

INDUSTRIAL LAND: POLICY RECOMMENDATIONS

Presented by:

**Central City Association
Los Angeles Business Council
Hollywood Chamber of Commerce**



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ACKNOWLEDGEMENTS

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We would also like to thank all of those who contributed through generous feedback, critique, and review.

BACKGROUND

On December 12, 2005, the Mayor's office issued a memo requesting City departments to collectively propose a strategy addressing the growing scarcity of the City's industrial land. In response, the Planning Department and Community Redevelopment Agency (CRA) began a parcel-by-parcel study and analysis of industrial land uses in Downtown, Hollywood, and the Westside. This study will result in land use recommendations.

The memo also requested City departments to exercise "caution" in processing any industrial land use cases during this study period. The effect of this cautionary note has been substantial. For the last eight months, the Department of City Planning has used this cautionary note to eliminate the processing of residential and mixed-use projects within M-zoned areas, which are permitted through a discretionary approval process by the Los Angeles Zoning Code. Absent any legal review, public notice, hearing, or vote on this elimination, a de facto policy has been effectively instituted. No industrial conversion cases, including cases in areas that have experienced conversions for more than two decades, have been processed or even assigned a staff contact.

This de facto moratorium is achieving the intended chilling effect on residential and mixed use development in the M-zoned areas; however, it has arguably not succeeded in increasing investment and job creation in the identified top industrial areas or in previously abandoned transitional industrial areas. Instead, the de facto policy has stalled further economic investment, small business creation, neighborhood building and a jobs/housing balance in transitional industrial areas, which are typically provided by live/work loft and mixed use development projects.

The City's economy is at a sensitive, critical stage due to rising interest rates, a slowing housing market and drastically increasing construction costs. Disallowing continued review of mixed use projects and discouraging investment in transitional neighborhoods in advance of a publicly vetted, City Council-approved industrial policy, risks undoing the substantial positive economic gains achieved in such emerging neighborhoods.

Therefore, as industrial land policy has extremely important and complex effects on the entire region, the business community put together a working group of members to propose an industrial land strategy framework to the City to support the creation and preservation of industrial jobs and industrially zoned areas and to discourage the dangerous precedent of planning and land use moratoria. This policy framework has the support of a broad range of businesses and business interests and comes to you from business organizations with diverse and varied memberships. We offer this framework to you as the response of the Los Angeles business community.

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I. Executive Summary

A. Issue

The City of Los Angeles is experiencing the steady erosion in availability and affordability of its industrial land base for manufacturing use. Much of Los Angeles' remaining industrial base is unsuitable for manufacturing use and the changing nature of the manufacturing industry has rendered industrial land zoning standards ineffective in meeting the needs of manufacturers. Los Angeles must take steps to enhance manufacturing capabilities within the City and protect against manufacturing job flight to other municipalities.

B. Goals

The objective of this framework is to offer viable solutions to protect the City's existing manufacturing base, while enabling creation of new manufacturing uses where most appropriate.

We believe the City should emphasize job retention and creation through financial, planning, and environmental performance provisions and incentives.

We believe the City should address the needs of "New Economy" technical uses, as these uses are generally more compatible with commercial and residential mixed-use and require less square footage of industrial space.

We believe that the City should implement sound urban planning practices that end Los Angeles' ad hoc, "spot zoning" variance approach to industrial zoning and land use, and provide a consistent, accountable approach to discretionary reviews.

C. Policy Recommendations

We propose to create a policy that is forward looking rather than retroactive, especially in transitional industrial areas with solid existing residential and mixed-use development. For these areas, we recommend grandfathering standards for those owners who have substantially invested in industrially zoned property, with the intention of developing mixed use projects, and relied on the City's 20 year precedent of such discretionary approvals in these transitional industrial zones.

