

TRANSMITTAL

To: **THE COUNCIL**

Date: **02/03/2025**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in black ink, appearing to read "Carolyn Webb de Macias". The signature is fluid and cursive, with a large loop at the end.

(Carolyn Webb de Macias for)

KAREN BASS

Mayor

CAROLYN M. HULL
GENERAL MANAGER

**CITY OF LOS
ANGELES**
CALIFORNIA



KAREN BASS
MAYOR

**ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT**

444 S FLOWER STREET, 14TH FLOOR
LOS ANGELES, CA 90071

January 29, 2025

Council File: 13-0934-S2 & 23-0957
Council District: 15
Contact Persons & Phone Numbers:
Rosa Penaloza (213) 238-0495
Daisy Hernandez (213) 744-9340

The Honorable Karen Bass
Mayor, City of Los Angeles
Room 303, City Hall

Attention: Heleen Ramirez, Legislative Coordinator

**TRANSMITTAL: RECOMMENDATION TO ESTABLISH THE PACIFIC AVENUE
CORRIDOR JOBS AND ECONOMIC DEVELOPMENT INCENTIVE (JEDI) ZONE IN
COUNCIL DISTRICT FIFTEEN.**

The General Manager of the Economic and Workforce Development Department (EWDD) respectfully requests that your Office review and approve this transmittal and forward it to the City Council for further consideration.

SUMMARY

The approval of this action will establish a JEDI zone in the Pacific Avenue Corridor bounded by First Street to the north and Fourteenth Street to the south in Council District 15 (CD15), consistent with the approved JEDI Zones Establishment Policy and Incentive Plan, (JEDI Establishment Policy), as adopted by the City Council on March 6, 2020, and revised on November 2, 2021 (C.F. 13-0934-S2).

JEDI Zones are defined areas where local economic incentives will be used to enhance existing businesses and attract new businesses and industries that will result in increased economic development and growth in the City of Los Angeles, particularly in communities that have been historically underinvested.

On September 8, 2023, City Council directed EWDD to evaluate a proposed JEDI Zone in an area of Pacific Avenue in CD15 (C.F. 23-0957). EWDD has conducted a baseline evaluation of the proposed Pacific Avenue Corridor JEDI Zone in order to assess the proposed area's economic conditions, make recommendations for establishment of the JEDI Zone, and determine business incentives to enhance economic development in the corridor through a Business Incentive Plan.

RECOMMENDATIONS

The General Manager of EWDD or designee, respectfully requests that the City Council, subject to the approval of the Mayor as required:

1. DESIGNATE the Pacific Avenue Corridor, bounded by First Street to the north and Fourteenth Street to the south along Pacific Avenue, as a City of Los Angeles JEDI Zone (Pacific Corridor JEDI Zone) in Council District 15, for a period of five years.
2. INSTRUCT EWDD to utilize existing resources allocated to Wilmington and Watts JEDI Zones to provide services and incentives in the newly established Pacific Avenue Corridor. The additional JEDI Zone will need to share the existing resources, business incentive plan, and services with the other established zones in the council district.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund.

DISCUSSION

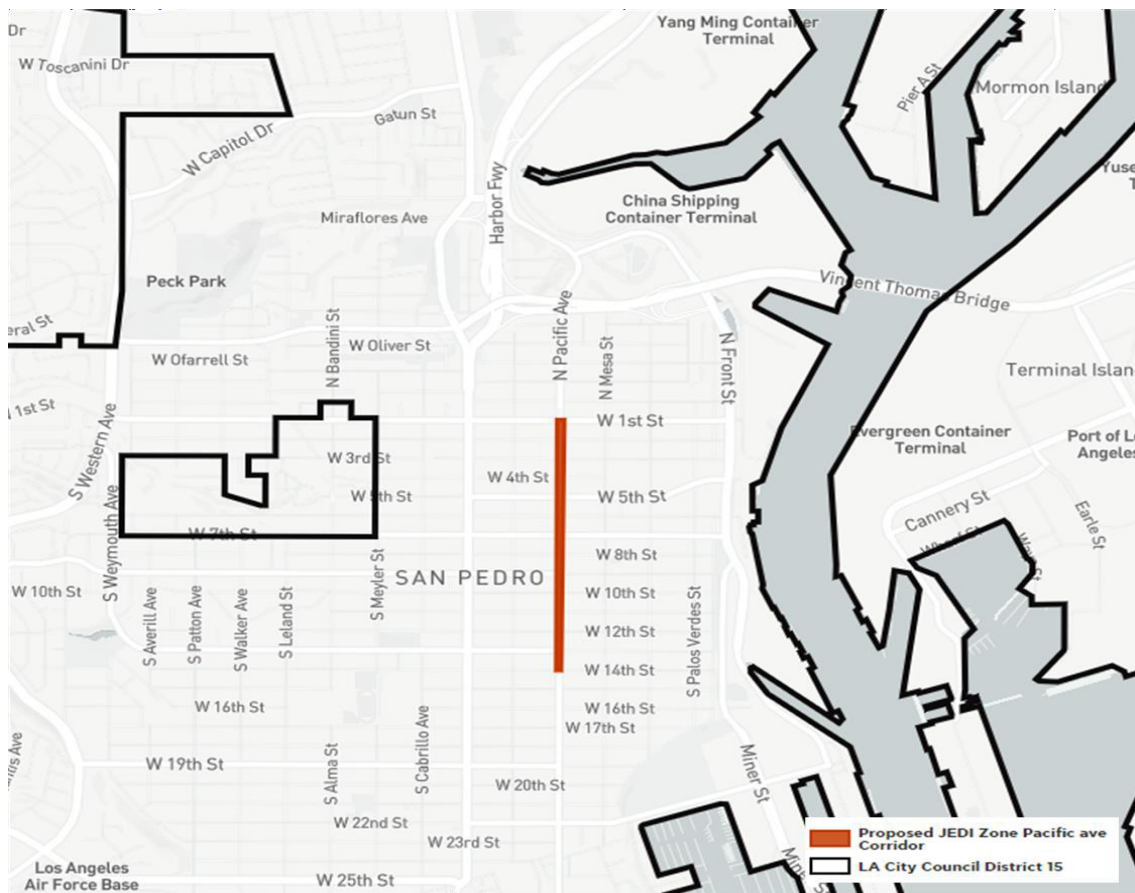
The JEDI Zone Program goal is to promote economic development activity, encourage and attract investments, and create jobs and expand business opportunities in economically distressed and underinvested areas through incentives, services, and resources to businesses located within designated JEDI Zones.

