

Date: 1/16/13  
Submitted in HCED Committee  
Council File No: 12-1941  
Item No.: 2  
Report by: Report from the CAO

**REPORT FROM**

**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**

Date: January 15, 2013

CAO File No. 0150-09904-0000  
Council File No. 12-1941  
Council District: All

To: The Mayor  
The Council

From: Miguel A. Santana, City Administrative Officer *MAS*

Reference: Los Angeles Housing Department Transmittal dated November 30, 2012; Received by the City Administrative Officer (CAO) on January 13, 2013.

Subject: **DISPOSITION OF THE CITY-OWNED PROPERTY AT 960 WEST 62<sup>ND</sup> PLACE**

**SUMMARY**

The Los Angeles Housing Department (Department) requests authorization to execute an Exclusive Negotiation Agreement (ENA) with Thomas Safran and Associates, Inc. (TSA) for the disposition of the City-owned residential property located at 960 West 62<sup>nd</sup> Place (Property). The ENA is a precursor to the development agreements for the disposition and rehabilitation of the Property. TSA was selected as the purchaser through an open and competitive Request for Proposal (RFP) process. Our Office recommends approval of this request.

**BACKGROUND**

Plaza Vermont was originally intended to be a mixed-use project consisting of 79 family units and a 7,000 square feet commercial development. The Department made a loan to the previous borrower totaling \$6.04 million for the development of affordable housing. The terms of the development loan required the borrower to make principal reduction payments in 2001. The borrower neither made the required payments nor made progress on the development of the Property. The Department attempts to facilitate a loan work out were undermined by a lack of a good faith effort by the borrower. The Department was left no other option than to record a Notice of Default. At a foreclosure sale on February 4, 2011, the Property's ownership reverted to the Department.

The Department is currently collaborating with the Department of Recreation and Parks to develop a community park on a vacant lot located on the Property. As a part of this process, the recordation of a parcel map is needed to separate the vacant lot and existing residential project. The RFP for the sale of Plaza Vermont requested that prospective buyers submit plans to continue and complete the process of developing the park.

The Department received Mayor and City Council authority in December 2011 to seek proposals for the disposition of Plaza Vermont through a RFP (C.F. No. 10-1869). The Department released the Plaza Vermont RFP on March 5, 2012 and posted it on the City of Los Angeles and Los Angeles Business Assistance Virtual Network (LABAVN) websites. A total of eight proposals were received by the Department at the submission deadline of May 4, 2012. Based upon the scoring of the applicants, TSA was the winning bidder. The Department recommends TSA to become the purchaser of the Plaza Vermont property. In the future, the Department will seek approval for an

Ordinance to effectuate the sale.

The ENA attached to the Department's report establishes the seller and purchaser's exclusive right to negotiate in good faith with respect to the terms and conditions stated in the RFP. Topics to be negotiated will include: the financing terms to acquire and rehabilitate the Property; site layout and conceptual architectural and design plans; requirements to ensure long-term affordability of rental units; developer's construction financing; and the project schedule. Upon execution, the ENA will be effective for a period of 180 days from the date of execution.

The Department also requests authority to execute a property management contract with Thomas Safran and Associates for the Property not to exceed a term of one year with the cost of such service not to exceed 7% of gross income with such fees being paid from the revenue generated by the Property, subject to the approval of the City Attorney as to form.

### **RECOMMENDATIONS**

That the Council, subject to the approval of the Mayor, authorize the General Manager of the Los Angeles Housing Department, or designee, to:

1. Execute the Exclusive Negotiation Agreement attached to the Los Angeles Housing Department transmittal dated November 30, 2012 with Thomas Safran and Associates, Inc. for the disposition of City-owned property located at 960 West 62<sup>nd</sup> Place (Property) subject to the approval of the City Attorney as to form; and
2. Execute a property management contract with Thomas Safran and Associates for the Property, not to exceed a term of one year with the cost of such service not to exceed 7% of gross income with such fees being paid from the revenue generated by the property, subject to the approval of the City Attorney as to form.

### **FISCAL IMPACT STATEMENT**

There is no impact to the General Fund. Approval of the recommendation will lead to the development of agreements to be entered into between the Los Angeles Housing Department and Thomas Safran and Associates, Inc. for the disposition and rehabilitation of the property located at 960 West 62<sup>nd</sup> Place. This recommendation complies with City Financial Policies inasmuch as no City funds will be used to finance the sale of the property.