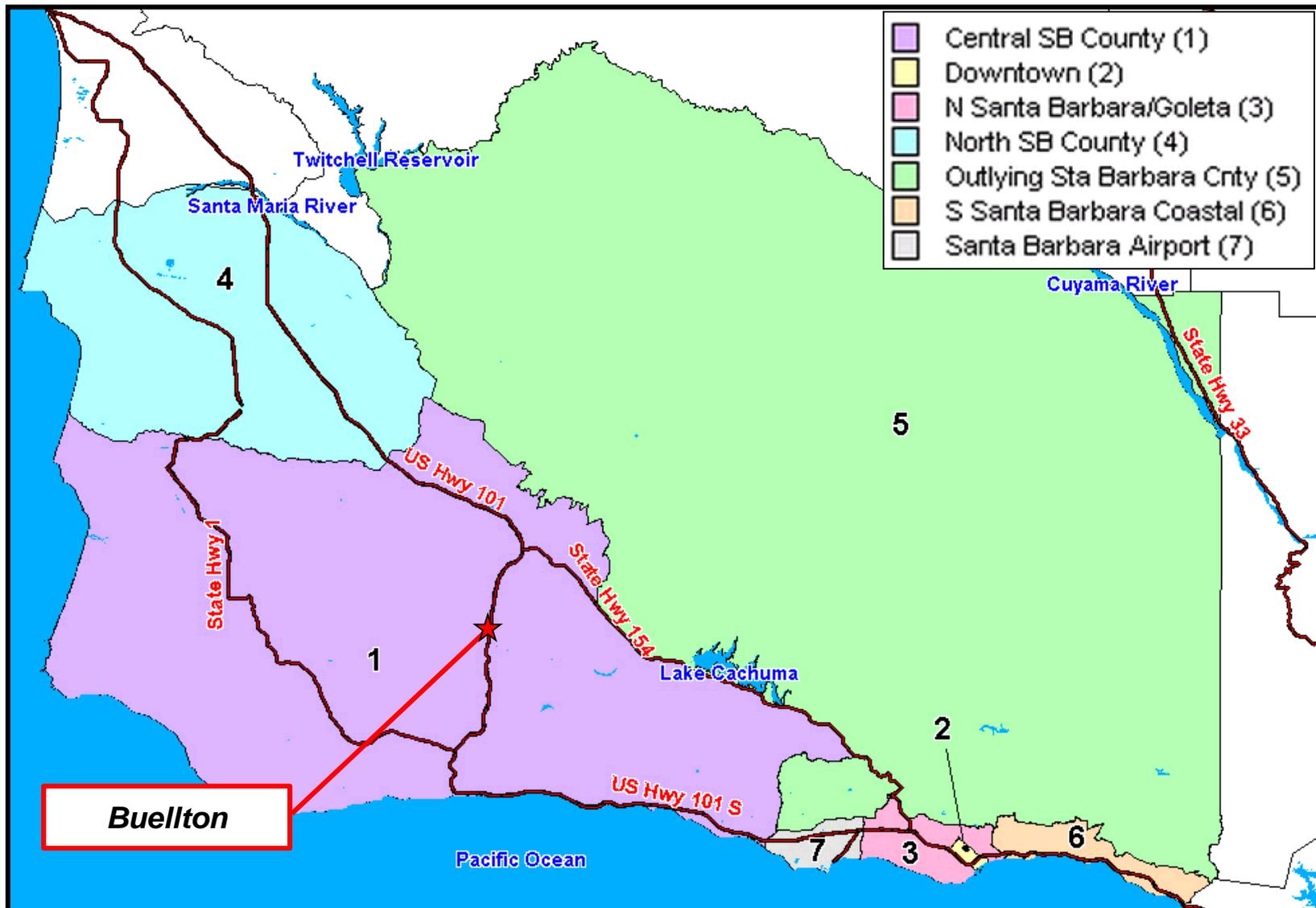
- Kosmont analyzed the location of homes and job centers within the City. There is a high concentration of homes in the northwestern and central portions of the City, while there is a strong concentration of jobs in the south and southeastern portions of the City
- Historically, the City has **lower unemployment** compared to Santa Barbara County and the State. Currently, the City's unemployment rate is lower than the County and State unemployment rates.
- Most workers in the City are employed in the following industries: accommodation and food services, agriculture (forestry, fishing and hunting), manufacturing, retail trade, health care and social assistance, and educational services
- A majority of employees who work in the City come from other areas including Lompoc, Santa Maria, Solvang, Orcutt CDP, Santa Barbara, and Santa Ynez CDP, yielding a **net inflow** of jobs; The net inflow of jobs indicates a higher daytime population in the City
- Buellton's jobs/housing ratio is higher than the County and State ratios, indicating a possible need for more housing in the City

## Market Demand Analysis

*Supply, Vacancy & Lease Rates*

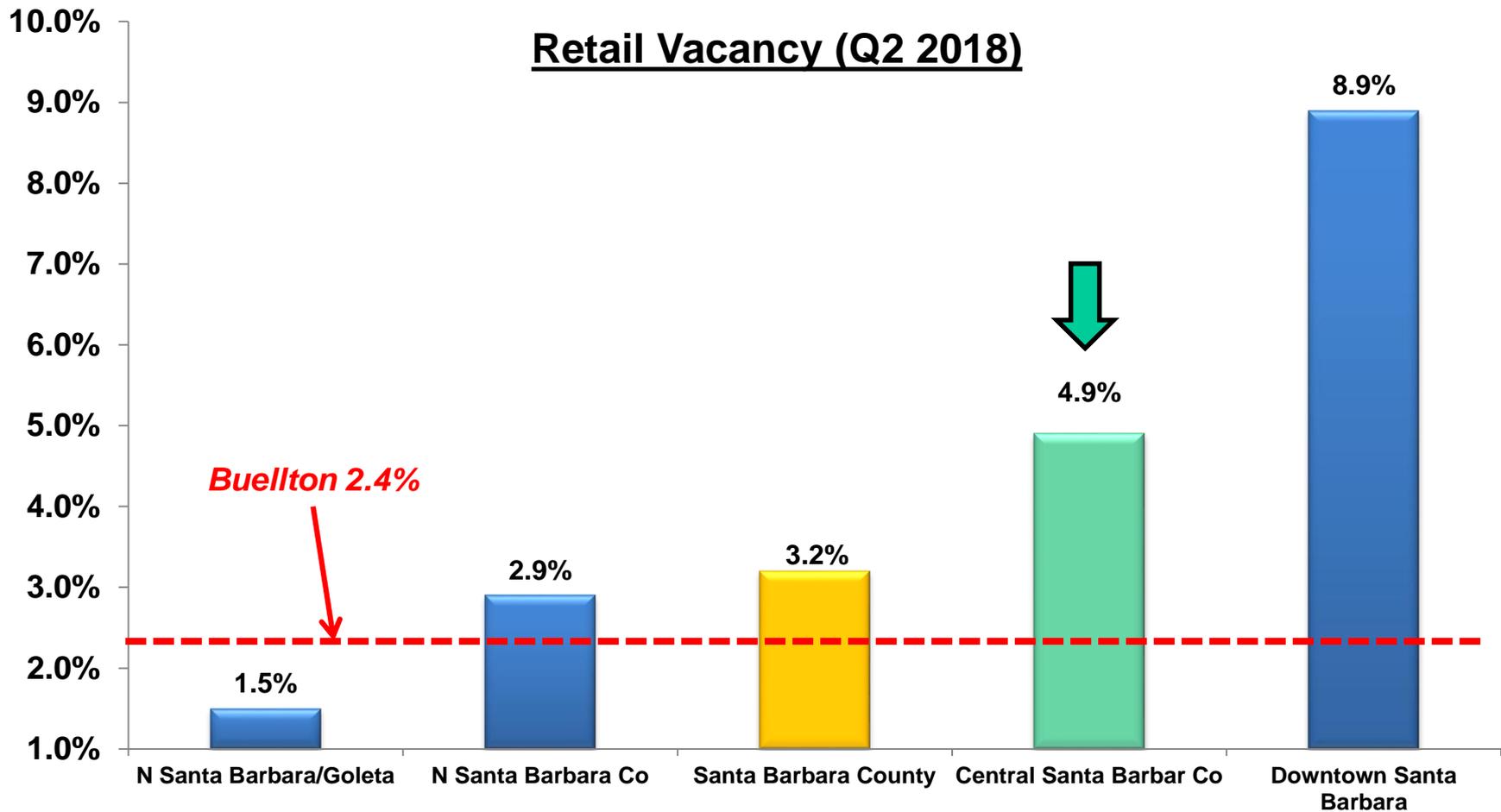
*(Retail, Office, Industrial, & Multifamily Uses)*

# Santa Barbara Market Overview



Source: CoStar Property (Q4 2015); Greater detail provided in Appendix

# Retail Vacancy by Submarket



**Total Gross Leasable Area (GLA) in millions of SF:**

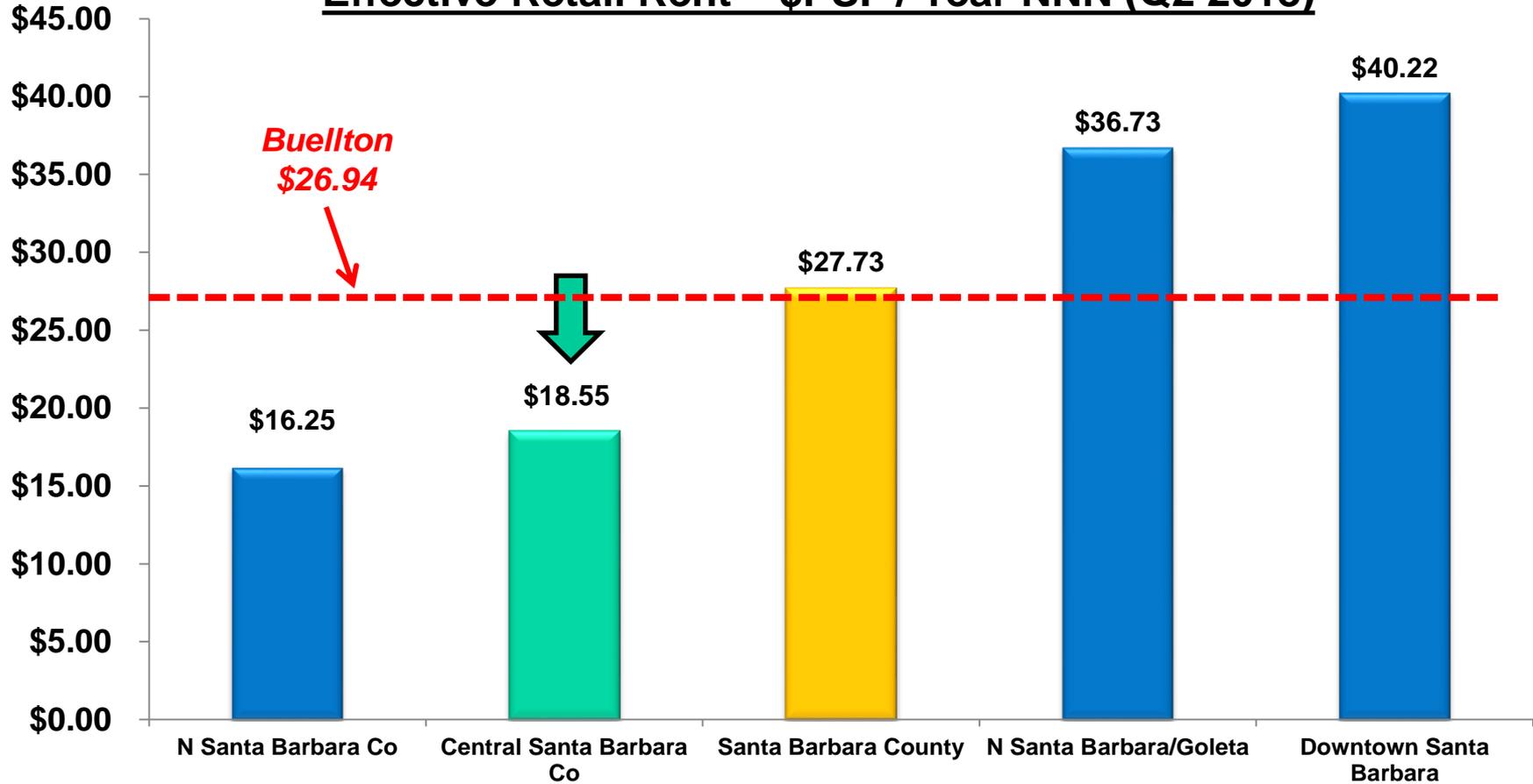
2.8	6.5	23.6	3.8	3.0
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**Note:** CoStar includes Buellton in the Central Santa Barbara County submarket; Buellton Total Retail Market GLA = 476,789 SF

