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City of Los Angeles

Citywide Economic Development Strategy

City Council Economic Development Committee

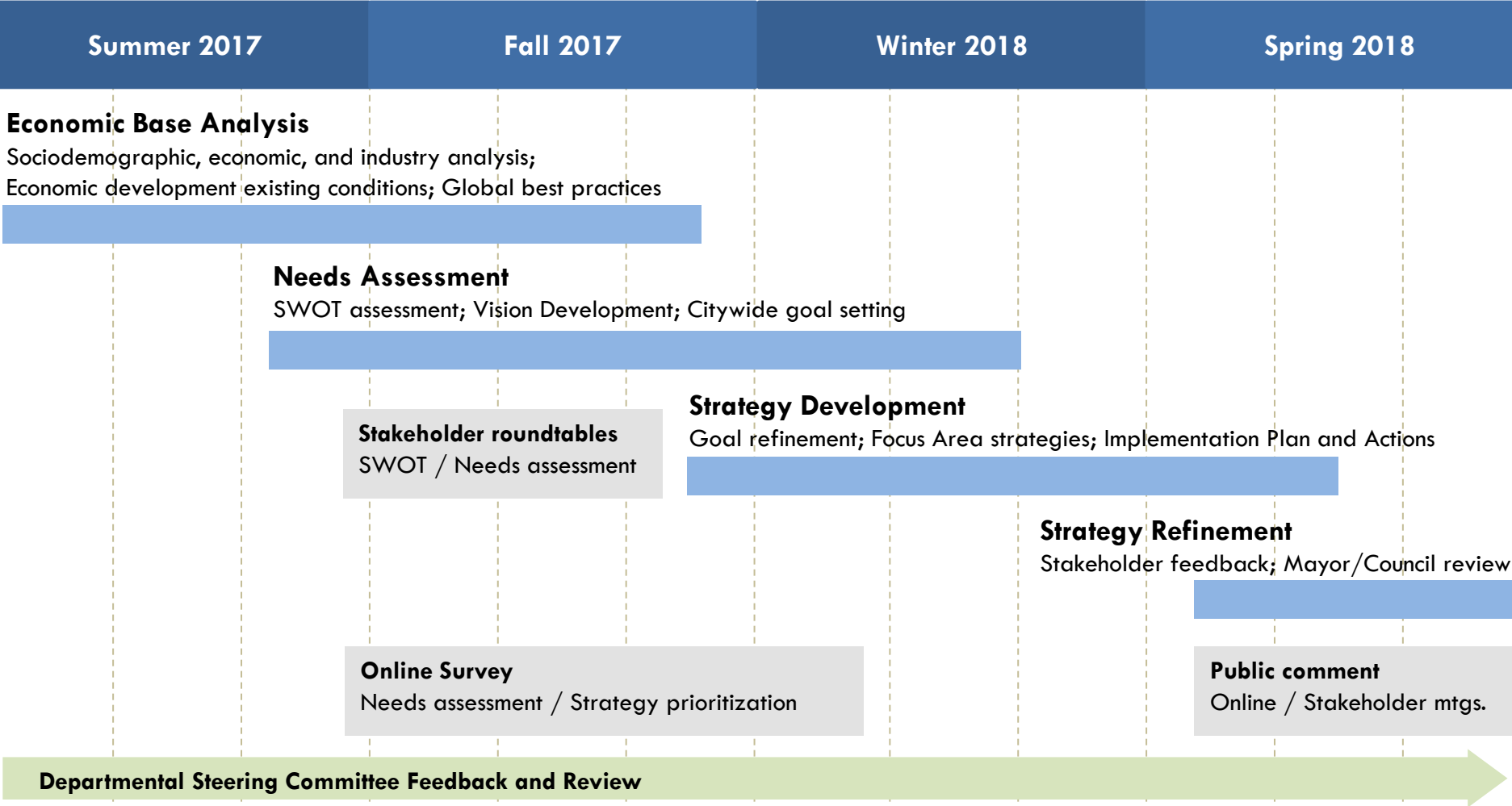
August 28, 2018



Strategy Development Process

Draft Strategy Overview, Vision and Long-Term Goals
Five-Year Implementation Plan and Focus Area Strategies

Development Timeline | The Strategy was developed over the past year, and included multiple analytical tracks and ongoing stakeholder feedback.