Proposed Location

Council (C.F. 23-0957) requested EWDD to conduct a baseline evaluation of a proposed JEDI Zone along Pacific Avenue bounded by First Street to the north, Fourteenth Street to the south. According to Google maps, the distance of the proposed JEDI Zone is approximately 1.68 miles.

Map 1 below illustrates the proposed Pacific Avenue Corridor JEDI Zone location within CD15.

MAP 1- Proposed Pacific Avenue Corridor JEDI Zone Location



Economic/Income Status

Per the US Census Bureau ACS 5-year 2018-2022 data available, CD15's median household income is \$68,366. For context, the median household income in the City of Los Angeles is \$69,778. The percent of the population living below the poverty level within CD15 is 18.4%. While 16.3% of the population is below the poverty level within the City as a whole.

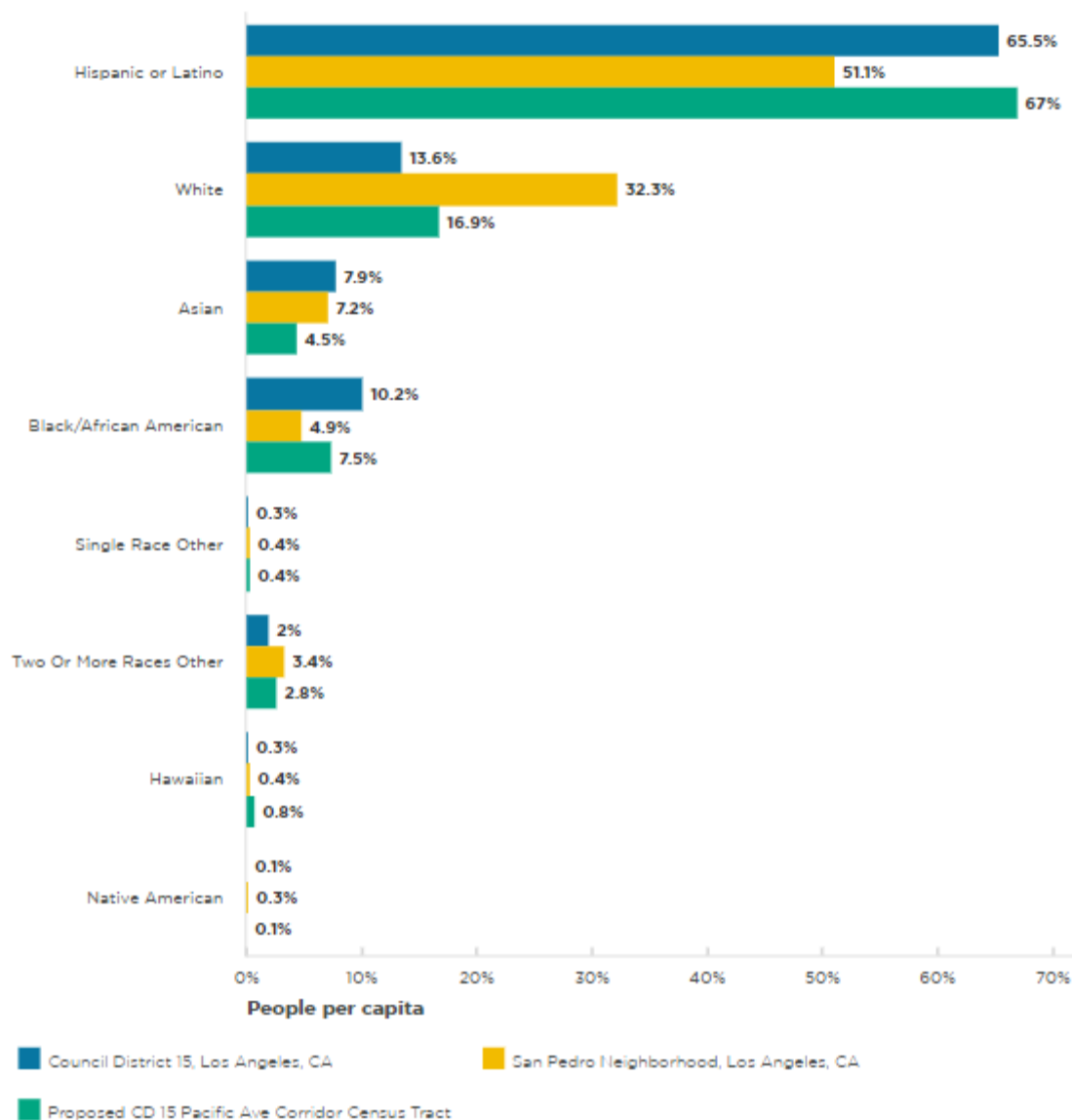
Demographics

The proposed Pacific Avenue Corridor JEDI Zone is in the neighborhood identified as San Pedro in CD15, which has approximately 82,649 total residents, predominantly Hispanic/Latino. According to the *US Census Bureau ACS 5-year 2018-2022* data, the Hispanic/Latino population in San Pedro is 51.01% of the total population, followed by the White population at 32.3%.

