

City of West Hollywood **General Plan Update**

Strategic Economics
January 5, 2010

Presentation Overview

1. Report Purpose and Methodology
2. Fiscal Analysis
3. Retail Overview
4. Issue Area Analysis

Report Purpose and Methodology



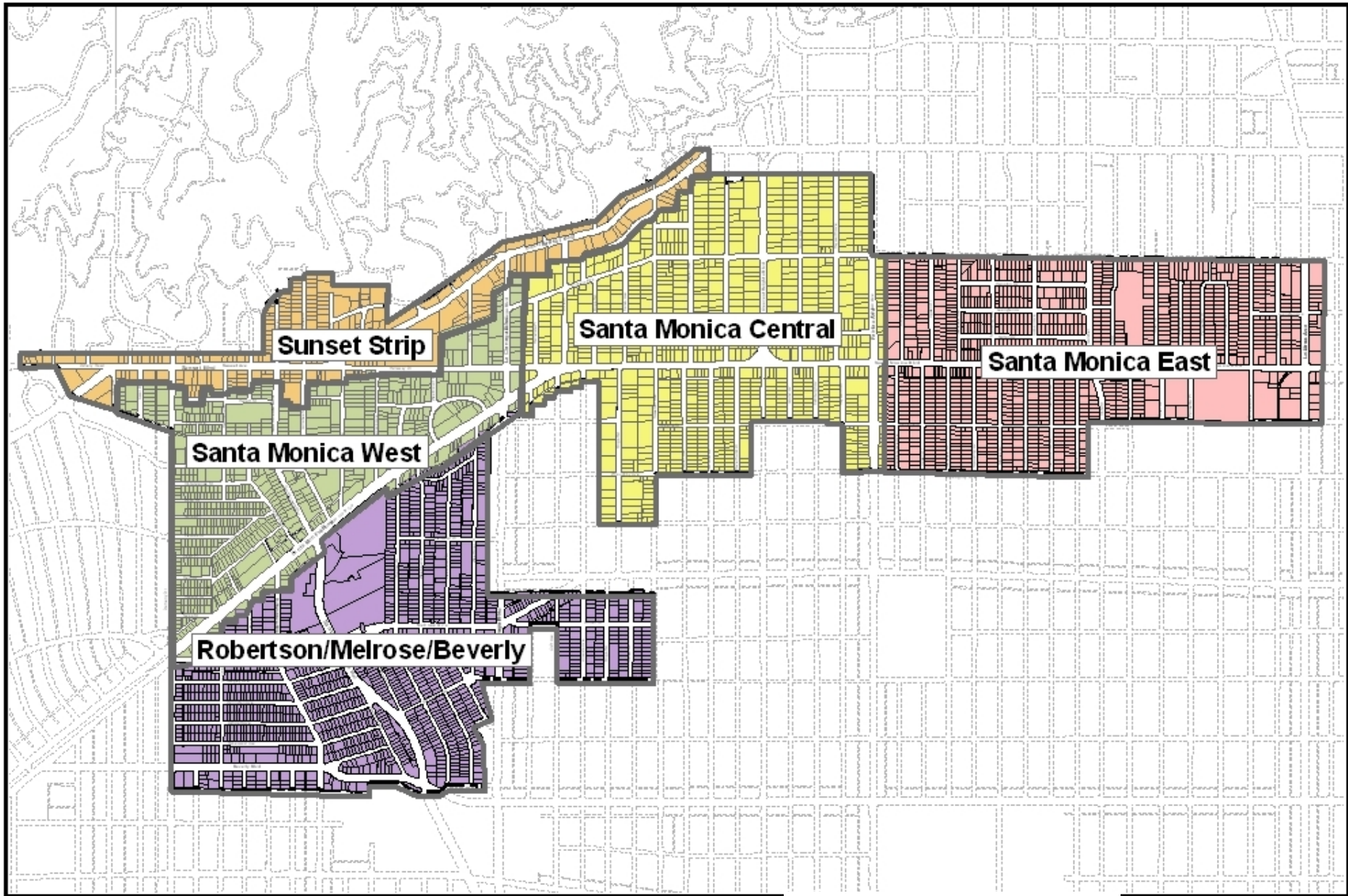
Economic Conditions Background Report

Purpose:

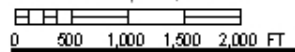
The goal of the report is to determine baseline fiscal and retail conditions in the City of West Hollywood, with a focus on key issues and sub-areas identified by the City.

Key Issues

- ◆ Maintaining fiscal diversity/sustainability.
- ◆ Preserving West Hollywood's cultural identity.
- ◆ Staying competitive with emerging entertainment and luxury shopping areas.
- ◆ Measuring the effect of retail gentrification on key issue areas.



Source: West Hollywood, GIS 2007.



