

Los Angeles Times

L.A. could cancel real estate projects tied to City Hall corruption



L.A. City Atty. Mike Feuer, seen in 2017, has proposed an ordinance that would allow the city to repeal approvals for building projects where developers or their representatives engaged in corruption. (Mike Balsamo / Associated Press)

By [Emily Alpert Reyes](#), [David Zahniser](#)

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Los Angeles could revoke city permits and approvals for real estate projects if the City Council finds that developers or their representatives engaged in corruption, under a new ordinance proposed by City Atty. Mike Feuer.

In a letter to council members, Feuer said the city needs an effective tool to address development decisions “tainted by corruption and fraud” and help restore public faith in City Hall.

<https://www.latimes.com/california/story/2020-08-07/la-me-city-hall-corruption-law-could-cancel-building-projects>

“The city must take decisive action to address the specter of corruption and fraud that looms over the City’s land use decision making process,” he wrote.

Feuer’s proposal comes weeks after the arrest of Councilman Jose Huizar, who has been accused by federal prosecutors of heading a criminal enterprise fueled by bribes from developers. Huizar pleaded [not guilty](#) this week to bribery, money laundering, racketeering and several other charges.



Proposed Ordinance on Revoking Building Approvals

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The investigation has netted guilty pleas from former Councilman Mitchell Englander, former Huizar aide George Esparza, real estate consultant George Chiang and political fundraiser Justin Jangwoo Kim. Several real estate projects have been mentioned in the criminal indictment, but so far no developers have been arrested or publicly charged.

Feuer urged the council to pass the ordinance swiftly and “put it to use” on projects implicated in the ongoing probe. Although prosecutors have not named the projects in the criminal case, details in the Huizar indictment make clear that they have concluded the alleged bribery schemes involve:

- A [20-story residential tower](#) planned at the corner of Hill Street and Olympic Boulevard.
- Plans to replace the [Luxe City Center Hotel](#) across from the L.A. Live entertainment complex with new towers.
- A [77-story skyscraper](#) proposed for property occupied by the L.A. Grand Hotel Downtown on Figueroa Street.
- A [35-story tower](#) being built in the Arts District.

Feuer and other officials have taken initial steps to thwart projects mentioned in the probe: In June, they moved to rescind approvals for the sale of alcoholic beverages and live entertainment provided to the Luxe redevelopment project. Feuer said that at his direction, the building department had also put holds on permits for projects connected to the case.

Land use attorneys told The Times that whether the city can [block such projects](#) could hinge, in part, on whether developers have obtained “vested rights,” which ensure they can complete a project even after government officials change the rules about what can be built.



Letter from City Attorney Mike Feuer

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Feuer's proposed ordinance states that developers have no vested rights if their permits or approvals were "procured by corruption or fraud." Under the draft law, the council could vote to revoke approvals or terminate applications for building projects in which developers, owners or their representatives have violated corruption laws or falsified facts.

Revoking city approvals for such a project would require a two-thirds vote of the council. Any city employee or official who is implicated in the alleged wrongdoing would be barred from being involved in the process, according to the ordinance.

The law would also allow real estate developers and others to be barred from pursuing future developments in Los Angeles for a set period of time, or ban them permanently.

Jill Stewart, an editor and activist involved with the group Livable California, said that Feuer "seems to be coming from the right place." But she argued the proposed ordinance "doesn't touch the other half of L.A.'s corruption problem — the elected officials themselves."

"Who will watch the elected leaders as they watch the developers?" Stewart asked, complaining that the council had [drastically pared back](#) a package of proposed campaign finance reforms [backed](#) by the Ethics Commission. "The electeds have to bend to intensive reform to win back the public, and they know this."

Among the four projects, the 77-story skyscraper on Figueroa Street has not yet been approved. The other three projects, pursued by developers Carmel Partners and Shenzhen Hazens, and businessman Dae Yong Lee, have been approved but not yet completed.

Representatives of Carmel Partners and Lee did not immediately comment on the proposed ordinance. An attorney representing Shenzhen Hazens declined comment.

Determining whether a project is tainted by corruption could be contested terrain. Carmel Partners has previously [stated](#) that the Huizar criminal complaint contains false or misleading statements, but did not elaborate. The firm said members of its executive and management committees did not knowingly participate in a pay-to-play scheme.

Attorney Ariel Neuman, who is representing Lee, has said previously that Lee is cooperating in the federal investigation and looks forward to "a swift resolution clearing his name."

In recent weeks, several council members have called for the city to look at repealing approvals for projects mentioned in the criminal case. AIDS Healthcare Foundation, a nonprofit that has been a vocal player in local debates over development, [sued](#) the city earlier this week to stop some projects vetted by Huizar and Englander.

Feuer is [running](#) for mayor in 2022 and will likely have to contend with questions about a separate federal probe. Last year, FBI agents [raided](#) the City Attorney's Office as part of an investigation into the city's handling of billing problems at the Department of Water and Power.