

COUNTY OF LOS ANGELES  
GENERAL PLAN  
ECONOMIC DEVELOPMENT ELEMENT

# ECONOMIC DEVELOPMENT ELEMENT

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INTRODUCTION

The Economic Development Element is directly concerned with the opportunities available to people in terms of jobs and income. Our human resources are the most important resource we have, and the County's ability to meet the challenge of improving our communities is dependent upon the greatest possible use of this resource.

This Element sets forth policy recommendations for an economic development strategy for Los Angeles County. In particular, the Element addresses two major concerns: a) meeting the needs of people in preparing for and finding jobs; and, b) establishing the proper preconditions for maintaining and attracting new job opportunities.

## BACKGROUND

Economic growth in Los Angeles County over the past three decades has been impressive. The County has become one of the largest, most economically advanced counties in the United States. Los Angeles County has 33 percent of the population of California, 34 percent of the personal income, 36 percent of the gross output, and 39 percent of the wage and salary workers. On an international scale, Los Angeles County would rank 19th among all nations in terms of gross product.(1)

The residents of Los Angeles County enjoy a high standard of living. Per capita personal income in the County in 1980 was \$11,739 compared to \$11,077 in California and \$9,480 in the United States. Hourly wages in the County are higher than state and national hourly wages and median family income is also higher. The Consumer Price Index in the County has historically been lower than in most major urban areas, though in recent months it has been approaching and often equals the national average.

These statistics indicate that, while the County economy is still strong, signs of strain have appeared in some critical areas. Of particular concern is the greater increase in the cost of living in Los Angeles County than other major urban centers, primarily due to the increase in housing costs. The challenge facing Los Angeles is to foster continued economic growth and diversity while attaining the County's social and environmental objectives. While the County can look forward to a strong, vigorous economy, it must help to provide constructive solutions to a number of problems if it is to ensure adequate job opportunities for its residents.

Among these concerns are:

- Continuing high unemployment, especially among lower-skilled job seekers;
- Loss of local revenue base necessary to provide essential services, due to the passage of Proposition 13;

- Need to improve the fiscal and legislative climate for commerce and industry;
- Escalating cost of housing;
- Uncertain outlook on energy supplies;
- Depletion of industrial land reserve and growing deterioration of existing industrial space;
- Need for image enhancement programs to expand the County's share of business investment, tourism and international trade; and,
- Lack of coordination among local jurisdictions which compete for limited jobs and tax base.

The critical issues affecting the economic health of the County can be grouped into six categories, each of which is discussed in the following pages:

- Employment and Labor Force
- Industrial and Commercial Land and Space Requirements
- Legislation and Fiscal Policy
- Regional Image, Tourism and Foreign Trade
- Economic Development Program Coordination
- Energy, Environmental Quality, Housing, and Transportation

#### EMPLOYMENT AND LABOR FORCE

The most important area of concern is the County's high unemployment rate, which averaged more than 9 percent in 1976. According to monthly statistics, unemployment declined through 1979, but 218,000 people were still seeking work in January 1980. Job growth rates in the County in the mid-1970s lagged behind those of the State and the nation -- at a time when the County's labor force\* continued to grow. Between 1970 and 1975, the County's

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\*In the labor force are all those employed or seeking work. Jobs (or employment) are positions of employment in a particular area. Resident employment is a term that refers to workers living in an area who hold positions of employment there or elsewhere. The resident labor force consists of those members of the labor force who reside in the area. Unemployment is defined as the difference between resident labor force and resident employment. The labor force participation rate is the percentage of the population over 16 years which is in the labor force.

labor force grew by 189,000, yet the number of jobs increased by only 170,000 and resident employment increased by only 92,000.(3) In other words, the County was able to provide only one out of every two new members of the resident labor force with a job, and many jobs were filled by nonresidents.

Much of the increase in the labor force is due to the influx of young adults and women. The baby boom of the 1950s has now become a surge of young adults. As there are now more persons between the ages of 12 and 21 than in any other ten-year span, the next ten years will see a growing number of young adults entering the labor force. The labor force participation rate of women in the County, which was 45.6 percent in 1970, is expected to rise to 51.3 percent in 2000. More women are joining the labor force as a result of changes in attitudes toward themselves and their role in society, an increase in the number of divorced women, later marriages, and the need for a second income in many families.

The increase in the number of women and young adults in the labor force would add 122,000 people to the labor force in the next 25 years, even with no increase in the County's population. If the population increases by 859,000, more than 690,000 jobs must be added if the County is to achieve 5 percent unemployment by 2000 (see Projections, p. VII - 44).

#### Impacts of Unemployment

Hardest hit by unemployment are racial and ethnic minorities, women, and young adults (Table 7.1). In 1975, the rate of unemployment for young blacks in parts of Los Angeles was 40 percent, compared with an overall countywide rate of 9 percent. In 1978, teenagers made up 7 percent of the employed labor force nationwide, but 23 percent of the jobless.\* The impact on the

\*By 1980, while overall economic conditions have improved and the unemployment rate has declined, it is feared that the unemployment rate of these two groups has taken a turn for the worse.

TABLE 7.1

SHARE OF  
EMPLOYMENT AND UNEMPLOYMENT  
FOR DIFFERENT POPULATION GROUPS  
UNITED STATES  
1956 AND 1978

Population Group	1956	1956	1978	1978
	Percent of Employed	Percent of Unemployed	Percent of Employed	Percent of Unemployed
White Male	58%	42%	53%	45%
Black Male	6	11	6	11
White Female	26	23	36	34
Black Female	4	7	5	10
Teenagers	6	17	7	23

Source: U.S. Bureau of Labor Statistics.

young is even greater because of the gap between their expectations and the job opportunities actually available to them.

Racial and ethnic minorities hold a disproportionate share of jobs in blue-collar (craftsmen, operatives, and laborers) and service occupations. These two sectors suffered from the highest unemployment levels during the 1970s. Moreover, the number of blue-collar jobs has been growing at a slower pace than white-collar jobs, a trend that is expected to continue.

Unemployment is distributed unevenly throughout the County. In some communities in central Los Angeles, for example, unemployment rates are nearly twice the countywide average (Table 7.2). Communities with chronically high unemployment are also likely to have a large number of families with incomes below the poverty level (Figures 7.1 and 7.2). Public policy

TABLE 7.2

CITIES AND UNINCORPORATED PLACES  
WITH UNEMPLOYMENT RATES EXCEEDING THE COUNTY AVERAGE  
1970 AND 1980

Cities and Unincorporated Areas(U) (population of 2,500 or more)	1970		November, 1980*	
	Ratio to County Average	%	%	No. of Persons Unemployed
	<u>Unemployed</u>	<u>Unemployed</u>	<u>Unemployed</u>	<u>Unemployed</u>
Willowbrook (U)	1.9	13.9	14.6	1,794
Florence-Graham (U)	1.8	13.1	14.5	2,272
Compton	1.6	11.7	12.6	4,040
West Compton (U)	1.6	11.7	13.0	325
Westmont (U)	1.5	11.0	11.6	1,843
West Hollywood (U)	1.4	10.2	11.5	2,862
South San Jose Hills (U)	1.4	10.2	11.3	509
Bell Gardens	1.4	10.2	11.1	1,352
Hawaiian Gardens	1.4	10.2	10.9	355
East Compton (U)	1.4	10.2	9.7	473
Quartz Hill (U)	1.3	9.5	8.1	251
La Puente	1.3	9.5	10.0	1,369
Pomona	1.2	8.8	9.9	3,400
West Puente Valley (U)	1.2	8.8	9.4	824
Cudahy (U)	1.2	8.8	9.4	666
East Los Angeles (U)	1.2	8.8	9.3	3,886
Lawndale	1.2	8.8	9.0	1,124
Paramount	1.2	8.8	9.3	1,473
Los Angeles City	1.1	8.0	9.1	135,000
Los Angeles County	1.0	7.3	8.1	292,100

\* Los Angeles County Manpower Program Estimates.

Sources: State of California, Employment Development Department;  
Los Angeles County, Department of Personnel, Manpower  
Programs Division; Los Angeles City, Office of the  
Mayor, Training and Job Development.

related to improving job opportunities, training, and accessibility through public transit must be sensitive to those communities and the areas of greatest need.

