

Countywide Economic and Community Development Program

As the Los Angeles economy slowly recovers, the region still struggles to retain and grow high quality, family-supporting jobs. The Los Angeles County (County) Board of Supervisors (Board) sought options for moving towards a more diversified and sustainable economy through business growth and increases in private sector employment.

On August 12, 2014, the Board directed the Community Development Commission (CDC), in collaboration with the Chief Executive Office, Department of Regional Planning and Department of Public Works, to identify funding to develop an Implementation Plan for a Countywide Economic and Community Development Program.

In the course of preparing the Implementation Plan, stakeholder and expert interviews were conducted and an evaluation of the existing economic development infrastructure within the County was completed. The research yielded from this process noted that economic recovery has been uneven in the region with tepid wage growth and widening income inequality. The final Implementation Plan (“Economic Development Implementation Roadmap”) was transmitted to the Board on April 8, 2015. The Implementation Plan provides a series of policy and program recommendations with the goal of building capacity in all communities, with an emphasis on connecting opportunities to disadvantaged communities in the unincorporated areas of the County.

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MOTION

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The Implementation Plan has four primary elements: supporting small business and manufacturers; investing in emerging sectors; targeting catalytic projects; and attracting foreign investment and promoting exports. Specific program recommendations were presented in each of the four elements that have the potential to achieve significant results. After evaluating the various recommendations, four programs are proposed for funding that are within the scope of the County's jurisdiction and expertise and offer the greatest potential for growing jobs and expanding the tax base (Attachment A). The proposed recommendations complement other concurrent County economic development initiatives including permit streamlining and supporting small business formation and growth.

Additionally, on September 22, 2015, the Governor signed AB 2, which provides that the County may create a Community Revitalization and Investment Authority (CRIA). A CRIA is granted certain financial and legal powers under AB 2 to address, among other things, deficient infrastructure, lack of affordable housing, and economic decline in geographic areas that meet certain eligibility requirements. The County should investigate the potential use of these new tools to address substandard physical and economic conditions in impacted County unincorporated areas. The County should also investigate the potential use of the California Capital Investment Incentive Program (CCIIP) per SB 718 (August 2014) and Enhanced Infrastructure Financing Districts (EIFDs) per SB 628 (September 2014).

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Direct the Chief Executive Officer (CEO) to transfer \$965,000 of Community Redevelopment Agency (CRA) dissolution revenues from asset and property sales from the Commitment for Board Policies and Priorities to the Project and Facility Development budget unit to facilitate transfer to the Community Development Commission (CDC) to establish a County Economic Development Trust Fund (CEDTF).

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2. Authorize the CEO to execute a funding agreement with CDC in the amount of \$965,000 to establish a CEDTF.
3. Direct the CEO to identify funding sources that will allow for the appropriation of \$4.5 million starting in fiscal year (FY) 2016-2017, incrementally increasing to \$15 million in FY 2021-22, to be held by the CDC in the Trust Fund for economic development initiatives and programs approved by the Board. The CEO should consider all potential funding sources including redevelopment dissolution revenue.
4. Direct the CEO to report back in writing in 90 days on the feasibility of utilizing the one-time revenues received from redevelopment asset sale or disposition for the capitalization of the Bioscience Revolving Loan Fund and the Catalytic Development Fund as described in Attachment A.
5. Direct the CEO, in collaboration with the Executive Director of the CDC, to report back in writing in 90 days with recommendations on establishing an advisory committee to guide and oversee the implementation of County economic development strategies and programs; the CEO and CDC should consult with appropriate County departments including the Department of Consumer and Business Affairs, Department of Public Works, Department of Regional Planning, Department of Health Services, Department of Community and Senior Services, Internal Services Department, and Chief Information Office as well as private, academic and nonprofit stakeholders; the CEO and the Executive Director of CDC should report back on how the County could play a role in collecting economic development data and releasing it through a publicly available platform, perhaps as part of the County's existing Open Data portal.
6. Direct the CEO, Executive Director of the CDC, the Director of the Department of Regional Planning and Director of the Department of Public Works, and the directors of other County departments as necessary, to

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develop recommendations for a targeted fee waiver program for small businesses and report back to the Board in writing with funding recommendations within 90 days.

