

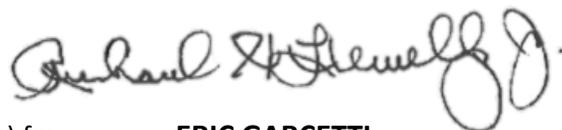
TRANSMITTAL

To: **THE COUNCIL**

Date: **11/05/21**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in black ink, appearing to read "Eric Garcetti". The signature is written in a cursive, flowing style.

(Rich Llewellyn) for

ERIC GARCETTI
Mayor

CAROLYN M. HULL
GENERAL MANAGER

CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR

**ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT**

1200 W. 7TH STREET
LOS ANGELES, CA 90017

November 3, 2021

Council File: 13-0934-S2 and
20-0304

Council District: 7

Contact Persons & Phone Numbers:
Jacqueline Rodriguez (213) 744-7185
Vanessa Willis (213) 744-9321

The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall

Attention: Heleen Ramirez, Legislative Coordinator

TRANSMITTAL: RECOMMENDATION TO ESTABLISH THE VAN NUYS BOULEVARD CORRIDOR BETWEEN SAN FERNANDO ROAD AND LAUREL CANYON BOULEVARD AS A JOBS AND ECONOMIC DEVELOPMENT INCENTIVE (JEDI) ZONE IN COUNCIL DISTRICT SEVEN.

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

SUMMARY

The approval of this action will establish a City JEDI zone for a portion of the Van Nuys Boulevard Corridor between San Fernando Road on the north and Laurel Canyon Boulevard on the south in Council District 7, consistent with the approved Jobs and Economic Development Incentive Zones (JEDI Zones) Establishment Policy and Incentive Plan, ("JEDI Establishment Policy"), as adopted 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 March 6, 2020, the Council directed the Economic and Workforce Development Department (EWDD) to evaluate a potential JEDI Zone in for a portion of Van Nuys Boulevard in Council District 7 (C.F. 20-0304). EWDD has conducted a baseline evaluation of the proposed Van Nuys Boulevard Corridor JEDI Zone in order to provide a description,

and analysis of the proposed JEDI Zone, assessment of the area's economic distress level, and recommendations for establishment of the JEDI Zone and provision of business incentives to enhance economic development in the corridor through a Business Incentive Plan.

RECOMMENDATIONS

The General Manager of the Economic and Workforce Development Department (EWDD) or designee, respectfully requests that the City Council, subject to the approval of the Mayor as required:

1. DESIGNATE the Van Nuys Boulevard Corridor, between San Fernando Road and Laurel Canyon Boulevard as a City of Los Angeles JEDI Zone (Van Nuys Corridor JEDI Zone), for a period of five years.
2. AUTHORIZE EWDD to implement a Business Incentive Plan for the area, as set forth herein, consistent within the adopted JEDI Establishment Policy, including providing permit subsidies of up to \$10,000 for up to twenty (20) businesses within the Van Nuys Corridor JEDI Zone, with a total allocation of up to \$200,000 from previously appropriated JEDI Program funds.

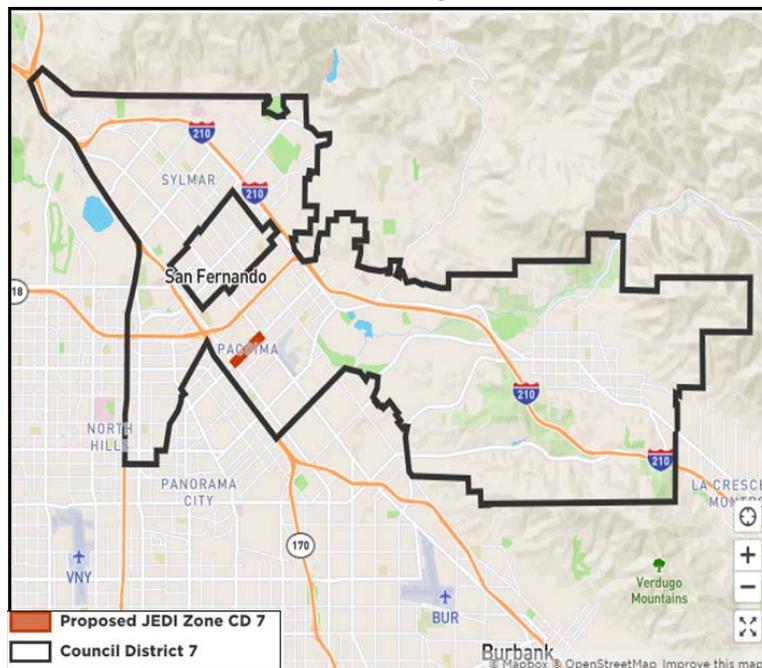
DISCUSSION

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.