#### Causes of Unemployment

Some would argue that joblessness would disappear if there were a surplus of jobs, and that public policy should focus mainly on encouraging employment growth. However, unemployment is not caused merely by a lack of jobs. For example, in 1980, there were more than enough jobs (3,596,000) in the County for all residents looking for work (3,592,000). Thus, unemployment in the County could theoretically be eliminated if all jobs were filled by residents. In a free market economy, though, boundaries of cities and counties are relatively unimportant in determining where people live and work, and many County residents are evidently unable to compete successfully against outsiders for work. In addition, Southern California and Los Angeles County employment is affected by the presence of undocumented aliens. However, lack of information on the size and characteristics of this segment of the County's population makes it difficult to determine their impact on the labor force and job opportunities.

#### Inadequate Skills

Racial and ethnic minorities, women and teenagers often lack the education, training, and experience to compete successfully for jobs. They are further impeded by a lack of positive self-image, economic status, and career management skills. Moreover, the progress these groups make in obtaining such skills, traits, etc. may be offset by a rise in the educational, skill, and experience requirements of high-technology jobs. Compared to white adult males, who dominate the more demanding and better paying occupations, minority workers have not noticeably improved their position.

Improved training and placement programs (particularly in the private sector where most of the jobs are) would help the unemployed receive instructions for jobs which will become available. Although there are some excellent institutional training programs, on-the-job training programs are more likely to succeed. On-the-job trainees are more likely to acquire skills that will be related to actual job requirements. Furthermore, private employers have a financial stake in seeing that their trainees quickly become productive workers.

#### Discrimination in Hiring

Discrimination also impedes minorities, women, teenagers and the disabled from finding work and is extremely demoralizing to those confronted by it. Discrimination not only reduces opportunities to obtain jobs, but may keep those who already have jobs from advancing to higher paying positions.

The County has an obligation under federal and State laws and its own ordinances to vigorously enforce affirmative action programs and to strengthen them where necessary. Job discrimination is unacceptable not only because it is immoral, but also because it misallocates and wastes precious human resources.

#### Lack of Information on Job Availability

Many jobs remain unfilled due to a lack of information. This is primarily a problem of low income groups. Affluent, well-educated individuals often find it difficult to learn of new job opportunities, but the poor or inexperienced job seeker may not even know where to begin the search. Although organizations, such as the Urban League, assist people in finding jobs and formal mechanisms have been established for employers to reach job seekers -- ads in newspapers and professional publications, employment agencies, and "headhunters" for top positions in large corporations -- many job openings are never advertised, and many of the unemployed do not know how to take advantage of those that are.

### Lack of Mobility

The poor, disabled, and minorities often lack the mobility to find steady employment. Racial discrimination, exclusionary zoning, and high housing costs may prevent them from living in neighborhoods close to job opportunities. They are often confined to deteriorating inner city areas, far from the industries that have moved to the suburbs where they are welcomed as a source of tax revenue. The poor cannot afford the long and expensive commute to these industrial areas, especially when public transportation service is poor, nor are they able to move there.

Problems of mobility cannot be solved without a public commitment to improving the quality of public transportation in the County. Significantly, transit dependent groups are concentrated in the inner city and older areas of the County where unemployment levels are also highest (see Figures 7.1 and 7.2).

### Importance of Firm Retention and Attraction Programs

In addition to improving the job skills and access to job opportunities of the unemployed, programs to improve the climate for business firms in the County and to attract new industries will be required to reduce unemployment. The County should begin to identify those economic activities that should be encouraged because they will provide employment opportunities for County residents and meet the resource constraints of the County. Factors that should be considered in making this evaluation include: job stability offered, ability to hire lower skilled workers, job density, wage rates, employment and income multipliers,\* comparative advantages of the County, and environmental protection and resource conservation.

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\* Employment and income multipliers measure the net change in employment or income in the entire economic system for each incremental change made in the employment or income of individual industries.

Such criteria are not always mutually consistent, but they provide a basis for establishing priorities. Some industries such as the garment and tourist industries, for example, use lower skilled workers. However, they typically pay below average wages, and the work is seasonal. Manufacturing industries continue to be the largest employers of County residents and account for over 25 percent of jobs in the County. And although job instability is characteristic of the defense and aerospace industries, locating in the County has traditionally been advantageous for firms in these fields.

The industries expected to provide most of the County's jobs in the future are -- in addition to manufacturing -- trade, services, finance, insurance, and real estate (see Projections, page VII-44). These industries are generally labor intensive, non-polluting, and resource conserving. They provide stable employment and pay good wages. However, they do not necessarily have the multiplier impact of manufacturing industries, and their contribution to growth and income levels may be more modest.

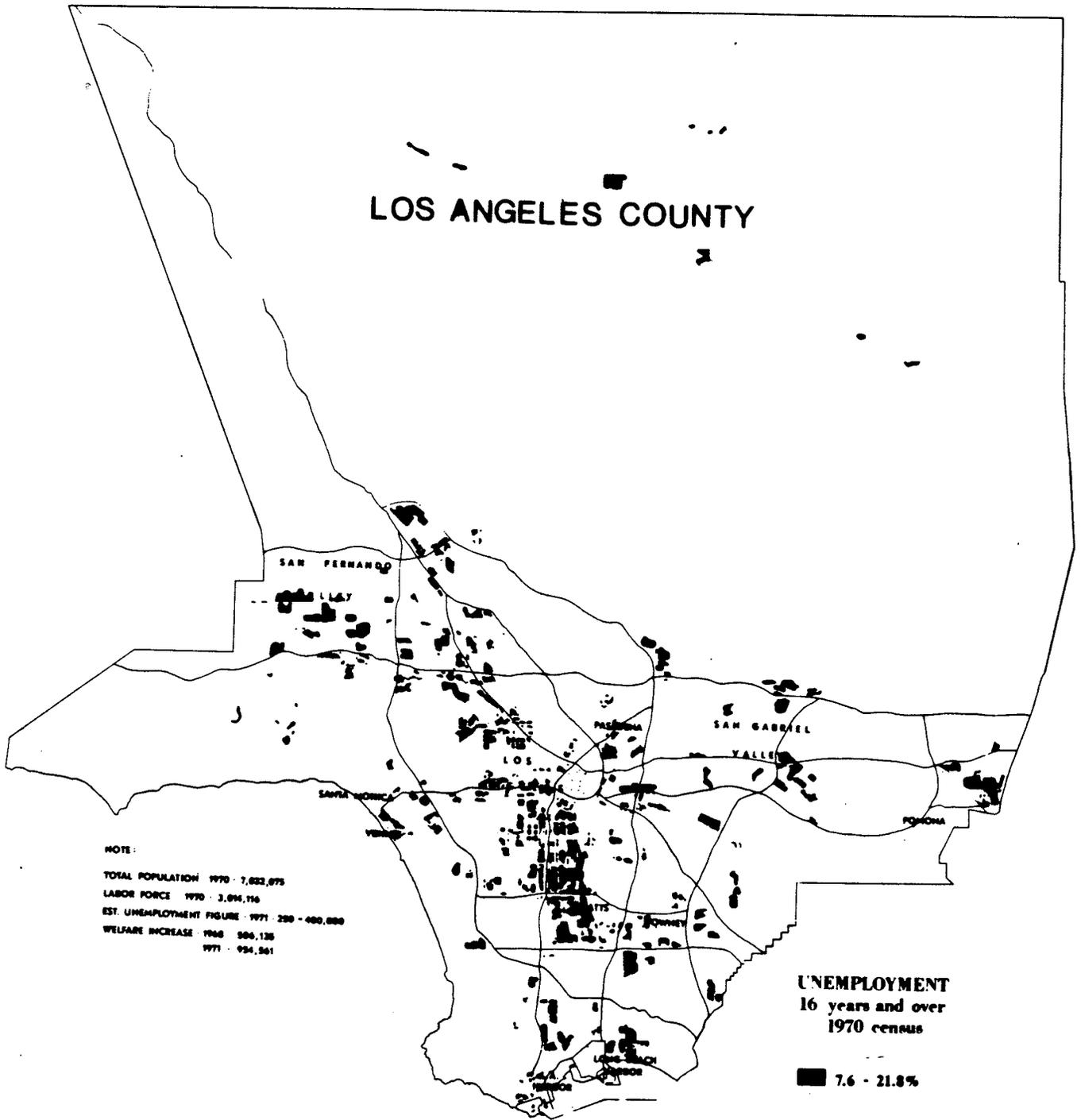
#### Role of Small Business in Employment

Although large companies have the most pronounced impact on the regional labor market, small businesses also play a critical role in providing jobs and contributing to economic development.

