

Supervisor Mark Ridley-Thomas

Remarks from the Los Angeles Business Council's 2015 Mayoral Housing, Transportation and Jobs Summit

October 23, 2015

Thank you to the Los Angeles Business Council for hosting this annual discussion.

I would like to spend a bit of time today talking about the about evolving role of public agencies in addressing the economic development and housing crises, an issue we are struggling with throughout the region.

The recession has not ended in the Second District, or in many parts of the County. Nationwide and countywide unemployment rates have improved to 5% and 6.2% respectively. This is significantly better than the 10.2% and 12.6% recorded as a result of the Great Recession.

However, in much of South Los Angeles, that is not what we are seeing. In Willowbrook, unemployment is 10%, in Compton it's 9.6% and in Inglewood, its 8.1%. Similar rates can also be found in other areas, leading one to wonder whether the slump is indeed a distant memory, particularly for communities of color.

LA County's role is to provide safety net services, while also ensuring that our diverse communities remain safe and vibrant. However, our ability to do so is intrinsically tied to the health and vitality of our economy. I assert that the Board of Supervisors has a significant role to play in catalyzing job growth.

We have been working on this for some time. Over the past year, we asked a group of thoughtful thinkers on this topic to vet what a targeted investment should look like. They developed a roadmap for the Board's consideration. This past Tuesday, the Board took it to the next level by unanimously approved a motion I co-authored with Supervisor Solis to establish an Economic Development Trust Fund (Trust Fund).

The Trust Fund will provide loans to small and medium-sized manufacturers and technical support to the Bioscience industry- one of the few sectors that expanded during the Great Recession- and other emerging industries like aerospace, health services and trade. It will also dedicate resources to renovating old storefronts to revitalize local commercial corridors and develop a catalytic loan fund to provide patient funds to support predevelopment and acquisition costs for transit-oriented and mixed-use developments within underserved areas.

This approach builds on a variety of other significant policies we have already put in place such as our commitment to hire local and provide living wage jobs and our

commitment to work with our workforce investment boards and community colleges to train our workforce for the jobs of the future.

My objective is that within 5 years, \$15 million is invested annually in a variety of catalytic initiatives through the Economic Development Trust Fund, but we should only do so if we can demonstrate the Fund's efficacy and utility. We must be results driven and aggressively monitor and assess job growth and tax revenue generation.

Furthermore, an economic development strategy can't be the sole focus of our policy agenda. We are also experiencing a housing crisis of significant proportions. LA County is short over 500,000 affordable units and approximately 1.2 million seniors across California live in poverty.

Our existing housing rental stock is unaffordable. Without affordable housing, more people are vulnerable to becoming homeless. This is readily apparent as 44,000 homeless individuals were identified across the County at last count.

The County – and all of our cities – can't sit idle. Sustained and substantial investment have to be made in a diverse range of housing options including short term rental assistance and emergency shelters to get people off the street, permanent supportive housing for those with special needs, and workforce and shared housing as examples of innovative models.

The \$250 Million that used to be generated annually through Redevelopment Agencies is a distant pipe dream. Government – at all levels - must step up and the Board of Supervisors has already started to act!

Two weeks ago, we allocated \$15 million for immediate rapid rehousing and other homeless prevention interventions. I've joined Supervisor Kuehl on a motion that will be considered next Tuesday. Our objective is to allocate \$20 million next year to develop an Affordable Housing Trust Fund and build up to an annual commitment of \$100 million in 5 years. We need a meaningful and sustained source of funds for the gamut of housing types needed to stabilize our communities.

As the current Chair of Metro, I am also pleased to offer that Metro has become an unexpected bedfellow in the housing and economic development agenda. To some extent, I consider Metro the new CRA. Metro is managing the largest public works investment in the region and perhaps the nation.

We are opening two new lines next year, and we are in construction on three others. These lines will have profound impacts on not only easing congestion but catalyzing economic development.

I am appreciative of the work of many of my fellow Metro Board of Directors - particularly Mayor Garcetti, Supervisor Kuehl, Supervisor Solis, Councilman Bonin and Director Dupont-Walker. They have partnered with me on a range of policy initiatives to support local economies impacted by construction activities and incentivize the development of diverse and vibrant transit-oriented communities.

Last year, we set up a Business Interruption Fund to provide grants to small businesses impacted by construction activities. To date, over \$1 million has already been spent – predominantly on Crenshaw Blvd since it is farthest along in construction- and the Board has committed up to \$10 million annually for this.

We've also asked Metro to facilitate marketing and technical assistance to impacted businesses through the development of a Business Solution Center. There have also been unprecedented levels of targeted hiring and small and disadvantaged business participation on projects. The Southwest Yard project along the Crenshaw Line will be the first project to use federal funds to require a local hiring program.

Metro is also poised to play a significant role in developing transit-oriented communities. This summer, the Board adopted a policy that will require that 35% of housing units on Metro property be affordable. We have also committed to subsidizing land costs to make this happen.

In terms of catalyzing new development, in September we successfully urged the Metro Board to partner with the California Community Foundation and the Low Income Investment Fund to establish a Revolving Loan Fund. The fund will support the creation of transit-oriented Affordable Housing with funding for predevelopment and acquisition. The Board has set aside almost \$10M for this purpose. We are also setting up a Loan Fund that targets local businesses and provides loans for tenant improvements in locations where we have seen chronic vacancies in our transit-adjacent retail spaces.

As you can see, we are developing a new paradigm for how Metro does its business.

The bottom line is that we must think differently about the role of public agencies to spur catalytic change in our communities. Jobs and affordable housing don't create themselves. They need to be stimulated with the right mix of incentives and policies and every agency has a role to play.

Thank you for the opportunity to discuss this with all of you today.

***UPDATE: The Economic Development Trust Fund was unanimously approved Tuesday October 27**