

ECONOMIC ELEMENT

II. COMMUNITY DEVELOPMENT

5. Economic Development Element

Introduction

Overview

The Economic Development Element of Lawndale's General Plan is concerned with the economic health of commercial and industrial uses in the City. It focuses on the enhancement of the City's business climate and tax base and on the economical provision of public services. Economic development goals and policies direct City activities towards maximizing the City's economic development potential.

Authority

The Economic Development Element is an optional element in Lawndale's General Plan. Government Code Section 65303 enables cities to adopt optional general plan elements. Lawndale elected to include an Economic Development Element because it focuses on issues significant to Lawndale's future that are not addressed elsewhere. The Economic Development Element has been reviewed for adequacy of data and internal consistency with other general plan elements.

Organization

The Economic Development Element begins with a discussion of the conditions currently existing in Lawndale. This includes an assessment of Lawndale's office, retail, industrial, and hotel real estate markets, economic base, business climate, economic functions, and the City's financial condition. The Element continues with a presentation of Lawndale's economic development goals and policies and concludes with Lawndale's implementation programs.

Assessment

Lawndale is part of a land use transition zone from the more industrially-oriented interior communities of the Los Angeles South Bay to the more residentially-oriented coastal communities. Lawndale is also part of a socioeconomic transition zone in terms of race and income levels. Communities in the South Bay's interior are more ethnically mixed than the coastal communities. Also, interior communities typically have more lower-income neighborhoods than the more affluent coastal communities.

The City of Lawndale is urbanized, as are the surrounding communities of Hawthorne, Torrance, Gardena, El Segundo and Redondo Beach. Because very little developable land remains, redevelopment has become an important planning tool. Generally, redevelopment activities in the communities surrounding Lawndale have increased employment density as a result of the conversion of land from heavy industrial to light industrial uses. Population density has also increased as older single family detached homes are replaced by new townhouses, condominiums and apartments.

Real Estate Markets

Commercial and industrial development in the South Bay has spread northwards from the Ports of Long Beach and Los Angeles, southward from Downtown Los Angeles and interior industrial areas, and from Los Angeles International Airport. Retail development in the South Bay includes some of the largest super-regional malls in all of Los Angeles County, as well as smaller strip, neighborhood and community centers. Hotel facilities in the South Bay were initially developed near the airport and along the ocean. More recently, hotels designed for business travellers have been constructed near large office/industrial developments.

In addition to its significant concentrations of office and industrial buildings, the South Bay is a major residential market characterized by low density housing. The beach communities, including Manhattan Beach, Hermosa Beach, and Redondo Beach, together with the Palos Verdes Peninsula are among the most sought-after residential neighborhoods in the Los Angeles area.

