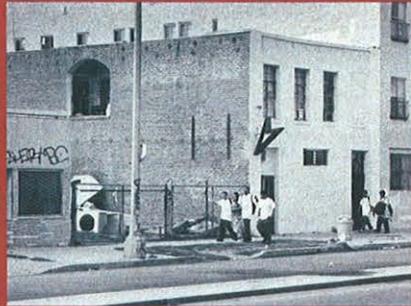


ULI

# VERMONT AVENUE LOS ANGELES



VERMONT AVENUE CORRIDOR  
LOS ANGELES, CALIFORNIA

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Recommendations for the Revitalization  
Of the Vermont Avenue Corridor in  
South Central Los Angeles

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November 13, 1992  
An Advisory Services Panel Report

ULI—the Urban Land Institute  
625 Indiana Avenue, N.W.  
Washington, D.C. 20004

## ABOUT ULI— THE URBAN LAND INSTITUTE

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**U**LI—the Urban Land Institute is a nonprofit education and research organization that is supported and directed by its members. Its mission is to provide responsible leadership in the use of land to enhance the total environment.

ULI sponsors educational programs and forums to encourage an open, international exchange of ideas and experience; initiates research that anticipates emerging land use trends and issues; proposes creative solutions based on this research; provides advisory services; and publishes a wide variety of materials to disseminate information on land use and development.

Established in 1936, the Institute today has approximately 16,000 members and associates from 40 countries representing the entire spectrum of the land use and development disciplines. They comprise developers, builders, property owners, investors, appraisers, planners, attorneys, engineers, financiers, academicians, students, and librarians. ULI members contribute to higher standards of land use by sharing their knowledge and experience. The Institute has long been recognized as one of America's most respected and widely quoted sources of objective information on urban planning, growth, and development.

Much of the Institute's work is accomplished through its councils, which include:

- Commercial and Retail Development Councils
- Community Development Councils
- Development Infrastructure and Services Council
- Development Regulations Council
- Industrial and Office Park Development Councils
- International Council
- National Policy Council
- Recreational Development Council
- Residential Development Councils
- Small-Scale Development Councils
- Urban Development/Mixed-Use Councils

This Advisory Services panel report is intended to further the objectives of the Institute and to make authoritative information generally available to those seeking knowledge in the field of urban land use.

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## ACKNOWLEDGMENTS

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- The many others within the city of Los Angeles who made the panel's work possible.

In addition, the panel wishes to acknowledge the many community and business leaders who provided their unique insights and perspectives during the interview process. Their participation enabled the panel to base its recommendations on accurate, timely, and balanced information.

This panel was made possible through a generous contribution from the Urban Land Foundation.

## THE LOW-INCOME NEIGHBORHOOD PANELS PROGRAM

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The Vermont Avenue corridor in Los Angeles is the sixth and final ULI panel assignment conducted under a special program targeted at low-income neighborhoods. The Low-Income Neighborhood Panels program was created under the auspices of ULI's Low- and Moderate-Income Housing Task Force, which is cochaired by ULI trustees Leanne Lachman and Nina Gruen. The mission of the program is to develop successful strategies for delivering low-income housing and/or improving the physical and economic conditions of low-income neighborhoods.

Because of contributions from the institutions listed below, ULI has been able to offer its Advisory Services panels at a reduced price to six sponsors selected through a competitive proposal process. The panels are designed to help participating communities resolve specific problems within designated neighborhoods.

In addition, ULI will identify the commonalities among the six panel assignments and suggest solutions that could prove beneficial in other cities facing similar issues.

The panels in this program have been possible in part because of generous contributions from:

- Aetna Realty Investors, Inc., and The Aetna Foundation;
- Chicago Title Insurance Company Foundation;
- Coldwell Banker Real Estate Group and Sears Mortgage;
- The Equitable Real Estate Investment Management, Inc., and its parent company, The Equitable;
- Lincoln National Corporation;
- Teachers Insurance and Annuity Corporation; and
- The Urban Land Foundation.

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## FOREWORD: THE PANEL'S ASSIGNMENT

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After many years of neglect, South Central Los Angeles has come to be perceived as impoverished, unstable, and inhospitable to investment. The recent riots have reinforced that perception.

The riots also focused public attention on the community—attention that could benefit the entire city. The current serious economic recession in Los Angeles, characterized by outmigration of industry and accompanying job loss, means that the city must, for the sake of all of its citizens, become more economically competitive. For that to occur, the city must shoulder its responsibility to make the reality and the image of neglected communities such as South Central more attractive—physically, socially, and economically—as places in which to live and work.

Once a thriving African-American community, the South Central area deteriorated as the city grew larger and the more prosperous residents moved out. Over the years, the decline of physical structures has been accompanied by deterioration in the economic and social fabric of the community. Despite civil unrest in 1965 and the thoughtful assessment of the community's needs that followed,



*Panel Chairman Smedes York.*

South Central Los Angeles has continued to decline. Today, it is a vast, diverse area with great vitality but also with serious problems and enormous needs.

In the wake of the April 1992 civil disturbances in South Central Los Angeles, ULI offered the services of its Advisory Service to the city of Los Angeles to help redevelop this troubled area. The first panel convened in response to this offer was held in August 1992 and focused on assisting the city and the banking community in establishing a multibank community development corporation (CDC) for economic development.



This report is the result of the second panel, in which the city's housing preservation and production department (HPPD) asked ULI to consider reuse options for obsolete and underused strip commercial corridors in South Central Los Angeles. South Central's major commercial strips are populated largely by small businesses and characterized by inconsistent and incompatible land uses, old and deteriorated structures, and a large number of vacant lots and derelict buildings. The corridors contain numerous marginal businesses, such as liquor stores, check cashing facilities, and overpriced convenience marts that exploit community residents. Many of these businesses suffered serious damage during the riots.

These commercial corridors, which are surrounded by fairly stable residential neighborhoods, represent thousands of acres of underused land that the city would like to put to more productive uses—ones that could result in needed jobs, housing opportunities, and services to the community.

The city asked the ULI panel to focus its report on a single corridor—Vermont Avenue between Century Boulevard and Martin Luther King Boulevard—and to develop proposals and strategies that might also serve as models for the revitalization of other commercial streets in the area. Specifically, the city wanted to know the amount and type of commercial development that should exist along Vermont

Avenue, and the amount and type of residential development that would be appropriate to support the commercial development and serve the community's needs. In addition, the panel was asked to look at transportation needs, strategies to create and preserve affordable housing, infrastructure requirements, and ways to encourage job creation and community ownership. Finally, the city asked the panel to suggest the planning tools and incentives that will be necessary and to outline a process for achieving the objectives, including a description of the roles of HPPD, the city planning department, and the Community Redevelopment Agency (CRA).

Eleven panel members and two ULI staff members were selected to accomplish this week-long study, with the panelists donating their time on behalf of ULI and the citizens and city of Los Angeles. The HPPD gave the panelists extensive background materials, briefed the panel on its assignment, and conducted a tour of the Vermont Avenue corridor and the South Central area. To gain additional insights, the panel interviewed numerous neighborhood, non-profit, governmental, and business representatives. This report documents the panel's findings and recommendations.

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

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### **SUMMARY OF RECOMMENDATIONS**

First and foremost, the panel believes that South Central Los Angeles needs to be recognized as an area of urgent regional importance. The community's vitality—or lack of it—exerts a regionwide influence on the convention business, on company relocations and startups, and on the availability of new job opportunities.

The panel emphasizes that planning must be based on a strong, community-based process—that is, on a process generated from the citizens up, not from the top down. The revitalization process should involve, to the maximum extent possible, companies, community-based organizations, and citizens within the community. Thus, the panel's recommendations represent potential solutions that should be discussed and, if necessary, refined at the grass-roots level.

The panel's report and approach are based on investment opportunities, not on benevolent contributions. The market in South Central is enormous. The panel suggests ways that for-profit, public, and nonprofit entities can participate in tapping that market and in revitalizing the community.

The recommended plan concept for the Vermont Avenue corridor involves concentrating retail development at key intersections, introducing mixed-use projects, and eventually replacing much of the existing strip commercial development with residential units. The panel hopes that its recommendations will help Vermont Avenue become an asset that will assist in defining the surrounding neighborhoods, giving these neighborhoods a sense of place. The definition of neighborhoods must be aided by the addition of public investment in schools, parks, libraries, and other community services. And, to reinforce the neighborhoods' stability, the panel strongly endorses efforts to offer programs that facilitate and sustain homeownership.

The panel believes that the provision of additional needed community-based services is essential to the revitalization of South Central Los Angeles in general and of the Vermont Avenue corridor in particular. (An example of such a needed service is the planned Community Finance Resource Center, which includes a multibank CDC. The multibank CDC was the subject of a previous ULI panel.) Basic public services to the South Central area, such as public safety and street maintenance, must be increased and improved.

## OVERVIEW OF ISSUES AND OPPORTUNITIES

### AREA DESCRIPTION

The panel was asked to study the segment of Vermont Avenue between Martin Luther King Boulevard to the north and Century Boulevard to the south. Vermont Avenue is a north/south arterial street located within the South Central Los Angeles Community Plan Area, as designated by the city's general plan. The South Central Community Plan Area—bounded by Pico Boulevard to the north, 120th Street to the south, Van Ness Avenue to the west, and Broadway to the east—comprises 9,898 acres (15.5 square miles) and has a population of approximately 250,000.

South Central Los Angeles consists of low-density residential neighborhoods of single-family homes on small lots, with some small multifamily developments, bisected by suburban style strip commercial corridors. Most of the commercial development is old, in serious disrepair, and interspersed with vacant lots and boarded-up structures. Uses are often incongruent, and most economic activity consists of highway-oriented small businesses. Few public or private community services are available, except for those provided by the area's many storefront churches.

Incomes are low. In 1990, the median family income in South Central Los Angeles was \$19,382, compared with a city-wide median of \$30,925. In 1990, over 40 percent of the population over the age of 16 was not in the labor force.



The panel on tour in South Central Los Angeles.

Several efforts that are now underway should be encouraged. The panel commends the outreach efforts of Rebuild Los Angeles (RLA), both to encourage companies to invest in South Central Los Angeles and to guide these companies in locating properly within and relating to the community. The panel strongly endorses efforts by the private sector to provide job opportunities for the citizens of South Central Los Angeles. (For example, Shell Oil plans to establish a training center in the area.)

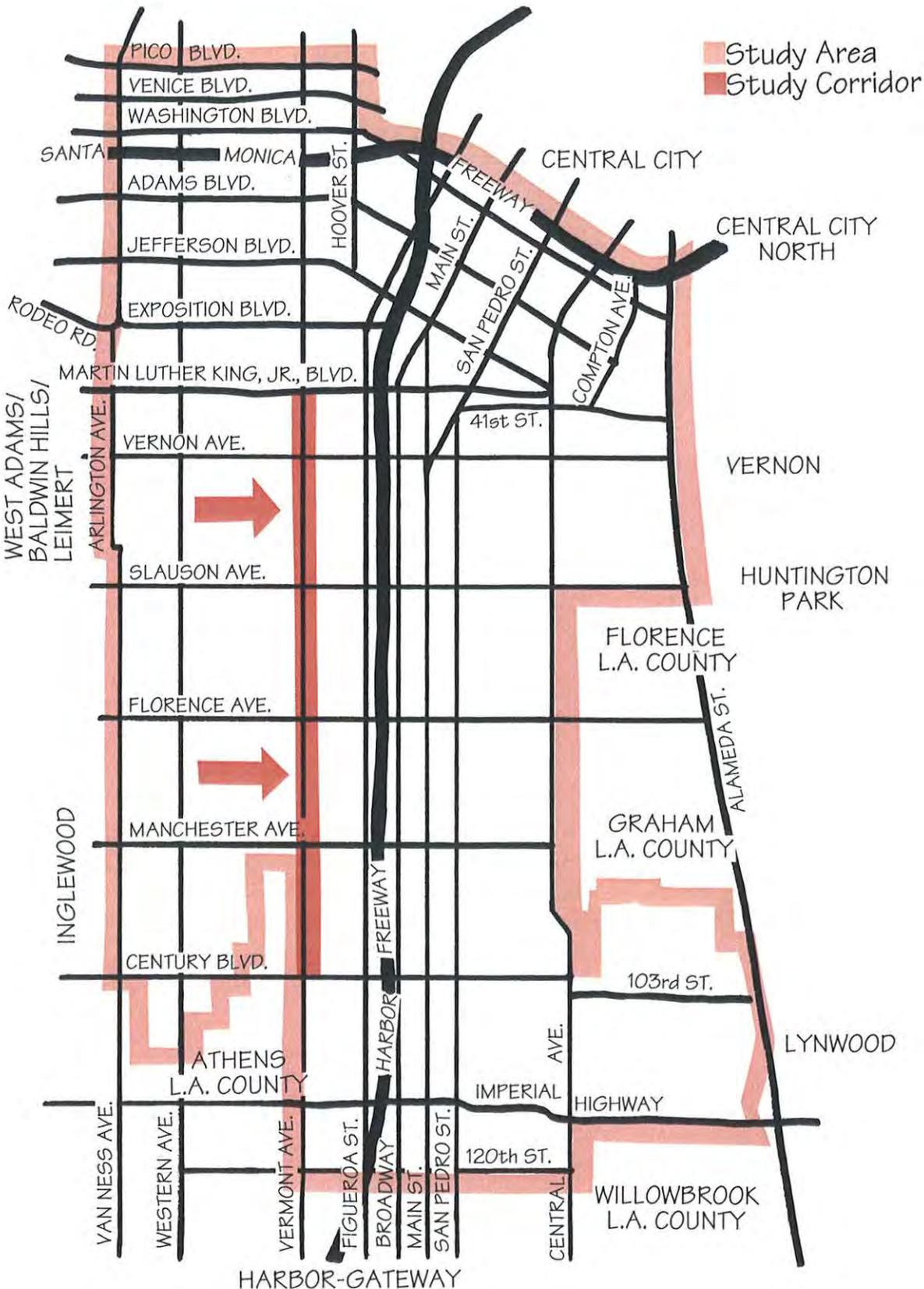
And the panel supports the concept of targeting and concentrating the initial efforts to demonstrate successes that can be expanded and duplicated.

