

Economic Development: The Local Perspective Technical Appendix

Max Neiman
Daniel Krimm

Description

In this technical appendix we provide details about the Local Economic Development (LED) Survey, detailed results of the factor analyses for LED activities and LED barriers, and correlation and regression results for the LED policy measures. Appendix A begins with an overview of the survey goals and procedures, followed by a detailed description of methodology used to design and conduct the survey, and quantitative descriptions of the representativeness of the survey sample. The complete survey questions and summary statistics are provided at the end of Appendix A. Appendix B lists the individual factor load scores for each of the items included in the seven activity factors and the four barrier factors. Appendix C shows correlations between LED barriers and LED policy measures, followed by regression results for each of the LED policy measures. These regressions served as the basis for the figures in Chapter 4, simulating the effect on the dependent variable by varying (by one standard deviation) one predictor variable at a time, holding the other predictors constant.

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Appendix A:

The 2008 Local Economic Development Survey

Overview

The key objective of the Local Economic Development (LED) survey was to measure California cities' efforts to promote economic development, so as to identify policy patterns, to develop policy measures of local economic development activity, and to probe city representatives' views regarding local policy making processes. The complete survey questionnaire is included at the end of this appendix.

The survey targeted local officials from incorporated cities across the state of California. At the time the survey was implemented, there were 478 such municipalities in the state. The web-based survey was conducted over ten weeks from February to April 2008. Online services were provided by SurveyMonkey.com. PPIC conducted the survey in-house, supplementing it by mail, email, and phone calls, to encourage response and to identify alternate respondents. Public officials familiar with their cities' economic development activities were asked about their city's choice of specific policy actions and how those actions were formulated and implemented. The LED survey also contained a variety of items focused on perceptions of effectiveness and relationships between the respective cities and the state of California regarding economic development policy.

The LED survey was complemented by a series of personal interviews and discussions regarding the interplay between state economic development policy and local policies, conducted with local economic development experts, local officials, and state government staff members.

Survey Methodology

Pre-testing

The 2008 LED survey instrument underwent extensive pre-testing with experts and practitioners in the field of economic development. The questionnaire was designed to probe as many features of local policymaking as theory and prior research suggested were relevant. The 2008 LED survey was relatively lengthy compared to previous surveys, which were administered by mail. The typical time to complete the 2008 survey in a single sitting averaged 20 to 30 minutes, as measured by the online tracking system.

Pre-targeting

Respondents included such local officials as heads of local housing departments, senior economic development planners, city managers, assistant city managers, planning department directors, public works directors, redevelopment agency managers, and others. About half of these were members of the California Association for Local Economic Development CALED, and contact information for these and many others was provided by CALED. Others were

located through city web sites, and a few required direct phone calls. During follow-up contacts to outstanding non-respondents, additional alternate respondents were sometimes identified, with a single response accepted for any particular city. Contact information for six of the 478 cities was unavailable.

Survey period/methods/sequence

The survey effort began February 13, 2008 with a letter of invitation to city contacts notifying them of an impending email invitation to participate in the online survey. It continued on February 20, 2008 with a bulk email invitation to complete the survey sent to contacts at 464 cities, and eight additional invitations sent outside the auto-tracking system for a total of 472 out of 478 total cities in the state. Several email addresses returned “bounce messages” indicating that they had not been delivered, and in several of these cases new contacts or corrected email addresses were obtained with phone calls or email to general departmental staff. Several contacts also opted-out from the survey system, precluding subsequent bulk email contact. Some of these cities were captured later, either with the originally targeted respondent or with an alternate.

As many as 20 additional bulk email communications were sent periodically to those contacts that had not completed the survey. A second letter that included an endorsement of the survey by the state Business, Housing and Transportation Agency was sent on March 27, 2008, to 308 remaining contacts that had not completed the survey at that time

On March 31, 2008, we initiated phone calls and direct personal emails to selected non-respondents. Cities were contacted in rough order of their population. Larger populations were given higher priority because smaller cities have typically reflected lower response rates in previous surveys, larger cities are more likely to have dedicated staff for economic development and to be engaged in more of such activities. In addition, many of the state’s smaller, often isolated cities do very little organized economic development or have no individual assigned uniquely to economic development.

For this reason, we expected to find a mild skew toward larger cities in the total sample, and this was indeed the case. For example, we received responses from all four cities in the state with populations greater than 500,000, and we received a significantly lower response rate from cities with population less than 25,000 as compared with cities 25,000 or larger.¹

¹ During this process of direct contacts, and as a result of the March 27 letter, it became apparent that many intended recipients had not received the bulk email messages from the survey system. In all likelihood, many of these messages were interrupted by email spam filters at the cities’ municipal networks, and had not returned bounce messages to indicate such interruption. This is not uncommon with spam filtering generally, and presents a systematic problem for any system-based email communications. Where resources allow, it is recommended to pre-approve all email contacts and to assure “white-listing” in any spam filters operated at the recipient’s end. However, we are not aware of any reason to expect a systematic correlation between email filtering and any other variables of relevance to our analysis, at this time. Also, in some cases the original contact was either no longer present or inappropriate to represent the city in the survey, and a referral to a new contact was sought and usually acquired (though not all such new contacts finally completed the survey).

The survey was closed on April 30, 2008, with usable responses from 259 respondents (54.2%), including a few partial responses that included substantial information although they were not fully completed.

Representative sample

Table A.1 shows the distribution of survey responses according to city population groups and counties. The table indicates that the study sample is generally representative of the cities across the state, with cities under 25,000 in population moderately underrepresented. We also found that the survey sample was widely representative of cities by county.

