ECONOMIC DEVELOPMENT POLICY COMMITTEE
Thursday, June 24, 2021
9:00 a.m. – 10:00 a.m.

Virtual/Microsoft Teams Meeting

Call-in number: 1-323-776-6996 Access Code: 831 836 193#

AGENDA

1. Introductions

2. Legislative update — 10 minutes
   (CEO)

3. Opportunity Zones presentation — 30 minutes
   (CEO and Kosmont Companies)

4. Economic and Workforce Development Department update — 20 minutes
   Introduction of the Supervising Administrator
   (CEO)

5. Public Comment

NOTE:
Please send comments to EconomicDevelopment@ceo.lacounty.gov by Wednesday June 23rd at noon. They will be shared with the Committee prior to the meeting.

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County of Los Angeles
Opportunity Zone Policy Recommendations
Economic Development Policy Committee
June 24, 2021

kosmont companies
1230 Rosecrans Ave., Suite 630
Manhattan Beach, CA 90266
TEL: 424-297-1070 | URL: www.kosmont.com

OPPORTUNITY ZONE POLICY & SOCIAL IMPACT PROGRAM

- Initiated by Supervisor Solis LAC+USC motion November 2018:
  - Complements General Hospital Feasibility Study
  - Federal Opportunity Zones (2017) as potential financing option
- Goal: Proactive policy to guide private investment toward community benefits that could address issues such as displacement
- Coordinating with multiple government agencies to help implement – County of Los Angeles CEO, Regional Planning, Community Development; Los Angeles City Mayor, Council offices, Workforce and Economic Development

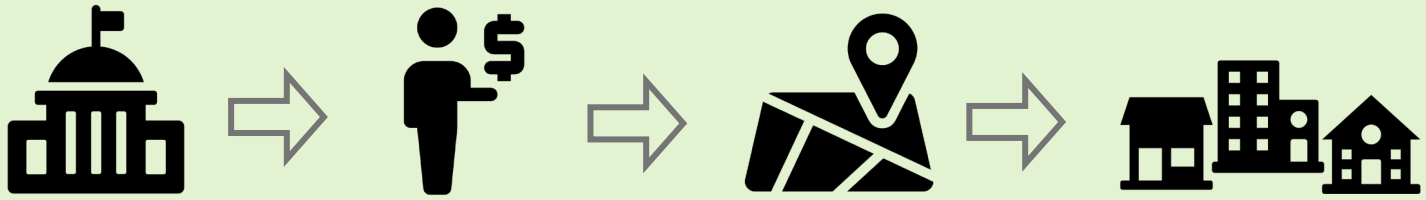
COMMUNITY OUTREACH

- Outreach focused in First and Second Districts with community and small group meeting formats:
  - Stakeholder Engagement Workshops with community groups – HICP members, Chambers of Commerce **[ON HOLD DUE TO COVID-19]**
  - Capacity Building Program Development – community organizations, OZ funds, government partners **[1-2 ROUNDS COMPLETED]**

Date	Description
1/23/2020	• Kick-off Meeting
2/7/2020	• HCIP meeting + LACUSC feasibility tour
2/10/2020	• SD1 & SD2 meetings
2/24/2020	• HICP OZ subcommittee meeting – SEIU 721, Wellness Center, Eastside Leads, Public Counsel, SAJE, ACCE
3/6/2020	• HICP kick off meeting presentation
Summer 2020	• Capacity building partner meetings - SLATE-Z, Inclusive Action, Project Equity, SoLa Impact, ELA Entrepreneur Center
Fall 2020	• Policy coordination meetings – City of Los Angeles
Spring 2021	• SD2 meetings – Vermont Slauson EDC, West Angeles CDC, Coalition for Responsible Community Development • 2nd round – draft policy recommendation review

SOCIAL IMPACT INVESTING
OPPORTUNITY ZONES (OZ)

What is the Opportunity Zone Program?



