Community Benefits Agreements: An Evolution in Public Benefits Negotiation Processes

By

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Abstract

Urban redevelopment projects involve three parties: (1) the public sector (e.g. public officials), (2) the private sector (e.g. developers), and (3) the community (e.g. residents and community groups). Traditionally, decision-making power in urban redevelopment projects resided between the public and private sectors, with little authority given to communities. The development of Community Benefits Agreements (CBAs) were a reaction to this imbalance and have helped communities gain influence in the redevelopment process.

These agreements are “legally” binding contracts between a developer and community group(s) to ensure that development projects benefit local community residents. Their creation is rooted in several decades of failed urban policies and the public learning that has taken place since Urban Renewal. CBAs first appeared in Los Angeles in 2001 and have since taken root across the country in such geographically diverse places as Denver, Milwaukee, and New York City.

These agreements represent a significant evolution in collective bargaining, the ability of varied entities to come together and take a common position on a topic, and the ability of communities to secure benefits from developers. This thesis examines why these agreements came into existence, the process by which they are implemented, and how they have been employed. It will look at how these agreements have created greater overall value for all three sectors involved in publicly subsidized redevelopment projects and how to improve upon the community benefits negotiation process.

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When I created my thesis proposal in fall of 2006 I had to think about what motivated me as a student of urban planning and real estate development. I thought about what I wanted to do with my life as well as the experiences that brought me to the Department of Urban Studies & Planning and the Center for Real Estate at M.I.T. It forced me to evaluate the range of professional and personal experiences that have shaped who I am as a person, student, and professional.

One example stood out among all others: the Hudson Street for Chinatown (HSC) campaign that I had worked on as a community organizer for the Asian Community Development Corporation (ACDC) in Boston Chinatown. The objective of this campaign was to create a community vision for parcel 24, a 1.5-acre parcel of developable land in densely packed Chinatown, and to get that vision adopted into the request for proposals (RFP) for the site. I spent two years working on this campaign and it helped to shape my interest in planning and development.

The process of creating a community vision involved forming a broad coalition that was representative of the many varied interests that existed in Chinatown. As an organizer I helped to build an expansive coalition of community based organizations and residents and worked with other ACDC staff to ensure that coalition members had the knowledge they needed to fully participate in community meetings as well as city sponsored functions about parcel 24. This process included holding affordable housing finance trainings and charrettes that taught basic urban planning and design principles.

Community residents and CBOs were able to actively participate in complex development discussions with city officials and could negotiate the finer points of an
RFP. From the efforts of HSC the community was able to craft a realistic vision for parcel 24 that included affordable housing, environmental design, as well as open and community space. The coalition was also successful in getting their vision adopted into the RFP for the site, which marked a tremendous victory for the community.

In my research for a thesis topic I frequently reflected on this experience and how it shaped who I am and why I came to MIT. I thought about my interests in affordable housing, urban planning, community empowerment, and collective action. I knew that I wanted to do a thesis related to one of these interests but was unsure as to which topic to focus on.

I entertained many potential ideas such as work force housing and inclusionary zoning. However, it wasn’t until I came across the Brooklyn Atlantic Yards Community Benefits Agreement (CBAs) that I really became excited about a topic. CBAs reminded me of the HSC campaign and the process that I helped facilitate to create a community vision and to get that vision adopted by the city of Boston. In my mind CBAs were almost exactly like the HSC campaign but formalized as a process and applied at a different urban scale.

I researched CBAs in greater depth and found that they merged many of my interests. This thesis is an account of what I have found and how I interpret these types of agreements and their processes. It is a record of community strength and unity as well as a reminder of why I came to M.I.T.

William Ho
Cambridge, MA
July 27, 2007
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Chapter 1: Introduction

As the “Return to the Cities” movement spreads across the United States many formerly undesirable parts of urban America are becoming the focus of a new urban redevelopment push. Cities are hoping to benefit from this newfound interest but are fiscally and politically constrained to redevelop these areas. The private sector has stepped up to this challenge and has been the primary developer of some of the largest urban redevelopment projects in recent history. This alignment of private and public interest has fostered a new era of urban redevelopment; relying more heavily on private sector entities and raising concerns for many community and neighborhood groups.

In a development situation there are always three parties involved: the public sector (e.g. local government), the private sector (i.e. the developer), and the community sector (e.g. residents). Each one of these sectors has to balance competing interests and shifting power dynamics in a redevelopment process. Public officials often struggle to provide public services while trying to maintain and grow a healthy tax base. Private developers need to meet fiscal obligations while at the same time maintaining a reputation that will allow them to continue operating in the locales that they work. Community groups want to preserve the character of their neighborhoods while increasing services and improving quality of life. The varied interests and incentives as well as the constantly shifting power dynamics between these three groups are what have made urban redevelopment contentious.

To ameliorate the conflicts associated with these types of projects, particularly those that receive public funding, it has become commonplace for developers to provide public benefits such as affordable housing, job training, and open space. Cities and
community groups have recently come to expect the provision of these goods and justify it in the sense that the public is providing public support (e.g. low-interest loans, low land cost, zoning variances) and as such the developer should provide something in return. Historically, the extent of community benefits that were provided from these publicly subsidized projects were negotiated between the developer and the public sector. Community groups lacked any direct influence over the process and had to fight to get their individual voices heard (see Figure 1.1).

Figure 1.1: Prevailing Model for Public Benefits Negotiation

![Diagram](image)

Negotiations among these three sectors have evolved over the past 70 years and have most recently taken the form of Community Benefit’s Agreements (CBAs). CBAs are “legally” binding contracts between a developer and community group(s) – to ensure that development projects benefit local community residents (Gross, 2005). These types of agreements cut across a broad range of issues, including: labor, environment, affordable housing, economic development, and planning. Due to their broad scope, CBAs can serve to bring together multiple stakeholders, who may seem to have competing interests, to negotiate with large-scale development projects (see Figure 1.2).
CBAs are not only an end goal but also a process. They can be viewed as an organizing tool, in that it helps to give community groups a united voice and place at the public benefits negotiation table. Instead of individual community groups competing against one another to have their interests heard CBAs can be utilized to create a broader community voice that is unified in their concern and vision about a redevelopment project. They also give clarity to the public sector about what is most needed to revitalize a community and decrease risk for developers by providing guarantees of community support.

CBAs are a new type of tool for empowering communities. Residents and community-based organizations (CBOs) have three means to create or gain power: (1) they can create their own institutions for change (e.g. community development corporations), (2) they can seek policy change (e.g. affordable housing set-aside
ordinances), and (3) they can negotiate directly with those in control of capital (e.g. neighborhood reinvestment campaigns) (Hass, 2007). CBAs are a tool based on this last concept and allow community groups and residents to negotiate directly with developers in a format that is both empowering and unifying.

The concept of a CBA first arose in 2001, from the organizing efforts of the Figueroa Corridor Coalition in Los Angeles, CA. Since then they have become a phenomenon in many West Coast urban development projects and are beginning to take root across the country. The concept of CBAs represent an evolution in the collective bargaining process. This thesis will analyze CBAs, from a process and contractual viewpoint, because of the potential these agreements hold in maximizing value for all participants involved with urban redevelopment. Where value is defined as equity among the different sectors, efficiency of process, stability of relationship between negotiating parties, and enforceability of negotiated outcomes.

PURPOSE OF THESIS

This thesis has three purposes. First, to couch the current CBA movement in a historical context, dating from the 1940’s to the present. Second, to examine the CBA model through an in depth case study of the first CBA process that occurred in 2001. Third, to see how CBAs have been adapted to different urban situations since 2001 and to examine the varying roles that can be assumed by the public, private and community sectors.

The historical analysis will examine how public benefits were negotiated in the U.S., starting with Urban Renewal. It will look at the evolution of the community,
developer, and public sector roles. It will examine the forum in which these negotiations were conducted and the process by which they were securitized. The aim of this section of the thesis is to shed light on where the growing practice of CBAs originated.

The case study will examine the Los Angeles Sports and Entertainment District community benefits agreement; this specific agreement is commonly referred to as the Staples Center CBA. This negotiation was the first to coin the term CBA and is the model on which most other CBAs are based. Analysis of this case will highlight the interactions among the negotiating parties and what learning occurred to create greater overall value. I will highlight the intricacies of these types of agreements, paying particular attention to the roles and relations of the public, private, and community sectors.

Once the case study has been presented, I will examine more recent CBAs to highlight the adaptability of the CBA process to different development situations and the impact that these types of agreements have had on the current urban redevelopment discourse. This comparison will shed light on where public benefits negotiations are likely to be headed and where there is room for improvement. This section of the thesis will look at the roles of the previously mentioned sectors, the process by which a CBA was achieved, the method of securing public benefits, and the relationship between negotiating entities.

Through the historical analysis and comparisons I intend to highlight why CBAs are beginning to appear across the country. I will also create a list of recommendations on how to improve the current public benefits negotiation process in terms of maximizing overall gains and efficiency for the parties involved. In examining the case study I will
isolate for external factors and identify the goals and processes by which they were realized.

The goal of this thesis is to show how value can be increased in urban redevelopment projects. It will highlight failures of past urban policies, the shifting power dynamics between the three sectors, and how these sectors have learned and evolved since Urban Renewal. The thesis will examine how CBAs, as both a process and end goal, have contributed to empowering the community sector and increased the value of publicly subsidized urban redevelopment projects for the public and private sectors.

METHODOLOGY

This thesis consists of two methodologies: a historical analysis and a case study. The historical analysis will examine the history of urban revitalization in America and highlight how the relationship among the three sectors (i.e. public, private, and community) has evolved over time. The case study method will be used to gather information and lessons learned from four CBA processes, with particular focus on the Staples Center CBA, which was the first CBA process in the nation. The selection of these case studies was based on the availability of current literature and recommendations of community groups, public officials, and developers.

Urban redevelopment is both a national and local issue; America’s economic health increasingly depends on the vitality of its cities while those most directly impacted by urban redevelopment policies are city residents. The historical analysis will examine the link between national policies and their localized outcomes. It will provide a general outline of various federal programs, the context in which they were developed, the goals
they were founded on, and the evolving role of each sector. This analysis will scrutinize the general guidelines prescribed by federal urban programs and may use broad statements about the way these programs functioned; it is important to note that the way in which many of these programs were executed may have varied greatly at the local level. However, for the purposes of this study I will focus on what was required of all participant cities in these federal urban programs. This section of the thesis will highlight how urban interventions and national policies have contributed to the development of CBAs.

The primary case study will focus on the Staples Center CBA and will consist of a description of the project and the context of the neighborhood in which the project is being built. Special attention will be given to a description of the roles taken on by various participants of the negotiation and the process by which the negotiation was conducted. Lastly, a discussion of the outcome of the negotiations and the method by which public benefits were guaranteed will be discussed. The means by which all of this information will be discerned will be through interviews as well as reviews of scholarly and popular literature.

The three other case studies will look at the Denver Rubber Factory Project, the Milwaukee Park East Redevelopment, and the Brooklyn Atlantic Yards Development. This section of the thesis will focus on how the CBA process was adopted to different urban situations and the creativity of the community groups that utilized them. These case studies were selected based on the availability of current literature and their notability.
An integral component of this thesis will be the examination of the method by which public benefits (e.g. affordable housing, living wage jobs, public parks) are negotiated and secured. Throughout the historical analysis and case study sections of this thesis I will underscore the different forms of guarantees that negotiating parties enter into (e.g. Development Agreements) and their overall significance to the final outcome of the agreement.

THESIS OUTLINE

Following the introduction, Chapter 2 will chronicle the evolution of public benefits negotiations in the United States, from the 1960’s to the present. This section will draw upon many of the major urban policies since the creation of Urban Renewal in 1949 – Model Cities, Community Development Block Grants, Urban Development Action Grants, and Empowerment Zones - to give readers a sense of where CBAs originated and how the public benefits movement has evolved. Chapter 3, will discuss what a community benefit agreement is and why it is different that the previous models mentioned in chapter 2. This section will pay particular attention to roles of negotiating parties and contracts signed between these entities. Chapter 4, examines the LA Sports and Entertainment District CBA. This analysis includes a description of the development project and the community that will be impacted by it; an account of the roles assumed by the public, private, and community sectors and how the negotiation was conducted; as well as an overview of the agreement and the current relations of the involved parties. Chapter 5 draws from the unique experience of the LA case study and looks at the experiences of more current CBA processes. It examines how the role assumed by each
party affected the final agreement, in what ways the negotiation process was efficient and equitable, as well as the effectiveness of the method by which the agreed upon public benefits were guaranteed. Chapter 6 summarizes the thesis findings and provides a list or recommendations to improve efficiency as well as participants overall satisfaction with the public benefits negotiation process and outcome.
Chapter 2: Historical Analysis

Urban redevelopment is the demolition or reuse of existing urban buildings and sites for the purposes of improving the quality of life for community residents and/or economic development. It is not a new concept; however, the debate about how this process is conducted and the impacts surrounding this type of development did not begin at a national level until the late 1940’s and has continued to evolve to this day. The evolution of these redevelopment programs is due to shifting political ideologies as well as public learning and activism by the large number of entities that have been impacted by these often complex and publicly subsidized projects. This chapter will provide a brief outline of the major federal programs that have been utilized to revive decaying inner city neighborhoods. It will focus on the origins of these different programs, their individual processes, and the interactions between the public sector, developer, and community groups. The purpose of this section is to highlight the national urban policies and conditions that facilitated the development of CBAs as well as to show the evolution of the power dynamics between the community, public, and private sectors.

URBAN RENEWAL (1949-1974)

Urban Renewal marked the first serious national program to target inner city redevelopment. This program came into existence in 1949, after the collapse of the urban real estate market in the 1920’s and the Great Depression. It was a product of the 1949 Housing Act, which was created with the express goal of providing “a decent home and a suitable living environment for every American family” and was terminated in 1974 after numerous instances of civil unrest (Mitchell, 1985).
The 1940’s were a time of dramatic change in America. World War II drastically shifted the employment sector of the U.S.; women joined the workforce, laborers migrated from rural communities to urban factories, and blacks migrated from the South to the North in large numbers ("Urban Development Timeline", 2000). Urban America was also in great flux and congress’s passage of the 1934 Housing act and the 1944 G.I. Bill accelerated the decline of many urban centers. The 1934 Housing Act institutionalized redlining, the practice of banks and other financial institutions actively avoiding investment in minority dominant communities. Passage of this Act has significantly contributed to the racial segregation and decay that we continue to see in urban America today. Further aggravating this problem was the passage of the 1944 G.I. Bill, which guaranteed veterans of WWII favorable mortgages and loans. This bill eventually led to huge numbers of White middle-income households fleeing inner cities for more tranquil suburban environments.

With the flight of White America from the inner cities also went significant amounts of human and institutional capital, leaving a significant void in many urban centers. Major banks, newspapers, and other entities with an express interest in preserving the value of their central business district (CBD) real estate assets, saw the direct impact of “White Flight” and backed the creation of programs that would reverse the decline of the inner city. City officials and planners saw opportunities for mutual gain in revitalizing downtown communities and aligned themselves with CBD interest groups to create a powerful lobby for programs such as Urban Renewal (Mitchell, 1985).

Public housing advocates were initially opposed to such programs but were eventually won over by promises of new housing that would be built to replace existing
slums. The advocates believed that the private sector, without the guidance and help of government, could not meet the diverse housing needs of urban dwellers. However, once the program was passed there was actually very little affordable housing that was created. Public housing advocates and tenants realized that they could do very little to combat Urban Renewal, which soon gained the pseudonym “negro removal”, and as a result the advocates and tenants rioted (Anderson, 1964).

