

ECONOMIC DEVELOPMENT and HOUSING COMMITTEES' REPORT relative to authorization to acquire the properties located at 18447 Sherman Way and 7217 North Canby Avenue (Property) and subsequently sell said properties to Reseda Theatre Senior Housing, LP (RTSH).

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

1. REQUEST that the Mayor exercise the Option by and between the City of Los Angeles and the Community Redevelopment Agency Los Angeles (CRA/LA), for the fair market value of \$1,560,000 (Contract No. C-125174, dated January 8, 2015), upon approval of the CRA/LA Governing Board, and Oversight Board, and the State Department of Finance for the acquisition of parcels located at:
  - a. 7221 North Canby Avenue, Los Angeles, CA 91335, Assessor Parcel Number (APN) 2119-020-901 (Affordable Housing Project Parcel).
  - b. 18447 West Sherman Way, Los Angeles, CA 91335, APN 2119-020-900, (Laemmle Theatre Project Parcel).
2. APPROVE the acquisition of the properties detailed above in Recommendation No. 1.
3. APPROVE the form and substance of the Purchase and Sale Agreement (PSA) and Grant Deed, substantially consistent with the documents attached to the June 6, 2018 Municipal Facilities Committee (MFC), attached to the Council file, for the purchase of the Property from CRA/LA for the purchase price; and, AUTHORIZE the General Manager, Economic and Workforce Development Department (EWDD), to execute said documents approved as to form by the City Attorney .
4. AUTHORIZE the General Managers, EWDD and Los Angeles Housing and Community Investment Department (HCIDLA) to proceed to effectuate all escrow and related required actions to complete the transaction if all contingencies are met, upon notice from the Mayor that the purchase of the Property from CRA/LA has received all required approvals, and deposit of CRA/LA Excess Non-Housing Bond Proceeds (CRA/LA EBP) for the purchase price of \$1,560,000 from Fund No. 57D, as approved under Council file No. 14-1174-S34, all to Chicago Title Company.
5. APPROVE the subsequent sale of the Laemmle Theatre Project Parcel to RTSH for the fair market value to be determined by a third-party appraiser and to be reviewed and validated by an independent appraiser from an EWDD's prequalified list of consultants.
6. APPROVE the form and substance of the Disposition and Development Agreement (DDA), Grant Deed, and Agreement Containing Covenants Affecting Real Property (Covenant Agreement), substantially consistent with the documents attached to the June 6, 2018 MFC report, attached to the Council file, for the disposition and development of the Laemmle Theatre Project Parcel, subject to the provision of certain community benefits for five years, and the future redevelopment of the Laemmle Theatre Project Parcel; and, AUTHORIZE the General Manager, EWDD, to execute said documents approved as to

form by the City Attorney.

7. APPROVE the form and substance of the DDA, Grant Deed and Covenant Agreement, substantially consistent with the documents attached to the June 6, 2018 MFC report, attached to the Council file, for the disposition and development of the Affordable Housing Project Parcel; and, AUTHORIZE the General Manager, HCIDLA to execute said documents approved as to form by the City Attorney.
8. APPROVE the sale of the Affordable Housing Project Parcel to RTSH in accordance with the DDA, for the fair market value to be determined by an appraisal completed within six months of the sale and approved by HCIDLA.
9. AUTHORIZE the EWDD to be the implementing department to determine and expend the amount necessary to pay for City's required closing costs, and other related costs upon issuance of the good faith estimate from Chicago Title Company.
10. AUTHORIZE the Controller to expend from Fund No. 100/22, Account No. 003040, Contractual Services, for closing costs and other related costs, and transfer funds to Chicago Title Company upon receipt of appropriate transfer instructions from EWDD
11. .AUTHORIZE the General Manager, EWDD and/or HCIDLA, or designee, to prepare Controller instructions and/or make technical corrections or adjustments that may be required and are consistent with these City Council and Mayoral actions, subject to the approval of the City Administrative Officer; and REQUEST the Controller and/or INSTRUCT other City departments to implement those instructions.

Fiscal Impact Statement: The MFC reports that the proposed transaction will have no fiscal impact to the General Fund. The acquisition funds include \$1,560,000 of CRA/LA Excess Bond Proceeds. As an Affected Taxing Entity under the Redevelopment Dissolution Statutes, the City will receive back from the County Auditor- Controller, in the future, the equivalent of approximately 26 percent acquisition funds provided to CRA/LA.

Community Impact Statement: None submitted.

