

The Current State of Economic Development in South Los Angeles: A Post-Redevelopment  
Snapshot of the City's 9<sup>th</sup> District



Gregory Earnest  
Senior Comprehensive Project, Urban Environmental Policy  
Professor Matsuoka and Shamasunder  
March 21, 2014

## Table of Contents

Abstract:.....	4
Introduction.....	5
<b>Literature Review</b>	
What is Economic Development .....	5
Urban Renewal: Housing Act of 1949	
Area Redevelopment Act of 1961	
Community Economic Development.....	12
Dudley Street Initiative	
Gaps in Literature.....	14
Methodology.....	15
The 9 <sup>th</sup> Council District of Los Angeles.....	17
Demographics.....	17
Geography.....	19
9 <sup>th</sup> District Politics and Redistricting.....	23
California’s Community Development Agency.....	24
Tax Increment Financing.....	27
ABX1 26: The End of Redevelopment Agencies.....	29
The Community Redevelopment Agency in South Los Angeles.....	32
Political Leadership.....	34
Case Study: Goodyear Industrial Tract Redevelopment.....	36
Case Study: The Juanita Tate Marketplace in South LA.....	39
Case Study: Dunbar Hotel.....	46
Challenges to Development.....	56
Loss of Community Redevelopment Agencies.....	56
Negative Perception of South Los Angeles.....	57

Misdirected Investments in Human Capital.....	60
University of Southern California: Campus Redevelopment Project.....	62
Unemployment/Lack of Jobs.....	64
Recommendations.....	66
Beautification/Image Improvements.....	66
Realization and Leverage of Community Assets.....	67
“Ban the Box”.....	68
Public-Private Partnerships: the “Pay for Success Method”.....	70
New CRA.....	73
Conclusion.....	76
Acknowledgments.....	77

### **Abstract**

This project looks at the challenges that face South Los Angeles following dissolution of California's Community Redevelopment Agencies. The goal of this research is to create a snapshot of the current state of economic development in one of South Los Angeles' most economically depressed regions, the 9<sup>th</sup> Council District. This approach will occur by the introduction of important case studies of different redevelopment projects in the area. The goal here is to attempt to shed light on the efficacy of the redevelopment agencies in impoverished communities. This project includes interesting information collected from first-hand conversations with policymakers, elected officials, city department heads, business owners, and community leaders in the 9<sup>th</sup> District. Hopefully, this approach will help us to understand the many obstacles to economic uplift in the communities in South Los Angeles. Finally, this project concludes by including a short list of what will hopefully be viewed innovate and creative economic development strategies.

## **Introduction**

In 2014, South Los Angeles can be best described as being at a major turning point. It could be argued that the area has been in a state of significant change for almost a century. From when Central Avenue was the vibrant center of African American culture and commerce, to when the destructive side effects experienced during the riots of 1965 and 1992 tore apart communities, to the more recent influx of Latino immigrants in the latter part of the 20<sup>th</sup> Century; communities in South Los Angeles are no strangers to change. Nor are they unfamiliar with the excessively violent and impoverished characterization of their neighborhoods. South Los Angeles, specifically the city's 9<sup>th</sup> Council District (the poorest district in the city of Los Angeles), has recently undergone substantial political and economic change. In addition to electing a new City Councilman, the 9<sup>th</sup> District (located just South of downtown straddling the 110 Freeway) is still dealing with the lingering effects of a post-recession economy. Additionally, a highly unfavorable 2010 redistricting decision, and the loss of millions dollars in public economic development funds with the dissolution of the California's redevelopment agencies in 2011.

The purpose of this project is to capture and analyze a snapshot of the current state of economic development in South Los Angeles. Primary attention will be given to the 9<sup>th</sup> Council District. Absolutely vital to this analysis and discussion will be the perceived impact (or lack thereof) of the dissolution of California's Community Redevelopment Agencies (CRA, I will also be referring to it the "redevelopment agency"). This post-CRA economic analysis of South Los Angeles draws from the opinions and experiences of stakeholders within the district, ranging

from community leaders, nonprofit executives, business owners, policymakers, to private developers. Such a holistic approach is necessary to begin to comprehend the complex set of political and social circumstances that both facilitate and inhibit economic development in South Los Angeles.

This research addresses several questions. First, how significant a role did the CRA play in local economic development in Los Angeles' 9<sup>th</sup> District? Secondly, how do local politicians, non-profit leaders, developers, and business owners view or define "economic development" as it relates to their own communities? Did ambiguities and inconsistencies in understanding economic development contribute to ineffective redevelopment projects? Lastly, what types of strategies are these communities utilizing to facilitate economic development in a post-CRA Los Angeles? To address my research questions, I have examined various existing research on the history of policies addressing poverty, community development initiatives, and development theory. I will attempt to place issues of poverty and economic development in a political context, particularly as they relate to the significance and subsequent elimination Community Redevelopment Agencies.

## Literature Review

South Los Angeles still faces the same kind of economic troubles it did 20 years ago: unemployment is high, and those who are able to secure a job typically earn little more than minimum wage. Empty lots dot the streets, a stubborn reminder of the broken promises to rebuild the area after buildings were burned and razed in 1992.(Mishak, 2011)

Why is it so difficult for poverty-stricken communities in America to develop? What does it mean for a community to “develop”? What is preventing communities like South Los Angeles from tackling some of their most obvious and longstanding issues? Most recently, America has been trying to reconcile and rebuild after the worst financial crisis since the Great Depression. However, unlike the Depression, today’s recovery has not come with the same level of social policies geared towards protecting the worst off in society that defined the New Deal era.

While employment opportunities are slowly improving overall, a large percentage of these jobs cannot maintain a livable income (Abramsky, 2013). Median wages have gone up a mere 6.9 percent in the last 37 years; that is an annual rate of just 0.2% (Edelman 2008). Well-paying industrial jobs that brought numerous poorly educated baby boomers into the middle class are being replaced by jobs that require high-skilled work and a college education (Edelman 2008).

Impoverished communities in South Los Angeles have endured without significant “economic development.” This phrase has been used so frequently that it is becoming increasingly difficult to determine what it means for a defined geographical area to undergo or achieve substantive “development.” It is the objective of this literature review to offer a brief analysis on the past 50 years of community development in the United States, with a particular focus on the last 20 years. Since the initiation of the first significant community-targeted legislation in the 1960s, the political atmosphere and overall economic health of the country has

changed dramatically. Today, struggling communities face many complex and often contradictory layers of ideologies and policies on local, state, and national levels. This background will serve as a foundation by which to evaluate how Los Angeles' Community Redevelopment Agency (CRA) has impacted development in South Los Angeles in general and the 9<sup>th</sup> Council District in particular.

### What is Economic Development?

There exists no single agreed upon definition of “economic development.” The rather fluid term is largely dependent on the context of the observer. Policies in the early to mid-20<sup>th</sup> century in the United States brought about the dawn of what is commonly referred to as more traditional economic development (Rubin & Rubin, 2001). In 1932, President Franklin Roosevelt responded to the nations nearly 25% unemployment rate with his set of economic development policies known as the New Deal (Frisch & Servon, 2007). Concrete within this framework was the prioritization of “housing, local development, and subsidies for private industry, without significantly redirecting market forces (Ferguson and Dickens, 1999).” By the 1950s, the growth of suburbs withdrew wealth from urban communities (Rubin & Rubin, 2001). This brick and mortar-centric economic development concentrated on the declining inner cities of the nation’s largest, most urbanized cities (Ferguson and Dickens, 1999). Much can be gathered from past interpretations of economic development through two policies in particular; The Housing Act of 1949 (also known as urban renewal) and the Area Development Act of 1961 (Ferguson and Dickens, 1999).



### “Urban Renewal:” The Housing Act of 1949

The impact of the Housing Act of 1949, commonly referred to as “Urban Development,” can help shape our understanding of economic development as an amorphous concept. A common belief in the 1940s and 1950s was the “crisis of metropolitization,” which stemmed from “industrial decentralization, property blight, middle class out-migration and minority group in-migration (Ferguson and Dickens, 1999, 96).” Urban Development saw local municipalities as incapable due to their limited tax jurisdiction, and expanded the role of the federal government in slum clearance, housing construction, and redevelopment in blighted areas not necessarily housing-related (Ferguson and Dickens, 1999). Developers were now more free to use reclaimed land for non-residential purposes. In addition, up to two-thirds of a project’s land acquisition would be federally subsidized (Ferguson & Dickens, 1999). This signified a major expansion in the government’s interpretation of what encompassed “economic development.” Not only did this represent a shift away from housing-based development, it also signified a significant step away from a more direct poverty-centric form of development. In fact, this ideological shift was so pronounced that long-term mayor of New Haven, Connecticut Richard Lee, well-experienced in urban development, commented that these new expansions “had little to do with the urban poor (Ferguson and Dickens, 1999, 96).”

Public housing advocates were skeptical of these new economic development rules, and for good reason. The fact that developers were released from their obligation to build housing, combined with the construction of the interstate highway system cutting through communities of color, gave urban development movement notorious names like “federal bulldozer” and “negro

removal” by those living in affected areas (Ferguson & Dickens, 1999). While the Housing Act of 1949 did include measures to compensate displaced residents, studies also noted how “requirements to help the displaced relocate were barely enforced,” and “provisions for consulting residents and cooperative planning were meaningless (Ferguson & Dickens, 1999, 97).” Even before considering that the reparative laws were ineffective, it seems almost counterproductive for a national “economic development” law to anticipate so much community displacement. This type of development can be thought of as “top-down development.” In this scenario, public officials predict that the funneling of resources (in the form of land acquisition subsidies and tax credits) toward brick and mortar projects will produce positive externalities for the community (Rubin & Rubin, 2001). While effective in attracting private investment into depressed neighborhoods, top-down development such as urban renewal placed too much of an emphasis on assistance to private companies, and the law overestimated the efficacy of the positive externalities that were supposed to “trickle down” to the rest of the community.

#### Area Development Act of 1961

In 1956, Illinois Senator Paul Douglas introduced a bill that would attempt to refocus the definition of economic development (Ferguson & Dickens, 1999). What would become the Area Development Act (ARA) shifted the focus from the urban renewal/physical decay focus, and concentrated on joblessness created by “economic modernization and structural change (Ferguson & Dickens, 1999).” Proponents of Douglas’s bill saw urban renewal as a zero-sum game, with different state redevelopment agencies all competing with one another to create financial incentives for companies to leave one community and settle down in another (Ferguson & Dickens, 1999). Instead, the ARA attempted to subsidize new jobs by offering low interest loans (not free money as did urban renewal) to businesses willing to startup or expand in

particular areas (Ferguson & Dickens, 1999). The law also made communities eligible for public works grants and retraining programs (Ferguson and Dickens, 1999).

However, once this bill was eventually signed into law in 1961, (five years after being introduced by Senator Douglas in 1956), President Kennedy signed a much more watered down version of the original proposal. The law allowed for only \$375 million towards 1000 communities across the country, without any means to control the level of wages and quality of benefits the participating companies gave to their employees (Ferguson & Dickens, 1999). This omission (it is unclear if a similar statute existed in the bill before partisan compromise) would prove to be a huge weakness for area development. In a similar manner to the way in which urban renewal had weak (and some would argue, nonexistent) measures to control the effects of displacement, the ARA had significant accountability issues (Ferguson & Dickens, 1999). The initiative faced much public outcry from its financing of enterprises that were nonunion, racially segregated, or unlikely to survive (Ferguson & Dickens, 1999). These issues developed from the lack of ability of the Area Development Administration to create enforceable criteria to improve the quality of jobs being offered in depressed communities. Further, the subsidies that it offered the private enterprises were also not trickling down to local residents (Ferguson & Dickens, 1999).

It did not take long for public support to wane from both urban renewal and area development. These initiatives had the potential to spur change in urban communities, but their approach was so focused on attracting investment to area that they neglected to specify how these new funds were going to interact with communities in such a way to reduce the so-called “pockets of poverty (Rubin & Rubin, 2001).” I would argue, generally that these policies demonstrate a strictly market-based form of economic development. I would even challenge the

notion that they represented economic development at all; enticing enterprises from other communities with no stipulations to address poverty amounted to nothing more than an “economic reshuffling.” What one community gained, another lost, and where one developer secured a construction contract, groups of local community members were displaced. I maintain that is the lack of focus on protecting and uplifting the most vulnerable people made urban renewal and area development overwhelmingly ineffective. As we will see further on in this report, these ideological shortfalls will resurface and continue to be a point of controversy within economic development policies in the 21<sup>st</sup> century.

### Community Economic Development

As the urban renewal and area development initiatives have demonstrated, the struggle to even clarify the meaning of “economic development” has powerful implications on a policy’s effectiveness. Yet another interpretation of economic development departs from the physical and incentive-based models, and focuses on development from within a community. Referred to as “community economic development,” this model’s goals are to:

- Generate employment for particular groups
- Gain control over the local/neighborhood economy
- Inspire self-help and cooperative group-oriented assistance
- Operate for the public benefit
- Provide an alternative or intermediate sector for economic activity
- Promote democratic management and control of enterprises (Blakely, 1989)

Community economic or community development starts from within the community. The model is place-based, meaning that the institutions at work do not simply do business in the area, but actually have a vested interest in the social and economic prosperity of individuals in the community. While there are a range of different place-based, vehicles for community development (i.e. community cooperatives, employee-worker ownerships, local enterprise

agencies), most germane to this report is the institution known as the Community Development Corporation (CDC). CDCs take a long term approach to community development, incorporating a coherent and flexible strategic plan that focuses on areas that the private sector avoids (Blakely, 1989).

### The Dudley Street Initiative

One of the most notable examples of community development through the use of CDCs took place in 1984 in the Dudley Street area of Boston. In this approach, community organizers went door to door to try and assess some of the problems people in the community were facing (Rubin & Rubin, 2001). Although hesitant at first, the neighborhood was eventually able to rally and form the Dudley Street Initiative (DSNI) (Rubin & Rubin, 2001). Representatives of the DSNI, elected by the community, chose to tackle issues of blight and abandoned buildings in their community (Rubin & Rubin, 2001). The community was eventually able to convince the City of Boston to give DSNI eminent domain power (the compulsory purchase of property for the public good) to clear slum property to build homes for community members (Rubin & Rubin 2001). Not only was the Dudley Street Community able to organize to bring substantial change to their community, DSNI was even able to remain an effective conduit for change long after the housing victory (Rubin & Rubin, 2001).

This sustainable social empowerment model in the community is what separates community economic development from more traditional or top-down models of economic development. The case of Dudley Street exemplifies nearly every factor that is outlined as characteristic of community economic development (as mentioned above). Residents came together to gain control over the local economy by organizing what would become a community

development corporation. Through a democratic process, they managed to alter their economic choices by eliminating a poor housing stock for new development for the public good. Finally, the community established continuing local control over the development corporation, so that the community's human capital (the collective knowledge, experience, and skills) could sustain itself over time. Thus, the focus here is on the individual and the political and economic empowerment of the community.