Table A.1
Distribution of Survey Respondents by Population and by County

City grouping	Number of cities Total	Number of cities Completed	% cities Completed
Population 500,000+	4	4	100.0
Population 100,000-500,000	58	42	72.4
Population 50,000-100,000	101	59	58.4
Population 25,000-50,000	93	54	58.1
Population <25,000	222	100	45.0
Counties with one city (10)	10	6	60.0
Counties with two cities (8)	16	7	43.8
Counties with three cities (3)	9	5	55.6
Counties with four cities (4)	16	7	43.8
Amador	5	3	60.0
Butte	5	2	40.0
Napa	5	2	40.0
Merced	6	2	33.3
Placer	6	5	83.3
Humboldt	7	2	28.6
Imperial	7	4	57.1
Sacramento	7	5	71.4
San Joaquin	7	3	42.9
San Luis Obispo	7	3	42.9
Solano	7	3	42.9
Santa Barbara	8	6	75.0
Tulare	8	6	75.0
Siskiyou	9	7	77.8
Sonoma	9	4	44.4
Stanislaus	9	5	55.6
Ventura	10	6	60.0

City grouping	Number of cities Total	Number of cities Completed	% cities Completed
Kern	11	7	63.6
Marin	11	6	54.5
Monterey	12	4	33.3
Alameda	14	8	57.1
Fresno	15	7	46.7
Santa Clara	15	6	40.0
San Diego	18	10	55.6
Contra Costa	19	15	78.9
San Mateo	20	10	50.0
Riverside	24	12	50.0
San Bernardino	24	11	45.8
Orange	34	19	55.9
Los Angeles	88	51	58.0
California total	478	259	54.2

Table A.2
Statistical Profile of California Cities

Community Trait (mean values)	All Cities			Cities ≥ 25,000 Population		
	Total (N = 478)	Resp. (N = 259)	Nonresp. (N = 219)	Total (N = 256)	Resp. (N = 159)	Nonresp. (N = 97)
% > 65, 2000	12.1	11.8	12.4	10.6	10.8	10.2
% black, 2000	3.8	4.1	3.5	5.2	5.4	5.0
City's age, years, 2008	81.0	82.0	80.0	82.9	83.6	82.0
% change population, 2000-2006	12.0	12.9	11.0	13.0	13.5	12.1
Population, 2000	57,976	73,457	42,102	99,828	112,520	81,868
Population, 2006	62,590	78,990	45,774	107,582	120,756	88,940
% Hispanic or Latino, 2000	30.1	29.1	31.1	31.2	28.3	35.3
% family income ≥ 50K, 2000	52.9	54.4	51.5	55.9	57.9	53.0
% working in area	12.0	12.6	11.4	12.2	12.8	11.2
% in manufacturing	5.1	4.9	5.3	6.0	5.6	6.5
Median housing value, K\$, 2008 *	529.5	523.2	536.6	486.2	505.8	458.0
% owner-occupied housing, 2000	62.1	62.9	61.3	61.1	62.8	58.7
Population density/sq mi, 2000	4,069	3,889	4,253	5,096	4,554	5,863
% below poverty level, 2000	12.8	12.4	13.2	11.9	11.1	13.1
% unemployed, 2000	3.2	3.3	3.2	3.0	2.9	3.1
% white, 2000	66.4	66.0	66.8	62.0	63.2	60.3
% chg total houses, 2000-2006 **	13.3	14.7	12.0	14.6	15.5	13.4
% bachelor degree or higher, 2000	18.1	18.1	18.1	17.8	18.9	16.4

* Median housing value data, All: N=354, Nresp=185, Nnonresp=169; ≥ 25K: N=232, Nresp=145, Nnonresp= 87

** Percent change total houses, All: N=473, Nresp=256, Nnonresp=217; ≥25K: N=251, Nresp=156, Nnonresp=95
SOURCES: U.S. Census, DataQuick.

Table A.2 summarizes selected characteristics of cities in California, compared to our study cities. The data indicate that the profiles of the cities participating in the survey are not markedly different from non-responding cities, although as noted, non-participating cities include disproportionately smaller communities with somewhat lower incomes. If we only consider California cities with estimated 2006 population of 25,000 or more, our study sample has a response rate of 62.1%.

In short, considering the relatively lengthy survey used in this study, the response rate and distribution is well-suited for the subsequent analysis and is representative of California's cities. All in all, the LED respondents represent slightly over 70% of the state's municipal population and over 57% of the state's total estimated 2006 population of 36,457,549.

2008 Local Economic Development Survey

1–9. Local action or policy (please rate each of the following)

	Not Very Important 1	2	3	4	Very Important 5	We Don't Do This in Our City (NA)	Count N
Low interest loans to businesses (e.g., a locally operated revolving fund)	3.4% (9)	4.6% (12)	12.2% (32)	9.5% (25)	13.4% (35)	56.9% (149)	262
Financial grants to businesses	4.2% (11)	8.0% (21)	11.9% (31)	9.2% (24)	9.6% (25)	57.1% (149)	261
Tax increment financing	1.2% (3)	5.5% (14)	10.6% (27)	15.7% (40)	33.1% (84)	33.9% (86)	254
Rezoning land for commercial use	4.6% (12)	8.1% (21)	24.2% (63)	27.3% (71)	23.8% (62)	11.9% (31)	260
Streamlining review of all applications for permits	0.8% (2)	2.7% (7)	13.0% (34)	22.6% (59)	54.4% (142)	6.5% (17)	261
Reducing the cost of licenses	14.3% (37)	18.1% (47)	22.0% (57)	8.1% (21)	7.7% (20)	29.7% (77)	259
Encouraging industrial parks	7.7% (20)	8.1% (21)	15.4% (40)	17.0% (44)	24.7% (64)	27.0% (70)	259
Assuring consistency in development rules	2.7% (7)	3.5% (9)	10.8% (28)	24.6% (64)	56.2% (146)	2.3% (6)	260
Relief from payment of development fees, licenses, permits, etc. (even if long term payback required)	9.6% (25)	12.3% (32)	21.1% (55)	14.9% (39)	11.1% (29)	31.0% (81)	261
Subsidy or support for employee training	4.6% (12)	8.4% (22)	14.6% (38)	14.6% (38)	18.0% (47)	39.8% (104)	261
Sales tax rebates to business	4.6% (12)	6.5% (17)	10.0% (26)	10.0% (26)	7.7% (20)	61.2% (159)	260
Rebates of other taxes (not sales tax) to business	3.5% (9)	7.8% (20)	15.9% (41)	6.2% (16)	4.3% (11)	62.4% (161)	258