Summary:

On June 12, 2018, the Economic Development Committee (EDC) considered a June 6, 2018 MFC report relative to authorization to acquire the properties located at 18447 Sherman Way and 7217-7227 Canby Avenue and subsequently sell said properties to RTSH. According to the MFC, the Properties are located in Council District Three, and consist of two non-contiguous parcels, the Laemmle Theatre Project, and the Affordable Housing Project. The total Property square footage comprises approximately of 20,000 square feet of land. The Laemmle Theatre Project Parcel is approximately 9,000 square feet, and is improved with an aging movie theatre building. The Affordable Housing Project Parcel, behind and north of the theatre, is approximately 11,000 square feet of vacant land. The Property is currently owned by CRA/LA, and has been categorized as a Future Development site in CRA/LA's Long Range Property Management Plan. The terms of the Option Agreement allow for the City to acquire the Property for the Purchase Price, and grant the right to solicit and sell the Property to a buyer who will utilize the Property for the provision of community benefits, in alignment with the Redevelopment Plan, the Five Year Implementation Plan, and the project area Community Plan.

For over 40 years, Thomas Safran and Associates (TSA), the managing firm to RTSH, has developed over 6,000 units of affordable, mixed-use, and luxury rental housing in Southern California. RTSH is committed to providing superior design, maintaining properties to the highest standards, and enriching the lives of the tenants who reside in their buildings. Recently, TSA completed development of Canby Woods, a 98-unit senior affordable housing development, immediately across the street from the Affordable Housing Project Parcel. Canby Woods was completed with the financial participation of both the City, and the former Community Redevelopment Agency. RTSH proposes to acquire the Property from the City, and divide the site into two projects, a commercial site to be occupied by Laemmle Theatres and an affordable housing site to be developed by RTSH into 26 units of affordable rental housing.

The Developer plans to rehabilitate and improve the aging movie theatre, and restore it to full operation. The new and improved movie theatre will be branded as Laemmle Reseda Theatre, and will be managed and operated by Laemmle. The newly transformed theatre will have an entrance facing Sherman Way, and will consist of one 100-seat theatre, and four smaller 49-seat theatres. Laemmle's development plan includes a concession center in the refurbished lobby. Laemmle has been in business for over 75 years in Los Angeles and is known for designing and implementing celebrated independent, foreign and artistic cinema experiences.

Laemmle has demonstrated deep commitment to ensuring that artistic resources exist for the communities they serve, and for providing unique gathering spaces and places for local Angelinos. Most importantly, Laemmle provides a variety of cinematic experiences, such as one-night only screenings, film premieres, and special screenings for film/documentary qualification for the Academy Awards program, in addition to the standard movie-going experience.

Throughout its existence, Laemmle has focused on art for art's sake with distinctive programs such as "Laemmle Art in the Arthouse" program that showcases the work of local artists in their theatre lobbies. As approved under a separate City Council action on March 23, 2018 (Council File No. 14-1174- S34), CRA/LA EBP available to Council District Three from the Reseda/Canoga Park Redevelopment Project Area, would be utilized to facilitate the acquisition of the Properties. As consideration, the Developer and the City would enter into separate loan agreements for the respective Laemmle Theatre Project, and the Affordable Housing Project obligations. However, as a result of subsequent negotiations, the Developer agrees to acquire the Laemmle Theatre Project Parcel from the City for fair market value using private funds. To determine the Theatre Parcel Sale Price, the City and Developer agreed to engage a third-party appraiser, Gribin, Kapadia & Associates, Real Estate Consultants & Valuation Advisors, to conduct an "as-is" fair market value appraisal for the Laemmle Theatre Project Parcel. The City reviewed and approved the appraisal instructions, and will subsequently contract with a third party appraiser to review and analyze the final appraisal report. The estimated construction cost for the theatre rehabilitation is \$3,400,000, 35 percent of which (or \$1,190,000) will be funded by developer equity, the remaining 65 percent of construction costs, or \$2,210,000, will be funded by private debt financing.

After further consideration and having provided an opportunity for public comment, the EDC moved to recommend approval of the recommendations contained in the June 6, 2018 MFC report and detailed in the above recommendations. Subsequently, on June 13, 2018, the Housing Committee also considered this matter and after having provided an opportunity for public comment, moved to concur with the EDC. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

## ECONOMIC DEVELOPMENT COMMITTEE



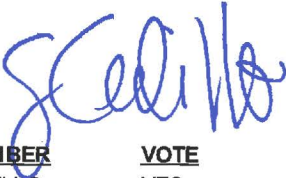
| <u>MEMBER</u> | <u>VOTE</u> |
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| PRICE: | ABSENT |
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| BUSCAINO: | YES |
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| HUIZAR: | YES |
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## HOUSING COMMITTEE



| <u>MEMBER</u> | <u>VOTE</u> |
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| CEDILLO: | YES |
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| KREKORIAN: | YES |
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| HARRIS-DAWSON: | YES |
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ARL

6/13/18

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**