



**Office of the Mayor
City of Los Angeles
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"State of the Valley"
Remarks of Mayor Antonio Villaraigosa
Valley Industry and Commerce Association's 56th Annual Meeting
December 8, 2005

Thank you for that warm welcome – it's always wonderful to be in the Valley.

I want to thank VICA for inviting me, and for holding your Mayor accountable for several years now to come and address this important yearly gathering.

I would like to thank The Walt Disney Company and today's participating co-sponsors for supporting this event.

Thanks to VICA for your 56 years of leadership on business and economic issues in the Valley and the City of LA. Special thanks to Bonny Herman for your 20 years of continued service; and, to outgoing Chairman Marty Cooper for your service. Congratulations to Incoming Chairman Bob Scott on your election today.

I want to acknowledge the members of the City Council who are here, your leaders in the Valley; and, say once again that I am committed to working with you on the challenges and opportunities that lie ahead of us.

When I ran for Mayor, I made the San Fernando Valley's economic success a central theme of my campaign – not because my political consultants told me to, but because the Valley lies at the heart of L.A.'s future economic growth.

I have a vision for the City of LA that looks ahead to the global economic challenges of the coming century -- not back to the past formulas of sprawling growth, more freeways, and reliance on unskilled labor in a manufacturing economy. A vision in which we are willing to take risks.

We need to imagine a future in which LA is the Venice of the 21st Century. The global commercial capital linking the manufacturing economies of the East with the emerging markets of the South.

And we need to understand that our diverse population will be our greatest asset in making LA the center of trade in the Pacific Rim. We need to bridge the gap between small business owners and capital...to seize the opportunities for trade existing between our diverse communities and their countries of origin.

I see the City of LA aggressively cultivating the emerging sectors that will be the key industries in the economy 15-20 years from now.

For instance, we are working actively with UCLA and USC to stake our city's claim in stem cell research.

This is about staking our claim in the future of medical science and making LA a growing center of biotech and high tech, starting with the BioMedTech Park in ELA – but make no mistake, my office has an eye to the Valley for the future physical development projects that reflect our focus on these growing fields.

We want to make LA America's "Digital City", where technology and entertainment converge. But we need to recognize that this sector is made up of small and medium-sized start-ups, businesses that need our help to flourish.

My office is committed to facilitating access to capital and technical assistance for these businesses. This includes finding new sources of untapped capital, such as our city pension funds and investing them in our local businesses.

And we need to provide incentives for new firms to locate in areas like the East Valley and South LA that are underserved.

This vision acknowledges that the City of LA is not a city economy but a regional economy; thus, now, more than ever, it is critical that we work closely and strategically with our partners on this regional economy – the Economic Alliance, the LA Economic Development Corporation (LAEDC), County governments, the Metro, and others that we must collaborate with daily to ensure that we realize our economic goals.

Speaking of LAEDC, we applaud the decision to have one of our own from the Valley, Bill Allen, the founder of the Economic Alliance of the San Fernando Valley, as the new CEO of the LAEDC. My office is excited with the new leadership and we hope you are too.

Economic Development in the Valley

Let's talk about the state of the local economy in the Valley and the opportunities that lie ahead.

According to a report released by Cal State Northridge's Economic Research Center, the State of the Valley and its diverse economy is strong and expected to remain strong over the next few years.

The private sector grew by nearly 12,000 workers in 2004, a 1.8 percent gain that outshines the 1.2 percent increase the area experienced in 2003. The Valley's growth surpassed the state's overall increase of just 1.3 percent in 2004.

Let's take a look at history for a moment...in the 1930's the Valley was the far off getaway to Hollywood's stars. In the 1950's, the Valley became the bastion of post-World War II suburban life with its track housing and small neighborhood feel. The aerospace and financial industries dominated the day and middle-class America thrived.

Today, the entertainment industry remains an economic force and the tourism and international trade sectors hold much promise for the Valley's future economy. Yet, the sectors that defined the Valley's economy just two decades ago -- manufacturing and financial services -- have significantly declined.

We need to understand these shifts and cycles in the local economy and nurture those industries that hold promise for LA over the next several years.

