



County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

July 24, 2009

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

**QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY
(SECOND QUARTER 2009)**

In response to the increased level of CRA activity in the County and the Chief Executive Office's (CEO) 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, the CEO 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.

WTF:LS
DSP:RTM:ib

Attachment

c: Auditor-Controller
Acting County Counsel

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COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES
Quarterly Report – Second Quarter 2009

New CRA Projects - Routine Notifications/Reports Provided to Board

CRA Projects	District	Type of Notification	Date
City of Santa Clarita Amendment to Newhall Project	5 th	Notice of Preliminary Report	April 24, 2009
City of Los Angeles Amendment to Adelante Eastside Project	1 st	Notice of Preliminary Report	May 6, 2009
City of Santa Fe Springs Amendments to Consolidated and Washington Projects	1 st	Notice of Preliminary Report	May 12, 2009
City of Santa Fe Springs Amendments to Consolidated and Washington Projects	1 st	Notice of Statement of Objections	June 24, 2009

Board Letters/Actions During Quarter

CRA Projects	District	Action	Date of Board Action
Carson Project No. 1	2 nd	Subordination Resolution	May 19, 2009

Major Ongoing or Emergent CRA Issues

Commerce (First District)

Issue: The City is proposing an increase to the lifetime dollar cap of Project Area No. 1.

Status: The CEO informally expressed concerns to the City, that there is little evidence of significant remaining blight, or nexus between the requested cap increase and the projects proposed to eliminate the remaining blight. The City has indicated that it may, nonetheless, proceed with project adoption.

El Monte (First District)

Issue: The City proposed changes to its Downtown Redevelopment Project in order to allow for the development of a transit-oriented 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 CEO informed the City that any recommendation to the Board regarding a contribution of County tax share would be in the form of a loan which would require repayment in the out years. Also, the County's real estate consultant will be required to review the developer's plans.

City of Industry (First District)

Issue: The City sponsored a bill (SB 1771) in 2008 to extend its three redevelopment projects by ten years. The extensions would have a very significant negative impact on the County's future share of tax increment.

Status: Your Board and other officials expressed concern to Legislative representatives. At the bill's first hearing, the author withdrew the bill. The City is moving forward with its NFL Stadium project. The CEO will continue to monitor State Budget negotiations for the inclusion of any proposals to extend redevelopment projects in exchange for some short-term benefit to the State. The long-term negative impact to the County, State, and all other taxing agencies would be tremendous.

Los Angeles (First District)

Issue: The City adopted an amendment to the Adelante Eastside Project.

Status: The amendment merged the Adelante Eastside Project with the County's Whiteside Redevelopment Project. The merger will facilitate the creation of a biotechnology research park. CEO staff conducted a tour of the project areas, and confirmed that the agency's findings of blight were consistent with the requirements of Redevelopment Law.

Los Angeles (Second District)

Issue: The City is seeking County assistance to redevelop the Crenshaw project area.

Status: CEO staff informed the City that any recommendation to the Board regarding a contribution of County tax share will be in the form of a loan which will require repayment in the out years. Also, the County's real estate consultant will be required to review the developer's plans. CEO staff will work with CRA/LA staff on this proposal.

Santa Clarita (Fifth District)

Issue: The City adopted an amendment to the Newhall Redevelopment Project.

Status: The amendment extended the eminent domain authority for an additional twelve years. CEO staff conducted a tour of the project areas, and confirmed that the agency's findings of blight were consistent with the requirements of Redevelopment Law.

Santa Fe Springs (First District)

Issue: The City is proposing to add new areas to existing redevelopment project areas.

Status: The CEO, in conjunction with County Counsel and an independent redevelopment consultant, concluded that the City's proposal is not consistent with Community Redevelopment Law due to a lack of significant remaining blight. CEO staff submitted its Statement of Objections. Upon confirmation that the City adopted the amendments, CEO and County Counsel will prepare a recommendation to your Board to pursue litigation.

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, and the Trial Court ruled in favor of the County. The City filed an appeal and the County filed its response to the City's opening brief. A State budget trailer bill included a provision that would nullify the most financially significant aspect of the decision by guaranteeing Glendora's Project No. 3 a minimum of \$2.6 million annually. The County petitioned the Court of Appeal to rule on the legality of this maneuver.

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 judgments were in favor of the County. Both judgments 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. The County agreed to a settlement that will affirm that the CRA will not receive tax increment from former CBD areas, but can receive tax increment from areas that were not formerly in CBD. The settlement agreement was accepted by the Court, and the Auditor-Controller released the tax increment being held in trust to the CRA and all taxing entities, including the County General Fund, in July. For 2007-08, the amount paid to the General Fund for the City Center and Central Industrial Projects was approximately \$11.5 million (inclusive of interest).

Overall CRA Statistics

Active CRA Projects	313
Pending CRA Projects	14