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FRANK T. MARTINEZ
City Clerk

KAREN E. KALFAYAN
Executive Officer

When making inquiries
relative to this matter
refer to File No.

CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 978-1043
General Information - (213) 978-1133
Fax: (213) 978-1040

HELEN GINSBURG
Chief, Council and Public Services Division

01-2069-S1

CD 8

November 16, 2005

Councilmember Parks
Chief Legislative Analyst
City Administrative Officer
Community Redevelopment Agency

RE: RECEIVE AND FILE THE COMMUNITY REDEVELOPMENT AGENCY'S REPORT (CRA),
DATED OCTOBER 6, 2005, RELATIVE TO THE CRA'S USE OF \$1.5 MILLION IN
ECONOMIC DEVELOPMENT INITIATIVE GRANT FUNDS FROM THE COMMUNITY
DEVELOPMENT DEPARTMENT FOR THE MIXED-USE MARLTON SQUARE DEVELOPMENT
LOCATED IN SANTA BARBARA PLAZA

At the meeting of the Council held November 09, 2005, the following action
was taken:

Attached report adopted..... X
Attached motion () adopted.....
Attached findings adopted.....
Attached resolution adopted.....
Ordinance adopted.....
FORTHWITH.....
Motion adopted to approve communication recommendation(s).....
Motion adopted to approve committee report recommendation(s).....

NOV 22 2005

DEPUTY

City Clerk
SOS

steno/012069.1a



23

23

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

File No. 01-2069-S1

Your
COMMITTEE

HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT

reports as follows:

	<u>Yes</u>	<u>No</u>
Public Comments	<u>XX</u>	<u>—</u>

HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to the Community Redevelopment Agency's (Agency) use of Economic Development Initiative Grant funds for the mixed-use Marlton Square Development located in Santa Barbara Plaza.

Recommendation for Council action:

RECEIVE and FILE communication from the Acting Chief Executive Officer, Agency, dated October 6, 2005 (attached to the Council file), relative to the Agency's use of \$1.5 million in Economic Development Initiative Grant funds from the Community Development Department (CDD) for the mixed-use Marlton Square Development located in Santa Barbara Plaza.

Fiscal Impact Statement: Not applicable.

Summary:

At its meeting held November 2, 2005, the Housing, Community, and Economic Development recommended that Council receive and file the Agency's report relative to the Agency's use of \$1.5 million in Economic Development Initiative Grant funds from CDD for the mixed-use Marlton Square Development located in Santa Barbara Plaza.

Respectfully submitted,

HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT COMMITTEE

MEMBER
GARCETTI
REYES
PARKS

VOTE
YES
YES
YES

JAW
11/03/05
CD 8

#012069.s1.wpd

REPT.
ADOPTED
NOV 09 2005

LOS ANGELES CITY COUNCIL

COUNCIL VOTE

Nov 9, 2005 11:00:29 AM, #2

Items for Which Public Hearings Have Been Held - Items 8- 42
Voting on Item(s): 11-32,34-37,40,42
Roll Call

CARDENAS	Yes
GARCETTI	Yes
*GREUEL	Yes
HAHN	Yes
LABONGE	Yes
PARKS	Yes
PERRY	Yes
REYES	Yes
ROSENDAHL	Yes
SMITH	Yes
WEISS	Yes
ZINE	Yes
PADILLA	Yes
VACANT	Absent
VACANT	Absent

Present: 13, Yes: 13 No: 0

**HOUSING, COMMUNITY, AND ECONOMIC DEVELOPMENT
COMMITTEE**

NOTIFICATION OF COUNCIL ACTION

Council File No. 01-2009-51

- ☒ Council Member(s) _____
- ☐ Interested Department _____
- ☐ Mayor (with/without file) _____
- ☒ Chief Legislative Analyst _____
- ☒ City Administrative Officer _____
- ☐ Controller _____
- ☐ City Clerk _____
 - ☐ City Clerk, Chief Administrative Services _____
- ☐ Treasurer _____
- ☐ City Attorney (with blue sheet / without blue sheet) _____
- ☐ General Services Department _____
- ☐ Department of Transportation _____
- ☐ Personnel Department _____
- ☐ Los Angeles Housing Department _____
- ☐ Community Development Department, General Manager, Clifford Graves _____
 - ☐ cc: Contact Person _____
- ☒ Community Redevelopment Agency _____
- ☐ Board of Public Works _____
- ☐ Workforce Investment Board _____
- ☐ Workforce Investment Board, Youth Council _____
- ☐ _____
- ☐ _____



OCT 06 2005

DATE /

FILE CODE /

354 South Spring Street / Suite 800
Los Angeles / California 90013-1258

T 213 977 1600 / F 213 977 1665
www.crala.org

CRA File No. 4844
Council District: CD-8
Contact Person: Alvin Jenkins
(213) 977-2640

Honorable Council of the City of Los Angeles
John Ferraro Council Chamber
200 N. Spring Street
Room 340, City Hall
Los Angeles, CA. 90012

Attention: John White, Office of the City Clerk

COUNCIL TRANSMITTAL:

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on October 6, 2005, for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

VARIOUS ACTIONS RELATED TO:

RATIFICATION OF AUTHORIZATION TO RECEIVE \$1.5 MILLION IN ECONOMIC DEVELOPMENT INITIATIVE GRANT FUNDS (EDI) FROM THE CITY OF LOS ANGELES COMMUNITY DEVELOPMENT DEPARTMENT (CDD) FOR THE MIXED-USE MARLTON SQUARE DEVELOPMENT LOCATED IN SANTA BARBARA PLAZA

RECOMMENDATION

That City Council approves recommendation(s) on the attached Board Memorandum.

ENVIRONMENTAL REVIEW

The Agency adopted a Mitigated Negative Declaration ("MND") for the Marlton Square project on August 1, 2002, pursuant to the California Environmental Quality Act. The Agency approved an Addendum to the MND on August 19, 2004.

FISCAL IMPACT STATEMENT

There is no fiscal impact to the City's General Fund, as a result of this action.

Richard Benbow, Acting Chief Executive Officer


cc: John White, Office of the City Clerk (Original & 7 Copies on 3-hole punch)
Lisa Johnson, Scott Eritano, Office of the CAO
Paul Smith, Ivania Sobalvarro, Office of the CLA
Robert R. Ovrom, Office of the Mayor
Neil Blumenkopf, Office of the City Attorney

OCT 14 2005

HOUSING, COMMUNITY &
ECONOMIC DEVELOPMENT

RECEIVED
CITY CLERK'S OFFICE

2005 OCT 13 PM 2:26

CITY CLERK
BY  DEPUTY



CRA/LA

Building communities with jobs & housing

bcc: Richard Benbow,
Ras Mallari
Alma Acosta
Nenita Tan, Office of the City Controller
Records (2 copies)
Councilman Parks (CD-8)
David Roberts (CD-8)
Julie Lee (CD-8)
Tim Chung
Ricardo Noguera
Alvin Jenkins

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CA

MEMORANDUM

7

DATE: OCTOBER 6, 2005
TO: AGENCY COMMISSIONERS
FROM: RICHARD L. BENBOW, ACTING CHIEF EXECUTIVE OFFICER

CR2140

RESPONSIBLE

PARTIES: RICARDO NOGUERA, REGIONAL ADMINISTRATOR
ALVIN JENKINS, PROJECT MANAGER

SUBJECT: RATIFICATION OF AUTHORIZATION TO RECEIVE \$1.5 MILLION IN
ECONOMIC DEVELOPMENT INITIATIVE GRANT FUNDS (EDI) FROM THE
CITY OF LOS ANGELES COMMUNITY DEVELOPMENT DEPARTMENT (CDD)
FOR THE MIXED-USE MARLTON SQUARE DEVELOPMENT LOCATED IN
SANTA BARBARA PLAZA.

AMENDED CRENSHAW RECOVERY REDEVELOPMENT PROJECT (CD 8)
SOUTH L.A. REGION

RECOMMENDATIONS

That the Agency authorize the Acting Chief Executive Officer, Chief Financial Officer, Finance Director or designee, subject to City Council approval, to:

1. Negotiate and execute an Economic Development Initiative (EDI) Cooperation Agreement between the Community Development Department (CDD) and the Agency to receive \$1.5 million in EDI Grant Funds as reimbursement to the Agency for its land acquisition costs associated with the retail component of the mixed-use Marlton Square Project;
2. Receive \$1.5 million in EDI Grant Funds as reimbursement to the Agency for land acquisition, relocation and related costs associated with the retail component of the Marlton Square mixed-use development;
3. Authorize the Agency to pay CDD for the periodic interest-only payments associated with the total \$9.0 million in Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee funds (CDD will provide evidence of such payments to the Agency); and
4. Take all actions necessary, including amending the Agency Budget, to carry out the recommendations listed in items 1, 2 and 3 above.

SUMMARY

This action is necessary to preserve \$1.5 million Economic Development Initiative (EDI) Grant awarded by HUD to the Santa Barbara Plaza Project (the "Project"). The Community Development Department (CDD) was required to draw down the \$1.5 million Grant from HUD by

September 30, 2005 (and disburse such funds within three days of draw down) in order to keep the Grant. If these actions were not taken by CDD before the HUD deadline, the Grant would have no longer been available to the Project.

The originally intended purpose of these funds was to reimburse the Master Developer for the retail component's land acquisition and related costs. The terms of the Retail Implementation Agreement (RIA) require that the Master Developer attain certain milestones as a condition of receiving any of the funds allocated to this retail component, including this EDI Grant. The Master Developer did not attain these milestones in time for CDD to meet the September 30, 2005 EDI Grant deadline.

In order to preserve the Grant funds, CDD drew down the \$1.5 million EDI Grant funds to the Agency after draw down from HUD. The subject EDI funds will be allocated as follows:

<u>Cost Description</u>	<u>Amount</u>
TO CRA:	
Land Appraisal Fees	\$ 188,000
Acquisition/Relocation Plan/Services	\$ 150,000
Application/Legal & Related Fees	\$ 660,287
TOTAL TO AGENCY	\$ 998,287
TO CDD:	
Cost of Issuance and Loan Fees to CDD (Section 108)	\$ 501,713
TOTAL EDI AMOUNT	\$ 1,500,000

To draw down the EDI Grant, CDD also drew down the Grant's "companion" \$9.0 million Section 108 Loan. For the first 2 years of the loan period, the loan will be interest only. CDD will look to the Agency to make these interest only payments. The Agency will use the EDI Grant funds as the source for making these interest only payments. The interest rate floats and is tied to LIBOR. The estimated interest rate is 3.8%, which amounts to annual interest payments of approximately \$347,000.

Project Description

The 21.8 acre Santa Barbara Plaza shopping area (Attachment "A"), which is bordered by Martin Luther King Jr. Boulevard on the north, Marlton Avenue on the east, Santa Rosalia Drive on the south and Buckingham Road on the west, has become dilapidated and fallen into disrepair. The proposed Marlton Square Mixed-Use Development will be located on the Santa Barbara Plaza site, which includes the previously approved Buckingham Place Affordable Senior Housing development on 2.6 acres of the site, currently under construction. The actions in this memo pertain to the retail portion of the remaining 19.2 acre portion of the site.

Marlton Square will be a modern, mixed-use development consisting of a combination of retail and residential uses (Attachment "B"). Specifically, the development components are proposed to include 140 units of single family detached homes, 150 condominium residential units and 119,000 square feet of retail space and associated parking. Total development cost will be \$169.2 million. The center will provide approximately 330 permanent jobs as well as employ another 200 people during construction.

The Agency and the City have entered into three Implementation Agreements for ownership arrangements between each of the three entities developing the three phases discussed – Retail, Single Family, and Condominium.

The Buckingham Place Senior Housing component of the Marlton Square Mixed-Use Development will contain 180 affordable housing units and was previously approved by Agency and City Council actions and is currently under construction.

RE:

September 21, 2005 – City Council modification of Agency approval of Agency receipt of the total of \$1.5 million EDI funds from CDD.

September 6, 2005 – City Council approval of Agency Bridge Loan.

September 1, 2005 - Agency authorization to receive \$998,287 of the \$1.5 million EDI funds from CDD for the Marlton Square development, subject to City Council approval.

July 21, 2005 – Agency authorization of Bridge Loan utilizing Future Bunker Hill Program Income to assist in financing of Marlton Square, subject to City Council approval.

April 21, 2005 – Agency ratification of Council changes to the Implementation Agreements.

October 22, 2004 – City Council approval of Implementation Agreements, subject to modifications.

August 19, 2004 - Agency approval of various actions relating to approval of Implementation Agreements for the Marlton Square Mixed-use Development, subject to City Council approval.

June 27, 2003 - City Council approval of Agency's April 17, 2003 actions.

April 17, 2003 - Agency approval of Master Agreement for the Marlton Square Mixed-use Development with Capital Vision Equities (Master Developer) for the redevelopment of Santa Barbara Plaza, subject to City Council approval.

SOURCE OF FUNDS

No Agency funds are being provided to the Developer for the Retail parcel of the Marlton Square Project. Other public sources of funds include CDBG, EDI, BEDI and Section 108 funds.

The Agency will make interest-only payments due on the companion \$9.0 million Section 108 Loan using the aforementioned EDI funding source.

PROGRAM AND BUDGET IMPACT

The EDI Grant funds will be used to reimburse the Agency for HUD eligible expenses incurred during the course of the Project. Use of the EDI Grant funds will not create a shortfall of funds for this Project or any other Agency work program objective.

