

Communication from Public

Name: Clergy and Laity United for Economic Justice
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Comments for Public Posting: Please see attached letter in support of amendments to the DTLA 2040 plan.



As CLUE, we educate, organize, and mobilize the faith community to accompany workers and their families in their struggle for good jobs, dignity, and justice.

May 31, 2022

Los Angeles City Hall
200 N. Spring Street, Room 450
Los Angeles, CA
90012

Re: LA's Garment Industry and the Downtown Los Angeles 2040 Community Plan

Dear Councilmembers,

Clergy and Laity United for Economic Justice supports the Garment Worker Center workers' and business allies' amendments for the DTLA 2040 Community Plan to preserve, protect and incentivize this essential industry. The garment industry in Los Angeles is ***the second largest manufacturing industry in Los Angeles and largest apparel producing hub in the United States, with a history in Downtown LA going back over 130 years.***

The DTLA 2040 Plan, as drafted, will have a significant impact on the growing Los Angeles garment industry *and*, most notably, the industry's 45,000 skilled garment workers. Within the Fashion District, the DTLA 2040 Plan proposes a drastic shift in land use from largely manufacturing zones, to primarily 'Markets' and 'Hybrid Industrial' designations, both of which allow for a significant restructuring of the Fashion District's urban form. The consequences of these strategies on the garment sector, an estimated 20,000 jobs, thousands of small businesses, and the Fashion District's immigrant, low wage workers of color cannot be understated. The infiltration of market rate housing through the DTLA 2040 Plan is of particular concern, as it will significantly raise land values within the area. **By applying Market and Hybrid Industrial zoning designations over much of the Fashion District, the DTLA 2040 Plan incentivizes commercial landlords to displace garment manufacturing businesses to create unaffordable, market-rate housing.**

Specifically, the plan splits the land uses of the Fashion District portion of downtown into seven different uses. On the western half of the district, where firms are most densely clustered, proposed changes would prohibit garment manufacturing on blocks already home to several hundred manufacturers and contractors. Just two more blocks towards the heart of the fashion district at Santee and 9th street, proposed uses limit "light industrial uses" to a requirement of just one floor, with no specification for these uses to be in garment manufacturing. In the 10 to 12 story buildings currently full of garment manufacturers and contractors, it is unclear what will happen to the businesses and jobs that will be pushed out in favor of development. In the two areas where "light industrial uses" will be permitted, further east and south of the heart of the Fashion District, buildings are already at capacity with other uses, including large city blocks fully occupied by a Coca-Cola distribution center, LAUSD uses, and recycling centers.

Los Angeles leads domestic cut & sew apparel sales, accounting for 82.5% of California's and 83% of the nation's cut & sew apparel sales. The concentration of garment manufacturers and contractors within the city of Los Angeles, and specifically, within the Fashion District in DTLA, is unmatched anywhere else in this country. At least 1,434 state registered garment manufacturers and contractors are in DTLA's Fashion District or directly adjacent. Another 407 are located nearby within the City of Los Angeles. On average each business employs between 15-30 people. Often within one building or one block within the Fashion District, a designer or brand can find their patternmaker, sample maker, cutter, production factory, wholesaler, and more. The

displacement of the 1,434 firms in and near the Fashion District would have a ripple effect throughout the sector, and threaten the viability of the domestic industry.

In recent years, the Los Angeles fashion industry has stepped up to be the leader in sustainable fashion, a global movement and imperative towards environmental integrity and ethical manufacturing practices throughout supply chains, with a market expected to reach a value of \$8.3 billion in 2023 at a compound annual growth rate of 9%. A top selling point for these brands is the “Made in USA” label, which means “Made in LA” 83% of the time. Additionally, the DTLA Fashion District’s proximity to the twin ports of Los Angeles and Long Beach and related distribution networks contribute to these firms’ flexible production capabilities and help them to efficiently respond to consumer demand.

California’s recent garment related legislation enables Los Angeles to embrace its role as the capital for ethical fashion with the passage of SB62: The Garment Worker Protection Act. This worker-led legislation addresses wage theft and job quality in CA’s garment industry by ending the piece rate system of pay, which demanded an untenable and dangerous pace of work in which workers were paid pennies per seam or garment, and by expanding liability through to the top of the clothing supply chain to ensure CA wage laws are upheld. SB62 levels the playing field to allow businesses to compete on compliance, quality, and environmental sustainability rather than sweatshop wages and has already prompted talks of similar legislation in New York and at the federal level.

As global supply chains collapsed in the wake of Covid-19 and personal protective equipment (PPE) stocks dried up, fashion brands and apparel manufacturers turned to Los Angeles for masks, hospital gowns, and other PPE. Over 400 local factories and manufacturers initially signed up for an initiative from the office of Mayor Garcetti, called LA Protects, to match mask-makers with organizations and other essential businesses in need of PPE. LA’s garment workers became “essential” overnight, producing millions of urgently needed masks and PPE to keep others safe, at an unprecedented rate. Hundreds more factories and manufacturers throughout the Fashion District pivoted and expanded capacity to meet domestic apparel manufacturing demands, too. Ongoing disruptions to global supply chains have led to major industry-wide shifts including the reshoring of production by brands seeking to avoid the risks, costs, and volatility of overseas production. According to a 2021 survey conducted by McKinsey, over 70% of companies plan some nearshoring, in large part due to supply chain disruptions that make producing abroad more costly. It now costs on average 10 times more to ship a 40-foot container from Asia to the US West Coast than it did pre-pandemic. What cost \$1,600 to \$2,100 in 2019, cost \$21,000 to \$23,000 in 2021. Los Angeles is well-situated to take advantage of these trends and we are already seeing the effects of this, with major brands like Adidas and Fila along with sustainable brands like Everlane reshoring a significant portion of their production to facilities here.