	Not Very Important				Very Important	We Don't Do This in Our City (NA)	Count N
	1	2	3	4	5		
Establishment of local enterprise zones	5.0% (13)	3.5% (9)	7.4% (19)	6.6% (17)	22.9% (59)	54.7% (141)	258
Promotion of a specific industry or activity or cluster (e.g., high-tech, tourism, film, sports, or health)	2.3% (6)	6.9% (18)	15.3% (40)	22.2% (58)	30.3% (79)	23.0% (60)	261
Joint ventures with other cities to encourage economic development	2.7% (7)	8.5% (22)	17.3% (45)	16.2% (42)	25.0% (65)	30.4% (79)	260
Having a single agency to encourage economic development	7.3% (19)	6.9% (18)	12.3% (32)	21.8% (57)	37.9% (99)	13.8% (36)	261
Issuance of bonds to support development projects	3.1% (8)	6.9% (18)	13.8% (36)	23.0% (60)	25.3% (66)	28.0% (73)	261
Public improvements to declining areas to stimulate private investment	1.9% (5)	3.1% (8)	10.7% (28)	28.4% (74)	42.5% (111)	13.4% (35)	261
Formal certification of industrial or business parks	6.9% (18)	7.7% (20)	14.2% (37)	5.8% (15)	3.5% (9)	61.9% (161)	260
Federal job training programs	7.7% (20)	11.6% (30)	13.5% (35)	10.8% (28)	6.9% (18)	49.4% (128)	259
Formal membership in an economic development corporation	6.2% (16)	8.9% (23)	18.9% (49)	15.4% (40)	18.1% (47)	32.4% (84)	259
Providing formal customer service training for city or county staff	2.3% (6)	5.7% (15)	19.5% (51)	24.5% (64)	35.6% (93)	12.3% (32)	261
Lower operating costs by subsidizing utility rates	5.7% (15)	6.9% (18)	8.4% (22)	4.2% (11)	6.1% (16)	68.7% (180)	262

	Not Very Important				Very Important	We Don't Do This in Our City (NA)	Count N
	1	2	3	4	5		
Contacting or networking with businesses	0.8% (2)	5.0% (13)	13.4% (35)	23.4% (61)	52.1% (136)	5.4% (14)	261
Property/site referrals	1.2% (3)	5.4% (14)	10.8% (28)	30.0% (78)	44.2% (115)	8.5% (22)	260
Community Development Block Grant Programs	5.7% (15)	7.7% (20)	16.5% (43)	17.6% (46)	40.2% (105)	12.3% (32)	261
Local government assisted advertising and other public relations	4.6% (12)	10.3% (27)	18.0% (47)	26.4% (69)	21.1% (55)	19.5% (51)	261
Government assembly of land and writing it down for private sector purchase	3.5% (9)	7.3% (19)	13.5% (35)	19.6% (51)	16.9% (44)	39.2% (102)	260
Subsidizing or amortizing on or off-site infrastructure	4.2% (11)	8.1% (21)	16.6% (43)	22.4% (58)	17.4% (45)	31.3% (81)	259
Working with private promotional groups, such as Chambers of Commerce	0.8% (2)	5.9% (15)	18.4% (47)	25.8% (66)	47.3% (121)	2.0% (5)	256
Public acquisition of smaller parcels for clearance and resale as larger parcels	2.3% (6)	8.8% (23)	14.2% (37)	19.6% (51)	22.3% (58)	32.7% (85)	260
Ombudsman service for businesses	2.4% (6)	6.7% (17)	13.4% (34)	15.0% (38)	30.8% (78)	31.6% (80)	253
Increasing available space to business by permitting higher densities or higher building heights	5.5% (14)	8.2% (21)	20.7% (53)	18.4% (47)	21.1% (54)	26.2% (67)	256
Annexation to provide serviced land for new business	6.6% (17)	9.7% (25)	10.5% (27)	12.1% (31)	20.6% (53)	40.5% (104)	257

	Not Very Important				Very Important	We Don't Do This in Our City (NA)	Count N
	1	2	3	4	5		
A formal arrangement or formal policy to work with public schools to improve education	3.9% (10)	7.4% (19)	17.9% (46)	14.4% (37)	17.5% (45)	38.9% (100)	257
Loan packaging targeted for business start-ups	3.9% (10)	10.9% (28)	9.7% (25)	11.3% (29)	8.2% (21)	56.0% (144)	257
Working with local colleges and universities	6.2% (16)	10.9% (28)	17.4% (45)	18.2% (47)	29.1% (75)	18.2% (47)	258
Working with area's council of governments or area's regional government	4.2% (11)	8.5% (22)	20.1% (52)	26.6% (69)	35.9% (93)	4.6% (12)	259
Technical assistance for small business	3.1% (8)	8.5% (22)	16.7% (43)	18.6% (48)	20.5% (53)	32.6% (84)	258
Emphasizing improvement of local amenities (e.g., entertainment, shopping, recreation)	0.0% (0)	2.3% (6)	11.7% (30)	28.4% (73)	51.4% (132)	6.2% (16)	257
Continuation of military base conversion programs	5.1% (13)	3.5% (9)	1.2% (3)	3.9% (10)	7.8% (20)	78.5% (201)	256
Targeting city procurement to local businesses; that is, using procurement set-asides	7.8% (20)	12.0% (31)	12.8% (33)	12.8% (33)	7.4% (19)	47.3% (122)	258
Using a locally operated revolving loan fund to make loans to businesses	4.3% (11)	8.9% (23)	8.2% (21)	8.6% (22)	13.6% (35)	56.4% (145)	257
Having a local economic development agency that is independent of the Redevelopment Agency	11.3% (29)	5.5% (14)	8.2% (21)	7.8% (20)	13.7% (35)	53.5% (137)	256

