



MICHAEL N. FEUER
CITY ATTORNEY

REPORT NO. R 17 - 0 1 8 2

MAY 2 5 2017

REPORT RE:

**DRAFT ORDINANCE AUTHORIZING SALE OF
1119 ALBANY STREET, UNIT 330, LOS ANGELES, CALIFORNIA
(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 1119 Albany Street, Unit 330, Los Angeles, CA 90015 (Property) to Kimberly Law (Buyer), who was selected by the City through a competitive process utilizing the services of its contracted real estate broker.

The Property was transferred to the Los Angeles Housing and Community Investment Department (HCIDLA) in or about May of 2013 as part of the former Community Redevelopment Agency of the City of Los Angeles's (CRA/LA) housing assets.

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 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.

On May 21, 1984, the original owner of the Property, John Pollard (Pollard) executed a Deed of Trust securing a loan in the amount of \$32,350 with First Nationwide Savings and concurrently executed a subordinate Deed of Trust securing a loan in the amount of \$23,410 with CRA/LA. On January 17, 1996, the senior Deed of Trust was foreclosed upon. On March 5, 1996, CRA/LA purchased the Property at the Trustee's sale for \$56,777. The sale proceeds paid off the senior Deed of Trust, but required CRA/LA to expend an additional \$24,427 on the Property.

The affordability restrictions on the Property continued until the later of: (1) June 25, 2015; or (2) the date on which the CRA/LA no longer has a security interest in the Property. Since it is now past June 25, 2015, the Property may be sold at market value.

CRA/LA paid all applicable homeowners association fees and insurance costs prior to the transfer of the Property to HCIDLA.

HCIDLA had originally hoped to sell the Property to another low or moderate income household, however, the lack of remaining sales restrictions increased its market value to a 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 vacant one-bedroom, one-bathroom condominium unit totaling 650 square feet.

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). In 2016, the Property was listed for sale at its full appraised value of \$328,000. Two offers were received, but neither buyer was able to close escrow. At the end of 2016, the Property was removed from the market so that HCIDLA could obtain an updated appraisal, which came back at \$300,000. On March 15, 2017, the Property was listed for sale for \$309,999. An offer for \$310,000 was received and accepted, but later was withdrawn due to the results of the inspection report. A new all-cash offer was made by Buyer in the amount of \$308,000, which was accepted and escrow has been opened.

The public interest necessitates the sale of the Property because sale of the Property will eliminate the City's ongoing expenditures associated with its continued ownership, including HOA, insurance and maintenance fees, and because sale proceeds will be placed back into the City's Low and Moderate Housing Fund for use as funding for future loans and/or for projects benefitting low and moderate income households. 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.

Angeles City Charter and Division 7, Chapter 1, Article 4, Section 7.27 of the Los Angeles Administrative Code.

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 questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By 

DAVID MICHAELSON
Chief Assistant City Attorney

DM:MMC:pj
Transmittal