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T R A N S M I T T A L

TO The City Council	DATE 12-24-24	COUNCIL FILE NO. 14-1174-S105
FROM The CRA/LA Bond Oversight Committee	COUNCIL DISTRICT 14	

At its special meeting of December 12, 2024, the CRA/LA Bond Oversight Committee considered and approved the attached Economic and Workforce Development Department (EWDD) report dated December 10, 2024, relative to the La Guadalupe Commercial Improvement Project. Adoption of the report recommendations would provide \$105,588 for improvements for a restaurant space within a mixed-use Permanent Supportive Housing development project. The EWDD Report is now transmitted to the City Council for consideration.

FISCAL IMPACT: There is no impact on the General Fund. The proposed allocation is funded solely by the bond proceeds transferred from CRA/LA to the City (C.F. 14-1174).


for Matthew W. Szabo
City Administrative Officer
Chair, CRA/LA Bond Oversight Committee

MWS:YC:VES:NSH

CAO 649-d

CITY OF LOS ANGELES

CALIFORNIA

CAROLYN M. HULL
GENERAL MANAGER

ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT



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KAREN BASS
MAYOR

December 10, 2024

Council File:14-1174-S105
Council District No.: 14
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CRA/LA Bond Oversight Committee
c/o Veronica Salumbides
Office of the City Administrative Officer
Room 1500, City Hall East

BOND OVERSIGHT COMMITTEE TRANSMITTAL: REQUEST REVIEW AND RECOMMENDATION THAT COUNCIL AND MAYOR, AS REQUIRED, APPROPRIATE UP TO \$102,841 PLUS \$2,747 OF EARNED TAXABLE AND TAX-EXEMPT INTEREST FOR A COMBINED TOTAL OF \$105,588 IN CRA/LA EXCESS NON-HOUSING BOND PROCEEDS FROM THE ADELANTE EASTSIDE REDEVELOPMENT PROJECT AREA (TAXABLE SERIES 2005-B, 2007-C, AND TAX-EXEMPT SERIES 2009-D) FOR THE LA GUADALUPE COMMERCIAL IMPROVEMENT PROJECT

The General Manager of the Economic and Workforce Development Department (EWDD) requests your review, approval and processing of the recommendations in this transmittal to the Mayor and City Council for their review and consideration.

RECOMMENDATIONS

The General Manager of EWDD, or designee, requests that the Bond Oversight Committee recommend that the City Council, subject to the approval of the Mayor as required:

1. ACKNOWLEDGE that based on the Letter of Determination approved by the Los Angeles City Planning Commission on March 26, 2019 (Case no. CPC-2018-998-DB-CU), the La Guadalupe Commercial Improvement Project (Project), which was assessed in the previously certified Environmental Impact Report (EIR), SCH No. 1997061065, does not require further CEQA action;

2. AUTHORIZE EWDD to be the implementing department for activities related to the Project;
3. AUTHORIZE EWDD to negotiate, prepare, and execute contract(s) and all related documents as needed to implement the Project subject to the review and approval of the City Attorney as to form and substance, and subject to prevailing wage requirements;
4. AMEND the Council action of December 6, 2023, relative to authorizing the Department of Public Works, Bureau of Street Services to utilize up to \$125,529 in taxable and tax-exempt CRA/LA Excess Non-Housing Bond Proceeds (EBP) plus all earned interest available to Council District (CD) 1 from the Adelante Redevelopment Project Area (Project Area) for the Adelante Eastside Public Improvements Project (C.F. 14-1174-S70) by reducing the allocation from \$125,529 plus all earned interest available to CD 1 from the Project Area to \$120,243.69 and revert \$5,285.31 plus all unspent interest earnings to its original source so it may be reprogrammed toward the Project;
5. AMEND the Council action of June 28, 2024, relative to reducing the EBP allocation for the Whittier Boulevard Sidewalk Project (C.F. 14-1174-S105) by reducing the allocation from \$1,500,000.00 to \$1,475,258.33, and revert \$24,741.67 to its original source so it may be reprogrammed toward the Project;
6. AUTHORIZE the Controller to transfer appropriations within CRA/LA EBP Fund No. 57D, Department No. 22 as follows:

Acct No.	Acct. Name	Amount
From:		
22S186	Bureau of Street Services	\$571.84
To:		
22L9AT	Adelante Eastside Taxable	\$571.84

