



**MICHAEL N. FEUER**  
CITY ATTORNEY

REPORT NO. R 1 5 - 0 2 9 9  
NOV 2 5 2015

REPORT RE:

**DRAFT ORDINANCE AUTHORIZING SALE OF  
1010 EAST JEFFERSON BOULEVARD, LOS ANGELES  
(COUNCIL DISTRICT 9)**

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

Council File No. 15-1183

As requested by City Council, 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 1010 East Jefferson Boulevard, Los Angeles, CA 90011 (Property) to Hollywood Community Housing Corporation, a California corporation (Buyer). City Council previously determined the sale to Buyer to be in the public interest and, pursuant to Los Angeles Administrative Code Section 7.27, has authorized the sale without notice of sale or advertisement for bids.

Background

In October of 2007, the former Los Angeles Community Development Department (CDD) lent Community Enhancement Corporation (CEC) (a now defunct California corporation) \$1,000,000 in Community Development Block Grant (CDBG) funds to purchase the Property from the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) for the provision of various services to low and moderate income households (Council File No. 06-0100-S12). CEC was unable to

provide the agreed upon services, and on March 7, 2013, the Property was taken back in foreclosure.

#### Transfer to HCIDLA

In June of 2013, the former CDD and the former Los Angeles Housing Department were merged into the Los Angeles Department of Housing and Community Investment Department (HCIDLA). The Property was among the real estate assets transferred to HCIDLA from the former CDD. While HCIDLA has been actively managing the Property with the assistance of the City's General Services Department (GSD), due to its long-term vacant status, it continues to be a target for vandalism and represents a blight to the surrounding community.

#### HUD Findings

On November 5, 2015, the U.S. Department of Housing and Urban Development (HUD) completed review of the City's response to the 2014-LA-1007 audit of the CDBG Program. HUD requires that the City submit a written development plan for the Property, including a written agreement, documentation of financing or application planning times, and a timeline for completion evidencing an eligible activity that meets a national objective by December 15, 2005, or risk having to reimburse HUD the \$1,000,000 (using non-federal funds) used to acquire the Property.

#### Property Description and Sales Information

The Property is the former Angelus Funeral Home, which has been vacant for the past several years.

City Council determined that a sole source sale of the Property to the Buyer is in the public interest, in that Buyer is already undertaking predevelopment work on an affordable housing project across the street from the Property and can easily merge it into a larger mixed- use development which meets a national objective. Furthermore, because the neighboring project is already in HCIDLA's managed pipeline, Buyer has access to additional funding. Thus, the sale to Buyer will expedite the beneficial use of the Property and end both the threat of re-capture funds by HUD and the City's expenditures associated with its continued ownership of the Property.

Buyer has agreed to purchase the Property for its full appraised value of \$1,200,000. The sale will be financed by HCIDLA through a loan agreement subject to the review and approval of the City Attorney, which will include a regulatory agreement restricting the use of the Property as affordable housing for a term of 20 years from project completion.

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.

CEQA Findings

This sale is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) under California Code of Regulations, Article 18, Section 15312 and City Environmental Quality Act Guidelines, Article III, Class 12.

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.

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

DM:MMC:as  
Transmittal