

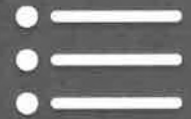
Real Estate Asset Management

MAYOR'S OPERATIONS INNOVATION TEAM

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i. Initiative Goals

ii. Course of Action

iii. City's Portfolio

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i. Initiative Goals

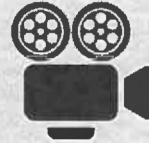
City-Wide Real Estate Asset Management

Real Estate Asset Management Initiative

A general consensus exists that City-owned real estate assets are valuable resources that must be optimized to support initiatives being discussed in the following City Council committees:



**Arts, Parks
and River**



**Entertainment
and Facilities**



**Homelessness
and Poverty**



Housing



**Planning and
Land Use Management**



**Economic
Development**



**Ad Hoc on
Comprehensive Job Plan**

Operational Challenge

- ✓ Need for comprehensive real estate data
- ✓ Need for proactive strategic City-wide plan
- ✓ Inadequate technology infrastructure
- ✓ Management of City-wide real estate portfolio is out of sync with best practices
- ✓ Management and optimization of assets disbursed among City departments

SOURCES:

Council Motions (On-Going)

City Administrative Office Reports (on-going)

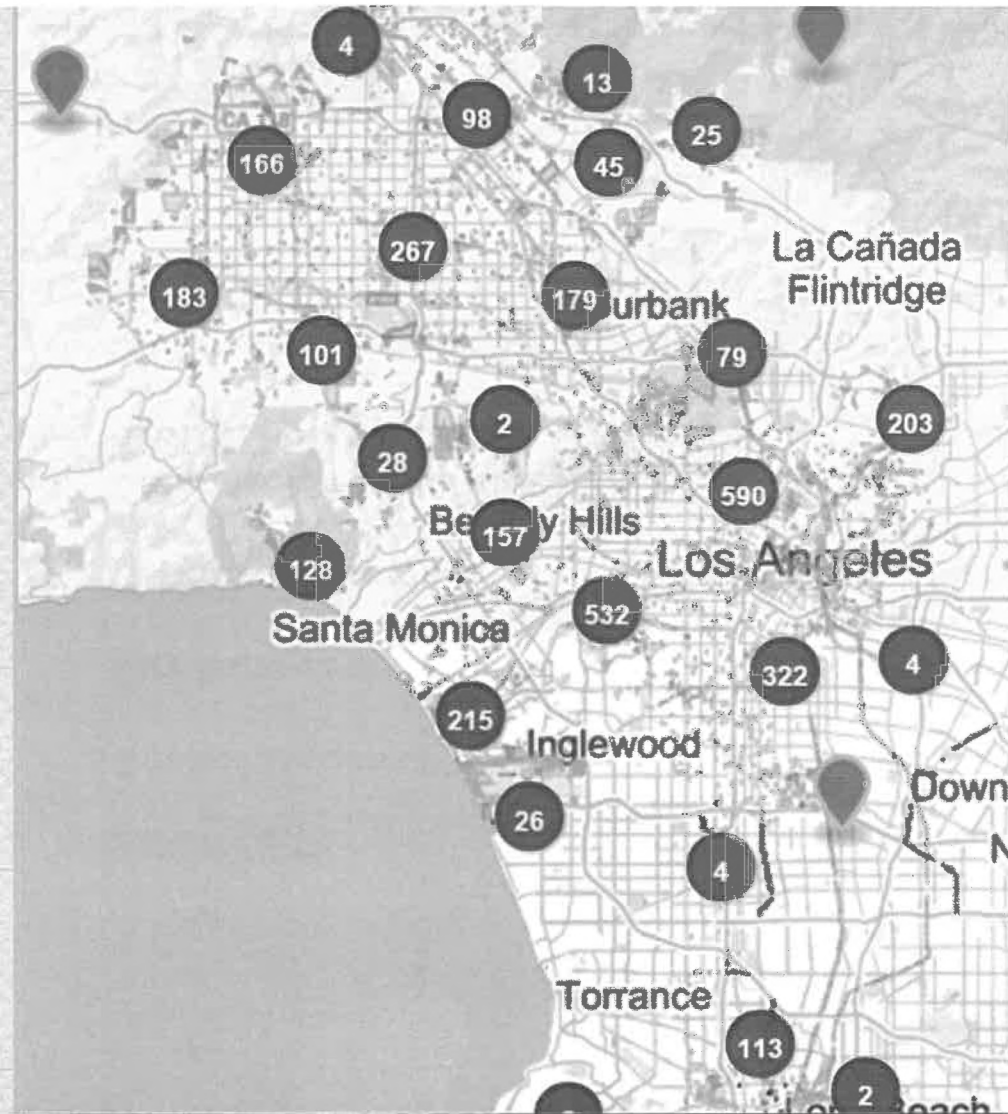
Controller's Audit (2003)

