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CITY ATTORNEY

REPORT NO. R 1 5 - 0 2 3 5
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REPORT RE:

**DRAFT ORDINANCE AUTHORIZING SALE OF
1118 VALENCIA STREET, UNIT 208, LOS ANGELES, CALIFORNIA 90015
(COUNCIL DISTRICT 1)**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, CA 90012

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality, authorizing the sale of City-owned real property located at 1118 Valencia Street, Unit 208, Los Angeles, CA 90015 (Property) to Caitlin Chen (Buyer), who was selected by the City through a competitive process utilizing the services of its contracted real estate broker.

Background

The Property is a part of the Vista Montoya condominiums, which were developed in or about 1983 as part of the Pico Union 1 Redevelopment Project. Following construction, the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) initiated a program wherein it offered purchase assistance loans from its Low and Moderate Income Housing Fund to low and moderate income homebuyers to acquire condominiums for use as their respective primary residences.

In or about June of 1984, the original owner of the Property, Raymond Ip (Ip) executed a second mortgage with CRA/LA in the amount of \$34,927, along with a covenant restricting any future sale to low and moderate income homebuyers until the later of June 25, 2015, or the date in which CRA/LA no longer has a security interest in

the Property. At the time of Ip's death in 1998, he had paid his first mortgage loan on the Property. However, in lieu of paying off the second mortgage, on or about December 17, 1998, his estate deeded the Property back to CRA/LA.

In 2009, CRA/LA renovated the Property, but has kept it vacant since 1998. CRA/LA paid all applicable homeowners association fees and insurance costs prior to the transfer of the Property to the Los Angeles Housing and Community Investment Department (HCIDLA).

Transfer to HCIDLA

In or about May of 2013, the Property was transferred to HCIDLA as part of the former CRA/LA's housing assets. HCIDLA had hoped to sell the unit to another low or moderate income household, however, the lack of remaining sales restrictions¹ increased its market value to level unaffordable to such buyers. Thus, HCIDLA has opted to sell the Property at market value and to place the sales proceeds back into the City's Low and Moderate Income Housing Fund.

Property Description and Sales Information

The Property is a one-bedroom, one-bathroom condominium unit totaling 650 square feet. As a result of the renovations completed in 2009, the Property includes a new kitchen sink, range hood and stove, dishwasher, garbage disposal, toilet, shower and carpet.

On April 1, 2014, HCIDLA was authorized to pursue the disposition of the Property with a City-contracted real estate broker (CF 12-0018-S1). The Property was listed for sale at its full appraised value of \$328,000. There was only one bid for the Property which was from the Buyer, who offered full-appraised value. Buyer is financing the purchase through a third-party lender. HCIDLA accepted the offer and a purchase and sales agreement has been executed.

The public interest necessitates the sale of the Property because the sale proceeds will be placed back in the City's Low and Moderate Housing Fund for use as future loans and/or for projects benefitting low and moderate income households and will eliminate the City's expenditures associated with its continued ownership. The sale is in conformance with the provisions of Section 385 of the Los Angeles City Charter and Division 7, Chapter 1, Article 4, Section 7.27 of the Los Angeles Administrative Code.

¹ CRA/LA ceased having a security interest in the Property when Ip's estate deeded the Property back in 1998, and since it is now past June 25, 2015, the sales restrictions on the Property have now expired.

Council Rule 38 Referral

The draft ordinance was sent, pursuant to Council Rule 38, to HCIDLA with a request that any comments be transmitted directly to Council or its committees when this matter is considered.

California Environmental Quality Act (CEQA)


The sale does not constitute a "project" under CEQA in that it is not reasonably foreseeable that the sale will result in either direct or indirect physical impacts to the environment (14 CCR 15378(a)).

If you have any questions regarding this matter, please contact Deputy City Attorney Mei-Mei Cheng at (213) 978-0055. She or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By



DAVID MICHAELSON
Chief Assistant City Attorney

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Transmittal