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To: THE COUNCIL Date: 11/05/21

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

(Rich Llewellyn) for

ERIC GARCETTI Mayor

CITY OF LOS ANGELES

CAROLYN M. HULL GENERAL MANAGER CALIFORNIA



1200 W. 7TH STREET LOS ANGELES, CA 90017



November 3, 2021

Council File: 13-0934-S2 and

20-0310

Council District: 2

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 LANKERSHIM BOULEVARD CORRIDOR BETWEEN BURBANK BOULEVARD AND OXNARD STREET AS A JOBS AND ECONOMIC DEVELOPMENT INCENTIVE (JEDI) ZONE IN COUNCIL DISTRICT TWO.

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 Lankershim Boulevard Corridor between Burbank Boulevard on the south and Oxnard Street on the north in Council District 2, 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 proposed JEDI Zone for a portion of the Lankershim Boulevard in Council District 2 (C.F. 20-0310). EWDD has conducted a baseline evaluation of the proposed Lankershim 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 Lankershim Boulevard Corridor between Burbank Boulevard and Oxnard Street in Council District 2 as a City of Los Angeles JEDI Zone, ("Lankershim 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 with the adopted JEDI Zone Establishment Policy, including providing permit subsidies of up to \$10,000 for up to twenty (20) businesses within the Lankershim Corridor JEDI Zone, with a total allocation of up to \$200,000 from previously appropriated JEDI Program funds.

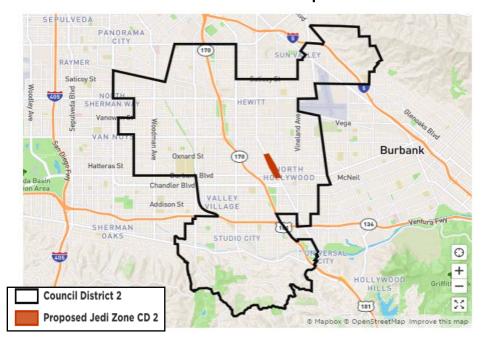
DISCUSSION

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. 20-0310) requested EWDD to conduct a baseline evaluation of a proposed JEDI Zone located in Council District 2 along Lankershim Boulevard, between Oxnard Street on the north and Burbank Boulevard on the south. According to Google maps, the Lankershim Boulevard corridor is approximately 2,946 feet long (0.6 miles) and is within two (2) adjoining Census block groups (#60371241021 Census Block Group and #60371241022 Census Block Group). Map 1, below, illustrates the JEDI Zone location within Council District 2.

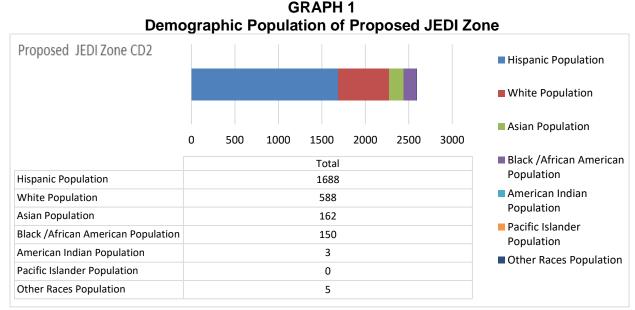
MAP 1
Lankershim Corridor JEDI Zone Proposed Location



DEMOGRAPHICS

The proposed Lankershim Corridor JEDI Zone is located in North Hollywood, comprised of US Census Block Groups #60371241021 and #60371241022. There are approximately 2,669 total residents and 971 households within the abutting areas of the corridor. According to 2018 ESRI data, the Hispanic/Latino population is 63% of the total population, followed by the White population at 22%, Asian population at 6%, and Black/African American population at 5.6%.

Graph 1 below contains the ethnic/population breakdown of the proposed CD2 JEDI Zone area.



