

Florence-Firestone TOD Specific Plan

Market and Real Estate Study

Phase I

DRAFT

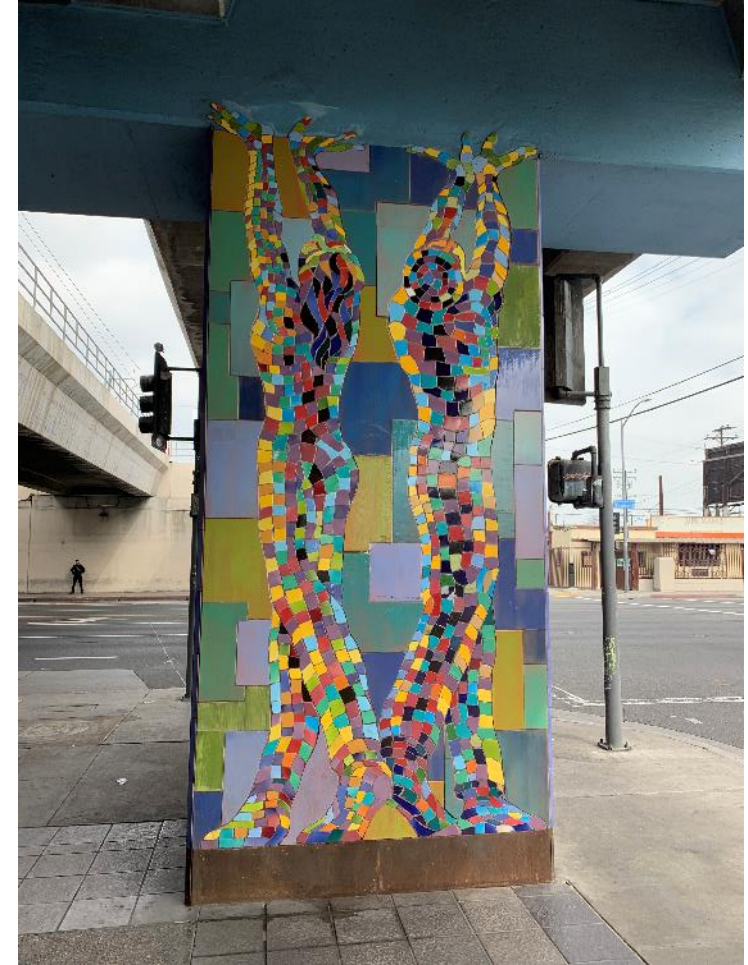
Department of Regional Planning

September 2020



Contents

1. Introduction and Executive Summary
2. Review of Background Documents
3. Definition of Markets
4. Socio-Economic Trends
5. Real Estate Market Trends by Land Use
6. SWOT Analysis
7. Appendix



Introduction and Executive Summary

Introduction

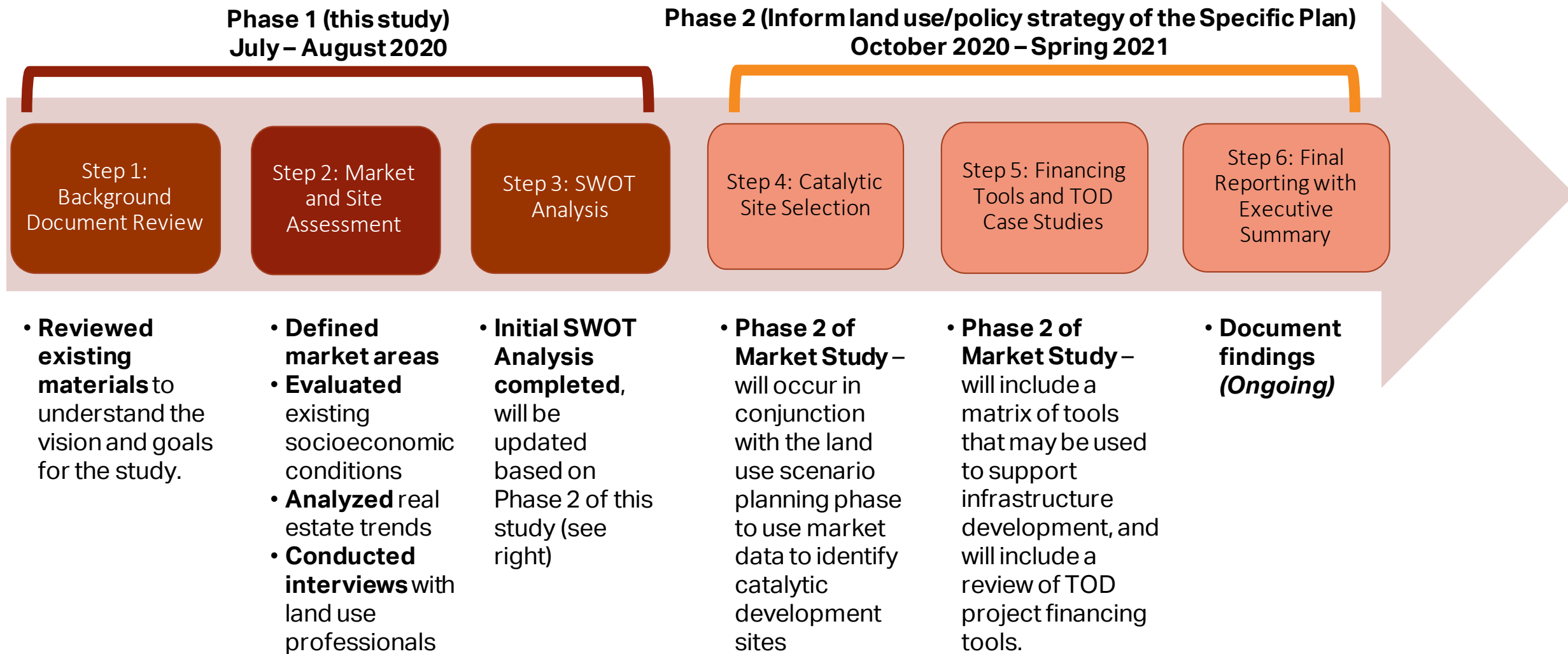
Purpose of Study

- The intent of the Florence-Firestone Transit Oriented District Specific Plan (FFTOD Specific Plan) project is to create a land use and zoning policy tool focused on the Florence-Firestone Community (Community) that will do the following:
 - provide more opportunities for affordable housing,
 - encourage development in the transit-oriented district (TOD),
 - promote active transportation,
 - improve access to transit and reduce vehicles miles traveled by cars,
 - and streamline the environmental review of future development projects.
- The purpose of this market study is to understand the market opportunities for higher density housing and increased employment opportunities in the Study Area.
- This phase of the market study will provide insights into the market dynamics of the Study area and recommendations will be provided in the second phase.



Scope of Work

Overview + Next Steps



Introduction

Executive Summary

- The purpose of this market study is to understand the market opportunities for higher density housing and increased employment opportunities in the Study Area.
- The analysis and research in this study identified the following key points that will influence the land use scenarios:
 - The need for affordable housing in the Study Area is well documented and it has been confirmed by land use professionals that there would be interest in developing higher density affordable housing projects if the allowable density was increased.
 - Although there have been significant job losses in manufacturing in the Study Area, the manufacturing sector still makes up a significant share of the job base. Demand for the existing industrial space is strong, indicating that existing uses should be maintained in a manner that cleans up use activities to provide environmental justice.
 - Development patterns show that the majority of activity in the Study Area is focused in the Slauson and Florence Station Areas. Based on market activity, these areas should be the initial focus in selecting sites with the potential for being catalytic and stimulating further development.



Introducción

Resumen Ejecutivo

- El objetivo del estudio es entender las oportunidades respecto al mercado de viviendas con densidad alta y las oportunidades de empleo en el Área del Plan Específico.
- El análisis y la investigación de este estudio identifica los siguientes puntos claves que van a influir en las opciones del uso de terreno de las propiedades en el área:
 - La necesidad de tener viviendas económicas en el área del estudio ha sido bien documentada y ha sido confirmado por los expertos que hay interés en desarrollar proyectos de viviendas económicas de más alta densidad, si la densidad que se permite fuese aumentada.
 - Aunque ha habido pérdidas significativas de empleos en el sector de fabricación en el área del estudio, ese sector aun proporciona una gran parte de la base de empleos. La demanda de los locales existentes para uso industrial es fuerte, indicado que esos usos existentes se deberían mantener de una manera que limpie las actividades de ese uso para proveer justicia ambiental.
 - Los patrones de desarrollo demuestran que la mayor parte de las actividades en el área del estudio están enfocadas en el área de las estaciones de transito Slauson y Florence. Basado en la actividad de mercado, estas áreas deberán ser el enfoque inicial para determinar sitios con el potencial de ser catalíticos y de estimular más desarrollo.



Background Document Review

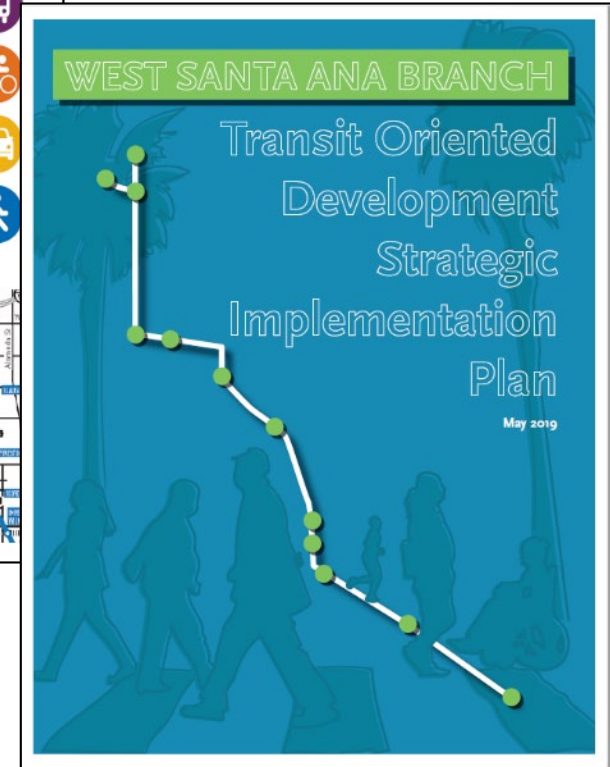
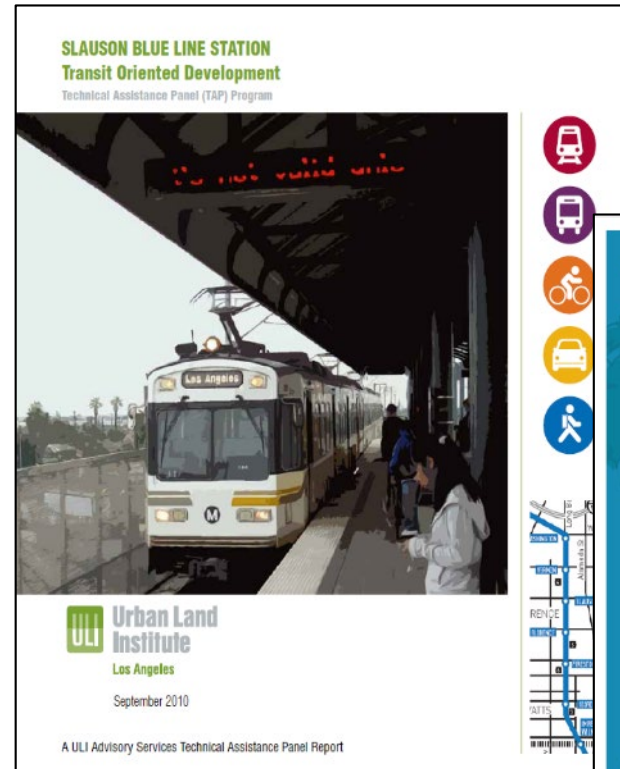


Background Document Review

Key Takeaways

In the past decade several studies have been completed that focus on the Florence-Firestone Community

- The full list of background documents from the past decade that have been reviewed and their key applicable points of each can be found in the Appendix.
- Several themes emerged from the document review that influenced this market study. These include:
 - The need for increased housing production at varying levels of affordability and density
 - Preservation of existing jobs but also expansion and diversification of the job base
 - Station area improvements to make the Transit Oriented District (TOD) areas more vibrant live/work neighborhoods
 - Higher density residential and commercial development should occur in TOD areas



Definition of Markets

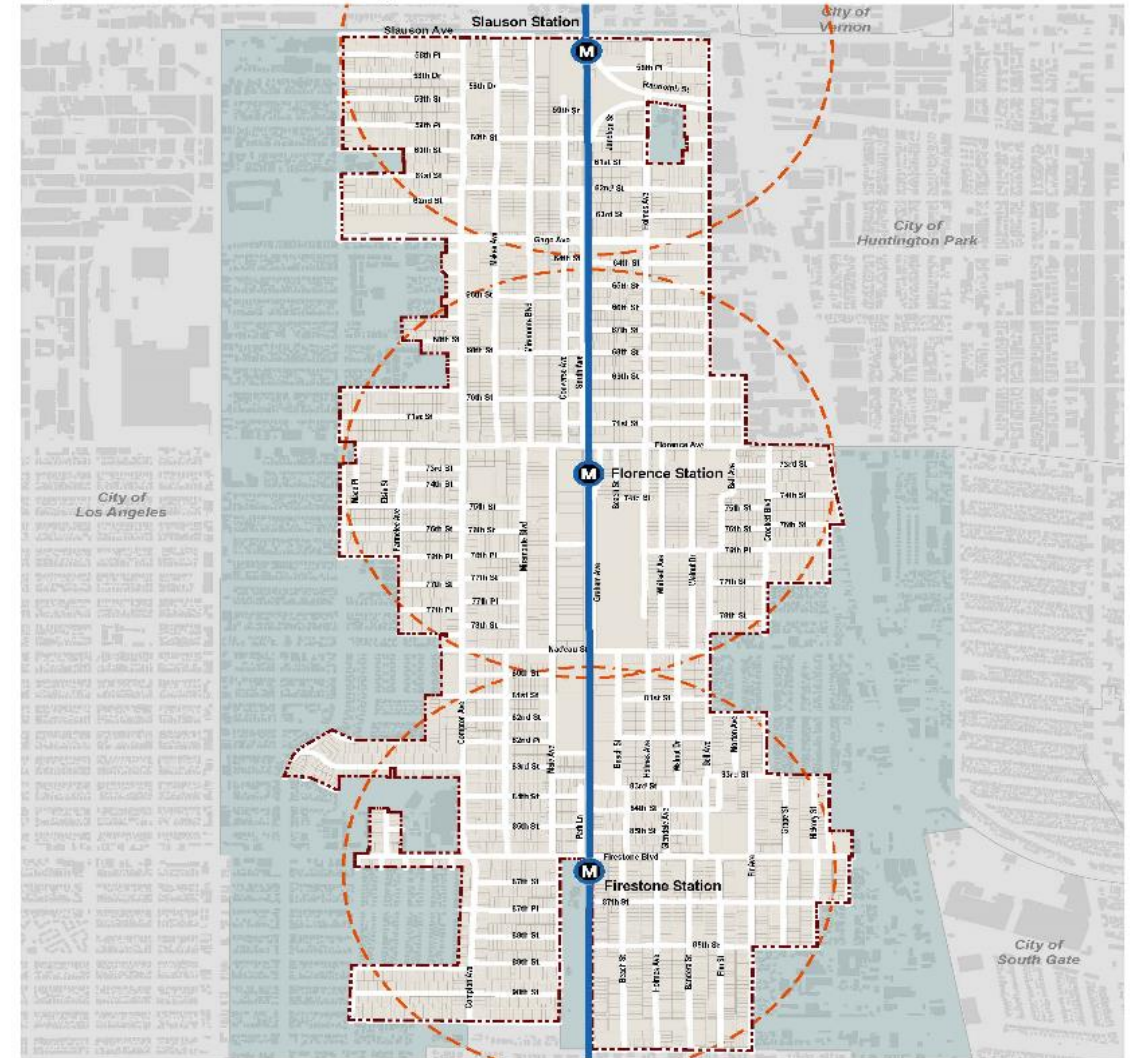


Definitions of Market Areas

Florence-Firestone TOD Study Area

The majority of the Florence-Firestone Community is considered to be a TOD area

- The Los Angeles County Transit Oriented District Program defines a TOD area as the area within a half-mile radius of a major transit station.
- The Florence-Firestone TOD Study Area (Study Area) focuses on the three TOD radii around the Slauson, Florence, and Firestone Metro A Line (Blue) Station Areas within the unincorporated community of Florence-Firestone bordering the Cities of Los Angeles, Vernon, and Huntington Park.
- For the purposes of the Market Study, AECOM has defined three nested geographies with market characteristics that influence development potential in the Study Area. These are detailed on the following page.

