

APPROVED

01-04-2017

BOARD OF RECREATION AND PARK COMMISSIONERS

BOARD REPORT

NO. 17-005

DATE January 04, 2017

C.D. 14

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: COMMUNITY BUILD, INC. – TERMINATION OF LEASE AGREEMENT NO. 277 AND TRANSFER OF JURISDICTION AND CONTROL OF CERTAIN PROPERTIES LOCATED AT 8742 AND 8750 SOUTH VERMONT AVENUE (APN 6038-010-903 AND 904) TO THE LOS ANGELES HOUSING AND COMMUNITY INVESTMENT DEPARTMENT

AP Diaz

V. Israel

*R. Barajas

Ruf

N. Williams

H. Fujita

[Signature]
General Manager

Approved ✓

Disapproved _____

Withdrawn _____

RECOMMENDATIONS

1. Find that it is the best interest of the Department of Recreation and Parks (RAP) to terminate Lease Agreement No. 277 with Community Build, Inc. by mutual consent, in accordance with section 5.7 of said subject lease agreement;
2. Concur with the recommendation of the Los Angeles City Council to approve a non-financial transfer of jurisdiction and control of certain RAP properties located at 8742 and 8750 South Vermont Avenue (APN 6038-010-903 and 904) to the Los Angeles Housing and Community Investment Department (HCID), subject to the approval of the Mayor in accordance with Executive Directive No. 3 (Villaraigosa Series) and the City Attorney;
3. Authorize RAP staff to work with the RAP of General Services and the City Attorney's Office to process the non-financial transfer of jurisdiction and control of the subject property;
4. Direct the Board Secretary to transmit forthwith the proposed action to terminate the subject lease agreement and transfer of jurisdiction of the subject RAP property concurrently to the City Attorney and, in accordance with Executive Directive No. 3 (Villaraigosa Series), to the Mayor's Office for expedited review and approval; and
5. Upon the receipt of necessary approvals, authorize the Board President and Secretary to execute any and all documents, including but not limited to grant deeds, to complete the transfer of jurisdiction of the subject properties to HCID.

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SUMMARY

Community Build

Community Build Inc., (Community Build) is a non-profit community development corporation established in 1992 in response to the conditions that led to the Los Angeles Civil Unrest of 1992. Its youth outreach prioritizes comprehensive and wrap-around services for at-risk youth, out-of-school youth, foster youth, youth offenders, gang-involved youth, and first-generation college bound youth. Community Build believes that youth, young adults and their families are a tremendous resource deserving investment and enabling their active participation as contributors to the local and global economies. Community Build, Inc. is dedicated to the revitalization of South Los Angeles communities through investment in youth and commercial economic development.

Its corporate office is located on 4305 Degnan Boulevard, #102, Los Angeles, California 90008. Additionally, it has a Youth Development Center in the Baldwin Hills Crenshaw Plaza at 3650 West Martin Luther King Jr. Boulevard, Los Angeles, California 90008, and a Youth and Community Center located at 8730 South Vermont Avenue, Los Angeles, California 90044.

Acquisition and Lease of 8742 and 8750 South Vermont Avenue

In 2000, a Proposition 12 Murray-Hayden Program specified grant in the amount of One Million, Eight Hundred Ninety-Two Thousand Dollars (\$1,892,000.00) was awarded to the City of Los Angeles (City) on behalf of Community Build for the expansion of its existing Youth and Community Center located at 8730 South Vermont Avenue. The grant provided funds for the acquisition of two parcels located at 8742 and 8750 South Vermont Avenue and the construction of an expanded youth center. The two (2) parcels for acquisition are immediately adjacent to their Youth and Community Center. Community Build had sought this grant directly from the State of California (State) legislature without City involvement.

On September 6, 2006, the Board of Recreation and Park Commissioners (Board), through Report No. 06-258 (Exhibit A), approved the transfer of property at 8742 and 8750 South Vermont Avenue (with current APN's 6038-010-903 and 904) from Community Build, Inc. and a proposed lease agreement for the same subject properties between the City and Community Build, Inc. The lease agreement was executed and became effective on May 11, 2007. The actions of this Report became necessary because in April 2003 and May 2006, Community Build, on its own accord, secured loans to acquire the two parcels to secure them from other potential buyers. In order to comply with the site control/land-tenure requirements and enable Community Build to be reimbursed from the Proposition 12 grant funds, the City and Community Build, with the concurrence from the State, mutually agreed to the transfer of ownership of the two parcels to the City and the execution of a lease agreement between the City and Community Build for the construction, maintenance and operation of an expanded youth center. The City reimbursed Community Build a total of Three Hundred Forty-Five Thousand, Nine Hundred Sixty-One Dollars

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and Twenty-Four Cents (\$345,961.24) for their acquisition costs from the Proposition 12 grant funds.