**WE FURTHER MOVE THAT THE BOARD OF SUPERVISORS, ACTING AS
THE COMMISSIONERS OF THE COMMUNITY DEVELOPMENT COMMISSION:**

1. Authorize the Executive Director of CDC, or his designee, to take all actions necessary to facilitate the transfer of the \$965,000 to establish the CEDTF, which shall be used for economic development purposes subject to the approval of the Board.
2. Authorize the following initial expenditures:
 - a. Approve the allocation of \$50,000 from the CEDTF for CDC to develop a work program, guidelines and estimated budget to begin implementation in FY 2016-17 of a County Manufacturing Business Loan Program, targeted towards growing local small and medium-sized manufacturers that provide high quality, family-supporting jobs in County-designated Employment Protection Districts, Industrial Flex Districts, or Industrial Opportunity Areas or any County-designated Community Revitalization Investment Area (per AB 2) or Enhanced Infrastructure Financing District (EIFD) (per SB 628). The Executive Director should report back in writing in 90 days with a program overview and timeline for program implementation.
 - b. Approve the allocation of \$365,000 from the CEDTF for CDC to secure a consultant and provide the necessary technical support for the formulation of an Action Plan for the implementation of the Battelle Memorial Institute study recommendations for advancing the bioscience industry in the County, furthering the work of the Board-authorized Los Angeles County Bioscience Regional Task Force.

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- c. Approve the allocation of \$450,000 from the CEDTF to secure a consultant to develop a Countywide Industry Sector Development Strategy and work plan for supporting other industry sectors with strong growth and high quality family-supporting employment potential. The Strategy should be designed to work in tandem with the industry sector approach being implemented by the Los Angeles County Workforce Development Board, the industry initiatives of the Los Angeles Economic Development Corporation, and any potential Open Data initiative designed to be available to community stakeholders. The Executive Director should report back quarterly in writing to the Board on the development and implementation of the Strategy.
 - d. Approve an allocation of \$100,000 from the CEDTF to convene a working group of stakeholders with consultant support as required to develop parameters for a Catalytic Development Fund (Fund). The working group's analysis would inform the structure of the Fund, identify potential opportunities for securing private lender participation, and develop a strategic plan for the issuance of a request for proposals to identify a consultant team that will be needed to create a business plan to design, structure, and administer the Fund. The Executive Director should report back quarterly in writing on the progress and recommendations of the stakeholder group.
3. Direct the Executive Director of the CDC to report back in writing in 90 days to the Board on recommended program and administrative guidelines for expanding the CDC's existing Community Business Revitalization Program throughout the unincorporated areas of the County with consideration given to maximizing the impact of the County's investment by focusing on commercial corridors with multiple storefronts in need of renovation. The Executive Director should also report back on the ability to use these funds to support

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internal renovations, conversion to more flexible space, including demolition and limited tenant improvements.

4. Develop a long-term plan and estimated associated costs for evaluating and showcasing the efficacy of investments made through the Countywide Economic Development Trust Fund as well as potential for expanding investment in partnership with incorporated cities outside the unincorporated areas of Los Angeles County.
5. Direct the Executive Director of the CDC to evaluate the potential applicability and feasibility of the County utilizing the provisions of AB 2 to create a Community Revitalization and Investment Authority and designate 'Community Revitalization and Investment Areas' in accordance with the legislation as well as the County implementing the California Capital Investment Incentive Program (CCIIP) per SB 718 (August 2014) and Enhanced Infrastructure Financing Districts (EIFDs) per SB 628 (September 2014) and to report back to the Board in writing within 90 days.

