



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

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May 27, 2005

To: Supervisor Gloria Molina, Chair
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

**PRELIMINARY REPORT – FIRST AMENDMENT TO THE REDEVELOPMENT PLAN
FOR THE WHITTIER CORRIDOR REDEVELOPMENT PROJECT – CITY OF
WHITTIER (FOURTH DISTRICT)**

Consistent with Board policy and direction, we are advising your Board that the City of Whittier has sent us the Preliminary Report for the proposed amendment for the Whittier Corridor Redevelopment Project. The Preliminary Report includes the following information:

- Map of Project Area (Attachment I)
- Physical and Economic Conditions of Blight (Attachment II)
- List of Planned Projects (Attachment III)
- Impact on County General Fund (Attachment IV)

The boundaries of the proposed Project encompass 218 acres in three sub-areas: sub-area A, the closed Fred C. Nelles California Youth Authority facility of 79 acres; sub-area B, 75 acres of commercial, retail, and industrial uses along Lambert Road; and sub-area C, 64 acres of commercial, retail, industrial, and a mobile home park on the north side of Leffingwell and Lambert Roads. The proposed project is intended to provide a financial and administrative mechanism to improve conditions in the added areas, and redevelop the Nelles site.

Each Supervisor
May 27, 2005
Page 2

The information on the project areas and the physical and economic conditions of blight (Attachment II) was extracted from the Agency's Preliminary Report. Consistent with procedures approved by your Board, this office conducts summary examinations of proposed project areas and reviews agency preliminary reports. Unless concerns are raised by this initial review, a more in-depth analysis is normally not conducted given resource limitations. Based on the summary examination of the Agency's findings, site visits, and meetings with City staff, we conclude that the project area generally reflects blighting conditions consistent with legal requirements.

However, we consider it important to continue discussions with the City regarding the establishment of the base year value on the Nelles site. This site, currently owned by the State of California, will likely be transferred to the City, and eventually to private ownership. As a government-owned property, its assessed value does not appear in the base year value of the project. County Counsel advises that when redevelopment property goes from private to government ownership, agencies are allowed to subtract pre-redevelopment values from the base (with resultant loss to taxing entities). Therefore, in the reverse, the County should be entitled to add the value of the Nelles site to the base year value when it is transferred from government to private ownership. We want the City to understand our expectations clearly so as to avoid unnecessary litigation, and ideally, to agree on a valuation methodology in anticipation of a base year adjustment.

A public hearing on the proposed adoption of the amendment has yet to be confirmed, but is anticipated to take place in late June 2005. Failure to voice opposition, if any, at the hearing may preclude the County from legally challenging the proposed project at a later date. If you have any questions regarding this information, please call me, or your staff may call Robert Moran of my office at (213) 974-1130.

