
PHASE 2 INTERIM REPORT

INDUSTRIAL DEVELOPMENT POLICY INITIATIVE (IDPI)

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INTRODUCTION

In 2003 the City of Los Angeles launched an Industrial Development Policy Initiative (IDPI) as an unprecedented pro-active approach to establishing industrial development policies for Los Angeles. The City is seeking to advocate policies that will result in the creation, retention and expansion of industrial businesses and quality jobs for our local economy, as well as provide an increase in city revenues from the industrial sector.

The purpose of the Industrial Development Policy Initiative (IDPI) has been to:

- Retain and cultivate quality industrial jobs, particularly for local residents
- Encourage retention, expansion, and development of industrial businesses
- Identify, protect, and optimize the industrial use of prime industrial areas
- Increase the City's revenues from industrial activity

The barriers and opportunities for industrial development in the City of Los Angeles are numerous and multi-dimensional. The utilization of industrial land and related regulatory issues, including zoning, code enforcement and environmental challenges, profoundly affect the public and private sectors in their efforts to develop or redevelop industrial land. Consistent challenges for the City of Los Angeles include the (un)availability of vacant or underutilized land, the use of industrial land for non-industrial activities and the prevalence of Brownfield sites.

Another challenge for the City is that the functional uses of its industrial land continue to evolve due to economic factors, market forces and other elements. Heavy industry and other polluting uses have decreased, while distribution and warehousing activities have increased; in fact, some of the largest single industrial projects built in recent years are distribution facilities. While distribution and warehousing are critical to LA's role in international trade, these uses typically provide fewer jobs, require large sites, and can have a disproportionate impact on local streets in comparison to the jobs provided. However, distribution, warehousing and the related logistics industry are important components for many of Los Angeles' manufacturing firms that export their products outside the Los Angeles region, to other parts of the state, nation and world. At the same time, the service economy has grown dramatically and, in general, there has been an increase in companies that represent cleaner industrial uses. Through technology, many former environmentally "dirty" industries, such as motion picture production and printing services, now represent relatively clean, light industrial uses.

Numerous market forces and public policies have interacted to constrain industrial development and manufacturing in the City of Los Angeles. These private market and public policy forces are regional, national and even global; and some are clearly beyond the ability of the City to influence. Not the least of these is the continued pressure for housing and the on-going conversion of industrial land and buildings for multi-family housing. IDPI has focused on those issues that the City can influence directly. The City can play a significant role in supporting its industrial economy and strengthening the quality and productivity of its industrial zoned land.

The City of Los Angeles has often failed to cultivate and protect its industrial base. The City's tax and regulatory policies, economic incentive programs, and priorities for expenditure on capital infrastructure and city services all play a role in its ability to create a thriving industrial economy. It is time for the City to envision and create the future of its industrial land and economy. Phase 2 of the Mayor's IDPI seeks to provide answers on how the City government can most effectively support its existing industrial base and future industrial development.

Industrial Policy Development In Los Angeles

IDPI has been divided into three work phases: Phase 1 defined current conditions in Los Angeles' industrial land and industrial base, and identified a number of key policy issues; Phase 2 has been investigating those policy issues in greater detail and has organized policy issues and potential programs of action into a hierarchical framework, and identified potential early action items; Phase 3 will seek input from industrial stakeholders and, subsequently, formulate and implement the policy considerations and recommendations of Phase 2.

- Phase 1: DEFINITION OF EXISTING INDUSTRIAL DEVELOPMENT CONDITIONS**
Conduct comprehensive review and analysis of city's industrial development conditions
Review industrial development policies pursued by national and local cities
Identify key issues impacting industrial development in Los Angeles
Prepare and publish Phase 1 Report: "Key Industrial Land Use Findings and Issues"
- Phase 2: POLICY AND PROGRAM DEVELOPMENT**
Establish an industrial development policy framework
Conduct additional research on key industrial development issues
Identify potential implementation actions
Identify and initiate early action items
Identify additional industrial policy and program recommendations
- Phase 3: POLICY DECISIONS AND IMPLEMENTATION**
Review of industrial policy and program options by City stakeholders and decision-makers
Conduct additional analysis and research as required
Mayor and City Council decisions and implementation actions

The **IDPI Phase 1 Report** undertook a comprehensive Citywide analysis of the City's industrial land in order to quantify the changes to Los Angeles' industrial base and identify how the City's policies impact industrial development.

To review or download the complete Phase 1 Report please see
<http://www.lacity.org/mayor/moed/idpi/index.htm>

This **IDPI Phase 2 Interim Report** seeks to create a contemporary context for the challenges and opportunities facing our industrial base, and communicate to decision-makers the status and direction of potential industrial policy development. It therefore provides an industrial policy framework for review by the City family and industrial stakeholders. It is a practical working guide for the policy discussions and decisions that will occur in Phase 3. In addition, this Report offers several "early action" items for immediate consideration, as set forth in Chapter III below.

Chapter I

EMERGING INDUSTRIAL DEVELOPMENT POLICY ISSUES IN THE CITY OF LOS ANGELES

Phase 1 of the Mayor's Industrial Development Policy Initiative represented the first step in achieving the goals of IDPI by providing a more comprehensive understanding of the issues that currently impact industrial development. Phase 1 culminated in the publication in 2004 of the Phase 1 Report: "Key Industrial Land Use Findings and Issues." Phase 1 focused on collecting, analyzing, and interpreting data reflecting the current state of the City of Los Angeles' industrial economy, researching the industrial development policies pursued by other national and local cities, and identifying key issues impacting industrial development.

The analysis undertaken during Phase 1 uncovered a number of key interrelated industrial development issue clusters and key policy questions. Each of these issues poses key policy questions that are being studied and addressed during Phase 2 of the IDPI:

- **Industrial Land Use Conversion and Availability**, including the increasing use of industrial zoned land for non-industrial activity, industrial uses in non-industrial zones, and underutilized vacant industrial land.
How should the City of Los Angeles manage the conversion of industrial land and the redevelopment of underutilized industrial properties?
- **Infrastructure Challenges**, primarily goods movement constraints.
How should the City of Los Angeles better manage goods movement?
- **The Changing Industrial Base of the City**, including the erosion of industrial economic activity.
How can the City of Los Angeles best address economic trends, the needs of industrial businesses, and industry-specific issues, in order to encourage quality industrial development?
- **Workforce Development Issues** related to work readiness and skills training.
How should the City of Los Angeles better impact workforce readiness to encourage industrial development and help residents to prepare for industrial job demands?
- **Environmental Challenges**, including barriers associated with contaminated sites and environmental justice issues.
How can the City of Los Angeles support the redevelopment of contaminated sites and address environmental justice issues?

Phase 2 refines these five major policy clusters and begins to identify solutions. The next chapter will discuss the current conditions in the City of Los Angeles that affect each policy cluster, define the City's role in each policy cluster, and offer a variety of alternative solutions that the City can pursue to address the challenges and opportunities facing Los Angeles' industrial base. These alternative solutions will be vetted with the industrial community throughout Phase 3. Chapter III of this report will propose several "early action" items that the City can begin to address immediately; Chapter IV provides summaries of additional research that has been conducted on key issues, and Chapter V provides concluding remarks and next steps.

