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ASSISTANT PRESIDENT PRO TEMPORE

City Council
of the
City of Los Angeles
City Hall

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HOUSING, COMMUNITY &
ECONOMIC DEVELOPMENT
MEMBER

May 15, 2008

Mayor Antonio Villaraigosa
300 N. Spring Street, 3rd Floor
Los Angeles, CA 90012

Dear Mayor Villaraigosa,

We have worked together on the *South Los Angeles Initiative* and have identified projects in Council District Nine such as the Adams and Central mixed-use development as a priority project. This project is located at 1011 East Adams Boulevard and consists of 80 units of affordable family housing all below 60% area median income and 18,500 square feet of retail space. The potential retailer is Fresh and Easy which is also noted in the *South Los Angeles Initiative* as retail recruitment priority.

I am writing to you to express my deep concern about the discussion that took place at the Community Redevelopment Agency (CRA) Board of Commissioners meeting today regarding the Adams & Central mixed-use project. The discussion item was an oral staff report on a \$2.5 million easement agreement that the board previously approved. It should be noted when the action item to approve the \$2.5 million easement agreement was before the board on March 6, 2008 Commissioner Ling voted no and Commissioner Janis abstained however the allocation was approved and the CRA staff moved forward.

The \$2.5 million consists of \$1.65 million in land acquisition funds and \$850,000 in tax increment funds. The easement agreement is separating the commercial portion of the project from the residential component of the project. The easement agreement allows for the CRA to restrict the use of the commercial portion in perpetuity and helps to close the gap on the construction commercial funding. In fact, Seifel and Associates, an independent, third party provided the project underwriting and agreed the project had a \$2.5 million gap. The future retail tenant, Fresh and Easy, is not receiving any public funds.

Some commissioners did not feel there were enough conditions written into the easement agreement. Commissioners Ling, Janis and Sickler submitted a memo to the Chief Executive Officer (CEO) asking for new terms to be inserted into the easement agreement. The memo is attached for your reference and has also been referred to the City Attorney for review. I felt this memo needed to be reviewed by the City Attorney because it may violate Brown Act requirements as the board is currently comprised of six members and three members authored the memo.

The point of today's oral report was to give the commissioners a report back on the terms of the easement agreement not to change them mid-stream. It was not an action item yet there was an obvious effort by certain commissioners to make social policies apply to Fresh & Easy despite it receiving no public funds. There was some discussion among these commissioners to



actually bring back the \$2.5 million in funding for the easement agreement and rescind it unless new terms regarding 30 full time, living wage jobs were met.

It should be understood that Bank of America is the lender for the commercial portion of the project and they will not lend to a project that has a permanent covenant attached to it that mandates 30 full time, living wage jobs. No lender would. The abovementioned members of the board want to change the easement agreement to ensure these items. **This puts the project in serious jeopardy as all funding needs to be in place by June 12th.**

Additionally, I am concerned by the action of the CEO inserting herself into the board discussion and requesting that the matter come back to the board with another oral report on June 5th even after the Chairman of board clearly stated he did not want the item to be on the agenda. I think we can all agree changing and/ or rescinding terms of a deal does not promote economic development in South Los Angeles.

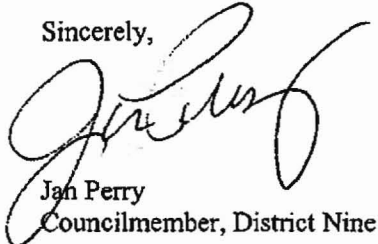
I am asking for your office to contact the CEO to let her know that this project needs to be built and should not be jeopardized. It needs to be made very clear that we can not afford to lose this opportunity because if we do it will impact tax increment, sales tax and the kind of revenue streams that negatively affect our overall budget. The project represents over two years of hard work on the part of my office and City staff.

Additionally, Commissioner Janis as the executive director of LAANE has produced a white paper against Fresh & Easy (Tesco) and it could be construed that she is misusing her role as a commissioner to apply her organization's agenda to this project.

I have voiced my concern about these types of matters repeatedly and for these very reasons opposed the reappointment of Commissioner Ling. The CRA's mission is to eliminate blight and stimulate economic development not hinder it with ad hoc policies and a political agenda that does not support the best interests of the South Los Angeles community. As elected officials we are accountable to the community. The CRA board is not. The community is extremely involved in matters related to development in my district and fully anticipates this project going forward.

We need grocery stores, employment opportunities and affordable housing; this project delivers it all and needs to be supported. I would appreciate it if you would contact me at (213) 300-7952 at your earliest convenience.

Sincerely,



Jan Perry
Councilmember, District Nine

CC: Los Angeles City Council
The Hon. Rocky Delgadillo, City Attorney
Bud Ovrom, Deputy Mayor