

MEMORANDUM

7

DATE: JUNE 1, 2006 MD2010

TO: AGENCY COMMISSIONERS

FROM: CECILIA V. ESTOLANO, CHIEF EXECUTIVE OFFICER

RESPONSIBLE PARTIES: OSCAR JAUREGUI, PROJECT MANAGER
HELMI HISSERICH, REGIONAL ADMINISTRATOR

SUBJECT: CONSIDERATION OF A REQUEST BY IVAN NEWMAN & BARBARA NEWMAN FOR THE ISSUANCE OF A CERTIFICATE OF CONFORMANCE PURSUANT TO SECTION 700 OF THE OWNER PARTICIPATION RULES FOR THEIR PROPERTY LOCATED AT 5057 WEST ADAMS BOULEVARD, WITHIN THE MID-CITY RECOVERY REDEVELOPMENT PROJECT AREA
HOLLYWOOD/CENTRAL REGION (CD 10)

RECOMMENDATIONS

That the Agency consider and deny the request by Ivan J. Newman & Barbara R. Newman (“Newmans”) for the issuance of a Certificate of Conformance pursuant to Section 700 of the Rules Governing Participation By Property Owners And Preferences For Business Occupants To Re-Enter In Business Within The Mid-City Recovery Redevelopment Project Area (“Owner Participation Rules”) for their property located at 5057 West Adams Boulevard.

SUMMARY

On March 2, 2006, the Newmans and their attorney, Mr. Christopher Sutton, requested that the Agency Board consider the issuance of a Certificate of Conformance for their property located at 5057 West Adams Boulevard pursuant to Section 700 of the Owner Participation Rules.

Section 700 of the Owner Participation Rules states, in relevant part: “. . . as an alternative to requiring a Participation Agreement for each *property not to be purchased or subject to Agency acquisition by eminent domain*, the Agency *may* determine that certain real properties within the Project Area meet the requirements of the Redevelopment Plan. The Agency *may* deem such properties to be conforming properties . . . A certificate of conformance to this effect *may* be issued by the Agency and recorded.” [*emphasis added*]

In other words, Certificates of Conformance are issued at the Agency’s sole discretion and election for property which conforms to the redevelopment plan and which is not to be purchased or subject to Agency acquisition by eminent domain. A public hearing by the Agency Board is not required by the Owner Participation Rules in determining whether or not a

Certificate of Conformance should be issued. This item was placed on the agenda for Board consideration based on Newmans' specific request.

Through the issuance of Statement of Interest ("SOI") letters and Requests for Proposals ("RFP"), the Agency has, on numerous occasions, expressed interest in the potential development of an area that includes the Newmans' property. In fact, the Agency is currently negotiating with a developer to potentially develop the said area. Please see below for further discussion of the SOI, RFP, and negotiation process. Since the Agency may want to acquire the Newmans' property in furtherance of the Mid-City Redevelopment Plan ("Redevelopment Plan"), the Agency cannot find that the Newmans' property is "not to be purchased or subject to Agency acquisition by eminent domain." (Section 700 of the Owner Participation Rules) Accordingly, it is not appropriate for the Agency to issue a Certificate of Conformance pursuant to Section 700.

In June of 2004, Agency staff signed off on a Department of Building and Safety permit clearance form in connection with a proposed change in use of the Newmans' property from a bank to an auto parts retail store. Staff sign off of that form does not speak to the issue of whether or not the Agency is interested in the potential redevelopment of a property. Such threshold issue is of primary concern in considering the issuance of a Certificate of Conformance pursuant to Section 700 of the Owner Participation Rules.

RE

Initial action.

SOURCE OF FUNDS

This action will not require the expenditure of Agency funds.

PROGRAM AND BUDGET IMPACT

This action is consistent with the approved FY '06 budget and work program for the Mid-City Recovery Redevelopment Area.

ENVIRONMENTAL REVIEW

The recommended action does not constitute a project as defined by CEQA.

BACKGROUND

Since the adoption of the Mid-City Redevelopment Project in 1996, the Agency has been trying to encourage integrated and cohesive economic development in an area bounded by Adams Boulevard and the Santa Monica Freeway between La Brea Avenue and Redondo Boulevard ("Potential Redevelopment Site"). The proposed development site totals 11.6 acres and includes 77 units of existing housing and 20 existing businesses. The Newmans' property is located within the Potential Redevelopment Site. Throughout the years, the Agency has expressed its interest in developing the Potential Redevelopment Site in various ways, including: (i) sending out SOI letters in September of 1998, (ii) issuing a RFP in December of 1998, (iii) negotiating with Adams La Brea Development LLC from March 1999 to February

2003 regarding a potential development, (iv) sending out new SOI letters in June of 2004, and (v) issuing a new RFP in November of 2004.

As a result of the most current RFP, Agency staff is currently in negotiations (under an Exclusive Negotiation Agreement) for a Disposition and Development Agreement with J. H. Snyder Group, LLC for the development of a mixed-use commercial/residential project within the Potential Redevelopment Site.

It is the Agency's policy, as well as the intent of the Redevelopment Plan, to encourage owner participation in the redevelopment of the project area. Prior to issuance of the RFP and in compliance with the Agency's Owner Participation Rules, Agency staff solicited responses and proposals through SOI letters, via certified mail, from all property owners and tenants who could be affected by the Agency's proposed redevelopment of the Potential Redevelopment Site. Property owners and tenants were given the opportunity to advise the Agency of their interest in participating in all or any part of the potential future development, by suggesting alternatives, or by developing other property anywhere within the Project Area, before the Agency issued the RFP.

The Newmans submitted a SOI response stating that their property was already developed and that it should be removed from the proposed development site. Staff's determination was that the Newmans' Statement of Interest did not meet the objectives of the Redevelopment Plan. The Newmans were informed that the Agency would proceed with the issuance of the RFP and were encouraged to formally respond to the RFP. The Agency did not receive any RFP response from the Newmans.

Cecilia V. Estolano
Chief Executive Officer

There is no conflict of interest known to me that exists with regard to any Agency officer or employee concerning this action.

ATTACHMENTS

A. Project Location Map