



Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. R 2 4 - 0 5 5 1
OCT 3 1 2024

REPORT RE:

**DRAFT ORDINANCE AUTHORIZING THE SALE OF CERTAIN CITY-OWNED REAL
PROPERTY LOCATED AT 501 EAST 5TH STREET, LOS ANGELES, CALIFORNIA
TO DWC CAMPUS, LP, A CALIFORNIA LIMITED PARTNERSHIP
(COUNCIL DISTRICT 14)**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 20-1449

Honorable Members:

As requested by the City Council, this Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. This draft ordinance authorizes the sale for full fair market value of City-owned real property located at 501 East 5th Street, Los Angeles, California ("the Property") to DWC Campus LP, a California limited partnership ("Buyer"). The Property will be used for a 98-unit supportive housing development. The Downtown Women's Center ("DWC") is the sole member and manager of DWC SP2 LLC, a California limited liability company, the Buyer's managing general partner.

Background

The Property consists of two parcels: one is used as a parking lot and the other is an adjacent alleyway. The City acquired the Property in approximately 2013 from the former Community Redevelopment Agency of the City of Los Angeles when the Agency was dissolved. The Property had been used as a gas station and an autowrecker

facility up until 1984. The DWC has access to 32 of the parking spaces at the Property through a Parking Covenant Agreement with the City.

The DWC owns the real property adjacent to the Property. That real property includes the DWC's headquarters and a 72-unit supportive housing development it owns.

Sale Information

On or about April 19, 2024, City Council authorized the sale of the Property to the Buyer for its full appraised value without notice of sale or advertisement for bids under Los Angeles Administrative Code Section 7.27.

Under the terms of the sale, the Buyer is required to develop the Property for use as a 98-unit supportive housing development ("the Project"). Ninety-seven (97) of the rental units will be income and rent restricted for extremely low, very low, or low-income households. There will be one unrestricted manager's unit. These restrictions will remain on the Project for a period of 55 years from the date the Certificate of Occupancy is issued. A City Regulatory Agreement will be recorded against the Property to secure these rent and income restrictions. Additionally, the Project has secured funding through, among other sources, California's Housing and Community Development ("HCD") Affordable Housing and Sustainable Communities Program and HCD's Infill Infrastructure Grant Program. All 97 units will be subsidized through the Section 8 Program.

On or about March 26, 2024, a California-licensed appraiser valued the Property at \$6,565,000, which is the agreed-upon sales price with the Buyer. The sale will be financed with a 57-year City-loan, in the amount of the sales price, to the Buyer, which will be secured by a note and deed of trust. The City loan will bear three percent simple interest, and the annual loan payment will be based off residual receipts as determined by the Los Angeles Housing Department ("LAHD").

Sale of City Property Instead of Lease

Under LAHD's Property Disposition Policy adopted on November 21, 2017, where feasible, the Department will utilize long-term ground leases to develop affordable housing projects on publicly-owned land. Exceptions to this general policy include when a development requires assembly of multiple contiguous parcels where common ownership will benefit the long-term management of the property. LAHD may then convey the property at fair market value, subject to the affordable housing restrictions and other requirements as may be applied to the project.

Here, LAHD has determined that bringing the Property and DWC's adjacent property under single ownership would benefit the development and long-term management of the Project.

AB 1486 Surplus Property Requirements

Under Government Code Section 54221(f)(1)(A), the Property qualifies as "exempt surplus land" because it will be conveyed to develop affordable housing subject to and contingent upon compliance with Government Code Section 37364. On or about April 19, 2024, the City Council declared the Property is "exempt surplus land" based on findings made by LAHD in its report dated April 3, 2024.

California Environmental Quality Act (CEQA)

On or about April 19, 2024, the City Council found that the Project qualifies for an Affordable Housing Exemption under CEQA under Public Resources Code Section 21080.27(b)(1). Further, this sale of City-owned surplus property is not expected to result in a significant effect on the environment and, therefore, is categorically exempt from the provisions of State CEQA Guidelines per California Code of Regulations Section 15312, Class 12. It is also exempt pursuant to Article III, Class 12 of the City of Los Angeles CEQA Guidelines.

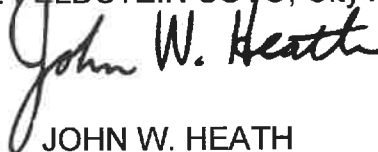
Council Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to LAHD with a request that any comments be transmitted directly to Council or its Committees when this matter is considered.

If you have any questions regarding this matter, please contact Deputy City Attorney Elaine Zhong at (213) 922-7715. A member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By 

JOHN W. HEATH
Chief Assistant City Attorney

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Transmittal

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