To further effectuate the above-described policy goals, we recommend that the City establish three separate industrial development districts: (i) the *Pure Industrial District*, (ii) the *Mixed Use Industrial District*, and (iii) the *Mixed Use Commercial Corridor*. Through a series of overlay zones and area rezones, these districts can be applied both to existing industrial zones and to non-industrial commercial and R4 zones that may be compatible with an industrial use through adjacent or mixed-use development. We recommend providing incentives to promote job creation and product production while

requiring a minimum level of design standards that support compatibility of mixed and adjacent uses.

The *Pure Industrial District* is located in areas with large concentrations of manufacturing uses with minimal commercial, institutional or residential conversions, or presently underutilized existing industrial areas suitable for such designation. The policy will protect existing manufacturers from displacement by (i) prohibiting incompatible uses, (ii) providing City financial, tax and development assistance, (iii) enhancing land use standards to allow higher structures and denser development, and (iv) creatively leveraging City and State resources that are targeted towards the Pure Industrial District.

The *Mixed Use Industrial District* is located in areas containing existing manufacturing uses that have experienced substantial increases in commercial and residential development and where such mixture of uses has been compatible historically with industrial uses. The policy will retain the existing industrial uses and encourage development of new projects that combine industrial, commercial and certain residential uses by (i) providing financial incentives to improve existing industrial uses, (ii) creating zoning incentives to provide dense industrial and mixed-use new development, (iii) targeting "New Economy" clean industrial uses and (iv) encouraging the conversion of quality buildings by extending the Adaptive Reuse Ordinance (ARO) to this District. The policy will assure the compatibility of the mixed-use projects by requiring minimum design standards and allowing discretionary City review of non-industrial projects.

The *Mixed Use Commercial Corridor* is located in existing industrial and industrial-adjacent areas in underutilized CM and certain C zones with significant new residential or commercial development and with few or obsolete existing manufacturing facilities. The policy will expand the amount of available land area suitable for industrial economic growth and provide an appropriate location for environmentally friendly new industrial uses by (i) allowing development currently permitted in the existing commercial, residential and CM zones, (ii) allowing non-noxious industrial users to locate in commercial zones, (iii) permitting live/work uses, (iv) utilizing Q conditions to prohibit uses that support higher land values than industrial or commercial uses, and (v) providing zoning incentives for mixed-use projects in transit oriented corridors. The policy will assure the compatibility of the mixed-use projects and new industrial uses by requiring minimum design standards that provide for a primary commercial, retail or light industrial use on the ground floor or on upper floors, and retail amenities necessary to sustain the mix of uses.

The policy also provides a preliminary menu of specific financial and tax incentives for the development of industrial property in any of the three districts, and specific zoning incentives for industrial and mixed use development that vary among the three districts and depend on the proposed use.

II. Goals and Objectives

The need for an industrial land strategy is clear. Though M-zoned land comprises only 8 percent of the total land area in Los Angeles, manufacturing uses situated in M-zones reportedly account for 17 percent of the City's tax revenue base. Los Angeles' manufacturing base fuels much of Los Angeles' sustaining job growth. Mirroring other major metropolitan areas, Los Angeles faces four key challenges to the goal of preservation of its industrial base:

1. The steady erosion of availability and resulting affordability of industrial land for manufacturing use;
2. Manufacturing job flight to surrounding municipalities, where the cost of doing business is lower and the availability of land for manufacturing use is greater;
3. The lack of suitability of much of Los Angeles' remaining industrial land base for manufacturing use; and
4. The changing nature of manufacturing uses and demand in a global economy.

As such, we believe the following are the core principles that should guide development and implementation of Los Angeles' industrial land strategy:

Preserve existing pristine industrial areas suitable for manufacturing retention and growth. Adopt special protections that strengthen manufacturing growth in areas increasingly threatened by competing land uses and job flight.

Expand the availability of land areas suitable for manufacturing retention and growth. Target resources to help revitalize existing underutilized or poorly utilized industrial areas. Facilitate growth in areas that presently contain a balanced mix of manufacturing, commercial and residential uses. Locate growth in commercial CM or C-zoned corridors capable of accommodating mixed use projects and able to combine "New Economy" industrial with other job-rich commercial and residential uses.

