

CITY OF LOS ANGELES  
CALIFORNIA

JUNE LAGMAY  
City Clerk

HOLLY L. WOLCOTT  
Executive Officer



ANTONIO R. VILLARAIGOSA  
MAYOR

Office of the  
CITY CLERK

Council and Public Services  
Room 395, City Hall  
Los Angeles, CA 90012  
General Information - (213) 978-1133  
Fax: (213) 978-1040

[www.cityclerk.lacity.org](http://www.cityclerk.lacity.org)

August 17, 2010

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council file

No. 10-1093, at its meeting held August 13, 2010.

  
City Clerk  
10

22

**MOTION**

I HEREBY MOVE that Council APPROVE the following recommendations of the Community Redevelopment Agency (CRA) report (Item 22, Council file No. 10-1093) relative to the Blossom Plaza Mixed Use Development:

1. ADOPT the accompanying FINDING OF JOINT BENEFIT RESOLUTION for the Blossom Plaza project, providing a not to exceed amount of \$1.5 million of Bunker Hill Low and Moderate Income Housing Funds, finding that the housing affordable to very low, low and moderate income households at 900 North Broadway is of benefit to the Bunker Hill Redevelopment Project area.
2. AMEND the Fiscal Year 2011 budget to transfer \$1.5 million from the Bunker Hill Project budgeted line item "Affordable Housing" to the Chinatown Project budgeted line item "Affordable Housing" for the Blossom Plaza Housing development.
3. AUTHORIZE the transfer of \$3 million (\$1.5 million from Chinatown; \$1.5 from Bunker Hill) into escrow for use by the City of Los Angeles for the acquisition of 900 North Broadway for the creation of affordable housing.
4. AUTHORIZE the CRA Chief Executive Officer, or designee, to:
  - a. Negotiate and execute an unsubordinated affordable housing covenant restricting 53 units for affordable housing at HCD income levels and outlining the terms for the use of the \$3 million in CRA funding.
  - b. Issue a Request for Proposals to develop the site as an intermodal transportation center, mixed use, mixed-income development consistent with existing entitlements and environmental approvals.
5. DIRECT the CRA Chief Executive Officer, or designee, in cooperation with the Los Angeles Department of Transportation and City Administrative Officer, to select a developer and negotiate a disposition and development agreement between the selected developer, the City of Los Angeles and the CRA.

PRESENTED BY \_\_\_\_\_  
ED REYES  
Councilmember, 1st District

SECONDED BY \_\_\_\_\_  
ERIC GARCETTI  
Councilmember, 13th District

August 13, 2010

CF 10-1093

**ADOPTED**  
*\*as amended*  
AUG 13 2010  
*see attached Motion*  
**LOS ANGELES CITY COUNCIL**

AUG 11 2010 - *Continued to*  
*AUG. 13, 2010*

# ITEM 22-A

## MOTION

On June 30, 2010, the Council authorized the Department of General Services (GSD) to enter into a Purchase and Sale Agreement with PPF MF 900 N. BROADWAY, L.P. for the property located at 900 N. Broadway, Los Angeles, California, otherwise known as "Blossom Plaza". Item No. 22 on today's Council agenda contains various additional actions that the CRA must take in order to finalize the purchase of the property.

Escrow is expected to close by the end of the month. However, in addition to the actions before the Council today, authorization is required for GSD to execute an Assignment of Service Contracts and Intangible Property prior to the close of escrow under the Purchase and Sale Agreement which assigns the City a Parking Agreement between Chinatown Gold Line Station, LP and PCAM, LLC dba "Parking Company of America Management"; to assume certain existing service contracts on the site. The Parking Agreement has a thirty-day term and requires the tenant to pay rent in the amount of \$6000 per month.

Furthermore, in order to clearly establish the legislative record for the transaction, the Council should recognize the following facts:

1. The purchase price is \$9.9 million. The most recent appraisal for the property, conducted in December of 2008, valued the property at \$9,520,000.
2. The appraisal did not take into account that the property is contaminated. The contamination remediation is estimated to cost between \$1 and \$3 million. The City will be taking the property "as-is" and indemnifying the Seller for all contamination.
3. The property is encumbered by a covenant which requires all future property owners to (a) name any project built on the site "Blossom Plaza"; (b) erect a bronze plaque naming the original property grantor, Kim Benjamin and the family of Kim Benjamin; and (c) allow the original property grant to lease 4,000 square feet of space on the property anytime prior to construction on the property.

It should be noted that the above issues have been known to the City and CRA working group that has been pursuing this project for many years. While issue two will have a financial impact, the following mitigating factors clearly make proceeding with the transaction in the City's interests:

1. The appraisal was conducted prior to the receipt of entitlements on the site and does not take into account that the project is fully entitled.
2. The sale price is substantially less than the outstanding debt that PPF, the seller, has recorded against the property.
3. Extensive testing has been done on the site, and the extent of the contamination and estimated mitigation costs are well known.

4. The seller only has possession of the property due to the bankruptcy of the prior owner, The Bond Companies, and the subsequent foreclosure on the site. The seller has only held title to the property for a short time and the contamination pre-dates the seller's ownership of the property. Accordingly, it is reasonable for the seller to want clarification that they will not be held liable for the contamination.
5. All costs associated with the purchase are from non-General Fund sources and are, for the most part, project specific and not available for other uses. Proceeding with the project will protect \$6 million in Federal transit funding and \$16 million in State Proposition 1C funding which would otherwise be forfeited. After the purchase of the property, there will be approximately \$30 million in non-General Fund funding sources available for contamination mitigation and parking garage construction.
6. The CRA and City team will proceed to release an RFP to find a developer for the property above the parking garage, which may provide the opportunity to recoup some of the funding allocated to the project.
7. Nearly 25 years ago, as a result of lawsuits against the Metropolitan Transit Authority (MTA) in relation to the Chinatown Gold Line Station, the community was promised parking and a plaza to connect the elevated station to Broadway, the heart of Chinatown. Various owners and potential developers have pursued the project over the last 10 years but have not been successful due to a variety of factors, including the collapse of the financial markets just at the point at which the project was ready to proceed, have delayed the project. It is clear that the best opportunity to realize the project is for the City to control the property.

In light of the above, the purchase price is reasonable and there is ample public benefit to proceed with the transaction.

I THEREFORE MOVE, that the Council reconfirm its approval to purchase the property located at 900 N. Broadway, Los Angeles, California, otherwise known as "Blossom Plaza," based on the above facts.

I FURTHER MOVE, that the General Manager of the Department of General Services be authorized to execute the Assignment of Service Contracts and Intangible Property described above and that the General Manager of the Department of General Services, or designee, be authorized to execute and submit all documents which may be necessary to close escrow under the Purchase and Sale Agreement for Blossom Plaza.

PRESENTED BY:



ED P. REYES  
Councilmember, 1<sup>st</sup> District

SECONDED BY:



**ADOPTED**

AUG 13 2010

**LOS ANGELES CITY COUNCIL**

August 13, 2010  
gm

**ATTACHMENT "B"**

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

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA AND OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES FINDING THAT TRANSFERRING \$1,500,000 TO PROVIDE FINANCIAL ASSISTANCE FOR THE DEVELOPMENT OF 53 UNITS OF AFFORDABLE HOUSING LOCATED AT 901 N. BROADWAY IN THE CHINATOWN REDEVELOPMENT PROJECT AREA IS OF BENEFIT TO THE BUNKER HILL REDEVELOPMENT PROJECT**

**WHEREAS**, the Redevelopment Plan for the Bunker Hill ("BH") Redevelopment Project was adopted by the Los Angeles City Council on March 31, 1959, by Ordinance No. 113,231; and

**WHEREAS**, on January 12, 1968, the City Council of the City of Los Angeles adopted an amendment to the BH Redevelopment Plan, by Ordinance No. 140,662; and

**WHEREAS**, the CRA/LA desires and the Chinatown Redevelopment Plan goal is to provide for the creation of housing as is required to satisfy the needs and desires of the various age, income and ethnic groups of the community; and

**WHEREAS**, the CRA/LA has established the Chinatown Redevelopment Project Area Low and Moderate Housing Trust Fund into which funds may be appropriated and expended by the Agency to develop dwelling units for low, very low and moderate income persons within said Project Area:

**WHEREAS**, the CRA/LA as required by Section 33413(b) (4) of the Community Redevelopment Law (CRL) adopted Five Year Implementations Plans for the Bunker Hill Chinatown project areas and contained within those Plans are listings of projects and expenditures planned by the CRA/LA to implement the affordable housing requirement; and

**WHEREAS**, the Legislature of the State of California has found that pursuant to Section 33334.2 (g) (1) of the Health and Safety Code, a redevelopment agency may use housing trust funds to provide low- and moderate-income housing outside the redevelopment project from which the tax increment funds are drawn if the redevelopment agency and the legislative body of the community determine that this use of funds will be of benefit to the project area; and

**WHEREAS**, the use of BH Replacement Housing Trust Funds in the Chinatown Redevelopment Project Area for the Blossom Plaza mixed use development at 900 N. Broadway will benefit the BH Project Area because such use of funds will fulfill the BH Redevelopment Plan goal to "stabilize residential communities, provide affordable housing for low-wage workers, and induce private investment in these areas that, in turn, helps to stabilize the economy of Downtown Los Angeles

**NOW, THEREFORE, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, AND THE CITY COUNCIL OF THE CITY OF LOS ANGELES, CALIFORNIA DO HEREBY RESOLVE AS FOLLOWS:**

The CRA/LA and the City hereby find, determine and resolve that the use of these funds outside the Bunker Hill Redevelopment Project is of benefit to the Bunker Hill Redevelopment Project, and that the expenditure of these funds for this purpose will assist in achieving the redevelopment goals of the Bunker Hill Redevelopment Project to provide high and medium density housing close to employment and available to all ethnic and social groups, and to make an appropriate share of the City's low- and moderate-income housing available to residents of the area; and that this expenditure of funds is consistent with the Five Year Implementation Plan for the Redevelopment Project.

Adopted: \_\_\_\_\_

I CERTIFY THAT THE FOREGOING  
RESOLUTION WAS ADOPTED BY THE  
COUNCIL OF THE CITY OF LOS ANGELES  
AT ITS MEETING OF AUG 13 2010  
BY A MAJORITY OF ALL ITS MEMBERS.



JUNE LAGMAY  
CITY CLERK

BY ht  
DEPUTY