

A Model Community Impact Report

A Case Study of the Proposed Adams La Brea Commercial Development

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The authors take full responsibility for the report and any errors it contains.

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Preface

While a comprehensive review process for the environmental impacts of development projects exists, there is no comparable process for evaluating a project's community impacts. Consequently, decision makers often decide the fate of a project without a full review of its impacts on people's lives. Developers often must deal with community concerns in an ad-hoc way. Likewise, community members lack the information to provide input into the development process when it is early enough to make a difference.

This document represents an attempt to provide a comprehensive review of the community impacts of the Adams La Brea project, a commercial development in the Mid-City area of Los Angeles. The review was undertaken at a time when the project was to include a Super Kmart, a Federal Express office/distribution center, and a McDonald's. Since then, Kmart filed for bankruptcy, forcing the developer to seek other tenants. Nevertheless, we completed our analysis of this project as it was originally configured, hoping it could serve as a model Community Impact Report. This document attempts to provide a balanced picture of both the potential positive and negative impacts of the Adams La Brea project on community members.

The Community Impact Report examines the following areas:

Conformance with Community Plan: The project's conformance to the residential and commercial components of the neighborhood's Community Plan, which details the land use policies for the area.

Fiscal Assessment: The fiscal costs and benefits of the project to the City of Los Angeles, the Community Redevelopment Agency, and other impacted jurisdictions.

Employment Assessment: The jobs created by the proposed development, the quality of those jobs, and the accessibility of the jobs to people in the area.

Affordable Housing Assessment: The impact the project will have on the availability of affordable housing in the community and the region.

Neighborhood Services Assessment: The degree to which the development meets community needs for neighborhood services.

Environmental Assessment: Two key parts of the Environmental Impact Report would be summarized: the cumulative impacts of the project and the mitigations proposed for the project.

The analysis of each issue area is situated in the context of an analysis of regional and community conditions (i.e. the need for affordable housing in the region, the quality of jobs in the region).

Since the project is yet to be built, a number of assumptions needed to be made in order to assess its impacts. These assumptions are detailed and documented throughout the report and in Appendix A.

Executive Summary

Project and Neighborhood Overview

Project Snapshot		
Project Description	<ul style="list-style-type: none"> An 11.6 acre commercial development that is expected to include a Super Kmart, a Federal Express Distribution Center, and a McDonald's. The project is expected to employ 675 people. The project is expected to receive \$6.875 million in public financing, and the City has granted the developer, Ronald A. Simms, a special exemption to build four billboards along the freeway to help pay for the project. Project would displace 23 commercial properties, and 74 housing units. 	
Location	<ul style="list-style-type: none"> The project is located in the Mid-City Recovery Redevelopment Project Area at the northwest corner of Adams Blvd. and La Brea Avenue in Council District 10. 	
Neighborhood Snapshot		
	One-Mile Radius Around Project	Los Angeles County
Avg Family Income (1990)	\$30,843	\$52,041
% in Poverty (1989)	21%	15%
Ethnic Breakdown (2000)		
Hispanic	49%	45%
White	20%	49%
Black	44%	10%
Asian/Pacific Islander	2%	12%
Homeownership (2000)	33%	48%
Unemployment (1990)	8%	5%

Evaluation of Community Impact

Need/Condition	Project Impact
Community Plan Conformance	
Project should conform to the West Adams-Baldwin Hills-Leimert Community Plan.	<ul style="list-style-type: none"> <i>Conformance:</i> The project will eliminate blighted storefronts and a problem alleyway, increase commercial employment in the neighborhood, increase the amount and safety of parking in the area, and increase commercial activity in the neighborhood <i>Nonconformance:</i> The project will eliminate single-family housing and low-density development and displace neighborhood businesses. The project also lacks a distinctive character, will bring four billboards to the neighborhood, and will locate a distribution center across the street from a school.

Executive Summary

Need/Condition	Project Impact
Fiscal Assessment	
Projects that result in a net loss of public dollars should have a compelling public benefit.	<ul style="list-style-type: none"> Over the 29 years it would require to build the project and repay the loans, the City and CRA would experience a modest loss of \$841,698 (in constant 2002 dollars), or \$29,000 per year on average
City seeks to increase General Fund revenue.	<ul style="list-style-type: none"> The project would have a modest positive impact on the City’s General Fund over the 29 years it would take to build the project and repay the loans, netting the City \$892,074 (2002\$) in City taxes, or \$31,000 per year annually. City financing of the project would have an insignificant impact on the City’s overall General Fund obligation.
Federal anti-poverty funds can be used to fund other economic development projects or housing and social services.	<ul style="list-style-type: none"> Federal anti-poverty funds would be responsible for financing \$6.875 million of the \$60 million project (in nominal dollars). The project will cost the City \$1.5 million (2002\$) over 29 years, or about \$51,000 per year in unrecoverable federal funds.
Tax increment is needed to fund CRA activities.	<ul style="list-style-type: none"> The \$4.1 million in CRA property tax increment the project would generate (in 2002\$) over 29 years would be cancelled out by the \$4.4 million the CRA would contribute to developing the replacement housing.
Retail development can affect the fiscal situation of neighboring jurisdictions.	<ul style="list-style-type: none"> No impact. Since the project’s market area is entirely within the boundaries of the City of Los Angeles, neighboring jurisdictions are unlikely to suffer a loss of sales or business tax due to the Adams La Brea project.
Redevelopment is funded with property tax increment that may reduce the share of other jurisdictions.	<ul style="list-style-type: none"> Neighboring jurisdictions like the County and the Community College District could lose as much as \$5 million in property tax increment (in 2002 dollars) over 29 years, depending on assumptions about whether development in the city would have occurred anyway.
Need/Condition	Project Impact
Employment Assessment	
Unemployment rate in Los Angeles is higher than in the State and nation.	<ul style="list-style-type: none"> The project will provide 633 temporary construction jobs and 675 permanent jobs. After accounting for jobs displaced through competition, relocation of businesses at the project site, and jobs moved from other locations in the county, net permanent job creation is 180.

Executive Summary

Need/Condition	Project Impact
Employment Assessment (cont-d)	
<p>Los Angeles residents seek quality jobs in a region with more low-wage workers than the State or nation.</p>	<ul style="list-style-type: none"> • The average wage at the project is estimated at \$10.50 per hour, more than the Los Angeles Living Wage but less than what is required to be economically self-sufficient in Los Angeles. • 64 percent of jobs at the development are with retail and restaurant employers that pay an average wage that is below the Los Angeles Living Wage of \$9.52 per hour. • Federal Express, the employer that accounts for 35 percent of the jobs, pays an estimated average wage that is above the Los Angeles Living Wage and above the \$12.37 per hour required to be economically self-sufficient. • 57 percent of the permanent jobs at the project are projected to be part time. Part time workers are ineligible for health insurance. • The project would lead to the loss of 45 unionized grocery jobs and \$1.2 million in employee compensation annually.
<p>Los Angeles residents seek jobs with career ladders.</p>	<ul style="list-style-type: none"> • The temporary construction and Federal Express jobs appear to provide opportunities for advancement for a substantial number of workers. • Super Kmart and McDonald's offer little opportunity for advancement into better occupations.
<p>Neighborhood has higher than average unemployment levels and lower than average educational attainment levels.</p>	<ul style="list-style-type: none"> • An estimated 43 percent of the permanent jobs will be entry-level, requiring little or no training or experience. • Some construction jobs (20 percent) require little or no preparation, while 68 percent require medium to considerable preparation.
Need/Condition	Project Impact
Affordable Housing Assessment	
<p>Affordable housing is in extremely short supply, and very little housing is being produced to meet population growth.</p>	<ul style="list-style-type: none"> • The project would not create any new affordable units. • The project would destroy 74 affordable housing units. The agency is required to replace the units at 100 percent affordability levels within four years of their destruction. • The project would generate \$1.2 million in property tax increment dedicated to housing over 25 years, or an average of \$50,000 per year. The property tax increment would cover about one-tenth of the total cost of the replacement housing, estimated at \$13.3 million.

Executive Summary

Need/Condition	Project Impact
Affordable Housing Assessment (cont-d)	
<p>Low income people have difficulty finding decent affordable housing in this market.</p>	<ul style="list-style-type: none"> • 72 households will be displaced to make way for the project, and 87 percent of them are low income. • The Relocation Plan determined that there are enough vacant units in a five-mile radius around the project to house the displaced residents. But those seeking larger units may face a tighter housing market. • The median rent at the project site is \$518 compared to \$679 for the City as a whole. Many displaced tenants will require rent subsidies in the short term. Eligible residents will be given first priority to locate in CRA-funded housing. • Those looking for rental housing in the market may have difficulty finding affordable housing once the subsidies run out, particularly if they require larger units. • The average home price in the 90016 zip code is \$178,000 compared to \$279,000 in the five mile radius around the project. Displaced homeowners can receive financial assistance in purchasing a more expensive home above and beyond the sale price of their home.
Need/Condition	Project Impact
Neighborhood Services Assessment	
<p>Area underserved by retail.</p>	<ul style="list-style-type: none"> • Residents are currently traveling outside the area to spend \$18 million on retail goods. Project could locate this spending with the area.
<p>A moderate number of retailers and an adequate number of restaurants are currently serving the area.</p>	<ul style="list-style-type: none"> • The project could displace as much as \$39 million in sales from existing businesses.
<p>Businesses are located on the project site.</p>	<ul style="list-style-type: none"> • Twenty-one businesses and one non-profit would be displaced to make way for the project. Most are minority-owned. Some businesses could close down.
<p>Low-income residents seek affordable and quality retail goods.</p>	<ul style="list-style-type: none"> • Super Kmart would likely sell goods at prices that are lower than the company’s retail competitors.
<p>Overabundance of liquor licenses.</p>	<ul style="list-style-type: none"> • A Super Kmart selling liquor would mean area exceeds the state limit on the number of off-site liquor permits.
<p>Neighborhood has inadequate park space.</p>	<ul style="list-style-type: none"> • No impact.
<p>Neighborhood is under-served by community health clinics</p>	<ul style="list-style-type: none"> • No impact.

Executive Summary

Need/Condition	Project Impact
Neighborhood Services Assessment (cont-d)	
The school district is overcrowded and in need of new facilities.	<ul style="list-style-type: none">• Impact not determined.
Neighborhood has a high crime rate.	<ul style="list-style-type: none">• Impact not determined.
Neighborhood underserved by child care.	<ul style="list-style-type: none">• Impact not determined.
Neighborhood underserved by social services.	<ul style="list-style-type: none">• No impact.
Neighborhood seriously underserved by banks.	<ul style="list-style-type: none">• No impact.

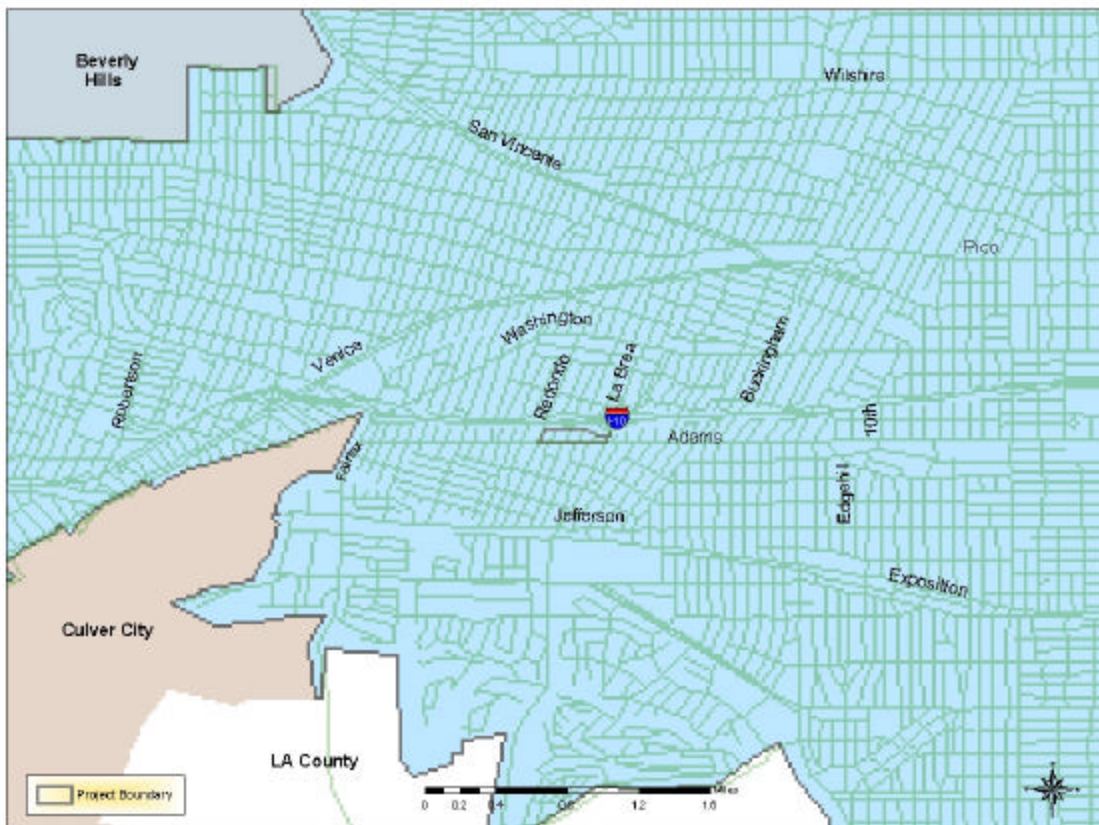
1. Project and Neighborhood Overview

This section provides a description of the project and a profile of the area in a one-mile radius around the project.

1.1 PROJECT DESCRIPTION

The proposed Adams La Brea project is an 11.6 acre mixed use commercial project that is expected to include 274,000 square feet of commercial buildings. The commercial tenants will be a Federal Express office/distribution center, a McDonald's and a Super Kmart, which includes a grocery. The development is located immediately south of the Interstate 10 freeway, and resides in a redevelopment area that is located in the tenth Council District (See Figure 1). The project is part of the Mid-City Redevelopment Project Area adopted in 1996, and is located west of downtown.

Figure 1: Location of the Adams La Brea Project



Project and Neighborhood Overview

The development is expected to employ about 675 people. The Los Angeles-based developer, Ronald A. Simms, is negotiating with the City of Los Angeles, over \$6.875 million in public financing to help assist in the development of his \$60 million project. In addition, the developer received a special exemption to construct a total of four billboards that would face the I-10 freeway in order to help finance the project. An estimated 74 residential units and 23 commercial and industrial units will be displaced to make way for the development.

Land use in the one-mile radius surrounding the project is dominated by single and multi-family residences, with relatively little commercial or industrial use (See Figure 2). Commercial strip development is located primarily along the major arterials, including West Adams, Washington, and Venice Boulevards. Industrial use, comprised primarily of manufacturing and assembly sites, is located along portions of Washington and Jefferson Boulevards. The area contains several schools, but has very little park space.