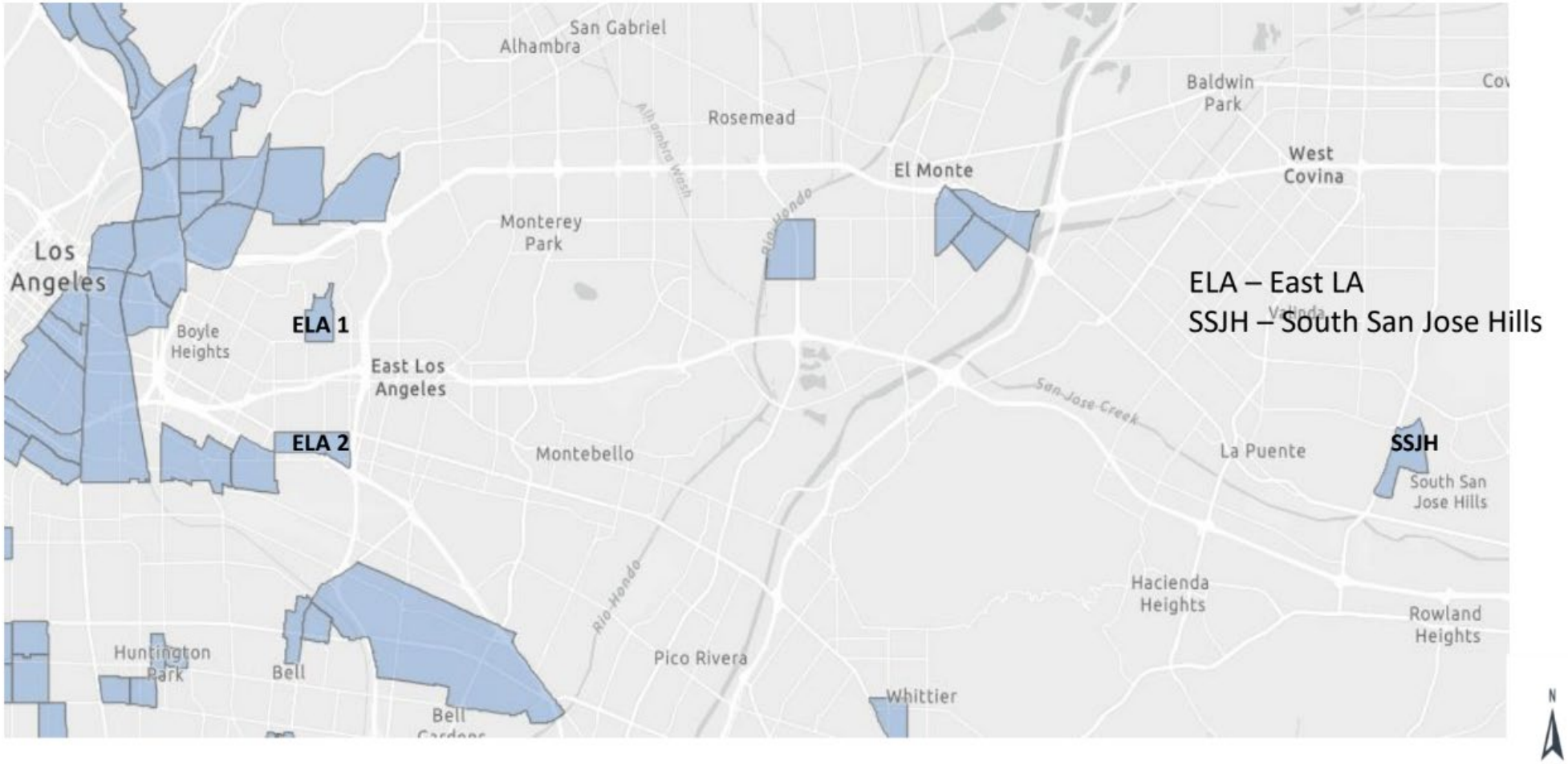
Tax Cuts and Jobs Act 2017 → Tax breaks for capital gains invested in OZs → OZs: economically distressed census tracts selected by states → Investments in projects and businesses in OZs

- Federal tax incentive program designed to stimulate investment in economically distressed communities
- 879 OZs designated by Governor in California and 8,764 OZs across the country
- 659 separate funds with **$15 billion** community development investment capacity
- Investments can be made in **real property** or **businesses** – certain time limits apply

