A Just Recovery for South Central Los Angeles:

A Review of Housing, Parks, and Jobs in the Slauson Corridor and USC Nexus Study Area

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Executive Summary

This collaboration continues the work we began through the South Los Angeles Climate Commons, via the Transformative Climate Communities Program, and the Healthy LA Coalition to advance equitable and climate-resilient initiatives and address the COVID-19 impacts on South Los Angeles (South LA) residents. Therefore, we summarize key findings of the South LA Climate Commons report and the work we have done since publishing that report in March of 2021. This report compiles data, key actions, and policy recommendations needed for a just recovery for low-income renters and small businesses in South LA, focusing on the Slauson Corridor and the University of Southern California (USC) Nexus Study Area.[1]

Through the Transformative Climate Communities project, T.R.U.S.T. South LA (TSLA) and the Los Angeles Neighborhood Land Trust (LANLT) developed a list of key findings to advance community ownership and stewardship of land and advance joint development of parks and housing. Strategic Action for a New Economy (SAJE) also produced a list of recommended actions to increase employment opportunities within formal and informal economic sectors, such as street vendors. These initiatives mutually supported and provided a just-transition framework for this COVID-19 focused just recovery report.

This report demonstrates how years of progressive policies and community organizing led to strategic and effective partnerships such as the Healthy LA Coalition. The Healthy LA Coalition leveraged decades of organizing and policy expertise amongst allied organizations to impact economic, housing, and and racial justice in response to the COVID-19 pandemic. These efforts have positioned advocates to work directly with the public sector and implement our work in a time of crisis. As we continue the South LA Climate Commons work, we are committed to South LA residents and ensuring local and county government's policy decisions reflect their needs and experiences. The following section details some of our key recommendations and opportunities for a just recovery.

Observations + Recommendations

- The City of Los Angeles does not currently have a feasible affordable housing preservation strategy. As **the need for** critical neighborhood stabilization strategies **rises**, City of LA elected officials and departments should seek to mirror Los Angeles County's Pilot Community Land Trust (CLT) Program, including collaboration with key partners to ensure implementable policies and funding regulations.
- Future funding won by community organizations and coalitions, **through vehicles like community benefits agreements (CBA)**, should consider a third-party administrator to ensure timely fund deployment.
- Funding for any CLT program must **allow for** capacity building and organizational development for CLTs and their staff, a majority of which are BIPOC staff and residents of the communities we are trying to impact.
- Funding for joint development of parks and housing are critical to overall well being of the South LA residents. Funding at the state level can be a challenge, however, local electeds can support by identifying future co-location lots for joint development and local funding sources.
- COVID-19 deeply impacted small business residents in South LA. Future programs that focus on commercial real estate ownership, a revolving cash fund for street vendors, and other programmatic assistance will ensure small business owners can continue to produce meaningful earnings, avoid displacement, and serve their communities.

Our collaborative believes economic justice is tied to proper and safe housing, and residents need green spaces to thrive. We produced this report with those values in mind.

Overview of Just Recovery

Introduction

In August 2020, Enterprise Community Partner- Southern California office awarded an Economic Mobility grant to T.R.U.S.T. South LA (TSLA.). As part of that grant, TSLA partnered with the Los Angeles Neighborhood Land Trust (LANLT) and Strategic Actions for a Just Economy (SAJE) to identify challenges tenants, homeowners and small businesses experienced during the COVID-19 crisis and to identify solutions needed for a just recovery. As mentioned in our Executive Summary, this collaboration continues the work of the South LA Climate Commons and the Healthy LA Coalition. Thus, we integrate key findings of the "Community Investments for Climate Justice: Aligning State and Local Priorities with a Community Vision for the Slauson Corridor" report, also referred to as the South LA Climate Commons report, along with key updates. The following report provides data, key actions, and policy recommendations and solutions needed for a just recovery for all South Los Angeles residents whose economic, housing and environmental challenges were exacerbated by the COVID-19 pandemic. This report focuses on the USC Nexus Study Area and the Slauson Corridor.

In this report, TSLA will describe the opportunities and challenges to expand its acquisition portfolio and implement housing policies, SAJE will report on land use and small business impact during the COVID-19 pandemic, and LANLT will report on challenges and recommendations related to state funding programs for green space and park development and joint development efforts (green space and housing). After sharing our current work, we will provide next steps and recommendations to realize a just recovery for all South LA residents. Ultimately, we believe additional funds can help us implement a popular education toolkit to further engage community members in our work and see our recommendations come to fruition. In the meantime, this report will shed light on our work and the experiences of residents and small business owners during the COVID-19 crisis.

Goals of this Report

We will address the following goals in this report:

1. Outline efforts to advance community control and neighborhood preservation in South LA.
2. Produce just recovery and COVID-19 neighborhood impact research.
3. Make policy recommendations for climate investments to advance systemic change for racial equity.

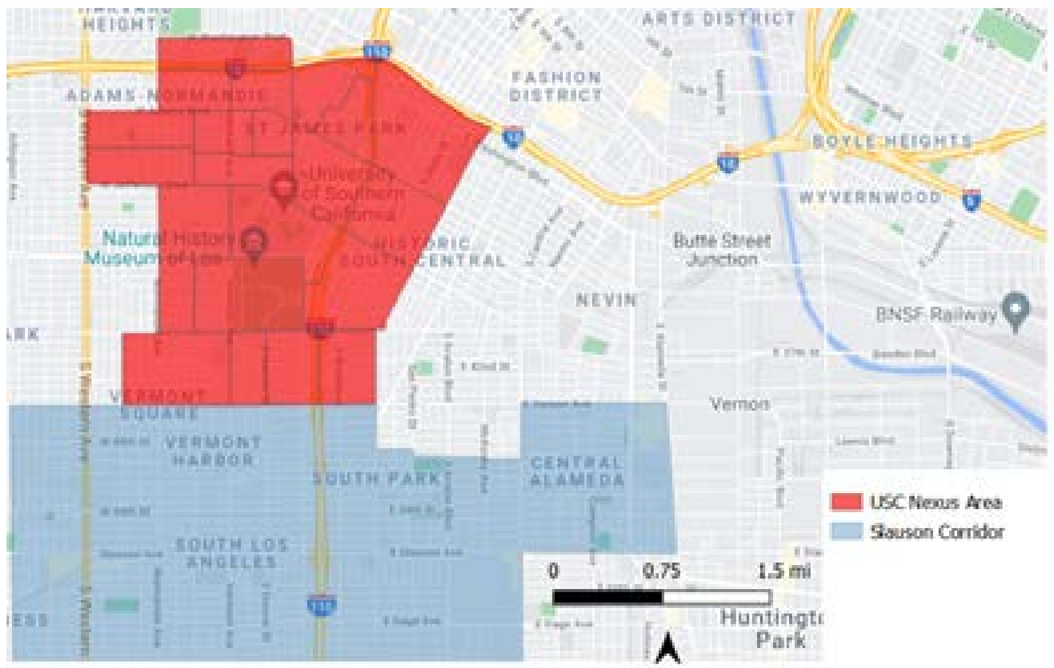
Participant Profiles

- **Tenemos que Reclamar y Unidos Salvar la Tierra-South LA,** (TSLA) has over a decade of experience developing and rehabilitating existing and new affordable housing units in South LA. TSLA is well-positioned to recommend the project types needed to stabilize housing conditions for current tenants and to produce sustainable and livable neighborhoods while avoiding displacement. TSLA is one of the longest-standing community land trusts in L.A. County and formed as a democratic and permanent land steward in 2005. TSLA addresses the dual dynamics of displacement and disinvestment facing South LA. We provide innovative mechanisms for community control of land and wealth generation for residents impacted by housing insecurity.
- Founded in 2002, the **Los Angeles Neighborhood Land Trust's** (LANLT) mission is to grow healthy, safe, and strong communities by creating parks and gardens targeting the lack of green recreational spaces in LA's park-poor neighborhoods. LANLT is positioned to recommend project types that advance park equity and community control of parks and gardens without the dual threat of gentrification and displacement. https://www.lanlt.org/
- Since 1996, **Strategic Actions for a Just Economy** (SAJE) has been a force for economic justice in our community, focusing on tenant rights, healthy housing, and equitable development. We believe that the fate of city neighborhoods should be decided by those who live, work and play there. We convene with other organizations to ensure development occurs in a fair and sustainable manner. Our vision champions a society where justice and equity are the foundation of community development, where communities are stable, and where workers and tenants have the same rights, stature, and decision-making power as corporations and property owners. www.saje.net

Geographic Focus

There are two focus areas addressed in this report: the Slauson Corridor and the USC Nexus Study Area, both located in South Los Angeles. Figure 1 demonstrates the boundaries of these two areas.

Figure 1: Map of USC Nexus Study Area and the Slauson Corridor



The Slauson Corridor is a 7.8 square mile area in South Los Angeles. The Corridor is bounded on the west by Van Ness Ave., on the South by Florence Ave., on the east by Central Ave. and Alameda St., and on the north by Vernon Ave. It contains 34 census tracts and includes approximately 150,000 residents in seven South LA neighborhoods. They include: Hyde Park, Chesterfield Square, Man chester Square, Vermont Knolls, Harvard Park, Vermont-Slauson, and Florence.[2] Since 2010, the population increased by roughly 7%, more than double the rate of the countywide population increase of 3% over the same time period. Approximately 78% of people in the Slauson Corridor identify as Hispanic or Latino, and 19% identify as Black or African American. Over the last decade, there was an increase in the number of people identifying as Hispanic/Latino (five percentage points) and a decrease in the number of people identifying as Black/African American (five percentage points). The 34 census tracts all rank within the top 25% of DACs (Disadvantaged Communities), and per the CES (Cal Environmental Screening) 3.0 health tool, with the majority in the top 5%. These metrics highlight the environmental challenges the area faces, including pollution. These neighborhoods are also less likely to have the social and capital infrastructure needed to address cumulative environmental burdens, climate change vulnerabilities, public health inequities, and economic displacement pressures from large scale public investments, making them particularly vulnerable during the time of COVID-19.

A Los Angeles City Council motion adopted on December 3rd, 2008 created the USC Nexus Study Area (08-2620).[3] The council commissioned a study in 2010 and was completed in 2011 to estimate the impacts of the proposed USC expansion and the creation of the USC specific plan.[4] The "Nexus Study Area," is bounded by Washington Blvd. to the north, Grand Ave. to the east, Normandie Ave. to the west and Vernon Ave. to the south. The USC Nexus Study Area overlaps Council Districts 1, 8 and 9 and exists inside the boundaries of both the South Los Angeles Community Plan and the Southeast Los Angeles Community Plan and is composed of 22 census tracts. The neighborhoods that compose the USC Nexus Area are Exposition Park, Historic South Central, Vermont Square and Adams –Normandie.

In 2012, the UNIDAD Coalition worked closely with the City of Los Angeles to negotiate a community benefits agreement for the South LA neighborhoods adjacent to USC. The resulting benefits included job training, a local hire policy, and a $15-20 million affordable housing fund. The first $10 million of the housing benefits were paid by USC to the city in 2013, with $5 million scheduled for payment in 2023, and, provided that USC is not arranging on-campus housing to 70% of their undergraduate students, an additional $5 million will be paid by the university in 2033.[5]

Through these efforts, TSLA and its partners, like the UNIDAD Coalition, demonstrated the power of creating housing preservation funds from large-scale projects to stabilize our communities. As a continuation of these efforts, community groups advocated to allocate Transformative Climate Communities (TCC) investments for a Slauson Corridor acquisition/rehabilitation fund. Our collaborative prioritized housing preservation and community stabilization work in the 12-18 month participatory planning process. While we did not receive those dollars, the process demonstrated a deep need and commitment to housing needs and solutions in these areas.

South LA Climate Commons: Summary Findings

As mentioned in our Introduction, this report advances the work presented in the South LA Climate Commons report published by TSLA, LANLT, SAJE, and other community partners in March of 2021.[6] Below we detail key findings and recommendations drawn from that report and in the following section, "Just Recovery: Advancing Sustainable Solutions for South Los Angeles" we share how we continued to work towards climate-resilient communities and a just recovery for South LA residents.

A vital component of these findings includes the concepts of collective and community ownership. We believe CLTs and economic development models, such as worker and business cooperatives, reflect the autonomy and right to self-determination of Black, Indigenous, and People of Color (BIPOC) communities and working families. Community ownership models and property rights structures purposefully support intergenerational wealth building and decommodification of land. As we work toward collective and community ownership, we aim to maintain localized and joint control of land for housing and green spaces and to limit real estate speculation. We also seek to build wealth and jobs that give back and sustain communities instead of extracting from them.

Housing & Parks Workgroup Findings

Anti-Displacement Solutions & Housing Alternatives for South LA Residents

As part of the South LA Climate Commons report, we showcase the following solutions as critical alternatives to speculative real estate development, and the ability to preserve Naturally Occurring Affordable Housing (NOAH) units. The following programs advance the role and impact of CLTs in pursuit of greater community ownership of the land and stabilization for the people.

1. **Surplus Land to Community Land Trusts Motion:** In June of 2020, former Councilmember Wesson (District 10), Councilmember Cedillo (District 1), and Councilmember Harris-Dawson (District 8), brought forward a motion to transfer city-owned surplus land to CLTs. The motion urges

officials to evaluate the City of Los Angeles' real estate holdings and to donate surplus land back to the community. This land would serve community purposes such as; affordable housing, parks, community gardens and recreational green space, as determined by community residents. This policy aims to correct the history of exclusion of BIPOC residents from opportunities to access generational wealth. Unfortunately, the momentum for this motion fell short, and TSLA is working to engage political leaders to move on this opportunity.

2. The **Tenant Opportunity to Purchase Act** (TOPA) is a concept gaining momentum at the local and state level. TOPA policies curb displacement by allowing tenants and other entities such as affordable housing developers and CLTs to make an initial offer on a property when an owner decides to sell. CLTs can then acquire the land and hold it in perpetuity, keeping it affordable for the residents. With the Los Angeles CLT Coalition (LA CLT Coalition), we helped develop research that led the County Board of Supervisors to adopt a TOPA-related ordinance at the county level. In August 2021, LA County Supervisors unanimously passed a motion directing various departments in the county to produce a TOPA report "and report back in 90 days that would cover administrative policies, review of existing programs, staffing needs, operations and more."[7]
3. **Los Angeles County Pilot CLT Program**: Passed by the LA County Board of Supervisors in September 2020, the CLT Pilot Program program allows the county to partner with the LA CLT Coalition to obtain tax-defaulted properties through Chapter 8 Agreement Sales. In November 2020, they expanded the scope of this pilot program to include properties outside Chapter 8 allowing for a wider reach of properties in the county.[8] The County distributed $14 million to five CLTs for the purpose of acquiring residential buildings and removing them from the speculative market. TSLA is currently in escrow on a single family home with an attached Attached Dwelling Unit (ADU), and looking to acquire another property in Southeast Los Angeles.

Additional successes and challenges to these programs are shared in the "Just Recovery" section of this report.

Equitable Access to Parks & Green Spaces

Given the physical and mental wellness that parks provide, we believe there should be a park or open recreational space within a 10-minute walk from everyone's home in South LA neighborhoods. This metric aligns with an approximate half mile walking distance advanced by the nation's leading park equity organizations as well as federal health metrics proffered by the National Park Service and Center for Disease Control and Prevention. However, we know that new parks have the potential to raise property values and spur gentrification in low-income communities, like the Slauson Corridor and the USC Nexus Study Area. Below are policies we recommend for joint development of housing and parks for the creation of equitable, sustainable and affordable neighborhoods.

1. Develop long term strategies to support the collective ownership and acquisition of vacant lots, surplus owned land, and underutilized right of way spaces, for developing new parks, gardens and green spaces in the Slauson Corridor.
2. Explore the creation of farming cooperatives to acquire vacant lots and underutilized sites and convert them into community gardens and urban farms. These gardens and urban farms would produce fresh food, fruit, and vegetables for the community. Gardeners, workers, and residents from the Slauson Corridor would comprise the cooperative leadership councils.
3. Explore forming a new nonprofit community development organization, with a board composed of community members from the Slauson Corridor, with a mission that includes advancing equity through community-based methods including acquisition of vacant lots and underutilized sites for urban greening.

Green Spaces in New Housing Developments

Park acreage is substantially lower for community members in the Slauson Corridor project area. As found in the Parks Needs Assessment, the City of LA-South LA Study Area maintains only 0.5 acres of parks per 1,000 people, while the nearby City of LA-Southeast LA Study Area is similarly low at 1.1 acres of parks per 1,000 people. A good starting point in prioritizing open space is in new housing development as outlined in "Pathway to Parks and Affordable Housing Joint Development," report co-authored by LA THRIVES and the Los Angeles Regional Open Space and Affordable Housing (LA ROSAH) collaborative. The report identified typologies of integrated housing and open space relevant to the Slauson Corridor.

1. **Infill Development with Integrated Projects** Onsite- which hosts both housing and green amenities on the property.
2. **Infill Development with Integrated Projects on Different Sites** - this would allow green amenities to exist on adjacent public rights of way or publicly owned properties within a neighborhood.
3. **A Neighborhood Transformation Scattered Approach**- which allows housing associated with green amenities to have integrated themes, programming, infrastructure, and funding, dispersed in the community on both private properties, publicly owned properties, and public rights of way.