ENVIRONMENTAL REVIEW

The Agency adopted a Mitigated Negative Declaration ("MND") for the Marlton Square project on August 1, 2002, pursuant to the California Environmental Quality Act. The Agency approved an Addendum to the MND on August 19, 2004.

BACKGROUND

On September 1, 2005, the Agency authorized receipt of \$998,287 of a total \$1.5 million Economic Development Initiative (EDI) Grant awarded by HUD. This action was necessary to meet the EDI deadline of September 30, 2005. The remaining \$501,713 was to be used by CDD for cost of issuance and loan fees. Subsequently, the City realized that the remaining \$501,713 (of the \$1.5 million EDI funds) needed to be drawn down, and received by the Agency to fulfill HUD requirements. Therefore, ratification of the Agency's receipt of the full \$1.5 million is needed. All the funds will be used as previously anticipated and authorized by the Agency's September 1, 2005 action, except that the Agency will provide the remaining \$501,713 balance of EDI funds to CDD.

On August 19, 2004, the Agency approved various actions pertaining to the Implementation Agreements for the Single Family, Condominium and Retail developments. On October 22, 2004, City Council approved the Implementation Agreements, subject to certain modifications to be made before being executed. These modifications were made and incorporated into the Implementation Agreements as ratified by the Agency on April 21, 2005. On July 21, 2005, the Agency, subject to City Council approval, authorized a Bridge Loan utilizing Future Bunker Hill Program Income to assist in financing of Marlton Square. On September 6, 2005 the City Council approved the Agency Bridge Loan.

On April 17, 2003 the Agency authorized the execution of a Master Agreement for the Marlton Square Mixed-Use Development to be located on the 21.8-acre Santa Barbara Plaza site. That Master Agreement served to coordinate the activities and commitments of the Agency and those of other relevant City Departments, including the Community Development Department (CDD) and the Los Angeles Housing Department (LAHD). That Master Agreement also contemplated subsequent Implementation Agreements for the development of the Single Family Housing and Retail components of the Marlton Square development. That Master Agreement also did not provide for the potential acquisition or disposition of property by the Agency. These activities required a public hearing and Findings by the legislative body (City Council) pursuant to Section 33433 of the Health & Safety Code as part of the approval of the attached separate Implementation Agreements. Such hearings were held and the necessary Findings were made.

The redevelopment of Santa Barbara Plaza has been the primary objective of the Crenshaw Redevelopment Project since the 1994 Plan Amendment, and the recommended action will further implement that objective. A Marlton Square Project Timeline (Attachment "C") illustrates the project status and future steps toward implementation.



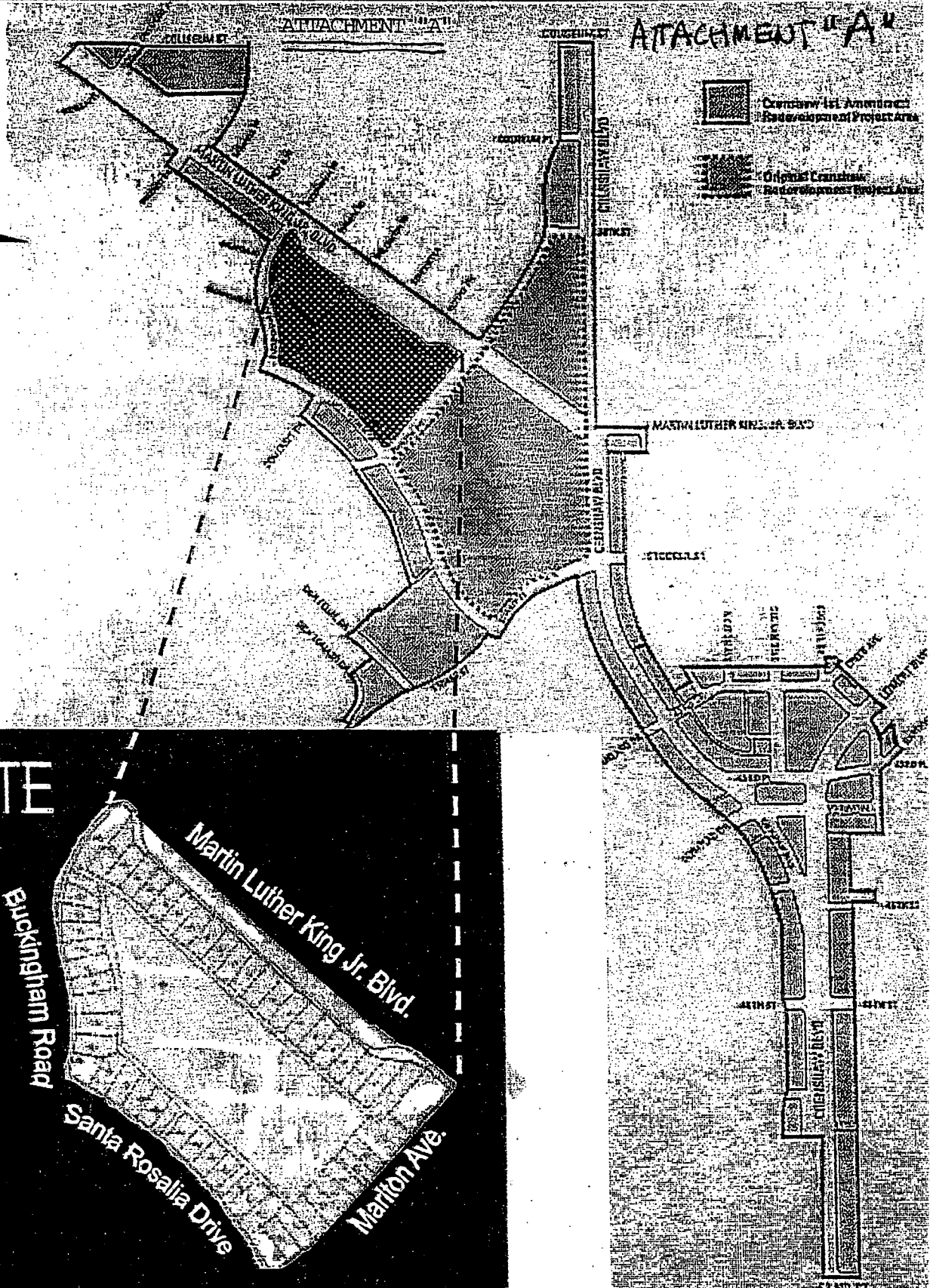
Richard L. Benbow
Acting Chief Executive Officer

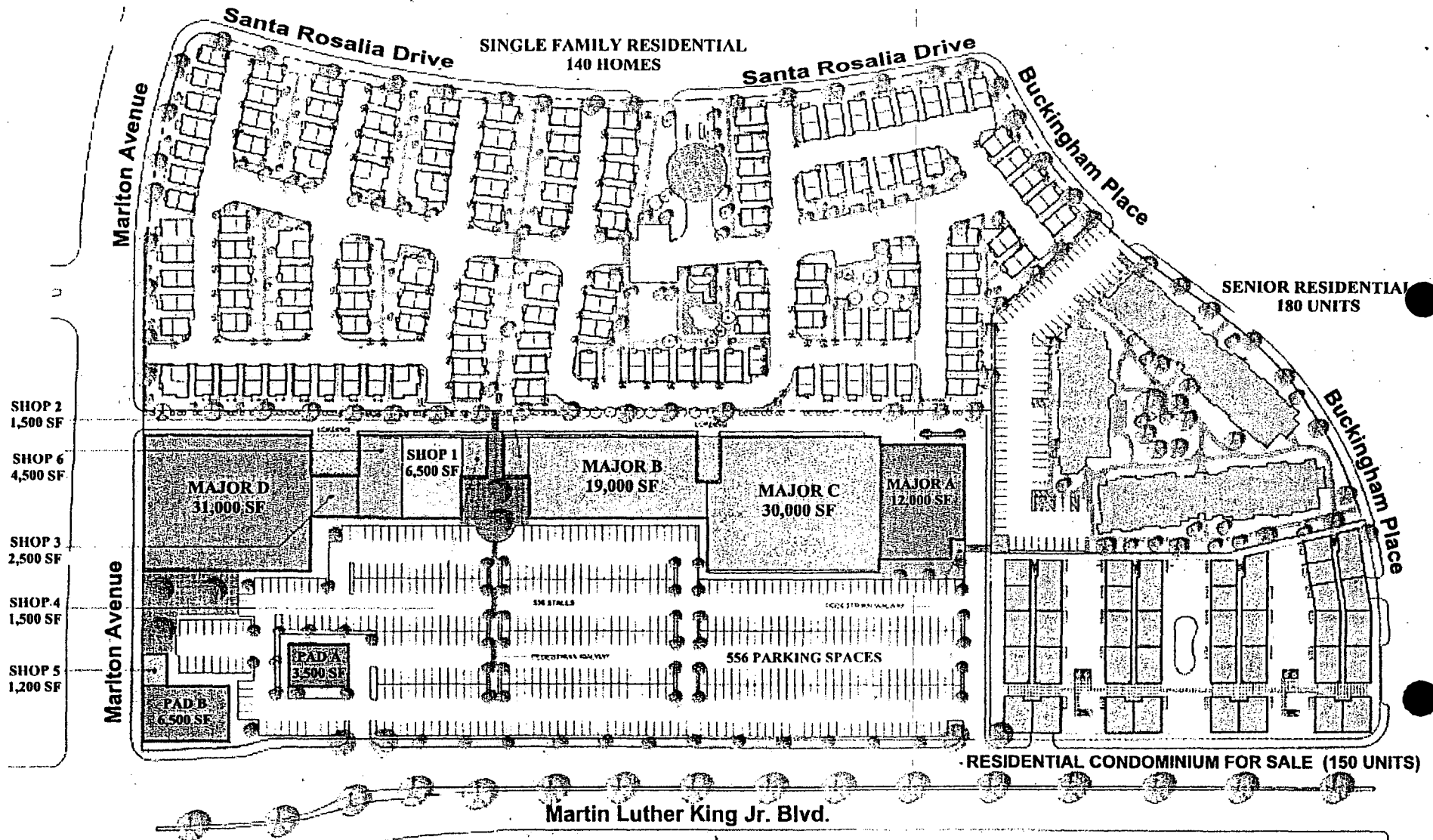
There is no conflict of interest known to me, which exists with regard to any Agency officer or employee concerning this action.

Attachment A - Marlton Square Location Plan
Attachment B - Marlton Square Illustrative Site Plan
Attachment C - Updated Marlton Square Project Timeline
Attachment D - Community Context

CRENSHAW

Amended
Redevelopment
Project





MARLON SQUARE

CARROLL VISION EQUITIES / LENTILAR PARTNERS

ILLUSTRATIVE SITE PLAN - OPTION A

ATTACHMENT "B"

NAKADA ASSOCIATES

Attachment "C"

MARLTON SQUARE PROJECT TIMELINE

#	Tasks To Be Completed	Task Completion Timeline
1	Revise Implementation Agreements	Completed
2	Revise Condominium Implementation Agm't	Completed
3	Revise Retail Implementation Agreement	Completed
4	CDD Approval of Guarantor for CDD funds	Completed
5	Preparation of Section 108 Loan Agreement with CDD & Developer	Completed
6	Preparation of Amended HUD applications (EDI, BEDI & Sec 108)	Completed
7	Complete Revised Development Proforma & Sources and Uses	Completed
8	Revisions to Single Family, Condo & Retail Implementation Agmt's	Completed
9	CLA, CAO, City Attorney Approval of Guarantor for CDD funds	Completed
10	Buckingham Pl. Sr. Housing Grading Process Resumes (180 units)	Completed
11	Submission of Amended HUD applications (EDI, BEDI & Sec 108)	Completed
12	Agency Approval of Central Pacific (or other lender's) Loan to Agency	Completed
13	Master Developer deposits \$300K for Mello Roos studies	Completed
14	Agency Board Hearing on Revised Implementation Agmts & Cooperation Agmt. On April 21, 2005	Completed
15	Revised Implementation Agreements executed by City and Agency	Completed
16	Developers sign Revised Implementation Agreements	Completed
17	City Council Approval of Central Pacific (or other) Loan to Agency	Completed
18	Preparation of Cooperation Agm't for UDAG funds w/ CDD & Agency	Completed
19	Preparation of Cooperation Agm't for EDI funds w/ CDD & Agency	Completed
20	HUD approval of Amended HUD Applications (EDI, BEDI & Sec 108)	Completed
21	Agency Approval of Coop'n Agm't for EDI funds w/ CDD & Agency	Completed
22	City Council Approval of Coop'n Agm't for EDI funds w/ CDD & Agency	Completed
23	Execution of Cooperation Agm't for EDI funds w/ CDD & Agency	Completed
24	\$1.5 million of EDI Funds MUST be drawn down by CDD	Completed
25	Developer Begins to Acquire Property	Yes
26	Lee Homes signs Guaranty re: Tax Increment Generation	September, 2005
27	CRA/CDD Cooperation Agm't - UDAG funds transfer - CDD to CRA	September, 2005
28	Developer executes Section 108 Loan Agreement	September, 2005
29	Execution of Cooperation Central Pacific Loan Committee Approval (or other) Loan to Agency	September, 2005
30	Developer Begins Tenant Relocation	Summer 2005
31	Demolition of Structures (as acquisition and relocation is completed)	Fall 2005
32	Construction Begins on Condos, Retail & Single Family Developments (after acquisition, demolition and relocation is completed)	Fall 2005
33	Condos Construction (150 units) Completed	Winter 2006/07
34	Retail Construction (119,000 s.f.) Completed	Winter 2006/07
35	Single Family Homes: phase 1 and 2 (units 1-70) Completed	Spring 2007
36	Single Family Homes: phase 3 and 4 (units 71-140) Completed	Spring 2008
37	Marlton Square Development Completed	Summer 2008

ATTACHMENT "D"

REVISED, as underlined
Type of Financing, page 3

COMMUNITY CONTEXT ATTACHMENT TO BOARD MEMORANDUM FOR

MARLTON SQUARE

Location is the Santa Barbara Plaza shopping area: Bordered by Martin Luther King Jr. Boulevard on the north, Marlton Avenue on the east, Santa Rosalia Drive on the south and Buckingham Road on the west.

