

MEMORANDUM

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DATE: APRIL 6, 2017

TO: GOVERNING BOARD

FROM: STEVE VALENZUELA, CHIEF EXECUTIVE OFFICER

STAFF: BARRON MCCOY, CHIEF OPERATING OFFICER
DANIEL KAHN, SR. REAL ESTATE DEVELOPMENT AGENT

SUBJECT: REAL PROPERTY LISTING AGREEMENT. Amendment to the real property Listing Agreement between CRA/LA and Cushman & Wakefield to add Asset ID No. 243 and to revise the commission schedule.

RECOMMENDATION

That the Governing Board approve an amendment to the commercial brokerage Listing Agreement between CRA/LA and Cushman & Wakefield (“Cushman”) to add Asset ID No. 243 (the “Westlake Theatre”) and revise the sales commission rate to five percent (5%) for the Westlake Theatre asset.

SUMMARY

Approval of the recommended action would authorize a five percent (5%) sales commission to Cushman for the sale of the Westlake Theatre located at 634 Alvarado Street. The Westlake Theatre was included in the Retain for Future Development category of the Long Range Property Management Plan and was subject to an Option Agreement. On February 12, 2017, the City of Los Angeles (the “City”) terminated the Option Agreement and the Westlake Theatre was reclassified into the For Sale category.

CRA/LA, unlike the City, will not prescribe any particular use of the theater. Albeit, given the disrepair of the theater, the theater’s lack of parking and the theater’s designation as a City of Los Angeles Historic Monument and its inclusion on the Secretary of Interior’s National Register of Historic Places, CRA/LA anticipates it will take an extensive marketing effort to sell the property, including an initial marketing and outreach period of 90 days and personalized outreach between Cushman and potential buyers, (i.e., emails, phone calls, face-to-face meetings).

PREVIOUS ACTIONS

May 7, 2015 – Governing Board approval to execute a listing agreement with Cushman & Wakefield for fifty (50) real property assets in the For Sale category of the Long Range Property Management Plan (“LRPMP”).

October 2, 2014 – Governing Board approval to enter into Exclusive Listing Agreements for real estate brokerage services in conjunction with the implementation of the Long Range Property Management Plan.

DISCUSSION & BACKGROUND

The City requested and the Oversight Board and Department of Finance approved the Westlake Theatre property be retained for future development. On January 8, 2015, the City and CRA/LA entered into an Option Agreement providing the City with an initial term of three years to negotiate with developers on the acquisition of the asset. On January 12, 2016, the City of Los Angeles issued a Request for Proposal ("RFP") for a 1.2 acre mixed-use project including the Westlake Theatre and four City-owned adjacent properties located on Westlake Avenue. The City's vision entailed restoration of the historic Westlake Theatre and its reuse principally as a live performance venue. No proposals were submitted by the May 16, 2016 deadline. After due consideration, the City concluded that the asset should be returned to CRA/LA and the Option Agreement terminated. The LRPMP provides that the returned asset should be marketed for sale.

Given the asset's condition and the unsuccessful marketing by the City, Cushman believes it will expend higher costs to effectively market the asset and has requested a higher commission rate in their listing agreement. The proposed commission rate of five percent (5%) will only apply to the Westlake Theater as a one-off transaction.

SOURCE OF FUNDS

The payment of brokers' commissions will be derived from the sales proceeds from the respective transaction. In instances where the brokers' commissions are not derived from sale proceeds, Other Funds will be the funding source.

ROPS AND ADMINISTRATIVE BUDGET IMPACT

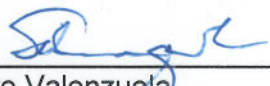
There is no ROPS impact anticipated with this action.

Net Sales Proceeds: There will be certain costs deducted from the gross sales price, including broker commissions and closing costs. All net sales proceeds received from escrow will be deposited in the Successor Agency's Community Redevelopment Property Trust Fund, and both the approved LRPMP and state law provide that the net sales proceeds are available to pay enforceable obligations. The Successor Agency will call on these net sales proceeds and Other Funds, as available, prior to requesting RPTTF through the ROPS process to pay enforceable obligations.

ENVIRONMENTAL REVIEW

The proposed action does not constitute a Project pursuant to the California Environmental Quality Act (CEQA).

By:



Steve Valenzuela
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.