Strategic Economics, 2008



Economic Sub-Areas

West Hollywood
Los Angeles County, CA

Fiscal Analysis

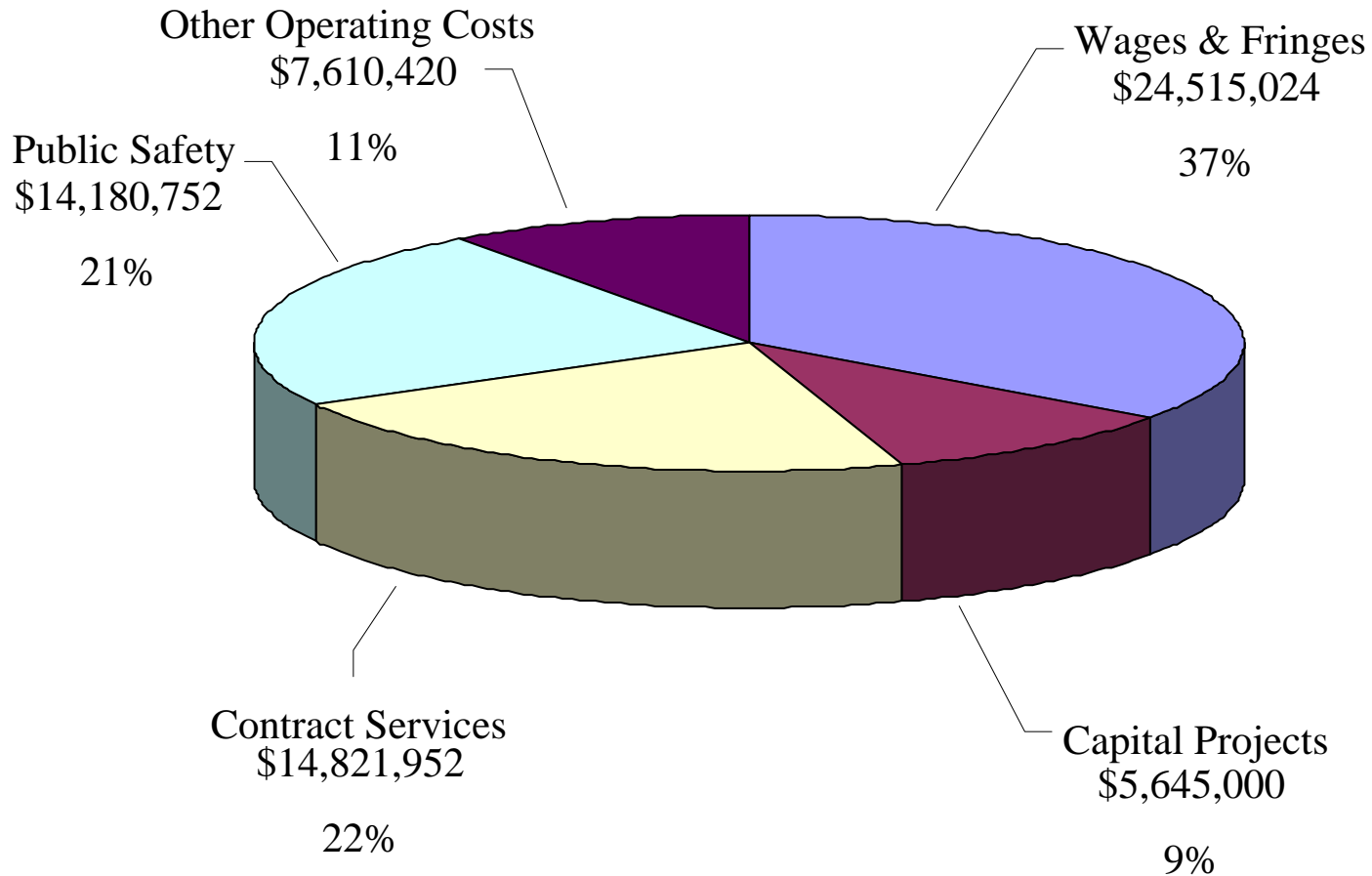


Fiscal Analysis Key Findings

- ◆ **West Hollywood has an atypical mix of revenues and costs.**
- ◆ Tourism is vitally important to the City's fiscal health.