Commission on Revenue Efficiency (CORE) Report (2012)

PA Consulting Asset Management Services Study (2014)

Impact on the City

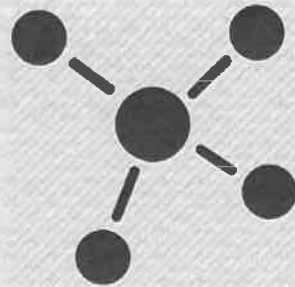
- ✓ **Inventory of underutilized**, vacant, and blighted buildings and parcels.
- ✓ **Missed opportunities** to spur economic growth and form a greater number of strategic partnerships.
- ✓ **Inability to capitalize** on market changes in real time and to leverage assets for civic initiatives.
- ✓ **Redirection of city resources** from core responsibilities, and increased expenditures.



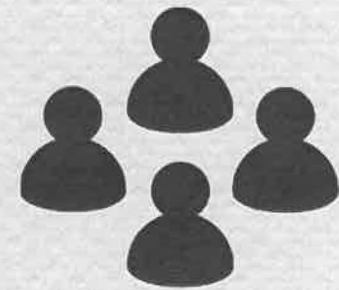
Operational Opportunity



Identify and Quantify
all City owned assets to
create a comprehensive
listing.



Support the infrastructure
for coordinated real estate
portfolio management.



Provide collaborative
leadership
in operational design and
clarification of roles and
responsibilities.

ii. Course of Action

City-Wide Real Estate Asset Management

Course of Action

Current Operational Analysis + Aggregated Data + Engaged Internal Stakeholders

Engaged City Leadership

- City Council
- Office of the City Administrative Officer
- Office of the City Attorney
- The Los Angeles City Controller
- Department of General Services
- Economic and Workforce Development
- Department of Water and Power
- Housing and Community Investment

Reports, Motions and Recommendations

- Council Motions
- Los Angeles City Controller
- Office of the City Administrative Officer
- Commission on Revenue Efficiency
- Inspector General's Reports

Course of Action

Engaged Industry Experts and Academic and Civic Partners



Cornell University

UCLA ZIMAN
CENTER for REAL ESTATE

PEPPERDINE
Graziadio School of
Business and Management

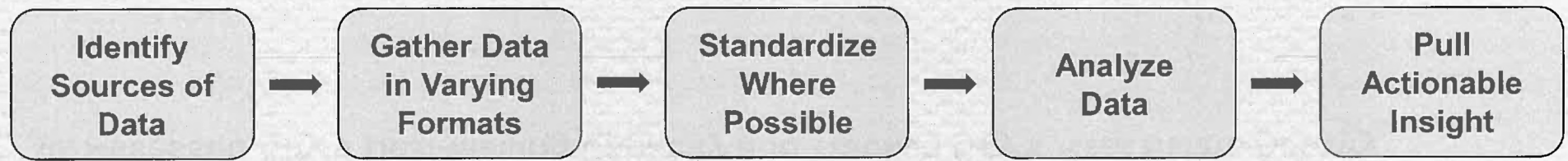
Course of Action

Developed Roadmap Toward Reform

- I. Quantified City's Real Estate Assets and Properties Maintained by Departments
- II. Processed Mapped Real Estate Operations
- III. Assessed City's Deal-Making Capacity and Tracked City's Real Estate Activity