Source: 2018 ESRI data

BUSINESS ENVIRONMENT

There are one hundred and fifteen (115) businesses that have a City of Los Angeles - Business Tax Registration Certificate (BTRC) in the proposed CD2 JEDI Zone. The area businesses span across a diverse range of industries, including full-service restaurants, insurance agencies and brokerages, and wholesalers. Lessors of Real Estate (including Mini Warehouses and Self-Storage units) industry comprise the highest number of active businesses at thirteen (13). Table 1 below lists the number of businesses per NAICS industries in the proposed CD2 JEDI Zone. For a full listing of the 115 actively registered businesses within the proposed CD2 JEDI Zone, refer to Attachment 1 provided by the City of Los Angeles - Office of Finance as of February 21, 2021.

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

NAICS Industry Code	NAICS Primary Description	Count of Active Businesses
	Lessors of real estate (including mini warehouses & self-storage units)	
531100		13
	All other miscellaneous store retailers (including tobacco,	
453990	candle, & trophy shops)	8
812990	All other personal services	2

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222110		
	Full-service restaurants	4
532290	Other consumer goods rental	
	-	4
	Used merchandise stores	
453310		3
524210	Insurance agencies & brokerages	3
	General merchandise stores	
452000		4
811110	Automotive mechanical & electrical repair & maintenance	4
	Grand Total (Attachment 1)*	115

^{*}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. Certain industries such as the low-wage service industries, lessors of real estate, and miscellaneous store retailers that comprise the majority of the industries and business within the proposed CD2 JEDI Zone were more severely impacted than others due to their dependance on in-person customers and their inability to transition to remote work like the technology or professional services industries. 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 CD2 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 Zone 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 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 in which five criteria within the secondary needs assessment are met.

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 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 Lankershim Corridor JEDI Zone

The JEDI Zone 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. The proposed Lankershim Corridor JEDI Zone is located within a Federally designated Opportunity Zone and fulfils the primary qualifying criterion for the area's nomination as a JEDI Zone. Refer to Map 2 - Economic Incentives Overlay Map, below, which illustrates the location of the proposed Lankershim Corridor 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.

Summary of Primary Qualifying Criteria

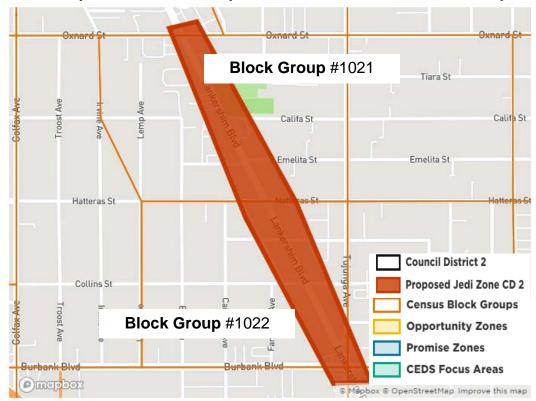
Primary Qualifying Criteria	Qualification Status
City-established EIFD District	N/A
City-established CRIA District	N/A
Within a designated Opportunity Zone	Meets Criteria
Focus Area designated by Citywide Economic Development Strategy	Does not meet
Promise Zone Community	Does not meet
Economic assessment establishing five criteria in the secondary needs assessment.	Does not meet

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 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
CD2 Proposed JEDI Zone Map Annotated with Census Block Groups



Unemployment

A 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 unemployment figures that can be averaged over period of time providing a methodology to measure unemployment over a historical time period. 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 district 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 a 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
6.3% Unemployment Rate Council District 2
0% Unemployment Rate Lankershim Corridor Proposed JEDI Zone

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

The area does **not** meet the criteria of an average unemployment rate at least 3% higher than the average Citywide median. Unemployment in Los Angeles City was at 10.6% as of December 2020. 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

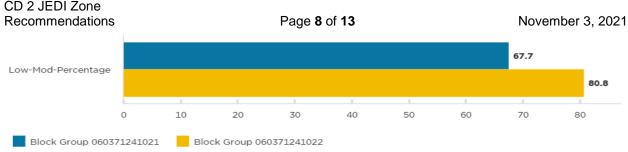
As specified in the JEDI Zone Establishment Policy, proposed areas with 50% or more of its residents that are Low and Moderate Income (LMI) persons as defined by HUD, qualify as an economically distressed area and meets the secondary needs assessment benchmark criteria. HUD defines Low- and Moderate-Income 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 to moderate income when at least fifty-one (51%) of the area households are low to moderate income. The average of seventy-four (74.25%) percent of the area households within the two (2) Census Tract Blocks that comprise the proposed Lankershim Corridor JEDI Zone are low to moderate income.

