

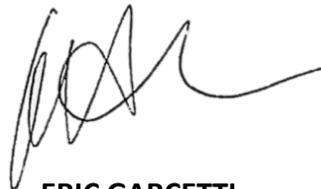
## TRANSMITTAL

To: **THE COUNCIL**

Date: **03/17/22**

From: **THE MAYOR**

**TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.**

A handwritten signature in black ink, appearing to be 'Eric Garcetti', written in a cursive style.

(Andre Herndon) 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

March 3, 2022

Council File: 19-0781  
Council District No.: All  
Contact Persons & Phone  
Numbers: Fred Jackson (213)  
744-7300  
Daisy Hernandez (213) 744-9340

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

Attention Heleen Ramirez, Legislative Coordinator

**TRANSMITTAL: REPORT BACK ON ANALYSIS OF LEGACY BUSINESS  
PROGRAMS IN OTHER CITIES, AND RECOMMENDATIONS TO ESTABLISH AND  
IMPLEMENT A LEGACY BUSINESS PROGRAM IN THE CITY OF LOS ANGELES**

**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**

In September 2019, the Council directed EWDD to report back with an analysis of Legacy Business Programs implemented by other cities, and to make recommendations regarding the implementation of a Legacy Business Program in the City of Los Angeles.

EWDD is reporting back on Legacy Business Programs managed by the cities of San Francisco, San Antonio, and Seattle, and providing recommendations to implement a Legacy Business Program in the City of Los Angeles.

EWDD recommends that the City Council authorize the creation of a Los Angeles Legacy Business Program, including allocation of American Recovery Plan Act (ARPA) Funds and staffing in EWDD and the Department of City Planning necessary to implement the program. The recommended program will include establishment of a Legacy Business Registry, with the assistance of the Department of City Planning and the Cultural Heritage Commission, as well as technical assistance and grants to support designated Legacy Businesses.

**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. ADOPT a Los Angeles Legacy Business Program as set forth in Exhibit B, and
  - a. AUTHORIZE EWDD to be the lead entity to implement the Legacy Business Program, including providing technical assistance and assistance grants, subject to funds availability.
  - b. AUTHORIZE the Department of City Planning to establish and implement a Legacy Business Registry, including soliciting and reviewing candidates for designation as City Legacy Businesses, and transmitting recommendations for Legacy Business designation to the Cultural Heritage Commission for approval and submission to the City Council for final action.
  - c. INSTRUCT EWDD and DCP to report on program status to the Cultural Heritage Commission and the Small Business Commission every 180 days, or more often as needed, and to include any recommendations from those Commissions in a report to the Mayor and City Council.
  
2. AUTHORIZE the use of a total of \$5 million of ARPA Funds, previously appropriated for the Legacy Business Program (C.F 21-0691) as follows:

<b>Legacy Business Program</b>	
Legacy Business Assistance Grants	\$3,682,310
Technical Assistance Curriculum	\$100,000
Marketing and Community Engagement	\$250,000
Program Costs (2 Years)	\$967,690
EWDD Total (\$499,639)	
City Planning Salary (\$215,176)	
City Planning Full CAP (\$252,875)	

<b>TOTAL</b>	<b>\$5,000,000</b>
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3. AUTHORIZE the Controller to:
- a. Establish new accounts and transfer appropriations within the ARPA Business Assistance Programs Fund No. 64N as follows:

	<b>Acct #</b>	<b>Title</b>	<b>Amount</b>
<b>From:</b>	22V835	Legacy Business Recovery Program	<b>1,217,690</b>
<b>To:</b>	22V122	Economic and Workforce Development	157,553
	22V166	Personnel	3,189
	22V299	Reimbursement of General Fund Costs	89,078
	22V46Y	City Planning Legacy Business Program	718,051
	22V622	Reserved for EWDD Oversight	249,819
		<b>Total</b>	<b>1,217,690</b>

Account # 22V299, Reimbursement of General Fund Costs, broken down as follows:

<b>Department</b>	<b>Amount</b>
Economic and Workforce Development	86,685
Personnel	2,393
<b>Total</b>	<b>89,078</b>

Economic and Workforce Development Department:

- b. Increase appropriations within Fund 100/22 as follows:

