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CITY ATTORNEY

REPORT NO. R 17 - 0 3 9 9
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REPORT RE:

**DRAFT ORDINANCE FOR THE SALE OF CITY OWNED PROPERTY
AT 1300 EAST FIRST STREET TO SELF HELP GRAPHICS AND ART, INC.,
FOR THE PROVISION OF COMMUNITY BENEFITS AND DEVELOPMENT
OF THE PROPERTY**

The Honorable City Council
of the City of Los Angeles
Room 395 City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

Pursuant to the request of the City Council, we have prepared and now transmit for your consideration the enclosed draft ordinance, approved as to form and legality, authorizing the sale of City-owned real property located at 1300 East First Street to Self Help Graphics and Art, Inc. (SHGA), a California non-profit corporation, for the continued provision of community benefits and the eventual construction of an economic development project.

Background

This property is owned by the successor agency to the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) and, pursuant to CRA/LA's Long Range Property Management Plan (LRPMP), was retained in the redevelopment agency dissolution process for future development. Under the LRPMP, CRA/LA is authorized to transfer the property to the City for disposition consistent with the former redevelopment agency's planning documents—the Adelante Eastside Redevelopment Plan, the Adelante Eastside 5-Year Implementation Plan and the Boyle Heights

Community Plan. Self Help Graphics and Art, Inc., has been in exclusive possession of the property since 2011, pursuant to a lease agreement with CRA/LA.

In January 2015, the City and CRA/LA entered into an Option Agreement whereby the City, upon exercise of the option, can purchase the property at its fair market value (FMV). Upon receipt of title to the property, the City will immediately transfer the property to SHGA at the same price. SHGA intends initially to continue its current use of the property as an educational and cultural facility for the provision of community benefits. Within two years of receiving the property, SHGA must submit a property redevelopment plan to the City which identifies its plan for either the adaptive reuse of the existing building on the property as a mixed-use facility or the construction of a new mixed-use building that is consistent with the former redevelopment agency's planning documents, advances the mission and programmatic objectives of SHGA, and meets the City's economic development goals.

Property Description and Sales Information

The property is an approximate 20,564 square foot lot improved with a 10,400 square foot industrial building and a surface parking lot. The property was previously owned by Ocean Seafood, which operated a seafood export/import wholesale plant. The property was acquired by CRA/LA in 2009 as a part of its program to transition properties near the Pico Aliso Gold Line Station from low-density industrial uses to commercial, public and residential uses. SHGA has been using the property since 2011 to provide educational and cultural events and activities to the community.

The property was appraised in August 2017 at a value of \$3,625,000. SHGA has agreed to pay the appraised value. A portion of the purchase price will be funded by a service pay-back loan of \$825,000 from the City to SHGA; the source of the loan funds is Adelante Eastside Redevelopment Project Area non-housing excess bond proceeds. The funds paid by SHGA to the City will be used to purchase the property from CRA/LA.

Use of the Property

The property will be used by SHGA to continue its educational and cultural community benefits programming. SHGA has agreed, that for a period of ten years following acquisition of the property, to provide annual programming comprised of cultural events and activities, arts engagement and education programs, professional printmaking studio and art exhibitions that will serve at least 26,000 community members.

Within two years after obtaining the property, SHGA is to submit a property redevelopment plan to the City that is to set forth the scope of development and construction schedule for SHGA's development of the property. The plan is to provide for the adaptive reuse of the existing building on the property as a mixed-use facility or

construction of a new building to accommodate various uses, including artist studio space, creative office space, light assembly and production workshop space for artists, and art gallery and retail space. SHGA's development of the property is to be completed within ten years after its acquisition of the property. SHGA has agreed to execute an Agreement Containing Covenants to be recorded against the property that will require SHGA to provide educational and cultural community benefits programming for ten years after acquisition thereof and to complete construction of the mixed-use project.

The public interest necessitates the sale of 1300 First Street to SHGA because the use of the property for the provision of educational and cultural community benefits programming and the eventual development of the property will assist the City in meeting its economic development goals by eliminating physical blight by developing an under-utilized parcel; alleviating economic blight by promoting the conservation, rehabilitation, renewal and redevelopment of the property; encouraging further private investment in the community; promoting the development of educational, cultural, entertainment and recreational facilities that serve the needs of the community; and generating new tax revenues for the City and other local governments.

Council Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the Office of the Legislative Analyst, the Office of the City Administrative Officer and the Bureau of Contract Administration, with a request they direct all comments to the City Council when this matter is considered.

California Environmental Quality Act (CEQA)

The sale of the property to SHGA is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15301 of the State CEQA Guidelines since, after taking title to the property, SHGA's use of the property will remain unchanged until a plan for redevelopment of the property is subsequently approved by the City, which subsequent approval will be subject to environmental review pursuant to CEQA.

If you have any questions regarding the ordinance, please contact Assistant City Attorney Curtis S. Kidder at (213) 978-7736 or Senior Assistant City Attorney Noreen Vincent at (213) 978-7730. They or another member of this Office will be present when you consider this matter to answer questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By 

DAVID MICHAELSON
Chief Assistant City Attorney

DM:NV:CSK:vw
Transmittal