

ATTACHMENT A

Recommended Economic and Community Development Initiatives

1. **Manufacturing Revolving Loan Fund (MRLF)**: Targeted towards manufacturers in Employment Protection Districts, Industrial Flex Districts, or Industrial Opportunity Areas established by the County General Plan or any Community Revitalization Investment Area (per AB 2) or Enhanced Infrastructure Financing District (EIFD) (per SB 628). The program is a natural extension of the Community Development Commission's existing Revolving Small Business Loan Program. A new Manufacturing Revolving Loan Fund will provide needed access to capital for increased manufacturing business creation, expansion and retention, and job creation in unincorporated County areas, with particular focus on growing local small and medium-sized manufacturers supporting high quality, family supporting jobs.

The cost to capitalize and administer the MRLF annually is estimated at \$1,000,000 beginning in FY 2016-17 increasing to \$3,000,000 in FY 2021-22.

2. **Community Business Revitalization Program (CBRP)**: Expansion of the CBRP to serve all unincorporated areas of Los Angeles County is appropriate given its established track record of success in revitalizing commercial corridors and renovating blighted structures. The CBRP makes storefronts more attractive to shoppers, revives retail corridors, helps reduce vacancies, makes buildings safer, and can serve as a catalyst for other property owners to invest in their buildings. The elimination of redevelopment and a 35% overall reduction in federal Community Development Block Grant funding since 2010 have reduced the funding available for the CBRP. Providing County funds for this successful program will allow it to continue to serve as an important community development tool for disadvantaged communities and be expanded to unincorporated areas of the County that are ineligible under federal funding.

The cost to expand and administer the CBRP annually for grants and related administrative expenses is estimated at \$1,000,000 beginning in FY 2016-17 increasing to \$3,000,000 in FY 2021/22.

3. Industry Development Strategies: The Implementation Plan for a Countywide Economic and Community Development Program recommends a program focused on coordinating economic development efforts to grow industry clusters in the County. Companies tend to co-locate, or cluster, for many reasons, including proximity to a skilled workforce, specialized suppliers, and a shared industry knowledge-base. Clusters not only increase productivity and efficiency, they also facilitate new business formation, stimulate innovation and create jobs. An initial focus on the bioscience cluster would be consistent with the Board's commitment to develop that cluster and presents an opportunity for collaboration with the County's Workforce Development Board, once it is established. An important feature of this initiative would be the creation of an investment fund for early stage bioscience companies and bioscience incubators.

The annual cost to capitalize and administer a Bioscience Revolving Loan Fund is estimated at \$1,000,000 in FY 2016-17 and increasing to \$4,000,000 by FY 2021-22.

Another element for the cluster strategy is a competitive grant program for economic development organizations offering best-in-class cluster building efforts. In addition to supporting economic development organizations representing the bioscience cluster, the grant program would assist economic development organizations representing four additional industry clusters to market their programs, grow businesses, and offer common industry services, each would receive an annual \$125,000 grant, for a total expenditure of \$500,000 in FY 2016-17 that would increase to an annual total of \$2,000,000 for this effort in FY 2021-22.

4. Catalytic Development Fund: The establishment and initial capitalization of a Catalytic Development Fund specifically targeted to unincorporated areas prioritized by the County such as transit-oriented development projects, historically or culturally significant, though currently blighted commercial corridors, or those in high unemployment areas or blighted areas, will incentivize investment for employment generating projects. A Catalytic Development Fund could potentially leverage New Markets Tax Credits, bank financing, and other sources of community development funding. The CDC's Los Angeles County Housing Innovation Fund, a collaboration with lenders for affordable housing projects, serves as a model for this initiative.

An initial investment of \$1,000,000 is recommended beginning in FY 2016-17 to cover the estimated cost to establish and administer a catalytic loan fund; to ensure the size of the Catalytic Development Fund would be large enough to create an impact on a regional basis, increased funding to \$3,000,000 by FY 2021-22 is recommended.