No matter what plan is adopted, the key to success will be the plan's implementation. The panel suggests several specific actions that the city should take to revitalize Vermont Avenue and the South Central area:

- Institute a community-based planning process.

- Reorganize the city government to concentrate all economic development activities within one department and all housing activities within one department.
- Use a variety of development tools and techniques to stimulate and facilitate desired outcomes on Vermont Avenue.
- Identify and use the wide variety of financing sources available.

Overall, the panel believes that the city needs to be much better organized to be able to implement *any* plan, and that that organization must be achieved on an interagency basis. The city must become proactive rather than reactive; it must provide incentives rather than disincentives. A shift into positive, effective action is long overdue and will require energized, highly motivated leadership. When it becomes evident that the city is truly committed to a well-conceived, realistic plan for the revitalization of South Central Los Angeles, private sector commercial and residential investment will follow.



STUDY AREA

Gary Squier, general manager of the city's housing preservation and production department, briefs the panel.

Home prices are surprisingly high. In 1990, the median home price in South Central was \$121,291 (less than half of the citywide median of \$244,506). As a result, most of the housing (67 percent) is rented, and one-quarter of the units are severely overcrowded.<sup>1</sup> In 1990, 58 percent of the renters and 34 percent of the homeowners in South Central Los Angeles spent more than 30 percent of their incomes on rent.

The area is ethnically diverse, and the mix is changing rapidly. In 1980, 67.2 percent of South Central Los Angeles's population was African-American; by 1990, that proportion had dropped to 44 percent. Latinos constituted only 13.7 percent of the 1980 population; today, they represent 51 percent. Many of the businesses within South Central are owned by Asian-Americans who reside elsewhere.

To determine what could be accomplished in South Central Los Angeles, the panel first sought to understand the area's strengths, weaknesses, and opportunities and then to identify the threats that, if not mitigated, would limit the realization of those opportunities.

1. Only 5 percent of the housing stock is severely overcrowded citywide. Housing is considered severely overcrowded when a unit houses more than 1.51 persons per room.



## ASSETS

The assets that contribute to South Central Los Angeles's revitalization potential include:

- **Existing Capacity for Community-Based Development.** Perhaps the strongest asset in this community is the burgeoning network of community development organizations, many with demonstrated project development expertise. Organizations like the Vermont/Slauson Economic Development Corporation, Concerned Citizens of South Central Los Angeles, and the Coalition of Minority Developers—working both individually and in their new collaboration with the Local Initiatives Support Corporation (LISC) in the Coalition of Neighborhood Development (CND)—embody the tremendous desire for positive change in the Vermont corridor area.
- **Population Density.** About 250,000 people live in the study area, at a density of over 15,000 per square mile—more than twice the city average. The sheer size and density of the area are tremendous development assets, and the untapped market power the area represents is enormous.
- **Large Labor Pool.** The workforce is eager and willing to seek opportunities for self-improvement; inventive entrepreneurial ideas are spawned by the necessity to survive in the face of nearly insurmountable difficulties.
- **Proximity to Development Anchors.** The corridor is located near downtown Los Angeles and even closer to the University of Southern California (USC) and the Coliseum/Exhibition Park complex. Both of these resources offer opportunities for joint development and job creation that should be more fully explored.
- **Base of Single-Family Homeowners.** Several distinct single-family home enclaves, such as Vermont Knolls on the west side of the corridor, are stable anchors that can attract new homeowners to the area.
- **Publicly Owned Rights-of-Way and Parking Lots.** At Gage Avenue, where the Vermont corridor widens to boulevard width, large publicly owned parking lots are located behind the commercial lots facing the east side of Vermont Avenue. Creative reuse of this space could offer tremendous opportunities for reorienting the streetscape, calming the traffic flows, and assembling development parcels of a proper dimension to support new commercial and residential projects.

## LIABILITIES

The area's liabilities are also great. In the aftermath of the civil disturbances, significant gang activity, drug activity, and crime still exist and constitute serious deterrents to the high level of private investment that will be required to revitalize South Central Los Angeles. Other liabilities include:

- *Fragmented Landownership.* Small, narrow development parcels are characteristic of the corridor area. Coupled with multiple ownership patterns, this fragmentation makes assembly of land for even middle-sized projects or activities quite difficult.
- *Inappropriate and Incompatible Land Uses.* The undifferentiated commercial zoning of the corridor has resulted in a concentration of undesirable uses, particularly liquor stores, swap meets, and gun shops. The corridor also features numerous auto repair shops and "hot sheet" motels that are incompatible with higher-quality commercial or residential uses.
- *General Visual Disorder and Chaos.* The corridor is plagued with deteriorated commercial structures, poorly maintained facades, eclectic signage, and intermittent lighting. This visual clutter conveys a seedy, disordered impression.
- *Inadequate City Services.* Broken street lights, trash-strewn lots, street litter, and poorly maintained sidewalks and streets further contribute to the depressed quality of the area.



EXISTING LAND USE

Places such as movie theaters have moved out of South Central Los Angeles. Here, the former theater on Vermont Avenue now houses a church and related social services.

- **High Land Prices.** Quoted land prices, which range from \$12 to \$25 per square foot in a market with relatively low sales volume, indicate that speculators are holding land in the area.
- **Few Public Facilities.** The area has few visible public facilities, such as libraries, recreation centers, parks, or green spaces, that provide evidence of civic investment. Such facilities also serve as important anchors for new commercial and residential investment.
- **Diffuse Public Sector Responsibility.** As currently organized, the city government has four major departments with significant overlapping responsibilities serving the area, and resources are scarce. While some initial steps have been taken toward better coordination of these efforts, diffusion of responsibility still represents a major impediment to the city's effective participation in the revitalization effort.

Within city departments, the current system of regulations and procedures limits the city's ability to achieve any goal. The panel was told, for example, that because of the cumbersome regulations, it can take a city department a year-and-a-half simply to buy a computer. To enable the city to respond effectively to the needs of its distressed neighborhoods, its departments must be able to act quickly and decisively.



## OPPORTUNITIES

The time is ripe to coordinate and leverage the existing capacity for community-controlled economic revitalization. Organizations now exist, projects have been accomplished, and new projects are in the pipeline. Targeted investment of planning resources and technical assistance today will enable these organizations to plan effectively for the future of the community. The public sector must encourage and support these efforts.

An extraordinary opportunity exists to assemble land on a scale that will make a difference. Much land is publicly owned. The civil disturbances and the resulting property damage, though tragic, have created an unprecedented chance to assemble development parcels of the proper size and dimensions for high-impact projects. These opportunities should be seized for both public and private projects of larger scale.

The untapped existing purchasing power of the community also represents a tremendous opportunity. Though individual household incomes are low,

South Central community residents collectively generate some \$1 billion in purchasing power per year. Providing the community with higher-quality retail products and new, more accessible services can recycle that money, create wealth, and augment the purchasing power within the area.

The demographics of the existing single-family neighborhoods indicate that there will be significant property transfers in these areas in the next decade as many homeowners reach retirement age. To provide for their retirement, many of these homeowners will sell their homes to obtain the home equity they have accumulated. Young families, extended families, or multi-generational families will have the opportunity to acquire the homes vacated by older households. The challenge will be to devise strategies to make this valuable housing stock affordable to families of modest means.

In addition, opportunities exist to strengthen the existing stable residential fabric by introducing new housing products and concentrated retail magnets.

## THREATS

As is often the case, the opportunities cited above are tempered by threats that can make effective revitalization difficult to achieve. Some threats to the revitalization of South Central Los Angeles include:

- *Land Speculation.* Land speculation can be the flip side of expedited planning and of the perception that significant positive change will occur as “holdout” owners position themselves for windfall profits.
- *Reluctance to Use Condemnation Power.* Revitalization is more difficult when the community resists the use of condemnation and other redevelopment tools for assembling parcels and otherwise facilitating public and private projects. Historically, the redevelopment process has not always operated in the best interest of low-income communities. Nonetheless, the panel feels that residents and business interests along the Vermont Avenue corridor are sufficiently experienced and empowered to ensure that these tools are used only in ways that are consistent with the community’s priorities. Reluctance to use the powers of redevelopment fully will threaten and hamper the effectiveness of the revitalization effort.

- *Resistance to Higher Densities.* The panel has also found a resistance to higher-density developments. While the panel understands that a neighborhood of one- or two-level, single-family homes is characteristic of Los Angeles and should be preserved to the maximum extent possible, panel members believe strongly that increased density—particularly at key intersections and along the corridor at key locations—could improve a project’s financial feasibility and enable the inclusion of critically needed facilities and desired amenities. Insistence on low-density development along the entire corridor threatens opportunities for such amenity-rich projects. Community members must understand the tradeoffs involved and become active participants in project negotiations—particularly, in those talks involving relationships between project mass and amenities, and project scale and financial viability.

- *Gentrification.* Successful revitalization of the corridor carries the threat of gentrification, that is, of unaffordable price increases and the eventual displacement of long-term, low- and moderate-income residents. This is particularly true in South Central because of its location near downtown and other development anchors.

While gentrification is a theoretical possibility, the actuality can and should be averted for two reasons.

First, if South Central’s community-based organizations, local entrepreneurs, and residents hold a significant equity stake in the economic development of their community, a rising market will benefit the sitting population.

Second, for at least the next three to five years, public subsidy and support will be needed to stimulate private investment and attract equity capital to the community. Where public subsidies are provided, regulatory agreements can be negotiated to include resale restrictions, recapture agreements, and rent increase limitations that will keep new development affordable to lower- and moderate-income populations over the longer term. (Market-rate developments that do not require subsidies or incentives would not and should not be subject to such restrictions.)

- *Fear of Criminal Activity.* Finally, the ethnic tension among Koreans, Latinos, and African-Americans and the high level of gang activity and crime threaten opportunities to revitalize the corridor. Repeatedly, community residents have reported that they fear for their safety, especially after dark. A critical factor in calming these fears will be the success of the community policing initiative undertaken by the Los Angeles Police Department (LAPD) and of the effective supplementary self-policing efforts made by the corridor’s businesses and retail centers.

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## DEVELOPMENT POTENTIAL

The panel assessed the commercial/retail and residential development potentials within the area and suggested prototypical development types that might meet the identified needs.

## COMMERCIAL/RETAIL DEVELOPMENT POTENTIAL DETERMINANTS

### DETERMINANTS

Retail development potential is determined by trade-area demographics (population densities, disposable income, household size, and so on), the competitive supply of retail outlets, the amount and location of vacant land zoned for commercial development, land use patterns and policies, and land values. Each type of retail development (for instance, neighborhood center or regional retail mall) has unique development criteria.

The South Central community's aggregate buying power is sufficient to support significant new retail development in the area. Most of the retail goods for South Central households are now purchased outside the community because the area has few retail outlets and an inadequate supply of quality products at competitive prices.

Although the Vermont Avenue corridor has a large stock of storefront space, the buildings are generally inadequate in quality or size to attract good retailers or consumers. Furthermore, the physical environment of the corridor is not "consumer-friendly." The sidewalks are narrow, parking is inadequate, graffiti and debris clutter the street, and traffic patterns can be confusing.

Operating retail stores are interspersed with vacant lots and boarded-up buildings; this mix detracts from the viability of the area as a retail center. However, approximately 350,000 square feet of viable, functioning retail space remains in the study area since the rebellion. The most vibrant retail area in South Central Los Angeles is the Vermont-Slauson Shopping Center, where the amenities, such as parking, security, and landscaping, and the concentration of stores attract a significant number of neighborhood residents and workers.

Faced with a dearth of retail shopping opportunities in South Central, residents now travel more than 20 minutes both for the basic convenience items stocked by supermarkets and for the comparison goods found in regional malls such as Baldwin Hills/Crenshaw Shopping Center and Fox Hills Mall in Culver City. An assessment of the competitive supply of retail outlets reveals that there is more than 2.5 million square feet of retail space within reasonable shopping proximity to South Central residents.

Existing land use policies governing the Vermont Avenue corridor make a market-based approach to revitalization extremely difficult. All development proposals must undergo a protracted permitting and discretionary review process that results in exorbitant holding costs. In a market area where development risks are already high, the additional cost and risk burden created by land use policies discourages new development.

