

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to option agreements for Community Redevelopment Agency of Los Angeles, a Designated Local Authority (CRA/LA-DLA) Future Development properties.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. APPROVE the standard form of the Option Agreement as provided substantially in conformance with the draft included as Attachment B of the joint City Administrative Officer (CAO)/Chief Legislative Analyst (CLA) report dated December 8, 2014 (attached to Council file [C.F.] No. 14-0425) and subject to the review and approval of the mutual parties' legal counsel as to form and legality.
2. AUTHORIZE the Mayor, or designee, to execute Option Agreements for the following CRA/LA-DLA Future Development Properties:
 - a. Westlake Theater (CRA/LA Asset ID No. 243)
 - b. Reseda Theater (CRA/LA Asset IDs No. 44 & 403)
 - c. Reseda Town Center (CRA/LA Asset ID No. 241)
 - d. Bethune Library (CRA/LA Asset ID No. 86)
 - e. Marlton Square (CRA/LA Asset ID Nos. 82, 505, 506, 507, 508, & 509)
 - f. Bunker Hill Y-1 (CRA/LA Asset ID No. 168)
 - g. First/Boyle TOD (CRA/LA Asset ID No. 475)
 - h. First/Mission TOD (CRA/LA Asset ID No. 325)
 - i. Watts Train Station TOD (CRA/LA Asset ID Nos. 290, 294, 296, 510, & 518)
 - j. Wilmington Block 27 (CRA/LA Asset ID No. 310)
3. AUTHORIZE the Economic and Workforce Development Department (EWDD) and Los Angeles Housing and Community Development Department, in consultation with the Working Group and the appropriate Council Office, to determine the City's best use of each CRA/LA-DLA property for economic development and/or affordable housing purposes and solicit development proposals; and, INSTRUCT the appropriate departments to report to Council with proposed disposition plans.
4. AUTHORIZE the Controller to transfer \$60,000 from Fiscal Year 2014-15 funds budgeted for Citywide Nuisance Abatement in the Capital Improvement Expenditure Program, Account 00L068, to the Board of Public Works Fund 100/74, Account 3040 (Contractual Services), to fund property maintenance costs for Future Development properties.
5. REQUEST that the Board of Public Works, Office of Community Beautification prepare a request for consideration by the Board of Public Works Commissioners to amend contracts to provide property maintenance services for the Future Development properties.

6. INSTRUCT the EWDD to oversee the property maintenance and submit budget requests for Fiscal Year 2015-16 and subsequent years to fund property maintenance costs of Future Development properties.
7. AUTHORIZE the Department of General Services (GSD) to collect any rent received by tenants from properties, for deposit into the Economic Development Trust Fund (EDTF), the formation of which may be authorized by Council under separate cover (C.F. No. 12-1549-S3), or the General Services Trust Fund until such time as the EDTF is formed.
8. AUTHORIZE the Controller to transfer any funds held in the General Services Trust Fund from rent received from tenants of any Future Development properties into the EDTF until such time as the EDTF is formed.
9. AUTHORIZE the CAO to prepare Controller instructions and make any technical adjustments that may be required to implement the actions described in this report.

Fiscal Impact Statement: The CAO/CLA report that by entering into the Option Agreements, the City will be obligated to maintain the properties during the Option terms. The costs to maintain the properties in good condition are estimated to be approximately \$120,000 per year. Funds are available for this purpose in the Capital Improvement Expenditure Program, Citywide Nuisance Abatement account. Fiscal Year 2014-15 costs are estimated to be \$60,000. Future year funding will be considered through the budget development process.

If the City chooses to exercise the option to purchase any property from the CRA/LA-DLA, the fair market purchase price could represent a General Fund impact. However, Option Agreements are structured to allow the City to enter into agreements with third-party developers to purchase the properties from the City at fair market value, with the intent of facilitating the sale of the property from CRA/LA-DLA to a third-party developer without impact to the General Fund. The City would also be required to pay all appraisal costs for properties the City elects to purchase, which could range from \$10,000 to \$15,000 per appraisal for each property. A request for authority to exercise any option to purchase would come before the Council for approval along with identification of any funding needed to cover appraisal costs.

Rental income from the First/Mission TOD Site and Watts Train Station properties, estimated at \$40,920 annually, will be collected by the GSD and deposited into the EDTF, formation of which is currently proposed in a joint report from the CAO/CLA (C.F. No. 12-1549-S3). Alternatively, site revenues collected by the GSD will be deposited in the General Services Trust Fund until such time that funds can be transferred to the EDTF.

Community Impact Statement: None submitted.

SUMMARY

At a special meeting held on December 9, 2013, the Economic Development Committee considered a joint CAO/CLA report relative to option agreements for CRA/LA-DLA Future Development properties.

After providing an opportunity for public comment, the Committee approved the recommendations in the joint CAO/CLA report. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
KREKORIAN:	YES
HUIZAR:	ABSENT
CEDILLO:	YES
MARTINEZ:	YES
WESSON:	ABSENT
KORETZ:	YES

REW
12/10/14
FILE NO. 14-0425

-NOT OFFICIAL UNTIL COUNCIL ACTS-