

**MOTION BY SUPERVISORS HOLLY J. MITCHELL
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Ensuring Economic Protections for Small Businesses and Nonprofits in Los Angeles County

In Los Angeles County (County), small businesses are more than places of commerce; they are cultural brokers, sources of local identity, and engines of economic opportunity. However, the harsh realities of rising rent, gentrification, and displacement threatens to upend this delicate balance. It is crucial for the County to implement stronger small business tenant protections and anti-displacement measures to preserve the vitality and character of our neighborhoods. This year, Senate Bill 1103 (Menjivar) was introduced in the California legislature to increase commercial tenant protections for “qualified commercial tenants” including microenterprises, a restaurant with fewer than 10 employees, or a nonprofit organization with fewer than 20 employees.¹ Nevertheless, in California, small business and nonprofit commercial tenants continue to have far fewer protections than residential tenants, and their corresponding displacement has continued at an alarming rate. Throughout the County, small businesses and nonprofits lack standards and transparency with respect to common area maintenance fee calculations, leading to exorbitant hidden costs. In addition, small commercial tenants lack access to

¹ https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=202320240SB1103

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leases translated into native languages and are not entitled to relocation expenses when rents are increased.

According to Inclusive Action for the City, over 15,000 businesses are estimated to have closed their doors and over 5,300 businesses fell behind on rent during the COVID-19 pandemic in the City of Los Angeles.² Businesses are said to be recovering, but the looming threat of gentrification and displacement remains high. Small business owners report facing an uphill battle in securing affordable and stable commercial spaces due to soaring rents and predatory leasing practices. By enacting measures to support small commercial tenants being issued rent increases, incentivizing parties to enter into fair and long-term leases, and offering eviction protections, the County can create a more level playing field for small businesses and small nonprofits, allowing them to thrive and contribute to the economic prosperity of the region.

Furthermore, commercial tenant protections are essential to prevent the forced displacement of small businesses and small nonprofits, particularly in rapidly gentrifying areas. As property values rise and new developments take shape, long-standing businesses and nonprofits are often pushed out in favor of larger chains and upscale enterprises. This not only erodes the cultural fabric of our communities but also undermines the social connections and networks that make our neighborhoods vibrant and resilient. By implementing policies that protect against displacement and support the preservation of existing small businesses and small nonprofits, the County can uphold the diversity and inclusivity that define our region. Small business anti-displacement is a key priority for the Board of Supervisors as evidenced by the establishment of Employee Ownership LA County to preserve legacy businesses, the Commercial Acquisition Fund to help small businesses and non-profits purchase their commercial space, the Economic Mobility Initiative, and corresponding entrepreneurship initiative and legal assistance program. Exploring additional policy interventions to protect these cultural anchors will complement these programs.

² <https://www.inclusiveaction.org/blog/a-case-study-on-preventing-business-displacement>

Finally, stronger small business tenant protections and anti-displacement measures are not just about safeguarding individual businesses; they are about fostering a more equitable and sustainable economic ecosystem. When small businesses can secure affordable leases, plan for the future, and operate without the constant threat of displacement, they are better positioned to invest in their enterprises, create local jobs, and contribute to the overall well-being of the community. By prioritizing the needs of small businesses and enacting policies that prevent displacement, the County can build a more resilient and inclusive economy that benefits all residents.

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

- 1) Authorize the Director of the Department of Economic Opportunity (DEO), or designee, to negotiate, execute and amend (as necessary) an agreement with a consultant to perform an economic analysis of commercial rents throughout Los Angeles County and provide a recommendation for a commercial tenant relocation assistance policy framework. Direct DEO to execute the agreement within 60 days using existing departmental resources. The contractor should perform the economic analysis within 90 days of execution of the agreement. This policy framework should include a rent increase threshold that would trigger mandatory relocation expenses, other circumstances that may trigger relocation expenses, and legally defensible dollar amount for relocation expenses. The Board shall waive the requirements of Board Policy No.5.100 for this agreement. The agreement and any amendment(s) shall be approved as to form by County Counsel.
- 2) Direct DEO to work with County Counsel, in consultation with nonprofit and small business organizations, including but not limited to, the Small Business Anti-Displacement Network, Public Counsel, Inclusive Action for the City, Legal Aid Foundation of Los Angeles, and Bet Tzedek Legal Services, to develop a commercial lease with fair terms for small commercial tenants (“model lease”) and provide a written report back to the Board in 150 days with a recommended model lease and any potential recommended incentives the County can offer

- for commercial landlords including grants, loans, technical assistance and streamlined permitting if they choose to use the model lease.
- 3) Direct DEO to implement and report back to the Board within 180 days on the recommended Legacy Business Registry Program as requested in directive 3(c) in the [motion](#) adopted on September 12, 2023 entitled Launching a “Worker Ownership Initiative” to Build Wealth, Retain Quality Jobs, and Stabilize Businesses. The Director of DEO should confirm the program’s implementation and recommend any expansion needed for the Small Business Legal Assistance program to ensure that qualifying small commercial tenants have access to attorneys to help negotiate leases, protect small commercial tenants, and provide legal representation as needed. DEO’s report back should include any resources needed to ramp up and sustain the protections for small commercial tenants.³
 - 4) Direct County Counsel, in collaboration with the Department of Consumer and Business Affairs and DEO, to report back to the Board in writing in 90 days to determine what legal protections for small commercial tenants, if any, the County can adopt related to price gouging and unfair competition tied to defined states of emergency issued by federal, state, and/or local governments, and provide recommended ordinance language for those protections.
 - 5) Direct County Counsel, in collaboration with the Department of Public Health, to report back to the Board in writing within 90 days to identify what minimum health and safety standards, if any, are applicable and enforceable in commercial tenancies and provide recommendations for a proactive enforcement plan.

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³ <https://file.lacounty.gov/SDSInter/bos/supdocs/183921.pdf>