LOCATION

In March 2020, Council (C.F. 20-0304) requested EWDD to conduct a baseline evaluation of a proposed JEDI Zone located in Council District 7 along Van Nuys Boulevard, between San Fernando Road to the north and Laurel Canyon Boulevard to the south. According to Google Maps, the proposed Van Nuys Boulevard Corridor is approximately 4,048 feet long (0.77 miles). Map 1, below, illustrates the JEDI Zone proposed location within Council District 7.

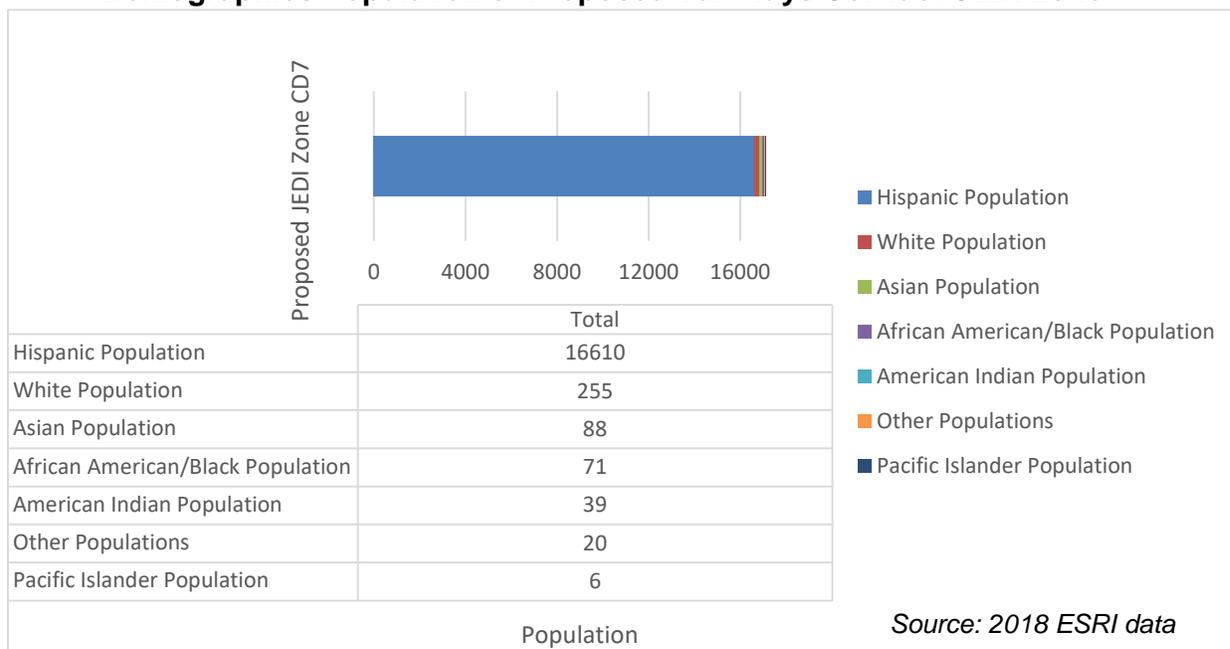
**MAP 1-
CD7 JEDI Zone Proposed Location**



DEMOGRAPHICS

The proposed Van Nuys Corridor JEDI Zone is located in the Pacoima neighborhood, comprised of five (5) US Census Tract Block Groups (#060371044041, #060371044042, #060371045001, #060371046101, #060371046202). There are approximately 9,256 total residents and 1,881 households within the proposed Van Nuys Corridor JEDI Zone. According to 2018 ESRI data, the Hispanic or Latino is 97% of the total population, followed by the White population at 0.01. Graph 1, below, contains the ethnic/population breakdown of the proposed Van Nuys Corridor JEDI Zone area.