This is why my Office of Housing & Economic Development is targeting specific sectors and industries, including entertainment, international trade, tourism, logistics, biomed/tech and others that we must retool for in order to compete globally for the jobs of the 21st Century. In this context, in order to flourish economically, the Valley must find that delicate balance between the suburban middle-class lifestyle the Valley came to embody, and the new urbanism approach to development, or mixed-use, that is being embraced by communities like Warner Center and North Hollywood.

We must embrace quality mixed-use development along transit corridors, particularly around Metro projects, so that we take advantage of the economic benefits that such developments bring to the local community.

The activity occurring in North Hollywood stands as a model for urban redevelopment in the region. Along with the burgeoning Arts and Theatre District, the long awaited NoHo Commons development will provide over 700 units to working people and provide them with multiple public transit alternatives, including the Metro Red Line and the Orange Line.

My Business Team is dedicated to maximizing development opportunities along the new Orange Line, along the Van Nuys and Sepulveda commercial corridors and at the Metro stations to attract new business, housing opportunities and economic growth. Other developments that my office is working hard to move forward include Valley Plaza, an important catalytic project, Pacoima Center Retail, the Panorama Mall and the Westfield Topanga Plaza in Woodland Hills.

Housing

I realize that LA's history hasn't exactly been synonymous with the phrase "smart growth", but our future needs to be. We are in a situation today where the demand for housing is greatly outstripping the supply. At present market values, just 12 percent of Los Angeles County residents can afford a median-priced home. According to Cal State Northridge's Economic Research Center, the median priced home in the Valley rose to \$600,000 in 2005!

According to the San Fernando Valley Business Journal, rental rates for newly constructed apartments in the Valley are averaging just short of \$2,000 a month for a one-bedroom unit. And that cost is squeezing out the remainder of our middle class - the police and firefighters, social workers, lab technicians and high schools teachers, not to mention carpenters and a whole range of other skilled workers. We face a dim and divided future as a nation if we allow the defining dream of home ownership to become a privilege of just the affluent.

We need to build more housing, both affordable and market-rate. We need to build smart. We need to build in areas--like in Warner Center and North Hollywood—where residents can easily access the major public transit options like the Orange and Red Lines and alleviate the traffic logged 101 and 405 freeways.

In order to be successful with tackling these development challenges, I urge you to work closely with my Business Team staff - we are committed to finding a common ground on these important developments that will provide opportunities for the middle-class and workforce to buy into the American Dream of homeownership.

Homelessness

And, friends, we need to face the crisis of homelessness in our city. We need to put our money where our mouth is. Just over a month ago, I called for a \$1 billion housing bond to alleviate pressure across our entire housing market.

This investment will create better opportunities for all Angelenos -- from corporate middle managers to the very poor. And we are going to use these dollars to build smart and to make LA a national leader in transit-oriented development. I ask for your support as we move forward with this bond effort.

I'm proud to say, we've fully funded the Housing Trust Fund for the first time in city history, and we're working to find a permanent revenue source so that we can stay true to that promise. With significant help from the private sector, we've made an initial \$50 million investment in housing for the homeless and very poor that includes supportive services that go straight to the heart of the problem. But we can't do it without the active support of VICA and the business community leaders here in this room.

Transportation

We need to see a future in which our diverse communities are linked by a public transportation system that is worthy of a world-class city. And we need to look forward, not back.

We need to be realistic about the fact that the days of wide-open freeways in a state of thirty-six million people have disappeared for good from our rear-view mirror. And that the path to the future is laid with tracks.

Friends, let's all get on board and commit ourselves to expanding rail transit in LA. Our plan includes taking the Exposition Line to Santa Monica, connecting LAX to the Green Line, expanding light rail to East LA and the San Gabriel Valley, and developing a long range north-south project in the San Fernando Valley.

And we need to take the red line all the way to the ocean. But I'm not going to mislead you: these are—big--ticket--items, and we are going to need to find ways to expand funding for transit. We are fighting for our fair share of dollars in Washington and Sacramento.

One of the most important projects for the Valley is completion of the northbound carpool lane on the 405 freeway. As most of you know, the 101-405 interchange is one of the most congested interchanges in the entire country.

