

CRA/LA, A DESIGNATED LOCAL AUTHORITY  
(Successor Agency to the Community Redevelopment Agency of the City of Los Angeles, CA)

MEMORANDUM

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**DATE:** MARCH 15, 2012 AD0000  
**TO:** GOVERNING BOARD EOPS # N/A  
**FROM:** CHRISTINE ESSEL, CHIEF EXECUTIVE OFFICER  
**STAFF:** DAVID RICCITIELLO, CHIEF OPERATING OFFICER  
DURAN VILLEGAS, ACTING CHIEF, STRATEGIC PLANNING  
**SUBJECT: RESCISSION OF CONDITIONALLY APPROVED CRA/LA PROJECTS.**  
Rescission of Conditionally Approved CRA/LA Projects and their Related Agreements, Contracts and Loans, occurring between June 29, 2011 and December 29, 2011

**RECOMMENDATION(S)**

That the Governing Board take the following action(s):

1. Authorize the rescission of previous Community Redevelopment Agency Board approvals for various projects and their related agreements, contracts and loans occurring between June 29, 2011 and December 29, 2011.

**SUMMARY**

On December 29, 2011, the California Supreme Court ("Supreme Court") issued a decision upholding Assembly Bill 1x-26 ("AB 1x-26") and invalidating Assembly Bill 1x-27 ("AB 1x-27"). This resulted in the dissolution of the CRA/LA and CRA/LA Board as of February 1, 2012 and prohibited various redevelopment activities from moving forward including but not limited to executing, modifying and amending new agreements, contracts and loans or participating in new redevelopment projects. CRA/LA projects that are impacted by this decision include those that the CRA/LA Board approved between June 29, 2011 ("AB 1x-26 Enactment Date") and December 29, 2011 ("Supreme Court Decision Date"). Although approved, the contracts related to these projects were not executed.

As a result, the CRA/LA staff is requesting that the Governing Board rescind the former CRA/LA Board approval of certain projects. A total of twelve (12) projects have been identified for this action (Attachment A). On March 8, 2012, CRA/LA staff mailed notification letters to the contact person of each of the twelve (12) projects being considered for the above action. Other CRA/LA approved projects have either been resolved separately or will be brought back for additional consideration at a future Governing Board meeting.

**DISCUSSION & BACKGROUND**

The initiation of AB 1x-26 on June 29, 2011, suspended redevelopment agency activities throughout California. Pending the Supreme Court's decision regarding AB 1x-26 and AB 1x-27, redevelopment agencies were no longer authorized to perform various activities. A select list of activities related to this action, included but was not limited to the following:

- Incur new indebtedness or restructure existing indebtedness;
- Make loans or grants;
- Enter into contracts;
- Amend existing agreements, obligations or commitments;
- Dispose of assets;
- Acquire real property;
- Cause development or rehabilitation of housing units;
- Undertake various affordable housing activities; or
- Accept financial assistance

From June 29, 2011 to December 29, 2011, the former CRA/LA Board considered and approved various projects and related actions including authorization to execute agreements, contracts and loans. However, the CRA/LA Board's approval of these projects and related actions stated that the agency would not execute the agreements or take any of the actions so approved until after the Supreme Court issued its AB 1x-26/27 decision. Under AB1x-27, the City of Los Angeles had enacted an opt-in ordinance and the former CRA/LA Board wanted to be in a position to move forward on projects if AB1x-27 was upheld.

On December 29, 2011, the Supreme Court issued a decision in the case entitled *California Redevelopment Association v. Matosantos*, which upheld AB 1x-26 and invalidated AB 1x-27. This decision dissolved all California redevelopment agencies on February 1, 2012 and required a "winding down" of operations and activities as performed by a successor agency under the direction of an oversight board and the Department of Finance.

The Supreme Court's decision also effectively prohibits implementation of the previously approved CRA/LA projects (Attachment A). As such, it is necessary for the Governing Board to consider rescinding these previously approved CRA/LA projects.

**SOURCE OF FUNDS**

No CRA/LA funds are required for this action.

**ROPS AND ADMINISTRATIVE BUDGET IMPACT**

This action is consistent with the current adopted Enforceable Obligations Payment Schedule. Furthermore, the recommended action is consistent with AB1x-26; specifically by not entering into, amending, or modifying existing agreements, contracts, obligations or commitments with any entity, for any purpose.

