



# STAFF REPORT

DATE: 10/01/2025  
TO: Honorable Mayor and City Council Members  
FROM: Economic Development Department

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**2025-261**

## REQUEST FOR CITY COUNCIL ACTION

### **SUBJECT:**

CITY COUNCIL CONSIDERATION OF A PILOT JOBS CREATION PROGRAM FOR THE HUB. COMMERCIAL CENTER

### **EXECUTIVE SUMMARY:**

This staff report asks the City Council to authorize development and administration of a pilot forgivable loan program to incentivize job creation for new businesses in The Hub. commercial center.

### **RECOMMENDED ACTION:**

That the City Council:

- a. Authorize the City Manager, or their designee, to establish and administer a pilot jobs creation loan program for tenant attraction at the Hub. commercial center.
- b. Grant the City Manager, or their designee, approval authority for all loan agreements under this program provided they are consistent with the terms in this report, with mandatory reporting to City Council for all executed agreements.

### **BACKGROUND & HISTORY:**

As a part of the renovation and revitalization efforts for the Corona South Mall, which will be marketed as The Hub., and the entire Downtown area, attraction of a new mix of businesses not currently found in the Downtown area is critical for the success of the area. With the right tenant mix, The Hub., has the potential to serve as a transformative

anchor for the Downtown area by drawing Corona residents and regional customers to the area to begin building a new customer base for all businesses.

One traditional economic development tool for cities to attract a specific mix of businesses to an area is a jobs creation program. These programs typically involve incentives such as low cost or forgivable loans to stimulate business investment and offset the risks of being an initial investor in that area.

### **ANALYSIS:**

The City is pursuing unique businesses at The Hub. that will provide experiences and food choices not found in the Downtown, with the intent of becoming a regional entertainment destination. The City's investment in the South Mall, including the cost to acquire and renovate buildings, helps reduce the overall capital outlays required for new businesses to transform the center. Coupling this with a jobs creation program will provide additional support to attract new businesses by providing financial assistance as they work through the expense of startup and achieve stability. The City can incentivize the creation and retention of jobs at The Hub. as a way to boost local employment and provide an incentive for higher paying businesses to make an investment in the Downtown area.

Staff is proposing to establish a pilot job creation incentive program for the Hub. designed to assist eligible commercial businesses by offsetting staffing costs of newly hired employees and creating jobs to assist members of the community in obtaining employment. The jobs incentive program would assist the city in attracting the tenants most likely to have the most positive impact to the Downtown economy and visitor ship.

If approved, staff would create an administrative policy with guidelines that detail the program structure and eligibility criteria for businesses within the Hub. as follows:

#### *Program Purpose*

The intent of the program is to incentivize the creation of jobs for Corona residents and stimulate the transformation of The Hub. into a thriving and vibrant dining, entertainment, and retail destination for the City.

#### *Forgivable Loan*

The loans will be structured as a forgivable, interest-free loan. The minimum term of a loan for any participating business would be one year, but terms would be extended to multiple years for businesses receiving higher levels of funding. If the applicant has maintained compliance with the program guidelines during the term of the loan, the interest-free loan will be 100% forgiven. Owners with equity interest(s) of twenty percent (20%) or more in the business shall be required to guarantee the forgivable loan.

#### *Funding Conditions*

Participating businesses will be required to enter into a Job Creation and Retention Agreement with the City, which is developed and approved as to form by the City Attorney.

It will include appropriate funding use conditions (i.e. job creation), including restricting funds from being used to pay for maintenance or construction work.

The loan amounts for the program would be based on the annual income of a typical minimum wage employee. California minimum wage is \$16.50 per hour for retail and restaurant employees, thus full-time annual income for these employees would be \$34,320, based on 2,080 hours of work per year. The loans would off-set between 25% and 50% of this business cost, or between \$8,580 and \$17,160 per participating job. Participating businesses could receive funding for multiple positions, but never for a majority of their workforce.

#### *Jobs Created*

The job(s) created must be permanent full-time equivalent employment, which could include one full-time position or two half-time positions. The program would require that the new employment positions remain in effect for the term of the loan. The exact number of jobs that the business is required to create would be tailored to the specific operations of the business. Total funding for a participating business would be based on a variety of factors, including preferential hiring for Corona residents, expected sales tax generation, annual rental income to the City from the lease, and uniqueness of the business within downtown Corona and the region.

#### *Repayment Obligation*

The program will require repayment of the loan for breaches, including if the business fails to create and maintain the number and types of jobs required as part of the program.

#### *Timing of Funding*

As this program is tied to the jobs created, the loan funding would only be disbursed once the business has hired employees and is open for business.

#### *Next Steps*

Should the City Council authorize the implementation of this program, staff will develop the administrative documents needed for the loan program and engage with prospective tenants for The Hub.

#### **FINANCIAL IMPACT:**

Each individual Job Creation and Retention Agreement will be scaled to each business interested in operating in The Hub. The total amount of funding for the entire program is not known at this point, but staff estimates the range for incentives will be approximately \$100,000 for a typical business, to assist in partially funding approximately six jobs for each business. However, there may be businesses that bring significant and transformative impacts where the incentive will exceed this amount. With the Hub. able to accommodate up to 15 to 18 tenants between the inline retail spaces and smaller restaurants and retail spaces within the food hall building, staff is estimating a total funding not to exceed \$1,500,000 for the pilot program. As this program only provides funding once participating businesses open, and new tenants beyond those already in place at

The Hub. are not expected to open until late spring or early summer 2026, loans are not expected to be issued until Fiscal Year 2027.

Funding for the recommended actions will be included through the Fiscal Year 2027 annual budget process.

**ENVIRONMENTAL ANALYSIS:**

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action involves the establishment of a forgivable loan program to create an incentive for job creation and incentive in an established commercial center within the City and there is no possibility that this action will have a significant effect on the environment. Therefore, no environmental analysis is required.

**PREPARED BY:** JOEL BELDING, ECONOMIC DEVELOPMENT DIRECTOR

**REVIEWED BY:** JUSTIN TUCKER, ASSISTANT CITY MANAGER