Course of Action

I. Quantified Assets: Phase I of Data Analysis

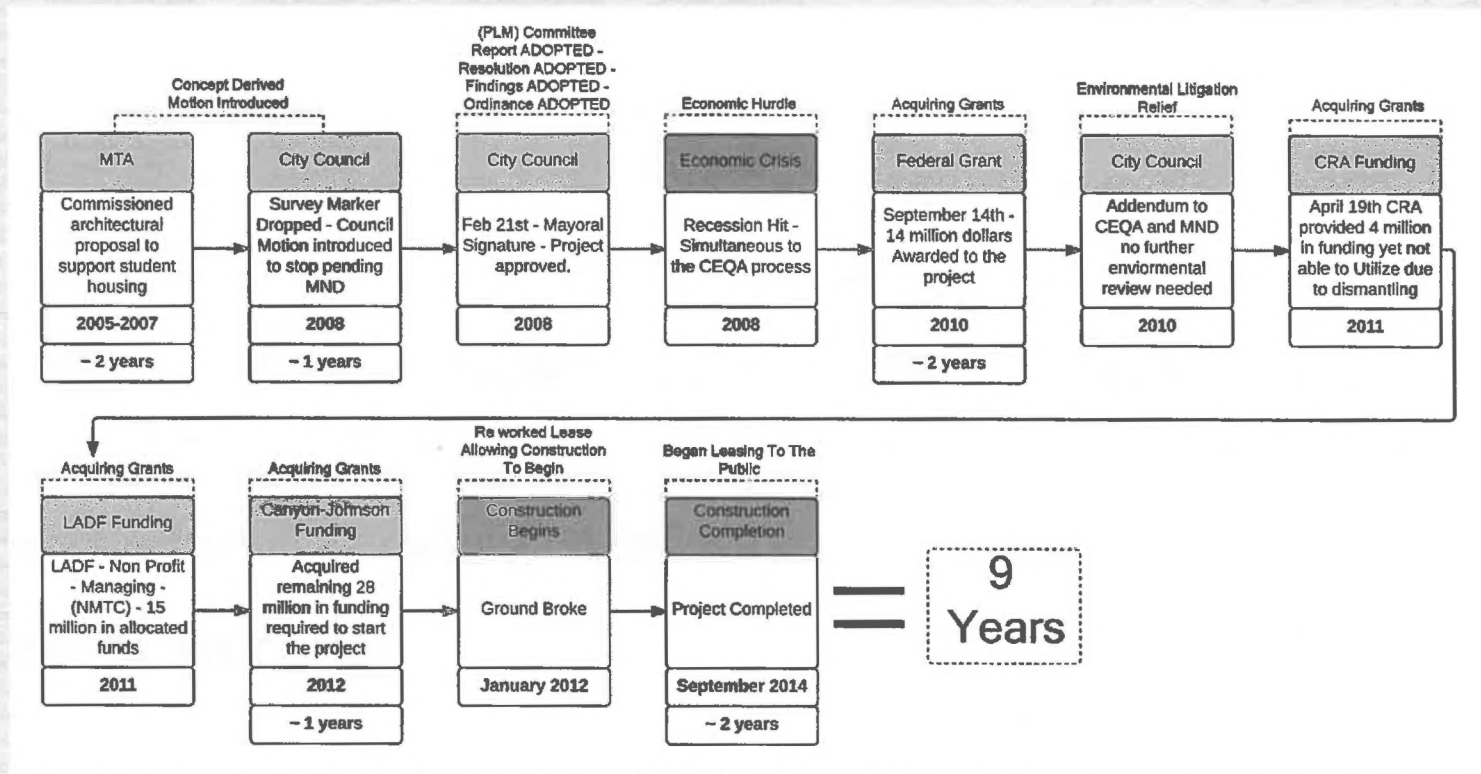


Sample Data: County-provided, 33+ Departmental lists, recorded name of owner, use codes, value...