**Graph 1 –
Demographics Population of Proposed Van Nuys Corridor JEDI Zone**



BUSINESS ENVIRONMENT

There are two hundred and twenty-one (221) actively registered businesses that have a City of Los Angeles – Business Tax Registration Certificate (BTRC) in the proposed Van Nuys Corridor JEDI Zone. The area businesses span across a diverse range of industries, including full-service restaurants, nail salons, and barbershops. The industries with the highest count in the proposed Van Nuys Corridor JEDI Zone are detailed in the truncated table below. For a full listing of the 221 actively registered businesses within the proposed Van Nuys Corridor JEDI Zone, refer to Attachment 1 provided by the City of Los Angeles Office of Finance as of February 21, 2021.

**TABLE 1 –
CD7 Proposed Jedi Zone Industries Represented***

NAICS Industry Code	NAICS Primary Description	Count of Active Businesses
812111	Barber shops**	12
722110	Full-service restaurants**	12
812990	All other personal services	10
812113	Nail salons**	6
621111	Offices of physicians (except mental health specialists) **	6

541213	Tax preparation services	6
811110	Automotive mechanical & electrical repair & maintenance	5
	Grand Total (Attachment 1) *	221

*List has been truncated due to length.

COVID-19 PANDEMIC IMPACT

As a result of the Coronavirus 2019 (COVID-19) health pandemic, local businesses have been facing declining sales, operational challenges, and financial uncertainty. Low-wage service industries and the people of color predominantly employed in them are in the throes of a deep recession that has left other industries, professions, and demographics relatively untouched. Businesses involving close human contact including restaurants, gyms, hair salons, and movie theaters are suffering excessively. According to the LAEDC Pathways for Economic Resiliency Report, it is a trying time for Los Angeles County businesses due to strict closure guidelines and the slow recovery which has limited revenue for an extended period of time. From March 1, 2020, to August 31, 2020, Yelp reported more temporary and permanent business closures in Los Angeles than any other metro in the country with approximately 15,000 total business closures of which approximately 7,500 businesses are permanently closed.

Implementation of the Van Nuys Corridor JEDI Zone program can assist area businesses negatively impacted by the COVID-19 pandemic and prevent the permanent closures of small and minority-owned businesses.

JEDI ZONE ELIGIBILITY ANALYSIS

The JEDI Establishment Policy as adopted by Council and Mayor (C.F. 13-0934-S2) (JEDI Policy) outlines that a proposed JEDI Zone must meet one of the following six Primary Eligibility Criteria:

1. City-established EID 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 five 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 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.
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 Van Nuys Corridor JEDI Zone

The JEDI Establishment Policy requires for proposed areas to satisfy one of six (6) primary eligibility criteria to qualify for a baseline evaluation to be designated as a JEDI Zone. To maximize business growth and job creation in economically distressed communities, the JEDI Zones will be implemented in conjunction with existing initiatives. Under the JEDI Establishment Policy, areas that satisfy any one of the six (6) primary eligibility criteria are eligible for a baseline evaluation to be designated as a JEDI Zone.

The proposed Van Nuys Corridor JEDI Zone is located within a Federally designated Opportunity Zone and is within a Citywide Economic Development Strategy's (CEDS's) Focus Area and fulfills the primary qualifying criterion for the area's nomination as a JEDI Zone. Refer to Map 2 - Economic Incentives Overlay Map, below, that illustrates the location of the proposed CD7 JEDI Zone within the Opportunity Zone.