Land Use & Jobs Workgroup Findings

For the South LA Climate Commons report, SAJE was part of the Land Use and Jobs workgroup. Below are the key findings and recommendations of that workgroup. Based on the "Community Principles" we developed with residents, we prioritized values of health and safety, building community wealth, and promoting climate resilience.[9]

Economic Justice & Equitable Access to Parks & Green Spaces

As part of the implementation of the successful LA Street Vendor Campaign, vendors require further investments to meet city health codes and other government regulations. Street vendors are small business entrepreneurs, and while they do not have brick and mortar businesses, they are still instrumental to the social and economic community of South LA. Some of our recommendations include the following:

1. **Direct Investment to Vendors**: A revolving cash fund allocated to street vendors that would allow them to to set up their business and afford necessary permits to operate safely and with dignity.
2. **Worker Cooperatives (worker co-ops)**: Prioritize worker and community benefits where workers have equal representation in the decision-making process and share in the financial benefits and resources for business. Worker co-ops reflect our community ownership principles ensuring that new development and resources invest in South LA residents and their communities.
3. **Park Designation**: Organizations working closely on the street vendor campaign are currently working with LA county departments to ensure that park regulations for street vending reflect current practices. We recognize community residents' interest in balancing both park space and inclusion of street vending throughout the Slauson Corridor in order to ensure that land use decisions account for and maximize both community assets.

Small Businessess for a Green Future

Community members envision a thriving Slauson Corridor commercial district that provides well-paying jobs, invests back into the community, and promotes a healthy environment for residents. As we work towards a cleaner, low-carbon local economy, policy makers need to consider small businesses as part of the solution to reduce pollution and encourage growth in green industries. Below are recommendations to include small businesses in climate resilient policies.

1. The city should extend the reach of the **Clean Up Green Up** (CUGU) ordinance to South LA. CUGU was developed by the Los Angeles Collaborative for Environmental Health and Justice to strengthen pollution restrictions and support business greening practices in overburdened neighborhoods. In 2016, the City enacted this ordinance across three special districts in Boyle Heights, Wilmington, and Pacoima. The ordinance sets development standards for new and expanding industries, such as site planning features that mitigate emissions, "no idling" signage for diesel trucks, buffer zones from sensitive land uses, and an ombudsman to help small businesses comply with these measures. Activists advocated for South LA's designation as a CUGU green zone, but the City lagged on implementation.
2. **Support worker cooperatives in clean, green industries that enable economic opportunities** in composting and recycling, providing green cleaning products and services, and increasing competitiveness in green construction.
3. **Build a green industrial hub in the Goodyear Tract.** This work could build upon Kounkuey Design Initiatives and LISC's local small business outreach and leverage Physicians for Social Responsibility-LA's expertise in transitioning manufacturing toward greener practices.

Just Recovery: Advancing Sustainable Solutions for South LA

As shared in the Summary Findings, we are committed to advancing economic development that serves the needs of economic and housing stability, and the increase of park and green spaces. Just recovery efforts in South LA are consequential to the wellbeing of BIPOC residents in Los Angeles. In this section, we discuss policy, programmatic, and organizing efforts to advance just recovery efforts and the successes and challenges we encountered since we published the South LA Climate Commons report.

Community Control & Community Preservation

Project Overview & Progress

As a member of the LA Community Land Trust Coalition (LA CLT Coalition), TSLA advances housing justice for LA County residents most burdened by housing insecurity via tangible projects, preventing inflows to homelessness and securing community control of land via neighborhood preservation. These projects include removing multifamily rental housing from the speculative market and transforming them into community-controlled sites via the CLT's land stewardship model. Additional funding for these projects would ensure more LA County residents are stabilized in permanently affordable housing, especially as COVID-19 related rent moratoriums sunset, exacerbating residents' housing instability. Therefore our work to leverage investments from USC's CBA (2012) and the LA County's Pilot CLT Partnership Program (2020) to preserve affordable housing for long term working class residents is even more critical. Throughout early to mid 2021, TSLA has navigated implementation challenges but is demonstrating successful progress in the acquisition of multifamily buildings.

Alongside the LA CLT Coalition, TSLA increased its capacity to execute acquisitions of unsubsidized affordable housing in the USC Nexus Study Area, a one square mile region surrounding the University of Southern California's University Park Campus. The team grew to include a Realtor, Real Estate Associate, and a Project Manager who supports the current work of the Associate Director/Community Development Director. The team members utilize their dual technical real estate development and organizational development expertise to support transactions and fund development growth for project sustainability. In collaboration with the LA CLT Coalition, a successful budget advocacy campaign led to a $14 million investment in the LA County's Pilot CLT Partnership Program. TSLA approximately received $2 million+ to acquire housing in Supervisorial District 1 and 2 (SD 1 and SD2.)

The team gathers and analyzes listings weekly that meet geographic and livable environment priorities (proximity to transit, distance from freeway, proximity to green space, displacement risk). From February-April 2021, forty properties within the USC Nexus Area had been listed and analyzed for acquisition potential by the team, primarily situated within the second district. The timeline for acquisition moves rapidly, and the team's increased capacity supports the accelerated pace of the current housing market. Staff and partners diligently analyzed property listings which often sold within two weeks of listing. The following graphic demonstrates an acquisitions timeline that documents the real-time process. The team's Project Manager shared this visual with TSLA board members and our real estate committee comprised of community members:

Figure 2: TSLA Acquisition of Unsubsidized Affordable Housing Process

Staff simplified the acquisition process through the chart which illustrates the pace and challenge of implementation and ensured timely communication and approval between the team and the board.

Complex Acquistions Timeline TSLA Navigated from January 2021- August 2021

To demonstrate the rapid acquisition timeline TSLA worked with, the team presents key moments of the acquisition process in South LA and Southeast LA that took place during the first eight months of 2021.

- **January 2021**: Submitted an offer on a 26 unit property; confirmed approvals from the lender and USC CBA administrator partner, Genesis LA, but the City of LA was **unable to move forward as the property location missed the census tract catchment area by a block**.
- **February 2021**: Submitted an offer on a 27 unit property but it was **rejected due to competing offers; our offer was submitted two weeks after property was listed**. To further illustrate the rapid changes in the market: the same 27-unit property went into escrow, but it fell out of escrow due to the buyer not wanting to purchase property with rent arrears.[10]
    - This property was able to leverage USC CBA funding, a Genesis LA Loan and, if approved, LA County funding
    - TSLA advocated to LA County Supervisorial District (SD) 1 about the unique opportunity but SD1 priorities included acquiring property in southeast LA therefore this property could not move forward
    - Added challenges:
        - Low rents could have led to unsustainable loans but a high unit count allowed for a significant loan to be leveraged.
        - City of LA's pre-acquisition accessibility review timeline, triggered by the use of CBA funding, would have made this project infeasible as TSLA discovered when attempting to implement CBA funding on another property.
- **March 2021**: TSLA entered escrow for a 6 unit property in South LA, received approval from SD2, and received approval from Genesis LA (GLA) on financial feasibility and loan amount. As administrators of the USC CBA funding, GLA transmitted approvals to HCIDLA for review and approval. The estimated approval timeline was two weeks, the property received a 60 day contingency period and 90 day escrow. 60 days into the 90 day escrow period, it was communicated that the property would undergo an accessibility plan review that would take a minimum of 90 days to review **prior** to receiving any soft approvals from the City of LA to proceed with escrow.
    - Added challenges:
        - The plan review required the hire of an architect, a CASp (certified access specialist) inspector and an engineer in order to submit plans to two city departments prior to TSLA's ownership of the property.
        - There was only 30 days left in escrow, the seller agreed to extend another 60 days but given the "90 day minimum review period" was not guaranteed they opted to cancel escrow.
- **April 2021:** The team presented an opportunity to purchase a duplex in City of LA to SD1 despite their priority to only invest in unincorporated LA County or non-City of LA cities.
- **May-July 2021**: The search for sites in unincorporated LA County that overlapped with TSLA boundaries proved challenging given Walnut Park is the only unincorporated region that intersects with the organization's boundaries. TSLA and SD1 agreed to allow for the search to expand to smaller non-City of LA cities in the Southeast LA region.
    - TSLA analyzed the financial feasibility of over 60 properties in Huntington Park, Vernon, Walnut Park, Bell and Maywood, prioritizing Huntington Park given the proximity to TSLA and higher density properties in this city.
    - TSLA received soft approval from lender to submit offers on five 4-7 unit sites, and submitted offers in early July 2021
    - Challenges:
        - Though TSLA, Genesis LA, and real estate agent Billy Lam worked expeditiously to prepare financial feasibility and submit offers, many sellers and agents were very slow to respond in the SELA region, perhaps an indication that summer months

- are less active periods for acquisitions.
    - SELA may be a less speculative market given sellers' delayed response timelines, upwards of 2-4 weeks to confirm offer status.
    - As of August 2021 no offers have been accepted on SELA sites for a variety of reasons: due to seller's delayed timelines, lack of willingness to allow for required site testing, or unreasonable counter offers by sellers.
- **August 2021**: TSLA entered escrow for a duplex in South Los Angeles, presented to SD1 in April 2021.The property is located in Council District (CD) 1 and SD 1. The property is expected to close and be transferred to TSLA ownership in October 2021. TSLA, Genesis LA, and the LA County Development Authority hold weekly meetings to achieve a seamless purchase and grant agreement execution timeline since the majority of the purchase is being financed by the LA County CLT Pilot Program.

Given that the acquisition of sites leverages multiple sources of capital, including private, public, and philanthropic, clear communication and collaboration between the supporting parties is essential to successfully implement a complex program in a competitive real estate market. The following are examples of effective collaboration amongst TSLA partners that advanced preservation efforts despite the aforementioned challenges.

TSLA was in escrow for a 6-unit property within the USC Nexus Area, utilizing the USC CBA/ Genesis LA loan and LA County pilot program funding. Due to the collaborative efforts of our diligent broker Billy Lam, of Neighborhood Home Tour, lender and thought partner Genesis LA, and the expertise of our consultant CDC partner, John Perfitt of Restore Neighborhoods LA—TSLA navigated the complex acquisitions process to submit an offer for the 6-unit property. The project would have resulted in a portfolio of 11 units of unsubsidized affordable housing in the USC Nexus Study Area, inclusive of the Community Mosaic demonstration building. TSLA would be the sole owner of this property—differentiating it from the dual ownership of Community Mosaic with RNLA. Though the USC CBA funding is indefinitely under revision, this collaborative transaction solidified TSLA's ability to act as a sole owner in future transactions. TSLA navigated the acquisition of a 27-unit property in SD 1, with support from the supervisor's office and our aforementioned partners. Though this property could not be purchased due to CBA funding stalls, Genesis LA supported TSLA's sole ownership pursuit for new properties under 16 units while properties over 16 units would be dually owned by TSLA and RNLA. TSLA is motivated to advance our real estate capacity and to achieve our mission of transferring ownership and stewardship to our tenants.

As demonstrated in the timeline above, these acquisitions were not able to move forward due to the funding deployment shortfalls and lack of alignment with political priorities at the time. Despite these challenges which are detailed further below, the partnerships and communication alongside TSLA's lending, real estate, and acquisition advisors is critical to effectively advance the implementation of this anti-displacement and neighborhood preservation project.

Challenges

Significant challenges exist in the project area based on geographic and financial boundaries. According to the RFP submission by Genesis LA, the administrator of the USC CBA and Genesis LA loan, to HCIDLA, properties were set to be acquired at a rate of $150k/unit (2013). In 2021, the team is finding that properties are averaging $250k/unit, the delay of fund deployment placed implementers in a more competitive market while lowering the value of the CBA resources. In summary additional challenges include:

- Approximately 1/3 of the region is in a Historic Preservation Overlay Zone: increasing rehabilitation (rehab) and construction costs
- Community Plan Implementation Overlay also includes historic buildings that increase cost for rehab and entitlement possibilities
- Various funding sources instead of the sole USC CBA/GLA loan must be used to fill the funding gap for 2021 acquisitions

In addition to the geographical and financial struggles TSLA faces, coordination with political allies can be a challenge when acquiring properties in a highly competitive market. Part of the acquisitions process includes receipt of soft approvals from county supervisors who green light properties. The exchanges between their offices, our broker, the seller, and our lenders create additional demand and attention to the acquisition process. We have developed stronger relationships with political staff that enable rapid sign-off of property approval, notably communication between TSLA and LA County Development Authority staff who are administering funds is very timely. Lack of communication with other public sector counterparts at the City of LA's Housing and Community Investment Department has posed barriers to advance the CBA revision. However, we are thankful to the Mayor's office staff and HCID staff for prioritizing this funding after eight years of non-deployment.

Commentary & Next Steps

Collaboration and capacity building is essential to achieving progress toward community control and neighborhood preservation of the historically Black and brown communities in South LA and Southeast LA County. Collaboration with key partners like Genesis LA, the LA CLT Coalition, the Healthy LA Acquisition/Rehab workgroup, realtor Billy Lam and RNLA allows TSLA staff to receive technical assistance and build our expertise in the acquisition/rehabilitation process. Still, TSLA and other BIPOC-led CLTs face the historical challenge of lacking the financial support to sustain operational capacity despite our missions' critical and innovative nature to stabilize communities of color.

A historically Black and brown led organization with a 15-year history, TSLA has only recently gained access to funding for tangible neighborhood stabilization. The philanthropic investment received by TSLA for capacity building, along with public funding for acquisitions, enabled the team to increase technical capabilities to effectively implement and rapidly operationalize these programs. It is critical for future opportunities to include funding for capacity-building and operational support **leading to sustainable** labor for the growing workload of land trusts.

Beyond capacity building and operations funding, the effective deployment of funds to achieve community control and implement anti-displacement projects must be crafted in concert with those that will implement the funding. It has been a frustrating and disheartening process to share with community leaders that their successful community benefits agreement, which was intended to stabilize predominantly Black and brown families in South Central, continues to be stalled after eight years of executing the development agreement. Future tranches of funding cannot be stalled any further if the objectives of the CBA are to be achieved. In collaboration with Sandra McNeill Consulting, the TSLA team developed a memo to the Mayor's Office while seeking support to expedite the fund availability.

See Appendix A for the entire memo. Below are the pressing issues and proposed solutions presented to the City of Los Angeles to address in order to ensure fund effectiveness:

- Community ownership and access to affordable housing in the USC Nexus Area continues to decline as corporate investors displace long term residents in favor of student housing or unaffordable uses. As one example, over 70% of the 99 units removed under the Ellis Act in the USC Nexus Area were removed in the past three years[11], demonstrating rapid displacement in the region. The lack of stability is exacerbated by the recent figure obtained by our partners at SAJE: only 30% of residential sites within the USC Nexus Area are owner occupied, with corporate investors and institutions like USC comprising the top 10 property owners.

Recommended Actions:

  - *In order for the Naturally Occurring Accuring Housing (NOAH) program to function at an effective pace to combat real-time displacement, we urge City of LA agencies to actively collaborate with T.R.U.S.T. South LA to streamline implementation of the CBA funding*
  - *Structure could be similar to the LA County Pilot Program process, in which HCIDLA could join a short weekly closing calls with the land trust, Genesis LA, and the LACDA team to streamline communication and progress on requirements across agencies*

- The original 1-1 debt service ratio based on a $150k/unit financial model in 2013 is no longer a reality, leaving a financing gap of approximately one third of the total acquisition and rehab cost for any NOAH property within the USC Nexus Study Area

Recommended Actions:

  - *T.R.U.S.T. South LA work alongside HCIDLA and Genesis LA to update the regulatory agreement and financial model to make the necessary adjustments in response to present real estate market prices, acquisition and implementation that have arisen during the years-long delay in fund disbursement*
  - *Adjust the ratio of USC funding to Genesis LA funding from the current 1:1, work alongside Genesis LA and T.R.U.S.T. South LA to craft a ratio that ensures project feasibility by lowering the need to secure a large sum from a third subsidy source, which will continue to delay or even stop program implementation*

- In 2018, the City Council approved a $2M transfer of the $10M the City of LA received as part of the Development Agreement with USC for the NOAH loan program.[12]

Recommended Actions:

  - *This funding was utilized to create a citywide NOAH loan pilot program with a portion later awarded in a Koreatown building. Given the requirement that the USC Affordable Housing Community Benefits be spent within the USC Nexus Area, we suggest that these funds be returned to implement the NOAH program in the USC Nexus Area, meeting the funding needs to purchase properties in the region*

- The regulatory agreement specifically restricts cooperative ownership of properties acquired with the CBA funding, removing access to a key tool that could provide stability and wealth-building opportunities to the multifamily residents of the USC Nexus Study Area who might benefit from this program

Recommended Actions:

  - *T.R.U.S.T. South LA proposes a working group similar to the LA County CLT Acquisition/Rehabilitation Pilot Program group to revisit regulatory agreement language, given that the community organizations and members who advocated for the Community Benefits Agreement were not part of the original draft agreement process*

- As stated earlier, based on extraordinary delays by the City, the purchasing power of the $5.6M allocated to the Affordable Housing Preservation

Fund has been reduced in value by $3.77M through increased acquisition costs since 2013, when the City received the first tranche of CBA funding from USC. Adding lost interest the total cost in delayed funds is **$4.18 million.**

Despite these implementation challenges for the USC CBA, the collaboration with peer organizations of the LA CLT Coalition and LA County Board of Supervisors resulted in the $14M pilot program that enabled TSLA to continue anti-displacement efforts in 2021. The effectiveness of the LA County pilot program arose from the unique collaboration to entrust the LA CLT Coalition with negotiating the policy and funding guidelines. Sandra McNeill Consulting and the Los Angeles Legal Aid Foundation provided technical and legal expertise to ensure the CLT proposals were incorporated into grant agreements and program guidelines. From motion execution in November 2020 and budget approval in January 2021 the program has proved hugely successful with over 40 units acquired across 5 supervisorial districts. As detailed above, TSLA navigated numerous barriers but is currently in escrow for a duplex and is actively finalizing offers on one more property in LA County's Southeast LA region.

Recommendations to achieve a just recovery that centers neighborhood preservation and leads to community control, specifically by low-income BIPOC residents, must be collaborative in nature. Successful implementation of anti-displacement strategies requires trust from the public sector to collaborate innovatively alongside land trusts, in a way that values proposals from implementers enough to write policies that actually work for organizations sustaining the success on the ground. Working in the speculative market while competing with often unscrupulous cash rich investors means there must be innovation in fund deployment, which LA County was able to achieve by not limiting guidelines and grant agreements to mirror past policies. Instead public sector officials agreed this was a new, pilot program and took recommendations with stride during weeks long negotiations and learning sessions with the CLTs. Future iterations of programs both at the County and City will be successful with true partnership in crafting policies

and implementation guidelines. The City of LA has a ripe opportunity to enact this type of partnership as Councilmembers Bonin and Kortez's motion to prepare a report on the ability to mirror the County's pilot program at the city level was recently approved by the Housing Committee in late August 2021.