*Sound structures and vigorous commercial activity characterize portions of Vermont Avenue.*





And finally, land values along the Vermont Avenue corridor are too high to attract new retail development. Retail land prices along Vermont Avenue average \$25 per square foot, compared with \$4 to \$12 for land in outlying suburbs. Real estate brokers and developers interviewed by the panel believe that these asking prices are not justified by the parcels' current or future economic value. Hence, few transactions occur. Realignment of asking price to economic value would help spur interest in commercial development and revitalize the Vermont Avenue corridor.

#### PROTOTYPE RETAIL DEVELOPMENTS

Given the significant supply of competitive regional retail malls and the lack of large, vacant parcels of contiguous retail land along the Vermont corridor, the panel feels that the most viable strategy for attracting quality retailers is to develop neighborhood-serving convenience centers, mixed-use projects, and small business incubators. Although free-standing or large warehouse stores and other retail uses that typically locate in "power" centers could be supported by the trade area's aggregate disposable income, the corridor lacks a location with sufficient land area for this type of center.

**Neighborhood Retail Centers.** Neighborhood centers generally provide convenience goods and services—items for which accessibility ranks among the most important factors determining where the purchase is made. Typically, a convenience center is 50,000 to 125,000 square feet in size; draws from a market area with approximately a one- to two-mile radius; contains one or two large anchors, such as a grocery or a drugstore, occupying 30,000 to 80,000 square feet; and includes smaller stores that might feature apparel, shoes, gifts, or personal services.

Successful neighborhood centers have a high-quality anchor or anchors, a compatible and synergistic tenant mix, and ample amenities, especially parking, security, and landscaping. New neighborhood centers in South Central Los Angeles could serve the strong, unmet demand for retail and commercial uses, such as sit-down family restaurants, apparel and shoes, specialty shops, financial institutions, and personal services (laundromats/dry cleaners, travel agencies, notary publics, and the like). The centers might also include recreational uses—skating rinks, bowling alleys, movie theaters, video arcades—and health care or daycare facilities that are also needed in the community and that would draw shoppers to the center.

#### Mixed-Use Developments.

The panel recommends the introduction of mixed-use developments that provide two or three stories of residential units above ground-floor commercial space. This type of development would serve several purposes: It would stabilize the corridor by increasing daytime and nighttime population;<sup>2</sup> generate additional demand for new retail development; provide housing for intergenerational households (such as seniors caring for grandchildren) that require nearby services; and replace deteriorated commercial stock or underused parcels with viable land uses. Such development would also encourage the community control, ownership, and occupancy that are important elements in the renewal and preservation of South Central Los Angeles.

Successful mixed-use projects require a critical mass, or density, that generates economies of scale in production and thus enables developers to provide higher-quality product and amenities. The panel recommends developing prototypes that specify minimum project sizes and maximum densities. Generating acceptance for higher densities from potential new occupants and existing single-family neighbors would likely require the inclusion of significant amenities—open space, recreational facilities, meeting rooms, daycare centers, and so forth—for both tenants and neighbors.

2. Studies indicate that increasing the density of civic activity and pedestrian traffic is a key element of crime reduction through self-policing.

*Business is good at the Vermont-Slauson Shopping Center, a securitized center developed by a nonprofit community-based economic development corporation and a private developer.*

*In this helicopter view, the section of Vermont Avenue shown on the far right has six lanes plus access lanes, and is lined with automobile-related uses. Nearby residential areas appear sound and well kept.*



Until market acceptance of this new product for the area has been firmly established, the units should be targeted as mixed-income rental housing with the possibility of conversion to condominium ownership. As condominium-ownership units, this type of product would provide excellent homeownership opportunities for first-time, low- and moderate-income homebuyers.

A mixed-use development should include a minimum of 5,000 square feet of retail space. Ideally, a project would be large enough to include an anchor such as a grocery store, though it may be difficult to assemble enough land for this purpose on Vermont Avenue. Retail uses compatible with mixed-use developments include specialty food items (high-end produce, ethnic foods, fresh meats and fish) and personal services.

#### **Business/Retail Incubators.**

The panel recommends the development of two types of incubators. One type would be a business/retail incubator to increase retail and business ownership opportunities for local residents, to enhance the multiplier impact of retail expenditures, and to recycle local income back into the community. Capturing a larger portion of the \$1 billion spent annually by community residents could expand the job opportunities within South Central and raise the incomes of local residents.

A business incubator nourishes and protects locally owned start-up businesses by providing business development training and on-site management assistance (joint marketing, loan packaging, financial management, shared support services) in a flexible and low-cost shell space that requires minimum tenant improvements. Business incubators usually charge graduated rents beginning at below-market rates and increasing over the

years as businesses grow. Established firms move out of the incubator in three to five years, providing space for new embryonic businesses. Ensuring replacement space for fledgling businesses as they move out is important.

Incubators offer the same positive attributes as swap meets: flexible shell space and low rent. Also, because they are community-owned, they mitigate the perceived negative factors of poor-quality products and non-resident ownership. Most of the successful business incubators in the country are developed, owned, and managed by community-based nonprofits or by partnerships of community development corporations (CDCs) with public or private entities. Successful models can be found in San Francisco, Dallas, and Philadelphia.

The panel recommends the development of a business/retail incubator near an established neighborhood shopping center, enabling the incubator to benefit from the high visibility and established consumer traffic generated by the center. For example, a site near the Vermont-Slauson Shopping Center would be an excellent location. The average size of a retail business incubator is approximately 15,000 square feet.

## RESIDENTIAL DEVELOPMENT POTENTIAL

### DETERMINANTS

Los Angeles and California as a whole are experiencing a severe shortage of affordable housing, but the problem is especially acute in low-income communities such as South Central Los Angeles. In 1990, the median home price in South Central was over \$120,000, affordable only to families of four with household incomes greater than \$45,000. Given the 1990 median household income in the area (just over \$19,000), homeownership for most South Central residents remains simply a dream.

In addition, many South Central Los Angeles residents suffer overcrowding, occupy substandard and dilapidated structures, or live in garages that have been converted into family units. South Central's predominant type of housing stock—old, small, single-family units—does not address the growing demand for unconventional housing design that can accommodate new types of households, such as large or extended families.

Another type of business incubator that should be encouraged is one that could function as a demonstration project for local business development and employment generation in light manufacturing, construction, and service trades. Several exemplary private sector initiatives for employment generation are now underway in these business sectors. For example, Southern Edison Electric Company is currently providing training in weatherization for individuals from the public housing projects. After the training is completed, Southern Edison will hire the individuals to weatherize their housing developments. Similarly, Vidal Sassoon is training South Central residents in haircutting and salon services and is assisting them in starting their own businesses. Other corporate sponsors could be tapped to provide similar services.

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The city of Los Angeles's Comprehensive Housing Affordability Strategy (CHAS) indicates that, to accommodate modest projections of population growth, the city needs 14,000 new housing units annually, citywide. A major constraint to meeting this goal could be the shortage of developable land zoned for residential uses, as many neighborhoods in Los Angeles are completely developed. But in South Central, only 71 percent of the residential land is developed.

Assuming that residential development to meet the total citywide housing need is distributed within all neighborhoods based on population, approximately 1,000 new units will be needed annually in South Central. As discussed below, some of these new housing units could be provided in South Central by rehabilitating existing vacant and dilapidated units, providing incentives for developing mixed-use projects, and encouraging single- and multifamily residential development along the commercial corridors.

*Generally stable residential neighborhoods surround the Vermont Avenue corridor.*



Terry Schnadelbach shows a preliminary design concept while team member Ray Brown looks on.

## RESIDENTIAL PROTOTYPES

The panel recommends that the community work with the city to develop design/build prototype units that respond to unique community needs and neighborhood characteristics. The city could preapprove the units for building permits in the targeted area. Preapproval of prototypes would greatly contribute to the provision of affordable housing by reducing permitting fees, architectural service fees, and holding costs. The model development could be coordinated through the Los Angeles Museum of Contemporary Art (LAMOCA) Architects' Model Housing program. The panel suggests the following residential prototypes:

**Multifamily Rental Apartments.** The panel recommends that multifamily rental apartments between two and three stories in height be encouraged along the Vermont Avenue corridor between the new commercial nodes. These developments could be six to 100 units in size, depending on the available land. Small projects could serve to "infill" the narrower lots. Prototypes for this kind of development have been built by Concerned Citizens of South Central Los Angeles (on Central Avenue) and by the CDC associated with the Ward AME Church.



Larger multifamily developments might be located adjacent to services and facilities needed by families, such as schools, day-care centers, and recreational facilities. The average family size in South Central is 3.5 people, indicating a need for more units with three to five bedrooms. These larger units would be welcomed by existing residents who live in overcrowded conditions and by the growing number of extended and intergenerational families.

While the car-dependent lifestyle of Los Angeles requires that adequate parking be provided in residential developments, the panel recommends that strategies be explored to reduce the burden of providing parking. Strategies to address the significant cost of providing totally or partially underground parking might be to increase allowable building heights or to lower required parking ratios in areas with nearby public transportation.

**Owner-Occupied Two-Family Units.** Duplexes—housing types that provide both a home and a rental unit for an owner-occupant family—are not characteristic of southern California. Nonetheless, because duplexes offer moderate-income families an opportunity to accumulate significant homeownership equity, this prototype is an attractive option within the study area.

Deteriorated units on otherwise stable streets offer opportunities for the construction of owner-occupied two-family units. Care must be taken to ensure that, in scale and character, these units mirror the size and traditional architectural qualities of the existing neighborhood homes. Consultation with neighboring property owners would likely be required to gain acceptance of this prototype.

**Refurbished Single-Family Stock.** Well-established residential neighborhoods exist in several areas adjacent to the Vermont Avenue corridor. Statistics show stable ownership patterns in these areas, with steady, though low, turnover. However, the current economic recession and the advancing age of the homeowners in this area may threaten the relative stability of these neighborhoods. Signs that point to some increased pressure are already evident: a poorly maintained house on an otherwise well-maintained street, clusters of for-sale signs, a yard not as well maintained as others nearby.

Because the housing stock is such a significant resource, the panel recommends that the city continue to commit a fair allocation of its 1992–1993 HOME rehabilitation program funds to South Central Los Angeles homeowners. Equity-release mortgages might also be explored as a means of facilitating an orderly transfer of ownership from older property owners to younger families.

## PLANNING AND DESIGN

### GENERAL COMMUNITY PLANNING CONSIDERATIONS

The panel's recommended community design scheme has been derived directly from the ideas of South Central community residents, who eloquently and passionately described their vision.

The vision articulated by the residents of South Central Los Angeles was that of a community like any other—one that provides the fundamental elements required to ensure a reasonable quality of life for its families, including:

- Access to locally available employment that would enable parents to support their children without deprivation.
- Housing constructed and maintained to be affordable, safe, and healthy.
- For people of all ages, educational opportunities that would enable them to compete successfully for employment in an increasingly complex society.
- Opportunities to build economic security, including the chance to start and run a successful business.
- Equitable delivery of basic public services, such as police protection, street maintenance, and trash pickup.
- Clean, safe streets, parks, and neighborhoods.
- An opportunity to foster a belief in a more positive future for the children and to get on with the business of living the American dream.

The neighborhood should be clean and attractive. The visual image of a neighborhood is the most important factor in determining how that neighborhood is perceived both by its residents and by others. Neighborhoods that are visually orderly, functionally convenient, and well maintained offer a pleasant living environment and project an image of stability and value. In South Central Los Angeles, the city needs to mobilize the municipal and neighborhood resources necessary to get rid of the debris, repair the streets and sidewalks, replace the lights, and collect the garbage. In short, it must maintain the community to the same standard enjoyed by more affluent neighborhoods. And the community needs open space, trees, flowerbeds, and green space—plantings wherever they can be grown. As one panelist noted, "It's hard to grow up on concrete streets and not feel mean."



*Piles of accumulated garbage contribute to the run-down appearance of the community.*

Livable neighborhoods include neighborhood commercial centers that provide basic, everyday needs and a gathering place or focal point for neighborhood activities. These and other public places that provide opportunities for chance encounters and for the exchange of social interaction in safe, convivial surroundings facilitate good neighboring.

Planning for commercial development must consider the need to create job opportunities, encourage minority entrepreneurship, and support local ownership of small businesses within the community.

Good neighborhoods offer services that are needed by their residents; functional and well-located community facilities for youth groups, daycare centers, medical services, libraries, security functions, and recreational activities add to the quality of daily life. The city, working with the community, needs to save the next generation by some cooperative effort and by strong action to reinforce the community, its values, its schools, and its sense of itself.

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To that end, the panel recommends that the city provide youth-oriented athletic fields for soccer, baseball, basketball, and football, where appropriate to meet the needs identified by the residents. Ideally, these facilities should be developed in conjunction with the public schools, and their use should include youth sports programs mentored by Los Angeles-area professional athletes.

