



## The Jobs, Housing and Education Puzzle

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Los Angeles in 2007 is competing with itself in relationship to land uses that can create manufacturing jobs, housing, and new public schools. An industrial use policy is currently being debated within the city as is an inclusionary zoning ordinance as it relates to affordable housing. At the same time, the Los Angeles Unified School District (LAUSD) is a little less than halfway through a new school construction program that is to build 145 new schools throughout the city.

Within this context, the puzzle related to producing good-paying jobs, quality affordable housing, and new schools where quality education is being delivered, is begging for a solution around which a consensus can be formed. Los Angeles is a big city in terms of both population and land area, but it remains to be seen whether the requisite acreage exists to adequately solve this jobs, housing and education puzzle.

On the jobs side, according to LAEDC chief economist Jack Kyser there is heavy demand for industrial space in both the county at large and the Central area of the city. According to Grubb & Ellis in the fourth quarter of 2006, the Central area of LA County industrial vacancy rate was .9 percent. In downtown LA the industrial vacancy rate was 1.4 percent. LA County's industrial vacancy rate was 1.5 percent, the tightest such market in the nation. Kyser advocates for an upgrade of the industrial areas in downtown LA by focusing on a wide variety of modern manufacturing activities, such as technology, environmental technology, biomedical, and quick-turn and/or high quality manufacturing. Kyser also suggests the development of a university industrial park in the industrial areas east of USC. He also recognizes the need for job training and child care for workers in the area so they can indeed enjoy a career ladder, rather than a dead end job.

Carol Schatz, CEO of the Central City Assn. of Los Angeles thinks the city's recommendation to restrict development of downtown industrial land could prove costly to the local

economy. Schatz believes that this industrial land has more productive uses in providing mixed-use developments that foster entrepreneurs and creative professionals, who can operate alongside viable industrial uses. She feels this new mixed-use environment, which includes small businesses coupled with housing, is serving Los Angeles well.

District 9 City Councilwoman Jan Perry echoes Schatz as she asserts that the city has the opportunity to create mixed-use developments that would provide better-paying jobs and more housing at all income levels. Perry argues that the city could develop downtown zoning and design guidelines that allow for mixed-use projects that combine low-or-no impact industrial uses with residential uses. Finally, Councilwoman Perry continues to remind us that her District contains a large portion of the city's industrial land, and that industrial jobs have been declining for decades for reasons that have little to do with zoning.

As this discussion regarding industrial land use goes on, there is also serious discussion about housing production and the need for affordable and workforce housing within the city. The inclusionary zoning ordinance has called out the need for market rate developments to contain at least 15 percent affordable units. Some housing developers have consented to this requirement, while others have resisted. Some have chosen in-lieu payments whereby affordable housing is then created off-site rather than being mixed within a market rate residential community. Housing affordability has become an important issue in the city as the booming housing market over the past decade has created both a crisis and an opportunity for the city.

The housing boom has triggered a crisis of affordability. As demand outruns supply, house prices and apartment rents are rising above what many Los Angeles residents can afford. This affordability crisis is widening the gap between income and racial groups and worsening the tensions among them. Yet, the same surging housing market that precipitated an

affordability crisis also increases the city's tax revenues and other resources.

What is housing affordability? Affordability expresses the challenge each household faces in balancing the costs of its actual or potential housing, on the one hand, and its nonhousing expenditures, on the other, within the constraints of its income. In Britain and the United States, affordability is often expressed in terms of "affordable housing." But affordability is not a characteristic of housing, rather it is a relationship between housing and people. For some people, all housing is affordable, no matter how expensive it is; for others, no housing is affordable unless it is free. "Affordable" housing can have meaning and utility only if three essential questions are answered:

- ★ Affordable to whom?
- ★ On what standard of affordability?
- ★ For how long?

Perhaps a more accurate term would be "below-market housing," which properly denotes identifiable segments of the housing stock, without making any unjustifiable claim of affordability.

Concurrent to the industrial use and inclusionary zoning debates, the LAUSD is busily negotiating for sites throughout the city in order to build new schools in its \$19.3 billion new school construction and modernization program, the largest in the nation's history. Sites that have housed industrial uses are now planned as school sites. Sites that could have been used to produce housing are now destined to become school sites.

