

**OVERSIGHT BOARD TO THE FORMER
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF COMPTON
STAFF REPORT**

DATE: NOVEMBER 20, 2013

TO: THE HONORABLE CHAIR AND BOARD MEMBERS

FROM: EXECUTIVE DIRECTOR

SUBJECT: APPROVAL OF THE SALE AND DISPOSITION BETWEEN THE SUCCESSOR AGENCY, STEWARD DEVELOPMENT, INC. AND SOUTH LOS ANGELES ECONOMIC ALLIANCE OF CERTAIN SUCCESSOR AGENCY OWNED PROPERTY LOCATED AT 1117 SOUTH LONG BEACH BOULEVARD

SUMMARY:

Staff respectfully requests the Board to concur with the Successor Agency Board's approval on of the Sale and Disposition Agreement between the Successor Agency, Steward Development, Inc. and South Los Angeles Economic Alliance -IQ Partners, LLC of Certain Successor Agency-owned property located at 1117 S. Long Beach Blvd.

BACKGROUND:

In accordance with its strategic and aggressive efforts to stimulate private sector investment into the community to expand the City's tax base, the Successor Agency to the Community Redevelopment Agency (Agency) has continuously sought out prestigious and accomplished developers as partners in the redevelopment of Compton. These efforts are in an attempt to transform the City of Compton's physical, economic, and social fabric into a vibrant, commercial retail center and destination place for new housing and moderate income residents.

In furtherance of this economic development effort, the Successor Agency has received a proposal from Steward Development, Inc. and the South Los Angeles Economic Alliance, who are well established developers in the areas of commercial and residential development and local economic development initiatives. Steward Development has recently completed the following commercial and residential projects: Newmark Wholesale Mart project; Santa Monica Centinela Residential Development Park Plaza Hotel; Los Angeles County Sheriff Training Center; Flexa Galleria Interior Project; Santa Carlotta Residential project Hamilton High School; Martin Luther King Jr. Drew Medical Center project; and many other similar developments.

Steward Development proposes to develop a mixed-use senior housing and retail development on a Successor Agency owned property located at 1117 S. Long Beach Blvd. The scope of the project includes 5,000 square feet of ground floor commercial/retail and 2-3 levels of affordable senior housing units. The developer proposes to construct approximately 80 senior housing units on the site. The rents for the senior housing units will be set at a fixed rate not to exceed the low-income limits determined by the U.S. Department of Housing and Urban Development (HUD). However, the developer may allow a certain percentage of units for moderate income seniors.

STATEMENT OF THE ISSUE:

Staff's methodology for determining the property valuation was based on the current market conditions and the economic feasibility model used to determine the residual land value for a low-income senior housing project. Based on the forgoing information, a land price for new senior housing construction was valued at \$15.36 per square foot. The total acreage for this project is 1.24 acres or 52,080 square feet.

The Agency through its 2010 Tax Allocation Bonds has committed \$1.3 million dollars to the development for the retention of the affordability covenants attached to each unit to maintain the rents at a low-income level for the eligible senior citizens that will reside in the development. These bond funds were approved on July 20, 2010, by the Urban Community Development Commission under resolution #1,808. Furthermore, these funds have been identified in the Successor Agency's Due Diligence Review (DDR) Report as "Restricted funds". As such as, restricted funds are not available to be remitted back to the State Department of Finance under the "claw back" provisions of Assembly bill 1484.

In addition, to the restrictive nature of the official statement that mandates the use of the 2010 Tax Allocation Bond proceeds, the allocation of \$1.3 million dollars to this project provides the project with a competitive advantage under the State of California's 9% Tax Credit Application (competitive) process. The bond funds along with the purchase price for the property will provide the developer with a higher tax credit equity ratio (score), which allows the project to request less funds from the State, creates more efficient leverage (use) of external financing resources; and therefore making the project more feasible and competitive in the application process. While the developer is not solely dependent on Tax Credit funds for this project, if awarded Tax credit funds the total costs for the project would be reduced and allow for greater flexibility within the development pro forma.

