

**ECONOMIC DEVELOPMENT SUBSIDY REPORT  
PURSUANT TO GOVERNMENT CODE SECTION 53083  
ON A  
PURCHASE AND SALE AGREEMENT**

**Between The City of Los Angeles And The County of Los Angeles**

Pursuant to Government Code Section 53083, the City of Los Angeles must hold a noticed public hearing and, prior to the public hearing, provide all of the following information in written form and available to the public and through the City's website, regarding a proposed economic development subsidy to be provided by the City pursuant to a Purchase and Sale Agreement by and between the City of LA and County of Los Angeles ("Agreement"). Notice was published in compliance with Section 53083 for a public hearing to be held at Council prior to adoption of the recommendations.

The purpose of this report is to provide the information required pursuant to Government Code Section 53083 in regards to the Agreement. This report shall remain available to the public and posted on the City's website until the end date of the economic development subsidy as further described in Section 2 below.

1. Beneficiary name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy.

County of Los Angeles  
Kenneth Hahn Hall of Administration  
500 W. Temple Street, Room 713  
Los Angeles, CA 90012

La Plaza de Cultura y Artes Foundation  
501 North Main Street  
Los Angeles, CA 90012

La Plaza Partners, LLC  
c/o Trammell Crow Company  
2221 Rosecrans Avenue, Suite 200  
El Segundo, CA 90245

## **2. SCHEDULE**

### **The start and end dates and schedule, if applicable, for the economic development subsidy.**

The City of Los Angeles and County of Los Angeles plan to enter escrow within sixty days after both the City and County's legislative bodies approve the details of the transaction. It is anticipated that shortly after the property transfers, the County will incorporate this property into a lease arrangement with La Plaza de Cultura y Artes Foundation who will sublease the same property to La Plaza Partners, LLC for the development of a mixed-use project. According to the terms established, the Project shall begin construction no later than November 15, 2015 and complete construction no later than January 1, 2018.

## **3 A. PROJECT DESCRIPTION: Salient points of the Agreement**

The current Recommendations seek Council authorization for EWDD to enter into a Purchase and Sale Agreement with the County, open escrow within ninety days of Council and Board of Supervisors approval of the transaction, and provide a fifteen day due diligence period with an allowance for a ninety day extension by mutual agreement if additional due diligence is warranted. The County has already authorized the purchase of the City property for up to \$150,000, less escrow fees, but will need to approve the sale of the Donut Hole to the City through the property swap. Appraisals commissioned by the City in March 2015 valued the City Property at \$900,000 and the County Property at \$620,000 - a difference in Fair Market Value of \$280,000. Pursuant to Los Angeles Administrative Code Sections 7.27.2 and 22.1008(c), the City Property will be sold for the public purpose of providing ongoing economic development benefits to the City, rather than as a surplus asset. Prior to conveyance, the City will encumber the Site with a covenant requiring the County to develop the Property as a mixed-use development including 341 units of housing, 68 of which will be affordable to low and very-low income households, approximately 50,000 square feet of retail with a carve out of 2,500 square feet for a demonstration kitchen and culinary education program operated by the La Plaza Foundation, one acre of public open space that includes a paseo or walkway, pocket park and water feature, and 692 parking spaces. The conditions of the covenant will preclude the County from transferring the City Property and balance of the Site to the leasee for more than \$1.00, therefore restricting any income the County could receive from the transaction. Additionally, the burdens of the City's covenant are passed through to the leasee and sub-leasee, adding extensive construction and operation cost burdens to the Project and precluding the leasee, sub-leasee or County from affording to pay more than the proposed discounted value of the Site.

### **3 B. SUBSIDY SUMMARY**

#### **Proposed economic subsidy to the project and/or projected revenue losses to the City of Los Angeles.**

The City intends to sell City-owned property to the County of Los Angeles in exchange for an adjacent property owned by the County and \$150,000 in cash. The value of the City-owned property has been discounted by \$120,000 in order to achieve the economic benefits of the Project.

The proposed transaction will not reduce any tax revenues to the City of Los Angeles.

### **4. PUBLIC BENEFIT SUMMARY**

#### **Creation of economic opportunity and public purpose**

The proposed project to be developed on the City-owned property when combined with additional acreage already under County ownership, will develop a community with a mix of housing, recreation, community-serving amenities, and retail uses. The project emphasizes alternative transportation with support of pedestrian walkways, bicycle parking, repair and bicycle-share opportunities. The Project emphasizes community-focused retail and restaurants. Of the available retail space, 2,500 will be set aside for a demonstration kitchen, offering classes on healthy eating and a training program for adults and youth in the culinary arts. The project will provide an artistic rendition of the history of Los Angeles along the enlarged pedestrian walkway, provide additional public art opportunities, water features, a pocket park and an annual stream of income to the La Plaza de Cultura y Artes Foundation for its cultural and art events as well as support for its museum. The proposed project will provide affordable housing, with 20% of the units on site covenanted for low- and moderate-income families during the term of the lease, anticipated to last up to ninety-nine years. The project will be designed as LEED Silver and will provide best-in-class architecture and environmentally focused design features to meet Community Sustainability Plan goals. Jobs on-site and available through construction will be paid at living and prevailing wages and the developer will work to meet local hire goals. Lastly, the Project will promote neighborhood security with 24-hour security provided on site and well-lit public areas. Proceeds of the property exchange will be deposited in the General Services Trust Fund and reserved to assist future redevelopment efforts associated with Lot #2, a neighboring site adjacent to and serving El Pueblo.

**5. TAX REVENUE BENEFIT. Projected net new revenue to City of Los Angeles as a result of the project.**

The property is currently publicly-owned and has been used as a surface parking lot. The property is currently not producing any property taxes. The development proposed will, in fact, raise revenues for the City. Current projections for new revenues to the City are:

Estimated Annual Property Tax Increment (TI) Revenue: \$453,064

Estimated Annual Parking Tax; \$48,600

Estimated Annual Utility User Tax Revenue: \$81,741

Estimated Annual Sales Tax Revenue: \$175,651

(1% portion of taxable sales to City of Los Angeles)

Estimated Annual Gross Receipts Tax Revenue: \$35,666

**6. JOB CREATION (broken down by full-time, part-time, and temporary positions.)**

Estimated Construction Jobs Created: 212 FTE

Estimated Permanent Jobs Created: 163 FTE

**Attachments**