Challenges: No unique identifier, missing addresses and APNs, lack of City-wide standards...

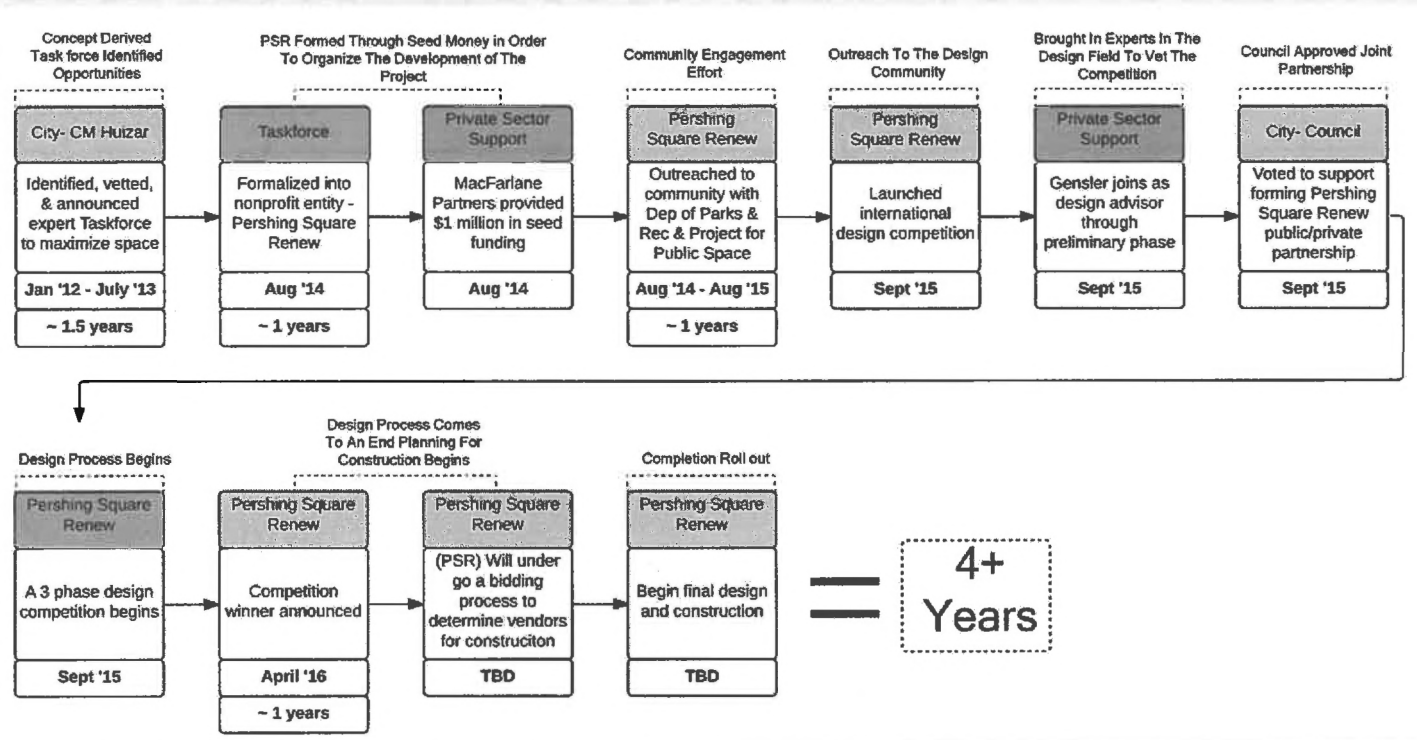
Course of Action

II. Process Mapped Operations



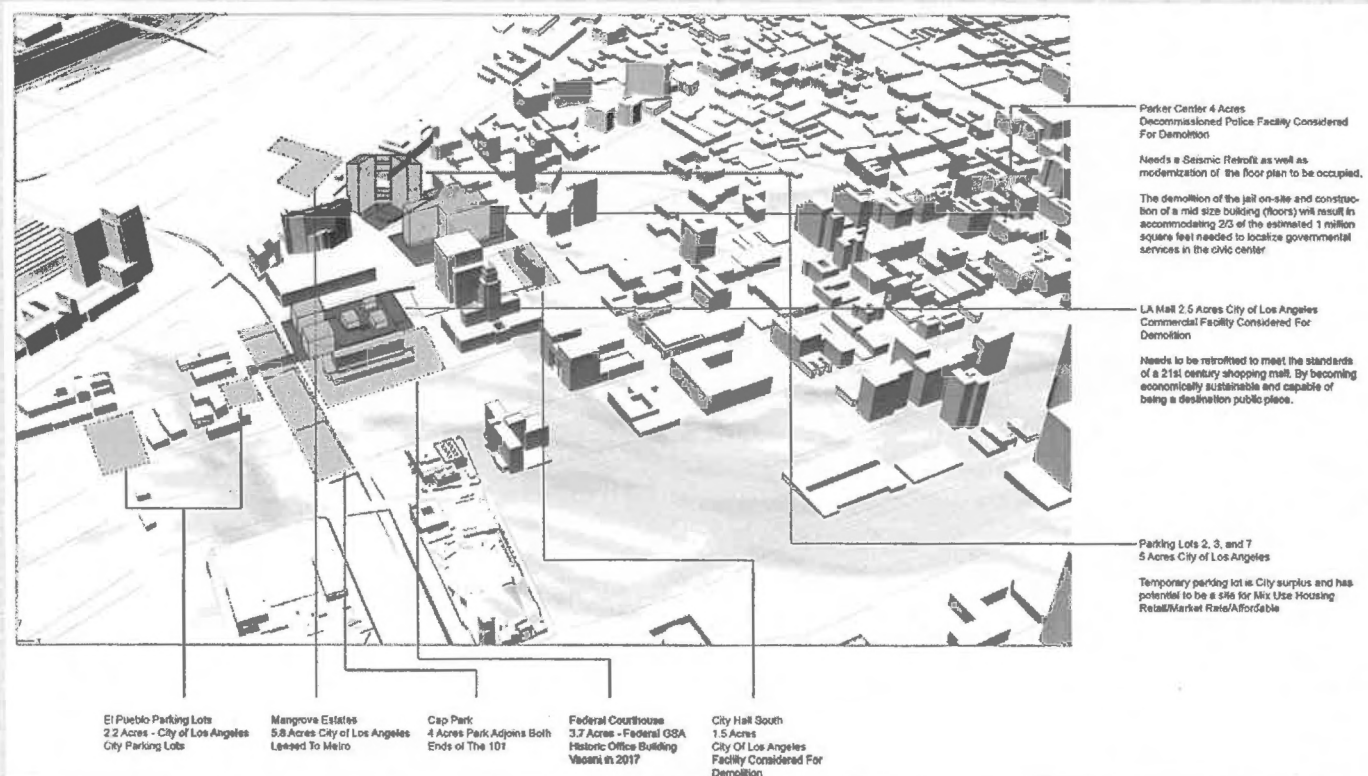
Course of Action

III. Assessed City's Deal Making Capacity



Course of Action

III. Assessed City's Deal Making Capacity



iii. City's Portfolio

City-Wide Real Estate Asset Management

The City's Portfolio: Initial Findings

- ✓ **55** different ways City of Los Angeles' name is recorded per County Assessor data
- ✓ **At least 33** different lists of assets maintained by City Departments
- ✓ City owns commercial, industrial, residential and vacant parcels

