



## **Chapter 4:** Economic Development Element



## 4.1 INTRODUCTION

Economic development has been identified by City leaders as the key priority of the City and the focus for the General Plan 2035. The purpose of the Economic Development Element is to identify current economic development conditions and to demonstrate how the land use plan will promote business activity and employment growth within the City, consistent with the priorities identified by City leaders and the community. The Economic Development Element establishes goals and policies to promote fiscal stability, expand the City's employment base, and enhance the City's revenues in order to provide quality services to the community. These goals and policies provide for the implementation of the vision of Murrieta as a regional economic job center and premier commercial hub. The Economic Trends and Conditions Background Report (January 2010) and Retail Market and Fiscal Impact Analyses (January 2011) prepared by Stanley R. Hoffman Associates serve as the basis for direction in this Element and can be found in Appendix R and Appendix S, respectively.

The following Community Priorities relate most directly to this Element:

- Pursue economic vitality and longevity by attracting higher education and growing a base of clean industry, while maintaining the current housing affordability.
- Create a vibrant, prosperous Historic Downtown that serves as a community center and provides a variety of quality shopping and dining experiences.

## 4.2 AUTHORITY FOR ELEMENT

The Economic Development Element is not a mandatory element required by State Planning Law. However, a General Plan may also include other topics of local interest, as chosen by the local jurisdiction. Murrieta has chosen to include an Economic Development Element to address the economic health of the City and to establish goals and policies that encourage economic growth while also maintaining and improving the quality of life in the community.

### 4.3 SETTING THE CONTEXT: KEY ISSUES AND CHALLENGES

The community visioning efforts conducted as part of the General Plan Update along with the Economic Trends and Conditions background report have identified key considerations and challenges facing Murrieta in regards to the current economic climate and the City's future economic development potential.

- **Existing Economic Climate.** Murrieta, along with other cities within California and across the United States are facing challenging times associated with the recent economic downturn. Historically, Murrieta benefited from the housing boom preceding the downturn, which resulted in growth in household demand for local services and retail development. However, starting in 2006 residential activity began to dramatically decrease within Murrieta. The economic downturn has also resulted in a loss of jobs within the City, primarily concentrated in local serving sectors, such as retail, construction, and accommodation and food services. Thus, the City is now faced with the challenge of identifying new sources of growth which are more diversified and adaptable to recessionary pressures.
- **Regional Location.** Murrieta has an excellent regional location with the “center” of the City at the confluence of the I-15 and I-215 Freeways. This location provides opportunities for future rail transit, including High Speed Rail, that will serve broader destinations. The transit opportunities allow for transit-oriented development serving Western Riverside County. Along with affordable housing and attractive vacant land prices, Murrieta is well positioned to capture a competitive share of future regional economic growth.
- **Lack of High-Skilled Employment Opportunities.** Murrieta residents represent a highly skilled and educated workforce. However, local job opportunities within Murrieta do not adequately serve this workforce, resulting in high levels of out-commuting. The employment, labor, and commute data indicates that residents with higher education and occupational skills are largely commuting outside of the City for work. Approximately 87 percent of the City's labor force commutes to areas outside of the City. In comparison to other surrounding regions and communities, Murrieta has had a noticeably higher share of local-serving jobs. These jobs



**The creation of more high-skilled jobs  
is a community priority.**



are typically categorized as lower to medium skilled. The concentration of local-serving jobs has resulted in lower average wages in Murrieta when compared to Southern California.

- **Retail Trends.** Murrieta's retail sales per capita is performing approximately six percent below the County of Riverside average and approximately 35 percent below the comparison with the subregional average. Murrieta's retail centers are generally comprised of community oriented, big-box centers. The City lacks a true regional shopping center. As a result, Murrieta is not capturing its fair share of household expenditures from within the City and its environs. This is particularly true for general merchandise and apparel. General merchandise, apparel, household furnishings and appliances and other specialty retail stores are key components of regional retail centers and have implications for the City's fiscal health given the importance of sales tax revenues. Further, per capita sales in eating and drinking places are also lower in Murrieta when compared to the subregion. The lack of restaurants, including higher-end restaurants was identified by the community as an opportunity. The City should also evaluate its long-term opportunities to capture a higher proportion of the automotive retail category in the future, notwithstanding the restructuring that is taking place in the automotive industry.