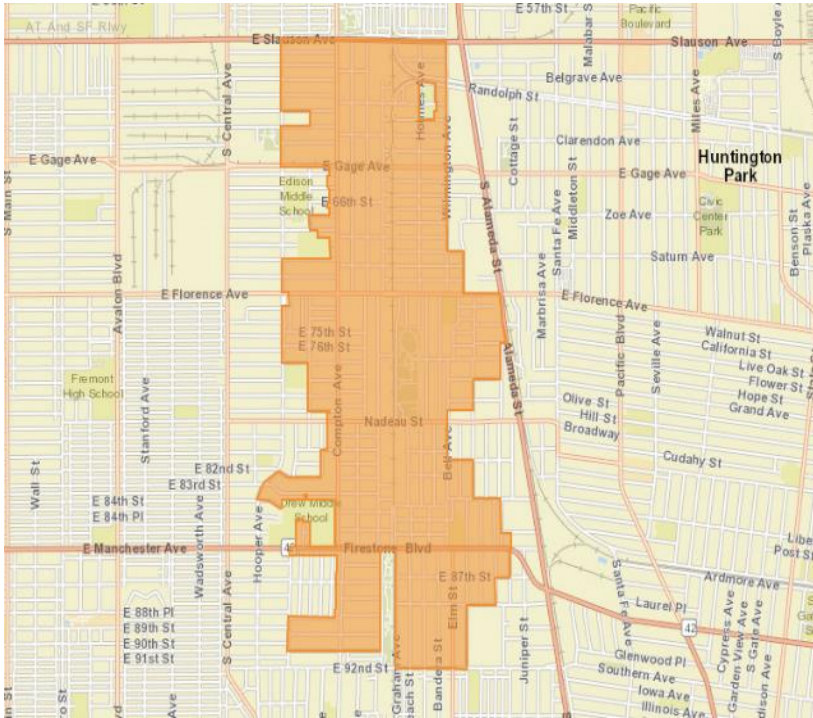


Definitions of Markets

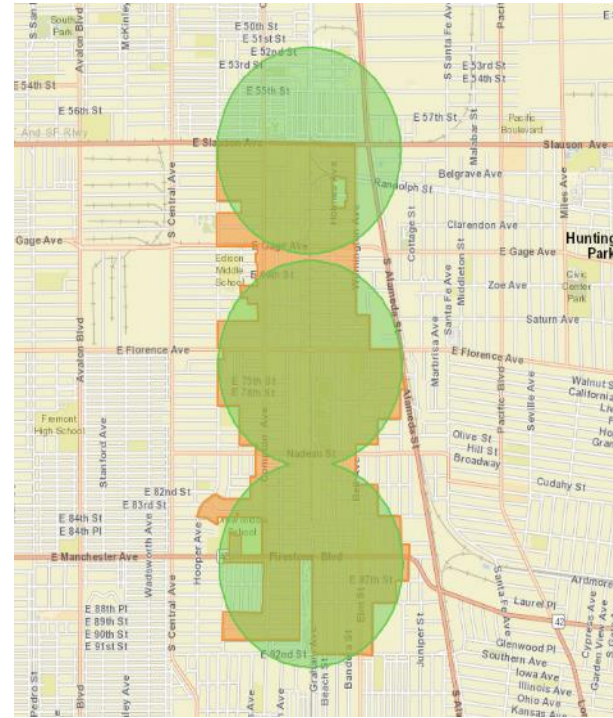
Geographies

The Primary and Secondary Markets influence the market dynamics of the Study Area

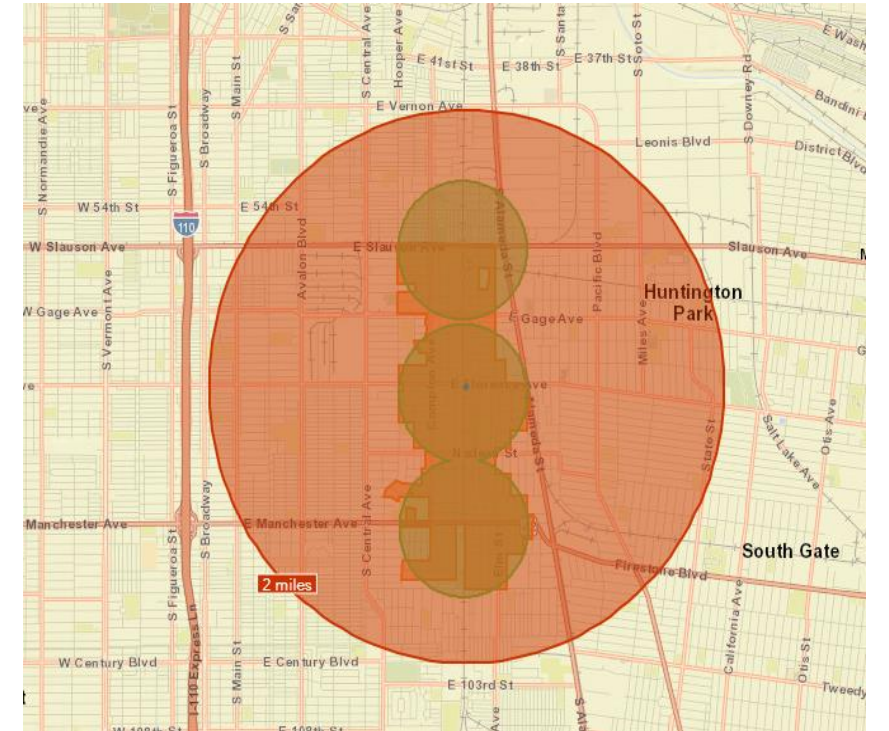
Study Area



Primary Market



Secondary Market



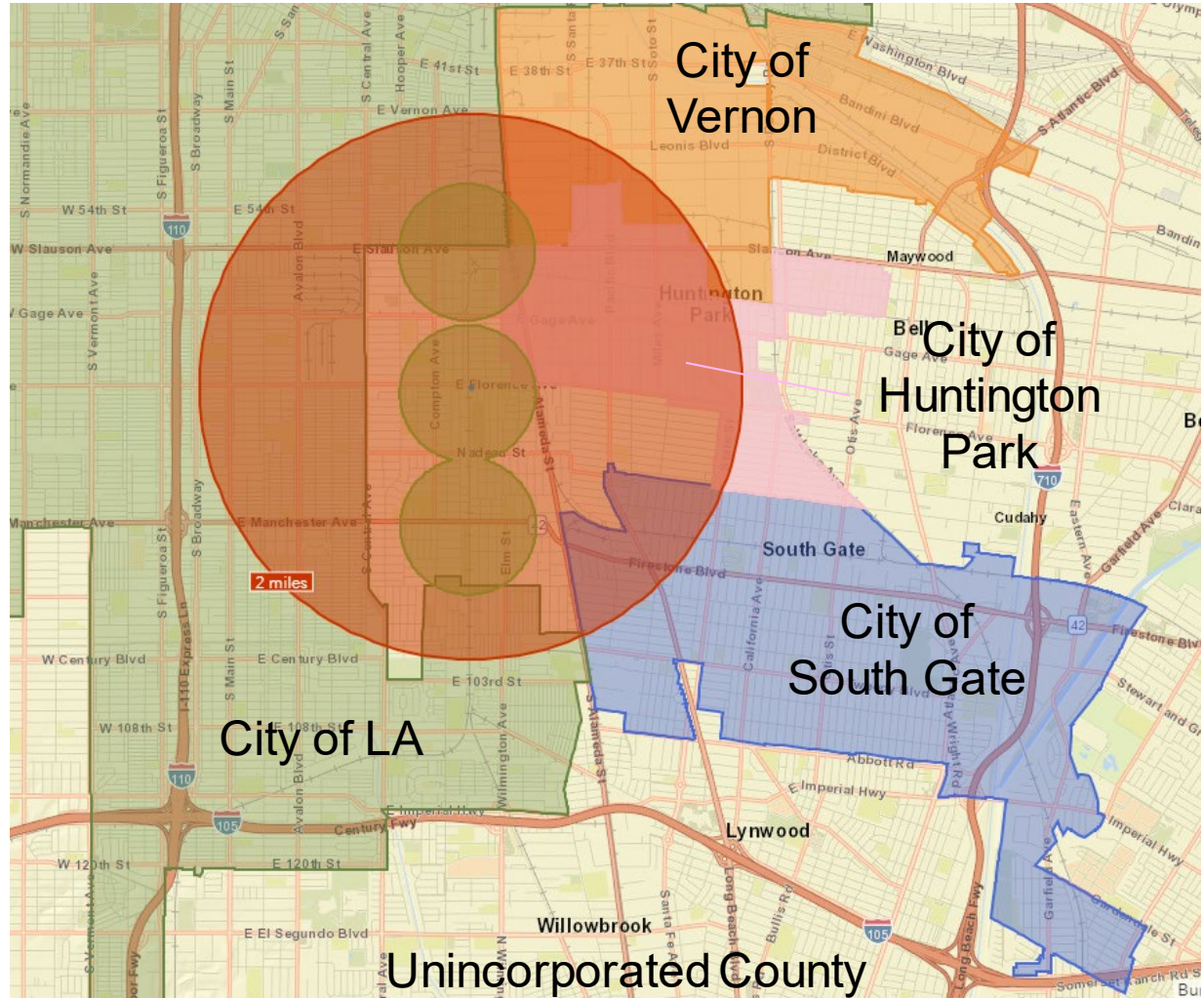
- **The Primary market** is defined as the half-mile radius surrounding the three stations in aggregate.
- **The Secondary Market** is defined as the two-mile radius around the three stations – Slauson, Florence, and Firestone.
- The Primary and Secondary markets combined are referred to in this report as the **Total Market Area**

Secondary Market Geography

Included Jurisdictions

The Secondary Market includes multiple jurisdictions

- The two-mile radius surrounding the three station areas includes the following jurisdictions:
 - Unincorporated Los Angeles County
 - City of Los Angeles
 - City of South Gate
 - City of Huntington Park
 - City of Vernon



Source: Esri Business Analyst



Review of Available Markets

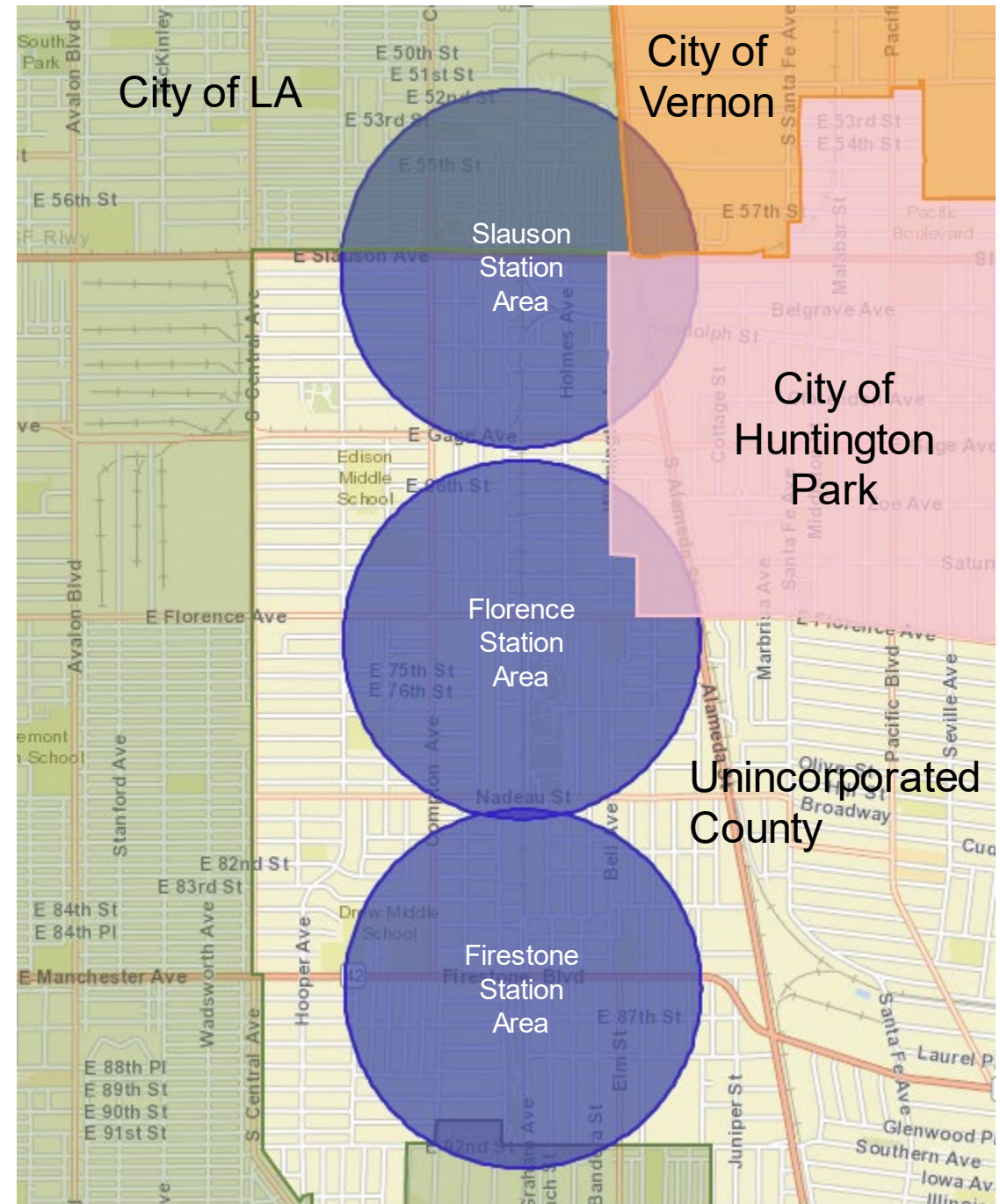
- Resident Socio-Economic Trends
- Employment
- Ridership

Station Areas Market Snapshot Comparison

Station Area Demographics	Slauson	Florence	Firestone
Population (2020)	12,691	15,920	14,822
Households (2020)	2,776	3,419	3,131
Average Household Size (2020)	4.6	4.7	4.7
Median Household Income (2020)	\$34,130	\$43,164	\$37,878
Median Home Value (2020)	\$392,961	\$404,340	\$368,622
Total Employment (2017)	1,850	2,181	796

Source: Esri Business Analyst, AECOM July 2020

- The Florence Station Area has both the largest resident population and the highest concentration of jobs.
- The median household income is 21 percent higher in the Florence Station area compared to the Slauson Station area and 12 percent higher than the Firestone Area.
- Median home value in the Florence Station area is three percent and nine percent higher than the Slauson and Firestone Station areas, respectively.
- The Firestone Station area has the lowest number of jobs, 796, while the other station areas have more jobs and appear to be larger employment nodes.
- The average household size is nearly five persons in all three station areas, which is notably higher than the 3-person average in LA County, suggesting possible Study Area overcrowding.



Population and Households

Metrics

Total Market Area population growth has kept pace with the County rate, but household growth has lagged

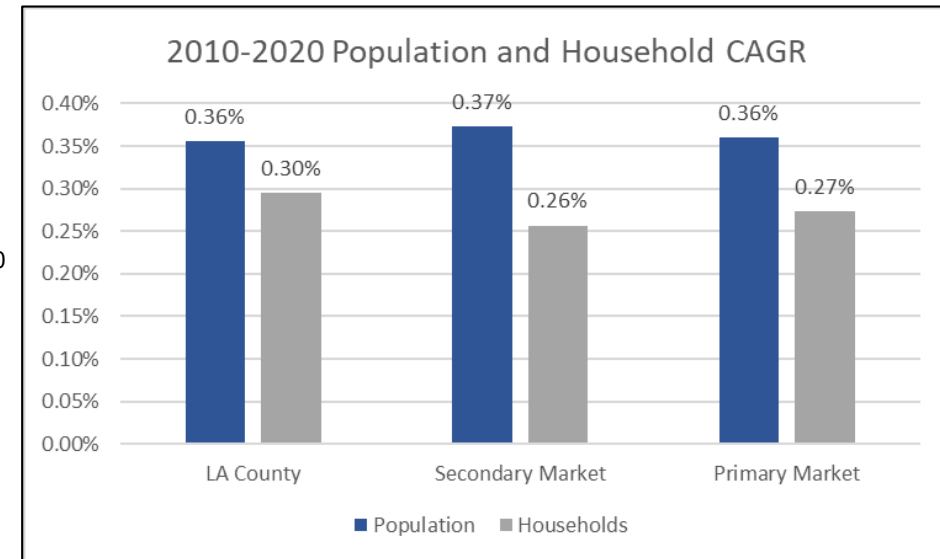
- The current population of the Secondary Market of 231,363 accounts for two percent of the total County population.
- The Primary Market’s population of 43,433 accounts for 19 percent of the Secondary Market’s total population, indicating that the majority of residential units in the Secondary Market are outside the half-mile radius of the three station areas.
- Population compound annual growth rates (CAGR) in the Primary and Secondary Markets have kept pace with the County.
- Average household size in the Primary and Secondary Markets is nearly double that of the County’s, which is also reflected in the slower household growth rate relative to population growth rate.
- The large household size reflects the overcrowding that has been reported in the Study Area and is a result of a constrained housing supply and cultural norms of intergenerational households. These factors lead to a slower rate of household growth.

