

ORDINANCE NO. _____

An ordinance amending Article 4 of Chapter 1 of Division 7 and Chapter 24 of Division 22 of the Los Angeles Administrative Code to provide the Los Angeles Housing and Community Investment Department with the authority to acquire and receive real property and a process by which to dispose of it for the purpose of affordable housing development.

WHEREAS, the City of Los Angeles is a charter city and the City Council is vested with all powers under the City Charter to enact ordinances regarding municipal affairs;

WHEREAS, the City Council finds that there is an affordable housing crisis in the City of Los Angeles;

WHEREAS, the Los Angeles Housing and Community Investment Department (HCIDLA) is the City's expert in the development of affordable housing;

WHEREAS, under existing law codified at Los Angeles Administrative Code (LAAC) Section 7.33.2, et seq., the only properties HCIDLA is authorized to receive and dispose of for the purpose of developing new affordable housing are those taken back in foreclosure;

WHEREAS, the City Council finds that this limitation on authority coupled with the existing complicated disposal process represents an impediment to the City's ability to develop affordable housing;

WHEREAS, in 2013, the City Council adopted an ordinance codified at LAAC Section 22.1007, et seq., and Section 7.27.2, designed to facilitate new economic development opportunities in the City through the creation of a comprehensive and streamlined process by which the Economic and Workforce Development Department may acquire and dispose of City-owned property for economic development purposes;

WHEREAS, the City Council finds that in order to facilitate the development of affordable housing in the City, HCID should likewise be provided with a more comprehensive and streamlined process by which it is authorized to receive, acquire, manage, convey, dispose of, and develop City-owned property for affordable housing development purposes; and

WHEREAS, the City Council finds that the transfer of City-owned real property, whether by sale or lease, conditioned on the development and future use of the property for affordable housing purposes is a valid exercise of the City Charter powers and that such real property is not surplus property or land within the meaning of the Los Angeles Administrative Code or California Government Code Section 54220, et seq.

NOW, THEREFORE,

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. Article 3.5 is added to Chapter 24 of Division 22 of the Los Angeles Administrative Code to read as follows:

CHAPTER 24, ARTICLE 3.5

**CONTROL, ACQUISITION, AND DISPOSITION OF REAL PROPERTY FOR
AFFORDABLE HOUSING DEVELOPMENT**

Sec. 22.606.1. Control of Real Property for Affordable Housing Development.

Notwithstanding the authority provided to the Department of General Services in Division 22 of Chapter 21 of this Code, the Department shall have charge, superintendence and control of all City-owned real property, the use of which currently is or is intended to be for affordable housing development purposes, projects or activities.

Sec. 22.606.2. Real Property.

The Department shall, subject to the provisions of this Chapter, as well as applicable Federal, State and local laws, have the powers provided in this section for the acquisition, development and disposition of real property for affordable housing development, projects and activities.

(a) **Acquisition of Real Property.** The Department, subject to Council authorization, shall have the power and is authorized to acquire and receive any real property by purchase, lease, gift, devise or any other means authorized by law that may be necessary or convenient to carry out its affordable housing functions under this chapter.

(b) **Demolition and Clearance of Real Property.** Except as otherwise provided in the Charter, the Department is authorized to perform the following powers on City-owned real property:

(1) Demolish and clear buildings, structures and other improvements as necessary to carry out the purposes and objectives of this chapter;

(2) Take such actions as it deems reasonably necessary to prepare real property for development; and

(3) Take such actions as it deems reasonably necessary to remedy any hazardous material or condition.

(c) **Conveyance of City Interests in Real Property.** The Department is authorized to convey any interest owned or controlled by the City in real property at its fair reuse value for the public purposes and objectives of this chapter in accordance with the procedures set forth in Section 7.27.3 of this Code. Any such conveyance shall be made pursuant to one or more agreements requiring the development, use and maintenance of such real property for affordable housing purposes. Such agreement(s) shall additionally require as a condition precedent to the conveyance that one or more deed restrictions be recorded against the conveyed interest restricting the development and use, and requiring the maintenance of such real property, so as to insure that the affordable housing purpose for which the conveyance was made is fulfilled for such period of time as is determined to be appropriate. The conveyance of any such interest under the terms and conditions stated herein shall not render the real property as "surplus property" within the meaning of Chapter 1, Article 4 of the Los Angeles Administrative Code (commencing with Section 7.21), nor shall it render the real property as "surplus land" within the meaning of Section 54221 of the California Government Code.

Sec. 22.606.3. Relocation of Displaced Persons.

If and to the extent the execution of any agreement or any aspect of development or operation of an affordable housing development project or activity results in the permanent or temporary displacement of any occupants of a site, all applicable statutes and regulations with respect to relocation planning, advisory assistance and payment of monetary benefits shall be complied with.

Section 2. Section 7.27.3 is added to Article 4, Chapter 1 of Division 7 of the Los Angeles Administrative Code to read as follows:

Sec. 7.27.3. Private Sale Procedures for Affordable Housing Development Purposes.

With the exception of those properties subject to Section 7.33.2, et seq. of this Code, the Los Angeles Housing and Community Investment Department is authorized to convey any interest owned or controlled by the City in any real property below its fair market value, subject to the Council making a finding that the conveyance at the price with the terms and conditions imposed thereon serves a public purpose. Such conveyance may be made by either sale or lease; however, the sale or lease shall be first approved by the City Council after public hearing and shall be subject to approval by the Mayor.

Any disposition of real property, whether by sale or lease, which is made at a price below fair market value shall be supported by findings and an appraisal setting forth the following:

- (a) The estimated fair market value of the interest to be conveyed, determined at the highest and best use;

(b) The purchase price or present value of the lease payments which the lessee will be required to make during the term of the lease;

(c) The conditions and covenants imposed by the City for the conveyance ("City Conditions") and an estimate of the increased development costs to be incurred by the developer of the real property as a result of compliance with the City Conditions;

(d) The estimated value of the interest to be conveyed determined at the use and with the City Conditions ("Fair Reuse Value"); and

(e) An explanation as to why the sale or lease of the real property will assist in the development of affordable housing in the City, with reference to all supporting facts and materials relied upon in making this explanation.

Nothing contained herein shall be interpreted to authorize the Department to mortgage any real property in contravention of Charter Section 104(a) or to acquire, whether by eminent domain or voluntary sale, or to dispose of any real property in a manner not otherwise authorized by law.

Sec. 3. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By MEI MEI CHENG
MEI MEI CHENG
Deputy City Attorney

Date 10-4-17

File No. 17-0862

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I hereby certify that the foregoing ordinance was introduced at the meeting of the Council of the City of Los Angeles November 8, 2017, and was passed at its meeting of November 21, 2017.

CITY CLERK

MAYOR

Ordinance Passed _____

Approved _____