

The Case for the Community Impact Report

*Prepared by the
Growth With Justice Coalition*

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Executive Summary

What Is a Community Impact Report?

A Community Impact Report (CIR) is a proposed policy that would allow developers, policy-makers and community members to consider the economic and social impacts of major developments on the city. Developers undertaking major projects would be required to produce a short report that would include:

- A fiscal assessment.
- An employment assessment.
- An affordable housing assessment.
- A neighborhood needs assessment.
- A smart growth assessment.

Why Do We Need a Community Impact Report?

The development process often leaves community members, developers, and decision-makers equally frustrated. Community members learn about projects too late to have real input into the process. Developers run into neighborhood opposition after they have invested heavily in a proposal. Decision-makers often must act without adequate information. A CIR will address many of these concerns.

- *Policymakers* will receive complete and accurate information allowing them to make better-informed decisions about projects.
- *Community members* will have a greater say in the development process when it is early enough to make a difference.
- *Developers* will no longer have to deal with community concerns in an ad-hoc way, because the CIR will highlight positive aspects of a project not addressed by the EIR.
- *All city residents* will be more confident that city resources are being used wisely to create development that provides real benefits.

What Is the Status of the Policy?

The policy is in development, and will be brought to the CRA board for consideration this summer. Once passed by the CRA board, the policy will be brought to the City Council for consideration.

How Would the Policy Work?

The policy would cover large commercial and market-rate housing projects in redevelopment areas. The CIR process would commence when a developer prepares his or her environmental checklist to determine whether an Environmental Impact Report (EIR) is necessary.

Introduction

This paper describes a proposal by the Growth with Justice Coalition to create a new process for community involvement in development in the City of Los Angeles. The coalition, made up of a broad base of community, religious and labor organizations, is seeking to expand community involvement in development as a means of ensuring effective economic growth that meets the real needs of the city's residents. It is the coalition's hope that this proposal will serve as a national model for how to build the economic base of an urban area in an equitable way.

The Emerging Pro-Growth Coalition

For too long the development process in Los Angeles has been characterized by a divisiveness that does not serve the interests of either the business community or the public. Developers often feel that their efforts to promote economic growth and create jobs get lost in battles over more obscure issues. Conversely, many residents feel shut out of the process, and those who do participate are often focused on very narrow and legalistic concerns, usually with a “not-in-my-backyard” tone.

That's largely because of the process itself, which leaves little room for input from the overwhelming majority of Los Angeles residents. This majority is deeply concerned about the need for essentials like jobs and housing, and wants to make sure that both are of high quality and available to them.

In recent years, a number of labor, community and religious organizations have begun to develop a voice for this unrepresented majority. Individually, they have organized in neighborhoods like South Park, Pacoima, West Adams and North Hollywood, neighborhoods where large developments were proposed that would significantly impact local residents.

In each case, these organizations have worked with developers, hoping to gain information about the proposed project and make sure it met their needs. In South Park, they helped win support for the Los Angeles Sports and Entertainment District after receiving concrete commitments on parks, jobs and housing. They did so as well for developments in North Hollywood and Pacoima.

These organizations have now joined together as the Growth with Justice Coalition. They see themselves as a positive force *for* development so long as a project brings tangible improvements to community residents. The Coalition supports developments with community benefits such as living wage jobs, local hiring programs, affordable housing, parks or childcare facilities.

The Growth with Justice Coalition believes that Los Angeles needs a rational planning process that expands community input and facilitates development. Its members have worked to improve specific developments, providing input to developers, and support where that input is heard and respected.

The Growth with Justice Coalition is now trying to advance these individual gains to the level of public policy by creating a new process: a Community Impact Report (CIR). The Coalition hopes to achieve this goal first at the Community Redevelopment Agency, and then in the City of Los Angeles as a whole.

What Is a Community Impact Report?

A CIR is a simple public process that allows developers, policy-makers and community members to consider the economic and social impacts of major developments on the city.