Project and Neighborhood Overview

Figure 2: Land Use within a One -Mile Radius of the Project

1.2 THE ADAMS LA BREA NEIGHBORHOOD

The following is a demographic profile of the neighborhood within a one-mile radius of the Adams La Brea project. The profile was conducted using 1990 and 2000 U.S. Census data. The analysis is not comprehensive due to the unavailability of many 2000 census data variables. As compared to the County, the study area:

- experienced minimal population growth from 1990 to 2000, and grew at a slower rate.
- experienced a decline in the number of households. The number of County households grew.
- experienced a greater increase in the number of Latinos and whites and a much greater decline in the number of blacks.
- experienced a smaller increase in the number of children and a decline in the number of senior citizens. The number of senior citizens in the County grew.
- had a higher poverty rate, a higher unemployment rate, significantly lower family income, and lower levels of educational attainment in 1990.
- had a more transit dependent population in 1990.
- has a similar number of persons per household.
- has a lower homeownership rate, an older housing stock, and had more families devoting a large portion of income to rent in 1990.

Population and Households				
	One-Mile Radius Around Project		Los Angeles County	
Population 2000	45,324		9,519,338	
Population change (1990 to 2000)	4%		7%	
Households 2000	15,206		3,133,774	
Household change (1990 to 2000)	-2%		5%	
Race and Ethnicity				
Ethnic Breakdown	2000	% Change 1990-2000	2000	% Change 1990-2000
Hispanic	49%	58%	45%	28%
White	20%	102%	49%	-8%
Black	44%	-26%	10%	-6%
Asian/Pacific Islander	2%	-33%	12%	22%
Age				
Age Breakdown	2000	% Change 1990-2000	2000	% Change 1990-2000
Children	31%	13%	28%	15%
Senior Citizens	9%	-15%	10%	8%

Project and Neighborhood Overview

Educational Attainment		
No High School Diploma (1990)	38%	30%
College Degree (1990)	11%	22%
Socioeconomic Characteristics		
Average Family Income (1990)	\$30,843	\$52,041
Unemployment Rate (1990)	8%	5%
% in Poverty (1989)	21%	15%
Transit Dependent	14%	7%
Housing Characteristics		
Persons per Household (2000)	2.98	3.04
Homeownership Rate (2000)	33%	48%
Portion of Income going towards rent (1990)	23%	17%
Average Housing Value (2002)*	\$178,000	\$267,000
% Housing built before 1960	75%	50%

*Average housing value comes from zip code 90016.

2. Community Plan Conformance

This section examines whether the project conforms to the residential and commercial elements of the West Adams-Baldwin Hills-Leimert Community Plan. California law requires that each city adopt a General Plan for its development. In the City of Los Angeles, the General Plan’s Land Use Element is comprised of thirty-five Community Plans, including the one discussed here. The Community Plan states the goals, objectives, policies and programs for land use in the area.

Areas of Conformance	Areas of Non-Conformance
Residential	
	<ul style="list-style-type: none"> The project encroaches on and eliminates existing single-family and low-density development (Policy 1-1.2).
Commercial	
<ul style="list-style-type: none"> By removing blighted storefronts and a problem alleyway, the project would contribute to the physical and aesthetic upgrading of the neighborhood (Objective 1-6). The project would increase the safety and availability of parking (Policy 1-6.3). The project is not located in a Pedestrian Oriented Area, where mixed use is especially encouraged (Policies 1-2.2 and 1-2.3). By increasing commercial activity and raising property values, the project will contribute to the economic vitality of the neighborhood (Policy 1-4.2). The project will increase the employment base for community residents (Objective 1-7). 	<ul style="list-style-type: none"> The project will displace existing businesses, and consequently does not help ensure the viability of neighborhood stores (Policy 1-1.4). The project will adhere to a standard format for Supercenters, and will not have a high level of distinctive character, as called for in the Plan (Policy 1-1.5). The Plan calls for new developments to be compatible with existing uses. A Federal Express distribution center may be incompatible with the elementary school located across the street from the project (Policy 1-1.5). The project will be financed in part with four billboards that will be visible from the freeway. These could have a negative impact on the appearance of the commercial district (Objective 1-6).

2.1 SUMMARY OF COMMUNITY PLAN CONFORMANCE

Areas of Conformance. The project will eliminate blighted storefronts and a problem alleyway, increase commercial employment in the neighborhood, increase the amount and safety of parking in the area, and increase commercial activity in the neighborhood.

Community Plan Conformance

Areas of Non-Conformance. The project will eliminate single-family housing and low-density development and displace neighborhood businesses. The project also lacks a distinctive character, will bring four billboards to the neighborhood, and locate a distribution center across the street from a school.

3. Fiscal Assessment

The Fiscal Assessment estimates the potential financial costs and benefits of the Adams La Brea project to the City and the Community Redevelopment Agency. In addition, the Fiscal Assessment examines the project's potential impact on other jurisdictions.

3.1 CRA AND CITY FISCAL CONDITION

City Fiscal Condition

The Adams La Brea project will be supported with two types of City funds. The loans and grants detailed below will be made with federal anti-poverty funds. These funds can be used for housing, economic development and social services. The City will also dedicate General Funds to the repayment of loans. General Fund revenue can be used for any City purpose, ranging from street cleaning to police and fire. The City sets a ceiling on non-voter approved General Fund debt as a proportion of General Fund revenue of 6 percent. In fiscal year 2001-2002, non-voter approved debt reached 5.34% of General Fund receipts.¹ The Adams La Brea project is expected to have a minimal impact on the City's General Fund obligation, adding less than one-tenth of one percent to the City's non-voter approved debt to General Fund ratio.²

CRA Fiscal Condition

The Community Redevelopment Agency will also contribute to the repayment of the Section 108 loan with property tax increment, and will be responsible for the administrative and legal costs associated with the project. Property tax increment refers to the increase in property tax that occurs once a project area is established. The Adams La Brea development is located within the Mid-City Recovery Redevelopment Project Area of the City of Los Angeles CRA. The Mid-City project area was adopted in 1996 and expires in 2026, but will continue to accrue tax increment funding through 2041. The project area has accumulated just over \$1.4 million in tax increment funding (in nominal dollars) as of 2001, slightly above the average of \$1.1 million for CRA projects adopted between 1994 and 1996 (also in nominal dollars). The project area's value has been increasing at an average rate of 6.8 percent per year.³ In addition, as of 2001, the Mid-City area had contributed an estimated \$290,000 to the City's Housing Fund since its inception.⁴

¹ Sally Rocio, City of Los Angeles Controller's Office, e-mail correspondence, 16 July 2002.

² Note: for every 0.1%, debt capacity is approximately \$30 million (at 5.5% over 15 years). There will be minimal impact to the City's debt capacity even assuming the City guarantees all the loans.

³ Katz Hollis, Report of the Fiscal Consultant, (Los Angeles, CA: Prepared for Community Redevelopment Agency of the City of Los Angeles regarding the LACRA Pooled 2002 Tax Allocation Bonds, May 2002) Appendix A.

⁴ This assumes a contribution of 20% of TIF revenue towards the housing fund.

3.2 PROJECT IMPACT

3.2.1 Public Financing for the Project

The Adams La Brea project will require \$60 million in public and private financing. If funding approvals go forward, the City of Los Angeles is expected to contribute \$6.875 million in grants and loans to the project. The terms of the loans are detailed in Table 1.

Table 1: Projected Public Financing for the Adams La Brea Project

Loan Source	Amount	Terms	Payback Source	Est. Annual loan payments
Section 108 Loan	\$3,000,000	7-8.5% for 13 years	Tax Increment Financing & City site specific revenue (sales tax, business tax, and utility tax)	\$110,000 CRA property tax increment \$233,000 from city revenue
Block Grant Investment Fund	\$2,700,000	5% for 25 years	Developer	\$182,500
Urban Development Action Grant	\$1,175,000	Grant	Not Applicable	Not applicable
TOTAL	\$6,875,000			

Source: Office of Administrative and Research Services, October 2, 2000⁵ and Mayor’s Office, April 2001.⁶

Billboard Ban Exemption. The developer received a hardship exemption to the City’s Interim Control Ordinance, which placed a temporary ban on the construction of new billboards. The developer proposed to build a total of four billboards that would face the I-10 freeway and generate a one time payment of \$2 to \$4 million from a billboard company.⁷ Since gaining the hardship exemption, the City adopted an ordinance banning billboards in May 2002. Assuming the developer secured permits prior to the passage of the ordinance and gets the requisite permission from the state, the project would still benefit from this revenue.

⁵ William T. Fujioka, Request for Block Grant Investment Funds (BGIF), U.S. Department of Housing & Urban Development (HUD) Section 108 Loan Guarantee Funds (S-108), and Mayor’s Office Urban Development Action Grant Funds, (Los Angeles, CA: Office of Administrative and Research Services to Los Angeles City Council, 2 Oct. 2000) Attachment 3.

⁶ Mayor Richard Riordan to the Los Angeles City Council, Detailed Project Information for Six Genesis LA Projects, (Los Angeles, CA, 6 Apr. 2000).

⁷ The estimate comes from a billboard company familiar with the Simms proposal

3.2.2 Projected Public Return

Net Present Value. Over the 29 years it would require to build the project and repay the loans, the City and CRA would experience a loss of \$841,698 (all figures in constant 2002 dollars), or \$29,000 per year on average. The City would experience a modest increase in General Fund revenues of \$892,074 over this period. Most of the cost to the City would come from federal anti-poverty dollars, the source of the City’s loan to the developer. The project will cost the City \$1.5 million (2002\$) over 29 years, or about \$51,000 per year in unrecoverable federal funds. The Community Redevelopment Agency would experience a net loss off of \$259,849 because the property tax increment gains from the project are cancelled out by the cost of replacement housing (See Table 2). The analysis overstates the benefit to the CRA and the City since it does not include staff costs, nor the legal costs associated with relocating the occupants of the residential property. See the discussion below and Appendix A for the assumptions behind this analysis

Table 2: Net Return to the City and the CRA from the Adams La Brea Project, 2003-2031 (2002\$)

Expenditures/Revenues	<i>City Restricted Revenues</i>	<i>City General Fund</i>	<i>CRA</i>	<i>Total</i>
Loans/Grants to the Developer	\$ (6,240,777)	\$ -	\$ -	\$ (6,240,777)
Loan Repayments	\$ 4,766,854	\$ -	\$ -	\$ 4,766,854
Replacement Housing Costs	\$ -	\$ -	\$(4,400,000)	\$ (4,400,000)
Net Tax Revenue	\$ -	\$ 892,074	\$ 4,140,151	\$ 5,032,225
Net Return* (City and CRA)	\$ (1,473,923)	\$ 892,074	\$ (259,849)	\$ (841,698)

*The tax revenue excludes those portions dedicated to loan repayment.

Impact of Replacement Housing Costs. Replacement housing costs are estimated at \$13.3 million, and it is assumed that the CRA is responsible for at least 33 percent of those costs, or \$4.4 million (See Table 3).⁸ (See the Housing Assessment for a more complete discussion of replacement housing costs.) The CRA share of replacement housing costs (\$4.4 million) is comparable to net tax increment the CRA would receive during the 25 years it would take to repay the loans for the project. The CRA must build the replacement housing within four years of the time the housing is destroyed. During this four-year period, the CRA would receive \$934,616 in property tax increment, less than a quarter of what would be required to rebuild the housing. (See Table 3).

⁸Jan Breidenbach, Southern California Association of Non-Profit Housing Developers, telephone communication, 2 Aug. 2002. The estimate of the CRA share of replacement housing costs is a ballpark figure. The CRA refused to provide a figure.

Table 3: Projected Impact of Replacement Housing Costs on CRA Tax Increment Receipts (2002\$)

Time Period	CRA TIF	CRA Share of Replacement Housing Costs	CRA TIF Minus Replacement Housing Costs
2007-2031*	\$4,140,151	(\$4,389,000)	(\$248,849)
2007-2011**	\$934,616	(\$4,389,000)	(\$3,454,384)

*From completion of the project until the date when the loans must be repaid.

**The four year time period during which replacement housing must be built.

Projected Tax Revenue from the Project. In order to calculate the return from the project, we examined the projected tax revenue generated by the project. A consultant to the developer estimated that the project will generate an annual increase in City tax revenue of between \$714,000 and \$799,000 at stabilized occupancy (after discounting the taxes dedicated to loan repayment).⁹ In addition, the project will contribute an estimated \$430,374 per year in property tax increment to the CRA (See Table 4).

Table 4: Projected Change in Annual Tax Revenue from the Adams La Brea Project

Item	Existing Uses	Proposed Development		Change	
		Low Range	High Range	Low Range	High Range
Estimated City General Fund Share of Property Taxes	\$17,000	\$140,000	\$140,000	\$123,000	\$123,000
Estimated Sale Tax Revenue	\$2,000	\$371,000	\$441,000	\$369,000	\$439,000
Estimated Utility User Tax Revenues	\$31,000	\$126,000	\$126,000	\$95,000	\$95,000
Estimated Business License Tax Revenue	\$31,000	\$77,000	\$92,000	\$46,000	\$61,000
Total (w/o CRA Tax Increment)	\$81,000	\$714,000	\$799,000	\$633,000	\$718,000
Estimated CRA Property Tax Increment	NA	\$430,374	\$430,374	\$430,374	\$430,374
Total (w/CRA Tax Increment)	\$81,000	\$1,144,374	\$1,229,374	\$1,063,374	\$1,148,374

Source: PCR Kotin, April 19, 2001. The spreadsheet used to calculate the property tax increment was supplied by the Community Redevelopment Agency.

We used these estimates to calculate the net tax return from the project from 2007 through 2031, the date when all the loans must be repaid. We assumed that as a neighborhood-serving project with a market area that is entirely within the City's boundaries, the Adams La Brea project will not produce any new taxable sales for the City.¹⁰ Since sales and business taxes are being used to repay the loans, the project will consequently have a negative impact on those City revenue sources. On the other hand,

⁹ Jeffrey Newton and Michael Wright to Ronald A. Simms, Fiscal Benefit to City of Los Angeles from Proposed Adams/La Brea Project, (Los Angeles, CA: PCR Kotin, 19 Apr. 2001).

¹⁰ Retail projects expected to attract tourists from outside the city or those located near the boundary of Los Angeles and a neighboring city would likely have a more positive fiscal impact for Los Angeles.

the project would have a positive impact on City utility tax, even when the loan payments are subtracted. The project would also have a positive impact on the City’s share of property taxes by raising property values. City property taxes are not dedicated to loan repayment. Likewise, the project would have a positive impact on CRA property tax increment (before accounting for the cost of the replacement housing). See Table 5.