Establish quality job retention and creation as the defining industrial policy reform objective.

Adopt a "flexible response" approach that acknowledges the changing nature of manufacturing uses (i.e. that today's "New Economy" uses are more compatible with commercial than industrial zones, and that global economic trends increasingly drive lower value physical manufacturing overseas), and reflects today's downsizing of industrial space square footages (i.e. the average leased industrial space in downtown Los Angeles is only 6,000 square feet).

Implement sound urban planning practices that end Los Angeles' ad hoc, "spot zoning" variance approach to industrial planning, zoning and land use. Eliminate antiquated suburban land use code provisions in urban growth corridors. Implement sustainable jobs-housing balancing and "smart growth" practices by locating compatible employers in proximity to residential neighborhoods and, where appropriate, on-site with workforce housing and live-work projects, especially in transit-oriented growth corridors.

Craft the City's industrial policy development process premised on inclusion. Obtain input early from both the City's Neighborhood Councils and also from the diverse business community stakeholders that will be directly impacted, negatively or positively, by a City industrial land strategy, including but not limited to leaders in key existing and emerging industrial land uses (e.g. wholesale trade, media/communications, television and film production, technology, bio technology, apparel, etc.), industrial contractors, developers, land owners and business trade associations.

Make the City's industrial strategy imperatives forward-looking rather than retroactive. On December 12, 2005, the Mayor's office issued a memo requesting City departments to use caution when processing land use cases in M-zoned areas. In response to the memo, the Planning Department immediately adopted a de facto policy, in effect for the last eight months, eliminating the processing of residential and mixed-use use projects within M-zoned areas, which are permitted through a discretionary approval process by the Los Angeles Zoning Code. The Planning Department implemented the de facto policy without any legal review, public notice or public hearing required for adoption of an ordinance or resolution by the City Council to amend the Zoning Code.

Numerous owners and investors have already made recent significant investments in the purchase or development of an M-zoned property in reliance on the City's 20 year precedent of discretionary approvals of mixed use projects in industrial zones. As a matter of equity and sound planning policy, the Planning Department should provide a consistent application of Planning Department policy such that owners and those who have made a substantial investment in M-zoned property in transitional industrial areas should be permitted to file for previously typically granted entitlements. Such applications should be reviewed under the historic approval policies and standards until the effective date of an ordinance adopted by City Council that legally amends the Zoning Code with respect to M-zoned property use.

Create an integrated delivery system of City policies and programs comprised of zoning and land use reforms; better leverage existing financial and other resources; and adopt creative new land use, financial, technical and environmental performance standards and mitigation incentives that sustain and fuel the City's job creation economic engine.

The economic development strategy outlined below reflects the economic ideal articulated by President John Kennedy that “a rising tide lifts all boats.” Following that metaphor, the City’s success of implementing such a strategy will be determined as much by its discipline in adhering to the guiding core principles as by its refusal to load each boat with worthy but weighty social agenda objectives. Successful job retention and creation will generate the City revenues desperately needed to fund job training, low income neighborhood revitalization measures, urban parks, mass transit and a diverse array of affordable housing stock. That notwithstanding, affordable housing projects could access the same zoning incentives under the same conditions that are identified in the Mixed Use Industrial District and Mixed Use Commercial Corridor areas for mixed use projects.

III. Policy Recommendations

A City industrial land policy should protect Los Angeles’ existing manufacturing base, site new manufacturing in areas most appropriate to the industrial use and expand areas available for industrial development to include underutilized industrial areas and CM and C-zone certain commercial corridors.

The City should establish three separate industrial development districts and adopt the land use policies and other programs set forth below:

A. Pure Industrial District

B. Mixed Use Industrial District

C. Mixed Use Commercial Corridor.

These districts can be applied both to existing industrial zones (M1, M2 and M3 and CM zones) and to non-industrial commercial and, in certain instances, R4 zones that may be compatible with an industrial use through adjacent or mixed-use development.