The CIR itself would be relatively brief (no more than 30 pages), and focused principally on providing statistical information with a minimum of narrative or analysis required. Some of the information would be provided by the developer and some by the appropriate government agency. The study would include the following:

- A fiscal assessment, analyzing the costs and benefits to the public agencies responsible for the project.
- An employment assessment, evaluating the number, type and accessibility of jobs to be created at the project.
- An affordable housing assessment, looking at the affordability of the housing created or lost due to the project.
- A neighborhood needs assessment, determining a project's retail benefits and the service needs facing the affected neighborhood, such as the need for parks and childcare.
- A smart growth assessment, assessing whether the project will make a neighborhood more livable.

In some respects, a CIR is similar to an Environmental Impact Report (EIR). In other crucial ways, it is very different.

- While EIRs are often thousands of pages, a CIR will be brief, less than 30 pages.
- While EIRs can take well over a year to produce, a CIR will take as little as a month to complete.
- While EIRs mandate steps to mitigate harm, a CIR does not—it simply informs the public and policy-makers.
- While EIRs happen late in the process—because they take so long—a CIR will be completed much earlier, allowing adjustments to be made before too much money is spent and final decisions are made.
- While EIRs can hold up the development process, a CIR takes place early and is concurrent with other steps, resulting in no delays whatsoever.
- Unlike an EIR, a CIR does not mandate changes to a project, it simply facilitates discussion of how the project can succeed.
- Unlike an EIR, a CIR offers an opportunity to showcase the benefits of good projects, as well as identify potential concerns.

Where Does the Idea Come From?

The Growth with Justice Coalition is made up of 26 organizations, with members of every race, income level and geographic area of the city (see full list at the end of this report). All of these organizations have worked for years to make development responsive to community needs, and many have negotiated agreements with developers to improve their projects. In addition, the Growth with Justice Coalition has done extensive outreach to policy experts, developers and development consultants to ensure that this policy works for everyone.

How Would a CIR Work?

Covered Projects

The CIR would be required for:

- new project with 50,000 square feet or more of commercial space or 100 units or more of market rate housing;
- major rehabilitations of large existing developments;
- projects that result in the removal of affordable housing units.
- Affordable housing projects would not be covered by the policy.

The Trigger

The CIR process would commence when a developer completes an environmental checklist to determine whether an EIR is necessary. The developer would be required to complete the CIR within 90 days.

Role of Staff

Following the completion of the CIR, CRA staff would add any analysis deemed appropriate. Staff would release the report to the public within 30 days.

CIR—3 Simple Steps

Step 1: Developer produces brief report

Step 2: CRA staff accepts report and adds comments as needed

Step 3: Board holds a public hearing

The Public Hearing

Within 60 days, a public hearing would be held before the CRA board. At this hearing, both the developer and community members would have an opportunity to testify, either highlighting project benefits or raising concerns that could improve the project. Additionally, CRA board members would get their first look at the project, and be able to ask questions or raise concerns.

Outcome of the Process

The CIR has no required mandates or direct outcomes. It is simply a means of effectively providing information to all those interested in a development proposal. In practical terms, however, several things could happen following the CIR process.

First, community members and policymakers could recognize the benefits of a project, and decide to help it get approval.

Second, a developer could recognize concerns, and begin the process of consulting with community members and policy-makers to ensure that the project meets the needs and gains the support of residents.

Last, a developer could recognize that the project will not gain support, and withdraw the proposal, saving valuable time and money.

Benefits of a CIR

The CIR will benefit all parties to a development by rationalizing the process, creating a forum for community input and allowing developers to both highlight their project's benefits as well as address community concerns early on.

Benefits to Policy-makers

- Complete and accurate information. The CIR will provide a detailed picture of the social and economic impact of a project. For example, policymakers will learn the number of jobs to be created and the quality of those jobs, as well as the impact on the neighborhood's existing job and economic base.
- Early Information. By getting information earlier in the development process, policy-makers will be better able to shape the project. Developers will be bringing a proposal to them, not a more finalized plan, and can thus be more responsive to issues policy-makers might raise.
- Build Community Trust. By creating a forum for community members to better understand projects, and to be able to impact those projects, the CIR process will improve public trust in the redevelopment process, allowing policy-makers to better serve their constituents.
- Fulfill the CRA Mission. The CIR will help policy-makers make sure they focus on projects that create good jobs and good housing, the essence of the agency's mission.
- Act as a Statewide Model. Across the state, redevelopment agencies are struggling with the challenge of making redevelopment work. This policy can serve as a model for the statewide reform movement.

