Economic Development Strategy
City of Lawndale

July 1, 2007

This project was funded by the Southern California Association of Governments (SCAG) Compass Blueprint Demonstration Project Program. Compass Blueprint provides tools to cities to evaluate planning options and stimulate development consistent with the regions goals. SCAG provides cities with support to help with visioning, infill analysis, policy assistance, economic and marketing assistance and developing communication tools for cities.

Developed on behalf of SCAG as part of the Compass Blueprint Program

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Executive Summary

Southern California offers an abundance of recreational, entertainment, and economic opportunities set in a gorgeous living environment that continues to attract new residents and new jobs. Over the next 30 years, the region is expected to grow by an additional 6 million residents. In response, policymakers and developers are taking a new interest in accommodating increased population and economic growth along existing corridors through infill development and main street revitalization.

In 2001, the Southern California Association of Governments (SCAG) started a regional visioning process that culminated in a strategy for regional growth that would accommodate the coming growth while providing for livability, mobility, prosperity, and sustainability. This strategy, called “Compass Blueprint” promotes a stronger link between regionwide transportation and land use planning and encourages creative, forwardthinking and sustainable development solutions that fit local needs and support shared regional values. The strategy is broadly based on the following four key principles, which can be referred to as the “Compass Principles.”

Principle 1: Improve Mobility

Principle 2: Foster Livability in All Communities

Principle 3: Enable Prosperity for All People

Principle 4: Promote Sustainability for Future Generations

Compass Blueprint is now in the implementation phase and SCAG is partnering with cities and counties in southern California to realize this growth vision on the ground. A series of Compass Blueprint Demonstration Projects were conducted that exemplify the goals shared by the Compass Blueprint and unique visions of local communities. The City of Lawndale, identified as a Compass Blueprint Opportunity Area, was selected through a competitive process as a Demonstration Project, leading to this analysis and set of recommendations.

This report provides the results of the *Lawndale Economic Development Strategy* project. In this study, four strategies for increasing sales tax generation in the City of Lawndale are outlined, following a trio of multi-perspective analyses.

First, Geographic Information Systems (GIS) software and data from the County Assessor’s office were used to conduct a parcel-by-parcel land use analysis of the Lawndale’s commercial property. Second, the City’s current business functionality was analyzed via an assessment of frequency, sales and employment data of dominant business sectors. Finally, traditional

market/demographic analyses of both Lawndale and the adjacent competing trade area were completed.

This analytical approach accounted for the community's unique location, socioeconomic diversity, commercial geography and urban form. As a result, the following four economic development strategies for the City of Lawndale have been outlined:

1) *Evaluation and Leveraging of Local Lease Structures*. It has been recommended that the City of Lawndale perform a "back end" analysis of the complex legal and leasing structures that shape future commercial occupation, in order to better coordinate economic development efforts and established lease expiration timelines.

2) *Promotion of Ethnic Retail District*. This second, decidedly "front end" economic development strategy involves the development of a cohesive, ethnic retail and food marketplace that matches the unique ethnic diversity and purchasing power of the Lawndale community. The district is customized to the high-profile but underutilized lower Hawthorne commercial corridor.

3) *Leveraging of Competing Trade Area:* In this strategy, steps that the City of Lawndale can take to leverage, rather than resist, the competing *South Bay Galleria* regional shopping destination, just across its Southern border, are outlined.

4) *Establishment of Area-Specific Design Guidelines*. Last, it is recommended that the City of Lawndale work to develop design guidelines in order to increase the attractiveness of the service-oriented, residential-adjacent, east-west running commercial corridors north of the 405 Freeway.

1. Introduction

The two-square-mile community of Lawndale occupies a transitional niche within the South Bay subregion of Los Angeles. Located between the industrial-dominated interior cities and the increasingly upscale, residential communities on the coast, Lawndale retains the socioethnic diversity of the former yet shares the neighborhood-dominated land use of the latter. It is one of few South Bay cities that has experienced substantial population growth in the last 3 decades, due primarily to an influx of Latino residents. With a current population of approximately 35,000 and a jobs/housing ratio of 0.76, Lawndale has a decidedly population-based economy characterized by strong neighborhoods of out-commuters.

The City's recent economic growth reflects this residential slant: Lawndale has prioritized the preservation of its neighborhoods over the development of its minority commercial/industrial land.

In the last two decades, Lawndale's sales generation performance has suffered. While partly attributable to the City's lack of commercial focus and its out-commuting population, this problem is largely the result of surrounding competition. Three of the South Bay's four regional shopping malls are located in the area directly surrounding Lawndale; one of the largest, South Bay Galleria, abuts its southern border. The resulting sales tax leakage to adjacent cities such as Torrance and Redondo Beach is a consistent drain on the City's own financial performance. Faced with these difficulties, Lawndale's current leaders seek to establish a strategy for increasing taxable sales by both preventing leakage and promoting external investment.

This report outlines a series of economic development strategies for the City of Lawndale. Together, they take account of the community's unique location, socioeconomic diversity and commercial geography. The strategy is the result of a trio of analytic approaches. In addition to a traditional market/demographic analysis of both the city and competing trade area, we have used Geographic Information Systems (GIS) software to conduct a parcel-by-parcel land-use analysis of the city's commercial zones. Finally, we assessed strengths and weaknesses in the city's current business patterns via sales, employment and location analyses of business sectors in the City.

2. Lawndale: Land Use and Study Area

The City of Lawndale comprises a thin strip of mostly residential land surrounded by the larger cities of Hawthorne, Torrance and Redondo Beach. Lawndale's compact, linear form is the result of its orientation around 1.8 miles of north-south running Hawthorne Boulevard, a principal South Bay arterial that spans the length of the subregion.

Lawndale's size allowed us to collect data for all of the city's 23 block groups, depicted in Figure 2.1. All areas of the City were included in at least some aspects of our study. However, as will become evident, the city's commercial land was the true focus of our research, and this land constitutes a very continuous, distinct space. It is this commercial area that best describes our "target study area."

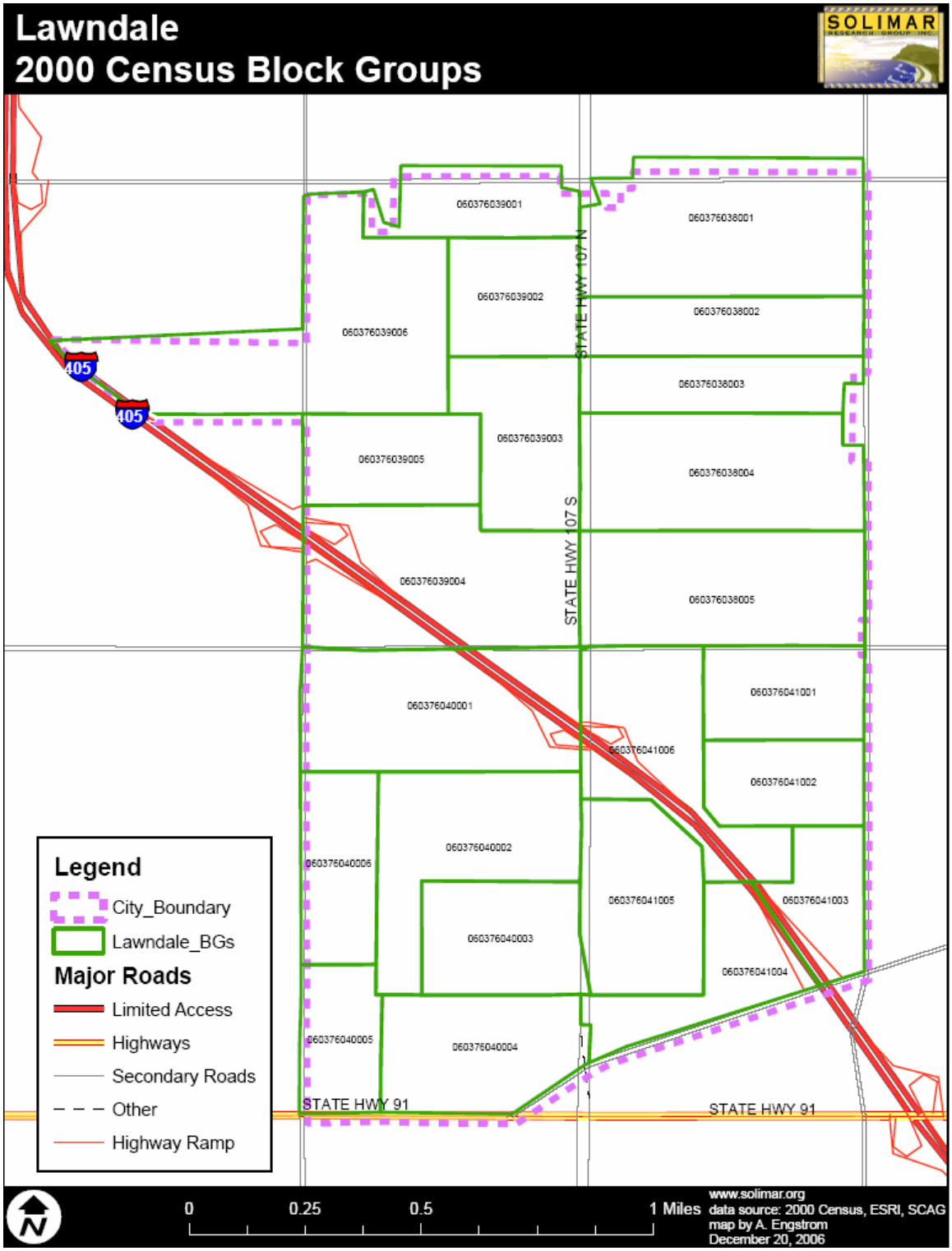

Figure 2.1 Blockgroup configuration, City of Lawndale

2.1 The Hawthorne Boulevard Commercial Corridor

Most of Lawndale's commercially zoned property is positioned along the length of Hawthorne Boulevard. This commercial corridor is the City's main business district. As such, it is the focus area of our economic development study. As evidenced by a land use map of the City (see figure 2.1.1), this configuration informs a veritable "spine" of commercial development that runs through the center axis of the Lawndale.

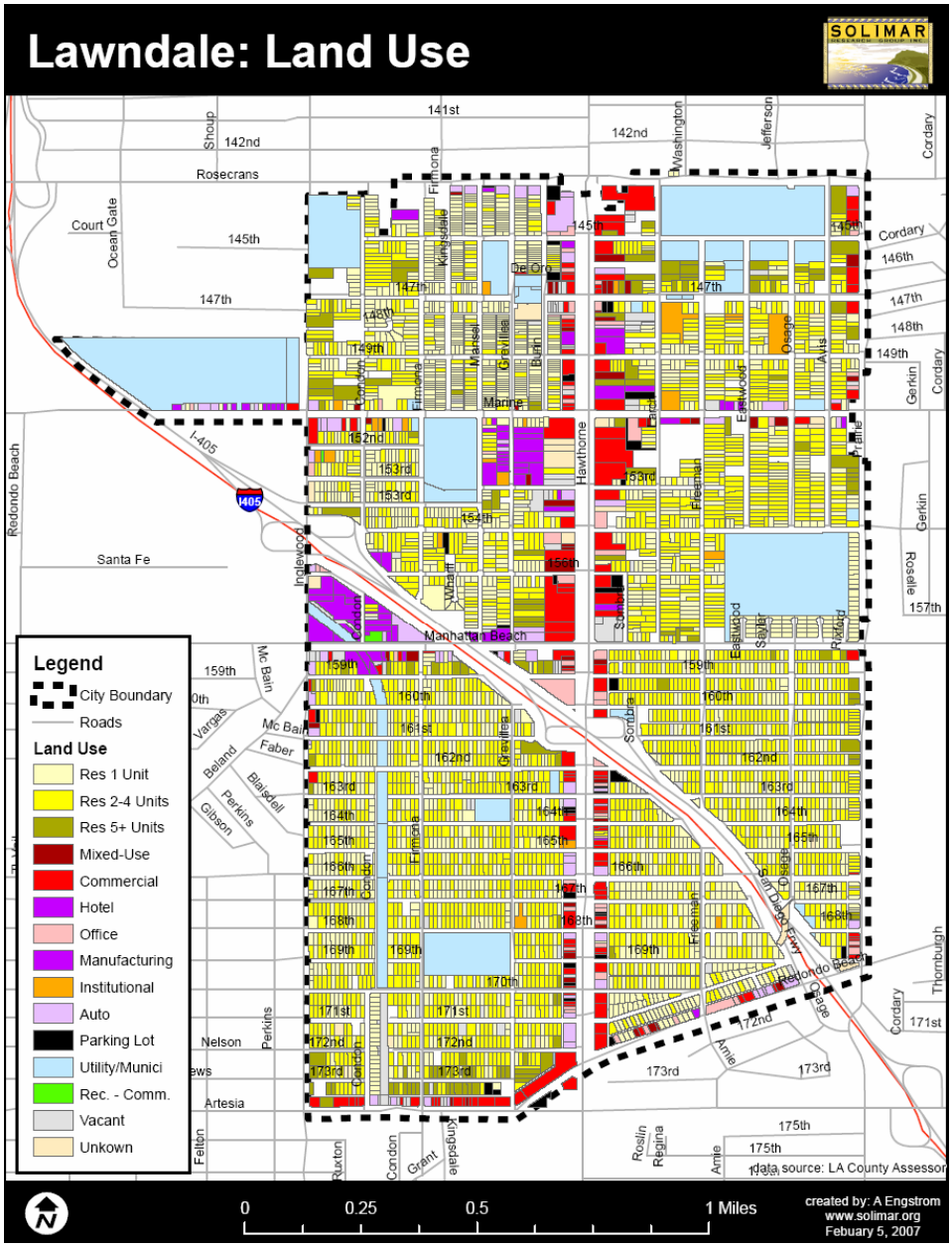

Figure 2.1.1 City of Lawndale land use, from LA County Assessor

The high profile and economic potential of this nearly two-mile business district is well-documented. As a major South Bay arterial, Hawthorne Boulevard carries approximately 110,000 automobiles in four lanes of traffic through Lawndale each day. The active corridor is divided, with wide, center parking medians. In addition, Interstate 405 intersects Hawthorne Boulevard in Lawndale (see figure 2.1.1), and traffic from the notoriously busy Interstate flows directly onto and off of the boulevard here.