Key Findings | The City has seen 10 years of sustained economic growth.



- If Los Angeles was a country, the **City's \$278 billion gross regional product would rank #42 in the world**, just behind Singapore.

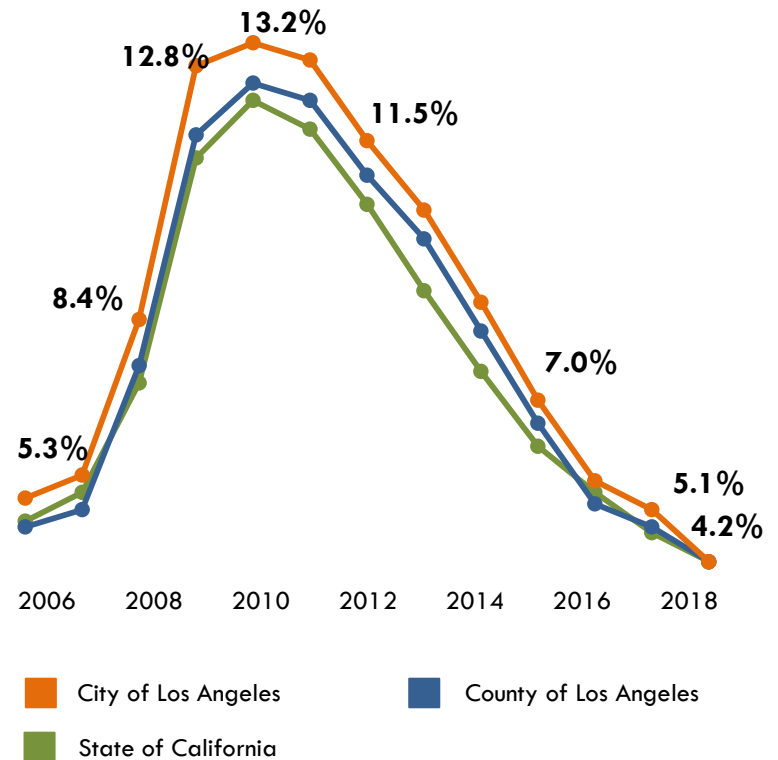


- The total number of **jobs has returned to the pre-recession peak** (approximately 1.6 million jobs).



- The City's unemployment rate, at 4.2%, is the **lowest it has been in over a decade**.

Historical Unemployment Rate (2006-2018)



Source: Bureau of Labor Statistics

Key Findings | But like other major cities, Los Angeles must work to ensure that economic growth benefits all Angelenos.



- The median household **income for the City is \$50,205**, and is lower than the County and State.

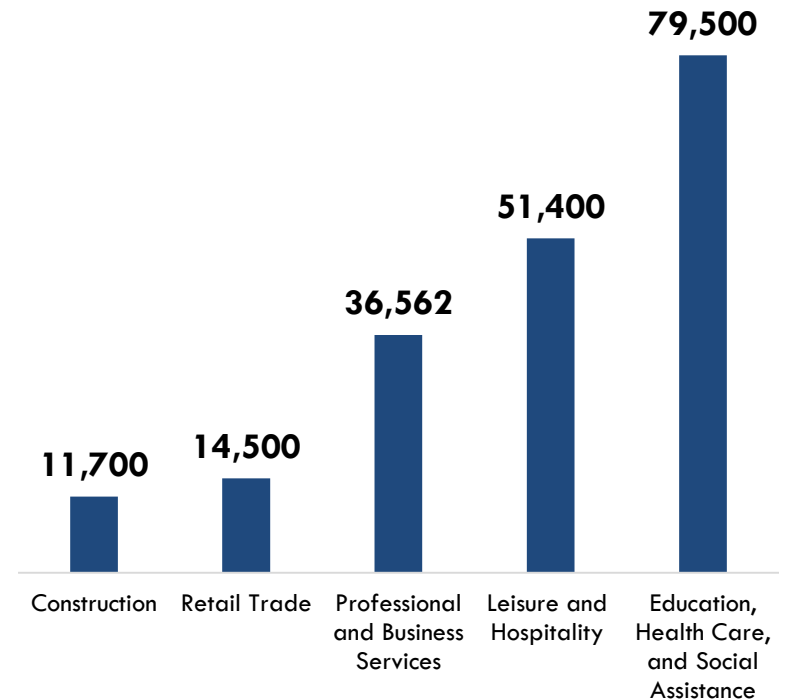


- Rents have continued to rise, outpacing income growth: **nearly 61 percent of households are “rent-burdened.”**



- The majority of future job demand is in **lower-wage occupations**, with modest growth in high-wage occupations and little between the two extremes.