Small retail and service businesses generally do not require the highly skilled employees needed by the large, sophisticated manufacturing industries and can hire unskilled or low-skilled workers.

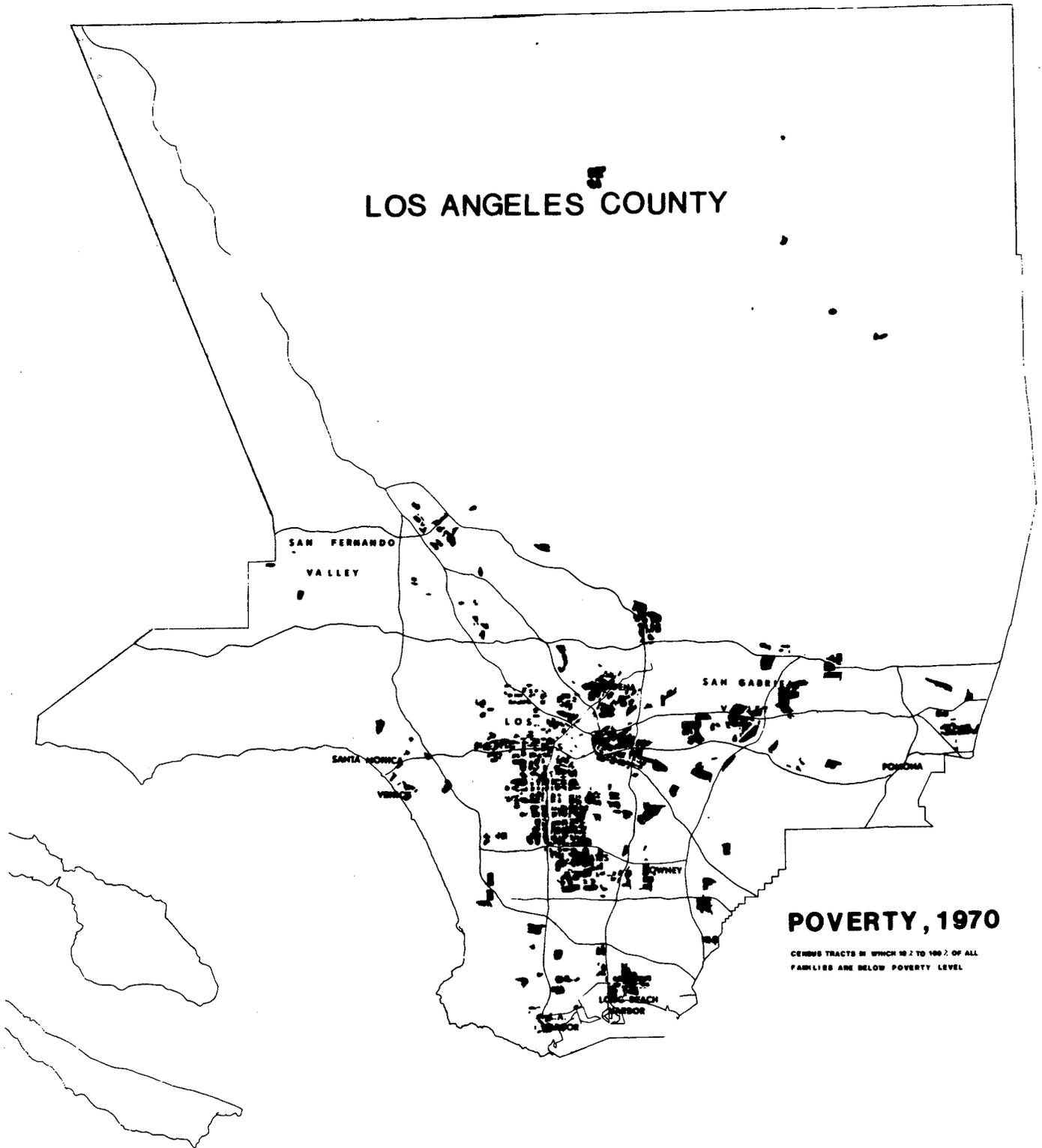
For years Los Angeles County has been a fertile environment for small businesses. In 1976, the number of small business starts in the Los Angeles area surpassed the number reported by any state in the same time period.(4) Even during the 1974-75 severe

FIGURE 7.1



VII-12

FIGURE 7.2



economic recession, when major corporations faced serious problems, the small businessman in the County managed to do well enough to encourage others to enter the field.

Although success has favored small businesses in the County, they confront many of the same problems as large businesses. Moreover, they lack the resources major businesses have at their disposal.

The County can assist small businesses, particularly minority-owned businesses, by providing them with information on locations and markets, by helping to improve the availability of loans and financial assistance guarantees, and by improving technical assistance programs, particularly those which address management practices and dealing with governmental regulations.

#### Improved Information on Labor Force Characteristics and Requirements of Business

Who should be counted among the unemployed has been the subject of much debate. The single unemployment percentage gives no indication of the nature and complexity of the problem.

The unemployed are often seen as a homogeneous group, but they differ not only in age, sex, and ethnic origin, but, equally important for policy making, in needs and skills. The problem of frictional unemployment (people changing jobs) must be distinguished from the more serious problem of structural unemployment (long-term unemployment due to inadequate skills, changes in the industrial structure of an area, etc.). Adequate information has not been developed identifying the needs of unemployed young adults as opposed to the the needs of heads of households.

Another cause of ineffective job training and placement programs is the lack of adequate information on the characteristics of the unemployed and on the availability and skill requirements of jobs. Furthermore, insufficient use is made of the limited

labor market data that do exist. It is astonishing that, even in our technologically advanced age, we continue to rely on woefully inadequate data to address one of our nation's highest priorities: jobs for the unemployed.

The essential problem is that no one has a clear picture of who are actually unemployed, what their abilities are and what the skill requirements are of the jobs that are available. Better information is needed, too, about where the unemployed live and where jobs are available.

#### Need for Clear Public Priorities

Government has been unable to afford to provide everyone with a job regardless of merit or need. Distinctions must be made between those who need to work for individual or family survival, such as heads of households or members of families where both spouses must work to earn an adequate income, and those who want to work for less essential purposes.

The first priority of government is to help those who need public assistance to survive -- particularly the strictly unemployable who may have to remain indefinitely on public support and the hard-core unemployed who can be trained or helped to find jobs.

Second priority should be given to those who are skilled and need to work for survival, but are involuntarily out of work. Temporary benefits can be provided to these individuals; they should be encouraged to find new jobs as quickly as possible.

Given the limited resources of government and the enormous unfilled needs of the poor and hard-core unemployed, policies of providing public assistance to categories of job seekers should be periodically reassessed if government is to spend its limited public resources in the most humane and cost-effective manner.

Establishing fair and consistent priorities is an extremely difficult task, requiring an assessment of countywide needs and a review of human resource services. This assessment could be undertaken when a Human Resources Element is prepared for the County's General Plan.

Related to this concern is the broader issue of welfare reform and the inability of the nation's present social service systems to adequately address the problems of poverty, unemployment and health care. Great inequities exist for the recipients of benefits and local jurisdictions bear disproportionate burdens for financing these programs. Inadequate incentives exist to encourage able welfare recipients to seek stable employment.

Los Angeles County should continue to support major reform of the existing welfare system. Among the changes necessary is the need for all costs to be federally funded. The County believes the following elements are most critical for a successful reform:

- Mainstream employment for all persons who are able to work.
- Removal of the financial burden of the current system from local government.
- Creation of a simple, easy-to-administer program instead of the present complex patchwork of programs.
- Incentives to keep families together rather than encourage family breakdown as is the case in many current welfare programs.
- Incentives to ensure that an employed person is always better off than a person who is not working.