<b>Acct #</b>	<b>Title</b>	<b>Amount</b>
001010	Salaries General	127,957
001070	Salaries As Needed	795
001090	Overtime	29
0021209	Printing and Binding	
002130	Travel	39
003040	Contractual Services	2,983
003310	Transportation	3
006010	Office and Administrative	2,696
006020	Operating Supplies	4
006030	Leasing	23,028
	<b>Total</b>	<b>157,553</b>

Personnel Department:

- c. Increase appropriations within Fund 100/66 as follows:

<b>Acct #</b>	<b>Title</b>	<b>Amount</b>
100/66/001010	Salaries General	3,189

City Planning Department:

- d. Establish a new appropriation account entitled Legacy Business Program within the City Planning Grant Fund No. 46Y/68.
- e. Transfer up to \$718,051 from the ARPA Business Assistance Programs Fund No. 64N/22, Account No. 22V46Y, City Planning Legacy Business Program, to the City Planning Grant Fund No. 46Y and appropriate to Account No. TBD, Legacy Business Program.
- f. Expend up to \$468,051 for salaries and related costs and up to \$250,000 for consultant costs within the City Planning Grant Fund No. 46Y/68, Account No. TBD, Legacy Business Program, upon presentation of proper documentation by the City Planning, and subject to review and approval of EWDD.
4. AUTHORIZE the Controller to transfer funds from the ARPA Business Assistance Programs Fund No. 64N, Account No. 22V835, Legacy Business Program, to the new US Bank account for the disbursement of grants to approved small businesses, upon presentation of proper documentation by EWDD.
5. AUTHORIZE by Resolution the following position in the Economic and Workforce Development Department from July 1, 2022, through June 30, 2024, subject to position allocation by the Personnel Department and pay grade determination by the City Administrative Officer (CAO):

<u>No.</u>	<u>Code</u>	<u>Class Title</u>
1		Project Coordinator

6. AUTHORIZE by Resolution the following position in the Department of City Planning - Office of Historic Resources (OHR) from July 1, 2022, through June 30, 2024, subject to position allocation by the Personnel Department and pay grade determination by the City Administrative Officer (CAO):

<u>No.</u>	<u>Code</u>	<u>Class Title</u>
1		City Planner

7. AUTHORIZE the General Manager of EWDD, Director of Planning or their designees to negotiate and execute professional services agreement(s) with third-party consultant(s) for up to \$350,000 for assistance in the implementation of the Legacy Business Program.
8. AUTHORIZE the General Manager of EWDD, or designee, to prepare Controller instructions and/or make technical adjustments that may be required and are consistent with this action, subject to the approval of the CAO, and authorize the Controller to implement these instructions.

## **BACKGROUND**

On September 6, 2019, the Los Angeles City Council adopted an Economic Development Committee report dated August 13, 2019 (Council File No. 19-0781) which directed the EWDD, in collaboration with the Chief Legislative Analyst (CLA), and City Administrative Officer (CAO), to report to the Economic Development Committee (EDC) with an analysis of San Francisco's Legacy Business Program and similar programs in other cities, including recommendations on how to implement a Legacy Business Program in Los Angeles.

Small businesses that have operated for many decades across Los Angeles are critical to our local economy. The goods and services offered by such businesses attract tourists or visitors seeking a distinctive experience in Los Angeles. In many cases, these businesses are also the local anchors that entice nearby residents to shop, dine, or play in their neighborhood commercial districts, creating economic energy and pedestrian-level vitality that spills over to other nearby businesses.

Legacy businesses help to define Los Angeles's identity – as well as the differentiated identity of local communities within the City. When a business that has operated for decades suddenly closes, it can generate a sense of cultural displacement and loss within its community. Even though community members may not be physically displaced from their communities, such closures begin to create a sense of dislocation among long-time neighborhood residents that can undermine a community's social cohesion and well-being.

The loss of legacy businesses is often the mark of gentrification. As residents are driven

out of their long-time neighborhoods, so are the treasured businesses that serve them. Over time, new, often wealthier residents come in, demanding different amenities and businesses. Legacy businesses that may have been the strongholds of their community begin to disappear as their traditional customers become displaced due to changing property values and related factors. Many of these legacy businesses are small, minority-owned businesses that contribute to the ethnic and cultural distinctiveness of a neighborhood.