The creation of a series of overlay zones and area re-zones and adoption of zoning incentives are recommended as the most cost effective means to help Los Angeles compete with other areas unburdened by Los Angeles’ high cost of doing business, complex discretionary approval process, historic lack of infrastructure investment, small land parcels and relative lack and affordability of industrial land.

The Pure Industrial District does not require an overlay zone, and though it will continue the underlying use, it will likely require a project re-zone with Q conditions to provide zoning intensification of use (i.e. increased FAR and other measures previously restricted in M-zones under the 1986 Proposition U ballot measure).

In those industrial and commercial districts where a mix of uses is appropriate and currently allowable only under a CUP/ZAD or project re-zone, the City would be

responsible for establishing a new zoning designation through a master overlay zone process to accommodate the proposed mix of uses and avoid spot zoning. In these mixed use districts, the General Plan would be amended on a master basis for each of these District overlay zone areas, to ensure that individual projects' General Plan consistency would be achieved without the need to individually amend the General Plan for each project. A key component of these overlay zone areas would be the provision of zoning incentives such as increased FAR, increased height and creative parking solutions. These incentives would be provided to help users, owners and developers achieve the industrial policy objectives described above. For specific proposed industrial development incentives, see Appendix A.

A. Pure Industrial District

Definition

Areas containing existing large concentrations of manufacturing uses and manufacturing jobs that have experienced limited or no commercial, institutional (e.g. LAUSD, MTA) or residential conversions, or presently underutilized existing industrial areas suitable for such designation. The Pure Industrial District is also identified by its location near and access to key transportation nodes, such as rail yards, highways, truck routes, airports and ports.

Current Examples

We believe the following serve as Pure Industrial District areas: The Hollywood Studios, Harbor Industrial Park, the M-zoned areas of the Northeast Valley and the Northwest Valley, the M-zoned area south of Olympic Boulevard from the Los Angeles River to the Los Angeles City line, the area between Alameda Street and the Los Angeles River south of the 10 Freeway to the Vernon City line, the rail yards between the Los Angeles River and Mission Road north of Cesar Chavez Avenue, and the M-zoned areas surrounding LAX, the Harbor.

Purpose

The Pure Industrial District is designed to protect industrial land from further non-industrial use encroachment, especially in existing industrial districts surrounded by a significant presence of neighboring commercial and residential uses.

Implementation

- Protect existing manufacturers from displacement through adherence to M-zone use restrictions. Location of schools, non-industrial transportation facilities, residential and certain non-industrial compatible commercial uses will no longer be allowed.

- Issue industrial permits which provide additional zoning oversight, without accompanying approval burdens, based on the project's use and compatibility with the surrounding land areas. District boundaries should be based on existing land use patterns, and shall group certain heavy manufacturing uses together and light manufacturing uses together. Certain commercial uses allowable under present zoning will require a special permit supported by findings that such use is compatible with the adjacent manufacturing uses.
- Utilize Q conditions to prohibit uses not compatible with or appropriate for industrial proximity and cluster certain industrial uses (e.g. environmentally sensitive uses).
- Provide City assistance to existing and new heavy manufacturing uses that create quality jobs in the form of land use policies, financial, tax and other incentives designed to improve the environmental and operational performance, mitigate negative environmental impacts, and upgrade buildings.
- Allow manufacturing buildings to “go vertical,” and maximize use of remaining industrial sites suitable for manufacturing uses. Land use designations should be amended to exceed the current FAR standard that restricts building size to 1.5 times the buildable site area. The new zoning designation should also encourage innovative parking solutions such as roof deck parking, automated parking, and employers' provision of bus passes to employees. Such zoning incentives would be especially important in presently underutilized industrial-zoned land areas and/or especially where such areas contain smaller or irregular shaped lots.
- Require that industrial uses or users produce a tangible product or service and/or result in new job creation in order to access business and zone-specific incentives.
- Require industrial projects, especially those abutting residential neighborhoods, to adhere to certain minimum design standards, such as improved landscaping, in order to access business and zone-specific incentives.
- Creatively leverage City and State resources and target them toward the Pure Industrial District in order to: (i) increase environmental and operational performance; (ii) facilitate opening of retail accessory uses and other industrial area amenities necessary to increase such districts' competitiveness with industrial areas outside city limits; and (iii) overcome underutilized areas post Proposition 12-era lack of investment in off-site infrastructure improvements.

