

Panel Chooses New Developer for Delayed North Hollywood Shopping Center

A Los Angeles City Council panel Monday named a new developer to build the long-stalled Vineland-Magnolia Shopping Center in North Hollywood with the help of a \$2.76-million subsidy.

Approval of the developer was endorsed by Councilman Zev Yaroslavsky, who called completion of the project critical to continuing what he sees as the "successful" revitalization of North Hollywood by the city's Community Redevelopment Agency.

On a 3-0 vote, the council's Community Redevelopment and Housing Committee agreed to name Hughes Investments, a Newport Beach-based partnership, as the new developer of the project, which has been on the redevelopment agency's drawing boards for the past six years.

Hughes must still win approval of the entire City Council before it officially becomes the developer.

The previous developer for the project, North Hollywood Partners, failed to raise the \$5 million needed to buy the 5.2-acre project site from the redevelopment agency.

The basic concept of the 71,000-square-foot project remains largely unchanged, as do the terms of the redevelopment agency's financial agreement with the developer, according to a city administrative office report.

The key feature of the complex continues to be construction of a Ralphs supermarket.

"Most of the proposed changes . . . are minor," the report stated. "Although some changes have slightly increased the agency's risks, the redevelopment agency reports these changes were needed to entice a new developer to take over a stalled project."

It has been estimated that the redevelopment agency's cost of buying the site, relocating the previous occupants and demolish-

ing the existing buildings will be about \$7.76 million, with the agency's subsidy being the difference between that cost and the \$5 million it will receive from the sale of the property to the developer.

The redevelopment agency argues that the subsidy is needed to bring an important project to the community and that its costs will, in essence, be recovered via greater tax revenues earned in the long run because the value of the property has been increased.

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During the council committee hearing, project foes claimed that the redevelopment agency should increase its \$5-million sales price to reflect increased property values. The \$5-million figure is the same amount the agency sought from the previous developer.

But Jerry Belcher, head of the redevelopment agency's North Hollywood project, said it did a study that found that land values have not increased in that area since the sales price was set more than a year ago in the agency's agreement with the previous developer.

"We believe that \$5 million is still a sound number," Belcher said.

Meanwhile, Yaroslavsky, a member of the council committee, swept aside criticism of the project by some people, saying he saw construction of a supermarket as essential to "re-energizing the area."

A supermarket is critical to making North Hollywood a viable community, Yaroslavsky said.

"I don't like subsidizing Ralphs market," he said. "But I would bend over backward to support a supermarket . . . because they are such a telltale sign of the health versus, sickness of a neighborhood."

Yaroslavsky also praised the North Hollywood revitalization effort in general, saying he frequently traveled through the area, which Councilman John Ferraro represents.

"I think you are being successful," Yaroslavsky told Belcher. "I have a lot of friends who have moved into the area and are speaking positively of it."