

House Watch

Congressman denies wrongdoing in deal

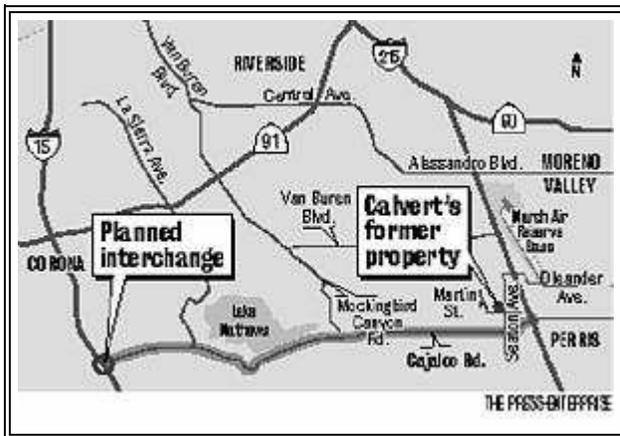
REAL ESTATE: A Lake Mathews resident has accused Rep. Ken Calvert of a conflict of interest.

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The Press-Enterprise

CORRECTION: A May 16 story regarding Rep. Ken Calvert's purchase and sale of property near Interstate 215 incorrectly reported the land's sales price. Calvert and his partner sold the land for \$985,000.

Rep. Ken Calvert said he did nothing wrong when selling 4.3 acres in the Perris area for almost double its purchase price, saying he did not steer federal money to a road project in order to increase his profits in the real-estate deal.



Lake Mathews resident Art Cassel has accused Calvert, R-Corona, of a potential conflict of interest for participating in the real-estate transaction close to a commercial redevelopment project near March Air Reserve Base and Interstate 215.

Cassel, a community activist who provided information on Calvert's deal to area newspapers, made his accusation at a March Joint Powers Commission meeting in April.

In his comments, Cassel mistakenly said that Calvert secured federal funding of \$8 million in July 2005 for an interchange at Cajalco Road and Interstate 215, near the property Calvert purchased and sold this past January.

In fact, the federal earmark was for a planned interchange at Cajalco Road and Interstate 15, about 16 miles from the land Calvert purchased in January 2005 with his real-estate partner, Woodrow Harpole.

Cassel later acknowledged his error, but maintained Calvert's deal raises questions about the congressman's decision to buy and sell property in a region that would reap financial benefits from federal earmarks he supported.

"Earmarking," the process by which lawmakers insert language into legislation to fund pet projects, often for their home districts, has come under fire in recent months.

The practice helped ensnare former Rep. Randy "Duke" Cunningham, R-Rancho Santa Fe, who is in prison after admitting he accepted bribes for earmarks he steered toward defense contractors. The practice has also brought increased scrutiny on lawmakers across the country.

According to public records, Calvert and his partner bought the property at Martin Street and Seaton Avenue in Perris, just west of Interstate 215 for \$550,000.

They sold the land in January 2006 for \$965,000 to Gold Coast Properties, LLC in Redlands.

"It's nowhere near anything that has anything to do with the federal government," Calvert said.

An Inland-area economist says the sales price was to be expected.

"Everybody doing deals over there is making that kind of profit," said economist John Husing, who has been studying the economic expansion along Interstate 215 near Perris.

Husing said property values are skyrocketing because of the investment by the March Joint Powers Authority and LNR, a developer that is building a \$100 million business park on surplus military property west of Interstate 215.

The March authority, which oversees civilian reuse of surplus military land at March, has received millions in federal money with Calvert's support, including funding from the Federal Aviation Administration for upgrades to the shared civilian-military airport and \$1.5 million to support commercial reuse of former military property.

Cassel said Calvert's profits on the Seaton Avenue property appear too good to be a coincidence given Calvert's staunch support of redevelopment efforts at March.

In a July 2005 news release, Calvert announced that he worked to secure \$8 million for the Cajalco Road Interchange expansion on Interstate 15. Calvert's release said the interchange would provide "efficient and direct connectivity for the March Air Reserve Base," which is near Interstate 215, about four miles from the land he owned.

Cassel said the news release is evidence that Calvert knew he stood to handsomely profit from the deal, something Calvert makes no apology for doing.

Bob Stern, president of the nonpartisan Center for Governmental Studies in Los Angeles, said the likelihood Calvert had a conflict of interest in the Perris land purchase appears "remote" given its distance from the interchange for which Calvert sought funding.

"That's huge," Stern said of the 16 miles, adding that Calvert's profits might be suspicious if other properties were declining in value.

It is not unlawful for lawmakers to invest in real estate, even if it is within their district.

Calvert said he and Harpole purchased the land intending to build a small shopping center, an industrial building or a mini-storage facility. But the purchase offer was so good, they decided to sell.

"Glory be, we made a profit," Calvert said. "If you look at my financial disclosures since I've been in Congress, I invest money. I generally buy property to improve my financial lot. I don't make any bones about it. ... They still haven't passed a law that you can't make personal investments."

Each year, members of Congress must release personal-disclosure statements itemizing their stock and real estate holdings from the previous calendar year.

Calvert said he doesn't think he ever has requested earmarks for his district without first being asked by local agencies to secure the federal dollars.

"They come to me and say, 'We'd like money, ... we want money to build this transit center at Grand and Main Street,' " Calvert said.

Calvert owns a half dozen properties, all in Corona, according to his economic interest statement.

One of them is a 1,200-square foot office building at 63 W. Grand Blvd., near a proposed transit center, expected to be built at 31 E. Grand Blvd.

Calvert bought the property, which is valued at between \$250,000 to \$500,000, in 1990 to house his real estate firm, Calvert Real Properties, Inc., which is run by his brother and real estate partner.

Calvert has helped to secure almost \$1.7 million in federal money for the Corona Transit Center, which is expected to eventually serve buses from the Riverside Transit Agency and Corona Cruiser routes and include a 100-space parking lot for bus and nearby Metrolink passengers.

He acknowledged that he owns property nearby but said he didn't seek the earmark himself.

"It's valuable as it sits. It's not going to be more valuable whether transit center went there or an office building went there," Calvert said. "It is what it is."

Calvert also owns property at 624 E. Grand Blvd. and another at 501 E. Sixth Street. Both are shopping centers, housing small companies including a hair salon, printing business, doughnut shop and a chiropractor. Calvert and his partners are planning to build a mini-storage facility on vacant land on Third Street.

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