Geography	2000 Total Population	2010 Total Population	2020 Total Population
LA County	9,519,135	9,818,605	10,173,432
Secondary Market	214,398	222,911	231,363
Primary Market	39,785	41,899	43,433

Source: Esri Business Analyst, AECOM July 2020

Geography	Average Household Size (2020)
LA County	2.99
Secondary Market	4.35
Primary Market	4.65

Source: Esri Business Analyst, AECOM July 2020



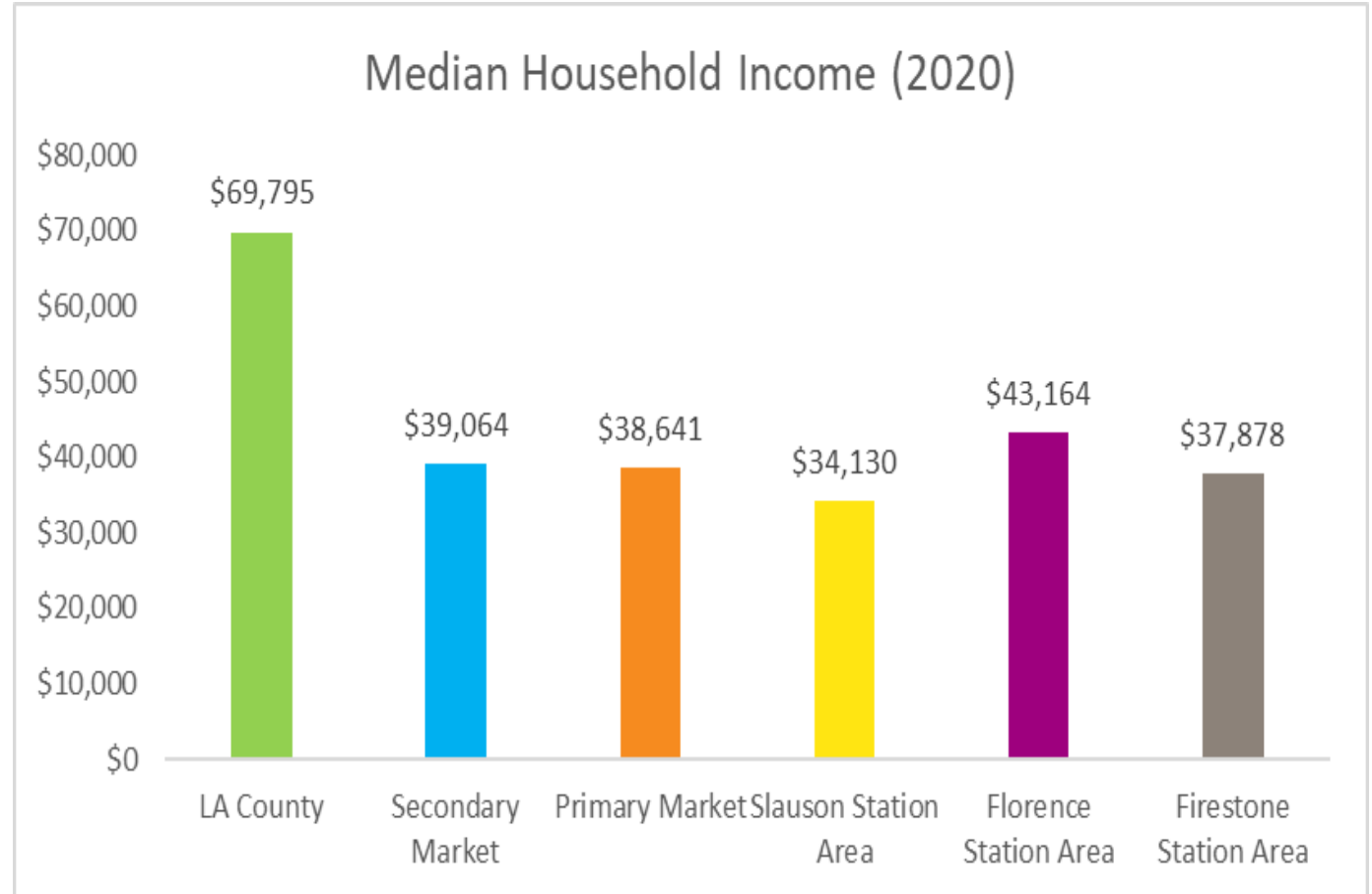
Source: Esri Business Analyst, AECOM July 2020

Demographics

Income + SNAP Benefits

Median household income is lower in the Primary Market relative to the County

- Median household income is approximately 45 percent lower in the Primary (\$38,641) and Secondary (\$39,064) Markets relative to the County (\$69,795).



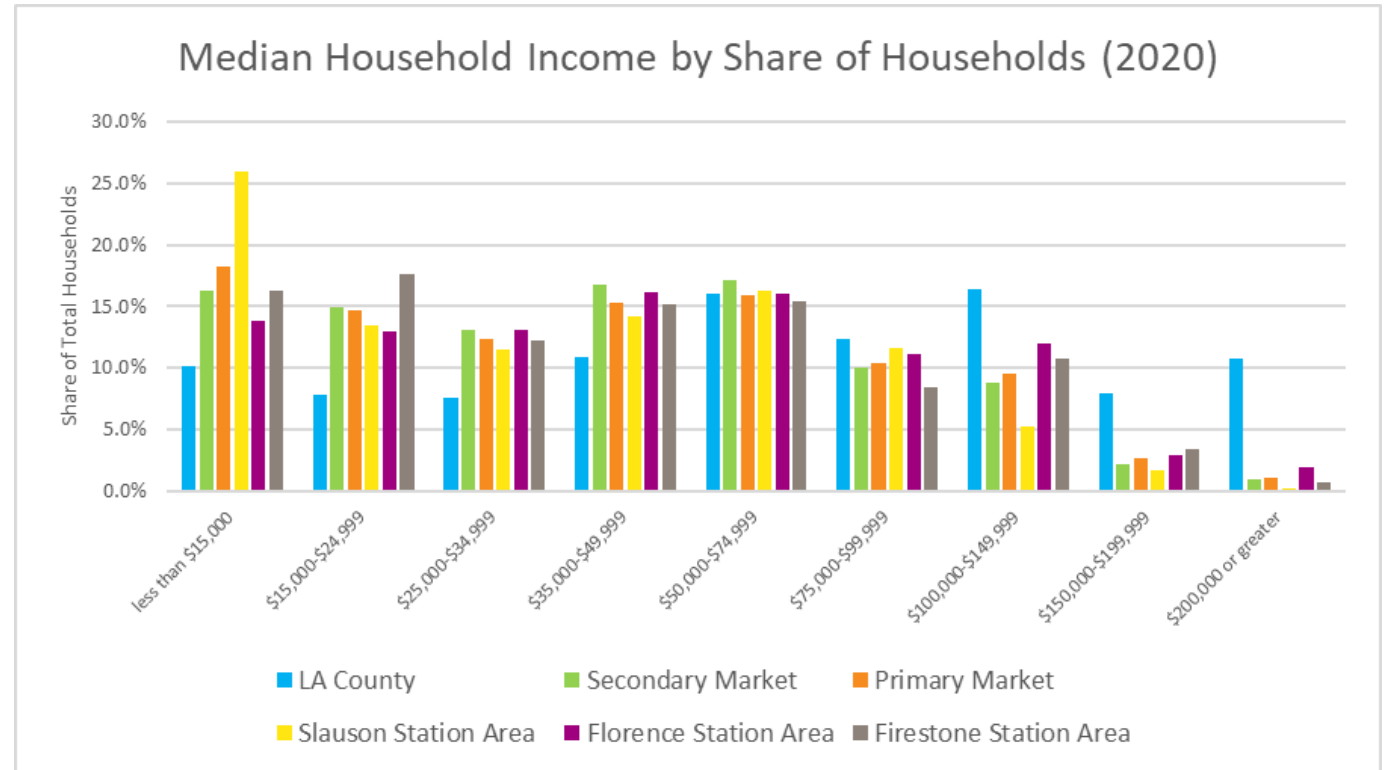
Source: Esri Business Analyst, AECOM July 2020

Demographics

Income

Median household income is lower in the Primary Market relative to the County

- In both the Primary and Secondary markets, over half the households have a household income lower than \$50,000 annually.



Source: Esri Business Analyst, AECOM July 2020

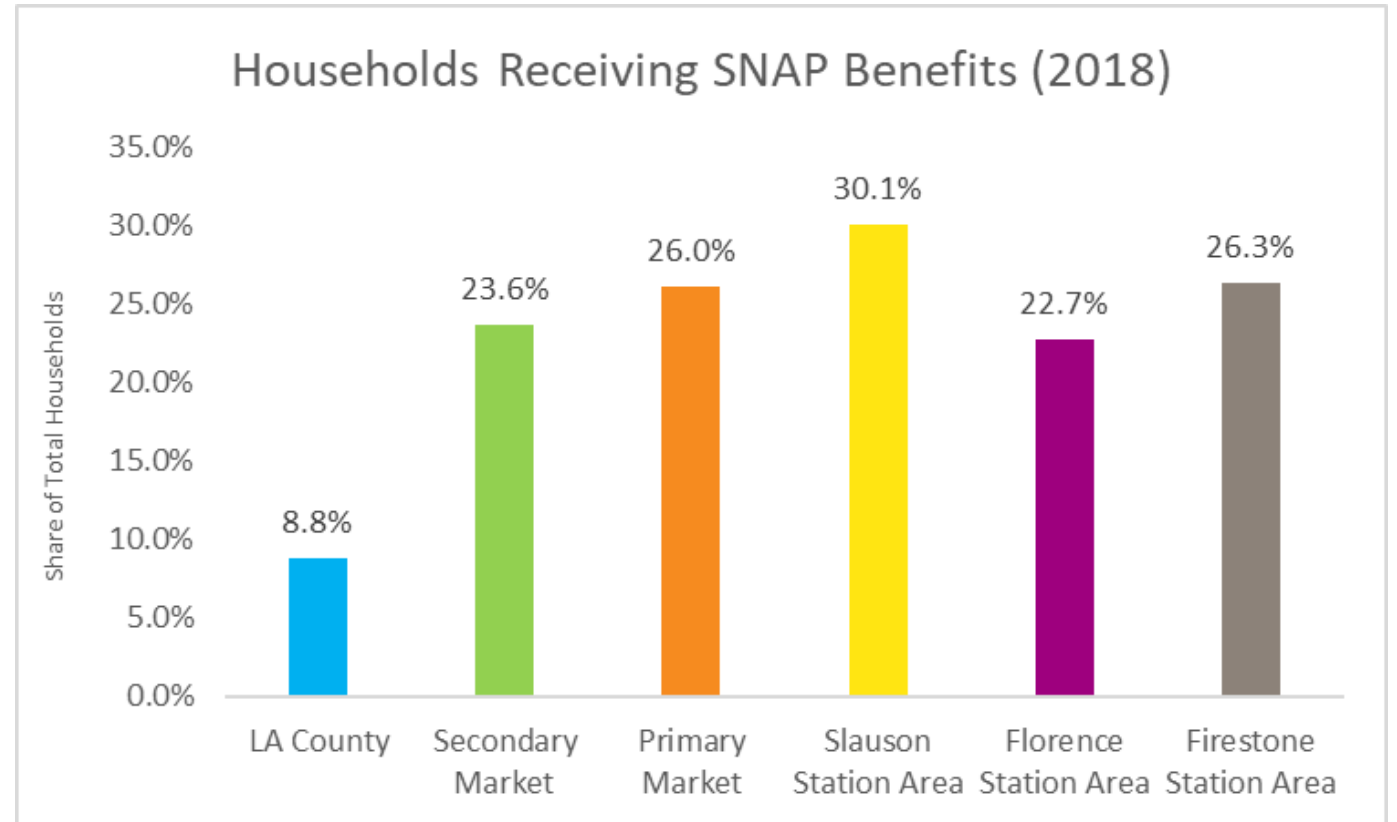
Demographics

SNAP Benefits

A larger share of households in the Primary and Secondary Markets receive SNAP benefits relative to the County

- Twenty-six percent of households in the Primary Market and 23 percent in the Secondary Market receive SNAP benefits—monetary assistance to purchase healthy food¹—compared with under 10 percent in the County.

(1) SNAP (Supplemental Nutrition Assistance Program) benefits provide low-income households with monetary assistance to purchase healthy foods. The percentage of households that receive SNAP benefits can be indicative of the number of households experiencing poverty.



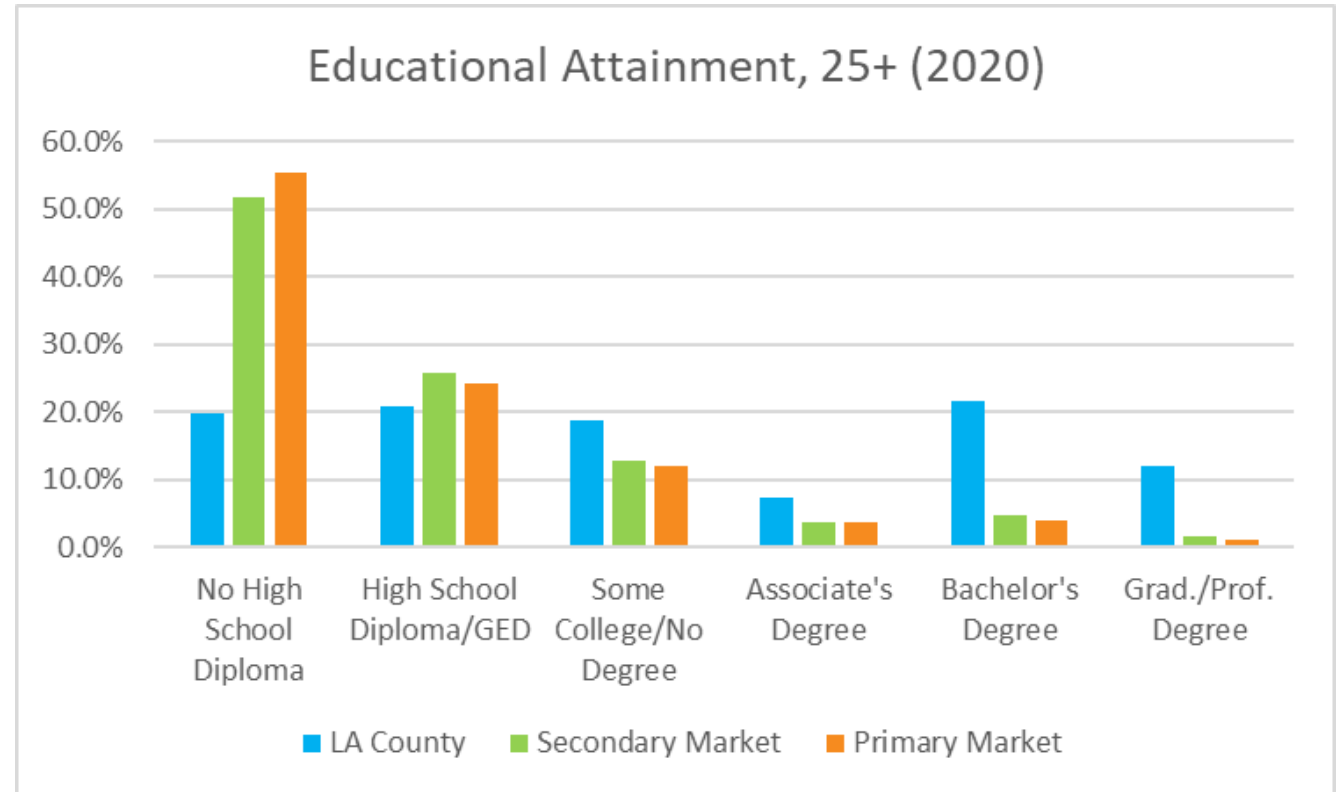
Source: Esri Business Analyst, AECOM July 2020

Demographics

Education

Low levels of educational attainment in the Primary and Secondary Market Area indicate a workforce that may lack the advanced skills required by higher-paying industry sectors

- More than half of workforce-aged residents in the Primary and Secondary markets—52 and 53 percent respectively—lack a high school diploma compared to the County rate of 20 percent.
- Six percent of the Secondary Market's and five percent of the Primary Market's population has received a bachelor degree or higher, compared to 34 percent in the County.
- Both the Primary and Secondary markets have a high share of residents in the Hispanic cohort (89 percent and 92 percent respectively) compared to the County at 49 percent.

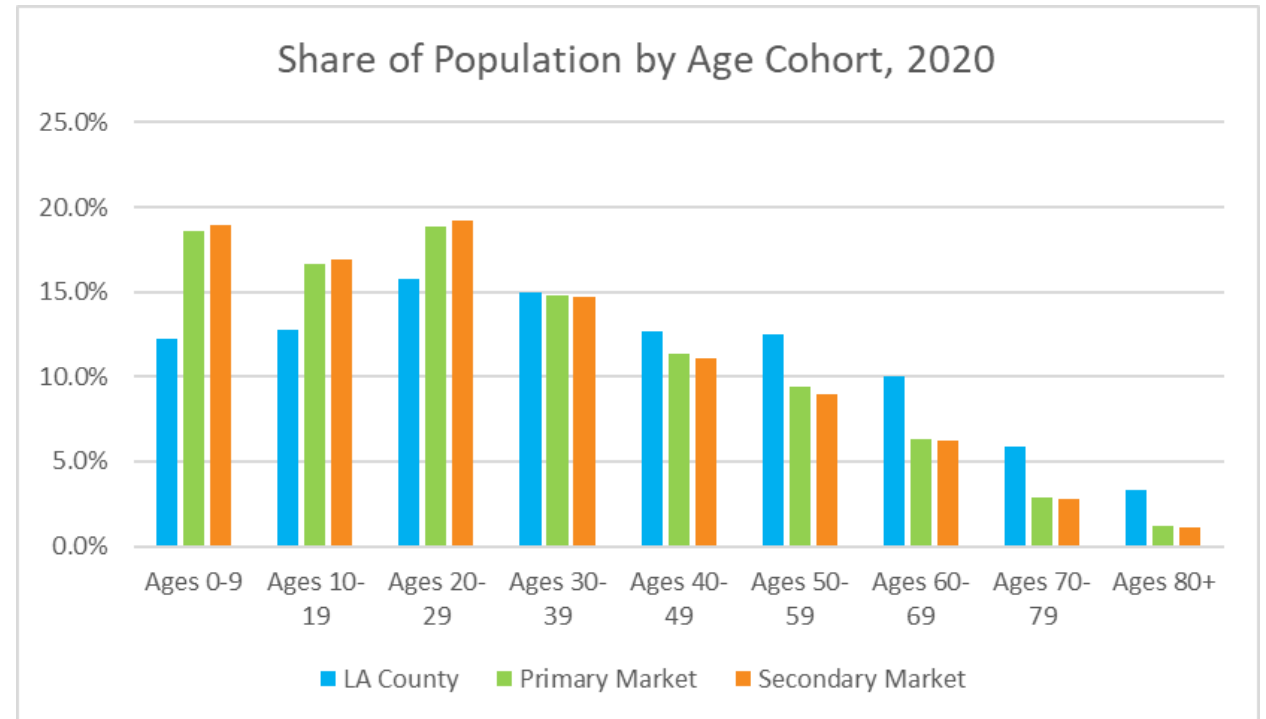


Demographics

Age

The population of the Primary and Secondary markets is younger relative to the County

- The median age in both the Primary and Secondary markets is approximately 27 years, which is nearly a decade younger than the median age in the County, which is 36 years.
- The Primary and Secondary Markets both have a higher share of the population between ages 0 to 19 (36 percent in the Primary market and 35 percent in the Secondary Market) relative to the County (25 percent).
- The County has a higher share in all age cohorts after age 30, indicating that the more mature members of the workforce who may be able to command higher wages, live outside of the Primary and Secondary markets.