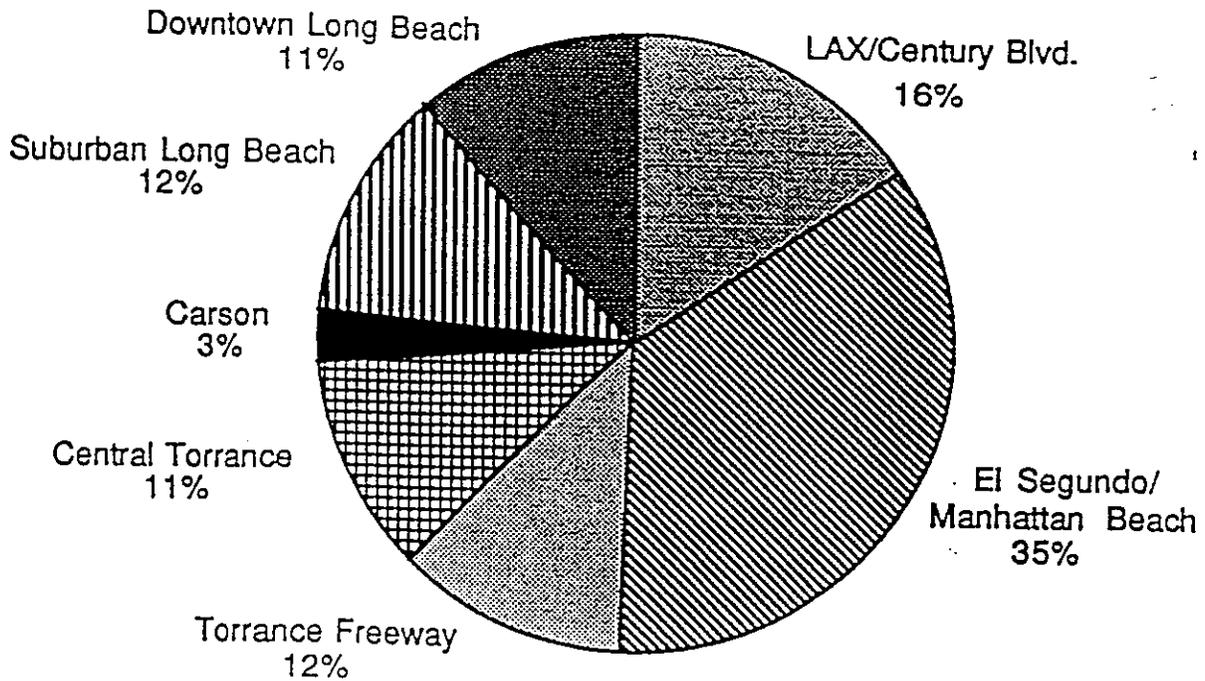
Office Market

The South Bay office market has grown rapidly since 1980. Until recently, the principal office tenants were aerospace and defense companies such as Hughes, TRW, and Northrup. However, South Bay aerospace firms have suffered severe cutbacks in the past few years and building owners are currently seeking to diversity the area's tenant base.

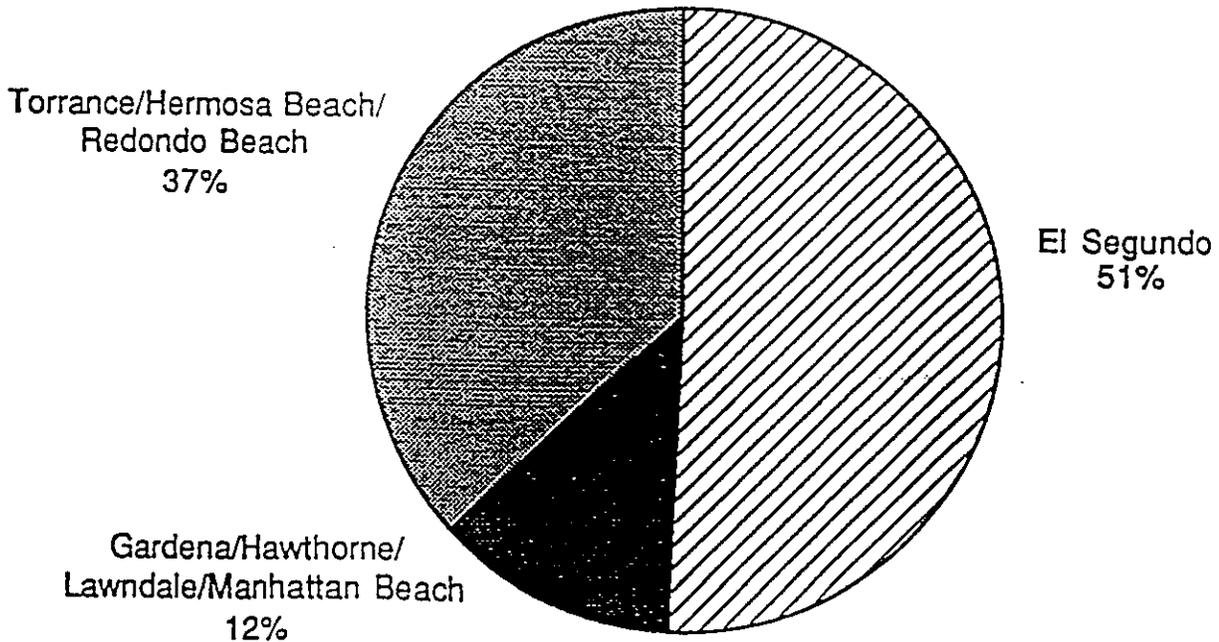
There are significant office markets both north and south of Lawndale in El Segundo and Torrance. The central areas of Hawthorne, Lawndale, Gardena and Manhattan Beach have relatively small office buildings scattered along principal arteries. Figure A summarizes the distribution of office inventory within the South Bay and within Lawndale's competitive market area.