Recently, efforts have been made to maximize the profile and functionality of Hawthorne Boulevard in Lawndale, as well as to capture the many drivers, especially southbound, en route nearby shopping centers and coastal recreation zones. In a 2002 joint effort by the Lawndale Redevelopment Agency and the County of Los Angeles, improvements to the corridor totaling nearly $15 million were initiated. These were intended to both improve traffic flow and boost the commercial potential of the business district. The Boulevard was repaved; curb, gutter, sidewalk, median, and drainage structures were reconstructed; ramps and bus pads added and a synchronized street lighting system installed. As the city continues to develop plans to increase the pedestrian-friendliness of the Boulevard and improve the ample center parking medians, the design of a local economic development strategy is well-timed.

2.2 The Interstate 405 Divide

Due to a continuous business district that crosses the length of the City, the reach of our study area spans most of Lawndale. However, we have divided the geographical scope of our research and targeted our recommendations based on two land use characteristics. These characteristics prevent the feasibility of a single “blanket” economic development strategy for the entire city. The first and most significant is the physical and psychological division of the Hawthorne commercial corridor by Interstate 405.

Tenants, brokers and shoppers in Lawndale, as well as previous researchers, have consistently noted the distinction in commercial performance between “Hawthorne Boulevard north of the 405” and “Hawthorne Boulevard south of the 405.” The southern section is considered a much stronger market, due to its high-profile position between freeway on/off ramps and the regional shopping center “South Bay Galleria” located just across Lawndale’s southern border in the City of Redondo Beach. Not surprisingly, the majority of Lawndale’s largest commercial taxpayers have historically been located in this “south of the 405” commercial strip. Additionally, this area is zoned nearly entirely “Neighborhood Commercial,” which is a multiple-use zone in which a mix of residential units and neighborhood-serving businesses, such as small shops or markets, is permitted. The lower-profile commercial land on Hawthorne Boulevard north of the 405 Freeway contains a greater mix of commercial zoning but is dominated by

“General Commercial.” Here, nearly all types of businesses are allowed, but any mix of residential and commercial use is prohibited.

Additionally, the layout of commercial land just above the Interstate warrants focused research. This area contains two major pockets of mixed commercial zoning perpendicular to those lining Hawthorne Boulevard. These are centered on the intersections of Hawthorne Boulevard and two east-west running arterials: Manhattan Beach Boulevard (intersects the 405) and Marine Avenue (just north of the 405). Unlike the Hawthorne corridor, these commercial districts penetrate residential Lawndale, and as such have a more complex relationship with surrounding land use. Although the same analyses were conducted of all commercial properties, it became evident that these districts would demand special consideration in the development of our economic strategies.

3. Parcel Analysis

Lawndale, like nearly all South Bay communities, is approaching full build-out. Virtually no undeveloped land—commercial or residential—exists in the City. In this restricted land use environment, developmental or economic growth is ultimately based on adaptation, rather than addition, to the existing subdivision of land. For this reason, we began our economic development study with an analysis of the form, use and pattern of commercial parcels in Lawndale.

In conditions of such minimal available space, economic development should be approached in the same manner as the accommodation of population growth: By identifying opportunities for change in the existing parcel "footprint." In our extensive strategizing of infill development in the South Bay and research of parcel redevelopment potential, we have outlined a set of characteristics that is useful for identifying flexible, accommodating properties. These are properties amenable to general changes in use, ownership and identity. The characteristics include:

1) Vacancy or severe underutilization;
2) Odd parcel shape, including severe depth or shallowness;
3) Combination potential, resulting from adjacency and common ownership.

In the following section, we present the results of our parcel-based "opportunity analysis" of commercial Lawndale. Ultimately, we will use these results as a rough geographic guide for locating the economic strategies developed as a result of the more traditional market research recounted later in this report.

3.1 Vacant and Underutilized Land

Using data from the Los Angeles County Assessor's office inputted into GIS software, we first mapped all properties that have the highest potential for redevelopment: Those that are either entirely vacant or severely under-invested.

Vacant parcels (in this study, those that are either clear of all buildings and appurtenant facilities or have zero improvement value) represent the most obvious opportunity for economic strategizing. As "clean-slates" for development, they are accommodating and flexible. Unfortunately, Figure 3.1.1 reveals that in Lawndale, there are very few opportunities for economic development resulting from vacant commercial spaces.

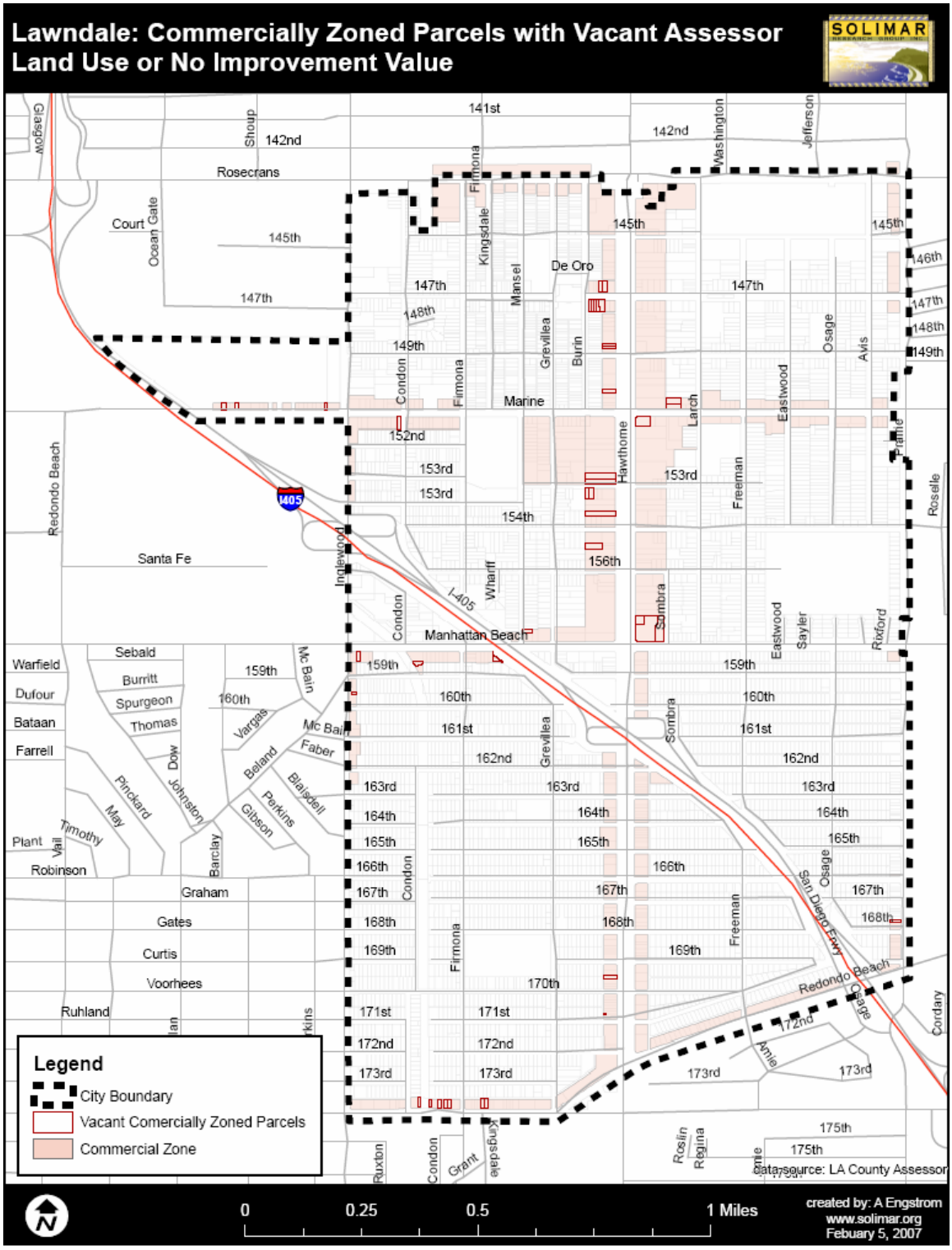

Figure 3.1.1 Vacant commercial parcels; City of Lawndale

Of the 567 commercial parcels in Lawndale, only 7%, or 41 total, are vacant. 13 of these vacancies are in the 191 commercial parcels south of the 405, and 28 are in the 376 commercial parcels north of the 405. The result is very similar vacancy rates—about 7%--in the south and north ends of Lawndale.

With the exception of one parcel at the northeast corner of Hawthorne Boulevard and Manhattan Beach Boulevard, none of these vacant properties are of significant size. In addition, there are no significant clusters of small, vacant parcels that present assemblage opportunities. The only clusters are a group of adjacent "sliver" properties a 147th and Burin Streets and a broken row of extremely small, vacant parcels on Redondo Beach Boulevard at 169th Street. In short, the quantity and pattern of vacant land in Lawndale does not lend itself to the establishment of a city-wide economic development strategy focused on the development of vacant land.

This is not the case, however, with *underutilized* parcels. Patterns of underutilized property reveal areas of reduced investment risk. As stated earlier, mapping such "opportunity sites" can reveal strategic a geographic "blueprint" for positioning a potential economic development strategy.

We categorized parcels as "underutilized" based on their *Investment Index*, an indicator of utilization that is frequently used to assess property redevelopment potential. Investment Index is equal to the value of a property's main improvement, or structure, divided by the value of the underlying land. As the value/performance of a use increases, so does Investment Index; logically, the necessity and feasibility of redevelopment decreases. Generally, commercial parcels with an investment index greater than three—that is, parcels on which the value of the main structure is 3 times greater than the value of the land—are very unlikely candidates for redevelopment or change in ownership, and thus for economic development strategizing.

Figure 3.1.2 shows the Investment Indices of all of property in Lawndale. As previously demonstrated, the vast majority is underutilized. Only 8% of commercial parcels in the City—33 total—have an Investment Index greater than 3; only 57 parcels have an Investment Index greater than 2. While this is an unfortunate current state of property investment, it reveals the high potential for a change in use or ownership throughout most of Lawndale's commercial land.

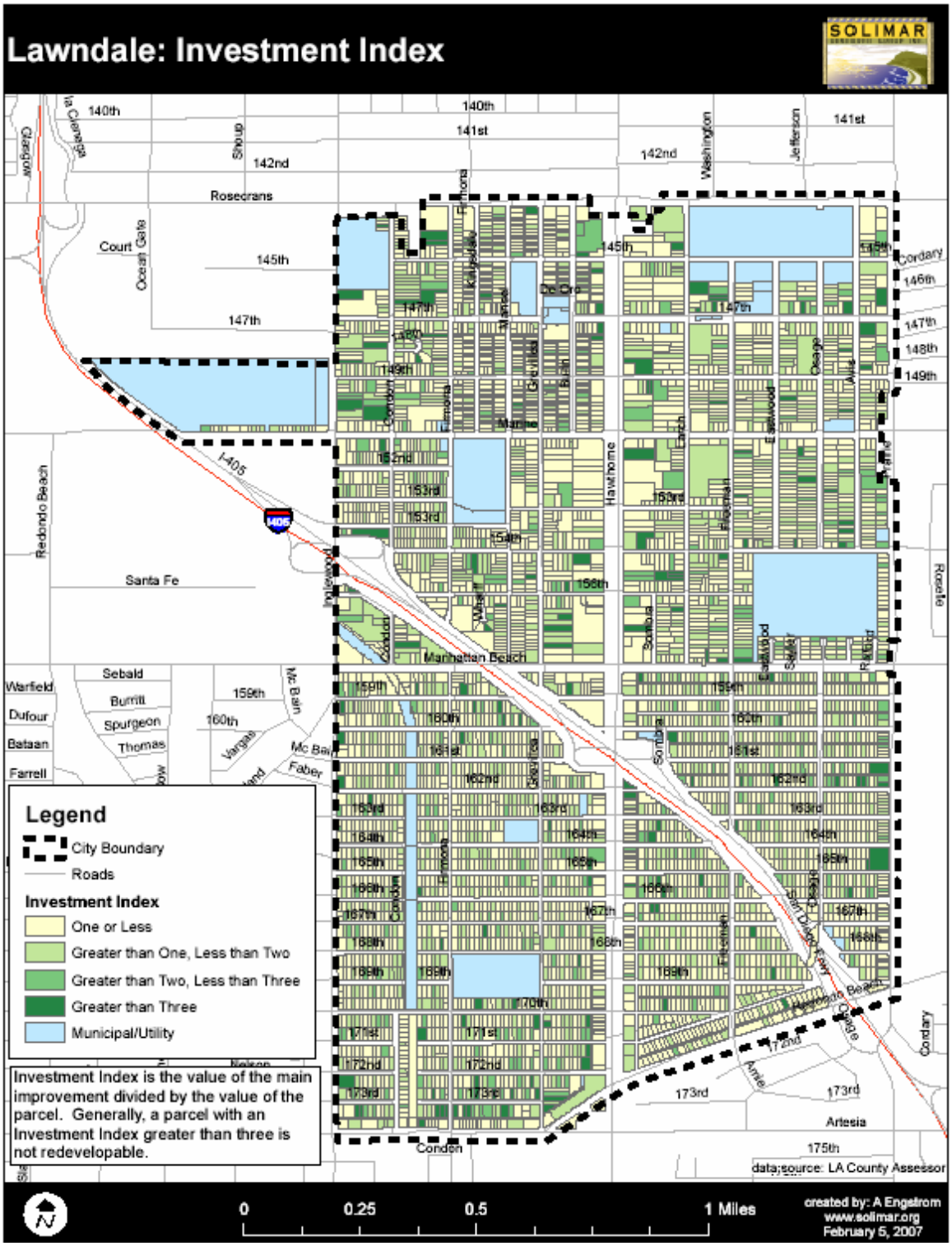

Figure 3.1.2 Investment Index of all parcels, City of Lawndale

The above map also reveals two notable trends of commercial utilization in the area below the 405 Freeway. First, there is a small group of three, high-performing properties just beneath the freeway off ramps. As will be demonstrated in the upcoming business functionality analysis, these properties—the only examples of highly-invested parcels in that district—contain the valuable, high-visibility automobile-related businesses that bring in some of the highest tax rates in Lawndale and are key to the City's retail identity. Second, there is a repeating pattern of small, extremely underutilized and similarly-shaped parcels further south along Hawthorne Boulevard. The result is a "corridor" of underinvestment in the commercial district that is considered to have the highest economic potential in Lawndale. With easy access, high visibility and the surrounding anchors of a strong auto industry and regional shopping destination, this corridor of underutilization represents a significant opportunity for a commercial improvement scheme.