REDEVELOPMENT PROJECT AREA (South LA Region)

Redevelopment Area: Amended Crenshaw

Community Plan Area: Crenshaw West Adams Community Plan Area

Council District: Council District 8

Project Area Description: The original Crenshaw Redevelopment Plan (54 acres) was adopted by the Los Angeles City Council on May 9, 1984, for the purpose of redeveloping the former Crenshaw Shopping Center. The newly renovated Baldwin Hills Crenshaw Plaza opened in November of 1988 and now contains one million square feet. The Magic Johnson Theater complex and its associated parking structure were later added to the center and completed in 1995. Since that time, three additional screens were added to the theater complex in 1998 bringing the number of screens to 15.

The Amendment to the Crenshaw Redevelopment Project adopted on December 6, 1994, added approximately 150 acres to the original project area. This added area is located approximately 8 miles south of downtown, midway between the San Diego and Harbor Freeways, and south of the Santa Monica Freeway in south Los Angeles. The project area extends generally along Crenshaw Boulevard, between Coliseum Street to the north, and 52nd Street to the south. The project area also extends along Martin Luther King Jr. Boulevard, between Coliseum Street to the northwest, and McClung Drive to the east. The area also includes parts of Buckingham

Road and Santa Rosalia Drive immediately adjacent to the Baldwin Hills Crenshaw Plaza, and the Santa Barbara Plaza site. The project area also includes the Leimert Park Village area between Leimert Boulevard to the east, Vernon Avenue to the south, Crenshaw Boulevard to the west and 43rd Street to the north.

Conditions at Time of Adoption:

The civil disturbance of April 1992 caused damage to 19 properties in the Amended Project Area and emphasized a need for assistance. Of the 250 buildings in the Amended area, 58 (23%) had significant vacancies. Many parcels were small and irregular and many buildings were obsolete, in need of repair and under-utilized. The then existing Crenshaw Shopping Center was in a state of disrepair, economic and physical decline and experiencing deterioration. Crime was a major factor in the center. Public improvements, including substandard and outdated pedestrian and vehicular circulation systems, were inadequate

PROPOSED PROJECT OVERVIEW

Physical Site and Setting Description (Source: CRA Staff)	The Santa Barbara Plaza area is a former vibrant shopping center that was constructed in 1950 and over time has become blighted with many marginal or closed businesses. This area was the primary focus for amending the Crenshaw redevelopment project area.
Proposed Development Description (Source: Project Developer)	Mixed-Use development with a combination of uses, including 140 Single family homes, 150 condominium units and 119,000 square feet of retail. Associated improvements including public improvements, streetscape enhancements, street widening, etc.
Proposed Uses by Size (Source: Project Developer)	<ul style="list-style-type: none"> ▪ Housing: Single Family <ul style="list-style-type: none"> • Total Housing Square Footage: 235,000 • Market Rate Units: 140 • Affordable Units: 0 ▪ Housing: Condominium <ul style="list-style-type: none"> • Total Housing Square Footage: 139,000 • Market Rate Units: 150 • Affordable Units: 0 ▪ Housing: Senior Apartments

	<ul style="list-style-type: none"> • Total Housing Square Footage: 100,000 • Market Rate Units: 0 • Affordable Units: 180 ▪ Retail <ul style="list-style-type: none"> • 119,000 Retail Square Footage ▪ Parking: Code Requirements ▪ Special Uses: Future Community Center
Proposed Type of Users (Source: Project Developer)	<ul style="list-style-type: none"> ▪ Market Rate single family homes, market-rate condominium homes, senior citizen housing apartments that are affordable and a variety of retail/commercial tenants, yet to be determined.
Proposed Number and Type of Housing Units Created (Source: Project Developer)	<ul style="list-style-type: none"> ▪ Total # (percentage) market rate units: 62 <ul style="list-style-type: none"> ○ ▪ Total # (percentage) affordable to low and moderate income buyers/renters: 38. This includes all the Senior units that are likely to vary from very-low income to moderate income tenants. The proportion of this distribution is not yet known. ▪ (37% of total) of 0-bedroom units (lofts): 180 ▪ (11% of total) of 1-bedroom units: 50 ▪ (22% of total) of 2-bedroom units: 100 ▪ (30% of total) of 3-bedroom units: 140
(Proposed Overall Project Cost and Sources of Funding (Source: Project Developer and CRA Staff)	<p><u>Type of financing:</u> Public (non-Agency) (<u>13%</u>): \$22.8.0 Equity (<u>11%</u>): \$20.9 Conventional Financing (<u>13%</u>): \$24.0 Mello-Roos (3%): \$4.9 Sales Proceeds (52%): \$93.9 *<u>Agency Assistance (8%): \$15.2</u> Project Total: \$181.8 million</p> <p>* Agency Assistance includes \$6.0 Single Family writedown and \$0.7 financing, \$8.5 land acquisition/relocation.</p>
Smart Growth Assessment (Source: CRA Staff)	<p>This major mixed-use development will provide a needed boost to the area's need for revitalized center; provide new construction and permanent jobs for the community. The site is adjacent to the Baldwin Hills Crenshaw Plaza, Magic Johnson Theaters as well as local MTA and DASH transit lines.</p>

Proposed Employment (Source: Project Developer) *A separate Community Benefits Program (CBP) has been agreed to by developer, which covers these issues in detail.	Construction jobs projection: 200 Permanent job projection: 300 Living wage hiring: Yes* Prevailing wage: No First Source hiring: Yes*
--	--

DEMOGRAPHICS SECTION

(Source: US Census, 2000 and LA City Planning)

	Census Tract Number 2361	LA City (2000 Census)
Population	5172	3,719,310
Average Household Size	2.01	2.91
Total Households	2511	1,278,815
Percentage of Households Renting	84.5%	59.5%
Percentage of Households Owning	15.5%	40.5%
Educational Level (HS Diploma or above)	80.7%	71%
Median Household Income	\$18,549	\$58,724

DISPLACEMENT

(Source: Project Developer and CRA Staff)

Businesses to be Displaced	
Number and type of Businesses	180 approx.
Number and nature of jobs	Variety of small shops, church, office spaces, vehicle related commercial, etc.
Housing Units to be Displaced	
Number of units	0
Unit size/bedroom count	0
Affordability levels	na
Residential Population to be Displaced	
Number of Households	0
Population in households	0
Income levels	na

REPLACEMENT HOUSING
(Source: CRA Staff)

NA

IMPACT ANALYSIS
(Source: CRA Staff)

1. Known community issues relating to project/site:

Community has long awaited this development. The greatest community concern is for the project to proceed as quickly as possible. Developer is ready to begin bulk of acquisition activities, which will trigger relocation benefits and allow construction to proceed with the residential and retail developments. There may be a few properties that developer is unable to acquire, that would require the Agency to provide acquisition assistance.

2. Description of benefits of proposed project (blighted conditions removed, jobs and/or business opportunities created, affordable housing units produced, impact of tax increment growth):

The Marlton Square Project is among the highest of the Agency and City's priorities. The significance of this mixed-use development is that it will be addressing a 20-year old problem of area blight within this 21.8 acre Santa Barbara Plaza site with new development elements. A total of 470 residential units will be built, including 180 low-income units for senior citizens. Marlton Square will also generate a present value of \$5 million (over the life of the Amended Crenshaw Redevelopment project area) of new housing set-aside funds, which will be used for future affordable housing programs. In addition, anticipation of this project has served as a catalyst for a separate and adjacent 172-unit market-rate condominium development, which is now breaking ground. Thus, Agency receipt of these EDI funds are necessary to ensure that this project is successfully completed

For additional discussion of the benefits from the proposed project, please see Board Memorandum text.

3. Summary of non-mitigatable impacts:

The Agency adopted a Mitigated Negative Declaration ("MND") for the Marlton Square project on August 1, 2002, pursuant to the California Environmental Quality Act. The Agency approved an Addendum to the MND on August 19, 2004.

4. Summary of mitigatable impacts and proposed mitigation:

The Agency adopted a Mitigated Negative Declaration ("MND") for the Marlton Square project on August 1, 2002, pursuant to the California Environmental Quality Act. The Agency approved an Addendum to the MND on August 19, 2004.

DISCUSSION OF UPDATES TO COMMUNITY CONTEXT ATTACHMENT

The Community Context Attachment will change as the proposed project changes as per developer agreements.

FRANK T. MARTINEZ
City Clerk

KAREN E. KALFAYAN
Executive Officer

When making inquiries
relative to this matter
refer to File No.

CITY OF LOS ANGELES

CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

Office of the
CITY CLERK
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Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 978-1043
General Information - (213) 978-1133
Fax: (213) 978-1040

HELEN GINSBURG
Chief, Council and Public Services Division

01-2069-S1

October 4, 2005

Councilmember Parks
Community Development Department
Community Redevelopment Agency
Controller, Room 300
Accounting Division, F&A
Disbursement Division

RE: AUTHORIZATION TO NEGOTIATE AND EXECUTE AN ECONOMIC DEVELOPMENT
INITIATIVE GRANT AGREEMENT BETWEEN THE COMMUNITY DEVELOPMENT
DEPARTMENT AND THE LOS ANGELES COMMUNITY REDEVELOPMENT AGENCY FOR THE
MARLTON SQUARE PROJECT

Let's the Place

At the meeting of the Council held SEPTEMBER 23, 2005, the following
action was taken:

Attached report adopted.....	<u>X</u>
Attached motion (-) adopted.....	<u> </u>
Attached resolution adopted.....	<u> </u>
FORTHWITH.....	<u> </u>
Mayor concurred	<u>09-27-05</u>
To the Mayor FORTHWITH	<u>X</u>

Frank T. Martinez

City Clerk
kw

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CITY OF LOS ANGELES

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SUBJECT TO MAYOR'S APPROVAL

COUNCIL FILE NO. 01-2069-S1 COUNCIL DISTRICT NO. 8

COUNCIL APPROVAL DATE SEPTEMBER 23, 2005

RE: AUTHORIZATION TO NEGOTIATE AND EXECUTE AN ECONOMIC DEVELOPMENT
INITIATIVE GRANT AGREEMENT BETWEEN THE COMMUNITY DEVELOPMENT
DEPARTMENT AND THE LOS ANGELES COMMUNITY REDEVELOPMENT AGENCY FOR THE
MARLTON SQUARE PROJECT

OCT 03 2005

LAST DAY FOR MAYOR TO ACT _____
(10 Day Charter requirement as per LAAC 14.7)

DO NOT WRITE BELOW THIS LINE - FOR MAYOR OFFICE USE ONLY


APPROVED

*DISAPPROVED

*Transmit objections
writing pursuant to

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DATE OF MAYOR APPROVAL OR DISAPPROVAL SEP 27 2005


MAYOR

kw

SEP 30 2005

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE
reports as follows:

	<u>Yes</u>	<u>No</u>
Public Comments	<u>XX</u>	<u> </u>

HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to authorization to negotiate and execute an Economic Development Initiative Grant Agreement between the Community Development Department and the Los Angeles Community Redevelopment Agency for the Marlton Square Project.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the General Manager, Community Development Department (CDD), and the Community Redevelopment Agency (Agency) Acting Chief Executive Officer (CEO), Chief Financial Officer, Finance Director, or designees, to negotiate and execute an Agreement and all other related agreements between the CDD and the Agency to TRANSFER \$1.5 million in Economic Development Initiative (EDI) Grant funds from the CDD and for the Agency to receive the \$1.5 million in EDI Grant funds as reimbursement for land acquisition, relocation and related costs associated with the retail component of the Marlton Square project, subject to the review and approval of the City attorney as to form.
2. AUTHORIZE the Agency Acting CEO, or designee, to reimburse the City for: a) periodic interest only payments associated with an amount up to the total of \$9.0 million in U.S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee funds; and, b) CDD loan fees and HUD cost of issuance associated with the Marlton Square project (the CDD will provide evidence of such payments to the Agency for the reimbursement to the City).
3. AUTHORIZE the Agency Acting CEO, Chief Financial Officer, Finance Director, or designees, to pay the interest only payments, CDD loan fees and HUD cost of issuance associated with the Section 108 loan.
4. AUTHORIZE the Agency Acting CEO, or designee, to take all actions necessary, including amending the Fiscal Year 2005-06 Agency Budget and Work Program, to carry out the recommendations listed in this report.
5. AUTHORIZE the Controller to expend funds from Fund No. 47F, CDD Economic Development Projects, Account No. W201, Marlton Square upon proper demand of the General Manager CDD, or designee.
6. AUTHORIZE the General Manager CDD, or designee, to prepare Controller instructions, and/or make any technical adjustments that may be required and are consistent with this action, subject to the approval of the City Administrative Officer (CAO), and INSTRUCT the Controller to implement these instructions.