#### INDUSTRIAL AND COMMERCIAL LAND AND SPACE REQUIREMENTS

Adequate land and building space allow industrial firms to expand and to move into the County and are important preconditions for job formation. The policies and actions of County government

and other local jurisdictions directly influence the supply of land available to industry.

Improved Utilization of Scarce Prime Industrial Land

In the past, the County had an ample supply of prime industrial land, but in recent years prime vacant land suitable for industrial development has become increasingly scarce. High land costs, moreover, are often accompanied by unfavorable tax rates, inadequate infrastructure, and costly development regulations. These factors place Los Angeles at a disadvantage with adjacent counties and states, where land is still plentiful and relatively inexpensive to buy and develop.

Of 124,000 acres zoned for industry in the County in 1976, 37,000 acres were vacant, half of which are in the south County. Only a small part of this reserve is prime land for industrial development; the rest suffers from improper location, inadequate infrastructure, small parcel size, site conditions, or environmental constraints.(5)

If sufficient suitable land were available, 29,000 acres of new industrial land could be absorbed into industrial use by the year 2000 (6), with most of this development occurring in the south County. Therefore, if current rates of industrial land absorption continue, the south County's prime industrial reserve could be exhausted between 1985 and 1990.

New sources of industrial land must be identified and existing industrial reserves used more intensively. It may be possible to recycle land now used for mining and extraction. Improved access and utility service in some areas may increase the effective supply of prime industrial land. Parking and building coverage requirements could be revised to increase flood-area-to-site ratios, and efforts could be made to attract more labor-intensive firms to the County. Some residential areas might be suitable for "cottage-type" industries and other kinds of compatible businesses.

Such operations could provide employment opportunities outside traditional industrial and commercial areas.

An important step toward making land and space available for industry would be to provide information on vacant land, land suitability, absorption trends, condition of space, industrial migration trends, requirements of industrial firms, and labor force characteristics in the County. Updated information is required by firms considering a move to Los Angeles County, by the intermediaries in the site-selection process, and by public officials who must decide how much, where, and what kind of land and space should be made available. Banks, brokers, consultants, and developers are excellent sources of information, but some types of data are too expensive for individual firms to collect and maintain. In addition, out-of-state firms considering a move to the County may be reluctant to contact private firms to obtain general information.

Los Angeles County has an interest in collecting and making available this kind of information. A firm will view Los Angeles County as a desirable location only to the extent that the information it receives is helpful and persuasive. If information or governmental cooperation are better in other areas, a firm may select a site outside of the County even though the best site for its purpose may be here.

#### Revitalization of Older Job Centers

As suitable industrial land becomes more scarce, the demands on the County's industrially developed areas will increase.

Industrial and commercial facilities and their surrounding areas must be maintained and, where necessary, renovated or rebuilt.

The industrial and commercial building stock in the County is suffering from deterioration and old age (Figure 7.3). Building maintenance has fallen behind in some areas, old but sound

facilities are not being rehabilitated, and market conditions often do not justify the demolition and replacement of obsolete stock with modern facilities.

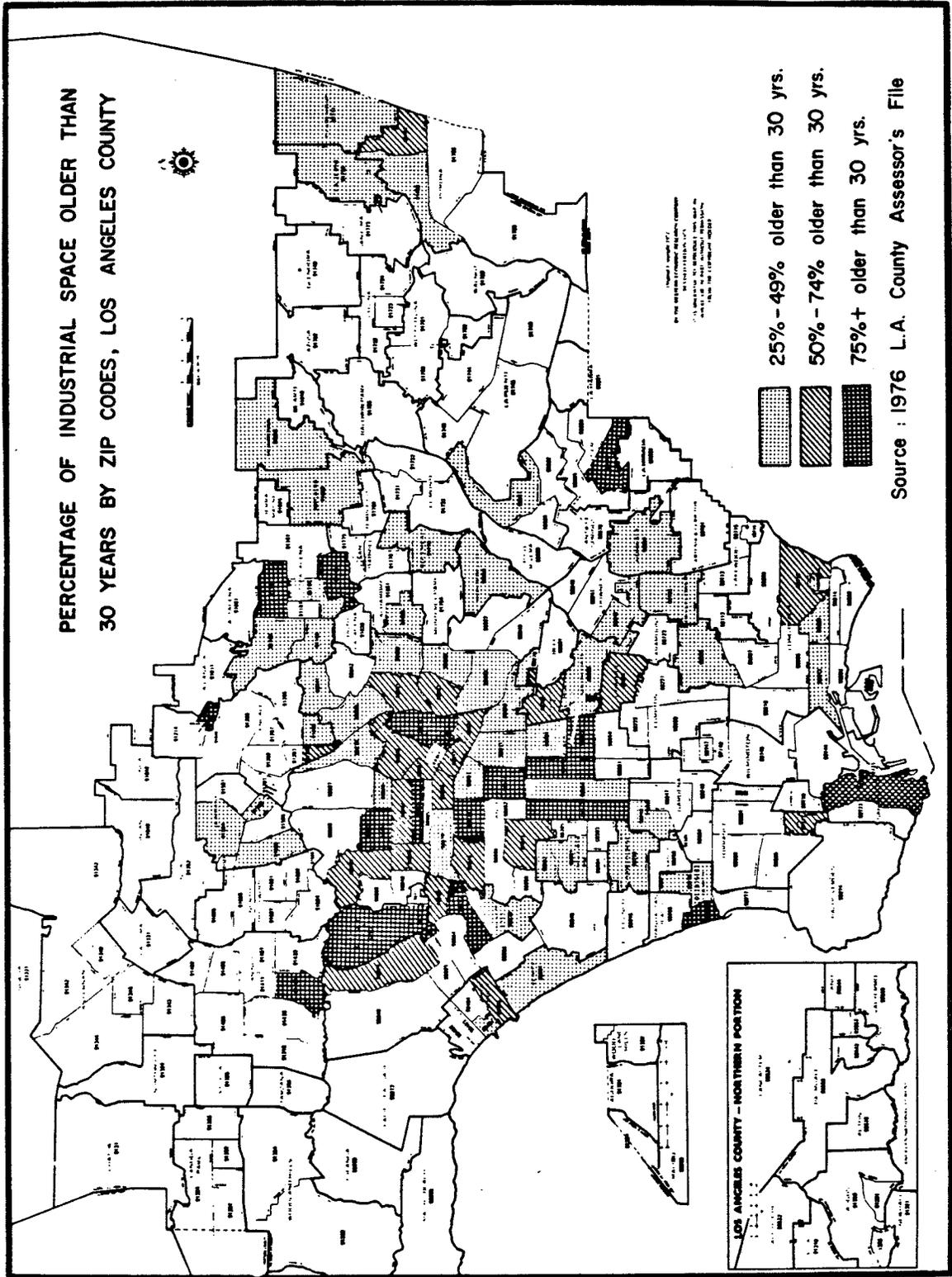
Many factors contribute to obsolescence. Much of the problem is old age. One-fourth of the industrial facilities in the County are over 30 years old. In addition, although most high-rise office space is relatively new, there are numerous older commercial structures in many central city areas within the County. For example, in downtown Los Angeles, over 75 percent of the buildings were constructed before 1933. Most of these buildings do not meet current building and safety codes, although they may be useable if remodeled and structurally reinforced.

Furthermore, in some areas, sound office and commercial space has been abandoned for a variety of other reasons. Neighborhood conditions such as crime, lack of land for expansion, inadequate public facilities and municipal services, zoning regulations and parking restrictions can discourage maintenance and reinvestment. The former financial center of Los Angeles, Spring Street, is a good example. Over the last decade, banking and financial service industries have moved out because of the deterioration of the surrounding area and the uncertain seismic safety of the older high-rise structures.

Age, however, is not the only factor in the obsolescence of commercial and industrial facilities. Changes in technology or in the industrial mix can make structures functionally obsolete before they are too old. Buildings may be too small, have insufficient ceiling height, have inadequate floor load capacity, or in other ways be unsuitable for firms seeking space.