Lawndale's dedicated office space constitutes less than one percent of the office inventory in Lawndale's competitive market area. There are currently three sizable office buildings in Lawndale: Baytower Corporate Center which has 75,000 square feet of office space; Lawndale Business Center with 39,000 square feet; and Lawndale Civic Plaza with 30,000 square feet.

South Bay Office Market



Lawndale Area Office Market



Source: Grubb & Ellis; 1990 BOMA; Coopers & Lybrand.

Regional Office Space Distribution

Figure A

Retail Market

The South Bay contains four super regional shopping centers, three of which are located on Hawthorne Boulevard in close proximity to Lawndale. Table 1 presents a summary of the super regional shopping centers located in the South Bay. The Del Amo Fashion Center is the largest shopping center in Los Angeles County, while Carson Mall and Hawthorne Plaza rank 18th and 19th in the County, respectively.

Table 1
Super Regional Shopping Centers
Located in the South Bay

Center Name/Location	Year Built	Area (Sq. Ft.)
Del Amo Fashion Center Hawthorne Blvd. & Sepulveda	1961	2,650,000
Carson Mall Avalon Blvd. & Del Amo	1973	876,000
Hawthorne Plaza Hawthorne Blvd. & El Segundo	1977	834,772
South Bay Galleria	1985	945,000

Source: Coopers & Lybrand; National Research Bureau, 1990 Shopping Center Directory; Los Angeles Business Journal.

Commercial development comprises approximately 9 percent of Lawndale's land. This compares favorably to other California communities, which use, on average, 8.4 percent of their land for commercial development. Commercial development accounts for 15.4 percent of the City of Hawthorne's land and 9.1 percent of Gardena's land.

Industrial Market

The South Bay includes 10 of the 25 largest office and industrial parks in Los Angeles County. Indeed, a characteristic of newer industrial development is the combination of office with light industrial manufacturing and warehouse facilities.

There is a trend for labor intensive and manufacturing companies to relocate eastward toward the Inland Empire. This move takes advantage of lease rates and land values that are significantly lower than those in the South Bay. The Inland Empire, including eastern Los Angeles County as well as western

portions of San Bernardino and Riverside counties, is currently "housing rich" and "jobs poor". Local governments of Inland Empire communities compete among themselves to attract employers and may offer significant relocation incentives to businesses which relocate in their community.

At the same time that labor intensive businesses are moving out of the South Bay, growth in port-related activity has brought new companies into the South Bay. In addition, increased international air freight activity at Los Angeles International Airport (LAX) has increased the demand for warehouse and distribution space near the airport.

Lawndale's industrial base is primarily comprised of small manufacturing and distribution firms. In contrast to other South Bay communities, no major industrial facility is located in Lawndale. Accordingly, only 1 percent of the City's land is used for industrial development. By comparison, California cities dedicate an average of 9.3 percent of their land to industry. In the South Bay, the percentage of a city's land used for industrial development tends to be higher. For example, 21.1 percent of the land in the City of Hawthorne and 17.6 percent of the land in Gardena is used for industrial development.

Hotel Market

In 1990, the South Bay hotel market represented about 11 percent of the total supply of hotel rooms in Los Angeles County. However, growth of both supply and demand for the South Bay's hotel market is estimated to be about twice the rate for Los Angeles County. Table 2 compares total number of rooms and the growth of supply and demand for the South Bay and for Los Angeles County. Spillover demand from Los Angeles International Airport is one of the largest generators of hotel room nights in the South Bay Area.

Table 2
Comparison of South Bay and Los Angeles County
Hotel Market Characteristics for 1990

	Number of Hotel Rooms	Growth Rate of Supply	Growth Rate of Demand
South Bay	5,127	16.3%	10.0%
Los Angeles County	46,966	8.2%	4.8%

Note: The total room supply as well as growth rates are estimated.
Source: Pannell Kerr Forster; Coopers & Lybrand.

Lawndale currently has four hotels/motels, three of which are operated by nationally known franchises. A Comfort Inn, Best Western, Travelodge, and a Siesta Inn are located in Lawndale.

Economic Base

As shown in Figure B, the service and trade sectors account for about 65 percent of Lawndale's economic base. In 1987, it is estimated that there were approximately 5,853 jobs in the City of Lawndale.

