

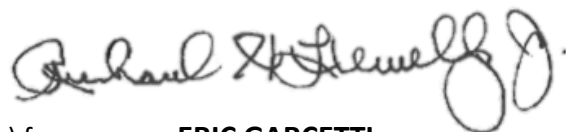
TRANSMITTAL

To: **THE COUNCIL**

Date: **10/21/21**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in black ink, appearing to read "Eric Garcetti". The signature is written in a cursive, flowing style.

(Rich Llewellyn) for

ERIC GARCETTI
Mayor

CITY OF LOS ANGELES

CALIFORNIA

CAROLYN M. HULL
GENERAL MANAGER

**ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT**

1200 W. 7TH STREET
LOS ANGELES, CA 90017



ERIC GARCETTI
MAYOR

October 20, 2021

Council File: 10-1068
Council District No: 8
Contact Person:
Fred Jackson
Phone: (213) 744-9723

The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall

Attention: Heleen Ramirez, Legislative Coordinator

TRANSMITTAL: REQUEST THAT CITY COUNCIL DECLARE TWO CITY-OWNED PROPERTIES AS “SURPLUS LAND” IN COMPLIANCE WITH STATE LAW REQUIREMENTS, AND AUTHORIZE EWDD TO SELL THE PROPERTIES FOR FAIR MARKET VALUE

The General Manager of the Economic and Workforce Development Department (EWDD), or designee, respectfully requests that your office review and approve this transmittal and forward to the City Council for further consideration.

SUMMARY

EWDD is requesting that City Council declare two foreclosed properties as Surplus Land under the California Surplus Land Act, and authorize EWDD to sell the surplus properties in order to recover a federal Community Development Block Grant (CDBG) funds default through a City CDBG business support loan, and recover General Fund monies expended to retain, manage and maintain the properties.

EWDD proposes to sell the Properties “AS IS”, for Fair Market Value. Prospective buyers will be provided with real estate disclosures as required by law. Each sale transaction will be subject to existing and proposed covenants, conditions, restrictions, reservations, encroachments, easements, rights, and rights of way of record.

RECOMMENDATIONS

The General Manager of EWDD, or designee, respectfully requests that the Los Angeles City Council, subject to the approval of the Mayor as required:

1. DETERMINE that the public interest is best served by declaring two City of Los Angeles (City) owned residential properties located at 5510 S. Manhattan Place, Los Angeles, CA 90062, Assessor Parcel Number (APN) 5005-031-900 (Manhattan Property) and 12243 Blakley Avenue, Los Angeles, CA 90059, APN 6148-021-270 (Blakley Property) (collectively Properties), as "surplus land", land owned by any local agency, that is determined to be no longer necessary for the agency's use," (Cal Gov Code § 54221); and FIND that the City has previously met the notice and other requirements of the Surplus Land Act then in effect at the time of previous actions of the City Council;

FIND and DETERMINE that the public interest is best served by the disposal of the Properties in accordance with City policies and any applicable provisions including California Redevelopment Law and AB 1486 (collectively Provisions);

2. AUTHORIZE the General Manager of EWDD, or designee to negotiate and execute all documents necessary for the disposal of the Properties with a selected prospective buyer or buyers in accordance with City policies and applicable Provisions, subject to the approval of the City Attorney as to form;
3. AUTHORIZE EWDD to utilize a Real Estate Brokerage or Auction Service available through any City or other Government agency prequalified source, with assistance from the City's General Service Department's Real Estate Services, or sole source the services to a Real Estate Brokerage firm;
4. REQUEST the City Attorney to prepare and present a Grant Deed, Sale Ordinance and any related documents necessary to effectuate the City's disposal of the individual Properties;
5. AUTHORIZE EWDD to be the implementing department to determine and expend from the sales proceeds the amount necessary to pay for City's required closing costs, broker fees and other related costs upon issuance of the good faith estimate from an escrow company;
6. AUTHORIZE the General Manager of EWDD, or designee, upon receipt of net sales proceeds to deposit the respective portion of said proceeds into the City's General Fund and Community Development Block Grant Fund as indicated below;
7. AUTHORIZE the General Manager of EWDD, or designee, to prepare Controller instructions and/or make technical corrections or adjustments that may be required and are consistent with these City Council and Mayoral actions, subject to the approval of the City Administrative Officer (CAO); and
8. REQUEST the Controller and/or other City departments to implement those instructions.