Graph 1 below, contains the ethnic/population breakdown of the proposed Pacific Avenue Corridor JEDI Zone area.

GRAPH 1
Demographics Population of Proposed JEDI Zone

Demographic Population Totals



Sources: US Census Bureau ACS 5-year 2018-2022

BUSINESS ENVIRONMENT

There are one hundred and seventy-one (171) businesses that have a City of Los Angeles - Business Tax Registration Certificate (BTRC) in the proposed Pacific Avenue Corridor JEDI Zone. The area businesses span across a diverse range of industries, including barber shops, automotive services, merchandise stores, restaurants, and other personal services. The industries with the highest count in the proposed JEDI Zone are detailed in the truncated table below. The full listing of the 171 actively registered businesses with the City of Los Angeles - Office of Finance, as of November 20, 2023, can be found in Attachment 1 of this report.

**TABLE 1 –
Active Businesses NAICS Industry Codes within the Proposed JEDI Zones**

NAICS Industry Code	NAICS Primary Description	Count of Active Businesses
n/a	Various individual industries	71
531100	Lessors of real estate (including mini warehouses & self-storage units)	22
812990	All other personal services	19
722110	Full-service restaurants	11
452000	General merchandise stores	7
812111	Barber shops	6
424940	Tobacco & tobacco products	4
453990	All other miscellaneous store retailers (including tobacco, candle, & trophy shops)	4
713900	Other amusement & recreation services (including golf courses, skiing facilities, marinas, fitness centers, bowling centers, skating rinks, miniature golf courses)	4
445310	Beer, wine & liquor stores	3
453310	Used merchandise stores	3
454390	Other direct selling establishments (including door-to-door retailing, frozen food plan providers, party plan merchandisers, & coffee-break service providers)	3
531210	Offices of real estate agents & brokers	3
541213	Tax preparation services	3
722410	Drinking places (alcoholic beverages)	3
811110	Automotive mechanical & electrical repair & maintenance	3
423100	Motor vehicle & motor vehicle parts & supplies	2
	Grand Total*	171

**List has been truncated due to length.*

JEDI Zone Eligibility Analysis

The JEDI Establishment Policy outlines that a proposed JEDI Zone must meet one of the following six Primary Eligible Criteria:

1. City-established EIFD District; or
2. City-established CRIA District; or
3. Within a designated Opportunity Zone; or
4. Focus Area designated by Citywide Economic Development Strategy; or
5. Promise Zone Community; or

6. Economic assessment using the secondary needs assessment criteria. An area must meet four secondary needs assessment criteria to qualify as eligible for a JEDI Zone.

The JEDI Policy states that priority will be given to those proposed JEDI Zone areas with the greatest need by evaluating for factors indicating distress in the following Secondary Needs Assessment categories:

1. Qualifies as a low and moderate-income (LMI) area as defined by the U.S. Department of Housing and Urban Development (HUD). The area must have at least fifty-one percent (51%) of the residents be LMI persons.
2. An average unemployment rate that is at least three percent (3%) higher than the Citywide rate.
3. Deteriorated commercial structures, based on the physical deterioration of buildings/improvements; abandonment of properties; chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings; significant declines in property values or abnormally low property values relative to other areas in the community; or known or suspected environmental contamination.
4. More than fifty percent (50%) of the buildings in the area are zoned for commercial, retail, or industrial uses.
5. Contains at least one City priority project, defined at the time the JEDI Zone is created.
6. Within the project area boundary of the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) that was active at the time of the dissolution of the Community Redevelopment Agency.

Primary Qualifying Criteria for the Proposed Pacific Avenue Corridor JEDI Zone

The JEDI Establishment Policy requires proposed areas to satisfy one of six (6) primary eligibility criteria to qualify for a baseline evaluation to be designated as a JEDI Zone. Most of the proposed Pacific Avenue Corridor JEDI Zone area is located within a Federally designated Opportunity Zone that partially fulfills the primary qualifying criterion for the area's nomination as a JEDI Zone. The proposed Pacific Avenue Corridor JEDI is also located within the identified Citywide Economic Development Strategy (CEDS) Focus Area.

On June 22, 2022, City Council adopted programmatic changes to the JEDI Establishment Policy which adjusted the qualifying criteria to allow businesses on both sides of a boundary street to qualify for the benefits of the JEDI Zone program, so long as one side of the street qualifies under the primary eligibility criteria (C.F. 13-0934-S2). This report will therefore include and evaluate the block groups surrounding the boundary streets that split commercial corridors.