When urban renewal was first enacted in 1949 it was given two major guidelines: to maximize the role of private enterprise and to give local governments the responsibility of initiating and carrying out urban renewal projects; congress did not specify the role of community stakeholders in the process (Anderson, 1964). The process of Urban Renewal began with a local redevelopment agency labeling an area as “blighted” and creating a renewal plan for that area; this was often done with significant input from the private sector. The plan would require the approval of the local renewal agency, local governments, federal authorities, and in some instances neighborhood groups. During this process public hearings would be held where staff from the renewal agencies would state their case for the selection of the renewal area and their plan to redevelop it, parties interested in the plan were given the opportunity to speak for or against it (Anderson, 1964; Simon, 2001).

Upon approval of a renewal plan public officials would notify landowners in the renewal area that they could either sell their land to the public or rehabilitate their property depending on what the renewal plan called for. Landowners in the renewal area had few options, particularly if the plan called for the demolition of their property. They could either willingly sell their land to the local renewal agency or it would be taken
through eminent domain; which is the power of government to seize private property for public use so long as the property owner is justly compensated. Tenants in these areas were often relocated to other derelict neighborhoods or underserved rural communities where they often had to pay higher rents and had less social capital than in their previous neighborhoods. Once existing buildings had been cleared or renovated, infrastructure was improved, and the land was sold to private entities to redevelop in accordance with the urban renewal plan. Land reclaimed in this method was sold well below the cost of acquiring, clearing, and improving it; the loss was recouped through federal subsidies (Anderson, 1964).

Urban Renewal in the 1950’s aimed to rebuild “blighted” urban communities through injecting government power and large sums of public subsidies into the normal operations of the private sector. Local governments initiated and carried out urban renewal projects, through the creation of urban renewal agencies. The agencies were charged with delineating the boundaries of the renewal area and creating a renewal plan. The private sector was given the responsibility of physically rebuilding these communities, albeit with substantial help and incentives from the public sector. Private entrepreneurs also had substantial influence over the renewal agency’s selection of a renewal area and the drafting of a renewal strategy. The community lacked any significant role in this process and was given insufficient means to influence decision makers (Mitchell, 1985).

The program was conceived under the faulty premise that urban problems were the result of poor quality and design in the physical environment (Redburn & Buss, 2002). Urban Renewal during this timeframe lacked a comprehensive approach and
routinely ignored the need to develop human capital in the communities that they targeted. Public benefits such as affordable housing, job training, and public space were often overlooked, if mentioned at all. Private developers were not required to provide community benefits so long as their developments fit within the design and use guidelines of the local renewal plan (Anderson, 1964).

In reality the goal of urban renewal was not to improve the conditions of “blighted” communities for existing residents but instead to improve the physical aspects of these neighborhoods for private investment. The lack of public benefits provided in many renewal projects created a polarized urban environment that placed two extremes, poor urban residents and upper income commuters, in seeming conflict with one another. This polarization exacerbated class and race issues and made for an unsustainable environment for long-term private investment and local economic development. The top-down structure with which these plans were created and implemented, the narrow scope used to approach community redevelopment, and the lack of significant and meaningful community involvement were what ultimately led to the termination of the Urban Renewal program in 1974.

MODEL CITIES (1966-1974)

Model Cities was the product of the Demonstration Cities and Metropolitan Development Act of 1966. It was a response to the numerous government-initiated programs created to improve “blighted” center city neighborhoods since the conception of Urban Renewal. The program was a bold attempt to coordinate the nearly forty federal social and physical improvement initiatives that each had their own funding cycle and
bureaucracy (United States. Advisory Commission on Intergovernmental Relations., 1964).

In the period between the 1940’s up to the mid 1960’s America underwent dramatic shifts in political and social ideologies. Public unrest over the Vietnam War and the Civil Rights Movement demanded a more just, equitable, and accountable society. In response to the public unrest at the time President Lyndon B. Johnson launched the War on Poverty and “Great Society” programs. These programs sought to revitalize devastated urban neighborhoods, create jobs for minorities and the poor, increase civic participation in local government, and build affordable housing (“Urban Development Timeline”, 2000).

Model Cities was to act as a “grand unifier” of the various types of federal urban programs at the time of its creation. The strategy behind the program was to utilize the newly formed Department of Housing and Urban Development (HUD) as a channel to coordinate existing federal programs and resources to select “blighted” urban neighborhoods (Frieden & Kaplan, 1975). The goal was to concentrate the multitude of federal urban programs and resources in a few locales to create significant change.

The failures of Urban Renewal were fresh in the public mind when the Demonstration Cities and Metropolitan Development Act of 1966 was passed. Critics of Urban Renewal saw three primary faults with the program: first, targeted Urban Renewal areas were not necessarily always slums; second, Urban Renewal actually led to a net decrease in affordable housing; and third, the residents of Urban Renewal areas were not given priority consideration (Frieden & Kaplan, 1975). Model Cities was seen as the method by which to correct these flaws.
Under Model Cities the scope of redevelopment expanded from the physical environment to include social issues. The Model Cities program was to be the primary, if not the only, source of federal money entering a “blighted” community. The program was meant to streamline the application process for federal funds, making it easier for cities to secure the necessary funds and technical assistance to create a comprehensive approach to redevelopment. Public officials, in their Model Cities application, not only had to propose physical changes to an environment but had to consider the social needs of the residents that resided within the target neighborhood.

A City Demonstration Agency (CDA) was established in each Model City to carry out the role of the public sector. The CDA was a public agency and accountable to locally elected and federal officials and was responsible for the administration of both physical and social aspects of the program. The agency’s underlying objective was to coordinate and direct the efforts of various city and federal agencies for the targeted neighborhood. CDA’s were required to work closely with locally elected officials and involve them in every step of the decision making process (United States. Dept. of Housing and Urban Development., 1967).

Model Cities attempted to give residents more influence in redevelopment efforts through requiring applicant cities to include resident participation as an aspect of their redevelopment plans. However, the methods by which citizens were to be included in the redevelopment discourse were ill defined and most individual cities chose to tokenize citizen participation, HUD’s prescribed methods for citizen participation included: provisions that residents should be involved in the planning and implementation process, leadership positions should be held by persons that the community accepted as
representative of their interests, and citizens should be given direct access to CDA
decision makers. It was never an expressed goal of Model Cities to create shared power
between cities and residents instead the intent was to create stronger lines of
communication between the public and community sectors (Frieden & Kaplan, 1975).

Typically most cities enrolled in the program created a model city organization
that was composed of resident leaders and government officials to oversee the
implementation of the program. However, in practice the commitment of most
demonstration cities to resident participation was primarily symbolic and major decisions
were left to the discretion of local officials. This dynamic was further exacerbated when
the Nixon administration came into power and shifted the objective of model cities from
coordination of federal urban programs to strengthening local governments (Frieden &
Kaplan, 1975).

During the Model Cities program the private sector maintained a role similar to
what it had under Urban Renewal. It continued to develop the physical aspects of a
redevelopment plan although it had to adapt to strengthened local government authority.
Private developers were responsive to resident concerns in so far as they had to work
with locally elected officials for designation and funding. However, the lack of a formal
method of power sharing between city officials and residents meant that developers were
only truly receptive to the public sector.

Eventually the Model Cities program was ended, due partially to a change in
Presidential administration but also in large part to a lack of clarity on the programs
legitimacy and effectiveness. When Nixon came into office the federal urban
development paradigm shifted from grants and loans to revenue sharing. Revenue
sharing was the practice by which states and municipalities would share in the federal tax revenue and decide how to best allocate federal assistance. The lack of clarity in Model Cities fostered internal rifts within HUD and other federal assistance programs as various departments vied for their role in the initiative. While this program did recognize the need for resident participation, the lack of local power and its top-down approach are what led to its failure.

COMMUNITY DEVELOPMENT BLOCK GRANTS (1974-Present)

The Community Development Block Grant program is one of the longest-running programs at HUD. It was a product of the Housing and Community Development Act of 1974 and created with the purpose of merging several different aid programs, such as Urban Renewal and Model Cities (United States. Dept. of Housing and Urban Development. Office of Policy Development and Research. & Bunce, 1977). CDBG marked a significant transition in federal urban policy away from categorical grants, which have specific purposes, to grants with less federal oversight and more local autonomy.

During the 1970’s, political momentum was shifting towards a downsizing of government, urban centers continued losing residents to suburban communities, the national population was shifting to the South and West, and duel income households became the norm ("Urban Development Timeline", 2000). With the downsizing of government federal aid programs became less bureaucratic and more formulaic. The “New Federalism” movement gave greater power and autonomy to the States. Block grants ushered in a new era of federal aid that were broad in scope and gave local
municipalities greater discretion in deciding how to allocate their aid, so long as it fit within larger functional categories (e.g. health care, housing, education) that were of importance to the national urban agenda (M. J. Rich, 1993).

When the federal congress began intensive evaluation of federal urban aid programs in the 1960’s three major issues were apparent: (1) cities were often utilizing several different federal aid programs at the same time, (2) federal urban priorities did not always match what was actually needed at the local level, and (3) cities were frustrated with the unreliability of the competitive aid process (M. J. Rich, 1993). During these “creative federalism” sessions mayors and urban officials demanded a simplified and streamlined system for accessing federal aid. Congress responded with the CDBG program, which they believed would achieve national goals while respecting the unique circumstances of each individual community.

States and Cities were given greater control over how to allocate funding and could therefore be more creative in addressing community needs. The federal government’s role was downsized to setting broad urban agendas, distribution of funds, and monitoring the progress of each CDBG grantee. Funding was virtually guaranteed to each municipality and was based on a formula that used objective indicators of need instead of the typical competitive process. Under CDBG performance standards were simplified and locally elected officials were charged with the actual implementation of their program (Norton, 1979).

CDBG also had broad stipulations about community participation. The program required municipalities applying for CDBG to (1) provide citizens with adequate information concerning the development activities that may be undertaken and other
important program requirements; (2) hold public hearings to obtain the views of citizens on community development and housing needs, and (3) provide citizens with an adequate opportunity to participate in the program. The federal legislation was not specific on how citizens should be engaged in CDBG, however, the articles by which it is mentioned stress communication and not actual power sharing (Lawrence Johnson & Associates. & United States. Dept. of Housing and Urban Development. Office of Policy Development and Research. United States. Office of Community Planning and Development., 1978).

The private sector maintained its role as physical developer and investor in “blighted” urban communities although uses for federal funding were now much more prescribed. CDBG funds could be utilized to fund private developer construction of new homes through: site acquisition, clearance of site, site improvements, and payment of soft costs. Further CDBG funds could be used to facilitate private development through the construction or reconstruction of utilities, street improvements, and the creation of neighborhood amenities (e.g. recreation center, parks, and neighborhood facilities) ("Use of CDBG Funds in Support of Housing", 2007).

Even though the CDBG program gave more power to local governments, provided the private sector with substantial incentives, and required community participation it still falls short of a comprehensive national approach to urban redevelopment. While some cities have built mechanisms for greater power sharing with local community groups, it was not a national goal of CDBG. The program still continues to be used today and varies greatly in both scope and process from municipality to municipality.
URBAN DEVELOPMENT ACTION GRANTS (1977-1989)

The Urban Development Action Grant (UDAG) program was a product of the Housing and Community Development Act of 1977 and was created to compliment the existing CDBG program. The purpose of UDAG was to stimulate private sector investment in urban areas as well as those of the state and city, thus giving local governments a more direct stake in the redevelopment process. UDAG funding was to be used as an economic development tool and would provide matching funds for private investment in disenfranchised urban communities (Nathan, Webman, & Princeton Urban and Regional Research Center., 1980).

UDAG was created three years after CDBG when HUD realized that the majority of CDBG funding was being used primarily for affordable housing development and small neighborhood improvements. UDAG was to provide a counterweight to these types of uses and spur economic development. The purpose of the program was to finance large-scale redevelopments that would attract private capital to “blighted” urban areas as well as to encourage existing businesses to stay and grow in these same areas (Dreussi, 2000).

Unlike previous urban redevelopment programs, UDAG was characterized by its flexibility and emphasis on public-private partnerships. HUD guidelines for how UDAG funding should be used were incredibly vague. Cities could use UDAG funding for any project they deemed fit so long as it created jobs and added to the tax base; this could include land banking, infrastructure improvements, etc. In examining UDAG applications HUD stressed partnerships with the private sector and expressly stated that
applications would not be considered unless there was a firm commitment of private resources (Webman, 1981).

To receive UDAG funding a local public official would have to conclude that an urban redevelopment project would not go forward “but for” public subsidies and the private sector would have to state that they would not take any action “but for” public aid. This test guaranteed public-private partnerships and assured private investment in addition to federal aid for blighted communities. While the strong relationship between public officials and the private sector may have been seen as an asset by the federal government it was perceived as a challenge for many community based organizations (CBOs) and residents of impacted communities. UDAG policy encouraged meetings between UDAG staff, public officials, and private entrepreneurs to create “deals” to improve cities but did not require citizen participation in the process, which appears to be counter to HUD’s paradigm of increasing citizen participation at the time (Nathan, Webman, & Princeton Urban and Regional Research Center., 1980).

The UDAG program ended in 1989 after spending $4.67 billion in federal aid and leveraging $30 billion in private investment (M. Rich, 1992). Even with these impressive numbers UDAG failed as an urban redevelopment program because it relied too heavily on the private sector. UDAG was created to inject financial capital into depressed urban areas, in the hopes of drawing private capital. The program achieved this goal but did not question the type of private investments that were being made and their long-term sustainability in the changing economy. The lack of local community involvement also contributed to the short sightedness of the program and ultimately to its demise (Dreussi, 2000).
EMPOWERMENT ZONES (1993-Present)

Empowerment Zones (EZs) marked a return to broad community involvement in federal urban redevelopment policy. The program utilized a “bottom-up” approach that would build on the skills of public, private, and community institutions to create real change. Congress authorized the EZ program in 1993 to target significant federal funding and tax incentives to “blighted” urban communities.

The EZ program was a reaction to the social unrest and decline of central cities during the late 1980’s and early 1990’s. During this timeframe the L.A. riots brought racial issues in urban America to the forefront of the nation, globalization cost many low-skilled workers their jobs, and the role of HUD as a federal department was being questioned ("Urban Development Timeline", 2000). Empowerment Zone’s were seen as a method to empower urban minority groups and employ and retrain low-skilled workers for the new global economy, while at the same time minimizing the role of the federal government but recognizing the need for HUD.

The zone concept originated in the 1980’s and was the idea that job creation, economic activity, and physical improvements could be encouraged through targeting geographically defined ‘blighted’ urban areas (McCarthy, 1998). The EZ program was conceived from this notion and had four main principles: (1) economic opportunity, (2) sustainable community development, (3) community-based partnerships, and (4) strategic vision for change (United States. Government Accountability Office., 2006). The program encouraged public-private investment but at the same time mandated a broader vision of investment that included social services. It specifically defined the goals of the
program with respect to existing residents of an EZ and required significant community participation at all levels of the EZ process (Simon, 2001).

Applicants to the EZ program had to geographically define an empowerment zone and create a strategic plan, which built upon assets of the existing community. Significant coordination between local governments, businesses, CBOs, and residents of the proposed EZ area had to be demonstrated in the planning and application process. Each application had to identify community needs, develop a plan, and create a governance structure to implement the plan (Oakley, 2006).

Local governments were given the primary role in the EZ program and were charged with the actual submission of the application, therefore taking a leading role in assembling participants and setting the overall redevelopment agenda. The EZ program, like previous federal urban programs, relied heavily on the physical development skills and resources of the private sector while utilizing a number of benefits and tax incentives to draw private investment into EZs. The notable difference in the EZ program is that the community has been given a much larger role in the application and planning process.