Community development allows a community to realize its agency and its potential to advocate and produce for itself specific desired outcomes. No longer is DNSI a "problem community" that requires outside services to have any chance of progress. While DSNI did get funding and advice from foundations and experts outside of the community, they insisted that their own community members be trained in new skills (Rubin & Rubin, 2001). This way, should more issues emerge; the Dudley Street community would be even more prepared to push for its own interests.

### **Gaps in Literature**

As previous sections have established, many scholars have offered their own definitions and interpretations of economic development. The purpose of this project is not to redefine the term, but rather to study how the historical evolution of development has impacted low income communities like those in South Los Angeles, specifically in the city's 9<sup>th</sup> Council District. It is the timeliness of this project that makes it significant to the conversation surrounding issues of redevelopment. Within the span of only 7 years, Los Angeles communities have felt the economic impact of the Great Recession, the dissolution of the state's Community Redevelopment Agencies (CRA), and the effects of the city's own 242 million dollar budget

deficit. With a newly elected Mayor of Los Angeles (Eric Garcetti), a new 9<sup>th</sup> Council District Councilman (Curren Price), and a newly formed Economic Development and Workforce Department, the City of Los Angeles is at a turning point. Local policymakers are tasked with using even fewer resources to address the same issues plaguing Los Angeles' most economically struggling areas. This project is a contemporary study that analyzes past redevelopment practices and additionally considers how redevelopment strategies might look like in the future for one of America's most populous urban centers.

### **Methodology**

This study was conducted in the city of Los Angeles in the months of November 2013 through March 2014. The purpose of this project is to provide a case study of South Los Angeles, specifically the city's 9<sup>th</sup> Council District. The most significant source of data was collected through 23 semi-structured interviews with community leaders, small business owners, nonprofit executives, policymakers, public and private developers, and an elected official. Such a wide variety of perspectives was necessary to obtain a more comprehensive perspective on the state of economic development in the district. Additionally, participants provided supplemental resources in the form of maps, records, and plans that were analyzed for the purposes of this project.

Interview questions were closely related to research and data collected in my literature review. Participants were first asked about their own interpretation of the term "economic development" to gauge to what extent their own personal definitions matched up with existing description covered in the preceding literature review. The next set of questions inquired into the

challenges to economic development that South Los Angeles faces, and which challenges were abetted by the loss of the state's redevelopment agencies. The goal of these questions was to attempt to get a better understanding into how significant a role the CRA played in economic development projects in the 9<sup>th</sup> Council District during its operation. Questions were then directed into the current state of economic development in South Los Angeles in an attempt to capture a snapshot of the remaining resources available for similar development projects.

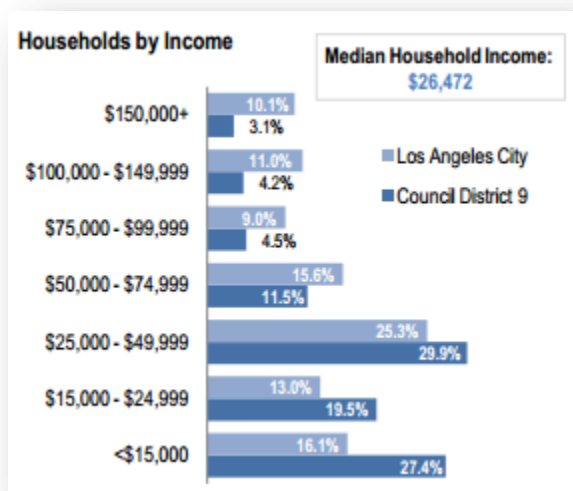
.



## The Ninth Council District

### Demographics

The 9<sup>th</sup> District, much like the rest of South Los Angeles in the last half-century, has been undergoing a dynamic change in demographics from black to brown. With more African Americans having entered the middle class and moved out of South Los Angeles to the suburbs, the Latino population has surged. In an area that was once home to a good portion of Los Angeles' African American population, the 9<sup>th</sup> district is now only 20% African American and 70% Latino (mostly Mexican, Central American, South American, and Caribbean) (Earnest, 2014). The area is



The 9<sup>th</sup> Council District has the lowest household income compared to any other district in Los Angeles

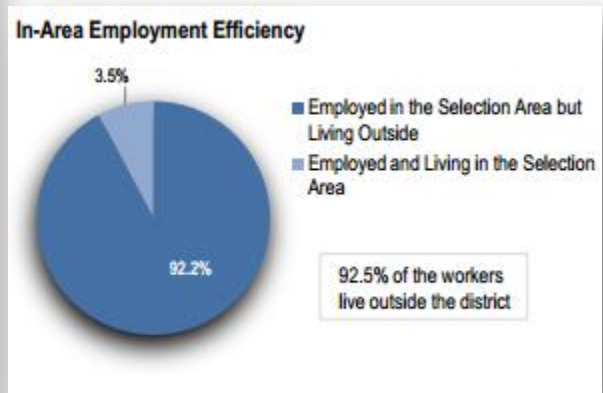
notorious for being one of the most economically challenged communities in Los Angeles. There is 20% residential unemployment, and of those employed, 60% of workers earn less than \$25,000 on an annual basis. In terms of education 75% of adult residents did not go past high school, 50% did not finish high school, and only 12% finish college (LA Mapping, 2014).

The district representative for the 9<sup>th</sup> District is Councilman Curren D. Price Jr. Mr. Price (an African American), a business-friendly Democrat, is a former State Senator, Assemblyman, and former Councilman in the City of Inglewood, who last year narrowly defeated former city council staff person, Ana Cubas (a Latina) in May 2013 for the mostly Latino district. He is

stepping into a position that, although the current demographics of the constituency does not tell the story, has been a stronghold for African American politicians. Price’s predecessor, Jan Perry, also African American, now leads newly elected Mayor Eric Garcetti’s Economic Development Workforce Department (EDWD). Each of these leaders are tasked with trying to improve conditions in an area that has lost thousands of industrial job opportunities in the last few decades

**Council District 9 Employment by NAICS Industry Sector (2011)**

	Number	Share
Agriculture, Forestry, Fishing and Hunting	8	0.0%
Mining, Quarrying, and Oil and Gas Extraction	2	0.0%
Utilities	13	0.0%
Construction	252	0.4%
Manufacturing	8,690	13.7%
Wholesale Trade	5,708	9.0%
Retail Trade	4,633	7.3%
Transportation and Warehousing	1,509	2.4%
Information	185	0.3%
Finance and Insurance	984	1.6%
Real Estate and Rental and Leasing	377	0.6%
Professional, Scientific, and Technical Services	1,971	3.1%
Management of Companies and Enterprises	500	0.8%
Admin. & Support, Waste Mgmt and Remediation	1,713	2.7%
Educational Services	23,395	36.9%
Health Care and Social Assistance	2,862	4.5%
Arts, Entertainment, and Recreation	2,070	3.3%
Accommodation and Food Services	3,359	5.3%
Other Services (excluding Public Administration)	4,221	6.7%
Public Administration	999	1.6%
<b>Total</b>	<b>63,451</b>	<b>100%</b>

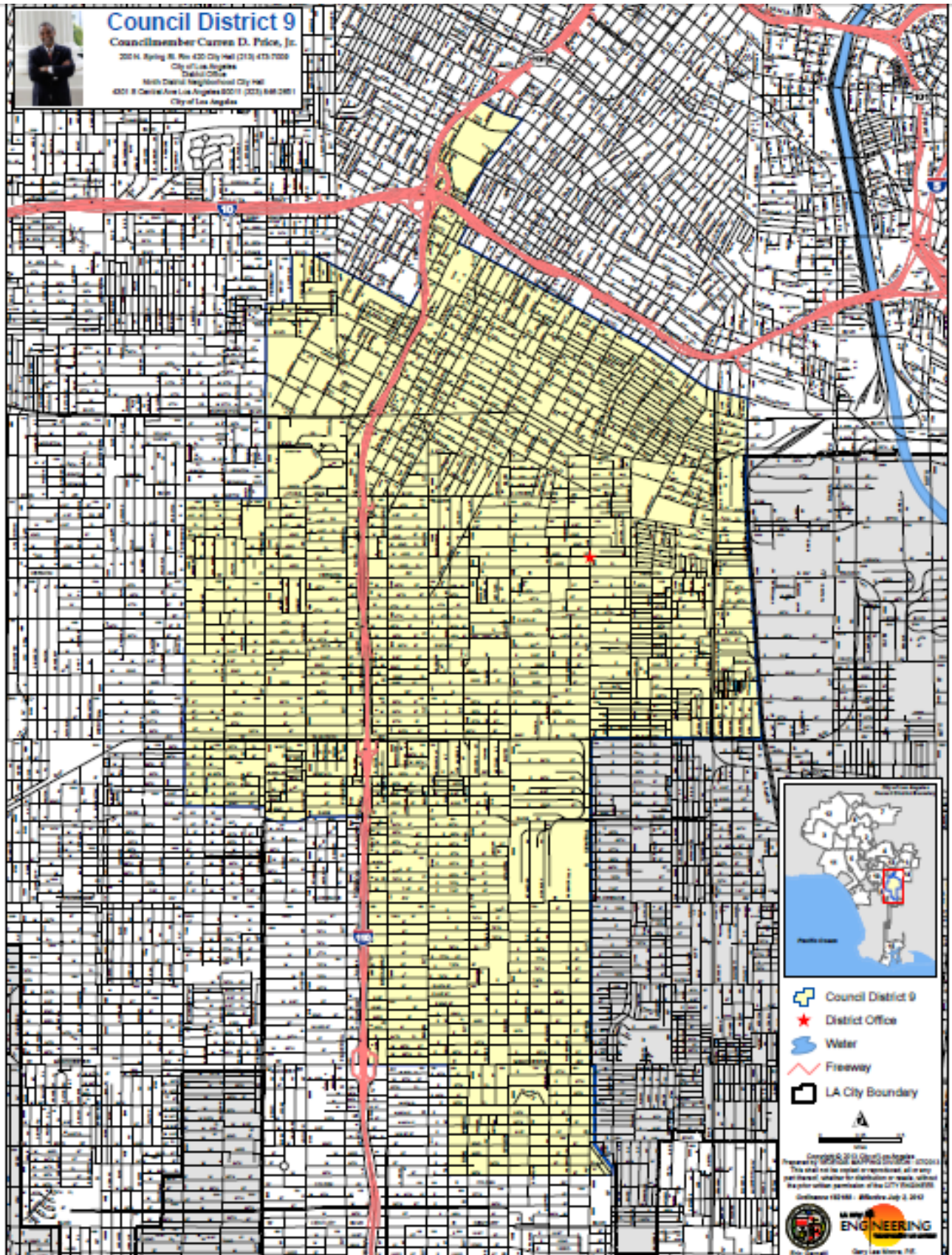


The 9<sup>th</sup> District, which used to be home to the most industrial opportunities in the city, only holds a fraction of these jobs today. The District’s current largest employer is The University of Southern California (as can be seen in the figure on the left). But as the figure on the right shows, USC’s many employment opportunities are not necessarily realized by residents in the 9<sup>th</sup> District.

## Geography

The South Los Angeles area, according to the U.S. Census Bureau, has an overall population of approximately 800,000 people. It is 51.68 square miles and divided into 28 neighborhoods. There are also approximately 15,000 people per square mile; and the densest neighborhood is Adams-Normandie, and the least dense neighborhood is the affluent area of View Park-Windsor Hills (which incidentally is located in the unincorporated area of Los Angeles County). City Council District 9 also lies in South Los Angeles. Geographically, the district straddles the 110 (Harbor) Freeway with Normandie Avenue serving as the westernmost boundary, while Alameda Street is the easternmost boundary. Longitudinally, the district begins as far north as Olympic Boulevard, and continues south until 95<sup>th</sup> avenue. The district is heavily industrially zoned (particularly along most of Broadway, Alameda, Slauson, portions of Main, Mckinley, Central, Vernon, and Florence), and home to many large clothing manufacturing factories. In fact, the 9<sup>th</sup> District is so built out that open green space only account for 1% of the land







## 9<sup>th</sup> District Politics and Redistricting

In 2010, citywide council redistricting in Los Angeles led to significant changes to the physical boundaries of the 9<sup>th</sup> District. The district lost almost all of its downtown area to the 14<sup>th</sup> District, represented by Councilman Jose Huizar. The 9<sup>th</sup> District, which had previously covered areas like Little Tokyo, Chinatown, Downtown, and Skid Row, now retained only the southernmost parts of Downtown. The only major downtown real estate holdings that remain in the 9<sup>th</sup> District are the Los Angeles Convention Center and LA Live. These changes were significant, primarily because of the enormous tax base that was lost by the 9<sup>th</sup> District. The CRA had eight project areas in the downtown area alone (Bunker Hill, Central Business District, Central Industrial, Chinatown, City Center, Little Tokyo, Cornfield Arroyo Seco, Council District 9 Corridors). These project areas, each consisting of multiple project redevelopment sites, provided the 9<sup>th</sup> District with approximately \$2 million in tax increments (income) (Earnest, 2014). This tax base disappeared after redistricting in 2010, and pushed the 9<sup>th</sup> farther south.

This seemingly unfavorable redistricting of the 9<sup>th</sup> District, some say, had much to do with local politics. At the time, the three African American councilmembers were Jan Perry (9<sup>th</sup> District), Bernard Parks (8<sup>th</sup> District), and Herb Wesson (10<sup>th</sup> District). Bad blood between these politicians pitted Perry and Parks against Wesson (Earnest, 2014). When Herb Wesson made his run for Council President, Perry and Parks did not endorse him; in fact, they were “no shows” when the vote was taken to elect Wesson as Council President. As Council President, Wesson and Mayor Antonio Villraigosa were ultimately in charge of the redistricting process. It is alleged that Wesson’s redistricting position provided him with the opportunity reward his council allies, (i.e. Jose Huizar) and punish his opponents, Parks and Perry (Earnest, 2014).



It is also thought that Wesson's aversion to Perry's and Park's un-withering personal and professional attacks is what led to the 9<sup>th</sup> District to be redrawn in a manner which greatly disadvantaged an already challenged constituency. Bernard Parks and the 8<sup>th</sup> district fared only a bit better. The predominantly African American 8<sup>th</sup> District, represented by Parks, had been a stronghold for black politicians for many years. After Wesson's redistricting, Parks' district lost many of its most affluent African American communities (voting base); and Wesson's 10<sup>th</sup> District (also an African American stronghold) gained much of what the 8<sup>th</sup> District lost. The council voted to approve the new plan with the support of then Mayor Villaraigosa. The mayor had no problem with the new boundaries of the 9<sup>th</sup> District, as it now consisted of an even higher percentage of Latinos and an almost nonexistent downtown footprint (Earnest, 2014). It was believed that the new boundaries would transform the 9<sup>th</sup> District seat, long held by an African American, into a Latino controlled seat (which failed to materialize with the 2013 election of State Senator Curren Price, an African American). Despite the reasoning behind the redistricting choices, the 9<sup>th</sup> District does face the daunting reality that it is now cut off from the large tax revenue base that the downtown area provided. Thus, the 9th District can no longer capitalize on the CRA redevelopment projects that provided important revenues to address the challenging issues of the arguably "now" more impoverished district.

