



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION - LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.lacounty.gov>

DAVID E. JANSSEN
Chief Administrative Officer

April 11, 2007

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

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

From: David E. Janssen
Chief Administrative Officer

**QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY
(FIRST QUARTER 2007)**

In response to the increased level of CRA activity in the County and this Office's augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report covering activities during the first quarter of the calendar year. As we indicated in our initial report to your Board, and consistent with the Board-approved policies and procedures, this Office works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

Please let me know if you have any questions, or your staff may contact Robert Moran at (213) 974-1130 or Karen Herberts at (213) 974-1329, respectively.

DEJ:MKZ
MLM:RM:ib

Attachment

c: Auditor-Controller
County Counsel

CRA Quarterly Rpt Memo to Board 1_07 memo.doc

COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES
Quarterly Report – First Quarter 2007 – March 31, 2007

New CRA Projects - Routine Notifications/Reports Provided to Board

CRA Projects	District	Type of Notification	Date
City of Industry Project Area No. 4 (see below)	1 st	Preliminary Report	March 29, 2007

Board Letters/Actions During Quarter

CRA Projects	District	Action	Date of Board Action
None			

Major Ongoing or Emergent CRA Issues

El Monte (First District)

Issue: The City proposed changes in its Downtown Redevelopment Project in order to allow for the development of a major transit-oriented residential and retail project. The proposed changes include a ten-year extension of the Project and adjustments to the County pass-through share of tax increment in order to fund infrastructure improvements.

Status: The County is working with its consultant to verify the feasibility of the City's proposal that would not extend the project ten years, but use County deferral of its share, with repayment (including interest), in the out-years to fund infrastructure improvements in the Project Area.

City of Industry (First District)

Issue: This office received the Preliminary Report for the proposed Redevelopment Project No. 4. The revised Project includes 291 acres located in the northwest corner of the City.

Status: Based on an initial review of the Preliminary Report, this office has concerns that the proposed project does not meet the blight requirements consistent with Redevelopment Law. This office will work closely with County Counsel to conduct a thorough review of the Preliminary Report, and will work with the City to try to resolve these concerns.

Pomona (First District)

Issue: The Auditor-Controller needs to clarify a project cap on the receipt of tax increment for

the Southwest Project and the County's contribution to the low-and moderate-income housing fund.

Status: This office notified the City that the 1988 Agreement requires the County to make deferrals and pay an annual grant to ensure the Agency receives \$8.5 million annually. We also confirmed that the Agreement fixes the County's contribution to the low-and moderate-income housing fund at \$600,000 per year, and requires the Agency to contribute any required amounts in excess of the base amount of \$8.5 million per year. We have had no response and consider the matter closed.

Redondo Beach (Fourth District)

Issue: The City is proposing to refinance existing debt relating to the South Bay Center Project. This proposal would require an amendment to the County agreement whereby the County guarantees that the City will receive sufficient tax increment funds to meet existing debt service and also require the County to advance additional amounts of principal.

Status: Staff has been working with the City in order to analyze the equities of a possible amendment. A draft County response is being finalized.

Whittier (Fourth District)

Issue: The Greenleaf Project, adopted in 1973, recently reached the point in the project's life where the County will begin receiving a share of the tax increment. The City and County have a difference of opinion as to how this share was intended to be calculated.

Status: Staff has been working with the City in order to resolve the differences fairly for both parties, and this may require amending the existing agreement. This matter needs to be resolved soon, as the City wishes to issue additional debt.

Litigation

Glendora (Fifth District)

Issue: The City adopted Project No. 5 on July 18, 2006. The Project would merge three of the City's existing redevelopment areas; increase the tax increment cap on one of the existing projects; establish a new redevelopment project; and reestablish the authority to use eminent domain in the existing project areas.

Status: The County filed a lawsuit objecting to the Project on the grounds that the proposed new Project Area No. 5 does not meet the blight requirements; Project No. 3 lacks significant remaining blight to justify an increase in the project cap; the Agency has not made a finding of public benefit required to merge the projects; and the evidence presented by the City was outdated and misleading. The case was transferred to the

Superior Court of the County of Monterey. The court has not yet assigned the case nor has the Agency filed the administrative record.

Los Angeles - City Center (First and Second Districts)

Issue: The Agency adopted the City Center Redevelopment Project on May 15, 2002. This project of approximately 880 acres in Downtown Los Angeles reestablishes as a new project much of the existing Central Business District (CBD) Project, which reached its court-validated (Bernardi) project cap.

Status: The County filed a lawsuit objecting to the Project on the basis that it violated the Bernardi cap on the CBD Project, and improperly includes 30 acres of non-blighted parking lots surrounding the Staples Center. On June 24, 2003, the trial judge issued a final decision invalidating the Project. On April 19, 2005, the 2nd District Court of Appeal ruled that the proposed City Center Project can proceed, but cannot include any of the former CBD areas, which comprise the majority of the Project. This office is analyzing a recent proposal from the City to settle the remaining legal issues.

Los Angeles - Central Industrial (First and Second Districts)

Issue: The City adopted the Central Industrial Redevelopment Project on November 15, 2002. The Project includes approximately 744 acres of primarily industrial areas located in the southeast section of Downtown Los Angeles. Similar to the City Center Project, the Central Industrial Project includes detachment of parcels from the CBD Project.

Status: Similar to City Center, the County filed a lawsuit objecting to the Project on the basis that it violated the Bernardi project cap on the CBD Project. On September 19, 2003, the Court issued a ruling invalidating the Project. The Court of Appeal similarly ruled that the proposed Central Industrial Project can proceed, but cannot include any of the former CBD areas. This office is analyzing a recent proposal from the City to settle the remaining legal issues.

Overall CRA Statistics

Active CRA Projects	313
Pending CRA Projects	13