7. AUTHORIZE the General Manager CDD, or designee, to amend the appropriate Consolidated Plan, as needed, to reflect that the EDI Grant funds are in conformance with the recommendations contained in the report and the HUD requirements and to submit the amended Consolidated Plan(s) to the Mayor and the Council for review and approval, subject to the review and approval of the City Attorney as to form.

Fiscal Impact Statement: The CAO reports that there is no impact on the General Fund. The \$9.0 million Section 108 Loan Guarantee and the \$1.5 million Economic Development Initiative Grant funds were previously approved as gap financing for the proposed Marlton Square Project. The recommended funds for the Section 108 debt service payments is in compliance with the City Financial Policies in that 49 percent of City site specific tax revenue generated by the project and future Community Development Block Grant expenditures (approximately \$1.1 million annually for 17.5 - year period) will be used to pay the debt service. In addition, the Community Redevelopment Agency will use the \$1.5 million in EDI Grant funds for the interest only payments, the loan fees and the cost of issuance associated with the Section 108 Loan.

Summary:

At its meeting of September 21, 2005, the Housing, Community and Economic Development (HCED) Committee considered CDD, Agency and CAO reports relative to authorization to negotiate and execute an Economic Development Initiative Grant Agreement between the CDD and the Agency for the Marlton Square Project. The CDD and Agency, by separate reports, request approval to negotiate and execute an EDI Cooperation Agreement between the CDD and the Agency to transfer \$998,287 of the total \$1.5 million in EDI Grant funds to the Agency.

The CAO reports that subsequent to the release of the CDD and Agency transmittals, the departments verbally amended their transmittals and requested approval to transfer the entire \$1.5 million in EDI Grant funds to the Agency because HUD originally approved the grant funds with the requirement that the entire \$1.5 million go to the Agency for the Marlton Square project. The funds will be used to reimburse the Agency for HUD eligible expenses, such as land acquisition costs and relocation expenses associated with the retail component of Marlton Square. The CDD must draw down the funds from HUD by September 30, 2005 and disburse the funds within three days thereafter to avert the loss of the funds. If these actions are not taken, the grant funds will no longer be available to the project.

HUD requires that the companion \$9.0 million Section 108 Loan funds be drawn down in order for the City to request the EDI Grant funds. However, the CDD states that HUD has agreed to allow the City to draw down \$1,000 of the Section 108 Loan funds by the HUD Disbursement Deadline with the remaining amount to be drawn down within the next 12 months. The loan will have a 20-year term with interest only payments for a 2.5 year period and principal and interest payments for a 17.5 year period. Upon the EDI Grant draw down, HUD will bill the City for the interest only payments associated with the amount of the Section 108 Loan drawn down. The City will in turn bill the Agency for the cost of issuance and loan fees (\$501,713) and the HUD Section 108 Loan interest only payments. The Agency will use the \$1.5 million in EDI Grant funds to repay the City. Since the Agency did not expect to receive reimbursement for these expenses, the use of the grant funds will not create a shortfall of funds for the project or any other Agency work program objective.

Marlton Square will be comprised of the following four components and associated parking: 1) single family detached homes (140 units); 2) retail (119,000 square feet); 3) condominiums (150 units); and, 4) affordable senior housing (180 units). The project is bordered by Martin Luther King Jr. Boulevard, Marlton Avenue, Santa Rosalia Drive and Buckingham Road within the

Amended Crenshaw Redevelopment Project Area. The project will provide approximately 330 permanent jobs as well as employ another 200 people during construction.

The CAO reports that project financing is estimated at \$183.3 million with a funding gap of \$43.0 million. The funding gap will be closed with up to \$38.1 million in previously approved public contributions (\$31.4 million from the City and \$6.7 million from the Agency) and \$4.9 million (net bond proceeds) from a proposed creation of a Mello-Roos Public Facilities District. Of the \$31.4 million in previously approved public contributions, the Council approved \$8.5 million in Home Investment Partnership Program funds for the affordable senior housing component. For the single family and retail components, the remaining \$22.9 million in City funds will be as follows:

<u>Funds</u>	<u>Amount</u>
Section 108 Loan Guarantee	\$15,175,000
EDI	2,000,000
Brownfields Economic Development Initiative	2,000,000
Community Development Block Grant	2,700,000
Mayor's Urban Development Action Grant	1,000,000
Total	\$22,875,000

The \$1.5 million EDI Grant was originally approved by HUD to be used as reimbursement to the Master Developer land acquisition and related costs for the retail component. The terms of the Retail Implementation Agreement (RIA) require that the Master Developer attain certain milestones as a condition of receiving any funds, including the grant funds, allocated for the retail component. The CDD and the Agency state that the Master Developer will not attain these milestones in time for CDD to meet the September 30, 2005 HUD Disbursement Deadline. After the deadline, the funds would be forfeited and unavailable to assist the proposed project, as required by the RIA between the Agency and the Master Developer.

In order to draw down the \$1.5 million EDI Grant, CDD must draw down the companion \$9.0 million Section 108 Loan for Marlton Square (\$1,000 by the Disbursement Deadline with the remaining amount to be drawn down within the next 12 months). The City will bill the Agency for the cost of issuance and its fees and the interest only payments for the Section 108 Loan. The interest rate will be variable and is tied to London InterBank Offered Rate (estimated at 3.8 percent). The interest only payments for the \$1,000 in Section 108 Loan funds will begin upon the disbursement date of September 30, 2005. For the entire \$9.0 million Section 108 Loan, the annual interest payments will be approximately \$347,000. The CDD states that HUD has already approved this process.

The CAO concurs with the CDD and the Agency recommendations to negotiate and execute an Agreement between the CDD and the Agency to transfer \$1.5 million in EDI Grant funds to the Agency to reimburse the Agency for HUD eligible expenses, such as land acquisition costs and relocation expenses associated with the retail component of Marlton Square.

At its meeting of September 21, 2005, the HCED Committee recommended approval of the CAO recommendations relative to authorization to negotiate and execute an EDI Grant Agreement between the CDD and the Agency for the Marlton Square Project. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
GARCETTI:	YES
REYES:	YES
PARKS:	YES

Earl P. Ryan
Benjamin L. Parker

JW
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CD 8

Rpt
ADOPTED

SEP 23 2005

**LOS ANGELES CITY COUNCIL
TO THE MAYOR FORTHWITH**

COUNCIL VOTE

Sep 23, 2005 10:51:00 AM, #4

ITEM NO. (1)

Voting on Item(s): 1

Roll Call

CARDENAS	Yes
GARCETTI	Yes
*GREUEL	Yes
HAHN	Yes
LABONGE	Yes
PARKS	Yes
PERRY	Yes
REYES	Absent
ROSENDAHL	Yes
SMITH	Yes
WEISS	Yes
ZINE	Yes
PADILLA	Absent
VACANT	Absent
VACANT	Absent

Present: 11, Yes: 11 No: 0

HCEB
~~BUDGET AND FINANCE~~ COMMITTEE
NOTIFICATION SHEET

Council File No. 01-2069-S1

<input checked="" type="checkbox"/>	Council Districts: 8	
<input checked="" type="checkbox"/>	Mayor (with file/without)	(Mail Stop 370)
<input type="checkbox"/>	City Administrative Officer	(Mail Stop 130)
<input type="checkbox"/>	Chief Legislative Analyst	(Mail Stop 136)
<input type="checkbox"/>	City Attorney (with blue slip/without)	(Mail Stop 140)
<input checked="" type="checkbox"/>	Controller	(Mail Stop 183)
<input type="checkbox"/>	Treasurer	(Mail Stop 750)
<input type="checkbox"/>	Information Technology Agency	(Mail Stop 232)
<input type="checkbox"/>	Department of Building and Safety	(Mail Stop 115)
<input type="checkbox"/>	Office of Finance - Attn: Robert Lee	(Mail Stop 170)
<input type="checkbox"/>	Fire Commission / Department	(Mail Stop 250)
<input type="checkbox"/>	Department of General Services	(Mail Stop 508)
<input type="checkbox"/>	Personnel Department	(Mail Stop 391)
<input type="checkbox"/>	City Clerk -	
<input type="checkbox"/>	Police Commission / Department	(Mail Stop 400)
<input type="checkbox"/>	Board of Public Works	(Mail Stop 465)
<input type="checkbox"/>	Public Works - Bureau of Engineering	(Mail Stop 490)
<input type="checkbox"/>	Department of Transportation	(Mail Stop 725)
<input checked="" type="checkbox"/>	Department of Recreation and Parks	(Mail Stop 625)
<input checked="" type="checkbox"/>	Community Development Dept.	

✓ Community Redevelopment Agency

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 19, 2005

CAO File No. 0220-00013-2018

Council File No. 01-2069-S1

Council District: 8 ✓

To: The Mayor
The Council

From: William T Fujioka, City Administrative Officer *WTF by mt*

Reference: Community Development Department Transmittal Dated August 25, 2005 and Community Redevelopment Agency Transmittal Dated September 1, 2005; Received by the City Administrative Officer on September 16 and September 2, 2005 respectively; Additional Information received by the City Administrative Officer on September 15, 2005

Subject: **AUTHORIZATION TO NEGOTIATE AND EXECUTE AN ECONOMIC DEVELOPMENT INITIATIVE GRANT AGREEMENT BETWEEN THE COMMUNITY DEVELOPMENT DEPARTMENT AND THE LOS ANGELES COMMUNITY REDEVELOPMENT AGENCY FOR THE MARLTON SQUARE PROJECT**

SUMMARY

The Community Development Department (CDD) and the Community Redevelopment Agency (Agency) by separate reports request approval to negotiate and execute an Economic Development Initiative (EDI) Cooperation Agreement between the CDD and the Agency to transfer \$998,287 of the total \$1.5 million in EDI Grant funds to the Agency. Subsequent to the release of the CDD and the Agency transmittals, the departments verbally amended their transmittals and requested approval to transfer the entire \$1.5 million in EDI Grant funds to the Agency because the U.S. Department of Housing and Urban Development (HUD) originally approved the grant funds with the requirement that the entire \$1.5 million go to the Agency for the Marlton Square (Marlton Square) project. The funds will be used to reimburse the Agency for HUD eligible expenses, such as land acquisition costs and relocation expenses associated with the retail component of Marlton Square. The CDD must draw down the funds from HUD by September 30, 2005 (Disbursement Deadline) and disburse the funds within three days thereafter to avert the loss of the funds. If these actions are not taken, the grant funds will no longer be available to the project.

HUD requires that the companion \$9.0 million Section 108 Loan funds be drawn down in order for the City to request the EDI Grant funds. However, the CDD states that HUD has agreed to allow the City to draw down \$1,000 of the Section 108 Loan funds by the HUD Disbursement Deadline with the remaining amount to be drawn down within the next 12 months. The loan will have a 20-year term with interest only payments for a 2.5-year period and principal and interest payments for a 17.5-year period. Upon the EDI Grant draw down, HUD will bill the City for the interest only payments

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associated with the amount of the Section 108 Loan drawn down. The City will in turn bill the Agency for the cost of issuance and loan fees (\$501,713) and the HUD Section 108 Loan interest only payments. The Agency will use the \$1.5 million in EDI Grant funds to repay the City. Since the Agency did not expect to receive reimbursement for these expenses, the use of the grant funds will not create a shortfall of funds for the project or any other Agency work program objective.

Marlton Square will be comprised of the following four components and associated parking: 1) single family detached homes (140 units); 2) retail (119,000 sq. ft.); 3) condominiums (150 units); and, 4) affordable senior housing (180 units). The project is bordered by Martin Luther King Jr. Boulevard, Marlton Avenue, Santa Rosalia Drive and Buckingham Road within the Amended Crenshaw Redevelopment Project Area. The project will provide approximately 330 permanent jobs as well as employ another 200 people during construction.

Project Financing

In October and November 2004 respectively, the Council and the Mayor approved three Implementation Agreements, subject to certain modifications to be made prior to execution, for ownership arrangements between three different entities for the development of three of the four phases of the project (C.F. 01-2069-S3). The three development entities include Santa Rosalia Homes, LLC (Single Family Developer), the Lee Group, Inc. (Condominium Developer) and LNR Marlton Square Associates, LLC (Retail Developer). The actions included, among other approvals, authority for the CDD to negotiate and execute agreements with the Marlton Square Associates, LLC (Master Developer). The Agency states that the modifications were made and incorporated into the Implementation Agreements as ratified by the Agency on April 21, 2005. The affordable senior housing component was previously approved by the Council and is proceeding under a separate agreement (C.F. 01-2069-S2).