Key Terms

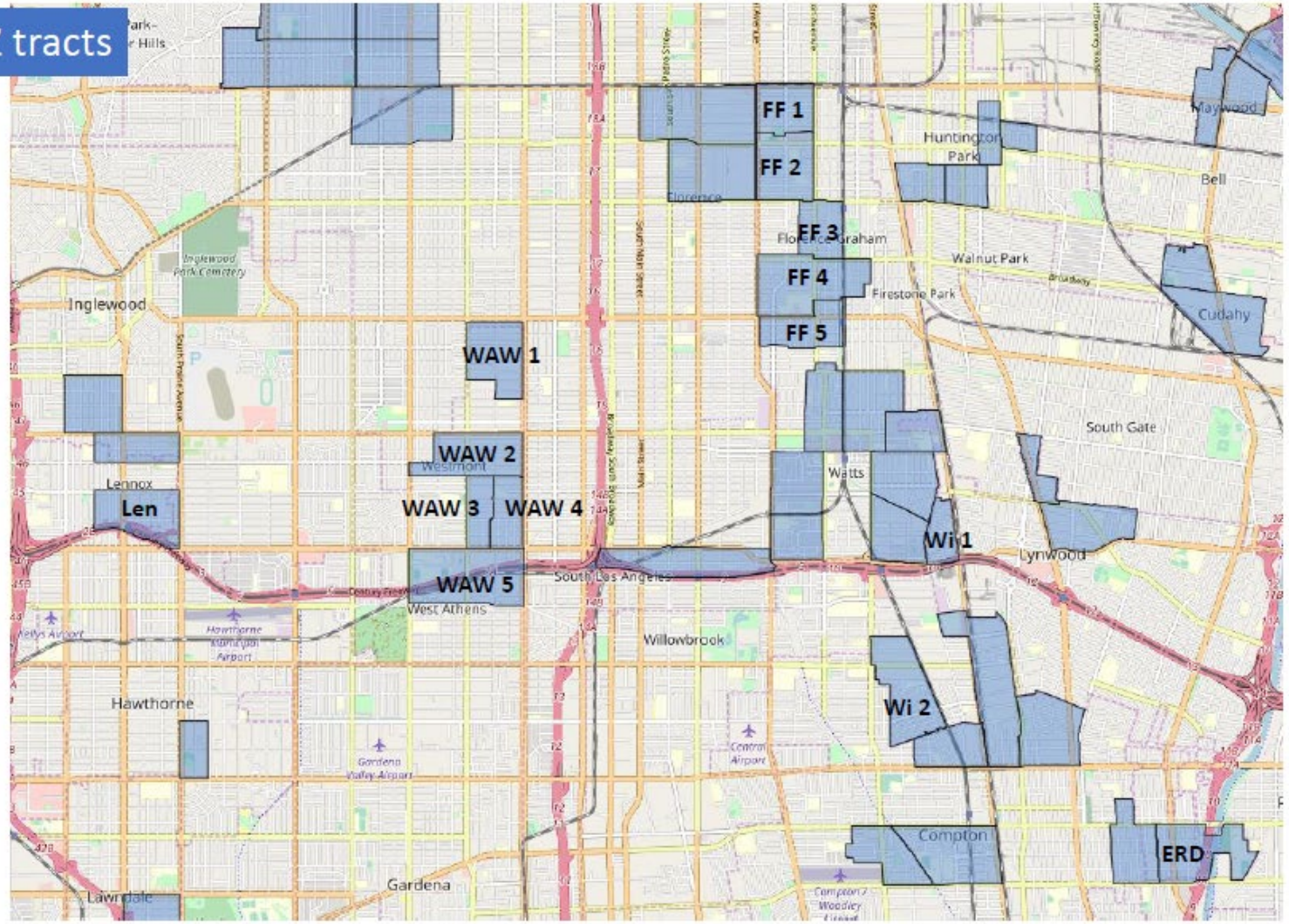
- Opportunity Zone – economically distressed census tract selected by Governor. Investors receive a capital gains tax break from investing in OZs
- Capital Gains – profits made from selling property (businesses, stocks, real estate)
- Qualified Opportunity Funds – invest in Qualified OZ Property to provide tax breaks to investors
- Substantial Improvement – changes made to buildings that result in a doubling of value during the ownership period

FIRST DISTRICT
DESIGNATED OPPORTUNITY ZONES



SECOND DISTRICT
DESIGNATED OPPORTUNITY ZONES

SD 2 OZ tracts



Len – Lennox
WAW -- West Athens/ Westmont
FF – Florence-Firestone
Wi – Willowbrook
ERD – East Rancho Dominguez