- The largest single economic sector is services, which accounts for 32 percent of the Lawndale's jobs. This industry is primarily made up of owner occupied businesses such as business support services, amusements, health care, personal and repair services.
- The next largest sector is the combined sectors of retail and wholesale trade. Retail trade accounts for 17 percent of the City's economic base and wholesale trade accounts for 16 percent.
- The third largest sector is manufacturing, representing 17 percent of the jobs in Lawndale. Manufacturers are mainly small machine shops and metal fabricating enterprises.

Business Climate

Because Lawndale is part of the South Bay, it shares the general strengths of this area as a business location. However, there are differences. An assessment of Lawndale's business climate relative to the South Bay serves as a baseline from which to measure economic development potential.

Access to Markets

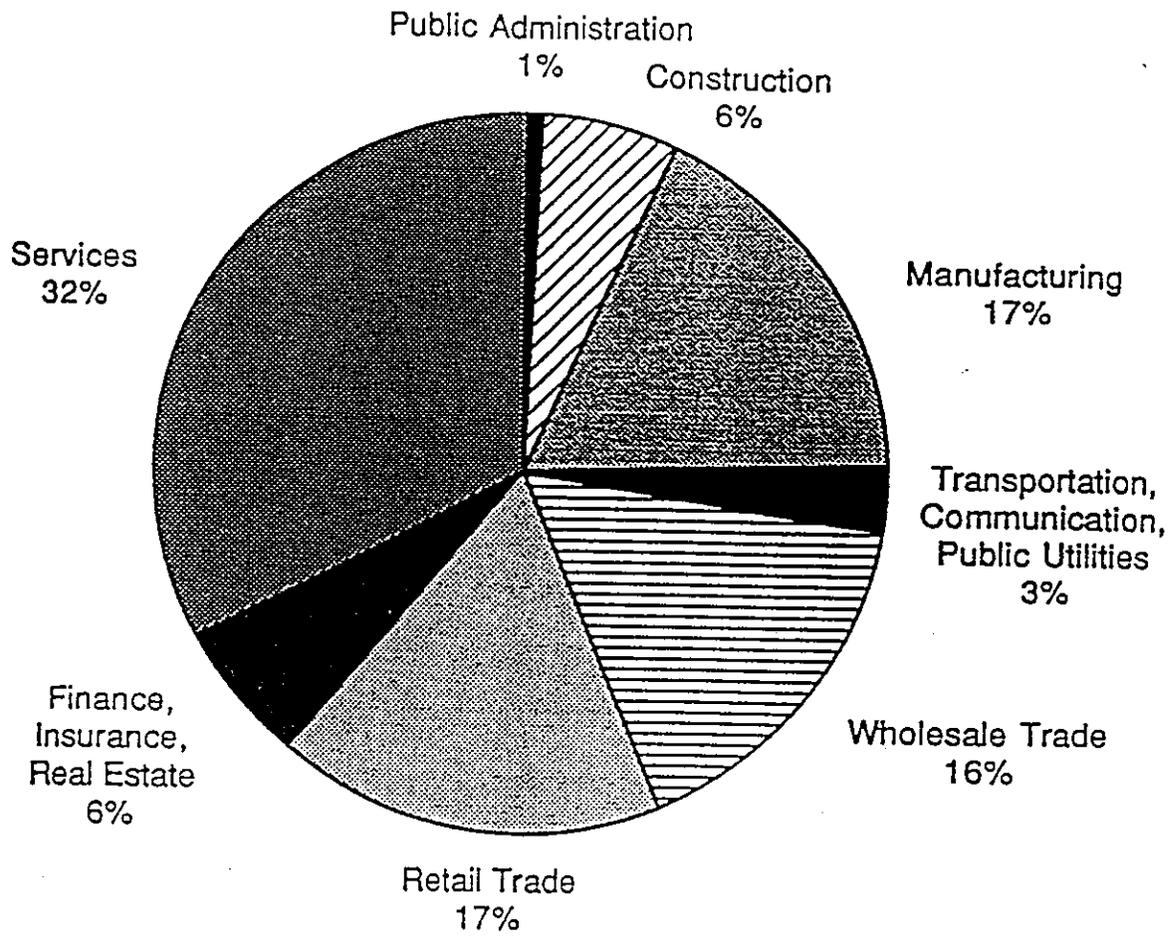
Lawndale is centrally located within the South Bay with excellent access to employment nodes in El Segundo, Torrance, at LAX and the Long Beach ports. Overall transportation access is good, however transportation by truck into and out of Lawndale is difficult because vehicles must travel on community arterials to get to interior sites.