Largest Projected Job Growth by Industry (2014-2024)



Source: California Economic Development Department

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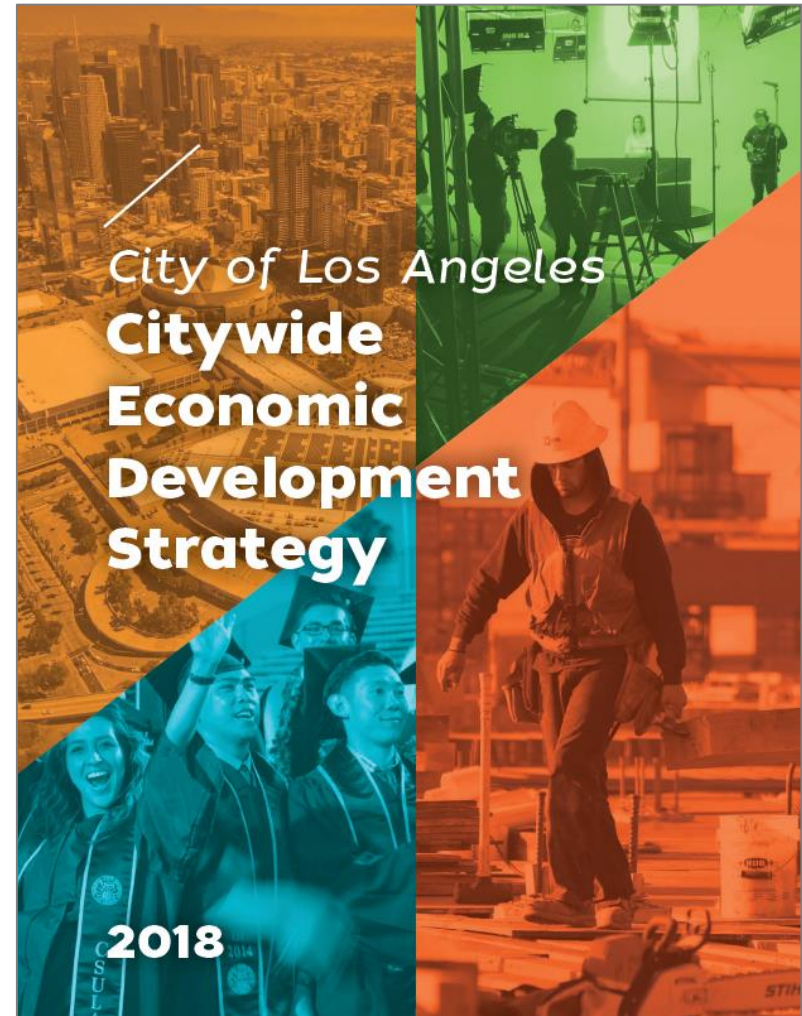
Strategy Overview | The final Strategy includes both long-term goals for the City and implementation actions to make measurable progress over 5 years.

Volume I: Strategy

- Introductory Chapters
- Strategy Purpose, Vision and Long-Term Goals
- Five Year Implementation Plan
- Focus Area Strategies

Volume II: Appendixes

- City and Focus Area Sociodemographic, Economic and Industry Context
- Economic Development Existing Conditions
- Global Best Practices
- SWOT Analysis
- Stakeholder Meeting Summaries
- Additional EDA Criteria



Vision | The Strategy is guided by a Vision Statement, which represents overarching aspirations for the City’s future economy.

Vision Statement

Recognizing these facts, this Strategy and the related initiatives undertaken by the City, its departments, and proprietary agencies will be guided by the following vision:

Los Angeles will leverage the Pacific Rim and other economy for the benefit of our unparalleled culture of innovation, we will expand and regional presence by investing in our people, neighborhoods, and industries.