T.R.U.S.T. South LA is poised to operationalize just recovery efforts to stabilize residents across South and Southeast LA via acquisition and rehabilitation of existing rental units which can be converted into cooperative ownership sites to build sustainable intergenerational wealth. The recommendations to scale anti-displacement efforts can only be sustained via ongoing collaboration, advocacy and investment that is executed in true partnership alongside implementing organizations like land trusts. TSLA is excited to scale community ownership efforts alongside peer land trusts, shifting the tide of corporate ownership toward community stewarded affordable and dignified housing to achieve a truly *just* recovery.

Incentivizing Joint Development of Parks & Affordable Housing through Grant Programs in CA

As described in the South LA Climate Commons Summary Findings section, one important way to ensure parks and open spaces are accessible for residents is to integrate parks into housing development projects. As part of the research for this project, the team looked at affordable housing-focused state funding programs that could support the joint development of parks and housing. The research looked at both loan and grant programs administered through two State of California agencies: the Strategic Growth Council (SGC) and the Department of Housing and Community Development (HCD). The following is a high-level summary of the funding programs administered by both agencies that could be most easily adapted for the joint development of parks and affordable housing.

To understand opportunities and barriers to funding housing and parks together, the team reached out to both grant agencies and affordable housing developers. Discussions were focused on understanding openness to expanding or modifying existing programs that focus primarily on affordable housing development. During conversations, some of the concerns that were expressed including wanting to make sure existing funding for housing is not reduced or impacted and concerns related to using limited loan programs that housing developers need to implement projects for parks. Additionally, there were concerns that by expanding the grant programs, the focus could shift away from housing and place more of an emphasis on funding parks.

Given the significant need for more affordable housing across the state, the team believes it is important to limit impacts to existing funding. Some possible ways to modify the programs and address these concerns include 1). Limit the amount of grant program funding dedicated to parks within the same general amount that is already allocated to greening and active transportation projects at the state level, 2). Structure scoring criteria to favor housing-centered projects and ensure that applicants are not penalized for not including parks in their projects, 3). Since greening criteria is already included in some funding programs and greening improvements have been included in already awarded grants funded in Round 5 of the Strategic Growth Council's Affordable Housing Sustainable Communities Grant Program, use a similar program structure for greening but expand greening/active transportation projects to include park development. 4). Ensure that limited loan funds are not used for joint development projects.

Strategic Growth Council: Of all the SGC grant programs, the Affordable Housing and Sustainable Communities program is the best possible fit for joint development projects (AHSC). AHSC provides funding for affordable housing developments, including new construction or renovation, and transportation infrastructure. Transportation infrastructure includes new transit vehicles, sidewalks, and bike lanes; transportation-related amenities, such as bus shelters, benches, or shade trees; and other programs that encourage residents to walk, bike, and use public transit. In Round 5 of the AHSC Program, the agency funded three projects that included greening elements like parks and gardens. A description of the projects follows.

Figure 3: SGC's Affordable Housing and Sustainable Communities program, Round 5 grantees

Project 1: HOPE SF Potrero Block B Project Awarded in Round 5, in the City of San Francisco	**Project 2:** Arcata 30th Street Commons Project Awarded in Round 5, in the City of Arcata	**Project 3:** Entrada Project Awarded in Round 5, in the City of Riverside
Integrated Connectivity Project. Includes .4-acre street park • Provides 156 affordable units (157 total) • Features improvements to the transit operations and traffic safety of 5 Muni routes-- along Folsom and Howard streets • Over .6 miles of new protected bikeways • .5 miles of new or replaced sidewalk • Extension of the Minnesota Grove, a 0.4-acre street park	Rural Innovation Project. Includes community garden and greening • Provides 36 multifamily affordable housing units through the Yurok Indian Housing Authority. • Expands transit, accessibility, and electrification capacity in the local transit system, and includes a pedestrian bridge • 1.25 miles of new bikeways • .3 miles of new or replaced sidewalk, riparian planting, community gardens, and rain gardens to support greater accessibility and livability for the tribal community and residents of Arcata	Integrated Connectivity Project. Includes 3 Parklets • Provides 64 new affordable housing units (65 total units) • Expansion of the Riverside Transit Agency transit hub to include two (2) additional bus bays, to serve RTA Route 22 and OmniTrans Route 2150. • Features .95 miles of Class IV bike lanes, • 5.8 miles of safe and accessible walkways including 18 high visibility crosswalks, 9 accessible pedestrian signals, improvements at 3 bus stops, and traffic calming improvements including three parklets

Some of the necessary steps for adapting the AHSC program to incentivize joint development include holding continued conversations focused on building support for grant program modification. This should start with additional outreach to affordable housing developers, agency staff, and other stakeholders identified during outreach. After stakeholders agree with the general approach to updating the guidelines, a thorough guideline revision process would occur during the planned guideline review process facilitated by SGC. Important guideline revisions would include adjusting scoring criteria to provide additional or bonus points for open space. As discussed above, one possible strategy is to create a bonus points category and the criteria could also include a cap on total funds allocated to parks and open space.

Department of Housing and Community Development: The second state agency that administers grants to support affordable housing development is the Department of Housing and Community Development (HCD). HCD operates many loan and grant programs, and most are specific to housing and are not fit for joint development projects. One HCD program, the Housing-Related Parks Program (HRP), does fund park projects. HRP provides grants for the creation of new parks or the rehabilitation and improvements to existing parks. Grant amounts vary each year as the program funding amount fluctuates. HRP funds are based on the number of bedrooms in newly-constructed rental and ownership units that are restricted for very-low and low-income households and have building permits during the designated program year. Cities and counties are the only eligible applicants for an HRP grant. Because the program funds fluctuate based on the number of housing units each year, it can be challenging to plan for projects. To adapt this program to incentivize joint development further, there could be updates that allow for funding to be allocated as part of the planning and permitting process so parks and housing can be developed simultaneously. Additional ways to increase the program’s usability would be to expand the type of applicants to non-profits and joint powers authorities.

Finally, there are several grant programs that HCD administers that come from Senate Bill 32, like the Sustainable Transportation Infrastructure Grant Program. These programs focus on reducing Greenhouse Gas Emissions and primarily fund the implementation of transit and transportation infrastructure that reduces car trips, focusing on transit-oriented development. Since having parks within walking distance can reduce car trips, the funds in this program could be expanded to include open space and greening projects located within an urban area with a large population. Some of the programs include planning funds. If HCD expanded the programs to allow for expenditures related to open space, planning dollars could support the visioning of joint development projects.

Next steps to adapt existing funding programs to allow for joint development:

1. Conduct additional outreach to affordable housing developers to identify issues, opportunities, and concerns. Use this feedback to update existing grant programs or possibly consider piloting a new program focused on joint development.
2. Review grant guidelines and the legislation that helped to develop the grant program to ensure parks and open spaces fit within the eligible expenses for the funding.
3. Work with agencies to revise guidelines and get feedback from stakeholders. For instance, revise AHSC grant program scoring criteria and guidelines to include parks and housing together, consider granting joint development projects bonus points. Ensure guidelines don’t penalize developers that are applying for housing only.
4. Identify planning dollars within programs to allow for necessary planning and flexibility as joint development projects are identified and partners work to assess feasibility.
5. Consider updating the Housing Related Parks Program to include funding open space projects while housing projects are in the planning and entitlement stages or to support the acquisition of properties that include both housing and open space.
6. Continue to coordinate with partners active in the LA Regional Open Space and Affordable Housing Collaborative who are working to advance joint development and displacement avoidance policies and projects.

Applying Programs to Projects in the Slauson Corridor and USC Nexus Area

Given the need for affordable housing and park space in both project areas, joint development projects are meaningful opportunities to address two critical barriers to a better quality of life for existing residents. The South LA Climate Commons collaborative invested significant resources to identify locations for joint development projects in the Slauson Corridor and USC Nexus Area. Despite this work, the team could not identify any sites large enough for a joint development project. Available space continues to be a primary challenge for these types of projects unless grant funding can support dispersed development where both housing and park projects take place in close proximity, even if they are not co-located.

Inclusive Business & Economic Development

A recovery that centers just economic development, in addition to housing and green spaces, is critical to the wellbeing of South LA residents. This section of our report shares a snapshot of the business economic risks and opportunities in South Los Angeles. It accounts for past coalition work and current efforts indicating business owners, workers, and low-income renters have always been vulnerable to shocks such as the COVID-19 pandemic. Below, we list recommendations vetted by community organizations and coalitions.

1. Prioritize the creation of affordable rents for small businesses in mixed use developments. As an example, the United Neighbors in Defense Against Displacement (UNIDAD) coalition emphasizes that large developers in South Los Angeles should rent out commercial space at an affordable rate.[13] Model language is available in the UNIDAC/USC Community Benefit Agreement of 2011. In Section VII "Small Business" C, a developer shall set aside ten percent of the project's retail space for local small businesses.[14] The reserved space shall be provided to local small businesses at a discount market rate for a 10 year period. Also in the section, Strengthen this recommendation: South and Southeast LA Community Plan includes the following program: Small Business Retail Space (P72/P76): Identify resources to incentivize or require mixed-use and commercial developments to provide retail space conducive to community-serving small businesses and business incubation.[15,16]
2. There is currently no commercial rent control in the city of Los Angeles. Advocacy against laws that prohibit creating rent control laws is crucial to the passage of comprehensive rent control protections.
3. Partnerships between advocacy groups and LA city departments such as the Economic Workforce Development Department can create policies and programs and a concrete implementation plan at the city level that supports small businesses in the city of Los Angeles. Examples include the May 26th 2021 Motion by Councilmembes Raman/Martinez "Small Business/ Economy/ COVID-19 Pandemic Recovery/ Deferred Rent Payment/ Commercial Eviction Moratorium"[17] The motion identifies policies that provide incentives to landlords to renegotiate leases; the motion includes language that asks to identify feasibility of establishing a right to counsel for small business commercial tenants whose landlords violate the terms of the City ordinance on commercial eviction; and the the motion includes language that asks to identify opportunities to provide direct relief to small businesses. The South and Southeast LA Community Plan also includes the Small Business Assistance Programs (P74/P71) which continues to promote agency programs that assist small business owners with low-interest loan programs, management assistance, business retention programs, and the establishment of incubation centers.
4. Increase opportunities for small businesses to purchase their own property exemplified in the pilot program led by Inclusive Action for the City and other businesses incubators in the community of Boyle Heights. The goal of the program, CORE (Community Owned Real Estate), is to preserve small businesses in gentrifying neighborhoods by acquiring commercial real estate.[18] Programs like these provide a pathway to commercial ownership, along with technical assistance to small businesses. Technical assistance programs include loan application assistance, creation of growth

plans, and identification of long-term profit margin, with the ultimate goal of commercial ownership.

5. Adopt recommendations from advocacy organizations and plans such as the People's Plan and Healthy LA Coalition. In 2017 the United Neighbors in Defense Against Displacement (UNIDAD) Coalition advocated for strong commercial and business opportunities in the South and Southeast LA Community Plans and created "The People's Plan."[19] This document was created by community organizations, advocates and public interest lawyers. The following are some of the recommendations that did not make it into the South and Southeast LA Community Plans.
    - Incentivize reduced rent for community serving businesses. The CPIO Commercial Use Incentives should allow FAR adjustments and/or parking incentives for projects that set-aside a percentage of retail space devoted to reduced rent for community-serving small businesses and social enterprises. This will support the retention and expansion of locally-grown business owners
    - Define appropriate parcel designations and sizes for small businesses. The Community Plans and/or CPIOs should develop innovative parcel designations appropriate and beneficial to small businesses, which may not require the same type or size as larger enterprises. The Community Plans should also include a policy to identify resources to develop retail spaces of the appropriate size for small businesses and designate public space for sidewalk vending
6. The Healthy LA Coalition[20] was established due to a response to the COVID-19 pandemic and is a coalition made up of over 360 community organizations, nonprofits, faith based organizations, legal organizations in LA City and LA County advocating for a just recovery specifically around tenant rights, small business among other issues. The following are some budget advocacy recommendations presented by Healthy LA that relate to a just recovery for small businesses presented in 2021.
    - Facilitate local acquisitions of neighborhood commercial and manufacturing sites to retain and/or conduct adaptive reuse of facilities, as well as purchase retention of neighborhood business owners of real estate that was lost or pre-sale due to COVID and downturn of commercial market
    - Prioritize and continue to engage with community based organizations to ensure future funding programs reach difficult-to-reach, marginalized populations. This money should be separate and in support of only the CBOs that will be assisting in direct, one-on-one technical assistance to small businesses.

COVID-19's Impact on Small Businesses in the Study Area

In order to stop the spread of COVID-19 in LA County, the city required many businesses classified as "non-essential" to shut down, limit, or change their operations. While the closure of certain activities was necessary to curb the spread of COVID and save lives in the process, the closing of these businesses drastically affected the workers and business owners. A Los Angeles Times article from November 2020 found that the impacts of closure were not disproportionate among various sectors of "non-essential" businesses. Reasons included close contact with customers forcing businesses like restaurants and hair salons to be more affected than a book or clothing store.[21] While many municipalities enacted eviction protections for commercial businesses because of non-payment of rent, the protections of commercial tenants are far less than that available to residential tenants. For example, in the City of Los Angeles, there is no rent control available to commercial tenants. For businesses already struggling to break even before the pandemic, closing their businesses during the COVID-19 Emergency Orders could mean the permanent closure of their businesses. This is due to debt accrued despite temporary protections. The federal government introduced the Personal Paycheck Protection program, a federal loan assistance program for businesses under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.[22] However, the application process came with multiple barriers making it inaccessible to many small businesses. With the economy "re-opening" in the summer of 2021, commercial tenants will face an uncertain future with accrued rent debt and the inability to make up for their losses during the pandemic.

In the following sections, we provide an analysis of businesses registered with the City of LA, a descriptive analysis of business typology and ownership, and ultimately some of the challenges and opportunities facing small businesses in the USC Nexus Study Area and the Slauson Corridor.

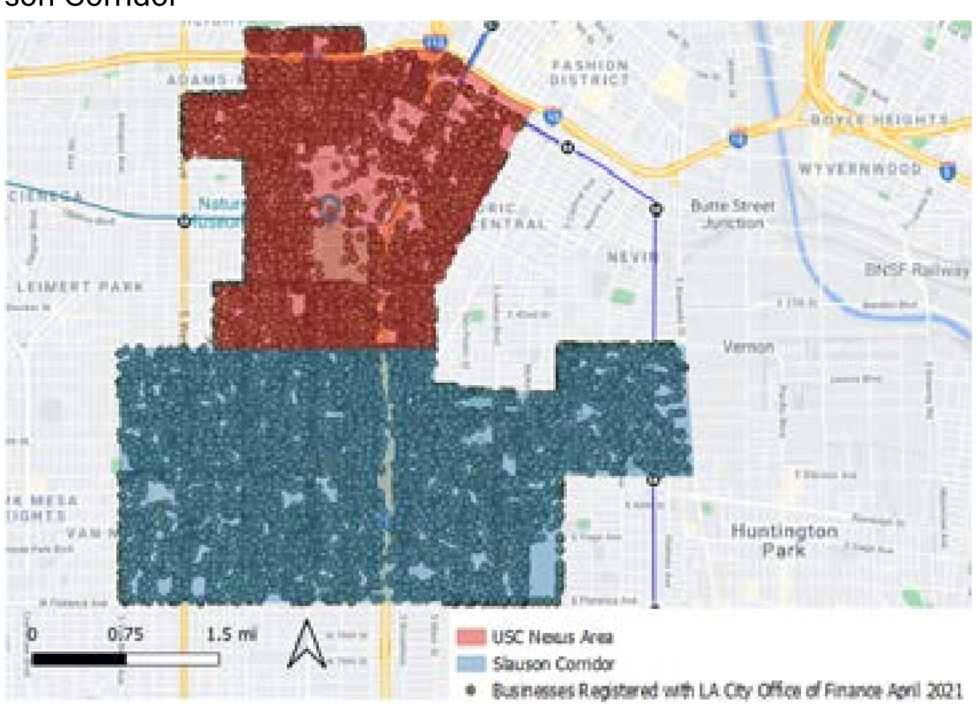
Figure 4: Map of Zoning Classification in the Slauson Corridor

As demonstrated in the zoning map above, the USC Nexus Study Area has an equal distribution of Commercial and Commercial Manufacturing at 11% for a total of 22% and 1% Commercial Manufacturing. The map above displays the blue shades as Manufacturing classifications and the pink shades as commercial. The Slauson Corridor accounts for 22,846 parcels of commercial use, which is more than double the USC Nexus Area. While it is a larger area, the commercial distribution for the Slauson Corridor is also 11% of the total parcels. Manufacturing Classifications combined are approximately 6%; however, classifications of Manufacturing about 16% of the total distribution of Zoning Classifications. In the zoning map displayed above, the blue shades of industrial classifications stand out on the right side of the map along the South East LA boundaries of the City of Los Angeles.

Listing of Active Businesses by North American Industry Classification

Using publicly available data from the City of Los Angeles Data Portal, we collected a list of all active businesses registered with the City of Los Angeles Office of Finance. As of April 2021, the City of Los Angeles Office of Finance registered 14,398 active businesses in the USC Nexus Area and Slauson Corridor.[23] Their office describes an "active" business as a registered business whose owner has not notified the Office of Finance of a cease of business operations.[24] As noted in the below map, business entities exist across the entire area, regardless of whether they are commercial or manufacturing. The North American Industry Classification (NAICS) code assigns a classification to all businesses based on their industry type. According to this database, there are 280 different industry classifications. Since this data is self-reported, the classifications are not always 100% accurate, and there are duplicates in the business description. For example, Barber Shops can be one classification, and Beauty Salons are another. Figure 6 shows a map of all registered businesses in the USC Nexus Area and Slauson Corridor.

