

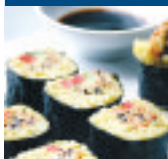
LOS ANGELES BUSINESS JOURNAL

Volume 34, Number 4

THE COMMUNITY OF BUSINESS™

January 23 - 29, 2012 • \$3.00

Up Front



It seems fishy, but a new restaurant sells machine-made sushi. **PAGE 3**

News & Analysis



Efreem Harkham is riding his Luxe hotel brand into cowboy country. **PAGE 5**

People



As a turnaround artist, Mary Lynn Lenz vaults into troubled banks. **PAGE 14**

MAIL TO:

Up in the Air?



Curbed Appeal: Entryway to Burbank's Bob Hope Airport.

RINGO H.W. CHIU/LABJ

Slowing airline traffic stalls area merchants

By **JAMES RUFUS KOREN** Staff Reporter

WHEN Thuan Le opened a **Robeks Juice** shop just yards from the Bob Hope Airport in Burbank, he gambled by paying a premium rent – nearly \$4 per square foot a month – because he thought airport traffic would make it worthwhile.

But Le's bet hasn't paid off.

As the number of airport passengers has plunged by more than one-quarter over the past few years – and will likely fall further when **American Airlines** leaves next month – sales at his Robeks

location have fallen 25 percent since opening in 2008. Over the same period, sales at two other Robeks franchises he owns fell less than 10 percent.

"The landlord charged a lot more per square foot here," said Le, who pays \$1 to \$2 more a square foot than restaurant owners at other Burbank strip centers, according to **CoStar Group Inc.**

"People were saying that, being near the airport, the business would double compared to a normal location," he said. "But that's not the case. It's not even close."

Please see **AVIATION** Page 42

'Bully' Pushing to Change DJ Tunes

ENTERTAINMENT: Karaoke firm tries to sink L.A. pirates.

By **ALFRED LEE** Staff Reporter

Walk into any bar on a karaoke night in Los Angeles and you're certain to spot a DJ behind a computer monitor, able to queue up thousands of songs and their lyrics at the click of a button.

The companies that make karaoke music suspect many of those songs are illegal copies of their products. Now one of the largest, **Sound Choice**, has launched a massive campaign to hunt down pirates, and it's taken the fight to Los Angeles, one of the country's karaoke hotbeds.

The Charlotte, N.C., company has sued 36 karaoke bars and DJs in Los Angeles County and an additional 26 in surrounding counties since October, alleging piracy and seeking unspecified damages –

Please see **ENTERTAINMENT** Page 43

Dealers Drive Off Web Competition

AUTOMOTIVE: States put brakes on TrueCar referral fees.

By **JOEL RUSSELL** Staff Reporter

Auto marketing website **TrueCar** enjoyed a quick trip to success, but the very business model that drove its growth now needs a repair.

Founded in 2006, the Santa Monica company helped car dealers sell nearly 250,000 vehicles last year. For each sale generated by TrueCar, the site charged the dealer a fee of \$299 for new models and \$399 for used. However, that arrangement violates laws in many states against "bird-dogging," which refers to paying a third party for a lead that becomes a sale.

Some state regulators and dealer associations have long warned dealers that the site may violate their laws. They were largely ignored until recently. But in an announcement Jan. 9, the Virginia Motor

Please see **AUTOMOTIVE** Page 41

SPECIAL REPORT REAL ESTATE QUARTERLY

Miracle Growth

Who says miracles can't happen twice? Something is up on that historic, aging neighborhood on Wilshire Boulevard that decades ago was named the Miracle Mile. High-rises are being renovated, apartment complexes are opening and the office market, long a second or third choice for tenants, is suddenly becoming desirable among media and entertainment firms. Read about how this surprising transformation took place in this Real Estate Quarterly.

BEGINNING ON PAGE 21



RINGO H.W. CHIU/LABJ

COMMERCIAL
REAL ESTATE
AWARDS

Awards Reception:
February 22, 2012
6:00–8:00pm

REGISTER TODAY

Visit www.labusinessjournal.com/bizevents
or contact mdelacruz@labusinessjournal.com

Handle With Care

Proposed state measures to regulate in-home, assisted-living workers would drive up business costs.