Benefits to Community Members

- Greater Access. By getting more information about developments that affect them, and getting that information sooner, community members will be able to play a more active and more constructive role in development.
- Address Broader Concerns. EIRs specifically exclude discussion of concerns often central to residents like jobs and housing. The CIR will allow residents to raise their core concerns.
- Opportunity to Be Proactive. Because the CIR will focus less on how to mitigate "negative" impacts and more on "benefits," the dynamic of community input and involvement will change from a negative, oppositional one to a positive, constructive one.

Benefits to Developers

- More Proactive Feedback From Public. The shift toward more constructive by the public involvement will greatly benefit developers. They will have a clear understanding of community concerns and therefore be able to make better assessments about their projects.
- Opportunity to Make their Case. The CIR will provide a more objective analysis that highlights such benefits as high-wage jobs, affordable housing or needed community services, thus building the case for the project.
- Early Warning. When there is opposition to a project, the CIR will provide early warning, allowing a developer to address any concerns.
- Simplify Public Process. The process of responding to the needs of widely varied constituents can be difficult. By bringing all parties together, the CIR will help the developer address everything at once and avoid getting blindsided with opposition later in the process.

Benefits to All City Residents

- More Efficient Use of Public Funds. A CIR will ensure that taxpayer money is spent more efficiently by highlighting projects that truly provide significant public benefits.
- Reduce Health/Welfare Costs. By promoting the creation of good-paying jobs, a CIR will help reduce poverty and its associated public costs, including health care, unemployment and other social-service programs.
- Alleviate Housing Crisis. A CIR will demonstrate which projects are addressing our city's urgent housing crisis. This in turn will help policy-makers spur the creation of more housing, improving conditions and lowering costs.
- Promote Better Planning. By considering projects in relation to their surroundings and promoting mixed-use projects, a CIR will encourage better planning, especially in the urban core.

Case Studies—How a CIR Could Have Made the Difference

Adams-La Brea Creates Years of Uncertainty

In 1999, developer Ronald Simms began negotiating with the CRA to build an 11.6-acre retail center south of the 10 freeway at La Brea Avenue. While many neighborhood residents were anxious to see investment in the area, the proposal also caused anxiety for the two dozen business owners and 72 low-income families who faced the prospect of displacement. The uncertainty meant that both businesses and homeowners delayed improvements, not wanting to lose their investments if the project moved forward. Apartment buildings suffered from neglect, and the neighborhood became increasingly blighted.

In 2000, the developer received commitments from several prospective tenants: McDonald's, a Federal Express distribution center, and a Super K-mart. The City of Los

Angeles, meanwhile, assembled a package worth as much as \$6,875,000 in grants and low-interest loans. An EIR was prepared.

As community members became aware of the project, they began raising a host of concerns, ranging from fear of displacement to the loss of housing units to the influx of mostly low-wage, non-union jobs.

In 2002, K-mart filed for bankruptcy, leaving the developer scrambling for a tenant. Simms then proposed construction of a Food-4-Less and Fry's Electronics Store. Community members urged the addition of housing, an idea that gained the support of the local council office. The developer, however, would not add a housing component. In January 2003, the Exclusive Negotiating Agreement (ENA) expired and the CRA discontinued negotiations with the developer.

If a CIR had been required soon after the developer had entered into an ENA with the developer, the merits of the project could have been evaluated early on, potentially saving residents years of uncertainty and the developer hundreds of thousands of dollars. A CIR also would have saved the valuable time of CRA staff and redirected their professional expertise to assessing how a community redevelopment project could better serve the surrounding neighborhood.