MAP 2 – Economic Incentives Overlay Map

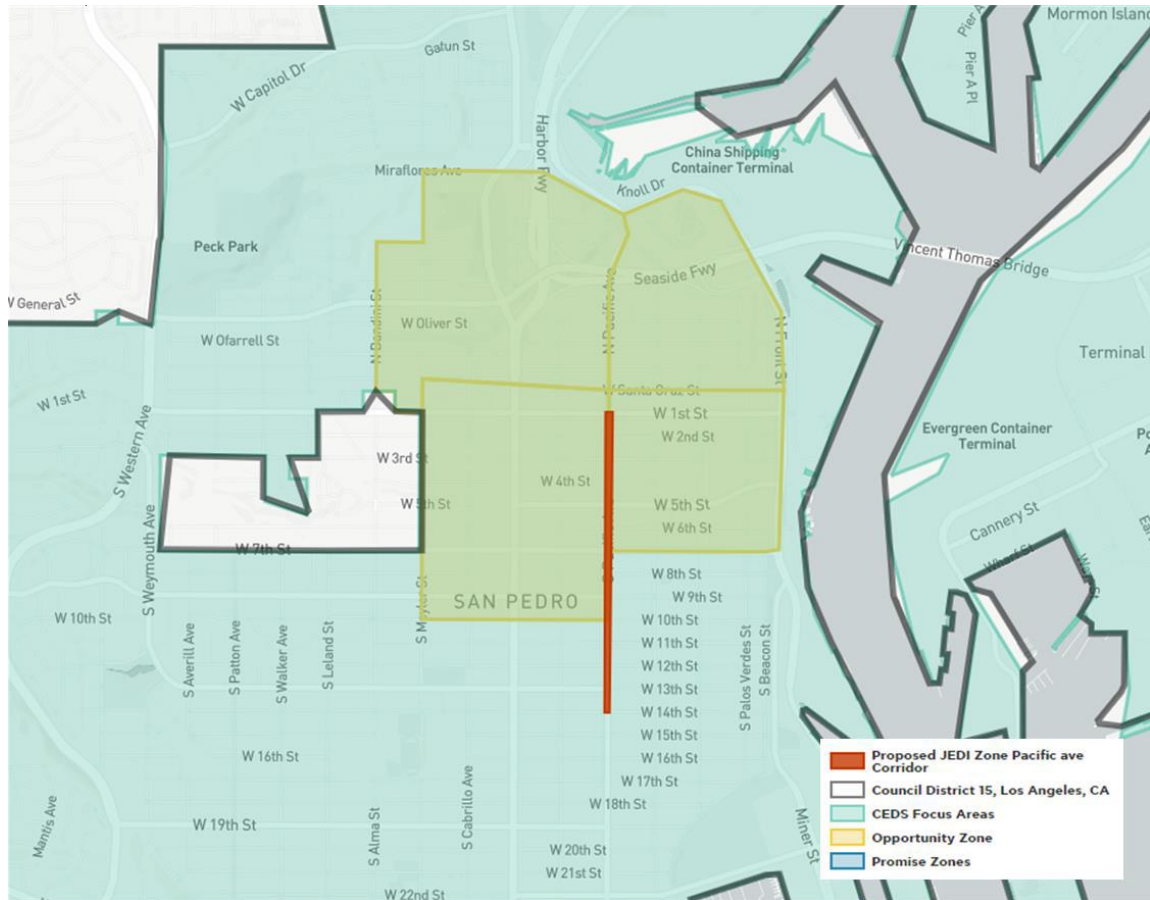


Table 2 below provides a summary of the primary qualifying criteria that have been met.

**TABLE 2 –
Summary of Primary Qualifying Criteria**

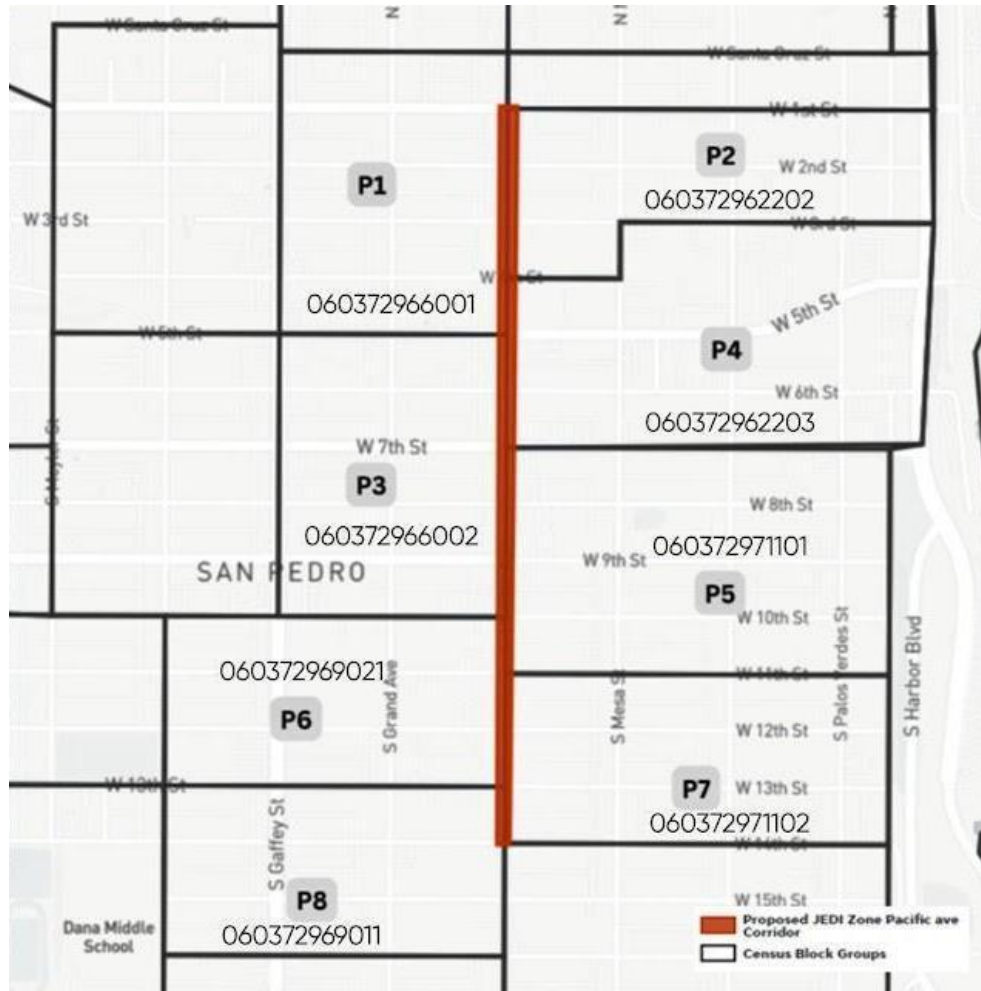
Primary Qualifying Criteria	Qualification Status
City-established EIFD District	N/A
City-established CRIA District	N/A
Within a designated Opportunity Zone	Partially Meets Criteria
Focus Area designated by Citywide Economic Development Strategy	Meets Criteria
Promise Zone Community	Does Not Meet Criteria
Economic assessment establishing four criteria in the Secondary Needs Assessment.	Meets Criteria

