



LOS ANGELES COUNTY ECONOMIC DEVELOPMENT CORPORATION



August 22, 2011

Cathy Creswell, Director (Acting)
California Department of Housing and Community Development (HCD)
1800 Third Street
Sacramento, CA 95811-6942

Re: Harbor Gateway Communities Enterprise Zone Designation

Dear Director Creswell:

On behalf of the Los Angeles County Economic Development Corporation (LAEDC), an organization dedicated to promoting job growth, economic expansion, and preserving the overall global competitiveness of California and Los Angeles County, I am writing to encourage the expedited official designation of the Harbor Gateway Communities Enterprise Zone (Harbor Gateway Enterprise Zone) in Los Angeles.

Notwithstanding the highly charged rhetoric of the recent budget debate, the California Enterprise Zone (EZ) Program remains one of the last and most dependable statewide economic development tools that local communities and economic developers can use to encourage businesses to stay or locate in-state. The Enterprise Zone Program also plays a key role in revitalizing economically-challenged areas throughout the state, encourages development in blighted neighborhoods and creates economically-stable communities by embracing entrepreneurship and private sector market forces to stimulate local economies.

Several studies by prominent institutions have found that Enterprise Zones play a significantly positive role in reducing unemployment rates, lowering poverty and increasing household incomes. In a 2006 study conducted by your department (HCD), it was found that in EZs poverty rates declined 7.35 percent more than the rest of the state; unemployment rates declined 1.2 percent more than the rest of the state; household incomes increased 7.1 percent more than the rest of the state; and wage and salary income increased 3.5 percent more than the rest of the state.¹ Similarly, a 2008 study done by the University of Southern California (revised May 2010) found EZs “have positive, statistically significant, impacts on local labor markets in terms of the unemployment rate, the poverty rate, the fraction with wage and salary income, and employment.”²

Here in Los Angeles County, we have eight Enterprise Zones (including Santa Clarita which recently received a conditional re-designation) that deliver numerous benefits for employees and employers and create economic growth and stability for the region. They range from the economically-

¹ California Department of Housing and Community Development. Authored by Nonprofit Management Solutions and Tax Technology Research, LLC. “Report to the California Department of Housing and Community Development on Enterprise Zones.” August 18, 2006.

² University of Southern California, John C. Ham, Charles Swenson, Ayse Imrohoroğlu, and Heonjae Song. “Government Programs Can Improve Local Labor Markets: Evidence from State Enterprise Zones, Federal Empowerment Zones and Federal Enterprise Communities.” November 2008, Revised May 2010.



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depressed urban environments in the cities of Los Angeles and Long Beach to the more rural locales of the Antelope Valley and Santa Clarita. These zones have been instrumental in helping attract and retain scores of businesses in areas that would not ordinarily have the capacity to do so *but for* the existence of these zones.

The proposed Harbor Gateway Enterprise Zone would provide much needed opportunities for an extremely disadvantaged area with an unemployment rate around 17.4 percent (versus 12 percent for the state), a per capita income of \$15,900 (versus \$27,840 for the state), and a median household income of around \$48,700 (more than \$10,000 less than the state). Having an Enterprise Zone designation in this neglected community of Los Angeles County would provide economic stimulus and help many local residents achieve financial security and self-sufficiency. I know of no more beneficial social program than providing someone with a well-paying job.

For all of the above reasons, the LAEDC urges you to move forward in the process of fully designating the Harbor Gateway Enterprise Zone, which would ensure that the zone is fully operational and maximally effective—allowing for a strengthened economy in the region and a higher quality of life for the area's citizens.

Sincerely,

William C. Allen
President & CEO
LAEDC

cc: California Governor Jerry Brown
Traci Stevens, Business Transportation & Housing Secretary (Acting)
Supervisor Don Knabe, County of Los Angeles
Supervisor Mark Ridley-Thomas, County of Los Angeles
Mayor Antonio Villaraigosa, City of Los Angeles