B. Mixed Use Industrial District

Definition

Areas containing existing manufacturing uses that have experienced substantial increases in commercial and residential development and where such mixture of uses has been compatible historically with industrial uses.

Current Examples

All existing M-zoned areas that are not included in the Pure Industrial District or the Mixed Use Commercial Corridor, such as the Downtown Arts District, Avenue 26 (near the Gold Line station), and the Marina District.

Purpose

The Mixed Use Industrial District is designed to retain the existing industrial uses and encourage development of new projects that combine industrial, commercial and certain residential uses. Such mixture of uses helps achieve the urban planning goals of smart growth and better jobs-housing balance. Mixing uses may also provide the economic stimulus necessary to help manufacturing users reduce land and building costs through the more efficient use of land parcels and distribution of certain building costs between the varied uses.

Implementation

- Create an overlay zone on certain streets, areas, and corridors, replacing the present system of permitting certain residential uses in M zones through Conditional Use Permits (CUP) and Zoning Administrative Determinations (ZAD). Manufacturing uses and the mixture of uses previously requiring CUP/ZAD approval would be approved on a “by-right” basis. In order to do this, the City should adopt a master overlay zone approval process and amend the General Plan on a master basis.
- Require that commercial or industrial uses or users produce a tangible product or service and/or result in new job creation in order to access business and zone-specific incentives.
- Utilize Q conditions to prohibit uses that yield higher land values, including by zoning incentives, and thus do not support the intent to maintain such industrial uses (that create tangible production or result in new job creation).
- Provide incentives to manufacturing uses “grandfathered in” to improve their environmental compatibility standards. (See Attachment A)
- Create zoning incentives for single industrial and mixed use development, including increased FAR and adoption of innovative parking programs. Mixed use

development is defined as compatible industrial, commercial, and residential uses, especially live-work and workforce housing.

- Extend the City's Adaptive Reuse Ordinance (ARO) to the overlay districts, so long as application of ARO permitting rights does not result in displacement of a viable industrial employers or uses. The ARO allows conversion of underutilized commercial buildings to residential uses.
- Combine and leverage zoning and other incentives for those certain projects that help attract users with a high multiplier effect, generating several new indirect jobs following the creation of one new job, or users prominent in a growth industry who encourage clustering together of compatible, synergistic users. This "clustering effect" is analogous to entertainment industry growth, and is especially important to development of successful small business industrial sub-markets, especially among emerging industries.
- Target "New Economy" industry uses and users, such as biotechnology, technology, media, communications and certain entertainment industry uses. Many of these uses have not been clearly categorized in the Zoning Code as industrial uses and function more like commercial uses. These "New Economy" uses also help generate a "jobs multiplier effect", usually in service and consulting industries.
- Allow the present system of granting CUP approvals for live-work projects to continue until the overlay zones are approved. The original bases for allowing artists, artisans and creative professionals to live and work in industrially zoned buildings was that their "work" needs were more easily accommodated within M-zones than R zones, and live-work residents breathed life into neglected and vacant manufacturing-zoned areas. Live-work uses serve as small business "incubators" for new job creation, they attract retail services and creative professionals and knowledge workers, and they attract larger companies looking for a creative environment. All live-work uses allowed in commercial zones as provided in LAMC Section 12.13.A.2(a)(27) should also be permitted in each Mixed Use Industrial District's adaptive reuse and new construction projects.
- Allow applicants who have completed applications for a zone change to an RAS zone to proceed instead with the entitlement of the same project within the parameters of the Mixed Use Overlay Zone, at the applicant's option, without requiring the applicant to refile entitlement applications or provide additional environmental review.
- Establish minimum design standards for mixed-use projects to promote the health and welfare of the project users or occupants and to ensure reasonable compatibility with surrounding commercial and residential uses.