Chapter II

INDUSTRIAL DEVELOPMENT POLICY FRAMEWORK

➤ *Possible policy directions by policy framework cluster*

Based on the key policy findings of the Phase 1 Report, Phase 2 has developed a Policy Framework that focuses on each policy cluster and its point of intersection with City government. For each policy cluster, a set of possible strategies has been identified to help facilitate different aspects of industrial activity and development. The IDPI Policy Development Framework is organized by the five “policy clusters” that were identified in the Phase 1 Report.

Cluster 1: Industrial Land Development Policies

Cluster 2: Industrial Infrastructure Policies

Cluster 3: Industry/Business Focused Policies

Cluster 4: Industrial Workforce Development Policies

Cluster 5: Environmental Challenges: Brownfields and Environmental Justice Policies

Each cluster of the Policy Framework identifies the City’s mission, the challenges and opportunities that Los Angeles faces, and the possible directions for action. There are many state, federal and global influences that act upon Los Angeles’ industrial base; however, both the Phase 1 and Phase 2 Reports elect to focus on the City’s role in industrial development.

POLICY CLUSTER 1:

INDUSTRIAL LAND DEVELOPMENT POLICIES

Mission:

- *Establish land use policies that will optimize the use of the City's industrial land*
- *Identify and protect our most valuable industrial land*

Challenges & Opportunities:

Los Angeles has witnessed a gradual erosion of much of its industrial land base. In recent years, two key challenges to industrial development have emerged: conversions to institutional, commercial and residential uses appear to be significantly on the rise; and industrial land and buildings have been apparently unavailable for industrial development.

Generally, industrially zoned land is significantly cheaper than residential or commercial zoned land, therefore developers and landowners can profit handsomely from conversion. In addition, due to the shortage of available and affordable commercial and residential zoned land in Los Angeles, low-income and market rate housing developers are likewise seeking industrial land for conversion. As elected officials feel pressure from their constituency to encourage nearly any affordable housing development, many of these proposed land-use conversions receive support in the political arena.

IDPI is intended to help guide City policy by proactively planning for our industrial land. Many industrial areas are witnessing ad hoc land conversion because economic factors are dictating land use. While market forces may dictate the highest and best use for some industrial areas, it is evident that they threaten the vitality of other industrial areas that provide quality jobs, significant City revenues, and a positive economic multiplier effect upon the community. IDPI believes that there is industrial land in Los Angeles that is suitable for conversion, and industrial land that is not. It is the responsibility of the City to make these distinctions clear to the development community and to stem the tide of ad hoc conversion in key areas of the City. The City must be cautious about the impact of industrial conversions upon the City's overall economy and industrial job base.

While conversion is a significant issue, the IDPI Phase 1 Report also identified that a significant amount of vacant and underutilized land exists in industrial areas of the City. Based upon additional research in Phase 2, up to 1,700 acres of scattered industrial land appear to be vacant, and up to an additional 1,800 acres may be underutilized. This land, like much of Los Angeles' industrial land, is often characterized by small parcels, making site assembly difficult, although numerous larger clusters of underutilized land appear to exist. One of the challenges will be for the City to find a way to influence land use decisions to encourage more efficient use of our existing industrial land.

It is also obvious that industrial users have sought their own solutions to the competition for industrial land. Due to low vacancy rates, small parcel sizes, aging infrastructure and other issues, Los Angeles' industrial users have sought space outside the industrial-zoned land base. The IDPI Phase 1 Report found that approximately 7,300 acres of non-industrial zoned land were being used for some type of industrial activity.

Based upon the findings of the IDPI Phase 1 Report, and the challenges facing the City's industrial base, it is evident that the City's current land use policies are not serving the City's industrial base well. The City must find ways to encourage better industrial planning and evaluation, with proactive interventions where appropriate. In some instances, this may mean constraining current market forces, while in others it may mean allowing such forces to prevail, or even encouraging market-driven land use conversions.

Possible Directions for Action:

There are four primary ways by which the City can influence land use and zoning issues. The strategies outlined below are offered for possible consideration.

- A. Geographic-based strategies – by policy/program actions
 - 1. *Open district – maintain existing community plan and zoning only*
 - 2. *Closed district – discourage non-industrial uses through focused policies and programs*
 - 3. *Acceleration district – encourage change to non-industrial uses through policies and programs*
 - 4. *Restrictive district – change to non-industrial only if meet special hurdles*
 - 5. *Special purpose industrial districts (e.g. Foreign Trade Zones, TODs or similar)*
- B. Regulatory-based strategies (not geographic specific)
 - 1. *Change underlying industrial zoning definitions (less restrictive, more restrictive)*
 - 2. *Reverse current zoning typology – no by right commercial uses in industrial zones*
 - 3. *Establish additional criteria for use changes*
- C. Incentive-based strategies
 - 1. *Investment/financing/tax credits*
 - 2. *Facilitation and technical assistance*
 - 3. *Land assembly*
- D. Information-based strategies
 - 1. *Site-related information to assist in the identification of underutilized land*
 - 2. *Processing information to reduce the time and uncertainties of entitlement and regulatory approvals*

POLICY CLUSTER 2:

INDUSTRIAL INFRASTRUCTURE POLICIES

Mission:

- *Improve transportation mobility for industrial users, enhance the movement of goods within the City of Los Angeles and the Los Angeles region, and ensure the availability, reliability, and competitive cost structure of providing power and water to industrial users*

Challenges & Opportunities:

Modern, well-developed and efficiently operated infrastructure is essential to the success of Los Angeles' industrial base. Capital improvement projects for the City's water and power systems are funded through bond sales financed by utility sales. DWP expects to spend \$580 million annually for power system improvements and \$320 million annually for water system improvements. DWP anticipates that these improvements will ensure the reliability of its utility systems and expects to have adequate funding for these projects.

Manufacturing and warehousing depend on road, rail, air and sea to move goods to and from other markets. The City's overall mobility and utility infrastructure are good, but will require significant investment, particularly:

- ◆ \$3.2 billion to maintain and improve the City's water system
- ◆ \$1.85 billion to maintain and improve the City's wastewater collection and treatment systems
- ◆ \$2.7 billion to maintain and improve the City's streets, highways and bridges

Much of this investment is most needed in the City's industrial areas. Many of the most concentrated industrial areas of the City will require significant investment within the next ten years to improve or maintain their vitality. An estimated 2,157 street miles in industrial areas require repair. Unfortunately, the City has identified that it will be \$1.5 billion short in its funding for street repairs and congestion relief over the next ten years.

The primary infrastructure concern for the City's industrial base will be the condition of the City's roadways. The City must continue to lobby the state of California to ensure that gasoline taxes are not used to balance the state deficit and are returned to the City for much-needed mobility infrastructure projects. Other dedicated revenue streams must be identified to ensure that goods can move in and out of the City in an efficient manner.

Other significant concerns to industrial stakeholders include poorly designed and congested freeway on-ramps, inefficient at-grade railroad crossings, and a lack of left turn signals in industrial areas. In addition to regular annual improvements, the City's Traffic Safety and Operational Improvement Program has already enhanced seventy-five priority intersections and continues to provide improvements to twenty-five intersections each year to ease traffic congestion and improve motorist and pedestrian safety. Additionally, the Street Smart Traffic Reduction Program will initiate measures to ease congestion on thirty-five of the city's busiest streets and save drivers more than eight million hours a year.