Los Angeles will leverage its position as a gateway to the Pacific Rim and other world markets to grow its economy for the benefit of all Angelenos. Building on our unparalleled culture of creativity and leadership in innovation, we will expand our global, national, and regional presence by investing in our people, neighborhoods, and industries.



City of Los Angeles Strategy for Economic Deve

Long-Term Goals | The Strategy also includes a set of Long-Term Goals for the City to work toward.



The following overarching long-term goals are intended to guide the direction of future policies and ongoing program and projects that involve capital investment (collectively, “actions” or “initiatives”).³

GOAL 1 Strengthen Los Angeles’s Position as a World-Class City

The City represents 30 percent of the economic activity within the Los Angeles-Long Beach-Anaheim Metropolitan Statistical Area, which has a gross metropolitan product of more than \$900 billion, second only in the United States to the New York-Newark-Jersey City Metropolitan Statistical Area.⁴ Were it a separate country, Los Angeles would rank as the 42nd largest economy in the world, between Singapore and Venezuela.

Los Angeles, as the U.S. gateway to the Pacific Rim economies and home to one of the busiest ports and international airports in the world, is a leading exporter and plays a pivotal role in international trade networks. The Port of Los Angeles handles more than eight million cargo containers worth billions of dollars each year and is responsible for nearly one million jobs in California alone.⁵ Los Angeles benefits from the presence of local branches of European and Asian companies, which have significant investments in many of the City’s key industries. In 2017, the City tied New York as the top U.S. destination for international commercial real estate investment.⁶ In Los Angeles County (“County”), it is estimated that foreign direct investment contributes more than \$13 billion in wages and more than 200,000 jobs, a large portion of which are located in the City.

In addition to its position as a leading economic force, Los Angeles is also a major international attraction. In 2016, the County welcomed 47 million tourists, a 4-percent increase from 2015, and Los Angeles International Airport (“LAX”) accommodated a record high of 80 million passengers (28 percent of which were international travelers).⁷ The City is the region’s top destination and is home to many world-renowned attractions: from its numerous beaches and museums to iconic locations such as the Hollywood Walk of Fame and the Griffith Observatory. These assets have continued to fuel a growing tourism industry over the past decade.

Leading global cities are not only defined by their economic clout, financial power, and global competitiveness; they also must be innovative and mobile, possess a high quality of life, and have highly skilled labor forces, transparent business environments, and strong local branding. To leverage and grow its global position, the City must continue to strengthen its regional and global partnerships and trade networks. The City must actively work to attract high-quality foreign direct investment—an essential element to high-performing economies because with investment comes job creation and support of key industries. The City must also continue to partner with regional affiliates and increase its efforts to help local businesses expand abroad and nurture key industries that support the City’s international prominence.

³ Unless otherwise noted, all statistics are from the “United States in the World” page.

⁴ Bureau of Economic Analysis, “GDPase Database,” provided by Method and Data, 2016, September 20, 2017, accessed April 22, 2018, <http://www.bea.gov/index.cfm?nid=1&tid=1&cid=1&ds=1&tid=1&cid=1&ds=1>.

⁵ “The Port of Los Angeles: ‘Good for Port,’” accessed April 19, 2018, <http://www.portoflosangeles.com/about-us>.

⁶ “2018 Investment Survey: Press Release,” Association of Foreign Investors in Real Estate, accessed April 20, 2018, accessed April 22, 2018, <http://www.aifres.com/content/press-releases/2018-04-19>.

⁷ “World Trade Center Los Angeles: Foreign Direct Investment in Southern California, 2017,” Los Angeles Convention Center, accessed April 22, 2018, <http://www.la-convention.com/content/press-releases/2018-04-19>.

⁸ As reported by the City and the Los Angeles Convention and Tourism Board in “Hugs for L.A.,” Los Angeles County Shines as Second-High Member of Tourism 2016,” via Angeles News, January 11, 2017, <http://www.angelnews.com/business>.

⁹ <http://www.portoflosangeles.com>.