**There may be opportunities for Murrieta to capture more automotive retail sales, in the long-term.**

- **Historic Downtown Murrieta.** Murrieta's Historic Downtown is a cherished and valued resource. It represents the original Murrieta Town site and continues to provide a home to some of Murrieta's oldest structures. Washington Avenue represents Historic Murrieta's traditional commercial street primarily within free-standing single-occupant buildings. The City's Town Center is also located within the Historic Downtown and includes City Hall, the Senior Center, Library, and Police Station, as well as Town Square Park. Historic Downtown Murrieta lacks the visibility of the major highways and corridors that serve other commercial centers, and the small lots limit the potential for larger commercial uses. Primarily developed with single-family residential uses, mixed use/higher density residential development is needed to support existing retailers and services and create market support for new commercial uses.



## 4.4 SETTING THE VISION: KEY CONCEPTS AND VISION FOR GENERAL PLAN

Opportunities for economic development are the key priority for the City. The following key concepts and vision for the General Plan directly guide the Economic Development goals and policies and are intended to respond to the key considerations and challenges identified above.

- **Regional Economic Growth.** The City has the potential to attract firms that offer relatively higher skilled and higher wage jobs due to its educated and skilled resident labor force, land use development opportunities, existing regional freeway accessibility, and future transit development programs. Given that Murrieta has a significant share of residents with both higher education and higher skill levels, there is the potential for growth in the export-base industries, particularly within the manufacturing, research and development, professional, scientific and technical, information, medical, and finance and insurance sectors.
- **Office and Industrial Market Trends.** As the Murrieta office market improves and evolves, it will attract a growing proportion of professional, medical, technical, and research employment, particularly in developments along major highway corridors and at the centrally located confluence of the I-15 and I-215 Freeways. Similarly, as the Murrieta industrial market improves, it will be well-positioned both geographically and demographically to attract a range of research and development (R&D) and light industrial users. The General Plan 2035 should create opportunities for flex-tech buildings and higher intensity office uses along freeway corridors.
- **Retail Opportunities.** As the economy improves, Murrieta has the opportunity to expand its retail base to better serve the community and capture sales tax within the City. The General Plan 2035 should encourage opportunities to attract a regional shopping and entertainment center and a mix of moderate to higher end restaurants that will allow residents, as well as visitors and employees, to shop and dine within Murrieta. Opportunities to capture a higher proportion of the automotive retail category in the future should also be pursued.
- **Historic Downtown Murrieta.** Demand for both local-serving and specialty retail goods and services within the Historic Downtown can be supported through infill and mixed use/higher density residential development along with the continued development of public uses within the Civic Center area. The General Plan 2035 should encourage



**The industrial base in Murrieta is positioned to grow with a range of R&D and light industrial businesses.**



opportunities to attract neighborhood level retailers and personal services providers that are compatible with and reinforce the historic and village atmosphere of the Historic Downtown. Higher-density residential and mixed-use developments should be evaluated and encouraged. Opportunities for redevelopment, including the use of redevelopment assistance and special housing and public improvement programs, where allowed, can be utilized to support new development and infrastructure improvements within the Historic Downtown.

## 4.5 GOALS AND POLICIES

**GOAL ED-1** A highly visible and attractive commercial/mixed-use regional hub located at the confluence of the I-15 and I-215 Freeways in central Murrieta.

### POLICIES

- ED-1.1 Promote the City's location between two interstate freeways to create a regional hub of an intensity and scale commensurate with its regional orientation, high visibility, and gateway location.
- ED-1.2 Encourage the development and integration of a mix of uses in a "main street" setting that includes retail anchored department stores, entertainment, hotel, office, retail, and residential uses that provide a regional draw.
- ED-1.3 Encourage transit-oriented development within this area to support future transit opportunities.

**GOAL ED-2** A fiscally strong governance that meets the public service demands of residents and businesses.

### POLICIES

- ED-2.1 Conduct thorough and frequent reviews of fiscal policy in order to maintain balanced tax and fee structures and to respond to changing fiscal policies at broader governmental levels.
- ED-2.2 Improve the ongoing fiscal revenue and cost structure of the City, particularly revenue growth potential associated with hotel, retail, and restaurant land use development, business activities, and redevelopment/revitalization programs.
- ED-2.3 Require fiscal impact analysis, as appropriate, for any development project requesting public funding, infrastructure participation, or revenue sharing.



- ED-2.4 Actively seek to replace vacating businesses with users capable of generating similar or greater fiscal revenue streams.
- ED-2.5 Review the City's fiscal revenue and cost structure on a periodic basis, using the established fiscal analysis framework, so that staff-level assessment can be provided in a quick, cost-effective, and accurate manner.
- ED-2.6 Review city-sponsored programs and services to ensure that residents and businesses are provided high quality services in a cost-effective manner.
- ED-2.7 Create a program that allows long-range public facilities financing for projects that provide economic and other benefits to the City; link capital improvements with General Plan priorities as part of the annual CIP process.
- ED-2.8 Include a financing plan for infrastructure and related capital improvements for large-scale development projects that are consistent and coordinated with the City master plans.
- ED-2.9 Maintain an updated system of development impact and processing fees and charges.
- ED-2.10 Strive to limit the burden of taxes and special assessment on residential development to a maximum of 2.0 percent of the total assessed value in concert with other taxing entities.

