



County of Los Angeles CHIEF EXECUTIVE OFFICE

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DAVID E. JANSSEN
Chief Executive Officer

July 7, 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 Executive Officer

QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY (SECOND 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 second 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.

DEJ:MKZ
MLM:RM:ib

Attachment

c: Auditor-Controller
County Counsel

CRA Quarterly Rpt Memo to Board 2_07 memo.doc

COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES
Quarterly Report – Second Quarter 2007 – June 30, 2007

New CRA Projects - Routine Notifications/Reports Provided to Board

CRA Projects	District	Type of Notification	Date
City of Azusa Merged Central Business District and West End Redevelopment Project (see below)	1 st	Notice of Preparation	April 12, 2007
City of Industry Project Area No. 4 (see below)	1 st	Notice of Statement of Objections	June 12, 2007

Board Letters/Actions During Quarter

CRA Projects	District	Action	Date of Board Action
City of Los Angeles Adelante Eastside Project	1 st	Subordination Resolution	June 12, 2007

Major Ongoing or Emergent CRA Issues

Azusa (First District)

Issue: The City is proposing to increase the tax increment limit and add 15 acres to the Merged Central Business District and West End Redevelopment Project.

Status: The City conducted a tour of the proposed areas with County staff. This Office will work with the City in determining if the proposal is consistent with Community Redevelopment Law. The City has indicated it plans to adopt the project in October, 2007.

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. The County's consultant is waiting for information requested of the City's developer.

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: This Office has concerns that the proposed project does not meet the blight requirements consistent with Community Redevelopment Law. The CEO prepared a Statement of Objections and submitted it to the City prior to its Joint Public Hearing to adopt the project on June 13, 2007. The City postponed adoption of the project to November 2007. This Office will work with the City to try to resolve these concerns.

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. The City recently submitted a revised proposal that is under consideration.

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, and trial is set for November 6, 2007.

Los Angeles - City Center and Central Industrial (First and Second Districts)

Issue: The Agency adopted the City Center Redevelopment Project on May 15, 2002, and the Central Industrial Project on November 15, 2002. Both projects included areas which were formerly in the existing Central Business District (CBD) Project, which reached its court-validated (Bernardi) project cap.

Status: Your Board authorized challenges to these projects, and trial court judgements were in favor of the County. Both judgements were appealed, and the Court of Appeal said that both projects were partially invalid, so far as they sought to divert property taxes from former CBD areas. In the remanded City Center case, the County argued that the partial invalidation of 92 percent of the City Center Project made the Project financially infeasible. On April 4, 2007, the trial court issued a tentative decision invalidating the entire City Center Project. In the remanded Central Industrial case, the trial court refused the County's evidence that a 31 percent reduction in tax resources made it financially infeasible. The County has appealed that decision. County Counsel and this Office will analyze any settlement offers received from the City.

Overall CRA Statistics

Active CRA Projects	313
Pending CRA Projects	13