It should be noted that the transfer of property to the City and the execution of the lease agreement between the City and Community Build were conducted in order to satisfy requirements of the Proposition 12 grant. Also, in accordance with the terms and conditions of the Purchase and Sale Agreement for the transfer, Community Build maintains a reversionary interest on the two parcels. The ownership of the parcels would “revert” to Community Build upon the satisfaction of the site control requirements of the Proposition 12 grant. The subject parcels were not “dedicated” as park property in perpetuity at the time of acceptance.

Shortly after execution of the lease agreement, Community Build began working with the Department of Public Works, Bureau of Engineering (BOE) to complete the design portion of the project. However, delays associated with the many project issues made it apparent that the grant deadline of June 30, 2008 would not be met. The project issues included extended discussions on design elements, insufficient funding, and non-responsive bids. A grant extension request was submitted and approved by the State extending the grant deadline to June 30, 2009. This extension proved to be inadequate and a subsequent request for a second extension submitted in December 2008 was denied by the State because the State budget legislative process for Fiscal Year 2009-10, would not allow for the grant extension be approved by the State legislature and the Governor before the grant funds liquidated in June 30, 2009.

At this point, it was clear that there was not sufficient time to complete the project under the existing grant deadline of June 30, 2009. The State informed the City that its obligations under the grant contract with the State was to complete the project or return to the State the grant funds received to date. It was decided that the City would return the grant funds received. In July 2010, the City Council approved an allocation from the Park and Recreational Sites and Facilities Fund to repay the State.

Proposed 62 Unit Affordable Housing Development

In 2012, with the support of then Councilmember Bernard Parks of Council District 8, Community Build in collaboration with Women Organizing Resources, Knowledge and Services (WORKS), submitted a proposal to HCID for the development of a sixty-two (62) unit affordable housing development on Vermont Avenue, just south of Manchester in the community of South Los Angeles (Exhibit B). The proposed affordable housing development known as the 88th & Vermont Permanent Supportive Housing (PSH) development and Community Center is proposed to be built on five (5) parcels. These include two (2) parcels which are owned by Community Build and is where their Youth and Community Center is currently located at 8730 South Vermont Avenue; one (1) parcel, called the 88th and Menlo Parking Lot, which is owned by the City under the jurisdiction of the Department of Transportation (DOT) and located at 8707 Menlo Avenue; and the last two (2) parcels located at 8742 and 8750 South Vermont Avenue, which are owned by RAP and currently leased to Community Build (Exhibit C).

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In order for the project to secure permanent financing, all five (5) parcels must be tied together under a single address. The parcels must be owned by the proposer/applicant or transferred to HCID to serve as collateral to secure the financing of the project. The value of the properties will be contributed to the financing of project and will leverage a subsidy from the Affordable Housing Trust Fund, Low Income Housing Tax Credits from the State, as well as additional funding for Homeless Housing from the County of Los Angeles. The parcels transferred to HCID will eventually be transferred to Community Build so that all the parcels can be tied together under a single address.

In 2015, the City Council, through a competitive selection process, approved the financing of a loan to Community Build and WORKS for the proposed 62 unit affordable housing development under HCID's 2016-2017 Affordable Housing Managed Pipeline. It is scheduled to apply for Low Income Housing Credits in July 2017.

On September 27, 2016, City Council authorized the DOT to transfer the 88th and Menlo Parking Lot to HCID. On October 25, 2016, a Motion was made in City Council that if approved, would authorized RAP to transfer the two parcels located at 8742 and 8750 South Vermont Avenue to HCID (Exhibit D). Effectuating the transfer of the City owned parcels to HCID is a necessary step in the process for Community Build and WORKS to receive the financing needed to complete their proposed housing project.

Transfer of 8742 and 8750 South Vermont Avenue

8742 and 8750 South Vermont Avenue are two parcels that contain three (3) lots. The total area of the three (3) lots measures approximately 9,000 square feet or 0.21 acres. The lots are currently vacant and used for related youth and community activities (Exhibit E). All costs for the maintenance of the two parcels have been provided by Community Build. As indicated above, the two parcels are currently owned by the Department but were not dedicated when the Board approved the acceptance of the transfer in 2006. Under the Purchase and Sale Agreement, these parcels would be transferred back or quitclaimed to Community Build upon the completion of the site control requirements of the Proposition 12 grant and the expiration of the term of lease agreement.

The parcels were no longer subject to the site control requirements of the Proposition 12 grant when the City returned to the State all grant funds expended in 2010. Should the Board approve staff's recommendation to terminate lease agreement no. 277 with Community Build, there would be no impediment to transfer or quitclaim the parcels back to Community Build.