The City's Portfolio: Initial Findings

**\$1.8
Billion**

**Baseline
County Assessed
Value**



**7,760
Assets Within
City Limits**

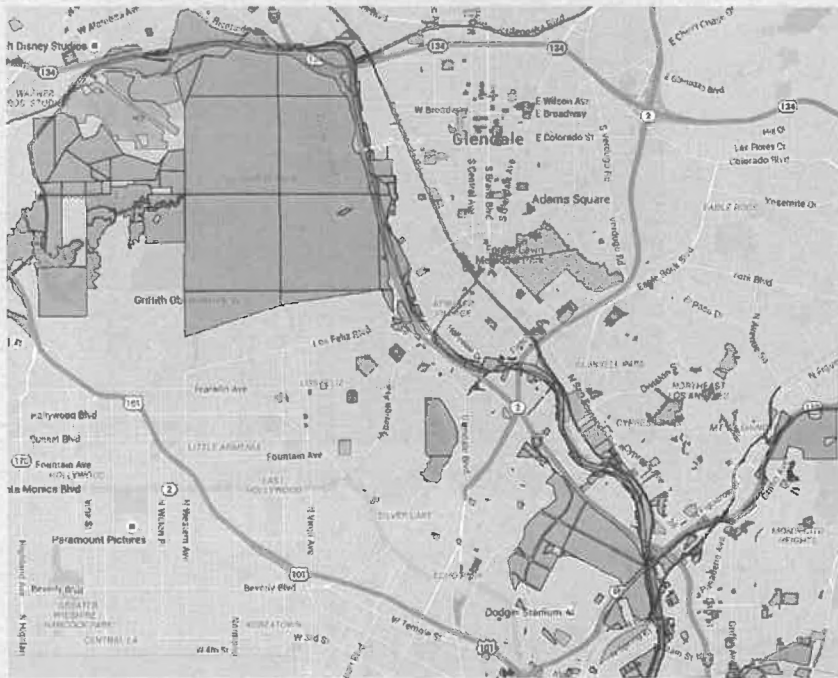


**8,908
Assets Within
LA County**

DISTRICT	ASSESSED VALUE	PARCELS
1	\$92.9 Million	450
2	\$56 Million	391
3	\$29 Million	264
4	\$92.7 Million	402
5	\$56.2 Million	416
6	\$54 Million	289
7	\$19 Million	471
8	\$12 Million	242
9	\$23 Million	178
10	\$35 Million	339
11	\$519 Million	1,430
12	\$69 Million	298
13	\$42 Million	249
14	\$241 Million	769
15	\$412 Million	1,572

The City's Portfolio: Initial Findings

Publicly Owned Parcels Along LA River



City Owned Real Estate Assets in DTLA



The City's Portfolio: Initial Findings

Sample Parcel A



Parcel Appears On:

1. County Assessor Database
2. 2015 Registered Foreclosed Properties
3. Possible Filming Locations Owned by HCIDLA
4. GSD Building Book
5. Parks & Recs List

Sample Parcel B



Parcel Appears On:

1. County Assessor Database
2. GSD Residential Leases
3. Undeclared Surplus Properties
4. GSD Building Book
5. Sanitation Brownfields Program

The City's Portfolio: Phase II of Data Analysis

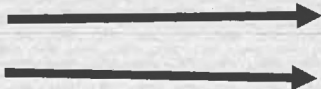
- ✓ Clarify **discrepancies** with APNs and addresses
- ✓ **Map** real estate assets in each Council District
- ✓ **Categorize** real estate assets according to use types

iv. Priority Initiatives

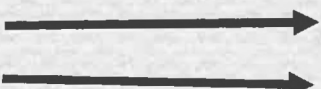
City-Wide Real Estate Asset Management

A Roadmap to Reform Implementation

**Priority Areas
& Initiatives**



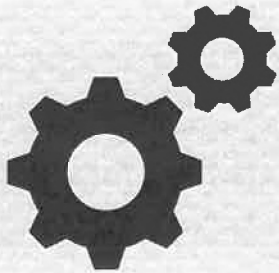
**Collaboration
Engagement
Analysis
Best-Practices
Implementation
Data
Strategy
Thought-Leadership**