Legacy businesses also represent an important component of a strategy to help close the persistent racial disparities in intergenerational wealth. Median household wealth of white Americans remains at a level more than 10 times the median wealth of Black Americans – a gap that is several times higher than the disparities in annual income and the median wealth of Latinx families is less than 20 percent that of white families. Preserving and enhancing family-owned legacy businesses in minority communities provides an important source of intergenerational wealth transfer that can help close this gap.

In seeking to remain vital economic and community contributors, legacy businesses share many of the challenges facing other small businesses, such as increased competition, technological changes, shifting consumer preferences, narrow profit margins, exposure to rent increases, and changing labor costs. But because many legacy businesses have also been family-owned for generations, they often must also grapple with the challenges of succession planning, as younger family members may gravitate toward other career paths.

The recent COVID-19 pandemic and the accompanying stay-at-home orders have shuttered many of these legacy businesses for many weeks or months – often representing the first time these businesses closed in many decades. Even as economic activity has begun to resume, many of these legacy businesses remain more precarious than ever before, heightening the urgency to create a meaningful recognition and assistance program for these important community institutions.

For the purposes of the City of Los Angeles's program, a legacy business would be defined as a business that has been in continuous operation for 30 years or more within the same community, and additionally meets at least one of the following two criteria:

- a. Contributes significantly to its community's history or identity
- b. Sustains and cultivates distinctive cultural traditions or practices

Some examples of long-time Los Angeles establishments, among many others, that may be considered legacy businesses that have been in operation for more than 30 years would include:

- Yamaguchi Bonsai Nursery, a Japanese American-owned nursery in the West Los Angeles district of Sawtelle since 1934

- Canter's Delicatessen, which began in Boyle Heights in 1931 and has operated out of its Fairfax Avenue location since 1948
- Los Cinco Puntos, a neighborhood carnicería and taco shop that has served the Boyle Heights community since 1967
- The Hong Kong Noodle Company, in continuous operation since 1910 in Market Chinatown, a once-thriving collection of Chinese American businesses near downtown's City Market
- Angelus Funeral Home, an important community institution since 1925 in the Crenshaw District and South Los Angeles that has operated in two buildings designed by pioneering African American architect Paul R. Williams
- Beachwood Market, a neighborhood market that has been the retail heart of the Beachwood Canyon/Hollywood Hills community since the 1920s
- The Tiki-Ti, a Polynesian-themed bar in Los Feliz owned by a Filipino American bartender in 1961 and continuously operated by the same family
- Marabella Vineyard Company, a wine supply company in San Pedro operated by four generations of an Italian American family since 1932
- Galco's Old World Grocery, also known as Galco's Soda Pop Shop, an Italian American-operated family business in Highland Park, selling groceries and soda pop since 1955
- Bear Pit BBQ Restaurant of Mission Hills, serving customers since 1958
- Cowboy Palace Saloon, a country-western themed saloon in Chatsworth, operating since 1971
- Tres Sierras Market of Pacoima, serving a growing Latino population of the Northeast San Fernando Valley since 1947
- StylesVille Barber Shop & Beauty Salon in Pacoima, the oldest Black-owned barbershop in San Fernando Valley, operating since 1957
- Casa Bianca Pizza Pie of Eagle Rock, in continuous operation since 1955
- Casa Vega, the oldest Mexican restaurant in Sherman Oaks, in continuous operation since 1958
- Harold & Belle's, serving traditional New Orleans and Southern cuisine in West

Adams since 1969

- Papa Cristo's, opened as a market in 1948 and later a restaurant that continues to bring foods and wines of Greece to Los Angeles
- Musso and Frank Grill, opened in 1919 by Frank Toulet and Joseph Musso who hired French chef Jean Rue who created the menu - much of which remains unchanged to this day.

### **Models for Legacy Business Programs**

Legacy and small businesses share many of the same challenges, including but not limited to: increasing competition, tightening profit margins, rising labor costs, and increasing lease rates. Legacy Business Programs in other places fit into the following general categories: promotion activities, technical assistance, and financial assistance.