The program emphasized a “bottom up” approach that actively encouraged the participation of community residents and business owners in decision-making. The program utilized focus groups and public meetings to engage community stakeholders in a process of identifying neighborhood assets and creating strategies to build upon them. Cities were required to have active community involvement in creating an EZ application, which included: visioning, creating a strategic plan, identifying community assets, and identifying private investment sources. In addition federal grant money was
dispersed to local community groups who were given the task of implementing the redevelopment plan, with the aid of public officials and the private sector (Feser, 2007).

While EZs may seem ideal, a number of recent studies have highlighted major concerns over the effectiveness of the program and the significance placed on community participation. A recent Government Accountability Office report questioned the effectiveness of EZs in creating new jobs for residents of impacted areas and how much actual new private investment was being created in EZs as opposed to being moved from one area of the city to another (United States. Government Accountability Office., 2006). Independent studies have also concluded that community participation was typically strongest in the planning and application process but decreased significantly at the implementation stage (Gittell, 1998; Oakley, 2006).

CONCLUSION

The federal urban programs that have been created thus far have excluded the community sector from the actual negotiation table. Many of these programs evolved to require community involvement but were general in their reference as to how this should be achieved. Local governments have been ineffective or unwilling to attain broad community participation and as such urban neighborhoods, which have been the target of redevelopment efforts, have been transformed at the cost of existing residents.

Urban redevelopment involves the Public, Private, and Community sectors. When the power dynamic between these parties is skewed too heavily towards one or two parties the potential maximum value of a redevelopment project will not be realized. Where value is defined as more than fiscal and is inclusive of each sectors overall
satisfaction and acceptability of the outcome and redevelopment process. This inefficient value often occurs because all potential redevelopment options have yet to be explored and in many instances greater value can be created for other sector(s) that have a proportionally less cost to the party(s) who have control over the project.

While some federal programs have attempted to create greater overall value through providing for community sector input the actual outcomes have been less than ideal in many instances. This is likely attributable to an inability or unwillingness of the public and private sector to work with communities. The lack of a significant and comprehensive community sector voice in past urban redevelopment projects implies that the greatest value for many early redevelopment projects may not have been achieved.

Initial federal urban policies placed a great deal of decision-making power within the public sector and significant consideration was given to private sector interests. However, community stakeholders were not truly part of the redevelopment process and were often viewed as more of an obstacle than an asset. This interplay between the three sectors has evolved since Urban Renewal in 1949. We are now seeing greater consideration given to communities and residents in federal urban policies; however, the majority of decision-making power is still reserved for the public and private sectors.

We can also observe that as U.S. labor and economic conditions evolved so too did American urban policies. As the U.S. came to embrace the free market system the role of the public sector diminished and urban redevelopment projects became increasingly driven by the private sector. It appears that as Federal economic policy changed, favoring a smaller role for the public sector in exchange for the efficiencies of the free market, that this same paradigm was adopted into federal urban policy. The
capacity and ability of the public sector to create large-scale change in an urban context has been significantly reduced; these types of complex projects have become reliant on the private sector for finance, construction, and management purposes or any combination of these three functions.

In response to the changing power dynamics between the public and private sectors as well as the lack of power sharing given to communities, CBOs and residents have mobilized and created tools and tactics to empower themselves. In the wake of Urban Renewal the community sector has utilized a number of tactics to change federal urban policy and have made significant gains in the process. CBAs are one of the more recent of these community empowerment tools and are a product of the community learning that has taken place since 1949.
Chapter 3: Community Benefits Agreements

Community Benefits Agreements are legally binding contracts between developers and community groups, which guarantee that the benefits derived from publicly subsidized developments are shared with affected residents. They represent an evolution in collective bargaining, which is the ability of varied groups to come together and negotiate on a topic or range of issues, and mark a significant transition in negotiating community benefits. CBAs have gained significant momentum since their inception in 2001 and are spreading across the country as a model for organizing neighborhoods and securing community benefits from developers.

THE EVOLUTION TO CBAS

CBAs are a reaction to the historical model of negotiating community benefits, where community groups often lacked a meaningful voice at the bargaining table. The Federal Urban Renewal program provided a harsh lesson to community groups; if they could not organize and gain a voice at the decision making table their neighborhoods would be cleared for highways, high-end condos, and office parks. Model Cities, CDBG, and Empowerment Zones were all attempts to give more authority and power to local municipalities and to a certain extent to empower residents of “blighted” urban communities. However, decision-making power still resided primarily between private developers and public sector officials, vis-a-vis eminent domain, zoning, subsidies, and other forms of development aid. CBOs and urban residents were resigned to the sidelines, with the occasional consultation and token membership on decision-making boards.
Within the Urban Renewal paradigm of the 1950’s urban strategies were devised by the public sector and carried out by the private sector, communities were given minimal influence in the decision making process. The program purposefully excluded existing community residents because it did not plan for them to be part of the renewal vision for targeted neighborhoods (Anderson, 1964). In this vein UDAG was similar to urban renewal. The program specified “deal making” between the public and private sectors but did not specify a role for the community. Plans were devised without community involvement because the public and private sectors wanted to maintain flexibility to use UDAG funds as they saw fit (Nathan, Webman, & Princeton Urban and Regional Research Center., 1980). From Urban Renewal and UDAG communities learned that they could not count on the public sector to represent their best interests and that the private sector had significant influence over the operations and objectives of the public sector.

Programs like Model Cities and CDBG attempted to give the community sector a larger role in the redevelopment process but did not actually go so far as to include them at the decision making table. Model Cities required community sector participation but left the actual means on how to achieve this up to local governments, which often chose to tokenize the role of the resident and showed minimal effort in securing “widespread citizen participation” in the program. The reasons for excluding the community sector vary but in general it was because cities were unwilling or did not have the competence to work with residents of “blighted communities (Millett, 1977).

CDBG had more defined requirements than Model Cities to involve residents, however, the emphasis of the program was on communication and not actual power
sharing. Under CDBG the level of decision-making power given to the community sector varies depending on local practice and ideologies. In general the perceived reasons for excluding citizens from actual decision-making include increased costs in both time and money as well as potential delays in implementation (Lawrence Johnson & Associates & United States. Dept. of Housing and Urban Development. Office of Policy Development and Research. United States. Office of Community Planning and Development., 1978). Residents and community groups took away from these two programs the need for a meaningful voice at the decision-making table, one that could influence the outcome of redevelopment projects.

Empowerment Zones have been the most prescribed federal urban program in regards to including of the community sector. The EZ program required community involvement at all levels of the EZ process, however, recent research has shown that while community involvement is high in the application and development stages it decreases significantly in the implementation stage. Some researchers have speculated that this is due to local officials seeking to maintain control over the redevelopment process (McCarthy, 2003). From this program local communities realized that they needed to create a space in the redevelopment process that involved them at every stage of a project. The community sector also learned that they needed to form mechanisms to enforce public and private sector promises.

Community groups have learned a lot from the past 70 years and have realized that they have to force their way to the negotiation table. They have come up with creative ways to do so, with one of the most promising methods being CBAs. The development of CBAs has shifted the redevelopment discussion away from whether a
project should provide community benefits to local residents to what types and how much in community benefits a project should include (LeRoy, 2005).

CBAs are a tool built on broad community values and interests, while at the same time standing as a stark critique of failed urban policies. The community negotiation points in these agreements are a product of numerous community meetings and visioning sessions. The agreement objectives evolved out of community members desires to preserve the character of their neighborhood while improving their quality of life. Community groups created CBA’s out of necessity; after several decades of having their concerns fall on deaf ears CBA’s are a mechanism to get their collective voices heard by those with capital and power.

The perceived lack of community sentiment in the public and private sectors have forced grass-roots organizations to mobilize and fight for their own interests. However, unlike past mobilizations against Urban Renewal, community groups have become much more sophisticated in their approach. They have shifted away from mass demonstrations, with a few strategic exceptions, and have forced their way to the bargaining table. They have recruited the aid of scholars and professionals and have learned how to converse with developers and public officials.

CBAs not only represent an evolution in collective bargaining but are also a tool to build community cohesion. Often time’s labor, environment, and neighborhood groups were pitted against one another, competing for the attention of the public and private sectors. However, do to the broad range of issues that can be covered under a CBA, such as parks, living wage, and affordable housing, these groups are building a significant and unified community voice that cannot be easily ignored.
PROCESS & ROLES

The inclusion of a third entity (i.e. the community) into the urban redevelopment process adds another layer of consideration into the discourse but can significantly increase overall value and the long-term sustainability of a project. Within a CBA negotiation there are three parties: the Private Developer, the Public (e.g. elected officials, planning boards), and the Community (e.g. residents, labor unions, environmental groups). Each CBA process is unique and the role taken on by each of these three sectors varies.

In general CBAs are negotiated between the Private Developer and the Community prior to the developer receiving project approval from the Public Sector. Where the community is self-defined but usually consists of a coalition of CBOs and residents that are broad enough to marginalize potential opposition CBOs to a redevelopment project, thus providing an incentive for the developer to negotiate directly with them. On occasion the Public Sector may take a more active role in the actual CBA negotiation, however, their role is typically more related to enforceability. It is important to emphasize that the community sector has to be proactive and begin the CBA process early in the development timeline; a great deal of the community’s power lies within their ability to slow or stall a development project in the permitting and approval stages.

The CBA process typically starts with either a private developer or city agency announcing a new development project in an urban area. CBOs and residents will react to this process by convening meetings where they compare notes, perform joint fact-finding, and decide the merits of the project. If the community sees more harm than good
then they evaluate how the project can better serve the community. Members of the community will then appoint a steering committee and representatives of that committee will enter into negotiations with a developer representative or team. The developer will typically engage in the CBA process because they need community support for zoning variances, local and federal subsidies, or to expedite the permitting and approval process. The public may or may not send a representative into CBA negotiations depending on the specific circumstances of the redevelopment project and the will of the other two parties.

The actual negotiation process varies from project to project. However, due to the complexity of discussions that typically occur in these negotiations community representatives usually consist of staff from CBOs with expertise in a particular negotiation area (e.g. affordable housing, living wage, job training). Resident representatives are involved in the actual negotiation process as well but typically do not take on a very active role and are usually delegated with the responsibility of conveying meeting proceedings to the larger resident population.

The selection of a community negotiation team is meant to help streamline discussions and make for a more efficient and productive negotiation process. While this practice requires significant sacrifices in direct participation by residents, community groups have attempted to compensate for this in several ways. Negotiation team members are often elected by the larger community coalition and residents are encouraged to be part of this process. The negotiation team also consults residents before any major decisions or commitments are made with the developer. This process is likely not the best for maximizing direct resident participation but it does lend itself to creating a more manageable negotiation process; which could take anywhere from a few months
to a few years depending on the timeline of the developer, the complexity of the redevelopment project, and the tenacity of the parties involved.

Once an agreement is reached, and attorneys from both parties have reviewed the terms of the CBA, the actual CBA document can be given further legal weight and enforcement capacity. This process is usually where the public sector enters the CBA process if they have not been involved in the negotiations already. The community group will request either directly or through an elected public official that the terms of the CBA are incorporated into the development agreement between the developer and the city. This process supposedly lends extra authority to a CBA as now both community groups and public officials have legal standing to enforce the provisions of the agreement (Gross, 2005). CBAs have yet to be challenged in a court of law so their enforceability is still in question, however, the fact that there has yet to be a legal challenge, since the inception of CBAs in 2001, may speak for their legal prowess.

The role of each party may change according to the unique circumstances of the CBA, however, the reasons to take part in this process are much more universal. From a developers perspective a CBA can be beneficial because it streamlines community concerns and makes for an easier negotiation process with impacted parties. Most importantly CBAs are a legal mechanism by which developers can seek the guaranteed support of community groups in the development process. These agreements limit the risk of future work stoppages due to union and community opposition and facilitate project and permit approval from public agencies (Gross, 2005). However, CBAs can also be seen as a costly obstacle. As more parties formally enter the development discourse, new issues are bound to arise that could add significant delays to a project if
not jeopardize the project all together. Also: the provision of public benefits adds to the total development cost of a project and could have serious implications on the overall feasibility and development timeline of a project. If the potential costs outweigh the benefits in a CBA than a developer will have less incentive to participate in negotiations with the community.

The Public sector perspective is similarly conflicted. CBAs make sense because they aid in eliminating much of the guessing work involved with negotiating public benefits. Instead of being a conduit between the community and the developer, the public sector can focus on crafting a development agreement that meets the objectives of the city. However, CBAs can also be seen as a tool that epitomizes certain policy failures of the public sector. Ethel Sheffer, president of the New York chapter of the American Planning Association, commented that CBAs in New York evolved due to “the absence of effective public policy by the City Planning Commission” (Schuerman, 2006). The role of the public sector seemingly devolves from community representative to bystander in this case.

Another possible way of looking at this criticism is that the public sector is utilizing a safer strategy for exacting public benefits from a developer. Public sector officials may be less susceptible to criticisms from the private and community sectors by removing themselves from the public benefits negotiation table. They can appear to support developers while at the same time seeming to support the community through facilitate the CBA process but not actually taking a stance on an issue. If the CBA process is successful and both the developer and the community achieve their objectives
than the city may appear to have done its role, even if that role is bystander, in ensuring that the tax base is growing and that city resident’s quality of life is improving.

Community groups typically initiate a CBA process because they are perceived as the most effective means to secure the rights and interests of a multitude of community stakeholders. Each of these stakeholders have their own reasons to enter into a CBA, however, they are all drawn to the CBA process because of the strength it gives to their collective voices and their frustration with the traditional public benefits negotiation process.

LEGALITY & ENFORCEABILITY

As with any type of agreement the legality and enforceability of a CBA are what make it significant. Each CBA process is unique and each has crafted different methods to ensure that developers and community stakeholders make good on their commitments. While the processes by which legality and enforceability are achieved vary there are fundamental principles and practices that are typical of many of these types of agreements.

The method by which a CBA is enforced differs depending on the terms of the agreement. Generally, who can enforce a CBA depends largely on who is a signatory to the agreement and what enforcement provisions it contains. In a “typical” CBA, that is included in a development agreement, enforcement can occur by community groups or by local government (Gross, 2005). Incorporating a CBA into a development agreement with the city adds another layer of protection to a CBA as the threat of government enforcement is much more persuasive to a developer than community action. In addition,
public benefits that were incorporated into development agreements in the past were frequently not enforced by the city. Including community groups in the creation of these exactions and as signatories to the actual document gives the community oversight authority and legal standing to ensure that all public benefits in a redevelopment project are realized (Cummings, 2007).

There has yet to be any legal challenge to a CBA so their validity has yet to be tested in a court of law, however, debates have been ongoing about this issue. Many public interest lawyers, who have worked on these contracts, believe that these types of agreements would stand in a legal trial. However, a 2006 New York City Bar panel on CBAs was not so convinced. William Valletta, former general counsel to the New York City Planning Department, stated “All we know about the CBAs is that they are a record of a political process and whatever legal status they may have over time we don’t know yet” (Community Benefits Agreements: Who is the Community and What is the Benefit?, 2006).

The CBA document is supposed to be a contract that details the terms of an agreement between the developer and community; this fundamental concept of CBAs is also being questioned. In the same New York City Bar panel Mr. Valletta goes on to say, “[contracts make sense] when something is given up on both sides. What is the community giving up in order to take part in the agreement? Presumably, they can’t sell their vote or their participation in democracy.” Julian Gross, the general counsel for the community group behind the Staples Center CBA, counters with, “CBAs generally include various responsibilities for the community-based organizations, such as providing assistance in implementation of the programs described. But regardless, providing public
support for a project is perfectly valid legal consideration supporting a contract” (Schuerman, 2006).

While some professionals still debate the legality of a CBA that is signed between a developer and community groups, few have disputed the authority of a CBA that has been incorporated into a development and/or disposition agreement between a developer and the city. The inclusion of a CBA into the public record adds significant weight and power to these types of documents. It formalizes the contract and provides a more solid basis on which legal action can take place; the city is providing the developer with public subsidies and in return the developer is constructing a redevelopment project that meets the needs of the city.