Secondary Needs Assessment

The Secondary Needs Assessment is an analysis of additional measures that indicate an economically distressed area and assigns priority to a proposed JEDI Zone. To deliver targeted, place-based services and small business support to proposed JEDI Zone areas demonstrating the greatest need, the following Secondary Needs Assessment criteria are evaluated to determine the highest priority within the determined eligible JEDI Zone.

1. Unemployment
2. Low- and Moderate-Income Area
3. Blight
4. Commercial Industrial and Retail Usage
5. Within an Identified City Priority Project
6. Within a Former Community Redevelopment Agency Project Area

**MAP 3 –
Proposed Pacific Avenue Corridor JEDI Zone Map Annotated with Census Block Groups**



The proposed Pacific Avenue Corridor Jedi Zone is comprised of eight adjoining census block groups, as defined in Map 3, including: 060372966001 Block Group #1 (P1), 060372962202 Block Group #2 (P2), 060372966002 Block Group #3 (P3), 060372962203 Block Group #4 (P4), 060372971101 Block Group #5 (P5), 060372969021 Block Group #6 (P6), 060372971102 Block Group #7 (P7), and 060372969011 Block Group #8 (P8).


Unemployment

A proposed Pacific Avenue Corridor Jedi Zone must demonstrate that the area has an average unemployment rate that is 3% higher than the average Citywide unemployment rate. EWDD obtained access to unemployment figures that can be averaged over a period providing a methodology to measure unemployment over a historical period. This methodology allows for a sustained and persistent basis for a designation of need.

For the Citywide average rate, U.S. Bureau of Labor Statistics (BLS) January 2024 current preliminary data was applied.

The 2018-2022 U.S. Census American Community Survey 5-year is the data source for the unemployment rate in council districts. This data is updated annually each December. This unemployment rate source can be apportioned to the City, Council District, and smaller granularity, providing for comparison within the census tracts and census block groups comprising the eligible area.

**TABLE 3 –
Average Unemployment Rates January 2024**

	Unemployment Rate Area
	6.2% Unemployment Rate City of Los Angeles, CA
	8.7% Unemployment Rate Council District 15
	N/A Unemployment Rate Pacific Avenue Corridor Proposed JEDI Zone

Sources: Sources: BLS LAUS January 2024; US Census Bureau ACS 5-year 2018-2022

**TABLE 4 –
Unemployment Rate by Census Block Group**

Geography		2018-2022 Unemployment Rate
Block Group 060372962202	P2	10.3%
Block Group 060372966001	P1	16.2%
Block Group 060372966002	P3	7.6%
Block Group 060372962203	P4	7%
Block Group 060372971101	P5	2.8%
Block Group 060372969021	P6	11.1%
Block Group 060372971102	P7	17.2%
Block Group 060372969011	P8	7.9%

Sources: US Census Bureau ACS 5-year 2018-2022

The majority of the proposed Pacific Avenue Corridor JEDI Zone partially meets the criteria of an average unemployment rate at least 3% higher than the average Citywide median. Out of eight Census Block Groups, four block groups **meet** the 3% higher than the average Citywide median criteria. In January 2024, the unemployment rate in Los Angeles City was at 6.2%. Currently, the unemployment rates are unavailable for the Council District level in the year 2024. EWDD will continue to work to secure more current unemployment rates that can be apportioned to census tracts and block groups.