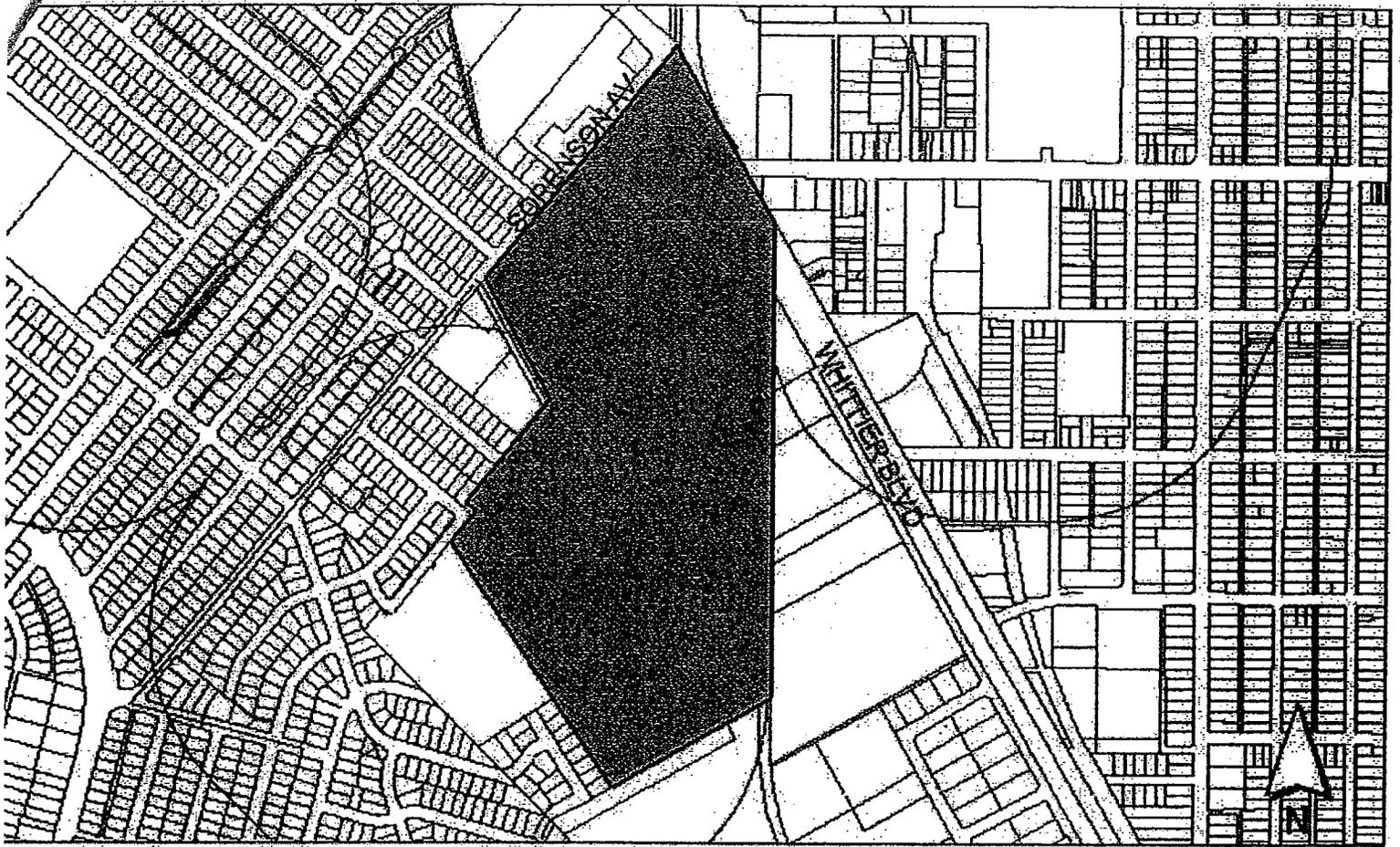
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Attachments

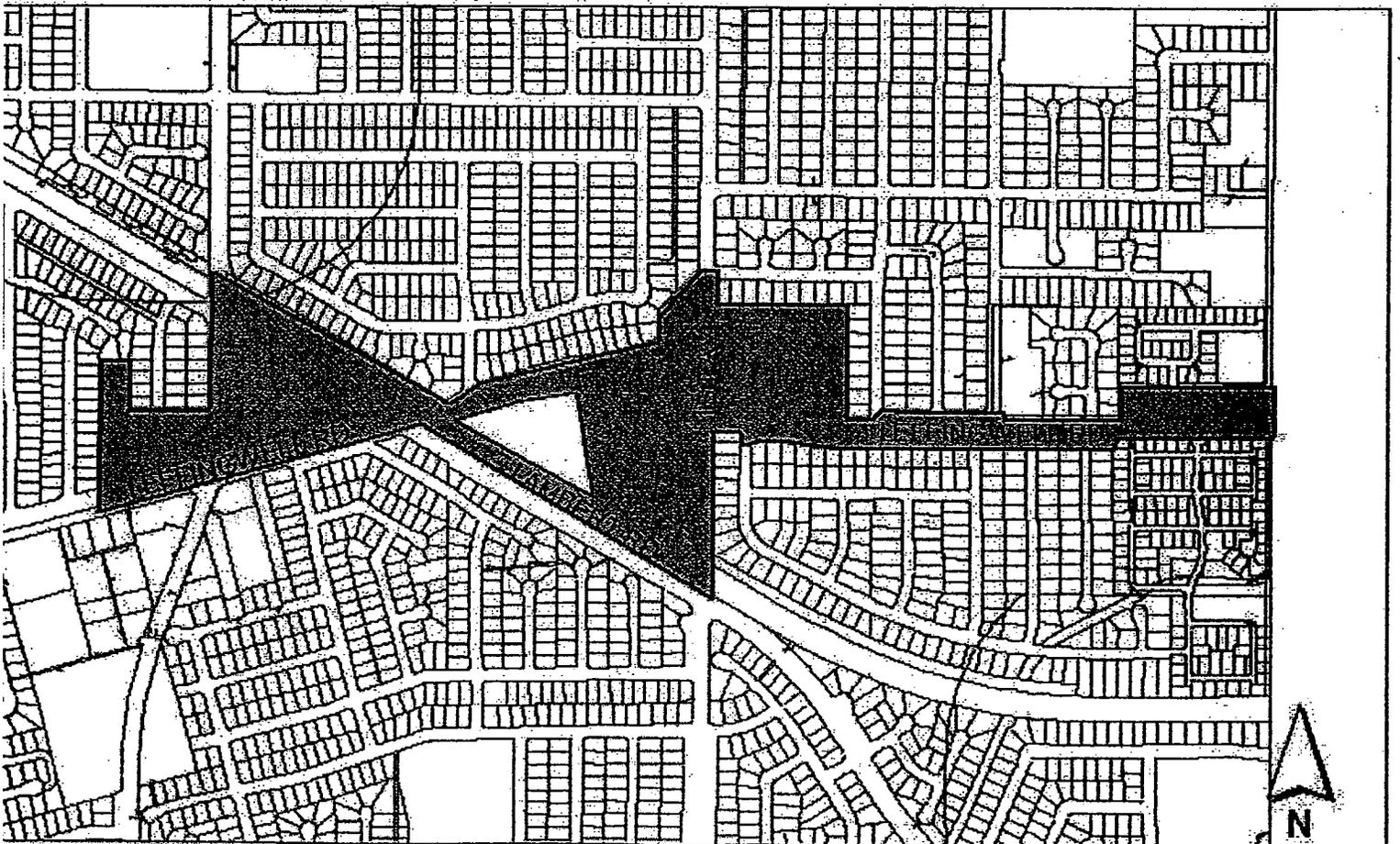
c: Raymond G. Fortner Jr., County Counsel
J. Tyler McCauley, Auditor-Controller