Patterns of underutilization are less distinct in the commercial districts north of Interstate 405. Although the overall trend is certainly towards underinvestment (92% of the 376 commercial parcels have an Investment Index less than 3), the variety of parcel sizes and presence of perpendicular commercial corridors prevents the standout patterning seen south of the Interstate. In addition, 91% of Lawndale's highly-invested commercial parcels are north of the Freeway. As will be demonstrated in the following section, this is largely because the area is a professional services-oriented commercial district. Such businesses, characterized by professional firms and offices, cater to a stable customer base. As a result, they are less sensitive to surrounding competition and local market trends.

Figure 3.1.3 was developed to demonstrate that the vast majority of commercial parcels in Lawndale are *extremely* underutilized, with Investment Indices less than 1. Put differently, on most of Lawndale's commercial parcels the value of the land exceeds the value of the structure built upon it. These are properties of very low redevelopment risk that are in need of strategic investment. They represent significant opportunities on which to build a market-based economic development strategy or commercial revitalization plan. The map makes clear that Lawndale's underutilized commercial parcels are not restricted to properties of certain size or properties in specific areas of the city.

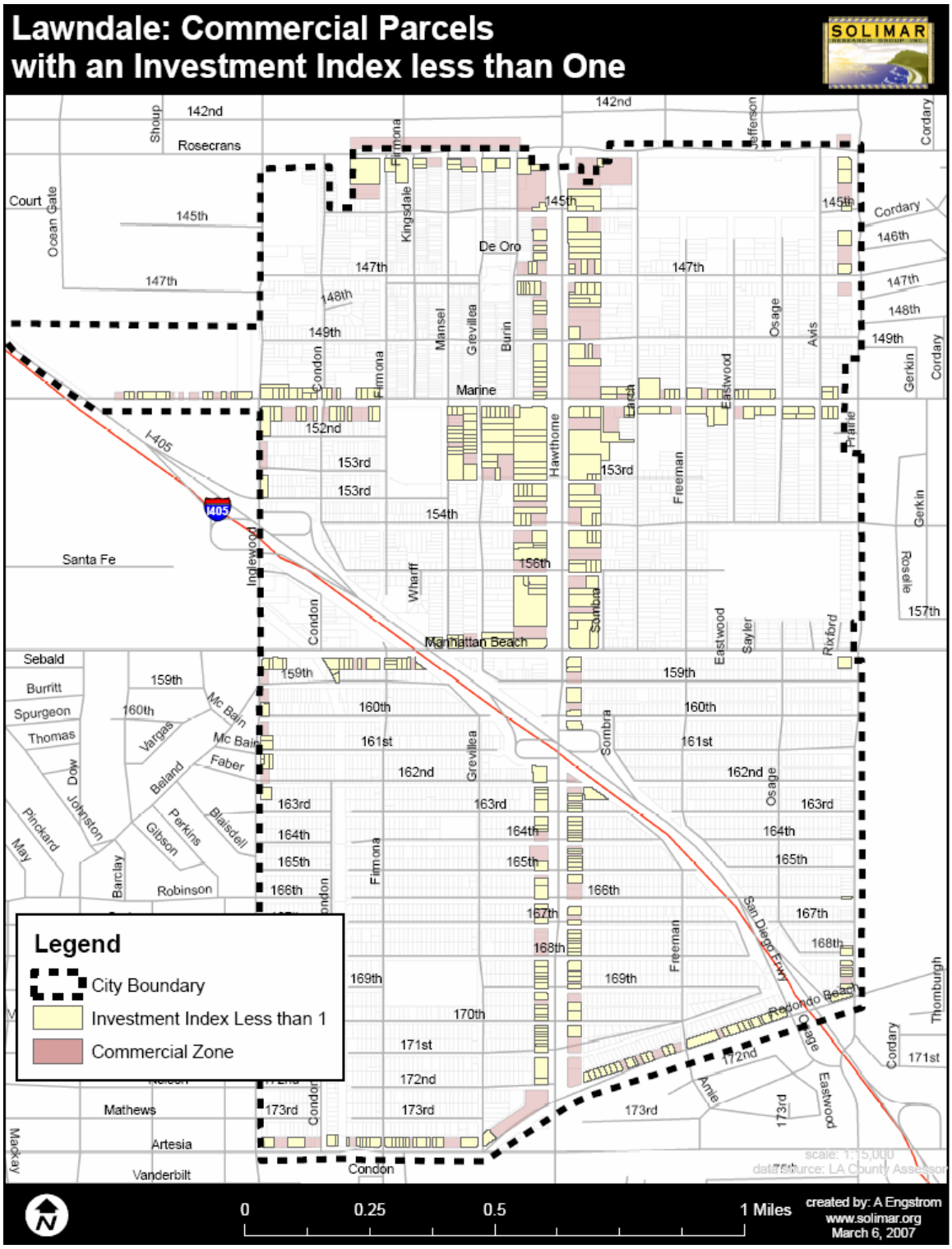

Figure 3.1.3 Underutilization of Lawndale commercial parcels according to Investment Index

3.2 Parcelization Patterns: Form and Shape

In establishing our parcel-based “blueprint” for economic development, we also analyzed the shape of Lawndale’s commercial parcels. Various shapes and sizes, as well as differences in street frontage, present different opportunities for successful business. Again, due to Lawndale’s fully-developed urban environment, our strategy must take advantage of the largely inflexible property “footprint” already established.

Using GIS software, we mapped the “oddly-shaped” commercial parcels in Lawndale. Because this label is difficult to quantify, we have contained the definition to those parcels that, relative to their frontage, are extremely deep and narrow or wide and shallow. Please see figure 3.2.1.

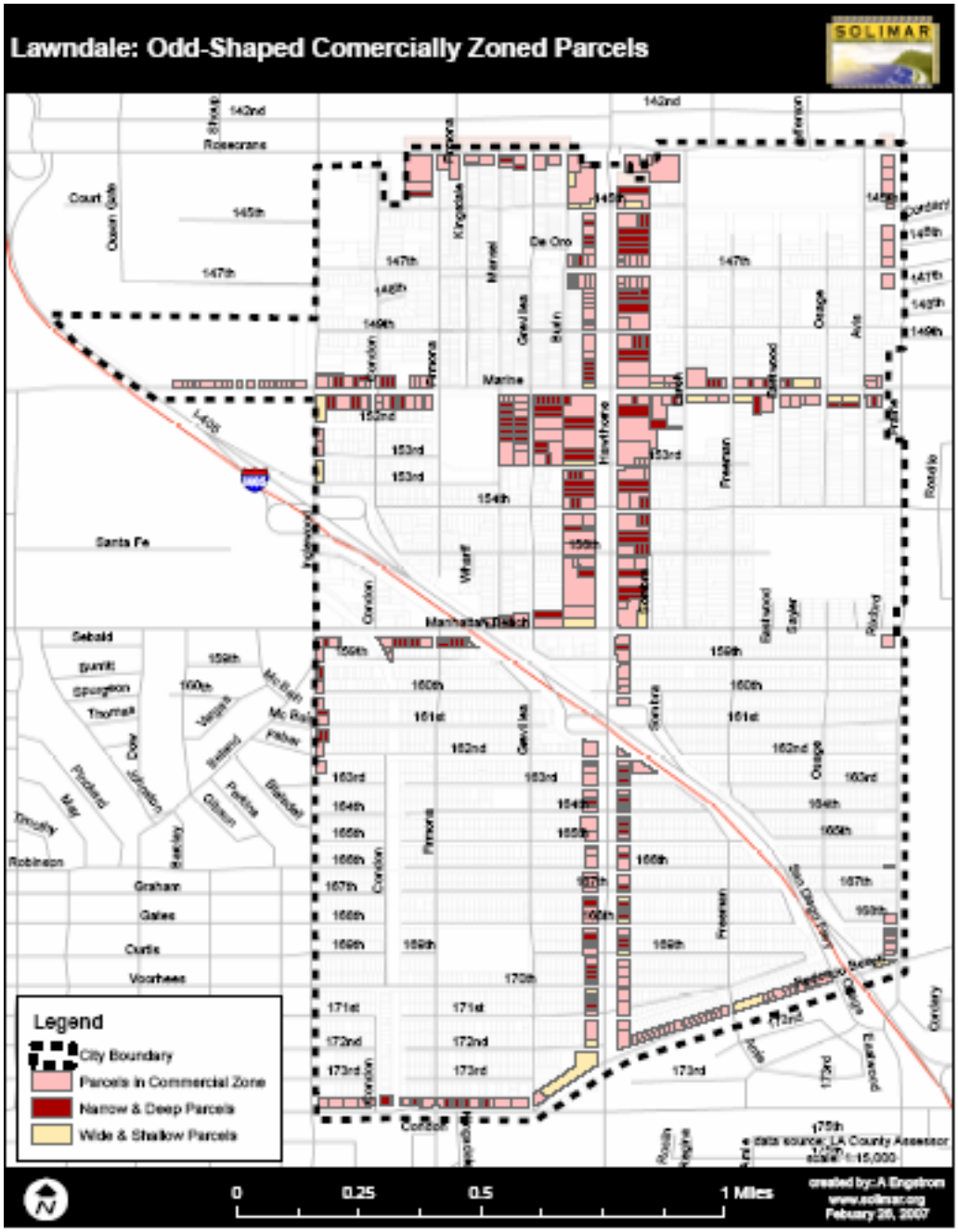

Figure 3.2.1 Odd-shaped commercial parcels, City of Lawndale

Immediately evident from our review of commercial parcel form is the general difference in shape and pattern between lots north of the Freeway and lots south of the Freeway. In the latter district, commercial property loses the depth of the majority of commercial parcels above it. No parcels south of the 405 are of significant width either. As a result, these parcels are generally much smaller than those above the 405. With few exceptions, all are rectangular.

South of Interstate, the layout of parcels is simple and consistent: This is a continual row of properties, with no stacked lots, no parcels that wrap around another and no perpendicular arrangements of lots. Here, there are rows of adjacent lots that are narrow and deep, with minimal frontage to the Boulevard. With the exception of two parcels along Redondo Beach Boulevard (the southern border of Lawndale) there are no parcels of significant size or exceptional shape in this area of the City. This is a district of extremely consistent parcel form.

North of the 405, commercial parcels along Hawthorne Boulevard lose the consistency of those to the south. The area between Manhattan Beach Boulevard and Marine Street presents a hodge-podge of parcel shapes, sizes and frontage patterns. This section of the Hawthorne corridor contains many of the largest parcels in the City, and also some of the smallest. Here, there are no rows of adjacent parcels of similar size or street frontage.

This inconsistent mix continues further north on Hawthorne Boulevard, from Marine Street to Rosecrans Avenue (Lawndale's northern boundary). Here, some of the most narrow, deep commercial parcels in the City are grouped along the east side of Hawthorne, while some of the smallest commercial lots are positioned on the west side. The pattern of perpendicular and stacked lots continues here.

Much like those along Hawthorne south of the 405, commercial parcels along Manhattan Beach Boulevard and Marine Street only minimally penetrate the residential areas behind them. However, on Manhattan and Marine, especially on Marine Street east of Hawthorne Boulevard, this shallow strip of commercial land is not divided only into thin parcels with minimal frontage. Rather, there are wide, shallow lots here, with significant street frontage. These are the only areas in Lawndale with patterns of such wide, shallow parcels.

3.3 Parcel Assemblage Opportunities

As has been stressed, a built-out urban environment presents a relatively inflexible development arena. However, one strategy for "customizing" the footprint of property division is the assemblage of adjacent parcels.

Our analysis of lot combination potential in Lawndale is based three parcel conditions that facilitate such assemblage: same ownership, adjacency and underutilization. Using GIS software and data from the County Assessor, we mapped all adjacent parcels in Lawndale that are extremely underutilized (Investment Index less than 1) and are owned by the same entity (see figure 3.3.1). The result is a series of locations in Lawndale where parcel shape and size are afforded some pliability, where the potential for easy assemblage could work in favor of an economic development strategy.