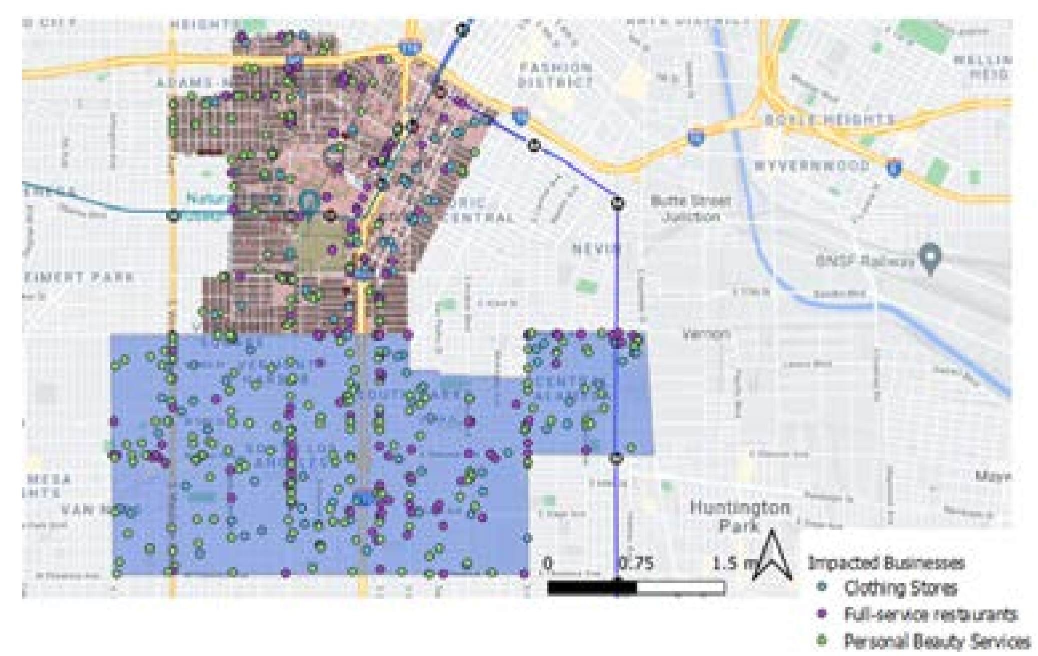
Figure 5: Map of Registered Businesses in the USC Nexus Area & the Slauson Corridor



Impacted Businesses Due to COVID-19 Closure of Non-Essential Businesses

For this research project, we aggregated and consolidated the following businesses into the following categories: we categorized Nail Salons/Barber Shops/Beauty Salons as "Personal Services" (309), Full-Service Restaurants (239), we classified Other Clothing Stores, Men Clothing Stores and Women Clothing Stores as Clothing and Retail, not including grocery (322). We are interested in these businesses because they were severely affected in 2020 and 2021 due to the safer at-home orders. Firms like "Personal Services'' had to close down operations for various months on end and, when allowed to reopen, they had to limit their operations. While restaurants did not have to shut down like clothing stores and bookstores, full-service restaurants had to alter their operations to remain open. We provide additional analysis below. The below map displays businesses by NAICS code; however, it does not break down or distinguish between "small business" or "franchise." We provide additional analysis below.

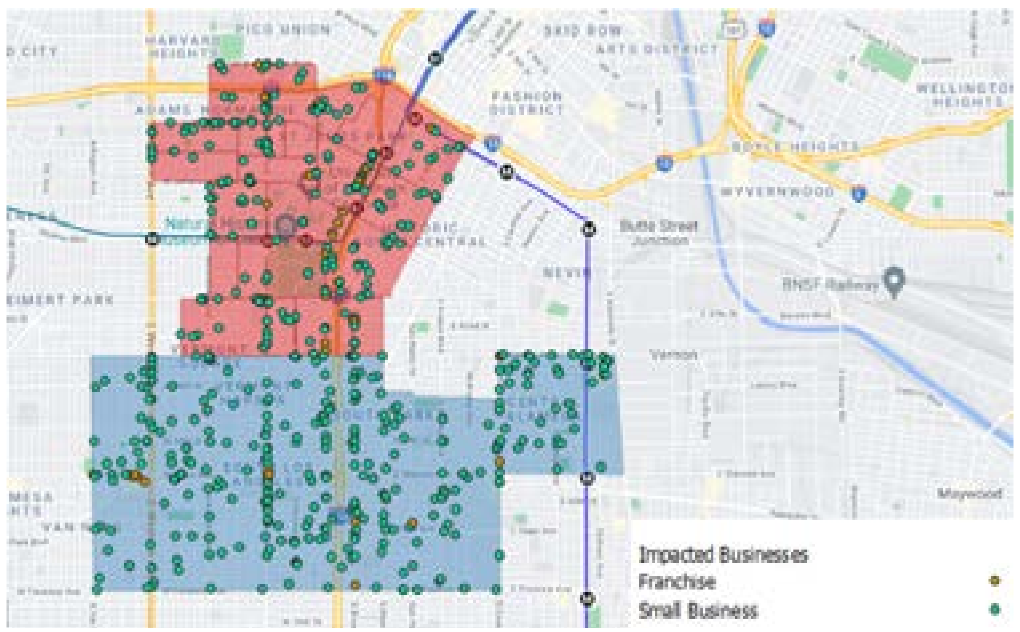
Figure 6: Map of Impacted Business during COVID-19 pandemic



The Impact of Closures on small "non-essential businesses"

It is critical to note an overwhelming majority of businesses in the area are small businesses. We identified "small businesses" based on their "Doing Business As" name being an individual person or non-franchise company versus a franchise name. According to the data set, out of the 697 businesses, 57 businesses were "franchise" instead of the 640 "small businesses."

Figure 7: Map of Impacted Franchises & Small Businesses during COVID-19 pandemic

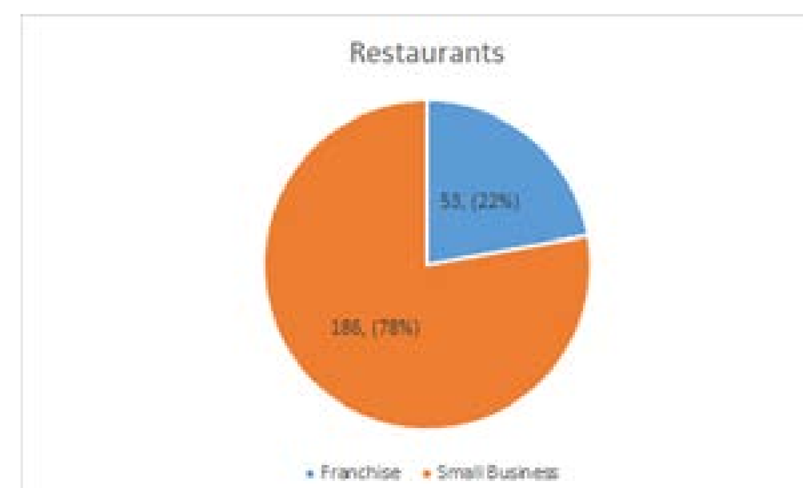


The following pie charts further display the categorization of these impacted businesses and how many of them franchise versus a small operation storefront. As it pertains to clothing stores, only 1% of storefronts are franchise.

Figure 8: Clothing Stores, Franchise vs Small Business

For restaurants, more storefronts identified as franchises compared to clothing stores. Of the 239 restaurants impacted during the Stay-at-Home orders, the majority, 78%, identified as a small business

Figure 9: Restaurants, Franchise vs Small Business

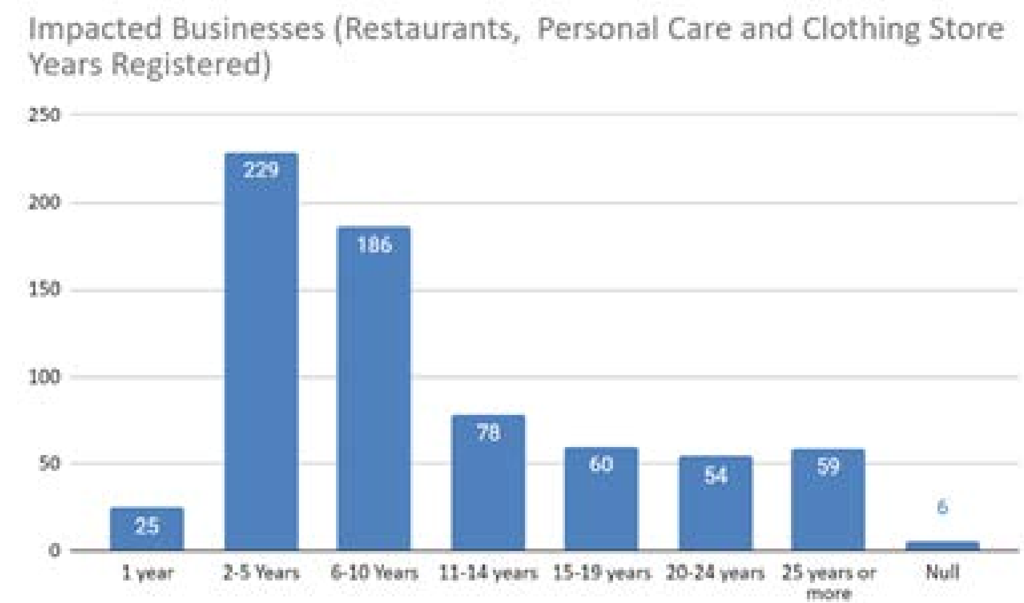


For Personal Beauty Services, the vast majority also identified as a small business, 99%. Of the 310 businesses in the area, only 3 identified as a franchise.

Figure 10: Personal Beauty Services, Franchise vs Small Business

As mentioned, a vast majority of businesses in the area identify as small businesses and do not have the same capital, resources, and savings as larger storefronts. In addition to identifying their typology, we also looked at the length of operation for businesses in these industries. As shown in Figure zz: , of the 697 businesses, 33% have a 2-5 years lifespan, followed by 27% of businesses with a life span of 6-10 years.

Figure 11: Length of Operations, Impacted Businesses



Concerns with equitable distribution of PPP Loans

Utilizing a third-party database that aggregates PPP loans from the Federal government, "federalpay.org," we can identify how many loans were awarded by zip code in the area of interest based on NAICS Code. Figure 13 demonstrates zip codes with the USC Nexus area and the Slauson Corridor that received PPE loans. Note that because our area zip codes overlap with other boundaries, the following does not accurately describe all loans awarded to our specific area. It provides a snapshot of the general amount of loans awarded in these South LA Zip Codes. An LA Times article found that "Los Angeles had some of the worst disparities in the nation. Although communities of color were hit far harder by COVID-19, businesses in majority-white neighborhoods received loans at twice the rate that majority-Latino census tracts received, 1.5 times the rate of businesses in majority-Black areas and 1.2 times the rate in Asian areas."[25] Further below in our case studies, we will offer an insight into this analysis provided by the LA Times regarding businesses being awarded the PPP loans in a specific census tract.

Figure 12: Zip codes with PPE loan Grantees in the USC Nexus Area & Slauson Corridor

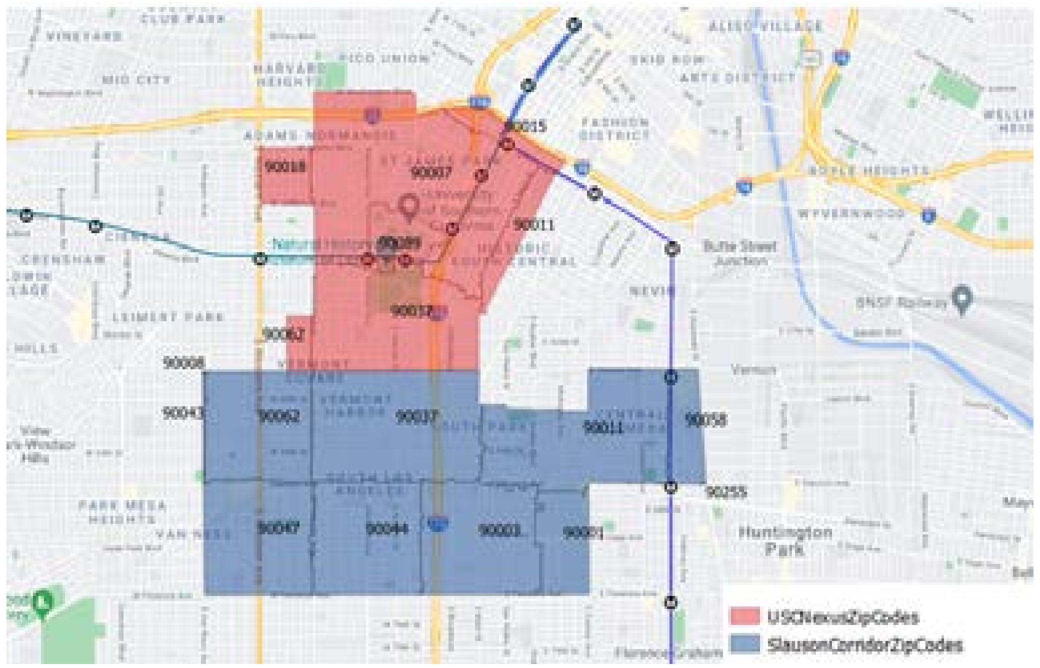
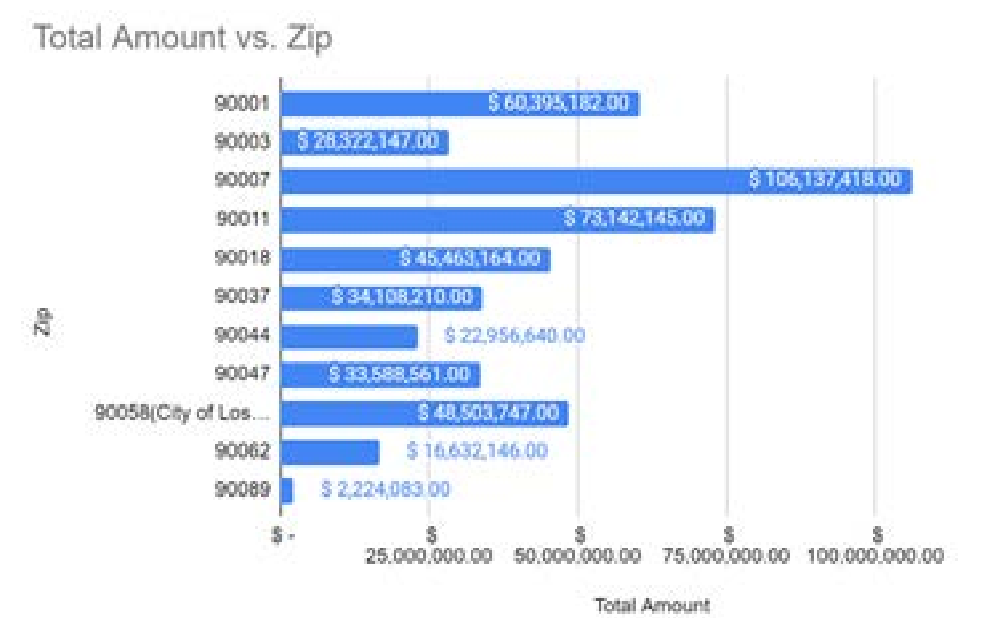


Figure 13: Number of Loans Awarded by Zip Code

Figure 14: Amount of PPP loan dollars per zip code



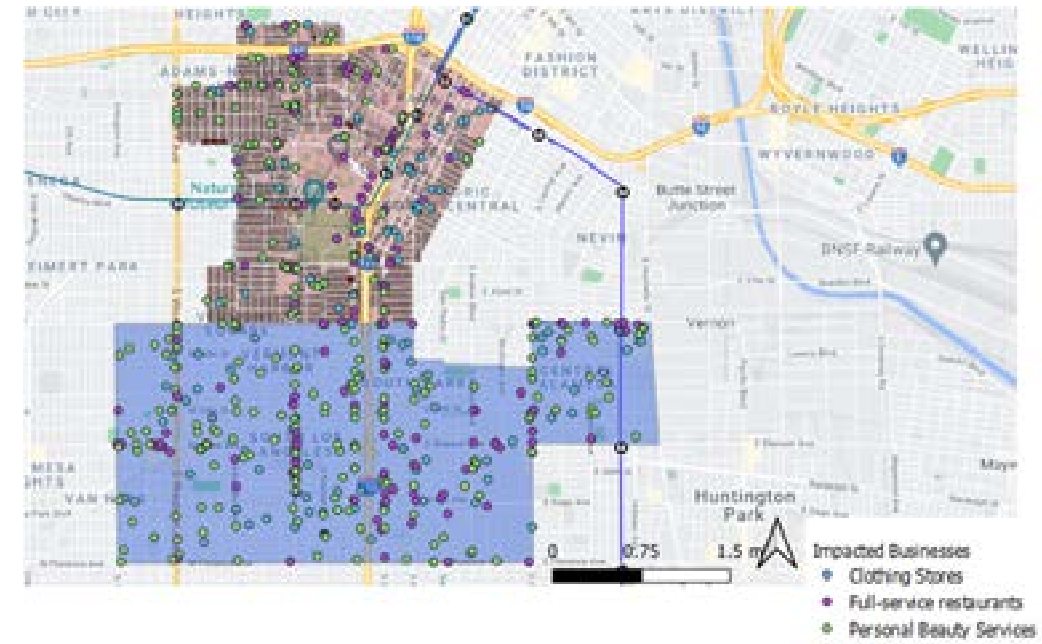
The 90007 zip code, a large area adjacent to the USC area, received the highest amount of PPP loans. This distribution of PPP loans in the tables above is separated by zip code and not by the study area; however, to further identify if impacted businesses received loans, we also looked at the distribution of the loans across the zip codes and by NAICS code.