Project financing is estimated at \$183.3 million with a funding gap of \$43.0 million. The funding gap will be closed with up to \$38.1 million in previously approved public contributions (\$31.4 million from the City and \$6.7 million from the Agency) and \$4.9 million (net bond proceeds) from a proposed creation of a Mello-Roos Public Facilities District. Of the \$31.4 million in previously approved public contributions, the Council approved \$8.5 million in Home Investment Partnership Program funds for the affordable senior housing component. For the single family and retail components, the remaining \$22.9 million in City funds will be as follows:

Funds	Amount
Section 108 Loan Guarantee	\$15,175,000
EDI	2,000,000
Brownfields Economic Development Initiative (BEDI)	2,000,000
Community Development Block Grant (CDBG)	2,700,000
Mayor's Urban Development Action Grant	<u>1,000,000</u>
Total	<u>\$22,875,000</u>

The CDD will provide two Section 108 Loans in an amount not to exceed \$15.2 million (\$9.0 million and \$6.2 million) for acquisition costs for the project. Each of the EDI and BEDI Grant funds has a companion Section 108 Loan, which have HUD Disbursement Deadline dates. They are as follows:

- The \$2 million EDI Grant has a companion \$9.0 million Section 108 Loan. In November 1998, HUD originally awarded the City a \$1.5 million EDI Grant (Disbursement Deadline is September 30, 2005). In July 2002, HUD earmarked an additional \$0.5 million EDI Grant for a total of \$2 million (Disbursement Deadline for the additional \$0.5 million EDI Grant is September 30, 2006); and,
- The \$2 million BEDI Grant has a companion \$6.2 million Section 108 Loan, which was awarded by HUD to the City in November 2002. These funds have a Disbursement Deadline of September 30, 2008.

EDI Grant funds

The \$1.5 million EDI Grant was originally approved by HUD to be used as reimbursement to the Master Developer land acquisition and related costs for the retail component. The terms of the Retail Implementation Agreement (RIA) require that the Master Developer attain certain milestones as a condition of receiving any funds, including the grant funds, allocated for the retail component. The CDD and the Agency state that the Master Developer will not attain these milestones in time for CDD to meet the September 30, 2005 HUD Disbursement Deadline. After the deadline, the funds would be forfeited and unavailable to assist the proposed project, as required by the RIA between the Agency and the Master Developer.

In order to draw down the \$1.5 million EDI Grant, CDD must draw down the companion \$9.0 million Section 108 Loan for Marlton Square (\$1,000 by the Disbursement Deadline with the remaining amount to be drawn down within the next 12 months). The City will bill the Agency for the cost of issuance and its fees (estimated at \$501,713) and the interest only payments for the Section 108 Loan. The interest rate will be variable and is tied to London InterBank Offered Rate (estimated at 3.8 percent). The interest only payments for the \$1,000 in Section 108 Loan funds will begin upon the disbursement date (September 30, 2005). For the entire \$9.0 million Section 108 Loan, the annual interest payments will be approximately \$347,000. The CDD states that HUD has already approved this process.

The \$1.5 million EDI Grant funds will be used as follows:

Cost Description	Amount
Land Appraisal Fees	\$188,000
Acquisition/Relocation Plan/Services	150,000
Application/Legal & Related Fees	644,472
Agency Staff Costs	517,528
Total	<u>\$1,500,000</u>

The Agency will use the \$1.5 million in EDI Grant funds for the Section 108 Loan cost of issuance and CDD loan fees (\$501,713) and the HUD interest only payments. The City will in turn bill the Agency on a periodic basis. The CDD will disburse into its Union Bank Account the \$501,713 to cover the Section 108 Loan cost of issuance and CDD loan fees.

The repayment of the entire \$15.2 million in HUD Section 108 Loan funds for the project is an obligation of the City. The recommended funds for the Section 108 debt service payments are in compliance with the City Financial Policies in that total debt service payments will require \$24.8 million in principal and interest, which will be comprised of \$5.2 million in City site specific tax revenues (49 percent of site specific tax revenue generated by the project) and \$19.6 million in future CDBG expenditures over 17.5 years (approximately \$1.1 million annually). The Council and the Mayor have previously approved these repayment sources for the project (C.F. 01-2069-S3).

We concur with the CDD and the Agency recommendations to negotiate and execute an Agreement between the CDD and the Agency to transfer \$1.5 million in EDI Grant funds to the Agency to reimburse the Agency for HUD eligible expenses, such as land acquisition costs and relocation expenses associated with the retail component of Marlton Square.

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Authorize the General Manager of Community Development Department (CDD) and the Community Redevelopment Agency (Agency) Acting Chief Executive Officer (CEO), Chief Financial Officer, Finance Director, or designees, to negotiate and execute an Agreement and all other related agreements between the CDD and the Agency to transfer \$1.5 million in Economic Development Initiative (EDI) Grant funds from the CDD and for the Agency to receive the \$1.5 million in EDI Grant funds as reimbursement for land acquisition, relocation and related costs associated with the retail component of the Marlton Square project, subject to the review and approval of the City Attorney as to form;
2. Authorize the Agency Acting CEO, or designee, to reimburse the City for: a) periodic interest only payments associated with an amount up to the total of \$9.0 million in U.S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee funds; and, b) CDD loan fees and HUD cost of issuance associated with the Marlton Square project (the CDD will provide evidence of such payments to the Agency for the reimbursement to the City);
3. Authorize the Agency Acting CEO, Chief Financial Officer, Finance Director, or designees, to pay the interest only payments, CDD loan fees and HUD cost of issuance associated with the Section 108 Loan;
4. Authorize the Agency Acting CEO, or designee, to take all actions necessary, including amending the Fiscal Year 2005-06 Agency Budget and Work Program, to carry out the recommendations listed in this report;

5. Authorize the Controller to expend funds from Fund No. 47F, CDD Economic Development Projects, Account No. W201, Marlton Square upon proper demand of the General Manager CDD, or designee;
6. Authorize the General Manager CDD, or designee, to prepare Controller instructions and/or make any technical adjustments that may be required and are consistent with this action, subject to the approval of the City Administrative Officer, and instruct the Controller to implement these instructions; and,
7. Authorize the General Manger CDD, or designee, to amend the appropriate Consolidated Plan, as needed, to reflect that the EDI Grant funds are in conformance with the recommendations contained in the report and the HUD requirements and to submit the amended Consolidated Plan(s) to the Mayor and Council for review and approval, subject to the review and approval of the City Attorney as to form.

FISCAL IMPACT STATEMENT

There is no impact on the City General Fund. The \$9.0 million Section 108 Loan Guarantee and the \$1.5 million Economic Development Initiative Grant funds were previously approved as gap financing for the proposed Marlton Square Project. The recommended funds for the Section 108 debt service payments is in compliance with the City Financial Policies in that 49 percent of City site specific tax revenue generated by the project and future Community Development Block Grant expenditures (approximately \$1.1 million annually for 17.5-year period) will be used to pay the debt service. In addition, the Community Redevelopment Agency will use the \$1.5 million in EDI Grant funds for the interest only payments, the loan fees and the cost of issuance associated with the Section 108 Loan.

WTF:LJS:02060038c

TRANSMITTAL

To:

THE COUNCIL


Date:

SEP 13 2005

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



ANTONIO R. VILLARAIGOSA
Mayor

SEP 15 2005

HOUSING, COMMUNITY &
ECONOMIC DEVELOPMENT

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ECONOMIC DEVELOPMENT
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ANTONIO R. VILLARAIGOSA
MAYOR

August 26, 2005

Council File: New
Council District No: 8 ✓
Contact Persons & Extensions:
Michael J. Yuzon 744-7392
Ernest Tidwell 744-9361
Economic Development Division

Mayor Antonio R. Villaraigosa

Attention: June Lagmay, Legislative Coordinator

COMMITTEE TRANSMITTAL: AUTHORIZATION TO NEGOTIATE AND EXECUTE AN AGREEMENT TO TRANSFER APPROXIMATELY \$998,287 OF A TOTAL \$1.5 MILLION IN ECONOMIC DEVELOPMENT INITIATIVE GRANT FUNDS (EDI) FROM THE COMMUNITY DEVELOPMENT DEPARTMENT (CDD) TO THE LOS ANGELES COMMUNITY REDEVELOPMENT AGENCY (AGENCY) FOR THE MIXED-USE MARLTON SQUARE PROJECT (FORMERLY SANTA BARBARA PLAZA)

DEADLINE FOR ACTION

The General Manager of the Community Development Department-City of Los Angeles (CDD), or his designee, respectfully requests that your office expedite this transmittal to the Los Angeles City Council for review and approval. Timely processing will assist the CDD in expediting the use of \$1.5 million in Economic Development Initiative Grant Funds (EDI), approximately \$998,287 of which will be transferred to the Agency, before a September 30, 2005 Disbursement Deadline for EDI Funds. Failure to meet this deadline will result in the loss of the EDI Grant Funds.

RECOMMENDATIONS

The General Manager of the Community Development Department (CDD), or designee, respectfully requests that the Mayor and City Council:

1. Authorize the General Manager of CDD, or designee, to negotiate and execute an Agreement between the CDD and the Agency to transfer approximately \$998,287 million of the \$1.5 million in EDI to reimburse the Agency for land acquisition, relocation and related costs associated with the mixed-use Marlton Square Project;



MARLTON SQUARE PROJECT
EDI FUNDS TRANSFER TO AGENCY

2. Authorize the General Manager of CDD, or designee, to negotiate and execute all agreements, related to the Agreement in recommendation #1 above, between the CDD and the Agency, subject to the approval of the City Attorney as to form and legality;
3. Authorize the General Manager of CDD, or designee to instruct the Agency to pay the CDD for the periodic interest only payments associated with an amount up to the total \$9.0 million in Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee funds. The CDD will under proper demand provide evidence of such payments to the Agency for the aforementioned interest-only payments;
4. Authorize the General Manager of CDD, or designee, to prepare Controller instructions and/or make any technical adjustments that may be required and are consistent with this action subject to the approval of the CAO and instruct the Controller to implement these instructions;
5. Authorize the General Manager of CDD, or designee, to amend the appropriate Consolidated Plan, as needed, to reflect that the EDI is in conformance with the recommendations contained in this report, and all HUD requirements, and submit the amended Consolidated Plan(s) for review and approval;
6. Authorize the Acting Chief Executive Officer, Chief Financial Officer, Finance Director, or designee of the Agency, to negotiate and execute an Agreement between the CDD and the Agency to receive approximately \$998,287 in EDI as reimbursement to the Agency for its land acquisition costs associated with the retail component of the mixed-use Marlton Square Project;
7. Authorize the Acting Chief Executive Officer, Chief Financial Officer, Finance Director, or designee of the Agency, to negotiate and execute all agreements between the CDD and the Agency, subject to the approval of the City Attorney as to form and legality;
8. Authorize the Acting Chief Executive Officer, Chief Financial Officer, Finance Director, or designee of the Agency, to pay the interest-only payments associated with the Section 108 Loans; and
9. Concur in approving the recommended actions of the CDD and the Agency.

MARLTON SQUARE PROJECT
EDI FUNDS TRANSFER TO AGENCY

FISCAL IMPACT

There is no General Fund Impact resulting from the recommended actions. The CDD will be using the following funding sources for project gap financing associated with the Marlton Square Project:

1. Economic Development Initiative proceeds (\$1.5 million); and
2. HUD Section 108 Loan Guarantee proceeds (\$9.0 million).

HISTORY

On November 3, 2004, the Mayor concurred in a Council Action of October 22, 2004 (CF# 01-2069-S3) with various authorizations, from the CDD and the Agency, relative to the Marlton Square Project. The actions included, among other approvals, authority for the CDD to negotiate and execute agreements with the Marlton Square Associates, LLC (MSA, LLC) to provide \$22,875,000 in public funds to assist in the financing of the \$169.2 million Marlton Square Project.

SUMMARY

Based on the terms of a Master Agreement between the City, Agency and MSA, LLC, the latter will not be in a position to receive the EDI funds before the Disbursement Deadline. To avert the loss of the EDI funds, the CDD requests authority to transfer approximately \$998,287 of the total \$1.5 million in EDI funds to the Agency to reimburse the Agency for its land acquisition costs and relocation expenses associated with the retail component of the Marlton Square Project. The CDD will disburse into its Union Bank Account approximately \$501,713 of the mentioned EDI funds to cover the Cost of Issuance and Loan fees associated with the Section 108 Loan. The mentioned EDI funds will be broken down as follows:

Description	Amount
Cost	
Land Appraisal Fees	\$ 188,000
Acquisition/Relocation Plan/Services	\$ 150,000
Application/Legal & Related Fees	\$ 660,287
To Agency	\$ 998,287
To CDD	\$ 501,713
TOTAL EDI AMOUNT	\$ 1,500,000

MARLTON SQUARE PROJECT
EDI FUNDS TRANSFER TO AGENCY

HUD requires the City to drawdown up to \$9.0 million of the associated Section 108 Loan funds in order for City to request the full \$1.5 million in EDI. Upon the EDI drawdown, HUD will begin billing the City for the interest-carry associated with the amount of Section 108 Loan drawn down. The City will in turn bill the Agency for the period interest-carry in order to pay HUD.

Accordingly, to continue the project CDD seeks the approval of the above-mentioned recommendations. The CDD has already informed HUD of this process. HUD plans to take the action to their loan approval panel for approval on August 23, 2005. Both actions will facilitate the City meeting the September 30, 2005 Disbursement Deadline for the \$1.5 million in EDI funds.

SOURCE OF PAYMENT

Nine Hundred Ninety-Eight Thousand Two Hundred Eighty-Seven Dollars (\$998,287) to be paid by the Agency using Crenshaw EDI Grant Funds.

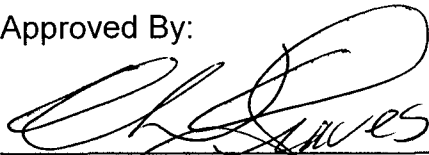
COLLATERAL

Source of Payment to be fully secured by a Pledge of the Crenshaw EDI Grant Funds Account set aside by the Agency for the HUD Section 108 Loan interest-only payments.