Acct No.	Acct. Name	Amount
From:		
22V186	Bureau of Street Services	\$14,387.47
To:		
22L9AN	Adelante Eastside Tax Exempt	\$14,387.47

7. AUTHORIZE the Controller to transfer appropriations within CRA/LA EBP Fund No. 57D, Department No. 22 as follows:

Acct No.	Acct. Name	Amount
From:		
22S186	Bureau of Street Services	\$72,742.00
To:		
22L9AN	Adelante Eastside Tax Exempt	\$52,742.00
22L9AT	Adelante Eastside Taxable	\$20,000.00

8. APPROVE up to \$83,712 in taxable EBP, \$19,129 in tax-exempt EBP, plus \$637 in taxable and \$2,110 in tax-exempt interest (Interest) derived from EBP for an aggregate total of \$105,588 available to CD 14 from the Project Area to be utilized for the Project;
9. AUTHORIZE the Controller, subject to the availability of funds and duly executed and encumbered contract(s), to expend up to \$83,712 from EBP Fund No. 57D, Account No. 22L9AT Adelante Eastside Taxable Series 2005-B and 2007-C, up to \$637 from EBP Fund No. 57D, Account No. 22S9AT Adelante Eastside Taxable Series 2005-B and 2007-C, up to \$19,129 from EBP Fund No. 57D, Account No. 22L9PN Adelante Eastside Tax-Exempt Series 2009-D, and up to \$2,110 from EBP Fund No. 57D, Account No. 22S9PN Adelante Eastside Tax-Exempt Series 2009-D upon presentation of proper documentation by EWDD, and satisfactory review and approval of EWDD in accordance with the terms and conditions of the Bond Expenditure Agreement (BEA);
10. DIRECT EWDD to report on its work accomplishments to the Office of the City Administrative Officer (CAO) on a quarterly and as-needed basis;
11. AUTHORIZE the General Manager of EWDD, or designee, to make any technical corrections or clarifications as necessary to the above instructions in order to effectuate the intent of this action; and
12. AUTHORIZE the General Manager of EWDD, or designee, to prepare Controller instructions and/or make technical adjustments that may be required and are consistent with this action, subject to the approval of the CAO, and authorize the Controller to implement these instructions.

SUMMARY

Transmitted herewith for your review, approval, and further processing are recommendations pursuant to a CD 14 Motion (De Leon - Lee) which was adopted by Council on June 28, 2024 (C.F. 14-1174-S105).

This transmittal seeks to allocate up to \$105,588 of EBP and Interest available to CD 14 within the Project Area to construct capital improvements to property located at 110 S. Boyle Avenue (Property), as part of a mixed-use development project at the corner of First & Boyle. Development of the Metro Transit Oriented Development (TOD) site at First & Boyle is listed as a potential project in the Project Area's Bond Spending Plan (BSP) that was adopted by Council on June 24, 2015 (C.F. 14-1174). Sufficient City funds for the Project are available from CD 14's portion of EBP and Interest in the Project Area.

The original taxable and tax-exempt EBP in the Project Area was \$6,276,457 net of the mandatory (\$297,779) taxable EBP admin set aside. This transmittal's proposed allocation of \$83,712 taxable EBP, \$19,129 tax-exempt EBP, and Interest, along with 6 approved projects, will completely exhaust CD 14's EBP in the Project Area. It should be noted that this transmittal includes recommendations which reprogram funds from other CD 14 projects within the Project Area which have been completed or no longer require EBP. These recommendations have been included at the request of CD 14 and carry out CD 14's intentions for its use of EBP within the Project Area.

EWDD ANALYSIS

On June 14, 2019, Council authorized the Los Angeles Housing Department (LAHD) to utilize approximately \$1.8 million in tax-exempt CRA/LA Excess Housing Bond Proceeds to acquire the Property (C.F. 14-0425-S8). The City's acquisition of the Property served to facilitate a mixed-use development project consisting of 44 units of permanent supportive housing and 7,500 square feet of commercial ground floor space. The Property was disposed to 110 South Boyle, L.P. (Developer) to develop the project, and the Developer executed agreements with LAHD in furtherance of this, including a Disposition and Development Agreement (Contract No. 133746), a ground lease agreement for the housing component (Contract No. 139221), and a ground lease agreement for the commercial component (Contract No. 139223). The project is currently under construction and is expected to be completed in the fall of 2025.