Possible Directions for Action:

There are multiple approaches to managing the City's mobility and infrastructure improvements. The strategies outlined below are offered for possible consideration.

Mobility Infrastructure

- A. Operational improvement strategies:** *Institute transportation system management measures to improve traffic flow of trucks with minimal cost and without expanding physical capacity, including:*
1. *Signal timing adjustments*
 2. *On-street parking restrictions and "No Parking" zones*
 3. *Designation of curb loading zones*
 4. *Traffic congestion management at targeted intersections*
- B. Engineering improvement strategies:** *Mitigations that require a traffic study or design evaluation prior to implementation, including:*
1. *Installation of additional signal heads*
 2. *Adjustments to lane striping*
 3. *Installation of additional signals*
 4. *One-way street conversions*
- C. Capital improvement strategies** including more extensive design and construction projects and provision of sufficient funding for capital improvement projects:
1. *Street widening and right-of-way acquisition*
 2. *Street and major arterial reconstruction and repaving*
 3. *Traffic congestion reduction improvements*
- D. Programmatic and regulatory strategies:**
1. *Develop new traffic design and maintenance standards to accommodate truck movement and access in industrial areas, including:*
 - a. *Improved zoning to include minimum street design criteria such as minimum through lane and curb lane widths, and enlarged*
- turning radii at major arterials in industrial areas*
- b. *Increased number and size of truck loading zones*
 - c. *More frequent scheduling of road maintenance and repaving in areas of heavy truck traffic*
2. *Implement new development requirements to accommodate up-to-date industrial facility needs, including:*
- a. *Loading dock requirements*
 - b. *Land use designations for truck staging and service facilities*
3. *Streamline mitigation procedures for right-of-way acquisition for widening narrow industrial streets.*
- E. Information based strategies:** *Integrate GIS map data with other land use and underutilized land data to provide a comprehensive understanding of, and integrated policies for industrial regions and neighborhoods.*

Utility Infrastructure

- A. Capital improvement strategies:**
1. *Provide adequate funding for power and water systems capital improvements over the next five to ten years to ensure the availability, reliability of providing power and water to industrial users.*
- B. Programmatic strategies:**
1. *Consider the provision of utility rate incentives and adjustments to industrial users in targeted industries that provide desired jobs and growth potential for the City of Los Angeles.*

POLICY CLUSTER 3:

INDUSTRY/BUSINESS FOCUSED POLICIES FOR THE CHANGING INDUSTRIAL BASE OF THE CITY

Mission:

- *Develop policies to retain and expand existing industrial businesses, attract new businesses, and prepare the City to serve its changing industrial base. Promote the City of Los Angeles as a national center of industry that can and does serve its businesses well.*

Challenges & Opportunities:

The major points of intersection between the City and its industrial users occur at numerous departments and agencies within the City, including Building and Safety, City Planning, the Community Development Department, and the Community Redevelopment Agency. Other significant points of intersection occur at Department of Water & Power, Sanitation, LAPD and LAFD.

Entitlement and permitting issues are significant obstacles to industrial development in the City of Los Angeles, along with small parcel sizes, the availability and cost of industrial land, and the lack of knowledge of the City's programs and resources by the business community. All of these factors make it difficult for industrial users to locate or expand in the City. While the City has limited influence over the real estate market, improved planning for the City's industrial areas can ensure their viability in a changing industrial market. This is discussed further in the land use policy cluster. Attention to the needs of industries and industrial businesses, integrated with effective land-use policies, are key to maintaining a healthy industrial base.

The City's Community Development Department is charged with administering the majority of the City's industrial business assistance. Programs such as those available below are available for industrial users.

- Super Notice Of Funding Availability Grant Opportunities
- Enterprise and Empowerment Zones
- Renewal Community
- Tax Credit and Incentive Programs
- Los Angeles Revitalization Zone (LARZ)
- Financing Opportunities - Low Interest Loans
- Los Angeles Business Assistance Program for Start-ups and Expansions
- WorkSource Training Centers

Refining, augmenting and better marketing of these incentives is critical to the City's ability to remain competitive with other national and local cities. Our findings indicate that a great many of the City's industrial businesses have scant knowledge of the City's existing resources and programs, or do not understand how to access them.

DWP also has significant business assistance programs and incentives that are available to industrial businesses. As a public utility, it also has significant marketing power to reach industrial users. Since industrial users' largest contribution to City revenues comes in the form of utility taxes¹, special consideration

¹ According to the IDPI Phase 1 Report, 46.4% of industrial revenues collected by the City are provided by utility tax.

should be given to expanding the DWP's role in marketing to the City's existing and prospective industrial users.

LAPD plays a less obvious but critical role in maintaining and attracting industrial users. Many of the City's industrial areas are in high-crime areas. Vandalism, illegal dumping, narcotics, gang activity and prostitution are problems directly faced by many industrial businesses. Property crimes cost businesses money; violent crime and/or quality of life crimes make it difficult to attract and retain skilled employees. Reducing crime in our industrial areas must also be a priority if the City is to be known as a desirable place to do business.

Lastly, it is most important to serve our existing industrial base while ensuring that we are prepared for the industries of tomorrow. While past City strategies have focused on high-growth industries and business attraction, the IDPI believes that the City is best served by focusing its major efforts and resources on its existing base, while continuing to identify and prepare for new opportunities created by new or expanding industrial sectors. If the City is able to serve its existing base well, business attraction strategies will be reinforced by an overall City reputation as an industry-friendly city.

Possible Directions for Action:

There are many strategies that the City can pursue to make Los Angeles more attractive to existing and prospective industries. The strategies outlined below are offered for possible consideration.

A. Retention / Expansion and Attraction / Recruitment Strategies

1. Information-based strategies
 - a. *Information development and communication strategies such as marketing and identification of City programs and resources, and outreach to the business community*
 - b. *Information-based technical assistance strategies*
 - c. *Networking strategies*
2. Land-related strategies
 - a. *Link business end user to land owners and/or developers*
 - b. *Establish special districts or protect industrial zones*
 - c. *Land assembly and related activities*
3. Financial-based strategies
 - a. *Direct project investments/financial assistance,*
 - b. *Project related infrastructure improvements*
 - c. *Linkage strategies – capital with projects*
 - d. *Finance-based technical assistance strategies*
 - e. *Tax-based strategies – rebates/rates/etc.*
4. Regulatory-based strategies
 - a. *Streamlined approval processes*
 - b. *Regulatory approval information*
5. Workforce-based strategies
 - a. *Recruitment and training*
 - b. *Referral services*

POLICY CLUSTER 4:

INDUSTRIAL WORKFORCE DEVELOPMENT POLICIES

Mission:

- *Assist in identifying quality manufacturing jobs for local residents*
- *Address significant workforce readiness deficiencies and offer specialized training for industrial jobs*
- *Offer industrial businesses a highly skilled and competitive labor pool*

Challenges & Opportunities:

Industrial businesses in Los Angeles provide employment to more than 509,000 workers, or 28.5% of the City's total workforce. In particular, 53.8% of industrial employment exists in the Metro LA region (encompassing Hollywood, mid-city, and Downtown's industrial district, as well as most of South LA's industrial areas and the northern half of the Alameda Corridor. Furthermore, Los Angeles' industrial base is largely characterized by small firms; 54% of all manufacturing jobs in the City are in firms with 250 or fewer employees.