ADDED AREA- Sub Area A
Whittier Commercial Corridor Redevelopment Project Area

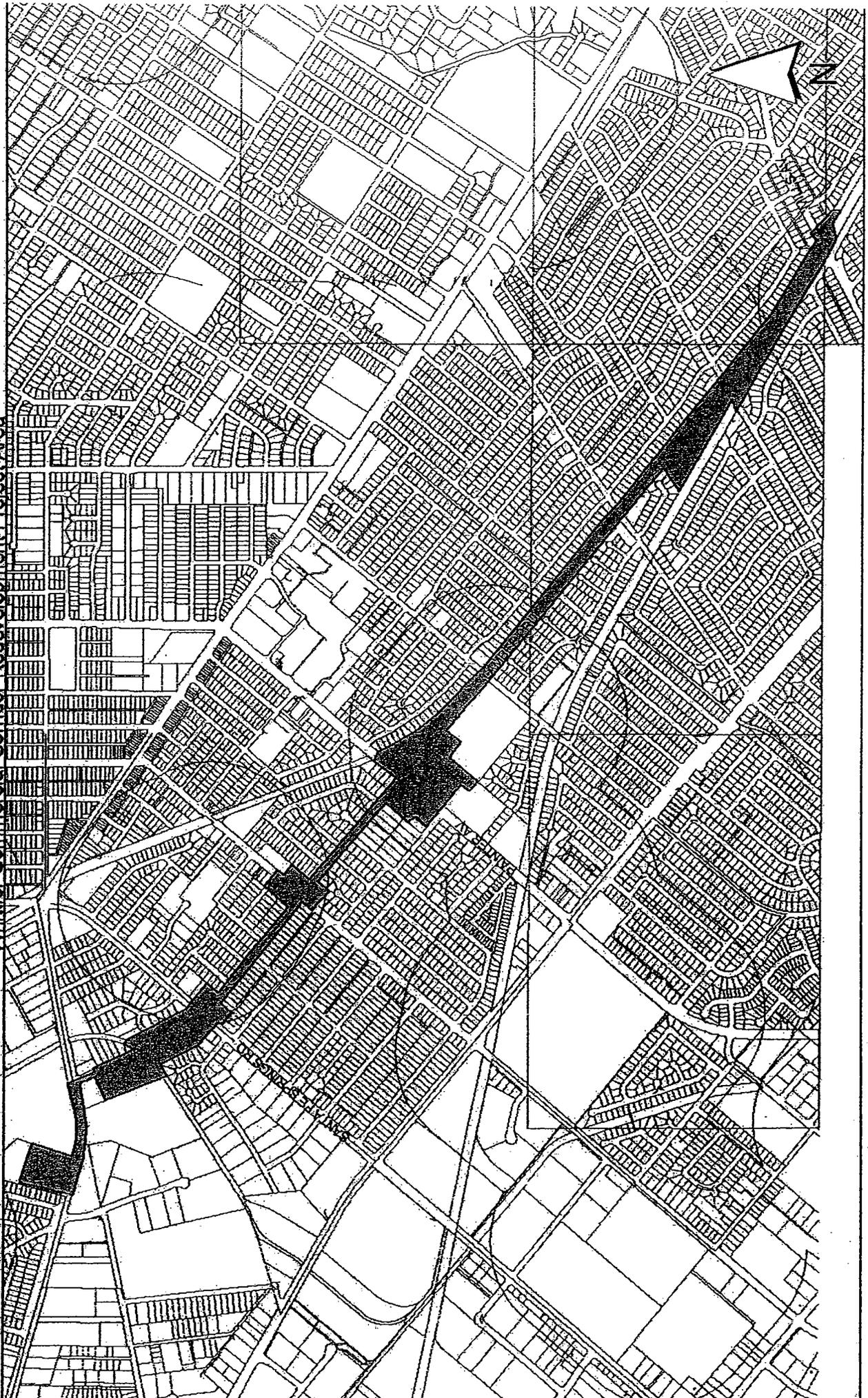
ATTACHMENT I



ADDED AREA- Sub Area C
Whittier Commercial Corridor Redevelopment Project Area



ADDED AREA - Sub Area B
Whittier Commercial Corridor Redevelopment Project Area



PROJECT AREA DESCRIPTION
PHYSICAL AND ECONOMIC CONDITIONS OF BLIGHT
(From Agency's Preliminary Report)

Physical and Economic Blight Conditions

The following is a brief summary of the physical and economic blight conditions that are described in the Agency's Preliminary Report for the Project Area:

- City planners indicate that a 7,000 square foot parcel is generally the smallest developable parcel to meet the City's current development standards. Approximately 24 percent of the parcels in the project area are less than 7,000 square feet.
- Approximately 33 percent of the parcels in the project area are of an irregular shape, which hinders potential for development.
- Of the total number of parcels, 32 percent use outdoor storage for excessive materials, trash, and other items.
- Obsolescence results from a combination of blighting factors, including the age of the structure, lack of maintenance, and absence of desirable amenities such as adequate parking. About 70 percent of the buildings in the project area are at least 30 years old.
- Evidence of dilapidation and deterioration in the project area includes structures with damaged exterior building materials (17 percent), deteriorated roofs (20 percent), deteriorated eaves (13 percent), and exposed wiring (4 percent).
- Complaint-generated building code violations in the project area for 2004 included: outdoor storage/trash; structure maintenance; and abandoned vehicles.
- Lease rates for office space in the project area average \$1.42 per square foot, compared to \$1.66 in Santa Fe Springs, \$1.89 for the San Gabriel Valley, and \$2.15 for Los Angeles County.
- From 2001 through 2004, nearly 30 percent of business licenses opened in the project area were not renewed, indicating a high turnover rate.
- The project area comprises 1.52 percent of the acreage of the City of Whittier, but accounted for the following percentages of crime in 2003: homicide (100 percent); rape (24 percent); aggravated assault (19 percent); and motor vehicle theft (19 percent).

