



Community Redevelopment Agency
of the CITY OF LOS ANGELES

DATE / **MAR - 5 2009**

FILE CODE /

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CRA File No. 9002
Council District: 12
Contact Person: Craig Bullock
(213) 977-2628

Honorable Council of the City of Los Angeles
John Ferraro Council Chamber
200 N. Spring Street
Room 340, City Hall
Los Angeles, CA. 90012

COUNCIL TRANSMITTAL:

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on March 5, 2009, for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

VARIOUS ACTIONS RELATED TO:

PUBLIC HEARING AND VARIOUS ACTIONS RELATED TO APPROVAL & AUTHORIZATION OF A DISPOSITION AND DEVELOPMENT AGREEMENT WITH THE THERAPUETIC LIVING CENTER FOR THE BLIND (TLC) TO TRANSFER CRA/LA OWNED PROPERTY AT 8431 GEYSER AVENUE, NORTHRIDGE, FOR \$1.00.

RECOMMENDATION

That City Council approve(s) recommendation(s) on the attached Board Memorandum.

ENVIRONMENTAL REVIEW

The proposed Geyser Housing Project, which consists of rehabilitation and operation of a single family dwelling for six severely disabled individuals, is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Article VII.1.a(1) and (4) of the CRA/LA CEQA Guidelines.

FISCAL IMPACT STATEMENT

There is no fiscal impact to the City's General Fund, as a result of this action.

Cecilia V. Estolano, Chief Executive Officer

cc: Alan Alietti, Office of the City Clerk (Original & 3 Copies on 3-hole punch)
Lisa Johnson Smith, Office of the CAO
Ivania Sobalvarro, Office of the CLA
Helmi Hisserich, Office of the Mayor
Noreen Vincent, Office of the City Attorney
Phyllis Winger, Office of Council District 12

MEMORANDUM

2

DATE: MARCH 5, 2009 RP1990

TO: CRA/LA BOARD OF COMMISSIONERS

FROM: CECILIA V. ESTOLANO, CHIEF EXECUTIVE OFFICER

RESPONSIBLE
PARTIES: W. JAY VIRATA, REGIONAL ADMINISTRATOR
BRIAN PENDLETON, PROJECT MANAGER
CRAIG BULLOCK, ASSOCIATE PLANNER

SUBJECT: PUBLIC HEARING AND VARIOUS ACTIONS RELATED TO
APPROVAL & AUTHORIZATION OF A DISPOSITION AND
DEVELOPMENT AGREEMENT WITH THE THERAPUETIC
LIVING CENTER FOR THE BLIND (TLC) TO TRANSFER CRA/LA
OWNED PROPERTY AT 8431 GEYSER AVENUE, NORTHRIDGE,
FOR \$1.00.
CD12
WEST VALLEY REGION

COMMITTEE
REVIEW: APPROVED LOAN COMMITTEE, DECEMBER 15, 2008

RECOMMENDATION

That the CRA/LA Board of Commissioners:

1. Hold a Public Hearing and request that the City Council hold a public hearing pursuant to California Health & Safety Code Section 33433 regarding the disposition of CRA/LA owned property located at 8431 Geyser Avenue, included as Attachment "A", in Northridge and request that the City Council adopt the resolution, included as Attachment "B"; and

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

2. Authorize the Chief Executive Officer or designee to execute the proposed Disposition and Development Agreement with The Therapeutic Living Center for the Blind for the development of the Geyser House Project, which consists of rehabilitating and operating a single family dwelling for six (6) severely disabled individuals, located at 8431 Geyser Avenue in Northridge.
3. Authorize the Chief Executive Officer or designee to execute all instruments and agreements required by or reasonably necessary to effectuate the Disposition and Development Agreement.

SUMMARY

Approval of the recommended actions will allow the Geyser House Project, which consists of rehabilitating and operating a single family dwelling for six (6) severely disabled individuals, to commence. TLC has an excellent track record in obtaining these HUD funds, having done so for the acquisition of its eleven (11) group homes throughout the San Fernando Valley.

RE

April 16, 1992 - CRA/LA Board of Commissioners approval of a \$200,000 loan agreement to Project Headway for the purpose of acquiring and rehabilitating a single-family dwelling located at 8431 Geyser Avenue in Northridge.

SOURCE OF FUNDS

The recommended action does not require any additional CRA/LA funds.

The Property to be conveyed to TLC was originally acquired using Bunker Hill Replacement Housing Trust Funds.

PROGRAM AND BUDGET IMPACT

The recommended actions do not require any CRA/LA funds and therefore this action does not have any fiscal impact on CRA/LA funds.

ENVIRONMENTAL REVIEW

The proposed Geyser Housing Project, which consists of rehabilitation and operation of a single family dwelling for six severely disabled individuals, is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Article VII.1.a(1) and (4) of the CRA/LA CEQA Guidelines.

BACKGROUND

The subject property is a 2,676 sq. ft. single family dwelling with four bedrooms, two baths and a large backyard. It has been vacant since 2002 and is in a severely deteriorated condition. The surrounding residents are anxious to see this home rehabilitated and put back into a productive use. They are also supportive of its use as a six-bed residential care facility.

In 1992, the CRA/LA entered into a loan agreement in the amount of \$200,000 with Project Headway, a non-profit corporation created to provide residential care facilities for adults who had suffered severe head injuries. At the same time and using HUD's Permanent Housing Program, the State Department of Housing and Community Development (HCD) made a \$191,500 loan to Project Headway to assist with the acquisition and adaptive reuse of the dwelling as a residential care facility. The HCD loan is deferred but accrues annual simple interest at 3%. A covenant, recorded by the CRA/LA in 1992 remains on the property restricting the use of the property as a residential care facility for disabled adults.