Industrial wages are the gateway to the middle-class for many Angelenos. Industrial wages vary widely even within a single industry, with higher-skilled jobs providing significantly higher wages. For example, patternmakers earn significantly more than machine sewers in the fashion industry. The IDPI Phase 1 Report also found that industrial wage levels have better maintained pace with inflation than other sectors such as retail. The reality is that local industry provides quality jobs and has a significant economic multiplier effect on the Los Angeles economy.

The primary workforce development concern facing the City of Los Angeles is a lack of general education and basic job skills, as well as lack of specific skills related to industrial jobs. According to the State of California Economic Development Department (EDD), the percentage of the regional population without a high school diploma and/or lacking basic job skills is significant.

These statistics point to an alarming failure to prepare Angelenos for the workforce. A 2005 Harvard University study by estimates that 54.7% of Los Angeles Unified School District (LAUSD) students become high school dropouts. The dropout rate is particularly high among Latinos and African-Americans, and disproportionately high in Los Angeles's lower income communities. Furthermore, the greatest number of LAUSD dropouts occurs between 9th and 10th grade – leaving these students with few or no job skills and an uphill battle to improve their economic status. These statistics indicate that our public schools are failing students: for many who do graduate, a high school diploma still does not equate to basic job skills and workforce readiness. While the City has no direct control over the LAUSD, it is incumbent upon the City to call attention to this issue.

Anecdotally, the City has heard that workforce issues are a significant barrier to industrial firms that consider locating in the City of LA. The primary concerns cited are deficiencies in skill levels for higher-paying industrial jobs and the shortage of affordable housing for employees. Most industrial firms provide formal or informal on-the-job training because skilled workers are difficult to find.

Unemployment also continues to be a significant factor in Los Angeles. As of November 2002, City of Los Angeles unemployment was estimated at 129,000. According to the 2000 U.S. Census, the unemployment rate is as high as 50% in some communities. These residential communities are often in, or adjacent to, industrial neighborhoods.

Possible Directions for Action:

There are many strategies that the City can pursue to help create a more highly skilled workforce, thereby retaining existing and attracting new quality industrial jobs. The strategies outlined below are offered for possible consideration.

A. Information-based Strategies

1. Establish and market a database of:

- a. Existing programs for labor to seek training, general (adult) education, and placement, and for employers to seek trained labor. Such programs may include:
 - i. High school based adult education programs
 - ii. Community College programs for specialized skills and general education
 - iii. Labor union training and recruitment programs
 - iv. Non-profit organizations' work-readiness programs
 - v. other
- b. Database of Jobs and Workers seeking jobs
- c. Coordinated efforts with State EDD

2. Referral services

- a. Actively refer existing programs to labor and business
- b. Promote City incentive zones to business
- c. Market the City's referral service

B. Interventionist Strategies

1. Proactively advocate the operation of specific workforce development programs through existing organizations providing such services:

- a. General education and remediation through Community Colleges, Adult programs in High Schools
- b. Work readiness through local non-profit economic development corporations (Ex. Valley Economic Development Corporation)
- c. Industrial skills: work with Community Colleges and labor unions to initiate or expand industrial skill training programs
 - i. General industrial
 - ii. Focused on specific industries - coordinated with targeted industries (Food Processing, etc.)
- d. Recruitment/Placement: State EDD, Community College, Non-profits, businesses, employment personnel agencies

2. Accomplish the above through either:

- a. Expanding the City's capacity to intervene, through CDD, MOED, or other City entities, or
- b. Work with a Joint Advisory Board from business/labor unions/LA City/Community College/non-profit local economic development corporations (workforce training centers) to oversee and advise on efforts regarding various workforce development interventions

C. Funding-based Strategies

1. Through either the City entities referred to in 2b above or through a JAB, seek funding to be placed with existing workforce development organizations (Community Colleges, Economic Development Corporations, labor unions, other) for programs that satisfy the workforce needs of LA's industrial base and residents. (If the JAB route is pursued, it could be conceived of as a high-level, high-powered entity made up of some "movers and shakers" of LA)

2. Establish a non-profit corporation under the JAB to apply for, receive and distribute funds from:

- i. Government: Federal, State, local*
- ii. Local Corporations*
- iii. Labor unions*
- iv. Foundations*

3. Provide technical assistance in fund raising and grant applications to existing workforce development organizations that seek programs consistent with the IDPI policy.

POLICY CLUSTER 5:

ENVIRONMENTAL CHALLENGES: BROWNFIELDS DEVELOPMENT, ENVIRONMENTAL JUSTICE POLICIES

Mission:

- Reduce barriers to, and create incentives for the (re)development of contaminated sites
- Mitigate the negative impacts of industrial activity on surrounding communities

Challenges & Opportunities:

There are two sides to Los Angeles' environmental challenges: the prevalence of Brownfields (sites with real or perceived contamination) and environmental justice issues for communities that surround our industrial areas. Both issues represent a number of barriers to the development and maintenance of vital industrial neighborhoods.

The City of Los Angeles has experienced a growing prevalence of Brownfields -- abandoned, idled or underutilized commercial and industrial sites. Once a major source of jobs and economic benefit to the City, these properties frequently lie dormant for fear of the cleanup liability that real or perceived contamination may imply. The majority of Brownfield sites have not been evaluated because most property owners are wary of the potential liability if contamination is found to exist. Currently, 21,157 industrial parcels have been classified as Brownfields within the City of Los Angeles. The largest number of classified sites is in the Harbor region, with 1,069 sites, or 36% of all industrial parcels in this region. The Metro LA region contains the largest number of significantly contaminated sites. The North Valley region has the fewest number of classified sites.

The continuing reluctance of the private sector to engage in evaluation and to commit to remediation poses a significant challenge to the City of Los Angeles Brownfields. The costs of remediation, the shortage of remediation funding and financing, complex liability issues and legal challenges, regulatory duplication, and the perceived risk of on-going post-remediation costs and concurrent liabilities combine to make redevelopment of Brownfields a truly formidable task.

Environmental justice issues are an equally important and distinct issue within IDPI's environmental cluster. Many communities that have significant industrial areas continue to experience negative environmental impacts. Los Angeles' lower-income residential communities are more likely to be located near industrial areas. While it is beneficial for many lower-income, potentially public transit-dependent residents to be located near manufacturing jobs, this also results in disproportionately higher negative environmental impacts upon these neighborhoods. The burdens of industrial uses on these communities frequently include poor air quality, soil toxicity, noxious odors, noise pollution, blight, crime, and transportation-related impacts.

Currently, any proposed economic development project must include a cumulative impact analysis, a participatory stakeholder process, well-planned notification/outreach efforts and mitigation/community benefits planning. Neighborhood Councils may become the ideal forum in which the City can educate communities and address justice environmental concerns. Community Redevelopment Project Area Advisory Committees (PACs) also serve as an excellent forum to ensure that stakeholders have an appropriate voice in protecting their communities.

Possible Directions for Action:

There are many strategies that the City can pursue to remediate Brownfield sites and mitigate environmental justice concerns. The strategies outlined below are offered for possible consideration.

