August 11, 2016
Los Angeles City Planning Commission
200 North Spring Street, Room 272
Los Angeles, CA 90012

CPC-2014-1772-DA;
ENV-2014-1773-EIR.

Dear Planning Commissioners:

Community Development Technologies (CDTech) submits these comments on behalf of small businesses within a one-mile radius of the proposed Reef project at 1900 South Broadway who stand with UNIDAD and call on you to oppose the Reef development as it is proposed. These long-term, family-run small businesses are at high risk of displacement as a result of the permanent economic impacts this project will have on the neighborhood. As it stands, the current plan on the table does not include any anti-displacement strategies for local small businesses. We call on our Planning Commissioners to oppose this project as it is proposed today until a better plan is put forward that is accountable to the local community this project threatens.

This project claims it will "revitalize" the neighborhood. The proposed project area already has a vital small business community who deserve to be recognized for the social, cultural, and economic capital they contribute to the cohesion of our community.

We recognize there is a general trend of development throughout the entire City of Los Angeles. With Transit Oriented Development along the Blue and Expo Lines, the outgrowth of Downtown, and USC's expansion, this historic business and manufacturing district is sandwiched between multiple shifting spaces that have already begun to impact businesses in the proposed project area. The Reef is part of this "redevelopment" and would be the largest driving force of gentrification built south of the 10 freeway, ushering in what we anticipate to be a threatening future for current small business stakeholders. But it doesn't have to be.

CDTech spoke to over 500 businesses over the past 18 months within the Reef project area and we have heard the concerns they shared. The following describes the current situations they face.

**Why these businesses matter:** These establishments represent the local community. They are run by, employ, identify with and serve their community. They have been in the neighborhood for a significant length of time, and embody cultural legacies that are relevant to the area both historically and socially. The overwhelming majority of businesses surveyed have been in operation at that location for over 10, 20, 30, to upwards of 60 years. At the same time, businesses are underresourced and contending with multiple fronts of instability:

**Rising rent:** Unlike residential tenants, commercial tenants do not have the safety of a rent cap. Business owners in the area have already been experiencing rental increases over the past few years, especially as commercial landlords anticipate the impending "redevelopment" ushered in by the proposed Reef. Rent increases jumping $300 to $600 from one month to the next, are leaving many of these long-term valued establishments wondering if they'll be able to keep their doors open. One of these businesses was displaced last year (2015) as rent went from being under $2,000/mo to $5,000/mo overnight; they had been at that location for 20 years and all was lost, including the equity stock they had invested in the space. The unit remains empty 8 months later, waiting for a tenant who will pay that price.

**Lease Agreements:** Denying lease agreements or only issuing short term leases has been a tool for commercial property owners in the area looking to take advantage of the "redevelopment" from projects like the Reef, and cash in at the business owner's expense. **46% of renting business owners are being denied a lease agreement!** Three out of four of the businesses without a lease shared that the property owner has refused to issue them one despite their efforts. Many believe this is because the owner is waiting for the Reef project to be built and the accompanying "redevelopment" so they can sell the building, free of lease contracts. Without a contract, these businesses are left with no rights. How do they advocate for their ability to stay if the owner raises their rent too high, forcibly evicts them, or sells the property? **Many of the commercial properties that house multiple businesses are already on the market for sale to the highest bidder.** Despite its legacy in the neighborhood, any of these businesses could disappear from one day to the next, taking with it the social, cultural, and local economic capital they provide.

For those business who do have a lease, they have only been issued leases of one month to 5 years tops, which provides them no long-term stability. According to CDTech’s findings, **20% of the businesses surveyed have a lease set to...**
expire this year (2016), and 17% surveyed are due to expire next year (2017), with no guarantee of renewal. Even with the Reef still in its City Approval stages, the anticipation of it alone could potentially cause a sudden and permanent loss of these family-run small businesses.

**Threatening Competition from Big Business.** Of the many economic strains these small businesses also experience, is the colonization of business corridors by Franchises. When certain types of franchises move in, 7-11 for example, local businesses who offer a variety of different services and goods suffer.

One out of three businesses interviewed shared that if they were displaced from their current location they would be forced to close their doors permanently.

**As a result, UNIDAD has sought to bring these concerns to the ears of our elected officials:** Alongside UNIDAD's community input process in 2015, CDTech engaged and educated over 40 small business owners in order to develop a series of recommendations that were incorporated into UNIDAD's Proposal Package. The community presented this proposal to Councilmember Price's office who shared it with the Reef Developers. (We would be happy to share these recommendations with any interested Commissioner upon request.)

**Neither Councilmember Price nor the Developer have responded** to these proposals, nor the Health Impact Assessment Study that accompanied the proposal. They have not engaged community stakeholders, including local small business owners on how to prevent small business displacement around the project area. **If they won't be accountable to us, will you?**

Please see below images of the 38 signatures that represent a sampling of the small businesses within a one-mile radius of the project who stand with UNIDAD and call on you to oppose the Reef development as it is proposed until community interests are heard. Their signatures stand with you today—though they would rather be here in person this time of day is not conducive to their ability to do their work and keep doors open.

We have seen this displacement already occur among vibrant business corridors in other parts of the city --- **this is our chance to be proactive in making sure the long-term family-run businesses in the Project area, who have given years of themselves to serve this community, have the opportunity to THRIVE in its future economy, not be forgotten by it.**

Sincerely,

Benjamin Torres
President and CEO, CDTech
## Exhibit B: The Reef Falls Short by Any Standard of Affordable Housing in the City of Los Angeles

<table>
<thead>
<tr>
<th>The Reef Proposes</th>
<th>1.9% of total units affordable at Low Income level = 28 units of LI affordable housing + $15 M in affordable housing = 37 units of VLI affordable housing + 0% revenue from Billboard/signage revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grand Metropolitan, Measure JJJ (Nov 8, 2016 ballot)</strong></td>
<td><strong>Mayor's AH Linkage Fee Nexus Study</strong></td>
</tr>
<tr>
<td><strong>Rationale for applying to Reef</strong></td>
<td>Located across the street from the Reef. Approved in 2015. 1/10th the size of the Reef.</td>
</tr>
<tr>
<td><strong>Description of this standard</strong></td>
<td>5% ELI on-site affordable housing 10% VLI on-site affordable housing 15% on-site affordable housing</td>
</tr>
<tr>
<td><strong>If Applied to the Reef</strong></td>
<td>5% = 72 units of on-site ELI Affordable Housing 10% = 144 units of on-site VLI affordable housing 15% = 216 units of on-site affordable housing</td>
</tr>
<tr>
<td><strong>Loss to the Community</strong></td>
<td>-151 units of affordable housing + -$13 million annually from billboard revenue</td>
</tr>
</tbody>
</table>

"Items 4/5 & 6"

Date: 11/1/16

Council File No: 4.6.16

Item No: 16-1028.52 & S-3

Proposed billboards at the Reef would generate a projected $27M of revenue per year, along with low operating costs.

The $15M proposed in the Development Agreement would be earned roughly every 6-7 months of operation.

Devoting 50% of billboard revenue per year to affordable housing would generate around $13M per year. Every 5 years, that would be about $65M.