



THE PUBLIC INTEREST LAW OFFICE OF THE LOS ANGELES COUNTY AND BEVERLY HILLS BAR ASSOCIATIONS
The Southern California Affiliate of The Lawyers' Committee for Civil Rights Under Law

June 7, 2013

VIA E-MAIL

The Honorable Antonio Villaraigosa, Mayor
The Honorable Herb J. Wesson, Council President
Los Angeles City Councilmembers
Los Angeles City Hall
200 North Spring Street
Los Angeles, California 90012

Re: Council File No. 08-3050: Establishment of Economic Development Department

Dear Honorable Mayor, Council President, and Councilmembers:

We, Public Counsel, Coalition for Responsible Community Development, Community Build, Inc., Corporation for Supportive Housing, East LA Community Corporation, Esperanza Community Housing Corporation, Hollywood Community Housing Corporation, Koreatown Immigrant Workers Alliance, Little Tokyo Service Center, Southeast Asian Community Alliance, SRO Housing Corporation, Ward Economic Development Corporation, West Angeles Community Development Corporation, and Women Organizing Resources Knowledge & Services, are neighborhood-based community developers and advocates working on behalf of economically disadvantaged people throughout the City of Los Angeles. Over the past several years, our organizations have developed thousands of affordable homes. Beyond brick and mortar projects, we collectively serve over 100,000 people each year through social services, community organizing, health programs, youth programs, job training, small business assistance, childcare, arts and cultural programs, lifestyle support, and numerous other community services.

We are writing to comment on the City's plans for an economic development model and strategy. Earlier this year, we released a report evaluating the strengths and weaknesses of the former Community Redevelopment Agency in Los Angeles.¹ Based on our analysis, we recommend that the following principles govern the creation of any new economic development model in Los Angeles:

- The purpose of the economic development entity should be to primarily invest in economically disadvantaged communities where there are high concentrations of people living in poverty, people of color, and people who lack steady employment.

¹ Public Counsel, et al., *Reconsidering Redevelopment: A Closer Look at Neighborhood-Based economic Development in Los Angeles* (2013).

- The economic development strategy must include creating quality jobs and related job training that can lift people out of poverty into the middle class – for example, through a construction careers and living wage policy.
- The economic development model must be structured with mission-oriented and neighborhood-focused decision-making vehicles that allow community members to meaningfully engage in shaping projects and focus on maximizing community benefits for local residents.
- The economic development structure should contain strong accountability measures to prevent abuse, limit waste, and avoid unnecessary administrative expenses.
- The economic development strategy should include mechanisms to incentivize and foster partnerships with nonprofit community-based organizations. Such organizations are rooted in the communities they serve, providing necessities like homes, food, jobs, and training, as well as critical social services that stabilize neighborhoods and improve lives.

We agree that Los Angeles needs a coordinated, citywide economic development strategy as well as a centralized structure to support it. While the ordinance establishing the new Economic Development Department (EDD) requires the City to create an economic development strategy, neither the ordinance nor accompanying staff reports puts forth a purpose for the EDD or provides an outline for a potential economic development strategy. As discussed above, the EDD's purpose and strategy should focus on creating quality jobs and economic opportunity in the most disadvantaged neighborhoods in the City.

As currently proposed, the Citywide Economic Development Nonprofit (CEDN) does not have structures to ensure sufficient accountability to all Angelenos. For one, the CAO and CLA have indicated that CEDN would not be subject to the Brown Act.² It would seem the effect of this would be to transfer crucial functions involving public resources, including asset management, to a private entity whose actions will have minimal accountability to the public. Moreover, the City has provided few details about the structure of the nonprofit – including information with regard to mechanisms for financial accountability, employee compensation, and scope of work – making it difficult to assess whether the CEDN structure as proposed will represent the needs of the community.

As the City moves forward in implementing the EDD, developing the economic development strategy called for by the ordinance, and creating any other structures or entities charged with economic development, it must involve broad community participation and engagement. Neighborhood-based developers, community-based nonprofit organizations, and local residents are most directly affected by economic development activities and understand best the strategies to achieve real, community-serving growth in their communities. It is critical that they are invited to shape the goals, policies, and structure of the City's new economic development

² "Q & A – Economic Development Initiative City of Los Angeles," Attachment 3 to City of Los Angeles Inter-Departmental Correspondence From Gerry F. Miller & Miguel Santana to Ad Hoc Committee on Economic Development Implementation (April 2, 2013).

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model. We therefore ask that you refrain from developing an economic development strategy or implementing the CEDN until the City creates a process to meaningfully involve stakeholders in all aspects of this matter.

Very truly yours,



Annie Lainer Marquit, Staff Attorney
Public Counsel

Coalition for Responsible Community Development
Community Build, Inc.
Corporation for Supportive Housing
East LA Community Corporation
Esperanza Community Housing Corporation
Hollywood Community Housing Corporation
Koreatown Immigrant Workers Alliance (KIWA)
Little Tokyo Service Center
Southeast Asian Community Alliance
SRO Housing Corporation
Ward Economic Development Corporation (WEDC)
West Angeles Community Development Corporation
Women Organizing Resources Knowledge & Services (WORKS)

CC: Miguel A. Santana, City Administrative Officer
Gerry F. Miller, Chief Legislative Analyst