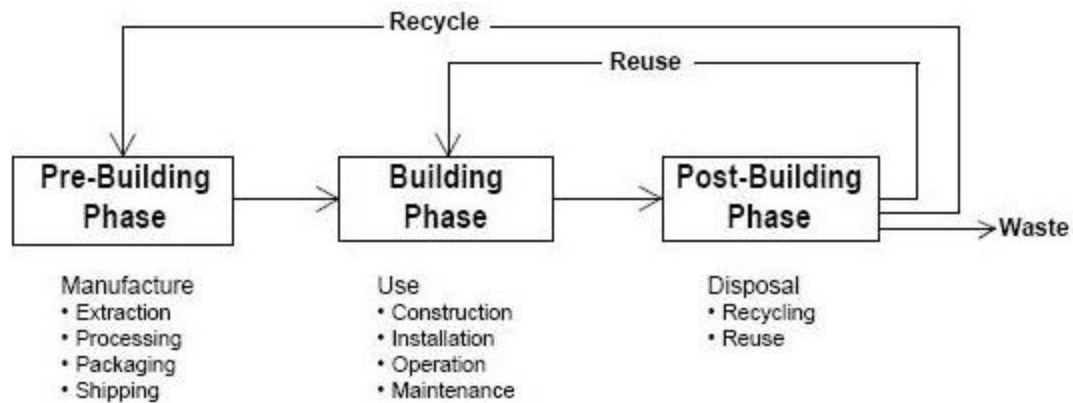
### **California's Community Redevelopment Agency**

As the past few sections have shown, there exists no single agreed upon definition of "economic development." This being the case, the concept of "redevelopment" proves to be equally ambiguous and indefinite. Central to this project are the economic and social effects of the loss of the Los Angeles Community Redevelopment Agencies in South Los Angeles. As later case studies to demonstrate, the often controversial practices of CRAs have significant



implications for the current state of economic development in South Los Angeles, particularly in the 9<sup>th</sup> Council District. Before reporting on these findings, however, it is crucial to understand the history of the redevelopment agencies and how they functioned within the parameters of the city.

In 1945, California passed a comprehensive community redevelopment law which allowed cities to redevelop “blighted areas” across the state (Sonenshein, 2006). Although the CRA is created by the state, the city has the authority to create their own agency. The formal mission of the agency is “to revitalize the city’s [Los Angeles] blighted neighborhoods to increase the supply of housing, and to generate economic growth (Sonenshein, 2006, 132).” It does this by effectively subsidizing redevelopment projects for private and nonprofit developers in a particular area. The Los Angeles branch, CRALA initiated approximately 34 redevelopment projects in the city of Los Angeles, in areas ranging from Hollywood, to the LA Harbor, to South Los Angeles (where there were 9 redevelopment projects) (CRA website). The agencies were such an important factor because they would assist projects along every step of the redevelopment process.

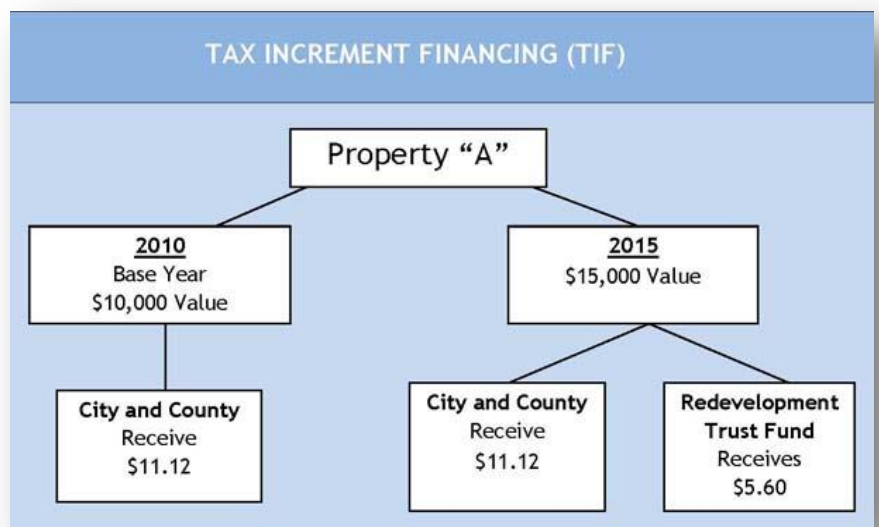


As the above model shows, the development process is generally broken up into three phases; (1) predevelopment, (2) construction, and (3) post-building (or permanent). The first phase, predevelopment, is the most crucial phase because it dictates whether or not carrying out the rest of the project will be financially feasible. Between acquiring the physical property, estimating the return on investment, and navigating through planning and building and safety code, this is by far the riskiest phase of development because so many things can go awry. The CRA was crucial during this point in the process (Ling, 2014). The second, and less risky construction phase, was supported by the agency through various construction subsidies. The CRA also assisted in the final operational phase by providing extra security, street maintenance, and marketing support for the projects (Ling, 2014). The CRA was effectively a “risk-reducer” for developers. The idea was that in order to give an underserved communities what they needed (ie. affordable housing or fresh produce stores), there needed to be a way to work within the market to incentivize developers do invest in local projects that otherwise would not have been as lucrative or financially viable. The Agency’s largest and perhaps most controversial project areas came in 1975, when Mayor Tom Bradley announced that the downtown area would be the next CRA redevelopment site (Sonenshein, 2001). At the time, downtown Los Angeles was a shell of its former glory. A handful of Fortune 500 companies, which had once held their headquarters downtown, had moved away to other cities and left downtown Los Angeles in an

economic slump. While Mayor Bradley wanted revitalize downtown to once again make it a global headquarters, many opposed the plan, disillusioned by how the role of the agencies had shifted from a vehicle of community uplift to a cache for big developers. Much of this frustration arose out of the way the CRA sustained itself financially, by the use of tax increment financing.

Tax Increment Financing

Proposition 18, passed by California voters in 1952, approved the use of tax increment financing in redevelopment projects. By far the CRA’s most highly-utilized strategy, tax increment financing was favored because it did not require raising local



Model of the Pay for Success Method

property tax as a stream of revenue (Lee, 2014).

Instead, it allowed redevelopment agencies to collect a portion of a “redeveloped” property’s increased tax assessment. For example, after a development agency would target a run-down or vacant strip mall causing blight a community, they would facilitate (through financial incentives) the tearing down and redevelopment of the property. The new property’s tax level would then be reassessed at a higher level, the redevelopment agency collecting a significant portion of the difference (see figure 1) (Lee, 2014). CRA would then use this margin of revenue to help finance other development projects, which would also create a tax increment and repeat the process all

over again. The CRA is also required by law to appropriate no less than 20% of its tax revenue to an affordable housing trust fund for the city (this number was later adjusted to 25%). Tax increment financing was a very productive enterprise. In fact, it was often the case that the money raised within the tax increment was more than the principle property tax itself (Lee, 2014). This created a strong incentive for the CRA to chase after larger projects that would give them a larger return, which is the critique of many of the agency's downtown project sites. The use of tax increment financing increased substantially in 1978 after the passage of Proposition 13 (commonly referred to as the third rail of California political).

The Proposition 13 property tax halt proved to be an enormous, and I would argue, negative factor on development in South Los Angeles. The law establishes:

1. One Percent Rate Cap of property's value. Properties not to be valued at higher than 1% of their purchase price;
2. Rollback of property values for tax purposes to 1976 levels (from 1978);
3. Shifted control of Allocating Property tax from Local Governments to the State Legislature; and
4. Reassessment of property only upon change of ownership. If a property's value goes up, it can only be reassessed to capture the larger tax increment under a change of ownership.

The proposition also included a 2% cap on annual increases in assessed value. (California Tax Inc.)

California voters passed this groundbreaking law by a two-thirds margin (California Tax Inc.). It was initially sold to voters as a mechanism that would make living expenses more affordable for a vulnerable senior citizen population (Earnest, 2014). However, the law went

further and extended property tax havens to virtually all property owners, including businesses (Lee, 2014). Without a once-dependable supply of property tax, municipalities were strapped for revenue, and pushed for a larger portion of the lucrative tax increment revenue produced by redevelopment agencies. This encouraged the construction of larger projects, many of which were criticized for their very loose interpretation of what was considered “blight” (Lee, 2014).

Businesses in the city also took advantage of the lenient tax laws set up by Proposition 13. Since a property’s tax value is reassessed after a change in ownership, businesses charge other companies to operate in their facilities and evade paying higher rates (Katherman, 2014). As long as the original company name exists on the property’s title, there is no tax reassessment under Proposition 13 (Katherman, 2014). This led to negative repercussions for the city because they receive fewer taxes by businesses slipping through loopholes in the system. Proposition 13 has significantly reduced the amount of property tax revenue collected by municipalities across the state (Katherman, 2014). More specifically, however, the law has actually hampered economic development in the South Los Angeles.

#### ABX1 26: The End of the Redevelopment Agencies

In 2011 redevelopment in California took a fatal blow in when Governor Jerry Brown championed bill ABX1 26. The bill, which became law after it was found to be constitutional by the California State Supreme Court was an effort by Governor Brown to balance California’s then \$25.4 billion budget deficit. Brown argued that the roughly \$5 billion in property taxes that the nearly 400 local redevelopment agencies in California collected annually would be better off

going to schools, counties and the state (Mishack, 2011). He cited that most voters were on his side. A poll conducted by the Public Policy Institute of California showed that 66% of California voters supported the phasing out of redevelopment funds.

Some politicians, like then-Senator Curren Price (who would become the city council representative to Los Angeles' 9<sup>th</sup> District), supported the ABX1 26 on more fiscally cautious grounds. Price saw the dissolution as one of the state's only options to help balance the budget without cutting into vital social and health service programs (Price, 2014). However, Governor Brown found strong ideological support from elected officials like Assemblyman Chris Norby (R-Orange County), who was one of the most outspoken officials to come out in support of the CRA's dissolution and called the agencies "a playground for bureaucrats, planners and politically connected developers who prefer profits from the public trough rather than the free market (Smith, 2011)." Both Norby and Brown expressed concern about the frequent capacity of the redevelopment agencies to veer from their intended purpose to decrease blight in urban communities:

California passed redevelopment laws to combat urban blight, with an added mandate that 20 percent of funds go toward affordable housing. Yet a Los Angeles Times investigation found last year that 120 cities spent more than \$700 million on housing without building a single unit. Cities have declared acres of empty farmland as blight and some agencies have torn down houses - like some dilapidated cottages across the street from the home of the mayor of Avalon, on Catalina Island - without replacing them. (Saunders, 2011)

These actions made preserving redevelopment during this time a particularly hard sell for its supporters, who focused more on the agencies' ability to create jobs and economic activity in inner city commercial corridors. Still, Governor Brown faced an onslaught of opposition from mayors from across that state. Mayors from the top 10 largest cities came to the Capitol building in Sacramento to protest against the Governor's decision, with the most intense backlash coming from Los Angeles Mayor Antonio Villaraigosa (Smith, 2011). Making references to numerous

success stories of Los Angeles redevelopment projects that were facilitated by the CRA, Villaraigosa gave little ground in the matter, saying that ““Los Angeles is prepared to shoulder its fair share of the responsibility, but any scenario that would completely eliminate the Redevelopment Zones and State Enterprise Zones is a non-starter (Smith, 2011).”

Despite the heavy efforts of city leaders from across the state, and lawsuits against the state’s ability take away redevelopment money, the courts eventually approved the dissolution. The team of pro-CRA city leaders could not convince the governor or legislators that the benefits of the agencies outweighed both their failures, and the potential financial support of much needed city services. Brown commented:

My hunch is that redevelopment is a somewhat mysterious process to the average voter. If you're saying you're going to close the county hospital or lay off firefighters or you're going to eliminate something called redevelopment, I think more people are going to say, I think we can do without redevelopment. We can't do without public safety or schoolteachers... The defenders of redevelopment have a hard sell. (Mishak 2011)

Governor Brown leveraged the vagueness and ambiguity of the redevelopment initiative to his advantage. He painted a picture that the “average voter” would not understand the complete ramifications of eliminating all of California’s CRAs, and that it was mostly the political leaders who wanted to remain in control of redevelopment money. Many of the effects of the bill have yet to be fully appreciated. Whether the CRA was a slush fund for private developers or a vital tool for revitalizing struggling communities, the mere quantity of resources being taken away is bound to have significant impacts in cities across the state. The situation raises an important question: What do communities in California do after a sudden divestment of \$1.7 billion from redevelopment?

### **The Community Redevelopment Agency in South Los Angeles**

The Local redevelopment agency for Los Angeles, CRALA, operated a total of 34 redevelopment project areas across the city. They focused their efforts in regions like South Los Angeles, Downtown, Hollywood, West Valley, East Valley, Eastside, and around the Los Angeles Harbor. In South Los Angeles, there were a total of 9 redevelopment areas, 3 of which fell into the borders of the 9<sup>th</sup> District. Some of these projects included the Dunbar Hotel, the Juanita Tate Marketplace, and the Exposition Park corridor (all of these case studies will be referenced later in more detail).

In the 9<sup>th</sup> District, CRALA would subsidize property acquisitions for nonprofit and for-profit developers in order to reduce blight in communities. The agency also dedicated a limited amount of funds to corridor revitalization. Vivian Bowers is the owner of Bower's Cleaners, on Central Avenue in the heart of the 9<sup>th</sup> District. The company has been in her family since 1946, when her parents moved to Los Angeles (Bowers, 2014). The small business has persevered through two of the city's worst riots (Watts Rebellion of 1965 and the civil unrest of 1992), and Bowers took over from her parents in 1994. Her family has seen the ups and downs of the Central Avenue business corridor, and after the 1992 riots, the area around Bower's Cleaners was filled with empty buildings and little economic activity.



Bower's Cleaners on Central Avenue in South Los Angeles



Fortunately, CRALA was able to assist Bowers as well as a handful of other small business owners in the proximity. This area was one of the first to receive the relatively unutilized funding from the agency's "façade improvement program." This was a significant milestone because until that point, most of this money was being used more in the commercial corridors on the well-connected Westside. The façade improvement program required the collaboration of multiple small business owners in the area. After the project, the owner remained organized and created a business association.

Just as CRALA was beginning to build momentum along the Central Avenue Corridor, Governor Jerry Brown signed a bill into law that dissolved that states redevelopment agencies to help balance the budget. Bowers, who today owns her entire commercial block, says that even with this law passed, she was allegedly promised by CRALA staff that "there was no way they would be able to take this money away (Bowers, 2014)." Unfortunately for her and the rest of the business community, the courts upheld the law and future redevelopment plans for the corridor fell through, leaving the business owners somewhat disillusioned.

Even before the redevelopment agencies disappeared, CRALA was often criticized for its relative neglect and of South Los Angeles compared to other regions like Downtown. In general, CRALA spent vastly larger amounts of money and built projects significantly more quickly in the Downtown area than it did South Los Angeles (McGreevy, 2005). In 2005 Mayor Antonio Villaraigosa appointed a 7 member advisory panel to open the agencies to more equitably targeting its resources to communities most in need. Members consisted of nonprofit leaders, real estate attorneys, and union leaders (amongst others). One member cited the CRA's disparate performance with the example of the Marlton Square project, a notorious redevelopment project in South Los Angeles that took the agency 25 years to complete (while downtown development

sites like the Staples Center took relatively few years) (McGreevy, 2005). Villaraigosa defended his argument for more equity, saying “All you need to do is get in your car and go see the lack of development , go see all those abandoned buildings [in South Los Angeles], go see the lack of affordable housing. You don’t need a rocket scientist to tell....there hasn’t been the kind of investment that we need (McGreevy, 2005).” Villaraigosa was an avid supporter of the redevelopment agency, but even he saw how poor communities were not getting the attention they deserved. As will be shared in later sections, poor attention and performance by the CRA in South Los Angeles will develop into somewhat of a theme for the agencies.