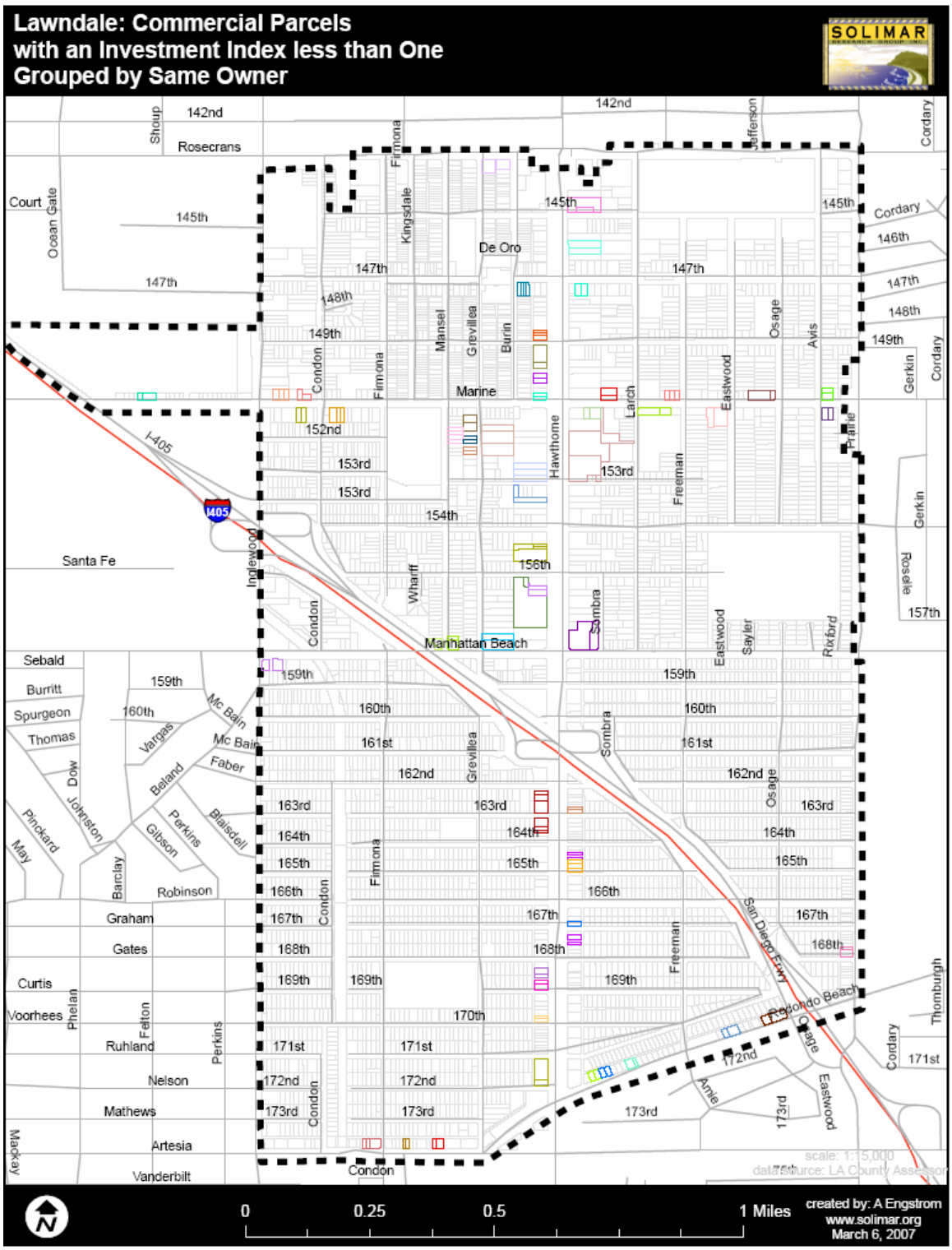

Figure 3.3.1 Underutilized commercial parcels grouped by same owner, City of Lawndale

The map reveals many clusters of such parcels throughout the City, and is verification that multiple, disparate property owners are active in Lawndale. In the

area south of the 405, there are numerous chances to “widen” the extremely narrow properties that line Hawthorne Boulevard, thereby opening up options for street frontage and total square footage. In any area of such consistent parcel patterns, these options for assemblage could prove valuable to implementing a new economic development strategy.

Although there are also opportunities for parcel assemblage in the commercial areas north of the 405 Freeway, the general lack of consistency in parcel form means that these opportunities are less strategic. Many of these opportunities, especially in the area between Manhattan Beach Boulevard and Marine Street, could be characterized as the combination of a small “annex” parcel with much larger connected lot. Such an assemblage does little to change the overall nature of space or frontage. There is one opportunity in this area to assemble lots of considerable size, on Hawthorne Boulevard between Marine and 153rd Streets. But again, the awkward shapes and disproportionate sizes of the parcels prohibit a strategic assemblage.

3.4 Summary

This parcelization analysis reveals that Lawndale is defined by a restricted built environment in which vacant or undeveloped commercial space is extremely rare. However, the vast majority of developed commercial property is underutilized and underinvested. These properties are of a variety of shapes and sizes and controlled by a complex web of ownership that results in minimal parcel assemblage opportunities.

There are significant differences in the characteristics of commercial parcels above the 405 Freeway and below it. Property north of the 405 displays a considerable variety of parcel form and performance, with a significant number of fully-utilized, well-invested properties mixed into its majority underutilized lots. Here, commercial parcels perpendicular to the Hawthorne corridor intersect Lawndale’s neighborhoods. South of Interstate, on the other hand, a general consistency in parcel shape, size and under-use hints at opportunities for new development, or a “districting” strategy in which the are is targeted by a cohesive economic development vision. Due to the land use pattern in this area of the city, the separation of residential and commercial zones is boldly defined, resulting in a “destination” type environment bounded by the Interstate and municipal border.

4. Analysis of Business Patterns

In the previous section, we analyzed existing land use conditions in Lawndale—particularly the utilization, form and patterns of its commercial parcels. Now, we continue our assessment of current conditions in the City. The following section includes the results of what we have deemed a “business functionality” analysis of Lawndale. This term refers to the strengths and weaknesses of local businesses, based on a breakdown of geographic, sales and employment patterns. We will examine the nature and contributions of the enterprises that are active in the commercial zones previously analyzed. This assessment of functionality will allow us to identify gaps in the local economy that will influence our final recommendations for economic development in the City.

4.1 Business and Economic Overview

Given its small size and the restricted nature of its commercial land, the City of Lawndale has a business base of considerable size, comprised of 975 enterprises. Taken together, these businesses employ approximately 7,158 persons. For perspective, the City of Redondo Beach, directly south and west of Lawndale, contains approximately 2,400 businesses contributing nearly 45,000 jobs. At 6.4 square miles, Redondo Beach is over three times the size of Lawndale. As such, the approximately 150% increase in quantity of businesses is not surprising. However, the approximately 600% increase in number of jobs *is* revealing: It highlights the relatively small size and staff of Lawndale’s businesses compared to the competing Redondo Beach market area.

In total, Lawndale’s businesses generate approximately $870 million annually. Clearly, this total is not generating sufficient local tax dollars. The sound quantity of businesses in Lawndale, in concert with the low commercial vacancy rates and rampant commercial property underutilization, suggest that any market-based economic development strategy for the City should focus *not* on adding businesses to the existing pool, but rather on transforming the nature of the existing marketplace.

A tally of the frequency of businesses within different sectors reveals that the Lawndale business community is dominated by the *retail, services* and *professional services* sectors (see figure 4.1.1). The 375 *retail* businesses, including general merchandise, restaurants and purveyors of food products, comprise 39% of all 975 businesses in the City. The 249 *services* businesses, (a sector including insurance, real estate, salons, personal care, etc.) make up 26% of the total pool. Finally, there are 129 *professional services* businesses, a sector comprised of businesses such as legal and medical offices. These comprise 13% of the total. The remaining 22% of businesses in Lawndale lie primarily in the *governmental/institutional* and *construction* sectors.

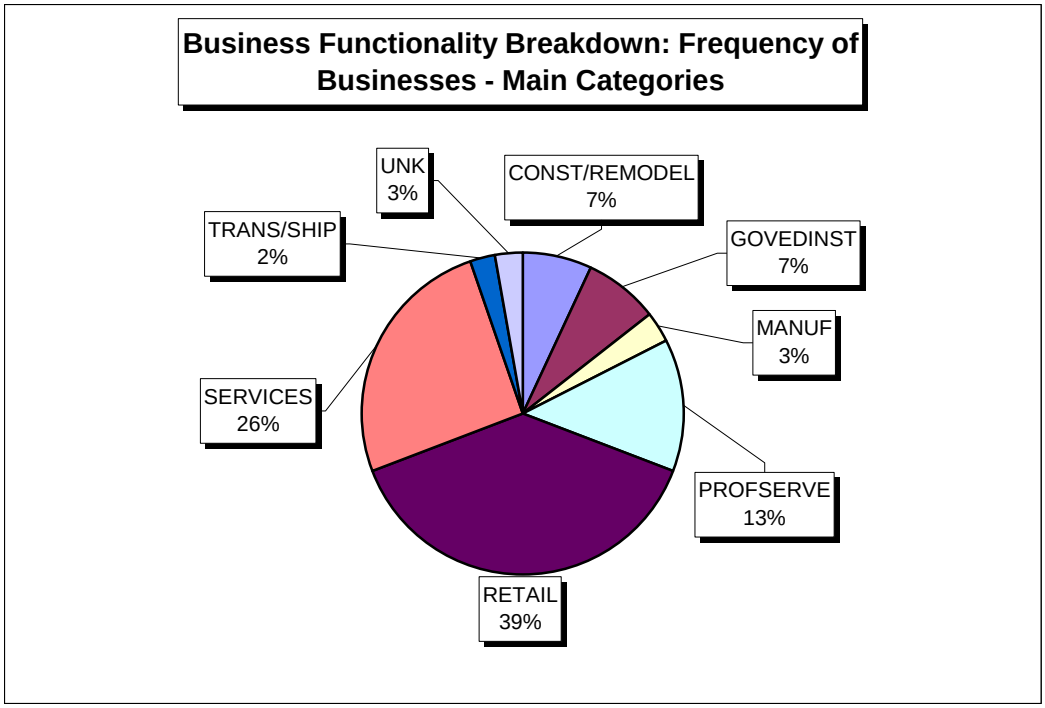

Figure 4.1.1 Breakdown of business sectors in Lawndale, by frequency

As figure 4.1.2 (below) reveals, the total gross sales generated within each sector are consistent with the proportion of total businesses in that sector: Just as the three most common business sectors comprise about 80% of total City businesses, sales from those sectors comprise approximately 80% of total City sales. Of the three categories, retail is by far the outstanding performer in terms of gross sales. Retailers generate 49% of total Lawndale sales; while services generate 18% and professional services generate 14% of the total.

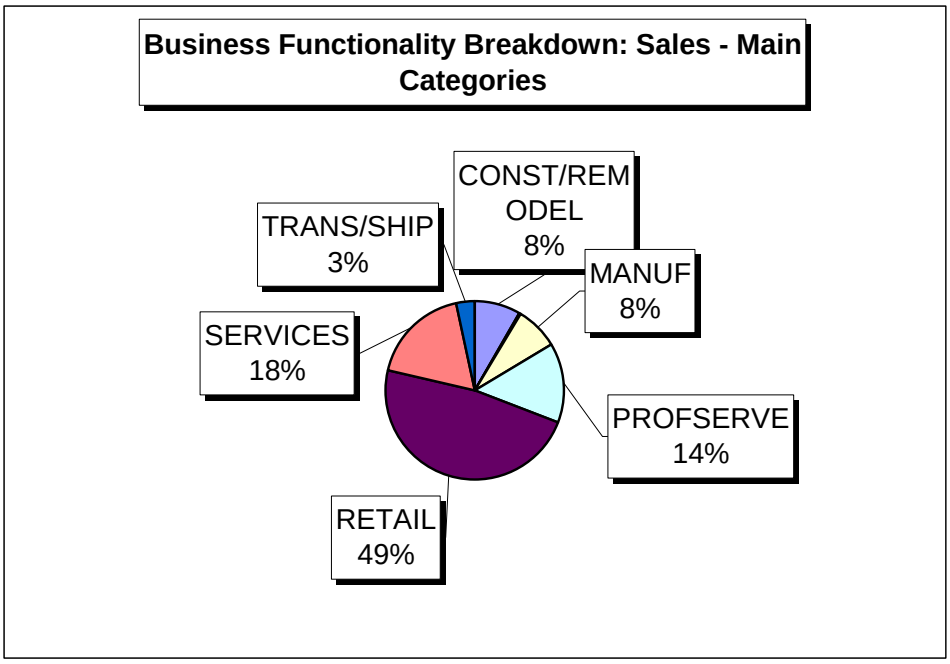

Figure 4.1.2 Breakdown of business sectors in Lawndale, by total sales of each

Assessing the contribution to the job market made by the retail, services and professional services sectors solidifies their vitality to the current Lawndale marketplace (see figure 4.1.3). However, while the retail sector generates nearly half of total sales, it generates only 30% of total jobs. This is further indication of the large number of smaller, family-owned retail businesses. The jobs-rich government/institutional sector is also interesting to note here: While only 7% of total businesses in Lawndale are in this sector, it accounts for a full third of available jobs.

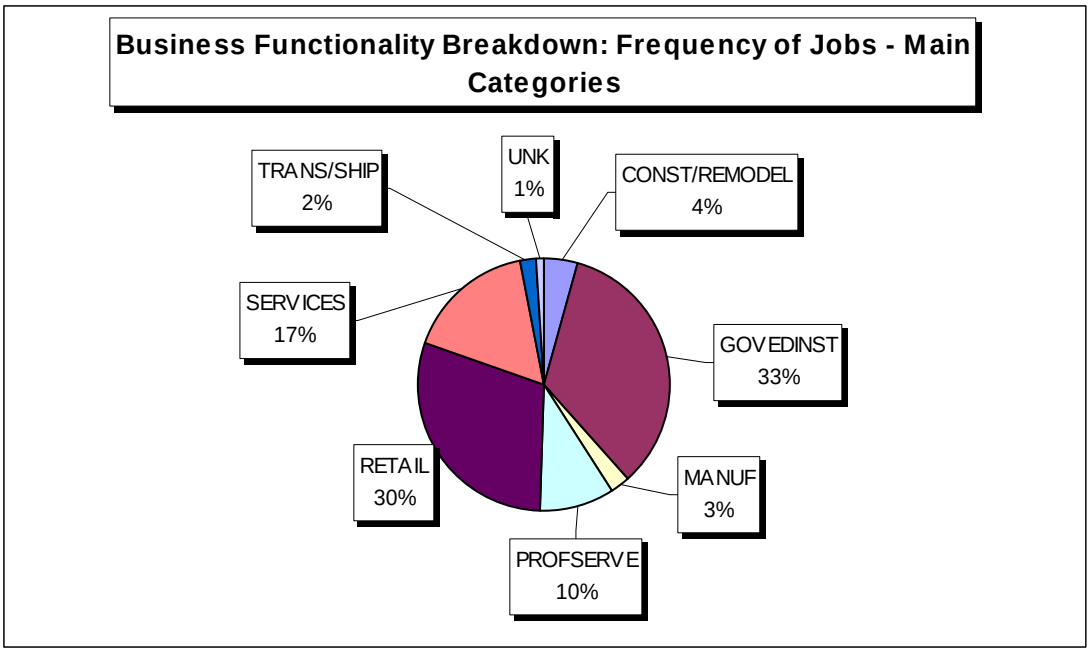

Figure 4.1.3 Breakdown of business sectors in Lawndale, by percent of total jobs contribution

4.2 Breakdown of Retail Sector

Retail business is currently responsible for nearly half of all sales generated in the City of Lawndale—approximately $426 million annually. With such economic influence, the existing composition and performance of Lawndale's 375 retailers warrants further investigation. Figure 4.2.1 breaks down the frequency of retail sector subcategories, while in figure 4.2.2 the sales performance of these same subcategories is displayed.