**“We’ve had many sleepless nights, never knowing whether we would be forced out of our homes.”
--Longtime resident Claudio Mota**

The greatest benefit would have been for local residents. “This project was hovering over our lives for over five years,” said long-time resident Claudio Mota. “We’ve had many sleepless nights, never knowing whether we would be forced out of our homes.”

Does Coliseum Center Really Create Jobs?

In late 2000, developer Abe Shofet responded to a Request for Proposals (RFP) from the CRA to overhaul a former bowling alley at Crenshaw Boulevard and Rodeo Road. Shofet proposed the creation of 63,590 square feet of retail space, and called his project Coliseum Center. Tenants were to include Petco, Denny's, Starbucks and Walgreens.

The project was inherently controversial, because the bowling alley, Holiday Bowl, had been a longtime community institution in South Los Angeles. During the 1992 riots, local residents had literally fought to defend it, while preservationists thought the building itself had historic significance.

While much of the attention remained on these issues, however, little consideration was given to basic questions about the project's economic impact. Many assumed that the project would, as its developer claimed, create jobs, and were thus inclined to be supportive.

However, two competing businesses, a Rite-Aid and a Savon, were located just a few blocks away, while another pharmacy (located in a grocery store) was also nearby. Many policy-makers weren't aware of the conflict, and those who did know found out late in the process, as the EIR was being finalized. By this point, Walgreens was a key component of the plan, and a great deal of time and money had been invested in making the plan succeed. It was difficult to make adjustments at this late date. The problem was compounded by the fact that Walgreens is non-union, and pays lower wages and provides fewer health benefits than the union Rite-Aid.

In retrospect, many policy-makers were concerned about having supported a project likely to actually reduce wage levels in the area by replacing union jobs with non-union ones. In addition, they wondered whether the project really met the goals of redevelopment if it was not adding to the existing neighborhood services. A CIR, by requiring an assessment of how local business would be impacted, would have allowed public officials to ask critical questions about these issues early on.

Had the information been available in the initial stages, the developer could have adjusted his plans to meet community needs, or the CRA could have determined with more limited effort that the project was not a good one.

Ups and Downs for Downtown Arena

In 1997, the LA Arena Company proposed the construction of a state-of-the-art \$375 million basketball arena to house the local basketball and hockey teams, as well as host numerous concerts and events such as the Grammys.

The developers reached agreement with local labor unions on unionization and some community groups on issues like a local hiring program and mitigation of certain negative impacts for local residents.

Next they negotiated with the CRA and the City to obtain over \$70 million in public support, including both loans and direct subsidies. They completed their EIR and took the numerous other steps necessary to make the project a reality.

**“It’s not going to be
easy to pay the rent and
the bills.”**

**--Displaced resident
Maricela Ruiz**

In late 1997, however, just as the project was ready to go before the City Council, some Councilmembers began raising serious concerns about the level of public assistance and the means of loan repayment. The debate became increasingly contentious, and there was talk of requiring a citywide initiative on the project, a step that almost certainly would have scuttled the deal. At the last moment, and thanks in

part to the intervention of several high-profile community leaders, a settlement was reached, and the project’s collapse was avoided.

Three years later, after the project was built, a new problem arose. To build the arena, approximately 200 families were displaced, and many families' housing subsidies were nearly expired with no prospect of replacement housing on the horizon. These residents, mostly Latino and all very low-income, faced the real threat of being put out on the street. "It's not going to be easy to pay the rent and the bills," Maricela Ruiz, one of those displaced, told the *Los Angeles Times* in an October 1999 article. It was unclear who was responsible for protecting their interests and ensuring adequate housing.

Both of these problems could have been averted by a CIR. First, with a CIR, policy-makers and the public would have been aware much sooner of the scope of public subsidy required, and could have raised their concerns early on in the process, not at the last minute. Moreover, the subsidy debate would have been more clearly part of a larger picture—discussion of the real public benefits of the arena. The debate would have turned less on the question of whether to "subsidize the wealthy," and more on the question of what benefits were or were not gained as a result of subsidies.