The total cost of the Project is \$45,154,761. Of this amount, the cost of the housing component is \$41,092,763, and the cost of the commercial component is \$4,061,998. Funding sources for the housing component have been secured and CRA/LA EBP is not needed for this aspect of the development.

The Developer began construction after the City completed environmental remediation of the site. About three weeks after grading on the site began, previously unknown soil contamination was found, and the Developer had to shift financial resources to remediate the soil. The cost of additional remediation, fees paid to lenders and contractors resulting from the delayed start of construction, an increase in union wages, and an archeological discovery on the site collectively caused a 35% cost impact on the development. The housing component was able to secure additional funding from State and City sources, but the commercial component was not. As such, funds are needed to support the development's commercial component.

EWDD has met with the Developer, LAHD, CD 14, CAO, and Office of the Chief Legislative Analyst staff regarding the Project. EWDD will be the implementing department and negotiate and execute an agreement with the Developer to fund tenant improvements for one (1) of three (3) units which will make up the ground floor commercial space. This unit will be occupied by a local business called Xela's, a full sit-down restaurant. The Developer will identify other funding sources to build-out the two (2) remaining commercial units.

The estimated cost of the tenant improvements for Xela's restaurant is \$268,115 which will be funded by the following sources:

Genesis LA Construction Loan	\$162,527
CRA/LA EBP	<u>\$105,588</u>
TOTAL	\$268,115

The Project's \$105,588 EBP and Interest allocation will be utilized as follows:

Construction Contract - Vanilla Shell #1	\$ 60,000
Architectural & MEP	<u>\$ 45,588</u>
TOTAL	\$105,588

Project design will commence immediately upon adoption of this transmittal and execution of documents required for use of CRA/LA EBP, with an anticipated completion date of March 2025. Construction of the tenant improvements is expected to begin in July 2025 with an anticipated completion date of September 2025.

The EBP allocation must be fully expended no later than September 30, 2025. Deliverables and/or activity reports showing percentages of completion must accompany EWDD's original signed off invoices. Disbursements will be authorized pursuant to receipt and satisfactory review by EWDD to ensure compliance with bond covenants and adherence to the terms and conditions of the BEA and BSP, and that the actual expenditures adhere to those categories and amounts outlined in this transmittal. EWDD will report on its work accomplishments to the CAO, and report funds expended on a quarterly and as-needed basis for their respective reporting to the BOC, Mayor and CRA/LA.

BENEFITS TO THE AFFECTED TAXING ENTITY

The Project aims to complement the development of permanent supportive housing with commercial uses which will create jobs and contribute to expansion of the local economy. The commercial component of the La Guadalupe development will create twenty-four (24) full-time equivalent jobs by the fall of 2025. The Project provides business assistance to a well-known local business which otherwise would not be able to sustain its presence in the Boyle-Heights community. The Project will vitalize a new community asset, thus advancing the evolution of the Boyle Heights neighborhood and making a positive impact on the built environment while complementing other community development efforts.

ENVIRONMENTAL REVIEW

LAHD provided the environmental analysis below:


The City's CEQA decision maker for this Project, the Los Angeles City Planning Commission, approved a Letter of Determination on March 26, 2019 (Case no. CPC-2018-998-DB-CU). The Los Angeles City Planning Commission found, based on independent judgment, after consideration of the whole of the administrative record, that the Project was assessed in the previously certified Environmental Impact Report (EIR), SCH No. 1997061065, certified on September 17, 1998. In addition, pursuant to CEQA Guidelines, Sections 15162 and 15164 and the Addendum, dated January 2019, no major revisions to the EIR are required and no subsequent EIR, or negative declaration is required for approval of the Project. The Letter of Determination was subject to a 15-day appeal period that expired on April 15, 2019. No appeal was filed.

CAO COVENANT REVIEW

The CAO has completed its review of the original bond documents and covenants, and has found that the proposed use of excess bond proceeds, including using tax-exempt EBP to acquire Property, is consistent with those covenants.

FISCAL IMPACT STATEMENT

There is no impact on the City's General Fund from the proposed allocation of CRA/LA EBP. The EBP Fund No. 57D is funded solely from transfers of approximately \$88.4 million in pre-2011 tax allocation bond proceeds from CRA/LA to the City (C.F. 14-1174, 14-1174-S36, 14-1174-S78) plus interest. Said transfers have been deposited with the Office of the Controller.


