



Sunland-Tujunga Site Frequently Asked Questions

Why is The Home Depot suing the City of Los Angeles?

The Home Depot is suing the City of Los Angeles because for nearly two years city officials have illegally interfered with the company's right to remodel its vacant, former K-Mart store in the Sunland-Tujunga area. After the City's Department of Building and Safety properly issued Home Depot a routine remodeling permit in July 2006, political officials ignored the City's own well-established rules and procedures, interfering with the permitting process for political reasons and ultimately revoking Home Depot's remodel permit.

The lawsuit was filed to protect Home Depot's long-term interests in the building and land, although the company would prefer to achieve a resolution in partnership with the local community and the City of Los Angeles.

When did Home Depot acquire this site?

The Home Depot acquired this site from K-Mart in 2004, as part of a multi-store deal.

Why did the Home Depot decide to remodel the old K-Mart building instead of building a new, modern building on the Sunland site?

The K-Mart building on the Sunland site is about 30 years old and The Home Depot initially planned to tear the building down and replace it with a modern, new store that reflected the character of the community. As part of the new construction process, the company would have complied with all of the regulatory requirements, including completing environmental review under the California Environmental Quality Act.

However, the local city council member made it clear that she would do everything she could to block the construction of a new The Home Depot store at the site. The company had no choice but to change its plans and instead pursue a remodel of the existing, 30 year-old K-Mart building. The Home Depot then applied for a routine, over-the-counter remodeling permit, also known as a ministerial permit, which allows tenants and owners to make improvements that bring existing, out-of-date buildings up to today's standards and codes.

What is the difference between a routine, over-the-counter permit, also known as a "ministerial" permit, and a "discretionary" permit?

Major projects, such as new construction, go through the City's discretionary approval process, which includes completing environmental review. Had The Home Depot been allowed to construct a modern, new building, the company would have completed that process.

City regulations also provide a ministerial permitting process for businesses that need to make tenant improvements to conform to modern building standards and codes. The City routinely issues more than 140,000 building permits each year, the vast majority of which are ministerial.

The City's Department of Building and Safety correctly issued Home Depot a ministerial permit after it and the Planning Department correctly concluded that the scope of work on the Sunland store was well within the confines of a remodel permit.

What happened to The Home Depot's remodel permit? What is the status of the site?

In July 2006, The Home Depot received routine permit approvals to remodel the store from the City's Department of Building and Safety and then completed 90 percent of the work. However, the City's political officials then interfered with the ministerial permit process, and had the company's remodeling permit revoked – rendering the project stalled and the unfinished remodel vulnerable and open to inclement weather.

As it stands today, the building is not weatherproofed, not properly ventilated to prevent mold growth and does not have a fire-suppression sprinkler system, which would protect the building and neighborhood in the event of a fire. The City has refused to allow the company to finish these safety and preventative improvements.

Why did a competing home improvement/hardware store fund an opposition campaign against the proposed Sunland Home Depot store?

The Do-It-Center and a small but vocal minority of the community are behind a campaign to stop the proposed Sunland Home Depot store. The Do-It-Center funded the front group calling itself the "No Home Depot Campaign," which uses Do-It-Center funding to protect the hardware store chain from fair competition and robbing customers of choice. The campaign to block the new Home Depot store has hired lawyers, public relations firms, lobbyists and other consultants in their effort to interfere with the city's permitting process.

The Home Depot has a positive relationship with many community members and groups. In response to meetings with Home Depot, the company received more than 500 comment cards and the public support of more than 60 Sunland area businesses. Community members are excited about the economic potential of the new store, including the creation of roughly 200 jobs.

But the Do-It-Center has a record of actively opposing other businesses that would give local residents more choice in where they shop. In 2006, the hardware store chain funded an initiative campaign which successfully prevented a competing business from locating near an existing Do-It-Center in Westlake Village, CA.

Why is Councilmember Greuel opposed to the project?

It is hard to understand why a city councilmember would oppose new business investment and job creation in their district, especially a company that contributes millions of tax dollars annually into the City of Los Angeles, generates jobs and provides great benefits to its employees. These tax dollars help pay for vital services such as fire protection, public safety and parks. However, Councilmember Greuel chose to align herself with a small, vocal group funded by a competitor that wants to block Home Depot from locating in Sunland.

Despite this and throughout this process, Home Depot has worked proactively to keep the councilmember informed and to solicit input on next steps.

Is Los Angeles City remodeling permits normally subject to the scrutiny, delay and interference that The Home Depot has experienced?

To The Home Depot's knowledge, no similar permit has ever been subject to the same level of scrutiny, delay or interference. City political officials unfairly targeted the company with no lawful basis.

