



CRA/LA
Building communities with jobs & housing

Community Redevelopment Agency
of the CITY OF LOS ANGELES

DATE / JUL 17 2008

FILE CODE /

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CRA File No. 8295

Council District: 9

Contact Person: Lillian Burkenheim
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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: Alan Alietti, Office of the City Clerk

COUNCIL TRANSMITTAL:

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on July 17, 2008, for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

VARIOUS ACTIONS RELATED TO:

AMENDED AND RESTATED AFFORDABLE HOUSING AGREEMENT BY AND AMONG THE FIGUEROA CORRIDOR CLT; FIGUEROA CORRIDOR LAND COMPANY AND CRA/LA TO CREATE AFFORDABLE HOUSING IN FURTHERANCE OF THE COMMUNITY BENEFITS PROGRAM FROM THE LOS ANGELES SPORTS AND ENTERTAINMENT DISTRICT DEVELOPMENT AGREEMENT CITY CENTER REDEVELOPMENT PROJECT AREA DOWNTOWN REGION (CD 9)

RECOMMENDATION

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

ENVIRONMENTAL REVIEW

The proposed action is not a project as defined by the California Environmental Quality Act (CEQA). If a development project occurs in a redevelopment project area, as a result of this action, that project will be evaluated pursuant to CEQA and brought to the CRA/LA Board of Commissioners for consideration.

FISCAL IMPACT STATEMENT

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

Cecilia V. Estolano, Chief Executive Officer

HOUSING, COMMUNITY &
ECONOMIC DEVELOPMENT

JUL 21 2008



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Land Trust Council Transmittal

cc: Alan Alietti, Office of the City Clerk (Original & 3 Copies on 3-hole punch)
Lisa Johnson Smith, Office of the CAO
Ivania Sobalvarro, Office of the CLA
Helmi Hisserich, Office of the Mayor
Noreen Vincent, Office of the City Attorney
Councilmember Jan Perry, Council District 9

MEMORANDUM



DATE: JULY 17, 2008 CT3080
TO: CRA/LA BOARD OF COMMISSIONERS CT1090
FROM: CECILIA V. ESTOLANO, CHIEF EXECUTIVE OFFICER
RESPONSIBLE PARTIES: DAVID RICCITIELLO, REGIONAL ADMINISTRATOR
LILLIAN BURKENHEIM, PROJECT MANAGER
SUBJECT: AMENDED AND RESTATED AFFORDABLE HOUSING AGREEMENT BY AND AMONG THE FIGUEROA CORRIDOR CLT; FIGUEROA CORRIDOR LAND COMPANY AND CRA/LA TO CREATE AFFORDABLE HOUSING IN FURTHERANCE OF THE COMMUNITY BENEFITS PROGRAM FROM THE LOS ANGELES SPORTS AND ENTERTAINMENT DISTRICT DEVELOPMENT AGREEMENT CITY CENTER REDEVELOPMENT PROJECT AREA DOWNTOWN REGION (CD 9)

RECOMMENDATIONS

That the CRA/LA, subject to City Council review and approval, approve and authorize the Chief Executive Officer, or designee, to execute the Amended and Restated Affordable Housing Agreement with the Figueroa Corridor CLT and Figueroa Corridor Land Company, collectively known as the Land Trust, to recognize the payment of funds from a developer within the Los Angeles Sports and Entertainment District to the Land Trust implementing a requirement of the Community Benefits Program to create affordable housing and to take such steps necessary to ensure the creation of housing.

SUMMARY

The CRA/LA entered into the Affordable Housing Agreement with the Figueroa Corridor CLT and Figueroa Land Company ("Land Trust") in 2007 to help facilitate the development of affordable housing in conjunction with the market rate housing to be built at the Figueroa Central ("LA Central") mixed use development and to ensure that the affordable housing would be built. Due to a variety of factors, the LA Central development has been delayed. This has delayed the in lieu payment that the LA Central developer was to provide the Land Trust.

The LA Central developer has the obligation to cause to be created 172 units of affordable housing (20% of the units to be built at LA Central). This has also delayed the ability of the Land Trust to meet the schedule of performance previously agreed upon. The LA Central development will be built in two phases. Thus the funds coming from LA Central will be delivered to the Land Trust in phases. To ensure that the Land Trust can proceed to build affordable housing in a reasonable schedule, the funding for the Second Phase of the LA Central project will not be tied only to the construction permit, but sets an outside limit of five years from the initial payment of \$200,000 and Letter of Credit for their Phase I development. These changes will allow the Land Trust to initiate land acquisition and begin the development process for the affordable housing.

RE

January 15, 2007 – Approval of the Affordable Housing Agreement By And Among The Figueroa Corridor CLT; Figueroa Corridor Land Company And The Community Redevelopment Agency Of The City Of Los Angeles To Create Affordable Housing In Furtherance Of The Community Benefits Program From The Los Angeles Sports And Entertainment District Development Agreement

March 8, 2007 – Council approval of Affordable Housing Agreement

SOURCE OF FUNDS

No CRA/LA funds are required for this action

PROGRAM AND BUDGET IMPACT

The proposed action is consistent with the Approved Work Program and Budget for the City Center and Central Business District Redevelopment Projects.

ENVIRONMENTAL REVIEW

The proposed action is not a project as defined by the California Environmental Quality Act (CEQA). If a development project occurs in a redevelopment project area, as a result of this action, that project will be evaluated pursuant to CEQA and brought to the CRA/LA Board of Commissioners for consideration.