**MAP 2 –
Economic Incentives Overlay Map**

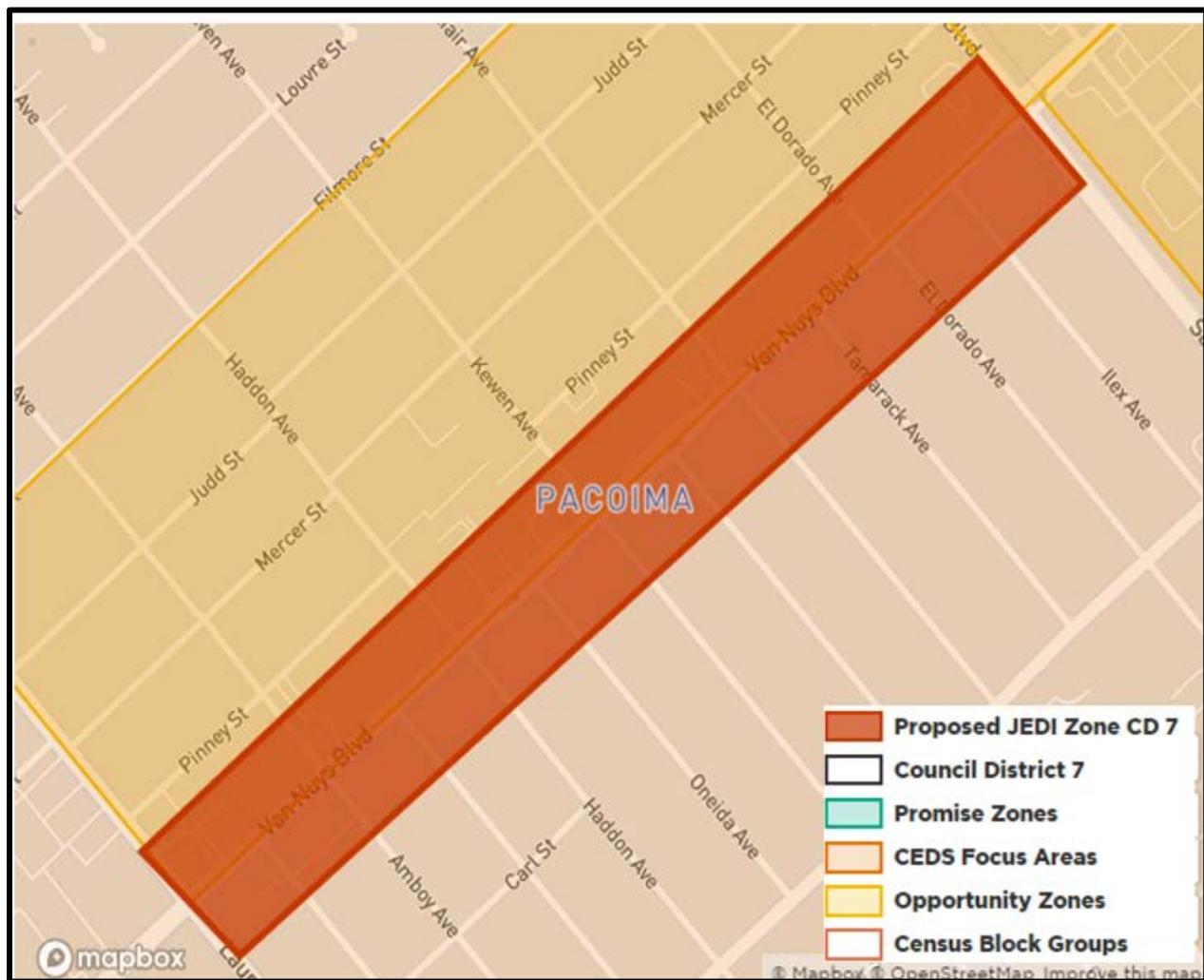


Table 2, provides a summary of the primary qualifying criteria that have been met.

**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	N/A
Economic assessment establishing five criteria in the secondary needs assessment.	N/A

