

Dear Clients and Colleagues,

As we complete our third year of operation, we want to thank you for your continued support and friendship. We send our deepest sympathy to those who lost friends and relatives in the September 11 tragedy, and hope that 2002 brings peace and security to our nation.

Sincerely,

Craig Lawson
James Ries
Shawn Reich Lipsey

Company Profile

Craig Lawson & Co., LLC is a land use consulting firm based in West Los Angeles providing real estate project entitlement and zoning services, pre-development consulting, government/community relations, and expert witness services.

Established in 1999, Craig Lawson & Co., LLC specializes in due diligence and project feasibility analysis, zoning and land use entitlement application preparation, and management of the entitlement, public hearing, and development permitting process.

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Project Focus - Meals on Wheels/Hotel Dieu

The non-profit Daughters of Charity has run a "Meals on Wheels" program for many years. In fact, with over 2,500 meals served every day to its senior citizen and disabled customers, it is one of the most successful in the nation. However, the Meals on Wheels program has outgrown their small kitchen facility at 3rd and Alvarado in Los Angeles. Sister Alice Marie Quinn conceived the idea of building an assisted living facility right next to a new commercial kitchen. The residents of this facility, to be called "Hotel Dieu" ("House of God" in French), would be able to interact with each other in a common dining room, worship

together in a small chapel, and, if necessary, receive medical care at the nearby St. Vincent's Medical Center (also run by the Daughters of Charity). Working closely with land use attorney Donna Black of Brown, Winfield & Canzoneri, Craig Lawson & Co., LLC coordinated the land use entitlement process, including a variety of zone variances which were approved in December 2001. The \$30 million project, designed by Joseph Balbona of RBB Architects, Inc. includes 114 units of assisted living, a 16,000 square foot commercial kitchen, a communal dining room and a small chapel. It is expected to break ground in 2002.

Project Focus - San Lucas Apartments

There's been much talk and news coverage about multi-family housing projects in downtown Los Angeles, and a few key projects were completed in recent years. Most of the new downtown projects have been market rate apartments, but very few have been focused on the growing need for affordable housing. The San Lucas Apartments, to be located at 7th and Lucas (just west of the Harbor Freeway), is a 196 unit affordable senior housing project approved in 2001 by the Central Area Planning Commission. Developer GSL Properties Inc. (from Portland, Oregon) and architect Wade Killefer (Killefer, Flammang, Purtil Architects)

have proposed high quality senior housing units with flexible floor plans, common recreation rooms, and other amenities. Craig Lawson & Co., LLC managed the land use entitlement process which included Exceptions from the Central City West Specific Plan, and Variances from open space requirements and commercial corner development standards. Meyer Mohaddes Associates Inc completed the traffic analysis. "Fortunately, we were able to visit the high quality multi-family projects that GSL has completed in downtown Portland, and we're very pleased to help them get approvals for their first project in Los Angeles", said Jim Ries, Senior Project Manager for Craig Lawson & Co., LLC.

Development Trends in the City of Los Angeles - by Craig Lawson

Here's a brief summary of local trends in the land use and development arena:

City Hall Changes - With a new Mayor and seven (soon to be eight) new City Councilmembers, there are significant changes at L.A. City Hall. The Mayor is in the process of appointing new members to the Area Planning Commissions, and the Councilmembers have new ideas for promoting affordable housing and regulating certain types of development.

Trends to watch in 2002 include:

- Reapportionment (required every ten years) will result in significant changes in the boundaries of City Council Districts, and will affect the political future of several Councilmembers and candidates.
- The secession movement has everyone wondering if L.A. will remain as one large city, or will be split into several cities (i.e. San Fernando Valley, Hollywood, San Pedro.)
- The City budget has already been hard hit by the economic slowdown. Budget cuts are imminent while service reductions and fee increases are possible.
- Neighborhood Councils are slowly coming on line, and they will play a significant role in the City process.

The effect of these changes on land use and development remains to be seen, but it's clear that City officials will have a lot on their minds in 2002.

Affordable Housing - While the 2000 Census has again demonstrated the growing need for affordable housing in L.A., the supply of affordable units is not keeping up with demand. According to several reports, in 1999, only 1,900 new housing units were produced in Los Angeles, while the City's population grew by 65,000 persons during that same year. To keep up with population growth, at least 8,000 new housing units are

needed each year in Los Angeles.

We've seen some good efforts to provide more housing units, such as the L.A. City Affordable Housing Trust Fund; however, it will take years to create the number of new units that are needed to catch up to the demand. Existing affordable units are threatened, as rising rents make the units less affordable, Section 8 subsidies are ending for many buildings, and older buildings are being renovated with newer (higher rent) units.

Key housing trends to watch in 2002 include:

- An effort by the City Council (and possibly the State Legislature) to require that any affordable unit removed by a new development project must be replaced on site or elsewhere within the community.
- Inclusionary housing, or a requirement that new projects include a percentage of units set aside for low and moderate income tenants (or that developers pay an in lieu fee instead of setting aside these units.) New City Councilmember Ed Reyes (chair of the Planning and Land Use Management Committee) has publicly supported inclusionary housing.
- More mixed use projects, with residential units built above ground floor retail spaces.
- Incentives for projects that provide affordable units, including density bonuses and reductions in parking requirements (already enacted) for buildings near transit stations.
- Stronger historic preservation regulations with demolition restrictions on older buildings with affordable rental units.

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Web Sites of Interest

City of Los Angeles Sites:

Zoning Code: www.cityofla.org/pln/zone_code/2000zc/zonecode.htm

Zoning Maps (Zimas): <http://plngis.lacity.org/>

Parcel Profile Report (search by address): www.permitla.org/parcel/

Building and Safety Codes: www.lacity.org/LADBS/Permits/Code/code.htm

Planning Department: www.cityofla.org/PLN/index.htm

City Clerk: www.lacity.org/CLK/index.htm

Publications and Organizations of Interest:

California Planning and Development Report: <http://cp-dr.com/>

SCAG State of the Region 2001 Report: www.scag.ca.gov/sotr01/sortofc.html

Urban Land Institute: www.uli-la.org/about/aboutulila.html

Los Angeles Headquarters Association: www.laheadquarters.com

Southern California Real Estate Alliance: www.screa.com

Craig Lawson & Co., LLC web site is up and running at www.craiglawson.com, and has links to these sites.