Table 5: Total Projected Net Tax Revenue Generated by the Adams La Brea Project, 2007-2031 (2002\$)

	<i>Tax Increment</i>			<i>Net Tax</i>
	<i>Total Tax Increment</i>	<i>Captured from Existing Businesses</i>	<i>Tax Dedicated to Loan Repayment</i>	
CRA Property Tax Increment	\$4,990,244	0	(850,093)	\$4,140,151
City Property Tax Increment	\$1,513,031	0	0	\$1,513,031
Sales Tax Increment	\$7,360,871	(\$7,360,871)	(\$600,217)	(\$600,217)
Utility Tax Increment	\$1,179,693	0	(\$600,217)	\$579,476
Business Tax Increment	\$974,769	(\$974,769)	(\$600,217)	(\$600,217)
Total City Taxes	\$11,028,364	(\$8,335,640)	(\$2,650,744)	\$892,074
Total Taxes (CRA and City)	\$16,018,608	(\$8,335,640)	(\$3,500,836)	\$5,032,225

Source: Tax increment estimates conducted with CRA spreadsheet. Annual revenue was discounted at a rate of 5 percent annually.

3.2.3 Potential Fiscal Impact on Other Jurisdictions

Sales and Business Tax. Because the Super Kmart market area would be within the City’s boundaries, the project would not have a negative fiscal impact on surrounding jurisdictions in terms of lost sales or business tax.

Property Tax Increment. The project could cause the County, the Los Angeles Community College District, and other property tax-receiving jurisdictions to lose as much as \$5 million over 25 years, depending on assumptions about whether the property tax increases at the project site would have occurred in the City in the absence of a CRA project. Redevelopment is financed by capturing property tax increases in a given project area that would otherwise go to various government jurisdictions, like the County and the schools. Theoretically, redevelopment is self-financing because these property tax increases would not have been realized without public investment in an area. However, if one assumes that the investment would have happened within the region anyway, then the increases in property tax as a result of the project could amount to a loss for property tax-receiving jurisdictions.¹¹ Table 6 shows where property tax increment generated by the project would ordinarily go if property taxes increased. The State is required by law to compensate the schools for property tax increment that is lost through development, so the loss to the school district amounts to a loss for the State.

¹¹ A recent study found that, on average, the activity of California redevelopment agencies only account for 51 percent of the tax increment they receive. See Michael Dardia, Redevelopment and the Property Tax Revenue Debate, (San Francisco, CA: Public Policy Institute of California, 1998) 65.

Table 6: Potential Diversion of Tax Increment From Other Jurisdictions to the CRA, 2007-2031 (2002\$)

Jurisdiction	Percent of Property Tax Received	Amount of Property Tax Received
LA County	42.8%	\$2,134,529
LA City	32.7%	\$1,631,415
LA Community College District	2.6%	\$128,687
LA Unified School District	19.0%	\$947,452
All Others	3.0%	\$148,161
<i>Total CRA Tax Increment</i>	<i>100.0%</i>	<i>\$4,990,244</i>

Source: Tax increment estimates conducted with CRA spreadsheet. Annual revenue was discounted at a rate of 5 percent annually

Other Fiscal Impacts and Benefits.

Enterprise Zone. The boundaries of the Mid-Alameda Corridor Enterprise Zone were expanded specifically so as to include the Adams La Brea project as of September 14, 2001.¹² The enterprise zone provides a range of tax breaks and fee waivers, including a hiring credit, a sales and use tax credit, a business expense deduction credit, a net operating loss carryover deduction, discounts on Department of Water and Power electrical bills, site plan review fee waiver, prorated payment of sewer facility charges, and waivers of the City’s parking space requirement.¹³ The value of these benefits was not estimated.

3.3 SUMMARY OF FISCAL ASSESSMENT

Need/Condition	Project Impact
Projects that result in a net loss of public dollars should have a compelling public benefit.	<ul style="list-style-type: none"> Over the 29 years it would require to build the project and repay the loans, the City and CRA would experience a modest loss of \$841,698 (in constant 2002 dollars), or \$29,000 per year on average
City seeks to increase General Fund revenue.	<ul style="list-style-type: none"> The project would have a modest positive impact on the City’s General Fund over the 29 years it would take to build the project and repay the loans, netting the City \$892,074 (2002\$) in City taxes, or \$31,000 per year annually. City financing of the project would have an insignificant impact on the City’s overall General Fund obligation.

¹² Robert Valdez, Management Analyst, Community Development Department, telephone conversation, Fall 2001.

¹³ City of Los Angeles, *Community Development Department Business Center*, <http://www.lacity.org/CDD/business/>, Accessed Fall 2001.

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<p>Federal anti-poverty funds can be used to fund other economic development projects or housing and social services.</p>	<ul style="list-style-type: none"> • Federal anti-poverty funds would be responsible for financing \$6.875 million of the \$60 million project (in nominal dollars). • The project will cost the City \$1.5 million (2002\$) over 29 years, or about \$51,000 per year in unrecoverable federal funds.
<p>Tax increment is needed to fund CRA activities.</p>	<ul style="list-style-type: none"> • The \$4.1 million in CRA tax increment that the project would generate (in 2002\$) over 29 years would be cancelled out by the \$4.4 million cost of the replacement housing.
<p>Retail development can affect the fiscal situation of neighboring jurisdictions.</p>	<ul style="list-style-type: none"> • No impact. Since the project's market area is entirely within the boundaries of the City of Los Angeles, neighboring jurisdictions are unlikely to suffer a loss of sales or business tax due to the Adams La Brea project.
<p>Redevelopment is funded with property tax increment that may reduce the share of other jurisdictions.</p>	<ul style="list-style-type: none"> • Neighboring jurisdictions like the County and the Community College District could lose as much as \$5 million in property tax increment (in 2002 dollars) over 29 years, depending on assumptions about whether development in the City would have occurred any way.

4. Employment Assessment

The employment assessment examines both the quantity and the quality of the jobs created by the development, as well as how accessible the jobs will be to the people who live in the neighborhood.

4.1 JOB CREATION

4.1.1 Regional Conditions

- The unemployment rate for Los Angeles County in June 2002 was 7.1 percent, compared to 5.6 percent one year earlier. Los Angeles' unemployment rate is both higher than California's rate of 6.4 percent and the United States' unemployment rate of 5.9 percent.¹⁴
- Unemployment tends to hit certain populations harder. Nationally, 10.7 percent of African Americans were unemployed in June 2002; 7.4 percent of Hispanics were unemployed; and 17.6 percent of teenagers. By comparison, the unemployment rate for whites was 5.2 percent in June, almost half the rate for African Americans.¹⁵
- In the 90016 zip code (where the project is located), the unemployment rate was projected to be 11.7 percent in 1998, compared to 7 percent for the County at that time.¹⁶ In 1990, the area within a one-mile radius around the project had an unemployment rate of 8 percent, compared to 5 percent for the county.

4.1.2 Project Impact

The development will employ 675 people, with 43 percent working full time. The project will also result in the elimination of 377 jobs through competition with existing restaurants and retailers and the relocation of businesses along Adams Boulevard. In addition, 118 of the Federal Express jobs will be moved from other locations in and outside Los Angeles, bringing net job creation to the local labor market to 180.

¹⁴ California Employment Development Department, <http://www.calmis.ca.gov/>, Accessed 16 July 2002. Unemployment figures are seasonally adjusted.

¹⁵ U.S. Bureau of Labor Statistics, *Table A-2: Employment Status of the Civilian Population by Race, Sex, Age, and Hispanic Origin*, <http://www.bls.gov/news.release/empsit.t02.htm>, Accessed 16 July 2002. Unemployment figures are seasonally adjusted.

¹⁶ United Way of Greater Los Angeles, *State of the County and Zip Code Databook, 1999*, (Los Angeles, CA: United Way, 2000). The unemployment rate was calculated for the 90016 zip code by Claritas.

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Employment at the Development

Construction Jobs. An estimated 633 temporary construction jobs are expected to be created at the development.¹⁷ Assuming that \$30 million is spent on construction,¹⁸ the project would produce 198 person years of employment.¹⁹ That is to say that each worker would work on average a total of 16 weeks on the project.

Permanent Jobs. The Adams La Brea project is expected to employ 675 workers, 57 percent of whom are expected to be part time. Table 7 shows the number of jobs by each employer, with estimates of the number of Full Time Equivalent jobs.²⁰

Table 7: Projected Employment at the Adams La Brea Project

	Part time jobs	Percent Part Time	Full time Jobs	Total Jobs	Estimated FTEs
Super Kmart	229	60%	153	382	296
Federal Express	116	49%	122	238	196
McDonald's	40	80%	10	50	36
Developer	0	0%	5	5	5
Total	385	57%	290	675	533

Source: Report to the Los Angeles City Council from the Mayor Re: Detailed Project Information for Six Genesis LA Projects, 6 Apr. 2000.

Net Job Creation

In order to estimate net job creation at the project, we subtracted the following from the project's total employment: jobs that would be moved from other locations in the County to the Adams La Brea project, jobs that would be physically displaced due to the relocation of businesses along Adams Boulevard, and jobs that would be displaced from the Los Angeles labor market through competition.

Jobs Moved from Other Locations within Los Angeles County. Federal Express is moving 118 of its employees from two facilities, one outside the City of Los Angeles and one inside the City, resulting in 120 net new Federal Express jobs.²¹

¹⁷ City of Los Angeles to United States Department of Commerce Economic Development Administration, Construction Grant Proposal. The project has changed slightly after the proposal was submitted in 2000.

¹⁸ Mayor Richard Riordan to the Los Angeles City Council, Request for Block Grant Investment Fund (BGIF), HUD Section 108 (S-108), and Mayor's Office former Urban Development Action Grant (UDAG) Appropriations, (Los Angeles, CA, 18 Sept. 2000) 3.

¹⁹ Construction Industry Research Board, Employment Multipliers by Category of Construction and Region, (Burbank, CA: CIRB, 1995). Updated to 2000 dollars using the U.S. Bureau of Labor Statistics Consumer Price Index for Los Angeles, Riverside, and Orange Counties.

²⁰ The Full Time Equivalent estimates were derived from employee interviews. We estimated that the average hours worked at Kmart, McDonald's, and Federal Express were 31, 29, and 33 respectively.

²¹ Mayor Richard Riordan to the Los Angeles City Council, Detailed Project Information for Six Genesis LA Projects. It is not know where the facility outside the city is located, but because the Mayor's office counted those jobs as "retained," it can be assumed that the jobs were accessible to the Los Angeles labor market.

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Jobs Physically Displaced. A total of 21 businesses and one non-profit employing an estimated 180 people would need to be moved to make way for the project.²² About one-third of the employers we spoke to were uncertain of their plans if the project went forward. From this, we estimated that the project would cause the loss of ten jobs. The average wage among the businesses with uncertain plans was \$8.80,²³ while the average wage of those businesses committed to staying was \$10.20.²⁴

Jobs Displaced through Competition. We assumed that the retail and restaurant portion of the development would not bring new spending to the City because the project's market area is entirely within the City's boundaries. Since the project is neighborhood-serving, it would not attract new tourism dollars to the City either. Because the project's sales will come at the expense of competitors, we assume that much of the employment will likewise be at the expense of competitors. However, employment at the project's competitors would not diminish in the same proportion as sales since there is some rigidity in employment. (Employee work hours can only be cut so much, particularly at firms covered by collective bargaining agreements.) Based on the results of the gravity model (See Table 11), we assume that 15 percent of the retail/restaurant jobs will be new to the labor market.

Based on this assumption, the Adams La Brea project would create 180 net new jobs, 27 percent of the total employment at the project. See Table 8.

Table 8: Estimated Net Job Creation at the Adams La Brea Project

Employer	Jobs at Project	Jobs Displaced Through Competition	Jobs Displaced Through Relocation	Jobs Moved	Net New Jobs
Super Kmart	382	325	NA	0	57
Federal Express	238	0	NA	118	120
McDonald's	50	42	NA	0	8
Developer	5	0	NA	0	5
Total	675	367	10*	118	180

NA: Not Applicable.

* The jobs displaced through relocation come from pre-existing businesses within the area.

²² Analysis is from a survey of businesses conducted in January 2002.

²³ The wage estimate was based on data from three firms.

²⁴ The wage estimate was based on data supplied by eight firms.

4.2 JOB QUALITY

4.2.1 Regional Conditions

- In Los Angeles, 34.4 percent of workers earned poverty wages in 1999, compared to 28.7 percent of California workers and 26.8 percent of US workers.²⁵
- The typical low-wage worker in Los Angeles County is middle aged (35) and has been in the labor force for 18 years. A total of 77.8 percent of low-wage workers are non-white. A total of 4.2 percent are teenagers. The median family earnings for low-wage workers range between \$26,335 and \$35,560. The dependency ratio (Family Size/Number of Wage Earners) for low-wage workers is two.²⁶
- There are 2.8 million people in LA County who lack health insurance.²⁷ In Los Angeles, employer-provided health insurance covers 51% of the working age population, compared to 60% in California, and 68% in the United States.²⁸
- In Los Angeles, 17 percent of workers worked part time, compared to 18 percent in California and the nation.²⁹

4.2.2 Project Impact

The average wage of the permanent jobs at the project is estimated to be \$10.50, with 64 percent of the jobs paying an average wage that is less than the Los Angeles Living Wage of \$9.52 without health benefits. The temporary construction jobs will pay the industry prevailing wage. A new Supercenter at this site would lead to the loss of 45 union grocery jobs and lost wages and benefits worth \$1.2 million annually. Union grocery jobs pay on average 75 percent more than jobs at Kmart, and have more generous benefits and hours. Career paths to better paying occupations are available primarily in the commercial construction industry and the Air Courier Services industry, represented by Federal Express. The industries represented by McDonald's and Super Kmart do not provide career paths to better paying occupations for a significant number of workers.

Part Time Status of Permanent Jobs

²⁵ California Budget Project, Falling Behind: California Workers and the New Economy, (Sacramento, CA: CBP, 2000) and Economic Policy Institute, State of Working America, (Washington D.C.: EPI, 2000-2001).

²⁶ Robert Pollin, Mark Brenner et al., Economic Analysis of the Santa Monica Living Wage Proposal, (Amherst, MA: Political Economy Research Institute, University of Massachusetts, Amherst, August 2000) 146-149. The analysis was derived from March 1999 Current Population Survey data.

²⁷ E. Richard Brown et al., The State of Health Insurance in California: Recent Trends, Future Prospects, (Los Angeles, CA.: UCLA Center for Health Policy Research, 2001) 16. The study cites the March 1998, 1999, and 2000 Current Population Survey for people ages 0-64.

²⁸ Paul More et al., The Other Los Angeles: The Working Poor in the City of the 21st Century, (Los Angeles, CA: Los Angeles Alliance for a New Economy, 2000).