### Political Leadership

Former Councilwoman Jan Perry represented the 9<sup>th</sup> District from 2001 until her unsuccessful run for Mayor of Los Angeles in 2013. She was popular in her district for championing several real estate redevelopment projects, including LA Live and new hotels around the facility (Godfrey, 2014). She also helped facilitate \$70 million from the CRA towards parks and recreation in the 9<sup>th</sup> District. After then-Councilman Eric Garcetti defeated Perry in the 2013 Mayoral race, he appointed her to be the general manager of the newly created Economic and Workforce Development Department (EWDD) for the city of Los Angeles.

The new city department is tasked with spurring business activity and employment throughout the city (Godfrey, 2014). Many wonder if the EWDD was created to replace some of the tools lost with the dissolution of the CRAs. But according to Kathy Godfrey, Chief of Staff to Perry, we should not expect the same types of projects from the EWDD that we did from the CRA. “The main difference is land acquisition,” says Godfrey, “the CRA was able to consolidate property using resources from their tax increments to encourage development...Our department is not structured to do that (Godfrey, 2014).” While the department does hope to use properties

and revenues previously owned by the CRA (that now return to the city) to leverage grant dollars for development projects, Godfrey does not see this strategy replacing, or even operating on the same scale as the CRA (Godfrey, 2014).

In her new department, Jan Perry directs 175 individuals who work on either the economic development unit, responsible for brokering city loans and bonds, or in the workforce unit, which oversees “18 WorkSource Centers that offer specialized training, resume development, a job bank and a number of career development services (Saillant, 2013).” Unlike the CRA, which focused on larger physical development projects in hopes to stimulate economic activity to indirectly create jobs, the EWDD has a division that is dedicated to training Angelinos for the jobs market. Perry is making structural changes to these workforce development initiatives in an attempt to match people with sought after skills. Perry said that she wanted to “transform job training programs to healthcare, culinary arts, tourism, and construction...to fill positions that are actually out there (Saillant, 2013).” She is also applying for a \$70,000 grant to write a 5 year economic development plan for the city.

But not everyone is optimistic about the future efficacy of the new department. Some see the entity as a “token organization,” with unclear strategies and a severe lack of resources (Getachew, 2014). With a base budget of just \$2 million, many are skeptical that effective economic development can occur simply through city loans and bonds. It is difficult to predict the future success of these measures. But, as the EWDD approaches one year of operation, what is becoming clear is that communities leaders and business owners in Los Angeles, particularly the 9<sup>th</sup> District, either have not heard about the department, or have little idea about the resources that the department offers. “*You tell me* what it does,” was the response of many who were asked about their opinions of the EWDD. (Getachew, Torres, Nunio, 2014). The overwhelming

perception of the department is one of skepticism and disillusionment. It does not appear that many in the 9<sup>th</sup> District are waiting on the edges of their seats for Perry and her team to rollout their initiatives. For Jan Perry and her department, the biggest challenge is going to be noticeably establishing themselves as reputable vehicle for economic change, a vehicle very distinct from the departed Community Redevelopment Agencies. The following sections will review 3 case studies of CRA projects in the 9<sup>th</sup> District. They will attempt to give more context into how the loss of the agencies impacts the outlook of current economic development in South Los Angeles.

#### Goodyear Tract, CRA, and Anti-Development Incentives

This section will attempt to highlight some of the 9<sup>th</sup> District's most difficult impediments to economic development. It will also shed light on the role that the CRA played in one of the oldest business districts in the city. Los Angeles' 9<sup>th</sup> Council district is home to a 205-acre industrial space commonly referred to as the South Los Angeles Industrial Tract, or SLAIT. Formerly known as the "Goodyear Tract," this large section of South Los Angeles was once home to the Goodyear Rubber & Tire Plant in the early 20<sup>th</sup> century (CRALA, 2012). The plant served as a major hub for economic activity and employment throughout the 20<sup>th</sup> century (CRALA, 2012). Today, 263 businesses employ almost 4,000 workers and operate on what was once the Goodyear Tract, generating over \$1.4 billion in sales per year (one of the most productive business districts in the city of Los Angeles) (CRALA, 2012).

However, the physical infrastructure within SLAIT has remained largely the same as it was nearly 100 years ago (Dulgarian, 2014). The area's narrow streets and alley-ways, which are often unpaved and have no drains, were actually designed with the horse and carriage in mind (Dulgarian, 2014). Many of the industrial businesses in the SLAIT rely heavily on their ability to

ship products to and from the area, find it difficult to do business in the area because of the extra time it takes their trucks to navigate the streets and approach the substandard truck gates (Dulgarian, 2014). In addition, internet “brown outs” are a frequent occurrence in the SLAIT due to the area’s old and poor infrastructure. As one business owner within the district described, “try doing business in today’s economy without internet, it just can’t happen (Dulgarian, 2014).”

What is preventing the SLAIT from transitioning into today’s modern economy? What is the missing link needed for effective economic development? Part of the answer has a lot to do with the stipulations under Proposition 13. Since the law states that a property’s tax base can only be reassessed and increased to current rates under a change in ownership or a reconstruction project, there is little reason for a property owner to invest in improving his or her infrastructure (Dulgarian, 2014). In fact, not a single building in SLAIT has been revamped since 1964 (Dulgarian, 2014). Once they finish reconstruction, a property owner might have to pay many times more in property taxes; many could not afford such an increase and would be priced out of the area (Dulgarian, 2014). When legal incentives tell people not to reinvest in their properties, a systematic blight-creating cycle is formed that is a direct impediment to the process of economic development. The cycle is startling; property owners decide not to redevelop in order to stay in business, property tax revenues thus remain low, fewer local resources can be spent on priorities such as increased police protection, which then allows the area to be more susceptible to illicit and illegal activities that create a negative environment.

### Role of the CRA in SLAIT

While the CRA focused mainly on real estate-based economic development, it also helped facilitate smaller and more community-specific initiatives to improve the economic outlook for

an area. In the case of SLAIT, the CRA was instrumental in helping property owners form the 9<sup>th</sup> Council District's only Business Improvement District (BID) (CRALA, 2012). A BID is an area authorized by the local government to collect dues from each business or commercial property owner within a defined boundary (Dulgarian, 2014). These funds are then used to address local community issues (such as general clean-up, beautification, security, and facade improvements) that are not or have not been adequately addressed by the local government (Dulgarian, 2014); in this case the City of Los Angeles.

For SLAIT, the issue was trash, SLAIT is often used, quite literally, as a dumping ground for other districts and cities (Earnest, 2014)). Individuals and construction companies would take advantage of the lack of security around the area and dump tires, couches, refrigerators, and even old boats on the side of the road (Dulgarian, 2014)). As there is no dump in the area, people see SLAIT as not only the closer option, but also the cheapest, as they would avoid paying fees to dump trash in a landfill. Duke Dulgarian, President of SLAIT's BID, says that he gets trash from South Gate, Laguna Beach, and even from small cities 4 hours away (Dulgarian, 2014). Before the formation of the BID, the best he could do was call the construction companies whose name was on the trash and scare them into picking it back up (Dulgarian, 2012).

The SLAIT area changed for the better in 2006, when the SLAIT BID was created with the organizational help of the CRA. Before CRA involvement, there was a 9 year struggle to create a BID in the area, with efforts ultimately failing due to a lack of consensus on the purpose of the BID. This new 150 member improvement district collects approximately \$850,000 in annual revenue (CRALA, 2012). This BID is unique because it spends virtually all of its resources on security inside the area. SLAIT has bike patrols, car patrols, and have also installed 64 cameras across the tract, making it easier for police to identify potential thieves or dumpers.

To date, the security measures taken under the industrial tract BID have reduced trash dumping and crime in the area to a fraction of what it was (Dulgarian, 2014). But according to Dulgarian, trash dumpers are becoming privy to the security perimeter in and around SLAIT, and are beginning to dump their trash right across the street, just outside the boundaries of the BID (Dulgarian, 2014). While the CRA did not necessarily have the power to help business owners in SLAIT overcome the obstacles to development created by the tax-capping Proposition 13, it was able to make a significant contribution to the basic aesthetics of the area by facilitating the creation of a BID that would essentially help business owners protect themselves. Insuring the safety of a business district is in fact a form of economic development. An area plagued with mountain of trash and frequent drug dealing is not the place that is going to attract entrepreneurs to set up shop. So the fact that the Goodyear (SLAIT) tract has less of these occurrences is a very important and necessary component of a business-friendly environment.

### **The 23 Year-Long Grocery Store Project: Juanita Tate Marketplace in South LA**

*"I'm not a potted plant; I am an active part of this."* –Noreen McClendon, Executive Direction of Concerned Citizens of South Central

While the California Redevelopment Agencies were financially sustained through use of tax increment financing, their most powerful tool to go about actual physical economic development was the use of eminent domain property consolidation (Getachew, 2014). This method involves an agency paying fair market price to one or more property owners for their land in order to make room for a project that will benefit the public good. This is a very effective way to reduce blight in a given area. According to Brian League, Project Manager for USC's Master Plan Development Project, the definition of blight is "the separate ownership of dilapidated properties in one particular area (League, 2014)." Presently, on the corner of Slauson Avenue and Central

Avenue in South Los Angeles, within the borders of the Goodyear SLAIT tract, is a project under construction that will become the Juanita Tate Marketplace shopping center (McClendon, 2014). This project is significant to the dialogue around economic development for two reasons: (1) The shopping center brings a much needed grocery store to the surrounding community, the first such grocery store built in the area in 50 years (Getachew, 2014). (2) The long and drawn out process that eventually led to the creation of the Juanita Tate Marketplace sheds light on just how difficult it is in the 9<sup>th</sup> district, even with CRA assistance, to meet a certain community's economic needs.

The Local Initiatives Support Corporation (LISC) is a CDFI, or a Community Development Financial Institution, that is certified by the Treasury and the Federal government to provide resources to nonprofits, businesses, and community development corporations in the 9<sup>th</sup> District (Appleberry, 2014). In addition to providing financial support to these entities, LISC also conducts research in communities that normally would not have a way nor platform to quantify and publish their concerns and needs (Appleberry, 2014). They conduct surveys to demonstrate market potential in a particular area to identify any viable business opportunities (Appleberry, 2014). In the early 1990s, it was one of these studies in the residential community around the SLAIT industrial tract in the 9<sup>th</sup> district that found that \$1 billion in purchasing power was leaving the community annually (Katherman, 2014). While the purchasing power within the community was sufficient, there was not the available infrastructure to support the community. Citizens in the neighborhood had to leave their own communities to find fresh food and other necessities (Katherman, 2014). LISC's study brought to light what members of the community had known for some time; that they were living in a food desert.



After LISC completed their study of the community, they partnered with the nonprofit community development organization Concerned Citizens of South Central Los Angeles (CCSCLA) (McClendon, 2014). CCSCLA, headed by Executive Director Noreen McClendon, owns and operates multiple affordable housing facilities in South Los Angeles' Council District 9. Noreen McClendon is the daughter of the late Juanita Tate (of whom the shopping center is named), a long-time community activist and founder of CCSCLA in South Los Angeles. After Tate died unexpectedly in 2004, McClendon was the only person on staff who knew something about each project, and was subsequently elected by the board as the new executive director (McClendon, 2014). McClendon says that this was the only logical move for the organization; the decision was based on preserving the institutional memory of the organization, which is vital when navigating through a bureaucratic system built largely on relationships (McClendon, 2014).

#### The CRA: Impediment to Development

Currently, the Juanita Tate Marketplace is undertaking final preparations for its grand opening. If one were to take a look at this clean and modern commercial retail development, they would never suspect that it has taken twenty-three years for this project to come to fruition. For the local Community Redevelopment Agency, this shopping center is a painful reminder of how divisive and inefficient development can be in South Los Angeles. At best, the project represents a drawn out redevelopment effort with many complicated twists and turns that potentially could have been avoided. At worst, the plan demonstrates the ways in which the CRA and city departments showed a lack of urgency and ability to complete a redevelopment project that arguably would have been finished much faster if it were located in a more affluent area (McClendon, 2014).

The property on which the new shopping center sits previously belonged to Stanley Kramer, who operated a large portion of his scrap metal business from the site. When Kramer heard the news that the redevelopment agency was planning to utilize eminent domain to buy out his property, he did everything he could not to let that happen. He sued the CRA three times in the over two decade-long fight, losing each court case. According to Noreen McClendon, it was the CRA which consistently failed to follow procedure, opening the door for legal action from Kramer:

The CRA would mess up on simply things, like the Brown Act [the California statute that mandates open meetings with public officials and posted prior notice to residents]. We are getting ready to move on the next phase of the project, then all of a sudden were getting sued by the property owner...Then, we present out plan to the head of the CRA to see if it meets guidelines, and he assured us that it did. But they clearly weren't, because the next thing you know, our project doesn't get approved by the city because it doesn't fit the guidelines." –Noreen McClendon, Concerned Citizens of South Central

These accusations against the CRA speak specifically to the competence (or lack thereof) of its employees to complete the smallest of details to further the project's development. These were some of the many contributing factors that made an already challenging project a marathon of bureaucracy and litigation. Overall, the lawsuits and procedural failures, coupled with the property owner's fighting spirit, extended the life of the project and pushed up costs by \$15 million (LA Business Journal). In fact, in the time it took for the Juanita Tate Marketplace project to be built, the Hollywood and Highland shopping complex, another CRA project, was conceived, developed, and occupied. While it remains inconclusive as to how much of the project's problems can be attributed directly to CRA staff, McClendon sees her organization on a different plane than the agencies: "At the end of the day, CRA staff go home to their houses on the Westside. We are still here; it is not just a job that I'm going to peter around for a couple of years. The difference between us and them is that if we don't finish these projects, we don't eat (McClendon, 2014). McClendon's frustration with the lackluster performance of the CRA on her

project is clear, and despite the agency's apparent shortfall, the property owner eventually gave up his fight and (with his \$2 million payment) made room for the much needed development project.

### Community Economic Development

There is little question that the Juanita Tate project was a prolonged initiative with many preventable setbacks. However, what is less agreed upon is the method of development that the project represented. Does this case study represent a more traditional top-down approach to economic development? Or does it align more with community or asset-based economic development? Actually, the Juanita Tate shares characteristics of each of these models of development.

For those more optimistic about the project's results, the case represents an instance of community economic development. Under this interpretation, the community surrounding the project area empowered itself to create change. A local organization, LISC, was privy to the community's desire for places to shop for fresh food and a sit down restaurant. LISC conducted a study to quantify the financial loss of dollars exiting the community due to lack of options within the area. These studies laid the groundwork for former 9<sup>th</sup> District Councilwoman Rita Walters to collaborate with the CRA to respond to this need by getting rid of the blighted plot of land that was the metal scrap yard. These actions were subsequently built upon with the help of a local community development organization (CCSCLA) and catered to the needs of the community.