Changes in the level of local government revenues and property taxation can have significant effects on revitalization efforts. For example, the full impact of Proposition 13, the 1978 State Constitutional amendment, has yet to be measured. The tax measure

VII-19  
Figure 7.3



thus far has had a positive impact in reducing the penalty (significantly higher taxes) for improving and revitalizing existing facilities. Investors also face less uncertainty. Since there now is a maximum tax rate (1% of the market value), an individual can closely estimate the additional tax burden which property improvements would generate. This is in contrast to the uncertainty created by past practice, when local governments were given considerable flexibility to raise property tax rates depending on current budget needs.

The negative effects of Proposition 13 on urban revitalization are also apparent. Tax increment financing -- until now a widely used method for providing funds to carry out major revitalization programs -- can no longer be depended upon as an effective way of financing major projects. It is estimated that as a result of Proposition 13, tax increment financed agencies will lose 70% of their revenues, leaving 30% for total debt service.(7) With tax increment financing substantially reduced, revitalization mechanisms available to local government will be very limited. New mechanisms must be established to insure that local government will be effective in meeting the needs of its older areas. Possible mechanisms which should be investigated include legalizing lease revenue bonds and industrial revenue bonds, two methods used in almost every other state for revitalization purposes.

#### LEGISLATION AND FISCAL POLICY

Los Angeles County's advantages as a business location are affected by the State and local legislative and fiscal environment. While California and Los Angeles County continue to rank as one of the most desirable places to live and work, high taxes, red tape, anti-business attitudes, and the erosion of local control over land use policies have increased the costs of doing business and caused uncertainty over direction of the County's economy.

Conditions in the mid-1970s became so serious that surveys by industrial-location consultants ranked California among the least desirable states in terms of its climate for business.\* (8)

Streamlining of Development Regulation Process

The County's business climate has been affected in part from changes in the roles of various levels of governments, and from the growth in governmental regulations. Partly due to the lack of forceful action on the part of local government, federal and state government have greatly expanded their regulation of environmental resources and occupational and other hazards. Businesses must obtain a growing number of permits from an increasing number of agencies, each of which acts independently of the others.

Furthermore, permits are often processed sequentially, extending the duration of the public approval process. Permit requirements are sometimes unclear or overly rigid. The requirements for developments may vary and those of several agencies may conflict.

Still another source of difficulty is that some ordinances and codes controlling development contain standards which are outdated and may impose unnecessary development costs and waste resources. These standards need evaluation in terms of the risks avoided or benefits obtained. Where such standards vary from one jurisdic-

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\* Numerous studies have been conducted during the past several decades concerning the importance of tax and business climate factors in industrial location. Their findings have varied widely, either supporting or refuting the relevance of these factors. However, the importance of these factors to both existing and prospective firms in California has been attested to by most business leaders and by all studies of the California situation in the 1970s to which the staff had access.

diction to the next, the costs of development will be affected, and certain areas will be placed at a disadvantage.

The proliferation of regulations and the increased time necessary to consider proposals and process permits have increased the cost of development. According to the Building Industry Association of California, each month of delay adds between 1 and 2 percent to the cost of a project.

In summary, the lack of coordination and increased governmental intervention have imposed added costs, risks and uncertainty on existing firms that wish to expand and on firms considering a move to California and Los Angeles County. The unpredictability of new legislation and frequent changes in existing regulations discourage firms from making long-term commitments.

Clearly, regulations are needed to encourage quality developments that are safe and attractive and that conserve scarce resources. However, many improvements can be made in the nature and administration of regulations.

To prevent further intervention from higher levels of government and to reduce uncertainty for employers, Los Angeles County should join with local jurisdictions, perhaps through joint powers agreements, to perform functions that otherwise would be carried out by State and federal agencies. Adequate planning at the local level, to protect environmentally sensitive areas and to reserve land for agriculture, commerce, and industry, would also discourage the State from acting in these areas.

Los Angeles County should also continue to improve procedures to expedite the processing of development permits, in order to minimize development costs and create conditions conducive to private investment, particularly when the projects will create large numbers of jobs. The County should also establish a schedule to update

periodically its various ordinances, regulations, codes and standards, and should work with other local jurisdictions to adopt uniform codes and standards throughout the County. Uniform codes would eliminate inconsistencies and duplication, improve public understanding, and minimize the costs of review and revision.

#### Importance of a Favorable Tax Structure

The size and cost of government have increased as society demands more and better public services. In particular, the enormous growth in education, health, and welfare expenditures has placed an increasing tax burden on individuals and businesses.

The passage of Proposition 13 will substantially benefit business by lowering property taxes, but another tax -- the State franchise tax -- is a continuing source of concern. The nine percent California franchise tax on taxable business income is harmful not only because it is high relative to other states, but particularly because of its unitary application. The tax is based upon California's proportionate share\* of a company's world-wide income, regardless of the company's performance in California. The unitary provisions have been a strong disincentive to foreign companies considering a location in California.

High taxes on individual income may also discourage economic growth by diminishing an area's attractiveness as a place to live and work. The costs of government in California and Los Angeles County have increased tax levels to the point where California ranked fourth in the nation in 1978 in terms of the per capita state and local tax burden (see Table 7.3).

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\*Based on wages, property and sales.

TABLE 7.3

## STATE AND LOCAL PER-CAPITA TAX BURDEN IN FISCAL 1977-1978

<u>State</u>	<u>Per Capita Tax</u>	<u>State</u>	<u>Per Capita Tax</u>
Alaska	\$1,871	Maine	\$758
New York	1,308	Virginia	757
Washington, D.C.	1,245	Utah	728
California	1,227	North Dakota	721
Wyoming	1,156	Louisiana	716
Massachusetts	1,098	Indiana	707
Hawaii	1,059	Texas	707
Nevada	1,004	Idaho	701
Minnesota	1,001	Ohio	701
New Jersey	993	Florida	699
Maryland	985	South Dakota	683
Wisconsin	970	West Virginia	675
Michigan	959	Georgia	672
Delaware	943	New Hampshire	669
Connecticut	941	Kentucky	662
Washington	929	Oklahoma	660
Illinois	917	Mississippi	659
Arizona	907	Missouri	653
Colorado	882	North Carolina	643
Oregon	872	South Carolina	615
Pennsylvania	862	Tennessee	613
Rhode Island	848	Alabama	566
Vermont	837	Arkansas	553
Montana	817		
Nebraska	814		
Kansas	798		
Iowa	794		
New Mexico	763	Average	\$849

Source: "State Tax Review," Commerce Clearing House, October 12, 1976, Vol. 37, No. 41.

Clearly, tax levels cannot be isolated from the quality of services provided by a community. Individuals and firms may be willing to pay higher taxes where the services are superior to those in low tax areas. Nevertheless, there is an upper limit on the taxes one will pay, regardless of service levels, and business may not like some of the government services they are paying for. The passage of Proposition 13 was a dramatic statement by Californians of their dissatisfaction with the prevailing relationship between services and tax burden.

#### Improved Financial Practices of Local Government

Making the County more attractive to commerce and industry will require reforms in local financial practices. For example, the financial reporting systems used by most local governments and Los Angeles County should be improved. Municipalities now issue financial reports designed for legal compliance and internal control. The reports, often voluminous and lacking in summary information, frustrate comprehension by taxpayers and security investors. Municipalities should also be subject to accounting and disclosure requirements similar to those required of corporations.

If County and other local jurisdictions adopted reporting principles used by the private sector, their financial statements would be more clearly understood, the cost of providing public services would be fully shown, commitments and liabilities would be disclosed, and the source and application of funds would be tracked. Such reporting would allow investors, analysts, and taxpayers to assess financial position, the cost of providing services, changes in equity, and the flow of financial resources.

Changes in legislative practices and budgeting would also help improve the financial stability of local government. Generally, laws are enacted without adequate attention to their impact on jobs or on public and private costs. Government programs may survive long after their usefulness has ended only because of their legislative authorization. In some cases, work performed by government agencies might be performed at less cost by private contractors.

To reduce unnecessary costs and protect private employment levels, cost and job impact statements should be considered for bills enacted by State, County and local legislation. Statements should also be required for regulations issued by agencies and commissions of the executive branch. Legislatures should also adopt "sunset laws" that provide for specific expiration dates; these would insure that laws were reviewed before they were extended. Efforts should be made to contract out work that can be more economically done by private firms. Finally, all levels of government would benefit from improved budgeting procedures such as program and performance budgeting.