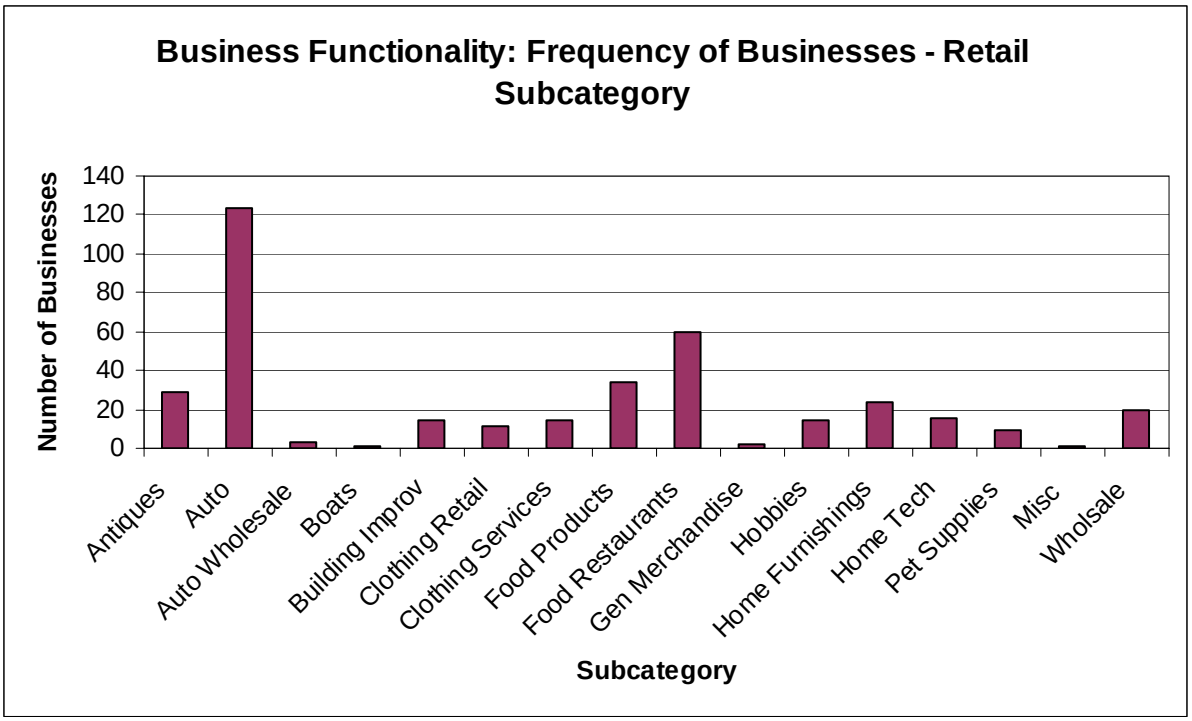

Figure 4.2.1 Composition of retail businesses by subcategory

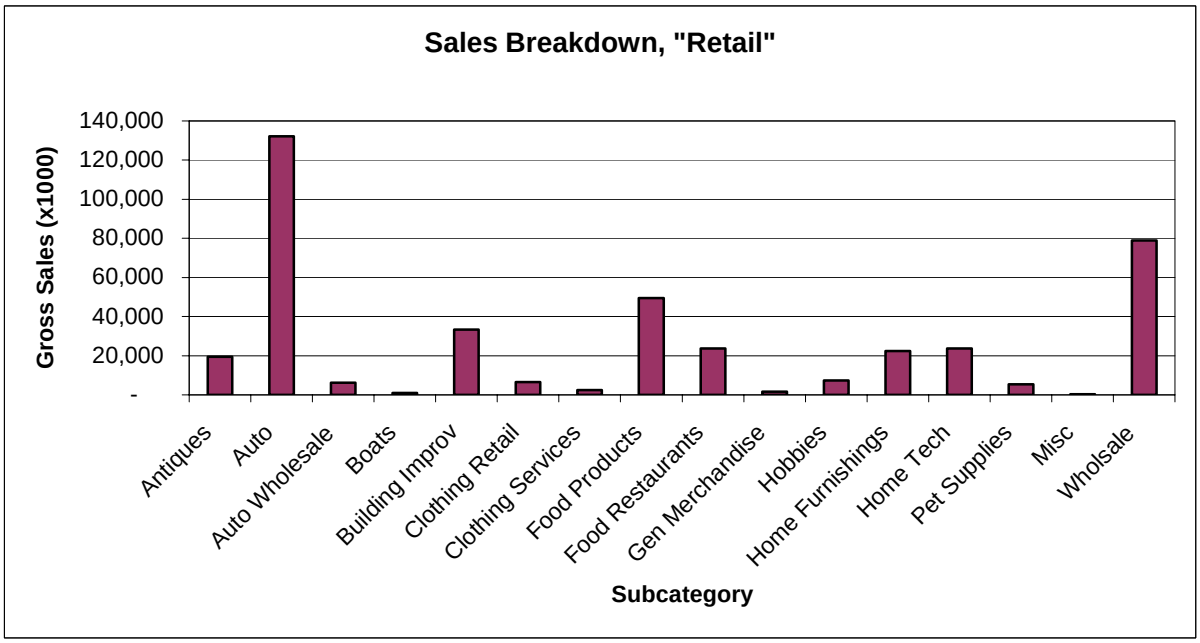

Figure 4.2.2 Gross sales of retail business subcategories

The strength of the local automobile industry was indicated earlier in this report, and the above figures further highlight that vitality. The 124 automobile-related enterprises in Lawndale generate the highest gross sales of any retail subcategory—about a third of total retail sales, or just over 15% of total City sales. With auto dealerships that are highly visible and easily accessible from Interstate 405, it is not surprising that this subcategory contributes so much to the Lawndale economic machine.

Interestingly, the retail subcategory generating the next highest gross sales is represented by very few operations: Although there are only 20 wholesalers in the City, constituting about 5% of total retailers, they generate 20% of all retail sales. With wholesalers generally demanding much more space, and thus larger parcels, it is not surprising that the number of wholesale operations is restricted in Lawndale.

Retail businesses surrounding food are also prevalent in the City. There are 34 businesses that sell food-related products in the City, and these generate about 12% of retail sales. Although the number of actual restaurants in Lawndale—60—is nearly double that of food product retailers, restaurants generate less than half the sales of food-related retailers—just 5% of total retail sales. This indicates a local restaurant scene in need of improvement.

There is one group of related retail subcategories that constitutes a high-potential retail “niche” in Lawndale. Figure 4.2.2 reveals that those businesses catering to general home improvement have considerable sales performance potential. Taken together, there are 82 home furnishing, home technology, antiques and building improvement businesses in the City. This is equal to about 22% of all retail operations. In addition, the combined sales of these retail subcategories adds up to about 23% of all retail sales. The potential of this concentration of related enterprises to comprise an identifiable “district” is only increased given the small size of Lawndale’s total commercial land.

Finally, the number of soft goods, or clothing, retailers is surprisingly minimal and underperforming given the high concentration of small businesses in Lawndale’s commercial core. There are only 11 clothing stores in all of Lawndale, generating only about 2% of retail sales, and less than 1% of total City sales. Clearly, competition from surrounding shopping centers stifles the success of soft goods retailers in Lawndale.

4.3 Breakdown of Services Sector

Services sector businesses account for 25% of the total business pool in Lawndale, and generate sales accounting for just under 20% of the City’s total gross sales. As explained earlier, this sector encompasses a wide variety of business types, from finance to computer support to personal services such as

hair salons. Although each of these is represented by the 249 service-sector businesses in Lawndale, the great majority—nearly 75% of the sector—is dominated by just three business types (see Figures 4.3.1).

Foremost are 65 real estate operations that comprise just over one-quarter of all services sector businesses. Next, Lawndale's 57 finance/insurance businesses total just under a quarter of the sector. Finally, the 53 spa-oriented enterprises comprise just over a fifth of the sector. These three, plus the 52 "Miscellaneous" services businesses in Lawndale, account for 91% of all businesses in the sector.

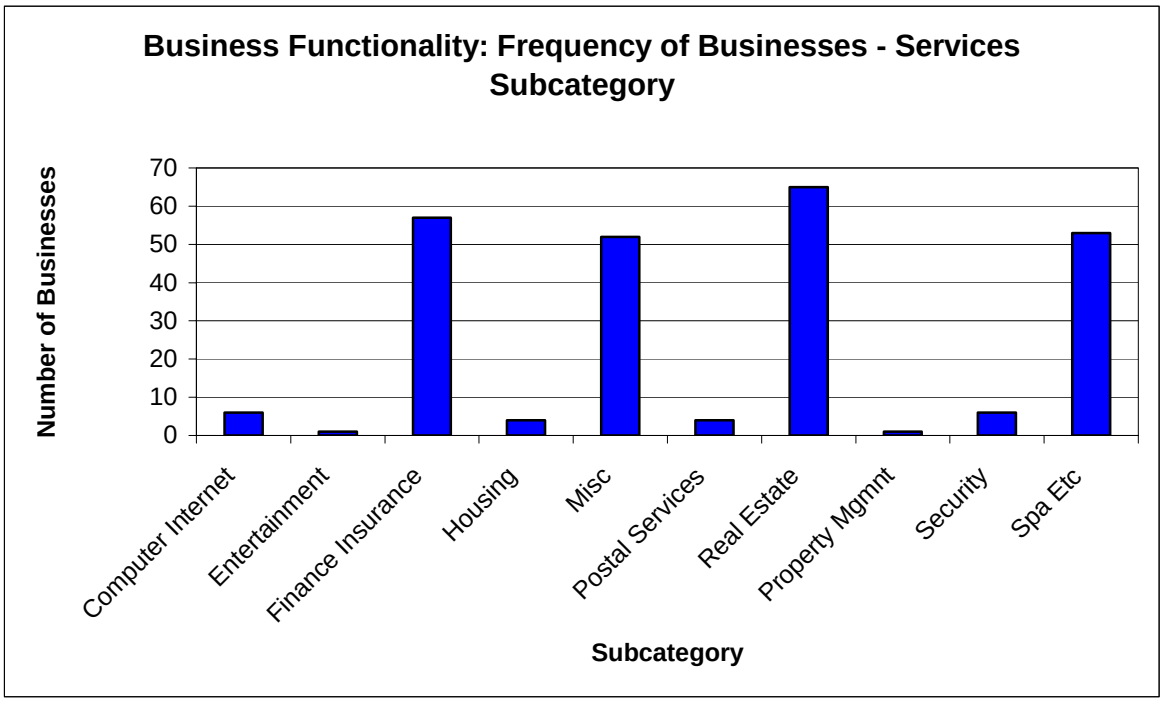

Figure 4.3.1 Composition of services businesses by subcategory

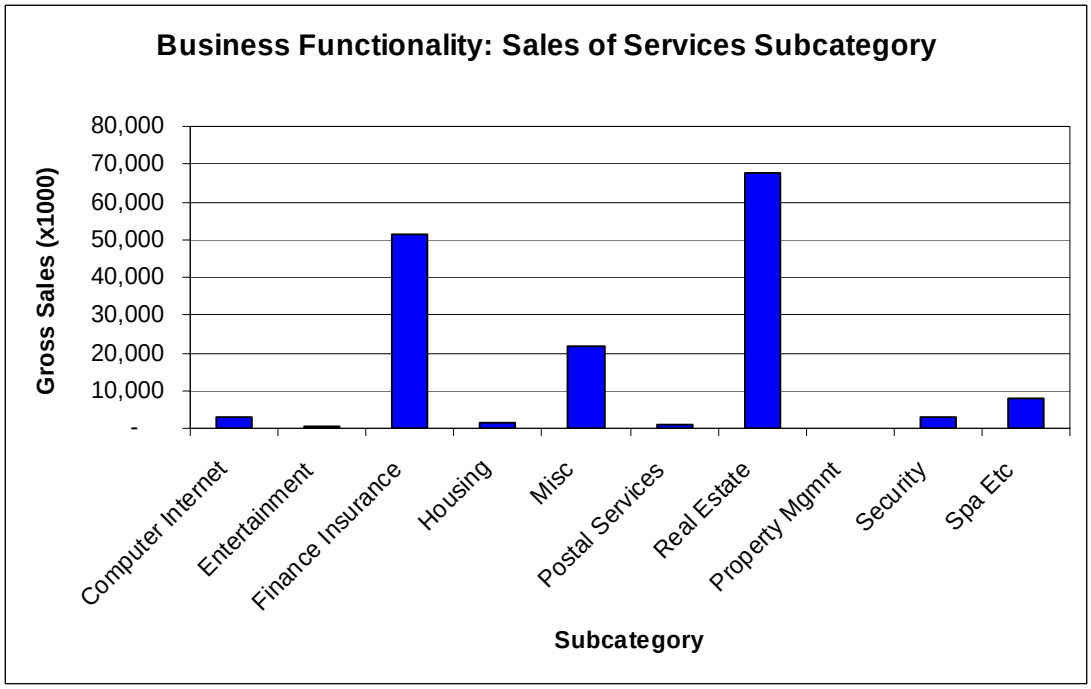

Figure 4.3.2 Gross sales of services business subcategories

Figure 4.3.2 reveals that of the three dominant subcategories of the services sector, only Lawndale's spa-related businesses fail to generate a percentage of total gross sales that is proportional to the percentage of total businesses. Taken together, those 53 spa-related businesses generate less than 1% of total sector sales. This is partly expected, given that such businesses typically generate far less capital than the lucrative finance and real estate industries.