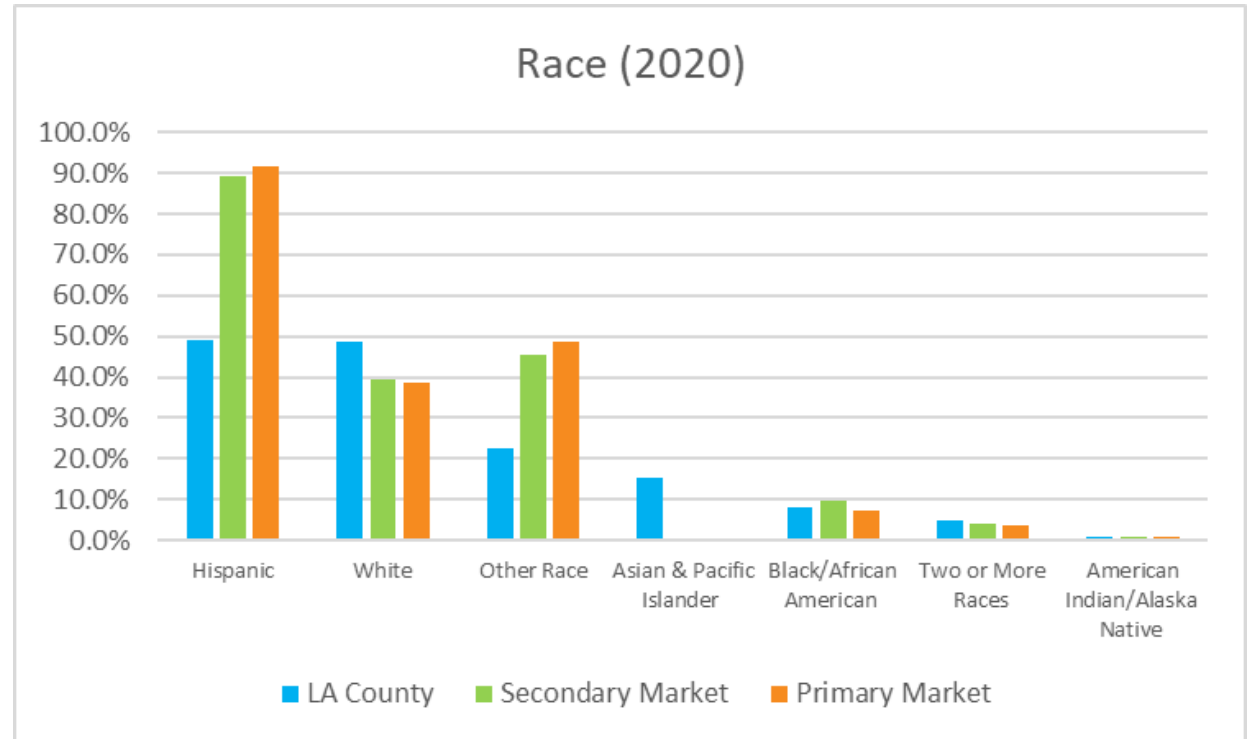


Demographics

Race

The Study Area has a larger Hispanic population relative to the County

- Both the Primary and Secondary markets have a high share of residents in the Hispanic cohort (89 percent and 92 percent respectively) compared to the County at 49 percent.



Source: Esri Business Analyst, AECOM July 2020

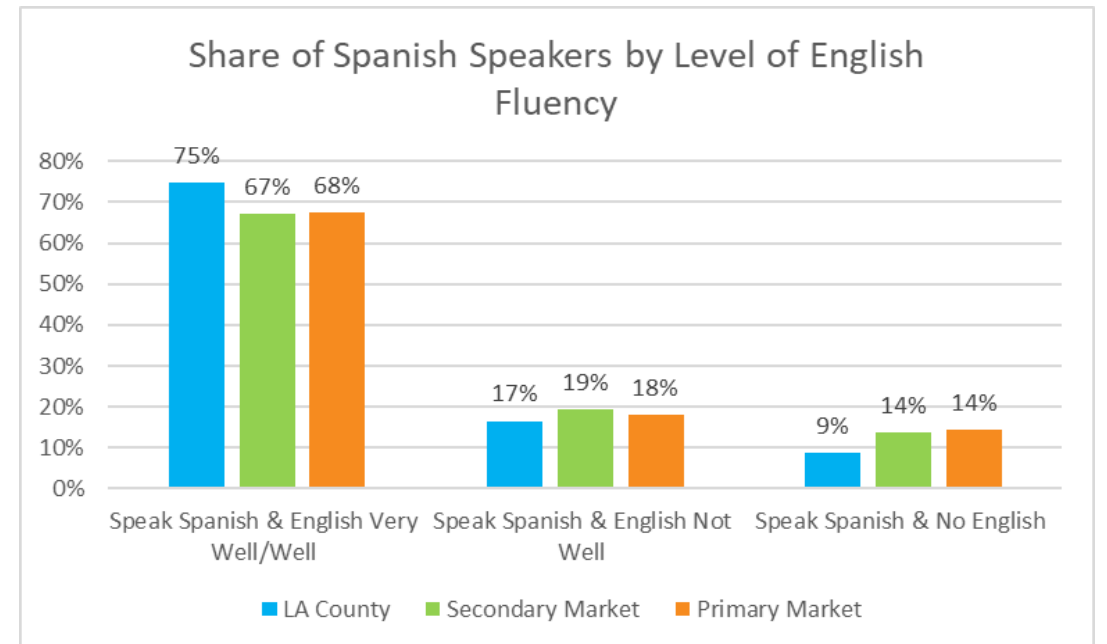
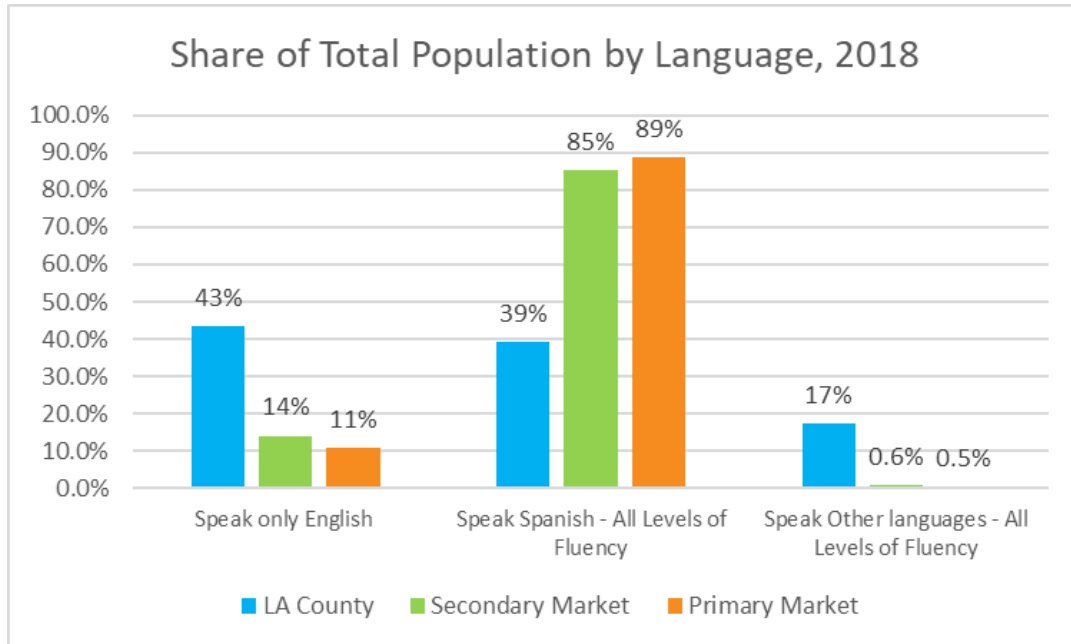
Note: Figures for each racial group include both single race and multiracial people, except for White, which is single race, non-Latino. Figures do not sum to total.

Demographics

Language

The majority of the population in the Primary and Secondary Markets are bilingual in Spanish and English

- A larger share of the population in the Primary and Secondary markets have Spanish language skills, 85 percent in the Secondary Market and 89 percent in the Primary Market, relative to the County in which 43 percent of the population speaks some level of Spanish.
- The majority of the population in the Primary and Secondary Market are bilingual in English and Spanish, only 14 percent of the population in these markets do not speak any English.

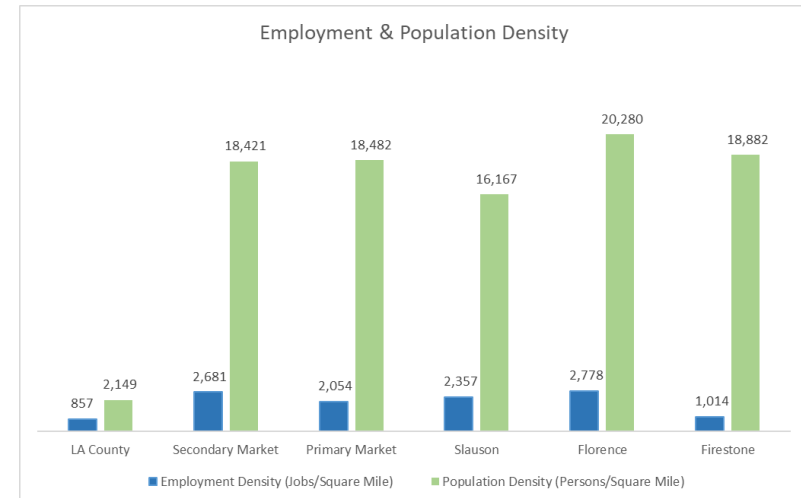
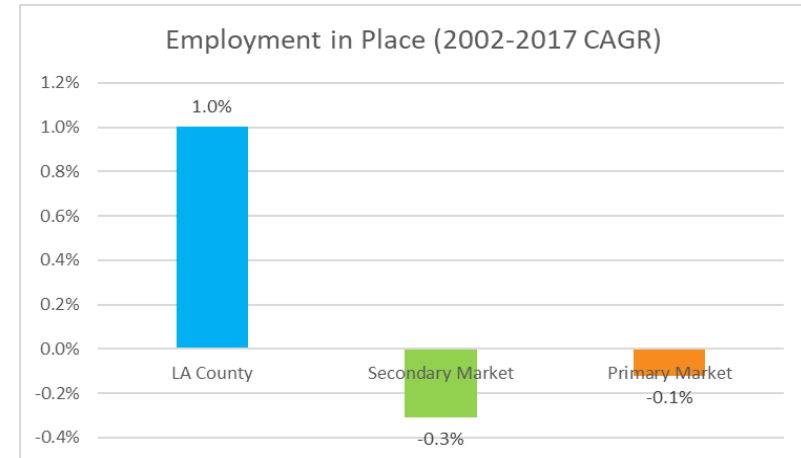


Employment

Job Growth and Density

Employment has declined since 2002 in the Primary and Secondary Markets

- Since 2002, employment in the Primary and Secondary Markets declined 0.1 percent and 0.3 percent annually compared to 1.0 percent growth in the County.
- There are 33,673 jobs in the Secondary Market, 14 percent (4,827) of which are in the Primary Market.
- Job density in the Secondary Market is 2,681 jobs per square mile, which is 68 percent greater than job density in LA County.
- The Primary Market's job and population density is aligned with the Secondary Market's levels
- When the Primary Market is viewed by individual station area, Florence has the highest employment and population density; employment density at Slauson indicates a job center orientation, while population density at Florence indicates a residential orientation



Note: Population density reflects 2020 values, employment density reflects 2017 values

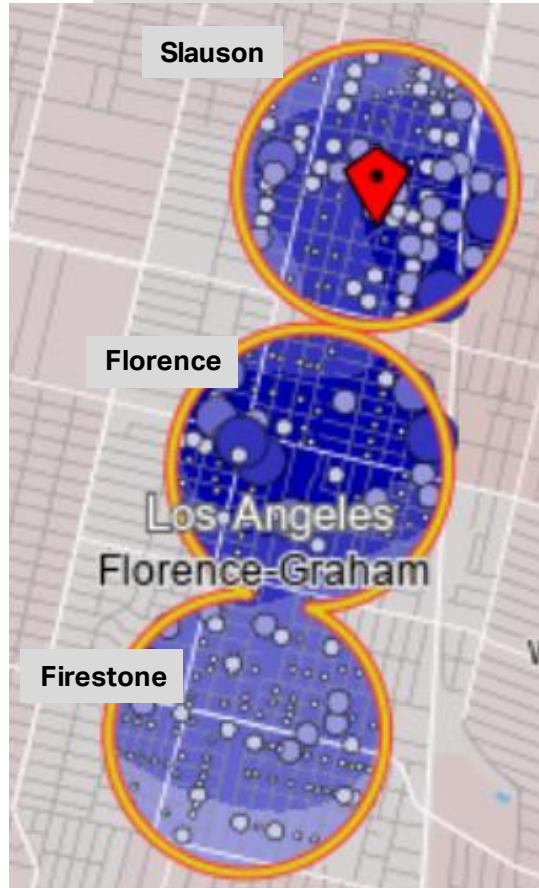
Source: LEHD OntheMap, Esri, AECOM July 2020

Employment Concentrations

Within the Primary Market jobs are concentrated in the Slauson and Florence Station Areas

- Within the Secondary Market employment is concentrated in Northeast, which includes portions of the City of Huntington Park and bordering City of Vernon.
- Within the Primary Market, the employment concentrations are located in the Slauson and Florence Station areas.

Primary Market



Secondary Market



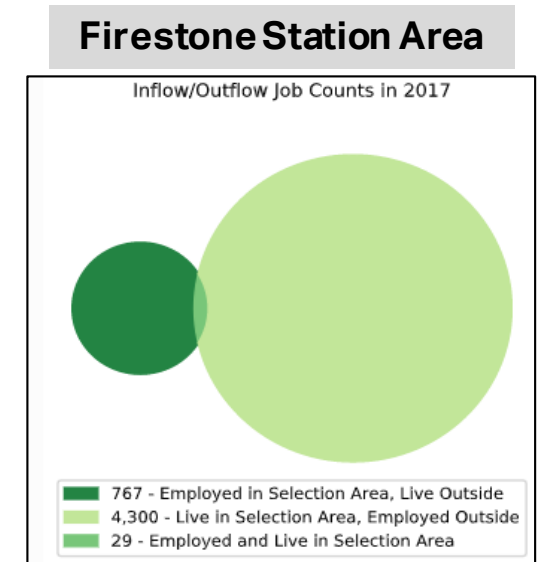
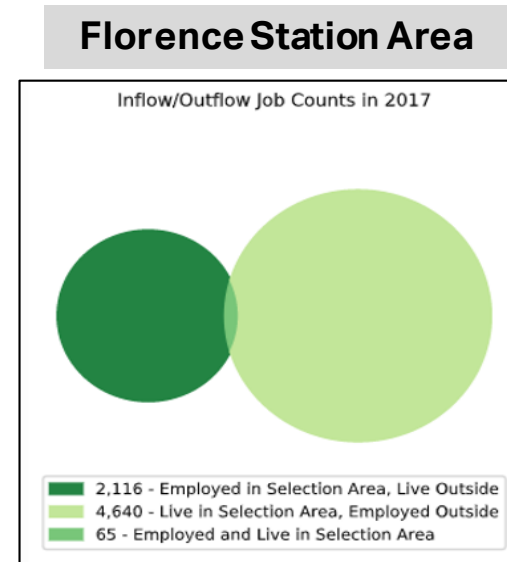
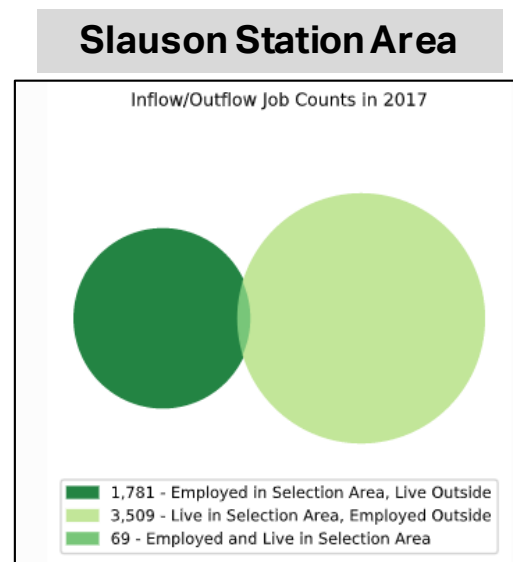
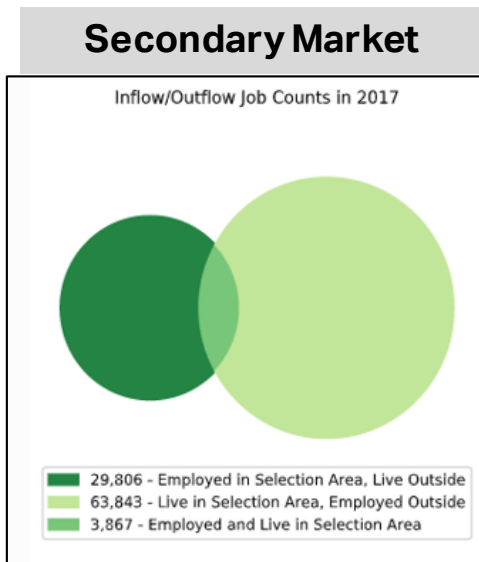
Note: Population density reflects 2020 values, job density reflects 2017 values
Source: LEHD OntheMap, Esri, AECOM July 2020

Employment

Inflow/Outflow

The majority of residents in the Primary and Secondary Markets travel outside these geographies to work *

- A 2010 ULI TAP report noted that local residents reported that most of their working neighbors commute to jobs located elsewhere in the region, such as downtown Los Angeles, Vernon, Huntington Park, or Long Beach, rather than to jobs in the immediate vicinity.
- Within the larger Secondary Market, 11 percent of employees live and work within the geography, while only five percent of employees live and work in the Primary Market.
- The percentage of employees that live and work within each station area is between three to four percent in each station area.

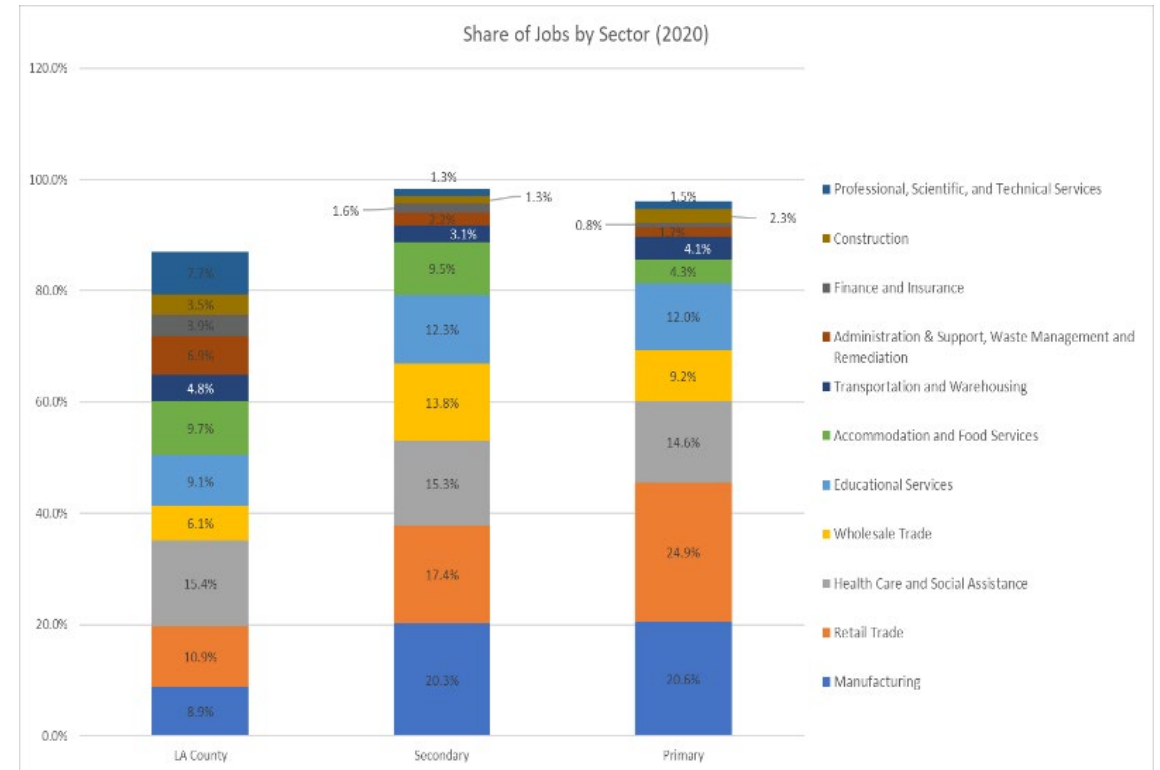


Employment

Share of Jobs by Sector

The Primary and Secondary Market Areas have large employment concentrations in the Retail Trade, Manufacturing, and Wholesale Trade sectors relative to the County

- Retail makes up 24.9 percent and 17.4 percent of jobs in the Primary and Secondary areas respectively, compared to 10.9 percent in the County.
- Manufacturing makes up 20.6 percent and 20.3 percent of jobs in the Primary and Secondary areas respectively, compared to 8.9 percent in the County.
- Wholesale makes up 9.2 percent and 13.8 percent of jobs in the Primary and Secondary areas respectively, compared to 6.1 percent in the County.



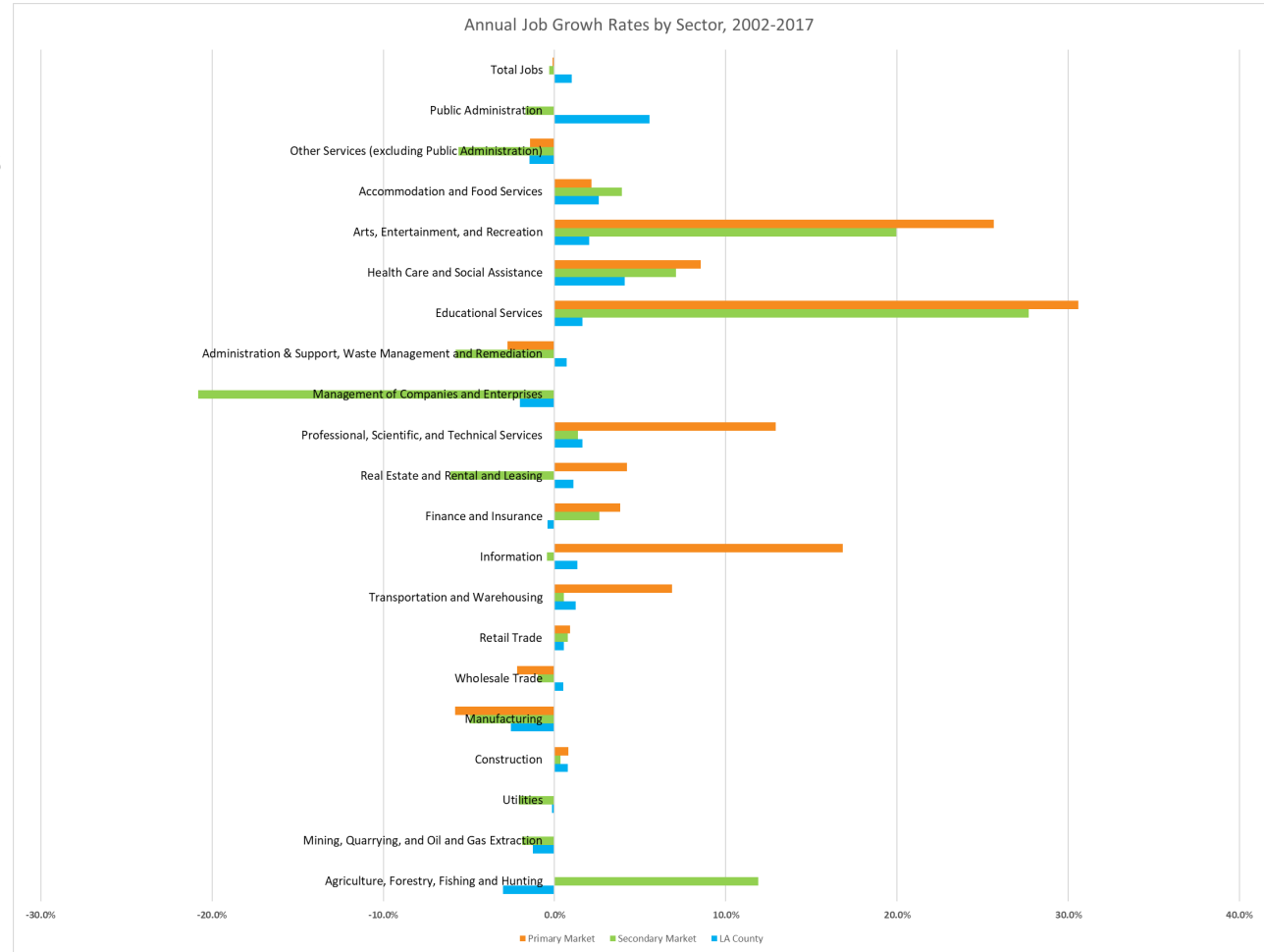
*Note: Only sectors with a share of one percent or above are represented in this graphic
Source: LEHD OntheMap, AECOM July 2020

Employment

Growth of Jobs by Sector

The Manufacturing sector experienced job losses in all three geographies

- The sectors that added the most jobs between 2002 to 2017 in the Primary and Secondary Markets was Educational Services. Within the Secondary Market this sector added 3,927 jobs (28 percent annual growth rate) and 537 of those jobs were in the Primary market (a 30.6% annual growth rate).
- The most notable job losses were in the Manufacturing sector, the Secondary Market lost 7,607, a five percent annual decrease, and 1,369 of these jobs were in the Primary Market (6% annual decrease).
- Countywide there was a major loss in Manufacturing, during this time, a total loss of 159,789 jobs, an annual decrease of three percent.

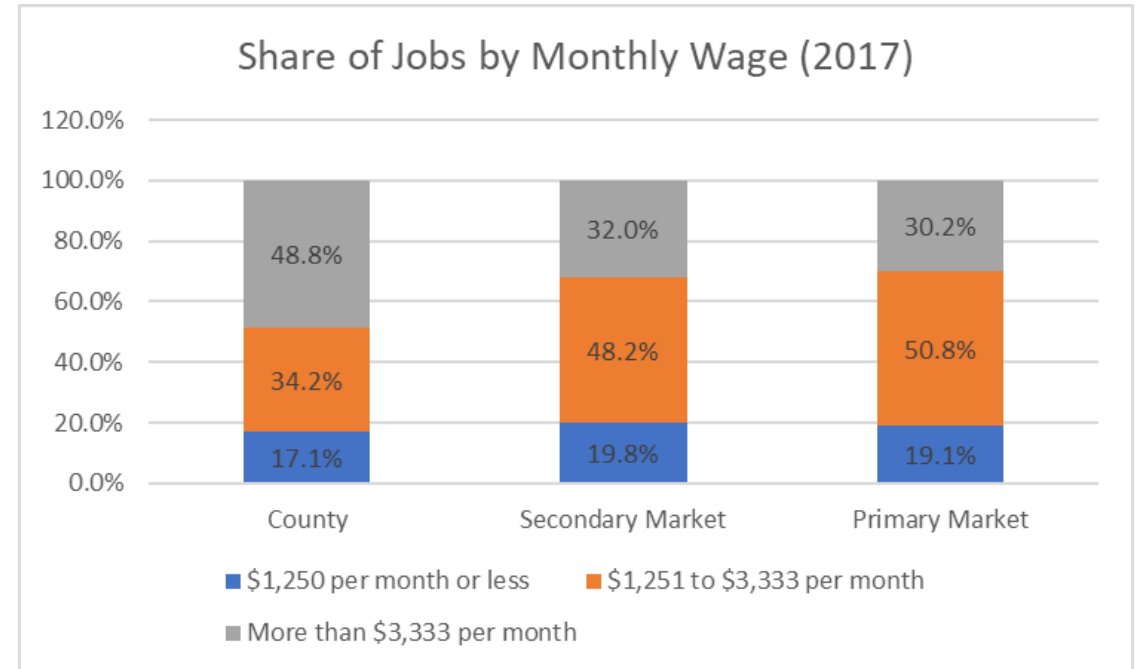


Employment

Share of Jobs by Sector and Wages

Wages for Jobs in the Primary and Secondary Market are primarily within the middle-income tier

- Wage tiers reflect wages from area workers and not area residents and sort the monthly wages into three distinct tiers.
- These indicate that the jobs in the Primary and Secondary areas lag the County in the highest tier (wages greater than \$3,333 per month), exceed the County in the middle tier (\$1,251 to \$3,333 monthly), and are roughly equivalent in the lowest tier (below \$1,251 per month).

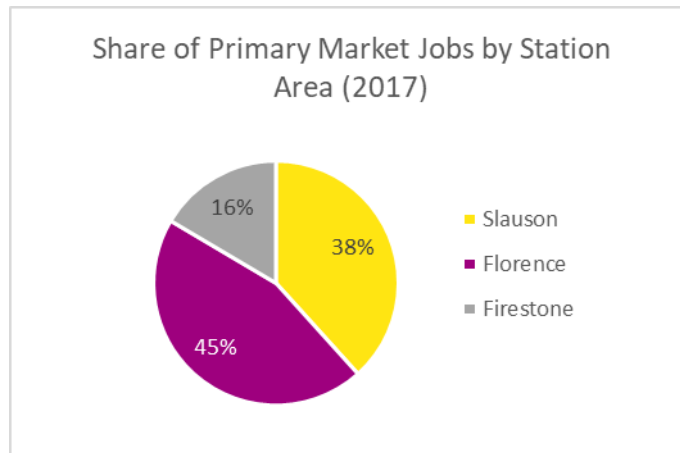


Employment

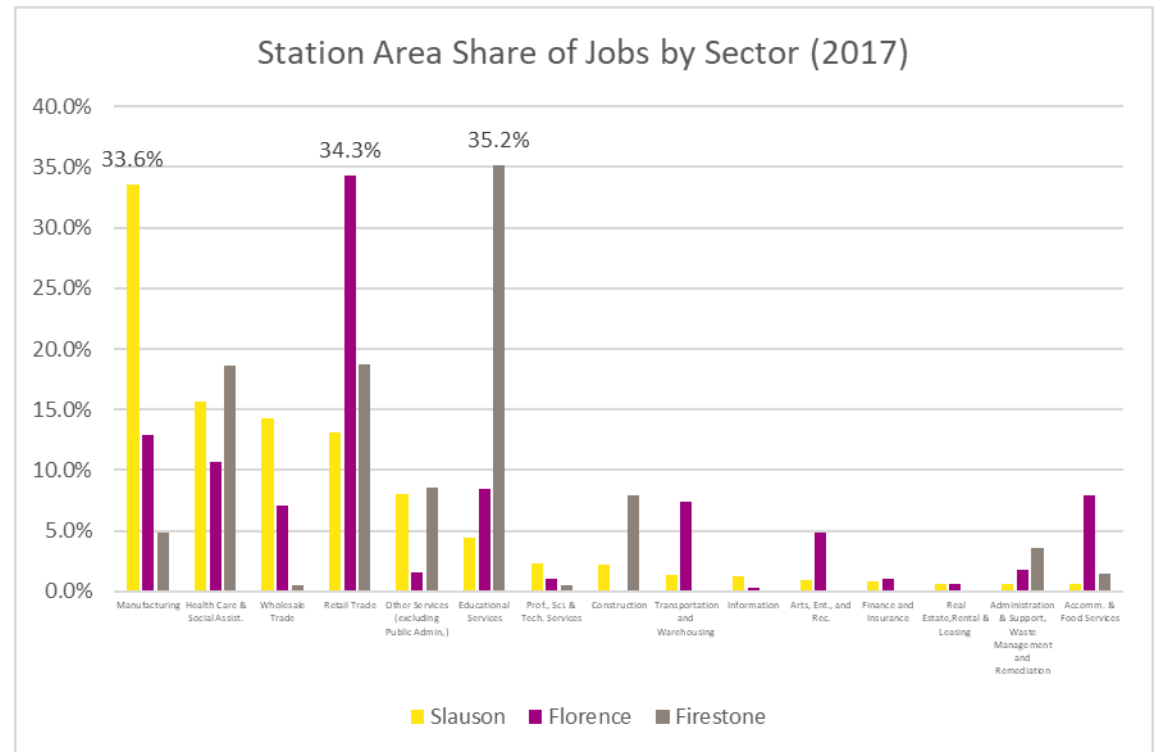
Trends by Station Area

Job losses since 2002 in the Slauson and Firestone Station Areas are attributable to declines in the manufacturing sector

- Nearly half (45%) of the Primary Market’s jobs are located in the Florence Station Area, while the Slauson Station Area accounts for 38 percent. Firestone Station Area accounts for 16 percent.
- Since 2002 the Slauson and Florence Station Areas saw negative job growth, while the Firestone Station area saw increase of 222 jobs. Most of the growth was in the Educational and Health Care/Social Assistance Sectors.
- In general, all three station areas saw notable losses in Manufacturing with 47 percent of losses in Slauson and 75 percent of losses in Firestone from this sector.



2002-2017 Change in Total Employment	Station Area		
	Slauson	Florence	Firestone
No.	-86	-225	222
%	-4.4%	-9.4%	38.7%
CAGR	-0.3%	-0.7%	2.2%

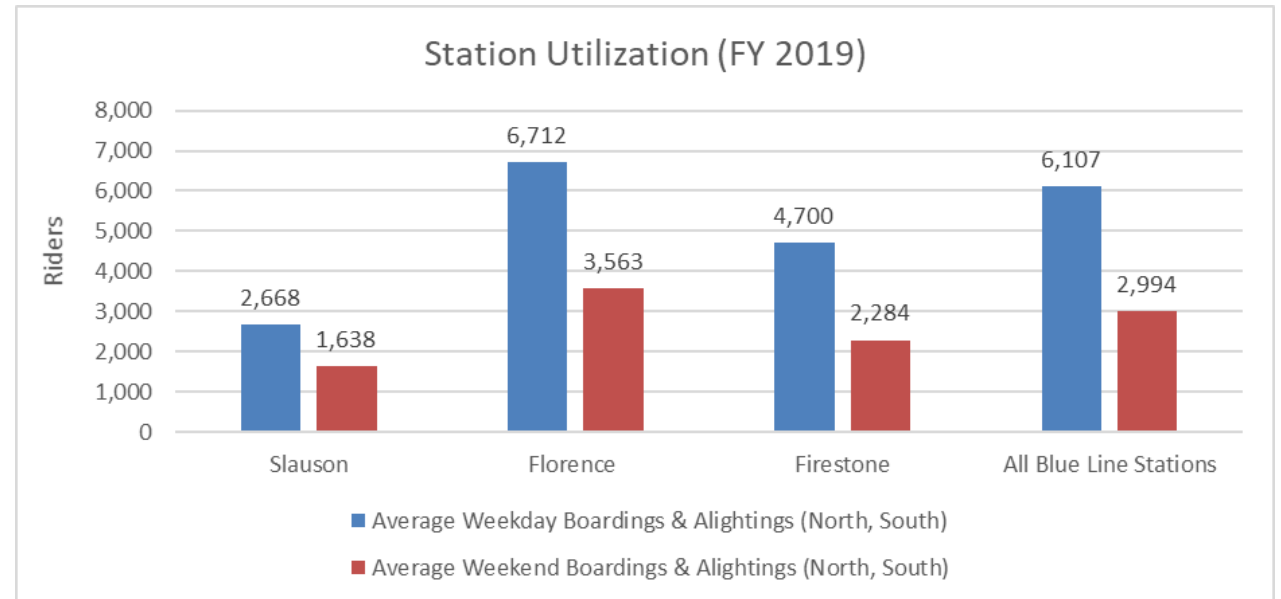


A (Blue) Line Station Utilization

Average Ridership by Station Area

Only the Florence Station Area exceeds the average ridership for Metro A (Blue) Line Stops

- The Slauson Station has the lowest average number of boardings and alightings compared to the other stations in the Study Area. On average, 2,668 people use the Slauson Station on a weekday and 1,638 people on a weekend.
- The Florence Station has an average weekday ridership of 6,712 riders, which is ten percent higher than the average utilization rate of the Blue Line Stops.
- Greater ridership leads to greater support for retail amenities in the surrounding Station Area.



Source: LA METRO FY19 Rail Station-Level Ridership, AECOM August 2020

Review of Available Markets

Key Takeaways

- The Primary and Secondary Markets influence the market dynamics of the Study Area. The Secondary Market provides a broader context for understanding market trends in the Study Area. The analysis indicates that Secondary market characteristics are fundamentally similar to those in the Primary Market.
- Population growth in the Primary and Secondary Markets has kept pace with County growth, but generally larger households have led to slower household growth.
- Median household income is notably lower in the Primary and Secondary Markets relative to the County, and a larger percentage of households in these markets receive SNAP benefits than County households.
- Low levels of educational attainment in the Primary and Secondary Market Area indicate a workforce that may lack the advanced skills required by higher-paying industry sectors.
- Employment has declined since 2002 in the Primary and Secondary Markets, primarily due to Manufacturing sector job losses. The County also experienced manufacturing job losses during this time, but unlike the Primary and Secondary Markets, the County increased employment in other sectors.
- Slauson and Florence Station Areas contain a higher concentration of jobs than the Firestone Station Area.
- The majority of residents of the Primary and Secondary Markets travel outside the geographies to work, while in-commuting workers earn wages that are generally higher than area household incomes.
- Ridership at the Florence Station is higher than average for Metro A (Blue) Line Stations, while ridership at Slauson and Firestone is lower than average.



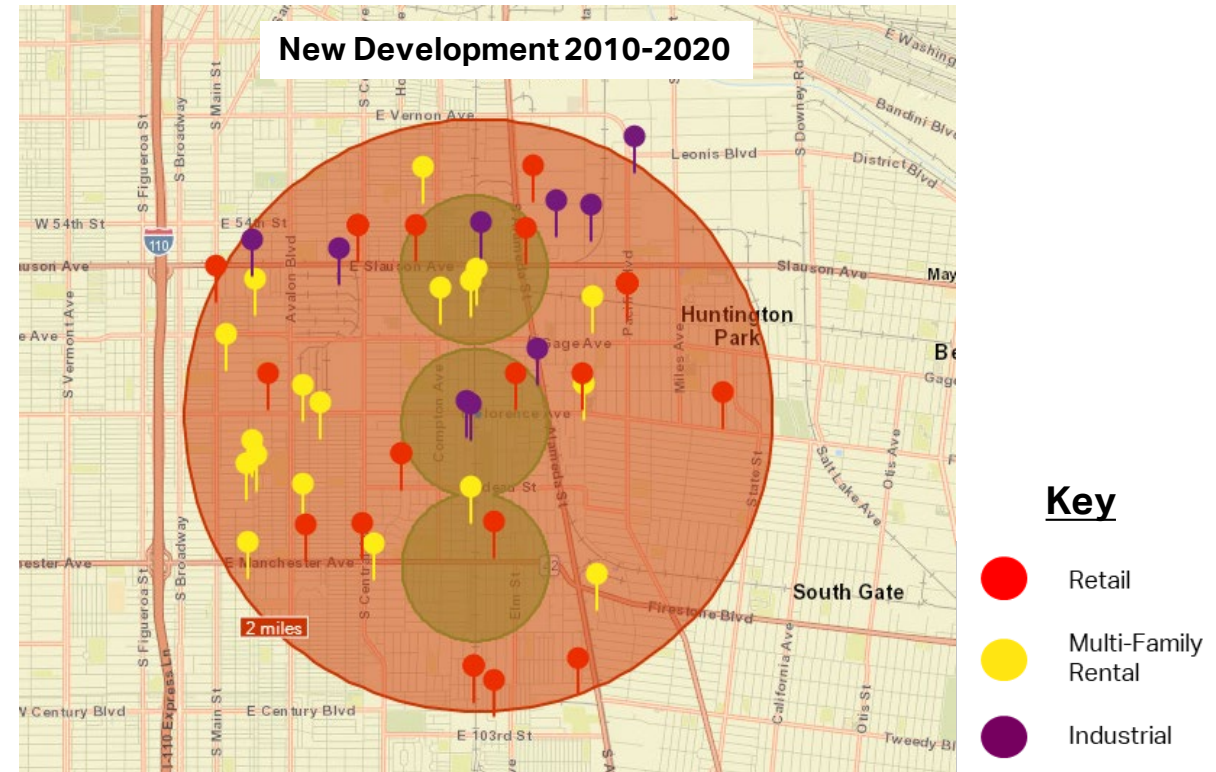
Real Estate Market Trends

Development Snapshot (2010-2020)

Retail, Multifamily Residential, Industrial

Since 2010, most new development in the Secondary Market has been outside the Primary Market, with Slauson capturing the most among Station Areas.

- Of the 15 multi-family rental properties built in the Secondary Market since 2010, four are in the Primary Market accounting for 18 percent of total new units.
- The Primary Market Area captured eight percent of all retail growth in the Secondary Market Area.
- Within the Primary Market Area, Slauson captured most of the multi-family and retail growth, while Florence captured nearly all of the industrial growth.



	Primary Market Development - Share by Station Area		
	Slauson	Florence	Firestone
MFR (Units)	97%	3%	N/A
Retail (SF)	75%	14%	11%
Industrial (SF)	8%	92%	N/A

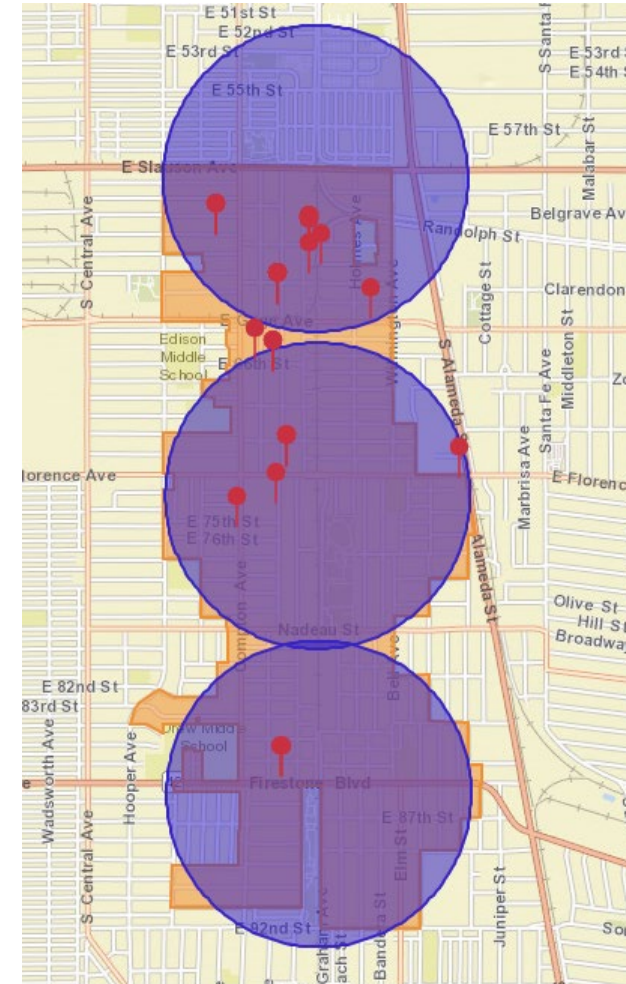
	Total Built in Secondary Market	Total Built in Primary Market	Share of Secondary Market
MFR (Units)	357	66	18%
Retail (SF)	348,148	26,608	8%
Industrial (SF)	621,702	90,900	15%

Development Snapshot

Permit Data (2018-2020)

Permit data shows one retail and nine residential projects with 93 total housing units under development in the Study Area

- County building permit data¹ shows 10 projects in the pipeline for the Study Area, of which one is retail and the remainder are residential. All are within the TOD areas.
- The residential projects include nine residential projects with 93 housing units, of which 83 percent of are in multifamily projects (3 projects), 11 are percent in duplexes (five projects), and three percent are single family homes (three projects).
- The retail project for 4,736 square feet is in the Florence Station Area.



1/ The projects analyzed from the County permit data have the status of "Approved," "Issued," "Finalized," "New-Online" or "In Review."

Note: The permit data was provided by the County to AECOM prior to changing the boundaries of the Study Area. Due to the expansion of the Study Area this data may change and will be reanalyzed if provided by the County.

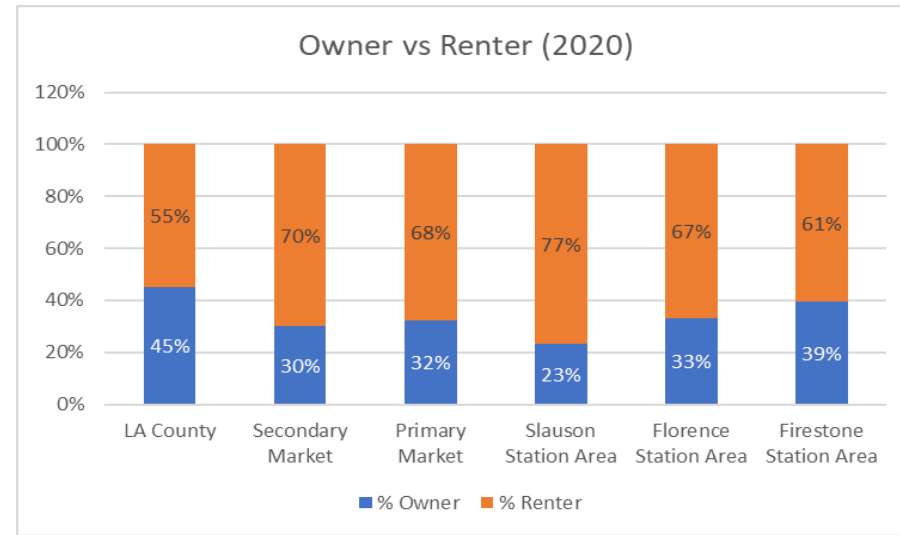
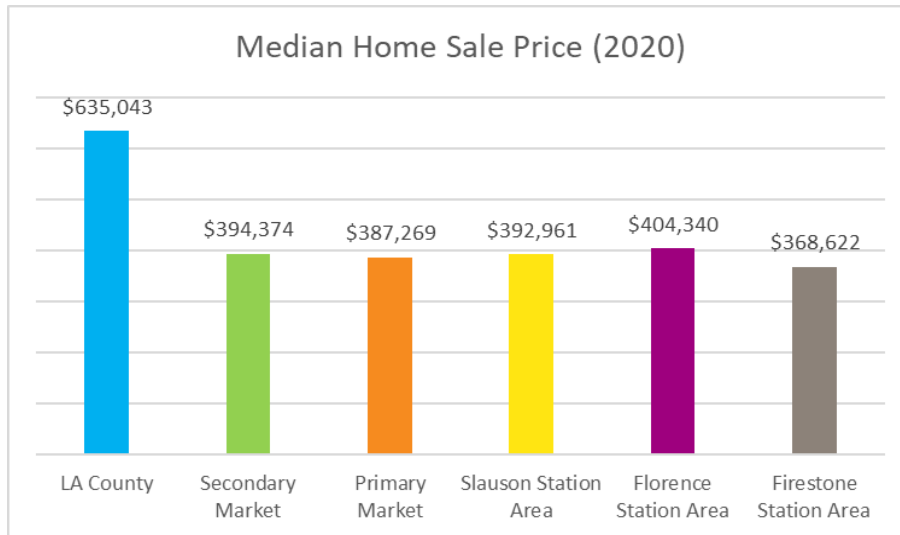
Source: LA County, ESRI Business Analyst, AECOM July 2020

Trends by Land Use

Residential – All Types

Home values are lower and renter occupancy is higher in the Primary and Secondary Market Areas compared to the County

- The median home value in the Primary and Secondary Markets, at \$387,000 and \$394,000 respectively, is significantly below the County average of \$635,043.
- In the Station Areas, the homes in Florence are the highest priced and are three percent higher than homes in Slauson and 10 percent higher than homes in Firestone.
- Of the 56,377 residential units in the Secondary Market, most are occupied by renters. Renters in the Primary and Secondary Markets make up 68 percent and 70 percent of the residents respectively, compared to 55 percent of residents in the County.
- In the Station Areas, Firestone has the greatest number of owners, with 39 percent of units occupied by owners.
- Higher rates of renter-occupied units indicates an area may be at risk for displacement if new development results in rising rents and land values, which could encourage land transactions and redevelopment that reduces the stock of affordable units.

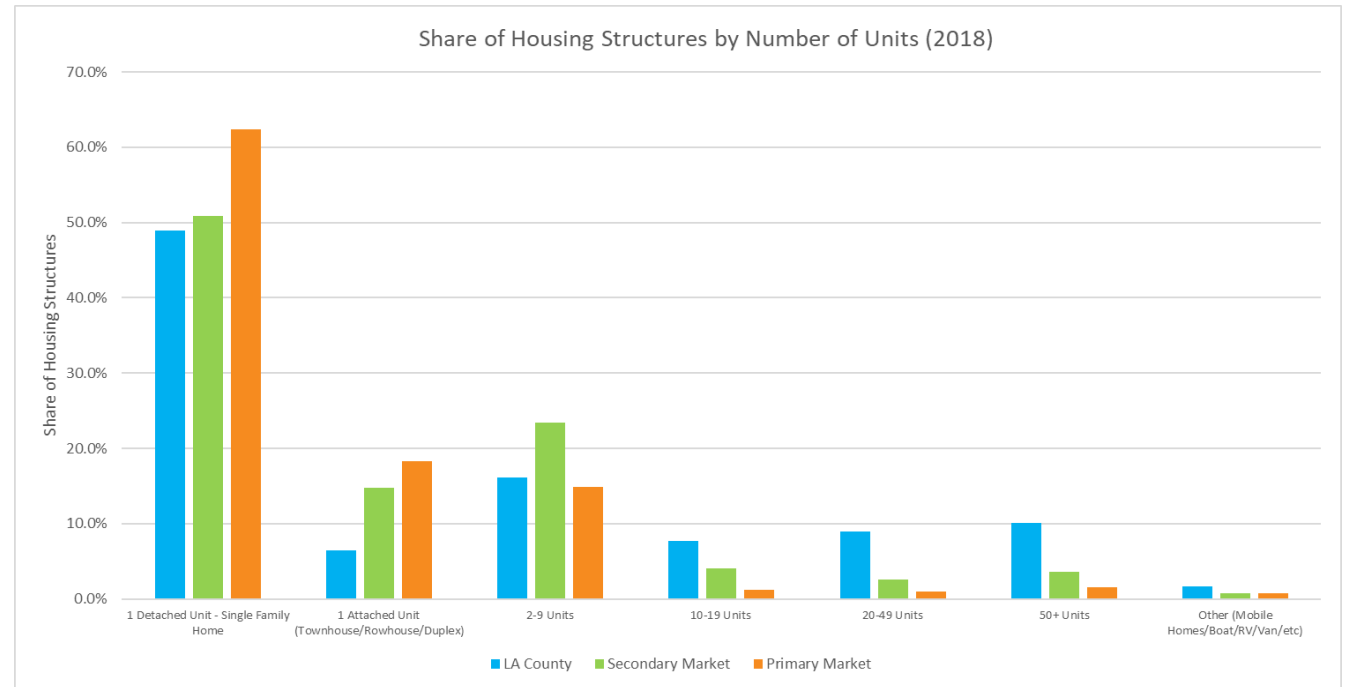


Trends by Land Use

Residential – Structure Type

The Primary and Secondary Market Areas feature a higher share of single-family homes and a lower-share of multi-family developments than the County average

- Nearly 81 percent of units in the Primary Market Area are single-family attached or detached homes, compared to approximately 50 percent for both the Secondary Market Area and County, which indicates that higher-density development that best takes advantage of transit adjacency has not occurred.
- The Florence-Firestone Community Plan noted that residential properties, consisting mainly of small single-family homes, are overcrowded and may have informal living arrangements, such as garages converted into habitable spaces. This is not fully reflected in the Census numbers, which likely undercounts true household density.



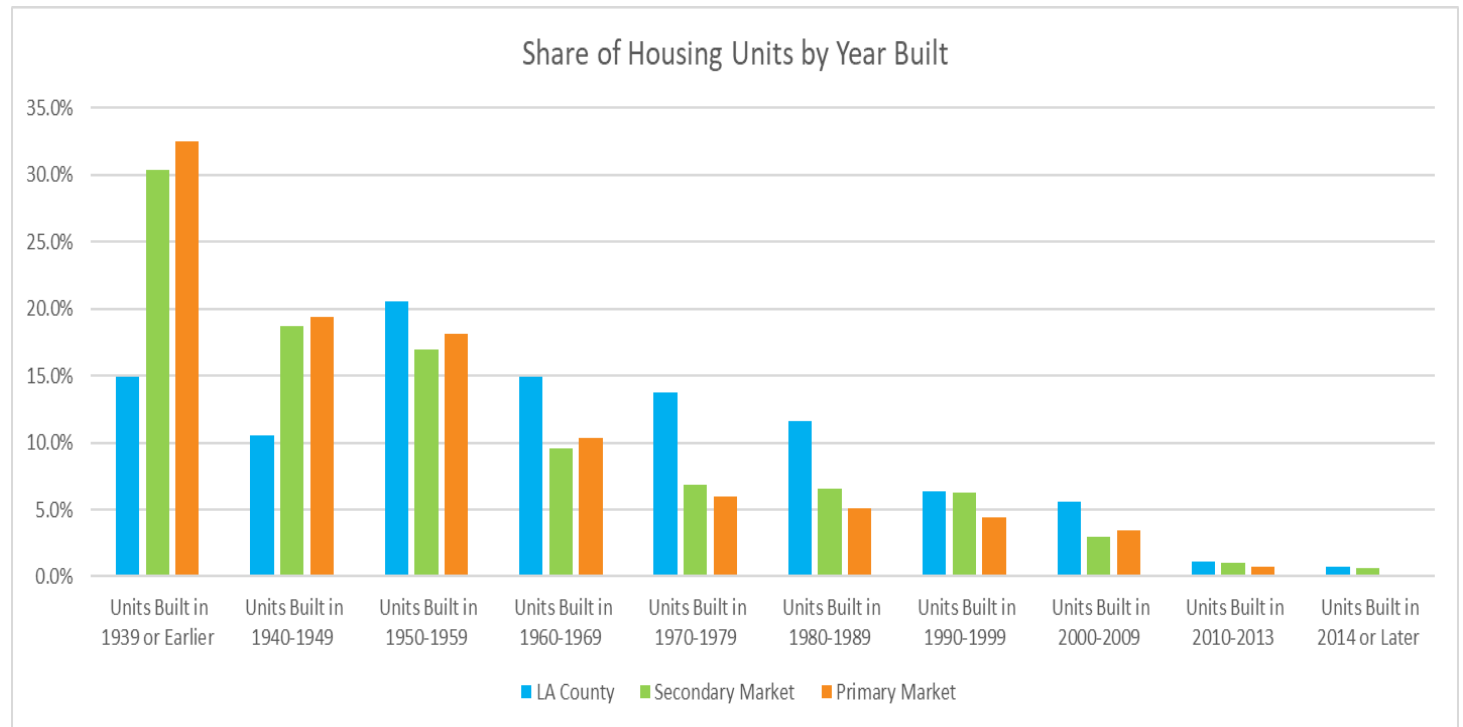
Source: ESRI Business Analyst, AECOM July 2020

Trends by Land Use

Residential – Structure Age

Housing inventory in the Primary and Secondary Market Areas consist largely of pre-WWII era housing, while County housing more heavily reflects the post-war boom

- The Florence Firestone Community Plan noted that development in the Study Area peaked in the 1920s coinciding with establishment of manufacturing plants nearby, such as the Goodyear and Firestone tire factories.
- The largest share of housing units in the County were built between 1950 and 1959 (21%), while the Primary (33%) and Secondary (30%) Markets both have a larger share of units built before 1939.
- The rate of housing production has fallen steadily in both the County and Secondary Market Area, with very little new inventory dating from 2010 or later.
- The older housing stock paired with a lack of new housing production indicates a lack of developer interest in the area.



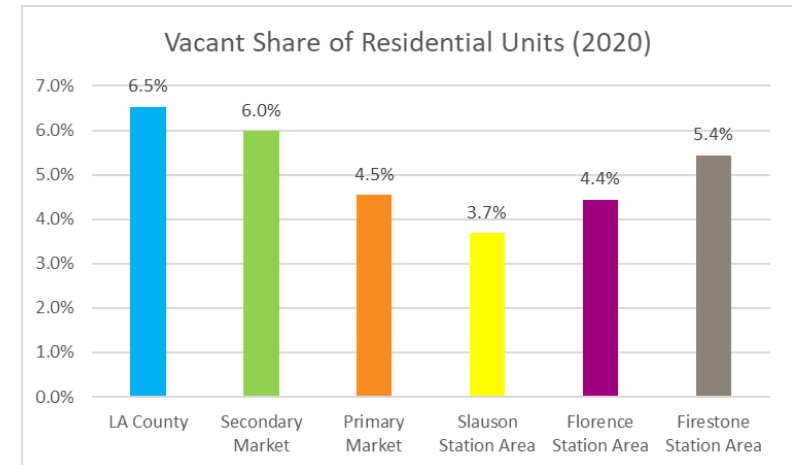
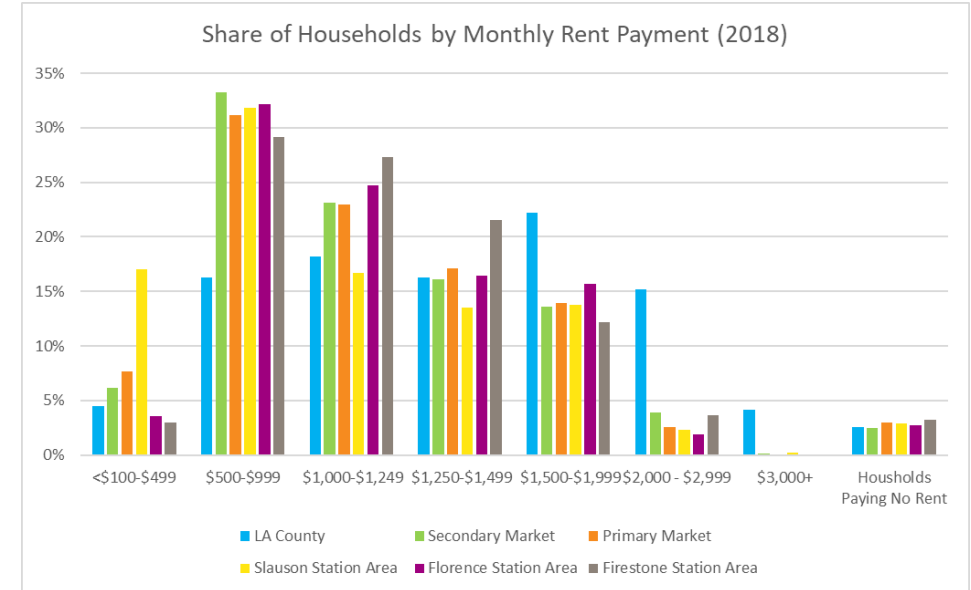
Source: ESRI Business Analyst, AECOM July 2020

Trends by Land Use

Residential – Rent and Vacancy

Residential rents in the Primary and Secondary Markets are lower relative to the region

- The Primary and Secondary Markets offer lower-cost housing that is more affordable than in many other areas of the City and County.
- In the Secondary Market and Primary market, 63 percent and 62 percent respectively of households pay rents below \$1,250. In the County, 39 percent of rents are below \$1,250.
- Countywide, four percent of households pay rents that are above \$3,000, while only 0.1 percent of rents in the Primary and Secondary Markets are above \$3,000.
- Regionally, there is minimal residential vacancy, with a 6.5 percent vacancy level in the County.
- Residential vacancy in the Secondary Market is equivalent to the County's at six percent and lower in the Primary Market at four percent.
- On the Station Area level, the lowest vacancy rates are in Slauson with 3.7 percent, while the highest are in Firestone with 5.4 percent.



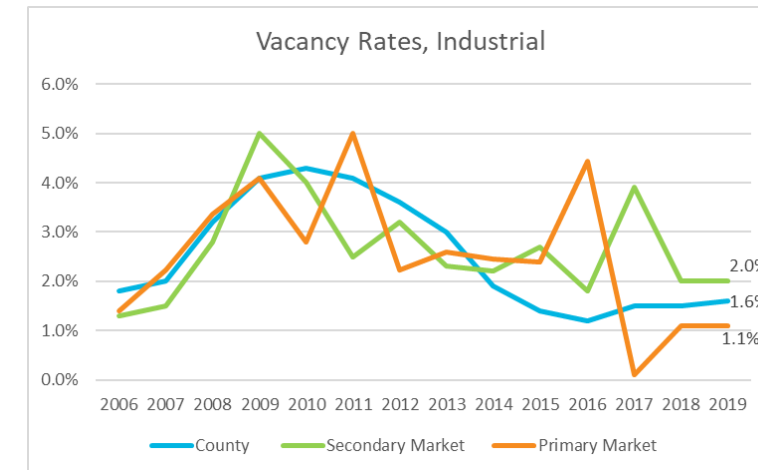
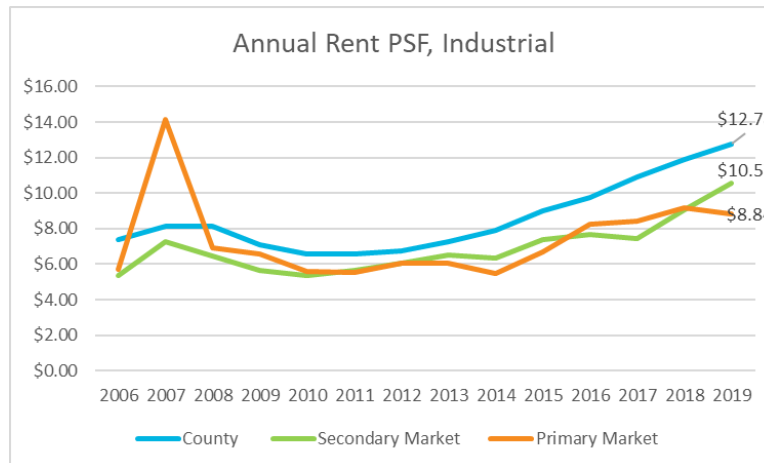
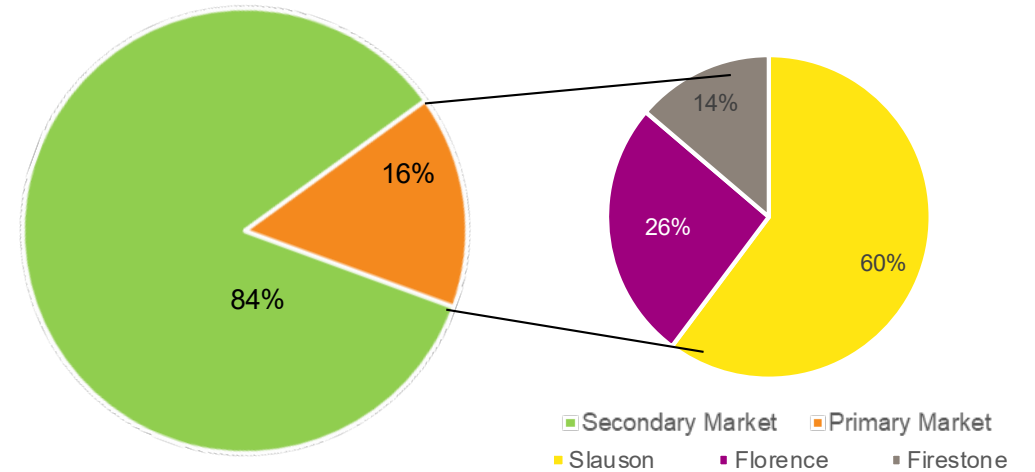
Trends by Land Use

Industrial Metrics

The Slauson Station Area has the majority of Primary Market Area industrial space

- The Secondary market has a total of 29.3 million square feet of industrial space. Sixteen percent of this space, or 4.5 million square feet, is located within the Primary Market.
- The majority of the Primary Market's industrial space is located in the Slauson Station Area, a total of 2.7 million square feet.
- Historically, industrial rent has been more affordable in the Primary and Secondary Markets compared to the County. One exception is the rent rate in the Primary Market in 2007, which is likely due to the small sample size in this Market.
- In 2019, industrial rent was 16 percent lower in the Secondary Market compared to the County and 30 percent lower in Primary market.
- Industrial vacancy rates in the Primary and Secondary Markets have varied since 2006, while vacancy rates in the County have generally declined since 2010.
- Current vacancy rates at and below two percent in all markets indicate a strong regional industrial market.

Share of Industrial Space



Source: CoStar, AECOM July 2020

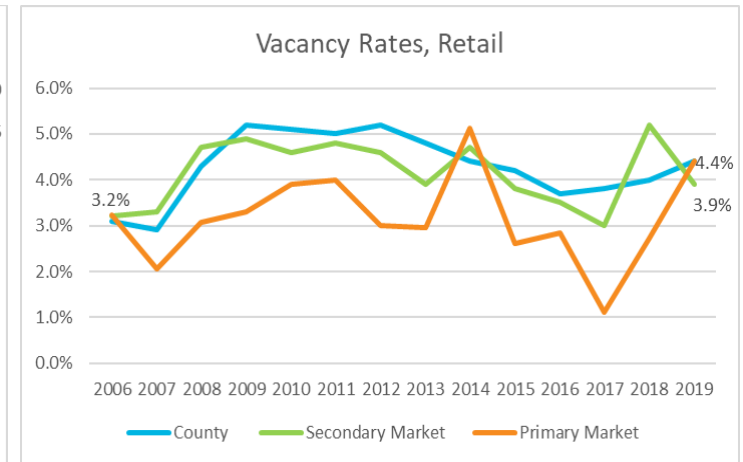
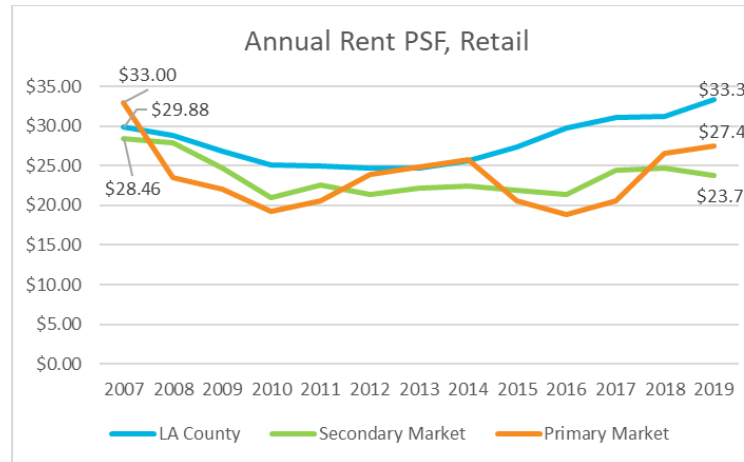
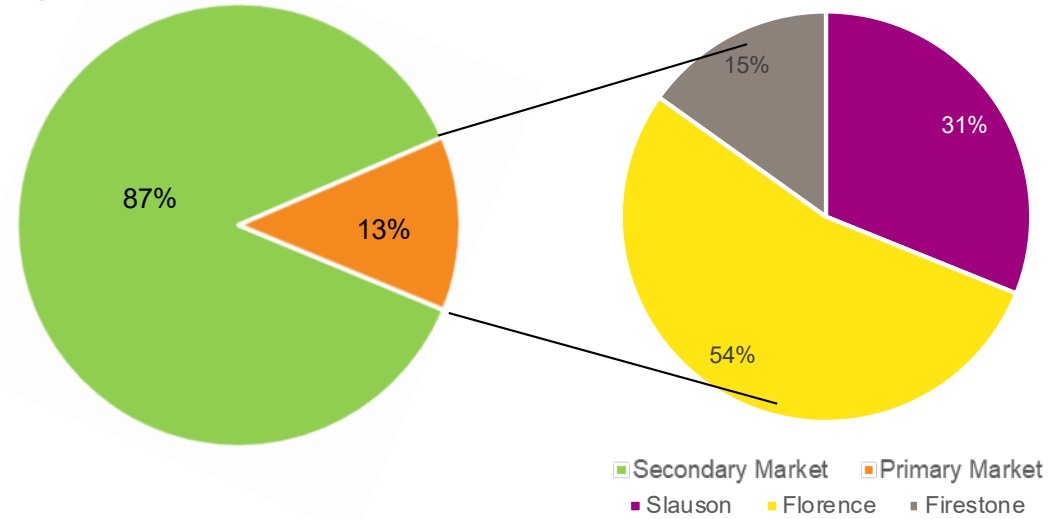
Trends by Land Use

Retail Metrics

The Florence Station Area contains over half of the Primary Market Area's retail space

- The Secondary market has a total of 7.7 million square feet of retail space. Thirteen percent of this space, or 983,520 square feet, is located within the Primary Market.
- Over half of the retail space in the Primary Market is located in the Florence Station area, which has 528,844 square feet of retail space.
- Retail rents in the County have surpassed the pre-Recession peak, while Primary and Secondary Market rents have not returned to pre-Recession levels.
- Retail vacancy in all three geographies has been generally below 5 percent since 2006, which indicates effective full occupancy
- The majority of the retail uses in the Primary Market are auto-oriented, such as body shops, and smaller, locally owned shops, such as liquor stores.

Share of Retail Space



Development Community Insights

Interviews

- In July of 2020 AECOM conducted telephonic interviews with real estate brokers and developers that are active in the Florence Firestone area.
- These interviews were conducted in order to understand the market dynamics that influence development potential in the Study Area.
- The insights from these professionals will help inform the land use and policy strategy of the Specific Plan to ensure that the recommendations are grounded in market realities.

Name	Title	Company
Steve Allwright	Real Estate Broker	Metro Resources
Doug Cline	Senior Vice President & Principal	Lee & Associates
Ron Cohen	Industrial Real Estate Specialist	Magnum Properties
Mark Whitman	Industrial Real Estate Specialist	Dorin Realty
Juan Cardenas	Real Estate Broker	ReMax
Andi Israel	Founder & CEO	RxLA

Development Community Insights

Key Interview Takeaways – Industrial

- **Existing industrial space performs well**, and there is **demand for new industrial space regionally** that could likely be absorbed in the Study Area.
- Primary advantages include **location and cost-competitive** older space.
- **Industrial users priced out of the Downtown LA Arts District have moved into the Study Area.** Similar redevelopment and displacement, which saw many industrial buildings Downtown converted to higher-value uses, is not anticipated for the Study Area.
- **Logistics tenants seeking last-mile distribution and warehouse space** are a strong source of industrial demand locally and regionally.
- **Older industrial space could be modernized, but new industrial development would present challenges to feasibility.**
- **It is unlikely that industrial space in the Study Area could be redeveloped into either flex space or a larger industrial campus** in the short term similar to that seen in areas such as El Segundo, because such uses typically require a higher level of amenity than is currently available.



- Some aging industrial properties are in areas zoned for residential but operating under non-conforming use permits. This may offer **an opportunity for residential redevelopment that is catalytic in creating further developer interest in the Study Area.** One such example is the proposed Aster Apartments affordable housing project in the Slauson Station Area.

Development Community Insights

Key Interview Takeaways – Residential and Mixed-Use

- **Regionally there has been demand for higher density housing along transit lines** and a large portion of this development has been market-rate. There is **interest from the development community in building high density housing within the TOD portions** of the Study Area, but it is unlikely to be market-rate.
- **Commercial corridors in the Study Area offer sites that could allow mixed-use development**, which would likely have to be affordable housing because market-rate mixed-use development is not currently economically feasible.
- **There is demand for mixed-use housing from the community, but there is little interest in mixed-use typologies;** building more units is more important than ground floor retail.
- **There are limited retail amenities in the area** reflecting a general lack of attractions and foot-traffic.
- **The retail opportunity is modest** and limited to neighborhood-level tenants.



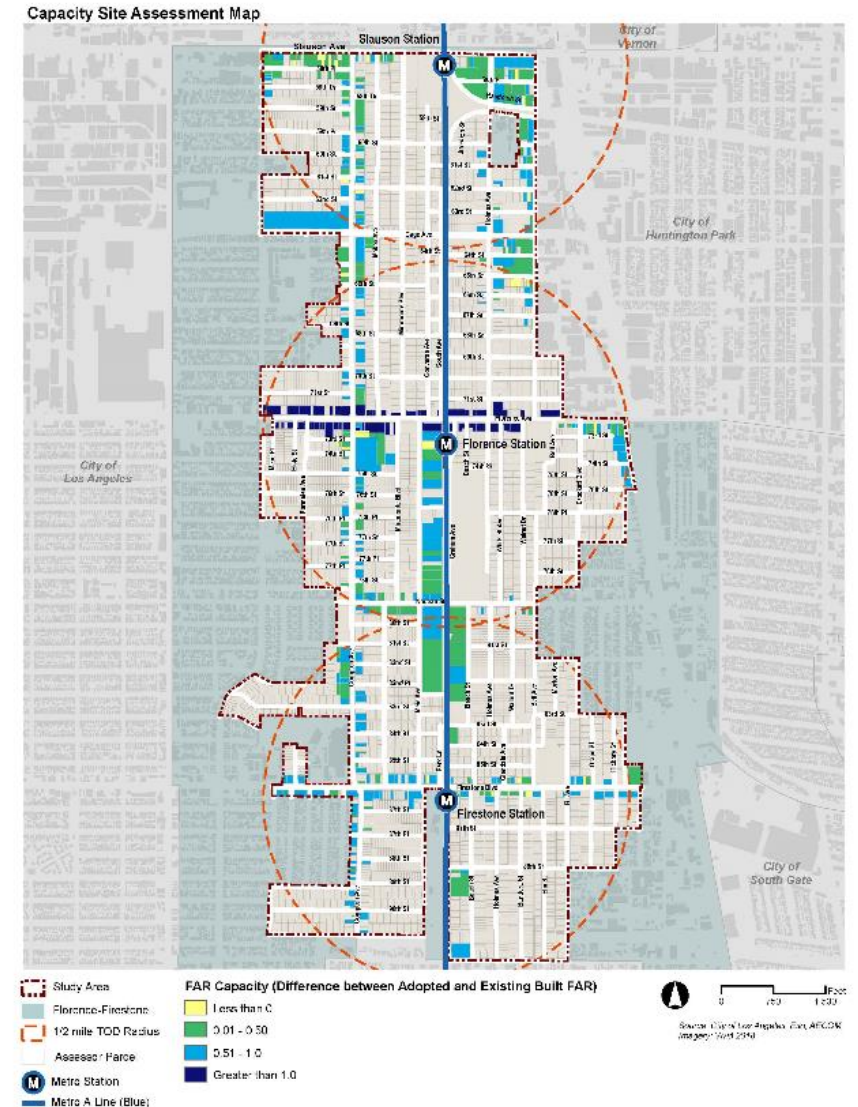
- **Market-preferred typologies for market-rate housing in the area would be single-family or small-scale townhouse products** ranging from 1,500-2,200 square feet with a small back yard.
- Developers report **challenges in aligning County and Metro permitting requirements.** Streamlining efforts between these two agencies where they jointly impact the entitlement process would help development.

Capacity Sites

Development Feasibility

An initial analysis has been conducted to determine locations in the Study Area that may be able to support increased density

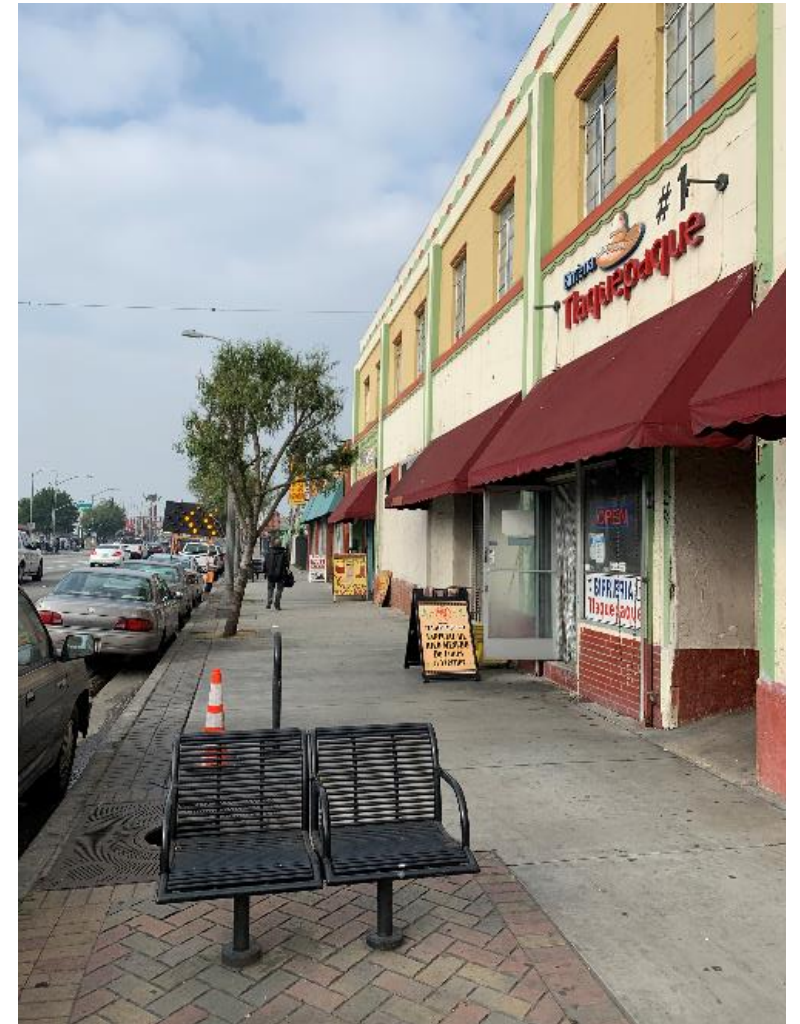
- The AECOM Planning team performed a capacity site assessment to identify commercial (CG), mixed-use (MU), and industrial (IH/IL) properties that have available capacity based on the gap between built and allowable Floor Area Ratio (FAR).
- The Planning team found the greatest number of available capacity sites exist along Florence Avenue where MU is allowed and that there are a moderate number of available capacity sites along Firestone Boulevard.
- In conversation with the development community it was noted that if the County were to increase the allowable density to 100-200 du/ac along the commercial corridors it would be compelling development opportunity to build high density affordable housing.
- The next phase of the market study will test the feasibility of developing varying levels of density on a selection of capacity sites, which will be selected by the AECOM Planning team on the basis of how much they represent site conditions throughout the Study Area



Real Estate Market Trends

Key Takeaways

- There has been very little new development in the Primary Market in the last decade, despite a regional interest in developing in areas adjacent to transit.
- The Total Market Area has a higher share of renters compared to the County
- The opportunity to maximize residential density near transit has not been realized, as the majority of residential units in the Primary Market are single-family units, which are represented in higher proportion than in the County.
- Housing in the Study Area is old relative to the County average with a high proportion of units in the Primary and Secondary Market Areas built before 1939 as worker housing to support the area's once-dominant manufacturing sector.
- Residential rents are lower in the Primary and Secondary markets relative to the County, and residential vacancy is low regionally.
- Vacancy rates of industrial space in the Primary and Secondary markets are low and demand is high due to strong regional and national trends and the cost-competitiveness of industrial space in these geographies.
- Retail amenities are generally lacking in the Primary Market Area with the largest concentration in the Florence Station Area.



SWOT Analysis



SWOT Analysis

Strengths

- The Metro Blue line provides connection to downtowns of Los Angeles and Long Beach—major job centers and regional destinations.
- Slauson Station will be a regional connector when the West Santa Ana Branch begins operating.
- The Florence Station has more boardings and alightings than average for Blue Line stops.
- Employment density is high, especially for light-industrial jobs, surrounding the Slauson and Florence Station areas.
- The Study Area is proximate to other transportation infrastructure, including the Alameda Corridor and the 101 Freeway.
- Several educational institutions are located in the general area including the University of Southern California, California State University Long Beach, California State University Dominguez Hills, Charles Drew University, Los Angeles City College, and Los Angeles Trade Tech College.
- Community groups are engaged and involved.



SWOT Analysis

Weaknesses

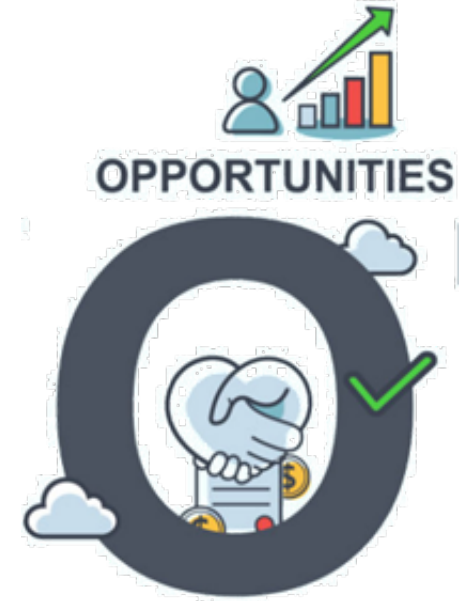
- The Primary and Secondary Markets are governed and regulated by a multitude of jurisdictions, which complicates coordinated planning and redevelopment efforts.
- The elevated stations at Slauson and Firestone do not help to create a sense of place.
- Household growth has led to reported overcrowding; household formation and production of new units has not kept pace with population growth.
- Most working residents of the Primary and Secondary Markets commute out for work, and most Market Area jobs are held by workers who commute in.
- Low levels of educational attainment in the Primary and Secondary Market Area indicate a workforce that may lack the advanced skills required by higher-paying industry sectors.
- The development of new market-rate housing is likely not supportable in the Study Area.
- High crime rates in the Study Area and interviews with stakeholders reveal that the Slauson Station Area, in particular, is viewed as a high crime area with gang activity and a history of safety issues.



SWOT Analysis

Opportunities

- High vehicular traffic and bus stops along Slauson Avenue support intermodal connectivity to the station
- High ridership on the Blue line (albeit low boarding and alighting at the Slauson and Firestone stations)
- Station Areas have opportunities for improved residential connectivity and increased residential density that would support development of a walkable TOD area.
- Ridership increase due to the WSAB will increase the number of transit users in the Slauson Station area and may stimulate demand for housing and neighborhood-serving retail.
- As noted in the Community Atlas Report, existing development in the H-18, H-30, and mixed-use areas of the community is far below the allowed intensity/density of the FCCP.
- The FCCP notes that there is need for additional housing options in strategic locations to allow aging in place, purchase of starter homes for families, and to accommodate a range of needs, family sizes, and incomes. Affordable housing developers have expressed interest in further development in the Study Area, particularly if density allowances are increased.



SWOT Analysis

Threats

- Investment in the area may spur development, but there is a need to have protections in place for residents who fear displacement.
- Community input during the County Comprehensive Economic Development Strategy research process noted Countywide slow response rates and red tape throughout economic and community development processes as well as high development costs. This was echoed by real estate professionals interviewed by AECOM.
- Building along the Metro railway is a challenging process, because Metro's permitting process is unclear and should be coordinated with the County's entitlement process.





Appendix

Background Document Review

List of Documents Reviewed

Background Document	Key Applicable Point
West Santa Ana Branch Market Study Transit Oriented Development Strategic Implementation Plan (LA Metro, Eco-Rapid Transit, City of South Gate; May 2019]	<p>Prioritize redeveloping underutilized lots, such as the southwest corner of the Slauson/Long Beach intersection in order to create a pedestrian-oriented district that is well-connected to the existing neighborhoods.</p> <p>The Slauson Station Area includes large industrial parcels with potential contamination issues. These pose a challenge for future development and should be considered in financial feasibility analysis. There are several manufacturing sites that are likely in transition and with remediation there is potential for reuse.</p> <p>Land use mix recommendations included putting an emphasis on evolving existing manufacturing uses into green industry, adding live/work space and creating a "Transit Plaza" that incorporates infill open space and new development.</p>
Draft Comprehensive Economic Development Strategy - Los Angeles County, California 2020-2025 (Los Angeles County Development Authority, May 14, 2020)	<p>An objective for the County in their new economic development plan is to "Support Countywide efforts to develop system that breeds business resiliency." One of the recommendations to achieve this goal is to collaborate with unincorporated areas to identify and prioritize employment lands that are serviced by high quality transit and can be supported by County partnerships and resiliency efforts.</p>
Florence-Firestone Community Plan Background Report (CalTrans, LA County Department of Regional Planning Dec 2010)	<p>The 2010 market study noted the following:</p> <ul style="list-style-type: none">• Retail - opportunity exists to expand and build upon agglomeration effects in motor vehicle dealers (other than traditional vehicles), auto parts and accessories, specialty food retailing and catering, full service restaurants, gardening and nursery supply, photographic equipment, books and prerecorded equipment, and movie theaters.• Industrial - Market for new industrial development is weak and recommends working with existing businesses to strengthen their revenue-generating and employment capacity. Industrial uses in this area generate less revenue than their counterparts in other areas of the County.

Background Document Review

List of Documents Reviewed (cont.)

Background Document	Key Applicable Point
Florence-Firestone Community Plan (LA County Department of Regional Planning, September 2019)	<p>There is need to increase the housing supply to allow aging in place, purchase of starter homes for families, and to accommodate a range of needs, family sizes, and incomes. Higher-density housing should be directed to TODs and commercial areas to support transit access and the development of diverse retail and community services</p> <p>Many industrial uses are located in the Study Area, but data from the 2010 Market Feasibility Analysis indicates that they generate less revenue than their counterparts in other areas of the county. A goal of the Community Plan is to support the growth, revitalization and diversification of industrial uses in order to increase the capacity for job creation</p> <p>The community is challenged with resolving the land use conflict between industrial and residential uses, and economic development. Key Economic Development Goals include:</p> <ul style="list-style-type: none">•Preserve Existing Jobs•Expand and Diversify Job Base•Provide Opportunities for Job Training and Professional Advancement

Background Document Review

List of Documents Reviewed (cont.)

Background Document	Key Applicable Point
Slauson Blue Line Station Transit Oriented Development, Technical Assistance Panel (TAP) Program (Urban Land Institute, Sept 2010)	<p>The Slauson Station in the unincorporated community of Florence-Firestone is a site that has failed to benefit from economic redevelopment or community revitalization from the Blue Line's presence.</p> <p>The TAP recommendations for Slauson Station Area include:</p> <ul style="list-style-type: none">• A multimodal hub that provides a safe, convenient transit facility to connect from one mode of transportation to another. This hub will encourage transit ridership by making it more attractive to commuters and discretionary users within and surrounding the TOD;• Improved pedestrian connections to adjacent neighborhoods throughout the TOD will encourage transit ridership by providing safe and convenient walking options;• Immediate and comprehensive safety measures that will increase ridership and usability of the station and will encourage new development activities in the area;• Establishment of an industrial business improvement district;• Development of parking at the station; and,• A phased plan for targeted development activities

Background Document Review

List of Documents Reviewed (cont.)

Background Document	Key Applicable Point
LA County General Plan 2035. Chapter 14 - Economic Development Element and Appendix J - Economic Development Element Resources (Adopted 2015)	<p>The present economy of Los Angeles County is technology-driven, including biomedical, digital information technology, and environmental technology. Another key economic driver is the creative economy, which includes industries involved in the production of cultural, artistic, and design goods and services.</p> <p>Much of the economic activity in Florence-Firestone is considered local in nature, with services such as recycling, machinery parts and maintenance, and auto uses serving nearby industrial districts and communities</p> <p>Compared to the industrial areas within surrounding cities, the industrial land in Florence-Firestone is less-intense, providing fewer jobs and income opportunities for businesses.</p> <p>The areas around the Alameda Corridor, particularly south of Florence Avenue, contain the highest density of industrial employment. Municipal policies along the Alameda Corridor typically support the allocation of adjacent land for industrial uses, both to mitigate environmental hazards to households, as well as to use rail infrastructure to promote economic development activities.</p> <p>Recommendation for Florence-Firestone is to create Industrial Flex Districts are industrial areas that provide opportunities for non-industrial uses and mixed uses, where appropriate, but also light industrial or office/professional uses that are compatible with residential uses.</p>