- Require a conditional use permit for non-industrial uses specifically permitted by the overlay zone to ensure that the business is located in the district best suited for its intended use. The basis for granting the conditional use permit would differ in CM, M1, M2, and M3 zones.

C. Mixed Use Commercial Corridor

Definition

Existing industrial and industrial-adjacent areas in underutilized CM and certain C zones, in which the amount of new residential or commercial development is significant and where there are few existing manufacturing facilities left, the remaining facilities are functionally or economically obsolete, or the facilities result in negligible job creation. May also include some commercial areas that are adjacent to a significant presence of manufacturing uses.

Current Examples

Olympic Boulevard (West of Sepulveda) and M-zoned sections of Vermont Avenue and Pico Boulevard. Also included are commercial C or CM-zoned corridors that are transit oriented, abut industrial zones and/or are commercial streets suitable for mixed use sites (i.e. contain a mix of industrial and/or commercial and residential uses and are capable of accommodating increased project massing, due to increased FAR and building height).

Purpose

The purpose of including such corridors in an industrial land strategy is two fold: (i) to expand the amount of available land area suitable for industrial-oriented economic growth; and (ii) to reflect current manufacturing trends, recognizing that much of the new industrial uses today functions as environmentally-friendly commercial uses and is suitable for locating in certain commercial zones.

The primary goal of the Mixed Use Commercial Corridor is to retain the existing light manufacturing and entrepreneurial uses, which are compatible with commercial and residential uses, and to support the highest and best use of currently underutilized CM and industrial-adjacent C and R zones.

Implementation

- Continue to allow development currently permitted in the existing commercial, residential and CM zones both by-right and through the conditional use permit process under the current development standards.

- Establish an overlay zone that provides incentives (increased FAR, height and innovative parking solutions, etc) for projects that create tangible products or services and/or result in new quality job creation. For zoning and business incentives, see Attachment A. The new zoning overlay designation should establish new standards tied to job creation and avoid the protracted re-zoning process required under the City's Residential Accessory Services (RAS) Mixed Use Ordinance.
- Utilize Q conditions to prohibit uses that yield higher land values, including by zoning incentives, and thus do not support the intent to maintain such industrial and commercial uses (that create tangible production or result in new job creation).
- Implement design standards for mixed-use projects that require a primary commercial, retail or light industrial use on the ground floor (or on upper floors) and some retail amenities necessary to sustain the mix of uses. Additional workforce housing, live/work, residential or commercial uses may be located on the upper floors and must adhere to design standards necessary to promote the health and welfare of the project users or occupants and be reasonably compatible with surrounding commercial and residential uses.
- Give mixed-use projects located in transit-served or transit-oriented corridors the overlay designation and other incentives, as a priority.
- Allow non-noxious uses and users to locate in commercial zones, provided they are environmentally compatible. New advances in technology enable many industrial process industries such as printing, apparel, and food processing, to be non-noxious.
- Encourage creation of "New Economy" industries compatible with residential and other commercial uses and which result in viable and sustainable job creation.
- Permit all live/work uses provided by LAMC Section 12.13.A.2 (a)(27) by right in both adaptive reuse and new construction buildings. Live/work uses permit a broad array of commercial industries uses. While live/work lofts are often regarded as residential-oriented uses, live/work projects actually serve as small business incubators, by allowing budding businesses to reduce start-up expenses through creative space sharing.
- Designate the Mayor's Office of Economic Development as the lead office in consolidating and coordinating pursuit of financial and other incentives for the new commercial and industrial uses. Special consideration should be given to small business industries and retail accessory uses locating in the transitional Mixed Use Commercial Corridor. For business incentives, see Appendix A.