Communities that utilize the CBA approach tend to be the most skeptical of the will and ability of the public sector to secure benefits for the residents of existing urban neighborhoods. However, through working with the public sector the community can gain significant legal authority. Through utilizing a CBA process that has authority lent to it by the public sector community groups achieve a more equitable share of the benefits associated with redevelopment but they also gain significant power in ensuring that those benefits are delivered by the private sector.

CONCLUSION

CBAs are a tool forged from the public learning that has occurred since the establishment of Urban Renewal in 1949. They have been utilized as a means for community groups to get to the actual decision making table to negotiate with those in control of capital. The range of issues that can be covered under a CBA have facilitated
the creation of broad community coalitions that have collective power in their ability of bargain with the public and private sectors. CBAs are an organizing and empowerment tool in as much as they are a means to secure community benefits from developers. While the legality of these agreements has been questioned the fact that they have yet to be challenged in a court of law or that the terms of these agreements have been consistently met speak truth to their legal prowess.
Chapter 4: The Staples Center CBA

The Staples Center CBA is the model on which most other CBAs are based. It was the first CBA to be created, in 2001, and has had a ripple effect throughout the country. This agreement was the product of a concerted community wide effort that marked a transition in collective bargaining and public benefits negotiations.

PROJECT DESCRIPTION

The Los Angeles Sports and Entertainment District, also commonly referred to as the Staples Center Expansion or by its largest component - L.A. Live, is a four-million-square-foot mixed-use development. The project was originally conceived to encompass a 45-story hotel with 1,200 rooms, a 250,000-square-foot expansion of the Los Angeles Convention Center, a 7,000-seat live entertainment theater, two apartment towers with 800 residential units, a boutique hotel, and plazas lined with entertainment and commercial uses. The goal of this redevelopment is to establish downtown L.A. as a vibrant new cultural and entertainment destination (Community Redevelopment Agency, 2007).

Graphic 4.1: Model of Staples Center Expansion Plan. (Source: AEG)
The expansion plan will be constructed on surface parking lots that surround the existing Staples Center arena, which was completed in 1999. The arena was the catalyst for the redevelopment plan and serves as a multipurpose venue that is home to five major league sports teams; it hosts nearly 250 events a year and has four million visitors annually. The arena and surface parking lots reside on thirty acres that are owned by the city of Los Angeles but are on long-term leases to the expansion plan developers (Riccitiello, 2007). These thirty acres were appropriated through outright purchase and eminent domain. The development of the arena and parking lots displaced 130 households and thirty-five businesses (Cummings, 2006).

Graphic 4.2: L.A. Sports and Entertainment District Plan (Source: LA Planning Dept.)
The Staples Center Expansion is being built in phases and is slated for completion in 2015. It has a total development cost of $4.2 billion, with $1 billion coming from the developer and $3.2 billion in commitments from other private investors. The development entity behind this massive endeavor is the L.A. Arena Land Company, which is jointly owned by media mogul Rupert Murdoch and billionaire Phillip Anschutz of Anschutz Entertainment Group (AEG) (Romney, 2001).

NEIGHBORHOD CONTEXT

The Staples Center Expansion is located in the South Park district of downtown LA but has an impact area that includes multiple neighborhoods. One of the most vocal and organized of these neighborhoods has been the Figueroa Corridor, which spans a forty-block stretch between the Staples Center to the north and the University of Southern California to the south.

The Figueroa Corridor is a working class, minority community that occupies a unique and highly valued space in downtown L.A. The corridor consists of mixed-use commercial and residential uses.
and has a total population of about 200,000 low-income residents, that are predominantly of Central American and Mexican origin (Haas, 2002).

THE FIGUEROA CORRIDOR COALITION FOR ECONOMIC JUSTICE

A number of CBOs existed in the Figueroa Corridor before the announcement of the Staples Center Expansion. Strategic Action for a Just Economy (SAJE) was a leading figure in the fight to tame the University of Southern California’s (USC) aggressive growth strategy. The Los Angeles Alliance for a New Economy (LAANE) was working to broaden the Los Angeles labor movement to include issues such as affordable housing and environment; they had also worked with a number of unions during the initial Staples Center labor negotiations. And Esperanza Housing was a local CDC that built affordable housing and implemented a number of economic development projects in the neighborhood.

SAJE organized the Coalition for a Responsible USC in response to mounting USC pressure to expand in the community. The coalition consisted of unions, CBOs, faith based groups, as well as hundreds of residents that were concerned about USC encroachment. In the middle of one of the coalitions campaigns media sources reported that the city would be investigating plans to connect USC to downtown LA and turn Figueroa into a high-end “Sports and Entertainment Corridor”. In response SAJE organized members of the Coalition for a responsible USC and other community groups to discuss their concerns with this new development and strategize a response (Haas, 2002).
From these meetings the Figueroa Corridor Coalition for Economic Justice (FCCEJ) was born. FCCEJ had developed a broad vision for how the Figueroa Corridor should grow, which included affordable housing, unionized labor, job training programs, etc. SAJE was the principle organization behind many of the grass roots organizing efforts of FCCEJ while LAANE carried out most of the logistical work. LAANE also helped to put in place a CBA framework for the coalition as they were working on developing a CBA in another locale at the same time. As the work of FCCEJ grew so did the coalition and eventually Environmental Defense came to be a significant partner in the coalition’s environmental work (Fleischer, 2007).

GETTING TO THE TABLE

Many of the organizations in FCCEJ were familiar with the developers of L.A. Live; they were the same developers that constructed the Staples Center in 1999. In particular, LAANE had negotiated a living wage and union contract for concession stand jobs at Staples. However, most CBO and resident experiences with the developers were less than ideal; the developers had attempted to back out of labor promises made in 1999 and were not receptive to resident concerns about traffic, air and noise pollution, drug dealing, parking and other issues related to stadium events (Janis, 2007; McNeill, 2007). Bearing all this in mind the CBOs and residents of the Figueroa Corridor were apprehensive about working with the developer.

When LA Live was announced the city council and mayor were major supporters of the project; they saw it as a means to improve the competitiveness of the Los Angeles Convention Center, which was running an operating deficit. The Convention Center was
expanded in 1993 and financed with $545 million in city bonds; since the expansion the city has been spending $20 million annually to buy back bonds and to cover convention center losses. City officials believed that the convention center has not been competitive because it lacked nearby hotels and amenities. LA Live could potentially solve this problem and remove this costly expenditure from the cities budget. However, city council members needed to see union support for the project before they could approve it (Fleischer, 2007).

The developers of LA Live were eager to have their project permitted before the next city election. The mayor and several city council members, who were in favor of the project, were at the end of their term limits and preliminary polls were showing that a pro labor mayor and city council would replace them. The developers had to secure union backing before the next election cycle and approached the L.A. County Federation of Labor for their support. The labor movement in L.A. had built a strong relationship with other community groups by this time and LAANE successfully persuaded the Federation to negotiate in tandem with FCCEJ, which already had a few labor unions as members. This tactic created a powerful marriage of community and labor (Janis, 2007).

FCCEJ had invited the developers to present their project to the community but key development personnel had failed to show at the first two meetings. The lack of respect shown to the community helped rally residents and other CBOs against the project. With tensions high, labor used its influence to compel the city council to pressure the developers into meeting with FCCEJ. The developers, needing to secure project approval quickly, consented to city requests and sent their Senior Vice President of Real Estate and a development team to meet with community representatives. Formal
negotiations between the community and developer began in January, which gave the coalition five months to negotiate until the next city council election (Fleischer, 2007).

PROCESS & ROLES

The actual CBA negotiation process involved several meetings over an intense and short period. FCCEJ had created a broad vision for the community but needed to iron out specific goals and how to package their vision into something more coherent. In addition the coalition had to choose a negotiating team; it would be impossible for the developer to negotiate with the entire coalition. FCCEJ members agreed to create a list of criteria for members of the negotiation team, which included expertise on an issue of concern to the community and negotiation experience, the coalition then elected individuals who met these criteria (Hass, 2007).

The FCCEJ team consisted of six staff from CBOs as well as five resident participants. Each staff person was designated to be the leader on a specific issue (e.g. housing, jobs, parks) and was charged with researching and leading the portion of the negotiation that dealt with that specific topic. Residents that participated in the negotiation were consulted several times throughout the process and had the task of reporting negotiation proceedings back to the larger community.

Most of the actual CBA negotiations occurred at the developers’ offices over a five-month period, with occasional larger community wide meetings. It involved the FCCEJ negotiation team, a representative from the unions’ bargaining team, and the developer negotiation team. The developer team consisted of AEG’s Senior Vice President of Real Estate, two AEG staff dedicated to community relations, an attorney,
and multiple consultants who were familiar with a specific community issue (Tanner, 2007).

Meeting agendas were loosely defined with few ground rules. FCCEJ came to the bargaining table with their list of concerns and each issue was negotiated individually. Caucuses were allowed on both sides, which FCCEJ utilized to involve resident participants in the process and solicit their feedback. The representative from SAJE was the lead facilitator for the community while AEG’s Senior Vice President of Real Estate took the lead for the development team (Hass, 2007).

The city played an important role in persuading the developers to meet with FCCEJ, however, the public sector was not at the actual negotiation table. The reasons for this vary but there is speculation that the public sector wanted to stay outside of the fray. That they did not want to dictate the outcome of the process, instead letting the community and developer work out issues amongst themselves. There is also the belief that the public sector would have undermined the coalition’s efforts because the city desperately wanted to see the development of a convention center hotel. Their presence may have shifted the overall momentum of discussions towards development instead of a more balanced approach that took into greater consideration community benefits.

OUTCOMES

In May of 2001, five months after initial discussions, FCCEJ and the LA Arena Land Company announced that they had reached a historic agreement. The community coalition had successfully initiated and negotiated an agreement with the developer that would provide significant public benefits as well as a mechanism for the community
coalition to enforce the delivery of the contract terms. The Community Benefits Agreement they had arrived at was the first of its kind and included a diverse range of community benefits.

The developer agreed to assess the open space needs of the community and committed one million dollars for new parks and recreational facilities within a one-mile radius of the project. From the needs assessment the developer agreed to pay $500,000 for the construction of a recreation center that would be free to residents, and another $500,000 to renovate an existing park in the neighborhood. In addition to these projects the developer would include a one-acre public plaza on the actual development site. The renovation of the community park was completed in July 2007 and construction of the recreational center has yet to begin (Saucedo, 2007).

A living wage program was also agreed upon in the CBA, which requires the developer, commercial tenants of the Staples Center Expansion, and contractors associated with the development to comply with the L.A. Living Wage Ordinance. The developer agreed to a living wage goal of 70% of the jobs associated with the expansion. In addition the developer agreed to work with FCCEJ to select commercial tenants that
would fit with the character and goals of the development and the community ("LA Sports and Entertainment District Agreement", 2001).

The CBA also includes a local hiring and job training clause that targets residents that were displaced by the existing Staples Center, low-income residents within a three-mile radius of L.A. Live, and residents of low-income neighborhoods from across the city. FCCEJ will work with the developer to establish a First Source Referral System that will work with local businesses and job training programs to refer qualified applicants to employers at L.A. Live. The developer will provide seed money for this endeavor, totaling $100,000. Additionally the developer, commercial tenants, and contractors associated with L.A. Live will participate in the First Source Referral System ("LA Sports and Entertainment District Agreement", 2001).

Affordable housing was also a major component of the CBA. The developer originally agreed to set aside twenty percent of the total units constructed on site as affordable housing, however, the CBA was renegotiated to allow the developer to contribute to a community land trust in lieu of this set aside. In addition the developer has provided $650,000 in interest free loans to non-profit housing developers in the Figueroa Corridor. This money acts as a revolving loan fund that has been used to finance roughly 165 units of affordable housing (Tanner, 2007).

Residents were also deeply concerned with parking and made it a point of address in the CBA. The developer agreed to work with FCCEJ and the city to establish a residential parking program. The developer has provided $25,000 a year, over a five-year period, for development and implementation of the program. As of date the developer has fulfilled and gone beyond their commitment by providing extra funding for the
program and working with the local business improvement district to enhance parking and traffic conditions in the area (Fleischer, 2007). The developer has also agreed that commercial tenants and contractors will adhere to the city’s worker retention policy and to not work with any contractors that are not part of the Los Angeles Contractor Responsibility Program.

These community benefits reflect the broad needs and desires of the Figueroa Corridor. A few months after signing this historic agreement the L.A. Sports and Entertainment District received approval from the City of Los Angeles and the Los Angeles Community Redevelopment Authority (CRA/LA). Construction on the project was delayed until early 2005 due to the economic repercussions of the September 11th attacks, however, the developer began fulfilling the terms of the CBA upon project approval by the city council in 2001 (Fleischer, 2007).

When the Staples Center expansion is complete the city will gain a new and vibrant commercial district. The city council and mayor will see the completion of hotels and amenities that will help to make the Los Angeles Convention Center more competitive and, hopefully, profitable. The expansion plan has also helped to spur
significant residential development in downtown Los Angeles. According to the Downtown Center Business Improvement District there are a total of 8,157 residential units under construction, another 2,052 units that have been permitted, and an estimated 14,121 units in the development pipeline for downtown Los Angeles (Downtown Los Angeles Housing Information, 2006). A large proportion of these units are being constructed in close proximity to the Staples Center expansion site.

LEGALITY & ENFORCEMENT

The Staples Center CBA provides for the creation of an advisory committee to ensure that the terms of the agreement are carried out and to act as a formal communication channel between the developer and FCCEJ. The advisory committee is composed of representatives from FCCEJ and the LA Arena Land Company and meets quarterly for project updates and dialogue regarding the CBA, environmental concerns, and other issues deemed necessary ("LA Sports and Entertainment District Agreement", 2001).

In addition, the entirety of the Staples CBA was adopted as an attachment into the development agreement between the developer and the CRA/LA. The adoption of the CBA into these formal agreements gives the CBA a stronger legal basis for enforcement by local government and community groups. This process adds another credible threat of enforcement that the developer cannot easily ignore, however, by including the CBA in a city contract it also complicates any amendments to the contract that the developer or community group wishes to make.
For example, in 2002 FCCEJ and the developer wished to alter the on-site affordable housing requirements in the CBA. The two parties agreed to decrease the amount of affordable housing provided on-site so long as the developer made funds available for the establishment of a community land trust, estimated at between six and seven million dollars. The community group sought this amendment because it wanted to take a more proactive strategy to preserve existing affordable housing. The developer was interested in this amendment because the CBA stipulated that the affordable housing units had to be build before market rate units, which was financially difficult for them to do. This amendment made sense from both the community and private sector sides but required city approval, which took time and resources to achieve (Riccitiello, 2007).

The agreement between FCCEJ and the developer does not imply that the project is immune to legal action taken by parties outside of the CBA. The Staples agreement is between the developer and the community groups that signed onto it. CBOs that were not part of the process or chose not to be a signatory to the CBA are still capable of taking legal action against the developer. FCCEJ needed to ensure that they were a broad enough coalition that they could marginalize potential opposition to the expansion plan; thus providing an incentive for developers to negotiate with them.

The parties to the Staples Center CBA created two mechanisms, an oversight committee and adoption of the CBA into the development agreement to ensure that the terms of the contract would be fulfilled. They relied on an internal process that would build and improve upon existing relations between the community and the developer and further formalized the agreement with the aid of the public sector. These two mechanisms have served to maintain good relations between all the parties involved in
this complex negotiation process and have helped to ensure that residents of the project area benefit from development and have decreased overall risk for developers.