²⁹ The national figures for part time workers come from the March 2001 Current Population Survey while the Los Angeles and California figure comes from the March 1997/99 Current Population Survey as cited in Paul More, The Other Los Angeles.

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A total of 57 percent of the 675 jobs at the development are projected to be part-time. See Table 7.

Wages

Construction. The estimated average wage for construction workers in Southern California is \$24 per hour. Hourly benefits for construction workers bring average compensation to \$34 an hour.³⁰ CRA projects must comply with the agency's prevailing wage policy and the federal Davis-Bacon Act. This ensures that construction workers are paid the wages that prevail in the industry as determined by the State's Director of Industrial Relations.

Permanent Jobs. A significant number of low wage jobs are projected at the development. The estimated average wage of the permanent jobs at the project is \$10.50, which is 110 percent of the Los Angeles Living Wage (without health insurance) and 85 percent of the self-sufficiency wage for a family with two working parents and two dependents, as determined by the California Budget Project. (See Appendix A for a discussion of self-sufficiency wages.) Employers accounting for 64 percent of the jobs at the development pay an estimated average wage of \$8.50 or less, which is 89 percent of the Los Angeles Living Wage and 61 percent of the California Budget Project's self-sufficiency wage. Federal Express pays starting and average wages that are above the wage standards used in this report. The starting wage at McDonald's and Kmart is the State minimum wage. (See Table 9)

Table 9: Estimated Wages at the Adams La Brea Project

Employer	Jobs	% of Jobs	Starting Wage	Est. Avg. Wage	% of Living Wage* (\$9.52)	% of Self-Sufficiency Wage** (\$12.37)
Super Kmart	382	57%	\$ 6.75	\$8.50	89%	69%
Federal Express	238	35%	\$ 13.52	\$14.50	152%	117%
McDonald's	50	7%	\$ 6.75	\$7.50	79%	61%
Developer	5	1%	\$ 14.00	NA	NA	NA
Weighted Average/Total	675	100%	\$ 9.19	\$ 10.48	110%	85%

Sources: Report to the Los Angeles City Council from the Mayor Re: Detailed project information for six Genesis LA projects, 6 April 2000 and employee interviews.

*The Los Angeles Living Wage, effective July 1, 2002 is \$8.27 with health benefits and \$9.52 without.

**The Self-Sufficiency wage was determined by the California Budget Project for a family of four with two working parents.

An analysis of government data suggests that the temporary construction and Federal Express jobs pay better than average wages, while Super Kmart and McDonald's pay below average wages. The temporary construction jobs provide earnings that are 138 percent above the County average monthly earnings of \$2,193 in 1998, and these jobs

³⁰ Richard Slawson, Executive Secretary, Los Angeles/Orange Counties Building and Construction Trades Council, telephone conversation, 17 July 2002.

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would likely pay more than the industry average since Community Redevelopment Agency projects are covered by prevailing wage laws. “Air courier services,” the industry to which Federal Express belongs, pay near the County average. Kmart and McDonald’s industries pay 50 percent and 38 percent of the industry average respectively. Table 10 shows employment and the earnings index for the industries represented at the project.

Table 10: Industry Employment and Earnings for Select Industries, LA County, 1998

SIC	NAICS Industry Sector	Number	Monthly Earnings	Index
	ALL INDUSTRIES	\$3,971,120	\$2,913	100
1542	Non-residential construction	\$8,134	\$4,020	138
5311	Department stores	\$49,349	\$1,457	50
4513	Air courier services	\$16,197	\$2,622	90
5812	Eating places	\$229,289	\$1,107	38

Source: Derived by Economic Roundtable from data provided by the California Employment Development Department.

Wage Index: 100 = average monthly earnings in Los Angeles County, 1998, third quarter --\$2,913

Health Insurance³¹

Construction. An employer-contribution to medical insurance is included in the State’s prevailing wage requirement. Eligibility for insurance depends on hours worked in the trade.

Permanent Jobs. Only full time workers at the development (43 percent of the 675 workers) are eligible for health insurance. No data were available about actual coverage (estimated take up rates). No more than 40 percent of Kmart employees (those who work full time), 20 percent of McDonald’s employees, and 51 percent of the Federal Express jobs are eligible for health benefits.

Impact on Regional Job Quality

A new Supercenter at this site would create 65 grocery jobs and lead to the loss of 55 grocery jobs, according to our analysis that makes use of a gravity model.³² Net job

³¹ Health insurance eligibility estimates are based on the reported number of part time workers at the project. Part time workers at all of the companies listed are not eligible for health insurance, according to Mayor Richard Riordan to the Los Angeles City Council, Detailed Project Information for Six Genesis LA Projects. A Federal Express manager, however, said that part time workers in her division were eligible for health insurance.

³² Gravity models are commonly used by consultants to project the sales impact of a new retailer on surrounding stores. Sales loss is a function of distance from the project, with stores closest to the project feeling the greatest impact. Job loss was calculated based on estimated sales loss at each store. Appendix A provides a more detailed discussion of these estimates.

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creation in the retail food sector would be 10 retail food jobs. The 45 lost union grocery jobs would lead to net lost wages and benefits worth \$1.2 million annually (See Table 11). Employees at union markets are estimated to earn on average 75 percent more in compensation than they do at a Kmart, and have fewer part time jobs and better access to health insurance (See Table 12). Appendix A describes the methodology used to conduct the analysis. We were unable to evaluate the impact of a new Federal Express distribution center on United Parcel Service, a unionized competitor.

Table 11: Projected Employment Impact on Retail Food Competitors from the Opening of a Super Kmart

New FTE Supercenter jobs	65
Number of union FTE jobs lost	(45)
Number non-union FTE jobs lost	(10)
Total Job Loss	(55)
Net Job Creation (FTE)	10
Annual Lost Compensation Due to Lost Union Jobs	(\$1,229,771)

Note: See Appendix A for a discussion of sources and methodology.

Table 12: Job Quality Comparison between Super Kmart and Unionized Groceries

	Super Kmart	Union Markets
Average Wage	\$8.50 (estimate)	\$14.50
Estimated Avg. Annual Compensation (FTE)	\$18,250	\$34,200
Percent Eligible for Health Insurance	<40%	90%*
Percent Part Time	60%	53%**

Source: Employee interviews, United Food and Commercial Workers Union.

Note: See Appendix A for a discussion of sources and methodology.

*Employees are eligible for health insurance after six months

** Part time workers are guaranteed a minimum of 24 hours per week at union markets.

Career Opportunities

Federal Express and commercial construction offer significant opportunity for career advancement, according to an analysis of government data. Retail and restaurant jobs at Kmart and McDonald's offer much less opportunity for employees to work their way up into better-paying occupations.

These findings were based on an analysis of wages in the ten largest occupations in each industry represented at the project. The existence of both lower and higher-paid jobs suggests that a worker could start at an entry level and work his or her way up, particularly if no significant educational barriers exist to securing employment in the higher-paid occupations. The analysis also compared occupational wages in each industry to wages for that occupation in all industries. See Appendix A for the analysis of wages and occupations.

4.3 JOB ACCESS

4.3.1 Regional Conditions

- This project is located in the South Los Angeles planning area, a part of the City of Los Angeles that suffers from a shortage of jobs. In South Los Angeles, there are an estimated 4.4 working age people for every job, compared to 1.7 in the City as a whole. The planning area has grown more job-scarce since 1992.³³
- At the same time, residents of the study area³⁴ are more transit dependent than they are in other parts of the County.
- Educational attainment is also lacking among study area residents compared to their County counterparts. Only 11% of study area residents held a college degree in 1990, while 22% of County residents did.

4.3.2 Project Impact

The project would provide 286 permanent jobs (43 percent of project employment) that require little or no preparation. Of the construction jobs, 125 (20 percent) would require little or no preparation. These figures suggest that there are employment opportunities for residents of the study area with minimal work experience and education. Some of those jobs are available in industries with career ladders. About 170 of “Air Courier Services” jobs (represented by Federal Express) require little or no preparation. While some commercial construction jobs require little or no preparation, 68 percent of the jobs require “medium” or “considerable” preparation (See Table 13). Those wishing to enter the construction trades enter paid apprenticeship programs, which last for at least two years. Minimum requirements include a high school diploma. Appendix B provides a more detailed accounting of skills required for each job zone.

³³ Mark Drayse and Daniel Flaming, South Los Angeles Rising, (Los Angeles, CA.: Economic Roundtable, April 2002) 7, footnote 6. Derived from employer tax reports (ES -202) data and CA Department of Finance estimates of population in the state.

³⁴ The study area is the one-mile radius around the project.

Table 13: Skill and Educational Requirements for Jobs at the Adams La Brea Project

Job Zone		Permanent Jobs		Construction Jobs	
		# Jobs	% of Jobs	# Jobs	% of Jobs*
1	Little or No Preparation Needed	286	43%	125	20%
2	Some Preparation Needed	294	44%	65	10%
3	Medium Preparation Needed	46	7%	269	42%
4	Considerable Preparation Needed	42	6%	166	26%
5	Extensive Preparation Needed	0	0%	8	1%

Source: U.S. Department of Labor, Bureau of Labor Statistics

Note: Skill requirement for the employees of the developer were not analyzed.

* Does not total to 100% due to rounding.

4.4 SUMMARY OF EMPLOYMENT ASSESSMENT

Need/Condition	Project Impact
Unemployment rate in Los Angeles is higher than in the State and nation.	<ul style="list-style-type: none"> The project will provide 633 temporary construction jobs and 675 permanent jobs. After accounting for jobs displaced through competition, relocation of businesses at the project site, and jobs moved from other locations in the County, net permanent job creation is 180.
Los Angeles residents seek quality jobs in a region with more low-wage workers than the State or nation.	<ul style="list-style-type: none"> The average wage at the project is estimated at \$10.50 per hour, more than the Los Angeles Living Wage but less than what is required to be economically self-sufficient in Los Angeles. 64 percent of jobs at the development are with retail and restaurant employers that pay an average wage that is below the Los Angeles Living Wage of \$9.52 per hour. Federal Express, the employer that accounts for 35 percent of the jobs, pays an estimated average wage that is above the Los Angeles Living Wage and above the \$12.37 per hour required to be economically self sufficient in Los Angeles. 57 percent of the permanent jobs at the project are projected to be part time. Part time workers are ineligible for health insurance. The project would lead to the loss of 45 unionized grocery jobs and \$1.2 million in employee compensation annually.

Employment Assessment

Los Angeles residents seek jobs with career ladders.	<ul style="list-style-type: none">• The temporary construction and Federal Express jobs appear to provide opportunities for advancement for a significant number of workers.• Super Kmart and McDonald's offer much less opportunity for advancement.
Neighborhood has higher than average unemployment levels and lower than average educational attainment levels.	<ul style="list-style-type: none">• An estimated 43 percent of the permanent jobs will be entry-level, requiring little or no training or experience.• Some construction jobs require little or no preparation, while 68 percent require medium to considerable preparation.

5. Affordable Housing Assessment

The Affordable Housing Assessment evaluates the impact the development project will have on the regional and local supply of affordable housing. The first part of the analysis describes the need for affordable housing at the regional level. The assessment then quantifies the project's financial contribution to affordable housing through its generation of property tax increment. Finally, the assessment examines the plan to destroy housing, the impact of the housing loss on displaced residents, and the cost of the replacement housing.

5.1 REGIONAL CONDITIONS

Housing Affordability

- About 90 percent of low-income renters in Los Angeles County spend more than 30 percent of their income on housing, considered the threshold for affordability; 73 percent of low-income renters pay more than 50 percent of income for housing. Nationwide, about 60 percent of low-income renters pay more than 50 percent of income for housing.³⁵
- Over 80 percent of new jobs created in Los Angeles County between 1997 and 2004 will not pay sufficient wages to make a one-bedroom unit at the current Fair Market Rent affordable.³⁶
- Only about 33 percent of all households in Los Angeles County can afford to purchase a median priced home (\$267,000) in 2002, compared with 57 percent of all U.S. households.³⁷
- An estimated 16 percent of low-income renters live in subsidized housing in Los Angeles County, compared with about one-third of poor renters nationwide.³⁸
- 36 percent of low-income renters in Los Angeles County lived in overcrowded housing or doubled-up and lived with another family in the same housing unit. Only 13 percent of low-income renters nationwide lived in these conditions.³⁹

³⁵ Jennifer Daskal, In Search of Shelter: The Growing Shortage of Affordable Rental Housing, (Washington, DC: Center on Budget Policy and Priorities, 1998) 16, 56.

³⁶ Norma Edith Garcia and Patrick Clarke, Housing in Southern California: A Decade in Review, (Los Angeles, CA: Southern California Association of Governments, 2001) 16. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of standard quality rental housing units rent.

³⁷ Southern California Association of Governments, Housing in Southern California: A Decade in Review, (Los Angeles, CA: SCAG, Jan. 2001) 11; Diane Wedner, "Fewer Can Buy Homes," *Los Angeles Times*, April 5, 2002, <http://www.latimes.com/business/la-000024241apr05.story>, Accessed 20 May 2002.

³⁸ Daskal 31, 56.

³⁹ Daskal 22, 56.

Rate of Housing Production v. Need

- In December 2000, the federal Department of Housing and Urban Development (HUD) reported an affordable housing shortage for the region with 401,000 households in Los Angeles with “worst case needs for rental housing assistance.” These households have incomes below 50 percent of the area median⁴⁰ and spend over half of their income for rent or live in severely substandard housing.⁴¹
- In 2000, there was a net increase of only 1,940 units of housing in the City of Los Angeles while the population increased by 65,000 people.⁴²
- The City of Los Angeles spends \$23 per person annually on affordable housing compared to \$89 per person in New York; \$76 per person in Chicago; and \$66 per person in Seattle.⁴³
- Los Angeles is one of the bottom five metro areas in the nation in building housing in the central city, where this project is located. Between 1991 and 1999, permits for multi-family housing in central city Los Angeles have dropped by 44.6 percent.⁴⁴
- The Southern California Association of Government’s Regional Housing Needs Assessment (RHNA) directs the City of Los Angeles to construct 60,280 units of housing by 2005 to meet the demands of growth. Of these units, 17,990 must be affordable to very low-income households; 10,416 additional units must be affordable to low-income households.

5.2 PROJECT IMPACT

5.2.1 Housing Created

Adams La Brea is strictly a commercial project that will not include residential units. However, it is anticipated that the project will create revenue for housing development. The Community Redevelopment Agency devotes 25 percent of project area tax increment to improve or increase the City’s supply of affordable housing.⁴⁵ The improvements must directly benefit homes for low-income people. The development is expected to generate \$5 million in tax increment (in 2002 constant dollars) through 2029. Of that, an estimated \$1.2 million (about \$50,000 per year) would be allocated for affordable housing. The project is also intended to spur more private investment in the area, which would, in turn, generate revenue for housing.