LIST OF ESTIMATED PROGRAM COSTS

Item or Program	Amount
Economic Development Rehabilitate 900,000 square feet of commercial; Assist in the orderly redevelopment of the now closed Nelles Youth Correctional Facility; Low interest loan program to encourage restoring, modernizing, and improving commercial structures.	\$89,059,309
Housing Programs* Acquire land or building sites; Construct buildings or structures; Rehabilitate buildings or structures; Provide subsidies to persons or families of very low, low, or moderate income.	\$79,043,880
Infrastructure Improvements Widen public rights of way to install right turn lanes; Install landscape medians and street lights; Improve water mains and valves, sewer mains, Storm water/drainage infrastructure.	\$45,859,931
TOTAL COSTS	\$213,963,120

*Programs funded by mandatory housing set aside

IMPACT ON COUNTY GENERAL FUND**Limits of Plan – Added Areas**

- Incurring Debt: 20 Years
- Redevelopment Activities: 30 Years
- Limitations on Collection of Tax Increment: 45 Years

Estimated Project Revenues

- Assumed Annual Real Property Growth Rate: 4%
- 2004 Base Year Assessed Valuations: \$60,622,763
- Gross Estimated Increment (45-Year Collection): \$366,787,223
- Housing Set-Aside (20% Minimum): \$73,357,445
- County General Fund 45-year Revenue With Project: \$46,398,294
- County General Fund 45-year Revenue Without Project: \$12,812,716
- Net 45-year Difference to County General Fund: \$33,585,578
- Net 45-year Present Value Difference to County General Fund: \$9,959,617

*** NOTE**

This project is a unique proposal, as it includes the development of a large, publicly-owned site (the former Nelles California Youth Authority facility). Because the facility is currently owned by the State of California, the County does not currently receive property taxes. Thus, the County's share of pass-through under redevelopment law would represent an increase of property tax receipts. Due to the facility's age and condition, significant mitigation measures must be completed to convert the facility to a different use. Therefore, it is unlikely that the project would be successful without the use of redevelopment, which makes it difficult to create a scenario for comparison purposes of the project without redevelopment.