**Source:** CoStar (Q2 2018)

# Retail Lease Rates by Submarket

## Effective Retail Rent – \$PSF / Year NNN (Q2 2018)



### Total Gross Leasable Area (GLA) in millions of SF:

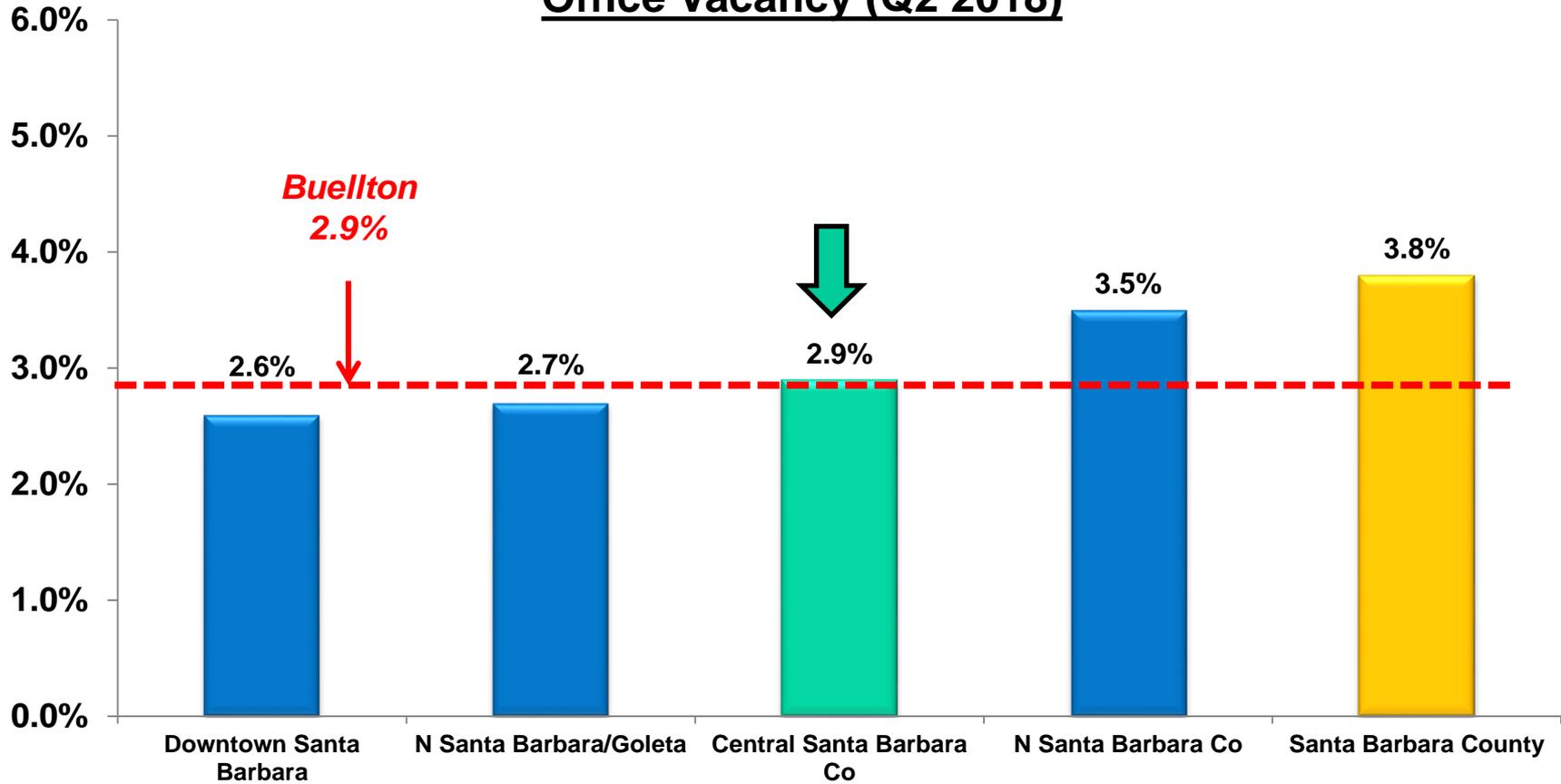
6.5	3.8	23.6	2.8	3.0
-----	-----	------	-----	-----

**Note:** CoStar includes Buellton in the Central Santa Barbara County submarket; Buellton Total Retail Market GLA = 476,789 SF

**Source:** CoStar (Q2 2018)

# Office Vacancy by Submarket

## Office Vacancy (Q2 2018)



### Total Gross Leasable Area (GLA) in millions of SF:

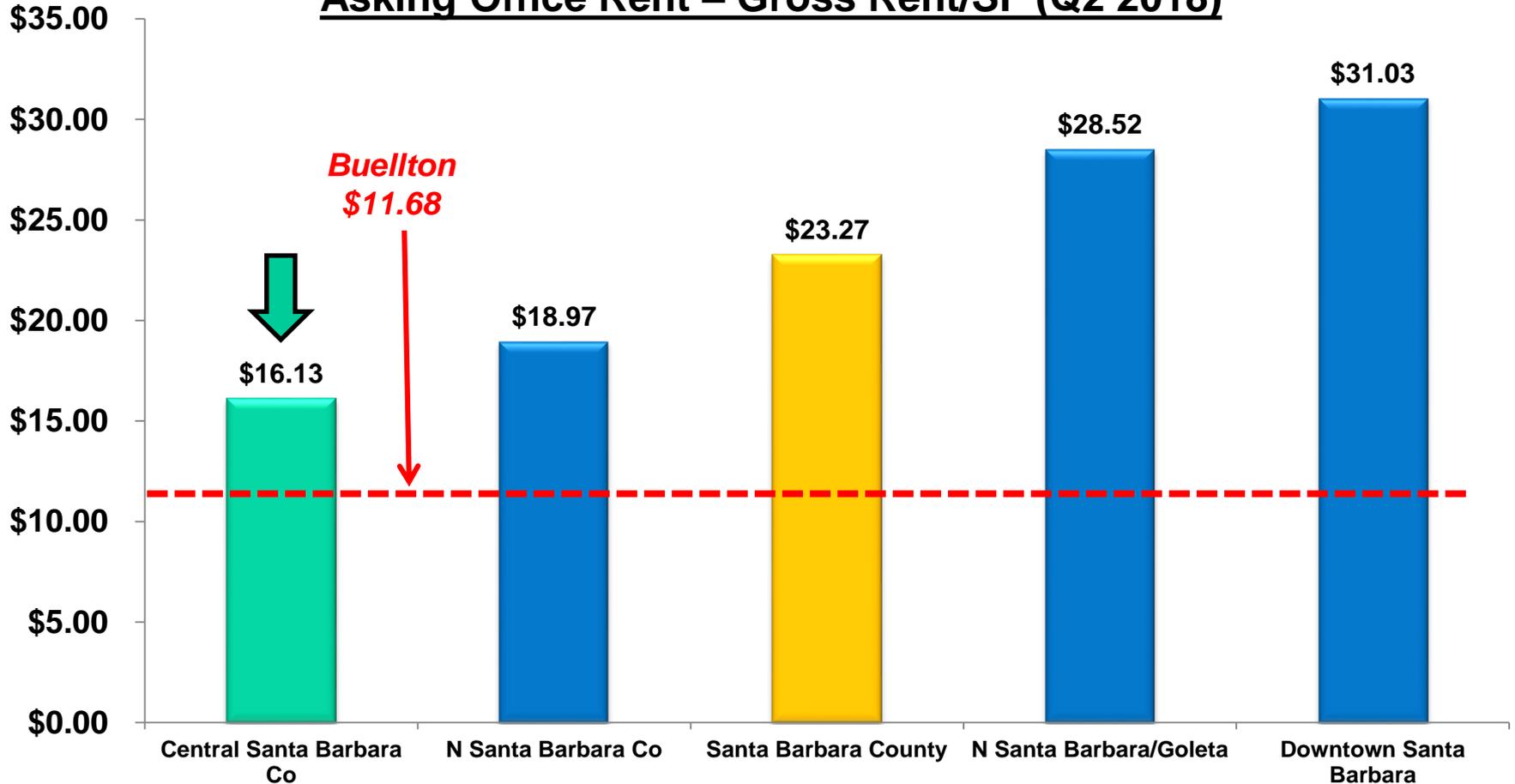


**Note:** CoStar includes Buellton in the Central Santa Barbara County submarket; Buellton Total Office Market GLA = 91,999 SF