ANALYSIS:

The Commercial retail component of this project is estimated to create 20-30 jobs. The developer will work with the City's Careerlink and Local Workforce Employment agency to ensure that qualified Compton residents are hired in all phases of the development. The commercial retail (7,500 square feet) space will generate approximately \$25,000 annual sales tax.

FISCAL IMPACT:

The Successor Agency has funds allocated in its 2010 Tax Allocation Bond – Series A housing proceeds for this project in the amount of \$1,300,000 dollars.

Steward Development, Inc. is proposing to purchase the site from the Successor Agency for \$800,000 dollars. The proceeds from the sale of this property will be retained by the City of Compton (acting as the Successor Housing Agency to the Community Redevelopment Agency), for use to implement the housing activities and projects of the former Community Redevelopment Agency.

The use of the sales proceeds from this project are restricted in accordance with the Health and Safety Code Section 34176(d) which states that “...any funds generated from housing assets...shall be maintained in a separate Low and Moderate Income Housing Asset Fund...Funds in this account shall be used in accordance with applicable housing related provisions of the Community Redevelopment Law.”.

ENVIRONMENTAL IMPACT

There will be no new environmental impact associated with adoption of the attached Resolution.

RECCOMENDATION:

Staff respectfully request the Board concur with the Successor Agency Board approval on February 19, 2013 of the Sale and Disposition between the Successor Agency, Steward Development, Inc. and South Los Angeles Economic Alliance -IQ Partners, LLC of Certain Successor Agency-owned property located at 1117 S. Long Beach Blvd.

DR. KOFI SEFA-BOAKYE
REDEVELOPMENT MANAGER

G. HAROLD DUFFEY
EXECUTIVE DIRECTOR

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY FOR THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COMPTON CONDUCTING THE PUBLIC HEARING AND APPROVAL OF THE SALE AND DISPOSITION AGREEMENT BETWEEN THE SUCCESSOR AGENCY, STEWARD DEVELOPMENT, INC. AND SOUTH LOS ANGELES ECONOMIC ALLIANCE IN CONNECTION WITH THE DEVELOPMENT OF CERTAIN SUCCESSOR AGENCY OWNED PROPERTY LOCATED AT 1117 SOUTH LONG BEACH BOULEVARD

WHEREAS, in its aggressive effort to stimulate private sector investment into the community to expand the City's tax base, the Successor Agency to the Community Redevelopment Agency (Agency) has continuously sought out prestigious and accomplished developers as partners in the rebuilding of Compton; and

WHEREAS, In furtherance of this economic development objective, the Successor Agency has received a proposal from Steward Development, Inc. and the South Los Angeles Economic Alliance, who are well established developers in the areas of commercial and residential development and local economic development initiatives; and

WHEREAS, pursuant to resolution #18, the Board of Directors of the Successor Agency to Community Redevelopment Agency authorized submission to the Oversight Board to of the Community Redevelopment Agency for consideration, the Sale and Disposition Agreement between the Successor Agency, Steward Development, Inc. and South Los Angeles Economic Alliance in connection with development of certain Successor Agency-owned property located at 1117 S. Long Beach Blvd; and

WHEREAS, Steward Development proposes to develop a mixed-use senior housing and retail development on a Successor Agency owned property located at 1117 S. Long Beach Blvd. The scope of the project includes 5,000 square feet of ground floor commercial/retail and 2-3 levels of affordable senior housing units. The developer proposes to construct approximately 80 senior housing units on the site. The rents for the senior housing units will be set at a fixed rate not to exceed the low-income limits determined by the U.S. Department of Housing and Urban Development (HUD). However, the developer may allow a certain percentage of units for moderate income seniors; and