CHAPTER CONCLUSION

The Staples CBA marked a milestone in the ability of urban communities to derive public benefits from development interests. It was the product of a strategic community effort that benefited from a complex chain of relations and external conditions. The agreement provided a purpose for the formation of an extensive community coalition and the framework in which to legalize the outcome of their concerted efforts.

The process of creating the Staples CBA began with the formation of a broad community coalition. While FCCEJ did not form with the express interest of achieving a CBA they saw the creation of a legally binding contract between the developer and the community coalition as a vital component of their strategy, particularly as the role of the public sector has decreased in urban redevelopment. The CBA provided the framework for FCCEJ to organize and express their concerns and desires for their community as it related to L.A. Live. The act of forming a platform and a negotiation team for the CBA gave the community coalition bargaining power with the developer and city. The process showed that the community was united behind a common vision and that they were not going to let the private or public sector steam role or marginalize them.

A CBA was reached for the Staples Center expansion plan because the developer needed to secure city approval but also because the community’s demands from the developer were tempered by labor unions and the city. FCCEJ knew that the city wanted
to see this development go through they also knew that even though they had unions on their side that Labor wanted to see the project approved due to the immense number of jobs associated with the project. These circumstances allowed the developer and the community to negotiate benefits that were far-reaching but also realistic and fiscally acceptable to the L.A. Arena Land Company.

The neighborhoods impacted by the Staples Center expansion derived substantial public benefits from the developer, the developer received project approval and decreased overall risk to the project, and public officials were able to realize a development that met the needs of both local residents and the larger city. The outcome of the Staples CBA has sparked a new collective bargaining movement in urban America and community groups across the country have began to take note.
Chapter 5: Recent CBAs

Since the signing of the Staples Center CBA, in 2001, a number of CBAs have taken root across the country. The following three cases highlight the ability of community groups to adapt the CBA process to different urban redevelopment situations and contexts. These cases also underscore the potential problems and conflicts that may arise from these types of agreements.

DENVER, CO: GATES RUBBER PROJECT

The Gates Rubber Project is an example of winning a CBA one issue at a time. The community coalition that formed in response to this 52-acre mixed-use development has been unable to realize the entirety of their CBA but have won significant commitments from the developers of the project. While the Gates Rubber CBA was not fully adopted it has served as a significant organizing tool for a number of CBOs and residents in the project area.
The Gates Rubber Factory is a former industrial section of downtown Denver. Cherokee Investment Partners purchased the 52-acre site in late 2001 with plans to redevelop it into a mixed-use community that includes 4,000 residential units and 5.5 to 7 million square feet of office, retail, and entertainment space. The phased development timeline for the project is scheduled for completion in fifteen years and public subsidies are estimated to total $166 million, inclusive of sales and property tax reimbursements (LeRoy, 2005).

In response to the Cherokee development project the economic development division of the Denver Area Labor Federation organized the Campaign for Responsible Development (CRD), which consists of CBOs, labor unions, residents and faith based groups. The mission of the CRD is to maximize public benefits to Denver’s families and
communities through exactions from publicly subsidized or supported redevelopment projects. The coalition seeks to do this through securing quality jobs, affordable housing, local workforce hiring provisions, and environmental considerations from publicly subsidized development projects ("The Campaign for Responsible Development", 2007).

CRD began community benefits discussions with Cherokee in early 2003. While Cherokee stressed their commitment to providing community benefits, they were unwilling to negotiate with CRD and refused to enter into any type of binding agreement with the coalition. In public statements the president of Cherokee portrayed the initial demands of the coalition as unrealistic but eventually met with the coalition due to investor pressure ("Community Benefits Agreement Victories", 2007).

Undaunted by this the CRD continued to push on and worked to secure commitments from the developer at crucial points in the development process. When the developer needed community support for a massive rezoning of the project site the CRD was able to secure commitments from the developer that it would not build a big box grocery store in exchange for community support. When environmental concerns began to arise about the development site the CRD was able to work with state health officials to create a voluntary clean-up advisory board for residents and won a commitment from Cherokee to work with the board on environmental issues related to the site (LeRoy, 2005).

The public sector in this case was initially antagonistic toward the coalition. In an open letter to Cherokee LLC the Denver Mayor’s Office of Economic Development states, “As a matter of policy, the City and County of Denver does not support developers entering into separate Community Benefits Agreements or similar contracts or
agreements with organizations other than the City, including neighborhood groups or 
organizations such as FRESC [CRD]” (Johansen, 2004). It was clear that the public 
sector in Denver viewed the efforts of the CRD as a threat to their authority and role in 
the redevelopment process. However, public officials eventually came to support the 
process and begin to initiate public discussions about what tax payers were actually 
getting for their money, this questioning helped to leverage the CRD’s influence over the 
project and brought the community sector into the decision-making table.

Despite these initial efforts by the city and county to dissuade Cherokee from 
entering into private agreements with community groups the Gates Rubber case shows 
that persistence does pay off. In February 2006, after three years of negotiations, the 
CRD and developer reached an agreement that provided affordable housing, 
environmental clean-up, quality construction jobs, living wage jobs, and local hiring in 
exchange for the coalition backing the overall project as well as the creation of a Tax 
Increment Finance (TIF) district to support the development (AFL-CIO, 2007). The 
Denver case shows that even without initial public sector support CBAs can still be 
utilized to develop strong community coalitions and that the perspective of the city can 
change drastically with the strategic help of community leaders and elected officials.
The Park East Redevelopment CBA is a model of strategic adaptation. After several failed attempts with city officials to adopt a CBA the Good Jobs and Livable Neighborhoods Coalition altered their strategy and achieved significant gains in the process.

In 2002 the City of Milwaukee announced plans to demolish the Park East Freeway, located just north of downtown. The demolition would free up 26 acres for what the city planned to be a mix-use neighborhood consisting of residential, office, and retail space. The projected total development cost is between $250-$500 million, with a TIF district subsidizing much of the needed infrastructure improvements ("Community Benefits Agreement Victories", 2007).
The Milwaukee County Labor Council and the Institute for Wisconsin’s Future were skeptical of the benefits associated with this project and formed the Good Jobs and Livable Neighborhoods Coalition to keep the city accountable. The coalition grew to be over thirty CBOs, labor unions and faith based groups with a focus on securing good paying jobs for local residents. Many members of this coalition were aware of each other but this was the first time that many of them actually worked together (LeRoy, 2005).

The Park East CBA negotiation was different than most other CBA processes because of the prominence of the public sector. The Park East project was divided into twenty publicly owned parcels, each would have their own developer and development agreement. Given the improbability of negotiating with twenty separate developers the coalition formulated a strategy that would pressure the city to adopt a CBA for the entire development area; in essence creating binding CBA contracts with each developer (LeRoy, 2005).

In 2003, the coalition unveiled its CBA terms and aggressively pursued city officials to adopt it into the Park East Development Plan. After eighteen months of debate the Milwaukee Common Council rejected the CBA, however, the coalition was
not deterred by this setback and adopted a strategy that targeted the public sector at the county level. While the city owned four acres of the development site the county owned the rest ("Economic Development", 2007).

The coalition found a much more receptive county board and in December 2004 the county overwhelmingly adopted the CBA, and renamed it the Park East Redevelopment Compact (PERC). The PERC requires that developers of the Park East parcels pay prevailing wage, set local and minority hiring goals, create job training programs, incorporate green design and open space into their plans, and construct affordable housing. Provisions in the PERC also create an oversight committee to ensure that the terms of the PERC are enforced for the twenty seven year life of the TIF district (LeRoy, 2005).

The Park East case demonstrates that CBAs are flexible and can be adopted and enforced at different levels of the public sector. Even without a developer to negotiate a CBA with the coalition was able to exact major community benefits through negotiating a CBA with the public sector in the pre request for proposal period. The PERC narrative highlights how creative thinking pays off and that any situation, no matter how bleak, has significant potential.
BROOKLYN, NY: ATLANTIC YARDS

The Atlantic Yards CBA is one of the more controversial agreements of its kind. Many observers and stakeholders have argued that this public benefits negotiation process was co-opted by the developer while others believe that the terms of the agreement are among some of the most far reaching to date. This case provides a lesson in community representation and demonstrates how CBAs can be controversial and divisive at the community level.

Atlantic Yards will be a 22-acre mixed-use development located in the New York City borough of Brooklyn. The proposal includes an 850,000 gross square foot (gsf) multi-purpose stadium, a 180-room hotel, 336,000gsf of office, 247,000gsf of retail, 6,860 residential units, and seven acres of public open space ("Atlantic Yards Overview", 2007). The developer of this project is Forest City Ratner Companies (FCRC); the nations largest publicly traded commercial real estate development company.
FCRC announced plans to develop Atlantic Yards in December 2003. Shortly after the announcement they were approached by a coalition of eight community groups and in June 2005 a CBA agreement was reached. The agreement outlined public benefits to be provided by the developer, which included: affordable housing, job training, local/minority/women hiring, small business development, community amenities and facilities, and open space ("Atlantic Yards Community Benefits Agreement", 2005).

One of the major points of concern with this CBA has been the composition of the community coalition. Only eight CBOs have signed onto this agreement, of which four were not incorporated before the announcement of the project. Certain community groups have argued that the CBA process did not include community groups that were not publicly in favor of the development project ("The Opposition", 2007). It has also been recently reviewed that certain signatories to the Atlantic Yards CBA will receive
funding from the developer to carry out programs associated with the project, which could be perceived as a conflict of interest.

A second point of apprehension with the Atlantic Yards CBA concerns the legality and enforceability of the agreement. The Atlantic Yards CBA stipulates the creation of oversight committees to ensure compliance with the terms of the CBA, however, the agreement has not been adopted into any part of the disposition or development agreements between the public sector and the developer. This lack of formality has called into question what the developer is actually liable to provide. A recent NYC Bar panel on the legality of the Atlantic Yards CBA was less than optimistic that the agreement would hold up in a court of law (Community Benefits Agreements: Who is the Community and What is the Benefit?, 2006).

The Atlantic Yards development is being watched very closely. If the terms of the CBA are fulfilled to every detail the project could provide significant benefits to the surrounding community, however, if the contract details are undermined it will highlight a major flaw with the CBA process. The Atlantic Yards case underscores fundamental concerns with these agreements such as: Who defines the community? What is the enforcement potential for CBAs? and what is the role of the public sector in this process?
CHAPTER CONCLUSION

The previous case studies have highlighted the flexibility and adaptability of CBAs as well as potential concerns that may arise with their use. Within the Denver Gates Rubber case we saw that CBAs can be achieved one step at a time and that they can be conducted without the initial support of local government. In the Milwaukee Park East case we learned that CBAs can be negotiated at different stages of a redevelopment plan and that they can be adopted by the public sector, even without the presence of a developer to negotiate with. The Brooklyn Atlantic Yards case has shown us that CBAs are a tool, that like any other tool, are only as good as the people or coalition that utilize them.

The versatility of the CBA process is one of its strengths as well as one of its weaknesses. The process of forming a CBA starts with the creation of a broad community group, followed by the formation of a community vision for the redevelopment area. This part of the process is universal and should be applied to all potential CBA processes if the agreement is to be successful in creating greater overall project value. Whether the community coalition negotiates with the public or private sector depends on the unique circumstances of the redevelopment situation. Because the actual negotiation process is so dependent on local intricacies and relations it is difficult to prescribe what the CBA process should be following the formation of a community vision. However, regardless of whom the coalition negotiates with the purpose is still to achieve an agreement with the other party that will ensure that community benefits are provided.
Chapter 6: Analysis & Recommendations

CBAs evolved out of a history of failed urban redevelopment policies and the public learning that occurred from them. The federal government created numerous programs – Urban Renewal, Model Cities, Community Development Block Grants, Urban Development Action Grants, and Empowerment Zones – which have all had mixed if not all together disappointing outcomes. Community groups and residents of “blighted” neighborhoods are frustrated with these top-down approaches and have created a new tool, in the form of CBAs, to help reap the benefits of development interests in their communities.

Evolving Programs & Roles

Urban Renewal was the first national program to address urban blight and sought to maximize the role of the private sector in renewal projects (Anderson, 1964). Within the context of this program the community sector realized that they could not count on the public sector to watch out for their best interest. They watched as the fates of their neighborhoods were being decided without significant consideration given to their concerns or opinions. As disempowering as this process was it also provided the backdrop in which residents realized their collective power. They learned how to organize as well as how to stop or at the very least significantly delay massive redevelopment projects.

Programs such as Model Cities attempted to give urban residents a greater say in the redevelopment process and expanded the definition of urban redevelopment to include social issues, however, the program did not live up to these commitments
(Frieden & Kaplan, 1975). Community groups realized that even though the program had specific provisions for resident involvement the roles that were often prescribed to community members were symbolic and did not allow for residents to influence the final project. Although the program attempted to include social concerns in its paradigm, residents quickly learned that they could not rely on the federal government to dictate local needs accurately.

The Community Development Block Grant (CDBG) program attempted to give more autonomy to local governments and had provisions for resident participation. Community groups discovered that even though urban redevelopment projects were being dictated and carried out at a local level that their interests were still not of primary concern to decision makers, particularly with projects that had city wide implications. While CDBG did have specific requirements for citizen participation the program stressed communication instead of actual power sharing (Lawrence Johnson & Associates. & United States. Dept. of Housing and Urban Development. Office of Policy Development and Research. United States. Office of Community Planning and Development., 1978).

Urban Development Action Grants (UDAG) were created to provide balance to the CDBG program. The goal of UDAG was to spur economic development in “blighted” neighborhoods, through stimulating private investment in urban areas (Nathan, Webman, & Princeton Urban and Regional Research Center., 1980). The program had no specific requirements for community participation and demonstrated to community groups that even though they had made significant gains since Urban Renewal that it was
still relatively easy for governments to overlook them. It provided a lesson to residents in
the need to be proactive and constantly observant of redevelopment policies and projects.

Empowerment Zones (EZs) are the most recent federal urban redevelopment
program and were created with the intent of broad community involvement. The
program utilized a “bottom-up” approach that built on the assets of existing urban
neighborhoods. While EZs have placed a significant amount of power in the community
sector recent studies have shown that community involvement is highest in the planning
stages of the program and decreases significantly in the implementation stage (Gittell,
1998; Oakley, 2006). This program has proven to community groups that they need to
create mechanisms to ensure their involvement at all steps of a redevelopment process
and that they need to find ways of enforcing community benefits promised in the project
planning and approval phases.

The array of federal urban redevelopment programs that have been created thus
far have not given community groups and residents a meaningful seat at the decision-
making table. Many of the federal programs discussed in this thesis focus on building
relationships between the public and private sectors but do not prescribe a significant role
for impacted communities. Attempts to correct for this, such as with the CDBG and
Empowerment Zones, have had mixed success and often tokenize citizen participation.

This prevailing paradigm in federal urban policy has contributed to the creation of
CBAs. Residents of targeted urban redevelopment neighborhoods are frustrated with the
outcome of these federal programs, which often include: displacement, gentrification, or
the destruction of extensive swaths of their community. In response residents and
community groups have created CBAs as a tool to gain access to decision makers and
have shifted the debate from whether or not a publicly subsidized project should provide benefits to existing residents to how much in benefits a project should provide.

CBAs are a means to secure public benefits and a tool to organize communities. These agreements have given community groups a place at the negotiation table and a bargaining chip with developers. They have altered the redevelopment discourse by creating a third “community” party to contend with. Discussions about community benefits in publicly subsidized redevelopment projects can no longer only take place between the public and private sectors. The community has worked its way to the table and the practice of negotiating public benefits has evolved into a three way process, with each sector having significant power over the development outcome.

CBA LESSONS

The Staples Center CBA was the first community benefits agreement of its kind and was an example for subsequent CBA processes across the nation. These types of agreements have taken root across the country in such geographically diverse places as Denver, Milwaukee, and New York City. While it has only been six years since the first CBA was signed substantial lessons can be garnered from the planning and implementation of these agreements.