Where required, new schools should be constructed to meet the needs of the neighborhood population. Existing schools, particularly the Manual Arts High School, should be expanded and upgraded, including the addition of programs targeted to at-risk students. The neighborhood schools need the resources to become year-round, full-day education centers serving the entire neighborhood population. Programs should include adult education, job training, Head Start, and daycare.

## THE VERMONT AVENUE CORRIDOR

Vermont Avenue is a north/south arterial that is typical of the major streets that organize Los Angeles in an even-textured, one-mile grid pattern. It provides easy mobility through South Central and, like the other arterials in South Central, serves as a business and transportation corridor, defines the surrounding neighborhoods, and links various subareas of the community. By connecting the several neighborhoods on either side, Vermont Avenue also serves as a social center—a kind of public living room where people in the community can come together.

Vermont Avenue is unique in that the street itself is divided into two physical spaces that are quite different from one another: North of Gage Avenue, Vermont is a typical, 80-foot-wide street with ten-foot sidewalks, lined with a continuous wallfront of commercial buildings; south of Gage to Century Boulevard, it widens to 180 feet of concrete and is lined by an irregular facade of buildings that creates an uneven urban texture. Three lanes of traffic flow in each direction, divided by a large, mostly concrete median space dedicated to turning movements. The visual impression is of hard surfaces softened only by an occasional, lone tree.

To the sides of the street are remnants of service lanes that were once used to slow traffic and to provide parking and delivery space. These areas have become repositories for trash and litter and add to the degraded appearance of the area.

The Vermont Avenue corridor includes some good retail development and is surrounded by much sound housing stock. Neighborhoods east and west of Vermont Avenue are connected by cross-streets such as Slauson Avenue, Martin Luther King Boulevard, Century Boulevard, and Manchester Avenue; much of the community's traffic flows in an east/west direction, especially on Slauson and Manchester. These two streets tie into the Harbor Freeway and also offer access to nearby cities, to the airport, and to adjacent job opportunities for the community.

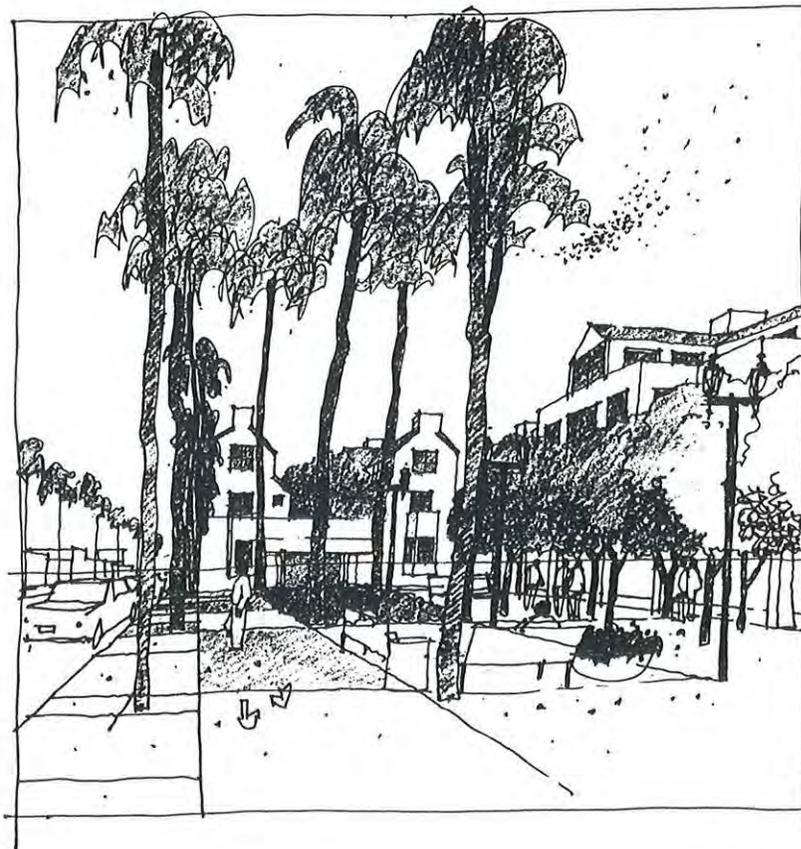
The Vermont Avenue corridor is not a homogeneous place. Though there is a consistent pattern of disinvestment, damage from the civil disturbance, and deterioration along the corridor, several distinct areas can be identified. In redesigning use of the street, these areas can be strengthened to create a series of neighborhoods with concentrations of neighborhood-serving retail and other critical services at key intersections.

## SUGGESTED PHYSICAL PLANNING OPPORTUNITIES

### NARROW VERMONT SOUTH OF GAGE

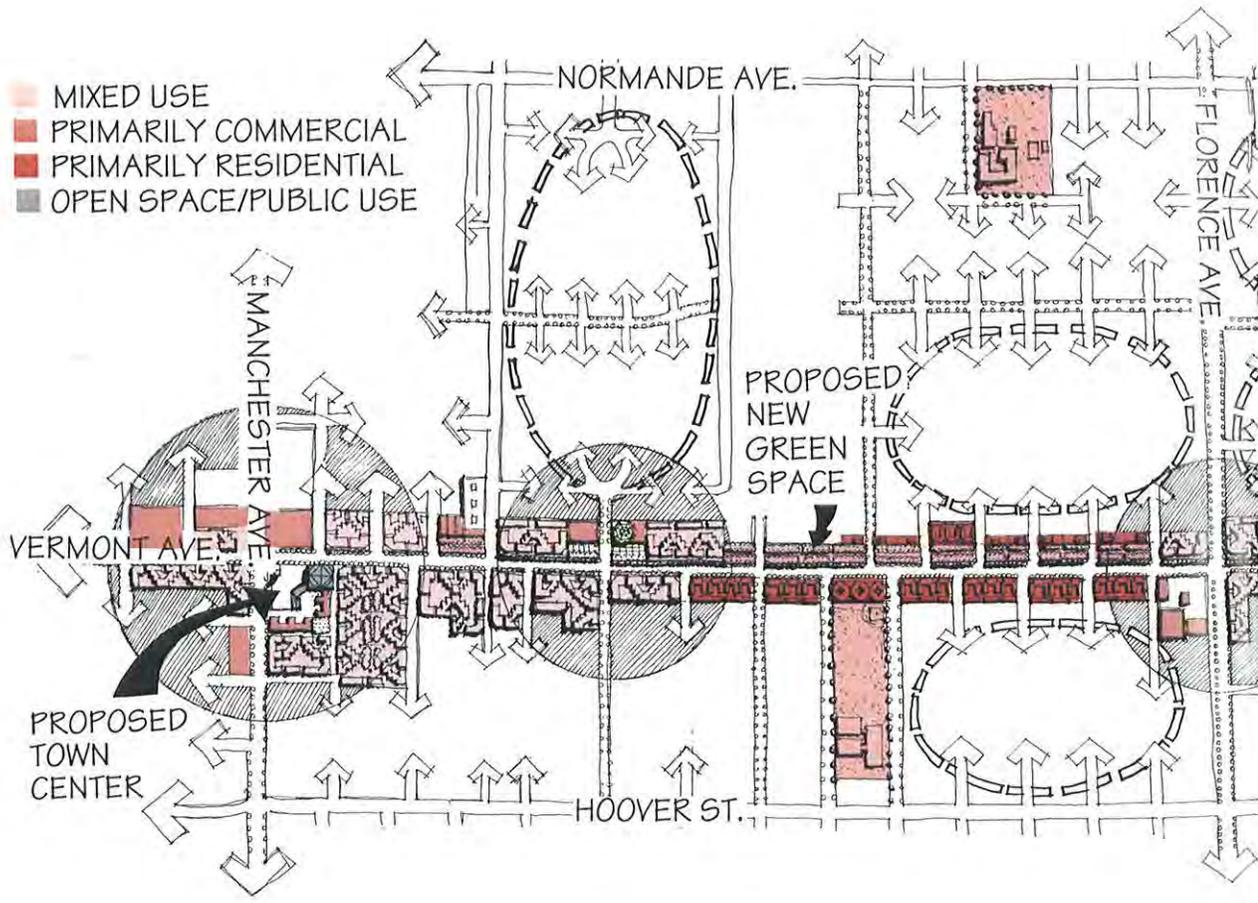
The panel suggests that Vermont Avenue in a new form could be less of a transportation corridor and more of a pedestrian-oriented community spine, to integrate more effectively the communities on its east and west sides. To achieve this new form, the panel recommends continuation of the 80-foot street form from the northern section of Vermont Avenue south beyond Gage Avenue that would be continuous with and aligned with Vermont's northern segment. The street should be lined with trees, should facilitate pedestrian circulation, and should offer on-street parallel parking.

This narrowing project would provide 85 feet of new space that would give a new image to the community; opportunities would be created to expand existing commercial or residential activities or, alternatively, to develop community-oriented green space. In the aggregate, narrowing Vermont Avenue south of Gage Avenue would create more than six acres of linear parkland along the street that could serve as green "living rooms" for the communities on either side of Vermont.

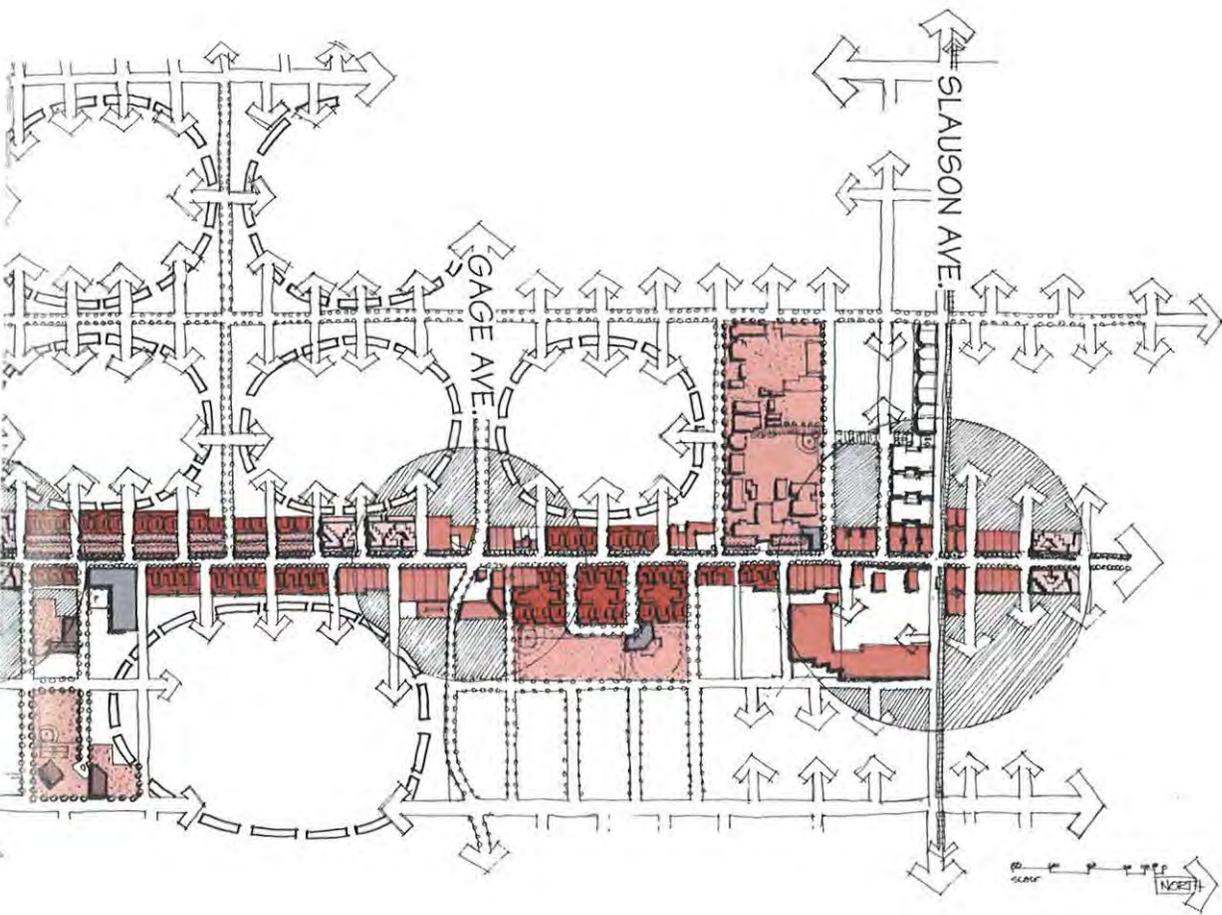


The panel recommends narrowing the excessively wide portion of Vermont Avenue and using the resulting new space for parkland or new commercial or residential development.

Rendering illustrating panel's recommendation.



PROPOSED LAND USE MAP



Mixed-use developments with apartments over ground-level retail can enliven the street while providing additional needed housing.



#### DEVELOP A NEW HEART FOR VERMONT AVENUE

The panel suggests several ideas to improve the heart, or core, of Vermont Avenue between Slauson and Manchester. First, it recommends that neighborhood-serving commercial developments be concentrated at the intersections of Vermont with Slauson Avenue and with Manchester Avenue.

At the intersection of Vermont and Slauson, the panel recommends additional community-serving retail and commercial development and the creation of new incubator commercial activity to support business development and to generate jobs.