N

OPPORTUNITY ZONE LEGISLATIVE UPDATE

- Final OZ program guidelines issued in December 2019
- COVID-19 legislative update provided flexibility during the COVID-19 pandemic by extending investment deadlines
- Biden administration identified key areas of reform – consistent with local input received:
  - Community Engagement and Benefits – incentivize OZ funds to partner with local community organizations, produce community benefit plans for investments
  - Evaluating Program Impact – review OZ program to ensure tax benefits are directed toward projects with community, economic, social, or environmental benefits
  - Transparency – reporting and disclosure requirements on local impacts, poverty status, housing affordability, and job creation
  - General – better alignment between OZ and other existing federal funding programs, adding or eliminating OZ census tracts to, adjusting types of projects that qualify
- Recommend LA County prominent role in Federal lobbying efforts – census tracts, timing, tax code

OUTREACH SUMMARY & POLICY CONCEPTS

Types of OZ Projects

Theme 1: County OZ projects should provide community benefits

- Affordable housing
- Local / small businesses
- Jobs & workforce development
- Challenging sites / businesses
- Post-pandemic recovery
- Open space
- Sustainability & resiliency
- Community ownership models

OZ Project Criteria

Theme 2: Apply County policies and criteria to OZ projects

- Anti-displacement / tenant rights
- Community outreach
- Transparency, reporting, & enforcement
- Consider all unincorporated areas

- Related LA County Policies:
  - Community Benefits Policy
  - Anti-Racist, Diversity, and Inclusion
  - Rent Stabilization Ordinance
  - Inclusionary Housing Policy
  - Equitable Development Motion
  - General Plan / Housing Element