Loans Awarded to Impacted Businesses in the Study Area

In Figure 16, we demonstrate the number of businesses, per their classification, located across both study areas.

As a reminder we used businesses into the following categories: Nail Salons/Barber Shops/Beauty Salons are one category which can be described as "Personal Beauty Services''(309), Full-Service Restaurants (239), Other Clothing Stores, Men Clothing Stores, and Women Clothing Stores were combined to make a classification of Clothing and Retail (not including grocery) 322.

Figure 15: Typology of Impacted Business Across the Slauson Corridor and USC Nexus Study Area



As seen on Figure 17 , Restaurants received the most dollars in PPP loans with $17.1 million, followed by Personal Care Services at $10.5 million and Clothing Stores at $5.8

Figure 16: PPP Loan Dollar Amounts Awarded by Business Industry

Figure 17: Number of Loans Awarded by Business Industry

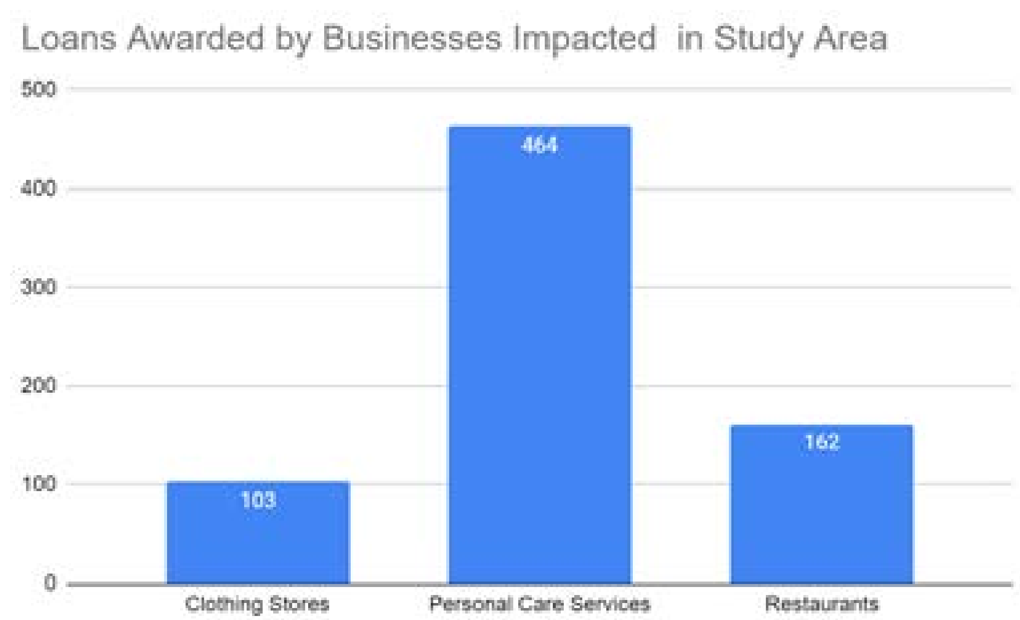


Figure 14 demonstrates the number of loans awarded by zip codes in our study areas; however, it does overlap with other boundaries. Additionally, it does indicate that a higher number of loans were awarded to Personal Care Services compared to the other two industries, demonstrating their particular need. In the below section, we will do a sample study of several businesses we selected in a particular census tract to verify whether they received a PPP Loan. Additional research has to be conducted to ascertain the status of all businesses in our area concerning a PPP loan.

Challenges with Grants

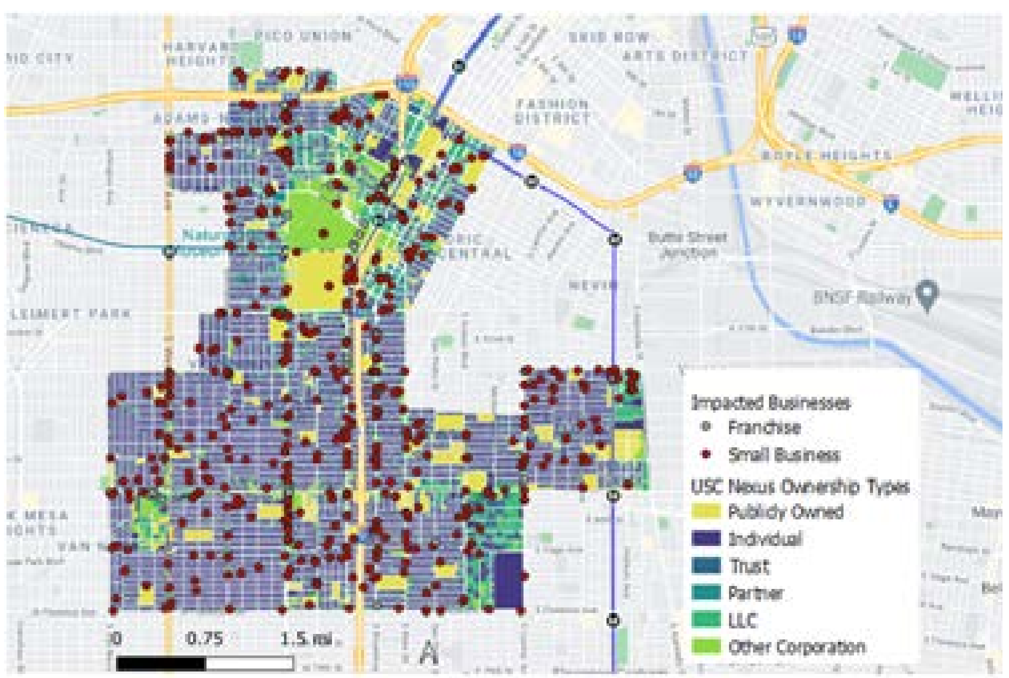
The Local Initiatives Support Corporation (LISC) National and Los Angeles based chapters have made a tremendous amount of effort and work to work with local businesses owners, nonprofits, and public agencies to distribute millions of dollars worth of grants to industries affected by the COVID-19 pandemic. The majority of the USC Nexus Area and the Slauson Corridor falls under Council districts 8 and 9.[26] LISC LA awarded $2,980,000 and 228 loans to small or very small businesses in Council District 8, and $3,385,000 to 229 loans to very small or small businesses in Council District 9.[27] In addition, the national LISC Recovery grant also awarded nine grants to the South Los Angeles area businesses for local recovery in its five rounds of grant allocations (as of May 2021).[28] These numbers are significant and provide tremendous relief to these businesses; however, they could not accept all applicants due to limited funding.

When businesses cannot qualify for loans, do not have access to apply to loans, or are not recipients of grants, uncertainties arise for them. Uncertainties include concerns with paying rent or mortgage payments on their commercial space.

Do Businesses Owners Own Their Commercial Property?

Small businesses' concerns include recovering from the economic consequences of the COVID-19 pandemic, including paying rent or a mortgage for commercial space. For this reason, we are interested in determining if small businesses owners own their place of business or if another entity owns it. The map below demonstrates that individual property owners are the majority of Small Businesses. This could suggest that individual property owners struggling to keep their business afloat are also struggling to pay their mortgage or rent.

Figure 18: Map of Impacted Businesses



Surveying the ownership status of small businesses in the study area is a significant undertaking. In addition to this work, we provide a case study using the Assessor Information and Small Business Information to determine if the commercial tenant owns a property. We have some data demonstrating that small business owners do not own their property and therefore are rent-burdened commercial tenants. For example, a forthcoming report from Kounkuey Design Initiative (KDI), funded by Local Initiatives Support Corporation (LISC), will provide survey results of 31 businesses in the GoodYear Tract area. This area overlaps with the Slauson Corridor. Their survey aimed to identify what resources small businesses needed in the tract. They included a question regarding the ownership status of their place of business and concerns the business owner had regarding paying rent during the current crisis. Out of the 31 businesses they surveyed, a large majority of their survey respondents were commercial tenants. A large majority felt pressure from their landlord to relocate due to the inability to pay rent. This report will be available in the summer of 2021.

Case Study of Businesses in Opportunity Zones Census Trends

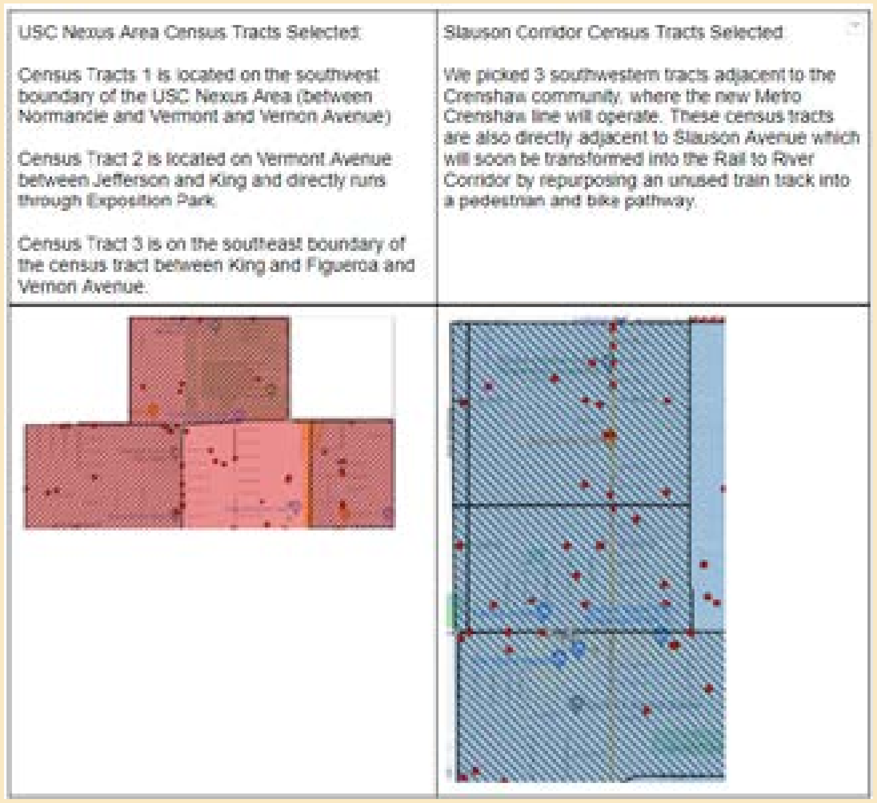
In order to answer the following questions and provide an analysis of recommendations we selected six census tracts (three in each area) that are within the boundaries of an Opportunity Zone.

Research questions to answer in case study:

1. How many businesses in these census tracts are under registered under the NAICS code of interest of impacted businesses (from all the businesses registered with the Office of Finance)
2. How many of these businesses are Small Business or Franchise
3. Do these businesses own their place of operation or rent?
4. Did these businesses receive a PPP loan and the amount received?
5. Identify if any major area is at risk of displacement due to its location in an opportunity zone.

Case Study: Census Tracts Under the Federal Opportunity Zones Program

Figure 19: Typology of Impacted Business Across the Slauson Corridor and USC Nexus Study Area



USC Nexus Study Area

Businesses Typology in the USC Nexus Study Area-Census Tracts

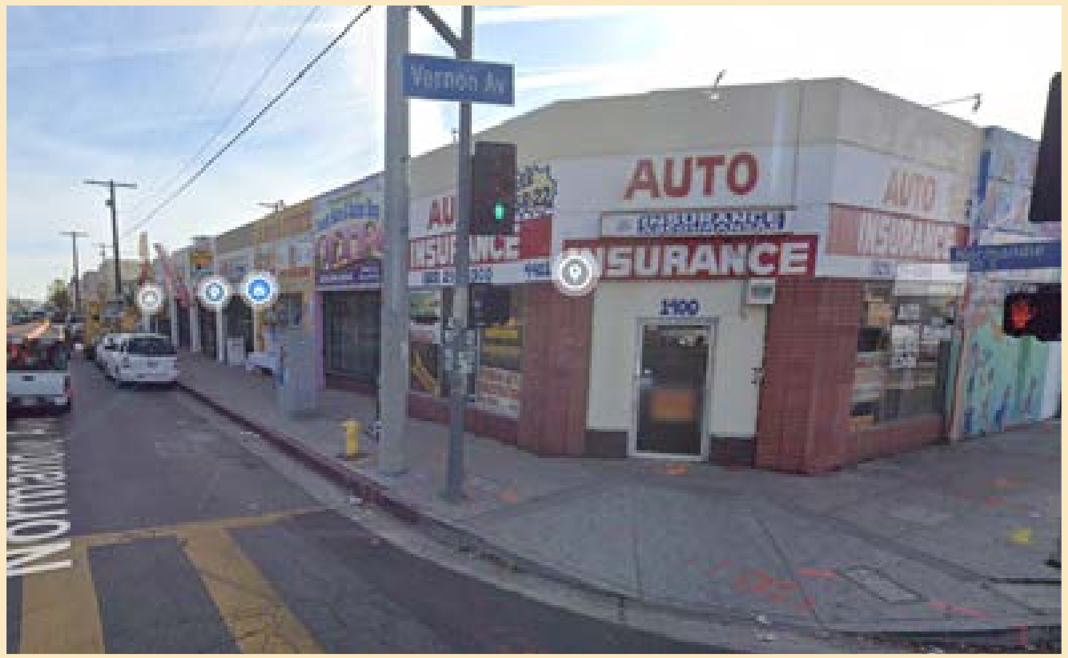
There are 53 Businesses in the chosen census tracts, ten franchises, 43 small businesses. Of the 53, 11 received PPP loans; four of the recipients were franchises and included: Subway #5822, Subway (RPV Business Ventures), Yoshinoya, and Tam's Burgers #20. The total dollar amount for these PPP loans was $304,854 (Yoshinoya amount is not determined). The other seven recipients were small businesses, including five Personal Care Services, one Clothing Store, and one restaurant.

Out of the 42 that did not receive a PPP Loan, six are franchises, including Carl's Jr and a Chick-Fil-A, and 36 are small businesses. Of the 36 small businesses, 20 of them are small storefronts (not a plaza with a big anchor business).

Commercial Properties at Risk

Based on our research we looked into at-risk businesses at a street level based on the type of business they are and whether they received a PPP loan.

Figure 20: Commercial Properties at Risk on Normandie & Vernon



- **Business Details**: 4403/4407 S Normandie
- **Address**: 4403/4407 S Normandie (Normandie/Vernon) and 1406 W Vernon
- **Owner**: GEORGE, ABRAHAM
- **Businesses affected**: The parcel appears to have 5 businesses; Three of the businesses are in our list of "impacted businesses" which did not receive PPP loans including
  - Paraiso Beauty Salon
  - TOP NAILS & SKINCARE
  - TOU'MES BEAUTY SALON (appears closed already)
- **Zoning**: Commercial

Figure 21: Impacted Businesses near Vermont & Vernon St.

- **Business Details**: 4301 VERMONT-4307 Vermont
- **Address**: 4301 VERMONT-4307 Vermont
- **Owner**: S AND M VENTURES NO 1 LLC AND YAZIJI,NOEL J AND HABIB M
- **Businesses affected**: The parcel appears to have 5 businesses; Three of the businesses are in our list of "impacted businesses" which did not receive PPP loans including
  - Santa Rosa Pupuseria
  - Hi-Luxe Nails
  - PETRIES BEAUTY SALON
- **Zoning**: Commercial

Slauson Corridor

We chose three census tracts that are within an Opportunity Zone from Vernon to Gage. For this case study, we selected businesses that self-classified as Personal Care Services (Beauty Salons, Barber Shops, and Nail Salons); Restaurants; and Clothing Stores (Women's Clothing Stores, Men's Clothing Stores, and Family Clothing Stores), which yielded 79 businesses.

Of these 79 businesses, as of May 2021, only 9 of them had received a Paycheck Protection Loan.[29] The highest loan amount of $1.3 million awarded was to a business registered as "World Impact Ministries" with the classification of "Full-Service Restaurants" located at a local church in the Slauson Corridor. We infer this amount was distributed among the many churches and services that the church operates. Apart from this outlier, the other eight businesses that received the PPP loan include two franchises located in the Slauson Corridor; McDonald's, which received $267,147, and Baskin Robbins, which received a loan amount of $107,873.00.

Two of the businesses were Personal Care Services, and three of them were Clothing Stores. The three clothing stores that received a PPP Loan are located inside the Slauson Super Mall (Slauson Swapmeet). Excluding the church that received over a million and the two franchises that received a hefty amount, only six small businesses in three census tracts received a loan. The total loan amount for all six of the small businesses impacted business was approximately $83,000. Based on this data, 70 firms did not receive a PPP loan, according to the database.

Businesses inside the Slauson Super Mall Scenario:

Figure 22: Impacted Businesses, Slauson Super Mall

- **Address**: 1600 W Slauson
- **Owners**: KAYLA PROPERTIES LLC ET AL ETHAN 26 LLC
- **Businesses affected**: Over 120 businesses. PPP Loan Data: 3 businesses received PPP Loan. Property Management received PPP loan.
- **Zoning**: Commercial/One story

The Slauson Swapmeet (Slauson Super Mall), located on Slauson Avenue, is an indoor mall with over 120 businesses. Vendor types range from jewelry stores, clothing stores, custom designs shops, gift shops, and beauty salons. According to the LA County Assessor, the entity "KAYLA PROPERTIES LLC ET AL ETHAN 26 LLC" owns the swapmeet and owns about 30 properties throughout LA County. However, most of the parcels they own exist around the Slauson Swapmeet area.