The community coalition that formed around the Staples Center CBA was innovative and strategic in their approach to secure public benefits from the developers of L.A. Live. They aligned themselves closely with Labor and were able to leverage the developers’ tight permitting time line in their favor. The Figueroa Community Coalition for Economic Justice (FCCEJ) formed a broad enough coalition that if they opposed the
development they could substantially delay the project and if they were in favor of it they could marginalize other opposition groups (Hass, 2007).

FCCEJ was also inventive in ensuring that benefits were provided by the developer. They established a formal contract between the community coalition and the developers of L.A. Live but went a step further by incorporating the CBA into the development agreement between the city and the developer. This step added another layer of protections and ensured that benefits would be delivered and enforced by both the city and community coalition.

The Denver Gates Rubber project demonstrates that CBAs can be a long drawn out process that may not materialize in a broad agreement but play out over several incidents. The Campaign for Responsible Development (CRD) utilized the CBA process as an organizing tool and built an extensive coalition of community groups. They were successful in getting most parts of their CBA adopted by the developer because they were persistent and strategic in confronting the developer of the project at crucial moments in the redevelopment process.

The Denver city and county governments were hostile to the CBA process and have gone so far as to publicly recommend that developers not enter into binding contracts with community groups. Undaunted by this the CRD has pressed on and found public officials that championed their cause, which eventually helped them to secure an agreement with the developers of the Gates Rubber project. This case study serves as a testament to the durability of CBAs and their power as an organizing tool.

From the Milwaukee Park East Redevelopment case we have learned that CBAs can be applied to different types of development entities and that they can be broadened
to include multiple developers. Park East consisted of twenty development parcels that were owned by the city and county of Milwaukee. Instead of attempting to negotiate separate CBAs for each development parcel the Good jobs and Livable Neighborhoods Coalition utilized a strategy that would appropriate their CBA into the city’s development plan for the parcels. This in essence created a binding CBA for each developer that sought to build on one of the Park East sites.

When the city of Milwaukee refused to adopt the communities CBA the coalition refocused their efforts on the county level. The county owned the majority of the Park East parcels and were much more receptive to community concerns than the city. In December 2004 the county government overwhelmingly adopted the Park East CBA. The Milwaukee case underscores the flexibility of CBAs; it shows that a CBA can still be achieved even though there may not be a developer to negotiate with and that CBAs can be applied at different levels of government.

Brooklyn’s Atlantic Yards CBA raises concerns about who represents the community and the overall legitimacy of CBAs. The Atlantic Yards project is a 22-acre development that will drastically alter downtown Brooklyn’s economic and physical character. The project has been met with serious apprehension from community groups but has a CBA associated with it that has been signed by eight CBOs. One of the critical issues that has been raised by this case is do these eight CBOs represent the community, even when over fifty community groups have raised serious doubts about the project.

A second point of concern is that the Atlantic Yards CBA was not adopted into the development and disposition agreement between the city and developers. This oversight could lead to future problems if the developer does not live up to their end of
the agreement. This case study demonstrates that CBAs are a tool that like any other tool can be appropriated by other parties but also raises larger fundamental questions about who represents “the community”.

From these case studies it appears that community groups with substantial human capital and capacity are primarily utilizing CBAs in mature urban markets. The community coalitions that formed in Denver, Milwaukee, and Los Angeles were spearheaded by CBOs with significant experience in community organizing. The locales where these agreements took place were in economic environments that were experiencing high demand for urban real estate. The conditions under which these CBAs occurred begs the question of how these types of agreements would work in rural or immature urban markets that lack sophisticated CBOs to organize residents and other community groups.

RECOMMENDATIONS

While CBAs have been successful in helping many communities reap the benefits of publicly subsidized redevelopment projects the public benefits negotiation process can still be improved upon. As the Atlantic Yards case underscores, the question about who represents “the community” is a significant concern with CBAs. Also: CBAs run the risk of becoming bogged down in specific issues instead of the actual interests of stakeholders. Lastly, the legality of CBAs are an issue as community groups often lack the legal expertise to ensure that the provisions of a CBA are carried out as negotiated.

The public benefits negotiation process needs to be inclusive of all stakeholders in a redevelopment project; it cannot occur between a developer and the public sector nor
should it be solely between the community and the developer. Publicly subsidized urban
redevelopment projects, of the scope that I have discussed in this thesis, have tremendous
impact areas. For projects of this magnitude to be successful key stakeholders (e.g.
residents, community groups, the developer, and public officials) need to be involved
early on in the negotiation process.

CBOs, developers, and the public sector need to evaluate who the key
stakeholders are in an impact area and ensure that they have the opportunity to
meaningfully participate in the redevelopment discourse. These groups need to ensure
that stakeholders are included early on in the discussion; otherwise the process could be
significantly delayed as new stakeholders enter the process and need to be caught up on
details. New stakeholders may also bring in drastic new perspectives that could alter the
community benefits discussion and redevelopment plan. By expanding the negotiation
table, redevelopment projects run less risk of alienating outside parties and ensure a
development that is more mindful of the surrounding physical and social environment.

Parties in a public benefits negotiation should focus on interests (e.g. maintaining
a diverse housing stock, good jobs, and a livable community) instead of specific goals
(e.g. number of affordable housing or market rate units, number of unionized jobs). The
common practice of focusing on specific issues constrains discussion and limits the
ability of organizations to think creatively in confronting a topic. Through concentrating
on interests parties have greater flexibility to be inventive and can generate outcomes that
have greater value for all parties involved.

The public sector is always involved in a CBA process, even though they may not
formally be at the negotiation table. The public sector is the entity providing the public
subsidies, zoning variances, and approvals that the developer is seeking. By not providing these benefits to the developer the public sector is inadvertently telling the private sector to work with the community sector. The act of withholding public support and sidestepping traditional public approval processes implies that the public sector has supported the development of a CBA; this in essence serves to create the table by which discussions can occur and ensures that both parties will negotiate.

If the community sector were to encourage the active participation of the public sector in actual negotiations it could leverage the cities legal resources to ensure that benefits are provided in accordance with negotiated outcomes. Many CBOs are resource constrained and do not have the personal or fiscal resources to undertake an extensive legal review of each and every revision of a public benefits agreement. The public sector could provide this oversight as well as strengthen the enforceability of the agreement by absorbing the terms of such a negotiation into the development and disposition contract with the developer.

CONCLUSION

The urban economic context has dramatically shifted in many cities; instead of the public sector struggling to encourage private investment in urban areas we are now seeing resurgent private sector interest in urban communities. Federal policies have also shifted dramatically and programs such as job training and affordable housing have moved from the realm of federal and state governments to poorly funded city and county governments. Local officials have had a difficult time adjusting to these changes and have relied heavily on the public sector to help adapt to this new economic and political
environment. The ubiquity of public-private urban redevelopment projects in recent years has drawn the concern of many community groups, particularly as the “return to the cities” movement grows and more urban residents are being displaced by high-end condos and related developments.

Inner city communities can utilize three strategies to empower themselves in the face of such pressures: (1) they can create their own institutions for change (e.g. Community Development Corporations), (2) they can seek change through policy, and (3) they can negotiate directly with those in control of capital (e.g. neighborhood reinvestment campaigns) (Haas, 2002). Many urban communities have had experience with all three of these options but few have been able to leverage these methods to successfully respond to large-scale redevelopment projects. However, negotiating directly with those in control of capital may be the most promising as it requires less time and energy than creating new institutions and is more isolated from shifting political ideologies than policy change.

CBAs are a product of this last method and have been for the most part successful in helping residents reap the benefits of newfound development interests. They have given a unified voice to the community and have created an entity that the private and public sector can recognize and negotiate with. CBAs are a tangible goal for neighborhoods to rally around and have helped to build community cohesion in the face of dynamic neighborhood and economic change.

CBAs, however, are not the end goal but a tactic to help create larger systemic change in the way that the public and private sectors conduct urban redevelopment. CBAs occur on a case-by-case basis and involve significant investments in time and
energy. The community, private developers, and the public sector do not have the resources or time to conduct a comprehensive CBA process for each publicly subsidized redevelopment project. There needs to be systemic change in the public sector to ensure that all publicly subsidized redevelopment projects satisfy the concerns of key stakeholders.

Local governments must adopt redevelopment practices that work with potentially impacted community residents early on in the RFP development process. The success of the Milwaukee Park East case shows that community participation at this stage of the redevelopment process is feasible and may help facilitate an overall development plan that may be more physically and socially integrated with surrounding communities. Public officials should also ensure that all key stakeholders are able to participate fully in development discussions otherwise they may run the risk of undermining any type of development agreement. The Atlantic Yards case highlights the problems that may arise when questions of who represents the community arise. Through ensuring that key stakeholders are meaningfully involved early on in the redevelopment process the public sector can help to avoid potential conflicts between community and private sector interests that may prove costly in terms of time and money, as was demonstrated by the three years spent negotiating the Denver Gates CBA.

CBOs and residents of urban neighborhoods need to organize themselves into a collective and unified voice; the community sectors power is derived from its ability to represent broad swaths of individuals and their interests. They need to create mechanisms to ensure that an array of community interests is represented at the bargaining table; however, this mechanism also needs to be easily accessible to the public
and private sectors. Neighborhood councils and similar organizations are one such method but these types organizations need to become inclusive of minority voices otherwise they run the risk of alienating important aspects of the community and weakening their representative power.

CBAs evolved out of a history of ineffective urban redevelopment policy and public learning from these programs. They represent over seventy years of community frustration with misguided urban interventions that have been increasingly driven by the private sector. These agreements have proven to be a useful tool in the public benefits discourse but are only a tool and not an end goal for creating redevelopment projects that are efficient, stable, and have higher overall value for all parties involved. Change needs to occur at the policy and practice level to empower community stakeholders and allow them to influence the public benefits negotiation process in a meaningful way. Until this change occurs we will continue to see more and more CBAs taking root across the country.
REFERENCES


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I. PURPOSE

The purpose of this Community Benefits Program for the Los Angeles Sports and Entertainment District Project is to provide for a coordinated effort between the Coalition and the Developer to maximize the benefits of the Project to the Figueroa Corridor community. This Community Benefits Program is agreed to by the Parties in connection with, and as a result of, the Cooperation Agreement to which it is attached. This Community Benefits Program will provide publicly accessible park space, open space, and recreational facilities; target employment opportunities to residents in the vicinity of the Figueroa Corridor; provide permanent affordable housing; provide basic services needed by the Figueroa Corridor community; and address issues of traffic, parking, and public safety.

II. DEFINITIONS

As used in this Community Benefits Program, the following capitalized terms shall have the following meanings. All definitions include both the singular and plural form. Any capitalized terms not specifically defined in this Attachment A shall have the meanings as set forth in the Settlement Agreement.

“Agency” shall mean the Community Redevelopment Agency of the City of Los Angeles.

“City” shall mean the City of Los Angeles.

“Coalition” shall have the meaning set forth in the Cooperation Agreement.

“Contractor” shall mean a prime contractor, a subcontractor, or any other business entering into a contract with the Developer related to the use, maintenance, or operation of the Project or part thereof. The term Contractor shall not include Tenants.

“Cooperation Agreement” shall mean the Cooperation Agreement entered into between the Developer and the Coalition on May 29, 2001.

“Developer” shall mean the corporations entitled the L.A. Arena Land Company and Flower Holdings, LLC.
“Needs Assessment” shall have the meaning set forth in Section III.C.1.

“Project” shall have the meaning set forth in the Cooperation Agreement.

“Tenant” shall mean a person or entity that conducts any portion of its operations within the Project, such as a tenant leasing commercial space within the Project, or an entity that has acquired a fee simple interest from the Developer for the purpose of developing a portion of the Project. “Tenant” does not include Contractors and agents of the Developer.

Tenant shall exclude any tenant of a residential dwelling unit, any guest or other client of any hotel and any governmental entity.

III. PARKS AND RECREATION

A. PURPOSE. The purpose of this Section is to help address the deficit of park space in the Figueroa Corridor community. The Figueroa Corridor contains less than a quarter of the park space acreage required by the City. The park construction efforts under this Section will help address this deficit, providing a measurable and lasting benefit to the Figueroa Corridor community.

B. QUIMBY FEES. Developer agrees to pay all fees required by the Los Angeles Municipal Code, Chapter I, Article 7, Section 17.12, “park and recreation site acquisition and development provisions,” subject to offsetting credits as allowed by that section and/or state law and approved by the city. The Coalition shall support Developer’s application for Quimby credit under this section, provided that Developer’s applications for credits are based on publicly accessible space and facilities.

C. PARKS AND OPEN SPACE NEEDS ASSESSMENT.

1. Needs Assessment. The Developer will fund an assessment of the need for parks, open space, and recreational facilities in the area bounded by the following streets: Beverly Boulevard and the 101 freeway (north boundary); Western Avenue (west boundary); Vernon Avenue (south boundary); and Alameda Street (east boundary). Developer will commence fulfillment of its responsibilities under this section III.C within 90 days after enactment by the Los Angeles City Council of a development agreement ordinance for the Project.

2. Funding. Developer will fund the Needs Assessment in an amount between $50,000 and $75,000, unless the Coalition consents to the Developer funding the Needs Assessment in an amount less than $50,000.

3. Selection of organization conducting needs assessment.
The Needs Assessment will be conducted by a qualified organization agreed upon by both the Developer and the Coalition, and paid an amount consistent with Section III.C.2, above. The Developer and the Coalition may enlist other mutually agreed upon organizations to assist in conducting the Needs Assessment.

D. PARK AND RECREATION FACILITY CREATION BY DEVELOPER.

1. **Park and recreation facility creation.** Following the completion of the needs assessment, the Developer shall fund or cause to be privately funded at least one million dollars ($1,000,000) for the creation or improvement of one or more parks and recreation facilities, including but not limited to land acquisition, park design, and construction, within a one-mile radius of the Project, in a manner consistent with the results of the Needs Assessment. By mutual agreement of the Coalition and the Developer, this one-mile radius may be increased. Each park or recreation facility created pursuant to this agreement shall be open to the public and free of charge. Developer shall have no responsibility for operation or maintenance of any park and recreation facility created or improved pursuant to this agreement. Developer after consultation with the Coalition shall select the location of park and recreation facilities to be created or improved. Park and recreation facilities shall be created or improved in a manner such that a responsible entity shall own, operate, and maintain such facilities. Each park created or improved pursuant to this agreement shall include active recreation components such as playgrounds and playing fields, and shall also include permanent improvements and features recommended by the Needs Assessment, such as restroom facilities, drinking fountains, park benches, patio structures, barbecue facilities, and picnic tables. Recreation facilities created pursuant to this Section should to the extent appropriate provide opportunities for physical recreation appropriate for all ages and physical ability levels.

2. **Timeline.** The park and recreation facilities created or improved pursuant to this agreement shall be completed within five years of completion of the Needs Assessment. At least $800,000 of the funds described in Section III.D.1, above, shall be spent within four years of completion of the Needs Assessment.

E. OPEN SPACE COMPONENTS OF DEVELOPMENT.

1. **Street-level plaza.** The Project will include a street-level plaza of approximately one-acre in size and open to the public.
2. **Other public spaces.** The Project will include several publicly-accessible open spaces, such as plazas, paseos, walkways, terraces, and lawns.

**IV. COMMUNITY PROTECTION**

**A. PARKING PROGRAM.** The Developer shall assist the Coalition with the establishment of a residential permit parking program as set forth below.

1. **Permit Area.** The area initially designated as part of the Parking Program is generally bounded by James Wood Drive on the north, Byram and Georgia Streets on the west, Olympic Boulevard on the south and Francisco on the east. The permit area may be adjusted from time to time by mutual agreement of the Developer and the Coalition or upon action by the City determining the actual boundaries of a residential parking district in the vicinity of the Project.