An overview of Legacy Business Program models, including an analysis of the City of San Francisco Legacy Business Program along with similar programs in the cities of San Antonio and Seattle, is provided in Attachment A.

### **Structuring a Legacy Business Program in Los Angeles**

EWDD recommends that the City Council authorize the creation of a Legacy Business Program within the Department, to be administered in partnership with the Department of City Planning and its Office of Historic Resources (OHR). Refer to Attachment B for more detailed recommendations on the proposed components and implementation steps for a Legacy Business Program in Los Angeles.

The Legacy Business Program will be celebratory, not regulatory. It will identify and designate businesses for the purpose of providing recognition, assistance, and guidance. EWDD will be the lead department in providing technical assistance and business assistance grants to legacy businesses. City Planning will be coordinating marketing of the new program and administering the selection of businesses to be included on the City's Legacy Business Registry.

The OHR will bi-annually review applications from businesses, provide a staff recommendation for inclusion on the Legacy Business Registry, and submit all documentation to the Cultural Heritage Commission (CHC) for its consideration and approval. The CHC's recommendation will then proceed to the City Council for final approval of the Legacy Business Registry. EWDD and City Planning recommend that the CHC serve as the initial reviewing body for these Legacy Business applications. The CHC is staffed by the OHR and has experience in applying defined criteria related to cultural significance, through its existing role in evaluating nominations of sites for City Historic-Cultural Monument status.

In crafting this program, City Planning had initially recommended that OHR could launch

the Legacy Business Registry by pursuing a community engagement strategy to solicit ideas for how a legacy business should be defined. These community discussions would explore what should be the appropriate measure of a business' longevity, as well as how businesses should best demonstrate their contributions to a neighborhood's history or identity. However, given the urgency to establish a program expeditiously to support post-COVID economic recovery, this community engagement could take place as a future phase, to help guide the refinement of these criteria based on lessons learned from the program's initial phase.

### **Legacy Business Technical Assistance Curriculum**

EWDD proposes to appropriate up to \$100,000 to engage a contractor for two (2) years to develop and implement a "Legacy Business Technical Assistance Curriculum" with programs and courses specifically targeted for Legacy Businesses, addressing topics such as successful succession planning and lease education.

### **Legacy Business Assistance Grants**

EWDD will deploy up to \$3,682,310 million in grants to support up to approximately 245 businesses throughout the city. Each Council District will have a minimum of ten (10) businesses that receive Legacy Business Assistance Grants. Grants of up to \$20,000 will be awarded to eligible Legacy Businesses. For legacy businesses with one to five employees the grant amount of \$10,000 will be provided. Grant amounts of \$20,000 will be provided for Legacy Businesses with six or more employees. For additional details regarding the Legacy Business Assistance Grants, see Attachment B.

### **Program Administrative Costs**

To ensure that EWDD and OHR can adequately meet the programmatic expectations, the Departments are proposing to appropriate up to \$967,690 in UB funding for a combination of position costs. The administration of the Legacy Business technical assistance, grants, and promotion will be managed by one (1) FTE Project Coordinator with EWDD for two years. One (1) FTE City Planner with OHR for two years that will coordinate marketing and community engagement efforts and be responsible for developing and reviewing applications from businesses to confirm that they meet the established criteria. The proposed funding for the combination of positions is one-time and for the inaugural two years, through the end of FY 2023-24, to establish the Legacy Business Program. Future funding beginning in FY 2024-25 would be required to maintain the Legacy Business Program.

### **Marketing and Community Engagement Funding**

The Departments are proposing to allocate up to \$250,000 in UB funding to cover the cost to develop a marketing, advertising and public engagement campaign that will make the Legacy Business Program successful. This would include marketing and public engagement strategies to raise awareness among businesses of the opportunity

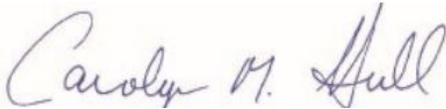
to apply for inclusion on the Legacy Business Registry. Additionally, EWDD and OHR, working closely with an outreach and marketing consultant as well as coordinating with the Department of City Planning's graphics section, would develop graphic materials – such as a Legacy Business Logo, window signage, plaques, or decals – to create a visual identity for the city's cherished commercial anchors. This component of the program would also include other marketing campaigns to promote Legacy Businesses throughout the city, including via social media and the City's web platforms, as well as IT systems to manage the Legacy Business database and online application materials. An annual funding appropriation would be required to provide graphics and ongoing marketing of the Legacy Business Program beyond FY 2023-24.

