

City of Los Angeles

Tricia Keane, Interim General Manager

---

Daniel Huynh, Assistant General Manager  
Anna E. Ortega, Assistant General Manager  
Luz C. Santiago, Assistant General Manager



LOS ANGELES HOUSING DEPARTMENT  
1910 Sunset Blvd, Ste 300  
Los Angeles, CA 90026  
Tel: 213.675.7272

---

[housing.lacity.org](http://housing.lacity.org)

Karen Bass, Mayor

January 3, 2025

Council File: 22-1328  
Council Districts: 11  
Contact Persons: Eric Claros: (323) 273-5356  
Mariano Napa: (213) 808-8585

Honorable Members of the City Council  
City of Los Angeles  
c/o City Clerk, City Hall  
200 N. Spring Street  
Los Angeles, CA 90012

**COUNCIL TRANSMITTAL: LOS ANGELES HOUSING DEPARTMENT REPORT BACK ON THE PROJECT PROPOSED FOR 12901 W. VENICE BLVD., LOS ANGELES, CA 90066, INCLUDING AN OVERVIEW OF THE PROJECT AND A DEVELOPMENT TIMELINE**

**SUMMARY**

The General Manager of the Los Angeles Housing Department (LAHD) respectfully submits this report in response to C.F. No. 22-1328. This report provides background on the property located at 12901 W. Venice Blvd., as well as a timeline of LAHD's involvement in the proposed redevelopment of the site.

**RECOMMENDATIONS**

That the City Council receive and file this report.

**BACKGROUND**

On January 12, 2023, the City Council adopted a Motion instructing the General Services Department to report on the transfer of the property to the Los Angeles Housing Department (LAHD) and requested LAHD to report on the process to effectuate the production of affordable housing on the proposed property in partnership with the Disability Community Resource Center (DCRC), in addition to alternatives for the production of affordable housing (C.F. No. 22-1328).

### Location and Ownership of the Site

The site is located at 12901 West Venice Boulevard, LA, CA 90066 (“Property”), adjacent to Venice High School. It is an approximately 12,969-square-foot site that is jointly owned by the City of Los Angeles (“City”) and DCRC, a nonprofit service provider founded in 1976 and formerly known as the Westside Center for Independent Living (WCIL). The site is improved with a one-story, 6,800 sq. ft. commercial building used for office space and service provision by DCRC since 1980.

12901 Venice Boulevard, Los Angeles, CA (Council District 11)



**Owner:** 89% by the City of LA,  
11% by the DCRC

**Zoning:** [Q]C2-1, [Q]R3-1XL; not TOC eligible

**Lot Size:** 12,969 SF total  
– 3,950 SF zoned commercial  
– 9,020 SF zoned residential

**“As-Is” Appraised Value:** \$4,635,000 (as of 9-21-2019)

The Property’s ownership structure was first established in 1980 when the City, through the Community Development Department (CDD), executed a contract with the DCRC (Contract No. C-53000) to acquire the Property and establish a permanent facility to provide social services to residents with disabilities. That contract created the tenancy-in-common, with each party’s proportionate interest “based upon the dollar amount each contributes to the purchase price” (Section 202-C of the contract). According to the grant deed, 89% of the ownership belongs to the City, and 11% belongs to DCRC.

Under the contract terms between the City and DCRC, formerly WCIL (“Operating Agency”), the parties’ proportionate interest can change, but only through an established procedure. If the Operating Agency pays for

any “substantial renovation or improvement, the City's interest shall be reduced to an amount proportionate to the combined investment of the parties” (Section 202-F). However, before starting such work, the Operating Agency must obtain the City’s approval and agree on the new proportionate interest. The contract states that “in the absence of CDD agreement, it shall be conclusively established that the renovation or remodeling is not substantial, and the proportionate interest of the parties shall not be changed.” (Section 202-F). Finally, if there is a change in the ownership split, both parties need to execute quit-claim deeds that establish the revised proportionate interest (Section 202).