EWDD averaged the low to moderate income rates within the two (2) census tract block groups within the proposed CD2 JEDI Zone to determine priority. Each census tract block group **meets** the distress benchmark of 51% or more of its households as low to moderate income persons.

GRAPH 3
Low Moderate Households by Census Block Group



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 March 16, 2021, EWDD staff conducted a site visit and found the physical condition of the buildings to have deferred maintenance and moderate deterioration. Refer to Attachment 2 – Site Visit Photos. EWDD's assessment concluded that the proposed CD2 JEDI Zone area **meet** 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.

There are no residential-use buildings located in the prospective CD2 JEDI Zone area. See below, Map 4 – Zoning and Usage of Structures illustrates the commercial zoning and usage along the Lankershim Boulevard corridor of the proposed CD2 JEDI Zone. All census block groups within the proposed CD2 JEDI Zone **meet** the criteria of 50% or more of the area containing commercial, retail, or industrial uses.

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. Lankershim Boulevard is part of the City's Great Streets program (CF 20-0310) that will have numerous streetscape upgrades over the coming years to improve accessibility, safety, street furniture and landscaping.

From 2015 – 2018, businesses along Lankershim Boulevard, between Oxnard Streets and Burbank Boulevard, were severely impacted by the Department of Water and Power's (DWPs) River Supply Conduit Project resulting in lost revenues.

The Great Streets priority project within proposed CD2 JEDI Zone meets the secondary needs assessment criteria.

Former Community Redevelopment Project Area

A proposed JEDI Zone may 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).

The North Hollywood Redevelopment Plan was adopted on October 2, 1992 and expired in February 2021. A portion of the proposed Lankershim Corridor JEDI Zone is within the boundaries of the North Hollywood Redevelopment Plan Project Area that was active at the time of the dissolution of the CRA/LA.

MAP 5
Community Redevelopment Area Project Area

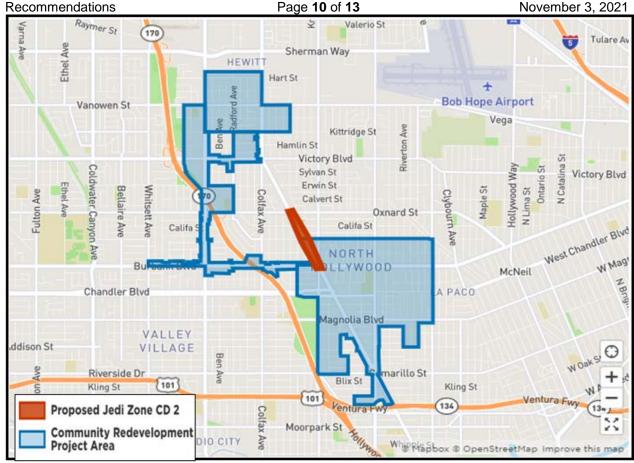


Table 4 provides a Summary of the Secondary Needs Assessment Qualifications for the proposed CD2 JEDI Zone., indicating which criteria is either met or not met in the proposed area.