Low- and Moderate-Income Area

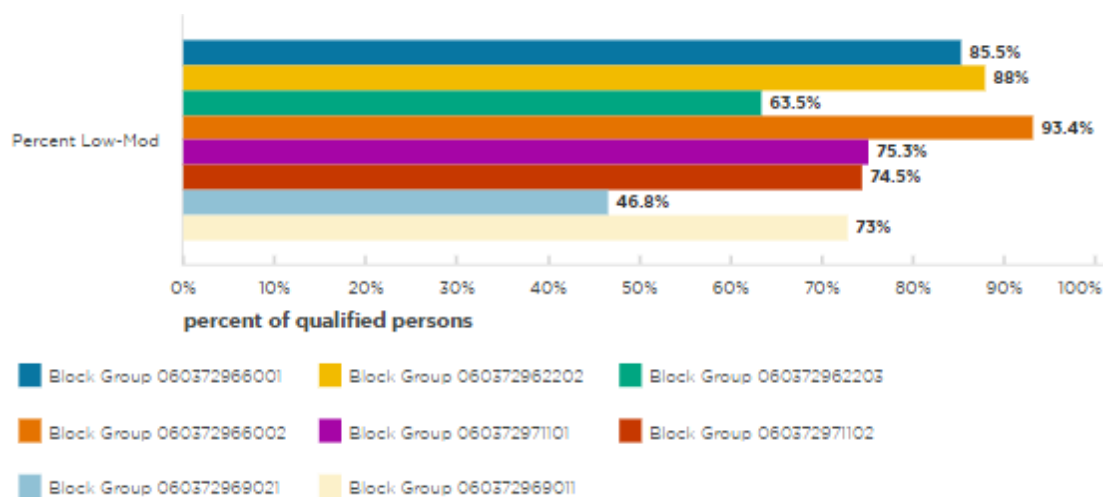
As specified in the JEDI Zone Establishment Policy, proposed areas with 50% or more of its residents that are Low and Moderate Income (LMI) persons as defined by the U.S. Department of Housing and Urban Development (HUD), qualify as an economically distressed area, and meets the secondary needs assessment benchmark criteria. HUD defines LMI income categories as:

- Low Income: Up to 50% of Area Median Income
- Moderate Income: Up to 80% of Area Median Income

HUD designates an area as LMI when at least fifty-one percent (51%) of the area households are low to moderate-income. Approximately seventy percent (69.88%) of the area residents within the 8 census tract block groups that comprise the proposed JEDI Zone are LMI.

EWDD averaged the LMI rates within the eight (8) census tract block groups within the proposed JEDI Zone to determine priority. Seven of the eight census tract block groups **meet** the distress benchmark of 51% or more of its households as LMI persons.

**GRAPH 2-
LMI Households by Census Block Group**



Sources: HUD Low-Mod (LMISD) 2022

Blight

Economic blight is a secondary needs assessment criteria and is the visible and physical decline of a property or neighborhood as evidenced by the presence of deteriorated commercial structures and buildings/improvements; abandonment of properties; chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings; significant declines in property values or abnormally low property values

relative to other areas in the community; or known or suspected environmental contamination.

On November 29, 2023, EWDD visited and assessed the proposed JEDI Zone and found the physical condition of the buildings to have deferred maintenance and moderate deterioration. Although there are a few large retailers and franchises in the area, there are also several vacancies that leave room for new growth and a variety of industries. There are a few outdated signages and other existing and incipient blighting conditions that could be addressed through the JEDI Zone's Façade Improvement Program to make the area more aesthetically pleasant and improve customer foot traffic in the area.

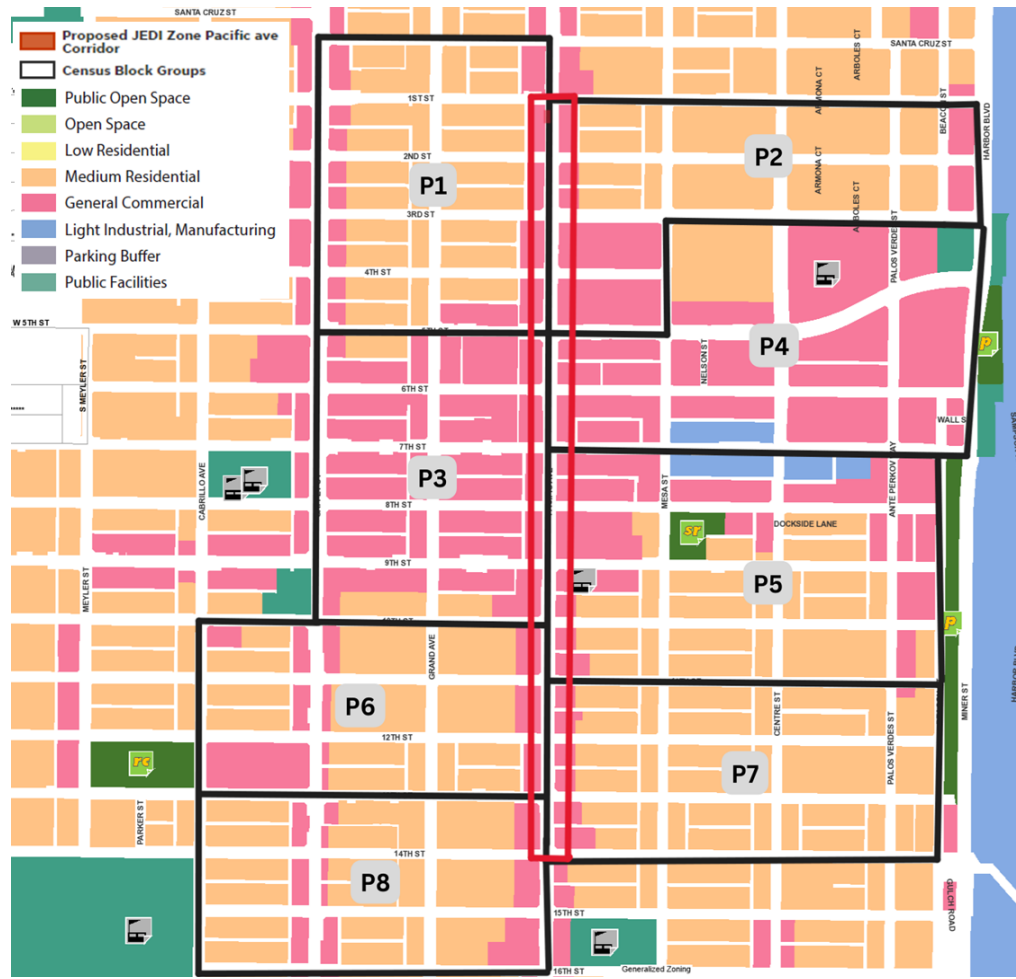
It was also noted that there are vacancies throughout the proposed Pacific Avenue Corridor JEDI Zone, particularly between Twelfth Street and Fourteenth street, in Block Groups #060372969021 (P6), #060372971102(P7) and 060372969011(P8). Vandalism is also very common throughout this corridor with a large representation of vandalism and graffiti in all the identified block groups. Opportunities for facade improvement are prevalent as well throughout the majority of identified block groups. Refer to Attachment 2 – Site Visit Photos. EWDD's assessment concluded that the proposed Pacific Avenue Corridor JEDI Zone area **partially meets** the blight criteria.