DRAFT

Long-Term Goals

Goal 1: Strengthen Los Angeles’s Position as a World-Class City

Goal 2: Ensure Growth is Equitably Distributed

Goal 3: Grow the Resilience of Core Industries

Goal 4: Catalyze Emerging and Growing Industries

Goal 5: Support the City’s Small Businesses

Goal 6: Create Financial and Economic Security for Disadvantaged Angelenos

Goal 7: Develop World-Class Infrastructure to Enable Economic Growth

Goal 8: Enhance the Delivery of Economic Development

Strategy Development Process

Draft Strategy Overview, Vision and Long-Term Goals

Five-Year Implementation Plan and Focus Area Strategies

Five-Year Implementation Plan and Action Items | The Strategy contains a set of priority actions to be implemented by the City over the next five years.



1. Strengthen the City's Economic Development Delivery System



2. Strengthen the Economy of City Communities



3. Empower City Residents



4. Strengthen City Businesses and Industries

16

**Core Supporting
Activities**

&

12

***Tailored Actions for
Five Targeted Areas***

Five-Year Implementation Plan and Action Items | Each action identifies implementation steps, responsibility, budget, timeline and accountability metrics.

1.A Action Title		
Context <i>Action context provides an overview of issue and rationale</i>	Goals Addressed  <i>Primary Strategy goals supported by the action</i>	Lead Entity <i>Department or other entity that lead implementation</i> Supporting Depts/Orgs <i>Departments that should support implementation</i>
Implementation Process <i>City Government should...</i> <ul style="list-style-type: none">• <i>Specific policies, programs, or projects for the City to pursue</i>		
Priority Geographies <i>Potential locations for demonstration projects</i>	Timeline <i>Initial implementation milestones</i>	Budget and Staffing <i>Estimate of initial resource requirements</i>
		Accountability Metrics <i>Recommended steps to track implementation</i>

1. Actions to Strengthen the City's Economic Development Delivery System



- Allocate **additional resources for economic development and formalize coordination** between City departments and agencies



- **Develop a new Strategic and Technical Service Group (“STSG”)** with the capacity and skills to redevelop City assets, perform transaction-oriented services, and package financial resources for key projects



- **Pursue and maximize new and expanded sources of funding**, including State, Federal, and private resources



2. Actions to Strengthen the Economy of Neighborhoods



- **Catalyze investment and promote job creation** by developing transformative, industry sector-focused place-based initiatives



- Support **neighborhood revitalization** through targeted capital investments, small business support, and incentives to support existing business growth



- Help **preserve commercial affordability** for small and minority-owned businesses through **financial and technical assistance**, support for **real estate ownership** and tactics to encourage sale or **redevelopment of vacant property**

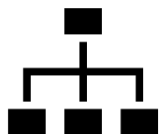
2. Actions to Strengthen the Economy of Neighborhoods (cont.)



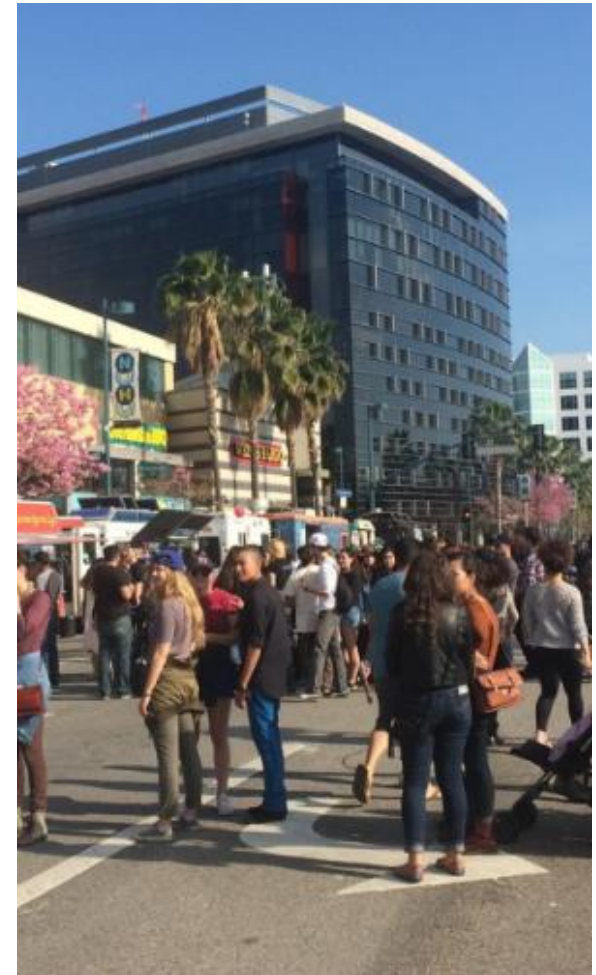
- Encourage job-producing land uses by **assessing impact to date** of existing industrial land use policies on job retention and identifying opportunities to **intensify employment density**