As indicated above, a City Council motion submitted on October 25, 2016, would, if approved, authorized the Department to transfer the two parcels to HCID as part of the Community Build development project. Further, through a letter dated November 15, 2016 and addressed to the Department's General Manager, Community Build has indicated their concurrence with the recommendation to terminate Lease Agreement No. 277 and the transfer of the two Department owned parcels to HCID (Exhibit F).

Therefore, it is requested that the Board approve staff's recommendations indicated in this report.

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FISCAL IMPACT

There is no fiscal impact to the RAP's General Fund due to the termination of the lease agreement and the transfer of jurisdiction of the two (2) parcels to HCID. During the RAP's ownership of the two parcels, all costs for the operation and maintenance were the responsibility of Community Build. With the termination of the lease and transfer of jurisdiction, any liability the RAP had as the owner of the property will be temporarily transferred to HCID and eventually will become the wholly the responsibility of Community Build.

Councilmember Marqueece Harris-Dawson of Council District 8 supports the recommendations of this report.

This report has been prepared by Cid Macaraeg, Sr. Management Analyst II of the Planning, Development and Maintenance Branch.

LIST OF ATTACHMENT(S)

- 1) Exhibit A – Report No. 06-258
- 2) Exhibit B – Rendering 62 Unit Apartment Complex
- 3) Exhibit C – Map Indicating Property Ownership
- 4) Exhibit D – Council Motion (10-25-2016)
- 5) Exhibit E – Vacant Lots
- 6) Exhibit F – Community Build Concurrence Letter

APPROVED

SEP 06 2006

REPORT OF GENERAL MANAGER

NO. 06-258

DATE September 6, 2006

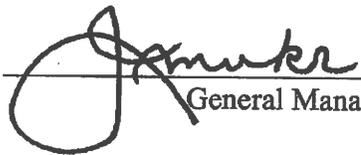
BOARD OF RECREATION and PARK COMMISSIONERS

C.D. 8

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: COMMUNITY BUILD, INC. - TRANSFER OF OWNERSHIP AND LEASE OF PROPERTY AT 8742 AND 8750 SOUTH VERMONT AVENUE

J. Combs _____	J. Kolb _____
H. Fujita _____	F. Mok _____
S. Huntley _____	K. Regan _____
B. Jensen _____	*M. Shull <u>MS</u>



 General Manager

Approved _____ Disapproved _____ Withdrawn _____

RECOMMENDATION:

That the Board:

1. Authorize staff to assist the Office of the City Attorney and the Department of General Services with the transfer of ownership to the Department of Recreation and Parks of property at 8742 and 8750 South Vermont Avenue (APNs 6038-010-028 and -029), two parcels that Community Build, Inc., recently bought with a grant requiring the City to hold title for the first twenty years of public use;
2. Approve the proposed Lease Agreement for 8742 and 8750 South Vermont Avenue, substantially in the form on file in the Board Office, between the City and Community Build, Inc., subject to approval by the Mayor and Council and by the City Attorney as to form;
3. Direct the Board Secretary to transmit forthwith the draft Lease Agreement concurrently to the City Attorney for review as to form and, in accordance with Executive Directive No. 3, to the Mayor's Office for expedited review and approval;
4. Authorize staff to seek any approvals from the "L. A. for Kids" Steering Committee that may be required in order to complete the property transfer and execute the proposed Lease Agreement;
5. Authorize the Board Secretary, upon obtaining the needed approvals, to accept the Grant Deeds to 8742 and 8750 South Vermont Avenue;

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6. Authorize the Board President and Secretary, upon obtaining the needed approvals, to execute the Lease Agreement and authorize the Board Secretary to request that the Department of General Services record a Memorandum of Lease;
7. Acknowledge that in accepting the property at 8742 and 8750 South Vermont Avenue for the Department, it is not to be set apart and dedicated as park property in perpetuity since it may be transferred at some future date back to Community Build per provisions in the Lease Agreement; and,
8. Authorize staff to assist the Bureau of Engineering with site development in order to expand Community Build's Youth Center, which is located next to the two newly-acquired parcels.

SUMMARY:

Community Build, Inc., a California nonprofit corporation, was founded in July 1992, two months after civil unrest had devastated parts of the City. The goal was to improve the physical, economic, educational and other life-enhancing opportunities and skills of youths and young adults in the City's African-American community. The organization has approximately thirty full-time staff plus volunteers who together, each year, assist a thousand youths, ranging in age from 10 to 30 years old. Their annual budget totals more than two million dollars and is funded by local firms, individuals, civic groups, State grants and grants from both the City and County of Los Angeles. For example, the Center participates in the "L. A. Bridges" and "Workforce Investment Act" programs administered by the City's Community Development Department.