	Not Very Important				Very Important	We Don't Do This in Our City (NA)	Count N
	1	2	3	4	5		
Adopting a formal, overall economic development strategy to guide local policy	1.2% (3)	5.5% (14)	16.0% (41)	19.5% (50)	38.3% (98)	19.5% (50)	256
Incorporating an economic development element in the city general plan	3.9% (10)	4.3% (11)	14.8% (38)	20.3% (52)	33.6% (86)	23.0% (59)	256
Establishing foreign trade zone in your city	11.0% (28)	5.9% (15)	4.7% (12)	4.7% (12)	7.5% (19)	66.1% (168)	254
Participating in state funded grant programs	4.7% (12)	4.3% (11)	15.3% (39)	23.1% (59)	42.0% (107)	10.6% (27)	255
Establishing a formal "green" policy making new "green" industries and businesses a high priority	3.9% (10)	9.3% (24)	17.1% (44)	17.1% (44)	26.7% (69)	26.0% (67)	258
Allocating resources or enacting policies to attract or expand "green" or "carbon" friendly industries and businesses	4.7% (12)	10.2% (26)	14.8% (38)	16.4% (42)	19.5% (50)	34.4% (88)	256
Consolidating all local development programs, including redevelopment into as small a number of steps as possible, including creating one-stop shops	3.5% (9)	6.6% (17)	15.6% (40)	19.9% (51)	37.1% (95)	17.2% (44)	256
Sponsoring formal, regularly scheduled forums, even with other entities as partners, for such things as promoting venture capital for start-ups or for cultivating industry clusters in your city/county	2.3% (6)	13.2% (34)	13.2% (34)	12.8% (33)	16.7% (43)	41.6% (107)	257

13–14. In thinking about local factors in your city that harm or detract from the business climate in your city, please evaluate each of the following in terms of how much of a deterrent or hindrance that factor is. Assume that “1” means the factor is not at all a problem (things are very good), while “5” indicates that it is a very serious hindrance or problem for your city. If you can’t say or don’t know then check the “Don’t Know” column.

	Not at all a problem				Very serious problem	Don't know	Count N
	1	2	3	4	5		
Excessive local taxes	44.6% (107)	27.5% (66)	17.9% (43)	5.4% (13)	2.9% (7)	1.7% (4)	240
Costly fees enacted by city	23.0% (55)	33.1% (79)	21.3% (51)	15.1% (36)	6.3% (15)	1.3% (3)	239
Restrictive land use regulations such as zoning and building codes	20.0% (48)	29.2% (70)	28.8% (69)	14.2% (34)	7.1% (17)	0.8% (2)	240
Burdensome design and aesthetic standards for commercial buildings	31.3% (75)	30.8% (74)	21.3% (51)	12.5% (30)	3.3% (8)	0.8% (2)	240
Excessive local environmental standards and regulations	27.6% (66)	25.1% (60)	23.8% (57)	12.1% (29)	10.0% (24)	1.3% (3)	239
Shortage of land for retail commercial development	22.8% (54)	14.3% (34)	16.0% (38)	16.0% (38)	29.1% (69)	1.7% (4)	237
Opposition from residents to commercial/industrial expansion	24.2% (57)	19.5% (46)	22.9% (54)	16.1% (38)	15.3% (36)	2.1% (5)	236
Poor quality of local K-12 education system	36.1% (86)	17.2% (41)	17.2% (41)	13.4% (32)	13.4% (32)	2.5% (6)	238
Inadequate transportation infrastructure	13.0% (31)	21.8% (52)	24.3% (58)	20.1% (48)	20.5% (49)	0.4% (1)	239
Lack of broadband technology	32.9% (79)	27.1% (65)	17.9% (43)	9.2% (22)	7.1% (17)	5.8% (14)	240
Lack of affordable housing	17.1% (41)	16.3% (39)	18.8% (45)	18.3% (44)	27.9% (67)	1.7% (4)	240
Insufficient supply of water or water quality problems	47.5% (114)	24.2% (58)	10.8% (26)	7.5% (18)	9.6% (23)	0.4% (1)	240

	Not at all a problem				Very serious problem	Don't know	Count
Shortage of land for industrial development	22.6% (54)	11.3% (27)	16.7% (40)	25.1% (60)	22.2% (53)	2.1% (5)	239
Lack of local leadership in the area of economic development policy	36.1% (86)	24.4% (58)	18.5% (44)	11.8% (28)	8.0% (19)	1.3% (3)	238
High energy costs	12.7% (30)	23.2% (55)	30.0% (71)	17.3% (41)	14.8% (35)	2.1% (5)	237
Lack of workforce with needed skills or lack of workforce training	18.3% (44)	22.1% (53)	24.6% (59)	23.3% (56)	9.6% (23)	2.1% (5)	240
Absence of a formal, overall economic development strategy in your city	37.5% (90)	25.4% (61)	17.1% (41)	12.1% (29)	5.8% (14)	2.1% (5)	240
High crime rates or reputation for crime in your city	56.7% (136)	16.7% (40)	11.7% (28)	7.5% (18)	6.7% (16)	0.8% (2)	240
Traffic congestion	24.3% (58)	23.4% (56)	20.1% (48)	17.6% (42)	14.2% (34)	0.4% (1)	239
Costly or complicated permitting process	26.4% (63)	27.2% (65)	25.1% (60)	13.4% (32)	7.5% (18)	0.4% (1)	239
Lack of quality universities and colleges in area or region	51.3% (120)	15.0% (35)	15.0% (35)	10.7% (25)	6.4% (15)	1.7% (4)	234

16. In general, how controversial would you say the use of business incentives are in your community? Please mark one of the following that you believe best applies.