Such development would stabilize and build upon the existing viable, dynamic commercial center. The business incubator could be physically and functionally tied to the nearby school and commercial spaces and could provide such services as daycare, youth jobs programs, and teen pregnancy care.

At the intersection of Vermont and Manchester, the panel suggests the creation of a "town center" that would be the symbolic heart of the community. This center would be developed as a large, integrated, master-planned project of a Planned Unit Development type, and would contain:

- Retail stores and services to meet everyday local needs, including family restaurants.
- Housing on the upper level, including for-sale, mixed-income townhouses and apartments built around an enclosed area of private, resident open space. These units would include an attractive amenity package and 24-hour security.

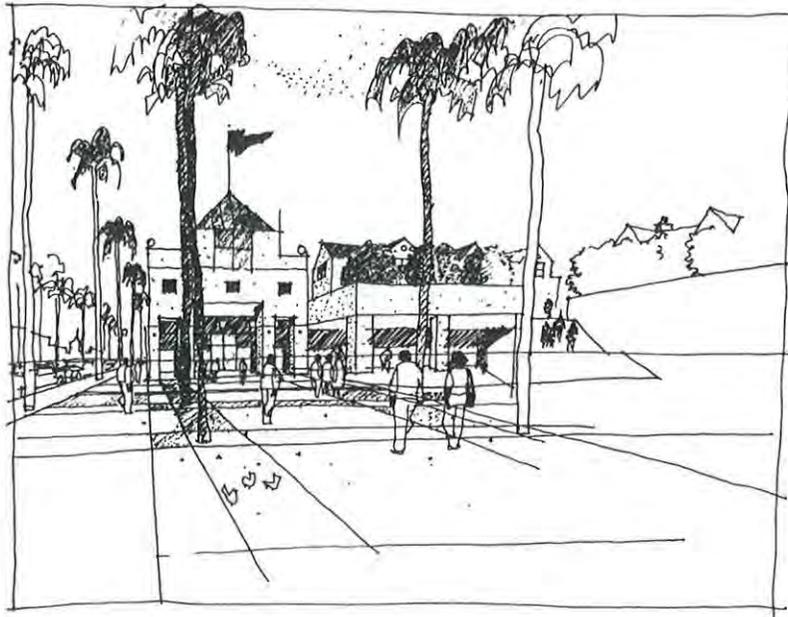
- Transportation, through a multinodal interchange at this location. The transportation hub would serve major city bus routes and local bus loops that circulate within the community, tying together schools and community services. Proposed electric trolley service along Vermont Avenue and light-rail service along Manchester could also feed into this transportation hub. An information kiosk and sheltered bus stops should be included in the transportation center's plan.
- A civic town hall containing offices for the area's city council members and staff, city department staffs that are designated to serve South Central, and certain service providers, such as building and safety inspectors and home improvement advisers. Locating these offices within the community would facilitate interagency exchange and cooperation on matters relating to South Central Los Angeles and would improve public access to governmental services. The civic center could also contain a community-based police station, library, post office, offices for neighborhood groups, meeting rooms for community meetings, drop-in youth counseling centers, and so forth. The center should be located and designed to provide a major public plaza that is highly visible from the street and from the upper-level housing. The plaza would be used for festivals, exhibitions, and performances and as a location to celebrate the rich cultural diversity of the community.

With these activities in place, additional retail activity would be attracted to this location.

Between the recommended new commercial centers, new development could consist of low-rise infill multifamily housing, local-serving retail uses, and mixed-use commercial and residential developments. Housing design should help define the street space and provide additional supervision of the street. Specifically, new green open space, as suggested above, would tie node to node, intersection to intersection, and would give a new image to the neighborhood. Additional street landscaping would further encourage pedestrian activity; create a cleaner, greener image; and "calm" the traffic.

The result along the heart of Vermont Avenue would be two nodes of largely commercial spaces linked by green space and by housing. The two linked nodes would yield an image of a place that is safe and clean, fun to live in, and good for raising families or enjoying neighbors.

Finally, the vacant former Pepperdine College administrative building presents an unusual development opportunity. If redeveloped as a theater, it could anchor an entertainment area that might feature additional theaters, specialty restaurants, and festival places that would be accessible by public transportation.



*The panel's proposed "town center" would include public open space surrounded by governmental, retail, and residential uses.*

DEFINE AND STRENGTHEN  
EXISTING RESIDENTIAL AREAS

Planning for the corridor uses must consider potential effects on surrounding neighborhoods. For example, the recommended mixed-use retail/residential projects should be designed to respect the physical scale of the surrounding community.

Through landscaping, paving, and lighting, a series of microneighborhoods could be created between and behind the major arterial streets. Microneighborhoods would enhance the unique identities of smaller areas and would foster a sense of ownership and belonging. Substandard housing should be selectively demolished to create open spaces within each microneighborhood, and, where appropriate, small-scale infill housing should be constructed to increase the number of units available. Each microneighborhood should be well lit to enhance security and should include basic amenities to encourage a sense of community ownership and pride.

The city should seek to attract a more mixed-income population by encouraging the provision of a greater range of housing options. This will require:

- Reducing parking requirements for multifamily housing.
- Giving density allowances for residential projects with significant amenities, such as recreational facilities, increased unit size, open space, and/or community space.
- Writing explicit design guidelines for signage, facade quality, setbacks, and consistency with upgraded neighborhood standards.



The panel suggests that the now-vacant former Pepperdine College administration building become the focal point within a theater/dining/entertainment district along Vermont Avenue.

Rendering of proposed arts and entertainment district.

- Providing for alternative design configurations, such as zero lot line, townhouses, and owner-occupied two-family units, that increase density without disrupting the low-rise character of the neighborhood.
- Providing for smaller-scale Planned Unit Development (PUD) zoning to facilitate cohesive development patterns.

Residential design standards must be realistic and should reflect the current building technologies and cost-effective products that can be used to create high-quality, attractive, yet affordable housing. The integrity of existing residential neighborhoods can be bolstered by an insistence on quality in amenities and construction (including interior finishes) for all new residential and rehabilitated development.

To achieve a new vision for Vermont Avenue and for South Central Los Angeles, the city can and must pursue several initiatives:

- Institute a community-based planning process.
- Reorganize the city government to concentrate all economic development activities in one department and all housing activities in one department.
- Use a variety of tools and techniques to stimulate the desired outcomes on Vermont Avenue.
- Identify and make available a wide variety of financing resources.

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### **A COMMUNITY-BASED PLANNING PROCESS**

Plans for the future of Vermont Avenue must be based on a vision for the future of the larger South Central Los Angeles community. Ideally, a community plan is formulated with the community as an integral partner in the planning process. When people have the opportunity to share in the decisions that affect their daily lives, they feel an ownership in the results and a sense of control over their own destinies. This can reduce intercultural tensions and eliminate a major source of frustration and social unrest. Also, people tend to care for their neighborhoods when they feel a sense of ownership, pride, and connection with them.

Thus, the revitalization of the Vermont Avenue corridor must be part of an overall vision for the future of South Central Los Angeles, as articulated in a new, community-based plan.

### **THE CURRENT SITUATION**

Effective commercial and residential development strategies must begin with a reformulation of the comprehensive plan and zoning legislation for South Central. The current community plan for South Central Los Angeles was adopted 17 years ago. In fact, most of the city's community plans are as old and need updating and revision to reflect the tremendous changes that the city has experienced over the years.

Virtually every development project, regardless of size, must undergo a time-consuming, politically contentious, and very costly discretionary review process. The Los Angeles review and approval process is legendary for its arbitrary application of regulations and exactions, vulnerability to Not-In-My-Back-Yard (NIMBY) pressures, and long delays caused by redesigns and endless negotiations. Many projects, especially the smaller, tightly budgeted projects that are typical of the majority of developments in South Central, cannot afford the cost and delay associated with this process. Applied throughout the city, this expensive and unpredictable process helps to explain why Los Angeles has difficulty competing in the field of economic development.

## A BROAD BASE OF SUPPORT

The cost of undertaking community plan revisions, coupled with the restructuring of city departments as suggested later in this report, would be returned many times by making the city a more serious contender for economic development at all levels—especially in its inner city.

While it is not possible to eliminate all conflicts and delays, the panel believes that these could be minimized if the community plan, zoning, and regulations that direct land use and development decisions could be developed in accordance with two basic principles:

- 1) The community plan—its goals, objectives, policies, and priorities—should be developed through a community-based process. Numerous examples of successful community-based planning exist throughout the country: the Comprehensive Community Revitalization Program in New York's South Bronx; the Ford Foundation-supported Neighborhood and Family Initiative; and the Mon Valley Initiative, a community-based planning program in the Pittsburgh area, to name a few. Other innovative neighborhood planning efforts from which to draw ideas include Baltimore's Community Building in Partnership in the Sandtown-Winchester neighborhood, and President Carter's Atlanta Project effort in Atlanta's Olympic neighborhoods.

- 2) The city departments having jurisdiction over planning, permitting, regulating, funding, and assisting community and economic development projects should be located within the community. There, they can work beside and interact with the community on a day-to-day basis to accomplish the objectives of the plan. The panel's recommendation to locate city offices in the proposed town center at the intersection of Vermont and Manchester would accomplish this objective.

Public/private cooperation is essential for the process to work. The working relationships that enabled Los Angeles to redevelop its downtown successfully are models for the process needed at the neighborhood and community levels in South Central.

The Ad Hoc Committee on Recovery and Revitalization urges the development of neighborhood and target area plans prepared jointly by relevant public agencies, community-based organizations, and Rebuild Los Angeles (RLA). The panel wholeheartedly endorses this recommendation. A planning process based on the neighborhood's values and community consensus would give the community real ownership of the plan and would reduce future opposition to difficult and complex projects. It would tap the leadership and talent of community groups that were at work in the area long before the rebellion. And it would validate and institutionalize the efforts of the Coalition of Neighborhood Developers (CND) and the Local Initiatives Support Corporation (LISC), which have already designed, organized, and begun to administer a process for community-based planning.

*A flower stand adds a dash of color to the burned-out site of a former minimart on Vermont Avenue.*



## THE PLANNING PROCESS

### PLAN ATTRIBUTES

The panel suggests that the community plan be a comprehensive framework for renewal of the area, addressing housing, economic development, job development and training, the building of community capacity, and social service delivery. The plan should be a working document with emphasis on implementation strategies, and it must be updated regularly—at approximately five-year intervals—to accommodate the inevitable evolutions of urban growth.

The plan should designate opportunity and target areas that will require major concentrations of resources. Examples would include public and private financing and site assembly. These areas should be sufficiently pre-planned and reviewed in the context of the community plan, so that the actual development process can be expedited.

The plan should include a capital improvement plan and a budget that sets specific project and program priorities.

### GUIDING PRINCIPLES

Several principles, established by the CND, should guide the effort:

- The process should include all who live and work in the community.
- The plan should be comprehensive.
- The plan should support community ownership and control of the development

process and product to the greatest extent feasible.

- The plans should seek to strengthen community institutions—families, churches, neighborhoods, and schools.
- The plans should ensure equity and parity in the distribution of public and private resources.
- The plans should ensure a process of capacity building within the community.

### DEVELOPMENT OF THE PLAN

The development of a community-based plan for South Central should be accomplished in two phases:

- Phase 1. Development of neighborhood plans
- Phase 2. Consolidation of the individual neighborhood plans into a unified community plan

**Phase 1. The neighborhood planning process.** The neighborhood planning process, as devised by CND and LISC, begins with the definition of planning area neighborhoods by designated community-based organizations that are active in the area. The lead organization(s) in each neighborhood hire a planning team, composed of community organizers, other area stakeholders, a planner, and support staff; volunteers and consultants are involved as necessary.

The planning team keeps the community informed of the process; collects needed data; holds workshops and

meetings to identify issues, concerns, goals, visions, and so on; and formulates and ratifies the plan. The plan consists of an enumeration of neighborhood priorities; specific development projects that are to be encouraged; resource needs; and implementation strategies.

During the planning process, the neighborhood groups are guided by a planning oversight committee (and its various subcommittees) composed of representatives of the local CDCs. LISC has assisted and helped fund neighborhood-based organizations' participation in the planning process.

**Phase 2. Consolidation into a community plan.** The individual neighborhood plans are merged into a community plan, which becomes the adopted general plan for the South Central community and the basis for all subsequent land use and development plans and programs.

This process entails the reconciliation of the objectives, policies, programs, and plans of each of the individual neighborhood plans.

The plan and implementation program should be endorsed by RLA and by all appropriate agencies as the blueprint for action in South Central.

### TIMING AND BUDGET

The panel estimates that this planning process would require two to three years to complete and more than \$3 million to finance.

*Ethnic pride and neighborhood spirit are apparent in the colorful and spontaneous artwork that decorates many of South Central's exterior walls.*



The panel encourages the city, first, to adopt formally the process begun by CND and LISC as the basis for creating a new community plan for South Central Los Angeles and, second, to establish a clear and direct link between the community plan and the city's adopted policies, plans, programs, and priorities.

Community-based planning is supported by South Central's council member, as well as by HPPD, the planning department, and other key agencies. RLA has dedicated senior staff to assisting the effort.