2. **Developer Support.** The Developer shall support the Coalition’s efforts to establish the parking program in the permit area by requesting the City to establish a residential permit parking district through a letter to City Council members and City staff, testimony before the City Council or appropriate Boards of Commissioners, and through technical assistance which reasonably may be provided by Developer’s consultants.

To defray the parking program’s costs to residents of the permit area, the Developer shall provide funding of up to $25,000 per year for five years toward the cost of developing and implementing the parking program within the permit area. Such funding shall be provided to the City.

3. **Limitations.** The Coalition understands, acknowledges and hereby agrees that the City’s determination of whether to establish a residential permit parking district and the boundaries thereof are within the City’s sole discretion. The Developer is not liable for any action or inaction on the part of the City as to establishment of a residential permit parking district or for the boundaries thereof. The Coalition understands, acknowledges and hereby agrees that the total annual aggregate cost of a residential permit parking district may exceed $25,000 per year and that in such event, the Developer shall have no liability for any amounts in excess of $25,000 per year for five years.

**B. TRAFFIC.** The Developer in consultation with the Coalition shall establish a traffic liaison to assist the Figueroa Corridor community with traffic
issues related to the Project.

C. SECURITY. The Developer shall encourage the South Park Western Gateway Business Improvement District to address issues of trash disposal and community safety in the residential areas surrounding the Project. The Developer shall request the BID to provide additional trash receptacles in the vicinity of the Project, including receptacles located in nearby residential areas.

V. LIVING WAGE PROGRAM

A. DEVELOPER RESPONSIBILITIES REGARDING LIVING WAGES.

1. Compliance With Living Wage Ordinance. The Developer, Tenants, and Contractors shall comply with the City’s Living Wage Ordinance, set forth in the Los Angeles Administrative Code, Section 10.37, to the extent such ordinance is applicable.

2. Seventy Percent Living Wage Goal. The Developer shall make all reasonable efforts to maximize the number of living wage jobs in the Project. The Developer and the Coalition agree to a Living Wage Goal of maintaining 70% of the jobs in the Project as living wage jobs. The Developer and the Coalition agree that this is a reasonable goal in light of all of the circumstances. Achievement of the Living Wage Goal shall be measured five years and ten years from the date of this Agreement. In the event that actual performance is less than 80% of the goal for two consecutive years, the Developer shall meet and confer with the Coalition at the end of such two year period to determine mutually agreeable additional steps which can and will be taken to meet the Living Wage Goal.

3. Achievement of Living Wage Goal. For purposes of determining the percentage of living wage jobs in the Project, the following jobs shall be considered living wage jobs:

   • jobs covered by the City’s Living Wage Ordinance;

   • jobs for which the employee is paid on a salaried basis at least $16,057.60 per year if the employee is provided with employer-sponsored health insurance, or $18,657.60 per year otherwise (these amounts will be adjusted in concert with cost-of-living adjustments to wages required under the
City’s Living Wage Ordinance);

- jobs for which the employee is paid at least $7.72 per hour if the worker is provided with employer-sponsored health insurance, or $8.97 per hour otherwise (these amounts will be adjusted in concert with cost-of-living adjustments to wages required under the City’s Living Wage Ordinance); and

- jobs covered by a collective bargaining agreement.

The percentage of living wage jobs in the Project will be calculated as the number of on-site jobs falling into any of the above four categories, divided by the total number of on-site jobs. The resulting number will be compared to the Living Wage Goal to determine whether the Living Wage Goal has been achieved.

4. Developer Compliance If Goal Not Met. Whether or not the Living Wage Goal is being met at the five- and ten-year points, the Developer shall be considered to be in compliance with this Section if it is in compliance with the remaining provisions of this Section.

5. Reporting Requirements. The Developer will provide an annual report to the City Council's Community and Economic Development Committee on the percentage of jobs in the Project that are living wage jobs. The report will contain project-wide data as well as data regarding each employer in the Project. Data regarding particular employers will not include precise salaries; rather, such data will only include the number of jobs and the percentage of these jobs that are living wage jobs, as defined in Section V.A.3, above. If the report indicates that the Living Wage Goal is not being met, the Developer will include as part of the report a discussion of the reasons why that is the case. In compiling this report, Developer shall be entitled to rely on information provided by Tenants and Contractors, without responsibility to perform independent investigation. This report shall be filed for any given year or partial year by April 30th of the succeeding year.

6. Selection of Tenants.

   a. Developer Notifies Coalition Before Selecting Tenants. At least 45 days before signing any lease agreement or other contract for space within the Project, the Developer shall notify the Coalition that the Developer is considering entering into
such lease or contract, shall notify the Coalition of the identity of the prospective Tenant, and shall, if the Coalition so requests, meet with the Coalition regarding the prospective Tenant’s impact on the 70% living wage goal. If exigent circumstances so require, notice may be given less than 45 days prior to signing such a lease agreement or other contract; however, in such cases the Developer shall at the earliest possible date give the Coalition notice of the identity of the prospective Tenant, and, if the Coalition requests a meeting, the meeting shall occur on the earliest possible date and shall in any event occur prior to the signing of the lease agreement or other contract.

b. **Coalition Meeting with Prospective Tenants.** At least 30 days before signing a lease agreement or other contract for space within the Proposed Development, the Developer will arrange and attend a meeting between the Coalition and the prospective Tenant, if the Coalition so requests. At such a meeting, the Coalition and the Developer will discuss with the prospective Tenant the Living Wage Incentive Program and the Health Insurance Trust Fund, and will assist the Coalition in encouraging participation in these programs. If exigent circumstances so require, such a meeting may occur less than 30 days prior to the signing of a lease agreement; however, in such cases the meeting shall be scheduled to occur on the earliest possible date and shall in any event occur prior to the signing of the lease agreement or other contract. The Developer will not enter into a lease agreement with any prospective Tenant that has not offered to meet with the Coalition and the Developer regarding these issues prior to signing of the lease.

c. **Consideration of Impact on Living Wage Goal.** When choosing between prospective Tenants for a particular space within the Project, the Developer will, within commercially reasonable limits, take into account as a substantial factor each prospective Tenant’s potential impact on achievement of the Living Wage Goal.

d. **Tenants Agree to Reporting Requirements.** Tenants are not required to participate in the Living Wage Incentive Program or the Health Insurance Trust Fund. However, all Tenants in the Project shall make annual reports as set forth in Section V.B.3, below. The Developer will include these reporting requirements as a material term of all lease agreements or other contracts for space within the Project.
B. TENANTS’ OPPORTUNITIES AND RESPONSIBILITIES.

1. Living Wage Incentive Program. All Tenants will be offered the opportunity to participate in a Living Wage Incentive Program. Tenants are not required to participate in this program, but may choose to participate. Under the Living Wage Incentive Program, Tenants providing living wage jobs may receive various benefits of substantial economic value. The Coalition, the Developer, and the City will collaborate to structure a set of incentives, at no cost to the Developer, to assist the Project in meeting the Living Wage Goal. The Living Wage Incentive Program shall be described in a simple and accessible written format suitable for presentation to prospective Tenants. The Coalition, working collaboratively with the Developer, shall seek funding from governmental and private sources to support the incentives and benefits provided in the Living Wage Incentive Program.

2. Health Insurance Trust Fund. All Tenants will be offered the opportunity to participate in the Health Insurance Trust Fund. Tenants are not required to participate in this program, but may choose to participate. The Health Insurance Trust Fund, still being established by the City, will provide Tenants with a low-cost method of providing employees with basic health insurance.

3. Reporting Requirements. Each Tenant in the Project must annually report to the Developer its number of on-site jobs, the percentage of these jobs that are living wage jobs, and the percentage of these jobs for which employees are provided health insurance by the Tenant. Tenants need not include precise salaries in such reports; rather, with regard to wages, Tenants need only include the number of jobs and the percentage of these jobs that are living wage jobs, as defined in Section V.A.3, above. Such reports shall be filed for any given year or partial year by January 31st of the succeeding year.

C. TERM. All provisions and requirements of this Section shall terminate and become ineffective for each Tenant ten years from the date of that Tenant’s first annual report submitted pursuant to Section V.B.3, above.

VI. LOCAL HIRING AND JOB TRAINING

A. PURPOSE. The purpose of this Section is to facilitate the customized training and employment of targeted job applicants in the Project. Targeted job applicants include, among others, individuals whose residence or place of
employment has been displaced by the STAPLES Center project, low-income individuals living within a three-mile radius of the Project, and individuals living in low-income areas throughout the City. This Section (1) establishes a mechanism whereby targeted job applicants will receive job training in the precise skills requested by employers in the Project, and (2) establishes a non-exclusive system for referral of targeted job applicants to employers in the Project as jobs become available.

B. CUSTOMIZED JOB TRAINING PROGRAM. The First Source Referral System, described below, will coordinate job training programs with appropriate community-based job training organizations. Prior to hiring for living wage jobs within the Project, employers may request specialized job training for applicants they intend to hire, tailored to the employers’ particular needs, by contacting the First Source Referral System. The First Source Referral System will then work with appropriate community-based job training organizations to ensure that these applicants are provided with the requested training.

C. FIRST SOURCE HIRING POLICY. Through the First Source Hiring Policy, attached hereto as attachment No. 1, qualified individuals who are targeted for employment opportunities as set forth in Section IV.D of the First Source Hiring Policy will have the opportunity to interview for job openings in the Project. The Developer, Contractors, and Tenants shall participate in the First Source Hiring Policy, attached hereto as Attachment No. 1. Under the First Source Hiring Policy, the First Source Referral System will promptly refer qualified, trained applicants to employers for available jobs. The Developer, Contractors, and Tenants shall have no responsibility to provide notice of job openings to the First Source Referral System if the First Source Referral System is not fulfilling its obligations under the First Source Hiring Policy. The terms of the First Source Hiring Policy shall be part of any deed, lease, or contract with any prospective Tenant or Contractor.

D. FIRST SOURCE REFERRAL SYSTEM. The First Source Referral System, to be established through a joint effort of the Developer and the Coalition, will work with employers and with appropriate community-based job training organizations to provide the referrals described in this Section. The Coalition and the Developer will select a mutually agreeable nonprofit organization to staff and operate the First Source Referral System, as described in the First Source Hiring Policy. The Developer will provide $100,000 in seed funding to this organization. The Developer will meet and confer with the Coalition regarding the possibility of providing space on site for the First Source Referral System, for the convenience of Tenants and job applicants; provided, however, the Developer may in its sole and absolute discretion determine whether or on what terms it would be willing to provide space for the First Source Referral
System. If the First Source Referral System becomes defunct, Employers shall have no responsibility to contact it with regard to job opportunities.

VII. SERVICE WORKER RETENTION

A. SERVICE CONTRACTOR WORKER RETENTION. The Developer and its Contractors shall follow the City's Worker Retention Policy as set forth in the Los Angeles Administrative Code, Section 10.36. The City’s Worker Retention Policy does not cover individuals who are managerial or supervisory employees, or who are required to possess an occupational license.

B. WORKER RETENTION FOR HOTEL AND THEATER EMPLOYEES. The Developer agrees that Tenants in hotel and theater components of the Project will follow the City's Worker Retention Policy with regard to all employees, and will require contractors to do the same. The Developer will include these requirements as material terms of all lease agreements or other contracts regarding hotel and/or theater components of the Project.

C. INCLUSION IN CONTRACTS. The Developer shall include the requirements of this section as material terms of all contracts with Contractors and with Tenants in hotel and theater components of the Project, with a statement that such inclusion is for the benefit of the Coalition.

VIII. RESPONSIBLE CONTRACTING

A. DEVELOPER SELECTION OF CONTRACTORS. The Developer agrees not to retain as a Contractor any business that has been declared not to be a responsible contractor under the City’s Contractor Responsibility Program (Los Angeles Administrative Code, Section 10.40.)

B. DEVELOPER SELECTION OF TENANTS. The Developer agrees that before entering into or renewing a lease agreement regarding any space over fifteen thousand (15,000) square feet, the Developer shall obtain from any prospective Tenant a written account of whether the prospective Tenant has within the past three years been found by a court, an arbitrator, or an administrative agency to be in violation of labor relations, workplace safety, employment discrimination, or other workplace-related laws. When choosing between prospective Tenants for a particular space within the Project, the Developer will, within commercially reasonable limits, take into account as a substantial factor weighing against a prospective Tenant any findings of violations of workplace-related laws. In complying with this Section, the Developer shall be entitled to rely on information provided by Tenants, without responsibility to perform independent investigation.
C. REPORTING REQUIREMENTS. The Developer will provide an annual report to the Coalition and to the City Council's Community and Economic Development Committee on the percentage of new lease agreements or other contracts regarding use of space within the Project that were entered into with entities reporting violations of workplace-related laws. In compiling this report, Developer shall be entitled to rely on information provided by Tenants and Contractors, without responsibility to perform independent investigation. The report may aggregate information from various End Users, so as not to identify any particular Tenant. This report shall be filed for any given year or partial year by April 30th of the succeeding year, and may be combined with the report regarding living wages, required to be filed by Section V.B.3.

IX. AFFORDABLE HOUSING

A. PURPOSE. Developer has included between 500 and 800 housing units as part of the Project. The goal is create an “inclusionary” development; i.e. the project will include an affordable housing component (the “Affordable Housing Program”) as set forth in this Section.

B. DEVELOPER AFFORDABLE HOUSING PROGRAM. This Developer Affordable Housing Program exceeds requirements of state law and the Agency. To further its connection to the surrounding neighborhoods, the Developer proposes to work with community-based housing developers to implement much of the plan.

1. Percentage Affordable Units. The Developer shall develop or cause to be developed affordable housing equal to 20% of the units constructed within the Project, as may be adjusted under Section IX.D., below, through joint efforts with community-based organizations to create additional affordable units as provided in Section IX.C, below. The Developer intends to include between 500 and 800 units in the Project; therefore, the Developer’s affordable housing commitment would be between 100 and 160 units, as may be adjusted under Section IX.D below.

2. Income Targeting. The distribution of affordable units shall be as follows:

   a. 30% affordable to families earning zero to 50% of Area Median Income (“AMI”);
   b. 35% affordable to families earning 51% to 60% of AMI;
   c. 35% affordable to families earning 61% to 80% of AMI.

3. Term of Affordability. Affordable units will remain affordable
for a minimum of 30 years.

4. **Location.** Affordable units may be built within the Project or off-site. Units built off site will be located in redevelopment areas within a three-mile radius from the intersection of 11th and Figueroa Streets. To the extent the Agency provides direct financial assistance in the creation of affordable units, 50% of the affordable units shall be constructed within the Project if required by the Agency.

5. **Unit and Project Type.** Given the high density of the proposed on-site high-rise housing, any inclusionary units within the Project will be two-bedroom units. Three- and four-bedroom units may be developed at offsite locations that are more appropriate to accommodate larger units and families. In connection with any off-site affordable units, Developer shall give priority consideration to creation of projects suitable for families in terms of unit size, location, and proximity to family-serving uses and services.

6. **Relocated Persons.** To the extent allowed by law, priority shall be given to selecting persons relocated in connection with the development of the STAPLES Center to be tenants in any affordable units created under this Section IX. Notice of availability of affordable units shall be given to such relocated persons as set forth in Section X.D.

7. **Public Participation and Assistance.** Nothing herein shall limit the right of the Developer to seek or obtain funding or assistance from any federal, state or local governmental entity or any non-profit organization in connection with the creation or rehabilitation of affordable units.

**C. COOPERATIVE DEVELOPMENT WITH COMMUNITY BASED ORGANIZATIONS**

1. **Purpose.** In addition to development of affordable housing on-site or off-site, Developer shall work cooperatively with community based organizations to in an effort to provide additional affordable housing units. The goal of this program is to identify affordable housing infill development opportunities within a 1.5-mile radius of Figueroa and 11th Street and to affiliate with well-established non-profit affordable housing development corporations in the area.