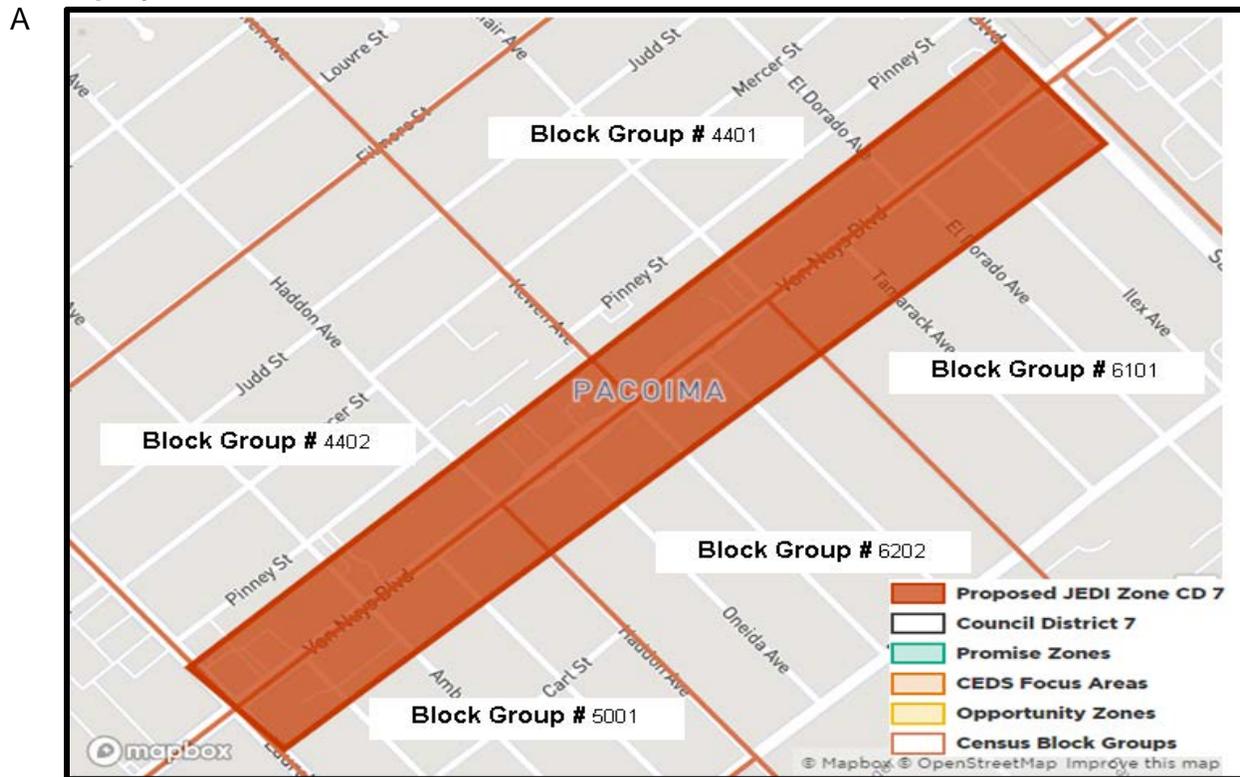
Secondary Needs Assessment

The Secondary Needs Assessment is an analysis of additional measurements 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 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-

Van Nuys Corridor Proposed JEDI Zone Map Annotated with Census Block Groups Unemployment



proposed 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 of time providing a methodology to measure unemployment over a historical time. This methodology allows for a sustained and persistent basis for a designation of need.

For the Citywide average rate, California State Employment Development Department (EDD) 2019 annual average was applied.

The source of the unemployment rate for council districts and smaller granularity is the U.S. Census American Community Survey 5-year currently ending in 2019. 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 2015-2019**

	Unemployment Rate Area
--	------------------------

	4.5% Unemployment Rate City of Los Angeles, CA
	5% Unemployment Rate Council District 7
	7.7% Unemployment Rate CD7 Proposed JEDI Zone

Sources: EDD 2019 Average Unemployment Rate; US Census ACS 5-year, ending 2019

The proposed zone does **not** meet the criteria of an average unemployment rate that is at least 3% higher than the average City-wide rate. Current unemployment rates are unavailable for the Council District or smaller granularity. EWDD will continue to work to secure more current unemployment rates that can be apportioned to census tracts and block groups.