The CIR would have also highlighted the issue of displacement. Policy-makers would have been made aware of the problem early on. Residents could have been involved at the outset, working with the developer and the agency to meet their needs.

Competing Claims at Goodyear

In June 1999, the CRA issued a Statement of Interest (SOI) to develop part of a 208-acre industrial site near Alameda Boulevard, formerly occupied by Goodyear Tires. One of the 325 existing businesses, United Alloy (UA), responded. UA proposed to rehabilitate and expand their existing metal processing facility. According to UA, this would have led to the creation of between 31 and 100 new jobs.

In large part because of contamination at the site, the exclusive negotiating agreement (ENA) had to be extended several times. By this time, another company, Vahe Enterprises, came forward indicating that they too wanted to expand. A food service and catering truck manufacturer, Vahe also had existing operations on the vast Goodyear site.

Regardless of the roots of the notification issue, the competing proposals created a tremendous problem. Vahe claimed its proposal would actually generate more quality jobs than UA's plan. A continuance was again ordered, and CRA staff went to visit the site. Staff still found the UA plan superior, but Vahe continued to press its case, and eventually several CRA board members conducted their own site visit.

The ENA with UA has since expired, and neither project has gone forward. The site remains unused.

The impact of a CIR in this case is obvious: it would have provided policy-makers with clear information at the earliest stage about the number of jobs and their wage levels, allowing them to make an objective assessment.

Case Studies—The Positive Role of Community Involvement

Equitable Redevelopment in South Park

In spring 2000, the developer of the Staples Arena presented the outline of a proposal for a Sports and Entertainment District to the City Council. The massive project was to include two hotels, a 6,000-seat theater, up to 800 housing units and hundreds of thousands of square feet of office and retail space. The developer anticipated that a subsidy would be needed to pay for one of the hotels, a 1,200-room facility.

For many residents in the surrounding neighborhood, the presentation was not cause for celebration. They worried that while they would suffer the negative consequences of such a massive undertaking—more displacement, increased traffic, reduced parking, more security problems—they would see few of the benefits.

After discussing the project for several months, residents and community leaders came together through the Figueroa Corridor Coalition for Economic Justice. They approached the developer and asked for the opportunity to present their concerns.

The developer, worried about opposition to the project and aware of problems with the arena development, was responsive and began a six-month negotiation process that resulted in a comprehensive community benefits agreement, a legally-binding settlement requiring a broad range of community benefits to be included in the project.

Unlike the developer's experience with the arena, where they dealt with different constituencies separately over an extended period of time, here they met with unions and over 29 community organizations simultaneously, enabling them to plan for all obstacles up front and deal with problems as a package, not one by one.

Community residents will see more quality jobs, affordable housing and more parks than in any previous project. This is exactly the kind of process the CIR will encourage.

The negotiations were mutually beneficial, according to Ted Tanner, Vice-President for Real Estate Development at AEG. "Our goal...was to win true support and advocacy for the project," Tanner told the *Los Angeles Times*. "Their goal was the same—to see if we could make this project better and improve benefits for the community."

The result was that the Sports and Entertainment District sped through the development process, winning approval and public support in record time. Meanwhile, community residents will see more quality jobs, more affordable housing and more parks than in any project before in Los Angeles. This is exactly the kind of process the CIR will encourage.

Making Industrial Development Neighborhood Friendly

In June 2001, LA's Council President Alex Padilla invited the Valley Jobs Coalition and a group of community leaders to sit down with the developer of the Sunquest Business Park, a 550,000-square-foot industrial park near Pacoima. The development promised to create over 500 jobs, making it one of the largest industrial projects in the area. Equally importantly, the 33-acre project would also clean up the former Branford Landfill.

Led by the Valley Jobs Coalition, community leaders analyzed the proposed project, and identified a range of important community needs. These included local hiring and the right to unionize, funds for long-needed neighborhood improvements like street lights and bus shelters, and a new youth center.