Our data set identified 24 businesses in the swapmeet registered with the city using the NAICS code related to Women/Men's or Family Clothing Store, Nail Salons, Beauty Salons, and Restaurants, even though the number of businesses is well over 120. Of the 24 identified, only three businesses received a PPP loan, a low percentage. The total dollar amount combined of PPP loans was less than $23,000. In the database, we did identify that the "Slauson Super Mall'' owners did receive two PPP loans for a total of $127,000 under the NAICS code of "Other Miscellaneous Retail" and "Used Merchandise Retail." Scenarios like this are essential to identify why some small businesses inside the shopping center did not receive a PPP loan and if their property manager supported and informed the tenants on resources to apply for such a loan.

When the City of LA placed emergency orders in the summer of 2020, the community of South Los Angeles saw a beloved indoor swapmeet, Los Amigos Mall, shut down permanently.[30] As a result, the closure of this swapmeet left 30 businesses and many employees without work. Our concern is that the Slauson Super Mall is vulnerable like the Amigos Mall once was. With commercial tenants struggling to pay rent and speculative investors interested in tax credits afforded by Opportunity Zone, it summons an uncertain future for the swapmeet.

Community Data

The following graphs and maps detail the housing composition, ownership characteristics, classification of residential properties, and displacement trends of the Slauson Corridor and the USC Nexus Study.

Housing Data

For the following research, maps and charts, SAJE references a Assessor of LA County File that was requested, purchased and coded by SAJE staff in March 2021. For inquiries on methodology please see endnotes.

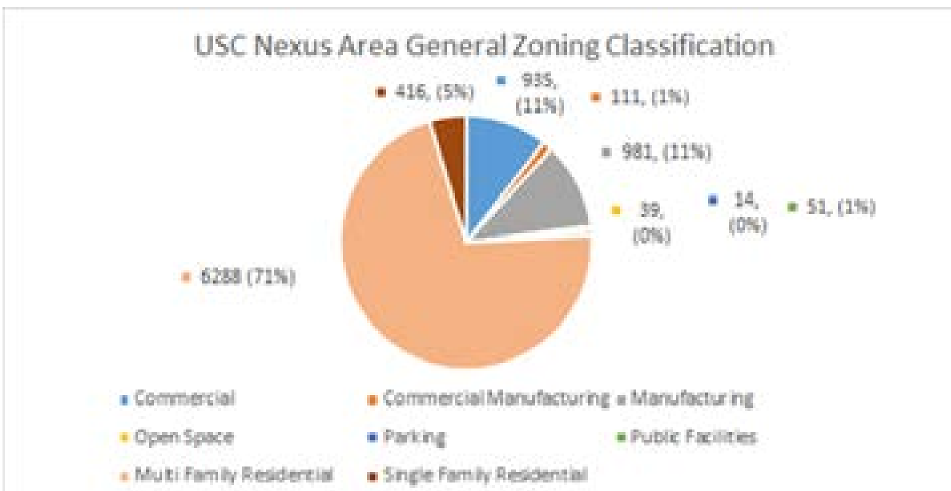
Figure 23: USC Nexus Zoning (March 2021)

Zoning Classification

Utilizing the City of Los Angeles's mapping platform Zone Information and Map Access System (ZIMAS)'s Zoning legend and the Department of City Planning classifications, we were able to categorize the zoning classifica-

tion of the USC Nexus Area into the following categories: Single Family Residential (5%) , Multi Family Residential (71%), Commercial(11%), Commercial Manufacturing(1%), Public Facilities (<1%), Parking <1%), Manufacturing (11%) and Open Space (<1%). Over 76% of the total parcels of the area are zoned for residential, however, of that percentage only 5% is zoned for Single Family Residential and 71% is Multi Family
Residential. Figure 24 illustrates the breakdown of these zoning classification.

Figure 24: USC Nexus Area Zoning Classification



Ownership Characteristics

Using a methodology developed by SAJE outlined in depth via the endnotes we are able to classify the property owners of the area into six categories:

- Publicly Owned: 4% (354 parcels)[31]
- Individually: 55% (4,840)[32]
- Trust Owned: 18% (1,638)
- Limited Liability Corporation Owned: 16%(1,384)

Partner: 2% (223)
Other Corporation: 5%(434)[33] Including entities such as the University of Southern California.

Figure 25: Ownership Types in the USC Nexus Area

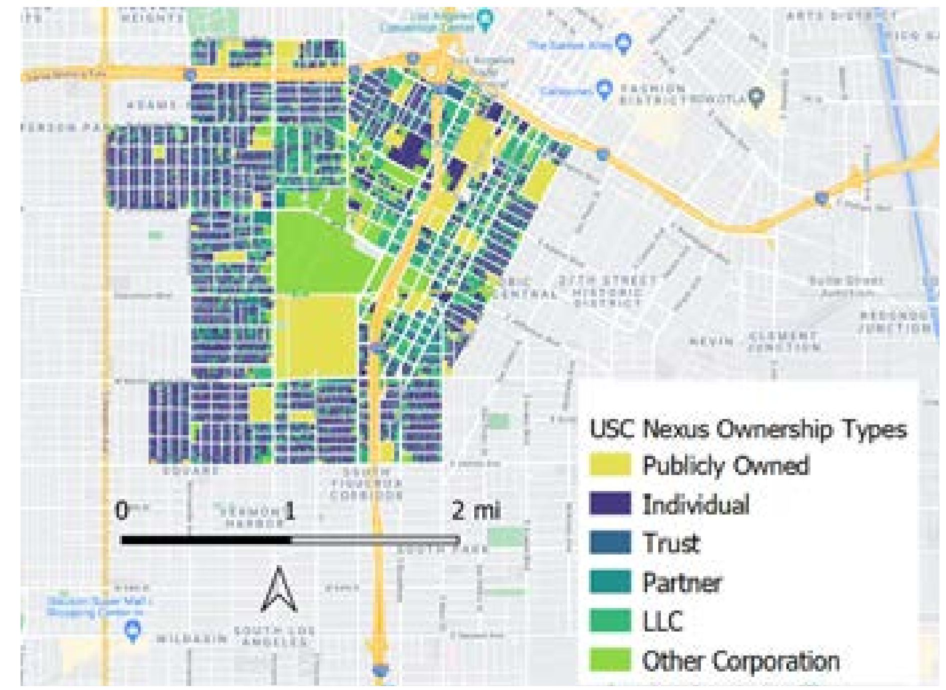
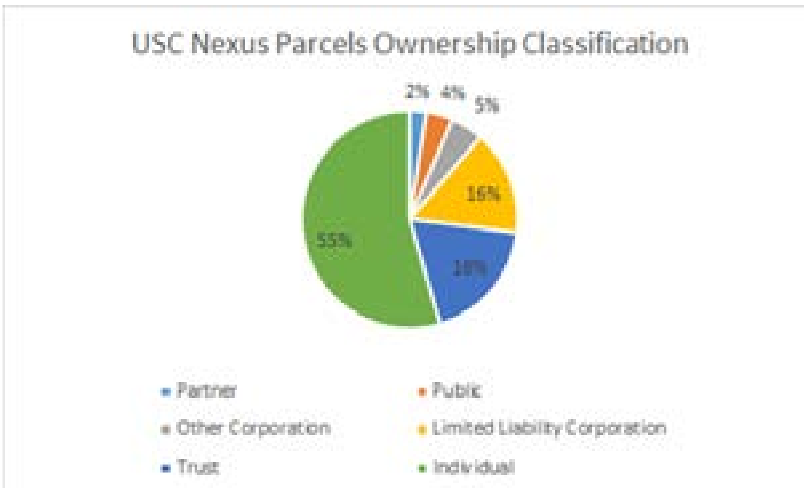


Figure 26: Ownership Entity Classification for parcels in the USC Nexus Area



Top 10 Property Owners

Our interest was to identify who owns most of the parcels in the USC Nexus Area. Since the location of the main University of Southern California Campus is within the area, it is no surprise USC is one of the top owners. Figure 27 is a list of the top ten property owners (of Parcels) based on "name" and "address" in which their businesses are registered.

Figure 27: City Map of Top Owners in the USC Nexus Area

Top owners include:

- LAUSD (170): Largest School District in California. Parcel list for the USC Nexus Area includes Santee Educational Complex.
- USC (130). The University of Southern California owns approximately 130 parcels in the USC Nexus Area including the main University Park Campus, USC Village, parking structures, administrative offices and offsite student housing.
- Los Angeles City (59): The City of Los Angeles owns multiple parcels including vacant lots, public recreation centers, facility centers and other operational properties. This category includes properties associated with entities of the city including the entity formerly known as the Community Redevelopment Agency (CRA).
- Tenenblatt Partnership (48): The Tenenblatt Partnership (Corpo-

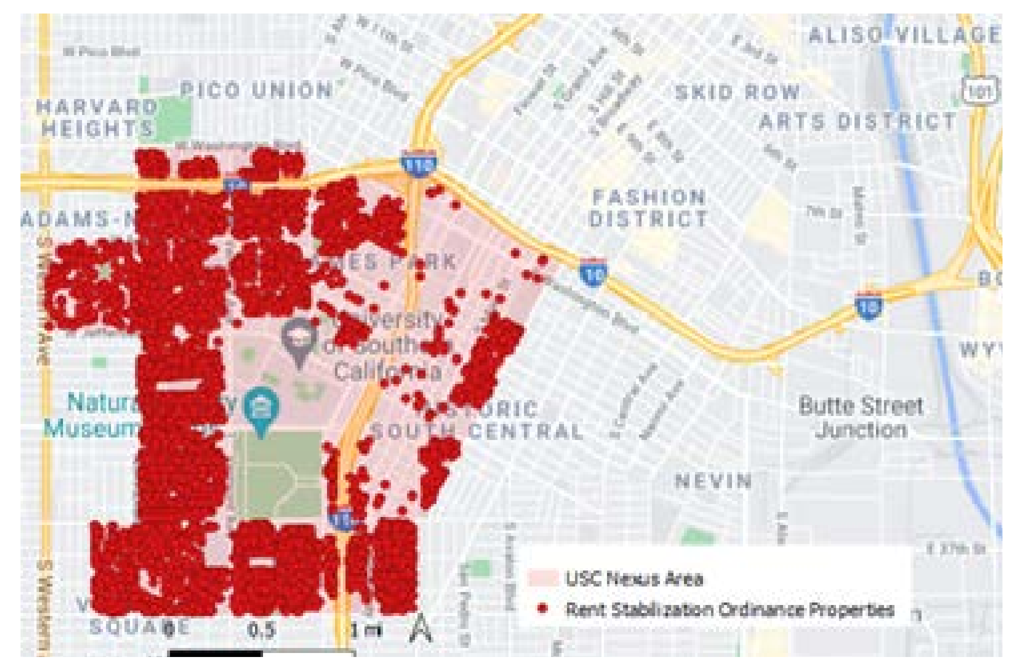
ration) is a corporation that specializes in Textile Manufacturing. They own and manage multiple industrial properties in South Los Angeles and East Los Angeles. Owners are William and Anne Tenneblatt.

- LA City Community College District (45): LACCD parcels in the USC Nexus are largely made up of Los Angeles Trade Tech Technical College.
- State of California (41): State of California owns and operates most parts of Exposition Park including the recreational areas, parking lots and the outside facilities of the many museums within Exposition Park.
- LA County Metropolitan Transit Authority (Metro) (17): The Assessor database identifies Metro stops within the USC Nexus Area as parcels, even though they are not identified on the map (figure 27). Metro owns 17 parcels of Metro Right of way property including the train stations.
- World Impact (16): A Christian Mission Organization, World Impact owns multiple parcels used for religious purposes and they also own multiple multi-family housing structures throughout Los Angeles.
- SGRE FIG and Flower Investors 1 LLC(16): Based in Irvine, SGRE is in the stages of developing parcels located on Figueroa and 39th street into a Hotel, Student Housing and Mixed Income Housing.
- Fernando Salcedo and Carmen Salcedo Family Trust (15): Based in Beverly Hills, the Salcedo Family Trust owns and manages over 30 properties throughout Los Angeles. A majority of their holdings are located within the USC Nexus area and are Rent Stabilized units. While unable to locate State of California Corporation documents, this entity is registered with the City of Los Angeles as a real estate lessor.

Residential Properties Classified

A Rent Stabilized Ordinance eligible property (RSO) is a residential property with two or more units and received a certificate of occupancy before October 1st, 1978 and or a unit that replaced a demolished RSO unit and was constructed after July 15th, 2007. Most commonly referred to as Rent Control units, RSO units are often the most affordable units in a community and house long-standing community members in a neighborhood. Living in an RSO unit allows tenants to have additional protections against evictions and a code enforcement process for the City of Los Angeles that does not apply to non-RSO units. Pulling publicly accessible data from the Housing and Community Investment Department of the City of Los Angeles (HCIDLA) Rent Stabilization Ordinance database, As of May 2021, we classified approximately 3,820 residential units under the City of LA City Rent Stabilization ordinance. **This number of Residential units is over 50% of the total 6,704 parcels zoned for residential.**

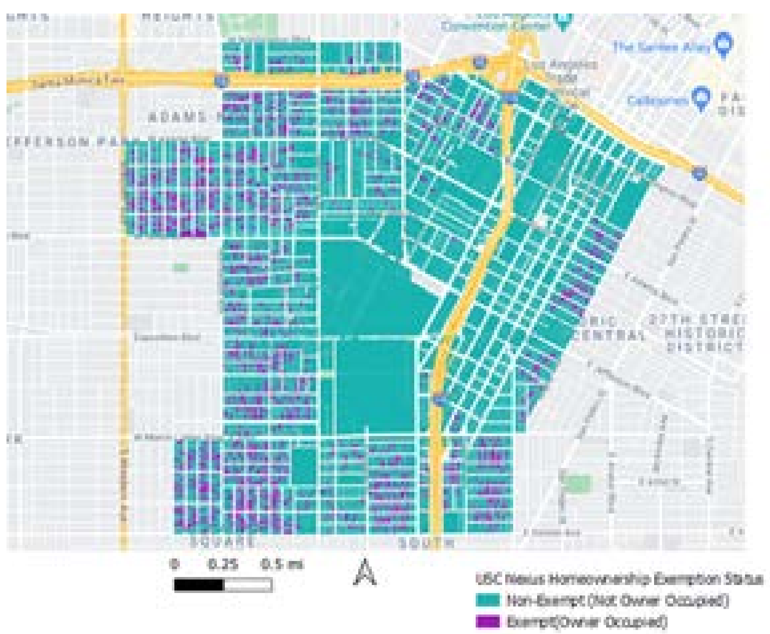
Figure 28: City of LA RSO Properties in USC Nexus Study Area



Home Ownership Exemption

The County Assessor gives property owners the opportunity to self declare an exemption of $7,000 on their taxes at the end of each calendar year. This exemption applies to owners who wish to claim exemptions on property taxes for primary residence properties. A primary residence is the place where the occupant is registered to vote, for example. Pulling data from the Assessor's roll requested in March 2021, we can determine that there are 1,970 units in which a property owner claims to use the specific property as a primary residence. This number accounts for **less than 22% of the total number of parcels in the USC Nexus Area**. We can therefore determine that the USC Nexus Area is not primarily owner-occupied.

Figure 29: Map of Ownership-Exemptions in USC Nexus Area



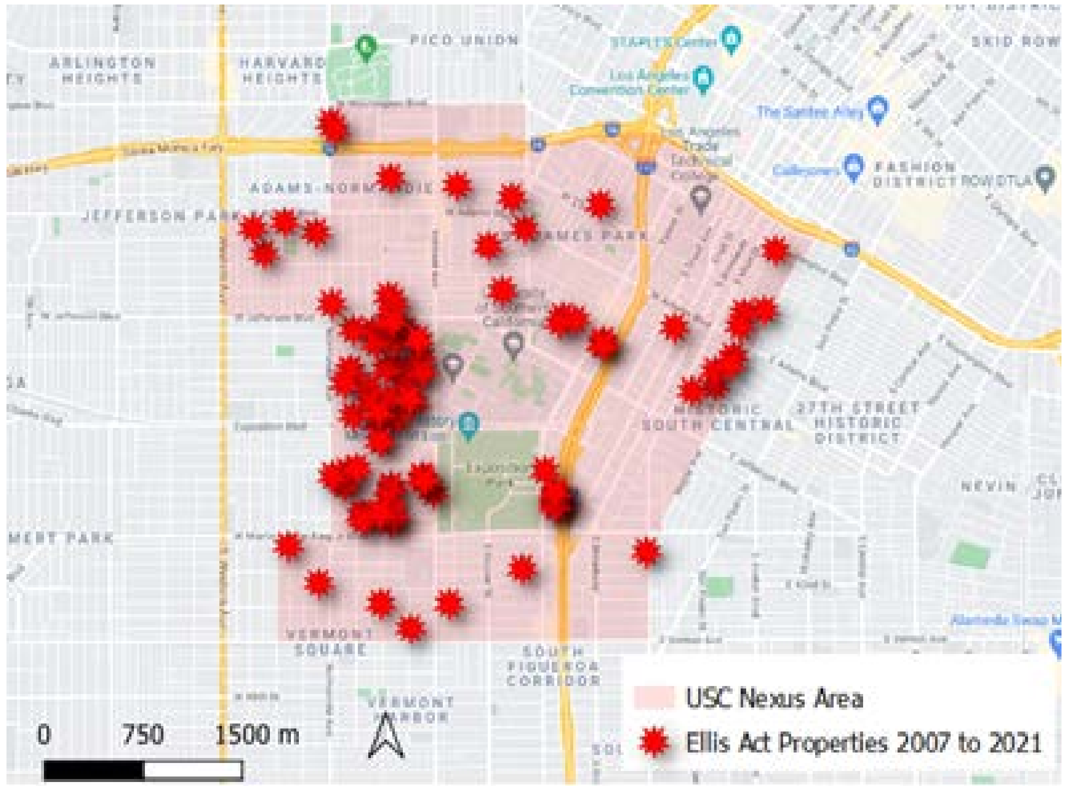
Displacement Trends in the USC Nexus Area

Ellis Act Evictions

A property owner can legally remove a rental property from the market and evict tenants under California's "Ellis Act." Property owners that chose to remove tenants must provide them with notification. Depending on the type of tenancy and the length of time a tenant has occupied the unit, the City of LA calculates a "Buy-Out" sum. An Ellis property is a loss to the makeup of a community because it allows landlords to evict tenants without cause. Advocates, including SAJE, are trying to reform or abolish the Ellis Act because of its tremendous impact on displacement in a neighborhood.