When the dust settles after the verbiage and shovels have been put to rest, what will the land uses in Los Angeles look like relative to jobs, housing and education? Will the city have good paying new economy industrial jobs with clear career paths? Will the housing supply match the demand, and in the process address the housing affordability and workforce housing issues? If the LAUSD gobbles up the sites necessary to build out its requisite number of new schools, where will its graduates work? Can a mixed-use development strategy indeed work which combines industrial and residential uses, school and residential uses, and are there best practices examples of such combinations?

In this trilogy of manufacturing jobs, housing, and new schools, it seems as if the jobs part of the puzzle is being squeezed out. However, if an appropriate balance is not achieved between these three pieces of the puzzle, then a relevant question is "Where are the jobs for the graduates of the city's public schools coming from and how will they pay for their housing?" This suggests a solution that recognizes the need to retain, attract and create manufacturing jobs is essential. Given the 1.4 percent industrial vacancy rate in downtown LA, it seems clear that currently the city is doing something right in this regard. Now the city needs to focus on attracting and creating new economy industrial jobs in the technology sectors as suggested by Jack Kyser. Simultaneously, the city needs to be more proactive in producing housing at all price points, and in particular to address the housing affordability issue. Further, a careful balance needs to be achieved between building new schools and not taking sites out of commission for such schools that can otherwise be viable job creation and residential sites.

In East Los Angeles the city has a wonderful opportunity to reinvent nearly 1,000 acres near the County-USC Hospital for a mixed-use urban business and industrial park that is anchored by the biomedical industry. This potential new town in town can combine residential, retail, commercial, public school, open space, and commercial and university biomedical uses that can uplift this distressed neighborhood as well as this entire section of the city. This project has been hampered by lack of consensus and cooperation between the city, county and USC. The window of opportunity for the city and county to grasp the biotech ring is slipping and affirmative action in this regard needs to be taken immediately. Such a proactive approach on this project would go a long way in addressing a solution to the jobs, housing and education puzzle now confounding the city.

A good best practices case study is described in my September 2006 Urban Land magazine article "Incubating Inner City Biotech." At this 75-acre urban business and industrial park located in Boston's inner city Roxbury neighborhood, over the past twenty years a mixed-use community of high technology, university and commercial biotechnology, office, retail, industrial, public utility, public school, textile manufacturing, hotel, and residential uses has emerged from vacant lots and abandoned industrial buildings in a longstanding industrial zone of the city. This case study



points out the vast potential for something similar on a much larger scale at the 1,000 acre site in East Los Angeles.

A bit closer to home in relationship to a mixed-use residential, retail, and public school project in a transit oriented development context, the Urban Partners project at Wilshire and Vermont above the MTA Red Line station can be instructive. On this 7-acre site, the MTA and LAUSD collaborated on a project that includes a middle school to be built on 1.5 acres. This school is more reminiscent of a Manhattan vertical rather than horizontal development that will co-exist with new residential and retail uses as well as a transit stop. Given that the LAUSD has at least 80 new schools to build over the next several years, the innovative use of land in a mixed-use context at Wilshire and Vermont can be a piece of the puzzle.

The Urban Land Institute (ULI) has as its mission to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. Whether

talking about Los Angeles, or cities throughout the world, jobs, housing and education are three critical pieces of the puzzle that create and sustain thriving communities.

In addition to the responsible use of land, we in the City of Angeles also need to focus on the people using the land. Los Angeles is a very diverse city – we are a mosaic of races, cultures, ethnicities, and religions. The city is also a 'majority minority city' as black, brown and yellow make up more than half its population. It is my hope as the city addresses the jobs, housing, and education puzzle that responsible approaches to using the land – and reusing the land – can create physical spaces that provide good paying jobs, quality affordable housing, and superior education and training for the 21st century and beyond.

But time is wasting, and the city's stakeholders need to get cracking on a solution to the jobs, housing and education puzzle before it really becomes a major crisis as well as a lost opportunity.