

ECONOMIC DEVELOPMENT AND JOBS COMMITTEE REPORT relative to the sale of two City-owned residential properties located at 5510 South Manhattan Place, Los Angeles, CA 90062, (APN 5005-031-900) and 12243 Blakley Avenue, Los Angeles, CA 90059 (APN 6148-021-270).

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. DETERMINE that the public interest is best served by declaring two City of Los Angeles (City) owned residential properties located at 5510 South Manhattan Place, Los Angeles, CA 90062, APN 5005-031-900 (Manhattan Property) and 12243 Blakley Avenue, Los Angeles, CA 90059, APN 6148-021-270 (Blakley Property), 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 Section 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.
2. 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.
3. AUTHORIZE the General Manager of EWDD, or designee to negotiate and execute all documents necessary for the disposal of the properties, detailed above in Recommendation No. 1, 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.
4. 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.
5. 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.
6. AUTHORIZE the 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.
7. AUTHORIZE the General Manager, EWDD, or designee to:

- a. Upon receipt of net sales proceeds, deposit the respective portion of said proceeds into the City's General Fund and Community Development Block Grant Fund as indicated below.
 - b. 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);.
8. REQUEST the Controller and/or other City Departments to implement those instructions as detailed above.

Fiscal Impact Statement: The EWDD reports that 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:

- a. Past due Los Angeles County property taxes for the Blakely Property, estimated at \$13,970, as detailed in Attachment B of the October 20, 2021 EWDD report, attached to the Council File.
- b. Customary escrow and broker fees associated with the sale of the Properties, estimated at \$35,000.
- c. General Fund reimbursing the \$49,118 loan payment for Bank of America senior lien (Council File No. 10-1068-S1.
- d. Remaining principal balance of the CDBG loan amount of \$101,236.92 (Council File No. 94- 0561.
- e. 50 percent of any remaining balance from the sale of the Manhattan Property shall be deposited into the Real Property Trust Fund of Council District Eight and the remaining 50 percent into the EWDD Trust fund (EDTF; Council File No. 16-0931, Ordinance No. 185956).
- f. 50 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.

Community Impact Statement: None submitted.

Summary:

On November 9, 2021, your Committee considered June 1, 2021 and October 20, 2021 EWDD reports relative to the sale of two City-owned residential properties located at 5510 South Manhattan Place, Los Angeles, CA 90062, (APN 5005-031-900) and 12243 Blakley Avenue, Los Angeles, CA 90059 (APN 6148-021-270). According to the EWDD, it's requesting that Council declare two foreclosed properties as surplus land under the California Surplus Land Act and authorize the 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. The EWDD proposes to sell the Properties on an "as-is" basis, 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.

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. (TriAfram; Council File No. 94-0561). The loan was secured by three single family dwellings as follows:

- 12243 Blakley Avenue, Los Angeles, California
- 5510 South Manhattan Place, Los Angeles, California
- 1119-1121 Crescent Heights Boulevard, Los Angeles, California

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, 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 (Council File Nos. 10-1068 and 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 California Government Code Section 54222. By April 25, 2011, more than 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 California Government Code Section 54222. Most notably, the City did not receive any responses or notices of interest from any Housing Sponsors, as defined by Section 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. After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the October 20, 2021 EWDD report, as detailed above. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Economic Development and Jobs Committee

COUNCILMEMBER	VOTE
PRICE:	YES
KREKORIAN:	YES
BLUMENFIELD:	YES
RAMAN:	YES
HARRIS-DAWSON:	YES

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-NOT OFFICIAL UNTIL COUNCIL ACTS-