The City of LA passed COVID-19 emergency orders in 2020. Per those orders, Ellis Act evictions are illegal as long as the eviction moratorium stands. However, as we will demonstrate below, a landlord can still file an Ellis Act Application.

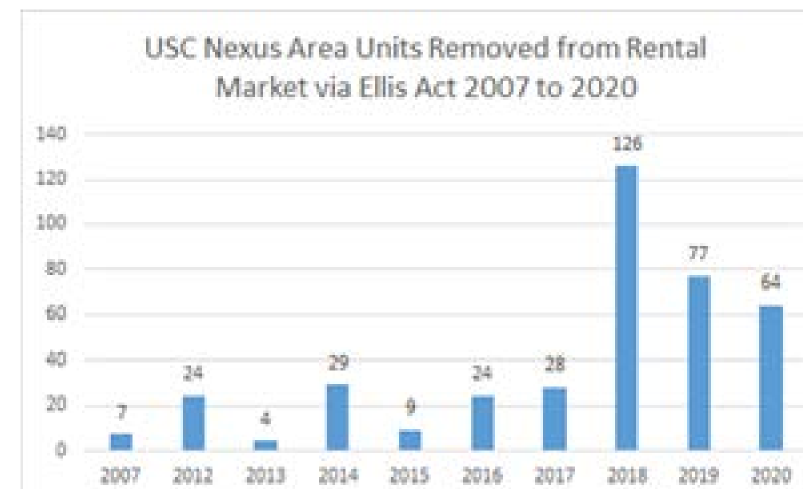
Figure 30: Map of Ellis Act Evictions in the USC Nexus Area 2007- 2021



From 2007 to 2020, there were 99 properties removed from the rental market under the Ellis Act for a total of 392 units removed during those 13 years. Over 30% of the units removed from 2007-2020, were done in the year 2018 and almost 70% of the units were removed in the last three years. Despite the Tenant Protections that the City of Los Angeles passed at the onset of the COVID-19 crisis in March of 2020, there were still over 64 units removed from the rental market in 2020. While still an alarming number, this is significantly lower than the 126 units removed in 2018. This demonstrates that the COVID-19 tenant protections, such as limiting Ellis Evictions during an emergency order, are crucial to protect RSO housing that would otherwise be at risk.

Various factors could have contributed to the removal of these rental units from the USC Nexus Area. A concentration of the properties removed under the Ellis Act is adjacent to the USC campus, as seen in the above map there is a particular concentration west of the campus. Proximity to the University and other amenities gives property owners incentives to remove existing RSO units, demolish and build new market-rate housing or student housing.

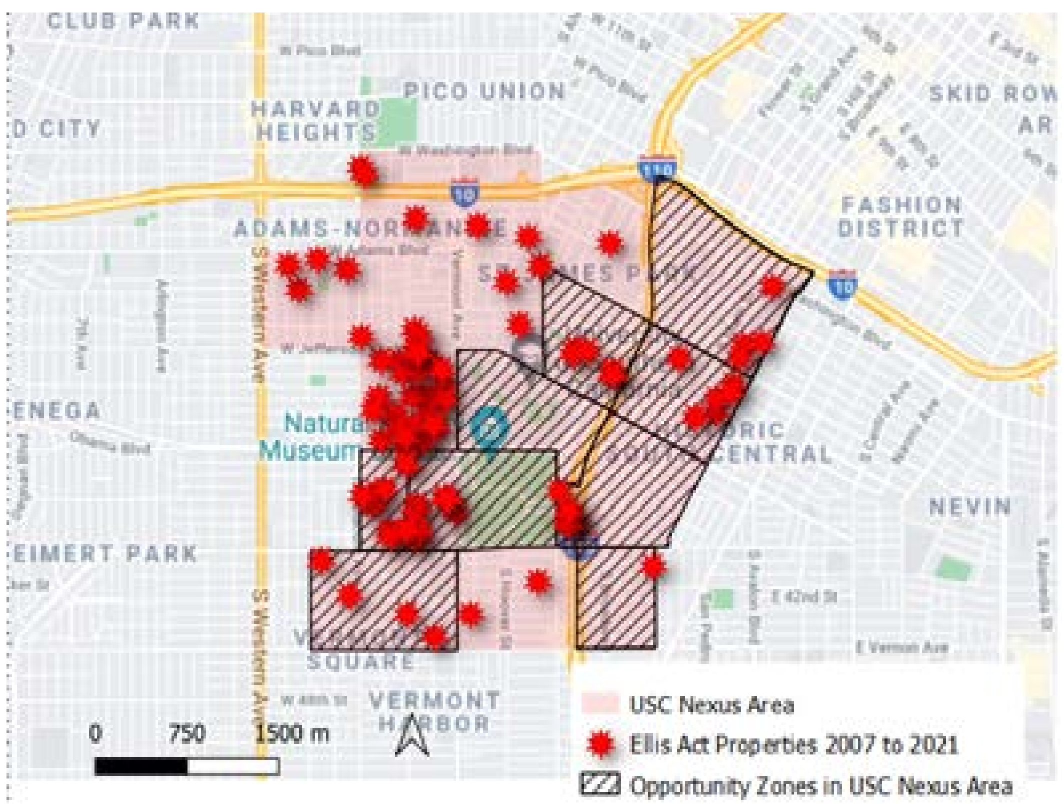
Figure 31: Units Removed from the Rental Market Per Year (2007-2020)



Opportunity Zones as Displacement Zones in the USC Nexus Area

In addition to reviewing Ellis Act evictions, we also looked at Federally Designated Opportunity Zone Census tracts as additional incentives for an owner. Opportunity zones allow a speculative investor to demolish existing RSO units and build new projects that would provide tax benefits to them. A 2019 SAJE report, titled "Displacement Zones: How Opportunity Zones Turn Communities into Tax Shelters for the Rich" describes how the 2017 Tax Cuts and Jobs Acts setup the Opportunity Zones program as a way for investors to benefit from huge tax breaks while they speculate at the expense of vulnerable communities. Essentially, Opportunity Zones were designated without community input, target vulnerable communities such as South LA, and further expose such communities to more displacement risk. Almost half of the USC Nexus Study Area comprises census tracts designated as Opportunity Zones as outlined in the map below. Many of the Ellis Evictions are in these zones, too. While our research did not dive deep into the current development that is replacing these RSO properties, based on their location and proximity to the University, Exposition Park, the new Los Angeles Football Club many development projects taking place in the USC Nexus is in anticipation of the 2028 Olympics.

Figure 32: Map of Opportunity Zones in the USC Nexus Area



Zoning Classification

March 2021 Assessor data yielded 22,846 parcels in the Slauson Corridor as areas of interest. The following is the categorization in order of percentages of these parcels:

Figure 33: Slauson Corridor Zoning

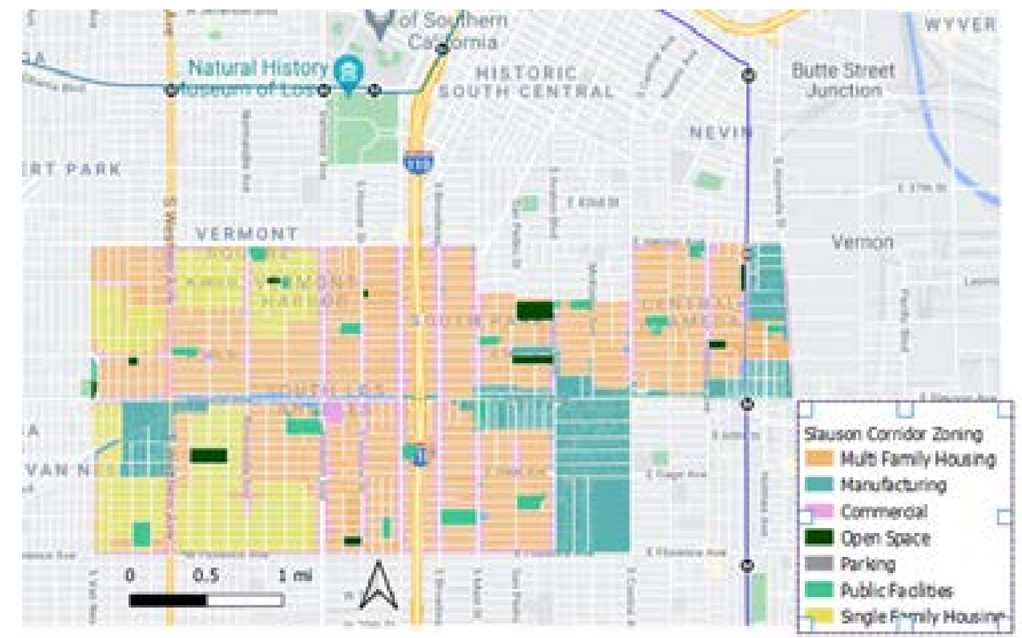
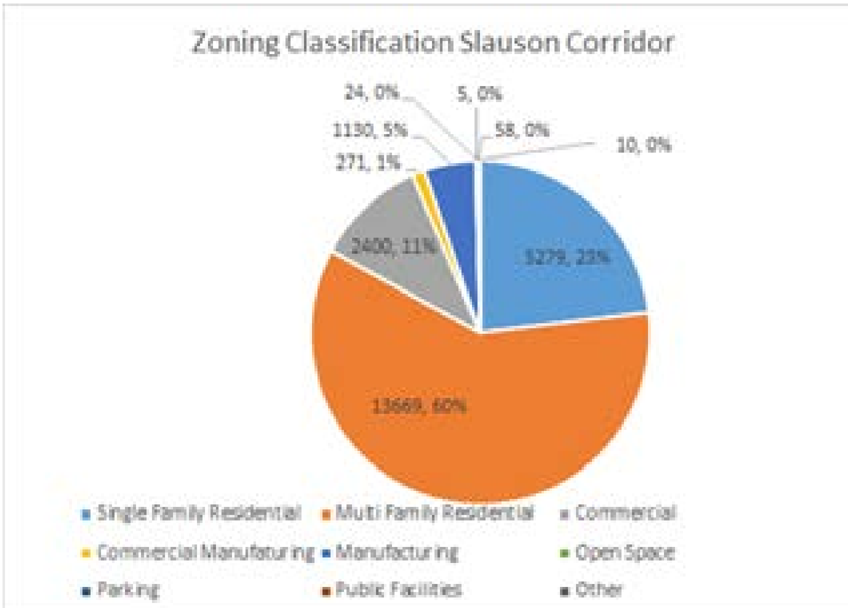


Figure 34: Zoning Classification of the Slauson Corridor



- Multi Family Housing- 60% (13,669),
- Single Family Residential- 23% (5,279),
- Commercial- 11% (2400),
- Manufacturing- 5% (1130)
- Commercial Manufacturing- Less than 1% (271),
- Public Facilities- Less than 1% (58),
- Open Space- less than 1% (24),
- Parking- (5)
- Other(10) (<0%)

Based on parcels, multifamily residential housing comprises the majority of the parcels at 60% of the total, followed by single family residential homes at 23%. Together housing makes up 83% of the total parcels. This complements data that many of the residents in the area are indeed renters, and face issues

of displacement and gentrification, especially in the time of COVID-19 crisis. Commercial parcels make up 11% of the total parcels, signaling potential and need for further commercial development that meets the needs of community residents.

Data on Businesses in the Slauson Corridor

Below we present data related to commercial and business development along the Slauson Corridor. In addition to presenting the types of ownership, we also provide the top ten owners in the area.

Figure 35: Types of Commercial Ownership Along the Slauson Corridor

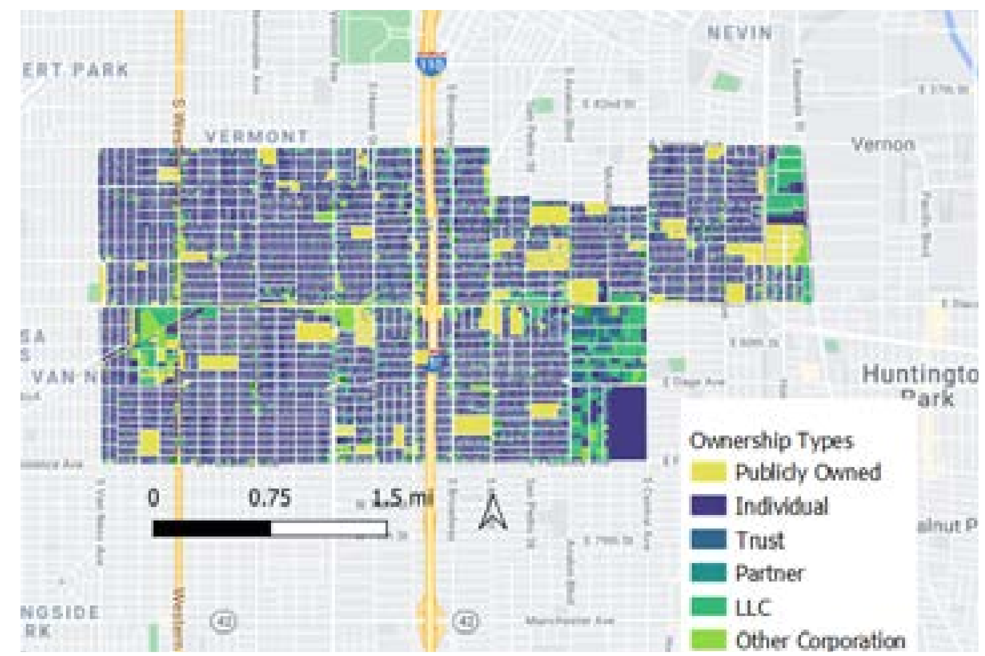
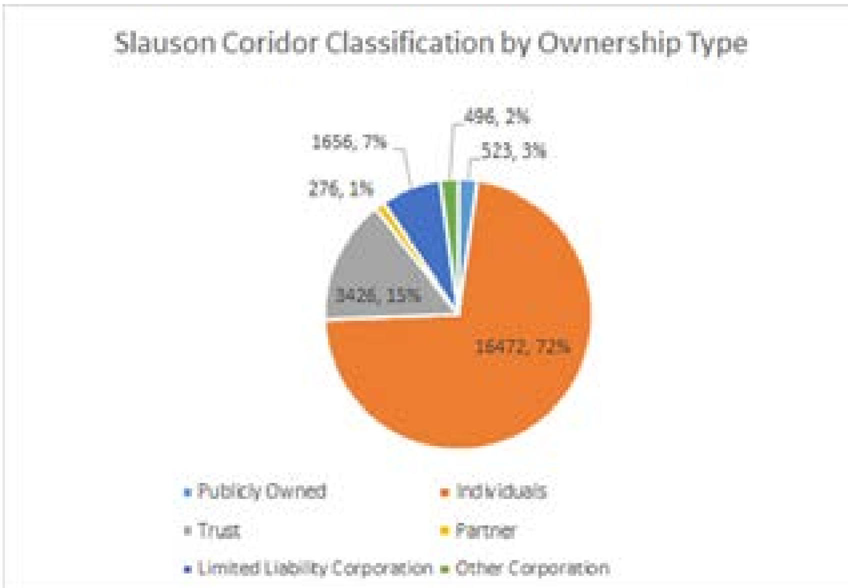


Figure 36: Classification of Ownership Type Along the Slauson Corridor



In order of percentages:

- Individual 72%, This high percentage is a number
- Trust-15%
- Limited Liability Corporation (LCC)-7%
- Publicly Owned-2%, this parcel percentage is very small considering the large amount of census tracts in the area.
- Other Corporation-2%
- Partner -1%

As seen in the figure 36 above. A majority of the parcels in the Slauson Corridor area are owned by Individuals at 72% of the total. This is then followed by trusts at 15% and then LLC's at 7%. As we will discuss the just recovery section of this report, continued support is especially needed for small business owners and owners of color.

Figure 37: Map of Top Property Owners in the Slauson Corridor

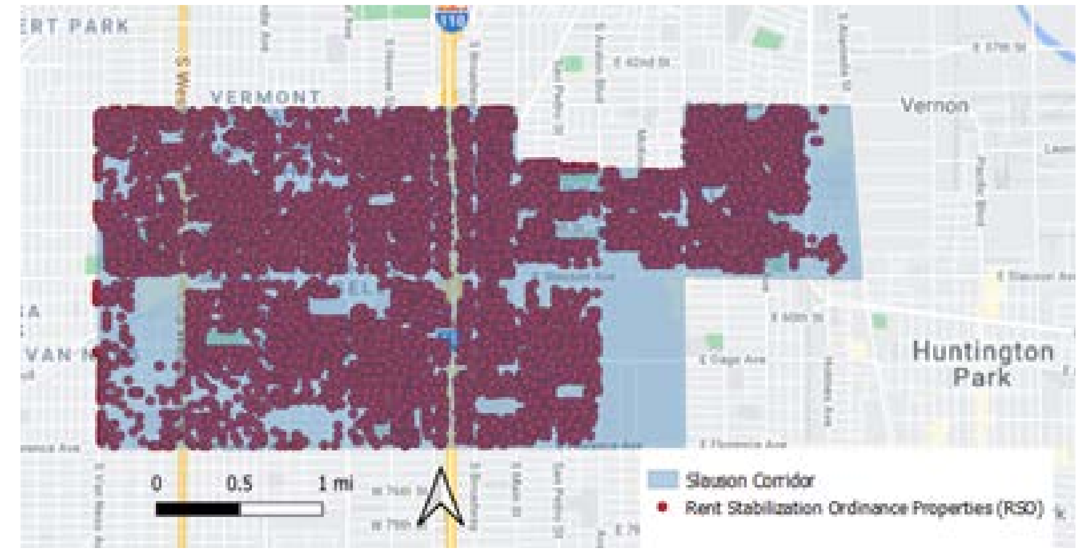
Top 10 Property Owners in the Slauson Corridor

- LAUSD (347): Largest School District in California. This parcel list includes multiple schools in the Slauson Corridor.
- City of Los Angeles (99): The city owns multiple parcels including vacant lots, public recreation centers, facility centers and other operational properties. This category includes properties associated with entities of the City of LA including the LA Department of Water and Power.
- Invitation Homes (41): A Texas based corporation with over 2000 properties in Los Angeles County including mostly single family homes.
- Ocean Development Inc. (49): Huntington Beach based real estate investor and property management company with a growing portfolio in South Los Angeles. They purchased a majority of their

49 properties along the Slauson Corridor in 2020.