Carolyn Hull (Dec 11, 2024 22:37 PST)

CAROLYN M. HULL
General Manager

CMH:FJ:DH:JML

ATTACHMENT: 1. Motion (De Leon - Lee) C. F. 14-1174-S105

**MOTION**

On June 14, 2019, Council authorized the use of approximately \$1.8 million in tax-exempt CRA/LA Excess Non-Housing Bond Proceeds (EBP) available to Council District 14 (CD 14) from the Adelante Eastside Redevelopment Project Area to acquire real property located at 110 S. Boyle Avenue (Property) in the community of Boyle Heights (C.F. 14-0425-S8). The City's acquisition of the property served to facilitate the La Guadalupe project, a mixed-use development consisting of 44 units of permanent supportive housing and 7,500 square feet of commercial ground floor space (Project). The City, as the Property fee owner, entered into a Ground Lease with 110 South Boyle, L.P. (Housing Developer; Contract No. 139221), for development of the Project's housing component, and a Commercial Parcel Ground Lease with 110 South Boyle, LLC (Commercial Developer; Contract No. 139223), for the Project's commercial component. The Project is currently under construction and is expected to be completed in the summer of 2025.

The Commercial Developer has secured interest from two Latina-owned businesses to occupy the commercial space which has been designed and programmed to support these local small businesses. Xela's, which was forced to close post the pandemic, would be a full sit-down restaurant. In addition, Pink & Boujee, an existing business, will be relocating in early 2025. The retail component as a whole will create 24 new, Full Time Equivalent jobs.

The Commercial Developer is in need of supplemental funding to construct customized tenant improvements that support restaurant use. Approximately \$113,000 in EBP funding currently allocated between the Whittier Blvd Sidewalk Project (C.F. 14-1174-S4) and the First and Boyle Phase II Environmental Assessment Project (C.F. 14-1174-S33) in CD 14 and available for reprogramming. Council action is needed to reprogram those funds and allocate them to support construction of the Project's commercial component.

In accordance with policies adopted by Council (C.F. 14-1174) related to the CRA/LA Bond Expenditure Agreement and Bond Spending Plan, any proposal to expend EBP shall be initiated by Council Motion. Proposals will be reviewed by the CRA/LA Bond Oversight Committee; Trade, Travel, and Tourism Committee; and any other applicable committee with final recommendations presented to the Council and Mayor for final consideration and approval. The use of tax-exempt EBP toward a capital improvement project within the Adelante Eastside Redevelopment Project Area is identified as an eligible expense in the CRA/LA Bond Expenditure Agreement and Bond Spending Plan.

I THEREFORE MOVE that the Council action of September 7, 2018, relative to appropriating Community Redevelopment Agency of Los Angeles Excess Non-Housing Bond Proceeds (EBP) for the Whittier Boulevard Sidewalk Project (C.F. 14-1174-S4) BE AMENDED to reduce the EBP allocation from \$1,500,000 to \$1,449,774.99, and revert \$50,225.01 to its original source.

I FURTHER MOVE that the Council action of March 28, 2018, relative to authorizing the Bureau of Engineering to utilize up to \$100,000 in taxable EBP available to CD 14 within the Adelante Eastside Project Area for the First and Boyle Phase II Environmental Site Assessment Project (C.F. 14-1174-S33) BE AMENDED to reduce the taxable EBP allocation from \$100,000 to \$36,860.18, and revert \$63,139.82 to its original source.

I FURTHER MOVE that the Economic and Workforce Development Department (EWDD), with the assistance of the City Administrative Officer, Chief Legislative Analyst, and any other applicable City department, provide a report with recommendations to the CRA/LA Bond Oversight Committee to allocate up to \$113,364.83 in tax-exempt EBP available to CD 14 from the Adelante Eastside Redevelopment Project Area for the La Guadalupe Commercial Improvement Project, a capital improvement project as identified in the CRA/LA Bond Expenditure Agreement and Bond Spending Plan.

I FURTHER MOVE that EWDD, as the administrator of the CRA/LA EBP Program, take all actions necessary to document and effectuate the changes in the budgets noted above, including preparing Controller instructions and/or technical adjustments that may be required and are consistent with this action, subject to the approval of the CAO, and authorize the Controller to implement these instructions.

PRESENTED BY: _____

KEVIN DE LEÓN

Councilmember, 14th District

SECONDED BY: _____

ORIGINAL

JUN 21 2024

PK