

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to the Second Round of the U.S. Department of Housing and Urban Development (HUD) Promise Zone designations.

Recommendations for Council action, pursuant to Motion (Wesson - Price - Blumenfield for Buscaino - Parks):

DIRECT the Los Angeles Housing and Community Investment Department (HCIDLA) and the Economic and Workforce Development Department (EWDD) to prepare comments relative to the Second Round of Promise Zone designations, including the standard Resolution for inclusion of such comments in the City's Federal Legislative Program, and to submit these within 30 days to Council for approval prior to submission to HUD.

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

## SUMMARY

At a special meeting held on May 20, 2014, the Economic Development Committee considered Motion (Wesson - Price - Blumenfield for Buscaino - Parks) relative to preparation by the HCIDLA and EWDD of comments on the Second Round of HUD Promise Zone designations.

Representatives of the HCIDLA and the Mayor's Office addressed the Committee and responded to related questions. The HCIDLA representative reported that HUD's Promise Zone program attempts to address core initiatives such as job creation, increasing economic activity, improving educational opportunity, reducing violent crime, leverage public capital, and helping local leaders navigate federal programs. The Promise Zone is a designation only and there is no associated grant funding, however, the designation commits the Federal Government to partnering with local leaders on the aforementioned initiatives. Once granted, a Promise Zone designation is good for 10 years and the specific benefits will vary from year to year.

The HCIDLA representative informed the Committee that comments on the guidelines for the Second Round of the Promise Zone Initiative are due to HUD by June 14, 2014. HUD expects to release the completed guidelines at the end of 2014 and to have the selections completed sometime in 2015. HUD intends to designate 20 Promise Zone areas by 2016.

The Second Round guidelines require that the proposed Promise Zone: (1) is one or more contiguous census tracts, (2) must have a 33 percent overall poverty rate of extremely low-income households, (3) and must contain between 10,000 and 200,000 residents. Additionally, the mayor of the jurisdiction seeking the Promise Zone designation must provide a letter in support of the application. Lastly, the Promise Zone application must provide a clear description of how the Promise Zone will accelerate and strengthen comprehensive community revitalization.

There is a maximum of 100 points that can be achieved for the application, and a minimum of 75 points is needed to be considered. Eligible applicants include local governments, non-profit

organizations, or housing authorities. Key changes from the previous round are the elimination of the requirement of an existing Choice Neighborhood designation, a Promise Neighborhood grant, or a Byrne Criminal Justice Innovation grant; and the increase in the poverty threshold from 20 percent to 33 percent.

During further discussion of this matter, the Committee inquired regarding the application process for the Promise Zone designation that the City was previously awarded by HUD and expressed concern that Council was not involved in that process. A representative of the Mayor's Office advised the Committee that the opportunity for the Promise Zone designation was brought to the City by the Youth Policy Institute which had a Byrne Criminal Justice grant and a Promise Neighborhood Implementation grant. This created a unique opportunity for the area that was ultimately selected to be successful in the technical ranking of the application.

The Committee also inquired what areas of the City would be eligible under the guidelines for the Second Round and whether the HCIDLA had mapped those areas in terms of scoring for the application. The representative of the HCIDLA reported that Department is aware of the areas with the greatest need (i.e. area with high poverty levels) however, it has not yet conducted an examination of which areas would score the highest under the guidelines criteria.

After providing an opportunity for public comment, the Committee approved Motion (Wesson - Price - Blumenfield for Buscaino - Parks) and requested that the HCIDLA prepare comments on the HUD Promise Zone Second Round application guidelines, and prepare a ranking of the areas of Los Angeles that would best qualify under the Second Round guidelines, and provide the information by the time this matter is scheduled for Council. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

**ECONOMIC DEVELOPMENT COMMITTEE**

<b><u>MEMBER</u></b>	<b><u>VOTE</u></b>
PRICE:	YES
KREKORIAN:	YES
HUIZAR:	YES
CEDILLO:	YES
MARTINEZ:	ABSENT

REW  
6/3/14  
FILE NO. 14-0565

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