### **FISCAL IMPACT STATEMENT**

This report provides information relating to an analysis of various Legacy Business Programs including recommendations for a Citywide Legacy Business Program that will have no negative impact on the City General Fund, as all proposed programming will be funded with American Recovery Plan Act (ARPA) funds.

### **CONCLUSION**

EWDD is requesting adoption of the Legacy Business Program and authorization to have \$5,000,000 in ARPA funds transferred to the Department to facilitate the deployment of much-needed capital to establish the Legacy Business Program.



CAROLYN M. HULL  
General Manager

CH:FJ

## **ATTACHMENT A**

### **MODELS FOR LEGACY BUSINESS PROGRAMS**

Legacy and small businesses share many of the same challenges, including but not limited to: increasing competition, tightening profit margins, rising labor costs, and increasing lease rates.

Based on staff research, Legacy Business Programs in other places fit into the following general categories: promotion activities, technical assistance, and financial assistance.

- **Promotion Activities:** assisting Legacy Businesses with creative vehicles to market and increase visibility and exposure of the business to potential consumers.
- **Technical Assistance:** addressing operational and technical issues that a Legacy Business may encounter.
- **Financial Assistance:** access to financial opportunities and capital to help sustain and/or grow their business.

The section below provides a summary of existing Legacy Business Programs for the cities of San Francisco, San Antonio, and Seattle.

#### **San Francisco**

The initiating City Council motion (Price-Krekorian, CF 19-0781) requested that EWDD study San Francisco's legacy business program, often considered the pre-eminent example across the nation, as a model for Los Angeles. In recent years, other cities have also created new legacy business programs based on San Francisco's example.

San Francisco's initiative was inspired by a 2013 report by the historic preservation non-profit San Francisco Heritage on legacy bars and restaurants. The following year, a report by San Francisco's Budget and Legislative Analyst's Office showed that closures of small businesses had reached record numbers in large part due to escalating commercial rents.

Legislation and a ballot initiative were introduced by Supervisor David Campos, in two phases. The first phase was the creation of a Legacy Business Registry, approved by the Board of Supervisors in March 2015. This was followed by a ballot initiative, Proposition J, placed on the ballot in 2015, to create a Legacy Business Historic Preservation Fund; Proposition J was approved by 56% of the voters, and there are now over 280 legacy businesses included in San Francisco's registry.

Through the Legacy Business Historic Preservation Fund, businesses on the registry may receive grants of \$500 per full-time employee per year, while landlords who extend the

leases of such businesses for at least 10 years may receive rent stabilization grants of \$4.50 per square foot of space leased per year, up to a maximum annual grant of \$50,000 per business or \$22,500 per property owner. Additionally, businesses are eligible to receive various forms of technical assistance.

To apply for inclusion on the Registry, a business must obtain a letter of nomination from the Mayor or their Board of Supervisor representative. The business fills out a short application, which is reviewed by the staff of the Office of Small Business and then sent to the Planning Department, for a recommendation by the Historic Preservation Commission. The nomination then returns for a final hearing and approval for inclusion on the Registry by the Small Business Commission.

While funding for the program was guaranteed through approval of the ballot measure, increased participation by businesses in recent years has led to the reduction of assistance levels, from \$500 to \$125 per employee per year. However, according to the Executive Director of San Francisco Heritage, the technical assistance and recognition from inclusion on the registry have proved more important to the success of legacy businesses than the financial assistance received through the program.

## **San Antonio**

The City of San Antonio, TX launched its legacy business program in 2018, with two components: a special program coupled with its UNSECO World Heritage Site inscription for its five Spanish Colonial era missions, which provides matching grants, and a second, program that operates citywide. San Antonio's program is housed in the City's Office of Historic Preservation (OHP), rather than within its economic development agency.