In fact, the approximately $120 million in annual sales generated by the finance/insurance and real estate subcategories accounts for 75% of total sector sales of $157 million. Real estate enterprises alone generate $67 million in annual sales, about 43% of the sector total.

With the real estate and finance/insurance enterprises dominating sales in this sector, it follows that other types of services businesses, such as computer, entertainment, property management and security firms, contribute very little to the economic engine that is the City of Lawndale.

4.4 Breakdown of Professional Services Sector

The *professional services* sector is composed of business types that are generally stable in their customer bases and that function outside of consumer trends. Such businesses include legal, accounting, medical and advertising firms. Difficult to attract and extremely stable once established, they do not lend themselves to dynamic economic development strategizing.

There are129 such businesses in Lawndale, totaling 13% of the City's business pool. This sector generates $125 million in annual sales, or 14% of the total gross sales generated by all City businesses. Figures 4.4.1 and 4.4.2 display the frequency and sales, respectively, of sector subcategories.

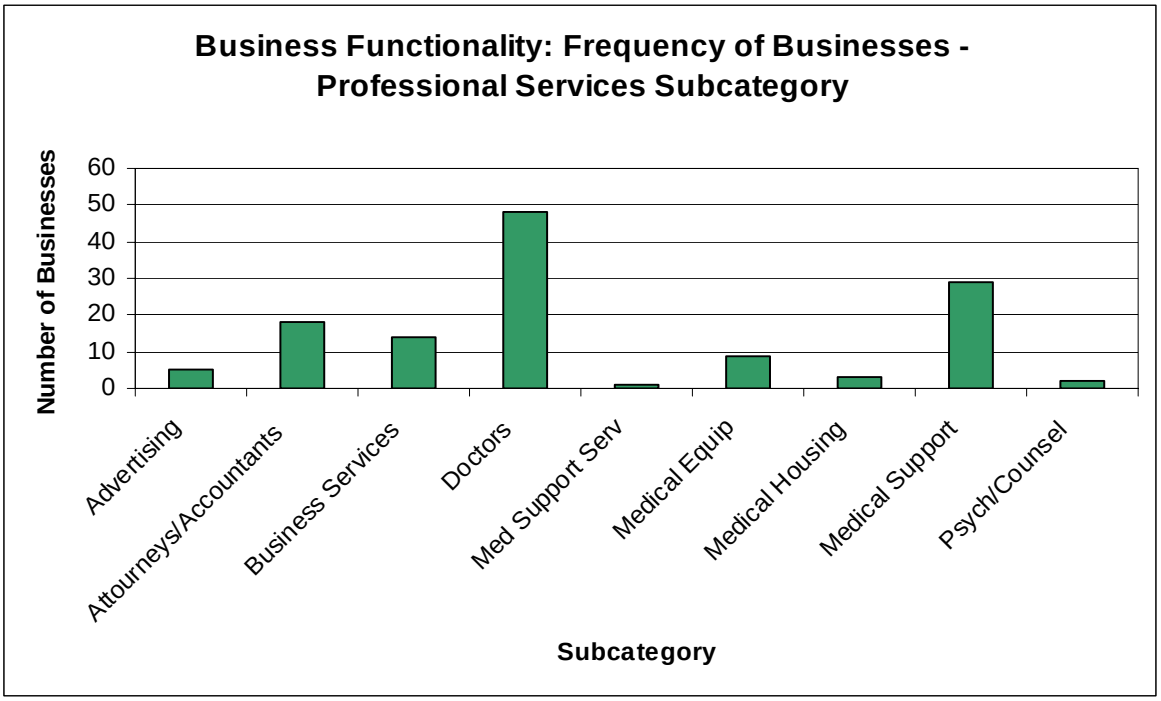

Figure 4.4.1 Composition of professional services businesses by subcategory

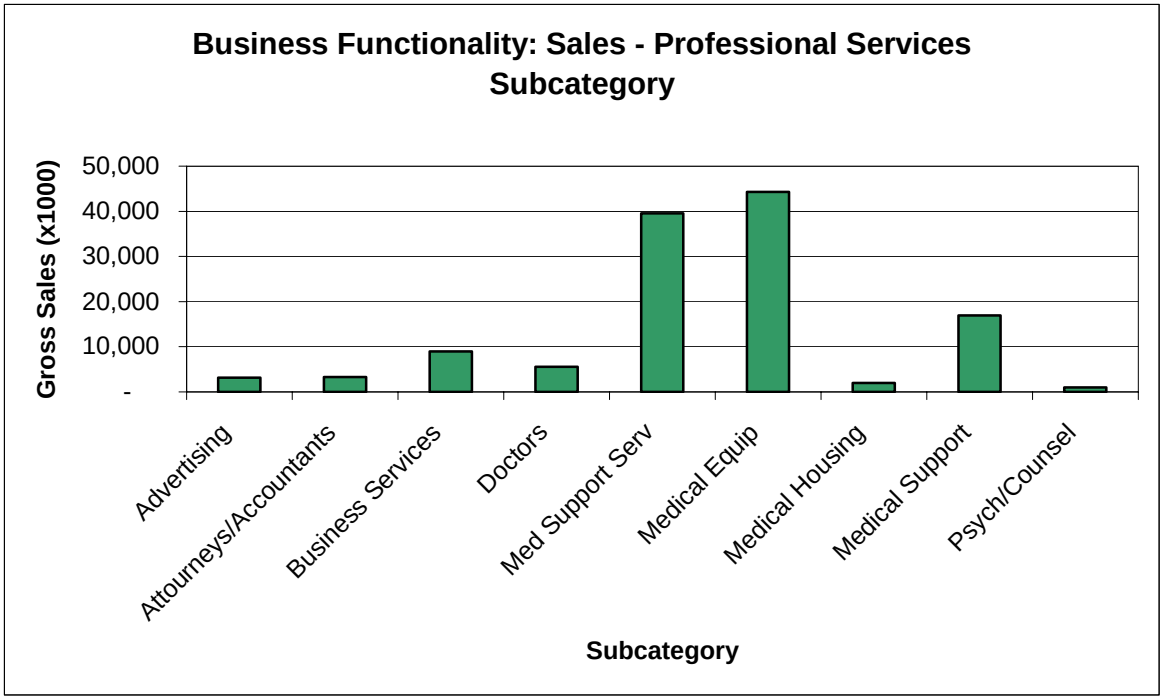

Figure 4.4.2 Gross sales of professional services business subcategories

As evidenced by the above tables, medical-related businesses dominate the Lawndale professional services sector. The 48 doctor's offices, 29 medical support services, 9 medical support operations and 3 medical housing businesses comprise just under 70% of all sector businesses. Interestingly, it is the 9 medical equipment businesses that generate the highest sector sales: These businesses, comprising just 7% of the sector total, generate 35% of total sector sales. Sales of medical support and medical support services businesses comprise another 45% of total professional service sales. Most of the remaining 20% of sector sales comes from the attorneys/accountants and business services subcategories.

4.5 Spatial Analysis of Businesses

With the frequencies and economic contribution of the major business sectors analyzed, it will be helpful to "sketch out" where in Lawndale's commercial districts these dominant business types are located. As stressed earlier, we have identified three such "districts" in the City: the Hawthorne Corridor South of Interstate 405, the Hawthorne Corridor North of the 405 and the perpendicular commercial districts of Manhattan Beach Boulevard and Marine Avenue.

Lawndale's retail sector is generally spread throughout city, up and down Hawthorne Boulevard as well as on the two perpendicular commercial corridors of Manhattan Beach Boulevard and Marine Avenue. However, automobile-

related retail, a group that included garages and service centers and contributes significantly to the City's sales base, has decided concentrations. 15% of all businesses South of the 405 are auto-related retail, including the sales-generating dealerships that occupy the freeway-adjacent parcels that were noted earlier for their high Investment Index. In addition, auto-related retail lines the Marine and Manhattan Beach corridors: Of the 69 businesses on Marine Avenue, 23 are auto retail. Likewise, 14 of the 35 businesses on Manhattan Beach Boulevard are auto-oriented retail. It is important to note that, as a general rule, very small parcels line these two corridors. This is an indication the presence of many small service centers and garages in these commercial districts.

Both of the services sectors command a stronger presence in the area above the 405 Freeway than in the area South of the Freeway. In the northern area, 20% of all businesses are professional services enterprises and 23% are services operations. This is compared to the southern area, where only 14% of businesses are professional services and just 11% are in the services sector. Marine Avenue, which is north of the 405, contains 16 service oriented businesses alone. Manhattan Beach Boulevard, just south of the 405, contains only 5.

This analysis is expanded further in section 5.1 of the upcoming market analysis.

4.6 Summary: Business Strengths & Weaknesses

The City of Lawndale is dominated by businesses in the retail, services and professional services sectors. Of all of the business subcategories represented in the City, the real estate, auto-oriented retail and medical equipment businesses generate the highest gross sales. In general, the bulk of these businesses are located North of the 405 Freeway.

Auto-related retail, in particular, is a vital contributor to the total gross sales generated in Lawndale. This subcategory is characterized by few, typically high-performance dealerships located on Interstate-visible parcels, and many smaller, garages that are positioned on smaller parcels that line the less-accessible commercial corridors "off the main drag." A small selection of wholesalers also generates considerable gross sales, while sales of retail businesses centered around home improvement reveal a high potential for a successful "niche" market in the small community.

Real estate, medical and other service-oriented businesses tend to be concentrated in the lower profile, north-of-the-405 commercial areas as well. While these stable, well performing businesses are suited to such districts, they

result in an unsightly blend of frontages that is not well-suited to the surrounding residential land.

Finally, given the compact, linear nature of much of Lawndale's commercial land, the City is lacking many of those business types that are conducive to pedestrian activity, window shopping and neighborhood identity: Clothing stores and other soft-goods retailers are extremely rare, as are entertainment venues of any size. In addition, while there are a considerable number of restaurants in Lawndale, sales generation rates reveal that they are not performing to their full potential.

5. Market Analysis

In this section we present our findings on the consumer market in Lawndale and around the regional shopping destination with which it is forced to compete: The South Bay Galleria. These findings are the result of traditional market and demographic analyses. Although this approach is often the foundation of research for the design of an economic development strategy, in this project it will be used in conjunction with the land use and business analyses recounted in the previous 2 sections. The result will be an economic development program tailored to land & property, the local economy and relevant consumer markets.

5.1 Description of Market

The City of Lawndale has approximately 800,000 sq. ft. of total Gross Leasable Area (GLA). The Hawthorne commercial corridor identified earlier contains the vast majority of this GLA: approximately 550,000 sq. ft. The next largest concentration of commercial space is situated along Redondo Beach Blvd, the southernmost edge of the City. This concentration makes up approximately 140,000 sq. ft. of GLA. Other significant concentrations of commercial space are found along Manhattan Beach Blvd, with approximately 39,000 sq. ft. of GLA; along Prairie Blvd, with approximately 32,000 sq. ft. of GLA; and along Marine Blvd with approximately 12,500 sq. ft. of GLA.

The majority of both commercial businesses *and* commercial space within the City of Lawndale are located along Hawthorne Blvd; again, this is also the most heavily-traveled corridor in the City. Most of Lawndale's sales tax revenue is generated from the businesses lining Hawthorne Blvd. In particular, auto-oriented retail uses, which amount to only 11.39% of the businesses along Hawthorne, but take up the highest percentage of the GLA lining Hawthorne, account for most of the City's sales tax revenue.

Retail enterprises account for nearly half of the commercial businesses along Hawthorne Blvd. Auto-oriented businesses make up the largest percent of these retail businesses, followed by restaurants. There are very few soft-good retailers in Lawndale. The majority of the few existing soft-good retailers are either low-end or discount-oriented retailers. While retail businesses, overall, comprise most of the commercial uses along Hawthorne Blvd., service-oriented enterprises (including medical, real estate, business, and financial services) are more prevalent than any one retail category.

As stressed earlier, the 405 Freeway works to "divide" Hawthorne Boulevard both physically and psychologically. The result is two areas of such contrasting functionality that they can be viewed as separate "districts." The differing pattern and distribution of business types above and below the freeway highlights this distinction.

Table 5.1.1 lists the percentages of the total number of businesses (by sector) in the different Hawthorne Boulevard "districts," as well within individual blocks (see figure 5.1.2 for accompanying block map). The most marked differences between the north-south areas are highlighted. For example, while nearly 15% of the total number of businesses south of the 405 are auto-oriented, less than 8% of businesses north of the freeway are. There are also much higher percentages of manufacturing businesses and clothing retail businesses south of the freeway. North of the freeway, there is a higher percentage of services, including real estate, financial, business, and personal services, than there is south of the freeway. Finally, the highest percentages of restaurants are located within the northernmost and southernmost sections of Hawthorne Blvd, and the highest percentages of purveyors of food products are located within the middle sections of Hawthorne Blvd.