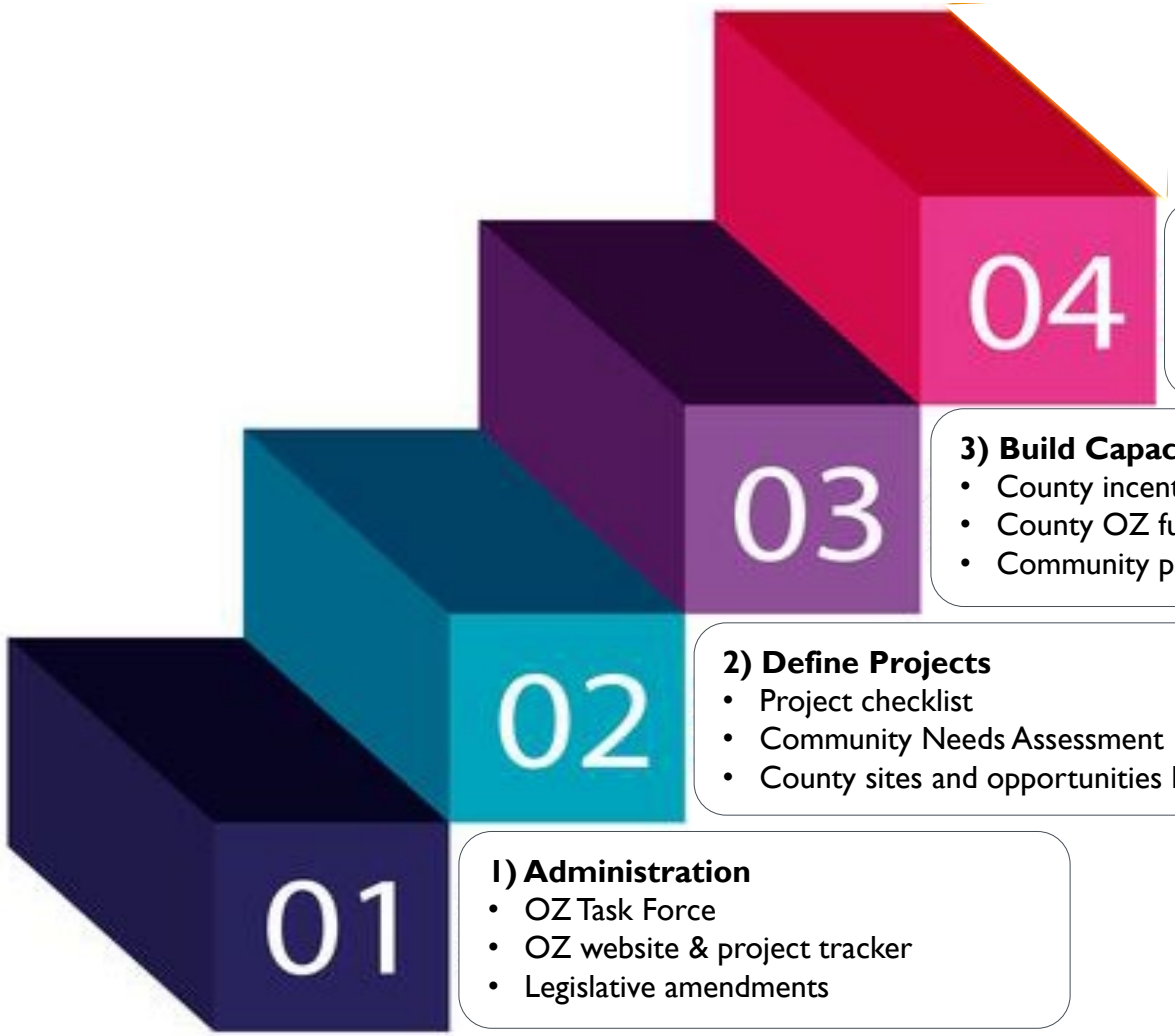
County Role

Theme 3: Pro-active County role to ensure community benefits

- OZ fund return guarantee
- By-right zoning for targeted uses
- Infrastructure improvements
- Project support services
- Reduced land costs
- Tax incentives
- Non profit capacity building:
  - Technical assistance
  - Capacity building
  - Project identification
  - Communication & outreach

OZ POLICY ROADMAP

OZ Policy Objective:
Outline a pro-active role for Los Angeles County to partner with OZ funds and community organizations to derive community benefits on County-owned land and incentivize beneficial OZ projects in un-incorporated County



1) Administration
- OZ Task Force
- OZ website & project tracker
- Legislative amendments

2) Define Projects
- Project checklist
- Community Needs Assessment
- County sites and opportunities list

3) Build Capacity
- County incentives
- County OZ fund support
- Community partnerships

4) Create County Policy
- Policy draft
- Capital Improvements
- Outreach & monitoring process

THANK YOU

QUESTIONS?

Los Angeles County, CA

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RECOMMENDATION – ADMINISTRATION

Objective:
Create structure for OZ tracking, oversight, and community involvement based on best practices

Policy Recommendation A.1 – Create OZ Task Force of County, City, community partners to review draft policy, identify projects and investors, engage community through outreach and education

Policy Recommendation A.2 – Create OZ outreach tools (e.g. website, materials, presentations,) targeting interested community members, projects seeking capital, potential OZ funds

Policy Recommendation A.3 – Develop OZ project identification process through Regional Planning and Public Works

Policy Recommendation A.4 – Prominent role in Federal Legislation amendments

OPPORTUNITY zone TASK FORCE

Little Rock OZ Task Force

Birmingham Inclusive Growth Partnership

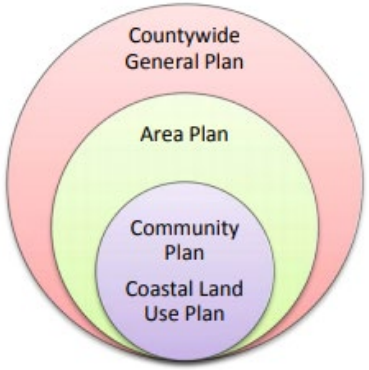
RECOMMENDATION #1 – OZ PROJECT TYPES

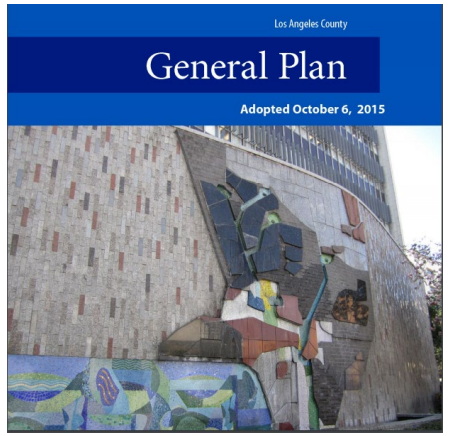
Objective:
Define which OZ projects are subject to County policy and conduct community needs assessment