- Leverage Community Plan updates to pursue equitable growth by **aligning land use regulations with economic development objectives**



- Implement **the new Asset Management Evaluation Framework** to maximize the potential of strategic, underutilized City property to support job creation and economic growth



3. Actions to Empower City Residents



- Expand **multilingual financial empowerment programs** to support disadvantaged Angelenos



- Increase workforce participation for underrepresented groups by expanding **early childhood education, family programs and other support services**



- Promote wealth creation and community stabilization through the **production and preservation of affordable for-sale units**



- Enact **predatory lending restrictions and partner with financial institutions** to expand access to banking services



4. Actions to Strengthen City Businesses and Industries



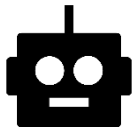
- Promote diversity and entrepreneurship by expanding **resources for underrepresented entrepreneurs** and encouraging equitable hiring practices



- Support **business expansion in key industries** through new designated industry ambassadors and task forces



- **Market the City and strengthen international trade networks** by communicating investment and trade opportunities and by providing technical assistance businesses



- Shape the implementation of disruptive technologies by **strengthening partnerships with emerging technology sectors** and **developing flexible policies** that protect residents and encourage innovation

Focus Area Strategies | Focus Area strategies were developed for five key areas of the City which have unique economic needs.

Focus Area Strategies

Finally, the Strategy includes a set of goals and actions customized for several areas of the City that have benefited least from recent growth. Because of a long history of disenfranchisement and other limitations, many Angelenos and some City communities have been left behind. Based on a Citywide assessment and stakeholder outreach in advance of the project, the EWDD selected five areas for more focused attention: the Eastern San Fernando Valley, the Eastside of the City of Los Angeles, the Harbor Area, South Los Angeles, and Pico-Union/Westlake. Each Focus Area Strategy includes tailored long-term goals and recommendations to ensure that the Five-Year Implementation Plan addresses each area's unique needs and opportunities.



Eastern San Fernando Valley

The Eastern San Fernando Valley is a residential and industrial area in the northern part of the City with approximately 582,000 residents. The Focus Area Strategy for this area includes measures to preserve, enhance, and strengthen the Eastern Valley's industry presence through targeted infrastructure investments that support land use regulations in Sun Valley (where there is a significant amount of underused industrial land) and catalyzing emerging opportunities to diversify the area's economic base. At the same time, this strategy includes actions to leverage and expand the impact of pending transit investments to support local businesses and ensure financial security for Eastern Valley residents in advance of future development.



Eastside of the City of Los Angeles

The Eastside of the City of Los Angeles (or the "Eastside") for the purposes of this Strategy, refers to the communities of Boyle Heights, Lincoln Heights, and El Sereno; the community of "East Los Angeles" is excluded because it is located outside of City limits, in unincorporated Los Angeles County. The Eastside has approximately 160,325 residents and is known for its rich history and cultural vibrancy. This Focus Area Strategy includes measures to help grow the resilience of the Eastside community's core manufacturing and other industries and small businesses, while supporting new economic opportunities, including those that leverage such assets as the LAC-USC Medical Center (Los Angeles County and University of Southern California Medical Center). The Strategy also includes measures to help create wealth and economic security for disadvantaged Eastside residents and to target City investments to support equitable growth.