The CRA/LA approved a loan to Project Headway on April 16, 1992 for the purpose of acquisition and rehabilitation of the property. Using Bunker Hill Replacement Housing Trust Funds, Project Headway acquired the property and began to rehabilitate it in 1996.

In 2002 Project Headway declared bankruptcy and closed its facility with only a portion of the rehabilitation work having been completed. The property has been vacant since then. In June 2006 the CRA/LA accepted a Deed in Lieu of Foreclosure and notified HCD of this action and its intent to find a substitute non-profit organization to operate the facility as originally intended. The CRA/LA and HCD have been working together toward this end. Staff has requested that HCD consider forgiving the accrued interest in its loan. HCD has agreed to provide six (6) years credit, leaving 14 years remaining on the loan and re-originating the loan, at its original face value, with the new operator. TLC has agreed to this agreement. The property was appraised in February 2006, and a fair market value of \$635,000 was determined. The property value, however, has significantly declined as a result of the deteriorating housing market. The property was appraised on August 19, 2008 and was determined to have a value of \$440,000.

Section 33433 of the California Health and Safety Code requires the CRA/LA to identify the value of the interests being conveyed by the CRA/LA pursuant to a Disposition and Development Agreement ("DDA"). Staff has prepared a reuse valuation of the Project, dated November 7, 2008, based on the financial terms and conditions imposed by the DDA. The analysis concluded that the fair reuse value of the CRA/LA parcel is a negative value of \$78,300. The sales price of the property would be \$1.

The CRA/LA issued a letter of solicitation to the three major San Fernando Valley non-profit organizations, which operate residential care facilities and therapeutic day programs for their residents. Staff considers this latter program component to be important from the standpoint of quality of life for the residents. It was also the major criterion used by HUD in 1991 for the award of funds under its Permanent Housing Program. The three non-profits receiving the RFP were Therapeutic Living Center for the Blind (TLC), Valley Village and New Horizons. Two proposals were received, from Valley Village and TLC. Evaluation criteria were: experience in owning and operating like residential facilities and operating quality therapeutic day care programs, experience in securing HUD acquisition and operating funds, experience in the rehabilitation of similar residences, including completeness of the cost estimates for the Geyser property, and track record in administering CRA/LA funds. Both proposals received positive evaluations from the standpoint of experience and capacity. Both proposals estimated a rehabilitation cost of \$600,000. However, only TLC provided substantiation of this estimate.

TLC, its contractor and its architect have conducted several walk-throughs of the dwelling and have submitted a work write-up and cost estimate for its substantial rehabilitation. The estimated cost is \$600,800. The cost of rehabilitation is attributable to the fact that the house is in very poor condition and the need to adapt the space for use by visually impaired, and severely disabled adults. Funds for the rehabilitation of the home will come from a grant from Homeaide, a non-profit that provides volunteer labor and materials for new and rehabilitated disabled housing. No lien will be filed on the property as a result of this grant. The Los Angeles Fire Department requires that bedrooms must be at least 160 sq. ft. This will also allow the bathrooms to be brought up to ADA standards. The corridors must be widened to approximately 48 inches to meet handicapped access requirements. The kitchen must be reconfigured to allow for staff to have maximum visibility of the rest of the living areas as well as making it wheelchair accessible.

The actual living space in the house must be totally rehabilitated to meet the needs of the visually impaired residents. Currently the floor plan's flow severely compromises the independence of the residents. TLC has found that, by creating open, unobstructed spaces, various flooring transitions can be created to help residents "define" the spaces in the home while eliminating dangerous obstacles.

Additional significant costs include fire sprinklers, a new roof and some grading issues since there is evidence of water intrusion into the house from the backyard.

Therapeutic Living Centers for the Blind (TLC) was incorporated as a non-profit corporation in 1975 for the purpose of providing service-enriched residential facilities for children with multiple disabilities and blindness. At that time no such program existed, and parents were forced to place their children in large institutional settings or keep them at home with no programming.

TLC has provided residential and day program services to adults and youth for more than 25 years throughout the San Fernando Valley, but clientele come from all over the City and the County. TLC currently provides housing for 84 adults in 11 homes, offering an array of service options. It has also taken a leading role in its day program services, providing supported employment and training, and skill acquisition for daily living, communication, orientation, mobility, fitness and home management. These day program services are provided at one adult development center serving 195 individuals.

Currently, TLC has an annual operating budget of over \$5 million. All programs and facilities are self-sufficient. In addition to its aggressive private fund-raising efforts, TLC's funding comes from Federal, State and local sources.

The CRA/LA entered into a Conditional Grant Agreement with TLC on October 17, 2006 for the acquisition and rehabilitation of a six-bed residential care facility for severely disabled adults, located at 7355 Shoup Avenue in West Hills.

Councilman Greig Smith and the Citizens Advisory Committee (CAC) are supportive of this action.

Cecilia V. Estolano
Chief Executive Officer

By:



Glenn F. Wasserman
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.

Attachment A: Location Map

ATTACHMENT "A"

Reseda / Canoga Park Recovery Redevelopment Project Area

Community
Redevelopment
Agency

8431 Geyser Ave.
Northridge 91324
APN: 2785-013-900