Access to Resources

Firms locating in Lawndale could easily draw from the very large labor pool in surrounding communities. Business support services are limited in Lawndale, but until this sector of Lawndale's economic base matures, the firms located in Lawndale can draw from services offered in surrounding communities.

Land and Building Availability

Because Lawndale is primarily a residential community, commercial and industrial space is limited, though there are a few developable, vacant parcel



Source: Donnelley Marketing Information Services, Market Profile Analysis, 1987.

Quality of Life Factors

Lawndale is predominantly a single-family residential community in close proximity to varied cultural and recreational activities.

It is important to remember that Lawndale has historically grown because of population, rather than employment growth. Aggressive business attraction has not been a dominant community development goal, and consequently, its economy is less developed than that of other more industrialized South Bay areas. Maintaining the City's residential climate has been a higher priority.

Economic Functions

Lawndale is led by population rather than employment growth. A convenient measure of economic self-sufficiency is the ratio between people and jobs. Metro-wide, there are 2.09 persons per job in greater Los Angeles. In Lawndale, the corresponding ratio is 4.34. This indicates that significant out-commuting occurs. Recent growth in Lawndale's population-serving industries confirms that a substantial part of the City's employment growth has been led by population growth.

In the future, the service industry is expected to account for the largest number of new employment opportunities. Outlooks for other economic sectors are presented below:

Residential

Lawndale was originally developed as a pair of residential subdivisions. Its function in the South Bay is solidly established as a residential community. Table 3 displays historic population and the Southern California Association of Government's (SCAG) projected population growth for Lawndale and surrounding communities. Note that Lawndale has one of the highest projected population growth rates. As shown in the Land Use Element's buildout projections, Lawndale's population could exceed SCAG's projections, given the City's new land use plan. Population is projected to increase from its 1990 Census of 27,331 to 41,618. Housing units are projected to increase from 9,778 to 14,863 units.

Retail

Lawndale faces stiff competition from surrounding communities for retail development. Currently, Lawndale's main retail function is to serve its local population. A more diversified mix and modern retail centers might be supported by local population growth, especially by capturing out-of-city retail "leakages." Apparel, food, home furnishing and appliances are examples of items being purchased elsewhere. The City's potential for development to offset this leakage of retail activity is rapidly decreasing as the South Bay becomes saturated with large scale retail development.

	Census 1970		Census 1980		Jan. 1, 1990		1990		SCAG		
	Population	Change 1970-80	Population	Change 1980-90	Population	Change 1990-2010	Percent Distribution	Percent Change 1970-80	Percent Change 1980-90	Projections 2010	Percent Change 1990-2010
Los Angeles County	7,041,980		7,477,412		8,769,900		N/A	6.2%	17.3%	9,891,330	12.8%
South Bay	1,400,182		1,483,728		1,672,690		100.0%	6.0%	12.7%	1,728,867	3.4%
Regional Total	327,189		325,797		369,931		100.0%	-0.4%	13.5%	389,993	5.4%
Lawndale	24,825		23,460		27,331		7.4%	-5.5%	16.5%	31,988	17.0%
El Segundo	15,620		13,752		16,000		4.3%	-12.0%	16.3%	20,939	30.9%
Gardena	41,021		45,165		51,200		13.8%	10.1%	13.4%	56,568	10.5%
Hawthorne	53,304		56,437		67,800		18.3%	5.9%	20.1%	62,005	-8.5%
Redondo Beach	57,451		57,102		65,100		17.6%	-0.6%	14.0%	73,455	12.8%
Torrance	134,968		129,881		142,500		38.5%	-3.8%	9.7%	145,038	1.8%

Source: U.S. Census; California Department of Finance, Population Research Unit; Southern California Association of Governments.

Note: By 1990, the City of Hawthorne had surpassed its 2010 projection.