- LACMTA (LA Metro) (65): Los Angeles County Metropolitan Authority (LA Metro) owns multiple parcels in the area used for Metro right-of-way. These parcels also include the Slauson Corridor Rail to River planned route which is currently a non-operating train track.
- Archdiocese of Los Angeles (40): Faith based property owner, with over 1000 properties in Los Angeles including multiple churches and school based sites in the Slauson Corridor.
- CD Asset Company (48): Laguna Beach Based real estate company with over 100 properties including single family homes throughout Los Angeles.
- SOLA (33): Also known as SOLA Rentals or SOLA Impact. South Los Angeles based, real estate management company, Opportunity Zone investor with over 160 properties across South Los Angeles.
- Monark LP (31): Real Estate management company based out of Gardena. Own approximately 30 parcels through LA and Hawthorne.
- L and B Real Estate (20): Real estate investor and property owner in Los Angeles, with over 240 properties in LA County. Properties include single family homes and rent control units. Also known as "William Little".

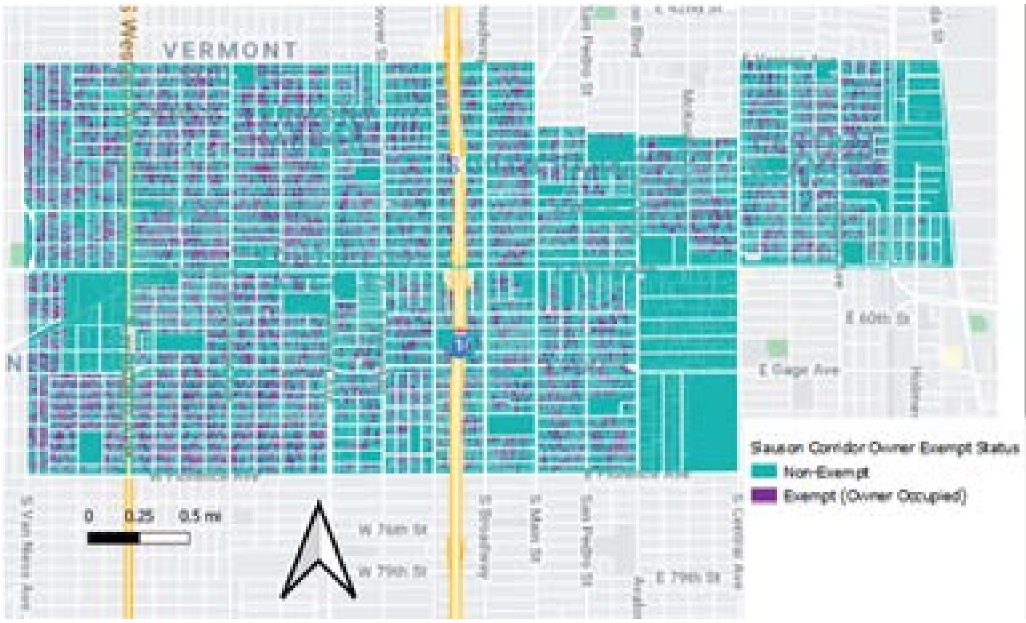
Figure 38: Rent Stabilized Properties in the Slauson Corridor



As of May 2021, according to the HCIDLA dashboard, there are 7,721 RSO properties in the Slauson Corridor. Of the 13,669 parcels zoned for multifamily residential in the Slauson Corridor, 56% are RSO properties. This number indicates a high renter population in the area and demonstrates much-needed advocacy and tenant protections.

Home Ownership Exemptionrty Owners in the Slauson Corridor

Figure 39: Property Exemption Status Along the Slauson Corridor

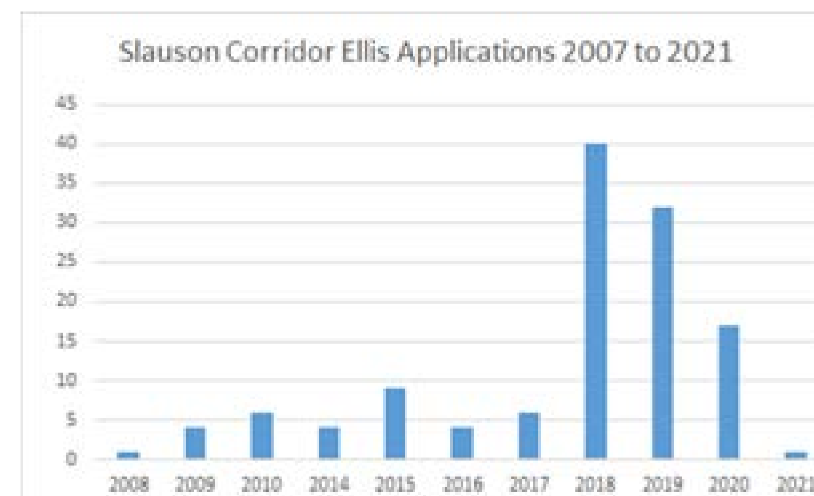


Slauson Corridor Home Ownership Exemption Percentage is 30% (USC was about 21%) this number indicates that property owners in the corridor are more likely to live in their property compared to the USC Nexus Area.

Displacement Trends - Ellis Act Evictions

Figure 40: Map of Slauson Corridor - Ellis Act Properties (2007-2021)

Figure 41: Ellis Act Applications Along the Slauson Corridor (2007- 2021)



From 2007 to 2021, there were 51 Rent Stabilization properties for a total of 124 units removed from the rental market, according to HCIDLA. Similar to the USC Nexus area, the number of RSO properties withdrawn from the housing market was significantly higher in 2018 and 2019. In 2020 and 2021, the number decreased partly due to the Los Angeles city council motion prohibiting Ellis Act Evictions during the COVID-19 Emergency Order.

Opportunity Zones Overlay

There are five Opportunity Zone census tracts in the Slauson Corridor as shown in Figure 40. Once we overlaid the Opportunity Zones in the Slauson Corridor area, we found that the opportunity zones border sections of the census tracts (adjacent to Crenshaw and closer to Florence-Firestone's boundaries, an industrial corridor). While some Ellis Act Evictions are in these zones, the number is not as high as in the USC Nexus Area. However, further, in our research, we analyze our concerns with opportunity zones as it relates to small businesses in the area.

Appendix

Appendix 1: Memo to Los Angeles Mayor's Office, 2021

T.R.U.S.T. SOUTH LA

To: Claudia Monterrosa, Chief Housing Officer, Mayor's Office, City of LA
Elizabeth Selby, Director of Housing Innovation, Mayor's Office, City of LA

From: Diana Jimenez, CLT Program Manager
Oscar Monge, Associate Director/Community Development Director
T.R.U.S.T. South LA

Date: 24 May 2021
RE: USC Community Benefits Agreement Implementation

Background

In 2012, the UNIDAD (United Neighbors in Defense Against Displacement) Coalition worked closely with the City of Los Angeles as the City negotiated a Community Benefits Agreement for the South LA neighborhoods adjacent to University of Southern California (USC). The resulting benefits -- which were crafted based on years of the Coalition's community organizing and engagement to challenge displacement of lower-income households -- included job training, local hire, and a $15-20M affordable housing fund. The first $10M of the housing benefits were paid by USC to the City in 2013, with $5M scheduled for payment in 2023, and, provided that USC is not providing on-campus housing to 70% of their undergraduate students, an additional $5M will be paid by the University in 2033.[1]

Despite UNIDAD's engagement in generating the conditions and proposals that led to the University's agreement to provide the Affordable Housing Community Benefits, the City engaged in a lengthy Request for Information process, a subsequent study by consultant Estolano and Associates, and an RFP process that resulted in a contract with Genesis LA to administer an initial $5.6M as a Housing Preservation Fund -- a process that has taken the City over eight years. T.R.U.S.T. South LA, a core member of the UNIDAD Coalition, participated actively in each stage of the process, but was unsuccessful in encouraging the City to act more expediently. Unfortunately, during this time period, the per unit acquisition cost in the small and medium multifamily buildings within the USC Nexus Study Area, where the funds are mandated to be expended, have increased over 80%, substantially reducing the value and benefit of the hard-earned funds. For the estimated 40 units, this translates into additional acquisition costs of $3.77 million. Adding lost interest earnings of $405,015 since 2013, the delay in USC funds has cost the project an additional $4.18 million.[2] The delayed implementation of the

[1] USC Development Agreement (pg. 16): https://planning.lacity.org/eir/USC/SpecificPlans/USC%20Development%20Agreement%20(as%20approved%20by%20City%20Council).pdf
[2] In South Central LA, the median per unit acquisition price in the area has risen 82% (from $113,638 to $208,000) from 2013 to 2019. For the estimated 40 units, this translates into additional acquisition costs of $3.77 million.

anti-displacement mechanism via naturally affordable housing acquisition puts the South Central USC Nexus neighborhoods in urgent need of stabilization.

Opportunities, Challenges and Recommendations

T.R.U.S.T. South LA has been advancing efforts to acquire, rehabilitate and stabilize NOAH properties as permanently-affordable housing, based on T.R.U.S.T.'s Community Mosaic housing preservation model. In November 2020, the Los Angeles Community Land T.R.U.S.T. Coalition also secured a $14 million grant award from the LA County Board of Supervisors, to enable five established community land trusts to acquire buildings across the five supervisorial districts.[3] Given T.R.U.S.T. South LA's unique positioning to access both the availability of CBA/Genesis LA funding, the T.R.U.S.T. team moved rapidly to search for properties within the USC Nexus Area, with a goal of enabling swift deployment of funds that had been paused for years. However, efforts to purchase an initial property - 4315 S Hoover - have revealed multiple challenges rooted in the structure and requirements of the USC Affordable Housing Preservation Fund being administered by Genesis LA. **These issues are detailed below, *with solutions and requests from the City of LA are proposed in italics*:**

- Community ownership and access to affordable housing in the USC Nexus Area continues to decline as corporate investors displace long term residents in favor of student housing or unaffordable uses. As one example, over 70% of the 99 units removed under the Ellis Act in the USC Nexus Area were removed in the past three years[4], demonstrating rapid displacement in the region. The lack of stability is exacerbated by the recent figure obtained by our partners at SAJE: only 30% of residential sites within the USC Nexus Area are owner occupied, with corporate investors and institutions like USC comprising the top 10 property owners.

  Recommended Actions:

  - *In order for the NOAH program to function at an effective pace to combat real-time displacement, we urge City of LA agencies to actively collaborate with T.R.U.S.T. South LA to streamline implementation of the CBA funding*
  - *Structure could be similar to the LA County Pilot Program process, in which HCIDLA could join a short weekly closing calls with the land trust, Genesis LA, and the LACDA team to streamline communication and progress on requirements across agencies*

(Analysis completed in 2019 by CTY Housing, Inc. for T.R.U.S.T. South LA Community Mosaic Business Plan, implementing USC CBA funding)

[3] http://file.lacounty.gov/SDSInter/bos/supdocs/150370.pdf

[4] https://www.unidad-la.org/wp-content/uploads/2020/08/UNIDAD-letter-re-Bethune-site-and-COVID-3.pdf

- The original 1-1 debt service ratio based on a $150k/unit financial model in 2013 is no longer a reality, leaving a financing gap of approximately one third of the total acquisition and rehab cost for any NOAH property within the USC Nexus Study Area

  Recommended Actions:

  - *T.R.U.S.T. South LA work alongside HCIDLA and Genesis LA to update the regulatory agreement and financial model to make the necessary adjustments in response to present real estate market prices, acquisition and implementation that have arisen during the years-long delay in fund disbursement*
  - *Adjust the ratio of USC funding to Genesis LA funding from the current 1:1, work alongside Genesis LA and T.R.U.S.T. South LA to craft a ratio that ensures project feasibility by lowering the need to secure a large sum from a third subsidy source, which will continue to delay or even stop program implementation*

- In 2018, the City Council approved a $2M transfer of the $10M the City of LA received as part of the Development Agreement with USC for the NOAH loan program[5]

  Recommended Actions:

  - *This funding was utilized to create a citywide NOAH loan pilot program with a portion later awarded in a Koreatown building. Given the requirement that the USC Affordable Housing Community Benefits be spent within the USC Nexus Area, we suggest that these funds be returned to implement the NOAH program in the USC Nexus Area, meeting the funding needs to purchase properties in the region*

- The regulatory agreement specifically restricts cooperative ownership of properties acquired with the CBA funding, removing access to a key tool that could provide stability and wealth-building opportunities to the multifamily residents of the USC Nexus Study Area who might benefit from this program

  Recommended Actions:

  - *T.R.U.S.T. South LA proposes a working group similar to the LA County CLT Acquisition/Rehabilitation Pilot Program group to revisit regulatory agreement language, given that the community organizations and members who advocated for the Community Benefits Agreement were not part of the original draft agreement process*

- As stated earlier, based on extraordinary delays by the City, the purchasing power of the $5.6M allocated to the Affordable Housing Preservation Fund has been reduced in value by $3.77M through increased acquisition costs since 2013, when the City received the first tranche of CBA funding from USC. Adding lost interest the total cost in delayed funds is **$4.18 million.**

[5] CF 12-0968-S4 recommending $2M transfer
https://cityclerk.lacity.org/CouncilAgenda/Mobile/ItemView.aspx?agendaitemid=69212&meetingid=5056

Recommended Actions:

- *The City should identify resources to supplement the fund with $4.18M, in order to make whole the funds that were successfully advocated for by the UNIDAD Coalition and the many community organizations and residents which the Coalition represents.*
- *In an effort to avoid a repeat of this process, the City might consider a more expeditious approach to the second tranche of funds -- $5M which is due to be paid by USC in 2023.*

Challenges with 4315 S. Hoover --First NOAH Acquisition Attempt (Spring 2021)
In March 2021, T.R.U.S.T. South LA submitted an offer of $1.45M to purchase a six unit apartment complex of two to three bedrooms where decades-long South Central community members reside. Genesis LA, RNLA, and LACDA team members began to meet regularly once the property came into escrow to ensure all requirements for acquisition and fund disbursement were met.

Genesis LA began and executed their internal board approval process and immediately communicated the acquisition with HCIDLA staff. Although we completed all required inspections ahead of our contingency deadlines, HCIDLA confirmed a couple of days before our contingencies deadlines, and with no prior notice, that we need a full ADA review and plan approval process requirements and timeline--necessary **before closing**.

T.R.U.S.T. South LA is negotiating the extension of contingencies and escrow for 4315 S Hoover given this requirement is likely unchanging. We kindly request your team's support in collaborating with T.R.U.S.T. South LA to ensure the CBA implementation is effective and timely to truly execute this anti-displacement mechanism.

Acquisition Challenges

- HCIDLA requires a full CASp report with building plans to be submitted to LA Building and Safety, be routed to their AChP unit for approval, before closing (a process that can take 3+ months), and assurance that the budget is sufficient for the rehab requirements.
- Escrow periods are typically <60 days, the elongated timeline does not align with any feasible transaction in the market, and is in direct contradiction to the objective of removing buildings from the speculative market which are selling to investors in under a month (as demonstrated by our property search where buildings leave the market in 2-3 weeks after listing).

- This requires hiring of an architect, CASp consultant, engineer and general contractor before closing which is prohibitively expensive and the CBA does not disburse funding prior to closing for these costs.
- We understand the need for a budget that covers real costs of rehab for accessibility, but this request can be completed from estimates prior to closing with the CASp consultant and GC without the need to undergo the entire approval process with LADBS.
- There is no agreement that the rehab can be done after a current resident moves out, at first vacancy, leaving at least one and possibly two households to be displaced for ADA rehab.
- Our team will be submitting plans for city approval without being the owners of the property, posing further confusion and review could be stalled if there is no alignment or communication across agencies about this requirement.
- If the seller accepts our three-month extension but the city's approval process takes longer than three-months, the seller has the right to cancel and T.R.U.S.T. South LA would lose our deposit of $15,000, as well as pre development expenses

Given the aforementioned challenges and recommendations T.R.U.S.T. South LA requests the engagement of HCIDLA and partner City agencies in implementing the CBA funding via a more collaborative and communicative partnership. We are thankful for your support in streamlining this long awaited and hard fought funding that is meant to stabilize one of the city's long-standing affordable working class neighborhoods that contends with displacement daily. We look forward to your response.

Contact Information
For additional information, please contact Diana Jimenez, CLT Project Manager and Oscar Monge, Associate Director of T.R.U.S.T. South LA via email at diana@trustsouthla.org and oscar@trustsouthla.org or phone via 323-233-4118.

Endnotes

1. The Climate Justice Alliance defines "just recovery" as a response, recovery, and rebuilding effort in the face of natural disasters and pandemics, pri oritizing the protection of the most marginalized and those most im pacted by these climate and health catastrophes. "Just recovery" is also part of a just-transition economic framework. https://climatejusticealli ance.org/just-recovery/

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31. It includes parcels owned by the City of Los Angeles, LA Unified School District and other public agencies.

32. This number represents the highest amount of ownership for the area.

33. Including entities such as the University of Southern California.