⁴⁰ In 2000, household median income in Los Angeles County was \$42,189. U.S. Census, *Census 2000, Table DP-3. Profile of Selected Economic Characteristics: 2000, Los Angeles County*, <http://censtats.census.gov/data/CA/05006037.pdf>, Accessed 23 July 2002.

⁴¹ U.S. Department of Housing and Urban Development, *Affordable Housing Shortage in Metro Los Angeles, California*, <http://www.hud.gov/worsfact/losange.cfm>, Accessed 17 April 2002.

⁴² UCLA Advanced Policy Institute, *Report of the Housing Crisis Task Force*, (Los Angeles, CA: UCLA, 2000) 1.

⁴³ UCLA Advanced Policy Institute 13.

⁴⁴ Jack Goodman, *Measuring and Interpreting the Recent Increase in Central City Housing Construction*, (Washington, DC: National Multi Housing Council, 2000) 5, 6, 14.

⁴⁵ Margarita De Escontrias, Housing Manager, Los Angeles Community Redevelopment Agency, telephone conversation, 17 July 2002.

5.2.2 Housing Displaced

Profile of Affected Families and Housing

The project site contains 74 residential units (72 of which were occupied as of November 2001).⁴⁶ The median rent at the site is much lower than the city median; home prices are also lower. There are more renters, more children and more low-income households at the project site than in the City, and a higher concentration of Latinos and African Americans than in the County as a whole. The number of people per unit at the site is higher than the County average, and the incidence of overcrowding is slightly lower. At least three families currently receive rental assistance in the form of Section 8 vouchers that keeps their rent contributions to 30 percent of gross income.⁴⁷

⁴⁶ Pacific Relocation Consultants, Relocation Plan for the Proposed 'Adams La Brea Project' Los Angeles, California, (Long Beach, CA: December 2001) 3.

⁴⁷ Pacific Relocation Consultants, Residential Listing Report for Adams/La Brea Project.

Table 14: Comparison of Housing, Households at Project Site and City or County of LA

	Project Site	Los Angeles
Number of people displaced	232	3,694,820 (City)
Age distribution		
Adults	61%	64% (City)
Children	39%	27% (City)
Seniors	0.4%	9.7% (City)
Ethnic composition		
Latino (or Hispanic)	62%	47% (City)
African American	37%	11% (City)
Households of 5 or more	31%	18.5% (County)
Median Rent	\$518 ⁴⁸	\$679 (City)
Median Home Price	\$150,000 ⁴⁹	\$221,600 (City) ⁵⁰
% renters	70% ⁵¹	52% (County) ⁵²
% rent under \$500	50%	18% (County)
% low income households	87%	20.5% (County)
Average residential density	3.41 ⁵³	2.98 (County) ⁵⁴
Overcrowding Rate	10%	12% (County)

Sources: Pacific Relocation Consultants, U.S. Bureau of the Census, 2000.

Note: Median rent figures exclude recipients of Section 8 Vouchers.

⁴⁸ Norm McMenemie, Pacific Relocation Consultants, telephone interview, 30 May 2002. The median rent was recalculated from data provided by Pacific Relocation Consultants. Mr. McMenemie said that the figure listed as median rent for the project site in the report prepared by PRC for the CRA was probably an error.

⁴⁹ Median home price at project site estimated by looking at recent sales data at www.iplace.com. Accessed 23 July 2002.

⁵⁰ Wedner.

⁵¹ U.S. Census Bureau, *Census 2000, Table QT-H1. General Housing Characteristics: 2000, Block 2006, Block Group 2, Census Tract 2185, Los Angeles County, CA* and Pacific Relocation Consultants, *Relocation Plan for the Proposed 'Adams La Brea Project' Los Angeles, California* 12, 21. Census 2000 data estimate 69 percent renter-occupied; PRC survey estimates 73 percent renter-occupied.

⁵² U.S. Census Bureau, *Census 2000, Table QT-H1. General Housing Characteristics: 2000, Los Angeles County, CA*.

⁵³ Pacific Relocation Consultants, *Relocation Plan for the Proposed 'Adams La Brea Project' Los Angeles, California* 12.

⁵⁴ U.S. Census Bureau, *Census 2000, Table GCT-P7. Households and Families: 2000, California—County*.



Figure 3: Vacant Lot with Housing at Project Site



Figure 4: Housing at Project Site

Short Term Availability of Comparable Housing

By state law, displaced residents are entitled to comparable replacement housing, rent subsidies for a limited period, reimbursement for moving expenses, and, in the case of homeowners, one-time cash payments to help with buying a home. Appendix C details the benefits for which displaced residents are eligible.

Rental Housing. A Relocation Plan conducted for the developer in 2001 found that there are an adequate number of vacant units to house residents displaced by the Adams La Brea project in a five-mile radius around the project site. There were 192 units available

for rent within this area.⁵⁵ Fifty units would be needed by displaced residents (See Table 15 for details). However, far fewer larger apartments are available, and most of these apartments are renting for much more than current residents are paying. Adams La Brea residents would need 100 percent of the available four-bedroom units and 54 percent of available three-bedroom units. Residential tenants may be eligible for assistance of up to \$5,250 over 42 months in addition to moving expenses. Those requiring additional assistance can be eligible for “last resort housing assistance.”

Table 15: Rental Units Required and Available for Displaced Households in 5-mile Radius around Project Site

Units by Bedroom Count	Units Required	Units Available
Single/Efficiency	1	5
1 Bedroom	18	102
2 Bedroom	13	53
3 Bedroom	13	24
4 Bedroom	5	5
5 Bedroom	0	3
All Units	50	192

Source: Pacific Relocation Consultants, Relocation Plan for the Proposed Adams La Brea Project, Los Angeles, California, 21.

Owner-Occupied Housing. Home prices are higher in the surrounding areas than in the immediate neighborhood where the project is located. Home prices in the 90016 zip code are \$178,000 as compared to \$279,000 in the five mile radius around the project. Owner-occupants who have occupied their dwellings for at least one year will be eligible to receive a replacement housing payment of up to \$22,500 to cover the difference between the sale price of their current home and their replacement home, increased mortgage interest, or other incidental expenses. If this assistance proves inadequate, households can be eligible for “last resort housing assistance.” Table 16, from the Relocation Plan, lists the availability of homes for sale around the project.

Table 16: Owner Units Required and Available for Displaced Households in 5-mile Radius around Project Site

Units by Bedroom Count	Units Required	Units Available	List Price Range (Nov. 2001)
1 Bedroom	2	4	\$69,900 to \$118,900
2 Bedroom	7	35	\$109,500 to \$276,500
3 Bedroom	7	36	\$105,000 to \$275,000
4 Bedroom	2	8	\$125,000 to \$490,000

Source: Pacific Relocation Consultants, Relocation Plan for the Proposed Adams La Brea Project, Los Angeles, California, 19.

⁵⁵ Pacific Relocation Consultants, Relocation Plan for the Proposed ‘Adams La Brea Project’ Los Angeles, California 21.

Long Term Availability of Comparable Housing

An examination of vacancy rates, home prices, and rents in different housing markets suggests that it will be more difficult than average for the Adams La Brea families to find long-term affordable housing.

Tenants are eligible for rental assistance for 42 months, allowing families to be placed in units they cannot afford without this assistance. Once the subsidies run out, they will be required to find new housing. If they meet the CRA's eligibility criteria, residents may be given priority to live in CRA-funded housing, including the replacement housing. Those who cannot wait for replacement housing, lose contact with the CRA, or find it unsuitable, will need to look for housing on the open market.

Low-cost units. Los Angeles has lower vacancy rates than the national average. In addition, vacancy rates are extremely low (<1 percent) among apartments that rent for \$500 or less,⁵⁶ while more than 25 percent of interviewed residents pay \$500 per month or less for rent (not including those who receive Section 8 assistance).⁵⁷

Larger units. The highest rent currently being paid by a tenant of the housing slated for demolition is \$1,000 for a three-bedroom unit, below the cost of larger rental units in the area around the Adams La Brea project. The median rent for three bedroom units (within a five-mile radius of the project) was \$1,325 per month. Median monthly rent for the four four-bedroom units available was \$3,523.⁵⁸ An estimated 18 households require three or four bedroom units. Census data also reveal the presence of some large households at the project site, consisting of five or more people, who may need even larger units.⁵⁹

Table 17 provides information on the Los Angeles housing market.

⁵⁶ This data is for the Mid-City/West Adams/Pico Heights submarket; the Westlake/Downtown/Silverlake submarket; and the Central Los Angeles submarket as listed in Paul Silvern. Re: "Capacity of the Housing Stock to Absorb Households Displaced by New School Projects" (Memo to Mott Smith, Director of Housing and Relocation, Los Angeles Unified School District), <http://laschools.org/relocplan/appendices/appendixa.pdf>, Accessed 20 May 2002. Submarkets are determined by Reis, a national market data research firm specializing in real estate.

⁵⁷ Pacific Relocation Consultants, Residential Listing Report for Adams/La Brea Project, (Long Beach, CA: Pacific Relocation Consultants, 14 May 2002).

⁵⁸ Pacific Relocation Consultants, Relocation Plan for the Proposed 'Adams La Brea Project' Los Angeles, California 19-20.

⁵⁹ U.S. Census, *Table QT-H2. Tenure, Household Size, and Age of Householder: 2000 Data Set: Census 2000 Summary File 1 (SF1), Geographic Area: Block 2006, Block Group 2, Census Tract 2185, Los Angeles County, CA.*

Table 17: Comparison of Housing Availability at Adams La Brea Project Site and within Project Zip Code, Submarket, and Five-mile Radius

Area	Vacancy Rate	Average home value	Median Rent
Adams La Brea Project Site	2.7%	\$150,000	\$535
90016 Zip code	5.7%	\$178,000	Not Available
Mid-City Submarket ⁶⁰	2.3% (rental only); <1% for units under \$500	Not Available	\$724 (mean)
Five-mile radius around Project Site	Not available	\$279,000 (Nov. 2001)	1-bedroom- \$ 675 2-bedroom-\$1,275 3-bedroom-\$1,325 (Vacant units only)
Los Angeles City	4.7%	\$221,600 ⁶¹	\$679
Los Angeles County	4.2%	\$267,000	\$717
National	9%	\$161,000	\$444

Sources: Pacific Relocation Consultants, Los Angeles Unified School District, U.S.Census 2000

Impact of Other Planned Relocation on Displaced Residents

If the Adams La Brea project commences within the next year, it will overlap with Los Angeles Unified School District school construction that will displace over 1,000 households in the next 12 to 18 months.⁶² Using the same approximate five-mile radius that the relocation consultant uses to assess availability for housing relocation, we find that eight proposed school projects are anticipated to displace a total of 35 owners and 113 renters in the next 12 to 18 months. Approximately 90 percent of renters displaced by school construction projects have incomes below 80 percent of area median income. A substantial proportion of families displaced by school construction are also eligible for Section 8 assistance. These families will compete for affordable housing in the same market as those displaced by Adams La Brea.

⁶⁰ The Mid-City/West Adams/Pico Heights submarket is a 14 square mile area bounded roughly by Pico Boulevard on the north, Martin Luther King Boulevard to the south, La Cienega Boulevard on the west, and the Harbor (110) Freeway on the east, includes 342 rental properties with 15,393 units.⁶⁰ This submarket has been defined by Reis, a national market research and data company, as one of 38 coherent apartment market subareas in Los Angeles County (www.reis.com).

⁶¹ U.S. Census Bureau, *Census 2000, Table DP-4. Profile of Selected Housing Characteristics: 2000, Los Angeles City*, <http://censtats.census.gov/data/CA/1600644000.pdf>, Accessed 23 July 2002.

⁶² Los Angeles Unified School District, *2002 Relocation Plan For the Proposed Priority And Escutia Plan Schools, Program Description*, http://laschools.org/relocplan/toc_parts/description.pdf, Accessed 20 May 2002.

Mitigating Effects of New Housing

- An estimated 363 new units are projected for the Mid-City area by 2005, and no new units are projected for the Central Los Angeles area.⁶³ Although substantial new construction is projected for the Downtown submarket area, this area has the highest mean rent (currently \$1,021) of all submarkets and is out of reach for residents in the Adams La Brea area.⁶⁴
- The CRA is required by law to replace housing destroyed within four years of its destruction or removal at the affordability level of what was destroyed.⁶⁵ Priority is given to displaced residents who meet the CRA's selection criteria.

5.2.3 Replacement Housing

The cost of replacing the housing that will be destroyed to make way for the Adams La Brea project at the same affordability levels is estimated at \$13.3 million. Any affordable housing created with tax increment financing would be leveraged with public and private dollars, including tax credits, grants, and other sources. It is estimated that the CRA would contribute one-third of the cost of the replacement housing, or \$4.4 million of the \$13.3 million.

The CRA must adopt a replacement housing plan thirty days prior to any agreement that involves the removal of low- and moderate-income housing. The plan must specify the location and funding source for the housing. Because the project is not moving forward, no replacement housing plan was issued and the replacement housing costs were estimated based on the assumption that the per unit cost to replace the housing was \$180,000. See Appendix A for the replacement housing pro forma and a discussion of the estimate.

⁶³ Silvern.

⁶⁴ Silvern.

⁶⁵ Margarita De Escontrias, Housing Manager, CRA LA, personal interview, 3 June 2002.

5.3 SUMMARY OF AFFORDABLE HOUSING ASSESSMENT

Need/Condition	Project Impact
<p>Affordable housing is in extremely short supply, and very little housing is being produced to meet population growth.</p>	<ul style="list-style-type: none"> • The project would not create any new affordable units. • The project would destroy 74 affordable housing units. The agency is required to replace the units at 100 percent affordability levels within four years of their destruction. • The project would generate \$1.2 million in property tax increment dedicated to housing over 25 years, or an average of \$50,000 per year. The property tax increment would cover about one-tenth of the total cost of the replacement housing, estimated at \$13.3 million.
<p>Low income people have difficulty finding decent affordable housing in this market.</p>	<ul style="list-style-type: none"> • 72 households will be displaced to make way for the project, and 87 percent of them are low income. • The Relocation Plan determined that there are enough vacant units in a five-mile radius around the project to house the displaced residents. But those seeking larger units may face a tighter housing market. • The median rent at the project site is \$518 compared to \$679 for the City as a whole. Many displaced tenants will require rent subsidies in the short term. Eligible residents will be given first priority to locate in CRA-funded housing. • Those looking for rental housing in the market may have difficulty finding affordable housing once the subsidies run out, particularly if they require larger units. • The average home price in the 90016 zip code is \$178,000 compared to \$279,000 in the five-mile radius around the project. Displaced homeowners can receive financial assistance in purchasing a more expensive home above and beyond the sale price of their home.