	Percent	Count
Not at all controversial	26.60%	63
Sometimes controversial	45.10%	107
Often controversial	15.20%	36
Don't know	13.10%	31

17–18. Considering the role of various groups and individuals in affecting or influencing economic development policy in your community, how important would you say each of the following is; consider "1" as being "not at all important" and "5" being "very important." Please check the response you think applies for each group/individual.

	Not At All Important				Very Important	Count N
	1	2	3	4	5	
City staff other than those in economic development or redevelopment (e.g., planning department)	1.7% (4)	5.5% (13)	18.5% (44)	31.1% (74)	43.3% (103)	238
Chamber of Commerce	5.4% (13)	22.5% (54)	29.2% (70)	23.3% (56)	19.6% (47)	240
Redevelopment agency	14.3% (33)	4.3% (10)	8.2% (19)	23.8% (55)	49.4% (114)	231
Economic Development Agency	19.2% (42)	9.6% (21)	12.8% (28)	19.2% (42)	39.3% (86)	219
City Council	0.0% (0)	1.3% (3)	5.5% (13)	21.8% (52)	71.4% (170)	238
Other business groups	10.0% (24)	17.2% (41)	34.7% (83)	23.8% (57)	14.2% (34)	239
City Manger	1.7% (4)	2.1% (5)	6.4% (15)	25.5% (60)	64.3% (151)	235
Mayor	0.8% (2)	6.3% (15)	16.5% (39)	22.4% (53)	54.0% (128)	237
Local newspaper	11.4% (27)	26.2% (62)	30.4% (72)	20.7% (49)	11.4% (27)	237
Environmental/preservationist groups	16.1% (38)	25.4% (60)	30.5% (72)	17.4% (41)	10.6% (25)	236
Neighborhood and residential organizations	10.1% (24)	18.9% (45)	34.5% (82)	22.3% (53)	14.3% (34)	238
Individual, private entrepreneurs	3.8% (9)	17.2% (41)	34.9% (83)	26.1% (62)	18.1% (43)	238
Workforce Investment Board	46.3% (106)	19.7% (45)	19.7% (45)	8.7% (20)	5.7% (13)	229
Area's state legislators	23.6% (55)	26.6% (62)	22.7% (53)	17.2% (40)	9.9% (23)	233
Area's federal representatives	30.5% (71)	26.2% (61)	21.5% (50)	12.0% (28)	9.9% (23)	233

	Not At All Important				Very Important	Count
	1	2	3	4	5	N
State government agencies	22.6% (53)	23.0% (54)	26.0% (61)	19.6% (46)	8.9% (21)	235
Federal government agencies	30.5% (71)	26.2% (61)	21.9% (51)	14.2% (33)	7.3% (17)	233
Local unions	41.7% (98)	30.6% (72)	17.9% (42)	6.4% (15)	3.4% (8)	235
Racial and ethnic organizations/groups	45.3% (106)	31.2% (73)	17.1% (40)	4.7% (11)	1.7% (4)	234
Economic Development Corporation	34.8% (78)	17.4% (39)	23.7% (53)	12.9% (29)	11.2% (25)	224

19. Do you believe that competition among communities for business and economic development is a beneficial or harmful feature of the California business climate? Please mark one of the following.

	Percent	Count
Beneficial	34.40%	83
Harmful	32.40%	78
Don't know/Can't say	33.20%	80

21. In considering which businesses are helped by your city's policies, would you say that it is new businesses that have received more of the help or has it been existing older businesses? Please check one of the following.

	Percent	Count
New businesses have received more of the help	46.30%	111
Existing older businesses have received more of the help	29.20%	70
Don't know	24.60%	59

22. How important in your city is the issue of businesses leaving your city? Is the issue not at all important, somewhat important, important, or very important? Which ONE of the following best applies?

	Percent	Count
Not at all important	9.20%	22
Somewhat important	23.80%	57
Important	24.20%	58
Very Important	41.70%	100
Don't know/Can't say	1.30%	3

23. Do you believe that California's overall business climate is a significant factor influencing the decision of businesses to come to or expand in your community. Yes? No? Don't know? Please check one of the following.

	Percent	Count
Yes, the state's business climate is a significant factor	69.50%	166
No, the state's business climate hasn't been a significant factor affecting local business development	20.50%	49
Don't know	10.00%	24

24. In thinking about the things your city does for economic development, to the best of your recollection have these involved at least one significant effort to keep a business from leaving your city? Yes or no?

	Percent	Count
Yes	67.80%	162
No	18.80%	45
Don't know/Can't say	13.40%	32

25. Please rank the following three goals in order of their importance in your community. Try to avoid ties. Rank each item below.

	First	Second	Third	Average	Count
Retaining existing business	57.8% (137)	26.6% (63)	15.6% (37)	1.58	237
Attracting businesses from outside the city	35.7% (85)	35.3% (84)	29.0% (69)	1.93	238
Growing new kinds of business or industries	8.0% (19)	37.6% (89)	54.4% (129)	2.46	237

26. If you were to evaluate the effects of all the policies your city supports to improve local economic and business conditions and attract or retain business, how much influence do you believe these policies have in affecting the business activity in your city? Which of the following best applies? Please check one of the following

	Percent	Count
Policies have no effect	0.80%	2
Policies have minor effect	32.90%	79
Policies have important effects	57.90%	139
Don't know/Can't say	8.30%	20

27. Each city pursues a number of visions. However, it is possible that in a city some visions are more or less important. In thinking about the overall direction of land use and development policy in your city, please indicate how important each of the following is as a feature of your city's policies. Choose a number between 1-5 for each of the following, with "1" considered to be "not at all important" and "5" to be "very important."