The recommended planning process, described in the feature box on the preceding page, would involve the community, the city, and area stakeholders.

#### CITY PARTICIPATION

The community-based planning process requires the proactive cooperation and sponsorship of the various city agencies that will be involved in implementing the plan. Perhaps the most difficult part of the process will be balancing the community-based effort and the activities of the city agencies. Because the locally based CDCs are sophisticated and successful ones, the panel believes that the process can be successfully negotiated. However, city agencies will need to think and act very differently from the way they think and act in the traditional, top-down approach to community planning.

The planning department would be the lead city agency in this process and would be guided by a community-based advisory board composed of representatives of the neighborhood organizations and other stakeholders that have played key roles in the development of the neighborhood plans.

A special effort should be made to include groups that have not historically been part of the process, such as immigrants and renters. (The mechanism for identifying community participants is not now in place. A fair process must be created through a collaborative effort of the planning department and the community-based oversight committee.)

During the planning process, the planning teams and the city planning department should anticipate the adoption of redevelopment plans and should suggest appropriate guidelines and controls to ensure that the powerful redevelopment tools can be used effectively.

The relationship of city council offices to the process will also require a new approach, as the plan and its implementation must take priority over fragmented political interests.

## A ROLE FOR THE UNIVERSITY OF SOUTHERN CALIFORNIA

The University of Southern California (USC), as a favored stakeholder and responsible institutional citizen, should participate in the process of redeveloping South Central Los Angeles. Because USC is the largest private sector employer in the area, its interests coincide with the physical, social, and economic health of the community, and it represents the wide demographic mix that citizens of South Central envision for the entire area. USC needs employee housing, stores, and services to accommodate a range of income levels.

The institution's demonstrated concern, expert resources, and leadership should be brought to bear to help in the successful revitalization of the community. For example, USC could help South Central Los Angeles through:

- Employer-assisted housing programs;
- Educational outreach programs;
- Development of R&D parks;
- Grant or foundation funding via the school of architecture and urban planning; and
- Active representation on a strategic planning council.

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### CONFLICT RESOLUTION

This process will undoubtedly generate much heat as well as light, with conflicting goals and priorities emerging almost immediately. Anticipating this conflict and the interplay of agencies, council offices, and community interests, the process should be organized with a heavy emphasis on negotiations, conflict resolution, mediation, and consensus building. Traditional technicians must be augmented by professionals in these areas; all must be committed to the community-based process.

The time, trouble, and energy expended in this effort will pay dividends in the long term. The community will have ownership of the plan. Communications will have been greatly increased among diverse interests. Expectations will be more in line with reality. And the document will be a framework for action, not another obstacle to be overcome or ignored.

### INTERIM PLANNING AND DEVELOPMENT GUIDELINES

The process outlined in the feature box will require two to three years to complete. In the meantime, important land use, development, and revitalization decisions must be made.

The city and representatives of the community—most likely, the CND's planning oversight committee—should immediately adopt an interim ordinance that designates major target areas, such as those suggested in this report. The purpose would be to ensure:

- That these key opportunity sites are not preempted by small-scale, inappropriate, or incompatible projects; and
- That major projects can go forward in accordance with approved development standards and in tandem with the creation of the community plan.

Panelist Dennis Martinez,  
deep in thought.

## AN ORGANIZATIONAL BLUEPRINT

Though the panel's assignment was to assess revitalization possibilities for a strip commercial corridor in South Central Los Angeles, its recommendations are intended to make Los Angeles as a whole more competitive regionally, nationally, and globally. In the absence of a city-wide economic development strategy, it may be possible to stimulate a modest number of community-based business startups and to encourage a few major enterprises to locate in South Central. However, without a coordinated public investment strategy to make the entire city more competitive, these efforts will produce only limited results. Thus, though the panel focuses on South Central as a case study, the following recommendations are intended to fundamentally change the way in which the city of Los Angeles addresses economic development issues anywhere in its jurisdiction.

With this in mind, the panel observes that improving the economy and generating economic opportunities in the South Central community will require major political and institutional reform at the highest levels of city government. The primary purpose of that reform would be to coordinate and streamline the city's economic development efforts within a single responsible, accountable, and proactive department.



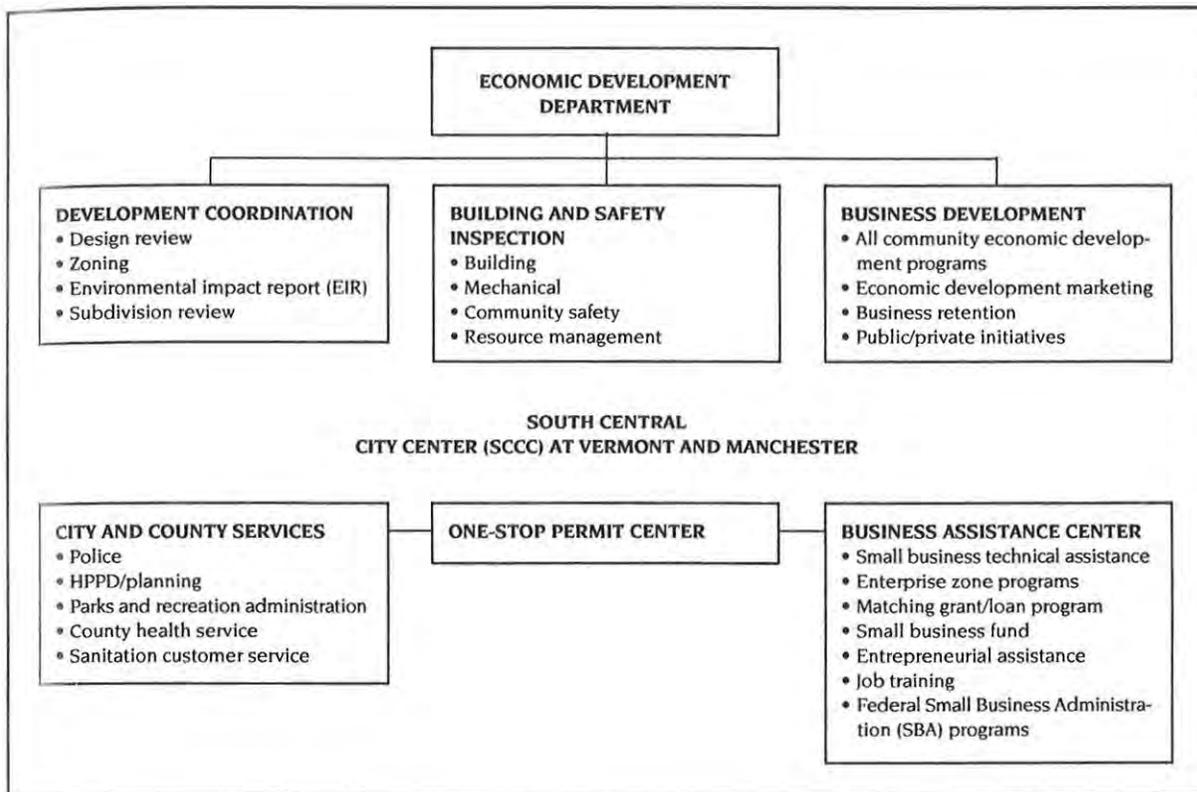
The panel applauds the creation of the Ad Hoc Committee on Recovery and Revitalization, whose October 2, 1992, blueprint for a coordinated revitalization strategy was signed by the general managers of the city's planning, housing, community development, and redevelopment agencies. In light of the long-standing tradition in Los Angeles of largely independent agencies' discharging their responsibilities according to their own program priorities, the significance of the ad hoc committee's written commitment to two new operating principles cannot be overstated. These principles are: 1) to allocate the committee's funds in accordance with a citywide economic development strategy; and 2) to target its public resources at high-priority geographic areas, where they can have the greatest impact in jump-starting the revitalization process and in maximizing the creation of local economic opportunities for South Central residents.

However, while the panel agrees with the ad hoc committee, it believes that the committee does not go far enough in its organizational proposals.

The panel is also impressed with the November 3, 1992, report of the city's chief legislative analyst, which decries the lack of a coordinated economic development policy and implementing capacity and proposes the relocation of all economic development activities in a new department. The panel agrees with this assessment and believes that the most efficient and effective way of organizing the city's revitalization efforts is in a new *department of economic development* (EDD). This new department would be better able to respond to the daunting task of initiating an economic recovery program for the South Central community, and would also implement policies and practices to make the entire city a more competitive place in which to locate and expand business enterprises.

Because a free-standing department of economic development will more effectively position the city to achieve an overall economic development strategy of promoting balanced growth and development, the panel urges the mayor and city council president to use their respective powers of persuasion to ensure city council support for this organizational initiative.

The EDD would not add another layer of bureaucracy to an already overregulated land use and economic development system but rather would make Los Angeles more economically competitive. The elected leadership must determine its specific structure, but the panel recommends that the EDD combine, at minimum, the three functions of development review, construction permitting, and business development.



"Business development" would, in concept, include all existing economic development activities now being performed by the community development department, the CRA, and the mayor's office. The consolidation of these various functions within a single agency would send a clear message that the city of Los Angeles is preparing to regain its former status as a center of global economic activity. And, consistent with the broader theme of economic competitiveness, the focuses of the South Central revitalization plan will be business development, job creation and retention, and the generation of entrepreneurial opportunities for community residents.

#### DEVELOPMENT COORDINATION

Streamlining the development process would be achieved by consolidating the various development review offices within a single development coordination function. This action would remove the onerous burdens imposed by multiple agencies' involvement in a development project's plan review and permitting. (An eventual goal should be to eliminate many of the review and regulatory controls, including fee and permit costs, that effectively make the city unfriendly to business and economic development.)

#### ONE-STOP PERMITTING

One-stop permitting would improve the city's ability to provide service to the users of development review procedures and would make the process more "user-friendly." A one-stop permit center would make available in one place all the necessary procedures for building construction permits, registration, zoning applications, and development review.

As noted earlier, to stimulate economic development in the South Central area, the panel suggests concentrating city services in the proposed town center in South Central Los Angeles. A South Central City Center (SCCC) will house essential city service agencies that will play an important role in stimulating reinvestment in South Central, and will complement the newly created one-stop permit center and business assistance centers recommended for the community.

The panel at work.



**DEVELOPMENT TOOLS AND TECHNIQUES**

As the Vermont Avenue corridor planning and development efforts move from concept toward implementation, the city and the community will need to adopt an array of tools and incentives to induce appropriate, targeted commercial and residential development.

**FACILITATE LAND ASSEMBLY**

**USE CONDEMNATION POWER**

Implementing the South Central community's locally prepared and approved revitalization plan will entail reconfiguring and assembling land parcels at key development nodes. Because land assembly will be difficult early in the implementation phase, CND (or some other community-based organization) should ask the city to use its existing legal authority to assemble land on behalf of the community. Such a move would enable development to evolve in accordance with the community's approved land use plan. The panel is firmly convinced that, without taking

such dramatic action, implementation of the community's plan will at best be severely slowed and costly, and at worst be thwarted by uncontrolled speculation. Much of this speculation will be done by absentee owners who have no stake in the neighborhood.

The power to assemble land rests in the redevelopment process, which has been designed by the state to achieve the desired commercial, industrial, and residential improvements in specific eligible areas. The revitalization of South Central Los Angeles can be a positive, community-oriented experience if it uses redevelopment powers as part of a grass-roots, bottom-up effort.

**PRESERVE RESIDENTIAL NEIGHBORHOODS**

Although assembling land is important, it should not be done at the expense of viable, existing housing in stable residential neighborhoods. South Central's residential neighborhoods clearly exhibit greater strength and vitality than do its commercial corridors.

Residential neighborhoods should be nurtured and protected in the process of assembling land for needed development. South Central land assembly efforts should focus on acquiring underused or vacant commercial properties at key development nodes, where community-oriented development should occur.

**COORDINATE WITH COMMUNITY GROUPS**

As far as practicable, South Central land assembly efforts should be undertaken in cooperation with community-based organizations and coalitions to ensure that those efforts conform with locally generated development priorities.

Commercial structures along Vermont Avenue that were burned out during the riots have been cleared, leaving large vacant parcels that now present opportunities for new development.



## SEEK SOURCES OF CAPITAL

For a community-based revitalization program, potential sources of capital for land assembly could include Community Development Block Grant (CDBG) funds, federal Section 108 loan funds, and even philanthropic funding from private foundations. For example, land assembly efforts for Boston's community-controlled Dudley Street Neighborhood Initiative lured a program-related investment from the Ford Foundation for initial property acquisitions.

## PRACTICE COMMUNITY LAND BANKING

Consistent with efforts to address the excess of underused or abandoned commercial properties on the Avenue, community-controlled assemblages can be "land-banked" for future development. Otherwise, the land banking that will occur will be private speculators' banking on future, untapped development potential.

## USE ZONING CREATIVELY

### REVITALIZATION ZONES

Identifying potential revitalization zones by using the city's redevelopment powers in a community-controlled fashion would provide a rapid start to necessary and desirable development. While the generation of a new plan and concomitant new zoning should be done expeditiously, redevelopment plans for smaller areas emphasizing commercial and mixed-use development on Vermont and major cross-streets can be designed and set in motion in anticipation of a full rezoning. When the full rezoning is ready to proceed, these redevelopment plans can be incorporated into the South Central master plan.