Community Build is headquartered at 4305 Degnan Boulevard in the Leimert Park area. The Youth Center is located at 8730 South Vermont Avenue, a block south of Manchester Avenue. The Center was founded in 1994 and totals 5,000 square feet on three lots. It offers workshops, classes and paid internships focusing on the following needs: mentoring for high school and college students, career mentoring, youth-at-risk and gang-violence intervention, peer counseling, life-skills management and self-sufficiency counseling and "stopgap" mental health assessment. The Center also has programs for youths on probation and for those scheduled for release from juvenile detention who are expected to return to the Center's service area, which encompasses a three-mile radius of South Los Angeles. The Center's two computer labs provide on-line academic tutoring for the youths plus offer computer literacy courses and Internet access for the youths, their parents and for others in the community. The Center partners with local clinics to offer local residents free health services from specially equipped vans.

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In 2003 a specified grant of \$1,892,000 was awarded under the Proposition 12 Murray-Hayden program. The goal of the award was to expand the Youth Center by acquiring two parcels to the south, extending the Center to 88th Street. One parcel is adjacent to the Youth Center and is located at 8742 South Vermont Avenue (APN 6038-010-028); the second parcel is the adjoining corner lot at 8750 South Vermont Avenue (APN 6038-010-029).

At the time of executing the Grant Agreement with the City in January 2004, it was anticipated that Community Build, Inc., would own the two parcels acquired with grant funds. The City was to have a "pass-through", administrative role (Contract No. C-106150). When it was later determined that the City was the actual grantee, staff attempted to obtain approval from the State to have Community Build, Inc., become the award's recipient. These efforts recently proved unsuccessful, but in the meantime Community Build, Inc., acquired the two parcels. The City remains the grantee and must hold title to both parcels for the length of time mandated by the grant for site control, that is, for a minimum of twenty years after the parcels have been developed for public use.

Approving the recommendation to transfer title to the City will create a corresponding need to specify the conditions of the transfer and of the subsequent use of the property, hence the proposed Lease. The term is twenty-two years in order to have the required length of public use of the site, which has not yet been developed. If during the twenty-years of required operation, Community Build, Inc., becomes unable to provide programs at the expanded site, the Department will arrange for their continuation, either by an agreement with another provider or by assigning staff. Should this intervention become necessary, the City will retain ownership of the two parcels acquired with the Murray-Hayden funds. Otherwise, title to the transferred property will revert to Community Build, Inc., at the end of the period of use mandated by the State. Both the State grant administrator and the legal counsel for Community Build, Inc., have approved the proposed Lease.

Community Build, Inc., expects to install on the newly acquired property a modular structure that will add at least 2,000 square feet of space for programming and offices; the Center can then serve an additional 500 youths a year. Proposed programs include expanded tutoring (pre-algebra and the high school exit exam), a yoga/dance studio and a music room. The latter programs will enhance the recreational component of the Center's curriculum. As more funds become available, the site may be further developed to include an outdoor basketball court or other amenities. The Bureau of Engineering has already appointed a project manager for the site's development.

The proposed Lease has the customary sections requiring Community Build, Inc., to submit plans for site development to the Department for approval, to pay all related fees and to obtain the required permits at their sole expense. Community Build, Inc., will pay all utilities and maintenance/repair costs associated with the expanded operations.

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A Phase I site assessment was performed on both parcels. There were no recommendations for further study, so there is no environmental impediment to the City's assuming ownership of the property.

Staff determined that the project will involve the acquisition of property for recreation use involving the construction of a foundation for the installation of a small modular building; therefore, the project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Article III, Section 1, Class 3 (17) and Class 16 of the City CEQA Guidelines.

The Assistant General Manager of Operations East, the Superintendent of Pacific Region and the Office of Council District Eight concur with staff's recommendations.