**Source:** CoStar (Q2 2018)

# Office Lease Rates by Submarket

## Asking Office Rent – Gross Rent/SF (Q2 2018)



### Total Gross Leasable Area (GLA) in millions of SF:

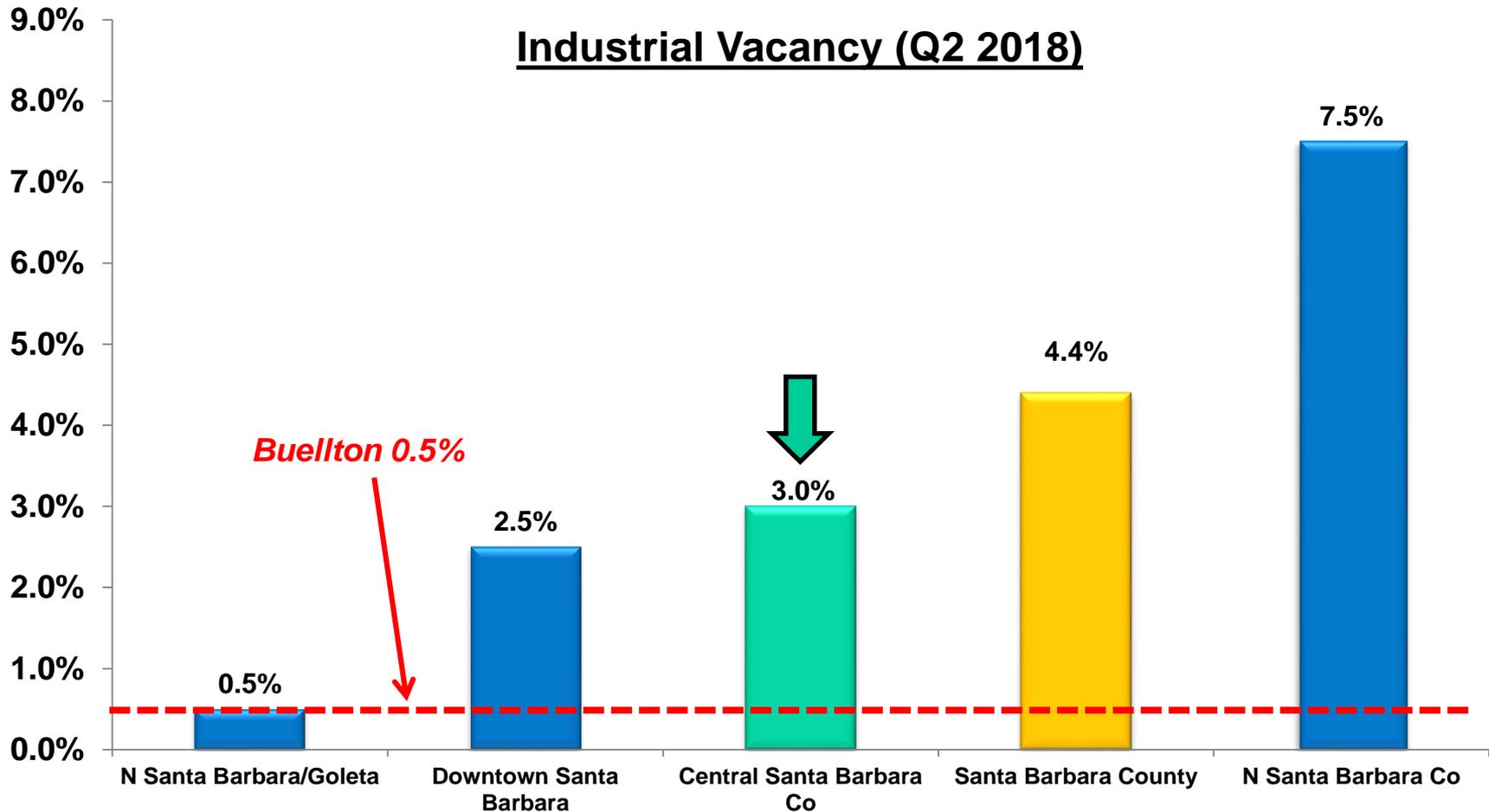


**Note:** CoStar includes Buellton in the Central Santa Barbara County submarket; Buellton Total Office Market GLA = 91,999 SF

**Source:** CoStar (Q2 2018)

# Industrial Vacancy by Submarket

## Industrial Vacancy (Q2 2018)



### Total Gross Leasable Area (GLA) in millions of SF:

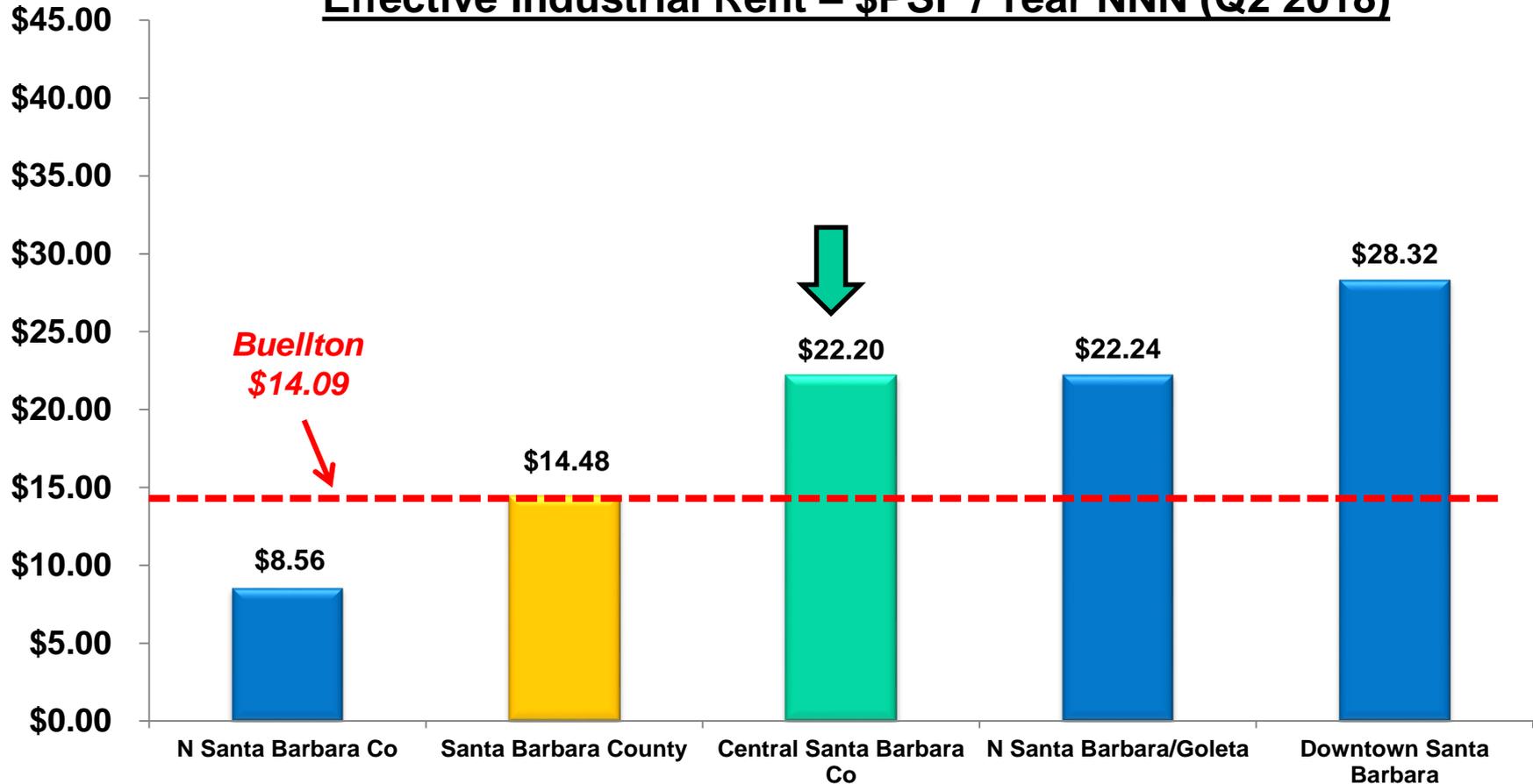
1.2	1.0	2.1	12.1	4.4
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**Note:** CoStar includes Buellton in the Central Santa Barbara County submarket; Buellton Total Industrial Market GLA = 658,653 SF

**Source:** CoStar (Q2 2018)

# Industrial Lease Rates by Submarket

## Effective Industrial Rent – \$PSF / Year NNN (Q2 2018)



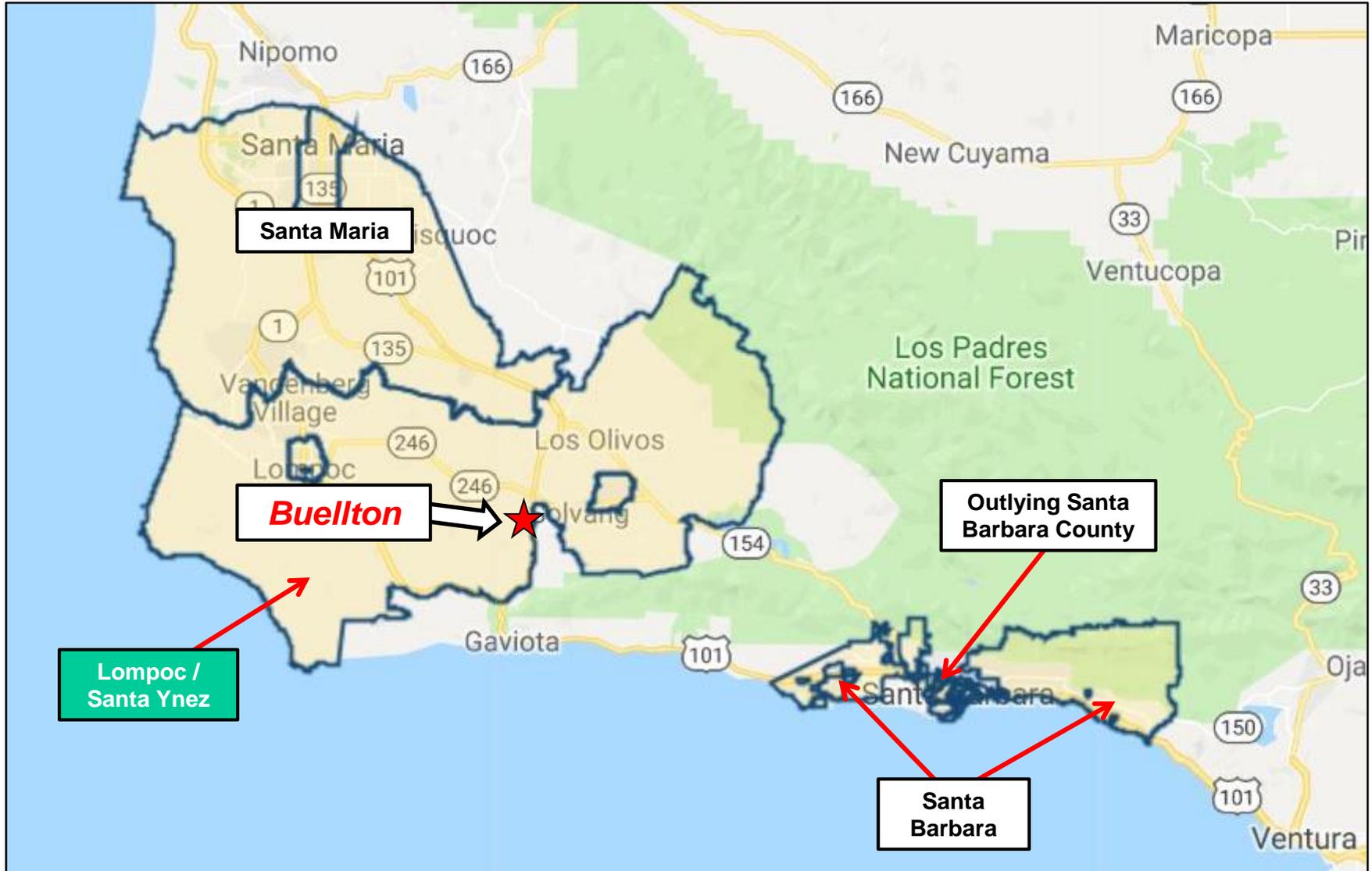
### Total Gross Leasable Area (GLA) in millions of SF:



**Note:** CoStar includes Buellton in the Central Santa Barbara County submarket; Buellton Total Industrial Market GLA = 658,653 SF

