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May 1, 2017

Council File No. 14-1382-S5
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Honorable Members of the City Council
City of Los Angeles
c/o City Clerk, City Hall
200 N. Spring Street
Los Angeles, CA 90012

Attention: John White, Legislative Assistant

TRANSMITTAL: REPORT BACK ON DOCUMENTATION OF COMMUNITY DEVELOPMENT BLOCK GRANT SLUM AND BLIGHT AREA NATIONAL OBJECTIVE FOR THE CRENSHAW REDEVELOPMENT AREA

SUMMARY

In 2016, the City Council authorized the Los Angeles Housing and Community Investment Department (HCIDLA) to commission Tierra West Advisors, Inc. to conduct a physical and economic study of the former Crenshaw Redevelopment Area and instructed HCIDLA to report to the Council on the results of the study (CF 14-1382-S5). The purpose of the study was to document the conditions of the area and determine if the area met the requirements for the slum and blight area (SBA) national objective under the Community Development Block Grant (CDBG) regulations (24 CFR 570.208(b)).

HCIDLA has received the Crenshaw Redevelopment Area Slum Blight Report prepared by Tierra West Advisors. The study found that the Crenshaw Redevelopment Area continues to meet slum and blight criteria consistent with the U.S. Department of Housing and Urban Development (HUD) CDBG regulations. The Crenshaw Redevelopment Area Slum Blight Report is attached to this transmittal for Council consideration. The designation of the area as *slum and blighted* is done for the narrow purpose of the CDBG program and does not have any legal effect in terms of land use or tax purposes.

RECOMMENDATIONS

The General Manager of HCIDLA respectfully requests that:

1. This transmittal be scheduled for the next available meeting(s) of the appropriate City Council committee(s) and forwarded to the City Council for review and approval immediately thereafter; and,
2. The City Council, subject to approval of the Mayor:
 - a. Find that the Crenshaw Redevelopment Area meets the requirements of the CDBG regulations at 24 CFR 570.208(b) as it meets the definition of Slum and Blighted, Deteriorated or Deteriorating under state law and more than 25 percent of the properties in the area meet one or more of the conditions listed at 24 CFR 570.208; and,
 - b. Receive and file the Crenshaw Redevelopment Area Slum and Blight Report prepared by Tierra West Advisors, Inc. dated March 2017; and,
 - c. Request the General Manager of HCIDLA, or designee, to maintain the report and supporting documentation on file for review upon HUD's request.

BACKGROUND

The City of Los Angeles is an entitlement jurisdiction under the federal CDBG program and HCIDLA administers the grant program on behalf of the City. CDBG regulations require that each eligible activity funded with CDBG program funds must meet one of three national objectives:

- Benefit low and moderate income persons;
- Aid in the prevention or elimination of slums or blight; or
- Meet a need having a particular urgency (referred to as urgent need).

The Slum Blight Area (SBA) is an important national objective because it may allow the City to fund eligible activities in designated areas along commercial corridors or assist improvements that have a regional impact. However, the City is limited in that up to 30 percent of CDBG funds only may be expended on activities meeting the SBA national objective.

In order to use the Slum Blight Area (SBA) national objective for the CDBG program, a City Council office may request a particular area be studied and identify funds for the study. In addition, the City must define standards to measure conditions of deterioration and conduct studies and assessments of the conditions present in a proposed area. The area must meet CDBG regulations specified for the SBA national objective and the City must have documentation on file supporting this conclusion as required by the grant. The documentation is subject to review by HUD, which is the federal agency responsible for the CDBG program.

CDBG regulations at 24 CFR 570.208(b) state that in order to use the SBA national objective, the City must:

- Define a geographic area (or areas);

- Document that the area(s) “meets a definition of slum, blighted, deteriorated or deteriorating area under state or local law”;
- Assess the conditions in the area and find:
 - At least 25 percent of the properties throughout the area experience one or more of the following conditions:
 - Physical deterioration of buildings or improvements;
 - Abandoned properties;
 - Chronic high occupancy turnover rates or abnormally low property values relative to other areas in the community;
 - Significant declines in property values or abnormally low property values relative to other areas in the community; or
 - Known or suspected environmental contamination.
 - Or that the public improvements throughout the area are in a general state of deterioration.
- Documentation must be maintained on the boundaries of the area(s) and the conditions and standards used to qualify the area at the time of designation;
- The activity that may use the national objective in order to qualify for CDBG funds, must address one or more of the conditions, which was documented as having contributed to the deterioration of the area; and
- The designation of an area must be determined every 10 years for continued qualification.

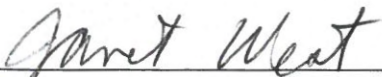
Crenshaw Area Slum Blight Report Findings

Tierra West Advisors completed an evaluation of the Crenshaw Redevelopment Project Area including a physical assessment survey of area parcels. The evaluation determined that 32 percent of the physical structures experienced one or more form of physical blight. Additionally, the report identified general conditions of economic blight in the Crenshaw Redevelopment Project Area that meet the slum and blight criteria established under State law (California Health and Safety Code 33030 and 33031). Therefore, the area does qualify as a slum and blighted area under the CDBG program regulations.

FISCAL IMPACT STATEMENT

There is no impact to the City General Fund.

Prepared by:



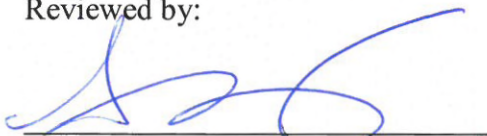
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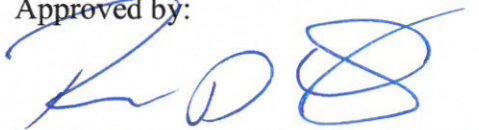
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Executive Officer

Approved by:



RUSHMORE D. CERVANTES
General Manager

cc: Honorable Eric Garcetti, Mayor
c/o Mandy Morales, Legislative Coordinator

Attachment: Crenshaw Area Slum and Blight Report

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