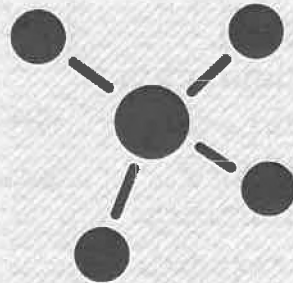
**Reform
Implementation**

The Big Vision

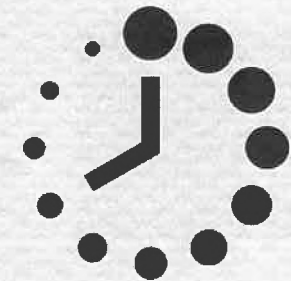
Establishing a coordinated real estate portfolio management structure to support municipal, economic, and civic priorities.



Asset Management
Framework



Comprehensive and Coordinated
Portfolio Management Strategy



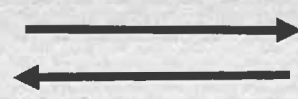
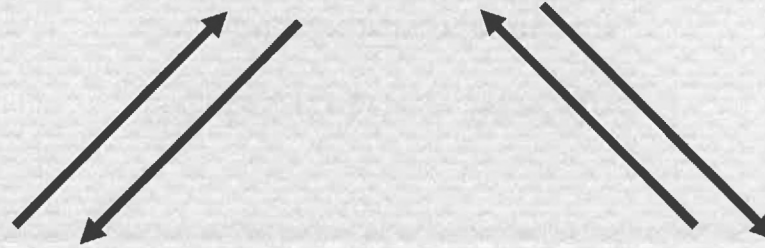
Deal Making Capacity

Priority Areas & Initiatives

**I. Establish Performance Metrics
and Information Sharing Capacity**

**II. Real Estate Portfolio Programs
and Opportunities**

**III. Establish Portfolio Management
Structure and Oversight**



Priority Areas & Initiatives

I. Establish Performance Metrics and Information Sharing Capacity

City-Wide Asset Management System

Implement a centralized real estate asset management system to provide real time updates.

Performance Metrics

Develop performance metrics for the City's individual real estate assets for municipal usage and public-benefit.

Priority Areas & Initiatives

II. Real Estate Portfolio Programs and Opportunities

Optimize Municipal Buildings

Support the optimization of facilities and real estate for municipal purposes.

Public & Economic Projects

Strengthen and pilot programs that leverage real estate for public-benefit and economic development.

Legislation

Re-examine legislation for the management and disposition of real estate assets.

Priority Areas & Initiatives

II. Real Estate Portfolio Programs and Opportunities

Reinvestment Initiatives

Spur reinvestment in communities through disposition of City-managed and nuisance real estate.

Financing Tools

Establish programs that leverage financing tools for City real estate and development.

Strategic Partnerships

Strengthen strategic investments and partnerships that fast-track City real estate and economic development initiatives.

Priority Areas & Initiatives

III. Establish Portfolio Management Structure and Oversight

Management Structure

Operationalize management structure to maximize the City's municipal and public-benefit.

v. Next Steps

City-Wide Real Estate Asset Management

- **Collaborate with City Council, Electeds, and Departments to build out reform plans**
- **Engage expertise to map out success and determine best path for implementation**
- **Ensure adequate research for decision-making**
- **Assign long-term placement of roles and responsibilities**



Next Steps for 2016

MAYOR'S OPERATIONS INNOVATION TEAM

Real Estate Asset Management Priority Areas & Initiatives