Commercial Classification	Hawthorne Blvd	N of 405	S of 405	14000 Block	15000 Block	16000 Block	17000 Block
Const/Remodel	1.77%	2.31%	1.22%	3.23%	1.40%	2.44%	0.00%
Govedinst	4.82%	3.02%	6.62%	3.23%	2.80%	6.10%	7.14%
Manuf	3.94%	1.87%	6.01%	0.00%	3.74%	4.88%	7.14%
Profserv	**16.88%**	19.92 %	13.85%	25.81%	14.02%	13.41%	14.29%
Retail - Antiques	5.12%	4.23%	6.01%	5.65%	2.80%	4.88%	7.14%
Retail - Auto	**11.39%**	7.80%	14.99%	4.84%	10.75%	8.54%	21.43%
Retail - Building Improv	2.83%	0.87%	4.79%	0.81%	0.93%	2.44%	7.14%
Retail - Clothing Retail	3.57%	1.74%	5.40%	1.61%	1.87%	3.66%	7.14%
Retail - Clothing Services	0.96%	1.91%	0.00%	2.42%	1.40%	0.00%	0.00%
Retail - Food Products	3.06%	3.68%	2.44%	0.81%	6.54%	4.88%	0.00%
Retail - Food Restaurants	**10.21%**	9.62%	10.81%	11.29%	7.94%	7.32%	14.29%
Retail - Gen Merchandise/ Hobbies	1.36%	1.51%	1.22%	1.61%	1.40%	2.44%	0.00%
Retail - Home Furnishings	2.66%	1.04%	4.27%	1.61%	0.47%	8.54%	0.00%
Retail - Wholesale/Other	4.07%	5.69%	2.44%	4.84%	6.54%	4.88%	0.00%
Retail - Total	**45.21%**	38.07 %	52.36%	35.49%	40.64%	47.58%	57.14%
Services	**17.21%**	22.93 %	11.50%	20.16%	25.70%	15.85%	7.14%

Services - Spa	3.84%	7.07%	0.61%	8.06%	6.07%	1.22%	0.00%
Trans/Ship	2.11%	2.38%	1.83%	2.42%	2.34%	3.66%	0.00%
Unknown	3.99%	1.98%	6.01%	1.61%	2.34%	4.88%	7.14%

Table 5.1.1 Percentage of total number of commercial business along Hawthorne Blvd by business sector

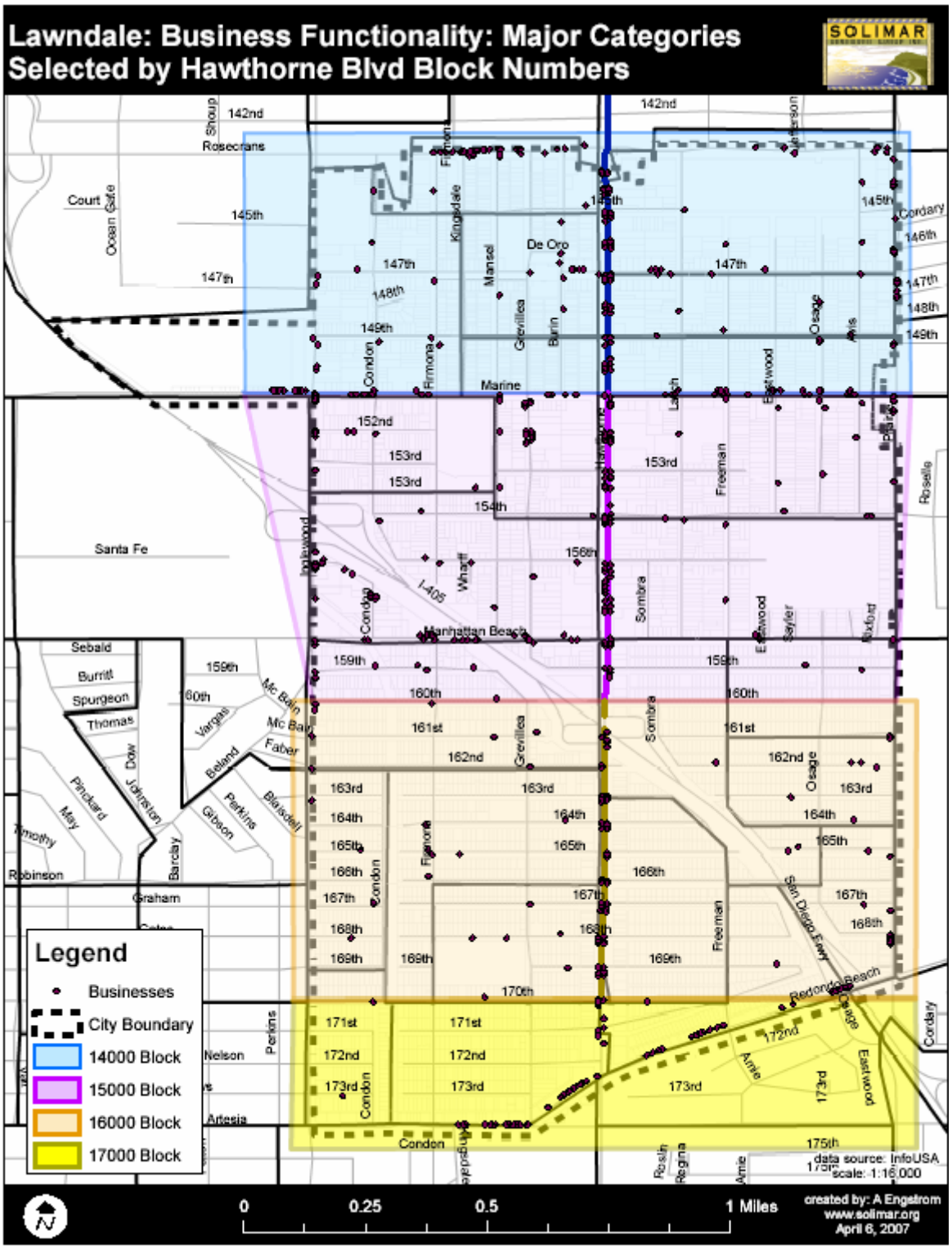

Figure 5.1.2 Hawthorne Boulevard address block division used in Table 5.1.1

5.2 Market Rents

Average market rents for commercial space within the City of Lawndale are competitive within the study area. A study of available commercial space listed on Loopnet.com, a commercial real estate listing website, produced an average monthly rent of $2.23 per sq. ft. for vacant spaces within the City of Lawndale (see Table 5.2.1). According to listings contributed from local brokers and those found on Loopnet.com, the City of Redondo Beach, to the south of Lawndale, has a higher average monthly rent per sq ft. and the City of Hawthorne, to the north of Lawndale, has a lower average monthly rent. Further, our research into property listings revealed a limited quantity of commercial space that is available for lease within the City of Lawndale. Our on-site area analysis of vacant storefronts along the major retail corridors confirmed Lawndale's extremely high commercial occupancy rate.

	Hawthorne	Lawndale	Redondo Beach
Average Rent per sq. ft./mo	$2.07	$2.23	$2.75

Table 5.2.1 Average monthly rent, City of Lawndale and surrounding markets

5.3 Competing Market Defined

The South Bay Galleria is situated just shy of the City of Lawndale's Southern border in the City of Redondo Beach. The South Bay Galleria has 1.1 million sq. ft. of Gross Leasable Area (GLA) and constitutes the City of Lawndale's main "competition." According to Forest City Enterprises, the owner, the regional mall is 93% leased and it generates annual sales of $386 per sq. ft. The mall's anchors include Nordstrom, Robinson-May and Mervyn's.

5.4 Market Demographics

Demographic characteristics were gathered for the target market area, which included that area within three miles from the point at which the 405 freeway intersects Hawthorne Boulevard in the City of Lawndale. The demographic characteristics of the "competing" market area, which encompassed the area within three miles of the South Bay Galleria in Redondo Beach, were also collected, to place the target market characteristics into context within the trade area.

A more focused analysis of the demographics along Hawthorne Boulevard was also conducted. Four different points along the Boulevard were selected, and areas of one-mile radii drawn around each point. The following are those four analysis points, from North to South:

(1) *Study Area N2*: The intersection of Hawthorne Blvd. and West 130th Street (two blocks south of El Segundo Blvd.), Hawthorne, CA. Study Area

(2) *Study Area N1*: The intersection of Hawthorne and Marine Blvds, Lawndale, CA

(3) *Study Area S1*: The intersection of Hawthorne and Redondo Beach Blvds, (Across the street from the South Bay Galleria), Lawndale, CA

(4) *Study Area S2*: The intersection of Hawthorne Blvd. and 190th Street, (Just south of the South Bay Galleria), Torrance, CA

The demographics for each of these one-mile rings were examined to determine whether there were any patterns or trends along the main commercial corridor for the area.

5.4.1 Race

The racial composition for the City of Lawndale is quite diverse. In fact, the City of Lawndale has a minority majority, as less than half of the population is White. As revealed in table 5.4.1, there are similarly sized Black/African American and Asian populations living in the City. There is also a significant “Other” population, or those that classify themselves as a race not listed in the Census categories. As compared to the demographics surrounding the South Bay Galleria in Redondo Beach, the City of Lawndale is only slightly more diverse.

	Lawndale 3mi Radius	**South Bay Galleria 3mi Radius**
Total Population (2005)	290,026	278,880
White Alone	46.06%	53.07%
Black	16.64%	10.63%
Asian/Pacific Islander	14.99%	18.90%
American Indian/Alaska Native	.67%	0.57%
Other Population	16.77%	12.03%
Two or More Races	4.88%	4.79%

Table 5.4.1 Racial Composition of the City of Lawndale and South Bay Galleria trade area.

Demographic data from our points selected on Hawthorne Boulevard reveals that the racial diversity increases along the corridor from the south to the north (see table 5.4.2). In particular, there is a marked increase in the percentage of African Americans, coupled with a significant increase in the percentage of Whites and Asians, when moving from our southernmost demographic data collection area to the northernmost area. Regardless of this imbalance, the total racial composition of the City of Lawndale retains considerable complexity.

	Study Area N2	*Study Area N1 (Lawndale)*	*Study Area S1 (Lawndale)*	*Study Area S2*
Total Population	58,468	54,508	40,292	27,537
White Alone	32.33%	35.02%	51.88%	60.11%
African American	25.08%	22.00%	6.40%	3.80%
Asian	7.81%	11.37%	15.61%	18.72%
American Indian	0.80%	0.92%	0.76%	0.64%
Other	33.98%	30.69%	25.35%	16.73%

Table 5.4.2 Racial Composition along Hawthorne Blvd., North to South

5.4.2 Ethnicity (Hispanic/Non-Hispanic)

About a third of the population within the City of Lawndale is of Hispanic/Latino descent or origin (see Table 5.4.3). The same is true of the area surrounding the South Bay Galleria. There is little to no difference between the two trade areas with respect to Hispanic/Latino presence.

Of Lawndale's Hispanic/Latino population, the large majority—nearly two-thirds—is of Mexican descent. However, the national origin of the remaining third is difficult to classify. With the exceptions of small Puerto Rican and Cuban groups, most remaining Hispanics are classified as "Other Hispanic." An assessment of study area restaurants reflects this unique demographic diversity: Of the 60 restaurants in Lawndale, comprising just 6% of the total businesses in the study area, the national spectrum of Latin food served reaches far beyond Mexican fare. It includes, but is not limited to, El Salvadorian, Chilean, Nicaraguan and Honduran specialties.

	Lawndale 3mi Radius	South Bay Galleria 3mi Radius
Not Hispanic	66.51%	65.81%
Hispanic	33.49%	34.19%
Mexican	62.02%	62.32%
Puerto Rican	2.20%	2.56%
Cuban	2.66%	2.37%
Other Hispanic	33.12%	32.74%

Table 5.4.3 Ethnic (Hispanic) Composition for the City of Lawndale, compared to the trade area for the South Bay Galleria

The division of the Hawthorne Boulevard study area into north-south "districts" is also reflected in surrounding Hispanic demographics. In line with the increasing density explained earlier, there is a significantly higher proportion of Hispanics within the northern portion of the Hawthorne Blvd. study area as compared to the southern portion (see Table 5.4.4). The proportion of Hispanics decreases consistently as you move from North to South along Hawthorne Blvd,; while the population of Study Area N2 is just over 50% Hispanic, that of Study Area S2 is just over 25% Hispanic. Within the City of Lawndale, the percentage of Hispanics ranges between 39% in southern portion of the community and 48% in the northern portion.

	Study Area N2	*Study Area N1(Lawndale)*	*Study Area S1(Lawndale)*	*Study Area S2*
Hispanic	51.79%	48.09%	39.29%	26.06%
Not Hispanic	48.21%	51.91%	60.71%	73.94%

Table 5.4.4 Hispanic composition of population along Hawthorne Blvd, from North to South

5.4.3 Income/Households

The per capita income for the City of Lawndale is approximately $26,000. This is nearly 25% less than the $37,036 average for the State of California. As evidenced in table 5.4.5, the per capita income for what we have deemed the adjacent "South Bay Galleria" trade area is higher than that of Lawndale at $31,293, yet it is still approximately 10% less than the State average.

	Lawndale (3mi Radius)	South Bay Galleria (3mi Radius)
Avg. Household Income	$74,050	$81,834
Median Household Income	$52,973	$60,811
Per Capita Income	$26,423	$31,293
PPI (Purchasing Power Index) US Per Capita = $34,581	.764	.905

Table 5.4.5 Income Characteristics for the City of Lawndale and South Bay Galleria trade area

A comparison of regional per capita incomes reveals that Lawndale's per capita income is more comparable to that of urbanized Los Angeles cities that are further inland than it is to nearby "beach retail" areas. For example, while per capita income for the City of Lawndale is comparable to that of the Hollywood area in Los Angeles, it is far below that of surrounding South Bay beach retail community Hermosa Beach (see Table 5.4.6).

	Per Capita Income
California	$37,036
Hollywood Area	$27,000
Melrose/Hancock Park	~$44,000
Hermosa Beach	~$60,000
Beverly Hills Area	~$84,000

Table 5.4.6 *Per Capita* income for selected, surrounding urban retail and beach markets in Southern California

The direction of change in income along the Hawthorne commercial corridor is the reverse of that of diversity. Both median household income and per capita income increase as you move from North to South along the corridor (see table 5.4.7). However, the total number of households decreases from North to South. In fact, the housing density to the north shows such a significant increase that regardless of the area's lower per capita income, the *total* per capita income for trade areas to the north remain above those to the south. In fact, as you cross Redondo Beach Boulevard and leave Lawndale's southern border, the total purchasing power decreases by over $150 million.