#### Maintaining a Favorable Relationship Between the Benefits and Costs of New Development

County and local decision-makers are faced with increasingly difficult decisions about where development should take place and how much should be allowed. At the same time, there is an increased concern about the impacts of new development on the existing fiscal structure of the community, not to mention the environmental problems which new development may generate.

Questions such as whether the added tax base would compensate the added service costs, or what a proposed development would do to air pollution, water, and open space of the larger community have been extensively debated in recent years. Currently, the most common methods of responding to these types of questions

are cost/revenue, cost/benefit techniques or variations of the two. However, since these studies are often based, at least partially, on subjective analysis and limited data, their accuracy and objectivity have been questioned. Additionally, the appropriate scale on which such studies yield optimum results has not been accurately established, though it seems that a communitywide analysis would generate fairly reliable results.

Los Angeles County must develop and maintain the capability of responding to the critical development issues discussed above, particularly where large developments are concerned. In so doing, it should try to improve the accuracy, objectivity and cost-effectiveness of the appropriate analytical techniques.

#### REGIONAL IMAGE, TOURISM AND FOREIGN TRADE

The image outsiders have of Los Angeles is critical to its economy, for it determines whether they will be induced to spend money for the goods and services the County offers. The purchase of local goods and services by outsiders -- i.e., the export trade -- contributes new money to the economy and has a "multiplier effect" on employment and income levels as the money is distributed throughout the economy. Increases in exports are a major source of a region's growth, and Los Angeles County must look principally to this sector to ensure a growing economic base. Two export industries in particular, the visitor industry and international trade, depend upon a positive image of the County.

#### The Visitor Industry

Los Angeles County's mediterranean climate, 67 miles of coastline, vast recreational opportunities, and location as the travel hub of California have made the visitor industry an important sector of its economy.

According to the Southern California Convention and Visitors Council, one out of five jobs, or one million jobs, in Southern

California are either partly or wholly supported by tourism. In 1975, 8.5 million out-of-state tourists spent \$2.4 billion in Southern California and produced \$153 million direct tax revenues. Surveys indicate that over 80 percent of the visitors to Southern California come to Los Angeles County. In addition, 2 million residents of Northern California vacation in Southern California each year. Besides contributing to employment and tax revenues, the visitor industry provides jobs for lower-skilled workers, is non-polluting, and benefits merchants of goods and services throughout the County.

Despite the importance of tourism to Los Angeles County and the importance of advertising to attract visitors, the County decreased its support for promotion from \$525,000 in 1972 to only \$154,213 in 1976. The State of California spends nothing to promote tourism and only recently created a new office of tourism in the Department of Economic and Business Development. Los Angeles County itemizes its expenditures for tourism promotion in the budget under "Exploitation Fund" (a characterization that is unfortunate since it contributes to public misunderstanding of the importance of promotion).

The County should work with the cities to identify new attractions that will increase tourism. The effort now underway to revitalize Hollywood--probably the greatest disappointment to first-time visitors to the County--is an example of what might be done. While there are significant problems in revitalizing Hollywood, the successful accomplishment of such a project would have very positive impacts on tourism.

Efforts to increase promotional expenditures would benefit from better information on the return the public receives from its investment in tourist promotion. The County should consider funding such a study. This kind of information would lead to more optimal expenditures for promotion.

### International Trade

Los Angeles County's prominence as one of the nation's leading centers for international trade is not commonly recognized. The value of world trade passing through Los Angeles customs increased from \$4.9 billion to \$16.5 billion between 1972 and 1975. In 1977, Los Angeles accounted for 40 percent of all trade on the West Coast and is the nation's second largest trade district, with over 9 percent of the nation's imports and 6 percent of the nation's exports.(9)

International trade promotes economic growth of the County in two ways: it offers access to international markets for local products; and it helps expand the County's economic base by attracting industries that specialize in services related to foreign trade.

Foreign trade suffers from some of the same conditions that adversely affect other industries in the County: the deterioration of the area's image as a business center, and the high local and State taxes which raise the cost of doing business and of storing goods in transit (foreign trade zones, where imported merchandise not destined for local markets is exempted from quotas and duties, have been proposed as a means of overcoming the State's tax disadvantage). Another problem faced by firms involved in foreign trade is the reduction in customs personnel serving the Los Angeles district at a time when the volume of business has increased.

### Image of the County as a Business Location

The County and the State should establish vigorous, visible programs for economic development. The dismantling of the State's Department of Commerce left a void for several years that by 1978 was partially being filled by the newly created Department of Economic and Business Development.

Little is known about the movement of business into, out of, or within the County's jurisdictions, or the reasons for this migration. Out-of-state firms interested in locating in the County have difficulty obtaining adequate information. Firms in trouble may leave the County without ever being noticed. Public officials rarely stress the importance of economic development in their speeches or contacts with the media.

The attention given to regulatory concerns and the neglect of economic and job development are perceived by commerce and industry as indicative of a government that is anti-business.

California and Los Angeles County, it is important to note, do not provide special incentives for industry. This is not to say that financial incentives are either necessary or desirable. However, the absence of such financial incentives underscores the lack of an articulated policy to promote the economic development of the State and County. The lack of incentives to business is particularly distressing in view of the aggressive campaigns that other states and local jurisdictions have undertaken to lure new business.(10)

To develop a more positive image, the County must develop a strong public commitment to economic development. It must devise ways to promote the County as a desirable place for commerce and industry. It must also establish mechanisms to compete with areas that use tax incentives, industrial revenue bonds, and other incentives to attract business.

#### ECONOMIC DEVELOPMENT PROGRAM COORDINATION

In the past, efforts to improve economic conditions in Los Angeles County have been the responsibility of the cities and quasi-public economic development organizations. Each entity has struggled alone to improve its local economy, with little regard for

the effect of its programs on other communities or for the benefits to be achieved from cooperative action. As the County's economic growth leveled off in the 1970's, these individual efforts intensified, and the competition for jobs increased.

The lack of coordination wastes scarce local resources and results in interjurisdictional conflict and the "raiding" of neighboring communities for income producing activities. Strong leadership is required to pull the factions together in the pursuit of common goals.

In 1976, there were at least 131 economic development and redevelopment projects in the County, 15 of which were receiving funding from the United States Economic Development Administration. Some 17 public and private organizations in the County, and 13 in Southern California are actively seeking ways to improve economic conditions. These projects are being carried out within the 81 cities and the unincorporated areas of Los Angeles County.(11)

Many programs pursued in one location are compatible with those in other locations, but no mechanism exists to coordinate these efforts. Duplication of effort has resulted in a waste of scarce local resources.

#### ENERGY, ENVIRONMENTAL QUALITY, HOUSING AND TRANSPORTATION

All of the issues discussed in this subsection are subjects of other General Plan elements. Nevertheless, these issues are of such critical importance to maintaining a strong economy, that some discussion is warranted.

##### Energy

Whether the County can maintain a strong economy and high standard of living depends upon how well its energy needs are met. Energy is basic to economic growth and supports all sectors of the

economy, from securing raw materials to the production, distribution, and consumption of goods and services.

There is a shortage of low-cost energy whose extraction and use would not pose serious environmental problems. Rising fuel costs seem inevitable, and the conflict between energy needs and environmental protection may intensify as fuel sources become more limited.

Supplies of domestic oil and natural gas available to California will be inadequate to meet needs by the year 2000. New supplies of natural gas will be needed by the mid-1980s. In the short term, Alaskan oil, the Elk Hills Naval Reserve, the growth of offshore production, and increased conservation will postpone the domestic oil shortage for the western states. By the year 2000, however, California's demand for petroleum is expected to exceed the productive capacity of the western United States. A shortage of energy would have serious effects on the County's economic development. Southern California and Los Angeles County are in an advantageous position due to the area's warm climate and opportunities to utilize solar energy. Maintaining a strong economy is dependent upon the greater utilization of solar energy and other sources for meeting our energy needs.

#### Environmental Quality

Retaining existing employers and attracting new ones depends upon the living and working environment of Los Angeles County. In that sense, the broader, but directly related, issues of air quality, water quality, availability of open space and seismic safety, are all significant factors that affect economic health and job availability.

