



# Jobs Creation Pilot Program

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# Ask

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That the City Council authorize the establishment of a pilot jobs creation program for *The Hub*. commercial center.

## Downtown Corona Revitalization Plan

### OUR VISION

To shape Downtown Corona into a **Thriving, Vibrant Destination** that offers a unique sense of place for residents, businesses, and visitors.



# Guiding Document

- Adopted: September 2022
  - Began: April 2021
- Community outreach
  - 2400+ Survey responses
  - Workshops
    - Residents
    - Businesses
  - Focus group discussions
- Market Research
- Best Practices and Tools for Redevelopment

# Downtown Revitalization



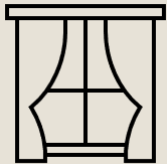
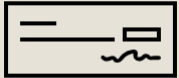
- The Hub. is a key catalyst project for Downtown Revitalization Plan
- Attracting a curated mix of tenants is critical to its success
- An incentive program will attract high-quality tenants while assisting those tenants with growing local employment
- Jobs creation programs are tools that have been used by cities and Redevelopment Agencies for decades



- Private commercial owners have a variety of tools they use to attract tenants
  - Free rent
  - Reimburse tenants for construction
  - Retrofit interior spaces
  - Build entire buildings
- The private market has not independently revitalized downtown
- This pilot program offers a comparable approach to private sector incentives to attract high-quality tenants

# Private Transactions

Private commercial owners offer incentives to attract tenants



- Free rent periods for the first few months
- Participation/Percentage Rents
- Reimbursements for interior improvements – Tenant Improvement Allowance
- Direct construction of interior improvements for future tenants
- Funding or full construction of new buildings for future tenants

# Private Incentives

334 Lease Comps

Lease Comps Analytics Map

Rents Per SF	Survey	Low	High
Asking Rent	\$9.68	\$0.65	\$21.60
Starting Rent	\$8.56	\$3.60	\$19.44
Effective Rent	\$7.28	\$4.56	\$17.04

Volume	Survey	Low	High
Deals	334	-	-
SF Leased	2,597,601	6,000	10,000
Average Deal SF	7,777	6,000	10,000
Buildings	159	-	-
Building SF	2,455,478	5,868	149,558

Concessions	Survey	Low	High
Months Free Rent	1.8	0.0	5.0
TI Allowance Per SF	\$0.05	\$0.00	\$0.50
Concessions	2.3%	1.5%	4.4%
Asking Rent Discount	6.3%	-9.7%	38.8%
Annual Rent Increase	3.0%	1.0%	7.1%

Time on Market	Survey	Low	High
Months on Market	4.0	1.0	61.9
Months Vacant	4.2	0.0	44.8
Average Term in Years	2.6	0.1	12.0

**Deals by Asking Rent**

**Deals by Starting Rent**

**Probability of Leasing in Months**

**Deals by Effective Rent**

**Charts**

- Asking Rents
  - Deals by Asking Rent
  - Asking Rents By Service Type
- Concessions
  - Deals by Months Free Rent
- Actual Rents
  - Deals by Starting Rent
  - Deals by Effective Rent
- Leasing Volume
  - Leased SF by Deal Type
  - Deals by Lease Terms in Years
- Time on Market
  - Probability of Leasing in Months
  - Deals by Months On Market
  - Deals by Months Vacant
- Brokers
  - Top Leasing Brokers
  - Top Landlord Rep Brokers
  - Top Tenant Rep Brokers
- Tenants
  - Tenant Companies
  - Tenant Industries

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# Private Transactions

## Anchor Tenants

- Typically pay significantly reduced rent compared to smaller tenants in same center
- Landlords trade lower rent for increased visitorship

### With Sears gone, landlords can now jack up the rent on decades-old leases

One Kmart that was demolished in Staten Island, New York, will result in rent that is 727 percent higher.



Kimco has been waiting to "recapture" Sears locations to either put in new tenants and lift rents to market prices or to start a new redevelopment within the shopping center itself. Bujnicki said, noting that Sears' average rent was \$5.25 per square foot, the lowest among Kimco's top 50 tenants. The average tenant pays \$15.95 a square foot.

# Private Transactions

## Starbucks

- Typical for property owner to build shell building - \$2M investment to attract Starbucks
- Well-known, low-risk tenants can command this type/level of incentive



# Private Transactions

## Bedford Marketplace

- The first tenants opened in late 2022
- Those tenants had free rent until *Amazon Fresh* opened, which occurred in late 2024.



# Public Private Partnerships

## Irvine Great Park

- Almquist selected as food and beverage operator for the park
- Irvine to issue \$14M in bonds to fund building construction
- 30-60 year lease to repay bonds and provide income

## The Canopy

### Phase 2: 10 acres on City property

- Reuse of pop-ups, refashioned shipping containers
- Three new buildings
- Renovation and reuse of historic Hangar 10
- Parking lot
- Landscaped park areas
  - Outdoor seating / play space



## Lease Terms

- 30-year term with three, 10-year extensions
- City to bond (approximately \$14M) for building construction
  - Almquist pays bond debt service through lease payment: approximately \$1.3M annually, depending on market conditions
  - Rent continues to City after bond paid off
- Participation rent: 5% over \$1750 in revenue per lease square foot
- Almquist takes on leasing, operations and maintenance obligations
  - Annual maintenance: ~\$500,000 value
- Almquist to start construction within 90 days of lease execution
- Over the life of the lease, the City will earn \$47M after debt service related costs



# Pilot Program



## Jobs Creation Program

- Forgivable Loan
- Guarantee jobs for 1+ years
- Covers a fraction of total employees
  - 25%-50% funding of a minimum wage employee



## Funding

- Total estimated funding: \$1.0-1.5M\*
  - \*Included in The HUB. Proforma
- Program would provide \$8,580 to \$17,160 for each job
  - Minimum wage: \$16.50
  - Full time: 2,080 hours
  - Annually: \$34,320



## Administration

- CM administers program, with updates to Council
- Staff to develop objective criteria for loan amounts

# Pilot Program



## Accountability

- Formal loan agreement with businesses
- Fixed program budget approved through budget process
- Council direction prior to agreement execution
- Loan agreement is a public document once executed



## Repayment

- Prioritize jobs for Corona residents (Live-Work Pledge)
- Catalyst project for the downtown revitalization
- Rent payments to City from participating businesses
- Sales tax and possessory interest taxes



# Recommendation

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That the City Council authorize the establishment of a pilot jobs creation program for *The Hub*. commercial center.