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## **NEW REPORT: LA RIVER IS THE NEXT FRONTIER**

### ***Report Finds \$1 Billion Revitalization Can Spur New Housing and Job Creation, Improve Environmental Conditions in Local Communities***

LOS ANGELES (April 23, 2015) – The ongoing \$1 billion effort to revitalize the Los Angeles River presents unique new opportunities to transform underutilized properties adjacent to the River into healthier, more livable communities featuring new workforce housing and, in some areas, modern office hubs for growth industries including clean technology. These are the findings of a new study commissioned by the Los Angeles Business Council (LABC) Institute.

Authored by Paul Habibi, an adjunct professor at the UCLA Anderson School of Management, *LA's Next Frontier: Capturing Opportunities for New Housing, Economic Growth, and Sustainable Development in LA River Communities* links the River's ongoing revitalization to the region's long-term housing and economic development efforts, and recommends a strategic framework for how public and private leaders can harness the corridor's true potential.

This report documents, for the first time, that river-adjacent communities are the new frontier for revitalization and reinvestment in Los Angeles, with the potential for significant workforce housing development and job growth for a broad cross-section of Los Angeles residents.

For example, by redeveloping brownfields, utilizing financial and planning tools, and accounting for other underutilized land along the River, Habibi projects that up to 8,000 new workforce housing units could be created *per year* in a one-mile buffer around the River throughout the City of Los Angeles. Over a six-year period, that would help support nearly half of Mayor Garcetti's goal of creating 100,000 new housing units. And this can be done without dramatically increasing density or scale along the River, according to the report.

The report also finds that the River revitalization, combined with nearby connections to the growing transit system and the availability of former industrial and other underperforming real estate along the expansive river corridor, provides opportunities to dramatically improve environmental conditions for local residents and employers, transforming the LA River from an unsightly source of pollution into a thriving network of livable communities featuring parks, housing and employment centers.

The \$1 billion U.S. Army Corps of Engineers effort is one of several projects – both planned and ongoing– to restore the corridor; but its price tag relative to size (an 11-mile section of the River, approximately one-fifth of the total length) points to the need for public and private leaders to coordinate restoration plans, according to the researchers.

"The revitalization of the LA River is a transformative opportunity for the City of Los Angeles" said Los Angeles Mayor Eric Garcetti. "Today's LABC Institute Report challenges us to think about how the river's revitalization can be advanced in ways that will also help us achieve the city's long term housing and economic development goals. I believe such collaborative efforts will help ensure the sustainability of our city and the livability of its neighborhoods."

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### Workforce Housing

The availability of workforce housing and jobs for the region's middle class has lagged, despite the post-Recession recovery, according to the study. To address the housing shortage, researchers believe that reinvestment along the River could bring large quantities of workforce housing units near transit stations that are conveniently located along a new spine that runs through the heart of the City. Many of these stations are within a half-mile of communities along the River. Successful redevelopment of river-adjacent neighborhoods could provide ample workforce housing for residents lacking affordable options, if the City implements a strategic framework set forth by this study.

"The LA River, as a major public investment, has the potential to significantly change the character of the surrounding communities" said Ann Sewill, Vice President of Housing and Economic Development at the California Community Foundation. "It is our hope that the LA River revitalization will be used as a social and economic catalyst to help lower income Angelenos find secure and accessible housing, jobs, and connections to transit and parks."

"It is essential that we expand the supply of housing for middle-class workers who do not qualify for subsidized housing, yet cannot afford market-rate housing," said LABC President Mary Leslie. "This study shows why strategic redevelopment of the River is so essential to providing new and more affordable housing options to the Los Angeles workforce. This is crucial to our city's efforts to retain and recruit growth companies to the region."

### Job Growth and Business Development

The River's revitalization could also bring jobs in growing fields, such as clean tech, to areas once dominated by heavy industry. The study finds the City's post-Recession recovery has been a "long, protracted process," and jobs are needed for middle- and lower-income earners who once worked for now-defunct industrial, manufacturing and warehousing businesses along the River.