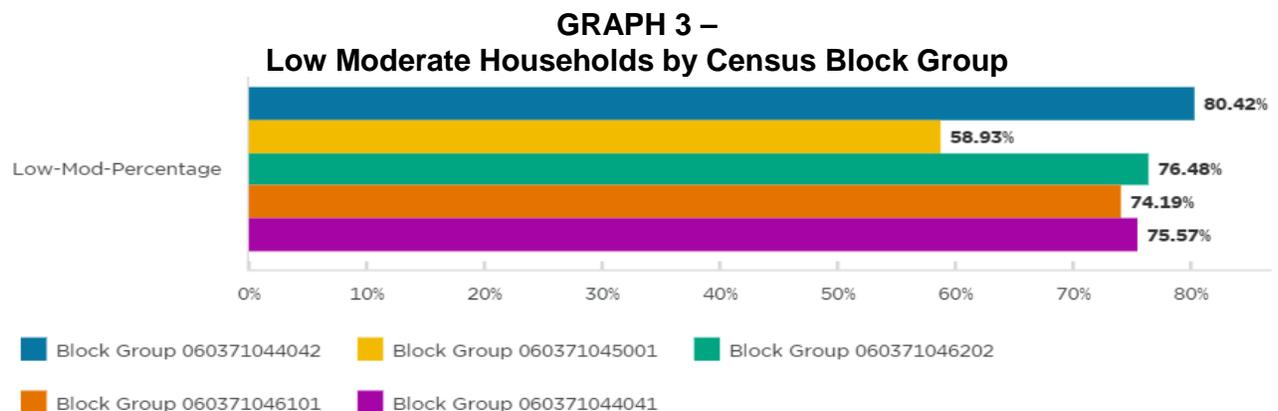
Low- and Moderate-Income Area

As specified in the JEDI Establishment Policy, proposed areas with 50% or more of its residents that are Low and Moderate Income (LMI) persons as defined by 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 Low and Moderate Income categories as:

- Low Income: 50% to 80% of Area Median Income
- Moderate Income: 80% to 120% of Area Median Income

HUD designates an area as low and moderate income when at least fifty-one (51%) of the area households are low to moderate-income. The average of seventy-three percent (73.12%) of the area households within the two (2) Census Tract Block Groups that comprise the proposed Van Nuys JEDI Zone are Low to Moderate Income (LMI).

EWDD averaged the low and moderate income rates within the five census tract-block groups within the proposed CD7 JEDI Zone to determine priority. Each census tract block group **meets** the distress benchmark of 51% or more of its households residents are low to moderated income (LMI) persons.



Source: 2020 HUD Income Limits

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 12, 2020, EWDD staff conducted a site visit and found the physical condition of the buildings to have deferred maintenance, moderate deterioration, accessibility concerns, and deteriorating foundations. Refer to Attachment 2 – Site Visit Photos EWDD’s visual assessment concluded that the proposed Van Nuys Corridor JEDI Zone **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.

See below, Map 4 – Zoning and Usage of Structures illustrates the commercial zoning and usage along Van Nuys Boulevard corridor of the proposed CD7 JEDI Zone. There are no residential-use buildings in the proposed JEDI Zone area. All census tract block groups within the proposed CD7 JEDI Zone **meets** the criteria of 50% or more of the areas containing commercial, retail, or industrial uses.

Map 4 – Zoning and Usage of Structures

Nuys Corridor JEDI Zone does **not** meet the criterion.

**MAP 5-
Community Redevelopment Area Project Area**

Table



4,

provides a Summary of the Secondary Needs Assessment Qualifications for the proposed Van Nuys Corridor JEDI Zone indicating which secondary needs criteria is either met or not met in the proposed area.

**TABLE 4 –
Summary of Secondary Needs Assessment**

Secondary Needs Criteria	Meets / Does not Meet
<p>Unemployment Non-seasonal unemployment rate that is at least 3% higher than the Citywide rate.</p>	<p>Meets Criteria</p>
<p>Low and Moderate Income Qualifies as low and moderate-income (LMI) area as defined by the U.S. Department of Housing and Urban Development. An area where at least 51 percent of the residents are LMI persons.</p>	<p>Meets Criteria</p>
<p>Blight Deteriorated commercial or residential 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, as evaluated by EWDD.</p>	<p>Meets Criteria</p>

<p>Commercial Industrial and Retail Usage The area is more than 50% commercial, retail, or industrial uses</p>	<p>Meets Criteria</p>
<p>Contains an Identified City Priority Project Contains at least one City priority project, defined at the time the JEDI Zone is created which can be identified as part of an adopted community plan.</p>	<p>Meets Criteria</p>
<p>Former Community Redevelopment Area Within the boundary of a Community Development Plan Area that was active at the time of the dissolution of the Community Redevelopment Agency</p>	<p>Meets Criteria</p>