Legacy Businesses that are listed on the registry and located in the World Heritage Area of the city are eligible for the World Heritage Area Legacy Business Grant Pilot Program. This provides façade, signage, parking lot and landscape improvement matching grants, opportunities for low-interest building infrastructure improvement loans, and access to capacity building programs. Additionally, businesses receive special recognition on the World Heritage website which connects visitors to area businesses.

In its citywide program, the City of San Antonio offers an array of non-monetary benefits. Legacy businesses receive marketing and promotional opportunities: they are highlighted on the OHP's social media page using the hashtag #legacybizSA and are provided a decal to display in their window. These businesses also qualify for technical assistance, such as finance education classes and access to architectural design advice. Businesses may also qualify for development fee and/or water and sewer fee waivers.

## **Seattle**

Seattle's Office of Economic Development in 2019-20 launched a new Legacy Business Program, which allows business owners or other community members to submit

nominations. In 2020, a selection committee from each of the City's seven Council districts was reviewing nominations and selecting one Awardee from each district. Businesses selected would receive toolkits to assist with commercial leases, succession planning, and social media, a two-hour free legal consultation, eight hours of Crime Prevention Through Environmental Design (CPTED) training, and a two-minute promotional video about the business to be shared on the City's website and social media channels.

## **DEFINING A "LEGACY BUSINESS"**

In each of the cities that have an established legacy business program, the definition of which businesses should qualify for "legacy business" status includes both consideration of a business's longevity and also its broader cultural contribution to its local community's history and identity.

In San Francisco, to be considered for the Legacy Business Registry, a business must be 30 years or older, unless the business is facing imminent displacement, in which case the business can be 20+ years old. The business must also demonstrate that it has contributed to its neighborhood's history or identity and that it is committed to maintaining its physical features or traditions that define the business, including craft, culinary, or art forms.

In San Antonio, a business must meet two of the following criteria:

- A business that has existed for 20 years or more.
- A business that has been owned and operated by successive generations of the same family.
- A business that perpetuates San Antonio's authenticity through the goods or services it provides, such as piñata makers, *fruterias* (fruit shops), bootmakers, saddle makers, or music venues.
- A business that cultivates and sustains traditions and culture through instruction, education and handing down of traditional ways of knowledge, such as *botanicas* (folk medicine stores), and folk dance and song instructors.
- Is located in a designated San Antonio Landmark or historic district.
- Is located in a property eligible and willing to be designated as a landmark property.

In Seattle, the business must have operated continuously for at least 10 years, employ fewer than 50 people, and demonstrate that they contribute to the ground-level streetscape and/or neighborhood identity, serve a community function beyond the provision of basic goods and services, and face a significant risk of displacement.

## **ATTACHMENT B**

### **A LEGACY BUSINESS PROGRAM FOR LOS ANGELES**

Los Angeles's Legacy Business Program would include the following seven components:

#### **1) Legacy Business Designation and Registry**

City Planning's Office of Historic Resources (OHR) will create a simple application process for businesses to be included on a Legacy Business Registry. A "Legacy Business" will be defined as a business that has been in continuous operation for 30 years or more within the same community, at a physical location open to the public, and additionally meets at least one of the following two criteria:

- a. Contributes significantly to its community's history or identity
- b. Sustains and cultivates distinctive cultural traditions or practices

OHR will bi-annually review applications, provide a staff recommendation for inclusion on the Legacy Business Registry, and submit all documentation to the Cultural Heritage Commission for its consideration and approval. The CHC's recommendation will then proceed to the City Council for final approval of the Legacy Business Registry.

#### **2) Technical Assistance**

Businesses that have been included on the Legacy Business Registry will be offered a suite of enhanced technical assistance services from EWDD. To better support Legacy Businesses, EWDD will solicit a contractor to develop and implement a "Legacy Business Technical Assistance Curriculum" with programs and courses specifically targeted for Legacy Businesses, addressing topics such as successful succession planning and lease education.

#### **3) Marketing and Branding**

City Planning's Office of Historic Resources (OHR), working with the Department of City Planning's graphics section, would create unique marketing and branding opportunities for Legacy Businesses, including a special poster, plaque or window decal, social media promotions, listing and recognition on the EWDD, City Planning and City of Los Angeles websites, and marketing partnerships to elevate the promotion of Legacy Businesses. EWDD would also work with other City departments to encourage City departments, commissions, committees and task forces to patronize Legacy Businesses.