FISCAL IMPACT STATEMENT

The proposed transaction will not have a negative fiscal impact to the General Fund. Sale proceeds shall be allocated to City accounts in the order as set forth in detail below:

- Past due Los Angeles County property taxes for the Blakely Property, estimated at \$13,970 (Attachment "B");
- Customary escrow and broker fees associated with the sale of the Properties, estimated at \$35,000;
- General Fund reimbursing the \$49,118 loan payment for Bank of America senior lien (CF:10-1068-S1);
- Remaining principal balance of the CDBG loan amount of \$101,236.92 (CF:94-0561);
- Fifty percent of any remaining balance from the sale of the Manhattan Property shall be deposited into the Real Property Trust Fund of Council District 8 and the remaining fifty percent into the EWDD Trust fund ("EDTF") (CF:16-0931, Ordinance No. 185956); and
- Fifty percent of any remaining balance from the sale of the Blakely Property shall be deposited into the General Fund, as this property is not within a Council District, and fifty percent into the EWDD Trust Fund.

The amount of sale proceeds that will be deposited into the General Fund, EDTF and Council District Real Property Trust Fund is unknown at this time.

BACKGROUND

In April 1994, the City's Community Development Department (CDD) made a business support loan of \$450,000 using federal CDBG funds to Tri-Afram Enterprises, Inc. (Tri-Afram) (CF 94-0561). The loan was secured by three single family dwellings as follows:

- 12243 Blakley Avenue, Los Angeles, California (Blakley Property)
- 5510 S. Manhattan Place, Los Angeles, California (Manhattan Property)
- 1119-1121 Crescent Heights Boulevard (Crescent Heights Property)

Tri-Afram immediately defaulted on the loan. Tri-Afram made one partial repayment of the principal balance in the amount of \$348,263.08. to the City in December 2009. The partial payment resulted from the net proceeds of Tri-Afram's voluntary sale of the Crescent Heights Property.

In January 2010, a trustee sale was conducted for the Blakley and Manhattan Properties; however, no bids were received. As a result, the ownership of the Blakley and Manhattan Properties were transferred to the City.

In October 2010, the City Council approved the payment of the remaining mortgages and, in order to recover the outstanding balance on the defaulted-City loan, requested that City departments determine the appropriate methodology for disposing of the Blakley and Manhattan properties, which were otherwise not needed for the City's use, via the City's then operating surplus property process (C.F. 10-1068 and C.F. 10-1068-S1).

In February 2011, written notices of availability for the two remaining City-owned surplus properties were provided in compliance with the then-operative version of Cal Gov Code § 54222. By April 25, 2011, more than sixty (60) days after distributing the notices of availability, the City had received no notices of interest in the two properties from any entity or association desiring to purchase or lease the surplus land for any of the purposes authorized by [Cal Gov Code § 54222]. Most notably, the City did not receive any responses or notices of interest from any Housing Sponsors, as defined by § 50074 of the Health and Safety Code, regarding the two properties.

In August 2021, the City received confirmation from the state's Department of Housing and Community Development (HCD) that the disposition of the two City-owned surplus properties is subject to the version of the Surplus Land Act that was law at the time the City of Los Angeles determined there was a surplus and initiated the noticing (to wit, 2011). Accordingly, despite unforeseen delays, the City has now complied with all requirements of the Surplus Land Act and is now ready to proceed with disposing of the properties.

PROPERTY DESCRIPTIONS

APN	LOT SIZE- sq ft	BLDG SIZE-sq ft	CD
5005-031-900	5,958	1,300	8
6148-021-270	6,198	1,177	N/A

(Depicted in Attachment "A")

Currently, neither property is owner occupied, the Manhattan Property is vacant, and the Blakley Property has an unauthorized occupant residing in the property. The Properties have become nuisance properties for the City. Both Properties suffer from extensive deferred maintenance. In the past the City has been cited for failing to maintain the properties and continues to receive complaints from the neighbors about the condition of the Properties as well as trespassing by unauthorized individuals.