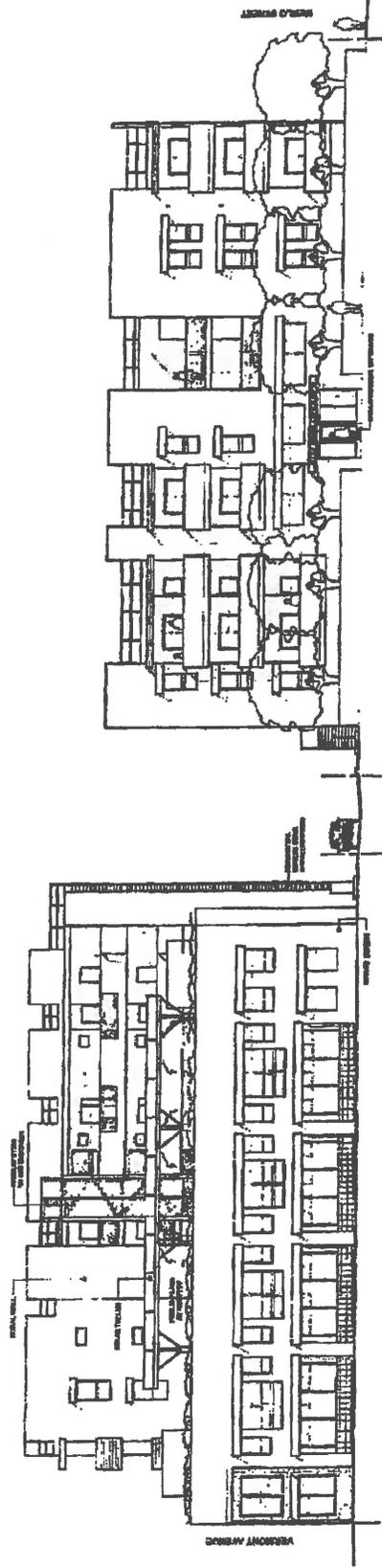
FISCAL IMPACT STATEMENT:

There is no anticipated impact on the Department's General Fund other than staff time associated with administering the Murray-Hayden specified grant. If Community Build, Inc., ceases to offer public programs on the two parcels acquired with Murray-Hayden funds during the initial twenty-year period of operation, the Department will need to find another provider or assume the responsibility and budget the resulting expense accordingly.

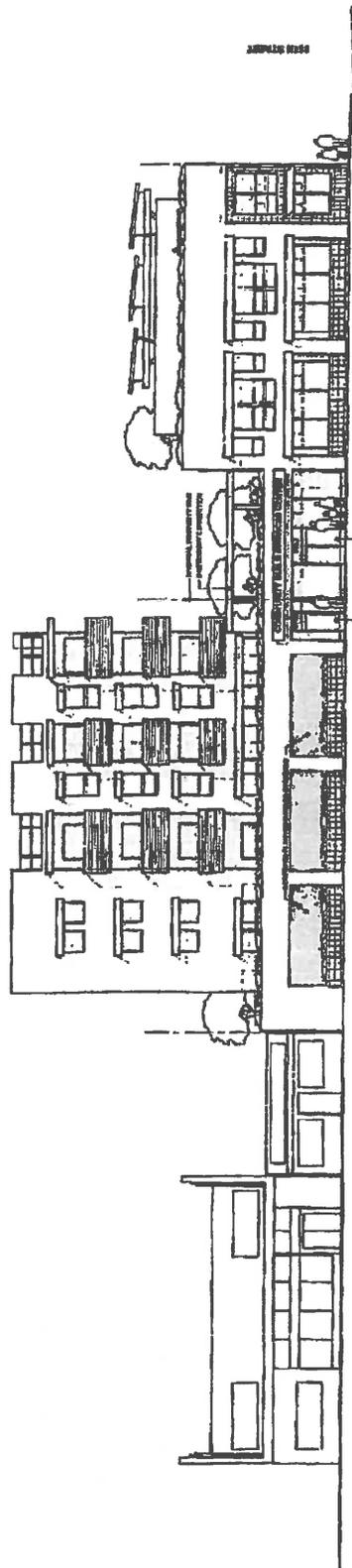
Report prepared by Joan Reitzel, Senior Management Analyst in Real Estate and Asset Management.