**Source:** CoStar (Q2 2018)

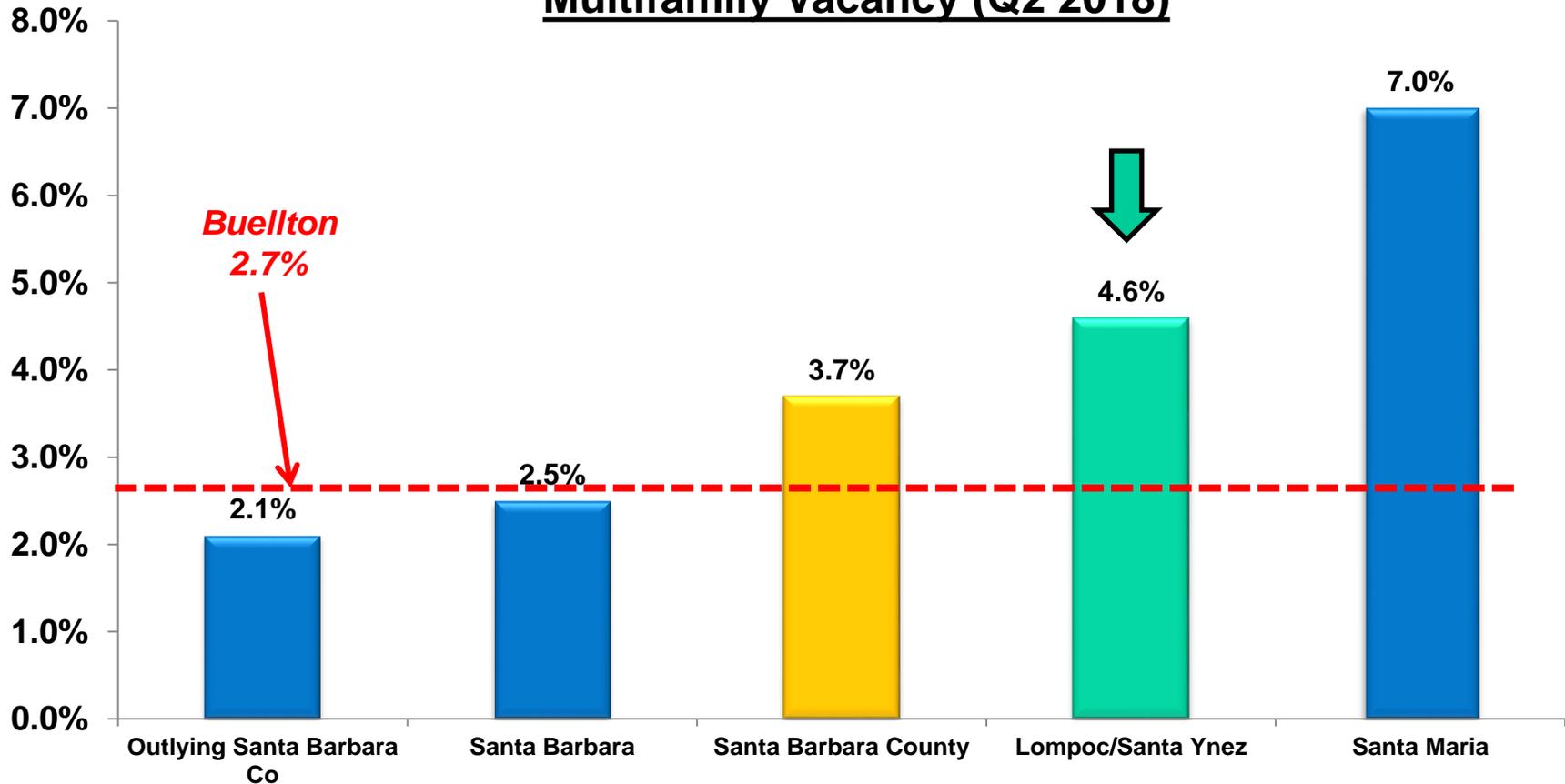
# Multifamily Submarkets



Source: CoStar (2018)

# Multifamily Vacancy by Submarket

## Multifamily Vacancy (Q2 2018)



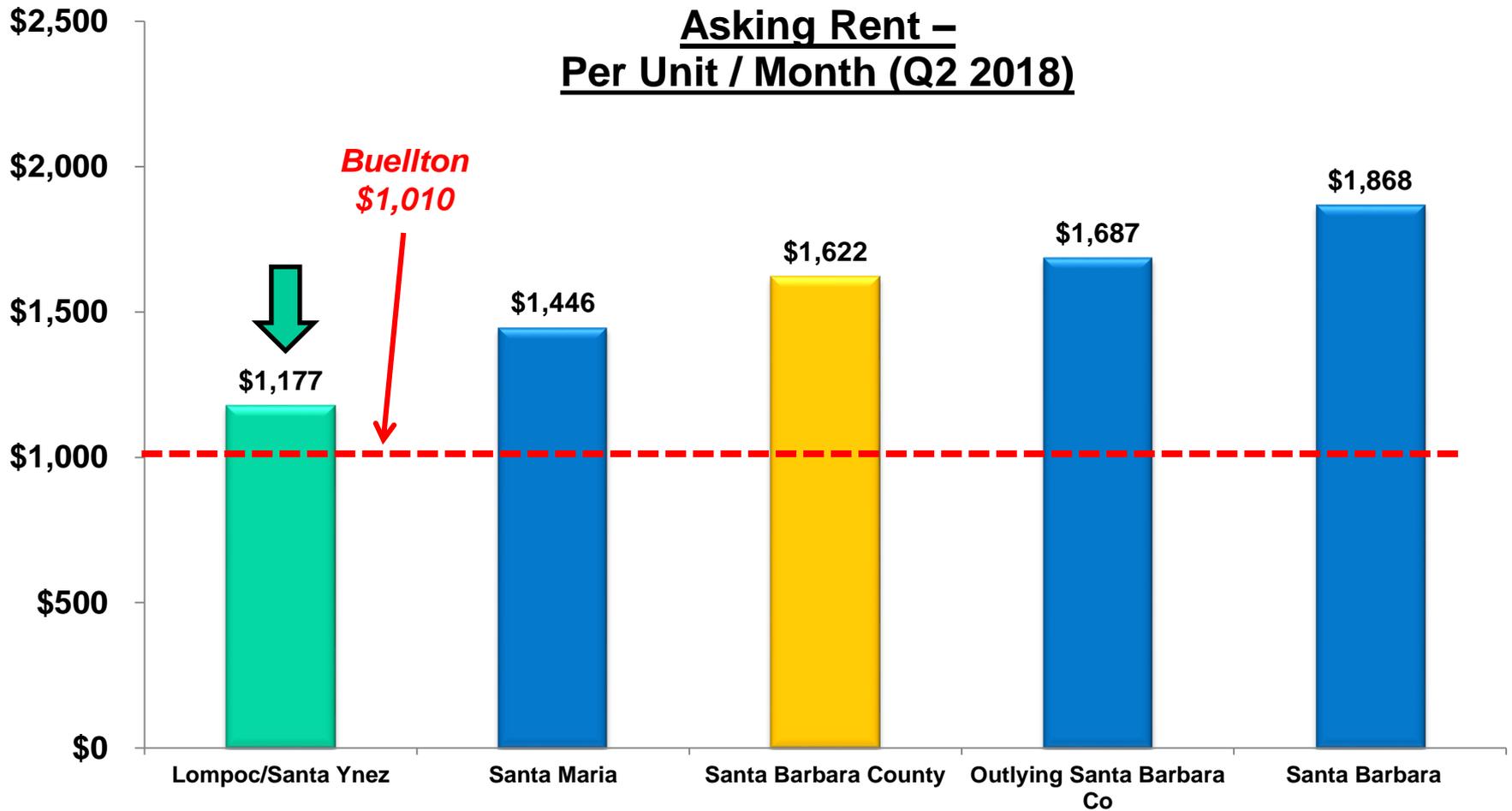
### Total Number of Units in thousands (000s):

1.7	14.2	26.1	3.8	6.4
-----	------	------	-----	-----

**Note:** CoStar includes Buellton in the Lompoc / Santa Ynez submarket for multifamily residential; # of multifamily units in Buellton = 74

**Source:** CoStar (Q2 2018)

# Multifamily Lease Rates by Submarket



***Total Number of Units in thousands (000s):***

3.8	6.4	26.0	1.7	14.2
-----	-----	------	-----	------

**Note:** CoStar includes Buellton in the Lompoc / Santa Ynez submarket for multifamily residential; # of multifamily units in Buellton = 74

**Source:** CoStar (Q2 2018)

# Buellton Market Summary (Q2 2018)

## By Land Use

Type	# Bldgs	Inventory	Vacancy	Lease Rates (\$PSF / Yr or \$ Per Unit / Mo.)
<b>Retail</b>	66	476,789 SF	2.4%	\$26.94
<b>Office</b>	21	91,999 SF	2.9%	\$11.68
<b>Industrial</b>	68	658,653 SF	0.5%	\$14.09
<b>Multifamily Residential</b>	5	74 units	2.7%	\$1,010

**Source:** CoStar Property (Q2 2018); **\*Note:** For multifamily residential the number of units were considered instead of gross leasable area and lease rates were on a per unit per month basis as opposed to per square foot per year.

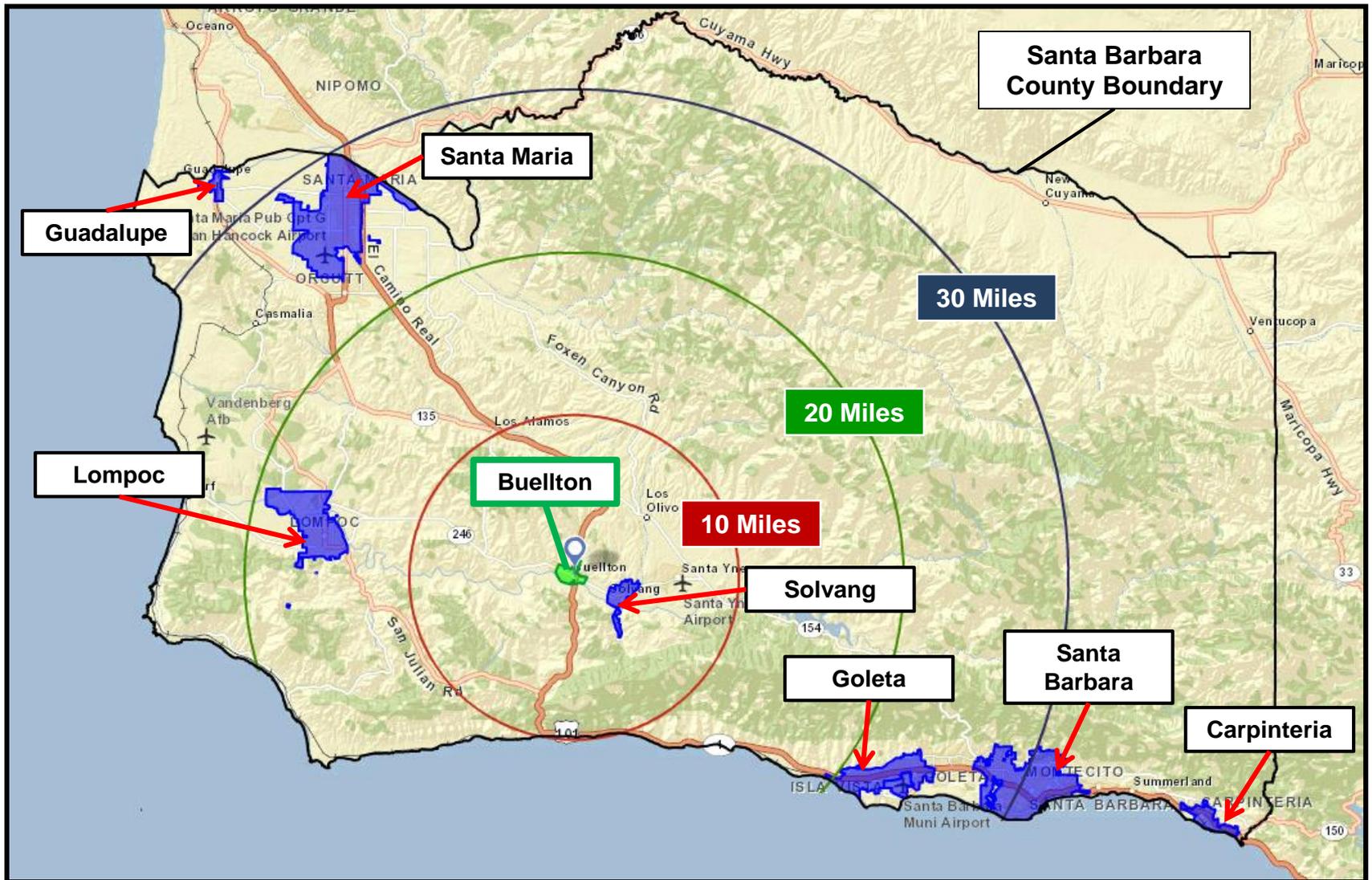
# Summary: Supply, Vacancy, & Lease Rates