*Some of the residential neighborhoods near Vermont Avenue, such as Vermont Knolls, are well maintained, attractive, and expensive.*

## VERMONT AVENUE AS A PLANNED UNIT DEVELOPMENT

The panel suggests that the city regard the Vermont corridor as a Planned Unit Development. This would create the appropriate mix of businesses and residential types to meet community needs, and would institute the flexible zoning restrictions and permitting requirements that characterize such developments.

## AUTOMOBILE-USE DISTRICTS

Creation of a special district or districts for automobile-related uses would enable the concentration of uses such as repair shops, carwashes, parts stores, and service facilities in selected locations, thereby mitigating the visual impact of such uses. The city, or a private business in partnership with a community group, might consider setting up an automobile repair school for job training that would also serve the neighborhood's repair needs. Profits from that enterprise could be reinvested in neighborhood improvements and additional development.

## ENFORCE BUILDING CODES

### ENFORCEMENT POLICIES

The city has not been aggressive in commercial code enforcement, especially with respect to Vermont Avenue and other major commercial corridors within the area. In South Central, the panel believes that a lack of aggressive land use and commercial code enforcement—including punishment of sign and related building, parking, and other forms of noncompliance—helps to create artificially high land prices. When there is no financial responsibility inherent in the ownership of commercial properties, the liability otherwise associated with such ownership is passed to the taxpayer.

The city must send a strong and consistent message to the numerous commercial property owners, many of whom are absentees, that commercial code enforcement is a way of life in the community; casual attention to, or escape from, compliance will not be tolerated.

Liquor stores are abundant in South Central Los Angeles, where they also serve as convenience stores and check-cashing facilities.

If existing code ordinances are appropriate, they should be enforced by special task forces, including the city attorney's office, if necessary. If existing code ordinances are insufficient, emergency legislation should be considered to stem further deterioration.

#### REMEDIES

Whatever code enforcement program is adopted in South Central, the city must attach liens or otherwise exert responsible financial leverage to achieve compliance by those owners who do not bring their properties up to code. Without adequate enforcement provisions, negligent property owners will continue to have artificially high expectations of the speculative value of their holdings and will await the opportunity to have government pay the bill to condemn, acquire, or develop.

#### REVIEW LIQUOR STORE LICENSING

Liquor stores are abundant in South Central Los Angeles. The panel commends the community groups that are working to control the concentration of these outlets. Some of the approaches include strategies to transfer licenses to more desirable locations, limits on license authorizations, and more stringent license renewal processes.



#### MODERATE EXCESSIVE LAND COSTS

Landowners' inflated expectations of land values in South Central that are not supportable by the market create excessively high land costs. This paradox—high land values in a market lacking significant effective demand for developable land—can discourage new investment by creating an artificial shortage of land. Owners withhold their parcels from the market in anticipation of higher future values. Such a situation can slow economic recovery by making it economically infeasible to build and locate within the community, limiting job-generating development opportunities.

Despite an apparent lack of market demand for land in the South Central community and an abundant supply of marginally developed parcels along the Vermont Avenue corridor, knowledgeable sources interviewed by the panel have indicated that asking prices for land are inexplicably high (in the range of \$18 to \$25 a foot). For the most part, these high asking prices are justified neither on the basis of the parcels' current economic values or on the basis of their anticipated future uses.

While land deflation has come later to southern California than to markets in most other regions, substantial land writedowns have become a fact of life in more dynamic segments of the Los Angeles market and will eventually be recognized as such by landholders in South Central. Because of its relatively inactive land market, South Central's price structure has yet to reflect the deflationary pressures that have already affected other, more active markets.

The government cannot determine a landowner's reservation price; nor can it easily control land speculation. This is especially true in California communities, where many property tax valuations are low, thanks to Proposition 13. However, in its exercise of the police power, the city can control noxious and nuisance land uses and thereby can raise the holding costs of marginally productive land and improvements while at the same time bettering the visual environment and the quality of life for community residents.

The city can and should aggressively enforce existing ordinances and regulations requiring owners to keep vacant lots clean and free of debris; repair or demolish at the owner's expense vacant and derelict buildings that pose a danger to public health and safety; and enforce housing and building codes along the Vermont Avenue corridor. By doing so, the city can simultaneously enhance the quality of the visual environment, improve neighborhood safety, and increase the holding costs of owners who are waiting for government-subsidized development initiatives to inflate the prices at which they can sell their land.

Unrealistically high price expectations will also be moderated along substantial portions of the Vermont Avenue corridor when community-based land use plans have been revised and adopted by the city. While identifying the locations of planned areas of intensive development might cause land prices to escalate in these limited locations, these land use plans should also reduce price pressures in the more extensive areas of the corridor identified in the plan for lower-density residential and commercial development. In this way, development opportunities in the entire South Central community will be enlarged.

## ELIMINATE EXCESSIVE REGULATION

Local regulatory policies contribute to high development costs in several ways. First, because time is money, Los Angeles's slow and cumbersome development review process adds significantly to land carrying costs and therefore to higher end-prices and rents. Second, as stated earlier, the privatization of off-site public infrastructure costs—through sewer facilities charges, school and dwelling construction impact taxes, park fees, and permit and processing fees—significantly raises production costs. Because most of these fees and charges are the same for a \$100,000 house as they are for a million-dollar dwelling, they cause proportionately greater price increases for housing designed for the lower-income market than they do for housing targeted at the higher-income market. Make no mistake: Impact fees harm the poor far more than they hurt the rich.

The panel was told of a small, affordable housing subdivision planned for the South Central community in which the combined impact fees and charges would total \$12,000 a unit. This would amount to almost 10 percent of the proposed selling price. If affordable housing development like this were exempted from these charges, as the panel recommends, the annual income required to afford these units would be lowered by more than \$4,000, which is about one-quarter of the median income for South Central households.

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Finally, parking requirements for lower-income housing are generally the same as for market-rate housing, despite the fact that lower-income households own fewer automobiles than the rest of the population. The city must revise its parking requirements to reflect more accurately the community's actual automobile ownership and use patterns. Higher-than-necessary parking requirements increase costly land requirements and frequently necessitate the construction of expensive underground parking facilities that raise production costs still higher. The higher the production costs, the greater the gap financing that is required to make a project work, and the fewer the housing units that can be supported from the limited pool of available subsidy dollars. Given the severe shortage of affordable housing in South Central and the city as a whole, every unnecessary requirement must be scrubbed from the development regulations.

## STREAMLINE PUBLIC REVIEWS AND APPROVALS

Regardless of specific area and master plans, a key incentive for developers in the Vermont Avenue corridor would be to streamline the processing of development applications. At a minimum, developers in the Vermont Avenue corridor should be guaranteed a development process that achieves the following:

- *Lead development agency/consolidated project review.* Rather than require developers working in high-priority targeted areas to undergo multiple and repetitive feasibility and design reviews, the city could designate a lead agency for different types of projects and consolidate the reviews.
- *Expedited permit processing.* Given the commitment to changing the way of doing business in South Central, a critical step would be to expedite processing of approvals for conforming developments proposed in South Central's high-priority development areas.

*This new multiuse project on Vermont Avenue features low-rise multifamily housing for seniors over street-level retail space.*

- *Incentive packages.* To stimulate development in South Central Los Angeles, the city could ensure a reliable package of financial and regulatory incentives for approved for-profit and nonprofit developers proposing projects that conform to community-based plans in targeted redevelopment areas such as South Central Los Angeles. This would speed the process and attract new developers to South Central. A good example of a package of financial incentives is urban enterprise zone benefits. Currently, the nearest state urban enterprise zone terminates largely on the east side of Vermont Avenue. Consistent with the community's development priorities, the enterprise zone should be expanded to include development sites on the west side of Vermont Avenue and along east/west avenues to Western Avenue. Business incentives in the Watts enterprise zone include tax credits for hiring disadvantaged individuals and corporate income tax credits for sales taxes paid on purchased machinery and equipment.

## FINANCING

The panel understands the fiscal hardships that Los Angeles has suffered, along with the rest of the nation, due to federal funding cutbacks. However, there are resources that can be used—or used better—to jump-start developments in South Central. Among these resources are Los Angeles's \$73 million Community Development Block Grant (CDBG) entitlement and its \$23 million HOME allocation.

## PUBLIC/PRIVATE PARTNERSHIPS

Los Angeles's own Vermont-Slauson model—like the joint venture between Pathmark (Supermarkets General) and the community-based nonprofit New Communities Corporation in Newark, New Jersey—illustrates the benefits of partnerships between the public and private sectors and between for-profits and nonprofits. Encouraging CDC involvement in local development not only empowers the community; it may also provide access to certain resources that the for-profit community on its own might not be able to tap.



This is particularly true in the areas of the low-income housing tax credit and other equity funds, of below-market-rate loans from lending consortia, and of predevelopment assistance and financing from national and regional philanthropies and intermediaries.

## EQUITY

Despite the 1992 veto of the urban aid and tax bill, for the moment terminating the federal low-income housing tax credit program, housing tax credits are almost certain to be revived in 1993 by the new administration and the new Congress. Tax credits have been responsible for more than 90 percent of the affordable rental housing development in the United States in recent years and can contribute approximately one-third of the costs of a project. Involving nonprofit organizations not only helps to foster a sense of community ownership in projects but also gives access to equity funds, such as LISC's National Equity Fund and the Enterprise Foundation's Enterprise Social Investment Corporation, among others, that are geared to supporting nonprofit development.

In addition to housing tax credits, there are efforts to generate equity funds for commercial development, such as LISC's recently announced Retail Initiative, which can be accessed by developers of supermarket-anchored neighborhood and community shopping centers.



Panel Chairman Smedes York conducts an on-the-spot interview with the owner of the Gage Swap Meet while Gary Squier and panelists Ray Brown and Rick Cohen look on.

## PREDEVELOPMENT AND BRIDGE FINANCING

The public sector, as well as foundations, loan pools, and private lenders, must grapple with the need for predevelopment financing. The hardest money to find is funding for the early stages of development planning. Under the federal HOME program, which the city of Los Angeles receives as an entitlement, up to 10 percent of the set-aside for community housing development organizations (CHDOs) can be used as forgivable, site-specific predevelopment financing and seed money.

In the charitable sector, foundations and national community development intermediaries sometimes provide predevelopment loans or "recoverable grants" to nonprofits for upfront planning and development costs. For example, a program started by the Ford Foundation (SEEDCO, based in New York City) has offered below-market predevelopment loans to CDCs associated with universities and hospitals. Perhaps a USC-affiliated nonprofit could obtain this sort of loan.

Residential and commercial development in distressed neighborhoods like South Central incur significant start-up costs. Without predevelopment funding, the development process will stall, especially for nonprofits.

## CREATIVE USE OF CDBG FUNDS

The Vermont-Slauson Shopping Center benefited immensely from Urban Development Action Grant (UDAG) funding, which disappeared from the national scene some years ago. In its stead, however, other funds can be used. For example, Los Angeles can obtain, and apparently has applied for (through the community development department), a Section 108 loan guarantee to be repaid out of future CDBG receipts, which can be used for economic development purposes. Jersey City, New Jersey, successfully used \$26 million in Section 108 funds for waterfront land acquisition. Section 108 funds in Los Angeles could be used, for example, to capitalize the land assemblage process discussed above. Because these funds can also be used for residential development, the city should seek Section 108 authority for housing as well.

For short-term (less than one year), below-market predevelopment and construction loans, the city can use its unexpended CDBG funds as a loan. Called a CDBG float loan, such monies could be used for developments that are consistent with the purposes of the CDBG program and would permit the city to stretch the use of its CDBG funds. CDBG float loans and Section 108 loans, unlike the HOME funds described below, can be used for economic development projects as well as housing.

#### CREATIVE USE OF HOME FUNDS AS GAP FINANCING

Enacted in 1990, the federal HOME program has not been easy to use, especially in Los Angeles. However, Los Angeles has received waivers on certain regulatory cost constraints, and amendments to the HOME program enacted in the fall of 1992 have made the program somewhat easier to use. The keys for the city in making HOME work in South Central include:

- Making sure that HOME is used to leverage private capital, which is easier now that HOME's affordability restrictions can be subordinated to a first-mortgage lender in case of foreclosure.
- Using HOME as critical gap financing in tax credit and mixed-income projects, now that particular HOME regulations on income levels and rents do not push projects into tax credit noncompliance.
- Expanding the opportunities for CHDOs in the HOME program. CHDOs are required to constitute at least 15 percent of the city's HOME investment, especially in South Central, where nonprofit development capacity appears to be on the upswing.