BUSINESS INCENTIVE PLAN

The proposed Van Nuys Corridor JEDI Zone area has met the baseline and secondary needs assessment criteria outlined in the JEDI Zone Establishment Policy EWDD recommends approval of the requested Van Nuys Corridor JEDI Zone area. EWDD will provide the JEDI Zone area businesses with an overview of the available benefits, conduct a business assessment, and organize the information and services to determine the most valuable to each stakeholder. EWDD will determine the most effective methods to implement the incentives and enhanced services, including publications and interactive communication technologies. Based on the area economic distress analysis, individual business assessments, and the demonstrated needs, the following, but not limited to, incentives and enhanced services will be offered within the proposed Van Nuys Corridor JEDI Zone area:

1. **Priority Support Program** –one-on-one business consultation, promote and assist with access to City Programs for businesses, and provide a customized package of incentives and services to help businesses reach their goals.
2. **Business Development Support** – case management and coordination between businesses and City departments during all phases of development, including entitlement, permitting, and construction, if applicable.
3. **Fee Reductions for Development Permits** – provide up to \$10,000.00 in expediting and/or permitting fees incurred through the development permitting process for eligible projects Subsidy can be used for either City Planning Department or Department of Building and Safety fees not to exceed \$10,000.00 per project.
4. **Façade Improvement Program** – provide funds to improve the exterior appearance of eligible businesses to make them more inviting to walk and shop and assist with business retention for eligible improvements under CDBG funding regulations.
5. **Employer’s Connection** – Provide compensation to an employer during staff training, if eligible.
6. **Compliance Assistance** – Facilitate resources to help businesses maintain compliance with land use and building and safety codes and regulations.
7. **Access to Capital** – Connect businesses with lenders that are actively seeking to invest and bring funding opportunities to the City and JEDI Zone area.

8. **Loan Program Fee and Interest Reduction** – Reduce interest rate and fees of the Microloan program products, extend payment schedule, and offer loan restructuring to assist with business operations and retention, if permitted under CDBG regulations.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. During the establishment of the JEDI Zone program, the City Council and Mayor authorized the use of \$1,000,000 of former Urban Development Action Grant (UDAG) funds to provide permit fee reductions for businesses located in designated JEDI Zones (C.F. 13-0934-S2).

NEXT STEPS

Upon approval of the JEDI Zone designation by the City Council and Mayor, a coordinated and branded campaign to promote the package of targeted incentives to stakeholders in the JEDI Zone will be launched by EWDD. The JEDI Zone branded campaign will include publications, visualizations, and presentations, where appropriate. EWDD will conduct outreach in the JEDI Zones to assess businesses needs and will also conduct biennial performance reports to review the activities and benefits resulting from the JEDI Zone Program.

Biennial Performance Reports

EWDD will report to City Council and Mayor on the JEDI Zone's progress and performance. The report will include a summary of activity in a designated area and a determination of whether adjustments to the JEDI Zone Program are needed.

5th Year Impact Report

After the five-year designation, EWDD will conduct an assessment of the JEDI Zone detailing the impact on the area, including the following:

- The number of new and relocating businesses in the JEDI Zone.
- The number of pre-existing businesses participating in JEDI Incentives.
- The overall percent of businesses helped within JEDI Zone.
- The number of new jobs created as a result of JEDI incentives.
- Number of businesses retained Number of businesses that received capital
- The amount of new investment and capital placed in the JEDI Zone

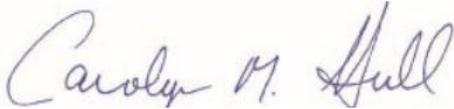
At the conclusion of the five-year designation of the Van Nuys Corridor JEDI Zone, EWDD in consultation with the Council Office will have the option to submit to the City Council and Mayor a recommendation for the renewal of the JEDI Zone designation for an additional 5 years. The maximum duration of a JEDI Zone designation will be 10 years.

CONCLUSION

The coronavirus health pandemic has shed light on the financial fragility of many small businesses and the significant economic impact they have experienced. As with any financial crisis, business viability and success is often dependent upon external 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 community development.

Council District 7 and the Pacoima neighborhood have faced historical and interrelated economic and social challenges. Amid a health pandemic that has disproportionately affected the area businesses and household population, there is a vital need to ensure this

area's recovery advances racial equity and equal opportunity to business development. The Van Nuys Boulevard corridor, between San Fernando Road to the north and Laurel Canyon Boulevard to the south, appointment as a JEDI Zone can improve job growth, and positively affect business attraction, retention, and expansion.