By **BARRY BERGER**

IN-home care is one of California's fastest-growing industries as our population of aging baby boomers, seniors and people with disabilities seeking supportive help at home continues to swell. Home care agencies work hard to match seniors with compatible caregivers so families can have peace of mind that their love ones are provided with the best of care.

However, onerous regulations and legislation are being proposed that could have the unintended consequences of driving up the price of in-home care, sending potential clients away from agencies such as mine that screen, train and conduct background checks of each new hire and toward online services such as Craigslist. When caregivers are hired outside of agencies, there are no consumer protections for the client, and none for the caregiver. That is, the unemployment, disability and worker's compensation coverage that we as agencies pay for as well as the bonding and liability insurance that we purchase for our caregivers.

At issue is what is commonly called the "companion exemption." Since 1974, in-home care has been exempt from federal overtime laws because of the nature of the job. Today, if a family needs 24-hour care for a loved one, they pay a flat daily rate. If the companion exemption is removed and overtime rules are applied, the cost of the care would double or triple.

In California, a bill sponsored by Assemblyman Tom Ammiano (D-San Francisco) not only calls for the removal of home care workers from the companion exemption, it also would mandate that workers be able to leave for lunch and be provided with 15-minute breaks – a costly proposal to implement because agencies would have to provide a second caregiver to cover each break.

The bill, AB 889, also requires that in-home care aides have eight hours of uninterrupted sleep. This is virtually impossible to promise given that seniors or people with disabilities often need assistance in the middle of the night. If a worker legally could not be awakened, the patient is put at extreme risk of suffering unnecessarily.

Also moving through the California Legislature is SB 411 by Sen. Curren Price (D-Los Angeles), a bill that would require the certification of all home care workers. Requiring the state to certify each worker when they number in the hundreds of thousands would create a bottleneck that would severely restrict access to care for our most vulnerable citizens. And we find it stunning that the legislation applies only to the private sector



Sacramento Statehouse

The aging of our population is happening at a time when government is cutting funding for social and safety net services. Is it fair, then, for government to implement unrealistic rules and regulations that only drive up costs for those who will have to pay for any additional help themselves?

that pay for the care themselves – those who often are middle class and earn too much to qualify for government assistance. In Home Supportive Services union workers who serve low-income elderly and disabled adults, and those serving developmentally disabled in government programs, are exempt from this requirement.

Under Price's legislation, each home care agency would have to pay an annual licensing fee of nearly \$4,000 and additional charges of \$165 per employee per year. In my case, this would mean an unbelievable \$185,000 in additional fees each year. These exorbitant fees would drive up the cost of care for many working families already struggling to pay for the care they need.

While these proposals are unworkable, there is a more reasoned approach to balancing the call for increased regulations and consumer needs. The California Association for Health Services at Home is supporting AB 899 (not to be confused with AB 889) by Assemblywoman Mariko Yamada (D-Davis), chair of the Assembly Committee on Aging and Long Term Care.

Yamada's bill would require that home care organizations be licensed and regulated by the state and be responsible for the caregivers they hire. The estimated \$8 million cost of this bill is far less than SB 411's price tag of \$25 million.

According to the California Healthcare Foundation, the number of Californians age 65 and older is likely to more than triple between 2000 and 2050, with the 85-and-older group experiencing the largest increase.

The aging of our population is happening at a time when government is cutting funding for social and safety net services. Is it fair, then, for government to implement unrealistic rules and regulations that only drive up costs for those who will have to pay for any additional help themselves? On behalf of my colleagues and my clients, I would say it is not.

Barry Berger is president of Accredited Home Health Services in Woodland Hills, which provides in-home care. He also is chairman of the California Association for Health Services at Home.