	Study Area N2	*Study AreaN1(Lawndale)*	*Study AreaS1(Lawndale)*	*Study Area S2*
Median Household Income	$37,513	$39,517	$56,669	$66,250
Per Capita Income	$17,091	$17,436	$23,284	$28,052
PPI	.494	.504	.673	.811
Total Households	20,004	18,179	14,079	10,251
Total Per Capita Income for Population (in mill)	$999	$950	$938	$772

Table 5.4.7 Per capita income and total purchasing power along Hawthorne corridor, from North to South

Finally, home ownership patterns along Lawndale's Hawthorne commercial corridor show expected trends. The majority of the households in both the City of Lawndale and the trade area for the South Bay Galleria are renter-occupied (see Table 5.4.8), although both show strong rates of owner-occupation as well, at 46.7% and 44.3%, respectively.

	Lawndale 3mi Radius	**South Bay Galleria 3mi Radius**
Owner Occupied Housing	46.70%	44.31%
Renter Occupied Housing	53.30%	55.70%

Table 5.4.8 Owner vs. Renter Occupied Housing for the City of Lawndale and South Bay Galleria trade area

Home ownership trends along the commercial corridor are consistent with income and buying-power trends. As revealed in table 5.4.9, the percentage of renter-occupied housing increases to the North along Hawthorne Boulevard, just as density increases and per capita income decreases. Within Lawndale itself, the rate of owner occupied ranges from just over 40% in the south to just under 30% to the north.

	Study Area N2	*Study Area N1(Lawndale)*	*Study Area S1(Lawndale)*	*Study Area S2*
Owner Occupied Housing	24.44%	29.23%	40.17%	52.08%
Renter Occupied Housing	71.71%	67.61%	57.26%	45.82%

Table 5.4.9 Owner vs. Renter Occupied Housing along Hawthorne Blvd, from North to South

5.5 Summary of Market Analysis

This market analysis of the City of Lawndale's main commercial corridor reveals a trade area that is both racially and ethnically diverse. In fact, the racial composition of the trade area can be described as a “minority majority.” Nearly two-thirds of the population is Hispanic, and notably, an extremely high percentage of non-Mexicans makes up that Hispanic population. However, the majority of existing retail, as assessed in the “Business Functionality” section of this report, does not complement such diverse trade area demographics. Although per capita income decreases with density in the study area, density increases. The result is a diverse population with the total buying power to potentially match that of higher income populations. These statistics point to the value of a new market direction in Lawndale, one that attracts the entire population.

Additionally, there are two distinct commercial areas within the commercial corridor, and the characteristics that define each offer clues to a nature and location of market improvements in the City of Lawndale. South of Interstate 405, there is a marked increase in the percentage of auto-oriented services and mixed retail uses, while the area north of the Interstate contains a much higher percentage of service-oriented uses. During visits to many of these diverse local businesses, we discovered a disconnect between the type, number and location of restaurants—concentrated largely in the northern and southern ends of the corridor—and the location of the local daytime working population, many of whom are closer to the central intersection of Hawthorne and the 405. Further the in-built anchors with the potential to attract consumers to the area—the South Bay Galleria and the Beach, both of which draw travelers to the southern end of Hawthorne Boulevard in Lawndale from the Interstate—are not currently capitalized on. There is little to no soft-good or specialty retail to further attract those customers whose final destination is the mall, or even the beach.

Finally, while our market analysis shows that the area's per capita income is below average, the renter-occupied nature of the area and the high density of residential land uses create high purchasing power within the area. It is our belief that this total purchasing power of this trade area is not being met by the current mix of commercial uses, and needs to be capitalized on with a unique market solution. Only such a solution will reverse the market leakage that is a constant drain on Lawndale’s economy.

6. Conclusion: Four Economic Development Strategies

In previous sections of this report, we have seen that the composition and geographic pattern of businesses in Lawndale fail to leverage the distinct location, parcel footprint and surrounding demographic profile of the City's commercial land. In order to increase revenue generation performance, the City must promote a local market that maximizes Lawndale's current geographic and community strengths. This will demand a series of strategic measures, some of which are broad efforts to leverage current conditions and others of which are directly applicable to the City's various commercial districts.

We have identified, based on our land use, business and market research, the following four strategies for increasing sales tax generation in Lawndale:

1. *Evaluate and Leverage Local Lease Structures*. We recommend that the City of Lawndale perform a "back end" analysis of commercial property leases to familiarize itself with the complex legal structures that will shape future commercial occupation, and to better plan commercial development efforts.

2. *Promote Ethnic Retail District*. Our second, decidedly "front end" economic development strategy is the development of a cohesive retail district that takes advantage of the rare accessibility and profile of lower Hawthorne commercial corridor and matches diverse demographic of the Lawndale community.

3. *Leverage South Bay Galleria*. Next, we recommend steps that the City of Lawndale can take to leverage, rather than resist, the competing market of a regional shopping destination just across its Southern border.

4. *Establish Design Guidelines*. Finally, we recommend that the City of Lawndale develop design guidelines for the less accessible, residential embedded, east-west running commercial corridors North of the 405 Freeway.

6.1 Evaluate and Leverage Local Commercial Leases

It has been established that increased sales tax generation in Lawndale will most likely result from changes in tenancy of currently occupied, but underutilized, commercial property. The paucity of vacant space in the City, revealed in both our parcel and market analyses, ensures that the addition of new business to the existing pool is highly improbable. As such, the potential for transforming the City's businesses functionality is largely dependent on the structure and timing of existent commercial leases.

For this reason, we recommend that the City of Lawndale familiarize itself with local commercial lease structures, such that the implementation of economic goals can be coordinated with, rather than conflict, the timing of those structures. Commercial leases are often long-term and dynamic, and commercial property returns based largely on income rather than capital appreciation. In order to influence the character of local commerce, the City of Lawndale will need to understand the timing of active leases, and coordinate with the parties involved to establish future use.

As revealed in our parcel assemblage opportunity analysis, there are many landowners active in the City, most working individually. The disorganization and quantity of area landlords, combined with the variety and complexity of commercial leases, make it even more essential that the City communicate its economic goals to landlords and coordinate those goals with the timing of local commercial leases.

6.1.1 Implementation Steps

In order to implement the above strategy, we recommend that the City:

- Research the structure and timing of leases in relevant commercial districts, and catalogue these documents based on lease type (gross, triple net, step, escalation, etc.) and expiration date. A "timeline" of upcoming lease expirations can be used to forecast the market and better plan economic strategy implementation.

- Work closely with brokers to establish a working list of major real estate "players" in Lawndale, and assume a more managerial role in establishing market weaknesses and identifying local markets.

- Work closely with commercial landlords to maximize the catalog of current lease expirations and rates, as well as to establish new lease rates based

on expected municipal economic goals. Because lease rates should be based on a clear understanding of the surrounding commercial market, it is important that the City communicate to landlords its expectations of that market. Leases should be at or below market rents and should reflect the relative business risks associated with a given tenant.

- Communicate current weaknesses and future economic development goals with both landlords and brokers. Use this dialogue to identify points of potential coordination and points of potential contention.

6.2 Promote Ethnic Retail and Food District

Based on weaknesses in Lawndale's current business functionality, unique patterns in the form of its commercial parcels and the nature of surrounding demographics, we believe that the gradual development of an ethnic retail and food district in the commercial corridor south of the 405 would revitalize the City's sales generation performance.

Our analysis of parcels lining the Hawthorne corridor beneath Interstate 405 revealed a continuous series of small, shallow, severely underutilized properties in an area of great potential: Located between freeway access and a regional shopping mall, the area is also anchored by Lawndale's popular auto dealerships just to the north. This area is well-suited for a unique retail market that would attract the attention of residents and visitors alike.

An ethnic-oriented retail district would build on the unique identity of Lawndale, which, as we have demonstrated, is an underserved urban market of diverse Latino ethnicity. As a market match to surrounding ethnic diversity, such a district would leverage the combined purchasing power of the community. It would also work to separate commerce in Lawndale from surrounding competition of regional malls, identify the community and attract outside investment.

In addition, an ethnic marketplace containing specialized ethnic or "fast casual" eateries would target the daytime population of Lawndale and boost the City's lagging restaurant sales. Such businesses, as well as a collection of small ethnic shops representing the multi-Latino population of Lawndale, are suited to the small, corridor-facing parcels that line this section of Hawthorne. They would serve to "fill in" Lawndale's current retail gaps, including a lack of soft good/clothing retailers and under performing local restaurants.

Not only does the parcelization of this area lend itself to a cohesive group of related small businesses, but the area contrasts the larger, less accessible commercial districts north of the Freeway, most of which are defined by service industry businesses, multiple parcels shapes and residential integration.

6.2.1 Implementation Steps

- Research lease structures of relevant properties, communicate plan to property owners and brokers in order to fully assess the numerous parcel assemblage opportunities identified in this area.

- Begin planning an ethnic-oriented farmer's market near the targeted location or elsewhere in the City. This will expand local interest, initiate a local customer base for ethnic food and retail, as well as attract the interest of small businesses or local vendors.

- Conduct a residential survey in order to gauge local reaction to such a retail marketplace, as well as to identify the needs and interests of potential customers within the community.

- Leverage the influence of community players and assess neighborhood needs by coordinating with local partners, community stakeholders, local vendors, agencies and community groups. Use this input to develop community relations strategies, collect market information and develop a community-accepted plan of action.

- Carry out detailed opportunity assessment of district. Analyze data on retail flow, local business sales, under-penetrated markets, the available labor pool, competition, tax incentives and unmet community needs. Identify the exact origins and generational levels of Hispanic residents in the local area.

- Identify and build upon existing market strengths. Capitalize on lesser-known, local commercial "gems," such as small but popular eateries or well-respected retailers. These can be used to support the establishment of a distinct direction and "brand" of the ethnic district.

6.3 Leverage economic impact of South Bay Galleria

A causal factor that is responsible for this economic development study is the "leakage" of sales tax out of Lawndale and into adjacent cities as a result of nearby shopping centers. The South Bay Galleria shopping mall, in bordering Redondo Beach, is the strongest potential "magnet" of Lawndale sales tax, and is currently perceived as a reason to avoid any nearby commercial development. In effect, it impedes Lawndale's economic growth even regardless of the actual leakage that occurs.

However, based on our market analysis of the South Bay Galleria trade area and our assessment of the potential of Lawndale's commercial land, we believe that the City has the opportunity to strengthen its own commercial performance by leveraging the powerful market anchor that is the mall. As exemplified by the previously suggested ethnic retail district, Lawndale can create market opportunities to capture not only its own local customer base, but also the regional customer base that the mall captures daily. The City should take steps to leverage imperfections in this valuable resource, rather than accept the inevitability of sales leakage out of the community.

6.3.1 Implementation Steps

- Coordinate with Redondo Beach and with the Galleria: Forest City has made no secret of its plans to give the Galleria a facelift sometime soon, and the original deal for the Galleria in the 1980s was a joint effort between RB and Lawndale. (Lawndale was eligible for some federal funding that RB was not eligible for, and threw the money into the detail in exchange for a share of sales tax.)

- Survey Lawndale residents and mall shoppers to identify perceived "gaps" in the South Bay Galleria market and points of dissatisfaction with the mall experience. These weak points should then be used to identify strategic improvements to the Lawndale commercial market.

- Focus these improvements on the commercial district between the mall and freeway, rather than avoid the area. This area is best suited to take advantage of regional visitors to Lawndale, who create significant traffic volume along Hawthorne Boulevard back and forth between the Interstate to the mall.

- Create a unique, specialized market segment that reflects the multi-ethnic nature of the community and challenges the corporate, commercialized nature of a regional shopping center.

6.4 Develop Design Guidelines for Manhattan Beach Boulevard & Marine Avenue

Our business functionality analysis revealed that over 10% of all Lawndale businesses are located on either Manhattan Beach Boulevard or Marine Avenue. These two commercial districts are perpendicular to Hawthorne Boulevard, intersecting the main corridor just above Interstate 405. Based on our functionality analysis of these businesses, parcel utilization rates and the nature of surrounding land use, there is significant unmet sales potential here. We

suggest that the City can attract a larger, stable local customer base to these commercial districts, and solidify them as local points-of-pride, by establishing and enforcing a series of conservative design guidelines for them.

Unlike businesses on the Hawthorne commercial corridor, enterprises on these two streets are largely surrounded by Lawndale's residential neighborhoods. Because the streets funnel drivers out of the neighborhoods toward Hawthorne Boulevard and the Interstate, "drive-by" impressions of the currently underutilized, industrial-oriented automobile service outlets, nondescript construction/remodeling businesses and few professional services businesses are influential. While the small size and minimal frontage of the majority of parcels on these corridors resists adaptation by varying business types, well-planned design has proven able to overcome the restrictions of parcel form and location, attracting not only shoppers but potential tenants and development interest. It can be used to highlight a local marketplace to the local population and solidify municipal identify.

6.4.1 Implementation Steps

- Engage current landowners, tenants and developers in the development of the guidelines, and communicate reasons for their establishment.

- Survey potential consumers and surrounding residents to identify current opinion on the corridors, ideas for improving them and changes that would increase the likelihood of frequenting businesses on them.

- Combine survey results with a focused assessment of the urban design of the corridors to identify strengths and weaknesses.

- Establish vision (nature of design principles to be followed, "type" of place that is emulated) and goals (expected accomplishments made possible) for design guidelines.

- Locate commercial "anchors" in area and develop design guidelines around them. These "anchors" could be buildings/businesses that perform consistently as well as structures that standout architecturally, are of local renown or of historic importance.

- Once established, focus design standards on block groups or small areas; complete one area at a time. A series of redesigned facades provides a stronger visual impact than redesign that is watered-down along an entire corridor.

- Establish a system of standards to measure progress/success as well as a system of enforcement to ensure that design guidelines are adhered to.

- Set up financing: Stimulate joint financing between private and public sector Set up Rebate programs to promote collaboration between the city and businesses receiving rehabilitation assistance.

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