#### **4) Community-Based Partnerships and Additional Funding**

EWDD and City Planning's Office of Historic Resources (OHR), together with the Mayor's Office of Economic Development, would seek to develop new partnerships that could bring additional resources toward the support of Legacy Businesses. These efforts could involve partnerships with philanthropic institutions as well as community-based non-

profits to secure outside funding for rent stabilization grants, employee subsidies, or physical rehabilitation such as façade improvements or interior tenant remodeling.

In addition, various community-based non-profits, including several non-profit community development corporations (CDCs) have created programs to assist long-time businesses or to create opportunities for employee ownership of businesses, as well as community equity investments in commercial properties.

## **5) Land Use Incentives**

After the Legacy Business program is launched, City Planning should explore how other divisions of its department might further support Legacy Businesses through land use policies or programs. Further research and analysis will need to be conducted to inform the creation of such policies. Important strides have been made in recent years to identify policies and incentives for preserving affordable housing to combat displacement and there may be similar opportunities for commercial businesses.

## **6) Vendor Procurement**

EWDD will work with City Departments to identify and provide priority procurement opportunities for eligible Legacy Businesses. Procurement contracts to Legacy Businesses will ensure City resources are being spent to retain longtime businesses, increase jobs and expenditures with the City of Los Angeles.

## **7) Legacy Business Assistance Grants [AMERICAN RECOVERY PLAN ACT (ARPA) - COVID BUSINESS RECOVERY FUNDS]**

Through the Legacy Business Program, EWDD will deploy up to \$3,682,310 million in grants to support up to approximately 245 businesses throughout the city. Each Council District will have a minimum of ten (10) businesses that receive Legacy Business Assistance Grants. Grants of up to \$20,000 will be awarded to eligible Legacy Businesses. For Legacy Businesses with one to five employees the grant amount of \$10,000 will be provided. Grant amounts of \$20,000 will be provided for Legacy Businesses with six or more employees.

To receive a grant, a business must be included on the Legacy Business Registry and would be required to participate in a business assessment and attend recommended courses offered in the “Legacy Business Technical Assistance Curriculum.” These funds must be used to cover expenses that comply with American Recovery Plan Act (ARPA) requirements that were incurred on or after March 3, 2021. Eligible uses of funds include programs addressing negative economic impacts caused by the COVID-19 crisis, including:

1. Employee payroll
2. Rent, utilities, and insurance
3. Working capital to reopen or continue operations
4. Adapting to technologies
5. Payment of outstanding business expenses incurred on or after March 3, 2021

## 6. Adaptive business practices needed to operate the business

All funds will be expended by the allocation deadline of December 31, 2024.

EWDD will utilize a weighted selection process for grants to ensure equitable distribution across the selection of finalists and prioritize City of Los Angeles geographic diversity and low-to-moderate income neighborhoods. Grant application submissions made from the following demographics will be more heavily weighted:

1. Businesses located in low-and moderate-income communities (50% and 80% of Area Median Income or AMI), as defined by HUD.
2. Businesses owned by low- and moderate-income owners (50% and 80% of AMI), as defined by HUD.
3. Small businesses with annual gross revenue below \$1 million.
4. CalEnviroScreen Map communities with health hazard ranges at 9-% +
5. Socioeconomic Data Composite Score by Census Tract (i.e., poverty rates, educational attainment, median income, etc.) with the areas with disadvantaged factors received higher lottery weightings.
6. Other criteria as determined by EWDD.

Legacy Business Grants will have an equitable geographic distribution throughout the City of Los Angeles based on the above methodology.

Legacy Business Assistance Grants will be available until all funds are expended. Future funding to provide Legacy Business Assistance Grants is not certain.

After funds have been expended, any business that desires to become a Legacy Business will have the opportunity to be on the Legacy Business Registry and receive the Program's benefits and services, including promotion and technical assistance. If future funds are identified to provide additional Legacy Business Grants, those Legacy Businesses that did not receive funding and that are on the Registry will be able to apply for grant funding.