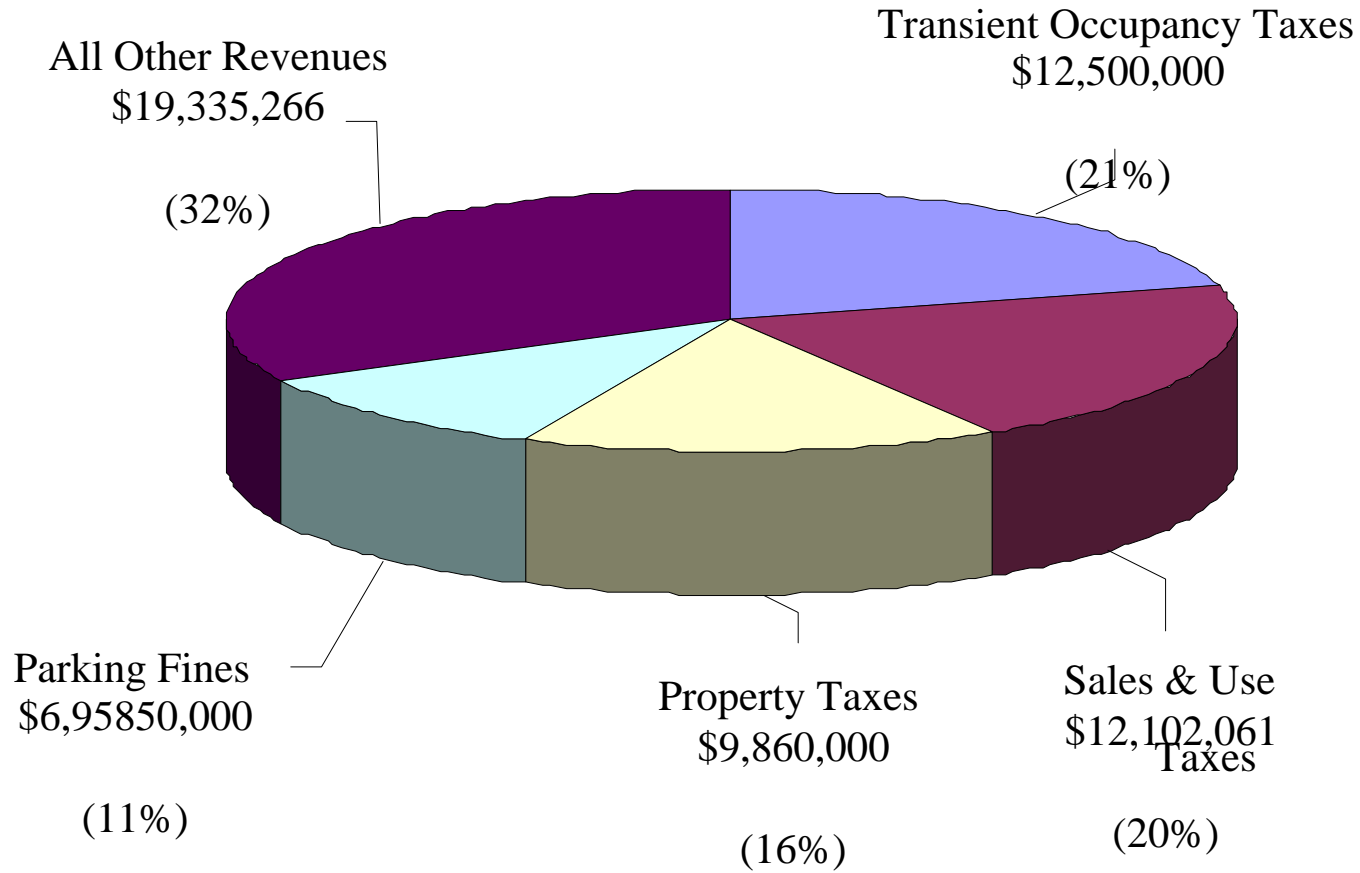
FY 2009-2010 General Fund Expenses

FY 2009-2010 Expenses: \$66,773,148



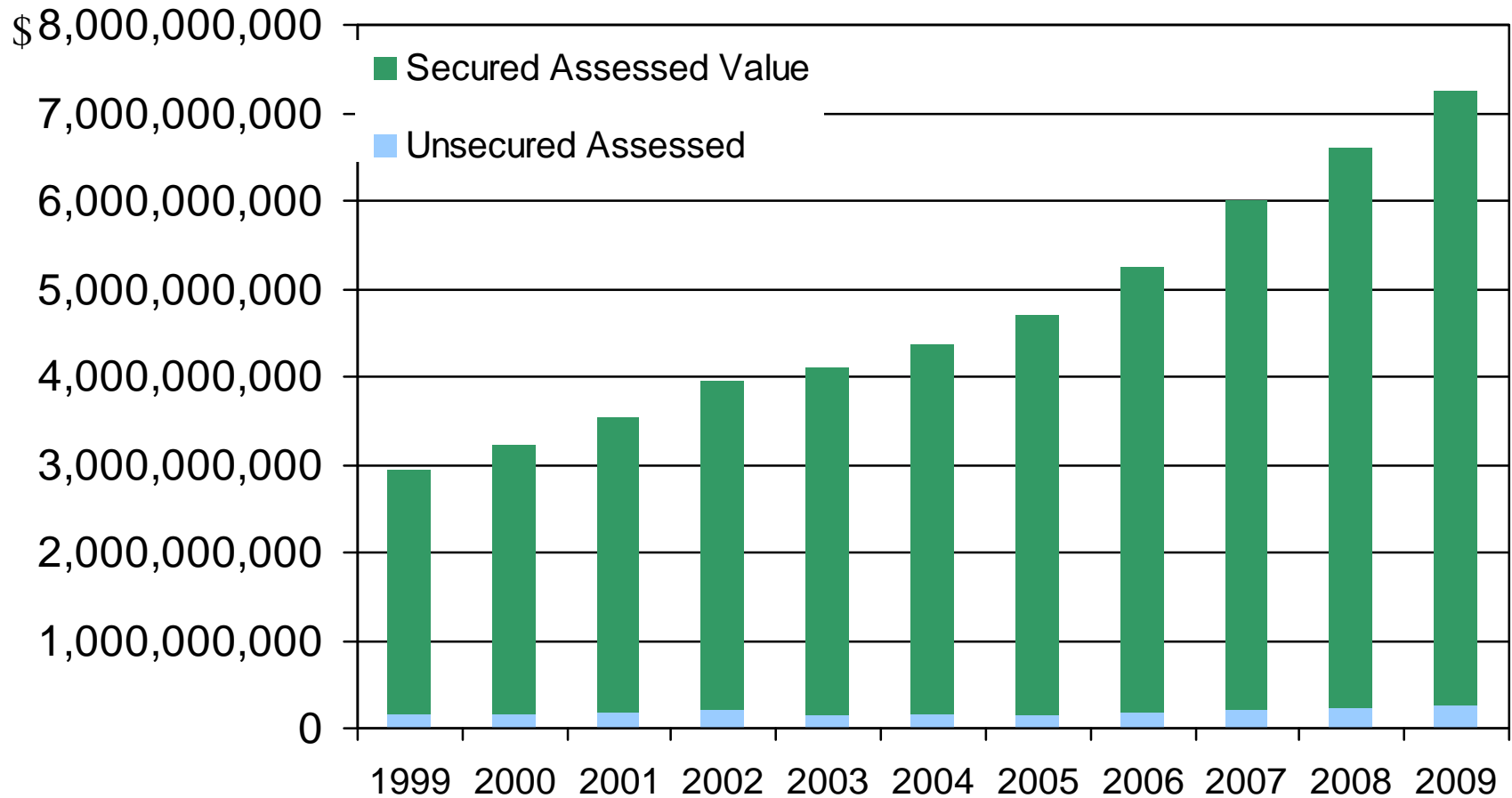
FY 2009-2010 General Fund

FY 2009-2010 Revenues: \$60,747,327



Rising Property Values

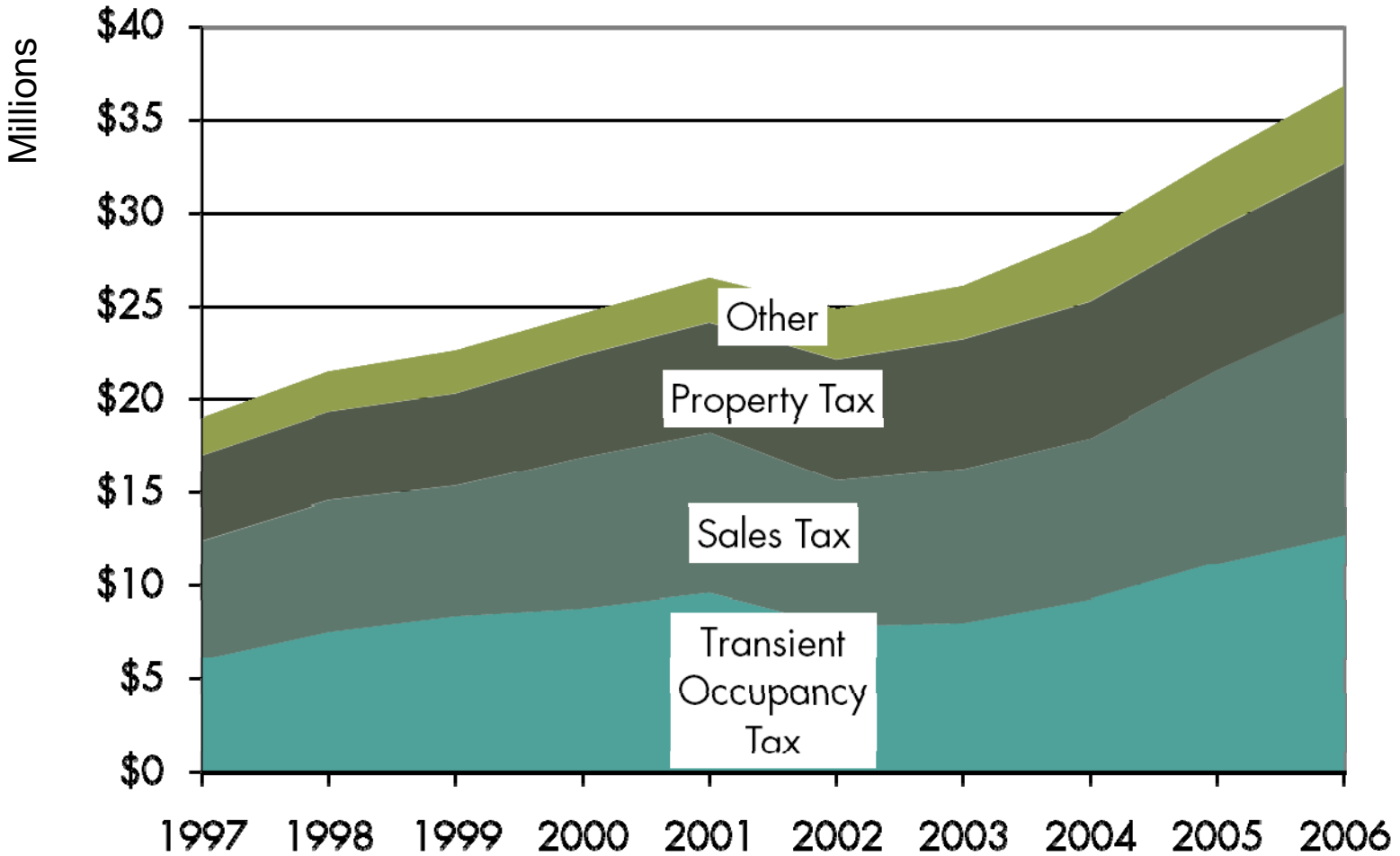
- \$192,438 Assessed Value Per Capita
- 8th in LA County in AV growth with a 4.4% increase in 2009