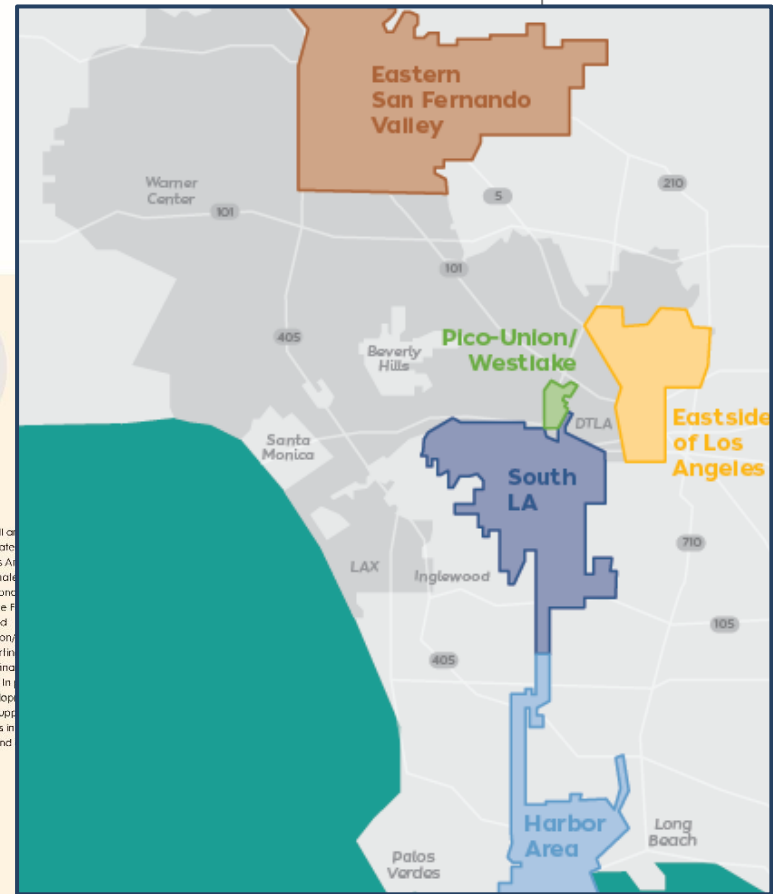
Harbor Area

The Harbor Area includes the City's coastal communities of San Pedro, Wilmington, Harbor City, and the southern portion of the Harbor Gateway neighborhood. Because of the Harbor Area's direct access to the twin ports of Los Angeles and Long Beach, the Focus Area Strategy for this area includes actions to strengthen regional and global partnerships and trade networks and create a "clean and green" logistics and transportation hub in light of redevelopment and environmental quality challenges in the area. The strategy also includes measures to leverage pending infrastructure investments to support small business, preserve affordability, and expand economic opportunity for Harbor Area residents.



Pico-Union/Westlake

Pico-Union/Westlake is a small, diverse, highly dense area located directly west of Downtown Los Angeles with a population of approximately 65,000. As one of the most economically distressed areas of the City, the Focus Area Strategy includes focused measures to invest in Pico-Union/Westlake's residents by supporting equitable access to jobs and financial and economic empowerment. In addition, with renewed workforce development efforts, the strategy includes supporting businesses along key corridors in potential affordability issues and external pressures.



Sample Focus Area Strategy: South Los Angeles

SOUTH LOS ANGELES

For the purposes of this Strategy, South Los Angeles is defined as a 41-square-mile area comprising 25 unique neighborhoods south of Interstate 10 and north of the Harbor Gateway. South Los Angeles is a predominantly residential area with a diverse population of approximately 670,000 and several key commercial corridors and areas of industrially zoned land, including, notably, the historic Goodyear Tract. The area is the historical center of Southern California's African American community, although the black population has declined significantly in recent decades to around 30 percent of the total population; the majority today is Latino. However, the area remains a cultural focus for the City's African American community, with a high concentration of activity and community spaces devoted to African American art, business, and faith. Adjacent to USC, South Los Angeles also benefits from a large share of educational services jobs and increasing investment around USC and in Exposition Park.

However, recent investment in certain parts of South Los Angeles, especially along Metro's Expo Line and the under-construction Crenshaw Line, as well as in the adjacent communities of Inglewood, Culver City, Downtown, and LAX, have not resolved serious and persistent inequality in the area, where economic outcomes for residents have lagged compared with most other parts of the City. The physical, economic, and social scars of systematic disenfranchisement and resulting civil unrest in the latter half of the 20th century still manifest in the area today, in particular for South Los Angeles's African American community. This history—and the relatively built-out landscape of the area—has contributed to limited job growth and is home to few high-quality schools. Approximately 42 percent of residents over age 25 lack a high school degree (with only 10 percent holding a bachelor's degree or higher), and most of the jobs concentrated in this Focus Area are low wage. Additionally, the area's median income, at \$31,000, is about 35 percent lower than the City's average.