*Numerous storefront churches occupy former commercial space on Vermont Avenue.*

Central to making HOME—and CDBG—more effective is the issue of leverage. Los Angeles, like most cities, can do better in using its available subsidies to draw in private capital from lenders such as Bank of America and Wells Fargo. Despite probable changes in federal programs with a new administration taking office in January 1993, the HOME program is one that is likely to be maintained and expanded. HOME and CDBG funds will continue to constitute important sources of gap financing, the former focused solely on housing, the latter available for housing and some limited economic development. However, to further leverage these funds, the city must alter its gap financing approach. It should not only regularly fill the gap in a developer's project budget after the developer has negotiated for itself with private sector lenders; the city should also take an upfront role with lenders to negotiate agreements for stronger private sector financial participation. The alternative is for the city to be stuck in a reactive posture, unable to adequately or effectively influence the proportion and terms of private sector financing.

#### HOME NATIONAL/REGIONAL TECHNICAL ASSISTANCE FOR CHDOs

Federal money is now available for nonprofit developers working in partnership with city agencies to carry out the HOME program. The funds can be used for technical assistance on packaging deals, as well as for training nonprofit staff members and even for covering some CDC operating and administrative costs, which are normally ineligible under the regular HOME funds. It is a demand/response system, in that the funds go to those cities (and their partner nonprofits) that get in line first. Given South Central's national significance, Los Angeles and its South Central-based CDCs ought to go to the head of the line.

For other HOME program activities, additional HOME technical assistance is available directly to the city and will apparently flow through the community development department.





Panelists Jim Goodell and Michael Stegman debate a point.

## PRIVATE SECTOR FINANCING

The panel applauds the positive program initiatives suggested in the city council's June 1991 report on community reinvestment in South Central. Including the potential multibank CDC and the private lending spurred by the Community Reinvestment Act (CRA), the Los Angeles Community Reinvestment Committee recommended a program of small business expansion loans, a microbusiness start-up loan program, the establishment of a business assistance center, and a development site acquisition program. These are all ventures worth translating into action.

Despite the apparent willingness of the banks to participate in a multibank CDC and to support a South Central-focused community development credit union (CDCU), banks are still obligated under the Community Reinvestment Act to provide mortgages and rehabilitation loans in the inner city, especially in South Central. Also, CRA will likely be significantly strengthened in 1993. CRA notwithstanding, banks have not failed because of their CRA portfolios but because of other kinds of speculative investments. Local banks, both on their own and through pools such as SAMCO and the California Community Reinvestment Corporation, can expand their roles and bring secondary market actors, such as Fannie Mae and Freddie Mac, to the table as well.

## TAX INCREMENT FINANCING

The city's community-rooted revitalization effort can take advantage of tax increment financing (TIF) to spur and support needed development. For example, the city can issue bonds to be repaid by future years' tax increment revenue. While the CRA recently sacrificed more than \$40 million of its TIF resources to sustain state and municipal budgets, TIF monies from South Central revitalization projects can and should be targeted to stay in South Central. Also important is the notion of merging redevelopment areas, so that South Central could benefit from the TIF revenues generated by wealthier redevelopment areas, such as downtown.

## PENSION FUNDS

Despite their long-term financing potentials, and despite increasingly frequent commitments to "economically targeted investments," pension funds have not been a major source of financing for inner-city development, particularly commercial development. However, public pension funds might be more willing to live up to their targeting commitments by financing South Central's housing and commercial developments because they could thus achieve portfolio diversification and provide residents with jobs and services.

A particularly interesting possibility is the AFL-CIO investment trust. Under new leadership, the trust is aggressively seeking inner-city investment possibilities, both residential and commercial. It is looking at high-visibility target areas such as Atlanta's Olympic neighborhoods and, more recently, post-riot South Central. Public/private efforts to work with the AFL-CIO should continue.

## PROCESSING AND DEVELOPMENT FEES

The panel was told of the high costs of processing and impact fees assessed on development throughout Los Angeles and in South Central. According to the city's own Comprehensive Housing Affordability Strategy (CHAS), these fees can add from \$14,000 to \$20,000 to per-unit development costs. Add to this amount \$15,000 for a minimum of two parking spaces per family dwelling unit, and it is no wonder that Los Angeles's housing development costs have skyrocketed.

Because these fees increase development costs, in the end the city must pay these costs through the provision of additional layers of subsidy. In cases of affordable housing, some of these fees can and should be reduced or waived for specifically targeted South Central development sites. In other cases, developers should be given the option to provide the desired amenities and improvements on the site rather than paying impact fees. In this way, the city could ensure that the improvements are built and that they will actually benefit the residents.

## CONCLUDING COMMENTS

The assignment was challenging and rewarding, and ULI hopes that its report will provide input into the revitalization, income enhancement, community empowerment, and pride of South Central Los Angeles.

The panel's vision for South Central Los Angeles is really very simple. It is a vision of a neighborhood where there are good jobs and decent housing, that is clean and safe, and where children can play. In short, the panel's vision embraces a neighborhood that is built around harmony, achievement, and the realization that living the American dream is possible.

For more than 20 years, negative publicity has distorted the public image of South Central Los Angeles, giving the impression that the community contains no inherent assets or strengths. On the contrary, the social and physical fabric of South Central Los Angeles remains strong and overwhelmingly positive. Although tensions exist and conditions are far from ideal, there is much strength both in the human spirit and courage of the people of South Central and in the traditional structure and building stock of their neighborhood commercial and residential areas.

In spite of the physical and economic decline caused by neglect and by the effects of poverty and racism, the sense of pride in and affection for the area felt by many of its residents is one of its most important building blocks toward achieving a new and brighter future. The panel's recommendations represent a framework within which individual acts can help to realize that future.



Neither a ULI panel nor any other outside group can impose solutions. However, ULI hopes that its recommendations have suggested opportunities that will help structure the discussion and decision-making process through which the citizens of South Central Los Angeles can rebuild and strengthen their community.

Meeting the needs of the citizens of South Central Los Angeles will require changing the attitudes and habits that constitute "the system." The people have to take back the process. The community itself must become less passive and must advocate its own needs. The politicians have to put politics aside and adopt a specific plan; streamline, centralize, and consolidate the planning and approval process; and break up the entrenched bureaucratic gridlock, so that public servants can truly serve the public. And the business community needs to recognize that it can generate profits while serving socially useful ends.

At issue is not just solutions to planning and urban design problems, or even the revitalization of South Central Los Angeles. The city must also position itself to compete economically.

The city of Los Angeles has a remarkable opportunity to become a model of a great city in the next century. Neighborhoods and communities are not only made up of buildings, streets, and trees but also of people. The challenge to the city is to take the dreams and visions of its people and to create first a plan and then a process for realizing them. The people deserve a response to this challenge, and the government that serves them has the ability and responsibility to help in achieving those dreams.

Councilman Mark Ridley-Thomas addresses the panel during its presentation.

## ABOUT THE PANEL

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### **SMEDES YORK**

Panel Chairman  
Raleigh, North Carolina

York is president of York Construction Company and York Properties, Inc., of Raleigh, North Carolina. He is currently chairman of the Raleigh-Durham Airport Authority, the Raleigh-Durham Regional Association, and North Carolina Amateur Sports. He served as mayor of the city of Raleigh from 1979 to 1983 and was a councilman from 1977 to 1979.

York is a past president of the Urban Land Institute and a current member of its board of trustees. His professional affiliations include membership in the Institute of Real Estate Management, the International Council of Shopping Centers, the North Carolina Association of Realtors, and the Raleigh Board of Realtors (of which he is past president).

York is a graduate of North Carolina State University and holds an MBA from the University of North Carolina. He served as a first lieutenant in the U.S. Army and was awarded the Army Commendation Medal for his service in Korea.

### **RAYMOND BROWN**

Dayton, Ohio

Brown is principal of Raymond Brown Architect, a full-service architecture/urban design/interior design practice specializing in urban streetscape design, commercial and residential building design, neighborhood planning, and urban public school strategic planning. Prior to founding his firm, Brown was an associate with Kleski & Associates Architects, a firm focusing on institutional and commercial design. He was assistant professor of architecture at the University of Cincinnati from 1979 to 1984.

As senior planner for downtown for the city of Dayton's department of planning from 1974 to 1979, he was responsible for all downtown planning and urban design.

Brown was partner for design at Shafor-Brown-Johnson, Inc., a general architecture and planning practice, from 1971 to 1974. Before taking this position, he administered nonprofit architectural and planning services targeting low-income inner-city residents and neighborhoods at the Dayton Model Cities Community Design Center. Brown has also been the associate director of the Cleveland Design Center, where he managed office and individual projects for nonprofit architectural offices serving a variety of neighborhood groups with conflicting political agendas and strategies.

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**RICK COHEN**

Brooklyn, New York

Cohen is an independent consultant with more than 20 years' experience in housing and economic development in the public and private sectors. He served as vice president for program services at the Enterprise Foundation, a national nonprofit community development intermediary, where he was responsible for the foundation's field operations on very low-income housing in more than 40 cities.

Prior to joining the Enterprise Foundation, Cohen served as a consultant specializing in planning, housing, and public policy analysis. An AICP-accredited planner, Cohen was director of the department of housing and economic development in Jersey City, New Jersey, and also worked for the Trust for Public Land and the Institute on Man and Science.

Cohen holds a BA from Boston University and a master's in city planning from the University of Pennsylvania. His writing includes the books, *Small Towns and Small Towners* and *Partnerships for Neighborhood Preservation*. He has been an adjunct professor of public policy at St. Peter's College in Jersey City and of urban planning at Rutgers University in Livingston, New Jersey.

**PAULA COLLINS**

San Francisco, California

Collins is a founder and principal of the Western Development Group (WDG), Inc., a real estate investment and development company formed in 1982. The Western Development Group and its family of companies and partnerships are engaged in residential and commercial development in northern California, with an emphasis on community and economic development in urban areas.

Before forming Western Development, she served as general manager for Daon Corporation's northern California regional office. In this capacity, she managed a variety of office, industrial, and residential land developments in the San Francisco Bay area. In the public sector, Collins was on the project management team for the Moscone Convention Center in San Francisco.

Collins has been a member of the visiting committee of the school of architecture and planning at MIT and is a member of Lambda Alpha, an honorary land economics society. She has served on the Northern California Advisory Board of Glendale Federal Savings, and as a trustee of the California Pacific Medical Center in San Francisco.

Collins is a graduate of Mount Holyoke College and holds a master's degree in city planning from MIT.

**FRITZ DUDA**

Dallas, Texas

Duda is president and owner of the Fritz Duda Company, a privately held real estate investment building and development company with offices in Orange, California, and Dallas, Texas. The company specializes in the development of master-planned, mixed-use communities and retail/commercial developments, as well as providing asset management and corporate real estate consulting services.

Duda is a member of the board of directors and executive committee of The Vons Companies, Inc. (NYSE), southern California's leading supermarket chain. He serves as a director of the Hammond Company, a California-based mortgage banking company. He is a trustee of the University of California's Hastings 1066 Foundation and is chairman of the college's real estate advisory committee.

A sustaining member of the Urban Land Institute, Duda serves as a member of the Advisory Services Committee.

Duda received a JD from the University of California's Hastings College of Law.

**R. TERRY SCHNADELBACH**  
New York, New York

Schnadelbach, principal of The Schnadelbach Partnership since 1969, has had major commissions throughout the United States, Canada, and abroad. He has consulted in London, Paris, Rome, Athens, the Middle East, Africa, and Central America to governments, institutions, and private industry. His professional work has received numerous awards: the HUD Urban Design, American Institute of Steel, American Institute of Architects, New York State Association of Architects, and the National Association of Home Builders awards; and the New York City Club's Bard Award for Civic Design. Schnadelbach is a graduate in architecture of Louisiana State University and of the Harvard Graduate School of Design and Landscape Architecture. In 1964, he won the American Academy's coveted Prix de Rome in landscape architecture.

**MICHAEL A. STEGMAN**  
Chapel Hill, North Carolina

Stegman is Cary C. Boshamer Professor and chairman of both the department of regional and city planning and the PhD curriculum in public policy analysis at the University of North Carolina at Chapel Hill, where he has taught graduate courses in national housing policy, investment analysis, and affordable housing for the past 26 years. He has written extensively on these subjects. His most recent books include: *More Housing, More Fairly: The Limits of Privatization: A Report of the Twentieth-Century Fund Task Force on Affordable Housing* (1991); *The Public Housing Homeownership Demonstration Assessment* (HUD, 1990); and *Nonfederal Housing Programs: How States and Localities Are Responding to Federal Cutbacks* (Urban Land Institute, 1987). From 1979 to 1981, Stegman was a member of President Carter's administration, serving as deputy assistant secretary for research in the U.S. Department of Housing and Urban Development.

**ROSLYN M. WATSON**  
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Watson is vice president at The Gunwyn Company, the development firm associated with Graham Gund Architects, Inc., in Cambridge, Massachusetts. She has had extensive project management, leasing, and asset management experience in prior positions with the Massachusetts Port Authority. From 1974 to 1978, as assistant dean, she helped to launch the college of professional studies (now the college of management) at the University of Massachusetts at Boston.

From 1982 to 1986, Watson was a city of Boston zoning commissioner. During this period, code amendments were adopted to impose development fees on downtown development projects to fund training, affordable housing, and community development projects in Boston's neighborhoods.

A council member of the Urban Land Institute, Watson is a graduate of Simmons College and holds an SM in management from the MIT Sloan School of Management, where she was an Alfred P. Sloan Fellow.