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~~Public~~ Communication from
the Public

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

February 13, 2017

Los Angeles City Council
Economic Development Committee
200 N. Spring St.
Los Angeles, CA 90012

RE: CF 14-1349 S-1. Proposed EIFD Establishment and Investment Policy.

Dear Honorable Councilmembers:

Public Counsel submits these comments and recommendations in response to the February 9, 2017 Economic and Workforce Development Department (EWDD) report and the accompanying Proposed Enhanced Infrastructure Finance District (EIFD) Establishment and Investment Policy ("Establishment Policy").

Founded in 1970, Public Counsel is the public interest law firm of the Los Angeles County and Beverly Hills Bar Associations and the Southern California affiliate of the Lawyers' Committee for Civil Rights under Law. For over 30 years, our Community Development Project has worked to confront a wide range of economic, social and environmental challenges faced by low-income communities in Los Angeles County. As part of our work, we represent and partner with nonprofit affordable housing developers to provide housing equity and prevent homelessness. We also build the capacity of community based organizations in low-income neighborhoods to support meaningful community engagement and advance equitable planning, development and investment policy.

The creation and implementation of an EIFD is not a decision to be taken lightly. We appreciate EWDD's efforts to create a guiding framework for the evaluation of proposed EIFDs, and we concur with the factors to be considered in EWDD's Preliminary Assessment (Establishment Policy Section II). However, this Preliminary Assessment framework is currently lacking a crucial factor: the potential impacts of an EIFD on low-income communities in and around the proposed district. And as a whole, the Establishment Policy does not yet demonstrate a commitment to prevent displacement and advance inclusive opportunity through EIFD implementation.

An EIFD, like any program that uses tax increment financing, is predicated upon increasing property values. Unavoidably, this also means rising rents and a heightened risk that low-income residents and small businesses will be displaced from their homes and neighborhoods. Without adequate protections in place, large-scale investment programs, like EIFDs, have a long history of uprooting families and destabilizing low-income communities – all in the name of "revitalization" or "renewal."

Establishing an EIFD presents an opportunity to learn from the past, avoid these devastating outcomes, and instead advance a model for inclusive and equitable investment without displacement. EIFD enabling legislation (SB 628 and AB 313) allows the City to prioritize affordable housing, tenant protections, local/targeted hiring, living wages, or other community-serving provisions. But

this is not automatic. The City must *choose* to prioritize low-income communities in the establishment of an EIFD.

The time to make this choice is now. As the very first step in creating any EIFD within the City, the Establishment Policy should not be silent on issues of equity and inclusion. Therefore, we urge the Council to include the following additions to the proposed Establishment Policy.

1. **Add a factor to the Preliminary Assessment that evaluates the potential impacts on low-income communities in and around the proposed EIFD.** EWDD should assess the potential impacts of creating an EIFD on housing costs, the creation and preservation of affordable and rent stabilized housing, real estate speculation, quality employment and training opportunities and other factors affecting residential/commercial displacement and economic opportunities for low-income residents.
2. **Commit to a general policy of including meaningful community-serving provisions in all EIFDs.** Just as the Establishment Policy stipulates a maximum tax increment commitment for any EIFD, so too should the Establishment Policy commit to preventing displacement and advancing affordable housing and economic mobility opportunities. Before being adopted, the Establishment Policy should be revised to include a new Section describing the “City’s Commitment to Community-Serving Resources.” This section should provide that all EIFDs will be structured to provide a significant dedication of tax increment to fund affordable housing; strong replacement, relocation and right of return provisions; living wages; support for local small businesses; a meaningful community engagement process; and other appropriate community-serving provisions. In addition, the “Required Contents of a Request to Initiate City Staff Review of a Proposed EIFD” (contained in Section V of the draft Establishment Policy) should be revised to require a description of the proposed EIFD’s impacts on low-income communities and a statement regarding the anti-displacement, affordable housing and community-serving resources to be included in the EIFD.

We recognize that these community-serving policies will also need to be addressed and further refined in the Resolution of Intention, Infrastructure Financing Plan and other subsequent implementation steps for each individual EIFD. But it is incumbent upon the City to prioritize inclusive and equitable outcomes *from the start*. Any preliminary assessment of the viability of a potential EIFD cannot focus only on the financial feasibility. It must also look at the impacts on vulnerable communities and commit to prioritizing opportunities for low-income residents.

Thank you for your careful consideration of these comments and proposed additions to the City’s EIFD Establishment Policy.

Sincerely,



Antonio Hicks
Senior Staff Attorney

cc: Jan Perry
Samuel Hughes