Residents, business owners, and community leaders emphasized that the area has a large and diverse workforce that is eager for opportunity. The area's strengths are the large number of small businesses and active nonprofit organizations that provide services to and advocates for the community. However, public safety and aging infrastructure remain major concerns, as do the lack of quality jobs for residents and access to fresh food and other amenities. Although neighborhoods within South Los Angeles are threatened by rising homelessness and gentrification, two symptoms of a larger regional housing crisis, notable opportunities lie in the area's underused real estate and workforce training programs for forgotten youth.

The area's strengths are the large number of small businesses and active nonprofit organizations that provide services to and advocates for community.

Long-Term Goals

To address these issues, the City will focus efforts in South Los Angeles to remedy historic disinvestment that focuses on the Focus Area's small businesses, cultural assets, and residents. Specifically, the City will:

1 Ensure that regional growth benefits all

SLA.1 Corridor Revitalization, Stabilization, and Creation of a Job-Producing Hub for Culture and Entertainment

Context

Recognizing and building on pending investments along historic Crenshaw and Central Boulevards, the City should provide technical assistance and financial resources for existing small businesses, as well as develop meaningful resources to ensure commercial affordability in light of rapidly increasing real estate values. To further catalyze community-oriented growth, the City should also use parcels owned by the City near Leimert Park and the area's Promise Zone designation to create a hub for arts and culture incubation to grow the local job base and build on residents' contributions to the City's cultural legacy. This should be accomplished in coordination with faith-based organizations to advanced community development goals, while promoting "responsible development" on public and/or quasi-public land.

Lead Entity

EWDD/STSG (supported by City Council, Mayor's Office, CAO, CLA)

Budget, Staffing, Timeline

The EWDD should allocate half to one full-time equivalent staff member to oversee the toolkit implementation and designate approximately \$500,000 per project. This includes outreach, marketing, technical assistance, and any other capital improvements.

Implementation Process*

Pursuant to Citywide Actions 2.A, 2.B and 2.C, the EWDD/STSG should implement a toolkit for corridor revitalization in South Los Angeles and develop plans for a new job-producing hub for culture and entertainment.

- Ahead of new development and in light of increasing real estate values, the EWDD should develop meaningful resources to ensure commercial affordability, including increased technical and legal assistance.
- The EWDD should also leverage the area's Promise Zone designation to create a hub for arts and culture incubation to support new jobs and build on residents' contributions to the City's cultural legacy.

*Refer to Citywide Actions 2.A, 2.B, and 2.C for details on implementation, timeline, budget, and accountability metrics.

Focus Area Strategies | Tailored strategies were developed for each of the five key areas.



Eastern San Fernando Valley

Goals: Preserve and **intensify key industrial sectors**; support existing businesses and **address jobs/housing imbalance**.

Actions: Intensified Manufacturing and Job Hub in Sun Valley

Corridor Revitalization w/ Van Nuys Transit Improvements



East Los Angeles (Boyle Heights, El Sereno, Lincoln Heights)

Goals: Ensure **residents have access to economic opportunities**; support **entrepreneurial culture** and small businesses; grow competitive advantage re: LA County/USC Health

Actions: East Los Angeles Biotechnology Hub

Small Business Support on Key Corridors (Cesar Chavez, etc.)

Focus Area Strategies | Tailored strategies were developed for five key areas.



Harbor Area

Goals: Strengthen global trade networks; catalyze growth through public/private collaboration to support higher-wage employment opportunities for residents

Actions: “Clean and Green” Logistics and Transportation Hub
Wilmington / San Pedro Corridor and Downtown Revitalization
Support for Export-Oriented Businesses



Pico-Union/Westlake

Goals: Protect vulnerable residents; empower residents to participate in more fully in the City’s economy

Actions: Small Business & Commercial Corridor Enhancement
Economic Empowerment for Residents

Focus Area Strategies | Tailored strategies were developed for five key areas.



South Los Angeles

Goals: Reverse historic disinvestment; support and preserve existing businesses; build on cultural assets; grow household wealth

Actions: Small Business Support and Place-Based Investment to Grow Employment Density

Marketing to Expand Awareness of Business Resources & Job Opportunities

Wealth-Building by Expanding For-Sale Affordable Housing

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Questions?