

**Lopez, S. (2011).** *At L.A. City Hall, the Handouts Just Keep Coming.*  
<http://www.latimes.com/news/local/la-me-lopez-harold-and-belle-20111023,0,2003017,print.column>, Retrieved October 23, 2011. Los Angeles Times, October 23, 2011.

**At L.A. City Hall, the handouts just keep coming, Is pumping money, in this case a taxpayer-financed \$2.6-million loan, into a high-end restaurant really the best use of funds primarily intended for economic development in blighted communities?**

by Steve Lopez, October 23, 2011



**Harold & Belle's Creole Restaurant has brought a piece of New Orleans to Jefferson Boulevard in South Los Angeles since 1969. (Michael Robinson Chavez, Los Angeles Times / October 21, 2011)**

If you own a struggling restaurant, or if you always wanted to open an eatery but don't have the clams, you may be in luck.

Just go to Los Angeles City Hall, and hold out your hand.

That's how it worked for one South Los Angeles restaurateur anyway. After the restaurant's manager couldn't get a bank loan, the City Council unanimously approved a taxpayer-financed \$2.6-million loan so he could purchase and freshen up the restaurant his grandparents founded.

Now don't get me wrong. [Harold & Belle's Creole Restaurant](#), which has brought a piece of New Orleans to Jefferson Boulevard since 1969, is a highly regarded local institution with great food,

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and I'd like to see it last. It's also a popular watering hole for politicians, who seem to enjoy talking business over gumbo and jambalaya.

The question is whether a government agency ought to be getting into the always-risky restaurant business. Another question is whether pumping money into a high-end restaurant is really the best use of funds primarily intended for economic development in blighted communities. *If you're going to charge \$31 for the seafood platter or \$26 for fried chicken, should you be bankrolled with tax dollars that might otherwise be spent on low-income housing or fixing a rec center or library?*

But there were no qualms at City Hall earlier this month, when council members quietly approved a 20-year low-interest loan of up to \$2,629,000. The money would pay for the purchase of [Harold & Belle's](#) by Ryan Legaux, grandson of founders Harold and Belle Legaux, and it would also cover the \$351,000 cost of rehabbing and expanding the business, including the purchase of a \$95,000 food truck.

So how did this happen?

[Councilman Herb Wesson](#) said the city's [Community Development Department](#) came to him with the idea, since the restaurant is in his district. He supported the loan as a good way to maintain 50 or so jobs, create a couple dozen new ones and keep a good restaurant in an area that has too few.

Wesson also told me that this is not city money, but federal money.

Like that matters?

OK, so it's money drained from a pool that the U.S. Department of Housing and Urban Development makes available to Los Angeles for grants and loans. But tax dollars are tax dollars.

Wesson argued that the same HUD loan program, known as Section 108, kicked millions into renovations at the [Kodak Theatre](#) so [Cirque du Soleil](#) would sign a contract there. *Actually, it was a \$30-million loan for a billion-dollar development company called CIM Group, which likes doing projects in areas where they can belly up to the public trough and drink from an endless river of subsidies.*

I called the [CDD](#) on Wednesday to ask how the Harold & Belle's deal was cooked up. A day later, I got an email informing me that the department "will try to have answers to your questions on or before October 28, 2011."

I should have asked if I could also borrow \$3 million. They might have moved more quickly.

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[Ryan Legaux](#), 31, said the restaurant has good months and slow months, and he wants to make some improvements but couldn't get a loan from three banks or the Small Business Administration. He said a customer who's also a CDD field rep recommended that he look into HUD financing, and Legaux said he suspected that at some point the matter would come before Wesson, a regular customer.

And who can blame Legaux? The Pepperdine grad said he wants to keep the family tradition alive. The \$2.6-million deal hasn't yet been vetted or approved by HUD, but a HUD spokesman told me the restaurant does indeed appear to be eligible for such a loan.

There's certainly a good argument for a government role in spurring development and creating jobs for the greater good. But not all deals pass the smell test. Two weeks ago I wrote about the \$1-million grant the city offered one of the world's largest architecture firms to move from Santa Monica to downtown Los Angeles.

Mark Lewis, a former official with both HUD and the city of Los Angeles, said the deal-making game at L.A. City Hall is rigged to favor well-connected players. He called the Harold & Belle's loan "a legal gift of public funds," saying that even if it satisfies the letter of the law, "it doesn't pass the morality test."

HUD money is intended "for the public benefit, for one thing," said Lewis, a graduate of [Harvard's Kennedy School of Government](#). Lewis, who works in commercial real estate and as a college admissions consultant, worked for L.A. Mayors Jim Hahn and Antonio Villaraigosa and said *the current City Hall culture is not about what's right or wrong.*

*"It's what you can get away with."*

[Jack Humphreville](#), a member of the Mid-Wilshire Neighborhood Council and publisher of the *Recycler*, broke the news about the Harold & Belle's deal in a [commentary](#) for <http://www.citywatchLA.com>.

*"The numbers tell a story,"* said Humphreville, a former investment banker who told me he studied this deal and *"thought it stank."*

Wesson, who told me he pays for all his meals at Harold & Belle's, assured me that the city is protected. If the restaurant were to go under, "the city would then take over all the property and turn around and sell it."

If it could. Humphreville doubts that a sale would bring enough to cover the \$2.6-million loan. Lewis, meanwhile, reiterated a salient point: The reason Legaux couldn't get a bank loan was because lenders didn't consider this a good risk.

But why worry when you can go hat in hand to L.A. City Hall, our very own Big Easy?

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[steve.lopez@latimes.com](mailto:steve.lopez@latimes.com)

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