Commercial Industrial and Retail Usage

The JEDI Zone program is a place-based economic development program designed to assist businesses, boost job creation, and encourage investment in distressed commercial, industrial, and retail areas. For an area to be designated as a JEDI Zone, a secondary needs assessment to determine if the proposed Zone contains 50% or more commercial, industrial, and retail uses must be supported.

The block groups comprising the proposed Pacific Avenue Corridor JEDI Zone are predominantly commercial. See below, Map 4 – Zoning and Usage of Structures illustrates the commercial and public open space zoning and usage within the proposed JEDI Zone. The block groups represented by P1- P8 are more than 50% commercial, demonstrating that all the block groups within the proposed Pacific Avenue Corridor JEDI Zone **meet the criteria**.

MAP 4 – Zoning and Usage of Structures



Source: Zone Information and Map Access System (ZIMAS)

Identified City Priority Project

A proposed JEDI Zone must contain at least one City priority project to meet the secondary needs assessment criteria identified in the JEDI Establishment Zone Policy. There are no City Priority Projects in the proposed Pacific Avenue Corridor JEDI Zone. Although the area is parallel to the nearby Complete Waterfront Development Project that is taking place along Harbor Boulevard in San Pedro, it **does not meet** this JEDI eligibility criteria.

Map 5 identifies the locations of the Complete Waterfront Development Project located outside the proposed JEDI Zone.

MAP 5- CD 15 Priority Projects



Former Community Redevelopment Project Area

A proposed JEDI Zone must also be within the boundaries of a former Community Redevelopment Project Area that was active at the time of the dissolution of the Community Redevelopment Agency of the City of Los Angeles (CRA/LA) to meet the criteria in the JEDI Policy.

The proposed Pacific Avenue Corridor JEDI Zone is within the boundaries of the Pacific Corridor Redevelopment Project Area, which was adopted in May 2002 with an expiration date of May 2033. This Project area was active at the time of the dissolution of the CRA/LA in 2012.

Map 6, below, displays the entire proposed Pacific Avenue Corridor JEDI Zone located within the CRA/LA Pacific Corridor Redevelopment Project Area that **meets the eligibility criteria** of being an active plan area before the dissolution of the CRA.