Regional Population Trends

Table 3

Office

Lawndale's office function is similar to its retail function—primarily providing the local population with business, personal and health services. Lawndale does not compete with the office space available in the larger office markets in El Segundo and Torrance. However, there may be modest opportunities for an expansion of Lawndale's population-serving office space as the City's population grows.

Industrial

Opportunities for expansion of Lawndale's economic function as an industrial area are related to light industrial and warehouse facilities. Growth projections among these types of industries and projections of increased international trade combine with Lawndale's proximity to international air and sea ports to make this type of development attractive.

City Financial Conditions

Lawndale's two largest sources of revenue are taxes and intergovernment transfers. Because the City collects no property tax, tax revenue is limited to collections on the sale of taxable goods and services, transient occupancy taxes collected on hotel room sales, and business license taxes. On the expenditure side, the City of Lawndale allocates nearly half of its annual budget to general government and public safety expenditures. This expenditure pattern is common among South Bay communities.

Lawndale's financial challenge is mixed. There is an imbalance between the City's revenue generating commercial/industrial sectors and its expenditure requiring residential base. Structural problems in the way Lawndale generates revenues and makes expenditures also exist. The City is residentially led, meaning that traditional sources of revenue are sales and property tax. Lawndale, however, is a zero property tax city and it experiences sales tax leakages to surrounding communities with more extensive and varied retail centers. These two facts limit the City's ability to generate revenue. Expenditures, however, are not limited by the City's status as a residential community. Residential development requires more in the way of expenditures on schools, health services, public safety, etc. than it generates in revenue.

Conclusions

Development trends suggest that Lawndale's function as a South Bay residential community will continue. In addition to its established residential base, projected population growth rates for Lawndale are among the highest estimated for South Bay communities between 1990 and 2010. The City's greatest challenge will be to deal with the financial problems that have resulted from a population-based economy.

- Land scarcity in Lawndale means that prices are high. In order to

generate positive cash flows, future residential and non-residential development will have to be higher density than current development.

- Los Angeles County is making investments in transportation infrastructure that will impact Lawndale. The Century Freeway is a major east/west commuter zone from inland residential centers to El Segundo/LAX employment centers. This freeway will reshape the northern boundary of the South Bay into higher-order freeway serving industries. For Lawndale, the freeway means access to employment nodes. Similarly, light-rail will make Lawndale more accessible to potential workers and more desirable for commuters.
- The planned expansions of air and sea ports are also important to Lawndale. With the expansion of these facilities, come increased activity in distribution-related enterprises in surrounding areas.
- The industrial evolution taking place in Southern California will affect Lawndale. The South Bay is being transformed as land-intensive firms relocate to more affordable locations on the urban fringe. In particular, the Inland Empire and the Lancaster/Palmdale area will likely experience population and employment growth from migrating businesses. Replacing these firms will be higher value added firms. For Lawndale, these are likely to be business and personal services firms and businesses related to trade and distribution.

Goals & Policies

**Goal 1:
Economic**

To develop and maintain a diversified commercial and industrial economic base with uses that are appropriate to the Lawndale community and consistent with the City's environmental, aesthetic, and quality of life values and requirements.

Policies

Policy 1a

The City shall continue its policy of maintaining and preserving existing residential neighborhoods and discouraging unnecessary encroachment of commercial uses into such neighborhoods. No eminent domain would be utilized for private development or redevelopment.

Policy 1b

Make the retention and expansion of existing businesses the key element in Lawndale's overall economic development plan.

Policy 1c

Provide for and encourage the maintenance and revitalization of existing commercial and industrial areas.

Policy 1d

Encourage new, higher-intensity commercial and industrial activities in appropriate locations in the City.

Policy 1e

Encourage retail and service amenities that meet the needs of local residents and employees.

Policy 1f

Expand the City's commercial base beyond Hawthorne Boulevard.

Policy 1g

Increase entrepreneurial opportunities and create jobs by assisting in the retention, establishment and expansion of small businesses.

Policy 1h

Promote the City's central South Bay location and excellent regional access to attract new businesses.

To strengthen Lawndale's fiscal position by broadening the local tax base, maximizing revenue generation potential, and promoting the efficient and cost-effective provision of urban services.

Goal 2: Fiscal Position

Policies

Policy 2a

Maintain and promote land uses that improve the City's tax base.