	Not at all Important 1	2	3	4	Very Important 5	Count N
A place to raise families and children	0.8% (2)	1.7% (4)	4.2% (10)	24.6% (59)	68.8% (165)	240
A source of jobs for workers	2.5% (6)	9.2% (22)	22.1% (53)	34.2% (82)	32.1% (77)	240

	Not at all Important				Very Important	Count
An environment friendly to all businesses	1.3% (3)	8.5% (20)	19.7% (46)	35.9% (84)	34.6% (81)	234
A community of single family home owners	5.5% (13)	15.2% (36)	29.5% (70)	29.5% (70)	20.3% (48)	237
A source of high quality/high value professional services	1.7% (4)	10.5% (25)	24.3% (58)	41.4% (99)	22.2% (53)	239
A destination for tourists	18.8% (45)	20.4% (49)	17.9% (43)	19.2% (46)	23.8% (57)	240
A recreation and entertainment center	8.4% (20)	18.1% (43)	30.4% (72)	25.7% (61)	17.3% (41)	237
A place of upper status homes and higher income residents	11.9% (28)	19.9% (47)	31.8% (75)	22.0% (52)	14.4% (34)	236
A community that helps to improve the lives of the poor	12.6% (30)	23.8% (57)	38.1% (91)	15.9% (38)	9.6% (23)	239
A retail shopping center	7.2% (17)	10.2% (24)	21.2% (50)	31.8% (75)	29.7% (70)	236

28. Does your city formally evaluate its economic development policies and actions for their cost-effectiveness? That is, does the city formally compare whether the benefits outweigh the costs of its economic development policies? Yes? No?

	Percent	Count
Yes	31.10%	74
No	50.00%	119
Don't know/Can't say	18.90%	45

29. If you were to make an overall judgment about the importance in YOUR city of increasing the local tax base as compared to reducing unemployment as objectives for your economic development policies, how important would you rate each? Using a scale from 1 to 7, with “1” meaning not at all important and “7” meaning very important, please rate how important increasing the local tax base is and how important reducing unemployment is. Please mark a number for both the tax base and the unemployment items.

	Not at all Important 1	2	3	4	5	6	Very Important 7	Count N
Increasing the local tax base	0.9% (2)	1.3% (3)	3.4% (8)	6.0% (14)	9.4% (22)	17.0% (40)	62.1% (146)	235
Reducing unemployment	9.1% (21)	9.1% (21)	15.9% (37)	18.5% (43)	18.5% (43)	10.8% (25)	18.1% (42)	232

30. What size business would you say receives the most attention from your city's economic development and redevelopment policies? Please check the business size category that happens to get the most attention in YOUR community.

	Percent	Count
Fewer than 25 employees	39.70%	93
25-49 employees	18.80%	44
50-99 employees	17.50%	41
100-199 employees	13.70%	32
200 or more employees	10.30%	24

31. In thinking about your local efforts to encourage economic development, how would you compare your city's policies with your neighboring local governments? Please check one of the following.

	Percent	Count
My city does less than its neighboring localities	24.40%	58
My city does about the same as its neighboring localities	32.40%	77

	Percent	Count
My city does somewhat more than its neighboring localities	18.50%	44
My city does much more than its neighboring localities	18.10%	43
Don't know; Can't say	6.70%	16

32. Recognizing that no single sentence can fully describe a city's economic development policy, which one of the following statements would you say best summarizes the way economic development policy has evolved in your community. None of the statements is meant to imply a better policy over the others.

	Percent	Count
There is no single, overall economic development approach or policy in our jurisdiction; we focus on individual opportunities as they arise.	54.60%	130
Our jurisdiction has very recently evolved a policy that is comprehensive, so that projects now have to fit into an overall economic development strategy.	17.60%	42
Projects in our community have for a considerable time (at least three years) been strongly guided by an overall strategy of economic development.	24.40%	58
Don't know; Can't say.	3.40%	8

33. For each of the following types of new development, please indicate how likely your jurisdiction would be to provide a general plan change or rezoning or a financial incentive to the developer or builder of the project. Please rank the following categories by choosing a number for each, with 1 indicating "very unlikely" and 7 indicating "very likely."

	Very Unlikely 1	2	3	4	5	6	Very Likely 7	Count N
Single family residential	33.2% (79)	17.6% (42)	10.5% (25)	11.8% (28)	10.9% (26)	7.1% (17)	8.8% (21)	238

	Very Unlikely 1	2	3	4	5	6	Very Likely 7	Count N
Multifamily residential	19.7% (47)	17.6% (42)	16.4% (39)	18.1% (43)	12.6% (30)	10.1% (24)	5.5% (13)	238
Light industrial	17.4% (41)	9.7% (23)	15.3% (36)	16.5% (39)	14.0% (33)	14.0% (33)	13.1% (31)	236
Heavy industrial	36.9% (87)	15.7% (37)	13.1% (31)	12.7% (30)	9.3% (22)	6.8% (16)	5.5% (13)	236
Retail	4.6% (11)	7.6% (18)	5.5% (13)	17.3% (41)	13.9% (33)	20.7% (49)	30.4% (72)	237
Office	9.7% (23)	11.3% (27)	10.1% (24)	18.5% (44)	16.0% (38)	19.7% (47)	14.7% (35)	238
Mixed-use development	4.6% (11)	5.9% (14)	6.3% (15)	10.5% (25)	19.0% (45)	24.1% (57)	29.5% (70)	237

Appendix B: Factor Analysis

Table B.1
Factor Analysis of Local Economic Development Activities, Items with
Loadings of .450 or Greater on Each of Seven Factors