Fiscal Analysis Key Findings

- ◆ West Hollywood has an atypical mix of revenues and costs
- ◆ **Tourism is vitally important to the City's fiscal health.**

General Fund Revenues by Source, 1997 - 2006



Source: City of West Hollywood, Comprehensive Annual Financial Report, Fiscal Year Ending June 30, 2007; Strategic Economics 2008

Fiscal Analysis Key Findings

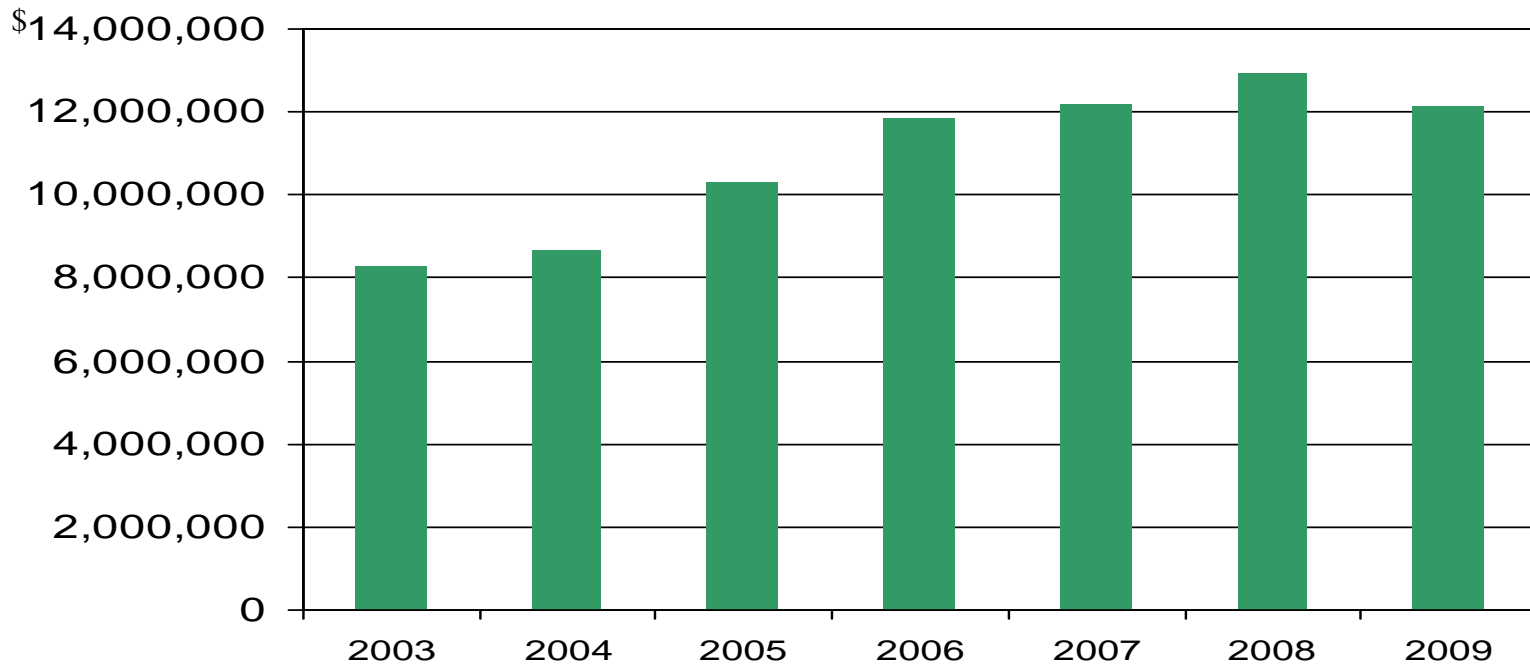
- ◆ West Hollywood has an atypical mix of revenues and costs
- ◆ Tourism is vitally important to the City's fiscal health.
- ◆ **Fiscal contributions vary greatly by sub-area and retail category.**

Retail Overview

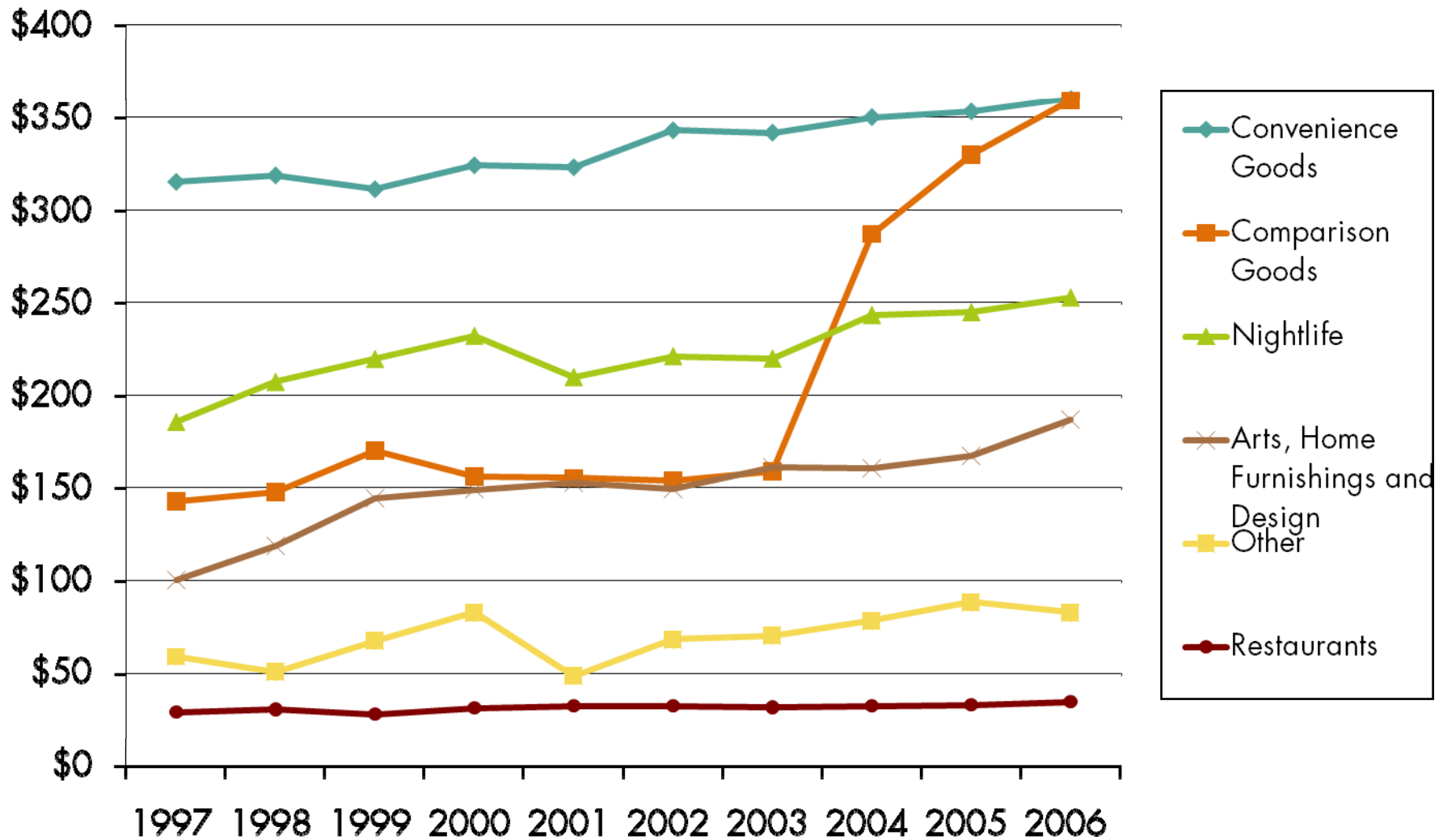


West Hollywood Retail Sales “Activity”