- Supply, vacancy and lease/rental rates for retail, office, industrial, and multifamily uses are compared between neighboring submarkets and the Santa Barbara County market average
- Buellton falls within the “**Central Santa Barbara County**” submarket for retail, office, and industrial uses and the “**Lompoc/Santa Ynez**” multifamily submarket (as defined by CoStar).
- Buellton retail vacancy is **lower** than the vacancy rates for Santa Barbara County and the Central Santa Barbara County submarket. Retail lease rates are **higher** than the submarket and **slightly lower** than the County market average, demonstrating retail demand
- Office vacancy in Buellton is **on par** with the submarket and **lower** than the County market average. Office rental rates in Buellton are **lower** than the submarket and the County rental rates
- Industrial vacancy and lease rates are **lower** in Buellton compared to the County and submarket, indicating potential additional demand for industrial uses
- Multifamily vacancy and rental rates in Buellton are **lower** than the submarket and County rates demonstrating a demand for housing within the City

# Market Demand Analysis

*Retail Sales Performance*

# Buellton & Comparison Cities

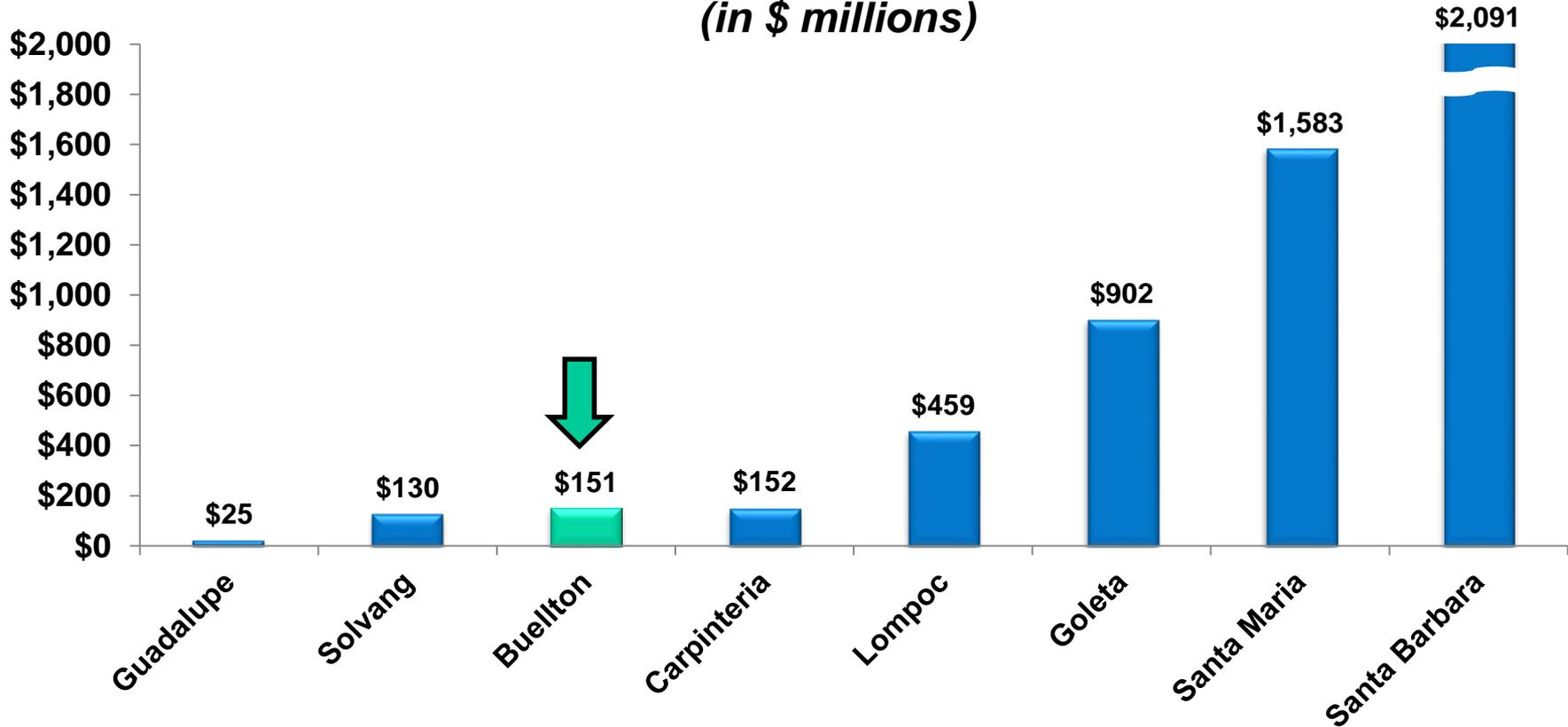


Source: ESRI (2018)

# Retail Sales Comparison

## Buellton & Comparison Cities

**Retail Sales in 2018**  
(in \$ millions)



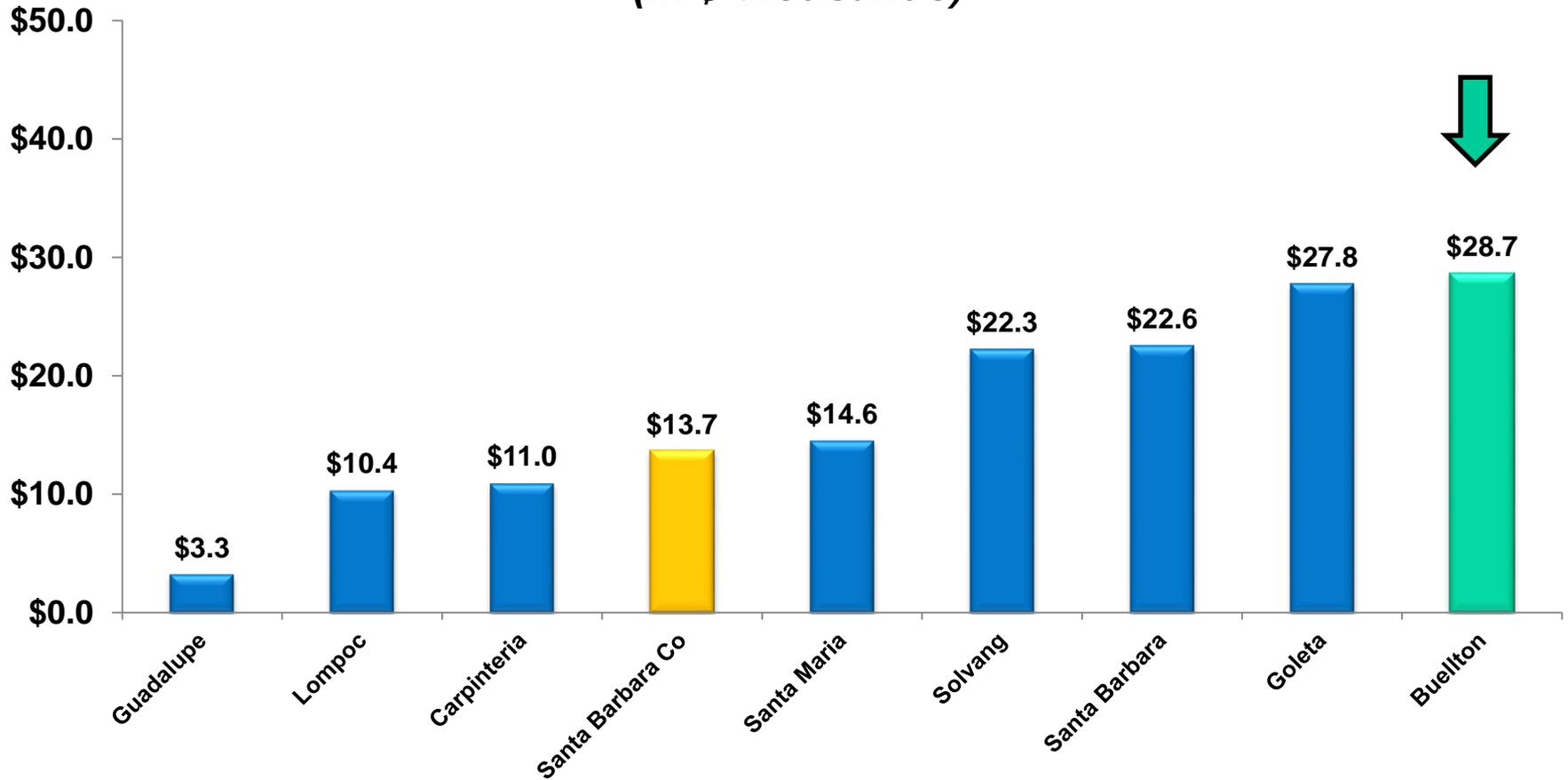
**2018 Population (000s):**



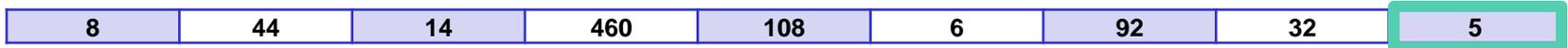
Source: ESRI, Infogroup (2018); Includes taxable and non-taxable sales