APPENDIX A

Proposed Incentives and Action Items

The industrial land policy should provide specific financial and tax incentives for the development of industrial property in any of the three districts, and specific zoning incentives for industrial and mixed use development that vary among the three districts and depend on the proposed use. The following is a preliminary menu of proposed incentives and action items.

A. Action Items

- The City of Los Angeles' existing system of incentives needs to be streamlined and integrated into a more coherent system as applied to both large and small businesses. Historically the backbone of Los Angeles' economic growth, small businesses typically have the more difficult time applying for assistance.
- The City should create land trusts to help offset spiraling industrial land costs, tax increment financing, and Industrial Development Agency bonds for developers of rental projects.
- The City should encourage and enable the assembly of small parcels of industrial land to larger parcels more suitable for industrial use, and more appealing to large job-producing industrial users.
- Through State legislation, the City should be enabled to market and make accessible additional incentives for small businesses located in Enterprise Zones, such as low interest loans, Department of Water and Power (DWP) rate offsets, and other incentives.
- Through State policy, the City should support the renewal of the Eastside Enterprise Zone and Empowerment Zone, and create new enterprise zones as needed to foster industrial development in newly identified areas.
- Existing local development corporations (LDC's) should be provided with the array of funding and technical assistance training necessary to enable them to assist manufacturing businesses to meet environmental standards and retain and expand jobs.
- A traffic calming program should be initiated by the City to re-direct truck traffic in manufacturing border zones away from residential areas.

- The City should work cooperatively with the DWP to apply its tree planting program resources to transitional mixed-use zones adjacent to residential.
- If the Mixed Use Commercial Corridors are located in existing Community Redevelopment and/or State Enterprise zone areas, the commercial projects would benefit from access to creative public financing tools. The incentives would be targeted to uses or users that create viable and sustainable jobs.

B. Financial, Tax and Business Incentives

- For certain endangered manufacturing businesses and/or for manufacturing industry leaders sufficiently prominent to attract other manufacturing uses to the areas, additional incentives could be offered, such as real estate tax abatements, City income tax credits, tax increment financing or leveraging the State of California's Infrastructure and Finance Authority finance mechanisms.
- For new developments, the Bureau of Engineering should be required to waive certain costly, non-essential off-site requirements often imposed late in the permitting process.
- The City should provide incentives to manufacturing users or developers that facilitate environmental sustainability, including: development of a green infrastructure policy in M-zones, additions to the Building Code and new direct financial incentives that encourage owners/developers to provide "bio remediation" functions and act as environmental sinks serving the area. Also, the private sector should be encouraged to utilize solar and other renewable technologies. The City should serve as a coordinator and clearinghouse for redevelopment of Brownfield sites.
- In the Mixed Use Commercial Corridor and Mixed Use Industrial District, businesses which create jobs could benefit from the following incentives: New Market Tax Credits, Department of Water and Power (DWP) rebates or incentives, Small Business Administration loans or assistance, Enterprise Zone incentives, and Community Development Block Grants.

C. Planning and Zoning Incentives: Overlay Zones and Re-zones

1. Pure Industrial District

- Create land use and zoning incentives within this district to facilitate economic development, including an increase in the FAR to allow dense development of industrial uses in the Pure Industrial District. With over 70 percent of property within the Central Industrial Redevelopment Project Area located on parcels of less than

one-half an acre, increased FAR is necessary to facilitate re-development of these small lots (Note that M-zoned areas presently have unlimited height).

- Allow transfer of air rights between industrial projects to support a rapid increase in industrial density in the pure industrial areas.
- Provide parking incentives and innovative parking solutions, such as permitting automated parking systems, roof deck parking, etc. to minimize the substantial parking required for new industrial projects.

