



**LOS ANGELES COUNTY ECONOMIC DEVELOPMENT CORPORATION**



February 22, 2012

California Assembly Member Luis Alejo  
State Capitol, Room 2137  
Sacramento, CA 95814

**Re: Assembly Bill 484 – SUPPORT**

Dear Assembly Member Alejo:

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 in support of Assembly Bill 484 (“AB 484”), as amended on February 15, 2012. AB 484 ensures that businesses located within the geographic boundaries of an expired Enterprise Zone (EZ) continue to receive uninterrupted EZ program benefits until the Department of Housing and Community Development (HCD) issues a request for proposal (RFP) and delivers conditional designation letters to the maximum number of enterprise zones within the state.

As you’re certainly aware, the California EZ Program remains one of the last and most dependable statewide economic development tools that local communities have to encourage businesses to stay or locate in-state. And with the recent and complete demise of California Redevelopment Agencies, the EZ Program will take on an even more important role in revitalizing economically-challenged areas throughout the state, in encouraging development in blighted neighborhoods and in creating economically-stable communities by embracing entrepreneurship to stimulate underperforming economies.

Contrary to some of the politically-motivated invectives aimed at enterprise zones, 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 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.<sup>1</sup> Similarly, a 2008 study done by the University of Southern California (revised in 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.”<sup>2</sup>

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<sup>1</sup> 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.

<sup>2</sup> University of Southern California, John C. Ham, Charles Swenson, Ayse İmrohoroglu, 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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Here in Los Angeles County, we have eight Enterprise Zones that deliver numerous benefits for employees and employers in the region. This includes the recently expired Antelope Valley Enterprise Zone (AVEZ)—expiring on January 31<sup>st</sup> 2012—which has been instrumental in helping to attract and retain scores of businesses that would not ordinarily locate in this rural area of northern Los Angeles County *but for* the existence of AVEZ. The 141-square mile AVEZ provides much-needed opportunities for residents in a targeted area of the Antelope Valley region with an unemployment rate around 17.2 percent (more than double the 8.3 percent national unemployment rate) and a per capita income of \$19,161 (versus \$27,840 for the state).

It is our understanding that the AVEZ has expressed its intent to apply for enterprise zone re-designation once a RFP becomes available from HCD. This “expression of intent” to apply for EZ designation is important to us—as a leading economic development organization—since the AVEZ serves as a crucial tool to recruit, retain and help businesses (and the private sector jobs they create) locate in this historically disadvantaged region. In fact, the AVEZ has helped more than 1,600 businesses stay competitive and helped more than 18,000 individuals find jobs in the Antelope Valley since 1997. With AB 484, these critical economic development benefits will be maintained until HCD issues conditional designation letters, providing this depressed community with much-needed stimulus and continued help for many of the area’s local residents who otherwise might not be able to achieve financial security and self-sufficiency.

For all of the above reasons, we strongly support AB 484 and thank you for introducing this bridge legislation, which allows businesses to remain eligible to receive Enterprise Zone benefits and ensures that critical economic development and job creation tools remain in-tact, maximally targeted and ultimately effective.

Sincerely,

William C. Allen  
President & CEO  
LAEDC

cc: California Governor Jerry Brown  
California Senate Pro Temp Darrell Steinberg  
California Assembly Speaker John Perez