# Per Capita Retail Sales Buellton & Comparison Regions

**Per Capita Retail Sales in 2018**  
*(in \$ thousands)*



**2018 Population (000s):**



Source: ESRI, Infogroup (2018); Includes taxable and non-taxable sales

# Top 25 Principal Sales Tax Remitters

<b>Top 25 Principal Sales Tax Remitters in 2017 (in Alphabetical Order)</b>	
AJ Spurs Saloon & Dining Hall	McDonalds
Albertsons	Platinum Performance
Andersons Pea Soup	Platinum Performance Vet
Buellton Mobil	Rio Vista Chevrolet
Buellton Shell	Sky River RV
Chevron	Taproom & Barrelworks
Conserv Fuel	Terravant Wine Company
CVS Pharmacy	Tesoro Refining & Marketing
Eagle Energy	The Hitching Post II
Farm Supply	Todd Pipe & Supply
Habit Burger	Toms Gas & Market
Industrial Eats	Tractor Supply
Jim Vreeland Ford	

Source: HdL (Q2 2017)

# Retail Category Definitions

- **Shopper Goods / GAFO** *(General Merchandise, Apparel & Accessories, Furniture & Other Sales)*
  - Clothing & Clothing Accessories Stores
  - General Merchandise Stores
  - Furniture & Home Furnishings Stores
  - Health & Personal Care Stores
  - Sporting Goods, Hobby, Book & Music Stores
  - Electronics & Appliance Stores
  - Miscellaneous Store Retailers (incl. Office Supply)
- **Convenience Goods**
  - Food and Beverage (Grocery Stores)
  - Food Service and Drinking Places (Restaurants & Bars)
- **Heavy Commercial Goods**
  - Building Materials (Home Improvement)
  - Auto Dealers & Supplies
  - Gasoline / Service Stations
- Non-Store Retailers (e.g., Online Shopping & Mail-Order)

**Note:** Retail Categories delineated by NAICS / California Board of Equalization

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# Per Capita Retail Sales by Category

## Buellton & Comparison Regions

Per Capita Retail Sales	Buellton	Carpinteria	Solvang	Goleta	Guadalupe	Lompoc	Santa Barbara	Santa Maria	Santa Barbara County
<b>Shopper Goods (GAFO):</b>									
Clothing & Accessories Stores	\$479	\$368	\$3,017	\$412	\$27	\$98	\$2,032	\$496	\$695
General Merchandise Stores	\$0	\$59	\$0	\$7,238	\$0	\$2,268	\$2,051	\$3,626	\$2,079
Furniture & Home Stores	\$0	\$264	\$187	\$466	\$0	\$196	\$780	\$358	\$333
Health & Personal Care Stores	\$2,561	\$495	\$2,130	\$1,363	\$300	\$490	\$1,347	\$647	\$748
Sporting Goods, Hobby, Book Stores	\$301	\$480	\$876	\$1,072	\$0	\$214	\$863	\$331	\$429
Electronics & Appliance Stores	\$1,044	\$144	\$393	\$1,035	\$46	\$146	\$904	\$452	\$454
Miscellaneous Store Retailers	\$341	\$338	\$1,803	\$1,084	\$97	\$209	\$808	\$290	\$465
<b>Total GAFO</b>	<b>\$4,727</b>	<b>\$2,148</b>	<b>\$8,407</b>	<b>\$12,669</b>	<b>\$470</b>	<b>\$3,619</b>	<b>\$8,785</b>	<b>\$6,200</b>	<b>\$5,202</b>
<b>Convenience Goods:</b>									
Food & Beverage Stores (Grocery)	\$5,694	\$3,545	\$7,560	\$4,025	\$1,545	\$2,785	\$4,500	\$2,892	\$2,988
Food Services & Drinking Places (Restaurants)	\$4,477	\$1,898	\$3,305	\$2,063	\$403	\$1,056	\$3,135	\$1,111	\$1,584
<b>Total Convenience</b>	<b>\$10,171</b>	<b>\$5,444</b>	<b>\$10,865</b>	<b>\$6,088</b>	<b>\$1,948</b>	<b>\$3,841</b>	<b>\$7,635</b>	<b>\$4,004</b>	<b>\$4,572</b>
<b>Heavy Commercial:</b>									
Bldg Materials, Garden Equip. Stores	\$764	\$1,229	\$2,371	\$2,332	\$257	\$643	\$963	\$803	\$792
Motor Vehicle & Parts Dealers	\$6,336	\$388	\$39	\$4,658	\$160	\$1,377	\$3,890	\$2,812	\$2,101
Gasoline Stations	\$6,689	\$1,617	\$528	\$1,881	\$432	\$948	\$1,196	\$747	\$1,008
<b>Total Heavy Commercial</b>	<b>\$13,789</b>	<b>\$3,234</b>	<b>\$2,939</b>	<b>\$8,871</b>	<b>\$849</b>	<b>\$2,967</b>	<b>\$6,049</b>	<b>\$4,362</b>	<b>\$3,901</b>
Non-store Retailers	\$16	\$149	\$134	\$192	\$0	\$17	\$160	\$67	\$92
<b>Total Retail</b>	<b>\$28,703</b>	<b>\$10,975</b>	<b>\$22,344</b>	<b>\$27,820</b>	<b>\$3,267</b>	<b>\$10,444</b>	<b>\$22,629</b>	<b>\$14,633</b>	<b>\$13,767</b>

**Key:**  Indicates higher value for Buellton  Indicates lower value for Buellton

Source: ESRI, Infogroup (2018), Includes taxable and non-taxable sales

# Summary: Retail Sales Performance

- Consumer spending across retail categories is totaled and normalized for population within the City and comparison regions for the purpose of evaluating potential sales leakage / capture across jurisdictions
- Retail sales per capita for the City (~\$28,703) is **greater** than the retail sales per capita of Santa Barbara County (~\$13,767)
- Higher performing sales categories include **food & beverage stores (grocery), food services & drinking places (restaurants), electronics & appliance stores, health & personal care stores, motor vehicle & parts dealers, and gasoline stations.**
- Lower performing retail categories include **clothing and accessories stores, general merchandise stores, furniture and home stores, sporting goods stores, miscellaneous store retailers, building materials stores, and non-store retailers**

## Market Demand Analysis

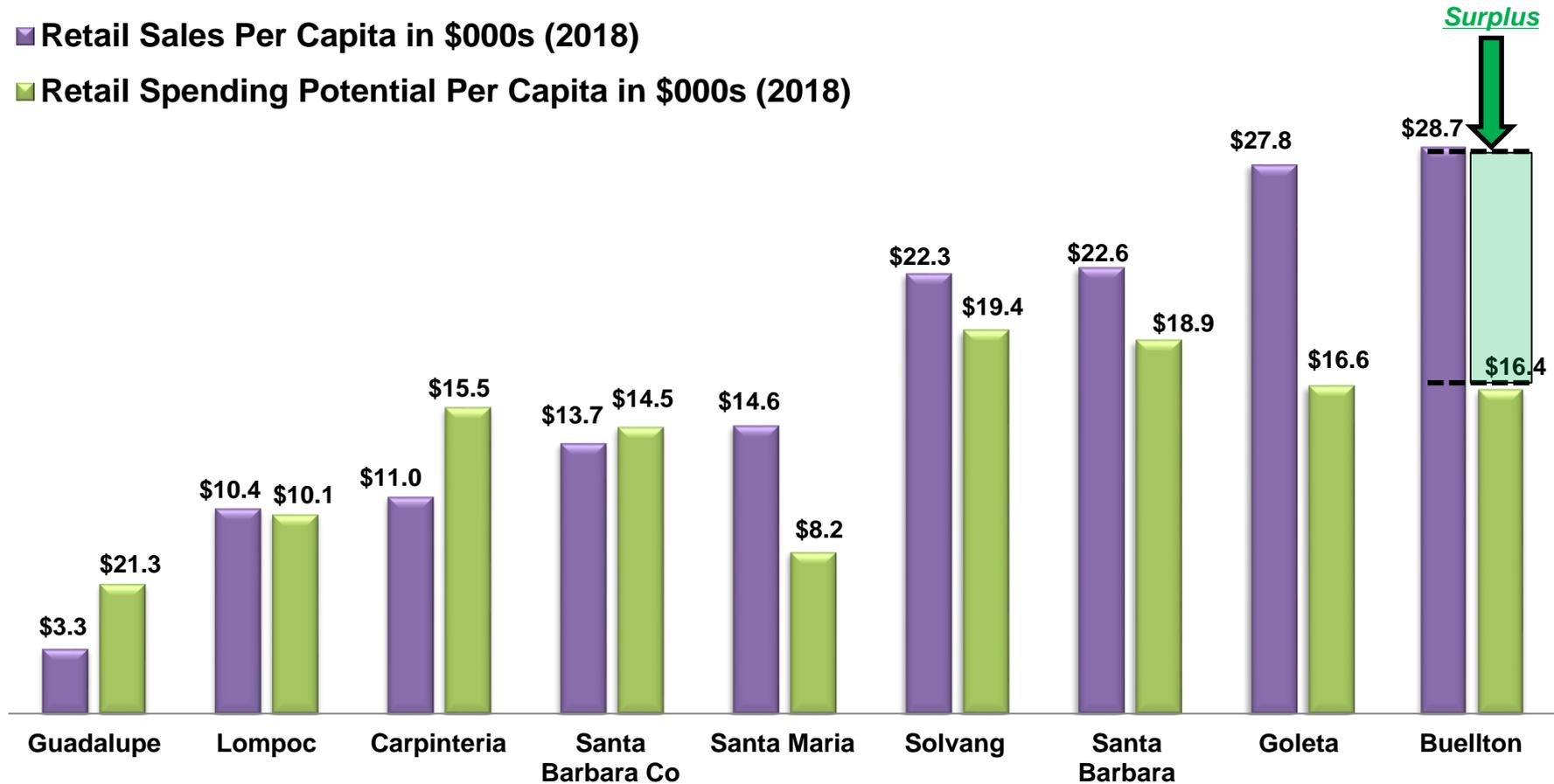
*Retail Sales Surplus / Leakage*

# Retail Sales Surplus / Leakage

## “Cash Registers vs. Wallets”

■ Retail Sales Per Capita in \$000s (2018)

■ Retail Spending Potential Per Capita in \$000s (2018)



**Per Capita Sales Surplus/Leakage, Total Surplus/Leakage, and Percent Surplus/Leakage:**

(\$3.3K)	\$4K	(\$4.6K)	(\$.7K)	\$6.4K	\$2.9K	\$3.8K	\$11.2K	\$12.4K
(\$25.5M)	\$16M	(\$63M)	(\$320M)	\$695M	\$17.1M	\$347M	\$365M	\$64.9M
(51%)	3.6%	(29%)	(4.9%)	78%	15.1%	19%	68%	76%

**Note:** Spending potential based on number of households, average household income, and estimated percentage of income spent on retail goods and services **Source:** ESRI, Infogroup (2018)