Congressman Howard Berman did an amazing job getting \$130 million for this important project; and thanks to VICA for a great job in lobbying for this effort as well. I was pleased to be one of the first local officials to back this effort.

We have to continue the great strides we're making to provide better bus service in the Valley and all over Los Angeles.

The Orange Line busway is up and running, carrying more passengers than anyone expected so soon after start-up.

We have an obligation to the public to resolve the safety issues that keep arising at intersections along the line. The occasional accidents we're seeing now - almost all due to errors on the part of automobile drivers - will subside.

Public Safety

And speaking of public safety - a critical issue we must address in order to foster economic and infrastructure development -- let me say a few things about how we're doing in the Valley.

The San Fernando Valley has seen a substantial decrease in violent crime and property crime under the leadership of Chief Bill Bratton and due to the hard work and innovation of the LAPD officers.

The hard work of the men and women of the LAPD has involved innovative programs such as the San Fernando Valley Coalition on Gangs and the Motel Detail to crack down on burglaries.

However, the greatest success has been achieved as result of the numerous partnerships between LAPD and everyone that makes up the San Fernando Valley, including Volunteer Surveillance Teams and Community Police Advisory Boards.

As of December 3, 2005, in the Valley, violent crime is down 36% year to date in comparison to the same period last year, and 45% in comparison to the same period in 2003.

In 2006, LAPD will continue to work with the community to reduce crime even further. Part of that effort will include the implementation of the Safer Cities Initiative in the North Hills/Panorama City neighborhoods of the San Fernando Valley.

So addressing public safety issues will continue to be very important for business as well as for residents. We need safe neighborhoods in order to attract outside investors.

Business Climate and Tax Reform

I hope that my intention is clear to you today - I intend to make the City of LA a business-friendly city again! LA is open for business!

I have to pause here and credit VICA for playing an important role over the past few years to improve LA's business climate, particularly on your efforts with business tax reform.

I also credit Councilmembers Wendy Greuel and Councilman Eric Garcetti for their tremendous leadership on this issue, and the City Council for stepping up to the plate on this fundamental issue for our businesses.

I applaud your leadership together in forming the unprecedented Coalition on Tax Reform to achieve long-sought reforms to the city's business tax system.

It's not everyday that you see business, labor, and community groups working together in such a fashion; and, that is a model we should always follow on any issue.

And let me be clear about this, the effort to improve the city's business climate is far from over.

My office will tackle tax reform in its broad scope – efforts we need to address at the State level as well as other taxes we collect locally.

Education

Finally, I'm sure by now you've noticed that education is an important issue for me. I intend to fight for--and lead--a fundamental reform of the Los Angeles Unified School District.

I'm not talking about tinkering around the edges. I'm not talking about a cosmetic makeover. I am talking about structural reforms demanding dramatic improvements in accountability and results. We need to build a groundswell of support for change and I need your help.

You may have heard me say this already but I can't stress it enough. It is absolutely critical that businesses and the community take an active role in the education of our youth.

The success of companies that do business in L.A. depends on the quality of the workforce. And the future workforce of your companies is now attending our schools.

The success of these students is one of my top priorities and I'm asking you to make it one of yours. As part of our economic development plan we are going to do our part by working closely with universities, local schools and training institutions.

There are many opportunities for your companies to contribute in this area by: adopting a school or a cluster of schools; hiring summer interns from your local high schools to provide students with hard skills and mentorship.

This is an effort that I am looking forward to collaborating with business, schools, community and students.

I look forward to working with all of you to insure the future of our children, our economy and our community. For this much is clear: No American city has successfully reformed its schools without the active support and engagement of its business and civic leadership. We can't succeed as a city without your full participation in this campaign for change.

I realize that these goals are big goals. But thinking big has always been the story of Los Angeles, and as I said earlier, the Valley lies at the heart of L.A.'s future.

So I urge everyone in this audience to see the future of Los Angeles as a future we all share.

As a future where the jobs we grow are good jobs.

As a future in which the dream of home ownership is alive and well.

As a future where we are linked to one another by a world-class transit system.

Let's see it as a future where we are safe.

And as a future where every Angeleno has an opportunity to share in our prosperity.

Thank you for listening.