

REPORT OF THE CHIEF LEGISLATIVE ANALYST

May 26, 2009

TO: Honorable Members of the Housing, Community
and Economic Development Committee

FROM: Gerry F. Miller  Assignment No.: 09-03-0448
Chief Legislative Analyst Council File No.: 09-0515

CRA - Disposition and Development Agreement with Therapeutic Living Center for the Blind

SUMMARY

The Community Redevelopment Agency (Agency) requests authority to execute a Disposition and Development Agreement (DDA) with Therapeutic Living Center for the Blind (TLC) to transfer Agency-owned property located at 8431 Geyser Avenue in Northridge (Property; Geyser House) for an amount not to exceed \$1.00. In addition, the Agency requests that Council adopt a Resolution (Attachment A) finding that the Agency has taken the necessary steps to complete the transaction and that the sale of the Property: (1) will assist in the elimination of blight; and (2) is consistent with the Agency's Five-Year Implementation Plan. No Agency funds are required for this action.

In 1992, the Agency approved a \$200,000 loan to Project Headway for the acquisition and rehabilitation of the Property into a residential care facility. In addition to the Agency loan, Project Headway obtained a \$191,500 loan from the State Department of Housing and Community Development (HCD). At that time, the Agency recorded a covenant on the Property restricting its use to a residential care facility for disabled adults.

In 2002, Project Headway declared bankruptcy and left the Property vacant with only a portion of the rehabilitation work completed. The Agency accepted a Deed in Lieu of Foreclosure in 1996 in order to satisfy the Agency loan which was unable to be repaid by Project Headway. The HCD loan was deferred, but has been accruing annual simple interest at three percent. After discussions with the Agency, HCD has agreed to: (1) forgive six years worth of interest on the loan (leaving 14 years remaining); and (2) reoriginate the loan at its original face value with the new operator.

The Property was last appraised on August 19, 2008 with a value of \$440,000. According to the Agency, the cost to rehabilitate the Property and the residing dwelling is \$600,800. Agency staff has determined that, in its current condition, the Property has a negative value and should therefore be sold to TLC for \$1.00. Upon acquisition of Geyser House, TLC has proposed to rehabilitate and operate the facility for six disabled individuals.

RECOMMENDATIONS

That the City Council:

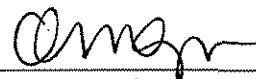
1. Adopt a Resolution (Attachment A) finding that the Agency has taken the necessary steps to complete the transaction and that the sale of the Property: (1) will assist in the elimination of blight; and (2) is consistent with the Agency's Five-Year Implementation Plan.
2. Authorize the Agency's Chief Executive Officer, or designee, to:
 - a. Execute the proposed Disposition and Development Agreement with Therapeutic Living Center for the Blind for the development of the Geyser House Project, which will consist of the rehabilitation and operation of a single family dwelling for six disabled individuals located at 8431 Geyser Avenue in Northridge; and
 - b. Execute all instruments and agreements required by or reasonably necessary to effectuate the Disposition and Development Agreement.

FISCAL IMPACT

There is no impact to the General Fund as a result of these actions.

ENVIRONMENTAL IMPACT STATEMENT

The proposed project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Agency Guidelines.



Andrea M. Galvin
Analyst

GFM:LMO:IS:amg

AMG: CRA.CD12.GeyserHouseDDA.wpd

ATTACHMENT A

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES MAKING AND APPROVING CERTAIN FINDINGS AND APPROVALS UNDER SECTION 33433 OF THE CALIFORNIA HEALTH AND SAFETY FOR THE GEYSER HOUSE PROJECT.

WHEREAS, the proposed Geyser House Project, located at 8431 Geyser Avenue in Northridge, will entail the rehabilitation of a single family home into a residential care facility housing six (6) beds for severely disabled adults by Therapeutic Living Center for the Blind (the "Developer"), a California non-profit benefit corporation; and,

WHEREAS, The Redevelopment Plan sets forth a plan for redevelopment that is consistent with the policies and standards of the General Plan of the City of Los Angeles ("City") and the goals for the Redevelopment Plan include the alleviation of blighting conditions and expanding the community's supply of housing affordable to very low, low and moderate-income households; and,

WHEREAS, The Community Redevelopment Agency of the City of Los Angeles (the "CRA/LA") holds title to the parcel of land located at 8431 Geyser Avenue in Northridge, California (the "Property"), and intends to sell the property to the Developer for \$1.00; and,

WHEREAS, pursuant to Health and Safety Code Section 33433, prior to entering into the DDA (as defined below) providing for the sale of the Property to the Developer, the CRA/LA prepared and made available for public inspection a transactional summary in accordance with Section 33433 of California Health and Safety Code (the "Initial Section 33433 Report"), which report was approved on January 15, 2009; and,

WHEREAS, in furtherance of the Redevelopment Plan, the CRA/LA subsequently entered into a Disposition and Development Agreement (the "DDA") dated January 15, 2009, with the Developer, providing for the sale of the Property to the Developer for \$1.00 to cause the rehabilitation of the Development on the Property; and,

WHEREAS, the Developer has secured funding of Six Hundred Thousand eight hundred dollars (\$600,800) from Homeaid, a non-profit specializing in the funding

and construction of residential care facilities to assist in certain predevelopment activities in connection with the Development; and,

WHEREAS, pursuant to the terms of the DDA, the Developer intends to construct and rehabilitate the single family home on the Land for the purpose of creating a six (6) bed residential care facility for severely disabled adults; and,

WHEREAS, the CRA/LA has placed a copy of the DDA, the Initial Section 33433 Report prepared in accordance with the Law, and has made the report available for public inspection and copying pursuant to Section 33433 of the Law. The Section 33433 Report is incorporated into this Resolution by this reference; and,

WHEREAS, The completion of the Development will further the CRA/LA's goal of expanding the community's supply of affordable housing to very low income households; and,

WHEREAS, The City Council and the CRA/LA Board of Commissioners conducted a duly noticed public hearing on January 15, 2009, to confirm the purchase price of the Property , pursuant to 33433 of the Law; and,

WHEREAS, by the agenda report dated January 15, 2009 accompany this Resolution and incorporated in this Resolution by this Reference (the "agenda report), the City Council has been provided with information in accordance with Section 33433 of the Law, upon which the findings and actions set forth in this Resolution are based; and,

NOW THEREFORE, BE IT RESOLVED that the City Council hereby accepts the 33433 Report by and between the CRA/LA and the Developer, which Development is located approximately one mile outside the Reseda-Canoga Park Earthquake Disaster Assistance Project Area for Portions of Council District 3.

BE IT FURTHER RESOLVED that the City Council finds that the sale of the Property will assist in the elimination of blight, is consistent with the Redevelopment Plan and that consideration for the Property is not less than the fair reuse value at the use and with the covenants, conditions and development costs authorized by the sale of the Property; and

BE IT FURTHER RESOLVED that the City Council finds and determines that the implementation of the DDA will assist in the elimination of blight and is consistent with the Five-Year Implementation Plan adopted by the CRA/LA pursuant to Health & Safety Code Section 33490; and,

BE IT FURTHER RESOLVED, this Resolution shall take immediate effect from and after its passage.

ADOPTED: _____

I hereby certify that the foregoing Resolution was adopted by the City Council and the City of Los Angeles, California, at its regular meeting held _____, 2009.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Los Angeles on this ____ day of _____, 2009.