A handwritten signature in blue ink that reads "Carolyn M. Hull". The signature is written in a cursive style with a large initial 'C'.

CAROLYN M. HULL
General Manager

CH:FJ:DH:JDR:vw

Attachments

NAICS Industry Code	PRIMARY_NAICS_DESCRIPTION	Count of NAICS
531100	Lessors of real estate (including mini warehouses & self-storage units)	13
453990	All other miscellaneous store retailers (including tobacco, candle, & trophy shops)	8
812990	All other personal services	7
811110	Automotive mechanical & electrical repair & maintenance	4
722110	Full-service restaurants	4
532290	Other consumer goods rental	4
452000	General merchandise stores	4
453310	Used merchandise stores	3
524210	Insurance agencies & brokerages	3
424300	Apparel, piece goods, & notions	2
423990	Other miscellaneous durable goods	2
713900	Other amusement & recreation services (including golf courses, skiing facilities, marinas, fitness centers, bowling centers, skating rinks, miniature golf courses)	2
447100	Gasoline stations (including convenience stores with gas)	2
423600	Electrical & electronic goods	2
453220	Gift, novelty, & souvenir stores	2
541990	All other professional, scientific, & technical services	2
339900	Other miscellaneous mfg.	2
722300	Special food services (including food service contractors & caterers)	2
423200	Furniture & home furnishing	2
233210	Single Family Housing Construction (1997 NAICS)	2
531390	Other activities related to real estate	2
448150	Clothing accessories stores	1
611000	Educational services (including schools, colleges, & universities)	1
561410	Document preparation services	1
323100	Printing & related support activities	1
711100	Performing arts companies	1
441110	New car dealers	1
812111	Barber shops	1
441120	Used car dealers	1
561720	Janitorial services	1
453910	Pet & pet supplies stores	1
621399	Offices of all other miscellaneous health practitioners	1
441229	All other motor vehicle dealers	1
423910	Sporting & recreational goods & supplies	1
454390	Other direct selling establishments (including door-to-door retailing, frozen food plan providers, party plan merchandisers, & coffee-break service providers)	1
811420	Reupholstery & furniture repair	1
512100	Motion picture & video industries (except video rental)	1
812310	Coin-operated laundries & drycleaners	1
512200	Sound recording industries	1
561500	Travel arrangement & reservation services	1
441300	Automotive parts, accessories, & tire stores	1

NAICS Industry		
Code	PRIMARY_NAICS_DESCRIPTION	Count of NAICS
561790	Other services to buildings & dwellings	1
442110	Furniture stores	1
621111	Offices of physicians (except mental health specialists)	1
531310	Real estate property managers	1
621610	Home health care services	1
812320	Drycleaning & laundry services (except coin-operated) (including laundry & drycleaning drop-off & pickup sites)	1
445100	Grocery stores (including supermarkets & convenience stores without gas)	1
424210	Drugs & druggists' sundries	1
424920	Books, periodicals, & newspapers	1
442200	Home furnishings stores	1
811190	Other automotive repair & maintenance (including oil change & lubrication shops & car washes)	1
541213	Tax preparation services	1
811430	Footwear & leather goods repair	1
541920	Photographic services	1
812113	Nail salons	1
443120	Computer & software stores	1
448210	Shoe stores	1
561300	Employment services	1
888888	Medical Marijuana Collective	1
532100	Automotive equipment rental & leasing	1
423700	Hardware, & plumbing & heating equipment & supplies	1
Grand Total		115



Proposed JEDI Zone Council District 7

Visual Evaluation

Façade Improvement



There are numerous structures that may benefit from façade improvement.



Façade improvement will provide storefronts with unity and congruence.

Façade Improvement



The exteriors consist of bars and outdated signage that does not readily convey what the stores offer nor display an inviting atmosphere for consumers.

Deteriorating Structures

Example 1



Example 2



Vacancies

Throughout the proposed JEDI Zone there are multiple vacancies which can be attributed to many factors including the lack of foot traffic in the proposed JEDI Zone.





Potential Special Project

An extension of the community-influenced painted mural on the corner market where two main streets converge will support the efforts to unite the community and bring beautification to the area.

