



**R-33**  
**REVISED**

**Date:** June 11, 2019

**To:** Honorable Mayor Robert Garcia and Members of the City Council

**From:** Councilmember Rex Richardson, Ninth District  
Councilwoman Lena Gonzalez, First District <sup>LG</sup>  
Vice Mayor Dee Andrews, Sixth District <sup>SA</sup>  
Councilmember Roberto Uranga, Seventh District <sup>R</sup>

**Subject:** Creation of Long Beach Special Economic Empowerment Zones (EEZ)

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**RECOMMENDATION:**

Request the City Manager to work with the Department of Economic Development to evaluate the feasibility of establishing a special Economic Empowerment Zone (EEZ) program in the targeted areas of North, Central, and West Long Beach. Furthermore, request a report back on the program in 90 days.

The program should offer potential administrative incentives to encourage increased economic activity and benefits in these areas including, but not limited to, the following:

- Permit, tax, business license, utility, planning and land use incentives for new businesses and basic neighborhood-serving amenities such as financial institutions, grocery stores, and medical facilities,
- Additional bidding preferences on public procurement opportunities for business located in EEZs,
- Deployment of local workforce development, training, and higher education centers,
- Additional support for burgeoning business corridors, including a culturally sensitive small business navigator, and corridor infrastructure enhancements,
- Reevaluate and enhance CDBG corridor enhancement programs,
- Access to free or low-cost housing of HUD Certified Counseling Centers that provide advice on buying a home, renting, defaults, foreclosures, and credit issues



## **Discussion**

Economic development in the City of Long Beach is undergoing impressive resurgence, and furthermore positioned a great priority, as millions of dollars have been invested in infrastructure and resources to support a thriving economy. However, for generations, some communities across the city haven't been able to keep up with the pace, creating a picture of economic segregation and inequity.

The face of Long Beach has changed, as over the past 30 years, the City became home to a majority people-of-color population. Despite people-of-color having a large share of the City's population, disparate outcomes in who can access economic opportunity persist in the everyday lives of Long Beach residents as homeowners, workers, and entrepreneurs. These persistent gaps exist in homeownership rates: where 55% of White residents are homeowners, compared to the 31% of people-of-color residents that own homes (25% Black, 30% Latinx, and 40% Asian Pacific Islander)<sup>1</sup>. Likewise, in the workforce, people of color earn lower hourly wages than White employee at every level of education. Lastly, as entrepreneurs, "large racial disparities are present in average annual receipts<sup>2</sup>." Black and Latinx-owned businesses average annual receipts were less than \$50,000, compared to the mean receipts for White businesses, which was close to \$490,000.

During the 'Everyone In' Community Conversation Series, residents were surveyed about community economic needs. Community feedback from the conversations in North, Central, and West Long Beach included: access to capital; pathways to homeownership, quality education, good paying jobs, training for youth, and healthcare. A shared desire for new businesses, infrastructural improvements, and public safety was a consensus.

Long Beach's prosperity has a direct nexus to the ability for its communities and residents to thrive. Ensuring equitable access to economic opportunity is not just a moral imperative, but essential to Long Beach's economic prosperity.

## ***The Problem***

Recognizing the paralleled responses in community needs for North, Central, and West Long Beach, data also shows the layers of inequity in health, wealth, and opportunity. Northwestern and southwestern Long Beach communities are burdened by higher concentrations of pollutants<sup>3</sup>, as well as lower median

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<sup>1</sup> PolicyLink, *Equitable Growth Profile of the City of Long Beach* (2019), 44.

<sup>2</sup> PolicyLink, 47.

<sup>3</sup> California Office of Environmental Health Hazard, *CalEnviroScreen 3.0* (2018).

household incomes, higher rates of unemployment, and lower educational attainment, which can be attributed to challenges in access.

*Maps come from the PolicyLink Equitable Growth Profile of the City of Long Beach.*