2. **Interest Free Loans.** As “seed money” for affordable housing development, within 2 years after receiving final entitlement approvals for the Project, Developer will provide interest-free loans in the aggregate
amount not to exceed $650,000 to one or more non-profit housing developers that are active in the Figueroa Corridor area and are identified in the Section VI.D.3, below, or are mutually agreed upon by the Developer and the Coalition. Repayment of principal repayment shall be due in full within three (3) years from the date the loan is made. Provided that the loan or loans have been timely repaid, such repaid amounts may be loaned again to one or more non-profit housing developers; however, it is understood that all loans will be repaid within six (6) years from the date the first loan was made. In addition, the loans shall be on such other commercially reasonable terms consistent with the purposes of this Section IX.C.

3. Prequalified Non-Profit Development Corporations. The following non-profit community based organizations are eligible to seek to participate in this cooperative program:

   a. Esperanza Development Corporation - Sister Diane Donoghue
   b. 1010 Hope Development Corporation - DarEll Weist
   c. Pueblo Development Corporation - Carmela Lacayo
   d. Pico Union Development Corporation - Gloria Farias

4. Use of Program Funds. The interest free loans may be used by the selected organizations for the following purposes:

   a. Land acquisition/option/due diligence.

   b. To focus on existing buildings to substantially rehabilitate or to acquire small infill sites capable of supporting approximately 40 or more units.

   c. Entitlement and design feasibility studies.

   d. Financial analysis and predevelopment studies.

   e. Funding applications and initial legal expenses.

   f. Other expenses reasonably approved by Developer to secure full funding agreements

5. Project Selection Process

   a. Within 90 days following Project approvals, Developer
will meet and confer with principals of each non-profit listed in Section IX.C.3, above to gain a comprehensive understanding of the capabilities and capacity of each organization and ability to obtain financing support.

b. Within 6 months following Project approvals, Developer will request proposals from each non-profit organization, which may include one or more prospective sites and use best efforts to identify one or more projects to pursue.

c. Developer shall consult with and seek the input of the Coalition in the selection of the nonprofit housing developer or developers. Developer shall enter into a loan agreement with any selected nonprofit housing developer to provide the interest free loan as set forth in this Section IX.C.

D. ADJUSTMENTS TO AFFORDABLE HOUSING UNITS. The assistance provided by Developer under Section IX.C may result in production of affordable units substantially in excess of 20%. Further, the Coalition has a goal of at least 25% affordable units. Therefore, for every two units of affordable housing (including both rehabilitation or new construction) created by the non-profit developer or developers with the assistance of Developer under Section IX.C in excess of 25%, Developer shall receive a credit of one unit toward Developer’s obligation to create affordable housing units; provided, however, that Developer’s overall obligation for affordable housing units shall not be less than 15% due to any such reduction.

In the event that no affordable units are created under the cooperative program established in Section IX.C, above, through no fault of the Developer and the Developer is unable to recoup all or a portion of the loan or loans, the Developer’s obligation to create affordable units shall be reduced by one unit for each $10,000 of unrecouped loans; provided, however that Developer’s overall obligation for affordable housing units shall not be less than 15% of the housing due to any such reduction.

X. RELOCATED FAMILIES

A. PURPOSE. The purpose of this Section is to address problems that may be faced by families that were relocated by the Agency in connection with the development of the STAPLES Center. Many such families can no longer afford their current housing due to the expiration of the relocation assistance provided by the Agency.
B. MEET AND CONFER. The Developer agrees to meet and confer with the Coalition, City Councilmembers, Agency board and staff, and other City staff in effort to seek and obtain permanent affordable housing for families relocated in connection with the development of the STAPLES Center. Meetings with the Coalition shall be held quarterly, or less frequently if mutually agreed by the Coalition and the Developer. Meetings with City Councilmembers, Agency board and staff, and other City staff will be held as necessary. The Developer’s responsibilities under this section will terminate five years from the effective date of the Cooperation Agreement.

C. ASSISTANCE. The Developer will generally assist the Coalition to seek and obtain permanent affordable housing for relocated families. Developer will speak in favor of such efforts at least two appropriate public meetings and hearings when requested to do so by the Coalition. The Developer will use commercially reasonable efforts to provide technical assistance to the Coalition.

D. NOTICE OF AVAILABILITY. For a period of three years, Developer shall use good faith efforts to cause the Agency to give, to the fullest extent allowed by law, 30 days notice of availability of affordable units created by the Project to persons relocated in connection with construction of STAPLES Center and to provide such relocated persons the first opportunity to apply as potential tenants. Persons eligible for such notice shall be relocated persons who are not tenants in a permanent affordable housing project and who otherwise meet income and other requirements for affordable housing.

E. TIMING. Permanent affordable housing for relocated families is an urgent matter and, therefore, time is of the essence. Consequently, Developer’s obligations under this Section X, shall begin within five days following execution of the Settlement Agreement.

XI. COALITION ADVISORY COMMITTEE

To assist with implementation of this Community Benefits Program, address environmental concerns and facilitate an ongoing dialogue between the Coalition and the Developer, the Coalition and the Developer shall establish a working group of representatives of the Coalition and the Developer, known as the Advisory Committee. This Advisory Committee shall meet quarterly, unless it is mutually agreed that less frequent meetings are appropriate. Among other issues, the Developer shall seek the input of the Advisory Committee in the Developer’s preparation of the construction management plan, the traffic management plan, the waste management plan and the neighborhood traffic protection plan. In addition, the Developer shall seek the input of the Advisory Committee in a effort to develop and implement potential solutions to other environmental concerns, including without limitation, pedestrian safety, air quality and
green building principles.

XII. GENERAL PROVISIONS

A. SEVERABILITY CLAUSE. If any term, provision, covenant, or condition of this Community Benefits Program is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall continue in full force and effect.

B. Material Terms. All provisions and attachments of this Community Benefits Program are material terms of this Community Benefits Program.

Attachment 1

FIRST SOURCE HIRING POLICY

SECTION I. PURPOSE.

The purpose of this First Source Hiring Policy is to facilitate the employment of targeted job applicants by employers in the Los Angeles Sports and Entertainment District. It is a goal of this First Source Hiring Policy that the First Source Referral System contemplated herein will benefit employers in the project by providing a pool of qualified job applicants whose job training has been specifically tailored to the needs of employers in the project through a non-exclusive referral system.

SECTION II. DEFINITIONS.

As used in this policy, the following capitalized terms shall have the following meanings. All definitions include both the singular and plural form.

“City” shall mean the City of Los Angeles and any of its departments and/or agencies.

“Developer” shall mean the L.A. Arena Land Company and Flower Holdings, LLC. and their Transferees.

“Project” shall mean the Los Angeles Sports and Entertainment District.

“Employer” shall mean a business or nonprofit corporation that conducts any portion of its operations within the Project; provided, however, this First Source Hiring Policy shall only apply to any such portion of operations within the Project. Employer includes but is not limited to lessees, landowners, and businesses performing contracts on location at the Project. All “Employers” are “Covered Entities,” as defined above.
“First Source Referral System” shall mean the system developed and operated to implement this First Source Hiring Policy, and the nonprofit organization operating it.

“Low-Income Individual” shall mean an individual whose household income is no greater than 80% of the median income for the Standard Metropolitan Statistical Area.

“Targeted Job Applicants” shall mean job applicants described in Section IV.D, below.

“Transferee” shall mean a person or entity that acquires a fee simple interest or a ground lease from the Developer for the purpose of developing all or any portion of the Proposed Development.

SECTION III. EMPLOYER RESPONSIBILITIES

A. Coverage. This First Source Hiring Policy shall apply to hiring by Employers for all jobs for which the work site is located within the Project, except for jobs for which hiring procedures are governed by a collective bargaining agreement which conflicts with this First Source Hiring Policy.

B. Long-Range Planning. Within a reasonable time after the information is available following execution by of a lease by Developer and Employer for space within the Project, the Employer shall provide to the First Source Referral System regarding the approximate number and type of jobs that will need to be filled and the basic qualifications necessary.

C. Hiring process.

(1) Notification of job opportunities. Prior to hiring for any job for which the job site will be in the Project, the Employer will notify the First Source Referral System of available job openings and provide a description of job responsibilities and qualifications, including expectations, salary, work schedule, duration of employment, required standard of appearance, and any special requirements (e.g. language skills, drivers’ license, etc.). Job qualifications shall be limited to skills directly related to performance of job duties, in the reasonable discretion of the Employer.

(2) Referrals. The First Source Referral System will, as quickly as possible, refer to the Employer Targeted Job Applicants who meet the Employer’s qualifications. The First Source Referral System will also, as quickly as possible, provide to the Employer an estimate of the number of qualified applicants it will refer.

(3) Hiring. The Employer may at all times consider applicants referred or recruited through any source. When making initial hires for the commencement of the Employer’s operations in the Project, the Employer will hire only Targeted Job
Applicants for a three-week period following the notification of job opportunities described in subparagraph III.C.1, above. When making hires after the commencement of operations in the Project, the Employer will hire only Targeted Job Applicants for a five-day period following the notification of job opportunities. During such periods Employers may hire Targeted Job Applicants recruited or referred through any source. During such periods Employers will use normal hiring practices, including interviews, to consider all applicants referred by the First Source Referral System. After such periods Employers shall make good-faith efforts to hire Targeted Job Applicants, but may hire any applicant recruited or referred through any source.

E. Goal. Any Employer who has filled more than 50% of jobs available either during a particular six-month period with Targeted Job Applicants (whether referred by the First Source Referral System or not), shall be deemed to be in compliance with this First Source Hiring Policy for all hiring during that six-month period. Any Employer who has complied with remaining provisions of this First Source Hiring Policy is in compliance with this First Source Hiring Policy even it has not met this 50% goal during a particular six-month period.

F. No Referral Fees. Employers shall not be required to pay any fee, cost or expense of the First Source Referral System or any potential employees referred to the Employer by the First Source Referral System in connection with such referral.

SECTION IV. RESPONSIBILITIES OF FIRST SOURCE REFERRAL SYSTEM.

The First Source Referral System will perform the following functions related to this First Source Hiring Policy:

A. Receive Employer notification of job openings, immediately initiate recruitment and pre-screening activities, and provide an estimate to Employers of the number of qualified applicants it is likely to refer, as described above.

B. Recruit Targeted Job Applicants to create a pool of applicants for jobs who match Employer job specifications.

C. Coordinate with various job-training centers.

D. Screen and refer Targeted Job Applicants according to qualifications and specific selection criteria submitted by Employers. Targeted Job Applicants shall be referred in the following order:

(1) First Priority: individuals whose residence or place of employment has been displaced by the STAPLES Center project or by the initial construction of the project and Low-Income Individuals living within a one-half-mile radius of the Project.
(2) Second Priority: Low-Income Individuals living within a three-mile radius of the Project.

(3) Third Priority: Low-Income Individuals living in census tracts or zip codes throughout the City for which more than 80% of the households, household income is no greater than 80% of the median household income for the Standard Metropolitan Statistical Area.

E. Maintain contact with Employers with respect to Employers’ hiring decisions regarding applicants referred by the First Source Referral System.

F. Assist Employers with reporting responsibilities as set forth in Section V of this First Source Hiring Policy, below, including but not limited to supplying reporting forms and recognizing Targeted Job Applicants.

G. Prepare and submit compliance reports to the City as set forth in Section V of this First Source Hiring Policy, below.

SECTION V. REPORTING REQUIREMENTS.

A. Reporting Requirements and Recordkeeping.

(1) Reports. During the time that this First Source Hiring Policy is applicable to any Employer, that Employer shall, on a quarterly basis, notify the First Source Referral System of the number, by job classification, of Targeted Job Applicants hired by the Employer during that quarter and the total number of employees hired by the Employer during that quarter. The First Source Referral System shall submit annual aggregate reports for all Employers to the City, with a copy to the Coalition, detailing the employment of Targeted Job Applicants in the Project.

(2) Recordkeeping. During the time that this First Source Hiring Policy is applicable to any Employer, that Employer shall retain records sufficient to report compliance with this First Source Hiring Policy, including records of referrals from the First Source Referral System, job applications, and number of Targeted Job Applicants hired. To the extent allowed by law, and upon reasonable notice, these records shall be made available to the City for inspection upon request. Records may be redacted so that individuals are not identified by name and so that other confidential information is excluded.

(3) Failure to Meet Goal. In the event an Employer has not met the 50% goal during a particular six-month period, the City may require the Employer to provide reasons it has not met the goal and the City may determine whether the Employer has nonetheless adhered to this Policy.

SECTION VI. GENERAL PROVISIONS.
A. **Term.** This First Source Hiring Policy shall be effective with regard to any particular Employer until five years from the date that Employer commenced operations within the Project.

B. **Meet & Confer, Enforcement.** If the Coalition, the First Source Referral System, or the City believes that an Employer is not complying with this First Source Hiring Policy, then the Coalition, the First Source Referral System, the City, and the Employer shall meet and confer in a good faith attempt to resolve the issue. If the issue is not resolved through the meet and confer process within a reasonable period of time, the City may enforce the First Source Hiring Policy against the Developer as a term of any agreement between the City and the Developer into which the First Source Hiring Policy has been incorporated.

B. **Miscellaneous.**

1. **Compliance with State and Federal Law.** This First Source Hiring Policy shall only be enforced to the extent that it is consistent with the laws of the State of California and the United States. If any provision of this First Source Hiring Policy is held by a court of law to be in conflict with state or federal law, the applicable law shall prevail over the terms of this First Source Hiring Policy, and the conflicting provisions of this First Source Hiring Policy shall not be enforceable.

2. **Indemnification.** The First Source Referral System shall, jointly and severally, indemnify, hold harmless and defend the Developer and any Employer, and their officers, directors, partners, agents, employees and funding sources, if required by any such funding source (the "Indemnified Parties") from and against all fines, suits, liabilities, proceedings, claims, costs, damages, losses and expenses, including, but not limited, to attorney's fees and court costs, demands, actions, or causes of action, of any kind and of whatsoever nature, whether in contract or in tort, arising from, growing out of, or in any way related to the breach by the First Source Referral System or their affiliates, officers, directors, partners, agents, employees, subcontractors (the “First Source Parties”) of the terms and provisions of this First Source Hiring Policy or the negligence, fraud or willful misconduct of First Source Parties. The indemnification obligations of the First Source Parties shall survive the termination or expiration of this First Source Hiring Policy, with respect to any claims arising as the result of events occurring during the effective term of this First Source Hiring Policy.

3. **Compliance with Court Order.** Notwithstanding the provisions of this Policy, the Developer, Employers, Contractors, or Subcontractors shall be deemed to be in compliance with this First Source Hiring Policy if subject to by a court or administrative order or decree, arising from a labor relations dispute, which governs the hiring of workers and contains provisions which conflict with terms of this Policy.

4. **Severability Clause.** If any term, provision, covenant, or condition of
this First Source Hiring Policy is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall continue in full force and effect.

(5) Binding on Successors. This First Source Hiring Policy shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, and assigns of each of the parties. Any reference in this Policy to a specifically named party shall be deemed to apply to any successor in interest, heir, administrator, executor, or assign of such party.

(6) Material Terms. The provisions of this First Source Hiring Policy are material terms of any deed, lease, or contract in which it is included.

(7) Coverage. All entities entering into a deed, lease, or contract relating to the rental, sale, lease, use, maintenance, or operation of the Project or part thereof shall be covered by the First Source Hiring Policy, through the incorporation of this First Source Hiring Policy into the deed, lease, or contract. Substantive provisions set forth in Section III. “Employer Responsibilities,” apply only to jobs for which the work site is located within the Project.