Los Angeles County must improve and maintain the quality of its environment if it is to be competitive with other areas in retaining and attracting employers.

Housing and Lifestyles

Additional factors that directly or indirectly affect job location and retention are housing, neighborhood security, quality of public education, and cultural and recreational opportunities. These factors, together with the quality of the natural environment, shape the lifestyle of Los Angeles County, its workers and residents.

The availability and affordability of housing are particularly important criteria affecting the locational decisions of a business. Yet, as discussed in the Housing Element, Los Angeles County housing became extraordinarily expensive by the mid-1970s. Between 1972 and 1977, housing costs increased much faster than the income of County residents.(12) This has caused many of the County's residents to be priced out of the housing market. It is estimated that roughly one half million households in the County cannot afford to purchase adequate housing.(13)

Still other areas of concern which impact the economic health of the County include the deteriorating quality of public education, vandalism and crime, all of which may render certain communities undersirable as business locations. Fortunately, these concerns are partially offset by Los Angeles County's outstanding cultural and recreational opportunities, traits which should be preserved and enhanced.

Transportation

Efficient transportation is also a prerequisite to the County's economic growth. Workers must travel to job centers; companies must acquire materials and distribute finished commodities; and consumers need access to shopping, recreation, education and personal services.

Although technological advances in transportation and communication have reduced disparities in the accessibility of areas, transport-

ation remains critical in determining the location of commerce and industry. Los Angeles County must improve and maintain its network of highways, airways, waterways, railroads, and pipelines if it is to remain competitive with other areas of the region and nation. As stated earlier, improved public transportation must receive a high priority in order for the County to maintain a healthy economy.

OBJECTIVES

The objectives of the Economic Development Element are:

- To create jobs and rising standards of living for the County's residents through a strong and diversified economy.
- To distribute the costs and benefits of economic development equitably so that all County residents, particularly the poor and the disadvantaged, have the opportunity to improve their well-being.
- To use economic resources efficiently in order to conserve limited supplies.
- To promote jobs compatible with the protection of public health, safety and significant environmental resources.

NEEDS AND POLICIES

POLICY STATEMENTS

Employment and Labor Force

Improve Labor Force Skills

Racial and ethnic minorities, women and teenagers make up a large part of the unemployed. These groups lack the training and experience to compete for jobs. Improved manpower planning and job-training programs are needed.

POLICY

1. Increase incentives for on-the-job training with appropriate controls, particularly in the private sector, by seeking legislative changes to allow greater local flexibility in the administration of training funds; improve the management and coordination of training and placement programs so as to ensure that individuals are trained for jobs that are available. Encourage active recruitment for pre-employment training and on-the-job training, with an emphasis on reaching minorities and women.

Improve Access to Jobs for Minorities and the Disadvantaged

Discrimination, lack of mobility, and insufficient information about available jobs are obstacles to minorities, women, teenagers and disabled persons in obtaining jobs for which they qualify.

POLICY

2. Enforce affirmative action programs and eliminate job discrimination on the basis of race, age, sex and ethnic origin.
3. Promote improved public transportation service between major job centers and areas of transit dependency and high unemployment.

4. Improve the dissemination of information on job opportunities and employer requirements, especially to individuals most in need of work.

Collect Better Information on Labor Force Characteristics and Labor Requirements of Business'

More detailed information is needed on who are unemployed, where they live, what their abilities are, and where jobs are available.

POLICY

5. Improve information on labor force characteristics (supply) and job availability (demand) at both the County and community levels in order to increase the effectiveness of job training and placement programs.

Establish Priorities for Public Assistance to the Unemployed

The resources of government are limited, while the needs of the poor and unemployed are great. Fair and consistent guidelines should be established to determine priorities for public assistance. These guidelines could be part of a Human Resources Element of the County's General Plan.

POLICY

6. Prepare a Human Resources Element to the General Plan that will deal with such issues as priorities for public assistance to the unemployed, and will relate land use and economic planning in order to adequately utilize our human resources.

Identify Selection Criteria for Firm Retention and Attraction Programs

The County should identify the types of economic activities that should be encouraged in the area. The employment opportunities they provide and the resource constraints of the County should be considered.

POLICY

7. Identify the kinds of firms that are most likely to provide stable employment and rising incomes for County residents and that will also conserve land and protect environmental resources. Give special consideration to retaining and attracting industries that show the most favorable combination of such characteristics.

Assist Small Business

Small businesses are attractive as employers in an area, for they often provide jobs for unskilled and marginally skilled workers.

POLICY

8. Support efforts to provide assistance to small businesses, particularly minority owned. Help disseminate information on the availability of such assistance to its potential beneficiaries.

Industrial and Commercial Land and Space Requirements

Revitalize, Rehabilitate, and Maintain Existing Industrial and Commercial Space

Industrial and commercial facilities and the areas in which they are situated must be maintained or rehabilitated in order to preserve jobs, use public facilities efficiently, prevent the outmigration of firms, and conserve scarce land resources.

POLICY

9. Support the revitalization and rehabilitation of deteriorating industrial, commercial, and office centers. Prepare and periodically update an Industrial and Commercial Revitalization Program, and adopt policies and measures necessary for its implementation.

Ensure an Adequate Supply of Future Industrial Land

Jobs for County residents depend on the ability of industrial

firms to expand or locate in Los Angeles County. Yet, there is a shortage of prime vacant land for industrial development.

POLICY

10. Encourage more intensive use of industrial land by revising parking and building coverage requirements, as appropriate, seeking to attract more land-efficient firms, and identifying opportunities for the establishment of selected types of businesses, such as "cottage-type" industries, in residential areas; support efforts to create industrial parks and districts, and to provide necessary infrastructure and public services, where not inconsistent with the retention of industry in older job centers.

Collect Complete and Up-to-Date Information on the County's

Physical Base

An important step in making land and space available for industry is the provision of information concerning the County's physical base.

POLICY

11. Collect adequate information on the future land and space requirements of industry, and on the supply, suitability and rate of absorption of such land and space, and make it available to firms which may be considering locating or expanding in Los Angeles County.

Legislation and Fiscal Policy

Retain Local Decision-Making Powers

The County's deteriorating business climate is partly the result of a lack of forceful action on the part of local government, which has resulted in the State and federal governments expanding their regulation of environmental resources and occupational and other hazards. Los Angeles County must join with other local jurisdictions to perform these functions.

POLICY

12. Seek alternatives to creating new regulatory agencies, particularly single-purpose regional entities, through more effective local action.

Review and Update Development Standards and Streamline the Permit Approval Process

The proliferation of regulations and the time necessary to consider development proposals and process permits has increased the cost of development. Regulations and the permit process must be streamlined.

POLICY

13. Streamline administrative procedures for granting development approvals and permits and establish time limits for decisions.
14. Periodically review and update regulations, ordinances, codes and standards and strive to minimize their impact on development costs, delays and uncertainty, and the unnecessary consumption of scarce land resources.
15. Employ cost/benefit techniques in formulating codes and standards to achieve a reasonable relationship between costs, risk, and benefits.
16. Support the repeal of taxes that discourage commerce and industry from locating in California and Los Angeles County, such as the unitary provisions of the State Franchise Tax.

Improve Financial Practices of Local Government

Improving the County's attractiveness to commerce and industry will require reforms in local financial practices.

POLICY

17. Improve financial reporting practices of the County and support such improvements in state and other local jurisdictions so as to maintain credibility with investors and ensure access to credit markets; work for modifications in legislative and budget practices which will improve the financial stability of local government.

Maximize the Net Benefits of New Development

County and local decision-makers must decide where development should take place and how much of it should be allowed. Techniques must be found to measure the real costs and revenues of new development.

POLICY

18. Establish procedures to enable the County to use cost/benefit/revenue studies, or other appropriate methods, to evaluate new developments on a community-wide level in order to ensure that the benefits of new development exceed its costs and risks.

Regional Image, Tourism, and Foreign Trade

Support the Visitor Industry and Foreign Trade

The visitor industry is a source of jobs, income and tax revenues. It is relatively non-polluting and benefits merchants of goods and services throughout the County.