# Retail Sales Surplus / Leakage by Category

## City of Buellton

Retail Category	Retail Spending Potential	Retail Sales	Retail Surplus/ (Leakage)	Percent Surplus/ (Leakage)	Online Sales Leakage Potential
<b><u>Shopper Goods (GAFO):</u></b>					
Clothing & Clothing Accessories Stores	\$5,543,939	\$2,518,695	(\$3,025,244)	(54.6%)	High
General Merchandise Stores	\$12,834,861	\$0	(\$12,834,861)	(100.0%)	Med
Furniture & Home Furnishings Stores	\$2,953,871	\$0	(\$2,953,871)	(100.0%)	Med
Health & Personal Care Stores	\$5,332,225	\$13,452,645	\$8,120,420	152.3%	Med
Sporting Goods, Hobby, Book & Music Stores	\$2,457,758	\$1,579,405	(\$878,353)	(35.7%)	High
Electronics & Appliance Stores	\$2,858,355	\$5,485,179	\$2,626,824	(91.9%)	High
Miscellaneous Store Retailers	\$2,899,533	\$1,792,938	(\$1,106,595)	(38.2%)	Varies
<b>Subtotal – GAFO</b>	<b>\$34,880,542</b>	<b>\$24,828,862</b>	<b>(\$10,051,680)</b>	<b>(28.8%)</b>	
<b><u>Convenience Goods:</u></b>					
Food & Beverage Stores (Grocery)	\$12,291,501	\$29,912,298	\$17,620,797	143.4%	Low
Food Services & Drinking Places (Restaurants)	\$8,457,091	\$23,516,108	\$15,059,017	178.1%	None
<b>Subtotal – Convenience</b>	<b>\$20,748,592</b>	<b>\$53,428,406</b>	<b>\$32,679,814</b>	<b>157.5%</b>	
<b><u>Heavy Commercial Goods:</u></b>					
Bldg Materials, Garden Equip. & Supply Stores	\$5,013,431	\$4,011,653	(\$1,001,778)	(20.0%)	Low
Motor Vehicle & Parts Dealers	\$16,226,446	\$33,283,687	\$17,057,241	105.1%	Low
Gasoline Stations	\$6,723,974	\$35,138,574	\$28,414,600	422.6%	None
<b>Subtotal – Heavy Commercial</b>	<b>\$27,963,851</b>	<b>\$72,433,914</b>	<b>\$44,470,063</b>	<b>159.0%</b>	
Non-store Retailers	\$2,292,794	\$83,776	(\$2,209,018)	(96.3%)	Varies
<b>Total Retail</b>	<b>\$85,885,779</b>	<b>\$150,774,958</b>	<b>\$64,889,179</b>	<b>75.6%</b>	

Source: ESRI, Infogroup (2018)

# Surplus/Leakage Summary by Category

## Surplus Retail Categories

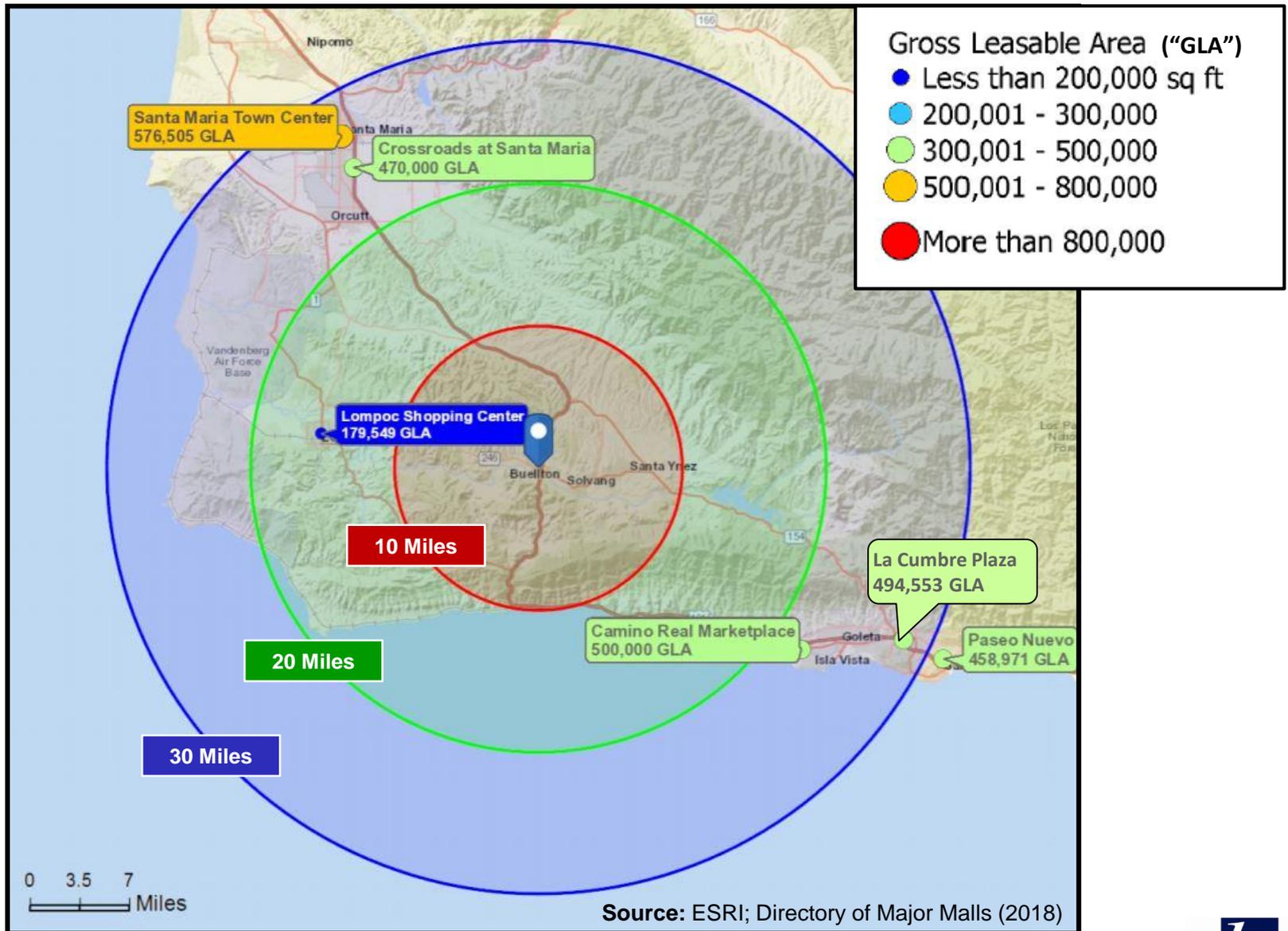
- Food & Beverage Stores (Grocery)
- Food Services & Drinking Places (Restaurants)
- Electronics & Appliance Stores
- Health & Personal Care Stores
- Motor Vehicle & Parts Dealers
- Gasoline Stations

## Leakage Retail Categories

- Clothing & Clothing Accessories Stores
- General Merchandise Stores
- Furniture & Home Furnishings Stores
- Sporting Goods, Hobby, Book & Music Stores
- Miscellaneous Store Retailers
- Bldg. Materials, Garden Equip. & Supply Stores
- Non-store Retailers

# Major Shopping Center Map

## Within 30 Miles



# Summary: Retail Sales Surplus / Leakage

- Overall retail sales in the City are **higher** than retail spending potential suggesting that the City is **likely** capturing a significant portion of Buellton resident retail purchases **and** additional retail spending by residents of other cities (i.e. **retail sales surplus**).
- Retail categories displaying sales leakage within the City include:
  - Clothing & Clothing Accessories Stores
  - General Merchandise Stores
  - Furniture & Home Furnishings Stores
  - Sporting Goods, Hobby, Book & Music Stores
  - Miscellaneous Store Retailers
  - Bldg. Materials, Garden Equip. & Supply Stores
  - Non-store Retailers

**Note:** \*Short term viability based on retail category expansion

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## 2. Strategy

- a) Economic Development SWOT Evaluation
- b) Focused Opportunity Site Assessment: Avenue of Flags

# Economic Development SWOT Evaluation

# Economic Development SWOT Evaluation

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> <li>Regional intersection of Highways 101 and 246</li> <li>High HH incomes / low unemployment</li> <li>Large visitor population to Valley</li> <li>General fund health</li> <li>Agricultural amenities (e.g. wineries, breweries)</li> <li>Pea Soup Andersen's</li> <li>Active Chamber of Commerce / Visitor's Bureau</li> <li>New / current retail and hospitality development</li> <li>Approved Avenue of Flags Specific Plan</li> </ul>	<ul style="list-style-type: none"> <li>Relatively low population density</li> </ul>	<ul style="list-style-type: none"> <li>Continued growth of agricultural amenities and attractions (e.g. breweries)</li> <li>Avenue of Flags revitalization vis-à-vis Specific Plan Development Opportunity Reserve™ (DOR™)</li> </ul>	<ul style="list-style-type: none"> <li>Macroeconomic conditions (interest rate increases, tariffs / cost of construction)</li> <li>Impact on brick-and-mortar retail form internet and prevalence of "omni-channel" retail trends</li> </ul>

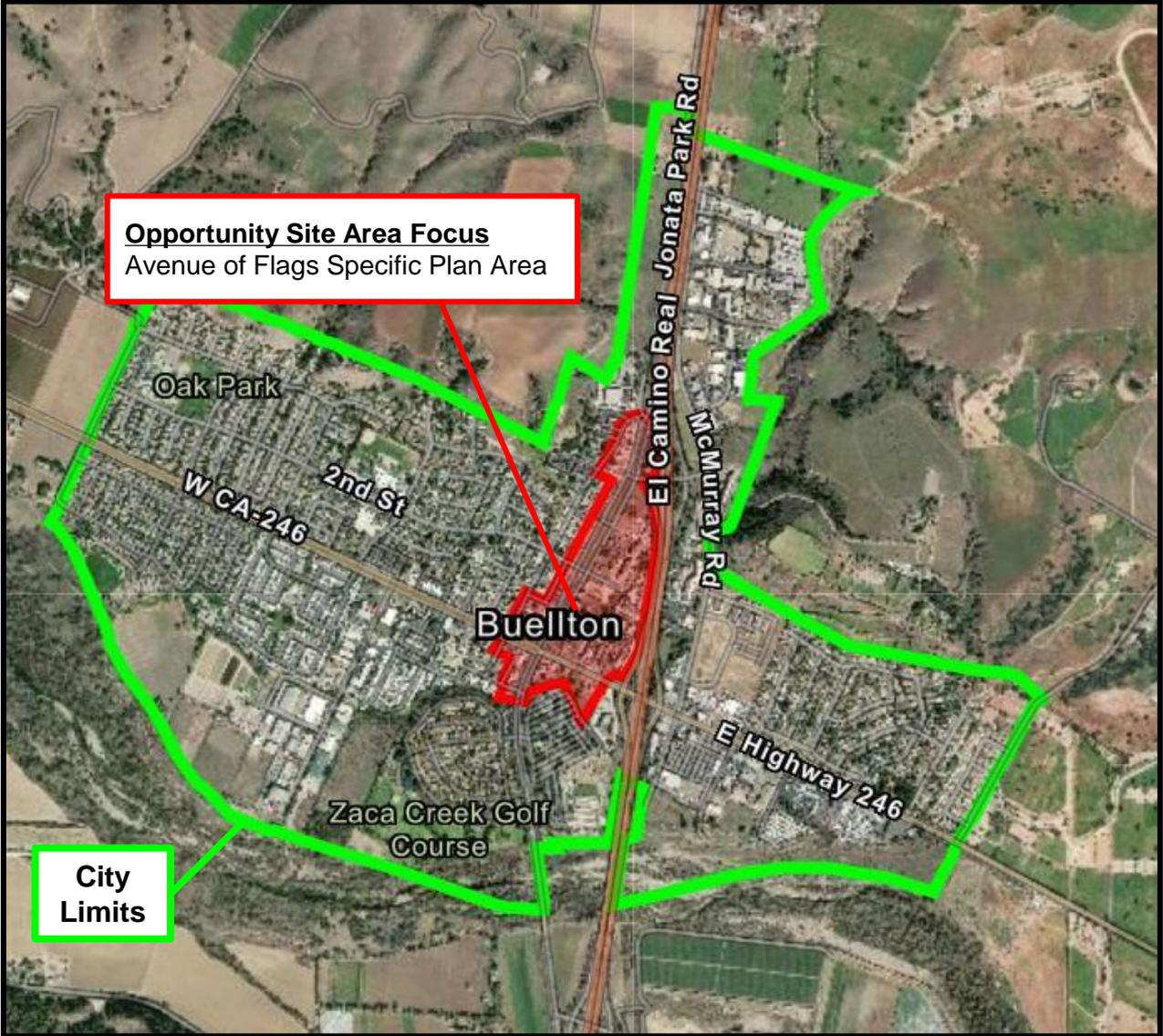
# Focused Opportunity Site Assessment: Avenue of Flags