TABLE 4
Summary of Secondary Needs Assessment

	Census Block Group	
Secondary Needs Criteria	1021	1022
Unemployment Non-seasonal unemployment rate that is at least 3% higher than the Citywide rate.	Does Not Meet Criteria	Does Not Meet Criteria
Low and Moderate Income Qualifies as low and moderate-income (LMI) area as defined by the HUD. An area where at least 51% of the residents are LMI persons.	Meets criteria	Meets criteria
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	Meets criteria	Meets criteria

INO	vember 3, 2021
Meets	Meets
criteria	criteria
Meets	Meets
criteria	criteria
Does Not	Meets
Meet	criteria
Criteria	
	Meets criteria Meets criteria Does Not Meet

BUSINESS INCENTIVE PLAN

The proposed Lankershim Corridor JEDI Zone has met the baseline and secondary needs assessment criteria outlined in the JEDI Zone Establishment Policy. EWDD recommends approval of the requested Lankershim Corridor JEDI Zone area and, if the JEDI Zone is adopted, 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 those 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 CD2 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 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 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 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

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

- Number of new and relocating businesses in the JEDI Zone.
- Number of pre-existing businesses participating in JEDI Incentives.
- The overall percent of businesses helped within JEDI Zone.
- 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 Lankershim Corridor JEDI Zone, EWDD in consultation with the Council Office will have the option to submit to 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 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 community development.

The Lankershim Boulevard Corridor will benefit from the establishment as a City JEDI Zone. If approved, the area's JEDI Zone designation, including its inclusion in the Great Streets program and Federal Opportunity Zone, can increase its attractiveness for long-term investments. The establishment of the Lankershim Boulevard Corridor, between Oxnard Street and Burbank Boulevard, as a JEDI Zone area, can improve job growth and positively affect business attraction, retention, and expansion.

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
	All other miscellaneous store retailers (including tobacco, candle, & trophy shops)	8
	All other personal services	7
	Automotive mechanical & electrical repair & maintenance	4
	Full-service restaurants	4
	Other consumer goods rental	4
	General merchandise stores	4
	Used merchandise stores	3
	Insurance agencies & brokerages	3
	Apparel, piece goods, & notions	2
423990	Other miscellaneous durable goods	2
	Other amusement & recreation services (including golf courses, skiing facilities,	
	marinas, fitness centers, bowling centers, skating rinks, miniature golf courses)	2
	Gasoline stations (including convenience stores with gas)	2
	Electrical & electronic goods	2
	Gift, novelty, & souvenir stores	2
	All other professional, scientific, & technical services	2
	Other miscellaneous mfg.	2
	Special food services (including food service contractors & caterers)	2
	Furniture & home furnishing	2
	Single Family Housing Construction (1997 NAICS) Other activities related to real estate	2 2
	Clothing accessories stores	1
	Educational services (including schools, colleges, & universities)	1
	Document preparation services	1
	Printing & related support activities	1
	Performing arts companies	1
	New car dealers	1
	Barber shops	1
	Used car dealers	1
	Janitorial services	1
	Pet & pet supplies stores	1
	Offices of all other miscellaneous health practitioners	1
	All other motor vehicle dealers	1
423910	Sporting & recreational goods & supplies	1
	Other direct selling establishments (including door-to-door retailing, frozen food plan	
454390	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
	Drycleaning & laundry services (except coin-operated) (including laundry &	
812320	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
	Other automotive repair & maintenance (including oil change & lubrication shops &	
811190	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 Lankershim Boulevard Corridor

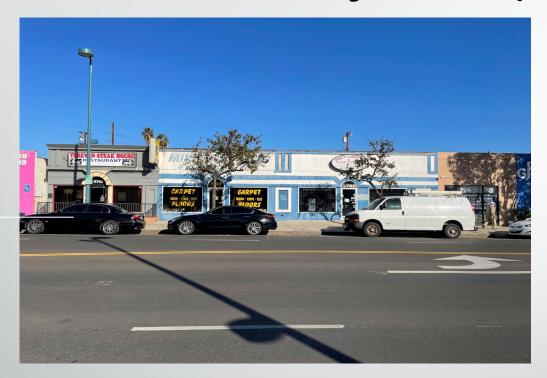
Visual Evaluation

Façade Improvement



Unifying the storefronts with common color schemes and signage would provide an inviting atmosphere.

Façade Improvement





There are numerous structures that may benefit from façade improvement in this proposed JEDI Zone.

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.