WHEREAS, Steward Development has recently completed the following commercial and residential projects: Newmark Wholesale Mart project; Santa Monica Centinela Residential Development Park Plaza Hotel; Los Angeles County Sheriff Training Center; Flexa Galleria Interior Project; Santa Carlotta Residential project Hamilton High School; Martin Luther King Jr. Drew Medical Center project; and many other similar developments; and

WHEREAS, based on the current market and economic conditions, the Agency has determined the residual land value for the construction of the proposed development at \$15.36 per square foot. The total acreage for this project is 1.24 acres or 52,080 square feet representing a total value of \$800,000; and

WHEREAS, the Agency through its 2010 Tax Allocation Bonds has committed \$1.3 million dollars to the development for the retention of the affordability covenants attached to each unit to maintain the rents at a low-income level for the eligible senior citizens that will reside in the development. These bond funds were approved on July 20, 2010, by the Urban Community Development Commission under resolution #1,808. Furthermore, these funds have been identified in the Successor Agency's Due Diligence Review (DDR) Report as "Restricted funds."

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE CITY OF COMPTON HEREBY FINDS, DETERMINES, RESOLVE, AND ORDERS AS FOLLOWS:

Section 1. That the above recitals are hereby true and correct and are a substantive part of this resolution.

Section 2. That this resolution is adopted pursuant to Health and Safety Code Section 34177.

Section 3. That the Oversight Board conducts the public hearing for the Sale and Disposition Agreement between the Successor Agency, Steward Development, Inc. and South Los Angeles Economic Alliance of certain Successor Agency-owned property located at 1117 S. Long Beach Blvd.

Section 4. That there is no negative impact to the City of Compton or the affecting taxing entities with the approval of this resolution.

Section 5. That Steward Development, Inc., and South Los Angeles Economic Alliance will purchase the site from the Successor Agency for approximately \$800,000.

Section 6. That the officers and staff of the Oversight Board and the Successor Agency are hereby authorized and directed, jointly and severally, to execute the agreement as agreed upon by all parties and to do any and all things which they may deem necessary or advisable to effectuate this resolution.

Section 7. That a certified copy of this resolution shall be filed in the offices of the Executive Director of the Successor Agency.

ADOPTED this ____ day of _____, 2013.

**CHAIRPERSON OF THE OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF COMPTON**

ATTEST:

**SECRETARY TO THE OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF COMPTON**

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COMPTON: ss

I, Tanya Ruiz, Secretary to the Oversight Board to the Successor Agency to the Community Redevelopment Agency of the City of Compton, hereby certify that the foregoing resolution was adopted by the Board, signed by the Chairperson, and attested by the Secretary at the regular meeting thereof held on the ____ day of _____, 2013.

That said resolution was adopted by the following vote, to wit:

AYES: BOARD MEMBERS -
NOES: BOARD MEMBERS -
ABSENT: BOARD MEMBERS -

**SECRETARY TO THE OVERSIGHT BOARD
TO THE SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT
AGENCY OF THE CITY OF COMPTON**

Sr. Housing Project

A Proposal To: City of Compton

Steward Development, Inc.

&

South Los Angeles Economic Alliance

February, 2013

Sr. Housing Project

A Proposal To: City of Compton

Steward Development, Inc.