**GOAL ED-3****A sound, stable, and diversified economic base.****POLICIES**

- ED-3.1 Support a diverse range of business activities including professional/technical, information, technology-focused manufacturing, research and development, including medical research and research institutions, educational services, medical/health services, and financial services.
- ED-3.2 Promote Murrieta as a center for medical/health services and technology through active encouragement and recruitment of medical office, medical research, and health care facilities around the Loma Linda University Medical Center, South Murrieta Business Corridor, and confluence of the I-15/I-215 Freeways.
- ED-3.3 Create incentives to attract new businesses and industries that provide employment opportunities that match the education and occupational skill levels of Murrieta residents.



- ED-3.4 Develop an economic base that attracts jobs and exports products and services by capitalizing on the City's strategic location and relatively lower land prices between greater Los Angeles/Orange County metro and San Diego market regions.
- ED-3.5 Encourage companies that are involved in the manufacture of products for export, including international export, to invest and locate in the City.
- ED-3.6 Encourage the development of technology incubators to promote entrepreneurship and support start-up companies.
- ED-3.7 Work with area universities to promote technology start-ups and encourage technology transfer-related companies to locate within the City.

**GOAL ED-4** Positive balance between the supply of retail opportunities and demand for goods and services.

## POLICIES

- ED-4.1 Encourage retail development projects that can realistically satisfy community-wide and regionally-based demand for goods and services.
- ED-4.2 Encourage retail development, expansion, and remodeling projects that can effectively reverse or minimize outflows of local resident expenditures to retail facilities beyond the City limit.
- ED-4.3 Support a concentration of retail centers in functional nodes at freeway intersection locations to maximize exposure and convenient access within the regional trade area environment.
- ED-4.4 Support high-volume retail outlets along the Madison Avenue Corridor from Guava Street north to California Oaks/Kalmia Road, and on major intersecting streets.
- ED-4.5 Create a unified urban design, marketing, and imaging strategy to strengthen the Madison Avenue commercial corridor.
- ED-4.6 Encourage the development of a mix of moderate to high-end restaurants throughout the City, particularly in concert with business, entertainment, and cultural developments.
- ED-4.7 As the economy improves, encourage continued development of a multi-dealer automotive sales center that satisfies regional demand for automotive purchases, captures sales tax, and takes advantage of the auto center's freeway exposure and access.



- ED-4.8 Encourage retail developments, particularly smaller projects, to locate in areas where they can be most effective in terms of meeting the needs of local households and encourage mixed use which can create neighborhood centers of activity.
- ED-4.9 Allow retail development, in areas not currently designated for commercial land use by the General Plan, only after a thorough evaluation of their market potential for success.

### **GOAL ED-5** An improved jobs/housing balance.

#### **POLICIES**

- ED-5.1 Encourage flex-tech buildings within business corridors and higher intensity office uses along freeway corridors with adequate visibility, convenient access, and future transit-oriented opportunities.
- ED-5.2 Encourage the concentration of compatible employment-generating uses, such as professional office, research and development, and health-related services.
- ED-5.3 Encourage a mix of housing types by price and rental ranges that are commensurate with the range of wage and household types attracted by a diversified economic base.
- ED-5.4 Encourage housing that is within economic reach of all income levels and family living styles inclusive of age-restricted housing, estate and ranch properties, single-family detached, single-family attached, town homes, condominium flats, and apartments.

### **GOAL ED-6** An educated and highly-skilled labor force.

#### **POLICIES**

- ED-6.1 Encourage and support the development of institutions of higher education to serve educational pursuits of area residents and provide a highly skilled employment pool attractive to business investment and economic growth.
- ED-6.2 Support the development of technical colleges and training institutions that build job skills commensurate with the growth of the economic base, particularly in the emerging health care services industry and the need for doctors, nurses, and other trained personnel.



- ED-6.3 Coordinate and collaborate with the Murrieta Valley Unified School District, community colleges, and employers to develop specialized technical and vocational training programs to help match the skills of area residents with employer needs.
- ED-6.4 Support professional development and continuing education programs so that working adults can expand their skills and embrace lifelong learning.