- West Hollywood generated \$12.1 million in sales taxes in 2009



Retail Sales by Category, 1997 to 2006



Source: California State Board of Equalization; Strategic Economics 2008

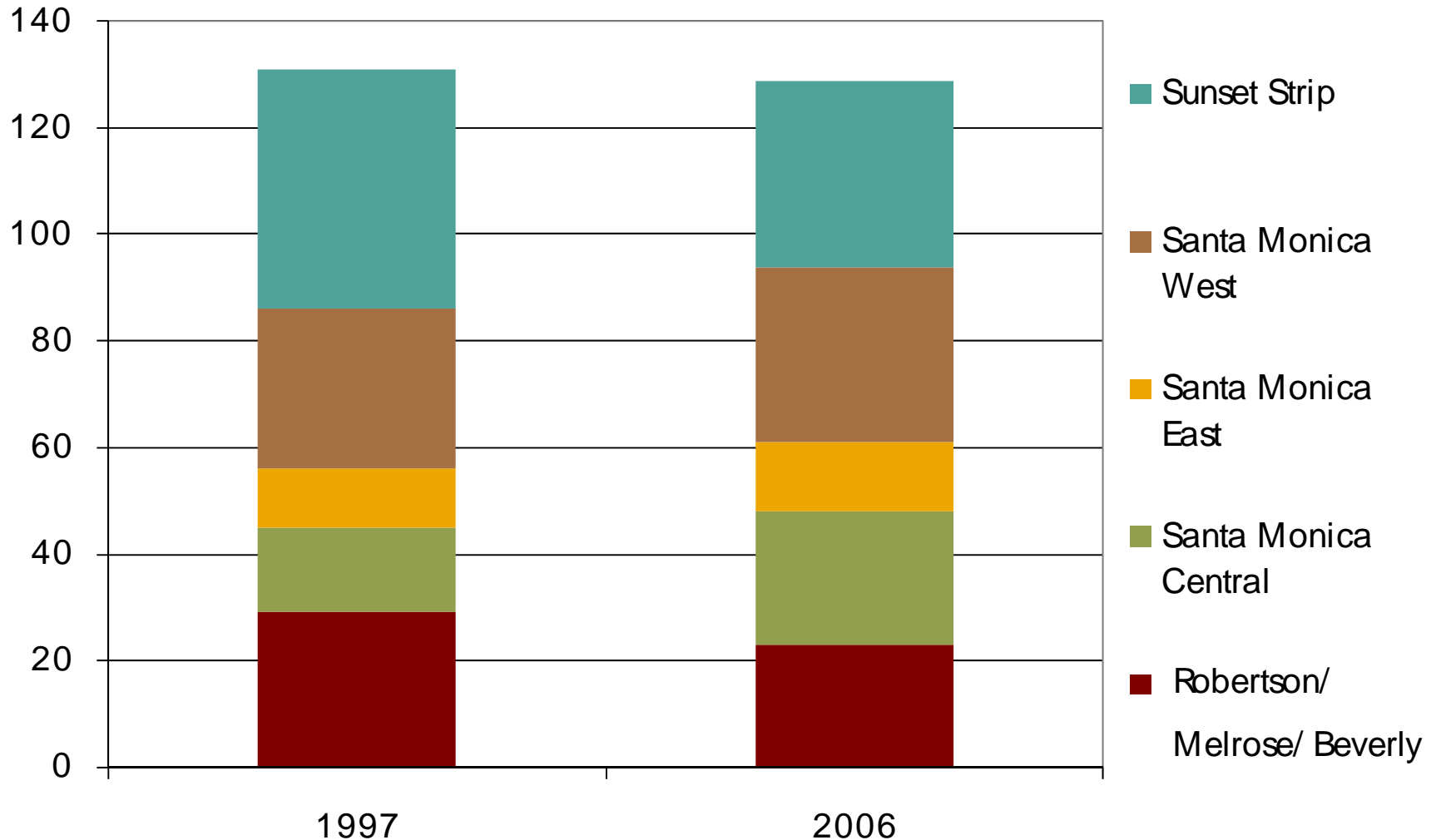
Issue Area Analysis



Issue Areas

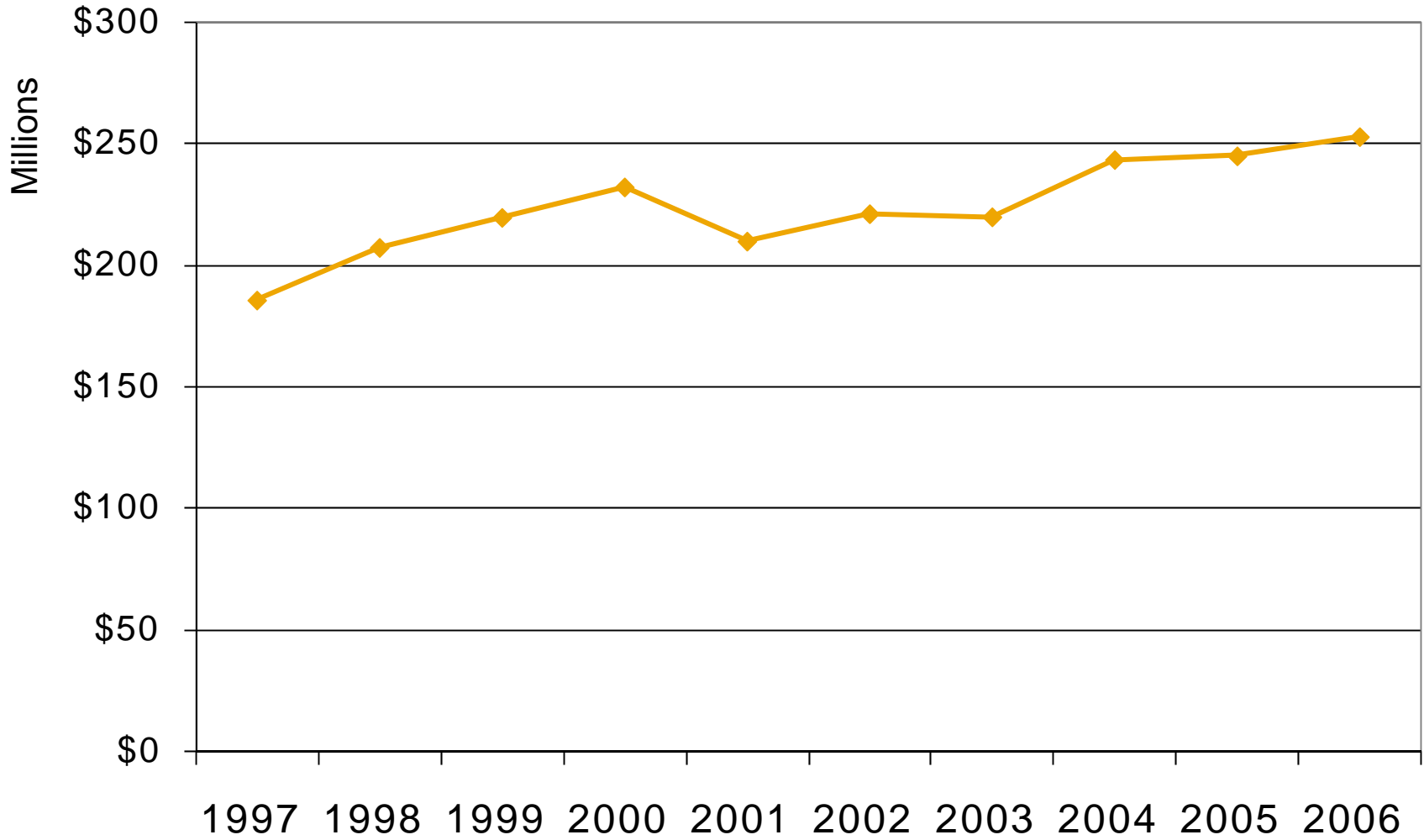
- ◆ **Nightlife Industry**
- ◆ Arts, Home Furnishing and Design Industry
- ◆ Neighborhood-serving Businesses
- ◆ LGBT-identified Businesses
- ◆ Russian-oriented Businesses