There are several examples of similar situations in the Sunland area where ministerial permits have been issued without any political interference. For example, the City permitted Auto Zone to remodel and reuse an existing building in the area. Auto Zone's extensive remodel included, among other things, completely remodeling the building's interior and redoing the building's façade. Still, that work, which was more extensive than what Home Depot sought, was allowed to occur with a ministerial permit without interference and in the ordinary course of normal City business.

Similarly, the City permitted World Gym to remodel and reuse an existing Sunland building. World Gym's remodel was also extensive, and included the addition of a new room on the first floor, grading, and a new façade. Again, that work, which was also more extensive than that which Home Depot sought, was allowed to occur without interference and in the ordinary course of normal City business.

Did The Home Depot representatives work in good faith with the City of Los Angeles officials? Has Home Depot proposed a resolution to this problem?

The company has worked hard to keep lines of communication open between Home Depot, city staff and the community. During the eight month period between when Home Depot submitted the permit application and when the permit was issued, Home Depot met with city staff and the representatives of the opposition campaign on more than 20 separate occasions to discuss the elements of the remodel. Additionally, The Home Depot submitted four plan revisions to the City for its review and comment.

While The Home Depot is committed to working with the community on a go-forward solution, the company had already invested \$2 million in the project when the City ordered the legally permitted work to stop. The lawsuit was filed to protect Home Depot's long-term interests, although the company would prefer to achieve a resolution in partnership with the local community and the City of Los Angeles.

What is the impact of the City's action on Los Angeles' business climate?

The City's action was illegal, bad public policy, and sets a dangerous precedent for the business community in Los Angeles that will have a chilling effect on local business investments and jobs. This situation is being closely watched by businesses and business organizations around the nation as a test case for the City's business climate. The method in which The Home Depot's remodeling permit was revoked gives other companies serious cause for concern. In the end, the City's actions will result in millions of dollars of tax revenue and good jobs being lost to neighboring cities with more hospitable business climates.

What is the reaction of other members of the business community to the City Council's action?

The Los Angeles Area Chamber of Commerce, the Valley Industry and Commerce Association and the Central City Association protested the City's decision to revoke the permit. They argued that allowing the City's building permit process to be hijacked by opponents creates a dangerous precedent that could block businesses from modernizing outdated buildings. By allowing the ministerial building permit process to become politicized, they explained, the City would discourage future business investment.

Why does The Home Depot want to open a new store in Sunland? Isn't there already a Home Depot store nearby?

There is a great deal of support for this new Sunland store. The company has heard from residents and businesses that they want to see the site revitalized and have the area benefit from the new jobs created. In addition, the sales data from Home Depot stores outside the city's border show that many customers travel from surrounding areas, including Sunland-Tujunga. From past experience, the company knows that without meeting the existing and growing needs of the area, its other stores will exceed their capacity to serve the market.

Why sue the city? Wouldn't it be easier for The Home Depot to just walk away at this point?

While it would absolutely be easier for The Home Depot to walk away, the company believes it is important to stand up for its rights. The Home Depot followed the city's well-established rules and procedures as the company tried to help revitalize and create new jobs in the Sunland area of Los Angeles. It is not right that the City, due to politics and the efforts of a competitor, changed its rules after Home Depot had completed 90 percent of the work under a legally granted permit. The Home Depot has invested time, energy and money in this store and the community. The company does not intend to walk away from either.

The lawsuit was filed to protect The Home Depot's long-term interests in the building and land, although the company would prefer to achieve a resolution in partnership with the local community and the City of Los Angeles.

What is The Home Depot's contribution to the Los Angeles economy?

The Home Depot operates 13 stores in the City of Los Angeles and employs more than 3,300 people. The company provides quality jobs that pay above the city's living wage and provides health benefits for part-time and full-time employees.

With each store contributing roughly \$1 million in annual tax revenue, Home Depot each year provides tax revenues of \$13 million directly to the City. This tax revenue more than pays for the annual operating budget of the City Administrator's office (\$12.4 million) or the City Clerks office (\$10.6 million). Or, one could say that Home Depot's tax contribution to the City of Los Angeles is enough to fund for two-thirds of the Los Angeles Zoo's annual budget (\$17.9 million).

In the end, the City's unfair treatment of The Home Depot jeopardizes a minimum of \$1 million in tax revenue and 200 new jobs. With the cost of providing government programs and services ever on the rise, Los Angeles' residents should be asking their political leaders why the city is forsaking potential new revenue for the benefit of one business. Will Los Angeles' fire and police services lose out because the Do-It-Center doesn't want its customers to have a choice where they shop?

How can I get more information?

For more information, please visit www.homedepotsunlandtujunga.com. Reporters and other members of the press can contact Kathryn Gallagher, The Home Depot at (714) 940-3696 or kathryn_gallagher@homedepot.com.

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