ENVIRONMENTAL REVIEW

Environmental records, including the Mitigated Negative Declaration, dated June 19, 2002 in this matter indicate that the Marlton Square Project will have no significant impact on the environment. As such, on June 19, 2005, the Department of Housing and Urban Development issued a Certificate of Compliance under Title I of the Housing and Community Development Act of 1974 for the Project.

Approved By:



CLIFFORD W. GRAVES
General Manager

MarlEDICoOpTranCLEAN.doc

**CRA/LA**

Building communities with jobs and housing

Community Redevelopment Agency
of the CITY OF LOS ANGELESDATE / **SEP 01 2005**

FILE CODE /

354 South Spring Street / Suite 800
Los Angeles / California 90013-1258T 213 977 1600 / F 213 977 1665
www.crala.orgCRA File No. **4838**Council District: **CD-8** ✓Contact Person: **Alvin Jenkins**
(213) 977-2640

Honorable Council of the City of Los Angeles
John Ferraro Council Chamber
200 N. Spring Street
Room 340, City Hall
Los Angeles, CA. 90012

Attention: John White, Office of the City Clerk

COUNCIL TRANSMITTAL:

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on September 1, 2005, for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

VARIOUS ACTIONS RELATED TO:

AUTHORIZATION TO RECEIVE APPROXIMATELY \$998,287 OF A TOTAL OF \$1.5 MILLION IN ECONOMIC DEVELOPMENT INITIATIVE GRANT FUNDS (EDI) FROM THE CITY OF LOS ANGELES COMMUNITY DEVELOPMENT DEPARTMENT (CDD) FOR THE MIXED-USE MARLTON SQUARE DEVELOPMENT LOCATED IN SANTA BARBARA PLAZA

RECOMMENDATION

That City Council approves recommendation(s) on the attached Board Memorandum.

ENVIRONMENTAL REVIEW

The Agency adopted a Mitigated Negative Declaration ("MND") for the Marlton Square project on August 1, 2002, pursuant to the California Environmental Quality Act. The Agency approved an Addendum to the MND on August 19, 2004.

FISCAL IMPACT STATEMENT

There is no fiscal impact to the City's General Fund, as a result of this action.


Richard Benbow, Acting Chief Executive Officer

cc: John White, Office of the City Clerk (Original & 7 Copies on 3-hole punch)
Lisa Johnson, Scott Eritano, Office of the CAO
Paul Smith, Ivania Sobalvarro, Office of the CLA
Robert R. Ovrom, Office of the Mayor

SEP 14 2005 **HOUSING, COMMUNITY &
ECONOMIC DEVELOPMENT**

RECEIVED
CITY CLERK'S OFFICE

2005 SEP 12 PM 4:47

CITY CLERK
BY vm
DEPUTY



CRA/LA

Building communities with jobs & housing

Neil Blumenkopf, Office of the City Attorney

bcc: Richard Benbow,
Ras Mallari
Alma Acosta
Nenita Tan, Office of the City Controller
Records (2 copies)
Tim Chung
Ricardo Noguera
Alvin Jenkins

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CA

MEMORANDUM

6

REVISED, as underlined

Interest Rate in Summary, and
Type of Financing, page 3 of Attachment "D"

DATE: SEPTEMBER 1, 2005 CR2140

TO: AGENCY COMMISSIONERS

FROM: RICHARD L. BENBOW, ACTING CHIEF EXECUTIVE OFFICER

RESPONSIBLE

PARTY: RICARDO NOGUERA, REGIONAL ADMINISTRATOR
ALVIN JENKINS, PROJECT MANAGER

SUBJECT: AUTHORIZATION TO RECEIVE APPROXIMATELY \$998,287 OF A TOTAL OF \$1.5 MILLION IN ECONOMIC DEVELOPMENT INITIATIVE GRANT FUNDS (EDI) FROM THE CITY OF LOS ANGELES COMMUNITY DEVELOPMENT DEPARTMENT (CDD) FOR THE MIXED-USE MARLTON SQUARE DEVELOPMENT LOCATED IN SANTA BARBARA PLAZA

AMENDED CRENSHAW RECOVERY REDEVELOPMENT PROJECT (CD 8)
SOUTH L.A. REGION

RECOMMENDATIONS

Authorize the Acting Chief Executive Officer, Chief Financial Officer, Finance Director or designee, subject to City Council approval, to:

1. Negotiate and execute an Economic Development Initiative (EDI) Cooperation Agreement between the Community Development Department (CDD) and the Agency to receive approximately \$998,287 in (EDI) Grant Funds as reimbursement to the Agency for its land acquisition costs associated with the retail component of the mixed-use Marlton Square Project;
2. Receive \$998,287 of a total of \$1.5 million in EDI Grant Funds as reimbursement to the Agency for land acquisition, relocation and related costs associated with the retail component of the Marlton Square mixed-use development;
3. Authorize the Agency to pay CDD for the periodic interest-only payments associated with the total \$9.0 million in Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee funds. CDD will provide evidence of such payments to the Agency;
4. Take all actions necessary, including amending the Agency Budget, to carryout the recommendations listed in items 1, 2 and 3 above.

SUMMARY

This action is necessary to preserve \$998,287 of a total \$1.5 million Economic Development Initiative (EDI) Grant awarded by HUD to the Santa Barbara Plaza Project (the "Project"). The Community Development Department (CDD) must draw down the \$1.5 million Grant from HUD by September 30, 2005 (and disburse such funds within three days of draw down) in order to keep the Grant. If these actions are not taken, the Grant will no longer be available to the Project. The remaining \$501,713 will be used by CDD.

The originally intended purpose of these funds was to reimburse the Master Developer for the retail component's land acquisition and related costs. The terms of the Retail Implementation Agreement (RIA) require that the Master Developer attain certain milestones as a condition of receiving any of the funds allocated to this retail component, including this EDI Grant. The Master Developer will not attain these milestones in time for CDD to meet the September 30, 2005 EDI Grant deadline.

In order to preserve the Grant funds, CDD will transfer the major portion of the Grant funds to the Agency after draw down from HUD. The subject EDI funds will be allocated as follows:

<u>Cost Description</u>	<u>Amount</u>
TO CRA:	
Land Appraisal Fees	\$ 188,000
Acquisition/Relocation Plan/Services	\$ 150,000
Application/Legal & Related Fees	\$ 660,287
TOTAL TO AGENCY	\$ 998,287
TO CDD:	
Cost of Issuance and Loan Fees to CDD (Section 108)*	\$ 501,713
TOTAL EDI AMOUNT	\$ 1,500,000

*CDD will disburse approximately \$501,713 of the EDI funds into its Union Bank Account to pay the Cost of Issuance and Loan Fees associated with the Section 108 Loan.

In order to draw down the EDI Grant, CDD must also draw down the the Grant's "companion" \$9.0 million Section 108 Loan. For the first 2 years of the loan period, the loan will be interest only. CDD will look to the Agency to make these interest only payments. The Agency will use the EDI Grant funds as the source for making these interest only payments. The interest rate floats and is tied to LIBOR. The estimated interest rate is 3.8%, which amounts to annual interest payments of approximately \$347,000.

Project Description

The 21.8 acre Santa Barbara Plaza shopping area (Attachment "A"), which is bordered by Martin Luther King Jr. Boulevard on the north, Marlton Avenue on the east, Santa Rosalia Drive on the south and Buckingham Road on the west, has become dilapidated and fallen into disrepair. The proposed Marlton Square Mixed-Use Development will be located on the Santa Barbara Plaza site, which includes the previously approved Buckingham Place Affordable Senior Housing

development on 2.6 acres of the site, which is currently under construction. The actions in this memo pertain to the retail portion of the remaining 19.2 acre site.

Marlton Square will be a modern, mixed-use development consisting of a combination of retail and residential uses (Attachment "B"). Specifically, the development components are proposed to include 140 units of single family detached homes, 150 condominium residential units and 119,000 square feet of retail space and associated parking. Total development cost will be \$169.2 million. The center will provide approximately 330 permanent jobs as well as employ another 200 people during construction.

The Agency and the City have entered into three Implementation Agreements for ownership arrangements between each of the three entities developing the three phases discussed – Retail, Single Family, and Condominium.

The Buckingham Place Senior Housing component of the Marlton Square Mixed-Use Development will contain 180 affordable housing units and was previously approved by Agency and City Council actions and is currently under construction.

RE:

July 21, 2005 – Agency authorization of Bridge Loan utilizing Future Bunker Hill Program Income to assist in financing of Marlton Square, subject to City Council approval.

April 21, 2005 – Agency ratification of Council changes to the Implementation Agreements.

October 22, 2004 – City Council approval of Implementation Agreements, subject to modifications.

August 19, 2004 - Agency approval of various actions relating to approval of Implementation Agreements for the Marlton Square Mixed-use Development, subject to City Council approval.

June 27, 2003 - Approved by City Council approval of Agency's April 17, 2003 actions.

April 17, 2003 - Agency approval of Master Agreement for the Marlton Square Mixed-use Development with Capital Vision Equities (Master Developer) for the redevelopment of Santa Barbara Plaza, subject to City Council approval.

SOURCE OF FUNDS

No Agency funds are being provided to the Developer for the Retail parcel of the Marlton Square Project. Other public sources of funds include CDBG, EDI, BEDI and Section 108 funds.

The Agency will make interest-only payments due on the companion \$9.0 million Section 108 Loan using the aforementioned EDI funding source.

PROGRAM AND BUDGET IMPACT

As mentioned above, the EDI Grant funds will be used to reimburse the Agency for HUD eligible expenses incurred during the course of the Project. The Agency never expected to receive reimbursement for these expenses; therefore, use of the EDI Grant funds will not create a shortfall of funds for this Project or any other Agency work program objective.

ENVIRONMENTAL REVIEW

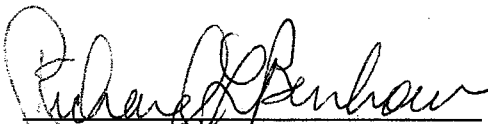
The Agency adopted a Mitigated Negative Declaration ("MND") for the Marlton Square project on August 1, 2002, pursuant to the California Environmental Quality Act. The Agency approved an Addendum to the MND on August 19, 2004.

BACKGROUND

On April 17, 2003 the Agency authorized the execution of a Master Agreement for the Marlton Square Mixed-Use Development to be located on the 21.8-acre Santa Barbara Plaza site. That Master Agreement served to coordinate the activities and commitments of the Agency and those of other relevant City Departments, including the Community Development Department (CDD) and the Los Angeles Housing Department (LAHD). That Master Agreement also contemplated subsequent Implementation Agreements for the development of the Single Family Housing and Retail components of the Marlton Square development. That Master Agreement also did not provide for the potential acquisition or disposition of property by the Agency. These activities required a public hearing and Findings by the legislative body (City Council) pursuant to Section 33433 of the Health & Safety Code as part of the approval of the attached separate Implementation Agreements. Such hearings were held and the necessary Findings were made.

On August 19, 2004, the Agency approved various actions pertaining to the Implementation Agreements for the Single Family, Condominium and Retail developments. On October 22, 2004, City Council approved the Implementation Agreements, subject to certain modifications to be made before being executed. These modifications were made and incorporated into the Implementation Agreements as ratified by the Agency on April 21, 2005. On July 21, 2005, the Agency, subject to City Council, authorized a Bridge Loan utilizing Future Bunker Hill Program Income to assist in financing of Marlton Square.

The redevelopment of Santa Barbara Plaza has been the primary objective of the Crenshaw Redevelopment Project since the 1994 Plan Amendment, and the recommended action will further implement that objective. A Marlton Square Project Timeline (Attachment "C") illustrates the project status and future steps toward implementation.