Number of Nightlife Establishments by Sub-area, 1997 vs. 2006



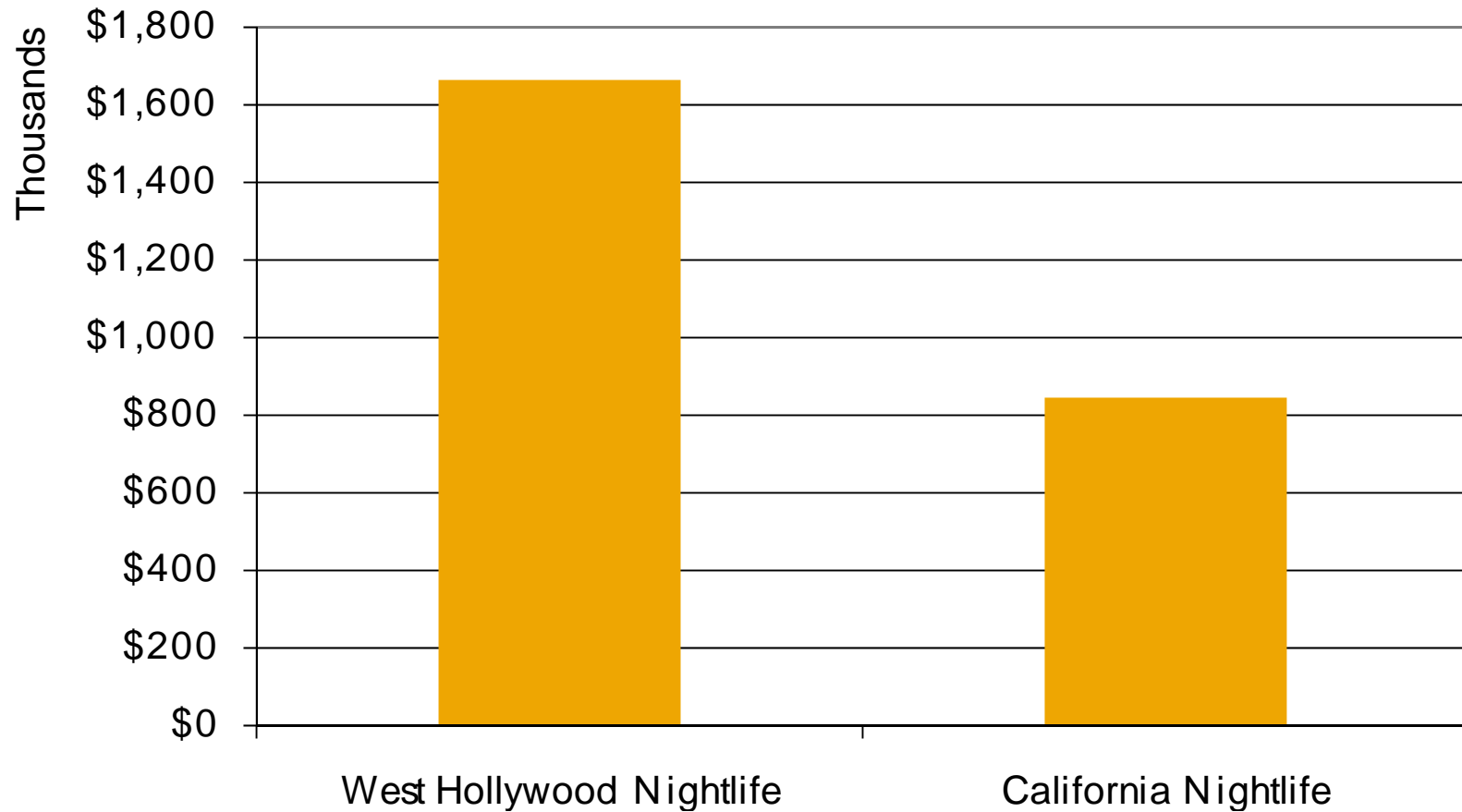
Source: California State Board of Equalization; Strategic Economics 2008