Policy 2b

Strive to balance the need for new or increased business tax and fees with the City's need to remain cost-competitive with surrounding cities for commercial and industrial development.

Policy 2c

Encourage new development that benefits the community more than the cost of providing the required urban services.

Policy 2d

Expenditures for infrastructure and the provision of urban services should be made in an economical manner to ensure efficient expenditures of public funds.

**Goal 3:
Business Climate**

To provide a supportive and economically profitable environment as the foundation of a strong local business community.

Policies

Policy 3a

Develop a framework within which interested groups can work together on matters of common interest related to economic growth, its orderly management, and the resolution of attendant problems to improve the City's business climate.

Policy 3b

Take steps to create public and private sectors that support and promote Lawndale's business community.

Policy 3c

Correct infrastructure deficiencies that inhibit commercial and industrial economic development.

Implementation Programs

1: Economic Base

1.1 Economic Development Office

Investigate the possibility of creating an Economic Development Office within the Community Development Department or assign the responsibility of economic development activities to an individual within the Community Development Department. The Economic Development Office should serve as the designated interface between Lawndale's business community and the City.

1.2 Economic Development Liaison

Maintain a liaison with surrounding cities, the County of Los Angeles, as well as other regional, State, and Federal agencies with economic development responsibilities.

1.3 Business Survey

Undertake periodic business surveys to identify enterprises that are interested in staying and/or expanding in Lawndale. The survey should seek information on the characteristics that make Lawndale a desirable location and the type of job skills required by the business. The City could use this information to identify and attract appropriate businesses to Lawndale.

1.4 Grass Roots Revitalization

Build grass roots support among the business community for revitalizing and redeveloping commercial and industrial areas. Encourage property beautification efforts.

1.5 Hawthorne Boulevard Commercial Development

Utilize the Downtown Commercial designation, increased floor-to-area ratios, and identity-building design elements to increase commercial revitalization and economic growth along Hawthorne Boulevard.

1.6 Economic Development Funding

Collect and disseminate information on state, regional, and local funding programs for business retention, expansion and for the attraction of new businesses to Lawndale.

1.7 Business Loans

Establish a revolving loan program for new and expanding businesses. Monies repaid to the program would be re-allocated to other businesses meeting program requirements.

1.8 Business Incentives

Establish a procedure for evaluating potential business incentives that could be offered to businesses expanding and relocating in Lawndale.

1.9 Business and City Interaction

Create a mechanism through which members of Lawndale's business community can meet with elected officials and staff to discuss and resolve economic development issues.

2.1 Revenue Enhancement

Conduct a revenue enhancement study that considers taxes, assessments, licenses, permits, service charges, grants, and loans. Investigate programs that allow direct incremental tax revenue based on revitalized uses.

2.2 Financial Assistance

Monitor regional, state, and federal legislation and funding allocations for new subsidy and assistance programs. Once identified, these programs should be evaluated for their applicability to Lawndale and directed to the appropriate department or agency for implementation and administration.

2.3 Fiscal Impact Analysis

Establish and implement a procedure for assessing the fiscal costs and benefits of development projects by requiring a fiscal impact study for proposed development. The City should consider only those development projects for which the revenue potential is greater than the cost burden.

2.4 Service Standards

Conduct an internal review of public service standards and staffing levels to determine levels that are appropriate for the City of Lawndale. Service levels provided by the City could be analyzed relative to service levels in comparable cities. The City also should seek citizen input to determine the appropriate prioritization of City expenditures.

3: Business Climate

3.1 Community Profile

Create a "Community Profile" that includes information on demographics, employment, economic base, economic development programs, taxes, incentives, etc., that can be distributed to interested parties. Establish a procedure for reviewing and updating this document on an annual basis.

3.2 Networking Opportunities

Investigate ways to develop programs that offer Lawndale businesses networking opportunities through which they may build and maintain profitable business relationships. These programs should support and complement the activities of Lawndale's Chamber of Commerce and other business groups.

3.3 Training Programs

Ensure that new jobs are made available to Lawndale's unemployed and underemployed residents and that training and related programs support economic development efforts.

3.4 Streamline Process

Streamline the processes involved in expanding or locating a business in Lawndale, focusing on the processes in the Community Development Department, particularly land use and building permitting. Create a means of expediting development projects through the City's review processes.