6. Neighborhood Services Assessment

The neighborhood services assessment examines the degree to which the development will provide needed services to the neighborhood. This section examines retail service needs and assesses the availability of other services, including parks, childcare, schools, and medical clinics.

6.1 RETAIL ASSESSMENT

6.1.1 Neighborhood Conditions

The Adams La Brea neighborhood is underserved by retail in four major categories, according to an analysis of spending patterns and business sales in the Adams La Brea market area.⁶⁶ A LAANE consultant study determined that residents of the market area spent more than businesses in the area sold in the four of the five categories that were evaluated. The categories were: 1) apparel and general merchandise, 2) food and drug, 3) home-related items, and 4) auto-related items. Table 18 shows the annual spending leaving the market area by category. In all, the market area suffered a net loss of \$24.9 million annually in retail spending in these four categories, even when taking into account those who came from outside the market area to shop in market area stores. However, the analysis suggested that there were an adequate number of restaurants and bars, as resident spending in this category was roughly comparable to business sales. The analysis does not give any indication of the quality of, or customer satisfaction with, the retailers in the market area.

Table 18: Retail Leakage Analysis for Adams La Brea Market Area for Five Categories of Spending

Retail Category	Est. Annual Spending by Residents Outside Market Area	Space Required to Satisfy Market Area Spending (sq. ft.)
Apparel & General Merchandise	\$2,038,000	8,152
Food & Drug	\$15,172,000	37,930
Home Related Items	\$1,261,000	5,044
Auto Related	\$6,447,000	25,788
Restaurants & Bars	(\$854)	(3,416)

Source: Rodino Associates, April 2002

The Adams La Brea market area was defined by Rodino Associates, a consultant knowledgeable about retail spending in the area. The consultant identified which neighborhoods would be likely to shop at the Adams La Brea project based on income levels and distance from the project. Figure 3 shows the contours of the market area, which is roughly bounded by Washington Blvd. on the north, Jefferson Blvd on the south, Fairfax Blvd. on the west, and Edgehill/10th on the east (See Figure 5).

⁶⁶ Rodino Associates, Retail Leakage Estimates for the Adams-La Brea Trade Area, (Los Angeles, CA: Prepared for the Los Angeles Alliance for a New Economy, 16 Apr. 2002).

Figure 5: Adams La Brea Market Area

6.1.2 Project Impact

Impact on Retail Needs in Market Area

Super Kmart could attract as much as \$18.5 million in sales annually from three of the five categories of retail analyzed in Table 18: apparel and general merchandise, food and drugs, and home-related items. The new spending to the market area would come both from residents currently leaving the market area to shop and from shoppers drawn from outside the market area.⁶⁷ The McDonald's would likely draw most of its \$1.9 million in sales annually from existing market area businesses since resident spending on restaurants does not appear to be leaving the market area. Restaurants and retailers in the market area could lose as much as \$38.7 million as a result of the project. Table 19 shows anticipated sales from the project⁶⁸ and the sales that could be potentially captured from residents who are now leaving the market area to shop. By subtracting the third column from the second, we get the estimate of sales that are expected to be taken from existing businesses.

Table 19: Project Impact of Adams La Brea on Retail Sales in the Market Area

	Space at Project	Retail and Restaurant Sales at Project	Sales Currently Leaking Out of Market Area that Project Could Capture	Project Sales that Could Come at the Expense of Existing Market Area Businesses
	A	B	C	(B-C)
	Sq Ft.	Millions \$		
Super Kmart (total)	155,693	\$55.3	\$18.5*	\$36.8
McDonald's	3,500	\$1.9	\$0.0	\$1.9
Total	159,193	\$57.2	\$18.5	\$38.7

Source: Rodino Associates (April 2002) and PCR Kotin memo to Ronald A. Simms (April 19, 2001).

*Retail leakage for apparel, general merchandise and home related items were combined to get this figure.

Impact of Displacement on Existing Retail and Other Commercial Uses

The project will displace 21 businesses and one non-profit organization, most of which front Adams Boulevard. The businesses are a mix of upholstery and furniture makers, auto shops, and retailers (See Appendix E for a list of businesses).

⁶⁷ The project is unlikely to capture all of the \$18.5 million in sales from residents currently leaving the market area to shop. By assuming that it would capture all that spending, we are also accounting for new shoppers attracted to the market area by the project. The market area was drawn to account for most of Super Kmart's shoppers.

⁶⁸ Jeffrey Newton et al. The midpoint of the projected sales was used for this analysis.

Neighborhood Services Assessment

The businesses were surveyed by our researchers in January 2002. In addition, Pacific Relocation, consultants to the developer, surveyed the businesses in April and November of 2001.⁶⁹

Profile of Displaced Business. The 15 businesses responding to the LAANE survey had been in the neighborhood ten years on average, with 15 percent owning their establishment.⁷⁰ At least half were family-businesses. Of those reporting ethnicity of ownership to Pacific Relocation, eight are Latino, five are white, three are Asian, and two are Black. One is “Other.”

Potential Business Loss. Our surveyors asked the Adams La Brea businesses what they could do if they were displaced by the development.

- **Will close.** A beauty shop that has operated at the location for 38 years indicated it would shut down.
- **Uncertain Plans.** Two laundromats, a gift shop and an appliance retailer indicated that they did not yet know what they would do. The project would likely force some of the more marginal businesses to close down, thereby removing those retail services from the neighborhood.
- **Committed to Stay.** The furniture shops and factories all indicated they would stay in the neighborhood.

Impact of Retail on Cost and Quality of Goods in the Market Area

One potential benefit of a Kmart would be to provide cost savings to low-income customers on items ranging from apparel to home-related items to food. Some of the businesses that will lose sales to Kmart are union groceries, where cost differences vary depending on a store’s format. Unionized warehouse-style groceries are 3 percent more expensive, and full-service groceries (which have a more complete selection, higher quality, and more services) are 20 percent more expensive, according to industry sources.

Alcohol Overabundance

The opening of a Super Kmart that sold liquor would create an over-concentration of off-site liquor licenses in the census tract where the project is located. The project is located in Census Tract 2185, which currently has three off-site permits, exactly the number allowed. Overall, the market area does not have more permits than allowed by the California Department of Alcoholic Beverage Control. But a census tract located directly west of the project is above the limit for off-site permits. The Adams La Brea project site is part of the South Central Alcohol Sales Specific Plan area, which was adopted in 1997, and requires every establishment selling alcohol for off-site consumption to obtain a conditional use permit.

⁶⁹ Pacific Relocation Consultants, Relocation Plan for the Proposed Adams La Brea Development, LLC, final draft, (Los Angeles, CA: Pacific Relocation Consultants, 21 Dec. 2001) 15.

⁷⁰ Pacific Relocation Consultants’ Relocation Plan listed a total of 22 businesses. However, LAANE surveyors were not able to identify all 22 businesses. A total of 15 responded to the LAANE survey.

Table 20: Allowed and Existing On and Off-Site Alcohol Permits in the Adams La Brea Market Area

	On-Site Permits		Off-Site Permits	
	Allowed	Existing	Allowed	Existing
Census Tract 2185	3	1	3	3
Total Market Area	36	7	29	16

Source: California Alcoholic Beverage Control.

<http://www.abc.ca.gov>

Note: Tract 2185 is where the proposed project is located.

6.2 NEIGHBORHOOD NEEDS ASSESSMENT

This section examines the need for services in the region and in the neighborhood around the proposed development. The study focuses on those services that might be impacted by a development, either positively or negatively. The analysis is also focused on those services that a developer might be able to contribute to and consequently mitigate. They include the need for parks and recreation facilities, day care centers, and medical clinics.

Figure 6 provides a community asset map, which shows the location of services within a one-mile radius around the project. Of the few community services within the one-mile boundary, the majority of services are located along West Adams Boulevard, including a community center, senior center, several schools, and numerous churches. Most child care centers can be found along Washington Boulevard. Appendix F lists the establishments in Figure 6.

Figure 6: Community Asset Map

Neighborhood Services Assessment

Parks & Recreation

The Adams La Brea neighborhood has an inadequate number of parks. Within a one-mile radius around the project, there are 0.93 acres of parkland per 1,000 residents, compared to 4.2 acres of parks per 1,000 residents in the city overall.⁷¹ The recommended national standard for parkland is between 6.25 and 10.5 acres per 1,000 people,⁷² while the City of Los Angeles' standard is four acres per 1,000 people.⁷³

Community Health Clinics

The neighborhood around Adams La Brea has less than the County and State average of community health clinics. There is one clinic for every 73,403 residents, compared to one clinic per 48,113 people in Los Angeles County, and one per 56,489 for the State.⁷⁴ The U.S. Department of Health and Human Services has deemed the West Adams service area as a Health Professional Shortage Area in primary care doctors.⁷⁵

Schools

Currently, the Los Angeles Unified School District is severely overcrowded and in need of new schools and facilities. The LAUSD has developed a plan to construct 159 new facilities over the next six years, including 79 new schools, 60 on-site building additions, and 20 playground expansions. Completion of the plans will require over 450 acres of City land.⁷⁶ Eight school projects within the area are slated for construction. These sites have already been identified.

Other Services

The Adams La Brea neighborhood is underserved by Individual and Family Social Services, Child Care, Banks, Nursing Homes, Supermarkets, Restaurants, and other Social Services⁷⁷ when compared to the rest of the City, according to an analysis of industry employment in zip codes around the project. The neighborhood is most seriously underserved by banks, with industry employment per resident at 22 percent of the City's rate. The analysis echoed the earlier finding that the neighborhood was

⁷¹ Jennifer Wolch et al., *Parks and Park Funding in Los Angeles: An Equity Mapping Analysis*, (Los Angeles, CA: Sustainable Cities Program GIS Research Laboratory, University of Southern California) 8.

⁷² National Recreation and Parks Association, *National Park Land Standards*, <http://www.ci.cedar-park.tx.us/parks/park-standards.html>, Accessed 18 Apr. 2002.

⁷³ Department of City Planning and Department of Recreation and Parks, Los Angeles CA, *Public Recreation Plan*, Section 1.

⁷⁴ U.S. Department of Health and Human Services, *Bureau of Primary Health Care*, <http://www.bphc.hrsa.dhhs.gov/databases/fqhc/default.htm>, Accessed 7 May 2002.

⁷⁵ U.S. Department of Health and Human Services.

⁷⁶ Los Angeles Unified School District, *Facilities Services Division, New Facilities*, <http://www.laschools.org/>, Accessed 20 May 2002.

⁷⁷ Individual and Family Social Services include adult day care centers, community centers, and family counseling services. Social Services, Not Elsewhere Classified (8399) includes advocacy and community development organizations.

Neighborhood Services Assessment

underserved by supermarkets, but differed from our consultant’s analysis in finding that the neighborhood had adequate access to department stores and an inadequate access to restaurants. The discrepancy may be related to the fact that the consultant report, discussed above, was confined to a smaller geographic area than the analysis of industry data in Table 21 below.

Table 21: Service Level in Adams La Brea Neighborhood Compared to City of Los Angeles as a Whole for Selected Industries

SIC	Description	Industry Employment/ 1,000 People		
		A Neighborhood Zip Codes	B LA City	A/B
8322	Individual and Family Social Services	2.2	2.7	80%
8351	Child Care Services	1.1	1.3	86%
8399	Social Services, Not Elsewhere Classified	0.5	1.0	51%
8051,8052,8059	Nursing Homes	3.0	4.1	73%
6021-6081	Banks	0.9	4.3	22%
5411	Supermarkets	4.7	6.0	78%
5311	Department Stores	3.9	3.9	101%
5812	Restaurants/Eating Places	10.2	20.6	49%

*Zip codes include 90016, 90008, 90018, 90019, and 90034.

Crime

The Adams La Brea project is located in a high crime census tract, as determined by the number of major crimes per year. In 2001, tract 2185 experienced 398 major crimes, well above the high crime distinction of 343 or more major crimes per year. In addition, an adjacent census tract to the west of the project is also considered a high crime area.⁷⁸

6.3 SUMMARY OF NEIGHBORHOOD SERVICES ASSESSMENT

Need/Condition	Project Impact
Area underserved by retail.	Residents are currently traveling outside the area to spend \$18 million on retail goods. Project could locate this spending within the area.

⁷⁸ Data on crime reported by the California Department of Alcoholic Beverage Control.

Neighborhood Services Assessment

A moderate number of retailers and an adequate number of restaurants are currently serving the area.	New retail and restaurant development could displace as much as \$39 million in sales from existing businesses.
Businesses are located on the project site.	Twenty-one businesses and one non-profit would be displaced. Most are minority-owned. Some businesses could close down to make way for the project.
Low-income residents seek affordable and quality retail goods.	Super Kmart would likely sell goods at prices that are lower than the company's retail competitors.
Overabundance of liquor licenses	A Super Kmart selling liquor would mean area exceeds the State limit on the number of off-site liquor permits.
Neighborhood has inadequate park space.	No impact.
Neighborhood is under-served by community health clinics.	No impact.
The school district is overcrowded and in need of new schools and facilities.	Impact not determined.
Neighborhood has a high crime rate.	Impact not determined.
Neighborhood underserved by child care.	Impact not determined.
Neighborhood underserved by social services.	No impact.
Neighborhood seriously underserved by banks.	No impact.

7. Environmental Assessment

A model Environmental Assessment could not be conducted for the Adams La Brea project because of the absence of a draft Environmental Impact Report (EIR) evaluating the potential environmental impacts of the project. Under the California Environmental Quality Act (CEQA), projects that are anticipated to have significant environmental impacts must undergo a review process that includes the publication of a draft EIR, a public comment period that may include a public hearing, and the publication of a final EIR addressing the comments for approval by the responsible government agency. Most, if not all, projects triggering a Community Impact Report (CIR) would also require an EIR. The CIR would not require additional analysis of environmental impacts, but rather a compilation of already-existing information in the EIR. The CIR's Environmental Assessment would request the following information from the EIR:

- a discussion of the cumulative impacts of the project; and
- a summary of the mitigations proposed for the project.

These are the elements of the EIR that are most immediately relevant to communities impacted by the development. By including them in the CIR, we can ensure that community members can use the CIR to examine all aspects of the project, economic, social, and environmental, in the same document. Appendix E includes a list of the elements of the EIR.

7.1 CUMULATIVE IMPACTS

A cumulative impact analysis measures many different existing sources of environmental impacts on a neighborhood or region, not just the impacts that might be suffered from one proposed project. Analyses of cumulative impacts can help shed light on which neighborhoods are disproportionately affected by pollutants. They also tell us how pollutants might interact with each other. Currently, an EIR is required to discuss cumulative impacts, but not in a separate or formal section. According to the CEQA guidelines, an adequate cumulative impacts discussion must include either (1) a list of past, present and reasonably foreseeable future projects producing related or cumulative impacts; or (2) a summary of projections contained in an adopted general plan or related planning document which is designed to evaluate regional or area-wide conditions. As stated above, a request for this cumulative impact data would not create an additional burden for the lead agency or project applicant because cumulative impact analysis is already required by CEQA.