Policy Recommendation 1.1 – checklist of projects subject to OZ policy (e.g. County-owned land, public-private projects) and requirements for ground leases, Development Agreements, and Community Benefits Agreements

Policy Recommendation 1.2 – conduct community needs assessment to create project priority list (e.g. affordable housing, open space, jobs, challenging sites); incorporate into existing planning efforts (General and Specific Plans)

Policy Recommendation 1.3 – create list of County-owned property, sites or business types in need of capital





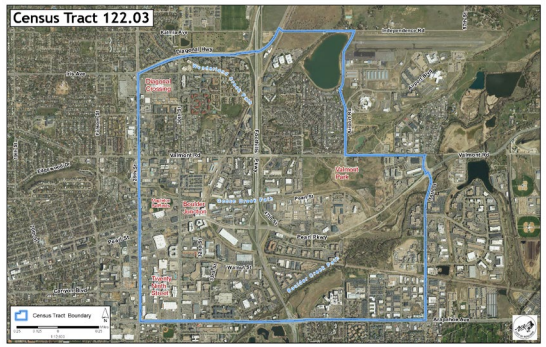
RECOMMENDATION #2 – OZ PROJECT CRITERIA

Objective:
Develop community benefits criteria for OZ projects, list of supportive public infrastructure, and incorporate into County policies

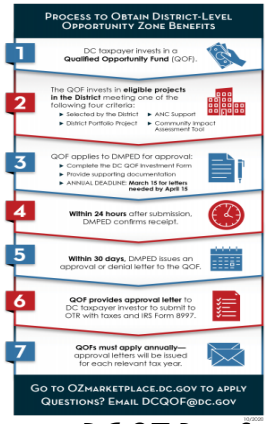
Policy Recommendation 2.1 – incorporate OZ policy into County Equitable Development Motion work with requirements from Community Benefits Policy to allow for coordinated land use (e.g. overlay zone) policies; consider adding additional requirements from other County policies

Policy Recommendation 2.2 – identify public infrastructure investments that could support beneficial OZ projects through General/Specific Plan Capital Improvement Plan process with funding options

Policy Recommendation 2.3 – create community benefits checklist with community engagement, monitoring, and reporting process through OZ Task Force



Boulder, CO, Anti-Demolition OZ Overlay Zone



Washington DC OZ Benefits Program

RECOMMENDATION #3 – COUNTY ROLE AND PARTNERSHIPS

Objective:
Create a pro-active role for County on both County-owned land and in unincorporated County through incentives and partnerships with local community organizations

Policy Recommendation #1 – develop incentive program for OZ projects on private property in unincorporated County area, examples from other cities include fund guarantee, special district infrastructure, public-private partnership, support services

Policy Recommendation #2 – build capacity with local community organizations through grants, loans, capacity building, and training to engage them in OZ outreach and project identification (e.g. Kresge model)

ELA Entrepreneur Center Small Business Relationships

HICP General Hospital and Community Relationships

Kresge Foundation OZ Initiative

ECONOMIC AND WORKFORCE DEVELOPMENT UPDATE

ECONOMIC DEVELOPMENT POLICY COMMITTEE MEETING
JUNE 24, 2021

Economic & Workforce Development

Implementation Team

PHASED IMPLEMENTATION PLAN

Phase 0
Pre-Implementation

- June – October 2021
- Preparation for launch of Phase 1

Phase 1
Realignment

- October 2021 – October 2022
- Shared Admin Structure
- Preparation Individual Department Structure

Phase 2
Departments Established

- By October 2022
- Establishment of EWDD and AD

Phase 3
Optimization

- FY 22-23 – FY 25-26
- Further enhancement and optimization of services

4/20/21 MOTION DIRECTIVES – IMPLEMENT PHASES

- Implement phased plan with Phase 1 done by 10/1/21
- Report back by 10/1/21 with detailed plan for Phase 2, New Departments
- Appoint Supervising Administrator (SA) by 7/1/21
- SA to report back 60 days after appointment with implementation strategy

PROGRESS

- ✓ SA appointed
- ✓ Establish an Implementation Team
- ✓ Briefings with BOS Offices
- ✓ Connection with Departments
- ✓ Office Space Secured
- ✓ Ongoing Analysis

NEXT STEPS

- Develop and Deploy Communications Plans
- Draft and Submit 60-Day Report Back
- Prepare Supplemental Budget Requests
- Continue Administrative Processes