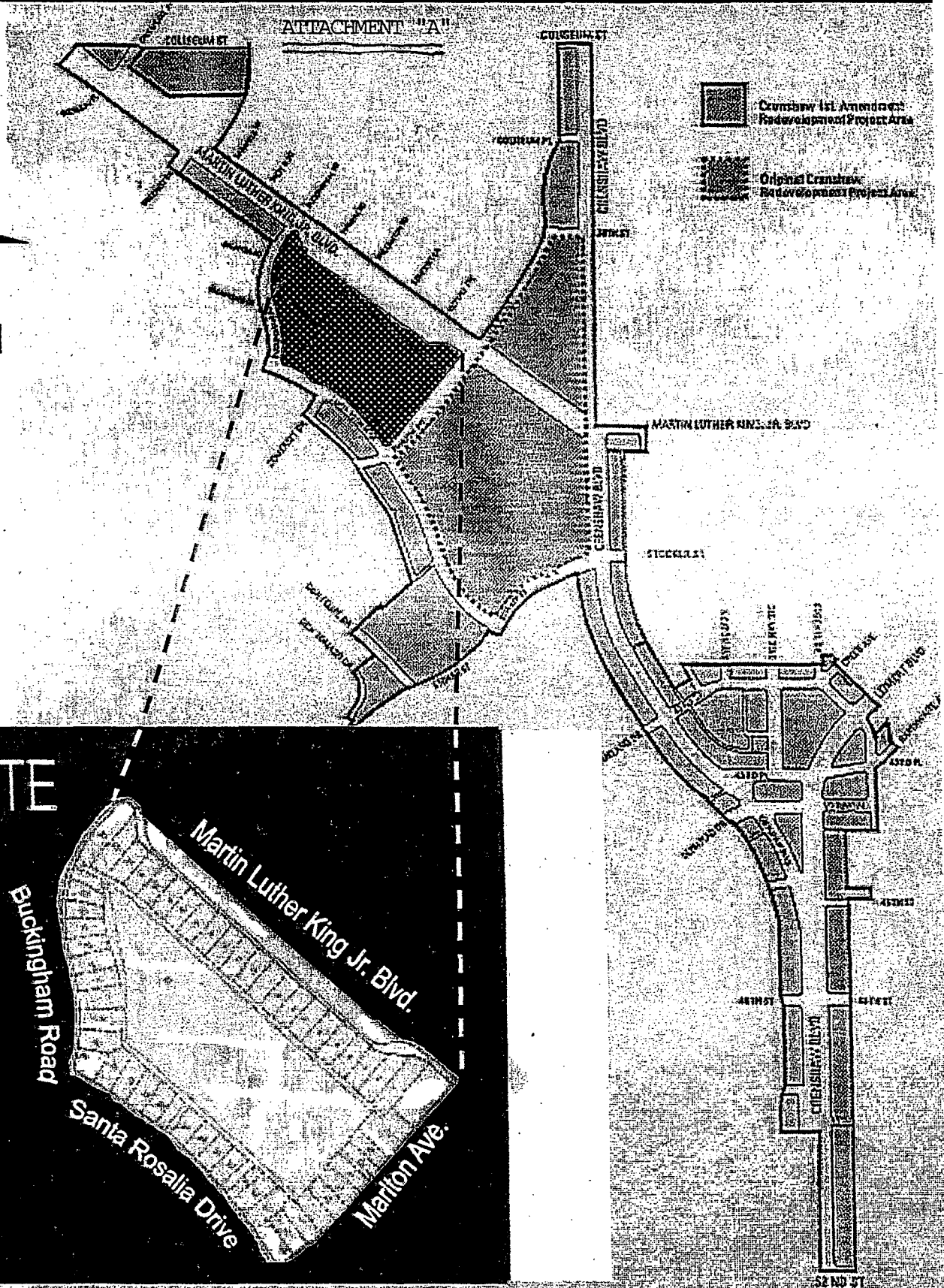


Richard L. Benbow
Acting Chief Executive Officer

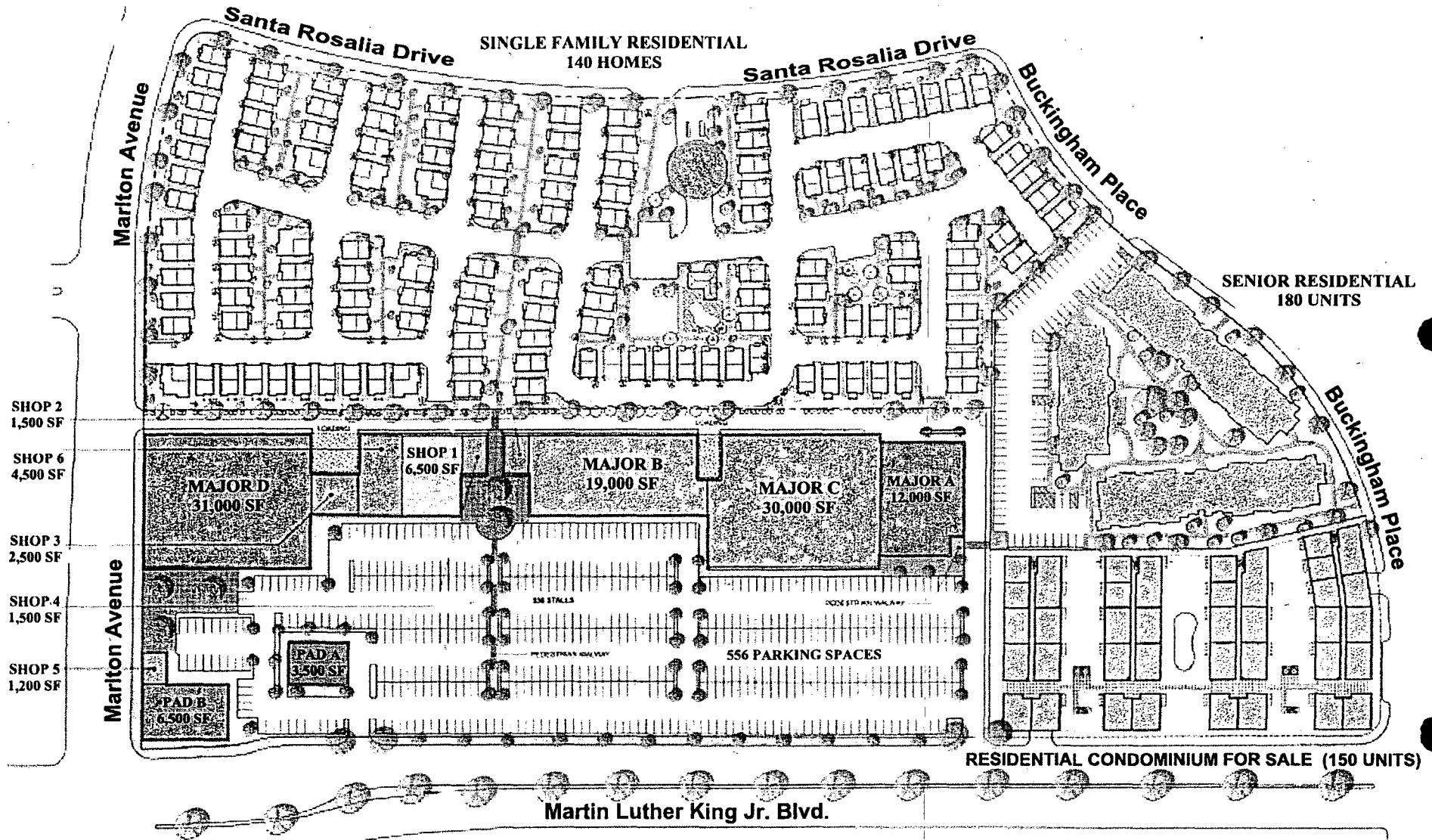
There is no conflict of interest known to me, which exists with regard to any Agency officer or employee concerning this action.

Attachment A - Marlton Square Location Plan
Attachment B - Marlton Square Illustrative Site Plan
Attachment C - Updated Marlton Square Project Timeline
Attachment D - Community Context

**Amended
Redevelopment
Project**



MARLTON SQUARE



MARLON SQUARE

CARROLL VISION EQUITIES / LENNAR PARTNERS

ILLUSTRATIVE SITE PLAN - OPTION A

NAKADA ASSOCIATES

ATTACHMENT "B"

Attachment "C"

MARLTON SQUARE PROJECT TIMELINE

#	Tasks To Be Completed	Task Completion Timeline
1	Revise Implementation Agreements	Completed
2	Revise Condominium Implementation Agm't	Completed
3	Revise Retail Implementation Agreement	Completed
4	CDD Approval of Guarantor for CDD funds	Completed
5	Preparation of Section 108 Loan Agreement with CDD & Developer	Completed
6	Preparation of Amended HUD applications (EDI, BEDI & Sec 108)	Completed
7	Complete Revised Development Proforma & Sources and Uses	Completed
8	Revisions to Single Family, Condo & Retail Implementation Agmt's	Completed
9	CLA, CAO, City Attorney Approval of Guarantor for CDD funds	Completed
10	Buckingham Pl. Sr. Housing Grading Process Resumes (180 units)	Completed
11	Submission of Amended HUD applications (EDI, BEDI & Sec 108)	Completed
12	Agency Approval of Central Pacific (or other lender's) Loan to Agency	Completed
13	Master Developer deposits \$300K for Mello Roos studies	Completed
14	Agency Board Hearing on Revised Implementation Agmts & Cooperation Agmt. On April 21, 2005	Completed
15	Revised Implementation Agreements executed by City and Agency	Completed
16	Developers sign Revised Implementation Agreements	Completed
17	City Council Approval of Central Pacific (or other) Loan to Agency	August, 2005
18	Preparation of Cooperation Agm't for UDAG funds w/ CDD & Agency	August, 2005
19	Preparation of Cooperation Agm't for EDI funds w/ CDD & Agency	August, 2005
20	Lee Homes signs Guaranty re: Tax Increment Generation	August, 2005
21	CRA/CDD Cooperation Agm't - UDAG funds transfer - CDD to CRA	August, 2005
22	HUD approval of Amended HUD Applications (EDI, BEDI & Sec 108)	August, 2005
23	Developer executes Section 108 Loan Agreement	August, 2005
24	Developer Begins to Acquire Property	August, 2005
25	Agency Approval of Coop'n Agm't for EDI funds w/ CDD & Agency	September, 2005
26	City Council Approval of Coop'n Agm't for EDI funds w/ CDD & Agency	September, 2005
27	Execution of Cooperation Agm't for EDI funds w/ CDD & Agency	September, 2005
28	Execution of Cooperation Central Pacific Loan Committee Approval (or other) Loan to Agency	September, 2005
29	\$1.5 million of EDI Funds MUST be drawn down by CDD	Sept. 30, 2005
30	Developer Begins Tenant Relocation	Summer 2005
31	Demolition of Structures (as acquisition and relocation is completed)	Fall 2005
32	Construction Begins on Condos, Retail & Single Family Developments (after acquisition, demolition and relocation is completed)	Fall 2005
33	Condos Construction (150 units) Completed	Winter 2006/07
34	Retail Construction (119,000 s.f.) Completed	Winter 2006/07
35	Single Family Homes: phase 1 and 2 (units 1-70) Completed	Spring 2007
36	Single Family Homes: phase 3 and 4 (units 71-140) Completed	Spring 2008
37	Marlton Square Development Completed	Summer 2008

ATTACHMENT "D"

REVISED, as underlined
Type of Financing, page 3

COMMUNITY CONTEXT ATTACHMENT TO BOARD MEMORANDUM FOR

MARLTON SQUARE

Location is the Santa Barbara Plaza shopping area: Bordered by Martin Luther King Jr. Boulevard on the north, Marlton Avenue on the east, Santa Rosalia Drive on the south and Buckingham Road on the west.

REDEVELOPMENT PROJECT AREA (South LA Region)

Redevelopment Area: Amended Crenshaw

Community Plan Area: Crenshaw West Adams Community Plan Area

Council District: Council District 8

Project Area Description: The original Crenshaw Redevelopment Plan (54 acres) was adopted by the Los Angeles City Council on May 9, 1984, for the purpose of redeveloping the former Crenshaw Shopping Center. The newly renovated Baldwin Hills Crenshaw Plaza opened in November of 1988 and now contains one million square feet. The Magic Johnson Theater complex and its associated parking structure were later added to the center and completed in 1995. Since that time, three additional screens were added to the theater complex in 1998 bringing the number of screens to 15.

The Amendment to the Crenshaw Redevelopment Project adopted on December 6, 1994, added approximately 150 acres to the original project area. This added area is located approximately 8 miles south of downtown, midway between the San Diego and Harbor Freeways, and south of the Santa Monica Freeway in south Los Angeles. The project area extends generally along Crenshaw Boulevard, between Coliseum Street to the north, and 52nd Street to the south. The project area also extends along Martin Luther King Jr. Boulevard, between Coliseum Street to the northwest, and McClung Drive to the east. The area also includes parts of Buckingham

Road and Santa Rosalia Drive immediately adjacent to the Baldwin Hills Crenshaw Plaza, and the Santa Barbara Plaza site. The project area also includes the Leimert Park Village area between Leimert Boulevard to the east, Vernon Avenue to the south, Crenshaw Boulevard to the west and 43rd Street to the north.