	Factor Loading		Factor Loading
I. REDEVELOPMENT		V. INDIRECT ASSISTANCE	
Government assembly of land writing it down for private purchase	.735	Rezoning to commercial use	.610
Public acquisition of smaller parcels resale as larger parcels	.732	Relief from fees, licenses, permits, etc.	.606
Subsidizing on or off-site infrastructure	.687	Annexation to provide land for new businesses	.545
Tax increment financing	.608	Reducing cost of fees, licenses, permits	.534
Public improvements to declining areas to stimulate private investment	.493	VI. STREAMLINING	
Issuance of bonds to support development projects	.487	Assuring consistency in development rules	.610
II. ECONOMIC SUPPORT		Streamlining reviews	.569
Membership in economic development corporation	.644	Working with area's regional governments	.551
Federal job training programs	.608	Formal customer service training for city staff	.535
Independent Economic Development Agency, independent of RDA	.582	Consolidating local development programs, including redevelopment	.462
Establish of enterprise zones	.525	VII. DIRECT ASSISTANCE	
Subsidy for employee training	.486	Low interest loans to business	.832
Joint ventures with other cities to encourage economic development	.483	Locally operated revolving fund	.767
III. PROMOTIONAL		Financial grants to business	.580
Working with private promotional groups	.629	Community Development Block Grant programs	.488
Property site referrals	.602		
Advertising and other public relations	.592		
Improving local amenities	.532		
Ombudsman service for businesses	.523		
Promoting specific industry, activity, cluster	.523		
Technical assistance for small business	.471		
IV. GREEN/HIGH TECH			
Resources to attract green, carbon friendly industries or businesses	.849		
Having formal green policy in city	.814		
Forums for venture capital, start-ups, and industry clusters	.517		
Working with schools to improve education	.450		

Results for Varimax, Rotated Solution		
<u>Factor</u>	<u>Eigenvalue</u>	<u>% Variance Explained</u>
I.	4.2	8.6
II.	4.2	8.6
III.	3.9	8.0
IV.	3.2	6.5
V.	2.8	5.7
VI.	2.7	5.5
VII.	2.6	5.3
Total Variance Explained by Factors I-VIII = 48.2%		

Table B.2
Factor Analysis of Local Economic Development Barriers, Items with
Loadings of .450 or Greater on Each of Four Factors

	Factor Loading		Factor Loading
I. REGULATIONS		IV. PLANNING LEADERSHIP	
Restrictive land use regulations	.759	Absence of formal economic development strategy	.777
Burdensome design and aesthetic standards for commercial buildings	.738	Lack of leadership	.554
Costly fees enacted by the city	.684		
Costly/complicated permitting processes	.653		
Excessive environmental standards and regulations	.564		
Excessive local taxes	.556		
II. LAND SHORTAGE			
Shortage of land for retail commercial development	.664		
Lack of affordable housing	.592		
Shortage of land for industrial development	.563		
Opposition from residents	.524		
III. INFRASTRUCTURE/SKILLS			
Lack of workforce skills/training	.662		
High energy costs	.559		
Lack of broadband technology	.509		
Poor quality in K-12 education	.476		
Inadequate transportation infrastructure	.471		

Results for Varimax, Rotated Solution			
<u>Factor</u>	<u>Eigenvalue</u>	<u>% Variance</u>	<u>Explain</u>
I.	3.086	15.429	
II.	2.110	9.786	
III.	1.957	10.551	
IV.	1.165	5.824	
Total Variance Explained 46.254%			

Appendix C: Correlations and Regression Results for LED Policy Measures

Table C.1
Correlations Between Policy Barriers and the LED Policy Measures

		Regulatory and Policy Barriers	Infrastructure and Skills Barriers	Lack of Land and Affordable Housing Barriers	Lack of ED Plan or Lack of Leadership Barriers
Total LED Policy Score	Pearson Correlation	.317(**)	.419(**)	.000	.364(**)
	Sig. (2-tailed)	.000	.000	.999	.000
	N	239	239	239	235
Redevelopment	Pearson Correlation	.206(**)	.294(**)	.047	.133(*)
	Sig. (2-tailed)	.001	.000	.472	.042
	N	239	239	239	235
Economic Support	Pearson Correlation	.166(*)	.381(**)	-.077	.401(**)
	Sig. (2-tailed)	.010	.000	.234	.000
	N	239	239	239	235
Promotion	Pearson Correlation	.299(**)	.350(**)	.079	.247(**)
	Sig. (2-tailed)	.000	.000	.222	.000
	N	239	239	239	235
Green and High Tech	Pearson Correlation	.357(**)	.266(**)	.080	.168(*)
	Sig. (2-tailed)	.000	.000	.218	.010
	N	237	237	237	233
Indirect Assistance	Pearson Correlation	.221(**)	.309(**)	-.060	.292(**)
	Sig. (2-tailed)	.001	.000	.355	.000
	N	239	239	239	235
Streamlining	Pearson Correlation	.076	.190(**)	.149(*)	.280(**)
	Sig. (2-tailed)	.243	.003	.021	.000
	N	239	239	239	235
Direct Assistance	Pearson Correlation	.163(*)	.208(**)	-.100	.258(**)
	Sig. (2-tailed)	.011	.001	.122	.000
	N	239	239	239	235

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Table C.2
Dependent Variable: Total Local Economic Development Score*

R ²	0.241
Adjusted R ²	0.212
F	9.90
Significance	0.000

Predictor variable	Beta	Std. Error	Sig.
Median Household Income, 2000	-.504	.000	.000
City Population (log), 2000	.234	.009	.003
Per-capita State Sales-Tax Revenue (log), 2000	.128	.012	.050
Number of Cities within 5 miles	-.081	.002	.323
% owner occupied housing, 2000	.066	.001	.420
% change in total housing, 2000-2007	.107	.000	.074
Central Valley City**	.037	.033	.622
Bay Area City	.166	.039	.071
LA County City	.107	.044	.107
Other Southern California City	.084	.039	.332
Perceived Competition	.158	.004	.030

*The Beta column in this and following tables contain values for the standardized regression coefficients. Beta coefficients are the “weights” associated with a standard deviation change in the predictor variable. In this table, for example, each one standard deviation increase in median household income is associated with a .504 decline in the total economic development score.