**ENVIRONMENTAL REVIEW**

The proposed action does not constitute a "project" as defined by the California Environmental Quality Act (CEQA)

Christine Essel  
Chief Executive Officer

By:

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David Riccitiello  
Chief Operating Officer

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

**ATTACHMENTS**

Attachment A: Board Approved Projects for the period of June 29, 2011 to December 29, 2011

**EXHIBIT A - BOARD APPROVED PROJECTS (AGREEMENTS, CONTRACTS LOANS)  
FROM JUNE 29, 2011 TO DECEMBER 29, 2011**

BOARD DATE	#	BOARD MEMO TITLE
7/7/2011		NO ITEMS
7/21/2011		NO ITEMS
8/4/2011		CANCELLED
8/18/2011	1	ARTS DISTRICT PARK. AMENDMENT TO MEMORANDUM OF UNDERSTANDING (“MOU”) WITH LOS ANGELES DEPARTMENT OF WATER AND POWER (“LADWP”) FOR POTENTIAL DEVELOPMENT OF A PARK ON THE LA KRETZ INNOVATION CAMPUS AT 524 COLYTON STREET IN THE CENTRAL INDUSTRIAL REDEVELOPMENT PROJECT AREA (Councilmember Huizar – CD #14)
	2	JAPANESE AMERICAN CULTURAL AND COMMUNITY CENTER REHABILITATION. EXECUTE A \$957,300 COMMERCIAL REHABILITATION LOAN AND SERVICE REPAYMENT CONDITIONAL LOAN RELATED TO THE RENOVATION OF THE JAPANESE AMERICAN CULTURAL AND COMMUNITY CENTER (JACCC), 244 S. SAN PEDRO STREET, IN THE LITTLE TOKYO REDEVELOPMENT PROJECT AREA (Councilmember Perry – CD #9)
	3	SYLMAR COURT APARTMENTS PROPERTY ACQUISITION AND EXCLUSIVE NEGOTIATING AGREEMENT. NEGOTIATE AND EXECUTE A PURCHASE AND SALE AGREEMENT WITH SYLMAR COURT, L.P. NOT TO EXCEED \$3,100,000 FOR THE ACQUISITION OF PARCELS AT 12415-12421 SAN FERNANDO ROAD AND 14938 ASTORIA STREET; AND NEGOTIATE AND EXECUTE AN EXCLUSIVE NEGOTIATION AGREEMENT WITH SYLMAR COURT, L.P.; EXPEND UP TO \$800,000 FOR SITE MANAGEMENT; AND RELATED ACTIONS FOR DEVELOPMENT OF THE MIXED-USE SYLMAR COURT APARTMENTS, INSIDE AND OUTSIDE THE EARTHQUAKE DISASTER ASSISTANCE PROJECT FOR PORTIONS OF COUNCIL DISTRICT 7 (PACOIMA/PANORAMA CITY PROJECT AREA). (Councilmember Alarcón – CD #7)
9/1/2011		CANCELLED
9/15/2011	4	Reseda Theater Lofts Disposition. Public hearing and various actions related to approval and execution of a Disposition, Development and Loan Agreement with Reseda Theater Family Housing, L.P., for the sale of the CRA/LA owned properties at 18447 Sherman Way and 7217-7227 Canby Avenue at the fair reuse value of \$0 and for financing in an amount not to exceed \$1,572,010 for the development of the Reseda Theater Lofts mixed use project, in the Earthquake Disaster Assistance Project for Portions of Council District Three (Councilmember Zine – CD #3)
	5	EAST AND WEST VALLEY REGION BUSINESS ASSISTANCE PROGRAMS. ESTABLISH AND IMPLEMENT THE WEST VALLEY REGION BUSINESS ASSISTANCE PROGRAM IN THE EARTHQUAKE DISASTER ASSISTANCE PROJECT FOR PORTIONS OF COUNCIL DISTRICT THREE PROJECT AREA (RESEDA/CANOGA PARK) NOT TO EXCEED \$1,500,000 AND AMEND EAST VALLEY REGION BUSINESS ASSISTANCE PROGRAM MATCHING FUND REQUIREMENT (Councilmembers Krekorian, Zine, LaBonge, Cardenas & Alarcón – CD’s # 2, 3, 4, 6 and 7)