Conditions at Time of Adoption:

The civil disturbance of April 1992 caused damage to 19 properties in the Amended Project Area and emphasized a need for assistance. Of the 250 buildings in the Amended area, 58 (23%) had significant vacancies. Many parcels were small and irregular and many buildings were obsolete, in need of repair and under-utilized. The then existing Crenshaw Shopping Center was in a state of disrepair, economic and physical decline and experiencing deterioration. Crime was a major factor in the center. Public improvements, including substandard and outdated pedestrian and vehicular circulation systems, were inadequate

PROPOSED PROJECT OVERVIEW

Physical Site and Setting Description (Source: CRA Staff)	The Santa Barbara Plaza area is a former vibrant shopping center that was constructed in 1950 and over time has become blighted with many marginal or closed businesses. This area was the primary focus for amending the Crenshaw redevelopment project area.
Proposed Development Description (Source: Project Developer)	Mixed-Use development with a combination of uses, including 140 Single family homes, 150 condominium units and 119,000 square feet of retail. Associated improvements including public improvements, streetscape enhancements, street widening, etc.
Proposed Uses by Size (Source: Project Developer)	<ul style="list-style-type: none"> ▪ Housing: Single Family <ul style="list-style-type: none"> • Total Housing Square Footage: 235,000 • Market Rate Units: 140 • Affordable Units: 0 ▪ Housing: Condominium <ul style="list-style-type: none"> • Total Housing Square Footage: 139,000 • Market Rate Units: 150 • Affordable Units: 0 ▪ Housing: Senior Apartments

	<ul style="list-style-type: none"> • Total Housing Square Footage: 100,000 • Market Rate Units: 0 • Affordable Units: 180 <ul style="list-style-type: none"> ▪ Retail <ul style="list-style-type: none"> • 119,000 Retail Square Footage ▪ Parking: Code Requirements ▪ Special Uses: Future Community Center
Proposed Type of Users (Source: Project Developer)	<ul style="list-style-type: none"> ▪ Market Rate single family homes, market-rate condominium homes, senior citizen housing apartments that are affordable and a variety of retail/commercial tenants, yet to be determined.
Proposed Number and Type of Housing Units Created (Source: Project Developer)	<ul style="list-style-type: none"> ▪ Total # (percentage) market rate units: 62 <ul style="list-style-type: none"> ○ ▪ Total # (percentage) affordable to low and moderate income buyers/renters: 38. This includes all the Senior units that are likely to vary from very-low income to moderate income tenants. The proportion of this distribution is not yet known. ▪ (37% of total) of 0-bedroom units (lofts): 180 ▪ (11% of total) of 1-bedroom units: 50 ▪ (22% of total) of 2-bedroom units: 100 ▪ (30% of total) of 3-bedroom units: 140
(Proposed Overall Project Cost and Sources of Funding (Source: Project Developer and CRA Staff)	<p><u>Type of financing:</u> Public (non-Agency) (<u>13%</u>): \$22.8.0 Equity (<u>11%</u>): \$20.9 Conventional Financing (<u>13%</u>): \$24.0 Mello-Roos (3%): \$4.9 Sales Proceeds (52%): \$93.9 *<u>Agency Assistance (8%): \$15.2</u> Project Total: \$181.8 million</p> <p>* Agency Assistance includes \$6.0 Single Family writedown and \$0.7 financing, \$8.5 land acquisition/relocation.</p>
Smart Growth Assessment (Source: CRA Staff)	<p>This major mixed-use development will provide a needed boost to the area's need for revitalized center; provide new construction and permanent jobs for the community. The site is adjacent to the Baldwin Hills Crenshaw Plaza, Magic Johnson Theaters as well as local MTA and DASH transit lines.</p>

Proposed Employment (Source: Project Developer) *A separate Community Benefits Program (CBP) has been agreed to by developer, which covers these issues in detail.	Construction jobs projection: 200 Permanent job projection: 300 Living wage hiring: Yes* Prevailing wage: No First Source hiring: Yes*
--	--

DEMOGRAPHICS SECTION

(Source: US Census, 2000 and LA City Planning)

	Census Tract Number 2361	LA City (2000 Census)
Population	5172	3,719,310
Average Household Size	2.01	2.91
Total Households	2511	1,278,815
Percentage of Households Renting	84.5%	59.5%
Percentage of Households Owning	15.5%	40.5%
Educational Level (HS Diploma or above)	80.7%	71%
Median Household Income	\$18,549	\$58,724

DISPLACEMENT

(Source: Project Developer and CRA Staff)

Businesses to be Displaced	
Number and type of Businesses	180 approx.
Number and nature of jobs	Variety of small shops, church, office spaces, vehicle related commercial, etc.
Housing Units to be Displaced	
Number of units	0
Unit size/bedroom count	0
Affordability levels	na
Residential Population to be Displaced	
Number of Households	0
Population in households	0
Income levels	na

REPLACEMENT HOUSING
(Source: CRA Staff)

NA

IMPACT ANALYSIS
(Source: CRA Staff)

1. Known community issues relating to project/site:

Community has long awaited this development. The greatest community concern is for the project to proceed as quickly as possible. Developer is ready to begin bulk of acquisition activities, which will trigger relocation benefits and allow construction to proceed with the residential and retail developments. There may be a few properties that developer is unable to acquire, that would require the Agency to provide acquisition assistance.

2. Description of benefits of proposed project (blighted conditions removed, jobs and/or business opportunities created, affordable housing units produced, impact of tax increment growth):

The Marlon Square Project is among the highest of the Agency and City's priorities. The significance of this mixed-use development is that it will be addressing a 20-year old problem of area blight within this 21.8 acre Santa Barbara Plaza site with new development elements. A total of 470 residential units will be built, including 180 low-income units for senior citizens. Marlon Square will also generate a present value of \$5 million (over the life of the Amended Crenshaw Redevelopment project area) of new housing set-aside funds, which will be used for future affordable housing programs. In addition, anticipation of this project has served as a catalyst for a separate and adjacent 172-unit market-rate condominium development, which is now breaking ground. Thus, Agency receipt of these EDI funds are necessary to ensure that this project is successfully completed

For additional discussion of the benefits from the proposed project, please see Board Memorandum text.

3. Summary of non-mitigatable impacts:

The Agency adopted a Mitigated Negative Declaration ("MND") for the Marlon Square project on August 1, 2002, pursuant to the California Environmental Quality Act. The Agency approved an Addendum to the MND on August 19, 2004.

4. Summary of mitigatable impacts and proposed mitigation:

The Agency adopted a Mitigated Negative Declaration ("MND") for the Marlon Square project on August 1, 2002, pursuant to the California Environmental Quality Act. The Agency approved an Addendum to the MND on August 19, 2004..

DISCUSSION OF UPDATES TO COMMUNITY CONTEXT ATTACHMENT

The Community Context Attachment will change as the proposed project changes as per developer agreements.

[Back](#)[Edit](#)**File Number**

01-2069-S1

Last Changed Date

09/14/2005

Title

SANTA BARBARA PLAZA / MARLTON SQUARE

Initiated by

Mayor

Subject

Transmittal from Mayor relative to proposed Redevelopment of Santa Barbara Place / Marlton Square.

Council District

8

Date Received

06/20/2003

File History

6-20-03 - For ref

6-24-03 - Ref to Economic Development and Employment and Housing and Community Development Committees

6-24-03 - File to Economic Development and Employment Committee Clerk

6-25-03 - For ref - Transmittal from City Administrative Officer / Chief Legislative Analyst relative to proposed interim agreement for the Marlton Square mixed use project located in the Amended Crenshaw Recovery Redevelopment Project Area.

6-26-03 - Ref to Housing and Economic Development and Economic Development and Employment Committees - to Housing and Community Development Committee Clerk

6-27-03 - Economic Development and Employment Committee report ADOPTED, to subject to the approval of the Mayor to:

1. Find that:

a. The environmental records, including the Mitigated Negative Declaration, dated June 19, 2002, in this matter indicate that the Marlton Square Project will have no significant impact on the environment. As such, on or about May 29, 2003, the City was requested by the U.S. Department of Housing and Urban Development (HUD) to issue a Certificate of Compliance under Title I of the Housing and Community Development Act of 1974 for the Project. (The Certificate of Compliance was received by the Community Development Department (CDD) on June 14, 2003.

b. The Marlton Square Project meets a National Objective of the Housing and Community Development Act and is necessary and appropriate to accomplish the City's economic development objectives.

2. AUTHORIZE the General Manager, Community Development Department (CDD), or designee, and the Administrator, Community Redevelopment Agency (CRA), or designee, to execute an Agreement (Attachment A of the Community Redevelopment Agency report, dated April 24, 2003 and attached to Council file 01-2069) and of the Mayor's Office of Economic Development (MOED) report, dated June 18, 2003 and attached to Council file 01-2069-S1, with Marlton Square Associates, LLC (Master Developer) for the development of the Marlton Square Project, subject to the approval of the City Attorney as to form and legality.

3. INSTRUCT the General Manager, Los Angeles Housing Department (LAHD), or designee, to

report back in 30 days relative to the use of certain Community Development Block Grant (CDBG) eligible monies allocated by the City's Consolidated Plan to the Los Angeles Housing Department Section 108 loan debt service line item and Community Redevelopment Agency Housing Trust Fund monies, including but not limited to: which Section 108 debt service amounts are eligible; the number years remaining in the loan term; the required term of affordability for the loans; and qualifying loans which are located in eligible Council Districts or Project Area, subject to the review and approval by the City Attorney.

4. REAFFIRM the allocation of an amount not to exceed \$21.95 million (\$15.2 Million of Section 108 funds; \$2.0 Million of Economic Development Initiative Grant funds; \$2.0 Million of Brownfields Economic Development Initiative Grant funds; \$1.0 Million of the Mayor's Urban Development Action Grant funds; and, \$1.75 Million of Community Development Block Grant funds) in financing the Retail/Commercial and Community facilities portions of the \$123.2 million Marlton Square Project, subject to disbursement conditions contained within the subject Agreement.

5. AMEND the Agreement language to reflect that the Community Redevelopment Agency has 21 days, instead of 14 days, to approve the agreement or it's deemed approved.

6. INSTRUCT the Administrator, Community Redevelopment Agency, or designee, to report back to the Housing and Community Development (HCD) Committee within 30 days on the 25% housing trust fund set aside dollars (tax increment funds generated from the project) relative to a nexus for the swap of the Community Development Block Grant eligible monies allocated by the City's Consolidated Plan to the Los Angeles Housing Department Section 108 loan debt service line item.

7. INSTRUCT the Chief Legislative Analyst (CLA) to report in 30 days relative to the status of the Marlton Square financing plan and ways in which to alleviate the project's financial impact upon Community Development Block Grant funds (according to (Amending) Motion (Ridley-Thomas - Garcetti - Greuel), adopted by Council on November 15, 2002 (Council file No. 01-2069)).

6-27-03 - Council Action - Motion ADOPTED to APPROVE communication recommendations from Housing and Community Development Committee, subject to the approval of the Mayor to:

1. Find that:

a. The environmental records, including the Mitigated Negative Declaration, dated June 19, 2002, in this matter indicate that the Marlton Square Project will have no significant impact on the environment. As such, on or about May 29, 2003, the City was requested by the U.S. Department of Housing and Urban Development (HUD) to issue a Certificate of Compliance under Title I of the Housing and Community Development Act of 1974 for the Project. (The Certificate of Compliance was received by the Community Development Department on June 14, 2003.

b. The Marlton Square Project meets a National Objective of the Housing and Community Development Act and is necessary and appropriate to accomplish the City's economic development objectives.

2. AUTHORIZE the General Manager, Community Development Department (CDD), or designee, and the Administrator, Community Redevelopment Agency (CRA), or designee, to execute an Agreement (Attachment A of the Community Redevelopment Agency report, dated April 24, 2003 and attached to Council file 01-2069) and of the Mayor's Office of Economic Development (MOED) report, dated June 18, 2003 and attached to Council file 01-2069-S1, with Marlton Square Associates, LLC (Master Developer) for the development of the Marlton Square Project, subject to the approval of the City Attorney as to form and legality.

3. INSTRUCT the General Manager, Los Angeles Housing Department (LAHD), or designee, to report back in 30 days relative to the use of certain Community Development Block Grant (CDBG) eligible monies allocated by the City's Consolidated Plan to the Los Angeles Housing Department Section 108 loan debt service line item and Community Redevelopment Agency Housing Trust Fund monies, including but not limited to: which Section 108 debt service amounts are eligible; the number years remaining in the loan term; the required term of affordability for the loans; and qualifying loans which are located in eligible Council Districts or Project Area, subject to the review and approval by the City Attorney.

4. REAFFIRM the allocation of an amount not to exceed \$21.95 million (\$15.2 Million of Section 108 funds; \$2.0 Million of Economic Development Initiative Grant funds; \$2.0 Million of Brownfields Economic Development Initiative Grant funds; \$1.0 Million of the Mayor's Urban Development Action Grant funds; and, \$1.75 Million of CDBG funds) in financing the Retail/Commercial and Community facilities portions of the \$123.2 million Marlton Square Project, subject to disbursement conditions contained within the subject Agreement.

5. AMEND the Agreement language to reflect that the Community Redevelopment Agency has 21 days, instead of 14 days, to approve the agreement or it's deemed approved.

6. INSTRUCT the Administrator, Community Redevelopment Agency, or designee, to report back to the Housing and Community Development (HCD) Committee within 30 days on the 25% housing trust fund set aside dollars (tax increment funds generated from the project) relative to a nexus for the swap of the Community Development Block Grant (CDBG) eligible monies allocated by the City's Consolidated Plan to the Los Angeles Housing Department Section 108 loan debt service line item. (Economic Development and Employment Committee report to be submitted in Council).

6-27-03 - File to Mayor FORTHWITH

6-30-03 - Mayor's message concurred in Council Action of June 27, 2003.

6-30-03 - File to Calendar Clerk

7-2-03 - File to Economic Development and Employment and Housing and Community Development Committee Clerks OK

7-7-03 - File in files

9-12-05 - DUPLICATE ORIGINAL FILE MADE THIS DAY

9-12-05 - For ref - Communication from the Community Redevelopment Agency 4838, dated September 1, 2005, relative to receive approximately \$998,287 of a total of \$1.5 million in Economic Development Initiative Grant Funds (EDI) from the City of Los Angeles Community Development Department (CDD) for the mixed-use Marlton Square Development located in Santa Barbara Plaza.

[Back](#)[Edit](#)

FORM CC 54 (REV 9/2005)

RETURN TO:

LOS ANGELES CITY RECORDS CENTER

555 RAMIREZ STREET, SPACE 320

LOS ANGELES, CA, 90012

CITY MAIL STOP 161

(213) 485-3510

RECORDS WITHDRAWAL SLIP

DO NOT REMOVE

2

Place in Storage Location

RECORDS CHECKED OUT TO:

01/05/2011

CAROL PETERS

CITY CLERK/CPS

200 N. SPRING ST., 395

(213) 978-1047

Mail Stop:

160

BOX INFORMATION:

Box#:

709524

/CLK/01.17.0' B-2828

O010.

From:

To:

%00709524

RECORD INFORMATION: **Service Request#:** **21171**

Record: 55501

Record ID: O010.000786

COUNCIL FILE 01-2069 S1



\$00055501

SR Status: F

Returned: