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CRA File No. 9227  
Council District: 1  
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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: Sharon Gin, Office of the City Clerk

**COUNCIL TRANSMITTAL:**

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on July 15, 2010 City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

**VARIOUS ACTIONS RELATED TO:**

VARIOUS ACTIONS RELATING TO THE ACQUISITION OF THE BLOSSOM PLAZA SITE AT 900 N. BROADWAY BY THE CITY OF LOS ANGELES FOR THE DEVELOPMENT OF A MIXED USE PROJECT INCLUDING MIXED INCOME RESIDENTIAL UNITS, REATIL, CULTURAL PLAZA, PUBLIC PARKING AND MULTIMODAL TRANSIT FACILITIES ADJACENT TO THE CHINATOWN GOLD LINE STATION, INCLUDING FINDING OF BENEFIT RESOLUTION, TRANSFER OF \$ 3 MILLION TO THE CITY AND ISSUANCE OF REQUEST FOR PROPOSAL  
CHINATWON REDEVELOPMENT PROJECT AREA  
DOWNTOWN REGION (CD 1)

**RECOMMENDATION**

That City Council approves recommendations on the attached Board Memorandum.

**ENVIRONMENTAL REVIEW**

The City of Los Angeles Department of Public Works, Bureau of Engineering, acting as the Lead Agency pursuant to CEQA, adopted a Mitigated Negative Declaration (MND) for the proposed project in September of 2004 (2004 MND), and an Addendum to the MND prepared in June 2005 (2005 Addendum). The CRA/LA, acting as a Responsible Agency pursuant to CEQA, adopted Resolution No. 7005, on January 18, 2007 certifying that it has reviewed and considered the 2004 MND and 2005 Addendum. Staff review indicates that there are no new impacts and no changes in circumstances that were not addressed in the 2004 MND and the 2005 Addendum and therefore they are adequate as CEQA compliance documentation for the transactions contemplated by the recommended actions.

**FISCAL IMPACT STATEMENT**

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

  
\_\_\_\_\_  
Christine Essel, Chief Executive Officer

Page 2  
Council Transmittal

cc: Sharon Gin, 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  
Steve Ongele, Office of the Mayor  
Noreen Vincent, City Attorney's Office  
Ed Reyes, CD1

MEMORANDUM

6

DATE: JULY 15, 2010 CH3120  
TO: CRA/LA BOARD OF COMMISSIONERS CH1300  
FROM: CHRISTINE ESSEL, CHIEF EXECUTIVE OFFICER BH1100  
RESPONSIBLE PARTIES: DAVID RICCIETELLO, REGIONAL ADMINISTRATOR  
LILLIAN BURKENHEIM, PROJECT MANAGER  
JOHN LUJAN, SENIOR HOUSING FINANCE OFFICER

SUBJECT: VARIOUS ACTIONS RELATING TO THE ACQUISITION OF THE BLOSSOM PLAZA SITE AT 900 N. BROADWAY BY THE CITY OF LOS ANGELES FOR THE DEVELOPMENT OF A MIXED USE PROJECT INCLUDING MIXED INCOME RESIDENTIAL UNITS, RETAIL, CULTURAL PLAZA, PUBLIC PARKING AND MULTIMODAL TRANSIT FACILITIES ADJACENT TO THE CHINATOWN GOLD LINE STATION, INCLUDING FINDING OF BENEFIT RESOLUTION, TRANSFER OF \$3 MILLION TO THE CITY AND ISSUANCE OF REQUEST FOR PROPOSAL

CHINATOWN REDEVELOPMENT PROJECT  
DOWNTOWN REGION (CD 1)

RECOMMENDATIONS

That the CRA/LA Board of Commissioners review and approve, subject to the City Council's prior approvals, the following recommendations:

1. Adopt a Finding of Benefit Joint 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 N. Broadway is of Benefit to the Bunker Hill Redevelopment Project area; and
2. Amend the FY11 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, and
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 N. Broadway ("site") for the creation of affordable housing; and
4. Authorize the Chief Executive Officer ("CEO") or designee to negotiate and execute a 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/LA funding; and
5. Authorize the CEO or designee to 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; and,

6. Direct the CEO or designee, in cooperation with the Los Angeles Department of Transportation (LADOT) and City Administrative Officer, to select a developer and negotiate a Disposition and Development Agreement between the selected developer, the City and the CRA/LA.

### SUMMARY

Blossom Plaza is a proposed development on the north side of College Street between Broadway and the Chinatown Gold Line Station, located at 900 North Broadway, on a 1.9 acre site, former home of the Little Joe's restaurant (See Site Map).

The project and funding for predevelopment costs, certain public improvements and affordable housing was approved by the CRA/LA Board of Commissioners and the City Council early in 2007. However, the developer was unable to close its financing agreements in August, 2008 and defaulted on its private financing of more than \$16 million. The lender, Prime Property Fund ("Prime") initiated foreclosure proceedings and in June 2009 ownership of the property transferred to Prime.

The City negotiated with Prime in an effort to encourage the development of the approved project. Prime determined that it could not develop the property at this time, but it was willing to sell the site to the City for a reduced price of \$9.9 million. CRA/LA obtained an appraisal of the site, which supported this acquisition amount. The City had previously allocated various parking and transit funding resources for the purchase of the site after the parking and transit improvements were completed. A portion of that funding was available for property purchase, but an insufficient amount to comprise the entire \$9.9 million purchase price, thus the City has requested that the CRA/LA advance \$3 million in a previously approved tax increment pledge to purchase of the site.

The CRA/LA in its previous Board actions committed site specific tax revenues in the amount of \$12 million. The funding requested by the City represents a partial advance of these funds. Since the development has not occurred, Chinatown does not have the full amount of \$3 million and is requesting a loan from Bunker Hill to help enable the purchase of this site. In order to utilize this important funding, a Finding of Benefit is required.

The CRA/LA and City's use covenants for the approved project were recorded in first position. Since the use covenant was recorded prior to the private deeds of trust, the use covenant will remain and be assumed by the new developer. However, in order to ensure that the CRA/LA funding of \$3 million is maximized an affordable housing covenant further restricting the rents to HCD levels will be recorded upon the City's close of escrow for the site.

Upon purchase of the site, the City has directed the CRA/LA to issue a Request for Proposals, coordinating with an interagency task force comprised of the Department of Transportation, and City Administrative Officer, to select the development team and negotiate the Disposition and Development Agreement.

### RE

January 18, 2007 – Environmental findings and approval of the Blossom Plaza Funding Agreement with Chinatown Blossom Plaza, L.L.C, and the City of Los Angeles to Provide \$10.6 million (present value) in future Tax Increment and Housing Trust Funds and \$3.8 million in CDBG funds for the development of a Mixed use project, public parking and multimodal transit facilities adjacent to the Chinatown Goldline Station.

January 31, 2007 – Council Action to adopt environmental findings and approval of the Blossom Plaza Funding Agreement, Purchase, Sale and Option agreement and the Reciprocal Easement Agreement.

February 15, 2007 – CRA/LA approval of the revised Blossom Plaza Funding Agreement

July 17, 2008 – CRA/LA approval of the First Amendment to the Blossom Plaza Funding Agreement

June 30, 2010 – City Council motion authorizing purchase of the site, making the require finding of benefit and directing CRA/LA to advance \$3 million in funding and issue the RFP

#### SOURCE OF FUNDS

Chinatown Low and Moderate Income Housing Funds (\$1.5 million) and Bunker Hill Low and Moderate Income Housing Funds (\$1.5 million)

#### PROGRAM AND BUDGET IMPACT

Transfer of \$1.5 million from budgeted line item "Affordable Housing" in the Bunker Hill Redevelopment Project area to budgeted line item "Affordable Housing" in the Chinatown Redevelopment Project area will amend the FY 11 budget for the Chinatown Project Area. The approved FY11 budget for the Chinatown Project area includes \$6,892,900 for Affordable Housing. With the approval of this item, \$1.5 million (or 22%) will be committed. Sufficient funds exist to make any legally-required State ERAF payments in FY11. There is no impact on the City's General Fund.

#### ENVIRONMENTAL REVIEW

The City of Los Angeles Department of Public Works, Bureau of Engineering, acting as the Lead Agency pursuant to CEQA, adopted a Mitigated Negative Declaration (MND) for the proposed project in September of 2004 (2004 MND), and an Addendum to the MND prepared in June 2005 (2005 Addendum). The CRA/LA, acting as a Responsible Agency pursuant to CEQA, adopted Resolution No. 7005, on January 18, 2007 certifying that it has reviewed and considered the 2004 MND and 2005 Addendum. Staff review indicates that there are no new impacts and no changes in circumstances that were not addressed in the 2004 MND and the 2005 Addendum and therefore they are adequate as CEQA compliance documentation for the transactions contemplated by the recommended actions.

#### BACKGROUND

Blossom Plaza would create a new eastern gateway to Chinatown, connecting the Gold Line Station to Broadway and the historic center of the community. The development will include the City of Los Angeles, through the Los Angeles Department of Transportation (LADOT) and the Community Development Department (CDD), a developer when selected and the Community Redevelopment Agency of the City of Los Angeles (CRA/LA). Together the entities are proposing to develop this public/private project. The development was previously entitled for 660 parking spaces, 262 residences—53 of which will be affordable to lower income households, approximately 40,259 rental square feet of retail and 20,000 square feet of restaurant space, a 23,800 square foot Cultural Plaza, Transit Pedestrian walkway connecting the Metro Gold Line Station to Broadway and various intermodal improvements including a 1,891 square foot Metro Station platform expansion and a 1,607 square foot bike shop. The

between the station platform and Broadway. The community further indicated that they did not want a sterile path, but an interesting walkway with shops.

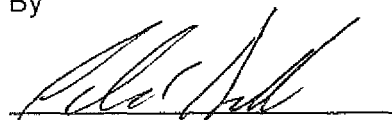
These elements had been incorporated into the design of the Blossom Plaza mixed-use development and are components contemplated in the Request for Proposals. Additionally, the selected Developer should design the building towards obtaining LEED Gold to set the pace for the proposed Cornfield Arroyo Seco planned sustainable innovation community.

In addition, the original developer in coordination with the Los Angeles Department of Public Works and CRA/LA, applied for and was awarded \$10,114,040 in grants from the State Housing and Community Development Department in Proposition 1C bond allocations for the Infill Infrastructure Grant Program and \$6,115,915 for the Transit Oriented Development Housing Program. To secure this funding as well as the CRA/LA contribution to the site, it is requested that an affordable housing covenant be recorded in a form that is acceptable to both CRA/LA and the Department of Housing and Community Development of the State of California.

Additionally Federal Transit Agency, Special Parking Revenue and Gold Line funding had been allocated for Blossom Plaza. Currently that funding remains in place. Funding requirements will be reanalyzed as part of the negotiations with the developer, once selected, but provide the parameters for the negotiations. The project will follow all applicable CRA/LA and City policies including the creation of permanent Living Wage Jobs for the local community to the extent permitted by the federal funding sources to be used in the project.

Christine Essel,  
Chief Executive Officer

By



Calvin E. Hollis, Chief Operating Officer  
Real Estate and Economic Development

There is no conflict of interest known to me that exists with regard to any CRA/LA officer or employee concerning this action.

ATTACHMENTS:

- A Site Map
- B. Finding of Benefit







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: \_\_\_\_\_