A. Information-based strategies

1. *Provide site-related environmental contamination information to assist in remediation, reduction of liability, and site development*
2. *Provide regulatory and environmental processing information to reduce complexity of remediation processes*
3. *Provide technical assistance to developers and users in the areas of government assistance, securing public and private financing, environmental insurance, regulatory oversight facilitation, and obtaining technical expertise in remediation and development of contaminated sites*

programmatic examples:

- *One-stop information source*
- *Inventory related activities*
- *Technical assistance on priority sites*

B. Interventionist-based strategies

1. *Acquire control of, assess and remediate high priority contaminated sites*
2. *Turn over remediated sites to developers or end users*
3. *Pursue creation of Eco-Industrial park concepts*
4. *Provide land assembly assistance to developers of contaminated sites*
5. *Maximize use of Polanco Redevelopment Act and SB32 to facilitate site remediation*

C. Geographic-based strategies

1. *Concentrate resources on the remediation of specific selected areas of the City*
2. *Assess and implement infrastructure improvements to mitigate negative environmental impact of industrial activity on neighboring residential communities (See Infrastructure Cluster)*
3. *Match feasible users with acceptable levels of contamination in selected areas of the City*
4. *Provide selected industrial districts with special hazardous materials resources for handling issues of contamination (ex. Special Fire Dept resources - see City of Vernon)*
5. *Pursue possible reuse of landfills for uses that include: recreation, solar power and alternative fuel sites, eco-industrial parks, solid waste related recycling, and waste transfer operations sites*
6. *Promote ecologically sound development and operating practices by regulatory establishment of "green districts" (See Regulatory-based strategies, below)*

D. Regulatory-based strategies

1. *Advocate simplification of regulatory processing of site assessment and remediation*
2. *Promote ecologically sound development and operating practices by regulatory establishment of "green districts" (See Geographic-based strategies)*
3. *Restrict intrusion of uses that are "non-heavy industrial" in M3 zones*
4. *Set criteria for use changes*

5. Define City role in management of institutional controls on remediated land

E. Financial Incentive-based strategies

- 1. Pursue direct/indirect tax-based incentive policies to encourage remediation*
- 2. Establish brownfields "land development fund" to support reuse of priority sites*
- 3. Provide or assist in the provision of low-interest loans to developers and users for remediation and development on contaminated sites*

programmatic examples:

- More gap/loan/rebate/tax credits, etc.*
- Utility – installation of equipment; rate variations, etc.*

Chapter III

EARLY ACTION ITEMS

Chapter II of this IDPI Phase 2 Interim Report sets for a framework of for considering industrial development strategies and programs to be reviewed for further development and implementation. Many of these are of a long-term nature and will require a fair amount of analysis and approval within the City family, and some may require formal action by the City Council and Mayor. There are several programs of action, however, which appear to be relatively simple to implement and would have immediate beneficial impact on some of the problems of industrial development in the City.

Accordingly, several "Early Action Items" have been generated for review and consideration. An Early Action Item is a program or set of actions that can help mitigate a key problem facing the City and the industrial community, and one which can be implemented relatively easily, without an extensive approval process, revision of ordinances or code changes. Since the issues identified in Policy Clusters 1 and 3, namely Industrial Land Development Policies and Industry/Business Focused Policies, appear to be the most pressing, Early Action Items have been identified first in these two clusters. These include, but are not necessarily limited to the following:

Cluster 1 - Industrial land Development Policies:

Discourage Conversions to Non-Industrial Uses in Certain Areas

Cluster 3 - Industry/Business Focused Policies:

Establish Industrial Case Management Team

Establish Industrial Business Services Web Site

Increase Marketing of City's Industrial Support Resources and Programs

A summary of each recommended Early Action item is provided below.

PROTECTION OF THE CITY'S INDUSTRIAL LAND BASE

Current Situation: *Conversions of industrial property to non-industrial uses are a significant barrier to further industrial development.*

The conversion of industrial property to non-industrial uses was identified in the Phase 1 report as a serious barrier to further industrial development. Conversion of industrial land to non-industrial uses are arguably the single most significant issue facing Los Angeles' industrial community. Market forces, due to the strong demand for housing, retail and school developments, leading to the City's relatively permissive attitude toward industrial zone changes, have created strong incentives for property owners to sell, and developers to purchase, industrial property for non-industrial uses. The result has been a considerable decrease in the issuance of building permits for industrial uses and a sharp increase in non-industrial developments on industrial land.

Early Action Item: Discourage Conversions to Non-Industrial Uses in Certain Areas and Possibly Encourage Conversions in Other Areas.

The City should consider proactive steps to discourage the conversion of industrially zoned land to non-industrial uses in selected areas of the City. Several steps can be taken to accomplish this goal without modification to the zoning code. In a press release or event the Mayor could announce his opposition to an inappropriate conversion of industrial land to non-industrial uses, in order to publicly highlight the Mayor's commitment to the industrial community and to enhancing the growth of quality manufacturing jobs. The announcement could be combined with the Mayor's request that City departments and agencies conduct a citywide analysis of industrial conversion "hot-spots" and to report back to MOED within 60-90 days. The staff report and possible subsequent analysis will provide important to the Mayor and City Council that will highlight the importance of the City's industrial base and allow for a strategic decision to be developed for each industrial area of the City. Depending upon the results of such an analysis, the Mayor and City Council may create an administrative overlay for selected industrial areas which would act as a guide to the Zoning Administrators as to the areas in which City leadership feels conversions should be discouraged and which areas conversions may be permissible or even encouraged. Changes to the zoning code or community plan areas could be made as needed.

INCREASE CITY SERVICES TO INDUSTRIAL BUSINESSES

Current Situation: *The industrial business community has difficulty in effectively accessing the City's resources and services.*

One of the most pressing problems identified in the IDPI research, especially noted in the "Food for Thought " study of the food processing industry prepared under Phase 2, is the widespread difficulty businesses and developers have in accessing City services and in understanding the complex web of approvals and reviews that must be pursued to establish, expand or develop an industrial business or property. The City of Los Angeles appears uncompetitive with other cities in the region, whose resources seem more readily accessible and with approval processes that are more transparent. A part of this problem is the lack of knowledge in the industrial community as to the resources and services the City does have and can provide to industrial businesses and developers. Accordingly, three "Early Action" programs are suggested for consideration, as summarized below.

Early Action Item: Establish Industrial Case Management Team:

The City should consider designating an Industrial Case Management Team for industrial development at the Department of Building & Safety (LADBS). A similar group of specialists could also be created at the Department of City Planning. The purpose of this Case Management Team would be twofold: to demonstrate to the industrial community that the City is committed to providing them with high-quality and timely assistance; and to speed the processing of entitlements, expedited plan check approvals and permits. The team of LADBS and City Planning case managers would provide similar services as those provided to Adaptive Reuse and affordable housing projects, so that industrial projects may find creative and effective solutions to their expansion or relocation issues. Services could include meeting with the applicant to review and understand the applicant's objectives while providing a concise and comprehensive summary of City resources available and the entitlements and approvals the applicant will need. The Case Management Team member assigned could then follow up with the applicant to help guide him/her through the application process, plan check and inspections -- to a successful completion.

To begin implementation of an Industrial Case Management Team the Mayor's Office of Economic Development should review this action in-house with relevant city personnel and consider making a public announcement that such a case management team has been designated and is immediately available.