**The omitted category used to contrast dummy variable effects was All Other California cities, which refers to cities not located in the Bay Area, Los Angeles County, Other Southern California, or the Central Valley. Imperial County cities were included in the omitted category

Table C.3
Dependent Variable: Redevelopment Score

R ²	.329
Adjusted R ²	.297
F	10.20
Significance	.000

Predictor variable	Beta	Std. Error	Sig.
Median Household Income, 2000	-.551	.000	.000
City Population (log), 2000	.204	.458	.009
Per-capita State Sales-Tax Revenue (log), 2000	.079	.589	.225
Number of Cities within 5 miles	.031	.090	.703
% owner occupied housing, 2000	.106	.053	.642
% change in total housing, 2000-2007	.002	.018	.979
Central Valley City	.159	1.521	.046
Bay Area City	.009	1.827	.923
LA County City	.028	2.059	.795
Other Southern California City	-.046	1.825	.614
Perceived Competition	.070	.197	.350

Table C.4
Dependent Variable: Economic Support Score

R ²	0.268
Adjusted R ²	0.233
F	7.630
Significance	.000

Predictor variable	Beta	Std. Error	Sig.
Median Household Income, 2000	-.375	.000	.000
City Population (log), 2000	.158	.438	.051
Per-capita State Sales-Tax Revenue (log), 2000	-.002	.563	.977
Number of Cities within 5 miles	-.090	.086	.291
% owner occupied housing, 2000	-.040	.053	.642
% change in total housing, 2000-2007	.002	.018	.979
Central Valley City	.159	1.52	.046
Bay Area City	.009	1.827	.923
LA County City	.028	2.059	.795
Other Southern California City	-.046	1.824	.614
Perceived Competition	.070	.197	.350

Table C.5
Dependent Variable: Promotional Activity Score

R² .317
Adjusted R² .285
F 9.68
Significance 0.000.

Predictor variable	Beta	Std. Error	P
Median Household Income, 2000	-.312	.000	.001
City Population (log), 2000	.431	.434	.000
Per-capita State Sales-Tax Revenue (log), 2000	.262	.558	.000
Number of Cities within 5 miles	-.108	.085	.193
% owner occupied housing, 2000	.051	.052	.537
% change in total housing, 2000-2007	.078	.017	.192
Central Valley City	-.161	1.507	.038
Bay Area City	-.023	1.811	.801
LA County City	-.092	2.040	.375
Other Southern California City	-.076	1.808	.386
Perceived Competition	.083	.196	.256

Table C.6
Dependent Variable: Green Policies Score

R² .197
Adjusted R² .158
F 5.10
Significance .000

Predictor variable	Beta	Std. Error	P
Median Household Income, 2000	.030	.000	.767
City Population (log), 2000	.183	.354	.031
Per-capita State Sales-Tax Revenue (log), 2000	.138	.458	.052
Number of Cities within 5 miles	-.127	.070	.159
% owner occupied housing, 2000	-.156	.043	.084
% change in total housing, 2000-2007	.191	.014	.004
Central Valley City	-.124	1.224	.135
Bay Area City	-.001	1.472	.989
LA County City	.040	1.666	.724
Other Southern California City	-.008	1.472	.929
Perceived Competition	.198	.160	.013

Table C.7
Dependent Variable: Indirect Assistance Score

R² .233
R² .233
Adjusted R² .196
F 6.300
Significance .000

Predictor variable	Beta	Std. Error	P
Median Household Income, 2000	-.468	.000	.000
City Population (log), 2000	.038	.278	.647
Per-capita State Sales-Tax Revenue (log), 2000	.108	.355	.122
Number of Cities within 5 miles	-.064	.054	.466
% owner occupied housing, 2000	.195	.033	.028
% change in total housing, 2000-2007	.148	.011	.021
Central Valley City	.105	.959	.197
Bay Area City	.106	1.151	.282
LA County City	.039	.296	.721
Other Southern California City	.047	1.148	.612
Perceived Competition	.101	.124	.189

Table C. 8
Dependent Variable: Streamlining Score

R² .085
Adjusted R² .041
F 1.94
Significance .036

Predictor variable	Beta	Std. Error	P
Median Household Income, 2000	-.215	.000	.046
City Population (log), 2000	.058	.304	.519
Per-capita State Sales-Tax Revenue (log), 2000	.154	.391	.042
Number of Cities within 5 miles	-.093	.060	.333
% owner occupied housing, 2000	.074	.036	.440
% change in total housing, 2000-2007	.064	.012	.358
Central Valley City	-.058	1.056	.511
Bay Area City	.032	1.269	.764
LA County City	.134	1.429	.265
Other Southern California City	-.040	1.267	.690
Perceived Competition	.127	.137	.133

Table C.9
Dependent Variable: Direct Assistance Score

R² .254
Adjusted R² .219
F 7.10
Significance .000

Predictor variable	Beta	Std. Error	P
Median Household Income, 2000	-.507	.000	.000
City Population (log), 2000	-.041	.320	.626
Per-capita State Sales-Tax Revenue (log), 2000	-.132	.412	.053
Number of Cities within 5 miles	-.025	.063	.773
% owner occupied housing, 2000	-.018	.038	.831
% change in total housing, 2000-2007	.051	.013	.424
Central Valley City	-.093	1.112	.249
Bay Area City	.134	1.336	.168
LA County City	.029	1.505	.789
Other Southern California City	-.025	1.334	.788
Perceived Competition	.103	.144	.174

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PUBLIC POLICY INSTITUTE OF CALIFORNIA

500 Washington Street, Suite 600
San Francisco, California 94111
phone: 415.291.4400
fax: 415.291.4401

PPIC SACRAMENTO CENTER

Senator Office Building
1121 L Street, Suite 801
Sacramento, California 95814
phone: 916.440.1120
fax: 916.440.1121

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