One method to help determine if an effort is truly community-based is to ask the question, "What can the community do now that it could not before?" True community sponsored uplift does not only create change, but also leaves communities in a better position to fight for themselves in the future. In this particular instance, not only did local residents get

better access to more stores, the nonprofit CCSCLA, which until this point only had experience in affordable housing development, added to its repertoire a new approach to development. With partial ownership of the development, McClendon is increasing her community's stake in its own enterprises.

This project also fits into the mold of a more asset-based development style. The fact that an organization from the community was able to win the development bidding process and complete the process helps give the community a sense of agency. It was not necessary to bring in outside developers when there are the resources to redevelop by local community based organizations. More importantly and arguably the project would be better able to fit the needs of the community when executed by an entity who had the residents' best interest at heart.

Yet, it is even conceivable that the Juanita Tate Project aligned more with the traditional top down development. The shopping center calls for a 45,000-square foot grocery store, 13,000-square foot CVS, and 6500-square foot computer training center (LA Business Journal). "Focus, for instance, just on the CVS," says Michael Neely, founder and former director of the Homeless Outreach Program in Los Angeles. Neely understands that the CRA helped to bring a much needed retail space for a South Los Angeles neighborhood. He is not opposed to the development, but thinks that it stops far short from a community-based development project. He continues:

Let's say we [the CRA] give CVS \$1 million worth of subsidies to settle here and bring 50 jobs to this community. What is the cost of these jobs? It comes at the cost of the taxpayers and entrepreneurial opportunity. So the city pays \$1 million and CVS makes \$12 million..but that money is still going out of the community. So essentially we've paid \$1 million for 50 jobs, and a lot of money is still leaking from the community. -Michael Neely

If Neely's hypothetical financial scenario is close to accurate, this method of redevelopment seems to be a very roundabout way to stimulate the local economy. In an ideal model of community-based development, residents would be able to start or expand their own enterprises

into the newly acquired land. So there would be little need to bring in national chain stores, or “national credit tenants,” where profits get sucked from the community into the company’s corporate structure. But perhaps this was never the goal of the redevelopment project at all. Further, I would even question that the Community Redevelopment Agencies were even designed to pursue this model.

Ayahlushim Getachew, the former Regional Director for the Los Angeles CRA, does not hold the same opinions on this development as Neely. Getachew has years of experience overseeing redevelopment projects, particularly in Los Angeles. When asked about her take on Neely’s perspective of the CRA’s methods, she remarks:

You are talking about neighborhoods where these things [outside investment] don’t exist. So in this case, you are thrilled to get national credit tenants. If Starbucks coffee finally comes here, and people in the community have long-wanted a place like that, no one realistically is going to say, ‘No we can’t have that here because it’s not a local mom and pop store.’ To that point, you can’t often secure leases behind mom and pop enterprises; they are not necessarily the most credit-worthy. I’d say 70% national credit tenants and 30% mom and pop is a good mix. Ayahlushim Getachew, Regional Director for CRALA

As great as it would be to have members of the community in complete control over the redeveloped retail market, Getachew offers more pragmatic reasoning. While it operated, the CRA created and brought capital to communities lacking in private investment. When residents, community leaders, and politicians are faced with the options of a redevelopment project that brings in high level of outside entities, or no investment at all, chances are they’ll take the deal made possible by the CRA. The economic development model may not be the perfect fit a given situation, however some communities cannot wait for the perfect project, they just need a grocery store.

#### Possible Without the CRA?

For all of the criticism of the CRA by Noreen McClendon herself, even she admits the Juanita Tate Marketplace would not have been possible without its assistance. There would be no

entity to assemble the land, or even know how to assemble it (Getachew, 2014). There would have been no one with the expertise to put the deal together, nor would any entity have the financial incentive to undertake the project (Getachew, 2014). It is significantly more difficult for private developers to acquire four, five, or six plots of land. “The CRA was a one stop shop for all of that, and we just don’t have that anymore (Getachew, 2014).” Despite the inordinately long and controversial process, it is a hard argument for anyone to make (including the scrap metal owner Stanley Kramer), that the CRA did not help meet the needs of this particular community in South Los Angeles’ 9<sup>th</sup> District.

### **Case Study: Dunbar Hotel**

For Black Angelinos in the early 20<sup>th</sup> century, Central Avenue was the commercial center of the city. The historic Dunbar Hotel, located at 4225 S. Central Avenue in South Los Angeles, was once a shining hub of African American culture in the 1930s and 40s (Nancy 1996). Constructed in 1928 by a prominent Black entrepreneur John Somerville, the Dunbar (originally named Hotel Somerville) was the place to stay for the Black Elite in the city (Nancy, 1996). It was famous for its jazz scene, attracting big names like Duke Ellington and Louis Armstrong. The hotel itself was “constructed entirely by Black Contractors, laborers, and craftsmen and financed by Black Community members.” The hotel’s popularity helped bring to life an entire thriving business corridor (Nancy 1996).

However, the Dunbar’s relatively short reign would soon come to an end. By the middle of the century, desegregation allowed wealthy blacks to stay at hotels that had previously only been open to whites, in places such as Downtown and West Los Angeles. The Dunbar was thus stripped of its concentrated and consistent customer base and fell into disrepair. There would be

numerous owners, and multiple attempts to revitalize the Dunbar for the next half-century, all ending in failure due to city funds drying up and financial mismanagement on the account of developers (Wilson, 2014). The building sat abandoned for decades, attracting rat infestation, drug activity, and prostitution. The Vernon-Central Community lost its economic foundation when it lost the Dunbar. It was not until 2013 that, with the help of a community development corporation (CDC), the Community Redevelopment Agency of Los Angeles, and a well-respected affordable housing developer did the Dunbar undergo a rebirth. The following case study analyzes the key participants and components that went into one of the most successful economic development projects in South Los Angeles in recent years.

#### The Impact of the Community Development Corporation

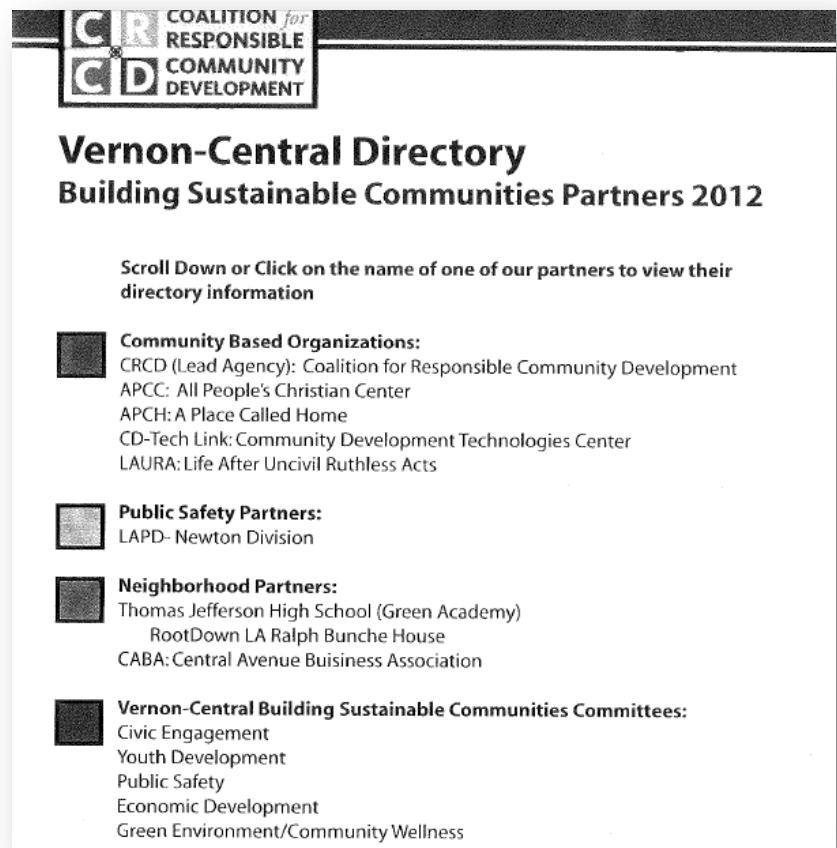
By 2004, many anchor community organizations in the 9<sup>th</sup> District, who had long held the neighborhoods together where the local government did not, were either disbanded or stopped offering their services (Wilson, 2013). This vacuum of services was especially difficult for young adults of color in their late teens and twenties, who are already the most vulnerable groups to be unemployed and/or incarcerated (Wilson, 2013). The Coalition for Responsible Community Development (CRCD) is a community development corporation located in the Vernon-Central neighborhood of 9<sup>th</sup> Council District of Los Angeles, an area with a 20% unemployment rate (Wilson, 2014). In recent years, the organization has been the most prolific vehicle for community uplift in the district (Earnest, 2014). CRCD's mission is:

To better sustain, coordinate, and improve local planning, development, and community services that address the needs of low-income residents and small businesses in South Los Angeles." CRCD also "has a unique focus on young people in Vernon-Central (age 16-25), and collaborates with residents, businesses, community-based organizations, civic leaders, and Los Angeles Trade Technical College, to improve the quality of life in our community. –CRCD Website, March 2014

The organization consists of an affordable housing development arm, which manages projects such as the Dunbar Hotel. The profits from development and management support its nonprofit (CRCD Enterprises) activities, which focuses on job creation for youth in the Vernon-Central area of the 9<sup>th</sup> District. CRCD's presence in the area is palpable. Many businesses and community organizations have CRCD flyers and posters in their buildings (observation). Just about every policymaker and community leader I spoke with during my field work recommended that I talk to CRCD in my search to assess the state of development in the 9<sup>th</sup> district. According to Mark Wilson, Executive Director and founder of the organization, this is because CRCD focuses on place-based community economic development. Wilson sees his organization as one portion of a larger movement in the district for strong, healthy, and durable communities. In fact, part of CRCD's 'strategic plan incorporates an initiative to do just that, called "Sustainable Communities."

### What are 'Sustainable Communities'?

The 9<sup>th</sup> Council District, and South Los Angeles in general, is well known for its high level of community organizing and nonprofit activity. What is perhaps less known is that these organizations are such significant players in their communities that,



**CRCD** COALITION for RESPONSIBLE COMMUNITY DEVELOPMENT

## Vernon-Central Directory Building Sustainable Communities Partners 2012

Scroll Down or Click on the name of one of our partners to view their directory information

- Community Based Organizations:**
  - CRCD (Lead Agency): Coalition for Responsible Community Development
  - APCC: All People's Christian Center
  - APCH: A Place Called Home
  - CD-Tech Link: Community Development Technologies Center
  - LAURA: Life After Uncivil Ruthless Acts
- Public Safety Partners:**
  - LAPD- Newton Division
- Neighborhood Partners:**
  - Thomas Jefferson High School (Green Academy)
  - RootDown LA Ralph Bunche House
  - CABA: Central Avenue Business Association
- Vernon-Central Building Sustainable Communities Committees:**
  - Civic Engagement
  - Youth Development
  - Public Safety
  - Economic Development
  - Green Environment/Community Wellness



according to some sources, function like a type of shadow government (Earnest, 2014). They take responsibility for issues that in other communities would be sponsored by local governments (i.e. affordable housing, safety, job training, youth empowerment and education). The “Sustainable Communities” initiative, led by Mark Wilson and CRCD, is a partnership between “residents, schools, businesses, nonprofit and community based organizations, churches, and law enforcement agencies (CRCD Website).” The partners, lead by CRCD, work together to “address challenges in [their] community, which prevent residents from finding opportunities to thrive (CRCD website).” The Sustainable Communities model was actually developed, sponsored, and brought to Los Angeles by The Local Initiatives Support Corporation, or LISC (mentioned in the previous section). The partners, selected by Wilson, were selected based on (1) the organization’s track record of producing results and (2) if the organizations were place-based entities (Wilson, 2014). For example, one of the partners of Sustainable Communities, CD-Tech, is a nonprofit organization in the Vernon-Central area of the 9<sup>th</sup> district that has a rather impressive track record of community uplift. Among other milestones, they have established:

1. The nation’s first community college degree and skills program in community development
2. The nation’s first and largest employer-based Individual Development Account (IDA) Program
3. One of only three degree programs in mortgage lending, and
4. The region’s first sector development and employment programs in both low wage and high wage industries. (CD Tech Website)

Aside from these accomplishments, the other criteria that make CD-Tech a viable player in the Sustainable Communities initiative is that it is place-based organization. This means that CD-Tech is not just providing general services based on their mission statement. They have a vested interest in a specific community (in this case the Vernon-Central neighborhood in the 9<sup>th</sup>

District) and respond to that particular community's need with relevant and effective resources. Place-based organizations adjust their programs to fit the community. Put simply, to be place-based is to participate in "community" economic development.

Other partners include organizations specializing in various areas, such as Life After Uncivil Ruthless Acts (LAURA), A Place Called Home (APCH), All People's Christian Center (APCC), Central Avenue Business Association (CABA), Thomas Jefferson High School (Green Academy), and the Los Angeles Police Department's Newton Division (CRCD Website). Mark Wilson, of CRCD explains the diversity of partnerships by noting that "These partners were collected so that our community can fire on all cylinders, so instead of everyone operating in their own little circles, as a community, we can better coordinate and streamline out plans (Wilson, 2013)."

It is interesting to note that the most surprising member of the Sustainable Communities Coalition, and perhaps the outlier, is the LAPD Newton Division. The police department is not often thought of as being included in discussions around community economic development. In South Los Angeles, there still exists a cynical aura around law enforcement, much of it stemming from the notoriously violent history of the LAPD in communities of color (Lee, 2014). Mary Lee, a native Angelino and a practicing attorney for 20 years, remembers a time in the 1980s as a legal aide attorney when a staggering 50% of her cases dealt with instances of police brutality on local black residents under the notoriously callous Chief of Police Darryl Gates (Mary Lee). While issues have since improved, the institutional memory of the actions of the police department have not faded in South Los Angeles (Wilson, 2013).

Today, according to Mark Wilson, “the Vernon-Central Community in Los Angeles has the opportunity to build trust with the police department, despite historic animosity” (Wilson, 2013). There are advantages of partnering with law enforcement. In fact, “the police see parts of the neighborhood community that community organization leaders don’t know about. So you may have very different perspectives on the same area,” he continues, “the police can’t solve all the problems, but neither can we (Wilson, 2013).”

The small group of stakeholders that make up the Sustainable Communities coalition represents only a fraction of the organizations at work in the 9<sup>th</sup> district. However, CRCD’s leadership in creating these partnerships to support community development even affects the way it carries out more traditional “brick and mortar” economic development, such as the Dunbar Hotel Redevelopment project.