For the Adams La Brea project, a CIR would compile information from the EIR on the following potential cumulative impacts:

1. The impact of the project on noise pollution in the neighborhood (both during construction and operations phase) in light of current noise pollution created by major boulevards, the I-10 freeway and other sources.

Environmental Assessment

2. The impact of the project on air pollution in the neighborhood in light of air pollution generated by the I-10 freeway, traffic and other sources
3. The impact of the project (both during construction and operations phase) on water quality in light of existing urban runoff (motor oil, garbage, etc.) that is already flushed down stormwater drains leading directly to our waterways.
4. The impact of the project on traffic in light of current traffic congestion in the neighborhood.

A compilation of information on cumulative environmental impacts could help neighborhood residents discover if and how the proposed project could add to their already existing environmental burdens.

7.2 MITIGATION MEASURES

The role of mitigation measures is to change the proposed project to lessen or avoid significant effects on the environment as identified through the EIR process. The mitigation measures proposed by the lead agency would be summarized as part of the CIR to allow the public to see, at a glance, what the lead agency is proposing as solutions to environmental problems in the local area.

Easier access to this information, which is often extremely technical, could increase the ability of local residents to participate in the dialogue about the nature and adequacy of the mitigation measures. In this way, the EIR and CIR processes can inform each other to improve public participation and local buy-in to the proposed project. One role the affected community can play is to provide input into the development of local mitigation measures relating to the proposed project. Because the mitigation measures are designed to ameliorate negative environmental impacts, local community health and environmental needs should be specifically addressed in these problem-solving proposals, and community knowledge about such matters should be included in the EIR decision-making process.

Appendix A

Methodology

Fiscal Assessment

The Fiscal Assessment analyzed the present value of the stream of City and CRA revenues and expenditures over the 29 years it would require to build the project and repay the loan. In order to project the net fiscal benefit to the project, a number of assumptions were made:

- The loans and grants are paid out in three equal payments during 2003, 2004, 2005.
- The project end date is 2007, at which time loan payments begin.
- The present value of the revenues and expenditures were calculated by discounting them at an annual rate of 5 percent back to 2002.
- The project does not generate any new sales or business tax for the City of Los Angeles since the market area is entirely within the boundaries of the city. Consequently, it is assumed that all consumption spending at the project would have occurred within the City in its absence.
- Sales at the project were projected to rise at a rate of 5 percent per year to account for inflation, population growth, and increases in the tenants' market share.
- The midpoint of tax revenue projections provided by consultants to the developer constitutes the project's annual tax return to the City.

Employment Assessment

Wage Standards

Wages at the project were evaluated using two standards: the Los Angeles Living Wage and a self-sufficiency wage. Adopted in 1997, the Los Angeles Living Wage is a wage standard that is widely accepted in the City. However, it does not take into account the actual cost of living in Los Angeles. Research and policy organizations, such as the California Budget Project, Equal Rights Advocates, and others, have analyzed local and regional data on living expenses to determine a needs-based wage estimate. Based on a conservative accounting of such costs as rent, child care, and food, the California Budget Project estimates the "Basic Family Wage" for a family with two children.¹ Those estimates are included in Table A-1. As a standard for this report, we selected \$12.37 per hour (the wage required for a family with two working parents) as the self-sufficiency wage.

¹ California Budget Project, Making Ends Meet: How Much Does it Cost to Raise a Family in California? (Sacramento, CA, 2001) 21.

Appendix A: Methodology

Table A-1: Basic Family Wage for Los Angeles, 2001
(for family with two children)

Family Type	Basic Family Wage
Single Adult	\$9.28
Single Parent Family	\$20.60
Two Parent Family (One working)	\$16.93
Two Working Parent Family	\$12.37

Source: California Budget Project

Analysis of Regional Job Quality

The analysis of Super Kmart's impact on regional job quality was done using a gravity model, which estimates the sales impacts of the opening of a new grocery store on existing grocery stores in the market area. The gravity model was loaned to us by a grocery firm. Such models are also used by consulting firms. The market area used for this analysis does not confine itself to the boundaries depicted in Figure 5, but takes into account all regional competition.

Grocery store sales were translated into employment hours and wages, assuming that the loss of \$150 in sales translated into the loss of one labor hour at a full service grocery. It was assumed that the loss of \$250 in sales translated into the loss of one labor hour at a warehouse grocery. (Super Kmart, Gigante, and Food 4 Less are all warehouse-style groceries). We also assumed that stores that were projected to lose less than \$1,000 per week would not make substantial employment changes and eliminated them from the analysis. Our analysis accounts for 91% of the grocery sales loss at 69 stores in the market area.

The average employee wage at Kmart was estimated at \$8.50, compared to \$14.50 for unionized markets. While no information was available on the cost of health benefits, a 1999 study on Supercenters placed the cost differential for non-wage compensation between Supercenters and unionized competitors at \$3.30.² We assumed that compensation at Super Kmart and its non-union competitors would be the same. We could not evaluate Super Kmart's impact on other retail competitors with the same precision because we did not have a comparable model for other types of retail. We also were not able to evaluate its impact on job quality at non-union retailers because of a lack of available data.

Career Opportunities

As part of our analysis of job access, we examined wages in the ten largest occupations in each industry represented in the project. The analysis is included below.

Commercial construction (SIC 1542). Carpenters, the largest occupation in this industry, accounts for 31 percent of industry employment and earn an annual average wage of \$55,872. The workers in the next largest occupation (accounting for only 9% of

² Marlon Boarnet and Randall Crane, The Impact of Big Box Grocers on Southern California: Jobs, Wages, and Municipal Finances, (Prepared for the Orange County Business Council, Sept. 1999) 44.

Appendix A: Methodology

employment) earn an average annual wage of \$30,365. Across occupations, those working in this industry would earn more than they would working the same job in other industries. (See Table A-2).

Table A-2: SIC 1542 Wages for Top Ten Occupations v. Industry Wages in the City of Los Angeles, 1999

OES Code	Occupation Title	Employment in Industry, City of LA	% of Industry Empl.	Average Annual Wages	Annual Wages in All Industries
87102	Carpenters	752	31%	\$55,872	\$38,514
98312	Helpers, Carpenters and Related Workers	218	9%	\$30,365	\$19,998
81005	First-Line Supervisors and Managers/Supervisors - Construction Trades and Extractive Workers	181	8%	\$69,556	\$53,956
98999	All Other Helpers, Laborers, and Material Movers, Hand	145	6%	\$36,784	\$24,866
15017	Construction Managers	117	5%	\$84,943	\$65,726
98319	Helpers, All Other Construction Trades Workers	93	4%	\$24,981	\$26,603
19005	General Managers and Top Executives	77	3%	\$138,387	\$123,883
79041	Laborers, Landscaping and Groundskeeping	63	3%	\$40,421	\$24,480
21902	Cost Estimators	46	2%	\$74,748	\$53,259
87814	Structural Metal Workers	46	2%	\$42,090	\$34,098

Source: California Employment Development Department, Occupation Employment Statistics survey, 1999. Data set compiled by the Economic Roundtable.

Super Kmart (SIC 5311). Of the top ten occupations (representing 85 percent of total employment), all but one pays an average annual wage of less than \$26,000. In addition, those working in this industry do less well than they would working the same job in other industries. A Kmart with grocery might present slightly more opportunity for advancement since skilled jobs, like meat cutter, would be present in this industry, but the number of these jobs is minimal (less than 5 percent of total grocery employment). (See Table A-3.)

Appendix A: Methodology

Table A-3: SIC 5311 Wages for Top Ten Occupations v. Industry Wages, City of Los Angeles, 1999

OES Code	Occupation Title	Employment in Industry, City of LA	% of Industry Empl.	Average Annual Wages	Annual Wages in All Industries
49011	Salesperson	7,276	55%	\$17,913	\$23,333
49021	Stock Clerks	1,006	8%	\$15,737	\$17,992
49023	Cashiers	739	6%	\$14,392	\$16,451
98700	Freight Stock and Materials Movers, Hand	632	5%	\$24,494	\$23,368
41002	First Line Supervisors and Managers	427	3%	\$24,805	NA
13011	Marketing, Advertising, Public Relations Managers	270	2%	\$36,238	\$93,921
49999	All other Sales and Related Workers	259	2%	\$16,384	\$34,361
97989	All other Materials Mover Equipment Operators	242	2%	\$25,177	\$43,497
53508	Bill and Account Collectors	194	1%	\$17,479	\$32,361
98902	Hand Packers and Packagers	184	1%	\$19,426	\$17,551

Source: California Employment Development Department, Occupation Employment Statistics survey, 1999. Data set compiled by the Economic Roundtable.

Federal Express (SIC 4513). The average annual wage for the top occupation is \$38,012 for Delivery and & Route Workers. The next most common occupation, “Material Movers, Hand,” pays an average annual wage of \$22,528 and accounts for 30 percent of industry employment. This cursory examination of the data suggests a pathway from Material Movers, Hand, to Delivery & Route Workers, which could result in a significant pay increase. Neither requires extensive education or training. (See Table A-4).

Appendix A: Methodology

Table A-4: SIC 4513 Wages for Top Ten Occupations v. Industry Wages in the City of LA, 1999

OES Code	Occupation Title	Employment in Industry, City of LA	% of Industry Empl.	Average Annual Wages	Annual Wages in All Industries
97105	Truck Drivers, Light, Include Delivery & Route Workers	2,660	30%	\$38,012	\$25,906
98999	All Other Helpers, Laborers, and Material Movers, Hand	2,637	30%	\$22,528	\$24,866
58028	Shipping, Receiving, and Traffic Clerks	484	5%	\$21,858	\$21,502
97102	Truck Drivers, Heavy or Tractor Trailer	438	5%	\$49,477	\$36,725
53805	Reservation and Transportation Ticket Agents	373	4%	\$28,428	\$27,099
15023	Communications, Transportation, and Utility Operations Managers	227	3%	\$50,807	\$71,506
85323	Aircraft Mechanics	195	2%	\$46,021	\$47,811
81011	First-Line Supervisors and Managers/Supervisors	186	2%	\$50,043	\$54,174
58011	Transportation Agents	182	2%	\$28,829	\$21,450
97989	All Other Material-Moving Equipment Operators	156	2%	\$25,675	\$43,497

Source: California Employment Development Department, Occupation Employment Statistics survey, 1999. Data set compiled by the Economic Roundtable.

McDonald's (SIC 5412). Of the top ten occupations in the industry (83 percent of employment), all but one occupation pays an average wage of less than \$20,000 per year. First-line supervisors make \$20,772, less than half of what the same occupation would earn in other industries on average (\$42,696). (See Table A-5).

Table A-5: SIC 5412 Wages for Top Ten Occupations v. Industry Wages in the City of LA, 1999

OES Code	Occupation Title	Employment in Industry, City of LA	% of Industry Empl.	Average Annual Wages	Annual Wages in All Industries
65008	Waiters and Waitresses	16,710	23%	\$11,428	\$12,130
65041	Combined Food Preparation and Service Workers	11,574	16%	\$11,716	\$12,401
65026	Cooks, Restaurant	6,585	9%	\$14,832	\$15,662
65038	Food Preparation Workers	6,583	9%	\$12,242	\$13,920
65014	Dining Room and Cafeteria Attendants and Bartender Helpers	4,265	6%	\$11,203	\$12,320
49023	Cashiers	4,084	6%	\$11,724	\$16,451
65002	Hosts and Hostesses, Restaurant, Lounge, or Coffee Shop	3,230	4%	\$12,090	\$12,329
65032	Cooks, Fast Food	3,077	4%	\$11,327	\$11,360
61000	First-Line Supervisors and Managers/Supervisors - Service Workers	2,907	4%	\$20,772	\$42,696
65005	Bartenders	2,360	3%	\$13,042	\$13,794

Source: California Employment Development Department, Occupation Employment Statistics survey, 1999. Data set compiled by the Economic Roundtable.

Housing Assessment*Estimating the Cost of Replacement Housing*

The cost to build or substantially rehabilitate affordable housing units in the neighborhood around the project range from \$100,000 to \$215,000 per three-bedroom unit constructed.³ Using mid-range numbers and assuming the CRA replaces all the housing (including single family homes), we estimate the total development costs at approximately \$180,000 per unit. The total cost of the replacement housing is estimated at \$13.3 million. Table A-6 includes the assumptions behind this estimate. Any affordable housing created with tax increment financing would be leveraged with public and private dollars, including tax credits, grants, and other sources. It is estimated that the CRA would contribute one-third of the cost of the replacement housing, or \$4.4 million.

Table A-6: Estimated Development Costs of 74 Units of Affordable Housing

Unit Mix	# Units	Sq. Ft. Per Unit	Total Sq. Ft.
Single	1	500	500
1 bedroom	20	600	12,000
2 bedroom	23	800	18,400
3 bedroom	23	1100	25,300
4 bedroom	7	1400	9,800
Total	74	NA	66,000
Assumptions			
Acquisition Costs (land)		\$20/sq.ft.	
Construction Costs		\$96/sq.ft.	
Soft Costs		0.25 subtotal	
Units/Acre		25	
Sq. Ft. per Acre		43,000	
Development Costs			
		Total	Avg. Per Unit
Land Acquisition		\$2,545,600	\$34,400
Hard Costs		\$6,336,000	\$85,622
Soft Costs		\$2,220,400	\$30,005
Sub-Total		\$11,102,000	\$150,027
Parking (Subterranean)	74 units	\$2,220,000	\$30,000
Total Development Cost (74 unit)		\$13,322,000	NA

Source: Assumptions provided by the Community Redevelopment Agency, the Southern California Association of Nonprofit Housing, and the Los Angeles Community Design Center.

³ The Southern California Association of Nonprofit Housing and the Los Angeles Community Design Center provided the assumptions behind the analysis.