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**GOAL ED-7**      **Tourism and leisure opportunities that attract residents and visitors.**

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**POLICIES**

- ED-7.1 Encourage the development of tourist and entertainment-type facilities such as hotels, dinner house restaurants, performing arts center, museums, a music and festival park, an amusement park, mineral hot springs, golf courses, and visitor information centers.
- ED-7.2 Encourage the development of business-oriented hotels that capitalize on the superior freeway locations in Murrieta and the expanding office, professional and technical job base.
- ED-7.3 Encourage development and business activities that capitalize on natural amenities and resources of the area such as trail and tour guides, campgrounds, rodeos, equestrian breeding and training farms, nature and open space preserves.
- ED-7.4 Promote and encourage future development of a full-service resort that incorporates local amenities and attractions, such as the mineral hot springs and the nearby vineyards and wineries.
- ED-7.5 Explore opportunities to capitalize on Murrieta's proximity to Temecula Valley wine country.

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**GOAL ED-8**      **Strategic approach to economic growth.**

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**POLICIES**

- ED-8.1 Encourage and market to employers that provide employment opportunities commensurate with the education and skills of Murrieta residents.
- ED-8.2 Support a business friendly environment for new businesses to locate in Murrieta and existing businesses to flourish.



- ED-8.3 Formulate and implement strategies that are responsive to critical economic goals of the community and monitor and update these goals annually through the Economic Development Department.
- ED-8.4 Explore opportunities for business assistance and incentive programs to attract businesses to the City.
- ED-8.5 Establish a Business Retention and Expansion program that supports existing and future businesses.
- ED-8.6 Establish a priority for implementation programs while maintaining flexibility to adjust to market-based conditions, as necessary; coordinate with General Plan priorities.
- ED-8.7 Periodically assess the ability of the City to meet the growth needs of office and research and development firms.
- ED-8.8 Maintain economic information and development opportunities on the City's website and create interactive links with the real estate brokerage and development industry.
- ED-8.9 Continue to work with the Murrieta Chamber of Commerce to promote the continued economic growth of the City and provide businesses with the tools and services to succeed.
- ED-8.10 Continue to consult with technical networking organizations to market Murrieta and encourage new businesses and industries to locate in the City.
- ED-8.11 Work with property owners to promote the vision of the community as a future job-rich center.

**GOAL ED-9****A coordinated and stable regional economic environment.****POLICIES**

- ED-9.1 Coordinate implementation efforts with other economic development programs carried out by other implementation agencies including, but not limited to: Murrieta Chamber of Commerce, Southwest California Economic Alliance, Temecula Chamber of Commerce, Southwest California Economic Development Corporation and Murrieta Redevelopment Agency.
- ED-9.2 Where possible, capitalize on economic development efforts already occurring within the region and maintain active economic development partnerships with other local and regional governments and agencies.



- ED-9.3 Ensure that future annexations are fiscally and economically beneficial to the City and are accomplished through a coordinated effort between the City, LAFCO, and other interested agencies.
- ED-9.4 Continue to partner with Temecula to market and promote the “Twin Cities” as a job center between the Los Angeles/Orange County and San Diego metro areas.

**GOAL ED-10** A revitalized and economically stable Historic Downtown Murrieta.

**POLICIES**

- ED-10.1 Encourage compatible economic development activities that support the historic nature and unique character of Historic Downtown Murrieta and strengthens its citywide and regional draw.
- ED-10.2 Encourage the development of neighborhood level retail uses and personal services within Historic Downtown Murrieta that serve the surrounding residents and businesses.
- ED-10.3 Provide opportunities for mixed-use commercial and residential development to render Historic Downtown Murrieta a commercially viable entity consistent with its functional scale.
- ED-10.4 Complete development of a Civic Center complex within Historic Downtown Murrieta on the Town Square site.
- ED-10.5 Consider opportunities for the development of higher-density and mixed-use residential uses to support commercial development within the Historic Downtown.
- ED-10.6 Consider opportunities to incorporate entertainment and cultural/art venues and activities within Historic Downtown Murrieta.
- ED-10.7 Utilize redevelopment assistance and special programs to attract retailers and encourage new mixed-use development within the area.



## 4.6 IMPLEMENTATION OF THE ELEMENT

Implementation of the Economic Development Element requires coordination between the City of Murrieta, adjacent and regional jurisdictions, and local businesses and residents. There are a number of activities that assist and contribute to the implementation of the Element. Murrieta recognizes that economic development is a challenge accepted by several local agencies and that the full scope of possible implementation approaches does not fall on any single entity. The City will implement the Economic Development Element through public/private actions and policies. A key component will be to establish priorities for policy implementation and monitoring the progress of the implementation. Overall, the City must maintain flexibility due to the dynamic nature of our market-based economy.