EXHIBIT B





88th STREET ELEVATION

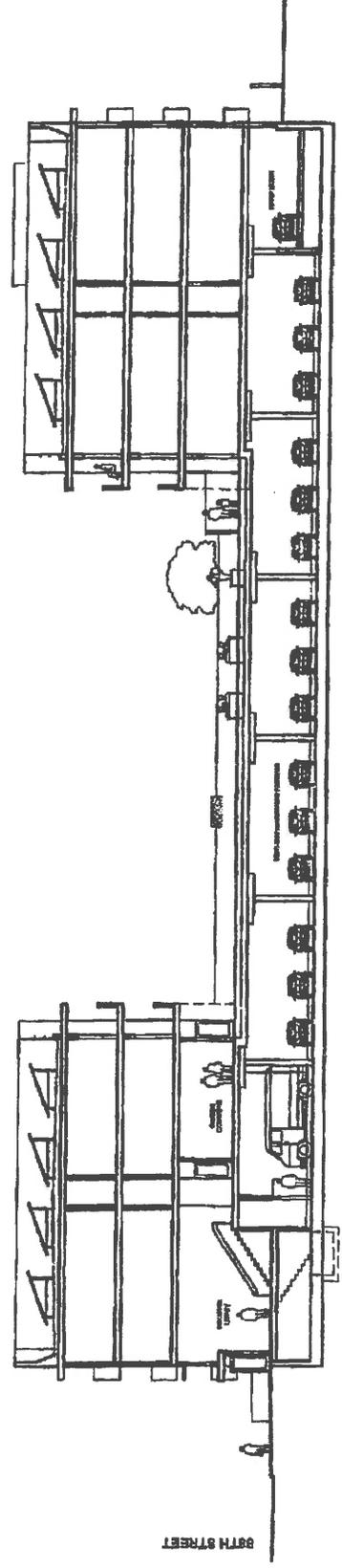
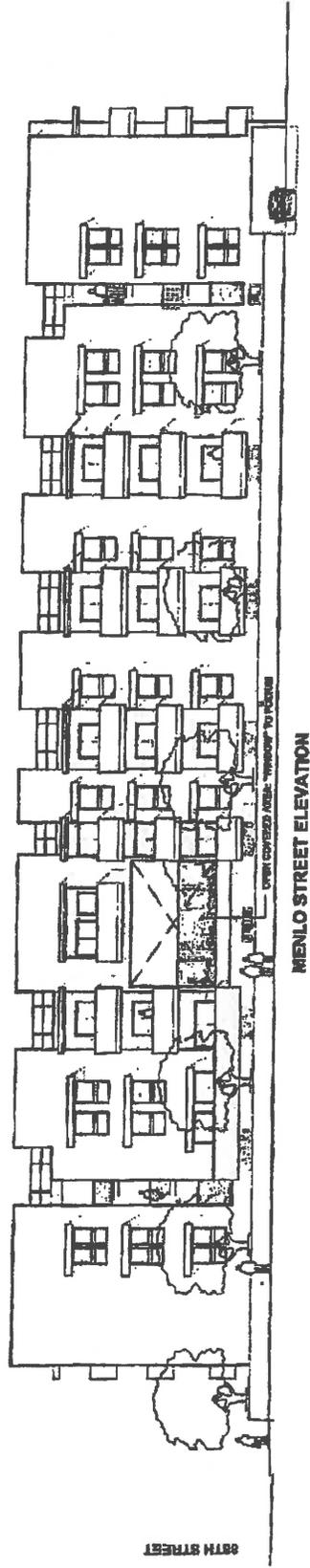


VERMONT AVENUE ELEVATION

SCALE: 1/8" = 1'

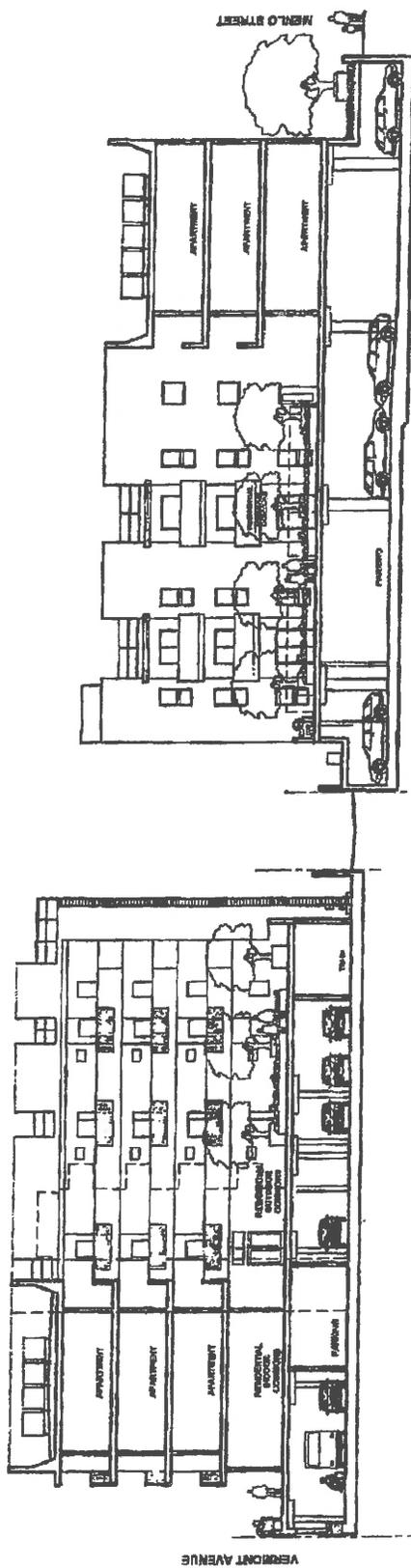
0 10' 20' 40' 60'

