

MEMORANDUM

3

DATE: OCTOBER 20, 2011

TO: CRA/LA BOARD OF COMMISSIONERS HO2100
100104

FROM: CHRISTINE ESSEL, CHIEF EXECUTIVE OFFICER

STAFF: CAROLYN HULL REGIONAL ADMINISTRATOR
WILLIAM CHUN, PROJECT MANAGER

SUBJECT: **Exposition Park Surplus Library Site Exclusive Negotiating Agreement.**
Exclusive Negotiating Agreement with Figueroa Corridor Land Company for proposed redevelopment of CRA/LA owned property at 3685 South Vermont Avenue into a proposed mixed use project consisting of 54 affordable housing units and 14,500 square feet of commercial space in the Exposition/University Park Redevelopment Project Area
SOUTH LA REGION (CD 8)

RECOMMENDATIONS

That CRA/LA acknowledges and understands that the California Supreme Court in the case entitled California Redevelopment Association v. Matosantos stayed certain portions of Assembly Bills x1-26 and x1-27. Given the Court's stay and the uncertain status of such legislation, although CRA/LA is, and the City Council may be, approving certain actions as described herein, to the extent that such actions are stayed, then CRA/LA shall not execute agreements or take such actions, notwithstanding their approval hereof, until the Supreme Court has decided the case on the merits or the action is no longer stayed.

That the CRA/LA Board of Commissioners, subject to City Council review and approval,

1. Request that the City Council approve CRA/LA's implementation of a affordable housing project in the Exposition/University Park Redevelopment Project Area ("Project Area") under the Cooperation Agreement for certain CRA/LA funded capital improvements, public improvements and affordable housing projects dated March 10, 2011 between CRA/LA and City ("Cooperation Agreement");
2. Authorize the Chief Executive Officer or designee to execute an Exclusive Negotiating Agreement ("ENA") with the Figueroa Corridor Land Company ("Developer") for the proposed redevelopment of CRA/LA-owned property located at 3685 South Vermont Avenue within the Exposition/University Park Redevelopment Project Area ("Project Area") for a 270-day term with two ninety-(90) day extensions of the ENA; and
3. Amend the FY2012 Budget to recognize a Developer deposit in the amount of \$25,000 to be deposited into budgeted line item "Affordable Housing" to fund CRA/LA consultant expenses related to redevelopment of said property.

SUMMARY

The recommended actions seek authorization for staff to execute the ENA in order to begin negotiations with Developer of a Disposition and Development Agreement (“DDA”) for redevelopment of an opportunity site located at 3685 South Vermont Avenue (“Site”). The Developer was selected after a public solicitation and evaluation process. A map of the Site is on Attachment “A” hereto.

PREVIOUS ACTIONS

January 15, 2009 – Authorization to increase by \$14,000 (from \$3,385,000 to \$3,399,000) the approved acquisition price of real property owned by City of Los Angeles and located at 3685 South Vermont Avenue from the City of Los Angeles

April 17, 2008 – Authorization to acquire real property located at 3685 South Vermont Avenue from the City of Los Angeles for an amount not to exceed \$3,385,000 and various related actions

DISCUSSION & BACKGROUND**Location of the Site**

The Site is located across the street from the University of Southern California (“USC”) on the western edge of the Project Area. Situated on Vermont Avenue and just south of Exposition Boulevard, the Site was formerly the location of the Mary McLeod Bethune Library. The 34,000-square foot Site was sold to CRA/LA in 2009 after the Los Angeles Public Library completed construction of its \$10 million replacement library at 3900 South Western Avenue.

Developer Entity

The principals of the development team are Abode Communities (formerly Los Angeles Community Design Center) and Tenemos que Reclamar y Unidos Salvar La Tierra - South LA (“T.R.U.S.T. South LA”) formerly known as Figueroa Corridor CLT. The Developer, Figueroa Corridor Land Company, is an Abode Communities affiliate set up specifically for transactions involving its Land Trust Initiative. The relationship between the Developer and T.R.U.S.T. South LA is governed by a Joint Operating Agreement (“JOA”) which states that T.R.U.S.T. South LA will be the long term land owner of any housing sites and that the Developer will act as developer, executing real estate agreements, entering into escrows, entitling land, and building improvements. Upon close of escrow, the subject land is transferred to T.R.U.S.T. South LA and a long term ground lease is granted back to Developer to facilitate its development of the subject project.

T.R.U.S.T. South LA is a nonprofit corporation formed in 2005 as a permanent steward of land and land leases for affordable housing and other community needs for neighborhoods surrounding the Figueroa Corridor, from Staples Center on the north to Slauson Avenue on the south. T.R.U.S.T. South LA’s founding partners are Abode Communities, Strategic Actions for a Just Economy (“SAJE”), and Esperanza Community Housing Corporation. The Figueroa Corridor Land Company is a nonprofit established as a vehicle for purchasing, holding and entitling Land Trust properties and is housed within Abode Communities.

Selection Process for the Developer

A Request for Proposal (“RFP”) was issued in August 2009 to the general public for the development of the Site. Later that month, a pre-proposal conference was held to provide interested firms an opportunity to become familiar with the Site and RFP and to ask questions.

In January 2010, CRA/LA received two proposals. After extensive outreach to local community groups, staff requested that the two proposers submit updated proposals, which were received in November 2010 and evaluated and scored by a third-party consultant.

Description and Project Context

The Developer is proposing to construct a 5-story mixed-use project consisting of 54 affordable housing units and 14,500 square feet of commercial space on the ground floor ("Project"). The Project building will be a Type V wood frame building on Type I subterranean parking structure and ground floor commercial podium.

Community Benefits

The ENA provides that all applicable CRA/LA policies will be implemented (through the DDA) on the Project. The Project's affordable housing component will target large families earning less than 60% of Area Median Income. Affordable housing options for large families have been scarce in the Project Area. In addition, approximately 14,500 square feet of commercial space is proposed on the ground floor and will create permanent jobs and generate tax revenue. The Project will also remove the blighting influence of the currently vacant and difficult-to-maintain Site, replacing it with a modern mixed-use facility.

Financial Analysis

Development of the affordable housing component of the Project is anticipated to be financed through low-income housing tax credits, and state and local sources. Additionally, authorization from the CRA/LA Board will be needed for final disposition of the Site based on a complete development and financing plan as well as CEQA review.

ECONOMIC IMPACT

Based on preliminary cost estimates, the construction of the Project would result in 164 construction jobs and 27 permanent jobs. The 14,500 square feet of commercial space is expected to generate approximately \$318,000 in annual sales tax revenue and over \$100,000 in annual property tax revenue. Indirectly, the Project would serve as a catalyst; increasing property tax values nearby, attracting private investment into the Project Area and creating housing for families than can patronize local businesses.

SOURCE OF FUNDS

Developer Deposit (\$25,000).

PROGRAM AND BUDGET IMPACT

This action will amend the FY12 Budget to recognize a Developer Deposit and add \$25,000 to budgeted line item "Affordable Housing" to fund consultant expenses.

ENVIRONMENTAL REVIEW

The proposed action does not constitute a project according to the California Environmental Quality Act ("CEQA"). If a DDA results from the proposed ENA, appropriate site-specific environmental review documents meeting CEQA requirements will be completed for CRA/LA consideration and action prior to entering into any formal agreements.

Christine Essel
Chief Executive Officer

By:

Dalila Sotelo
Deputy Chief Executive Officer

There is no conflict of interest known to me which exists with regard to any CRA/LA officer or employee concerning this action.

Attachment A – Site Map