### The Developer

Tom Safran considers himself a “limited profit developer (Safran, 2014).” His company Tom Safran and Associates, is a private for-profit affordable housing firm, who redeveloped the Dunbar Hotel along with their community partner, CRDC in 2013. The company’s goal is to “enhance the world in which we live and enrich the lives of the people who reside in [their] buildings (Safran, 2014).” Safran, once a worker for Housing and Urban Development (HUD) in Chicago before moving to southern California, is known around Los Angeles for his aggressive and thorough management style, sensitivity to the communities in which he operates, and his uncompromising belief that “affordable housing does not have to be unattractive” (Safran, Katherman, 2014) These are the qualities, I’ll argue, that are absolutely critical for successful economic development project in the 9<sup>th</sup> District.

According to Tom Safran public housing agencies and private housing developers (including nonprofit) have long operated by the notion that “if you build it, they will come” (Safran, 2014) Under the this approach, the wealthy can pick and choose style and amenities of their buildings, while the poor receive whatever model (generally a basic barracks-style) is given to them (Safran). This method is actually contrary to what affordable housing was created to accomplish. The first public housing projects were designed as temporary hospice for low income residents trying to transition back into financial stability. However, in 2014, multiple generations of families have long been occupants of these residencies. Tom Safran’s company is widely respected for its attention to details in its projects (Katherman, 2014). He focuses on providing the same amenities in affordable housing projects as market-rate projects (i.e. office space, community centers, attractive design. In fact affordable housing should be designed to fit into a community, being indistinguishable from market-rate housing.

Describing his management style, Safran refers to a book by novelist and philosopher Ayn Rand, about an anti-establishment architect named Howard Roark. In the story, Roark, agreed to design a public housing project under the stipulation that every detail of his original designs be followed to the tee. When he saw that the final housing projects were built with alterations to his design, Roark placed explosives around the buildings and detonated the entire project. After he was arrested for the deed, Roark argued how one must be true to one’s self and not accept the subpar. While Tom Safran does not go to quite the extent of Roark in his high expectations, he does share the same principles as the fictional character. In the city of Los Angeles, Safran’s reputation precedes him. Rob Katherman is the Deputy Chief of Staff for Planning and Development for 9th District Councilman Curren Price. He attests to Safran’s management style, remarking how “if Safran doesn’t like the way one section of the project is

being done, he tells them [the construction company] to tear it down and do it again (Katherman).”

This attention to detail has been lost in many other affordable housing development projects, and it is the residents who ultimately get the short end of the stick. Amidst the quest to attract investment to achieve economic development, policymakers work hard to provide incentives (i.e. density bonus, parking reduction) for private for-profit developers to do business in struggling areas. However, this thirst for investment often results in a project that benefits the developer more than the community. Leaders are so relieved to finally have resources pouring into their community that they often overlook the callousness of a project. Safran and Associates operates under a good balance of mission-driven development strategies and sound financial investment. In terms of economic development, “if you build it they’ll come,” but “if you build it nicely, they’ll prosper.” This is the same type of ideology that went into the redevelopment of the Dunbar hotel in South Los Angeles.

### Community Sensitivity

A second key component in the development of the Dunbar Hotel was the particular sensitivity by the developer to the wants and needs of the South Los Angeles community in which it works. Tom Safran approves all resident managers himself, and oversees all evictions for reasons other than non-payment of rent. As for hiring his own staff, Safran says:

“I look for people who have a passion for what they’re doing. I also require a certain sensitivity in my employees toward the people they’re serving. My employees can’t be in this business just for making money. They must be interested in what we do and how we do it. We’re providing housing for the same people as public housing authorities are, but we’re committed to doing it better.” Tom Saffran, Affordable Housing Develop, President of Saffran & Associates

Safran and Associates brings to the table all of the capital and experience of a private housing developer, combined with the social commitment of a non-profit or governmental housing

agency. The company takes the time to ensure that the development project is not only financially feasible, but also socially sustainable. Potential residents must first pass through a background check, providing their job history and rent history from their past two residences. Property managers also visit the current homes of the potential residents, and renters must sign a lease agreement with particularly strict standards. The agreement, among other things, forbids any kind of illegal drugs on the property, limits the number of occupants in one unit, and requires an annual income check. To some, these stringent rules and qualifications amount to a “creaming off the top” of people who qualify for affordable housing, arguing that this technique is not inclusive to the “neediest” families. At first blush this argument appears to have merit (i.e. there is a focus on maintaining the most qualified low income residents). However, these lease agreements are far from “creaming off the top.” For example, although residents are subject to an annual income checks, preference not necessarily given to those classified as “low income”, compared to “very low income (Katherman, 2012).” It is not the increment amount, but rather one’s consistent stream of income that qualifies them. A family with a consistent annual income of \$40,000 would be better qualified than a family that makes \$60,000. While Tom Safran and Associates’ qualifications may be controversial, their outcome is not. The delinquency collection rate from their properties is less than .5%, and Safran himself argues that his affordable housing residents are often better neighbors due to these stringent qualifications (Safran, 2014)

### The Importance of the CRA to the Dunbar Project

The most recent Dunbar Redevelopment project in South Los Angeles had all of the workings of a successful comprehensive development initiative. A well-capitalized and socially conscious developer (Tom Saffran & Associates) partnered with a local place based-community

development corporation (CRCD) to provide a public good for the neighborhood in the form of affordable and senior housing. The whole process took a fraction of the time than the 23 year long Juanita Tate Marketplace Redevelopment project. Yet, all of the sources involved in the venture cite the Community Redevelopment Agency as the undisputable determining factor that was responsible for making the project even remotely feasible (Wilson, Saffran, Katherman, 2014). This does not come as a surprise, especially considering the fact that the agencies would assist projects along every step of the redevelopment process.

The CRA was crucial during the first phase point in the process (Ling, 2014). The agency forgave the \$4 million loan on the property from the previous owners, the Dunbar Economic Development Corporation. This allowed for a smooth transition of the property to the CRCD without the organization having to raise extra capital. The second, and less risky construction phase, was supported by the agency through construction various subsidies. The CRA also assisted in the final operational phase by providing extra security, street maintenance, and marketing support for the projects (Ling, 2014).

The success of the Dunbar redevelopment efforts expanded beyond the completion of the physical buildings. While the developer, Tom Safran & Associates, gave extra resources and attention to smaller details like retail space on the bottom floors, the project had an equally significant social impact. Once a hub for drug dealing and prostitution, violent crime rates in area around the Dunbar have dropped 30% from 2011-2013, enough to win the project a \$20,000 MetLife Foundation Community-Police Partnership Award (Wilson, 2014). With the new name “Dunbar Village,” the facilities offer 41 affordable housing units for families and 40 units for low income seniors. CRCD even partnered with local community organizations that were familiar with the residents to tutor the children living in the family units.

Unlike the previous case study of the Juanita Tate Marketplace, participants in this project as well as other sources who are familiar with redevelopment projects, the Dunbar Hotel project was not entirely dependent on the CRA in order to be feasible (Ling, Wilson, Safran, 2014). There exist other federal funds and incentive towards house that, although less than in previous years, could have helped make the project possible. Since the Juanita Tate shopping center was a retail-based project, there are not the same federal resources, making the project entirely reliant upon the existence of the CRA. However, while the Dunbar did not face these same realities, the CRA brought all of the same types of resources in to one local agency.

### **Challenges to Development**

#### **1. Loss of Community Redevelopment Agencies**

The largest and most immediate challenge to the 9<sup>th</sup> District is the dissolution of the Los Angeles Community Redevelopment Agency (CRA). The agency was a “one stop shop” for redevelopment resources. Helpful tools such as property acquisition and underwriting, eminent domain, and the all-important tax increment financing can no longer be found in a single local institution. The new Economic and Workforce Development Department (EWDD) headed by former 9<sup>th</sup> District Councilwoman Jan Perry, while it can potentially access greater pools of federal and state funds, has a base budget of only \$2 million. This is a far cry from the tens of millions of dollars that the CRA controlled for development projects in Los Angeles. Much of the tax increment that once went to the redevelopment agencies is now going to the city of Los Angeles to help make up for the \$242 million budget deficit accumulated after the Great



Recession (Maddaus, 2014). Last year \$50 million was used by the city for this purpose (Price, 2014).

The CRA played an important role in the physical development and improvement of the infrastructure in the 9<sup>th</sup> District. Not only did the agency redevelop individual buildings and shopping centers from the ground up, it also conducted more general infrastructural improvements in certain areas. This is significant because in South Los Angeles, as in numerous other areas in the City of Los Angeles, the urban infrastructure is old and decaying. However, these problems appear to be exacerbated in the 9<sup>th</sup> District. Buildings and corridors are falling into ruin, and property owners have little incentive to redevelop because if they do, then they would be subject to much higher property tax (due to the effects of Proposition 13). Even if they accepted the new property tax, there is still much disillusionment among businesses since community that there is not enough economic activity in the area to bring about a fair return on investment. This problem also exacerbated the cycle of deferred maintenance on a large scale. While arguably the CRA could have done much more, it did attempted to address some of the 9<sup>th</sup> District's more general and basic infrastructure issues (Price, 2014). CRA conducted some facade improvements along the historic Central Avenue business corridor. The effort here was to create a colorful, walkable, and economically vibrant economic center. CRA was also instrumental in helping to create the district's first business improvement district, which allowed an industrial business community to address its own security and infrastructure issues.

## 2. Negative Perception of South Los Angeles

While the CRA did facilitate some positive development projects in the 9<sup>th</sup> District, the agency was not designed to tackle some of the area's more intractable problems. One of the most

prominent challenges was the general negative stigma towards South Los Angeles that served as a further impediment to development. When the words “South LA,” or “South Central,” (are uttered) as it was called before the city council rebranded it in 2003, one often conjures up the images such as those found in the movie “Boyz in the Hood,” or in the lyrics of controversial gangster rap groups like NWA. These portrayals, accompanied by skewed news coverage of the area by the media have combined to construct an extraordinarily violent, crime-ridden, and impoverished image of South Los Angeles. While it is true that the 9<sup>th</sup> district is the most impoverished district in the city, portrayals of the area in pop culture and in the media have focused almost exclusively on the negative aspects of the community (Bremond, 2013).

This affects people both inside and outside of the district. Entrepreneurs and potential investors will avoid the area altogether if they perceive that a certain location is too dangerous to open a business (Price, 2014). When smaller companies like these will not set up shop, it becomes significantly more difficult to attract larger entities like grocery stores. But besides investors, negative images of South LA even affect constituents in the 9<sup>th</sup> District themselves. Jorge Nunio is the executive director of NTS Group, a graphic design company based in the heart of South LA. Nunio, a native of the area, recalls how South LA’s rough image had an effect on him while growing up:

What do we know about South LA? Well let’s look at the music, let’s listen to the news, and let’s listen to our parents growing up here, and it’s pretty messed up right? And then we are like oh shit pretty messed up. Anytime I introduce myself anyone outside South LA its like, ‘Oh you’re from South LA? You must be dangerous and shit. What’s it like?’ And I’m thinking, ‘Dam its not that bad, and then you use that to your advantage like ‘yea motherf\*\*\*er I’m from South LA!’ So we end up flipping it but at the end of the day you don’t do it justice... We want to tell our own story, let’s bring our own message. We don’t have as much beef as we had before. Let’s just highlight our assets and the things that we value. –Jorge Nunio, Founder of Nuevo South

Nunio’s story highlights two relevant points. The first is the extent to which even residents of South LA can be affected by the neighborhood’s image. For example, after the CRA helped

redevelop the Dunbar Hotel, crime rates in the area dropped substantially, but the establishment is still struggling to fill its storefront retail space. Although neighborhoods are relatively safer in South Los Angeles, the area is still perceived as unsafe and that perception has a direct impact on the economic potential of the area. For all of the good the CRA did in the development process, it did not have the capacity to effectively rebrand this particular area.

Even before the physical development of a community takes place, residents must be able to take pride in the place in which they live. When people have such low expectations of their communities, they simultaneously begin to develop a higher tolerance for crime, physical decay, and neglect in their surroundings (Price, 2014). Residents must have a sense of pride in their communities to the point that they refuse to tolerate cyclical poverty and blight (Earnest, 2014). However, pride is difficult to develop when your community is quite literally treated as a dumping ground. A total of 500 tons of garbage was cleaned up from lots and alleyways throughout the 9<sup>th</sup> District; this has taken place during the first eight months of Councilman's Price term in office. In one alley alone the city removed 5 tons of garbage; much of it illegally dumped materials from construction projects outside the district (including but not limited to lumber, drywall, animal carcasses, sofas, refrigerators, and old boats).

The 9<sup>th</sup> District's image of being the poor, dangerous, and dirty is undoubtedly one of the district's most significant challenges to development. If residents, community leaders, and policymakers hope to stimulate economic activity in the area, a focus on these issues are of the utmost importance.

### 3. Inadequate and Misdirected Investments in Human Capital

Another area in which the CRA had relatively little impact in the 9<sup>th</sup> District was investments in human capital. Notwithstanding the leaders of local community development organizations gaining new experiences with their redevelopment projects, everyday residents generally did not receive significant skills or life training. Luckily, the 9<sup>th</sup> Council District is home to a plethora of community and nonprofit organizations that are designed to do just that; to invest in human capital. One such skill applicable to the area is financial literacy. The lack of financial literacy acts as a huge roadblock to economic development in the 9<sup>th</sup> District (Price, 2014). Not only do youth grow up not knowing how to save and spend money wisely, even professional business owners do not have proper training to unlock the potential of their own enterprises (Bowers, 2014).

Bennie Torres, President and Chief Executive Office of CD Tech, a nonprofit in the 9<sup>th</sup> District dedicated to “addressing issues of community and economic development in low income areas of Los Angeles.” He argues that many development programs assume that local mom and pop shops have a means to expand:

In reality, many of these people do not have enough capital or even knowledge to depart from the ‘hand-to-mouth’ cycle. Some locals want goods and services that local mom and pops cannot provide. But you will see a 99 cent store and clothes and things on almost every block because that stuff sells quick and is cheap and easy to get as opposed to the bigger ticket items which corporations rule by buying in bulk. Then the people spend money out of the community to get that stuff. –Bennie Torres, CEO of CT Tech

The “hand-to-mouth” dynamic that Torres addresses is prevalent amongst many mom and pop stores in the 9<sup>th</sup> District. Not only can this make it more difficult for business owners to reach their potential in business growth, it can also make the community more vulnerable to economic downturns. When an economic slump hits, as it did in 2008, some of the first things people stop

buying are the more nonessential items that might be found at the local corner or “99 Cent Store.” People instead focus on necessities (much of which can be found at grocery stores and supercenters) which often are only found outside of the district. In South Los Angeles, the CRA did not necessarily facilitate the growth of individual human capital that has the potential to encourage development from within the community. This fact is one of the reasons why many constituents in the 9<sup>th</sup> District did not feel impacted by the agency’s departure (Lee, 2014).