POLICY

19. Support efforts to promote Los Angeles County and all its cities nationally and internationally as an area with an improved business climate and exceptional advantages for commerce and industry. Particular emphasis should be placed on promoting tourism and international trade and on attracting new firms and private investment to the County.

20. Support the creation of foreign trade zones to improve the attractiveness of Los Angeles as a location for industries engaged in the storage and processing of world trade commodities.

Improve Public Attitudes Toward Business and the Image of the County as a Business Location

To counteract its negative image, the County must develop a strong public commitment to economic development. It must protect firms already in the area, and it must encourage businesses to locate within its boundaries.

POLICY

21. Work closely with existing commercial and industrial firms to maintain a high level of satisfaction with their location in the County.
22. Support and work for the elimination of disincentives for business and industry, and develop special economic development programs to encourage commerce and industry to locate in Los Angeles County.

Economic Development Program Coordination

Coordinate Economic Development Programs

Numerous economic development projects are being carried out in Los Angeles County. Although many of these programs are compatible with one another, no effective mechanism exists to coordinate these efforts. Duplication of effort has resulted in a waste of scarce local resources.

POLICY

23. Support and work closely with local jurisdictions, other counties, and organizations in Southern California concerned with economic development in order to minimize harmful inter-jurisdictional competition and duplication of effort.

Energy, Environmental Quality, Housing and Transportation

Encourage Industries to Become More Energy Efficient

Maintenance of a strong economy in Los Angeles County will depend on how well the County's energy needs are met. With a shortage of low-cost energy supplies, the conservation and development of renewable energy sources are essential.

POLICY

24. Encourage industries that utilize energy most efficiently or that manufacture products that contribute to the efficient use of energy, including renewable energy sources, to locate or remain in the County.
25. Provide flexibility in locating small scale, labor intensive industries that do not place large demands on non-renewable energy sources.
26. Provide incentives to encourage the reuse of waste heat from manufacturing processes for further industrial purposes (e.g., space heating).

## PROJECTIONS

Employment projections (Tables 7.4 and 7.5) are a statistical representation of written policies. They are directly related to population and land use projections of the Plan and provide a mechanism for monitoring the effectiveness of planning policy.

TABLE 7.4\*

## POPULATION, LABOR FORCE, AND EMPLOYMENT PROJECTIONS

## LOS ANGELES COUNTY

	<u>1975</u>	<u>2000</u>	<u>Change</u>
Population	6,992,000	7,851,000	859,000
Labor Force	3,228,000	3,997,000	769,000
Number of Jobs	3,330,000	4,021,000	691,000
Resident Employment	2,909,000	3,797,100	888,100
Unemployment Rate	9.8%	5%	-4.8%

Source: Los Angeles County Department of Regional Planning.  
Estimates and Forecasts.

\* This projection assumes a sharp decline in net in-commuting by workers living in other counties. Because of higher transportation costs, people are expected to work closer to where they reside. If no change in net in-commuting occurs, a situation which should be closely monitored, approximately 850,000 new jobs must be added to the Los Angeles County economy if 5% unemployment is to be achieved by the year 2000.

TABLE 7.5

## PROJECTED EMPLOYMENT BY MAJOR INDUSTRY GROUP

## LOS ANGELES COUNTY

1975 - 2000

	<u>1975</u>	<u>2000</u>	<u>Change Number</u>	<u>Percent Change</u>
Agriculture	12,000	7,000	-5,000	-42
Mining	10,000	8,000	-2,000	-20
Construction	122,000	102,000	-20,000	-16
Manufacturing	829,000	967,000	138,000	17
Transportation- Communication- Public Utilities	181,000	216,000	35,000	19
Trade	756,000	958,000	202,000	27
Finance, Insurance and Real Estate	204,000	259,000	55,000	27
Services	736,000	942,000	206,000	28
Government	480,000	562,000	82,000	17
TOTAL	3,330,000	4,021,000	691,000	21

Source: Los Angeles County Department of Regional Planning.

ECONOMIC DEVELOPMENT AND REVITALIZATION POLICY MAP

The Economic Development and Revitalization Policy Map (to be found in the pocket at the back of the Plan) depicts the geographic or spatial aspects of economic development policy which cannot be adequately expressed in written form. This map complements the policy maps contained in other elements of the Plan.

Explanation of Map and Legend

The map contains four categories which express the economic development policy. The following four categories fall within the present and planned urban areas.

Major Commercial and Office Job Centers

The category Major Commercial and Office Job Centers shows those multiple or single purpose centers which are or will become by the year 2000, commercial and office job centers. These are distinguished from the other centers by estimates of their employment level (generally 7,000 employees or more).

Major Industrial Expansion/Infill Areas

The category Major Industrial Expansion/Infill Areas shows those areas which are currently undeveloped and planned for future industrial use. The current vacant areas shown for future industrial use include urban areas to be infilled and non-urban areas that will be urbanized as industrial.

Major Economic Revitalization/Intensification Areas

The category Major Economic Revitalization/Intensification Areas shows those general areas where it is desirable to redevelop, rehabilitate or intensify industrial uses. Age, obsolescence or under-utilization are the major criteria for identifying the areas.

Major Transportation Facilities

The category, Major Transportation Facilities, shows the existing and proposed major transportation facilities which are crucial to the economic base. The map shows the freeways, the major railroad yards and lines, the commercial and general aviation airports, and the two major harbors (Los Angeles and Long Beach).

ECONOMIC DEVELOPMENT ELEMENT  
FOOTNOTES

1. These comparisons are based on information provided by the Los Angeles Area Chamber of Commerce.
2. Income statistics based on United California Bank estimates. Wage rate comparisons based on statistics provided by the California Employment Development Department and the U.S. Department of Labor.
3. Employment and labor force estimates and comparisons in this paragraph and throughout this report are based on statistics obtained from the California Employment Development Department and Regional Planning staff estimates or projections.
4. Based on information provided by the local office of the Federal Small Business Administration.
5. *Land Suitability/Capability Study* prepared for the Los Angeles County Department of Regional Planning by Environmental Systems Research Institute (ESRI) in 1976.
6. Based on projected 2000 industrial employment and current trends in land absorption rates by major industry categories.
7. *The Kiplinger California Letter*. Circulated monthly by the Kiplinger Washington Edition. Letter of August 17, 1978, page 1.
8. The surveys available to the staff on the California business climate include:
  - a. A 1975 survey by the Fantus Company which resulted in the ranking of California 47th out of 48 states in terms of business climate.
  - b. A 1977 survey by the Southern California Economic and Job Development Council which found that California's anti-business climate was the major concern of the respondents.
  - c. A 1978 survey entitled "Attitudes of the Nation's Corporate Leaders Toward California as a Business Location", by Louis Harris and Associates, which reports "On balance, executives find more to dislike about California as a manufacturing location than to like about it . . . (among other concerns) they are concerned about California's high corporate income taxes and high power costs, as well as what they feel is a less than hospitable attitude toward business and industry."
  - d. A 1977 survey "Facility Location Decisions", a Fortune Market Research Survey prepared by Belknap Data Solutions Ltd., which reports that community receptivity, and state and/or local attitude toward taxes will be among the five most important factors in selecting new plant locations in the near future; and that while " 'personal preferences of company executives' and 'style of living for employees' remain the most important factors in the comparison between companies relocating their corporate headquarters in the past five years and those probably doing so in the next five years . . . sharp increases show up for 'state and/or local personal income tax structure,' 'state and/or local attitude toward taxes on business and industry' and 'fiscal health of state and/or city.' "
9. See footnote No. 1 above.
10. *Selling Cities: Municipalities Set Up Image Building Aimed at Firms and Tourists*. The Wall Street Journal, Tuesday, October 4, 1977.
11. For a more extensive discussion of redevelopment activities in Los Angeles County, many of which seek to improve economic conditions in their project are, see *California Redevelopment Policy: Does it Enhance or Diminish Community in the Los Angeles Region?* Prepared by the Los Angeles Community Design Center in August, 1977.
12. County of Los Angeles General Plan, Housing Element, page IV-19.
13. Ibid. page IV-20. More extensive discussion on housing issues in Los Angeles County can be found in the Housing Element of the General Plan.