Based on a review of all available evidence, the City concluded that the proportionate interest has remained unchanged, with the City owning 89% of the property and DCRC owning 11%.

Beginning in 2018, DCRC expressed interest in developing the site into permanent supportive housing (PSH) with office space for the organization’s headquarters and service center. The following section provides an overview of the City’s timeline regarding the property redevelopment for PSH housing.

#### Timeline of the City's Involvement

On January 30, 2019, City Council adopted a motion (C.F. No. 14-1275) instructing the City Administrative Officer (CAO) to evaluate the feasibility of developing permanent supportive housing and office space for DCRC and provide recommendations on the development process. The CAO released its report on August 20, 2019, recommending City Council:

- Designate the City-owned portion of 12901-12909 West Venice as an Affordable Housing Opportunity site;
- Authorize the Department of General Services (GSD) General Manager, or designee, to transfer jurisdiction of the Subject Property to the Los Angeles Housing Department (LAHD, fka Housing and Community Investment Department)
- Authorize the LAHD General Manager, or designee, to release a Request for Qualifications and Proposals (RFQ/P) or a Request for Proposals (RFP) to select a qualified development team to create a mixed-use development with commercial space, affordable housing, and parking at the subject Property; and,
- Instruct the LAHD General Manager, or designee, to report to the City Council and Mayor with recommendations regarding selecting qualified candidates from the RFQ/P or RFP.

After the City Council adopted the CAO’s report, LAHD took several steps to evaluate the site further for its plan to issue a Request for Proposals. It requested Gold Coast Appraisal to perform an appraisal of the Property. As of September 30, 2019, the “as-is” value of the Property is \$4,635,000.

While researching the property, LAHD staff also determined that the site contains a “Vintage Original Art Mural” on its east side (along Beethoven St.) This mural is registered with the Department of Cultural Affairs (DCA) and is subject to the City’s Mural Ordinance, Ordinance No. 182706. It is considered a “Historically Significant City-Funded Mural,” receiving a historical significance score of 2.7; a score of 2 means a mural is historically “Significant,” and a score of 3 indicates a mural is historical “Very Significant” (C.F. No. 13-0600-S23). The

mural is part of the Citywide Mural Project, and it was restored in 1992 by the Mural Conservancy of Los Angeles and DCA in 2003.

After the initial property research, LAHD developed a draft RFP with a goal of releasing by October 21, 2019. As part of the RFP, DCRC and the City agreed that the project's scope should be 100% affordable housing, with at least 50% of the units reserved for permanent supportive housing and at least 20% of units available for people with disabilities.

The RFP described that DCRC, and the City would subdivide the property to create a new "air space parcel" for DCRC's office ("DCRC Air Space Parcel") and, if space permits, a ground floor social enterprise retail space; the remainder of the property will be available for the development of multi-family rental housing (City Parcel). Simultaneously with the recording of a final map for the subdivision, the City and DCRC will transfer by grant deed (a) 100% of the fee ownership interest in the DCRC Air Space Parcel to DCRC and (b) 100% of the City Parcel to the City, so that the property will no longer be owned as tenants-in-common. The RFP further indicated that the development of the DCRC Air Space Parcel would be solely the responsibility of DCRC and the selected developer. DCRC will enter into a reciprocal easement agreement that (i) grants reciprocal support, access, parking, and utility easements benefiting both the DCRC Air Space Parcel and the City Parcel and (ii) will govern the maintenance, operation, and shared use of the common areas, including without limitation, parking and landscaped portions of the property.

Before the release of the RFP, DCRC expressed concerns about the ownership structure and did not want to move forward with the subdivision of the property and the creation of an Air Space Parcel. In December 2019, DCRC stated that the City and DCRC should have approximately 40% and 60% ownership, respectively. DCRC also expressed that it cannot support the project without this revised proportionate interest. While DCRC presented an accounting of past expenditures, neither party could provide documentation of City approval for any renovation or improvement work. In addition, LAHD did not find any quit-claim deed that revised the original proportionate interest. Given the absence of such documentation, the City's position is that the present ownership split is unchanged from the original allocation established in 1980.