The Fashion District should be understood and celebrated as a lively and growing ecosystem that provides the critical infrastructure needed to protect public health and ensure the industry’s growth in sustainable production. This requires proximity to the largest concentration of skilled garment workers in the United States, and affordable manufacturing and industrial spaces for fabric and garment manufacturing, assembly, finishing, warehousing, and distribution processes. The displacement of the businesses that make up this ecosystem and the jobs they provide will have a devastating impact on the future of the domestic apparel industry and would be a huge set back to these recent gains for the industry at large. We propose the following solutions to remedy these problems within the DTLA 2040 plan and to ensure the long-term viability of LA’s unique and essential garment sector.

Preservation

1. **Maintain the existing boundaries of the Fashion District.**

- Ensure land uses and zoning designations throughout the existing boundaries of the Fashion District permit garment manufacturing. See existing boundaries as defined by the Downtown Los Angeles Neighborhood Council [here](#).
- 2. **Ensure no net loss of garment manufacturing capacity and employment within the Fashion District.** Protect the unique cluster of businesses & relationships that make up the largest apparel producing industry in the United States and maintain accessibility to employment for the essential employees of this sector, who already rely on public transportation in their commutes, and on average have 21 years of experience in this industry.
 - If a new building is developed in the Fashion District, the new development should include the same footage of manufacturing space as the previous building allowed.
 - Require the right to return for existing garment manufacturing businesses at current rent. Give first priority to lease or preferential status to garment manufacturing businesses for new commercial developments with the Fashion District.
- 3. **Maintain accessibility for business operations and distribution within the Fashion District.**
 - Preserve loading zones, freight elevators, and other access ways that facilitate the movement of goods and materials within the Fashion District.
 - Maintain affordable parking options for employees, clients, and suppliers of garment manufacturers within the Fashion District.
- 4. **Ensure the provision of dedicated, affordable space for apparel manufacturing in the Fashion District** with manufacturing leases that are appropriate for the variety of garment manufacturing scales, which do not limit the number of sewing machines or employees beyond current restrictions.

Protection

The introduction of market rate housing and other commercial uses like hotels within the Fashion District has already begun to lead to real estate speculation and displacement of garment manufacturing, resulting in factory closures and a loss of jobs that immigrant workers rely on to live in this city. The City should enact the following policies to protect garment manufacturing:

1. **Only permit 100% Affordable Housing in the Fashion District similar to what is being proposed in Skid Row.** Market rate housing will drastically increase land values & square footage price which will result in higher rents for manufacturers and displacement. Market rate housing also does not respond to the needs of the workforce that will be most impacted by displacement.
2. **Do not allow the introduction of hotels in the Fashion District.**
3. **For Adaptive Reuse Projects in garment manufacturing zones, continue to require public hearings as is currently required.** Require any adaptive reuse project in the Fashion District to show findings that the existing building is not commercially viable for manufacturing and that no viable industrial uses will be displaced.

Incentivize

As the second largest creative economy in the city after Hollywood, the LA garment industry should receive recognition and support from the city in the form of incentives. The workers and small businesses who make up this sector are committed to growing the industry ethically and sustainably. New legislation has created a level playing field for compliant businesses and now recent trends towards nearshoring point to the need for incentives to bolster this growth. The City should enact the following policies to incentivize garment manufacturing:

1. **Fund and collaborate with LA's Garment Worker Center and organizations with proven impactful private-public programming and initiatives such as the Council of Fashion Designers of America's (CFDA) [Fashion Manufacturing Initiative](#) (FMI) to develop, pilot,**

and fund a local Los Angeles fashion manufacturing programming aimed at preserving employment opportunities, creating economic impact and job creation, as well as uplifting and growing ethical and sustainable garment manufacturing in Los Angeles.

- Develop a grant program for LA-based contractors committed to improving their services through compliance with labor standards and sustainability innovations and technology. For example, the CFDA's FMI invested \$3.5 million to 33 factories through the FMI Grant Fund for advanced training for the workforce, technology (machinery & software), and capital improvements.
- Create a grant fund, similar to the CFDA's Local Production Fund, to encourage U.S. brands and designers to start or increase their production in Los Angeles by matching them with contractors and manufacturers and providing financial credits to participating contractors.
- Develop local industry-specific workforce development programs like pre-apprenticeship technical training, on-the-job apprenticeship programs, upskilling and other educational programs that align with evolving industry trends to support economic mobility and equity for workers and strengthen the pool of talent for local businesses.
- Provide subsidies for rent for businesses in need that meet specific criteria related to ethical & sustainable manufacturing.
- Launch a "PILOT" (Payment in Lieu of Taxes) Program for garment manufacturing businesses that diverts city taxes into a special fund that can be accessed to invest in local garment industry needs, like advanced skills training & workforce development, or infrastructure needs, for example, a city textile recycling program, or building upgrades.

At this time, we ask that the voices of the workforce and the very businesses that actually define and characterize the area triumph. This land use proposal is an important opportunity to redirect the systemic inequities garment workers face and engage this historically underrepresented population in the planning process. We urge you to do right by the community of garment workers and small businesses who were essential in protecting us from the onset of the pandemic.

Sincerely,



Jennifer Gutierrez
Executive Director
Clergy and Laity United for Economic Justice