MAP 6 – Pacific Corridor Redevelopment Project Area

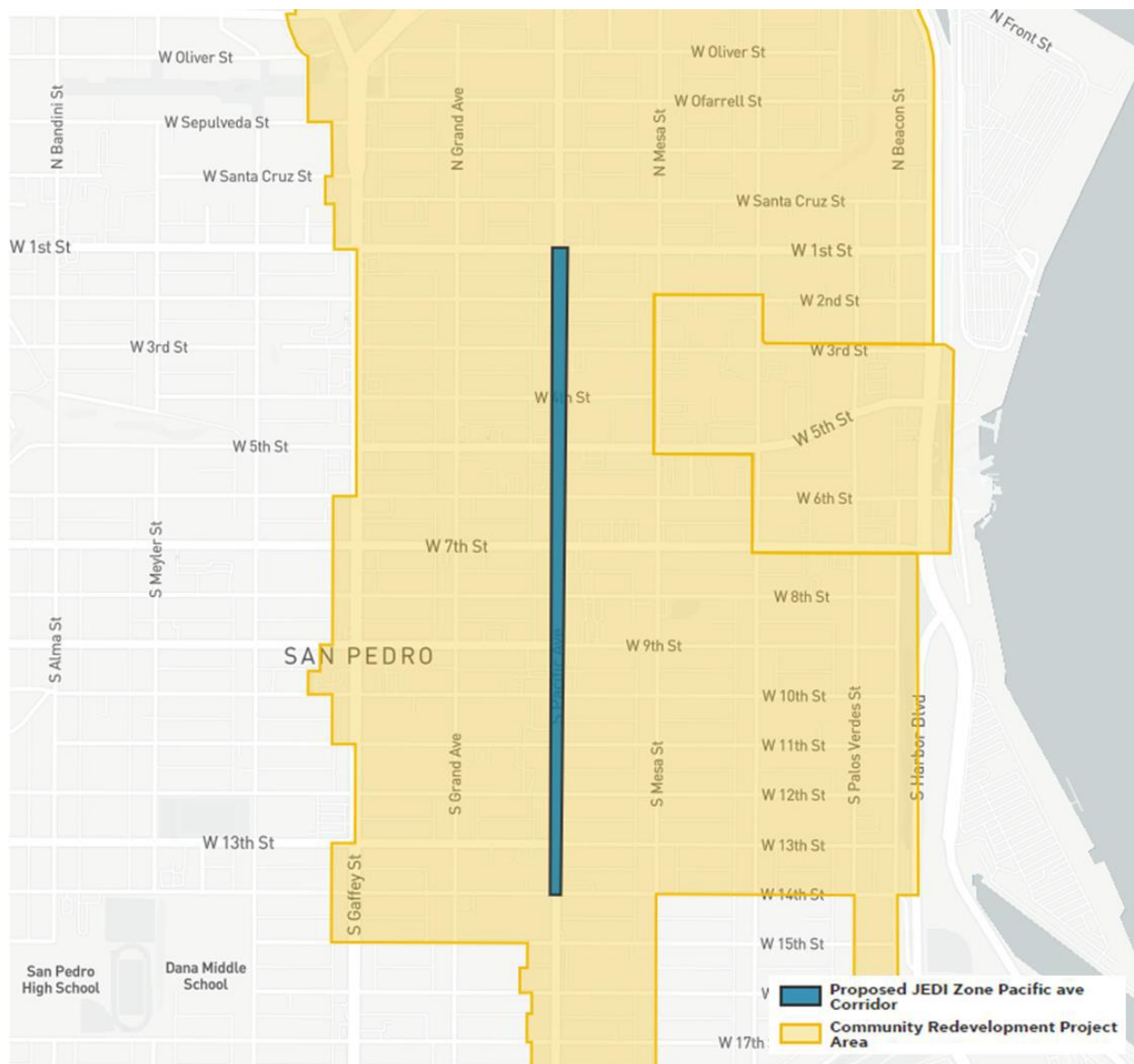


Table 5 below, provides a Summary of the Secondary Needs Assessment Qualifications for the proposed Pacific Avenue Corridor JEDI Zone, indicating which criteria is either met or not met in the proposed area, referenced by the following block group numbers 060372966001 Block Group #1 (P1), 060372962202 Block Group #2 (P2), 060372966002 Block Group #3 (P3), 060372962203 Block Group #4 (P4), 060372971101 Block Group #5 (P5), 060372969021 Block Group #6 (P6), 060372971102 Block Group #7 (P7), and 060372969011 Block Group #8 (P8).

TABLE 5 – Summary of Secondary Needs Assessment

Secondary Needs Criteria	P1 (6001)	P2 (2202)	P3 (6002)	P4 (2203)	P5 (1101)	P6 (9021)	P7 (1102)	P8 (9011)
Unemployment	Meets Criteria		Does Not Meet Criteria			Meets Criteria		Does Not Meet Criteria
Low and Moderate Income	Meets Criteria					Does Not Meet Criteria	Meets Criteria	
Blight	Meets Criteria	Does Not Meet Criteria			Meets Criteria			
Commercial Industrial and Retail Usage	Meets Criteria							
Contains an Identified City Priority Project	Does Not Meet Criteria							
Former Community Redevelopment Area	Meets Criteria							

Recommended JEDI Zone

EWDD's evaluation of the area's needs determined that the majority of the census block groups in the proposed JEDI Zone **meet** the criteria of an underserved community in four or more areas. The JEDI Zone policies' intent is to identify priority within a qualified area by greatest need. To expend City resources in a coordinated economic development delivery system, with the average JEDI Zone designated area containing 120 - 180 businesses. The proposed Pacific Avenue Corridor is large and contains 171 businesses which are within the range of the other designated JEDI Zone areas.

The area's scoring the highest benchmarks indicating distress are Census Block Groups P1 and P7 where both met five of the six secondary qualifying criteria. Followed by P2, P5, P6 and P8 which met four of the criteria, while all the others met three of the six criteria.

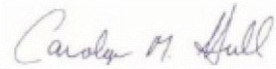
On June 27, 2022, City Council approved changes to the qualifying criteria allowing businesses on both sides of a street to qualify for the benefits of the JEDI Zone program, so long as one side of the street qualifies (C.F. 13-0934-S2). Therefore, the JEDI Zone recommendation will be inclusive of both sides of the Pacific Avenue commercial corridor for all eight block groups assessed.

CONCLUSION

The coronavirus health pandemic has shed light on the financial fragility of many small businesses and the significant economic impact they have experienced, particularly in areas that were underinvested prior to the pandemic. As with any financial crisis, business viability and success are often dependent upon external resources, assistance, and factors beyond the control of the company. The City and EWDD should continue to identify and target small businesses in the City's most vulnerable communities for investment and assistance to retain and grow as well as recruit new businesses to create jobs and promote community development.

The recommended Pacific Avenue Corridor's appointment as a JEDI Zone can improve job growth, and positively affect business attraction, retention, and expansion. The additional JEDI Zone will need to share the existing resources, business incentive plan, and services with the other established zones in the council district.

Sincerely,

A handwritten signature in blue ink that reads "Carolyn M. Hull".

CAROLYN M. HULL
General Manager

CH:FJ:DH:RP:KH
Attachment