

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to negotiating an Exclusive Negotiation Agreement (ENA) with Fred Leeds Properties in connection with the Marlton Square site.

Recommendations for Council action, pursuant to Motion (Wesson - Harris-Dawson):

1. INSTRUCT the Economic and Workforce Development Department (EWDD), with the assistance of the Chief Legislative Analyst (CLA) and Mayor, to serve as the lead City Department in negotiating an ENA with Fred Leeds Properties.
2. AUTHORIZE the EWDD to execute said ENA, and DIRECT the EWDD to complete execution of said ENA within 30 days of Council's adoption of this Motion, subject to the review and approval of Council District Ten and review of the City Attorney as to form and legality.
3. DIRECT the EWDD to manage the ENA in pursuit of achieving a future Development Agreement for City-owned and City-controlled real property within the Marlton Square site in Council District Ten.

Fiscal Impact Statement: Neither the City Administrative Officer nor the CLA has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On January 24, 2017, your Committee considered a Motion (Wesson - Harris-Dawson) relative to negotiating an ENA with Fred Leeds Properties in connection with the Marlton Square site. According to the Motion, on December 16, 2014, Council authorized the Mayor, or designee, to execute Option Agreements related to the transfer of ten real property interests held by the Community Redevelopment Agency Los Angeles (CRA/LA), a designated local authority classified as "Property Retained for Future Development" under the Long Range Property Management Plan approved by the State Department of Finance.

The CRA/LA is the successor agency to the former Community Redevelopment Agency of the City of Los Angeles. AB1484 affords an opportunity for successor agencies to retain certain assets for future development to fulfill redevelopment objectives within the redevelopment plans and five-year implementation plans. CRA/LA does not have the capacity to carry out new development activity so the City has been provided the opportunity to take on this effort. The Option Agreements allow the City to market and develop the ten future development sites in a manner that is consistent with the redevelopment objectives and best serves the needs of the City and affected taxing entities. The Option Agreements were fully executed on January 8, 2015, and the properties are now under the control of the City.

Among the ten future development sites is real property located within Marlton Square, a 22-acre commercial district located in the Baldwin Hills/Crenshaw community of South Los Angeles. In addition to the CRA/LA-owned properties, the City also owns real property within Marlton Square

that is westerly adjacent to the CRA/LA-owned parcels, Marlton Square is bounded by Martin Luther King Jr. Boulevard to the north, Buckingham Road to the west, Marlton Avenue to the east, and Santa Rosalia Drive to the south. The property was once a thriving retail center known as Santa Barbara Plaza but it deteriorated over time resulting in it being severely blighted by the 1990s.

The City's former redevelopment agency made extensive efforts to rehabilitate the area by establishing the Crenshaw Amended Redevelopment Project Area in 1994 and acquiring various parcels within Marlton Square. The goal was to attract new public and private investment to facilitate a multi-phased development that included community-serving housing and commercial uses. Unfortunately, the national recession in 2008 and the dissolution of redevelopment in 2012 hindered further advancement of the project.

Within the last few years, Fred Leeds Properties (FLP) acquired five parcels and a portion of a parking lot within Marlton Square and immediately made improvements to enhance the remaining retail uses left on site. FLP has more than 30 years of experience in acquiring and managing both residential and commercial real estate and controls 2.82 acres within the Marlton Square site. FLP is interested in acquiring and developing the City-owned and City-controlled sites into a 10.58 acres commercial retail center. The project would complement the adjacent Kaiser Permanente development and Buckingham Seniors Housing development, and would complete development of the overall Marlton Square site. In order to facilitate this effort, the City will need to enter into an Exclusive Negotiating Agreement with FLP to work towards a future Development Agreement that would include the purchase and sale of the City- and CRA/LA-owned sites.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Motion as detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
CEDILLO:	ABSENT
HARRIS-DAWSON:	YES
KREKORIAN:	ABSENT
O'FARRELL:	YES

ARL
1/24/17

-NOT OFFICIAL UNTIL COUNCIL ACTS-