NUMBER	NAME	EXPERIENCE	EDUCATION	JOB TRAINING	EXAMPLES
1	Job Zone One: Little or No Preparation Needed	No previous work-related skill, knowledge, or experience is needed for these occupations. For example, a person can become a general office clerk even if he/she has never worked in an office before.	These occupations may require a high school diploma or GED certificate. Some may require a formal training course to obtain a license.	Employees in these occupations need anywhere from a few days to a few months of training. Usually, an experienced worker could show you how to do the job.	These occupations involve following instructions and helping others. Examples include bus drivers, forest and conservation workers, general office clerks, home health aides, and waiters/waitresses.
2	Job Zone Two: Some Preparation Needed	Some previous work-related skill, knowledge, or experience may be helpful in these occupations, but usually is not needed. For example, a drywall installer might benefit from experience installing drywall, but an inexperienced person could still learn to be an installer with little difficulty.	These occupations usually require a high school diploma and may require some vocational training or job-related course work. In some cases, an associate's or bachelor's degree could be needed.	Employees in these occupations need anywhere from a few months to one year of working with experienced employees.	These occupations often involve using your knowledge and skills to help others. Examples include drywall installers, fire inspectors, flight attendants, pharmacy technicians, salespersons (retail), and tellers.
3	Job Zone Three: Medium Preparation Needed	Previous work-related skill, knowledge, or experience is required for these occupations. For example, an electrician must have completed three or four years of apprenticeship or several years of vocational training, and often must have passed a licensing exam, in order to perform the job.	Most occupations in this zone require training in vocational schools, related on-the-job experience, or an associate's degree. Some may require a bachelor's degree.	Employees in these occupations usually need one or two years of training involving both on-the-job experience and informal training with experienced workers.	These occupations usually involve using communication and organizational skills to coordinate, supervise, manage, or train others to accomplish goals. Examples include dental assistants, electricians, fish and game wardens, legal secretaries, personnel recruiters, and recreation workers.
4	Job Zone Four: Considerable Preparation Needed	A minimum of two to four years of work-related skill, knowledge, or experience is needed for these occupations. For example, an accountant must complete four years of college and work for several years in accounting to be considered qualified.	Most of these occupations require a four-year bachelor's degree, but some do not.	Employees in these occupations usually need several years of work-related experience, on-the-job training, and/or vocational training.	Many of these occupations involve coordinating, supervising, managing, or training others. Examples include accountants, chefs and head cooks, computer programmers, historians, pharmacists, and police detectives.
5	Job Zone Five: Extensive Preparation Needed	Extensive skill, knowledge, and experience are needed for these occupations. Many require more than five years of experience. For example, surgeons must complete four years of college and an additional five to seven years of specialized medical training to be able to do their job.	A bachelor's degree is the minimum formal education required for these occupations. However, many also require graduate school. For example, they may require a master's degree, and some require a Ph.D., M.D., or J.D. (law degree).	Employees may need some on-the-job training, but most of these occupations assume that the person will already have the required skills, knowledge, work-related experience, and/or training.	These occupations often involve coordinating, training, supervising, or managing the activities of others to accomplish goals. Very advanced communication and organizational skills are required. Examples include athletic trainers, lawyers, managing editors, physicists, social psychologists, and surgeons.

Appendix C

Summary of Benefits for Residents Displaced by Redevelopment

California and federal law governing redevelopment areas specifies the following guidelines and benefits for relocated tenants and owners.

- Tenants will receive a minimum of 90 days written notice-to-vacate.
- Tenants will be relocated to decent, safe, sanitary units as provided by minimum housing standards requirements. Current tenant households will be relocated to accommodations no smaller than their current residences. Tenants inadequately housed in overcrowded conditions will be relocated to units according to current HUD standards.
- Replacement housing will not be subject to unreasonable adverse environmental conditions.
- Replacement housing will be reasonably accessible to the displaced person's place of employment.
- Replacement housing will be within the financial means of the displaced person (meaning 30 percent of a resident's gross monthly household income).
- Residents will not be displaced until affordable housing can be offered to each.
- Residents will be eligible for moving expense payments based on actual moving expenses (with documentation) or based on a specified schedule depending on the size of their unit.
- Residential tenants who have established residency in the project area for a minimum of 90 days prior to the initiation of negotiations between the developer and the agency, and who choose to re-rent, may be eligible for assistance of up to \$5,250 over 42 months (\$125/month) in addition to moving expenses. This rental assistance may be used to help purchase a home.
- Owner-occupants who have occupied their dwellings for at least one year will be eligible to receive a replacement housing payment of up to \$22,500.
- Both tenants and owner-occupants may be eligible for supplementary benefits in the form of "last resort housing" payments when the total of rental or replacement housing assistance eligibility exceeds \$5,250 for renters or \$22,500 for owner-occupants. Last resort housing assistance will also be extended to residential tenants who do not meet the 90-day residency test and whose ability-to-pay is not sufficient to cover the cost of comparable, decent, safe, and sanitary replacement housing.
- CRA displaced residents are given priority for selection to live in CRA-assisted projects if they meet the approved tenant selection criteria for the respective project.

Sources: Community Redevelopment Agency, CRA Housing Policy, Los Angeles, CA, February 1995; David F. Beatty, et al. Redevelopment in California, 2nd ed. (Point Arena, CA: Solano Press, 1995).

Appendix D

Businesses Located within the Adams La Brea Project Site

Auto Parts Exchange
Pacific Coast Scenery
Vazquez Guitar Shop
Maritza's Slipcover
E & R Cabinet Shop
Beautirama
Extended Beauty
J & B Moving
Jenny/Jay Yoo, Wholesale Laundry
Craft Bros. Upholstery
Mexico Auto Parts
Lulu's Gift Shop
Lopez Shop, Auto Mechanic
Newman-Frey Associates
Coin Laundry – Kang Yeon
Italmond Furniture
K.M. Custom Furniture Repair
Tracy's Ceramics
A & C Appliances
Martinez Refurnishing
Nicholas Imports, Inc.
Team One Stop – Sober Living

Source: Pacific Relocation Consultants, Relocation Plan for the Proposed 'Adams La Brea Project' Los Angeles, California, (Long Beach, CA: December 2001) 14.

Appendix E

Neighborhood Services within a One-Mile Radius of the Project

Service	Name	Address	Zip Code
Child care	A.J. Cannon-TRF	5171 W. Jefferson Blvd	90016
Child care	Alice Jeans Learning Center	2626 Buckingham Rd	90016
Child care	Child Keepers CCC	4865 Washington Blvd	90016
Child care	Children of Excellence	1882 S Redondo Blvd	90019
Child care	Cloephas Oliver Learning/ADA	4449 Adams Blvd	90016
Child care	Donna Ro Preschool	4946 W 20th St	90016
Child care	Kedren La Brea Headstart	4973 W 21st St	90016
Child care	Los Angeles Infant Toddler	4825 Washington Blvd	90016
Child care	Marcia's Child Development	2437 Burnside Ave	90016
Child care	Marvin Avenue Children's Center	2341 S Curson Ave	90016
Child care	Roenne's School	4701 W Washington Blvd	90016
Child care	St. Paul's Presbyterian	5100 Coliseum St	90016
Child care	Standing Tall	1617 S Sycamore Blvd.	90019
Child care	Tearys Toddlers Home Day Care	1822 S Manfield Ave	90019
Child care	YWCA/Coliseum St.	4400 Coliseum St	90016
Library	Baldwin Hills Branch Library	2906 S. La Brea Ave	90016
Senior Center	Delta Senior Cent	2528 West Blvd	90016
Community Center	Life Community Service Cent	5284 W. Adams Blvd	90016
Church	Calvary United Methodist Church	5268 W. Adams Blvd	90016
Church	Celestial Church of Christ	5351 W. Adams Blvd	90016
Church	Christian Fellowship (ZOE)	5315 W. Adams Blvd	90016
Church	Unknown	5277 W. Adams Blvd	90016
Church	Church of Christ	4959 W. Adams Blvd	90016
Church	Church of Jesus Christ	4850 W. Adams Blvd	90016
Church	Church of the Advent Episcopal-Anglica	4976 W. Adams Blvd	90016
Church	Emmanuel Prayer Center	4929 W. Adams Blvd	90016
Church	God's First True Witness MBC	4919 W. Adams Blvd	90016
Church	Iglesia Adventista del Septimo Dia	5320 W. Adams Blvd	90016
Church	Iglesia Cristiana de Poder y Gozo	4450 W. Adams Blvd	90016
Church	In His Steps Ministry	5730 W. Adams Blvd	90016
Church	Kingdom Hall of Jehova Witnesses	4669 W. Adams Blvd	90016
Church	Kingdom Hall of Jehovah's Witness	5510 W Adams Blvd	90016
Church	Messian Baptist Chuch	4500 W. Adams Blvd	90016
Church	Metropolitan AME Zion Church	2521 West View St	90016
Church	New Life Christian Center	2600 La Brea Blvd	90016

Appendix E

Neighborhood Services within a One-Mile Radius of the Project

Service	Name	Address	Zip Code
Church	Order of Services	5351 W. Adams Blvd	90016
Church	Saint's Hope COGINC	5160 W. Adams Blvd	90016
Church	Southern Missionary Baptist Church	4678 W. Adams Blvd	90016
Church	St. Agatha's Roman Basilica	2610 S. Mansfield Ave	90016
Church	Triedstone Missionary Baptist Church	5606 W Adams Blvd	90016
Church	Unity Fellowship Church	5148 W. Jefferson Blvd	90016
Church	Victory Outreach WLA	5476 W. Adams Blvd	90016
Park	Vineyard Recreation Center	2942 Vineyard Ave	90016
Park	Westside Neighborhood Park	3085 Clyde Ave	90016
Park	Baldwin Hills Recreation Center	5401 Highlight Pl	
Park	Rancho Cienega Recreation Center	5001 Rodeo Rd	90016
Adult Care	Tri-Vision Facility for Seniors	1905 S. Victoria Ave	90016
Adult Care	Willing Workers	4813 W. Washington Blvd	90016
Nursing Home	Crenshaw Nursing Home	1900 S. Longwood Ave	90016
Nursing Home	Longwood Manor Convalescent Home	4853 W. Washington Blvd	90016
Human Services & Family Development	The Jeffrey Foundation	5470 W. Washington Blvd	90016
Human Services & Family Development	St. Peter Claver Center	4202 W. Jefferson Blvd	90016

Appendix F

Glossary

Blighted Areas: In order to use redevelopment power in a neighborhood, a redevelopment agency must first demonstrate that the area suffers from blight as defined by state law. Blight is deemed as areas and/or structures of a community that constitute physical, social, or economic liabilities. Redevelopment must be in the interest of the health, safety, and general welfare of the people of the community and the State.

Block Grant Investment Fund (BGIF): BGIF is a City revolving loan pool that funds large commercial and industrial projects in poor or blighted areas of the city. The revenue source for BGIF is Community Development Block Grant dollars.

Community Development Block Grant (CDBG): Issued on yearly basis from the federal Department of Housing and Urban Development, CDBG funds housing, economic development and social services. Programs that use CDBG funds must meet strict public benefit criteria, and are subject to reporting requirements.

Community Redevelopment Agency of the City of Los Angeles (CRA): The LA CRA is a public agency charged with revitalizing poor communities in Los Angeles. The CRA's activities range from subsidizing the development of affordable housing to retail shopping centers to industrial development to museums. Before the CRA can assist a community, the area must be declared "blighted," according to a definition established by state law. (A lack of adequate housing or abnormally high business vacancies can earn a community a blight designation.) The agency operates in more than 30 project areas throughout the city.

Cumulative Impact: A cumulative impact analysis measures the many different existing sources of environmental impacts on a neighborhood or region. The Environmental Impact Report must discuss cumulative impacts, not just the impacts of the project under consideration.

Eminent Domain: Eminent domain is the authority of a public agency to acquire property for public purposes by condemning private property. State law permits redevelopment agencies to acquire private property for private use, provided the project will contribute to the elimination of blight. Property owners must be compensated at fair market value for the seizure of their property.

Environmental Impact Report (EIR): A detailed informational document prepared by the public agency which is responsible for carrying out the project that describes and analyzes a project's significant environmental effects and discusses ways to mitigate or avoid those effects.

Fair Market Rent: Fair Market Rents (FMRs) determine the eligibility of rental housing units for the Section 8 Housing Assistance Payments program. Section 8 Rental

Appendix F: Glossary

Certificate program participants cannot rent units whose rents exceed the FMRs. FMRs are gross rent estimates. They include the shelter rent plus the cost of all utilities, except telephones. The Department of Housing and Urban Development (HUD) sets FMRs to assure that a sufficient supply of rental housing is available to program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible.

Fair Market Value: The developer or the redevelopment agency must offer property owners “just compensation” for condemned property. This amount cannot be less than the “fair market value” as determined by a licensed appraiser. Fair market value is sometimes defined as that amount of money that would likely be paid for a property in a sale between a willing seller who does not have to sell, and a willing buyer who does not have to buy.

General Fund: General Fund revenues are unrestricted government revenues that can be used for any City purpose. Sales, business, and property taxes are some of the revenue sources that make up the General Fund.

Government Subsidies: Subsidies are tax dollars used to finance private business. The CRA assists private developers and businesses by providing low-interest loans, buying and assembling land to sell to them at below-market rates, building infrastructure, and providing direct cash grants.

Gravity Model: A gravity model is used by retailers to predict the sales volume at new stores, and the impact of new stores on sales at existing stores. In the gravity model, the impact of one store on another is a function of their distance from each other.

Living Wage: A living wage ordinance requires employers to pay wages that are above federal or state minimum wage levels. Only a specific set of workers are covered by living wage ordinances, usually those employed by businesses that have a contract or leases with a city or county government or those who receive economic development subsidies from the locality. The rationale behind the ordinances is that city and county governments should not contract with or subsidize employers who pay poverty-level wages. The current living wage rate for the City of Los Angeles is \$8.27 per hour plus health benefits, or \$9.52 without.

Mitigation: Actions or project design features that reduce environmental impacts by avoiding adverse effects, minimizing adverse effects, or compensating for adverse effects.

Project Area: A redevelopment project area is an area designated as blighted by the Community Redevelopment Agency. The CRA has special powers that it can use in project areas, including eminent domain and tax increment financing. The Adams La Brea project is part of the Mid City Recovery Redevelopment Project Area, which includes several commercial corridors west of downtown. Each project area must develop a plan that outlines its goals and objectives and its major projects.

Appendix F: Glossary

Relocation: The effort to assist and facilitate re-housing of families and single persons, businesses or organizations who are displaced due to redevelopment activities.

Replacement Housing: Housing constructed to replace housing units destroyed or removed from the low or moderate income housing market as part of a redevelopment project.

Section 108 Loan Program: Established by the City to facilitate larger real estate projects, the Section 108 loan program aims to promote physical and economic revitalization in distressed areas of the city. Section 108 funds are borrowed from the federal government (using annual Community Development Block Grants as collateral), and must be repaid.

Tax Increment Financing: Once established, redevelopment project areas can benefit from increases in property tax, or “tax increment.” Taxes generated by the project area at the time it is established continue to flow to the City, the County, and the schools as is customary. However, a portion of the taxes resulting from an increase in property values is retained within the project area for redevelopment purposes.

Urban Development Action Grants (UDAG): The UDAG was a federal anti-poverty program that provided competitive grants to cities to support commercial and industrial projects through subsidized financing and public works. Discontinued by Congress in 1989, the City still has “Miscellaneous UDAG Revenue,” which is used to fund a variety of programs.