The River corridor is already fostering "nodes" of redevelopment where public transportation hubs are seeing widespread growth in jobs and housing, including Warner Center-Canoga Park, Studio City-North Hollywood and neighborhoods in and around Downtown Los Angeles. These nodes are just the beginning of the business renaissance opportunities along the River, according to the report.

"Taking advantage of long underutilized properties along the River will provide attractive growth for re-invigorating the Los Angeles River as a significant and integral part of our communities and industries looking for environmentally-sustainable properties with easy access to public transit," said Richard Ziman, Chairman of Rexford Industrial Realty, Inc. and CEO and Trustee of The Rosalinde and Arthur Gilbert Foundation. "Further, since more people are turning to car-free modes of transportation, there is a growing need to link our transit systems to the River and to neighborhood greenway corridors."

### Environmental Justice

In addition to the housing and economic developments, the greening of the riverfront could reverse some of the worst environmental conditions in California. New findings from the state show that 37 percent of census tracts within a half-mile of the River are among the most polluted in the state – twice the rate of pollution in Los Angeles County and quadruple the average for the state overall. A restored river ecosystem, along with new parks and plants, would dramatically lower pollution levels and improve the health and well-being of nearby residents, according to the report.

"When people think about the LA River revitalization project, they often imagine dramatic changes to the physical landscape of the River," said Paul Habibi. "But the proposed redevelopment would provide more than just a physical makeover – it would improve the quality of life of thousands of the City's most disadvantaged residents. A restored river ecosystem, including plenty of new plant life, will cleanse the air of harmful chemicals and reduce the heat island effect."

### Investment Tools

Among the report's recommended strategies for financing the River's revitalization is the adoption of Enhanced Infrastructure Financing Districts (EIFD) along the River corridor. The tax-increment strategy could help fund many future projects, including affordable housing and redeveloped industrial sites. The EIFD model would allow for the creation of districts that cater to the unique needs of specific neighborhoods, and includes funding sources beyond tax increment, including fees and assessment revenues, as well as incentives for specific types of development, such as workforce housing.

The River's planned capabilities to capture and naturally treat stormwater, wastewater and recycled water are expected to create millions of dollars in savings by reducing the amount of water the City imports. Some of these savings could offset investments in communities along the River, the study finds, including green infrastructure such as bioswales.

### Planning Toolkit

The research team also recommends the City explore several planning and development tools that would enable developers to make private investments leveraging public dollars. The proposed "developer's toolkit" provides a suite of financing options and development incentives to fast-track projects in the River districts. One of the suggestions is a "plan check and permitting" process that sets clear, specific guidelines for projects in a district, to which developers must conform. If their project abides by these regulations at the outset, developers could bypass discretionary processes and other potential setbacks.

While the revitalization of the LA River offers seemingly boundless opportunities for sustainable growth, the researchers caution that the City of Los Angeles will need to create a governance structure to coordinate the funding and implementation of the project, as well as resolve any potential conflicts that may arise. "Without such a framework in place, the LA River will not meet its potential as an environmental, social and economic hub for Los Angeles," the report warns.

The report will be the subject of a panel, *Revitalizing the LA River: A Catalyst for Sustainable Economic Development*, at the LABC Institute's 9<sup>th</sup> Annual Sustainability Summit on Friday, April 24, 2015 at The Getty's Harold M. Williams Auditorium. Brad Cox, Senior Managing Director of Trammell Crow and Chairman of the LABC Institute, will moderate the discussion at 11:25 a.m.

### **About the Los Angeles Business Council Institute**

The LABC Institute is a forward-thinking research and education organization dedicated to strengthening the sustainable economy of California. Founded in 2010, the Institute provides a bridge between the business, government, environmental, labor and nonprofit communities of Southern California to develop policies and programs that promote investment, jobs and business development. The Institute is the research and education arm of the Los Angeles Business Council, one of the most respected business advocacy organizations in the region. Founded in 1936, the LABC is known as an innovator and catalyst for policy development on a wide range of issues, including education, housing, green building, energy efficiency, transportation and solar development. For more information, please visit [www.labcinstitute.org](http://www.labcinstitute.org).

### **About the UCLA Anderson School of Management**

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