Beyond the CRA, when viewing how the robust nonprofit sector in the 9<sup>th</sup> District approaches investment in human capital, it becomes quite clear that much of these efforts are demographically disproportionate in their application. As mentioned earlier in this report, the 9<sup>th</sup> District was once home to one of Los Angeles’ largest African American populations. Half a century later, the area has changed drastically; an influx of immigrants from Mexico, Central, and South America have transformed the district into a region that is over 70% Latino (their numbers are increasing annually) (Earnest, 2014). However, many of the oldest and most influential nonprofit and community organization in the area (and in South LA in general) still unofficially (and sometimes officially) cater more towards African Americans, who make up only twenty percent of the 9<sup>th</sup> District’s population. This dynamic, where many resources are targeted at fewer groups of people, plays out in a very tangible way. It has been argued that investments in human capital in South Los Angeles do not proportionally benefit the Latino community. Jorge Nunio, the South LA-raised business owner as mentioned earlier, recalls his experience taking an entrepreneurial course at a local nonprofit organization in his neighborhood:

I loved this [entrepreneurship] class. But I was like ‘Why am I the only Latino in the room in a 70% Latino Community?’...We have to develop these small businesses and I don’t see that happening. A lot of these people with small businesses don’t have business degrees. Some of them only possess a 6<sup>th</sup> grade [education] coming from

Mexico or whatever country they're from, just doing basic math; buy for a dollar, sell for two dollars. We don't have milk, let's get milk tomorrow. What about something more proactive instead of reactive? –Jorge Nunio

In this quote, Nunio, like Torres, highlights the pervasiveness of the hand-to-mouth problem that business owners face in the area. However, his main point is that a contributing factor to the lack of economic growth in his community is the fact that the structure and network of local community organizations are still geared towards African Americans, even after most of that population has been moved out and replaced by Latino immigrants. Nunio, who considers himself relatively proactive, had a rather difficult time finding this particular entrepreneurial class. He worries that the people who really need the training are unaware that it even exists. The nonprofit resources being invested into building the skills of residents in the 9<sup>th</sup> District has yet to catch up with its demographic changes. This will become more apparent as more of South Los Angeles' Black population is replaced by Latino immigrants. This disconnect cannot be ignored by local organizations in the district, especially since these groups play such an important role in local community development (Price, 2014).

#### 4. University of Southern California: Campus Redevelopment Project

It is quite difficult to ignore the sprawling city within a city that is the University of Southern California (USC), occupying 308 acres of South Los Angeles' 9<sup>th</sup> Council District (League, 2014). The campus itself is bordered by Jefferson Boulevard to the north and northeast, Figueroa Street on the Southeast, Exposition Boulevard on the south, and Vermont Avenue on the west. Not only is the university one of the top educational institutions in the country, it is also this city's largest private employer, employing over 15,000 faculty and staff members (USC Website, 2014). Currently, the University is undergoing the construction of the "USC Village," its largest campus redevelopment project in decades, and is the largest economic development

project to be proposed in South Los Angeles (USC Website). The Village will consist of a combination of retail, student housing, and school parking (USC Website).

USC has had a rather long and checkered history within the South Los Angeles community regarding redevelopment and expansion plans (League, 2014). The University's last expansion took place in 1960, and the CRA played a vital role in its initiation (League, 2014). With the support of the local redevelopment agency, the plan used eminent domain to remove many local community members, most of them African American (League, 2014). As was consistent with most economic development projects during the mid-20<sup>th</sup> century, the plan failed to properly compensate the community members that it did displaced (League, 2014). According to Brian League, Project Manager for USC's Master Plan Development Project, the developers "probably did not give proper relocation compensation, and if they did, it definitely wasn't market rate (League, 2014)." Historically the university has tried to keep an arm's length relationship with the surrounding community, which is now overwhelmingly Mexican and Central American (Earnest, 2014). While demographics may have changed, the mistreatment of residents in the name of economic development has not been forgotten by those long-term residents of the surrounding neighborhoods (League, 2014). USC did not see itself as partner in the future of the South Los Angeles community, and its actions demonstrated those sentiments (Price, 2014).

Today, relations with the university and the surrounding community have improved, however, USC has been notorious for having a shortage of housing for its growing student population. This has caused an overflow of students into the apartments and rental houses in the school's proximity, pushing up rent prices for students and local families alike. Without the CRA to help subsidize affordable housing projects to make up for this loss in affordable living units,

families are pitted against students in their search for housing, with the families often losing the fight (Katherman, 2014). This is because landlords benefit from the influx of the student population. Ordinarily, due to rent control in Los Angeles, one's rent can only increase a certain amount per year (typically from 3-7%) (Ling, 2014). As students typically occupy their living quarters for one-year intervals, landlords are legally able to raise the rent to back to market rate (or whatever price they choose) once a new occupant takes over a unit. Thus, the landlord prefers students because their higher turnover means more profit (Katherman, 2014).

Luckily, USC's upcoming "USC Village" center will include more student-housing, in hopes to ease this tension between students and residents competing for housing. In addition, the project claims that it will bring 4,000 temporary construction related jobs and 1,000 permanent jobs to the city, with commitments to hire local workers (League, 2014). Since the time of this report in April 2014, the project has yet to commence its construction phase; only time will tell if these job forecasts will come to fruition. In addition, loss of the CRA means that even with more on campus student housing, there will still be shortage of affordable housing. This problem will not be resolved in the area until other sources of housing funds (state and federal) can be identified and leveraged.

## 5. Unemployment/Lack of Jobs

Germane to any economic development strategy are the methods used to increase employment for local residents. Some areas of the 9<sup>th</sup> District are suffering from an unemployment rate of over 20%, or 1 in 5 residents within certain age groups. Gone are the tens of thousands of middle class industrial jobs at the district's Goodyear Industrial Tract. Additionally, the redevelopment agencies were typically not known for their job-creating capabilities in South



Los Angeles. Once the construction phase of a particular project ended, the amount of permanent jobs a certain project provided varied. However, the Juanita Tate Shopping Center project has the potential to create dozens of new service and retail jobs in the 9<sup>th</sup> District. In more traditional affordable housing projects like the Dunbar Hotel, job prospects are bleaker. Only a few jobs are created for maintenance, security, and management purposes. In neither of these circumstances did the CRA facilitate the creation of well-paying middle-class jobs that communities need to help lift themselves out of poverty. However, the Northgate grocery store chain which will create over two hundred new jobs provides much promise for the shopping center and for the 9<sup>th</sup> District.

The CRA seemed to approach job creation in a rather roundabout manner. Generally, its strategy was to (except in the case of normal affordable housing projects), subsidize projects for private or nonprofit developers, capture the new tax increment, and allow the space for mostly outside companies and retailers to enter (Katherman, 2014). This process, while excellent at bringing previously absent consumer resources into a community, was not necessarily conducive to a more comprehensive community development initiative. Today's post-industrial economy calls for more highly skilled and highly educated workers. Residents in the 9<sup>th</sup> District over fifty percent (50%) of which are foreign born (typically from Mexico or Central American) are generally not qualified for high tech jobs (Nunio, 2014). Nearly seventy percent of the residents have not finished high school, and a mere 3% hold a four year college degree. The CRA's redevelopment efforts has hardly put a dent in the level of unemployment in the 9<sup>th</sup> District. Therefore, and fortunately, the agency's dissolution has not adversely impacted job creation in the 9<sup>th</sup> District in a significant way.

## Recommendations

### 1. Beautification/Image Improvements

Through my research it has become quite evident that for Los Angeles' 9<sup>th</sup> District, the loss of the CRA has hampered the area's ability to undergo large scale physical redevelopment projects. However, this perceived loss creates an opportunity for the community and for policymakers to focus on change on a smaller scale. As addressed in the previous section, an enormous challenge to development in the district is overcoming the stigma of South LA that seems to dissuade investment from within and from outside the community. While there does tend to be higher rates of crime and blight in the area, popular culture and the news media have sensationalized these aspects of the community and ignored others.

There are different routes that the district can take to help mitigate these effects. Often the most impactful changes are those that community members can see and appreciate with their own eyes. Simple things like increasing the number of trash cans on the street, and having multiple bins for garbage and recyclables be a small but impactful practice in a community that is plagued with thousands of tons of trash on its streets. More synchronization between the council office, community groups, and waste management entities, and law enforcement would be useful in identifying "hotspots" that tend to experience the most trash littering and dumping. The importance of a clean community should be incorporated into the education of the local students. Community organizations can further this learning in a more engaged way by creating friendly conservation or recycling competitions between schools.

The council office can also collaborate with local muralists to help redesign the artistic landscape of the district. Los Angeles was once the mural capital of the world. Over ten years ag,

the city banned the continued production of murals in communities, arguing that they were a form of advertisement and that often communities did not have much input in the creation of some of the controversial images. But murals have come to define some areas in the city, especially in East Los Angeles, which became famous for its mid-century murals depicting the struggles of Latino immigrants in America. In 2013, the city council partially lifted a decade-long ban on murals in the city. While there are still some stipulations (i.e. murals still cannot be placed on single family houses), there does seem to be ample room for the Councilman Curren Price to initiate some mural campaigns that allow the 9<sup>th</sup> District community to tell its own story, and not be confined to the negative images that have wreaked havoc on the area for so long.

## 2. Realization and Leverage of Community Assets.

For the 9<sup>th</sup> District, the dissolution of the Community Redevelopment Agencies does not mean that we are back to “square one.” The 9<sup>th</sup> District should focus its existing community assets. For example, attractive features of the 9<sup>th</sup> District include its proximity to downtown, its relatively low property values, and strong sense of community. The 9<sup>th</sup> District is an ideal location to utilize zoning flexibility to convert older industrial buildings into mixed use buildings, where housing can be combined with medium industrial or important private entities like supermarkets, drugstores, and medical centers.

The difficulty in this is finding enough space for this type of investment to happen. Supermarkets generally take up roughly 3 acres and drug stores 1.5 acres. In South Los Angeles, there is scarcely any parcel under one ownership that is already assembled (Katherman, 2014). This is where the CRA would be of great value. Its ability to assemble property under one ownership for redevelopment projects was invaluable. But there are other ways to acquire

property, like allowing entities to purchase residential property in order to consolidate and build on property that would be three times as valuable as non-residential parcels (Katherman, 2014)

Besides the optimal geographic location and rezoning potential available in the 9<sup>th</sup> District, by far its most valuable assets are the people themselves. The resilience and hope of the residents is seen every day. They do not fit into fabricated narratives that inner city people do not want to work, and would rather live off of public assistance. The number of entrepreneurs running small businesses as well as those lined up to take job training classes demonstrates their real nature. Whatever initiatives or policies that might be introduced that attempt to improve conditions for people living in the 9<sup>th</sup> District, must operate under the accurate assumption that these people do want to work and sustain themselves; they simply need the environment and the opportunity that will allow them to thrive.

### 3. Ban the Box

As established in an earlier section, the CRA had little impact in spurring significant permanent and well-paying job growth in South Los Angeles, particularly in the 9<sup>th</sup> District. With unemployment considerably higher than in the rest of Los Angeles, and with few government resources due to the effects of the Great Recession, the 9<sup>th</sup> District must look to strategies that focus more on the development of the residents themselves, as opposed to physical property. This means knocking down barriers to employment that prevent individuals from getting a fair shot at a job.

In 1971, President Richard Nixon declared a “war on drugs.” This campaign took the form of stricter categorizations of drugs, as well as mandatory sentencing for certain drug-related offenses. The effects of these new laws decimated urban communities of color like South Los

Angeles, where thousands of men were incarcerated for extended periods of time. In the 9<sup>th</sup> District, many residents have been through the criminal justice system because of these policies, and their opportunities for seeking employment are drastically lower than someone who does not have any felony convictions on their record. Most applications for employment include a box that asks, “Have you ever been convicted of a crime? (McClendon, 2014)” To no surprise, these groups are less likely to be hired because of preconceived notions of their character on the part of the employers. With fewer job opportunities, people are often left with few options to sustain themselves. In 2009, Princeton and Harvard Researchers found that “having a criminal record in New York City reduced the likelihood of a callback or job offer by nearly 50 percent (Pacific Standard, 2014).” Without a means for employment, people tend to either return to the same illegal activities that sent them to jail in the first place, or they become reliant upon public assistance programs, which places additional pressure on already overburdened county and state resources.

Los Angeles could benefit from a successful “ban the box” campaign. Such a law, which is being considered in cities like Baltimore, Lincoln, and San Francisco (whose law rolls out August 2014) (Appendix), would not only level the playing field for former convicted offenders, it would also increase safety in communities and save the money for public assistance programs. This would prevent employers from discriminating against non-violent offenders, which which constitute many residents in Los Angeles’ 9<sup>th</sup> Council District who were served time for non-violent drug offenses during the “war on drugs.” A Ban the Box initiative in Los Angeles would likely face staunch resistance from the business community (as is happening in Baltimore), who would argue that the government cannot compel employers to hire convicted felons. However, if it passes, banning the box could give new opportunity for numerous former offenders in the 9<sup>th</sup>

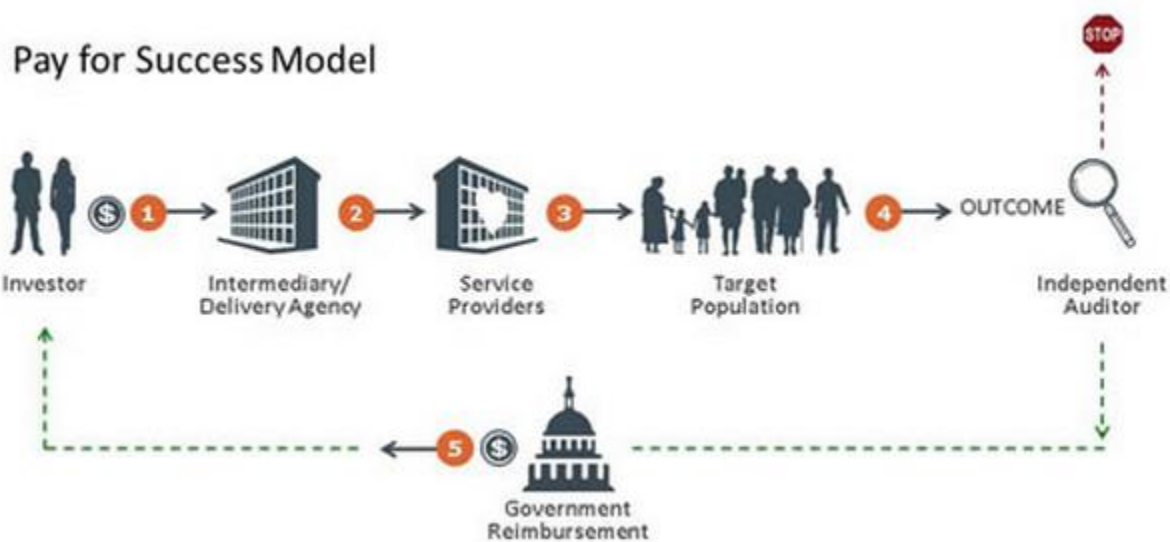
District. In terms of economic development, allowing people to become more eligible for employment is just as important as creating job opportunities for them. As Curtis Earnest, Chief of Staff for Councilman Curren Price states, “In this community, the most telling sign if someone will commit another crime is if that person has a job (Earnest, 2014).” To that end, Councilman Price has taken the lead in advocating for a “Ban the Box” ordinance in Los Angeles (Price, 2014). Price is currently working with Mayor Garcetti and a broad coalition of community, labor, religious, and small business organizations to win successful passage of a “Ban the Box” ordinance.