They held community meetings and public forums, and negotiated directly with the developer. By fall 2001, they had reached an agreement that addressed those and other core needs without changing the essence of the project.

According to Padilla, community involvement was essential to the project. "This wasn't city-driven," Padilla told the *Los Angeles Times*. "This was community-driven."

Dozens of community members attended the public hearings, testifying in support of the development and helping to secure speedy public approval. The result was a win-win situation, as community members brought important new resources to their neighborhood while the developer was able to gain important allies.

Gaining Public Support in North Hollywood

In mid-2000, developer Jerry Snyder proposed the development of a massive mixed-use project in North Hollywood called NoHo Commons. With an estimated cost of \$219 million, and over \$40 million in public funds, the project was to include over 200,000 square feet of retail space, over 200,000 square feet of office space, and approximately 800 housing units.

As with other projects, the residents and business owners in the area were concerned, as some faced displacement, while others wondered about the impact of such a massive development. Valley congregations and activist organizations wanted to make sure the project's potential benefits flowed to the low-income residents of the area.

In 2000, the Valley Jobs Coalition approached Snyder to find out about his plans and initiate a dialogue. These discussions evolved into negotiations for a community benefits package, a process that took just over six months.

The results were extraordinary for both the developer and local residents. The development was adjusted to include a child care center and a local job training program, and the developer committed to pay living wages to workers and to fund 162 affordable housing units (20% of the total).

The developer won crucial public support in an area often thought to be hostile to large-scale projects. Armed with this backing, Snyder was able to gain support from the CRA and the City Council in late 2001.

**“This agreement is a model for how...
to make development projects
work for everybody.”
--Jeff Farber, Valley Jobs Coalition**

“This agreement is a model for how community groups, labor and business can join together to make development projects work for everybody,” Jeff Farber of the Valley Jobs Coalition told the *Los*

Angeles Times. “We believe this offers a blueprint for communities around the Southland.”

Cliff Goldstein, one of the developers, agreed, telling the *LA Weekly* a few months later that the result was a “win-win.”

Conclusion

The lessons of the above case studies are clear:

- ✓ Earlier information is beneficial to all stakeholders.
- ✓ Policymakers and community members can make better decisions the more they know about a project.
- ✓ Community members can play a positive role in shaping and supporting development, and will do so when they have a real role.
- ✓ When the impact of a project is unclear, communities develop resentments and fear the unknown. Therefore, they are less likely to support the project.

A CIR will help put these lessons into practice at the CRA and, eventually, in the city as a whole. CIRs will be important tools for all parties to the development process. They are simple and work mainly to expand the amount of information available to the public about large developments. Developers will gain early insight into community needs and have an opportunity to demonstrate the benefits of their project to local residents. Community members will gain information and a voice in the development process, and will play a more constructive role in helping developments that benefit them. Policy-makers will gain tools to accurately assess projects and make informed decisions.

Growth With Justice Coalition

- ACORN
- Clergy and Laity United for Economic Justice (CLUE)
- Coalition L.A.
- Downtown Women’s Action Coalition (DWAC)
- East L.A. Community Corporation
- Environmental Defense, Environmental Justice Project
- Gray Panthers of the San Fernando Valley
- Hotel Employees and Restaurant Employees (HERE) Local 11
- Jovenes Inc.
- Legal Aid Foundation of Los Angeles (LAFLA)
- Livable Places
- Los Angeles Alliance for a New Economy (LAANE)
- Los Angeles Central City Neighborhood Partners
- Los Angeles Coalition to End Hunger and Homelessness
- Los Angeles Community Action Network (LA CAN)
- Los Angeles County Federation of Labor
- Los Angeles Family Housing
- Service Employees International Union (SEIU) Local 347
- Service Employees International Union (SEIU) Local 1877
- Southern California Association of Non-Profit Housing (SCANPH)
- Strategic Actions for a Just Economy (SAJE)
- Sweatshop Watch
- Teamsters Local 11
- UCLA Labor Center
- United Food and Commercial Workers (UFCW) Local 770
- Valley Jobs Coalition