Subsequently, in 2020, DCRC entered into a Memorandum of Understanding with Community Corporation of Santa Monica (Community Corporation) as its development partner. They proposed a seven-story mixed-use building with 12,000 square feet of ground-floor administrative offices for DCRC, 25 subterranean parking spaces, and 50 affordable supportive housing units for approximately \$36 million. The City does not recognize the MOU with Community Corporation since the City has yet to undergo a formal RFP process as recommended by the 2019 CAO report (C.F. No. 14-1275-S1).

At the end of 2022, the previous leadership of Council District 11 introduced a motion requesting the City execute a private sale to DCRC with a covenant requiring a 100% affordable property with at least 50 income-restricted units. The motion was amended in 2023 to reflect the language cited at the beginning of this report (C.F. No. 22-1328).

## **DCRC's Latest Proposal**

On March 25, 2024, DCRC submitted a revised proposal for the City's consideration. The proposal, which was developed in partnership with Community Corporation of Santa Monica ("Community Corp."), requires the demolition of the existing commercial building to construct a new seven-story building with one level subterranean parking, two levels of DCRC office space and five levels of affordable housing. To facilitate the development DCRC is requesting that the City take the following steps:

- The City will transfer its 89% interest to DCRC for one dollar or for Below-Market-Value.
- DCRC will Sole source the project's development to Community Corp of Santa Monica
- DCRC will then sell the residential parcel to Community Corp at Fair Market Value so that DCRC can use the proceeds from the sale to finance its commercial space.
- The City will execute a DDA with Community Corp to allow the developer to finalize building plans and apply for public financing
- Subdivide the property to allow the two floors of commercial space to be a separate parcel from the five residential floors.

According to DCRC, subdividing the parcel is critical because DCRC, as a disability service organization, is prohibited from owning an interest in residential property.

LAHD has discussed the proposal with the City Attorney's Office, which expressed two primary concerns and potential legal challenges. The first concern is related to the ability to sole source the affordable housing development to Community Corporation of Santa Monica. The second is related to DCRC's request to receive the land from the City for \$1, which is well below market value and may be considered a gift of public funds.

## **The City's Proposed Potential Options**

Based on the legal opinion of the City Attorney's Office, the City could pursue the following paths forward:

1. The City and DCRC can jointly issue an RFP to ultimately sign a ground lease and develop the Site by a selected Developer to build affordable housing, including office space for DCRC, within the existing co-ownership structure pursuant to the existing contract.
2. The Site can be partitioned based on the existing property rights of the City and DCRC in the Site (as provided by the current Agreement and with any adjustments if evidenced by the supportive documentation). Each separate portion of the Site can then be separately developed as needed by the City and DCRC under their separate respective ownerships.
3. If justified by the current unique co-ownership structure (tenancy in common) and approved by the City Attorney, the parties can sole-source the Site's development to a jointly selected Developer. The City will ground lease the site to the Developer for below-market value to develop affordable housing and the DCRC office space.
4. The City will appraise and, if feasible, buy out DCRC's interest in fee at fair market value and then develop affordable housing on the entire Site.
5. The City will order an appraisal of the site and sell it to DCRC at the updated Fair Market Value, an approach that is possible based on the unique co-ownership structure (tenancy in common), which does not trigger the disposition process required by the Surplus Land Act.

6. The City can file a Court action for Partition, Quiet Title, Declaratory Relief, etc. (to be further evaluated and decided by the litigation team) to separate City and DCRC ownership interests, and then develop the City land pursuant to City's development process.

**FISCAL IMPACT**

There is no impact to the General Fund at this stage of the project.

Approved By:



---

TRICIA KEANE  
Interim General Manager  
Los Angeles Housing Department