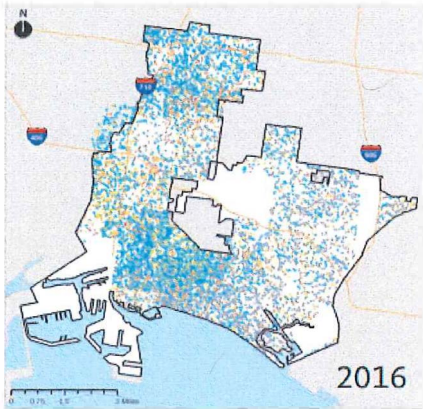


Figure 1 Race/Ethnicity Dot Map, 2016

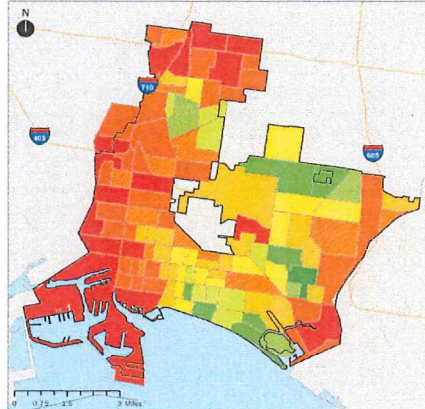


Figure 2 CalEnviroScreen Pollution Burden, 2018

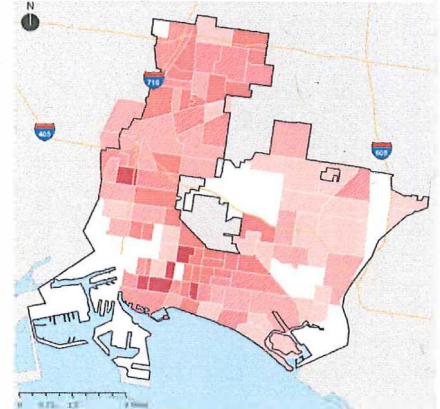


Figure 3 Life Expectancy at Birth

Moreover, North, Central, and West Long Beach have historically been home to majority-minority populations<sup>4</sup> and higher than average proportions of low-income households<sup>5</sup>. Data shows more families with young children<sup>6</sup> live in these areas, compared to other parts of the City; conversely, life expectancy is also lower in these same neighborhoods. North, Central, and West Long Beach communities are growing, and they are diverse, but the need for investment in opportunities and resources persist.

### ***The Elimination of Redevelopment, Enterprise Zones, and Promise Zones***

In 2013, the state of California eliminated the most significant local tool to revitalize community communities. The Redevelopment Agency (RDA) was an essential proponent in revitalizing neighborhoods and improving the quality of life. With project areas in North, Central, and West Long Beach, RDA led revitalization efforts along major corridors; in our parks, businesses, and residential areas. Redevelopment projects leveraged resources to grow economic activity, build affordable housing, attract new businesses, and create new jobs.

We also witnessed the demise of other state and federal programs that leveraged tax incentives to grow economic activity in distressed areas around the country, such as Enterprise Zones and Promise Zones.

<sup>4</sup> U.S. Census Bureau, GeoLytics, Inc. (2016).

<sup>5</sup> Urban Displacement Project, UC Berkeley.

<sup>6</sup> U.S. Census Bureau, (2016).



## ***The Opportunity***

Despite the lack of state and federal tools to revitalize communities, cities are stepping up to champion place-based initiatives to stimulate growth and development and relieve economic inequities. The same is happening around the world, as economic development programs focus resources in the communities that need help to grow. Streamlined processes, alternative regulations, and tax savings are all incentives used to improve the quality of life and economic opportunity in an area. Most often designated in low-income neighborhoods, special incentive zones are delineated areas subject to different regulations and specialized services to attract investment.

By establishing an Economic Empowerment Zone program, there are opportunities to align a local strategy with federal and state economic development place-based initiatives like Opportunity Zones (OZ) and special districts, such as Enhanced Infrastructure Finance Districts (EIFDs), Workforce Housing Opportunity Zones (WHZOZ), Community Revitalization and Investment Authorities (CRIAs), and sustainability districts.

The Federal Opportunity Zone program has several challenges and is intended to make short-term infusions of investment within the zone, with looming first deadline of June 29, 2019, and a second deadline before the end of 2019. The predefined boundaries of opportunity zones are non-contiguous and have gaps. Opportunity Zones drive outside economic investment, which furthermore requires local leadership to ensure the program is inclusive and equitable to the communities they are intended to benefit.

Meanwhile, State programs, like EIFDs and CRIAs are long-term strategies, based on the accumulation of tax increments over a 20-30-year period. Both programs are susceptible to a shifting budgetary and legislative environment, making it difficult for local cities to fully embrace and implement the programs. EEZs offer a locally controlled program, that complements State and federal strategies, with mid-term incentives and a voice for inclusive investment.

A city-led initiative to grow good jobs, businesses, quality housing and amenities would be a dynamic first step towards fostering equitable growth. Furthermore, Economic Empowerment Zones in North, Central, and West Long Beach, established for a minimum of 5 years, would encourage public-private partnerships to improve the connectedness and overall quality of life for residents and businesses in these areas.





## **Fiscal Impact**

Financial Management review will take place during the 90-day feasibility analysis.