A5

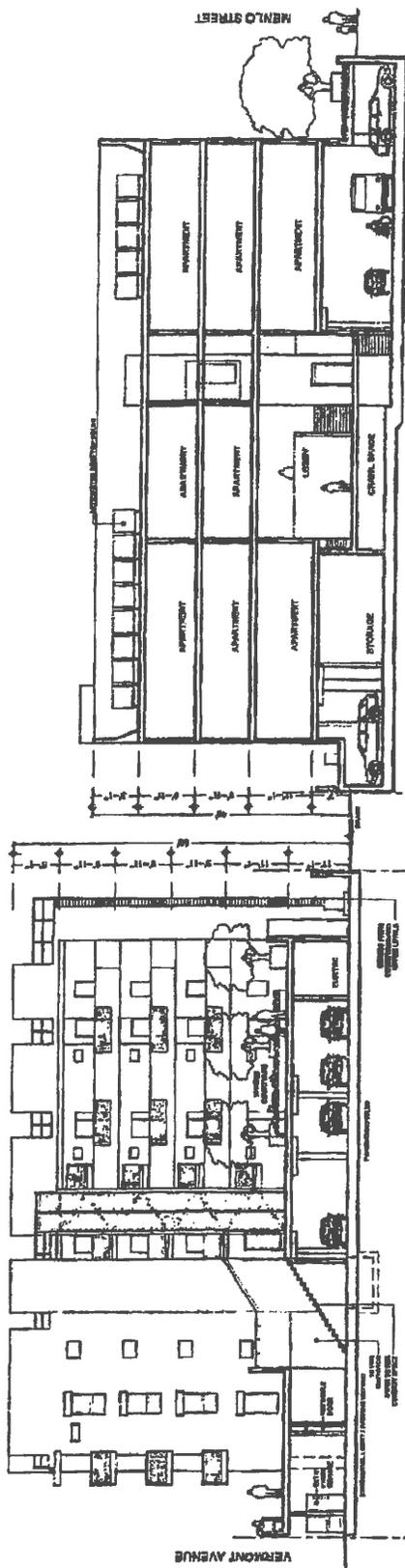


A6

SCALE: 1/8" = 1'
0 10' 20' 40' 60'



TRANSVERSE SECTIONS THROUGH PODIUM COURTYARDS



TRANSVERSE SECTIONS THROUGH HOUSING LOBBIES

A7

SCALE: 1/8" = 1' 0 10' 20' 40' 60'

EXHIBIT C



ENTERTAINMENT AND FACILITIES
MOTION

I MOVE that the Los Angeles Department of Recreation and Parks be authorized to effectuate a non-financial transfer of jurisdiction and control of certain properties located at 8752 and 8742 South Vermont Avenue (APNs 6038-010-903 and 904) to the Los Angeles Housing and Community Investment Department (HCID), subject to City Attorney approval as to form, to assist HCID in the assemble of land for the development of family affordable housing and a community center.