Early Action Item: Establish Industrial Business Services Web Site

The City should establish a one-stop web site of public and private resources, as part of the MOED website, focused on the needs of the industrial community. Currently industrial property owners, brokers, businesses and developers appear to have an ad hoc network, at best, from which critical information is obtained. A City website that provided all of the commonly desired information for Los Angeles' industrial businesses would increase the likelihood that such businesses will expand in, or relocate to, Los Angeles. The public sector content of the website would include linkages to a variety of existing City resources to be accessed in one place. Prominent links would include the Mayor's LA Business Team (LABT) and the City's "Guide to Business Resources," the City Council offices and to each City department that offers services or has jurisdiction over any aspect of industrial development. Weblinks and contact information can be provided for each department and/or specific division, along with a brief description of the services offered by that department. The web site can also be used in conjunction with the Industrial Case Management services described above. Links can also be provided for other non-City agencies, such as LA County Fire, LA County Health Department, County Assessor, South Coast Air Quality Management Division (SCAQMD), Department of Toxic Substances Control (DTSC), Regional Water Quality Control Board, California Environmental Protection Agency (CAL-EPA), U.S. EPA, along with a brief summary of the role of each agency. The private sector content of the website would include industrial real estate broker links, and links to business organizations such as the National Association of Industrial (NAIOP), Food Industry Business Roundtable (FIBER), the Southern California Biomedical Council (SCBC) and the LA Chamber of Commerce.

Early Action Item: Increase Marketing of City's Industrial Support Resources and Programs

The City should increase its marketing efforts that are designed to encourage industrial businesses to stay and grow in Los Angeles, and develop targeted assistance for industrial firms and industrial developers that are interested in opportunities in the City. The marketing effort should strive to accomplish several objectives: to promote the why LA is a vibrant place for industry; to emphasize our strong industrial base; to provide information on the City's resources; and to identify key City staff that are available to provide special facilitation to industrial businesses and developers. The marketing effort would be targeted at the local, national and international "industrial community" including industrial businesses and developers, industrial real estate brokers, lenders and venture capital firms, and professional business associations. The marketing effort should be integrated with the effort to establish an Industrial Case Management Teams and the City's industrial business web site, as described above. One approach the City should consider is to create an annual forum such as "Access LA" focused entirely on industrial issues, businesses and city programs and resources. The key to success for such marketing efforts is that they must involve on-going, pro-active efforts to reach the targeted audience. Many industrial users remain unconnected to traditional business networks and unfamiliar with City Hall processes and procedures.

Chapter IV

SUMMARIES OF ADDITIONAL RESEARCH ON KEY ISSUES

IDPI Phase 1 summarized key facts and issues facing the City of Los Angeles and its industrial community in regards to encouraging further industrial development. A number of issues uncovered required additional research to properly evolve effective policies. Major additional research undertaken in Phase 2 include:

Cluster 1 - Industrial Land Development Policies:

- A. Under-Utilized Industrial Land and Land Clusters Analyses**
- B. Regulating Conversion of Industrial Land to Non-Industrial Uses: Lessons from Other Major Cities**
- C. Encourage Development: Lessons from Other Major Cities**

Cluster 3 - Industry/Business Focused Policies:

- A. UCLA Food Processing Industry Study**

Below are summaries of additional research relevant to IDPI. Please contact the IDPI Project Director in the Mayor's Office of Economic Development to obtain a copy of any of the reports referenced below.

Cluster 1 - Industrial Land Development Policies:

A. Under-utilized Industrial Land and Land Clusters Analyses

Analyses of the City of Los Angeles' industrial zoned land was made to quantify the amount of, and identify the characteristics of, underutilized land. For this report, underutilized industrial land was defined as land that meets any of the following criteria: vacant - devoid of structures or an improved surface; nearly vacant - containing either a small structure (in comparison to its parcel size), or apparently utilized for sparse or random parking; low assessed value of the improvement vs. the assessed value of the land - less than 25% (Low I/L); and all other surface parking lots, excluding parking structures. Clusters of underutilized land are those that are adjacent to each other or within the same industrial tract, as indicated by closely related parcel numbers or by location on a GIS map. Clusters are important to identify because they can collectively offer the opportunity for large land areas to be assembled by the City, industrial users or developers.

It was estimated that the City of Los Angeles has approximately 3,500 acres of underutilized industrial zoned property, within 987 parcels, with an average parcel size of 3.6 acres. If these findings are accurate, 3,500 acres would represent almost one-fifth of the City's total industrial zoned land. To illustrate the potential opportunity posed by this magnitude of underutilized land, if we assume that all 3,500 acres could be built out with a Floor Area Ratio (FAR) of 0.50 the City would have nearly 77 million square feet of additional industrial space. In examining the 3,500 acres of underutilized land, clusters of ten acres or more should be a priority for the City and/or the private sector to encourage new industrial development. At an FAR of 0.50 a contiguous ten acre cluster can potentially provide 200,000 square feet of industrial development, which is large enough for a small industrial business park, for a large single-tenant manufacturer, or for a modern warehouse facility. This study of

underutilized land also looked at specific clusters in the Harbor and Metro Industrial Districts, and estimated that Harbor clusters totaled 497 acres and Metro clusters totaled 201 acres.

There are several important policy implications that are raised by this analysis of underutilized land. First, the accuracy of the data used to judge land as underutilized is not precisely known, so some cost-effective means for determining this accuracy needs to be developed. Second, as described throughout this report, the City needs to develop policies that are focused on encouraging industrial land development on underutilized land. The study of underutilized land identified possible short, mid, and long-term programs of action that may be considered. Third, some of these underutilized parcels will be ideal for industrial development, while others may be suitable for conversion to non-industrial uses including affordable housing, parks/open space, or retail/community services. Therefore the City needs to sort this land by its potential uses. The study recommends further investigation of clusters of underutilized industrial land in the City's other four industrial districts.

B. Regulating Conversion of Industrial Land to Non-Industrial Uses: Lessons from Other Major Cities

In Phase 1 of IDPI, several national and local cities were selected for analysis of their respective industrial development policies. This study conducted additional research on the national cities reviewed in Phase 1 in order to further examine those policies that were especially relevant to problems experienced by Los Angeles. Policies of particular interest included those that created zoning restrictions to further protect industrial land from non-industrial uses, and policies that encouraged the development of under-utilized industrial land. Of the Phase 1 national cities, Philadelphia, Chicago and San Jose had specific policies designed to discourage or prohibit non-industrial uses on non-industrial zoned land. Philadelphia has created several special industrial districts that specifically limit non-industrial development and certain undesirable industrial uses, such as "no office use" and "no warehousing" districts. Philadelphia has also created a "Food Distribution Center" to protect and encourage the growth of this industry. (Los Angeles has created a Wholesale Produce Market). Chicago has conducted a comprehensive and citywide overhaul of its zoning code. The result has been to safeguard manufacturing districts from residential encroachment and to limit non-manufacturing uses in industrial districts by type of use and by size. San Jose has created several sub-areas of industrial zoned land to: a) promote conversion to non-industrial uses, b) consider conversion, or c) prevent conversion.