Shuttered CRAs Open Door for New Development Forces

By **SHIRAZ D. TANGRI**

THE year started with a bang for City Hall, thanks to the California Supreme Court's decision terminating redevelopment at the end of this month.

On Dec. 29, the court decided that the Legislature acted within its authority in passing legislation dissolving all California redevelopment agencies, but held unconstitutional a companion bill intended to preserve the agencies in jurisdictions that committed to divert redevelopment funding to be used for education and public safety. The high court's decision terminates all redevelopment agencies as of Jan. 31, and requires all cities and counties to begin immediately the process of winding down the agencies.

Although the court's ruling applies statewide, its ramifications loom large for the city of Los Angeles. The Community Redevelopment Agency of Los Angeles was the largest in the state, with close to 200 employees who now face unemployment. The agency wields significant land-use and planning powers in the many redevelopment project areas created to address urban blight all across the city. CRA's impact was not only a function of its geographic scope – for decades, the agency has served as the city's primary economic development and affordable housing departments.

Given the scope and authority enjoyed by the CRA, some argue that the agency has shaped modern Los Angeles to a greater degree than any other government entity since World War II. While that is a double-edged observation, I am not looking to kick the agency while it is down and nearly out. CRA's many achievements deserve acknowledgement, including the roles it played in the renaissance of Hollywood and downtown since the turn of the century.

The half-million people who work downtown, and the millions more who come each year to visit the Staples Center and the cultural institutions on Grand Avenue, or shop at the Hollywood & Highland Center all benefit from those efforts. CRA deserves credit for the part it played in bringing to fruition each of those now-iconic places in Los Angeles, as do the talented and committed employees that helped drive the agency forward.

Given CRA's many tentacles, it will take some months to deal with the full consequences of its impending dissolution. Developers, elected officials and government staffers can expect a turbulent period of sorting through the myriad open issues, ranging from employee contracts to pending permit approvals. Important as each of these short-term issues are, the most compelling question is the big picture one: How will Los Angeles tackle urban revitalization in the future?

In an era where public and private resources are thin on the ground, it may seem like the wrong moment to consider creating and funding an agency to focus on redevelopment. But, while opportunity appeared more like a wrecking ball than a polite knock, it is nonetheless at our door.

CRA's elimination comes at a moment when many agencies within the city are re-evaluating their respective involvement in the development process. The departments of City Planning and Building and Safety unveiled major reforms last year to improve interagency cooperation, reduce bureaucracy and eliminate the redundancies that have long plagued anyone trying to build in Los Angeles. The state, inspired by a proposed downtown football stadium, has made in-roads into tackling the abuse of the California Environmental Quality Act to unduly delay development projects. Even the Department of Transportation is getting into the act by looking to update its analyti-

cal methods to encourage the use of transit and other alternatives to ever-increasing traffic congestion. The elimination of redevelopment underscores the growing impetus to create modern tools to guide the city's future growth.

To this point, during a recent City Council discussion on CRA dissolution, Councilwoman Jan Perry asked the city to report back on the creation of a downtown-specific development entity. Despite the progress of the last decade, downtown remains a challenging place to do business. While blessed with density, transit and employment, many areas there struggle with chronic homelessness and other urban blight. Creation of an agency that focuses its expertise and resources on downtown's unique assets and issues will pay returns for the entire region, as the area is the primary transportation hub and employment center for Southern California.

Further, the new agency should focus its efforts on infrastructure and public projects that attract new investment by the private sector, like streetscapes and parks. Two such ventures currently in the visioning phase are the downtown streetcar project and Park 101, a proposed cap park over the Hollywood (101) Freeway through downtown. Though complicated and challenging, these visionary projects would be catalytic in helping Los Angeles redefine itself as a sustainable city, rather than a land of congested freeways. In the absence of the CRA, the city will need new leadership to move these aspirational projects forward.

Shiraz D. Tangri is a partner in the environmental and land development group at law firm Alston & Bird LLP in downtown Los Angeles. He also serves on the City Center Community Advisory Committee of the Community Redevelopment Agency of Los Angeles.