Nightlife Sales Performance, 1997 to 2006



Source: California State Board of Equalization; Strategic Economics 2008

Nightlife Sales per Establishment, 2006, West Hollywood vs. State of California



Source: California State Board of Equalization; Strategic Economics 2008

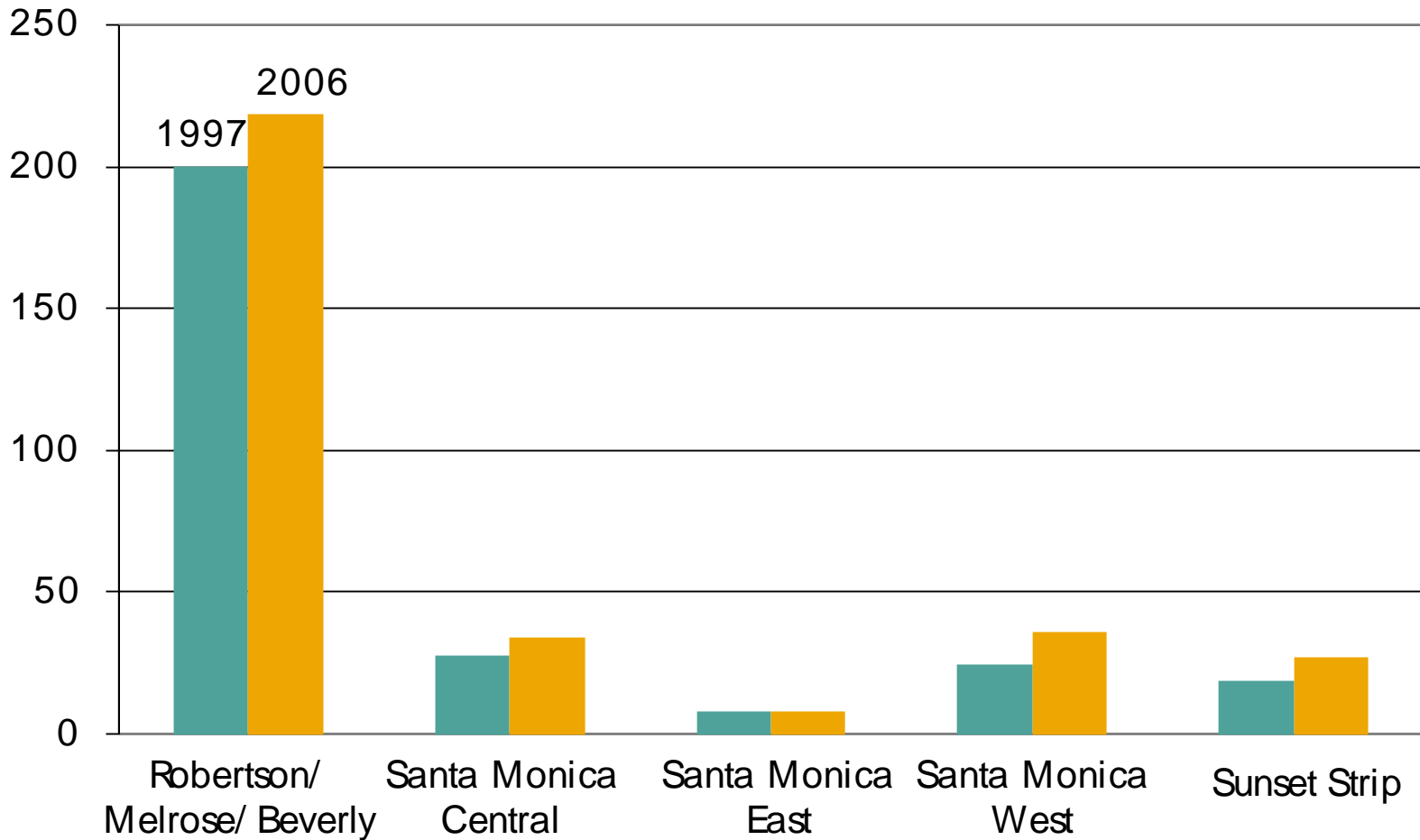
Nightlife Key Findings

- ◆ West Hollywood is not losing nightlife in significant numbers.
- ◆ The location of nightlife establishments within the City is shifting.
- ◆ West Hollywood nightlife continues to perform well, particularly compared to typical establishments outside of the City.
- ◆ Rather than disappearing, West Hollywood nightlife is evolving to meet city residents' changing preferences.

Issue Areas

- ◆ Nightlife Industry
- ◆ **Arts, Home Furnishings and Design Industry**
- ◆ Neighborhood-serving Businesses
- ◆ LGBT-identified Businesses
- ◆ Russian-oriented Businesses

Number of Arts, Home Furnishings and Design Establishment, 1997 and 2006



Source: California State Board of Equalization; Strategic Economics 2008

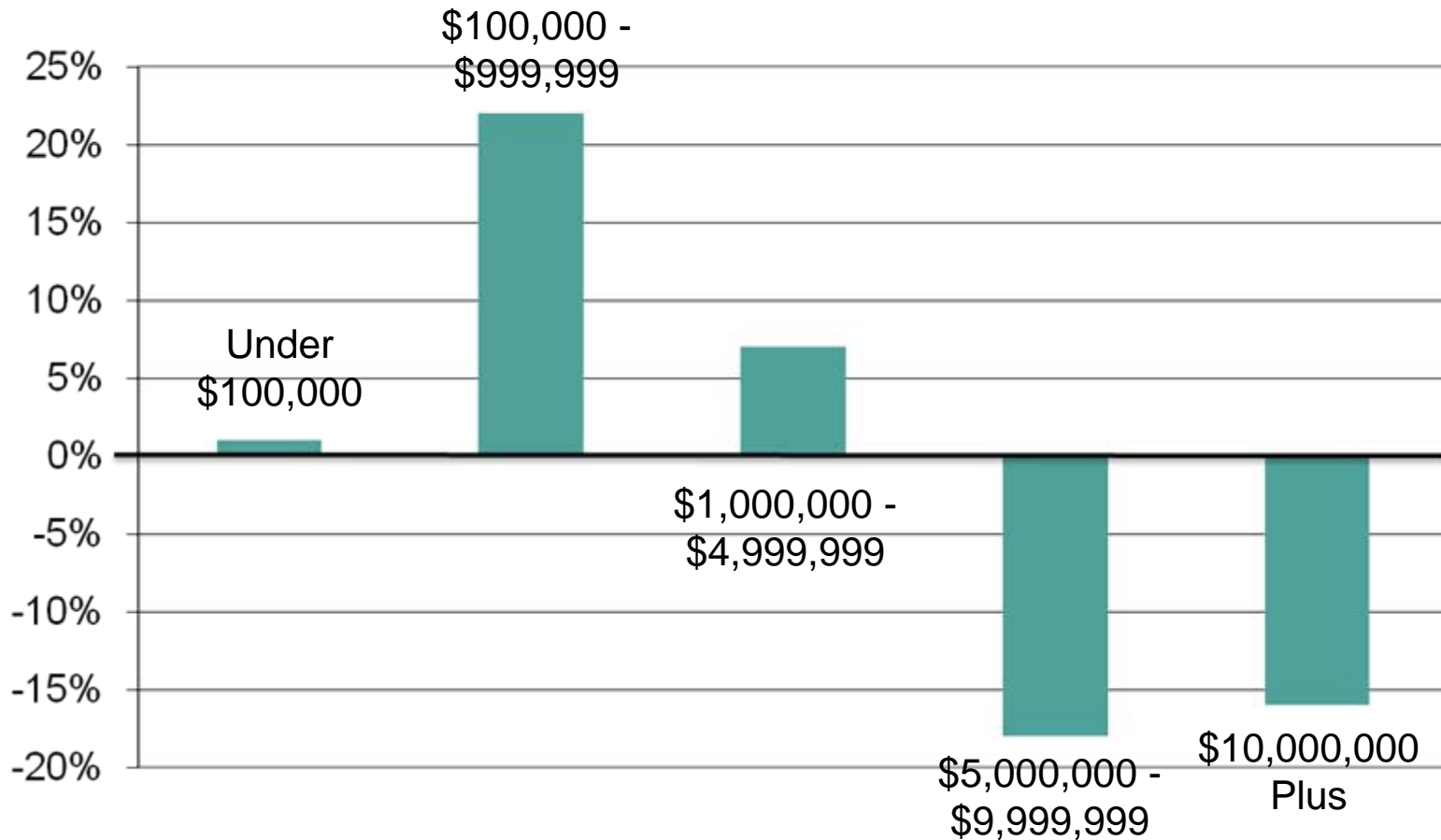
Arts, Home Furnishings and Design Key Findings

- ◆ Arts, Home Furnishings and Design businesses continue to thrive in West Hollywood.
- ◆ New businesses in a range of sizes have opened in the last decade.
- ◆ The smallest and largest businesses have experienced the greatest improvement in sales.
- ◆ The success of the Robertson/Melrose/Beverly subarea appears to have benefited businesses of all sizes.