C. Encourage Development: Lessons from Other Major Cities

Regarding the encouragement of development on underutilized land, all eight national cities reviewed (Baltimore, Chicago, Houston, Las Vegas, Philadelphia, Phoenix, San Jose and Seattle) had several policies and programs to facilitate and stimulate the development of underutilized industrial land. Strategies pursued by these cities included: a) establishment of a centralized source of information on industrial properties for sale or lease; b) proactive contact with property owners of underutilized land to encourage development; c) creation of an Industrial Development Corporation; d) offers to purchase under-utilized land; e) proactive land assemblage of industrial sites; f) assistance in the cleanup of contaminated sites; g) creation of tax abatement programs; h) development of flexible financing mechanisms; i) development and/or operation of industrial parks by a public sector entity; j) technical assistance in approval processing; k) streamlining of approval processes for entitlements and permits; and l) marketing of public development assistance programs.

Cluster 3 - Industry/Business Focused Policies:

A. Food Processing Industry Study

An important strategy of the City of Los Angeles to consider is to particularly focus assistance on industries that have a competitive advantage in locating within the Los Angeles region. Food processing is one of these significant industrial clusters in the City of Los Angeles. The Los Angeles region provides a competitive advantage to the food processing industry due to its proximity to raw materials - the agricultural base of California, proximity to a huge consumer market, and its access to port, air, rail and road transportation to the rest of the nation and the rest of the world. Accordingly, the food processing industry was selected jointly by the IDPI team and UCLA Graduate School of Public Affairs Applied Policy Project as a topic of study. The report was conducted by UCLA graduate students in order to help identify ways that the City can enhance its current industrial development policies to better attract and expand food processing firms. A comparison of the policies for the cities of Oakland and Chicago and interviews with numerous food processing industry executives showed that Los Angeles lacks policies that facilitate business services and tools that help firms locate and purchase land parcels. Specifically, the research team identified two broad policy problems that are negatively impacting the relationship between the City of Los Angeles and the local food processing industry. These problems did not appear to be sector-specific to food processors, but rather general problems associated with conducting business in the City. The problem areas and their recommended solutions were as follows:

1. Public outreach and access are inadequate.

Information does not flow easily out of the City, and an opaque bureaucratic structure prevents firms from easily obtaining that information on their own initiative. Taken together, this creates a loosely defined, confused, and often frustrating relationship that constrains firms' abilities to do business in the City. To overcome these problems the study made four recommendations: implement a comprehensive marketing strategy; create a one-stop public counter for business services; use public support to more effectively mobilize Food Industry Business Roundtable (FIBR); and consolidate economic development functions into one office.

2. There is insufficient information readily available about industrially zoned land in the City

While the high price of land already makes relocation or expansion of facilities difficult, firms are further impeded by a) a lack of knowledge about available land for purchase and b) zoning changes that remove industrially zoned land from the market. To better help local firms deal with problems related to land use, the study recommends that the City institute two new programs - a site assistance program and a plan to preserve and protect industrially zoned land.

Chapter V

CONCLUSION AND NEXT STEPS

Phase 2 of IDPI has accomplished a number of tasks as outlined in this Interim Report that point the way to further policy development efforts. These future efforts include:

- A. Review of IDPI work to date by public and private stakeholders and policy makers.
- B. Consideration of a number of Early Action Items to improve the City's support to industrial development.
- C. Completion of additional analysis and research in several priority policy areas.
- D. Development of additional specific industrial development policy and program recommendations
- E. Decisions and implementation actions by the Mayor and City Council, as required.

A. Review of IDPI Work to date by Public and Private Stakeholders and Policy Makers

The primary purpose of the Phase 2 Interim Report has been to communicate to public and private stakeholders and policy makers the overall status of work to date and policy and programmatic directions that are being or can be pursued. An important element in the creation of an effective and widely accepted set of industrial development policies is the thoughtful and disciplined input by the City's stakeholders and policy makers. Key issues that will benefit from an open and informed discussion within the City family include:

- Which "Early Action Items" have priority? Are there significant omissions in the proposed early action items? How might early action items be pursued?
- How should the City best deal with the conversion of industrial zoned land to non-industrial uses in areas where such change is proceeding at an accelerated pace?
- How best can the City address the development of underutilized land? Should this prevalence of underutilized industrial land affect the City's policy discussion about conversion in different areas of the City?
- How should the City prioritize needed infrastructure improvements given the realities of funding availability?
- How should the City prioritize the creation of industry/business focused assistance policies?

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- What role can the City play in ensuring that its workforce is highly-skilled for the industrial businesses of today and tomorrow?
 - How can the City effectively deal with the development of contaminated sites?
 - How can the City help mitigate negative impacts on surrounding communities and give stakeholders more opportunity to have a voice in major decisions?
 - Should a newly constituted Advisory Board be convened to work with City staff and consultants?

The IDPI Management Team and Advisory Board, key industrial stakeholders and various policy makers will continue to discuss these questions and to respond constructively to the issues raised in this Phase 2 Interim Report. We believe this will continue moving the IDPI effort toward productive policy development that will result in an improved business climate in the City.

B. Consideration of a Number of Early Action Items to Improve the City's Support to Industrial Development.

If IDPI is successful in vetting, receiving endorsement, and identifying programming and resource allocations for the early action items outlined in Chapter III, additional work can be undertaken to further identify how, by whom, and when such early action items might be implemented. The issue of the conversion of industrial land will require a series of meetings with City Planning and Building and Safety (LADBS), and in-depth technical program review and input. The creation of an Industrial Case Management Team will require coordination between the Mayor's Office of Economic Development (MOED) and LADBS and the necessary allocation of staff resources. The Information Technology Agency must be included in any effort to establish an industrial business services web site, and several departments and agencies will need to be involved in the expansion of the City's marketing efforts.

C. Completion of Additional Analysis and Research in Priority Policy Areas

The IDPI Management Team will conduct additional research in priority policy areas, based upon the responses received from industrial stakeholders, City department staff and other policy makers. The IDPI Management Team anticipates that additional analysis and research will be needed in the policy and programmatic areas outlined below.

1. Managing the Conversion of Industrial Land

To develop sound long-term solutions to the conversion issue, the City must consider a comprehensive review of its zoning code. Los Angeles should carefully consider the legislative solutions pursued by other national and local cities, their relative success in those cities, and their likelihood of success in Los Angeles. In addition, a comprehensive mapping of recent conversions in each of the IDPI industrial regions and related data will be necessary to aid the City in its planning and land use decisions. Zoning changes will probably require a sub-regional approach, and such mapping will allow the City to have informed discussions with stakeholders about the issue of conversion in their neighborhoods. Each City Councilmember should become involved in these land use discussions with their respective stakeholders.

2. Underutilized Industrial Land

Phase 1 and 2 analyses have identified a possibility of up to 1700 acres of vacant industrial land and potentially an additional 1800 acres of "underutilized" industrial land, for a total potential of 3,500 acres of vacant or underutilized industrial land, with possible significant clustering of such land in certain locations. Further analysis is needed to confirm or modify these estimates, confirm the locations of such land and generate recommendations on how best to stimulate their development. These findings, if confirmed, could have a dramatic impact on the utilization of industrial land for both industrial and non-industrial uses.

D. Development of Additional Policy and Program Recommendations

As priorities are determined by City stakeholders and policy makers, IDPI will develop specific policy recommendations, options and programs of action to address each of the issues raised thus far in the IDPI process. Preparation of relevant analysis and research for new industrial policies will continue throughout Phase 2 and will result in programmatic and policy changes that will primarily occur in Phase 3. Early action items as selected may be implemented during Phase 2.