2. Mixed Use Industrial District

- Create overlay zones to provide access to zoning incentives such as increased FAR, height, and creative parking solutions targeted to projects which result in job retention and new job creation, and allow the underlying industrial zone or the mixed uses permitted in the overlay zone to support and promote industrial growth, while providing a compatible mix of commercial and limited residential uses such as workforce housing and live/work quarters. As part of the Overlay Zone approval process, the General Plan would be amended on a master basis to allow all new such uses and mix of uses to be permitted within the newly designated overlay zone.
- Provide increased FAR if the project meets the above described job creation criteria and contains a ground floor industrial or commercial use. Upper floors of the project will be limited to live/work uses. Open space requirement for this type of project will encourage use of the roof area as open space that is improved with landscaping and other common area amenities to serve both employees and live/work loft dwellers.
- Require a covenant recorded by the project owner, as a condition of approval for these projects, which states that all future users acknowledge and adhere to the nature of the mix of uses in the project and retain the actual occupied industrial floor area.
- Create an additional menu of innovative incentives that are permitted upon approval of the CUP, depending on the use.

3. Mixed Use Commercial Corridor

- Utilize an overlay zone to allow either the uses permitted in the underlying commercial, industrial or residential zone or the mixed uses permitted in the overlay zone that support and promote a continued industrial use as well as compatible commercial and residential uses.
- Allow uses permitted in any C zone and R4 or R5 zone. Only residential uses shall be subject to approval of a conditional use permit (except live/work uses) to allow

discretion by the City for approving residential uses on a case-by-case basis depending on compatibility with existing industrial uses. Do not require a zone change for uses allowed by right or by conditional use permit in the overlay zone.

- Minimize the required entitlements and environmental review required for providing a mixed-use project. All projects with uses and densities contemplated by the Mixed Use Commercial Corridor should require only a conditional use permit for residential use. In addition, all environmental review, zone changes, and General Plan amendments necessary to allow by-right mixed use projects in the Mixed Use Commercial Corridor overlay zone should be undertaken by the City prior to adoption of the overlay zone.
- Allow by right the height and FAR that would be permitted in the corresponding C and R districts, depending on whether the project contains commercial or residential uses.
- Create an additional menu of incentives that are permitted upon approval of the CUP, depending on the use.



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July 12, 2006

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Re: Letter of Support for "Industrial Land: Policy Recommendations"

Dear Ms. Bartolo:

On behalf of the Los Angeles Business Council (LABC), we are pleased to write this letter of endorsement for "Industrial Land: Policy Recommendations," and provide two additional policy tenets as part of our support. The LABC recognizes both the need for affordable housing in Los Angeles as well as the importance of keeping the economic atmosphere in Los Angeles conducive to existing jobs and potential new businesses in the region. It is therefore part of our mission to lend our voice to this important development policy.

The LABC is a non-profit association of more than 300 businesses, agencies and individuals working to address critical issues and concerns that impact the business climate and economic health of Los Angeles. As a 70 year-old advocacy and educational institution representing the business and professional community, the LABC serves as an influential link between the public and private sectors in Los Angeles, connecting the power of business with the power of government to improve the state of the region.

The LABC supports "Industrial Land: Policy Recommendations," provided, as a condition for our support, the following additional and supporting concepts are added:

1. Meaningful and high-wage job creation is not confined solely to industrial uses or users. In fact, commercial uses, which are allowable as part of M and C zoning are an important source of the very jobs that the Mayor's Industrial Policy attempts to protect.
2. The "Industrial Land: Policy Recommendations" report is but the first step in a long overdue comprehensive overhaul of the City's entire zoning code in order to stimulate jobs and housing creation. The LABC reiterates its longstanding advocacy for a Citywide General Plan update that will facilitate Los Angeles' growth in a well-planned manner.

With these points added to the report, you have our full support. Thank you very much for your time and consideration.

Sincerely,

LOS ANGELES BUSINESS COUNCIL

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Cc: Gail Goldberg, Director, Los Angeles Planning Department
Robert "Bud" Ovrom, Deputy Mayor, Economic Development