Recent events, include a fire, break-ins, vandalism, and the cancellation of the property management agreement for the Properties. Continued maintenance of both Properties is estimated to cost the City more than Sixteen Hundred Dollars per month.

The immediate sale of the Properties will protect the public, eliminate liability and, additional expense to address continued deterioration as well as prevent future break-ins, trespassing and vandalism. Funds recovered through the sale will be placed in appropriate accounts and repurposed for future city priorities.

Carolyn Hull

CAROLYN M. HULL
General Manager

CH:FJ:ks

2011



MAPPING AND GIS SERVICES SCALE 1" = 60'



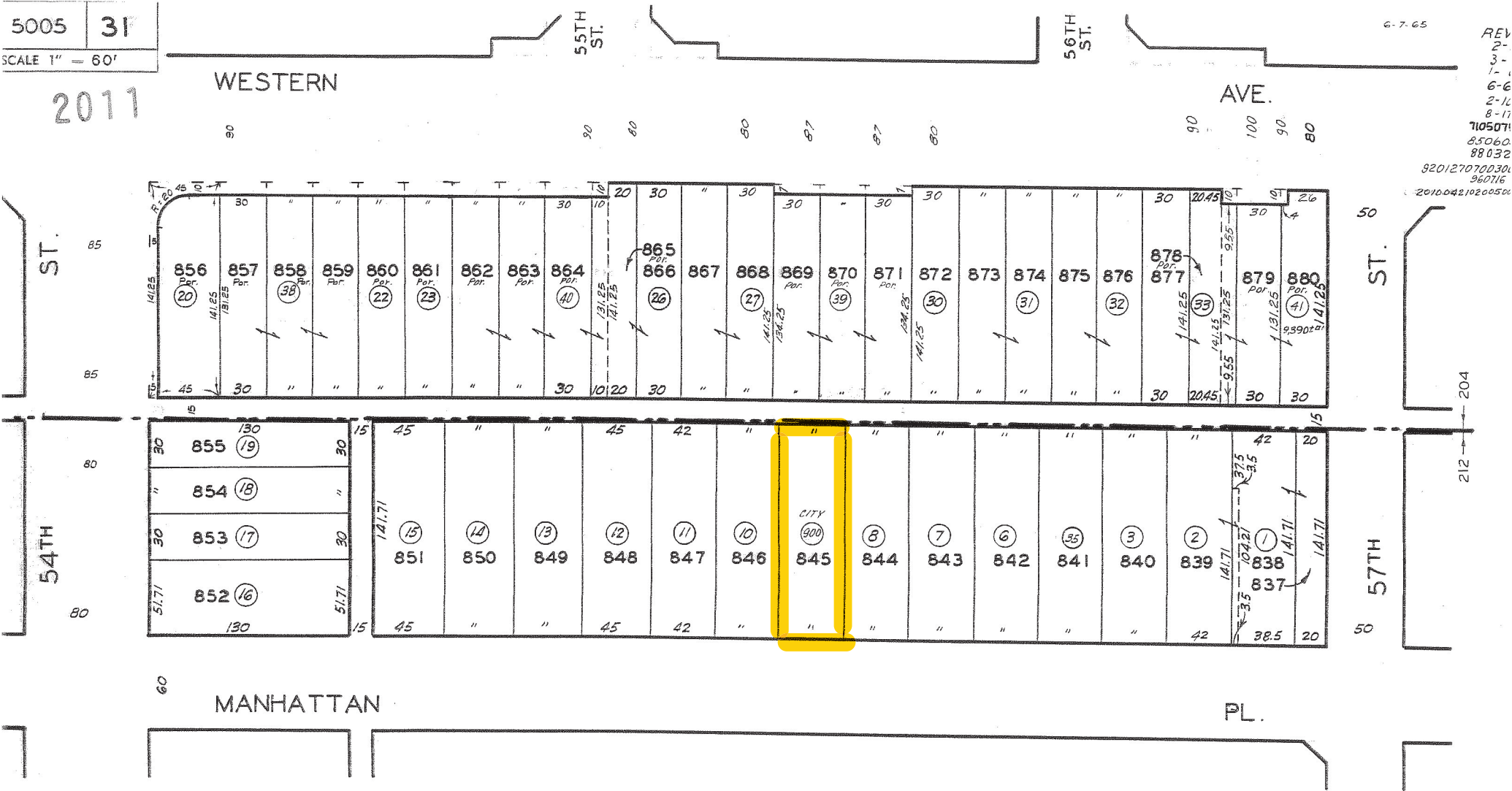
ALL 270 SERIES PARCELS ON THIS PAGE ARE ASSESSED TO THE CITY OF LOS ANGELES, UNLESS OTHERWISE NOTED