E. Decisions and Implementation Actions by the Mayor and City Council, as required

Policy recommendations, no matter how insightful, are only words in a report. Accordingly, Phase 3 of the IDPI will involve discussions between the Mayor and the City Council and their respective staffs regarding specific policies and programmatic actions to be implemented City-wide and within each Council District. The discussions would be based on the industrial and other economic needs of each district and the mutually agreed upon priorities between the Mayor's Office and each Council Office. Specific implementation steps, schedules and costs can then be identified by the IDPI team with implementation proceeding in an orderly and timely manner.

F. Concluding Thoughts

The last several decades have witnessed a significant loss of well paying industrial jobs and businesses from Los Angeles and from other major cities throughout the United States. Many of the issues driving this job and business loss are beyond the influence of the City of Los Angeles. Nevertheless, history has shown that well planned and energetic interventions by city administrations can mitigate and even reverse this loss. The Industrial Development Policy Initiative can be such a well-planned and energetic intervention that will benefit businesses, labor and indeed all in the City of Los Angeles.

APPENDICES

1. Key Facts About the Los Angeles Industrial Economy

Key Facts About the City of Los Angeles' Industrial Economy

A. Industrial Land Use and Development

1. Industrial zoned land in the City of Los Angeles (excluding the Port and LAX) equals 19,045 acres.
 - 8% of the city's land.
2. The largest land uses on industrial zoned land are:
 - Industrial uses
 - Light manufacturing (28%)
 - Warehousing (12%)
 - Heavy manufacturing (7%)
 - Non-industrial uses
 - Institutional (10%)
 - Retail (8%)
 - Residential (4%)
3. There may be as much as 1,700 acres of vacant industrial land in the City, equal to 9.4% of total industrial zoned land.
4. A significant amount of industrial zoned land is used for non-industrial purposes.
 - 74% for industrial uses (14,124 acres)
 - 26% for non-industrial uses (4,922 acres)
5. The city has a significant amount of industrial uses on non-industrial zoned land.
 - 7,272 acres (3%) of the City's non-industrial zoned acreage is used for industrial purposes.
 - This amount represents almost 35% of the City's total industrial defined activity.
6. A significant amount of industrial zoned land (4792 acres) is located within the 34 redevelopment areas of the City, with considerable blight and decay.
 - 25% of the City's industrial land
 - Of the 5,296 industrial buildings in CRA/LA areas, 47% need rehabilitation.
7. A significant amount of the City's industrial land is problematic to develop because of environmental contamination.
8. A paradox exists in industrial land development in Los Angeles.
 - Industrial vacancy rates throughout the County and City are currently in the 2 to 4% range and have been in that range since the late 1990s, in spite of the loss of manufacturing jobs and businesses.
 - Rents for industrial space have remained relatively flat for almost a decade.
 - Prices for industrial zoned land have been increasing, which has made many industrial development projects financially infeasible.

B. The Industrial Base of the City of Los Angeles

1. The City's six largest industries, which represent over 50% of the City's industrial workforce, are:
 - Wholesale trade, durables: 60,964 workers; 12%
 - Wholesale trade, non-durables: 44,143 workers; 9%
 - Motion picture production: 43,793 workers, 9%
 - Apparel manufacturing and design: 40,882 workers, 8%
 - Printing and allied products: 40,446 workers, 8%
 - Transportation, communication & utilities: 35,787 workers, 7%
2. Small businesses provide the bulk of industrial employment in the City.
 - 54% of industrial workers are employed in firms of 250 or fewer employees.
 - 31% of industrial workers are employed in firms with fewer than 100 employees.
3. The Los Angeles Economic Development Corporation (LAEDC) projected seven industrial SIC codes with high growth potential.
 - The Motion Picture industry was ranked first with over \$3.2 million in annual business tax revenue.
 - Transportation Services ranked second providing almost \$1.9 million.
 - Printing, Publishing and Allied Industries ranked third with over \$1.1 million.

C. Employment and Business Changes

1. From 1997 to 2000, the County experienced a net loss of 309 manufacturing establishments.
 - Transportation equipment down 8.2%
 - Machinery down 5.6%
 - Printing and related industries down 4.9%
 - Computer and electronics down 4.7%
2. The largest job losses occurred in transportation equipment.
 - Transportation equipment down 14.5%
 - These losses are associated with the reduction of airline orders and the closure of major airline manufacturers.
3. The only major job gainers were the food industry and the miscellaneous category.
4. The only major increase in number of establishments and firms was among furniture and related products firms (+38.3%).
 - This industry did not gain or lose jobs, suggesting decentralization into smaller specialty firms.
5. The Metro Los Angeles industrial region contains over half of the City's industrial employment at 53.8%.
 - Nearly 87% of all City employment in Apparel Manufacturing is located in the Metro L.A. region.
 - The apparel industry has the greatest concentration of firms and employment among industrial sectors.
6. The second largest concentration of industrial employment is located in the West San Fernando Valley at 15%.

D. Infrastructure

1. An Infrastructure Report Card prepared by the City's Bureau of Engineering of the Department of Public Works gave the City's infrastructure an overall grade of C+.
2. The most serious infrastructure limitations on industrial activity are constraints on goods movement and the City's roadways and area rail freight systems.
3. The Bureau of Engineering Report Card graded all components within the city's infrastructure.
 - The DWP's overall power system infrastructure rating is a "B."
 - The DWP's overall water system infrastructure rating is a "C."
 - The Bureau of Sanitation's wastewater treatment system rating is a "B+."
 - The Bureau of Sanitation's wastewater collection system rating is a "B+."
 - The Bureau of Sanitation's stormwater infrastructure condition rating is a "C+."

E. Industrial Tax Revenues

1. Citywide revenues generated in 2002 from all property, utility, sales and business taxes totaled \$1.7 billion.
 - Industrial sources account for \$219.4 million or 12.9% of total city revenues. Of these industrial revenues:
 - Property tax = 18.1%
 - Utility user tax = 46.4%
 - Business tax = 17.2%
 - Sales tax = 18.3%

F. Construction and Conversion

1. Industrial construction within the City's industrial zones totaled \$769 million from 1997 to 2002, representing less than 49% of building permit valuations. Of these:
 - Warehouse = 36%
 - Manufacturing = 22%
 - Garage/Storage = 21%
 - Misc. Industrial/Other = 21%
2. Within the City's industrial zones, non-industrial use permit valuations totaled \$807 million from 1997 to 2002.
 - Slightly over 51% of the value of permits issued in those zones were for non-industrial uses during that period.
 - 33% of permits were for commercial uses
 - 14% retail uses
 - 3% residential uses
 - 2% institutional uses
3. Construction in the City's Industrial Regions was greatest in the Harbor Region in 2001.
 - Over 51% of industrial construction, 1.4 million sq. ft., was developed in the Harbor Region.

G. Challenges to Industrial Development

1. Issues that affect the redevelopment and revitalization of industrial land include:
 - Land availability and cost
 - Building and site limitations
 - Basic infrastructure and access/capacity limitations
 - Brownfields uncertainties
 - Entitlement process in the City of Los Angeles vs. elsewhere
 - National and global economic influences
2. A common challenge in encouraging new private investment is land assembly.
 - Parcel sizes are often too small to develop individually.
 - Negotiating with multiple owners can make land assembly time-consuming and/or cost-prohibitive.