&

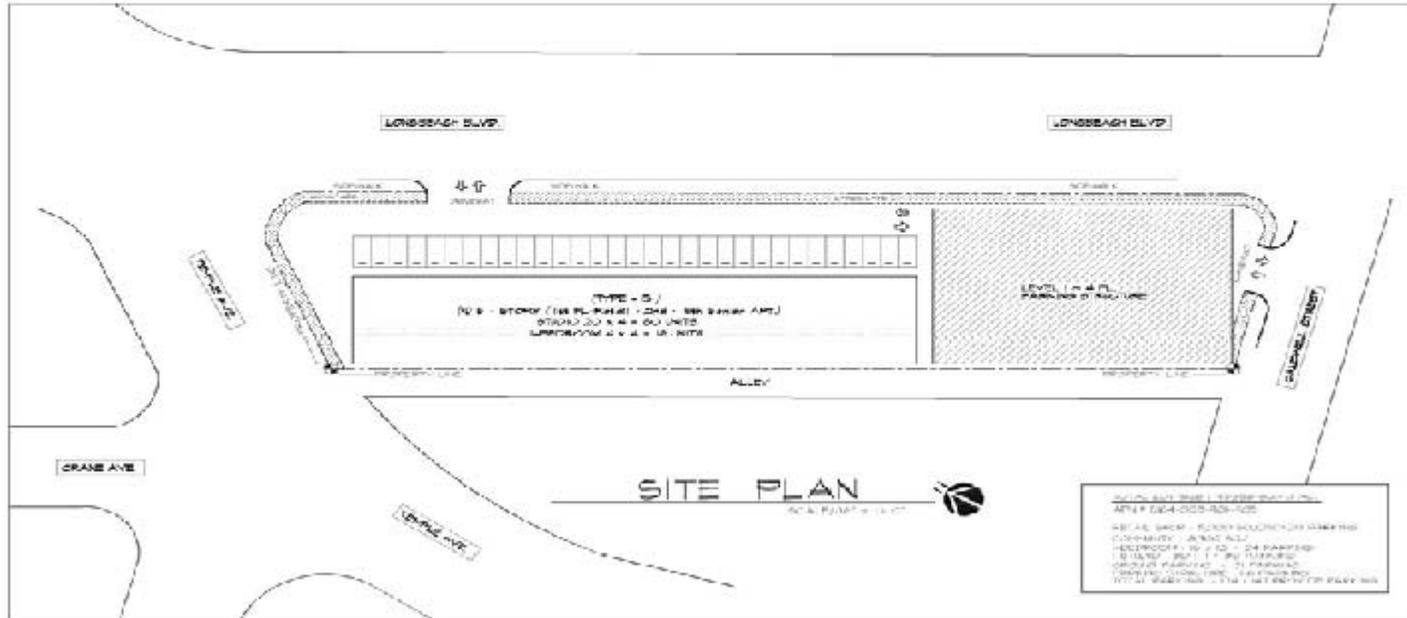
South Los Angeles Economic Alliance

February, 2013

LOCATION – Map



SITE PLAN





ELEVATION - FRONT



PROPOSED NORTH ELEVATION / 1st Fl. Retail / 2nd ~ 5th Senior APT./

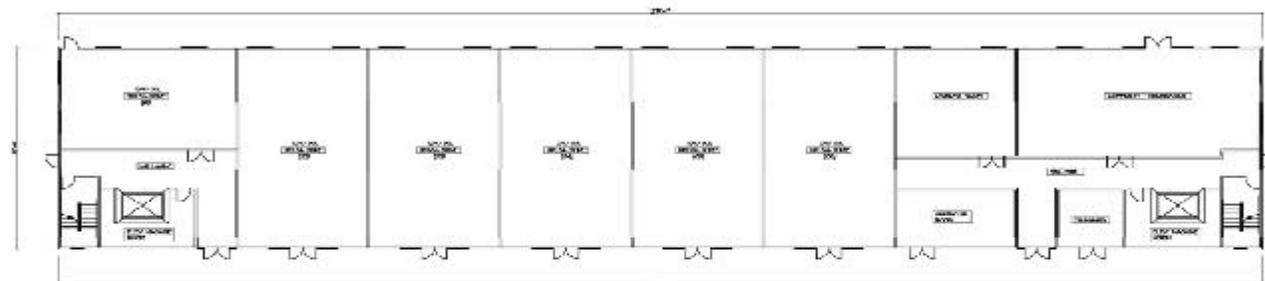
AEROVIEW



AEROVIEW



FLOOR PLAN



PROPOSED 1st FLOOR PLAN



PROPOSED SENIOR 2nd ~ 5th FLOOR PLAN