5005 31
SCALE 1" = 60'

2011

6-7-65

REV
2-1-1
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6-6
2-12
8-17
7105071
85060
88032
9201270700301
960716
2010.04210200501



CODE
212
204

CHESTERFIELD SQUARE

M. B. 21-90-91

LOS ANGELES COUNTY TAX COLLECTOR

225 NORTH HILL STREET, LOS ANGELES, CA 90012

STATEMENT OF PRIOR YEAR TAXES

AS OF 09/04/20

PARCEL INFORMATION

PIN: 7R7M0F

SPECIAL INFORMATION

ASSESSOR'S ID NO **6148 021 270** YRSEQ

AIN

0028346-0028346 LETR 1----- GEN001 916531 DEFTXBLE



L A CITY
1200 W 7TH ST 6TH FL
LOS ANGELES CA 90017-2659



TAX DEFAULTED IN 2018 FOR UNPAID TAXES OF 2017.
DIRECT ASSESSMENT HAS BEEN CHANGED FOR YEARS WITH
† SYMBOL.

DESCRIPTION

TR=13214 LOT 172

ASSESSOR'S ID NO.	YRSEQ	D/O YR	TAX AMOUNT		PENALTY & COST		REDEMPTION PENALTY	TOTAL
			ORIGINAL	BALANCE	ORIGINAL	BALANCE		
6148 021 270	17000	18	2353.44	2353.44	245.34	245.34	953.14	3551.92
6148 021 270	18000	19	2423.85	2423.85	252.38	252.38	545.36	3221.59
6148 021 270	19000†	20	2540.60	2540.60	264.05	264.05	114.32	2918.97

	TOTAL	7317.89		761.77		1612.82	9692.48
					REDEMPTION FEE:		15.00
					AMOUNT TO PAY:		9707.48*

*ADD \$109.76 PENALTY PER MONTH, FROM 10/20, IF NOT PAID BY 10/04/20.

12243 BLAKLEY AVE
LA, CA 90059.
- Compton -



ANY RETURNED PAYMENT MAY BE SUBJECT TO A FEE UP TO \$50.00

PRT 071052

DETACH AND MAIL THIS STUB WITH YOUR PAYMENT

STATEMENT OF PRIOR YEAR TAXES

**PLEASE SEE
REVERSE FOR
PERTINENT
INFORMATION**

L A CITY
1200 W 7TH ST 6TH FL
LOS ANGELES CA 90017-2659

YR SEQ	MPBK	PGE	PCL	PK	TYPE	AK	DSEQ
00 000	6148	021	270	7	1	0	000

**TOTAL DUE
9707.48**

INDICATE AMOUNT PAID

MUST BE RECEIVED BY: 10/04/20
CMP DTE 2009 TAX DEF 2018
LOAN ID: _____

3915

MAKE PAYMENT PAYABLE TO:
Please write the ASSESSOR'S ID NO
on the lower left corner of your payment.

LOS ANGELES COUNTY TAX COLLECTOR
P.O. BOX 54088
LOS ANGELES, CA 90054-0088

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