	6	CONSTRUCTION CONTRACT FOR MAGNOLIA BOULEVARD COMMERCIAL FAÇADE IMPROVEMENTS. CONSTRUCTION CONTRACT WITH VENTURA CONSTRUCTION, INC. NOT TO EXCEED \$450,000 FOR CONSTRUCTION OF COMMERCIAL FAÇADE IMPROVEMENTS FOR PROPERTIES LOCATED AT 10707, 10715, 10729, 10733, 10751-59, 10853-65, AND 11130 MAGNOLIA BOULEVARD IN THE NORTH HOLLYWOOD REDEVELOPMENT PROJECT AREA (Councilmember LaBonge – CD #4)
	7	INDUSTRIAL INFRASTRUCTURE DESIGN CONTRACT. AWARD CONTRACT TO DAVID EVANS & ASSOCIATES, INC. NOT TO EXCEED \$368,915 RELATIVE TO ENGINEERING DESIGN SERVICES FOR THE INDUSTRIAL INFRASTRUCTURE PROJECT IN THE NORTH HOLLYWOOD REDEVELOPMENT PROJECT AREA (Councilmember LaBonge – CD #4)
	8	Child Development Institute DDA AMENDMENT AND \$142,000 FUNDING INCREASE. Amend Disposition and Development Agreement with Child Development Institute to increase funding by \$142,000 from \$715,000 to \$857,000 for related costs of additional structural and electrical upgrades required by the Los Angeles Department of Building & Safety during rehabilitation of the former Canoga Park Library, at 7260 Owensmouth Avenue in the Disaster Assistance Project for Portions of Council District Three (Councilmember Zine – CD #3)
10/6/2011	9	Youth policy institute hollywood familysource center. grant funding agreement WITH youth policy institute to PROVIDE A CONDITIONAL GRANT OF UP TO \$120,000 TO increase provision of social and economic development services to residents in the hollywood redevelopment project area (Councilmembers LaBonge and Garcetti – CD #4 & #13)
10/20/2011		NO ITEMS
11/3/2011		NO ITEMS
11/17/2011		CANCELLED
12/1/2011	10	DOWNTOWN SAN PEDRO PUBLIC IMPROVEMENTS. CALIFORNIA HEALTH & SAFETY CODE SECTION 33445 FINDINGS FOR CRA/LA FUNDING FOR PUBLIC IMPROVEMENTS TO CITY-OWNED LILYAN FIERMAN WALKWAY (APN #7455-004-902) AND INSTALLATION OF STREET FURNITURE IN PACIFIC CORRIDOR REDEVELOPMENT PROJECT AREA (IN AN AMOUNT NOT TO EXCEED \$475,000) AND INSTALLATION OF STREET FURNITURE IN BEACON STREET REDEVELOPMENT PROJECT AREA (IN AN AMOUNT NOT TO EXCEED \$25,000)
12/15/2011	11	ESTABLISH AND FUND EASTSIDE REGION BUSINESS ASSISTANCE PROGRAM. ESTABLISH AND IMPLEMENT WITH AN INITIAL \$550,000 ALLOCATION A BUSINESS ASSISTANCE PROGRAM WITHIN THE ADELANTE EASTSIDE REDEVELOPMENT PROJECT AREA
	12	HOLLYWOOD FREEWAY CENTRAL PARK MEMORANDUM OF UNDERSTANDING. NEGOTIATE AND EXECUTE A TRI-PARTY MEMORANDUM OF UNDERSTANDING WITH CITY OF LOS ANGELES, ACTING BY AND THROUGH ITS BUREAU OF ENGINEERING, AND FRIENDS OF THE HOLLYWOOD CAP PARK AND TRANSFER NOT TO EXCEED \$2,000,000 TO THE CITY OF LOS ANGELES BUREAU OF ENGINEERING TO SERVE AS LEAD AGENCY FOR PREPARATION OF ENVIRONMENTAL ANALYSES AND/OR THE ENVIRONMENTAL IMPACT REPORT AND ENVIRONMENTAL IMPACT STATEMENT FOR THE HOLLYWOOD FREEWAY CENTRAL PARK IN THE HOLLYWOOD REDEVELOPMENT PROJECT AREA