BACKGROUND

The CRA/LA, City of Los Angeles and the L.A. Arena Development Company LLC entered into a Disposition and Development Agreement (“DDA”) dated October 31, 1997. The DDA was amended by a First Implementation Agreement to the Disposition and Development Agreement dated March 26, 1998, and by a Second Implementation Agreement to Disposition and Development Agreement dated October 15, 1998 (“Amended DDA”). The Amended DDA required that the L.A. Arena Company submit a Master Plan for the Olympic/Figueroa Properties to the CRA/LA and to the City for review and approval. On August 17, 2001, as part of the Third Implementation Agreement, the CRA/LA Board of Commissioners approved a Master Plan for the Project, The Master Plan was incorporated with the Development Agreement between the L.A. Arena Company and the City of Los Angeles. The Community Benefits Program was incorporated within both of those agreements. The Fourth Implementation Agreement defined the responsibilities between the Master Developer, LA Arena Land Company and specific site developers. The Monion Group is a site developer, as defined within that Implementation Agreement. As such they have the responsibility to implement all the requirements of the DDA, as amended, including the implementation of the Community Benefits Program.

The Community Benefits Program requires the developer to cause to be created affordable housing, equal to 20% of its market rate housing units, prior to receiving its Certificate of Occupancy on its market rate units. When the Development Agreement was amended in September 2005, the Community Benefits Program was also amended to allow a developer to provide “equity, long-term forgivable or below-market loans, grants, subsidies, land or any combination thereof in an amount equal to the total value of at least \$40,000 per affordable housing unit for which a building permit has not already been issued to a Community Partner”. The Monion Group has elected to provide funding to a Community Partner to meet their affordable housing requirement rather than create the affordable housing themselves. Currently, the Monion Group contemplates the development of up to 870 units of market rate

housing on the Figueroa Central site. This would trigger a need to create 172 units of affordable housing. At \$40,000 a unit, the developer contribution would be \$6.8 million.

The Development Agreement designates the Figueroa Corridor Land Company, the Figueroa Corridor Community Land Trust, or a non-profit, tax-exempt corporation designated by the Coalition to hold funds for these entities as Community Partners. To ensure that the funds from the for-profit developer are spent within a five year time period to create the affordable housing desired.

Developing affordable housing along with the development of market rate housing is a key component of the Community Benefits Program for the Los Angeles Sports and Entertainment District ("LASED"). As the Disposition and Development Agreement has been amended from time to time, the responsibility of the developer to cause to be created affordable housing prior to Certificates of Occupancy on Market rate dwellings was passed along to those developing each site. With the Amendment to the City's Development Agreement ("DA") for the LASED, the Developer has an option to enter into an agreement with a Community Partner to build the affordable housing units for them. The DA requires that the CRA/LA or the City enter into an agreement with the Community Partner to ensure that units be built.

The Monion Group (Developer) purchased the Figueroa Central site from the Arena Land Company (Please see Master Plan Map, Attachment A). The Developer plans to build a mixed-use project on the site, which includes market rate housing. They have decided to enter into an agreement with the Figueroa Corridor CLT and Figueroa Corridor Land Company (Community Partners) to build their required affordable housing. This Affordable Housing Funding Agreement, recognizes that agreement between the parties and sets forth the responsibilities of the Community Partners to create the envisioned affordable housing within five years of the funding.

The CRA/LA first entered into the Funding Agreement in June, 2007. Since that time, events have changed the timing of construction for the Figueroa Central development. In order to allow the Community Partners to proceed with building the affordable housing, a new structured payment has been negotiated by the parties.

It is contemplated that the Developer will provide the Community Partners with \$40,000 per affordable housing unit required to be developed to enable the Community Partners to begin implementation of their affordable housing program, prior to the Developer obtaining building permits for their project. Currently the Developer is planning to build 860 housing units, thus creating a need to develop 172 affordable housing units, which would amount to \$6.8 million. Since the Developer is building the market rate units in two phases, he will be making the affordable housing payment in two phases. To allow the Land Trust to move forward, before the development is ready to begin construction, the developer is providing the Land Trust with a Letter of Credit for fifty percent (50%) of the units. The Land Trust will use the Letters of Credit to leverage other funding necessary to acquire property to build affordable housing. The CRA/LA's responsibility in the Affordable Housing Agreement is to ensure that the funding leads to affordable housing. To continue to support that role, the CRA/LA entered into the agreement with the Community Partners.

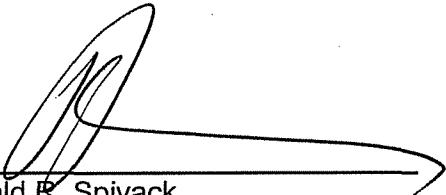
The property purchased with these funds will be covenanted for affordable housing for 55 years. If the Community Partners do not purchase the land or build the affordable housing within the five year time period as required, the property or the funds would revert to the CRA/LA, who is responsible to ensure that the creation of affordable housing is done.

Implementation of these requirements of the Amended Arena Disposition and Development Agreement and the Los Angeles Sports and Entertainment District Specific Plan has also been undertaken by the South Group, who provided \$6 million to the Young Women's Christian

Association Job Corps, for the development of 200 units of low income housing at their campus on Olive and 11th Streets.

Cecilia V. Estolano
Chief Executive Officer

By:



Donald R. Spivack
Deputy Chief of Operations and Policy

There is no conflict of interest known to me which exists with regard to any CRA/LA officer or employee concerning these actions. Chief Operating Officer Glenn Wasserman has disqualified himself from any participation concerning this matter due to the fact that the Los Angeles Community Design Center is the developer entity for the Land Trust and he is married to Ms. Allyne Winderman, the chair of the Los Angeles Community Design Center board.