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Sections Included



CHAPTER 3 Economic Development Element

3.1 Introduction

While each of the nine unincorporated communities in the West San Gabriel Valley (WSGV) Planning Area is unique, one goal that unites all the communities together is the goal of a thriving economy and workforce, to attract new investment, and to promote sustainable and equitable growth opportunities.

This Economic Development Element for the West San Gabriel Valley Area Plan (WSGVAP) aligns with the Vision Statements found in Chapter 1, *Introduction*, and provides a framework for developing a resilient workforce, attracting investment, reducing economic and financial distress in vulnerable communities, and providing for an economically and fiscally sustainable WSGV.

This Element builds upon countywide policies and programs that support economic development, and General Plan Economic Development Element and Housing Element.

A. ORGANIZATION

This Element includes a summary of existing conditions in the Area Plan Communities, as well as a summary of economic development issues and opportunities, followed by the goals and policies which will direct economic development initiatives for the WSGV Planning Area.

3.2 Existing Conditions

A. KEY INDUSTRIES AND JOB SECTORS

Taken together, the WSGVAP communities employed approximately 17,488 workers as of 2020, with the healthcare and social assistance sector accounting for 32.3 percent of total employment, or nearly one in three jobs.

Other key sectors include retail (10.4 percent), educational services (8.9 percent), and accommodation and food services (8.5 percent). Taken together, these sectors accounted for over 60.1 percent of total employment within the Area Plan Communities in 2020.

The communities of Altadena, East Pasadena-East San Gabriel, and La Crescenta-Montrose, which employed a combined total of 13,641 workers, represent over three-quarters of total employment in the WSGVAP. Unsurprisingly, these communities also have some of the largest populations and most commercially zoned land in the Area Plan.

The majority of jobs are concentrated along major commercially zoned thoroughfares that bisect these communities. In Altadena, Woodbury Road as well as Lake Avenue and Washington Boulevard, have high concentrations of commercial zoning (C-3 and C-M) and a relatively large presence of commercial zoning restricted to neighborhood businesses (C-2).

East Pasadena-East San Gabriel’s jobs are primarily located in the commercial zoned (C-G) areas near Huntington Drive and Rosemead Boulevard, as well as in the mixed-use zoned (M-U) areas near Colorado Boulevard and Rosemead Boulevard. In La Crescenta-Montrose, most of the employment and commercially zoned (C-G) land is located on Foothill Blvd.

1. Altadena (6,479)
 2. East Pasadena-East San Gabriel (4,195)
 3. La Crescenta-Montrose (2,967)
 4. Whittier Narrows (1,389)
 5. South Monrovia Islands (1,228)
 6. South San Gabriel (942)
 7. San Pasqual (189)
 8. Kinneloa Mesa (99)
 9. South El Monte Island (0)
- Total (17,488)**

Communities in the Area Plan by Job Count



East Pasadena-East San Gabriel has the highest employment density (1,192 jobs per square mile) out of all the communities, yet only has around half the employment density of the larger West San Gabriel Valley (2,325 jobs per square mile).

Healthcare and social assistance jobs in the Area Plan Communities are largely derived from the presence of large medical centers and hospitals, as well as some smaller healthcare facilities and services. Area Plan jobs in the retail sector are associated with their proximity to major retail centers and are derived from a wide range of businesses.

1. Health Care (18.9%)
2. Educational Services (11.7%)
3. Professional and Technical Services 8.7%)
4. Transportation and Warehousing (7.8%)
5. Information (6.7%)
6. Accommodation and Food Services (6.6%)
7. Admin, Support, and Waste Management Services (5.2%)
8. Wholesale Trade (4.9%)
9. Finance and Insurance (4.5%)
10. Public Administration (4.5%)

**Total Employed Residents
(52,851)**

**Resident Workforce Share of
Total Employment by Job
Sector**

B. RESIDENT WORKFORCE

The Area Plan Communities are home to approximately 52,851 employed residents, who are primarily employed in the fields of healthcare and social assistance (9,974 employed residents), educational services (6,163), and professional, scientific, and tech services (4,605).

The imbalance between jobs and employed residents (17,488 jobs versus 52,851 employed residents) in the WSGVAP communities indicates they are a net exporter of workers. This means that many community residents must travel elsewhere to reach their primary place of employment. This imbalance is due in large part to the overwhelming share of land in the WSGV Area Plan that is dedicated towards residential land uses as opposed to commercial and industrial land uses.

Transit-Oriented Development (TOD) Mixed-Use zoning is defined in County Code Section 22.418.050 as a zone that allows for a mixture of residential, commercial, and limited light industrial uses in close proximity to bus and rail transit stations. This type of zoning combines a wide range of housing densities alongside community-serving commercial uses and aims to promote active and public transit, community reinvestment, reduction in energy consumption, and opportunities for employment and consumer activities near residences. Mixed-use zoning, where appropriate, could serve as a potential and incremental remedy by allowing additional commercial space in applicable areas.

Compared to Los Angeles County, employed residents in the WSGV Area Plan Communities have a relatively strong presence in the fields of Healthcare and Social Assistance (18.9 versus 17.3 percent of total



employment), Professional, Scientific, and Tech Services (8.7 percent versus 7.1 percent), and Educational Services (11.7 versus 8.5 percent). In other industry sectors, however, employed residents are less well represented. These include Wholesale Trade¹ (4.9 versus 7.2 percent of total employment), Transportation and Warehousing (7.8 versus 9.0 percent), and Accommodation and Food Services (6.6 versus 7.9 percent).

C. REAL ESTATE MARKET CONDITIONS

Job-generating uses in the Area Plan Communities are generally associated with three types of real estate sectors: retail, office, and industrial space.

Retail Space

Retail is the largest job-generating commercial use in the Area Plan Communities, accounting for more square footage (2,313,580 square feet) than office (1,067,654 square feet) and industrial uses (1,5052,980 square feet) combined.

East Pasadena-East San Gabriel has the largest inventory of retail space among the WSGVAP communities, occupying nearly 994,000 square feet, or 43 percent of the Area Plan’s total retail space. Altadena follows with approximately 731,000 square feet, making up a respective 32 percent of the total. La Crescenta-Montrose and South Monrovia Islands have approximately 345,000 square feet and 120,000 square feet, respectively. Taken together, these four Area Plan Communities comprise the vast majority, or 95 percent, of the total WSGVAP retail inventory.

Vacancy rates and asking rents for retail spaces in these four communities vary but, as of the third quarter (Q3) of 2023, were on average lower than both the vacancy rate (5.4 percent) and the average asking rent² (\$35.00) for retail space in the greater Los Angeles County area.

With respect to current development activity, no retail buildings were under construction or proposed in any of the Area Plan Communities as of Q3 2023. The median year built for retail buildings in the WSGV Area Plan Communities ranges from 1949 to 1991, with the overall

¹ Common occupations in the Wholesale Trade sector include sales representatives, transportation and material moving occupations, and shipping/receiving clerks.

² Asking rent refers to NNN rent.



median year built for all communities being 1957. The median year built for retail space among the Area Plan Communities demonstrates the lack of new retail space in the past five years and throughout the last few decades.

Office Space

By square footage, office space is less than half as common as retail space, occupying 1,067,654 square feet across the WSGVAP communities.

Altadena has the largest inventory of office space among the Area Plan Communities, with nearly 450,000 square feet, or 42 percent of the total. La Crescenta-Montrose and East Pasadena-East San Gabriel follow, making up another 42 percent of the total office inventory when combined.

Asking rents for retail spaces in these three communities were on average lower than the average asking rent³ for retail space in the greater West San Gabriel Valley (\$36.72) and Los Angeles County (\$41.46), as of Q3 2023. Vacancy rates for office space in Altadena and La Crescenta-Montrose were relatively low, while the vacancy rate in East Pasadena-East San Gabriel (11.5 percent) was more so on par with vacancy rates across the West San Gabriel Valley (9.9 percent) and Los Angeles County (15 percent).

In the last five years, one new office building has been constructed throughout all the WSGV Area Plan Communities. The 2017 building makes up Huntington Plaza in East Pasadena at 7232 Rosemead Blvd and is zoned C-1. Zero office buildings were under construction or proposed in any of the WSGV Area Plan Communities as of Q3 2023.

Industrial Space

The WSGVAP communities occupy 1,052,980 square feet of industrial/flex space, accounting for less than 2 percent of the total industrial/flex space in the broader West San Gabriel Valley. Industrial/flex spaces are the least common use in the WSGVAP communities, starkly contrasting with the West San Gabriel Valley as a whole and Los Angeles County, where industrial/flex spaces are the most common.

³ Asking rent refers to gross rent.



Whittier Narrows has by far the largest inventory of industrial/flex space, with over 700,000 square feet, or 67 percent of the total. The industrial/flex vacancy rate in Whittier Narrows fell under 1 percent at the time of data collection, indicating an extremely tight market for available industrial space in this community. Average asking rent⁴ for industrial space in Whittier Narrows, at \$20.33, was also higher than average asking rents in both the West San Gabriel Valley and Los Angeles County. This could mean that there are fewer opportunities for new businesses to establish themselves, or for existing businesses to expand.

Affordability and Anti-Displacement Considerations

There are approximately 5,320 units of multifamily housing spread across the WSGVAP. Taken together, the communities of East Pasadena, Altadena, and La Crescenta-Montrose comprise over 80 percent of the Area Plan's multifamily housing stock.

Housing affordability becomes a problem when there is a deficit of housing units that can accommodate a region's households at costs that are proportionate to their incomes. According to HUD standards, households paying more than 30 percent of their gross annual income for housing costs are considered "cost-burdened."

By this metric, approximately 38.0 percent of all households in the Area Plan Communities are considered cost-burdened (48.8 percent of renter households and 32.3 percent of owner households). When compared to Los Angeles County however, the cost-burden among households in the Area Plan Communities is relatively low.

The Area Plan Communities contain significantly more owner households than renter households (32,775 versus 17,495). The largest segment across owner households, as well as total households, is owner households in the Above Moderate-Income category. For a family of three, this translates into \$106,050 per year and above, according to FY 2023 Income Limits for the Los Angeles-Long Beach-Glendale Metro Area.

Renter households in the Area Plan Communities, however, are more likely to belong to the Extremely-Low or Low-Income categories, making up 24.8 percent and 22.7 percent of all renter households, respectively. For a family of three, this translates into a maximum income of \$34,300 in the Extremely-Low Income category, and a maximum income of

⁴ Asking rent refers to all service type rent.



\$56,750 in the Very-Low Income category. These households in particular, are unlikely to be able to afford market-rate rents and may face displacement risk due to recent or future rent increases.

Average asking rents in all Area Plan Communities are significantly lower than those across Los Angeles County. Average rents in individual communities range from \$1,216 per month at the low end (South Monrovia Islands) to \$1,819 per month at the upper end (La Crescenta-Montrose). This compares to \$2,119 per month across Los Angeles County (including incorporated communities).

Providing a range of affordable units along with market rate units will be critical in the ongoing success of the Area Plan Communities. This is crucial in meeting housing and community needs expressed by individual WSGVAP communities as well.

3.3 Issues and Opportunities

Notable opportunities include a resident workforce that is comparatively well educated and represented in high employment growth sectors, such as Healthcare and Professional Services. Residential cost burdens for renters are also lower than the Los Angeles County average, due to higher-than-average incomes and lower asking rents.

Challenges to ensuring ongoing economic vitality remain, however. The comparative lack of recent development activity makes the Area Plan's existing stock of job-generating sites less competitive. This lack of development activity also translates to housing production, with no new 100 percent affordable housing development in the pipeline. These issues and opportunities are summarized as follows and are broadly applicable across communities unless otherwise noted.

I-1: Commercial Vitality

Many WSGVAP stakeholders have indicated a desire to increase commercial corridor vibrancy with locally-based small businesses.

As of 2023, there was zero commercial space proposed or under construction in any of the WSGV Area Plan Communities. This could make it more difficult for the Area Plan's older commercial properties to compete with newer developments in jurisdictions that are directly adjacent.



In Altadena, community members envision Lake Avenue becoming a vibrant, gathering place with sidewalk cafes and restaurants, with a community center at the street's intersection with Mariposa. Lincoln Avenue was also indicated as a promising area for a vibrant, walkable mixed-use commercial district.



Members of the La Crescenta-Montrose community expressed a need for additional local-serving businesses and the activation of vacant lots in this area. East Pasadena-East San Gabriel residents proposed a vibrant hub of locally owned businesses along Rosemead Boulevard, such as cafes, restaurants, and retail to encourage increased pedestrian activity and complement existing commercial uses.

I-2: Housing Stability for Vulnerable Populations

Nearly half of all renter households in the WSGVAP are classified as Extremely-Low or Very-Low Income. These households are unlikely to be able to afford market-rate rents, and may face displacement risk due to recent or future rent increases.

Based on an in-depth review of deed-restricted affordable housing projects across unincorporated Los Angeles County, only 3 affordable projects are located within the entire WSGVAP, with all geared towards Seniors. These three projects comprise 68 deed-restricted units, or 2.6 percent of the total number of deed restricted units found in Los Angeles County's unincorporated communities. Notably, none of these projects are geared toward non-senior populations such as lower-income families, veterans, or homeless individuals.



The County's Tenant Protection Ordinance and Affordable Housing Ordinance offer strong protections. Additional supply could also help ensure that households have access to the widest possible range of housing options that are suited to their needs.

0-1: Thriving and Resilient Small Businesses

Retail space in the WSVAP is comparatively inexpensive, with asking rents in nearly all communities lower than the asking rents in the West San Gabriel Valley Area as a whole.

This may allow for a higher share of locally-owned, non-chain retail stores due to their relative affordability.

To this end, revitalization efforts at the corridor level could lead to commercial gentrification, with a subsequent loss of “mom and pop” stores.

Economic development efforts should ensure that existing businesses are able to remain open and competitive in a fast-changing retail landscape. At the same time, the County can encourage new businesses in their efforts to open and/or expand by targeting small businesses and entrepreneurs, and streamlining any approvals required to grow and expand.

0-2: Equitable Workforce Investment

Employed residents in the WSGVAP are heavily represented in the healthcare and social assistance sector, which is forecasted to see significant growth over the next decade across Los Angeles County, according to California Employment Development Department forecasts. Given the Planning Areas' net export of workers, along with the lack of new employment-generating development, the jobs-housing imbalance and skills-mismatch present in the WSGVAP communities could continue to be exacerbated despite forecasted industry growth.

Across Los Angeles County, opportunities exist to address the need for targeted industry and workforce investment and development, particularly in the wake of disruptive impacts of COVID-19. There is a particular focus on equitable workforce investment for populations, workers, and businesses disproportionately impacted by the effects of the pandemic. The American Rescue Plan (ARP) Act's many ongoing Economic Opportunity projects (refer to Table X-1) exemplify a unique



opportunity to capitalize on comprehensive and equitable investments towards strengthening local workforces and economies.

3.4 Goals, Policies, and Actions

The following goals and policies address the issues and opportunities described in the previous section. Goals and policies for economic development are organized to implement relevant Vision Statements as presented in Chapter 1.

Goal ED-1: Economic development investments in the WSGV are prioritized through a lens of equity.

Policy ED-1.1: Ensure equitable investment. Prioritize disadvantaged communities for capital improvements to support private investment, economic development, and sustainability.⁵ Ensure that investments in community services, facilities, infrastructure and programs are equitably distributed throughout the Planning Area. (O-2)

Policy ED-1.2: Prioritize available relief funding. Proactively source funding opportunities that serve WSGVAP populations, workers, and businesses with the greatest need. (O-2)

Policy ED-1.3: Invest in small and BIPOC-owned businesses. Support populations in-need by investing in small and minority-owned businesses with support services, grants, and commercial tenant assistance. (O-1, O-2, I-2)

⁵ Based on an overview of HUD data, there are scattered areas of disadvantage in communities such as Altadena, South Monrovia Islands, East Pasadena-East San Gabriel, South El Monte Island, Whittier Narrows, and South San Gabriel.



Goal ED-2: Housing stability is recognized as a key driver of economic sustainability.

Policy ED-2.1: Help protect residents from physical displacement. Ensure economic stability for WSGVAP residents by reducing physical displacement pressures and promoting housing stability through tenant and homeowner safeguards, including the full utilization and advertising of the County’s Rent Stabilization and Just Cause protections and the strict enforcement of Senate Bill 8. (I-2)

- *Action:* Ensure that recently enacted tenant and homeowner protections such as the County’s Rent Stabilization Program and Just Cause protections are utilized to their full potential through robust public outreach efforts, as well as through County programs such as Stay Housed L.A.
- *Action:* Ensure that new statewide legislation such as Senate Bill 8, which requires developers to replace “protected” units as part of any new housing project, are strictly enforced within the development process. This includes maintaining appropriate staffing levels to ensure that no demolitions are approved by the County without confirming the income status of the renter household during the five-year lookback period.

Policy ED-2.2: Spur new affordable housing development. Ensure that WSGVAP communities are well-positioned for affordable housing development opportunities through appropriate zoning, funding and administrative resources.

- *Action:* Identify parcels in the WSGVAP that would score well on competitive tax credit applications based on proximity to services such as transit, public parks, libraries, schools, and medical clinics, among others. Ensure that such parcels are appropriately zoned to allow for all housing types.

Policy ED-2.3: Foster Cross-jurisdictional relationships. Partner with neighboring jurisdictions as needed to pool resources that might help overcome barriers to producing affordable housing, such as addressing funding gaps and assisting with program administration.



Policy ED-2.4: Promote lower-cost, transit-accessible housing.

Increase the availability of affordable housing options within transit-accessible locations in the WSGV, by streamlining development processes, removing unnecessary cost barriers, and engaging in partnerships that align zoning requirements with the needs of affordable housing developers.

Policy ED-2.5: Expedite permitting for affordable housing.

Utilize policies that expedite the permitting and clearance process for affordable housing types, and consider fee waivers for all units that are covenanted as affordable to lower income households. Such strategies could include encouraging new residential development and increased housing choice in a cost-efficient format. Encourage utilization of liberalized parking requirements enabled by legislation such as Assembly Bill 2097 (AB2097), as well as the County's updated parking guidelines for multifamily housing.

Policy ED-2.6: Coordinate with the local affordable housing development community.

Work in collaboration with the local affordable housing development community to better understand their land use needs, particularly for 100 percent affordable projects.

- *Action:* Where feasible, strategically amend Title 22 of the Los Angeles County Code to allow for more affordable "by-right" housing development.

Refer also to the Land Use Element for additional WSGVAP policies related to this topic.

Goal ED-3: Businesses in WSGV communities are well-supported, meet the employment needs of Area Plan residents, and provide for a thriving, innovative, and fiscally sustainable economy.



Policy ED-3.1: Foster a business friendly environment. Support the retention and growth of local businesses through economic development strategies that identify and support firms doing business in the WSGVAP, such as permitting assistance, increased exposure to the County's business development resources, the potential formation of Business Improvement Districts along key commercial corridors and a WSGV Business Council. (O-1, I-1)

Policy ED-3.2: Help small businesses through the permitting process. Help businesses in the Plan Area navigate the permitting process and provide them with access to business development resources, through programs such as the Economic Mobility Initiative (see Appendix B). Encourage the use of specialized County resources, such as the Small Business Concierge.

- *Action:* Study the feasibility of forming a Business Improvement Districts (BID) on key commercial corridors and creating a WSGV Business Council to organize and represent small businesses within the WSGV Area Plan. The WSGV Business Council would serve as a collective voice to advocate for business needs, facilitate networking opportunities, and strengthen ties between businesses and local government. It would work to ensure businesses are well-informed of and can effectively leverage local economic development strategies, including permitting assistance and exposure to business development resources. The council will also play a crucial role in exploring the formation of BIDs to enhance key commercial corridors, ensuring that initiatives are aligned with the interests and needs of local businesses. to fund business-related improvements, maintenance, and physical amenities along key commercial corridors.



Goal ED-4: Targeted and streamlined revitalization.

Policy ED-4.1: Expedite review and permitting processes.

Incentivize adaptive reuse of the Area Plan's aging commercial stock by streamlining permitting of rehabilitation and upgrading of older buildings. Streamline entitlements for targeted uses to address older buildings within the Planning Area that may need substantial rehabilitation and heavy upgrades to building systems—as well as compliance with current fire and safety codes, and Americans with Disabilities Act (ADA) requirements—to compete for new, employment-generating uses. (I-1)

Policy ED-4.2: Encourage renovation of underutilized properties. Study the feasibility of permitting and licensing fee reductions for small businesses and properties to support and encourage renovation of underutilized properties.

Policy ED-4.3: Targeted Development Incentives. Actively implement a range of targeted development incentives designed to boost the financial viability of employment-generating projects in strategic areas. These incentives should focus on attracting and expanding industries key to the WSGV's economic strategy. Key incentives could include offering Floor Area Ratio (FAR) bonuses for lot consolidation efforts, providing fee waivers, and reducing parking requirements among other tailored benefits to support targeted industry sectors. (I-1)

Policy ED-4.4: Increase diversity and collocation of land uses. Implement and promote mixed-use (MXD) zoning standards in key commercial locations and prioritize the creation of commercial districts at key corridors and intersections across all area plan communities, to diversify available land uses, reduce dependency on vehicular transportation, and stimulate local economies.

- *Action:* Promote MXD zoning standards at key commercial locations throughout the communities in the Area Plan by engaging with commercial property owners and sharing the unique advantages of these standards.
- *Action:* Prioritize the creation of branded, identifiable commercial districts at key corridors and intersections, as well as those identified by individual communities. These districts would include an identifiable theme that links businesses and related public space together in order to promote the corridor as a commercial and employment destination.



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