# Focused Opportunity Site Assessment

## *Avenue of Flags*

- The Avenue of Flags has been prioritized and evaluated by the City/Consultant Team as a potential Opportunity Site area for new development and redevelopment of existing properties
- Strengths, Challenges, and Opportunities were assessed for the Avenue in consideration of development feasibility

# Citywide Context



**Opportunity Site Area Focus**  
Avenue of Flags Specific Plan Area

**City Limits**

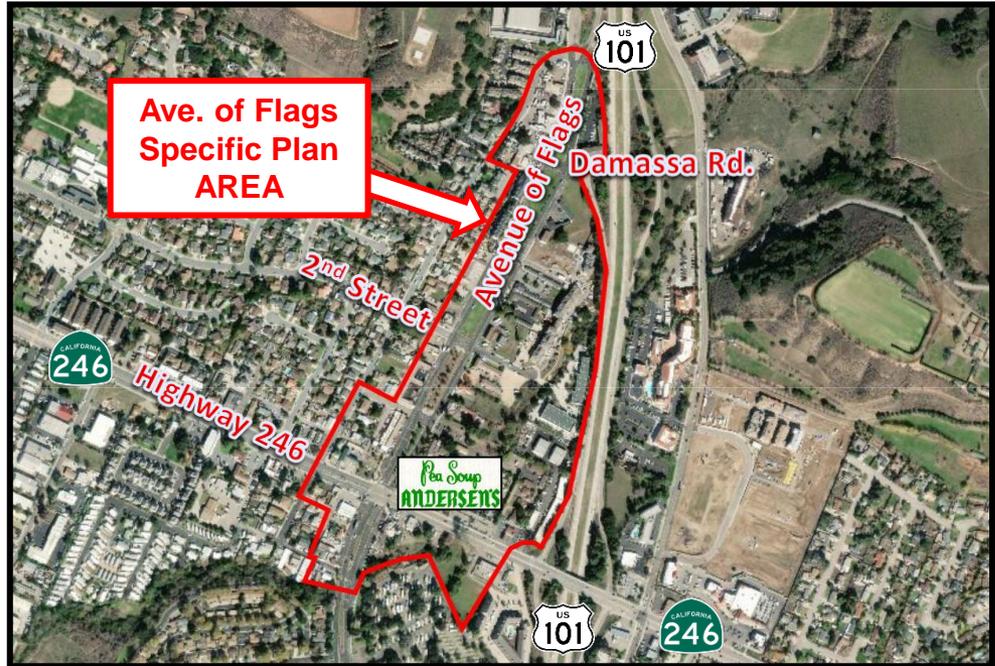
Source: ESRI (2018)



# Opportunity Site Area Focus

## Avenue of Flags Specific Plan Area

- Various potential Opportunity Sites under separate private ownerships
- Approved Ave. of Flags Specific Plan, including **Development Opportunity Reserve™ (D.O.R.™)** incentive program



### Strengths

- Adjacent to Highways 246 and 101 with on-ramp and off-ramp access
- Central location within City
- Approved AOF Specific Plan with D.O.R.™
- Strong household incomes

### Challenges

- Low population density
- Multiple owners

### Opportunities

- Gas Station Site (NEC AOF & 2<sup>nd</sup>)
- SEC AOF & 2<sup>nd</sup> Street
- SWC Ave of Flags & 2<sup>nd</sup> Street (Vacant Lot)
- Farmhouse Motel conversion
- Country Lane Motel (Bach Hotel)

## 3. Implementation

- a) Summary of Findings
- b) Financing & Incentives
- c) Next Steps

# Summary of Findings

## Demographics & Employment

- Older, active local population with high HH incomes (mostly white); smaller than average HH size
- Significant visitor population and employees coming from neighboring Santa Barbara County jurisdictions and other areas
- Employment concentrated within accommodation and food services, agriculture, manufacturing, retail trade, health care and social assistance, and educational services

## Market Demand and Supply Analysis: Office / Industrial / Residential

- Office vacancy in Buellton is **on par** with the submarket and **lower** than the County market average; Office rental rates in Buellton are **lower** than the submarket and the County rental rates
- Industrial vacancy and lease rates are **lower** in Buellton compared to the County and submarket, indicating a high demand for industrial uses
- Multifamily vacancy and rental rates in Buellton are **lower** than the submarket and County rates demonstrating a demand for housing within the City

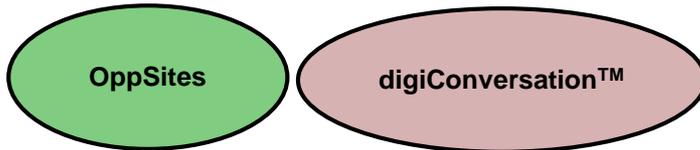
## Market Demand and Supply Analysis: Retail

- Buellton retail vacancy is **lower** than the vacancy rates for Santa Barbara County and the Central Santa Barbara County submarket; Retail lease rates are **higher** than the submarket and **slightly lower** than the County market average, demonstrating retail demand
- City performs well relative to neighboring jurisdictions in terms of taxable retail sales per capita and capture of resident and non-resident spending (i.e. surplus)
- Higher performing retail sales categories include **health and personal care, electronics and appliance stores, grocery stores, restaurants, motor vehicle and parts dealers, and gasoline stations**, while lower performing retail sales categories include **clothing stores, general merchandise stores, furniture stores, sporting goods stores, miscellaneous store retailers, building materials stores, and non-store retailers**

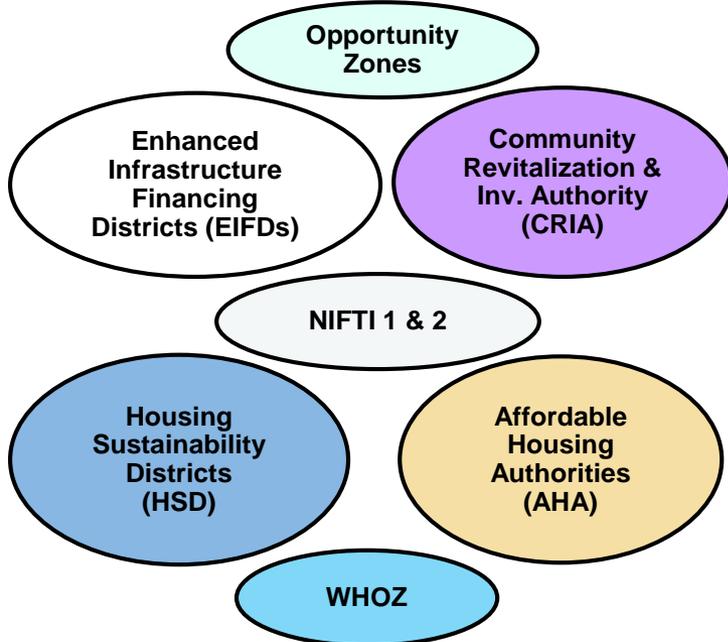
# Overview of Financing, Incentives & Other Economic Development Tools

## New Tools

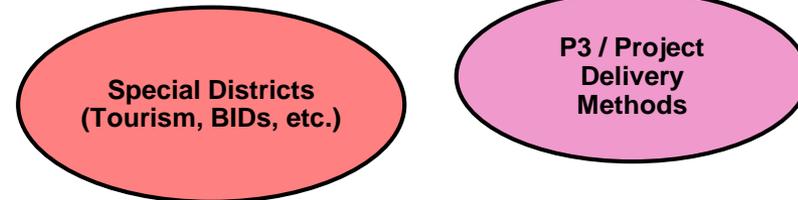
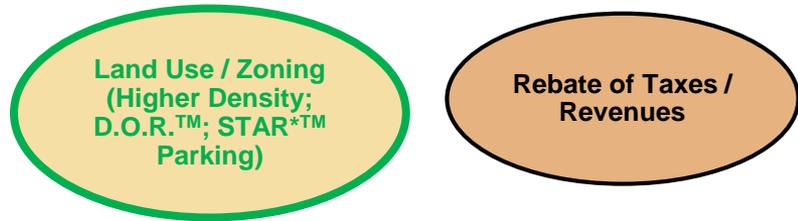
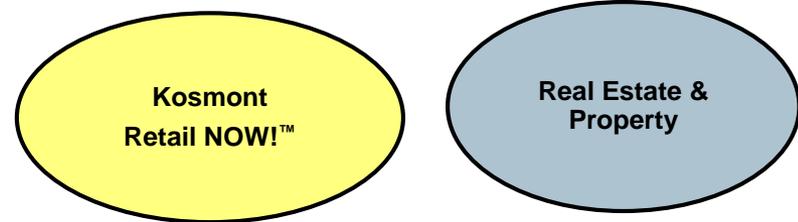
### Digital E.D. & Digital Community Participation



### Sustainability and Housing Districts



## Existing / Former Tools



## *New Sustainability & Housing Districts*

### Tax Increment Financing

- **Community Revitalization Investment Authority (CRIA)**
  - AB 2 (2015), AB 2492 (2016)
  - Restores redevelopment authorities to disadvantaged communities
  - Income, crime, unemployment, disadvantaged community tests
- **Enhanced Infrastructure Financing District (EIFD)**
  - SB 628 (2014), AB 313 (2015), AB 1568 (2017), SB 1145 (2018), SB 961 (2018)
  - Tax increment from participating agencies used to fund local / regional infrastructure and housing
  - No blight test needed
  - Sales tax increment eligible via Neighborhood Infill Finance and Transit Improvements (NIFTI) Acts I & II
- **Affordable Housing Authority (AHA)**
  - AB 1598 (2017), AB 2035 (2018)
  - Tax increment for affordable & workforce housing

### Entitlement / CEQA Streamlining

- **Housing Sustainability Districts (HSD) (AB 73 – 2017)**
- **Workforce Housing & Opportunity Zones (WHOZ) (SB 540 – 2017)**
  - Residential and mixed-use, advanced planning, zoning and CEQA streamlining, limited discretion to deny/condition
  - Affordability requirements, potential incentives, prevailing wage requirement (effective 1/1/18)
- **SB 35 streamlining and other 2017 housing bills...**

# Next Steps for Implementation

- Inducement / collaboration of investment opportunities primarily on the Avenue of Flags (e.g. developer attraction, project negotiations)
- Case-by-case preliminary analysis of financial feasibility, fiscal impacts, and economic benefits key potential projects
- Evaluation of financing, incentives, and other economic development tools on a transactional basis (e.g. DOR™, sales tax, TOT pledges)