#### 4. Public-Private Partnerships- The Pay for Success Method

Taking into account the city of Los Angeles’ \$242 million budget deficit, there seems to be little hope for the rollout of any social or economic uplift initiatives outside of the vastly under-resourced Economic and Workforce Development Department. However, Councilman Curren Price still sees opportunity for progress in the 9<sup>th</sup> District, largely in the form of public-private partnerships (Price, 2014). One such method, known as the “Pay for Success” model (also known as Social Impact Bonds), was the subject of a legislative bill that Price co-authored as a state Senator in Sacramento in early 2014. The bill, SB 593, which failed passage, proposed that California create “Social Impact Partnership Program” by bringing the first pay for success pilot programs to the state.

The concept of pay for success is “to combine low risk private investment with successful nonprofit practice in order to ensure efficiency in government grant allocation (Partnering for Social Change, 2013).” The first Pay for Success program began in 2010 at Peterborough Prison in the United Kingdom, where the government sought private investors willing to fund efforts to

reduce recidivism in the jail by a certain amount (Partnering for Social Change, 2013). The private investors worked funneled their resources into a reputable nonprofit who was responsible for the initiative. An independent evaluator was also part of the process to measure the success of the nonprofit. If they succeed in reducing recidivism rates in the prison, then the government pays the investors their money back with interest. If the program fails, the investors are not paid back any money and the taxpayers take no loss for the unsuccessful program.



As the above diagram shows, the idea behind the pay for success model is to spread risk amongst all parties involved, with the exception being the target population. The intermediary and independent auditor both act as monitors during and after to process. The intermediary is responsible for transferring the investor's money to the service provider, and the independent auditor (as opposed to the investors themselves) is tasked with evaluating whether the program met its threshold. However, just because risk is spread around, does not mean it disappears; there are quite precarious incentives in the Pay for Success model. For example, in the London case study, service providers could easily "cream the top" focus on inmates who already have a low likelihood of returning to jail. If the organization focuses on these offenders, those who need

support the most would not receive it, as they would require too many resources to assist. When this happens, a program that looks good on paper and meets its mark could in reality have negligible effects on the target population (in this case at-risk prisoners). Investors would not likely care how exactly the program meets its goals, at long as the numbers match up. The program then might be considered a success by the independent evaluator, and the taxpayers would have funded a “successful” social initiative that did not actually work.

As this specific London case study is still underway, it will take more time to assess this model’s actual effectiveness (the previous story was a hypothetical situation). But even without clear results, places like New Jersey, New York, Massachusetts, Utah, and Fresno are already exploring how Pay for Success models can benefit their constituencies. Pay for Success is an innovative public-private partnership effort that, while not applicable to every social ill, may play a role in communities like the 9<sup>th</sup> District. This is particularly important at a time when state and local governments are facing budget shortfalls. Possible Pay for Success areas of interest to the 9th District include:

- Early Education
- Recidivism
- Health Services
- Homelessness
- Unemployment Initiatives



## 5. New CRA

The bill ABX1 26 thoroughly dissolved California's Community Redevelopment Agencies in 2011. All that remains of the Los Angeles CRA are a few remaining staff persons who oversees projects that are nearing completion. Some say that the redevelopment agency will be sorely missed in South Los Angeles, while others remain indifferent to its absence. Some believe that redevelopment agencies will never again operate in California, while others believe with certainty that they will return, albeit, not while Governor Jerry Brown is in office. Regardless of these opinions, there have been concerted efforts by some interest groups to restore at least certain functions of the agencies. Whether or not the CRA is reinstated, it is important that we begin to learn from their successes and their mistakes. The following points highlight a few recommendations that, if the CRA does in fact come back, the agency will be better equipped to operate in Los Angeles (and especially the 9<sup>th</sup> District) in a more equitable and efficient manner:

- I. The CRA should have a more focused definition what constitutes "blight. In the past, the redevelopment agencies have controversial projects that did not necessarily fall into the realm of being "blighted." Most notably is the case of the Desert Willow Gold Course in the affluent Palm Desert community. The Palm Desert CRA spent \$16.7 million to refurbish the 4 ½ star golf course that was voted one of the "Best Places to Play" by Golf Digest (SF Gate, 2011). An audit of the local agency concluded that "The fact that the agency continues to insist that a 4 1/2-star golf course constitutes 'blight' further illustrates our point that virtually any condition could be construed to be blight (SF Gate, 2011)." Redevelopment tax dollars would be better spent if there was a more

specific interpretation of blight, one that took into account the physical and also the socio-economic level of the surrounding community.

- II. The CRA should have requirements pertaining to more affordable housing. The requirement that 20% of CRA funds be mandated for affordable housing is too low for a metropolis such as Los Angeles. In fact, several previous mayors have maintained that Los Angeles has an “affordable housing shortage” (Frank, 1991)(Lamayor.org, 2013). The minimum requirement should dedicate no less than 50% of resources towards affordable housing.
- III. The CRA should focus its efforts less in Downtown Los Angeles and more in in areas where more people live. Redevelopment in downtown Los Angeles was very successful; large projects were successfully completed which helped to make downtown a destination area. This redevelopment area also captured or benefitted from the large amount tax increment resources. However this focus or emphasis on downtown treated poverty alleviation in South Los Angeles as an afterthought. Hence, benefits which inured to underserved communities were indirect at best. Focusing more on high density and high poverty areas would benefit the people with the greatest need of economic opportunity.
- IV. The tax increment created by the CRA should go to public improvements- When it operated, the CRA would use the tax increment gained by its redevelopment projects to help finance future projects. This was an efficient and financially sustainable practice,

but it often came at the cost of a more comprehensive development model (Ling, 2014). Tax increment funds should go to public improvement projects instead of buying land for private developers.

Public projects, such as streetscape improvements, street cleaning, wider sidewalks for activities, and street medians, can increase the façade of a residential or commercial area. In the past, the CRA would develop a project but do nothing to adjust for the rundown infrastructure around the site. A reallocation of tax increment funds can make public spaces more attractive, and private investments would soon follow.

- V. The CRA should increase community engagement in the development process- In general, while the CRA did make attempts to involve the local community in its projects, the process was “more form than function (Ling, 2014).” There would be meeting with the same few constituents organized by expensive professional community relations firms. Both the CRA and the community would benefit from resources instead going to existing grassroots organizations that are already familiar with the people in the community. In low income communities, where many people are working long hours and multiple jobs, this kind of concentrated grassroots engagement might, but it will ultimately allow the given project to be more fit to the community’s needs.

## Conclusion

In the three years since Governor Jerry Brown signed the bill to dissolve the state's redevelopment agencies, \$1.7 billion has been siphoned away from economic development efforts. The effectiveness of the performance of the Los Angeles Community Redevelopment Agency in South Angeles has been widely debated. To some stakeholders, the CRA was the only economically viable redevelopment vehicle in their communities; thus, these communities were so desperate and in need of help (though skeptical), that they embraced all that the CRA had to offer. Even critics of the CRA admit that while the agency generally prioritized downtown development over South Los Angeles, in general and the 9<sup>th</sup> Council District in particular, these depressed communities were better off utilizing the significant resources that the CRA brought to bear. The structure of the CRA might not have been a perfect fit for some communities, but when an area that has been neglected for decades and sees its first a real opportunity for economic uplift, it is difficult argument that those communities would have been better off with no investment at all.

The dissolution of the CRA brings about a new chapter for residents of the 9<sup>th</sup> Council District, as well as Councilmember Curren Price. City leaders must think of more innovative ways to encourage economic development with fewer resources. It will require the combination of creative niche solutions such as public-private partnerships, social innovation, and community asset leveraging that are going to make the difference in a post-CRA Los Angeles. This being the case, all is not lost with redevelopment in Council District 9. Hence, if the CRA is ever to be reinstated, it must absolutely be structured (written into law) in such a manner which prioritizes disadvantaged communities such as South Los Angeles over the downtown areas. Such an approach to economic development would truly be empowering.

### Acknowledgements

This project is dedicated to all of the hardworking people who devote their lives to bettering their own communities in the 9<sup>th</sup> District of Los Angeles. I truly hope that this research can be useful to community members, policymakers, and the plethora of nonprofit organizations in the South LA area. I would like to thank both Professor Matsuoka and Professor Shamasunder for remaining enthusiastic throughout the process of this long project. Whether you realize it or not, your energy and enthusiasm has encouraged me so much. Thank to you my father, Curtis, for providing incredible support in my research and interviews, and pushing me harder along every step of the way. Thank you to my mom, Raenette, for focusing me and forcing to take much needed breaks from my work. This project would not have been possible without the eager support of my many participants. Thank you for taking time out of your schedules to help me with my research. Much love to all.

## Sources

California Tax Data Incorporated. "What Is Proposition 13?" *Www.californiataxdata.com*. N.p., n.d. Web.

"CRA/LA." *CRA/LA*. N.p., 2012. Web. 28 Feb. 2014.

Frank, Clifford. "Bradley Retreats From Affordable Housing Plan : Planning: Miscalculations by the Mayor's Office Triggered a Backlash among Homeowner Groups." *Los Angeles Times*. Los Angeles Times, 10 Nov. 1991. Web. 10 Apr. 2014.

"How Ritzy Golf Course Gets Tax Money." *SF Gate*. N.p., 9 Mar. 2011. Web.

"Interview with Charisse Bremond, Director of Brotherhood Crusade." Interview by Gregory J. Earnest. N.p., 10 Jan. 2014.

"Interview with Christopher Temblador, Employee at Nuevo South." Interview by Gregory J. Earnest. N.p., 6 Jan. 2014.

"Interview with Curtis Earnest, Chief of Staff for Councilman Curren Price." Personal interview. 12 Feb. 2014.

"Interview with Jorge Nunio, Founder of Nuevo South." Interview by Gregory J. Earnest. N.p., 6 Jan. 2014.

"Interview with Joan Ling, former member of Board of Commissioners for CRALA." Interview by Gregory J. Earnest. N.p., March, 15 2014.

"Interview with Rob Katherman, Deputy Chief of Staff for Planning for Councilman Curren Price." Personal interview. 4 Jan. 2014.

"Interview with Alewshem Getachew, former Regional Director for CRALA." Personal interview. 12 Dec. 2014.

"Interview with Lisa Appleberry, Senior Program Officer of Local Initiatives Support Group (LISC)." Personal interview. 13 Jan. 2014.

"Interview with Mary Lee, Deputy Director for Policylink." Personal interview. 10 Jan. 2014

"Interview with Noreen McClendon, Executive Director of Concerned Citizens for South Central Los Angeles. Personal interview. 5 Jan, 2014

"Interview with Duke Dulgarian, President of Goodyear SLAIT Business Improvement District." Personal interview. 4 Jan. 20214

“Interview with Michael Neely, founder and former Executive Director of the Homeless Outreach Program.” Personal Interview. 22 Jan, 2014

"Interview with Raymond Chan, Los Angeles Dept of Building and Safety." Interview by Gregory J. Earnest. N.p., 7 Jan. 2014.

"Interview with Tom Safran, CEO of Safran and Associates." Interview by Gregory J. Earnest. N.p., 15 Feb. 2014.

"Interview with Vivian Bowers, Owner of ‘Bower’s Cleaners’." Interview by Gregory J. Earnest. N.p., 20 Jan. 2014.

"Lamayor.org." *Eric Garcetti- Los Angeles Mayor 2013*. N.p., 2013. Web. 10 Apr. 2014.

Nancy C. Curtis (1996). *Black Heritage Sites: An African American Odyssey and Finder's Guide*. ALA Editions

Abramsky, Sasha. *The American Way of Poverty*. New York, NY: Nation Books, 2013.

Chaves, John. *Eastside Landmark*. Los Angeles: Standford University Press, 1998.

Colman, Patty R. “John Ballard and the African American Community in Los Angeles, 1850–1905.” *Southern California Quarterly* 94, no. 2 (June 13, 2012): 193–229. doi:10.1525/scq.2012.94.2.193.

Comhlamh. “What Is Development? Volunteer Options,” 2008. <http://www.volunteeringoptions.org/VolunteeringDevelopment/WhatisDevelopment/tabid/78/Default.aspx>.

Doyle, Micheal. “High Court Takes up Affirmative Action Again | | The Bulletin,” 2013. <http://www.bendbulletin.com/article/20131012/NEWS0107/310120340/>.

Eckholm, Erik. “Poverty Rate Rose in 2008, Census Finds - NYTimes.com.” Accessed October 13, 2013. [http://www.nytimes.com/2009/09/11/us/11poverty.html?\\_r=0](http://www.nytimes.com/2009/09/11/us/11poverty.html?_r=0).

Edelman, Peter. *So Rich, So Poor: Why It’s so Hard to End Povety in America*. New York: The New Press, 2012.

Herr, Robert. “California Supreme Court Upholds CA Redevelopment Agencies Dissolution.” Accessed October 13, 2013. <http://www.pillsburylaw.com/publications/state-supreme-court-upholds-dissolution-of-california-redevelopment-agencies>.

Johnson, Kimberley. “Community Development Corporations, Participation, and Accountability: The Harlem Urban Development Corporation and the Bedford-Stuyvesant Restoration Corporation.” *Annals of the American Academy of Political and Social Science* 594 (July 1, 2004): 109–124..

Kerchner, Charles. *Learning From L.A. Institutional Change in American Public Education*. President and Fellows of Harvard College, 2008.

Kunjufu, Jawanza. *Black Economics: Solutions for Economic and Community Empowerment*. Chicago, IL: African American Images, 1991. Print.

Medina, Jennifer. "In South Los Angeles, a Changed Complexion Since the Riots." *The New York Times*, April 24, 2012, sec. U.S. <http://www.nytimes.com/2012/04/25/us/in-south-los-angeles-a-changed-complexion-since-the-riots.html>.

Maddaus, Gene. "Mickey Kantor Looking To Kick-Start Conversation on L.A.'s \$242 Million Budget Deficit | The Informer | Los Angeles | Los Angeles News and Events | LA Weekly." *LA Weekly*. N.p., 2014. Web. 10 Apr. 2014.

Mishak, Michael. "California Gov. Jerry Brown Defends Cutting Redevelopment Agencies - Los Angeles Times." Accessed October 13, 2013. <http://articles.latimes.com/2011/jan/27/local/la-me-jerry-brown-20110127>.

New York Times. "The Democrats' First 2008 Presidential Debate - New York Times." Accessed October 13, 2013. [http://www.nytimes.com/2007/04/27/us/politics/27debate\\_transcript.html?pagewanted=all](http://www.nytimes.com/2007/04/27/us/politics/27debate_transcript.html?pagewanted=all).

Renn, Aaron » Blog Archive » Is Urbanism the New Trickle-Down Economics?," February 3, 2013. <http://www.urbanophile.com/2013/02/03/is-urbanism-the-new-trickle-down-economics/>.

Ruttan, V. W., and L. T. Wallace. "The Effectiveness of Location Incentives on Local Economic Development." *Journal of Farm Economics* 44, no. 4 (November 1, 1962): 968–978. doi:10.2307/1235520.

Smith, Dakota. "Spectac Glass and Cement Modern in Claremont Asking \$1.5MM." *Curbed LA*. N.p., 10 Jan. 2011. Web. 10 Apr. 2014.