Issue Areas

- ◆ Nightlife Industry
- ◆ Arts, Home Furnishings and Design Industry
- ◆ **Neighborhood-serving Businesses**
- ◆ LGBT-identified Businesses
- ◆ Russian-oriented Businesses
- ◆ Social Services

Percent Change in Sales Per Establishment for Neighborhood Serving Retail Businesses, from 1997 to 2006, by Sales Category



Source: California State Board of Equalization; Strategic Economics 2008

Neighborhood-Serving Businesses Key Findings

- ◆ West Hollywood lost neighborhood-serving retail businesses from 1997 to 2006.
- ◆ BUT, those that remain are performing better than ever.
- ◆ The City is well-served by existing grocery stores.
- ◆ The number of neighborhood-serving services fell 14% from 1997 to 2006.

Issue Areas

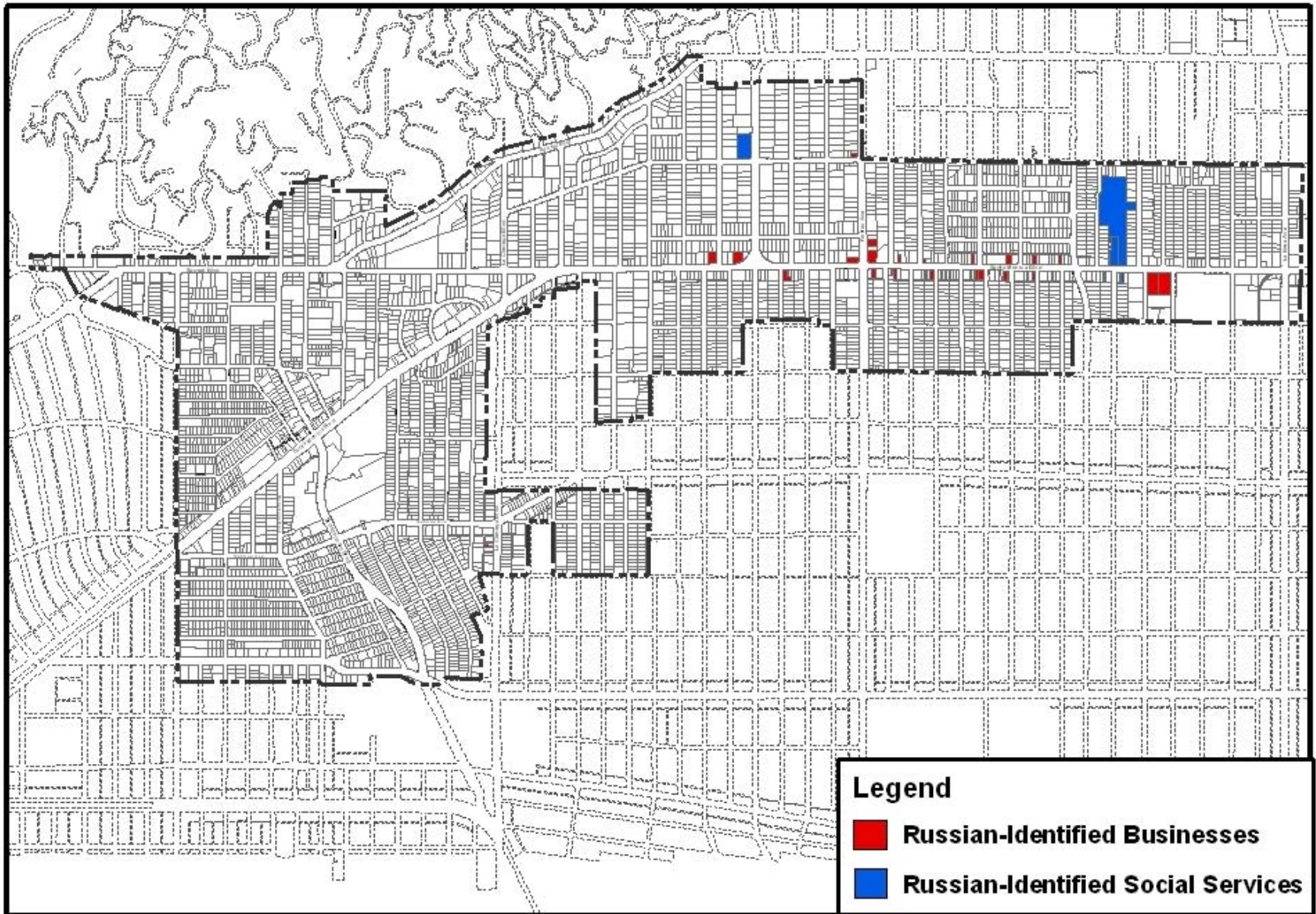
- ◆ Nightlife Industry
- ◆ Arts, Home Furnishings and Design Industry
- ◆ Neighborhood-serving Businesses
- ◆ **LGBT-identified Businesses**
- ◆ Russian-oriented Businesses

LGBT Identified Businesses Key Findings

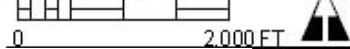
- ◆ Sales performance suggests that LGBT-identified businesses are performing well.
- ◆ Brokers report that more single, straight women and young married couples are drawn to the City.
- ◆ Although the extent is unclear, it appears that the LGBT identity of West Hollywood is evolving.

Issue Areas

- ◆ Nightlife Industry
- ◆ Arts, Home Furnishings and Design Industry
- ◆ Neighborhood-serving Businesses
- ◆ LGBT-identified Businesses
- ◆ **Russian-oriented Businesses**



Source: WestHollywood_GIS 2007.



Russian-Identified Businesses, 2006

Source: California State Board of Equalization; Strategic Economics 2008

West Hollywood

Russian-Oriented Businesses Key Findings

- ◆ Russian-oriented businesses are concentrated in the Santa Monica East subarea.
- ◆ Most Russian-oriented businesses are small, and serve a niche market.
- ◆ On average, sales per establishment for Russian-oriented businesses are lower than for comparable businesses.

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