PRESENTED BY: 
MARQUEECE HARRIS-DAWSON
Councilmember, 8th Council District

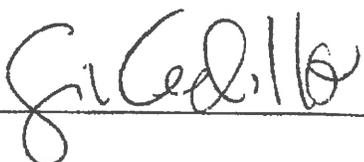
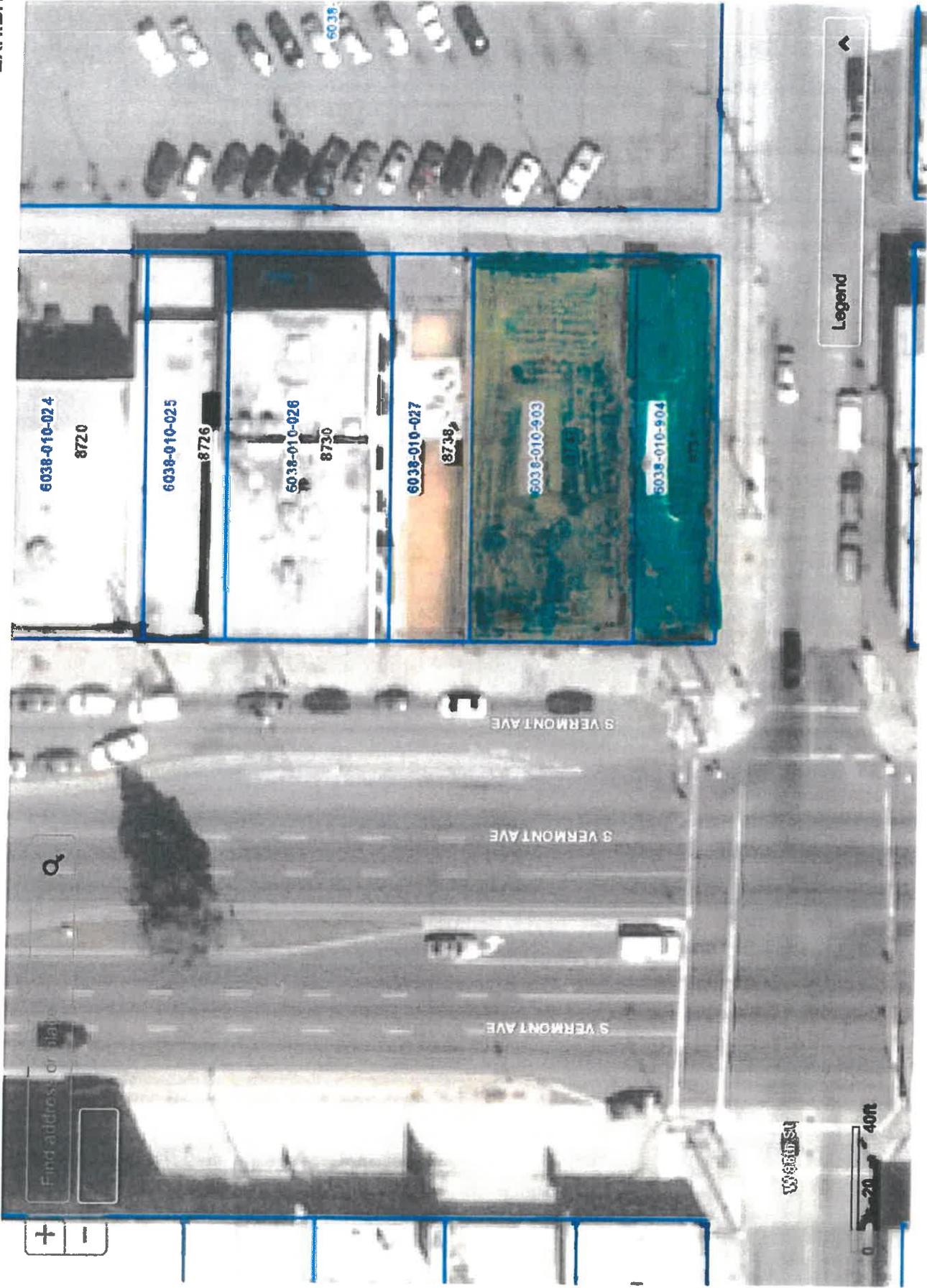
SECONDED BY: 
Gil Cedillo

EXHIBIT E





- Corporate Office
4305 Degnan Boulevard, Suite 102
Los Angeles, California 90008
(323) 290-6560 Fax (323) 596-9036
- Youth and Community Center
8730 South Vermont Avenue
Los Angeles, California 90044
(323) 789-9950 Fax (323) 759-2412
- Youth Development Center
Baldwin Hills Crenshaw Plaza, Suite 195
3650 W. Martin Luther King, Jr. Boulevard
Los Angeles, California 90008
(323) 596-2277 Fax (323) 596-2270

November 15, 2016

Michael A. Shull
General Manager
Department of Recreation and Parks
221 N. Figueroa Street, Suite 350
Los Angeles, CA 90012

**RE: Community Build, Inc. Lease No. 277, in reference to 8742 and 8750 South Vermont Avenue,
Los Angeles, CA 90044, APN 6038-010-028 & 029**

Dear Mr. Shull:

Based on meetings with City Agencies and Council District 8 representatives, to establish site control for "88th & Vermont" a Permanent Supportive Housing (PSH) development and Community Center, the most expeditious pathway is termination of Lease No. 277, followed by transfer of the above property to HCID, and HCID transfer of the property to the Development Entity.

Community Build respectfully supports the following:

1. The Department of Recreation and Parks' intent to terminate the current lease agreement;
2. The Department of Recreation and Parks' intent to transfer ownership of the subject property to HCID.

Community Build, Inc. supports the termination of Lease No 277 for the purpose of expedited site control for "88th & Vermont" and application at the earliest round of Low Income Housing tax credits in March 2017 or July 2017 as a fall-back.

Michael A. Shull
November 15, 2016
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Should you have questions, kindly contact me at kramsey@communitybuild.org or 323-652-2018.
Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'K Ramsey', written over the printed name.

Kimberly Ramsey
Interim President / CEO
Community Build, Inc.

Cc: Joanne Kim, Capital Projects, Council District 8
Ramon Barajas, Assistant General Manager, Department of Recreation and Parks
Cathie Santo Domingo, Superintendent, Department of Recreation and Parks