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ATTACHMENT A

Recommended Economic and Community Development Initiatives

1. Manufacturing Revolving Loan Fund (MRLF): Targeted towards manufacturers in Employment Protection Districts, Industrial Flex Districts, or Industrial Opportunity Areas established by the County General Plan or any Community Revitalization Investment Area (per AB 2) or Enhanced Infrastructure Financing District (EIFD) (per SB 628). The program is a natural extension of the Community Development Commission's existing Revolving Small Business Loan Program. A new Manufacturing Revolving Loan Fund will provide needed access to capital for increased manufacturing business creation, expansion and retention, and job creation in unincorporated County areas, with particular focus on growing local small and medium-sized manufacturers supporting high quality, family supporting jobs.

The cost to capitalize and administer the MRLF annually is estimated at \$1,000,000 beginning in FY 2016-17 increasing to \$3,000,000 in FY 2021-22.

2. Community Business Revitalization Program (CBRP): Expansion of the CBRP to serve all unincorporated areas of Los Angeles County is appropriate given its established track record of success in revitalizing commercial corridors and renovating blighted structures. The CBRP makes storefronts more attractive to shoppers, revives retail corridors, helps reduce vacancies, makes buildings safer, and can serve as a catalyst for other property owners to invest in their buildings. The elimination of redevelopment and a 35% overall reduction in federal Community Development Block Grant funding since 2010 have reduced the funding available for the CBRP. Providing County funds for this successful program will allow it to continue to serve as an important community development tool for disadvantaged communities and be expanded to unincorporated areas of the County that are ineligible under federal funding.

The cost to expand and administer the CBRP annually for grants and related administrative expenses is estimated at \$1,000,000 beginning in FY 2016-17 increasing to \$3,000,000 in FY 2021/22.

3. Industry Development Strategies: The Implementation Plan for a Countywide Economic and Community Development Program recommends a program focused on coordinating economic development efforts to grow industry clusters in the County. Companies tend to co-locate, or cluster, for many reasons, including proximity to a skilled workforce, specialized suppliers, and a shared industry knowledge-base. Clusters not only increase productivity and efficiency, they also facilitate new business formation, stimulate innovation and create jobs. An initial focus on the bioscience cluster would be consistent with the Board's commitment to develop that cluster and presents an opportunity for collaboration with the County's Workforce Development Board, once it is established. An important feature of this initiative would be the creation of an investment fund for early stage bioscience companies and bioscience incubators.

The annual cost to capitalize and administer a Bioscience Revolving Loan Fund is estimated at \$1,000,000 in FY 2016-17 and increasing to \$4,000,000 by FY 2021-22.

Another element for the cluster strategy is a competitive grant program for economic development organizations offering best-in-class cluster building efforts. In addition to supporting economic development organizations representing the bioscience cluster, the grant program would assist economic development organizations representing four additional industry clusters to market their programs, grow businesses, and offer common industry services, each would receive an annual \$125,000 grant, for a total expenditure of \$500,000 in FY 2016-17 that would increase to an annual total of \$2,000,000 for this effort in FY 2021-22.

4. Catalytic Development Fund: The establishment and initial capitalization of a Catalytic Development Fund specifically targeted to unincorporated areas prioritized by the County such as transit-oriented development projects, historically or culturally significant, though currently blighted commercial corridors, or those in high unemployment areas or blighted areas, will incentivize investment for employment generating projects. A Catalytic Development Fund could potentially leverage New Markets Tax Credits, bank financing, and other sources of community development funding. The CDC's Los Angeles County Housing Innovation Fund, a collaboration with lenders for affordable housing projects, serves as a model for this initiative.

An initial investment of \$1,000,000 is recommended beginning in FY 2016-17 to cover the estimated cost to establish and administer a catalytic loan fund; to ensure the size of the Catalytic Development Fund would be large enough to create an impact on a regional basis, increased funding to \$3,000,000 by FY 2021-22 is recommended.